

**HB**

**40**

**HFIN**

**FILE**

# FISCAL NOTE

Bill Version: CSHB 40 (CRA)

(H) Publish Date: 3/26/99

## STATE OF ALASKA 1999 LEGISLATIVE SESSION

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

### 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>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0
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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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# FISCAL NOTE

Bill Vers. #: CSHB 40 (CRA)

(H) Publish Date: 3/26/99

## STATE OF ALASKA 1999 LEGISLATIVE SESSION

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>

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

### FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	760.7	(147.0)	(179.1)	(179.1)	(179.1)	(179.1)
1005 GF/Program Receipts						
1037 GF/Mental Health						
1007 Interagency Reciepts	(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>

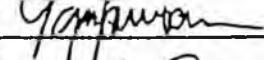
Estimate of any current year (FY99) cost: \_\_\_\_\_

### POSITIONS

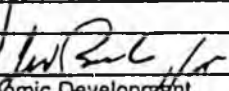
Full-time	(2)	(2)	(2)	(2)	(2)	(2)
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached analysis.

Prepared by Tom Lawson, Director  Phone 465-2506

Division Administrative Services Date/Time 3/24/99 12:42 PM

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

Total 131 48 10 39

Preferred Option

DCRA Programs to 9th Floor SOB	39	(39)		
SSD/Admin Services to Labor		(9)	9	
Occ. Licensing to DCRA Bldg.	(38)	38		
ASMI to DCRA Bldg.		10	(10)	
Net change	1	0	(1)	

Total Number of Positions Moved 96

HB 40 Space Allocation Worksheet

II. Anchorage	Going From	Going To	Current Office Location							
			DCED 7th Flr Frontier	DCED 13th Flr Frontier	AADC Ak Energy Bldg	DCRA Post Office Mall	AIDEA Bldg	APUC Bldg.	ASTF UAA Diplomacy	
JTPA State Office	DCRA	Labor					11			
Statewide Services Delivery	DCRA	Labor					3			
Administrative Services	DCRA	Labor					1			
<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)						
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Atwood Bldg in FY06

DCRA: Admin Services, DP, Train. & Dev., State Assess., Local Bound. Comm., Energy Operations	64						(64)			
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<b>Atwood Bldg. position move total</b>	147	(57)	(20)				(70)			
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JTPA/SSD/Admin to Labor in FY00	15						(15)			
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Child Care Assis/Admin to DHSS in FY00	14						(14)			
--	----	--	--	--	--	--	------	--	--	--

<b>Position move total (non Atwood Bldg)</b>	29						(29)			
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<b>Net Change</b>	176	(57)	(20)	0			(99)	0	0	0
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Note: Move totals for the Atwood Bldg. and other offices are separated because moving costs for the Atwood Bldg were previously appropriated.

**Personal Services worksheet**

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

New Child Care office:		Cost Est.	Qty	Total
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			\$	22,450

New JTPO office:		Cost Est.	Qty	Total
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			\$	23,540

DCRA switches to Netware		Cost Est.	Qty	Total
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			\$	74,220

**Total expenses: \$ 120,210**

# HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: March 26, 1999

FURTHER REFERRALS:

Date of Committee Action: 5/4/99

The FINANCE Committee considered:

HB 40

HOUSE BILL NO. 40

DEPT OF COMMERCE & RURAL DEVELOPMENT

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

recommends it be replaced with the following committee substitute CS HB 40 (FIN)  the same title  
 a new title

additional referral to \_\_\_\_\_ Committee  
 attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept) \_\_\_\_\_ APPROVES PREVIOUS: (Dept/Date) \_\_\_\_\_

fiscal note(s) OMB  fiscal note(s) \_\_\_\_\_  
\_\_\_\_\_  
 zero fiscal note(s) \_\_\_\_\_  zero fiscal note(s) \_\_\_\_\_

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>Gene Therriault</i> Therriault	X			
<i>Jim Kohring</i> Kohring	X			
<i>John Davies</i> Davies			X	
<i>Ben Grussendorf</i> Grussendorf			X	
<i>Paul Moses</i> Moses			X	
<i>John Davis</i> Davis	X			
<i>William Williams</i> Williams			X	
<i>John Foster</i> Foster			X	

CD CHAIR'S SIGNATURE *Gene Therriault*  
Therriault

# FISCAL NOTE

**STATE OF ALASKA**  
**1999 LEGISLATIVE SESSION**

**BILL NO. HB 40**

Revision Date 4/29/99 1:25 PM  
 Title An Act combining parts of the Depts of Commerce & Economic Development and Community & Regional Affairs...  
 Sponsor Rep. Kohring, et al  
 Requester House Finance Committee

Dept. Affected Various  
 BRU \_\_\_\_\_  
 Component \_\_\_\_\_

**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	(355.5)					
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>(355.5)</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>

<b>CAPITAL EXPENDITURES</b>	<b>200.0</b>	<b>***</b>				
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	200.0					
1003 GF Match						
1004 GF	(555.5)					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>(355.5)</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>

Estimate of any current year (FY99) cost: \_\_\_\_\_

**POSITIONS**

Full-time	-5	***	***	***	***	***
Part-time						
Temporary						

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

The primary savings will be in the out years. This fiscal note shows the known personnel cost reductions during the initial implementation year. Further reductions are anticipated after all organizational changes are completed - those will be reflected in the FY2001 operating budget. This fiscal note notes initial capital implementation costs of \$200.0, a very minimal amount for some employee moves to bring units together and necessary changes to computer/telephone configurations; some more would be needed in the second year. Also included is a replacement of \$200.0 in GF with Federal Receipts in Rural Energy. Sec. 78(e) specifies that appropriations are to be transferred with the programs being relocated; all program funding is currently contained within the operating budget. The cost savings shown above are based on the following: A) There will be one fewer Commissioner and Executive Secretary positions. (-158.6); B) The vacant Administrative Services Director position (DCRA) will be deleted. (-116.9); C) Other administrative support costs will be reduced by downgrading or eliminating other positions (-80.0)

Prepared by Danith Watts  
 Division Office of Management and Budget  
 Approved by Annalee McConnell, Director  
 Agency Office of Management and Budget

Phone 465-2178  
 Date/Time 5/4/99 12:11 PM  
 Date 05/04/1999

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Lauterbach  
4/28/99

**CS FOR HOUSE BILL NO. 40(FIN)**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-FIRST LEGISLATURE - FIRST SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

**Offered:**  
**Referred:**

**Sponsor(s): REPRESENTATIVES KOHRING, Cowdery, Austerman, Therriault, Harris, Mulder**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act reorganizing certain departments in the executive branch of state  
2 government and relating to their duties; eliminating and amending certain duties  
3 and programs in the executive branch; adjusting the membership of certain multi-  
4 member bodies; and providing for an effective date."

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

6 \* Section 1. AS 09.25.110(e) is amended to read:

7 (e) Notwithstanding other provisions of this section to the contrary, the Bureau  
8 of Vital Statistics and [,] the library archives in the Department of Education and Child  
9 Development [, AND THE DIVISION OF BANKING, SECURITIES, AND  
10 CORPORATIONS IN THE DEPARTMENT OF COMMERCE AND ECONOMIC  
11 DEVELOPMENT] may continue to charge the same fees that they were [ARE] charging  
12 on September 25, 1990, for performing record searches, and may increase the fees as  
13 necessary to recover agency expenses on the same basis that was [IS] used by the  
14 agency immediately before September 25, 1990. Notwithstanding other provisions of

1 this section to the contrary, the division of banking, securities, and corporations in  
2 the Department of Community and Economic Development may continue to charge  
3 the same fees that the former Department of Commerce and Economic  
4 Development was charging on the effective date of this bill section for performing  
5 record searches and may increase the fees as necessary to recover agency expenses  
6 on the same basis that was used by the former Department of Commerce and  
7 Economic Development immediately before the effective date of this bill section.

8 \* Sec. 2. AS 09.65.170(c)(2) is amended to read:

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

11 \* Sec. 3. AS 14.20.165 is amended to read:

12 **Sec. 14.20.165. Restoration of tenure rights.** A teacher who held tenure rights  
13 and who was retired due to disability under AS 14.25.130, but whose disability (1) has  
14 been removed, and the removal of that disability is certified by a competent physician  
15 following a physical or mental examination, or (2) has been compensated for by  
16 rehabilitation or other appropriate restorative education or training, and that rehabilitation  
17 or restoration to health has been certified by the division of vocational rehabilitation of  
18 the Department of Labor and Workforce Development [DEPARTMENT], shall be  
19 restored to full tenure rights in the district from which the teacher was retired, at such  
20 time as an opening for which the teacher is qualified becomes available.

21 \* Sec. 4. AS 14.35.020(b) is amended to read:

22 (b) When required by any of the Acts described in AS 14.35.010, the board shall  
23 (1) prepare, submit, and supervise the administration of the plans for  
24 vocational education [AND VOCATIONAL REHABILITATION];  
25 (2) select a state director of vocational education;  
26 (3) establish the minimum qualifications for teachers, supervisors, or  
27 directors;  
28 (4) determine the prorated basis on which money shall be available for  
29 the salary and necessary travel expenses of the state director of vocational education;  
30 (5) consider the advice of the Alaska Human Resource Investment  
31 Council established by AS 23.15.550 [AS 44.19.620] regarding employment training  
32 needs and advise that council in the development of vocational education programs.

1 \* Sec. 5. AS 14 is amended by adding a new chapter to read:

2 **Chapter 38. Head Start, Child Care, and Day Care.**

3 **Article 1. Head Start.**

4 **Sec. 14.38.010. Operation of Head Start programs.** The Department of  
5 Education and Child Development shall operate the head start funding program governed  
6 by 42 U.S.C. 9835.

7 **Article 2. Day Care Assistance; Child Care Grants.**

8 **Sec. 14.38.100. Powers and duties.** (a) The department shall

9 (1) implement and administer a program to assist in providing day care  
10 for the children of low and moderate income families according to the requirements of  
11 AS 14.38.100 - 14.38.199;

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

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

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

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

18 (b) The department may

19 (1) adopt regulations necessary for the performance of its duties under  
20 AS 14.38.100 - 14.38.199;

21 (2) contract with other entities to perform duties of the department under  
22 AS 14.38.100 - 14.38.199 within an area specified by the department; within an area,  
23 the department shall give higher priority to contracting with municipalities than with  
24 other organizations.

25 **Sec. 14.38.110. Administrative costs of program contractors.** To defray  
26 administrative expenses, a contractor under AS 14.38.100(b) may only retain \$1,000 or  
27 12 percent, whichever is greater, of the day care assistance program funds it receives  
28 from the department under the contract.

29 **Sec. 14.38.120. Conditions of receipt of benefits.** Benefits may be paid for the  
30 care of children of a low or moderate income family only if a parent or guardian,  
31 because of the day care, is freed to work or to seek work or to attend school. Benefits  
32 may not be paid for the care of children of a family where one parent or guardian is not

1 working, actively seeking work, or attending school and is physically and mentally  
2 capable of caring for the children.

3 **Sec. 14.38.130. Eligibility of families for benefits.** The department shall  
4 determine the eligibility of families for day care benefits on the basis of the following  
5 factors:

6 (1) income of the family including salary, alimony, child support,  
7 retirement benefits, social security, and any other source of income;

8 (2) number of children in the family;

9 (3) whether there is one parent or guardian solely responsible for the care  
10 of the family.

11 **Sec. 14.38.140. Contributions by parent or guardian.** The department shall  
12 develop a sliding fee scale based on the factors listed in AS 14.38.130 for purposes of  
13 determining the amount to be contributed by the parent or guardian for child care. The  
14 contribution of the parent or guardian shall be paid to the day care facility.

15 **Sec. 14.38.150. Placement; payment by state.** (a) Parents or guardians shall  
16 select the day care facility for the care of their children.

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

19 **Sec. 14.38.160. Child care grant program.** (a) A child care grant program  
20 is established in the department to provide state assistance in the operation of child care  
21 facilities. The department shall provide grants for the operation of child care facilities,  
22 including private nonprofit child care facilities. Participation in the program is optional.

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

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

27 (2) participate in the day care assistance program under AS 14.38.100 -  
28 14.38.199; and

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

31 (c) A grant under (a) of this section may not exceed \$50 per month for each  
32 child the child care facility cares for, or for each full-time equivalent, as determined by

1 the department. The grant shall be adjusted on a geographic basis by the same factor  
2 as funding for a school district is adjusted under AS 14.17.460.

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

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

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

15 (g) Each child care facility receiving a grant under (a) or (d) of this section shall  
16 assure that at least 15 percent or one of its child care spaces receiving subsidy under this  
17 section, whichever is greater, will be made available, if requested, to children eligible  
18 for day care assistance under AS 14.38.100 - 14.38.199, whose parents or guardians wish  
19 to pay for care based on attendance only.

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

22 **Sec. 14.38.199. Definitions.** In AS 14.38.100 - 14.38.199,

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

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

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

32 (4) "day care facility" means a center or home licensed in accordance

1 with the provisions of AS 47.35 or recognized by the federal government for the care  
2 of children;

3 (5) "department" means the Department of Education and Child  
4 Development;

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 3. Child Care Facility Revolving Loan Fund.**

9 **Sec. 14.38.200. Child care facility revolving loan fund.** (a) There is created  
10 in the Department of Education and Child Development the child care facility revolving  
11 loan fund to carry out the purposes of AS 14.38.200 - 14.38.299. Except as provided  
12 in (b) 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 14.38.200 - 14.38.299.

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. 14.38.210. 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 may expend money credited to the foreclosure expense  
21 account when necessary to protect the state's security interest in collateral on loans made  
22 under AS 14.38.220 or to defray expenses incurred during foreclosure proceedings after  
23 a default by an obligor.

24 **Sec. 14.38.220. 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 14.38.200 - 14.38.299, 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. 14.38.230. Loan terms.** (a) A loan to a child care facility under  
4 AS 14.38.200 - 14.38.299 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 14.38.200 - 14.38.299, 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. 14.38.240. Eligibility for loans.** A child care facility is eligible for a loan  
15 under AS 14.38.200 - 14.38.299 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 14.38.220(b)(1).

20 **Sec. 14.38.250. Sale or transfer of mortgages and notes.** The commissioner  
21 may sell or transfer at par value or at a premium to a bank or other private purchaser  
22 for cash or other consideration the mortgages and notes held by the department as  
23 security for loans made under AS 14.38.200 - 14.38.299.

24 **Sec. 14.38.260. 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 14.38.200 - 14.38.299. 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. 14.38.299. Definitions.** In AS 14.38.200 - 14.38.299,

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 Education and Child  
3 Development.

4 \* Sec. 6. AS 14.42.015(a) is amended to read:

5 (a) There is in the Department of Education and Child Development the Alaska  
6 Commission on Postsecondary Education consisting of

7 (1) two members of the Board of Regents of the University of Alaska  
8 designated by the members of that body;

9 (2) one person representing private higher education in the state selected  
10 jointly by the Boards of Trustees of Alaska Pacific University and Sheldon Jackson  
11 College from among their membership;

12 (3) one person representing the Department of Education and Child  
13 Development selected by the state Board of Education;

14 (4) four persons broadly and equitably representative of the general  
15 public appointed by the governor;

16 (5) one member of the Alaska Human Resource Investment Council  
17 established by AS 23.15.550 [AS 44.19.620] designated by the members of that body;

18 (6) one person from the members of the local community college  
19 advisory councils appointed by the governor;

20 (7) two members from the legislature, one of whom shall be appointed  
21 by the president of the senate and one by the speaker of the house of representatives;

22 (8) one person appointed in accordance with (e) of this section who is  
23 a full-time student as defined in AS 14.43.160;

24 (9) one administrator appointed by the governor from a proprietary  
25 institution of postsecondary education that has an authorization to operate in the state  
26 issued under AS 14.48.

27 \* Sec. 7. AS 18.70.081 is amended to read:

28 **Sec. 18.70.081. Approval of fire protection systems.** Before October 30 of  
29 each year the Department of Public Safety shall prepare and make available a list of  
30 approved fire protection systems to [THE DEPARTMENT OF COMMUNITY AND  
31 REGIONAL AFFAIRS,] the Department of Community [COMMERCE] and Economic  
32 Development [,] and the public.

1 \* **Sec. 8.** AS 23.05 is amended by adding a new section to read:

2           **Sec. 23.05.065. Fees for publications, research data, and other services.** The  
3 commissioner may establish by regulation and the department may charge reasonable  
4 fees for department publications, research data, and other centralized administrative  
5 services to cover the cost of reproduction, printing, mailing, distribution, and other  
6 centralized administrative services.

7 \* **Sec. 9.** AS 23.05 is amended by adding new sections to read:

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

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

13           (b) The purpose of the incentive program is to encourage private industry to  
14 provide new job opportunities by offering assistance in training the new work force and  
15 in retraining existing employees to implement new technologies.

16           **Sec. 23.05.410. Administration.** (a) The Alaska Human Resource Investment  
17 Council established in AS 23.15.550 shall oversee the incentive program. The service  
18 delivery areas established under 29 U.S.C. 1511 and subject to redesignation under 29  
19 U.S.C. 1515 shall be used in the administration of the incentive program. The private  
20 industry councils appointed under 29 U.S.C. 1512 and subject to reconstitution under 29  
21 U.S.C. 1515 shall serve as the private industry councils for the incentive program.

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

28           (c) The council shall adopt regulations under AS 44.62 (Administrative  
29 Procedure Act) to implement AS 23.05.400 - 23.05.510.

30           **Sec. 23.05.420. Business incentive training plan.** (a) A private industry  
31 council shall adopt a business incentive training plan for the service delivery area. The  
32 plan must extend for two years to coincide with the term for the Job Training

1 Partnership Act (P.L. 97-300) and must contain

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

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

6 (3) procedures for identifying and selecting participants;

7 (4) performance goals established in accordance with standards under  
8 AS 23.05.480;

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

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

13 (b) If changes in labor market conditions, funding, or other factors require  
14 substantial deviation from an approved business incentive training plan, the private  
15 industry council and the appropriate elected municipal official or officials shall submit  
16 a modification of the plan and the budget for review under AS 23.05.430.

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

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

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

27 (b) Each grant administrator is responsible for the allocation of funds and the  
28 eligibility of those enrolled in its programs. The grant administrator is responsible for  
29 taking action against its subcontractors, subgrantees, and other recipients to eliminate  
30 abuses in the programs they are carrying out, and to prevent misuse of funds. If the  
31 arrangement is included in an approved job training plan, a grant administrator may  
32 delegate the responsibility for determining eligibility under reasonable safeguards,

1 including provisions for reimbursement of costs incurred because of erroneous  
2 determinations made with insufficient care.

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

12 (d) Only individuals eligible under the business incentive training plan and  
13 residing in the service delivery area may be participants in employment and training  
14 activities funded under the business incentive training program. To be eligible for  
15 training or education services under AS 23.05.400 - 23.05.510, immediately before  
16 beginning training or education under the program a person shall

17 (1) have been unemployed and

18 (A) receiving unemployment insurance benefits; or

19 (B) have exhausted the right to unemployment insurance benefits

20 within the past three years;

21 (2) be liable to be displaced from work within the next six months

22 because of

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

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

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

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

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

1 (B) has insufficient qualifying wages because of limited job  
2 opportunities; or

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

5 (e) Payments to employers for on-the-job training of participants who experience  
6 multiple barriers to employment or are eligible under the Job Training Partnership Act  
7 (P.L. 97-300) may not average more than 80 percent of the wages paid by the employer  
8 to the participant. Payments to employers for on-the-job training of other participants  
9 may not average more than 50 percent of the wages paid by the employer to participants.  
10 The payments shall be considered to be in compensation for the extraordinary costs  
11 associated with training employees for new positions and the lower productivity of the  
12 participants.

13 (f) A grant made under the business incentive training program may not be used  
14 to duplicate facilities or services available in the area from federal, state, or local sources  
15 unless the business incentive training plan establishes that services or facilities under the  
16 program would be more effective or more likely to achieve performance goals.

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

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

21 (i) An employer at whose request a participant is offered training shall fulfill the  
22 obligation to offer a successful participant in the business incentive training program a  
23 position or promotion, as applicable. A participant is considered successful if the  
24 participant satisfactorily completes the training program in which the participant was  
25 enrolled.

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

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

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

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

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

7 (3) the prevailing rate of wages under AS 36.05 or 40 U.S.C. 276a -  
8 276a-5, if applicable.

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

13 (e) Conditions of employment and training must be appropriate and reasonable  
14 in light of factors including the type of work, geographical region, and proficiency of  
15 the participant.

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

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

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

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

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

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

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

- 1 (2) entertainment costs; and
- 2 (3) insurance policies offering protection against debts established by the
- 3 federal government.

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

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

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

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

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

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

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

32 (c) The grant administrator may not fund an occupational skills training program

1 unless the level of skills provided in the program is in accordance with guidelines  
2 established by the private industry council.

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

4 (1) "council" means the Alaska Human Resource Investment Council  
5 established in AS 23.15.550;

6 (2) "incentive program" means the business incentive training program  
7 established under AS 23.05.400;

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

10 \* **Sec. 10.** AS 23.15.010 is amended to read:

11 **Sec. 23.15.010. Administration of vocational rehabilitation [BOARD OF**  
12 **VOCATIONAL REHABILITATION].** The commissioner shall [BOARD OF  
13 EDUCATION WHICH ADMINISTERS THE PROGRAM OF VOCATIONAL  
14 EDUCATION IS DESIGNATED AS THE BOARD OF VOCATIONAL  
15 REHABILITATION TO] administer the vocational rehabilitation program.

16 \* **Sec. 11.** AS 23.15.020 is amended to read:

17 **Sec. 23.15.020. Powers and duties of commissioner [BOARD].** (a) The  
18 commissioner [BOARD] may cooperate with a federal agency, as provided and required  
19 by federal law for vocational rehabilitation.

20 (b) The commissioner [BOARD] shall comply with the federal laws and the  
21 conditions necessary to secure the full benefit of the federal vocational rehabilitation  
22 laws, and shall do all things necessary to entitle the state to receive the benefits of the  
23 federal laws.

24 (c) The commissioner [BOARD] may do all the things and adopt the  
25 regulations that are necessary to carry out the federal laws and the purposes of  
26 AS 23.15.010 - 23.15.210.

27 \* **Sec. 12.** AS 23.15.030 is amended to read:

28 **Sec. 23.15.030. Appointment of administrative officers.** The commissioner  
29 [BOARD] may appoint administrative officers [,] and delegate to them the authority  
30 necessary to carry out AS 23.15.010 - 23.15.210.

31 \* **Sec. 13.** AS 23.15.040 is amended to read:

1           **Sec. 23.15.040. Division of vocational rehabilitation established.** The division  
2 of vocational rehabilitation is established under the commissioner [BOARD OF  
3 VOCATIONAL REHABILITATION] to carry out AS 23.15.010 - 23.15.210.

4 \* **Sec. 14.** AS 23.15.050 is amended to read:

5           **Sec. 23.15.050. Director of vocational rehabilitation.** The commissioner  
6 [BOARD] shall appoint a director of the division of vocational rehabilitation. The  
7 director has the administrative authority delegated by the commissioner [BOARD] and  
8 necessary to carry out AS 23.15.010 - 23.15.210 and the regulations and policies adopted  
9 by the commissioner [BOARD].

10 \* **Sec. 15.** AS 23.15.060(a) is amended to read:

11           (a) The commissioner [BOARD] acting through the division of vocational  
12 rehabilitation may enter into necessary agreements on behalf of the state with the  
13 Secretary of Health and Human Services to carry out the provisions of the federal Social  
14 Security Act, as amended, and as it is subsequently amended, relating to the making of  
15 determinations of disability under Title II and Title XVI of that Act.

16 \* **Sec. 16.** AS 23.15.070 is amended to read:

17           **Sec. 23.15.070. Personnel policies.** The commissioner [BOARD] shall adopt  
18 personnel policies for the division of vocational rehabilitation. The director shall  
19 execute these policies and keep them on file.

20 \* **Sec. 17.** AS 23.15.160 is amended to read:

21           **Sec. 23.15.160. Gifts.** The commissioner [BOARD] may accept a gift or  
22 donation from a public or a private source that is offered unconditionally for carrying  
23 out AS 23.15.010 - 23.15.210. The commissioner [BOARD] may accept a conditional  
24 gift if, in the judgment of the agency, the conditions are proper and consistent with  
25 AS 23.15.010 - 23.15.210.

26 \* **Sec. 18.** AS 23.15 is amended by adding new sections to read:

27           **Article 3A. Alaska Human Resource Investment Council.**

28           **Sec. 23.15.550. Alaska Human Resource Investment Council.** (a) The  
29 Alaska Human Resource Investment Council is established in the department. The  
30 council consists of the following voting members, not to exceed 26:

- 31                   (1) the lieutenant governor or the lieutenant governor's designee;  
32                   (2) the commissioners of community and economic development,

1 education and child development, health and social services, and labor and workforce  
2 development, or each respective commissioner's designee;

3 (3) one representative from the University of Alaska;

4 (4) four additional representatives of education, with one from local  
5 public education, one from secondary vocational education, one from a postsecondary  
6 vocational education institution, and one from adult basic education;

7 (5) four representatives of business and industry, with at least one  
8 representative from the private industry councils appointed under 29 U.S.C. 1512 and  
9 subject to reconstitution under 29 U.S.C. 1515;

10 (6) four representatives of organized labor that the governor shall appoint  
11 from lists of nominees submitted by recognized state labor organizations; the governor  
12 may reject a list submitted under this paragraph and request that another list be  
13 submitted;

14 (7) at least one representative from an organization representing  
15 employment and training needs of Alaska Natives;

16 (8) at least one representative of a community based service organization;

17 (9) at least one representative who has personal or professional  
18 experience with developmental disabilities; and

19 (10) at least one and up to five additional members of the private sector  
20 to ensure a private sector majority and regional and local representation on the council.

21 (b) Additional nonvoting members may be appointed to the council from  
22 government or nongovernment entities.

23 (c) A member of the council under (a) of this section may appoint a designee  
24 to serve in place of the member named in (a) of this section. The member shall appoint  
25 the designee in writing.

26 **Sec. 23.15.555. Appointment and term of members.** (a) Members of the  
27 Alaska Human Resource Investment Council other than those listed in  
28 AS 23.15.550(a)(1) and (2) are appointed by the governor and serve at the pleasure of  
29 the governor. The governor may appoint one person to fill two or more of the places  
30 listed in AS 23.15.550(a) if the person is qualified in all of the areas the person  
31 represents. A member appointed to fill more than one place under this subsection is  
32 entitled to only one vote and may appoint only one designee to replace the member in

1 the event the member is unable to attend a meeting.

2 (b) The voting members of the council other than those listed in  
3 AS 23.15.550(a)(1) and (2) serve for staggered four-year terms and may serve until a  
4 successor is appointed. An appointment to fill a vacancy shall be made in the same  
5 manner as the original appointment and for the balance of the unexpired term.

6 (c) The governor shall ensure that individuals appointed to the council have  
7 sufficient expertise to effectively carry out the duties of the council. Expertise of the  
8 council includes, where appropriate, knowledge of the long-term needs of individuals  
9 preparing to enter the work force; the needs of local, state, and regional labor markets;  
10 and the methods for evaluating the effectiveness of vocational training programs in  
11 serving varying populations.

12 **Sec. 23.15.560. Compensation.** Members of the Alaska Human Resource  
13 Investment Council listed in or appointed under AS 23.15.550(a), including a designee  
14 of a member attending in place of the member, serve without compensation but are  
15 entitled to per diem and travel expenses authorized by law for boards and commissions  
16 under AS 39.20.180. Nonvoting members of the council appointed under  
17 AS 23.15.550(b) serve without compensation and are not entitled to per diem and travel  
18 expenses. A commissioner appointed under AS 23.15.550(a)(2) or the commissioner's  
19 designee is entitled to per diem and travel expenses as a state employee.

20 **Sec. 23.15.565. Officers.** The Alaska Human Resource Investment Council  
21 shall elect a chair and a vice-chair from among the members listed in or appointed under  
22 AS 23.15.550(a)(5). The chair and vice-chair serve in their positions at the pleasure of  
23 the council.

24 **Sec. 23.15.570. Meetings, quorum, and committees.** (a) The Alaska Human  
25 Resource Investment Council shall meet not more than three times in a calendar year at  
26 the call of the chair to conduct its business. A majority of the members listed in or  
27 appointed to the council under AS 23.15.550(a) constitutes a quorum.

28 (b) The council shall establish an executive committee and four permanent  
29 standing committees as described in (c) - (g) of this section. The chair of a permanent  
30 standing committee must be from the private sector. The council may establish  
31 additional standing committees and special committees or subcommittees, not necessarily  
32 consisting of council members, to advise and assist the council in carrying out its

1 functions assigned by federal or state statute. The permanent standing committees are

2 (1) the assessment and evaluation committee;

3 (2) the policy and planning committee;

4 (3) the employment and placement committee; and

5 (4) the workforce readiness committee.

6 (c) The executive committee consists of the chair and vice-chair of the council,  
7 the immediate past chair of the council, and the chairs of the four standing committees  
8 described in (d) - (g) of this section. The executive committee has the duties and may  
9 exercise the powers of the council between meetings of the council. The executive  
10 committee shall

11 (1) report to the council in a timely fashion on actions taken on behalf  
12 of the council; and

13 (2) supervise the affairs of the council between regular meetings of the  
14 council.

15 (d) The assessment and evaluation committee shall

16 (1) assess and evaluate programs, initiatives, and the delivery of services  
17 to help to ensure equitable distribution of quality education, training, and employment  
18 services statewide, especially to rural areas and to programs serving economically  
19 disadvantaged citizens;

20 (2) call for and monitor the workforce development system for increased  
21 accountability in performance and continuous quality improvement along the goals and  
22 strategies of the council's overall statewide strategic plan for workforce development;

23 (3) use evaluation and performance measures to gauge customer  
24 satisfaction within the workforce development system; and

25 (4) perform other duties assigned by the council.

26 (e) The policy and planning committee shall

27 (1) build policies regarding day-to-day operations and long-term  
28 responsibilities of the council;

29 (2) work to increase awareness of the council and its mission throughout  
30 the state;

31 (3) work with all other committees on a statewide strategic plan for  
32 workforce development; and

1 (4) perform other duties assigned by the council.

2 (f) The employment and placement committee shall

3 (1) ensure the statewide strategic plan for workforce development  
4 addresses

5 (A) customer needs at the local level;

6 (B) moving welfare recipients into the workforce;

7 (C) promoting the hiring of state residents in jobs that have  
8 traditionally been filled by out-of-state workers;

9 (D) tailoring employment and training programs to suit state  
10 business, industry, and economic development needs;

11 (2) monitor the coordination of service delivery to promote efficiency  
12 and to prevent overlap of services among programs; and

13 (3) perform other duties assigned by the council.

14 (g) The workforce readiness committee shall

15 (1) provide oversight for training, education, and employment programs  
16 to ensure the programs are delivering education and training that is relevant to local  
17 market needs and the career goals of state residents;

18 (2) build partnerships between employers and quality workforce training  
19 programs;

20 (3) work to connect the state public and private education systems with  
21 business, government, and labor to ensure that state residents are receiving workforce  
22 readiness skills throughout the education process; and

23 (4) perform other duties assigned by the council.

24 **Sec. 23.15.575. Council as state planning entity.** The Alaska Human Resource  
25 Investment Council shall act as the lead state planning and coordinating entity for state  
26 human resource programs administered under

27 (1) 29 U.S.C. 1501 - 1792b (Job Training Partnership Act);

28 (2) 20 U.S.C. 2301 - 2471 (Carl D. Perkins Vocational and Applied  
29 Technology Education Act);

30 (3) 20 U.S.C. 1201 - 1213d (Adult Education Act);

31 (4) 29 U.S.C. 49 - 49I-1 (Wagner - Peyser Act);

32 (5) 42 U.S.C. 681 - 687 (Job Opportunities and Basic Skills Training

1 Program) for needy families with children under the Social Security Act;

2 (6) the employment program established under 7 U.S.C. 2015(d)(4)  
3 (Food Stamp Act of 1977);

4 (7) all federal programs designated as successors to the programs listed  
5 in (1) - (6) of this section; and

6 (8) all state laws involving employment training, vocational education,  
7 workforce development, and community service.

8 **Sec. 23.15.580. Functions of the council.** (a) As the lead state planning and  
9 coordinating entity, the Alaska Human Resource Investment Council has responsibility,  
10 to the extent authorized by federal and state law, for planning and coordinating federal,  
11 state, and local efforts in human resource programs in this state related to employment  
12 training, including the work activities of the Alaska temporary assistance program under  
13 AS 47.27.

14 (b) The council shall

15 (1) facilitate the development of statewide policy for a coordinated and  
16 effective employment training and education system in this state;

17 (2) identify the human resource investment needs in the state and  
18 develop a plan to meet those needs;

19 (3) review the provision of services and the use of money and resources  
20 by the human resource programs listed in AS 23.15.575;

21 (4) assume the duties and functions of the state councils described under  
22 the laws relating to the federal human resource programs listed in AS 23.15.575;

23 (5) advise the governor, state and local agencies, and the University of  
24 Alaska on the development of state and local standards and measures relating to  
25 applicable human resource programs;

26 (6) submit, to the governor and the legislature, a biennial strategic plan  
27 to accomplish the goals developed to meet human resource investment needs;

28 (7) monitor for the implementation and evaluate the effectiveness of the  
29 strategic plan developed by the council;

30 (8) adopt regulations that set standards for the percentage of a grant that  
31 may be used for administrative costs; the regulations must clearly identify and  
32 distinguish between expenses that may be included in administrative costs and those that

1 may not be included in administrative costs; the percentage allowed for administrative  
2 costs may not exceed the lesser of 15 percent or the amount permitted under the  
3 requirements of a federal program, if applicable;

4 (9) report annually to the legislature, by the 30th day of the regular  
5 legislative session, on the performance and evaluation of training programs in the state  
6 subject to review under (f) of this section;

7 (10) identify ways for agencies operating programs subject to oversight  
8 by the council to share resources, instructors, and curricula through collaboration with  
9 other public and private entities to increase training opportunities and reduce costs; and

10 (11) adopt regulations under AS 44.62 (Administrative Procedure Act)  
11 to carry out the purposes of AS 23.15.550 - 23.15.585.

12 (c) The council may receive money designated for human resource programs and  
13 may disburse money, including grants, to human resource projects in accordance with  
14 AS 37.07 (Executive Budget Act). The council may enter into partnership agreements  
15 through appropriate administrative agencies with private industry training entities within  
16 the state in order to facilitate the coordination of training opportunities.

17 (d) The council shall provide oversight for the planning and coordination of  
18 employment-related education training programs operated by the state or operated under  
19 contract with the state that are described in (f) of this section. The council shall require  
20 a training program listed in (f) of this section to meet the requirements of this  
21 subsection. The council shall, by regulation, establish appropriate penalties for programs  
22 that fail to meet the requirements of this subsection. The council may recommend to  
23 the legislature changes to enhance the effectiveness of the training programs it oversees  
24 under this section. A training program described in (f) of this section funded with  
25 money appropriated by the legislature must

26 (1) meet the standards adopted by the council concerning the percentage  
27 of a grant that may be spent on administrative costs;

28 (2) be operated by an institution that holds a valid authorization to  
29 operate issued under AS 14.48 by the Alaska Commission on Postsecondary Education  
30 if the program is a postsecondary educational program operated by a postsecondary  
31 educational institution subject to regulation under AS 14.48;

32 (3) provide to the Department of Labor and Workforce Development the

1 information required by the department for the preparation of the statistical information  
2 necessary for the council to evaluate programs by the standards set out in (e) of this  
3 section.

4 (e) The council shall develop standards that encourage agencies to contract for  
5 training programs that maximize the program's class size. The council shall adopt  
6 standards for the evaluation of training programs listed in (f) of this section with regard  
7 to the following:

8 (1) the percent of former participants who have a job one year after  
9 leaving the training program;

10 (2) the median wage of former participants seven to 12 months after  
11 leaving the program;

12 (3) the percent of former participants who were employed after leaving  
13 the training program who received training under the program that was related to their  
14 jobs or somewhat related to their jobs seven to 12 months after leaving the training  
15 program;

16 (4) the percent of former participants of a training program who indicate  
17 that they were satisfied with or somewhat satisfied with the overall quality of the  
18 training program;

19 (5) the percent of employers who indicate that they were satisfied with  
20 the quality of the work of new employees who had recently completed the training  
21 program.

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

24 (1) in the Department of Labor and Workforce Development or operated  
25 by the department:

26 (A) One Stop Career Center;

27 (B) Job Training Partnership Act programs under 29 U.S.C. 1501  
28 - 1792b, assisting communities in moving toward a self-sustainable economy and  
29 providing training;

30 (C) state training and employment program (AS 23.15.620),  
31 providing training and employment services for people who are unemployed or  
32 likely to become unemployed, fostering new jobs, and increasing training

- 1 opportunities for workers severely affected by fluctuations in the state economy  
2 or adversely affected by technology advances in the workplace;
- 3 (D) employment-related adult basic education;
- 4 (E) School-to-Work;
- 5 (F) employment training services operated as part of the Alaska  
6 Temporary Assistance Program (ATAP);
- 7 (G) unemployment insurance grants provided under the federal  
8 training relocation assistance program;
- 9 (H) Alaska works programs, assisting with the welfare-to-work  
10 program;
- 11 (I) state training and employment program, coordinated with the  
12 Department of Community and Economic Development;
- 13 (2) in the Department of Education and Child Development or operated  
14 by the department, the non-public-school portions of the following programs:
- 15 (A) high school completion project;
- 16 (B) Kotzebue Technical Center;
- 17 (C) Alaska Vocational Technical Center;
- 18 (D) vocational education and Tech Prep;
- 19 (E) Alaska Career Information System.
- 20 (g) The council shall assess the programs listed in this subsection and make  
21 recommendations to the legislature in its report required under (b)(9) of this section  
22 about whether to include one or more of these programs under the requirements of (f)  
23 of this section:
- 24 (1) in the Department of Community and Economic Development or  
25 operated by the department:
- 26 (A) local government assistance training and development,  
27 including the rural utility business advisory program;
- 28 (B) energy operations, providing training in management and  
29 administration of electric utilities and bulk fuel storage systems;
- 30 (2) in the Department of Corrections:
- 31 (A) Correctional Academy, training individuals applying for a  
32 correctional officer position;

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

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

6 (3) in the Department of Environmental Conservation:

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

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

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

12 (4) in the Department of Military and Veterans' Affairs: educational  
13 benefits for members of the Alaska National Guard and the Alaska Naval Militia;

14 (5) in the Department of Public Safety:

15 (A) fire service training to maintain emergency training skills for  
16 existing fire fighter staff and volunteers and individuals interested in becoming  
17 fire fighters;

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

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

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

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

25 (C) local technical assistance program, transferring technical  
26 expertise to local governments;

27 (D) Native technical assistance program, transferring technical  
28 expertise to Native governments;

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

31 (7) in the Department of Labor and Workforce Development: vocational  
32 rehabilitation client services and special work projects, employment services, including

1 job development, assisting individuals in finding employment, and assisting employed  
2 individuals in finding other employment;

3 (8) in the Department of Administration: Alaska Professional  
4 Development Institute, providing continuing education and training for employed  
5 workers.

6 (h) The University of Alaska shall evaluate the performance of its training  
7 programs using the standards set out in (e) of this section and shall provide a report on  
8 the results to the council for inclusion in the council's annual report to the legislature.

9 (i) The council shall review each program listed in (f) of this section to  
10 determine whether it is in compliance with the standards set out in (d) and (e) of this  
11 section. If the council finds that a program has failed to comply with the standards set  
12 out in (d) and (e) of this section, it shall notify the program director of the failure. If  
13 the program director fails to improve the performance of the program within a  
14 reasonable time, the council shall notify the governor and the legislative budget and  
15 audit committee that the program is out of compliance. A contract entered into by a  
16 state agency relating to a training program set out in (f) of this section must contain  
17 terms consistent with this section.

18 (j) A department that operates or contracts for a training program listed in (f)  
19 of this section shall pay to the council a management assessment fee not to exceed .75  
20 percent of the program's annual operating budget. The total amount received as  
21 management assessment fees may not exceed the council's authorized budget for the  
22 fiscal year. The council shall, by regulation, establish a method to determine annually  
23 the amount of the management assessment fee. If the amount the council expects to  
24 collect under this subsection exceeds the authorized budget of the council, the council  
25 shall reduce the percentages set out in this subsection so that the total amount of the fees  
26 collected approximately equals the authorized budget of the council for the fiscal year.  
27 The council shall adopt regulations under AS 44.62 (Administrative Procedure Act)  
28 necessary to administer this subsection.

29 (k) Upon the enactment of a new federal or state program relating to work force  
30 development, the council shall

31 (1) advise the governor and the legislature on whether the council should  
32 provide oversight for the new program under this section; and

1 (2) make recommendations necessary to streamline and coordinate state  
2 efforts to meet the guidelines of the new program.

3 (l) For purposes of this section, "program"

4 (1) does not refer to the overall activities of an individual institution or  
5 individual fields of study or courses that are not associated with programs for which the  
6 council has oversight responsibility;

7 (2) may include a certificate or associate degree course or a course that  
8 is not for credit, whether it is offered by a public or private institute or contracted for  
9 by the private sector, so long as it is related to employment.

10 **Sec. 23.15.585. Administration.** (a) The department shall provide professional,  
11 technical, and administrative staff for the Alaska Human Resource Investment Council.

12 (b) Subject to legislative appropriations, and in accordance with AS 37.07  
13 (Executive Budget Act), the council's budget is funded from programs for which the  
14 council is the lead state planning and coordinating entity under AS 23.15.575.

15 \* **Sec. 19.** AS 23.15.645(b) is amended to read:

16 (b) When a grant is awarded to the council, the department shall annually  
17 provide to the council a priority list of targeted projects or services, based on  
18 unemployment statistics, unemployment insurance claims, occupational and industrial  
19 projections, availability of other training and employment programs, and other relevant  
20 data. The department shall also provide annually to the council a priority list of criteria  
21 for eligibility to maximize services to those people most in need of training under  
22 AS 23.15.620 - 23.15.660. In developing the priority list for targeted projects and  
23 services, the department shall solicit comments from the [DEPARTMENT OF  
24 COMMUNITY AND REGIONAL AFFAIRS,] Department of Education and Child  
25 Development, the [,] Department of Community [COMMERCE] and Economic  
26 Development, the University of Alaska, organized labor, the council, and the  
27 administrative entities of the substate service delivery areas established for the council.  
28 The department shall give preference to projects and services that train individuals in  
29 industries identified in the resident hire report required under AS 36.10.130 as  
30 employing a disproportionate percentage of nonresident individuals.

