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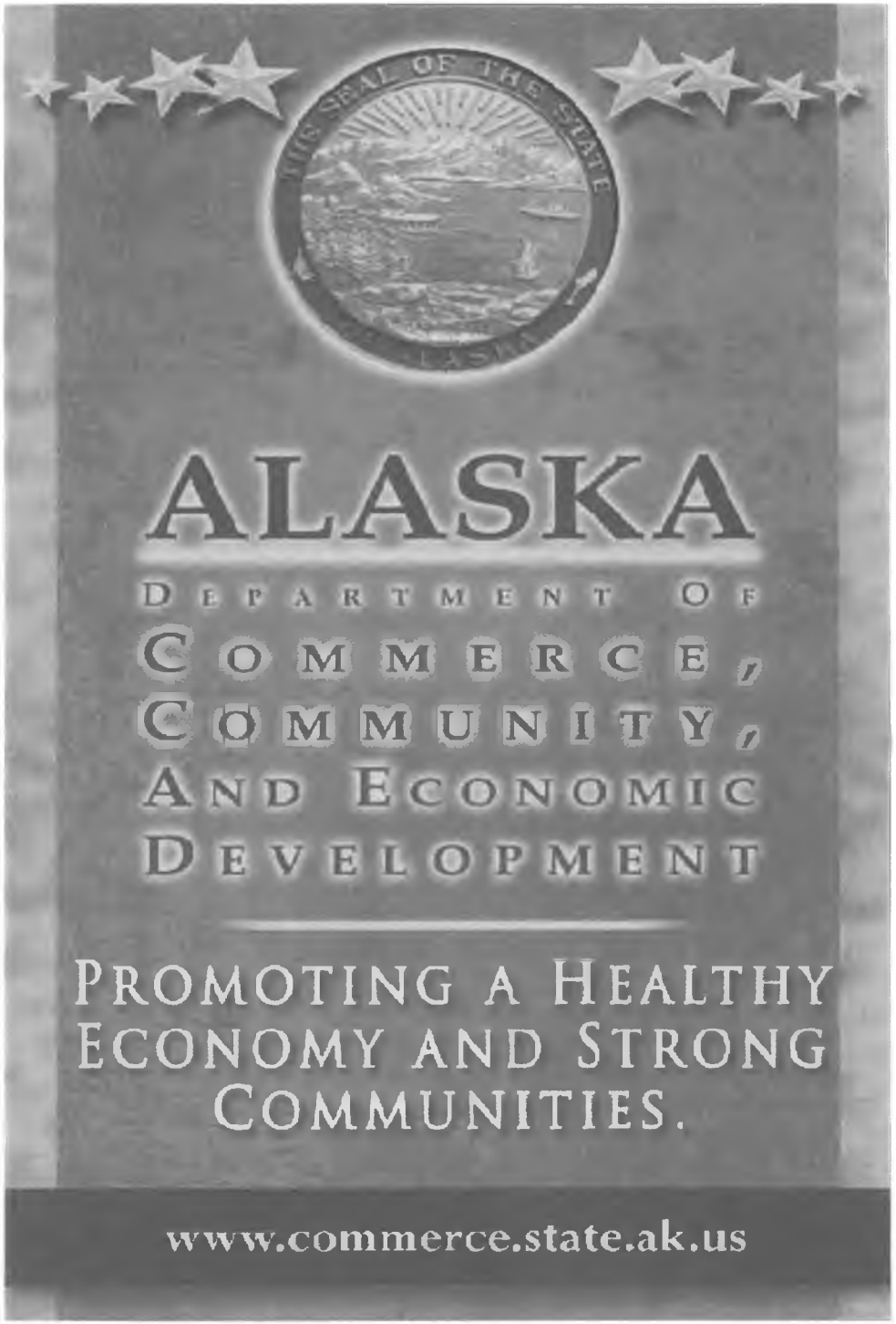
HJR 24

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1/25/11 OVERVIEW: DCCED – NEW DIVISION OF ECONOMIC DEVELOPMENT

<TARGET><BILL></BILL><SUBJECT>1-25-11 OVERVIEW DCCED - NEW DIVISION OF ECONOMIC DEVELOPMENT</SUBJECT><COMM>HCRA27</COMM></TARGET>



A presentation to the:

House Committee on Community & Regional Affairs

House Special Committee on Economic Development, Trade & Tourism

Susan Bell, Commissioner
Curtis Thayer, Deputy Commissioner
Wanetta Ayers, Division Director

January 25, 2011

Our Mission

"Promote a healthy economy, strong communities and protect consumers in Alaska"

- Coordinate, develop and promote programs for sustainable economic growth.
- Regulate and enforce to protect the consumer and to provide a stable business climate.
- Assist in the development of sustainable energy systems and reduce the cost of energy in rural Alaska.
- Assist communities to achieve maximum local self-government and foster volunteerism statewide.

The Department Consists of the Commissioner's Office plus Six Core Agencies

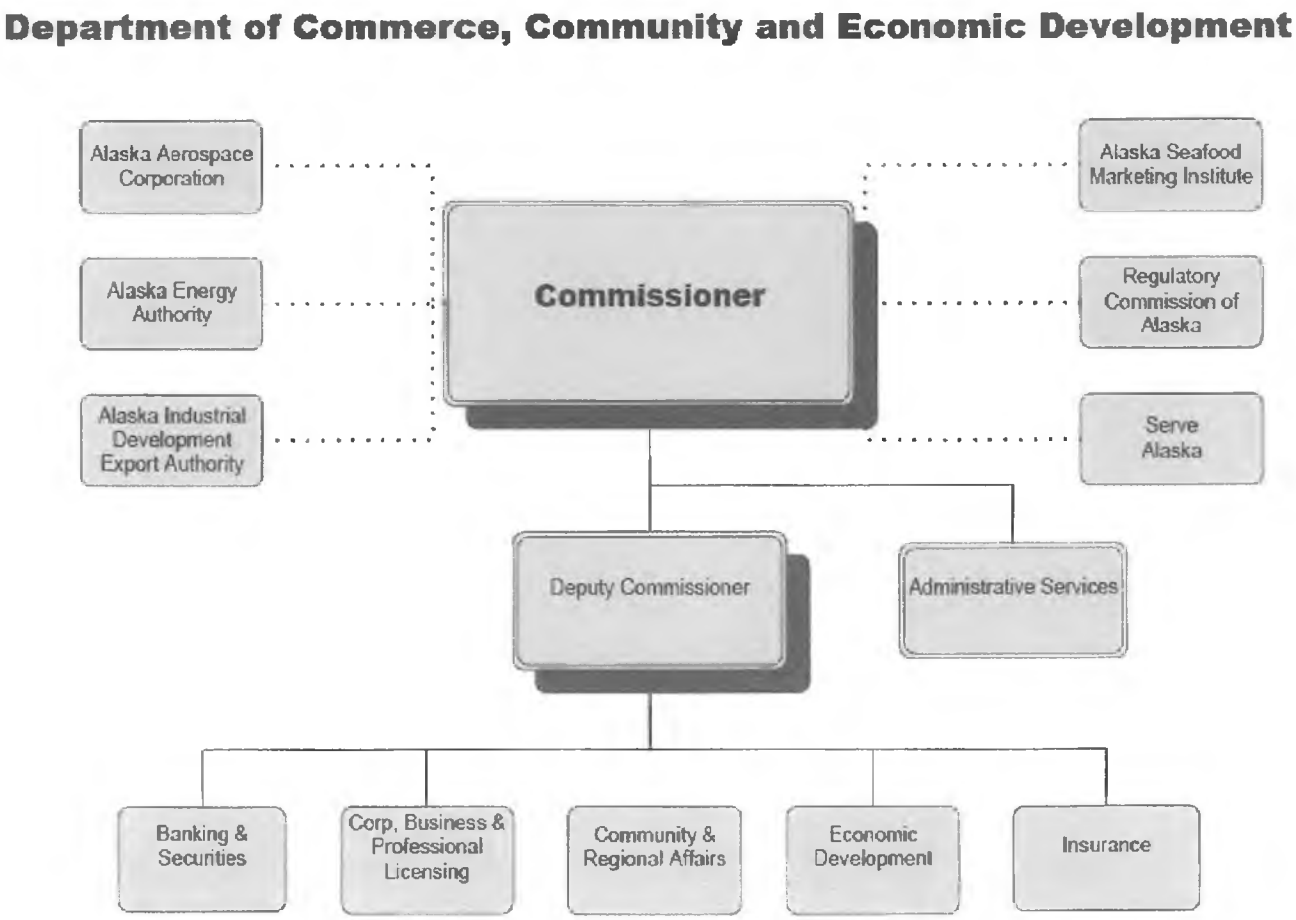
- Administrative Services
- Banking and Securities
- Community and Regional Affairs
- Corporations, Business and Professional Licensing
- Economic Development
- Insurance

The Department Houses Seven Corporate Agencies

The corporate agencies, although aligned with the department's mission, operate more independently than core state agencies.

- Alaska Aerospace Corporation
- Alaska Energy Authority
- Alaska Industrial Development and Export Authority
- Alaska Railroad Corporation
- Alaska Seafood Marketing Institute
- Regulatory Commission of Alaska
- Serve Alaska

Department Organization



Who We Are

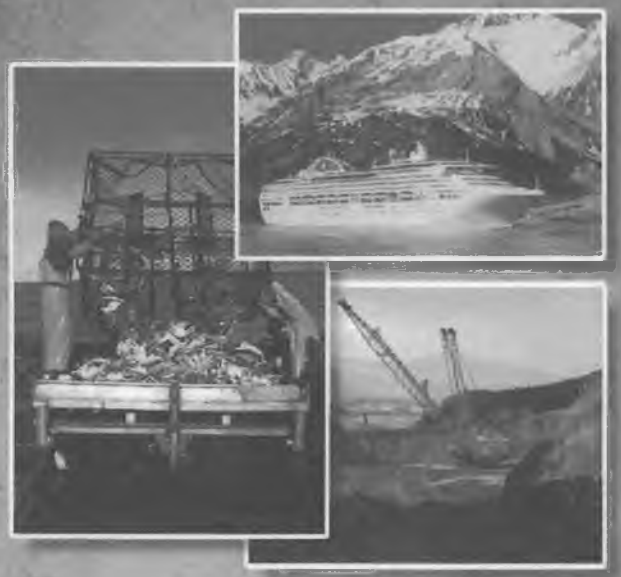
Total employees 538



Anchorage
Bellevue
Bethel
Dillingham
Fairbanks
Juneau
Kodiak
Kotzebue
Nome
Tok

ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY
AND ECONOMIC
DEVELOPMENT

DIVISION OF ECONOMIC DEVELOPMENT



PROMOTING ECONOMIC OPPORTUNITIES

http://commerce.alaska.gov/ded

Economic Development defined . . .

a program, group of policies, or activity that seeks to improve the economic well-being and quality of life for a community by creating and/or retaining jobs that facilitate growth and provide a stable tax base.

- International Economic Development Council (IEDC)

Economic Development defined . . .

What is Economic Development? It:

- takes a long time
- requires a lot of resources
- requires a lot of human capital
- requires consistency and stick-to-itiveness
- requires planning, coordination, and doing

Cluster Development Framework

Figure 5. Economic Foundations of a Cluster-Based Economic Development Framework



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Examining Economic Development

December 4, 2009

House Special Committee on Economic Development, Trade and Tourism

- Review of State agencies and corporations
- Analysis of other state's organizational and functional approaches

2010 Legislative Session

- Ongoing inquiries into economic development efforts

Assessment of E.D. System

"The economic development system in Alaska is decentralized and fragmented with little overarching structure . . . to foster a sustainable and resilient economy for the future.

Only 2.5% of the respondents . . . felt that economic development efforts have been very effective and only 6% felt that the economic outlook over the next 10 years was very good.

Interviews with economic development professionals and business leaders produced a more detailed diagnosis of the situation, but overall painted a consistent picture of generally ineffective economic development efforts and concern about the longer term outlook for the state's economy."

Alaska Forward: Phase I – Situational Analysis

ALASKA FORWARD
TOWARD A NEXT GENERATION ECONOMY

Economic Priority

"Jobs for Alaskans Requires Positioning our Economy for Growth with a Solid Investment Climate."

