

Municipip.  
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ANCHORAGE

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1. STATE REVENUE SHARING

Undoubtedly you have read or heard the Governor's proposed revision of revenue sharing; that of basing the amount a municipality would receive on its relative tax base per capita. While the goal may be equity, tax base per capita is only one factor in looking at such programs. There is no simple correlation between tax base and what state revenue sharing should be.

To begin, tax base is only indicative of the size of the physical plant (buildings, dwellings, etc.) within a given community. The Governor's unstated hypothesis is: the greater the tax base per capita, the greater the capacity to fulfill local service needs by local funds. This is an oversimplification of a longstanding urban problem which has two dimensions: the need for service and complexity of that service delivery. Tax base does not necessarily relate to service needs or demands. Urban densities, congested traffic, large numbers of unemployed and the crime rate are more closely connected to the need for service. Service demands (needs) criteria are the factors to consider before making any judgments on tax base and its relationship to state revenue sharing.

Service demands or need criteria must be evaluated very carefully in order to avoid falling into the argument that not having the funds is tantamount to having a service need. While this may sound ludicrous, the argument is used with surprising frequency. Conversely, the argument that because a community has a high tax base per capita it should receive lesser revenue sharing funds misses the point of service need to capacity to fulfill those needs.

Returning to the need criteria and the faulty argument mentioned above, the State Administration may be unintentionally "helpful" in this establishment of need through the efforts of the Department of Community and Regional Affairs when it fosters municipal incorporation of very small villages. Additionally, new services are encouraged as early after incorporation as possible. This process, while a valid concern of the state's, may simply outstrip the local government's capacity to generate revenue to pay for the "new services". The point here is not that the state shouldn't be assisting in the creation and development of local governments, but that the state can press for too fast a development and thereby create false service demands. Until the "real" service needs and the revenue needed to provide them is established through objective research, the current method of revenue sharing should not be changed.

House Bill 70 does not substantially change the current approach to state revenue sharing. It adds a few categories as separate items. Specifically, HB 70 would separate water and air pollution, make small boat harbors or ports, mass transit and airports separate categories, and add as new categories solid waste disposal and ambulance. The formula used is  $B \times P = \text{Amount}$ . B is the base revenue sharing amount of \$1 times the units for each service category and P is the population of the community. Thus, for example, if Anchorage's population is 200,000, its share for police protection would be \$12 times 200,000 or \$2,400,000. However, the recent expansion to Muldoon, Sand Lake, and Eagle River of police services will increase greatly the need for a greater amount for the police category. Another way of looking at an increase in the police service category is to remember that the state's responsibility for policing in those areas will no longer be needed. Hence, a larger share of state funds could be made available to the police protection category.

Anchorage Municipality strongly supports passage of HB 70 and endorses an amendment that would increase the police units to twenty dollars per capita. The cost for police services in Anchorage is currently over \$120 per capita. Any relief in this category would be most welcome.

In addition to the above support for the HB 70 revenue sharing bill and possible amendment in police services funding, the Municipality requests consideration be given to building into the annual revenue sharing formula a cost of living (inflation) increase. Such a cost of living index could be based upon the Consumer Price Index (CPI) published by the U.S. Department of Commerce. An example of how this might work is illustrated below.

The base year for the CPI is 1967; therefore 1967 equals 100 points (keep in mind these are not percentage points but can easily be converted to percentage points)

<u>Year</u>	<u>Anchorage CPI</u>	<u>Example Service</u>
1967	100.0	\$8.28
1973	120.8	10.00
1974	133.8	11.08
1975	151.0	12.50
1976	163.3	13.52
1977	177.4	14.69
*1978	191.6	15.86

\* The 1978 figure is estimated based on 1973-77 average annual increases.

AS you can see the impact of using the CPI would be to increase annually the revenue sharing in an equal amount as the cost of living has increased (inflationary increase). In accordance with the format of HB 70 it would be better to amend the formula wording of AS 43. 17.030 to the following:

Sec. 43.17.030. BASIC GRANTS TO MUNICIPALITIES. (a) If a municipality elects not to receive the grant provided for under sec. 20 of this chapter, the amount of revenue sharing for which it is eligible shall be B X P where

(1) "B" is the base revenue sharing amount of \$1.00 times the Consumer Price Index issued by the U.S. Department of Commerce for that year times the service units for each service performed by the municipality established as follows:

(A) police protection	20 units
(B) fire protection	7.5 units
(C) water pollution control	2 units
(D) land use planning	2 units
(E) parks and recreation	5 units
(F) small boat harbor or port	5 units
(G) mass transit	5 units
(H) airport	5 units
(I) solid waste disposal	2 units
(J) ambulance	2 units
(K) air pollution	2 units

(2) "P" is the population of the municipality rounded up to the nearest 100.

The purpose for this request is to enable local governments to maintain a status quo in the services they are able to render through state revenue sharing than lose ground to inflation. A look at what inflation has done to recent revenue sharing in one category will be illustrative.

In 1973 five dollars per capita was given to municipalities. That figure has not been changed since. The impact of inflation is as follows:

<u>Year</u>	<u>CPI</u>	<u>Parks and Recreation</u>
1973	120.8	\$5.00
1974	133.9	\$5.42
1975	151.0	\$6.92
1976	163.3	\$7.48
1977	177.4	\$8.13

What this says is that it takes \$8.13 to buy in 1977 what it took \$5.00 in 1973. Another comparison that can be made is what the 1977 actual revenue sharing was for Anchorage and what it would be under the CPI method. The comparison is shown in Appendix "A". The CPI is applied to road maintenance and health facilities dollars that are not direct pass through funds.

Original sponsor: Community and Regional  
Affairs Committee

Offered: 2/16/77  
Referred: Finance

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL  
AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 70

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to municipal revenue sharing, and the  
7 Alaska Business License Act; and providing for an  
8 effective date."

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

10 \* Section 1. AS 43 is amended by adding a new chapter to read:

11 CHAPTER 17. MUNICIPAL REVENUE SHARING.

12 Sec. 43.17.010. CONSTRUCTION AND IMPLEMENTATION OF CHAPTER. (a)

13 This chapter may not be construed so as to create a debt of the state.

14 (b) The special municipal services account is established. The  
15 legislature may annually appropriate funds to the account to carry out  
16 the provisions of this chapter. If there are not enough funds in the  
17 account to provide for each local government's or other recipient's  
18 share authorized under this chapter, the funds which are available shall  
19 be distributed in proportion among eligible local governments and other  
20 recipients.

21 (c) If any money remains in the special municipal services account  
22 at the end of the fiscal year for which the money is appropriated and  
23 this remaining money is more than the amount required for the alloca-  
24 tions authorized in this chapter, this money reverts to the general  
25 fund.

26 Sec. 43.17.020. MINIMUM GRANTS TO MUNICIPALITIES. (a) A munic-  
27 ipality proposing to provide administrative services or a service pro-  
28 vided for in sec. 30(a)(1) of this chapter may, in lieu of obtaining  
29 revenue sharing money as provided in this chapter, obtain instead a

## APPENDIX A

	<u>RATE</u>	<u>POPULATION</u>	<u>1977 CPI</u>	<u>1977 W/CPI AMOUNT</u>	<u>1977 ACTUAL AMOUNT</u>
POLICE PROTECTION	12	106,690	1.08	1,382,702	1,280,280
MILITARY	6	18,897	1.08	122,452	113,382
FIRE PROTECTION	7.50	175,189	1.08	1,419,031	1,313,918
AIR/WATER	2	175,603	1.08	379,302	351,206
LAND USE PLANNING	2	175,603	1.08	379,302	351,206
PARKS AND RECREATION	5	164,400	1.08	887,868	822,100
MILITARY	1.25	18,897	1.08	25,511	23,621
TRANSPORTATION	5	245,454	1.08	1,325,452	1,227,270
MILITARY	2.50	37,794	1.08	102,044	94,485
ROAD MAINTENANCE	1,500	35,948	1.08	582,358	539,220
HOSPITALS	2	175,603	1.08	379,302	351,206
	1000/bd	235	1.08	<u>253,800</u>	<u>235,000</u>
				7,239,124	6,702,894

minimum grant of \$25,000.

(b) The department shall issue regulations regarding procedures and time limits for making an election under this section.

Sec. 43.17.030. BASIC GRANTS TO MUNICIPALITIES. (a) If a municipality elects not to receive the grant provided for under sec. 20 of this chapter, the amount of revenue sharing for which it is eligible shall be  $B \times P$  where

(1) "B" is the base revenue sharing amount of \$1 times the service units for each service performed by the municipality established as follows:

(A) police protection	12 units
(B) fire protection	7.5 units
(C) water pollution control	2 units
(D) land use planning	2 units
(E) parks and recreation	5 units
(F) small boat harbor or port	5 units
(G) mass transit	5 units
(H) airport	5 units
(I) solid waste disposal	2 units
(J) ambulance	2 units
(K) air pollution	2 units

(2) "P" is the population of the municipality rounded up to the nearest 100.

(b) If a municipality provides one or more of the services in (a)(1) of this section under contract to a defined area outside the boundaries of the municipality, the revenue sharing amount for those services shall be increased by the service units for each service times the population of the area served rounded up to the nearest 100.

(c) If a municipality contains areas having differential rates of

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OFFICE

1 taxation, the entitlement shall be calculated for areawide services and  
2 for each area separately and totaled to reach the entitlement of the  
3 municipality. Revenue sharing money for which the entitlement is based  
4 upon areawide services may be used for areawide purposes only. Revenue  
5 sharing money for which the entitlement is based upon service area  
6 services may be used for that service area only.

7 Sec. 43.17.040. HEALTH FACILITIES AND HOSPITALS. (a) During each  
8 fiscal year the state shall make payments as follows:

9 (1) \$2 per capita to a municipality which has the power to  
10 provide health facilities and services and in which a hospital is  
11 located;

12 (2) in addition to the payment made under (1) of this sub-  
13 section

14 (A) the state shall make payments to a municipality  
15 which has the power to provide hospital facilities and services and  
16 which exercises the power on the basis of \$1,000 per bed for each  
17 bed actually used for patient care limited to the number of beds  
18 provided for in the construction design of the hospital, or \$75,000  
19 a hospital for those hospitals with 10 or more beds, or \$25,000 a  
20 hospital for those hospitals with less than 10 beds, as the muni-  
21 cipality may elect; funds received under this subparagraph may be  
22 used only for hospitals and shall be apportioned among qualifying  
23 hospitals as the municipality determines;

24 (B) the state shall make payments on the basis set out  
25 in (A) of this paragraph to a municipality for nonprofit hospitals  
26 not operated by a municipality if the municipality first certifies  
27 to the department that the hospital is in compliance with all  
28 standards for hospitals which have been adopted by the munici-  
29 pality; in the absence of this certification the funds which would

1 have gone to the hospital lapse into the state general fund; pay-  
2 ments to the municipality shall be transferred to the hospital in  
3 accord with the basis by which the entitlement was generated by the  
4 hospital and shall be applied to the annual cost of operation and  
5 maintenance of the hospital or for the provision of health care  
6 service at the hospital as the directors of the hospital determine;

7 (C) a hospital may not receive payment under both (A)  
8 and (B) of this paragraph;

9 (3) \$1,000 per bed to an organized borough or city outside an  
10 organized borough in which a health facility is operated for each bed  
11 actually used for patient care, limited to the number of beds provided  
12 for in the construction design of the health facility, or \$4,000 for  
13 each health facility as the local government may determine;

14 (4) funds received by a municipality under (1) or (3) of this  
15 subsection shall be used for expenses of health services or operation  
16 and maintenance of facilities as the municipality determines.

17 (b) If construction of a hospital or health facility began before  
18 January 1, 1976, and state matching aid for construction approved under  
19 AS 18 for payment to a municipality or other facility sponsor consti-  
20 tutes less than 25 per cent of the total project cost, the state shall  
21 pay to the municipality or other facility sponsor each fiscal year a sum  
22 equal to \$2,500 a bed for the maximum number of beds provided for in the  
23 construction design of the facility. State aid provided for in this  
24 subsection shall continue until the municipality or other facility  
25 sponsor has received an amount which, combined with state matching money  
26 for construction of the facility approved under AS 18, equals 25 per  
27 cent of the total project cost. No funds received for construction  
28 shall be used for any other purpose.

29 (c) In this section

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

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

12 Sec. 43.17.050. VOLUNTEER FIRE DEPARTMENTS OUTSIDE MUNICIPALITIES  
13 The state shall pay to a volunteer fire department registered with the  
14 state fire marshal and serving an area not in an organized borough or a  
15 city a sum for protection purposes equal to \$7.50 per capita for the  
16 population served by the department, as determined by the state fire  
17 marshal using the latest figures of the United States Bureau of the  
18 Census or other reliable data. Grants shall be made on the same basis  
19 to facilitate the organization of volunteer fire departments in an area  
20 not in an organized borough or a city. Payment shall be made upon  
21 application by the proposed fire protection group to the department and  
22 approval of the application according to standards of organization and  
23 service prescribed by regulations promulgated by the department.

24 Sec. 43.17.060. AREA COST-OF-LIVING DIFFERENTIAL. (a) State  
25 payments under this chapter shall reflect area cost-of-living differ-  
26 ential. Amounts distributed shall be based upon the sum of the grants  
27 due multiplied by the appropriate area cost-of-living differential. The  
28 area cost-of-living differential shall be determined annually by elec-  
29 tion district under the provisions of AS 39.27.030; however, the area

1 cost-of-living differential to be applied shall not result in an amount  
2 to be distributed less than the base allocation.

3 (b) The election districts used in (a) of this section are those  
4 designated by the proclamation of reapportionment and redistricting of  
5 December 7, 1961, and retained for the house of representatives by  
6 proclamation of the governor September 3, 1965.

7 Sec. 43.17.070. FINANCIAL REPORTS. No final payment may be  
8 distributed to a municipality under this chapter unless that munici-  
9 pality first submits to the department (1) a financial report for each  
10 of the two fiscal years immediately preceding the fiscal year in which  
11 funds are to be distributed; and (2) a budget for the municipality's  
12 fiscal year in which funds are to be distributed. The department may,  
13 by regulation, prescribe procedures and filing dates for submitting  
14 financial reports and for obtaining all information required to deter-  
15 mine the municipality's tax effort.

16 Sec. 43.17.080. POPULATION DETERMINATION. For purposes of this  
17 chapter, population shall be determined by the latest figures of the  
18 United States Bureau of the Census, Department of Labor estimates or  
19 other population data which, in the judgment of the department, is  
20 reliable. However, a municipality may not receive state shared revenue  
21 based on the population residing on that portion of a military reser-  
22 vation annexed to a city or borough after January 1, 1973, except as  
23 provided in this section. If a military reservation is located within a  
24 city or borough, the city or borough is limited in its entitlement to  
25 state shared revenue under this chapter, based on the population re-  
26 siding on the reservation, as follows: 50 per cent of the amount paid  
27 per capita for police protection; 25 per cent of the amount paid per  
28 capita for parks and recreation; 50 per cent of the amount paid per  
29 capita for mass transit; 50 per cent of the amount paid per capita for

1 water pollution; and 50 per cent of the amount paid per capita for air  
2 pollution.

