

HB

40

ALASKA STATE LEGISLATURE



Interim:

600 East Railroad Avenue
Wasilla, Alaska 99654
(907) 373-1842
Fax - (907) 373-4729

Session:

State Capitol Building, Room 421
Juneau, Alaska 99801-1132
(907) 465-2136
Fax - (907) 465-3815

REPRESENTATIVE VIC KOHRING DISTRICT 26

Sponsor Statement for HB 40

Focusing on economic development while reducing the budget will result when two departments are merged into a new Department of Commerce and Rural Development. The proposed structure will ensure local government assistance continues, infrastructure planning is enhanced, and the State's economic development strategy and project funding is centralized.

The missions of the departments of Commerce and Economic Development and Community and Regional Affairs are similar, to promote economic development of Alaskan communities. Two separate management structures and goals result in a scattered development strategy. Having a unified development vision and funding resources under one department will better serve rural communities and Alaska as a whole.

Currently, the departments of Commerce and Economic Development and Community and Regional Affairs both have economic development programs; along with job training and child care programs. These non-development, non-commerce related programs will be moved to the departments of Labor and Health & Social Services, respectively. Under the new departments, these important programs can be integrated with existing programs in those departments while providing better service to Alaskans. This reorganization frees the new Department of Commerce and Rural Development to focus on economic development activities.

Alaska's fiscal crisis necessitates reengineering government. This merger will eliminate one commissioner's office but does not eliminate services. While creating budget savings, program delivery and economic development will be enhanced and streamlined in the new Department of Commerce and Rural Development.

HB 40

Benefits to Rural Alaska

Effective economic development in rural Alaska is the goal of HB 40. Merging the two departments that provide economic development programs will benefit rural Alaska.

◆ Focus on Economic Development and Commerce

Programs unrelated to economic development and commerce activities will be transferred to other departments. The new department will be able to focus on economic development and commerce in rural areas and become more effective.

◆ Scoping and Planning

This merger unifies community scoping and planning assistance into one department. Expert staff in both departments will be joined under one management structure. With effective scoping and planning, successful economic development projects can be identified and matched with the community's resources and talents. Common sense says planning will be far more effective under one department.

◆ Infrastructure Construction

Once the community has identified development projects through scoping, infrastructure can be planned and constructed. The new department will assist the community in obtaining financing for the construction phase.

◆ Centralized Financial Assistance

Applying for funds can be a difficult and daunting task for small rural communities. The traditional approach of obtaining financing from public agencies has been the "shotgun" approach. This merger would centralize expert staff who knows details of funding programs and possibilities. One primary goal is to create a "one-stop financial assistance" for funding projects.

House Bill 40

DCRA/DCED Merger

Cost Savings

Commissioner Office Consolidation

Commissioner	110
Deputy Commissioner	110
Special Assistant	70
Executive Secretary	50
Administrative Clerk	<u>35</u>

Subtotal: 375

Administrative Services

Division Director	110
Administrative Manager	75
Internal Auditor	75
Program Budget Analyst	65
Administrative Assistant	45
Grant Administrator	<u>45</u>

Subtotal: 415

Division of Community & Regional Development

Director	105
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Miscellaneous:

Travel	35
Contractual	30
Supplies	<u>10</u>

Subtotal: 75

TOTAL SAVINGS \$970,000

ALASKA STATE LEGISLATURE



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Fax - (907) 465-3818

REPRESENTATIVE VIC KOHRING
DISTRICT 26

Date: March 15, 1999

To: House Community & Regional Affairs Committee

Re: House Bill 40; Proposed Department of Commerce & Flural Development

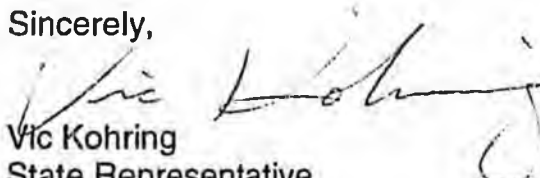
Committee Members:

Please accept the enclosed documents as evidence for the March 18, 1999 hearing on House Bill 40.

House Bill 40 is virtually identical to House Bill 400, heard last year in the Labor & Commerce and Finance Committees. These documents are the evidence that these committees used in passing the bill out of committee. Therefore, these documents are relevant to House Bil' 40.

I am eager to present the bill to the committee later this week.

Sincerely,


Vic Kohring
State Representative

House Bill 40

DCRA/DCED Merger

List of Hearing Packet Documents

1. Sponsor Statement
2. Sectional Analysis
3. HB 40 Cost Savings
4. Organization chart for new Department of Commerce & Rural Development:
5. Benefits to Rural Alaska
6. HB 400 Fiscal Note
7. Overlapping missions of DCED & DCRA
8. Overlapping Economic Development related activities of DCED & DCRA
9. Rebuttal to DCED hearing presentations
10. List of office locations in DCED
11. Rebuttal to DCRA hearing presentations
12. Benefits to moving Child Care and Headstart Programs into Department of Health & Social Services
13. Benefits of moving Job Training Programs into Department of Labor
14. Evaluation of staff levels in new department
15. Boards & Commissions for new department
16. Letters of support (8)
17. Letter of support from former DCRA deputy commissioner

LEGAL SERVICES

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STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
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130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 15, 1999

SUBJECT: House Bill 40: Sectional analysis (revised)

TO: Representative Vic Kohring
Attn: Michael Krieger

FROM: Jack Chenoweth
Assistant Revisor of Statutes

The principal purpose of this measure is to combine elements of the Department of Community and Regional Affairs with the Department of Commerce and Economic Development; the single successor agency, replacing the two combined departments, would be known as the "Department of Commerce and Rural Development." Other parts of each of the two departments are transferred to other agencies or eliminated. The bill also makes a series of conforming changes to reflect the transfers of duties and elimination of the two departments.

This memo revises, in a reference set out in bill section 70 only, the information set out in my January 27 sectional analysis.

A principal operative provision of the measure in bill section 102 repeals "AS 44.17.005(17)," thereby eliminating the "Department of Community and Regional Affairs" as one of the principal offices and departments of the executive branch of state government. In the memo, this is referred to as the "former department."

1. The amendments made in the following bill sections replace existing references to "Community and Regional Affairs" with reference to the renamed successor department:

Bill sections 1 and 2: References relating to the former department set out in sections applicable to the licensing of electrical and mechanical administrators (AS 08.40);

Bill sections 5 and 6: References relating to the duties of the former department in the chapter relating to administration of schools in the unorganized borough under regional educational attendance areas (REAA), AS 14.08;

Bill sections 7 - 11: References relating to the duties of the former department in the chapter relating to administration of the program of state aid to public schools (formerly the public school foundation program), AS 14.17;

Bill sections 12 and 13: References relating to the duties of the former department that are set out in the State Election Code (AS 15) relating to voter registration, AS 15.07, and election campaign financing (AS 15.13);

Bill section 14: A reference to the commissioner of the former department in the section describing the membership of the board of directors of the Alaska Medical Facility Authority (AS 18.26);

Bill sections 15 and 16: References relating to the duties of the former department and its commissioner that are set out in the chapter relating to the Alaska Housing Finance Corporation (AHFC) relating to the composition of the board of directors of the corporation (AS 18.56.030(a)) and the development of program standards applicable to land offered as collateral for certain loans of the corporation (AS 18.56.097);

Bill sections 18 - 20: Cross-references to the former department bearing upon management of the local services roads and trails program by the Department of Transportation and Public Facilities (AS 19.30);

Bill section 24: A reference to the former department in the subsection assigning responsibility for the preparation of municipal fiscal notes in conjunction with legislative consideration of bills and resolutions (AS 24.08.035(e));

Bill section 25: A reference to the former department in the subsection defining the membership of the Alaska State Emergency Response Commission (AS 26.23.071);

Bill section 26: A reference to the former department in the subsection guaranteeing state assistance to local government in the development of municipal ordinances that relate to the Alaska Uniform Vehicle Code (AS 28), (AS 28.01.010(b));

Bill sections 28, 29, 31 - 34, and 36 - 38: Various references relating to the former department and its commissioner under the state's Municipal Code (AS 29);

Bill section 39: Reference to the former department under the chapter authorizing establishment of regional resource development (AS 30.13);

Bill section 42: Reference to the former department under the section prescribing the manner of making grants appropriated or allocated for unincorporated communities (AS 37.05.317);

Bill section 43: Reference to the former department under the section prescribing the authority to adopt regulations applicable to municipalities affected by activities in the National Petroleum Reserve - Alaska (AS 37.05.530);

Bill sections 44 - 48: References to the former department in the chapter establishing the capital project matching grant programs (AS 37.06);

Bill sections 51 - 54: References to the former department in the chapter prescribing protection of state forest lands (AS 41.15);

Bill sections 55 - 57: References to the former department in the chapter establishing the state power assistance program and other rural and statewide energy projects (AS 42.45);

Bill sections 58 - 60: References to the former department in chapters in AS 43 authorizing the transfer to and payment by that department of surplus fisheries taxes (AS 43.75) and surplus fishery resource landing taxes (AS 43.77) to municipalities;

Bill section 61: Reference to the former department in a provision outlining the duties of the Office of Management and Budget in the Office of the Governor (AS 44.19.145);

Bill sections 62 and 63: References to the former department in sections bearing on the establishment of the Alaska Coastal Policy Council; the amendments delete references to the former department, rename references to the successor department, and make related changes in references and cross-references (AS 44.19.155);

Bill sections 64 - 66: References to the former department in sections bearing on the establishment and work of the Alaska Human Resources Investment Council; the amendments delete references to the former department and rename references to the successor department, and make related changes in references and cross-references (AS 44.19.155);

Bill section 68: Reference to the former department in a section defining the composition of the Alaska Commission on Aging (AS 44.21.200);

Bill sections 79 and 80: References to the former department in sections establishing the Alaska Municipal Bond Bank Authority and outlining the Authority's duties (AS 44.85);

Bill sections 81, 82, and 84: Various references to the former department in sections in the title (AS 46) relating to environmental matters that offer definitions of the term "village" for purposes of program management; in the first two of three bill sections, cross-references to sections are also corrected;

Bill section 83: References to the former department in a section of the chapter setting out the Oil and Hazardous Substance Release Prevention and Response Fund (more commonly called the "470 Fund") under which response grants may be awarded to make "impact assessments" (AS 46.08.040);

Bill sections 85 - 94: References to the former department in sections in the chapter outlining provisions of the state Coastal Management Program (AS 46.40);

Bill section 96: Reference to the former department in the section prescribing development of a comprehensive statewide plan applicable to adolescent pregnancy and parenting (AS 47.18.010); and

Bill section 99: Reference to the former department in the section prescribing development and submission of an interdepartmental budget for services to disabled and gifted persons (AS 47.80.090).

2. The amendments made in the following bill section revise the name of the principal executive officer of the newly-designated department:

Bill section 72 designates the "Commissioner of Commerce and Rural Development" as the head of the department. In addition to the change, the bill section gives the commissioner general authority to designate another person to serve in the commissioner's stead on any board or commission on which the commissioner must serve.

3. The amendments made in the following bill sections eliminate existing specific duties that are now assigned to the Department of Community and Regional Affairs (under AS 44.47) and re-establish those duties under AS 44.33 in the newly-designated Department of Commerce and Rural Development:

Bill section 73: The material in the bill section prescribes the general organization of the newly-designated successor department;

Bill sections 74 - 78: The material in these bill sections add to the duties of the existing department many, but not all, of the responsibilities of the former department; the bulk of the responsibilities relating to advice and assistance to local government and to the unorganized borough are set out in the material added by bill sections 75 - 78;

Bill sections 4, 27, 30, 40 - 41, 50, and 95: The bill sections contains material substituting statutory cross-references necessitated by the transfer of responsibilities as outlined in bill sections 74 - 78; and

Bill section 102 repeals AS 44.47 (programs of the Department of Community and Regional Affairs), the chapter under which most of these program provisions are currently codified.

4. The amendments and additions made in the following bill sections reflect the transfer of existing programs of the merging departments to other state agencies:

Bill section 21: The bill section adds a provision generally authorizing the commissioner of labor to establish and collect fees for publications and services of the Department of Labor. The provision substitutes for a like provision in AS 44.47.055, repealed.

Bill section 22: The provision establishes the "Business Incentive Training Program", a supplement to the Job Training Partnership Act, in AS 23. By AS 23.05.410(a), the program is to be overseen by the Alaska Human Resources Investment Council (AS 44.19.620). These provisions substitute for the provisions of AS 44.47.750 - 44.47.772, repealed.

Bill section 67: The provision establishes the "Office of International Trade" in the office of the governor, relocating it from the existing Department of Commerce and Economic Development. The existing statutory authority (AS 44.33.800) for the office's existence in that department is repealed.

Bill section 69: The provision formally assigns responsibility for administration of the head start program to the Department of Health and Social Services. This is a new provision with no direct predecessor.

Bill section 70: The material in the bill section

-- assuming a change on page 39, line 2 and 3, to so state, transfers responsibility for administration of the day care assistance program from the Department of Community and Regional Affairs to the Department of Health and Social Services, replacing material in AS 44.47.250 - 44.47.310, repealed; and

-- transfers administration of the child care facility revolving loan fund from the Department of Commerce and Economic Development to the Department of Health and Social Services, replacing material in AS 44.33.240 - 44.33.275, repealed.

Bill section 71: The provision transfers to the Department of Labor from the Department of Community and Regional Affairs responsibility for the federally funded employment and training programs under the federal Job Training Partnership Act. The section replaces assignment of management of that program under AS 44.19.626(f)(1) (amended elsewhere by bill section 65).

Bill sections 100 and 101: The amendments have the effect of transferring the displaced homemaker program from the Department of Community and Regional Affairs to the Department of Labor.

5. Other substantive changes:

Bill section 3: This section is both a transitional provision and one that makes a technical change. It inserts language that maintains the authority of the division of banking, securities, and corporations to charge fees for services and modifies the conditions under which fees charged for services by the division may be increased to take account of the change in the name of the department of which the division is a part.

Bill section 17: The bill section drops the reference to the Department of Community and Regional Affairs and inserts the name of the newly-designated department as related to

agencies that are to receive lists of approved fire protection systems annually prepared by the Department of Public Safety.

Bill section 23: The bill section drops the reference to the Department of Community and Regional Affairs and inserts the name of the newly-designated department as related to agencies that must be solicited for comments and suggestions as to projects that may be part of the state training and employment programs.

Bill section 35: This section, part of the municipal grant land entitlement provision, necessitates retention of reference to the commissioner of community and regional affairs based on a past act made by that official in 1978-79. The word "former" is inserted together with the full name of the department official.

Bill section 49: The bill section substitutes reference to the commissioner of revenue for the commissioner of community and regional affairs and inserts the name of the newly-designated department in the provision defining the membership of the Royalty Oil and Gas Development Advisory Board (AS 38.06).

Bill section 97: The bill section drops reference to the Department of Community and Regional Affairs and inserts the name of the newly-designated department as related to development of job training and education cooperative agreements.

Bill section 98: The bill section drops reference to the Department of Community and Regional Affairs as related to references to child care assistance under the Alaska temporary assistance program (ATAP).

6. *Uncodified transitional and implementing provisions:*

Bill section 102 repeals substantive program provisions of the Department of Community and Regional Affairs.

Bill section 103 repeals the provision transferring the Alaska regional economic assistance program (AS 44.33.895), added by bill section 78. The repeal of the section is effective July 1, 2000. This carries forward an existing provision that repeals AS 44.47.900 on July 1, 2000.

General "Transition" provisions are set out in **bill section 104** to ensure continuation of the obligations, rights, and remedies that are in effect on the date of the measure's taking effect.

A specific "Transition" provision set out in **bill section 105** changes the status of the Division of Tourism within the successor department.

Matters involving the changes not specifically dealt with in the measure are addressed in a general "Revisor's Instruction" provision appearing as **bill section 106**. By its terms, the

March 15, 1999
(revising January 27, 1999 memo)
Page 7

instruction in this bill section addresses changes that are to be made in the Alaska Statutes by the revisor of statutes and in the Alaska Administrative Code (regulations code) by the regulations attorney in the Department of Law.

Bill section 107 gives the measure a July 1, 1999, effective date.

JBC:jdr
99-122.jdr

House Bill 40

DCRA/DCED Merger

Cost Savings

Commissioner Office Consolidation

Commissioner	110
Deputy Commissioner	110
Special Assistant	70
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Administrative Clerk	<u>35</u>

Subtotal: 375

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Director	105
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STATE OF ALASKA
1998 LEGISLATIVE SESSION

Bill Version: CSHB 400 (L&C)
(H) Publish Date: 3/31/98

Revision Date: first
Title: Merger of DCED & DCRA

Department Affected: DCRA, DCED, Labor, DH
BRU: All

Sponsor: Kohring
Requestor: _____

Component: All _____

COMPONENT SERIAL NO:

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	-981	-981	-981	-981	-981
TRAVEL	-35	-35	-35	-35	-35
CONTRACTUAL	-31	-31	-31	-31	-31
SUPPLIES	-7	-7	-7	-7	-7
EQUIPMENT	0	0	0	0	0
LAND & STRUCTURES					
GRANTS, CLAIMS					
MISCELLANEOUS					
TOTAL OPERATING	-1054	-1054	-1054	-1054	-1054

CAPITAL	192	0	0	0	0
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REVENUE FUND SOURCE	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-1054	-1054	-1054	-1054	-1054
FEDERAL FUNDS					
OTHER FUND SOURCE					
TOTAL	-1054	-1054	-1054	-1054	-1054

POSITIONS:

FULL-TIME	-13	-13	-13	-13	-13
PART-TIME	0	0	0	0	0
TEMPORARY	0	0	0	0	0

Estimate of current year impact: $1,054 - 192 = 862$

ANALYSIS: (Attach a separate page if necessary)

see attached

Prepared By: Mike Kriber *M. Kriber* 3/27/98 Phone: _____
Division: _____ Date: _____

Approved By: Representative Vic Kohring *Vic Kohring* 3-27-98 Date: _____
Agency: _____

HB 400 Fiscal Note Issue: Staff Relocations

- The administration uses an amount of \$6,100 per staff relocation. This total includes \$3,166 to "Construct Tenant Improvements" and \$1,834 to "Move Systems Furniture." These two items total \$5,000 per employee.
- The \$6,100 amount also includes \$656 per relocated employee for computer moving and networking. This cost is redundant to the \$125,000 amount in the Administration's fiscal note for computer system conversions.
- The merger of the two departments does not require significant tenant improvements nor furniture moving. For such position relocations, this fiscal note uses the amount of \$444 ($6,100 - 5000 - 656 = 444$).

1. HB 400 transfers job training programs and the child care programs to other Departments. The Juneau based staff for these programs are located in the DCRA building. The physical relocation of staff would include:

Juneau Staff

- 3 Head Start staff from DCRA building to Department of Health & Social Services building
- 7 Statewide Service Delivery (job training programs) staff from DCRA building to Department of Labor building

10 staff at \$5,455 ($6,100 - 656 = 5,455$) totals \$54,550. This assumes that \$3,166 per employee is needed to "construct tenant improvements."

2. The following amounts are to relocate some Juneau based staff to consolidate the administrative services staff together, although there is considerable rationale for this move to not occur: a) Relocation should not be done before any evaluation is performed by the administration on reducing administrative support since there will be 39 fewer employees and fewer programs having associated administrative overhead, and, b) Administrative functions of the staff would not be significantly changed, only management oversight would be changed. Regardless, the following scenario is presented:

- Relocate 13 DCRA administrative staff to 9th floor State Office Building
- Relocate 11 Trade and Development to DCRA building
- If needed for sufficient space on the 9th floor (SOB), relocate the Commissioner, Deputy Commissioner and 2 Administrative Assistants to the DCRA building (space available due to DCRA Commissioner Office reduction)

28 staff @ .444 each = 12.4

Total Moving Cost:

Scenario 1	Move 10 staff	54.4
Scenario 2 (if needed)	Move 28 staff	12.4
Computer (assumes fiscal note would remain the same for this item although original fiscal note moves 259 employees)	lump sum	<u>125.0</u>

HB 400 IMPLEMENTATION TOTAL: 191.8

Anchorage Staff

1. Child Care & Job Training Programs Staff:

The Administration's fiscal note included moving Anchorage based Child Care and Job Training staff from the Post Office Mall to other locations. Anchorage based staff are located in their own suites at the Post Office Mall. They currently report to a director located in Anchorage, who in turn reports to the Commissioner's Office in Juneau. The merger would just change the management person being reported to.