- Governor Parnell

Administrative Orders
FROM THE OFFICE OF THE GOVERNOR OF ALASKA

Sean Parnell
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

October 12, 2010

ADMINISTRATIVE ORDER NO. 257

I, Sean Parnell, Governor of the State of Alaska, under the authority of Art. III, Secs. 1 and 24, of the Alaska Constitution, establish the Division of Economic Development within the Department of Commerce, Community, and Economic Development.

PURPOSE AND DIRECTIONS

I direct the Department of Commerce, Community, and Economic Development to merge, consistent with State law, the Office of Economic Development and the Division of Investments into a single division called the Division of Economic Development.

Combining these divisions under a single umbrella and making any necessary regulation changes would create a one-stop shop that can assist an existing or proposed business entity with financing, marketing, business assistance, and governmental coordination. The newly unified division, operating from State offices in Anchorage, Fairbanks, and Juneau would be better able to serve the business community and leverage other economic development programs and services.

EFFECTIVE DATE

This Order takes effect immediately.

DATED at Juneau, Alaska this 12th day of October, 2010.

/s/Sean Parnell
Governor

Division of Economic Development

- Combines development and financing activities into one cohesive unit
- Facilitates the functional restructuring of economic development
- Creates operational and cost efficiencies
- Lays the foundation for improvements in:
  - Business outreach and technical assistance
  - Marketing and promotion of financing tools
  - Outreach and development of traditional targeted industries
  - Development of emerging growth industries
- Paves the way for future improvements in:
  - Overarching marketing and branding of Alaska
  - Expanded business outreach & technical assistance
  - Expanded financing programs
  - Coordination of multiagency, multidisciplinary development response

Division of Economic Development

Staffing by Duty Station and Section:

Duty Station	Director's Office	Development Section	Financing Section
Anchorage	3	4	5
Fairbanks		2	
Juneau	1	6	31
Tok		4	
TOTAL	4	17	37

Annual State Loan Fund Report FY2010

AS 37.05.035
(Dollars in Thousands)

Fund	Total # of Loans Closed	Average Statutory Interest Rate	Total Principal on Loans Closed
Commercial Fishing (all other)	177	5.500%	13,304.6
Com Fish (Product Quality)	15	3.000%	365.4
Com Fish (Fuel Efficiency)	13	3.000%	566.4
Fisheries Enhancement*	3	5.000%	1,951.0
Small Business Economic Development	8	4.000%	797.5
Rural Development	2	6.000%	84.0
Capstone Avionics	2	4.000%	76.5
TOTAL	220		17,145.4

** Interest forgiven and principal payment deferred for first six years*

FY2010 Loan Servicing Summary

SUMMARY	
Total No. of Outstanding Loans	1,921
Total Principal Amount Outstanding	147,398.4
Average Loan Amount	76.7
Total No. Other Accounts	640
Total Principal Amounts of Other Accounts	50,093.2
Delinquency and Default Statistics *(based on balances outstanding)*	
Delinquent	0.4%
Foreclosure	0.3%
TOTAL LOANS AND OTHER ACCOUNTS	2,561
TOTAL PRINCIPAL OUTSTANDING	197,491.6

New Financing Tools

Alaska microloan revolving loan fund

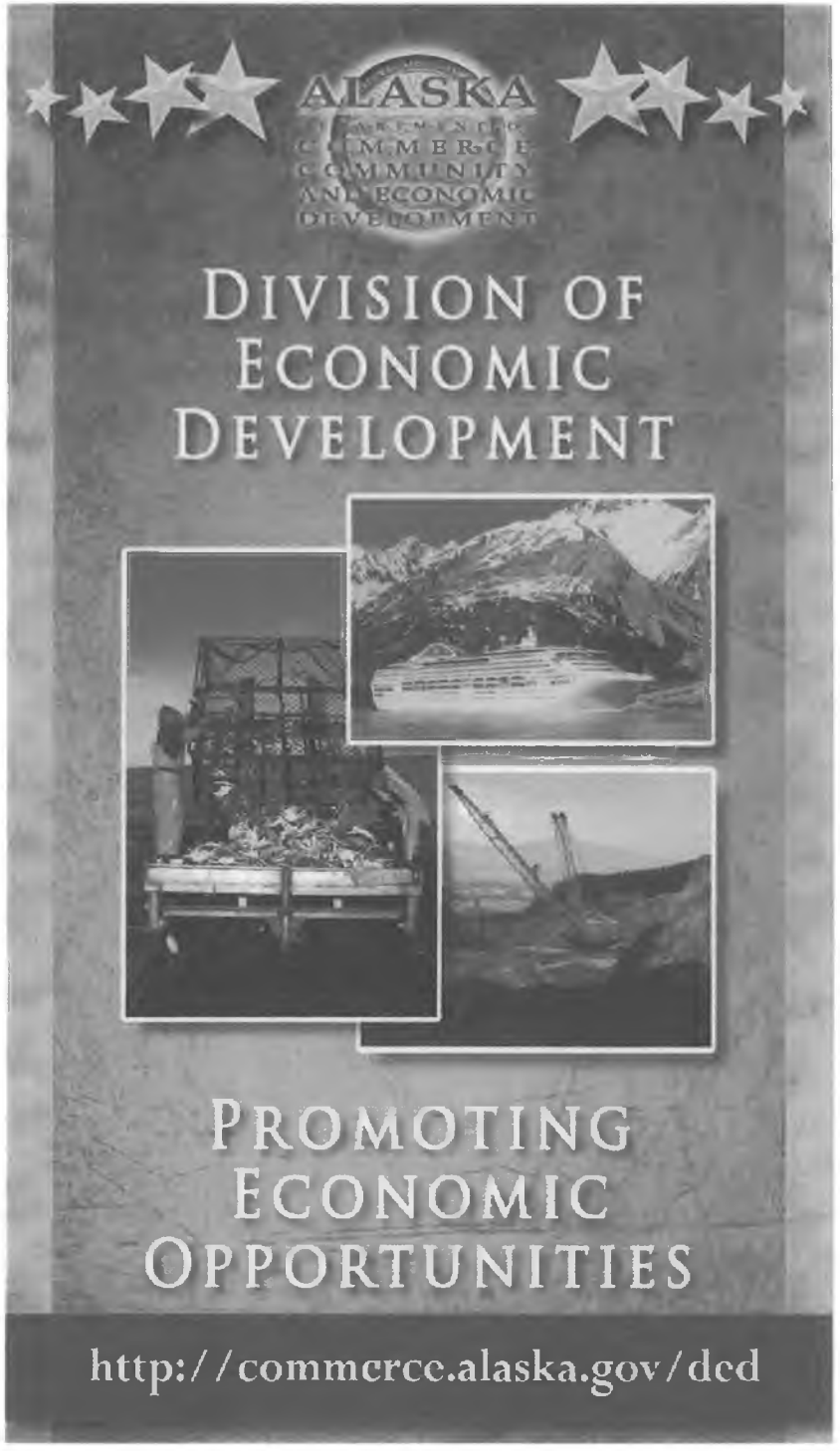
- $3.5MM new capitalization
- $35K individual/$70K two or more
- Six year term
- prime plus one percentage point, but not less than six percent per year and not more than eight percent per year

Commercial charter fisheries revolving loan fund

- $5MM new capitalization
- $100K loan limit
- 15 year term
- prime plus two percentage points, but may not be less than three percent per year and not more than 10½ percent per year

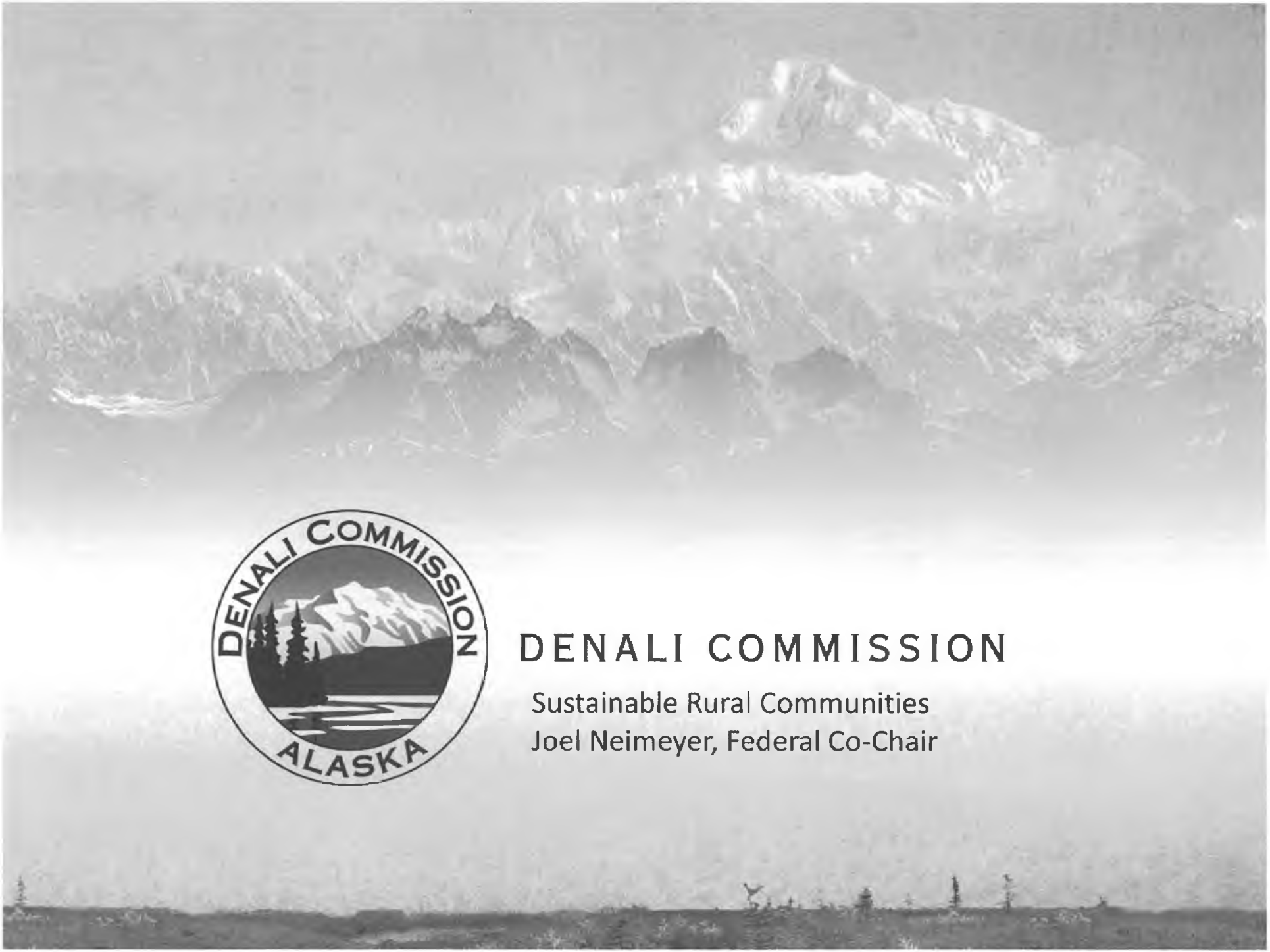
Mariculture revolving loan fund

- $3MM new capitalization
- $100K loan limit
- 20 year term
- Option for interest only payments years 1 – 6
- prime plus one percentage point, but not less than five percent per year and not more than nine percent per year


ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY
AND ECONOMIC
DEVELOPMENT
DIVISION OF
ECONOMIC
DEVELOPMENT
PROMOTING
ECONOMIC
OPPORTUNITIES
http://commerce.alaska.gov/ded

