

SB

183

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: SB 183  
 (S) Publish Date: 5/1/03

Revision Date/Time (Note if correction):  
 Title Municipal Economic Deveopment  
 Dept. Affected: DCED  
 BRU Comm Assist & Econ Dev (405)  
 Component Community & Business Development  
 Sponsor Senator Seekins  
 Requester Senate Community & Regional Affairs  
 Component No. 2486

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<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 any current year (FY2003) cost: \_\_\_\_\_

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This legislation proposes to add language to Title 29, Municipal Government, to explicitly provide for the municipal power to expend municipal revenues for the purpose of economic development. This would have no fiscal effect on the department.

Prepared by: Gene Kane, Director  
 Division: Community and Business Development  
 Approved by: Edgar Blatchford, Commissioner  
 Agency: Department of Community and Economic Development

Phone 907-269-4580  
 Date/Time 4/24/03 9:45 AM  
 Date 4/24/2003



# Alaska State Legislature

## House Committee on Community and Regional Affairs

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**Representative Carl Morgan, Chair**  
State Capitol Building, Room 408  
Juneau, AK 99801  
907-465-3882

### **AGENDA**

State Capitol 124  
8:00 am – 10:00 am

- **Call to order, we had previously recessed to a call of the Chair.**  
Today's date is May 21, 2003  
The time is 10:30 am
- **Announcement:**  
Testimony will be limited to two minutes.
- **SB 183      Municipal Economic Development**  
Sponsor: Senator Seekins
- **Committee has a CS Work Draft 23-LS0970U    Cook    5/17/03**
- **Adopt CS for discussion.**
- **CRA Staff, Sue Stancliff, will present the bill to the committee.**
- **Adjourn**



**HOUSE CS FOR CS FOR SENATE BILL NO. 183(CRA)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-THIRD LEGISLATURE - FIRST SESSION**

**BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE**

**Offered:  
Referred:**

**Sponsor(s): SENATORS SEEKINS, Wilken**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to municipal property taxation in annexed and detached areas;**  
2 **relating to mergers and consolidations of municipalities; and authorizing certain**  
3 **boroughs to use revenue collected on an areawide or nonareawide basis for economic**  
4 **development; and providing for an effective date."**

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

6 **\* Section 1. AS 29.06. is amended by adding a new section to read:**

7 **Sec. 29.06.055. Property taxes in annexed or detached areas. (a) Unless**  
8 **the annexation takes effect on January 1, the municipality may not assess, levy, or**  
9 **collect property taxes in an annexed area before January 1 of the year immediately**  
10 **following the year in which the annexation takes effect.**

11 **(b) If an area is detached from a municipality, all property taxes that are levied**  
12 **by that municipality on property in the detached area based on an assessment that**  
13 **occurred before the effective date of the detachment remain valid. AS 29.45.290 -**  
14 **29.45.500 apply to the enforcement of those taxes.**

1 \* Sec. 2. AS 29.06.100(a) is amended to read:

2 (a) Residents of two or more municipalities may file a merger or consolidation  
3 petition with the department. The petition must be signed during a period that does  
4 not exceed 365 consecutive days by a number of voters of each existing municipality  
5 equal to at least 25 percent of the number of votes cast in each municipality's last  
6 regular election.

7 \* Sec. 3. AS 29.06.100 is amended by adding a new subsection to read:

8 (c) A petition for the merger or consolidation of a borough and more than one  
9 city within that borough shall provide that, if the proposal is approved by a majority of  
10 the votes in the borough area outside of the cities proposed to be merged or  
11 consolidated but is not approved by a majority of the votes in each of the cities,

12 (1) the entire proposal is defeated; or

13 (2) the proposal is partially approved and the borough is merged or  
14 consolidated with the cities in which the proposal has been approved.

