

1973-1974

HOUSE COMMUNITY AND REGIONAL AFFAIRS

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Comm

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42

COMMITTEE REPORT

CSHB42

In passing the committee substitute for House Bill 42, the House Local Government felt that the House HWE and Finance Committees should look into a cost-of-living differential for various areas of the State. It was felt that municipalities and boroughs which have health facilities and services in remote areas must spend more funds because of the higher costs of transportation and operation. The percentage differential throughout the State according to the only guidelines for cost of living differential available, the Department of Administration salary survey, recommends up to 139 3% for certain areas of the State.

It was felt in the committee that there were two methods of implementing a cost of living differential.

- (1) By adding to the total cost of House Bill 42, the percentages recommended in the Department of Administration's annual salary survey for various areas of the State. This would, in effect, add to the cost of the original bill.
- (2) Using only the total cost of House Bill 42, divide that amount among the recipients according to the cost of living differential percentages of the different areas mentioned above. This would require no additional funds other than those requested in the original House Bill 42.

The committee feels that the cost of living differential should be investigated, especially in hospital and health facilities revenue sharing in the remote areas of the State where equipment, transportation and operations are considerably higher than in metropolitan areas or than in other revenue sharing programs.

We therefore ask that the House H.W.E. Committee and the Finance

Committee seriously consider a cost of living differential to be added to House Bill 42.

COMMITTEE REPORT

HVE
Finance

HOUSE

Mr. Speaker:

Date January 30, 1972

The Committee on Finance has had HE

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____

Members NOT concurring in the Majority report:

<u>[Signature]</u>	recommends:	<u>[Text]</u>
<u>[Signature]</u>	recommends:	<u>[Text]</u>
_____	recommends:	
_____	recommends:	
_____	recommends:	

_____ Chairman

STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B--JUNEAU 99801

March 20, 1974

The Honorable Selwyn Carrol
Chairman, House Community and
Regional Affairs Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99801

Dear Representative Carrol:

Commissioner Mallott has asked me to outline for you the several questions the Department has been asked to deal with concerning Section 2, Chapter 87, SLA 1973, codified in AS 43.18.050.

In early August 1973, Mr. Rod Carman of the Greater Anchorage Area Borough Legal Department contacted us concerning our interpretation of this amendment to the State Revenue Sharing Act. Mr. Carman asked whether the addition of Section 050 to Title 43, Chapter 18, removed the latitude the Borough previously had under AS 43.18.010(h) and superseded the discretion the local government recipient appeared to have under AS 43.18.010(h)(4) with respect to the allocation of health facility funds granted under the State Revenue Sharing Program. We advised Mr. Carman we understood the "Specific Expenditures" amendment to remove the latitude the Borough previously had in that the provision specifically required funds received by virtue of this inclusion of a particular facility on the application to be expended for the operation and maintenance of that specific facility. We further interpreted this provision to mean funds must be expended for those approved facilities in amounts equal to the municipality's entitlement for each facility. We interpret the language of the new section (050) to remove the flexibility previously provided by Subsection (h) and view it as setting forth very definite guidelines for the expenditure of health facility funds.

Mr. Carman acknowledged the receipt of our explanation and no further communications were received from the Anchorage Borough until several weeks ago when the Anchorage Borough Health Officer, Dr. Colyar, contacted Commissioner of Health and Social Services

March 20, 1974

McGinnis inquiring as to the Borough's responsibilities under Section 050. Dr. Colyar's recent inquiry was no doubt sparked by our letter transmitting the Borough's FY 1974 State Revenue Sharing entitlement. In that letter, we again reminded the Borough that funds granted for hospitals and health facilities must be used for the expenses of the specific hospital or health facility for which the funds were received and that proof funds were expended in compliance with Section 050 would be required.

The Anchorage Borough's principal concern appears to be the requirement that they transfer funds to Providence and Anchorage Community Hospitals. The entitlements for each institution under AS 43.18.010(h)(1) are \$137,890 and \$76,299, respectively. I suspect Dr. Colyar is particularly concerned with the fact the Borough is denied the option, heretofore exercised in the absence of Section 050, of using entitlements payable in behalf of services provided at Providence and Community Hospitals in support of the Borough's own health programs. I suspect, too, that, if funds are transferred to Providence and Community, as we believe the Statute fairly requires, the Borough will find its own health program operating at a deficit in this fiscal year.

Members of the management staff of Providence Hospital and very likely other hospitals throughout the State are aware of the interpretation we have made with respect to Section 050. We have been notified, albeit informally, that the Anchorage Borough intends to refuse requests from Providence and Community for the transfer of these funds. Attorneys for Providence Hospital have asked the Anchorage Borough Health Department for copies of the applications upon which health facility funds were granted to the Borough in FY 1974. At this point, counsel for Providence Hospital appears only to be in the process of advising his client.

The review of this matter conducted for us by the Attorney General's Office suggests our interpretation that the "Specific Expenditures" amendment precludes local government units from exercising discretion as to the allocation or use of funds received for facilities which the local government unit does not operate is correct.

Very truly yours,



Don Argetsinger
Deputy Commissioner

DA/ah

Proposed changes for HB 42

Section 1. AS 43.18.010(h) and (i) are repealed and re-enacted to read:

(h) During each fiscal year the state shall make payments as follows:

(4) funds received by a local government under (1), (2), or (3) of this subsection shall be used for expenses of operation, maintenance, or health services or facilities, of the hospital or health facilities for which funds are received as the local government or hospital outside an organized municipality determines:

(5) before funds may be distributed under this subsection, the commissioner of health and social services shall certify to the distributing agency

(A) that any accumulation of assets by nonprofit corporations or other recipients under this subsection are dedicated irrevocably to a public purpose.

(i) In (h) and (j) of this section

(1) "hospital facility" means a licensed hospital determined by the Department of Health and Social Services to be a general hospital; the term excludes facilities operated or wholly supported by the state or the federal government;

(2) "health facility" means community health centers, maternity homes and community mental health centers, facilities for the mentally retarded or physically handicapped, nursing homes and convalescent centers which are licensed, when required, by the state under AS 18.20.010-18.20.130 and are owned or operated or both by a local government or by a nonprofit corporation or other nonprofit sponsor; the term excludes facilities operated or wholly supported by the state or the federal government.

Purpose of Changes

Section L (h) (4) Suggested change is so that a community cannot use the funds for new or other services but must use the funds for the services or hospital which asked for the money. Recommended by Mr. Robert Ogden.

Section 1 (h) (5) (A) Change as recommended by all testifying before the committee due to the problem of accounting.

Section 1 (h) (5) (B) Changed to (A) because of removal of (A) in original bill.

Section 1 (h) (5) (A) - (2) Changing public on line 18, to community in order not to confuse service with Public Health Service which is prohibited in lines 24 and 25 of same subsection.

Section 1 (h) (5) (A) (2) Adding retarded to narrow down facilities rather than any mentally disturbed person served by an organization.

File #1042

REVENUE SHARING BASED ON HOSPITAL BEDS

HOSPITAL	NO. OF BEDS	PRESENT COST	HOUSE BILL NO. 26 COST
Anchorage Community Hospital - Anchorage	85	\$85,000	\$85,000
Providence Hospital - Anchorage	150	150,000	150,000
Cordova Community Hospital - Cordova	24	24,000	50,000
Fairbanks Memorial Hospital - Fairbanks	116	116,000	116,000
Faith Hospital - Glennallen	3	0	50,000
Homer Hospital - Homer	9	9,000	50,000
Bartlett Memorial Hospital - Juneau	67	67,000	67,000
Ketchikan General Hospital - Ketchikan	95	95,000	95,000
Kodiak Island Hospital - Kodiak	25	25,000	50,000
Maynard McDougall Hospital - Nome	24	24,000	50,000
Valley Hospital - Palmer	27	27,000	50,000
Petersburg General Hospital - Petersburg	25	25,000	50,000
Seward General Hospital - Seward	33	33,000	50,000
Sitka Community Hospital - Sitka	24	24,000	50,000
Central Peninsula General Hospital - Soluotna	30	30,000	50,000
Wrangell General Hospital - Wrangell	13	<u>13,000</u>	<u>50,000</u>
LMS:vm	TOTALS	\$747,000	\$1,063,000

1/12/73

747,000
51,000

51,000

TO Guy Van Doren
Staff Assistant
House Local Government Committee
State Capitol Building

DATE : January 26, 1973

FROM Lowell W. Swartz, Coordinator
Facilities Development

SUBJECT: Follow-Through on House Bill 42
Better Description of Type of
Facilities for Revenue Sharing

In my opinion the below listed facilities should be included for Revenue Sharing:

1. General Hospitals - Need no definition.
2. Nursing Homes - Needs no definition.
There are two types: Skilled Nursing Homes and Intermediate Care Homes.
3. Local Health Units - defined as a single borough, city, village or local district health unit where the primary function of the unit is the direct provision of health services to the population under its jurisdiction.

(Note: This would include public health centers and village clinics and non-profit clinics performing similar services).
4. Facilities for the Mentally Retarded or Physically Handicapped - Needs no definition.
5. Community Mental Health Centers - defined as a single borough, city, village, or local district health unit where the primary function of the unit is the direct provision of comprehensive mental health services to the population under its jurisdiction.
6. Maternity Homes - Needs no definition.
7. Alcoholic Treatment Centers - defined as a center where the patients are receiving medical treatment, nursing care and rehabilitation services under the direct supervision of physicians, registered nurses and rehabilitation specialists.

This would eliminate all social services facilities and sleep-off centers for Alaskan's where little or no treatment is being provided.

LWS:vm

Attachment

HB 42

● PRESENT Cost of Revenue Sharing
Excluding Revenue Sharing for Hospitals Under
Construction - \$ 1,165,000

Cost projection under original HB 42

\$ 1,637,000

Difference between present costs and HB 42

\$ 472,000

● Cost Projection for HB 42 with Cost of Living
differential

\$ 1,732,700

Difference Between original HB 42 and HB 42
with Cost of Living differential \$ 95,700

Difference between present cost and HB 42
with Cost of Living differential

\$ 567,700

REVENUE SHARING FOR HOSPITALS: (\$1,000 Per Bed or \$50,000 Per Facility for any Hospital With less than 50 Beds).

<u>Name of Facility</u>	<u>Number of Beds</u>	<u>Present Cost</u>	<u>HB-42 Cost</u>
Fairbanks Memorial Hospital	116	\$116,000 107.5	\$116,000 124,700
Barlett Memorial Hospital	67	67,000 107.5	67,000 72,000
Homer Hospital	10	10,000 111.5	50,000 55,900
Central Peninsula General Hospital - Soldotna	30	30,000 111.5	50,000 55,800
Wayne McDougall Hospital - Nome	24	24,000 124.7	50,000 62,400
Seward General Hospital	33	33,000 103.8	50,000 51,700
Kodiak Island Hospital	25	25,000 111.5	50,000 55,800
Valley Hospital - Palmer	27	27,000 100.0	50,000 —
Sitka Community Hospital	24	24,000 107.5	50,000 54,800
Cordova Community Hospital	22	22,000 115.8	50,000 57,900
Ketchikan General Hospital	95	95,000 100.0	95,000 —
Providence Hospital - Anchorage	150	150,000 100.0	150,000 —
Anchorage Community Hospital	85	85,000 100.0	85,000 —
Wrangell General Hospital	13	13,000 103.8	50,000 51,700
Petersburg General Hospital	25	25,000 103.8	50,000 51,900
TOTALS		\$747,000	\$1,063,000 1,074,000

REVENUE SHARING FOR HEALTH CENTERS AND CLINICS: (\$8,000 Per Facility).

<u>Name of Facility</u>	<u>Number of Facilities</u>	<u>Present Cost</u>	<u>HB-42 Cost</u>
Ketchikan Mental Health Center	1	\$ 4,000 —	\$ 8,000
Fairbanks Health Center	1	4,000 107.5	8,000 8,600
Sitka Health Center	1	4,000 107.5	8,000 8,600
Kodiak Health Center (Mental)	1	4,000 115.8	8,000 9,200
Cordova Public Health Center	1	4,000 —	8,000
Gateway Community Mental Health Center Ketchikan	1	4,000 —	8,000
Russian Mission Clinic	1	4,000 139.3	8,000 11,100
Sand Point Clinic	1	4,000 120.0	8,000 9,600
Seldovia Hospital	1	4,000 111.5	8,000 8,700
Dani Memorial Health Center - Skagway	1	4,000 107.5	8,000 8,600
City Public Health Center - St. Mary's	1	4,000 139.3	8,000 11,100
Norton Sound Clinic - St. Michael's	1	4,000 124.7	8,000 10,000
Teller Clinic	1	4,000 124.7	8,000 10,000
Illiulik Family and Health Services Clinic Unalaska	1	4,000 120.0	8,000 9,600
Knitvier First Aid Center	1	4,000 115.8	8,000 9,300
Gateway Community Mental Health Center Wrangell - Monthly	1	4,000 103.8	8,000 8,300
Goodnews Bay Clinic	1	4,000 139.3	8,000 11,100
Holy Cross Clinic	1	4,000 124.7	8,000 10,400
Delta Junction Surgical Medical Clinic	1	4,000 107.5	8,000 8,600
Eek Health Clinic	1	4,000 139.3	8,000 11,100
Fortuna Ledge Health Clinic	1	4,000 139.3	8,000 11,100
Rondalton Community Health Center	1	4,000 124.7	8,000 10,400
Health Clinic - Pilot Station	1	4,000 124.7	8,000 11,100
Health Clinic - Point Hope	1	4,000 124.7	8,000 10,700
Public Health Center - Hydaburg	1	4,000 —	8,000

511,900

REVENUE SHARING FOR HEALTH CENTERS AND CLINICS CONTINUED:

<u>Name of Facility</u>	<u>Number of Facilities</u>	<u>Present Cost</u>	<u>HB-42 Cost</u>
Kotlik Health Clinic	1	\$ 4,000 139.3	\$ 8,000 11,100
Nenokotak Clinic	1	4,000 126.4	8,000 10,400
Mountain Village Health Clinic	1	4,000 139.3	8,000 11,100
King Cove Health Clinic	1	4,000 126.0	8,000 9,600
Tuluksak Health Center	1	4,000 139.3	8,000 11,100
ARCA Pre-School - Anchorage	1	4,000 -	2,000
Alaska Treatment Center - Anchorage	1	4,000 -	2,000
Brevig Mission	1	4,000 124.7	8,000 10,000
Kotzebue Hope Center	1	4,000 134.2	8,000 10,700
TOTALS		\$135,000	\$272,000 329,500

REVENUE SHARING FOR OUTPATIENT HEALTH FACILITIES: (\$8,000 Per Facility).

57,500

<u>Name of Facility</u>	<u>Number of Facilities</u>	<u>Present Cost</u>	<u>HB-42 Cost</u>
Ketchikan Health Center	1	\$ 4,000 -	\$ 8,000 -
Open Door Clinic - Anchorage	1	4,000 -	8,000 -
Akolmist City Clinic	1	4,000 139.3	8,000 11,100
Akiak Health Center	1	4,000 139.3	8,000 11,100
Koyuk Health Clinic	1	4,000 124.7	8,000 10,100
TOTALS		\$ 20,000	\$ 40,000 48,300

REVENUE SHARING FOR MISCELLANEOUS FACILITIES: (\$1,000 Per Bed for Each Facility).

300

<u>Name of Facility</u>	<u>Number of Beds</u>	<u>Present Cost</u>	<u>HB-42 Cost</u>
Wesleyan Nursing Home	24	\$ 24,000	\$ 24,000
Hope Cottage, Inc. - Anchorage	92	92,000 -	92,000
Booth Memorial Maternity Home - Anchorage	15	15,000 -	15,000
Hope Center - Anchorage	35	35,000 -	35,000
Bethel Prematernal Home	14	14,000 137.5	14,000 19,500
City of Fairbanks Supportive Living Facility	25	25,000 107.5	25,000 26,900
Juneau Alcoholism Rehabilitation Center	16	16,000 107.5	16,000 17,200
Betel Sleep-Off Center	20	20,000 139.3	20,000 27,900
Nome Alcoholic Rehabilitation Facility	6	6,000 124.7	6,000 7,500
Anchorage Graduate House	15	15,000 -	15,000
TOTALS		\$262,000	\$262,000 280,000

REVENUE SHARING FOR HOSPITALS UNDER CONSTRUCTION: (\$2,500 Per Bed for Each Facility).

<u>Name of Facility</u>	<u>Number of Beds</u>	<u>Present Cost</u>	<u>HB-42 Cost</u>
Fairbanks Memorial Hospital	116	\$290,000.00	\$290,000.00
Sarlet Memorial Hospital	67	86,993.97	86,993.97
Central Peninsula General Hospital - Soldotna	30	75,000.00	75,000.00
Anchorage Community Hospital	85	78,708.00	78,708.00
Evidence Hospital - Anchorage	127	317,500.00	317,500.00
TOTALS		\$848,201.97	\$848,201.97

LMS:vm
1/23/73

95,700

Present 1,165,000

- (h) During each fiscal year the state shall pay to an organized borough or a city outside an organized borough, in which a health facility is operated, a sum equal to \$1,000 for each bed actually used for patient care within the facility, limited to the maximum number of beds provided for in the construction design of the facility, or \$4,000 for a facility, if the local government elects to accept payment on that basis for a particular facility. Funds received by a local government under this subsection shall be used for expenses of operation, maintenance or health services or facilities, as the local government determines.
- (i) In (h) and (j) of this section "health facility" or "facility" includes hospitals, public health centers, maternity homes and community mental health centers, facilities for the mentally retarded or physically handicapped, nursing homes and convalescent centers which are licensed, when required, by the state under AS 18.20.010 -- 18.20.130 and are owned or operated or both by a local government or by a nonprofit corporation or other nonprofit sponsor; the term excludes facilities operated or wholly supported by the state or the federal government and excludes nonprofit facilities leased from private profit-making groups or corporations.
- (j) If construction of a facility began after January 1, 1968 and state matching aid for construction approved for payment to the local government or other facility sponsor constitutes less than 25 per cent of the total project cost, the state shall pay to the local government or other facility sponsor each fiscal year a sum equal to \$2,500 a bed for the maximum number of beds provided for in the construction design of the facility. State aid provided for in this subsection shall continue until the local government or other facility sponsor has received an amount which, combined with state matching money for construction of the facility, equals 25 per cent of the total project cost. No funds received for construction shall be used for any other purpose.

LWS:vm

1/9/73

8:30 House Local Government Committee

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AMENDMENT

Offered in the House

by Attorney General

TO: HOUSE BILL NO. 59

AMENDMENT PAGE 1 LINE 14:

DELETE "employed" and insert "actually used or designed as intended for use" in its place.

PAGE 1 LINES 26-28

DELETE lines 26-28 and substitute: "chapter does not apply to property upon which an ad valorem tax was levied by a city or a borough for the tax year beginning January 1, 1973, and upon which the tax continues to be levied for each succeeding tax year."

PAGE 4 LINE 16

DELETE "production and"

MONTH March, 1973

DATE	ACTIONS	BILLING INFORMATION
March 13, 1973	Transcription of Hearing Tape John Havelock, Speaker ,	\$52.50

I'm John Havelock, State Attorney General. With me today are Fred who is the Director of Audit in Parks and Revenue, Larry , who is deputy commissioner of the treasury and Assistant Attorney General Rick Garnet. I have from the chairman a letter relating to HB 59 of which you require whether ... considering the revenue contemplated on the bill right of way leasing act adopted last year. Whether these measures have not already assured sufficient funds, new funds raised to meet a conservative budget such as the legislature would be included to adopt. These issues relate primarily to economic questions which is why I had these meetings with the Department of Revenue people here today and I will just make a few comments from a policy point of view ^{rather} referring the issues to these able gentlemen who have information, copies of which have been distributed to you here which I think will be of to you at today's hearing. By way of summary, let me say that we appreciate the opportunity to respond to this questions because of the widespread illusion throughout the state that the legislature, by virtue of its acts last year, have already adopted measures which constitute and ignore the revenue increase constituting a tremendous burden, particularly on the oil industry, and this is an illusion. It is not true that last year your incremental revenues measures were adopted. The property tax which was introduced last year as one of the several measures tend to be considered together which cause of of time of problems also not adopted. As far as the revenue aspects go, this is one of the more critical revenue measures which was introduced at that time and I think that it would appear still a very conservative measure at that by considering the overall situation. In reviewing very briefly the measures which were adopted last year, first of all the cents per barrel tax is essentially a revenue guarantee measure in that it is a floor tax and it was not considered to be primarily a measure for raising more revenue to meet the contemplated revenue gain of the state. We do not know at this time whether in fact that cents per

barrel tax will even go into effect because we don't know what the market conditions will be at the time the oil flows. The second measure, another measure, is the regulatory act which, of course, is not a revenue measure at all. The right of way bill which has been a center of controversy, perhaps more so than the floor tax with the industry, a good deal of uncertainty about the revenue impact of that measure this last year because of the changes in the measure up to the last minute, the revenue there, because of the various variables that came into it, we were unable to last year give tentative answers as to the revenue act after that bill. We have now at some expense and after very careful perusal of the way the bill operates and the way the measure would operate we have eliminated those uncertainties. There are still variables which are involved which change the impact and the income and revenue results of the tax. We are in a position to identify the variables for you, to give you both the range of revenue estimates that can be expected and use the most probable case, and we can do so, I believe, definitively. As to the property tax of HB 59 before you, I think it is worth emphasizing that the issue the community is considering on this bill is not whether property taxes applicable to the pipeline should exist, that the status quo is maintained, the property taxes will prevail on the pipeline and that they will be levied by municipal government. What is really of more concern is how much revenue, what the millage rate should be, and the form of distribution from the tax and the proposal for a state administered tax which was put before you previously and is put forth before you again this year with the hope that the legislature can make rational decisions as to what the revenue capability of that tax should be and the manner which the benefits from that tax should be distributed. Now it has been said that the property tax singles out a single industry which is unfair, and I would like to make a few comments on that, but before I do I would like to point out that local governments are just as capable of levying taxes, principle incidents of which involve upon the pipeline,

as the status. I think in the long run it is better before the industry that a tax of this nature be administered at a state level. in the long run better equity to have a tax on a property of this magnitude subject to state control with termination by the entire legislature.

*Can I interrupt just....is it your feeling that once a tax is levied by the state that is a preemption over the local government?

That depends upon the form of the measure adopted. This particular bill essentially constitutes a preemption with a redistribution.

*It is your opinion now, informally I understand, that this would in fact do that.

Yes, that is the case.

*Thank you.

To get into our comment on the effect of local government taxes which is that if you do nothing, what happens is that the result of the deductability of property taxes, you are essentially providing for a distribution system whereby those areas of general government is subsidizing particular municipal government which have the opportunity to apply the tax as a result of the deductability of property tax

state income tax. So, again, the status quo hardly guarantees any more of a magnitude of the enterprise, the size of the assets involved in relationship to all the other assets of the state put together makes it highly relevant and pertinent and appropriate for the legislature to consider how this entity is to be taxed and how major pipelines are to be taxed. Large pipelines may not have the last of them. How this classification of property has increased. To answer the question of the singling out, we have barely singled out a particular instance. I suppose it is true that any tax adopted by the legislature has a distribution burden which effects some people more than others and I don't think that tax alone really has anything to do with fairness or unfairness. I would like to note,

for instance, in terms of whether the rest of the economy is "bearing its fair share". The gross receipt tax is the major tax burden to a large number of industries. So, I think that to just look at the property tax alone and say that the incidents of property tax are more on one than on another is simply to state a truism of taxation generally and I don't think it relates fairness. Other examples of distribution , in our state, we have a very high level of personal income tax relative to the rest of the country and I think it is a demonstration of the willingness of the people of Alaska to meet their fair share of the burden of the cost of running a government. A third factor is responsible budgeting. Responsible Budgeting, particularly under exercising real belt tightening activity also has its contribution frequently for those who are least able to bear it to the cost of running government in terms of decreased services and loss of necessary sustenance. It is also rational for the policy to adopt taxes which have different incidents and burdens on different aspects of the economy. It is not in the state's interest to levy the same level of taxation of new growth that is in a state where one of the critical issues for the next two decades is the extent to which we can broaden the base of the economy. It is not rational for the policy to impose substantial burdens on that form of new industry when there are forms of industry available which are quite capable of paying a larger share of the burden of maintaining essential governmental services. The underlying principle in the fairness, after all, since the income tax amendment to the constitution in 1916 is that the taxation or the level of taxes should be associated with ability to pay and I think it is apparent now, as it has been for a decade or more, that ability to pay is very much within the range of resource, commercial activity, business associated with the petroleum industry in this state and I think it is misleading to think of the tax project of the oil industry as just another small grocery or gas station entirely and enormous aspects of the economy through the legislature should look at it as an entity without having it necessarily associated with a small share on the Yukon

River or a trading center or something in terms of the ability to meet the burden of government. It was in assisting in the pushing of this pipeline project to the earliest completion possible within the last year that I have had cause to re-read legislative history of the Alaska Statehood Act with the premise of Alaska statehood that with a small population such as this state had, with very little independent income base capable of supporting government, with enormous unmet needs, that it would be the oil industry that would pay for a very large share of the growth of the state. The state was not a feasible political entity without a larger share, a very large share, of the burden supporting that state coming from the petroleum industry and that is to say the legislative history that I have just stated would prove that. With that induction, Mr. Chairman, I would like now to refer to some of the particulars like calling on the property tax impact by calling on Mr. Fred _____ of the Department of Revenue to give you some figures and explain perhaps some of the exhibits before you.

which
Mr. Chairman, House Bill 59 proposes a property tax on oil and gas transportation facilities is apparently straight forward in terms of projecting revenue estimates. The bill provides that a tax of 20 mills shall be leveled on the pipeline as of any given January 1. It also provides for a sharing back to the local jurisdiction through which the pipeline passes based upon 20% of the value of the line in such jurisdiction. Before you on the first page of the exhibit handed out, we show our projections for fiscal year 1974 thru 1983 with the first line indicating the total tax collected by the state less the amount to be shared through local governments and the net revenues to state treasury. Beneath that is a table showing a breakdown of the local government's share of the tax among the three local governments through which the pipeline should pass. The basis for the projections is a total cost of the pipeline's total ultimate value of 3.5 billion dollars with the construction occurring primarily in 1973, '74, '75 and into the middle of 1976.

*are you open for questions? Any questions?

Mr. Fink: It just seems to me that the figure you had on that last year was 80 million. How did you arrive at the maximum of 70 million this time?

Last year's projection did not project to 80 million, they projected up to 59 million which would be the value in 1977. The 70 million dollar ultimate is based on the 3 1/2 billion dollar completion costs at the 20 mill rate.

(Mr. Fink) Your bill originally last year was on the pipeline only. I know I am digging out finance projections and we threw the tank farms and the gathering lines in which apparently you have done in this year's bill except you have excluded this twenty-one inch which seems

You say that the pipeline and the tank farm and the gathering lines, all that, will cost a maximum of 3.5 million dollars?

Yes, sir.

If there are no other questions I would like to call on Deputy Commissioner to discuss the relationship of that to the revenue and manager projections of the state.

Mr. Chairman, and guests, I would like to call your attention to a five or six page booklet that we prepared this morning which is, in fact, copies of a computer projections showing in effect the property tax and several other variables on the general fund at the end of each year. By this afternoon we should have this information available in short form which is somewhat easier to digest. But, until then, I went through and specifically as possible as to what these projections indicate. I will be available for questions, of course, at any time in my testimony. We turn to projection one which is run number 15. It is based on the assumption that construction of the pipeline will begin in fiscal year 1974, inflation of the line and production will begin in fiscal year 1977. With the revenues included the revenues from the right-of-way leasing act assuming a 4% ICC rate of return. A separate page in the handout that I believe you all have shows exactly what that 4% ICC return means in dollars to the state. For the first through the fifth year

of operation the 4% return indicates

to the

state about 2 million dollars. It is not until very late in the operation of the pipeline, in the tenth and twentieth year, that you see high revenues. In the average of 35 years it is 15.4 million. This 4% ICC return we believe will be the most likely and the most reasonable. It is, in addition, the case that the oil companies did mention directly to the Governor that they were intending to run the following testimony this March regarding ownership of the pipeline. So, we really feel confident that there will be a 4% dividend and rate of return as measured by the ICC.

*I think you all read something in the paper today about the oil companies saying it would cost them 150 million. Do you know what the difference between their computation and yours is?

I cannot understand that completely. A 150 million or even a higher figure quoted in the paper is just not reasonable. I don't understand the cause of it. It can only be based on ICC returns so large as to be incredible.

*Now you've got 7% here. Is that the maximum they can charge under ICC or can they charge 8%?

There was a ruling many years ago that 8% ICC return was allowable. How much they can charge under ICC really is a question of the degree that ICC will expect this pipeline of their jurisdiction and whether they find anything unique in the Alaskan pipeline.

*Even at your 7% you show only 25 million the first year and an average of 40 million.

That's right.

*Do you think that they could be talking about a lot higher unit?

No, I do not. Again, the cost, the economic analysis, and many of the factors seem to be the same yet the numbers are apparently different. I do not understand it.

These returns are based on our latest look at the economics, our latest look at the regulations the state has adopted and our most likely projection for what, in fact, will occur in terms of revenue.

*Alright, the other thing is that all of your print-outs are based on a 4% on the right-of-way. Apparently they use a higher figure. Then again, why do you think they will use 4% rather than 7% or something else?

Well, first of all they told us. Secondly, and most important, it is in their best interest to use a 4% ICC return. Let me try to explain it very simply. The higher the return on the line, the lower the bulkhead value of the oil in the ground and what is the incentive of the oil companies that have a high bulkhead value in the ground? It is a depletion allowance. The tax advantage, which is a percentage of the bulkhead value of the oil produced. So, clearly as we examine it, running the pipeline at a high tariff causes the overall rate of return of the pipeline and the owner to decline, not increase. Again, because of the dominant tax advantages of the depletion allowance.

*In effect, there would be different parties involved like in the pipeline shipping their oil. Do you think it is the same that....

At this time the unit agreement has not been completed on the North Slope so we are not certain at this date what oil company will own what percentage of the pool. Neither has the oil companies agreed to my knowledge about which oil company will own what percentage of the two million barrel a day pipeline. So, in fact, there is an opportunity of changing the amount of oil ownership as well as the opportunity of changing the amount of pipeline ownership.

*Is that all Mr. Fink? Miller.

*I have a question. I see that these revenue projections are based upon the pipeline construction beginning in fiscal year 1974. May I assume that your assumptions are January 1, 1974, as this would make a big difference whether this was January 1 or

December 1. Exactly what month did you pick? This could make a tremendous difference in the entire projections.

I believe I understand the question. There are a total of five projections here, three which are based on pipeline construction beginning fiscal year 1974 and the final ones are based on a statistical look, if you will, on pipeline construction beginning in fiscal year 1975. The question as I understand it was a six month postponement followed construction beginning this summer. Is that correct?

*Would it make a difference on your entire twenty year projections depending upon what month you were picking up here. It would be the same thing on oil flow. It starts flowing in 1977, say a six month delay in the construction of the pipeline. I mean to be completed from their estimate of three years.

I agree. These projections, again, show construction beginning in the summer and then construction on a one year delay. The question as I understand it is what is the effect of construction being delayed six months together with a three year construction period. The pending of this administration and any delay at the beginning of the construction will be offset by a compression of the construction period. We have shown you here perhaps the best case and a worse case. delay and a year delay. We are working at this time to look at various six month delays as communicated earlier since everything is, in fact, offset split between fiscal years, Backup from this project will and it will be some time before we statistical look, if you will, of the effect of the six month delay.

*(Mr. McVay) Just a few questions....as I understood you correctly, you feel probably the best guess is that the pipeline will be allowed a 4% ICC return. Is that.....

We are assuming, and we have substantially believed that the pipeline will be run at a 4% return .

*Just generally speaking, isn't it true that the ICC regulation of the rates look to the total amount paid at setting the percentage figure. In other words, anyone

is entitled to make a return on a dollar and the return is somehow related to the cost of the project. In other words, 4% would not be very much of a return on a small utility or a small line, but 4% could be an awful lot of money on a huge line. Is that the kind of factor; do you see my point?

Yes, Mr. Chairman, I do. This 4% return is on the total ICC evaluation. That pipeline may be financed 80% by debt, 85% or 90%. So, for a hypothetical situation, if it was financed 90% by debt then the 4% return would provide a return to equity of in excess of 35% as well as, of course, pay off all the debts.

*That would have a tendency to drive that percentage figure down, right?

That would not be taken into account by the ICC.

*I see.

So, they would at a 4% return provide for return to equity of substantially in excess of 35%. The ICC looks at the total value of the line and the total return of the total value.

Mr. Chairman, the 4% that we calculate is based upon the economics of the industry and what they would do, or the industry would do, from the point of view of maximizing their own profits. It is not a prediction as to what if the ICC regulates the line, the ICC maximum allowable would be. There is no way to tell that at this point. But what we're looking at is that the existing pattern of ownership distribution of the pipeline and of the oil, that it is the maximum economic return to the integrated company it would be achieved at approximately the 4% rate.

*Some companies would be better off than others?

There is a difference in that this is a stand alone pipe-line. Supposing you had a pipeline owner that had no oil then it would be his interest to charge the highest possible tariff available. We are dealing with integrated companies. We are dealing with companies ~~WAL~~ that negotiate with each other. We are dealing with a situation

where there is not a gross prosperity between the ownership of the oil and the ownership of the pipeline. That is, considering them all together it is very close, although there are differences among the owners in tax. They are quite free to negotiate and we believe it is in their commercial interests to negotiate to produce a more even distribution of pipeline ownership that is going to be close to....

*And that will tend to drive it down. (Chairman)

It will tend to, therefore, drive the tariff down because the overall effect is a maximization of profits and freedom to federal income tax. Should I continue, Mr. Chairman, to.....

*Yes, go ahead, if there are no more questions at this time.

Well, the chart number one, the computer print-out, shows that if operating expenses were to increase about 7% each year that even with the construction of the pipeline beginning this summer, there would be a negative balance in the general fund at the end of the 1980's. The revenue estimates which are contained in this projection include not only the right-of-way leasing revenues but as well the proposed taxes that the legislature is now considering at this time and these are summarized and displayed regarding the revenue effect of these taxes on an additional page supplied to you. We call the aggregate of the four taxes the tax package.

The comments regarding this projection on the tax package is included. Projection number two on the following page includes the estimated net revenue to the treasury property tax. The only difference between this projection and the first one is that here we show the positive general fund balance as well we are in a position to increase operating expenditures at an 8% level each year instead of a 7% level showing zero. Here we show an average balance in the general fund stabilizing between 2 and 4 hundred billion throughout the period. Again, this chart is based on the assumption that construction begins in summer. The next chart from 33B identical to the one I just talked about, the second one, except that you know increase operating expenditures 10% a year. Recalled to this committee several

years ago we were talking about expansion growths in the neighborhood of 10% to 15% a year and here we see it even at the 10% level, the general fund goes down below zero in fiscal year '82. Again, assuming construction begins in summer. The final two graphs of computer displays are a statistical lock at a one year delay. Here with all the revenues included, ^{but} calculated statistically, the effect is shifting out; the property tax revenues, the cents per barrel, the right-of-way leasing revenue. We show that even at a 5% rate of increase in operating expenditures for a one year period in fiscal year '78, the general fund dips below zero but then substantially increases. So, we have, in fact, a U-shaped curve. The last chart increases operating expenditures by 5% to 7% and keeps everything else the same. Here we see a negative general fund in fiscal year '78 but it begins to stabilize at that level, so even though there are a number of minus signs, you see a stable pace, an equilibrium solution, but below zero when we have a property tax with a one year delay of the pipeline.

(Mr. Fink) there is one thing that I don't understand. That is that the current use expenditures and general cash balances. I don't.... what is that?

The numbers displayed for the general fund at the end of the year are the unencumbered balances in the general fund. By unencumbered I mean after all the bills issued against the general fund have been paid, the net balance. Any particular expenditure level, be it either not written bills or not bills vendored, we have, or, excuse me, they have not billed us, and if they have we have not yet paid them, which all means that there is cash available maybe at all times somewhat greater.

(Mr. Fink) So, you are assuming that 20% of the prior year's money hasn't been spent so the figure really in each case is 20% of the general fund expenditure of the previous year higher than what you should? A cash balance.

Back to what we are doing, Mr. Chairman, is trying to estimate our investment revenue based upon the fact that the cash balance will always be somewhat higher. I would like to point out to this committee, however, that the budget projections the unencumbered balance has great significance. It is not at this time legal to have negative balances in the general fund.

(Mrs. Miller) In other words, we are going to be broke must faster unless we pass this property tax. Is that what it amounts to?

Yes.

(Mrs. Miller) Another question. What effect does this have on oil in-kind that the state is forced to accept? Aren't we, in fact, taxing our own oil? And how is this going to effect the entire situation? Aren't you taking out of one pocket and putting in another, and if so, how much?

That is a very good question although somewhat technical. Let's assume a set of events sometime in the 1980's when the cents per barrel tax is no longer in effect. This is certainly going to be the case. Prior to that time, of course, we will not be taking out of one pocket and putting into another in no terms since the cents per barrel tax will provide us with a revenue tax income. When, in fact, the state the value tax, if it does, then dollar for dollar property tax income to both the state and the local governments would be paid for by a reduction in the state's royalty and severance share of about 20¢ as opposed to 19¢ of every dollar of income we will receive on the property tax. So you might say then that late in the 1980's the net millage rate would not be 20 mills but perhaps 18 mills.

(Mrs. Miller) What bearing would this have on other pipelines. I note Mr. Havelock made reference to other large pipelines which may be built in the state. _____ Ziegler referred to such possibilities as construction of a natural gasline. Now

what happens since they go under the interstate. What happens ^{about} gas and the fine there. As well as taxation on that you have to have an entirely different set of circumstances. If we are going to apply this to all of our pipelines aren't you going to have an entirely different situation there?

The answer to your question is that if we would wish to look ahead and see the construction of a gas pipeline either somewhat parallel to past line or....then we are talking about an event that may be completed no earlier than 1980 so in terms of revenue effect, it would not be immediate here, even in long-term ten-year projections which I have shown you except for, perhaps, the last few years.

In addition, as a revenue generator, there would of course be additional revenue regarding other pipelines. I would like to point out that the construction of a gas line is in the forecast at this time, the hardware, the machinery needed to construct a gas line in Alaska could only be available at the completion of the oil pipeline. We still believe that the oil pipeline will be completed by the summer of 1976. Construction of the gasline could considerably begin at that time although we have not yet estimated the period construction of the gasline, including our years of looking at the period of construction of the oil pipeline. It causes us to be rather cautious. It might well be, Mr. Chairman, that the legislature at some point might wish to consider adjusting the mill levy in order to reflect the other sources of revenue which might be available in time. That certainly is an option available to the legislature.

(Mr. Huber) Mr. Havelock, is it just a continuing state of discussion . Isn't it also pretty nearly impossible at this time to put together just how the gasline would fit in because of the differences in operation, taxation and liquidation of its rates by the federal government. You couldn't look and say that at a given time the gasline is equal against the pipeline so you could look for traces much related to this.

I think, Mr. Huber, that in terms of projection it isn't possible for us to talk about rational projection there without adding hypothetical situations. I don't think at this point, Mr. Chairman, whether we are going to have a few miles of gasline going to the Canadian border or trans-Alaska line. That factor alone makes any kind of computation highly speculative. Technology at this point would be applied in the prospect. It is pretty hard to tell at this point, but technically could, no doubt with the tremendous growth in pipelines,

The problem is the immediate to early years that we're addressing, but as always during tax policies, there is a need to adjust tax policies in the later years to accomodate certain standards as they become clear at that time.

(Mr. Huber) Continuing just a little farther I would like to ask you about one part of the question. I just wanted it clear that it wasn't something that you could project. I then take that these two sheets in this section that we see here today don't reflect considerably more accurate information than anything we have in all of our testimony, all of which of last year and this is then as this is what we think we're going to have to live with and any other things that we are getting are much more tenuous, like that gasline, I think, where you would be mixing something that is uncertain in which this, then, is a pretty good certainty.

I think you have summed it up well, Mr. Huber. Its the statement, far more tentative than any other statement previously made on the subject.

(Mr. Huber) I think, Mr. Chairman, that I understand and I agree with the testimony here today

(Mr. Malcolm ?) Would it unrefine oil and unrefine gas?

Well, the bill is drafted to exclude pipelines that might carry refined gas where the different set of economics has to refined gas lines and lines such as the Anchorage-Fairbanks line now existing for products line.

() Is it conceivable that the gas, either the or natural gas from the oil might have to be dried or put through some process prior to transportation in which case it would no longer be unrefined.

I don't believe that it certainly will give it some treatment to extract some of the particles. I don't believe that the nomenclature used would call that refined.

I don't believe that it constitutes change for legislative purposes here. I might add, incidently, that in terms of administration policy we have, refering básicially to your earlier question, that the legislature feels that it wants to broaden the base of tax to cover smaller pipelines, to cover product lines, we have no policy objection to that that we can see of those arguments that can be raised regarding the effect of disturbing economic consumption when certain lines are obstructed and so on instead of assumption that economic management prevails. We don't believe any such set of assumptions exist in regard to this pipeline which is now contemplated for construction. So, it is the impact from tax that can be readily taken into account, for instance their tarif or what have you and the manner which they sign their ownership and so on can take into consideration the legislative measures adopted. But, there is always the option of broadening the base which you would want carefully to do. This is certainly from the legal point of view in this classification.

() Well, the only thing that bothers me is that in the definition of unrefined in oil and gas you wouldn't want anything happening on the North Slope

but it is part of the natural process for preparing a product for shipment that would take it out of the category of unrefined oil and gas.

A pertinent point, Mr. _____, I will ask Mr. Garnet to research that and give the committee any language that appears appropriate.

(_____) I was wondering how

a 20% share. We are talking about the inactive property tax in terms

Mr. Chairman, the basis for the sharing is to share back to the local jurisdictions. An amount which would be equal to the local mill levy applied to 20% of the value of the pipeline passing through that local jurisdiction. Now the idea here is to provide to the local government some reimbursement for the impact of the line through the local government, but as Mr. Havelock pointed out earlier, not to allow the particular area to let's say become enriched at the expense of other areas by having the state subsidize the entire amount. So, 20% is a number that is arrived at as a means of sharing back to the local government at some extent and not the entire value of the line.

(_____) What I was wondering is is the administration

I don't believe that in our type there is any number

(_____) Also, I'm not sure of the wording, what happens if the local

jurisdiction changes its bill? Would this still just operate by the year that the bill went into effect?

in answering that question, the way it is written, it is true that if the jurisdiction raises its overall mill levy on all property tax in this jurisdiction, there would be a corresponding increase in the amount that it would get back under this 20% revision here. We think there are certain limitations that the local jurisdictions from taking such action, partly because there is a third bill

And, in the normal course of things the raise in the local mill levy would apply to the rest of the property in the jurisdiction of the pipeline. So, normally, you would have the political restraint furnished by that interconnection.

() Also, what happens what all these new boroughs start forming around the pipeline? That's not taken care of in any of these projections. I mean, are they going to be excluded?

The way the bill is set up now any new borough that is formed along the pipeline borough get the benefit of this return, section 120, the same as the existing boroughs. It is also true that the payments to those new boroughs would have some effect on the net available to the state. It is very difficult at this time to predict exactly how that go but it could be very soon. It has been suggested that there is at least a possibility, a legal possibility, that say whole new boroughs would be in the position to take advantage of this provision by in effect exempting most other types of property besides the pipeline and raising the mill levy way up, thus increasing the revenue one would get out of this provision. Now, to guard against this possibility, it has been suggested that a maximum limit be put in on the borough mill rate that might apply. Such as , for instance, instead of saying that the borough gets an amount of money equal it's mill levy on 20%, say it gets an amount attributed to it mill levy up to a maximum of 20 mills

or something of that sort.

() The possibility, of course, that exists now in the absence of this bill is not something that is

There is a figure given not too long ago. We had asked questions the last time we had about what is the relative taxation, the total taxation, on the oil companies in Alaska as opposed not just to the United States but with foreign countries. There was a figure that was given in the newspaper from a release I assume from the Governor's office, as I remember it was something like 51¢ for Alaska, I guess this is for and I guess it was something like \$3.50 for

We has asked for this information before

We will look into that further. The 50¢ figure would be the accumulation of and that, in fact,

(Mr. F nk) I have a couple questions, one to extend Mr. () question on refined and unrefined. I tend to think that the language you have is a more correct language, but with your reasons, if they decide to refine it on the north slope it would take them a year or two to do it in which case we could correct it. And secondly, if you put anything other than refined in there you will upset the local government taxes in the Anchorage area because they all have some various pipelines of refined fuel and I assume that's why

Now, the other part, the one part that puzzles me under your local share here. I think it ought to be changed. They have a....you don't say that local government will necessarily get that money, of course, cause you can't dedicate it. You say that the legislature may appropriate up to that figure. It seems to me that it makes a lot more sense to allow local government to tax, let's say, up to 20 mills on say 15% of the evaluation, in which case the local government knows they're going to get their money. It isn't up to the legislative here as your bill will make it up to

legislative whim. And, secondly, of course, you can put the tie down on the amount that local government is going to get as opposed to the discussion we just had with the 30 mills. For example, if the government only wanted to tax 15 mills, of course they wouldn't get the full benefit which you're suggesting that the legislature give them. Do you have any particular objection to taking the route of allowing local government to charge the tax, deduct it, from what they pay the state government, and put some limits upon the millage, and, of course, you would limit the percentage of value they can tax. Do you have any objections to that approach because I know it was kicked around last year at the House Finance and they preferred that approach, now you've come back with a little different approach.

Mr. Fink, if I might comment on that, I don't think there is any basic strong objection to approach. I just would mention the reason it was done this way in the first place. The concept was just that it was easier and simpler to have only one entity per state handle this tax and assess it and send

I think you could consider
alot of value. I don't believe there was
strong objection to

(Mr. Huber)

During the last hearing I asked the oil company witnesses if they had assessed that this was not a discriminatory tax that had really had really protected us against local government taxation which could be higher. I'd like to make it sure, my question, assuming that we do not pass this taxation bill in any manner, and assuming maximum liberty that the local government entities that are or may be formed in the future along with all of this pipeline now or would have under current law. I want your assessment or agreement that this , whichever it might be, that actually would be liable to more tax under our present local government structure than they

are under this bill.

That is somewhat speculative because terms of their potential liability, it would be, of course, far in excess as provided for in this bill insofar as there are not substantial limits perhaps in terms of letting the sky is essentially the limit as far as that goes. There are.....

(Mr. Huber) I was assuming 30 mills under the borough's present....plus the deficit.

I'm not sure that 30 mills is necessarily a constraint on the whole. I would have to check the statute on that, but I don't recall, frankly, if it did. There is another aspect, of course, that I would speculate as being present in oil company or industry's thinking about it which would be the smaller units of government are traditionally in the long run, regardless of what they may be in the short run, but in the long run they are far more subject to being controlled by the industry, they do not have the resources to match large industrial conglomerates. So, it is possible that they might for some reason think it was in their best interest to deal with those large numbers of small government entities. This is speculation on my part.

(Mr. Huber); Mr. Chairman, I started this line of questioning and I did mention it during the last hearing we had when an oil company was testifying here on a bill. The reason for this is that last year in considering these same items, the Fairbanks , naturally we people from the Fairbanks area looked into this, and we have about 70 miles of the proposed pipeline which will pass through the North Star Borough. We saw that with our maximum taxation in that same class borough being allowed at 30 mills, and that we could do this, that ^{we could do this} with a far greater amount of money that we could extract from that pipeline operation and put into

local government for that 70 miles than we would get from the state, even though the state does have some shared revenue. We also saw the problems. This is why immediately I saw this partly a protective measure to oil companies in this state with their pipeline that would stabilize their taxation rather than making it the of all organized boroughs. And then I wanted to ask one more question on that. Assuming that all of this pipeline was not now covered by organized boroughs and that we didn't pass this, we know that the local boroughs, or the local governments which are formed, would tax, wouldn't it then be possible for the legislature acting as the unorganized borough to do their duty and set and collect that portion of tax to make it fair
Could it be done or is it excluded?

Well, we did have if I understand you correctly, we did have a proposal for a tax on the unorganized borough which was offered to the legislature previously on it, so there is, I believe, that there could be a tax from the unorganized borough for those purposes. In exercising the protection that comes to the industry, , we would want to overlook the protection to the statewide interest of all the people of the state involved. The asset does really create the burdens which come with the pipeline and this development are not allⁱⁿ a corridor along side the pipeline, particularly in the long run. And, I think that legislative interest, or statewide interest, to assure that the revenue capabilities which are to distributed on an equitable basis for all the people of the state.

(Mr. Huber) Thank you, Mr. Chairman. I didn't want it to be construed that I oppose this because 70 miles goes through the North Star Borough, but I wanted to bring out that this is a definite shelter for the oil companies to what they could have if we taxed them on a local level.

(Mr. Nalton?) I don't quite understand the last sentence in section one. The tax levied under this chapter does not apply to property subject to taxation by city or borough on January, 1973, or January 1 of each succeeding tax year. If the North Slope Borough had an _____ tax in all the pipes stored up there on the North Slope, _____ in that provision...

The first thing I would like to mention, we talked about this before,

_____ and the question came up whether the

_____ meant that the tax was actually levied or whether the stuff was located in a place where a tax could have been levied. And that question, of course, is relevant to the North Slope Borough situation. Most of them had a potential to levy a tax before January 1, 1973. Now, in the amendments that we proposed to this in our last meeting, we changed to wording to say that the tax levy does not apply to property under which an _____ tax was levied by a city or borough for the year beginning January 1, 1973, and continues to be levied for each succeeding year. Now, I think the effect of this language is simply to make sure that the existing property tax, the base, in any jurisdiction, any existing jurisdiction as of January 1, 1973, is not disturbed. It is in a sense a grandfather clause for existing property tax basis and to make sure that this tax only reaches the new property as declared for the pipeline. I'm not sure if I have answered your particular question, but that's the fact.

(Mr. Nalton?) Right. I didn't have the amendments. Mr. _____ just handed me his copy _____ . That was all that I had.

(Mrs. Miller) All these projections were based upon a 20 mill rate?

That's correct.

(Mrs. Miller) Then your testimony is considerably higher than anything else that

has been levied in this type of a tax. Would you agree with this? We heard testimony that the average is 10 to 12 mills.

That is true as to a status quo. It would be considerably higher if you assume no further formation of borough government. It's significantly higher now than . I think the North Star Borough is, I think, the heaviest taxing jurisdiction.

(?) in the North Star Borough to come off to 28.4.

(Fink?) (?) You were referring to the nationwide one, weren't you? Ya, well, I think that the big hooker there is that it is a 100% evaluation and I think that in the area of 22-2500% evaluation is the norm throughout the United States. Now, you can find them in all different rates depending upon their assessed evaluation. I think that 20 is a good figure across the country on a 100% evaluation. I would disagree with anyone who would say that it is less.

(Mr. Guy?) The question has been asked probably

tax levy about the 30%
figure 030 on page two . I'm looking at particularly the section

and then also looking at the on

and My question is are the

Well, sir, let me see if I can explain what these things mean

The provision over here on page two, section 030, is to remove or replace that provision. It simply states that this 20 mill tax on the property subject to the tax will be the only tax on that property. In other words, in the category that we are talking about, this excludes local taxation. Now, over in the definition section here the _____ is referred to about _____ otherwise taxable property exempted from taxation under home rule, ordinance, or charter, I believe that the effect of that and the intent of that provision is just to make sure that a local government, _____ that the home rule power of a local government to exempt certain types of property is superior to the definition of the class of property we are trying to tax. This is combined, in effect, in these two provisions. This is to make sure that we do tax, that this tax does reach the property that's described without regard to what the borough, in exercise of its home rule powers, might do by way of creating exemption for this property. I don't think it's very likely that a borough would feel moved to create exemption for 48 inch pipelines, but to cover that contingency is the reason its there.

(Mr. Guy) What are you saying, Mr. Chairman? That this is an effort to levy taxes on property as we see them here on this bill on all levels of different government?

Yes, sir. The intent is to reach the property of the class described, where ever located, without regard to exemptions that a local government might porporte to create later.

(Mr. Huber) It is only a matter of clarification. Mr. Knott of the taxability of presently stored pipe in Alaska. I don't know what effects the North ^{Slope} Star Borough, but in the case of the North Star Borough we're taking a vote to _____. There is an exemption on personal property tax but its a relatively simple matter for the North Star Borough to tax personal

belonging to anyone with a one million dollar exemption, for instance, which would be an equitable spread, but which would still catch practicably only the pipeline, and the contractors, which wouldn't make the general public mad at all. They are now presently subject to this and with the revenue crunch they have throughout the state, unless some new form of taxation like this is passed, we are certainly going to have the boroughs reaching in to do it and the state having to come in and

. Mr. Havelock, do you have any conflict with a statement like that?

Well, as far as I'm concerned, that describes the situation as it is likely to develop.

(Mr. Huber) I'm trying to get the oil companies to believe that

Its going to cost a lot of money.

(Mr. Chairman) Any more questions from the rest of the committee?

If there are no more questions, I would like to distribute to you for your benefit copies of proposed regulations which have been promulgated by the Commissioner of Natural Resources which relate to the definition of terms in the right-of-way leasing act and which would, perhaps, be of some assistance to you. in looking at those revenue estimates. I might add the supplement the projections are based upon the assumption that the industry behaved, the owners behaved, in a rational manner. By rational in an economic vent, we mean a manner designed to maximize after tax verdict. In speculating about where they get their projections, some of these things have been quoted in the papers, one suggestion was offered that they actually anticipated being able to charge a tariff much higher than is allowed. We indicate that a high tariff would be, in our view, irrational

economic behavior. This does not mean, of course, that it is inconceivable that owners or of them might engage in economically irrational behavior, under the definition I have described. In doing so they would be pursuing other projections other than maximizing income of which perhaps the most obvious is the reduction.

(Mr. Huber) Certainly that is also part of our meeting

I certainly think it is a legislative responsibility, sir, yes. I might note that your anti-trust bill has been

(Mr. Huber)

I would have to consult with some of the

(Mr. Huber) Maybe you could send down to the Committee the idea for the high amount of priority on this and . I would kind of like to hear it.

I think they are both high priority bills, Mr. Huber.

(CHAIRMAN) If there are no more questions, the meeting is adjourned.

STATEMENT OF E. W. WELLBAUM

ON HOUSE BILL NO. 59

BEFORE THE RESOURCES COMMITTEE

ALASKA HOUSE OF REPRESENTATIVES

TUESDAY, JANUARY 30, 1973

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, MY NAME IS EDGAR W. WELLBAUM. I AM VICE PRESIDENT OF ALYESKA PIPELINE SERVICE COMPANY. I APPEAR TODAY TO TESTIFY ON HOUSE BILL NO. 59, AN ACT WHICH WOULD IMPOSE A STATE TAX ON PROPERTY USED IN TRANSPORTATION OF UNREFINED OIL AND GAS.

AT THE OUTSET, I WOULD EMPHASIZE TO THE UTMOST OF MY ABILITY THAT THE PETROLEUM INDUSTRY GENERALLY, AND THE MANAGEMENT OF ALYESKA PIPELINE SERVICE COMPANY PARTICULARLY, ARE IN FULL ACCORD WITH THE PROPOSITION THAT THE PETROLEUM INDUSTRY AND ALL OF ITS COMPONENTS SHOULD BEAR A FAIR SHARE OF THE TAX BURDEN OF ALL STATES IN WHICH THEY DO BUSINESS. WE ARE CORPORATE CITIZENS AND EXPECT TO SHARE OUR RESPONSIBILITIES WITH ALL OTHER CITIZENS. I THINK THE RECORD OF OUR INDUSTRY IN ALL OF THE OIL AND GAS PRODUCING STATES CONFIRMS THIS. ITS RECORD IN ALASKA IS NO EXCEPTION. WE RECOGNIZE THE AD VALOREM TAX AS A PROPER EXERCISE OF THE TAXING POWER OF A STATE. HOWEVER, WE ARE CONVINCED THAT IT IS NOT ONLY UNFAIR BUT OF MOST DUBIOUS WISDOM TO SINGLE OUT ONE INDUSTRY OR ANY COMPONENT OF IT OR ANY ONE SEGMENT OF THE CITIZENRY FOR SPECIAL TAXES WHICH CANNOT BE DISTRIBUTED TO THE BROAD BASE OF PRODUCTIVE ACTIVITY AND ENTERPRISE THROUGHOUT THE STATE. WE FEEL ENACTMENT OF THIS BILL WOULD BE AGAINST THE BEST INTEREST OF THE CITIZENS OF ALASKA INCLUDING THE PRESENT AND POTENTIAL ALASKAN BUSINESS INTERESTS.

THERE CAN BE NO DOUBT THAT HOUSE BILL NO. 59 SINGLES OUT THE TRANS ALASKA PIPELINE FOR THE IMPOSITION OF A VERY SPECIAL AND VERY

BURDENSOME TAX. THE BILL, IF ENACTED, WOULD IMPOSE ANNUALLY A TAX OF 20 MILLS ON "...PROPERTY EMPLOYED IN THE TRANSPORTATION OF UNREFINED OIL AND GAS." EXEMPTED ARE "...PIPELINES LESS THAN 21 INCHES IN DIAMETER." THIS LEAVES ONLY THE TRANS ALASKA PIPELINE TO BEAR THE BURDEN OF THE TAX. WITH SINGULAR IMPATIENCE, THE TAX WOULD BE IMPOSED BEFORE THE PIPELINE EXISTS, FOR IT APPLIES TO PIPELINES "...UNDER CONSTRUCTION OR AWAITING CONSTRUCTION...". FOR SUCH PIPELINES, THE VALUE IS DEFINED AS THE "...COSTS INCURRED OR ACCRUED...AS OF THE ASSESSMENT DATE" WHETHER OR NOT THE PIPELINE IS EVER COMPLETED.

I AM NOT A LAWYER AND I CERTAINLY DON'T MEAN TO RAISE ANY QUESTIONS ABOUT THE LEGALITY OF THE BILL. I AM MORE CONCERNED WITH ITS INTENT. LEGISLATIVE POLICY PROHIBITING THE PRACTICE OF SINGLING OUT ONE INDUSTRY OR ACTIVITY FOR SPECIAL TAXATION FINDS EXPRESSION IN THE CONSTITUTIONS OF EVERY STATE IN THE UNION. IN ALASKA, ARTICLE II, SECTION 19 PROHIBITS THE LEGISLATURE FROM ENACTING LOCAL OR SPECIAL LEGISLATION IF GENERAL LEGISLATION IS APPLICABLE: AND ARTICLE IX, SECTION 2 PROHIBITS TAXATION OF PROPERTY OF NON-RESIDENT CITIZENS AT A RATE HIGHER THAN THAT APPLIED TO PROPERTY OF RESIDENTS. WHILE HOUSE BILL NO. 59 MAY NOT LEGALLY VIOLATE EITHER OF THOSE PROVISIONS OF THE ALASKA CONSTITUTION, IT CLEARLY VIOLATES THEIR EXPRESSED POLICY AND SPIRIT, BOTH OF WHICH FORBID DISCRIMINATORY TAXATION AND OTHER LEGISLATION. NOT ONLY DOES HOUSE BILL NO. 59 SINGLE OUT THE TRANS ALASKA PIPELINE FOR SPECIAL TAXATION, IT TAXES AT ONE OF THE HIGHEST RATES IN THE STATE. THIS IS QUITE APPARENT FROM SECTION 43.56.120 OF THE BILL, WHICH WOULD AUTHORIZE ANNUAL APPROPRIATIONS TO THE TAXING JURISDICTIONS THROUGH WHICH THE PIPELINE WILL BE BUILT, BUT IT WILL RETURN TO SUCH A JURISDICTION ONLY THE AMOUNT OF TAX WHICH WOULD HAVE BEEN RAISED BY APPLICATION OF THE MILL LEVY OF THAT JURISDICTION FOR ANY

YEAR (COMPARED WITH THE 20 MILL LEVY IN THE BILL) TO ONLY 20% OF THE VALUE OF THAT PORTION OF THE PIPELINE LOCATED THEREIN. THUS, WHILE THE TAX UNDER HOUSE BILL NO. 59 WOULD BE IN LIEU OF ALL OTHER AD VALOREM TAXES, IT IS CLEARLY FAR IN EXCESS OF ANY OTHER AD VALOREM TAX IMPOSED BY ANY OTHER TAXING JURISDICTION THROUGH WHICH THE PIPELINE WILL BE BUILT.

THE STATE OF ALASKA MUST HAVE A WELL-PLANNED, FAR-SIGHTED, COMPREHENSIVE AND STABLE TAX BASE IF IT IS TO SATISFY ITS LONG-TERM FINANCIAL REQUIREMENTS, ACCOMMODATE THE INCREASING DEMANDS OF AN EXPANDING CITIZENRY AND MAINTAIN AN ATTRACTIVE CLIMATE FOR EXISTING AND NEW POTENTIAL BUSINESS INVESTMENT. INSTEAD OF WORKING TOWARD SUCH BENEFICIAL OBJECTIVES, HOUSE BILL NO. 59 WOULD ADD TO THE DEGENERATING POSTURE OF STATE TAXATION. AS YOU KNOW, SPECIAL LEGISLATION ENACTED TO APPLY SOLELY TO THE TRANS ALASKA PIPELINE HAS RESULTED IN COMPLEX LITIGATION WHICH MAY DELAY CONSTRUCTION AND POSTPONE PRODUCTION OF OIL AND GAS FROM PRUDHOE BAY ALONG WITH THE FLOW OF REVENUE AND ECONOMIC BENEFITS WHICH RESULT THEREFROM.

ENACTMENT OF HOUSE BILL NO. 59 WOULD BE ALL THE MORE REGRETABLE BECAUSE IT IS BY NO MEANS NECESSARY TO ANY EFFORT TO LEVY A FAIR AND PROPORTIONATE TAX ON THE PROPERTY AND ACTIVITY WHICH WILL BE INVOLVED IN THE TRANS ALASKA PIPELINE SYSTEM. THE RECORD CLEARLY SHOWS THAT THERE HAS NEVER BEEN THE SLIGHTEST OBJECTION FROM THE PETROLEUM INDUSTRY OR THE OWNERS OF THE TRANS ALASKA PIPELINE SYSTEM TO LEGISLATION WHICH APPLIES EQUALLY TO ALL CITIZENS AND TAXPAYERS IN THE TAXING JURISDICTION.

THERE IS NO DOUBT WHATEVER THAT IF AND WHEN OIL PRODUCTION STARTS AT PRUDHOE BAY AND MOVES THROUGH THE TRANS ALASKA PIPELINE SYSTEM TO VALDEZ, THE OIL INDUSTRY WILL PROVIDE THE LARGEST SHARE OF STATE REVENUE

THROUGH ROYALTY AND TAXES. IT IS THUS UNFAIR AND UNNECESSARY TO CREATE SPECIAL AND DISCRIMINATORY TAXES ON THE TRANS ALASKA PIPELINE SYSTEM. SINCE IT WILL BE ONE OF THE MAJOR ECONOMIC UNITS IN ALASKA AND WILL EMPLOY PROPERTY OF GREAT VALUE, IT IS INEVITABLE THAT ANY FAIR, EQUITABLE AND FAR-SIGHTED TAX PROGRAM WILL DERIVE A MAJOR PORTION OF ITS REVENUE FROM THE PIPELINE.

IN CONCLUSION, I WOULD EMPHASIZE THAT WE REQUEST NO EXEMPTIONS WHATEVER FROM ANY TAXATION, BUT ONLY THAT WE BE SPARED THE BURDEN OF SPECIAL AND DISCRIMINATORY TAXATION. WE BELIEVE THAT THIS BILL IS DISCRIMINATORY, UNFAIR, PREMATURE AND THAT IT SHOULD NOT BE CONSIDERED FURTHER AT THIS TIME. WE BELIEVE THAT ANY TAXATION OF THE TRANS ALASKA PIPELINE SYSTEM SHOULD BE CONSIDERED AS PART OF AND COORDINATED WITH A LONG-TERM TAX PROGRAM OF THE STATE AS IT APPLIES NOT ONLY TO TRANSPORTATION OF OIL AND GAS BUT TO OTHER ECONOMIC ACTIVITY AS WELL. WHEN CONSIDERED IN THAT CONTEXT, WE ARE CONFIDENT THAT THIS AND FUTURE ALASKAN LEGISLATURES WILL TAX THE TRANS ALASKA PIPELINE SYSTEM AS AN INTEGRAL PART OF A COORDINATED PROGRAM OF TAXATION WHICH WILL NOT SINGLE OUT ANY ACTIVITY OR INDUSTRY TO BEAR A DISCRIMINATORY OR DISPROPORTIONATE SHARE OF THE TAX BURDEN OF THE STATE.

March 19, 1973,

Rep. Selwyn Carroll and
Rep. Larry Peterson
Pouch V
Juneau, Alaska 99801

Dear Sirs:

H. B. No. 245.

As per your request when you were in Fairbanks I give you the following analysis of the above Bill:

1. At page -1-, lines 13 and 14, it states that the tax (and exemptions) shall apply to real and tangible, personal property "employed in the production and transportation" of unrefined oil and gas.

This means that no tax could be levied by any city, borough or school district on any oil producing equipment in their districts except as outlined in H. B. 245. This is not, therefore, a pipe line bill but includes all producing leases. By way of example the Kenai Borough is now receiving some taxes from oil producing equipment (which for a long time were tax free) but this would be abolished under the above provision. This would also abolish the taxing of such equipment by school districts, cities or other government subdivisions. The impact is on these communities to provide schools, utilities and other facilities for the development of the oil fields but the taxing authority would be taken away by this bill.

2. Lines 25 through 29 again states that the only tax local government can levy on such "taxable real and tangible personal property employed in the production and transportation of unrefined oil and gas." is a levy of not more than 20 mills on not more than 25 per cent of the full and true value of such taxable property. This again exempts from local taxation 75% of the taxable property and limits such taxation on the remaining 25% by local government to 20 mills.

Under Sec, 43.56.020 headed "EXEMPTIONS" Page 2, Lines 5 through 7 and Under Sec. 43.56.030, headed "IN PLACE OF OTHER TAXES" it provides:

"the following property is exempt from the tax levied under this chapter: (1) producing oil or gas leases; (2) oil and gas produced in the state upon which gross production taxes are paid under AS 43.55."

This means that all producing oil and gas leases---and probably all equipment located thereon---would be exempt from taxation under the bill. It further means that all oil in storage in tanks on tank farms and leases, and all oil in pipe lines would be exempt from taxation. This is a very sizeable amount of personal property. I do not have the exact figures but the oil in the TransAlaska Pipe Line (or Alyeska) would amount to many millions of dollars worth of oil. In addition that in storage would also be large. These products would ordinarily be taxable as personal property and are taxed in most other oil producing states as such. This bill would exempt this property from taxes and Lines 8 through 11 provide that they would be in lieu of all ad valorem taxes on property subject to tax under this bill or any that are "hereafter imposed by the state, or by a city or borough". (Lines 10 and 11, Page 2).

Sec. 43.56.040, headed "ASSESSMENT" provides that the assessment of such property shall be

"carried out by the state assessor".

and that

"the state assessor shall function in place of the local assessor, and the State Assessment Review Board shall function in the place of the assembly or council sitting as a board of equalization."

Sec. 43.56.050 (lines 19, 20, 21, then provides

"The Governor shall appoint at least five qualified persons to serve at his pleasure as the State Assessment Review Board."

In ordinary language this means that no local government would have any authority over the assessment of such taxes but that the same would be done by State Officers who were

appointed by the Governor and who could be fired by him when he desired. These officers would have the power to reduce the assessed valuation of such property to a minimum and the property would not be assessed by the same officers who assessed other property in such districts, boroughs and cities. These offices would be sought by the owners of such oil producing and transportation equipment and they would try to stack them with their friends in order to reduce their taxes as much as possible. This could mean the loss of millions and millions of dollars in taxation to the boroughs, cities, school districts and state.

Line 1, page 3, provides that such taxes, including that due the boroughs, school districts and cities,

"is payable in full to the Department of Revenue".

This is followed at lines 26 and 27, page 3, with

"The revenue from the tax levied under this chapter shall be deposited in the general fund."

This means that even the 25% that was reserved for local government would be paid into the General Fund of the State of Alaska---and that if it was not first used for some other purpose that it would be returned to such local governments IF (1) A bill was introduced in each legislative session requesting the payment of the same to such local bodies, and, (2) Such bill was passed by such future legislative bodies and was not vetoed by the Governor.

Section 43.56.120 Then provides that the "State Assessor and the Department of Revenue may adopt regulations as appropriate to carry out their respective duties under this chapter."

