

**HB**

**63**

**COMMITTEE ON COMMUNITY AND REGIONAL AFFAIRS**  
REPRESENTATIVE ANDREW HALCRO, REPRESENTATIVE JOHN HARRIS, CO-CHAIRMEN  
STATE CAPITOL, ROOM 418  
JUNEAU, ALASKA 99801-1182  
(907) 465-3882

**AGENDA**  
MARCH 25, 1999

1. Call Meeting To Order
2. Call Roll
  - a. Morgan
  - b. Murkowski
  - c. Joule
  - d. Kookesh
  - e. Dyson
  - f. Harris
  - g. Halcro
3. HB 133 - Voter Approval of Service Area Changes
  - a. Representative Con Bunde - Sponsor
  - b. Public Testimony
4. HB 63 - Land Use in Home Rule Municipalities
  - a. Additional Public Testimony
5. Any announcements from other members of the Committee
6. Motion to Adjourn



217 Second Street, Suite 200 • Juneau, Alaska 99801 • Tel (907)586-1325, Fax (907)-463-5480

March 28, 1999

Representative Andrew Halcro, Co-Chair  
Community and Regional Affairs Committee  
State Capitol  
Juneau, AK 99801

Dear Representative Halcro:

Thank you for the opportunity to comment on HB 63, relating to land use regulation in residential zones by home rule municipalities. We understand you are looking for a solution to a long-standing concern regarding gravel use in an Anchorage neighborhood. As a general guideline, the League does not take a position on local issues.

However, because a change in the statute would affect all twenty home rule municipalities, we would have to oppose the legislation based on the 1999 AML Policy Statement, adopted in Fairbanks last year:

**Part IV, Land Use. A. 1. Planning and Zoning:** The League feels strongly that laws pertaining to the powers of local planning and zoning must allow the greatest flexibility at the local level.

We would like to work with you to arrive at a positive solution to this situation that does not reduce the authority of municipal governments in dealing with local issues.

Again, thank you for your continued interest in Alaska's municipalities.

Sincerely,

Julie Krafft  
Director of Members Services

cc: AML Land Use Subcommittee

PART IV  
LAND USE, ECONOMIC DEVELOPMENT AND  
RESOURCE MANAGEMENT

LAND USE

*The goal of the Land Use section of the AML Policy Statement is to encourage the adoption of policies and initiatives that will allow municipalities to have the authority, knowledge, and intergovernmental cooperation necessary to document ownership and control of land and manage public lands. Involvement in land planning, management, and disposal of public lands will increase the likelihood that governmental decisions on land policies will accurately reflect public sentiment and opinion regarding the use of the publicly held land base.*

A. LOCAL OPTIONS

1. Planning and Zoning:

a. The League feels strongly that laws pertaining to the powers of local planning and zoning must allow for the greatest flexibility at the local level.

b. State land classification through legislative designations should follow a process that provides for notification to municipalities of proposed state action and for scheduling of mandatory public hearings within areas affected by the proposed state land classification. Additionally, proposed state land classifications should provide for the broad range of uses for lands that are being classified.

2. State and Federal Compliance with Land Use Regulations:

a. The League supports the concept that the state and the federal governments should comply with all local land use and subdivision regulations.

b. The League supports a requirement that the state and federal governments provide practical access to any new subdivision as would be required by a municipality or private individual.

**Municipality  
of  
Anchorage**



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*Rick Mystrom, Mayor*

OFFICE OF THE EXECUTIVE MANAGER

March 26, 1999

Representative Andrew Halcro  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801

Re: HB 63

Dear Rep. Halcro:

Thank you for providing me with a copy of the work draft of CSHB 63 and for the opportunity to comment on it.

Article X, Section 1 of the Constitution of the State of Alaska states: "The purpose of this article is to provide for maximum local self-government with a minimum of local government units, and to prevent duplication of tax levying jurisdictions. A liberal construction shall be given to the powers of local government units."

Appropriately, land use regulation is delegated to local government. AS 29.35.180(b) simply states, "A home rule borough shall provide for planning, platting, and land use regulation." No other restrictions or qualifications are included.

If the citizens of Anchorage believe gravel extraction should not be permitted on residential zoned property, or that there should be additional restrictions for such activities, they should amend the Municipal Code, not State law. To my knowledge, no such amendment has been brought forward for Assembly consideration in recent history.

Thanks again for the opportunity to comment on this proposed legislation.

Sincerely,

A handwritten signature in black ink that reads "Tim Rogers". The signature is written in a cursive, slightly slanted style.

Tim Rogers  
Legislative Program Coordinator



# COOK ° INLET ° KEEPER

March 24, 1999

Representative Andrew Halcro  
State Capitol, Room 418  
Juneau, AK 99801

Re: H.R. 63

Dear Representative Halcro:

Cook Inlet Keeper is a citizen based nonprofit organization dedicated to protecting water quality throughout the Cook Inlet watershed. I write now to endorse H.R. 63, "An Act relating to land use regulation in residential zones by home rule municipalities."

The Kenai Peninsula has witnessed growing conflicts between residential uses and material site activities. These conflicts typically arise when commercial enterprises develop parcels in residential areas. Drinking water quality and quantity, salmon stream habitat, noise, dust, aesthetic and safety concerns are but a few of the issues surrounding this increasingly contentious debate. Unfortunately, the Kenai Peninsula Borough's efforts to address these problems have fallen short, and the Borough's new ordinance does little to assuage the concerns of local homeowners.

H.R. 63 would help address these concerns by providing a valuable opportunity for public comment in cases where home rule Boroughs attempt to change land use classifications from residential to other uses.

Thank you for elevating this issue in the public eye, and please do not hesitate to contact me if you have any questions.