3 Sec. 43.17.090. ADDITIONAL LIMIT. In addition to the limitations  
4 on expenditure of funds contained in sec. 40 of this chapter:

5 (1) if a borough exercises the powers in sec. 30(a)(1) of  
6 this chapter in the borough area outside cities only, or in a service  
7 area only, the grants authorized under this section shall be based on  
8 the population of the borough area outside cities or the service area  
9 respectively;

10 (2) if a city within an organized borough provides police  
11 protection services, the borough may not qualify for aid under sec.  
12 30(a)(1)(A) of this chapter unless

13 (A) police protection services are provided in the  
14 borough area outside cities, or if limited to a service area, in  
15 the service area, through borough contract with a city or with the  
16 state or

17 (B) the borough assumes and exercises power to provide  
18 police protection services on an areawide basis in the manner  
19 provided by law.

20 Sec. 43.17.100. ROAD MAINTENANCE. (a) During each fiscal year the  
21 state shall pay to a city or organized borough which has and exercises  
22 power to provide road maintenance \$1500 a mile for each mile of road,  
23 street, or highway maintained by that local government. No payment may  
24 be made for

25 (1) the official state highway system;

26 (2) roads, streets, or highways not dedicated to a public  
27 use;

28 (3) roads, streets or highways maintained under the local  
29 services road program;

1 (4) alleyways; or

2 (5) maintenance of roads not used by automotive equipment.

3 (b) Frozen waterways and connections from inhabited areas to the  
4 waterways which may be safely used for public transportation by auto-  
5 motive equipment and are so used during a portion of a year are eligible  
6 for payments of \$900 per mile if the waterways and connections are  
7 maintained during the period of use by a municipality or combination of  
8 municipalities. The Department of Community and Regional Affairs, after  
9 consultation with the Department of Highways, shall determine which  
10 waterways and connections qualify and, where the waterways or connec-  
11 tions lie outside the corporate limits of a municipality, which munici-  
12 pality is eligible for the shared revenue unless the municipalities  
involved have agreed in writing to a particular distribution.

14 Sec. 43.17.110. REGULATIONS. The department shall adopt regula-  
15 tions necessary to carry out the purposes of this chapter. The regula-  
16 tions shall include

17 (1) minimum standards of service required to qualify a muni-  
18 cipality for service unit credit for each service; and

19 (2) provisions for a performance report adequate to demon-  
20 strate to the department that each service for which credit was allowed  
21 was actually performed by the municipality at least at the prescribed  
22 minimum level.

23 Sec. 43.17.120. EXPENDITURE OF FUNDS. Funds received by a munici-  
24 pality under this chapter may be expended for any public purpose for  
25 which the municipality has power to expend funds except as provided in  
26 sec. 40 of this chapter.

27 Sec. 43.17.130. UNIFICATION, MERGER OR CONSOLIDATION OF MUNICI-  
28 PALITIES. If a borough and the cities within the borough merge, con-  
29 solidate or unify in accordance with AS 29.68, the amount of revenue

1 sharing to which the successor municipality is entitled shall be com-  
2 puted for the first year and each year thereafter as if the merger,  
3 consolidation or unification had not occurred, and the successor muni-  
4 cipality shall receive not less than the amount so computed.

5 Sec. 43.17.160. DEFINITIONS. In this chapter

6 (1) "department" means the Department of Community and  
7 Regional Affairs;

8 (2) "municipality" for revenue sharing purposes means a city,  
9 borough or unified municipality incorporated under the laws of the State  
10 of Alaska except a second class city incorporated after the effective  
11 date of this Act and lying within an organized borough.

12 \* Sec. 2. AS 43.18.010 - 43.18.045 are repealed.

13 \* Sec. 3. Other provisions of this Act notwithstanding, a municipality  
14 which would receive less money under the provisions of this Act than it was  
15 entitled to receive in fiscal year 1977 under the provisions of AS 43.18  
16 repealed by this Act shall continue to receive an amount equal to that  
17 authorized for fiscal year 1977 under the former provisions of AS 43.18, in  
18 accordance with those provisions.

19 \* Sec. 4. AS 43.70.010 is repealed.

20 \* Sec. 5. AS 43.70.030(a) is amended to read:

21 (a) The license fee for each business is \$25 [PLUS A SUM EQUAL TO  
22 ONE-HALF OF ONE PER CENT OF THE GROSS RECEIPTS IN EXCESS OF \$20,000 FROM  
23 THE BUSINESS DURING THE YEAR FOR WHICH THE LICENSE IS ISSUED, EXCEPT  
24 THAT ALL GROSS VOLUME IN EXCESS OF \$100,000 A YEAR IS TAXED AT THE RATE  
25 OF ONE-QUARTER OF ONE PER CENT. THE ANNUAL LICENSE FEE PAID BY A PRO-  
26 FESSIONAL PERSON TO HIS PROFESSIONAL BOARD SHALL BE CREDITED AGAINST THE  
27 INITIAL FEE REQUIRED UNDER THIS CHAPTER].

28 \* Sec. 6. AS 43.70.030(c) is amended to read:

29 (c) The licens for the privilege of taking orders through use of

1 catalogs and by mail order offices in the state is the same as set out  
2 in this chapter for business generally [AND GROSS VOLUME OF BUSINESS OF  
3 THOSE OFFICES INCLUDES ALL ORDERS TAKEN AT THEM WHETHER DELIVERY OF THE  
4 MERCHANDISE IS MADE THROUGH THE OFFICES OR NOT].

5 \* Sec. 7. AS 43.70.030(d) is amended to read:

6 (d) The initial fee of \$25 applies to all of the provisions of  
7 this section, and shall accompany the application. The balance under  
8 sec. 30(b) of this chapter is due and payable on December 31st of each  
9 year and shall be paid before the first day of March following, except  
10 that the department may extend the time until the 30th of the following  
11 April upon application showing that the extension is necessary to enable  
12 the applicant to ascertain the amount of license money due. To enable  
13 accurate determination of the balance of the tax due at the end of each  
14 year, each person to whom this chapter applies shall keep records, give  
15 statements under oath, and make returns which the department requires.  
16 Returns are made under penalty of perjury.

17 \* Sec. 8. AS 43.70.040 is amended to read:

18 Sec. 43.70.040. REVIEW AND DETERMINATION OF LICENSE TAX. As soon  
19 as practicable after the final payment of the tax under sec. 30(b) of  
20 this chapter, the department shall examine the return and determine the  
21 correct amount of the tax and, if an error is found, shall notify the  
22 taxpayer of the error and examine the taxpayer's records as authorized  
23 in AS 43.05.040, and take other proper steps to determine the amount  
24 due.

25 \* Sec. 9. AS 43.70.110(2) is repealed.

26 \* Sec. 10. AS 43 is amended by adding a new section to read:

27 CHAPTER 17. MUNICIPAL REVENUE SHARING.

28 Sec. 43.17.150. ADDITIONAL GRANTS TO REPLACE LOST REVENUE. In  
29 addition to all other revenue sharing with municipalities, a municipi-

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pality is entitled to and shall receive each year an amount equal to the amount of money it was entitled to receive under AS 43.70.080 for the year 1978.

\* Sec. 11. Sections 1, 2 and 3 of this Act take effect July 1, 1977. Sections 4, 5, 6, 7, 8, 9, and 10 of this Act take effect January 1, 1980.

2. Supplemental Appropriation for Police Protection

Police service expansion costs have been a major aspect in Anchorage local elections with Muldoon, Sand Lake and Eagle River voting to assume local police services. Sand Lake and Muldoon will begin to incur costs January 1, 1978. Eagle River will begin January 1, 1979. However, the Sand Lake and Muldoon new service will not have been included as a part of the State's 1977 (1977-78) budget for state revenue sharing. Anchorage Municipality therefore requests consideration for a supplemental appropriation to cover state revenue sharing from January 1, 1978, through June 30, 1978, for the Sand Lake and Muldoon areas. The revenue sharing calculation is as follows:

<u>Area</u>	<u>Population</u>	<u>1/2 Year</u>	<u>Rate</u>	<u>Amount</u>
Muldoon	23,349	.5	12	\$140,094
Sand Lake	18,914	.5	12	<u>113,484</u>
Total Supplemental				\$253,578

The above figure is arrived at by using the revenue sharing calculation. However, it would be illustrative to demonstrate the full costs to the Municipality for that time frame. These costs are for one-half year with the expectation that the State's 1978 budget would pick up the remainder of the year as a matter of regular procedure.

MULDOON/SAND LAKE POLICE SERVICE EXPANSION COSTS FOR  
JANUARY 1, 1978 THROUGH JUNE 30, 1978

<u>Personnel Services</u>	\$696,490
46 sworn officers	
6 communications clerks	
<u>Supplies</u>	68,140
Uniforms and various personal equipment supplied	
<u>Other Services and Charges</u>	225,920
Vehicles      \$190,000	
Misc.          35,920	

Machinery and Equipment	<u>89,970</u>
Total Direct Costs	\$1,080,520
<u>Intergovernmental Charges</u>	<u>65,790</u>
Total Costs	\$1,146,310

IN THE LEGISLATURE OF THE STATE OF ALASKA

TENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act Entitled: "An Act Making a Supplemental Appropriation to the Municipality of Anchorage for Police Protection and Providing for an Effective Date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA

Section 1. The sum of \$ 253,578 is appropriated from the General Fund to the Municipality of Anchorage for the purpose of increased police protection.

Section 2. This Act takes effect immediately in accordance with AS 01.10.070(c).

3. Municipal Land Selection

Senate Bill 241 and Committee Substitute for HB 133 both present an opportunity for the State to "clear up accounts" in municipal land selection while at the same time regain the land management control it claims it needs desperately. Since these bills have already been introduced, it is necessary to provide some history behind their evolution, support and progress.

While Senate Bill 241 was introduced by request of the Governor, HB 133 was concurrently introduced by Representatives Parr, Cowper and Brown. Both bills started out as identical bills and are still substantially the same although the House version has undergone a few minor changes. What does not show in the bill is the extensive effort by most of the boroughs to compromise individual desires in order to arrive at a consensus in support of the bill. With this basic broad support the bill passed the House Community and Regional Affairs Committee with only a few changes. The Senate version still resides in the Senate Community and Regional Affairs Committee.

It was not until the bill reached the House Finance Committee near the end of the session, that the North Slope Borough expressed a desire to alter the bill giving the Borough 200,000 acres instead of the 695 acres listed in the bill. Since the bill has an in lieu payment feature the changed position of North Slope Borough also could have drastically changed the fiscal note of the bill. This situation caused apprehension among the Finance Committee members and since the end of the session was so near, the Finance Committee elected to postpone action in the bill.

The Committee's Chairman, Steve Cowper, appointed an interim committee to review the bill's provisions and submit an alternate proposal.

The current bills major provisions are: that cities and boroughs with selectable land (state land that is vacant, unrestricted and unreserved) would get their ten percent, or whatever figure of acres spelled out in the bill. (This feature is included to remove difficulty in land selection where there are large tracts of federal and state reserved lands, thereby reducing the percent selectable if ten percent of state selectable lands is used as the base); that cities or boroughs which find it impossible to select their ten percent of state land be entitled to a dollar in-lieu payment (Anchorage and to a lesser extent Kodiak); and finally, that selection of land, if available, automatically excluded that party from the in-lieu payment option. It is anticipated that the House Finance Committee will come up with a proposed change in acreage and possibly a new schedule of in-lieu payments. Since Anchorage is one of those local governments which can not select more land, the crucial concern the Municipality has will be for the specific dollar payment in-lieu of selectable land. Another point to remember is that early passage of the land selection bill is essential since this is a second session as well as election year. Therefore Anchorage supports early passage of CSHB 133.

Original sponsors: Parr, Brown  
and Cowper

Offered: 5/4/77  
Referred: Finance

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL  
AFFAIRS COMMITTEE

2

CS FOR HOUSE BILL NO. 133

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to selection and transfer of state

7

land to municipalities; and providing for an effective

8

date."

9

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

10

\* Section 1. STATEMENT OF PURPOSE. The purposes of this Act are to

11

remove uncertainties in the existing municipal land selection law of the

12

state; to provide for an immediate, final determination and settlement of

13

municipal land entitlement; to provide for the completion of rational owner-

14

ship patterns for sound land management; and to provide for timely patent of

15

land to municipalities to fulfill their respective entitlements.

16

\* Sec. 2. AS 29.18 is amended by adding new sections to read:

17

ARTICLE 3A. GENERAL GRANT LAND.

18

Sec. 29.18.202. DETERMINATION OF ENTITLEMENT. (a) The general

19

grant land entitlement of each of the municipalities in this subsection

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is the amount set out opposite each:

21

(1) Municipality of Anchorage -- 20,865 acres;

22

(2) City and Borough of Juneau -- 13,600 acres;

23

(3) City and Borough of Sitka -- 9,200 acres;

24

(4) Bristol Bay Borough -- 1,940 acres;

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(5) Fairbanks-North Star Borough -- 112,000 acres;

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(6) Haines Borough -- 1,080 acres;

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(7) Kenai Peninsula Borough -- 155,780 acres;

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(8) Ketchikan Gateway Borough -- 9,200 acres;

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(9) Kodiak Island Borough -- 45,200 acres;

1 (10) Matanuska-Susitna Borough -- 355,210 acres;

2 (11) North Slope Borough -- 645 acres.

3 (b) The general grant land entitlement of a city eligible to  
4 receive general grant land under the former provisions of secs. 190 -  
5 200 of this chapter repealed by this Act is 10 per cent of the maximum  
6 total acreage of vacant, unappropriated, unreserved land within the  
7 boundaries of each city at any time between the initial date of eligi-  
8 bility under former secs. 190 - 200 of this chapter and the effective  
9 date of this Act.

10 (c) Within six months of the effective date of this Act, the  
11 director shall determine the entitlement for each city eligible to  
12 receive general grant land under (b) of this section and certify that  
entitlement to the city.

13 (d) General grant land entitlements provided in this section consti-  
14 tute vested property rights which shall be fulfilled as provided in sec.  
15 204 or sec. 208 of this chapter, but no municipal selection vests any  
16 interest in or right to receive a particular tract of land except as  
17 provided by sec. 204 of this chapter.

18 (e) General grant land entitlements vested under this section  
19 may be exercised at any time before the date which is two years after  
20 the expiration of the state's right to make selections under secs. 6(a)  
21 or (b) of the Alaska Statehood Act (P.L. 85-508); however, the time  
22 limitation imposed by this subsection does not apply to payments in lieu  
23 of land under sec. 208 of this chapter.

24 Sec. 29.18.204. FULFILLMENT OF LAND ENTITLEMENTS. (a) The acre-  
25 age of each municipality's land selections under former secs. 190 - 200  
26 of this chapter for which patent has been issued before the effective  
27 date of this Act shall be credited toward fulfillment of the entitlement  
28 of that municipality.