31 \* **Sec. 20.** AS 23.15.660(1) is amended to read:

32 (1) "council" means the Alaska Human Resource Investment Council

1 established in AS 23.15.550 [AS 44.19.620];

2 \* **Sec. 21.** AS 23.20.110(a) is amended to read:

3 (a) Except as provided in (h) and (i) of this section, the department shall hold  
4 information obtained from an employing unit or individual in the course of administering  
5 this chapter and determinations as to the benefit rights of an individual confidential and  
6 may not disclose them or open them to public inspection in a manner that reveals the  
7 identity of the individual or employing unit. A claimant or an employing unit, or the  
8 legal representative of the claimant or the employing unit, is entitled to information from  
9 the records of the department to the extent necessary to properly present or protest a  
10 claim or determination under this chapter. Subject to restrictions that the department  
11 prescribes by regulation, the information may be made available to an agency of this  
12 state or another state or federal agency charged with the administration of an  
13 unemployment compensation law or the maintenance of a system of public employment  
14 offices, or, for the purposes of the Federal Unemployment Tax Act, to the Internal  
15 Revenue Service of the United States, or, for tax purposes, to the Department of  
16 Revenue. Information obtained in the course of administering this chapter or in  
17 connection with the administration of the employment service may be made available  
18 to persons or agencies for purposes appropriate to the operation of a public employment  
19 service or the administration of employment and training programs planned or  
20 coordinated by the Alaska Human Resource Investment Council under AS 23.15.550 -  
21 23.15.585 [AS 44.19.620 - 44.19.627].

22 \* **Sec. 22.** AS 29.06.040(c) is amended to read:

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

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

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

32 (3) an area adjoining the municipality may be annexed by ordinance

1 without an election if all property owners and voters in the area petition the governing  
2 body.

3 \* Sec. 23. AS 29.60.599(9) is amended to read:

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

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

11 (B) has

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

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

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

19 \* Sec. 24. AS 29.65.060(f) is amended to read:

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

25 \* Sec. 25. AS 30.13.010(a) is amended to read:

26 (a) The residents of each area of the state within the boundaries of a regional  
27 housing authority established under AS 18.55.996 that [WHICH] is located in whole or  
28 in part in the unorganized borough of the state may create a public body corporate and  
29 politic under the name and style of the "Resource Development Authority" with all or  
30 any significant part of the name of the region of the state inserted. The boundaries of  
31 the authority created shall be coterminous with the portion of the applicable regional  
32 housing authority that lies in the unorganized borough. Creation of an authority is

1 initiated by a petition filed with the Department of Community and **Economic**  
2 **Development** [REGIONAL AFFAIRS] and a statement submitted to the governor. The  
3 petition must include the proposed name of the authority, its boundaries, and a statement  
4 of the facilities proposed to be provided by the authority. The petition must be signed  
5 by 15 percent of the total number of residents in the portion of the applicable regional  
6 housing authority that lies in the unorganized borough who cast votes in the preceding  
7 general election. The Department of Community and **Economic Development**  
8 [REGIONAL AFFAIRS] shall review petitions for content and signatures. If the  
9 department determines that the petition is adequate, it shall transmit the petition to the  
10 director of elections.

11 \* **Sec. 26.** AS 36.30.170(g) is amended to read:

12 (g) The division of vocational rehabilitation in the Department of **Labor and**  
13 **Workforce Development** [EDUCATION] shall add to its current list of qualified  
14 employment programs a list of individuals who qualify as persons with a disability under  
15 (e) of this section and of persons who qualify under (f) of this section as employers with  
16 50 percent or more of their employees being persons with disabilities. A person must  
17 be on this list at the time the bid is opened in order to qualify for a preference under (e)  
18 or (f) of this section.

19 \* **Sec. 27.** AS 36.30.850(b)(11) is amended to read:

20 (11) agreements with providers of services under **AS 14.38.100**  
21 [AS 44.47.250]; AS 47.07; AS 47.08; AS 47.10; 47.17; AS 47.24; and AS 47.27,  
22 including contractors under AS 47.27.050;

23 \* **Sec. 28.** AS 36.30.850(b)(30) is amended to read:

24 (30) contracts entered into with a regional development organization; in  
25 this paragraph, "regional development organization" has the meaning given in  
26 **AS 44.33.895** [AS 44.47.900];

27 \* **Sec. 29.** AS 37.05.315(a) is amended to read:

28 (a) When an amount is appropriated or allocated as a grant to a municipality,  
29 the Department of **Community and Economic Development** [ADMINISTRATION]  
30 shall promptly notify the municipality of the availability of the grant. When the  
31 Department of **Community and Economic Development** [ADMINISTRATION]  
32 receives an agreement executed by the municipality **that** [WHICH] provides that the

1 municipality (1) will spend the grant for the purposes specified in the appropriation or  
2 allocation; (2) will allow, on request, an audit by the state of the uses made of the grant;  
3 and (3) assures that, to the extent consistent with the purpose of the appropriation or  
4 allocation, the facilities and services provided with the grant will be available for the use  
5 of the general public, the Department of Community and Economic Development  
6 [ADMINISTRATION] shall pay the grant directly to the municipality. The agreement  
7 executed by a municipality under this section shall be on a form furnished by the  
8 Department of Community and Economic Development [ADMINISTRATION] and  
9 shall be executed within 60 days after the effective date of the appropriation or  
10 allocation.

11 \* **Sec. 30.** AS 37.05.315(d) is amended to read:

12 (d) Not less than 20 percent of a grant shall be paid to a municipality within 10  
13 days of the effective date of the agreement under (a) of this section. The remainder of  
14 the grant shall be paid either in monthly installments equal to the amount of grant  
15 money the municipality expended in the previous month or in a lump sum as determined  
16 by the Department of Community and Economic Development [ADMINISTRATION].

17 \* **Sec. 31.** AS 37.06.010(j) is amended to read:

18 (j) In this section, unless specified otherwise, "department" means the  
19 Department of Community and Economic Development [ADMINISTRATION].

20 \* **Sec. 32.** AS 37.06.020(i) is amended to read:

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

23 \* **Sec. 33.** AS 37.06.040 is amended to read:

24 **Sec. 37.06.040. Municipalities organized under federal law.** An entity  
25 organized under federal law as an Indian reserve that existed before enactment of 43  
26 U.S.C. 1618(a) and is continued in existence under that subsection is a municipality for  
27 purposes of AS 37.06.010 - 37.06.090 and may not receive a grant under AS 37.06.020.  
28 In addition to other eligibility requirements applicable to municipalities, to qualify to  
29 receive a grant under AS 37.06.010, a municipality organized under federal law as an  
30 Indian reserve shall form a community development corporation with authority to  
31 determine how the grant money will be used. The corporation's charter must require that  
32 the governing board of the corporation shall be elected at an annual election open to all

1 residents of the municipality who are registered and qualified to vote in state elections.  
2 The Department of Community and Economic Development [ADMINISTRATION]  
3 may distribute money for the municipality only to a corporation organized in accordance  
4 with this section and only after the corporation has delivered a written waiver of  
5 sovereign immunity from legal action by the state to recover all or a portion of the  
6 money distributed under AS 37.06.010.

7 \* Sec. 34. AS 37.06.080 is amended to read:

8 Sec. 37.06.080. Adoption of regulations. The Department of Community and  
9 Economic Development [ADMINISTRATION FOR GRANTS UNDER AS 37.06.010  
10 AND THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS FOR  
11 GRANTS UNDER AS 37.06.020]

12 (1) may adopt regulations that impose additional requirements or  
13 procedures to implement, interpret, make specific, or otherwise carry out the  
14 [APPLICABLE] provisions of this chapter [FOR GRANTS ADMINISTERED BY THE  
15 DEPARTMENT];

16 (2) shall adopt regulations providing for periodic audits of the use of  
17 money for grants [ADMINISTERED BY THE DEPARTMENT] under this chapter,  
18 including audit of the department's determination of the value of, and adequacy of the  
19 verification of the actual use of, locally funded or contributed labor on projects funded  
20 by a grant under this chapter.

21 \* Sec. 35. AS 38.06.025(a) is amended to read:

22 (a) The board consists of the commissioner of community [COMMERCE] and  
23 economic development; the commissioner of revenue [COMMUNITY AND  
24 REGIONAL AFFAIRS]; the commissioner of natural resources, who is a nonvoting  
25 member; and five public members.

26 \* Sec. 36. AS 39.25.120(c)(15) is amended to read:

27 (15) [THE DEPUTY DIRECTOR OF THE DIVISION OF TOURISM  
28 AND] the deputy director of the division of insurance in the Department of Community  
29 [COMMERCE] and Economic Development;

30 \* Sec. 37. AS 39.25.158(b) is amended to read:

31 (b) After an employee requests to return to work, the reemployment benefits  
32 administrator of the division of workers' compensation or the director of vocational

1 rehabilitation in the Department of Labor and Workforce Development  
2 [EDUCATION] shall review the request and certify that the employee is able to return  
3 to work under (c), (d), (e), or (f) of this section, or defer certification until the employee  
4 completes retraining under (f) of this section.

5 \* Sec. 38. 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. 39. AS 39.50.200(b)(55) is amended to read:

8 (55) Alaska Human Resource Investment Council (AS 23.15.550)  
9 [(AS 44.19.620)].

10 \* Sec. 40. AS 42.45.060(a) is amended to read:

11 (a) A loan committee consisting of six [SEVEN] members is established. The  
12 committee is composed of [THE COMMISSIONER OF COMMUNITY AND  
13 REGIONAL AFFAIRS,] the commissioner of community [COMMERCE] and economic  
14 development, the director of management and budget, or the designees of the  
15 commissioners or the director, and four public members.

16 \* Sec. 41. AS 44.19.145(a) is amended to read:

17 (a) The office shall

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

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

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

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

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

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

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

32 (8) assist the governor and the Department of Community and Economic

1        **Development** [REGIONAL AFFAIRS] in coordinating state agency activities that have  
2        an effect on the solution of local and regional development problems;

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

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

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

14        \* **Sec. 42.** AS 44.19.155(a) is amended to read:

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

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

22                (A) northwest Alaska, including, generally, the area of the North  
23        Slope Borough and the Northwest Arctic **borough** [REGIONAL  
24        EDUCATIONAL ATTENDANCE AREA];

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

27                (C) southwest Alaska, including, generally, the area within the  
28        Lower Yukon, Lower Kuskokwim, **and** Southwest [, AND LAKE &  
29        PENINSULA] regional educational attendance areas and the **Lake and**  
30        **Peninsula and** Bristol Bay **Boroughs** [BOROUGH];

31                (D) Kodiak-Aleutians, including the area of the Kodiak Island  
32        **and Aleutian East Borough** [BOROUGH] and the Aleutian, Adak and Pribilof

- 1 regional educational attendance 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 community [COMMERCE] and
- 17 economic 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. 43. 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. 44. AS 44.27.020 is amended to read:

7 **Sec. 44.27.020. Duties of department.** The Department of Education and  
8 Child Development shall

9 (1) administer the state's program of education at the elementary,  
10 secondary, and adult levels, including, but not limited to, programs of vocational  
11 education and training, [VOCATIONAL REHABILITATION,] library services, and  
12 correspondence courses [, AND ADULT BASIC EDUCATION], but not including  
13 degree programs of postsecondary education;

14 (2) administer the historical library;

15 (3) plan, finance, and operate related school and educational activities  
16 and facilities; and

17 (4) license and regulate child care facilities under AS 47.35.

18 \* Sec. 45. AS 44.31.020 is amended to read:

19 **Sec. 44.31.020. Duties of department.** The Department of Labor and  
20 Workforce Development shall

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

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

25 (3) operate systems of workers' compensation and unemployment  
26 insurance; and

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

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

31 (6) administer the state's program of adult basic education.

32 \* Sec. 46. AS 44.33.010 is amended to read:

1           **Sec. 44.33.010. Commissioner of community [COMMERCE] and economic**  
2           **development.** The principal executive officer of the Department of Community  
3           [COMMERCE] and Economic Development is the commissioner of community  
4           [COMMERCE] and economic development. Whenever a statute provides that the  
5           commissioner is a member of a board, council, or other similar entity, the  
6           commissioner may designate another person to act in the commissioner's place.

7           \* **Sec. 47.** AS 44.33.020 is repealed and reenacted to read:

8           **Sec. 44.33.020. Duties of department.** The Department of Community and  
9           Economic Development shall

- 10                   (1) advise and assist local governments;
- 11                   (2) serve as staff for the Local Boundary Commission;
- 12                   (3) conduct studies and carry out experimental and pilot projects for the  
13           purpose of developing solutions to community and regional problems;
- 14                   (4) promote cooperative solutions to problems affecting more than one  
15           community or region, including joint service agreements, regional compacts, and other  
16           forms of cooperation;
- 17                   (5) serve as a clearinghouse for information useful in solution of  
18           community and regional problems, and channel to the appropriate authority requests for  
19           information and services;
- 20                   (6) advise and assist community and regional governments on matters  
21           of finance, including but not limited to bond marketing and procurement of federal  
22           funds;
- 23                   (7) prepare suggested guidelines relating to the content of notice of bond  
24           sale advertisements, prospectuses, and other bonding matters issued by local  
25           governments;
- 26                   (8) administer state funds appropriated for the benefit of unorganized  
27           regions within the state, allowing for maximum participation by local advisory councils  
28           and similar bodies;
- 29                   (9) carry out those administrative functions in the unorganized borough  
30           that the legislature may prescribe;
- 31                   (10) study existing and proposed laws and state activities that affect  
32           community and regional affairs and submit to the governor recommended changes in

- 1 those laws and activities;
- 2 (11) coordinate activities of the state that affect community and regional
- 3 affairs;
- 4 (12) assist in the development of new communities and serve as the
- 5 agent of the state for purposes of participation in federal programs relating to new
- 6 communities;
- 7 (13) supervise planning, management, and other activities required for
- 8 local eligibility for financial aid under those federal and state programs that provide
- 9 assistance to community and regional governments;
- 10 (14) advise and assist municipalities on procedures of assessment,
- 11 valuation, and taxation, and notify municipalities of major errors in those procedures;
- 12 (15) apply for, receive, and use funds from federal and other sources,
- 13 public or private, for use in carrying out the powers and duties of the department;
- 14 (16) request and utilize the resources of other agencies of state
- 15 government in carrying out the purposes of this chapter to the extent such utilization is
- 16 more efficient than maintaining departmental staff, reimbursing the other agencies when
- 17 appropriate;
- 18 (17) carry out the powers and duties assigned it under AS 42.45;
- 19 (18) administer state and, as appropriate, federal programs for revenue
- 20 sharing, grants, and other forms of financial assistance to community and regional
- 21 governments;
- 22 (19) administer the state programs relating to commerce, enforce the laws
- 23 relating to these programs, and adopt regulations under these laws;
- 24 (20) register corporations;
- 25 (21) collect corporation franchise taxes;
- 26 (22) enforce state laws regulating public utilities and other public service
- 27 enterprises, banking and securities, insurance, and other businesses and enterprises
- 28 touched with a public interest;
- 29 (23) make veterans' loans;
- 30 (24) furnish the budgeting, clerical, and administrative services for
- 31 regulatory agencies and professional and occupational licensing boards not otherwise
- 32 provided for;

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

4 (26) provide factual information and technical assistance for potential  
5 industrial and commercial investors;

6 (27) receive gifts, grants, and other aid that facilitate the powers and  
7 duties of the department from agencies and instrumentalities of the United States or  
8 other public or private sources;

9 (28) establish and activate programs to achieve balanced economic  
10 development in the state and advise the governor on economic development policy  
11 matters;

12 (29) formulate a continuing program for basic economic development  
13 and for the necessary promotion, planning and research that will advance the economic  
14 development of the state;

15 (30) cooperate with private, governmental, and other public institutions  
16 and agencies in the execution of economic development programs;

17 (31) review the programs and annual reports of other departments and  
18 agencies as they are related to economic development and prepare an annual report on  
19 the economic growth of the state;

20 (32) administer the economic development programs of the state;

21 (33) perform all other duties and powers necessary or proper in relation  
22 to economic development and planning for the state;

23 (34) request tourism-related businesses in the state to provide data  
24 regarding occupancy levels, traffic flow and gross receipts and to participate in visitor  
25 surveys conducted by the department; data collected under this paragraph that discloses  
26 the particulars of an individual business is not a matter of public record and shall be  
27 kept confidential; however, this restriction does not prevent the department from using  
28 the data to formulate tourism economic impact information including expenditure  
29 patterns, tax receipts and fees, employment and income attributable to tourism, and other  
30 information considered relevant to the planning, evaluation and policy direction of  
31 tourism in the state;

32 (35) provide administrative and budgetary services to the real estate

1 commission under as 08.88 as requested by the commission;

2 (36) sell at cost, to the extent possible, publications and promotional  
3 materials developed by the department;

4 (37) as delegated by the governor, administer under 16 U.S.C. 1856 the  
5 internal waters foreign processing permit procedures and collect related fees;

6 (38) administer state laws relating to the issuance of business licenses;

7 (39) comply with AS 15.07.055 to serve as a voter registration agency  
8 to the extent required by state and federal law, including 42 U.S.C. 1973gg (National  
9 Voter Registration Act of 1993);

10 (40) foster the growth of international trade within the state and  
11 administer Alaska foreign offices;

12 (41) carry out other functions and duties, consistent with law, necessary  
13 or appropriate to accomplish the purpose of this chapter.

14 \* **Sec. 48.** AS 44.33 is amended by adding new sections to article 1 to read:

15 **Sec. 44.33.112. Fees for publications, research data, and other services.** The  
16 commissioner may establish by regulation and the department may charge reasonable  
17 fees for department publications, research data, and other centralized administrative  
18 services to cover the cost of reproduction, printing, mailing, distribution, and other  
19 centralized administrative services.

20 **Sec. 44.33.115. Exxon Valdez oil spill unincorporated rural community**  
21 **grant fund.** There is created in the department the Exxon Valdez oil spill  
22 unincorporated rural community grant fund. The fund consists of money appropriated  
23 to the fund from the Exxon Valdez oil spill restoration fund, the Alyeska settlement  
24 fund, and other sources. Appropriations to the fund do not lapse unless otherwise  
25 provided by the legislature in the bill making the appropriation to the fund. The  
26 department may use the fund to make grants to unincorporated rural communities in the  
27 area affected by the Exxon Valdez oil spill for capital projects for purposes of restoring,  
28 replacing, or enhancing subsistence resources or services or other services damaged or  
29 lost as the result of the Exxon Valdez oil spill. In this section,

30 (1) "Alyeska settlement fund" means the trust fund established in the  
31 state treasury for the purpose of receiving, holding, and disbursing the settlement  
32 proceeds received by the state under the Agreement and Consent Decree in re: The

1 Exxon Valdez, United States District Court, District of Alaska, Case No. A92-175 Civil,  
2 decree entered November 25, 1992;

3 (2) "Exxon Valdez oil spill restoration fund" means the fund established  
4 by the Department of Revenue to implement the judgment entered by the United States  
5 District Court for Alaska in the criminal case United States of America v. Exxon  
6 Shipping Company and Exxon Corporation, No. A90-015 CR.

7 **Sec. 44.33.118. Definitions.** In AS 44.33.010 - 44.33.118,

8 (1) "commissioner" means the commissioner of community and  
9 economic development;

10 (2) "department" means the Department of Community and Economic  
11 Development.

12 \* **Sec. 49.** AS 44.33.120(b) is amended to read:

13 (b) The Department of Community and Economic Development [ALASKA  
14 DIVISION OF TOURISM] shall

15 (1) cooperate with the tourism marketing council and organizations in  
16 the private sector for the promotion and development of tourism and conventions into  
17 and within the state;

18 (2) coordinate with municipal, state, and federal agencies for the  
19 development and promotion of tourism resources and conventions in the state;

20 (3) review and approve the procurement documents and procedures of  
21 the tourism marketing council to ensure compliance with applicable laws and  
22 regulations;

23 (4) promote and develop the state's tourist and convention industry by  
24 any of the following:

25 (A) publicizing state attractions through such means as display  
26 advertising in magazines and newspapers, advertising on radio and television or  
27 other advertising media, publishing pamphlets, brochures and other graphic and  
28 pictorial materials, or [BY] aiding and assisting representatives of the media, to  
29 ensure greater coverage of the visitor attractions in the state;

30 (B) participation in travel shows;

31 (C) increasing the awareness of the citizens of the state at the  
32 statewide, regional, and community level of the economic importance of the

- 1 visitor industry;
- 2 (D) assisting potential investors in creating new visitor facilities;
- 3 (E) administering programs of the state in which the state
- 4 provides matching funds for municipalities of the state or nonprofit organizations
- 5 that undertake the promotion of visitor travel to and the development of visitor
- 6 amenities in the state;
- 7 (F) administering visitor information centers;
- 8 (G) conducting research to evaluate the effectiveness of the
- 9 tourism marketing council's marketing programs;
- 10 (H) analyzing the effect on the state's visitor industry of state
- 11 land and resource development projects;
- 12 (I) organizing, administering, and evaluating demonstration
- 13 projects for the promotion of the state's visitor industry and the development of
- 14 new tourism destination markets; and
- 15 (J) administering grants under AS 44.33.135.

16 \* Sec. 50. AS 44.33.135(a) is amended to read:

17 (a) A municipality, a nonprofit corporation formed under AS 10.20, or a bona

18 fide nonprofit civic, fraternal, or service organization may receive, as a grant, matching

19 money from the state for up to 50 percent of the costs of a program or project that the

20 commissioner of community and economic development [DIRECTOR OF TOURISM]

21 determines is consistent with the purposes of AS 44.33.119 and is likely to promote or

22 develop visitor travel, including

23 (1) the promotion of conventions;

24 (2) the construction, improvement, or operation of visitor destination

25 facilities and tourist attractions; and

26 (3) the development and preservation of attractions of historical,

27 contemporary, recreational, or cultural interest.

28 \* Sec. 51. AS 44.33.705(a) is amended to read:

29 (a) Unless the commissioner contracts with a qualified trade association under

30 (b) of this section, the governing body of the council is a board of directors consisting

31 of [THE DIRECTOR OF TOURISM,] the commissioner of community [COMMERCE]

32 and economic development [,] and the commissioners [COMMISSIONER] of two other

1 [ANOTHER] principal executive departments [DEPARTMENT] designated by the  
2 governor.

3 \* Sec. 52. AS 44.33.705(c) is amended to read:

4 (c) If the commissioner contracts with a qualified trade association under (b) of  
5 this section, the governing body of the council is a board of directors consisting of 21  
6 members and subject to the following provisions:

7 (1) a board member shall

8 (A) be involved in a visitor or recreation industry business;

9 (B) have training in a field such as marketing;

10 (C) be an officer or a senior staff member of a local government  
11 or nonprofit enterprise established to promote the visitor industry; or

12 (D) have business or government experience that would  
13 materially enhance the member's ability to contribute to the planning, execution,  
14 or evaluation of a visitor industry promotional marketing campaign;

15 (2) the contract shall provide that the trade association may select up to  
16 10 board members; the governor may remove a member of the board selected under this  
17 paragraph on the delivery by the governor to the board of a written statement explaining  
18 the reasons for the removal;

19 (3) the commissioner of community and economic development  
20 [DIRECTOR OF TOURISM] is a member of the board; the governor shall appoint 10  
21 other board members; each board member appointed by the governor serves at the  
22 pleasure of the governor; in making appointments to the board under this paragraph, the  
23 governor shall ensure that the board, including members selected under (2) of this  
24 subsection, is broadly representative of the different regions of the state and the various  
25 sectors of the visitor industry;

26 (4) eleven members of the board constitute a quorum for the transaction  
27 of business and the exercise of the powers and duties of the board, and any action by  
28 the board requires 11 affirmative votes;

29 (5) the governor shall appoint a member of the board to serve as  
30 presiding officer of the board; the board shall elect other necessary officers from among  
31 its members annually;

32 (6) a board member may not participate or vote by proxy;

1 (7) the board shall meet at least four times a year at the call of the  
2 presiding officer or upon the written request of seven members of the board;

3 (8) the members of the board appointed by the governor serve staggered  
4 three-year terms, subject to continuation of the contract, and may be reappointed;

5 (9) a person appointed to fill a vacancy on the board holds office for the  
6 balance of the term of the person's predecessor;

7 (10) board members receive no salary for serving in that position, but  
8 are entitled to per diem and travel expenses under AS 39.20.180, except as provided in  
9 AS 44.33.733; the contract must provide that the trade association will reimburse the  
10 council for per diem and travel expenses paid to those board members appointed by the  
11 trade association; reimbursement under this paragraph does not qualify as a part of the  
12 association's required contribution under (b) of this section;

13 (11) notwithstanding AS 39.52, a board member who is a member of the  
14 qualified trade association that has contracted with the department under (b) of this  
15 section may vote or take action on a matter that might benefit the trade association or  
16 members of the trade association, including the issuance of contracts or the granting of  
17 rights to the trade association, but shall disclose the person's membership in the trade  
18 association before the vote or action; this paragraph may not be interpreted to allow a  
19 board member or an immediate family member of a board member to receive, apply for,  
20 be a party to, have a personal or financial interest in, or attempt to acquire a grant or  
21 contract made by the council; in this paragraph, "immediate family member" has the  
22 meaning given in AS 39.52.960.

23 \* Sec. 53. AS 44.33.720(a) is amended to read:

24 (a) The council shall

25 (1) conduct a tourism marketing program designed to accomplish the  
26 purposes of AS 44.33.700 - 44.33.735; the marketing program must include promotion  
27 of the state as a destination and promotion of all forms of travel to the state, including  
28 travel by air, highway, or water;

29 (2) prepare and implement plans for the promotion of Alaska tourism,  
30 including necessary research;

31 (3) submit an annual report to the governor describing the activities of  
32 the council and notify the legislature that the report is available;

1 (4) make available to all interested persons, including tourism businesses,  
2 a quarterly report of the council's actions and activities;

3 (5) annually submit a proposed operating budget to the commissioner,  
4 to be used by the Department of Community [COMMERCE] and Economic  
5 Development to prepare and submit the operating budget of the council under  
6 AS 44.33.725;

7 (6) provide advice, on the request of the commissioner of community  
8 and economic development [DIRECTOR OF TOURISM], on the programs of the  
9 Department of Community and Economic Development that relate to tourism  
10 [DIVISION];

11 (7) prepare a report by the 10th day of each regular session of the  
12 legislature, describing how the contractual money was spent in the first half of the year  
13 and explaining the plan for expenditures during the second half of the year; the council  
14 shall notify the legislature that the report is available;

15 (8) consider methods to fund tourism marketing using both public and  
16 private assets; and

17 (9) consider methods of providing for the financial self-sufficiency of the  
18 council.

19 \* Sec. 54. AS 44.33 is amended by adding new sections to read:

20 **Article 7A. Rural Development.**

21 **Sec. 44.33.740. Powers and duties.** To promote development of rural areas of  
22 the state, the department is authorized to

23 (1) investigate social and economic conditions of rural areas to determine  
24 the need to expand economic opportunities and improve living conditions;

25 (2) formulate a coordinated program to broaden and diversify the  
26 economic base of rural areas;

27 (3) coordinate administration of emergency relief, surplus food  
28 distribution, or other public assistance programs, except the regular relief and assistance  
29 programs of the federal government in rural areas;

30 (4) formulate and conduct a program of construction of basic facilities  
31 to improve health, welfare, and economic security and provide employment and income  
32 in the rural areas;

1 (5) promote training and educational programs designed to expand  
2 employment opportunities for residents of rural areas;

3 (6) enter into agreements with other state agencies and departments to  
4 provide for the distribution in rural communities of surplus electrical power from state-  
5 owned power sources located in those communities and to expend funds for this  
6 purpose;

7 (7) make grants to communities for bulk fuel storage facilities;

8 (8) cooperate with the Department of Environmental Conservation and  
9 other agencies to provide technical assistance to communities in the installation,  
10 operation, and management of bulk fuel storage facilities.

11 **Sec. 44.33.745. Limitations.** A program of the department under AS 44.33.740  
12 in a rural area may not exceed \$100,000 in cost a year.

13 **Sec. 44.33.750. Bulk fuel storage facilities grant fund.** (a) There is  
14 established in the department the bulk fuel storage facilities grant fund. Grants may be  
15 made by the department from this fund to a community to acquire and install community  
16 bulk storage facilities.

17 (b) Grants made under this section for the acquisition and installation of a bulk  
18 fuel storage facility may not exceed \$100,000 per community.

19 (c) If the governing body of two or more communities determine that their fuel  
20 requirements may be served by a single bulk fuel storage facility, the communities may  
21 jointly apply for grants to acquire and install a single bulk fuel storage facility. When  
22 communities apply jointly under this subsection, the limitation in (b) of this section is  
23 multiplied by the number of communities that submit the joint application.

24 (d) Before a grant is made under this section, the city council or, if the  
25 community is not incorporated, a reasonable representative body in the community shall  
26 agree in writing to maintain and operate the bulk storage facility to be constructed with  
27 the proceeds of the grant.

28 **Sec. 44.33.755. Land conveyed in trust.** (a) The commissioner

29 (1) shall accept, administer, and dispose of land conveyed to the state  
30 in trust by village corporations under 43 U.S.C. 1613(c)(3) (Sec. 14(c)(3) of the Alaska  
31 Native Claims Settlement Act) for the purposes specified in that section;

32 (2) may, with the concurrence of an appropriate village entity recognized

1 by the commissioner under (b) of this section or, in the absence of an appropriate village  
2 entity, under procedures prescribed by regulations of the commissioner, accept,  
3 administer, and dispose of land conveyed in trust by a state or federal agency and by the  
4 dissolution of a municipality under AS 29.06.450 - 29.06.530.

5 (b) Transfer of land by sale, lease, right-of-way, easement, or permit, including  
6 transfer of surface resources, may be made by the commissioner only after approval of  
7 an appropriate village entity such as the traditional council, a village meeting, or a  
8 village referendum. This approval shall be by resolution filed with the department.

9 (c) Within one complete state fiscal year after the incorporation of a  
10 municipality in the village or of a municipality that includes all or part of the village,  
11 land acquired under this section shall be conveyed without cost to the municipality, and  
12 the municipality shall succeed to all the entrusted interest in the land.

13 (d) Separate accounts shall be maintained in the name of each village for the  
14 land, including the revenue from the land, acquired from each village corporation under  
15 this section.

16 (e) Upon the conveyance of land to a municipality under this section, the  
17 commissioner shall account to the municipality for all profits including interest generated  
18 from the land. The municipality may then request the governor to submit a request to  
19 the legislature for an appropriation for the amount due the municipality.

20 (f) Title to or an interest in land acquired by the department under this section  
21 may not be acquired by adverse possession or prescription. Notwithstanding (a) - (e)  
22 of this section, on the dissolution of a municipality under AS 29.06.450 - 29.06.530,  
23 unimproved land that was owned by the municipality on the date of its dissolution and  
24 received by the municipality from the state under a municipal land grant entitlement  
25 program is transferred to the commissioner of natural resources.

26 (g) For the purposes of this section, "municipality" includes only first and  
27 second class cities incorporated under the laws of the state.

28 **Sec. 44.33.760. Loan information officers.** (a) The department may provide  
29 itinerant loan information officers to serve persons who reside outside the major  
30 population centers of the state.

31 (b) The loan information officers shall be trained, to the extent that the  
32 department considers necessary, in a program administered by the department and

1 approved by the Alaska Housing Finance Corporation, the Alaska Industrial  
2 Development and Export Authority, and the principal departments of the executive  
3 branch that administer loan programs.

4 (c) A majority of the loan information officers shall be persons who are  
5 conversant in Alaska Native languages that are spoken by a significant number of Alaska  
6 Natives. The department shall provide brochures and other printed materials, written in  
7 easily understandable English and in the Alaska Native languages that are spoken by a  
8 significant number of Alaska Natives, for distribution by the loan information officers.  
9 The brochures and printed materials must explain the purposes of the various state loan  
10 programs, the minimum qualifications under the programs, the method for obtaining  
11 assistance in the completion of applications for the programs, and other information the  
12 department determines will improve the access of persons in rural areas to the state's  
13 loan programs.

14 (d) The department shall coordinate its efforts under this section with local  
15 financial institutions and community groups to determine the proper itinerary and travel  
16 schedule of the loan information officers and to provide adequate notice to persons in  
17 rural areas of the itinerary and travel schedule of the loan information officers.

18 (e) The department shall assign the loan information officers to rural areas based  
19 on the current and potential future demands for loans in those areas and shall establish  
20 offices for the loan information officers in rural areas if the department determines it is  
21 necessary to provide familiarity with the area served by the loan information officers and  
22 to reduce travel costs.

23 **Sec. 44.33.765. Rural development initiative fund.** (a) The rural development  
24 initiative fund is created in the department. Unless provided otherwise in the  
25 appropriation act, an appropriation to the fund is retained in the fund for use under  
26 AS 44.33.765 - 44.33.775 and does not lapse at the end of a fiscal year. Each year the  
27 commissioner shall request an appropriation to the fund of interest and other income  
28 earned on loans or investments of the fund. Money in the fund may be appropriated for  
29 costs of administering AS 44.33.765 - 44.33.775.

30 (b) The commissioner may place money from the fund into a special reserve  
31 account as necessary. The commissioner may use money in the account to protect the  
32 state's security interest in collateral on loans made from the fund, to protect the state's

1 interests in investments made from the fund, or to defray expenses incurred during  
2 foreclosure or other legal proceedings involving loans or investments made from the  
3 fund.

4 (c) The commissioner may use money from the fund to provide for loan  
5 information officers under AS 44.33.760.

6 **Sec. 44.33.770. Rural development loans.** (a) The department may use money  
7 from the rural development initiative fund to make a loan of up to \$100,000 to a person,  
8 or a loan of up to \$200,000 to two or more persons, to be used for working capital,  
9 equipment, construction, or other commercial purposes by a business located in a  
10 community with a population of 5,000 or less. A person who has received a loan under  
11 this subsection may not be granted another loan until after the original loan is entirely  
12 repaid.

13 (b) The department shall require collateral for each loan made under this section  
14 and shall require that a reasonable amount of money from other nonstate sources be  
15 committed for use on any project or enterprise for which money from a loan will be  
16 used. The department by regulation may establish other conditions for loans. The  
17 department shall by regulation establish rates of interest that are not less than six percent  
18 a year and terms of repayment for loans made under this section.

19 **Sec. 44.33.775. Disposal of property acquired by default or foreclosure.** The  
20 department shall dispose of property acquired through default or foreclosure of a loan  
21 made from the rural development initiative fund. Disposal shall be made in a manner  
22 that serves the best interests of the state, and may include the amortization of payments  
23 over a period of years. The commissioner shall request an appropriation to the fund of  
24 proceeds from disposal of property under this section.

25 **Sec. 44.33.780. Definitions.** In AS 44.33.740 - 44.33.780,

26 (1) "commissioner" means the commissioner of community and  
27 economic development;

28 (2) "department" means the Department of Community and Economic  
29 Development.

### 30 **Article 7B. Planning Assistance.**

31 **Sec. 44.33.781. Planning assistance for development and maintenance of**  
32 **district coastal management programs.** (a) The department shall conduct a program

1 of research, training, and technical assistance to coastal resource districts necessary for  
2 the development and implementation of district coastal management programs under  
3 AS 46.40. The technical assistance shall include the direct granting to the coastal  
4 resource districts of a portion of any funds received by the state from the federal coastal  
5 zone management program, in amounts to be individually determined for each coastal  
6 resource district by the commissioner of community and economic development. State  
7 agencies shall assist the department in carrying out the purposes of this section.

8 **Sec. 44.33.782. Planning assistance to platting authorities.** To facilitate  
9 planning in municipalities that exercise planning and zoning authority, the department  
10 may provide planning assistance, including but not limited to surveys, land use studies,  
11 urban renewal plans, technical services, model acts that include regulations designed to  
12 encourage development and use of energy systems not dependent on oil or gas, and other  
13 planning work to a city, borough, or other platting authority. In an area under the  
14 jurisdiction, for planning purposes, of a city, borough, or other platting authority, the  
15 department may not perform the planning work except at the request or with the consent  
16 of the local authority.

17 **Sec. 44.33.784. Assistance by cities and platting authorities.** A city or  
18 platting authority may make funds under its control available to the department for the  
19 purposes of obtaining planning work or planning assistance, or both, for its area. The  
20 department may contract for, accept, and expend the funds for urban planning for the  
21 local jurisdiction.

22 **Sec. 44.33.786. Land use planning and state facility procurement plan.** The  
23 department shall make recommendations to the Department of Transportation and Public  
24 Facilities and to appropriate program agencies concerning the effect upon the  
25 comprehensive plan or other land use plans or proposals of municipalities and  
26 unincorporated communities with respect to the facility procurement plan required to be  
27 prepared in accordance with AS 35.10.170.

28 **Sec. 44.33.788. Other planning powers.** The department may accept and  
29 expend grants from the federal government and other public or private sources, may  
30 contract with reference to them, and may enter into contracts and exercise all other  
31 powers necessary to carry out AS 44.33.781 - 44.33.788.

32 **Sec. 44.33.790. Definition.** In AS 44.33.782 - 44.33.790, "department" means

1 the Department of Community and Economic Development.

2 \* **Sec. 55.** AS 44.33 is amended by adding new sections to read:

3 **Article 8A. Local Boundary Commission.**

4 **Sec. 44.33.810. Local Boundary Commission.** There is in the Department of  
5 Com' nity and Economic Development a Local Boundary Commission. The Local  
6 Boun. ry Commission consists of five members appointed by the governor for  
7 overlapping five-year terms. One member shall be appointed from each of the four  
8 judicial districts described in AS 22.10.010 and one member shall be appointed from the  
9 state at large. The member appointed from the state at large is the chair of the  
10 commission.

11 **Sec. 44.33.812. Powers and duties.** (a) The Local Boundary Commission shall

12 (1) make studies of local government boundary problems;

13 (2) adopt regulations providing standards and procedures for municipal  
14 incorporation, annexation, detachment, merger, consolidation, reclassification, and  
15 dissolution;

16 (3) consider a local government boundary change requested of it by the  
17 legislature, the commissioner of community and economic development, or a political  
18 subdivision of the state; and

19 (4) develop standards and procedures for the extension of services and  
20 ordinances of incorporated cities into contiguous areas for limited purposes upon  
21 majority approval of the voters of the contiguous area to be annexed and prepare  
22 transition schedules and prorated tax mill levies as well as standards for participation by  
23 voters of these contiguous areas in the affairs of the incorporated cities furnishing  
24 services.

25 (b) The Local Boundary Commission may

26 (1) conduct meetings and hearings to consider local government  
27 boundary changes and other matters related to local government boundary changes,  
28 including extensions of services by incorporated cities into contiguous areas and matters  
29 related to extension of services; and

30 (2) present to the legislature during the first 10 days of a regular session  
31 proposed local government boundary changes, including gradual extension of services  
32 of incorporated cities into contiguous areas upon a majority approval of the voters of the

1 contiguous area to be annexed and transition schedules providing for total assimilation  
2 of the contiguous area and its full participation in the affairs of the incorporated city  
3 within a period not to exceed five years.

4 **Sec. 44.33.814. Meetings and hearings.** The chair of the commission or the  
5 commissioner of community and economic development with the consent of the chair  
6 may call a meeting or hearing of the Local Boundary Commission. All meetings and  
7 hearings shall be public.

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

12 **Sec. 44.33.818. Notice of public hearings.** Public notice of a hearing of the  
13 Local Boundary Commission shall be given in the area in which the hearing is to be  
14 held at least 15 days before the date of the hearing. The notice of the hearing must  
15 include the time, date, place, and subject of the hearing. The commissioner of  
16 community and economic development shall give notice of the hearing at least three  
17 times in the press, through other news media, or by posting in a public place, whichever  
18 is most feasible.

19 **Sec. 44.33.820. Quorum.** Three members of the commission constitute a  
20 quorum for the conduct of business at a meeting. Two members constitute a quorum  
21 for the conduct of business at a hearing.

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

25 **Sec. 44.33.824. Expenses.** Members of the Local Boundary Commission  
26 receive no pay but are entitled to the travel expenses and per diem authorized for  
27 members of boards and commissions under AS 39.20.180.

28 **Sec. 44.33.826. Hearings on boundary changes.** A local government boundary  
29 change may not be proposed to the legislature unless a hearing on the change has been  
30 held in or in the near vicinity of the area affected by the change.

31 **Sec. 44.33.828. When boundary change takes effect.** When a local  
32 government boundary change is proposed to the legislature during the first 10 days of

1 any regular session, the change becomes effective 45 days after presentation or at the  
2 end of the session, whichever is earlier, unless disapproved by a resolution concurred  
3 in by a majority of the members of each house.

4 **Article 8B. Borough Feasibility Studies.**

5 **Sec. 44.33.840. Borough feasibility studies.** The commissioner may contract  
6 for studies of the feasibility of establishing boroughs in the unorganized borough. A  
7 study may be conducted under this section only if

8 (1) appropriations are available for that purpose; and

9 (2) the study is requested by a person residing in the area to be studied  
10 or by a city located in the area to be studied.

11 **Sec. 44.33.842. Requests for studies.** A request for a study of the feasibility  
12 of establishing a borough in the unorganized borough shall be submitted to the  
13 commissioner in writing and must include

14 (1) a description of the boundaries of the area of the proposed study; and

15 (2) an indication of local interest in the proposed study consisting of  
16 either

17 (A) a petition requesting the study containing the signatures and  
18 addresses of five percent of the voters residing in the area of the proposed study  
19 based on the number of voters who voted in the area in the last statewide  
20 election; or

21 (B) resolutions requesting the study adopted by the governing  
22 bodies of at least five percent of the cities within the area of the proposed study.

23 **Sec. 44.33.844. Boundaries.** The boundaries of an area studied shall conform  
24 to the boundaries indicated in the request for the study under AS 44.33.842 unless the  
25 commissioner, after a public hearing held in the area of the proposed study, determines  
26 that the boundaries should be altered. In determining the boundaries of an area to be  
27 studied, the commissioner shall consider

28 (1) the standards applicable to the incorporation of boroughs under  
29 AS 29.05.031;

30 (2) boundaries of regional corporations established under 43 U.S.C. 1606;

31 (3) census divisions of the state used for the 1980 census;

32 (4) boundaries of the regional educational attendance areas established

1 under AS 14.08.031; and

2 (5) boundaries of coastal resource service areas organized under  
3 AS 46.40.110 - 46.40.210.

4 **Sec. 44.33.846. Contracts.** (a) The commissioner shall contract for a study of  
5 the feasibility of establishing a borough in the unorganized borough by following the  
6 procedures under AS 36.30 (State Procurement Code). The commissioner shall include  
7 terms in the contract that provide for

8 (1) public participation in the preparation of the study;

9 (2) completion of the study not later than June 30 of the third year after  
10 the year the contract is executed.

11 (b) A study under this section must include

12 (1) a recommendation for or against incorporation of a borough  
13 containing all or part of the area studied;

14 (2) an evaluation of the economic development potential of the area  
15 studied;

16 (3) an evaluation of capital facility needs of the area studied;

17 (4) an evaluation of demographic, social, and environmental factors  
18 affecting the area studied;

19 (5) an evaluation of the relationships among regional educational  
20 attendance areas, coastal resource service areas, and other regional entities responsible  
21 for providing services in the area studied;

22 (6) an evaluation of the relationships between the existing cities within  
23 the area studied and regional entities responsible for providing services in the area; and

24 (7) specific recommendations for

25 (A) organization of a home rule or general law borough  
26 government if one is recommended;

27 (B) changes in organization of cities in the area studied; or

28 (C) the improvement of the delivery of services to the public by  
29 the state in the area studied.