2/01/11 PRESENTA-TION: DENALI COMMISSION

<TARGET><BILL></BILL><SUBJECT>2-01-11 PRESENTATION DENALI COMMISSION</SUBJECT><COMM>HCRA27</COMM></TARGET>



DENALI COMMISSION

Sustainable Rural Communities
Joel Neimeyer, Federal Co-Chair



Appalachian Regional Commission 1965

Denali Commission 1998

Delta Regional Commission

APPALACHIAN REGIONAL COMMISSION

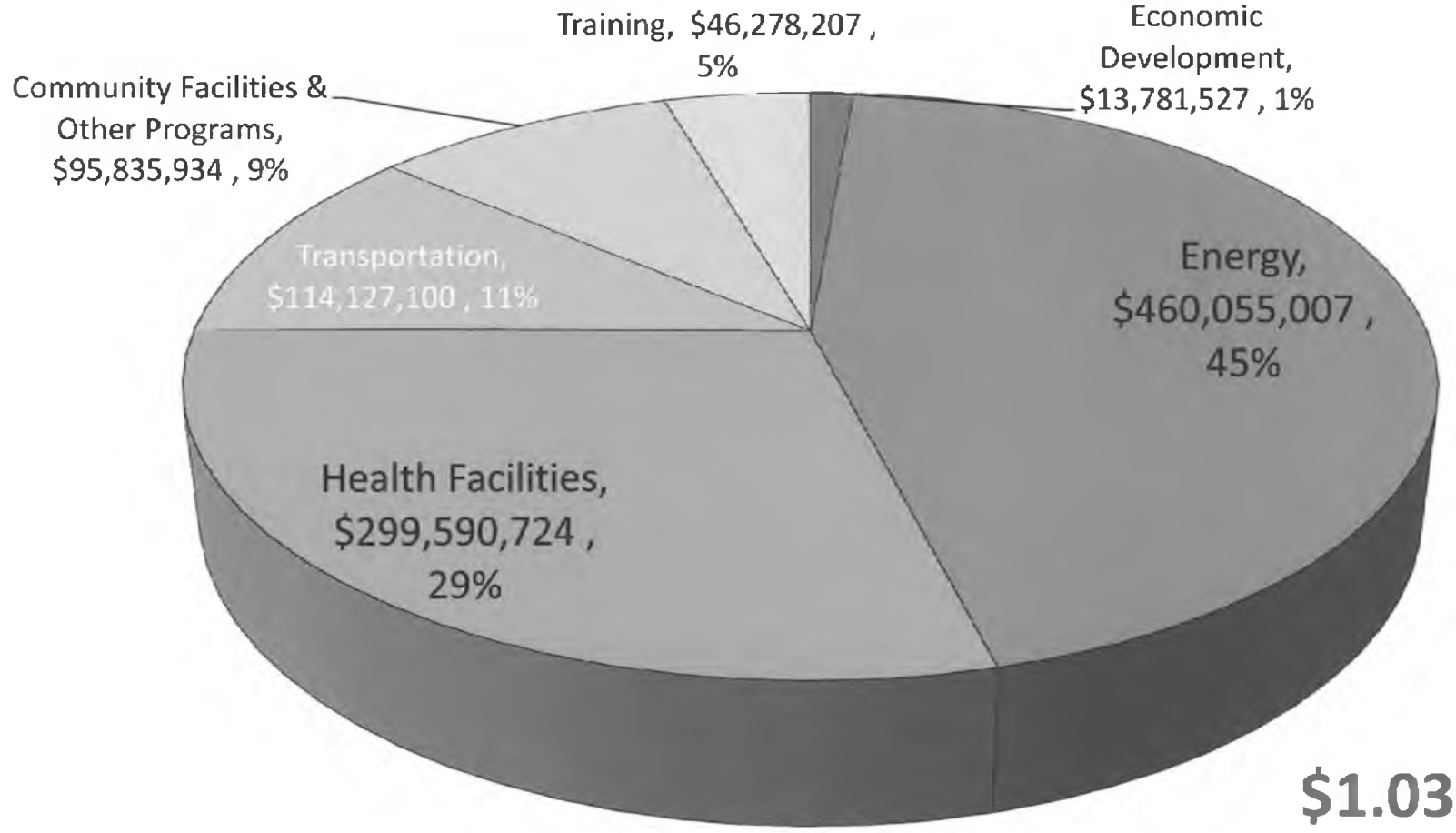
Regional Commission Model For Government



- **Denali Commission – An independent Federal Agency**
- **Created in 1998 – Denali Commission Act**
- **Governing Principles:**
  - Small staff
  - Limited overhead costs
  - Numerous program partners
  - Shared resources; common vision
  - Transparency
  - Decisions made in Alaska

DENALI COMMISSION

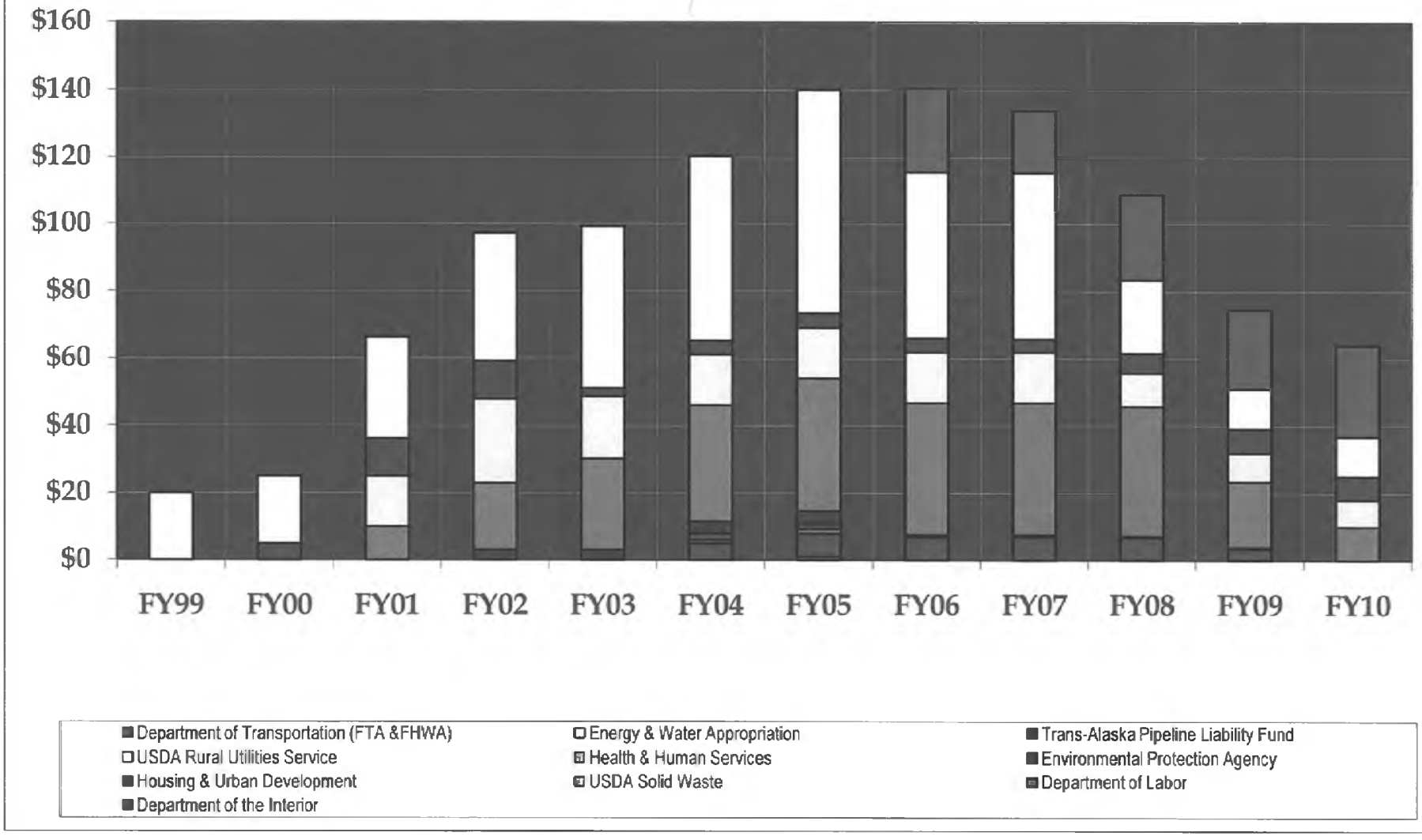
FY99 - FY10 Denali Commission Program Funding Uses



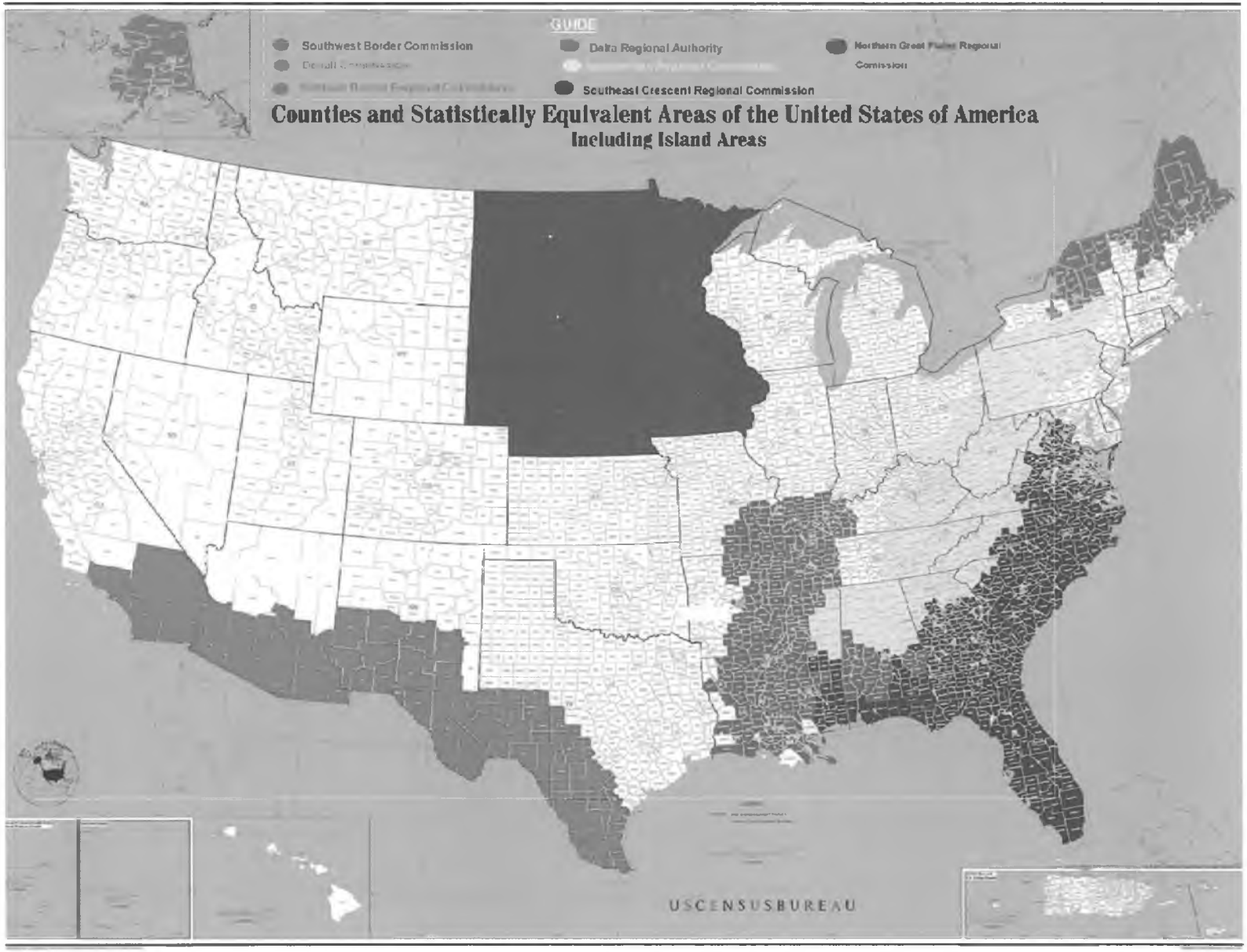
$1.03 Billion

Denali Commission Funding Sources FY99 - FY10

(in millions)



DENALI COMMISSION





Partners

Our Program Partners Include:

Federal

- FEDERAL HIGHWAY ADMINISTRATION, WESTERN FEDERAL LANDS HIGHWAY DIVISION
- U.S. DEPARTMENT OF AGRICULTURE, FOREST SERVICE, RURAL DEVELOPMENT AND RURAL UTILITIES SERVICE
- U.S. DEPARTMENT OF COMMERCE, ECONOMIC DEVELOPMENT ADMINISTRATION
- U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
- U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES, INDIAN HEALTH SERVICE
- U.S. DEPARTMENT OF INTERIOR, BUREAU OF INDIAN AFFAIRS
- U.S. DEPARTMENT OF LABOR

Indian Health Service
The Federal Health Program for American Indians and Alaska Natives