1 (b) All approved selections under former secs. 190 - 200 of this  
2 chapter for which patent has not been issued to a municipality on the  
3 effective date of this Act shall be reviewed by the director within nine  
4 months of the effective date of this Act. Any approved selection of land  
5 which was vacant, unappropriated or unreserved on the date of selection  
6 is valid as of the date of the approval under the former secs. 190 -  
7 200 of this chapter, and a patent shall be issued to the municipality  
8 within three months after approval by the director of a plat of survey.  
9 The acreage shall be credited toward fulfillment of the municipality's  
10 entitlement. No municipality is entitled to receive patent under this  
11 chapter to more than its entitlement determined under sec. 202 of this  
12 chapter. Any prior approval by the director of municipal selections for  
13 land which was not vacant, unappropriated or unreserved on the date of  
14 selection shall be rescinded, and patent may not be issued except when  
15 disposal to a third party by sale or lease has occurred. Transfers of  
16 general grant land to municipalities under this chapter are subject to  
17 AS 38.05.321. Classification actions as reflected upon the land status  
18 records of the Department of Natural Resources are determinative of land  
19 classification status for purposes of this chapter.

20 (c) All municipal land selections under former secs. 190 - 200 of  
21 this chapter not approved as of the effective date of this Act shall be  
22 recognized by the director as representing the priority interests of the  
23 municipalities, and the selections shall be given first consideration  
24 under (e) of this section unless the municipality indicates different  
25 priorities.

26 (d) On the effective date of this Act and for five years thereafter  
27 no classification of a parcel of general grant land in excess of 3,200  
28 acres under AS 38.05.300 shall be effective, unless otherwise required  
29 by law, if the municipality in which the parcel is located, within 30

1 days after receipt of notice of the proposed classification, advises  
2 the director in writing that it does not consent to the classification  
3 and indicates the reasons for its nonconsent.

4 (e) Each eligible municipality and the director shall jointly  
5 consider which vacant, unappropriated, unreserved land, including federal  
6 land of interest to a municipality which may be selected by the state as  
7 general grant land, located within the boundaries of the municipality is  
8 appropriate for municipal selection and approval by the director to ful-  
9 fill any remaining municipal general grant land entitlement. The joint  
10 consideration made by the parties shall include a cooperative land  
11 planning process which will, in addition to the normal objectives of  
12 such a process, seek to identify both local and state interests in  
13 tracts of vacant, unappropriated and unreserved land remaining within  
14 the municipality. Adjacent tracts shall be considered simultaneously  
15 except when such simultaneous consideration would cause significant delay  
16 or expense. Once a tract has been jointly considered, it may be selected  
17 by a municipality. Each selection must be approved or disapproved for  
18 patent by the director under (f) of this section within nine months of  
19 its selection by a municipality, and a patent shall be issued to the  
20 municipality within three months after approval by the director of a plat  
21 of survey.

22 (f) In reviewing a municipal selection, the director shall consider  
23 the state's responsibilities for developing and protecting values which  
24 are of greater than local concern, including development which will have  
25 statewide impact, and critical environmental concerns. Specific state  
26 responsibilities to be considered, if such responsibilities have not  
27 been authorized or delegated by the state to a municipality, include air  
28 quality; water; minerals and energy; timber; agriculture; grazing; fish  
29 and wildlife and their habitat; public recreation, natural, historical,

1 and archaeological areas of greater than local concern; access to public  
2 land and water; transportation; communications; and public safety.  
3 Specific municipal responsibilities to be considered include residential,  
4 commercial and industrial needs; support of municipal services; educa-  
5 tion; local transportation; private recreation; public recreation,  
6 natural, historical and archaeological areas of local concern; and other  
7 responsibilities authorized or delegated by the state to a municipality.  
8 A selection by a municipality of land which is primarily of local concern  
9 shall be approved. When the interests of the state may be protected  
10 through the conveyance of title that is less than a fee title, the  
11 municipality, at its option, may accept the title in acre-for-acre  
12 fulfillment of its entitlement.

13 (g) Every decision of approval or disapproval of a municipal  
14 selection by the director under (f) of this section shall include a  
15 written explanation of the decision based upon the criteria of that  
16 subsection. Before issuing any decision to disapprove a selection, the  
17 director shall notify the affected municipality in writing, by certified  
18 mail, of his reasons for the proposed decision. The municipality shall  
19 have 30 days from receipt of the proposed decision to respond to the  
20 director in writing enumerating the reasons for which the municipality  
21 believes the proposed decision to be in error. After receipt of the  
22 municipality's statement of reasons, or after expiration of the period  
23 in which the municipality may respond to the proposed decision, the  
24 director shall, within 30 days, affirm, modify or reverse his proposed  
25 decision in writing and give written notice of his decision to the  
26 municipality. The decision of the director constitutes final adminis-  
27 trative action in the matter. A municipality may appeal an adverse  
28 decision by the director to the superior court under AS 44.62.560 -  
29 44.62.570.

1 (h) Within 30 days after convening of the first regular session of  
2 the Eleventh Alaska Legislature and the first and second regular sessions  
3 of the Twelfth Alaska Legislature, the director shall report to the  
4 legislature on the implementation of secs. 202 - 218 of this chapter.

5 Sec. 29.18.206. SELECTION AND CONVEYANCE PROCEDURE. (a) All  
6 municipal selections shall be made in reasonably compact tracts, taking  
7 into account the use capabilities of a tract and its relationship to  
8 surrounding land uses. A selection filed by a municipality which has  
9 not been approved by the director may be relinquished at any time. An  
10 approved selection may be relinquished by a municipality if the relin-  
11 quishment is approved by the director. An approved selection relin-  
12 quished by a municipality increases the remaining entitlement of the  
13 municipality on an acre-for-acre basis.

14 (b) A municipality may maintain selections for not more than 110  
15 per cent of its remaining entitlement. Municipal selections for general  
16 grant land which is withdrawn under sec. 11(a)(2) of the Alaska Native  
17 Claims Settlement Act (43 U.S.C. 1601 et seq., P.L. 92-203) is not  
18 included in the limitation of this subsection.

19 (c) If land selected by a municipality is unsurveyed at the time  
20 of approval, the director shall survey, or may approve the municipality's  
21 survey of, the exterior boundaries of an approved selection without  
22 interior subdivision, and shall issue patent in terms of the exterior  
23 boundary survey. The cost of the survey shall be borne by the munic-  
24 ipality. If land selected by a municipality has been surveyed at the  
25 time of its selection, the boundaries shall conform to the public land  
26 subdivisions established by the approved survey.

27 (d) The director may approve municipal selections of land which  
28 has been tentatively approved or patented to the state by the federal  
29 government, but he may not issue patent to a municipality until the land

1 has first been patented to the state. After approval of a selection by  
2 the director, but before patent to a municipality, the municipality may  
3 execute conditional leases and make conditional sales only with the con-  
4 sent of the director. Conditional sales and conditional leases made  
5 before the effective date of the Act do not require the consent of the  
6 director.

7 (e) Nothing in this chapter affects a valid existing claim, loca-  
8 tion or entry under the laws of the state or the United States whether  
9 for homestead, mineral, right-of-way or other purposes. Nothing in this  
10 chapter affects the rights of an owner, claimant, locator or entryman to  
11 the full use and enjoyment of the land so occupied.

12 Sec. 29.18.208. PAYMENT IN LIEU OF LAND. (a) There is estab-  
13 lished within the general fund the Alaska municipal land account for the  
14 purpose of allowing eligible municipalities to receive payment in lieu  
15 of land entitlements provided in sec. 202 of this chapter.

16 (b) By August 1 of each year the director shall certify to each  
17 municipality having an entitlement under sec. 202 of this chapter the  
18 acreage of patented selections, approved selections not yet patented,  
19 pending municipal land selections neither approved nor disapproved by  
20 the director, and the remaining entitlement of the municipality. If at  
21 the time of certification the ratio of the remaining entitlement of the  
22 municipality to the vacant, unappropriated, unreserved land within the  
23 municipality is greater than two to one, or if there are less than 1,000  
24 acres of vacant, unappropriated, unreserved land within the municipality,  
25 the municipality may, at its option, request payment in lieu of land from  
26 the account established in (a) of this section; however, no payment may  
27 be made to the City and Borough of Juneau, the City and Borough of Sitka  
28 or the Ketchikan Gateway Borough under this subsection until the fiscal  
29 year after cumulative appropriations to the account exceed \$12,000,000

1 or until the fiscal year beginning July 1, 1984, whichever occurs first.

2 (c) A municipality eligible for payment under this section may,  
3 by October 1 of each fiscal year of eligibility, notify the director  
4 of its election to accept payment in lieu of land from the account.  
5 A municipality may accept payment for not more than 15 per cent of its  
6 entitlement under sec. 202 of this chapter, to a maximum of 10,000 acres,  
7 in each fiscal year. A municipality which chooses to accept payment in  
8 lieu of land shall be entitled to an amount based on the cumulative total  
9 number of acres of remaining entitlement which it relinquishes according  
10 to the following schedule:

- 11 (1) 10,000 acres or less -- \$1,500 per acre;      ? ?  
12 (2) 10,001 to 20,000 acres -- \$750 per acre; and  
13 (3) more than 20,000 acres -- \$350 per acre.

14 (d) The governor shall annually submit to the legislature a request  
15 for an appropriation to the account for the municipalities which have  
16 elected to receive payment in lieu of land under this section.

17 (e) If the total appropriation is not sufficient to meet the amount  
18 due to all municipalities which have elected to accept payment in lieu  
19 of land under (c) of this section, the governor shall apportion the  
20 appropriation among the municipalities in proportion to the payment  
21 calculated for each municipality for that year. When a distribution of  
22 payments is made under this subsection, the remaining entitlement of a  
23 municipality to which payment is made shall be reduced in an amount  
24 equal to the number of acres for which payment was received. An appor-  
25 tionment may increase the acreage for which a municipality may request  
26 payment in a succeeding year, but this increase in acreage does not  
27 authorize a municipality to request payment in lieu of land of more than  
28 10,000 acres in any one year.

29 Sec. 29.18.210. AUTHORIZATION FOR LAND EXCHANGES. The director,

1 with the concurrence of the commissioner, and any municipality are  
2 authorized to exchange land or interests in land when it is in the  
3 public interest. Land or interests in land exchanged under this section  
4 must be of approximately equal value, including the non-monetary value  
5 of public benefits. Exchange procedures shall comply with applicable  
6 law and municipal ordinances. The notice and review provisions of AS  
7 38.05.305 and 38.05.345 are applicable to exchanges of land under this  
8 section. The provisions of AS 38.50 do not apply to exchanges of land  
9 under this section.

10 Sec. 29.18.212. PUBLIC PURPOSE AND EXPANSION NEEDS. (a) Consis-  
11 tent with the best interests of the state, if a municipality does not  
12 contain and cannot reasonably acquire sufficient nonfederal land within  
13 its boundaries to meet its legitimate needs for public or private settle-  
14 ment or development, it shall be the policy of the state to select  
15 federal land reasonably necessary to meet the needs of the municipality  
16 and to make the land selected available to the municipality under AS  
17 38.05.315 or (b) of this section.

18 (b) Where state land is the most logical location for demonstrated  
19 municipal expansion for nonpublic settlement and development purposes,  
20 and when an exchange of land under sec. 210 of this chapter is not  
21 possible or is not in the public interest, it is the policy of the state  
22 to sell or lease the land at public auction. The state may contract  
23 with a municipality to act as its agent in an auction of state land  
24 under applicable statutes. When a municipality acts as the agent of the  
25 state in an auction, the municipality may retain from the proceeds of  
26 the auction the expenses which the director determines to be necessary  
27 and reasonable.

28 (c) Nothing in this chapter limits or impairs the authority of the  
29 director to transfer land to municipalities, without limit or considera-

1 tion, for public purposes in accordance with AS 38.05.315. If there is  
2 a remaining entitlement of the municipality, land transferred under AS  
3 38.05.315 shall be credited toward fulfillment of the entitlement;  
4 however, land conveyed to the state under sec. 12(d)(2) of Public Law  
5 94-204 and subsequently conveyed by the state to a municipality under  
6 secs. 202 - 218 of this chapter or AS 38.05.315 may not be credited  
7 against the municipality's remaining entitlement.

8 Sec. 29.18.214. ELECTION OF BENEFITS. (a) A municipality which  
9 on the effective date of this Act is engaged in litigation, or which  
10 becomes engaged in litigation, regarding a claim to state land under  
11 former secs. 190 - 200 of this chapter shall elect either to obtain the  
12 benefits provided in secs. 202 - 218 of this chapter or to pursue the  
13 litigation and thereby waive any claim to entitlement under secs. 202 -  
14 218 of this chapter. An election shall be made by filing a motion for  
15 dismissal with prejudice in the court in which the litigation is pending.  
16 If the claim involves a municipality identified in sec. 202(a) of this  
17 chapter, the municipality shall file its motion for dismissal within 60  
18 days of the effective date of this Act. If the claim involves a muni-  
19 cipality not listed in sec. 202(a) of this chapter, the municipality  
20 shall file its motion for dismissal within 60 days after receiving the  
21 certificate of entitlement provided by the director under sec. 202(c) of  
22 this chapter. Failure of the municipality to file a motion for dis-  
23 missal during the time period provided in this subsection shall be  
24 considered a waiver of entitlement under secs. 202 - 218 of this chapter.

25 (b) A municipality which was eligible to file land selections under  
26 the former secs. 190 - 200 of this chapter and which does not enter into  
27 litigation over a claim to rights under those sections before the expira-  
28 tion of the time period within which it could make an election under (a)  
29 of this section shall be considered to have elected to receive benefits

1 under secs. 202 - 218 of this chapter and to have waived any claim which  
2 might have been raised under former secs. 190 - 200 of this chapter.

3 Sec. 29.18.216. ADMINISTRATION. The commissioner may adopt regula-  
4 tions in accordance with the Administrative Procedure Act (AS 44.62)  
5 necessary to carry out the purposes of secs. 202 - 218 of this chapter.

6 Sec. 29.18.216. DEFINITIONS. In secs. 202 - 218 of this chapter,  
7 unless the context otherwise requires,

8 (1) "approved selection" means a municipal land selection  
9 which has been approved in writing by the director for transfer by patent  
10 to a municipality;

11 (2) "director" means the director of the division of lands,  
12 Department of Natural Resources, or his designee;

13 (3) "general grant land" means land patented or tentatively  
14 approved to the state from the United States under secs. 6(a) or (b)  
15 of the Alaska Statehood Act;

16 (4) "municipal land selection" means a request by a munici-  
17 pality, filed in writing with the director under authority of secs.  
18 190 - 200 of this chapter repealed by this Act or under secs. 202 - 218  
19 of this chapter for vacant, unappropriated, unreserved general grant  
20 land within its municipal boundaries in partial fulfillment of its  
21 municipal entitlement;

22 (5) "municipality" means a home rule or general law city  
23 or organized borough of any class, and includes third class boroughs and  
24 unified municipalities established under AS 29.68.240 - 29.68.440;

25 (6) "patent" means a document, issued by the director to a  
26 municipality for a previously approved selection, which conveys and  
27 quitclaims all the right, title and interest of the state without reser-  
28 vation or condition except as may be required by law;

29 (7) "remaining entitlement" means the general grant land

1 entitlement determined in accordance with sec. 202 of this chapter, re-  
2 duced by the total acreage of approved selections, including both  
3 patented and unpatented parcels;

4 (8) "vacant, unappropriated, unreserved land" means general  
5 grant land as defined in (3) of this section, excluding minerals as  
6 required by sec. 6(i) of the Alaska Statehood Act, which

7 (A) has not been set aside by statute for one or more  
8 particular uses or purposes;

9 (B) has not been approved for patent to a municipality  
10 under secs. 202 - 218 of this chapter or former secs. 190 - 200 of  
11 this chapter repealed by this Act; or

12 (C) is unclassified or, if classified under AS 39.05.300,  
13 is classified for agricultural, grazing, commercial, industrial,  
14 private recreational, residential, utility or open-to-entry pur-  
15 poses.