30 **Sec. 44.33.849. Definition.** In AS 44.33.840 - 44.33.849, "commissioner"  
31 means the commissioner of community and economic development.

32 **Article 8C. Alaska Regional Economic Assistance Program.**

1           **Sec. 44.33.895. Alaska regional economic assistance program.** (a) The  
2 department shall

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

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

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

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

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

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

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

22                   (5) assist each organization to

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

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

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

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

32 (b) Subject to (c) of this section, the department may make regional

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

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

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

19 (e) In this section,

20 (1) "department" means the Department of Community and Economic  
21 Development;

22 (2) "regional development organization" or "organization" means a  
23 nonprofit organization or nonprofit corporation formed to encourage economic  
24 development within a particular region of the state that includes the entire area of each  
25 municipality within that region and that has a board of directors that represents the  
26 region's economic, political, and social interests.

27 \* Sec. 56. AS 44.62.330(a)(24) is amended to read:

28 (24) Department of Health and Social Services and Department of  
29 Education and Child Development, relating to denial, involuntary conditioning, or  
30 revocation of a license issued under AS 47.35, or suspension of operations or admissions  
31 or assessment of an administrative fine under AS 47.35;

32 \* Sec. 57. AS 46.03.900(33) is amended to read:

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(33) "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 community and economic development [REGIONAL AFFAIRS] under regulations adopted by the Department of Community and Economic Development [REGIONAL AFFAIRS] to determine and give official recognition of village entities under AS 44.33.755(G) [AS 44.47.150(b)];

\* Sec. 58. 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 community and economic development [REGIONAL AFFAIRS] under regulations adopted by the Department of Community and Economic Development [REGIONAL AFFAIRS] to determine and give official

1 recognition of village entities under AS 44.33.755(b) [AS 44.47.150(b)];

2 \* **Sec. 59.** AS 46.08.900(16) is amended to read:

3 (16) "village" means a place within the unorganized borough or within  
4 a borough if the power, function, or service for which a grant application under  
5 AS 29.60.510 is submitted is not exercised or provided by the borough on an areawide  
6 or nonareawide basis at the time the grant application is submitted that

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

10 (B) has

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

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

15 (iii) a council recognized by the commissioner of  
16 community and economic development [REGIONAL AFFAIRS] under  
17 regulations adopted by the Department of Community and Economic  
18 Development [REGIONAL AFFAIRS] to determine and give official  
19 recognition of village entities under AS 44.33.755(b) [AS 44.47.150(b)].

20 \* **Sec. 60.** AS 46.40.170(b) is amended to read:

21 (b) At the request of the council, the Department of Community and Economic  
22 Development [REGIONAL AFFAIRS] shall complete the district coastal management  
23 program in accordance with this chapter and the guidelines and standards adopted by the  
24 council for a coastal resource service area that [WHICH] has been organized but that  
25 [WHICH] has failed to make substantial progress in the preparation of an approvable  
26 district coastal management program within 18 months of certification of the results of  
27 an organization election or that [WHICH] has not submitted for approval to the council  
28 a program within 30 months of certification of the results of its organization election.  
29 Preparation of the program shall be conducted in consultation with the coastal resource  
30 service area and shall, to the maximum extent consistent with this chapter, reflect the  
31 expressed concerns of the residents of the service area.

32 \* **Sec. 61.** AS 46.40.190(a) is amended to read:

1 (a) A city within the coastal area that [WHICH] is not part of a coastal resource  
2 service area shall be included for purposes of this chapter within an adjacent coastal  
3 resource service area unless its governing body, by resolution adopted by a majority of  
4 its membership, chooses to exclude the city from an adjacent coastal resource service  
5 area and a copy of the resolution is filed with the commissioner of community and  
6 economic development [REGIONAL AFFAIRS].

7 \* Sec. 62. AS 46.40.210(2) is amended to read:

8 (2) "coastal resource district" means each of the following that  
9 [WHICH] contains a portion of the coastal area of the state:

10 (A) unified municipalities;

11 (B) organized boroughs of any class that [WHICH] exercise  
12 planning and zoning authority;

13 (C) home rule and first class cities of the unorganized borough  
14 or within boroughs that [WHICH] do not exercise planning and zoning  
15 authority;

16 (D) second class cities of the unorganized borough, or within  
17 boroughs that [WHICH] do not exercise planning and zoning authority, that  
18 [WHICH] have established a planning commission, and that [WHICH], in the  
19 opinion of the commissioner of community and economic development  
20 [REGIONAL AFFAIRS], have the capability of preparing and implementing a  
21 comprehensive district coastal management program under AS 46.40.030;

22 (E) coastal resource service areas established and organized under  
23 AS 29.03.020 and AS 46.40.110 - 46.40.180;

24 \* Sec. 63. AS 47.05.030(a) is amended to read:

25 (a) Except as provided in (b) of this section and for purposes directly connected  
26 with the administration of general assistance, adult public assistance, the day care  
27 assistance program authorized under AS 14.38.100 - 14.38.199 [AS 44.47.250 -  
28 44.47.310], or the Alaska temporary assistance program, and in accordance with the  
29 regulations of the department, a person may not solicit, disclose, receive, make use of,  
30 or authorize, knowingly permit, participate in, or acquiesce in the use of, a list of or  
31 names of, or information concerning, persons applying for or receiving the assistance  
32 directly or indirectly derived from the records, papers, files, or communications of the

1 department or subdivisions or agencies of the department, or acquired in the course of  
2 the performance of official duties.

3 \* **Sec. 64.** AS 47.27.060 is amended to read:

4 **Sec. 47.27.060. Job development.** The department may establish cooperative  
5 agreements with the Department of Labor and Workforce Development.  
6 [DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS,] Department of  
7 Education and Child Development, and Department of Community [COMMERCE]  
8 and Economic Development, and with other public or private sector organizations for  
9 the purpose of developing job, training, and educational opportunities for families  
10 eligible for assistance under this chapter.

11 \* **Sec. 65.** AS 47.27.900(2) is amended to read:

12 (2) "child care assistance" means payments made by the Department of  
13 Health and Social Services or the department of Education and Child Development  
14 [COMMUNITY AND REGIONAL AFFAIRS] to Alaska temporary assistance program  
15 participant families or to providers for the care of children of the participant families;

16 \* **Sec. 66.** AS 47.35 is amended by adding a new section to read:

17 **Sec. 47.35.007. Jurisdiction.** (a) Except as provided in (b) of this section, the  
18 Department of Health and Social Services has jurisdiction under this chapter over the  
19 facilities governed by this chapter.

20 (b) The Department of Education and Child Development has jurisdiction under  
21 this chapter over child care facilities that are governed by this chapter.

22 \* **Sec. 67.** AS 47.35.900(8) is amended to read:

23 (8) "department" means the Department of Health and Social Services  
24 with respect to the facilities over which the Department of Health and Social  
25 Services has jurisdiction under this chapter and the Department of Education and  
26 Child Development with respect to the facilities over which the Department of  
27 Education and Child Development has jurisdiction under this chapter;

28 \* **Sec. 68.** AS 47.90.040 is amended to read:

29 **Sec. 47.90.040. Consultation and coordination.** The commissioner shall  
30 consult and cooperate with the Department of Health and Social Services; the  
31 Department of Education and Child Development; [, INCLUDING] the director of the  
32 division of vocational rehabilitation; the University of Alaska, community colleges, and

1 other colleges as appropriate; [THE DEPARTMENT OF LABOR, INCLUDING THE  
2 DIVISION OF EMPLOYMENT SECURITY:] and other persons or agencies that the  
3 commissioner considers appropriate in the implementation of this chapter.

4 \* **Sec. 69.** AS 47.90.070(1) is amended to read:

5 (1) "commissioner" means the commissioner of labor and workforce  
6 development [COMMUNITY AND REGIONAL AFFAIRS];

7 \* **Sec. 70. REPEALER.** AS 23.15.210(4); AS 39.25.120(c)(21); AS 44.17.005(17);  
8 AS 44.19.620, 44.19.621, 44.19.622, 44.19.623, 44.19.624, 44.19.625, 44.19.626, 44.19.627;  
9 AS 44.29.020(a)(14); AS 44.33.120(a), 44.33.240, 44.33.242, 44.33.245, 44.33.255, 44.33.260,  
10 44.33.270, 44.33.272, 44.33.275; AS 44.47.010, 44.47.020, 44.47.050, 44.47.051, 44.47.055,  
11 44.47.080, 44.47.090, 44.47.092, 44.47.095, 44.47.100, 44.47.130, 44.47.140, 44.47.145,  
12 44.47.150, 44.47.155, 44.47.250, 44.47.260, 44.47.270, 44.47.280, 44.47.290, 44.47.300,  
13 44.47.305, 44.47.310, 44.47.565, 44.47.567, 44.47.569, 44.47.571, 44.47.573, 44.47.575,  
14 44.47.577, 44.47.579, 44.47.581, 44.47.583, 44.47.700, 44.47.710, 44.47.720, 44.47.730,  
15 44.47.750, 44.47.752, 44.47.754, 44.47.756, 44.47.758, 44.47.760, 44.47.762, 44.47.764,  
16 44.47.766, 44.47.768, 44.47.770, 44.47.772, 44.47.800, 44.47.810, 44.47.820, 44.47.900,  
17 44.47.980, 44.47.998; and AS 45.90.020(b) are repealed.

18 \* **Sec. 71. REPEALER.** AS 44.33.895, added by sec. 55 of this Act, is repealed July 1,  
19 2000.

20 \* **Sec. 72. TRANSITIONAL PROVISIONS.** (a) Litigation, hearings, investigations, and  
21 other proceedings pending under a law repealed or amended by this Act, or in connection with  
22 functions transferred by this Act, continue in effect and may be completed notwithstanding a  
23 transfer or repeal provided for in this Act.

24 (b) Certificates, orders, and regulations in effect on June 30, 1999, that were issued or  
25 adopted under authority of a law amended or repealed by this Act remain in effect for the term  
26 issued and shall be enforced by the agency to which the function is transferred under this Act  
27 until revoked, vacated, or amended by the agency to which the function is transferred.

28 (c) Wherever in Alaska Statutes affected by this Act there is a reference to regulations  
29 adopted under a section of law and there are no regulations adopted under that section because  
30 previous regulations adopted under another section are being enforced under (b) of this section,  
31 the reference shall be construed to refer to the previously adopted regulations until they are  
32 amended by the new agency.

1 (d) Contracts, rights, liabilities, and obligations created by or under a law repealed or  
2 amended by this Act, and in effect on June 30, 1999, remain in effect notwithstanding this Act's  
3 taking effect.

4 (e) Records, equipment, appropriations, and other property of an agency of the state  
5 whose functions are transferred under this Act shall be transferred to implement the provisions  
6 of this Act.

7 \* Sec. 73. REGULATIONS. A department affected by this Act may proceed to adopt  
8 regulations to implement this Act. The regulations take effect under AS 44.62 (Administrative  
9 Procedure Act) but not before July 1, 1999.

10 \* Sec. 74. REVISOR'S INSTRUCTION REGARDING DEPARTMENT OF COMMERCE  
11 AND ECONOMIC DEVELOPMENT. Wherever in the Alaska Statutes and the Alaska  
12 Administrative Code the terms "Department of Commerce and Economic Development" and  
13 "commissioner of commerce and economic development" are used, they shall be read,  
14 respectively, as "Department of Community and Economic Development" and "commissioner  
15 of community and economic development" when to do so would be consistent with the changes  
16 made by this Act.

17 \* Sec. 75. REVISOR'S INSTRUCTION REGARDING DEPARTMENT OF EDUCATION.  
18 Wherever in the Alaska Statutes and the Alaska Administrative Code the terms "Department of  
19 Education" and "commissioner of education" are used, they shall be read, respectively, as  
20 "Department of Education and Child Development" and "commissioner of education and child  
21 development" when to do so would be consistent with the changes made by this Act.

22 \* Sec. 76. REVISOR'S INSTRUCTION REGARDING DEPARTMENT OF LABOR.  
23 Wherever in the Alaska Statutes and the Alaska Administrative Code the terms "Department of  
24 Labor" and "commissioner of labor" are used, they shall be read, respectively, as "Department  
25 of Labor and Workforce Development" and "commissioner of labor and workforce development"  
26 when to do so would be consistent with the changes made by this Act.

27 \* Sec. 77. SPECIFIC INSTRUCTIONS TO REVISOR OF STATUTES CONCERNING  
28 SPECIFIC REFERENCES. The revisor of statutes shall change references to "community and  
29 regional affairs" to read "community and economic development" in the following statutes:

30 (1) AS 08.40.190(b)(2)(A), 08.40.390(b)(2)(A);

31 (2) AS 14.08.031(a), 14.08.051(a); AS 14.17.410(b)(2), 14.17.410(c)(1),  
32 14.17.410(e)(1)(B), 14.17.490(b), 14.17.510(a);

- 1 (3) AS 15.07.055(a)(3); AS 15.13.010(a)(2);  
2 (4) AS 18.26.030(a)(3); AS 18.56.030(a)(2), 18.56.097;  
3 (5) AS 19.30.131(a), 19.30.131(b), 19.30.131(c);  
4 (6) AS 26.23.071(b);  
5 (7) AS 28.01.010(b);  
6 (8) AS 29.60.120(d), 29.60.370(a), 29.60.620(b), 29.60.650(2); AS 29.65.050(c),  
7 29.65.050(d), 29.65.120; AS 29.71.800(5), 29.71.800(8);  
8 (9) AS 37.05.317, 37.05.530(c); AS 37.06.010(g), 37.06.020(l), 37.06.030(c);  
9 (10) AS 41.15.180(a), 41.15.180(b), 41.15.180(f), 41.15.180(g);  
10 (11) AS 42.45.060(c), 42.45.990(1);  
11 (12) AS 43.75.137; AS 43.77.040(b), 43.77.060(d);  
12 (13) AS 44.21.200(a)(2); AS 44.85.030, 44.85.320(b);  
13 (14) AS 46.08.040(a); 46.40.120(b), 46.40.120(d), 46.40.140(c), 46.40.170(a),  
14 46.40.180(a), 46.40.180(d), 46.40.210(5);  
15 (15) AS 47.18.010(c); AS 47.80.090(8).

16 \* **Sec. 78.** IMPLEMENTATION OF SECTIONS 74 - 77 OF THIS ACT. Under  
17 AS 01.05.031, the revisor of statutes shall implement secs. 74 - 77 in the statutes and, under  
18 AS 44.62.125(b)(6), the regulations attorney shall implement secs. 74 - 77 in the administrative  
19 code.

20 \* **Sec. 79.** Except as provided in sec. 80 of this Act, this Act takes effect July 1, 1999.

21 \* **Sec. 80.** Section 73 of this Act takes effect immediately under AS 01.10.070(c).

I-LS0056M  
Lauterbach  
4/23/99

**CS FOR HOUSE BILL NO. 40(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-FIRST LEGISLATURE - FIRST SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

**Offered:**

**Referred:**

**Sponsor(s): REPRESENTATIVES KOHRING, Cowdery, Austerman, Therriault, Harris, Mulder**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act reorganizing certain departments in the executive branch of state  
2 government and relating to their duties; eliminating and amending certain duties  
3 and programs in the executive branch; establishing in the Office of the Governor  
4 the position of rural affairs advocate; adjusting the membership of certain multi-  
5 member bodies; and providing for an effective date."

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

7 \* **Section 1.** AS 09.25.110(e) is amended to read:

8 (e) Notwithstanding other provisions of this section to the contrary, the Bureau  
9 of Vital Statistics and [,] the library archives in the Department of Education and Child  
10 Development [, AND THE DIVISION OF BANKING, SECURITIES, AND  
11 CORPORATIONS IN THE DEPARTMENT OF COMMERCE AND ECONOMIC  
12 DEVELOPMENT] may continue to charge the same fees that they were [ARE] charging  
13 on September 25, 1990, for performing record searches, and may increase the fees as

1 necessary to recover agency expenses on the same basis that was [IS] used by the  
2 agency immediately before September 25, 1990. Notwithstanding other provisions of  
3 this section to the contrary, the division of banking, securities, and corporations in  
4 the Department of Community and Economic Development may continue to charge  
5 the same fees that the former Department of Commerce and Economic  
6 Development was charging on the effective date of this bill section for performing  
7 record searches and may increase the fees as necessary to recover agency expenses  
8 on the same basis that was used by the former Department of Commerce and  
9 Economic Development immediately before the effective date of this bill section.

10 \* Sec. 2. AS 09.65.170(c)(2) is amended to read:

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

13 \* Sec. 3. AS 14.20.165 is amended to read:

14 **Sec. 14.20.165. Restoration of tenure rights.** A teacher who held tenure rights  
15 and who was retired due to disability under AS 14.25.130, but whose disability (1) has  
16 been removed, and the removal of that disability is certified by a competent physician  
17 following a physical or mental examination, or (2) has been compensated for by  
18 rehabilitation or other appropriate restorative education or training, and that rehabilitation  
19 or restoration to health has been certified by the division of vocational rehabilitation of  
20 the Department of Labor and Workforce Development [DEPARTMENT], shall be  
21 restored to full tenure rights in the district from which the teacher was retired, at such  
22 time as an opening for which the teacher is qualified becomes available.

23 \* Sec. 4. AS 14.35.020(b) is amended to read:

24 (b) When required by any of the Acts described in AS 14.35.010, the board shall

25 (1) prepare, submit, and supervise the administration of the plans for  
26 vocational education [AND VOCATIONAL REHABILITATION];

27 (2) select a state director of vocational education;

28 (3) establish the minimum qualifications for teachers, supervisors, or  
29 directors;

30 (4) determine the prorated basis on which money shall be available for  
31 the salary and necessary travel expenses of the state director of vocational education;

32 (5) consider the advice of the Alaska Human Resource Investment

1 Council established by AS 23.15.550 [AS 44.19.620] regarding employment training  
2 needs and advise that council in the development of vocational education programs.

3 \* **Sec. 5.** AS 14 is amended by adding a new chapter to read:

4 **Chapter 38. Head Start, Child Care, and Day Care.**

5 **Article 1. Head Start.**

6 **Sec. 14.38.010. Operation of Head Start programs.** The Department of  
7 Education and Child Development shall operate the head start funding program governed  
8 by 42 U.S.C. 9835.

9 **Article 2. Day Care Assistance; Child Care Grants.**

10 **Sec. 14.38.100. Powers and duties.** (a) The department shall

11 (1) implement and administer a program to assist in providing day care  
12 for the children of low and moderate income families according to the requirements of  
13 AS 14.38.100 - 14.38.199;

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

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

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

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

20 (b) The department may

21 (1) adopt regulations necessary for the performance of its duties under  
22 AS 14.38.100 - 14.38.199;

23 (2) contract with other entities to perform duties of the department under  
24 AS 14.38.100 - 14.38.199 within an area specified by the department, within an area,  
25 the department shall give higher priority to contracting with municipalities than with  
26 other organizations.

27 **Sec. 14.38.110. Administrative costs of program contractors.** To defray  
28 administrative expenses, a contractor under AS 14.38.100(b) may only retain \$1,000 or  
29 12 percent, whichever is greater, of the day care assistance program funds it receives  
30 from the department under the contract.

31 **Sec. 14.38.120. Conditions of receipt of benefits.** Benefits may be paid for the  
32 care of children of a low or moderate income family only if a parent or guardian,

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

5 **Sec. 14.38.130. Eligibility of families for benefits.** The department shall  
6 determine the eligibility of families for day care benefits on the basis of the following  
7 factors:

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

13 **Sec. 14.38.140. Contributions by parent or guardian.** The department shall  
14 develop a sliding fee scale based on the factors listed in AS 14.38.130 for purposes of  
15 determining the amount to be contributed by the parent or guardian for child care. The  
16 contribution of the parent or guardian shall be paid to the day care facility.

17 **Sec. 14.38.150. Placement; payment by state.** (a) Parents or guardians shall  
18 select the day care facility for the care of their children.

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

21 **Sec. 14.38.160. Child care grant program.** (a) A child care grant program  
22 is established in the department to provide state assistance in the operation of child care  
23 facilities. The department shall provide grants for the operation of child care facilities,  
24 including private nonprofit child care facilities. Participation in the program is optional.

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

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

29 (2) participate in the day care assistance program under AS 14.38.100 -  
30 14.38.199; and

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

1 (c) A grant under (a) of this section may not exceed \$50 per month for each  
2 child the child care facility cares for, or for each full-time equivalent, as determined by  
3 the department. The grant shall be adjusted on a geographic basis by the same factor  
4 as funding for a school district is adjusted under AS 14.17.460.

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

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

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

17 (g) Each child care facility receiving a grant under (a) or (d) of this section shall  
18 assure that at least 15 percent or one of its child care spaces receiving subsidy under this  
19 section, whichever is greater, will be made available, if requested, to children eligible  
20 for day care assistance under AS 14.38.100 - 14.38.199, whose parents or guardians wish  
21 to pay for care based on attendance only.

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

24 **Sec. 14.38.199. Definitions.** In AS 14.38.100 - 14.38.199,

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

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

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

1 less than 24 hours a day;

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

5 (5) "department" means the Department of Education and Child  
6 Development;

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

10 **Article 3. Child Care Facility Revolving Loan Fund.**

11 **Sec. 14.38.200. Child care facility revolving loan fund.** (a) There is created  
12 in the Department of Education and Child Development the child care facility revolving  
13 loan fund to carry out the purposes of AS 14.38.200 - 14.38.299. Except as provided  
14 in (b) and (c) of this section, the fund may not be used for any other purpose.

15 (b) The department may use money in the fund for costs of administering  
16 AS 14.38.200 - 14.38.299.

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

19 **Sec. 14.38.210. Special account established.** (a) There is established as a  
20 special account within the child care facility revolving loan fund the foreclosure expense  
21 account. This account is established as a reserve from fund equity.

22 (b) The commissioner may expend money credited to the foreclosure expense  
23 account when necessary to protect the state's security interest in collateral on loans made  
24 under AS 14.38.220 or to defray expenses incurred during foreclosure proceedings after  
25 a default by an obligor.

26 **Sec. 14.38.220. Powers and duties of the department in administering the**  
27 **fund.** (a) The department may

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

30 (2) adopt regulations necessary to carry out the provisions of  
31 AS 14.38.200 - 14.38.299, including regulations to establish reasonable fees for services  
32 provided and charges for collecting the fee; and

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

2 (b) The department shall

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

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

5 **Sec. 14.38.230. Loan terms.** (a) A loan to a child care facility under  
6 AS 14.38.200 - 14.38.299 may not exceed \$50,000.

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

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

10 (d) All principal and interest payments, and any money chargeable to principal  
11 or interest that is collected through liquidation by foreclosure or other process on loans  
12 made under AS 14.38.200 - 14.38.299, shall be paid into the child care facility revolving  
13 loan fund.

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

16 **Sec. 14.38.240. Eligibility for loans.** A child care facility is eligible for a loan  
17 under AS 14.38.200 - 14.38.299 if the applicant

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

20 (2) meets additional eligibility standards established by the department  
21 under AS 14.38.220(b)(1).

22 **Sec. 14.38.250. Sale or transfer of mortgages and notes.** The commissioner  
23 may sell or transfer at par value or at a premium to a bank or other private purchaser  
24 for cash or other consideration the mortgages and notes held by the department as  
25 security for loans made under AS 14.38.200 - 14.38.299.

26 **Sec. 14.38.260. Disposal of property acquired by default or foreclosure.** The  
27 department shall dispose of property acquired through default or foreclosure of a loan  
28 made under AS 14.38.200 - 14.38.299. Disposal shall be made in a manner that serves  
29 the best interests of the state and may include the amortization of payments over a  
30 period of years.

31 **Sec. 14.38.299. Definitions.** In AS 14.38.200 - 14.38.299,

32 (1) "child care facility" means an establishment the principal purpose of

1 which is to provide care for children not related by blood, marriage, or legal adoption,  
2 including but not limited to day care centers, family day care homes, and schools for  
3 preschool age children;

4 (2) "department" means the Department of Education and Child  
5 Development.

6 \* **Sec. 6.** AS 14.42.015(a) is amended to read:

7 (a) There is in the Department of Education and Child Development the Alaska  
8 Commission on Postsecondary Education consisting of

9 (1) two members of the Board of Regents of the University of Alaska  
10 designated by the members of that body;

11 (2) one person representing private higher education in the state selected  
12 jointly by the Boards of Trustees of Alaska Pacific University and Sheldon Jackson  
13 College from among their membership;

14 (3) one person representing the Department of Education and Child  
15 Development selected by the state Board of Education;

16 (4) four persons broadly and equitably representative of the general  
17 public appointed by the governor;

18 (5) one member of the Alaska Human Resource Investment Council  
19 established by AS 23.15.550 [AS 44.19.620] designated by the members of that body;

20 (6) one person from the members of the local community college  
21 advisory councils appointed by the governor;

22 (7) two members from the legislature, one of whom shall be appointed  
23 by the president of the senate and one by the speaker of the house of representatives;

24 (8) one person appointed in accordance with (e) of this section who is  
25 a full-time student as defined in AS 14.43.160;

26 (9) one administrator appointed by the governor from a proprietary  
27 institution of postsecondary education that has an authorization to operate in the state  
28 issued under AS 14.48.

29 \* **Sec. 7.** AS 18.70.081 is amended to read:

30 **Sec. 18.70.081. Approval of fire protection systems.** Before October 30 of  
31 each year the Department of Public Safety shall prepare and make available a list of  
32 approved fire protection systems to [THE DEPARTMENT OF COMMUNITY AND

1 REGIONAL AFFAIRS,] the Department of Community [COMMERCE] and Economic  
2 Development [,] and the public.

3 \* **Sec. 8.** AS 23.05 is amended by adding a new section to read:

4 **Sec. 23.05.065. Fees for publications, research data, and other services.** The  
5 commissioner may establish by regulation and the department may charge reasonable  
6 fees for department publications, research data, and other centralized administrative  
7 services to cover the cost of reproduction, printing, mailing, distribution, and other  
8 centralized administrative services.

9 \* **Sec. 9.** AS 23.05 is amended by adding new sections to read:

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

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

15 (b) The purpose of the incentive program is to encourage private industry to  
16 provide new job opportunities by offering assistance in training the new work force and  
17 in retraining existing employees to implement new technologies.

18 **Sec. 23.05.410. Administration.** (a) The Alaska Human Resource Investment  
19 Council established in AS 23.15.550 shall oversee the incentive program. The service  
20 delivery areas established under 29 U.S.C. 1511 and subject to redesignation under 29  
21 U.S.C. 1515 shall be used in the administration of the incentive program. The private  
22 industry councils appointed under 29 U.S.C. 1512 and subject to reconstitution under 29  
23 U.S.C. 1515 shall serve as the private industry councils for the incentive program.

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

30 (c) The council shall adopt regulations under AS 44.62 (Administrative  
31 Procedure Act) to implement AS 23.05.400 - 23.05.510.

32 **Sec. 23.05.420. Business incentive training plan.** (a) A private industry

1 council shall adopt a business incentive training plan for the service delivery area. The  
2 plan must extend for two years to coincide with the term for the Job Training  
3 Partnership Act (P.L. 97-300) and must contain

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

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

8 (3) procedures for identifying and selecting participants;

9 (4) performance goals established in accordance with standards under  
10 AS 23.05.480;

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

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

15 (b) If changes in labor market conditions, funding, or other factors require  
16 substantial deviation from an approved business incentive training plan, the private  
17 industry council and the appropriate elected municipal official or officials shall submit  
18 a modification of the plan and the budget for review under AS 23.05.430.

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

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

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

29 (b) Each grant administrator is responsible for the allocation of funds and the  
30 eligibility of those enrolled in its programs. The grant administrator is responsible for  
31 taking action against its subcontractors, subgrantees, and other recipients to eliminate  
32 abuses in the programs they are carrying out, and to prevent misuse of funds. If the

1 arrangement is included in an approved job training plan, a grant administrator may  
2 delegate the responsibility for determining eligibility under reasonable safeguards,  
3 including provisions for reimbursement of costs incurred because of erroneous  
4 determinations made with insufficient care.

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

14 (d) Only individuals eligible under the business incentive training plan and  
15 residing in the service delivery area may be participants in employment and training  
16 activities funded under the business incentive training program. To be eligible for  
17 training or education services under AS 23.05.400 - 23.05.510, immediately before  
18 beginning training or education under the program a person shall

19 (1) have been unemployed and

20 (A) receiving unemployment insurance benefits; or

21 (B) have exhausted the right to unemployment insurance benefits

22 within the past three years;

23 (2) be liable to be displaced from work within the next six months

24 because of

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

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

27 (C) a change in the conditions of the employee's job requiring

28 that, to remain employed, the employee must have substantially different skills  
29 that the employee does not now possess; or

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

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

3 (B) has insufficient qualifying wages because of limited job  
4 opportunities; or

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

7 (e) Payments to employers for on-the-job training of participants who experience  
8 multiple barriers to employment or are eligible under the Job Training Partnership Act  
9 (P.L. 97-300) may not average more than 80 percent of the wages paid by the employer  
10 to the participant. Payments to employers for on-the-job training of other participants  
11 may not average more than 50 percent of the wages paid by the employer to participants.  
12 The payments shall be considered to be in compensation for the extraordinary costs  
13 associated with training employees for new positions and the lower productivity of the  
14 participants.

15 (f) A grant made under the business incentive training program may not be used  
16 to duplicate facilities or services available in the area from federal, state, or local sources  
17 unless the business incentive training plan establishes that services or facilities under the  
18 program would be more effective or more likely to achieve performance goals.

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

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

23 (i) An employer at whose request a participant is offered training shall fulfill the  
24 obligation to offer a successful participant in the business incentive training program a  
25 position or promotion, as applicable. A participant is considered successful if the  
26 participant satisfactorily completes the training program in which the participant was  
27 enrolled.

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

30 (b) An individual in on-the-job training shall be compensated by the employer  
31 at the same rates, including periodic increases, as similarly situated employees or  
32 trainees and in accordance with applicable law. However, an individual may not be paid

1 less than the state minimum wage under AS 23.10.065 whether or not the individual is  
2 exempt under AS 23.10.055 or 23.10.070.

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

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

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

9 (3) the prevailing rate of wages under AS 36.05 or 40 U.S.C. 276a -  
10 276a-5, if applicable.

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

15 (e) Conditions of employment and training must be appropriate and reasonable  
16 in light of factors including the type of work, geographical region, and proficiency of  
17 the participant.

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

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

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

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

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

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

1 (1) costs resulting from violations of or failure to comply with federal,  
2 state, or local laws and regulations;  
3 (2) entertainment costs; and  
4 (3) insurance policies offering protection against debts established by the  
5 federal government.

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

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

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

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

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

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

30 (b) Appropriate education agencies in the service delivery area shall be given  
31 the opportunity to provide educational services, unless the grant administrator determines  
32 that alternative agencies or organizations would be more effective or would have greater

1 potential to enhance the participants' continued occupational and career growth.

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

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

6 (1) "council" means the Alaska Human Resource Investment Council  
7 established in AS 23.15.550;

8 (2) "incentive program" means the business incentive training program  
9 established under AS 23.05.400;

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

12 \* **Sec. 10.** AS 23.15.010 is amended to read:

13 **Sec. 23.15.010. Administration of vocational rehabilitation [BOARD OF**  
14 **VOCATIONAL REHABILITATION].** The commissioner shall [BOARD OF  
15 EDUCATION WHICH ADMINISTERS THE PROGRAM OF VOCATIONAL  
16 EDUCATION IS DESIGNATED AS THE BOARD OF VOCATIONAL  
17 REHABILITATION TO] administer the vocational rehabilitation program.

18 \* **Sec. 11.** AS 23.15.020 is amended to read:

19 **Sec. 23.15.020. Powers and duties of commissioner [BOARD].** (a) The  
20 commissioner [BOARD] may cooperate with a federal agency, as provided and required  
21 by federal law for vocational rehabilitation.

22 (b) The commissioner [BOARD] shall comply with the federal laws and the  
23 conditions necessary to secure the full benefit of the federal vocational rehabilitation  
24 laws, and shall do all things necessary to entitle the state to receive the benefits of the  
25 federal laws.

26 (c) The commissioner [BOARD] may do all the things and adopt the  
27 regulations that are necessary to carry out the federal laws and the purposes of  
28 AS 23.15.010 - 23.15.210.

29 \* **Sec. 12.** AS 23.15.030 is amended to read:

30 **Sec. 23.15.030. Appointment of administrative officers.** The commissioner  
31 [BOARD] may appoint administrative officers [,] and delegate to them the authority  
32 necessary to carry out AS 23.15.010 - 23.15.210.

1 \* **Sec. 13.** AS 23.15.040 is amended to read:

2           **Sec. 23.15.040. Division of vocational rehabilitation established.** The division  
3 of vocational rehabilitation is established under the commissioner [BOARD OF  
4 VOCATIONAL REHABILITATION] to carry out AS 23.15.010 - 23.15.210.

5 \* **Sec. 14.** AS 23.15.050 is amended to read:

6           **Sec. 23.15.050. Director of vocational rehabilitation.** The commissioner  
7 [BOARD] shall appoint a director of the division of vocational rehabilitation. The  
8 director has the administrative authority delegated by the commissioner [BOARD] and  
9 necessary to carry out AS 23.15.010 - 23.15.210 and the regulations and policies adopted  
10 by the commissioner [BOARD].

11 \* **Sec. 15.** AS 23.15.060(a) is amended to read:

12           (a) The commissioner [BOARD] acting through the division of vocational  
13 rehabilitation may enter into necessary agreements on behalf of the state with the  
14 Secretary of Health and Human Services to carry out the provisions of the federal Social  
15 Security Act, as amended, and as it is subsequently amended, relating to the making of  
16 determinations of disability under Title II and Title XVI of that Act.

17 \* **Sec. 16.** AS 23.15.070 is amended to read:

18           **Sec. 23.15.070. Personnel policies.** The commissioner [BOARD] shall adopt  
19 personnel policies for the division of vocational rehabilitation. The director shall  
20 execute these policies and keep them on file.

21 \* **Sec. 17.** AS 23.15.160 is amended to read:

22           **Sec. 23.15.160. Gifts.** The commissioner [BOARD] may accept a gift or  
23 donation from a public or a private source that is offered unconditionally for carrying  
24 out AS 23.15.010 - 23.15.210. The commissioner [BOARD] may accept a conditional  
25 gift if, in the judgment of the agency, the conditions are proper and consistent with  
26 AS 23.15.010 - 23.15.210.

27 \* **Sec. 18.** AS 23.15 is amended by adding new sections to read:

28           **Article 3A. Alaska Human Resource Investment Council.**

29           **Sec. 23.15.550. Alaska Human Resource Investment Council.** (a) The  
30 Alaska Human Resource Investment Council is established in the department. The  
31 council consists of the following voting members, not to exceed 26:

32                   (1) the lieutenant governor or the lieutenant governor's designee;

1 (2) the commissioners of community and economic development,  
2 education and child development, health and social services, and labor and workforce  
3 development, or each respective commissioner's designee;

4 (3) one representative from the University of Alaska;

5 (4) four additional representatives of education, with one from local  
6 public education, one from secondary vocational education, one from a postsecondary  
7 vocational education institution, and one from adult basic education;

8 (5) four representatives of business and industry, with at least one  
9 representative from the private industry councils appointed under 29 U.S.C. 1512 and  
10 subject to reconstitution under 29 U.S.C. 1515;

11 (6) four representatives of organized labor that the governor shall appoint  
12 from lists of nominees submitted by recognized state labor organizations; the governor  
13 may reject a list submitted under this paragraph and request that another list be  
14 submitted;

15 (7) at least one representative from an organization representing  
16 employment and training needs of Alaska Natives;

17 (8) at least one representative of a community-based service organization;

18 (9) at least one representative who has personal or professional  
19 experience with developmental disabilities; and

20 (10) at least one and up to five additional members of the private sector  
21 to ensure a private sector majority and regional and local representation on the council.

22 (b) Additional nonvoting members may be appointed to the council from  
23 government or nongovernment entities.

24 (c) A member of the council under (a) of this section may appoint a designee  
25 to serve in place of the member named in (a) of this section. The member shall appoint  
26 the designee in writing.

27 **Sec. 23.15.555. Appointment and term of members.** (a) Members of the  
28 Alaska Human Resource Investment Council other than those listed in  
29 AS 23.15.550(a)(1) and (2) are appointed by the governor and serve at the pleasure of  
30 the governor. The governor may appoint one person to fill two or more of the places  
31 listed in AS 23.15.550(a) if the person is qualified in all of the areas the person  
32 represents. A member appointed to fill more than one place under this subsection is

1 entitled to only one vote and may appoint only one designee to replace the member in  
2 the event the member is unable to attend a meeting.

3 (b) The voting members of the council other than those listed in  
4 AS 23.15.550(a)(1) and (2) serve for staggered four-year terms and may serve until a  
5 successor is appointed. An appointment to fill a vacancy shall be made in the same  
6 manner as the original appointment and for the balance of the unexpired term.

7 (c) The governor shall ensure that individuals appointed to the council have  
8 sufficient expertise to effectively carry out the duties of the council. Expertise of the  
9 council includes, where appropriate, knowledge of the long-term needs of individuals  
10 preparing to enter the work force; the needs of local, state, and regional labor markets;  
11 and the methods for evaluating the effectiveness of vocational training programs in  
12 serving varying populations.

13 **Sec. 23.15.560. Compensation.** Members of the Alaska Human Resource  
14 Investment Council listed in or appointed under AS 23.15.550(a), including a designee  
15 of a member attending in place of the member, serve without compensation but are  
16 entitled to per diem and travel expenses authorized by law for boards and commissions  
17 under AS 39.20.180. Nonvoting members of the council appointed under  
18 AS 23.15.550(b) serve without compensation and are not entitled to per diem and travel  
19 expenses. A commissioner appointed under AS 23.15.550(a)(2) or the commissioner's  
20 designee is entitled to per diem and travel expenses as a state employee.

21 **Sec. 23.15.565. Officers.** The Alaska Human Resource Investment Council  
22 shall elect a chair and a vice-chair from among the members listed in or appointed under  
23 AS 23.15.550(a)(5). The chair and vice-chair serve in their positions at the pleasure of  
24 the council.

25 **Sec. 23.15.570. Meetings, quorum, and committees.** (a) The Alaska Human  
26 Resource Investment Council shall meet not more than three times in a calendar year at  
27 the call of the chair to conduct its business. A majority of the members listed in or  
28 appointed to the council under AS 23.15.550(a) constitutes a quorum.

29 (b) The council shall establish an executive committee and four permanent  
30 standing committees as described in (c) - (g) of this section. The chair of a permanent  
31 standing committee must be from the private sector. The council may establish  
32 additional standing committees and special committees or subcommittees, not necessarily

1 consisting of council members, to advise and assist the council in carrying out its  
2 functions assigned by federal or state statute. The permanent standing committees are

- 3 (1) the assessment and evaluation committee;
- 4 (2) the policy and planning committee;
- 5 (3) the employment and placement committee; and
- 6 (4) the workforce readiness committee.

7 (c) The executive committee consists of the chair and vice-chair of the council,  
8 the immediate past chair of the council, and the chairs of the four standing committees  
9 described in (d) - (g) of this section. The executive committee has the duties and may  
10 exercise the powers of the council between meetings of the council. The executive  
11 committee shall

- 12 (1) report to the council in a timely fashion on actions taken on behalf  
13 of the council; and
- 14 (2) supervise the affairs of the council between regular meetings of the  
15 council.

16 (d) The assessment and evaluation committee shall

- 17 (1) assess and evaluate programs, initiatives, and the delivery of services  
18 to help to ensure equitable distribution of quality education, training, and employment  
19 services statewide, especially to rural areas and to programs serving economically  
20 disadvantaged citizens;
- 21 (2) call for and monitor the workforce development system for increased  
22 accountability in performance and continuous quality improvement along the goals and  
23 strategies of the council's overall statewide strategic plan for workforce development;
- 24 (3) use evaluation and performance measures to gauge customer  
25 satisfaction within the workforce development system; and
- 26 (4) perform other duties assigned by the council.

27 (e) The policy and planning committee shall

- 28 (1) build policies regarding day-to-day operations and long-term  
29 responsibilities of the council;
- 30 (2) work to increase awareness of the council and its mission throughout  
31 the state;
- 32 (3) work with all other committees on a statewide strategic plan for

1 workforce development; and

2 (4) perform other duties assigned by the council.

3 (f) The employment and placement committee shall

4 (1) ensure the statewide strategic plan for workforce development  
5 addresses

6 (A) customer needs at the local level;

7 (B) moving welfare recipients into the workforce;

8 (C) promoting the hiring of state residents in jobs that have  
9 traditionally been filled by out-of-state workers;

10 (D) tailoring employment and training programs to suit state  
11 business, industry, and economic development needs;

12 (2) monitor the coordination of service delivery to promote efficiency  
13 and to prevent overlap of services among programs; and

14 (3) perform other duties assigned by the council.

15 (g) The workforce readiness committee shall

16 (1) provide oversight for training, education, and employment programs  
17 to ensure the programs are delivering education and training that is relevant to local  
18 market needs and the career goals of state residents;

19 (2) build partnerships between employers and quality workforce training  
20 programs;

21 (3) work to connect the state public and private education systems with  
22 business, government, and labor to ensure that state residents are receiving workforce  
23 readiness skills throughout the education process; and

24 (4) perform other duties assigned by the council.

25 **Sec. 23.15.575. Council as state planning entity.** The Alaska Human Resource  
26 Investment Council shall act as the lead state planning and coordinating entity for state  
27 human resource programs administered under

28 (1) 29 U.S.C. 1501 - 1792b (Job Training Partnership Act);

29 (2) 20 U.S.C. 2301 - 2471 (Carl D. Perkins Vocational and Applied  
30 Technology Education Act);

31 (3) 20 U.S.C. 1201 - 1213d (Adult Education Act);

32 (4) 29 U.S.C. 49 - 491-1 (Wagner - Peysen Act);

1 (5) 42 U.S.C. 681 - 687 (Job Opportunities and Basic Skills Training  
2 Program) for needy families with children under the Social Security Act;

3 (6) the employment program established under 7 U.S.C. 2015(d)(4)  
4 (Food Stamp Act of 1977);

5 (7) all federal programs designated as successors to the programs listed  
6 in (1) - (6) of this section; and

7 (8) all state laws involving employment training, vocational education,  
8 workforce development, and community service.

9 **Sec. 23.15.580. Functions of the council.** (a) As the lead state planning and  
10 coordinating entity, the Alaska Human Resource Investment Council has responsibility,  
11 to the extent authorized by federal and state law, for planning and coordinating federal,  
12 state, and local efforts in human resource programs in this state related to employment  
13 training, including the work activities of the Alaska temporary assistance program under  
14 AS 47.27.