The Post Office Mall lease has 3, 1-year options that extends through December 31, 2002. When the departments consolidate their offices at the Bank of America/Robert Attwood Building, the employees will be relocated there. It would be poor fiscal management to move the employees twice within a short period. Therefore, there is no need to relocate these employees until the new State Office building is available when they can be located with their respective departments.

b. Remaining Program Staff

The merged department will have 173 staff in Anchorage, not including the independent authorities such as AIDEA, APUC, etc. The Administration's fiscal note shows a cost of 1,055. to relocate these staff in one unspecified location. They concluded that it was necessary to immediately relocate all staff, regardless of the pending move to the Bank of America/Robert Attwood Building. As stated above, this would be poor fiscal management.

Summary:

1. Policy development needs to come from the upper management. Upper management is charged with providing focus and direction to staff. Staff do not need to be relocated in order for management to meet to discuss goals and to relay the needed tasks to staff.
2. As staff will be relocating to the Bank of America/Robert Attwood Building in a short time, it is fiscally imprudent to move staff, especially with modern telecommunications and computer networking.
3. Therefore, there is 0 cost for implementation of HB 400 for the Anchorage based staff.

HB 400

DCRA/DCED Merger

Cost Savings

Commissioner Office Consolidation

Commissioner	110	
Dep Commissioner	110	
Special Assistant	87	
Special Assistant	71	
Executive Secretary	45	
Admin Clerk	<u>35</u>	
		458

Administrative Services

Division Director	117	
Admin Mgr	75	
Internal Auditor III	77	
Program Budget Analyst III	64	
Admin Asst	44	
Grant Administrator I	<u>44</u>	
		421

Division of Community and Regional Development Director	<u>102</u>	102
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Miscellaneous

Travel	35	
Contractual (moving, DP, transp, vehicle, etc)	31	
Supplies	<u>7</u>	
		<u>73</u>

TOTAL \$1,054,000

House Bill 400

Overlapping Missions of DCED and DCRA

The Departments of Commerce & Economic Development, and Community & Regional Affairs both promote rural development. Overlapping missions and activities include:

- Rural Economic Development
- Fisheries
- Rural Tourism
- Infrastructure Planning, Funding, and Assistance
- Rural Sanitation Projects and Funding
- Energy Development
- Electrical Utility Assistance
- Assistance to Economically Distressed Regions
- Small Business Development

HB 400

Overlapping Economic Development Related Activities of DCED and DCRA

The Departments of Commerce & Economic Development and Community and Regional Affairs both promote economic development. Overlapping activities include:

<u>ACTIVITY</u>	<u>DCRA</u>	<u>DCED</u>
• Rural Economic/ Business Development	Rural Development Initiative Fund (RDIF)	Rural Development Initiative Fund (RDIF)
	Alaska Regional Development Organizations (ARDOR)	Business Assistance Program Western Alaska Economic Development (coordinates with ARDOR)
	Alaska Rural Development Council (ARDC)	Small Business Program Evaluation Task Force Small Business Economic Development (SBED)
• Rural Tourism	Rural Development Initiative Fund	Rural Tourism Infrastructure
	Community Block Grants	Bristol Bay/Kuskokwim Area Tourism
	Rural Development Authority Loans and Mini- Grants	
	Alaska Regional Economic Assistance Program	
• Rural Sanitation & Infrastructure Projects: Planning/Funding/ Management/Operations	Capital Matching Grant/Loan Program	Alaska Industrial Development & Export Authority
	Rural Utilities Business Advisory (RUBA)	Alaska Public Utilities Commission
	Bulk Fuel Revolving Loan Fund	Alaska Energy Authority
	Bulk Fuel System Evaluation & Upgrades	

ACTIVITY

- Energy/Electrical Development & Funding

- Utility Assistance

- Assistance to Economically Distressed Regions

- Fisheries

DCRA

Rural Electric & Power Project Loans
Rural Energy Program
Power Cost Equalization
Rebuild America
Bioenergy
Rural Bulk Fuel Tank Program
USDOE Wind Projects
Power Project Loan Fund
Rural Electrification
Revolving Loan Fund

Rural Utilities Business Advisory (RUBA)
Circuit Rider Program
Electrical Emergencies Program
Local Government Assistance Program

Exxon Valdez Oil Spill Unincorporated Rural Community Grant
South East Alaska Community Economic Revitalization Team

Community Development Quota

Shared Fisheries Business Tax Program

Various Economic Development Programs Listed Above

DCED

Alaska Industrial Development & Export Authority
Alaska Energy Authority
Power Cost Equalization
Alaska Science & Technology Foundation

Alaska Public Utilities Commission

AS 44.33 Article 4, Areas Impacted By Economic Disaster

Community Development Quota

Alaska Seafood Marketing Institute

Various Economic Development Programs Listed Above

DCRA
RDIF LOANS SUMMARY

LOAN No.	BUSINESS NAME/BORROWER	PURPOSE OF LOAN	COMMUNITY	LOAN AMOUNT
93-001	Central Peninsula Lumber	Equipment for family sawmill start up	Ninilchik	\$ 15,750
93-002	The Babbling Book	Start up bookstore	Haines	2,000
93-003	Bunnell Street Gallery	Expand/remodel art gallery	Homer	20,000
93-004	Copper Oar Rafting	Start up rafting operation	McCarthy	7,500
93-008	Sugar n' Spice Gift Store	Start up gift shop	Valdez	17,463
93-007	Royal Charters	Start up tourist/charter boat operation	Hoonah	7,500
93-008	Koskovich Jewelry	Expand jewelry design & manufacturing operation	Homer	40,000
93-009	J & B Logging	Expand logging operation	Bethel	7,200
94-001	A Q Electronics	Working capital (Equip & Inventory) for electronics store	Nome	9,884
94-003	City Cab Co.	Purchase/upgrade taxi cab company	Petersburg	16,630
94-005	Toanz Records	Expand record/CD store	Soldotna	27,000
94-008	River Adventures	Expand jet boat tour operation	Haines	48,362
94-007	Health Sea, Inc.	Expand added-value salmon processing operation	Kake	60,000
94-008	Kozy Kuspuks	Sewing machines for Kuspuk & parka maker	Dillingham	16,000
94-009	Tenass Pass Shellfish Co.	Expand capacity of oyster aquaculture operation	Naukatl	45,000
94-010	Siding 21	Start up restaurant	Skagway	11,750
94-011	The Sports Page	Expand athletic supply/sporting goods store	Glennallen	8,000
94-012	Tailor Made Pizza	Working capital/equipment, pizza parlor & scenic tour service	McCarthy	5,000
94-013	Hart D Ranch	Infrastructure (water, sewer, electricity) for new RV park	Stana	94,000
94-014	Raven Dance Espresso	Bldg, equip & working capital for espresso & health food store	Chitna	33,000
94-016	Kodiak Sports & Tour	Hunting & fishing charters, hiking & mountain bike tours	Port Lions	19,250
95-001	Chinik Eskimo Community Store	Start up village store	Golovin	17,002
95-002	Sam & Lee's Restaurant	Rebuild restaurant	Barrow	50,000
95-003	Circle A Enterprises	Purchase upgrade laundromat	Bethel	24,000
95-004	Sweetsir Construction	Equipment for construction company	Galena	50,000
95-005	G & N Shuttle	Shuttle bus service	Old Harbor	18,800
95-006	Larsen Bay Mercantile	Working capital/inventory for village store	Larsen Bay	42,500
95-007	Settlers Cove Market	Working capital/inventory for community store	Port Lions	42,400
95-008	Krog's Camp	Start up/renovate bed & breakfast	Soldotna	60,000
95-009	Peterson's Hunting & Fishing	Expand hunting & fishing guide operation	Old Harbor	28,784
98-001	David McFadden, Shipwright	Upgrade shipwright's shop	Petersburg	84,000
97-002	Kenneth Hughes, dba Grantley Harbor	Working capital to purchase store inventory	Teller	20,000
97-003	Royal T. Hill Sr, dba Royal Charters	Purchase and outfit larger boat	Hoonah	45,000
98-001	Bill and Nancy Turner dba Bluff Park	Indoor Horse arena (Loan awaiting closing)	Wasilla	176,000
34 loans				1,175,755

NOTE: ALL OF THE RECIPIENTS
ARE PRIVATE ENTITIES

NOTE: T = TOURISM
RELATED

FY 1997 RDA MINI-GRANT AWARDS DCRA
(alphabetical by community)

	COMMUNITY / APPLICANT	CONTACT	PHONE	P	PROJECT	MGS	MATCH	
1	Aldathak Native Community	George Pelar	825-4626		Fish processing plant equipment purchase	30,000	209,876	
2	Aldak Native Community	Sammy Jackson	765-7112	*	Kamp Kisaralik marketing	5,000	31,708	
3	Arctic Village Council	Steven Tritt	587-5114		Arctic Village Visitor Center feasibility study	10,000	9,153	
4	Coffman Cove	Elaine Price	329-2232		Island wide tourism promotion	7,500	7,550	
5	Cold Bay / AEB	Sharon Boyette	274-7555		Regional economic diversification study	5,000	59,000	
6	Delta Junction / DELTANA Comm Corp	Paul Knop	895-4150		Processing plant design	25,000	16,000	
7	Glemallen / CVEDC	Donna Tolkman	822-5001		Youth entrepreneurship project	18,500	7,317	
8	Hoonah Indian Association	Kenny Grant	945-3545	*	Bed and breakfast upgrade	15,000	15,000	
9	Houston / Mat-Su Conv. & Visitors Bureau	Jerra Wroble	746-5000		Borough wide tourism and impact study	10,000	40,000	
10	Kobuk	Joanne Sheldon	948-2217		Overall economic development plan	5,000	7,880	
11	Kwirgillingok / AYCP	Esher Stauffer	543-3521		Regional arts and crafts marketing program	20,000	25,219	
12	Maney Village Crafters' Guild	Melanie Mulligan	672-3130		Manley Hot Springs Visitors Guide production	5,000	6,566	
13	Merilasta Tribal Council	Kathryn Martin	291-2319		Overall economic development plan	5,000	7,500	
14	Nelson Lagoon Village Council	Justine Gunderson	989-2205	*	General store start up	15,500	29,900	
15	Point Hope, Native Village of	Pinky Tooyak	368-2330	*	Native Arts and Crafts cooperative start up	21,000	127,500	
16	Rusken Mission / Iqurmiut Trad Council	Mary Jane Jackson	584-5511		Overall economic development plan	5,000	2,500	
17	Seward	Yvette Welsh	224-4047		Convention business feasibility study	8,000	51,675	
18	Shishmaref Native Village / Shishmaref Tannery	Lucl Eningowak	649-3821		Shishmaref Tannery expansion plan	11,000	3,500	
19	St. Michael Native Village	Paufing Ollen	923-2304		Lodging business plan	5,000	9,175	
20	Stevens Village Council	David Lacey	452-7162	*	Koyukon Visitor Center restaurant equipment	30,000	465,577	
21	Tokrook Bay	Nick Thanar	427-7613		Fish plant equipment purchase	10,000		
22	Turuknak/ Coastal Villages Investment Fund	Phillip Kusayak	652-6312		Fish plant equipment purchase	10,000	3,378	
23	Wrangell	Carol Rushmore	874-2381	*	Dry kiln construction	23,500	200,547	
* public/private partnership *						TOTAL	300,000	1,336,521

NOTE: T = TOURISM RELATED

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

**DCRA
CDBG FFY 96 AWARD LIST
Awarded February 10 - 11, 1997**

Community	Type	Project	Amount	Score
St. Marys	CD	Dock Improvements & Expansion	199,665	96
Fairbanks	CD	Purchase Fire Equipment	200,000	94
False Pass	CD	Dock Improvements	200,000	93
Egegik	CD	Bulk Tank Farm Diking & Purchase	90,000	93
Lake & Peninsula Borough	PL	Economic Development Plan	50,000	92
Juneau	CD	Renovate Homeless Shelter	200,000	88
Marshall	CD	Consolidate Bulk Fuel Facility	200,000	87
Nenana	ED	Salmon Bake	165,000	87
Quinhagak	CD	Construct Clinic/Washeteria	200,000	86
Kobuk	PL	Design for Solid Waste	78,398	84
Aleutians East Borough	CD	Water System Improvements	34,604	78
Tanana	CD	Renovate Fire Hall/Purchase Equipment	200,000	78
Ouzinkie	CD	Construct Health Clinic	200,000	77
Kotlik	PL	Landfill Removal	113,517	75
Alakanuk	PL	Erosion/Relocation Design	54,000	69
Port Alexander	CD	Boardwalk Upgrade & Repair	61,585	69
Elim	CD	Tank Farm Relocation	200,000	69
Koyuk	PL	Relocate Tank Farm	60,000	64
Huslia	PL	Relocate Gas & Oil	200,000	61
Port Lior s	CD	Renovate Community Hall	200,000	59
Ketchikan Borough	CD	ADA Pool Renovation	26,709	57
Wasilla	PL	Employment for Disabled Persons	26,775	56
Aleknagik	CD	Purchase Fire Truck	60,000	56
White Mountain	CD	Backup Generator or Transformers	83,245	55
Teller	CD	Being Learning Center	200,000	53
Kivalina	PL	Relocation	200,000	52
Savoonga	CD	Solid Waste Garage	192,232	52
Emmbnak	CD	Water/Sewer Expansion	200,000	49
Northwest Arctic Borough	CD	Construct Clinic In Noatak	200,000	49
Brevig Mission	CD	Construct Bed & Breakfast	200,000	40
Hughes	CD	Multipurpose Building	86,202	40
Saxman	PL	Boat Harbor Development Plan	80,000	39
Shaktolik	CD	Health Clinic	151,755	38
Ambler	CD	Lift Stations/Water Sewer Hookups	200,000	35

\$3,103,498 in FUNDED projects. SHADED area identifies communities that were NOT funded @ \$1,710,169.
FFY 96 ASC results released 02.21.97

NOTE: T = TOURISM RELATED

(*)
97 RDA GRANT APPLICATIONS - DCRA
(by score)

COMMUNITY / APPLICANT	TYPE	PROJECT	RDA
92 Kipnuk Traditional Council	CD	bulk fuel storage area upgrade	40,000
91 Venetia Traditional Council	CD	multipurpose building log preparation	20,000
90 Sheldon Point	CD	community hall water/sewer installation	40,000
89 Edna Bay Community Association	ED	beach access to dock facility	45,000
89 Steelmute Traditional Council	CD	health clinic renovation	50,000
88 Gambell	CD	youth center renovation	25,000
88 Mountain Village	CD	arts and crafts entrepreneurship project	10,000
87 Dol Lake Village Council	CD	community wood fired boiler project	40,000
87 Eagle City Council	TC	solid waste disposal site development	15,000
87 Eek, Native Village of	CD	remove power plant environmental hazard	12,000
87 Egegik	CD	solid waste transportation equipment	18,000
86 Stobbins	CD	construct North Beach access road	20,000
85 Elim	CD	replace water transmission line	20,000
85 Pelican	TC	comprehensive plan development	10,000
85 Siana Community Corporation	CD	community well	10,000
85 Stevens Village Council	CD	renovate building for office space	35,000
84 Elin Cove Non-Profit Corp.	CD	replace bulk fuel transmission lines	8,000
84 Galena	CD	comprehensive plan	15,000
84 Naktack Village Council	TE	economic development plan	5,000
84 Teller	CD	public safety vehicle and equipment	25,000
83 Nenana	ED	salmon bake and smokery equipment	30,000
82 Ambler	CD	clinic renovation plan	5,000
82 Canwell Native Council	CD	road upgrade	20,000
82 Hollis Community Council	CD	Canoe Pass Road project	40,000
82 Minto IRA Council	CD	building renovation plan for youth center	10,000
82 New Stuyahok Traditional Council	CD	clinic expansion plan	5,000
82 Tanana	CD	fire hall renovation feasibility plan	10,000
82 Togiak	CD	complete cultural center	30,000
81 St. Mary's and Unalakleet / AFDF	CD	regional salmon marketing project	50,000
PRENEGOTIATION TOTAL:			661,000

↑ Funded

NOTE: T = TOURISM RELATED FUNDING

- unfunded - next page.

* Note: RDA Grant program was not funded by legislature for FY 98.

97 RDA GRANT APPLICATIONS DCRA
(by score)

Not Funded
↓

80	Chistochina Village Council	CD	tribal offices
80	Port Alexander	CD	boardwalk upgrade
80	Port Helden	CD	multipurpose building
80	Thome Bay	TC	power line extension study
79	Akiachak Native Community	ED	portable fish processor project
79	Huslia	CD	bulk fuel upgrade
79	Klawock	CD	longhouse completion
79	Mentasta Traditional Council	CD	road maintenance equipment
79	Mellakalla Indian Community	ED	value added salmon equipment
79	Ilw / Mat-Su RC & D	CD	community center repair
78	Coffman Cove	ED	ferry terminal design
78	Graylin, Organized Village of	CD	tank farm improvements
78	Kwigillingok / AVCP	ET	region arts and crafts marketing
78	Sand Point	CD	develop new water source
77	Aleknagik	CD	landfill equipment
77	Aniak	CD	fire hall completion
77	Brevig Mission	ED	furnish bed and breakfast
77	Hooper Bay	CD	washeteria equipment
77	Seldovia	CD	back hoe purchase
76	Cold Bay / AEB	TC	reestablish community access network
76	Houston	CD	multipurpose center
76	Shageluk	CD	landfill maintenance equipment
75	Bettles	CD	road upgrade
75	Chenega Bay IRA Council	ED	Chenega trail, phase II
75	Kivalina IRA Council	CD	child care office space
75	Kotlik	ED	seafood processing development
75	Nondalton Tribal Council	ED	economic development plan
74	Nightmute	CD	generator upgrade
74	Savoonga	CD	renovate teen center
73	Chalkyitsik Village Council	CD	multipurpose building design
73	Napaskiak / Napaskiak Electric Utility	CD	bulk fuel storage improvement
73	Newhalen	TC	landfill plan
73	Noatak IRA Council	TC	design work for bulk fuel farm
73	Nunapitchuk	TC	road bridge relocation study
73	Tenakee Springs	CD	enclose storage building
72	Ekwok	CD	city office building
72	Ester Volunteer Fire Dept.	CD	fire equipment
72	Koliganek Village Council	CD	construct public safety building
71	Akutan Traditional Council	ED	ecotourism guided tour development
70	Delta Junction / DELTANA Comm Corp	TE	feasibility of pea production
69	Allakaket Village Council	TC	multipurpose building design
68	Emmonak	CD	extend water lines
68	Kasigaluk Traditional Council	TC	establish independent utility
67	Crooked Creek Corp.	CD	renovate preschool facility
67	Kongiganak Traditional Council	CD	multipurpose building design
64	Golovin	CD	expand washeteria
61	Anderson	ED	lands survey and development plan

T

T

T

Proposed
NOTE: T = TOURISM
RELATED
PROJECTS
(ELIGIBLE BUT NOT FUNDED)
2 of 2

Article 9A. Regional Economic Assistance Program.

Section

900. Alaska regional economic assistance program

Effective dates. — Section 8, E.O. No. 93, makes this article effective July 1, 1996.

Sec. 44.47.900. Alaska regional economic assistance program. (a) The department shall

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

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

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

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

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

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

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

(5) assist each organization to

(A) provide services designed to encourage economic development to local communities and businesses;

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

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

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

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

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

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

HB 400 Hearing

Sponsor's Rebuttals To DCED

Following are Representative Kohring's rebuttals to the February 25, 1998 testimony of the Department of Commerce & Economic Development deputy commissioner.

Item 1, Missions: The deputy commissioner stated that the Department of Commerce and Economic Development (DCED) has a fundamentally different mission than the Department of Community and Regional Affairs (DCRA). The deputy commissioner stated that DCED programs focused on the private sector businesses, and that DCRA focused on public entities.