Very truly yours,

Bob Shavelson  
Cook Inlet Keeper

**SOUTH ANCHORAGE CONCERNED COALITION, INC., DEANNA M. ESSERT, DON MARTIN McGEE, STEPHEN GERVEL AND KENNETH BANZHOF, Appellants,**

**vs.**

**DAN COFFEY AND G.F. KALMBACH, and MUNICIPALITY OF ANCHORAGE, Appellees.**

No. 4024, Supreme Court File No. S-5197  
SUPREME COURT OF ALASKA  
862 P.2d 168, 1993 Alas. LEXIS 113  
November 12, 1993, Decided

Appeal from the Superior Court of the State of Alaska, Third Judicial District, Anchorage, Superior Court File No. 3AN-91-2830 CI. Karl S. Johnstone, Judge.

**COUNSEL**

Joyce E. Barnburger, Anchorage, for Appellants.  
Kenneth D. Jensen, Jensen, Harris & Roth, Anchorage, for Appellees.

**JUDGES**

Before: Mocre, Chief Justice, Rabinowitz, Burke and Compton, Justices. [Matthews, Justice, not participating.]

**AUTHOR: BURKE**

**OPINION**

The South Anchorage Concerned Coalition (SACC) appeals the superior court's reversal of the Anchorage Planning and Zoning Commission's (the Commission's) decision to deny a conditional use permit to Dan Coffey and G.F. Kalmbach (Coffey). The superior court ruled that the findings supporting the permit denial were legally deficient and were not supported by substantial evidence. The court ordered the Commission to grant the permit. We reverse.

**I. FACTS & PROCEEDINGS**

The property involved in this appeal is a 58-acre parcel of land known as the Kalmbach gravel pit. The property was once operated as a commercial gravel pit but now lies idle. It is located near Kincaid Park in Anchorage and abuts the south side of Kincaid Road and the east side of Lucy Street. A sizable housing development currently exists on the east side of Lucy Street, but few other houses stand in close proximity to the property. The property is zoned R-2A SL, a classification designed primarily for noncommercial residential uses, but which also permits "natural resource extraction" as a conditional use. AMC 21.40.040(A), (D) (7).

Starting in August 1989, Coffey sought city approval for a three-phase, residential subdivision development plan for the property. The first phase of the plan called for the completion of "grading" which entailed the extraction and removal of 1.6 million cubic yards of marketable gravel from the property over a period of three to five years. The final project phases called for the completion of a residential subdivision conforming to R-2A zoning. It was the proposed gravel extraction of phase one which created the controversy giving rise to this appeal.

When Coffey's plan went to the Board of Adjustment<sup>1</sup> (Board) for final approval, the Board determined that the proposed gravel excavation was so extensive that a conditional use permit

was required. In March 1990, Coffey applied to the Commission for a "natural resource extraction" conditional use permit. With the application, Coffey submitted an extensive "Conditional Use Narrative" which provided, among other things, a grading plan, a staging plan, a truck haul plan, and a "Materials Extraction/Restoration Study." The most significant features of the proposed operation follow.

The grading operation envisioned the removal of 1.6 million cubic yards of gravel material from the site for commercial sale. The gravel would be moved offsite in 80,000 truck trips over a three to five year period. Ten to twenty trucks would leave the site per hour from 7 a.m. to 6 p.m., Monday through Saturday, five months out of the year. Trucks would carry signs with the name of the subdivision development company and a phone number for the public to call if the trucks caused safety hazards or property damage. The truck drivers would be registered and proof of insurance would be documented. The trucks would enter and leave the site at Snead Street, the point on the property farthest away from existing homes.

Silts and fine sands, called overburden, would first have to be removed to access the marketable gravel. The overburden would then be compacted back into the excavation pit to attain the final subdivision grades. Coffey's engineering geologist acknowledged that overburden is difficult to compact when wet and concluded that engineering control would be necessary to assure that structures built on the compacted overburden would not be subjected to unstable ground conditions. He nonetheless concluded that with proper engineering supervision, the pit in question could be regraded to permit a variety of future uses.<sup>2</sup>

Noise levels at the site would also occasionally exceed the standard limitation of noise levels for residential property set by the Municipality of Anchorage, but generally, activities would remain below acceptable noise levels. The gravel excavation would proceed to a maximum depth of 25 feet above mean sea level, taking it to within 10-15 feet of the area's water table.<sup>3</sup> The final grade and contours of the proposed subdivision would be fairly severe. Although the final contours would be an improvement over the existing contours, the subdivision would still be located in a depression with steep sloping sides (a two foot horizontal to one foot vertical rise) fifty feet high. According to the geologist's report, this 2:1 slope represented the maximum slope allowable for hillside stability.

The Commission planning staff reviewed the Coffey plan and recommended approval of the conditional use permit subject to thirty-three operating conditions previously imposed by the Platting Board and twenty-one additional conditions proposed by the Commission staff.<sup>4</sup> The staff apparently concluded that if the final plan satisfied the fifty-four conditions of approval, it would comply with municipal code standards.<sup>5</sup> See AMC 21.50.020 and 21.50.070(B) (providing standards for the issuance of a "natural resource extraction" conditional use permit).

On April 16, 1990, the Commission held a public hearing on the use permit. The Commission heard from its planning staff, Coffey and his representative, Mr. Sawhill, SACC representatives, and many Sand Lake residents who opposed the permit application.<sup>6</sup> The opposition's statements were primarily anecdotal accounts of past negative experiences with the pits while they were operating or assertions from residents that they had relied on the Sand Lake Redevelopment Plan ("SLRP") when buying property and believed that further gravel extraction would not be permitted in the area. A few people giving statements had experience either in land use planning, construction, or real estate, but no one actually purported to provide "expert testimony."

The residents cited: (1) danger from gravel on the road and dust and noise from the excavation operation; (2) concern over water contamination if the excavation goes too deep and hits the water table; (3) the dangers posed by heavy gravel trucks on the road; (4) concern that the many permit conditions could not be effectively enforced; (5) concern that project guarantees would be insufficient to ensure that Coffey would go forward with residential development once the gravel extraction phase was complete; and (6) concern that the subdivision would not be marketable given the glut of available housing and its poor location in a former gravel pit.