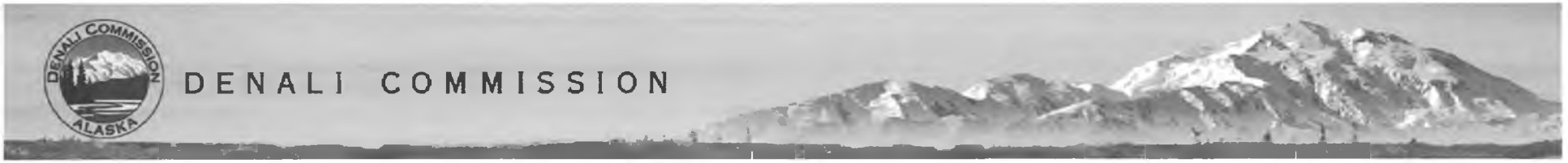
State

- ALASKA DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT
- ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION
- ALASKA DEPARTMENT OF HEALTH AND SOCIAL SERVICES
- ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
- ALASKA DEPARTMENT OF PUBLIC SAFETY
- ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
- ALASKA ENERGY AUTHORITY
- ALASKA HOUSING FINANCE CORPORATION
- ALASKA MENTAL HEALTH TRUST AUTHORITY
- ALASKA STATE LEGISLATURE
- UNIVERSITY OF ALASKA

ALASKA ENERGY AUTHORITY

Other

- ALASKA FEDERATION OF NATIVES
- ALASKA GROWTH CAPITAL
- ALASKA MUNICIPAL LEAGUE
- ALASKA NATIVE TRIBAL HEALTH CONSORTIUM
- ALASKA PUBLIC BROADCASTING, INC.
- ALASKA REGIONAL FOR-PROFIT CORPORATIONS
- ALASKA REGIONAL HEALTH BOARDS
- ALASKA REGIONAL NON-PROFIT CORPORATIONS
- ALASKA REGIONAL HOUSING AUTHORITIES
- ALASKA VILLAGE ELECTRIC COOPERATIVE
- ASSOCIATED GENERAL CONTRACTORS OF ALASKA
- FIRST ALASKANS INSTITUTE
- RASMUSON FOUNDATION
- RURAL ALASKA COMMUNITY ACTION PROGRAM, INC.



Partnerships Make It Happen

2006 - 2010

Commission funding: $478M
State of Alaska funding: $106M
Leveraged funding: $461M

Total of 899 Commission projects funded
State provides Project Management for 412



Collaborative Programming

2005 - 2010

$4 : $1

State of Alaska
$2.4 Billion

Denali Commission
$0.6 Billion



Denali Commission Programs

- Energy Program
- Health Facilities Program
- Transportation Program
- Training Program
- Government Coordination

DENALI COMMISSION

Energy Program







DENALI COMMISSION







Health Program

DENALI COMMISSION







Transportation Program

DENALI COMMISSION

Training Program







Legislative/Commission Discussion Points

- $3 Million State Funding
- Transportation Program – FY11 Projects
- Health Program – Suite of Four projects
- Energy Program – Emerging Technologies & FY11
- Sustainable Rural Communities
- Role of the Denali Commission – Listening Sessions



State $3 Million Partnership Grant

- Completion Funding for 7 Proposed Power Generation Projects:

  Angoon $300K
  Hoonah $470K
  Igiugig $150K
  Karluk $60K
  McGrath $200K
  Pelican $300K
  Yakutat $160K

  Total, $1.64M

- Mooring Projects (up to 17 communities)
- 20% Match Funding ($1.36M) to Federal Funding ($7M)

  Akiachak, Goodnews Bay, Kongiganak, Napaskiak, Upper Kalskag, Crooked Creek, Lower Kalskag, Buckland, Fort Yukon, Galena, Kiana, Noorvik, Nulato, Savoonga, Stevens Village, Tanana, and White Mountain

DENALI COMMISSION

US Army Corps of Engineers
Alaska District

ALASKA BARGE LANDING
SYSTEM DESIGN
STATEWIDE
PHASE 1

Various Locations, Alaska

FINAL REPORT



JANUARY 2009

Barge Landings & Mooring Designs

DENALI COMMISSION

Chevak Mooring







FFY 11 Transportation Program

Funding Type	Amount	Match
Waterfront	$12.4 Million	Secured
Roads	$14.2 Million	$500K Needed
Waterfront or Roads	$3.9 Million	Secured

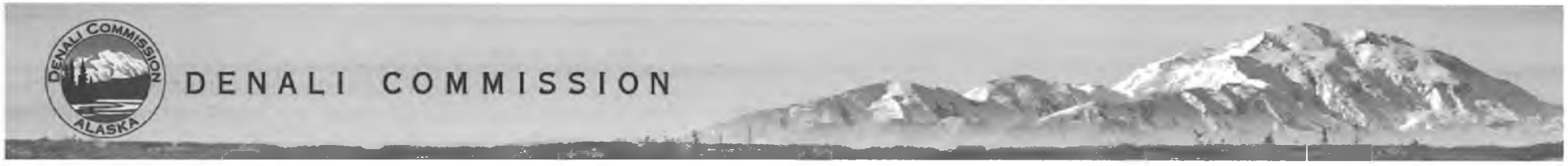


Health Program and State Legislative Changes

Suite of Four Behavioral Health projects: (no new funding)

- Yukon-Kuskokwim Elder Assisted Living Facility
- Tundra Women's Coalition
- Nugen's Ranch
- Seeds of Change

Working with State OMB, A-DHSS and Alaska Mental Health Trust Authority



Energy Program & proposed Federal Cost Share Requirements

FFY11 President's budget proposes cost share match to the Commission's base budget:

- 20% economically distressed communities
- 50% non-distressed communities
- Range of match needed: $4.5M to $15M
- Should know by March 2011 (CR is the key)

Government Coordination





Sustainable Rural Communities

- Phase I – Sustainable Rural Communities report by federal partners.





Findings

- Lead Agency
- Focus on Community
- Solutions in Partnership at the Federal Level
- Regional Approach

Sustainable Rural Communities

- Phase II – Public Comment



ANNUAL REPORT 2010

THE JOURNEY CONTINUES : THE NEXT DECADE OF THE DENALI COMMISSION







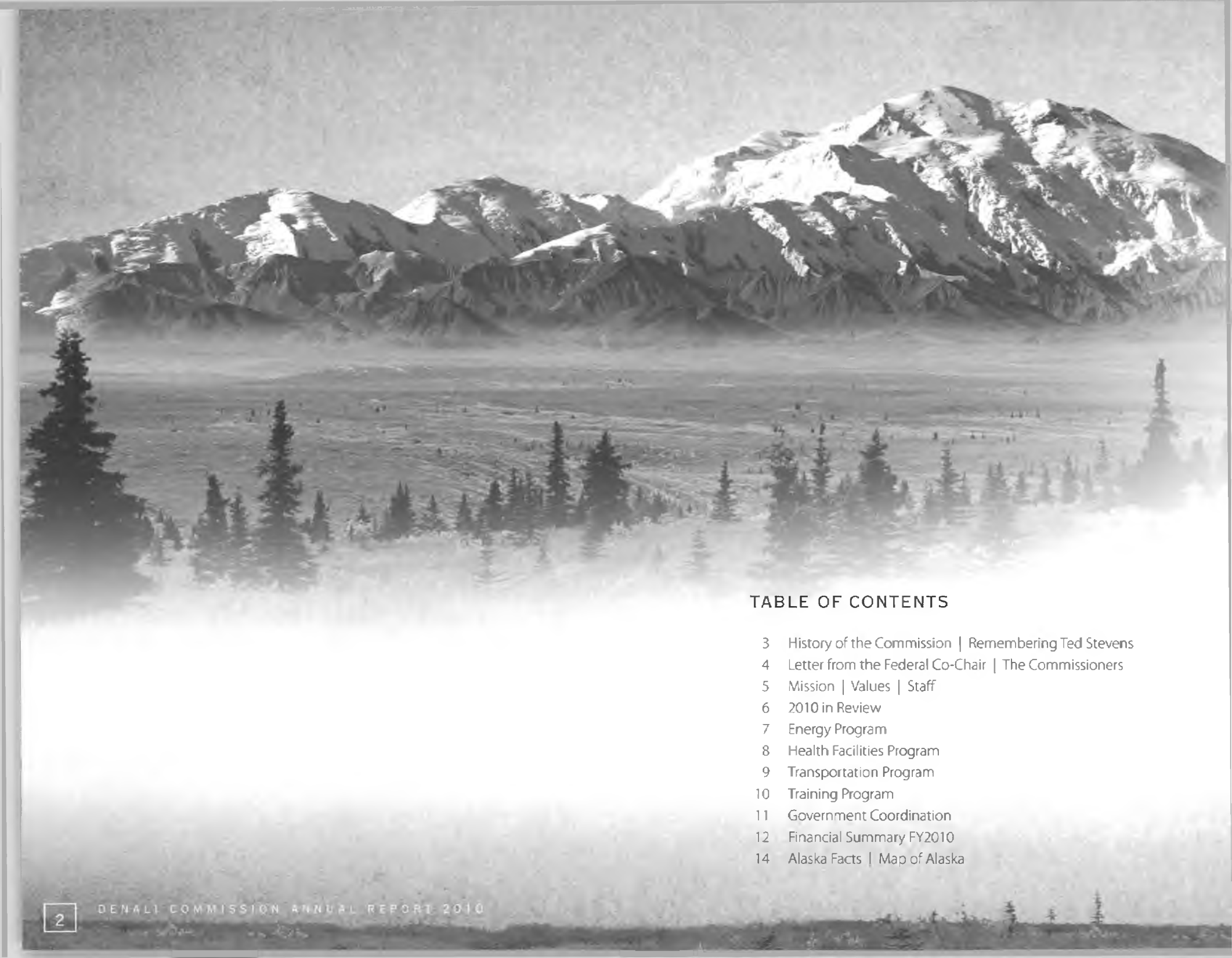


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4 Letter from the Federal Co-Chair | The Commissioners
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HISTORY OF THE COMMISSION

Denali Commission (Commission) is an innovative independent federal-state partnership designed to provide critical utilities, infrastructure and support for economic development in Alaska by delivering federal services in the most cost-effective manner possible.

The Commission was created to find solutions, both immediate and long-term, to the inequities between rural Alaska and the rest of America. Initially, the Commission's primary objective was to provide reliable power and healthcare to every community while securing contamination threats to the environment.

Since inception in 1998, the Commission has been extraordinarily effective at accelerating the delivery of badly needed infrastructure projects. The Commission is widely regarded as efficient and necessary by the people in rural Alaska and by private sector and government partners.

The Commission has a lengthy history that demonstrates the agency's ability to not only respond to critical infrastructure needs, but also provide innovative solutions that work in rural Alaskan environments. Examples include the installation of efficient and reliable generators and switchgear equipment that power schools, homes and healthcare facilities. The Commission has replaced or repaired fuel storage facilities so they have appropriate, code compliant capacity. The Commission's work in the Health Facilities Program has enabled communities to design and construct clinics throughout the entire state and has made an enormous impact in the lives and health of rural Alaskans. The Commission has built roads and provided harbor access for rural communities which serve as the essential lifeblood of a thriving community. To help ensure that these projects are sustainable, the Commission has initiated job training and economic development projects to complement its investment in infrastructure.

We invite you, in the following pages, to see the past work of the Commission and reflect on a government agency that is making dramatic progress in the nation's least developed area. The Denali Commission is a model of effective, innovative government. In these pages, witness our vision for a better Alaska, and a stronger America.

Denali Commission Act - (Title III of Public Law 105-277, 42 USC 3121)



In Memory of
Senator Ted Stevens
1923 – 2010

"My future is in God's hands. The future of Alaska, however, is in your hands."

In 1998 Senator Ted Stevens focused national attention on the immense infrastructure and economic challenges faced by rural Alaskan communities when he authored the Denali Commission Act. The Act became law on October 21, 1998. The Denali Commission, with its unique scope and breadth of services, has helped change the face of rural Alaska.