16 \* Sec. 3. AS 38.05.321 is repealed and re-enacted to read:

17 Sec. 38.05.321. RESTRICTION ON SALE, LEASE OR OTHER DISPOSAL OF  
18 AGRICULTURAL AND GRAZING LAND. (a) The sale, lease or other disposal  
19 of state land classified as agricultural or grazing land transfers only  
20 rights for agricultural and grazing purposes, and all other interests  
21 in the land remain with the state unless otherwise required by law.

22 (b) State land classified as agricultural or grazing land which  
23 has been selected by a municipality under AS 29.18.190 - 29.18.200 or  
24 29.18.204(e) may be approved by the director for patent under AS 29.-  
25 18.204(f); however, only rights in the land for agricultural or grazing  
26 purposes may be transferred and all other interests in the land will  
27 remain with the state. Agricultural or grazing land approved for patent  
28 to a municipality under AS 29.18.204(f) shall be credited, acre for acre,  
29 toward fulfillment of that municipality's entitlement under AS 29.18.202.

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If the director later determines it to be in the best interests of the state to transfer some or all of the additional rights in that approved or patented agricultural or grazing land, those rights shall pass without consideration to the municipality in which the land is located.

(c) The provisions of this section do not apply to state land classified as agricultural or grazing land which has been selected by a municipality under the provisions of AS 29.18.190 - 29.18.200 if the selection is an approved selection valid under AS 29.18.204(b).

\* Sec. 4. AS 38.05.290 is amended by adding a new subsection to read:

(b) Consistent with the best interests of the state, in the selection of general grant land it is the policy of the state to make available the maximum land area from which municipalities may fulfill land entitlements under AS 29.18.202 - 29.18.218.

\* Sec. 5. AS 29.18.190, 29.18.200, and 29.18.420 are repealed.

\* Sec. 6. This Act takes effect immediately in accordance with AS 01.10.070(c).

Introduced: 3/11/77  
Referred: Community & Regional  
Affairs and Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 241 -

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to selection and transfer of state  
7 land to municipalities; and providing for an effec-  
8 tive date."

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

10 \* Section 1. STATEMENT OF PURPOSE. The purposes of this Act are: to  
11 remove existing inequities and uncertainties in the existing municipal land  
12 selection law of the state; to provide for an immediate, final determination  
13 of municipal land entitlement; to provide for the completion of rational  
14 ownership patterns for sound land management within five years; and to  
15 provide for timely patent of lands to municipalities to fulfill their  
16 respective entitlements.

17 \* Sec. 2. AS 29.18 is amended by adding new sections to read:

18 ARTICLE 3A. STATE LAND.

19 Sec. 29.18.202. DETERMINATION OF ENTITLEMENT. The total state  
20 land entitlement of each municipality eligible to receive state land,  
21 under the former secs. 190 - 200 of this chapter, is 10 per cent of  
22 the maximum total acreage of vacant, unappropriated, unreserved general  
23 grant land within the boundaries of each municipality at any time  
24 since the initial date of eligibility under the former secs. 190 -  
25 200, but in no event later than December 31, 1976. For purposes of  
26 determination of entitlement, the boundaries of each municipality are  
27 those which existed on the initial date of eligibility under the  
28 former secs. 190 - 200.

29 Sec. 29.18.204. FULFILLMENT OF LAND ENTITLEMENTS. State land

1 entitlements of eligible municipalities shall be fulfilled in the  
2 following manner:

3 (1) Within six months of the effective date of this Act,  
4 the director shall determine each municipality's entitlement as defined  
5 in sec. 202 of this chapter and shall certify that entitlement to each  
6 municipality.

7 (2) The acreage of each municipality's land selections  
8 under the former secs. 190 - 200 of this chapter, for which patent has  
9 been issued before the effective date of this Act, shall be credited  
10 toward fulfillment of that municipality's entitlement.

11 (3) All approved selections under the former secs. 190 -  
12 200 of this chapter, for which patent has not yet issued to a munici-  
13 pality as of the effective date of this Act, shall be reviewed by the  
14 director within six months after the effective date of this Act. Any  
15 approved selection for land which was vacant, unappropriated, or  
16 unreserved on the date of approval is considered valid, and a patent  
17 shall be issued to the municipality within six months after approval  
18 by the director of a plat of survey for the approved selection. This  
19 acreage shall be credited toward fulfillment of that municipality's  
20 entitlement. No municipality is entitled to receive patent under this  
21 chapter to more than its entitlement under sec. 202 of this chapter.  
22 Any prior approval by the director of municipal selections for land  
23 which was not vacant, unappropriated, or unreserved on the date of  
24 approval shall be rescinded, and patent may not be issued except where  
25 disposal to a third party by sale or lease has occurred. Patent for  
26 approved municipal selections of land under agricultural or grazing  
27 lease as of the effective date of this Act is subject to AS 38.05.321.  
28 Classification actions as reflected upon the land status records of  
29 the Department of Natural Resources are determinative of land classifi-

1 cation status for the purposes of this chapter.

2 (4) All municipal land selections under the former secs.  
3 190 - 200 of this chapter not yet approved as of the effective date of  
4 this Act shall be recognized by the director as representing the  
5 priority interests of the municipalities under this Act and those  
6 selections shall be given first consideration under (6) of this section  
7 unless a municipality indicates different priorities.

8 (5) No filing of a municipal land selection vests any  
9 rights to the land selected unless approved by the director as being  
10 in the best interests of the state. As of the effective date of this  
11 Act, and for a period of five years after that date, no classification  
12 under AS 38.05.300 of a parcel of state land in excess of 5,760 acres  
13 is effective, unless otherwise required by law, if the municipality in  
14 which the land lies, notifies the director in writing of the reasons  
15 for any objections to the classification within 30 days after receipt  
16 of notice of the proposed classification.

17 (6) Commencing on the effective date of this Act, and  
18 within five years after that date, each eligible municipality and the  
19 director shall jointly determine which vacant, unappropriated, unre-  
20 served land, including federal land of interest to a municipality  
21 which is selectable by the state as general grant land, within the  
22 boundaries of the municipality is appropriate for selection and approval  
23 to fulfill any remaining municipal land entitlement. This joint  
24 determination must include a cooperative land management and planning  
25 process which will, in addition to the normal objectives of such  
26 processes, identify both local and state interests in the remaining  
27 vacant, unappropriated, unreserved land within each municipality. The  
28 director shall expeditiously review municipal selections for that land  
29 jointly identified as being of predominantly local interest. Following

1 approval of a municipal selection, a patent shall be issued to the  
2 municipality within six months after approval by the director of a  
3 plat of survey for the approved selection.

4 (7) In determining whether a municipal selection of vacant,  
5 unappropriated, unreserved land is in the best interests of the state,  
6 the director shall consider the state's responsibilities for develop-  
7 ing and protecting those land values which are of statewide concern.  
8 Responsibilities which are of general statewide concern include: large  
9 scale development, development of regional impact, and critical en-  
10 vironmental concerns. Specific land values to be considered include:  
11 air quality; water; minerals and energy; timber; agricultural; grazing;  
12 fish, wildlife, and their habitat; public recreation, natural histori-  
13 cal, and archaeological areas of greater than local significance;  
14 public access to public land and water; transportation; communications;  
15 public safety; and other values of greater than local significance.

16 (8) Every action of approval or disapproval of a municipal  
17 selection by the director must include a written explanation of that  
18 decision based upon the values enumerated in (7) of this section. If  
19 the interests of the state may be protected through conveyance of less  
20 than fee title, the director may only convey title less than fee title  
21 in acre-for-acre fulfillment of the municipality's entitlement.

22 (9) Within 30 days after the convening of the first regular  
23 session of the Eleventh Alaska Legislature, and the first and second  
24 regular sessions of the Twelfth Alaska Legislature, the director shall  
25 report to the legislature on the implementation of secs. 202-216 of  
26 this chapter.

27 Sec. 29.18.206. SELECTION AND CONVEYANCE PROCEDURE. (a) All  
28 selections must be made in reasonably compact tracts, taking into  
29 account the use capabilities of a tract as well as its relationship to

1 surrounding land uses. Selections filed by a municipality, but not  
2 yet approved by the director, may be relinquished at any time.  
3 Approved selections may be relinquished by a municipality if agreed to  
4 by the director. Selections or approved selections relinquished by a  
5 municipality increase its remaining entitlement on an acre-for-acre  
6 basis.

7 (b) If land selected by a municipality is unsurveyed at the time  
8 of approval, the director shall survey, or may approve the municipality's  
9 survey of, the exterior boundaries of such an approved selection  
10 without interior subdivision, and he shall issue patent in terms of  
11 the exterior boundary survey. The cost of the survey shall be borne  
12 by the municipality. If land selected by a municipality has been sur-  
13 veyed at the time of its selection, the boundaries must conform to the  
14 public land subdivisions established by the approved survey.

15 (c) The director may approve municipal selections for land  
16 tentatively approved or patented to the state by the federal government,  
17 but he may not issue patent to a municipality until that land has been  
18 first patented to the state. After approval of a selection by the  
19 director, but before patent to a municipality, the municipality may  
20 execute conditional leases and make conditional sales only after  
21 approval by the director of a plat of survey of the area to be leased  
22 or sold.

23 (d) Nothing in this chapter affects a valid existing claim,  
24 location, or entry under the laws of the state or the United States  
25 whether for homestead, mineral, right-of-way or other purpose, nor  
26 affects the rights of an owner, claimant, locator, or entryman to the  
27 full use and enjoyment of the land so occupied.

28 Sec. 29.18.208. AUTHORIZATION FOR LAND EXCHANGES. The director,  
29 with the concurrence of the commissioner, and the municipalities are

1 authorized and encouraged to exchange land or interests in land among  
2 themselves where it is in the best public interest. Land or interests  
3 in land exchanged under this section must be of approximately equal  
4 value, including values of public benefits. Exchanges under this  
5 chapter are not subject to the provisions of AS 38.50, but are subject  
6 to the notice and review provisions of AS 38.05.305 and AS 38.05.345.

7 Sec. 29.18.210. DIRECTOR'S AUTHORITY. Nothing in this chapter  
8 limits or impairs the director's authority to transfer land to muni-  
9 cipalities for public purposes under AS 38.05.315, except that the  
10 acreage of such transfers must be credited toward fulfillment of a  
11 municipality's land entitlement so long as any unfulfilled entitlement  
12 remains.

13 Sec. 29.18.212. ELECTION OF BENEFITS. (a) A municipality which  
14 is or becomes engaged in litigation against the state regarding a  
15 claim to state lands under the former secs. 190 - 200 of this chapter  
16 shall elect either to obtain the benefits afforded by secs. 202 - 216  
17 of this chapter, or to pursue that litigation and thereby waive any  
18 claim to entitlement under secs. 202 - 216. That election must be  
19 made by filing a motion for dismissal with prejudice in the court in  
20 which the litigation is pending within 60 days after the effective  
21 date of this Act. Failure to file such a motion within the time  
22 period allowed is considered a waiver of entitlement under secs. 202 -  
23 216.

24 (b) A municipality which has filed land selections under the  
25 former secs. 190 - 200 of this chapter and which is not in litigation  
26 with the state regarding a claim to rights under those statutes may,  
27 within 60 days after the effective date of this Act, elect to pursue  
28 its claim under the former secs. 190 - 200 by filing a legal action in  
29 the superior court to perfect the claim. A municipality not so

1 filing within the time period specified is considered to have elected  
2 to receive benefits under secs. 202 - 216 of this chapter, and to have  
3 waived any claims which might have been raised under the former secs.  
4 190 - 200.

5 Sec. 29.18.214. REGULATIONS. The commissioner may adopt regula-  
6 tions under the Administrative Procedure Act (AS 44.62) necessary to  
7 carry out the purposes of secs. 202 - 216 of this chapter.

8 Sec. 29.18.216. DEFINITIONS. In secs. 202 - 216 of this chapter,  
9 unless the context requires otherwise

10 (1) "approved selection" means a municipal land selection  
11 which has been approved in writing by the director as being in the  
12 best interests of the state for transfer by patent to a municipality;

13 (2) "director" means the director of the division of  
14 lands, Department of Natural Resources, or his designee;

15 (3) "general grant land" means land patented or tentatively  
16 approved to the state from the United States under Section 6(a) or (b)  
17 of the Alaska Statehood Act (72 Stat. 339, et. seq.);

18 (4) "municipal land selection" means a request by a municipi-  
19 pality, filed in writing with the director under authority of the  
20 former secs. 190 - 200 of this chapter, or under secs. 202 - 216 of  
21 this chapter, for vacant, unappropriated, unreserved land within its  
22 municipal boundaries in partial fulfillment of its municipal entitle-  
23 ment;

24 (5) "municipality" means an incorporated city or organized  
25 borough of any class, whether home rule or otherwise, and includes a  
26 municipality unified under AS 29.68.240 - 29.68.440;

27 (6) "patent" means a document, issued by the director to a  
28 municipality for a previously approved selection, which conveys and  
29 quitclaims all the state's right, title, and interest, without reserva-

1 tion or condition except as may be permitted by law;

2 (7) "vacant, unappropriated, unreserved land" means the  
3 surface estate of general grant land as defined in (3) of this section,  
4 exclusive of shoreland, which.

5 (A) has not been set aside by statute for one or more  
6 particular uses or purposes; or

7 (B) is unclassified or, if classified under AS 38.05.-  
8 300, is classified for agricultural, grazing, commercial, indus-  
9 trial, private recreation, residential, utility, or open-to-entry  
10 purposes.

11 \* Sec. 3. AS 38.05.321 is repealed and re-enacted to read:

12 Sec. 38.05.321. RESTRICTION ON SALE, LEASE OR OTHER DISPOSAL OF  
13 AGRICULTURAL AND GRAZING LAND. (a) The sale, lease or other disposal  
14 of state land classified as agricultural or grazing land transfers  
15 only rights for agricultural and grazing purposes, and all other  
16 interests in the land remain with the state unless otherwise required  
17 by law.

18 (b) State land classified as agricultural or grazing land and  
19 selected by a municipality under the former AS 29.18.190 - 29.18.200  
20 or under AS 29.18.202 - 29.18.216 may be approved and patented to that  
21 municipality; however, only rights in the land for agricultural and  
22 grazing purposes may be transferred and all other interests in the  
23 land will remain with the state. Agricultural or grazing land patented  
24 to a municipality shall be credited, acre for acre, toward fulfillment  
25 of that municipality's entitlement under AS 29.18.202. If the director  
26 later determines it to be in the best interests of the state to transfer  
27 some or all of the additional rights in that approved or patented  
28 agricultural or grazing land, those rights shall pass without considera-  
29 tion to the municipality in which the land is located.

1 \* Sec. 4. AS 29.18.190, 29.18.200, and 29.18.420 are repealed.

2 \* Sec. 5. This Act takes effect immediately in accordance with AS 01.-  
3 10.070(c).