15 \* Sec. 4. AS 29.06.140(a) is amended to read:

16 (a) The Local Boundary Commission shall immediately notify the director of  
17 elections of its acceptance of a merger or consolidation petition. Within 30 days after  
18 notification, the director of elections shall order an election in the area to be included  
19 in the new municipality to determine whether the voters desire merger or  
20 consolidation. The election shall be held not less than 30 or more than 90 days after  
21 the election order. A voter who is a resident of the area to be included in the proposed  
22 municipality may vote. Unless the proposal includes the merger or consolidation  
23 of a borough and one or more of the cities within that borough, if a majority of  
24 the votes in each of the municipalities proposed to be merged or consolidated  
25 favors the merger or consolidation, the proposal is approved. Votes on a  
26 proposal that includes the merger or consolidation of a borough and one or more  
27 of the cities within that borough shall be separately tabulated as follows: (1) in  
28 the borough area outside of each city in that borough proposed to be merged or  
29 consolidated; (2) in each of the cities in the borough proposed to be merged or  
30 consolidated; and (3) if one or more municipalities outside of the borough are  
31 also included within the proposal, in each of those other municipalities. The

1 entire proposal is defeated if it is not separately approved in the borough outside  
2 of the cities in that borough that are proposed to be merged or consolidated and,  
3 if municipalities outside of the borough are included in the proposal, in those  
4 other municipalities. If the proposal is not approved in one or more of the cities  
5 within the borough that are proposed to be merged or consolidated but is  
6 otherwise approved in each of the areas separately tabulated, the proposal is  
7 either entirely defeated or partially approved as provided in the petition under  
8 AS 29.06.100(c). This subsection is intended to be consistent with the voting  
9 requirements for annexation specified in AS 29.06.040(c)(1).

10 \* Sec. 5. AS 29.35.110 is amended by adding a new subsection to read:

11 (c) Notwithstanding (a) of this section, a borough that has entered into an  
12 agreement with a city located in the borough to cooperatively or jointly provide for  
13 economic development may use borough revenue from taxes, whether collected on an  
14 areawide or nonareawide basis, to carry out the terms of the agreement.

15 \* Sec. 6. The uncodified law of the State of Alaska is amended by adding a new section to  
16 read:

17 APPLICABILITY. The amendments to AS 29.06.100 in secs. 2 and 3 of this Act do  
18 not apply to a merger or consolidation petition filed with the Department of Community and  
19 Economic Development before the effective date of this Act. The amendment to  
20 AS 29.06.140(a) in sec. 4 of this Act does not apply to an election held as a result of a petition  
21 filed with the Department of Community and Economic Development before the effective  
22 date of this Act, and AS 29.06.140(a) as it read before the effective date of this Act applies to  
23 that election.

24 \* Sec. 7. This Act takes effect immediately under AS 01.10.070(c).

# ALASKA STATE SENATE



Session:  
State Capitol  
Juneau, Alaska 99801-1182  
(907) 465-2327  
(907) 465-5241 Fax

Interim:  
119 N. Cushman, Suite 201  
Fairbanks, Alaska 99701  
(907) 456-8161  
Senator\_Ralph\_Seekins@legis.state.ak.us

**Senator Ralph Seekins**  
District D

## SB 183 Sponsor Statement

### An Act Authorizing Municipalities to Provide for Economic Development

Current state law places a limitation on second-class boroughs with respect to expending funds designated for economic development purposes.

Presently, second-class boroughs may only use these funds on a *non-areawide* basis. This means that the Fairbanks North Star Borough can only deploy these funds on projects located *outside* the city limits of Fairbanks and North Pole.

It is desirable for the Borough to have the ability to utilize economic development funds on an *areawide* basis. In this way, worthy projects can be funded irrespective of their location--within, or without, municipal boundaries--so long as the project remains within the greater Borough boundary. Such projects will benefit the *entire* Borough community while physical location, whether within city boundaries or not, is considered immaterial to this greater good.

This legislation is proposed at the request of the Fairbanks North Star Borough as well as the Cities of Fairbanks and North Pole. In summary, it will facilitate the development of economically attractive projects throughout the *entire* Fairbanks North Star Borough without regard to internal municipal boundaries. Senate Bill 183's companion is HB 126.

# 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

State Capitol  
Juneau, Alaska 99601-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

May 13, 2003

**SUBJECT:** Expenditure of Borough revenue for economic development  
(CSSB 183(); version S)

**TO:** Senator Ralph Seekins, Chair, Senate Judiciary Committee  
Attn: Brian Hove

**FROM:** Tamara Brandt Cook  
Director *TBC*

You have asked for an explanation of the draft CSSB 183(); version S. AS 29.35.110(a) requires boroughs to spend revenue from taxes collected on an areawide basis on general administrative costs and on areawide functions only, and to spend revenue collected on a nonareawide basis on general administrative costs and nonareawide functions. The draft provides an exception to this requirement, permitting a borough to use revenue regardless of whether it was generated from an areawide or nonareawide tax collection to carry out the terms of an agreement between the borough and a city in the borough to provide for economic development cooperatively or jointly.