Sponsor's Rebuttal:

1. DCED provides funding for publicly owned projects. The Governor's proposed fiscal year 99 capital budget includes \$16.8 million of AIDEA funds. These include funds for the Departments of Administration, Community & Regional Affairs, Education, Corrections, Environmental Conservation, Transportation & Public Facilities, Revenue, Natural Resources, Military & Veteran's Affairs, Public Safety, Health & Social Services, and the University of Alaska. (These include water and sewer projects, contrary to the deputy commissioner's statement.)

2. The Alaska Public Utilities Commission (APUC) oversees private and public utilities. The APUC is inherently involved in public and private infrastructure development. These include water, sewer, natural gas, refuse, cable television, and telecommunications utilities.

3. In the DCED's FY 1999 Operating Budget Overview document, it states that one of the functions of the Division of Trade and Development is

“...helping communities develop needed infrastructure.”

Summary: Both DCED and DCRA participate in planning and funding of public and private projects.

Item 2, Duplication: The DCED deputy commissioner states that there is no duplication with DCRA.

Sponsor's Rebuttal:

There are many overlapping functions of the two departments. These functions include rural tourism, infrastructure, community facilities, energy and electrical projects, and small business development, and the Rural Development Initiative Fund Loan (RDIF) program.

Summary: Both departments perform many overlapping functions.

Item 3, Relocation Costs: The DCED deputy commissioner states that many staff would have to be relocated due to the merger. This would require the need to hire two full

time "space planners." The reason stated for the office space consolidation was that department administration and management needed all staff in one location.

Sponsor's Rebuttal:

1. Presently, DCED and DCRA have staff in many locations. Exhibit 3 shows that DCED already houses its staff in several separate locations: 3 in Juneau, 7 in Anchorage, 2 in Fairbanks, 1 in Tok, and 1 in the state of Washington. Also, there are DCED staff located overseas in the Pacific Rim region. Modern telecommunications greatly decrease the need for housing all employees under one roof.
2. Few programs are being transferred to other departments. A total of 52 employees will be transferred to other departments, but 23 are in remote locations and will not be relocated.
 - There are 3 Headstart staff (DCRA) in Juneau that need to be relocated to the Department of Health and Social Services. Otherwise, all DCRA staff in Juneau can stay in the DCRA building, which is located within one block of the DCED headquarters office.
 - JTPA/STEP staff statewide (16) already share space with other departments. The 10 staff in Juneau are already co-located with the Department of Labor. At question are the 3 staff in Anchorage and 3 staff in Fairbanks.
 - Child Care Assistance program staff (10) are all located in Anchorage, in the "Post Office Mall." At question is whether they would need to be relocated to a site where other Department of Health staff are located. This could be accomplished when leases expire and offices can be consolidated.

Summary: The worse case scenario is that 19 staff would be relocated, although it would seem that only the 3 Headstart staff would need to relocate. "Space planners" obviously are not needed, especially two of them. Relocation costs will be minimal, far below the \$1 million cost savings every year from the merger. (Using the administration's estimate of \$5,000 per relocation, the cost will range from \$15,000 to \$95,000.)

Item 4, Deputy Commissioners: The DCED deputy commissioner states that the new department would require two deputy commissioners.

Sponsor's Rebuttal:

The new department will have a grand total of 463 employees. This includes 104 employees working in the "independent" entities (46 in APUC, 32 in AIDEA, 19 in ASMI, and 7 in ASTF). Therefore, the new commissioner will directly oversee only 359 employees, still a small department. Even with 463 employees, the new department would be the 4th smallest.

Only 3 other departments have two deputy commissioners. Additionally, there will still be a special assistant in the new department, which is currently in the DCED. This special

assistant, as well as the directors, will be able to assist the commission with duties. There is no need for two deputy commissioners.

Summary: Only one deputy commissioner is needed.

**Department of Commerce and Economic Development
Offices by Location**

Juneau

State Office Building, 9th floor
Office of the Commissioner
Division of Administrative Services
Division of Banking, Securities and Corporations
Division of Occupational Licensing
Division of Insurance
Division of Tourism
Division of Trade and Development

Vintage Business Park, 3032 Vintage Boulevard
Division of Investments

Department of Labor Building, 1111 West 8th, Suite 100
AK Seafood Marketing Institute

Anchorage

Frontier Building, 7th Floor
Office of the Commissioner
Division of Banking, Securities and Corporations
Division of Occupational Licensing
Division of Trade and Development
AK Tourism Marketing Council

Frontier Building, 19th Floor
Division of Insurance

AIDEA Building, 480 West Tudor (wholly owned and occupied)
AK Industrial Development and Export Authority

Alaska Energy Building, 4300 B Street, Suite 101
AK Aerospace Development Corporation

Alaska Legal Center, 1016 West 6th, Suites 300, 400 and 420
AK Public Utilities Commission

UAA Diplomacy Building, 4500 Diplomacy Drive, Suite 615
AK Science and Technology Foundation

327 Ship Creek Avenue
AK Railroad Corporation—corporate offices

Fairbanks

Fairbanks Regional Office Building
Division of Occupational Licensing-Business Licensing

7501 Old Richardson Highway, Suite 205
Division of Trade and Development-Minerals Office

Tok

Tok Civic Center
Division of Tourism (Tok APLIC and Visitors Center)

Bellevue, Washington

1200 112th Avenue NE, Suite 226
AK Seafood Marketing Institute

HB 400 Hearing

Sponsor's Rebuttals To DCRA

Following are Representative Kohring's rebuttals to the February 25, 1998 testimony and the February 27 memorandum of the Department of Community & Regional Affairs' deputy commissioner.

I. February 25 Testimony Rebuttal

Item 1: The DCRA deputy commissioner stated that the Department of Commerce and Economic Development programs funded (publicly and) privately owned projects, but that DCRA only funds public entities, not private parties.

Sponsor's Rebuttal:

See Exhibit 1: DCRA's Rural Development Investment Fund (PDIF) shows 34 private entity loan recipients.

DCRA's Rural Development Authority (RDA) Mini-Grants Awards list shows 6 private/public partnership grants.

Item 2: The DCRA deputy commissioner states that DCRA does not participate in rural tourism development.

Sponsor's Rebuttal:

See Exhibit 1: DCRA's Rural Development Investment Fund (RDIF) shows 13 loans for rural tourism related loans, such as charter boats, bed & breakfasts, RV parks, etc.

DCRA's Community Block Grants includes rural tourism grants to communities for salmon bakes and bed & breakfasts.

DCRA's Rural Development Authority grant applications (both funded and not founded) include rural tourism related projects, such as arts & crafts entrepreneurship and marketing, salmon bakes, bed & breakfasts, and eco-tourism guided tour development

DCRA's Rural Development Authority (RDA) Mini-Grants Awards list shows 10 rural tourism grants.

AS 44.47.900(a)(3), the Alaska Regional Economic Assistance Program clearly requires DCRA to be involved in tourism development, as well as regional economic issues and international trade.

Item 3: The DCRA deputy commissioner stated that DCRA funds mostly publicly owned infrastructure projects.

Sponsor's Rebuttal:

Exhibit 1: DCRA's Rural Development Investment Fund (RDIF) shows only 1 of 34 loans to be for infrastructure, and that one loan was for a privately owned RV parks.

DCRA's Rural Development Authority (RDA) Mini-Grants Awards list shows 0 out of 23 grants used for infrastructure.

DCRA's Community Block Grants eligible project listing includes 16 non-infrastructure projects.

Summary: DCRA and DCED both fund/administer a) private and public projects, b) rural tourism projects, and c) infrastructure/community facilities/energy and electrical projects. **Why have two separate departments perform these same tasks?**

II. February 27, 1998 DCRA Memorandum Rebuttal

Item 1: Rural Economic & Small Business Development

Stated in the deputy commissioner's memorandum was that DCRA has **limited** involvement in assisting communities develop a community strategy for a) health and safety, b) community infrastructure, and c) jobs/economic development. DCRA assists 3-10 communities in this **limited service**.

Further stated is that DCRA encourages a comprehensive approach to community development, rather than preparing only an economic development stately because **many issues affect the success of economic development efforts**.

Rebuttal Points:

If only a few communities are receiving only limited assistance from DCRA, will rural communities ever become independent? **HB 400 will provide the framework to have greater coordinated assistance for rural communities.**

I agree that a comprehensive approach to economic development is needed. However, it would seem that an effective strategy is needed **especially** because of the many factors that affect development. DCRA should be inherently involved in such strategy, otherwise DCRA never will focus on effective development. **HB 400 will provide that focus that appears to be currently lacking in DCRA.**

Item 2: DCRA states that after a development strategy is determined, they refer community officials to other agencies, including DCED.

Rebuttal Point: If DCRA is not involved with developing the strategy, and only serve as a "middle man" agency, DCRA should be merged into the DCED where such coordination

can be **far more effective**. This increased effectiveness **supports approval of HB 400**.

Item 3: DCRA states that their regional development efforts are primarily provided through funding and administrative support of the ARDOR program. DCRA "encourages" the ARDORs to concentrate on development initiatives.

Rebuttal Point: Not surprisingly, funding for the ARDOR program comes from interagency receipts from DCED. Under HB 400, ARDOR will be directly funded through the new Department of Commerce and Rural Development, and **DCRA's role as the "middle man" and "cheer leader" agency will cease, as will administrative duplication**. This further supports approval of **HB 400**.

Item 4: DCRA operates the Rural Development Initiative Fund (RDIF) loan program. DCRA states that the RDIF loan program differs from the DCED's Small Business Economic Development Revolving Loan program in that they serve different clientele.

Rebuttal Point: As shown in Exhibit 1, DCED is also involved in the RDIF program. Obviously efficiencies in management can be achieved if the RDIF program if it was operated under one department. Further management streamlining can occur, resulting in additional savings **after HB 400 is passed**.

Item 5: DCRA agrees that it provides infrastructure scoping, planning, and funding. DCRA states that it also provides rural sanitation business management assistance. However, DCRA states that DCED does not perform these tasks.

Rebuttal Point: Alaska Industrial Development and Export Authority is contained within DCED. AIDEA is an important part of that department as it is an important program for economic development and international/domestic trade. According to the 1997 AIDEA annual report,

Development Finance Program

Through this program AIDEA may own and operate projects that bring economic benefits to the people of Alaska and are shown to be financially feasible. The projects typically provide **infrastructure** support for resource utilization and development.

In the course of funding these projects, AIDEA is inherently involved in early scoping and planning phases. Also, AIDEA is active in scoping and planning activities, as shown by their participation in the South East Alaska Community Economic Revitalization Team (SEA-CERT). Therefore, DCED is involved in infrastructure scoping, planning, and funding.

The Alaska Public Utilities Commission, within DCED, provides business management and operations technical assistance.

Obviously, both departments participate in these duties. Passage of HB 400 will provide **efficiency** by combining similar activities in one department.

HB 400

Benefits to Moving Child Care & Headstart Programs into the Department of Health and Social Services

The newly established federal Child Care & Development Fund requires states to “serve families through a single, integrated child care system.” By combining the Headstart and Child Care programs into the Department of Health & Social Services (DHSS), HB 400 will provide the Administration the opportunity to gain efficiencies and provide better service to Alaska’s families.

1. Headstart

HB 400 places all child care programs and Head Start into the Department of Health & Social Services. This is in alignment with the federal Child Care & Development Fund initiative to have an integrated child care system.

This federal grant initiative program is designed to develop linkages of various child and health care programs to promote comprehensive services to families:

“To remain self-sufficient, many families need other services along with child care. State and local planning should link child care to the following services:

- Health
- Family Support Services
- Head Start
- and others

This shows that Head Start is closely linked with health, child care, and other social services. DHSS provides these other services. By placing Head Start into DHSS, this desired linkage will be more efficient than by leaving Headstart in DCRA.

2. DHSS Lead Agency for Child Care Programs

According to the State of Alaska’s Child Care and Development Fund Plan (October ‘97 - September ‘99), the Department of Health & Social Services has been designated the lead agency. The two departments have entered a written agreement identifying areas of mutual cooperation regarding providing child care (including Head Start) in Alaska.

Placing the Child Care programs into DHSS will eliminate cumbersome interagency coordination.

3. Overlapping functions of the two departments

- HB 400 provides greater grant fund oversight: According to DCRA's budget documents,

"DCRA and the Department of Health and Social Services wish to streamline funding of the Child Care & Development Fund by better coordinating budgeting for the program. Therefore, grant fund management is transferred to DHSS from DCRA."

This shows that the child care programs are closely linked in both departments and there are efficiencies to be gained.

- According to the Alaska Child Care & Development Fund Plan, DHSS will provide payment to providers for parents who are required to participate in required work activities through the Division of Public Assistance. It also states that DCRA will provide funding to the parents, if the DHSS public assistance case manager makes that decision. **This shows that the two departments are doing the same task.**
- The two departments are jointly developing the Child Care Management Information System. **This also shows that the two departments are doing the same task.**
- DHSS licenses child care facilities to which DCRA provides funding.

Summary: Moving DCRA's Headstart and Child Care programs into the Department of Health & Social Services makes sense, and is consistent with the coordinating actions taken by the two departments. Getting these programs together in one department will better serve Alaska's families.

Benefits of Moving Job Training Programs into DOL

House Bill 400

Merger of Departments of Commerce & Economic Development with Community & Regional Affairs

HB 400 proposes to merge two existing departments that have overlapping economic development functions. Upper administration is proposed to be cut. This will save approximately \$1 million every year in upper management salaries and expenses. HB 400 proposes no reductions in providing job training and child care assistance, nor any other programs. This bill reduces unneeded bureaucracy while leaving programs intact.

Currently, job training programs such as JTPA, STEP and the Business Incentive Program are located within the Department of Community and Regional Affairs (DCRA). The One-Stop program is also within DCRA. Job training programs are within the Division of Community and Rural Development, a division which also oversees Head Start and Child Care programs. HB 400 will transfer the Head Start and Child Care (day care assistance) to the Department of Health & Social Services. The Job Training programs will transfer to the Department of Labor.

- DCRA currently has many varying programs from local government operations technical assistance to energy and sanitation facilities development to economic diversification projects. Having the additional burden of job training and child care assistance programs stretches this small department in many directions; hence, rural development has been slow. With a focus on economic development in the proposed merged department, job opportunities will increase in rural and urban areas.
- The Legislature is working with every department in state government to focus on the legislative intent for each department's mission and to define each department's goals to achieve the core mission. This is the first step in realigning government functions to eliminate duplication. The goal is to provide the core mission programs at the lowest cost. The transfer of the JTPA, STEP, BIP and One Stop programs from DCRA to the DOL are consistent with the statutory intent and purpose of the departments.

According to statute, the Department of Labor's mission is:

AS 23.05.010, Purpose. The Department of Labor (DOL) shall foster and promote the welfare of the wage earners of the state, improve their working conditions and **advance their opportunities for profitable employment.**

Whereas, according to statute, DCRA's mission is:

AS 44.47.050 Purpose of department: The purpose of the department (DCRA) is to render maximum state assistance to government at the community and regional level.

- Currently, DCRA refers JTPA and STEP program trainees to employment services and to DOL. DCRA provides funding to DOL for this service.
- Both DOL and DCRA withhold job training funds to cover administration costs. Included in those costs are redundant bureaucracy costs. If the "middle man" agency is removed, more funds would be going to training Alaskans.

HB 400

Evaluation of New Department Staffing Levels

<u>Department</u>	<u>Number of Staff</u>	<u>Number of Deputy Commissioners</u>
Administration	1,413	1
DCED	348	1
DCRA	180	1
Corrections	1,294	1
Education	618	1
DEC	454	1
F&G	1,353	2
H&SS	1,971	1
Labor	603	1
Law	435	2
Military & Vet.	262	1
DNR	895	1
Public Safety	855	1
Revenue	494	2
DOT & PF	3,015	1

- After the merger, there will be 13 fewer employees and 52 employees moving from DCRA to other departments. Therefore, the total employees in the new department will be 463. It will still be the 4th smallest department.
- Only 3 departments have two deputy commissioners. The new department will still have a special assistant which could be changed to be a second deputy commissioner, if it is deemed warranted.

HB 400

Boards and Commissions after Merger

Currently: DCED Commissioner sits on 12 Boards and Commissions
DCRA Commissioner sits on 15 Boards and Commissions

- House Bill 400 includes a provision to allowing a designee to act for the Commissioner on these Boards and Commissions.

Statutory Boards and Commissions

Alaska Aerospace Development Corp. (AS 14.40.826)	
Alaska Coastal Policy Council (AS 44.19.155)	
Alaska Housing Finance Corporation (AS 18.56.030)	Designee
Alaska Industrial Dev. & Export Authority (AS 44.88.030)	Designee
Alaska Energy Authority (AS 44.83.030)	Designee
Alaska Municipal Bond Bank (AS 44.85.030)	
Alaska Railroad Corporation (AS 42.40.020)	
Alaska Royalty Oil & Gas Dev. Advisory Board (AS 38.06.025)	
Alaska State Emergency Response Commission (AS 26.23.071)	Designee
Alaska Student Loan Corporation (AS 14.42.120)	
Board of Marine Pilots (AS 08.62.010)	Designee
Power Project Loan Committee (AS 42.45.060)	Designee
State Bond Committee (AS 37.15.110)	Designee
Telecommunications Information Council (AS 44.19.502)	

Total: 14 Statutory Boards and Commissions

Non-Statutory Boards

Rural Alaska Community Action Program (RurAL CAP)
Community Development Quota
Oil & Gas Council

Tanana Power Company, Inc.

P.O. BOX 873509

WASILLA, ALASKA 99687

TELEPHONE 907-373-5599

OR (907) 366-7101

April 2, 1998

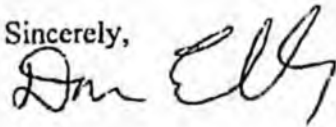
Representative Vic Kohring
State Capitol Building, Room 421
Juneau, Alaska 99801-1182

Representative Kohring:

Having operated a rural electrical utility for over 35 years and lived in rural Alaska for over 15 years, the need for a comprehensive approach to rural development has become very apparent. I support HB 400 because it promotes a unified and comprehensive system for rural development. The additional saving that would result from HB 400 is icing on the cake.

Thank you for time and effort.

Sincerely,



Don Eller

Dear Carolyn:

I appreciate your message regarding your proposal to merge DCRA into other departments. I have House Bill 40 which merges DCRA into Commerce & Economic Development. The first hearing is on March 18th in the Community & Regional Affairs Committee. If you're able to help with this legislation, I would welcome it. Thanks.

With best regards,

Rep. Vic Kohring
(800) 468-2186

Carolyn Tuovinen wrote:

Rep. Kohring:

I sent this to REp. Barnes & Senator Kelly a few weeks ago. I understand you have a bill regarding this issue. I support eliminating DCRA and moving functions to other departments as indicated below.
Carolyn Tuovinen

Rep. Barnes & Senator Kelly:

>

> There is much talk about the state budget and the need to have an
> efficiently run state government. I believe that some expenses could

> be eliminated by consolidating the functions currently within the
> Department of Community and Regional Affairs with functions in other
> departments such as Health and Social Services and Commerce & Economic

> Development. The Department of Community and Regional Affairs could
be

> eliminated and programs currently in that department moved to the
other

> departments. This would save administrative costs.

>

> DCRA is a very small department with far too many political appointees

> in it. This makes for very poor management. The programs within
DCRA

> (such as JTPA) are complex. There is a need for consistent ongoing
> management of the program. They should not be operated at the whim
of

> whatever party is in office from year to year. Additionally, there
are

> the same administrative costs for a small department as for a larger

> one.