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4. Municipal Court Costs

House Bill 214 sponsored by Malone and Senate Bill 179 sponsored by Huber, Willis, Bradley, and Rodey are identicle bills. These bills would forgive all debts incurred and outstanding against political subdivisions for payment to the state for judicial services rendered under AS 22.15.270 (as it read prior to 1976). The Municipality has approximately \$250,000 in outstanding debt which would be forgiven if this legislation were to pass. Hence, Municipal Assembly and Administration strongly support passage of these legislative proposals.

RECEIVED

FEB 23 1977

MANAGER'S OFFICE

Introduced: 2/14/77  
Referred: Finance

1 IN THE HOUSE

BY MALONE

2 HOUSE BILL NO. 214

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act forgiving amounts owed by political subdivisions  
7 for judicial services; and providing for an effective  
8 date."

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

10 \* Section 1. FORGIVENESS OF JUDICIAL SERVICES DEBTS. All debts incurred  
11 and outstanding against political subdivisions for payment to the state for  
12 judicial services under AS 22.15.270 as it read before 1976 are forgiven.

13 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.  
14 070(c).

*Rules  
Code passed*

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RECEIVED  
FEB 23 1977  
MEMBER'S OFFICE

Introduced: 2/24/77  
Referred: Community & Regional  
Affairs

BY HUBER, BRADLEY, ROSS  
AND WILLIS

1 IN THE SENATE

2

SENATE BILL NO. 179

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act forgiving amounts owed by political subdivisions  
7 for judicial services; and providing for an effective  
8 date."

8

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

10

\* Section 1. FORGIVENESS OF JUDICIAL SERVICES DEBTS. All debts incurred  
11 and outstanding against political subdivisions for payment to the state for  
12 judicial services under AS 22.15.270 as it read before 1976 are forgiven.

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13

\* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-  
14 070(c).

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5. Mandatory Minimum Sentencing  
(Drun' Driving)

Alcohol abuse is well recognized as a major contributing factor to traffic accidents and fatalities in Alaska. Nonetheless under present law, a person arrested for the first time for driving while intoxicated is not required to serve time in jail but may escape with merely a fine and suspended sentence. He or she may therefore take lightly the seriousness of the offense and the tragedy which may result from driving while intoxicated.

House Bill 127 amends AS 28.35.939 to provide that first time offenders be required to serve a minimum of three consecutive days in jail. No portion of that sentence may be suspended. Additionally, sentences imposed for subsequent offenses must be served consecutively.

The imposition of a mandatory minimum sentence and a requirement that the jail sentence be served consecutively will have a substantial economic impact on the violator. This is a strategic part of the legislation which combines legal and economic sanctions as a deterrent to alcohol abuse.

FEB 14 1977

MUNICIPAL MANAGERS  
OFFICE

Original sponsors: Meekins, Dankworth  
and Swanson

Offered: 2/9/77  
Referred: Rules

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 127

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to penalties for driving while intoxi-  
7 cat d."

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

9 \* Section 1. AS 28.35.030 is amended to read:

10 Sec. 28.35.030. DRIVING WHILE UNDER THE INFLUENCE OF INTOXICATING  
11 LIQUOR OR DRUGS. A person who, while under the influence of intoxica-  
12 ting liquor, depressant, hallucinogenic or stimulant drugs or narcotic  
13 drugs as defined in AS 17.10.230(13) and AS 17.12.150(3) operates or  
14 drives an automobile, motorcycle or other motor vehicle in the state,  
15 upon conviction, is punishable by a fine of not more than \$1,000, or by  
16 imprisonment for not more than one year, or by both and [. UPON A  
17 SECOND CONVICTION WITHIN FIVE YEARS AFTER A FIRST CONVICTION UNDER THIS  
18 SECTION,) the court shall impose a minimum sentence of imprisonment of  
19 not less than three consecutive days. Upon a subsequent conviction  
20 within five years after a [SECOND] conviction under this section, the  
21 court shall impose a minimum sentence of imprisonment of not less than  
22 10 consecutive days. The execution of sentence may not be suspended nor  
23 may probation or parole be granted until the minimum imprisonment pro-  
24 vided in this section has been served, nor may imposition of sentence be  
25 suspended, except upon the condition that the defendant be imprisoned  
26 for no less than the minimum period provided in this section, nor may  
27 the punishment provided for in this section be reduced under AS 11.05.-  
28 150. In addition, his operator's license shall be revoked in accordance  
29 with AS 28.15.210(c).

6. Public Utility Rate Making

INCLUSION OF CONSTRUCTION WORK IN PROGRESS (CWIP)  
IN RATE BASE

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Plant construction has always been a vital part of utility planning and operations and is a function which is necessary to provide the plant required for adequate utility service. The practice of excluding CWIP from rate base and deferring recovery of such capital costs has been common for many years. While the theory of cost deferral is sound, and for many years there was very little challenge as to these deferrals, conditions have changed dramatically in the past few years and the combined impetus of substantial construction additions, prolonged construction periods, and the high costs of capital, with depressed earnings from operations, now cause very severe financial results.

It is now appropriate to include CWIP in the rate base so as to recover, on a current basis, the capital costs associated therewith, rather than deferring such costs for future recovery. There are a number of benefits to such an approach, with no concurrent disadvantage to the consumer or to the utility. The benefits which will flow from including CWIP in rate base, which inure to both the utility and to the consumer, include the following:

- (1) offset to attrition
- (2) improved cash flow
- (3) improved debt coverages
- (4) reduced business risks

Nor does the customer appear to be put to a disadvantage by including CWIP in rate base. True, the customer will pay for the cost of service at an earlier date and, therefore, the rates initially will be higher to that extent; but on a time value of money, the cost is exactly the same to the customer and it is a question of when the costs are recovered, rather than whether such costs are recovered. In addition, on an absolute dollar cost basis, the customer will actually pay less in total dollars.

IN THE LEGISLATURE OF THE STATE OF ALASKA

TENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act Entitled: "An Act Relating to Rate Making  
for Public Utilities"

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA

Section 1. AS 42.05.441(b) is repealed and reenacted  
to read:

Section 42.05.441(b). Valuation of Property of a  
Public Utility.

(b) For rate making purposes the Commission shall determine the rate base of a public utility by calculating the acquisition of cost [OR, IF LOWER, THE ORIGINAL COST] of utility property used and useful in rendering service to the public [TO THE PERSON FIRST DEVOTING IT TO PUBLIC SERVICE] less accrued depreciation, plus construction work in progress, plus materials and supplies and a reasonable allowance for cash working capital when required.

7. Small Business Guaranty Corporation

Small Business Surety Guaranty Corporation of Alaska

Legislation is being drafted to assist small Alaskan businesses which are currently unable to participate in Municipal and state contract bidding because they are unable to obtain the requisite bid, construction or performance bonds. The proposed legislation would set up a state agency which would be guarantor of surety bonds (up to 90%) which the Small Business Administration has declined to guaranty, and would also be authorized to provide surety bonds in instances where private financial institutions have refused to give bond. The result will be a responsible agency which assists these small businesses in obtaining bonds when all other bonding sources have failed.

8. HEALTH AND SOCIAL SERVICE

PROGRAM COSTS

The attached position paper was presented to the House HESS committee last year in regards to House Bills 206 and 207.

The legislature increased the line item contract amount to the Municipality from \$500,000.00 to \$700,000.00. The Governor, however, line item vetoed \$100,000.00 of that amount.

We obviously need to have the 1978/79 budget amount increased again especially if it is to be a floor as spoken to in the legislation.

DEPARTMENT OF HEALTH AND ENVIRONMENTAL PROTECTION  
MUNICIPALITY OF ANCHORAGE

March 9, 1977

TESTIMONY PRESENTED BY ROBERT A. "BERT" HALL BEFORE THE HESS  
COMMITTEE OF THE HOUSE OF REPRESENTATIVES.

Mr. Chairman, members of the House HESS Committee, my name is Bert Hall; I am the Director of the Department of Health and Environmental Protection for the Municipality of Anchorage.

We have been studying very carefully House Bills 206 and 207 and have accomplished some analysis of the potential impacts, both positive and negative, of that legislation upon the Municipality. Our prime concern is obviously with H.B. 206 since, by definition, we would be excluded from consideration under H.B. 207.

The testimony we offer today, especially any statistics, are intended to be preliminary in nature with dollar figures used only for illustrative purposes. We are attempting to document some accurate reflection of the history of our past experiences in joint funding public health services in the Anchorage area.

Let me begin by stating that we believe that there needs to be established a formal and equitable system for the orderly delegation of state authority to municipalities and for the authorization of grants to local governments to assist in providing public health services. We agree with the stated purpose - to provide and safeguard the health of the general public. However, if our understanding of the system suggested in H.B. 206 as it would apply to the Municipality of Anchorage is accurate, then we have some real problems endorsing the legislation without amendment.

Since the Municipality of Anchorage has the only history of joint governmental funding of public health services in Alaska, perhaps it would be helpful to review briefly our past experiences.

As early as 1926 the City of Anchorage employed a sanitarian and a nurse to look after some of the health and sanitation problems for the community. Over the years various combinations of efforts by the city and adjacent utility districts with assistance from the Territory and the State have maintained an agency to provide public health services.

*File / State Contract # 500 200*

For about ten years the Greater Anchorage Area Borough Health Department operated as a district agency serving Anchorage and the metropolitan area technically under State authority, and financed by a combination of local, State and Federal funds. A succession of health officers brought variations in emphasis, but for the most part the services included general sanitation and public health nursing.

The assumption of health powers by the Borough in 1964 brought no significant changes in services for several years, though steadily the local agency grew in experience and assumed many responsibilities once carried almost wholly by the State. Even yet the Department lacks some of the most important services such as: Laboratory, Child Guidance, Nutrition and Health Education. Of these only laboratory services are available through the Southcentral Regional Laboratory operated by the State Department of Health and Social Services.

The Department of Health and Environmental Protection's responsibilities include the full scope of health powers, including environmental, since no other official agency of local government has such powers assigned.

"The scope of health is considered to be a state of complete physical, mental and social well being, and not merely the absence of disease or infirmity". This definition has been adopted by the World Health Organization, the American Public Health Association, The Alaska Public Health Association, and by most official health agencies throughout the Country. The practical boundaries of health functions assumed by Federal, State and local official and voluntary agencies are more often defined by limits of resources and recognized needs than by definition of public health which states that "public health includes those services and functions which the people can better provide for themselves collectively rather than as individuals". This definition also implies that as needs change services change to meet them.

As noted above the Department of Health Environmental Protection has grown and has assumed many of the State's public health responsibilities. In recognition of the assumption of these State responsibilities the State gave the Department in fiscal year 1970-71 the amount of \$265,000. Included in this amount was \$125,000 for Alaska Crippled Children's Association and Alaska Retarded Citizen's Association thus leaving \$140,000 for public health services. The \$125,000 for ACCA and ARCA was for the provision of

exceptional children's programs. The \$140,000 was for the provision of communicable disease control, vital statistics collection, environmental sanitation, health education, promotion of individual health and collection and preparation of laboratory samples.

We, the local health authority were expected to accomplish many specific tasks, including the following:

- We would provide immunizations for all citizens without charge,
- We would perform chest x-rays,
- We would provide diagnostic consultation for TB and for venereal diseases,
- We would accomplish epidemiological investigations where appropriate.

In the environmental health area;

- We would inspect public facilities: eating and drinking establishments, grocery stores, bakeries, etc.; housing and mobile home communities, schools, hospitals, nursing homes, swimming pools, etc.
- We would respond to complaints and public nuisances,
- We would deal with most matters of pollution, especially water and sewer.

To promote individual health;

- We would provide for visits of the Public Health Nurse in the home,
- We would conduct family planning clinics,
- We would conduct classes for expectant parents and run well child clinics,
- We would provide consultation to child care centers.

Additionally, we would provide certain limited laboratory services, and the services of the physician.

All of these and many more would be provided in the basis of total health needs.

When the first contract was signed in 1970, it was agreed that the State support would allow for the provision by the Municipality of a proportionally greater amount of services than would have been provided if no contract or grant existed.

It should be pointed out that there was little rhyme nor reason regarding the dollar amount included. The contract instead was a document intended to legally transfer the line item budget amount.

For the next fiscal year, 1971-72, the contract was renegotiated to a total amount of \$500,000, \$140,000 was earmarked for ACCA and ARCA, the exceptional children's programs... \$100,000 was dedicated to environmental health and \$260,000 to public health. The total amount budgeted for these services by the Municipality for that period was \$1,391,000. The State's share of that budget was therefore, 25.9%. It is my belief that that contract was the first sincere attempt to share reasonable costs.

I have studied all of the contracts since 1971. All are basically the same; all use the same words, all have the same conditions, all have the same scope - and unfortunately all have the same dollar amount.

Meanwhile, the population of Anchorage has grown about 50%, services have been expanded to meet the recognized needs; inflation has eaten away at the purchasing power or service delivery capability of the \$360,000 we received from the State for the provision of the public health services described above.

Attached is a graph which illustrates the growth of the true costs and shows also the level of State support.

The true cost of delivering public health services in Anchorage for the present year is \$2,930,170. The Municipality is receiving \$335,430 in other revenue. The State is still contributing \$360,000 which means that its share is now only 13.9%. If the 1971-72 proportion of State investment was interpolated to today's budget then the State would be paying \$754,000 for its share of public health services and a total of \$894,000, recognizing that the \$140,000 was legislatively intended for passthrough projects.

House Bill 206 provides under Section 18.10.031(1) for a grant to a Municipality in an amount equal to 90% of the State budget for public health services furnished by a municipality in that fiscal year; the same level of basic grant support shall be provided in subsequent fiscal years. In order to get this grant the Municipality must only agree to maintain the same level of public health services as furnished by the Department in the fiscal year preceding application for the grant. There is also a hold harmless clause which we cannot interpret.

Under House Bill 206, will the State be willing to go 90% of the true cost of delivering public health services in Anchorage or is it the intent of the State to continue paying the Municipality \$360,000 as provided under Section 18.10.031(d)? Herein lies our major problem with the legislation.

Up until this time the Municipality of Anchorage has provided the public health services in the Anchorage area which are the historic delegated responsibility of the State. The State, through House Bill 206 would contract with local governments and under H.B. 207 create health entities to contract with where no local government exists for the delivery of public health services. In other areas of the State the local residents will only have to pay 10% of the true cost of the delivery of public health services; H.B. 207 provides that where local governments do not exist federal monies can be used to match the State contribution.

Today in Anchorage, the local taxpayers directly pay for 86.1% of the cost of providing public health services as well as their share of State taxes. The people in other communities are not directly paying for any public health services.

In essence, we are questioning whether or not the base figure which would be used to calculate a 90% support for 1980, and would be reflected in all future years, bears any relationship to the true costs as would be the case elsewhere in the State.

Another major concern is the potential disincentive that may be built into the Bill. If a local government knew that it would get 50% support for a new program a few years down the road, why expand services for less support? Someone might even conclude that local autonomy might not be worth spending 85%-90% of the costs with local funds when the basic services could be provided by the State at 100% support if no agreement existed.

A final concern relates to the lack of a clear mechanism for providing for State support of any dramatic increase in needs which comes into being with little warning. In a similar vein, there appears to be no opportunity for passing along any major availability of new health dollars that may come to the State from one source or another.

