

SB

29

FISCAL NOTE

No. 2

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. Bill Version: CSSB29(FIN)
(S) Publish Date: 2/6/97

Revision Date: 2/5/97
Title: An Act Relating to state aid to municipalities
Sponsor: Sen. Torgerson

Dept. Affected Revenue
BRU: Revenue Operations
Components: Treasury
Serial # 121

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 98	FY 99	FY2000	FY2001	FY2002	FY2003
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE	-1005.4	0.0	0.0	0.0	0.0	0.0
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FUNDING: (THOUSANDS OF DOLLARS)

General Fund						
Federal Fund						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0


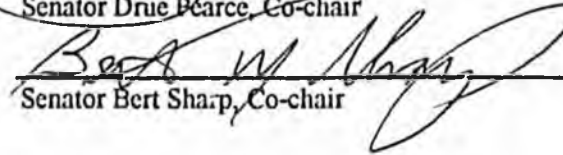
POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (ATTACH A SEPARATE PAGE IF NECESSARY)

see attached analysis

Prepared By: Senate Finance Committee


 Senator Drue Pearce, Co-chair

 Senator Bert Sharp, Co-chair

Date: 2/5/97
Phone: 465-4993
Date: 2/5/97
Phone: 465-3004

**Analysis of Advance Payment of Municipal Assistance
Income Lost to CBRF**

If Payment Made On:	<u>2/1/98</u>	<u>12/31/97</u>	<u>11/30/97</u>	<u>10/31/97</u>	<u>9/30/97</u>	<u>8/31/97</u>	<u>7/31/97</u>
Income Lost to CBRF:	0	\$167,569	\$335,137	\$502,706	\$670,274	\$837,843	\$1,005,412

Assumptions:

\$28,726,047 = Municipal Assistance Payment

Payment borrowed from CBRF

CBRF Return = 7% (from FY97 draft investment policy for the CBRF)
and capital market assumptions FY97

Revision Date: _____ Dept. Affected: Revenue
 Title: An Act relating to state aid to municipalities BRU: Revenue Operations
 Component: Treasury
 Sponsor: SEN TORGERSON
 Requestor: (S) CRA COMPONENT SERIAL NO. 121

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	-1,005.4	-1,005.4	-1,005.4	-1,005.4	-1,005.4	-1,005.4
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1001 CBRF						
1048 University of AK receipts						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY97) cost \$ 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This legislation will move the payment of municipal assistance from 2/1 forward to 7/31 of each State fiscal year. Investment income will be lost by the State because of this earlier payment. The income lost will be at the rate earned by the CBRF. This is because the general fund borrows from and has a large outstanding liability to the CBRF. Any disbursement of general fund moneys delays repayments to the CBRF.

This rate used to calculate the lost earnings has increased from last year. This is because of the passage of SB 303 which resulted in the Department of Revenue's implementing a new asset allocation which will result in increased total return.

Our fiscal note above assumes the payment is made on 7/31. Attached is a schedule which reflects the effect of payout dates ranging from 7/31 to 12/31.

Prepared by: Betty Martin, Comptroller Phone: 465-2350
 Division: Treasury Date: January 17, 1997
 Approved by Commissioner: Ross Kinney, Deputy Commissioner Date: January 17, 1997
 Agency: Department of Revenue

***Analysis of Advance Payment of Municipal Assistance
Income Lost to CBRF***

If Payment Made On:	<u>2/1/98</u>	<u>12/31/97</u>	<u>11/30/97</u>	<u>10/31/97</u>	<u>9/30/97</u>	<u>8/31/97</u>	<u>7/31/97</u>
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CBRF Return = 7% (from FY97 draft investment policy for the CBRF)
and capital market assumptions FY97

SB 35 Act Relating to the management of state land, water, and land and water as part of a state park...

The administration opposes Senate Bill 35.

Reasons for Opposition

Requires that the Division of Parks bring to the legislature all closures of parks or campsites of any nature that are longer than 90 days duration. In addition, requires in the second year all closures of any duration to come before the legislature if they were closed in the previous year for less than 90 days.