JOEL NEIMEYER
Federal Co-Chair, Denali Commission

THE JOURNEY CONTINUES: THE NEXT DECADE OF THE DENALI COMMISSION

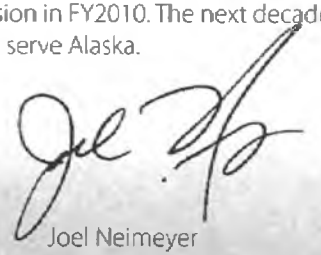
Change is upon us at the Denali Commission (Commission) as we embark on our second decade of critical infrastructure development in Alaska. For twelve years the Commission has administered over $1 billion dollars in basic infrastructure, training, and economic development projects in Alaska's remote communities. The Commission's funding, along with all the leveraged funding from other program partners, has improved the standard of living across the state and has provided rural residents with access to fundamental facilities and opportunities that many urban residents take for granted. Over these past twelve years, the Commission has:

- Completed 97 code compliant bulk fuel tank farms and 55 rural power system upgrades in rural Alaska communities.
- With numerous partners, including the State of Alaska, we are engaged in the development and construction of alternative and renewable energy projects, including wind turbines, hydro, geothermal and biomass.
- Completed 114 clinics with an additional 11 clinics currently under construction. The Commission has 27 health facility projects that are in the conceptual planning or design phases.
- Completed 33 road projects and 42 waterfront development projects. Eighty-two road and waterfront development projects are currently in the planning, design or construction phase.
- Partnered with numerous agencies, including the State of Alaska, and leveraged millions of dollars. Since 2006, for example, the Commission's $478 million in program dollars were matched by the State of Alaska with $106 million and an additional $460 million from other funding sources.

The Commission is in its next decade and its next phase of growth. While we have accomplished much in our first decade, we recognize there are many rural communities still waiting for code compliant bulk fuel tank farms, roads, small boat harbors, clinics and training opportunities.

Although our funding has decreased in the past four years, the relevance and necessity of the Commission is clear. The need for partnerships, leveraging of dollars and collaboration are all the more apparent in this economy. This is the very foundation the Denali Commission was built upon years ago and it will be the foundation of our future efforts as we adjust in these changing times. This coming year the Commission will look at reauthorization opportunities, review organizational restructuring models and work to continue the necessary project development activities in which we have excelled for over a decade. We are excited about our future prospects and our future course as we work with program partners on rural development issues.

I am proud to share this annual report which showcases the work of the Commission in FY2010. The next decade holds challenges for the agency which will highlight our strengths and adaptability as we continue to serve Alaska.



Joel Neimeyer
Federal Co-Chair

COMMISSIONERS

The Denali Commission Act teams seven leading Alaska policy makers together. Commissioners meet at least twice a year to develop and monitor an annual work plan that guides the Commission's activities. Commissioners draw upon community-based comprehensive plans as well as comments from individuals, organizations, partners and staff to guide funding decisions. This approach helps provide basic services in the most cost-effective manner by moving the problem solving resources closer to the people best able to implement solutions.

JOEL NEIMEYER
Federal Co-Chair
Denali Commission

KAREN REHFELD
State Co-Chair
Director of the Office of Management & Budget, State of Alaska

VINCE BELTRAMI
Executive President, Alaska AFL-CIO

LORETTA BULLARD
Director, Alaska Federation of Natives

PATRICK K. GAMBLE
President, University of Alaska

JOHN MACKINNON
Executive Director
Associated General Contractors of Alaska

KATHIE WASSERMAN
Executive Director, Alaska Municipal League

MISSION

The Denali Commission works with partners to develop basic public infrastructure, opportunity, and quality of life in Alaska communities.

VALUES

CATALYST FOR POSITIVE CHANGE
The Commission will be an organization through which agencies of government, including tribal governments, may collaborate, guided by the people of Alaska, to aggressively do the right things in the right ways.

RESPECT FOR PEOPLE AND CULTURES
The Commission will be guided by the people of Alaska in seeking to preserve the principles of self-determination, respect for diversity, and consideration of the rights of individuals.

INCLUSIVE
The Commission will provide the opportunity for all interested parties to participate in decision making and will carefully reflect their input in the design, selection, and implementation of programs and projects.

SUSTAINABILITY
The Commission will promote programs and projects that meet the current needs of communities and provide for the anticipated needs of future generations.

ACCOUNTABILITY
The Commission will set measurable standards of effectiveness and efficiency for both internal and external activities. Priority will be generally given to projects with substantial cost sharing.

STAFF

MONICA ARMSTRONG
Operations Administrator

KATHY BERZANSKE
Program Manager, Teacher Housing &
Deputy Program Manager, Health Facilities Program

DENALI DANIELS
Senior Program Manager, Energy Program

TESSA DELONG
Director of Programs

CORRINE EILO
Director of Administration

JODI FONDY
Deputy Program Manager, Energy Program

JAMILIA GEORGE
State Co-Chair's Representative

JANET HALL
Program Manager, Community Planning
(Detail from RurAL CAP)

SABRINA HOPPAS
Assistant to the Federal Co-Chair

KAREN JOHNSON
Program Manager, Training Program

LINDSEY JOLLY
Finance Specialist

GENE KANE
Program Manager, Solid Waste Program
(Detail from USDA-Rural Development)

SHARON GUENTHER LIND
Program Manager, Government Coordination
& Public Information Officer

MIKE MARSH
Inspector General

NANCY MERRIMAN
Senior Program Manager, Health Facilities Program

JOEL NEIMEYER
Federal Co-Chair

BOB PAWLOWSKI
Legislative Liaison
(Detail from The Alaska Legislature)

JENNIFER PRICE
Finance Administrator

ADISON SMITH
Program Assistant

PAYTON SNIDER
Information and Technology Administrator

BETTY SORENSEN
Grants Administrator



2010 IN REVIEW

OVERVIEW OF THE DENALI COMMISSION

Modeled after the Appalachian Regional Commission, Congress created the Denali Commission twelve years ago with a vision to deliver the services of the federal government in the most cost-effective manner, provide job training and other economic development services in rural Alaska communities and promote rural development by meeting basic infrastructure needs. This small, independent federal agency is charged to move quickly to tackle systemic issues of rural development by listening to rural Alaskan's concerns, and working with the State of Alaska, local communities and tribes to build basic community infrastructure and sustain rural economies.

The Denali Commission's infrastructure projects throughout the state proceed in an efficient, transparent manner with the involvement of the people they serve. Over 2,100 projects have been funded by the Denali Commission in nearly every Alaskan community in numerous program areas.



DENALI COMMISSION ADVISORY COMMITTEES

The Denali Commission has used an Advisory Committee model to review and update policies, guide the Commission, and provide more robust program outcomes. These committees have formed and developed over the years and continue to play a critical role in advising Commissioners, the Federal and State Co-Chairs and program staff.

Health Steering Committee / 1999
Transportation Advisory Committee / 2006
Economic Development Advisory Committee / 2007
Energy Advisory Committee / 2007
Training Advisory Committee / 2007
Federal Financial Management Advisory Committee / 2007



BARGE LANDING STUDY COMPLETED

The Denali Commission completed the 2009 Barge Landing Study (BLS) with the help of the U.S. Army Corps of Engineers. The BLS will provide rural communities, barge operators, and state as well as federal agencies with a catalog of existing barge landing facilities, and an improvement needs list by community. The catalog also provides users with potential design solutions that can address basic infrastructure needs.



Secretary of Commerce Gary Locke (L) with Joel Neimeyer, Federal Co-Chair.

NEW FEDERAL CO-CHAIR IN 2010

Joel Neimeyer became the first Alaska Native Federal Co-Chair at the Denali Commission on January 2010. "I'm excited to be a part of the Commission's next decade. This new decade brings new challenges and I look forward to being a part of this dynamic organization", stated Neimeyer.



RIGHTSIZING CLINICS IN RURAL ALASKA

As energy and construction costs have risen over time, it became apparent that the smallest of the Denali Commission health clinic prototypes was not "right-sized" for communities in Alaska with fewer than 100 residents. The partners of the Health Program are meeting this challenge through the development of new prototype clinic designs that are less than 1,000 square feet in size. The new designs can accommodate energy efficiencies and alternative energy methods as they become proven and cost-effective for rural Alaska. The first pilot of the small clinic design will be deployed in the spring of 2011.



DENALI COMMISSION'S 100TH CLINIC PROJECT

The Dahl Memorial Clinic in Skagway marked the completion of the Denali Commission's 100th clinic project in June 2010. At the close of FY10 the Denali Commission has contributed to the construction of 114 clinics statewide. See more on the Skagway project on the Health Facilities Program page.

FINANCE LINE OF BUSINESS

The Commission has worked diligently to improve and enhance our program delivery internally. On October 1, 2009 the Commission implemented the Financial Line of Business through the Administrative Resource Center, Bureau of Public Debt, U.S. Treasury. This significant change has enhanced controls over financial reporting and provided Federal Managers' Financial Integrity Act compliance. Implementation of these types of important procedures enhances the Commission's program delivery and strengthens Commission grants management practices.

ENERGY PROGRAM

The Denali Commission's Energy Program began in 1999. The primary goals of this program are to address environmental compliance issues while also improving energy efficiency, decreasing diesel consumption, and exploring alternative-renewable options. Projects for bulk fuel tank construction and rural power system upgrades (RPSU) are identified from statewide deficiency lists. The Commission continues to comply with the Administration's initiative to reduce dependence on foreign oil by investigating renewable energy projects across Alaska such as wind, hydro, geothermal and emerging technologies. Specifically, the area of emerging technologies is a priority for the Commission.

TOTAL PROGRAM FUNDING USES FY1999 - 2010



PROJECTS FUNDED

Bulk Fuel Storage
Community Power Generation and Rural Power System Upgrades
Energy Cost Reduction Projects
Renewable, Alternative, and Emerging Energy Technologies
Power Line Interties

PROGRAM STAFF

Denali Daniels *Senior Program Manager*
Jodi Fondy *Deputy Program Manager*

EAGLE HYDROKINETIC TURBINE PROJECT





The Commission provided funding to the Alaska Power and Telephone Company (APT) for a demonstration project in Eagle, Alaska. The hydrokinetic in-river turbine mirrors fish wheels used by villagers to harvest salmon, but instead captures natural energy produced by the majestic Yukon River. The turbines four blunt-edged blades are suspended by an anchored pontoon barge and spins at a rate of just 22 revolutions per minute. Energy is transferred to a power line beneath the river floor onto shore where the electricity is distributed to the power grid for the community.

In the summer of 2010, the turbine produced 15 to 17 kilowatts which could supply about a quarter of Eagle's electricity needs. Efforts are underway to address potential impacts on fish, (which, so far, are thought to be minimal), managing debris during times of heavy rain fall and inoperability during winter months when the river is frozen.

Alternative and renewable energy continues to be a priority for the Commission in addressing the challenges of small remote communities off the electrical grid and road systems.

KWETHLUK RURAL POWER SYSTEM UPGRADE





The Commission, in partnership with the State of Alaska, Alaska Energy Authority (AEA), funded a new power plant in Kwethluk, Alaska. The community of nearly 800 residents lies at the junction of the Kuskokwim and Kwethluk Rivers in western Alaska and is accessible by air year round and by barge or boat during the summer months. The new power plant includes three energy efficient generators, a control panel with automatic load sensing and paralleling capabilities to ensure the most efficient combination of generation is utilized, heat recovery to the high school, and remote monitoring to allow trouble shooting from AEA's office in Anchorage. The new power plant was completed and brought on line in February 2010 and immediately achieved over 12% efficiencies, which equated to a savings of nearly 6,000 gallons of diesel between February and June 2010. In addition, it is estimated that the school district will save 12,000 gallons of diesel through use of the heat recovery system, which will eliminate approximately 134 tons of CO_2 emissions, in 2010.

HEALTH FACILITIES PROGRAM

The Health Facilities Program is a collaborative effort which methodically invests in regional networks of primary care clinics across Alaska. In addition to clinic design and construction, the program has expanded to support infrastructure needs in behavioral health, dental care, domestic violence facilities, elder housing, primary care in hospitals, emergency medical services equipment and hospital designs.

Since the inception of this program, the Denali Commission has made a monumental impact in the lives and health of rural Alaskans by contributing to the conceptual planning, business planning and design and construction of needed health facilities throughout the state.

TOTAL PROGRAM FUNDING USES FY1999 - 2010

29.1%

HEALTH FACILITIES

PROJECTS FUNDED

Primary Care Facilities
Behavioral Health Facilities
Elder Housing/Assisted Living Facilities
Primary Care in Hospitals

PROGRAM STAFF

Nancy Merriman *Senior Program Manager*
Kathy Berzanske *Deputy Program Manager*

THE NEW AKHIOK CLINIC





Collaboration led by the Kodiak Area Native Association (KANA) brought the Akhiok clinic to completion in September 2009. KANA collaborated with the City of Akhiok, the Akhiok Tribal Council, the Denali Commission, the Alaska Native Tribal Health Consortium and the Indian Health Service to bring this 1,500 square foot clinic to completion in a year's time. The previous clinic was located in a two-bedroom home not adequately equipped for medical care delivery. Rightsizing clinics for smaller communities in rural Alaska is a priority of the Denali Commission Health Facilities Program.