>

- > I would also like to see far fewer political appointees in all
- > departments. They do not contribute to good government.
- >
- > While on the subject of budgets, I should add that I do not object to
- a
- > State Income Tax. This is a time honored way for governments to
- provide
- > services to the people which people cannot provide for themselves.
- >
- > Thank you for your consideration.
- > Your constituent,
- >
- > Carolyn Tuovinen
- > 5043 Mills Drive
- > Anchorage, AK 995084738
- > tuovinen@alaska.net

Representative Vic Kohring
Alaska State Legislature
State Capitol Building, Room 421
Juneau, Alaska 88901

March 5, 1998

Dear Representative Kohring,

HB 400 represents a wonderful opportunity for the legislature to make a statement that good cost efficient government is important to the people of Alaska. In these days of diminishing oil revenues the legislature has two clear options 1) protect big , inefficient government and cut funding for programs that impact citizens to pay for this bureaucracy or 2) reduce upper level bureaucracy and rearrange government so that it more efficiently delivers services and programs which will, in this case, result in saving one million dollars worth of programs from the budget knife.

It sounds like a simple choice cut bureaucracy or cut programs. The Department of Commerce and DCRA are ideal candidates for a merger. In the Days of excess revenues this was a luxury the State chose.

No longer can any state funded activity stand on its own merit of whether or not it is a nice idea. Today, with budget shortfalls, legislators must make tough comparative decisions. How does protecting an entrenched bureaucracy compare to cutting funding for the actual programs that department is suppose to deliver.

When any legislative effort suggests reducing funding there is always opposition from those effected. In this case the upper level bureaucracy may make an pleas to protect their empire. Let 'em squeal. The sky is not falling. Your duty as a legislator is to compare those arguments with the benefits the state could accomplish with the dollar savings.

Good government is not glamorous. The viewpoint of "if it is not broke don't fix it" ignores the benefits of efficient , effective government. Not only does HB 400 deliver better services but allows programs the financial freedom not to be cut. In some small way this bill allows the legislature to restore credibility in state government.


Robert Hall

Representative Vic Kohring
Alaska State Legislature
State Capitol Building, Room 421
Juneau, Alaska 99801

March 5, 1998

Dear Rep. Kohring:

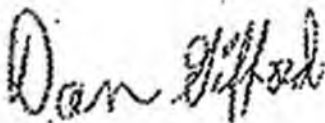
I wish to state my full support for House Bill 400, which merges the Departments of Community & Regional Affairs and Commerce & Economic Development. The concept of this legislation to essentially restructure government is something that is long overdue.

As the Legislature continues to reduce spending, it's important that you look at ways to achieve efficiencies in the delivery of services to the public. No longer should you simply cut across the board, but rather you should prioritize spending and focus our resources on the essentials. Your legislation helps us to do just that, because it cuts out wasteful bureaucracy instead of programs. It also is geared toward infrastructure development—the foundation of a strong economy which is a more appropriate expenditure of state funds instead of expensive salaries for government employees.

Most important in my mind however, is the fact that FIB 400 saves the taxpayers, like me, dollars. The estimated one million dollars a year in savings by cutting out high paid upper management positions is precisely what we need to be doing. As a small businessman, I expect my elected officials to be careful with how they spend the public's money.

Thanks for filing this important legislation.

Sincerely,



Dan Gifford
P.O. Box 874803
Wasilla, Alaska 99687
907-373-5606

Representative Vic Kohring
Stater Capitol Building
Juneau, Alaska 99801

March 2, 1998

Dear Vic,

It came as no surprise to me when I read about your "Merger Bill", HB 400. I was delighted to read that you are still attempting to bring some fiscal sanity to the Rapacious Ones of Juneau.

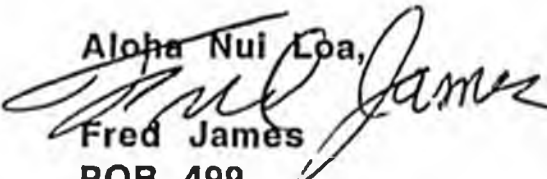
As I understand the bill, it would deliver the same services while deleting entire sections of upper management and their entourage, the secretaries, offices and other amenities of upper management.

I think this is a wonderful, even inspired approach. If two large departments have sections that do like functions, it makes good sense to merge them under one management. If you place Headstart under HSS, that will eliminate the potential complaint that one commissioner could not handle *all* of the efforts of both departments.

My only problem is that it seems to give the impression that the efforts of these two department are wholesome and necessary to the people of Alaska. I doubt it. If one were to carefully go through the functions of each subsection with the notion that government is to be a limited force, designed to educate and protect the citizenry, then most, if not all could be abolished.

I hope some day a majority in the Legislature will realize this and let us be free to live our own lives.

Aloha Nui Loa,


Fred James

POB 499

Palmer, AK 99645

March 5, 1998

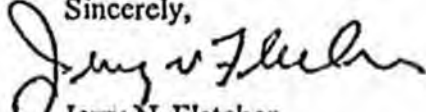
Representative Vic Khoring
Alaska State Legislature
State Capitol Building RM. #421
Juneau, AK 99801

Re: Bill HB 400

Dear Mr. Khoring,

We are in total support of overlapping the functions of the DCED and the DCRA. I support Bill HB 400 in order to help bring government spending under control.

Sincerely,



Jerry N. Fletcher

March 5, 1998

Representative Vic Khoring
Alaska State Legislature
State Capitol Building RM. #421
Juneau, AK 99801

Re: Bill HB 400

Dear Mr. Khoring,

We are in total support of overlapping the functions of the DCED and the DCRA. I support Bill HB 400 in order to help bring government spending under control.

Sincerely,

A handwritten signature in cursive script that reads "Sherri R. Mulhoney". The signature is written in black ink and is positioned above the printed name.

Sherri R. Mulhoney

Letters to the Editor
Anchorage Daily News
1001 Northway Drive
Anchorage, Alaska 99508
FAX (907)258-2157

February 23, 1998

Dear Editor;

I noted with interest the other day in the Anchorage Daily News that our Valley Rep. Vic Kohring is at it again. His latest bill, House Bill 400, will consolidate two fat state government departments, get rid of their upper management heirarchies and deliver the same services and deliver the same services for far less cost. This should be music to all of our ears.

But not to Democrat parasites who need to control Alaskans lives with taxes and new "programs." Already, the governor's man, Bob King, was quoted as saying that Mr. Kohring's bill is not needed, because "if it ain't broke, don't fix it." But of course it's "broke." If you are in private business and are spending \$100 to do something that you could do for \$10, it is efficient to note the difference and to make the necessary changes. If you are the average government man, apparently you do not care, because (to you) the taxpayers (i.e. the peasants) will always be *forced* to pay for it. Thank God, Mr. Kohring is not the "average government man."

Mr. Kohring is right on the mark with this bill. If I lived in his district I'd have voted for him many times by now. He has campaigned and *voted* to get government off our backs; something a bunch of our socialist politicians forgot last Spring when they voted to extort \$1.00 a pack from our smokers. I was appalled... and I do not smoke! Did we not predict smugglers? And did I not read the other day in the ADN that a company in Wasilla is being attacked by the State for selling cigarettes and not paying the tax? Ha!, those are the tips of (fast growing) new icebergs. And the socialists are always glad to use such results as stalking horses for ever further meddling (and spending.. and hiring.. staffing..). Who do they think they are hood-winking? Idiots!

Thanks Rep. Kohring, and keep 'em coming. I think that you will make a *fine* Governor in another two or three years.

Regards,

Jim Van Doren
Palmer, Alaska
(907)745-7427 Ph. and FAX

MAR 10 1990

Representative Vic Kohring
Alaska State Capitol, Room 421
Juneau, Alaska 99801

Dear Representative Kohring:

I urge you to pass House Bill 400. Merging two departments that are involved in economic development throughout Alaska is a smart way to cut government. Having one department responsible for improving our economy will help all communities and businesses.

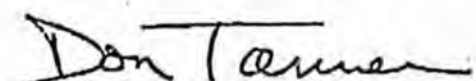
As a small businessman, providing service is important to my customers. I take every effort to minimize my overhead. State government should do the same. This merger bill is the first step in cutting unnecessary overhead.

As a former Deputy Commissioner for the Department of Community and Regional Affairs, I am aware of the economic problems faced in rural Alaska. This merger bill will increase efficiencies and greatly enhance economic growth in rural areas.

Being the Deputy Commissioner I also know that the two departments perform similar tasks. Only one commissioner and administration is needed for the activities of the two departments.

I encourage the Legislature to pass this bill. It will be good for rural Alaska, good for business, and good for the State budget.

Sincerely,


Don Tanner

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. HB40

Revision Date/Time (Note if correction) 03/04/99 Dept. Affected Revenue
 Title Department of Community and Economic Development BRU Revenue Operations
 Component Alaska Housing Finance Corporation
 Sponsor Rep. Kohring
 Requester Community and Regional Affairs Committee Component Serial No. 110

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
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	0.0	0.0	0.0	0.0	0.0	0.0
-----------------------------	------------	------------	------------	------------	------------	------------

CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
-------------------------------	------------	------------	------------	------------	------------	------------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF Program Receipts						
1037 GF Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year (FY99) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Sections 15 and 16 update AHFC statutes to reflect the creation of the new Department of Commerce and Rural Development. No fiscal impact or budgetary changes at AHFC are anticipated.

Section 77 describes loan information officers to serve persons who reside outside the major population centers of the state. The loan officers shall be trained in a program administered by the department and approved by AHFC. The aspects of this program are unknown right now, but AHFC anticipates approval can be done with existing staff and budget resources.

Prepared by John Bitney
 Division AHFC
 Approved by Wilson L. Condon
 Commissioner
 Agency Department of Revenue

Phone 465-2301

Date/Time

Date 3/4/99

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PAUL FUHS

P.O. Box 20664
Juneau, Alaska 99802
(907) 790-3030
fuhs@ptialaska.net

March 17, 1999

Representative Vic Kohring
Alaska State Legislature

Dear Representative Kohring,

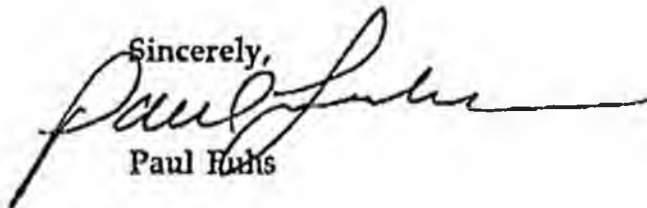
You have asked me to comment on your bill HB 40 as former Commissioner of Commerce and Economic Development. My comments will also relate to my recent experiences as an economic development consultant in rural and urban Alaska.

From my experience, I can tell you that there would be many advantages to combining the state's economic development programs. I don't know how much money you would save doing this, but you would certainly have a much more effective program. While I was in the Hickel administration, I heard many people, especially in rural Alaska, complain about being bounced back and forth between the various agencies and it confusing and frustrating for them. Given the fact that Alaska's economic development and international trade programs have been reduced to their bare minimums due to the need for budget cuts, it is even more imperative that they be coordinated for maximum advantage for Alaska's people.

I would urge you to contact and work with the Alaska Municipal League on issues they may have with HB40 concerning municipal programs in DCRA. I also understand that discussions are underway concerning the possibility of consolidating regulatory functions of Labor with Commerce also. I am not supporting one concept over the other, but I wish you well in finding funding and program efficiencies within the departments.

These comments are mine alone and do not reflect the position of any of my clients.

Sincerely,



Paul Fuhs

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

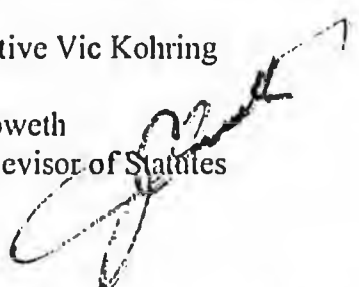
MEMORANDUM

January 27, 1999

SUBJECT: Necessary corrective amendments to House Bill 40

TO: Representative Vic Kohring

FROM: Jack Chenoweth
Assistant Revisor of Statutes



Terri Lauterbach is away from the office. In her absence, per your request I am preparing a sectional analysis for House Bill 40.

Please note the following corrections that should be made to the bill as introduced:

Page 33, line 4:

Delete "Community and Regional Affairs";

Insert "Department of ~~Commerce~~ [COMMUNITY] and ~~Rural Development~~ [REGIONAL AFFAIRS]";

Page 39, lines 2 and 3:

Delete "department of Community and Economic Development";

Insert: "Department of Commerce and Rural Development" or "Department of Health and Social Services", depending on which of these agencies you intend to have responsibility for the day care assistance/child care grant program. (I cannot tell which agency was intended but the name of the agency that appears on lines 2 and 3 is incorrect.)

JBC:glc
99-030.glc

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE HALCRO

TO: HB 40

1 Page 1, line 9, following "development":

2 Insert "; establishing in the Office of the Governor the position of rural affairs
3 advocate"

4 Page 26, following line 4:

5 Insert a new bill section to read:

6 **** Sec. 50.** AS 39.20 is amended by adding a new section to read:

7 **Sec. 39.20.085. Salary of rural affairs advocate.** The monthly salary of the
8 rural affairs advocate appointed under AS 44.19.012 is equal to Step E, Range 28, of
9 the salary schedule in AS 39.27.011(a) for Juneau, Alaska."

10 Renumber the following bill sections accordingly.

11 Page 26, following line 6:

12 Insert new bill sections to read:

13 **** Sec. 52.** AS 39.52.170(c) is amended to read:

14 (c) The head of a principal executive department of the state may not accept
15 employment for compensation outside the agency that the executive head serves. The
16 rural affairs advocate may not accept employment for compensation outside the
17 Office of the Governor.

18 *** Sec. 53.** AS 39.52.180(d) is amended to read:

19 (d) A former governor, lieutenant governor, rural affairs advocate, or head
20 of a principal department in the executive branch may not engage in activity as a
21 lobbyist under AS 24.45 for a period of one year after leaving service as the governor,
22 lieutenant governor, rural affairs advocate, or department head, as appropriate. This

1 subsection does not prohibit service as a volunteer lobbyist described in
2 AS 24.45.161(a)(1) or a representational lobbyist as defined under regulations of the
3 Alaska Public Offices Commission."

4 Renumber the following bill sections accordingly.

5 Page 28, following line 16:

6 Insert new bill sections to read:

7 **** Sec. 64.** AS 44.19.010 is amended to read:

8 **Sec. 44.19.010. Office of the Governor.** The Office of the Governor
9 includes the lieutenant governor, the budget officer, the rural affairs advocate, and
10 the staff that the governor finds necessary to administer the executive powers of the
11 state.

12 *** Sec. 65.** AS 44.19 is amended by adding a new section to read:

13 **Sec. 44.19.012. Rural affairs advocate.** (a) The governor shall appoint a
14 rural affairs advocate whose duties are to

15 (1) advise the governor and the heads of each principal executive
16 department about the role of rural governments;

17 (2) monitor and advance recommendations about proposed policy
18 changes that would affect rural governments and rural affairs;

19 (3) monitor and advance recommendations about delivery of
20 government services to rural areas, including services relating to public safety, justice,
21 economic development, natural resource management, education, and public health;

22 (4) assist in coordinating efforts of state agencies in providing services
23 to and in the rural areas of the state;

24 (5) advocate within state government for maximization of local
25 autonomy and local control; and

26 (6) encourage respect for differing aspirations, traditions, and cultures
27 in the state.

28 (b) The rural affairs advocate may not employ staff or adopt regulations."

29 Renumber the following bill sections accordingly.

1 Renumber internal references to bill sections in accordance with this amendment. Below are
2 all internal bill section references in this bill:

3 Page 69, line 26

4 Page 70, line 30

5 Page 71, line 3

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. HB40

Revision Date/Time (Note if correction) _____ Dept. Affected multiple
 Title An Act combining the Departments of Commerce BRU multiple
and Economic Development and Community and Reg Affairs Component multiple
 Sponsor Representative Kohring
 Requester Hs C & RA Committee Component Serial No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services	(189.0)	(189.0)	(221.1)	(221.1)	(221.1)	(221.1)
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	(189.0)	(189.0)	(221.1)	(221.1)	(221.1)	(221.1)

CAPITAL EXPENDITURES	907.7					
CHANGE IN REVENUES (1007)	(42.0)	(42.0)	(42.0)	(42.0)	(42.0)	(42.0)

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	760.7	(147.0)	(179.1)	(179.1)	(179.1)	(179.1)
1005 GF/Program Receipts						
1037 GF/Mental Health						
1007 Interagency Receipts	(42.0)	(42.0)	(42.0)	(42.0)	(42.0)	(42.0)
TOTAL	718.7	(189.0)	(221.1)	(221.1)	(221.1)	(221.1)

Estimate of any current year (FY99) cost: _____

POSITIONS

Full-time	(2)	(2)	(2)	(2)	(2)	(2)
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached analysis.

Prepared by Tom Lawson, Director *Tom Lawson* Phone 465-2506
 Division Administrative Services Date/Time 3/24/99 12:42 PM
 Approved by Commissioner Deborah B. Sedwick *Deborah B. Sedwick* Date 3/24/99
 Agency Commerce and Economic Development

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FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION
ANALYSIS: (continued)

BILL NO. HB 40

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT Fiscal Note Calculations for HB 40

HB 40 would combine the Departments of Commerce and Economic Development and Community and Regional Affairs, creating a new Department of Commerce and Rural Development, and would transfer a few programs to other state agencies, including the Departments of Labor and Health and Social Services. No existing programs are eliminated in this legislation. We estimate that it will take twelve to twenty-four months to implement this legislation, including moving staff, merging programs, etc. Following is our best estimate of the fiscal impacts.

Personal Services Savings

This fiscal note shows the estimated savings in staff associated with the merger of DCED and DCRA. This bill may result in the elimination of some administrative support positions. However, during a twenty-four month transition period, no administrative support staff should be eliminated. In fact, administrative workloads will increase because of the merger and transfer of financial and computer systems, personnel issues which will arise, office relocations, and budget development and implementation. Initially, one Commissioner and Executive Secretary will be eliminated in the Commissioner's Office. In addition, the vacant Administrative Services Director will be downgraded to an assistant director, the vacant Tourism Director will be downgraded to a manager, and the Director of the Division of Community and Rural Development (DCRD) will be downgraded to a program coordinator. All DCED and DCRA directors are partially exempt and therefore subject to the State's Personnel Rules. One of the personnel rules requires that when a downgrade occurs, salaries must be matched and if this is not possible, salaries are to be frozen for two years. Consequently, savings on the downgrade of the DCRD director to program coordinator are not shown until FY02. All other staff eliminations or other savings will have to await implementation of this legislation and a comprehensive evaluation by all affected agencies of the impacts. Specific positions which will need to be evaluated in the first 12 months include: a Deputy Commissioner and a Special Assistant to the Commissioner II. In the second year of implementation, administrative support staff in divisions and administrative services personnel will be evaluated for possible elimination. Following is our estimate of personal services savings:

		FY 00		FY 01		FY 02		FY 03		FY 04		FY 05
Eliminate commissioner	\$	(111.2)	\$	(111.2)	\$	(111.2)	\$	(111.2)	\$	(111.2)	\$	(111.2)
Eliminate secretary	\$	(50.2)	\$	(50.2)	\$	(50.2)	\$	(50.2)	\$	(50.2)	\$	(50.2)
Downgrade admin services director	\$	(13.8)	\$	(13.8)	\$	(13.8)	\$	(13.8)	\$	(13.8)	\$	(13.8)
Downgrade tourism director	\$	(13.8)	\$	(13.8)	\$	(13.8)	\$	(13.8)	\$	(13.8)	\$	(13.8)
DCRD director to Program Coord.	\$	-	\$	-	\$	(32.1)	\$	(32.1)	\$	(32.1)	\$	(32.1)
Total Personal Services Savings	\$	(189.0)	\$	(189.0)	\$	(221.1)	\$	(221.1)	\$	(221.1)	\$	(221.1)

Capital Costs

This fiscal note includes a total of \$907.7 for moving/computer/space planning costs as a capital budget item. DCRA and DCED offices in Juneau and Anchorage are consolidated over a period of time with no additional lease costs. Because employees from two departments will be relocated to multiple departments and in order to ensure appropriate management of all moving funds, we have consolidated all moving costs into this fiscal note and recommend that the appropriation for moving costs be made to the Office of Management and Budget.