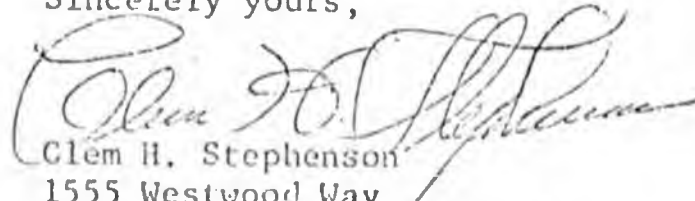
This gives away some more legislative power to a bureau. The same bureau that is appointed to assess, and collect, such taxes. This delegating of law-making power to those who are to enforce the laws and who are not elected by the people gives to the enforcer the power to make the laws---when the enforcers will be appointed under strong political pressure and may not represent the interests of the people of the State of Alaska.

Sec. 43.56.120, provides that "taxable real and tangible personal property" means machinery, appliances and equipment used in the operation of wells producing oil or gas and tank farms, tanker terminals, gathering and transmission lines, and related facilities." (Lines 6 through 13. This means that there will be no local taxation of any oil producing or transporting equipment in the State of Alaska---although the schools, utilities, housing, libraries, streets, police protection, and all other local government functions that are needed for the employees of the owners of such equipment, and the owners themselves, will have to be furnished mainly at the expense of the other taxpayers in the communities in which such oil production is located and through which such pipelines pass.

It is my opinion that if this bill is passed in this form that the State of Alaska should abolish all forms of local government and provide that every facility in the State of Alaska should be furnished by the State.

Hoping these comments may be helpful to you, I am

Sincerely yours,


Clem H. Stephenson
1555 Westwood Way
Fairbanks, Alaska 99701

H B

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OFFICE OF THE EXECUTIVE DIRECTOR

2211 Sunrise Drive
Anchorage, Alaska 99504

February 12, 1973

Representative Genie Chance
Pouch V
Juneau, AK 99801

Re: Memorandum - fluoridation

Incorporation of the provisions of HB81 in the responsibilities of either the Dept. of Health & Social Service or the Dept. of Environmental Conservation would be acceptable to the Alaska Dental Society as long as positive results were obtained. It does seem appropriate to put the statute dealing with fluoridation under a section headed "Disease Control" for that indeed is what its purpose is to control caries which is truly a rampant disease.

We do understand the practical difficulties involved in small municipal water supplies. But as Mr. Brewer states, a majority of the large municipalities have fluoridated water thus already facing the problem. I would not advise that we limit the population to 2,000 or 3,000 for it is in the smaller communities and villages that dental disease is most rampant and where professional help is least available. Research in fluoridators have rapidly advanced. There are available simple inexpensive units that can be used for as small a water supply as that used in an individual home. I will send you brochures on these units under separate cover. As you will see, "capability of providing fluoridation" exists everywhere.

Sincerely,

G. T. Morrow, D.M.D.
Executive Director

crb
Enclosures

Representative Genie Chance

Page 2

February 12, 1973

cc: Honorable Max C. Brewer
Honorable Mike Bradner
Honorable Willard Bowman
Honorable Hugh Malone
✓ Honorable Selwyn Carrol
Honorable Helen Beirne
Honorable Milo Fritz
Honorable Charles C. Degnan
Mr. Caleb Fungowiyi
Dr. Tom Austin
Dr. Joshua Wright
Mr. Harry Porter

P. S. Public Law 86-121 provides a mechanism for the U. S. Public Health Service to provide fluoridators to communities where 80% of the population are their beneficiaries.

FLUORIDATED WATER SUPPLIES

<u>Community</u>	<u>Population Served</u> <u>1970 Preliminary Census</u>	<u>Date of</u> <u>Installation</u>	<u>Chemical Knowr.</u>
Anchorage	46,237	1953	Na ₂ SiF ₆
Douglas	1,237	1964	Na ₂ SiF ₆
Eielson AFB **	5,232	1958	NA
Elmendorf AFB **	15,700	1957	NA
Fairbanks	14,336	1962	Na ₂ SiF ₆
Fort Richardson **	10,500	1957	NA
Fort Wainwright **	8,800	1957	NA
Mt. Edgecombe	1,900	1963	NaF
Sitka	3,327	1963	NA
USN Kodiak **	3,500	1961	NA
Metlakatla *	160 Homes	1963	NaF
Yakutat *	47 Homes	1963	NaF
Angoon *	60 Homes	1964	NaF
Unalakleet *	110 Homes	1965	NaF
Old Harbor *	41 Homes	1969	NaF
Ouzinkie *	43 Homes	1969	NaF
Port Lions *	42 Homes	1968	NaF
English Bay *	16 Homes	1966	NaF
Hoonah *	175 Homes	1966	NA
Holy Cross *	38 Homes	1969	NaF
Russian Mission *	28 Homes	1969	NaF
Hydaburg *	NA Homes	NA	NaF
Goodnews Bay *	39 Homes	1971	NaF
Bethel *	200 Homes	1971	NaF

FLUORIDATED WATER SUPPLIES

<u>Community</u>	<u>Population Served</u> <u>1970 Preliminary Census</u>	<u>Date of</u> <u>Installation</u>	<u>Chemical Known</u>
Minto *	35 Homes	1971	NaF
Lower Kalskag *	36 Homes	1971	NaF
Chistochina *	9 Homes	1971	NaF
Dot Lake *	9 Homes	1971	NaF

Estimated

1288

Est Pop Served = 114,000

NA = Not Available

* USPHS Indian Health Service Installations

** Federal Installations

*% of Population in State on
Fluoridated Water Supplies*

114,000 ≈ 30%
382,000

STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

POUCH 0 — JUNEAU 99801

January 26, 1973

The Honorable Helen Bierne, Chairman
Health, Welfare and Education Committee
House of Representatives
Pouch V
Juneau, Alaska 99801

Dear Mrs. Bierne:

Re: HB 81, Mandatory Fluoridation

In accordance with the authority set forth in AS 46.03.020(10)(C), I suggest the desirability of incorporating the provisions of House Bill 81 into the program of the Department of Environmental Conservation, rather than into the Department of Health and Social Services. Whereas the bill deals with the engineering aspects of fluoridating public water supplies, it proposes that the new material be inserted as AS 18.15.210, a section dealing with a variety of infectious and contagious diseases under the heading of "Disease Control." While proper fluoridation has been shown to be an effective preventative against dental caries, specific requirements of this legislation are engineering in nature.

As you consider this bill, I should like also to invite your attention to certain practical difficulties which will be involved, no matter who is to administer it. Where fluoridation has been mandated in the contiguous 48 states, whether by legislation or by regulation, it has been common practice to establish a population threshold, such as 2,000 or 3,000 persons in a municipality, above which the application of fluoride becomes mandatory. If this suggestion were followed in Alaska, fluoridation could become practical. Very small municipalities here have experienced considerable difficulty in attempting to maintain even chlorination, much less the more difficult practice of fluoridation. A prime example is the situation during the winter of 1971-72 when several hundred persons in Cordova became ill because the chlorination equipment had failed and new parts had not arrived.

It is also interesting to note that most major communities in Alaska with the capability of providing fluoridation, already do so, and

January 26, 1973

that for many years Alaska has appeared in the top ranking of the U.S. Public Health Service listing of percentage of persons receiving fluoridated water from municipal supplies.

Sincerely yours,



Max C. Brewer
Commissioner

cc: The Honorable Genie Chance
The Honorable Mike Bradner
The Honorable Willard Bowman
The Honorable Hugh Malone

(same letter to The Honorable Selwyn Carroll)

(Local Govt. Comm. (Lynn.))

Figure 12. Fluoridation Check-List

Chemical And System	Sodium Fluoride Manual Solution Preparation	Sodium Fluoride Automatic Solution Preparation	Fluosilicic Acid Diluted
Water Flow Rate	Less Than 500 gpm	Less Than 2000 gpm	Less Than 500 gpm
Population Served By System Or Each Well Of Multiple-Well System	Less Than 5000	Less Than 10,000	Less Than 10,000
Chemical Cost, FOB Manufacturer	22 - 25¢/lb	20 - 22¢/lb	8 - 15¢/lb (30% Basis)
Chemical Cost/lb Fluoride Ion	50 - 57¢	46 - 50¢	33 - 63¢
Equipment Cost/Unit	\$100 - \$500	\$500 - \$1000	\$250 And Up
Equipment Required	Solution Feeder, Mixing Tank, Scales, Mixer	Solution Feeder, Saturator, Water Meter	Solution Feeder, Scales, Measuring Container, Mixing Tank, Mixer
Feed Accuracy	Depends On Solution Preparation And Feeder	Depends On Feeder	Depends On Solution Preparation And Feeder
Chemical Specifications And Availability	Crystalline NaF, Dust-Free, In Bags Or Drums. Generally Available.	Downflow - Coarse Crystalline NaF In Bags Or Drums. May Be Scarce. Upflow - Fine Crystalline NaF	Low-Silica Or Fortified Acid In Drums Or Carboys. Generally Available.
Handling Requirements	Weighting, Mixing, Measuring	Dumping Whole Bags Only	Pouring Or Siphoning, Measuring, Mixing, Weighting
Feeding Point	Injection Into Filter Effluent Line Or Main	Injection Into Filter Effluent Line Or Main	Injection Into Filter Effluent Line Or Main
Other Requirements	Solution Water May Require Softening	Solution Water May Require Softening	Dilution Water May Require Softening
Hazards	Dust, Spillage, Solution Preparation Error	Dust, Spillage	Corrosion, Fumes, Spillage, Solution Preparation Error

STATE OF ALASKA

DEPT. OF ENVIRONMENTAL CONSERVATION

WILLIAM A. EGAN, GOVERNOR

POUCH 0 — JUNEAU 99801

March 28, 1974

The Honorable Selwyn Carrol
Chairman, House Committee on Community
and Regional Affairs
Alaska State House
Pouch V
Juneau, Alaska 99801

Dear Representative Carrol:

Commissioner Max Brewer and I appreciated being given the opportunity to answer questions at your committee hearing Monday morning, March 25, 1974.

In response to Representative Terry Gardiner's inquiry regarding the cost of fluoridation, I have enclosed a copy of a summary table prepared by the Environmental Protection Agency in 1972 and applicable for lower States. The equipment costs do not include installation, nor do they include the cost of a water softener which would be required for waters with hardness greater than 75 ppm (very "soft" water).

Further, I have obtained information from Juneau indicating their total equipment and installation cost was approximately \$5000 (approximately \$0.65 per capita). Chemicals cost \$0.50 per pound (compared with \$0.15 per pound in the table) and their estimated operating cost is \$0.50 per capita per year (compared with \$0.16 per capita per year on a national level).

For remote communities and very small installations such as schools I do not have this information, however, the unit costs for transportation and labor are likely to be considerably more.

Nevertheless, as we indicated at the meeting, it is not the cost that is of concern to us so much as it is insuring that fluoridation will be provided only for those water supplies which have adequate control over operation and maintenance of their systems on a continuous basis after they are installed.

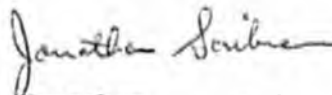
Representative Carrol

-2-

March 28, 1974

Please feel free to contact us further should there be additional questions.

Sincerely,



Jonathan W. Scibner, Chief
General Engineering Section

cc: Representative Terry Gardiner
Guy Van Doren

H

B

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7

March 14, 1974

The Honorable Hugh Malone
Alaska House of Representatives
Pouch V
Juneau, Alaska 99801

Dear Mr. Malone:

There is an error in the computation on which the fiscal estimate of proposed CSIB 87 is based.

The population estimate of the Fairbanks-North Star Borough should read 32,538. At \$5 per capita, the entitlement would amount to \$162,690; under the sliding scale formula, the estimate should read \$136,614.

The analysis totals should be adjusted to read:

Proposed CSIB 87	\$ 1,047,810
Sliding scale approach	\$ 1,057,392

Individual municipal entitlements are recounted in the attached work papers.

I regret the error.

Very truly yours,

John E. Chenoweth
Director

JBC:ly
Enclosures

PROPOSED
 CS FOR HOUSE BILL NO. 87
 Fiscal Note Analysis
 Community and Regional Affairs
 Local Government Assistance

<u>Borough or Municipality with Permits</u>	<u>FY 74 Population Estimate</u>	<u>\$5/Capita</u>	<u>Sliding Scale See Below</u>
* **Anchorage Borough	67,383	\$ 336,915	\$ 241,149
Anchorage, City of	58,718	293,590	215,154
* Fairbanks Borough	32,538	162,690	136,614
Kenai	3,533	17,665	32,665
Kenai Peninsula Borough			
*** Sterling	30	150	300
Ketchikan	7,386	36,930	51,930
Mat.-Su. Borough			
*** Big Lake	47	235	470
Butte	1,297	6,485	12,970
**** Lake Louise			
**** Sunshine			
Sutton	356	1,780	3,560
*** Talkeetna	240	1,200	2,400
Wasilla	1,650	8,250	16,500
*** Willow	50	250	500
Sitka Borough	6,109	30,545	45,545
Soldotna	1,202	6,010	12,020
Valdez	1,106	5,530	11,060
TOTAL		\$ 908,225	\$ 782,837

*Military Bases Excluded
 **Anchorage Borough
 Minus Anchorage, City of
 ***Census Figures--1973 Estimates--see assumptions attachment
 ****Population Data unavailable

SLIDING SCALE:

\$10 per capita for first 3,000 of population
 \$ 5 per capita for next 9,000 of population
 \$ 3 per capita for all above 12,000 of population

CS FOR HOUSE BILL NO. 87
Fiscal Note Analysis
Community And Regional Affairs
Local Government Assistance

<u>Municipalities Expected to Qualify by 7/1/74</u>	<u>FY'74 Population</u>	<u>\$5/Capita</u>	<u>Sliding Scale See Below</u>
Barrow	2,307	\$ 11,535	\$ 23,070
Cordov	2,114	10,570	21,140
Homer	1,243	6,215	12,430
Kodiak	3,923	10,615	34,615
Nome	2,427	12,135	24,270
Palmer	1,409	7,045	14,090
Petersburg	2,126	10,630	21,260
Seward	1,823	9,115	18,230
Skagwa	675	3,375	6,750
T O T A L S :		\$ 90,235	\$175,855

<u>Municipalities Expected To Qualify After 7/1/74</u>			
Bethel	2,921	\$ 14,605	\$ 29,210
Delta Junction	703	3,515	7,030
Dillingham	999	4,995	9,990
Haines	1,093	5,465	10,930
Kotzebue	2,125	10,625	21,250
Wrangell	2,029	10,145	20,290
T O T A L S :		\$ 49,350	\$ 98,700

Note: Notices concerning refuse collection or sanitary fills were mailed to all municipalities on this page. Environmental Conservation estimated first section would qualify by 7/1/74. Second section would qualify @ some later date.

(continued on page 2-A)

(2)

Sliding Scale:

- \$10 per capita for first 3,000 of population
- \$ 5 per capita for next 9,000 of population
- \$ 3 per capita for all above 12,000 of population

CS FOR HOUSE BILL NO. 87
Fiscal Note Analysis
Community and Regional Affairs
Local Government Assistance

Assumptions:

- 1) Borough and Municipality info received from Dept. of Environmental Conservation
- 2) Fire Service Area Population not included
- 3) City & Borough of Juneau would not qualify because their permit is only for an auto dump
- 4) Census information where marked derived in following manner:
1970 Census Atlas-Dept. of Labor Figures multiplied by % increase as shown in estimates of civilian population, Net change 1970-1973 of State of Alaska current population estimates by Census Divisions 7/1/73-Dept. of Labor.
- 5) All other FY 74 Population information derived from Revenue Sharing Figures FY 1974.

STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

POUCH 0 — JUNEAU 99801

January 30, 1973

The Honorable Helen Beirne
Chairman, Health, Welfare
and Education Committee
State House of Representatives
Pouch V
Juneau, Alaska 99801

Dear Representative Beirne:

I have reviewed House Bill No. 87 in the light of our discussions and the intent of the Bill, i.e., to assist in solving the solid waste problem in Alaska.

Under the Revenue Sharing Act we find two items of interest:

- 1) Sec. 43.18.010(f). "Funds received by a city, borough or service area under this section may be expended for any public purpose for which it has power to expend public funds, except as provided in (h) of this section." The underlining is mine.

As HB No. 87 is written under this section, I do not believe that it would be necessary for a city to provide much in the way of an effective solid waste management program in order to qualify for receiving the money. Perhaps just opening or designating an abandoned gravel pit as the town's dump would be sufficient to technically qualify as a management program.

- 2) Sec. 43.18.030. Local tax levy reduction. (a) "The intent of this chapter in authorizing state aid for municipal purposes is that local governments which levy property taxes reduce those levies in reasonable proportion to the amount of state aid received by a local government for a given fiscal year." The implication is that the State will assume part of the cost of an on-going program rather than adding to an existing program or causing the initiation of a new program. Since many of the communities do not have much in the way of an existing program, the levy reduction intent would

January 30, 1973

appear to mitigate against upgrading present practices.

A third item of interest is that the Revenue Sharing portion of the statutes appear to be limited to municipalities and boroughs and thus HB No. 87 would appear not to assist in attacking the solid waste problem along the roads in the unorganized areas where it is very obvious in need of solution.

I suggest that the following change in HB No. 87 would more accurately follow your intent if the Bill remains under the Revenue Sharing chapter:

"(7) \$5 per capita to general law or home rule municipalities providing a solid waste management program which is approved by the Department of Environmental Conservation."

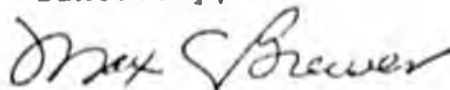
This would require an annual review of the communities' solid waste programs and provide a rough evaluation as to whether the money provided was actually being spent toward solving the solid waste problem.

A companion effort could be an increase in the funds used by the Division of Parks to provide additional solid waste collection service along the roads in the State. I believe that at least a portion of these funds are now appropriated to the Department of Highways for whom the Division of Parks accomplishes the work.

Another approach that could be considered to accomplish this task might be through a grant program to whatever unit of government was engaging in a solid waste management program or which desired to engage in such a program. This would remove the program from the Revenue Sharing chapter and more forcefully direct the effort toward the intended purpose. One danger with a grant program is that people often wish to use it for planning purposes. In the case of solid waste improvement, generally I would be far less interested in "planning" than I would be in actually "picking up" and properly "disposing of" the solid waste.

I have not reviewed these ideas with the Department of Administration to determine where in the listing of priorities such proposals for funding might fall. However, I very much appreciate your efforts in trying to solve this very difficult problem throughout the State.

Sincerely,



Max C. Brewer
Commissioner

HB

1088

STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B — JUNEAU 99801

March 23, 1973

The Honorable Selwyn Carrol
Alaska State House of
Representatives
Pouch V
Juneau, Alaska 99801

Dear Representative Carrol:

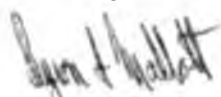
As requested by the House Committee on Community and Regional Affairs, the enclosed draft legislation has been prepared in response to my testimony on House Bill 108. The draft legislation hopefully responds to the expressed concern of the Committee. Attached to the draft is a list of communities eligible for State aid under the proposal, their populations and the total amount of State aid provided under the proposal.

Enclosed also is a list of Alaska Native villages which have been identified by the U. S. Treasury Department, with Bureau of Indian Affairs assistance, as providing "general governmental services" thereby qualifying for federal revenue sharing. The list also contains Native village populations and the amount of federal revenue sharing each has received.

For the information of your Committee, federal revenue sharing to Native villages, as opposed to municipal corporations, is distributed on the basis of population only. Payment is made to each village in a Census District, from the amount of money allocated to that Census District, based on a percentage of that village's population to the total population of the Census District. The Native village distribution is made before distributions are made to municipal corporations in the Census District. Native villages must account for funds received in the same manner as municipal corporations.

I am available at your convenience to discuss these matters.

Sincerely,


Byron I. Mallott
Commissioner

BIM:mw

Enclosure

cc: Representative Terry Gardiner
w/ attachments

An Act Providing State-Shared Revenues for Unincorporated Communities; and Providing for an Effective Date.

Section One. AS 43.18 is amended by adding a new Article to read:

ARTICLE 4

Section 43.18.400. State aid to communities not incorporated as Alaska Municipal Corporations: (a) During each fiscal year the State shall pay to unincorporated communities \$10 per capita for the purpose of encouraging communities to ascertain priorities for future community development, to plan for the provision of future local governmental services, and as a secondary purpose to provide needed community services, not inconsistent with applicable State statutes in accordance with priorities and plans developed under this section.

(b) Payment shall be made to non-profit corporations or associations organized in eligible communities certifying to the Department of Community and Regional Affairs that their membership is open to and broadly representative of all the residents of the community and certifying that their intent is to carry out the purposes of this act.

(c) State-shared revenues payable under this section may be paid for a period of three years upon annual application following date of receipt and approval of certification by the Department of Community and Regional Affairs, or until a community is incorporated as a city under the laws of the State of Alaska, whichever comes first.

(d) Funds received by the non-profit designee in an unincorporated community may be expended for any purpose for which the designee has authority to expend funds consistent with the purposes of this section.

(e) Non-profit designees receiving funds by operation of this section shall file with the Department of Community and Regional Affairs a statement of annual income and expenditures and a report generally stating the purposes for which the funds were expended. Compliance with the provisions of this section is a prerequisite to receipt of State-shared revenues under AS 43.18. The State shall withhold allocation under this chapter in the event of noncompliance until such time as the report requirements are complied with.

(f) The Department of Community and Regional Affairs shall establish standard application and reporting forms to meet requirements of this section.

(g) In this section "unincorporated community" means a community not incorporated as a city of the first or second class under the laws of the State of Alaska and having a permanent resident population of 25 or more.

(h) The Department of Community and Regional Affairs may adopt regulations to carry out the purposes of this section.

Section 43.18.410. Unincorporated communities service account established:

(a) The unincorporated communities services account is established. Funds to carry out the provisions of section 400 of this chapter may be appropriated annually by the Legislature to the account. If amounts in the account are insufficient for the purpose of each community's share authorized under section 400 of this chapter, such funds as are available shall be distributed prorata among eligible communities.

(b) Money in the unincorporated communities services account which, at the end of the fiscal year for which money is appropriated, exceeds the

amount required for the allocation authorized in this chapter reverts to the general fund.

Section Two. This act takes effect on July 1, 1973.



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OFFICE OF REVENUE SHARE AND
INDIAN TRIBES PAYMENT REPORT

NAME	GOVERNMENT CODE	COUNTY	AMOUNT	POPULATION
VILLAGE COUNCIL OF ALEKNAGIK	02 6 001 609	ALASKA	TOTALS* 0 1,772 0 1,912*	57 92*
VILLAGE COUNCIL OF ALEKNAGIK		TOTALS	0 1,902**	92**
VILLAGE COUNCIL OF BELDOSHVA	02 6 001 610	ALASKA	TOTALS* 0 266* 0 266*	53 53*
VILLAGE COUNCIL OF BELDOSHVA		TOTALS	0 266**	53**
VILLAGE COUNCIL OF CHIONIK	02 6 001 611	ALASKA	TOTALS* 0 336* 0 316*	67 67*
VILLAGE COUNCIL OF CHIONIK		TOTALS	0 336**	67**
VILLAGE COUNCIL CHIONIK LAUGHON	02 6 001 612	ALASKA	TOTALS* 0 151* 0 151*	30 30*
VILLAGE COUNCIL CHIONIK LAUGHON		TOTALS	0 151**	30**
VILLAGE COUNCIL CHIONIK LAKE	02 6 001 613	ALASKA	TOTALS* 0 512* 0 512*	115 115*
VILLAGE COUNCIL CHIONIK LAKE		TOTALS	0 512**	115**
VILLAGE COUNCIL OF CHISTOCHIPA	02 6 026 614	ALASKA	TOTALS* 0 260* 0 260*	17 17*
VILLAGE COUNCIL OF CHISTOCHIPA		TOTALS	0 260**	17**
VILLAGE COUNCIL CLARKS POINT	02 6 001 615	ALASKA	TOTALS* 0 1,131* 0 1,531*	75 75*
VILLAGE COUNCIL CLARKS POINT		TOTALS	0 1,530**	75**
VILLAGE COUNCIL COPPER CENTER	02 6 026 616	ALASKA	TOTALS* 0 1,422* 0 1,422*	91 91*
VILLAGE COUNCIL COPPER CENTER		TOTALS	0 1,422**	91**
VILLAGE COUNCIL OF EGECH	02 6 001 617	ALASKA	TOTALS* 0 1,556* 0 1,686*	74 74*
VILLAGE COUNCIL OF EGECH		TOTALS	0 1,686**	74**
VILLAGE COUNCIL OF EALUTNA	02 6 002 618	ALASKA	TOTALS* 0 351* 0 351*	23 23*
VILLAGE COUNCIL OF EALUTNA		TOTALS	0 351**	23**
VILLAGE COUNCIL OF ERUH	02 6 001 619	ALASKA	TOTALS* 0 1,025* 0 1,025*	60 60*
VILLAGE COUNCIL OF ERUH		TOTALS	0 1,025**	60**
VILLAGE COUNCIL OF ERUOK	02 6 001 620	ALASKA	TOTALS* 0 1,471* 0 1,926*	54 54*
VILLAGE COUNCIL OF ERUOK		TOTALS	0 1,926**	54**
VILLAGE COUNCIL OF ENGLISH BAY	02 6 012 621	ALASKA	TOTALS* 0 1,096* 0 1,096*	53 53*
VILLAGE COUNCIL OF ENGLISH BAY		TOTALS	0 1,096**	53**
VILLAGE COUNCIL OF FALSE PASS	02 6 001 622	ALASKA	TOTALS* 0 273* 0 273*	50 50*
VILLAGE COUNCIL OF FALSE PASS		TOTALS	0 273**	50**
VILLAGE COUNCIL OF GULKANA	02 6 026 623	ALASKA	TOTALS* 0 195* 0 195*	57 57*
VILLAGE COUNCIL OF GULKANA		TOTALS	0 195**	57**
VILLAGE COUNCIL OF ILIAPPA	02 6 001 624	ALASKA	TOTALS* 0 410* 0 410*	23 23*
VILLAGE COUNCIL OF ILIAPPA		TOTALS	0 410**	23**

INDIAN TRIBES PAYMENT REPORT

NAME	GOVERNMENT CODE	COUNTY	AMOUNT	POPULATION
VILLAGE COUNCIL OF IVAROF BAY	02 6 001 628	VALDESA	\$ 231	96
		TOTALS*	\$ 231*	96*
VILLAGE COUNCIL OF IVAROF BAY		TOTALS	\$ 231**	96**
VILLAGE COUNCIL OF HOLIGANEN	02 6 003 629	ALASKA	\$ 2,796	134
		TOTALS*	\$ 2,796*	134*
VILLAGE COUNCIL OF HOLIGANEN		TOTALS	\$ 2,796**	134**
VILLAGE COUNCIL NORHAMOR BAY	02 6 007 629	ALASKA	\$ 1,372	67
		TOTALS*	\$ 1,372*	67*
VILLAGE COUNCIL NORHAMOR BAY		TOTALS	\$ 1,372**	67**
VILLAGE COUNCIL OF LARSEN BAY	02 6 018 629	ALASKA	\$ 1,747	91
		TOTALS*	\$ 1,747*	91*
VILLAGE COUNCIL OF LARSEN BAY		TOTALS	\$ 1,747**	91**
VILLAGE COUNCIL OF LEVELOCK	02 6 003 629	ALASKA	\$ 1,681	82
		TOTALS*	\$ 1,681*	82*
VILLAGE COUNCIL OF LEVELOCK		TOTALS	\$ 1,681**	82**
VILLAGE COUNCIL NENTASTA LAKE	02 6 026 630	ALASKA	\$ 97	64
		TOTALS*	\$ 97*	64*
VILLAGE COUNCIL NENTASTA LAKE		TOTALS	\$ 97**	64**
VILLAGE COUNCIL NELSON LAGOON	02 6 001 631	ALASKA	\$ 195	39
		TOTALS*	\$ 195*	39*
VILLAGE COUNCIL NELSON LAGOON		TOTALS	\$ 195**	39**
VILLAGE COUNCIL OF NIMILCHIK	02 6 012 632	ALASKA	\$ 370	18
		TOTALS*	\$ 370*	18*
VILLAGE COUNCIL OF NIMILCHIK		TOTALS	\$ 370**	18**
VILLAGE COUNCIL PAULOF HARBOR	02 6 001 633	ALASKA	\$ 193	38
		TOTALS*	\$ 193*	38*
VILLAGE COUNCIL PAULOF HARBOR		TOTALS	\$ 193**	38**
VILLAGE COUNCIL OF PEDRO BAY	02 6 003 634	ALASKA	\$ 1,045	51
		TOTALS*	\$ 1,045*	51*
VILLAGE COUNCIL OF PEDRO BAY		TOTALS	\$ 1,045**	51**
VILLAGE COUNCIL OF PILOT POINT	02 6 003 634	ALASKA	\$ 1,388	64
		TOTALS*	\$ 1,388*	64*
VILLAGE COUNCIL OF PILOT POINT		TOTALS	\$ 1,388**	64**
VILLAGE COUNCIL PORTAGE CREEK	02 6 003 636	ALASKA	\$ 1,332	65
		TOTALS*	\$ 1,332*	65*
VILLAGE COUNCIL PORTAGE CREEK		TOTALS	\$ 1,332**	65**
VILLAGE COUNCIL OF PORT ORMAN	02 6 012 637	ALASKA	\$ 1,966	96
		TOTALS*	\$ 1,966*	96*
VILLAGE COUNCIL OF PORT ORMAN		TOTALS	\$ 1,966**	96**
VILLAGE COUNCIL OF ST. GEORGE	02 6 003 638	ALASKA	\$ 781	166
		TOTALS*	\$ 781*	166*
VILLAGE COUNCIL OF ST. GEORGE		TOTALS	\$ 781**	166**
VILLAGE COUNCIL OF TWIN HILLS	02 6 003 639	ALASKA	\$ 1,356	66
		TOTALS*	\$ 1,356*	66*
VILLAGE COUNCIL OF TWIN HILLS		TOTALS	\$ 1,356**	66**
VILLAGE COUNCIL OF USASHIK	02 6 003 640	ALASKA	\$ 308	19
		TOTALS*	\$ 308*	19*
VILLAGE COUNCIL OF USASHIK		TOTALS	\$ 308**	19**



OFFICE OF THE COMMISSIONER
INDIAN TRUSTS PAYMENT REPORT



NAME	GOVERNMENT CODE	COUNTY	AMOUNT	POPULATION
VILLAGE COUNCIL OF ANEACHAN	02 6 005 691	ALASKA	TOTALS* 1 6,193 1 6,193*	300 300*
VILLAGE COUNCIL OF ANEACHAN			TOTALS** 1 6,193**	300**
VILLAGE COUNCIL OF KUTIELAH	02 6 005 692	ALASKA	TOTALS* 1 7,552 1 7,552*	190 190*
VILLAGE COUNCIL OF KUTIELAH			TOTALS** 1 7,552**	190**
VILLAGE COUNCIL KUTIELAH	02 6 005 693	ALASKA	TOTALS* 1 2,971 1 2,971*	145 145*
VILLAGE COUNCIL KUTIELAH			TOTALS** 1 2,971**	145**
VILLAGE COUNCIL OF HUNAFIICHUR	02 6 005 694	ALASKA	TOTALS* 1 6,188 1 6,188*	102 102*
VILLAGE COUNCIL OF HUNAFIICHUR			TOTALS** 1 6,188**	102**
VILLAGE COUNCIL OF KUTIHAKAN	02 6 005 695	ALASKA	TOTALS* 1 6,802 1 6,802*	132 132*
VILLAGE COUNCIL OF KUTIHAKAN			TOTALS** 1 6,802**	132**
VILLAGE COUNCIL OF TUNNAN	02 6 005 696	ALASKA	TOTALS* 1 5,532 1 5,532*	270 270*
VILLAGE COUNCIL OF TUNNAN			TOTALS** 1 5,532**	270**
VILLAGE COUNCIL OF ATHAULIUK	02 6 005 697	ALASKA	TOTALS* 1 1,946 1 1,946*	95 95*
VILLAGE COUNCIL OF ATHAULIUK			TOTALS** 1 1,946**	95**
VILLAGE COUNCIL OF CUOCHU	02 6 010 698	ALASKA	TOTALS* 1 2,028 1 2,028*	99 99*
VILLAGE COUNCIL OF CUOCHU			TOTALS** 1 2,028**	99**
VILLAGE COUNCIL OF GEORGETOWN	02 6 010 699	ALASKA	TOTALS* 1 245 1 245*	12 12*
VILLAGE COUNCIL OF GEORGETOWN			TOTALS** 1 245**	12**
VILLAGE COUNCIL OF HALSHAD	02 6 010 699	ALASKA	TOTALS* 1 2,132 1 2,132*	106 106*
VILLAGE COUNCIL OF HALSHAD			TOTALS** 1 2,132**	106**
VILLAGE COUNCIL OF HASSILUK	02 6 005 691	ALASKA	TOTALS* 1 4,262 1 4,262*	208 208*
VILLAGE COUNCIL OF HASSILUK			TOTALS** 1 4,262**	208**
VILLAGE COUNCIL OF RUPRUK	02 6 005 692	ALASKA	TOTALS* 1 11,054 1 11,054*	575 575*
VILLAGE COUNCIL OF RUPRUK			TOTALS** 1 11,054**	575**
VILLAGE COUNCIL OF HONGIIOHAN	02 6 005 693	ALASKA	TOTALS* 1 3,740 1 3,740*	183 183*
VILLAGE COUNCIL OF HONGIIOHAN			TOTALS** 1 3,740**	183**
VILLAGE COUNCIL OF LINC	02 6 010 694	ALASKA	TOTALS* 1 813 1 813*	25 25*
VILLAGE COUNCIL OF LINC			TOTALS** 1 813**	25**
VILLAGE COUNCIL OF MARSHALL	02 6 021 698	ALASKA	TOTALS* 1 3,462 1 3,462*	165 165*
VILLAGE COUNCIL OF MARSHALL			TOTALS** 1 3,462**	165**
VILLAGE COUNCIL OF MCBATH	02 6 010 696	ALASKA	TOTALS* 1 2,293 1 2,293*	110 110*
VILLAGE COUNCIL OF MCBATH			TOTALS** 1 2,293**	110**

OFFICE OF MINE AND SPACE
INDIAN TRIBES PAYMENT REGION

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NAME	GOVERNMENT CODE	COUNTY		ASSET	POPULATION
VILLAGE COUNCIL OF NENONI	02 6 008 687	ALASKA	TOTALS*	9 2,215 9 2,215*	111 111*
		VILLAGE COUNCIL OF NENONI	TOTALS	9 2,215**	111**
VILLAGE COUNCIL OF NIKIRPUSI	02 6 008 690	ALASKA	TOTALS*	9 2,500 9 2,500*	172 172*
		VILLAGE COUNCIL OF NIKIRPUSI	TOTALS	9 2,500**	172**
VILLAGE COUNCIL OF OSCARVILLE	02 6 008 699	ALASKA	TOTALS*	9 311 9 311*	30 30*
		VILLAGE COUNCIL OF OSCARVILLE	TOTALS	9 311**	30**
VILLAGE COUNCIL OF	02 6 021 660	ALASKA	TOTALS*	9 1,332 9 1,332*	47 47*
		VILLAGE COUNCIL OF	TOTALS	9 1,332**	47**
VILLAGE COUNCIL OF PEATINUP	02 6 001 681	ALASKA	TOTALS*	9 1,912 9 1,912*	48 48*
		VILLAGE COUNCIL OF PEATINUP	TOTALS	9 1,912**	48**
VILLAGE COUNCIL OF RED HEAVY	02 6 016 660	ALASKA	TOTALS*	9 451 9 451*	27 27*
		VILLAGE COUNCIL OF RED HEAVY	TOTALS	9 451**	27**
VILLAGE COUNCIL OF RUSSIAN	02 6 016 663	ALASKA	TOTALS*	9 1,956 9 1,956*	95 95*
		VILLAGE COUNCIL OF RUSSIAN	TOTALS	9 1,956**	95**
VILLAGE COUNCIL OF RUSSIAN	02 6 021 660	ALASKA	TOTALS*	9 2,020 9 2,020*	110 110*
		VILLAGE COUNCIL OF RUSSIAN	TOTALS	9 2,020**	110**
VILLAGE COUNCIL OF SHELDONIS	02 6 021 680	ALASKA	TOTALS*	9 2,479 9 2,479*	121 121*
		VILLAGE COUNCIL OF SHELDONIS	TOTALS	9 2,479**	121**
VILLAGE COUNCIL OF SLEETRUIC	02 6 018 660	ALASKA	TOTALS*	9 1,906 9 1,906*	70 70*
		VILLAGE COUNCIL OF SLEETRUIC	TOTALS	9 1,906**	70**
VILLAGE COUNCIL OF STONY RIVER	02 6 018 682	ALASKA	TOTALS*	9 1,159 9 1,159*	60 60*
		VILLAGE COUNCIL OF STONY RIVER	TOTALS	9 1,159**	60**
VILLAGE COUNCIL OF TONTULIAR	02 6 005 660	ALASKA	TOTALS*	9 3,355 9 3,355*	159 159*
		VILLAGE COUNCIL OF TONTULIAR	TOTALS	9 3,355**	159**
VILLAGE COUNCIL OF MINIO	02 6 029 667	ALASKA	TOTALS*	9 1,017 9 1,017*	157 157*
		VILLAGE COUNCIL OF MINIO	TOTALS	9 1,017**	157**
VILLAGE COUNCIL OF STEVENS	02 6 018 670	ALASKA	TOTALS*	9 210 9 210*	22 22*
		VILLAGE COUNCIL OF STEVENS	TOTALS	9 210**	22**
VILLAGE COUNCIL OF TANACROSS	02 6 019 671	ALASKA	TOTALS*	9 218 9 218*	31 31*
		VILLAGE COUNCIL OF TANACROSS	TOTALS	9 218**	31**
VILLAGE COUNCIL OF TETLIN	02 6 029 670	ALASKA	TOTALS*	9 308 9 308*	104 104*
		VILLAGE COUNCIL OF TETLIN	TOTALS	9 308**	104**

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STATE
of ALASKA

MEMORANDUM

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

TO: Files

DATE: March 20, 1973

FROM: Byron I. Mallott
Commissioner

SUBJECT: Federal Revenue Sharing

The Department of Community and Regional Affairs through the Office of the Governor has submitted the following proposals for rule changes to the Office of Revenue Sharing, Department of the Treasury. The proposed changes pertain to the draft final regulations prepared by the U. S. Treasury Department to govern administration of the State and Local Fiscal Assistance Act of 1972, (Federal Revenue Sharing).

The proposed changes are generally procedural in nature. Departmental observations and comments upon substantive matters in the Act have been expressed verbally and in writing during the past six months to appropriate Federal officials.

The following comments are offered with respect to the draft final regulations prepared by the U. S. Treasury Department to govern administration of the State and Local Fiscal Assistance Act of 1972. I have arranged my comments below pertaining to each section of the draft regulations in the order these sections appear in the regulations.

Section 51.2(m): The following phrase should be deleted: "The term 'unit of local government' shall also include the recognized governing body of an Indian Tribe or Alaskan Native Village which performs substantial governmental functions." Local government units in Alaska are only cities and boroughs incorporated under the laws of the State of Alaska, i.e., political subdivisions of the State. The term "Local Governments" should not be synonymous with Alaska Native Villages in these regulations.

Section 51.3: Refine the term "recipient government": Divide into three classes: State Governments, Local Governments, and Indian Tribes or Alaskan Native Villages. Also, the Governor of the State should be notified of the failure of any of the State's political subdivisions, Indian Tribes or Native Villages to comply with provisions of the Act or regulations and receive a copy of all notices sent to recipients pertaining to failures to comply with either the Act or regulations. This section should contain the phrase, "if the Secretary determines that a recipient has failed to comply with any provisions of this part and after giving reasonable notice and opportunity for a hearing to the Governor in the case of a state and the Governor and Chief Executive Offices in the case of a recipient other than a state government..."

Section 51.10(b): A minimum of sixty (60) days should be specified as a period for transmittal and receipt by treasury of assurances.

Many of Alaska's local governments are remote, have sporadic mail service and part-time rural government administrative structures.

Section 51.11(a): Allow at least sixty (60) days for the receipt of Planned Use Reports. Delete the two columns requiring percentage amounts for transfers to other governments dealing with maintenance of existing services and new or expanded services. This information is not available and would be impossible to determine in most state transfers to other governments. Delete the percentage estimates of what expenditures will be used to compensate additional personnel.

Section 51.11(b): Waive this requirement for local governments with populations of less than 500 or substitute state reporting requirements imposed on units of local government of this size and capacity. Due to very limited revenues and lack of trained accounting and administrative personnel, few small units of local government in Alaska would be able to meet this reporting requirement without a great deal of difficulty.

Section 51.14: Should be amended as follows:

(1) All data elements which form the basis of entitlement allocations for revenue sharing shall be made available upon request to the recipient governments, and "the Secretary shall furnish the Governor of the State complete data elements for any of the local governments located in that state, upon request of the Governor."

(2) Each recipient local government shall furnish the Governor copies of all data and information requested by federal agencies concerning revenue sharing entitlements.

Section 51.20(a): The terms "such other sources of data" should be further defined.

Section 51.20(b)(3): Local governments ought to have an opportunity to review and comment on the Secretary's final determination.

HB 108

shall become effective by vote of the adult male Indians residing in the reservation. It shall be the duty of the Secretary of the Interior, within one year after June 18, 1934, to call such an election, which election shall be held by secret ballot upon thirty days' notice. (June 18, 1934, ch. 576, § 18, 48 Stat. 988.)

any reservation wherein a majority of the adult Indians, voting at a special election duly called by the Secretary of the Interior, shall vote against its application. It shall be the duty of the Secretary of the Interior, within one year after June 18, 1934, to call such an election, which election shall be held by secret ballot upon thirty days' notice. (June 18, 1934, ch. 576, § 18, 48 Stat. 988.)

to Indians who have attained the age of twenty-one years. (June 18, 1934, ch. 576, § 19, 48 Stat. 988.)

ADMISSION OF ALASKA AS STATE

Admission of Alaska into the Union was accomplished Jan. 3, 1959 upon issuance of Proc. No. 2769, Jan. 3, 1959, 24 F.R. 81, 73 Stat. c16, as required by sections 1 and 8(c) of Pub. L. 85-508, July 7, 1958, 72 Stat. 339, set out as notes preceding section 21 of Title 48, Territories and Insular Possessions.

CROSS REFERENCES

Right-of-way grant, consent of tribal officials, see section 324 of this title.

§ 480. Indians eligible for loans.

On and after May 10, 1939 no individual of less than one-quarter degree of Indian blood shall be eligible for a loan from funds made available in accordance with the provisions of sections 461, 462, 463, 464, 465, 466-470, 471-473, 474, 475, 476-478, 479, and 501-509 of this title. (May 10, 1939, ch. 119, § 1, 53 Stat. 698.)

§ 481. Tribal organizing work; allowance to Indians traveling away from home.

CODIFICATION

Section, act July 2, 1942, ch. 473, § 1, 56 Stat. 513, was from the Interior Department Appropriation Act, 1943, and was not repeated in subsequent appropriation acts.

SIMILAR PROVISIONS

Similar provisions were contained in the following prior appropriation acts: 1941-June 28, 1941, ch. 239, § 1, 55 Stat. 311. 1940-June 18, 1940, ch. 305, § 1, 54 Stat. 413. 1939-May 10, 1939, ch. 119, § 1, 53 Stat. 693.

§ 482. Revolving fund; loans; regulations.

The Secretary of the Interior, or his designated representative, is authorized, under such regulations as the Secretary may prescribe, to make loans from the revolving fund established pursuant to sections 461, 462, 463, 464, 465, 466-470, 471-473, 474, 475, 476-478, and 479 of this title and sections 501-509 of this title, to tribes, bands, groups, and individual Indians, not otherwise eligible for loans under said sections; Provided, That no portion of these funds shall be loaned to Indians of less than one-quarter Indian blood. (May 7, 1948, ch. 266, 62 Stat. 211.)

§ 483. Sale of land by individual Indian owners.

The Secretary of the Interior, or his duly authorized representative, is authorized in his discretion, and upon application of the Indian owners, to issue patents in fee, to remove restrictions against alienation, and to approve conveyances, with respect to lands or interests in lands held by individual Indians under the provisions of sections 461, 462, 463, 464, 465, 466-470, 471-473, 474, 475, 476-478, and 479 of this title, or sections 501-509 of this title. (May 14, 1948, ch. 293, 62 Stat. 236.)

§ 483a. Mortgages and deeds of trust by individual Indian owners.

The individual Indian owners of any land which either is held by the United States in trust for them or is subject to a restriction against alienation imposed by the United States are authorized, subject to approval by the Secretary of the Interior, to execute a mortgage or deed of trust to such land. Such land shall be subject to foreclosure or sale pursuant to the terms of such mortgage or deed of trust.

EXTENSIONS OF TIME

The time for holding an election under this section was extended to June 18, 1936, by act June 15, 1935, ch. 260, § 2, 49 Stat. 378.

Act June 15, 1935, ch. 260, § 3, 49 Stat. 378 provided that the periods of trust or the restrictions on alienation of Indian lands should be extended to Dec. 31, 1936, in case of a vote against the application of sections 461, 462, 463, 464, 465, 466-470, 471-473, 474, 475, 476-478, and 479 of this title.

CROSS REFERENCES

Right-of-way grant, consent of tribal officials, see section 324 of this title.

§ 478a. Procedure.

In any election heretofore or hereafter held under sections 461, 462, 463, 464, 465, 466-470, 471-473, 474, 475, 476-478, and 479 of this title, on the question of excluding a reservation from the application of the said sections or on the question of adopting a constitution and bylaws or amendments thereto or on the question of ratifying a charter, the vote of a majority of those actually voting shall be necessary and sufficient to effectuate such exclusion, adoption, or ratification, as the case may be: Provided, however, That in each instance the total vote cast shall not be less than 30 per centum of those entitled to vote. (June 15, 1935, ch. 260, § 1, 49 Stat. 378.)

§ 478b. Laws, treaties and rights unaffected by passage of sections 461 to 479.

All laws, general and special, and all treaty provisions affecting any Indian reservation which has voted or may vote to exclude itself from the application of sections 461, 462, 463, 464, 465, 466-470, 471-473, 474, 475, 476-478, and 479 of this title shall be deemed to have been continuously effective as to such reservation, notwithstanding the passage of said sections. Nothing in said sections shall be construed to abrogate or impair any rights guaranteed under any existing treaty with any Indian tribe, where such tribe voted not to exclude itself from the application of said sections. (June 15, 1935, ch. 260, § 4, 49 Stat. 378.)

§ 479. Definitions.

The term "Indian" as used in sections 461, 462, 463, 464, 465, 466-470, 471-473, 474, 475, 476-478, and 479 of this title shall include all persons of Indian descent who are members of any recognized Indian band now under Federal jurisdiction, and all persons who are descendants of such members who were, on June 1, 1934, residing within the present boundaries of any Indian reservation, and shall further include all other persons of one-half or more Indian blood. For the purposes of said sections, Eskimos and other aboriginal peoples of Alaska shall be considered Indians. The term "tribe" wherever used in said sections shall be construed to refer to any Indian band, organized band, pueblo, or the Indians residing on one reservation. The words "adult Indians" wherever used in said sections shall be construed to refer

vested in any Indian tribe by law, the constitution and bylaws of such tribe or also vest in such tribe or its governing rights and powers the choice of counsel and the right to the approval of the Secretary of the Interior to prevent the sale, disposition of tribal lands, interests in tribal assets without the approval of the Secretary of the Interior. The Secretary of the Interior shall estimate or Federal estimates or Federal estimates of the Bureau of the Interior. (June 18, 1934, ch. 576, § 17, 48 Stat. 987.)

see sections 473, 474 and 475 of this title. Federal Power Act, see section 10 of this title. of tribal officials, see section 324 of this title.

tribes; charter; ratification

rior may, upon petition of adult Indians, issue a charter for such tribe: Provided, That such charter shall become operative only if approved by a majority vote of the adult Indians of the reservation. Such charter shall be incorporated into the constitution and bylaws of the tribe, or bequest, or other disposition of real and personal property, and shall be subject to the same restrictions as apply to restricted Indian lands. The Secretary of the Interior may, upon petition of the adult Indians, issue a charter for such tribe: Provided, That such charter shall become operative only if approved by a majority vote of the adult Indians of the reservation. Such charter shall be incorporated into the constitution and bylaws of the tribe, or bequest, or other disposition of real and personal property, and shall be subject to the same restrictions as apply to restricted Indian lands. (June 18, 1934, ch. 576, § 17, 48 Stat. 987.)

tribal officials, see section 324 of this title.

to 479 optional. 461-470 471-473 of this title shall not apply.

It is declared to be the intent of Congress that no expenditures for the benefit of Indians made out of appropriations authorized by said sections of this title shall be considered as offsets in any suit brought to recover upon any claim of such Indians against the United States. (June 18, 1934, ch. 576, § 15, 48 Stat. 987.)

CROSS REFERENCES

Offsets against awards of Indian Claims Commission, see section 70a of this title.

Right-of-way grant, consent of tribal officials, see section 324 of this title.

§ 475a. Same; offsets of gratuities.

In all suits now pending in the Court of Claims by an Indian tribe or band which have not been tried or submitted, and in any suit hereafter filed in the Court of Claims by any such tribe or band, the Court of Claims is directed to consider and to offset against any amount found due the said tribe or band all sums expended gratuitously by the United States for the benefit of the said tribe or band; and in all cases now pending or hereafter filed in the Court of Claims in which an Indian tribe or band is party plaintiff, wherein the duty of the court is merely to report its findings of fact and conclusions to Congress, the said Court of Claims is directed to include in its report a statement of the amount of money which has been expended by the United States gratuitously for the benefit of the said tribe or band; *Provided*, That expenditures made prior to the date of the law, treaty, agreement, or Executive order under which the claims arise shall not be offset against the claims or claim asserted; and expenditures under sections 461, 462, 463, 464, 465, 466—470, 471—473, 474, 475, 476—478, and 479 of this title shall not be charged as offsets against any claim on behalf of an Indian tribe or tribes now pending in the Court of Claims or hereafter filed; *Provided further*, That funds appropriated and expended from tribal funds shall not be construed as gratuities; and this section shall not be deemed to amend or affect the various Acts granting jurisdiction to the Court of Claims to hear and determine the claims listed on page 678 of the hearings before the subcommittee of the House Committee on Appropriations on the second deficiency appropriation bill for the fiscal year 1935; *And provided further*, That no expenditure under any emergency appropriation or allotment made subsequently to March 4, 1933, and generally applicable throughout the United States for relief in stricken agricultural areas, relief from distress caused by unemployment and conditions resulting therefrom, the prosecution of public works and public projects for the relief of unemployment or to increase employment, and for work relief (including the civil-works program) shall be considered in connection with the operation of this section. (Aug. 12, 1935, ch. 508, § 2, 49 Stat. 596.)

CROSS REFERENCES

Offsets against awards of Indian Claims Commission, see section 70a of this title.

§ 476. Organization of Indian tribes; constitution and bylaws; special election.

Any Indian tribe, or tribes, residing on the same reservation, shall have the right to organize for its common welfare, and may adopt an appropriate con-

stitution and bylaws, which shall become effective when ratified by a majority vote of the adult members of the tribe, or of the adult Indians residing on such reservation, as the case may be, at a special election authorized and called by the Secretary of the Interior under such rules and regulations as he may prescribe. Such constitution and bylaws, when ratified as aforesaid and approved by the Secretary of the Interior, shall be revocable by an election open to the same voters and conducted in the same manner as hereinabove provided. Amendments to the constitution and bylaws may be ratified and approved by the Secretary in the same manner as the original constitution and bylaws.

In addition to all powers vested in any Indian tribe or tribal council by existing law, the constitution adopted by said tribe shall also vest in such tribe or its tribal council the following rights and powers: To employ legal counsel, the choice of counsel and fixing of fees to be subject to the approval of the Secretary of the Interior; to prevent the sale, disposition, lease, or encumbrance of tribal lands, interests in lands, or other tribal assets without the consent of the tribe; and to negotiate with the Federal, State, and local Governments. The Secretary of the Interior shall advise such tribe or its tribal council of all appropriation estimates or Federal projects for the benefit of the tribe prior to the submission of such estimates to the Bureau of the Budget and the Congress. (June 18, 1934, ch. 576, § 16, 48 Stat. 987.)

CROSS REFERENCES

Application to certain tribes, see sections 473, 473a and 478 of this title.

Charges to licensees under Federal Power Act, see section 803 of Title 16, Conservation.

Right-of-way grant, consent of tribal officials, see section 324 of this title.

§ 477. Incorporation of Indian tribes; charter; ratification by election.

The Secretary of the Interior may, upon petition by at least one-third of the adult Indians, issue a charter of incorporation to such tribe; *Provided*, That such charter shall not become operative until ratified at a special election by a majority vote of the adult Indians living on the reservation. Such charter may convey to the incorporated tribe the power to purchase, take by gift, or bequest, or otherwise, own, hold, manage, operate, and dispose of property of every description, real and personal, including the power to purchase restricted Indian lands and to issue in exchange therefor interests in corporate property, and such further powers as may be incidental to the conduct of corporate business, not inconsistent with law; but no authority shall be granted to sell, mortgage, or lease for a period exceeding ten years any of the land included in the limits of the reservation. Any charter so issued shall not be revoked or surrendered except by Act of Congress. (June 18, 1934, ch. 576, § 17, 48 Stat. 988.)

CROSS REFERENCES

Right-of-way grant, consent of tribal officials, see section 324 of this title.

§ 478. Acceptance of sections 461 to 479 optional.

Sections 461, 462, 463, 464, 465, 466—470, 471—473, 474, 475, 476—478, and 479 of this title shall not apply

Pa.

to enrollees, heirs, or legatees; persons and persons under legal disability.

NEW YORK INDIANS: DISTRIBUTION OF JUDGMENT FUND [NEW]

Distribution of funds; attorney's fees and disbursements; rolls; Oneida Tribe of Wisconsin; Brotherton Indians of Wisconsin; applications for enrollment; ratio of apportioned shares; and State income taxes.

LOWER CHEHALIS TRIBES: DISTRIBUTION OF JUDGMENT FUND [NEW]

Membership roll; preparation; eligibility; finality of determination; distribution in equal shares; rights to minors and persons under legal disability; escheats; and regulations.

ARAPAHO INDIANS OF OKLAHOMA: DISTRIBUTION OF JUDGMENT FUND [NEW]

Authorization for distribution of funds; education and scholarships; application; to enrollees, heirs or legatees, and persons under legal disability; approval of agreement; time for filing; bar of unfiled claims; reversion of funds; exemption; use of reverted funds; and regulations.

TRIBES OF KANSAS AND NEBRASKA: DISTRIBUTION OF JUDGMENT FUND [NEW]

Distribution of funds; authorized expenditures; tax exemption.

DELAWARE NATION OF INDIANS [NEW]

Distribution of judgment fund; preparation; roll; eligibility; violation between Cherokee Delaware and Delaware Tribe of Western Oklahoma; equal share distribution; heirs of deceased enrollees; tax exemption; rules and regulations.

CONTRACTS WITH STATES

Donations for Indians; use of gifts; report to Congress.

Secretary of the Interior may accept of funds or other property for the advantage of Indian race, and he may use the donation in accordance with the terms of the agreement or other program authorized by law for the benefit of Indians; report shall be made to the Congress; received and allocations made from the fund; This report shall include administrative and other pertinent data. (As amended June 10, 1906, 34 Stat. 171.)

AMENDMENT
Pub. L. 90-333 expanded the area of land to which the Secretary may put donated

provisions allowing the inclusion of programs authorized by law intended to benefit Indians; the permissible uses to programs authorized by law only if it could be shown that they would benefit a particular Indian institution; and added provisions for an annual report on donations received and allocations made therefrom.

provisions for education, medical attention, and general welfare of Indians.

REFERRED TO IN OTHER SECTIONS
referred to in title 20 section 237.

INDIANS AND CONSERVATION OF RESOURCES

leases and deeds of trust by individual Indians.

REFERRED TO IN OTHER SECTIONS
referred to in title 16 section 1166.

Indian Reservation; consolidations of lands; sale, and exchange.

purpose of effecting consolidations of land within the Spokane Indian Reservation in Washington into the ownership of the individual tribal members and for the maintaining and preserving an economic Indian use, alleviating problems of Indians and assisting in the productive leasing, and other use of tribal lands, the Secretary is authorized in his discretion to acquire for the Spokane Tribe of Indians any of such tribe and to otherwise acquire, exchange, or relinquishment any lands and improvements thereon within the Spokane Indian Reservation.

approve sales of any tribal trust lands, and improvements thereon.

any tribal trust lands, including improvements or improvements thereon, for any purpose within such reservation.

Indian trust lands.

Secretary of the Interior is authorized to sell any individual Indian trust lands held in common to the Spokane Tribe or to individual members thereof if the sale or exchange is in writing by owners of at least a majority in such lands; except that no greater approval of individual Indians shall be required under this section than in any other case where a general application approved by Congress.

liability; value limitation.

lands, or any interests therein, acquired under this section by the Spokane Tribe or individual members thereof, shall be taken as property of the United States of America in trust for the Spokane Tribe or individual Indian, and shall be treated as other tribal and allotted Indian trust lands within the Spokane Reservation; *Provided, however,* that the value on nontrust lands, or non-Indian land, acquired under this section by the Spokane Tribe during any twelve-month period shall not exceed the value of lands, or interests therein, that passed in any manner from a non-Indian status to a taxable fee status within

the boundaries of the Spokane Reservation in Stevens County, Washington, during the twelve-month period preceding acquisition by the tribe.

(d) Lands held by mortgage or deed of trust.

That any tribal land that may be sold pursuant to this section may, with the approval of the Secretary of the Interior, be encumbered by a mortgage or deed of trust and shall be subject to foreclosure or sale pursuant to the terms of such a mortgage or deed of trust in accordance with the laws of the State of Washington. The United States shall be an indispensable party to any such proceeding with the right of removal of the clause to the United States district court for the district in which the land is located, following the procedure in section 1446 of Title 28: *Provided, That* the United States shall have the right to appeal from any order of remand in the case.

(e) Acquisition and sale procedures; land purchase and consolidation program.

The acquisition and sale of lands for the Spokane Tribe pursuant to this section shall be upon request of the business council of the Spokane Tribe, evidenced by a resolution adopted in accordance with the constitution and bylaws of the tribe, and shall be in accordance with a land purchase and consolidation plan approved by the Secretary of the Interior, and except as it may otherwise be authorized or prescribed by the Secretary, shall be limited to lands situated within the boundary of the Spokane Reservation. Such acquisition by the Spokane Tribe, or individual members thereof, may be achieved by exchange of lands with Indians or non-Indians as well as outright purchase, with adjusting payments to approximate equal value. Moneys or credits received by the tribe in the sale of lands shall be used for the purchase of other lands, or for such other purpose as may be consistent with the land purchase and consolidation program, approved by the Secretary of the Interior. (Pub. L. 90-335, § 1(a)-(e), June 10, 1966, 82 Stat. 174.)

INDIANS OF ALASKA

§ 491. Annette Islands reserved for Metlakahla Indians.

Until otherwise provided by law the body of lands known as Annette Islands, situated in Alexander Archipelago in southeastern Alaska on the north side of Dixon's entrance, is set apart as a reservation for the use of the Metlakahla Indians, and those people known as Metlakahlians who, on March 3, 1891, had recently emigrated from British Columbia to Alaska, and such other Alaskan natives as may join them, to be held and used by them in common, under such rules and regulations, and subject to such restrictions, as may be prescribed from time to time by the Secretary of the Interior. (Mar. 3, 1891, ch. 561, § 15, 26 Stat. 1101.)

CROSS REFERENCES

Annette Islands excepted from the operation of provisions of act May 14, 1898, ch. 299, see section 687a-5 of Title 43, Public Lands.

Lands in Annette Islands excepted from homestead settlement and entry, see section 270-15 of Title 43, Public Lands.

§ 492. Designation of land for Indian reservation.

The Secretary of the Interior is authorized to designate as an Indian reservation any area of land which has been reserved for the use and occupancy of Indians or Eskimos by section 280a of this title, or by section 14 of the Act of March 3, 1891 (26 Stat. 1101), or section 491 of this title, or which was reserved prior to May 1, 1936 under any executive order and placed under the jurisdiction of the Department of the Interior or any bureau thereof, together with additional public lands adjacent thereto, within the Territory of Alaska, or any other public lands which are actually occupied by Indians or Eskimos within said Territory: *Provided*, That the designation by the Secretary of the Interior of any such area of land as a reservation shall be effective only upon its approval by the vote, by secret ballot, of a majority of the Indian or Eskimo residents thereof who vote at a special election duly called by the Secretary of the Interior upon thirty days' notice: *Provided, however*, That in each instance the total vote cast shall not be less than 30 per centum of those entitled to vote: *Provided further*, That nothing herein contained shall affect any valid existing claim, location, or entry under the laws of the United States, whether for homestead, mineral, right-of-way, or other purpose whatsoever, or shall affect the rights of any such owner, claimant, locator, or entryman to the full use and enjoyment of the land so occupied. (May 1, 1936, ch. 254, § 2, 49 Stat. 1250.)

REFERENCES IN TEXT

Section 14 of the Act of March 3, 1891 (26 Stat. 1101), referred to in the text, was not classified to the Code.

CROSS REFERENCES

Right-of-way grant, consent of tribal officials, see section 324 of this title.

KLAMATH TRIBE: TERMINATION OF FEDERAL SUPERVISION

§ 564n. Protection of minors, persons non compos mentis and other members needing assistance; guardians; other adequate means; trusts; annuities; assistance factors; contests.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 565a of this title.

KLAMATH TRIBE: DISTRIBUTION OF JUDGMENT FUND (NEW)

§ 565. Authorization to distribute funds.

That the Secretary of the Interior is authorized and directed to distribute in accordance with the provisions of sections 565—565g of this title the funds appropriated in satisfaction of a judgment obtained by the Klamath and Modoc Tribes and Yahooskin Band of Snake Indians, hereinafter called the Klamath Tribe for the purposes of the administration of sections 565—565g of this title, from the Indian Claims Commission against the United States in docket numbered 100, and all other funds heretofore or hereafter deposited in the United States Treasury to the credit of the Klamath Tribe or any of its constituent parts or groups, except the funds heretofore or hereafter set aside for the purpose of paying the usual and necessary

expenses of prosecuting claims against the United States. (Pub. L. 89-224, § 1, Oct. 1, 1965, 79 Stat. 897.)

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 565f, 565g of this title.

§ 565a. Distribution to persons on final roll: payment of shares due living adults, deceased enrollees, adults under legal disabilities, persons in need of assistance, and minors.

(a) A distribution shall be made of the funds resulting from docket numbered 100, including interest, after deducting litigation expenses and estimated costs of distribution to all persons whose names appear on the final roll of the Klamath Tribe, when the roll was closed and made final as of August 13, 1954 (68 Stat. 718). Except as provided in sections (b), (c), (d), and (e) of this section, a share or portion of a share payable to a living enrollee shall be paid directly to such adult; (b) a share payable to a deceased enrollee shall be paid to his heirs or legatees upon the filing of proof of heirship and inheritance satisfactory to the Secretary of the Interior, whose findings and determinations on such proof shall be final and conclusive: *Provided*, That amounts payable to deceased heirs amounting to \$5 or less shall not be paid, and such amounts shall remain in the United States Treasury to the credit of the Klamath Tribe; (c) a share payable to an adult under legal disability shall be paid to his legal representative; (d) a share payable to a person previously found to be in need of assistance under the provisions of section 564n of this title may be paid directly to the individual or, if the Secretary deems it in the best interest of the individual, it may be added to the trust now in force on behalf of the said individual, with concurrent consent of the trustee; and (e) a share or portion of a share payable to a person under age of majority as determined by the laws of the State of residence shall be paid to a parent, legal guardian, or trustee of such minor. (Pub. L. 89-224, § 2, Oct. 1, 1965, 79 Stat. 897.)

REFERENCES IN TEXT

68 Stat. 718, referred to in subsec. (a) of this section is a reference to section 3 of act Aug. 13, 1954, which was classified to section 564b of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 565, 565c, 565e, 565f, 565g of this title.

§ 565b. Time of payment; claims for shares of deceased enrollees.

Within sixty days of October 1, 1965, the Secretary of the Interior shall commence to pay to each living person whose name appears on the final roll of August 13, 1954. As to persons who have died since promulgation of the final roll of August 13, 1954, the Secretary shall give notice of distribution of funds and a form for presentation of a claim thereunder to all known heirs or legatees of such deceased enrollees. All claims shall be filed with the area director of the Bureau of Indian Affairs, Portland, Oregon, within two years following October 1, 1965. From and after that date, all claims and the right to

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"An Act relating to state aid to local governments; and providing for an effective date."

COMMITTEE REPORT

JUDICIARY
FINANCE

30-73

HOUSE

Mr. Speaker:

Date March 2, 1973

The Committee on LOCAL GOVERNMENT has had HB 157

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

[Signature] _____
[Signature] _____

Members NOT concurring in the Majority report:

_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:

[Signature] Chairman

REGIONAL COST INDEXES
ALASKA HOUSE DISTRICTS

Prepared by

The Department of Community and Regional Affairs
Division of Community Planning

February, 1974

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INTRODUCTION

Alaska accounts for about one-sixth of the total area of the United States and is more than twice the size of Texas, the next largest state in the Union. Only sixteen countries in the world have a larger physical area.

On the other hand, Alaska has the fewest people of any of the states. Nor is its population evenly distributed. Of the 302,361 people living in the State at the time of the 1970 Census, 126,333 or 42 percent lived in the Greater Anchorage Area Borough and 65 percent lived in the combined borough areas of Anchorage, Fairbanks, Juneau and Ketchikan. The remaining one-third of the State's population is scattered across a huge, largely undeveloped area with small concentrations of settlement occurring here and there, mainly in the Southcentral and Southeastern regions.

Alaska's physical isolation from the rest of the United States, its northern location, large area and small population have combined to make this the most expensive region of the country to service and in which to live. The Federal government acknowledges this by paying its Alaska employees a 25 percent cost of living differential (free of Federal tax), and it generally also provides housing at a minimum cost in the more remote areas.

Within Alaska, the small scale of the market itself makes for high operating costs. Moreover, these costs are not uniform throughout the State. The uneven distribution of the population, the relative inaccessibility or otherwise of many areas and variations in the mode and frequency of transportation service have combined to differentially exaggerate these already high costs from region to region. In addition, differences in the physical environment place a variety of constraints on conventional construction techniques and the types of facilities which can be provided and serve to further inflate costs in some regions.

The relative cost of providing the range of municipal facilities and services in different parts of the State doubtless shows a greater regional disparity than do personal living costs. This is because many basic facilities and services must be drastically modified in order for them to function in some areas and because capital outlays for construction and equipment purchases normally form a much higher proportion of the municipal than the personal budget. Meaningful data to substantiate this are not presently available since the range and level of services provided by local governments around the State varies so widely that there is virtually no common base for comparison.

Regional cost differences within Alaska are recognized by the State government which compensates its employees at varying rates from area to area. For example, a State employee in Barrow will receive a salary which is almost 40 percent above what he would earn in the same job in Anchorage. The State also often provides housing at very reasonable rates for its employees in areas outside the larger population centers.

Although an extremely valuable indicator, salary differentials paid to State employees at various Alaska locations to some extent assume a reduced level of living in many areas and therefore tend to understate the actual cost differences which would accrue if all people in the State were living in equal circumstances. Because of this and because personal living costs do not necessarily parallel local government costs, a number of other indexes are also examined in this report in order to get as broad a picture as possible.

Cost indexes which take into account the differences in the cost of doing business and in constructing facilities in various parts of the State have been developed and are used by various government agencies for their particular purposes. In addition, information on the comparative costs of food, fuel and transportation services at different points around the State is also available. The following comparative rates have been analyzed in this report:-

1. State salary scales (developed by the Department of Administration, Division of Personnel);

2. Food and housing combined index (developed by the Department of Administration, Division of Personnel, from several sources);
3. Empirical cost estimates for military construction (developed by the U.S. Army and U.S. Air Force);
4. Low rent public housing prototype costs (developed by the U.S. Department of Housing and Urban Development);
5. Fuel costs (heating oil) as delivered to distributors (from information supplied by the Standard Oil Company of California);
6. Air freight rates from Seattle (from information supplied by Alaska Airlines and Wien Consolidated Airlines); and
7. Shipping rates from Seattle (from information supplied by the Foss Alaska Line and the Bureau of Indian Affairs).