Thank you.

THOUSANDS

1600

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1200

1000

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EXPENSES RELATING TO  
NURSING, SANITATION & OTHER CARE ONLY

HEALTH CONTRACT

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67-10

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71-2

72-3

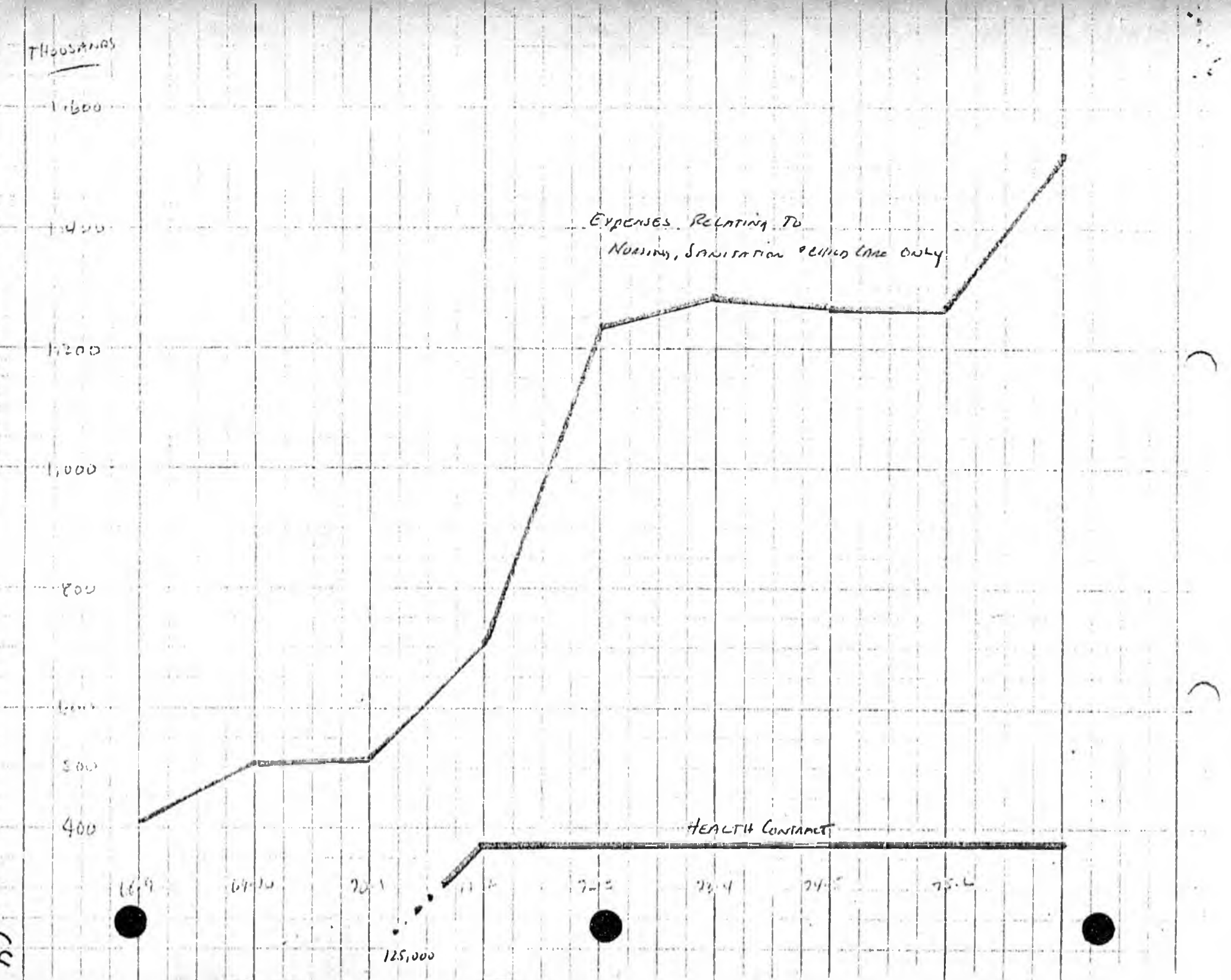
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125,000

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9. PUBLIC EMPLOYEES RETIREMENT SYSTEM  
SICK LEAVE AND SERVICE CREDITS

HB 25 causes some problems for local governments who participate in the State's Public Employee Retirement System, yet have different sick leave or service credit practices than the state.

For example, Under the proposed HB 25

Sec. 1 - The municipality would incur additional financial liability because this section would require the employer to reinstate in full the sick leave accumulated at time of termination if he is reemployed within three years by any participating employer. Thus, if a municipal employee were to terminate today and cash in his sick leave then be rehired by the municipality or state, or any other municipal participant in PERS, his sick leave accrued at time of termination would have to be reinstated. The bill does not address whether, if cashed out for sick leave, the rehired employee would have to repay the money paid him for sick leave upon termination. In this sense, HB 25 needlessly complicates the orderly administration of local government participants in PERS if their personnel practices differ from that of the states. By changing the reference section to AS 39.20 rather than AS 39.35 the problem of adversely affecting participant municipalities would be removed. Anchorage Municipality, as one of those participant communities, opposes the passage of HB 25 without changing the sectional reference from AS 39.35 to AS 39.20.

1 IN THE HOUSE

BY MILLER AND DUNCAN

2 HOUSE BILL NO. 25

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to sick leave credited as service  
7 credit in the Public Employee's Retirement System of  
8 Alaska."

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

10 \* Section 1. AS 39.35 is amended by adding new sections to read:

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get  
it*

11 Sec. 39.35.355. REINSTATED SICK LEAVE. If an employee's employ-  
ment is terminated for any reason before he becomes eligible for a  
retirement benefit and the employee is subsequently reemployed within  
three years by the same participating employer, the employee is entitled  
to have reinstated in full the sick leave he had accumulated at the  
time of his last termination

*getting paid twice  
free when  
credit*

12 Sec. 39.35.365. SICK LEAVE COMPUTED AS SERVICE CREDIT. Upon  
13 retirement, a participating employee is entitled to receive service  
14 credit for his accumulated sick leave. For purposes of determining  
15 his service credit for the entire period of employment, the employee's  
16 sick leave shall be computed as service credit at the same rate of pay  
17 as his salary on retirement.

18 Sec. 39.35.370. OPTION FOR ANNUAL LEAVE COMPUTED AS SERVICE CREDIT  
19 Upon retirement a participating employee shall have the option to receive  
20 service credit for his accumulated annual or personal leave or receive  
21 cash payment for his accumulated annual or personal leave. For pur-  
22 poses of determining his service credit for the entire period of employ-  
23 ment, the employee's annual or personal leave shall be computed as  
24 service credit at the same rate of pay as his salary on retirement.  
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1           Sec. 39.35.375. SERVICE CREDIT FOR SICK LEAVE. An employee who  
2 completes five years of service and whose employment is terminated for  
3 any reason except retirement is entitled to receive service credit for  
4 his accumulated sick leave.  
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10. REPEAL OF BUSINESS LICENSE TAX

SB 41, SB 7 and HB 106 all propose to eliminate the Alaska Business License Tax. This tax provides substantial income to many communities. It contributes approximately \$3,000,000 in revenue to the Municipality of Anchorage. Yet the Municipality is not unsympathetic to the goals of the proposed legislation. However, some source of funding is necessary to replace this important resource to local governments. It is essential that these proposed bills identify an alternate source of funding.

RECEIVED  
JAN 18 1977  
ALASKA GOVERNMENT  
OFFICE

Introduced: 1/13/77

1 IN THE SENATE

BY HUBER

2 SENATE BILL NO. 41

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska business license tax;  
7 and providing for an effective date."

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

9 \* Section 1. AS 43.70.030(a) is amended to read:

10 (a) The license fee for each business is \$25 [PLUS A SUM EQUAL TO  
11 ONE-HALF OF ONE PER CENT OF THE GROSS RECEIPTS IN EXCESS OF \$20,000 FROM  
12 THE BUSINESS DURING THE YEAR FOR WHICH THE LICENSE IS ISSUED, EXCEPT  
13 THAT ALL GROSS VOLUME IN EXCESS OF \$100,000 A YEAR IS TAXED AT THE RATE  
14 OF ONE-QUARTER OF ONE PER CENT. THE ANNUAL LICENSE FEE PAID BY A PROFES-  
15 SIONAL PERSON TO HIS PROFESSIONAL BOARD SHALL BE CREDITED AGAINST THE  
16 INITIAL FEE REQUIRED UNDER THIS CHAPTER].

17 \* Sec. 2. AS 43.70.030(c) is amended to read:

18 (c) The license for the privilege of taking orders through use of  
19 catalogs and by mail order offices in the state is the same as set out  
20 in this chapter for business generally [AND GROSS VOLUME OF BUSINESS OF  
21 THOSE OFFICES INCLUDES ALL ORDERS TAKEN AT THEM WHETHER DELIVERY OF THE  
22 MERCHANDISE IS MADE THROUGH THE OFFICES OR NOT].

23 \* Sec. 3. AS 43.70.030(d) is amended to read:

24 (d) The initial fee of \$25 applies to all of the provisions of  
25 this section, and shall accompany the application. The balance under  
26 sec. 30(b) of this chapter is due and payable on December 31st of each  
27 year and shall be paid before the first day of March following, except  
28 that the department may extend the time until the 30th of the following  
29 April upon application showing that the extension is necessary to enable

1 the applicant to ascertain the amount of license money due. To enable  
2 accurate determination of the balance of the tax due at the end of each  
3 year, each person to whom this chapter applies shall keep records, give  
4 statements under oath, and make returns which the department requires.  
5 Returns are made under penalty of perjury.

6 \* Sec. 4. AS 43.70.040 is amended to read:

7 Sec. 43.70.040. REVIEW AND DETERMINATION OF LICENSE TAX. As soon  
8 as practicable after the final payment of the tax under sec. 30(b) of  
9 this chapter, the department shall examine the return and determine the  
10 correct amount of the tax and, if an error is found, shall notify the  
11 taxpayer of the error and examine the taxpayer's records as authorized  
12 in AS 43.05.040, and take other proper steps to determine the amount  
13 due.

14 \* Sec. 5. AS 43.70.080 is amended to read:

15 Sec. 43.70.080. DISPOSAL OF MONEY. All money collected by the  
16 department under this chapter shall be deposited in the general fund.  
17 Each fiscal year, the [THE] Department of Revenue shall refund to each  
18 organized borough and each city of any class 60 per cent of the money  
19 collected in the local government or an amount equal to the amount of  
20 shared business license tax receipts which the borough or city was en-  
21 titled to receive under this section for the state fiscal year ending  
22 June 30, 1976, whichever is greater.

23 \* Sec. 6. AS 43.70.010 and AS 43.70.110(2) are repealed.

24 \* Sec. 7. This Act takes effect January 1, 1978.

RECEIVED

JAN 14 1977  
MUNICIPAL MANAGER'S  
OFFICE

1 IN THE SENATE

BY ORSINI

2 SENATE BILL NO. 7

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Business License Act;  
7 and providing for an effective date."

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

9 \* Section 1. AS 43.70.010 is repealed.

10 \* Sec. 2. AS 43.70.030(a) is amended to read:

11 (a) The license fee for each business is \$25 [PLUS A SUM EQUAL TO  
12 ONE-HALF OF ONE PER CENT OF THE GROSS RECEIPTS IN EXCESS OF \$20,000 FROM  
13 THE BUSINESS DURING THE YEAR FOR WHICH THE LICENSE IS ISSUED, EXCEPT  
14 THAT ALL GROSS VOLUME IN EXCESS OF \$100,000 A YEAR IS TAXED AT THE RATE  
15 OF ONE-QUARTER OF ONE PER CENT. THE ANNUAL LICENSE FEE PAID BY A PRO-  
16 FESSIOAL PERSON TO HIS PROFESSIONAL BOARD SHALL BE CREDITED AGAINST THE  
17 INITIAL FEE REQUIRED UNDER THIS CHAPTER].

18 \* Sec. 3. AS 43.70.030(c) is amended to read:

19 (c) The license for the privilege of taking orders through use of  
20 catalogs and by mail order offices in the state is the same as set out  
21 in this chapter for business generally [AND GROSS VOLUME OF BUSINESS OF  
22 THOSE OFFICES INCLUDES ALL ORDERS TAKEN AT THEM WHETHER DELIVERY OF THE  
23 MERCHANDISE IS MADE THROUGH THE OFFICES OR NOT].

24 \* Sec. 4. AS 43.70.040(a) is amended to read:

25 (a) As soon as practicable after the final payment of the tax  
26 under sec. 30(b) of this chapter, the department shall examine the  
27 return and determine the correct amount of the tax and, if an error is  
28 found, shall notify the taxpayer of the error and examine the taxpayer's  
29 records as authorized in AS 43.05.040, and take other proper steps to

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determine the amount due.

\* Sec. 5. AS 43.70.040(b) is amended to read:

(b) If an agreement cannot be reached with the taxpayer as to the amount of a license tax due under sec. 30(b) of this chapter, the department may set a time and place of hearing on the question, upon at least 60 days' notice of the hearing by mail to the taxpayer. At the hearing a person may be required to appear and testify and produce records and other papers as provided in AS 43.05.040.

\* Sec. 6. AS 43.70.110(2) is repealed.

\* Sec. 7. INTENT AS TO EFFECTIVE DATE. In fixing an effective date of January 1, 1979 for this Act, the legislature relies on current projections of state revenues to be derived from North Slope oil production. If these revenues, as projected at the time of enactment of this Act, do not in fact materialize substantially in the amounts and at the time anticipated, for whatever reason, it is intended that the legislature will take action to further delay the effective date of this Act. It is also intended by the legislature in enacting this Act that revenues lost to municipalities by repeal of the business license taxes under this Act will be reimbursed to the municipalities, or otherwise replaced with state funds, by appropriation of the legislature.

\* Sec. 8. This Act takes effect January 1, 1979.

Original sponsors: Bradley, Gardiner,  
Buchholdt, et al

Offered: 2/23/77  
Referred: Finance

1 IN THE HOUSE

BY THE COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 106

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Business License Act;  
7 and providing for an effective date."

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

9 \* Section 1. AS 43.70.030(a) is amended to read:

10 (a) The license fee for each business is \$25 [PLUS A SUM EQUAL TO  
11 ONE-HALF OF ONE PER CENT OF THE GROSS RECEIPTS IN EXCESS OF \$20,000 FROM  
12 THE BUSINESS DURING THE YEAR FOR WHICH THE LICENSE IS ISSUED, EXCEPT  
13 THAT ALL GROSS VOLUME IN EXCESS OF \$100,000 A YEAR IS TAXED AT THE RATE  
14 OF ONE-QUARTER OF ONE PER CENT]. The annual license fee paid by a  
15 professional person to his professional board shall be credited against  
16 the initial fee required under this chapter.

17 \* Sec. 2. AS 43.70.030(c) is amended to read:

18 (c) The license for the privilege of taking orders through use of  
19 catalogs and by mail order offices in the state is the same as set out  
20 in this chapter for business generally [AND GROSS VOLUME OF BUSINESS OF  
21 THOSE OFFICES INCLUDES ALL ORDERS TAKEN AT THEM WHETHER DELIVERY OF THE  
22 MERCHANDISE IS MADE THROUGH THE OFFICES OR NOT].