At the end of the hearing, the commissioners voted unanimously to deny the permit for the following reasons: (1) the adverse impact of open pit mining on both the property values and the quality of life of the residential neighborhoods near the property;<sup>7</sup> (2) concern that the depth of the proposed excavation, particularly excavating "below grade," was inconsistent with the purpose and assumptions of the SLRP; (3) the Sand Lake pit operators' understanding that no new, large-scale commercial gravel operations would be allowed following adoption of the SLRP by the Commission; (4) the fact that fifty-four conditions were added to the plan indicated that it was an "inherently incompatible use" with the surrounding area; (5) the belief that the final contours of the subdivision were undesirable and potentially unstable; (6) the plan was not "redevelopment" but was actually commercial mining contrary to the SLRP and R-2A zoning;<sup>8</sup> (7) the desirability of a "master plan" for redevelopment in which several gravel pit owners work together to design a subdivision with less extreme grading; and (8) the concern that gravel trucks leaving a residential area would pose a safety hazard. Only one commissioner expressly concluded that the plan actually satisfied the standards of AMC 21.50.020 and .070. However, she voted to deny the permit because she believed that the strong public sentiment against the project indicated that there was "something wrong with the project."

After the vote, the planning staff drew up Resolution No. 88-019A from the substance of the hearing minutes. The findings of fact parallel the commissioners' above-stated reasons for denying the permit. The resolution contained no separate conclusions of law section.

As provided for in AMC 21.30.010, Coffey appealed the permit denial to the Assembly sitting as the Board of Adjustment. The Board concluded that Resolution 88-019A did not provide sufficient findings to support the permit denial and remanded the case back to the Commission for further findings. The Board did not require the Commission to reopen the record or take additional testimony. The Board members did not suggest that the denial itself was improper, but they were concerned that the Commission's findings might be insufficient to allow for judicial review in an anticipated court challenge.

On remand, the Commission met to review proposed new findings and conclusions which the planning staff had prepared prior to the meeting. The commissioners reviewed the findings section-by-section, making amendments as necessary. They then adopted a new resolution which added a separate section for "conclusions of law and fact."<sup>9</sup> Among its findings, the resolution states that the subdivision "requires a massive commercial natural resource extraction" and notes that the plan fails to conform to the SLRP in various ways. It further provides: "The interim use will have negative impacts to the adjacent surrounding neighborhood, as well as traffic impacts to the surrounding neighborhood." The "conclusions of law and fact" rely heavily on the policies and goals of the SLRP to justify denying the permit.

Coffey again appealed to the Board, but this time the Board affirmed the permit denial. The Board recognized that the SLRP had not been adopted by the Assembly but concluded that it was valid as a Commission guide to future development of the Sand Lake Gravel pit area. The Board

noted that the commercial gravel industry and local residents made substantial investments based on the SLRP which contemplated the "projected closure of the Sand Lake area to gravel extraction."<sup>10</sup> The Board concluded that the evidence and the Commission's findings adequately supported the permit denial.

Coffey appealed this decision to the superior court in April 1991. Superior Court Judge Karl Johnstone reviewed the Commission's findings and the administrative record and reversed the permit denial. He determined that the Commission and the Assembly had improperly relied on the SLRP as a standard and as evidence to support its findings. He also held that the gravel extraction operation could not be considered a permanent negative impact to the area within the meaning of AMC 21.50.020. Judge Johnstone further concluded from his review of the record that the Commission had rejected Coffey's permit application based on "community sentiment rather than objective and proper criteria."<sup>11</sup>

Zoning should not be allowed or disallowed on the basis of a plebiscite of the neighborhood, although evidence submitted by persons living in the neighborhood who would be most familiar with it and the conditions therein may be considered.

<sup>3</sup> Edward Ziegler, *Rathkoph's The Law of Zoning and Planning* § 41.14 at 41-91 (1992); see also *Thurston v. Cache County*, 626 P.2d 440, 445 (Utah 1981) ("While it is true that the consent of neighboring landowners may not be made a criterion for the issuance for denial of a conditional use permit, there is no impropriety in the solicitation of, or reliance upon, information which may be furnished by other landowners in the vicinity of the subject property at a public hearing.") (footnotes omitted).

Instead of remanding the case to the planning agency for further action, Judge Johnstone simply directed the city to issue the permit. The city chose not to appeal this mandate and granted the conditional use permit subject to the fifty-four conditions which have been mentioned above. Judge Johnstone then stayed action on this permit pending the outcome of SACC's appeal to this court.

## II. STANDARD OF REVIEW

Under AS 29.40.060 and AMC 21.30.180(A) and .190, the superior court hears appeals from the Commission and Board of Adjustment denials of conditional use permits. The appeal "shall be heard solely on the record established before the municipal bodies" and the zoning body's decision "shall not be reversed if, in the light of the whole record, they are supported by substantial evidence." AMC 21.30.190; see also *Galt v. Stanton*, 591 P.2d 960, 965 (Alaska 1979) (Rabinowitz J., concurring); *Keiner v. City of Anchorage*, 378 P.2d 406, 411 (Alaska 1963). The majority rule, and the one we adopt, is that judicial review of zoning board decisions is narrow and that a presumption of validity is accorded those decisions.<sup>12</sup> See 3 Edward Ziegler, *Rathkoph's The Law of Zoning and Planning*, § 42.07 at 42-65 (1992). We will give no weight to the superior court's decision but will independently review the record because the superior court was acting as an intermediate appellate court with respect to the Commission's decision. *Cook Inlet Pipe Line Co. v. Alaska Pub. Util. Comm'n*, 836 P.2d 343, 348 (Alaska 1992).

## III. DISCUSSION

A. The Commission correctly applied AMC 21.50.020 and 21.50.070 to deny the permit application.

Anchorage Municipal Code 21.50.020 and 21.50.070(B) provide the standards for determining whether the Commission may issue a natural resource extraction conditional use permit.