INDIVIDUAL COST INDEXES

The raw figures for each index were collected from the appropriate source. Then the Anchorage rate for each was assumed to be 1.0 and the figures for each other area of the State were derived in relation to Anchorage so that the relative costs could be judged on a readily comparable scale.

The areas used are the nineteen House Districts which were in force until the Court ordered reapportionment of 1971. They were selected because these are the areas which the State currently uses as the basis for its salary differential schedules. A table summarizing these comparative cost indexes follows and each index is later individually analyzed.

SUMMARY OF COMPARATIVE COST INDEXES
ALASKA HOUSE DISTRICTS*

<u>District</u>	<u>State Salary Schedules</u>	<u>Food/Housing Index</u>	<u>Military Construction Costs</u>	<u>Low Rent Housing Prototype Costs</u>	<u>Heating Oil Costs</u>	<u>Seattle/Anc Air Freight Basic Rate</u>
Ketchikan	1.0	1.0	1.4	1.0	1.0	0.9
Wrangell	1.0	1.0	n/a	n/a	1.0	1.2
Sitka	1.0	1.1	n/a	1.0	1.0	0.9
Juneau	1.0	1.1	1.0	1.0	1.0	0.9
Haines	1.1	1.1	n/a	1.1	1.0	1.2
Valdez	1.2	1.1	1.2	n/a	1.1	1.1
Palmer	1.0	1.0	n/a	n/a	1.1	n/a
Anchorage	1.0	1.0	1.0	1.0	1.0	1.0
Seward	1.1	1.0	1.2	n/a	1.0	n/a
Kenai	1.1	1.1	1.2	1.1	1.0	1.2
Kodiak	1.1	1.2	1.5	1.0	1.0	1.5
Aleutian Islands	1.3	1.0	1.8	n/a	1.0	1.9
Dillingham	1.3	1.3	1.9	2.4	1.2	1.4
Ethel	1.3	1.4	1.9	2.4	1.2	1.5
Galena	1.4	1.2	1.9	2.5	1.4	1.4
Fairbanks	1.1	1.1	1.2	1.4	1.3	1.2
Fort Yukon	1.4	1.3	1.8	2.0	1.8	1.6
Barrow	1.4	1.2	1.9	2.3	1.5	1.6
Nome	1.3	1.2	1.7	2.2	1.2	1.4
Hooper Bay	1.3	1.3	2.0	2.4	1.8	1.7

* Anchorage costs = 1.0. House Districts are those in existence prior to 1971 Court ordered reapportionment.

Sources: as listed on pages 2 and 3 of this report.

1. STATE SALARY SCHEDULES

At the present time, State salary schedules are drawn up so that employees in the same grade and at the same step are compensated at different rates according to the area in which they are employed and the cost of living in that area as determined by the Division of Personnel of the Department of Administration.

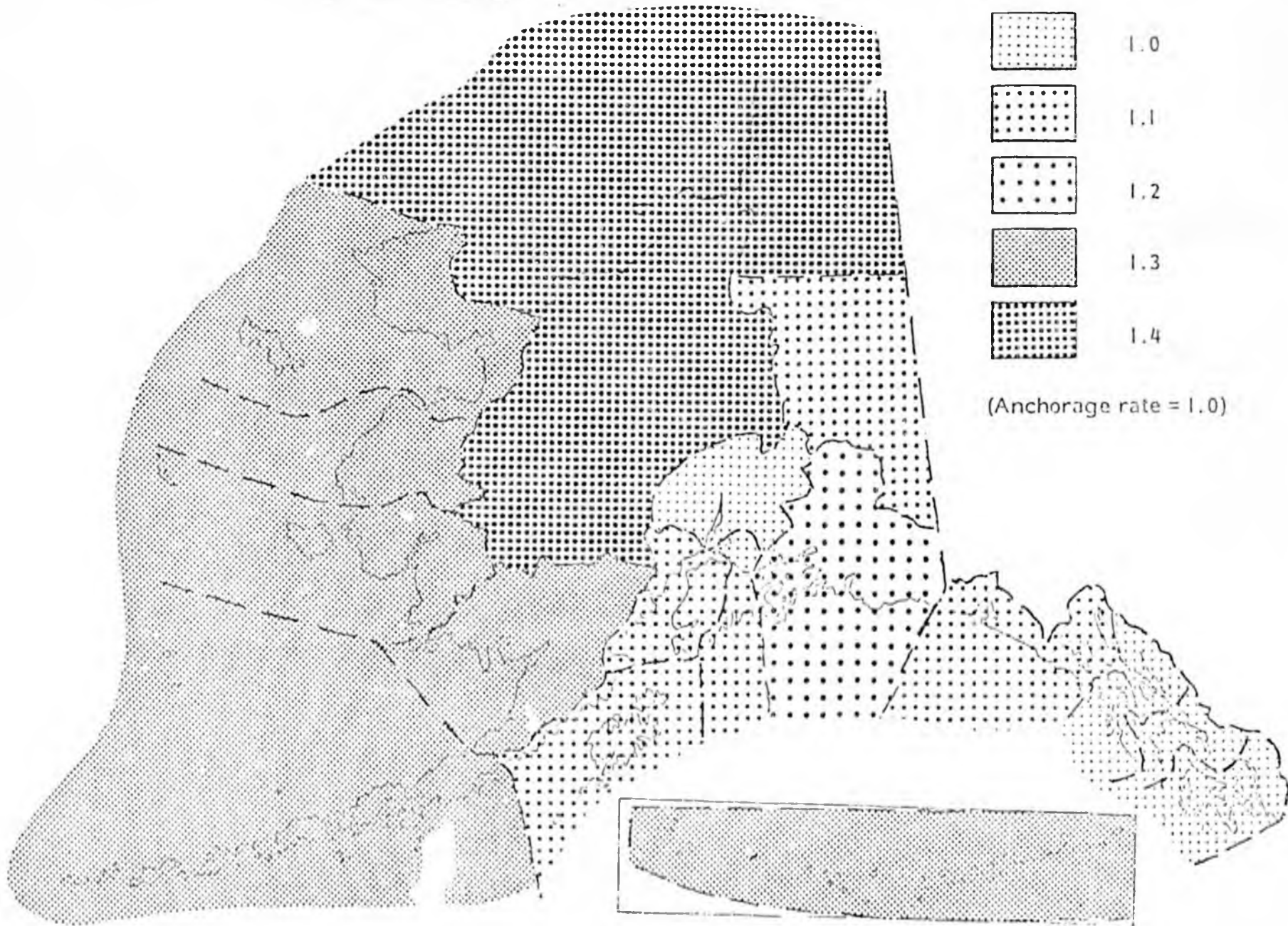
The areas used by the State are the House Districts which existed prior to the Court ordered reapportionment of 1971. The nineteen House Districts are used to delineate the boundaries of eight differential salary zones, with State employees "Outside" and in Canada being paid at a ninth (and considerably lower) rate. Within Alaska, an employee is compensated for higher living costs by having step increases automatically added to his or her salary. Thus:-

0 steps added to base salary	--	Ketchikan, Juneau, Anchorage
1 " " " "	--	Wrangell, Sitka, Palmer
2 " " " "	--	Haines, Seward, Kenai, Kodiak
3 " " " "	--	Fairbanks
4 " " " "	--	Valdez
5 " " " "	--	
6 " " " "	--	
7 " " " "	--	Aleutian Islands, Dillingham, Nome
8 " " " "	--	Bethel, Hooper Bay
9 " " " "	--	Galena, Fort Yukon, Barrow

Translated into dollars, a Secretary I in Step A of Range 10 would presently receive a monthly salary of:-

\$ 702	(base)	-- Ketchikan, Juneau, Anchorage
\$ 729	(+ 3.8%)	-- Wrangell, Sitka, Palmer
\$ 756	(+ 7.7%)	-- Haines, Seward, Kenai, Kodiak
\$ 784	(+ 11.7%)	-- Fairbanks
\$ 814	(+ 16.0%)	-- Valdez
\$ 909	(+ 29.5%)	-- Aleutian Islands, Dillingham, Nome
\$ 943	(+ 34.3%)	-- Bethel, Hooper Bay
\$ 978	(+ 39.3%)	-- Galena, Fort Yukon, Barrow

ALASKA REGIONAL COST INDEXES
STATE SALARY SCALES



Source: Alaska Department of Administration, Division of Personnel

Despite sizeable variations in living costs within Southcentral Alaska as reflected in State salary scales, the most significant division is that between the road, rail or ferry connected areas of Southeast, Southcentral and Interior Alaska and the more remote areas of Southwest, Western, Northern and Interior Alaska. This division is repeated to greater or lesser degrees in all living cost indexes which are examined in this report.

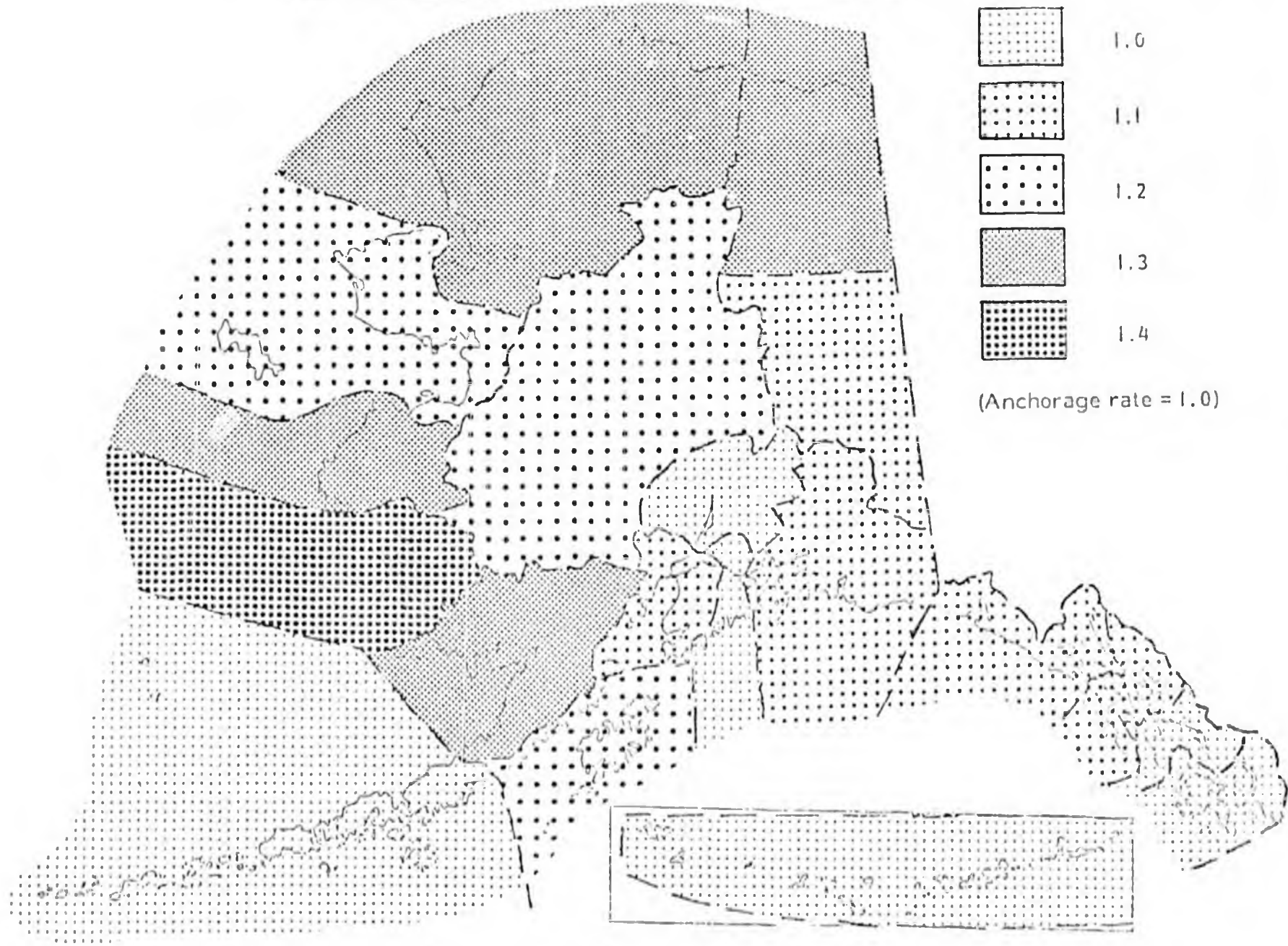
State salary differentials are based upon variations in living costs from area to area as determined by the widely accepted U.S. Bureau of Labor Statistics methodology. However, Alaska's more remote areas are generally also its poorest and it seems probable that the lower level of living in these areas has served to depress the degree of living cost difference which would otherwise exist. Thus, under conditions of increased personal wealth and increased personal expenditure, it is possible that cost differences in such areas as measured by the State might tend to increase. Such an occurrence, however, would be more a reflection of an increase in the level of living than any real increase in actual living costs.

Because State salary scales alone do not give a complete picture of regional cost differences within Alaska and because personal living costs do not necessarily give a representative picture of municipal government costs, a number of other cost indexes are also examined on the following pages of this report.

2. FOOD AND HOUSING INDEX

This index was developed by the Division of Personnel of the Alaska Department of Administration as part of its annual salary survey required by AS 39.27.030 (although the most recent survey was undertaken in 1972 because no funds were appropriated for the purpose in 1973). This legislation "necessitates the collection of data reflecting costs of living in the various election districts of the State by using the cost of living in Seattle as a base of 100". Data on food prices was collected by the Division of Personnel on "market basket" items as established by the U.S. Department of Agriculture. Housing expenditures included direct costs for rent, lease or mortgage payments, utilities costs, taxes

ALASKA REGIONAL COST INDEXES
FOOD AND HOUSING INDEX



Source: Alaska Department of Administration, Division of Personnel, 1972

and insurance. Information on household populations and housing conditions was also collected.

The food and housing index is an average of individual indexes of food and housing costs (see table in Appendix to this report). The food index in this case takes into account not only food costs but also average annual food expenditures for each location surveyed and is adjusted to a standard four person household using Bureau of Labor Statistics methodology.

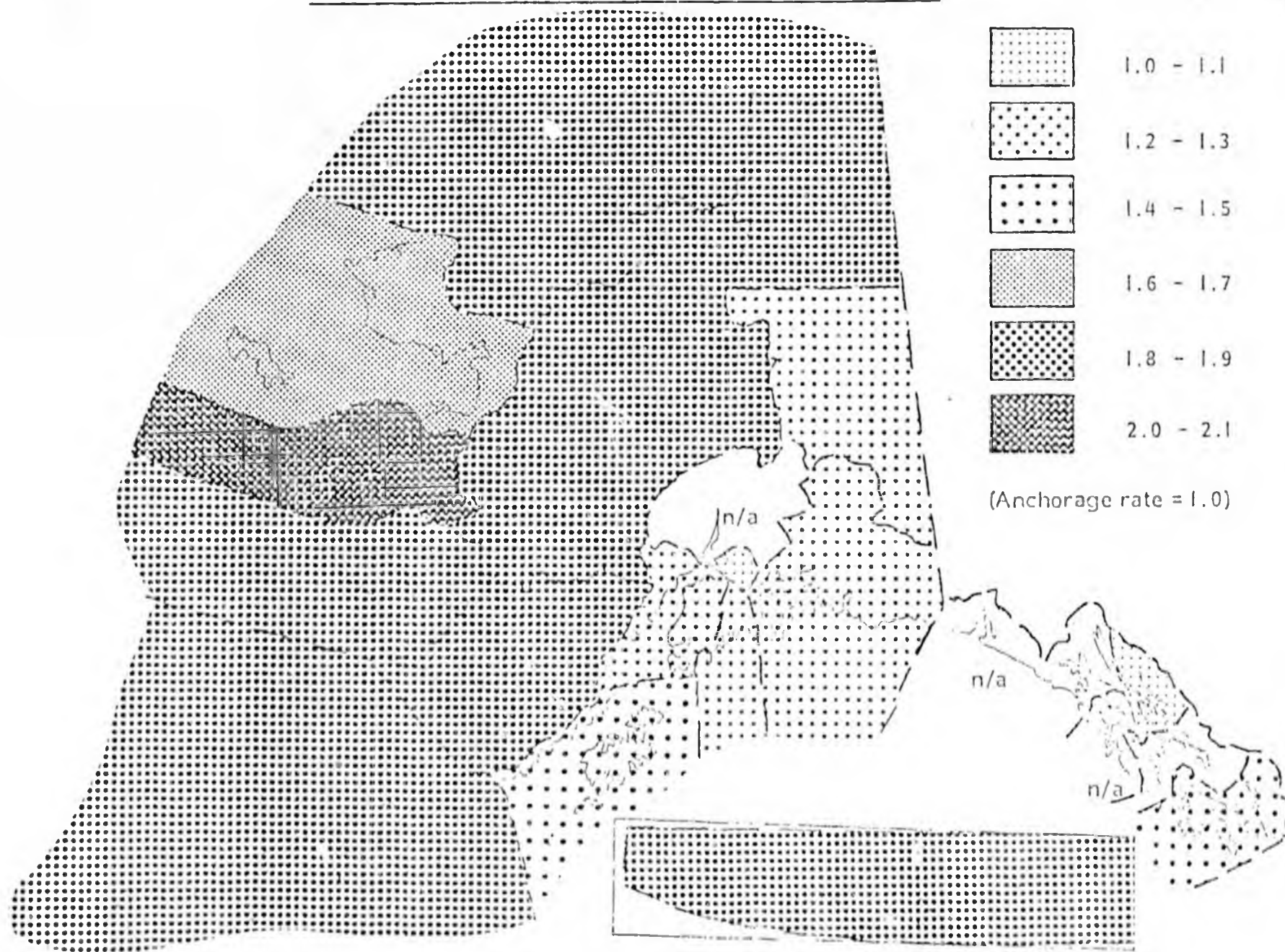
The food and housing index is an important supplement to State salary differential schedules since the former provides much of the basis for the latter. Again, with the exception of the Aleutian Islands, the higher cost areas lie in the most Western and Northern areas of the State. It should be noted that the figures given for the Aleutians are not representative of that region since they are for Cold Bay where most housing is provided by both government and private agencies for their employees at very low cost.

Although the food and housing index provides an important check on the adequacy of State pay schedules in reflecting regional differences in living costs, both indexes are subject to the same limitations. That is, they tend to understate the full extent of actual cost difference which would occur if the level of living in all areas of the State were roughly equal.

3. MILITARY CONSTRUCTION COSTS

As a means of providing a check on the costs involved in the preparation and development of military construction programs throughout the world, both the U.S. Army and the U.S. Air Force have developed empirical cost estimates for military construction which are adjusted, among other things, for area costs. Since both branches of the armed services have had considerable construction experience in Alaska, their indexes were combined and analyzed.

ALASKA REGIONAL COST INDEXES
MILITARY CONSTRUCTION COSTS



Sources: U.S. Department of the Army, U.S. Department of the Air Force

According to the U.S. Army's regulations (No. 415-17), the "location adjustment factors reflect the average statistical differences in normal labor and materials costs for similar facilities constructed in different geographical locations". Abnormal differences due to unique site considerations are not reflected in this index (although formulae are provided to determine costs under such circumstances).

It should also be noted that military construction cost estimates used by the Army (and it is assumed also by the Air Force since its indexes are identical in almost all cases) do not include design costs, nor any supporting facilities "outside the 5-foot line" such as utilities, special foundations (piles, piers, rock excavation, etc.) or fencing and other site improvements.

Both the Army and the Air Force measure areacosts in relation to those in Washington, D.C. which is assumed to be 1.0. On that scale, the Seattle area is rated 1.15 and Anchorage (the lowest in Alaska) is 1.7. Within Alaska, this scale reaches a high of 4.0 for the "inland area north of the Aleutians". Thus the same facility could be expected to cost approximately four times in that area what it would cost to build in Washington, D.C.

To provide a clearer comparison with other indexes examined in this report, Anchorage costs were converted to the base of 1.0 and other areas of Alaska were adjusted accordingly (see table in Appendix). Where more than one relative cost figure was given within a particular House District, the figures were averaged.

The absolute degree of difference in cost between the Anchorage area and the Western and Northern regions of the State is far greater for this index than is shown either by State salary scales or by the food and housing index. Thus in Western and Northern Alaska the same structure (without all associated costs) can be expected to cost up to and over 100 percent more than it would cost to build in Anchorage. More difficult physical factors and remoteness undoubtedly account for most of this wide disparity since the military construction index assumes the construction of equal facilities in all areas.

There are several limitations on the use of empirical cost estimates for military construction as an index of living costs

or local government costs in Alaska. First, in some cases the index assigned to a particular area may be based on a single military contract and may not accurately reflect "normal" construction costs for that area. This appears to have been the case with Ketchikan where an unusually high index figure was given. Second and more significant is the fact that while construction costs form an important part of personal and local government "living" costs, they do not convey the full picture and therefore this index should be used in conjunction with other indicators rather than alone.

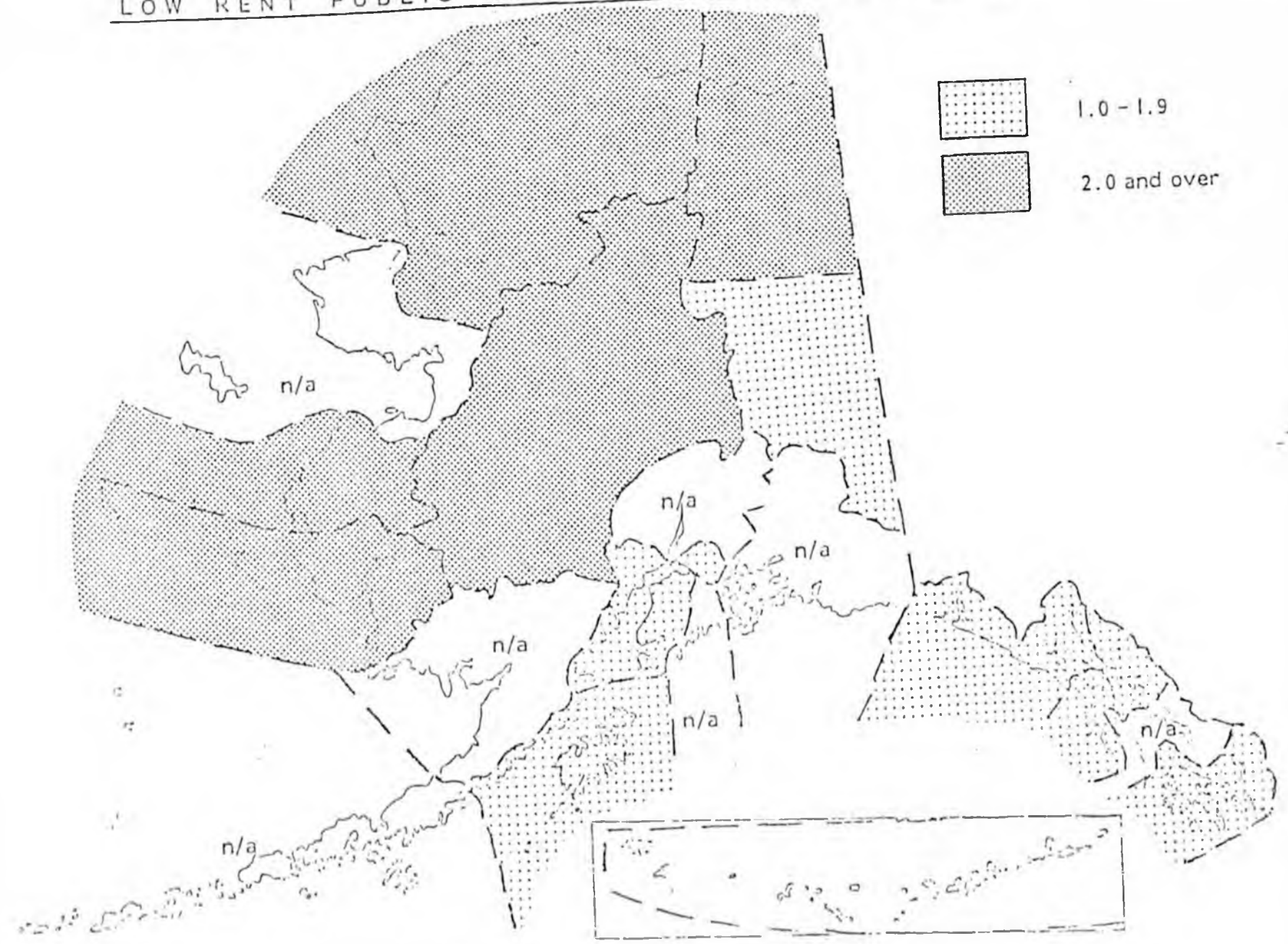
4. LOW RENT PUBLIC HOUSING PROTOTYPE COSTS

Low rent public housing prototype costs are developed for different areas of the country by the U.S. Department of Housing and Urban Development and are published periodically in the Federal Register. These indexes are developed for several types of housing and are adjusted according to the number of bedrooms per unit as a means of devising acceptable cost parameters per unit of low rent public housing in various parts of the United States.

Like the military, the Department of Housing and Urban Development has had considerable construction experience in Alaska and although low rent public housing prototype costs do have their limitations, they provide a check on the relative reliability of military construction costs.

A comparison of military and low rent public housing construction indexes indicates that the housing costs within the State show an even greater disparity than do the military construction costs. Thus, quoted costs per unit in the Galena House District are approximately 2.5 times those cited for Anchorage and all of Western and Northern Alaska for which figures are available are at least double Anchorage costs. On the other hand, costs for low rent public housing in areas within Southcentral and Southeast Alaska show much less variation than they do for military construction.

ALASKA REGIONAL COST INDEXES LOW RENT PUBLIC HOUSING PROTOTYPE COSTS



Source: U.S. Department of Housing and Urban Development

The same basic limitations on the use of low rent public housing prototype costs as an index of living costs or local government costs apply as they do for military construction. The costs are not necessarily universally representative and no figures are available for several House Districts. Similarly, this index should also be used in conjunction with other "living" cost indicators rather than be allowed to stand alone.

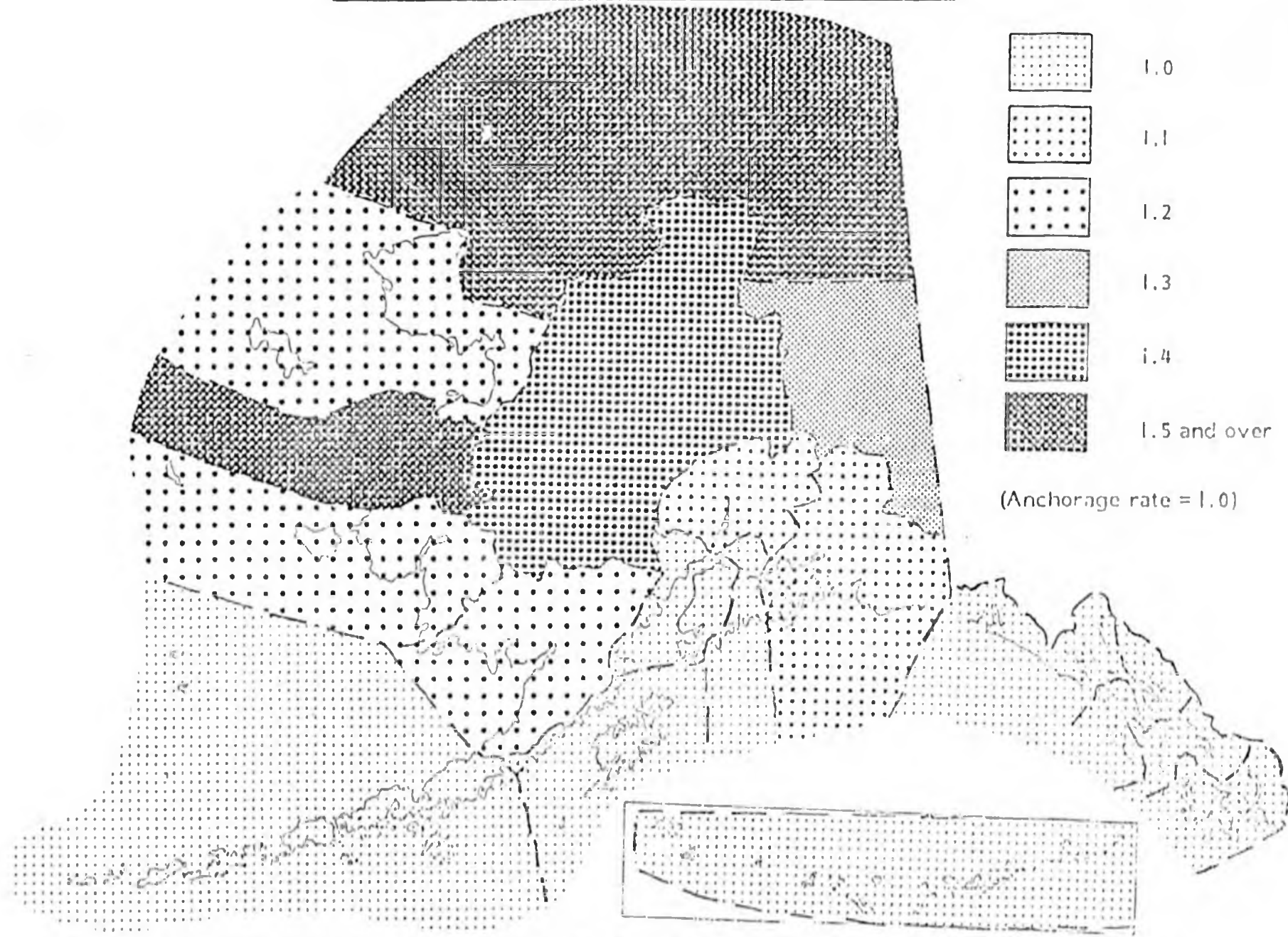
However, the housing index does reinforce the evidence presented by military construction costs to the effect that construction in Alaska's more remote areas is disproportionately expensive if the provision of equal facilities is contemplated.

5. HEATING OIL COSTS

Heating oil costs as delivered to distributors at various points within Alaska were obtained from the Standard Oil Company of California's Juneau office in mid-January, 1974. Rates quoted were for heating oil #2 delivered in quantities of 400 gallons or more. It should be noted that these rates do not necessarily provide a true indication of retail prices for heating oil, but they are nevertheless comparable. (Some idea of the increasing costs of heating oil for small orders can be gauged from added costs charged to distributors who must pay an additional 1¢ per gallon for orders between 200 and 399 gallons, an additional 3¢ per gallon for orders between 50 and 199 gallons and an additional 13¢ per gallon for orders under 50 gallons).

Alaska heating oil costs, as delivered to distributors, are at their lowest in Ketchikan where the quoted rate for heating oil #2 delivered in quantities of 400 gallons or more was \$0.299 per gallon. Except for Yakutat (quoted at \$0.255 per gallon), all coastal areas from Southeast Alaska to and including the Aleutian Chain were quoted at prices under \$0.240 per gallon, with Anchorage at \$0.234 per gallon. However, in the Western, Northern and Interior areas of the State, prices rose steeply with the highest quoted price being \$0.429 at Fort Yukon. Much higher prices still undoubtedly prevail in smaller and more isolated inland communities.

ALASKA REGIONAL COST INDEXES
HEATING FUEL COSTS



Source: Standard Oil Company of California, Juneau, January 1974 (based on price as delivered to distributors)

Again using Anchorage quoted rates as the base of 1.0, an index of comparative costs for the various House Districts around the State was compiled. The Hooper Bay and Fort Yukon House Districts registered heating oil costs approximately 80 percent above those charged to distributors in Anchorage and those in the Barrow District were approximately 50 percent above the Anchorage rate (figures for the City of Barrow were estimated and averaged with quoted rates for Kotzebue).

Heating oil costs are an important part of personal and municipal "living" costs throughout Alaska. Given the combination of remoteness, exceptionally long winters and small individual purchases in much of Western (excluding the Aleutians), Northern and Interior Alaska, retail prices charged for heating oil in these areas are doubtless often more than double the Anchorage retail rates.

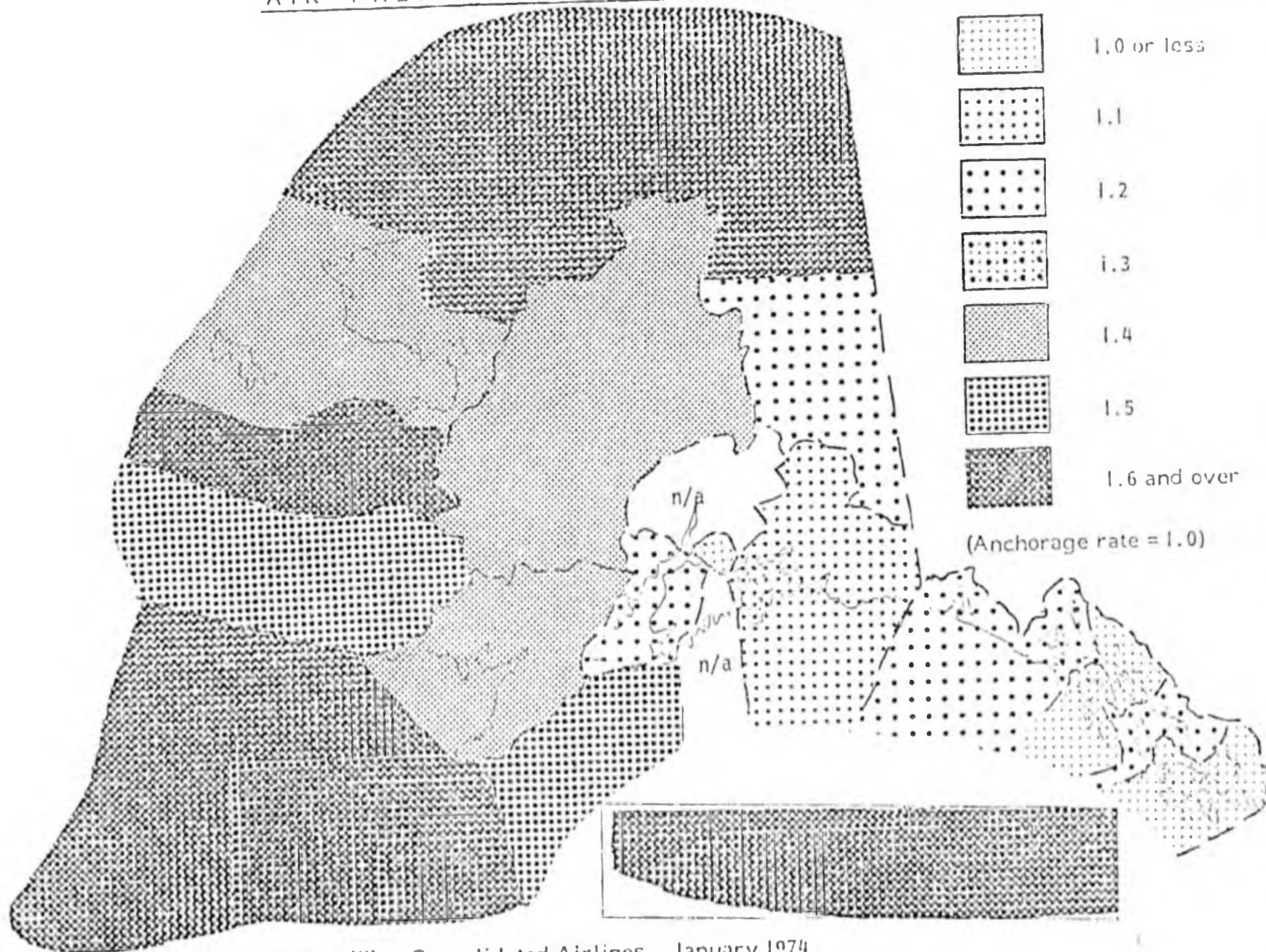
6. SEATTLE/ANCHORAGE AIR FREIGHT RATES

Information on air freight rates from Seattle to various Alaska points was obtained from Alaska Airlines and Wien Consolidated Airlines in January, 1974. Rates per pound from Seattle were arrayed (disregarding the slightly different minimum rates charged by the two airlines) and the Seattle/Anchorage rate was converted to a base of 1.0. Rates to other areas were then translated in terms of their cost relative to that of Anchorage.

Air freight rates to Southeast Alaska points are generally lower than those to Anchorage except to those communities where freight transfers are required (Wrangell, Petersburg, Haines, Skagway and all smaller communities except for Yakutat). However, rates to Western, Northern and Interior points are considerably above those to Anchorage and were almost double Anchorage rates at Cold Bay.

Not only are air freight rates to Western, Northern and Interior Alaska high but this type of shipping is relatively more important in these areas. Except for the Aleutians, water transportation services if they exist at all are infrequent and seasonal. Furthermore, since these areas are not connected to the remainder

ALASKA REGIONAL COST INDEXES
AIR FREIGHT RATES FROM SEATTLE



Sources: Alaska Airlines, Wien Consolidated Airlines, January 1974

of the State by any other form of transportation, air freight is often the only mode of service available. Given the minimum rate of \$10 for freight via Alaska Airlines, \$12 via Wien Consolidated Airlines and an unknown figure via Reeve Aleutian Airways, this is an expensive form of transportation service except for high value items.

Like heating oil costs, air freight rates are a significant part of living costs in many areas of the State. These costs have been incorporated to some extent into the food and housing index compiled by the Alaska Department of Administration and probably also into construction cost indexes to some degree. They cannot stand alone as a cost of living index; however, they do serve to illustrate the disparities in shipping costs charged to the more remote areas of Alaska.

7. SHIPPING RATES FROM SEATTLE

The various coastal regions of Alaska are served by a number of different water carriers, all of which operate under their own tariffs under different sets of conditions. Transshipment to inland areas may be by highway, rail, river or air. Because of these different sets of conditions, it is extremely difficult to undertake a brief review of comparative shipping rates to various Alaska points which has any real meaning.

The Foss Alaska Line serves ports in both Southeast and Northwest Alaska. Because the tariff structure for this company's operations is similar, a comparison of shipping rates charged to Southeast and Northwest Alaska customers has been made as a means of giving some indication of disparities in regional costs.

Rates to Juneau for various commodities were taken to be the base of 1.0 and costs for shipping those commodities to Bethel, Nome and Kotzebue were derived in relation to the base rate. It should be noted here that Foss's rates to Nome and Kotzebue do not include lighterage charges. These average around \$2 per hundredweight in Nome and add substantially to shipping costs.

The commodities which were examined are groceries, lumber, iron and steel, plasterboard and plywood, roofing and siding, cement and asbestos pipe or conduits, woodwork and two classes of machinery. The tariff for Juneau was effective as of November 1, 1973 and that for the Northwest Alaska ports as of May 15, 1973.

Regional cost variations among the above listed commodities was found to differ widely, from almost no difference between Juneau and Northwest ports for shipping iron and steel to twice as much in Northwest Alaska for shipping woodwork products and large units of machinery. On the average, however, quoted rates to Bethel and Nome were 40 percent above those quoted for Juneau and those to Kotzebue were 50 percent above.

Lighterage charges further inflate shipping costs to Nome and Kotzebue (and Barrow). In addition, the infrequent and highly seasonal nature of shipping to the Western and Northern regions of Alaska requires that large inventories be maintained. The cost of providing disproportionate amounts of heated storage space in regions where heating and construction costs are already abnormally high is an additional factor in the inflated living costs in these regions.

Outside of regular commercial shipping service, Western and Northern Alaska are also served twice a year (the first voyage serves the more southerly ports, while the second ventures into the extreme north of the State) by the Bureau of Indian Affairs' vessel, U.S.M.S. North Star III. Quoted freight rates are not directly comparable with those of the Foss Alaska Line. However, Bureau rates for Barrow averaged 20 percent above those quoted for Kotzebue by the same agency.

Disparities in shipping costs to various Alaska points are a very important part of the food and housing index and construction cost indexes since such costs are generally passed on to consumers. By the same token, increased economies of operation for shipping to Western and Northern Alaska such as could be realized by major population growth or the presence of a sizeable backhaul would go a long way toward reducing these disparities and living costs in such regions.

APPENDIX

FOOD AND HOUSING INDEX
ALASKA HOUSE DISTRICTS
1972*

<u>District</u>	<u>Food Index</u>	<u>Housing Index</u>	<u>Average</u>
Ketchikan	95.6	101.0	98.3
Wrangell	97.6	103.3	100.4
Sitka	117.8	104.3	111.1
Juneau	100.9	112.9	106.9
Haines		(93.3)	(103.1)
(Haines)	(112.9)	(111.1)	(121.1)
(Yakutat)	(131.3)		
Valdez		(113.7)	(113.8)
(Cordova)	(113.8)	(106.3)	(113.8)
(Valdez)	(121.5)	99.4	101.0
Palmer	102.5	100.0	100.0
Anchorage	100.0	95.4	99.6
Seward	103.7	112.7	110.4
Kenai	108.1	113.0	115.7
Kodiak	118.4		
Aleutian Islands		(69.5)	(96.3)
(Cold Bay)	(123.1)	122.2	131.5
Dillingham	140.8	147.1	139.8
Bethel	132.4		
Galena		(101.9)	(113.1)
(Nenana)	(124.2)	(115.9)	(124.9)
(Tanana)	(133.8)	106.6	107.5
Fairbanks	108.4	115.1	129.6
Fort Yukon	144.1		
Barrow		(124.0)	(127.9)
(Barrow)	(131.7)	(114.3)	(125.0)
(Kotzebue)	(135.7)	112.7	117.0
Nome	121.2		
Hooper Bay		(141.6)	(130.1)
(Emmonak)	(118.6)		

* Anchorage costs = 100.0. House Districts are those in existence prior to 1971 Court ordered reapportionment.

Source: Alaska Department of Administration, Division of Personnel.

EMPIRICAL COST ESTIMATES FOR MILITARY CONSTRUCTION
ALASKA HOUSE DISTRICTS*

District	Cost Indexes	
	Washington, D.C. = 1.0	Anchorage = 1.0
Ketchikan	2.4	1.4
Wrangell	n/a	-
Sitka	n/a	-
Juneau	1.8	1.0
Haines	n/a	-
Valdez	2.1	1.2
(Whittier)	(1.9)	
(Highway area)	(2.3)	
Palmer	n/a	-
Anchorage	1.7	1.0
Seward	2.1	1.2
(Kenai Peninsula)	(2.1)	
Kenai	2.1	1.2
(Kenai Peninsula)	(2.1)	
Kodiak	2.5	1.5
(Kodiak)	(2.5)	
(Chiniak)	(2.5)	
Aleutian Islands	3.0	1.8
(all areas)	(3.0)	
Dillingham	3.2	1.9
(Naknek)	(2.1)	
(Coastal area north of Aleutians)	(3.5)	
(Inland area north of Aleutians)	(4.0)	
Bethel	3.3	1.9
(Bethel)	(2.8)	
(Cape Newenham)	(2.8)	
(Coastal area north of Aleutians)	(3.5)	
(Inland area north of Aleutians)	(4.0)	
Galena	3.3	1.9
(Clear)	(2.2)	
(Galena)	(2.8)	
(McGrath)	(3.5)	
(Indian Mountain)	(4.0)	
(Inland area north of Aleutians)	(4.0)	
Fairbanks	2.0	1.2
(Fairbanks)	(1.9)	
(Eielson AFB)	(1.9)	
(Fort Wainwright)	(1.9)	
(Big Delta)	(2.2)	
(Northway, highway area)	(2.3)	

<u>District</u>	<u>Cost Indexes</u>	
	<u>Washington, D.C. = 1.0</u>	<u>Anchorage = 1.0</u>
Fort Yukon	3.1	1.8
(Fort Yukon, remote interior areas)	(2.6)	
(Barter Island, north coastal area)	(3.6)	
Barrow	3.2	1.9
(Barrow)	(3.5)	
(Cape Lisburne)	(3.5)	
(Kotzebue)	(2.4)	
(North coastal area)	(3.6)	
Nome	2.9	1.7
(Nome)	(2.3)	
(Coastal area north of Aleutians)	(3.5)	
Hooper Bay	3.4	2.0
(Cape Romanzof)	(2.8)	
(Coastal area north of Aleutians)	(3.5)	
(Inland area north of Aleutians)	(4.0)	

 * Anchorage costs = 100.0. House Districts are those in existence prior to 1971 Court ordered reapportionment.

Sources: U.S. Department of the Army, U.S. Department of the Air Force.

LOW RENT PUBLIC HOUSING
 PROTOTYPE PER UNIT COST SCHEDULE
DETACHED AND SEMI-DETACHED UNITS

	Number of Bedrooms						
	0	1	2	3	4	5	6
Anchorage	\$12,800	\$15,500	\$19,100	\$22,850	\$27,400	\$30,450	\$31,950
Fairbanks	\$13,650	\$16,550	\$20,350	\$24,300	\$29,200	\$32,450	\$34,050
Juneau	\$12,850	\$15,550	\$19,100	\$22,850	\$27,400	\$30,500	\$32,000
Ketchikan	\$12,900	\$15,600	\$19,200	\$22,950	\$27,500	\$30,650	\$32,100
Kodiak	\$12,900	\$15,600	\$19,200	\$22,950	\$27,550	\$30,650	\$32,150
Sitka	\$13,000	\$15,750	\$19,400	\$23,200	\$27,800	\$30,950	\$32,450
Kenai	\$14,200	\$17,200	\$21,250	\$25,300	\$30,350	\$30,950	\$35,450
Yakutat	\$14,200	\$17,200	\$21,250	\$25,300	\$30,350	\$33,950	\$35,450
Fort Yukon	\$23,450	\$28,450	\$35,150	\$41,850	\$51,050	\$ --	\$ --
Galena	\$25,150	\$30,500	\$37,800	\$45,000	\$54,850	\$ --	\$ --
Coastal Area							
North of Aleutians	\$28,400	\$34,500	\$42,600	\$50,700	\$61,900	\$ --	\$ --
Tok Junction	\$21,700	\$26,350	\$32,500	\$38,700	\$47,200	\$ --	\$ --
Barter Island, Northern Coastal Area	\$29,200	\$35,500	\$43,850	\$52,200	\$63,700	\$ --	\$ --
Inland Area							
North of Aleutians	\$32,250	\$39,400	\$48,650	\$57,950	\$70,650	\$ --	\$ --

Source: U. S. Department of Housing and Urban Development, 1973. (Published in Federal Register, Vol. 38, No. 110, June 8, 1973, page 15071.)

COSTS OF HEATING OIL #2 AS DELIVERED TO DISTRIBUTORS
ALASKA HOUSE DISTRICTS
JANUARY, 1974*

<u>District</u>	<u>Cost Per Gallon</u>
Ketchikan	\$0.229
(Ketchikan)	\$0.233
(Craig)	
Wrangell	\$0.233
(Wrangell)	\$0.233
(Petersburg)	\$0.233
Sitka	\$0.233
Juneau	
Haines	\$0.233
(Elfin Cove)	\$0.233
(Haines)	\$0.233
(Hoonah)	\$0.233
(Skagway)	\$0.235
(Yakutat)	
Valdez	\$0.267
(Copper Center)	\$0.244
(Cordova)	\$0.234
(Valdez)	
Palmer	\$0.245
(Palmer)	\$0.267
(Talkeetna)	\$0.234
Anchorage	\$0.234
Seward	
Kenai	\$0.236
(Homer)	\$0.234
(Kenai)	\$0.236
(Seldovia)	\$0.236
Kodiak	
Aleutian Islands	\$0.238
(Dutch Harbor)	\$0.238
(False Pass)	
Dillingham	\$0.270
(Dillingham)	\$0.270
(Naknek/King Salmon)	
Bethel	\$0.270
(Bethel)	\$0.270
(Platinum)	
Galena	\$0.290
(Cantwell)	\$0.388
(Galena)	\$0.381
(Holy Cross)	\$0.300
(Nenana)	

<u>District</u>	<u>Cost Per Gallon</u>
Fairbanks	\$0.306
(Delta Junction)	\$0.300
(Fairbanks)	\$0.306
(Tok)	\$0.429
Fort Yukon	
Barrow	n/a
(Barrow)	\$0.293
(Kotzebue)	
Nome	\$0.283
(Nome)	\$0.303
(St. Michael)	
Hooper Bay	
(St. Mary's)	\$0.415

 * Quoted rates are for orders of 400 gallons and above. House Districts are those in existence prior to 1971 Court ordered reapportionment.

Source: Standard Oil Company of California, January, 1974.

AIR FREIGHT RATES
SEATTLE TO SELECTED ALASKA COMMUNITIES
1974*

<u>District</u>	<u>Rate Per lb.</u>
Ketchikan	30¢
Wrangell	
(Wrangell)	40¢
(Petersburg)	40¢
Sitka	30¢
Juneau	30¢
Haines	
(Haines)	46¢
(Yakutat)	?1¢
Valdez	
(Cordova)	33¢
(Valdez)	42¢
Palmer	n/a
Anchorage	34¢
Seward	n/a
Kenai	39¢
Kodiak	51¢
Aleutian Islands	
(Cold Bay)	66¢
Dillingham	
(Dillingham)	48¢
(King Salmon)	44¢
Bethel	51¢
Galena	
(Nenana)	39¢
(Tanana)	48¢
Fairbanks	39¢
Fort Yukon	56¢
Barrow	
(Barrow)	61¢
(Kotzebue)	49¢
Nome	49¢
Hooper Bay	59¢

* House Districts are those in existence prior to 1971 Court ordered reapportionment.

Sources: Alaska Airlines, Wien Consolidated Airlines, January 1974.

WALTER J. HICKEL
GOVERNOR



KEITH H. MILLER
SECRETARY OF STATE

*** OFFICIAL MAP ***

ALASKA ELECTION DISTRICTS

As determined in accordance with provisions of the

**CONSTITUTION
OF THE
STATE OF ALASKA**

Following the official 1965 reapportionment

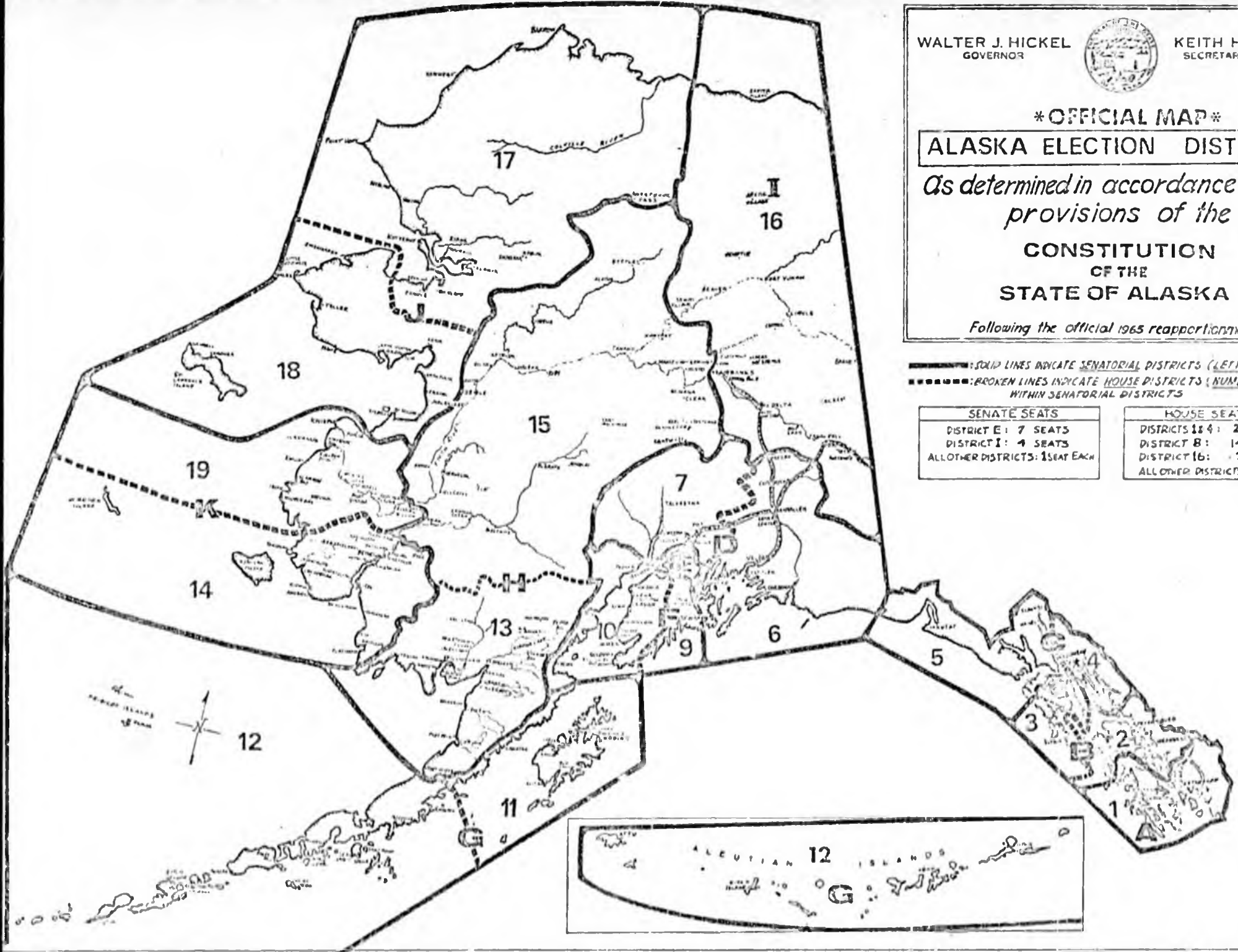
SOLID LINES INDICATE SENATORIAL DISTRICTS (LETTERS)
BROKEN LINES INDICATE HOUSE DISTRICTS (NUMBERS)
WITHIN SENATORIAL DISTRICTS

SENATE SEATS

DISTRICT E: 7 SEATS
DISTRICT I: 4 SEATS
ALL OTHER DISTRICTS: 1 SEAT EACH

HOUSE SEATS

DISTRICTS 1 & 4: 2 SEATS EACH
DISTRICT 8: 14 SEATS
DISTRICT 16: 7 SEATS
ALL OTHER DISTRICTS: 1 SEAT EACH



STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B — JUNEAU 99801

March 12, 1973

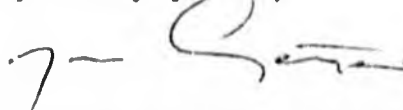
The Honorable Charles Degnan
Alaska State House of Representatives
Pouch V - State Capitol Building
Juneau, Alaska 99801

Dear Representative Degnan:

In accordance with your request of March 7, 1973, please find enclosed a completed fiscal analysis for House Bill 157.

As requested, we have based our analysis on Fiscal Year 1973 total approved entitlements determined under the present provisions of AS 43.18.010. We have also not attempted to project the cost of this amendment into Fiscal Year 1974 or beyond.

Very truly yours,



Don Argetsinger, Director
Administrative Services

DA:pat

Enclosure

EFFECT OF HOUSE BILL 157

ELECTION DISTRICTS

FY 73 ENTITLEMENT

(1) 1, 7 or 8 - 100.0

(8)	Anchorage Borough	\$2,120,242		
(1)	Ketchikan Borough	123,568		
(7)	Matanuska-Susitna Borough	98,492		
(8)	Anchorage (City of)	1,596,165		
(1)	Craig	13,398		
(8)	Girdwood	6,990		
(8)	Glen Alps	11,475		
(7)	Houston	375		
(1)	Hydaburg	11,630		
(1)	Ketchikan (City of)	201,025		
(1)	Klawock	3,632		
(7)	Palmer	51,195		
(1)	Saxman	1,710		
		<u>\$4,239,897</u>		

HB 157
COST-OF-LIVING
DIFFERENTIAL
\$4,239,897

COST
of
HB 157
-0-

(2) 2 or 9 - 103.8

(2)	Kake	\$ 14,432		
(2)	Petersburg	86,075		
(9)	Seward	68,150		
(2)	Wrangell	79,210		
		<u>\$ 247,867</u>		

HB 157
COST-OF-LIVING
DIFFERENTIAL
\$ 257,286

COST
of
HB 157
\$ 9,419

ELECTION DISTRICTSFY 73 ENTITLEMENT(3) 3, 4, 5E or 16S - 107.5

(16S) Fairbanks Borough	\$ 680,886		
(4) Juneau Borough	577,958		
(3) Sitka Borough	179,528		
(3) Angoon	16,000		
(16S) Delta Junction	19,290		
(16S) Eagle	3,405		
(16S) Fairbanks (City of)	529,420		
(5E) Haines (City of)	41,341		
(5E) Hoonah	11,220		
(16S) North Pole	12,746		
(5E) Pelican	6,300		
(5E) Skagway	33,175		
(3) Tenakee Springs	3,304		
	<u>\$2,114,573</u>		

HB 157	
COST-OF-LIVING	
DIFFERENTIAL	
<u>\$2,273,166</u>	

COST	
of	
HB 157	
<u>\$ 158,593</u>	

(4) 10 or 11 - 111.5

(10) Kenai Borough	\$ 248,844		
(11) Kodiak Borough	49,014		
(10) Homer	41,961		
(10) Kenai (City of)	136,545		
(11) Kodiak (City of)	116,125		
(11) Old Harbor	11,575		
(11) Ouzinkie	3,126		
(11) Port Lions	14,290		
(10) Seldovia	18,890		
(10) Soldotna	56,619		
	<u>\$ 696,989</u>		

HB 157	
COST-OF-LIVING	
DIFFERENTIAL	
<u>\$ 777,143</u>	

COST	
of	
HB 157	
<u>\$ 80,154</u>	

ELECTION DISTRICTSFY 73 ENTITLEMENT(5) 6 or 15 (Nenana only) - 115.8

(6) Cordova	\$ 75,899		
(15) Nenana	21,135		
(6) Valdez	38,142		
(6) Whittier	18,382	HB 157 COST-OF-LIVING DIFFERENTIAL	COST of HB 157
	<u>\$ 153,558</u>	<u>\$ 177,820</u>	<u>\$ 24,262</u>

(6) 5W or 12 - 120.0

(12) Aleut Comm. of St. Paul	\$ 7,000		
(12) King Cove	8,811		
(12) Sand Point	17,350		
(12) Unalaska	71,830	HB 157 COST-OF-LIVING DIFFERENTIAL	COST of HB 157
(5W) Yakutat	454		
	<u>\$ 105,445</u>	<u>\$ 126,534</u>	<u>\$ 21,089</u>

(7) 18 - 124.7

(18) Brevig Mission	\$ 4,000
(18) Diomede	450
(18) Elim	1,690
(18) Gambell	12,800
(18) Golovin	1,730
(18) Koyuk	5,830
(18) Nome	114,618
(18) Saint Michael	6,170
(18) Savoonga	10,200
(18) Shaktoolik	7,650
(18) Shismaref	4,235
(18) Stebbins	5,505

ELECTION DISTRICTSFY 73 ENTITLEMENT(7) 18 - 124.7 (cont.)

(18) Teller	\$ 7,315		
(18) Wales	1,725	HB 157	COST
(18) White Mountain	3,000	COST-OF-LIVING	of
		DIFFERENTIAL	HB 157
	\$ 186,918	\$ 233,087	\$ 46,169

(8) 13 or 15 (except Nenana) - 129.4

(13) Bristol Bay Borough	\$ 19,499		
(15) Aniak	3,075		
(15) Anderson	15,980		
(15) Anvik	1,915		
(13) Dillingham	29,250		
(15) Galena	8,470		
(15) Grayling	2,505		
(15) Holy Cross	14,532		
(15) Huslia	20,100		
(15) Kaltag	2,170		
(15) Lower Kalskag	1,950		
(13) Manokotak	9,060		
(13) Nondalton	7,672		
(15) Nulato	7,665		
(15) Shageluk	7,605		
(15) Tanana	10,950	HB 157	COST
(13) Togiak	3,830	COST-OF-LIVING	of
	\$ 166,228	DIFFERENTIAL	HB 157
		\$ 215,099	\$ 48,871

(9) 17 - 134.2

(17) Ambler	\$ 11,099		
(17) Anaktuvuk Pass	625		

ELECTION DISTRICTSFY 73 ENTITLEMENT(9) 17 - 134.2 (cont.)

(17) Barrow	\$ 50,754		
(17) Buckland	1,875		
(17) Deering	2,125		
(17) Kiana	9,840		
(17) Kivalina	2,910		
(17) Kotzebue	69,325		
(17) Noorvik	9,480		
(17) Point Hope	9,700		
(17) Selawik	6,915		
(17) Shungnak	1,650		
(17) Wainwright	5,460		
	<u>\$ 181,758</u>	HB 157 COST-OF-LIVING DIFFERENTIAL	COST of HB 157
		<u>\$ 243,919</u>	<u>\$ 62,161</u>

(10) 14, 16N or 19 - 139.3

(14) Akiak	\$ 5,970
(14) Akolmiut	14,520
(19) Alakanuk	16,350
(14) Bethel	104,982
(19) Chevak	4,470
(14) Eek	6,820
(19) Emmonak	11,860
(19) Fortuna Ledge	15,125
(16N) Fort Yukon	23,615
(14) Goodnews Bay	9,700
(19) Hooper Bay	11,340
(16N) Kaktovik	3,020

ELECTION DISTRICTSFY 73 ENTITLEMENT(10) 14, 16N or 19 - 139.3 (cont.)

(19) Kotlik	\$ 7,915		
(14) Mekoryuk	10,916		
(19) Mountain Village	19,534		
(14) Napakiak	7,185		
(19) Pilot Station	10,617		
(19) Russian Mission	7,465		
(19) Saint Mary's	29,863		
(19) Scammon Bay	1,660		
(14) Toksook Bay	8,350		
(14) Tuluksak	8,270		
	<u>\$ 339,547</u>	HB 157 COST-OF-LIVING DIFFERENTIAL \$ 472,989	COST of HB 157 \$ 133,440

TOTALSELECTION DISTRICTSFY 73 ENTITLEMENTHB 157
COST-OF-LIVING
DIFFERENTIALCOST
of
HB 157

1, 7 or 8 - 100.0	\$4,239,897	\$4,239,897	\$ -0-
2 or 9 - 103.8	247,867	257,286	9,419
3, 4, 5E or 16S - 107.5	2,114,573	2,273,166	158,593
10 or 11 - 111.5	696,989	777,143	80,154
6 or 15 (Nenana only) - 115.8	153,558	177,820	24,262
5W or 12 - 120.0	105,445	126,534	21,089
18 - 124.7	186,918	233,087	46,169
13 or 15 (except Nenana) - 129.4	166,228	215,099	48,871
17 - 134.2	181,758	243,919	62,161
14, 16N or 19 - 139.3	339,547	472,989	133,442
	<u>\$8,432,780</u>	<u>\$9,016,940</u>	<u>\$ 584,160</u>

WALTER J. HICKEL
GOVERNOR



KEITH H. MILLER
SECRETARY OF STATE

*** OFFICIAL MAP ***

ALASKA ELECTION DISTRICTS

As determined in accordance with provisions of the

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Following the official 1965 reapportionment

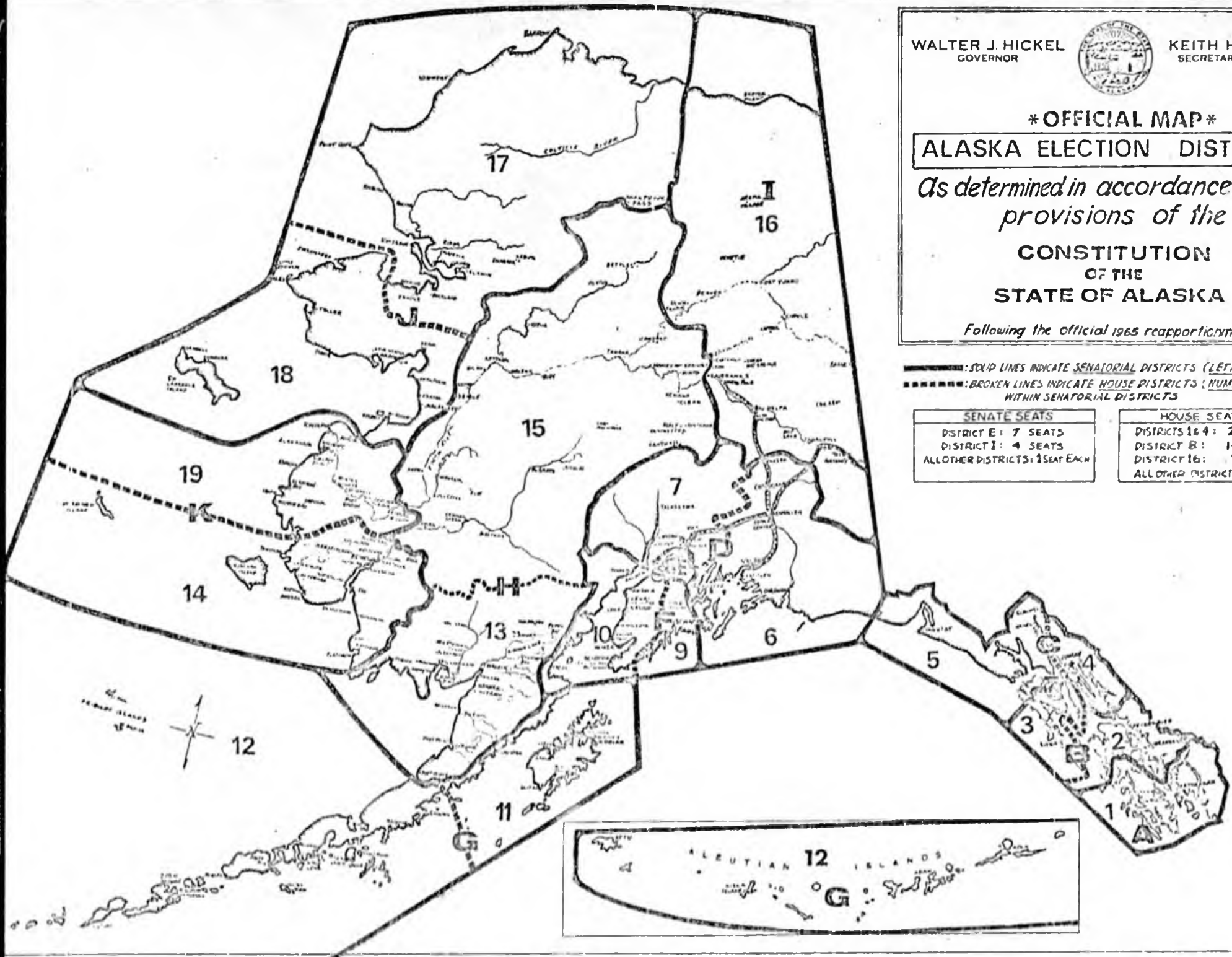
—————: SOLID LINES INDICATE SENATORIAL DISTRICTS (LETTERS)
-----: BROKEN LINES INDICATE HOUSE DISTRICTS (NUMBERS)
 WITHIN SENATORIAL DISTRICTS

SENATE SEATS

DISTRICT E: 7 SEATS
DISTRICT I: 4 SEATS
ALLOTHER DISTRICTS: 1 SEAT EACH

HOUSE SEATS

DISTRICTS 1 & 4: 2 SEATS EACH
DISTRICT 8: 14 SEATS
DISTRICT 16: 7 SEATS
ALLOTHER DISTRICTS: 1 SEAT EACH



March 23, 1973

Mr. Jay H. Hogan, Director
Legislative Finance Division
State Capitol Building, Room 407
Juneau, Alaska 99801

Dear Mr. Hogan:

Enclosed are completed Fiscal Notes for House Bill
157 and the Committee Substitute for House Bill 157.

Please contact us should you have questions concern-
ing our analysis.

Sincerely,

Byron I. Mallott
Commissioner

BIM/ah

Enclosures

cc: Budget & Management Division
w/attachments

The Honorable Chuck Degnan
State House of Representatives
w/attachments

The Legislature of the State of Alaska
 FISCAL NOTE
 First Session - Eighth Legislature

I. REQUEST

Bill Identification: HR 157
 Title: Cost-of-Living Differential Revenue Sharing
 Requested by: Legislative Finance Date: March 17, 1973
 Return Date Requested: March 23, 1973
 Agency: Community & Regional Affairs Program: Development

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Municipal Services Revenue Sharing

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 73	FY 74	FY 75	FY 76	FY 77	FY 78
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		643.4	720.6	807.1	903.9	1,012.4
TOTAL		643.4	702.6	807.1	903.9	1,012.4

B. FUNDING: (Thousands of dollars)

GENERAL FUND		643.4	702.6	807.1	903.9	1,012.4
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

(1) The Greater Anchorage Borough will provide an area wide mass transit system by July 1, 1973 (estimated population 115,418).