23 \* Sec. 3. AS 43.70 030(d) is amended to read:

24 (d) The initial fee of \$25 applies to all of the provisions of  
25 this section, and shall accompany the application. The balance under  
26 sec. 30(b) of this chapter is due and payable on December 31st of each  
27 year and shall be paid before the first day of March following, except  
28 that the department may extend the time until the 30th of the following  
29 April upon application showing that the extension is necessary to enable

1 the applicant to ascertain the amount of license money due. To enable  
2 accurate determination of the balance of the tax due at the end of each  
3 year, each person to whom this chapter applies shall keep records, give  
4 statements under oath, and make returns which the department requires.  
5 Returns are made under penalty of perjury.

6 \* Sec. 4. AS 43.70.040(a) is amended to read:

7 (a) As soon as practicable after the final payment of the tax  
8 under sec. 30(b) of this chapter, the department shall examine the  
9 return and determine the correct amount of the tax and, if an error is  
10 found, shall notify the taxpayer of the error and examine the taxpayer's  
11 records as authorized in AS 43.05.040, and take other proper steps to  
12 determine the amount due.

13 \* Sec. 5. AS 43.70.010, 43.70.070, and 43.70.110(2) and (3) are repealed.

14 \* Sec. 6. AS 43.18 is amended by adding a new section to read:

15 Sec. 43.18.090. ADDITIONAL GRANTS TO REPLACE LOST REVENUES. In  
16 addition to revenue sharing payable to municipalities under secs. 10 -  
17 45 of this chapter, the state shall pay to a municipality each fiscal  
18 year a percentage of the amount of business license tax receipts which  
19 the municipality was entitled to receive under AS 43.70.080 for the  
20 state fiscal year ending June 30, 1977. The applicable percentage  
21 payable under this section is

22 (1) 100 per cent for the fiscal years ending June 30, 1978  
23 and June 30, 1979;

24 (2) 80 per cent for the fiscal years ending June 30, 1980 and  
25 June 30, 1981;

26 (3) 60 per cent for the fiscal years ending June 30, 1982 and  
27 June 30, 1983;

28 (4) 40 per cent for the fiscal years ending June 30, 1984 and  
29 June 30, 1985; and

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(5) 20 per cent for the fiscal years ending June 30, 1986 and  
June 30, 1987.

\* Sec. 7. This Act takes effect January 1, 1978.

11. CLASSIFICATION OF STATE LAND-RECREATIONAL TRAILS

HOUSE BILL NO. 116 am

HB 116 am attempts to complement the recreational trails planning and comprehensive planning within municipalities by making state land, within that municipality, appropriate for recreational purposes available for use by a municipality. The bill provides that in making the state land appropriate for recreational purpose available to municipalities, the state will consult with local elected bodies and comply with local comprehensive planning. Anchorage Municipality views this as a most welcome practice and supports wholeheartedly the passage of HB 116.

1 IN THE HOUSE

BY RUDD

2 HOUSE BILL NO. 116 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the classification of state land;  
7 and providing for an effective date."

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

9 \* Section 1. AS 41.20 is amended by adding a new section to read:

10 Sec. 41.20.065. RECREATIONAL TRAILS LAND. (a) The commissioner  
11 of natural resources, or his designee, is authorized to classify state  
12 land appropriate for recreational purposes within a municipality as  
13 recreational trails land. Before classification of state land within a  
14 municipality as recreational trails land under this section, the commis-  
15 sioner shall consult with the appropriate municipal authority so that,  
16 to the maximum extent possible, his classification conforms to and  
17 enhances existing municipal trail classifications.

18 (b) With respect to land located within a municipality, classifi-  
19 cations under this section shall conform to the overall comprehensive  
20 plan adopted for the municipality and all regulations and restrictions  
21 on the use of land adopted under the comprehensive plan; however, no  
22 municipal regulation may bar public access to the state land.

23 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
24 10.070(c).

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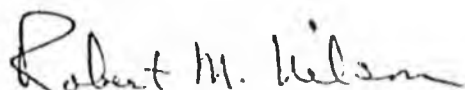
12. SHORTFALL-SENIOR CITIZEN PROPERTY TAX EXEMPTION

MEMORANDUM

DATE: November 22, 1977  
TO: Mayor  
FROM: Chief Fiscal Officer  
SUBJECT: Senior Citizen Property Tax Exemption

I am attaching copies of letters from Pat McKee and an official of the State Community & Regional Affairs Department relating to the shortfall in State revenue available to local governments for the senior citizens property tax exemption. Because of this shortfall, the State intends to reimburse only 90% of the amount due the Municipality of Anchorage. The remaining 10%, or \$75,369.00, will be requested as a supplemental appropriation when the State Legislature convenes.

It would be to our advantage to impress upon the Anchorage delegation the urgency of passing the supplemental appropriation as early in the session as possible. Hopefully, the necessity of billing each individual for the remaining 10% can be averted.



Robert M. Nelson  
Chief Fiscal Officer

RMN:ps

Attachment

# Municipality of Anchorage

## MEMORANDUM

DATE: Nov. 8, 1977  
TO: Chief Fiscal Officer  
FROM: Director, Property Appraisal  
SUBJECT: 90% PAYMENT FROM THE STATE SENIOR CITIZEN'S EXEMPTION

Attached is a letter from LaDonna Brown with the Division of Local Government Assistance indicating that the Municipality of Anchorage will receive only 90% of the full entitlement of the Senior Citizen's property tax payments from the State of Alaska.

Our full entitlement from the state should have been \$753,691.18; we will only be receiving 678,322.06, a difference of \$75,369.11.

Under Alaska Law, Section 29.53.020 Sub-section (g) the State is obligated to reimburse the Borough or City as appropriate for the real property tax revenues lost to it by the operation of the Senior Citizen's property tax exemption.

I believe it would be beneficial if the Administration was to make this fact known to our legislators so that they might be prompted to appropriate the required funding in the early days of the next session of the legislature.

  
Glenn M. McKee  
Director

GMM:cca

Att.

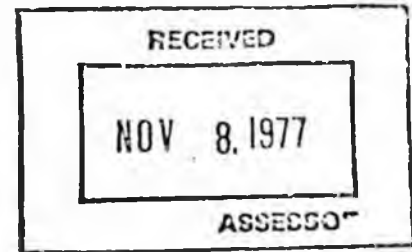
# STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE  
November 2, 1977

JAY S. HAMMOND, GOVERNOR

POUCH D - JUNEAU 93811



Mr. Glenn McKee, Director  
Property Appraisal Division  
Municipality of Anchorage  
Pouch 6-650  
Anchorage, Alaska 99502

Dear Mr. McKee:

Re: 1977 Senior Citizen Property Tax Exemption

The audits have revealed a funding shortfall which requires proration of municipal reimbursements.

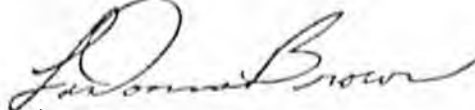
A supplemental grant has been requested and it may take several months to obtain final legislative action after the session convenes. Audited accounts completed by our office after September 30, will be paid at 90% of full entitlement.

Should the supplemental grants not receive approval by the legislature, the six municipalities that have been paid in full will be requested to refund the difference between full entitlement and final prorated amount but not more than 10% of the amount received.

The Department will follow and support the supplemental grants request and will make full use of any input you can submit to influence the legislature in assigning a high priority to resolving this problem.

There is no reason to believe that legislative intent was to fund the program at less than 100% and we deeply regret the inconvenience created by this inadvertent shortfall.

Sincerely,

  
LaDonna Brown  
Research Analyst

cc: Helen Garland, Treasurer

11/8/77  


84

13. MUNICIPAL TAXATION

# Municipality of Anchorage

## MEMORANDUM

DATE: Dec. 9, 1977

TO: Chief Fiscal Officer

FROM: Director, Property Appraisal

SUBJECT: SENATE BILL 112

The general features of the senate bill are:

1. There will be a base year. The base year is defined as the last time any property was revalued for assessment purposes.

PROBLEM: Since we have been on a three-year appraisal cycle and have not yet evolved into an annual cycle, each third of the Municipality would have a different base year.

2. There is a limitation of a 5% annual change in value from the base year.

PROBLEM: I am assuming they are referring to no more than a 5% increase in value, which obviously would not approach anything close to market value increases. How about if a property, for some reason, decreased in value over and above the 5% limitation; this does happen because of economic situations outside of the boundaries of the property.

3. They indicate that if improvements are made to a property subject to the provisions of the section, that the full and true value of the improvements shall be included in the determination of the limited assessed value in the year in which the improvement is first included on the Municipality's tax roll.

PROBLEM: Assume a two-bedroom home with a base year of 1975, also assume that two more bedrooms were added in 1978; it would be virtually impossible to determine the increase in value attributed to the total improvement by the addition of two bedrooms several years later without being able to change the base year of total improvement or simply stated having a weighted average base year value.

This section of the subject bill obviously assumes that all values are based on the cost approach to value and not the market approach to value. In this Municipality we use the market approach to value, which may or may not be equal to the cost approach to value.

4. The bill provides that the Assessor will keep full and true market value figures and limited valuation figures. This would, in essence, double the work load for the first few years and would create problems each time an addition or deletion was made to any structure.
5. Assume a parcel of real estate, land only, with a value of \$10,000 without sewer, water or any other utility. Assume that the sewer and water were added or made available to the property and that normally this increase would raise the property value to \$17,000. Do we start off with a new base year at \$17,000 or do we add 5% to the \$10,000 figure? Let us also assume that a property that used to be zoned B-3 was rezoned R-1. We now have a property that is far less valuable than it used to be. Are we to reduce the value by 5% per year and hopefully someday reach the value of the R-1 property?
6. The Municipality would be allowed a 10 mill limit on the limited valuation plus an equivalent of 10 mills from the State based on the full and true value of the property.

PROBLEM: At the present time Municipalities are allowed a maximum of 30 mills. As proposed, this limitation would be sharply reduced, to what degree, no one would be able to tell from year to year.

7. And I would like to repeat again, the bill would create inequities among taxpayers beyond belief.

If it is State aid we are looking for in this bill, there has got to be a far less complicated way of receiving it without totally destroying the 'You get what you pay for' theme.



Glenn M. McKee  
Director

GMM:eea

14. REPEAL OF MUNICIPAL PROPERTY TAX

# Municipality of Anchorage

## MEMORANDUM

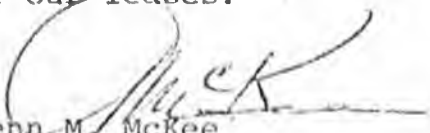
DATE: Dec. 9, 1977  
TO: Chief Fiscal Officer  
FROM: Director, Property Appraisal  
SUBJECT: SENATE BILL 210

In section 29.33.030, this bill provides that boroughs shall assess property and collect sales and use taxes levied within their boundaries subject to chapter 53 of this title. What this says in essence is that we may only assess property taxes. We may, however, collect on sales taxes, use taxes and special assessments.

In section 43.18.030, it states that the intent of this chapter in authorizing state aid for Municipal purposes, is that local governments which levy, then they excluded the word property, taxes, reduce those levies in reasonable proportion to the amount of state aid received by a local government for a given fiscal year. They also require us to furnish a notice to the taxpayers saying how well the state is treating them from the state level.

They go on to say that the State shall reimburse a Municipality for the property tax revenues lost to it by the operation of this bill. Reimbursement will be made annually in an amount equal to the total of the real and personal property taxes due and payable to the Municipality for the last complete fiscal year of the Municipality ending on or before Dec. 31, 1978. This is confusing to me in that the payment is paid in an amount equal to the total of the real and personal property taxes due and payable in our last complete fiscal year. It does not provide that there shall be an increase in taxes after that year. If we can't tax real and personal property as of Jan. 1, 1979, who is going to make up the difference and how? It would seem that it could be made up only by sales taxes, use taxes or special assessments. I also wonder what this would do to our bonding powers since we don't have the power to levy a tax as such.

In my opinion, it is another one of those bills to spend all of the oil money we don't have; shades of the \$900,000,000 that we receive for our leases.

  
Glenn M. McKee  
Director

GMM:eea

Anch Times 5/5/78

## Officials Plan Juneau Trip

A score of Anchorage officials will fly to Juneau Sunday for a work session with legislators on pending legislation of local interest.

Those making the trip will include some municipal department heads, assemblymen, school board members and school district officials. The group will essentially lobby for bills of concern to Anchorage.

Among the issues set for discussion at the 3 p.m. meeting:

- The selection and transfer of state land to municipalities.
  - Ratification of a lease purchase agreement between the state and the municipality for the former state highway complex at Third Avenue and Post Road here.
  - State aid for extending municipal police protection services.
  - A special appropriation for Anchorage police services for the Muldron-Spenard police expansion project due to get underway this fall.
  - A bill to authorize state support for construction and development of cultural facilities in municipalities and an accompanying funding measure.
  - A bill to provide 50 percent state funding for local capital improvements projects in municipalities. This bill was introduced in the Legislature at the request of Breakthrough, an Anchorage citizens' group boosting local improvements.
  - A bill amending the state's procedure of collecting local vehicle tax for municipalities.
- Also set for discussion are utilities and health proposals and school district issues.

*F. [unclear]*

Anchorage Times May 9, 1978, Times

# Municipal Officials Here To Begin Regular Sessions With Legislators

Municipal officials will meet with the Anchorage legislative delegation weekly from now until the end of the session to confer on bills considered priorities by the municipality.

Some of those meetings — set for Wednesdays — will be by teleconference between the two cities. For others, municipal officials will fly to Southeast.

The meeting schedule was established Sunday in Juneau during a lobbying trip by Anchorage officials to the capital city.

Anchorage assemblymen and administration officials individually have made several trips to Juneau to discuss pending legislation, but not as part of a regular meeting schedule. Such a schedule was advocated by an assembly resolution approved

recently and strongly backed by Mayor George Sullivan.

Those who layed over in Juneau Monday got to see approved in the House one of their priority bills — a measure ratifying a lease-purchase agreement between the state and municipality for a former state highway facility at Third Avenue and Post Road. The vote was 33-1.

Fairbanks Rep. Fred Brown cast the only vote against the agreement.

The agreement was negotiated in November 1974 but the state administration has since tried to have it thrown out by the courts. The administration contends the former commissioner of highways who entered into the agreement did not have authority to do so, that public notice of the transaction was inadequate, and that the property was not appraised within the requisite three months before the effective date of the agreement.

Under the agreement the municipality agreed to pay rent of \$100,000 a year plus \$10,000 annually for the purchase option. Total purchase price of the facility was set at \$1 million. The municipality has been making the annual rental and option payments, and plans to use the facility as an operations-maintenance base for the People Mover transit system.

Other measures discussed at the Sunday session:

— A bill that would revise the standards for allocating state revenue sharing funds to local governments in a manner designed to favor economically disadvantaged communities.

The municipal administration,

which says Anchorage would be adversely affected by the measure, have opposed it. The measure, now in the House community and regional affairs committee, is supported by most other municipalities and boroughs.

— Several measures concerning alcoholism treatment and funding.