15 (b) The council shall

16 (1) facilitate the development of statewide policy for a coordinated and  
17 effective employment training and education system in this state;

18 (2) identify the human resource investment needs in the state and  
19 develop a plan to meet those needs;

20 (3) review the provision of services and the use of money and resources  
21 by the human resource programs listed in AS 23.15.575;

22 (4) assume the duties and functions of the state councils described under  
23 the laws relating to the federal human resource programs listed in AS 23.15.575;

24 (5) advise the governor, state and local agencies, and the University of  
25 Alaska on the development of state and local standards and measures relating to  
26 applicable human resource programs;

27 (6) submit, to the governor and the legislature, a biennial strategic plan  
28 to accomplish the goals developed to meet human resource investment needs;

29 (7) monitor for the implementation and evaluate the effectiveness of the  
30 strategic plan developed by the council;

31 (8) adopt regulations that set standards for the percentage of a grant that  
32 may be used for administrative costs; the regulations must clearly identify and

1 distinguish between expenses that may be included in administrative costs and those that  
2 may not be included in administrative costs; the percentage allowed for administrative  
3 costs may not exceed the lesser of 15 percent or the amount permitted under the  
4 requirements of a federal program, if applicable;

5 (9) report annually to the legislature, by the 30th day of the regular  
6 legislative session, on the performance and evaluation of training programs in the state  
7 subject to review under (f) of this section;

8 (10) identify ways for agencies operating programs subject to oversight  
9 by the council to share resources, instructors, and curricula through collaboration with  
10 other public and private entities to increase training opportunities and reduce costs; and

11 (11) adopt regulations under AS 44.62 (Administrative Procedure Act)  
12 to carry out the purposes of AS 23.15.550 - 23.15.585.

13 (c) The council may receive money designated for human resource programs and  
14 may disburse money, including grants, to human resource projects in accordance with  
15 AS 37.07 (Executive Budget Act). The council may enter into partnership agreements  
16 through appropriate administrative agencies with private industry training entities within  
17 the state in order to facilitate the coordination of training opportunities.

18 (d) The council shall provide oversight for the planning and coordination of  
19 employment-related education training programs operated by the state or operated under  
20 contract with the state that are described in (f) of this section. The council shall require  
21 a training program listed in (f) of this section to meet the requirements of this  
22 subsection. The council shall, by regulation, establish appropriate penalties for programs  
23 that fail to meet the requirements of this subsection. The council may recommend to  
24 the legislature changes to enhance the effectiveness of the training programs it oversees  
25 under this section. A training program described in (f) of this section funded with  
26 money appropriated by the legislature must

27 (1) meet the standards adopted by the council concerning the percentage  
28 of a grant that may be spent on administrative costs;

29 (2) be operated by an institution that holds a valid authorization to  
30 operate issued under AS 14.48 by the Alaska Commission on Postsecondary Education  
31 if the program is a postsecondary educational program operated by a postsecondary  
32 educational institution subject to regulation under AS 14.48;

1 (3) provide to the Department of Labor and Workforce Development the  
2 information required by the department for the preparation of the statistical information  
3 necessary for the council to evaluate programs by the standards set out in (e) of this  
4 section.

5 (e) The council shall develop standards that encourage agencies to contract for  
6 training programs that maximize the program's class size. The council shall adopt  
7 standards for the evaluation of training programs listed in (f) of this section with regard  
8 to the following:

9 (1) the percent of former participants who have a job one year after  
10 leaving the training program;

11 (2) the median wage of former participants seven to 12 months after  
12 leaving the program;

13 (3) the percent of former participants who were employed after leaving  
14 the training program who received training under the program that was related to their  
15 jobs or somewhat related to their jobs seven to 12 months after leaving the training  
16 program;

17 (4) the percent of former participants of a training program who indicate  
18 that they were satisfied with or somewhat satisfied with the overall quality of the  
19 training program;

20 (5) the percent of employers who indicate that they were satisfied with  
21 the quality of the work of new employees who had recently completed the training  
22 program.

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

25 (1) in the Department of Labor and Workforce Development or operated  
26 by the department:

27 (A) One Stop Career Center;

28 (B) Job Training Partnership Act programs under 29 U.S.C. 1501  
29 - 1792b, assisting communities in moving toward a self-sustainable economy and  
30 providing training;

31 (C) state training and employment program (AS 23.15.620),  
32 providing training and employment services for people who are unemployed or

1 likely to become unemployed, fostering new jobs, and increasing training  
2 opportunities for workers severely affected by fluctuations in the state economy  
3 or adversely affected by technology advances in the workplace;

4 (D) employment-related adult basic education;

5 (E) School-to-Work;

6 (F) employment training services operated as part of the Alaska  
7 Temporary Assistance Program (ATAP);

8 (G) unemployment insurance grants provided under the federal  
9 training relocation assistance program;

10 (H) Alaska works programs, assisting with the welfare-to-work  
11 program;

12 (I) state training and employment program, coordinated with the  
13 Department of Community and Economic Development;

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

16 (A) high school completion project;

17 (B) Kotzebue Technical Center;

18 (C) Alaska Vocational Technical Center;

19 (D) vocational education and Tech Prep;

20 (E) Alaska Career Information System.

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

25 (1) in the Department of Community and Economic Development or  
26 operated by the department:

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

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

31 (2) in the Department of Corrections:

32 (A) Correctional Academy, training individuals applying for a

- 1 correctional officer position;
- 2 (B) inmate programs, providing vocational technical training and
- 3 education courses for inmates preparing to be released from a correctional
- 4 facility;
- 5 (C) correctional industries program, providing inmates with jobs
- 6 while they are incarcerated;
- 7 (3) in the Department of Environmental Conservation:
- 8 (A) remote maintenance worker program, providing training and
- 9 technical assistance to communities to keep drinking water and sewage disposal
- 10 systems running, and providing on-the-job training to local operators;
- 11 (B) water and wastewater operator training and assistance;
- 12 (C) federal drinking water operator training and certification;
- 13 (4) in the Department of Military and Veterans' Affairs: educational
- 14 benefits for members of the Alaska National Guard and the Alaska Naval Militia;
- 15 (5) in the Department of Public Safety:
- 16 (A) fire service training to maintain emergency training skills for
- 17 existing fire fighter staff and volunteers and individuals interested in becoming
- 18 fire fighters;
- 19 (B) Public Safety Training Academy, training trooper recruits;
- 20 (6) in the Department of Transportation and Public Facilities:
- 21 (A) engineer-in-training program, providing on-the-job training
- 22 for apprentice engineers to enable them to gain the experience necessary to be
- 23 certified;
- 24 (B) statewide transportation improvement program, offered by the
- 25 United States National Highway Institute;
- 26 (C) local technical assistance program, transferring technical
- 27 expertise to local governments;
- 28 (D) Native technical assistance program, transferring technical
- 29 expertise to Native governments;
- 30 (E) border technology exchange program, to coordinate highway
- 31 issues with the Yukon Territory;
- 32 (7) in the Department of Labor and Workforce Development: vocational

1 rehabilitation client services and special work projects, employment services, including  
2 job development, assisting individuals in finding employment, and assisting employed  
3 individuals in finding other employment;

4 (8) in the Department of Administration: Alaska Professional  
5 Development Institute, providing continuing education and training for employed  
6 workers.

7 (h) The University of Alaska shall evaluate the performance of its training  
8 programs using the standards set out in (e) of this section and shall provide a report on  
9 the results to the council for inclusion in the council's annual report to the legislature.

10 (i) The council shall review each program listed in (f) of this section to  
11 determine whether it is in compliance with the standards set out in (d) and (e) of this  
12 section. If the council finds that a program has failed to comply with the standards set  
13 out in (d) and (e) of this section, it shall notify the program director of the failure. If  
14 the program director fails to improve the performance of the program within a  
15 reasonable time, the council shall notify the governor and the legislative budget and  
16 audit committee that the program is out of compliance. A contract entered into by a  
17 state agency relating to a training program set out in (f) of this section must contain  
18 terms consistent with this section.

19 (j) A department that operates or contracts for a training program listed in (f)  
20 of this section shall pay to the council a management assessment fee not to exceed .75  
21 percent of the program's annual operating budget. The total amount received as  
22 management assessment fees may not exceed the council's authorized budget for the  
23 fiscal year. The council shall, by regulation, establish a method to determine annually  
24 the amount of the management assessment fee. If the amount the council expects to  
25 collect under this subsection exceeds the authorized budget of the council, the council  
26 shall reduce the percentages set out in this subsection so that the total amount of the fees  
27 collected approximately equals the authorized budget of the council for the fiscal year.  
28 The council shall adopt regulations under AS 44.62 (Administrative Procedure Act)  
29 necessary to administer this subsection.

30 (k) Upon the enactment of a new federal or state program relating to work force  
31 development, the council shall

32 (1) advise the governor and the legislature on whether the council should

1 provide oversight for the new program under this section; and

2 (2) make recommendations necessary to streamline and coordinate state  
3 efforts to meet the guidelines of the new program.

4 (l) For purposes of this section, "program"

5 (1) does not refer to the overall activities of an individual institution or  
6 individual fields of study or courses that are not associated with programs for which the  
7 council has oversight responsibility;

8 (2) may include a certificate or associate degree course or a course that  
9 is not for credit, whether it is offered by a public or private institute or contracted for  
10 by the private sector, so long as it is related to employment.

11 **Sec. 23.15.585. Administration.** (a) The department shall provide professional,  
12 technical, and administrative staff for the Alaska Human Resource Investment Council.

13 (b) Subject to legislative appropriations, and in accordance with AS 37.07  
14 (Executive Budget Act), the council's budget is funded from programs for which the  
15 council is the lead state planning and coordinating entity under AS 23.15.575.

16 \* **Sec. 19.** AS 23.15.645(b) is amended to read:

17 (b) When a grant is awarded to the council, the department shall annually  
18 provide to the council a priority list of targeted projects or services, based on  
19 unemployment statistics, unemployment insurance claims, occupational and industrial  
20 projections, availability of other training and employment programs, and other relevant  
21 data. The department shall also provide annually to the council a priority list of criteria  
22 for eligibility to maximize services to those people most in need of training under  
23 AS 23.15.620 - 23.15.660. In developing the priority list for targeted projects and  
24 services, the department shall solicit comments from the [DEPARTMENT OF  
25 COMMUNITY AND REGIONAL AFFAIRS,] Department of Education and Child  
26 Development, the [,] Department of Community [COMMERCE] and Economic  
27 Development, the University of Alaska, organized labor, the council, and the  
28 administrative entities of the substate service delivery areas established for the council.  
29 The department shall give preference to projects and services that train individuals in  
30 industries identified in the resident hire report required under AS 36.10.130 as  
31 employing a disproportionate percentage of nonresident individuals.

32 \* **Sec. 20.** AS 23.15.660(1) is amended to read:

1 (1) "council" means the Alaska Human Resource Investment Council  
2 established in AS 23.15.550 [AS 44.19.620];

3 \* Sec. 21. AS 23.20.110(a) is amended to read:

4 (a) Except as provided in (h) and (i) of this section, the department shall hold  
5 information obtained from an employing unit or individual in the course of administering  
6 this chapter and determinations as to the benefit rights of an individual confidential and  
7 may not disclose them or open them to public inspection in a manner that reveals the  
8 identity of the individual or employing unit. A claimant or an employing unit, or the  
9 legal representative of the claimant or the employing unit, is entitled to information from  
10 the records of the department to the extent necessary to properly present or protest a  
11 claim or determination under this chapter. Subject to restrictions that the department  
12 prescribes by regulation, the information may be made available to an agency of this  
13 state or another state or federal agency charged with the administration of an  
14 unemployment compensation law or the maintenance of a system of public employment  
15 offices, or, for the purposes of the Federal Unemployment Tax Act, to the Internal  
16 Revenue Service of the United States, or, for tax purposes, to the Department of  
17 Revenue. Information obtained in the course of administering this chapter or in  
18 connection with the administration of the employment service may be made available  
19 to persons or agencies for purposes appropriate to the operation of a public employment  
20 service or the administration of employment and training programs planned or  
21 coordinated by the Alaska Human Resource Investment Council under AS 23.15.550 -  
22 23.15.585 [AS 44.19.620 - 44.19.627].

23 \* Sec. 22. AS 29.06.040(c) is amended to read:

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

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

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

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

4 \* **Sec. 23.** AS 29.60.599(9) is amended to read:

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

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

12 (B) has

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

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

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

20 \* **Sec. 24.** AS 29.65.060(f) is amended to read:

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

26 \* **Sec. 25.** AS 30.13.010(a) is amended to read:

27 (a) The residents of each area of the state within the boundaries of a regional  
28 housing authority established under AS 18.55.996 that [WHICH] is located in whole or  
29 in part in the unorganized borough of the state may create a public body corporate and  
30 politic under the name and style of the "Resource Development Authority" with all or  
31 any significant part of the name of the region of the state inserted. The boundaries of  
32 the authority created shall be coterminous with the portion of the applicable regional

1 housing authority that lies in the unorganized borough. Creation of an authority is  
2 initiated by a petition filed with the Department of Community and **Economic**  
3 **Development** [REGIONAL AFFAIRS] and a statement submitted to the governor. The  
4 petition must include the proposed name of the authority, its boundaries, and a statement  
5 of the facilities proposed to be provided by the authority. The petition must be signed  
6 by 15 percent of the total number of residents in the portion of the applicable regional  
7 housing authority that lies in the unorganized borough who cast votes in the preceding  
8 general election. The Department of Community and **Economic Development**  
9 [REGIONAL AFFAIRS] shall review petitions for content and signatures. If the  
10 department determines that the petition is adequate, it shall transmit the petition to the  
11 director of elections.

12 \* Sec. 26. AS 36.30.170(g) is amended to read:

13 (g) The division of vocational rehabilitation in the Department of **Labor and**  
14 **Workforce Development** [EDUCATION] shall add to its current list of qualified  
15 employment programs a list of individuals who qualify as persons with a disability under  
16 (e) of this section and of persons who qualify under (f) of this section as employers with  
17 50 percent or more of their employees being persons with disabilities. A person must  
18 be on this list at the time the bid is opened in order to qualify for a preference under (e)  
19 or (f) of this section.

20 \* Sec. 27. AS 36.30.850(b)(11) is amended to read:

21 (11) agreements with providers of services under **AS 14.38.100**  
22 [AS 44.47.250]; AS 47.07; AS 47.08; AS 47.10; 47.17; AS 47.24; and AS 47.27,  
23 including contractors under AS 47.27.050;

24 \* Sec. 28. AS 36.30.850(b)(30) is amended to read:

25 (30) contracts entered into with a regional development organization; in  
26 this paragraph, "regional development organization" has the meaning given in  
27 **AS 44.33.895** [AS 44.47.900];

28 \* Sec. 29. AS 37.05.315(a) is amended to read:

29 (a) When an amount is appropriated or allocated as a grant to a municipality,  
30 the Department of **Community and Economic Development** [ADMINISTRATION]  
31 shall promptly notify the municipality of the availability of the grant. When the  
32 Department of **Community and Economic Development** [ADMINISTRATION]

1 receives an agreement executed by the municipality that [WHICH] provides that the  
2 municipality (1) will spend the grant for the purposes specified in the appropriation or  
3 allocation; (2) will allow, on request, an audit by the state of the uses made of the grant;  
4 and (3) assures that, to the extent consistent with the purpose of the appropriation or  
5 allocation, the facilities and services provided with the grant will be available for the use  
6 of the general public, the Department of Community and Economic Development  
7 [ADMINISTRATION] shall pay the grant directly to the municipality. The agreement  
8 executed by a municipality under this section shall be on a form furnished by the  
9 Department of Community and Economic Development [ADMINISTRATION] and  
10 shall be executed within 60 days after the effective date of the appropriation or  
11 allocation.

12 \* **Sec. 30.** AS 37.05.315(d) is amended to read:

13 (d) Not less than 20 percent of a grant shall be paid to a municipality within 10  
14 days of the effective date of the agreement under (a) of this section. The remainder of  
15 the grant shall be paid either in monthly installments equal to the amount of grant  
16 money the municipality expended in the previous month or in a lump sum as determined  
17 by the Department of Community and Economic Development [ADMINISTRATION].

18 \* **Sec. 31.** AS 37.06.010(j) is amended to read:

19 (j) In this section, unless specified otherwise, "department" means the  
20 Department of Community and Economic Development [ADMINISTRATION].

21 \* **Sec. 32.** AS 37.06.020(i) is amended to read:

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

24 \* **Sec. 33.** AS 37.06.040 is amended to read:

25 **Sec. 37.06.040. Municipalities organized under federal law.** An entity  
26 organized under federal law as an Indian reserve that existed before enactment of 43  
27 U.S.C. 1618(a) and is continued in existence under that subsection is a municipality for  
28 purposes of AS 37.06.010 - 37.06.090 and may not receive a grant under AS 37.06.020.  
29 In addition to other eligibility requirements applicable to municipalities, to qualify to  
30 receive a grant under AS 37.06.010, a municipality organized under federal law as an  
31 Indian reserve shall form a community development corporation with authority to  
32 determine how the grant money will be used. The corporation's charter must require that

1 the governing board of the corporation shall be elected at an annual election open to all  
2 residents of the municipality who are registered and qualified to vote in state elections.  
3 The Department of Community and Economic Development [ADMINISTRATION]  
4 may distribute money for the municipality only to a corporation organized in accordance  
5 with this section and only after the corporation has delivered a written waiver of  
6 sovereign immunity from legal action by the state to recover all or a portion of the  
7 money distributed under AS 37.06.010.

8 \* Sec. 34. AS 37.06.080 is amended to read:

9 **Sec. 37.06.080. Adoption of regulations.** The Department of Community and  
10 Economic Development [ADMINISTRATION FOR GRANTS UNDER AS 37.06.010  
11 AND THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS FOR  
12 GRANTS UNDER AS 37.06.020]

13 (1) may adopt regulations that impose additional requirements or  
14 procedures to implement, interpret, make specific, or otherwise carry out the  
15 [APPLICABLE] provisions of this chapter [FOR GRANTS ADMINISTERED BY THE  
16 DEPARTMENT];

17 (2) shall adopt regulations providing for periodic audits of the use of  
18 money for grants [ADMINISTERED BY THE DEPARTMENT] under this chapter,  
19 including audit of the department's determination of the value of, and adequacy of the  
20 verification of the actual use of, locally funded or contributed labor on projects funded  
21 by a grant under this chapter.

22 \* Sec. 35. AS 38.06.025(a) is amended to read:

23 (a) The board consists of the commissioner of community [COMMERCE] and  
24 economic development; the commissioner of revenue [COMMUNITY AND  
25 REGIONAL AFFAIRS]; the commissioner of natural resources, who is a nonvoting  
26 member; and five public members.

27 \* Sec. 36. AS 39.20 is amended by adding a new section to read:

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

31 \* Sec. 37. AS 39.25.120(c)(15) is amended to read:

32 (15) [THE DEPUTY DIRECTOR OF THE DIVISION OF TOURISM

1 AND] the deputy director of the division of insurance in the Department of Community  
2 [COMMERCE] and Economic Development;

3 \* Sec. 38. AS 39.25.158(b) is amended to read:

4 (b) After an employee requests to return to work, the reemployment benefits  
5 administrator of the division of workers' compensation or the director of vocational  
6 rehabilitation in the Department of Labor and Workforce Development  
7 [EDUCATION] shall review the request and certify that the employee is able to return  
8 to work under (c), (d), (e), or (f) of this section, or defer certification until the employee  
9 completes retraining under (f) of this section.

10 \* Sec. 39. AS 39.50.200(b)(18) is amended to read:

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

12 \* Sec. 40. AS 39.50.200(b)(55) is amended to read:

13 (55) Alaska Human Resource Investment Council (AS 23.15.550)  
14 [(AS 44.19.620)].

15 \* Sec. 41. AS 39.52.170(c) is amended to read:

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

20 \* Sec. 42. AS 39.52.180(d) is amended to read:

21 (d) A former governor, lieutenant governor, rural affairs advocate, or head of  
22 a principal department in the executive branch may not engage in activity as a lobbyist  
23 under AS 24.45 for a period of one year after leaving service as the governor, lieutenant  
24 governor, rural affairs advocate, or department head, as appropriate. This subsection  
25 does not prohibit service as a volunteer lobbyist described in AS 24.45.161(a)(1) or a  
26 representational lobbyist as defined under regulations of the Alaska Public Offices  
27 Commission.

28 \* Sec. 43. AS 42.45.060(a) is amended to read:

29 (a) A loan committee consisting of six [SEVEN] members is established. The  
30 committee is composed of [THE COMMISSIONER OF COMMUNITY AND  
31 REGIONAL AFFAIRS,] the commissioner of community [COMMERCE] and economic  
32 development, the director of management and budget, or the designees of the

1 commissioners or the director, and four public members.

2 \* **Sec. 44.** AS 44.19.010 is amended to read:

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

6 \* **Sec. 45.** AS 44.19 is amended by adding a new section to read:

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

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

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

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

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

18 (5) advocate within state government for maximization of local  
19 autonomy and local control; and

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

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

23 \* **Sec. 46.** AS 44.19.145(a) is amended to read:

24 (a) The office shall

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

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

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

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

32 (5) participate with other countries, provinces, states, or subdivisions of

1 them in international or interstate planning, and assist the state's local governments,  
2 governmental conferences, and councils in planning and coordinating their activities;

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

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

7 (8) assist the governor and the Department of Community and Economic  
8 Development [REGIONAL AFFAIRS] in coordinating state agency activities that have  
9 an effect on the solution of local and regional development problems;

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

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

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

21 \* Sec. 47. AS 44.19.155(a) is amended to read:

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

24 (1) nine public members appointed by the governor from a list comprised  
25 of at least three names from each region, nominated by the municipalities of each  
26 region; the nominees shall be the mayor or member of the assembly or council of a  
27 municipality; one public member shall be appointed from each of the following general  
28 regions:

29 (A) northwest Alaska, including, generally, the area of the North  
30 Slope Borough and the Northwest Arctic borough [REGIONAL  
31 EDUCATIONAL ATTENDANCE AREA];

32 (B) Bering Straits, including, generally, the area of the Bering

- 1 Straits regional educational attendance area;
- 2 (C) southwest Alaska, including, generally, the area within the
- 3 Lower Yukon, Lower Kuskokwim, and Southwest [, AND LAKE &
- 4 PENINSULA] regional educational attendance areas and the Lake and
- 5 Peninsula and Bristol Bay Boroughs [BOROUGH];
- 6 (D) Kodiak-Aleutians, including the area of the Kodiak Island
- 7 and Aleutian East Borough [BOROUGH] and the Aleutian, Adak and Pribilof
- 8 regional educational attendance areas;
- 9 (E) Upper Cook Inlet, including the Municipality of Anchorage
- 10 and the Matanuska-Susitna Borough;
- 11 (F) Lower Cook Inlet, including, generally, the area within the
- 12 Kenai Peninsula Borough;
- 13 (G) Prince William Sound, including, generally, the area east of
- 14 the Kenai Peninsula Borough to 141 W. longitude;
- 15 (H) northern Southeast Alaska, including the area southeast of
- 16 141 W. longitude and north of 57 N. latitude, including the entirety of the City
- 17 and Borough of Sitka; and
- 18 (I) southern Southeast Alaska, including that portion of
- 19 southeastern Alaska not contained within the area described in (H) of this
- 20 paragraph;
- 21 (2) each of the following:
- 22 (A) the director of the office of management and budget;
- 23 (B) the commissioner of community [COMMERCE] and
- 24 economic development;
- 25 (C) [THE COMMISSIONER OF COMMUNITY AND
- 26 REGIONAL AFFAIRS];
- 27 (D) the commissioner of environmental conservation;
- 28 (D) [(E)] the commissioner of fish and game;
- 29 (E) [(F)] the commissioner of natural resources; and
- 30 (F) [(G)] the commissioner of transportation and public
- 31 facilities.

32 \* Sec. 48. AS 44.19.155(d) is amended to read:

1 (d) Each member of the council shall select one person to serve as a permanent  
2 alternate at meetings of the council. If a member of the council is unable to attend, the  
3 member shall advise the alternate who may attend and act in the place of the member.  
4 The alternate for a public member appointed under (a)(1) of this section shall, at the  
5 time of the alternate's designation and throughout the period of service as a permanent  
6 alternate, be the mayor or member of the assembly or council of a municipality within  
7 the region from which the permanent member is appointed. The alternate for the  
8 director of the office of management and budget, serving under (a)(2)(A) of this section,  
9 shall be the director's designee within that office. The alternate for a designated member  
10 serving under (a)(2)(B) - (F) [(a)(2)(B) - (G)] of this section shall be a deputy  
11 commissioner of the department or the director of a division in the department. The  
12 names of alternates shall be filed with the council.

13 \* Sec. 49. AS 44.27.020 is amended to read:

14 **Sec. 44.27.020. Duties of department.** The Department of Education and  
15 Child Development shall

16 (1) administer the state's program of education at the elementary,  
17 secondary, and adult levels, including, but not limited to, programs of vocational  
18 education and training, [VOCATIONAL REHABILITATION,] library services,  
19 correspondence courses, and adult basic education, but not including degree programs  
20 of postsecondary education;

21 (2) administer the historical library;

22 (3) plan, finance, and operate related school and educational activities  
23 and facilities; and

24 (4) license and regulate child care facilities under AS 47.35.

25 \* Sec. 50. AS 44.31.020 is amended to read:

26 **Sec. 44.31.020. Duties of department.** The Department of Labor and  
27 Workforce Development shall

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

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

32 (3) operate systems of workers' compensation and unemployment

1 insurance; and

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

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

6 \* Sec. 51. AS 44.33.010 is amended to read:

7 **Sec. 44.33.010. Commissioner of community [COMMERCE] and economic**  
8 **development.** The principal executive officer of the Department of Community  
9 [COMMERCE] and Economic Development is the commissioner of community  
10 [COMMERCE] and economic development. Whenever a statute provides that the  
11 commissioner is a member of a board, council, or other similar entity, the  
12 commissioner may designate another person to act in the commissioner's place.

13 \* Sec. 52. AS 44.33.020 is amended to read:

14 **Sec. 44.33.020. Duties of department.** The Department of Community  
15 [COMMERCE] and Economic Development shall

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

18 (2) register corporations;

19 (3) collect corporation franchise taxes;

20 (4) enforce state laws regulating public utilities and other public service  
21 enterprises, banking and securities, insurance, and other businesses and enterprises  
22 touched with a public interest;

23 (5) make veterans' loans;

24 (6) [REPEALED

25 (7)] promote and develop civil aviation;

26 (7) [(8)] furnish the budgeting, clerical, and administrative services for  
27 regulatory agencies and professional and occupational licensing boards not otherwise  
28 provided for;

29 (8) [(9)] REPEALED

30 (10) REPEALED

31 (11) REPEALED

32 (12)] conduct studies, enter into contracts and agreements, and make

1 surveys relating to the economic development of the state and, when appropriate,  
2 assemble, analyze, and disseminate the findings obtained;

3 (9) [(13)] provide factual information and technical assistance for  
4 potential industrial and commercial investors;

5 (10) [(14)] receive gifts, grants, and other aid that facilitate the powers  
6 and duties of the department from agencies and instrumentalities of the United States or  
7 other public or private sources;

8 (11) [(15)] establish and activate programs to achieve balanced economic  
9 development in the state and advise the governor on economic development policy  
10 matters;

11 (12) [(16)] formulate a continuing program for basic economic  
12 development and for the necessary promotion, planning and research that will advance  
13 the economic development of the state;

14 (13) [(17)] cooperate with private, governmental, and other public  
15 institutions and agencies in the execution of economic development programs;

16 (14) [(18)] review the programs and annual reports of other departments  
17 and agencies as they are related to economic development and prepare an annual report  
18 on the economic growth of the state;

19 (15) [(19)] administer the economic development programs of the state;

20 (16) [(20)] perform all other duties and powers necessary or proper in  
21 relation to economic development and planning for the state;

22 (17) [(21)] request tourism-related businesses in the state to provide data  
23 regarding occupancy levels, traffic flow and gross receipts and to participate in visitor  
24 surveys conducted by the department; data collected under this paragraph that [WHICH]  
25 discloses the particulars of an individual business is not a matter of public record and  
26 shall be kept confidential; however, this restriction does not prevent the department from  
27 using the data to formulate tourism economic impact information including expenditure  
28 patterns, tax receipts and fees, employment and income attributable to tourism, and other  
29 information considered relevant to the planning, evaluation and policy direction of  
30 tourism in the state;

31 (18) [(22)] REPEALED

32 (23) REPEALED

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(24)] provide administrative and budgetary services to the real estate commission under as 08.88 as requested by the commission;

(19) [(25) REPEALED

(26) REPEALED

(27) REPEALED

(28)] sell at cost, to the extent possible, publications and promotional materials developed by the department;

(20) [(29)] as delegated by the governor, administer under 16 U.S.C. 1856 the internal waters foreign processing permit procedures and collect related fees;

(21) [(30)] administer state laws relating to the issuance of business licenses;

(22) comply with AS 15.07.055 to serve as a voter registration agency to the extent required by state and federal law, including 42 U.S.C. 1973gg (National Voter Registration Act of 1993);

(23) [(31) REPEALED

(32) REPEALED

(33)] foster the growth of international trade within the state and administer Alaska foreign offices.

\* Sec. 53. AS 44.33.020 is amended by adding a new subsection to read:

(b) The department shall

(1) advise and assist local governments;

(2) serve as staff for the Local Boundary Commission;

(3) conduct studies and carry out experimental and pilot projects for the purpose of developing solutions to community and regional problems;

(4) promote cooperative solutions to problems affecting more than one community or region, including joint service agreements, regional compacts, and other forms of cooperation;

(5) serve as a clearinghouse for information useful in solution of community and regional problems, and channel to the appropriate authority requests for information and services;

(6) advise and assist community and regional governments on matters of finance, including but not limited to bond marketing and procurement of federal

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- funds;
- (7) prepare suggested guidelines relating to the content of notice of bond sale advertisements, prospectuses, and other bonding matters issued by local governments;
- (8) administer state funds appropriated for the benefit of unorganized regions within the state, allowing for maximum participation by local advisory councils and similar bodies;
- (9) carry out those administrative functions in the unorganized borough that the legislature may prescribe;
- (10) study existing and proposed laws and state activities that affect community and regional affairs and submit to the governor recommended changes in those laws and activities;
- (11) coordinate activities of the state that affect community and regional affairs;
- (12) assist in the development of new communities and serve as the agent of the state for purposes of participation in federal programs relating to new communities;
- (13) supervise planning, management, and other activities required for local eligibility for financial aid under those federal and state programs that provide assistance to community and regional governments;
- (14) advise and assist municipalities on procedures of assessment, valuation, and taxation, and notify municipalities of major errors in those procedures;
- (15) apply for, receive, and use funds from federal and other sources, public or private, for use in carrying out the powers and duties of the department;
- (16) request and utilize the resources of other agencies of state government in carrying out the purposes of this chapter to the extent such utilization is more efficient than maintaining departmental staff, reimbursing the other agencies when appropriate;
- (17) carry out the powers and duties assigned it under AS 42.45;
- (18) administer state and, as appropriate, federal programs for revenue sharing, grants, and other forms of financial assistance to community and regional governments; and

1 (19) carry out other functions and duties, consistent with law, necessary  
2 or appropriate to accomplish the purpose of this chapter.

3 \* Sec. 54. AS 44.33 is amended by adding new sections to article 1 to read:

4 **Sec. 44.33.112. Fees for publications, research data, and other services.** The  
5 commissioner may establish by regulation and the department may charge reasonable  
6 fees for department publications, research data, and other centralized administrative  
7 services to cover the cost of reproduction, printing, mailing, distribution, and other  
8 centralized administrative services.

9 **Sec. 44.33.115. Exxon Valdez oil spill unincorporated rural community**  
10 **grant fund.** There is created in the department the Exxon Valdez oil spill  
11 unincorporated rural community grant fund. The fund consists of money appropriated  
12 to the fund from the Exxon Valdez oil spill restoration fund, the Alyeska settlement  
13 fund, and other sources. Appropriations to the fund do not lapse unless otherwise  
14 provided by the legislature in the bill making the appropriation to the fund. The  
15 department may use the fund to make grants to unincorporated rural communities in the  
16 area affected by the Exxon Valdez oil spill for capital projects for purposes of restoring,  
17 replacing, or enhancing subsistence resources or services or other services damaged or  
18 lost as the result of the Exxon Valdez oil spill. In this section,

19 (1) "Alyeska settlement fund" means the trust fund established in the  
20 state treasury for the purpose of receiving, holding, and disbursing the settlement  
21 proceeds received by the state under the Agreement and Consent Decree in re: The  
22 Exxon Valdez, United States District Court, District of Alaska, Case No. A92-175 Civil,  
23 decree entered November 25, 1992;

24 (2) "Exxon Valdez oil spill restoration fund" means the fund established  
25 by the Department of Revenue to implement the judgment entered by the United States  
26 District Court for Alaska in the criminal case United States of America v. Exxon  
27 Shipping Company and Exxon Corporation, No. A90-015 CR.

28 **Sec. 44.33.118. Definitions.** In AS 44.33.010 - 44.33.118,

29 (1) "commissioner" means the commissioner of community and  
30 economic development;

31 (2) "department" means the Department of Community and Economic  
32 Development.

1 \* Sec. 55. AS 44.33.120(b) is amended to read:

2 (b) The Department of Community and Economic Development [ALASKA  
3 DIVISION OF TOURISM] shall

4 (1) cooperate with the tourism marketing council and organizations in  
5 the private sector for the promotion and development of tourism and conventions into  
6 and within the state;

7 (2) coordinate with municipal, state, and federal agencies for the  
8 development and promotion of tourism resources and conventions in the state;

9 (3) review and approve the procurement documents and procedures of  
10 the tourism marketing council to ensure compliance with applicable laws and  
11 regulations;

12 (4) promote and develop the state's tourist and convention industry by  
13 any of the following:

14 (A) publicizing state attractions through such means as display  
15 advertising in magazines and newspapers, advertising on radio and television or  
16 other advertising media, publishing pamphlets, brochures and other graphic and  
17 pictorial materials, or [BY] aiding and assisting representatives of the media, to  
18 ensure greater coverage of the visitor attractions in the state;

19 (B) participation in travel shows;

20 (C) increasing the awareness of the citizens of the state at the  
21 statewide, regional, and community level of the economic importance of the  
22 visitor industry;

23 (D) assisting potential investors in creating new visitor facilities;

24 (E) administering programs of the state in which the state  
25 provides matching funds for municipalities of the state or nonprofit organizations  
26 that undertake the promotion of visitor travel to and the development of visitor  
27 amenities in the state;

28 (F) administering visitor information centers;

29 (G) conducting research to evaluate the effectiveness of the  
30 tourism marketing council's marketing programs;

31 (H) analyzing the effect on the state's visitor industry of state  
32 land and resource development projects;

1 (I) organizing, administering, and evaluating demonstration  
2 projects for the promotion of the state's visitor industry and the development of  
3 new tourism destination markets; and

4 (J) administering grants under AS 44.33.135.

5 \* Sec. 56. AS 44.33.135(a) is amended to read:

6 (a) A municipality, a nonprofit corporation formed under AS 10.20, or a bona  
7 fide nonprofit civic, fraternal, or service organization may receive, as a grant, matching  
8 money from the state for up to 50 percent of the costs of a program or project that the  
9 commissioner of community and economic development [DIRECTOR OF TOURISM]  
10 determines is consistent with the purposes of AS 44.33.119 and is likely to promote or  
11 develop visitor travel, including

12 (1) the promotion of conventions;

13 (2) the construction, improvement, or operation of visitor destination  
14 facilities and tourist attractions; and

15 (3) the development and preservation of attractions of historical,  
16 contemporary, recreational, or cultural interest.

17 \* Sec. 57. AS 44.33.705(a) is amended to read:

18 (a) Unless the commissioner contracts with a qualified trade association under  
19 (b) of this section, the governing body of the council is a board of directors consisting  
20 of [THE DIRECTOR OF TOURISM,] the commissioner of community [COMMERCE]  
21 and economic development [,] and the commissioners [COMMISSIONER] of two other  
22 [ANOTHER] principal executive departments [DEPARTMENT] designated by the  
23 governor.

24 \* Sec. 58. AS 44.33.705(c) is amended to read:

25 (c) If the commissioner contracts with a qualified trade association under (b) of  
26 this section, the governing body of the council is a board of directors consisting of 21  
27 members and subject to the following provisions:

28 (1) a board member shall

29 (A) be involved in a visitor or recreation industry business;

30 (B) have training in a field such as marketing;

31 (C) be an officer or a senior staff member of a local government  
32 or nonprofit enterprise established to promote the visitor industry; or

1 (D) have business or government experience that would  
2 materially enhance the member's ability to contribute to the planning, execution,  
3 or evaluation of a visitor industry promotional marketing campaign;

4 (2) the contract shall provide that the trade association may select up to  
5 10 board members; the governor may remove a member of the board selected under this  
6 paragraph on the delivery by the governor to the board of a written statement explaining  
7 the reasons for the removal;

8 (3) the commissioner of community and economic development  
9 [DIRECTOR OF TOURISM] is a member of the board; the governor shall appoint 10  
10 other board members; each board member appointed by the governor serves at the  
11 pleasure of the governor; in making appointments to the board under this paragraph, the  
12 governor shall ensure that the board, including members selected under (2) of this  
13 subsection, is broadly representative of the different regions of the state and the various  
14 sectors of the visitor industry;

15 (4) eleven members of the board constitute a quorum for the transaction  
16 of business and the exercise of the powers and duties of the board, and any action by  
17 the board requires 11 affirmative votes;

18 (5) the governor shall appoint a member of the board to serve as  
19 presiding officer of the board; the board shall elect other necessary officers from among  
20 its members annually;

21 (6) a board member may not participate or vote by proxy;

22 (7) the board shall meet at least four times a year at the call of the  
23 presiding officer or upon the written request of seven members of the board;

24 (8) the members of the board appointed by the governor serve staggered  
25 three-year terms, subject to continuation of the contract, and may be reappointed;

26 (9) a person appointed to fill a vacancy on the board holds office for the  
27 balance of the term of the person's predecessor;

28 (10) board members receive no salary for serving in that position, but  
29 are entitled to per diem and travel expenses under AS 39.20.180, except as provided in  
30 AS 44.33.733; the contract must provide that the trade association will reimburse the  
31 council for per diem and travel expenses paid to those board members appointed by the  
32 trade association; reimbursement under this paragraph does not qualify as a part of the

1 association's required contribution under (b) of this section;

2 (11) notwithstanding AS 39.52, a board member who is a member of the  
3 qualified trade association that has contracted with the department under (b) of this  
4 section may vote or take action on a matter that might benefit the trade association or  
5 members of the trade association, including the issuance of contracts or the granting of  
6 rights to the trade association, but shall disclose the person's membership in the trade  
7 association before the vote or action; this paragraph may not be interpreted to allow a  
8 board member or an immediate family member of a board member to receive, apply for,  
9 be a party to, have a personal or financial interest in, or attempt to acquire a grant or  
10 contract made by the council; in this paragraph, "immediate family member" has the  
11 meaning given in AS 39.52.960.

12 \* Sec. 59. AS 44.33.720(a) is amended to read:

13 (a) The council shall

14 (1) conduct a tourism marketing program designed to accomplish the  
15 purposes of AS 44.33.700 - 44.33.735; the marketing program must include promotion  
16 of the state as a destination and promotion of all forms of travel to the state, including  
17 travel by air, highway, and water;

18 (2) prepare and implement plans for the promotion of Alaska tourism,  
19 including necessary research;

20 (3) submit an annual report to the governor describing the activities of  
21 the council and notify the legislature that the report is available;

22 (4) make available to all interested persons, including tourism businesses,  
23 a quarterly report of the council's actions and activities;

24 (5) annually submit a proposed operating budget to the commissioner,  
25 to be used by the Department of Community [COMMERCE] and Economic  
26 Development to prepare and submit the operating budget of the council under  
27 AS 44.33.725;

28 (6) provide advice, on the request of the commissioner of community  
29 and economic development [DIRECTOR OF TOURISM], on the programs of the  
30 Department of Community and Economic Development that relate to tourism  
31 [DIVISION];

32 (7) prepare a report by the 10th day of each regular session of the

1 legislature, describing how the contractual money was spent in the first half of the year  
2 and explaining the plan for expenditures during the second half of the year; the council  
3 shall notify the legislature that the report is available;

4 (8) consider methods to fund tourism marketing using both public and  
5 private assets; and

6 (9) consider methods of providing for the financial self-sufficiency of the  
7 council.

8 \* Sec. 60. AS 44.33 is amended by adding new sections to read:

9 **Article 7A. Rural Development.**

10 **Sec. 44.33.740. Powers and duties.** To promote development of rural areas of  
11 the state, the department is authorized to

12 (1) investigate social and economic conditions of rural areas to determine  
13 the need to expand economic opportunities and improve living conditions;

14 (2) formulate a coordinated program to broaden and diversify the  
15 economic base of rural areas;

16 (3) coordinate administration of emergency relief, surplus food  
17 distribution, or other public assistance programs, except the regular relief and assistance  
18 programs of the federal government in rural areas;

19 (4) formulate and conduct a program of construction of basic facilities  
20 to improve health, welfare, and economic security and provide employment and income  
21 in the rural areas;

22 (5) promote training and educational programs designed to expand  
23 employment opportunities for residents of rural areas;

24 (6) enter into agreements with other state agencies and departments to  
25 provide for the distribution in rural communities of surplus electrical power from state-  
26 owned power sources located in those communities and to expend funds for this  
27 purpose;

28 (7) make grants to communities for bulk fuel storage facilities;

29 (8) cooperate with the Department of Environmental Conservation and  
30 other agencies to provide technical assistance to communities in the installation,  
31 operation, and management of bulk fuel storage facilities.

32 **Sec. 44.33.745. Limitations.** A program of the department under AS 44.33.740

1 in a rural area may not exceed \$100,000 in cost a year.

2 **Sec. 44.33.750. Bulk fuel storage facilities grant fund.** (a) There is  
3 established in the department the bulk fuel storage facilities grant fund. Grants may be  
4 made by the department from this fund to a community to acquire and install community  
5 bulk storage facilities.

6 (b) Grants made under this section for the acquisition and installation of a bulk  
7 fuel storage facility may not exceed \$100,000 per community.

8 (c) If the governing body of two or more communities determine that their fuel  
9 requirements may be served by a single bulk fuel storage facility, the communities may  
10 jointly apply for grants to acquire and install a single bulk fuel storage facility. When  
11 communities apply jointly under this subsection, the limitation in (b) of this section is  
12 multiplied by the number of communities that submit the joint application.

13 (d) Before a grant is made under this section, the city council or, if the  
14 community is not incorporated, a reasonable representative body in the community shall  
15 agree in writing to maintain and operate the bulk storage facility to be constructed with  
16 the proceeds of the grant.