(2) Wainwright and Eielson Military Bases will be annexed into election district 16S.

(3) Assume a 12 per cent combined population increase and inflation rate for FY 1975 - 78.

IV. ATTACHMENTS

Projected FY 1974 Entitlements

V. DATE: March 22, 1973 PREPARED BY: _____

Don Argetsinger, Director
 Administrative Services

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

PROJECTED FY 1974 ENTITLEMENT

BASED ON 100% FUNDING

<u>HB 157</u>	<u>Per Cent Cost-of-Living Differential</u>	<u>Projected FY 1974 Entitlements</u>	<u>Cost of HB 157</u>
(1) 1, 7, or 8	100.0	\$ 5,389,611	\$ -0-
(2) 2 or 9	103.8	263,968	9,663
(3) 3, 4, 5E or 16S	107.5	2,501,474	174,521
(4) 10 or 11	111.5	790,885	81,571
(5) 6 or 15 (Nenana only)	115.8	199,815	27,263
(6) 5W or 12	120.0	143,780	23,963
(7) 18	124.7	271,806	53,838
(8) 13 or 15 (except Nenana)	129.4	235,598	53,528
(9) 17	134.2	269,199	68,603
(10) 14, 16N or 19	139.3	533,158	150,417
		<u>\$10,599,294</u>	<u>\$643,367</u>

CSHB 157

	*		
(1) 1, 7, or 8	100.0	\$ 5,389,611	\$ -0-
(2) 2 or 9	100.0	254,305	-0-
(3) 3, 4, 5E or 16S	107.2	2,494,493	167,540
(4) 10 or 11	113.1	802,234	92,920
(5) 6 or 15 (Nenana only)	113.6	196,019	23,467
(6) 5W or 12	108.8	130,360	10,543
(7) 18	117.0	255,022	37,054
(8) 13 or 15 (except Nenana)	128.2	233,413	51,343
(9) 17	126.5	253,753	53,157
(10) 14, 16N or 19	133.2	509,811	127,070
		<u>\$10,519,021</u>	<u>\$563,094</u>

*The Cost-of-Living Differential was computed from Table IX, Page 40, of the "Survey of Salaries and Benefits, Housing and Food Costs and Salary Recommendations - Part III Housing and Food Costs." The differential is an average of the food index and housing index.

Population increases are based on "Current Population Estimates by Census Divisions" July 1, 1972, compiled by the Alaska Department of Labor.

The Legislature of the State of Alaska
FISCAL NOTE
 First Session - Eighth Legislature

I. REQUEST

Bill Identification: CSUB 157
 Title: Cost-of-Living Differential Revenue Sharing
 Requested by: Legislative Finance Date: March 17, 1973
 Return Date Requested: March 23, 1973
 Agency: Community & Regional Program: Development
Affairs

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Municipal Services Revenue Sharing

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 73	FY 74	FY 75	FY 76	FY 77	FY 78
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		563.1	630.7	706.4	791.2	886.2
TOTAL		563.1	630.7	706.4	791.2	886.2

B. FUNDING: (Thousands of dollars)

GENERAL FUND		563.1	630.7	706.4	791.2	886.2
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

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(1) The Greater Anchorage Borough will provide an area wide mass transit system by July 1, 1973 (estimated population 115,418).

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IV. ATTACHMENTS

Projected FY 1974 Entitlements

V. DATE: March 22, 1973 PREPARED BY: _____

Don Argetsinger, Director
 Administrative Services

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

HB

164

"An Act relating to revenue sharing for cities and boroughs providing paramedical ambulance services."

COMMITTEE REPORT

FINANCE

1-31-73

HOUSE

Mr. Speaker.

Date 2-2-73

The Committee on LOCAL GOVERNMENT has had DR 164

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR 11-1-71 AND THAT

CS FOR 11-1-71 DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	<u>John K. ...</u>	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

2 copies

COMPILED AND ISSUED BY
WESLEY BOLIN
SECRETARY OF STATE
for use until Session Laws are printed

State of Arizona
House of Representatives
Thirtieth Legislature
Second Regular Session

CHAPTER 189

HOUSE BILL 2003

AN ACT

RELATING TO STATE GOVERNMENT; ESTABLISHING THE DIVISION OF EMERGENCY MEDICAL SERVICES WITHIN THE STATE DEPARTMENT OF PUBLIC SAFETY; PRESCRIBING THE POWERS AND DUTIES OF THE DIRECTOR; PROVIDING AUTHORITY FOR OPERATION OF AIR AND OTHER AMBULANCE SERVICE; PROVIDING FOR THE ESTABLISHMENT AND COORDINATION OF AN EMERGENCY MEDICAL SERVICES COMMUNICATION SYSTEM; REQUIRING THE PREPARATION OF SURVEYS, REPORTS AND RECOMMENDATIONS BY ARIZONA HEALTH PLANNING AUTHORITY FOR DEPARTMENT OF PUBLIC SAFETY; PRESCRIBING FINANCIAL LIABILITY FOR EMERGENCY MEDICAL SERVICES RENDERED TO INDIGENTS; REQUIRING CORPORATION COMMISSION TO ADOPT STANDARDS AND PROCEDURES FOR ISSUANCE OF A LICENSE TO OPERATE A GROUND OR AIR VEHICLE AS AN AMBULANCE; PROVIDING FOR ADOPTION OF STANDARDS FOR CERTIFICATION OF AMBULANCE DRIVERS AND ATTENDANTS; AMENDING SECTIONS 32-1471 AND 41-1711, ARIZONA REVISED STATUTES; AMENDING TITLE 41, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 12.1, AND MAKING APPROPRIATIONS.

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Purpose

3 The purpose of this act is to provide within the framework of
4 traffic safety and traffic law enforcement programs the means for
5 the state to respond to emergency medical services and law enforce-
6 ment requirements without regard to the causal factors, events or
7 circumstances, to fund only those aspects of emergency medical services

1 and law enforcement which directly relate to motor vehicle traffic
2 safety and traffic law enforcement from monies in the state highway
3 fund established pursuant to article 9, section 14, constitution of
4 Arizona, and to fund other aspects of emergency medical services and
5 law enforcement from the state general fund.

6 Sec. 2. Section 32-1471, Arizona Revised Statutes, is
7 amended to read:

8 32-1471. Physician and surgeon, nurse, ambulance
9 attendant and driver, and any other person;
10 emergency aid; nonliability

11 A physician or surgeon, or a registered nurse, graduate nurse,
12 or a professional nurse as defined in section 32-1601, licensed to
13 practice as such in this state,- or elsewhere, OR A LICENSED AMBULANCE
14 ATTENDANT, DRIVER OR PILOT AS DEFINED IN SECTION 41-1831, or any other
15 person who renders emergency care at a public gathering or at the
16 scene of an emergency occurrence gratuitously and in good faith shall
17 not be liable for any civil or other damages as the result of any act
18 or omission by such person rendering the emergency care, or as the
19 result of any act or failure to act to provide or arrange for further
20 medical treatment or care for the injured persons, unless such person,
21 while rendering such emergency care, is guilty of gross negligence.

1 Sec. 3. Section 41-1711, Arizona Revised Statutes, is amended
2 to read:

3 41-1711. Department of public safety; purpose; location;
4 qualifications of director; responsibility;
5 cooperation with state departments

6 A. There shall be a department of public safety which is respon-
7 sible for creating and coordinating services for use by local law en-
8 forcement agencies in protecting the public safety. The principal
9 office and headquarters of the department shall be in the city in which
10 the capitol is located.

11 B. The department shall formulate plans with a view to estab-
12 lishing modern services for prevention of crime, apprehension of
13 violators, training of law enforcement personnel, and the promotion
14 of public safety. The department shall in no way preempt the authority
15 and jurisdiction of established agencies of political subdivisions
16 of the state.

17 C. The director shall be selected on the basis of training and
18 experience with a minimum of five years' experience in the administra-
19 tion of law enforcement and shall have at least a bachelor's degree
20 issued to him by an accredited college or university.

21 D. The director shall be appointed by the governor, subject to
22 confirmation by the senate, to serve for a term of five years and shall
23 be subject to removal for cause, including but not limited to malfeasance,
24 misfeasance and nonfeasance in office. The director shall receive an
25 annual compensation as determined pursuant to section 38-611.

26 E. The director shall be directly responsible to the governor
27 for the conduct and the administration of the department. If the di-
28 rector is unable to act, the governor shall direct the activities of
29 the department during the period in which the director is unable to
30 act.

31 F. The director shall prescribe procedures for use of depart-
32 ment personnel, facilities, equipment, supplies and other resources
33 in assisting search or rescue operations on request of the state
34 director of emergency services.

1 G. THE DIRECTOR SHALL BE RESPONSIBLE FOR THE ESTABLISHMENT,
2 OPERATION AND MAINTENANCE OF THE STATEWIDE EMERGENCY MEDICAL SERVICES
3 COMMUNICATION SYSTEM PRESCRIBED BY SECTION 41-1835.

4 H. THE DIRECTOR MAY PURCHASE, LEASE, EQUIP, STAFF AND
5 OPERATE AIR AMBULANCES, INCLUDING AMBULANCE HELICOPTERS, PURSUANT
6 TO SECTION 41-1834.

7 I. TO LIMIT THE EXPENDITURES OF MONIES DERIVED FROM THE STATE
8 HIGHWAY FUND ESTABLISHED PURSUANT TO ARTICLE 9, SECTION 14, CONSTITUTION
9 OF ARIZONA, TO TRAFFIC SAFETY AND TRAFFIC LAW ENFORCEMENT PURPOSES, THE
10 DEPARTMENT OF PUBLIC SAFETY SHALL:

11 1. MAINTAIN A STRICT ACCOUNT OF ALL COSTS INCURRED BY EACH FUNCTION
12 OF THE DEPARTMENT. SUCH COSTS SHALL BE DETERMINED AND ALLOCATED BETWEEN
13 TRAFFIC SAFETY OR TRAFFIC LAW ENFORCEMENT FUNCTIONS AND ALL OTHER DEPART-
14 MENTAL FUNCTIONS AND SHALL INCLUDE SUCH COSTS AS WAGES OR SALARIES, MATERIALS
15 OR SUPPLIES AND EQUIPMENT OR FACILITY USE.

16 2. IMMEDIATELY FOLLOWING THE DETERMINATION OF ALL SUCH COSTS CERTIFY
17 TO THE DEPARTMENT OF FINANCE AND THE STATE TREASURER THE FULL AMOUNT OF
18 ALL SUCH COSTS RELATING TO THE VARIOUS FUNCTIONS WITHIN THE DEPARTMENT.

19 J. THE COMMISSIONER OF FINANCE SHALL ANNUALLY SUBMIT A SEPARATE
20 REPORT TO THE LEGISLATURE COMPILED FROM THE DEPARTMENT'S FUNCTIONAL COSTS
21 CERTIFICATION INDICATING THE COMPLETE BREAKDOWN BETWEEN THOSE COSTS WHICH
22 ARE RELATED TO TRAFFIC SAFETY OR TRAFFIC LAW ENFORCEMENT FUNCTIONS AND
23 THE VARIOUS OTHER FUNCTIONS WITHIN THE DEPARTMENT. THE COMMISSIONER OF
24 FINANCE SHALL INCLUDE WITHIN HIS ANNUAL REPORT TO THE LEGISLATURE A
25 RECOMMENDATION FOR A SEPARATE APPROPRIATION TO REIMBURSE THE STATE HIGH-
26 WAY FUND FROM THE STATE GENERAL FUND FOR ANY EXPENDITURES FROM THE STATE
27 HIGHWAY FUND DURING THE PRIOR FISCAL YEAR IN EXCESS OF THE TOTAL OF ALL
28 COSTS RELATED TO TRAFFIC SAFETY OR TRAFFIC LAW ENFORCEMENT FUNCTIONS
29 OF THE DEPARTMENT.

30 Sec. 4. Title 41, Arizona Revised Statutes, is amended by
31 adding chapter 12.1, articles 1 and 2, to read:

32 CHAPTER 12.1

33 EMERGENCY MEDICAL SERVICES

34 ARTICLE 1. GENERAL PROVISIONS

1 41-1831. Definitions

2 IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

3 1. "AMBULANCE" MEANS ANY GROUND OR AIR VEHICLE, INCLUDING A
4 HELICOPTER, LICENSED UNDER THE PROVISIONS OF THIS CHAPTER FOR EMERGENCY
5 GROUND OR AIR TRANSPORTATION AND IN-TRANSIT TREATMENT OF PERSONS SUFFER-
6 ING FROM PHYSICAL SICKNESS OR INJURIES.

7 2. "AMBULANCE ATTENDANT" MEANS AN INDIVIDUAL TRAINED AND CERTI-
8 FIED AS PROVIDED IN THIS CHAPTER WHOSE PRIMARY RESPONSIBILITY IS THE
9 CARE OF THE PATIENTS.

10 3. "AMBULANCE DRIVER" MEANS AN INDIVIDUAL WHO DRIVES A GROUND
11 AMBULANCE, AND IS TRAINED AND CERTIFIED AS PROVIDED IN THIS CHAPTER.

12 4. "AMBULANCE PILOT" MEANS AN INDIVIDUAL WHO IS RESPONSIBLE FOR
13 THE OPERATION OF AN AIR AMBULANCE, AND IS TRAINED AND CERTIFIED AS PRO-
14 VIDED IN THIS CHAPTER.

15 5. "COMMISSION" MEANS THE CORPORATION COMMISSION OR ITS SUCCESSOR.

16 6. "DEPARTMENT" MEANS THE STATE DEPARTMENT OF PUBLIC SAFETY.

17 7. "DIRECTOR" MEANS THE DIRECTOR FOR THE DEPARTMENT OF PUBLIC
18 SAFETY.

19 8. "DIVISION" MEANS THE DIVISION OF EMERGENCY MEDICAL SERVICES
20 WITHIN THE STATE DEPARTMENT OF PUBLIC SAFETY.

21 9. "EMERGENCY MEDICAL PATIENT" MEANS A PERSON WHO IS SUFFERING
22 FROM A CONDITION WHICH REQUIRES IMMEDIATE MEDICAL CARE OR HOSPITALIZATION
23 OR BOTH IN ORDER TO PRESERVE THE PERSON'S HEALTH, LIFE OR LIMB AND WHO
24 IS BEING TRANSPORTED BY A LICENSED AMBULANCE, WHETHER SUCH PERSON IS
25 BEING TRANSPORTED PURSUANT TO A CALL FROM A CITY, COUNTY, STATE OR
26 MUNICIPAL AGENCY OR OTHERWISE.

27 10. "EMERGENCY MEDICAL SERVICES" MEANS THOSE SERVICES REQUIRED
28 FOLLOWING AN ACCIDENT OR AN EMERGENCY MEDICAL SITUATION:

29 (a) FOR ON-SITE EMERGENCY MEDICAL CARE.

30 (b) FOR THE TRANSPORTATION OF THE SICK OR INJURED BY A LICENSE
31 GROUND OR AIR AMBULANCE.

32 (c) IN THE USE OF EMERGENCY COMMUNICATIONS MEDIA.

33 (d) IN THE USE OF EMERGENCY RECEIVING FACILITIES.

1 (e) IN ADMINISTERING INITIAL CARE AND PRELIMINARY TREATMENT PRO-
2 CEDURES BY CERTIFIED EMERGENCY MEDICAL SERVICES PERSONNEL.

3 11. "EMERGENCY MEDICAL SERVICES COMMUNICATION SYSTEM" MEANS THE
4 STATEWIDE SYSTEM OPERATED BY THE DEPARTMENT OF PUBLIC SAFETY WHICH HAS
5 THE CAPABILITY OF PROVIDING FOR THE INTERCOMMUNICATION OF ANY OR ALL
6 LAW ENFORCEMENT AGENCIES AND PERSONNEL, AMBULANCES, AMBULANCE SERVICES
7 AND DISPATCHERS, EMERGENCY RECEIVING FACILITIES, OTHER HEALTH CARE
8 INSTITUTIONS, MEDICAL PRACTITIONERS, MOTOR VEHICLE REPAIR AND TOW TRUCKS,
9 AND ANY OTHER AGENCIES AND PERSONS WHO MAY BE SERVING ON A VOLUNTEER
10 BASIS.

11 12. "EMERGENCY MEDICAL SITUATION" MEANS A CONDITION OF EMERGENCY
12 IN WHICH IMMEDIATE MEDICAL CARE OR HOSPITALIZATION, OR BOTH, IS REQUIRED
13 BY A PERSON OR PERSONS FOR THE PRESERVATION OF HEALTH, LIFE OR LIMB.

14 13. "EMERGENCY RECEIVING FACILITY" MEANS A LICENSED HEALTH CARE
15 INSTITUTION DESIGNATED AS SUCH BY THE DIRECTOR AND EQUIPPED AND STAFFED
16 AS THE DIRECTOR MAY REQUIRE BY RULES AND REGULATIONS.

17 14. "INDIGENT EMERGENCY MEDICAL PATIENT" MEANS AN EMERGENCY MEDICAL
18 PATIENT WHO IS AN INDIGENT AS DEFINED IN SECTION 11-297.

19 15. "REASONABLE COST OF MEDICAL SERVICES" MEANS AT A RATE DETERMINED
20 BY THE SAME METHOD USED FOR REIMBURSING PROVIDERS OF SERVICES UNDER
21 FEDERAL MEDICAL ASSISTANCE PROGRAMS OR AT SUCH LOWER RATE AS THE COUNTY
22 AND THE PRIVATE HOSPITAL OR HOSPITAL OPERATED BY A UNIVERSITY MAY AGREE
23 UPON.

24 41-1832. Division of emergency medical services

25 A. THERE IS ESTABLISHED WITHIN THE STATE DEPARTMENT OF PUBLIC
26 SAFETY A DIVISION OF EMERGENCY MEDICAL SERVICES WHICH IS RESPONSIBLE FOR
27 COORDINATING AND DIRECTING A STATEWIDE SYSTEM OF EMERGENCY MEDICAL SERVICES.

28 B. THE DIVISION MAY NOT PREEMPT THE AUTHORITY OR JURISDICTION OF
29 ANY ESTABLISHED AGENCY OF A POLITICAL SUBDIVISION OF THE STATE WHICH IS
30 PROVIDING ADEQUATE EMERGENCY MEDICAL SERVICES.

31 C. NOTHING IN THIS CHAPTER SHALL BE CONSTRUED TO PREVENT ANY INDIVIDUAL,
32 LAW ENFORCEMENT OFFICER, PUBLIC AGENCY, OR MEMBER OF A CITY,
33 TOWN OR VOLUNTEER FIRE DEPARTMENT FROM RENDERING ON-SITE EMERGENCY

1 MEDICAL CARE OR FROM TRANSPORTING EMERGENCY MEDICAL PATIENTS TO A
2 HOSPITAL OR AN EMERGENCY RECEIVING FACILITY, EXCEPT THAT WHEN ANY
3 PATIENT OBJECTS THERETO ON RELIGIOUS GROUNDS, SUCH PATIENT SHALL NOT
4 BE ADMINISTERED ANY MEDICAL TREATMENT OR BE TRANSPORTED TO A HOSPITAL
5 OR AN EMERGENCY RECEIVING FACILITY.

6 41-1833. Powers and duties of the director;
7 additional compensation

8 A. THE DIRECTOR SHALL:

9 1. SUBJECT TO THE PERSONNEL COMMISSION CLASSIFICATIONS AND
10 PAY SCALES, APPOINT, DEFINE THE DUTIES AND PRESCRIBE THE TERMS AND
11 CONDITIONS OF EMPLOYMENT OF ALL EMPLOYEES OF THE DIVISION.

12 2. PROMULGATE RULES AND REGULATIONS NECESSARY FOR THE OPERA-
13 TION OF THE DIVISION AND FOR CARRYING OUT THE PURPOSES OF THIS
14 CHAPTER.

15 3. COOPERATE WITH AND ASSIST THE PERSONNEL OF EMERGENCY RE-
16 CEIVING FACILITIES AND OTHER HEALTH CARE INSTITUTIONS IN PREPARING
17 A PLAN TO BE FOLLOWED BY SUCH FACILITIES AND INSTITUTIONS IN THE
18 EVENT OF A MAJOR DISASTER.

19 4. COOPERATE WITH THE STATE DIRECTOR OF EMERGENCY SERVICES
20 WHEN A STATE OF EMERGENCY OR A STATE OF WAR EMERGENCY HAS BEEN DE-
21 CLARED BY THE GOVERNOR.

22 B. THE DIRECTOR MAY:

23 1. REQUEST THE COOPERATION OF UTILITIES, COMMUNICATIONS MEDIA
24 AND PUBLIC AND PRIVATE AGENCIES TO AID AND ASSIST IN THE IMPLEMENTA-
25 TION AND MAINTENANCE OF A STATEWIDE EMERGENCY MEDICAL SERVICES SYSTEM.

26 2. COOPERATE WITH ANY AGENCY OR GROUP WHICH PROVIDES A SIMILAR
27 PROGRAM OF EMERGENCY MEDICAL SERVICES IN A CONTIGUOUS STATE.

28 3. ENTER INTO CONTRACTS AND AGREEMENTS FOR THE ACQUISITION AND
29 PURCHASE OF ANY EQUIPMENT, TOOLS, SUPPLIES AND MATERIALS NECESSARY IN
30 THE ADMINISTRATION OF THIS CHAPTER.

31 4. ENTER INTO CONTRACTS WITH EMERGENCY RECEIVING FACILITIES
32 AND AMBULANCE SERVICES, AND MAY ESTABLISH EMERGENCY MEDICAL SERVICES,
33 INCLUDING EMERGENCY RECEIVING FACILITIES, WHERE NECESSARY TO ASSURE
34 THE AVAILABILITY AND QUALITY OF SUCH SERVICES. SUCH CONTRACTS SHALL

1 NOT PROVIDE FOR ANNUAL PAYMENTS IN EXCESS OF TWENTY THOUSAND DOLLARS
2 FOR EACH FACILITY OR FIVE THOUSAND DOLLARS FOR EACH AMBULANCE SERVICE.

3 5. ACCEPT AND EXPEND FEDERAL FUNDS AND PRIVATE GRANTS, GIFTS,
4 CONTRIBUTIONS AND BEQUESTS TO ASSIST IN CARRYING OUT THE PURPOSES OF
5 THIS CHAPTER. SUCH FUNDS SHALL NOT REVERT TO THE STATE GENERAL FUND
6 AT THE CLOSE OF A FISCAL YEAR.

7 C. FOR THE ADDITIONAL DUTIES ASSIGNED TO HIM BY THIS CHAPTER,
8 THE DIRECTOR SHALL RECEIVE FIVE THOUSAND DOLLARS ADDITIONAL COMPEN-
9 SATION ANNUALLY.

10 41-1834. Authority for operation of air and other
11 ambulance service

12 A. FOR THE PRIMARY PURPOSE OF PROVIDING, THROUGH THE DIVISION,
13 THE MOST TIMELY, EFFICIENT AND COMPREHENSIVE EMERGENCY MEDICAL SER-
14 VICES POSSIBLE, THE DIRECTOR OF THE DEPARTMENT OF PUBLIC SAFETY MAY,
15 SUBJECT TO THE AVAILABILITY OF FUNDS, PURCHASE, EQUIP, STAFF AND BE
16 RESPONSIBLE FOR MAINTAINING LICENSED AIR AMBULANCES, INCLUDING AMBU-
17 LANCE HELICOPTERS OR MAY LEASE OR CONTRACT FOR SUCH EQUIPMENT AND
18 SERVICES. AIR AMBULANCES AND HELICOPTERS SHALL ALSO BE USED IN LAW
19 ENFORCEMENT ACTIVITIES. THE AIR AMBULANCES PROVIDED BY THIS SECTION
20 MAY BE MADE AVAILABLE FOR EMERGENCY MEDICAL SERVICES AT ANY TIME UPON
21 REQUEST OF THE DIVISION OR AT ANY OTHER TIME THERE IS A MEDICAL EMER-
22 GENCY REQUIRING THE USE OF EVACUATION AIRCRAFT, AS DETERMINED BY A
23 LAW ENFORCEMENT AGENCY OR A PHYSICIAN. EMERGENCY MEDICAL AIR EVACUA-
24 TION SHALL NORMALLY TAKE PRECEDENCE OVER ROUTINE LAW ENFORCEMENT
25 MISSIONS. THE DIRECTOR OF THE DEPARTMENT OF PUBLIC SAFETY SHALL MAKE
26 THE FINAL DECISION RELATIVE TO SUCH AIRCRAFT UTILIZATION.

27 B. EACH AIR AMBULANCE, INCLUDING AN AMBULANCE HELICOPTER,
28 OPERATED UNDER THE PROVISIONS OF THIS SECTION SHALL MEET ALL LICENSING
29 REQUIREMENTS PURSUANT TO THIS CHAPTER FOR THE LICENSING OF GROUND
30 AND OTHER AIR AMBULANCES, AND EACH SHALL BE CAPABLE OF CARRYING TWO
31 LITTER PATIENTS AND ONE AMBULANCE ATTENDANT IN ADDITION TO THE AMBU-
32 LANCE PILOT.

1 C. THE DIRECTOR OF THE DEPARTMENT OF PUBLIC SAFETY MAY CON-
2 TRACT WITH A PRIVATE FIRM, A CORPORATION OR AN INDIVIDUAL FOR THE
3 MAINTENANCE OF THE AIR AMBULANCES, INCLUDING AMBULANCE HELICOPTERS.

4 D. THE DIRECTOR OF THE DEPARTMENT OF PUBLIC SAFETY MAY ENTER
5 INTO CONTRACTS WITH PRIVATE FIRMS OR INDIVIDUALS FOR EMERGENCY GROUND
6 OR AIR AMBULANCE SERVICES WHEN NO OTHER SUCH SERVICES ARE READILY
7 AVAILABLE OR WHEN DEEMED TO BE IN THE BEST INTERESTS OF THE STATE.

8 E. AIR AMBULANCES, INCLUDING AMBULANCE HELICOPTERS, OPERATED
9 BY THE DEPARTMENT OF PUBLIC SAFETY SHALL NOT BE USED TO PROVIDE TRANS-
10 PORTATION FOR OFFICIALS OF THE STATE OR ANY OF ITS POLITICAL SUBDIVI-
11 SIONS. THIS DOES NOT PRECLUDE THE USE OF AIR AMBULANCES BY SUCH OF-
12 FICIALS WHEN REQUIRED IN THE COURSE OF A LAW ENFORCEMENT FUNCTION OR
13 EMERGENCY OR WHEN SUCH OFFICIAL IS THE VICTIM OF AN EMERGENCY MEDICAL
14 SITUATION.

15 41-1835. Establishment and coordination of an
16 emergency medical services communication
17 system; use of existing facilities; au-
18 thority to contract for services

19 A. THE DIRECTOR OF THE DEPARTMENT OF PUBLIC SAFETY IS RESPONSIBLE
20 FOR THE OVERALL COORDINATION OF AN EFFECTIVE STATEWIDE EMERGENCY MEDICAL
21 SERVICES COMMUNICATION SYSTEM, AS DEFINED IN SECTION 41-1831, AND FOR
22 THE ESTABLISHMENT OF ANY OF SUCH SERVICES DEEMED NECESSARY.

23 B. THE STATEWIDE COMMUNICATIONS SYSTEM MAY BE ESTABLISHED TO
24 UTILIZE INSOFAR AS POSSIBLE THE EXISTING COMMUNICATIONS FACILITIES
25 AND PERSONNEL OF ANY OR ALL OTHER AGENCIES OF THE STATE AND ITS POLI-
26 TICAL SUBDIVISIONS, AND PRIVATE AGENCIES.

27 C. THE DIRECTOR OF THE DEPARTMENT OF PUBLIC SAFETY MAY ALSO:

28 1. INSTITUTE PROGRAMS FOR IMPLEMENTING THE VOLUNTARY COOPEPA-
29 TION OF THE PRIVATE SECTOR IN LOCATING AND REPORTING ACCIDENTS, BOTH
30 ON AND OFF THE HIGHWAYS.

31 2. ESTABLISH AN EMERGENCY MEDICAL SERVICES NOTIFICATION SYSTEM
32 WHICH UTILIZES EXISTING TELEPHONE COMMUNICATIONS NETWORKS.

33 3. CONTRACT WITH PRIVATE TELEPHONE COMPANIES FOR THE ESTABLISH-
34 MENT OF A STATEWIDE EMERGENCY REPORTING TELEPHONE NUMBER.

1 41-1836. Surveys, reports and recommendations of Arizona
2 health planning authority to department of
3 public safety

4 A. THE DIRECTOR OF THE DEPARTMENT OF PUBLIC SAFETY SHALL CON-
5 TRACT WITH THE ARIZONA HEALTH PLANNING AUTHORITY TO PREPARE, IN COL-
6 LABORATION WITH THE COLLEGE OF MEDICINE OF THE UNIVERSITY OF ARIZONA,
7 AND ANNUALLY REVISE AS NECESSARY A REPORT ON EMERGENCY MEDICAL SITUA-
8 TIONS MOST LIKELY TO OCCUR IN ARIZONA. THE REPORT SHALL BE SUBMITTED
9 TO THE DIRECTOR OF THE DEPARTMENT OF PUBLIC SAFETY, ACCOMPANIED BY
10 RECOMMENDATIONS OF THE AUTHORITY FOR THE MOST PRACTICAL LOCATION OF
11 AMBULANCE DISPATCH CENTERS, AND THE AMBULANCE STAFF AND EQUIPMENT
12 NECESSARY TO PROPERLY MEET THE NEEDS IN EMERGENCY MEDICAL SITUATIONS
13 WITHIN THE AREA.

14 B. THE REPORT PREPARED AND SUBMITTED PURSUANT TO SUBSECTION A
15 OF THIS SECTION SHALL ALSO BE ACCOMPANIED BY RECOMMENDATIONS OF THE
16 AUTHORITY FOR THE MOST PRACTICAL LOCATION OF EMERGENCY RECEIVING FA-
17 CILITIES AND THE CLASS OF FACILITY, INCLUDING THE NECESSARY STAFF AND
18 EQUIPMENT THEREFOR, REQUIRED AT EACH LOCATION TO PROPERLY MEET THE
19 NEEDS IN EMERGENCY MEDICAL SITUATIONS WITHIN THE AREA. THE REPORT MAY
20 INCLUDE SUCH OTHER RECOMMENDATIONS DEEMED APPROPRIATE BY THE AUTHORITY.

21 41-1837. Financial responsibility for emergency medical
22 services rendered to indigents

23 A. WHEN AN INDIGENT EMERGENCY MEDICAL PATIENT IS RECEIVED BY AN
24 EMERGENCY RECEIVING FACILITY FROM A LICENSED AMBULANCE, THE COUNTY SHALL
25 BE LIABLE PURSUANT TO SECTION 11-297.01, TO THE AMBULANCE SERVICE FOR
26 THE COST OF TRANSPORTING THE PATIENT AND TO THE FACILITY FOR THE REASON-
27 ABLE COSTS OF ALL MEDICAL SERVICES RENDERED TO SUCH INDIGENT BY THE
28 FACILITY UNTIL SUCH PATIENT IS TRANSFERRED BY THE COUNTY TO THE COUNTY
29 HOSPITAL, OR SOME OTHER FACILITY DESIGNATED BY THE COUNTY.

30 B. THE PROVISIONS OF THIS SECTION DO NOT APPLY TO AIR AMBULANCES,
31 INCLUDING AMBULANCE HELICOPTERS, OPERATED BY THE DEPARTMENT OF PUBLIC
32 SAFETY. THERE SHALL BE NO CHARGE MADE TO THE PATIENT FOR ANY EMERGENCY
33 MEDICAL CARE PROVIDED BY THE DEPARTMENT OF PUBLIC SAFETY PERSONNEL.

1 ARTICLE 2. AMBULANCES AND AMBULANCE PERSONNEL

2 41-1841. Standards for ambulances

3 THE CORPORATION COMMISSION, OR ITS SUCCESSOR SHALL ADOPT MINIMUM
4 REASONABLE STANDARDS AND PROCEDURES FOR THE ISSUANCE OF A LICENSE TO
5 OPERATE A GROUND OR AIR VEHICLE AS AN AMBULANCE. SUCH STANDARDS MAY
6 DIFFER IN COUNTIES OF OVER THREE HUNDRED THOUSAND POPULATION FROM
7 COUNTIES OF LESSER POPULATION.

8 41-1842. Ambulance license required; termination
9 upon change of ownership

10 A. A LICENSE TO OPERATE AN AMBULANCE SHALL BE OBTAINED FROM
11 THE CORPORATION COMMISSION UPON APPLICATION THEREFOR ON A FORM PRE-
12 SCRIBED BY THE COMMISSION, AND UPON SATISFACTORY PROOF OF CONFORMITY
13 WITH ALL STANDARDS AND REGULATIONS ADOPTED BY THE COMMISSION FOR THE
14 OPERATION OF AN AMBULANCE.

15 B. A LICENSE SHALL TERMINATE UPON CHANGE OF OWNERSHIP OR CONTROL
16 OF A LICENSED AMBULANCE AND SHALL REQUIRE A NEW APPLICATION AND LICENSE
17 BEFORE THE AMBULANCE MAY AGAIN BE OPERATED AS SUCH.

18 C. NO PERSON, FIRM OR CORPORATION, INCLUDING A VOLUNTEER GROUP
19 OR ASSOCIATION, SHALL OPERATE AN AMBULANCE SERVICE UNLESS EACH OF ITS
20 VEHICLES SO USED IS LICENSED AND MEETS ALL STANDARDS AND REGULATIONS
21 PURSUANT TO THIS ARTICLE. THE COMMISSION MAY REQUEST THAT UNITED
22 STATES GOVERNMENT AMBULANCES OPERATING IN ARIZONA MEET THE STANDARDS
23 SO SET.

24 D. NO FEE SHALL BE CHARGED FOR A LICENSE ISSUED PURSUANT TO THIS
25 ARTICLE.

26 41-1843. Inspection

27 THE COMMISSION MAY AT ANY TIME AND WITHOUT NOTICE INQUIRE INTO
28 THE OPERATION OF AN AMBULANCE SERVICE AND MAY CONDUCT, OR CAUSE TO BE
29 CONDUCTED, ON-SITE AT ANY HOUR, INSPECTIONS OF ITS FACILITIES, COM-
30 MUNICATIONS EQUIPMENT, VEHICLES, METHODS, PROCEDURES, MATERIALS AND
31 OTHER EQUIPMENT, AND THE QUALIFICATIONS OF ITS EMERGENCY MEDICAL
32 STAFF.

33 41-1844. Suspension or revocation of license;
34 proceedings

1 A. AN AMBULANCE LICENSE MAY BE SUSPENDED, REVOKED OR ANNULLED
2 BY THE CORPORATION COMMISSION UPON PROOF THAT THE LICENSEE OR ONE OR
3 MORE PERSONS IN HIS EMPLOY HAS:

4 1. BEEN GUILTY OF MISREPRESENTATION IN OBTAINING THE LICENSE
5 OR IN THE OPERATION OF THE AMBULANCE SERVICE.

6 2. ENGAGED OR ATTEMPTED TO ENGAGE IN, OR REPRESENTED HIMSELF
7 AS ENTITLED TO PERFORM, ANY AMBULANCE SERVICE NOT AUTHORIZED BY THE
8 LICENSE.

9 3. DEMONSTRATED INCOMPETENCE OR HAS SHOWN HIMSELF OTHERWISE
10 UNABLE TO PROVIDE ADEQUATE AMBULANCE SERVICES.

11 4. VIOLATED OR AIDED AND ABETTED IN THE VIOLATION OF ANY PRO-
12 VISION OF THIS ARTICLE OR THE RULES AND REGULATIONS OF THE COMMISSION.

13 B. PROCEEDINGS UNDER THIS SECTION MAY BE INITIATED BY FILING
14 WRITTEN CHARGES WITH THE CORPORATION COMMISSION. IF THE COMMISSION
15 DETERMINES SUCH ACTION SHOULD BE TAKEN, THE PROCEEDINGS SHALL BE PUR-
16 SUANT TO TITLE 41, CHAPTER 6, ARTICLE 1, AND ANY FINAL DECISION OR
17 ORDER ADVERSE TO A PARTY SHALL BE SUBJECT TO JUDICIAL REVIEW AS PRO-
18 VIDED IN TITLE 12, CHAPTER 7, ARTICLE 6.

19 41-1845. Standards for certification of ambulance
20 drivers and attendants; workmen's com-
21 ensation and occupational disease

22 A. THE CORPORATION COMMISSION IN COOPERATION WITH THE STATE
23 HEALTH DEPARTMENT, SHALL ESTABLISH STANDARDS FOR THE TRAINING OF
24 AMBULANCE DRIVERS AND ATTENDANTS IN MEDICAL EMERGENCY TECHNOLOGY
25 INCLUDING, BUT NOT LIMITED TO, COMMUNICATIONS, FIRST AID, EQUIPMENT
26 MAINTENANCE, EMERGENCY ROOM TECHNIQUES AND PROCEDURES, PATIENT HAND-
27 LING AND POSITIONING, AND KNOWLEDGE OF PROCEDURES AND EQUIPMENT USED
28 FOR OBSTETRICAL, RESPIRATORY AND CARDIAC EMERGENCIES, AND SHALL SPECIFY
29 THE SUBJECTS AND NUMBER OF HOURS OF TRAINING, OR THE EQUIVALENCY THEREOF,
30 REQUIRED IN EACH SUBJECT.

31 B. A CERTIFIED AMBULANCE DRIVER OR ATTENDANT SHALL DISPLAY AT ALL
32 TIMES A CARD OR OTHER MEANS OF ATTESTING TO HIS TRAINING AND QUALIFICA-
33 TIONS TO SERVE AS AN AMBULANCE DRIVER OR ATTENDANT.

1. C. CERTIFIED AMBULANCE DRIVERS AND ATTENDANTS WHO SERVE AS
2 SUCH ON A VOLUNTEER BASIS FOR WHICH THEY RECEIVE NO COMPENSATION
3 ARE DEEMED TO BE EMPLOYEES FOR THE PURPOSE OF WORKMEN'S INDUSTRIAL
4 INSURANCE, AND THE BASIS FOR COMPUTING WAGES FOR PREMIUM PAYMENTS
5 AND COMPENSATION BENEFITS PURSUANT TO TITLE 23, CHAPTERS 6 AND 7,
6 FOR SUCH CERTIFIED AMBULANCE PERSONNEL SHALL BE FOUR HUNDRED DOLLARS
7 PER MONTH.

8 41-1846. Penalties

9 ANY PERSON VIOLATING OR FAILING TO COMPLY WITH ANY PROVISION OF
10 THIS CHAPTER IS GUILTY OF A MISDEMEANOR PUNISHABLE BY IMPRISONMENT FOR
11 NOT MORE THAN ONE YEAR, OR BY A FINE OF NOT TO EXCEED ONE THOUSAND
12 DOLLARS, OR BOTH.

13 Sec. 5. Appropriations; purposes

14 A. The sum of twenty-five thousand dollars is appropriated from
15 the state highway fund and the sum of twenty-five thousand dollars is
16 appropriated from the state general fund to the department of public
17 safety to be allocated to the division of emergency medical services
18 to be available for use in performing the administrative duties pre-
19 scribed by this act.

20 B. The sum of two hundred forty thousand dollars is appropriated
21 to the department of public safety from the state general fund to be
22 allocated to the division of emergency medical services to be available
23 for negotiating emergency ground ambulance service and emergency re-
24 ceiving facilities contracts with qualifying ambulance facilities and
25 emergency receiving facilities.

26 C. The sum of twenty-five thousand dollars is appropriated from
27 the state highway fund and the sum of twenty-five thousand dollars is
28 appropriated from the state general fund to the department of public
29 safety for the purpose of establishing and providing equipment for
30 the statewide emergency medical services communication system prescribed
31 by section 41-1835, Arizona Revised Statutes.

1 D. The sum of one hundred forty-two thousand dollars is appro-
2 priated from the state highway fund and the sum of one hundred forty-two
3 thousand dollars is appropriated from the state general fund to the depart-
4 ment of public safety for the purchase of helicopters and for use as
5 prescribed by section 41-1834, Arizona Revised Statutes.

6 E. The sum of one hundred eighty-eight thousand two hundred twenty
7 dollars is appropriated from the state highway fund and the sum of one
8 hundred eighty-eight thousand two hundred twenty dollars is appropriated
9 from the state general fund to the department of public safety to be
10 available for payment of the costs of operation, including but not
11 limited to personnel, maintenance and insurance of the air ambulance
12 service prescribed by section 41-1834, Arizona Revised Statutes.

13 F. The sums appropriated in subsections C and D of this
14 section shall not lapse until the purposes for which the appropriations
15 are made shall have been accomplished or abandoned unless the sums
16 appropriated shall have stood until January 1, 1975, without an expendi-
17 ture therefrom or an encumbrance thereon.

18 G. The sums appropriated in subsections A, B and E of this
19 section shall not lapse until the purposes for which the appropri-
20 ations are made shall have been accomplished or abandoned unless the
21 sums appropriated shall have stood until July 1, 1973, without an
22 expenditure therefrom or an encumbrance thereon.

23 Sec. 6. Emergency

24 To preserve the public peace, health and safety it is necessary
25 that this act become immediately operative. It is therefore declared
26 to be an emergency measure, to take effect as provided by law.

Approved by the Governor - May 22, 1972

Filed in the Office of the Secretary of State - May 22, 1972

PROPOSED CSHB 164

(7) to cities and boroughs providing paramedical ambulance services, both surface and air, in accordance with standards established by the Department of Health and Social Services, two-thirds of the annual operating cost of the service, not to exceed an amount equal to \$ 2 per capita based on the population of the area served.

sec 2 This act takes effect July 1, 1973

HB

245

Revenues from State
Right-of-Way Leasing Act

HB 245

in Thousands of dollars

	<u>F.Y. 1978</u>	<u>F.Y. 1979</u>	<u>F.Y. 1980</u>	<u>F.Y. 1981</u>	<u>F.Y. 1982</u>	<u>F.Y. 1983</u>	<u>F.Y. 1990</u>	<u>F.Y. 2000</u>	<u>Average</u>
At 4% ICC Return	\$ 2,078	\$ 2,078	\$ 2,078	\$ 2,078	\$ 2,078	\$ 2,078	\$ 8,721	\$27,140	\$15,436
at 5% ICC Return	3,455	4,121	4,796	5,479	6,169	7,548	18,546	35,168	22,699
At 7% ICC Return	25,105	26,074	27,067	28,083	29,121	30,182	38,196	51,223	40,580

STATE OF ALASKA
REVENUE

BUDGET PLANNING MODEL

HB 245

13
6
3

RUN ID RUN 26

DATE FEBRUARY 8, 1973

COMMENTS

PIPELINE CONSTRUCTION BEGINS IN FY 1975
OIL FLOWS IN FY 1978
RIGHT-OF-WAY LEASING 4%
TAX PACKAGE INCLUDED

ASSUMPTIONS

- ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.00%
- ANNUAL RATE OF INTEREST ON NEW BONDS = 6.00%
- MATURITY PERIOD ON NEW BONDS IN YEARS = 20.
- % OF CURRENT YR EXPEND. IN G.F. CASH BAL = 20.00%
- ANN OPER EXPEND GROWTH RATE AFTER 1ST YR = 5.00%

FISCAL YEAR	NON INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	OPERATING EXPENDITURE	DEBT SERVICE	MISC EXP SHD TAXES OF CAP EX	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	GENERAL FUND END OF YEAR
1973									642638.0
1974	181847.0	45877.2	227724.2	318666.0	26441.0	2193.0	357300.0	-129575.8	513062.2
1975	182511.0	33244.3	215755.3	334599.0	30000.0	2821.0	377420.0	-161664.8	351397.4
1976	195180.0	19652.5	214832.4	351328.6	33200.0	3165.0	397693.6	-182861.2	168536.3
1977	201058.0	5191.8	206249.8	368894.6	40000.0	3278.0	422172.6	-215922.8	-47386.6
1978	342023.0	-6022.0	336000.9	387339.1	45500.0	3898.0	461737.1	-125736.1	-173122.7
1979	517876.0	-8642.8	509233.1	406705.6	52100.0	3620.0	504425.6	4807.5	-168315.2
1980	541939.0	-6666.0	535272.9	427040.4	55300.0	46391.0	528731.4	6541.5	-161773.7
1981	565499.0	-4740.6	560758.4	448391.8	58200.0	48294.0	554885.8	5872.6	-155901.1
1982	571140.0	-3618.4	567521.6	470811.1	61600.0	48250.0	580661.1	-13139.5	-169040.6
1983	583091.0	-3839.8	579251.2	494351.1	66800.0	51627.6	612778.1	-33526.9	-202567.5
	3882164.0	70435.8	3952597.0	4908125.0	469141.0	320537.0	4797802.6	-845205.5	

STATE OF ALASKA
REVENUE

BUDGET PLANNING MODEL

*Flow's
HB 59*

RUN ID: RUN 40

DATE: FEBRUARY 8, 1973

COMMENTS

PIPELINE CONSTRUCTION BEGINS IN FY 1975
OIL FLOWS IN FY 1978
RIGHT-OF-WAY LEASING 4%
TAX PACKAGE INCLUDED
PROPERTY TAX INCLUDED

ASSUMPTIONS
ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.00%
ANNUAL RATE OF INTEREST ON NEW BONDS = 6.00%
MATURITY PERIOD ON NEW BONDS IN YEARS = 20.
% OF CURRENT YR EXPEND. IN G.F. CASH BAL = 20.00%
ANN OPER EXPEND GROWTH RATE AFTER 1ST YR = 5.00%

FISCAL YEAR	NON INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	OPERATING EXPENDITURE	DEBT SERVICE	MISC EXP SHD TAXES GF CAP EX	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	GENERAL FUND END OF YEAR
1973									642638.0
1974	185864.0	46022.9	231886.9	318666.0	26441.0	12133.0	357300.0	-125413.1	517224.0
1975	202913.0	34275.6	237188.6	334599.0	30000.0	12121.0	377420.0	-140231.4	376993.4
1976	232959.0	22794.0	255753.0	351328.6	33200.0	13155.0	397093.6	-141940.6	235052.8
1977	256511.0	11714.8	268225.8	368894.6	40000.0	13178.0	422172.6	-153946.8	81106.1
1978	406945.0	4834.3	410879.3	387339.1	45500.0	28138.0	461737.1	-50857.8	30248.3
1979	582628.0	6884.0	589512.0	406705.6	52100.0	45629.0	504425.6	-85086.4	115334.6
1980	606691.0	13557.9	620248.8	427040.4	55300.0	46391.0	528731.4	91517.4	206852.0
1981	630251.0	20180.3	650431.3	448391.8	58200.0	48294.0	554885.8	95545.6	302397.6
1982	635892.0	25999.5	661891.5	470811.1	61600.0	48250.0	580661.1	81230.4	383628.0
1983	647843.0	30475.2	678318.2	494351.1	66800.0	51627.0	612778.1	65540.1	449168.1
	4387597.0	216738.4	4604333.0	4008125.0	469141.0	320537.0	4797802.0	-193469.9	

STATE OF ALA KA
REVENUE

BUDGET PLANNING MODEL

HB 245

3-6-73

RUN ID RUN 106
DATE MARCH 6, 1973
COMMENTS

PIPELINE CONSTRUCTION BEGINS JULY 1, 1974 (FY 1975)
OIL FLOWS IN FY 1978
TAX PACKAGE INCLUDED
PROPERTY TAX INCLUDED (HOUSE BILL 245)

ASSUMPTIONS

- ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.00%
- ANNUAL RATE OF INTEREST ON NEW BONDS = 6.00%
- MATURITY PERIOD ON NEW BONDS IN YEARS = 20.
- % OF CURRENT YR EXPEND. IN G.F. CASH BAL = 20.00%
- ANN OPER EXPEND GROWTH RATE AFTER 1ST YR = 5.00%

FISCAL YEAR	NON INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	OPERATING EXPENDITURE	DEBT SERVICE	MISC EXP SHD TAXES GF CAP EX	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	GENERAL FUND END OF YEAR
1973									642638.0
1974	193905.0	46314.6	240219.6	318666.0	26441.0	1 193.0	357300.0	-117080.4	525557.6
1975	213202.0	35232.1	248434.1	334509.0	30000.0	1 821.0	377420.0	-128985.9	396571.6
1976	246582.0	24617.7	271199.7	351328.6	33200.0	15165.0	397693.6	-126493.9	270077.7
1977	271642.0	14581.5	286223.4	362894.6	40000.0	1 278.0	422172.6	-135949.1	134128.6
1978	423512.0	8883.2	432395.2	387339.1	45500.0	2 898.0	461737.1	-29341.9	104786.7
1979	602030.0	12270.2	614300.1	406705.6	52100.0	4 620.0	504425.6	109874.5	214661.2
1980	627968.0	20419.4	648387.4	427040.4	55300.0	46391.0	528731.4	119655.9	334317.1
1981	652931.0	28636.2	681567.2	448391.8	58200.0	48294.0	554885.8	126681.4	460993.6
1982	659367.0	36129.4	695496.4	470811.1	61600.0	4 250.0	580661.1	114835.3	575833.9
1983	671648.0	42319.9	713967.9	494351.1	66800.0	5 627.0	612778.1	101189.8	677023.6
	4562787.0	269403.9	4832188.0	4008125.0	469141.0	32 537.0	4797802.0	34385.6	

Min. balance

STATE OF ALASKA
REVENUE

BUDGET PLANNING MODEL

RUN ID RUN 107
DATE MARCH 6, 1973

COMMENTS
PIPELINE CONSTRUCTION BEGINS JULY 1, 1974 (FY 1975)
CIL FLOWS IN FY 1978
TAX PACKAGE INCLUDED
PROPERTY TAX INCLUDED (HOUSE BILL 245)

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.00%
ANNUAL RATE OF INTEREST ON NEW BONDS = 6.00%
MATURITY PERIOD ON NEW BONDS IN YEARS = 20.
% OF CURRENT YR EXPEND. IN G.F. CASH BAL = 20.00%
ANN OPER EXPEND GROWTH RATE AFTER 1ST YR = 7.00%

FISCAL YEAR	NON INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	OPERATING EXPENDITURE	DEBT SERVICE	MISC EXP SHD TAXES GF CAP EX	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	GENERAL FUND END OF YEAR
1973									642638.0
1974	193905.0	46314.6	240219.6	318066.0	26441.0	12193.0	357300.0	-117080.4	525557.6
1975	213202.0	35093.4	248295.4	340972.5	30000.0	17821.0	383793.5	-135498.1	390059.4
1976	246582.0	23867.9	270449.8	364840.2	33200.0	13165.0	411205.2	-140755.4	249304.1
1977	271642.0	12691.7	284333.6	390378.7	40000.0	1278.0	443656.7	-159323.1	89981.0
1978	423512.0	5263.5	428775.5	417704.8	45500.0	2898.0	492102.8	-63327.3	26653.7
1979	602030.0	6263.8	608293.8	446944.0	52100.0	4620.0	544664.0	63629.8	90283.4
1980	627968.0	11296.8	639264.8	478229.3	55300.0	46391.0	579920.3	59344.4	149627.9
1981	652931.0	15588.5	668519.4	511705.2	58200.0	48294.0	618199.2	50320.3	199948.1
1982	659367.0	18261.7	677628.7	547523.9	61600.0	46250.0	657373.9	20254.8	220202.9
1983	671648.0	18643.7	690291.6	585850.4	66800.0	5627.0	704277.4	-13985.8	206217.2
	4562787.0	193285.1	4756068.0	4402812.0	469141.0	32537.0	5192489.0	-436420.8	

new balance

STATE OF ALA. KA
REVENUE

HB 245

BUDGET PLANNING MODEL

3-7-73

17 copies

RUN ID RUN 114
DATE MARCH 7, 1973

COMMENTS
PIPELINE CONSTRUCTION BEGINS JULY 1, 1974 (FY 1975)
OIL FLOWS IN FY 1978
TAX PACKAGE INCLUDED
PROPERTY TAX INCLUDED (HOUSE BILL 245)
RIGHT-OF-WAY LEASING 4%

ASSUMPTIONS
ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.00%
ANNUAL RATE OF INTEREST ON NEW BONDS = 6.00%
MATURITY PERIOD ON NEW BONDS IN YEARS = 20.
% OF CURRENT YR EXPEND. IN G.F. CASH BAL = 20.00%
ANN OPER EXPEND GROWTH RATE AFTER 1ST YR = 5.00%

FISCAL YEAR	NON INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	OPERATING EXPENDITURE	DEBT SERVICE	MISC EXP SHD TAXES OF CAP EX	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	GENERAL FUND END OF YEAR
1973									642630.0
1974	193905.0	46314.6	240219.6	318666.0	26441.0	1193.0	357300.0	-117080.4	525557.6
1975	213202.0	35232.1	248434.1	334599.0	30000.0	1321.0	377420.0	-128985.9	396571.6
1976	240582.0	24617.7	271199.7	351328.6	33200.0	1165.0	397693.6	-126493.9	270077.7
1977	271642.0	14581.5	286223.4	368894.6	40000.0	1175.0	422172.6	-135949.1	134128.6
1978	425590.0	8958.6	434548.6	387339.1	45500.0	2198.0	461737.1	-27188.5	106940.1
1979	604108.0	12496.3	616604.3	406705.6	52100.0	4520.0	504425.6	112178.6	219118.7
1980	630046.0	20796.3	650842.3	42710.4	55300.0	6391.0	528731.4	122110.8	341229.5
1981	655009.0	29163.8	684172.8	448391.8	58200.0	4194.0	554885.8	129287.0	470516.5
1982	661445.0	36807.7	698252.7	470811.1	61600.0	4150.0	580661.1	117591.6	588108.1
1983	673726.0	43148.9	716874.9	494351.1	6680	51127.0	612778.1	104096.8	692204.9
	4575255.0	272117.1	4847369.0	4008125.0	469141.0	320137.0	4797802.0	49566.9	

STATE OF ALASKA
REVENUE

BUDGET PLANNING MODEL

RUN ID RUN 115

DATE MARCH 7, 1973

COMMENTS

PIPELINE CONSTRUCTION BEGINS JULY 1, 1974 (FY 1975)
OIL FLOWS IN FY 1978
TAX PACKAGE INCLUDED
PROPERTY TAX INCLUDED (HOUSE BILL 245)
RIGHT-OF-WAY LEASING 4%

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.00%
ANNUAL RATE OF INTEREST ON NEW BONDS = 6.00%
MATURITY PERIOD ON NEW BONDS IN YEARS = 20.
% OF CURRENT YR EXPEND. IN G.F. CASH BAL = 20.00%
ANN OPER EXPEND GROWTH RATE AFTER 1ST YR = 7.00%

FISCAL YEAR	NON INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	OPERATING EXPENDITURE	DEBT SERVICE	MISC EXP SHD TAXES GF CAP EX	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	GENERAL FUND END OF YEAR
1973									642038.0
1974	193905.0	46314.6	240219.6	318666.0	26441.0	1 193.0	357300.0	-117080.4	525557.6
1975	213202.0	35093.4	248295.4	340972.5	30000.0	1 821.0	383793.5	-135498.1	390059.4
1976	246582.0	23867.9	270449.8	364840.2	33200.0	1 165.0	411205.2	-140755.4	249304.1
1977	271642.0	12691.7	284333.6	390378.7	40000.0	1 278.0	443656.7	-159323.1	89981.0
1978	425590.0	5338.9	430928.9	417704.8	45500.0	2 898.0	492102.8	-61173.9	28807.1
1979	604108.0	6489.9	610597.9	446944.0	52100.0	4 620.0	544664.0	65933.9	94740.9
1980	630046.0	11673.6	641719.6	478229.3	55300.0	4 6391.0	579920.3	61799.3	156540.2
1981	655009.0	16116.1	671125.1	511705.2	58200.0	4 294.0	618199.2	52925.9	209466.1
1982	661445.0	18940.0	680385.0	547523.9	61600.0	4 250.0	657373.9	23011.1	232477.2
1983	673726.0	19472.7	693198.7	585850.4	60800.0	5 627.0	704277.4	-11078.7	221398.5
	4575255.0	195998.4	4771251.0	4402812.0	469141.0	32 537.0	5192489.0	-421239.5	

STATE OF ALABAMA
REVENUE

BUDGET PLANNING MODEL

RUN ID RUN-116

DATE MARCH 7, 1973

COMMENTS

PIPELINE CONSTRUCTION BEGINS JULY 1, 1974 (FY 1975)
OIL FLOWS IN FY 1978
TAX PACKAGE INCLUDED
PROPERTY TAX INCLUDED (HOUSE BILL 245)
RIGHT-OF-WAY LEASING 7%

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.00%
ANNUAL RATE OF INTEREST ON NEW BONDS = 6.00%
MATURITY PERIOD ON NEW BONDS IN YEARS = 20.
% OF CURRENT YR EXPEND. IN G.F. CASH BAL = 20.00%
ANN OPER EXPEND GROWTH RATE AFTER 1ST YR = 5.00%

FISCAL YEAR	NON INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	OPERATING EXPENDITURE	DEBT SERVICE	MISC EXP SHD TAXES GF CAP EX	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	GENERAL FUND END OF YEAR
1973									642638.0
1974	193905.0	46314.6	240219.6	318666.0	26441.0	1 193.0	357300.0	-117080.4	525557.6
1975	213202.0	35232.1	248434.1	334599.0	30000.0	1 821.0	377420.0	-128985.9	396571.6
1976	24652.0	24617.7	271199.7	351328.6	33200.0	1 165.0	397693.6	-126493.9	270077.7
1977	271642.0	14581.5	286223.4	368894.6	40000.0	1 278.0	422172.6	-135949.1	134128.6
1978	448617.0	9793.8	458410.8	387339.1	45500.0	2 898.0	461737.1	-3326.3	130802.3
1979	628104.0	15036.9	643140.9	406705.6	52100.0	4 502.0	504425.6	138715.3	269517.6
1980	655635.0	25113.6	680748.6	427040.4	55300.0	4 6391.0	528731.4	151417.1	420934.7
1981	681014.0	35330.6	716344.6	448391.8	58200.0	4 294.0	554885.8	161458.8	582393.5
1982	688488.0	44898.6	733386.5	470811.1	61600.0	4 250.0	580661.1	152725.4	735118.9
1983	701830.0	53239.9	755069.9	494351.1	66800.0	5 627.0	612778.1	142291.8	877410.7
	4728419.0	304158.9	5032574.0	4008125.0	469141.0	32 537.0	4797802.0	234772.7	

STATE OF ALASKA
REVENUE

BUDGET PLANNING MODEL

RUN ID RUN 117
DATE MARCH 7, 1973

COMMENTS
PIPELINE CONSTRUCTION BEGINS JULY 1, 1974 (FY 1975)
OIL FLOWS IN FY 1978
TAX PACKAGE INCLUDED
PROPERTY TAX INCLUDED (HOUSE BILL 245)
RIGHT-OF-WAY LEASING 7%

ASSUMPTIONS
ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.00%
ANNUAL RATE OF INTEREST ON NEW BONDS = 6.00%
MATURITY PERIOD ON NEW BONDS IN YEARS = 20.
% OF CURRENT YR EXPEND. IN G.F. CASH BAL = 20.00%
ANN OPER EXPEND GROWTH RATE AFTER 1ST YR = 7.00%

FISCAL YEAR	NON INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	OPERATING EXPENDITURE	DEBT SERVICE	MISC EXP SHD TAXES GF CAP EX	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	GENERAL FUND END OF YEAR
1973									642638.0
1974	193905.0	46314.6	240219.6	318666.0	26441.0	12193.0	357300.0	-117080.4	525557.6
1975	213202.0	35093.4	248295.4	340972.5	30000.0	12821.0	383793.5	-135498.1	390059.4
1976	246582.0	23867.9	270449.8	384840.2	33200.0	13165.0	411205.2	-140755.4	249304.1
1977	271642.0	12691.7	284333.6	390378.7	40000.0	13278.0	443656.7	-159323.1	89981.0
1978	448617.0	6174.1	454791.1	417704.8	45500.0	28898.0	492102.8	-37311.8	52669.3
1979	628104.0	9030.6	637134.6	446944.0	52100.0	45620.0	544664.0	92470.6	145139.8
1980	655035.0	15990.9	671025.9	478229.3	55300.0	46391.0	579920.3	91105.6	236245.4
1981	681014.0	22282.9	703296.9	511705.2	58200.0	41294.0	618199.2	85097.7	321343.1
1982	688488.0	27930.9	715518.9	547523.9	61600.0	41250.0	657373.9	58145.0	379488.1
1983	701830.0	29563.7	731393.7	585850.4	66800.0	51627.0	704277.4	27116.3	406604.4
	4728419.0	228040.4	4956455.0	4402812.0	469141.0	329537.0	5192489.0	-236033.6	

The Legislature of the State of Alaska
 FISCAL NOTE
 First Session - Eighth Legislature

I. REQUEST

Bill Identification: HB 245 and CS
 Title: Oil and Gas Trans Property Tax - Administration
 Requested by: Legislative Finance Date: March 15, 1973
 Return Date Requested: March 22, 1973
 Agency: Revenue Program: Fiscal Services

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Fiscal Services

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 73	FY 74	FY 75	FY 76	FY 77	FY 78
100 PERSONAL SERVICES		490.0	517.0	545.4	575.4	607.0
200 TRAVEL		90.0	95.0	100.2	105.7	111.5
300 CONTRACTUAL		100.0	105.5	111.3	117.4	123.9
400 COMMODITIES		8.0	8.4	8.9	9.4	9.9
500 EQUIPMENT		20.5				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		708.5	725.9	765.8	807.9	852.3

B. FUNDING: (Thousands of dollars)

GENERAL FUND		708.5	725.9	765.8	807.9	852.3
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	28/	28/	28/	28/	28/
MAN MONTHS (P./T.)	/	336/	336/	336/	336/	336/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See memorandum dated March 21, 1973 from F. P. Boetsch,
 Director of Audit.

IV. ATTACHMENTS

V. DATE: 3.22.73

PREPARED BY: *R.S. [Signature]*

Commissioner of Revenue

Original: Legislative Finance
 cc: Budget and Management
Prime Sponsor (First Legislator Named)

STATE
of ALASKA

MEMORANDUM

TO: R. D. Stevenson
Commissioner

DATE : March 21, 1973

FROM: Fred Boetsch
Director of Audit *FB*

SUBJECT: HB 245 and CSHB 245

Basically, both the original bill and the Committee Substitute provide for an annual tax to be imposed by the State in the amount of 20 mills on all property used in the production and transportation of unrefined oil and gas. This would include, but not be limited to, existing facilities in the Kenai-Cook Inlet area, existing and proposed facilities in the North Slope area, the Trans-Alaska Pipeline System, and all related facilities including the tanker terminal at Valdez.

We note the differences between the two bills below:

1. The original bill would start the levy of the tax on all property on January 1, 1974. The Committee Substitute would start the tax at the same time except for the Trans-Alaska Pipeline System and wells on the North Slope. With respect to the TAPS line, the tax would not start until the appropriate federal agency acquired legal authority to issue necessary permits to commence construction of the line and with respect to production equipment the tax would not be imposed until the well is producing.

2. The original bill provides that local governments in which the facility is located may levy a tax not to exceed 20 mills on not more than 25 percent of the value of property located in their jurisdiction which is subject to the tax under the bill. In effect, this would allow the local governments to tax the value of facilities located in their area up to five mills. The Committee Substitute, on the other hand, allows local governments to impose a tax of up to seven mills on the same property. Such local taxes would be in lieu of the statewide tax. In effect, then, there would be a revenue sharing back to the local governments to the extent of either five mills in the case of the original bill, or seven mills in the case of the Committee Substitute.

3. The original bill provides that the taxes are payable to the Department of Revenue by September 30 of the tax year whereas the Committee Substitute provides that payment shall be made by June 30 of the tax year.

4. The original bill provides that the rental formulas for pipeline right-of-way under AS 38.35.140 as they presently stand are repealed and another method substituted. The Committee Substitute does not provide for the repealer of existing right-of-way leasing formulas.

I am attaching four different projections. One projection indicates the property tax revenues that could be expected under House Bill 245 as originally written, and is so labeled. This indicates the five-mill sharing back to local governments. The projection labeled "Revenues from State Right-of-Way Leasing Act" indicates the losses which could be expected from passage of the original bill due to elimination of the formulas. The two projections for the Committee Substitute are labeled Case A and Case B. Case A provides the projection in case permit granting authority is received prior to January 1 of 1974 in which case the pipe on hand would be subject to the tax on January 1, 1974. Case B assumes that permit granting authority is not received until after January 1, 1974 in which case none of the pipe would be subject to the tax. All cases assume that construction starts on July 1 of 1974 and production starts on July 1 of 1977 with respect to the North Slope activity. Basically, these projections indicate very substantial tax revenues in the first year of construction, rising very rapidly after that, and then levelling off in 1978-79 with slow growth thereafter due to the addition of new producing wells on the North Slope.

I am also attaching a Fiscal Note which indicates the cost of administering either bill since the fundamental problem is the assessment of the values of property during the construction phase and subsequent thereto. Due to the magnitude of the projected revenues and their importance to the funding of State government, I have tentatively accorded this function the status of Division-level operation within the Department of Revenue. I propose that this be known as the Property Tax Division. It is important that we recognize the magnitude of the project under consideration. We are talking about an ultimate assessed valuation of close to \$6 billion which is more than double the assessed valuation of the State of Alaska at the present time (approximately \$2.7 billion). I have divided the Property Tax Division into two sections: Audit and Engineering. The Audit Section is necessary to review the records of construction firms and oil companies involved in the projects in order to ascertain cost measures. The engineers are necessary to determine percentage of completion of the facility in accordance with the formula provided for in the bills and to analyze the design of various facilities in order to determine their usage as oil and gas transportation facilities and, in the case of wells, to determine the extent of intangible drilling costs. We have also provided for the necessary accounting and clerical staff to support both engineers and auditors. The total costs projected are very nominal in relation to the total potential revenues from this tax. Due to the rapid climb in revenues in relation to rather slow growth in expenses, the expense to revenue relationship decreases very rapidly once construction commences. It is important, however, that the valuation job be done by competent professionals in both the audit and engineering fields since we are dealing with such a large magnitude project. A relatively small error in determining percentage of completion or in analyzing costs could result in a large difference in the amount of tax collected and in the value of property subject to tax by

local governments under those provisions of the bill.

There are no administrative problems with either version of the bill from the viewpoint of the Department of Revenue other than the fact that we will be unable to enforce either bill without funding in accordance with the Fiscal Note recommendation. We simply do not at the present time have any staff capable of doing a proper job of assessment on these projects. Therefore, it is imperative that the Division of Property Taxes be funded if either bill is passed so that we can be in a position to protect State revenues from this vital source.

FPB:mbc
Enc.

cc: L. C. Eppenbach,
Deputy Commissioner of Treasury

HOUSE BILL 245
 20 Mill Property Tax on Pipeline and Production Facilities
 Projection of Ad Valorem Tax Revenues
 (\$000 Omitted)

	<u>FY 74</u>	<u>FY 75</u>	<u>FY 76</u>	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>	<u>FY 81</u>	<u>FY 82</u>	<u>FY 83</u>
Tax on TAPS Pipeline	\$ 4,574.0	\$22,055.9	\$40,853.1	\$59,947.1	\$69,211.1	\$70,000.0	\$70,000.0	\$70,000.0	\$70,000.0	\$70,000.0
Tax on Other Pipeline & Production Facilities	<u>\$11,980.0</u>	<u>\$13,020.0</u>	<u>\$15,420.0</u>	<u>\$17,860.0</u>	<u>\$21,840.0</u>	<u>\$22,740.0</u>	<u>\$23,540.0</u>	<u>\$24,140.0</u>	<u>\$24,480.0</u>	<u>\$24,620.0</u>
Total Gross Tax Collections	\$16,554.0	\$35,075.9	\$56,273.1	\$77,807.6	\$91,051.1	\$92,740.0	\$93,540.0	\$94,140.0	\$94,480.0	\$94,620.0
Less:										
Shared to Local Governments (see below)	<u>3,690.8</u>	<u>5,322.2</u>	<u>7,683.9</u>	<u>10,083.5</u>	<u>11,946.6</u>	<u>12,245.5</u>	<u>12,445.5</u>	<u>12,595.5</u>	<u>12,680.5</u>	<u>12,715.5</u>
Net Revenue to State Treasury	<u>\$12,863.2</u>	<u>\$29,753.7</u>	<u>\$48,589.2</u>	<u>\$67,724.1</u>	<u>\$79,104.5</u>	<u>\$80,494.5</u>	<u>\$81,094.5</u>	<u>\$81,544.5</u>	<u>\$81,799.5</u>	<u>\$81,904.5</u>
Local Governments' Share of Property Tax:										
North Slope Borough	\$ 902.8	\$ 1,928.3	\$ 3,311.0	\$ 4,716.0	\$ 6,096.7	\$ 6,354.5	\$ 6,554.5	\$ 6,704.5	\$ 6,789.5	\$ 6,824.5
North Star Borough	203.5	334.5	619.5	909.1	1,049.4	1,061.5	1,061.5	1,061.5	1,061.5	1,061.5
City of Valdez	339.5	814.4	1,508.4	2,213.4	2,555.4	2,584.5	2,584.5	2,584.5	2,584.5	2,584.5
Kenai Borough	<u>2,245.0</u>	<u>2,245.0</u>	<u>2,245.0</u>	<u>2,245.0</u>	<u>2,245.0</u>	<u>2,245.0</u>	<u>2,245.0</u>	<u>2,245.0</u>	<u>2,245.0</u>	<u>2,245.0</u>
Total Shared Revenue	<u>\$ 3,690.8</u>	<u>\$ 5,322.2</u>	<u>\$ 7,683.9</u>	<u>\$10,083.5</u>	<u>\$11,946.6</u>	<u>\$12,245.5</u>	<u>\$12,445.5</u>	<u>\$12,595.5</u>	<u>\$12,680.5</u>	<u>\$12,715.5</u>

Assumptions:

1. Construction starts July 1, 1974
2. Production starts July 1, 1977

Revenues from State
Right-of-Way Leasing Act
(Millions of Dollars)

	Year of TAPS Pipeline Operation				Average 35 Years
	<u>1st</u>	<u>5th</u>	<u>10th</u>	<u>20th</u>	
At 4% ICC Return	2.1	2.1	4.5	21.5	15.4
At 5% ICC Return	3.4	6.2	13.7	30.1	22.7
At 7% ICC Return	25.1	29.1	44.6	47.1	40.6

At a 4% ICC rate of return North Slope oil corporations will maximize their total profits. This ICC return rate and the concurrent revenues to the State are the most likely case.