Existing law, AS 29.35.010(13), not amended in this draft, permits one municipality to "enter into an agreement, including an agreement for cooperative or joint administration of any function or power with a municipality..." It is under the authority of this paragraph that a borough and a city could enter into an agreement to provide for economic development.

TBC:mdr  
03-119.mdr



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

April 28, 2003

Senator Thomas Wagoner  
State Capitol  
Room 427  
Juneau, AK 99801

**Re: S.B. 183 – Municipal Economic Development**

Dear Senator Wagoner,

The AML Policy Statement strongly supports local economic development activities. In fact, this year the AML created a special Economic Development Task Force to stimulate more local action in support of economic development. The AML Policy Statement also supports allowing municipalities optional powers and authority. Our understanding of SB 183 is that it simply creates an additional optional local power and is therefore consistent with AML Policy.

On a technical level, the ability to avoid areawide vs. nonareawide issues in economic development is basically simply broadening the current exemption in AS 29.35.100 for tourism marketing, which is also an economic development exemption.

Thank you for the opportunity to comment on this important legislation.

Sincerely,

Sarah A. Gilbertson  
Policy and Program Coordinator

Cc: Senator Ralf Seekins

Introduced by: Mayor Thompson  
Date: August 12, 2002

**RESOLUTION NO. 4015  
A RESOLUTION IN SUPPORT OF THE AMENDING STATE LAW  
REGARDING MUNICIPAL ECONOMIC DEVELOPMENT POWERS.**

**WHEREAS**, As a Home Rule municipality, the City has the power to expend funds to promote economic development for Interior Alaska without regard to the corporate boundaries of the City; and

**WHEREAS**, under current state law, second class boroughs like the Fairbanks North Star Borough only have non-area wide economic development powers, meaning that they face the impractical and illogical situation where they can technically only promote economic development in the areas of the borough outside cities; and

**WHEREAS**, amendment of state law so all municipalities may expend funds for economic development in their region of the state would grant the Fairbanks North Borough the authority to promote economic development for the Interior.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Fairbanks,

Section 1. The City of Fairbanks respectfully requests the Governor and the Alaska Legislature to amend state law to authorize all municipalities to expend funds to promote economic development of the region of the state in which they are located. Attached is suggested wording.

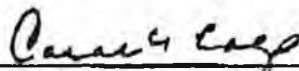
Section 2. That a copy of this Resolution be sent to the Governor, the Interior Delegation, and to the Alaska Municipal League.

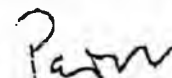
Passed and Approved this 12 day of Aug, 2002.

  
STEVE M. THOMPSON, MAYOR

AYES: 6  
NAYS: 0  
ABSTAIN:  
ABSENT:  
ADOPTED: August 12, 2002  
ATTEST:

APPROVED AS TO FORM

  
\_\_\_\_\_  
Carol L. Colp, City Clerk

  
\_\_\_\_\_  
for Herbert P. Kuss, City Attorney

Introduced by: Mayor Jacobson  
Adopted: August 5, 2002

**CITY OF NORTH POLE**

**RESOLUTION 02-26**

**A RESOLUTION IN SUPPORT OF THE AMENDMENT OF STATE LAW  
REGARDING MUNICIPAL POWERS REGARDING ECONOMIC  
DEVELOPMENT**

**WHEREAS**, the City of North Pole, as a Home Rule municipality, has the power to expend funds to promote economic development for Interior Alaska without regard to the corporate boundaries of the city; and

**WHEREAS**, over the past decades, the City has supported the visitor industry and other organizations that promote the economic development of the City of North Pole and the Interior; and

**WHEREAS**, under current state law, the Fairbanks North Star Borough only has non-area wide economic development powers, meaning that it faces the impractical situation where it can technically only promote economic development in the areas of the borough outside the City of Fairbanks and the City of North Pole; and

**WHEREAS**, amendment of state law to provide that all municipalities may expend funds for economic development will clarify that the Borough may promote economic development for Interior Alaska in the same manner as the City does.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of North Pole, that the City of North Pole respectfully requests the Governor and the Alaska Legislature to amend state law to authorize all municipalities to expend funds to promote economic development of the State and that a copy of this Resolution be sent to the Governor, the Interior Delegation, and to the Alaska Municipal League.