17 **Sec. 44.33.755. Land conveyed in trust.** (a) The commissioner

18 (1) shall accept, administer, and dispose of land conveyed to the state  
19 in trust by village corporations under 43 U.S.C. 1613(c)(3) (Sec. 14(c)(3) of the Alaska  
20 Native Claims Settlement Act) for the purposes specified in that section;

21 (2) may, with the concurrence of an appropriate village entity recognized  
22 by the commissioner under (b) of this section or, in the absence of an appropriate village  
23 entity, under procedures prescribed by regulations of the commissioner, accept,  
24 administer, and dispose of land conveyed in trust by a state or federal agency and by the  
25 dissolution of a municipality under AS 29.06.450 - 29.06.530.

26 (b) Transfer of land by sale, lease, right-of-way, easement, or permit, including  
27 transfer of surface resources, may be made by the commissioner only after approval of  
28 an appropriate village entity such as the traditional council, a village meeting, or a  
29 village referendum. This approval shall be by resolution filed with the department.

30 (c) Within one complete state fiscal year after the incorporation of a  
31 municipality in the village or of a municipality that includes all or part of the village,  
32 land acquired under this section shall be conveyed without cost to the municipality, and

1 the municipality shall succeed to all the entrusted interest in the land.

2 (d) Separate accounts shall be maintained in the name of each village for the  
3 land, including the revenue from the land, acquired from each village corporation under  
4 this section.

5 (e) Upon the conveyance of land to a municipality under this section, the  
6 commissioner shall account to the municipality for all profits including interest generated  
7 from the land. The municipality may then request the governor to submit a request to  
8 the legislature for an appropriation for the amount due the municipality.

9 (f) Title to or an interest in land acquired by the department under this section  
10 may not be acquired by adverse possession or prescription. Notwithstanding (a) - (e)  
11 of this section, on the dissolution of a municipality under AS 29.06.450 - 29.06.530,  
12 unimproved land that was owned by the municipality on the date of its dissolution and  
13 received by the municipality from the state under a municipal land grant entitlement  
14 program is transferred to the commissioner of natural resources.

15 (g) For the purposes of this section, "municipality" includes only first and  
16 second class cities incorporated under the laws of the state.

17 **Sec. 44.33.760. Loan information officers.** (a) The department may provide  
18 itinerant loan information officers to serve persons who reside outside the major  
19 population centers of the state.

20 (b) The loan information officers shall be trained, to the extent that the  
21 department considers necessary, in a program administered by the department and  
22 approved by the Alaska Housing Finance Corporation, the Alaska Industrial  
23 Development and Export Authority, and the principal departments of the executive  
24 branch that administer loan programs.

25 (c) A majority of the loan information officers shall be persons who are  
26 conversant in Alaska Native languages that are spoken by a significant number of Alaska  
27 Natives. The department shall provide brochures and other printed materials, written in  
28 easily understandable English and in the Alaska Native languages that are spoken by a  
29 significant number of Alaska Natives, for distribution by the loan information officers.  
30 The brochures and printed materials must explain the purposes of the various state loan  
31 programs, the minimum qualifications under the programs, the method for obtaining  
32 assistance in the completion of applications for the programs, and other information the

1 department determines will improve the access of persons in rural areas to the state's  
2 loan programs.

3 (d) The department shall coordinate its efforts under this section with local  
4 financial institutions and community groups to determine the proper itinerary and travel  
5 schedule of the loan information officers and to provide adequate notice to persons in  
6 rural areas of the itinerary and travel schedule of the loan information officers.

7 (e) The department shall assign the loan information officers to rural areas based  
8 on the current and potential future demands for loans in those areas and shall establish  
9 offices for the loan information officers in rural areas if the department determines it is  
10 necessary to provide familiarity with the area served by the loan information officers and  
11 to reduce travel costs.

12 **Sec. 44.33.765. Rural development initiative fund.** (a) The rural development  
13 initiative fund is created in the department. Unless provided otherwise in the  
14 appropriation act, an appropriation to the fund is retained in the fund for use under  
15 AS 44.33.765 - 44.33.775 and does not lapse at the end of a fiscal year. Each year the  
16 commissioner shall request an appropriation to the fund of interest and other income  
17 earned on loans or investments of the fund. Money in the fund may be appropriated for  
18 costs of administering AS 44.33.765 - 44.33.775.

19 (b) The commissioner may place money from the fund into a special reserve  
20 account as necessary. The commissioner may use money in the account to protect the  
21 state's security interest in collateral on loans made from the fund, to protect the state's  
22 interests in investments made from the fund, or to defray expenses incurred during  
23 foreclosure or other legal proceedings involving loans or investments made from the  
24 fund.

25 (c) The commissioner may use money from the fund to provide for loan  
26 information officers under AS 44.33.760.

27 **Sec. 44.33.770. Rural development loans.** (a) The department may use money  
28 from the rural development initiative fund to make a loan of up to \$100,000 to a person,  
29 or a loan of up to \$200,000 to two or more persons, to be used for working capital,  
30 equipment, construction, or other commercial purposes by a business located in a  
31 community with a population of 5,000 or less. A person who has received a loan under  
32 this subsection may not be granted another loan until after the original loan is entirely

1 repaid.

2 (b) The department shall require collateral for each loan made under this section  
3 and shall require that a reasonable amount of money from other nonstate sources be  
4 committed for use on any project or enterprise for which money from a loan will be  
5 used. The department by regulation may establish other conditions for loans. The  
6 department shall by regulation establish rates of interest that are not less than six percent  
7 a year and terms of repayment for loans made under this section.

8 **Sec. 44.33.775. Disposal of property acquired by default or foreclosure.** The  
9 department shall dispose of property acquired through default or foreclosure of a loan  
10 made from the rural development initiative fund. Disposal shall be made in a manner  
11 that serves the best interests of the state, and may include the amortization of payments  
12 over a period of years. The commissioner shall request an appropriation to the fund of  
13 proceeds from disposal of property under this section.

14 **Sec. 44.33.780. Definitions.** In AS 44.33.740 - 44.33.780,

15 (1) "commissioner" means the commissioner of community and  
16 economic development;

17 (2) "department" means the Department of Community and Economic  
18 Development.

19 **Article 7B. Planning Assistance.**

20 **Sec. 44.33.781. Planning assistance for development and maintenance of**  
21 **district coastal management programs.** (a) The department shall conduct a program  
22 of research, training, and technical assistance to coastal resource districts necessary for  
23 the development and implementation of district coastal management programs under  
24 AS 46.40. The technical assistance shall include the direct granting to the coastal  
25 resource districts of a portion of any funds received by the state from the federal coastal  
26 zone management program, in amounts to be individually determined for each coastal  
27 resource district by the commissioner of community and economic development. State  
28 agencies shall assist the department in carrying out the purposes of this section.

29 **Sec. 44.33.782. Planning assistance to platting authorities.** To facilitate  
30 planning in municipalities that exercise planning and zoning authority, the department  
31 may provide planning assistance, including but not limited to surveys, land use studies,  
32 urban renewal plans, technical services, model acts that include regulations designed to

1 encourage development and use of energy systems not dependent on oil or gas, and other  
2 planning work to a city, borough, or other platting authority. In an area under the  
3 jurisdiction, for planning purposes, of a city, borough, or other platting authority, the  
4 department may not perform the planning work except at the request or with the consent  
5 of the local authority.

6 **Sec. 44.33.784. Assistance by cities and platting authorities.** A city or  
7 platting authority may make funds under its control available to the department for the  
8 purposes of obtaining planning work or planning assistance, or both, for its area. The  
9 department may contract for, accept, and expend the funds for urban planning for the  
10 local jurisdiction.

11 **Sec. 44.33.786. Land use planning and state facility procurement plan.** The  
12 department shall make recommendations to the Department of Transportation and Public  
13 Facilities and to appropriate program agencies concerning the effect upon the  
14 comprehensive plan or other land use plans or proposals of municipalities and  
15 unincorporated communities with respect to the facility procurement plan required to be  
16 prepared in accordance with AS 35.10.170.

17 **Sec. 44.33.788. Other planning powers.** The department may accept and  
18 expend grants from the federal government and other public or private sources, may  
19 contract with reference to them, and may enter into contracts and exercise all other  
20 powers necessary to carry out AS 44.33.781 - 44.33.788.

21 **Sec. 44.33.790. Definition.** In AS 44.33.782 - 44.33.790, "department" means  
22 the Department of Community and Economic Development.

23 \* **Sec. 61.** AS 44.33 is amended by adding new sections to read:

24 **Article 8A. Local Boundary Commission.**

25 **Sec. 44.33.810. Local Boundary Commission.** There is in the Department of  
26 Community and Economic Development a Local Boundary Commission. The Local  
27 Boundary Commission consists of five members appointed by the governor for  
28 overlapping five-year terms. One member shall be appointed from each of the four  
29 judicial districts described in AS 22.10.010 and one member shall be appointed from the  
30 state at large. The member appointed from the state at large is the chair of the  
31 commission.

32 **Sec. 44.33.812. Powers and duties.** (a) The Local Boundary Commission shall

- 1 (1) make studies of local government boundary problems;
- 2 (2) adopt regulations providing standards and procedures for municipal
- 3 incorporation, annexation, detachment, merger, consolidation, reclassification, and
- 4 dissolution;
- 5 (3) consider a local government boundary change requested of it by the
- 6 legislature, the commissioner of community and economic development, or a political
- 7 subdivision of the state; and
- 8 (4) develop standards and procedures for the extension of services and
- 9 ordinances of incorporated cities into contiguous areas for limited purposes upon
- 10 majority approval of the voters of the contiguous area to be annexed and prepare
- 11 transition schedules and prorated tax mill levies as well as standards for participation by
- 12 voters of these contiguous areas in the affairs of the incorporated cities furnishing
- 13 services.

14 (b) The Local Boundary Commission may

- 15 (1) conduct meetings and hearings to consider local government
- 16 boundary changes and other matters related to local government boundary changes,
- 17 including extensions of services by incorporated cities into contiguous areas and matters
- 18 related to extension of services; and
- 19 (2) present to the legislature during the first 10 days of a regular session
- 20 proposed local government boundary changes, including gradual extension of services
- 21 of incorporated cities into contiguous areas upon a majority approval of the voters of the
- 22 contiguous area to be annexed and transition schedules providing for total assimilation
- 23 of the contiguous area and its full participation in the affairs of the incorporated city
- 24 within a period not to exceed five years.

25 **Sec. 44.33.814. Meetings and hearings.** The chair of the commission or the

26 commissioner of community and economic development with the consent of the chair

27 may call a meeting or hearing of the Local Boundary Commission. All meetings and

28 hearings shall be public.

29 **Sec. 44.33.816. Minutes and records.** The Local Boundary Commission shall

30 keep minutes of all meetings and hearings. If the proceedings are transcribed, minutes

31 shall be made from the transcription. The minutes are a public record. All votes taken

32 by the commission shall be entered in the minutes.

1           **Sec. 44.33.818. Notice of public hearings.** Public notice of a hearing of the  
2 Local Boundary Commission shall be given in the area in which the hearing is to be  
3 held at least 15 days before the date of the hearing. The notice of the hearing must  
4 include the time, date, place, and subject of the hearing. The commissioner of  
5 community and economic development shall give notice of the hearing at least three  
6 times in the press, through other news media, or by posting in a public place, whichever  
7 is most feasible.

8           **Sec. 44.33.820. Quorum.** Three members of the commission constitute a  
9 quorum for the conduct of business at a meeting. Two members constitute a quorum  
10 for the conduct of business at a hearing.

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

14           **Sec. 44.33.824. Expenses.** Members of the Local Boundary Commission  
15 receive no pay but are entitled to the travel expenses and per diem authorized for  
16 members of boards and commissions under AS 39.20.180.

17           **Sec. 44.33.826. Hearings on boundary changes.** A local government boundary  
18 change may not be proposed to the legislature unless a hearing on the change has been  
19 held in or in the near vicinity of the area affected by the change.

20           **Sec. 44.33.828. When boundary change takes effect.** When a local  
21 government boundary change is proposed to the legislature during the first 10 days of  
22 any regular session, the change becomes effective 45 days after presentation or at the  
23 end of the session, whichever is earlier, unless disapproved by a resolution concurred  
24 in by a majority of the members of each house.

25                           **Article 8B. Borough Feasibility Studies.**

26           **Sec. 44.33.840. Borough feasibility studies.** The commissioner may contract  
27 for studies of the feasibility of establishing boroughs in the unorganized borough. A  
28 study may be conducted under this section only if

29                           (1) appropriations are available for that purpose; and

30                           (2) the study is requested by a person residing in the area to be studied  
31 or by a city located in the area to be studied.

32           **Sec. 44.33.842. Requests for studies.** A request for a study of the feasibility

1 of establishing a borough in the unorganized borough shall be submitted to the  
2 commissioner in writing and must include

3 (1) a description of the boundaries of the area of the proposed study; and  
4 (2) an indication of local interest in the proposed study consisting of  
5 either

6 (A) a petition requesting the study containing the signatures and  
7 addresses of five percent of the voters residing in the area of the proposed study  
8 based on the number of voters who voted in the area in the last statewide  
9 election; or

10 (B) resolutions requesting the study adopted by the governing  
11 bodies of at least five percent of the cities within the area of the proposed study.

12 **Sec. 44.33.844. Boundaries.** The boundaries of an area studied shall conform  
13 to the boundaries indicated in the request for the study under AS 44.33.842 unless the  
14 commissioner, after a public hearing held in the area of the proposed study, determines  
15 that the boundaries should be altered. In determining the boundaries of an area to be  
16 studied, the commissioner shall consider

17 (1) the standards applicable to the incorporation of boroughs under  
18 AS 29.05.031;

19 (2) boundaries of regional corporations established under 43 U.S.C. 1606;

20 (3) census divisions of the state used for the 1980 census;

21 (4) boundaries of the regional educational attendance areas established  
22 under AS 14.08.031; and

23 (5) boundaries of coastal resource service areas organized under  
24 AS 46.40.110 - 46.40.210.

25 **Sec. 44.33.846. Contracts.** (a) The commissioner shall contract for a study of  
26 the feasibility of establishing a borough in the unorganized borough by following the  
27 procedures under AS 36.30 (State Procurement Code). The commissioner shall include  
28 terms in the contract that provide for

29 (1) public participation in the preparation of the study;

30 (2) completion of the study not later than June 30 of the third year after  
31 the year the contract is executed.

32 (b) A study under this section must include

1 (1) a recommendation for or against incorporation of a borough  
2 containing all or part of the area studied;

3 (2) an evaluation of the economic development potential of the area  
4 studied;

5 (3) an evaluation of capital facility needs of the area studied;

6 (4) an evaluation of demographic, social, and environmental factors  
7 affecting the area studied;

8 (5) an evaluation of the relationships among regional educational  
9 attendance areas, coastal resource service areas, and other regional entities responsible  
10 for providing services in the area studied;

11 (6) an evaluation of the relationships between the existing cities within  
12 the area studied and regional entities responsible for providing services in the area; and

13 (7) specific recommendations for

14 (A) organization of a home rule or general law borough  
15 government if one is recommended;

16 (B) changes in organization of cities in the area studied; or

17 (C) the improvement of the delivery of services to the public by  
18 the state in the area studied.

19 **Sec. 44.33.849. Definition.** In AS 44.33.840 - 44.33.849, "commissioner"  
20 means the commissioner of community and economic development.

21 **Article 8C. Alaska Regional Economic Assistance Program.**

22 **Sec. 44.33.895. Alaska regional economic assistance program.** (a) The  
23 department shall

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

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

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

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traditions, and goals;

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

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

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

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

(5) assist each organization to

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

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

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

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

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

(c) To qualify for a grant, a regional development organization must match the grant by providing an amount of money from nonstate sources. The department shall establish by regulation a formula that determines the amount of the match required under

1 this subsection based on the capability of each organization to generate money from  
2 nonstate sources. The amount of match required may not exceed the amount of grant  
3 money and may not be less than 20 percent of the grant. The total amount of grant  
4 money provided to an organization during a fiscal year may not exceed \$100,000.

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

8 (e) In this section,

9 (1) "department" means the Department of Community and Economic  
10 Development;

11 (2) "regional development organization" or "organization" means a  
12 nonprofit organization or nonprofit corporation formed to encourage economic  
13 development within a particular region of the state that includes the entire area of each  
14 municipality within that region and that has a board of directors that represents the  
15 region's economic, political, and social interests.

16 \* **Sec. 62.** AS 44.62.330(a)(24) is amended to read:

17 (24) Department of Health and Social Services and Department of  
18 Education and Child Development, relating to denial, involuntary conditioning, or  
19 revocation of a license issued under AS 47.35, or suspension of operations or admissions  
20 or assessment of an administrative fine under AS 47.35;

21 \* **Sec. 63.** AS 46.03.900(33) is amended to read:

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

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

28 (B) has

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

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

1 (iii) a council recognized by the commissioner of  
2 community and economic development [REGIONAL AFFAIRS] under  
3 regulations adopted by the Department of Community and Economic  
4 Development [REGIONAL AFFAIRS] to determine and give official  
5 recognition of village entities under AS 44.33.755(b) [AS 44.47.150(b)];

6 \* Sec. 64. AS 46.04.900(22) is amended to read:

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

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

13 (B) has

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

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

18 (iii) a council recognized by the commissioner of  
19 community and economic development [REGIONAL AFFAIRS] under  
20 regulations adopted by the Department of Community and Economic  
21 Development [REGIONAL AFFAIRS] to determine and give official  
22 recognition of village entities under AS 44.33.755(b) [AS 44.47.150(b)];

23 \* Sec. 65. AS 46.08.900(16) is amended to read:

24 (16) "village" means a place within the unorganized borough or within  
25 a borough if the power, function, or service for which a grant application under  
26 AS 29.60.510 is submitted is not exercised or provided by the borough on an areawide  
27 or nonareawide basis at the time the grant application is submitted that

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

31 (B) has

32 (i) a council organized under 25 U.S.C. 476 (sec. 16 of

1 the Indian Reorganization Act);

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

4 (iii) a council recognized by the commissioner of  
5 community and economic development [REGIONAL AFFAIRS] under  
6 regulations adopted by the Department of Community and Economic  
7 Development [REGIONAL AFFAIRS] to determine and give official  
8 recognition of village entities under AS 44.33.755(b) [AS 44.47.150(b)].

9 \* Sec. 66. AS 46.40.170(b) is amended to read:

10 (b) At the request of the council, the Department of Community and Economic  
11 Development [REGIONAL AFFAIRS] shall complete the district coastal management  
12 program in accordance with this chapter and the guidelines and standards adopted by the  
13 council for a coastal resource service area that [WHICH] has been organized but that  
14 [WHICH] has failed to make substantial progress in the preparation of an approvable  
15 district coastal management program within 18 months of certification of the results of  
16 an organization election or that [WHICH] has not submitted for approval to the council  
17 a program within 30 months of certification of the results of its organization election.  
18 Preparation of the program shall be conducted in consultation with the coastal resource  
19 service area and shall, to the maximum extent consistent with this chapter, reflect the  
20 expressed concerns of the residents of the service area.

21 \* Sec. 67. AS 46.40.190(a) is amended to read:

22 (a) A city within the coastal area that [WHICH] is not part of a coastal resource  
23 service area shall be included for purposes of this chapter within an adjacent coastal  
24 resource service area unless its governing body, by resolution adopted by a majority of  
25 its membership, chooses to exclude the city from an adjacent coastal resource service  
26 area and a copy of the resolution is filed with the commissioner of community and  
27 economic development [REGIONAL AFFAIRS].

28 \* Sec. 68. AS 46.40.210(2) is amended to read:

29 (2) "coastal resource district" means each of the following that  
30 [WHICH] contains a portion of the coastal area of the state:

31 (A) unified municipalities;

32 (B) organized boroughs of any class that [WHICH] exercise

1 planning and zoning authority;

2 (C) home rule and first class cities of the unorganized borough  
3 or within boroughs that [WHICH] do not exercise planning and zoning  
4 authority;

5 (D) second class cities of the unorganized borough, or within  
6 boroughs that [WHICH] do not exercise planning and zoning authority, that  
7 [WHICH] have established a planning commission, and that [WHICH], in the  
8 opinion of the commissioner of community and economic development  
9 [REGIONAL AFFAIRS], have the capability of preparing and implementing a  
10 comprehensive district coastal management program under AS 46.40.030;

11 (E) coastal resource service areas established and organized under  
12 AS 29.03.020 and AS 46.40.110 - 46.40.180;

13 \* Sec. 69. AS 47.05.030(a) is amended to read:

14 (a) Except as provided in (b) of this section and for purposes directly connected  
15 with the administration of general assistance, adult public assistance, the day care  
16 assistance program authorized under AS 14.38.100 - 14.38.199 [AS 44.47.250 -  
17 44.47.310], or the Alaska temporary assistance program, and in accordance with the  
18 regulations of the department, a person may not solicit, disclose, receive, make use of,  
19 or authorize, knowingly permit, participate in, or acquiesce in the use of, a list of or  
20 names of, or information concerning, persons applying for or receiving the assistance  
21 directly or indirectly derived from the records, papers, files, or communications of the  
22 department or subdivisions or agencies of the department, or acquired in the course of  
23 the performance of official duties.

24 \* Sec. 70. AS 47.27.060 is amended to read:

25 **Sec. 47.27.060. Job development.** The department may establish cooperative  
26 agreements with the Department of Labor and Workforce Development,  
27 [DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS,] Department of  
28 Education and Child Development, and Department of Community [COMMERCE]  
29 and Economic Development, and with other public or private sector organizations for  
30 the purpose of developing job, training, and educational opportunities for families  
31 eligible for assistance under this chapter.

32 \* Sec. 71. AS 47.27.900(2) is amended to read:

1 (2) "child care assistance" means payments made by the Department of  
2 Health and Social Services or the department of Education and Child Development  
3 [COMMUNITY AND REGIONAL AFFAIRS] to Alaska temporary assistance program  
4 participant families or to providers for the care of children of the participant families;

5 \* Sec. 72. AS 47.35 is amended by adding a new section to read:

6 **Sec. 47.35.007. Jurisdiction.** (a) Except as provided in (b) of this section, the  
7 Department of Health and Social Services has jurisdiction under this chapter over the  
8 facilities governed by this chapter.

9 (b) The Department of Education and Child Development has jurisdiction under  
10 this chapter over child care facilities that are governed by this chapter.

11 \* Sec. 73. AS 47.35.900(8) is amended to read:

12 (8) "department" means the Department of Health and Social Services  
13 with respect to the facilities over which the Department of Health and Social  
14 Services has jurisdiction under this chapter and the Department of Education and  
15 Child Development with respect to the facilities over which the Department of  
16 Education and Child Development has jurisdiction under this chapter;

17 \* Sec. 74. AS 47.90.040 is amended to read:

18 **Sec. 47.90.040. Consultation and coordination.** The commissioner shall  
19 consult and cooperate with the Department of Health and Social Services; the  
20 Department of Education and Child Development; [, INCLUDING] the director of the  
21 division of vocational rehabilitation; the University of Alaska, community colleges, and  
22 other colleges as appropriate; [THE DEPARTMENT OF LABOR, INCLUDING THE  
23 DIVISION OF EMPLOYMENT SECURITY;] and other persons or agencies that the  
24 commissioner considers appropriate in the implementation of this chapter.

25 \* Sec. 75. AS 47.90.070(1) is amended to read:

26 (1) "commissioner" means the commissioner of labor and workforce  
27 development [COMMUNITY AND REGIONAL AFFAIRS];

28 \* Sec. 76. REPEALER. AS 23.15.210(4); AS 39.25.120(c)(21); AS 44.17.005(17);  
29 AS 44.19.620, 44.19.621, 44.19.622, 44.19.623, 44.19.624, 44.19.625, 44.19.626, 44.19.627;  
30 AS 44.29.020(a)(14); AS 44.33.120(a), 44.33.240, 44.33.242, 44.33.245, 44.33.255, 44.33.260,  
31 44.33.270, 44.33.272, 44.33.275; AS 44.47.010, 44.47.020, 44.47.050, 44.47.051, 44.47.055,  
32 44.47.080, 44.47.090, 44.47.092, 44.47.095, 44.47.100, 44.47.130, 44.47.140, 44.47.145,

1 44.47.150, 44.47.155, 44.47.250, 44.47.260, 44.47.270, 44.47.280, 44.47.290, 44.47.300,  
2 44.47.305, 44.47.310, 44.47.565, 44.47.567, 44.47.569, 44.47.571, 44.47.573, 44.47.575,  
3 44.47.577, 44.47.579, 44.47.581, 44.47.583, 44.47.700, 44.47.710, 44.47.720, 44.47.730,  
4 44.47.750, 44.47.752, 44.47.754, 44.47.756, 44.47.758, 44.47.760, 44.47.762, 44.47.764,  
5 44.47.766, 44.47.768, 44.47.770, 44.47.772, 44.47.800, 44.47.810, 44.47.820, 44.47.900,  
6 44.47.980, 44.47.998: and AS 45.90.020(b) are repealed.

7 \* **Sec. 77. REPEALER.** AS 44.33.895, added by sec. 61 of this Act, is repealed July 1,  
8 2000.

9 \* **Sec. 78. TRANSITIONAL PROVISIONS.** (a) Litigation, hearings, investigations, and  
10 other proceedings pending under a law repealed or amended by this Act, or in connection with  
11 functions transferred by this Act, continue in effect and may be completed notwithstanding a  
12 transfer or repeal provided for in this Act.

13 (b) Certificates, orders, and regulations in effect on June 30, 1999, that were issued or  
14 adopted under authority of a law amended or repealed by this Act remain in effect for the term  
15 issued and shall be enforced by the agency to which the function is transferred under this Act  
16 until revoked, vacated, or amended by the agency to which the function is transferred.

17 (c) Wherever in Alaska Statutes affected by this Act there is a reference to regulations  
18 adopted under a section of law and there are no regulations adopted under that section because  
19 previous regulations adopted under another section are being enforced under (b) of this section,  
20 the reference shall be construed to refer to the previously adopted regulations until they are  
21 amended by the new agency.

22 (d) Contracts, rights, liabilities, and obligations created by or under a law repealed or  
23 amended by this Act, and in effect on June 30, 1999, remain in effect notwithstanding this Act's  
24 taking effect.

25 (e) Records, equipment, appropriations, and other property of an agency of the state  
26 whose functions are transferred under this Act shall be transferred to implement the provisions  
27 of this Act.

28 \* **Sec. 79. REGULATIONS.** A department affected by this Act may proceed to adopt  
29 regulations to implement this Act. The regulations take effect under AS 44.62 (Administrative  
30 Procedure Act) but not before July 1, 1999.

31 \* **Sec. 80. REVISOR'S INSTRUCTION REGARDING DEPARTMENT OF COMMERCE**  
32 **AND ECONOMIC DEVELOPMENT.** Wherever in the Alaska Statutes and the Alaska

1 Administrative Code the terms "Department of Commerce and Economic Development" and  
2 "commissioner of commerce and economic development" are used, they shall be read,  
3 respectively, as "Department of Community and Economic Development" and "commissioner  
4 of community and economic development" when to do so would be consistent with the changes  
5 made by this Act.

6 \* **Sec. 81. REVISOR'S INSTRUCTION REGARDING DEPARTMENT OF EDUCATION.**

7 Wherever in the Alaska Statutes and the Alaska Administrative Code the terms "Department of  
8 Education" and "commissioner of education" are used, they shall be read, respectively, as  
9 "Department of Education and Child Development" and "commissioner of education and child  
10 development" when to do so would be consistent with the changes made by this Act.

11 \* **Sec. 82. REVISOR'S INSTRUCTION REGARDING DEPARTMENT OF LABOR.**

12 Wherever in the Alaska Statutes and the Alaska Administrative Code the terms "Department of  
13 Labor" and "commissioner of labor" are used, they shall be read, respectively, as "Department  
14 of Labor and Workforce Development" and "commissioner of labor and workforce development"  
15 when to do so would be consistent with the changes made by this Act.

16 \* **Sec. 83. SPECIFIC INSTRUCTIONS TO REVISOR OF STATUTES CONCERNING  
17 SPECIFIC REFERENCES.** The revisor of statutes shall change references to "community and  
18 regional affairs" to read "community and economic development" in the following statutes:

19 (1) AS 08.40.190(b)(2)(A), 08.40.390(b)(2)(A);

20 (2) AS 14.08.031(a), 14.08.051(a); AS 14.17.410(b)(2), 14.17.410(c)(1),  
21 14.17.410(e)(1)(B), 14.17.490(b), 14.17.510(a);

22 (3) AS 15.07.055(a)(3); AS 15.13.010(a)(2);

23 (4) AS 18.26.030(a)(3); AS 18.56.030(a)(2), 18.56.097;

24 (5) AS 19.30.131(a), 19.30.131(b), 19.30.131(c);

25 (6) AS 26.23.071(b);

26 (7) AS 28.01.010(b);

27 (8) AS 29.60.120(d), 29.60.370(a), 29.60.620(b), 29.60.650(2); AS 29.65.050(c),  
28 29.65.050(d), 29.65.120; AS 29.71.800(5), 29.71.800(8);

29 (9) AS 37.05.317, 37.05.530(c); AS 37.06.010(g), 37.06.020(l), 37.06.030(c);

30 (10) AS 41.15.180(a), 41.15.180(b), 41.15.180(f), 41.15.180(g);

31 (11) AS 42.45.060(c), 42.45.990(1);

32 (12) AS 43.75.137; AS 43.77.040(b), 43.77.060(d);

1 (13) AS 44.21.200(a)(2); AS 44.85.030, 44.85.320(b);

2 (14) AS 46.08.040(a); 46.40.120(b), 46.40.120(d), 46.40.140(c), 46.40.170(a),  
3 46.40.180(a), 46.40.180(d), 46.40.210(5);

4 (15) AS 47.18.010(c); AS 47.80.090(8).

5 \* **Sec. 84.** IMPLEMENTATION OF SECTIONS 80 - 83 OF THIS ACT. Under  
6 AS 01.05.031, the revisor of statutes shall implement secs. 80 - 83 in the statutes and, under  
7 AS 44.62.125(b)(6), the regulations attorney shall implement secs. 78 - 81 in the administrative  
8 code.

9 \* **Sec. 85.** Except as provided in sec. 86 of this Act, this Act takes effect July 1, 1999.

10 \* **Sec. 86.** Section 79 of this Act takes effect immediately under AS 01.10.070(c).

**CS FOR HOUSE BILL NO. 40(FIN)**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-FIRST LEGISLATURE - FIRST SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

**Offered:**  
**Referred:**

**Sponsor(s): REPRESENTATIVES KOHRING, Cowdery, Austerman, Therriault, Harris, Mulder**

**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 Community and  
4 Economic Development; transferring some of the duties of the Department of  
5 Community and Regional Affairs and the Department of Health and Social  
6 Services to other agencies; eliminating the Department of Commerce and Economic  
7 Development and the Department of Community and Regional Affairs; relating to  
8 the Department of Community and Economic Development and the commissioner  
9 of community and economic development; renaming the Department of Education  
10 and the Department of Labor and changing their duties; establishing in the  
11 Office of the Governor the position of rural affairs advocate; adjusting the  
12 membership of certain multi-member bodies to reflect the transfer of duties

1 among departments and the elimination of departments; creating the office of  
2 international trade and relating to its duties; and providing for an effective date."

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

4 \* Section 1. AS 09.25.110(e) is amended to read:

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

20 \* Sec. 2. AS 09.65.170(c)(2) is amended to read:

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

23 \* Sec. 3. AS 14.35.020(b) is amended to read:

24 (b) When required by any of the Acts described in AS 14.35.010, the board shall

25 (1) prepare, submit, and supervise the administration of the plans for  
26 vocational education and vocational rehabilitation;

27 (2) select a state director of vocational education;

28 (3) establish the minimum qualifications for teachers, supervisors, or  
29 directors;

30 (4) determine the prorated basis on which money shall be available for

1 the salary and necessary travel expenses of the state director of vocational education;  
 2 (5) consider the advice of the Alaska Human Resource Investment  
 3 Council established by AS 23.15.550 [AS 44.19.620] regarding employment training  
 4 needs and advise that council in the development of vocational education programs.

5 \* **Sec. 4.** AS 14 is amended by adding a new chapter to read:

6 **Chapter 38. Head Start, Child Care, and Day Care.**

7 **Article 1. Head Start.**

8 **Sec. 14.38.010. Operation of Head Start programs.** The Department of  
 9 Education and Child Development shall operate the head start funding program governed  
 10 by 42 U.S.C. 9835.

11 **Article 2. Day Care Assistance; Child Care Grants.**

12 **Sec. 14.38.100. Powers and duties.** (a) The department shall

13 (1) implement and administer a program to assist in providing day care  
 14 for the children of low and moderate income families according to the requirements of  
 15 AS 14.38.100 - 14.38.199;

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

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

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

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

22 (b) The department may

23 (1) adopt regulations necessary for the performance of its duties under  
 24 AS 14.38.100 - 14.38.199;

25 (2) contract with other entities to perform duties of the department under  
 26 AS 14.38.100 - 14.38.199 within an area specified by the department; within an area,  
 27 the department shall give higher priority to contracting with municipalities than with  
 28 other organizations.

29 **Sec. 14.38.110. Administrative costs of program contractors.** To defray  
 30 administrative expenses, a contractor under AS 14.38.100(b) may only retain \$1,000 or  
 31 12 percent, whichever is greater, of the day care assistance program funds it receives  
 32 from the department under the contract.

1           **Sec. 14.38.120. Conditions of receipt of benefits.** Benefits may be paid for the  
2 care of children of a low or moderate income family only if a parent or guardian,  
3 because of the day care, is freed to work or to seek work or to attend school. Benefits  
4 may not be paid for the care of children of a family where one parent or guardian is not  
5 working, actively seeking work, or attending school and is physically and mentally  
6 capable of caring for the children.

7           **Sec. 14.38.130. Eligibility of families for benefits.** The department shall  
8 determine the eligibility of families for day care benefits on the basis of the following  
9 factors:

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

15           **Sec. 14.38.140. Contributions by parent or guardian.** The department shall  
16 develop a sliding fee scale based on the factors listed in AS 14.38.130 for purposes of  
17 determining the amount to be contributed by the parent or guardian for child care. The  
18 contribution of the parent or guardian shall be paid to the day care facility.

19           **Sec. 14.38.150. Placement; payment by state.** (a) Parents or guardians shall  
20 select the day care facility for the care of their children.

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

23           **Sec. 14.38.160. Child care grant program.** (a) A child care grant program  
24 is established in the department to provide state assistance in the operation of child care  
25 facilities. The department shall provide grants for the operation of child care facilities,  
26 including private nonprofit child care facilities. Participation in the program is optional.

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

29                           (1) be currently licensed under AS 47.35 and applicable municipal  
30 licensing requirements;

31                           (2) participate in the day care assistance program under AS 14.38.100 -  
32 14.38.199; and

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

3 (c) A grant under (a) of this section may not exceed \$50 per month for each  
4 child the child care facility cares for, or for each full-time equivalent, as determined by  
5 the department. The grant shall be adjusted on a geographic basis by the same factor  
6 as funding for a school district is adjusted under AS 14.17.460.

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

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

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

19 (g) Each child care facility receiving a grant under (a) or (d) of this section shall  
20 assure that at least 15 percent or one of its child care spaces receiving subsidy under this  
21 section, whichever is greater, will be made available, if requested, to children eligible  
22 for day care assistance under AS 14.38.100 - 14.38.199, whose parents or guardians wish  
23 to pay for care based on attendance only.

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

26 **Sec. 14.38.199. Definitions.** In AS 14.38.100 - 14.38.199,

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

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

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

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

7 (5) "department" means the Department of Education and Child  
8 Development;

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

### 12 **Article 3. Child Care Facility Revolving Loan Fund.**

13 **Sec. 14.38.200. Child care facility revolving loan fund.** (a) There is created  
14 in the Department of Education and Child Development the child care facility revolving  
15 loan fund to carry out the purposes of AS 14.38.200 - 14.38.299. Except as provided  
16 in (b) and (c) of this section, the fund may not be used for any other purpose.

17 (b) The department may use money in the fund for costs of administering  
18 AS 14.38.200 - 14.38.299.

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

21 **Sec. 14.38.210. Special account established.** (a) There is established as a  
22 special account within the child care facility revolving loan fund the foreclosure expense  
23 account. This account is established as a reserve from fund equity.

24 (b) The commissioner of health and social services may expend money credited  
25 to the foreclosure expense account when necessary to protect the state's security interest  
26 in collateral on loans made under AS 14.38.220 or to defray expenses incurred during  
27 foreclosure proceedings after a default by an obligor.

28 **Sec. 14.38.220. Powers and duties of the department in administering the**  
29 **fund.** (a) The department may

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

32 (2) adopt regulations necessary to carry out the provisions of

1 AS 14.38.200 - 14.38.299, including regulations to establish reasonable fees for services  
2 provided and charges for collecting the fee; and

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

4 (b) The department shall

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

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

7 **Sec. 14.38.230. Loan terms.** (a) A loan to a child care facility under  
8 AS 14.38.200 - 14.38.299 may not exceed \$50,000.

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

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

12 (d) All principal and interest payments, and any money chargeable to principal  
13 or interest that is collected through liquidation by foreclosure or other process on loans  
14 made under AS 14.38.200 - 14.38.299, shall be paid into the child care facility revolving  
15 loan fund.

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

18 **Sec. 14.38.240. Eligibility for loans.** A child care facility is eligible for a loan  
19 under AS 14.38.200 - 14.38.299 if the applicant

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

22 (2) meets additional eligibility standards established by the department  
23 under AS 14.38.220(b)(1).

24 **Sec. 14.38.250. Sale or transfer of mortgages and notes.** The commissioner  
25 of health and social services may sell or transfer at par value or at a premium to a bank  
26 or other private purchaser for cash or other consideration the mortgages and notes held  
27 by the department as security for loans made under AS 14.38.200 - 14.38.299.

28 **Sec. 14.38.260. Disposal of property acquired by default or foreclosure.** The  
29 department shall dispose of property acquired through default or foreclosure of a loan  
30 made under AS 14.38.200 - 14.38.299. Disposal shall be made in a manner that serves  
31 the best interests of the state and may include the amortization of payments over a  
32 period of years.

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**Sec. 14.38.299. Definitions.** In AS 14.38.200 - 14.38.299,

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

(2) "department" means the Department of Education and Child Development.

\* **Sec. 5.** AS 14.42.015(a) is amended to read:

(a) There is in the Department of Education **and Child Development** the Alaska Commission on Postsecondary Education consisting of

(1) two members of the Board of Regents of the University of Alaska designated by the members of that body;

(2) one person representing private higher education in the state selected jointly by the Boards of Trustees of Alaska Pacific University and Sheldon Jackson College from among their membership;

(3) one person representing the Department of Education **and Child Development** selected by the state Board of Education;

(4) four persons broadly and equitably representative of the general public appointed by the governor;

(5) one member of the Alaska Human Resource Investment Council established by **AS 23.15.550** [AS 44.19.620] designated by the members of that body;

(6) one person from the members of the local community college advisory councils appointed by the governor;

(7) two members from the legislature, one of whom shall be appointed by the president of the senate and one by the speaker of the house of representatives;

(8) one person appointed in accordance with (c) of this section who is a full-time student as defined in AS 14.43.160;

(9) one administrator appointed by the governor from a proprietary institution of postsecondary education that has an authorization to operate in the state issued under AS 14.48.

\* **Sec. 6.** AS 18.70.081 is amended to read:

**Sec. 18.70.081. Approval of fire protection systems.** Before October 30 of

1 each year the Department of Public Safety shall prepare and make available a list of  
2 approved fire protection systems to [THE DEPARTMENT OF COMMUNITY AND  
3 REGIONAL AFFAIRS,] the Department of Community [COMMERCE] and Economic  
4 Development [,] and the public.

5 \* Sec. 7. AS 23.05 is amended by adding a new section to read:

6 **Sec. 23.05.065. Fees for publications, research data, and other services.** The  
7 commissioner may establish by regulation and the department may charge reasonable  
8 fees for department publications, research data, and other centralized administrative  
9 services to cover the cost of reproduction, printing, mailing, distribution, and other  
10 centralized administrative services.

11 \* Sec. 8. AS 23.05 is amended by adding new sections to read:

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

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

17 (b) The purpose of the incentive program is to encourage private industry to  
18 provide new job opportunities by offering assistance in training the new work force and  
19 in retraining existing employees to implement new technologies.

20 **Sec. 23.05.410. Administration.** (a) The Alaska Human Resources Investment  
21 Council established in AS 23.15.550 shall oversee the incentive program. The service  
22 delivery areas established under 29 U.S.C. 1511 and subject to redesignation under 29  
23 U.S.C. 1515 shall be used in the administration of the incentive program. The private  
24 industry councils appointed under 29 U.S.C. 1512 and subject to reconstitution under 29  
25 U.S.C. 1515 shall serve as the private industry councils for the incentive program.

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

32 (c) The council shall adopt regulations under AS 44.62 (Administrative

1 Procedure Act) to implement AS 23.05.400 - 23.05.510.

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

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

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

10 (3) procedures for identifying and selecting participants;

11 (4) performance goals established in accordance with standards under  
12 AS 23.05.480;

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

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

17 (b) If changes in labor market conditions, funding, or other factors require  
18 substantial deviation from an approved business incentive training plan, the private  
19 industry council and the appropriate elected municipal official or officials shall submit  
20 a modification of the plan and the budget for review under AS 23.05.430.

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

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

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

31 (b) Each grant administrator is responsible for the allocation of funds and the  
32 eligibility of those enrolled in its programs. The grant administrator is responsible for

1 taking action against its subcontractors, subgrantees, and other recipients to eliminate  
2 abuses in the programs they are carrying out, and to prevent misuse of funds. If the  
3 arrangement is included in an approved job training plan, a grant administrator may  
4 delegate the responsibility for determining eligibility under reasonable safeguards,  
5 including provisions for reimbursement of costs incurred because of erroneous  
6 determinations made with insufficient care.

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

16 (d) Only individuals eligible under the business incentive training plan and  
17 residing in the service delivery area may be participants in employment and training  
18 activities funded under the business incentive training program. To be eligible for  
19 training or education services under AS 23.05.400 - 23.05.510, immediately before  
20 beginning training or education under the program a person shall

21 (1) have been unemployed and

22 (A) receiving unemployment insurance benefits; or

23 (B) have exhausted the right to unemployment insurance benefits

24 within the past three years;

25 (2) be liable to be displaced from work within the next six months

26 because of

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

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

29 (C) a change in the conditions of the employee's job requiring

30 that, to remain employed, the employee must have substantially different skills

31 that the employee does not now possess; or

32 (3) have worked in a position covered by AS 23.20 at any time during

1 the last three years and be ineligible for unemployment insurance benefits because the  
2 person

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

5 (B) has insufficient qualifying wages because of limited job  
6 opportunities; or

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

9 (e) Payments to employers for on-the-job training of participants who experience  
10 multiple barriers to employment or are eligible under the Job Training Partnership Act  
11 (P.L. 97-300) may not average more than 80 percent of the wages paid by the employer  
12 to the participant. Payments to employers for on-the-job training of other participants  
13 may not average more than 50 percent of the wages paid by the employer to participants.  
14 The payments shall be considered to be in compensation for the extraordinary costs  
15 associated with training employees for new positions and the lower productivity of the  
16 participants.