Committee Substitute for HOUSE BILL 245 (Case A)
 20 Mill Property Tax on Pipeline and Production Facilities
 Projection of Ad Valorem Tax Revenues
 (\$000 Omitted)

	<u>FY 74</u>	<u>FY 75</u>	<u>FY 76</u>	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>	<u>FY 81</u>	<u>FY 82</u>	<u>FY 83</u>
Tax on TAPS Pipeline	\$ 4,574.0	\$22,055.9	\$40,853.1	\$59,947.6	\$69,211.1	\$70,000.0	\$70,000.0	\$70,000.0	\$70,000.0	\$70,000.0
Tax on Other Pipeline & Production Facilities	<u>11,980.0</u>	<u>13,020.0</u>	<u>15,420.0</u>	<u>17,860.0</u>	<u>21,840.0</u>	<u>22,740.0</u>	<u>23,540.0</u>	<u>24,140.0</u>	<u>24,480.0</u>	<u>24,620.0</u>
Total Gross Tax Collections	\$16,554.0	\$35,075.9	\$56,273.1	\$77,807.6	\$91,051.1	\$92,740.0	\$93,540.0	\$94,140.0	\$94,480.0	\$94,620.0
Less:										
Shared to Local Governments (see below)	<u>\$ 5,167.1</u>	<u>\$ 7,451.4</u>	<u>\$10,757.4</u>	<u>\$14,116.8</u>	<u>\$16,725.2</u>	<u>\$17,143.7</u>	<u>\$17,423.7</u>	<u>\$17,633.7</u>	<u>\$17,752.7</u>	<u>\$17,801.7</u>
Net Revenue to State Treasury	<u>\$11,386.9</u>	<u>\$27,624.5</u>	<u>\$45,515.7</u>	<u>\$63,690.8</u>	<u>\$74,325.9</u>	<u>\$75,596.9</u>	<u>\$76,116.3</u>	<u>\$76,506.3</u>	<u>\$76,727.3</u>	<u>\$76,818.3</u>
Local Governments' Share of Property Tax:										
North Slope Borough	\$ 1,263.9	\$ 2,700.0	\$ 4,635.4	\$ 6,602.4	\$ 8,535.4	\$ 8,896.3	\$ 9,176.3	\$ 9,386.3	\$ 9,505.3	\$ 9,554.3
North Star Borough	284.9	468.3	867.3	1,272.7	1,469.3	1,485.1	1,486.1	1,486.1	1,486.1	1,486.1
City of Valdez	475.3	1,140.1	2,111.7	3,098.7	3,577.5	3,618.3	3,618.3	3,618.3	3,618.3	3,618.3
Kenai Borough	<u>3,143.0</u>	<u>3,143.0</u>	<u>3,143.0</u>	<u>3,143.0</u>	<u>3,143.0</u>	<u>3,143.0</u>	<u>3,143.0</u>	<u>3,143.0</u>	<u>3,143.0</u>	<u>3,143.0</u>
Total Shared Revenue	<u>\$ 5,167.1</u>	<u>\$ 7,451.4</u>	<u>\$10,757.4</u>	<u>\$14,116.8</u>	<u>\$16,725.2</u>	<u>\$17,143.7</u>	<u>\$17,423.7</u>	<u>\$17,633.7</u>	<u>\$17,752.7</u>	<u>\$17,801.7</u>

Assumptions:

1. Permit granting authority received prior to January 1, 1974
2. Construction starts July 1, 1974
3. Production starts July 1, 1977

Committee Substitute for HOUSE BILL 245 (Case B)
 20 Mill Property Tax on Pipeline and Production Facilities
 Projection of Ad Valorem Tax Revenues
 (\$000 Omitted)

	<u>FY 74</u>	<u>FY 75</u>	<u>FY 76</u>	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>	<u>FY 81</u>	<u>FY 82</u>	<u>FY 83</u>
Tax on TAPS Pipeline	\$ -0-	\$22,055.9	\$40,853.1	\$59,947.6	\$69,211.1	\$70,000.0	\$70,000.0	\$70,000.0	\$70,000.0	\$70,000.0
Tax on Other Pipeline & Production Facilities	<u>11,980.0</u>	<u>13,020.0</u>	<u>15,420.0</u>	<u>17,860.0</u>	<u>21,840.0</u>	<u>22,740.0</u>	<u>23,540.0</u>	<u>24,140.0</u>	<u>24,480.0</u>	<u>24,620.0</u>
Total Gross Tax Collections	\$11,980.0	\$35,075.9	\$56,273.1	\$77,807.6	\$91,051.1	\$92,740.0	\$93,540.0	\$94,140.0	\$94,480.0	\$94,620.0
Less:										
Shared to Local Governments (see below)	<u>4,193.0</u>	<u>7,451.4</u>	<u>10,757.4</u>	<u>14,116.8</u>	<u>16,725.2</u>	<u>17,143.7</u>	<u>17,423.7</u>	<u>17,633.7</u>	<u>17,752.7</u>	<u>17,801.7</u>
Net Revenue to State Treasury	<u>\$7,787.0</u>	<u>\$27,624.5</u>	<u>\$45,515.7</u>	<u>\$63,690.8</u>	<u>\$74,325.9</u>	<u>\$75,596.9</u>	<u>\$76,116.3</u>	<u>\$76,506.3</u>	<u>\$76,727.3</u>	<u>\$76,818.3</u>
Local Governments' Share of Property Tax:										
North Slope Borough	\$ 1,050.0	\$ 2,700.0	\$ 4,635.4	\$ 6,602.4	\$ 8,535.4	\$ 8,896.3	\$ 9,176.3	\$ 9,386.3	\$ 9,505.3	\$ 9,554.3
North Star Borough	-0-	468.3	867.3	1,272.7	1,469.3	1,486.1	1,486.1	1,486.1	1,486.1	1,486.1
City of Valdez	-0-	1,140.1	2,111.7	3,098.7	3,577.5	3,618.3	3,618.3	3,618.3	3,618.3	3,618.3
Kenai Borough	<u>3,143.0</u>	<u>3,143.0</u>	<u>3,143.0</u>	<u>3,143.0</u>	<u>3,143.0</u>	<u>3,143.0</u>	<u>3,143.0</u>	<u>3,143.0</u>	<u>3,143.0</u>	<u>3,143.0</u>
Total Shared Revenue	<u>\$ 4,193.0</u>	<u>\$ 7,451.4</u>	<u>\$10,757.4</u>	<u>\$14,116.8</u>	<u>\$16,725.2</u>	<u>\$17,143.7</u>	<u>\$17,423.7</u>	<u>\$17,633.7</u>	<u>\$17,752.7</u>	<u>\$17,801.7</u>

Assumptions:

1. Permit granting authority received subsequent to January 1, 1974, but before July 1, 1974
2. Construction starts July 1, 1974
3. Production starts July 1, 1977

Proposed Amendments to HB 245

Page 1,

lines 6-7, delete and substitute, For an Act entitled:

"An Act providing for a state tax on property used in transportation and production of unrefined oil and gas; and providing for an effective date."

line 13, ...personal property actually used or designed or intended for use [EMPLOYED] in the...

line 14, ...unrefined oil and gas. With respect to the facility known as the transalaska pipeline, the tax does not apply until the appropriate federal agency acquires legal authority to issue the permits necessary to begin construction of that facility. The tax for the year in which the authority is acquired shall be pro-rated from the time of acquisition.

line 24, ...assessment date according to the percentage of completion method.

lines 25-26, ... not to exceed 7 mills on [20 MILLS ON NOT MORE THAN 25% OF] the full and true value ,as determined in accordance with sections 40-70 of this chapter, of taxable real...

Page 2

line 8, section 20, add a new paragraph to read:

(3) production machinery, appliances, and equipment used in and around a well, until the well is producing oil or gas, at which time the exemption terminates.

Page 3

line 2, ... June 30 [SEPTEMBER 30]...

line 29 ... regulations in accordance with AS 44.62. as...

Page 4

lines 3-5, delete.

*Sec 2, delete.

STATE OF ALASKA
REVENUE

BUDGET PLANNING MODEL

HB 245

RUN ID RUN 26

DATE FEBRUARY 8, 1973

COMMENTS

PIPELINE CONSTRUCTION BEGINS IN FY 1975
OIL FLOWS IN FY 1978
RIGHT-OF-WAY LEASING 4%
TAX PACKAGE INCLUDED

3-6-73

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.00%

ANNUAL RATE OF INTEREST ON NEW BONDS = 6.00%

MATURITY PERIOD ON NEW BONDS IN YEARS = 20.

% OF CURRENT YR EXPEND. IN GEN. CASH BAL = 20.00%

ANN OPER EXPEND GROWTH RATE AFTER 1ST YR = 5.00%

FISCAL YEAR	NON INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	OPERATING EXPENDITURE	DEBT SERVICE	MISC EXP SHD TAXES OF CAP EX	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	GENERAL FUND END OF YEAR
1973									642638.0
1974	181847.0	45877.2	227724.2	318666.0	26441.0	2193.0	357300.0	-129575.8	513062.2
1975	182511.0	33244.3	215755.3	334599.0	30000.0	2821.0	377420.0	-161664.9	351397.4
1976	195180.0	19652.5	214832.4	351328.6	33200.0	3165.0	397693.6	-182861.2	168536.3
1977	201058.0	5191.8	206249.8	368894.6	40000.0	3278.0	422172.6	-215922.8	-47386.6
1978	342023.0	-6022.0	336000.9	387339.1	45500.0	3898.0	461737.1	-125736.1	-173122.7
1979	517876.0	-8642.8	509233.1	406705.6	52100.0	15620.0	504425.6	4807.5	-168315.2
1980	541939.0	-6666.0	535272.9	427040.4	55300.0	46391.0	528731.4	6541.5	-161773.7
1981	565499.0	-4740.6	560758.4	448391.8	58200.0	48794.0	554885.8	5872.6	-155901.1
1982	571140.0	-3618.4	567521.6	470811.1	61600.0	48250.0	580661.1	-13139.5	-169040.6
1983	583091.0	-3839.8	579251.2	494351.1	66800.0	51627.0	612778.1	-33526.9	-202567.5
	3882164.0	70435.8	3952597.0	4008125.0	469141.0	320537.0	4797802.0	-845205.5	

STATE OF ALASKA
REVENUE

BUDGET PLANNING MODEL

*How's
HB 59*

RUN ID RUN 40

DATE FEBRUARY 8, 1973

COMMENTS

PIPELINE CONSTRUCTION BEGINS IN FY 1975
OIL FLOWS IN FY 1978
RIGHT-OF-WAY LEASING 4%
TAX PACKAGE INCLUDED
PROPERTY TAX INCLUDED

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.00%

ANNUAL RATE OF INTEREST ON NEW BONDS = 6.00%

MATURITY PERIOD ON NEW BONDS IN YEARS = 20.

% OF CURRENT YR EXPEND. IN G.F. CASH BAL = 20.00%

ANN OPER EXPEND GROWTH RATE AFTER 1ST YR = 5.00%

FISCAL YEAR	NON INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	OPERATING EXPENDITURE	DEBT SERVICE	MISC EXP SHD TAXES GF C/ P EX	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	GENERAL FUND END OF YEAR
1973									642638.0
1974	185864.0	46022.9	231886.9	318666.0	26441.0	12133.0	357300.0	-125413.1	517224.9
1975	202913.0	34275.6	237188.6	334599.0	30000.0	12121.0	377420.0	-140231.4	376993.4
1976	232959.0	22794.0	255753.0	351328.6	33200.0	13155.0	397093.6	-141940.6	235052.8
1977	256511.0	11714.8	268225.8	368894.6	40000.0	13178.0	422172.6	-153946.8	81106.1
1978	406045.0	4834.3	410879.3	387339.1	45500.0	28138.0	461737.1	-50857.8	30248.3
1979	582628.0	6884.0	589512.0	406705.6	52100.0	45629.0	504425.6	85086.4	115334.6
1980	606691.0	13557.	620248.8	427040.4	55300.0	46391.0	528731.4	91517.4	206852.0
1981	630251.0	20180.3	650431.3	448391.8	58200.0	48294.0	554885.8	95545.6	302397.6
1982	635892.0	25999.5	661891.5	470811.1	61600.0	48250.0	580661.1	81230.4	383628.0
1983	647843.0	30475.2	678318.2	494351.1	66800.0	51127.0	612778.1	65540.1	449168.1
	4387597.0	216738.4	4604333.0	4008125.0	469141.0	320537.0	4797802.0	-193469.9	

HB 245

Revenues from State
Right-of-Way Leasing Act

in Thousands of dollars

	<u>F.Y.</u> <u>1978</u>	<u>F.Y.</u> <u>1979</u>	<u>F.Y.</u> <u>1980</u>	<u>F.Y.</u> <u>1981</u>	<u>F.Y.</u> <u>1982</u>	<u>F.Y.</u> <u>1983</u>	<u>F.Y.</u> <u>1990</u>	<u>F.Y.</u> <u>2000</u>	<u>Average</u>
At 4% ICC Return	\$ 2,078	\$ 2,078	\$ 2,078	\$ 2,078	\$ 2,078	\$ 2,078	\$ 8,721	\$27,140	\$15,436
at 5% ICC Return	3,455	4,121	4,796	5,479	6,169	7,548	18,546	35,168	22,699
At 7% ICC Return	25,105	26,074	27,067	28,083	29,121	30,182	38,196	51,223	40,580

COMMITTEE REPORT

HOUSE

Mr. Speaker:

Date 3-14-93

The Committee on Commerce has had HB 245

under consideration. A Majority of the members of the Committee

- recommends it DO PASS
- recommends it DO NOT PASS
- recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- recommends it BE REPLACED WITH CS FOR HB 245 AND THAT
CS FOR HB 245 DO PASS
- "and" recommends it BE REFERRED TO THE _____
COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends: _____
 _____ recommends: _____
 _____ recommends: _____
 _____ recommends: _____
 _____ recommends: _____

Richard L. ... Chairman

PROPOSED AMENDMENT, HB-245

Page one, line 21

Sec 010:

Subsection (a)

line 21: delete: "and other facilities"

line 24: add: "The tax imposed by this subsection shall not be applied on production facilities until such facilities are actually employed in the production of oil and gas."

Proposed Amendments to HB 245

Page 1,

lines 6-7, delete and substitute, For an Act entitled:

"An Act providing for a state tax on property used in transportation and production of unrefined oil and gas; and providing for an effective date."

2 line 13, ...personal property actually used or designed or intended for use [EMPLOYED] in the...

3 line 14, ...unrefined oil and gas. With respect to the facility known as the transalaska pipeline, the tax does not apply until the appropriate federal agency acquires legal authority to issue the permits necessary to begin construction of that facility. The tax for the year in which the authority is acquired shall be prorated from the time of acquisition.

line 24, ...assessment date according to the percentage of completion method.

lines 25-26, ... not to exceed 7 mills on [20 MILLS ON NOT MORE THAN 25% OF] the full and true value ,as determined in accordance with sections 40-70 of this chapter, of taxable real...

Page 2

line 8, section 20, add a new paragraph to read:

(3) production machinery, appliances, and equipment used in and around a well, until the well is producing oil or gas, at which time the exemption terminates.

Page 3

line 2, ... June 30 [SEPTEMBER 30]...

line 29 ... regulations in accordance with AS 44.62. as...

Page 4

lines 3-5, delete.

*Sec 2, delete.

Page 1, line 19 delete "property"; insert "equipment"

UNITED STATES
PROPERTY TAX RATES

Department of Revenue
Treasury Division
Audit Division

Minnesota Commission on Taxation

Average Property Tax Rates of All States

	<u>Rate of Assessment</u>	<u>Tax Rate (in Mills)</u>	<u>Effective Rate on Full Market Value (in Mills)</u>
Alabama	16.9	34.0	5.74
Alaska	94.55	14.25	13.47
Arizona	18.9	106.9	20.20
Arkansas	16.0	65.7	10.51
California	19.7	114.3	22.52
Colorado	27.2	90.04	24.49
Connecticut	58.0	49.94	28.96
Delaware	53.4	53.21	28.41
District of Columbia	54.3	32.0	17.37
Florida	85.0	15.9	13.51
Georgia	29.39	41.5	12.12
Hawaii	62.4	18.739	11.69
Idaho	11.95	105.2	12.57
Illinois	41.7	58.1	24.23
Indiana	25.6	105.12	26.91
Iowa	24.6	99.635	24.51
Kansas	20.0	83.871	16.77
Kentucky	87.5	12.383	10.84
Louisiana	17.8	68.89	12.26
Maine	58.6	59.92	35.11
Maryland	52.9	30.07	15.91
Massachusetts	49.1	59.70	29.31
Michigan	28.2	49.54	19.97
Minnesota	30.1	297.47	32.00
Mississippi	15.0	95.0	14.25
Missouri	27.6	50.0	13.80
Montana	40.0	200.0	26.00
Nebraska	31.8	70.34	22.37
Nevada	29.4	46.0	13.52
New Hampshire	70.0	40.3	28.21
New Jersey	75.41	47.4	35.74
New Mexico	23.2	30.8	7.15
New York	48.0	42.17	20.24
North Carolina	46.6	30.0	13.98
North Dakota	21.0	172.63	18.12
Ohio	31.0	46.7	14.48
Oklahoma	20.0	75.0	15.00
Oregon	87.2	27.02	23.56
Pennsylvania	42.8	83.10	35.57
Rhode Island	59.51	45.54	27.10
South Carolina	5.6	193.57	10.84
South Dakota	38.2	52.47	20.04
Tennessee	28.9	49.61	14.34
Texas	21.7	46.62	10.12
Utah	16.2	90.67	14.69
Vermont	36.04	6,820.0	24.57
Virginia	35.1	31.3	10.99
Washington	36.9	42.84	15.81
West Virginia	52.61	14.0	7.37
Wisconsin	60.56	57.65	34.91
Wyoming	20.2	60.542	12.23
National Average			<u>19.10</u>



REPRESENTATIVE WILLARD L. BOWMAN

ALASKA STATE LEGISLATURE

POUCH V - STATE CAPITOL
JUNEAU, ALASKA 99801

1112 EAST 69TH AVENUE
ANCHORAGE, ALASKA 99502

February 24, 1973

Dr. Thomas Barrow
President
Humble Oil and Refining Company
The Humble Building
Houston, Texas

Dear Dr. Barrow:

The Alaska State Legislature is considering the enactment of House Bill 245, entitled "An act relating to oil and gas revenue." This bill would impose a 20-mill ad valorem property tax on oil and gas production and transportation equipment, and would also repeal AS 38.35.140, the revenue formula for State right-of-way leases in the Alaska Right-of-Way Leasing Act of 1972.

The repeal of the revenue formula is intended, according to the sponsors, to make the Right-of-Way Leasing Act acceptable to companies participating in the trans-Alaska pipeline, and to moot the litigation between companies and State now in State Superior Court. I understand that this litigation could possibly delay construction of the pipeline, if a Federal permit for construction were issued, and if the points of conflict in the industry-State litigation were unresolved at that time.

One question is this: Would the enactment of HB-245 in its present form by the Alaska Legislature allow your company to withdraw from the litigation you have joined with other companies against the State, over the Right-of-Way Leasing Act?

A second question is this: If the enactment of HB-245 would not resolve the basic issues of contest with the State, would it tend to complicate and perhaps further delay the court's consideration of the issues involved?

A prompt answer is urgent. Please write or telegraph your reply as soon as possible.

Sincerely,

A handwritten signature in cursive script that reads "Willard L. Bowman".

Willard L. Bowman

PROPOSED AMENDMENT, HB-245

Page one, line 21

Sec 010:

Subsection (a)

line 21: delete: "and other facilities"

line 24: add: "The tax imposed by this subsection shall not be applied on production facilities until such facilities are actually employed in the production of oil and gas."

Revenues from State
Right-of-Way Leasing Act

	<u>F.Y.</u> <u>1978</u>	<u>F.Y.</u> <u>1979</u>	<u>F.Y.</u> <u>1980</u>	<u>F.Y.</u> <u>1981</u>	<u>F.Y.</u> <u>1982</u>	<u>F.Y.</u> <u>1983</u>	<u>F.Y.</u> <u>1990</u>	<u>F.Y.</u> <u>2000</u>	<u>Average</u>
At 4% ICC Return	\$ 2,078	\$ 2,078	\$ 2,078	\$ 2,078	\$ 2,078	\$ 2,078	\$ 8,721	\$27,140	\$15,436
at 5% ICC Return	3,455	4,121	4,796	5,479	6,169	7,548	18,546	35,168	22,699
At 7% ICC Return	25,105	26,074	27,067	28,083	29,121	30,182	38,196	51,223	40,580

STATE OF ALASKA
REVENUE

BUDGET PLANNING MODEL

RUN ID RUN 26

DATE FEBRUARY 8, 1973

COMMENTS

PIPELINE CONSTRUCTION BEGINS IN FY 1975
OIL FLOWS IN FY 1978
RIGHT-OF-WAY LEASING 4%
TAX PACKAGE INCLUDED

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.00%
ANNUAL RATE OF INTEREST ON NEW BONDS = 6.00%
MATURITY PERIOD ON NEW BONDS IN YEARS = 20.
% OF CURRENT YR EXPEND. IN G.F. CASH BAL = 20.00%
ANN OPER EXPEND GROWTH RATE AFTER 1ST YR = 5.00%

FISCAL YEAR	NON INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	OPERATING EXPENDITURE	DEBT SERVICE	MISC EXP SHD TAXES GF CAP EX	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	GENERAL FUND END OF YEAR
1973									642638.0
1974	181847.0	45877.2	227724.2	318666.0	26441.0	12193.0	357300.0	-129575.8	513062.2
1975	182511.0	33244.3	215755.3	334599.0	30000.0	12821.0	377420.0	-161664.8	351397.4
1976	195180.0	19652.5	214832.4	351328.6	33200.0	13165.0	397693.6	-182861.2	168536.3
1977	201058.0	5191.8	206249.8	368894.6	40000.0	3278.0	422172.6	-215922.8	-47386.6
1978	342023.0	-6022.0	336000.9	387339.1	45500.0	8898.0	461737.1	-125736.1	-173122.7
1979	517876.0	-8642.8	509233.1	406705.6	52100.0	15620.0	504425.6	4807.5	-168315.2
1980	541939.0	-6666.0	535272.9	427040.4	55300.0	13391.0	528731.4	6541.5	-161773.7
1981	565499.0	-4740.6	560758.4	448391.8	58200.0	48794.0	554885.8	5872.6	-155901.1
1982	571140.0	-3618.4	567521.6	470811.1	61600.0	48250.0	580661.1	-13139.5	-169040.6
1983	583091.0	-3839.8	579251.2	494351.1	66800.0	51627.0	612778.1	-33526.9	-202567.5
	3882164.0	70435.8	3952597.0	4008125.0	469141.0	309537.0	4797802.0	-845205.5	

STATE OF ALAS A
REVENUE

BUDGET PLANNING MODEL

RUN ID RUN 40

DATE FEBRUARY 8, 1973

COMMENTS

PIPELINE CONSTRUCTION BEGINS IN FY 1975
OIL FLOWS IN FY 1978
RIGHT-OF-WAY LEASING 4%
TAX PACKAGE INCLUDED
PROPERTY TAX INCLUDED

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.00%

ANNUAL RATE OF INTEREST ON NEW BONDS = 6.00%

MATURITY PERIOD ON NEW BONDS IN YEARS = 20.

% OF CURRENT YR EXPEND. IN G.F. CASH BAL = 20.00%

ANN OPER EXPEND GROWTH RATE AFTER 1ST YR = 5.00%

FISCAL YEAR	NON INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	OPERATING EXPENDITURE	DEBT SERVICE	MISC EXP SHD TAXES GF CAP EX	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	GENERAL FUND END OF YEAR
1973									642638.0
1974	185864.0	46022.9	231886.9	318666.0	26441.0	12193.0	357300.0	-125413.1	517224.9
1975	202913.0	34275.6	237188.6	334599.0	30000.0	12121.0	377420.0	-140231.4	376993.4
1976	232959.0	22794.0	255753.0	351328.6	33200.0	13155.0	397693.6	-141940.6	235052.8
1977	256511.0	11714.8	268225.8	368894.6	40000.0	13178.0	422172.6	-153946.8	81106.1
1978	406045.0	4834.3	410879.3	387339.1	45500.0	28138.0	461737.1	-50857.8	30248.3
1979	582628.0	6884.0	589512.0	406705.6	52100.0	45620.0	504425.6	85086.4	115334.6
1980	606691.0	13557.9	620248.8	427040.4	55300.0	46391.0	526731.4	91517.4	206852.0
1981	630251.0	20180.3	650431.3	448391.8	58200.0	48294.0	554885.8	95545.6	302397.6
1982	635892.0	25999.5	661891.5	470811.1	61600.0	48250.0	580661.1	81230.4	383628.0
1983	647843.0	30475.2	678318.2	494351.1	66800.0	51127.0	611778.1	65540.1	449168.1
	4387597.0	216738.4	4604333.0	4008125.0	469141.0	320137.0	4797862.0	-193469.9	

STATE OF ALASKA
REVENUE

BUDGET PLANNING MODEL

RUN ID RUN 106 (245)

DATE MARCH 6, 1973

COMMENTS

PIPELINE CONSTRUCTION BEGINS JULY 1, 1974 (FY 1975)
OIL FLOWS IN FY 1978
TAX PACKAGE INCLUDED
PROPERTY TAX INCLUDED (HOUSE BILL 245)

ASSUMPTION

ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.00%
ANNUAL RATE OF INTEREST ON NEW BONDS = 6.00%
MATURITY PERIOD ON NEW BONDS IN YEARS = 20.
% OF CURRENT YR EXPEND. IN G.F. CASH BAL = 20.00%
ANN OPER EXPEND GROWTH RATE AFTER 1ST YR = 5.00%

FISCAL YEAR	NON INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	OPERATING EXPENDITURE	DEBT SERVICE	MISC EXP S&D TAXES GF CAP EX	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	GENERAL FUND END OF YEAR
1973									642638.0
1974	193905.0	46314.6	240219.6	318666.0	26441.0	1 193.0	357300.0	-117080.4	525557.6
1975	213202.0	35232.1	248434.1	334599.0	30000.0	1 821.0	377420.0	-128985.9	396571.6
1976	246582.0	24617.7	271199.7	351328.6	33200.0	15165.0	397693.6	-126493.9	270077.7
1977	271642.0	14581.5	286223.4	368894.6	40000.0	13278.0	422172.6	-135949.1	134128.6
1978	423512.0	8883.2	432395.2	387339.1	45500.0	28898.0	461737.1	-29341.9	104786.7
1979	602030.0	12276.2	614300.1	406705.6	52100.0	45620.0	504425.6	109874.5	214661.2
1980	627968.0	20419.4	648387.4	427040.4	55300.0	46391.0	528731.4	119655.9	334317.1
1981	652931.0	28636.2	681567.2	448391.8	58200.0	48294.0	554885.8	126681.4	460998.6
1982	659367.0	36129.4	695496.4	470811.1	61600.0	48250.0	580661.1	114835.3	575833.9
1983	671648.0	42319.9	713967.9	484351.1	66800.0	5 627.0	612778.1	101189.8	677023.6
	4562787.0	269403.9	4832188.0	4008125.0	469141.0	32 537.0	4797802.0	34385.6	

STATE OF ALASKA
REVENUE

BUDGET PLANNING MODEL

RUN ID RUN 107

DATE MARCH 6, 1973

COMMENTS

PIPELINE CONSTRUCTION BEGINS JULY 1, 1974 (FY 1975)
OIL FLOWS IN FY 1978
TAX PACKAGE INCLUDED
PROPERTY TAX INCLUDED (HOUSE BILL 245)

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.00%
ANNUAL RATE OF INTEREST ON NEW BONDS = 6.00%
MATURITY PERIOD ON NEW BONDS IN YEARS = 20.
% OF CURRENT YR EXPEND. IN G.F. CASH BAL = 20.00%
ANN OPER EXPEND GROWTH RATE AFTER 1ST YR = 7.00%

FISCAL YEAR	NON INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	OPERATING EXPENDITURE	DEBT SERVICE	MISC EXP SHD TAXES GF CAP EX	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	GENERAL FUND END OF YEAR
1973									642638.0
1974	193905.0	46314.6	240219.6	318666.0	26441.0	1193.0	357300.0	-117080.4	525557.6
1975	213202.0	35093.4	248295.4	340972.5	30000.0	821.0	383793.5	-135498.1	390059.4
1976	246582.0	23867.9	270449.8	364840.2	33200.0	13165.0	411205.2	-140755.4	249304.1
1977	271642.0	12691.7	284333.6	390378.7	40000.0	13278.0	443656.7	-159323.1	89981.0
1978	423512.0	5263.5	428775.5	417704.8	45500.0	28898.0	492102.8	-63327.3	26653.7
1979	602030.0	6263.8	608293.8	446944.0	52100.0	45620.0	544664.0	63629.8	90283.4
1980	627968.0	11296.8	639264.8	478229.3	55300.0	46391.0	579920.3	59344.4	149627.9
1981	652931.0	15588.5	668519.4	511705.2	58200.0	48294.0	618199.2	50320.3	199948.1
1982	659367.0	18261.7	677628.7	547523.9	61600.0	4250.0	657373.9	20254.8	220202.9
1983	671648.0	18643.7	690291.6	585850.4	66800.0	5627.0	704277.4	-13985.8	206217.2
	4562787.0	193285.1	4756068.0	4402812.0	469141.0	324537.0	5192489.0	-436420.8	

TESTIMONY OF TIM BRADNER

BP ALASKA, INC.

On HOUSE BILL 245

Before the House Committee on
Community and Regional Affairs

Mr. Chairman and members of the committee, my name is Tim Bradner and I represent BP Alaska, Inc., subsidiary of British Petroleum and the operating company in Alaska for the Standard Oil Company of Ohio, owner of Prudhoe Bay leases.

I want to thank you for giving me the opportunity to discuss a particular impact that HB-245 has on my company, and all companies at Prudhoe Bay, which was not intended by the sponsors of the measure. It hits us particularly hard through language that was taken from an ad valorem tax measure intended only for transportation facilities and used in a bill that includes production facilities. The ad valorem tax was intended by its sponsors to include producing facilities actually producing oil and gas, as shown on page one, lines 13 and 14, "property employed in the production of unrefined oil and gas: and in the definition section on page four, which defines taxable real and tangible personal property as machinery, equipment and such used in the operation of wells producing oil and gas.

The problem comes when, if you refer back to page one, line 20, you see, "however, with respect to pipelines and other facilities taxable under this chapter which may be under construction or awaiting construction . . . ". This particular section was taken from the governor's HB-59, which applied only to transportation facilities, and was intended to tax the value of the pipeline while it was under construction. However, as used in HB-245 (which includes

oil and gas production facilities) this language creates an ambiguity which would be interpreted as having the tax apply also to our completed and partially completed, but as yet unproducing, wells and production facilities at Prudhoe Bay. This works a particular hardship on my company, which has made the decision to go ahead with development drilling and the construction of production facilities in the Prudhoe field despite the prospect of a continued and perhaps long delay before production in the field can begin. This was not intended by the bill's sponsors, and in discussing the matter with them, they support an amendment which we now recommend to HB-245, which would clarify the language and have the measure apply only to producing facilities that are actually in use. The sponsors have asked me to recommend this amendment to you gentlemen today, for your consideration when you act on this measure. We had intended to recommend this amendment in the Resources committee, but I did not have the appropriate language ready at the time the bill passed out of Resources. I did discuss the matter with several Resource members, and at least some of their subsequent recommendations of "do pass, with amendment" on HB-245 refers to this amendment.

In providing some additional background on this proposal, I would like to elaborate for a moment as to our present situation in the Prudhoe Bay field. BP Alaska, in the field development program, is responsible for drilling wells and installing production facilities in the western half of the field. Atlantic-Richfield has this responsibility for the eastern side, under a unit operating agreement which has been partly agreed to by all companies with interests in the field. At a time when many petroleum-related firms in Alaska are closing their facilities, cutting back on activities and reducing and transferring their personnel, our company has made a decided effort to keep one to two rigs active in the Prudhoe field, to continue with a schedule

of construction of field production facilities during summers, and in other ways to keep our operations going in the face of pipeline construction delays, including the recent appeals court decision in Washington. Just our activities result in some 260 to 275 jobs for men with families in the Fairbanks, Barrow and Anchorage areas. Those of Atlantic Richfield would be in addition. These 260 jobs include those in our own company, drilling contractors, trucking and transportation, oilwell service and other contractors working for us at Prudhoe Bay today. In addition, our activity substantially impacts probably another 100 jobs, such people as Wien Airline personnel, Interior Airline personnel, and other service industries. Seasonal hiring, for summer construction, is in addition to these figures. We can roughly calculate that our company's contribution, and those of others for whom we operate in the western side of the Prudhoe field, to the economy of Fairbanks and Anchorage probably exceeds \$6 million annually in payroll alone, other service purchases notwithstanding.

Continuing this activity in the face of repeated delays in the pipeline is a difficult financial burden, but there are four reasons that we do it. First, there are certain economies of scale we can enjoy by installing wells and facilities now rather than through crash programs in the future, though this advantage is partially offset by the bearing of a tremendous capital investment with a delayed return. Second, and probably most important to us, we are able to keep together a skilled Alaska technical team that our company has built up in the 12 years that we have been active on the North Slope and the five years that we have been drilling in the Prudhoe field. To close down operations would mean disbanding this team, and it would cost us dearly to rebuild it again. Third, there is an important advantage to us, and to the State, in having as many wells completed and ready for production as

possible, when the pipeline is completed. Fourth, There is a certain sense of corporate citizenship involved in demonstrating to Alaska our confidence that the pipeline will be built and that North Slope oil will flow to market. We feel the best way we can demonstrate this confidence is through continuing our activity as best we can, providing jobs and injecting payroll into Alaska's economy. In doing this, gentlemen, we're adding additional costs to an investment for all companies in the Prudhoe area that now approximates \$1.25 billion, \$900 million of which was paid to the State of Alaska in 1969. Carrying this kind of investment is difficult, even for the number of companies involved.

The 20-mill tax, if imposed on our nonproducing wells and production equipment, would probably result in an additional \$1.5 million to the state treasury, but it would also tend to discourage the development of additional wells and facilities. If HB-245 were passed as is, - and let me stress this, - we would probably not shut down our operations, but it would tend to have an inhibiting effect on any plans for expanding our activity. We ask exemption, of course, only until production begins. At that time we would assume our full share of the tax burden, but it would be an easier burden for us to handle with our facilities earning an income. I would also point out, in addition, that we already bear an uncertain tax burden in the Prudhoe field, imposed by the newly-created North Slope Borough.

To conclude, our company in principle cannot support HB-245 because of its discriminatory nature. We concur in the testimony presented recently by Alyeska Pipeline before the Resources committee on HB-259, in that we would rather bear a property tax that applied generally to all property, with some appropriate homestead and small business exemptions, than a

discriminatory tax that picks out one industry for a very special tax burden. But if the legislature does enact HB-245 or a similar version of it, we ask a temporary relief of the tax for our nonproductive wells and facilities at Prudhoe Bay. We have the concurrence of the sponsors of the measure in this request.

Thank you, Mr. Chairman. This concludes my testimony.

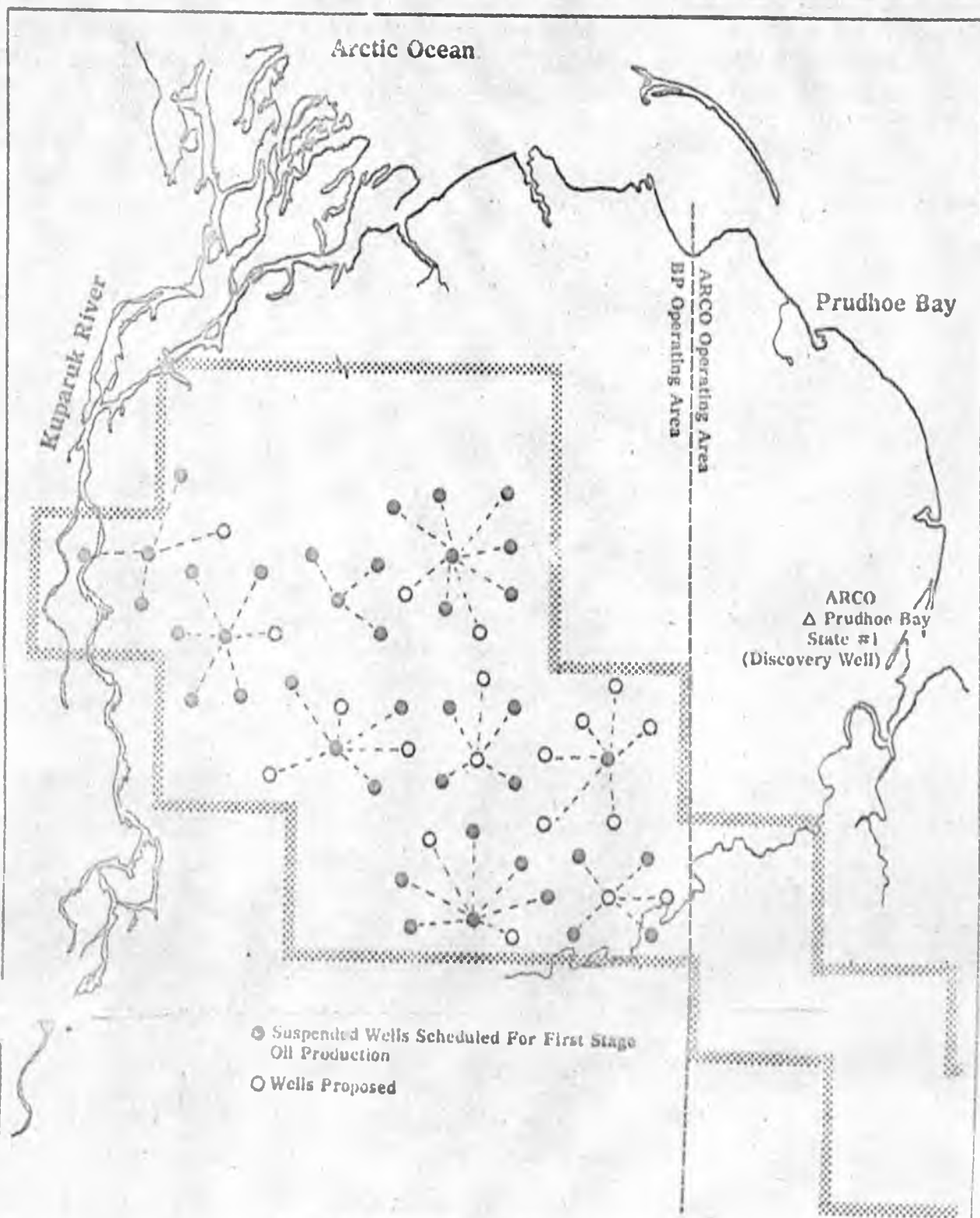
COMPLIMENTARY COPY
 for Members of the Legislature
 courtesy of
 ALASKA AIRLINES

Chorage

Volume 53 No. 24 44 Pages

Anchorage, Alaska, Monday

ALASKA REA



NEW SLOPE WELLS TO BE DRILLED

BP Alaska, Inc., has received permission to drill an additional 19 wells in its operating area on the North Slope. Black dots show the location of the company's wells already drilled in the area, and white dots show the new development wells to be spud. BP officials expect to begin drilling this year, but have not set a date for completion of

the 19 development wells. The company received permission for the drilling from the Alaska Oil and Gas Conservation Committee today. The okay allows BP to drill more than one well per governmental section, which will aid in removing oil on the startup of the trans-Alaska pipeline.

TELEGRAM

HCA ALASKA COMMUNICATIONS, INC.

PHONE: 582-6440

ZCZC 12833 NL FAIRBANKS ALASKA FAJ 08-07 330500Z

PAS REP SELBY CARROL

1973 MAR 2 PM 7 51

UU 000000

BT

OPPOSE HOUSE BILL 245 AS WRITTEN REQUEST FIRST SENTENCE
SECTION 43.06.01(C) LINES 25-26 PAGE ONE BE CHANGED TO
READ LOCAL GOVERNMENT UNITS MAY LEVY A TAX NOT TO EXCEED
THE RATE LEVIED ON OTHER REAL AND PERSONAL PROPERTY WITHIN
THE LOCAL GOVERNMENT UNIT ON THE FULL AND TRUE VALUE OF
TAXABLE REAL AND TAXABLE PERSONAL PROPERTY EMPLOYED
IN THE PRODUCTION AND TRANSPORTATION OF UNREFINED OIL
AND GAS

JOE CARLSON MAYOR

HOUSE BILL 245
 20 Mill Property Tax on Pipeline & Production Facilities
 Projection of Ad Valorem Tax Revenues
 (\$000 Omitted)

	<u>FY 74</u>	<u>FY 75</u>	<u>FY 76</u>	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>	<u>FY 81</u>	<u>FY 82</u>	<u>FY 83</u>
Tax on TAPS Pipeline	\$ 4,574.0	\$22,055.9	\$40,853.1	\$59,947.6	\$69,211.1	\$70,000.0	\$70,000.0	\$70,000.0	\$70,000.0	\$70,000.0
Tax on Other Pipeline & Production Facilities	<u>11,180.0</u>	<u>14,270.0</u>	<u>19,170.0</u>	<u>24,110.0</u>	<u>27,790.0</u>	<u>30,390.0</u>	<u>32,890.0</u>	<u>34,760.0</u>	<u>35,820.0</u>	<u>36,260.0</u>
Total Gross Tax Collections	15,754.0	36,325.9	60,023.1	84,057.6	97,001.1	100,390.0	102,890.0	104,760.0	105,820.0	106,260.0
Less:										
Shared to Local Governments (see Below)	<u>3,695.8</u>	<u>5,634.7</u>	<u>8,621.4</u>	<u>11,396.0</u>	<u>13,434.1</u>	<u>14,158.0</u>	<u>14,783.0</u>	<u>15,250.5</u>	<u>15,515.5</u>	<u>15,625.5</u>
Net Revenue to State Treasury	<u>\$12,058.2</u>	<u>\$30,691.2</u>	<u>\$51,401.7</u>	<u>\$72,661.6</u>	<u>\$83,567.0</u>	<u>\$86,232.0</u>	<u>\$88,107.0</u>	<u>\$89,509.5</u>	<u>\$90,304.5</u>	<u>\$90,634.5</u>
Local Governments' Share of Property Tax:										
North Slope Borough	\$ 907.8	\$ 2,240.8	\$ 4,248.5	\$ 6,028.5	\$ 7,584.2	\$ 8,267.0	\$ 8,892.0	\$ 9,359.5	\$ 9,624.5	\$ 9,734.5
North Star Borough	203.5	334.5	619.5	909.1	1,049.5	1,061.5	1,061.5	1,061.5	1,061.5	1,061.5
City of Valdez	339.5	814.4	1,508.4	2,213.4	2,555.4	2,584.5	2,584.5	2,584.5	2,584.5	2,584.5
Kenai Borough	<u>2,245.0</u>	<u>2,245.0</u>	<u>2,245.0</u>	<u>2,245.0</u>	<u>2,245.0</u>	<u>2,245.0</u>	<u>2,245.0</u>	<u>2,245.0</u>	<u>2,245.0</u>	<u>2,245.0</u>
Total Shared Revenue	<u>\$ 3,695.8</u>	<u>\$ 5,634.7</u>	<u>\$ 8,621.4</u>	<u>\$11,396.0</u>	<u>\$13,434.1</u>	<u>\$14,158.0</u>	<u>\$14,783.0</u>	<u>\$15,250.5</u>	<u>\$15,515.5</u>	<u>\$15,625.5</u>

House Bill 59
Revenue Projections 1974 - 1983
Assuming Construction Starts July 1, 1974
(\$000 Omitted)

	FY 1974	FY 1975	FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983
Property Tax Collections Under HB 59	\$ 4574.0	\$22055.9	\$40853.1	\$59947.6	\$69211.1	\$70000.0	\$70000.0	\$70000.0	\$70000.0	\$70000.0
Less: Shared to Local Governments (see below)	556.6	1653.8	3063.1	4494.8	5189.2	5248.4	5248.4	5248.4	5248.4	5248.4
Net Revenues to State Treasury	\$ 4017.4	\$20402.1	\$37779.0	\$55452.8	\$64021.9	\$64751.6	\$64751.6	\$64751.6	\$64751.6	\$64751.6
Local Governments' Share of Property Tax:										
North Slope Borough	\$ 122.2	\$ 734.7	\$ 1360.8	\$ 1996.8	\$ 2305.3	\$ 2331.6	\$ 2331.6	\$ 2331.6	\$ 2331.6	\$ 2331.6
North Star Borough	162.8	267.6	495.6	727.3	839.6	849.2	849.2	849.2	849.2	849.2
City of Valdez	271.6	651.5	1206.7	1770.7	2044.3	2067.6	2067.6	2067.6	2067.6	2067.6
Total Shared Revenues	\$ 556.6	\$ 1653.8	\$ 3063.1	\$ 4494.8	\$ 5189.2	\$ 5248.4	\$ 5248.2	\$ 5248.4	\$ 5248.4	\$ 5248.4

HB

305

"An Act relating to assessment of real property for local taxation; and providing for an effective date."

COMMITTEE REPORT

3-17-73

HOUSE

Mr. Speaker:

Date 3-27-74

The Committee on COMM. APPROP. APPEALS has had HR 335

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

(x) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR _____ AND THAT
CS FOR _____ DO PASS

() "and" recommends it BE REFERRED TO THE _____
COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____ recommends: _____

_____ recommends: _____

_____ recommends: _____

_____ recommends: _____

_____ recommends: _____

_____ Chairman

AMENDMENT

OFFERED IN THE HOUSE:

By: Community and Regional
Affairs Committee

To: AMEND HOUSE BILL No. 305

SENATE BILL No. _____

PAGE: 1

LINE: 10

After the word "of", insert "real".

After the word "property", insert "owned and occupied
as a permanent place of abode, not to exceed 160 acres,
and"

POUCH V
JUNEAU, ALASKA
99801

Alaska State House of Representatives



MEMBERS:
REPRESENTATIVE
MILO FRITZ
REPRESENTATIVE
PHILLIP GUY
REPRESENTATIVE
JACOB LAKTONEN
REPRESENTATIVE
LARRY PETERSEN
REPRESENTATIVE
TERRY GARDNER

CHAIRMAN
REP. SELWYN CARROL
VICE CHAIRMAN
REP. GLENN HACKNEY

ADMINISTRATIVE ASSISTANT
GUY VAN DOREN

COMMITTEE SECRETARY
VICKI UMPHREY

Community and Regional Affairs Committee

March 7, 1974

Dear _____:

The House Community and Regional Affairs Committee will be holding hearings on House Bill 305, an act relating to the assessment of real property for local taxation. The hearings will be held on March 14 at 8:30 a.m. in Room 211 of the Assembly Building.

The Committee invites your testimony. If you cannot attend, the Committee will receive written comments.

Sincerely,

Selwyn Carrol, Chairman
House Community and Regional Affairs Committee

By: Guy A. Van Doren,
Administrative Assistant

SC/mt
Encl

2-15-74

Look into Mike Beckman

Jack Arnold

Donald Schroter -

Borough required to pay the assessment they determine -

Farm land cannot be taxed at the same rate as sub-division -

Don Berry Municipal League - Request that Borough Assessor Testify before the Committee - TO ASK why

Also explanation as to how a govt.

entity CAN take away A MAN'S improvements with just compensation -

FRUSTRATION
NO

SMOKING

Board of Equalization usually backs up their smaller boards or Assessor -

8,500 (About) in Eagle River

Re-evaluation

→ See Jack Radich re HB 305

Berry - Take out Sold, Traded or Exchanged -

Council on STATE Govt - Re RAW land - TAX drops on Land that has been improved

3 class of Prop. Land - Land Improvement - Personal property -

→ See Sen. Radich. Re: this.

Introduced: 3/6/73
Referred: Community &
Regional Affairs

1 IN THE HOUSE

BY FINK

2 HOUSE BILL NO. 305

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to assessment of real property for
7 local taxation; and providing for an effective date."

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

9 * Section 1. AS 29.53.060 is amended by adding a new subsection to read:

10 (c) The assessed value of property which has not been sold,
11 traded or exchanged within the preceding 10 years may not be increased
12 by more than 50 per cent in one assessment year, except to the extent
13 of improvements to the property.

14 * Sec. 2 This Act takes effect on the day after its passage and approval
15 or on the day it becomes law without approval.

16 *to Constitutionality*

17

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29

POUCH V
JUNEAU, ALASKA
99801

Alaska State House of Representatives

MEMBERS:

REPRESENTATIVE
MILO FRITZ

REPRESENTATIVE
PHILLIP GUY

REPRESENTATIVE
JACOB LAKTONEN

REPRESENTATIVE
LARRY PETERSEN

REPRESENTATIVE
TERRY GARDINER

CHAIRMAN
REP. SELWYN CARROL
CHAIRMAN
REP. GLENN HACKNEY

ADMINISTRATIVE ASSISTANT
GUY VAN DOREN

COMMITTEE SECRETARY
VICKI UMPHREY



Community and Regional Affairs Committee

March 7, 1974

Dear _____:

The House Community and Regional Affairs Committee will be holding hearings on House Bill 305, an act relating to the assessment of real property for local taxation. The hearings will be held on March 14 at 8:30 a.m. in Room 211 of the Assembly Building.

The Committee invites your testimony. If you cannot attend, the Committee will receive written comments.

Sincerely,

A handwritten signature in cursive script that reads "Selwyn Carrol".

Selwyn Carrol, Chairman
House Community and Regional Affairs Committee

By: Guy A. Van Doren,
Administrative Assistant

SC/int
Encl.

TELEGRAM

BCA ALASKA COMMUNICATIONS, INC.

PHONE: 586-6440

JUNEAU, ALASKA 99801

1974 MAR 13 PM 7 20

04036 NL ANCHORAGE ALASKA 152 03-13 0450P ADT

PNS MR S ROBERT DOZIER 586-6221 CALL IMMEDIATELY

STATE ASSESSOR DEPT OF COMMUNITY AND REGIONAL AFFAIRS

1108
DIVN OF LOCAL GOVERNMENT ASSISTANCE

POUCH B

JUN

BT

THE ADMINISTRATION OF GREATER ANCHORAGE AREA BOROUGH WOULD LIKE TO GO ON RECORD AS BEING AGAINST HB305. FOR THE FOLLOWING REASONS: THE BILL ASSUMES THAT ALL PROPERTIES ARE AT FULL AND TRUE VALUES. THIS IS NOT SO. NOR WILL IT BE IN THE NEAR FUTURE WITHOUT EXPENDING SEVERAL MILLIONS OF DOLLARS. PROPERTIES THAT WERE APPRAISED, THREE TO FOUR YEARS AGO AND FALL INTO THE PROPER CATEGORY MAY NEVER REACH FAIR MARKET VALUE GAIN. THE RISE IN PROPERTY VALUES MANY TIME EXCEEDS THE ALLOWABLE INCREASE OF THE BILL. AS WRITTEN, THE BILL ACTUALLY ASSESSES THE OWNER NOT THE PROPERTY. INEQUITIES WILL BE CREATED THAT WILL NEVER BE OVERCOME, IMPROVEMENTS ARE NOT DEFINED, I.E. IS ZONING AN IMPROVEMENT, IF A WET PROPERTY IS DRAINED BY NO ACTION OF THE OWNER OF THE PROPERTY IS THAT AN IMPROVEMENT. BEFORE PASSING THE BILL OUT OF THE COMMITTEE THE ADMINISTRATION FEELS THAT MORE LOCAL IMPUT IS NECESSARY

M MCKEE ASSESSOR GREATERANCHORAGE AREA BOROUGH

TRENDS IN MAJOR LOCAL GOVERNMENT REVENUE SOURCES, 1969-1973

APB 305

Huy

<u>CITY OF ANCHORAGE</u>	<u>GENERAL PROPERTY TAX REVENUES</u>	<u>INTERGOVERNMENTAL REVENUES</u>
1969	\$ 4,748,378	\$ 936,053
1973	6,865,940	5,809,078
CHANGE:	+ \$ 2,117,562	+ \$ 4,873,025
	or + <u>44.6%</u>	or + <u>520.6%</u>
<u>CITY OF FAIRBANKS</u>	<u>GENERAL PROPERTY TAX REVENUES</u>	<u>INTERGOVERNMENTAL REVENUES (STATE)</u>
1969	\$ 1,137,380	\$ 263,414
1973(est.)	2,242,694	928,200
CHANGE:	+ \$ 1,105,314	+ \$ 664,786
	or + <u>97.2%</u>	or + <u>252.4%</u>
<u>FAIRBANKS NORTH STAR BOROUGH</u>	<u>GENERAL PROPERTY TAX REVENUES</u>	<u>INTERGOVERNMENTAL REVENUES (STATE)</u>
1969	\$ 2,747,000	\$ 5,304,000
1972	1,504,000	1,817,000
CHANGE:	- \$ 1,243,000	+ \$ 6,513,000
	or - <u>45.2%</u>	or - <u>122.8%</u>
<u>GREATER ANCHORAGE AREA BOR.</u>	<u>GENERAL PROPERTY TAX REVENUES</u>	<u>INTERGOVERNMENTAL REVENUES</u>
1969	\$15,830,776	\$17,489,311
1973	23,170,894	46,839,037
CHANGE:	+ \$ 7,340,118	+ \$29,349,726
	or + <u>46.4%</u>	or + <u>167.8%</u>
<u>CITY OF VALDEZ</u>	<u>REAL PROPERTY TAX REVENUES</u>	<u>INTERGOVERNMENTAL REVENUES</u>
1969	\$ 96,361	\$ 14,361
1973	172,274	163,269
CHANGE:	+ \$ 75,913	+ \$ 148,905
	or + <u>78.8%</u>	or + <u>1036.9%</u>

LOCAL PROPERTY TAX AND REVENUE TRENDS: 1969-1973

	<u>ASSESSED VALUATION</u>	<u>MILL RATE</u>	<u>GENERAL PROPERTY TAX REVENUE</u>	<u>INTERGOV. REVENUE</u>
CITY OF ANCHORAGE	+ 81.1%	- 21.0%	+ 46.6%	+ 520.6%
CITY OF FAIRBANKS	+ 75.0%	+ 25.0%	+ 97.2%	+ 252.4% ²
FAIRBANKS NORTH STAR BOR. ¹	+ 90.0%	- 61.4%	- 45.2%	+ 122.8% ²
GREATER ANCHORAGE AREA BOR.	+109.5%	- 18.0%	+ 46.4%	+ 167.8%
CITY OF VALDEZ	+509.3%	no change	+ 78.8%	+1036.9%

¹For the period 1969-1972.

²State intergovernmental revenues only.

TELETYPE

BOA ALASKA COMMUNICATIONS, INC.
PHONE: 586-8440
JUNEAU, ALASKA 99801

17 MAR 13 PM 7 20

84086 NL ANCHORAGE ALASKA 152 03-13 0450P ADT

PMS: MR. S ROBERT DOZIER 586-6221 CALL IMMEDIATELY

STATE ASSESSOR DEPT OF COMMUNITY AND REGIONAL AFFAIRS

1108
DIVISION OF LOCAL GOVERNMENT ASSISTANCE

THE ADMINISTRATION OF GREATER ANCHORAGE AREA BOROUGH WOULD
LIKE TO GO ON RECORD AS BEING AGAINST HB305 FOR THE FOLLOWING
REASONS: THE BILL ASSUMES THAT ALL PROPERTIES ARE AT FULL
AND TRUE VALUES. THIS IS NOT SO. NOR WILL IT BE IN THE NEAR
FUTURE WITHOUT EXPENDING SEVERAL MILLIONS OF DOLLARS.

PROPERTIES THAT WERE APPRAISED, THREE TO FOUR YEARS AGO AND
NOT IN THE PROPER CATEGORY MAY NEVER REACH FAIR MARKET
VALUE GAIN. THE RISE IN PROPERTY VALUES MANY TIMES EXCEEDS
THE ALLOWABLE INCREASE OF THE BILL.

FURTHER, THE BILL ACTUALLY ASSESSES THE OWNER NOT THE
PROPERTY. INEQUITIES WILL BE CREATED THAT WILL NEVER BE
CORRECTED, IMPROVEMENTS ARE NOT DEFINED, I.E. IS ZONING
AN IMPROVEMENT, IF A WET PROPERTY IS DRAINED BY NO ACTION OF
THE OWNER OF THE PROPERTY IS THAT AN IMPROVEMENT. BEFORE
PASSING THE BILL OUT OF THE COMMITTEE THE ADMINISTRATION
STATED THAT MORE LOCAL INPUT IS NECESSARY

STATE ASSESSOR GREATER ANCHORAGE AREA BOROUGH

STATE
of ALASKA

MEMORANDUM

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
DIVISION OF LOCAL GOVERNMENT ASSISTANCE

Engle

TO: [] JACK CHENOWETH
DIRECTOR

DATE : MARCH 6, 1974

FROM: S. ROBERT DOZIER
STATE ASSESSOR

SUBJECT: COMMENTS ON HOUSE BILL 305
INTRODUCED 3-6-73 BY FINK
COMMUNITY & REGIONAL AFFAIRS

House Bill 305 and Senate Bill 178 are designed to provide grants of public funds in aid to taxpayers whose property, which is held for future use or speculation, is rapidly increasing in value.

House Bill 305: AS 29.53.060, Full and True Value

(c) The assessed value of property which has not been sold, traded or exchanged within the preceding ten years may not be increased by more than 50% in one assessment year, except to the extent of improvements to the property.

House Bill 305 and Senate Bill 178 are designed to benefit taxpayers whose land is strategically situated to important industrial developments like the site of the trans-Alaska oil or gas pipeline projects and various other projects including highway relocation and community improvement projects.

House Bill 305 provides preferential assessment for a period which will enable property owners of longstanding, the opportunity to exercise leverage by holding property off the market and thereby realize substantial capital gain on their investment at the expense of other taxpayers, and the municipality.

A dramatic rise in assessed values may occur in some areas of the state, within a service area or within a neighborhood, which increase is based on assessed values established and unchanged for several years.

Assessed values are based on the full value (market value) of the property assessed. Any limitation based upon previous equalized assessments will cause dramatic inequalities and underassessment of certain properties and thereby destroy the equalization process.

In addition to general or specific economic increases in valuation, Property tax administrative procedures and funding available or authorized for reassessment must be considered. The cost of annual reassessment is considered prohibitive in municipal financial budgetary matters. The sectional assessment method is generally used; that is, a percentage portion of the total taxing jurisdiction is reassessed each year, preferably by service area, completing the reassessment cycle during a period of three to five years.

An example of the 50% assessed value limitation is outlined below. The example indicates a January 1, 1974 assessment of \$500 per acre value, which is an increase of 10 times over the previous assessment of \$50 per acre established for the subject property on January 1, 1969.

The example illustrates that in 1979, the assessed value would reach the reassessment figure as indicated for January 1, 1974. It is not uncommon that property strategically located could increase many times more than the example, in which case the assessed value as restricted by Senate Bill 305 would never again be at full and true value.

Example: Remote Acreage

January 1, 1969 Reassessment,	Assessed Value \$ 50.00 per acre
January 1, 1974 Reassessment	Assessed Value \$500.00 per acre

HB 305: Assessed Value Increases Limited to 50%

January 1, 1974	50% Increase	75.00 per acre value
" " 1975	" "	112.50 " " "
" " 1976	" "	168.75 " " "
" " 1977	" "	253.13 " " "
" " 1978	" "	379.70 " " "
" " 1979	" "	569.55 " " "

HB

404

"An Act providing for state aid to unincorporated communities;
and providing for an effective date."

COMMITTEE REPORT

1-75

HOUSE

JUDICIARY
FINANCE

Mr. Speaker:

Date

8-13-77

The Committee on COMM. & REG. AFFAIRS has had 12-404
under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR 113-111 AND THAT

CS FOR 113-111 DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Chairman

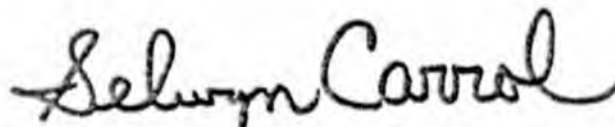
COMMITTEE REPORT

The Committee in reporting out CSHB 404 is attempting to aid those communities who have not yet incorporated, and thus, are not eligible for revenue sharing.

The bill provides for funds specifically to plan for the provision of future local governmental services and to ascertain priorities for future local community development. It is hoped that with these funds and with the help of the Department of Community and Regional Affairs, these communities will become incorporated in the near future, thus becoming less dependent on state funds.

In establishing the Unincorporated Communities Services Account, the committee is introducing a companion bill to appropriate \$100,000 for funding of the program for the first year. The intent of the committee is that funding for the remainder of the program will appear in the Department of Community and Regional Affairs budget until the communities become incorporated. Hopefully funds needed after the initial year will be on a descending scale as incorporation occurs.

Finally, the committee feels that this bill is a step in the right direction toward incorporation of the unorganized areas of the state.



Selwyn Carrol

Chairman

House Community and

Regional Affairs Committee

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

WILLIAM A. EGAN, GOVERNOR

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

POUCH B-JUNEAU 99801

January 30, 1974

The Honorable Selwyn Carroll
Chairman, House Community and
Regional Affairs Committee
Pouch V
Juneau, Alaska 99801

Dear Mr. Carroll:

Re: HB 404

In lieu of a fiscal note, I am enclosing a list of those unincorporated places, and their populations, which might make application for financial assistance if the bill before the Committee is enacted into law.

I suggested two changes which I thought the Committee might consider in its subsequent deliberations. That incorporation of new municipalities is fairly presumed by HB 404--the period during which entitlements would be paid to unincorporated places is only three years--I would suggest language authorizing the program administrator to pay the councils of communities incorporated the grant which would normally pass to an unincorporated corporation or association during the year of transition to incorporated status. To subsection (c) of AS 43.18.500 the following may be added:

(c) State aid payable under this section may be paid for a period of three years upon annual application following date of receipt and approval of certification by the department or until a community is incorporated as a city in accordance with AS 29.18.010-29.18.200, whichever comes first, provided, however, that the department may pay the council of an incorporated city in the year of the city's incorporation an amount which the nonprofit corporation or association would have received.

January 30, 1974

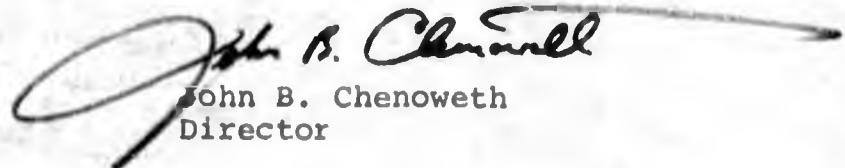
I would ask, also, that the Committee attempt to clarify whether unincorporated communities located within boroughs having area-wide planning authority (e.g., Tyonek) may benefit. The nature and purpose of the assistance provided, "encouraging communities to ascertain priorities for future community development, to plan for the provision of future local government services . . ." suggests that the planning function will be restricted to the future administrative concerns of the particular community for a purpose rather more limited than land use planning and related matters generally embraced within a definition of areawide planning. Nevertheless, depending upon the breadth of interpretation of "planning" offered, an unincorporated place may be precluded from receipt of a grant as the power is one imposed on the borough.

Representative Guy has asked that we address ourselves to the question of payment to alternate representative bodies, specifying a nonprofit regional association in lieu of and in behalf of residents of a particular unincorporated place, citing the study function presently under way by Yupiktak Bista, Inc. on behalf of Bethel area residents. The suggestion has merit--the Department has always encouraged local study of areawide concerns before submission of a borough petition--but in the context of the unorganized borough I would rather that grants be made to an association in a community leaving to them the decision as to whether to support regional governmental study.

I concur in the observation of Mr. Berry of the Alaska Municipal League that the account for expenditures to unincorporated places ought to be kept separate and wholly apart from the present Municipal Services [revenue sharing] Account, AS 43.18.020(b), to avoid a further draw on the appropriation annually made to the latter. The accounts would serve programs with different purposes and ought to be separately funded at adequate levels.

May I reiterate Commissioner Mallott's expression of willingness to appear before the Committee as you further consider this bill.

Very truly yours,



John B. Chenoweth
Director

CERTIFIED VILLAGES WHICH ARE UNINCORPORATED (84)

Ahtna, Inc.

Cantwell	62
Chistochina	33
Copper Center	318
Gakona	88
Gulkana	53
Mentasta	68
Tazlina	NA

612

Aleut Corporation

Akutan	101
Atka	88
Belkofsky	59
False Pass	62
Nelson Lagoon	43
Nikolski	57
St. George	163

573

Arctic Slope

None

Bering Straits

Mary's Igloo	NA
Unalakleet	434

Bristol Bay

Chignik	83
Chignik Lagoon	45
Chignik Lake	117
Egegik	153
Ekuk	51
Igiugig	36
Iliamna	58
Ivanof Bay	48
Kokhanok	86
Kolignanek	142
Levelock	74
Naknek	318
Pedro Bay	65
Perryville	101
Pilot Point	68
Portage Creek	90
South Naknek	154
Twin Hills	67
Ugashik	25

Calista

Andreafski	NA
Atmautluak	NA
Bill Moore's	NA
Crooked Creek	NA
Georgetown	NA
Hamilton	16
Kalskag	122
Kipnuk	325
Kongiganak	190
Kwethluk	408
Kwigillingok	148
Lime Village	25
Napaimute	NA
Newtok	114
Ohogamiut	NA
Oscarville	41
Pitkas Point	70
Platinum	55
Quinhagak	340
Red Devil	81
Russian Mission (K)	94
Sleetmute	109
Stony River	74
Tuntutuliak	158
Tununak	274

Chugach Area

2754

English Bay	58
Port Graham	107
Tatitlek	111

Cook Inlet

276

Eklutna	25
Ninilchik	134
Tyonek	232

Doyon

311

Alatna)	8
Allakaket)	174
Beaver	101
Birch Creek	40
Chalkyitsik	130
Circle	54
Dot Lake	42
Eagle	67

u

McGrath	279
Minto	168
Northway	40
Rampart	46
Stevens	74
Takotna	153
Tanacross	84
Telida	NA

944
 98
 213
 5612
 373
 1783
 2754
 276

Koniag

904

Karluk 98

391
608

NANA

Noatak 293

83320

Sealaska

None

83320

10. NA

CERTIFIED VILLAGES LOCATED ON RESERVES WHICH ARE
UNINCORPORATED (4):

Arctic Village	113	Tellin	114
Klukwan	98	Venetie	112

UNINCORPORATED VILLAGES ON APPEAL (28):

Chitina	38
Unga	NA
Atkasook	NA
Nooiksut	200
Point Lay	60
Council	NA
Solomon	NA
Chuloonawick	NA
Umkumiuke	NA
Cheneega	NA
Eyak	NA
Alexander Creek	NA
Caswell	NA
Chickaloon	25
Kasilof	71
Knik	NA
Montana Creek	33
Point Possession	NA
Salamatof	NA
Bettles	57
Manley	34
Afognak	NA
Anton Larson Bay	NA
Bells Flats	NA
Kaguyak	NA
Uyak	NA
Woody Island	41
Kasaan	30

OTHER PLACES (26):

Adak	2,800	Coffman Cove	NA
Thorne Bay	443	El Capitan	NA
Glennallen	450	Gildersleeve	NA
Metlakatla	1,250	Brown's Court (area)	NA
Cold Bay	256	Port Alice	NA
Healy-Suntrana	220	St. John's Harbor	NA
Tok	550	Sunrise Creek	NA
Cape Pole	123	Tuxekan	NA
Edna Bay	112	Whale Pass	NA
Gustavus	64	Medfra	NA
Kenny Lake	100	Nabesna	NA
Paxson	24	Slana	NA
Hyder	49		
Minchumina	23		

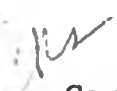
MEMORANDUM

State of Alaska

TO: Mr. Guy Van Doren

DEPT. Comm. and Regional Affairs
DIV. DSEO
SEC. _____

DATE Jan 28, 1974

FROM:  Carlton Smith, DSEO JNU

SUBJECT: Status of HB 404

On Tuesday, the Dept. of Comm. and Regional Affairs is expected to support HB 404 with reservations. The testimony will include a rough cost figure for the measure, and broad implications to the Department and the Boundary Commission, e.g. a change in travel costs incurred by its passage.