Moving Costs. While more than 250 employees will ultimately be moved as a result of this legislation, we estimate that funding to cover moving expenses for a total of 125 positions is necessary to accommodate the departmental transfers. Over a period of several years, a total of 147 positions will be moved to the Atwood Building. However, moving costs for the Atwood Bldg were previously appropriated, so no expenses for Atwood Building moves are included in this fiscal note. The Department of Administration, Division of General Services and Supply, has developed a cost per position moving factor of \$6.1. This factor was developed through an analysis of recent office moves in Juneau and Anchorage. Total moving costs for the 125 positions are \$762.5.

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. HB 40

ANALYSIS: (continued)

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
Fiscal Note Calculations for HB 40

Capital Costs cont'd.

Computer Systems One Time Costs. Money will be needed for computer systems conversions. We estimate that \$120.2 as a one time capital appropriation for FY00-FY05 period will be needed for costs to convert DCRA computers to the DCED system. Costs include server/hub upgrades, software upgrades and license fees. In addition, costs are estimated for separate Child Care Assistance and JTPA offices. It is assumed that programming and conversion tasks will be undertaken with in-house staff. Cabling costs are included in the moving cost estimate. The integration of the separate DCRA and DCED computers will speed public services and improve the ability of the public to access departmental information.

Space Planning & Leasing. The Department of Administration, Division of General Services will provide support to the affected agencies. This support will include: enforcing space standards; negotiating lease improvements; and coordinating building modifications with DOT/PF in State owned buildings. \$25.0 for Juneau will be needed to contract for the services of an architect to design office facilities for those employees who will be relocated.

	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
Move 96 Jno positions at \$6.1 each	\$ 585.6	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Move 29 Anc positions at \$6.1 each	176.9	0.0	0.0	0.0	0.0	0.0
Move subtotal	762.5	0.0	0.0	0.0	0.0	0.0
Computer Systems	120.2	0.0	0.0	0.0	0.0	0.0
Space Design Contract	25.0	0.0	0.0	0.0	0.0	0.0
Total Capital Cost	\$ 907.7	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0

HB 40 Space Allocation Worksheet

I. Juneau

Agency/Program	Going From	Going To	Current Office Location			
			9th Flr SOB	DCRA BLDG	Plywood Palace	Vintage Park
Administrative Services	DCRA	Labor		2		
Statewide Services Delivery	DCRA	Labor		7		
Subtotal			0	9	0	0
Commissioner's Office	DCED	DCRD	4			
Commissioner's Office	DCRA	DCRD		6		
Commissioner's Office	DCRA	Deleted		(2)		
Administrative Services	DCED	DCRD	18			
Administrative Services	DCRA	DCRD		18		
Banking, Sec. & Corp.	DCED	DCRD	20			
Insurance	DCED	DCRD	30			
Occupational Licensing	DCED	DCRD	38			
Trade & Development	DCED	DCRD	10			
Tourism	DCED	DCRD	11			
Investments	DCED	DCRD				39
ASMI	DCED	DCRD			10	
Data Processing	DCRA	DCRD		1		
Training and Development	DCRA	DCRD		2		
Statewide Assistance	DCRA	DCRD		5		
Community & Economic Dev.	DCRA	DCRD		5		
Energy Operations	DCRA	DCRD		1		
Head Start	DCRA	DHSS		3		
Subtotal			131	39	10	39

Total 131 48 10 39

Preferred Option

DCRA Programs to 9th Floor SOB	39	(39)		
SSD/Admin Services to Labor		(9)	9	
Occ. Licensing to DCRA Bldg.	(38)	38		
ASMI to DCRA Bldg.		10	(10)	

Net change 1 0 (1)

Total Number of Positions Moved 96

HB 40 Space Allocation Worksheet

II. Anchorage	Going From	Going To	Current Office Location							
			DCED 7th Flr Frontier	DCED 13th Flr Frontier	AADC Ak Energy Bldg	DCRA Post Office Mall	AIDEA Bldg	APUC Bldg.	ASTF UAA Diplomacy	
JTPA State Office	DCRA	Labor					11			
Statewide Services Delivery	DCRA	Labor					3			
Administrative Services	DCRA	Labor					1			
Subtotal			0	0			15	0	0	0
Child Care Assistance	DCRA	DHSS					9			
Administrative Services	DCRA	DHSS					5			
Subtotal			0	0			14	0	0	0
Commissioner's Office	DCED	DCRD	2							
Administrative Services	DCED	DCRD	1							
Banking, Sec., & Corp.	DCED	DCRD	5							
Insurance	DCED	DCRD		20						
Occupational Licensing	DCED	DCRD	28							
Trade	DCED	Gov	4							
Development	DCED	DCRD	9							
Investments	DCED	DCRD	5						46	
APUC	DCED	DCRD								
ATMC	DCED	DCRD	3							
ASTF	DCED	DCRD								7
AADC	DCED	DCRD			4					
AIDEA	DCED	DCRD						31		
Administrative Services	DCRA	DCRD					7			
Data Processing	DCRA	DCRD					6			
Training & Development	DCRA	DCRD					21			
State Assessor	DCRA	DCRD					2			
Local Boundary Comm	DCRA	DCRD					3			
Community Dev Assistance	DCRA	DCRD					6			
Energy Operations	DCRA	DCRD					25			
Subtotal			57	20	4		70	31	46	7
Total			57	20	4		99	31	46	7

Preferred Option Moves

Atwood Bldg in FY00

Trade staff to Gov's Office	4	(4)							
DCED Comm.'s Office, Admin Services, BSC, Occ. Lic., Development, Investments	53	(53)							
DCRA Community Dev. Assist	6						(6)		

Atwood Bldg in FY02

Insurance	20			(20)					
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Atwood Bldg in FY06

DCRA Admin Services, DP, Train. & Dev., State Assess., Local Bound. Comm., Energy Operations	64						(64)		
Atwood Bldg. position move total	147	(57)	(20)				(70)		

JTPA/SSD/Admin to Labor in FY00	15						(15)		
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Child Care Assist/Admin to DHSS in FY00	14						(14)		
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Position move total (non Atwood Bldg)	29						(29)		
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Net Change	176	(57)	(20)	0	(99)	0	0	0	0
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Note: Move totals for the Atwood Bldg. and other offices are separated because moving costs for the Atwood Bldg were previously appropriated.

Personal Services worksheet

FY00/FY01	GF	IA	Total
Eliminate commissioner	82.3	28.9	111.2
Eliminate secretary	37.1	13.1	50.2
Downgrade admin services director	13.8		13.8
Downgrade tourism director	13.8		13.8
Total savings	147.0	42.0	189.0

FY02+			
Downgrade DCRD director	32.1		32.1
Eliminate commissioner	82.3	28.9	111.2
Eliminate secretary	37.1	13.1	50.2
Downgrade admin services director	13.8		13.8
Downgrade tourism director	13.8		13.8
Total savings	179.1	42.0	221.1

Calculation of moving costs

The average of \$6,100 is based on costs of Juneau and Anchorage moves of state agencies over the last several years. We have portrayed the costs in terms of both cost per position and costs per square feet.

The following cost categories are typically encountered.

	<u>Average Cost / Position</u>	<u>Average Cost / Sq Ft</u>
A.Move Property	198	1.06
B.Move Phones	239	1.38
C.Move Computers / Networks	656	3.55
D.Move Systems Furniture	1,834	9.94
E.Construct Tenant Improvements	3,166	15.71
Total Estimated Cost	6,093	31.65

Costs are averages based on moves of 10 to 75 positions. Smaller moves will be at a higher unit costs and larger moves at a lower unit cost.

System furniture costs include minor re-configuration and parts purchase. If additional workstations are required costs range from \$4,500 to \$5,000 per workstation.

The Tenant Improvement costs assume only minor building renovations to accommodate new tenants. These costs vary widely depending on the nature of the facility and the needs of the agency.

No costs are included for ADA or other building code requirements. Computer costs include wiring and terminations. No costs are included for hardware or software network compatibility problems.

Computer Networking Costs

	Cost Est.	Qty	Total
New Child Care office:			
New server for CC, software, etc.	15000	1 \$	15,000
Cabling and wire centers (covered in move costs)	500	10 \$	-
State WAN connection (startup costs)	7000	1 \$	7,000
Intranetware licenses	50	9 \$	450
Subtotal		\$	<u>22,450</u>

	Cost Est.	Qty	Total
New JTPO office:			
New server, software, etc.	15000	1 \$	15,000
Cabling and wire centers (covered in move costs)	500	14 \$	-
State WAN connection (startup costs)	7000	1 \$	7,000
Netscape Communicator Pro	60	14 \$	840
Intranetware licenses	50	14 \$	700
Subtotal		\$	<u>23,540</u>

	Cost Est.	Qty	Total
DCRA switches to Netware			
Cabling in Anchorage (covered in move costs)	350	76 \$	-
Intranetware licenses	45	176 \$	7,920
new server for Juneau	9000	1 \$	9,000
new NTV: licenses for RAS	100	10 \$	1,000
Netscape Communicator Pro	50	426 \$	21,300
Additional costs for upgrading hubs, etc.		\$	35,000
Subtotal		\$	<u>74,220</u>

Total expenses: \$ 120,210

COMMENTS ON HOUSE BILL 40

"An Act combining parts of the Department of Commerce and Economic Development and parts of the Department of Community and Regional Affairs."

In times of financial shortfall, budget savings, and continued delivery of services are on everyone's mind. The monumental task of finding the right course of action requires a comprehensive review of "what will happen, when we have made a significant change in the status quo?"

In rural Alaska, small communities are faced with mountains of paper work, and a small skilled labor force, often working on a volunteer basis to keep their communities in compliance.

- * If DCRA were to be combined into a new Department of Commerce & Rural Development, would the same or improved State/City big brother mentor relationship continue?
- * The advancement of skills of the unemployed rural labor force is directly related to the creation of jobs. Will the transfer of this local knowledge and state response to economic development, be timely through inter-agency shift of responsibility?
- * Many, if not most, rural village commercial activity is directly related to the development of infrastructure. Will the newly created Department become an active member of the team or passive, to unique rural needs and conditions?
- * To some, pure loans for economic development may be the only solution; while others advocated continued bootstrapping economic depressed rural villages, unable to meet minimum loan requirements. If a pure loan scenario for rural economic development be the direction of the newly created Department, what will happen to the villages that do not have a strong voice in the decision making process?

I humbly offer these comments, that the wisdom of the Honorable Members of the Alaska Legislature will address the many complicated issues in the consolidation process. Funding, directed to either DCRA or DCED has often over-lapped; but most often, it has been the response of DCRA that have kept rural villages solvent. Perhaps a focus on the need of the individual

communities, their abilities, and potential to become economic self-sufficient should accompany the consolidation process.

Representative Vic Kohring's Bill has some tantalizing objectives that will help the economic stability of rural Alaska. It is also broad and sweeping change, that may cause some unexpected undesirable results. Thought should be given to the reception of federal agencies and the programs that are federally funded, that even these meager moneys are not lost in the shift of the state's new Department focus.

Thank you for the opportunity to comment of this most important legislation.

Respectfully,



Doug Sweat
P.O. Box 125
Kaktog, Alaska 99748
(907) 534-2309

CS FOR HOUSE BILL NO. 40()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES KOHRING, Cowdery

A BILL

FOR AN ACT ENTITLED

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

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

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

3 (b) AS 08.40.005 - 08.40.200 do not apply to a person engaged in

4 (1) the manufacture, maintenance, or repair of electrical apparatus or
5 equipment;6 (2) electrical work, the cost of which does not exceed \$5,000, involving
7 residences or small commercial establishments in communities that8 (A) have a population of under 500 according to the latest
9 available federal or state census or other census approved by the Department of
10 Commerce and Rural Development [COMMUNITY AND REGIONAL
11 AFFAIRS]; or12 (B) are over 50 miles by air or water transportation from the
13 business place of an electrical administrator licensed under AS 08.40.010 -
14 08.40.200;15 (3) electrical installation on residential property that is owned by the
16 installer or a member of the installer's immediate family and not intended for sale at the
17 time of making the installation;18 (4) the operation, maintenance, or repair of a television or radio
19 broadcasting system and the installation of a radio broadcasting system under 500 watts
20 input power except for A.C. power supply and wiring;21 (5) the installation, maintenance, and repair of elevators so long as the
22 work is performed by an agent or employee of the elevator industry and is confined to
23 the elevator control system, which system does not include the power supply, wiring,
24 and motor connection;25 (6) the operation, maintenance, and repair of telephone, telegraph, and
26 intercommunication facilities;27 (7) the installation, maintenance, and repair of fire alarm, intrusion alarm,
28 or other low voltage signaling systems of 48 volts to ground or less;29 (8) the maintenance or repair of diesel electric engines installed on heavy
30 construction equipment, either in a shop or on a job site;

31 (9) the installation in a commercial water well of the submersible pump

1 motor and the wiring to the well pump system controls if the controls are outside a
2 building or a structure;

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

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

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

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

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

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

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

18 (B) are over 50 miles by air or water transportation from the
19 business place of a mechanical administrator licensed under AS 08.40.210 -
20 08.40.490;

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

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

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

29 (6) design, installation, maintenance, or repair of fire extinguishing
30 systems.

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

32 (e) Notwithstanding other provisions of this section to the contrary, the Bureau

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

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

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

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

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

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

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

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

20 * Sec. 7. AS 14.17.410(b) is amended to read:

21 (b) Public school funding consists of state aid, a required local contribution, and
22 eligible federal impact aid determined as follows:

23 (1) state aid equals basic need minus a required local contribution and
24 90 percent of eligible federal impact aid for that fiscal year; basic need equals the sum
25 obtained under (D) of this paragraph, multiplied by the base student allocation set out
26 in AS 14.17.470; district adjusted ADM is calculated as follows:

27 (A) the ADM of each school in the district is calculated by
28 applying the school size factor to the student count as set out in AS 14.17.450;

29 (B) the number obtained under (A) of this paragraph is multiplied
30 by the district cost factor described in AS 14.17.460;

31 (C) the ADMs of each school in a district, as adjusted according
32 to (A) and (B) of this paragraph, are added; the sum is then multiplied by the

1 special needs factor set out in AS 14.17.420(a)(1);

2 (D) the number obtained for intensive services under
3 AS 14.17.420(a)(2) and the number obtained for correspondence study under
4 AS 14.17.430 are added to the number obtained under (C) of this paragraph;

5 (2) the required local contribution of a city or borough school district is
6 the equivalent of a four mill tax levy on the full and true value of the taxable real and
7 personal property in the district as of January 1 of the second preceding fiscal year, as
8 determined by the Department of Commerce and Rural Development [COMMUNITY
9 AND REGIONAL AFFAIRS] under AS 14.17.510 and AS 29.45.110, not to exceed 45
10 percent of a district's basic need for the preceding fiscal year as determined under (1)
11 of this subsection.

12 * Sec. 8. AS 14.17.410(c) is amended to read:

13 (c) In addition to the local contribution required under (b)(2) of this section, a
14 city or borough school district in a fiscal year may make a local contribution of not
15 more than the greater of

16 (1) the equivalent of a two mill tax levy on the full and true value of the
17 taxable real and personal property in the district as of January 1 of the second preceding
18 fiscal year, as determined by the Department of Commerce and Rural Development
19 [COMMUNITY AND REGIONAL AFFAIRS] under AS 14.17.510 and AS 29.45.110;
20 or

21 (2) 23 percent of the district's basic need for the fiscal year under (b)(1)
22 of this section.

23 * Sec. 9. AS 14.17.410(e) is amended to read:

24 (e) If a city or borough school district is established after July 1, 1998, for the
25 first three fiscal years in which the city or borough school district operates schools, local
26 contributions may be less than the amount that would otherwise be required under (b)(2)
27 of this section, except that

28 (1) in the second fiscal year of operations, local contributions must be
29 at least the greater of

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

32 (B) the sum of 10 percent of the district's eligible federal impact

1 aid for that year and the equivalent of a two mill tax levy on the full and true
2 value of the taxable real and personal property in the city or borough school
3 district as of January 1 of the second preceding fiscal year, as determined by the
4 Department of Commerce and Rural Development [COMMUNITY AND
5 REGIONAL AFFAIRS] under AS 14.17.510 and AS 29.45.110; and

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

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

10 (B) the sum of 10 percent of the district's eligible federal impact
11 aid for that year and the equivalent of a three mill tax levy on the full and true
12 value of the taxable real and personal property in the district as of January 1 of
13 the second preceding fiscal year, as determined by the Department of Commerce
14 and Rural Development [COMMUNITY AND REGIONAL AFFAIRS] under
15 AS 14.17.510 and AS 29.45.110.

16 * Sec. 10. AS 14.17.490(b) is amended to read:

17 (b) A city or borough school district is not eligible for additional funding
18 authorized under (a) of this section unless, during the fiscal year in which the district
19 receives funding under (a) of this section, the district received a local contribution
20 equal to at least the equivalent of a four mill tax levy on the full and true value of the
21 taxable real and personal property in the district as of January 1 of the second
22 preceding fiscal year as determined by the Department of Commerce and Rural
23 Development [COMMUNITY AND REGIONAL AFFAIRS] under AS 14.17.510 and
24 AS 29.45.110.

25 * Sec. 11. AS 14.17.510(a) is amended to read:

26 (a) To determine the amount of required local contribution under
27 AS 14.17.410(b)(2) and to aid the department and the legislature in planning, the
28 Department of Commerce and Rural Development [COMMUNITY AND
29 REGIONAL AFFAIRS], in consultation with the assessor for each district in a city or
30 borough, shall determine the full and true value of the taxable real and personal
31 property in each district in a city or borough. If there is no local assessor or current
32 local assessment for a city or borough school district, then the Department of

1 Commerce and Rural Development [COMMUNITY AND REGIONAL AFFAIRS]
2 shall make the determination of full and true value from information available. In
3 making the determination, the Department of Commerce and Rural Development
4 [COMMUNITY AND REGIONAL AFFAIRS] shall be guided by AS 29.45.110. The
5 determination of full and true value shall be made by October 1 and sent by certified
6 mail, return receipt requested, on or before that date to the president of the school
7 board in each city or borough school district. Duplicate copies shall be sent to the
8 commissioner. The governing body of a city or borough that is a school district may
9 obtain judicial review of the determination. The superior court may modify the
10 determination of the Department of Commerce and Rural Development
11 [COMMUNITY AND REGIONAL AFFAIRS] only upon a finding of abuse of
12 discretion or upon a finding that there is no substantial evidence to support the
13 determination.

14 * Sec. 12. AS 15.07.055(a) is amended to read:

15 (a) The following agencies are designated voter registration agencies:

16 (1) the administrative component of the Department of Administration
17 that administers motor vehicle and driver's license laws;

18 (2) divisions of the Department of Health and Social Services that
19 provide public assistance through the food stamp program, Medicaid program, Special
20 Supplemental Food Program for Women, Infants, and Children (WIC), and Alaska
21 temporary assistance program,

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

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

27 * Sec. 13. AS 15.13.010(a) is amended to read:

28 (a) This chapter applies

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

32 (2) to every candidate for election to a municipal office in a municipality

1 with a population of more than 1,000 inhabitants according to the latest United States
2 census figures or estimates of population certified as correct for administrative purposes
3 by the Department of Commerce and Rural Development [COMMUNITY AND
4 REGIONAL AFFAIRS] unless the municipality has exempted itself from the provisions
5 of this chapter; a municipality may exempt its elected municipal officers from the
6 requirements of this chapter if a majority of the voters voting on the question at a
7 regular election, as defined by AS 29.71.800(20), or a special municipality-wide election
8 called for that purpose, votes to exempt its elected municipal officers from the
9 requirements of this chapter; the question of exemption from the requirements of this
10 chapter may be submitted by the governing body by ordinance or by initiative election.

11 * Sec. 14. AS 18.26.030(a) is amended to read:

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

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

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

16 (3) the commissioner of commerce and rural development
17 [COMMUNITY AND REGIONAL AFFAIRS];

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

19 * Sec. 15. AS 18.56.030(a) is amended to read:

20 (a) The corporation shall be governed by a board of directors consisting of

21 (1) the commissioner of revenue;

22 (2) the commissioner of commerce and rural development
23 [COMMUNITY AND REGIONAL AFFAIRS];

24 (3) the commissioner of health and social services; and

25 (4) four public members appointed by the governor, as follows:

26 (A) one member with expertise or experience in finances or real
27 estate;

28 (B) one member who is a rural resident of the state or who has
29 expertise or experience with a regional housing authority;

30 (C) one member who has expertise or experience in residential
31 energy efficient home-building or weatherization; and

32 (D) one person who has expertise or experience in the provision

1 of senior or low-income housing.