17 (f) A grant made under the business incentive training program may not be used  
18 to duplicate facilities or services available in the area from federal, state, or local sources  
19 unless the business incentive training plan establishes that services or facilities under the  
20 program would be more effective or more likely to achieve performance goals.

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

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

25 (i) An employer at whose request a participant is offered training shall fulfill the  
26 obligation to offer a successful participant in the business incentive training program a  
27 position or promotion, as applicable. A participant is considered successful if the  
28 participant satisfactorily completes the training program in which the participant was  
29 enrolled.

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

32 (b) An individual in on-the-job training shall be compensated by the employer

1 at the same rates, including periodic increases, as similarly situated employees or  
2 trainees and in accordance with applicable law. However, an individual may not be paid  
3 less than the state minimum wage under AS 23.10.065 whether or not the individual is  
4 exempt under AS 23.10.055 or 23.10.070.

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

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

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

11 (3) the prevailing rate of wages under AS 36.05 or 40 U.S.C. 276a -  
12 276a-5, if applicable.

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

17 (e) Conditions of employment and training must be appropriate and reasonable  
18 in light of factors including the type of work, geographical region, and proficiency of  
19 the participant.

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

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

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

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

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

32 **Sec. 23.05.470. Allowable costs.** (a) To be allowable, a cost must be necessary

1 and reasonable for proper and efficient administration of the program. The following  
2 costs are not allowable:

- 3 (1) costs resulting from violations of or failure to comply with federal,  
4 state, or local laws and regulations;  
5 (2) entertainment costs; and  
6 (3) insurance policies offering protection against debts established by the  
7 federal government.

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

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

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

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

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

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

32 (b) Appropriate education agencies in the service delivery area shall be given

1 the opportunity to provide educational services, unless the grant administrator determines  
 2 that alternative agencies or organizations would be more effective or would have greater  
 3 potential to enhance the participants' continued occupational and career growth.

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

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

8 (1) "council" means the Alaska Human Resources Investment Council  
 9 established in AS 23.15.550;

10 (2) "incentive program" means the business incentive training program  
 11 established under AS 23.05.400;

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

14 \* **Sec. 9.** AS 23.15 is amended by adding new sections to read:

15 **Article 3A. Alaska Human Resources Investment Council.**

16 **Sec. 23.15.550. Alaska Human Resource Investment Council.** (a) The  
 17 Alaska Human Resource Investment Council is established in the department. The  
 18 council consists of the following voting members, not to exceed 26:

19 (1) the lieutenant governor or the lieutenant governor's designee;

20 (2) the commissioners of community and economic development,  
 21 education and child development, health and social services, and labor and workforce  
 22 development, or each respective commissioner's designee;

23 (3) one representative from the University of Alaska;

24 (4) four additional representatives of education, with one from local  
 25 public education, one from secondary vocational education, one from a postsecondary  
 26 vocational education institution, and one from adult basic education;

27 (5) four representatives of business and industry, with at least one  
 28 representative from the private industry councils appointed under 29 U.S.C. 1512 and  
 29 subject to reconstitution under 29 U.S.C. 1515;

30 (6) four representatives of organized labor that the governor shall appoint  
 31 from lists of nominees submitted by recognized state labor organizations; the governor  
 32 may reject a list submitted under this paragraph and request that another list be

1 submitted;

2 (7) at least one representative from an organization representing  
3 employment and training needs of Alaska Natives;

4 (8) at least one representative of a community-based service organization;

5 (9) at least one representative who has personal or professional  
6 experience with developmental disabilities; and

7 (10) at least one and up to five additional members of the private sector  
8 to ensure a private sector majority and regional and local representation on the council.

9 (b) Additional nonvoting members may be appointed to the council from  
10 government or nongovernment entities.

11 (c) A member of the council under (a) of this section may appoint a designee  
12 to serve in place of the member named in (a) of this section. The member shall appoint  
13 the designee in writing.

14 **Sec. 23.15.555. Appointment and term of members.** (a) Members of the  
15 Alaska Human Resource Investment Council other than those listed in  
16 AS 23.15.550(a)(1) and (2) are appointed by the governor and serve at the pleasure of  
17 the governor. The governor may appoint one person to fill two or more of the places  
18 listed in AS 23.15.550(a) if the person is qualified in all of the areas the person  
19 represents. A member appointed to fill more than one place under this subsection is  
20 entitled to only one vote and may appoint only one designee to replace the member in  
21 the event the member is unable to attend a meeting.

22 (b) The voting members of the council other than those listed in  
23 AS 23.15.550(a)(1) and (2) serve for staggered four-year terms and may serve until a  
24 successor is appointed. An appointment to fill a vacancy shall be made in the same  
25 manner as the original appointment and for the balance of the unexpired term.

26 (c) The governor shall ensure that individuals appointed to the council have  
27 sufficient expertise to effectively carry out the duties of the council. Expertise of the  
28 council includes, where appropriate, knowledge of the long-term needs of individuals  
29 preparing to enter the work force; the needs of local, state, and regional labor markets;  
30 and the methods for evaluating the effectiveness of vocational training programs in  
31 serving varying populations.

32 **Sec. 23.15.560. Compensation.** Members of the Alaska Human Resource

1 Investment Council listed in or appointed under AS 23.15.550(a), including a designee  
2 of a member attending in place of the member, serve without compensation but are  
3 entitled to per diem and travel expenses authorized by law for boards and commissions  
4 under AS 39.20.180. Nonvoting members of the council appointed under  
5 AS 23.15.550(b) serve without compensation and are not entitled to per diem and travel  
6 expenses. A commissioner appointed under AS 23.15.550(a)(2) or the commissioner's  
7 designee is entitled to per diem and travel expenses as a state employee.

8 **Sec. 23.15.565. Officers.** The Alaska Human Resource Investment Council  
9 shall elect a chair and a vice-chair from among the members listed in or appointed under  
10 AS 23.15.550(a)(5). The chair and vice-chair serve in their positions at the pleasure of  
11 the council.

12 **Sec. 23.15.570. Meetings, quorum, and committees.** (a) The Alaska Human  
13 Resource Investment Council shall meet not more than three times in a calendar year at  
14 the call of the chair to conduct its business. A majority of the members listed in or  
15 appointed to the council under AS 23.15.550(a) constitutes a quorum.

16 (b) The council shall establish an executive committee and four permanent  
17 standing committees as described in (c) - (g) of this section. The chair of a permanent  
18 standing committee must be from the private sector. The council may establish  
19 additional standing committees and special committees or subcommittees, not necessarily  
20 consisting of council members, to advise and assist the council in carrying out its  
21 functions assigned by federal or state statute. The permanent standing committees are

- 22 (1) the assessment and evaluation committee;
- 23 (2) the policy and planning committee;
- 24 (3) the employment and placement committee; and
- 25 (4) the workforce readiness committee.

26 (c) The executive committee consists of the chair and vice-chair of the council,  
27 the immediate past chair of the council, and the chairs of the four standing committees  
28 described in (d) - (g) of this section. The executive committee has the duties and may  
29 exercise the powers of the council between meetings of the council. The executive  
30 committee shall

31 (1) report to the council in a timely fashion on actions taken on behalf  
32 of the council; and

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(2) supervise the affairs of the council between regular meetings of the council.

(d) The assessment and evaluation committee shall

(1) assess and evaluate programs, initiatives, and the delivery of services to help to ensure equitable distribution of quality education, training, and employment services statewide, especially to rural areas and to programs serving economically disadvantaged citizens;

(2) call for and monitor the workforce development system for increased accountability in performance and continuous quality improvement along the goals and strategies of the council's overall statewide strategic plan for workforce development;

(3) use evaluation and performance measures to gauge customer satisfaction within the workforce development system; and

(4) perform other duties assigned by the council.

(e) The policy and planning committee shall

(1) build policies regarding day-to-day operations and long-term responsibilities of the council;

(2) work to increase awareness of the council and its mission throughout the state;

(3) work with all other committees on a statewide strategic plan for workforce development; and

(4) perform other duties assigned by the council.

(f) The employment and placement committee shall

(1) ensure the statewide strategic plan for workforce development addresses

(A) customer needs at the local level;

(B) moving welfare recipients into the workforce;

(C) promoting the hiring of state residents in jobs that have traditionally been filled by out-of-state workers;

(D) tailoring employment and training programs to suit state business, industry, and economic development needs;

(2) monitor the coordination of service delivery to promote efficiency and to prevent overlap of services among programs; and

1 (3) perform other duties assigned by the council.

2 (g) The workforce readiness committee shall

3 (1) provide oversight for training, education, and employment programs  
4 to ensure the programs are delivering education and training that is relevant to local  
5 market needs and the career goals of state residents;

6 (2) build partnerships between employers and quality workforce training  
7 programs;

8 (3) work to connect the state public and private education systems with  
9 business, government, and labor to ensure that state residents are receiving workforce  
10 readiness skills throughout the education process; and

11 (4) perform other duties assigned by the council.

12 **Sec. 23.15.575. Council as state planning entity.** The Alaska Human Resource  
13 Investment Council shall act as the lead state planning and coordinating entity for state  
14 human resource programs administered under

15 (1) 29 U.S.C. 1501 - 1792b (Job Training Partnership Act);

16 (2) 20 U.S.C. 2301 - 2471 (Carl D. Perkins Vocational and Applied  
17 Technology Education Act);

18 (3) 20 U.S.C. 1201 - 1213d (Adult Education Act);

19 (4) 29 U.S.C. 49 - 491-1 (Wagner - Peyser Act);

20 (5) 42 U.S.C. 681 - 687 (Job Opportunities and Basic Skills Training  
21 Program) for needy families with children under the Social Security Act;

22 (6) the employment program established under 7 U.S.C. 2015(d)(4)  
23 (Food Stamp Act of 1977);

24 (7) all federal programs designated as successors to the programs listed  
25 in (1) - (6) of this section; and

26 (8) all state laws involving employment training, vocational education,  
27 workforce development, and community service.

28 **Sec. 23.15.580. Functions of the council.** (a) As the lead state planning and  
29 coordinating entity, the Alaska Human Resource Investment Council has responsibility,  
30 to the extent authorized by federal and state law, for planning and coordinating federal,  
31 state, and local efforts in human resource programs in this state related to employment  
32 training, including the work activities of the Alaska temporary assistance program under

1 AS 47.27.

2 (b) The council shall

3 (1) facilitate the development of statewide policy for a coordinated and  
4 effective employment training and education system in this state;

5 (2) identify the human resource investment needs in the state and  
6 develop a plan to meet those needs;

7 (3) review the provision of services and the use of money and resources  
8 by the human resource programs listed in AS 23.15.575;

9 (4) assume the duties and functions of the state councils described under  
10 the laws relating to the federal human resource programs listed in AS 23.15.575;

11 (5) advise the governor, state and local agencies, and the University of  
12 Alaska on the development of state and local standards and measures relating to  
13 applicable human resource programs;

14 (6) submit, to the governor and the legislature, a biennial strategic plan  
15 to accomplish the goals developed to meet human resource investment needs;

16 (7) monitor for the implementation and evaluate the effectiveness of the  
17 strategic plan developed by the council;

18 (8) adopt regulations that set standards for the percentage of a grant that  
19 may be used for administrative costs; the regulations must clearly identify and  
20 distinguish between expenses that may be included in administrative costs and those that  
21 may not be included in administrative costs; the percentage allowed for administrative  
22 costs may not exceed the lesser of 15 percent or the amount permitted under the  
23 requirements of a federal program, if applicable;

24 (9) report annually to the legislature, by the 30th day of the regular  
25 legislative session, on the performance and evaluation of training programs in the state  
26 subject to review under (f) of this section;

27 (10) identify ways for agencies operating programs subject to oversight  
28 by the council to share resources, instructors, and curricula through collaboration with  
29 other public and private entities to increase training opportunities and reduce costs; and

30 (11) adopt regulations under AS 44.62 (Administrative Procedure Act)  
31 to carry out the purposes of AS 23.15.550 - 23.15.585.

32 (c) The council may receive money designated for human resource programs and

1 may disburse money, including grants, to human resource projects in accordance with  
2 AS 37.07 (Executive Budget Act). The council may enter into partnership agreements  
3 through appropriate administrative agencies with private industry training entities within  
4 the state in order to facilitate the coordination of training opportunities.

5 (d) The council shall provide oversight for the planning and coordination of  
6 employment-related education training programs operated by the state or operated under  
7 contract with the state that are described in (f) of this section. The council shall require  
8 a training program listed in (f) of this section to meet the requirements of this  
9 subsection. The council shall, by regulation, establish appropriate penalties for programs  
10 that fail to meet the requirements of this subsection. The council may recommend to  
11 the legislature changes to enhance the effectiveness of the training programs it oversees  
12 under this section. A training program described in (f) of this section funded with  
13 money appropriated by the legislature must

14 (1) meet the standards adopted by the council concerning the percentage  
15 of a grant that may be spent on administrative costs;

16 (2) be operated by an institution that holds a valid authorization to  
17 operate issued under AS 14.48 by the Alaska Commission on Postsecondary Education  
18 if the program is a postsecondary educational program operated by a postsecondary  
19 educational institution subject to regulation under AS 14.48;

20 (3) provide to the Department of Labor and Workforce Development the  
21 information required by the department for the preparation of the statistical information  
22 necessary for the council to evaluate programs by the standards set out in (c) of this  
23 section.

24 (e) The council shall develop standards that encourage agencies to contract for  
25 training programs that maximize the program's class size. The council shall adopt  
26 standards for the evaluation of training programs listed in (f) of this section with regard  
27 to the following:

28 (1) the percent of former participants who have a job one year after  
29 leaving the training program;

30 (2) the median wage of former participants seven to 12 months after  
31 leaving the program;

32 (3) the percent of former participants who were employed after leaving

1 the training program who received training under the program that was related to their  
2 jobs or somewhat related to their jobs seven to 12 months after leaving the training  
3 program;

4 (4) the percent of former participants of a training program who indicate  
5 that they were satisfied with or somewhat satisfied with the overall quality of the  
6 training program;

7 (5) the percent of employers who indicate that they were satisfied with  
8 the quality of the work of new employees who had recently completed the training  
9 program.

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

12 (1) in the Department of Labor and Workforce Development or operated  
13 by the department:

14 (A) One Stop Career Center;

15 (B) Job Training Partnership Act programs under 29 U.S.C. 1501  
16 - 1792b, assisting communities in moving toward a self-sustainable economy and  
17 providing training;

18 (C) state training and employment program (AS 23.15.620),  
19 providing training and employment services for people who are unemployed or  
20 likely to become unemployed, fostering new jobs, and increasing training  
21 opportunities for workers severely affected by fluctuations in the state economy  
22 or adversely affected by technology advances in the workplace;

23 (D) employment-related adult basic education;

24 (E) School-to-Work;

25 (F) vocational education and Tech Prep;

26 (G) Alaska Career Information System;

27 (H) employment training services operated as part of the Alaska  
28 Temporary Assistance Program (ATAP);

29 (I) unemployment insurance grants provided under the federal  
30 training relocation assistance program;

31 (J) Alaska works programs, assisting with the welfare-to-work  
32 program;

1 (K) state training and employment program, coordinated with the  
2 Department of Community and Economic Development;

3 (2) in the Department of Education and Child Development or operated  
4 by the department, the non-public-school portions of the following programs:

5 (A) high school completion project;

6 (B) Kotzebue Technical Center;

7 (C) Alaska Vocational Technical Center.

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

12 (1) in the Department of Community and Economic Development or  
13 operated by the department:

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

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

18 (2) in the Department of Corrections:

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

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

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

26 (3) in the Department of Environmental Conservation:

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

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

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

32 (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 for  
4 existing fire fighter staff and volunteers and individuals interested in becoming  
5 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 the  
12 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 and Child Development: vocational  
20 rehabilitation client services and special work projects;

21 (8) in the Department of Labor and Workforce Development:  
22 employment services, including job development, assisting individuals in finding  
23 employment, and assisting employed 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 (h) The University of Alaska shall evaluate the performance of its training  
28 programs using the standards set out in (e) of this section and shall provide a report on  
29 the results to the council for inclusion in the council's annual report to the legislature.

30 (i) The council shall review each program listed in (f) of this section to  
31 determine whether it is in compliance with the standards set out in (d) and (e) of this  
32 section. If the council finds that a program has failed to comply with the standards set

1 out in (d) and (e) of this section, it shall notify the program director of the failure. If  
2 the program director fails to improve the performance of the program within a  
3 reasonable time, the council shall notify the governor and the legislative budget and  
4 audit committee that the program is out of compliance. A contract entered into by a  
5 state agency relating to a training program set out in (f) of this section must contain  
6 terms consistent with this section.

7 (j) A department that operates or contracts for a training program listed in (f)  
8 of this section shall pay to the council a management assessment fee not to exceed .75  
9 percent of the program's annual operating budget. The total amount received as  
10 management assessment fees may not exceed the council's authorized budget for the  
11 fiscal year. The council shall, by regulation, establish a method to determine annually  
12 the amount of the management assessment fee. If the amount the council expects to  
13 collect under this subsection exceeds the authorized budget of the council, the council  
14 shall reduce the percentages set out in this subsection so that the total amount of the fees  
15 collected approximately equals the authorized budget of the council for the fiscal year.  
16 The council shall adopt regulations under AS 44.62 (Administrative Procedure Act)  
17 necessary to administer this subsection.

18 (k) Upon the enactment of a new federal or state program relating to work force  
19 development, the council shall

20 (1) advise the governor and the legislature on whether the council should  
21 provide oversight for the new program under this section; and

22 (2) make recommendations necessary to streamline and coordinate state  
23 efforts to meet the guidelines of the new program.

24 (l) For purposes of this section, "program"

25 (1) does not refer to the overall activities of an individual institution or  
26 individual fields of study or courses that are not associated with programs for which the  
27 council has oversight responsibility;

28 (2) may include a certificate or associate degree course or a course that  
29 is not for credit, whether it is offered by a public or private institute or contracted for  
30 by the private sector, so long as it is related to employment.

31 **Sec. 23.15.585. Administration.** (a) The department shall provide professional,  
32 technical, and administrative staff for the Alaska Human Resource Investment Council.

1           (b) Subject to legislative appropriations, and in accordance with AS 37.07  
2           (Executive Budget Act), the council's budget is funded from programs for which the  
3           council is the lead state planning and coordinating entity under AS 23.15.575.

4           \* **Sec. 10.** AS 23.15.645(b) is amended to read:

5           (b) When a grant is awarded to the council, the department shall annually  
6           provide to the council a priority list of targeted projects or services, based on  
7           unemployment statistics, unemployment insurance claims, occupational and industrial  
8           projections, availability of other training and employment programs, and other relevant  
9           data. The department shall also provide annually to the council a priority list of criteria  
10          for eligibility to maximize services to those people most in need of training under  
11          AS 23.15.620 - 23.15.660. In developing the priority list for targeted projects and  
12          services, the department shall solicit comments from the [DEPARTMENT OF  
13          COMMUNITY AND REGIONAL AFFAIRS,] Department of Education and Child  
14          Development, the [,] Department of Community [COMMERCE] and Economic  
15          Development, the University of Alaska, organized labor, the council, and the  
16          administrative entities of the substate service delivery areas established for the council.  
17          The department shall give preference to projects and services that train individuals in  
18          industries identified in the resident hire report required under AS 36.10.130 as  
19          employing a disproportionate percentage of nonresident individuals.

20          \* **Sec. 11.** AS 23.15.660(1) is amended to read:

21                         (1) "council" means the Alaska Human Resource Investment Council  
22                         established in AS 23.15.550 [AS 4 . 19.620];

23          \* **Sec. 12.** AS 23.20.110(a) is amended to read:

24           (a) Except as provided in (h) and (i) of this section, the department shall hold  
25           information obtained from an employing unit or individual in the course of administering  
26           this chapter and determinations as to the benefit rights of an individual confidential and  
27           may not disclose them or open them to public inspection in a manner that reveals the  
28           identity of the individual or employing unit. A claimant or an employing unit, or the  
29           legal representative of the claimant or the employing unit, is entitled to information from  
30           the records of the department to the extent necessary to properly present or protest a  
31           claim or determination under this chapter. Subject to restrictions that the department  
32           prescribes by regulation, the information may be made available to an agency of this

1 state or another state or federal agency charged with the administration of an  
2 unemployment compensation law or the maintenance of a system of public employment  
3 offices, or, for the purposes of the Federal Unemployment Tax Act, to the Internal  
4 Revenue Service of the United States, or, for tax purposes, to the Department of  
5 Revenue. Information obtained in the course of administering this chapter or in  
6 connection with the administration of the employment service may be made available  
7 to persons or agencies for purposes appropriate to the operation of a public employment  
8 service or the administration of employment and training programs planned or  
9 coordinated by the Alaska Human Resource Investment Council under AS 23.15.550 -  
10 23.15.585 [AS 44.19.620 - 44.19.627].

11 \* Sec. 13. AS 29.06.040(c) is amended to read:

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

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

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

21 (3) an area adjoining the municipality may be annexed by ordinance  
22 without an election if all property owners and voters in the area petition the governing  
23 body.

24 \* Sec. 14. AS 29.60.599(9) is amended to read:

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

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

32 (B) has

- 1 (i) a council organized under 25 U.S.C. 476 (sec. 16 of  
2 the Indian Reorganization Act);  
3 (ii) a traditional village council recognized by the United  
4 States as eligible for federal aid to Indians; or  
5 (iii) a council recognized by the commissioner under  
6 regulations adopted by the department to determine and give official  
7 recognition of village entities under AS 44.33.755(b) [AS 44.47.150(b)].

8 \* Sec. 15. AS 29.65.060(f) is amended to read:

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

14 \* Sec. 16. AS 30.13.010(a) is amended to read:

15 (a) The residents of each area of the state within the boundaries of a regional  
16 housing authority established under AS 18.55.996 that [WHICH] is located in whole or  
17 in part in the unorganized borough of the state may create a public body corporate and  
18 politic under the name and style of the "Resource Development Authority" with all or  
19 any significant part of the name of the region of the state inserted. The boundaries of  
20 the authority created shall be coterminous with the portion of the applicable regional  
21 housing authority that lies in the unorganized borough. Creation of an authority is  
22 initiated by a petition filed with the Department of Community and Economic  
23 Development [REGIONAL AFFAIRS] and a statement submitted to the governor. The  
24 petition must include the proposed name of the authority, its boundaries, and a statement  
25 of the facilities proposed to be provided by the authority. The petition must be signed  
26 by 15 percent of the total number of residents in the portion of the applicable regional  
27 housing authority that lies in the unorganized borough who cast votes in the preceding  
28 general election. The Department of Community and Economic Development  
29 [REGIONAL AFFAIRS] shall review petitions for content and signatures. If the  
30 department determines that the petition is adequate, it shall transmit the petition to the  
31 director of elections.

32 \* Sec. 17. AS 36.30.850(b)(11) is amended to read:

1 (11) agreements with providers of services under AS 14.38.100  
2 [AS 44.47.250]; AS 47.07; AS 47.08; AS 47.10; 47.17; AS 47.24; and AS 47.27,  
3 including contractors under AS 47.27.050;

4 \* Sec. 18. AS 36.30.850(b)(30) is amended to read:

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

8 \* Sec. 19. AS 37.06.020(i) is amended to read:

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

11 \* Sec. 20. AS 38.06.025(a) is amended to read:

12 (a) The board consists of the commissioner of community [COMMERCE] and  
13 economic development; the commissioner of revenue [COMMUNITY AND  
14 REGIONAL AFFAIRS]; the commissioner of natural resources, who is a nonvoting  
15 member; and five public members.

16 \* Sec. 21. AS 39.20 is amended by adding a new section to read:

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

20 \* Sec. 22. AS 39.50.200(b)(18) is amended to read:

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

22 \* Sec. 23. AS 39.50.200(b)(55) is amended to read:

23 (55) Alaska Human Resource Investment Council (AS 23.15.550)  
24 [(AS 44.19.620)].

25 \* Sec. 24. AS 39.52.170(c) is amended to read:

26 (c) The head of a principal executive department of the state may not accept  
27 employment for compensation outside the agency that the executive head serves. The  
28 rural affairs advocate may not accept employment for compensation outside the  
29 Office of the Governor.

30 \* Sec. 25. AS 39.52.180(d) is amended to read:

31 (d) A former governor, lieutenant governor, rural affairs advocate, or head of  
32 a principal department in the executive branch may not engage in activity as a lobbyist

1 under AS 24.45 for a period of one year after leaving service as the governor, lieutenant  
2 governor, rural affairs advocate, or department head, as appropriate. This subsection  
3 does not prohibit service as a volunteer lobbyist described in AS 24.45.161(a)(1) or a  
4 representational lobbyist as defined under regulations of the Alaska Public Offices  
5 Commission.

6 \* **Sec. 26.** AS 42.45.060(a) is amended to read:

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

12 \* **Sec. 27.** AS 44.19.010 is amended to read:

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

16 \* **Sec. 28.** AS 44.19 is amended by adding a new section to read:

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

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

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

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

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

28 (5) advocate within state government for maximization of local  
29 autonomy and local control; and

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

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

1 \* Sec. 29. AS 44.19.145(a) is amended to read:

2 (a) The office shall

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

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

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

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

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

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

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

17 (8) assist the governor and the Department of Community and Economic  
18 Development [REGIONAL AFFAIRS] in coordinating state agency activities that have  
19 an effect on the solution of local and regional development problems;

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

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

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

31 \* Sec. 30. AS 44.19.155(a) is amended to read:

32 (a) There is created in the Office of the Governor the Alaska Coastal Policy

1 Council. The council consists of the following:

2 (1) nine public members appointed by the governor from a list comprised  
3 of at least three names from each region, nominated by the municipalities of each  
4 region; the nominees shall be the mayor or member of the assembly or council of a  
5 municipality; one public member shall be appointed from each of the following general  
6 regions:

7 (A) northwest Alaska, including, generally, the area of the North  
8 Slope Borough and the Northwest Arctic borough [REGIONAL  
9 EDUCATIONAL ATTENDANCE AREA];

10 (B) Bering Straits, including, generally, the area of the Bering  
11 Straits regional educational attendance area;

12 (C) southwest Alaska, including, generally, the area within the  
13 Lower Yukon, Lower Kuskokwim, and Southwest [, AND LAKE &  
14 PENINSULA] regional educational attendance areas and the Lake and  
15 Peninsula and Bristol Bay Boroughs [BOROUGH];

16 (D) Kodiak-Aleutians, including the area of the Kodiak Island  
17 and Aleutian East Borough [BOROUGH] and the Aleutian, Adak and Pribilof  
18 regional educational attendance areas;

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

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

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

25 (H) northern Southeast Alaska, including the area southeast of  
26 141 W. longitude and north of 57 N. latitude, including the entirety of the City  
27 and Borough of Sitka; and

28 (I) southern Southeast Alaska, including that portion of  
29 southeastern Alaska not contained within the area described in (H) of this  
30 paragraph;

31 (2) each of the following:

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

1 (B) the commissioner of community [COMMERCE] and  
2 economic development;

3 (C) [THE COMMISSIONER OF COMMUNITY AND  
4 REGIONAL AFFAIRS;

5 (D)] the commissioner of environmental conservation;

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

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

8 (F) [(G)] the commissioner of transportation and public  
9 facilities.

10 \* **Sec. 31.** AS 44.19.155(d) is amended to read:

11 (d) Each member of the council shall select one person to serve as a permanent  
12 alternate at meetings of the council. If a member of the council is unable to attend, the  
13 member shall advise the alternate who may attend and act in the place of the member.  
14 The alternate for a public member appointed under (a)(1) of this section shall, at the  
15 time of the alternate's designation and throughout the period of service as a permanent  
16 alternate, be the mayor or member of the assembly or council of a municipality within  
17 the region from which the permanent member is appointed. The alternate for the  
18 director of the office of management and budget, serving under (a)(2)(A) of this section,  
19 shall be the director's designee within that office. The alternate for a designated member  
20 serving under (a)(2)(B) - (F) [(a)(2)(B) - (G)] of this section shall be a deputy  
21 commissioner of the department or the director of a division in the department. The  
22 names of alternates shall be filed with the council.

23 \* **Sec. 32.** AS 44.19 is amended by adding a new section to read:

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

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

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

1 those countries.

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

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

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

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

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

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

18 \* Sec. 33. AS 44.31.020 is amended to read:

19 **Sec. 44.31.020. Duties of department.** The Department of Labor and  
20 Workforce Development shall

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

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

25 (3) operate systems of workers' compensation and unemployment  
26 insurance; and

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

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

31 \* Sec. 34. AS 44.33.010 is amended to read:

32 **Sec. 44.33.010. Commissioner of community [COMMERCE] and economic**

1        **development.** The principal executive officer of the Department of Community  
2        [COMMERCE] and Economic Development is the commissioner of community  
3        [COMMERCE] and economic development. Whenever a statute provides that the  
4        commissioner is a member of a board, council, or other similar entity, the  
5        commissioner may designate another person to act in the commissioner's place.

6        \* **Sec. 35.** AS 44.33 is amended by adding a new section to read:

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

- 9                    (1) the division of rural affairs;  
10                   (2) the division of statewide development;  
11                   (3) the division of occupational licensing;  
12                   (4) the division of investments;  
13                   (5) the division of insurance;  
14                   (6) the division of banking, securities, and corporations; and  
15                   (7) the division of administration.

16                (b) Each division designated in this section is under the administrative control  
17        of the commissioner and under the supervision of a director who may be appointed by  
18        the commissioner.

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

21        \* **Sec. 36.** AS 44.33.020 is amended to read:

22                **Sec. 44.33.020. Duties of department.** The Department of Community  
23        [COMMERCE] and Economic Development shall

- 24                   (1) administer the state programs relating to commerce, enforce the laws  
25        relating to these programs, and adopt regulations under these laws;  
26                   (2) register corporations;  
27                   (3) collect corporation franchise taxes;  
28                   (4) enforce state laws regulating public utilities and other public service  
29        enterprises, banking and securities, insurance, and other businesses and enterprises  
30        touched with a public interest;  
31                   (5) make veterans' loans;  
32                   (6) [REPEALED]

- 1 (7)] promote and develop civil aviation;
- 2 (7) [(8)] furnish the budgeting, clerical, and administrative services for  
3 regulatory agencies and professional and occupational licensing boards not otherwise  
4 provided for;
- 5 (8) [(9)] REPEALED
- 6 (10) REPEALED
- 7 (11) REPEALED
- 8 (12)] conduct studies, enter into contracts and agreements, and make  
9 surveys relating to the economic development of the state and, when appropriate,  
10 assemble, analyze, and disseminate the findings obtained;
- 11 (9) [(13)] provide factual information and technical assistance for  
12 potential industrial and commercial investors;
- 13 (10) [(14)] receive gifts, grants, and other aid that facilitate the powers  
14 and duties of the department from agencies and instrumentalities of the United States or  
15 other public or private sources;
- 16 (11) [(15)] establish and activate programs to achieve balanced economic  
17 development in the state and advise the governor on economic development policy  
18 matters;
- 19 (12) [(16)] formulate a continuing program for basic economic  
20 development and for the necessary promotion, planning and research that will advance  
21 the economic development of the state;
- 22 (13) [(17)] cooperate with private, governmental, and other public  
23 institutions and agencies in the execution of economic development programs;
- 24 (14) [(18)] review the programs and annual reports of other departments  
25 and agencies as they are related to economic development and prepare an annual report  
26 on the economic growth of the state;
- 27 (15) [(19)] administer the economic development programs of the state;
- 28 (16) [(20)] perform all other duties and powers necessary or proper in  
29 relation to economic development and planning for the state;
- 30 (17) [(21)] request tourism-related businesses in the state to provide data  
31 regarding occupancy levels, traffic flow and gross receipts and to participate in visitor  
32 surveys conducted by the department; data collected under this paragraph that [WHICH]

1 discloses the particulars of an individual business is not a matter of public record and  
 2 shall be kept confidential; however, this restriction does not prevent the department from  
 3 using the data to formulate tourism economic impact information including expenditure  
 4 patterns, tax receipts and fees, employment and income attributable to tourism, and other  
 5 information considered relevant to the planning, evaluation and policy direction of  
 6 tourism in the state;

7 (18) [(22) REPEALED

8 (23) REPEALED

9 (24)] provide administrative and budgetary services to the real estate  
 10 commission under as 08.88 as requested by the commission;

11 (19) [(25) REPEALED

12 (26) REPEALED

13 (27) REPEALED

14 (28)] sell at cost, to the extent possible, publications and promotional  
 15 materials developed by the department;

16 (20) [(29)] as delegated by the governor, administer under 16 U.S.C.  
 17 1856 the internal waters foreign processing permit procedures and collect related fees;

18 (21) [(30)] administer state laws relating to the issuance of business  
 19 licenses;

20 (22) comply with AS 15.07.055 to serve as a voter registration agency  
 21 to the extent required by state and federal law, including 42 U.S.C. 1973gg  
 22 (National Voter Registration Act of 1993);

23 [(31) REPEALED

24 (32) REPEALED

25 (33) FOSTER THE GROWTH OF INTERNATIONAL TRADE  
 26 WITHIN THE STATE AND ADMINISTER ALASKA FOREIGN OFFICES].

27 \* Sec. 37. AS 44.33.020 is amended by adding a new subsection to read:

28 (b) The department shall

29 (1) advise and assist local governments;

30 (2) serve as staff for the Local Boundary Commission;

31 (3) conduct studies and carry out experimental and pilot projects for the  
 32 purpose of developing solutions to community and regional problems;

- 1 (4) promote cooperative solutions to problems affecting more than one  
2 community or region, including joint service agreements, regional compacts, and other  
3 forms of cooperation;
- 4 (5) serve as a clearinghouse for information useful in solution of  
5 community and regional problems, and channel to the appropriate authority requests for  
6 information and services;
- 7 (6) advise and assist community and regional governments on matters  
8 of finance, including but not limited to bond marketing and procurement of federal  
9 funds;
- 10 (7) prepare suggested guidelines relating to the content of notice of bond  
11 sale advertisements, prospectuses, and other bonding matters issued by local  
12 governments;
- 13 (8) administer state funds appropriated for the benefit of unorganized  
14 regions within the state, allowing for maximum participation by local advisory councils  
15 and similar bodies;
- 16 (9) carry out those administrative functions in the unorganized borough  
17 that the legislature may prescribe;
- 18 (10) study existing and proposed laws and state activities that affect  
19 community and regional affairs and submit to the governor recommended changes in  
20 those laws and activities;
- 21 (11) coordinate activities of the state that affect community and regional  
22 affairs;
- 23 (12) assist in the development of new communities and serve as the  
24 agent of the state for purposes of participation in federal programs relating to new  
25 communities;
- 26 (13) supervise planning, management, and other activities required for  
27 local eligibility for financial aid under those federal and state programs that provide  
28 assistance to community and regional governments;
- 29 (14) advise and assist municipalities on procedures of assessment,  
30 valuation, and taxation, and notify municipalities of major errors in those procedures;
- 31 (15) apply for, receive, and use funds from federal and other sources,  
32 public or private, for use in carrying out the powers and duties of the department;

1 (16) request and utilize the resources of other agencies of state  
2 government in carrying out the purposes of this chapter to the extent such utilization is  
3 more efficient than maintaining departmental staff, reimbursing the other agencies when  
4 appropriate;

5 (17) carry out the powers and duties assigned it under AS 42.45;

6 (18) administer state and, as appropriate, federal programs for revenue  
7 sharing, grants, and other forms of financial assistance to community and regional  
8 governments; and

9 (19) carry out other functions and duties, consistent with law, necessary  
10 or appropriate to accomplish the purpose of this chapter.

11 \* Sec. 38. AS 44.55 is amended by adding new sections to article 1 to read:

12 **Sec. 44.33.112. Fees for publications, research data, and other services.** The  
13 commissioner may establish by regulation and the department may charge reasonable  
14 fees for department publications, research data, and other centralized administrative  
15 services to cover the cost of reproduction, printing, mailing, distribution, and other  
16 centralized administrative services.

17 **Sec. 44.33.115. Exxon Valdez oil spill unincorporated rural community**  
18 **grant fund.** There is created in the department the Exxon Valdez oil spill  
19 unincorporated rural community grant fund. The fund consists of money appropriated  
20 to the fund from the Exxon Valdez oil spill restoration fund, the Alyeska settlement  
21 fund, and other sources. Appropriations to the fund do not lapse unless otherwise  
22 provided by the legislature in the bill making the appropriation to the fund. The  
23 department may use the fund to make grants to unincorporated rural communities in the  
24 area affected by the Exxon Valdez oil spill for capital projects for purposes of restoring,  
25 replacing, or enhancing subsistence resources or services or other services damaged or  
26 lost as the result of the Exxon Valdez oil spill. In this section,

27 (1) "Alyeska settlement fund" means the trust fund established in the  
28 state treasury for the purpose of receiving, holding, and disbursing the settlement  
29 proceeds received by the state under the Agreement and Consent Decree in re: The  
30 Exxon Valdez, United States District Court, District of Alaska, Case No. A92-175 Civil,  
31 decree entered November 25, 1992;

32 (2) "Exxon Valdez oil spill restoration fund" means the fund established

1 by the Department of Revenue to implement the judgment entered by the United States  
 2 District Court for Alaska in the criminal case United States of America v. Exxon  
 3 Shipping Company and Exxon Corporation, No. A90-015 CR.

4 **Sec. 44.33.118. Definitions.** In AS 44.33.010 - 44.33.118,

5 (1) "commissioner" means the commissioner of community and  
 6 economic development;

7 (2) "department" means the Department of Community and Economic  
 8 Development.

9 \* **Sec. 39.** AS 44.33 is amended by adding new sections to read:

10 **Article 7A. Rural Development.**

11 **Sec. 44.33.740. Powers and duties.** To promote development of rural areas of  
 12 the state, the department is authorized to

13 (1) investigate social and economic conditions of rural areas to determine  
 14 the need to expand economic opportunities and improve living conditions;

15 (2) formulate a coordinated program to broaden and diversify the  
 16 economic base of rural areas;

17 (3) coordinate administration of emergency relief, surplus food  
 18 distribution, or other public assistance programs, except the regular relief and assistance  
 19 programs of the federal government in rural areas;

20 (4) formulate and conduct a program of construction of basic facilities  
 21 to improve health, welfare, and economic security and provide employment and income  
 22 in the rural areas;

23 (5) promote training and educational programs designed to expand  
 24 employment opportunities for residents of rural areas;

25 (6) enter into agreements with other state agencies and departments to  
 26 provide for the distribution in rural communities of surplus electrical power from state-  
 27 owned power sources located in those communities and to expend funds for this  
 28 purpose;

29 (7) make grants to communities for bulk fuel storage facilities;

30 (8) cooperate with the Department of Environmental Conservation and  
 31 other agencies to provide technical assistance to communities in the installation,  
 32 operation, and management of bulk fuel storage facilities.

1           **Sec. 44.33.745. Limitations.** A program of the department under AS 44.33.740  
2 in a rural area may not exceed \$100,000 in cost a year.

3           **Sec. 44.33.750. Bulk fuel storage facilities grant fund.** (a) There is  
4 established in the department the bulk fuel storage facilities grant fund. Grants may be  
5 made by the department from this fund to a community to acquire and install community  
6 bulk storage facilities.

7           (b) Grants made under this section for the acquisition and installation of a bulk  
8 fuel storage facility may not exceed \$100,000 per community.

9           (c) If the governing body of two or more communities determine that their fuel  
10 requirements may be served by a single bulk fuel storage facility, the communities may  
11 jointly apply for grants to acquire and install a single bulk fuel storage facility. When  
12 communities apply jointly under this subsection, the limitation in (b) of this section is  
13 multiplied by the number of communities that submit the joint application.

14           (d) Before a grant is made under this section, the city council or, if the  
15 community is not incorporated, a reasonable representative body in the community shall  
16 agree in writing to maintain and operate the bulk storage facility to be constructed with  
17 the proceeds of the grant.

18           **Sec. 44.33.755. Land conveyed in trust.** (a) The commissioner

19           (1) shall accept, administer, and dispose of land conveyed to the state  
20 in trust by village corporations under 43 U.S.C. 1613(c)(3) (Sec. 14(c)(3) of the Alaska  
21 Native Claims Settlement Act) for the purposes specified in that section;

22           (2) may, with the concurrence of an appropriate village entity recognized  
23 by the commissioner under (b) of this section or, in the absence of an appropriate village  
24 entity, under procedures prescribed by regulations of the commissioner, accept,  
25 administer, and dispose of land conveyed in trust by a state or federal agency and by the  
26 dissolution of a municipality under AS 29.06.450 - 29.06.530.

27           (b) Transfer of land by sale, lease, right-of-way, easement, or permit, including  
28 transfer of surface resources, may be made by the commissioner only after approval of  
29 an appropriate village entity such as the traditional council, a village meeting, or a  
30 village referendum. This approval shall be by resolution filed with the department.

31           (c) Within one complete state fiscal year after the incorporation of a  
32 municipality in the village or of a municipality that includes all or part of the village,

1 land acquired under this section shall be conveyed without cost to the municipality, and  
2 the municipality shall succeed to all the entrusted interest in the land.

3 (d) Separate accounts shall be maintained in the name of each village for the  
4 land, including the revenue from the land, acquired from each village corporation under  
5 this section.

6 (e) Upon the conveyance of land to a municipality under this section, the  
7 commissioner shall account to the municipality for all profits including interest generated  
8 from the land. The municipality may then request the governor to submit a request to  
9 the legislature for an appropriation for the amount due the municipality.

10 (f) Title to or an interest in land acquired by the department under this section  
11 may not be acquired by adverse possession or prescription. Notwithstanding (a) (e)  
12 of this section, on the dissolution of a municipality under AS 29.06.450 - 29.06.530,  
13 unimproved land that was owned by the municipality on the date of its dissolution and  
14 received by the municipality from the state under a municipal land grant entitlement  
15 program is transferred to the commissioner of natural resources.

16 (g) For the purposes of this section, "municipality" includes only first and  
17 second class cities incorporated under the laws of the state.

18 **Sec. 44.33.760. Loan information officers.** (a) The department may provide  
19 itinerant loan information officers to serve persons who reside outside the major  
20 population centers of the state.

21 (b) The loan information officers shall be trained, to the extent that the  
22 department considers necessary, in a program administered by the department and  
23 approved by the Alaska Housing Finance Corporation, the Alaska Industrial  
24 Development and Export Authority, and the principal departments of the executive  
25 branch that administer loan programs.

26 (c) A majority of the loan information officers shall be persons who are  
27 conversant in Alaska Native languages that are spoken by a significant number of Alaska  
28 Natives. The department shall provide brochures and other printed materials, written in  
29 easily understandable English and in the Alaska Native languages that are spoken by a  
30 significant number of Alaska Natives, for distribution by the loan information officers.  
31 The brochures and printed materials must explain the purposes of the various state loan  
32 programs, the minimum qualifications under the programs, the method for obtaining

1 assistance in the completion of applications for the programs, and other information the  
 2 department determines will improve the access of persons in rural areas to the state's  
 3 loan programs.