STATE
of ALASKA

MEMORANDUM

OFFICE OF THE GOVERNOR

TO: The Honorable John E. Havelock
Attorney General
Department of Law

DATE: February 28, 1972

FROM: *Bill by J.E.H.*
Byron I. Mallott
Director
Local Affairs Agency

SUBJECT: House Bill No. 600

On Monday, February 21, the House Local Government Committee reported out HB No. 600 with a "do pass" recommendation. This bill has now gone to the House Finance Committee.

During committee discussion on this bill, the agency presented testimony including the fiscal impact to the state should the legislation be enacted. The agency pointed out certain questions which should be evaluated prior to the bill's being reported out onto the House floor. These questions are stated as follows:

1. May federal Indian Reorganization Act (IRA) business corporations legally receive and expend state funds for "municipal" purposes within either organized cities or boroughs or unincorporated areas?

Discussion:

IRA corporations organized under the provisions of the Wheeler-Howard Act have as their primary purpose the transaction of business within predominantly Indian or Native communities. We are generally aware that the Wheeler-Howard Act also provides for the establishment of minimum local self-government for Indian communities through the adoption of a constitution and by-laws provided by the Secretary of the Interior. It becomes a question, therefore, whether or not a community which has adopted an IRA charter containing provisions for minimum local government can exercise such powers in the face of Sections 2 and 7 of Article X, the Alaska Constitution.

2. If IRA corporations are in fact "closed" to all but persons of Native origin, is the State Legislature in any way impeded from authorizing disbursement of state general fund monies through AS 43.18.010 to communities as defined in HB No. 600?

Discussion:

It would appear that allocation of state shared revenues to these corporations would carry with it the requirement that the funds so allocated be expended wholly for public purposes, i.e. municipal services, authorized by federal

IRA charters. That this necessarily follows is buttressed by AS 43.18.010 (f) which states, in part, that "funds received by a city, borough or service area under this section may be expended for any public purpose for which it has power to expend public funds..." (emphasis added)..

3. Could an IRA corporation located within the boundaries of a municipality incorporated under state law be eligible for revenue sharing allocations?

Discussion:

It is conceivable that situations may exist where communities are incorporated both under the federal Wheeler-Howard Act and also under Titles 29 and 7 of the Alaska Statutes. While the intent of the proposed bill must be to make communities which have organized as IRA corporations but not as municipal corporations eligible for revenue sharing funds, it would seem that the bill, as written would not preclude funding of both an IRA corporation and a municipality within the same community.

The above are some of the questions which have immediately surfaced with respect to HB 600. The agency respectfully requests that your office provide this agency and the Legislature with an opinion discussing these questions as well as any other important implications generated by this bill of which we are not presently aware.

The attachments to this memorandum provide a picture of the fiscal aspects which would ensue if the legislation were to be enacted by the Legislature. I am available for discussion on this matter at your convenience.

BIM/SJS/pc

Attachments

cc: The Honorable Mike Miller, Chairman
House Local Government Committee

The Honorable Richard Whittaker
House of Representatives

CERTIFIED VILLAGES WHICH ARE UNINCORPORATED (84)

Ahtna, Inc.

	3
Cantwell	62
Chistochina	33
Copper Center	318
Gakona	88
Gulkana	53
Mentasta	68
Tazlina	NA

Aleut Corporation

	612
Akutan	101
Atka	88
Belkofsky	59
False Pass	62
Nelson Lagoon	43
Nikolski	57
St. George	163

Arctic Slope

None

Bering Straits

Mary's Igloo	NA
Unalakleet	434

Bristol Bay

Chignik	83
Chignik Lagoon	45
Chignik Lake	117
Egegik	153
Ekuk	51
Igiugig	36
Iliamna	58
Ivanof Bay	48
Kokhanok	88
Kolignanek	142
Levelock	74
Naknek	318
Pedro Bay	65
Perryville	101
Pilot Point	68
Portage Creek	90
South Naknek	154
Twin Hills	67
Ugashik	25

Calista

Andreafski	NA
Atnautluak	NA
Bill Moore's	NA
Crooked Creek	NA
Georgetown	NA
Hamilton	16
Kalskag	122
Kipnuk	325
Kongiganak	190
Kwethluk	408
Kwigillingok	148
Lime Village	25
Napaimute	NA
Newtok	114
Ohogamiut	NA
Oscarville	41
Pitkas Point	70
Platinum	55
Quinhagak	340
Red Devil	81
Russian Mission (K)	94
Sleetmute	109
Stony River	74
Tuntutuliak	158
Tununak	274

Chugach Area

English Bay	58
Port Graham	107
Tatitlek	111

Cook Inlet

Eklutna	25
Ninilchik	134
Tyonek	232

Doyon

Alatna)	31
Allakaket)	174
Beaver	101
Birch Creek	40
Chalkyitsik	130
Circle	54
Dot Lake	42
Eagle	67

1743

2754

226

391

608

McGrath	279
Minto	168
Northway	40
Rampart	46
Stevens	74
Takotna	153
Tanacross	84
Telida	NA

00
 944
 98
 293
 5612
 573
 1783
 2754
 276

Koniag

944

Karluk 98

391
608

NANA

Noatak 293

83320

Sealaska

None

10. N A

83320

CERTIFIED VILLAGES LOCATED ON RESERVES WHICH ARE
UNINCORPORATED (4):

Arctic Village	113	Tetlin	114
Klukwan	98	Venetie	112

UNINCORPORATED VILLAGES ON APPEAL (28):

Chitina	38
Unga	NA
Atkasook	NA
Nooiksut	200
Point Lay	60
Council	NA
Solomon	NA
Chuloonawick	NA
Umkumiuke	NA
Chenega	NA
Eyak	NA
Alexander Creek	NA
Caswell	NA
Chickaloon	25
Rasilof	71
Knik	NA
Montana Creek	33
Point Possession	NA
Salamatof	NA
Bettles	57
Manley	34
Afognak	NA
Anton Larson Bay	NA
Bells Flats	NA
Kaguyak	NA
Uyak	NA
Woody Island	41
Kasaan	30

OTHER PLACES (26):

Adak	2,800	Coffman Cove	NA
Thorne Bay	443	El Capitan	NA
Glennallen	450	Gildersleeve	NA
Metlakatla	1,250	Brown's Court (area)	NA
Cold Bay	256	Port Alice	NA
Healy-Suntrana	220	St. John's Harbor	NA
Tok	550	Sunrise Creek	NA
Cape Pole	123	Tuxekan	NA
Edna Bay	112	Whale Pass	NA
Gustavus	64	Medfra	NA
Kenny Lake	100	Nabesna	NA
Paxson	24	Slana	NA
Hyder	49		
Minchumina	23		

STATE
of ALASKA

MEMORANDUM

TO: [The Honorable Mike Miller, Chairman
House Local Government Committee
Alaska State House of Representatives

DATE : February 19, 1972

FROM: ^{BM} Byron I. Mallott, Director
Local Affairs Agency
Office of the Governor

SUBJECT: HB-600- State Aid to Federal Law Cities

The following fiscal analysis of HB 600 is based on the premise that each IRA Council would be empowered to provide and would be providing the services listed, two years after each initially became eligible for grants in aid under AS 43.18.010.030. Therefore, this analysis should be considered an estimate of each active IRA Council's potential level of participation.

AKIACHAK - Population 312 - Police Protection, Fire Protection, Parks and Recreation, Road Maintenance.	\$8940
ATKA - Population 88 - Police Protection, Fire Protection, Parks and Recreation, Road Maintenance.	\$4760
KLUCKWAH - Population 102 - Police Protection, Fire Protection, Water Pollution, Parks and Recreation.	\$2244
KWETHLUK - Population 408 - Police Protection, Fire Protection, Parks and Recreation, Road Maintenance, Health Facilities	\$12,910
KWIGILLINGOK - Population 148 - Police Protection, Fire Protection, Parks and Recreation	\$2960
KWINHAGAK - Population 340 - Police Protection, Fire Protection, Parks and Recreation	\$6800
METLAKATLA - Population 1050 - Police Protection, Fire Protection, Water Pollution, Land Use Planning, Transportation, Parks and Recreation, Road Maintenance, Health Facilities.	\$43,450
MINTO - Population 168 - Police Protection, Fire Protection, Water Pollution, Land Use Planning, Parks and Recreation, Road Maintenance.	\$4932
NIKOLSKI Population 57 - Police Protection, Fire Protection, Parks and Recreation, Road Maintenance	\$4140

NOATAK - Population 293 - Police Protection, Fire Protection, Parks and Recreation, Road Maintenance
\$7360

PERRYVILLE - Population 94 - Police Protection, Fire Protection, Water Pollution, Parks and Recreation, Road Maintenance
\$3568

TANACROSS - Population 84 - Police Protection, Fire Protection, Water Pollution, Parks and Recreation, Road Maintenance
\$2748

TATITLEK - Population 111 - Police Protection, Fire Protection, Water Pollution, Parks and Recreation, Road Maintenance
\$2742

TETLIN - Population 114 - Police Protection, Fire Protection, Transportation, Parks and Recreation, Road Maintenance
\$3750

TUNUNAK - Population 274 - Police Protection, Fire Protection, Water Pollution, Parks and Recreation, Road Maintenance
\$6478

TYONEK - Population 232 - Police Protection, Fire Protection, Water Pollution, Transportation, Parks and Recreation, Road Maintenance
\$2,500

UNALAKLEET - Population 434 - Police Protection, Fire Protection, Water Pollution, Land Use Planning, Parks and Recreation, Road Maintenance
\$16,416

VENETIE - Population 112 - Police Protection, Fire Protection, Water Pollution, Parks and Recreation, Road Maintenance
\$3214

Total \$145,926

Representative Tillion has asked that we address ourselves to the question of the impact of Tyonek's eligibility on the Kenai Borough's entitlement.

The Kenai Borough is presently qualifying for funds on an area wide basis under the categories of Air Pollution Control and Land Use Planning. The application under Air Pollution Control is based on participation in the Tri-Borough Air Pollution Control Program; the Land Use Planning entitlement is based on the fact the Borough exercises mandatory area wide planning and zoning authority. Therefore, the qualification of Tyonek for funds under the Police and Fire Protection, Water Pollution Control, Parks and Recreation, Transportation and Road Maintenance categories would not effect the Kenai Borough's entitlement.

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Assembly

COMMITTEE REPORT

January 21, 1974

JUDICIARY

HOUSE

Mr. Speaker:

Date 2-25-74

The Committee on Community and Regional Affairs has had H.B. No. 649

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT (S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman

A M E N D M E N T

OFFERED IN THE HOUSE:

BY: House Community and Regional
Affairs Committee

To: _____ HOUSE BILL No. 445 _____

SENATE BILL No. _____

PAGE: 1 _____

LINE: 21 _____

(1) After sub-section (1), add a new subsection--Sub-section

The land, fees, or combination thereof shall be used
only for the purpose of providing park, recreational, or
other public facilities.

MEMORANDUM

Alaska House of Representatives



POUCH V
JUNEAU
99801

P. O. BOX 9
KENAI
99811

HUGH MALONE

TO: Honorable Milo Fritz
Committee on Community & Regional
Affairs

DATE: January 28, 1974

FROM: Representative Hugh Malone

RE: HB 445, Platting Powers

The evident purpose is to allow municipalities to require developers to provide land for parks and open spaces. This is a bona-fide public purpose. It costs a great deal to acquire this land after development - and the developer is the prime beneficiary, since he is assured that the development will have, if the overall plan is carried out, adequate open area for recreation and related activities.

The bill does not in any way restrict local government - it broadens their powers. It does not restrict developers unless unfairly administered by a municipality.

One other point to consider is that a municipality might possibly be faced with a suit on the grounds a person would be deprived of private property for a public use without fair compensation. (References - U.S. and Alaska Constitutions; 5th Amendment, U.S. Constitution; Art. 1, Sec. 18, Alaska Constitution.)

I would argue against this on the following basis:

1. A developer is already required to provide adequate street rights-of-way and utilities easements as a condition of approval of the development. HB 445 is merely an extension of the types of public areas deemed necessary for development.
2. Land use is already limited in most urban areas to that specified in the overall zoning. Park or greenspace zoning is probably within the scope of zoning power of a municipality.

It should be noted that a local government could only use this power as part of an overall parks plan. Also, while some savings would occur, the costs of providing parks in a quickly growing area would only be slightly mitigated in most cases. But this does not detract from the value of the bill.

I would be glad to testify on HB 445 at your convenience. I respectfully suggest you invite comments and testimony from Mr. Robert Pavitt, Director of Planning and Research, Office of the Governor. Mr. Pavitt is an expert in this field.

H. M.

cc: Robert Pavitt

Legal Issues

There are two major legal issues regarding mandatory dedication of land or fees-in-lieu of land for schools and parks as a prerequisite to subdivision plat approval: (1) whether the conceived purpose of the regulation comes within the constitutional limits of the police power--the protection of health, safety and morals, or the general welfare. And, (2) whether the specific requirements are "reasonable," that is, whether they exceed the limitations on the exercise of regulatory power.³

The Constitutionality of Subdivision Exactions

Subdivision regulations requiring the mandatory dedication of land or fees-in-lieu of land as a precedent to plat approval must generally be authorized by state legislation. Several states have passed dedication and fees-in-lieu provisions statutes.⁴ One indication of the increasing interest in such legislation is the ACIR State Legislative Program for 1970⁵ in which a bill (reproduced in Appendix A) is proposed for mandatory dedication of park and school sites. In its introduction to the model draft bill, ACIR states that it is now generally recognized that land for open space, park and recreation areas, and school sites is a vital feature of sound subdivision design. Providing land is as necessary as is providing common physical facilities, such as streets and sewers.

California has one of the finest examples of state enabling legislation in the Quimby Act (AB 1150 of Chapter 1809). This section reads as follows:

Section 1. Section 11510 of the Business and Professions Code is amended to read:

11510. "Design." Refers to street alignment, grades and widths, alignments and widths of easements and rights-of-way for drain-

³Ibid., p. 1122.

⁴Arkansas -- Ark. Stat. Ann. 19-2829 (Supp. 1959); Washington -- Wash. Rev. Code 58. 16.120 (1951); Minnesota -- Minn. Stat. Secs. 462. 351-462.363 (1965); California -- Business and Professions Code section 11546, Ab 1150, chapter 1809 (1965); New York -- Section 277, Town Law, Section 179-1, Village Law, Section 33, General City Law; Hawaii (proposed) S.B. No. 282 (1966). ASPO did not survey states concerning enabling legislation for subdivision dedication and/or fees-in-lieu requirements and does not contend that this list is complete.

⁵Advisory Commission on Intergovernmental Relations, ACIR State Legislative Program: New Proposals for 1970. (Washington, D.C.: Advisory Commission on Intergovernmental Relations, 1969) p. 31-37-00,1.

sideration variations in the relative desirability and market value of the land that may be included within the area of any particular, proposed subdivision.¹

Section []. Payment in Lieu of Dedication. When the [governing body] adopts regulations requiring a subdivider to dedicate school, park and playground sites, as authorized by section [the preceding section], it may also adopt, as part of the [municipality's, county's] subdivision control regulations, provisions requiring a subdivider, in lieu of dedicating the sites, to pay to the [municipality, county] a sum of money equal to the value of land that would otherwise be required to be dedicated for school, park and playground purposes, whenever the department or agency charged with administering the dedication provisions determines that it would not be in the public interest to accept the dedication in connection with a particular proposed subdivision.² The provisions shall enumerate the standards to be applied in determining when it is not in the public interest to accept the dedication and shall provide for the manner of making payment. [All funds so received shall be held by the [municipality, county], or a designated department or agency thereof, in a special account, and shall be applied and used by the [municipality, county] to acquire school, park and playground sites for the benefit of the residents of the subdivision for which the payment was made.] Provisions may be adopted establishing standards for the application and use of the funds in accordance with the foregoing limitation. The provisions may also provide that the payment in lieu of dedication shall be a condition precedent to the approval of any subdivision

¹The legislature may wish to spell out the procedure for adjusting the area of land dedicated to the varying value of property throughout the subdivision. Following is one suggestion:

Such consideration shall be in the form of provisions that adjust the total amount of land that may be required to be dedicated in accordance with the value of the particular land area or areas selected for dedication as opposed to the average per acre or other unit value of all land within the proposed subdivision, in accordance with the following formula:

Average value (per acre or other unit) of all land within subdivision

"x"

Average value (per acre or other unit) of the land selected for dedication.

Number of acres (or other units of land) required to be dedicated under standards relating to number and type of dwelling units or structures

where "x" equals the total amount of land that may be required to be dedicated.

²The legislature may consider it desirable to specify the procedure for determining the amount of the in-lieu payment. Following is a possible approach: (Footnote continued)

age and sanitary sewers and minimum lot area and width. "Design" also includes land to be dedicated for park or recreational purposes.

Section 2. Section 11546 is added to said code, to read:

11546. The governing body of a city or county may by ordinance require the dedication of land, the payment of fees in lieu thereof, or a combination of both, for park or recreational purposes as a condition to the approval of a final subdivision map, provided that:

(a) The ordinance has been in effect for a period of 30 days prior to the filing of the tentative map of the subdivision.

(b) The ordinance includes definite standards for determining the proportion of a subdivision to be dedicated and the amount of any fee to be paid in lieu thereof.

(c) The land, fees, or combination thereof are to be used only for the purpose of providing park or recreational facilities to serve the subdivision.

(d) The legislative body has adopted a general plan containing a recreational element, and the park and recreation facilities are in accordance with definite principles and standards contained therein.

(e) The amount and location of land to be dedicated or the fees to be paid shall bear a reasonable relationship to the use of the park and recreational facilities by the future inhabitants of the subdivision.

(f) The city or county must specify when development of the park or recreational facilities will begin.

(g) Only the payment of fees may be required in subdivisions containing fifty (50) parcels or less.

The provisions of this section do not apply to industrial subdivisions.⁶

⁶A recent appellate court in California has generally validated the ordinance for the city of Walnut Creek which was basically patterned after the suggested ordinance prepared by the League of California Cities based on the state enabling legislation. The court in this decision (Associated Home Builders of the Greater East Bay, Inc. v. City of Walnut Creek, filed on October 13, 1970) commented negatively on certain aspects of the Walnut Creek ordinance and determined that subsection (g) of section 1154b was ambiguous in that the use of the term "parcel" was not subject to definition. Aside from this, it does appear that the appellate court sustained the California law in this field.

plat, or may provide that the payment be deferred or made in installments following approval of a subdivision plat, or may provide that the payment be deferred or made in installments following approval of a subdivision plat upon the subdivider's posting of a good and sufficient surety bond guaranteeing the payment.

[Section []]. Certification of Standards by School and Park Districts. When the boundaries of the [municipality, county] do not coincide with those of the [school district] [park district] responsible for administering the school and park programs, the governing body of the [municipality] [county] shall refer the standards required by [the preceding two sections] to the [school district] [park district] in which the proposed subdivision is located. The standards shall not be effective until the [school district] [park district] certifies, pursuant to procedures set forth in an interlocal agreement, that they are the same as those prevailing throughout the jurisdiction of the [school district] [park district].]

Section 2. Separability. [Insert separability clause.]

Section 3. Effective Date. [Insert effective date.]

(Footnote continued.)

Where a fee is required to be paid in lieu of land dedication, the amount of such fee shall be based on the average price per acre which the [school board] and the [park authority] would be required to pay for an amount of land equivalent to that which the subdivider or developer would otherwise be required to dedicate, pursuant to section [] hereof. The average price per acre used to calculate the fee shall be established annually by the [school board] and the [park authority], subject to [governing body's] approval, based on their best knowledge of trends in site costs, and such price shall be applied [municipal-, county-] wide. The average price per acre used to establish the fee for the current calendar year shall be that for land to be purchased in the following calendar year. An appropriate schedule of fees shall be published in the [planning agency], subject to the approval by the [governing body], and shall become effective January 1. This schedule of fees shall be reviewed annually and revised as necessary.

Appendix A

ACIR SUGGESTED STATE LEGISLATION

[Title should conform to state requirements. The following is a suggestion: "Amendment to state legislation authorizing counties and municipalities to exercise subdivision regulation powers."]

(Be it enacted, etc.)

Section 1. [Appropriate citation to existing subdivision regulation law] is hereby amended by adding the following new sections at the end thereof:

Section []. Dedication of School, Park and Playground Sites. For those portions of [municipalities, counties] for which plans for future sites for schools and parks and playgrounds have been adopted and published pursuant to [cite local planning enabling statute], the [governing body] may be resolution or ordinance include, as a part of the [municipality's, county's] subdivision control regulations, requirements that a subdivider of land dedicate such land areas, sites and locations for school, park and playground purposes as are reasonably necessary to service the proposed subdivision and the future residents thereof, but in no case more than [] percent of the gross area of the proposed subdivision. The regulations may provide that the dedication shall be a condition precedent to the approval of any subdivision plat. They shall set forth the standards to be applied in determining the amount of land that is required to be dedicated. These standards shall be based upon the number and type of dwelling units or structures to be included in each subdivision. These standards shall also be based upon studies and surveys conducted by the [municipality, county] in order to determine the need, if any, for school, park and playground sites generated by existing subdivisions within the [municipality, county] containing various types of dwelling units or structures.

The regulations may also provide that the [municipality, county], or a designated department or agency thereof, shall have the authority to select the location of land areas to be dedicated for school, park and playground purposes. If such authority is exercised, the dedication provision shall take into con-

The suggested state legislation cited in this appendix is taken from Advisory Commission on Intergovernmental Relations, ACIR State Legislative Program: New Proposals for 1970 (Washington, D.C.: 1969), Sec. 31-37-00, p. 2.

Minutes
House Community and Regional Affairs Committee
February 20, 1974
8:30 a.m.

Present

Chairman Carrol
V. Chairman Hackney
Rep. Laktonen
Rep. Gardiner

Excused

Rep. Guy
Rep. Fritz
Rep. Petersen

Guests

Don Berry-Alaska Municipal League
James Wiedeman-Office of the Governor, Division of Planning and
Research
Lawrence Kimball-Dept. of Community and Regional Affairs, Div-
ision of Research and Planning

The Committee considered HB 445.

Mr. Berry-AML requested Rep. Fischer to introduce the bill. It is an attempt by the Municipal League to guarantee recreational and open lands in any subdivision to be developed from now on. It provides that a certain proportion of land must be dedicated to open space in a development.

Rep. Gardiner-Did any of the smaller communities feel that this type of legislation was going to pose problems for them?

Mr. Berry-Not in the communities I talked with.

Chairman Carrol-Will there be any problems with public parking because of this?

Mr. Berry-There shouldn't be, because most builders are required to provide for public parking in their plans, if the area is to be used by the public.

Rep. Gardiner-What is this Sec. B, the exemption for industrial zoned land?

Mr. Berry-There seems to be trouble in zoning an area of a community strictly for industry, and this bill gives a plan for planning both industrial and recreational areas.

V. Chairman Hackney-How about the provision in Line 11?

Mr. Berry-Why give the developer the right to pay a money fee instead of dedicating open land?

Mr. Wiedeman-Usually the payment of fees is for areas where a subdivision goes in adjacent to an existing park, in which case, the fees paid by the developer might be used to either help maintain the existing park or to purchase recreational land in another location.

Rep. Gardiner-Would there be any problem with these fees being used for anything other than their originally intended purpose?

Chairman Carrol-Rep. Malone has provided us a copy of his reaction to this bill.

The memo was read by the secretary to the Committee. It was addressed to Rep. Fritz, from Rep. Malone.

Mr. Kimball-The Dept. of CRA is in favor of the bill. Other states have passed the same type of legislation and its constitutionality has been upheld in these states, provided the standards set by the municipalities are reasonable. The idea of leaving the standards to the discretion of the local governments is a good one, because it will allow the different Alaskan communities to design around their own topographical problems.

V. Chairman Hackney-Do you see restrictions on developers making their own plans, and having these plans not be accepted by the local government?

Mr. Kimball-Not really, because the developer would already have had to consult with the proper local authorities before going ahead anyway.

V. Chairman Hackney-How many boroughs would have a parks and recreation plan at this time, to implement this legislation?

Mr. Kimball-Probably Anchorage, maybe Fairbanks. The main object in all this is to simply locate the recreational areas near the residential sections.

V. Chairman Hackney-Hawaii has this type of plan, including the idea of industrial parks. They also have a green strip policy, in which there are certain areas in an industrial section where no buildings may be built.

Mr. Kimball-Yes, Connecticut also has this policy.

V. Chairman Hackney-Is this bill really necessary?

Mr. Kimball-This type of planning ordinance usually requires state legislation to be effective on a local level.

V. Chairman Hackney-Is there any virtue in requiring the boroughs to have this type of comprehensive plan?

Mr. Wiedeman-It gets very complicated at the local level. There almost has to be a pre-existing plan in an area for this type of ordinance to be effective. The bill is enabling legislation.

The municipalities have to do certain things first:

1) There has to be some sort of parks plan to relate the new ordinance to.

2) There has to be a set of standards or conditions as to where

Page 3,
Feb. 20

the ordinance shall apply. It would be unreasonable, in most cases, for the city to ask a developer who was subdividing only 20 lots to dedicate 5 to open space. But the passage of this type of legislation may get the different localities to look at the idea of planning.

Chairman Carrol-Do you think the bill needs more specific language concerning this point?

Mr. Kimball-These standards are usually developed at the local level.

V. Chairman Hackney-Is there no danger of municipalities using this bill as a rip-off on the subdividers?

Mr. Kimball-Usually representatives of the developer work with the local governments in these cases, so there should be no problem.

V. Chairman Hackney-There needs to be something in the bill to specify that the fees acquired in lieu of open space property should be earmarked for the purpose of recreation.

Mr. Berry-It all goes into a general fund from which the parks and recreation monies are drawn anyway, so what difference can it make?

V. Chairman Hackney-There is the possibility of the money going elsewhere.

Mr. Berry-If it makes Rep. Hackney feel better, language can be inserted to specify that the funds must be used for this purpose only.

Chairman Carrol-I disagree. When funds are earmarked, they are sometimes spent needlessly. The local governments need the latitude to decide what to do with the funds, to use them where they are needed.

Mr. Berry-So much is spent by the municipalities on parks and recreation in comparison to what might be received from any fees a developer might pay, that there really seems little point in specifying.

V. Chairman Hackney-If the city is going to pick someone's pocket for a specific purpose, let the money be earmarked for that specific purpose.

Mr. Wiedeman-Seldom, in my experience, is the land commuted to a fee payment anyway.

Chairman Carrol-What would be an example of such a case?

Mr. Wiedeman-The case I mentioned before, where an already existing park makes more open land unnecessary. Surplus park property can be detrimental to a community, and payment of a fee can be substituted in this case.

Page 4,
Feb. 20

Mr. Kimball-Or, in the case of a large development owned by several holders, the fees may be taken to develop one larger area for recreation.

Because of the lateness of the hour, Chairman Carrol adjourned the meeting at 9:30, to be continued tomorrow at 8:30 a.m.

Minutes

House Community and Regional Affairs Committee

Febraary 21, 1974

8:30 am

Present

Excused

Chairman Carrol
V. Chairman Hackney
Rep. Fritz
Rep. Gardiner
Rep. Petersen

Rep. Guy

Guests

Billy Berrier--City Attorney, Juneau City and Borough
Don Berry--AML
Dorie Clark--Parks and Recreation, Greater Anchorage Area Borough
Rep. Helen Fischer--sponsor of HB 445
Karen Hedley--League of Women Voters, Anchorage
Lawrence Kimball--Dept. CRA, Division of Research and Planning
Gary Thurlow--Greater Anchorage Area Borough, City Attorney

Continuing hearings on HB 445.

Mrs. Hedley: The subdivider should bear the burden of seeing that there is a minimum amount of open land in the development. The in lieu fee should be up to the local government, as should be the required minimum amount of land to be dedicated. The League of Women Voters is urging a speedy do pass recommendation.

Rep. Fritz: Have you had problems with the developers over this type of thing?

Mrs. Hedlen: Not unless the requirements are too stringent.

Rep. Fritz: There have been no complaints from anyone on your committee?

Mrs. Hedlen: There were some minor disput es.

Rep. Hckney: Did you have contact with real estate people?

Mrs. Hedlen: Most could see the advantage of the program.

Chairman Carrol: What about the claim that the tenant pays for the park anyway in a bigger markup?

Mrs. Hedlen: The price is passed on to the consumer, so he pays for the parks anyway, but I would rather do it.

Rep. Gardiner: A community as it grows will want parks, and they're more expensive later; it's just a question of when you pay, and how much.

Rep. Hackney: Where several small developers own a general area, they would have to decide who gives up the park land.

Mrs. Hedlen: Most of the land we are talking about is owned by two or three people, so that problem really isn't what concerns us directly in Anchorage.

Mrs. Clark: Each community in Alaska is unique and has its own needs and the formula in HB 445 is flexible and workable.

There is a real estate representative on the Greater Anchorage Area Park Board and he favors this legislation.

The opposition to this kind of thing is usually to the unknown. The developers don't know what formula will be adopted at the local level.

HB 445 will not provide all the parkland needed by the communities, but the land it does set aside will be acquired at its least expensive. We urge passage of this bill.

Rep. Hackney: What do you do for Anchorage, Mrs. Clark?

Mrs. Clark: I am the manager of the Parks and Recreation Dept.

Rep. Fritz: We only have one chance at parks. I urge passage.

Rep. Hackney: Would you have any objection to requiring fees in lieu of dedication to be especially earmarked for parks and recreation.

Mrs. Clark: No, I would have assumed they would be used for this purpose anyway.

Mr. Van Doren: How about the following amendment: The land, fees, or combination thereof shall be used only for the purpose of providing park, recreational, or open space facilities to serve the subdivision.

Rep. Fischer--I was going to ask for this type of amendment.

Rep. Gardiner--Is the phrase, "to serve the subdivision" too restrictive?

Mr. Van Doren: Perhaps the fees could be used for the upkeep of an adjacent area, so the subdivider can see a benefit to his area through the fees he has paid.

Mr. Kimball: In California courts, it is felt that the subdivider should provide certain services in return for land pressures, but they are not held responsible for programs normally supported by the community.

Mrs. Clark: Some subdivisions might have a park nearby in various stages of development. In this case, couldn't the fee be used in a different area?

Mr. Bellier: The phrase, "to serve the subdivision" ties it down

Page 3
Feb. 21

unnecessarily.

Mr. Thurlow: It wouldn't create a problem in Calif., but it might here.

Rep. Hackney: I just don't want the borough ripping off the developers.

Rep. Gardiner: There have to be certain stipulations on the local level. If the cities were ripping off the subdividers, it would never hold up in court.

Mr. Thurlow: I represented a developer in Calif. Their ordinance works well and protects the responsible developer. If there is no statute covering this, the parks situation, especially in Anchorage, will be irretrievable.

Rep. Carrol: How do you see Fairbanks?

Mr. Thurlow: Fairbanks needs small community parks.

Rep. Carrol: This would seem to be a timely bill for Alaska.

The meeting was adjourned at 9:30 because of the lateness of the hour. Further consideration to be held at the meeting Monday, Feb. 25.

Minutes
House Community and Regional Affairs Committee
February 25, 1974
8:30 a.m.

Present

Chairman Carrol
V. Chairman Hackney
Rep. Fritz
Rep. Gardiner
Rep. Laktonen
Rep. Petersen

Excused

Rep. Guy

Guests

Rep. J. Miller
Mr. Don Berry--AML
Mr. Billy Berrier--City Atty., Juneau

The Committee continued to deliberate on HB 445.

Rep. J. Miller testified on the bill.

The bill was passed out of committee with a unanimous vote,
amendment attached.

There being no further business, the meeting was adjourned at
9:30 a.m.

Selwin Carrol, Chairman
Community and Regional Affairs Committee
Pouch V
Juneau, Alaska

February 18, 1974

Dear Mr. Carrol:

I am writing to urge the Community and Regional Affairs Committee recommend passage of House Bill 445, "An act relating to the platting powers of municipalities".

I live near Musk Ox Subdivision and enjoy easy access to the Skarland Memorial Ski Trail. I consider this easy access a prime factor in my choice to live here, and I would be considerably upset if future residential development in the area resulted in loss of this trail. Enclosed is a map detailing how this loss could occur and how a recreational easement could prevent this.

I use the trail for recreational skiing, for visiting my friends who live along it, and for commuting to work when I worked at the University of Alaska. I use it primarily for skiing, but in the summer I also use it for running.

I would like to dispell a common belief that trail-based recreation is used by only children and youth. I am 35 years old, and I have made an earnest attempt to run at least a mile every day for the past 8 years. When I was 32, I ran in the Equinox Marathon and came in 4th in the Women's Division. While I'm not sure I'd like to do that to my body again, I was considerably pleased with how well I did--especially as the women who placed ahead of me were all at least 10 years younger than I. I can easily understand how there will always be Fairbanks residents of all ages in the future who will want to have the opportunity to test the results of their personal physical fitness programs in events like the Skiathon and Equinox Marathon.

I consider trail systems on recreational easements superior to those beside road right-of-ways for practical as well as aesthetic reasons. As a runner, I have found that paved roads and graveled shoulders do funny things to my knees and ankles, and on busy highways automobile exhaust and dust are irritating. As a skier, I have found trails beside roads are repeatedly covered by blocks of hard-packed snow from snow plows during the winter, and in the spring, gravel left behind as this snow melts makes these trails unusable much sooner than trails in the woods.

I wish to encourage the creation of additional trail systems like the Skarland Memorial Ski Trail. This would not only allow residents of other neighborhoods the opportunity to enjoy skiing at their very doorstep as I do in my neighborhood,

but it would remove the burden now placed on the Skarland Memorial Ski Trail of providing cross-country ski recreation for the entire Fairbanks area.

Accordingly I would welcome the passage of HB 445 as a first step toward establishing an area-wide trail system in the North Star Borough through recreational easements.

Sincerely,

Joanne E. Groves

Joanne E. Groves

Box 81199

College, Alaska 99701

HB

505

COMMITTEE REPORT

729/91

HOUSE

FINANCE

Mr. Speaker:

Date 3-7-79

The Committee on Community and Regional Affairs has had RS 505

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(x) recommends it BE REPLACED WITH CS FOR RS 505 AND THAT

CS FOR RS 505 DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

recommends: _____

recommends: _____

recommends: _____

recommends: _____

recommends: _____

Chairman

It is the Committee's view that one department of state government shall have sole responsibility for coordinating and administering state programs for assistance to pipeline impact communities.

Although the Governor should be granted the discretion to assign this function and responsibility to any department he considers most appropriate, including the Office of the Governor, the Committee would recommend that this responsibility be assigned to the Department of Community and Regional Affairs and that sufficient funds be appropriated so that agency can administer the act. The Committee visualizes at least three additional state pipeline impact representatives being employed with at least one each being employed in Juneau, Anchorage and Fairbanks respectively.

HB505

FAIRBANKS NORTH STAR BOROUGH



February 19, 1974

Honorable Selwyn Carrol
Alaska House of Representatives
Pouch V
Juneau, Alaska 99801

Dear Rep. *Carrol*

I enclose a copy of a summation of my comments before the House. While it is by no means a verbatim transcript, I think it fairly well covers the context of my testimony.

Yours very truly,

John
John A. Carlson
Borough Mayor

JAC:gcc

encl as stated

HOUSE BILL NO. 505

Sec. 2. Eligibility Standards

(a) (1) Population Growth

The 4% growth rate may not be a realistic growth figure for every community. I recommend that the average percentage of growth over the past four or five years be used as the base growth factor.

Fairbanks North Star Borough has realized an average of 2.7% growth and would feel an impact before the 4% factor is met.

Basically, any accelerated growth rate can be attributed to pipeline impact.

(a) (2) Grants to municipalities to meet expenditures beyond its capability to pay should be based on the communities' ability to pay and this ability to pay based upon the per capita valuation of a community. Therefore, a formula utilizing this as one of its factors should be included in this bill.

The Department of Community and Regional Affairs used a similar formula in its document "Distribution of Oil and Gas Property Tax Revenues", October 18, 1973, during the special session.

As a community's assessed valuation increases due to pipeline "impact" so will its ability to pay increase also.

Sec. 2 Eligibility Standards

(Source Document-
Municipal Property Assessments,
Department of Community and Regional Affairs, 1973
Real and Personal Property, page 24) (*adjusted*)

$$\frac{\text{Assessed Values}}{\text{Population}} = \text{Per Capita Valuation}$$

City of Fairbanks

$$\frac{197,922,075}{18,685} = 10,593$$

Fairbanks North Star Borough

$$\frac{344,987,500}{32,714} = 10,546$$

City of Anchorage

$$\frac{861,668,560}{54,714} = 15,749$$

Greater Anchorage Area Borough

$$\frac{1,919,461,255}{115,418} = 16,631$$

City of Valdez

$$\frac{13,854,000}{1,106} = 12,526$$

City of North Pole

$$\frac{1,056,179}{278} = 3,799$$

(a) (3) The requirement in Sec. 1 (a) (3) "directly attributed to the impact of commencement of the trans-Alaska pipeline" should be removed. In no way could an administrator swear that the funds are so attributed. The mere fact that the line is being built, population growth exceeds the normal growth pattern would indicate public service requests are attributed to the construction of this line.

Sec. 3 Essential Municipal Services

Categories should be deleted as all departments of local governments will feel an impact in varying degrees.

The first sentence should read:

"Grants made under this Act may be expended only for operating expenditures."

Should this approach not be acceptable, the categories for essential municipal services must be extended to include administration, parks and recreation, library and animal control.

All department of local governments will be impacted as an example in HB 505: In order to apply for funds, a grant application must be filed giving in detail the services for which the grant will be expended (Sec. 6(a)). Then fiscal accountability must be set up to ascertain funds have been expended properly, accounts audited and copies transmitted (Sec. 7(b)). Population estimates must be submitted quarterly (Sec. 9). These requests, justly asked for, will demand someone's time in administration to prepare and do bear a relation to impact needs.

Grants could be proposed on the same approach as used for state shared revenues. Therefore, each government entity would be entitled to funds based upon the services provided.

John A. Carlson
Borough Mayor
Fairbanks North Star Borough

LOCAL PROPERTY TAX AND REVENUE TRENDS: 1969-1973

	<u>ASSESSED VALUATION</u>	<u>MILL RATE</u>	<u>GENERAL PROPERTY TAX REVENUE</u>	<u>INTERGOV. REVENUE</u>
CITY OF ANCHORAGE	+ 81.1%	- 21.0%	+ 46.6%	+ 520.6%
CITY OF FAIRBANKS	+ 75.0%	+ 25.0%	+ 97.2%	+ 252.4% ²
FAIRBANKS NORTH STAR BOR. ¹	+ 90.0%	- 61.4%	- 45.2%	+ 122.8% ²
GREATER ANCHORAGE AREA BOR.	+109.5%	- 18.0%	+ 46.4%	+ 167.8%
CITY OF VALDEZ	+509.3%	no change	+ 78.8%	+1036.9%

¹For the period 1969-1972.

²State intergovernmental revenues only.

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CHIEF OF POLICE, NEW YORK CITY



NEW YORK CITY POLICE DEPARTMENT

1971
New York City, 1971

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CITY OF ANCHORAGE



ALASKA

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ANCHORAGE, ALASKA
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December 17, 1973

Mr. Bernard E. Kelly, Chairman
Northwest Federal Regional Council
1321 Second Avenue
Seattle, Washington 98101

Dear Mr. Kelly:

We appreciate this opportunity to present on behalf of the City of Anchorage the enclosed statement concerning the impact from the construction of the Trans-Alaska Oil Pipeline and related petroleum industry activities.

This statement contains an overview of the additional demands that we feel will be placed on the City of Anchorage for governmental and public utility services and facilities from pipeline and related construction based on the information and studies completed to date. There are many areas on which very little information has been developed or made available to us. For example, there could develop a grave shortage of professional and skilled personnel essential to the provision of additional services and facilities. No attempt to our knowledge has been made to measure the inflationary impact from such a large construction job or to develop counter measures to minimize it.

We urge the Northwest Federal Regional Council to use its considerable resources in providing financial and other assistance to the City of Anchorage and other impacted local governments in Alaska. We particularly urge the council to consider and favorably act at an early date on the following:

A. Criminal Justice - Approve adequate LEAA grants to fund the additional costs for law enforcement personnel shown in Attachment "D". In this connection, an LEAA application is being submitted in a few days. It is being coordinated with the District Attorney's Office and the Alaska Court System.

Mr. Bernard E. Kelly, Chairman
Northwest Federal Regional Council

Page Two
December 17, 1973

B. Water System - Approve a grant of \$5,562,500 for water source improvements to be made to the City of Anchorage Water Utility. This represents one-half of the estimated capital improvement costs listed in Attachment "F". The balance of the funding is planned from a twenty-five (25%) per cent State of Alaska grant and City of Anchorage Water Utility Revenue Bonds. We feel there is an urgent need to firm up this financing so engineering can be completed and initial construction contracts let in 1974.

C. Port of Anchorage - Approve a grant of \$2,894,000 for providing one-half the funding to complete the construction of the dock at Terminal No. 3, Port of Anchorage. The City of Anchorage will provide the other half of construction costs from approved General Obligation Bonds. It is essential that this construction be completed in 1974; and to do so requires a firm funding plan now.

We need financial assistance in all areas of operation and maintenance and capital improvement programs cited in this statement, but the foregoing are the most urgent.

We suggest the Council, and the State of Alaska, develop as soon as possible manpower data and take affirmative action to avoid shortages of professional and skilled personnel.

We feel that inflation is a real threat to the impacted communities and that counter measures must come from the Federal and State governments.

We appreciate that conventional grant and other programs may not be designed or funded to allow immediate approval of the requests for financial and other assistance contained herein. In that event we ask that authority and funding be immediately requested and obtained at the earliest practicable date.

Mr. Bernard E. Kelly, Chairman
Northwest Federal Regional Council

Page Three
December 17, 1973

In view of the wide public interest in this matter copies of this letter and statement are being distributed as indicated below.

Again, we appreciate your having invited us to make this presentation and the interest of the council in providing assistance to local governments in Alaska.

Sincerely yours,


Robert E. Sharp,
City Manager

RES:py

cc: Mayor and Council
Governor of Alaska
Washington, D. C. Delegation
Anchorage Area Legislators
All Anchorage Media

CITY OF ANCHORAGE, ALASKA

TRANS-ALASKA OIL PIPELINE IMPACT STATEMENT

GENERAL

The City of Anchorage, and the surrounding environs, has felt the impact from the petroleum industry development for the past decade, and more. This impact was generally well within manageable limits, but since 1969 the growth effect on both the private and public sectors has accelerated.

Following the State oil lease sale on September 10, 1969, the private sector economic activity showed a marked increase which inevitably increased the demand for governmental facilities and services in the City of Anchorage, and the surrounding area in which municipally-owned public utility services are provided. A few of the economic indicators listed below demonstrate this point:

<u>POPULATION</u>	<u>1970</u>	<u>1973</u>
City of Anchorage	65,973*	76,610**
Greater Anchorage Area Borough	126,333	154,610**

*Includes Military Bases annexed in 1973.

**Percent Increase - City 16.12%, GAAB 19.21%

<u>CITY BUILDING PERMITS ISSUED</u>	(Values in Millions of Dollars)				
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
Issued	\$34.8	\$52.2	\$55.2	\$70.2	\$78.0 (Est.)*

*Percent increase in 1973 over 1969 - 124.16%

CITY OF ANCHORAGE TELEPHONE UTILITY

	<u>1970</u>	<u>1973</u>
Number of Telephones	56,607	79,000 (Est.)*

*Percent Increase - 39.55%

CITY OF ANCHORAGE MUNICIPAL LIGHT AND POWER

	<u>1970</u>	<u>1973</u>
Peak Demand	56.472	80.000 MW (Est.)*
Kilowatt Hours Sold	267,756,305	417,188,507 (Est.)*
*Percent increase - Peak Demand	41.7%	KW Hours 55.8%

CITY OF ANCHORAGE WATER UTILITY

	<u>1969</u>	<u>1973</u>
Millions of gallons of water delivered	4,525	5,560 (Est.)*
*Percent increase		23%

<u>CITY OF ANCHORAGE COMBINED GOVERNMENT AND UTILITY EXPENDITURES (In Millions of Dollars)</u>	<u>1969</u>	<u>1972</u>
Operating	\$29.2	\$50.8
Capital	<u>11.5</u>	<u>18.8</u>
Totals	\$40.7	\$69.6
*Percent increase - Operating		Capital

These economic indicators are cited to show what has already happened before the recent Congressional action allowing the issuance of the Trans-Alaska Oil Pipeline permit by the Secretary of Interior and before the construction of this multi-billion dollar project is commenced. They are impressive, and have already caused a strain on the governmental and utility financial capability of the City of Anchorage. However, with the issuance of the permit and commencing of construction of this project, the impact in the next few years will be many times greater. It is the purpose of this statement to discuss this future impact and the need for federal and state financial assistance.

The City of Anchorage and environs is the transportation, financial, cultural and population center of the state. The pipeline construction will not come through this vicinity, but because of existing facilities and services and climate, it is and will remain the headquarters for oil firms and

petroleum related operations. It will also serve as the major rest and recreation center for pipeline employees, and the residence of their dependents. The economic impact on municipal services will come almost immediately, and will be felt primarily in the people-oriented services and facilities, such as police, fire, street and road maintenance, traffic, parking, housing and public utilities. These types of services (except utilities) are generally tax supported, and as such, the expansion created by the pipeline activity will impose a definite hardship on permanent residents unless assistance is provided by the Federal and State governments.

EMPLOYMENT AND POPULATION

The key to an analysis of the impact lies in the employment and population generated from the pipeline construction. The City of Anchorage has used the Anchorage Area estimates prepared by the Department of Interior and published in the Pipeline Environmental Impact Statement in December of 1971. Attachment "A" summarizes this data which we feel is still valid for general planning purposes. It should be noted that we have also assumed a gas pipeline will be under construction by the third year of oil pipeline construction. This data includes direct, associated, and indirect employment, which ranges from 4,400 in the build-up year to 7,200 at the peak in the second year of construction, and down to 2,800 after the first year of operation of the oil pipeline. Alyeska Pipeline Company has recently increased the peak year estimate to 10-20,000. Similarly, the population will increase by 13,400 in the build-up year to 24,000 in the second year of construction, and down to 15,700 after the first year of operations of the oil pipeline.

The Anchorage area has approximately 125,000 people residing off of the two military installations. The increase of 24,000 by the second year of construction means a population growth of almost 20 percent in two years time. Obviously, this tremendous growth will create many problems for both

the government and private sectors. To compound the problem, we see little, if any, slacking in the previous annual growth pattern of about four percent. Combined, then, the annual rate will be in the magnitude of 12 to 14 percent per year in each of years 1974 and 1975. This is an increase of about 12,000 people a year, which is greater than the population of all but two or three communities in the state. To provide the facilities and services for this number of people poses a great challenge to all levels of government.

HOUSING

The City of Anchorage, earlier this year, analyzed the existing and projected housing needs based on the population assumptions in Attachment "A", and the results are summarized in Attachment "B". This forecast of housing requirements was made on the further assumption that 4,000 to 6,000 units were vacant in mid-1973. 1974 is the year of peak demand, requiring almost 6,000 new starts to meet the increased cumulative population growth of over 30,000 people in the area by the first year of construction (22,700 pipeline and 10,000 normal growth at end of first year of construction as reflected in attachment "A"). The prime responsibility to meet this need rests with the private sector, particularly lending institutions, but the FHA insurance program will be required to play a key roll. The housing construction industry is capable of meeting this demand for housing if the subdivision and utility improvements are provided by the responsible governmental and public utility agencies. There are sizeable areas in the City of Anchorage either vacant or occupied by single family residences that are improved with streets and public utilities on which multi-family units could be constructed with a minimum of capital outlay for public and utility improvements.

GOVERNMENTAL OPERATIONS AND MAINTENANCE

The impact will affect all City governmental services and capital improvement programs, with the public safety and public works areas receiving the greatest initial impact. In fact, this impact has already started, and it is particularly noticeable in police activity (See Attachment "C" - Police Statistics 1970 - 1973).

Attachment "D" is a summary of the impact on operations and maintenance activities of the City of Anchorage in 1974. A total of 111 additional employees and an annual expenditure of \$2.2 million is required to maintain a reasonable level of governmental services.

POLICE SERVICES

During the pipeline construction, a "boom" situation in Anchorage is inevitable. With it will come criminal elements looking for a fast buck. The size of this boom will make potential vice operations big enough to attract the professional criminal capable of organizing these operations. We must provide adequate manning for the Police Department (as well as the District Attorney's Office and the Trial Courts) if the people of the City of Anchorage are to be safe in their persons and property. This impact, coupled with the already heavy crime rate, causes us a great deal of concern. Attachment "C" demonstrates the great increase in Part I crimes already experienced in 1973. Forty-one (41) commissioned and support personnel should be hired early in 1974 by the City of Anchorage. This will bring the total force to 186, which is over two police personnel per thousand of population. An additional sixteen commissioned and support personnel are needed in the Spenard Service Area of the Greater Anchorage Area Borough which has a population of about 28,000 and is policed by the City of Anchorage under contract. This will bring the Spenard Force up to a total of fifty-five commissioned and support personnel. This increase in police manpower will not be fully effective

unless the presently understaffed State District Attorney's Office and Trial Courts are also adequately manned. It does little good for the police to make an arrest unless there is vigorous prosecution and a trial court that can hear the cases. Otherwise, violators of the law that otherwise would be convicted will continue to prey on society.

FIRE SERVICES

Two additional engine companies and twenty-five men are needed for fire prevention and suppression. These engine companies would be housed in existing fire stations, and they are needed to protect additional residential, commercial and industrial properties. The Port of Anchorage and adjacent industrial park with its petroleum tank farms is a critical area requiring increased protection. Early funding of these two fire engines and hiring and training of personnel is ranked high in our priorities.

TRAFFIC SERVICES

The population growth, coupled with the increased industrial and commercial activity to provide logistical support for the pipeline construction companies, will bring a rapid increase in motor vehicle traffic requiring increased traffic engineering services. The present street system, and the signal system, is inadequate with considerable traffic congestion already evident. Substandard streets, particularly intersections, cannot accommodate the increased traffic without immediate improvement. The accident rate is already among the highest in the country. The need for immediate improvement of high accident intersections will be further discussed in the capital improvement section.

PARKS AND RECREATION AND LIBRARY SERVICES

Anchorage will be the principal rest and recreation center for oil pipeline construction workers and workers in related activities.

This will cause a great increase in the useage and need for parks and recreation, library and related facilities. An additional nineteen employees are needed for operation and maintenance of these facilities. The need for new facilities will be discussed later in this statement.

OTHER SERVICES

Other operations and maintenance personnel needs include one in street maintenance and six in support activities.

EXISTING SERVICE LEVELS

For statistical purposes Attachment "E" has been prepared to show the existing financing and expenditures for governmental services of the City of Anchorage. The City has 927 employees and a budget of \$18.6 million to provide a broad, comprehensive range of governmental services. Per capital expenditure for governmental services will amount to \$296 during 1973.

CAPITAL IMPROVEMENT PROGRAMS

The City of Anchorage's regular capital improvement program for 1974 totals about \$45 million for governmental and public utility improvements. The impact from the projected population will increase the demand for all types of capital improvements. The impact can be absorbed initially in some cases without financial assistance, and in others it cannot. The impact also has the effect of advancing the need for capital facilities from one to seven years. We have selected the capital improvements of greatest concern at this time and which require the early provision of funding and construction. There will be other capital improvements

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requirements developed in 1974 and 1975 which will be addressed at a later date. Attachment "F" summarizes the selected capital improvement program needs related to the impact of the oil pipeline construction.

HIGH ACCIDENT STREET INTERSECTIONS

Increased population brings more motor vehicles which will add to the problem on those streets that are already congested. We are not going into the overall problem at this time except to point out a critical problem at over fifty high accident street intersections. These intersections involve City, State, and Borough streets and highways. We feel it is mandatory to start construction in 1974 to improve these substandard intersections. To do so the engineering, right of way, and other work to let this important work to contract cannot be handled in a routine manner. All agencies will have to give special handling to these projects. An estimated \$1.2 million in funding is required, with most of it needed in 1974. The amount is not too great but the expeditious handling may pose a challenge to the agencies concerned.

SUBDIVISION IMPROVEMENTS

Subdivision improvements will require an additional \$3,070,000 during 1974 and 1975 if the housing needs are to be met. These improvements include street and storm drainage facilities. This additional engineering and contract administration can be accomplished by the Department of Public Works if its present professional staff can be retained. Public agencies do not have the flexibility when competing for salaries and other benefits offered by the private sector. This may be a serious problem area.

PORT OF ANCHORAGE

The Port of Anchorage has one petroleum terminal, one combination petroleum and general cargo terminal, and one general cargo terminal, and a third general cargo terminal under partial construction. There is an immediate need to complete the dock at Terminal No. 3 at an estimated cost of just under \$6 million. The City has funding approved for one-half this amount but must obtain financial assistance for the balance. Another POL terminal is needed, and it is estimated to cost about \$6.2 million. No funding is available and it should be built no later than 1975. We feel

the Port of Anchorage is an essential facility for the logistical support of the oil pipeline construction. The Port of Anchorage serves South-central Alaska and the North Slope. The new Anchorage area population must be served along with the Interior Alaska areas served through the Port of Anchorage. These latter areas will place an increased demand on the marine trade and port facilities at Anchorage. The largest tank farm capacity is at Anchorage and served through the Port's facilities. We must have federal and/or state financial assistance during the next two years.

LIBRARY

The City of Anchorage operates a headquarters library and two major branches. The headquarters library also serves the three GAAB libraries. The headquarters library should be expanded immediately if this important service is to be maintained at a reasonable level. It is estimated \$4.5 million will be required to build the needed space for this facility and it should be built no later than 1975. No local funding has been approved.

ADMINISTRATIVE OFFICE SPACE

The added personnel that must be hired to handle the impact will require at least \$300,000 in expansion of administrative office space in 1974. No funding has been approved for this project.

CITY OF ANCHORAGE WATER UTILITY

The Water Utility has consistently been concerned with the ability to meet the projected demands that would be placed upon its system and water source studies have periodically been made to insure an adequate supply for our citizens. A comprehensive study made by the U. S. Geological Survey, begun in 1965 and completed in 1972, indicated the Anchorage Bowl area would need a source of water around the 1980's, depending upon the

demands that new industry would place upon the system. Upon the completion of the U.S.G.S. report, a local engineering firm was commissioned to prepare a more detailed report leading to definite recommendations for development of Anchorage's future water source, and to prepare cost estimates of the capital expenditures necessary with associated time tables to adequately meet this need.

As a result of the impact created by the pipeline, we now find ourselves unable to enjoy a comfortable lead time to plan, finance, and develop a new source, but instead suddenly find ourselves in the position of having to accelerate this time table to 1974, some six years ahead of the original U.S.G.S. prediction.

Attachment "G" depicts the demands placed upon our system on a normal peak day and indicates the projected water needs based on a normal growth pattern, and also shows the effect of the pipeline impact in accelerating the development of new sources of water. As is shown on the graph, under normal conditions the Water Utility would have needed to provide a 30 MGD supply around 1980. Because of the demand created by the pipeline, this 30 MGD supply will have to be on line in 1975. In addition, another 10 MGD will have to be provided to meet fire protection requirements.

Our consulting engineer's report is presently being drafted in final form and is due within several weeks. Even though this information is not presently published, sufficient data has been developed and furnished to us to determine the course of action recommended to supply this additional water. To meet this demand will require the capital expenditures of \$4,625,000 in 1974, \$1,000,000 in 1975, and \$5,500,000 in 1976. A detail of these requirements is shown in Attachment "H" enumerating the need to immediately begin a well exploration program in logical areas to determine the amount of ground water available, followed by the installation and development of a minimum of six wells capable of producing at least one million gallons of water per day. This must be followed by an expansion of the water treatment plant, construction of a second main water transmission line and installation of a 5-million gallon storage tank for

treated water. In 1975 work on off-stream storage would have to begin and also modification of an existing diversion structure to permit additional water withdrawal. Construction of an addition to the Water Treatment Plant to increase its capacity to 30 MGD along with more treated water storage and additional off-stream storage reservoirs would have to commence in 1976.

Because of the magnitude of these expenditures, the Water Utility cannot absorb the financial impact of such a construction program at this time. In addition, we have the added problem, even without pipeline impact, of trying to recover from the recent loss of funding by deletion of Department of Housing and Urban Development's program for Basic Water and Sewer Grants. It was our original planning, even prior to pipeline impact, to finance any new water development source expenditures by receiving assistance in the form of 25% from the State from authorized bonds for this purpose, and 50% from D.H.U.D.

The sudden demise of that grant program has in itself left us in a precarious financial position. In most cities of the Lower 48 which incorporated a sanitary sewer program within their scope of services the sudden termination of the Basic Water and Sewer Grant program was not as significant because at about the same time the Environmental Protection Agency increased its participation in the cost of providing sanitary sewer facilities from approximately 30% to approximately 75% within a relatively short period of time. Since most of these cities operated water and sewer programs from the same department the loss of the water grant program was absorbed through the increase in the sanitary sewer grant program. Unfortunately here in the City of Anchorage the sanitary sewer system is not operated by the City but rather is a function of the Borough and the loss of the water grant program has had significant impact on our water utility operations.

Because of these facts we feel that there is merit in the Federal Government considering a restoration of either the Basic Water and Sewer

Grant program or some other special program of Federal grant for Alaska in meeting the impact of the proposed construction of the Alaska oil pipeline. This is considered the most critical funding problem confronting the City because there is no question an adequate supply of water for domestic and fire requirements is mandatory.

MUNICIPAL LIGHT AND POWER

The Municipal Light and Power Department operates four gas-fired turbines, with 80 MW firm capacity and 92 MW peak capacity. A fifth unit is under construction and a waste heat boiler and turbine on order which will add approximately 75 MW in additional firm capacity by 1975. However, demand projections indicate another unit will have to be placed under contract in 1976. The lead time for manufacture and construction is some 18 months before added revenue results from the capital outlay. This utility may require financial assistance for this accelerated construction program, particularly in the light of increased labor and material costs.

C. I. P. SUMMARY

In summary, the selected capital governmental needs for 1974-76 total \$21.8 million; and the utility needs total \$16.3 million. Combined, over \$38 million will be needed, and this figure could increase considerably from inflation.

INFLATION COSTS

There is no doubt that the rapid growth expected will cause additional inflation in Anchorage and elsewhere in the State. This, coupled with the spiral already experienced this year, poses a serious threat to the economy of the Anchorage area. We have seen no forecasts of what the inflationary impact will be. To demonstrate the effect of assumed ten per cent impact, Attachment "I" has been prepared. This shows over \$4.2 million in 1974 in regular capital and operating budgets, and rising to \$8.6 million in 1975; \$10.7 in 1976; and \$13.2 million in 1977. We hope the impact is not this high but this is obviously a cost factor that must be considered in federal and state financial assistance programs.

REVENUES

For statistical purposes Attachment "J" has been prepared to show the 1973 General Fund Revenue sources. This indicates total revenues of just over \$18.5 million, or approximately \$296 per capita.

We have closely analyzed new revenues likely to be generated by the added impact population. (See Attachment "K") It will be noted that 1974 will produce very little in new revenues because of the lag in new construction becoming taxable. In 1975 just under \$1 million will be generated; in 1976, \$1.5 million, and in 1977 about \$1.8 million. These new revenues will help but they will not begin to finance the impact costs.

CONCLUSION

We believe this statement demonstrates the very substantial challenges and problems confronting the City of Anchorage on what we believe is the eve of construction of the trans-Alaska pipeline. We believe the development of the petroleum reserves in Alaska is in the national interest as stated many times by the President of the United States, Congressional leaders, and the Governor of Alaska. This development has become even more critical as the energy crisis unfolds day by day.

This is the largest private construction job ever undertaken. Any multi-billion dollar job to be accomplished in four short years in a relatively isolated, small population area will have an abnormal impact on local government, particularly since it supplies so many services directly to people. Local government in Alaska must have financial and other assistance if this project is built on a timely basis and if Alaska citizens are not to be left in financial chaos.

This statement does not cover many services and facilities (for example, health and social services) provided by other units of local or State government. It does not cover all City services affected but only those which we believe require immediate attention. New problems come to light daily as new information or more studies are completed. Our staff is already burdened with a heavy workload which made this analysis difficult and it will no doubt be modified many times in the next few years.

CITY OF ANCHORAGE

EMPLOYMENT AND POPULATION PROJECTIONS

The following assumptions were made based on oil pipeline impact studies by the State of Alaska and the Department of Interior:

Employment in the Anchorage Area

	<u>Build Up Year</u>	<u>First Year Constr.</u>	<u>Second Year Constr.</u>	<u>Third Year Constr.</u>	<u>Final Year Constr.</u>	<u>First Year Operation</u>	<u>Then</u>
Direct	2,200	3,300	3,300	3,300	2,200	1,200	700
Associated	200	400	400	400	200	100	100
Indirect	<u>2,000</u>	<u>3,000</u>	<u>3,500</u>	<u>3,000</u>	<u>2,100</u>	<u>2,100</u>	<u>2,000</u>
TOTALS	4,400	6,700	7,200	6,700	4,500	3,400	2,800

Direct - Attributed to Arctic Slope oil in mining, construction, transportation, communications, public utilities, finance, insurance, real estate, services, trade, self-employed; and Federal, State, and local government employees.

Indirect - Additional employment can be expected due to new areas being opened up for mining and mineral exploration, etc. This also includes the effect of the Native income from North Slope oil.

Effects on Population in the Anchorage Area

	<u>Build Up Year</u>	<u>First Year Constr.</u>	<u>Second Year Constr.</u>	<u>Third Year Constr.</u>	<u>Final Year Constr.</u>	<u>First Year Operation</u>	<u>Then</u>
Direct Employees	2,200	3,300	3,300	3,300	2,200	1,200	700
Dependents	3,100	4,600	4,600	4,600	3,100	2,200	1,600
North Slope Dependents	1,200	3,800	3,800	3,800	2,500	1,200	400
Workers on Leave from North Slope	300	500	500	400	400	300	200
Unemployed	200	400	400	400	400	100	100
Families Unemployed	300	700	700	700	700	200	200
Associated Employees	200	400	400	400	200	100	100
Families of Associated	400	700	700	700	400	200	200
Indirect Employees	<u>2,000</u>	<u>3,000</u>	<u>3,500</u>	<u>3,000</u>	<u>2,100</u>	<u>2,100</u>	<u>2,000</u>
Families of Indirect	<u>3,500</u>	<u>5,300</u>	<u>6,100</u>	<u>5,300</u>	<u>3,700</u>	<u>3,700</u>	<u>3,500</u>
TOTALS	13,400	22,700	24,000	22,600	15,700	11,300	9,000
Alaska Gas Pipeline Adjustment*				1,400	8,300	11,300	6,700
				24,000	24,000	22,600	15,700

* The assumption is that the gas pipeline will utilize the proposed oil pipeline right-of-way. If the gas pipeline is routed through Anchorage, the impact would be greater.

CITY OF ANCHORAGE

HOUSING UNIT STARTS NEEDED*

<u>Year</u>	<u>City</u>	<u>Outside City</u>	<u>Total GAA Borough</u>
1974	1,725	4,025	5,750
1975	1,325	1,325	2,650
1976	1,230	820	2,050
1977	440	110	550
1978	875	375	1,250
1979	1,175	1,175	2,350

* Assumes 4,000 to 6,000 units were vacant in mid-1973.

Revised December 18, 1973.

ATTACHMENT "B"

CITY OF ANCHORAGE
 FIVE YEAR STUDY
 ANCHORAGE POLICE DEPARTMENT REPORTED PART ONE CRIMES

	1969		1970		1971		1972		1973 (Projected)		1973 Compared To 1969 Per Cent Variation
	Number Offenses Reported	Per Cent Variation From Previous Year	Number Offenses Reported	Per Cent Variation From Previous Year	Number Offenses Reported	Per Cent Variation From Previous Year	Number Offenses Reported	Per Cent Variation From Previous Year	Number Offenses Reported	Per Cent Variation From Previous Year	
Murder	7	0.0%	7	0.0%	5	(-28.6%)	9	80.0%	7	(-22.2%)	0.0%
Manslaughter	3	50.0%	4	33.3%	1	(-75.0%)	7	600.0%	0	(-100.0%)	(-100.0%)
Forcible Rape	35	59.1%	26	(-25.7%)	53	103.8%	40	(-24.5%)	69	72.5%	97.1%
Robbery	100	11.1%	150	50.0%	105	(-30.0%)	98	(-6.7%)	109	11.2%	9.0%
Aggravated Assault	116	52.7%	146	25.9%	191	30.8%	158	(-17.3%)	191	20.9%	64.7%
Burglary	707	1.0%	688	(-2.7%)	643	(-6.5%)	698	8.6%	1,072	53.6%	51.6%
Larceny	2,337	9.8%	2,648	13.3%	2,640	(-0.3%)	2,827	7.1%	3,077	8.8%	31.7%
Auto Theft	511	23.0%	513	0.4%	565	10.1%	539	(-4.6%)	554	2.9%	8.4%
Total Part One	3,816	9.7%	4,182	9.6%	4,203	0.5%	4,376	4.1%	5,079	16.1%	33.1%
Traffic Accidents Investigated	2,991	13.9%	3,429	14.6%	4,023	17.3%	4,340	7.9%	4,471	3.0%	49.5%
Total Calls & Requests for Service	20,183	10.7%	23,257	15.2%	32,461	39.6%	34,231	5.5%	36,701	7.2%	81.8%

CITY OF ANCHORAGE -- OPERATION AND MAINTENANCE PIPELINE IMPACT REQUIREMENTS - 1974

	1 9 7 3			1 9 7 4		1 9 7 4		
	<u>Revised Budget</u>			<u>Pipeline Impact</u>		<u>Required Budget</u>		
	<u>Personnel</u>	<u>Budget</u>	<u>Per Cent of Total</u>	<u>Personnel</u>	<u>Budget</u>	<u>Personnel</u>	<u>Budget</u>	<u>Per Cent of Total</u>
<u>Public Safety</u>								
Police-City	160	2,768,932	14.9	41	793,160	201	3,562,092	17.2
Police-Spenard (1)	41	920,240	4.9	16	312,900	57	1,233,140	5.9
Fire-City	78	2,114,490	11.4	25	511,200	103	2,625,690	12.6
Civil Defense	3	56,560	.3	0	-0-	3	56,560	.3
Traffic Engineering	19	792,910	4.3	1	23,723	20	816,633	3.9
Building Safety (2)	22	440,920	2.4	2	39,087	24	480,007	2.3
	<u>323</u>	<u>7,094,052</u>	<u>38.2</u>	<u>85</u>	<u>1,680,070</u>	<u>408</u>	<u>8,774,122</u>	<u>42.2</u>
<u>Parks & Recreation</u>	120	1,574,985	8.5	16	217,080	136	1,792,065	8.6
<u>Library</u>								
City	29	464,380	2.5	1	56,050	30	520,430	2.5
GAAB (3)	23	277,768	1.5	2	65,800	25	343,568	1.7
	52	742,148	4.0	3	121,850	55	863,998	4.2
<u>Public Works-Street Mtce.</u>	53	2,186,810	11.8	1	44,620	54	2,231,430	10.7
<u>Other City</u>	379	6,996,618	37.5	6	121,090	385	7,117,708	34.3
TOTALS	<u>927</u>	<u>18,594,613</u>	<u>100.0</u>	<u>111</u>	<u>2,184,710</u>	<u>1,038</u>	<u>20,779,323</u>	<u>100.0</u>
Per Capita Cost (4)		296.26			29.29		311.46	

	<u>Population: July 1, 1973</u>		<u>Population: Jan. 1, 1974</u>		<u>Population: Jan. 1, 1975</u>	
	<u>City</u>		<u>Borough</u>	<u>City</u>	<u>Borough</u>	<u>City</u>
Normal Civilian Population	48,350		122,500	48,350	128,100	50,700
Military	24,500		24,500	24,500	24,500	24,500
Pipeline Impact	3,760		13,400	6,700	22,700	11,350
TOTALS	<u>76,610</u>		<u>160,400</u>	<u>79,550</u>	<u>175,300</u>	<u>86,550</u>

- (1) Funded by Spenard Service District.
- (2) The 1973 budget for Building Safety is funded with \$85,843 Pipeline Impact.
- (3) Funded by Greater Anchorage Area Borough - Non-Areawide Service Library.
- (4) Per Capita costs exclude the 17,892 military annexed in 1973 and Spenard Police and GAAB Library.