The authority hearing conditional use application may approve [ ]<sup>13</sup> the application only if it finds that the conditional use:

A. Furthers the goals and policies of the Comprehensive Development Plan and conforms to the Comprehensive Development Plan in the manner required by Chapter 21.05;

B. Conforms to the standards for that use in this title and regulations promulgated under this title;

C. Will be compatible with existing and planned uses in the surrounding neighborhood and with the intent of its use district; and

D. Will not have a permanent negative impact on the items listed below substantially greater than that anticipated from permitted development:

1. pedestrian and vehicular traffic circulation and safety;
2. the demand for and availability of public services and facilities;
3. noise, air, water or other forms of environmental pollution;
4. the maintenance of compatible and efficient development patterns and land use intensities.

AMC 21.50.020.

In addition to these requirements, "natural resource extraction" conditional use applications must also satisfy the procedural requirements of AMC 21.50.070 (A) and meet the substantive standards of AMC 21.50.070(B). Subsection (B) requires that (1) access to the operation "minimize the use of residential streets" and that suitable dust and traffic controls be adopted; (2) "the extraction operations will not pose a hazard to the public health and safety;" (3) "the extraction operations will not generate noise, dust, surface water runoff or traffic that will unduly interface with surrounding land uses;" (4) "the restoration plan . . . assures that after extraction operations cease, the site will be left in a safe, stable and aesthetically acceptable condition;" and 5) the use meets all additional standards imposed by regulation.

SACC argues that the evidence and the Commission's factual findings demonstrated that Coffey's proposed gravel extraction operation failed to meet at least one, if not several, of the substantive standards imposed by these ordinances. SACC further argues that the Commission properly referred to and relied on the SLRP in making its decision to deny the conditional use permit.

#### 1. The Status of the SLRP.

The Commission denied Coffey's permit application based, in part, on the project's failure to conform to the planning goals of the SLRP. Coffey argued successfully to the superior court that reference to this document was improper because it essentially added a new standard to the exclusive list provided by AMC 21.50.020 and .070. We disagree.

We see no reason why the Commission should not be allowed to consider the SLRP in ruling on the appropriateness of a proposed conditional use in the Sand Lake area. Although the Commission and the Board recognized that the SLRP did not have the status of a zoning ordinance, the SLRP is a detailed, thoroughly researched planning document which the Commission adopted by resolution and has repeatedly used to guide its decision-making in the Sand Lake area.<sup>14</sup>

In reviewing zoning decisions, courts generally try to guard against prejudice, arbitrary decision-making, and improper motives. See Ziegler, *supra* note 11, § 41.06 at 41-29 and § 41.14(3) (b) at 41-93. Reliance on comprehensive planning documents actually helps combat these problems so long as the Commission refers to them in a uniform fashion. The record does not indicate that the Commission acted arbitrarily or with prejudice when it judged Coffey's plan with reference to the goals of the SLRP.<sup>15</sup> Coffey provides no explanation why the Commission should not consider the SLRP other than the fact that it was not passed as an ordinance by the Assembly. We consider Coffey's argument too restrictive.

As the Utah Supreme Court has explained:

Zoning authorities are bound by the terms and standards of the applicable zoning ordinance, and are not at liberty to either grant or deny conditional use permits in **derogation of legislative standards**. Within the boundaries of such standards, however, the zoning authority is afforded a broad latitude of discretion.

**Thurston v. Cache County**, 626 P.2d 440, 444-45 (Utah 1981) (emphasis added) (footnote

omitted). Nothing in AMC 21.50.020 and .070 suggests that the planning goals of the SLRP are in derogation of the conditional use standards. Because AMC 21.50.020(C) requires the Commission to determine if the use "will be compatible with existing and planned uses in the surrounding neighborhood," it is reasonable for the Commission to refer to studies explaining what the "existing and planned uses" are. We, therefore, conclude that the Commission properly referred to the SLRP as a planning document in reviewing the permit application.

## **2. The Commission's Findings are Sufficient to Support the Permit Denial.**

Although no ordinance requires the Commission to make specific findings of fact to support its conditional use decisions, we have held that zoning boards and other agencies making adjudicative decisions must articulate the reasons for their decisions. See *Kenai Peninsula Borough v. Ryherd*, 628 P.2d 557, 562 (Alaska 1981). We have explained:

Such findings facilitate judicial review, insure careful administrative deliberation, assist the parties in preparing for review, and restrain agencies within the bounds of their jurisdiction.

*City of Nome v. Catholic Bishop of N. Alaska*, 707 P.2d 870, 875 (Alaska 1985). The test of sufficiency is thus a functional one: do the Commission's findings facilitate this court's review, assist the parties and restrain the agency within proper bounds?

The second set of factual findings issued by the Commission is certainly not a model of clarity. However, when we supplement the findings with the comments which the commissioners made on the record while they considered the permit application, their reasoning and conclusions become clear.

From the findings, we are able to conclude that the Commission determined that the proposed conditional use failed to comply with the standard set forth in AMC 21.50.020(C). Subsection (C) requires that the conditional use "will be compatible with existing and planned uses in the surrounding neighborhood and with the intent of its use district."<sup>16</sup> The findings indicate that Coffey proposed a "massive commercial natural resource extraction" which was in "inherent conflict" with the "adjoining residential land uses." When these statements are taken in conjunction with the commissioners comments at the public hearing, they suffice to explain the basis for the Commission's denial of the permit.

## **3. The Findings are Supported by Substantial Evidence.**

The clearest evidence of the incompatibility of uses comes from the details of the gravel extraction plan itself. The project envisions 80,000 truck loads of gravel, one truck leaving every three minutes, six days a week, five months a year. It establishes five years of heavy industry next to a residential subdivision. The potential for dust, noise, cracked windshields, water contamination, and serious traffic accidents is easily established by the record.