4 (d) The department shall coordinate its efforts under this section with local  
 5 financial institutions and community groups to determine the proper itinerary and travel  
 6 schedule of the loan information officers and to provide adequate notice to persons in  
 7 rural areas of the itinerary and travel schedule of the loan information officers.

8 (e) The department shall assign the loan information officers to rural areas based  
 9 on the current and potential future demands for loans in those areas and shall establish  
 10 offices for the loan information officers in rural areas if the department determines it is  
 11 necessary to provide familiarity with the area served by the loan information officers and  
 12 to reduce travel costs.

13 **Sec. 44.33.765. Rural development initiative fund.** (a) The rural development  
 14 initiative fund is created in the department. Unless provided otherwise in the  
 15 appropriation act, an appropriation to the fund is retained in the fund for use under  
 16 AS 44.33.765 - 44.33.775 and does not lapse at the end of a fiscal year. Each year the  
 17 commissioner shall request an appropriation to the fund of interest and other income  
 18 earned on loans or investments of the fund. Money in the fund may be appropriated for  
 19 costs of administering AS 44.33.765 - 44.33.775.

20 (b) The commissioner may place money from the fund into a special reserve  
 21 account as necessary. The commissioner may use money in the account to protect the  
 22 state's security interest in collateral on loans made from the fund, to protect the state's  
 23 interests in investments made from the fund, or to defray expenses incurred during  
 24 foreclosure or other legal proceedings involving loans or investments made from the  
 25 fund.

26 (c) The commissioner may use money from the fund to provide for loan  
 27 information officers under AS 44.33.760.

28 **Sec. 44.33.770. Rural development loans.** (a) The department may use money  
 29 from the rural development initiative fund to make a loan of up to \$100,000 to a person,  
 30 or a loan of up to \$200,000 to two or more persons, to be used for working capital,  
 31 equipment, construction, or other commercial purposes by a business located in a  
 32 community with a population of 5,000 or less. A person who has received a loan under

1 this subsection may not be granted another loan until after the original loan is entirely  
2 repaid.

3 (b) The department shall require collateral for each loan made under this section  
4 and shall require that a reasonable amount of money from other nonstate sources be  
5 committed for use on any project or enterprise for which money from a loan will be  
6 used. The department by regulation may establish other conditions for loans. The  
7 department shall by regulation establish rates of interest that are not less than six percent  
8 a year and terms of repayment for loans made under this section.

9 **Sec. 44.33.775. Disposal of property acquired by default or foreclosure.** The  
10 department shall dispose of property acquired through default or foreclosure of a loan  
11 made from the rural development initiative fund. Disposal shall be made in a manner  
12 that serves the best interests of the state, and may include the amortization of payments  
13 over a period of years. The commissioner shall request an appropriation to the fund of  
14 proceeds from disposal of property under this section.

15 **Sec. 44.33.780. Definitions.** In AS 44.33.740 - 44.33.780,

16 (1) "commissioner" means the commissioner of community and  
17 economic development;

18 (2) "department" means the Department of Community and Economic  
19 Development.

#### 20 **Article 7B. Planning Assistance.**

21 **Sec. 44.33.781. Planning assistance for development and maintenance of**  
22 **district coastal management programs.** (a) The department shall conduct a program  
23 of research, training, and technical assistance to coastal resource districts necessary for  
24 the development and implementation of district coastal management programs under  
25 AS 46.40. The technical assistance shall include the direct granting to the coastal  
26 resource districts of a portion of any funds received by the state from the federal coastal  
27 zone management program, in amounts to be individually determined for each coastal  
28 resource district by the commissioner of community and economic development. State  
29 agencies shall assist the department in carrying out the purposes of this section.

30 **Sec. 44.33.782. Planning assistance to platting authorities.** To facilitate  
31 planning in municipalities that exercise planning and zoning authority, the department  
32 may provide planning assistance, including but not limited to surveys, land use studies,

1 urban renewal plans, technical services, model acts that include regulations designed to  
 2 encourage development and use of energy systems not dependent on oil or gas, and other  
 3 planning work to a city, borough, or other platting authority. In an area under the  
 4 jurisdiction, for planning purposes, of a city, borough, or other platting authority, the  
 5 department may not perform the planning work except at the request or with the consent  
 6 of the local authority.

7 **Sec. 44.33.784. Assistance by cities and platting authorities.** A city or  
 8 platting authority may make funds under its control available to the department for the  
 9 purposes of obtaining planning work or planning assistance, or both, for its area. The  
 10 department may contract for, accept, and expend the funds for urban planning for the  
 11 local jurisdiction.

12 **Sec. 44.33.786. Land use planning and state facility procurement plan.** The  
 13 department shall make recommendations to the Department of Transportation and Public  
 14 Facilities and to appropriate program agencies concerning the effect upon the  
 15 comprehensive plan or other land use plans or proposals of municipalities and  
 16 unincorporated communities with respect to the facility procurement plan required to be  
 17 prepared in accordance with AS 35.10.170.

18 **Sec. 44.33.788. Other planning powers.** The department may accept and  
 19 expend grants from the federal government and other public or private sources, may  
 20 contract with reference to them, and may enter into contracts and exercise all other  
 21 powers necessary to carry out AS 44.33.781 - 44.33.788.

22 **Sec. 44.33.790. Definition.** In AS 44.33.782 - 44.33.790, "department" means  
 23 the Department of Community and Economic Development.

24 \* **Sec. 40.** AS 44.33 is amended by adding new sections to read:

25 **Article 8A. Local Boundary Commission.**

26 **Sec. 44.33.810. Local Boundary Commission.** There is in the Department of  
 27 Community and Economic Development a Local Boundary Commission. The Local  
 28 Boundary Commission consists of five members appointed by the governor for  
 29 overlapping five-year terms. One member shall be appointed from each of the four  
 30 judicial districts described in AS 22.10.010 and one member shall be appointed from the  
 31 state at large. The member appointed from the state at large is the chair of the  
 32 commission.

1                   **Sec. 44.33.812. Powers and duties.** (a) The Local Boundary Commission shall

2                   (1) make studies of local government boundary problems;

3                   (2) adopt regulations providing standards and procedures for municipal  
4 incorporation, annexation, detachment, merger, consolidation, reclassification, and  
5 dissolution;

6                   (3) consider a local government boundary change requested of it by the  
7 legislature, the commissioner of community and economic development, or a political  
8 subdivision of the state; and

9                   (4) develop standards and procedures for the extension of services and  
10 ordinances of incorporated cities into contiguous areas for limited purposes upon  
11 majority approval of the voters of the contiguous area to be annexed and prepare  
12 transition schedules and prorated tax mill levies as well as standards for participation by  
13 voters of these contiguous areas in the affairs of the incorporated cities furnishing  
14 services.

15                   (b) The Local Boundary Commission may

16                   (1) conduct meetings and hearings to consider local government  
17 boundary changes and other matters related to local government boundary changes,  
18 including extensions of services by incorporated cities into contiguous areas and matters  
19 related to extension of services; and

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

26                   **Sec. 44.33.814. Meetings and hearings.** The chair of the commission or the  
27 commissioner of community and economic development with the consent of the chair  
28 may call a meeting or hearing of the Local Boundary Commission. All meetings and  
29 hearings shall be public.

30                   **Sec. 44.33.816. Minutes and records.** The Local Boundary Commission shall  
31 keep minutes of all meetings and hearings. If the proceedings are transcribed, minutes  
32 shall be made from the transcription. The minutes are a public record. All votes taken

1 by the commission shall be entered in the minutes.

2 **Sec. 44.33.818. Notice of public hearings.** Public notice of a hearing of the  
3 Local Boundary Commission shall be given in the area in which the hearing is to be  
4 held at least 15 days before the date of the hearing. The notice of the hearing must  
5 include the time, date, place, and subject of the hearing. The commissioner of  
6 community and economic development shall give notice of the hearing at least three  
7 times in the press, through other news media, or by posting in a public place, whichever  
8 is most feasible.

9 **Sec. 44.33.820. Quorum.** Three members of the commission constitute a  
10 quorum for the conduct of business at a meeting. Two members constitute a quorum  
11 for the conduct of business at a hearing.

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

15 **Sec. 44.33.824. Expenses.** Members of the Local Boundary Commission  
16 receive no pay but are entitled to the travel expenses and per diem authorized for  
17 members of boards and commissions under AS 39.20.180.

18 **Sec. 44.33.826. Hearings on boundary changes.** A local government boundary  
19 change may not be proposed to the legislature unless a hearing on the change has been  
20 held in or in the near vicinity of the area affected by the change.

21 **Sec. 44.33.828. When boundary change takes effect.** When a local  
22 government boundary change is proposed to the legislature during the first 10 days of  
23 any regular session, the change becomes effective 45 days after presentation or at the  
24 end of the session, whichever is earlier, unless disapproved by a resolution concurred  
25 in by a majority of the members of each house.

26 **Article 8B. Borough Feasibility Studies.**

27 **Sec. 44.33.840. Borough feasibility studies.** The commissioner may contract  
28 for studies of the feasibility of establishing boroughs in the unorganized borough. A  
29 study may be conducted under this section only if

30 (1) appropriations are available for that purpose; and

31 (2) the study is requested by a person residing in the area to be studied  
32 or by a city located in the area to be studied.

1           **Sec. 44.33.842. Requests for studies.** A request for a study of the feasibility  
2 of establishing a borough in the unorganized borough shall be submitted to the  
3 commissioner in writing and must include

4                   (1) a description of the boundaries of the area of the proposed study; and  
5                   (2) an indication of local interest in the proposed study consisting of  
6 either

7                           (A) a petition requesting the study containing the signatures and  
8 addresses of five percent of the voters residing in the area of the proposed study  
9 based on the number of voters who voted in the area in the last statewide  
10 election; or

11                           (B) resolutions requesting the study adopted by the governing  
12 bodies of at least five percent of the cities within the area of the proposed study.

13           **Sec. 44.33.844. Boundaries.** The boundaries of an area studied shall conform  
14 to the boundaries indicated in the request for the study under AS 44.33.842 unless the  
15 commissioner, after a public hearing held in the area of the proposed study, determines  
16 that the boundaries should be altered. In determining the boundaries of an area to be  
17 studied, the commissioner shall consider

18                   (1) the standards applicable to the incorporation of boroughs under  
19 AS 29.05.031;

20                   (2) boundaries of regional corporations established under 43 U.S.C. 1606;

21                   (3) census divisions of the state used for the 1980 census;

22                   (4) boundaries of the regional educational attendance areas established  
23 under AS 14.08.031; and

24                   (5) boundaries of coastal resource service areas organized under  
25 AS 46.40.110 - 46.40.210.

26           **Sec. 44.33.846. Contracts.** (a) The commissioner shall contract for a study of  
27 the feasibility of establishing a borough in the unorganized borough by following the  
28 procedures under AS 36.30 (State Procurement Code). The commissioner shall include  
29 terms in the contract that provide for

30                   (1) public participation in the preparation of the study;

31                   (2) completion of the study not later than June 30 of the third year after  
32 the year the contract is executed.

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(b) A study under this section must include

(1) a recommendation for or against incorporation of a borough containing all or part of the area studied;

(2) an evaluation of the economic development potential of the area studied;

(3) an evaluation of capital facility needs of the area studied;

(4) an evaluation of demographic, social, and environmental factors affecting the area studied;

(5) an evaluation of the relationships among regional educational attendance areas, coastal resource service areas, and other regional entities responsible for providing services in the area studied;

(6) an evaluation of the relationships between the existing cities within the area studied and regional entities responsible for providing services in the area; and

(7) specific recommendations for

(A) organization of a home rule or general law borough government if one is recommended;

(B) changes in organization of cities in the area studied; or

(C) the improvement of the delivery of services to the public by the state in the area studied.

**Sec. 44.33.849. Definition.** In AS 44.33.840 - 44.33.849, "commissioner" means the commissioner of community and economic development.

**Article 8C. Alaska Regional Economic Assistance Program.**

**Sec. 44.33.895. Alaska regional economic assistance program.** (a) The department shall

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

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

(A) is of sufficient geographic size and contains a large enough

1 population to form an economically viable unit with shared interests, resources,  
2 traditions, and goals;

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

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

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

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

12 (5) assist each organization to

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

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

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

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

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

31 (c) To qualify for a grant, a regional development organization must match the  
32 grant by providing an amount of money from nonstate sources. The department shall

1 establish by regulation a formula that determines the amount of the match required under  
2 this subsection based on the capability of each organization to generate money from  
3 nonstate sources. The amount of match required may not exceed the amount of grant  
4 money and may not be less than 20 percent of the grant. The total amount of grant  
5 money provided to an organization during a fiscal year may not exceed \$100,000.

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

9 (e) In this section,

10 (1) "department" means the Department of Community and Economic  
11 Development;

12 (2) "regional development organization" or "organization" means a  
13 nonprofit organization or nonprofit corporation formed to encourage economic  
14 development within a particular region of the state that includes the entire area of each  
15 municipality within that region and that has a board of directors that represents the  
16 region's economic, political, and social interests.

17 \* Sec. 41. AS 46.03.900(33) is amended to read:

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

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

24 (B) has

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

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

29 (iii) a council recognized by the commissioner of  
30 community and economic development [REGIONAL AFFAIRS] under  
31 regulations adopted by the Department of Community and Economic  
32 Development [REGIONAL AFFAIRS] to determine and give official

1 recognition of village entities under AS 44.33.755(b) [AS 44.47.150(b)];

2 \* **Sec. 42.** AS 46.04.900(22) is amended to read:

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

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

9 (B) has

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

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

14 (iii) a council recognized by the commissioner of  
15 community and economic development [REGIONAL AFFAIRS] under  
16 regulations adopted by the Department of Community and Economic  
17 Development [REGIONAL AFFAIRS] to determine and give official  
18 recognition of village entities under AS 44.33.755(b) [AS 44.47.150(b)];

19 \* **Sec. 43.** AS 46.08.900(16) is amended to read:

20 (16) "village" means a place within the unorganized borough or within  
21 a borough if the power, function, or service for which a grant application under  
22 AS 29.60.510 is submitted is not exercised or provided by the borough on an areawide  
23 or nonareawide basis at the time the grant application is submitted that

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

27 (B) has

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

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

32 (iii) a council recognized by the commissioner of

1 community and economic development [REGIONAL AFFAIRS] under  
2 regulations adopted by the Department of Community and Economic  
3 Development [REGIONAL AFFAIRS] to determine and give official  
4 recognition of village entities under AS 44.33.755(b) [AS 44.47.150(b)].

5 \* Sec. 44. AS 46.40.170(b) is amended to read:

6 (b) At the request of the council, the Department of Community and Economic  
7 Development [REGIONAL AFFAIRS] shall complete the district coastal management  
8 program in accordance with this chapter and the guidelines and standards adopted by the  
9 council for a coastal resource service area that [WHICH] has been organized but that  
10 [WHICH] has failed to make substantial progress in the preparation of an approvable  
11 district coastal management program within 18 months of certification of the results of  
12 an organization election or that [WHICH] has not submitted for approval to the council  
13 a program within 30 months of certification of the results of its organization election.  
14 Preparation of the program shall be conducted in consultation with the coastal resource  
15 service area and shall, to the maximum extent consistent with this chapter, reflect the  
16 expressed concerns of the residents of the service area.

17 \* Sec. 45. AS 46.40.190(a) is amended to read:

18 (a) A city within the coastal area that [WHICH] is not part of a coastal resource  
19 service area shall be included for purposes of this chapter within an adjacent coastal  
20 resource service area unless its governing body, by resolution adopted by a majority of  
21 its membership, chooses to exclude the city from an adjacent coastal resource service  
22 area and a copy of the resolution is filed with the commissioner of community and  
23 economic development [REGIONAL AFFAIRS].

24 \* Sec. 46. AS 46.40.210(2) is amended to read:

25 (2) "coastal resource district" means each of the following that  
26 [WHICH] contains a portion of the coastal area of the state:

27 (A) unified municipalities;

28 (B) organized boroughs of any class that [WHICH] exercise  
29 planning and zoning authority;

30 (C) home rule and first class cities of the unorganized borough  
31 or within boroughs that [WHICH] do not exercise planning and zoning  
32 authority;

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(D) second class cities of the unorganized borough, or within boroughs that [WHICH] do not exercise planning and zoning authority, that [WHICH] have established a planning commission, and that [WHICH], in the opinion of the commissioner of community and economic development [REGIONAL AFFAIRS], have the capability of preparing and implementing a comprehensive district coastal management program under AS 46.40.030;

(E) coastal resource service areas established and organized under AS 29.03.020 and AS 46.40.110 - 46.40.180;

\* Sec. 47. AS 47.05.030(a) is amended to read:

(a) Except as provided in (b) of this section and for purposes directly connected with the administration of general assistance, adult public assistance, the day care assistance program authorized under AS 14.38.100 - 14.38.199 [AS 44.47.250 - 44.47.310], or the Alaska temporary assistance program, and in accordance with the regulations of the department, a person may not solicit, disclose, receive, make use of, or authorize, knowingly permit, participate in, or acquiesce in the use of, a list of or names of, or information concerning, persons applying for or receiving the assistance directly or indirectly derived from the records, papers, files, or communications of the department or subdivisions or agencies of the department, or acquired in the course of the performance of official duties.

\* Sec. 48. AS 47.27.060 is amended to read:

**Sec. 47.27.060. Job development.** The department may establish cooperative agreements with the Department of Labor and Workforce Development. [DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS,] Department of Education and Child Development, and Department of Community [COMMERCE] and Economic Development, and with other public or private sector organizations for the purpose of developing job, training, and educational opportunities for families eligible for assistance under this chapter.

\* Sec. 49. AS 47.27.900(2) is amended to read:

(2) "child care assistance" means payments made by the Department of Health and Social Services [OR THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS] to Alaska temporary assistance program participant families or to providers for the care of children of the participant families;

1 \* **Sec. 50.** AS 47.90.040 is amended to read:

2           **Sec. 47.90.040. Consultation and coordination.** The commissioner shall  
3 consult and cooperate with the Department of Health and Social Services; the  
4 Department of Education and Child Development, including the division of vocational  
5 rehabilitation; the University of Alaska, community colleges, and other colleges as  
6 appropriate; [THE DEPARTMENT OF LABOR, INCLUDING THE DIVISION OF  
7 EMPLOYMENT SECURITY;] and other persons or agencies that the commissioner  
8 considers appropriate in the implementation of this chapter.

9 \* **Sec. 51.** AS 47.90.070(1) is amended to read:

10                           (1) "commissioner" means the commissioner of labor and workforce  
11 development [COMMUNITY AND REGIONAL AFFAIRS];

12 \* **Sec. 52. REPEALER.** AS 39.25.120(c)(21); AS 44.17.005(17); AS 44.19.620, 44.19.621,  
13 44.19.622, 44.19.623, 44.19.624, 44.19.625, 44.19.626, 44.19.627; AS 44.33.240, 44.33.242,  
14 44.33.245, 44.33.255, 44.33.260, 44.33.270, 44.33.272, 44.33.275, 44.33.800; and AS 44.47.010,  
15 44.47.020, 44.47.050, 44.47.051, 44.47.055, 44.47.080, 44.47.090, 44.47.092, 44.47.095,  
16 44.47.100, 44.47.130, 44.47.140, 44.47.145, 44.47.150, 44.47.155, 44.47.250, 44.47.260,  
17 44.47.270, 44.47.280, 44.47.290, 44.47.300, 44.47.305, 44.47.310, 44.47.565, 44.47.567,  
18 44.47.569, 44.47.571, 44.47.573, 44.47.575, 44.47.577, 44.47.579, 44.47.581, 44.47.583,  
19 44.47.700, 44.47.710, 44.47.720, 44.47.730, 44.47.750, 44.47.752, 44.47.754, 44.47.756,  
20 44.47.758, 44.47.760, 44.47.762, 44.47.764, 44.47.766, 44.47.768, 44.47.770, 44.47.772,  
21 44.47.800, 44.47.810, 44.47.820, 44.47.900, 44.47.980, 44.47.998 are repealed.

22 \* **Sec. 53. REPEALER.** AS 44.33.895, added by sec. 40 of this Act, is repealed July 1,  
23 2000.

24 \* **Sec. 54. TRANSITIONAL PROVISIONS.** (a) Litigation, hearings, investigations, and  
25 other proceedings pending under a law repealed or amended by this Act, or in connection with  
26 functions transferred by this Act, continue in effect and may be completed notwithstanding a  
27 transfer or repeal provided for in this Act.

28           (b) Regulations in effect on June 30, 1999, that were adopted to implement a function  
29 that is transferred by this Act remain in effect and shall be enforced by the agency to which the  
30 function is transferred under this Act until amended by the agency to which the function is  
31 transferred.

32           (c) Wherever in Alaska Statutes affected by this Act there is a reference to regulations

1 adopted under a section of law and there are no regulations adopted under that section because  
2 previous regulations adopted under another section are being enforced under (b) of this section,  
3 the reference shall be construed to refer to the previously adopted regulations until they are  
4 amended by the new agency.

5 (d) Contracts, rights, liabilities, and obligations created by or under a law repealed or  
6 amended by this Act, and in effect on June 30, 1999, remain in effect notwithstanding this Act's  
7 taking effect.

8 (e) Records, equipment, appropriations, and other property of an agency of the state  
9 whose functions are transferred under this Act shall be transferred to implement the provisions  
10 of this Act.

11 \* **Sec. 55. DIVISION OF TOURISM CONVERTED TO OFFICE.** The duties of the  
12 division of tourism, Department of Commerce and Economic Development, and the duties of  
13 the director of that division, are transferred, respectively, to the office of tourism, in the  
14 Department of Community and Economic Development, and to the manager of that office. This  
15 section applies to duties existing on June 30, 1999, and to duties that are created after  
16 June 30, 1999, under legislation passed during the Twenty-First Alaska State Legislature that  
17 becomes law.

18 \* **Sec. 56. REVISOR'S INSTRUCTION REGARDING DEPARTMENT OF COMMERCE**  
19 **AND ECONOMIC DEVELOPMENT.** Wherever in the Alaska Statutes and the Alaska  
20 Administrative Code the terms "Department of Commerce and Economic Development" and  
21 "commissioner of commerce and economic development" are used, they shall be read,  
22 respectively, as "Department of Community and Economic Development" and "commissioner  
23 of community and economic development" when to do so would be consistent with the changes  
24 made by this Act.

25 \* **Sec. 57. REVISOR'S INSTRUCTION REGARDING DEPARTMENT OF EDUCATION.**  
26 Wherever in the Alaska Statutes and the Alaska Administrative Code the terms "Department of  
27 Education" and "commissioner of education" are used, they shall be read, respectively, as  
28 "Department of Education and Child Development" and "commissioner of education and child  
29 development" when to do so would be consistent with the changes made by this Act.

30 \* **Sec. 58. REVISOR'S INSTRUCTION REGARDING DEPARTMENT OF LABOR.**  
31 Wherever in the Alaska Statutes and the Alaska Administrative Code the terms "Department of  
32 Labor" and "commissioner of labor" are used, they shall be read, respectively, as "Department

1 of Labor and Workfor Development" and "commissioner of labor and workforce development"  
2 when to do so would be consistent with the changes made by this Act.

3 \* Sec. 59. SPECIFIC INSTRUCTIONS TO REVISOR OF STATUTES CONCERNING  
4 SPECIFIC REFERENCES. (a) The revisor of statutes shall change references to "community  
5 and regional affairs" to read "community and economic development" in the following statutes:

6 (1) AS 08.40.190(b)(2)(A), 08.40.390(b)(2)(A);

7 (2) AS 14.08.031(a), 14.08.051(a); AS 14.17.410(b)(2), 14.17.410(c)(1),  
8 14.17.410(e)(1)(B), 14.17.490(b), 14.17.510(a);

9 (3) AS 15.07.055(a)(3); AS 15.13.010(a)(2);

10 (4) AS 18.26.030(a)(3); AS 18.56.030(a)(2), 18.56.097;

11 (5) AS 19.30.131(a), 19.30.131(b), 19.30.131(c);

12 (6) AS 26.23.071(b);

13 (7) AS 28.01.010(b);

14 (8) AS 29.60.120(d), 29.60.370(a), 29.60.620(b), 29.60.650(2); AS 29.65.050(c),  
15 29.65.050(d), 29.65.120; AS 29.71.800(5), 29.71.800(8);

16 (9) AS 37.05.317, 37.05.530(c); AS 37.06.010(g), 37.06.020(l), 37.06.030(c),  
17 37.06.080;

18 (10) AS 41.15.180(a), 41.15.180(b), 41.15.180(f), 41.15.180(g);

19 (11) AS 42.45.060(c), 42.45.990(1);

20 (12) AS 43.75.137; AS 43.77.040(b), 43.77.060(d);

21 (13) AS 44.21.200(a)(2); AS 44.85.030, 44.85.320(b);

22 (14) AS 46.08.040(a); 46.40.120(b), 46.40.120(d), 46.40.140(c), 46.40.170(a),  
23 46.40.180(a), 46.40.180(d), 46.40.210(5);

24 (15) AS 47.18.010(c); AS 47.80.090(8).

25 (b) Wherever in the Alaska Statutes and the Alaska Administrative Code the terms  
26 "division of tourism" and "director of tourism" are used, they shall be read, respectively, as  
27 "office of tourism" and "manager of tourism" when to do so would be consistent with sec. 55  
28 of this Act.

29 (c) Wherever in the Alaska Statutes and the Alaska Administrative Code the terms  
30 "division of international trade" and "director of international trade" are used, they shall be read,  
31 respectively, as "office of international trade" and "manager of international trade" when to do  
32 so would be consistent with secs. 32 and 52 of this Act.

1       \* **Sec. 60.** IMPLEMENTATION OF SECTIONS 55 - 59 OF THIS ACT. Under  
2 AS 01.05.031, the revisor of statutes shall implement secs. 55 - 59 in the statutes and, under  
3 AS 44.62.125(b)(6), the regulations attorney shall implement secs. 55 - 59 in the administrative  
4 code.

5       \* **Sec. 61.** This Act takes effect July 1, 1999.

Consolidation Plan

-2-2-

April 14, 1999

Specific agency responsibilities under Knowles' preliminary plan include:

**Department of Community and Economic Development**

**Community Assistance and Development**

- Financial assistance to communities -- municipal assistance, revenue sharing, capital matching grants, shared taxes, coastal zone aid (not including Coastal Zone Management).
- Management and technical assistance for local governments, rural utilities, small businesses
- Community economic and energy development -- ARDOFS, CDQs, mini-grants, Rural Development Initiative Fund, rural energy programs, Low Income Home Energy Assistance Program
- Local boundary commission; state assessor

**Trade and Commerce**

- Marketing Alaska, including international trade and tourism
- Banking, securities, corporations
- Business licensing
- Insurance
- Occupational licensing
- Loan servicing
- Independent agencies -- Public Utilities Commission, Seafood Marketing Institute, Alaska Railroad, Science & Technology Foundation, Aerospace Development Corp., AIDEA.

Power Cost Equalization to be funded and administered through AIDEA/AEA.

**Department of Labor and Workforce Development**

**Workforce Development**

- Employment services
- Work services
- x • State Training and Employment Program
- x • Job Training Partnership Act
- x • Vocational rehabilitation
- x • One Stop centers
- x • Adult basic education
- Human Resources Investment Council
- Labor market information

Alaska labor relations agency

**Worker Protection**

- Unemployment insurance
- Occupational safety and health
- Wage and hour administration
- Mechanical inspection
- Safety advisory council
- Workers' compensation
- Fishermen's fund
- Second Injury fund

\*-NEW  
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AUTECH

**Department of Education and Child Development**

**Child Development**

- Quality and licensing of child care and pre-schools
- Early learning
- Head Start
- Child care and day care financial assistance
- Child development research, comprehensive plan, indicators and evaluation
- Children's cabinet
- Nutrition

**Education**

- Quality schools programs
- K-12 financial assistance
- Vocational education
- State owned schools
- State library and museum
- Post Secondary Education Commission

State Board of Education

Editors: Video from today's signing ceremony will be aired on the Governor's Window on ARCS at 3:30 p.m. today. Radio actualities will be available on the Governor's Information Line, 800-478-5669 or 456-5213 in Juneau. Digital Photos can be downloaded at [www.gov.state.ak.us/photogallery/index000.htm](http://www.gov.state.ak.us/photogallery/index000.htm)

**HB 40**  
**Agency Programs by Department**  
Version "K" 4/28/99

Labor & Workforce Development	Community & Economic Development	Education & Child Development
<p>(Currently in Dept. of Labor)</p> Wage & hour Mechanical Inspection Unemployment Insurance Occupational Safety & Health Safety Advisory Council Fishermens Fund Workers' Comp Labor Relations Agency Employment Services Work Services	<p>(Currently in C&amp;RA)</p> Community Development Assistance Community & Economic Development National Forest Receipts Revenue Sharing Municipal Assistance Unincorporated Capital Matching Grants State Assessor Local Boundary Commission PCE Energy Operations Circuit Rider National Petroleum Reserve Program Statewide Assistance Renters' Equivalency Rebate	<p>(Currently in Dept. of Education)</p> Quality Schools Program K-12 Financial Assistance Vocational Technical Education State Owned Schools State Library and Museum Post Secondary Education Commission Teaching and Learning Support** Alaska State Council on the Arts
<p>(Currently in DOE)</p> Adult Basic Education Vocational Rehabilitation	<p>(Currently in C&amp;ED)</p> Trade & Development Investments Tourism ATMC AIDEA ASTF ASMI AADC Banking, Securities & Corporations Insurance Occupational Licensing APUC	<p>(Currently in C&amp;RA)</p> Head Start Child Care Pass II, III Day Care Assistance
<p>(Currently in Community &amp; Regional Affairs)</p> Job Training Partnership Act State Training & Employment Program	<p>(Currently in H&amp;SS)</p> Child Care Licensing	
<p>(Currently in Governor's Office)</p> Alaska Human Resource Investment Council*	<p>(Currently in DOA)</p> Capital Matching Grants (Incorporated) Municipal Grants	

\* AHRIC will transfer to L&WD at the completion of their 5 year planning cycle (July 1, 2000).

\*\* Teaching and Learning Support includes Preschool Certification, Teacher Certification, Community Schools & Child Nutrition.

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

Dear Representative Kohring:

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

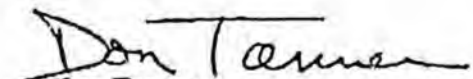
As a small businessman, providing service is important to my customers. I take every effort to minimize my overhead. State government should do the same. This merger bill is the first step in cutting unnecessary overhead.

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

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

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

Sincerely,

  
Don Tanner

## HB 400

### Boards and Commissions after Merger

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

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

#### Statutory Boards and Commissions

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

Total: 14 Statutory Boards and Commissions

#### Non-Statutory Boards

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

## House Bill 400

### **Overlapping Missions of DCED and DCRA**

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

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

adopted N/D

4-30-99

amended to include date of 7/1/2000 N/D

#1

Administration Proposed Amendments to CSHB40 -- Version "I" -- April 26, 1999.

**I. Insert the following after current Bill section 4:**

\* **Sec. 5.** AS 14 is amended by adding a new chapter to read:

**CHAPTER 37. Licensure of child care facilities**

**Sec. 14.37.005. Purpose; applicability.** (a) The purpose of this chapter is to establish and maintain standard levels for services offered to children in child care facilities. The legislature recognizes the responsibility of parents to select and monitor care givers for their children in order to ensure a reasonably safe and developmentally appropriate child care environment. The child care licensing procedures in this chapter are intended to reduce predictable risk of harm to children and to provide support services to those providing child care services.

(b) This chapter and regulations adopted under this chapter apply to facilities

(1) for which licensure is required by or under AS 14.37.015; or

(2) that are exempt under AS 14.37.015 from licensure but for which a license is issued under AS 14.37.015(c).

**Sec. 14.37.010. Powers of department.** (a) The department may

(1) license and supervise child care facilities;

(2) investigate applicants, licensees, and persons that the department reasonably believes are operating a facility without a license or certification in violation of this chapter;

(3) adopt regulations to implement the provisions of this chapter, including regulations establishing certification and licensure procedures, standards, and fees; establishing requirements for operation of facilities licensed under this chapter; and distinguishing between types of child care facilities;

(4) enter into agreements with private entities, municipalities, or individuals to investigate and make recommendations to the department for the licensing and supervision of child care facilities under procedures and standards of operation established by the department.

(b) The department shall, within 90 days after receiving a written request that it do so, delegate its powers relating to child care facilities under this chapter to a municipality that has adopted an ordinance providing for child care licensing under home rule powers under AS 29.10.010 or as authorized under AS 29.35.200 - 29.35.210. A municipality to which these powers have been delegated may adopt, by ordinance, additional requirements for child care facilities operating within its boundaries if the requirements meet or exceed the requirements adopted by the department.

**Sec. 14.37.015. License required; exemptions.** (a) A person may not operate a child care facility without a license issued under this chapter unless that facility is exempt from licensure. The following facilities are exempt:

- (1) a facility in which child care is regularly provided and each child's parent is on the premises within reasonable proximity and accessibility to the child;
- (2) a facility located on a United States Department of Defense or United States Coast Guard installation that is located on federal property;
- (3) a recreational program that children are allowed to attend and in which the program assumes no responsibility for care of the children;
- (4) a daytime therapeutic program of supervised, educational, and rehabilitative services for children with special needs or behavioral problems;
- (5) a program that is primarily educational, and that
  - (A) is certified as a pre-elementary school under department regulations adopted under AS 14.07.020;
  - (B) serves children three years of age or older and is exempt from

the department pre-elementary school regulations; or

(C) is operated as a headstart preschool that is required to meet the standards established under 42 U.S.C. 9836a; or

(6) a temporary facility providing care for less than five continuous weeks;

(7) a facility regularly providing child care to four or fewer children unrelated to the care giver;

(8) a facility in which the care giver is a relative of all of the children.

(b) In addition to facilities that, under this section, are exempt from licensure, the department, by regulation, may provide for additional exemptions that the department considers appropriate.

(c) A person may apply for a license for a facility that is exempt from licensure under this section. The department may issue a license to an applicant under this subsection if the applicant meets the requirements of this chapter and regulations adopted under this chapter.

**Sec. 14.37.017. Application for license.** (a) Application for a license to operate a child care facility shall be made to the department on a form provided by the department and shall be accompanied by any applicable fees established by the department under AS 14.37.010(a)(3).

(b) An application submitted under this section must contain at least the following information:

(1) the name and address of the applicant and, if the applicant is a corporation, partnership, association, or any other form of organization, the name, address, and title of each individual who has an ownership or management interest in the facility; if the applicant is an individual, the application must include the name, age, and driver's license number, if any, of each member of the individual's household;

(2) the name, physical location, and mailing address of the facility for which

the license is sought;

(3) the name and address of the administrator of the facility, if any;

(4) evidence that the administrator is an adult with sufficient experience, training, or education to fulfill the duties of an administrator;

(5) a release for the administrator and for each other person who is 16 years of age or older, as specified by the department by regulation, who will have contact with individuals served by the facility, authorizing the department to review all federal, state, and municipal criminal justice information, whether of this state, of a municipality of this state, or of another jurisdiction, medical records, licensing records, and protective services records, identified in regulations adopted under this chapter, that are relevant to the person who is the subject of the release;

(6) the number of individuals that will be served in the facility;

(7) the type of facility for which the license is sought;

(8) copies of all inspection reports and approvals required by state fire prevention and environmental health and safety authorities for operation of the facility, including any variances granted by these authorities;

(9) a plan of operation, as required by the department by regulation;

(10) a staffing plan that describes the number of people who will work at the facility, staff qualifications, a description of each person's responsibilities, and a supervision schedule for the children in care that meets the requirements established by the department by regulation;

(11) evidence that the applicant has completed orientation or training required by the department by regulation; and

(12) other information required by the department, by regulation, in order to monitor compliance with this chapter and regulations adopted under this chapter.

**Sec. 14.37.020. Provisional license; biennial license.** (a) The department shall issue a provisional license to a new facility that applies under AS 14.37.017 if, after inspection and investigation, the department determines that the application and plan of operation for the facility meet the requirements of this chapter and regulations adopted under this chapter. A provisional license is valid for a period not to exceed one year. The department may extend a provisional license for one additional period not to exceed one year.

(b) Before expiration of a provisional license issued under (a) of this section, the department shall inspect and investigate the facility in order to determine whether the facility is operating under the provisional license in compliance with this chapter and applicable regulations.

(c) Before expiration of a provisional license, the department shall issue a biennial license for the facility if (1) after inspection and investigation under (b) of this section, the department finds that the facility is operating in compliance with, and meets the licensure requirements of this chapter and regulations adopted under this chapter; (2) none of the grounds for revocation set out in AS 14.37.130(a)(2) exist; and (3) all applicable fees have been paid. The department shall prepare a summary report of its findings and recommendations for issuance of a biennial license.

(d) The issuance of a license by the department does not obligate the department to support the facility financially.

**Sec. 14.37.025. Denial of license; right to appeal.** (a) If the department denies an application for a license or decides not to issue a biennial license, the department shall hand deliver to the prospective licensee, or mail to the prospective licensee by certified mail, return receipt requested, a notice of denial of licensure. The notice must contain a summary of the department's reasons for denial of the license and a form for requesting a hearing under (b) of this section.

(b) A prospective licensee who was denied licensure may appeal the department's decision by requesting a hearing, on the form provided by the department, within 15 days after receipt of the notice of denial of licensure.

**Sec. 14.37.027. Variances.** (a) The department may grant to an applicant for a license under this chapter, or to a licensee, a variance from a requirement of this chapter or a regulation adopted under this chapter if that person submits to the department, on a form provided by the department, a complete variance request as required by this section. A variance may be granted if

(1) the applicant or licensee proposes an alternative means, acceptable to the department, to satisfy the intent of the requirement for which the variance is requested; and

(2) the health and safety of children is adequately protected.

(b) A request for a variance must contain the following information:

(1) the statute or regulation from which the variance is sought;

(2) the reasons why the variance is needed;

(3) the period of time for which the variance is requested;

(4) the proposed alternative means of satisfying the intent of the requirement for which the variance is requested;

(5) a statement as to how the health and safety of children will be protected during the period of the variance; and

(6) assurance that the conditions of the facility do not present an imminent danger to the health or safety of individuals served by the facility.

(c) To evaluate a request for a variance, the department shall take one or more of the following actions:

(1) investigate the statements in the request;

(2) inspect the facility;

(3) schedule a conference with the applicant or licensee regarding the

variance request.

(d) The department's decision approving or denying a variance must be in writing, and the department shall provide a copy of the decision to the person requesting the variance. If the department grants the variance, the decision must state the term of and conditions of the variance.

(e) If an applicant or licensee violates a condition of a variance granted under this section, the variance is terminated.

**Sec. 14.37.029. Content of license; posting.** (a) A license issued under this chapter must state

- (1) the period of time during which the license is in effect;
- (2) the name of the facility;
- (3) the type of facility;
- (4) the name of the licensee;
- (5) the location and mailing address of the facility;
- (6) the number and age range of children that the facility may have in care at any time;
- (7) any conditions set by the department;
- (8) variances approved by the department for the duration of the license; and
- (9) the address and phone number of the nearest department office that is responsible for administering this chapter or of the department representative responsible for evaluating that facility under AS 14.37.010(a)(4).

(b) A licensee shall post the license in a conspicuous place in the facility, visible to individuals in care and their families and to facility staff. If the department has approved a variance that is not stated on the license, the licensee shall post a copy of the variance near the license.

**Sec. 14.37.033. Licenses not transferable.** A license may be issued under this chapter only for the location and person named in the application. A license issued under this chapter may not be transferred to another person or location.

**Sec. 14.37.037. Orientation and training.** The department, by regulation, may require that an applicant or licensee complete orientation or training to assist that person in operating under the license.

**Sec. 14.37.039. Records required.** (a) In accordance with regulations adopted by the department, a licensee shall keep the records regarding each individual in its care that are necessary to show compliance with this chapter and regulations adopted under this chapter.

(b) The department's licensing records, with the names of all individuals in care and parents of minors in care deleted to protect the confidentiality of those individuals, are available for public inspection, except for

- (1) material made confidential by state or federal statutes or regulations;
- (2) material that is part of an uncompleted licensing or complaint investigation;
- (3) records that would deprive an applicant, licensee, or other person of a fair and impartial hearing; and
- (4) records for which the department determines that disclosure would constitute an unwarranted invasion of personal privacy.

(c) A government agency that provides funding to a facility licensed under this chapter may have access to that facility's records in order to conduct an audit.

**Sec. 14.37.043. Monitoring; investigation.** (a) By the first anniversary of the effective date of a biennial license, including a renewed biennial license, the licensee shall submit an annual self-monitoring report to the department. The department shall specify, by regulation, the contents of the report.

(b) To encourage parents of children in child care facilities to become involved in day-to-day monitoring of the care provided by the facilities, the department shall require licensees to give to parents of children in child care in the licensee's facility a summary of the regulatory requirements that apply to the facility and the department's or department representative's telephone contact number for reporting a concern regarding child care. The department also may provide notice of the telephone contact numbers for reporting child care concerns.

(c) The department may conduct an investigation, including announced or unannounced on-site inspections, for ongoing monitoring or to assist in its review of an annual self-monitoring report.

**Sec. 14.37.045. Biennial license renewal.** (a) At least 90 days before the expiration date of a biennial license, a licensee who wishes to remain licensed shall submit, on a form provided by the department, an application for renewal of the license and any associated variances.

(b) Before expiration of a biennial license, the department or its representative shall inspect a facility that is the subject of a renewal application.

(c) The department shall renew a biennial license if the department finds that

(1) the licensee

(A) either is in compliance with this chapter and regulations adopted under this chapter or is substantially in compliance and has implemented a plan of correction, approved by the department, that is designed to bring the facility into full compliance; and

(B) has maintained the facility in good repair and is in compliance with all state fire safety and environmental health and safety code requirements;

(2) the ground for revocation set out in AS 14.37.130(a)(2) does not exist;

and

(3) all applicable fees have been paid.

(d) If the licensee submits a renewal application within the time period required by the department by regulation, but the department is unable to complete its review before the expiration date of the biennial license, the license is automatically extended for six months, or until the department completes its review and either approves or denies the application, whichever occurs first.

(e) If the department decides to approve an application for renewal, but finds that the applicant is not in compliance with a provision of this chapter, a regulation adopted under this chapter, or a condition on the license, the department, as a condition on the renewed biennial license, shall require the applicant to correct any violations and provide the department with verification of compliance.

(f) If the department denies an application for renewal, it shall provide the applicant with a notice of denial of application. The notice must contain a written statement of the reasons for denial and a form for requesting a hearing under (g) of this section.

(g) An applicant whose application is denied may appeal the department's decision by requesting a hearing, on the form provided by the department, within 15 days after receipt of the notice of denial of application.

**Sec. 14.37.047. Notice of changes.** (a) A licensee shall provide the department with written notice of a change of mailing address at least 14 days before the effective date of the change.