- Does not allow the division of parks to close areas for reasons of public protection or resource protection without legislative approval.
- Potentially removes the division of Parks discretionary function immunity and opens opportunities for litigation for failure to protect the public.
- Creates a confusing and convoluted process that could cause approval or disapproval for public protection closures to fail to pass the legislature.

The following are the types of closures over 90 days that the legislature will be required to either approve or disapprove each year.

Public Protection

Perseverance Trail washed out last fall and has been closed since. Trail work is planned for this summer. Closure is longer than 90 days. A local high school runner ignored the trail closure signs and fell to his death.

Annual closure of Troublesome Creek trail in Denali State Park due to a high incidence of grizzly bears feeding on salmon in a heavily forested area.

Lack of maintenance budgets

Parks has permanently closed park units for management reasons, usually a combination of declining budget and increasing expenses due to vandalism or location. In the past few years Moose Creek SRS, Tolsona Creek SRS, Centennial Lake SRS, and Anchor River SRS have been closed for these reasons. Each of these closures would need to come before the legislature in addition to any of the Parks that would be closed for budgetary reasons during FY 98. These closures for budgetary reasons will be very controversial and would require legislative approval or disapproval.

Parties and vandalism-Teenagers and vandalism have caused numerous parks near urban centers to be closed either in the evenings or for the season. These are beyond 90 days and would need legislative approval.

Winter Closures--75 campgrounds closed for the winter are longer than 90 days and would require annual legislative approval.

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

with your copy
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March 24, 1997

The Honorable Bert Sharp
 Alaska State Senate
 Co-Chair Senate Finance Committee
 Capitol Room 516
 Juneau, AK 99811

Dear Senator Sharp:

The Department of Natural Resources did not present testimony at the Senate Finance Committee hearing on SB 35. However, the department believes that information on this bill is important for the committee to consider as this bill approaches a floor session.

The sponsor of the bill is understandably concerned that her constituents are being denied full use of state parks by administrative actions which close park areas to certain activities which have traditionally been allowed. The action by the Division of Parks which initiated this bill was the 1995 release of draft regulations on Denali State Park. This draft proposal was not popular with the public due to the administrative inclusion of Blair Lake as an addition to Denali State Park and subsequent closure of aircraft landings on the lake. This draft proposal was withdrawn in response to public displeasure.

SB 35 would eliminate the Division of Parks discretion to close areas as described above without coming to the legislature for approval. However, it also removes the division's discretion to close any area for reasons of public safety or resource protection for over 90 days without the approval of the legislature. This approval must come in the form of a bill or resolution. Further, if the areas are reopened in the next year and then closed again, we need to take that second or subsequent closure to the legislature again for approval leading to a very confusing and convoluted process. There is every danger that a bill of this type would get held up in the process and fail to pass both bodies of the legislature. If that happened, the division would have to keep open areas that may be very dangerous to the public.

The department understands the sponsor's desire to curtail closures for aesthetic or social values. However, we do not understand nor think it wise to remove the department's discretion to close areas for longer than 90 days for reasons of public safety or resource protection.

The Honorable Bert Sharp

3/24/97

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In discussions with the Department of Law, it came to our attention that this method of dealing with closures for public safety reasons potentially removes the state's discretionary function immunity and opens opportunities for litigation.

The following are the types of closures over 90 days that the legislature will be required to either approve or disapprove each year. In addition, in the second year all closures of any type will need to come before the legislature for approval even if less than 90 days.

Danger due to wildlife

Bishop Creek Campground (Captain Cook SRA) closed for the season-danger of bears

Annual closure of Troublesome Creek trail in Denali State Park due to a high incidence of grizzly bears feeding on salmon in a heavily forested area.

Disasters-while the disastrous event is usually over with quickly (oil spills, floods, landslides), it frequently takes Parks longer than 90 days to repair. If the closure is not adopted by the legislature, and Parks was unable to post the area closed, the state could be held liable for not signing a dangerous site as closed. Examples:

Perseverance Trail washed out last fall and has been closed since. Trail work is planned for this summer. Closure is longer than 90 days. A local high school runner ignored the trail closure signs and fell to his death.

Indian Oil Spill in 1993 (37,000 gallons of jet fuel) caused Parks to close 14 acres for the duration of the clean-up and mediation process. This is on-going

Fall 1995 flooding caused extensive damage to the Eklutna Lakeside Trail, including culvert and bridge wash-outs. It took 18 months to repair this damage, during which the trail was closed.