The two uses are not made compatible simply by the fact that Coffey's plan calls for dust mitigation and provides the best possible truck routes with a number to call if the trucks pose a danger. As one commissioner noted, the many conditions imposed on the plan actually evidence

its incompatibility with the surrounding area. Simply because "natural resource extraction" is permitted as a conditional use in R-2A areas doesn't mean that large-scale commercial mining must be permitted anywhere in the area so long as the mine operator takes every reasonable precaution to conduct the operation carefully. See, e.g., *Byrum v. Board of Supervisors*, 217 Va. 37, 225 S.E.2d 369, 373 (Va. 1976) ("No matter how reasonably a hog farm is administered, its very nature is going to make it incompatible with many other uses.").

Therefore, we hold that the Commission's decision was supported by substantial evidence. The superior court's decision is REVERSED.

#### DISPOSITION

Therefore, we hold that the Commission's decision was supported by substantial evidence. The superior court's decision is REVERSED.

#### OPINION FOOTNOTES

1 Under AMC 21.10.030, the Anchorage Assembly sits as the Board of Adjustment to hear appeals from decisions of the Platting Board and the Commission.

2 The geologist's report acknowledged that standard Municipality specifications require that "backfill should be placed in maximum 12 inch lifts and compacted to 95% maximum density." However, the report concluded that this requirement was "unduly restrictive" and that 95% density would "be difficult or impossible to achieve due to the high natural moisture contents in the silty overburden."

3 This feature of the plan caused considerable concern among area residents about contamination of their well water supply. However, Coffey's geologist concluded that past pit operations had not adversely affected water quality.

4 Although Coffey attempts to bolster his argument by relying on the planning staff's "approval" of his plan, the transcript from the public hearing indicates that a planning staff recommendation of "approval with conditions" is not as significant as Coffey suggests. After one commissioner stated that the planning staff should not have recommended the plan, another commissioner explained that it was beneficial to the process for the staff to lay out all the conditions which could make the plan acceptable even if the overall plan was not satisfactory. The planning staff representative also stated that "99% of the time, we're going to give you conditions of approval."

5 Given the fact that the most controversial aspect of the Coffey Plan was the removal and sale of large quantities of gravel, the planning staff recommendation surprisingly never clearly explained how, or even if, this feature of the plan conformed to the conditional use ordinances or the Sand Lake Redevelopment Plan. At one point, the recommendation states that the staff's original view was that material could not leave the site for regrading purposes. The recommendation never clearly explains why, or even if, this opinion has changed.

6 An overriding point of contention was the need to remove such a large quantity of gravel from the site. SACC personnel and Commissioners repeatedly argued that the property could reach the proposed final grade of the subdivision without extracting the marketable gravel below grade. They felt that the land could simply be held until market conditions made a straightforward subdivision development economically feasible or until more gravel pit owners came together with a "masterplan" for redevelopment of the area. On the other hand, Coffey, through his representative Mr. Sawhill, maintained that the commercial gravel operation was essential to development of the subdivision because the profits from the gravel sales would fund the rest of the development.

7 One commissioner stated: "Primarily, it comes down very simple for me. If I knew that . . . I was buying into an area where open pit mining was going to be going on, I wouldn't buy a home there."

8 One commissioner stated that the "finished grades of the subdivision look to me like the finished

grades of a gravel pit."

9 The parties dispute whether both resolutions or only the second one forms the basis for the denial. Coffey argues that because 88-019A was never formally rescinded, both documents are still in effect and should be considered the *ratio decidendi* of the Commission's decision. Coffey's position actually hurts his case because the two findings together provide stronger support of the permit denial than the second resolution alone. However, based on our reading on the transcript, it appears that the Commission intended only the second resolution to have continuing force.

10 In fact, the SLRP does not contemplate the closure of the Sand Lake pits to all further gravel excavation. However, as a general planning document, the SLRP does contemplate that all future extraction plans be of a limited duration and always with the primary goal of the residential development of the area. In its conclusion, the SLRP also states that

strong consideration should be given to permitting such extraction only for use in filling unserviceable areas located in nearby pits. . . . Consideration should [also] be given to filling in on-site unserviceable areas first prior to export. Finally, in no case shall extraction extend below those contours established for a gravel-fed sewerage system.

The SLRP proposed that the gravel pit owners join together to work out a "master plan" for redevelopment of the area. It did not endorse piecemeal development by individual pit owners. The SLRP stated, "the primary goal is to establish a residential community in this area. This has been determined to be in the public's best interest; therefore, future action should follow in this direction. Any plans that steer us farther from this goal should be put to rest."

11 Although we agree with Judge Johnstone that a permit denial based on negative community sentiment alone is improper, we disagree with his reading of the record. As noted above, only one commissioner expressly based her vote on "community sentiment." The recognized rule is that a planning board may always take evidence and testimony from community members into account in making its permitting decisions, but that it may not rely on neighborhood opposition alone as a reason to deny a permit:

12 The great weight of authority also suggests that zoning board interpretations of zoning ordinances and planning documents "should be given great weight and should be accepted whenever there is a reasonable basis for the meaning given by the board." Ziegler, *supra* note 11, § 42.07 at 42-65; *Seattle Shorelines Coalition v. Justen*, 93 Wash. 2d 390, 609 P.2d 1371, 1373 (Wash. 1980).

On the construction of zoning ordinances, we have previously held that the "appropriate standard of review is substitution of judgment." *Bocek Brothers v. Anchorage*, 750 P.2d 335, 336 (Alaska 1988). However, *Bocek* involved a condemnation proceeding rather than an administrative appeal of a planning agency decision. *Id.* Because the case did not require it, the superior court did not consider planning agency interpretations of the ordinance in question. Likewise, we did not consider whether zoning agency expertise came into play in interpreting the ordinance. When a planning agency does, in fact, provide its interpretation of an ordinance within its area of expertise, we will give that interpretation considerable deference.

13 By its plain language, the ordinance requires that the Commission deny permit applications if it finds that any standard is not met. However, the use of the terms "may approve" indicates that the Commission also has discretion to deny the permit even if it finds that the standards are met.