Passed and Approved this 5<sup>th</sup> day of August, 2002



*Jeffrey James Jacobson*  
JEFFREY JAMES JACOBSON, Mayor

*Kathryn Weber*  
KATHRYN WEBER, City Clerk



**CITY OF FAIRBANKS**

*Steve M. Thompson, Mayor*

800 CUSHMAN STREET  
FAIRBANKS, ALASKA 99701-4615

OFFICE: 907-459-6793

FAX: 907-459-6787

smthompson@ci.fairbanks.ak.us

May 6, 2003

Senator Gary Stevens  
Chair, Senate Affairs Committee  
State Capitol, Room 417  
Juneau, AK 99801-1182  
By Fax to: (907) 485-3517

**RE: Support for CS for Senate Bill 183**

Dear Senator Stevens:

The City of Fairbanks supports any amendment to state law that gives second class boroughs the ability to use borough revenue, regardless of the source, for economic development that benefits the borough.

Today we received a fax of the Committee Substitute for Senate Bill 183, which simply adds a sub-section (c) to AS 29.35.110 to state:

"(c) Use of borough revenue for economic development that benefits the borough is not subject to (a) of this section."

This wording will accomplish a mutual goal of the City of Fairbanks and the Fairbanks North Star Borough. I am glad the population requirement has been removed from the Bill.

Thank you for your efforts and please feel free to call me if I can help in any way.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve M. Thompson".

Steve M. Thompson  
City Mayor

Cc: Interior Delegation Members  
Honorable Rhonda Boyles, Borough Mayor  
City Council Members



# CITY OF NORTH POLE

*"Where the Spirit of Christmas Lives Year Round"*

123 Sedwman Lane • North Pole, Alaska 99705  
E-mail: npol@alaska.net • Website: www.np.alaska.com

City Hall  
907-488-2281

Police  
Department  
907-488-6902

Fire  
Department  
907-488-2232

Utilities  
907-488-6111

City Clerk  
907-488-2281

City Engineer  
907-488-2281

May 6, 2003

Honorable Senator Seekins,

Dear Senator Seekins,

The City of North Pole is very appreciative of your service to the people of the State of Alaska and the Interior.

As a Home Rule municipality, the City has the power to expend funds to promote economic development for Interior Alaska, without regard to the corporate boundaries of the City. Over the last five decades, the City has supported the visitor industry and other organizations that promote economic development in the Interior. It is important for boroughs in Alaska to be able to spend revenues unrestricted for economic development.

We support SB 183 amending AS29.35.110 which would authorize boroughs to expend revenue collected on an areawide or non-areawide basis to provide for the economic development that benefits the borough. This amendment makes good business sense and will help grow the economy. The North Pole City Council passed Resolution 02-26 in support of amending state law that SB 183 addresses.

Sincerely,

JEFFREY JAMES JACOBSON, Mayor



250 Cushman St., Suite 2D, Fairbanks, AK 99701-4665  
phone: (907) 452-1105, fax: (907) 456-6968

e-mail: [staff@fairbankschamber.org](mailto:staff@fairbankschamber.org)  
website: [www.fairbankschamber.org](http://www.fairbankschamber.org)

March 4, 2003

Representative Jim Holm  
State Capitol Building  
Juneau, AK 99801

Dear Representative Holm:

On behalf of the Greater Fairbanks Chamber of Commerce Board of Directors, I would like to thank you for introducing House Bill 126, an act authorizing municipalities to provide for economic development and authorizing boroughs to expend revenue collected on an area-wide or non area-wide basis to provide for economic development.

This issue has been identified as one of the Chamber's top three legislative priorities for the year. The Board of Directors passed its first resolution of support for this change in state law in August 2002. Today, the Board made some simple revisions to the resolution and it attached.

We appreciate your leadership on this issue and we support House Bill 126 in its current form. We look forward to working with you on this issue. If you have any questions, please do not hesitate to give me a call.