Damage to Bing's Landing on the Kenai River caused closure of much of the river bank pending work that is scheduled for this summer.

Lack of maintenance budgets

Parks has permanently closed park units for management reasons, usually a combination of declining budget and increasing expenses due to vandalism or location. In the past few years Moose Creek SRS, Tolsona Creek SRS, Centennial Lake SRS, and Anchor River SRS have been closed for these reasons. Each of these closures would need to come before the legislature in addition to any of the Parks that would be closed for budgetary reasons during FY 98. These closures for budgetary reasons will be very controversial and would require legislative approval or disapproval.

The Honorable Bert Sharp

3/24/97

Page 3

~~Parties and vandalism~~-Teenagers and vandalism have caused numerous parks near urban centers to be closed either in the evenings or for the season. These are beyond 90 days and would need legislative approval.

Upper Huffman Trailhead--open only in the winter for snowmobile use. Closed in the summer because of partying.

McHugh Creek closed at 10 PM in the summer and closed all winter to deter partying and vandalism.

Potter Creek Trailhead closed during the winter to prevent vandalism.

Bird Creek Valley closed one-half mile of access road to displace teen partying site.

All Sitka parks are closed at 11 PM in cooperation with local law authorities.

Over-use--areas that receive so much use that the resource is damaged and needs immediate response.

Streambank closures on fishing streams to protect salmon rearing habitat on the Kenai River and at Deep Creek.

Glenn Alps Trailhead in Chugach State Park due to erosion and vegetation damage.

Vegetation damage--in the spring when the snow cover shrinks snowmobiling is closed.

Winter Closures

75 campgrounds closed for the winter are longer than 90 days and would require annual legislative approval.

Day use areas in Chugach, Mat-Su, Kenai and Kodiak areas are similarly closed each season.

Conflicts between boating and swimmers causes us to close or restrict boating within swimming areas. Typically Parks defines a speed limit through creation of a no-wake zone. Examples are big Lake North and South, Nancy Lake, and Captain Cook.

Construction closures due to refurbishment of facilities, Parks will close a facility for longer than 90 days for public safety reasons to keep the public out of a construction zone.

The Honorable Bert Sharp

3/24/97

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The original SB35 had simply a restriction on administratively expanding park units without legislative approval (in response to Blair Lake) and an annual report of those areas where traditional recreational access was restricted and the reasons for closure. The overwhelming majority of such closures are for public safety and resource protection. The report would allow the legislature the opportunity to annually review the closures and take action against those they feel are inappropriate. This process would take far less of the legislatures time than taking affirmative action on routine public safety and resource protection closures.

Returning to the original intent of the bill would allow public safety or natural resource closures to remain active and would avoid any liability questions. We urge a return to the original intent of the bill.

Thank you for this opportunity to provide additional information.

Sincerely,

Carl Carroll
for John Shively
Commissioner

Distribution:

Senator Phillips
Senator Parnell
Senator Pearce
Senator Adams
Senator Donley
Senator Torgerson