SKAGWAY CLINIC





Many years ago E.A. and Jenny Rasmuson spied a special site in Skagway they knew would be perfect for a future health facility. That vision became a reality in June 2010, when the health center was opened. This striking state-of-the-art health clinic is a 14,531 square foot facility and includes nine exam rooms, three urgent care rooms, space for physical therapy, audiometry, and optometry, lab, x-ray and three dental operatories. Partnerships made this a successful project – with the in-kind and funding support of Rasmuson Foundation, the City of Skagway, the State of Alaska, and the Denali Commission.

TRANSPORTATION PROGRAM

The Denali Commission Transportation Program began in 2005. This program focuses on basic road improvement needs and waterfront development connecting rural Alaskans through roads and critical waterways. The road program targets basic road improvement needs. It also looks at opportunities to connect rural communities to one another and the state highway system, and ways to enhance rural economic development. The waterfront development program addresses port, harbor and other waterfront needs for rural communities. The emerging focus areas are improvements to regional ports, and construction of barge landings and docking facilities.

PROJECTS FUNDED

Local Roads and Boardwalks
ATV Roads
Community Connection and Economic Development Roads
Regional Ports and Local Small Boat Harbors
Barge Landings

PROGRAM STAFF

Tessa DeLong *Senior Program Manager*
Adison Smith *Program Assistant*

TOTAL PROGRAM FUNDING USES FY1999 - 2010

11.1%
TRANSPORTATION

GULKANA COMMUNITY ROADS RECONSTRUCTION





The Gulkana road project is a long awaited project that reconstructs the main road into and through the village of Gulkana. In 2006, the Denali Commission partnered with the Native Village of Gulkana on this early Transportation Program project.

During the design phase of the project, it became clear that water and sewer utilities bedded in the roadway were failing. Rather than proceed with the road construction as scheduled in 2008, the Commission, the Bureau of Indian Affairs and the Native Village of Gulkana agreed to put the road project in abeyance so the community could seek utility reconstruction funds to include in an overall repair project. In 2009, USDA, Rural Utilities approved a water-sewer reconstruction project and provided funding.

This combination of funds and construction phases improves overall costs to both components of work and preempted the possibility of a water-sewer project tearing up a recently reconstructed road.

CHEVAK BARGE LANDING MOORING POINTS





Mooring points provide safe and secure anchorage for boats and barges. The necessity for mooring points in rural Alaska is prevalent and of great concern to the Advisory Committee of the Transportation Program.

In many communities, barges are held against the coast shoreline or river banks by tugs under power while transfers are completed. Transfers under these conditions create near shore environmental impacts and create safety challenges for tug and barge workers and shore-side employees.

The Chevak mooring points project is a prototype installation of a new mooring system for rural Alaska communities that is the result of two years of investigations into barge operation needs throughout western and Arctic Alaska. Safe and efficient transfer of fuel and freight in rural communities is the end goal of this important project.

TRAINING PROGRAM

The Denali Commission has established a high performing workforce in rural Alaska focused on jobs and careers in construction, energy and health care. The Commission's alignment of infrastructure development and workforce development has created hundreds of construction and allied health jobs in communities where unemployment is at critical levels. A State of Alaska Department of Labor Research and Analysis report on the Commission's Training Program shows that training has increased wages of program participants by a staggering 64.4% and shows a 12.1% increase in employment.

As the Commission funds projects for new clinics, roads, and power plants, it also builds sustainability into those projects by providing training for local residents to maintain and operate the new facilities.

PROJECTS FUNDED

Allied Health Professions
Construction Trades
Facility Operations and Maintenance
Administration of Public Infrastructure

PROGRAM STAFF

Karen Johnson *Program Manager*

TOTAL PROGRAM FUNDING USES FY1999 - 2010

4.5%
TRAINING

ALLIED HEALTH PROFESSIONS





Alaska Natives have a much higher risk of suffering from dental problems. This, in part, is due to the lack of dental health services in many rural areas of Alaska. In 2000, the Commission began integrating dental suites into many of its newly constructed health facilities which provided dedicated dental space for the first time ever. Soon after, the Commission joined other funders and regional Native health corporations to support the Alaska Dental Health Aide Therapist program (DHAT). Since 2007, DHAT has had 17 graduates who have become the designated Dental Health Aide Therapists in their home towns, providing much needed dental services including preventative care and education.

DISTANCE EDUCATION FOR RURAL ALASKANS





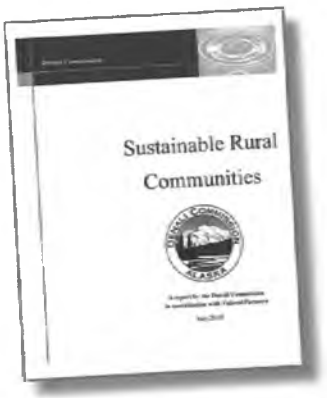
A young mother working in the Bethel Hospital enrolled in the University of Alaska's Limited Radiography Program; a program made available through distance learning by a Denali Commission funded initiative. This learning method allowed her to stay home in Bethel, continue working and taking care of her family. It was just a few years ago that students could only develop these skills by gaining admission into a two-year degree program in Anchorage. Now Nina Menegak could participate, even though hundreds of miles separated her from her instructors in Anchorage. Nina completed the four-course Radiology Occupational Endorsement program and the area hospital put her new skills to work. Nina's success in these courses led her to recognize her own capabilities. She gradually tackled other college courses, successfully completing the distance-delivered AAS Radiography Program while remaining in Bethel, one of the University of Alaska Anchorage's clinical sites.

GOVERNMENT COORDINATION



The Denali Commission (Commission) is charged with the special role of increasing government effectiveness. The Commission does so by acting as a catalyst and strategic partner for many federal and state programs in Alaska. The Commission joined others in a Memorandum of Understanding (MOU) that outlines the roles of agencies in coordinating resources and efforts in areas such as community planning, sustainability, data sharing and coordination of pre-construction activities. This MOU served as the basis for creating several multi-agency workgroups and cooperative projects that have increased overall government effectiveness. The MOU was amended in 2003 with increased participation from both state and federal partners and renewed once again in 2008. This renewed effort focuses efforts on improving the channels of communications among the leaders of all federal and state agencies with an emphasis on critical issues that affect the entire state of Alaska: the high cost of energy, outmigration, and coordination of efforts among all government agencies.

SUSTAINABLE RURAL COMMUNITIES PROJECT



The Commission plays a key role in coordinating the myriad of federal, state and tribal programs that affect rural Alaska. Through senior leadership forums, workgroups and advisory committees, we work effectively to leverage dollars, produce meaningful outcomes, and deliver innovative and sustainable projects.

As a convener and coordinator, in 2010 the Commission developed and published the Sustainable Rural Communities report.

Phase I of this project involved gathering the federal partners together to collaborate on the development of the develop the Sustainable Rural Communities report. This document takes a hard look at the barriers to developing and maintaining sustainable rural communities, as defined by the federal partners and, in some cases, offers possible solutions to those barriers.

Phase II of this project involves input and comments from our partners and the public at-large. After comments are compiled, an addendum to the already informative document, is set to be completed by the end of 2010.

Phase III of this project begins the actual implementation of the proposed efforts outlined in the report, efforts like the Regional Forum concept. The goal of this overall effort is collaborative transparency and improved government effectiveness. Watch our website as this project unfolds.

FINANCIAL SUMMARY

At any given time Denali Commission staff and partners are engaged with several hundred grants and/or projects in various stages of planning, design and construction. Program partners range from large line agencies to small village-level organizations. The ability to deliver timely, sustainable projects with the right level and type of oversight and guidance, while also being nimble and agile, requires constant attention. Commission leadership emphasizes the paramount importance of public integrity, transparency and accountability. The Commission maintains an aggressive staff training program and uses the latest in grant processing technology through the U.S. Department of Health and Human Services. During 2010 staff received training from the Office of Management & Budget, U.S. Department of Health and Human Services and the Government Accountability Office. To keep staff size at an optimum level, the Commission contracts with other federal "lines of business" at the U.S. Department of the Treasury, Bureau of Public Debt to provide services in the areas of finance, human resources, procurement and travel. In addition, for the advancement of governmental accountability, the Commission relies on a network of federal experts through its Federal Financial Management Advisory Committee, which include members from U.S. Treasury, Office of Management and Budget and the Association of Government Accountants.



FUNDING SOURCES FY2010

Energy & Water Development Bill	$ 11,965,000
Trans-Alaska Pipeline Liability Fund (TAPL)	$ 7,142,869
USDA Rural Utilities Service Funds	$ 8,000,000
U.S. Department of Health & Human Services Funds	$ 10,000,000
Federal Transit Administration	$ 5,000,000
U.S. Department of Transportation (Obligating Authority)	$ 16,337,855
Total	**$ 58,445,724**

FUNDING USES

Energy Program	$24,430,725
Health Facilities Program	$9,500,000
Transportation Program	$20,270,962
Training Program	$1,000,000
Total	**$55,201,687**

FY1999 - 2010

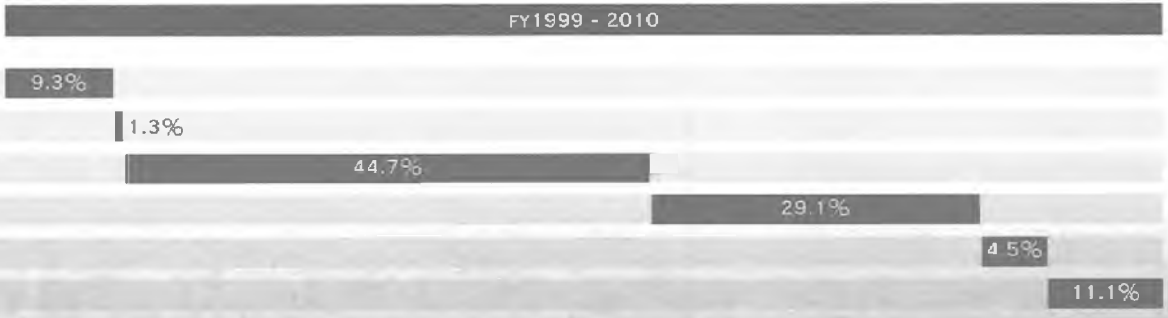
FUNDING SOURCES (TOTAL FUNDING IN MILLIONS)



	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10
U.S. Department of Labor						$5.0	$6.9	$6.9	$6.9	$6.8	$3.4	
U.S. Department of the Interior							$1.0					
U.S. Department of Transportation (FTA & FHWA)								$25.0	$18.4	$25.5	$23.5	$21.3
Energy & Water Appropriation	$20.0	$20.0	$30.0	$38.0	$48.0	$55.0	$66.5	$49.5	$49.5	$21.8	$11.8	$12.0
U.S. Environmental Protection Agency				$3.0	$3.0	$3.5	$4.0					
U.S. Department of Health & Human Services			$10.0	$19.9	$27.2	$34.7	$39.5	$39.3	$39.3	$38.6	$19.6	$10.0
U.S. Department of Housing & Urban Development						$2.0	$1.3					
USDA Rural Utilities Service			$15.0	$25.0	$18.5	$15.0	$15.0	$15.0	$15.0	$10.0	$8.5	$8.0
USDA Solid Waste						$1.0	$1.5	$0.7	$0.7	$0.4	$0.4	
Trans-Alaska Pipeline Liability Fund		$5.0	$11.4	$11.4	$2.5	$4.3	$4.4	$4.2	$4.0	$5.8	$7.3	$7.1

FUNDING USES

Total	$1,029,668,499
Community Facilities and Other Programs	$95,835,934
Economic Development Program	$13,781,527
Energy Program	$460,055,007
Health Facilities Program	$299,590,724
Training Program	$46,278,207
Transportation Program	$114,127,100



ALASKA'S UNIQUE CHARACTERISTICS

Alaska supports one of the most productive commercial fishing economies in the world. Forty-two percent of the world's harvest of wild salmon and 80 percent of the production of high value wild salmon species such as sockeye, king and coho salmon are from Alaska.