Sincerely,

Kara Moriarty  
President/CEO



250 Cushman St., Suite 2D, Fairbanks, AK 99701-4665  
phone: (907) 452-1105, fax: (907) 456-6968  
e-mail: [staff@fairbankschamber.org](mailto:staff@fairbankschamber.org)  
website: [www.fairbankschamber.org](http://www.fairbankschamber.org)

Introduced By: Board of Directors  
Date Introduced: March 4, 2003  
Date Passed: March 4, 2003  
Date Transmitted: March 4, 2003

**RESOLUTION 03-0304**

**A RESOLUTION BY THE GREATER FAIRBANKS CHAMBER OF  
COMMERCE SUPPORTING A CHANGE IN ALASKA STATE LAW  
REGARDING MUNICIPAL POWERS AND ECONOMIC  
DEVELOPMENT**

WHEREAS the City of Fairbanks is a Home Rule municipality; and

WHEREAS as a Home Rule municipality, the City of Fairbanks has the power to expend funds to promote economic development without regard to the city boundaries; and

WHEREAS this allows the City of Fairbanks to use public funds to promote economic development throughout Interior Alaska; and

WHEREAS the Fairbanks North Star Borough is a second class borough; and

WHEREAS as a second class borough, the Fairbanks North Star Borough may only expend funds for non-area wide economic development, which means the Fairbanks North Star Borough can only promote economic development in areas of the borough outside city limits; and

WHEREAS non-area wide economic development powers do not allow the Fairbanks North Star Borough to effectively expend funds for economic development due to the impractical stipulation that the funds cannot be spent within the city limits; and

WHEREAS a change in Alaska state law allowing municipalities to expend funds for economic development in their region of the state would allow the Fairbanks North Star Borough the authority to promote economic development for the Interior, including inside the city limits:

# GREATER ★ FAIRBANKS CHAMBER OF COMMERCE

250 Cushman St., Suite 2D, Fairbanks, AK 99701-4663  
phone: (907) 452-1105, fax: (907) 456-6968


e-mail: [staff@fairbankschamber.org](mailto:staff@fairbankschamber.org)  
website: [www.fairbankschamber.org](http://www.fairbankschamber.org)

NOW THEREFORE BE IT RESOLVED that the Greater Fairbanks Chamber of Commerce fully supports a change in Alaska state law to authorize all local governments to fund economic development in their region of the state, regardless of the source of funding.

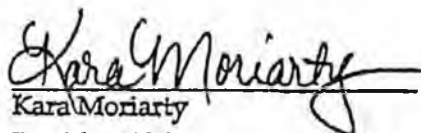
BE IT FURTHER RESOLVED that this resolution be distributed to:

- Representative Jim Holm
- Governor Frank Murkowski
- Interior Delegation
- Mayor Rhonda Boyles, Fairbanks North Star Borough
- Fairbanks North Star Borough Assembly
- Mayor Steve Thompson, City of Fairbanks
- Fairbanks City Council
- Mayor Jeff Jacobsen, City of North Pole
- North Pole City Council

PASSED in Fairbanks, Alaska this 4th day of March, 2003 by the Greater Fairbanks Chamber of Commerce Board of Directors.



Terry Aldridge  
Board Chair



Kara Moriarty  
President/CEO

By: Rhonda Boyles, Mayor  
Introduced: 09/12/02  
Adopted: 09/12/02

**RESOLUTION NO. 2002 -70**

**A RESOLUTION IN SUPPORT OF AN AMENDMENT TO STATE LAW REGARDING MUNICIPAL POWERS AND ECONOMIC DEVELOPMENT**

WHEREAS, the Fairbanks North Star Borough is a second class borough and has the power to provide economic development only on a non-areawide basis, outside the city limits; and

WHEREAS, the Fairbanks North Star Borough cannot expend revenue collected on an areawide basis for economic development; and

WHEREAS, the current separation of how funds may be expended for economic development reduces the overall effectiveness of city and borough funds; and

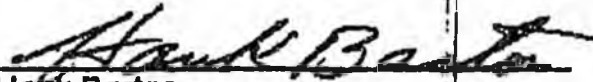
WHEREAS, an amendment of state law to provide that all municipalities may expend funds for economic development in their region of the state would grant the Fairbanks North Star Borough the authority to promote economic development for the Interior, including within the boundaries of the City of Fairbanks.

NOW, THEREFORE BE IT RESOLVED that Rhonda Boyles, Borough Mayor, and the Fairbanks North Star Borough Assembly supports an amendment to Alaska state law to authorize all local governments to provide economic development in their region of the state using areawide funds.