Revised December 18, 1973.

CITY OF ANCHORAGE
 REVISED APPROPRIATIONS 1973 AS OF SEPTEMBER 30, 1973

	Employees	Amount	Per Cent Total Budget	Per Capita Costs (1)
<u>Mayor and Council</u>	<u>1</u>	\$ <u>78,660</u>	<u>.4</u>	\$ 1.34
<u>City Manager</u>				
Administration	12	145,125	.8	
Personnel	7	98,900	.5	
Internal Audit	4	40,405	.2	
Community Promotion		99,579	.5	
Human Relations	4	62,590	.4	
Data Processing	39	-0-		
	<u>66</u>	<u>446,599</u>	<u>2.4</u>	7.61
<u>City Clerk</u>	<u>10</u>	<u>127,552</u>	<u>.7</u>	2.17
<u>Law</u>				
City Attorney	15	249,870	1.3	
Property Management	7	31,060	.2	
	<u>22</u>	<u>280,930</u>	<u>1.5</u>	4.78
<u>District Court</u>	<u>12</u>	<u>160,334</u>	<u>.9</u>	2.73
<u>Finance</u>	<u>114</u>	<u>451,030</u>	<u>2.4</u>	7.68
<u>Public Safety</u>				
Police-City	160	2,768,932	14.9	
Police-Spenard	41	920,240	4.9	
Fire	78	2,114,490	11.4	
Civil Defense	3	56,560	.3	
Traffic Engineering	19	792,910	4.2	
Building Safety	22	440,920	2.4	
	<u>323</u>	<u>7,094,052</u>	<u>38.1</u>	105.14
<u>Public Works</u>				
Administration	5	32,850	.2	
Engineering	15	148,290	.8	
Engineering Projects	70	1,305,690		
Engineering Projects		(1,305,690)		
Building Maintenance	52	211,940	1.1	
Street Maintenance	53	2,186,810	11.8	
Merrill Field	6	99,060	.5	
	<u>201</u>	<u>2,678,950</u>	<u>14.4</u>	45.62
<u>Library</u>				
City	29	464,380	2.5	
GAAB	23	277,768	1.5	
	<u>52</u>	<u>742,148</u>	<u>4.0</u>	
<u>Parks & Recreation</u>	<u>120</u>	<u>1,574,985</u>	<u>8.5</u>	26.82
<u>Museum</u>	<u>6</u>	<u>177,728</u>	<u>1.0</u>	3.03
<u>Miscellaneous</u>	<u>0</u>	<u>511,348</u>	<u>2.7</u>	8.71
<u>Debt Service</u>	<u>0</u>	<u>4,144,574</u>	<u>22.3</u>	70.58
<u>Cash Match Federal & State Grants</u>		<u>125,723</u>	<u>.7</u>	<u>2.14</u>
TOTALS	<u>927</u>	<u>\$18,594,613</u>	<u>100.0</u>	<u>\$296.26</u>
<u>Federal & State Grants</u>		<u>1,580,996</u>		
		<u>\$20,175,609</u>		

(1) Per Capita Costs are based on a population of 58,718 and do not include military annexation of 17,892. The costs for Spenard Police and Greater Anchorage Area Borough Library Services are not included.

Revised December 18, 1973.

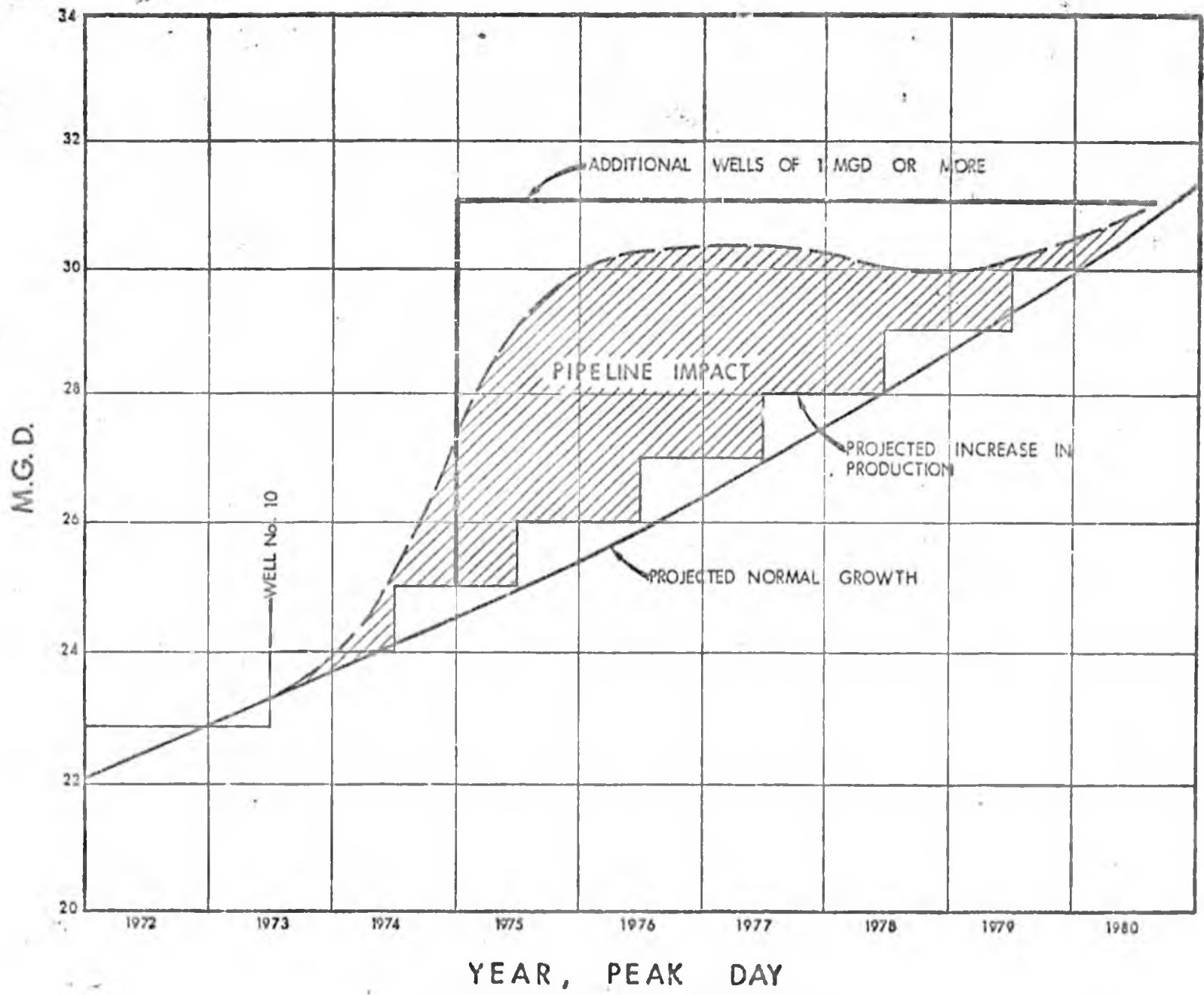
ATTACHMENT "E"

CITY OF ANCHORAGE

IMPACT OF OIL PIPELINE ON SELECTED CAPITAL IMPROVEMENT PROGRAMS

	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>Total</u>
High Accident Street Intersections	\$ 740,000	\$ 250,000	\$ 200,000	\$ 1,190,000
Subdivision Paving	2,092,500	187,500	-0-	2,280,000
Storm Sewer System	727,500	62,500	-0-	790,000
Port	5,788,000	6,245,000	553,000	12,586,000
Headquarters Library		4,500,000		4,500,000
Administrative Office Space	300,000			300,000
Fire Apparatus	<u>150,000</u>			<u>150,000</u>
TOTAL GENERAL FUND	\$9,798,000	\$11,245,000	\$ 753,000	\$21,796,000
Water Utility	4,625,000	1,000,000	5,500,000	11,125,000
Municipal Light & Power			<u>5,200,000</u>	<u>5,200,000</u>
	\$ 4,625,000	\$ 1,000,000	\$10,700,000	\$16,325,000
GRAND TOTAL IMPACT	\$14,423,000	\$12,245,000	\$11,453,000	\$38,121,000

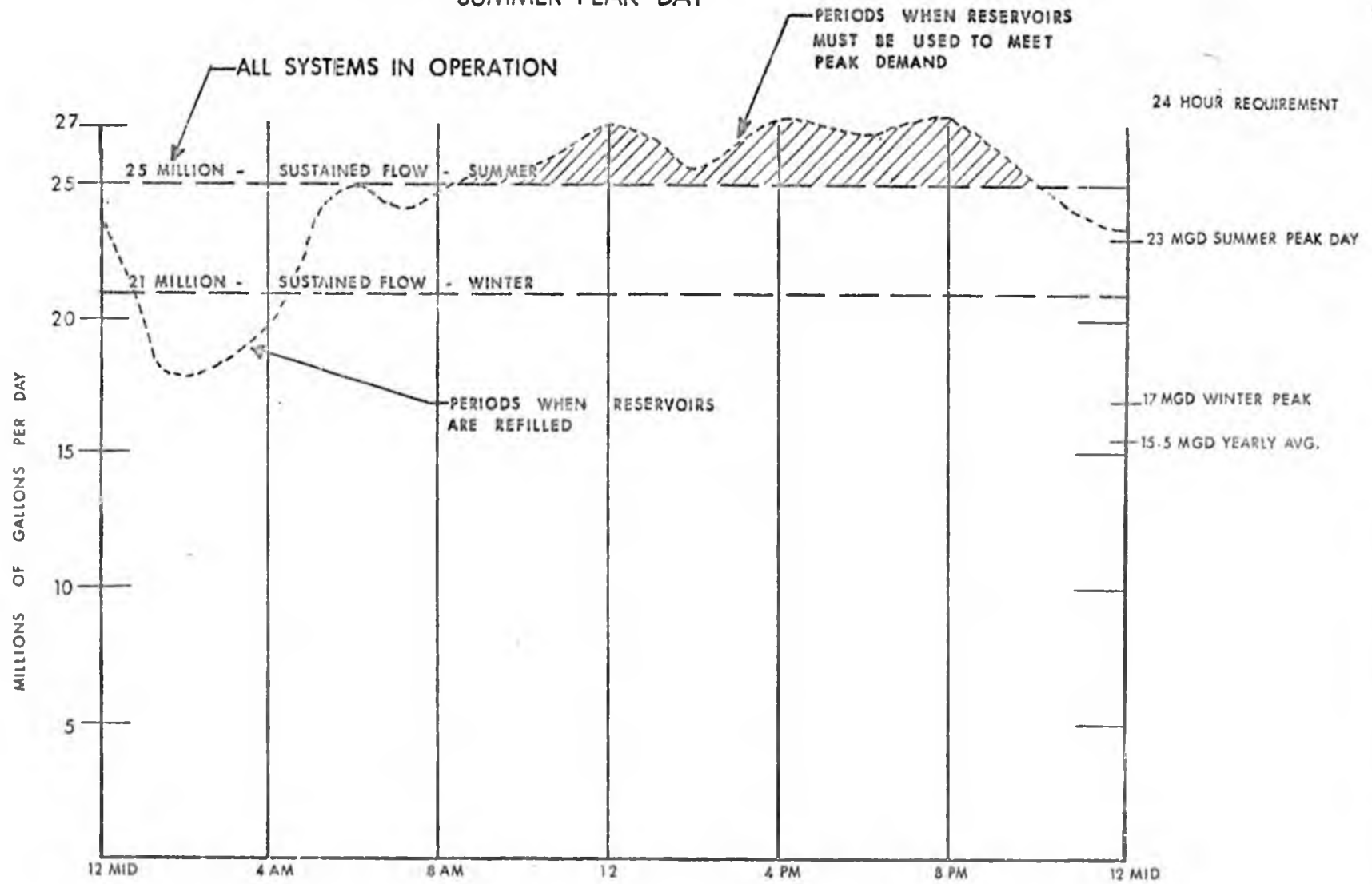
Revised December 18, 1973.



(DOES NOT INCLUDE FIREFLOW REQUIREMENTS)

ATTACHMENT "G-1"

24 HOUR DEMAND CURVE SUMMER PEAK DAY



FIRST PHASE - 1974

Drill 6 or 7 Exploratory Wells		\$ 90,000
Drill and Develop Production Wells and Connect to System		
2 on North Fork of Campbell	220,000	
2 on South Fork of Campbell	525,000	
1 on Old Seward Highway	190,000	
1 Near Recharge Pit	350,000	
1 East of Muldoon	250,000	
		1,535,000
Modification to Water Treatment Plant New Influent Setup Including Controls, Trashrock Chemical Feeds and Rapid Mix - Increase Capacity to 20MGD		1,000,000
New Line to Diversion Dam 36"		1,250,000
Additional 5 MG Treated Water Storage		750,000
		<hr/>
		\$ 4,625,000

SECOND PHASE - 1975

Modify Diversion Dam for Additional Outlets		500,000
Construct Offstream Storage Pit with Pump and Piping		500,000
		<hr/>
		\$ 1,000,000

THIRD PHASE - 1976

Additional Supply Line to T.P.		1,000,000
Construct Offstream Storage Pit with Pump and Piping		1,000,000
Construct Additional Storage (treated)		1,000,000
Modify Water Treatment Plant to 30MGD Add Additional Filters		250,000
		<hr/>
		\$ 5,500,000

FUTURE

Add Additional Offstream Storage as Required
Double Existing T.P. to 60MGD - 8 million

General Government Capital and Operating Budgets
Inflation Increase 10% Per Year

	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>Total</u>
Population*	61,650	68,150	70,570	72,110	272,480
GIP	21,529,600	19,470,400	8,519,780	5,192,560	54,712,340
Inflation	2,152,960	4,088,784	2,820,046	2,409,867	11,471,657
Per Capita Increase	35	60	40	33	42
Operations	20,779,323	21,558,495	22,420,834	23,317,667	88,076,319
Inflation	2,077,932	4,527,283	7,421,294	10,821,727	24,848,236
Per Capita Increase	34	66	105	150	91
Total Inflation	4,230,892	8,616,067	10,241,340	13,231,594	36,319,893
Per Capita Increase	69	126	145	183	133

*Population excludes 17,892 military annexed in 1973.

CITY OF ANCHORAGE
Revised Revenues 1973 As Of 9/30/73

	Amount	Per Cent	Per Capita Value (1)
<u>Taxes - Real & Personal</u>			
Real	\$ 5,398,360	29.0	
Personal	1,467,580	7.9	
Penalty & Int. Delinquent Taxes	50,000	.3	
	<u>6,915,940</u>	<u>37.2</u>	\$117.78
<u>Taxes - Other</u>			
Payment in Lieu City Utilities	1,398,826	7.6	
Franchise Tax - Gas	135,743	.7	
Franchise Tax - Electric	40,757	.2	
	<u>1,575,326</u>	<u>8.5</u>	26.83
<u>Licenses and Permits</u>			
	350,860	1.9	5.98
<u>Fines and Forfeitures</u>			
	861,100	4.6	14.67
<u>Intergovernmental Revenues</u>			
State of Alaska Business License	1,191,213	6.4	
State of Alaska Liquor License	105,000	.6	
State of Alaska Aviation Fuel	19,680	.1	
State of Alaska Cannery Tax	4,351		
State of Alaska Shared Revenues	1,478,323	8.0	
Federal Civil Defense	28,280	.1	
Federal Revenue Sharing	1,337,529	7.2	
	<u>4,164,376</u>	<u>22.4</u>	70.92
<u>Contributions from City Utilities</u>			
	1,240,173	6.7	21.12
<u>Charges for Services</u>			
State Highway Maintenance	250,000	1.3	
GAAB Libraries	312,240	1.7	
Spenard Police	1,034,890	5.6	
School Crossing Guards	53,820	.3	
Emergency Communication 911 State	9,030	.1	
Emergency Communication 911 GAAB	53,060	.3	
Recreational Activities	222,720	1.2	
Traffic Electronics	52,210	.3	
Public Works-Misc. Work Orders	59,690	.3	
Other Misc. Receipts	101,050	.5	
	<u>2,148,710</u>	<u>11.6</u>	16.18
<u>Cost Recoveries</u>			
Bond Principal	409,775	2.2	
Bond Interest	254,567	1.3	
Port Crane Insurance	14,100	.1	
	<u>678,442</u>	<u>3.6</u>	11.55
<u>Miscellaneous Revenues</u>			
Interest	38,000	.2	
Rental Revenues	263,200	1.4	
Loussac Foundation	25,000	.1	
Other Misc. Revenues	305,882	1.7	
	<u>632,082</u>	<u>3.4</u>	10.76
<u>Appropriation Year End Surplus</u>			
	27,604	.1	.47
	18,594,613	100.0	<u>\$296.26</u>
<u>Federal & State Grants</u>			
	1,580,996		
	<u>\$20,175,609</u>		

(1) Per Capita value is based on a population of 58,718 and does not include military annexation of 17,892. The costs for Spenard Police and GAA Borough Library Services are not included.

CITY OF ANCHORAGE
New Revenues Generated by Pipeline

	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>Total</u>
<u>Property Taxes (7.9 mills)</u>					
Real		408,825	762,350	1,093,360	2,264,535
Personal (25%)		102,206	190,588	273,340	566,134
<u>Taxes - Other</u>					
Gas & Elec. (% incr. Prop. Tax)		13,500	25,000	36,500	75,000
<u>Licenses & Permits</u> (% Incr. Population)	13,500	45,500	40,000	15,000	114,000
<u>Fines & Forfeitures</u> (% Population)	33,000	11,500	98,000	36,500	279,000
<u>Business Licenses</u> (% Population)		6,000	154,500	136,000	336,500
<u>Aviation Fuel Tax</u>		2,000	2,500	2,500	7,000
<u>State Shared Revenue</u>	73,500	189,750	206,000	188,500	657,750
<u>Federal Shared Revenue</u>					
<u>Recreational</u>	8,500	29,000	25,000	9,500	72,000
Totals	128,500	948,281	1,503,938	1,791,200	4,371,919
Population	2,940	7,590	8,240	7,540	26,310
Per Capita	44	125	182	238	166

THE PRECEDING PAGES WERE TREATED AS
A UNIT IN THE ORIGINAL FILE.

Sec. 44.19.583 PIPELINE IMPACT OFFICE. The Governor shall designate an existing department of state government as the Pipeline Impact Office.

HOUSE BILL 505
MUNICIPAL ASSISTANCE FUND
ESTIMATED ELIGIBILITY

	Population Estimates		1973 General Fund Expenditure	1973 Per Capita General Fund Expenditure	Estimated Municipal Assistance Eligibility	
	1/1/74	6/30/75			4 Percent Threshold	1970-1973 Growth Trend Threshold
Anchorage City	55,050	63,920	\$13,101,268	\$238	\$1,325,000	\$ 873,000
Delta Junction	703	1,100	33,510	48	17,700	19,000
Fairbanks City	18,685	25,833	4,789,000	256	1,507,000	1,262,000
Fairbanks North Star Borough	35,240	53,110	2,200,000 (est.)	62	975,000	1,042,000
Greater Anchorage Area Borough	125,500	150,800	15,414,192	123	2,186,000	1,815,000
North Pole	265	500	66,444 (1972)	250	56,000	59,000
North Slope Borough	3,384	4,570	790,124	233	245,000	276,000
Valdez	1,174	5,500	520,871	444	1,702,400	1,709,000
				Sub Total:	\$8,014,100	\$7,055,000

When available, population estimates were taken from or interpolated from estimates presented in local government impact statements. Fiscal data is calculated from the financial reports of the municipalities.

Department of Community and Regional Affairs

Section 2. ELIGIBILITY STANDARDS: (a) Grants to carry out the purposes of this Act may be made to a municipality demonstrating

(1) a ~~minimum~~ population growth rate in excess of the average population growth of a municipality for the last three years from the effective date of this Act;

(2) municipal operating expenditures beyond its capability to reasonably meet due to pipeline impact

Sec 3. ESSENTIAL MUNICIPAL SERVICES. Grants made under this Act may be expended only for operating expenditures for essential municipal services.

Sec. 4. GRANT COMPUTATION AND PAYMENT. (a) A municipality is eligible for a grant amount under this Act equal to its average population growth for the last three years multiplied by its average per capita general fund expenditures over the last 3 years previous to the effective date of this Act.

(b) Total grants under this Act to a municipality with, as of the construction date of the trans-Alaskan pipeline, a population of 10,000 persons or more may not exceed \$250 per capita of the ~~population~~ growth of the last three years. Total grants under this Act to a municipality with, as of the construction commencement date of the trans-Alaska pipeline, a population under 10,000 persons may not exceed \$400 per capita of the average population growth for the last three years.

(c) The base population for measuring per capita general fund expenditures for the purposes of this section is the population of the municipality on the first day of the quarter of the calendar year during which the construction commencement date of the trans-Alaska pipeline occurs.

(d) Grants may be made quarterly based upon quarterly population estimates with final adjustment to be made on June 30, 1975. Final grant payments shall be withheld until after final adjustments of amounts are made on June 30, 1975.

Sec 5. PREPAYMENTS. (a) A municipality may receive, as a prepayment, up to 50 per cent of the amount it will be entitled to under this act upon certification by the Department of Community and Regional Affairs that the municipality will more likely than not meet the eligibility standards set forth in sec. 2 of this Act.

(b) Total prepayments to municipalities made under this section may not exceed \$5,000,000.

Sec. 6. APPLICATION. (a) Grants under this Act may be made only upon application by a municipality to the Department of Community and Regional Affairs. A prepayment grant application may be submitted at any time after the effective date of this Act.

(b) No grant may be expended for purposes other than those specified in the application.

Sec. 7. ACCOUNTABILITY FOR GRANTS. (a) A municipality shall submit a financial report covering the expenditures of any grant already received under this Act to the Department of Community and Regional Affairs before another grant may be received under this Act.

(b) A municipality receiving grants under this Act shall

(1) maintain a separate account for the grants received under this Act;

(2) provide for an annual independent audit of the separate account for the grants received under this Act; and

(3) submit a copy of the independent audit report to the Department of Community and Regional Affairs.

Sec. 8. APPROVAL. Grants under this Act shall be made by the Department of Community and Regional Affairs at the direction of the governor subject to the approval of the Special Legislative Pipeline Impact Review Committee (as provided for in secs.)

Sec 9. POPULATION. A municipality shall submit estimated population and population growth figures to the Department of Community and Regional Affairs. These population and population growth figures are subject to review and approval by the Department of Community and Regional Affairs. The decisions of the Department of Community and Regional Affairs are final as to

(1) population growth figures for the purpose of establishing eligibility under sec 2 of this Act;

(2) population figures for computing grant amounts under sec 4. of this Act; or

(3) population figures for computing prepayment amounts under sec 5. of this Act.

Sec. 10. LOANS. The Department of Community and Regional Affairs at the direction of the governor subject to the approval of the Special Legislative Impact Review Committee may

(1) make loans and purchase evidences of indebtedness with funds from the pipeline impact fund to municipalities economically or socially adversely affected by pipeline construction;

(2) guarantee municipal bonds when a municipality needs to

undertake a capital improvement program on an accelerated basis; and

(3) pay (for not more than three years) from the pipeline impact fund a portion of the debt service or interest or both incurred by a municipality for undertaking capital improvements made necessary by pipeline construction.

Sec 11. ADMINISTRATION OF THIS ACT. (a) The Department of Community and Regional Affairs at the direction of the governor subject to the approval of the Special Legislative Impact Review Committee shall administer and adopt the necessary regulations to carry out the purpose of this Act and shall

(1) advise and assist the governor in developing planning assumptions and a broad preparedness plan with respect to the economic and social impact that will accompany pipeline construction;

(2) advise and assist the governor in developing policies, programs and control systems designed to alleviate the economic and social impact resulting from pipeline construction; and

(3) advise and assist the governor with respect to resolving issues related to pipeline construction impact preparedness responsibilities of state agencies which arise concerning two or more of those agencies.

(b) A grant shall be allotted according to an agreement made between the Department on behalf of the state and the municipality receiving the grant. The agreement may include any provision agreed upon by the parties and shall include in substance the following provisions:

(1) a schedule of grant disbursements, if, as determined by the director, a grant is to be disbursed other than in one sum;

(2) agreement by the municipality to

(A) proceed with and complete the proposed project or program expeditiously;

(B) not discontinue operation or dispose of all or part of the project or program for which it receives a grant without the approval of the department;

(C) apply for, and make reasonable efforts to secure, federal assistance which may be available for the project or program, subject to any conditions the department may require in order to maximize the amounts of that assistance received or to be received for all projects or programs in the state;

(3) agreement by the municipality that, if federal assistance for a project or program becomes available to the municipality which was not included in the calculation of the amount of a grant authorized and disbursed under this Act, the value of the federal assistance shall be ascertained and subtracted from the total value of the project or program and the balance shall be proportionately divided between the state and municipality.

(4) Provision for alteration or modification of an approved project or program and for remedies in case of failure to perform the agreement between the parties or noncompliance with regulations promulgated by the department under this section.

(c) If funds appropriated by the legislature to provide loans and grants and purchase evidences of indebtedness under this Act are not adequate to satisfy amounts required by approved grant applications, funds shall be allocated on the basis of priority established by the department by regulations promulgated to carry out the provisions of this section.

(d) The department shall provide a quarterly report to the legislature with respect to grants made under this section.

(e) The department at the direction of the governor subject to the approval of the Special Legislative Impact Review Committee shall determine the terms and conditions for making a loan and purchasing an evidence of indebtedness under this section.

Sec. 12. AUTHORITY TO ACCEPT SERVICE, GIFTS, GRANTS AND LOANS.

When the federal government or an agency or officer of the federal government offers to the state, or through the state to a municipality services, equipment, supplies, materials, or funds by way of gift, grant, or loan, for the purpose of alleviating the social or economic impact resulting from pipeline construction, the state acting through the department, or the municipality acting through its executive officer or governing body, may accept the offer subject to the terms of the offer and the rules and regulations of the agency making the offer.

Sec. 13. PIPELINE IMPACT FUND. There is the pipeling impact fund created for the purpose of carrying out the provisions of sec of this chapter. The fund consists of all money made available by appropriations of the state legislature, and from other appropriated funds, all contributions from whatever source, and income and interest derived from the investment of money.

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Sec. 44.19.595. SPECIAL LEGISLATIVE PIPELINE IMPACT REVIEW COMMITTEE. There is established the Special Legislative Pipeline Impact Review Committee composed of three members of the senate appointed by the president of the senate and three members of the house of representatives appointed by the speaker of the house. The committee shall select its own chairman.

Sec. 44.19.597. TERM OF MEMBERSHIP. The committee shall be organized within 15 days after the organization of each legislature. Members serve for the duration of the legislature during which they are appointed. If they are reelected or their term of office extends

1 into the next succeeding legislature, they continue to serve until
2 reappointed or the appointment of their successor.

3 Sec. 44.19.599. VACANCIES. When a vacancy occurs in the member-
4 ship of the committee, the presiding officer of the house incurring
5 the vacancy shall choose a successor. If the office of the president
6 of the senate or speaker of the house of representatives becomes
7 vacant and a vacancy from the affected house occurs among the member-
8 ship of the committee, the remaining committee members from the house
9 incurring the vacancy shall appoint a new member.

10 Sec. 44.19.601. MEETINGS. (a) The committee may meet during
11 sessions of the legislature and during the interim between sessions at
12 such times and places in the state as the chairman may determine.
13 Members may receive, for the minimum time required to get to and from
14 meetings and for the period while attending meetings, the same travel
15 and per diem allowances provided by law for members of the legislature
16 when attending sessions, except that members of the committee receive
17 no per diem during legislative sessions other than the per diem allow-
18 ance paid to other members of the legislature.

19 (b) The members of the committee can validly conduct a meeting
20 and vote by communicating simultaneously with each other by means of
21 conference telephones or similar communications equipment.

22 (c) A majority of the members of the committee constitute a
23 quorum for the purpose of carrying out its duties under sec. 603 of
24 this chapter.

25 Sec. 44.19.603. DUTIES OF COMMITTEE. The committee shall review
26 and approve or disapprove, in whole or in part, the decisions made
27 by the Pipeline Impact Agency under sec. 589(b) of this chapter.

28 Sec. 44.19.605. DIVISION OF LEGISLATIVE FINANCE ASSISTANCE. The
29 division of legislative finance shall cooperate with the committee and

This is OK

1 shall furnish technical assistance and personnel, if available, upon
2 request.

3 * Sec. 10. DEFINITIONS. For purposes of this Act

4 (1) "construction commencement date" means the date the
5 following occur:

6 (A) there has been issued to the owner or his agent
7 right-of-way permits, leases, and title and other rights in lands,
8 and other approvals, permits, licenses and certificates, by federal,
9 state and local agencies that a reasonable and prudent person would
10 consider adequate to commence construction of the facilities in
11 the expectation that all other approvals, permits, licenses and
12 certificates necessary for the completion of facilities will be
13 obtained;
14

15 (B) all approvals, permits, licenses and certificates
16 are in full force and effect, unrevoked and without any modification,
17 which might jeopardize the completion or continued construction of
18 the facilities; and

19 (C) no order, judgment, decree, determination or
20 award of a federal, state or local court or administrative or regu-
21 latory agency enjoining, either temporarily or permanently, the con-
22 struction or the continuation of construction of the facilities is

23 HB 505

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STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B-JUNEAU 99801

March 1, 1974

The Honorable Selwyn Carrol
Chairman, House Community and
Regional Affairs Committee
House of Representatives
Juneau, Alaska 99801

Dear Representative Carrol:

As requested, I am submitting for the consideration of the Community and Regional Affairs Committee an analysis we have prepared of the individual local governmental "pipeline impact statements" that have been submitted to this Department and other State and federal agencies in recent months. These impact statements and the concerns expressed to State representatives in local public meetings by concerned local officials established the basic issues addressed in the Administration's legislative package for financial assistance to local governments and communities.

Recognizing that the accelerated growth of pipeline impact has already stimulated some population increases and expansion of public services and facilities, we attempted in our impact analyses to discern whether there were trends evident that might serve as a portent for projecting the ongoing effect of "pipeline impact" on the financial capabilities of municipalities to meet impact needs.

The data we have assembled indicates that there has indeed been a substantial change in the fiscal capacity of the major local governments since 1969 and that the change has been remarkably beneficial. While the full details drawn from the annual financial reports of these municipalities are contained in the analysis, we would like to direct the attention of the Committee to the following outstanding conclusions:

1. In the four-year period 1969-1973, real and personal property valuations in the five major municipalities increased from a minimum of 75 percent in the City of Fairbanks to a maximum of 509 percent in Valdez.
2. Over the same period, three jurisdictions significantly reduced property tax mill rates by 18 percent, 21 percent, and 61 percent, respectively; one (Valdez) remained unchanged; and one (Fairbanks) showed an increase of 25 percent in its mill rate.

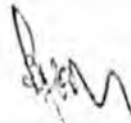
March 1, 1974

3. Over the same period, despite the mill rate reductions, general property tax revenues in these five jurisdictions increased by 38 percent from \$24,559,895 to \$33,955,802.
4. Intergovernmental revenues rose by 173 percent from \$24,007,139 to \$65,556,584. This rise was almost wholly the result of new and expanded State aid programs to local government, funded by the 1969 North Slope lease sale revenues.

We believe that this fiscal data convincingly demonstrates that impact-related growth has to date brought substantial benefits as well as some burdens to the affected communities. We hope that the analyses of which it is a part will provide a balanced picture for the Committee in its efforts to determine an appropriate legislative course of action to meet municipal impact needs.

We will be glad to respond to any questions regarding this matter that the Committee may wish to pursue further.

Sincerely,



Byron I. Mallott
Commissioner

BIM: KW:me

Enclosures

LOCAL GOVERNMENTAL REVENUE TRENDS

A study of recent trends (1969-1973) in the major revenue sources of these local governments highlights two facts:

1. There has been healthy growth in the local property tax and sales tax bases.
2. There has been a tremendous increase in intergovernmental revenues to the local governments from State sources.

The attached tables illustrate the revenue trends drawn from the most recent financial reports of the municipalities for the individual cases. Collectively, the data for the five municipalities as a whole reveals that during the recent period:

1. Local property tax revenues grew by 38.3% from \$24,559,895 to \$33,955,802.
2. Local sales tax revenues in these jurisdictions levying sales taxes grew by 38.3% from \$3,927,134 to \$5,432,668.
3. Local property tax mill rates declined in three jurisdictions (by 18.0%, 21.0%, and 61.4%, respectively), remained unchanged in Valdez, and increased by 25.0% in Fairbanks city.
4. Intergovernmental revenues, almost wholly from State source, grew by 173.1% from \$24,007,139 to \$65,556,584.

The growth in intergovernmental revenues is due to expanded programs of State aid to local governments, funded for the most part from 1969 oil lease sale revenues. This additional State revenue to local governments is, among other things, itself a very real instance of pipeline impact being experienced by local governments in advance of pipeline construction.

TRENDS IN MAJOR LOCAL GOVERNMENT REVENUE SOURCES, 1969-1973

Local Tax Revenues

	<u>General Property Tax Revenues</u>	<u>Sales Tax Revenues</u>	<u>Intergovernmental Revenues</u>
<u>City of Anchorage</u>			
1969	\$ 4,748,378	No	\$ 936,053
1973	6,865,940	Sales	5,809,078
Change:	+\$ 2,117,562 or + 44.6%	Tax	+\$ 4,873,025 or + 520.6%
<u>City of Fairbanks</u>			
1969	\$ 1,137,380	\$2,165,821	\$ 263,414
1973 (est.)	2,242,694	2,949,495	928,200
Change:	+\$ 1,105,314 or + 97.2%	+\$ 783,674 or + 36.2%	+\$ 664,786 or + 252.4%
<u>Fairbanks North Star Borough</u>			
1969	\$ 2,747,000	\$1,679,000	\$ 5,304,000
1972	1,504,000	2,360,000	11,817,000
Change:	-\$ 1,243,000 or - 45.2%	+\$ 681,000 or + 40.6%	+\$ 6,513,000 or + 122.8%
<u>Greater Anchorage Area Bor.</u>			
1969	\$15,830,776	No	\$17,489,311
1973	23,170,894	Sales	46,839,037
Change:	+\$ 7,340,118 or + 46.4%	Tax	+\$29,349,726 or + 167.8%
<u>City of Valdez</u>			
1969	\$ 96,361	\$ 82,313	\$ 14,361
1973	172,274	123,173	163,269
Change:	+\$ 75,913 or + 78.8%	\$ 40,860 or + 66.8%	+\$ 148,905 or + 1306.9%

LOCAL PROPERTY TAX AND REVENUE TRENDS: 1969-1973

	<u>ASSESSED VALUATION</u>	<u>MILL RATE</u>	<u>GENERAL PROPERTY TAX REVENUE</u>	<u>INTERCOV. REVENUE</u>
CITY OF ANCHORAGE	+ 81.1%	- 21.0%	+ 46.6%	+ 520.6%
CITY OF FAIRBANKS	+ 75.0%	+ 25.0%	+ 97.2%	+ 252.4% ²
FAIRBANKS NORTH STAR BOR. ¹	+ 90.0%	- 61.4%	- 45.2%	+ 122.8% ²
GREATER ANCHORAGE AREA BOR.	+109.5%	- 18.0%	+ 46.4%	+ 167.8%
CITY OF VALDEZ	+509.3%	no change	+ 78.8%	+1036.9%

¹For the period 1969-1972.

²State intergovernmental revenues only.

"LAG" IN PROPERTY TAX REVENUES

A key assumption offered to justify the local government requests for State impact funds is the supposition that the expenditure burden of providing impact services occurs well in advance of revenue increases from property tax base expansion. Plausible as this assumption seems, it is contradicted in every case by the facts available in the municipal financial reports.

The evidence of the last four years demonstrates a trend of substantial expansion in local property tax bases in anticipation of the pipeline construction phase of North Slope petroleum development. Part of this expansion is due to inflation, other wise known as increasing property values, but most can be traced to new construction or new personal property tax resources.

The comparison below of growth rates in assessed valuation and population clearly illustrate that the visible pipeline impact to date has been to strengthen the financial base of local governments in excess of population growth. In fact, three jurisdictions have substantially reduced property tax rates during this period.

TRENDS IN PROPERTY TAX BASE AND POPULATION GROWTH, 1969-1973

	Full Value Assess- ment Changes 1969-1973	Population Changes 1969-1973
City of Anchorage	+ 81.1%	+15.4%
City of Fairbanks	+ 75.0%	- 4.0%
Fairbanks North Star Borough	+ 90.0%	+ 6.8%
Greater Anchorage Area Borough	+109.5%	+22.9%
City of Valdez	+509.3%	+ 6.1%

Additional evidence confirming this trend of property tax base expansion in advance of population growth in the particular case of the City of Anchorage is presented in that City's own impact statement. In that report, a sharp rise in the value of building permits issued is cited as proof of the economic impact that the City has been experiencing as a result of the proposed pipeline. All of this new construction represents, of course, additions to the City's real property tax base and is already a source of increased impact revenues.

CITY OF ANCHORAGE BUILDING PERMITS ISSUED
(VALUES IN MILLIONS OF DOLLARS)

<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	
\$34.8	\$52.2	\$55.2	\$70.2	\$78.0	(t.)*

*Percent increase in 1973 over 1969: +124.2%

The construction boom of the past four years has, indeed, thoroughly outstripped the growth in demand for residences, despite rapid population growth. As was noted by both the City of Anchorage and the Greater Anchorage Area Borough, there are now about 6,000 vacant housing units available in the Anchorage area compared to a negligible number in 1969. These unoccupied units are on the tax rolls and yielding property tax revenues even though requiring little in the way of municipal services. This situation is a clear and startling instance of the expansion in property tax base in advance of population growth and related demands for additional services.

INFLATION

Inflation caused by pipeline impact has been cited as a major contributor to the cost of providing public facilities and service in Anchorage and other areas.

The economic facts demonstrate the opposite effect, in some instances. For example, the Anchorage Metropolitan Area, which is the only area for which comparative data is available, has in recent years experienced far less inflation than most regions of the country.

Based on 1967 pre-impact prices, the Consumer Price Index has increased 60% faster in the nation as a whole than in the Anchorage Metropolitan Area.

Pipeline impact is, of course, largely responsible for this advantageous trend. The prospect of the pipeline has boosted confidence in Anchorage's economic future. It has promoted business expansion and commercial competition and thereby served to bring Anchorage costs more in line with costs throughout the rest of the country.

As far as inflation is concerned, pipeline impact has been relatively beneficial rather than harmful to Anchorage's economy.

	Consumer's Price Index Percent Increase <u>July 1967 to July 1973</u>
United States	+32.7%
Anchorage Metropolitan Area	+20.4%

Source: U. S. Department of Labor, Bureau of Labor Statistics.

On a related issue, a number of local governments have stated that they foresee accelerated inflation as well as accelerated capital improvement needs due to impact needs. The prospect of a 10% or more annual increase in costs has been raised.

It should also be noted that if such inflation does occur, accelerated construction schedules will have the counterbalancing effect of significantly reducing to total cost of improvements. Accelerated construction will allow municipalities to build at lower pre-inflation prices, thereby reducing project costs and debt service by a substantial margin.

FOUR PERCENT GROWTH RATE ELIGIBILITY STANDARD

The four percent growth rate standard for grant eligibility under House Bill 505 has been opposed as arbitrary and excessively high.

In the preparation of the HB 505, this standard was chosen as a fair measure of the population increase a growing and prospering community can reasonably absorb within its expanding economy without extraordinary assistance.

Four percent is exactly the statewide growth rate for the past three years. It is well below the recent growth rate in the Anchorage, Matanuska-Susitna, Juneau, Haines, and Valdez areas, which those areas have welcomed and absorbed without fiscal disaster. Detailed fiscal analysis of local governmental budgets and taxes for the period shows that those areas have actually prospered by their recent growth.

CIVILIAN POPULATION ESTIMATES

<u>Census Division</u>	<u>April 1970 (Census)</u>	<u>July 1973</u>	<u>Net Change-1970 to 1973</u>	
			<u>Number</u>	<u>Percent</u>
Anchorage	113,449	135,391	21,942	19.3
Haines	1,495	1,902	407	27.2
Juneau	13,351	16,387	3,036	22.7
Matanuska- Susitna	6,503	8,586	2,083	32.0
Valdez-Chitina- Whittier	3,098	3,568	470	15.2
TOTAL STATE	270,936	302,912	31,976	11.8

Source: Research and Analysis, Alaska Department of Labor.

City of Anchorage

The City of Anchorage's Trans-Alaska Oil Pipeline Impact Statement presents the City's picture of its impact needs for the calendar year 1974.

The Impact Statement was initially prepared for and addressed to the Federal Region Council. It includes programs and costs that are eligible for federal program assistance.

The Impact Statement projects a population change from 79,550 persons on January 1, 1974, to 86,550 as of January 1, 1975. Of the total population growth of 7,000 projected for the year, 2,350 is attributed to "normal" growth and 4,650 is attributed to pipeline impact.

The City submitted separate estimated budget impacts for its operating budget and its capital improvements program:

Operating Budget

The major impacts identified in the City's impact budget for operations relate to police protection, fire protection, and parks and recreation, as follows:

CITY OF ANCHORAGE OPERATION & MAINTENANCE 1974 PIPELINE IMPACT REQUIREMENTS

<u>Category</u>	<u>Amount</u>	<u>Percent</u>
Public Safety (Police and Fire)	\$1,680,070	76.9%
Parks and Recreation	217,080	9.9
Library	121,850	5.6
Public Works	44,620	2.0
Other City	121,090	5.6
TOTAL	<u>\$2,184,710</u>	<u>100.0%</u>

Source: Trans-Alaska Oil Pipeline Impact Statement, City of Anchorage, December 18, 1973.

N.B. The City of Anchorage is currently seeking \$1,819,720 in special grant funds from the Federal Law Enforcement Assistance Administration for a two-year program of expanded police services specifically to meet impact problems.

The City of Anchorage cites an operating budget impact need of \$2,184,710 for an impact population increase, by its own estimate, of 4,650 or \$470 per capita. This compares with a 1973 citywide per capita expenditure of \$296, including debt service.

The City's 1974 impact budget plans an expansion of 28% in police personnel, 32% in fire protection, and 13% in parks and recreation for an impact growth of 8.4% (City's own figures).

It is noteworthy that the City also projects a "normal" growth of 2,350 persons during 1974, for which it plans no such extraordinary expenditures. In fact, the City's 1974 Annual Budget foresees a budgetary increase barely proportionate to the "normal" population increase.

On the impact income side, the City anticipates a total revenue increase of \$128,500 due to impact. No revenue increase is allowed for increased real and personal property taxes, despite increased assessments attributable to new construction and inflation. In this regard, it should be noted that the City also estimates building permits of \$78 million for 1973 and in excess of \$80 million for 1974. (Assessed values rose altogether by \$122 million in 1972-73.) New construction of \$78 million, taxed at the City's 7.9 mill rate, yields revenues of \$616,200.

The City has also submitted an application for a LEAA grant of \$864,200 for 1974 (plus \$955,440 for 1975) to fund extraordinary police services required by pipeline impact.

Some general data about the City's recent financial history may be useful for assessing the City's present fiscal circumstances.

	<u>Building Permits Issued</u>	<u>Full Value Determination</u>	<u>Percent Change</u>	<u>Mill Rate</u>	<u>Percent Change</u>
1969	\$34,800,000	\$500,155,441		10.0	
1970	52,200,000	536,256,995	+ 7.2%	9.5	- 5.0%
1971	55,200,000	663,436,066	23.7	9.3	- 2.1
1972	70,200,000	784,171,395	18.2	8.9	- 4.3
1973	78,000,000	905,742,805	15.5	7.9	-11.2
	Cumulative	+\$405,587,364	+81.1%	-2.1	-21.0%

Apropos of the above, the opening paragraph of the Impact Statement is quoted:

"The City of Anchorage, and the surrounding environs, has felt the impact from the petroleum industry development for the past decade, and more. This impact was generally well within manageable limits, but since 1969 the growth effect on both private and public sectors has accelerated."

The impact that is evident in the data shown above indicates that there has already been impact indeed in the City of Anchorage, that the impact has

been entirely beneficial, and has aided the City to upgrade and expand public services while reducing property tax rates. To quote the City's 1974 Annual Budget:

"The proposed ad valorem tax rate of 7.9 mills is the same as this year, and compares with 8.9 mills in 1972; 9.3 mills in 1971; 9.5 mills in 1970; and 10 mills in 1968 and 1969.

The Budget is in balance. It represents an improved level of governmental and utility services at reasonable tax and utility rates. The City Administration recommends its adoption by the Council."

Capital Improvements Program

The City's Impact Statement also included a three-year 1974-1976 CIP for facilities needed to accommodate impact growth. The CIP is more complex to analyze, inasmuch as it lumps together projects funded by special assessments and enterprise funds as well as general property tax revenues.

Special assessment projects such as subdivision paving and storm sewer installation are ordinarily financed through special assessments to recapture the cost of improvements from the developers or property owners whose property values are benefited.

Enterprise utilities such as telephone, power, and water utilities, conventionally finance capital improvements through sale of revenue bonds. Both public and private utilities use revenue bonds rather than general obligation bonds for debt finance. Debt is then retired out the revenues collected from service charged to users rather than by taxation of any sort.

The CIP analysis is also complicated because most of these improvements have a useful life that will long outlast pipeline impact. It hardly seems fair to saddle the whole cost on impact.

The analysis below addresses the 1974 and 1975 proposed CIP items in the City's Impact Statement.

High Accident Street Intersections. It is questionable whether impact residents alone are wholly responsible for congestion in Anchorage, to the tune of \$990,000, just for intersection improvements.

Subdivision Paving. This is ordinarily an assessable cost, recouped from the developers or property owners whose property values are enhanced.

Storm Sewer System. This, too, is an assessable improvement.

Port. According to the City's budget, half of the capital cost of 1974 port expansion is already planned for coverage by G.O. Bonds. (Also, the budget for the Port of Anchorage shows net earnings of \$537,720 for 1974, up from \$242,260. This illustrates the Port's revenue producing capacity.) The other half is budgeted for federal funding.

The 1975 costs are for another P.O.L. terminal, again a revenue producer that should be easily bonded.

Library. The Impact Statement proposes \$4,500,000 in library expansion for impact residents.

Administrative Office Space. This additional office space might possibly be leased, even for all 111 planned new personnel, for less than \$2,700 per person.

Fire Apparatus. The Impact Statement does not make clear whether this includes costs chargeable to operating budget.

Water Utility. The City's 1974 budget includes a CIP of \$4,400,000 to be financed as follows:

Water Revenue Bonds	\$2,950,000
Contribution in Aid	300,000
Construction Reserve	600,000
State Funds	550,000
	<u>\$4,400,000</u>

The water utility has generally been a profit-making enterprise.

In sum, the impact CIP's for 1974 and 1975, as presented in the City's Impact Statement, includes some items that are self-amortizing through special assessments or enterprise revenues, and some items debatably attributed to impact (i.e., library, intersection improvements).

By way of a fiscal footnote, a previous impact assessment, prepared by the City last August and which thereafter vanished from discussion, presented the following projections of additional enterprise fund revenues due to impact available for debt service for 1974 and 1975:

	Additional Revenue Available for Debt Service	
	<u>1974</u>	<u>1975</u>
Electric Utility	\$409,000	\$412,000
Telephone	732,000	902,000
Water	295,000	336,000
Port of Anchorage	91,000	116,000

Greater Anchorage Area Borough

In preparing its report on the "Anticipated Impact of the Trans-Alaska Pipeline," the GAAB addressed the total areawide impact for the period 1974 through 1978. The report actually addresses only operating expenditures.

However, it does construct impact costs on an areawide basis, including the City of Anchorage, even for services and costs handled by the City. Therefore, it duplicates and double counts many costs already accounted for in the City's impact budget, e.g., for police and fire protection and parks and recreation.

Apart from this duplication, because it covers only operating expenditures, the GAAB report can be more briefly evaluated. Although the GAAB budgets by fiscal year, the impact statement is built upon a calendar year base. This report was also prepared to determine what assistance should be requested from the State and federal governments. The following analysis covers only the two calendar years 1974-1975.

As a general observation, it can be noted that no particular justifications in terms of new population served or specific service increments are offered in the GAAB report. However, apart from the above-noted duplication of City of Anchorage costs, and the items questioned below, the GAAB impact cost projections seem to be within fairly reasonable bounds and in line with established cost ratios.

Comments with regard to specific service categories treated in the GAAB impact statement follow.

Fire. Most of the cost cited is due to the City of Anchorage. For example, in 1974, additional fire protection costs of \$646,200 are divided into \$512,200 for City of Anchorage and \$134,000 for GAAB.

Police. The cost impact adduced again includes costs to be picked up by City of Anchorage and Spenard Service District too. Remaining cost (Balance of Borough) is more than adequately accounted for in Department of Public Safety's Impact Budget. In short, there is no real impact on GAAB's budget.

Library. A minor cost split between the City and Borough.

Parks and Recreation. Again, fully half of the cost cited is included in City of Anchorage's impact budget.

Public Works. For miscellaneous services, 57% of which are actually to be provided by City of Anchorage during 1974 and 1975.

Sewers. No significant cost.

Roads and Drainage. No significant cost.

Building Safety. Again, 50% of the cost impact here cited is for City of Anchorage rather than GAAB. Furthermore, revenue from inspection fees makes building safety function largely self-supporting. This item has been reduced by two-thirds by including revenues.

Emergency Medical. This is an areawide service. The costs projected appear to be reasonable.

Health Services. This is another areawide service. It accounts for the greater bulk of the legitimate impact costs presented by the GAAB. Since the explanation does not include any base data for comparison, it is hard to evaluate this claim. It does appear to include new and expanded services, but this is a function that the GAAB has been steadily upgrading. This category also includes some environmental protection services. Lacking data for comparison, the GAAB's cost estimate is accepted as presented.

Summarizing the above comments results in the following revised accounting of pipeline impact costs to GAAB for 1974 and 1975.

<u>Category</u>	<u>1974</u>	<u>1975</u>
Fire	\$ 134,000	\$ 228,000
Police	--	--
Library	28,025	17,150
Parks	217,080	367,740
Public Works	13,625	36,530
Sewers	2,500	8,165
Roads and Drainage	0	22,500
Building Safety	42,500	42,000
Emergency Medical	125,000	52,000
Health Services	899,860	1,502,600
TOTAL	\$1,462,590	\$2,276,685

If these costs were prorated from January 1, 1974, through June 30, 1975, the total would be \$2,503,505.

Some mention should be made of the total omission in the GAAB report of a realistic account of increased property tax and other revenues generated by impact economic expansion. As in the case of Anchorage City, early impact has been adding to assessed values and to property tax collections in GAAB. For example, whereas there was a severe housing shortage in the Anchorage area in 1969, it is reported that there are now 6,000 vacant housing units, despite the rapid growth since 1969. These unoccupied units are on the tax rolls and yielding property tax revenues, even though requiring little in the

way of municipal services. The impact of this new construction is evident in the complimentary trends of rising assessed values and declining or stable mill rates illustrated below. For the sake of reference, assessed valuation, revenue and debt trends in GAAB for the pre-pipeline construction period 1969-1973 are charted below.

<u>GAAB</u>	<u>Full Value Determination</u>	<u>Percent Change</u>	<u>Mill Rate*</u>	<u>Percent Change</u>
1969	\$ 959,652,422		14.18	
1970	1,105,576,900	+ 15.2%	12.96	- 9%
1971	1,399,334,905	+ 26.6	12.77	- 1
1972	1,660,976,670	+ 18.7	10.18	-20
1973	2,010,035,810	+ 21.0	11.56	+14
Cumulative	+\$1,050,383,388	+109.4%	-2.62	-18%

*GAAB areawide.

Also of particular fiscal significance has been the growth in the intergovernmental, largely State, revenues to the Borough from \$17,489,311 in 1969 to \$46,839,037 by 1973, an increase of 168% in four years. Intergovernmental revenues were more than double the locally supported general property tax revenues.

	<u>Intergovernmental Revenues</u>	<u>General Property Tax Revenues</u>	<u>Net Bonded Debt</u>	<u>Debt Per Capita</u>
1969	\$17,489,311	\$15,830,776	\$ 34,877,000	\$287
1970	24,225,339	14,033,485	39,202,000	315
1971	38,626,937	11,677,267	86,507,000	656
1972	44,740,791	16,594,282	131,883,000	914
1973	46,839,037	23,170,894	137,711,000	890

Fairbanks North Star Borough

The Fairbanks North Star Borough has developed an Oil Pipeline Impact Statement, January 15, 1974, in which it addresses local, State, and federal officials with its envisioned impact needs.

The statement treats in two parts impacts (a) on the Borough's operating budgets from January 1, 1974, through FY 1978 and (b) on the Borough School District's operating budget and capital facilities needs.

Before going into the particulars treated in the impact statement, a brief aside on matters not treated in the statement may be in order.

The statement attempts to debunk the notion that the Borough might be able to meet some of its service needs without outside aid with the observation that "Estimated increased revenues have been projected and clearly indicate that these sources cannot and will not meet the impact needs." Regardless of this disclaimer, a review of fiscal data demonstrates that the Borough exhibited a phenomenal improvement in its financial position over the post-1969 period. Some of the phenomena:

1. A 90% increase in assessed property values between 1969-1973, including untaxed personal property.
2. A 123% increase in State intergovernmental revenues from \$5,304,000 in 1969 to \$11,817,000 by 1972.
3. A 45% reduction in general property tax revenues from \$2,747,000 in 1969 (\$3,331,000 in 1970) to \$1,504,000 by 1972.
4. A 30% reduction in net bonded indebtedness from \$8,183,627 in 1969 to \$5,741,984 in 1972.
5. A reduction in the Borough mill rate from 16.5 in 1969 to 10.0 in 1970 to 5.0 in 1971 to 5.8 in 1972 to 6.5 in 1973 (6.7 in 1974).

If Fairbanks North Star Borough restored its property tax mill rate to the 1969 pre-impact level of 16.5 mills, that step alone would generate in FY 1974 additional revenues of nearly \$5,000,000.

Finally, the Fairbanks North Star Borough impact statement does not project any additional revenue from ad valorem taxes on pipeline property improvements, as permitted by FSS SLA 73, Chapter 1.

Ironically, the Borough's greatly improved fiscal standing of late can by and large be traced to pipeline impact by way of an increased tax base and increased State outlays to local governments from oil lease revenues. The following tables illustrate recent fiscal trends in the Borough.

FAIRBANKS NORTH STAR BOROUGH
PROPERTY TAX BASE AND MILL RATE TRENDS
1969-1973

	<u>Full Value Determination</u>	<u>Percent Change</u>	<u>Mill Rate</u>	<u>Percent Change</u>
1969	\$250,464,505		16.5	
1970	304,480,940	+21.6%	10.0	-39%
1971	340,566,102	+11.9	5.0	-50
1972	390,583,440	+14.7	5.8	+16
1973	475,802,270	+21.8	6.5	+12
Cumulative 1969-1973	+\$225,337,765	+90%	-10.0	-61%

REVENUE AND DEBT TRENDS, 1969-1972

	<u>State Intergovt Revenue</u>	<u>General Property Tax Rev.</u>	<u>Net Bonded Debt</u>	<u>Debt Per Capita</u>
1969	\$ 5,304,000	\$2,747,000	\$8,183,627	\$227
1970	7,113,000	3,331,000	7,448,097	169
1971	10,909,000	2,448,000	6,546,940	143
1972	11,817,000	1,504,000	5,741,984	125

To return to the Borough's impact statement, the Borough's projected budgetary impact was constructed by a methodology very similar to the approach of HB 505, without the 4% growth rate threshold but with a substantial allowance for inflation, approximate 10% annually, all of which is attributed to pipeline impact. The Impact Statement explains:

"Needs for supplementary revenue are computed on a per capita rate attributable to pipeline construction impact, with inflation factor. Base data are the 1973-74 fiscal year operating budgets, and the average between the 1973 population estimate and the 1974 projection."

Operating Budget

The Borough's operating budget analysis lists 19 assumptions about impact growth, all of which can be accommodated within the framework of HB 505. That is, the funding formula in HB 505 incorporates or will respond to the assumptions as they prove true.

Essentially, the Borough's impact operating budget is the product of a projected growth factor, identified as impact growth, times the normal per capita operating expenditures for all Borough general government activities. In FY 1974, the major budgeted expenditure categories were: Finance--\$844,320, Environmental Services--\$336,767, Planning and Zoning--\$195,000, Library--\$190,000, Parks and Recreation--\$185,340, and miscellaneous other--\$647,996, for a FY 1974 base total of \$2,399,423.

It is emphatically worth noting that the Borough has cranked into its impact budget an inflation factor of 2 1/2% for FY 1974 plus an additional 10% for FY 1975, etc., for its entire budget, and attributed it all to impact.

The Borough identifies an impact need of \$276,500 for FY 1974 and \$951,336 for FY 1975 for its operating budget, for a total of \$1,227,836 through FY 1975.

The Borough's statement also identified non-school capital requirements totally \$305,000 for parks and recreation facilities, sanitary landfill/equipment and environmental services/equipment.

Fairbanks North Star School District

The educational impact statement submitted by the School District projected educational impact needs as follows:

FY 1974	(\$22,513)
1975	1,509,310
1976	4,118,863
1977	6,202,369
1978	8,395,404
1979	10,964,100

In calculating these needs, Foundation Program revenues have already been taken into account, excepting additional revenue for student population growth.

The method used to project School District impact costs is debatable. Again, all future inflationary costs through 1979 for the entire education budget are attributed to impact. No reference is made to the significant fact that the non-impact ADM assumed for FY 1975 (8,087) is well below the actual FY 1971 ADM (8,453).

Particular attention needs to be directed to the following assumption of the School District impact:

"Local effort revenues for this presentation have been held constant in order to identify the total revenue shortfall as the direct result of the pipeline."

In other words, the School District impact budget does not include any additional revenues above the current level to be raised locally for educational programs for the next five years.

The School District also requests the State to purchase \$12,475,000 in school bonds from the Borough by June 30, 1975.

City of Fairbanks

The City of Fairbanks has not submitted any comprehensive assessment of its anticipated pipeline impact needs.

Furthermore, the Report on Impact of Trans-Alaska Pipeline Construction on Governmental Services and Facilities prepared by the Special Petroleum Impact Committee reported that:

"It should be noted that the City of Fairbanks estimates of operational impact costs are less than the projected revenues. After review and analysis of their estimates, it appears that the City has underestimated the operational costs attributable to the population increase."

The table below shows recent property tax base and tax rate trends in the City of Fairbanks.

	<u>Full Value Determination</u>	<u>Percent Change</u>	<u>Mill Rate</u>
1969	\$150,979,956		9.6
1970	166,777,300	+10.5%	10.0
1971	212,013,846	+27.1	10.0
1972	226,554,000	+ 6.9	12.0
1973	264,219,295	+16.6	12.0
Cumulative 1969-1973	\$113,239,339	+75%	+25%

However, at the joint meeting held in Fairbanks on December 11, 1973, with City, Borough, School District, and other local officials, Wallis Droz, City Manager, did cite certain impact stresses that faced the City.

With regard to operating budget expenditures, Mr. Droz stated a preference for a State approach that would allow the City to provide such additional services as were needed to meet impact and then be reimbursed afterwards by the State for actual expenditures justified as due to impact. Droz envisioned a procedure whereby the City would review its books after the fact to sort out impact expenses. However, he also stressed the need of local governments for the speediest possible distribution of State assistance was emphasized.

In general, Mr. Droz put most emphasis on the capital program needs of Fairbanks Municipal Utilities System, according to the following priorities:

1. Telephone system expansion
2. Electrification facilities

3. Water treatment facilities
4. Steam heating system

The first three items were also cited in an impact statement submitted in letter form by MUS on September 14, 1973. That letter summarized utility needs as follows:

The foregoing is our best estimate of our minimal needs for capital improvements to serve the present and developing demands for utility service. The cash or credit support requirements are summarized as follows:

Electric Generating Plant	\$ 6,500,000
Water Treatment Plant	4,100,000
Telephone Plant	1,156,000
	<u>\$11,756,000</u>

At the Fairbanks meeting, it was reported that a coal-fired unit for generation costing in excess of \$15,000,000 might have to be substituted for the cheaper generating plant originally proposed.

In any case, the MUS letter does not present these projects as additional facilities merely to serve pipeline impact, narrowly conceived. They are needed for impact due to, among other things, increased exploration activities, gas pipeline construction, and other related economic developments, so says the MUS letter.

City of Valdez

The City of Valdez, on December 3, 1973, submitted an outline of its impact needs in the form of a municipal budget. The City requested impact funding assistance of \$1,500,000 for the fiscal year ending June 30, 1974, of which about \$500,000 was for school support.

This request incorporated all municipal operating expenses for all of fiscal year 1974, even though the fiscal year was half completed. The City had, of course, already received substantial State-shared revenue to support many of the same services. The impact request included all expenses for the operation of the municipal dock facility, even though the dock had earned sufficient income to cover expenses and leave a profit the previous year.

Regardless, the bulk of assistance requested by City of Valdez in its impact statement was for categories of services supported under House Bill 505: police protection, fire protection, water and sewer system maintenance, etc.

Evaluation of any request for impact assistance for the City of Valdez must consider the special circumstances of the City's fiscal situation:

1. The City of Valdez now has, and has had for the last four years, \$25,000,000 to \$50,000,000 in personal property, mainly pipeline related equipment and supplies, which it has chosen not to tax (see table below). By adoption of a personal property tax, the City could derive substantial income from this untapped revenue base. For example, a personal property tax of 15 mills on \$40,000,000 of personal property would yield \$600,000 annually.
2. The City has virtually no bonded debt. This is largely because State and federal governments funded with outright grants reconstruction of new Valdez after the 1964 earthquake.

Attached are tables summarizing recent property tax base and tax rate trends and the impact budget needs submitted by the City.

CITY OF VALDEZ

	<u>Assessed Value of Taxable Property</u>	<u>Full Value Determination</u>	<u>Percent Change</u>	<u>Mill Rate</u>
1969	\$ 5,820,815	\$ 8,155,578		15.0
1970	7,440,100	34,890,930	+328%	15.0
1971	11,411,960	60,789,590	+ 74%	15.0
1977	12,259,150	46,604,740	- 23%	15.0
1973	13,862,650	49,689,705	+ 7%	15.0
Cumulative 1969-1973		+\$41,534,127	+409%	

CITY OF VALDEZ
PIPELINE IMPACT OPERATIONAL NEEDS

<u>Category</u>	FY 1974		FY 1975	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Police	\$174,250	17.5%	\$ 264,700	23.8%
Fire	260,000	26.2	212,000	19.9
Public Works	204,000	20.5	276,000	24.9
Docks & Small Boat Harbor ¹	(86,000)	--	(100,000)	--
Administration	177,000	17.8	186,400	16.8
Finance	116,000	11.7	120,900	10.9
Bldg. Insp. & Camp Grounds	62,000	6.2	50,300	4.5
TOTAL	<u>\$993,850</u>	<u>100.0%</u>	<u>\$1,110,300</u>	<u>100.0%</u>

Source: Pipeline Operation Impact, City of Valdez, December 3, 1973.

¹This category was deducted, since the municipal dock operation earned sufficient income to cover expenses and leave a net income of \$13,281 in FY 1973.

N.B. The City of Valdez's impact budget request included all municipal operating expenses for all of fiscal year 1974, even though the fiscal year was half completed.

Alaska State Legislature



REPRESENTATIVE
RICHARD L. McVEIGH
400 NOTTINGHAM WAY
ANCHORAGE, ALASKA 99503

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99801

COMMITTEES:
CHAIRMAN, PUBLIC COMMITTEE
CHAIRMAN, LEGISLATIVE COUNCIL
MEMBER, JUDICIARY COMMITTEE

House of Representatives

February 8, 1974

To: Ronald Rettig
Chairman of Petroleum Impact Committee

From: R. L. McVeigh

To provide aid to Pipeline "impact" areas of the State, Governor Egan has proposed five bills for legislative consideration. The bills H.B. 505, H.B. 506, H.B. 507, H.B. 508, and H.B. 509 deal, for the most part, with providing money to municipalities needing financial assistance to meet extra-ordinary expenses attributable to the Pipeline.

H.B. 505 makes provisions for the Department of Community and Regional Affairs to provide grants to municipalities needing financial assistance in meeting Pipeline impact expenses. To qualify for the grant the municipality must demonstrate to the Department of Community and Regional Affairs:

- (1) a municipal annual growth rate in excess of 4%
- (2) extra-ordinary municipal operating expenditures beyond its capability to reasonably meet and
- (3) these factors (1) and (2) are directly attributable to the

Feb. 8, 1974

Trans-Alaska Pipeline. Sec. 2(b) of the bill provides that the population base is to be computed from the "population of the municipality on the first day of the quarter of the calendar year during which the construction commencement date of the Trans-Alaska Pipeline occurs".

The grants are limited to operating expenses for municipal services involving:

- (1) police protection
- (2) fire protection
- (3) solid waste collection and disposal
- (4) water supply and sewage disposal systems
- (5) health care services; and
- (6) land use and environmental planning and regulations.

To be eligible for a grant, in addition to establishing a demonstrable need in the areas specifically enumerated above, the municipality must experience a growth rate in excess of 4% per year. Sec. 4 of the bill provides for a grant to impacted municipalities which experience population growth directly attributed to the Alaska Pipeline. Computation of the grant is based on the excess of the 4% annual growth figure. To compute the grant, multiply the population growth during the period of the bill (in excess of 4%) computed from the first day of the first quarter

of the calendar year during which construction begins, times the per capita general fund expenditures (subtracting education, capital outlay and debt service) for the complete fiscal year preceeding the effective date of this Act, through June 30, 1975.

Grants may be made quarterly based upon quarterly population estimates with final adjustment to be made on June 30, 1975.

There will be a ceiling on the total grant to which a community is entitled. The figure is computed by multiplying the population growth in excess of 4% over the life of the bill, times the per capita limit. This limit will be \$250 for municipalities with total populations in excess of 10,000, and \$400 for municipality populations under 10,000.

For example assume a municipality has a population of 1,106 (Valdez) people on the first day of the quarter of the calendar year during which construction started. Since the Act expires June 30, 1975 the probability exists that construction will start in early spring of 1974 (April 1), leaving five quarters before expiration of the Act. A municipality of 1,106 would compute its potential grant by multiplying its population by 1.04 (the 4% increase) times the number of years computed over the 5 quarter period, 1.25, i.e., $1,106 \times 1.04 \times 1.25 = 1438$.

The 1,438 represents what normal "unimpacted" growth would be as of June 30, 1975. Assume the actual population on that date was 2000 persons; there would be a difference of 562 between the anticipated normal growth and impacted growth. The 562 would then be multiplied by the per capita general fund expenditure for that community (less education, capital outlay and debt service expenditures). Assuming, as in the case of Valdez, the per capita expenditures for the preceeding complete fiscal year was \$471 per person, the maximum amount of the grant would equal \$471 times 562 or \$264,702. However, since Valdez is under 10,000 population, subsection (6) of Sec. 4 limits the multiplicand to \$400 per person, hence you would multiply 562 times \$400 and arrive at the figure of \$224,800.