14 Although SACC makes a cogent argument that the SLRP could be considered an implementing "plan" or "policy tool" within the hierarchy of documents that make up Anchorage's Comprehensive Development Plan, we need not resolve this issue at this time. See AMC 21.05.020- 025; AS 29.40.030 (the plan "may include, but is not limited to, . . . statements of policies, goals and standards" etc.).

15 In his opening remarks, Coffey's representative, Mr. Sawhill, accepted the Commission's authority to refer to the SLRP in making its decision. He stated that "The three sets of standards we are to meet are the general standards for conditional use in 21.50.020, the specific standards for natural resource extraction in 21.50.0709(A)-(C), and then the standards contained in Commission resolution 16-83 which adopts the [SLRP] with the attached standards of operations which were items 1-10." (Emphasis added.)

16 Coffey argues that because the Commission found that the goal of residential development was compatible with the surrounding neighborhood, his plan satisfied the standard in AMC 21.50 020(C). However, the ordinance plainly requires the "conditional use" (i.e. the gravel excavation) to be "compatible with existing and planned land uses." AMC 21.50 020(C).

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1-LS0239VD ✓  
Cook  
3/5/99

CS FOR HOUSE BILL NO. 63(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered:  
Referred:

Sponsor(s): REPRESENTATIVE HALCRO

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to land use regulation in residential zones by home rule  
2 *Borough*  
municipalities."

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

4 \* Section 1. AS 29.10.200(39) is amended to read:

5 (39) AS 29.35.180(b) and (c) [AS 29.35.180(b)] (land use regulation);

6 \* Sec. 2. AS 29.35.180(b) is amended to read:

7 (b) A home rule borough shall provide for planning, platting, and land use  
8 regulation. A home rule borough shall provide for at least one public hearing  
9 before property that is zoned or otherwise designated in a land use plan  
10 exclusively or primarily for residential use may be used for a different purpose.

11 \* Sec. 3. AS 29.35.180 is amended by adding a new subsection to read:

12 (c) A home rule borough may not allow gravel to be extracted and transported  
13 from property that is zoned or designated exclusively or primarily for residential use,  
14 except as authorized under a building permit. A home rule borough may permit the

1 owner of a lot or a tract of land consisting of several lots to extract gravel located on  
2 the lot or tract and use it at a different location on the same lot or tract. A home rule  
3 borough may by ordinance require remediation of property zoned or designated as  
4 residential from which gravel is extracted. A home rule borough may by ordinance  
5 impose a fine not to exceed \$500 for each day a violation of this subsection occurs.

# FISCAL NOTE

Revision Date: \_\_\_\_\_ Dept. Affected: Community & Regional Affairs  
 Title: An Act relating to land use regulation in BRU: \_\_\_\_\_  
residential zones by home rule ... Component: \_\_\_\_\_  
 Sponsor: REPRESENTATIVE HALCRO  
 Requestor: House CRA COMPONENT SERIAL NO. \_\_\_\_\_

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 00	FY 01	FY 02	FY 03	FY04	FY 05
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
----------------	------------	------------	------------	------------	------------	------------

REVENUE FUND SOURCE:						
----------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current (FY99) impact \$ none

**ANALYSIS:** (Attach a separate page if necessary)

Enactment of this legislation would not have significant fiscal impact on the department.

Prepared by: Remond Henderson, Director *Remond Henderson* Phone: 465-4709  
 Division: Division of Administrative Services *11* Date: 2/9/99  
 Approved by Commissioner: *[Signature]* Date: 2/9/99  
 Agency: Community & Regional Affairs

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**SPECIAL COMMITTEE**  
ECONOMIC DEVELOPMENT AND TOURISM



**REPRESENTATIVE ANDREW HALCRO**

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## Sponsor Statement HB 63

After years of fighting off developers who wanted to take more gravel out of the Sand Lake gravel pits, I have introduced legislation to prohibit the extraction of gravel from residential neighborhoods. The bill, HB 63, would allow developers to use the gravel on the same tract for roads and foundation work, but would expressly prohibit the transportation of gravel off site. In addition, the bill also mandates a public hearing before local governments can approve conditional use permits that conflict with the original zoning plan.

Normally, municipalities are charged with regulating local land use issues. However, the situation in Sand Lake has allowed developers to skirt around vague rules and municipalities have been very slow to help out with adequate enforcement. This legislation will make it clear that commercial gravel pits have no place in residential neighborhoods.

The 260 acre Sand Lake pit has been a source of constant problems for both the Sand Lake Community Council and area neighbors. In fact, residents have fought all the way to the Alaska Supreme Court to halt the illegal extraction of gravel. The problem still persists however, and as recent as last summer a developer, under the guise of building a subdivision, proposed to extract 800,000 cubic yards of gravel from a 57 acre tract of land adjacent to Kincaid road. This proposal would have put one gravel truck on our area roads every five minutes for two years.

Many of the homes in the Sand Lake area depend on wells for their water supply. Further extraction of gravel from the pits near these homes jeopardizes the ability of these people to have a safe source of drinking water. Apparently this is a concern in other areas of the state. I have attached an article from the Peninsula Clarion outlining a similar problem in Kenai.

While area neighbors favor responsible development and the construction of quality neighborhoods in the area, residents feel leaving the people of Sand Lake with another huge hole in the ground is unacceptable. The people of Sand Lake and similar neighborhoods across the state, need to be assured that the investment in their homes will be protected against activity that negatively impacts the value of their neighborhoods.

# Homeowners slam gravel-pit bill

By DOUG LOSHBAUGH  
Peninsula Clarion

Homeowners worried about well water asked the Kenai Peninsula Borough Assembly Tuesday not to lift present restrictions on excavating gravel from below the water table.

Tuesday's hearing was the fifth of six hearings scheduled on proposed changes to the borough's existing gravel pit ordinance, which requires pit operators to stay at least 4 feet above the water table, unless the borough planning commission determines that digging deeper will not lower the water table within a

half mile.

"We want an ordinance that stays out of our water table, that stays 4 feet vertical or half a mile horizontal," said Soldotna resident Dave Donald. "My concerns are, that if we have equipment working in the water table, we have possible fuel lines leaking contaminants (and) hydraulic pressure hoses letting go."