42% OF THE WORLD'S WILD SALMON COMES FROM ALASKA

ALASKA = 375 MILLION ACRES*

OWNERSHIP OF ALASKA IN MILLIONS OF ACRES

National Parks, Refuges, and Forests	151
State Land	105
Other Federal Land	70
Alaska Native Corporations	44
Individual Private	3
Municipal, University, Mental Health Trust Lands	2

*Excludes tidelands and inland navigable bodies of water
Source: Institute of Social and Economic Research, University of Alaska.

$4 TO $1

ALASKA STATE $2.4 BILLION — DENALI COMMISSION $.6 BILLION

During the time period 2005 - 2010, the State of Alaska appropriated almost $4 dollars for every $1 dollar that the Denali Commission contributed towards Alaska's rural community facilities, economic development, energy, health, training and transportation.



A Commission funded new bulk fuel storage facility was completed in Ruby, Alaska in 2010. This facility has a combined capacity of 247,000 gallons of diesel and gasoline which is used to power diesel fired generators for electricity, heating homes and for vehicles. Fuel is delivered once or twice a year, weather dependent. Environmentally safe, code compliant storage facilities like this one are the lifeblood of the community.



Three Commission funded wind turbines were installed in Kasigluk in 2006. Since then, 134,641 gallons of diesel fuel have been offset, which totals $353,583 in savings. In 2010 alone, 45,966 gallons of diesel were offset totaling $181,564 in savings.

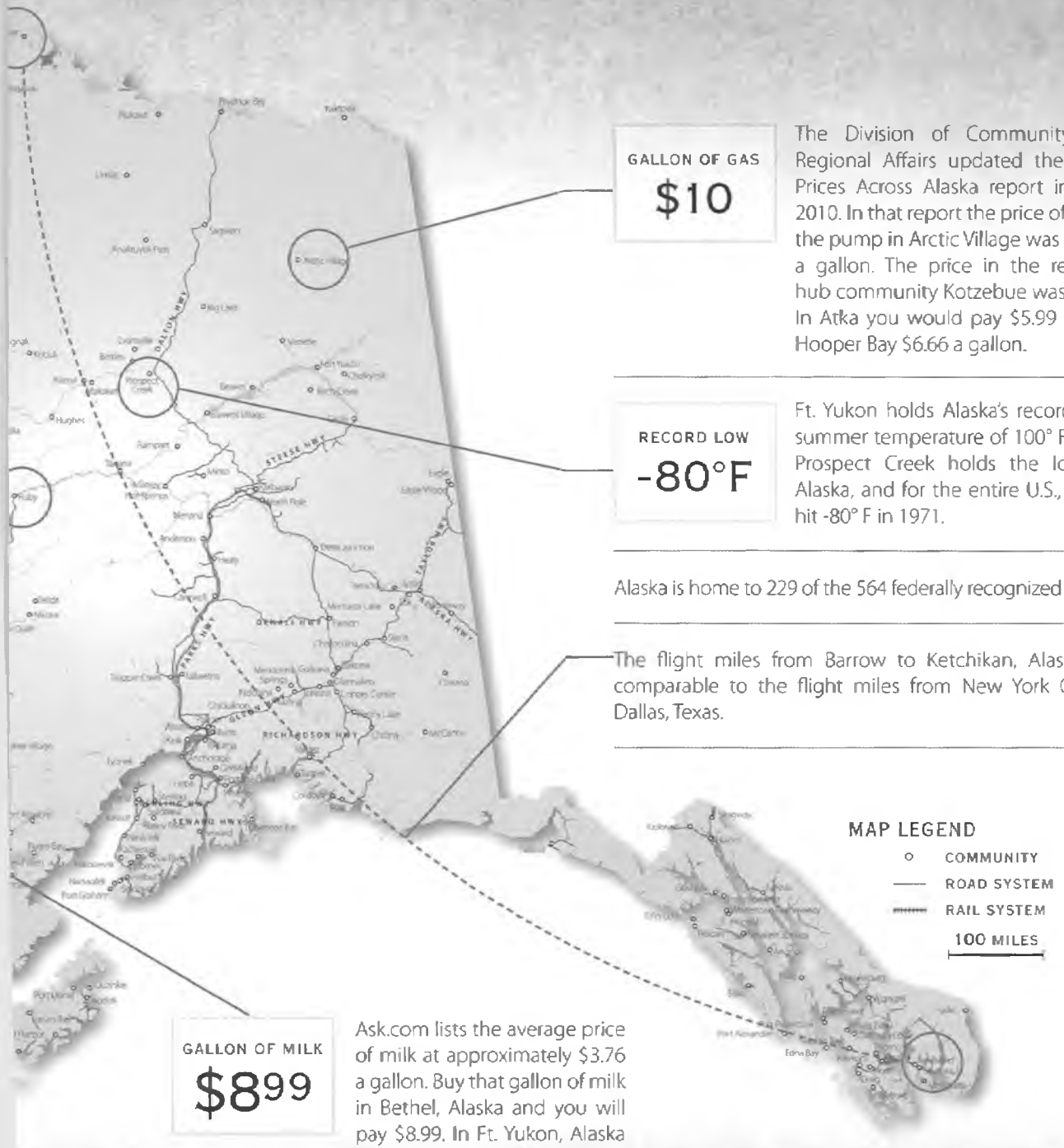
3 WIND TURBINES = **$353,583** IN SAVINGS SINCE 2006

In December, a typical home in Anchorage, Alaska could pay an average of $146/month for electricity. The same home in Seattle, Washington pays $93/month. Napakiak, Alaska residents could pay over $1,100 a month for that same home size at their current rates.

THE ELECTRIC BILL IN DECEMBER

$1,189





GALLON OF GAS
$10

The Division of Community and Regional Affairs updated their Fuel Prices Across Alaska report in June 2010. In that report the price of gas at the pump in Arctic Village was $10.00 a gallon. The price in the regional hub community Kotzebue was $4.88. In Atka you would pay $5.99 and in Hooper Bay $6.66 a gallon.

RECORD LOW
-80°F

Ft. Yukon holds Alaska's record high summer temperature of 100° F while Prospect Creek holds the low for Alaska, and for the entire U.S., which hit -80° F in 1971.

Alaska is home to 229 of the 564 federally recognized tribes.

The flight miles from Barrow to Ketchikan, Alaska are comparable to the flight miles from New York City to Dallas, Texas.

GALLON OF MILK
$8.99

Ask.com lists the average price of milk at approximately $3.76 a gallon. Buy that gallon of milk in Bethel, Alaska and you will pay $8.99. In Ft. Yukon, Alaska you will have to buy two half gallons and pay $12.58.



ALASKA IS OVER TWICE THE SIZE OF TEXAS

Alaska is 656,425 square miles (2 ½ times the size of Texas), has 3 million lakes over 20 acres in size (compared with Minnesota's 10,000 lakes), has an estimated 10,000 glaciers (covering nearly 5% of the state), holds 80% of all active volcanoes in the U.S. and 39 mountain ranges containing 17 of the 20 highest peaks in the U.S.

Alaska has the highest number of pilots per capita of any U.S. state. For every 100 people, Alaska has 1.3 pilots, Montana is second highest with .4 pilots per every 100 people. Because of the very limited highway access for rural communities, air travel remains an essential form of transportation in Alaska.



Rural residents rely on ATV's and snowmachines as a primary mode of transportation. All terrain vehicles can be used year round, while snowmachines, or snowmobiles, are used only in the winter months. The lack of improved roads in communities, and between communities, makes these vehicles necessary for basic transportation.