Alaska State Parks Units - ILMAs												
Page 1 of 2												
unit name	acres	land*	Facilities** ->							FUC	City	
			CS	P	T	W	S	Tr	B			
Southeast Area												
Wickaham SMS	0.5	PED										Juneau
Baconof Castle SHS	1	SS										Sitka
Planar Park SRS	3	SS		6	T	W	S	Tr				Sitka
Moose Lake SRS	5	Fed	5		T	W				B		Haines
Portage Cove SRS	7	Fed	8	3	T	W						Haines
Talam Blight SHP	11	Fed			T				Tr			Ketchikan
Greening SHP	12	PED										Juneau
Refuge Cove SRS	13	Fed		14	T							Ketchikan
Juneau Trail System	15	PED							Tr			Juneau
Halibut Point SRS	22	Fed		8	T	W	S	Tr				Sitka
Sattlers Cove SRS	38	SS	12		T	W			Tr			Ketchikan
Old Sitka SHP	51	Fed			T				Tr	B		Sitka
Johnson Creek SRS	65	SS										Juneau
Chilkoot Lake SRS	80	SS	32			W	S			B		Haines
Gondal Island SMP	240	SS			T						IUC	Ketchikan
Eagle Beach SRA	580	SS	planned	10	T				Tr			Juneau
Black Sands Beach SMP	840	SS						S				Ketchikan
Southwest Area												
There are no ILMAs in this area at this time.												
Kodiak Area												
Woody Island SRA	113	SS										Kodiak
Pasegashak SRS	120	SS, PED	7		T	W						Kodiak
Fl. Abercrombie SHP	183	SS	13		T	W	S	Tr				Kodiak
Kenai Area												
Kesler River SRS	50	SS, PED	10		T	W		Tr		B		Soldotna
Stratku SRS	80	Fed	13		T	W	S					Homer
Niilichik SRA	93	SS, Fed, PED	90		T	W	S					Homer
Crooked Creek SRS	105	SS, PED	79	30	T	W		Tr				Soldotna
Scow Lake SRS	164	SS, PED	8		T	W	S	Tr				Staring
Deep Creek SRA	172	SS, PED	164		T	W				B		Homer
Anchor River SRA	228	PED	75		T	W	S					Homer
Johnson Lake SRA	332	SS, Fed, PED	50	25	T	W	S			B		Soldotna
Clam Gulch SRA	495	SS, PED	116		T	W	S					Soldotna
Tonsina Point Access	620	SS, PED	4		T		S	Tr				Seward
PWS Area												
There are no ILMAs in this area at this time.												
Chugach Area												
California Creek Trailhead	3	SS							Tr			Anchorage
Commercial Drive	7	SS										Anchorage
Bird Creek Campground	31	Fed	47	20	T	W	S	Tr				Anchorage
* definitions of abbreviations in land ownership column												
SS - State Selection												
Fed - Transferred from Federal Government for Public Recreation												
PED - Purchase, Exchange or Donation												
**Facility definitions												
CS - Campsites												
P - Picnic Sites												
T - Toilets												
W - Water												
S - Shelters												
Tr - Trails												
B - Boat Launch												
PUC - Public Use Cabina												

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DEPARTMENT OF NATURAL RESOURCES
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Deliver to: Jim

Location: _____ FAX: 3756

Date: _____ Time: _____

From: Chenall

Number of pages: 7
 Including cover sheet

Comments: _____

If you experience any problems receiving this FAX, please call Sharon or Scott at the above phone number.

BILL: SB 29

SHORT TITLE: STATE AID TO MUNICIPALITIES & UNORG. BOR

BILL VERSION:

SPONSOR(S): SENATOR(S) TORGERSON, Mackie

CURRENT STATUS: (S) RLS

STATUS DATE: 02/06/97

TITLE: "An Act relating to certain programs of state aid to municipalities and recipients in the unorganized borough; and providing for an effective date."

01/03/97	22	(S)	PREFILE RELEASED 1/3/97
01/13/97	22	(S)	READ THE FIRST TIME - REFERRAL(S)
01/13/97	22	(S)	CRA, FIN
01/21/97	100	(S)	CRA RPT CS 3DP 1NR SAME TITLE
01/21/97	100	(S)	DP: MACKIE, WILKEN, HOFFMAN
01/21/97	100	(S)	NR: PHILLIPS
01/21/97	100	(S)	FISCAL NOTE TO SB & CS (REV)
01/22/97	109	(S)	COSPONSOR: MACKIE
02/06/97	248	(S)	FIN RPT CS 4DP 2NR 1AM SAME TITLE
02/06/97	248	(S)	DP: PEARCE, SHARP, TORGERSON, DONLEY
02/06/97	248	(S)	NR: PHILLIPS, ADAMS; AM: PARNELL
02/06/97	248	(S)	FISCAL NOTE TO CS (S.FIN)
02/06/97	248	(S)	REFERRED TO RULES

Alaska State Legislature



Committee Membership

Senate Finance
Senate Resources
Senate Rules
Legislative Budget & Audit

Senator John Torgerson

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(907) 465-2828
fax 465-4779

SPONSOR STATEMENT - CSSB 29(FIN)

This legislation changes the name of the Revenue Sharing program to "Priority Revenue Sharing for Municipal Services", changes the Municipal Assistance Fund to the Safe Communities Fund and requires that payments from the Safe Communities Fund be used for specific prioritized purposes. The intent of these changes is to more accurately reflect the purposes for which payments received are used. These programs appear to have fostered the perception that it is a type of "slush fund" for communities. The change in name and the requirements for use of the monies help to dispel that notion.