Donald said contaminants could enter the water table and spread. Operators might use stumps to fill old pits, introducing tannic acid to the water table and blocking the flow of groundwater. Without site-specific studies, there is no way to

See PITS, back page

## ...Pits

Continued from page A-1

tell what would happen, he said.

"Site-specific is the way to go, but without that, I would like to stay 4 feet vertical or a half mile away," he said.

The present gravel pit ordinance also requires screening around gravel pits, and reclamation of the land once a pit is closed. Gravel pit operators have said the ordinance is too restrictive. Meanwhile, homeowners have complained about noise, traffic and dust from gravel pits in residential neighborhoods, and that gravel extraction has lowered the water table and damaged wells.

To resolve controversy, the borough convened a task force last year of homeowners, pit operators and others. That group recommended exempting noncommercial extraction from the borough rules, but reached no consensus on proposals to restrict gravel pit operations to protect

neighboring property.

In July, borough Mayor Mike Navarre introduced an ordinance to exempt small noncommercial pits from borough rules, simplify the process to obtain permits for on-site use of gravel, and give the borough planning commission power to regulate gravel pit noise, hours of operation, truck traffic and more. His proposal would have maintained the 4-foot vertical separation from the water table.

But Homer assembly member Drew Scalzi said the mayor's bill went beyond the assembly's original intent, which was simply to require screening and reclamation, and to protect water supplies. He also said pit operators have trouble defining the water table and maintaining the 4-foot separation.

On Jan. 5, he and Kenai assembly member Bill Popp proposed replacing the mayor's bill with a substitute that would allow an operator to dig into the water table as long as he did not drain water from his pit.

Before draining water, the operator would

have to post a bond against potential damage to nearby water systems and obtain a variance from the planning commission.

The substitute bill would ban pit operators from digging within 300 feet of an existing water source. It would give the planning commission no authority to regulate details such as noise, dust and traffic. The assembly voted Jan. 5 to replace the mayor's bill with the substitute, which seemed to please pit operators.

"As a material site (gravel pit) owner, I think the substitute is something we could live with," Homer's Roy Morris said Tuesday. "A few things in it we would like to see changed or clarified."

But homeowners said the 300-foot horizontal separation would be insufficient to protect wells.

The assembly holds a final hearing Feb. 2. Kenai assembly member Tim Navarre, who cast the sole vote Jan. 5 against replacing the mayor's bill with the substitute, said he plans to introduce several amendments, including one to restore restrictions on digging within 4 vertical feet of the water table.

Peninsula Clarion  
January 21, 1999

# FISCAL NOTE

Revision Date: \_\_\_\_\_ Dept. Affected: Community & Regional Affairs  
 Title: An Act relating to land use regulation in BRU: \_\_\_\_\_  
residential zones by home rule ... Component: \_\_\_\_\_  
 Sponsor: REPRESENTATIVE HALCRO  
 Requestor: House CRA COMPONENT SERIAL NO. \_\_\_\_\_

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 00	FY 01	FY 02	FY 03	FY04	FY 05
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current (FY99) impact \$ none

**ANALYSIS:** (Attach a separate page if necessary)

Enactment of this legislation would not have significant fiscal impact on the department.

Prepared by: Remond Henderson, Director *Remond Henderson* Phone: 465-4709

Division: Division of Administrative Services Date: 2/9/99

Approved by Commissioner: *N. Pitt* Date: 2/9/99

Agency: Community & Regional Affairs

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# 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						
<b>TOTAL OPERATING</b>	<b>(189.0)</b>	<b>(189.0)</b>	<b>(221.1)</b>	<b>(221.1)</b>	<b>(221.1)</b>	<b>(221.1)</b>
<b>CAPITAL EXPENDITURES</b>	<b>907.7</b>					
<b>CHANGE IN REVENUES (1007)</b>	<b>(42.0)</b>	<b>(42.0)</b>	<b>(42.0)</b>	<b>(42.0)</b>	<b>(42.0)</b>	<b>(42.0)</b>

**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)
<b>TOTAL</b>	<b>718.7</b>	<b>(189.0)</b>	<b>(221.1)</b>	<b>(221.1)</b>	<b>(221.1)</b>	<b>(221.1)</b>

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)
<b>Total Personal Services Savings</b>	<b>\$ (189.0)</b>	<b>\$ (189.0)</b>	<b>\$ (221.1)</b>	<b>\$ (221.1)</b>	<b>\$ (221.1)</b>	<b>\$ (221.1)</b>

#### 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
<b>Total Capital Cost</b>	<b>\$ 907.7</b>	<b>\$ 0.0</b>	<b>\$ 0.0</b>	<b>\$ 0.0</b>	<b>\$ 0.0</b>	<b>\$ 0.0</b>

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		
<b>Subtotal</b>			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		
<b>Subtotal</b>			131	39	10	39
<b>Total</b>			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)	
<b>Net change</b>	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			
<b>Subtotal</b>			0	0			15	0	0	0
Child Care Assistance	DCRA	DHSS					9			
Administrative Services	DCRA	DHSS					5			
<b>Subtotal</b>			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			
<b>Subtotal</b>			57	20	4		70	31	46	7
<b>Total</b>			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)							
<i>Atwood Bldg in FY06</i>									
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)

*Child Care Assis/Admin to DHSS in FY00*      14      (14)

**Position move total (non Atwood Bldg)**      29      (29)

**Net Change**      176      (57)      (20)      0      (99)      0      0      0

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
<b>Total savings</b>	<b>147.0</b>	<b>42.0</b>	<b>189.0</b>

FY02+	GF	IA	Total
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
<b>Total savings</b>	<b>179.1</b>	<b>42.0</b>	<b>221.1</b>

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.