2 * Sec. 16. AS 18.56.097 is amended to read:

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

17 * Sec. 17. AS 18.70.081 is amended to read:

18 **Sec. 18.70.081. Approval of fire protection systems.** Before October 30 of
19 each year the Department of Public Safety shall prepare and make available a list of
20 approved fire protection systems to [THE DEPARTMENT OF COMMUNITY AND
21 REGIONAL AFFAIRS,] the Department of Commerce and Rural [ECONOMIC]
22 Development [,] and the public.

23 * Sec. 18. AS 19.30.131(a) is amended to read:

24 (a) During each fiscal year the commissioner shall allocate sums appropriated
25 or otherwise designated for expenditure upon local service roads for that fiscal year
26 among the five allocation districts in the following manner: one-half in the ratio that the
27 area of each allocation district bears to the total area of the state and one-half in the ratio
28 that the population of each allocation district bears to the total population of the state
29 as shown by the latest available federal or state census or other census approved by the
30 Department of Commerce and Rural Development [COMMUNITY AND REGIONAL
31 AFFAIRS].

32 * Sec. 19. AS 19.30.131(b) is amended to read:

1 (b) The commissioner shall also further allocate the sums in each allocation
2 district to the boroughs and unified municipalities within each allocation district in the
3 following manner: one-half in the ratio that the area of each organized borough or
4 unified municipality (excluding salt water areas) within that district bears to the total
5 area of the allocation district and one-half in the ratio that the population of each
6 organized borough area or each unified municipality within that district bears to the total
7 population of the allocation district as shown by the latest available federal or state
8 census or other census approved by the Department of Commerce and Rural
9 Development [COMMUNITY AND REGIONAL AFFAIRS].

10 * Sec. 20. AS 19.30.131(c) is amended to read:

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

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

16 (2) one-half in the ratio that the population of each home rule city bears
17 to the total population of the organized borough as shown by the latest available federal
18 or state census or other census approved by the Department of Commerce and Rural
19 Development [COMMUNITY AND REGIONAL AFFAIRS].

20 * Sec. 21. AS 23.05 is amended by adding a new section to read:

21 **Sec. 23.05.065. Fees for publications, research data, and other services.** The
22 commissioner may establish by regulation and the department may charge reasonable
23 fees for department publications, research data, and other centralized administrative
24 services to cover the cost of reproduction, printing, mailing, distribution, and other
25 centralized administrative services.

26 * Sec. 22. AS 23.05 is amended by adding new sections to read:

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

28 **Sec. 23.05.400. Business incentive training program established.** (a) There
29 is established in the department the business incentive training program. The incentive
30 program shall be administered as a supplement to the Job Training Partnership Act (P.L.
31 No. 97-300).

32 (b) The purpose of the incentive program is to encourage private industry to

1 provide new job opportunities by offering assistance in training the new work force and
2 in retraining existing employees to implement new technologies.

3 **Sec. 23.05.410. Administration.** (a) The Alaska Human Resources Investment
4 Council established in AS 44.19.620 shall oversee the incentive program. The service
5 delivery areas established under 29 U.S.C. 1511 and subject to redesignation under 29
6 U.S.C. 1515 shall be used in the administration of the incentive program. The private
7 industry councils appointed under 29 U.S.C. 1512 and subject to reconstitution under 29
8 U.S.C. 1515 shall serve as the private industry councils for the incentive program.

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

15 (c) The council shall adopt regulations under A.S 44.62 (Administrative
16 Procedure Act) to implement AS 23.05.400 - 23.05.510.

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

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

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

25 (3) procedures for identifying and selecting participants;

26 (4) performance goals established in accordance with standards under
27 AS 23.05.480;

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

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

32 (b) If changes in labor market conditions, funding, or other factors require

1 substantial deviation from an approved business incentive training plan, the private
2 industry council and the appropriate elected municipal official or officials shall submit
3 a modification of the plan and the budget for review under AS 23.05.430.

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

5 The business incentive training plan shall be published and made available for review
6 and comment as an attachment to the job training plan as set out in 29 U.S.C. 1515.
7 The business incentive training plan is subject to review and approval by the governor.

8 **Sec. 23.05.440. Business incentive training grants.** (a) Each private industry
9 council shall designate an administrative entity to be the grant recipient and
10 administrator for the region. An employer may apply to the grant administrator for a
11 business incentive grant if the employer is a private for-profit or nonprofit corporation,
12 partnership, or sole proprietor business. The grant administrator shall review
13 applications and award grants.

14 (b) Each grant administrator is responsible for the allocation of funds and the
15 eligibility of those enrolled in its programs. The grant administrator is responsible for
16 taking action against its subcontractors, subgrantees, and other recipients to eliminate
17 abuses in the programs they are carrying out, and to prevent misuse of funds. If the
18 arrangement is included in an approved job training plan, a grant administrator may
19 delegate the responsibility for determining eligibility under reasonable safeguards,
20 including provisions for reimbursement of costs incurred because of erroneous
21 determinations made with insufficient care.

22 (c) A business incentive training grant shall be used to recruit and train eligible
23 employees for newly created permanent or permanent seasonal positions or to enable
24 existing employees to acquire the skills necessary to qualify the employee to implement
25 new technologies. A business incentive training grant may be used for occupations for
26 which there is a demand in the area served or in another area to which the participant
27 is willing to relocate and for emerging technologies in the state. In selecting recruiting
28 and training programs, the private industry councils and the grant administrators may
29 consider whether the occupation in which recruiting or training is sought is in a sector
30 of the economy that has a high potential for sustained demand or growth.

31 (d) Only individuals eligible under the business incentive training plan and
32 residing in the service delivery area may be participants in employment and training

1 activities funded under the business incentive training program. To be eligible for
2 training or education services under AS 23.05.400 - 23.05.510, immediately before
3 beginning training or education under the program a person shall

4 (1) have been unemployed and

5 (A) receiving unemployment insurance benefits; or

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

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

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

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

12 (C) a change in the conditions of the employee's job requiring
13 that, to remain employed, the employee must have substantially different skills
14 that the employee does not now possess; or

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

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

20 (B) has insufficient qualifying wages because of limited job
21 opportunities; or

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

24 (e) Payments to employers for on-the-job training of participants who experience
25 multiple barriers to employment or are eligible under the Job Training Partnership Act
26 (P.L. 97-300) may not average more than 80 percent of the wages paid by the employer
27 to the participant. Payments to employers for on-the-job training of other participants
28 may not average more than 50 percent of the wages paid by the employer to participants.
29 The payments shall be considered to be in compensation for the extraordinary costs
30 associated with training employees for new positions and the lower productivity of the
31 participants.

32 (f) A grant made under the business incentive training program may not be used

1 to duplicate facilities or services available in the area from federal, state, or local sources
2 unless the business incentive training plan establishes that services or facilities under the
3 program would be more effective or more likely to achieve performance goals.

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

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

8 (i) An employer at whose request a participant is offered training shall fulfill the
9 obligation to offer a successful participant in the business incentive training program a
10 position or promotion, as applicable. A participant is considered successful if the
11 participant satisfactorily completes the training program in which the participant was
12 enrolled.

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

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

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

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

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

26 (3) the prevailing rate of wages under AS 36.05 or 40 U.S.C. 276a -
27 276a-5, if applicable.

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

32 (e) Conditions of employment and training must be appropriate and reasonable

1 in light of factors including the type of work, geographical region, and proficiency of
2 the participant.

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

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

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

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

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

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

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

20 (2) entertainment costs; and

21 (3) insurance policies offering protection against debts established by the
22 federal government.

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

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

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

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

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

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

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

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

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

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

25 (2) "incentive program" means the business incentive training program
26 established under AS 23.05.400;

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

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

30 (b) When a grant is awarded to the council, the department shall annually
31 provide to the council a priority list of targeted projects or services, based on
32 unemployment statistics, unemployment insurance claims, occupational and industrial

1 projections, availability of other training and employment programs, and other relevant
2 data. The department shall also provide annually to the council a priority list of criteria
3 for eligibility to maximize services to those people most in need of training under
4 AS 23.15.620 - 23.15.660. In developing the priority list for targeted projects and
5 services, the department shall solicit comments from the [DEPARTMENT OF
6 COMMUNITY AND REGIONAL AFFAIRS,] Department of Education, Department
7 of Commerce and Rural [ECONOMIC] Development, University of Alaska, organized
8 labor, the council, and the administrative entities of the substate service delivery areas
9 established for the council. The department shall give preference to projects and
10 services that train individuals in industries identified in the resident hire report required
11 under AS 36.10.130 as employing a disproportionate percentage of nonresident
12 individuals.

13 * Sec. 24. AS 24.08.035(e) is amended to read:

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

26 * Sec. 25. AS 26.23.071(b) is amended to read:

27 (b) The commission consists of the commissioners of commerce and rural
28 development [COMMUNITY AND REGIONAL AFFAIRS], environmental
29 conservation, fish and game, health and social services, labor, natural resources, public
30 safety, and transportation and public facilities, or the designees of the commissioners,
31 the adjutant general of the Department of Military and Veterans' Affairs or a designee,
32 and seven members of the public appointed by the governor, two of whom must be

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

13 * Sec. 26. AS 28.01.010(b) is amended to read:

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

21 * Sec. 27. AS 29.06.040(c) is amended to read:

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

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

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

31 (3) an area adjoining the municipality may be annexed by ordinance
32 without an election if all property owners and voters in the area petition the governing

1 body.

2 * Sec. 28. AS 29.60.120(d) is amended to read:

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

8 * Sec. 29. AS 29.60.370(a) is amended to read:

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

15 * Sec. 30. AS 29.60.599(9) is amended to read:

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

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

23 (B) has

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

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

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

31 * Sec. 31. AS 29.60.620(b) is amended to read:

32 (b) For purposes of (a) of this section, population shall be determined by the

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

6 * Sec. 32. AS 29.60.650(2) is amended to read:

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

12 * Sec. 33. AS 29.65.050(c) is amended to read:

13 (c) The director shall approve or disapprove each selection for patent within
14 nine months of its selection by a municipality. Before a decision is issued, the
15 Department of Commerce and Rural Development [COMMUNITY AND
16 REGIONAL AFFAIRS] shall review the selection and recommend approval or
17 disapproval of it. The director may disapprove a selection only upon a finding that the
18 public interest in retaining state ownership of the land outweighs the municipality's
19 interest in obtaining the land. If the director determines that the public interest in land
20 selected in satisfaction of an entitlement under AS 29.65.010(a)(13) can be adequately
21 protected by issuing a patent that is subject to stipulations, conditions, or covenants,
22 and if the municipality agrees to accept the land subject to those stipulations,
23 conditions, or covenants, the director may approve a selection that would otherwise be
24 disapproved and may issue the patent with the stipulations, conditions, or covenants
25 agreed to by the municipality. A patent shall be issued to the municipality for land
26 selected in satisfaction of a general grant land entitlement vested under AS 29.65.010 -
27 29.65.030 within three months after approval by the director of a plat of survey.

28 * Sec. 34. AS 29.65.050(d) is amended to read:

29 (d) Before disapproving a selection, the director shall notify the municipality in
30 writing of the decision and set out reasons for it. The municipality may submit a written
31 response within 30 days after receipt of the notice. Within 30 days after the period for
32 responding has expired, the director shall affirm, modify, or reverse the decision and

1 supply the municipality with written notice of that action. If the selection is
2 disapproved, the municipality may file notice of an appeal with the director. The appeal
3 shall be heard under procedures adopted by regulation of the Department of Natural
4 Resources. Before reaching a decision on an appeal the Department of Natural
5 Resources shall request the Department of Commerce and Rural Development
6 [COMMUNITY AND REGIONAL AFFAIRS] to review the matter and submit a
7 recommendation. After reviewing the recommendation, a decision on the appeal shall
8 be submitted by the Department of Natural Resources to the municipality in writing
9 within 30 days after the notice of appeal was filed with the director. A municipality
10 may appeal an adverse decision to the superior court under AS 44.62.560 - 44.62.570.

11 * Sec. 35. AS 29.65.060(f) is amended to read:

12 (f) For purposes of determining the per capita entitlement under (a) of this
13 section, the population of a municipality shall be the population determined by the
14 former commissioner of community and regional affairs under former AS 43.18.010
15 for the program year beginning July 1, 1978, for a municipality whose entitlement was
16 determined under former AS 29.18.201 or 29.18.202.

17 * Sec. 36. AS 29.65.120 is amended to read:

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

23 * Sec. 37. AS 29.71.800(5) is amended to read:

24 (5) "commissioner" means the commissioner of commerce and rural
25 development [COMMUNITY AND REGIONAL AFFAIRS];

26 * Sec. 38. AS 29.71.800(8) is amended to read:

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

29 * Sec. 39. AS 30.13.010(a) is amended to read:

30 (a) The residents of each area of the state within the boundaries of a regional
31 housing authority established under AS 18.55.996 that [WHICH] is located in whole or
32 in part in the unorganized borough of the state may create a public body corporate and

1 politic under the name and style of the "Resource Development Authority" with all or
2 any significant part of the name of the region of the state inserted. The boundaries of
3 the authority created shall be coterminous with the portion of the applicable regional
4 housing authority that lies in the unorganized borough. Creation of an authority is
5 initiated by a petition filed with the Department of Commerce and Rural Development
6 [COMMUNITY AND REGIONAL AFFAIRS] and a statement submitted to the
7 governor. The petition must include the proposed name of the authority, its boundaries,
8 and a statement of the facilities proposed to be provided by the authority. The petition
9 must be signed by 15 percent of the total number of residents in the portion of the
10 applicable regional housing authority that lies in the unorganized borough who cast votes
11 in the preceding general election. The Department of Commerce and Rural
12 Development [COMMUNITY AND REGIONAL AFFAIRS] shall review petitions for
13 content and signatures. If the department determines that the petition is adequate, it
14 shall transmit the petition to the director of elections.

15 * Sec. 40. AS 36.30.850(b)(11) is amended to read:

16 (11) agreements with providers of services under AS 44.29.300
17 [AS 44.47.250]; AS 47.07; AS 47.08; AS 47.10; 47.17; AS 47.24; and AS 47.27,
18 including contractors under AS 47.27.050;

19 * Sec. 41. AS 36.30.850(b)(30) is amended to read:

20 (30) contracts entered into with a regional development organization; in
21 this paragraph, "regional development organization" has the meaning given in
22 AS 44.33.895 [AS 44.47.900];

23 * Sec. 42. AS 37.05.317 is amended to read:

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

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

31 (2) The Department of Commerce and Rural Development
32 [COMMUNITY AND REGIONAL AFFAIRS] shall determine if there is a qualified

1 incorporated entity in the community area that will agree to receive the grant and
 2 administer it, subject to terms generally applicable to private grantees. If there is more
 3 than one such entity, the Department of Commerce and Rural Development
 4 [COMMUNITY AND REGIONAL AFFAIRS] shall select the most qualified and the
 5 grant shall be awarded to that incorporated entity for the purposes specified in the
 6 appropriation act. However, the Department of Commerce and Rural Development
 7 [COMMUNITY AND REGIONAL AFFAIRS] shall give preference to a nonprofit
 8 corporation organized by a community for receipt of the grant.

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

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

19 * Sec. 43. AS 37.05.530(c) is amended to read:

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

1 potential grant.

2 * Sec. 44. AS 37.06.010(g) is amended to read:

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

7 * Sec. 45. AS 37.06.020(i) is amended to read:

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

10 * Sec. 46. AS 37.06.020(l) is amended to read:

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

14 * Sec. 47. AS 37.06.030(c) is amended to read:

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

19 * Sec. 48. AS 37.06.080 is amended to read:

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

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

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

32 * Sec. 49. AS 38.06.025(a) is amended to read:

1 (a) The board consists of the commissioner of commerce and rural
2 [ECONOMIC] development; the commissioner of revenue [COMMUNITY AND
3 REGIONAL AFFAIRS]; the commissioner of natural resources, who is a nonvoting
4 member; and five public members.

5 * Sec. 50. AS 39.50.200(b)(18) is amended to read:

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

7 * Sec. 51. AS 41.15.180(a) is amended to read:

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

14 * Sec. 52. AS 41.15.180(b) is amended to read:

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

21 * Sec. 53. AS 41.15.180(f) is amended to read:

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

28 * Sec. 54. AS 41.15.180(g) is amended to read:

29 (g) An organized borough, home rule city, first class city, second class city,
30 regional educational attendance area, or a municipality organized under federal law that
31 receives a national forest income payment or distribution under 16 U.S.C. 500 or this
32 section shall annually report and account to the commissioner of commerce and rural

1 development [COMMUNITY AND REGIONAL AFFAIRS] its use of the payment or
2 distribution for the purpose provided in (a) - (e) of this section. The commissioner of
3 commerce and rural development [COMMUNITY AND REGIONAL AFFAIRS] may
4 not distribute national forest income under this section to an entity in the unorganized
5 borough that has previously failed to report and account as required under this
6 subsection.

7 * Sec. 55. AS 42.45.060(a) is amended to read:

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

13 * Sec. 56. AS 42.45.060(c) is amended to read:

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

18 * Sec. 57. AS 42.45.990(1) is amended to read:

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

21 * Sec. 58. AS 43.75.137 is amended to read:

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

31 * Sec. 59. AS 43.77.040(b) is amended to read:

32 (b) A taxpayer who makes a contribution that qualifies for the credit authorized

1 by (a) of this section must apply to obtain the credit. The taxpayer shall apply to the
2 department in the manner provided by the department by regulation, and shall provide
3 to the commissioner all information relating to the contribution that may be required by
4 the department. Upon receipt of a complete application, the department, in consultation
5 with the Department of Commerce and Rural Development [COMMUNITY AND
6 REGIONAL AFFAIRS], shall approve or disapprove the application for the credit within
7 60 days.

8 * Sec. 60. AS 43.77.060(d) is amended to read:

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

17 * Sec. 61. AS 44.19.145(a) is amended to read:

18 (a) The office shall

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

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

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

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

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

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

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

1 (8) assist the governor and the Department of Commerce and Rural
2 Development [COMMUNITY AND REGIONAL AFFAIRS] in coordinating state
3 agency activities that have an effect on the solution of local and regional development
4 problems;

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

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

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

16 * Sec. 62. AS 44.19.155(a) is amended to read:

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

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

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

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

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

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

1 areas;

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

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

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

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

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

14 (2) each of the following:

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

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

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

20 (D)] the commissioner of environmental conservation;

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

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

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

25 * Sec. 63. AS 44.19.155(d) is amended to read:

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

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

6 * Sec. 64. AS 44.19.620(a) is amended to read:

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

- 10 (1) the lieutenant governor or the lieutenant governor's designee;
- 11 (2) the commissioners of commerce and rural [ECONOMIC]
12 development, [COMMUNITY AND REGIONAL AFFAIRS,] education, health and
13 social services, and labor, or each respective commissioner's designee;
- 14 (3) one representative from the University of Alaska;
- 15 (4) four additional representatives of education, with one from local
16 public education, one from secondary vocational education, one from a postsecondary
17 vocational education institution, and one from adult basic education;
- 18 (5) four representatives of business and industry, with at least one
19 representative from the private industry councils appointed under 29 U.S.C. 1512 and
20 subject to reconstitution under 29 U.S.C. 1515;
- 21 (6) four representatives of organized labor that the governor shall appoint
22 from lists of nominees submitted by recognized state labor organizations; the governor
23 may reject a list submitted under this paragraph and request that another list be
24 submitted;
- 25 (7) at least one representative from an organization representing
26 employment and training needs of Alaska Natives;
- 27 (8) at least one representative of a community-based service organization;
- 28 (9) at least one representative who has personal or professional
29 experience with developmental disabilities; and
- 30 (10) at least one and up to four additional members of the private sector
31 to ensure a private sector majority and regional and local representation on the council.