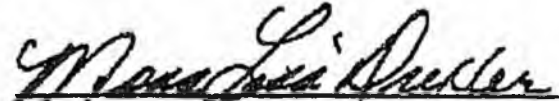
BE IT FURTHER RESOLVED that this resolution be distributed to:

- Governor Tony Knowles
- Interior Delegation
- Mayor Rhonda Boyles, Fairbanks North Star Borough
- Fairbanks North Star Borough Assembly
- Mayor Steve Thompson, City of Fairbanks
- Fairbanks City Council
- Mayor Jeff Jacobson, City of North Pole
- North Pole City Council

PASSED AND APPROVED THIS 12<sup>th</sup> DAY OF SEPTEMBER 2002.

  
Hank Bartos  
Presiding Officer

ATTEST:

  
Mona Lisa Drexler, CMC  
Municipal Borough Clerk

Ayes: Holm, Hutchison, Henry, Williams, Beck, Webb, Fouts, Sattley, Bartos  
Noes: None

RESOLUTION NO. 2002-70  
Page 2 of 2

**Daily News - Miner**

"Independent in All Things ... Neutral in None"  
Established in 1903

CHARLES L. GRAY  
*Publisher Emeritus*

MARILYN ROMANO  
*Publisher*

KELLY BOSTIAN  
*Managing Editor*

DERMOT COLE  
*Columnist*

ROD BOYCE  
*Assistant Managing Editor*

**A good fix, for now**

The Senate Community and Regional Affairs Committee is scheduled to hear a bill today that seeks to remove a limitation on how the Fairbanks North Star Borough, and perhaps other local governments like it, can spend money raised to promote economic development.

The bill, Senate Bill 183, by Sen. Ralph Seekins of Fairbanks, is a good one, is supported by the Alaska Municipal League, and should be passed. A companion bill put forward in the House by Rep. Jim Holm of Fairbanks is reportedly being blocked by the chairman of that chamber's Community and Regional Affairs Committee for reasons of political strategy, so the Senate version will be the one to accomplish the task.

At issue is a description of how the Fairbanks borough can spend the portion of property-tax revenue it raises for economic development. The money is raised only from residents and businesses outside the cities of Fairbanks and North Pole, and state law limits the spending of money raised in such a manner to functions that serve only the area from which it was raised.

The Senate bill will bring the current Fairbanks situation into compliance with state law.

The problem with the economic development money is much like the problem with the money the borough spends on the garbage transfer sites. The dump sites are paid for with money raised outside the city of Fairbanks and aren't supposed to be used by city residents. But they are, and short of posting a guard and checking ID cards, nothing can be done about it.

• It's the same with economic development.

The Borough Assembly has already authorized the granting of \$310,000 this fiscal year and \$100,000 in the next fiscal year for the Fairbanks Economic Development Corp. That is money raised outside the cities of Fairbanks and North Pole.

But it will be difficult to spend that money without running afoul of state law. And yet there is simply no way to prevent the successful promotion of economic development from also benefiting those who live in the two cities. People might live in those cities, for example, and work outside them in some new business brought to town through FEDCO's efforts.

Opponents will argue that it is wrong for those outside the cities to be the sole means of financial support for local economic development, especially when the borough's economy as a whole gains.

In particular, those in the city of Fairbanks, whose economic development revenue is raised through the hotel and motel bed tax, are not pulling their weight, it is said. That may be true, but until we have a single local government, that inequity is one that we can live with.

This Senate bill is a good fix so that economic development can proceed in a legally clean manner.



CHINA

**Good, s**

WASHINGTON—Here's good news: Vigorous vituperation is coming back.

A lust for civil discourse almost stamped it out. Back in the mid-'90s, I took a pop at Colin Powell for having failed to finish off Saddam Hussein; in a New Yorker interview, he popped back mildly with "Safire is getting arrogant in his old age" (which didn't rate as genuine vituperation because it was too close to the truth). Even so, at a subsequent New Year's Eve party, the general felt the need to apologize.

Classic invective demands a vivid figure of speech. The current State Department reaction to criticism by the hawkish commentator Newt Gingrich offers examples of weak, and strong vituperation.

In a Washington speech, Gingrich had blazed away at "ineffective and incoherent" State for "six months of diplomatic failure" and its "propensity for appeasing dictators and propping up corrupt regimes." In contrast, he noted,

FOINM.  
April 30, 2003