Section 5 allows a municipality to receive prepayments not to exceed 50% of maximum eligible grant providing certification is obtained from the Department of Community and Regional Affairs. Subsection (b) of Sec. 5 limits the amount of prepayments for all municipalities to \$5,000,000 or 1/2 the total amount of the fund.

Section 6 provides that grants may be made only upon application to the Department of Community and Regional Affairs and that the applications for a grant specifically state the purpose for which the grant is to be used, and limits the use of grant monies to those purposes.

Section 7 requires that municipalities have separate accounts for grant monies and requires an annual independent audit to be submitted to Community and Regional Affairs.

Section 8 provides that grants are to be made by the Department of Community and Regional Affairs at the direction of the Government and subject to approval of the Legislative Budget and Audit Committee.

Section 9 deals with the population computation and provides that the Department of Community and Regional Affairs will make the final decisions in the area.

Sections 10-12 provide definitions, regulatory authority and an effective date.

H.B. 506 provides a ten million dollar appropriation to the Department of Community and Regional Affairs to provide grants to qualified municipalities needing financial assistance in meeting Pipeline impact expenses.

H.B. 503 establishes a Municipal Planning Revolving Loan Fund to be administered by the State Treasury Division of the Revenue Department.

The Fund would make loans available to Alaska municipalities for capital improvement planning in the form of pre-engineering studies, engineering design, and architectural design. If the municipality can demonstrate a population growth rate in excess of its normal growth rate attributable to the construction of the Trans-Alaska Pipeline, it will be given priority in the distribution of the loans.

The amount of the loan is limited to \$100 per capita or \$150,000, whichever ever is the lesser amount. Loans may not be made for the purpose of conducting a feasibility study of a municipal capital improvement.

Reliable population figures are to be submitted by the municipalities, preferably the latest United States Bureau of the Census figures. However, the State will be the final judge as to the reliability and acceptance of the figures.

A loan is to be repaid into the Municipal Planning Revolving Loan Fund, plus interest not to exceed six percent, at the time financing for the capital improvement is secured. If such financing is not secured, the municipality has five years from the date of the loan to repay the loan, plus interest.

Page 7

Feb. 8, 1974

Loans may be made only upon application by the municipality to the department. Each loan application shall state the purposes for which the loan will be spent. No loan may be spent for purposes other than those specified in the application.

The last section of the Act defines the word municipality as it is to apply to this Bill.



R. L. McVeigh

McV:af

STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF COMMUNITY
PLANNING

POUCH B-JUNEAU 99801

March 6, 1974

The Honorable Selwyn Carrol
Chairman, House Community and
Regional Affairs Committee
House of Representatives
Juneau, Alaska 99801

Dear Representative Carrol:

You have requested us to prepare an estimate of municipal assistance eligibility amounts authorized by the House Community and Regional Affairs committee substitute for House Bill 505.

The two revisions in CSHB 505 affecting the municipal eligibility amounts are:

- a) the reduction of the annual growth rate threshold to 2.9 percent; and
- b) the broadening of eligibility standards to encompass municipalities experiencing accelerated population growth in general rather than population growth directly attributable to pipeline construction.

In the brief time available, we have not been able to assemble the municipal budget data needed to calculate eligibility amounts for the additional local jurisdictions that might qualify for assistance under the broadened eligibility standard.

However, we would offer the following information for the consideration of the Committee.

Applying the 2.9 percent growth rate threshold to the eight major pipeline-impacted jurisdictions for which municipal budget data is readily available, we estimate the following municipal assistance eligibility amounts under CSHB 505:

City of Anchorage	\$1,541,050
Delta Junction	17,568
City of Fairbanks	1,583,750
Fairbanks North Star Borough	1,012,894
Greater Anchorage Area Borough	2,440,443
North Pole	55,750

The Honorable Selwyn Carrol

-2-

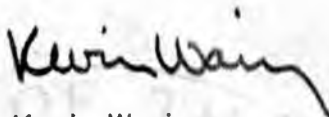
March 6, 1974

North Slope Borough	242,087
Valdez	<u>1,710,000</u>
Subtotal	\$8,603,542

We would also note that the above jurisdictions account for more than 50 percent of the State's present population, and will account for the great bulk of population growth in the State in the next sixteen months. Subject to an opportunity to calculate in full detail the fiscal effect of the CSHB 505's revisions, we would offer a "guesstimate" that the maximum estimated municipal assistance eligibility under CSHB 505 would be in the vicinity of \$10,000,000.

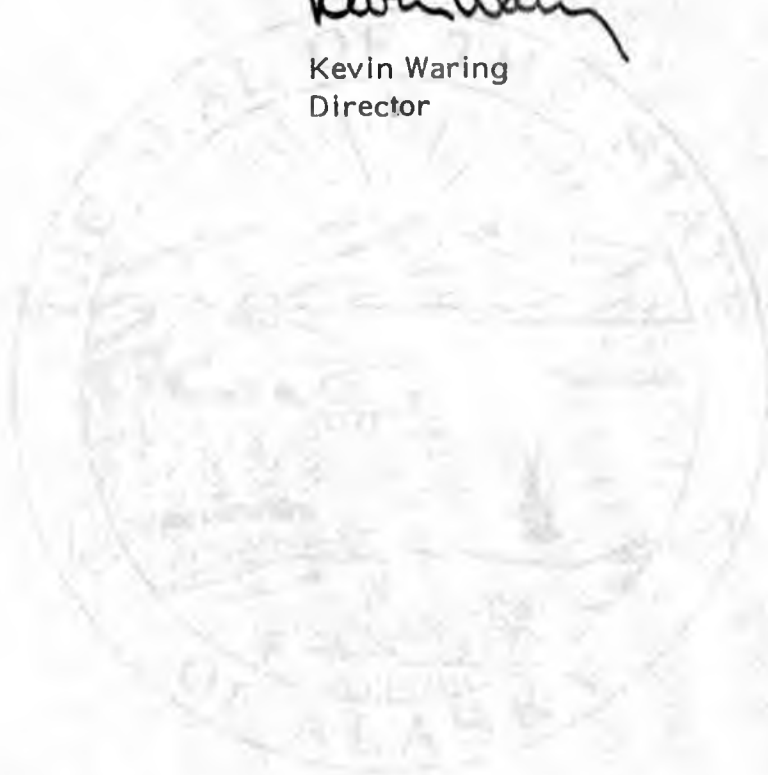
We hope this information is useful for the immediate purposes of the Committee. We will be pleased to respond in greater detail in the near future, if the Committee desires.

Sincerely,



Kevin Waring
Director

KW: me



Introduced: 2/15/74
Referred: Community and
Regional Affairs and
Finance

BY THE RULES COMMITTEE
BY REQUEST OF THE
SPECIAL PETROLEUM
IMPACT COMMITTEE

IN THE HOUSE

CS FOR HB 505

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to assisting municipalities creating a pipeline/impact office; and providing for an effective date."

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

*Section 1. AS 44.19 is amended by adding new sections to read:

ARTICLE 8. PIPELINE IMPACT AGENCY.

Sec. 44.19.581. PURPOSE. The legislature finds that construction of the trans-Alaska pipeline, from its commencement to completion over a period of approximately three years, will impose severe to mild strains on local and state governmental services and facilities. While the pipeline construction indubitably will, in the long run, mean immense growth and development to the communities and areas along the pipeline route, and to those areas coming under direct pipeline construction influence, the legislature further finds that localities most affected will be unable to cope with the probable impact on facilities and services brought about by the anticipated overwhelming and sudden increases in numbers of citizens to be served. The legislature finds, also, that communities while likely to be impacted are willing and ready via local taxation to do all possible themselves to meet impact requirements, even to the full limits of local taxation tolerance, nevertheless, recognizing the state will be the prime beneficiary of pipeline construction via realization of enormous oil development revenues for the total state, the legislature finds that local impact financial burdens logically should be borne by the state as its investment in those future revenues. It is, therefore, the intent of the legislature, in this measure, to provide a means of quickly and decisively determining specific impact problems and, additionally, for moving quickly and decisively to provide funds, facilities, personnel or other means for quick solutions. Finally, the legislature intends via this legislation to meet local

and state pipeline construction impact problems as quickly and efficiently as possible in manners similar to the handling of disaster impact problems.

Sec. 44.19.583. PIPELINE IMPACT AGENCY. There is created in the office of the governor the Pipeline Impact Agency.

Sec. 44.19.585. DIRECTOR. The Pipeline Impact Agency is administered by a director of pipeline impact. The director is appointed by the governor and serves at the pleasure of the governor.

Sec. 44.19.587. PROGRAM TO ASSIST MUNICIPALITIES DURING PIPELINE CONSTRUCTION. The Pipeline Impact Office shall administer a state program to provide assistance to municipalities which are adversely affected, economically and socially, by pipeline construction.

Sec. 44.19.589. POWERS AND DUTIES. (a) The director shall

(1) advise and assist the governor in developing planning assumptions and a broad preparedness plan with respect to the economic and social impact that will accompany pipeline construction;

(2) advise and assist the governor in developing policies, programs and control systems designed to alleviate the economic and social impact resulting from pipeline construction; and

(3) advise and assist the governor with respect to resolving issues related to pipeline construction impact preparedness responsibilities of state agencies which arise concerning two or more of those agencies.

(b) The director, with the approval of the Legislative Audit Committee may

(1) make loans and grants and purchase evidences of indebtedness with funds from the pipeline impact fund to municipalities economically or socially adversely affected by pipeline construction;

(2) guarantee municipal bonds when a municipality needs to undertake a capital improvement program on an accelerated basis; and

(3) pay (for not more than three years) from the pipeline impact fund a portion of the debt service or interest or both incurred by a municipality for undertaking capital improvements made necessary by pipeline construction.

(c) Grants under (b) (1) of this section shall be made and shall be made only for extraordinary municipal operations expenditures beyond a municipality's capacity to reasonably meet in considering population growth shall be given greater weight than per capita increase in population. Applications for grants

shall be made in a form prescribed by the director. A grant shall be allotted according to an agreement made between the director on behalf of the state and the municipality receiving the grant. The agreement may include any provision agreed upon by the parties and shall include in substance the following provisions:

(1) a schedule of grant disbursements, if, as determined by the director, a grant is to be disbursed other than in one sum;

(2) agreement by the municipality to

(A) proceed with and complete the proposed project or program expeditiously;

(B) not discontinue operation or dispose of all or part of the project or program for which it receives a grant without the approval of the director;

(C) apply for, and make reasonable efforts to secure, federal assistance which may be available for the project or program, subject to any conditions the agency may require in order to maximize the amounts of that assistance received or to be received for all projects or programs in the state;

(3) agreement by the municipality that, if federal assistance for a project or program becomes available to the municipality which was not included in the calculation of the amount of a grant authorized and disbursed under this section, the value of the federal assistance shall be ascertained and subtracted from the total of the project or program and the balance shall be proportionately divided between the state and municipality;

(4) provision for alteration or modification of an approved project or program and for remedies in case of failure to perform the agreement between the parties or noncompliance with regulations promulgated by the director under this section.

(d) If funds appropriated by the legislature to provide loans and grants and purchase evidences of indebtedness under this section are not adequate to satisfy amounts required by approved grant applications, funds shall be allocated on the basis of priority established by the director by regulations promulgated to carry out the provisions of this section.

(e) The director shall provide a quarterly report to the legislature with respect to applications and grants made under this section.

(f) The director shall determine the terms and conditions for making a loan and purchasing an evidence of indebtedness under this section.

g ~~h~~ The director shall defer action on all applications which do not require immediate action until the Ninth State Legislature at which time the director shall submit to the legislature a listing of applications together with his evaluation of the priority and urgency of each request.

Sec. 44.19.591 AUTHORITY TO ACCEPT SERVICE, GIFTS, GRANTS, AND LOANS. When the federal government or an agency or officer of the federal government offers to the state, or through the state to a municipality, services, equipment, supplies, materials, or funds by way of gift, grant, or loan, for the purpose of alleviating the social or economic impact resulting from pipeline construction, the state acting through the director, or the municipality acting through its executive officer or governing body, may accept the offer subject to the terms of the offer and the rules and regulations of the agency making the offer.

Sec. 44.19.592 INITIAL GRANTS TO IMPACT COMMUNITIES. (a) Eligibility Standards.

(1) Grants to carry out the purposes of this Act shall be made to a municipality demonstrating an annual population growth rate in excess of ~~2.9~~ four percent;

(2) The base population for measuring the annual population growth rate for purposes of this section is the population of the municipality on the first day of the quarter of the calendar year during which the construction date of the trans-Alaska pipeline occurs.

(b) Grant Computation and Payment.

? (1) A municipality is eligible for a grant amount under this Act equal to its population growth by June 30, 1975 in excess of the 2.9 percent annual population growth rate standard established under Sec. 2 of this Act multiplied by that percentage which population growth of the municipality in excess of 219 percent bears to total population growth in excess of four percent for all Alaska municipalities multiplied by the sum or \$10,000,000.

(2) Grants may be made quarterly based upon quarterly population estimates with final adjustment to be made on June 30, 1975. Final grant payments shall be withheld until after final adjustments of amounts are made on June 30, 1975.

(c) Prepayments.

(1) A municipality may receive, as a prepayment, up to 50 percent of the amount it will be entitled to under this Act upon certification by the Pipeline Impact Office that the municipality will more likely than not meet the eligibility standards set forth in Subsection (a).

(2) Total prepayments to municipalities made under this section may not exceed \$5,000,000.

(d) Application. Grants under this Act may be made only upon application by a municipality to the Pipeline Impact Office. Each grant application shall state the projected population increase in excess of four percent for the period of July 1, 1974 through June 30, 1975 together with the data upon which the projections are based.

(e) Approval. Grants under this Act shall be made by the Pipeline Impact Office at the direction of the governor subject to approval of the Legislative Budget and Audit Committee.

(f) Population. A municipality shall submit estimated population and population growth figures to the Pipeline Impact Office. These population and population growth figures are subject to review and approval by the Pipeline Impact Office. The decisions of the Pipeline Impact Offices are final as to

(1) population growth figures for the purpose of establishing eligibility under Subsection (a);

(2) population figures for computing grant amounts under Subsection (c) of this Act; or

(3) population figures for computing prepayment amounts under subsection (d).

Sec. 44.19.593. PIPELINE IMPACT FUND. There is the pipeline impact fund created for the purpose of carrying out the provisions of sec. 587(b) of this chapter. The fund consists of all money made available by appropriations of the state legislature, and from other appropriated funds, all contributions from whatever source, and income and interest derived from the investment of money.

Sec. 44.19.595. DEFINITIONS. For purposes of this Act

(1) "construction commencement date" means the date the following occur:

(A) There has been issued to the owner of his agen right-of permits, leases, and title and other rights in lands, and other approvals, permits, licenses and certificates, by federal, state and local agencies that a reasonable and prudent person would consider adeuqate to commence construction of the facilities in the expectation that all other approvals permits, licenses and certificates necessary for the completion of facilities will be obtained;

(B) all approvals, permits licenses and certificates are in full force and effect, unrevoked and without any modification, which might jeopardize the completion or continued construction of the facilities; and

(C) no order, judgement, decree, determination or award of a federal, state or local court or administrative or regulatory agency enjoining, either temporarily or permanently, the construction of the continuation of construction of the facilities is in effect.

2. (2) "municipality" means a general law municipal corporation and political subdivision, which is a first or second class borough or city incorporated under the laws of the state;

(3) "operating expenditures" means personal services, contractual services, travel, commodities and up to \$20,000 per item of equipment except that it does not include any of these items if part of a capital improvement expenditure;

(4) "quarter of a calendar year" means a period beginning January 1, April 1, July 1, and October 1 of a calendar year.

Sec. 44.19.597. REGULATIONS. The Pipeline Impact Office may adopt regulations necessary to carry out the purpose of this Act.

Sec. 44.19.599. EFFECTIVE DATE. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.

Sec. 2. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.

Introduced: 2/15/74
Referred: Community and
Regional Affairs and
Finance

BY THE RULES COMMITTEE
BY REQUEST OF THE
SPECIAL PETROLEUM
IMPACT COMMITTEE

1 IN THE SENATE

2 CS for SENATE BILL NO. 382

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act creating the Pipeline Impact Agency; and
7 providing for an effective date."

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

9 * Section 1. AS 44.19 is amended by adding new sections to read:

10 ARTICLE 8. PIPELINE IMPACT AGENCY.

11 Sec. 44.19.581. PURPOSE. The legislature finds that construction
12 of the trans-Alaska pipeline, from its commencement to completion over
13 a period of approximately three years, will impose severe to mild
14 strains on local and state governmental services and facilities. While
15 the pipeline construction indubitably will, in the long run, mean
16 immense growth and development to the communities and areas along the
17 pipeline route, and to those areas coming under direct pipeline con-
18 struction influence, the legislature further finds that localities most
19 affected will be unable to cope with the probable impact on facilities
20 and services brought about by the anticipated overwhelming and sudden
21 increases in numbers of citizens to be served. The legislature finds,
22 also, that communities while likely to be impacted are willing and
23 ready via local taxation to do all possible themselves to meet impact
24 requirements, even to the full limits of local taxation tolerance,
25 nevertheless, recognizing the state will be the prime beneficiary of
26 pipeline construction via realization of enormous oil development
27 revenues for the total state, the legislature finds that local impact
28 financial burdens logically should be borne by the state as its invest-
29 ment in those future revenues. It is, therefore, the intent of the

1 legislature, in this measure, to provide a means of quickly and deci-
2 sively determining specific impact problems and, additionally, for
3 moving quickly and decisively to provide funds, facilities, personnel
4 or other means for quick solutions. Finally, the legislature intends
5 via this legislation to meet local and state pipeline construction impact
6 problems as quickly and efficiently as possible in manners similar to
7 the handling of disaster impact problems. ~~The legislature finds, too,~~
8 ~~that revenue-sharing formulas on per capita or percentage per capita~~
9 ~~increase basis are less desirable, less effective, and more costly than~~
10 ~~the case-by-case approach intended in the legislation. Under the~~
11 ~~formula approach, provision would have to be made for all probable as~~
12 ~~well as all possible impact contingencies, some of which may never~~
13 ~~develop.~~

14 Sec. 44.19.583. PIPELINE IMPACT AGENCY. There is created in the
15 ~~(Department of Community and Regional Affairs)~~
16 ~~office of the governor~~ the Pipeline Impact Agency.

17 Sec. 44.19.585. DIRECTOR. The Pipeline Impact Agency is adminis-
18 tered by a director of pipeline impact. The director is appointed by
19 the governor and serves at the pleasure of the governor. The appoint-
20 ment of the director is subject to confirmation by a majority of the
21 members of the legislature in joint session.

22 Sec. 44.19.587. PROGRAM TO ASSIST MUNICIPALITIES DURING PIPELINE
23 CONSTRUCTION. The Pipeline Impact Agency shall administer a state
24 program to provide assistance to municipalities which are adversely
25 affected, economically and socially, by pipeline construction.

26 Sec. 44.19.589. POWERS AND DUTIES. (a) The director shall

27 (1) advise and assist the governor in developing planning
28 assumptions and a broad preparedness plan with respect to the economic
29 and social impact that will accompany pipeline construction;

(2) advise and assist the governor in developing policies,

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programs and control systems designed to alleviate the economic and social impact resulting from pipeline construction; and

(3) advise and assist the governor with respect to resolving issues related to pipeline construction impact preparedness responsibilities of state agencies which arise concerning two or more of those agencies.

(b) The director, with the approval of the Special Legislative Pipeline Impact Review Committee ~~(as provided for in secs. 595 - 605 of this chapter)~~, may

(1) make loans and grants and purchase evidences of indebtedness with funds from the pipeline impact fund to municipalities economically or socially adversely affected by pipeline construction;

(2) guarantee municipal bonds when a municipality needs to undertake a capital improvement program on an accelerated basis; and

(3) pay (for not more than three years) from the pipeline impact fund a portion of the debt service or interest or both incurred by a municipality for undertaking capital improvements made necessary by pipeline construction.

(c) ⁽⁴⁾ Grants under (b)(1) of this section shall be made ~~on the~~

~~basis of percentage increase in population and not on the basis of per capita increase in population.~~ Applications for grants shall be made in a form prescribed by the director. A grant shall be allotted according to an agreement made between the director on behalf of the state and the municipality receiving the grant. The agreement may include any provision agreed upon by the parties and shall include in substance the following provisions:

(1) a schedule of grant disbursements, if, as determined by the director, a grant is to be disbursed other than in one sum;

(2) agreement by the municipality to

Insert #1
Insert #2

1 (A) proceed with and complete the proposed project
2 or program expeditiously;

3 (B) not discontinue operation or dispose of all or
4 part of the project or program for which it receives a grant with-
5 out the approval of the director;

6 (C) apply for, and make reasonable efforts to secure,
7 federal assistance which may be available for the project or
8 program, subject to any conditions the agency may require in
9 order to maximize the amounts of that assistance received or to
10 be received for all projects or programs in the state;

11 (3) agreement by the municipality that, if federal assistance
12 for a project or program becomes available to the municipality which
13 was not included in the calculation of the amount of a grant authorized
14 and disbursed under this section, the value of the federal assistance
15 shall be ascertained and subtracted from the total value of the project
16 or program and the balance shall be proportionately divided between
17 the state and municipality;

18 (4) provision for alteration or modification of an approved
19 project or program and for remedies in case of failure to perform the
20 agreement between the parties or noncompliance with regulations promul-
21 gated by the director under this section.

22 (d) If funds appropriated by the legislature to provide loans and
23 grants and purchase evidences of indebtedness under this section are
24 not adequate to satisfy amounts required by approved grant applications,
25 funds shall be allocated on the basis of priority established by the
26 director by regulations promulgated to carry out the provisions of this
27 section.

28 (e) The director shall provide a quarterly report to the legisla-
29 ture with respect to grants made under this section.

1 (f) The director shall determine the terms and conditions for
2 making a loan and purchasing an evidence of indebtedness under this
3 section.

4 *607*
5 Sec. 44.19.~~599~~. AUTHORITY TO ACCEPT SERVICE, GIFTS, GRANTS, AND
6 LOANS. When the federal government or an agency or officer of the
7 federal government offers to the state, or through the state to a
8 municipality, services, equipment, supplies, materials, or funds by
9 way of gift, grant, or loan, for the purpose of alleviating the social
10 or economic impact resulting from pipeline construction, the state
11 acting through the director, or the municipality acting through its
12 executive officer or governing body, may accept the offer subject to
13 the terms of the offer and the rules and regulations of the agency
14 making the offer.

15 *607*
16 Sec. 44.19.~~599~~. PIPELINE IMPACT FUND. There is the pipeline
17 impact fund created for the purpose of carrying out the provisions of
18 sec. 587(b) of this chapter. The fund consists of all money made
19 available by appropriations of the state legislature, and from other
20 appropriated funds, all contributions from whatever source, and income
21 and interest derived from the investment of money.

22 *701*
23 Sec. 44.19.~~599~~. SPECIAL LEGISLATIVE PIPELINE IMPACT REVIEW COM-
24 MITTEE. There is established the Special Legislative Pipeline Impact
25 Review Committee composed of three members of the senate appointed by
26 the president of the senate and three members of the house of represen-
27 tatives appointed by the speaker of the house. The committee shall
28 select its own chairman.

29 *703*
30 Sec. 44.19.~~599~~. TERM OF MEMBERSHIP. The committee shall be
organized within 15 days after the organization of each legislature.
Members serve for the duration of the legislature during which they
are appointed. If they are reelected or their term of office extends

Insert
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1 into the next succeeding legislature, they continue to serve until
2 reappointed or the appointment of their successor.

3 Sec. 44.19.⁷⁰⁵~~599~~. VACANCIES. When a vacancy occurs in the member-
4 ship of the committee, the presiding officer of the house incurring
5 the vacancy shall choose a successor. If the office of the president
6 of the senate or speaker of the house of representatives becomes
7 vacant and a vacancy from the affected house occurs among the member-
8 ship of the committee, the remaining committee members from the house
9 incurring the vacancy shall appoint a new member.

10 Sec. 44.19.⁷⁰⁷~~601~~. MEETINGS. (a) The committee may meet during
11 sessions of the legislature and during the interim between sessions at
12 such times and places in the state as the chairman may determine.
13 Members may receive, for the minimum time required to get to and from
14 meetings and for the period while attending meetings, the same travel
15 and per diem allowances provided by law for members of the legislature
16 when attending sessions, except that members of the committee receive
17 no per diem during legislative sessions other than the per diem allow-
18 ance paid to other members of the legislature.

19 (b) The members of the committee can validly conduct a meeting
20 and vote by communicating simultaneously with each other by means of
21 conference telephones or similar communications equipment.

22 (c) A majority of the members of the committee constitute a
23 quorum for the purpose of carrying out its duties under sec. ⁷⁰⁷~~608~~ of
24 this chapter.

25 Sec. 44.19.⁷⁰⁷~~603~~. DUTIES OF COMMITTEE. The committee shall review
26 and approve or disapprove, in whole or in part, the decisions made
27 by the Pipeline Impact Agency ~~under sec. 589(b) of this chapter.~~

28 Sec. 44.19.⁸⁰¹~~609~~. DIVISION OF LEGISLATIVE FINANCE ASSISTANCE. The
29 division of legislative finance shall cooperate with the committee and

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shall furnish technical assistance and personnel, if available, upon request.

* Sec. 2. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.

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Insert #1

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2 (4) allow ^{to} A community may
3 borrow from the fund to cover immediate impact needs in antici-
4 pation of tax revenues, grants under this act, federal grants, or
5 other revenue sources;

6 (b) ^{paragraph} Loans under this ~~section~~ may be granted upon application
7 and the passage by the local governing body of an ordinance author-
8 izing the borrowing. The ordinance shall specify the anticipated
9 revenue sources and provide for a pledge of the revenues to the
10 repayment of the loans;

11 (c) ^{paragraph} Loans under this section shall require concurrence of
12 the Special Legislative Pipeline Impact Review Committee and shall
13 include the following terms:

14 (1) ^A The loan shall bear interest at a rate not to
15 exceed six per cent a year.

16 (2) ^B No interest may be charged for the first three
17 years of the loan or until January 1, 1978, whichever is sooner.

18 (3) ^C If the loan or any part of it is not repaid or
19 otherwise extinguished before the date of commencement of interest,
20 repayment shall be made in equal semi-annual installments, including
21 interest, starting six months following the commencement of inter-
22 est. The payments schedule shall provide for full payment of the
23 loan over a period of not more than 20 years.

1 INSERT # 2

2 ~~ONLY FOR EXTRA~~ only for extraordinary municipal operations expendi-
3 tures ~~XXXX~~ beyond a municipality's capacity to reasonably meet in
4 considering population growth shall be given greater weight than per
5 capita increase in population.

Insert # 3

((forget underlining))

44.19.591

* Sec. 2. ELIGIBILITY STANDARDS. (a) Grants to carry out the

purposes of this ^{*Chapter*} Act may be made to a municipality demonstrating

(1) an annual population growth rate in excess of its average annual growth rate for the period April 1, 1970, through July 1, 1973;

(2) extraordinary municipal operating expenditures beyond its capability to reasonably meet from growth in receipts from present municipal revenue sources; and

(3) that both (1) and (2) of this subsection can be directly attributed to the impact of construction of the trans-Alaska pipeline.

(b) The base population for measuring the annual population growth rate for purposes of this section is the population of the municipality on the first day of the quarter in which the effective

44.19.593

* Sec. 3. GRANT COMPUTATION AND PAYMENT. (a) A municipality is

eligible for a grant amount under this ^{*Chapter*} Act equal to its population growth by June 30, 1975 in excess of the average annual population growth rate standard established under sec. ^{*591*} 2 of this ^{*Chapter*} Act multiplied by its per capita general fund expenditures, excluding expenditures for education, capital outlay and debt service, for the last complete fiscal year preceding the effective date of this Act.

(b) A municipality incorporated after the effective date of this Act is eligible for a grant amount under this ^{*Chapter*} Act equal to its population growth by June 30, 1975 in excess of the average annual population growth rate standard established under sec. ^{*591*} 3 of this ^{*Chapter*} Act multiplied by its per capita general fund expenditures, excluding expenditures for education, capital outlay and debt service, for its fiscal year budget.

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2 (c) Total grants under this ~~Act~~ ^{Chapter} to a municipality with a
3 population of 10,000 persons or more on the first day of the quarter
4 in which ~~the effective date of this Act falls~~ ^{this Act takes effect} may not exceed \$250
5 per capita of the population growth in excess of the average annual

6
7 population growth rate standard established under sec. ~~2~~ ⁵⁹¹ of this ~~Act~~ ^{Chapter}.
8 Total grants under this Act to a municipality with a population
9 under 10,000 persons on the first day of the quarter in which ~~the~~ ^{this Act takes effect}
10 ~~effective date of this Act falls~~ may not exceed \$400 per capita of
11 the population growth in excess of the average annual population
12 growth rate standard established under sec. ~~2~~ ⁵⁹¹ of this ~~Act~~ ^{Chapter}.

13 (d) The base population for measuring the per capita general
14 fund expenditures for purposes of this section is the population
15 of the municipality on the first day of the quarter in which ~~the~~ ^{Act} ~~effective date of this Act falls~~ ^{this takes effect}.
16 ~~effective date of this Act falls~~.

17 (e) Grants may be made quarterly based upon quarterly population
18 estimates with final adjustment to be made on June 30, 1975. Final
19 grant payments shall be withheld until after final adjustments of
20 amounts are made on June 30, 1975.

21 * Sec. ^{44.19.} 595 PREPAYMENTS. (a) A municipality may receive, as a pre-
22 payment, up to 50 per cent of the amount it will be entitled to
23 under this ~~Act~~ ^{Chapter} upon certification by the ~~Department of Community and~~ ^{agency}
24 ~~Regional Affairs~~ that the municipality will more likely than not meet
25 the eligibility standards set forth in sec. ~~2~~ ⁵⁹¹ of this ~~Act~~ ^{Chapter}.

26 (b) Total prepayments to municipalities made under this section
27 may not exceed \$5,000,000.
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44.19.597

* Sec. 5. APPLICATION. (a) Grants under this Act may be made only

upon application by a municipality to the ~~Department of Community and Regional Affairs~~ ^{agency}. Each grant application shall state the essential/municipal services for which the grant will be expended. A prepayment grant application may be submitted at any time after the effective date of this Act.

(b) No grant may be expended for purposes other than those specified in the application.

44.19.599

* Sec. 6. ACCOUNTABILITY FOR GRANTS. (a) A municipality shall submit

a financial report covering the expenditure of any grant already received under this ~~Act~~ ^{chapter} to the ~~Department of Community and Regional Affairs~~ ^{agency} before another grant may be received under this ~~Act~~ ^{chapter}.

(b) A municipality receiving grants under this Act shall

(1) maintain a separate account for the grants received under this ~~Act~~ ^{chapter};

(2) provide for an annual independent audit of the separate account for the grants received under this ~~Act~~ ^{chapter}; and

(3) submit a copy of the independent audit report to the ~~Department of Community and Regional Affairs~~ ^{agency}.

44.19.601

* Sec. 7. APPROVAL. Grants under this ~~Act~~ ^{chapter} shall be made by the ~~Department of Community and Regional Affairs~~ ^{Director}

~~at the direction of the governor~~ ^{Special Legislative Topics Impact Review} subject to approval of the ~~Legislative Budget and Audit Committee~~.

44.19.603

* Sec. 8. POPULATION. A municipality shall submit estimated population

and population growth figures to the ~~Department of Community and Regional Affairs~~ ^{agency}. These population and population growth figures are subject to review and approval by the ~~Department of Community and Regional Affairs~~ ^{agency}. The decisions of the ~~Department of Community and Regional Affairs~~ ^{agency} are final as to

1 (1) population growth figures for the purpose of estab-
 2 lishing eligibility under sec. ⁵⁹¹ of this ~~Act~~ ^{chapter};

3 (2) population figures for computing grant amounts under
 4 sec. ⁵⁹³ of this ~~Act~~ ^{chapter}; and

5 (3) population figures for computing prepayment amounts
 6 under sec. ⁵⁹⁵ of this ~~Act~~ ^{chapter}.

7
 8 # Sec. ^{44,19,605} ~~44,19,603~~ REGULATIONS. The ^{agency} ~~Department of Community and Regional~~
 9 ~~Affairs~~ may adopt regulations necessary to carry out the purpose of
 10 this Act.

11
 12 *Insert # 4*

13 * Sec. 44,19,803. Definitions. In this chapter

14 (1) "agency" means the *Triplicine Ins-*
 15 *urance Agency;*

16 (2) "population" means non-milita. population;

17 (3) "municipality" means a home rule municipality or a
 18 general law municipal corporation and political subdivision, which
 19 is a first or second class borough or city incorporated under the
 20 laws of the state;

21 (4) "operating expenditures" means personal services, con-
 22 tractual services, travel, commodities and up to \$20,000 per item of
 23 equipment except that it does not include any of these items if part
 24 of a capital improvement expenditure;

25 (5) "quarter" means a period beginning January 1, April 1,
 26 July 1 and October 1 of a calendar year.

TRENDS IN MAJOR LOCAL GOVERNMENT REVENUE SOURCES, 1969-1973

<u>CITY OF ANCHORAGE</u>	<u>GENERAL PROPERTY TAX REVENUES</u>	<u>INTERGOVERNMENTAL REVENUES</u>
1969	\$ 4,748,378	\$ 936,053
1973	6,865,940	5,809,078
CHANGE:	+ \$ 2,117,562	+ \$ 4,873,025
	or + <u>44.6%</u>	or + <u>520.6%</u>

<u>CITY OF FAIRBANKS</u>	<u>GENERAL PROPERTY TAX REVENUES</u>	<u>INTERGOVERNMENTAL REVENUES (STATE)</u>
1969	\$ 1,137,380	\$ 263,414
1973(est.)	2,242,694	928,200
CHANGE:	+ \$ 1,105,314	+ \$ 664,786
	or + <u>97.2%</u>	or + <u>252.4%</u>

<u>FAIRBANKS NORTH STAR BOROUGH</u>	<u>GENERAL PROPERTY TAX REVENUES</u>	<u>INTERGOVERNMENTAL REVENUES (STATE)</u>
1969	\$ 2,747,000	\$ 5,304,000
1972	1,504,000	11,817,000
CHANGE:	- \$ 1,243,000	+ \$ 6,513,000
	or - <u>45.2%</u>	or + <u>122.8%</u>

<u>GREATER ANCHORAGE AREA BOR.</u>	<u>GENERAL PROPERTY TAX REVENUES</u>	<u>INTERGOVERNMENTAL REVENUES</u>
1969	\$15,830,776	\$17,489,311
1973	23,170,894	46,839,037
CHANGE:	+ \$ 7,340,118	+ \$29,349,726
	or + <u>46.4%</u>	or + <u>167.8%</u>

<u>CITY OF VALDEZ</u>	<u>REAL PROPERTY TAX REVENUES</u>	<u>INTERGOVERNMENTAL REVENUES</u>
1969	\$ 96,361	\$ 14,361
1973	172,274	163,269
CHANGE:	+ \$ 75,913	+ \$ 148,905
	or + <u>78.8%</u>	or + <u>1036.9%</u>

LOCAL PROPERTY TAX AND REVENUE TRENDS: 1969-1973

	<u>ASSESSED VALUATION</u>	<u>MILL RATE</u>	<u>GENERAL PROPERTY TAX REVENUE</u>	<u>INTERGOV. REVENUE</u>
CITY OF ANCHORAGE	+ 81.1%	- 21.0%	+ 46.6%	+ 520.6%
CITY OF FAIRBANKS	+ 75.0%	+ 25.0%	+ 97.2%	+ 252.4% ²
FAIRBANKS NORTH STAR BOR. ¹	+ 90.0%	- 61.4%	- 45.2%	+ 122.8% ²
GREATER ANCHORAGE AREA BOR.	+109.5%	- 18.0%	+ 46.4%	+ 167.8%
CITY OF VALDEZ	+509.3%	no change	+ 78.8%	+1036.9%

¹For the period 1969-1972.

²State intergovernmental revenues only.

HOUSE BILL 505
MUNICIPAL ASSISTANCE FUND
ESTIMATED ELIGIBILITY

	Population Estimates		1973 General Fund Expenditure	1973 Per Capita General Fund Expenditure	Estimated Municipal Assistance
	1/1/74	6/30/75			
Anchorage City	55,050	63,920	\$13,101,268	\$238	\$1,325,000
Delta Junction	703	1,100	33,510	48	17,700
Fairbanks City	18,685	25,833	4,789,000	256	1,507,000
Fairbanks North Star Borough	35,240	53,110	2,200,000 (est.)	62	975,000
Greater Anchorage Area Borough	125,500	150,800	15,414,192	123	2,186,000
North Pole	265	500	66,444 (1972)	250	56,000
North Slope Borough	3,384	4,570	790,124	233	245,000
Valdez	1,174	5,500	520,871	444	1,702,400

When available, population estimates were taken from or interpolated from estimates presented in local government impact statements. Fiscal data is calculated from the financial reports of the municipalities.

Department of Community and Regional Affairs

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF COMMUNITY
PLANNING

WILLIAM A. EGAN, GOVERNOR

POUCH B-JUNEAU 99801

March 6, 1974

The Honorable Selwyn Carrol
Chairman, House Community and
Regional Affairs Committee
House of Representatives
Juneau, Alaska 99801

Dear Representative Carrol:

You have requested us to prepare an estimate of municipal assistance eligibility amounts authorized by the House Community and Regional Affairs committee substitute for House Bill 505.

The two revisions in CSHB 505 affecting the municipal eligibility amounts are:

- a) the reduction of the annual growth rate threshold to 2.9 percent; and
- b) the broadening of eligibility standards to encompass municipalities experiencing accelerated population growth in general rather than population growth directly attributable to pipeline construction.

In the brief time available, we have not been able to assemble the municipal budget data needed to calculate eligibility amounts for the additional local jurisdictions that might qualify for assistance under the broadened eligibility standard.

However, we would offer the following information for the consideration of the Committee.

Applying the 2.9 percent growth rate threshold to the eight major pipeline-impacted jurisdictions for which municipal budget data is readily available, we estimate the following municipal assistance eligibility amounts under CSHB 505:

City of Anchorage	\$1,541,050
Delta Junction	17,568
City of Fairbanks	1,583,750
Fairbanks North Star Borough	1,012,894
Greater Anchorage Area Borough	2,440,443
North Pole	55,750

The Honorable Selwyn Carrol

-2-

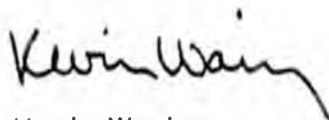
March 6, 1974

North Slope Borough	242,087
Valdez	<u>1,710,000</u>
Subtotal	\$1,952,087

We would also note that the above jurisdictions account for more than 50 percent of the State's present population, and will account for the great bulk of population growth in the State in the next sixteen months. Subject to an opportunity to calculate in full detail the fiscal effect of the CSHB 505's revisions, we would offer a "guesstimate" that the maximum estimated municipal assistance eligibility under CSHB 505 would be in the vicinity of \$10,000,000.

We hope this information is useful for the immediate purposes of the Committee. We will be pleased to respond in greater detail in the near future, if the Committee desires.

Sincerely,



Kevin Waring
Director

KW: me

Selected Small Communities

POPULATION CHANGE

1970 - 1973

	<u>1970 Census</u>	<u>July 1, 1973</u>	<u>% Change</u>
Anaktuvak Pass	99	125	+26%
Barrow	2,104	2,307	+10%
Copper Center*	206	206	-
Delta Junction	703	703	-
Fort Yukon	448	637	+42%
Gakona*	88	88	-
Glennallen*	363	407	+12%
Gulkana*	53	53	-
Haines City	463	1,093	+136%
Haines Borough	1,351	1,758	+30%
Mentasta Lake*	68	68	-
North Pole	265	265	-
Stevens Village*	74	73	-1%
Tok*	214	214	-
Valdez	1,005	1,106	+10%

*These communities are unincorporated and do not, as of January 1974, provide any municipal services except fire protection.

DEPARTMENT OF COMMUNITY
AND REGIONAL AFFAIRS

February 14, 1974

H B

7 0 5

"An Act relating to home rule city bonded indebtedness incurred for school construction."

COMMITTEE REPORT

2/25/74

HOUSE

JUDICIARY
FINANCE

Mr. Speaker:

Date 3-19-74

The Committee on COMMUNITY AND REGIONAL AFFAIRS has had HD 709

under consideration. A Majority of the members of the Committee

- () recommends it DO PASS
- () recommends it DO NOT PASS
- () recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- () recommends it BE REPLACED WITH CS FOR _____ AND THAT
CS FOR _____ DO PASS
- () "and" recommends it BE REFERRED TO THE _____
COMMITTEE
- () reports it back WITHOUT RECOMMENDATION
- () "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:
 _____ recommends:
 _____ recommends:
 _____ recommends:
 _____ recommends:

Chairman

A M E N D M E N T

#1

OFFERED IN THE HOUSE:

By: House Community and Regional Affairs Committee

To: Amend HOUSE BILL No. 705

SENATE BILL No. _____

PAGE: 3

LINE: 22
23

After the word "and", delete "funded by" and substitute
"subject to".

After the word "money", delete "to the fund" and substitute
"appropriated to the legislature to be used for".

AMENDMENT

#2

OFFERED IN THE HOUSE:

BY: House Community and Regional Affairs Committee

To: Amend HOUSE BILL No. 705

SENATE BILL No. _____

PAGE: 1

LINE: 6, 10, 13, 18, 20, 27

Anywhere in the bill the words "base rate" appear, add "or first class" after the word "rate". This amendment on page 1, lines 7, 10, 13, 18, add 27.

On page 1, line 10, if the word "base rate" appears, add "or first class" after the word "rate".

STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

PO BOX B-JUNEAU 99801

MARCH 18, 1974

ASSESSED VALUE LIMITATION RELATING TO THE USE OF REVENUES BY ORGANIZED BOROUGHES & CITIES

No municipality may levy and tax for any purpose in excess of 3% of the assessed valuation in any one year except that taxes to pay or secure the payment of principal or interest on bonds may be levied without limitation as to rate or amount. [AS 29.53.020-055]

<u>ORGANIZED BOROUGHES</u>	<u>CLASS</u>	<u>1/1/73 ACTUAL ASSESSED VALUE</u>	<u>3% LIMITATION</u>	<u>7/1/73 GO BONDED DEBT</u>	<u>DEBT % TO VALUATION</u>
Greater Anchorage Area	2nd	1,919,461,255	57,583,838	185,833,000	9.68
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Juneau, City & Borough of	HR	186,244,725	5,587,342	12,842,500	6.90
Kenai Peninsula	2nd	498,925,416	14,967,762	20,078,158	4.02
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Sitka, City & Borough of	HR	88,209,960	2,646,299	4,268,000	4.84
Total Boroughs		3,653,112,145	109,593,364	267,019,858	7.31

Cities situated without organized boroughs

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Hoonah	1st	-0-	-0-	-0-	-0-
Hydaburg	1st	-0-	-0-	-0-	-0-
Kake	1st	-0-	-0-	-0-	-0-

STATE OF ALASKA

WILLIAMA EGAN, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

POUCH B-JUNEAU 99801

March 18, 1974

FORMULA FOR COMPUTING PROPERTY TAX LIMITATIONS
on
OIL AND GAS PRODUCTION AND PIPELINE PROPERTY
AS 29.53.045-050(b)

No municipality may levy and collect taxes on taxable property taxable under AS 43.56 which when combined with property otherwise taxable by the municipality will result in revenues exceeding either:

1. \$1,000 a year for each resident of the municipality or:

<u>MUNICIPALITY</u>	<u>TAX LIMITATION</u>	X	<u>POPULATION</u>	=	<u>REVENUE</u>
Anchorage Borough	1000		149,440		149,440,000
Fairbanks Borough	1000		38,091		38,091,000
Kenai Peninsula Borough	1000		16,309		16,309,000
North Slope Borough	1000		3,384		3,384,000
City of Valdez	1000		1,106		1,106,000

2. The product of 225% of the average per capita assessed full value of property in the State multiplied by the number of residents of the taxing municipality.

FULL VALUE DETERMINATION: 1/1/73 - 30 local school districts 4,090,132,633
STATEWIDE POPULATION: 7/1/73 by Department of Labor. 330,665
AVERAGE PER CAPITA VALUATION: 12,639
FORMULA - 225% X 12,639 = factor of 28,438

<u>MUNICIPALITY</u>	<u>FACTOR</u>	X	<u>PER CAPITA</u>	=	<u>ASSESSED VALUE</u>	X	<u>RATE</u>	=	<u>REVENUE</u>
GAAB	28,438		149,440		4,249,774,720		3%		127,493,242
FNSB	28,438		38,091		1,083,231,858		3%		32,496,956
KPB	28,438		16,309		463,795,342		3%		13,913,860
NSB	28,438		3,384		96,234,192		3%		2,887,026
Valdez	28,438		1,106		31,452,428		3%		943,573

A tax collected under this section by a municipality shall be credited against the amount of tax otherwise levied and collected by the State and shall be levied at a rate no higher than the rate applicable to other property taxable by the municipality.

STATE OF ALASKA

WILLIAMA EGAN, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

POUCH B-JUNEAU 99801

March 18, 1974

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Klawock	1st	-0-	-0-	-0-	-0-
Nenana	1st	3,635,700	109,071	275,000	7.56
Nome	1st	9,706,252	291,188	600,000	6.18
*Pelican	1st	1,247,355	37,421	-0-	-0-
Petersburg	HR	16,947,240	508,417	1,355,500	8.00
Skagway	1st	14,142,735	424,282	388,000	2.74
*St. Mary's	1st	-0-	-0-	-0-	-0-
Unalaska	1st	5,275,144	158,254	-0-	-0-
Valdez	HR	13,854,000	415,620	46,000	0.33
Wrangell	HR	11,707,400	351,222	226,000	1.93
Yakutat	1st	512,225	15,367	-0-	-0-
Total Cities		96,478,095	2,894,343	4,473,000	4.64
Boroughs		3,653,112,145	109,593,364	267,019,858	7.31
Cities		96,478,095	2,894,343	4,473,000	4.64
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* Cities Subject to Reclassification

STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

POUCH B--JUNEAU 99801

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STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

WILLIAM A. EGAN, GOVERNOR

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

POUCH B-JUNEAU 99801

March 18, 1974

The Honorable Selwyn Carrol
Alaska State House of Representatives
Pouch "V" State Capitol Building
Juneau, Alaska 99801

Dear Representative Carrol:

As requested by telephone March 18, 1974, I have prepared for your information the following enclosed data concerning municipal property tax limitations:

The formula for computing municipal property tax limitations concerning oil and gas production and pipeline property as applied to the five municipalities involved and a table of data concerning all organized boroughs and all home rule and first class cities situated outside the corporate limits of organized boroughs.

Information provided in the table of municipal data includes the actual assessed real and personal property valuations as of January 1, 1973; the 3% revenue limitation which applies to the use of revenue for ordinary municipal purposes; the total amount of general obligation bonded indebtedness as of July 1, 1973 and the actual debt percent to valuation.

There are only two additional first class cities in Alaska which are not listed in the table; the Cities of Eagle and Selawik. The City of Eagle is not a school district and administers only a minimum property tax program. The City of Selawik was certified as a first class city in March of 1974.

Very truly yours,



S. Robert Dozier
State Assessor

Enclosures

MUNICIPALITY	CLASS	1/1/73 ACTUAL		7/1/73	
		ASSESSED VALUE	3% LIMITATION	GO BONDED DEBT	DEBT % TO VALUATION
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Hoonah	1st	-0-	-0-	-0-	-0-
Hydaburg	1st	-0-	-0-	-0-	-0-
Kake	1st	-0-	-0-	-0-	-0-

HB

784

"An Act making a special appropriation to the Department of Community and Regional Affairs for the unincorporated communities services account; and providing for an effective date."

COMMITTEE REPORT

11374

FINANCE

HOUSE

Mr. Speaker:

Date 3-14-74

The Committee on COMMUNITY AND REGIONAL AFFAIRS has had HB 724

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT
CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____
COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:

_____ Chairman

STATE OF ALASKA
Inter-Department Route Slip

TO: Alaska State Legislature

MAIL STATION NUMBER _____

DEPARTMENT _____

ATTENTION Selwyn Carrol

- | | |
|--|--|
| <input type="checkbox"/> Approval | <input type="checkbox"/> Note & Return |
| <input type="checkbox"/> Signature | <input type="checkbox"/> Initial & Return |
| <input type="checkbox"/> Comment | <input type="checkbox"/> Return As Requested |
| <input type="checkbox"/> Contact Me | <input type="checkbox"/> Return For Approval |
| <input type="checkbox"/> Prepare Reply | <input type="checkbox"/> Necessary Action |
| <input type="checkbox"/> For Your File | <input type="checkbox"/> Your Information |

Remarks:

FROM:

DEPARTMENT _____

DIVISION _____

MAIL STATION NUMBER _____

BY Byron I. Mallott DATE 3/19/74

March 19, 1974

Mr. Jay Hogan, Director
Legislative Finance Division
State Capitol, Room 425
Juneau, Alaska 99801

Dear Mr. Hogan:

Re: HB 784, providing an appropriation for the
unincorporated communities services account.

HB 784, offered by the Community and Regional Affairs Committee, would provide \$100,000 to fund the unincorporated communities services account. The bill is a companion to HB 404 (as offered, presently CSHB 404) wherein the Department of Community and Regional Affairs would be authorized to pay to unincorporated communities an annual entitlement--the greater of either \$1,000 per community or \$10 per capita--for purposes of planning for future community development.

Of the nearly 140 communities which may potentially qualify, I am unable to determine which might complete and transmit in proper and timely manner the necessary certificate that the recipient is a corporation or association "open to and broadly representative of all residents," Sec. 43.18.500(b). The requirement being minimal, one must assume that nearly all communities could qualify. In subsequent years, the reporting requirement, Sec. 43.18.500(e), may serve to disqualify several recipients of previous years; the reporting burden not being onerous, however, I would suggest that nearly all could meet that burden, too.

The range of communities which might be eligible derives from three sources:

- 1) those unincorporated places of 25 permanent residents or more recognized as eligible villages pursuant to the Claims Settlement Act;

Mr. Jay Hogan

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2) those unincorporated places, with presumably 25 or more permanent residents, whose eligibility is presently subject to appellate review by the Alaska Native Claims Appeals Board, or which have chosen to receive reservation land and forego other Act benefits;

3) unincorporated places having a population of 25 or more, generally predominantly non-Native, wherein may be found a BIA or SOS school.

The list is not exclusive. There may be other places which qualify, of which we have no knowledge, though their cumulative claim for funds would be relatively small.

To fully fund the program, I would estimate an appropriation of \$221,670 would be required. An appropriation of \$100,000 would, assuming all villages named herein qualified, require a proration of 45.11%, resulting in a minimum entitlement of approximately \$451.00 per community. The rate would, of course, be higher if a lesser number of communities took the initiative to complete the necessary applications.

It is understood also that, as the number of communities seeking to incorporate as cities increases, a smaller appropriation would be required to sustain the unincorporated communities fund.

Worksheets more specifically identifying unincorporated communities and their projected entitlements are enclosed.

Please contact me if you have any questions.

Sincerely,

Byron I. Mallott
Commissioner

BIM/ah

Enclosure

cc: Budget & Management
w/attachment

✓ The Honorable Selwyn Carrol, Chairman
House Community & Regional Affairs Committee
w/attachment

The Legislature of the State of Alaska
 FISCAL NOTE
 Second Session - Eighth Legislature

I. REQUEST

Bill Identification: House Bill 784
 Title: Special Appropriation to the Unincorporated Communities Service Account
 Requested by: Legislative Finance Date: March 19, 1974
 Return Date Requested: March 19, 1974
 Agency: Community and Regional Affairs Program: Development

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Unincorporated Communities Service Account

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 74	FY 75	FY 76	FY 77	FY 78	FY 79
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		\$100.0				
TOTAL		\$100.0				

B. FUNDING: (Thousands of dollars)

GENERAL FUND		\$100.0				
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY MAN MONTHS (P./T.)	/	/	/	/	/	/
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III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. ATTACHMENTS

1. Exhibit A--list of estimated entitlements to potential recipients--FY 1975
2. Letter to Mr. Jay Hogan, Director, Legislative Finance, dated March 19, 1974

V. DATE: March 19, 1974

PREPARED BY: John B. Chenoweth

John B. Chenoweth, Director
 Division of Local Government
 Assistance

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

EXHIBIT A

<u>NAME</u>	<u>POPULATION</u>	<u>GRANT</u>	<u>PRO-RATED ENTITLEMENT</u>
<u>AHTNA, INC.</u>			
Cantwell	62	\$ 1,000	\$ 451
Chistochina	33	1,000	451
Copper Center	318	3,180	1,435
Gakona	88	1,000	451
Gulkana	53	1,000	451
Mentasta	68	1,000	451
Tazlina	N/A	1,000	451
<u>ALEUT CORP.</u>			
Akutan	101	1,010	456
Atka	88	1,000	451
Belkofsky	59	1,000	451
False Pass	62	1,000	451
Nelson Lagoon	43	1,000	451
Nikolski	57	1,000	451
St. George	163	1,630	735
<u>BERING STRAITS</u>			
Mary's Igloo	N/A	1,000	451
Unalakleet	434	4,340	1,958
<u>BRISTOL BAY</u>			
Chignik	83	1,000	451
Chignik Lagoon	45	1,000	451
Chignik Lake	117	1,170	528
Egegik	153	1,530	690
Ekuk	51	1,000	451
Igiugig	36	1,000	451
Iliamna	58	1,000	451
Ivanof Bay	48	1,000	451
Kckhanok	88	1,000	451
Kalignanek	142	1,420	641
Levelock	74	1,000	451
Naknek	318	3,180	1,435
Pedro Bay	65	1,000	451
Ferryville	101	1,010	451
Pilot Point	68	1,000	451
Portage Creek	90	1,000	451
South Naknek	154	1,540	695
Twin Hills	67	1,000	451
Ugashik	25	1,000	451

NAME	POPULATION	GRANT	PRO-RATED ENTITLEMENT
<u>CALISTA CORP.</u>			
Andreafski	N/A	\$ 1,000	\$ 451
Atmautluak	N/A	1,000	451
Bill Moore's	N/A	1,000	451
Crooked Creek	N/A	1,000	451
Georgetown	N/A	1,000	451
Hamilton	16	1,000	451
Kalskag	122	1,220	550
Kipnuk	325	3,250	1,466
Kongiganak	190	1,900	857
Kwethluk	408	4,080	1,841
Kwigillingok	148	1,480	668
Lime Village	25	1,000	451
Napaimute	N/A	1,000	451
Newtok	114	1,140	514
Ohogamiut	N/A	1,000	451
Oscarville	41	1,000	451
Pitkas Point	70	1,000	451
Platinum	55	1,000	451
Quinhagak	340	3,400	1,534
Red Devil	81	1,000	451
Russian Mission	94	1,000	451
Sleetmute	109	1,090	492
Stony River	74	1,000	451
Tuntutuliak	158	1,580	713
Tununak	274	2,740	1,236
<u>CHUGACH</u>			
English Bay	58	1,000	451
Port Graham	107	1,070	483
Tatitlek	111	1,110	501
<u>COOK INLET</u>			
Eklutna	25	1,000	451
Ninilchik	134	1,340	605
Tyonek	232	2,320	1,047
<u>DOYON, LTD.</u>			
Alatna)			
Allakaket)	174	1,740	785
Beaver	101	1,010	456
Birch Creek	40	1,000	451
Chalkyitsik	130	1,300	586
Circle	54	1,000	451
Dot Lake	42	1,000	451
Eagle Village	67	1,000	451
McGrath	279	1,000	451

NAME	POPULATION	GRANT	PRC-RATED ENTITLEMENT
Minto	168	\$ 1,000	\$ 451
Northway	40	1,000	451
Rampart	46	1,000	451
Stevens	74	1,000	451
Takotna	153	1,530	690
Tanacross	84	1,000	451
Telida	N/A	1,000	451
<u>KONIAG, INC.</u>			
Karluk	98	1,000	451
<u>NANA</u>			
Noatak	292	2,930	1,322
Arctic Village	113	1,130	510
Kiukwan	98	1,000	451
Tetlin	114	1,140	514
Venetie	112	1,120	505
Chitina	38	1,000	451
Unga	25	1,000	451
Atkasook	25	1,000	451
Nooiksut	200	2,000	902
Point Lay	60	1,000	451
Council	N/A	1,000	451
Solomon	N/A	1,000	451
Chuloonawick	N/A	1,000	451
Kasilof	71	1,000	451
Knik	N/A	1,000	451
Montana Creek	33	1,000	451
Point Possession	N/A	1,000	451
Umkumiuke	N/A	1,000	451
Chenega	N/A	1,000	451
Eyak	N/A	1,000	451
Alexander Creek	N/A	1,000	451
Caswell	N/A	1,000	451
Salamatof	N/A	1,000	451
Bettles	57	1,000	451
Manley	34	1,000	451
Afognak	N/A	1,000	451
Anton Larson Bay	N/A	1,000	451
Bells Flats	N/A	1,000	451
Kaguyak	N/A	1,000	451
Uyak	N/A	1,000	451
Woody Island	41	1,000	451
Kasaan	30	1,000	451

NAME	POPULATION	GRANT	PRO-RATED ENTITLEMENT
Adak	2,800	\$28,000	\$ 12,631
Thorne Bay	443	4,430	1,998
Glennallen	450	4,500	2,030
Metlakatla	1,250	12,500	5,639
Cold Bay	256	2,560	1,155
Healy-Suntrana	220	2,200	992
Tok	550	5,500	2,481
Cape Pole	123	1,230	555
Edna Bay	112	1,120	505
Gustavus	64	1,000	451
Kenny Lake	100	1,000	451
Paxson	24	1,000	451
Hyder	49	1,000	451
Minchumina	25	1,000	451
Coffman Cove	25	1,000	451
El Capitan	25	1,000	451
Gildersleeve	25	1,000	451
Brown's Court	25	1,000	451
Port Alice	25	1,000	451
St. John's Harbor	25	1,000	451
Sunrise Creek	25	1,000	451
Tuxekan	25	1,000	451
Whale Pass	25	1,000	451
Medfra	25	1,000	451
Nabesna	25	1,000	451
Slana	25	1,000	451
TOTALS		<u>\$221,670</u>	<u>\$ 99,356</u>

SB

151

"An Act relating to the boundaries of certain units of local governments in the state; and providing for an effective date."

COMMITTEE REPORT

3-7-73

HOUSE

Mr. Speaker:

Date 3-12-73

The Committee on CIVIL & NEG. AFFAIRS has had CS 151

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR 151 AND THAT

CS FOR 151 DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____	recommends:	_____
_____	recommends:	_____
_____	recommends:	_____
_____	recommends:	_____
_____	recommends:	_____

_____ Chairman

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

WILLIAM A. EGAN, GOVERNOR

POUCH K — STATE CAPITOL
JUNEAU 99801

February 9, 1973

The Honorable John Rader
Chairman
Joint Senate and House Local
Government Committees
Alaska State Legislature

Re: Anchorage Annexation of Military
Bases - Apportionment

Dear Senator Rader:

You have asked for comment on the apportionment arrangements possible in the event that Fort Richardson and Elmendorf Air Force Base become part of the City of Anchorage and of the Greater Anchorage Area Borough. The question is whether in such case all persons living within the boundaries of the military reservations must be included in the population base for purposes of apportioning representation on the borough assembly. If inclusion is legally required, the practical result will be increased representation on the assembly for the City of Anchorage.

For the reasons discussed below, it is our opinion that inclusion of non-resident military personnel and their dependents is not constitutionally required.

In general, the U.S. Supreme Court has held that military who are in fact residents may not be excluded from an apportionment base simply because of their military status. On the other hand, the court has held with equal emphasis that military who are not residents need not be included simply because they were physically present in the state on census day.

In Burns v. Richardson, 384 U.S. 73, (1966), the court dealt directly with the status of nonresident military for apportionment purposes. Hawaii's apportionment was based on registered voters. As a result, most military personnel were excluded and those areas near military bases received less representation than would be the case if total population were counted. Rejecting plaintiffs' claim that apportionment must be based on total population, the court stated at p. 91:

We start with the proposition that the equal protection clause does not require the state to use total population figures derived from the federal census as a standard by which this substantial population equivalency is to be measured.

Neither in Reynolds v. Sims nor in any other decision has this court suggested that the states are required to include aliens, transients, short-term or temporary residents, or persons denied the vote for conviction of crime, in the apportionment base by which the legislators are distributed and against which compliance with the equal protection clause is to be measured.

See also, In re Opinion of the Justices, 276 A2d 825 (N.H. 1971); Pate v. El Paso County, Texas, 337 F.Supp. 95 (W.D. Texas, 1970).

Cases which hold that military personnel may not be excluded arose where the state sought to justify, after the fact, large population variances among districts simply by pointing to the presence of military bases in certain areas. Thus, in Davis v. Mann, 377 U.S. 678 (1964) the court noted:

Discrimination against a class of individuals merely because of the nature of their employment, without more being shown, is constitutionally impermissible.

See also, Kirkpatrick v. Preisler, 394 U.S. 526 (1969).

On September 29, 1972 the Supreme Court of Alaska filed its final opinion in Egan v. Hammond, (file No. 1711), Alaska's legislative reapportionment case. The Court considered in some detail the permissible range of treatment for military personnel in reapportionment, stating:

We recognize that the substantial military population present in the state because of military orders and without intention to make Alaska their home can easily give an unbalanced representation to areas abutting their bases. But we are also mindful of the need for a permanent plan which achieves a level of accuracy of their voting participation which is closer than either including or excluding all military as a class. Thus, it is incumbent upon us to discuss alternative plans which may be available to handle the problem.

Citing the recent Hawaii case, Burns v. Richardson, the court continued:

Alaska has a master voter registration list and the court takes judicial notice that active efforts have been made to register all eligible voters. Upon adequate notice and opportunity to register before use of such a registration list for reapportionment purposes, it would appear that an apportionment plan based on current voter registration would be permissible under the Federal Constitution. Likewise, plans based on accurate data of state citizenship or state residency could meet the standards of the Federal Equal Protection Clause.

In our view, these comments of the Alaska Supreme Court accurately reflect current federal constitutional law on this question. Moreover, as indicated by the basic one man, one vote cases, principles laid down for legislative apportionment apply to local government apportionment as well. Accordingly, if the bases become a part of the city and borough, the options stated in the quotation above would be available for assembly apportionment.

AS 29.23.020(a) provides in part:

. . . if a borough is already incorporated the assembly shall be composed and apportioned in a manner prescribed by charter or ordinance. Assembly composition and apportionment, including voting procedures based on the apportionment, may be prescribed in any manner consistent with the equal protection standards of the Constitution of the United States.

In accordance with section 17, of chapter 118 SLA 1972, AS 29.23.020 was to take effect upon passage of an amendment to the Constitution of the State of Alaska relating to assembly representation. Such an amendment enacted as SJR 52 in the 1972 legislative session, was approved by the voters in the primary election on August 22, 1972. This new legislation removes any doubt that may have existed previously about the power of an assembly, under state law, to vary from raw census figures as the basis for apportionment.

Assuming that present assembly apportionment is on the basis of total population, it appears that the city would be entitled to a majority on the assembly as soon as the annexation occurred. Thereafter, the city would have the controlling voice on any proposal to change the population base by ordinance.

If the legislature wishes to insure exclusion of, non-resident military personnel, it may wish to amend AS 29.23.020(a) by adding language along the following lines:

Provided that, if 10% or more of the total population of a borough consists of military personnel and dependents living on a military reservation, representation on the borough assembly shall be apportioned on the basis of resident population

It should be noted that separating residents and non-residents has become increasingly difficult with the demise of durational residence requirements. In all likelihood, same sort of special census would be required.

Registered voters is also a permissible base, with the advantage of easy determination. A disadvantage of a registered voter base is that, absent vigorous registration efforts, it tends to under-represent areas with highly mobile population. If, for whatever reason, the registered voter list fails to reflect resident population with some accuracy, it becomes subject to challenge.

We trust the above discussion will be of assistance to you in dealing with this matter. If you have questions or comments, please do not hesitate to contact us.

Very truly yours,

JOHN E. HAVELOCK
ATTORNEY GENERAL

By: *Richard W. Garnett III*

Richard W. Garnett, III
Assistant Attorney General

RWG:mjj

STATEMENT OF ROBERT E. SHARP, CITY MANAGER, CITY OF ANCHORAGE, BEFORE
HOUSE AND SENATE COMMITTEES ON COMMUNITY AND REGIONAL AFFAIRS.

February 21, 1973

Senate Bill No. 151

This bill would annex to the Greater Anchorage Area Borough certain military reservation lands generally embracing the populated portions of Elmendorf Air Force Base and Ft. Richardson. A portion of these lands is now inside the boundaries of the City of Anchorage.

This bill would also annex to the City of Anchorage the balance of the populated portion of Elmendorf Air Force Base, and Ft. Richardson military reservations. This is the same area the Local Boundary Commission approved for annexation to the City of Anchorage.

The apparent purpose of this bill is to annex the populated portions of the two military reservations to both the City and Borough. We have no objection to this approach. However, we would strongly oppose the passage of House Joint Resolution No. 12 and thereby disapprove the annexation of these military reservation lands to the City of Anchorage on the assumption Senate Bill No. 151 will be enacted into law.

Senate Bill No. 150

Each section of this bill will be discussed.

Section 1 provides for the automatic annexation of military reservation lands to a borough if such lands are annexed to a city within the borough. We have no objection to this provision.

Section 2 - no comment.

Section 3 provides for the use of voter registration instead of population as the basis for apportionment of borough assemblies if a military reservation is annexed to or located within such borough. Notwithstanding the legality of using only voter registration this basis has many other problems. A person's name is not removed from the register until he has failed to vote in either a primary or general election at least once in four consecutive calendar years. With the transient nature of large segments of the population in Anchorage and other communities in the State some assemblymen might represent more "paper" than "people".

We note the "voter registration" basis for apportionment would apply in only those boroughs with military reservations in their boundaries. Accordingly, all boroughs in the State would not use the same basis for apportionment. Inasmuch as the final State apportionment has not been approved there could be still a different basis for apportionment for representation in the State Legislature.

We feel that the basis for apportionment for representation on Councils, Assemblies and Legislature should be the same; and that the resolution of this problem can be accomplished under existing law.

Section 4 relates to council representation and our remarks concerning Section 3 would generally apply to this section.

Sections 5, 6 and 7 provide for continued State operation of on base schools unless the Department of Education approves borough operation of such schools. We have no objection to these sections.

Section 8 provides for reduced State shared revenues. This reduction would apply to the portion of Elmendorf Air Force Base already in the city limits of Anchorage as well as to the area being annexed. The City of Anchorage objects this reduction and its discriminatory provisions as it relates to the

area already in the city limits. The limitation should apply to only military reservations annexed subsequent to the effective date of Act.

There were 6,544 people in the area of the City that embrace a portion of Elmendorf Air Force Base as of the last U. S. census in 1970. This produces \$163,600 in State shared revenues for police parks and recreation, transportation and fire services. Under this bill the amount would be \$89,980 for a loss of \$73,620. The Richardson Vista apartment complex in this area is provided all the municipal services furnished other areas of the City and it would be highly discriminatory to exclude this area from normal revenue sharing.

We concur with the State shared revenue limitations applied to the military reservation area to be annexed to the City under the Local Boundary Commission action or SB #151 except for parks and recreation which we feel should be fifty (50) percent rather than twenty-five (25) percent. The fifty (50) percent ratio more nearly represents the park and recreation programs provided at large compared with neighborhood facilities and programs which is a fair and equitable criteria for treating this matter.

To summarize this statement the City of Anchorage is desirous of annexing the balance of the populated area of Elmendorf Air Force Base, and the populated portion of Ft. Richardson, and we have no objection to the annexation of military area proposed in SB #151 to the Greater Anchorage Area Borough. The City strongly opposes the passage of HJR #12 on the assumption SB #151 will pass the Legislature. The Local Boundary Commission's action should stand. The subsequent confirmation by the passage of SB #151 poses no problem. The City of Anchorage does not think voter registration in itself is an equitable method of apportioning assemblies or councils. Further, the basis for reapportionment should be the same for all local governments and the State Legislative bodies. Existing law is

adequate for handling apportionment and Sections 3 and 4 should be deleted from SB #150. The reduction of State shared revenues to the City of Anchorage for the portion of Elmendorf Air Force Base that has been in the City limits for 53 years is highly discriminatory and Section 8 of the bill should be applicable to only military reservation areas annexed subsequent to the effective date of Act.

Reapportionment at this time would
set a stage.

Who is entitled to Representation?

LT Gov has not stated he will use
Voter Reg for reapportionment.

Separate Criteria for STATE + Borough

Impact Policy

IN LANE