Communities are required to spend funds received from the Safe Communities Fund on specific purposes in the following order of priority: (1) Police protection and related public safety services; (2) Fire protection and emergency medical services; (3) Water and sewer services not offset by user fees; (4) Solid waste management; and (5) Other services the governing body determines to have the highest priority. Communities are not, however, required to fund all requests for services in a category before funding services in another category.

Communities that levy and collect property taxes are required to list the allocation received from the Safe Communities Fund and its millage equivalent on the "Notice to Taxpayers."

This bill also revises how appropriations to the Safe Communities Fund are allocated. In the event appropriations continue to be reduced, allocations to, and the resulting payments from, the base amount account will be proportionately reduced. In the past, this account was "held harmless" and appropriation reductions were taken entirely from the per capita account. This resulted in an inequitable reduction of payments to communities.

The minimum entitlement to communities is increased to \$40,000. If, however, appropriations continue to decline, this minimum entitlement may be proportionately reduced along with payments from the base amount and the per capita accounts.

Finally, the date of payment has been changed so that communities receive entitlements from both Priority Revenue Sharing and the Safe Communities Fund on July 31. Previously, payments from revenue sharing were made on July 31 and municipal assistance payments were made on February 1.

(2/10/97: CSSB 29(FIN): mj)

Section 10: This section is renamed to "Base amount account distributions." Excludes boroughs with a per capita full and true property value exceeding \$500,000 when calculating the base amount to be received by new boroughs. Allows the distributions from the base amount account to be prorated if the amount allocated to the account is insufficient to pay the full base amount to each eligible municipality.

Section 11: Extends definition sections to incorporate new sections in this bill.

Section 12: Renames increased assistance to per capita account distribution. Specifies that allocations to the per capita account will be distributed to municipalities on a per capita basis.

Section 13: Adds a new section stating that the minimum entitlement to those communities eligible for payments under equalization of tax resources for municipal services, priority revenue sharing for municipal services and revenue sharing for Safe communities, is \$40,000. Adds an additional section allowing the minimum entitlement to be adjusted (reduced) proportionately in the event future appropriations to the communities fund are reduced.

Section 14: Extends definition sections to incorporate new sections in this bill.

Section 15: Repeals section which specified intent of original legislation that a municipality that levies property taxes reduce those levies in proportion to the amount of state aid received.

Section 16: Establishes effect date of legislation.

Alaska State Legislature



Committee Membership

Senate Finance
Senate Resources
Senate Rules
Legislative Budget & Audit

Senator John Torgerson

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CSSB 29(FIN) - Sectional Overview

Section 1: Changes name from state aid to priority revenue sharing.

Section 2: Changes name from state aid for miscellaneous municipal services to priority revenue sharing for municipal services.

Section 3: Changes name from state aid for miscellaneous municipal services to priority revenue sharing for municipal services. Requires communities that levy and collect property taxes to list the allocation received from revenue sharing for communities and its millage equivalent on the notice to taxpayer. Currently these funds do not have to be reported to the public.

Section 4: Changes name from state aid for miscellaneous municipal services to priority revenue sharing for municipal services.

Section 5: Changes name from revenue sharing to priority revenue sharing for municipal services.

Section 6: Changes name from miscellaneous services to municipal services.

Section 7: Changes name from miscellaneous services to municipal services.

Section 8: Renames Municipal Assistance Fund to Safe Communities Fund. Allocates moneys to the "base amount account" and the "per capita account" in the same proportion as that for the state fiscal year 1997. Changes the date the funds are distributed from February 1 to July 31.

Section 9: Adds a new section requiring payments received from both accounts in the Safe Communities Fund to be spent on the following services in the following order of priority:

- Police protection and related public safety services;
- Fire protection and emergency medical services;
- Water and sewer services not offset by user fees;
- Solid waste management;
- Other services determined by the governing body to have the highest priority

This section does not require a municipality to fund all requests it receives for services in a category before funding services in another category.