	Average Cost / Position	Average Cost / Sq Ft
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
<b>Total Estimated Cost</b>	<b>6,093</b>	<b>31.65</b>

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
<b>New Child Care office:</b>			
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
<b>New JTPO office:</b>			
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
<b>DCRA switches to Netware</b>			
Cabling in Anchorage (covered in move costs)	350	76 \$	-
Intranetware licenses	45	176 \$	7,920
new server for Juneau	9000	1 \$	9,000
new NTW 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**

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

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 combining 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 that

8 (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]; or

12 (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 AS 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 purposes 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 disbursal 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 (1) 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;

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

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

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

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

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

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

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

(2) in the Department of Corrections:

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

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

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

(3) in the Department of Environmental Conservation:

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

(B) water and wastewater operator training and assistance;

(C) federal drinking water operator training and certification;

(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 section 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 44.35 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  
that serves the best interests of the state, and may include the amortization of payments  
over a period of years. The commissioner shall request an appropriation to the fund of  
proceeds from disposal of property under this section.

30  
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 8A. 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; an

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

1 boundary changes and other matters related to local government boundary changes,  
2 including extensions of services by incorporated cities into contiguous areas and matters  
3 related to extension of services; and

4 (2) present to the legislature during the first 10 days of a regular session  
5 proposed local government boundary changes, including gradual extension of services  
6 of incorporated cities into contiguous areas upon a majority approval of the voters of the  
7 contiguous area to be annexed and transition schedules providing for total assimilation  
8 of the contiguous area and its full participation in the affairs of the incorporated city  
9 within a period not to exceed five years.

10 **Sec. 44.33.814. Meetings and hearings.** The chair of the commission or the  
11 commissioner of commerce and rural development with the consent of the chair may call  
12 a meeting or hearing of the Local Boundary Commission. All meetings and hearings  
13 shall be public.

14 **Sec. 44.33.816. Minutes and records.** The Local Boundary Commission shall  
15 keep minutes of all meetings and hearings. If the proceedings are transcribed, minutes  
16 shall be made from the transcription. The minutes are a public record. All votes taken  
17 by the commission shall be entered in the minutes.

18 **Sec. 44.33.818. Notice of public hearings.** Public notice of a hearing of the  
19 Local Boundary Commission shall be given in the area in which the hearing is to be  
20 held at least 15 days before the date of the hearing. The notice of the hearing must  
21 include the time, date, place, and subject of the hearing. The commissioner of  
22 commerce and rural development shall give notice of the hearing at least three times in  
23 the press, through other news media, or by posting in a public place, whichever is most  
24 feasible.

25 **Sec. 44.33.820. Quorum.** Three members of the commission constitute a  
26 quorum for the conduct of business at a meeting. Two members constitute a quorum  
27 for the conduct of business at a hearing.

28 **Sec. 44.33.822. Boundary change.** A majority of the membership of the Local  
29 Boundary Commission must vote in favor of a proposed boundary change before it may  
30 be presented to the legislature.

31 **Sec. 44.33.824. Expenses.** Members of the Local Boundary Commission  
32 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

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the Indian Reorganization Act);

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

(iii) a council recognized by the commissioner of commerce and rural development [COMMUNITY AND REGIONAL AFFAIRS] under regulations adopted by the Department of Commerce and Rural Development [COMMUNITY AND REGIONAL AFFAIRS] to determine and give official recognition of village entities under AS 44.33.755(b) [AS 44.47.150(b)];

\* Sec. 82. AS 46.04.900(22) is amended to read:

(22) "village" means a place within the unorganized borough or within a borough as to a power, function, or service that is not exercised or provided by the borough on an areawide or nonareawide basis that

(A) has irrevocably waived, in a form approved by the Department of Law, any claim of sovereign immunity that might arise under this chapter; and

(B) has

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

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

(iii) a council recognized by the commissioner of commerce and rural development [COMMUNITY AND REGIONAL AFFAIRS] under regulations adopted by the Department of Commerce and Rural Development [COMMUNITY AND REGIONAL AFFAIRS] to determine and give official recognition of village entities under AS 44.33.755(b) [AS 44.47.150(b)];

\* Sec. 83. AS 46.08.040(a) is amended to read:

(a) In addition to money in the response account of the fund that is transferred to the commissioner of commerce and rural development [COMMUNITY AND REGIONAL AFFAIRS] to make grants under AS 29.60.510 and to pay for impact 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

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and the private sector on programs and policies pertaining to current and potential services to disabled or gifted persons and their families;

(4) submit periodic reports to the commissioner of health and social services, the commissioner of education, and to other appropriate departments, on the effects of current federal and state programs regarding services to disabled or gifted persons; these reports must include program performance reports to the governor, the federal government, and to state agencies as required under 20 U.S.C. 1482 and 42 U.S.C. 6024;

(5) in conjunction with the Departments of Health and Social Services and Education, develop, prepare, adopt, periodically review, and revise as necessary an annual state plan prescribing programs that meet the needs of persons with developmental disabilities as required under 42 U.S.C. 6022;

(6) review and comment to commissioners of state departments on all state plans and proposed regulations relating to programs for persons who are experiencing disabilities before the adoption of a plan or regulation; for this purpose, the appropriate departments shall submit the plans and proposed regulations to the council;

(7) recommend the priorities and specifications for the use of funds received by the state under 20 U.S.C. 1471 - 1485 and 42 U.S.C. 6000 - 6083;

(8) submit annually to the commissioner of health and social services, the commissioner of education, and the commissioner of commerce and rural development [COMMUNITY AND REGIONAL AFFAIRS] a proposed interdepartmental program budget for services to disabled or gifted persons that includes, insofar as possible, projected revenues and expenditures for programs implemented by state agencies, local governmental agencies, and private organizations; the interdepartmental program budget is an informational supplement to the regular annual budgetary submissions of the departments to the Office of the Governor;

(9) provide information and guidance for the development of appropriate special educational programs and services for exceptional children as defined in AS 14.30.350;

(10) monitor and evaluate budgets or other implementation plans and programs for disabled and gifted persons to assure nonduplication of services and 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.

# 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						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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**FUND SOURCE** (Thousands of Dollars)

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

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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## 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,



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