— A bill to provide state aid for extension of municipal police services, and a measure providing for a supplemental appropriation to Anchorage for extension of police services to the Sand Lake and Muldoon areas.

# Municipality of Anchorage



POUCH 6-650  
ANCHORAGE, ALASKA 99502  
(907) 274-2525

ANCHORAGE ASSEMBLY

MEMORANDUM TO ALL ANCHORAGE LEGISLATORS

SUBJECT: MONIES APPROPRIATED FOR FUNDING OF SCHOOL DEBT SERVICE

Last session the Legislature passed into law a Bill which provided that past school construction costs would be reimbursed by the State at the 100 percent level.

In this year's budget, the Governor recommended that, despite the law, school construction cost reimbursement be provided at the 80 percent level.

We had planned on 100 percent and had expected that the Governor would have recommended funding at that level.

At a joint meeting of the Anchorage School Board and the Municipal Assembly...convened to discuss this year's school budget and its impact on local taxation...the combined body passed the following Resolution:

"We jointly resolve that the Legislature be requested to appropriate school construction debt service reimbursement funds at the 100 percent level as intended by State Law."

This appropriation (increase from 80 to 100 percent) represents about 2.4 million dollars which can be built into this year's school budget in direct tax relief areawide throughout the Municipality.

I hope you can support this increase in funding and support the execution as well as the spirit of the law enacted last year.

Sincerely,

Dave Rose





*F: ANCHORAGE*  
*(Note HB 681*  
*HB 487*  
*AC 853*

ANCHORAGE  
SCHOOL DISTRICT

4600 DeBarr Road - Anchorage, Alaska

99504

AREA CODE 907-333-9561

March 21, 1978

*See p 2*

The Honorable Joe Orsini  
Alaska State Senate  
Pouch V  
Juneau, AK 99811

Dear Senator Orsini:

Pending Municipal Assembly action, Anchorage voters will be asked this fall to approve a bond package proposed by our School Board in the amount of \$23,000,000. The sale of these bonds will provide our school system with the ability to build needed schools, improvements, and to acquire building sites for future expansion. At this time, you have a number of proposals to provide state support for the retirement of these bonds. Each of them has merit.

The Anchorage School Board strongly supports the proposal for bond reimbursement advanced by HB 681. This bill provides the simplest formula allocation of state funds for the purpose of bond retirement. It calls for reimbursement, on a delayed basis, of 80% of future local bond expenditures and 100% of bond commitments made prior to 1977.

This measure would give Alaska's citizens and students a direct share in the wealth of our non-renewable natural resources. It would also, by its very simplicity, provide for studied local planning and decisions as to the types of facilities built with bond funds. It would avoid a potentially negative effect generated by rigid state control of what has traditionally been a local decision-making process. We feel that the people of our state know best what their needs are on a community by community basis and we feel that this decision-making activity should be kept at that level within broad general guidelines which should be developed and implemented by the State Board of Education.

The other bond funding bills contain specific proposals and possible oversights which should merit your further attention.

None of the proposals allow for "front-end money" which would be of immense benefit to rural areas. Some of these districts are caught in a "Catch 22" dilemma of having a tremendous need for new and larger facilities while not having the tax base to provide for note retirement immediately following the sale of the bonds.

The State Superintendents' Association has suggested your consideration of a proposal to provide between 80% and 100% of local bond payments on an ability to pay basis for less-able districts.

We would also point out some areas of disagreement which exist in Governor Hammock's bond bill, HB 853.

The Governor's bill sets a state support floor of 50% of local bond payments. This floor should be increased to 80%. It also gives the Commissioner of Education a veto power over future school planning and construction throughout the state. Specifically, we refer to page 4, section "C" of HB 853, lines 3 and 4. This section would be greatly improved by the deletion of the words, "and priority" in line 3 and "and necessary" in line 4.

In the area of labor relations, we would reiterate our stated opposition to proposals such as HB 489 which calls for group representation of REAA's and employee organizations in collective bargaining. This would seriously undermine the principle of local control of education and would saddle the state with labor relation climate similar to that under the state operated school system (SOS). We are opposed to any efforts to broaden the scope of negotiations with employee units, particularly teachers and any broadening of the binding arbitration requirements which now exist.

One of the very important areas under consideration this year lies in the state's commitment to children with special needs. Our handicapped and gifted students require a great deal of staff and financial support from the state and the community. Under the provisions of state and federal law, school districts must provide extensive, ongoing diagnostic services to these students outside of the regular classroom services. It is in this area that we and other school districts are feeling a financial burden.

To alleviate this situation, we would propose a change to our special education funding formula to provide additional foundation support units for the specific purposes of student assessment and diagnosis. The proposed change attached to this letter would provide 30 additional units of support for

RECOMPASE EDNA

March 21, 1978

Page Three

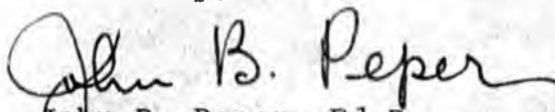
Anchorage's handicapped and gifted students and would allow us to provide additional services in the special education classrooms where they are so vitally needed.

We must also ask your support in enforcing a moratorium on any other special education proposals which come to the floor during this session.

Complex federal laws, regulations, and definitions, coupled with enforcement of existing state laws and regulations, have put our special education systems into a state of flux. Frankly, we need some time to catch our breath and put our house in order.

It is our intent to exercise a leadership role in the revision of existing special education legislation prior to the beginning of the next legislature and to present our recommendations to you in the form of a complete package of coordinated and viable bills at that time. It would be our intent to simplify rather than complicate this important body of law and regulation so that we can provide these services with a minimum of delay and overhead, but we need time and a respite from more changes.

Sincerely,



John B. Peper, Ed.D.  
Superintendent

pa

Attachment

# DRAFT

FOR AN ACT ENTITLED:

An act establishing the public school foundation program special education assessment and diagnostic support formula.

A.S. 14.17.041 is amended to read:

(g) Special Education Assessment and Diagnostic Services

Schedule:

ADM	No. Instructional Units
0-50	1
51-100	2
101 +	2 plus 1 for each 100 special education students or fraction thereof



*File. How. How.*

ANCHORAGE  
SCHOOL DISTRICT

4600 DeBarr Road - Anchorage, Alaska

99504

AREA CODE 907-333-9561

January 27, 1978

The Honorable Joseph L. Orsini  
Alaska State Senate  
Fouch V  
Juneau, Alaska 99811

Dear Mr. Orsini:

During the current legislative session, your committee will be dealing with a number of bills affecting public education.

Since the Anchorage School District enrolls one half of Alaska's public school students, we feel that many of these proposals are of vital importance to us.

Would it be possible for your staff to alert us to committee hearings on bills dealing with these matters? We are most interested in proposals on public employment practices affecting teachers and school employees, educational programs and school finance.

Your assistance in this matter would be appreciated.

For your information, we are enclosing copies of the Anchorage School District's Facts and Figures Digest. This booklet contains a summary of the District's financial activities and student enrollment patterns and may help you place some perspective on the size of our system.

Thank you in advance for your time and cooperation.

Sincerely,

John B. Peper, Ed.D.  
Superintendent



ANCHORAGE  
SCHOOL DISTRICT

4600 DeBarr Road - Anchorage, Alaska

99504

AREA CODE 907-333-9561

December 22, 1977

Senator Joe Orsini  
2912 Alder Drive  
Anchorage, AK 99501

Dear Senator Orsini:

The enclosed is a statement of legislative priorities of the Anchorage School Board as presented at the Chamber of Commerce Legislative Forum.

We apologize for not having a written statement at that time.

Please feel free to call upon Dr. Peper, the Superintendent of the Anchorage School District, or any member of the Board if you have any questions or need further clarification on any of the issues.

Thank you for your time and attention.

Sincerely,

Heather Flynn  
Legislative Chairperson  
Anchorage School Board

pa

enclosure

cc: Anchorage School Board Members

*Ben  
Also return*



ANCHORAGE  
SCHOOL DISTRICT

4600 DeBarr Road - Anchorage, Alaska

99504

AREA CODE 907-333-9561

December 17, 1977

TO: Anchorage Chamber of Commerce Legislative Forum  
FROM: Anchorage School Board  
SUBJECT: Legislation

The Anchorage School Board has a limited number of priorities. Our primary goal is to prevent an erosion of the constitutional and statutory authority and responsibility vested in the School Board.

To that end the Anchorage School Board and the entire Alaska Association of School Boards is firmly opposed to any form of binding arbitration including last best offer arbitration, or binding arbitration which includes a local referendum on the results. The financial impact on school districts could be disastrous.

Perhaps more important than the financial aspects are the issues of management rights and local control. The legislature, through Title 1 and 29, has wisely determined that the local school board is an autonomous organization, locally elected, and self-determining, subject to federal and state statutes and regulations. The legislature reaffirmed this autonomy with the creation of the regional attendance areas and locally elected regional school boards. Imposing further restrictions upon how locally elected bodies must bargain with unions which enjoy a statewide power base would do violence to the local control the legislature attempted to create in the REAA's.

A local referendum on the results of binding arbitration is the ultimate in buck-passing. It offers insulation of the legislator who finds it a comfortable compromise. And it removes from the local board the accountability to which they should be held.

Management rights, especially in the public sector, is a developing and complex area. We wish to note the recent decision of the Alaska Supreme Court affirming the position of the Anchorage School Board that by allowing some items to be negotiable, we are abrogating our constitutional responsibility of policy making. Quoting from the opinion, "If teachers' unions are permitted to bargain on matters of education policy, . . . the autonomy of the School Boards could be severely eroded, and the effective control of educational policy shifted from the school boards to the teachers' unions".

The line between educational policy and financial control is merely semantic. If we allow educational policy to be bargained, we allow control of our budget to a union which is not accountable to the taxpaying public. We implore the legislature to respect the direct accountability of the School Board to the public.

Both state and federal statutes require that the ASD provide a full range of services to the physically and mentally handicapped, as well as assistance in becoming English language proficient to children who are non-English speaking or bilingual. But while these services are mandated, little or no financial assistance has been provided to support their implementations.

The new PL 94-142 mandates more services to the handicapped than ever before. The current foundation funding ratio of 1.5% is proving inadequate in two ways. It takes more than 1 1/2 times the amount of money to serve handicapped children, ages 3 - 20, as it does normal children, and while Anchorage has 43% of the student population in the state, it has a far greater percentage of special education children largely because of the physical and psychological facilities. State tuition charges do not cover the costs. Our projected increase in costs is between \$900,000 and \$1.7 million. Currently, the deficit is being borne by the local tax dollar. We suggest an increase in the ratio of funding to 1.75% or 2.0%.

In addition to federal mandates, A.S. 14.30.410 dictates a State program of bilingual education. The program is a necessary one in order to meet the needs of our diversified and cosmopolitan population in Anchorage. We are currently funding the bilingual program with \$340,000 in local funds. We request that the State fund at least part of this expense under the foundation formula.

While Anchorage has made some financial headway, we are still penalized for the size of our district by the way in which average daily membership (ADM) is computed to create a foundation unit. We recommend a consistent formula applied more fairly throughout the state.

Parenthetically, we continue to urge the legislature to provide planning time and a phase-in period for any changes in Teachers Retirement System, Public Employees Retirement System or Workmen's Compensation which would impact our budget. Our budget is formalized and sent to the Assembly by April 1. Any legislative changes in the aforementioned programs, without lead time, must be borne by local tax revenues.

Anchorage is looking forward to a unique year of local property tax relief. Thanks to 100% funding of a bond indebtedness for past construction, we will realize approximately a \$6 million increase in State funding. This, of course, is predicated upon full appropriation of the amount, which has not always been the case in the past.

This increase could translate into as much as 1.5 mill reduction to local property taxpayers except that we are obligated to fund both special education for the handicapped and bilingual from these same monies. Nevertheless we anticipate a reduction of approximately one mill.

The problem arises in Sec. 43.18.100(c) which clearly says the State may appropriate funds annually. Last year we were shorted over \$450,000. Because our budget is finalized prior to the close of the legislature, any funding shortfall must be taken from our program budget.

Anchorage needs a commitment not only to the continuance of 100% bond retirement for school construction debt, but a commitment to full funding for that debt.

The Anchorage School District supports legislation which would deed state lands currently used for educational purposes to the Municipality. Public use may be insured by an automatic reversion clause should the Municipality no longer use the property for educational purposes. The legislation would eliminate costly yearly paperwork and rents.

Finally the Anchorage School Board continues to support the concept embodied in CSSB 30, currently in Senate Rules, which would increase parents' liability to \$5,000 for vandalism done by their minor child.

pa

# Municipality of Anchorage



ANCHORAGE ASSEMBLY

POUCH 6-650  
ANCHORAGE, ALASKA 99502  
(907) 274-2525

*F. Anderson*

MEMORANDUM FOR: All Anchorage Legislators

FROM: Dave Rose

DATE: January 27, 1978

During the 1976 legislative session, Chapter 256 "An Act Relating to Motor Vehicles; and providing for an effective date" was enacted into law. This act amended AS 28.10 by adding a new section providing for an Annual Motor Vehicle Registration Tax.

The Municipality exercised its local option and substituted this tax in lieu of personal property taxes on automobiles and trailers.

It was believed that more tax revenue would accrue to the municipality's benefit because all owners would be paying the tax rather than a lesser number (many did not file tax forms and were not discovered). At the same time it was believed that the tax imposed would be less, on an individual basis, than the personal property tax because the sliding scale provided in AS 28.10.255 would seem to generate a lower amount due. Additionally, it was assumed that the auto registration tax would be an allowable deduction for Federal and State income tax purposes in the same manner as the personal property tax which it was being substituted for.

Problems have developed. My telephone has started to ring and I suspect that yours will also. The problem is twofold:

1. Some people pay more under this scheme than they did under the personal property tax option. This happens because older vehicles (5th year and over on the chart) pay a constant rate. Thus, an old clunker worth virtually nothing pays the new tax at \$20.00 while it would have paid far less under the old tax. To make things worse, the new law violates the 30 mill rule which adequately applied under personal property tax. Eg: any vehicle worth less than \$666.67 which is taxed the minimum \$ 20.00 converts to a millage in excess of 30.
2. The personal property levy was income tax deductible whereas the new tax may not be deductible. I have seen an opinion from Anchorage IRS which indicates that that office is of the opinion that the tax may not be deducted. I hope legislative files can produce a contra opinion.

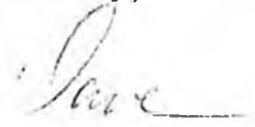


Allow me to recommend the following actions. Research the original proposed bill. I believe that it had a sliding scale beyond the five year point. Lower taxation in the \$15-\$10-\$5 range might prevent future inequity. You might wish to investigate the approach that cuts the chart off at the five year point thus making the assumption that all vehicles older than five years have little value for taxation purposes. In any event, you may wish to consult with the municipality assessing department for comment and input. By copy of this letter I am advising the Assessor that you might contact him.

Secondly, seek resolution at the State level of the tax deduction question. Research the record to see what representations were made at the time the bill was introduced, heard in committee, amended, and passed. Perhaps the State could be an advocate for us with the IRS.

Sorry to be the bearer of bad news but thought you might want to be kept abreast of the situation.

Sincerely,

A handwritten signature in cursive script, appearing to read "Dave", followed by a horizontal line.

Dave Rose