(b) A licensee shall notify the department within 24 hours after having knowledge of a conviction or indictment, presentment, or charging by information or complaint of an administrator, regular volunteer, staff person, or member of the licensee's household for a violation of the following laws or the laws of another jurisdiction with similar elements:

- (1) offenses against the family and vulnerable adults under AS 11.51;
- (2) perjury under AS 11.56.200;

(3) offenses included in the definition of "serious offense" under AS 12.62.900.

(c) A licensee shall notify the department at least 20 days before the effective date of a decision to relinquish the license.

(d) A licensee shall notify the department at least 20 days before the date on which the licensee wishes to change the number of children in care or hours of operation.

(e) A licensee shall notify the department no later than one day after signing a contract for sale of the licensed facility.

(f) A licensee shall notify the department at least 30 days before the licensee wishes to change the location of the facility.

**Sec. 14.37.105. Complaints.** (a) A person who believes that a provision of this chapter, a regulation adopted under this chapter, or a condition of a license issued under this chapter has been violated may file a verbal or written complaint with the department.

(b) The department shall investigate all complaints filed under this section unless the department reasonably concludes that the complaint is without merit.

(c) After an investigation under this section, the department shall prepare a written report of investigation and shall mail a copy to the licensee or other person who is the subject of the complaint, and to the complainant if requested. If the department determines that a violation of this chapter, a regulation adopted under this chapter, or a condition of a license issued under this chapter has occurred, the department's report of investigation must contain the following:

(1) a description of the violation;

(2) a citation to the provision of this chapter or the regulation that has been violated, if applicable; and

(3) either

(A) a date by which the violation must be corrected and a verification

of compliance submitted to the department; or

(B) a plan of correction.

(d) A licensee may submit to the department a written response regarding a report of investigation relating to that facility. The department shall retain the written response in the licensing file.

(e) A licensee may not take retaliatory action against a person who files a complaint. A complainant against whom retaliatory action has been taken may recover treble damages in a civil action upon a showing that the actions were taken in retaliation for the filing of a complaint.

**Sec. 14.37.110. Investigations; search warrants.** (a) An applicant for a license, or a licensee, shall cooperate with the department for purposes of licensing investigations, investigations relating to ongoing monitoring of the facility, or investigations under AS 14.37.105 by

(1) permitting representatives of the department to inspect the facility, review records, interview staff, and interview individuals in care; and

(2) providing to the department information and documentation requested by the department to determine compliance with this chapter and regulations adopted under this chapter.

(b) Following an investigation relating to ongoing monitoring of a facility or relating to a facility that the department believes is operating without a license in violation of this chapter, the department shall prepare and distribute a written report of investigation as described in AS 14.37.105(c), and the facility may submit a response as described in AS 14.37.105(d).

(c) The department may seek a search warrant to inspect a facility if the

(1) department has probable cause to believe that the facility is operating without a license in violation of this chapter and the facility operator refuses to allow an

inspection by the department; or

(2) licensee refuses to allow an inspection of the facility by the department.

**Sec. 14.37.120. Enforcement actions.** (a) During an investigation under this chapter, the department, by written notice, may suspend operations of the facility if the department has reasonable cause to believe that a violation is occurring that presents an imminent danger to the health or safety of the individuals in care. A suspension under this subsection continues for the time period set by the department and may continue until the department issues a report of investigation under AS 14.37.105(c) or 14.37.110(b).

(b) If, after an investigation under this chapter, the department has determined that a violation of this chapter or a regulation adopted under this chapter has occurred or a ground for revocation or nonrenewal set out in AS 14.37.130 exists, has issued a report of investigation under AS 14.37.105(c) or 14.37.110(b), and has determined that voluntary compliance or a plan of correction is not appropriate, the department may take one or more of the following enforcement actions, as the department considers appropriate:

(1) delivery of a warning notice to the licensee or other person who is the subject of the investigation;

(2) modification of the term of an existing license or reduction of the number of children for whom care can be provided;

(3) suspension of operations of the facility for a period of time set by the department;

(4) suspension of new enrollment in the facility for a period of time set by the department;

(5) nonrenewal of the license;

(6) revocation of the license;

(7) issuance of an order requiring immediate closure of the facility;

(8) assessment of an administrative fine of up to \$500 for each day a

violation continues, not to exceed a total of \$5,000 for a violation.

(c) The department shall provide the licensee or other person who is the subject of an investigation with written notice of the department's decision under (b) of this section to take enforcement action. The notice must contain a form for requesting a hearing under (d) of this section and must describe

(1) each enforcement action that will be taken;

(2) the condition, if any, in the facility that constitutes a violation of this chapter or a regulation adopted under this chapter;

(3) the licensee's or other person's right to appeal the department's decision to take an enforcement action described in (b)(2) - (8) of this section.

(d) A licensee or other person to whom a notice has been provided under (a) or (c) of this section may appeal the department's decision to impose an enforcement action described in (a) or (b)(2) - (8) of this section by filing a written request for a hearing, on the form provided by the department, within 15 days after receipt of the notice of enforcement action.

(e) Unless the violation that prompted enforcement action under (b) of this section presents an imminent danger to the health or safety of the individuals in care, an enforcement action described in a notice provided under (c) of this section may not be imposed until the

(1) time period for requesting a hearing under (d) of this section has passed without a hearing being requested; or

(2) department makes a final decision following a hearing requested under (d) of this section.

(f) If a hearing is requested under (d) of this section, the department's decision following the hearing is a final administrative order.

(g) If a hearing is not requested under (d) of this section, the department's notice of enforcement action constitutes a final administrative order, which the department may seek

the court's assistance in enforcing.

(h) A licensee whose license was revoked or not renewed under this section may not reapply for licensure under this chapter until after the time period, if any, set by the department in its final administrative order. If a time period is not set by the department, the revocation or nonrenewal is permanent, and the former licensee may not again apply for licensure under this chapter.

(i) Assessment of an administrative fine under this section does not preclude imposition of a criminal penalty under AS 14.37.820.

**Sec. 14.37.130. Grounds for license revocation or nonrenewal.** (a) In addition to the ground of violation of this chapter or a regulation adopted under this chapter, the department may revoke, or decline to renew, a license issued under this chapter on one or more of the following grounds:

(1) failure to submit a timely and complete renewal application;

(2) the indictment or charging by information or complaint, or a criminal conviction within the last 10 years, of the licensee or administrator, member of the licensee's household who is present in the facility at any time the facility is in operation, regular volunteer, or staff person for

(A) a felony;

(B) a misdemeanor crime of assault, reckless endangerment, contributing to the delinquency of a minor, or misconduct involving a controlled substance; or

(C) the crime of perjury, as defined in AS 11 or the laws of another jurisdiction;

(3) the conviction, indictment, presentment, or charging of the licensee or an administrator, member of the licensee's household who is present in the facility at any time the facility is in operation, regular volunteer, or staff person at any time for a violation

or attempted violation of an offense included in the definitions of "serious offense" under AS 12.62.900;

(4) obtaining or attempting to obtain or retain a license under this chapter by fraudulent means, misrepresentation, or by submitting false information;

(5) failure to correct a violation noted in a report of investigation provided under AS 14.37.105(c) or 14.37.110(b);

(6) failure to comply with a final administrative order issued by the department under AS 14.37.120.

(b) A licensee may voluntarily relinquish the license or withdraw an application for renewal.

**Sec. 14.37.800. Administrative procedure.** The administrative adjudication provisions of AS 44.62 (Administrative Procedure Act) apply to an appeal from a department decision under this chapter relating to denial, involuntary conditioning, or revocation of a license, suspension of operations or admissions, or assessment of an administrative fine.

**Sec. 14.37.810. Immunity from liability.** (a) A person operating under agreement with the department under AS 14.37.010(a)(4) is immune from civil liability that might otherwise be incurred or imposed for acts or omissions that occurred during the performance of the person's duties on behalf of the department if the person was operating within the scope of the duties delegated to the person under the agreement.

(b) The department and its employees are not liable for civil damages as a result of an act or omission in the licensing, monitoring, or supervision of a facility licensed under this chapter. This subsection does not preclude liability for civil damages as a result of gross negligence or reckless or intentional misconduct.

**Sec. 14.37.820. Penalty.** A person who violates a provision of this chapter or a regulation adopted under this chapter is guilty of a class B misdemeanor.

**Sec. 14.37.900. Definitions.** In this chapter,

(1) "administrator" means an individual who has general administrative charge and oversight of a facility;

(2) "child" means an individual under 18 years of age, and includes an individual who is a relative of a care provider or administrator;

(3) "child care" means, care, supervision, and provision of developmental opportunities, with or without compensation, to a child who does not have a parent present;

(4) "child care facility" means a place where child care is regularly provided for children under the age of 12 for periods of time that are less than 24 hours in duration unless nighttime care is authorized by the department;

(5) "criminal justice information" has the meaning given in AS 12.62.900;

(6) "department" means the Department of Education and Child Development;

(7) "domestic violence" has the meaning given in AS 18.66.990;

(8) "facility" means the administration, program, and physical plant of a child care facility;

(9) "licensee" means a person to whom a license has been issued under this chapter;

(10) "parent" means a birth or adoptive parent or a legal guardian;

(11) "recreational camp" means a place that provides recreational opportunities to children who attend with the consent of their parent;

(12) "relative" means an individual who is related to another through any of the following relationships, by blood, adoption, or marriage: parent, grandparent, great grandparent, brother, sister, stepparent, stepsister, stepbrother, cousin, aunt, uncle, great-aunt, great-uncle or step-grandparent;

(13) "serious offense" has the meaning given in AS 12.62.900.

- II. On the current page 3, line 9, remove "; Child Care Grants". Line 9 will therefore read: "Article 2. Day Care Assistance."
- III. Insert on current page 4, above Sec. 14.38.160, the following:  
"Article 3. Child Care Grants."
- IV. On current page 4, line 27 change "AS 47.35" to "AS 14.37".
- V. On current page 5, line 22 change "commissioner" to "State Board of Education".
- VI. On current page 5, line 27, change "AS 47.35" to "AS 14.37".
- VII. On current page 6, line 3, change "AS 47.35" to "AS 14.37".
- VIII. In Section 5 of the current Bill, delete the entire "Child Care Facility Revolving Loan Fund", which is currently found beginning on page 6, line 10, and ending on page 8, line 5.
- IX. In Section 49 of the current Bill, on page 37, line 24, delete "under AS 47.35". The line will thus read: "(4) license and regulate child care facilities."
- X. Insert new Bill sections following the current Section 71 to read:

\* Sec. 72. AS 47.35.005(a) is amended to read:

Sec. 47.35.005. Purpose; applicability. (a) The purpose of this chapter is to

establish and maintain standard levels for services offered to children in [CHILD CARE FACILITIES,] foster homes, and residential child care facilities; services offered by child placement agencies; and services offered to pregnant individuals in maternity homes. [THE LEGISLATURE RECOGNIZES THE RESPONSIBILITY OF PARENTS TO SELECT AND MONITOR CAREGIVERS FOR THEIR CHILDREN IN ORDER TO ENSURE A REASONABLY SAFE AND DEVELOPMENTALLY APPROPRIATE CHILD CARE ENVIRONMENT.] The community care licensing procedures in this chapter are intended to reduce predictable risk of harm to children and to provide support services to those providing child care or services.

\* Sec. 73. AS 47.35.010(a) is amended to read:

**Sec. 47.35.010. Powers of department.** (a) The department may

(1) license and supervise foster homes, [CHILD CARE FACILITIES,] residential child care facilities, semi-secure residential child care facilities, secure residential psychiatric treatment centers, child placement agencies, and maternity homes;

(2) investigate applicants, licensees, and persons that the department reasonably believes are operating a facility without a license in violation of this chapter;

(3) adopt regulations to implement the provisions of this chapter, including regulations establishing licensure and renewal procedures, standards, and fees; establishing requirements for operation of facilities or agencies licensed under this chapter; and distinguishing between types of [CHILD CARE] facilities;

(4) enter into agreements with private entities, municipalities, or individuals to investigate and make recommendations to the department for the licensing and supervision of foster homes, [CHILD CARE FACILITIES,] residential child care facilities, semi-secure residential child care facilities, secure residential psychiatric treatment centers, child placement agencies, and maternity homes under procedures and standards of operation

established by the department.

\* **Sec. 74.** AS 47.35.017(a) is amended to read:

**Sec. 47.35.017. Application for license.** (a) Application for a license to operate a foster home, [CHILD CARE FACILITY,] residential child care facility, semi-secure residential child care facility, secure residential psychiatric treatment center, child placement agency, or maternity home shall be made to the department on a form provided by the department and shall be accompanied by any applicable fees established by the department under AS 47.35.010(a)(3).

\* **Sec. 75.** AS 47.35.900(10) is amended to read:

(10) "facility" means the administration, program, and physical plant of a foster home, [CHILD CARE FACILITY,] residential child care facility, or maternity home;

**XI. Delete current Bill Sections 72 and 73 (page 62, lines 5 through 16).**

**XII. Amend current Bill Section 76 "REPEALER" by adding:**

**AS 47.35.010(b), 47.35.015(a), 47.35.043(b), and AS 47.35.900(4) and (5).**

4/30/99

#2

NO OBJ

AMENDMENT

OFFERED IN THE HOUSE

TO: CSHB 40(FIN)  
Version "K" 4/28/99

Place an effective date of July 1, 2000 on all provisions that implement the movement of the Alaska Human Resource Investment Council from the Office of the Governor to the Department of Labor and Workforce Development.

4-30-99

#3

adopted - N/D

AMENDMENT

OFFERED IN THE HOUSE

TO: CSHB 40(FIN)  
Version "K" 4/28/99

Page 33, line 11

After "consisting of"

Delete "six"

Insert "five"

Page 33, line 15

Delete "commissioners"

Insert "commissioner"

Page 33, line 15

After "director, and"

Delete "four"

Insert "three"

4-30-99

#4

N/o adopted

AMENDMENT

OFFERED IN THE HOUSE

TO: CSHB 40(FIN)  
Version "K" 4/28/99

Page 61, line 7

After "AS 23.15.210(4)"

Insert "AS 23.15.611; AS 23.15.614"

4-30-99

#5

N/O adopted

AMENDMENT

OFFERED IN THE HOUSE

TO: CSHB 40(FIN)  
Version "K" 4/28/99

Page 27, line 10

After "Administration (a)"

Insert "The Governor shall appoint the executive director for the Alaska Human Resource Investment Council."

4-30-99

adopted N/D

AMENDMENT

OFFERED IN THE HOUSE

TO: CSHB 40(FIN)  
Version "K" 4/28/99

Page 61, line 7

After "AS 39.25.120(c)(21);"

Insert "AS 42.45.030;"

adopted N/O

# 7

AMENDMENT

OFFERED IN THE HOUSE

TO: CSHB 40(FIN)  
Version "K" 4/28/99

Page 9, line 7 through page 15 line 9

Delete all and replace sections in 23.15

4/30/99  
withdrawn

#8

HOUSE BILL 40

AMENDMENT

Representative Austerman

Page 6    Line 10  
          Through  
Page 8    Line 5

Delete all material

4-30-99

#9

Failed 2-6

HOUSE BILL 40

AMENDMENT

Representative Austerman

Page 4 Line 21  
Through  
Page 5 Line 23

Delete all material

# 10

NO adopted

4-30-99

Amendment to HB 40 to add rural duties to Department of Community and Economic Development

DAVIES

HB 40 Work Draft version "K"

Page 37, line 11

Insert:

(2) advise the governor and cabinet on the delivery of government services to rural areas, including services relating to public safety, justice, economic development, natural resource management, education, and public health;

(3) make recommendations to the governor and cabinet about policy changes that would affect rural governments and rural affairs;

Renumber following lines accordingly.

**ALASKA ASSOCIATION OF MUNICIPAL CLERKS**  
**Resolution Serial No. 99-02**

**A RESOLUTION OF THE ALASKA ASSOCIATION OF MUNICIPAL CLERKS  
RECOGNIZING THE VALUABLE ASSISTANCE PROVIDED BY THE ALASKA STATE  
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS.**

WHEREAS, the Alaska Association of Municipal Clerks (AAMC) recognizes the valuable assistance provided to the municipalities by the Alaska State Department of Community and Regional Affairs (DCRA); and

WHEREAS, DCRA is a valuable resource tool to all communities, especially those rural communities that have few other resources readily available; and

WHEREAS, DCRA provides newly elected officials and AAMC training in local government procedures and continues to be a valuable resource of knowledge concerning all facets of local government; and

WHEREAS, DCRA has been instrumental in developing the peer support program for helping inexperienced clerks reach their full potential; and

WHEREAS, there has been mention of reducing funding or eliminating DCRA and redistributing staff to the Department of Commerce; and

WHEREAS, it was determined in 1996 that elimination of this important agency would not save the state money and more importantly, would negatively affect services, especially in rural areas,

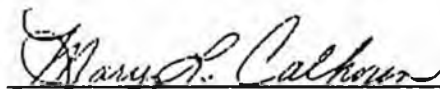
NOW, THEREFORE BE IT RESOLVED, the Alaska Association of Municipal Clerks requests the Legislature consider the importance of DCRA and the dramatic negative impact

reduction of funding or elimination of DCRA would have to services in all municipalities, and especially to our rural communities.

ADOPTED by the Alaska Association of Municipal Clerks this 7<sup>th</sup> day of February, 1999.

  
ELIZABETH K. MANFRED, CMC, President

ATTEST:

  
MARY CALHOUN, CMC/Secretary  
AAE



Agency Programs by Department

Labor & Workforce Development	Community & Economic Development	Education & Child Development
<p>(Currently in Dept. of Labor)</p> <p>Wage &amp; hour                      Mechanical Inspection                      Unemployment Insurance                      Occ. Safety &amp; Health                      Safety Advisory Council                      Fishermens Fund                      Workers' Comp                      Labor Relations Agency                      Admin Services                      Employment Services                      Work Services</p>	<p>(Currently in C&amp;ED)</p> <p>Trade &amp; Development                      Investments                      Tourism                      ATMC                      AIDEA                      ASTF                      ASMI                      AADC                      Banking, Securities &amp; Corporations                      Insurance                      Occupational Licensing                      APUC</p>	<p>(Currently in C&amp;RA)</p> <p>Head Start                      Child Care Pass II, III                      Day Care Assistance</p> <p>(Currently in H&amp;SS)</p> <p><del>Child Care Licensing</del>                      Child Care Pass I</p>
<p>(Currently in H&amp;SS)</p> <p>Work Services (in ATAP-formerly Alaska Works Program)</p>	<p>(Currently in C&amp;RA)</p> <p>Community Development Assistance                      Community &amp; Economic Development                      National Forest Receipts                      Revenue Sharing                      Municipal Assistance                      State Assessor                      Local Boundary Commission                      Energy Operations                      PCE                      Circuit Rider                      Statewide Service Delivery                      National Petroleum Reserve Program                      Statewide Assistance                      Renters' Equivalency Rebate</p>	
<p>(Currently in DOE)</p> <p>Adult Basic Education                      School-to-work                      Vocational Technical Education                      Alaska Career Information System</p>		
<p>(Currently in Community &amp; Regional Affairs)</p> <p>Job Training Partnership Act                      State Training &amp; Employment Program</p>		
<p>(Currently in Governor's Office)</p> <p>Human Resource Investment Council</p>		

X

## HB 400

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

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

#### 1. Headstart

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

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

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

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

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

#### 2. DHSS Lead Agency for Child Care Programs

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

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

### 3. Overlapping functions of the two departments

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

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

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

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

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

X

## HB 400 Hearing

### Sponsor's Rebuttals To DCRA

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

#### I. February 25 Testimony Rebuttal

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

##### Sponsor's Rebuttal:

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

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

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

##### Sponsor's Rebuttal:

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

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

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

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

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

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

Sponsor's Rebuttal:

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

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

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

Summary: DCRA and DCED both fund/administer a) private and public projects, b) rural tourism projects, and c) infrastructure/community facilities/energy and electrical projects.

**Why have two separate departments perform these same tasks?**

II. February 27, 1998 DCRA Memorandum Rebuttal

**Item 1: Rural Economic & Small Business Development**

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

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

Rebuttal Points:

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

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

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

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

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

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

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

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

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

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

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

#### Development Finance Program

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

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

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

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

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

**Juneau**

**State Office Building, 9th floor**

**Office of the Commissioner**

**Division of Administrative Services**

**Division of Banking, Securities and Corporations**

**Division of Occupational Licensing**

**Division of Insurance**

**Division of Tourism**

**Division of Trade and Development**

**Vintage Business Park, 3032 Vintage Boulevard**

**Division of Investments**

**Department of Labor Building, 1111 West 8th, Suite 100**

**AK Seafood Marketing Institute**

**Anchorage**

**Frontier Building, 7th Floor**

**Office of the Commissioner**

**Division of Banking, Securities and Corporations**

**Division of Occupational Licensing**

**Division of Trade and Development**

**AK Tourism Marketing Council**

**Frontier Building, 13th Floor**

**Division of Insurance**

**AIDEA Building, 480 West Tudor (wholly owned and occupied)**

**AK Industrial Development and Export Authority**

**Alaska Energy Building, 4800 B Street, Suite 101**

**AK Aerospace Development Corporation**

**Alaska Legal Center, 1016 West 6th, Suites 300, 400 and 420**

**AK Public Utilities Commission**

**UAA Diplomacy Building, 4500 Diplomacy Drive, Suite 515**

**AK Science and Technology Foundation**

**327 Ship Creek Avenue**

**AK Railroad Corporation—corporate offices**

**Fairbanks**  
**Fairbanks Regional Office Building**  
**Division of Occupational Licensing-Business Licensing**

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

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

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

## HB 400 Hearing

### Sponsor's Rebuttals To DCED

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

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

#### Sponsor's Rebuttal:

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

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

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

"...helping communities develop needed infrastructure."

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

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

#### Sponsor's Rebuttal:

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

Summary: Both departments perform many overlapping functions.

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

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

Sponsor's Rebuttal:

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

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

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

Sponsor's Rebuttal:

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

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

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

Summary: Only one deputy commissioner is needed.

## HB 400

### Evaluation of New Department Staffing Levels

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

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

# Benefits of Moving Job Training Programs into DOL

## House Bill 400

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

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

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

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

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

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

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

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

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

**PAUL FUHS**

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

March 17, 1999

Representative Vic Kohring  
Alaska State Legislature

Dear Representative Kohring,

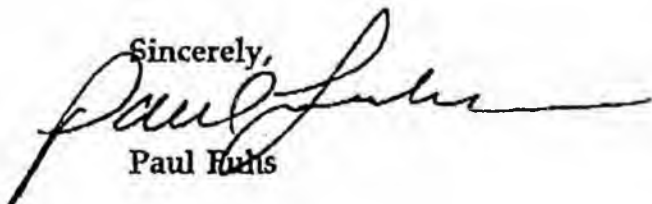
You have asked me to comment on your bill HB 40 as former Commissioner of Commerce and Economic Development. My comments will also relate to my recent experiences as an economic development consultant in rural and urban Alaska.

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

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

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

Sincerely,



Paul Fuhs

# ALASKA STATE LEGISLATURE



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

*Session:*  
State Capitol Building, Room 421  
Juneau, Alaska 99801-1100  
(907) 465-2137  
Fax -(907) 465-8818

REPRESENTATIVE VIC KOHRING  
DISTRICT 26

Date: March 15, 1999

To: House Community & Regional Affairs Committee

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


Committee Members:

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

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

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

Sincerely,

  
Vic Kohring  
State Representative

# ALASKA STATE LEGISLATURE



*Interim:*  
600 East Railroad Avenue  
Wasilla, Alaska 99654  
(907) 575-1842  
Fax: (907) 575-4729

State Capitol Building, Room 427  
Juneau, Alaska 99801-1152  
(907) 465-2127  
Fax: (907) 465-3313

REPRESENTATIVE VIC KOHRING  
DISTRICT 26

## Sponsor Statement for HB 40

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

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

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

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

House Bill 40

**DCRA/DCED merger**

**Cost Savings**

Commissioner Office Consolidation

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

Subtotal: 375

Administrative Services

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

Subtotal: 415

Division of Community & Regional Development

Director	105
----------	-----

Miscellaneous:

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

Subtotal: 75

**TOTAL SAVINGS \$970,000**

## House Bill 40

### DCRA/DCED Merger

#### List of Hearing Packet Documents

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

## HB 40

### Benefits to Rural Alaska

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

#### ◆ Focus on Economic Development and Commerce

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

#### ◆ Scoping and Planning

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

#### ◆ Infrastructure Construction

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

#### ◆ Centralized Financial Assistance

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

# LEGAL SERVICES

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

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

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

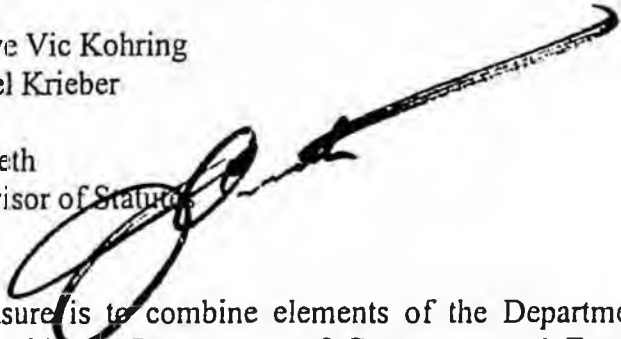
## MEMORANDUM

March 15, 1999

**SUBJECT:** House Bill 40: Sectional analysis (revised)

**TO:** Representative Vic Kohring  
Attn: Michael Krieber

**FROM:** Jack Chenoweth  
Assistant Revisor of Statute



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Bill section 70:** The material in the bill section

- assuming a change on page 39, line 2 and 3, to so state, transfers responsibility for administration of the day care assistance program from the Department of Community and Regional Affairs to the Department of Health and Social Services, replacing material in AS 44.47.250 - 44.47.310, repealed; and
- transfers administration of the child care facility revolving loan fund from the Department of Commerce and Economic Development to the Department of Health and Social Services, replacing material in AS 44.33.240 - 44.33.275, repealed.

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

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

**5. Other substantive changes:**

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

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

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

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

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

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

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

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

**6. *Uncodified transitional and implementing provisions:***

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

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

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

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

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

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

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

JBC:jdr  
99-122.jdr

x  
Tanana Power Company, Inc.

P O BOX 873509

WASILLA, ALASKA 99687

TELEPHONE 907-373-5599

OR (907) 366-7101

April 2, 1998

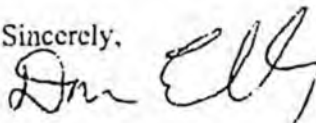
Representative Vic Kohring  
State Capitol Building, Room 421  
Juneau, Alaska 99801-1182

Representative Kohring:

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

Thank you for time and effort.

Sincerely,



Don Eller

Dear Carolyn:

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

With best regards,

Rep. Vic Kohring  
(800) 468-2186

(Carolyn Tuovinen wrote:

Rep. Kohring:

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

Rep. Barnes & Senator Kelly:

>

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

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

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

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

> departments. This would save administrative costs.

>

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

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

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

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

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

> one.

>

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

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

March 5, 1998

Dear Representative Kohring,

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

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

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

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

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

  
Robert Hall

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

March 5, 1998

Dear Rep. Kohring:

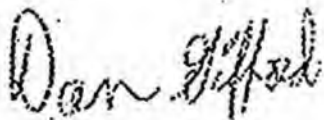
I wish to state my full support for House Bill 400, which merges the Departments of Community & Regional Affairs and Commerce & Economic Development. The concept of this legislation to essentially restructure government is something that is long overdue.

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

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

Thanks for filing this important legislation.

Sincerely,



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

Representative Vic Kohring  
Stater Capitol Building  
Juneau, Alaska 99801

March 2, 1998

Dear Vic,

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

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

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

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

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

Aloha Nui Loa,

  
Fred James

POB 499

Palmer, AK 99645

March 5, 1998

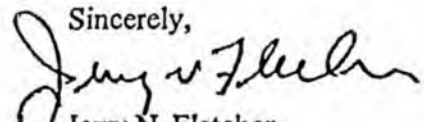
Representative Vic Khoring  
Alaska State Legislature  
State Capitol Building RM. #421  
Juneau, AK 99801

Re: Bill HB 400

Dear Mr. Khoring,

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

Sincerely,



Jerry N. Fletcher

March 5, 1998

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

Re: Bill HB 400

Dear Mr. Khoring,

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

Sincerely,

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

Sherri R. Mulhoney

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

February 23, 1998

Dear Editor;

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

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

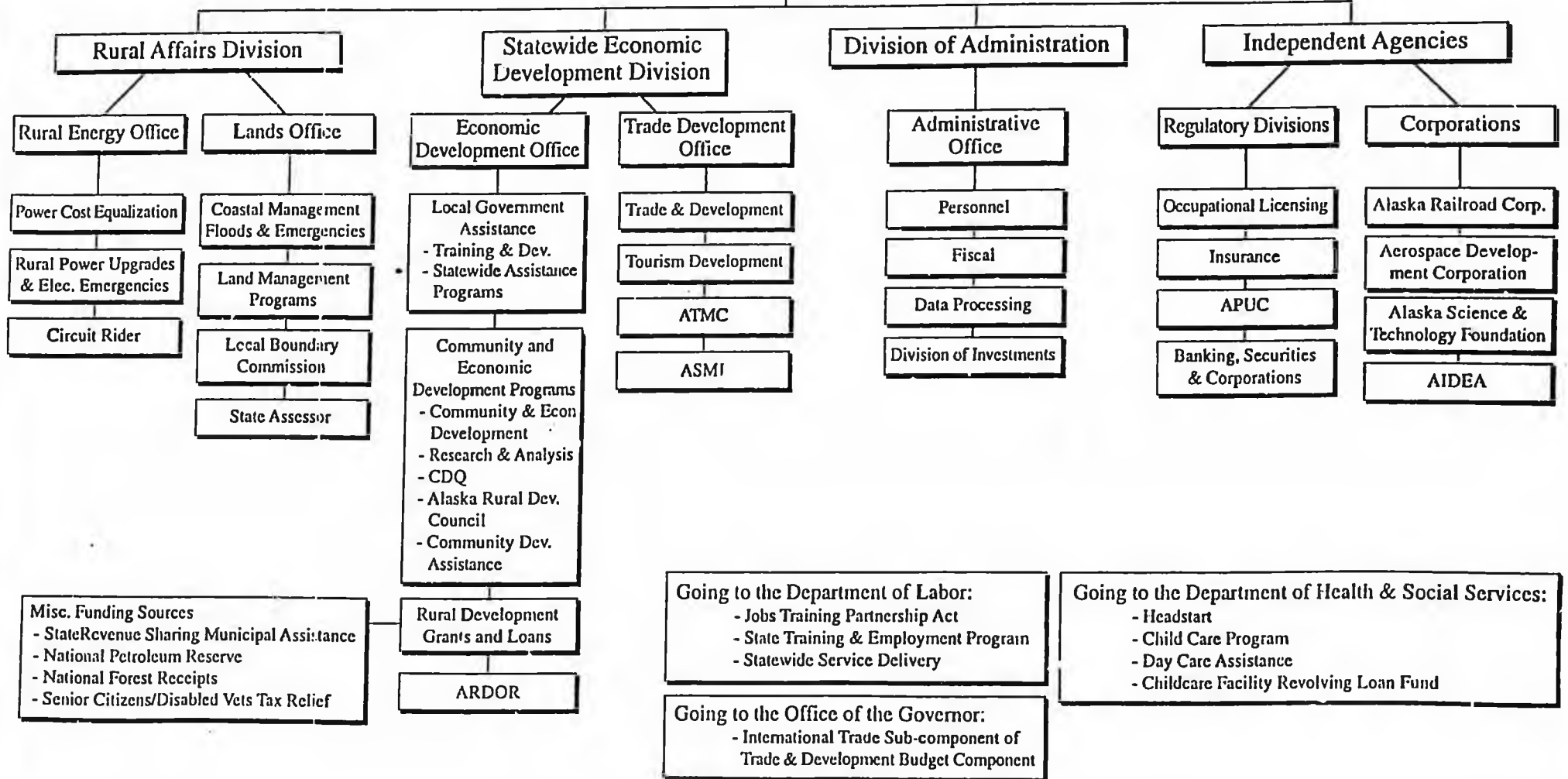
Mr. Kohring is right on the mark with this bill. If I lived in his district I'd have voted for him many times by now. He has campaigned and *voted* to get government off our backs; something a bunch of our socialist politicians forgot last Spring when they voted to extort \$1.00 a pack from our smokers.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

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

Regards,

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

**DEPARTMENT OF COMMERCE AND RURAL DEVELOPMENT**



**Misc. Funding Sources**  
 - State Revenue Sharing Municipal Assistance  
 - National Petroleum Reserve  
 - National Forest Receipts  
 - Senior Citizens/Disabled Vets Tax Relief

**Going to the Department of Labor:**  
 - Jobs Training Partnership Act  
 - State Training & Employment Program  
 - Statewide Service Delivery

**Going to the Office of the Governor:**  
 - International Trade Sub-component of Trade & Development Budget Component

**Going to the Department of Health & Social Services:**  
 - Headstart  
 - Child Care Program  
 - Day Care Assistance  
 - Childcare Facility Revolving Loan Fund

## HB 400

### Mapping Economic Development Related Activities of DCED and DCRA

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

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

ACTIVITY

- Energy/Electrical Development & Funding

- Utility Assistance

- Assistance to Economically Distressed Regions

- Fisheries

DCRA

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

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

Local Government Assistance Program

Exxon Valdez Oil Spill Unincorporated Rural Community Grant

South East Alaska Community Economic Revitalization Team

Community Development Quota

Shared Fisheries Business Tax Program

Various Economic Development Programs Listed Above

DCED

Alaska Industrial Development & Export Authority

Alaska Energy Authority

Power Cost Equalization

Alaska Science & Technology Foundation

Alaska Public Utilities Commission

AS 44.33 Article 4, Areas Impacted By Economic Disaster

Community Development Quota

Alaska Seafood Marketing Institute

Various Economic Development Programs Listed Above

DCRA  
RDIF LOANS SUMMARY

LOAN No.	BUSINESS NAME/BORROWER	PURPOSE OF LOAN	COMMUNITY	LOAN AMOUNT
93-001	Central Peninsula Lumber	Equipment for family sawmill start up	Ninitchik	\$ 15,750
93-002	The Babbling Book	Start up bookstore	Haines	2,000
93-003	Bunnell Street Gallery	Expand/remodel art gallery	Homer	20,000
93-004	Copper Oar Rafting	Start up rafting operation	McCarthy	7,500
93-008	Sugar n' Spice Gift Store	Start up gift shop	Valdez	17,463
93-007	Royal Charters	Start up tourist/charter boat operation	Hoonah	7,500
93-008	Koskovich Jewelry	Expand jewelry design & manufacturing operation	Homer	40,000
93-009	J & B Logging	Expand logging operation	Bethel	7,200
94-001	A Q Electronics	Working capital (Equip & Inventory) for electronics store	Nome	9,884
94-003	City Cab Co.	Purchase/upgrade taxi cab company	Petersburg	16,630
94-005	Toonz Records	Expand record/CD store	Soldotna	27,000
94-008	River Adventures	Expand jet boat tour operation	Haines	48,362
94-007	Health Sea, Inc.	Expand added-value salmon processing operation	Kako	60,000
94-008	Kozy Kuspuks	Sewing machines for Kuspuk & parka maker	Dillingham	16,000
94-009	Tenass Pass Shellfish Co.	Expand capacity of oyster aquaculture operation	Naukatli	45,000
94-010	Siding 21	Start up restaurant	Skagway	18,750
94-011	The Sports Page	Expand athletic supply/sporting goods store	Glennallen	8,000
94-012	Tailor Made Pizza	Working capital/equipment, pizza parlor & scenic tour service	McCarthy	5,800
94-013	Hart D Ranch	Infrastructure (water, sewer, electricity) for new RV park	Slana	94,000
94-014	Raven Dance Espresso	Bldg, equip & working capital for espresso & health food store	Chitna	33,000
94-016	Kodlak Sports & Tour	Hunting & fishing charters, hiking & mountain bike tours	Port Lions	19,250
95-001	Chinik Eskimo Community Store	Start up village store	Golovin	17,002
95-002	Sam & Lee's Restaurant	Rebuild restaurant	Barrow	50,000
95-003	Circle A Enterprises	Purchase upgrade laundromat	Bethel	24,000
95-004	Sweelair Construction	Equipment for construction company	Galena	50,000
95-005	G & N Shuttle	Shuttle bus service	Old Harbor	18,800
95-006	Larsen Bay Mercantile	Working capital/inventory for village store	Larsen Bay	42,500
95-007	Settlers Cove Market	Working capital/inventory for community store	Port Lions	42,400
95-008	Krog's Camp	Start up/renovate bed & breakfast	Soldotna	60,000
95-009	Peterson's Hunting & Fishing	Expand hunting & fishing guide operation	Old Harbor	28,764
98-001	David McFadden, Shipwright	Upgrade shipwright's shop	Petersburg	84,000
97-002	Kenneth Hughes, dba Grantley Harbor	Working capital to purchase store inventory	Teller	20,000
97-003	Royal T. Hill Sr. dba Royal Charters	Purchase and outfit larger boat	Hoonah	45,000
98-001	Bill and Nancy Turner dba Bluff Park	Indoor horse arena (Loan awaiting closing)	Wasilla	176,000
34 loans				1,175,755

NOTE: ALL OF THE RECIPIENTS  
ARE PRIVATE ENTITIES

NOTE: T = TOURISM  
RELATED

2/27/98

Pg 1 of 5

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

	COMMUNITY / APPLICANT	CONTACT	PHONE	PROJECT	MG\$	MATCH	
1	Akiachak Native Community	George Peter	825-4626	Fish processing plant equipment purchase	30,000	209,876	
2	Akiak Native Community	Sammy Jackson	765-7112	Kamp Kisaralk marketing	5,000	31,708	
3	Arctic Village Council	Steven Tritt	587-5114	Arctic Village Visitor Center feasibility study	10,000	9,153	
4	Coffman Cove	Elaine Price	329-2232	Island wide tourism promotion	7,500	7,550	
5	Cold Bay / AEB	Sharon Boyette	274-7555	Regional economic diversification study	5,000	59,000	
6	Delta Junction / DELTANA Comm Corp	Paul Knop	895-4150	Processing plant design	25,000	16,000	
7	Glemallen / CVEDC	Donna Tollman	822-5001	Youth entrepreneurship project	18,500	7,317	
8	Hoonah Indian Association	Kenny Grant	945-3545	Bed and breakfast upgrade	15,000	15,000	
9	Houston / Mat-Su Conv. & Visitors Bureau	Jerro Wroble	746-5000	Borough wide tourism and impact study	10,000	40,000	
10	Kobuk	Joanne Sheldon	948-2217	Overall economic development plan	5,000	7,880	
11	Kwigillingok / AVCP	Esher Slauffer	543-3521	Regional arts and crafts marketing program	20,000	25,219	
12	Maney Village Crafters' Guild	Melanie Mulligan	672-3130	Manley Hot Springs Visitors Guide production	5,000	6,565	
13	Meniasta Tribal Council	Kathryn Martin	291-2319	Overall economic development plan	5,000	7,500	
14	Nelson Lagoon Village Council	Justine Gunderson	989-2205	General store start up	15,500	29,900	
15	Point Hope, Native Village of	Pinky Tooyak	368-2330	Native Arts and Crafts cooperative start up	21,000	127,500	
16	Rushton Mission / Igurmiut Trad Council	Mary Jane Jackson	584-5511	Overall economic development plan	5,000	2,500	
17	Seward	Yvette Welsh	224-4047	Convention business feasibility study	8,000	51,875	
18	Shishmaref Native Village / Shishmaref Tannery	Lucl Eningowak	649-3821	Shishmaref Tannery expansion plan	11,000	3,500	
19	St. Michael Native Village	Pauling Otten	923-2304	Lodging business plan	5,000	9,175	
20	Stevens Village Council	David Lacey	452-7162	Koyukon Visitor Center restaurant equipment	30,000	465,577	
21	Toksook Bay	Nick Thanar	427-7613	Fish plant equipment purchase	10,000	-	
22	Tuninak/ Coastal Villages Investment Fund	Phillip Kusayak	652-6312	Fish plant equipment purchase	10,000	3,378	
23	Wrangel	Carol Rushmore	874-2381	Dry kiln construction	23,500	200,547	
* public/private partnership *					TOTAL	300,000	1,336,521

NOTE: T = TOURISM  
RELATED

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

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

\$3,103,498 in FUNDED projects. SHADED area identifies communities that were NOT funded @ \$1,710,189.  
FFY 96 ASC results released 02.21.97

NOTE: T = TOURISM RELATED

(\*)  
97 RDA GRANT APPLICATIONS - SCRA  
(by score)

COMMUNITY / APPLICANT	TYPE	PROJECT	RDA
92 Kipriuk Traditional Council	CD	bulk fuel storage area upgrade	40,000
91 Venetie Traditional Council	CD	multipurpose building log preparation	20,000
90 Sheldon Point	CD	community hall water/sewer installation	40,000
89 Edna Bay Community Association	ED	beach access to dock facility	45,000
89 Steebmute Traditional Council	CD	health clinic renovation	50,000
88 Gambell	CD	youth center renovation	25,000
88 Mountain Village	CD	arts and crafts entrepreneurship project	10,000
87 Dol Lake Village Council	CD	community wood fired boiler project	40,000
87 Eagle City Council	TC	solid waste disposal site development	15,000
87 Eek, Native Village of	CD	remove power plant environmental hazard	12,000
87 Egegik	CD	solid waste transportation equipment	16,000
86 Stabbins	CD	construct North Beach access road	20,000
85 Elin	CD	replace water transmission line	20,000
85 Pelican	TC	comprehensive plan development	10,000
85 Siana Community Corporation	CD	community well	10,000
85 Stevens Village Council	CD	renovate building for office space	35,000
84 Elin Cove Non-Profit Corp.	CD	replace bulk fuel transmission lines	8,000
84 Galena	CD	comprehensive plan	15,000
84 Neknek Village Council	TE	economic development plan	5,000
84 Teller	CD	public safety vehicle and equipment	25,000
83 Nenana	ED	salmon bake and smokery equipment	30,000
82 Ambler	CD	clinic renovation plan	5,000
82 Cantwell Native Council	CD	road upgrade	20,000
82 Hollis Community Council	CD	Canoe Pass Road project	40,000
82 Minto IRA Council	CD	building renovation plan for youth center	10,000
82 New Stuyahok Traditional Council	CD	clinic expansion plan	5,000
82 Tanana	CD	fire hall renovation feasibility plan	10,000
82 Togiak	CD	complete cultural center	30,000
81 St. Mary's end Unalakleet / AFDF	CD	regional salmon marketing project	50,000
PRENEGOTIATION TOTAL:			661,000

↑ Funded

NOTE: T = TOURISM RELATED FUNDING

- unfunded - next page.

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

97 RDA GRANT APPLICATIONS DCRA  
(by score)

pg 5/5

Not Funded  
↓

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

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T

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

## Article 9A. Regional Economic Assistance Program.

### Section

900. Alaska regional economic assistance program.

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

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

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

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

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

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

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

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

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

(5) assist each organization to

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

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

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

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

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

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

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