32 * Sec. 65. AS 44.19.626(f) is amended to read:

1 (f) The following training programs are subject to the provisions of (d) and (e)
2 of this section:

3 (i) in the Department of Commerce and Rural Development
4 [COMMUNITY AND REGIONAL AFFAIRS] or operated by the department:

5 (A) One Stop Career Center;

6 (B) Job Training Partnership Act programs, assisting
7 communities in moving toward a self-sustainable economy and providing
8 training, coordinated with the Department of Health and Social Services;

9 (C) state training and employment program (AS 23.15.620),
10 providing training and employment services for people who are unemployed or
11 likely to become unemployed, fostering new jobs, and increasing training
12 opportunities for workers severely affected by fluctuations in the state economy
13 or adversely affected by technology advances in the workplace, coordinated
14 with the Department of Labor;

15 (2) in the Department of Education or operated by the department, the
16 non-public-school portions of the following programs:

17 (A) employment-related adult basic education;

18 (B) School-to-Work;

19 (C) vocational education and Tech Prep;

20 (D) Alaska Career Information System;

21 (E) high school completion project;

22 (F) Kotzebue Technical Center;

23 (G) Alaska Vocational Technical Center;

24 (3) in the Department of Health and Social Services:

25 (A) employment training services operated as part of the Alaska
26 Temporary Assistance Program (ATAP);

27 (B) Job Training Partnership Act programs under 29 U.S.C.
28 1501 - 1792b;

29 (4) in the Department of Labor:

30 (A) unemployment insurance grants provided under the federal
31 training relocation assistance program;

1 (B) Alaska works programs, assisting with the welfare-to-work
2 program;

3 (C) state training and employment program, coordinated with
4 the Department of Commerce [COMMUNITY] and Rural Development
5 [REGIONAL AFFAIRS].

6 * Sec. 66. AS 44.19.626(g) is amended to read:

7 (g) The council shall assess the programs listed in this subsection and make
8 recommendations to the legislature in its report required under (b)(9) of this section
9 about whether to include one or more of these programs under the requirements of (f)
10 of this section:

11 (1) in the Department of Commerce and Rural Development
12 [COMMUNITY AND REGIONAL AFFAIRS] or operated by the department:

13 (A) local government assistance training and development,
14 including the rural utility business advisory program;

15 (B) energy operations, providing training in management and
16 administration of electric utilities and bulk fuel storage systems;

17 (2) in the Department of Corrections:

18 (A) Correctional Academy, training individuals applying for a
19 correctional officer position;

20 (B) inmate programs, providing vocational technical training and
21 education courses for inmates preparing to be released from a correctional
22 facility;

23 (C) correctional industries program, providing inmates with jobs
24 while they are incarcerated;

25 (3) in the Department of Environmental Conservation:

26 (A) remote maintenance worker program, providing training and
27 technical assistance to communities to keep drinking water and sewage disposal
28 systems running, and providing on-the-job training to local operators;

29 (B) water and wastewater operator training and assistance;

30 (C) federal drinking water operator training and certification;

31 (4) in the Department of Military and Veterans' Affairs: educational

1 benefits for members of the Alaska National Guard and the Alaska Naval Militia;

2 (5) in the Department of Public Safety:

3 (A) fire service training to maintain emergency training skills
4 for existing fire fighter staff and volunteers and individuals interested in
5 becoming fire fighters;

6 (B) Public Safety Training Academy, training trooper recruits;

7 (6) in the Department of Transportation and Public Facilities:

8 (A) engineer-in-training program, providing on-the-job training
9 for apprentice engineers to enable them to gain the experience necessary to be
10 certified;

11 (B) statewide transportation improvement program, offered by
12 the United States National Highway Institute;

13 (C) local technical assistance program, transferring technical
14 expertise to local governments;

15 (D) Native technical assistance program, transferring technical
16 expertise to Native governments;

17 (E) border technology exchange program, to coordinate highway
18 issues with the Yukon Territory;

19 (7) in the Department of Education: vocational rehabilitation client
20 services and special work projects;

21 (8) in the Department of Labor: employment services, including job
22 development, assisting individuals in finding employment, and assisting employed
23 individuals in finding other employment;

24 (9) in the Department of Administration: Alaska Professional
25 Development Institute, providing continuing education and training for employed
26 workers.

27 * Sec. 67. AS 44.19 is amended by adding a new section to read:

28 **Article 13. Office of International Trade.**

29 **Sec. 44.19.630. International trade.** (a) The office of international trade is
30 established in the office of the governor. The purpose of the office is to foster the
31 growth of trade between Alaska and foreign countries.

1 (b) The governor shall maintain foreign offices, including offices located in
2 Tokyo, Japan, and Seoul, Republic of Korea. The foreign offices shall serve as outlets
3 for information related to economic development, resources, and trade and as contact
4 points for government and private industry of Alaska and for the Pacific Rim nations of
5 Asia and other foreign countries to promote and maintain trade between the state and
6 those countries.

7 (c) The governor shall staff the foreign offices with persons the governor selects
8 based on their experience, training, and linguistic ability. The governor shall solicit
9 ideas from the legislature regarding desirable staff qualifications and its
10 recommendations of persons to staff the foreign offices. The governor may hire
11 additional personnel as necessary.

12 (d) The governor shall direct all state agencies, and request the federal
13 government and private industry, to provide the office with necessary reports, brochures,
14 and information requested by the office.

15 (e) The governor shall prepare a report annually on the activities and
16 accomplishments of the office under this section and notify the legislature that the report
17 is available.

18 (f) The expenses of operating the office's activities under this section, including
19 its foreign offices, shall be included in appropriations made to the governor.

20 (g) Employees of the office, including personnel in its foreign offices, are in the
21 partially exempt service.

22 (h) In this section, "office" means the office of international trade.

23 * Sec. 68. AS 44.21.200(a) is amended to read:

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

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

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

29 (3) the commissioner of health and social services or the commissioner's
30 designee;

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

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

4 Sec. 69. AS 44.29.020 is amended by adding a new subsection to read:

5 (c) The Department of Health and Social Services shall operate the head start
6 funding program governed by 42 U.S.C. 9835.

7 * Sec. 70. AS 44.29 is amended by adding new sections to read:

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

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

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

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

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

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

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

19 (b) The department may

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

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

26 **Sec. 44.29.305. Administrative costs of program contractors.** To defray
27 administrative expenses, a contractor under AS 44.29.300(b) may only retain \$1,000 or
28 12 percent, whichever is greater, of the day care assistance program funds it receives
29 from the department under the contract.

30 **Sec. 44.29.310. Conditions of receipt of benefits.** Benefits may be paid for the
31 care of children of a low or moderate income family only if a parent or guardian,
32 because of the day care, is freed to work or to seek work or to attend school. Benefits

1 may not be paid for the care of children of a family where one parent or guardian is not
2 working, actively seeking work, or attending school and is physically and mentally
3 capable of caring for the children.

4 **Sec. 44.29.315. Eligibility of families for benefits.** The department shall
5 determine the eligibility of families for day care benefits on the basis of the following
6 factors:

- 7 (1) income of the family including salary, alimony, child support,
8 retirement benefits, social security, and any other source of income;
9 (2) number of children in the family;
10 (3) whether there is one parent or guardian solely responsible for the care
11 of the family.

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

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

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

20 **Sec. 44.29.330. Child care grant program.** (a) A child care grant program
21 is established in the department to provide state assistance in the operation of child care
22 facilities. The department shall provide grants for the operation of child care facilities,
23 including private nonprofit child care facilities. Participation in the program is optional.

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

26 (1) be currently licensed under AS 47.35 and applicable municipal
27 licensing requirements;

28 (2) participate in the day care assistance program under AS 44.29.300 -
29 44.29.339; and

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

32 (c) A grant under (a) of this section may not exceed \$50 per month for each

1 child the child care facility cares for, or for each full-time equivalent, as determined by
2 the department. The grant shall be adjusted on a geographic basis by the same factor
3 as funding for a school district is adjusted under AS 14.17.460.

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

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

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

16 (g) Each child care facility receiving a grant under (a) or (d) of this section shall
17 assure that at least 15 percent or one of its child care spaces receiving subsidy under this
18 section, whichever is greater, will be made available, if requested, to children eligible
19 for day care assistance under AS 44.29.300 - 44.29.339, whose parents or guardians wish
20 to pay for care based on attendance only.

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

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

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

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

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

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

4 (5) "department" means the Department of Health and Social Services;

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

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

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

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

15 (c) On June 30 of each fiscal year, the unexpended and unobligated cash balance
16 of the fund that is attributable to loans owned by the fund lapses into the general fund.

17 **Sec. 44.29.355. Special account established.** (a) There is established as a
18 special account within the child care facility revolving loan fund the foreclosure expense
19 account. This account is established as a reserve from fund equity.

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

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

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

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

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

32 (b) The department shall

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

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

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

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

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

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

12 (e) If a child care facility ceases operation, any loan to the facility from the fund
13 is due on the date the facility ceases operation.

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

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

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

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

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

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

30 (1) "child care facility" means an establishment the principal purpose of
31 which is to provide care for children not related by blood, marriage, or legal adoption,
32 including but not limited to day care centers, family day care homes, and schools for

1 preschool age children;

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

3 * Sec. 71. AS 44.31.020 is amended to read:

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

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

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

9 (3) operate systems of workers' compensation and unemployment
10 insurance; and

11 (4) gather data reflecting the cost of living in the various election
12 districts of the state upon request of the director of personnel under AS 39.27.030; and

13 (5) operate the federally funded employment and training programs
14 under 29 U.S.C. 1501 - 1792b (Job Training Partnership Act).

15 * Sec. 72. AS 44.33.010 is amended to read:

16 **Sec. 44.33.010. Commissioner of commerce and rural [ECONOMIC]**
17 **development.** The principal executive officer of the Department of Commerce and
18 **Rural [ECONOMIC] Development** is the commissioner of commerce and **rural**
19 **[ECONOMIC] development.** Whenever a statute provides that the commissioner is
20 a member of a board, council, or other similar entity, the commissioner may
21 designate another person to act in the commissioner's place.

22 * Sec. 73. AS 44.33 is amended by adding a new section to read:

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

25 (1) the division of rural affairs;

26 (2) the division of statewide development;

27 (3) the division of occupational licensing;

28 (4) the division of investments;

29 (5) the division of insurance;

30 (6) the division of banking, securities, and corporations; and

31 (7) the division of administration.

32 (b) Each division designated in this section is under the administrative control

1 of the commissioner and under the supervision of a director who may be appointed by
2 the commissioner.

3 (c) The governor and the commissioner may not create a division within the
4 department that is not authorized under (a) of this section.

5 * Sec. 74. AS 44.33.020 is amended to read:

6 Sec. 44.33.020. Duties of department. The Department of Commerce and
7 Rural [ECONOMIC] Development shall

8 (1) administer the state programs relating to commerce, enforce the laws
9 relating to these programs, and adopt regulations under these laws;

10 (2) register corporations;

11 (3) collect corporation franchise taxes;

12 (4) enforce state laws regulating public utilities and other public service
13 enterprises, banking and securities, insurance, and other businesses and enterprises
14 touched with a public interest;

15 (5) make veterans' loans;

16 (6) [REPEALED

17 (7)] promote and develop civil aviation;

18 (7) [(8)] furnish the budgeting, clerical, and administrative services for
19 regulatory agencies and professional and occupational licensing boards not otherwise
20 provided for;

21 (8) [(9)] REPEALED

22 (10) REPEALED

23 (11) REPEALED

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

27 (9) [(13)] provide factual information and technical assistance for
28 potential industrial and commercial investors;

29 (10) [(14)] receive gifts, grants, and other aid that facilitate the powers
30 and duties of the department from agencies and instrumentalities of the United States or
31 other public or private sources;

32 (11) [(15)] establish and activate programs to achieve balanced economic

1 development in the state and advise the governor on economic development policy
2 matters;

3 (12) [(16)] formulate a continuing program for basic economic
4 development and for the necessary promotion, planning and research that will advance
5 the economic development of the state;

6 (13) [(17)] cooperate with private, governmental, and other public
7 institutions and agencies in the execution of economic development programs;

8 (14) [(18)] review the programs and annual reports of other departments
9 and agencies as they are related to economic development and prepare an annual report
10 on the economic growth of the state;

11 (15) [(19)] administer the economic development programs of the state;

12 (16) [(20)] perform all other duties and powers necessary or proper in
13 relation to economic development and planning for the state;

14 (17) [(21)] request tourism-related businesses in the state to provide data
15 regarding occupancy levels, traffic flow and gross receipts and to participate in visitor
16 surveys conducted by the department; data collected under this paragraph that [WHICH]
17 discloses the particulars of an individual business is not a matter of public record and
18 shall be kept confidential; however, this restriction does not prevent the department from
19 using the data to formulate tourism economic impact information including expenditure
20 patterns, tax receipts and fees, employment and income attributable to tourism, and other
21 information considered relevant to the planning, evaluation and policy direction of
22 tourism in the state;

23 (18) [(22)] REPEALED

24 (23) REPEALED

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

27 (19) [(25)] REPEALED

28 (26) REPEALED

29 (27) REPEALED

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

32 (20) [(29)] as delegated by the governor, administer under 16 U.S.C.

1 1856 the internal waters foreign processing permit procedures and collect related fees;
2 ~~(21)~~ [(30)] administer state laws relating to the issuance of business
3 licenses;

4 (22) comply with AS 15.07.055 to serve as a voter registration agency
5 to the extent required by state and federal law, including 42 U.S.C. 1973gg
6 (National Voter Registration Act of 1993):

7 [(31) REPEALED

8 (32) REPEALED

9 (33) FOSTER THE GROWTH OF INTERNATIONAL TRADE
10 WITHIN THE STATE AND ADMINISTER ALASKA FOREIGN OFFICES].

11 * Sec. 75. AS 44.33.020 is amended by adding a new subsection to read:

12 (b) The department may

13 (1) advise and assist local governments;

14 (2) serve as staff for the Local Boundary Commission;

15 (3) conduct studies and carry out experimental and pilot projects for the
16 purpose of developing solutions to community and regional problems;

17 (4) promote cooperative solutions to problems affecting more than one
18 community or region, including joint service agreements, regional compacts, and other
19 forms of cooperation;

20 (5) serve as a clearinghouse for information useful in solution of
21 community and regional problems, and channel to the appropriate authority requests for
22 information and services;

23 (6) advise and assist community and regional governments on matters
24 of finance, including but not limited to bond marketing and procurement of federal
25 funds;

26 (7) prepare suggested guidelines relating to the content of notice of bond
27 sale advertisements, prospectuses, and other bonding matters issued by local
28 governments;

29 (8) administer state funds appropriated for the benefit of unorganized
30 regions within the state, allowing for maximum participation by local advisory councils
31 and similar bodies;

32 (9) carry out those administrative functions in the unorganized borough

1 that the legislature may prescribe;

2 (10) study existing and proposed laws and state activities that affect
3 community and regional affairs and submit to the governor recommended changes in
4 those laws and activities;

5 (11) coordinate activities of the state that affect community and regional
6 affairs;

7 (12) assist in the development of new communities and serve as the
8 agent of the state for purposes of participation in federal programs relating to new
9 communities;

10 (13) supervise planning, management, and other activities required for
11 local eligibility for financial aid under those federal and state programs that provide
12 assistance to community and regional governments;

13 (14) advise and assist municipalities on procedures of assessment,
14 valuation, and taxation, and notify municipalities of major errors in those procedures;

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

17 (16) request and utilize the resources of other agencies of state
18 government in carrying out the purposes of this chapter to the extent such utilization is
19 more efficient than maintaining departmental staff, reimbursing the other agencies when
20 appropriate;

21 (17) carry out the powers and duties assigned it under AS 42.45;

22 (18) administer state and, as appropriate, federal programs for revenue
23 sharing, grants, and other forms of financial assistance to community and regional
24 governments; and

25 (19) carry out other functions and duties, consistent with law, necessary
26 or appropriate to accomplish the purpose of this chapter.

27 * Sec. 76. AS 44.33 is amended by adding new sections to article 1 to read:

28 **Sec. 44.33.112. Fees for publications, research data, and other services.** The
29 commissioner may establish by regulation and the department may charge reasonable
30 fees for department publications, research data, and other centralized administrative
31 services to cover the cost of reproduction, printing, mailing, distribution, and other
32 centralized administrative services.

1 **Sec. 44.33.115. Exxon Valdez oil spill unincorporated rural community**
2 **grant fund.** There is created in the department the Exxon Valdez oil spill
3 unincorporated rural community grant fund. The fund consists of money appropriated
4 to the fund from the Exxon Valdez oil spill restoration fund, the Alyeska settlement
5 fund, and other sources. Appropriations to the fund do not lapse unless otherwise
6 provided by the legislature in the bill making the appropriation to the fund. The
7 department may use the fund to make grants to unincorporated rural communities in the
8 area affected by the Exxon Valdez oil spill for capital projects for purposes of restoring,
9 replacing, or enhancing subsistence resources or services or other services damaged or
10 lost as the result of the Exxon Valdez oil spill. In this section,

11 (1) "Alyeska settlement fund" means the trust fund established in the
12 state treasury for the purpose of receiving, holding, and disbursing the settlement
13 proceeds received by the state under the Agreement and Consent Decree in re: The
14 Exxon Valdez, United States District Court, District of Alaska, Case No. A92-175 Civil,
15 decree entered November 25, 1992;

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

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

21 (1) "commissioner" means the commissioner of commerce and rural
22 development;

23 (2) "department" means the Department of Commerce and Rural
24 Development.

25 * **Sec. 77.** AS 44.33 is amended by adding new sections to read:

26 **Article 7A. Rural Development.**

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

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

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

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

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

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

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

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

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

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

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

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

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

30 (d) Before a grant is made under this section, the city council or, if the
31 community is not incorporated, a reasonable representative body in the community shall
32 agree in writing to maintain and operate the bulk storage facility to be constructed with

1 the proceeds of the grant.

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

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

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

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

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

19 (d) Separate accounts shall be maintained in the name of each village for the
20 land, including the revenue from the land, acquired from each village corporation under
21 this section.

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

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

32 (g) For the purposes of this section, "municipality" includes only first and

1 second class cities incorporated under the laws of the state.

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

5 (b) The loan information officers shall be trained, to the extent that the
6 department considers necessary, in a program administered by the department and
7 approved by the Alaska Housing Finance Corporation, the Alaska Industrial
8 Development and Export Authority, and the principal departments of the executive
9 branch that administer loan programs.

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

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

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

29 **Sec. 44.33.765. Rural development initiative fund.** (a) The rural development
30 initiative fund is created in the department. Unless provided otherwise in the
31 appropriation act, an appropriation to the fund is retained in the fund for use under
32 AS 44.33.765 - 44.33.775 and does not lapse at the end of a fiscal year. Each year the

1 commissioner shall request an appropriation to the fund of interest and other income
2 earned on loans or investments of the fund. Money in the fund may be appropriated for
3 costs of administering AS 44.33.765 - 44.33.775.

4 (b) The commissioner may place money from the fund into a special reserve
5 account as necessary. The commissioner may use money in the account to protect the
6 state's security interest in collateral on loans made from the fund, to protect the state's
7 interests in investments made from the fund, or to defray expenses incurred during
8 foreclosure or other legal proceedings involving loans or investments made from the
9 fund.

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

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

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

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

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

32 (1) "commissioner" means the commissioner of commerce and rural

1 development;

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

4 **Article 7B. Planning Assistance.**

5 **Sec. 44.33.781. Planning assistance for development and maintenance of**
6 **district coastal management programs.** (a) The department shall conduct a program
7 of research, training, and technical assistance to coastal resource districts necessary for
8 the development and implementation of district coastal management programs under
9 AS 46.40. The technical assistance shall include the direct granting to the coastal
10 resource districts of a portion of any funds received by the state from the federal coastal
11 zone management program, in amounts to be individually determined for each coastal
12 resource district by the commissioner of commerce and rural development. State
13 agencies shall assist the department in carrying out the purposes of this section.

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

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

28 **Sec. 44.33.786. Land use planning and state facility procurement plan.** The
29 department shall make recommendations to the Department of Transportation and Public
30 Facilities and to appropriate program agencies concerning the effect upon the
31 comprehensive plan or other land use plans or proposals of municipalities and
32 unincorporated communities with respect to the facility procurement plan required to be

1 prepared in accordance with AS 35.10.170.

2 **Sec. 44.33.788. Other planning powers.** The department may accept and
3 expend grants from the federal government and other public or private sources, may
4 contract with reference to them, and may enter into contracts and exercise all other
5 powers necessary to carry out AS 44.33.781 - 44.33.788.

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

8 * **Sec. 78.** AS 44.33 is amended by adding new sections to read:

9 **Article 3A. Local Boundary Commission.**

10 **Sec. 44.33.810. Local Boundary Commission.** There is in the Department of
11 Commerce and Rural Development a Local Boundary Commission. The Local
12 Boundary Commission consists of five members appointed by the governor for
13 overlapping five-year terms. One member shall be appointed from each of the four
14 judicial districts described in AS 22.10.010 and one member shall be appointed from the
15 state at large. The member appointed from the state at large is the chair of the
16 commission.

17 **Sec. 44.33.812. Powers and duties.** (a) The Local Boundary Commission shall

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

19 (2) adopt regulations providing standards and procedures for municipal
20 incorporation, annexation, detachment, merger, consolidation, reclassification, and
21 dissolution;

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

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

31 (b) The Local Boundary Commission may

32 (1) conduct meetings and hearings to consider local government

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boundary changes and other matters related to local government boundary changes, including extensions of services by incorporated cities into contiguous areas and matters related to extension of services; and

(2) present to the legislature during the first 10 days of a regular session proposed local government boundary changes, including gradual extension of services of incorporated cities into contiguous areas upon a majority approval of the voters of the contiguous area to be annexed and transition schedules providing for total assimilation of the contiguous area and its full participation in the affairs of the incorporated city within a period not to exceed five years.

Sec. 44.33.814. Meetings and hearings. The chair of the commission or the commissioner of commerce and rural development with the consent of the chair may call a meeting or hearing of the Local Boundary Commission. All meetings and hearings shall be public.

Sec. 44.33.816. Minutes and records. The Local Boundary Commission shall keep minutes of all meetings and hearings. If the proceedings are transcribed, minutes shall be made from the transcription. The minutes are a public record. All votes taken by the commission shall be entered in the minutes.

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

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

Sec. 44.33.822. Boundary change. A majority of the membership of the Local Boundary Commission must vote in favor of a proposed boundary change before it may be presented to the legislature.

Sec. 44.33.824. Expenses. Members of the Local Boundary Commission receive no pay but are entitled to the travel expenses and per diem authorized for

1 members of boards and commissions under AS 39.20.180.

2 **Sec. 44.33.826. Hearings on boundary changes.** A local government boundary
3 change may not be proposed to the legislature unless a hearing on the change has been
4 held in or in the near vicinity of the area affected by the change.

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

10 **Article 8B. Borough Feasibility Studies.**

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

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

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

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

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

21 (2) an indication of local interest in the proposed study consisting of
22 either

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

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

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

1 studied, the commissioner shall consider

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

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

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

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

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

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

14 (1) public participation in the preparation of the study;
15 (2) completion of the study not later than June 30 of the third year after
16 the year the contract is executed.

17 (b) A study under this section must include

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

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

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

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

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

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

30 (7) specific recommendations for

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

- 1 (B) changes in organization of cities in the area studied; or
2 (C) the improvement of the delivery of services to the public by
3 the state in the area studied.

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

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

7 **Sec. 44.33.895. Alaska regional economic assistance program.** (a) The
8 department shall

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

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

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

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

21 (C) contains the entire area of each municipality included in the
22 region;

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

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

28 (5) assist each organization to

29 (A) provide services designed to encourage economic
30 development to local communities and businesses;

31 (B) collect and distribute economic information relevant to the
32 region;

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

3 (D) develop and implement strategies to attract new industry,
4 expand international trade opportunities, and encourage tourism within the
5 region.

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

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

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

25 (e) In this section,

26 (1) "department" means the Department of Commerce and Rural
27 Development;

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

1 * Sec. 79. AS 44.85.030 is amended to read:

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

19 * Sec. 80. AS 44.85.320(b) is amended to read:

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

24 * Sec. 81. AS 46.03.900(33) is amended to read:

25 (33) "village" means a place within the unorganized borough or within
26 a borough as to a power, function, or service that is not exercised or provided by the
27 borough on an areawide or nonareawide basis that

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

31 (B) has

32 (i) a council organized under 25 U.S.C. 476 (sec. 16 of

1 the Indian Reorganization Act);

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

4 (iii) a council recognized by the commissioner of
5 commerce and rural development [COMMUNITY AND REGIONAL
6 AFFAIRS] under regulations adopted by the Department of Commerce
7 and Rural Development [COMMUNITY AND REGIONAL AFFAIRS]
8 to determine and give official recognition of village entities under
9 AS 44.33.755(b) [AS 44.47.150(b)];

10 * Sec. 82. AS 46.04.900(22) is amended to read:

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

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

17 (B) has

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

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

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

28 * Sec. 83. AS 46.08.040(a) is amended to read:

29 (a) In addition to money in the response account of the fund that is transferred
30 to the commissioner of commerce and rural development [COMMUNITY AND
31 REGIONAL AFFAIRS] to make grants under AS 29.60.510 and to pay for impact
32 assessments under AS 29.60.560, the commissioner of environmental conservation may

1 use money

2 (1) from the response account in the fund

3 (A) when authorized by AS 46.08.045, to investigate and evaluate
4 the release or threatened release of oil or a hazardous substance, and contain,
5 clean up, and take other necessary action, such as monitoring and assessing, to
6 address a release or threatened release of oil or a hazardous substance that poses
7 an imminent and substantial threat to the public health or welfare, or to the
8 environment;

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

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

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

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

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

20 (A) investigate and evaluate the release or threatened release of
21 oil or a hazardous substance, except a release described in AS 46.08.045(a), and
22 contain, clean up, and take other necessary action, such as monitoring and
23 assessing, to address a release or threatened release of oil or a hazardous
24 substance, except a release described in AS 46.08.045(a);

25 (B) pay all costs incurred

26 (i) to establish and maintain the oil and hazardous
27 substance response office;

28 (ii) under agreements entered into under AS 46.04.090 or
29 AS 46.09.040;

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

32 (iv) to conduct training, response exercises, inspections,

1 and tests, in order to verify equipment inventories and ability to prevent
2 and respond to oil and hazardous substance release emergencies, and to
3 undertake other activities intended to verify or establish the preparedness
4 of the state, a municipality, or a party required by AS 46.04.030 to have
5 an approved contingency plan to act in accordance with that plan; and

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

8 (C) pay, when presented with appropriate documentation by the
9 Department of Military and Veterans' Affairs, the expenses incurred by the
10 Department of Military and Veterans' Affairs for Alaska State Emergency
11 Response Commission activities, including staff support, when the activities and
12 staff support relate to oil or hazardous substances, and for the costs of being
13 prepared for responding to a request by the department for support in response
14 and restoration, but not including the costs of maintaining the response corps and
15 the emergency response depots under AS 26.23.045;

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

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

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

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

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

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

1 (H) transfer to the Department of Commerce and Rural
2 Development [COMMUNITY AND REGIONAL AFFAIRS] for payment by the
3 commissioner of commerce and rural development [COMMUNITY AND
4 REGIONAL AFFAIRS] of

5 (i) municipal impact grants when authorized under
6 AS 29.60.510(b)(2);

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

11 (iii) grants to repair, improve, or replace fuel storage
12 facilities under the bulk fuel system emergency repair and upgrade
13 program;

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

18 (J) prepare, review, and revise

19 (i) the state's master oil and hazardous substance
20 discharge prevention and contingency plan required by AS 46.04.200;
21 and

22 (ii) a regional master oil and hazardous substance
23 discharge prevention and contingency plan required by AS 46.04.210;
24 and

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

27 * Sec. 84. AS 46.08.900(16) is amended to read:

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

32 (A) has irrevocably waived, in a form approved by the

1 Department of Law, any claim of sovereign immunity that might arise in
2 connection with the use of grant money under this chapter; and

3 (B) has

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

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

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

14 * Sec. 85. AS 46.40.120(b) is amended to read:

15 (b) The commissioner of commerce and rural development [THE
16 DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS] may, after public
17 hearings held in the area affected, consolidate two or more regional educational
18 attendance areas as a single coastal resource service area

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

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

29 * Sec. 86. AS 46.40.120(d) is amended to read:

30 (d) For purposes of coastal zone management only, the commissioner of
31 commerce and rural development [COMMUNITY AND REGIONAL AFFAIRS] may,
32 after public hearings held in the regional educational attendance area affected, divide an

1 existing regional educational attendance area into no more than three coastal resource
2 service areas according to geographic, cultural, economic, environmental, or other
3 features relevant to coastal management planning. However,

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

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

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

12 * Sec. 87. AS 46.40.140(c) is amended to read:

13 (c) The commissioner of commerce and rural development [COMMUNITY
14 AND REGIONAL AFFAIRS], after consultation with residents of a coastal resource
15 service area, may divide a service area into sections only for the purpose of nominating
16 and electing board members. Division of a service area into sections for the purpose of
17 nomination and election shall be in accordance with the provisions of AS 14.08.051(a).
18 Division may be proposed in the petition submitted under AS 46.40.130(a)(1), in the
19 resolution submitted under AS 46.40.130(a)(2), at the direction of the council under
20 AS 46.40.130(a)(3), or may be proposed at any time by the members of the coastal
21 resource service area board. If proposed by the board, the division of the service area
22 into sections is subject to approval of a majority of the qualified voters voting on the
23 question in the coastal resource service area at the next regular election or at a special
24 election called for that purpose and, if approved, takes effect at the next regular election
25 of members of the coastal resource service area board.

26 * Sec. 88. AS 46.40.170(a) is amended to read:

27 (a) If residents of a coastal resource service area reject organization of the
28 service area at an election called for the purpose and the council finds, after public
29 hearing, that major economic development activity has occurred or will occur within the
30 service area, the council may direct the Department of Commerce and Rural
31 Development [COMMUNITY AND REGIONAL AFFAIRS] to prepare and recommend
32 for consideration by the council and for submission to the legislature a district coastal

1 management program for the service area.

2 * Sec. 89. AS 46.40.170(b) is amended to read:

3 (b) At the request of the council, the Department of Commerce and Rural
4 Development [COMMUNITY AND REGIONAL AFFAIRS] shall complete the district
5 coastal management program in accordance with this chapter and the guidelines and
6 standards adopted by the council for a coastal resource service area that [WHICH] has
7 been organized but that [WHICH] has failed to make substantial progress in the
8 preparation of an approvable district coastal management program within 18 months of
9 certification of the results of an organization election or that [WHICH] has not
10 submitted for approval to the council a program within 30 months of certification of the
11 results of its organization election. Preparation of the program shall be conducted in
12 consultation with the coastal resource service area and shall, to the maximum extent
13 consistent with this chapter, reflect the expressed concerns of the residents of the service
14 area.

15 * Sec. 90. AS 46.40.180(a) is amended to read:

16 (a) Before adoption by a coastal resource service area board, or by the
17 Department of Commerce and Rural Development [COMMUNITY AND REGIONAL
18 AFFAIRS] under AS 46.40.170, a district coastal management program shall be
19 submitted for review to each city or village within the coastal resource service area. The
20 council of a city or traditional village council shall consider the program submitted for
21 review. Within 60 days of submission, the council of a city or traditional village council
22 shall either approve the program or enter objections to all or any portion of the program.

23 * Sec. 91. AS 46.40.180(d) is amended to read:

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

27 * Sec. 92. AS 46.40.190(a) is amended to read:

28 (a) A city within the coastal area that [WHICH] is not part of a coastal resource
29 service area shall be included for purposes of this chapter within an adjacent coastal
30 resource service area unless its governing body, by resolution adopted by a majority of
31 its membership, chooses to exclude the city from an adjacent coastal resource service
32 area and a copy of the resolution is filed with the commissioner of commerce and rural

1 development [COMMUNITY AND REGIONAL AFFAIRS].

2 * Sec. 93. AS 46.40.210(2) is amended to read:

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

5 (A) unified municipalities;

6 (B) organized boroughs of any class that [WHICH] exercise
7 planning and zoning authority;

8 (C) home rule and first class cities of the unorganized borough
9 or within boroughs that [WHICH] do not exercise planning and zoning
10 authority;

11 (D) second class cities of the unorganized borough, or within
12 boroughs that [WHICH] do not exercise planning and zoning authority, that
13 [WHICH] have established a planning commission, and that [WHICH], in the
14 opinion of the commissioner of commerce and rural development
15 [COMMUNITY AND REGIONAL AFFAIRS], have the capability of preparing
16 and implementing a comprehensive district coastal management program under
17 AS 46.40.030;

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

20 * Sec. 94. AS 46.40.210(5) is amended to read:

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

23 * Sec. 95. AS 47.05.030(a) is amended to read:

24 (a) Except as provided in (b) of this section and for purposes directly connected
25 with the administration of general assistance, adult public assistance, the day care
26 assistance program authorized under AS 44.29.300 - 44.29.339 [AS 44.47.250 -
27 44.47.310], or the Alaska temporary assistance program, and in accordance with the
28 regulations of the department, a person may not solicit, disclose, receive, make use of,
29 or authorize, knowingly permit, participate in, or acquiesce in the use of, a list of or
30 names of, or information concerning, persons applying for or receiving the assistance
31 directly or indirectly derived from the records, papers, files, or communications of the
32 department or subdivisions or agencies of the department, or acquired in the course of

1 the performance of official duties.

2 * Sec. 96. AS 47.18.010(c) is amended to read:

3 (c) The Department of Education, the Department of Commerce and Rural
4 Development [COMMUNITY AND REGIONAL AFFAIRS], and the Department of
5 Labor shall assist the department in developing the plan required under (a) of this
6 section. In addition, through appropriate means, the department shall solicit advice from
7 teens, parents, educators, school administrators, taxpayers, civic groups, community
8 organizations, Native organizations, officials of local governments, religious institutions,
9 and other concerned persons about how state programs can be coordinated and operated
10 in a manner that will enhance their effectiveness and efficiency in addressing the many
11 needs associated with adolescent parenting, the prevention of adolescent pregnancies, and
12 the provision of adolescent peer counseling.

13 * Sec. 97. AS 47.27.060 is amended to read:

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

20 * Sec. 98. AS 47.27.900(2) is amended to read:

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

25 * Sec. 99. AS 47.80.090 is amended to read:

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

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

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

32 (3) advise the executive and legislative branches of the state government

1 and the private sector on programs and policies pertaining to current and potential
2 services to disabled or gifted persons and their families;

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

9 (5) in conjunction with the Departments of Health and Social Services
10 and Education, develop, prepare, adopt, periodically review, and revise as necessary an
11 annual state plan prescribing programs that meet the needs of persons with
12 developmental disabilities as required under 42 U.S.C. 6022;

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

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

19 (8) submit annually to the commissioner of health and social services,
20 the commissioner of education, and the commissioner of commerce and rural
21 development [COMMUNITY AND REGIONAL AFFAIRS] a proposed
22 interdepartmental program budget for services to disabled or gifted persons that includes,
23 insofar as possible, projected revenues and expenditures for programs implemented by
24 state agencies, local governmental agencies, and private organizations; the
25 interdepartmental program budget is an informational supplement to the regular annual
26 budgetary submissions of the departments to the Office of the Governor;

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

30 (10) monitor and evaluate budgets or other implementation plans and
31 programs for disabled and gifted persons to assure nonduplication of services and
32 encourage efficient and coordinated use of federal, state, and private resources in the

1 provision of services; members of the council, with the approval of the council, have
2 access to information in the possession of state agencies subject to disclosure restrictions
3 imposed by state or federal confidentiality or privacy laws;

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

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

8 (13) provide to the Alaska Mental Health Trust Authority for its review
9 and consideration recommendations concerning the integrated comprehensive mental
10 health program for the people of the state who are described in AS 47.30.056(b)(2) and
11 the use of the money in the mental health trust income account in a manner consistent
12 with regulations adopted under AS 47.30.031.

13 * Sec. 100. AS 47.90.040 is amended to read:

14 **Sec. 47.90.040. Consultation and coordination.** The commissioner shall
15 consult and cooperate with the Department of Health and Social Services; the
16 Department of Education, including the division of vocational rehabilitation; the
17 University of Alaska, community colleges, and other colleges as appropriate; [THE
18 DEPARTMENT OF LABOR, INCLUDING THE DIVISION OF EMPLOYMENT
19 SECURITY;] and other persons or agencies that the commissioner considers appropriate
20 in the implementation of this chapter.

21 * Sec. 101. AS 47.90.070(1) is amended to read:

22 (1) "commissioner" means the commissioner of labor [COMMUNITY
23 AND REGIONAL AFFAIRS];

24 * Sec. 102. REPEALER. AS 39.25.120(c)(21); AS 44.17.005(17); AS 44.33.240, 44.33.242,
25 44.33.245, 44.33.255, 44.33.260, 44.33.270, 44.33.272, 44.33.275, 44.33.800; and AS 44.47 are
26 repealed.

27 * Sec. 103. REPEALER. AS 44.33.895, added by sec. 78 of this Act, is repealed July 1,
28 2000.

29 * Sec. 104. TRANSITIONAL PROVISIONS. (a) Litigation, hearings, investigations, and
30 other proceedings pending under a law repealed or amended by this Act, or in connection with
31 functions transferred by this Act, continue in effect and may be completed notwithstanding a
32 transfer or repeal provided for in this Act.

1 (b) Regulations in effect on June 30, 1999, that were adopted to implement a function
2 that is transferred by this Act remain in effect and shall be enforced by the agency to which the
3 function is transferred under this Act until amended by the agency to which the function is
4 transferred.

5 (c) Wherever in Alaska Statutes affected by this Act there is a reference to regulations
6 adopted under a section of law and there are no regulations adopted under that section because
7 previous regulations adopted under another section are being enforced under (b) of this section,
8 the reference shall be construed to refer to the previously adopted regulations until they are
9 amended by the new agency.

10 (d) Contracts, rights, liabilities, and obligations created by or under a law repealed or
11 amended by this Act, and in effect on June 30, 1999, remain in effect notwithstanding this Act's
12 taking effect.

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

16 * Sec. 105. DIVISION OF TOURISM CONVERTED TO OFFICE. The duties of the
17 division of tourism, Department of Commerce and Economic Development, and the duties of
18 the director of that division, are transferred, respectively, to the office of tourism, in the
19 Department of Commerce and Rural Development, and to the manager of that office. This
20 section applies to duties existing on June 30, 1999, and to duties that are created after
21 June 30, 1999, under legislation passed during the Twenty-First Alaska State Legislature that
22 becomes law.

23 * Sec. 106. REVISOR'S INSTRUCTION. (a) Wherever in the Alaska Statutes and the
24 Alaska Administrative Code the terms "Department of Commerce and Economic Development"
25 and "commissioner of commerce and economic development" are used, they shall be read,
26 respectively, as "Department of Commerce and Rural Development" and "commissioner of
27 commerce and rural development" when to do so would be consistent with the changes made
28 by this Act.

29 (b) Wherever in the Alaska Statutes and the Alaska Administrative Code the terms
30 "division of tourism" and "director of tourism" are used, they shall be read, respectively, as
31 "office of tourism" and "manager of tourism" when to do so would be consistent with sec. 105
32 of this Act.

1 (c) Wherever in the Alaska Statutes and the Alaska Administrative Code the terms
2 "division of international trade" and "director of international trade" are used, they shall be read,
3 respectively, as "office of international trade" and "manager of international trade" when to do
4 so would be consistent with secs. 67 and 102 of this Act.

5 (d) Under AS 01.05.031, the revisor of statutes shall implement this section in the
6 statutes and, under AS 44.62.125(b)(6), the regulations attorney shall implement this section in
7 the administrative code.

8 * Sec. 107. This Act takes effect July 1, 1999.

DEPARTMENT OF COMMERCE AND RURAL DEVELOPMENT