510 L STREET, SUITE 410 ANCHORAGE, ALASKA 99501
T: 888-480-4321 OR 907-271-1414
DENALI.GOV





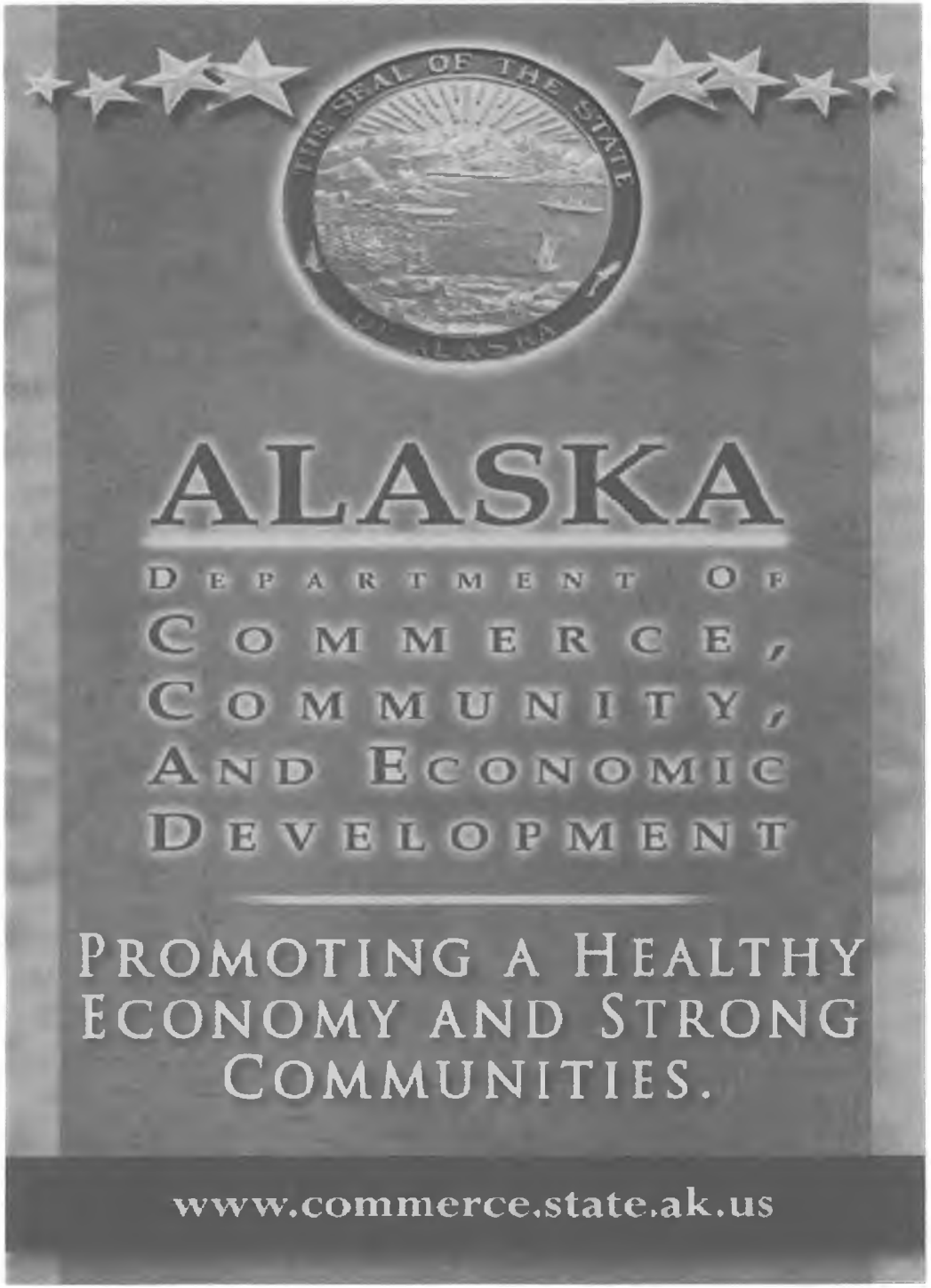






2/03/11 OVERVIEW: DCCED AND SERVE ALASKA

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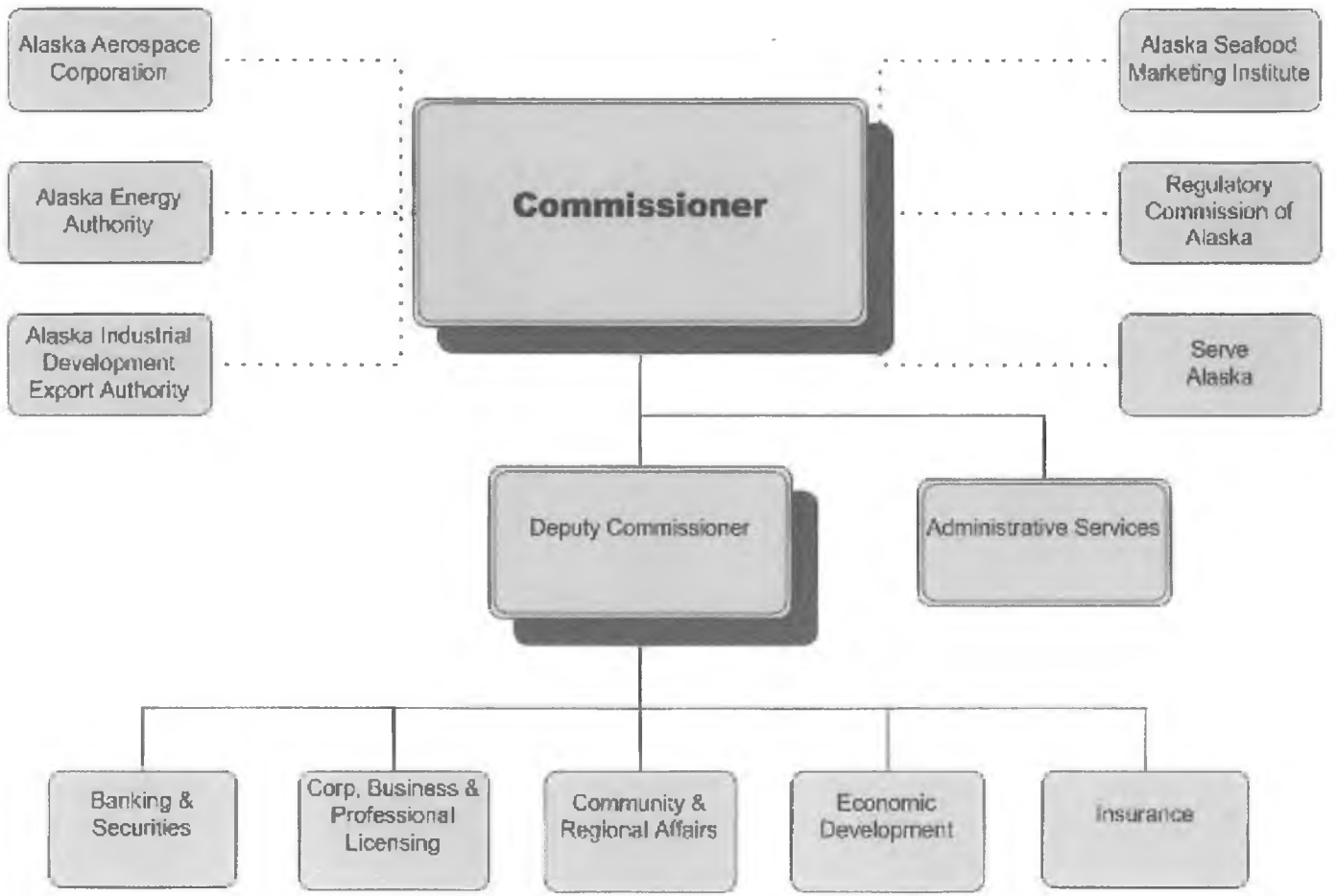


Susan Bell, Commissioner

Presented to the
House Community & Regional Affairs

February 3, 2011

Mission: Promote a healthy economy, strong communities and protect consumers in Alaska



Office Locations

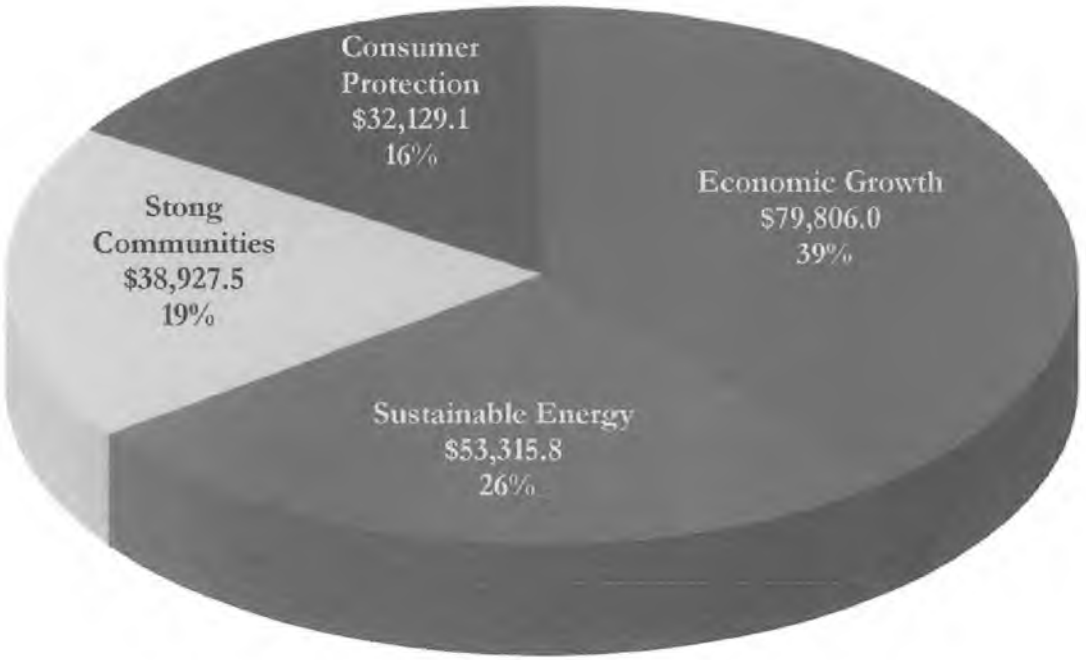


Anchorage
Bethel
Dillingham
Fairbanks
Juneau
Kodiak
Kotzebue
Nome
Tok
Seattle

Total employees: 538

Budget by Priority Program

FY12 $204,178.4



Priority Programs

- Strong Communities
  - Community and Regional Affairs; Serve Alaska
  - FY12 budget reflects a significant decrease (-$7.7 million), primarily from one-time-time decrements for named grant recipients
- Sustainable Energy
  - Alaska Energy Authority
  - FY12 request reduction is due primarily to reductions in projected costs for PCE (-1,486.9)
  - Requesting funds to continue renewable energy grant management and technical assistance

Priority Programs cont.

- Consumer Protection
  - Banking and Securities; Insurance; Corporations, Business and Professional Licensing; Regulatory Commission of Alaska
  - FY12 budget reflects a modest increase ($753.0) to maintain consumer protection
- Economic Development
  - Division of Economic Development; Alaska Aerospace; AIDEA; Alaska Seafood Marketing Institute
  - FY12 request is a slight decrease from prior year (-$459.0)
  - Requesting support to continue strengthening economic development efforts

Strong Communities

- Community and Regional Affairs Overview
  - Local government assistance
  - Rural Utility Business Advisory program (167 communities)
  - Administered $1.2 Billion in grants in FY11
  - $34 million to communities (PILT, National Forest Receipts, Fisheries Business Tax, Fisheries Landing Tax) plus Community Revenue Sharing ($60 million)
  - Land management and planning
  - State assessor, community publications, Local Boundary Commission
  - Bulk Fuel Bridge Loan (21 communities in 2010)

Strong Communities cont.

- Community viability and capacity building are a continuing challenge
  - Increased operating costs, staff turnover, and potential for reduced federal funding
  - Lack of infrastructure and the high cost of doing business in rural Alaska
  - Water, electric, fuel utilities vulnerable – may need more regional strategies
  - Disparity in the ability to attract and evaluate diverse economic development projects
  - High energy costs negatively impact community viability and economic development efforts

Strong Communities cont.

- Implementing FY11 changes
  - Increased onsite technical assistance
  - Land management assistance
- Increase volunteerism
  - Collaborate in national service activities and training
  - 300,934 hours in education, health, public safety, environment
  - Challenges include maintaining technical assistance and sub-grantee monitoring in expanding portfolio

Sustainable Energy

- Completed *Alaska Energy Pathway*, July 2010
- Program Overview
  - Renewable energy development
  - Technical assistance
  - Bulk fuel facility upgrade and loan program
  - Rural power system upgrades
- Renewable Energy Fund grants
  - $150 million, 133 projects
- Pursuing new projects to meet statewide energy efficiency goals

Consumer Protection

- Banking and Securities
  - License, charter and examine banks
  - Consumer education and protection
  - ANCSA proxies
- Insurance
  - Ensure financial solvency
  - License, ensure compliance
  - Criminal investigations
  - Consumer education and protection
  - Challenges include increased number and complexity of insurance products and associated increase in investigations

Consumer Protection cont.

- Corporations, Business and Professional Licensing
  - Administer 40 professional licensing programs
  - Business licenses
  - Register corporations and trademarks
  - Consumer outreach and complaint investigation
- Regulatory Commission of Alaska
  - Regulate public utilities and pipeline carriers
  - Tariff filings, dispute resolution, regulations
  - Establish PCE rates
  - Significant challenges include emerging energy issues, changing regulatory environment, and viability of rural utilities
  - FY12 concurrent hearings with FERC on TAPS

Economic Development Programs

- Division of Economic Development
  - Strengthening/realigning: finance, marketing, research, business/technical assistance, outreach/coordination
- Financing
  - 268 loans, totaling $20.3 million
  - Legislation proposing several targeted loan programs
- Made in Alaska
  - 2010 Showcase: 48 vendors and 19 Alaska/national buyers
- Alaska Film Office
  - 29 film productions prequalified for tax credits
  - Marketing and logistical support for productions

Economic Development cont.

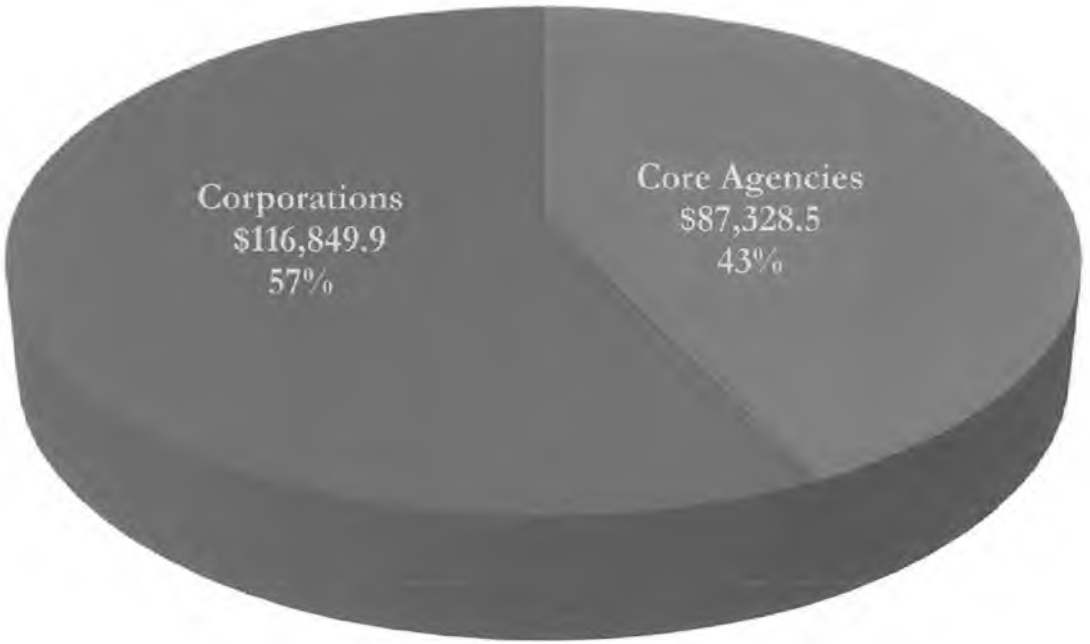
- Tourism Development
  - Increased market demand for Alaska travel
  - Created product development and training
  - Engaged industry and conducted economic impact analysis
- Increased outreach and effectiveness
  - Leverage external/internal partners
    - Minerals, forestry, seafood, agriculture, transportation
  - Multi-year international trade strategy
  - Business retention and expansion strategy
  - Expanded presence at key trade shows and forums
  - Council of Economic Advisors
  - Connect Alaska broadband strategy

Economic Development cont.

- Alaska Aerospace Corporation
  - Supported Air Force SPT-26 launch in November
  - Planning next launch in May 2011
- AIDEA
  - Revolving loan fund assets increase by $37.1 million
  - FY12 dividend $29.4 million
  - Expanding development projects and economic dev. tools
- Alaska Seafood Marketing Institute
  - Increasing exposure for Alaska seafood in U.S. and international markets

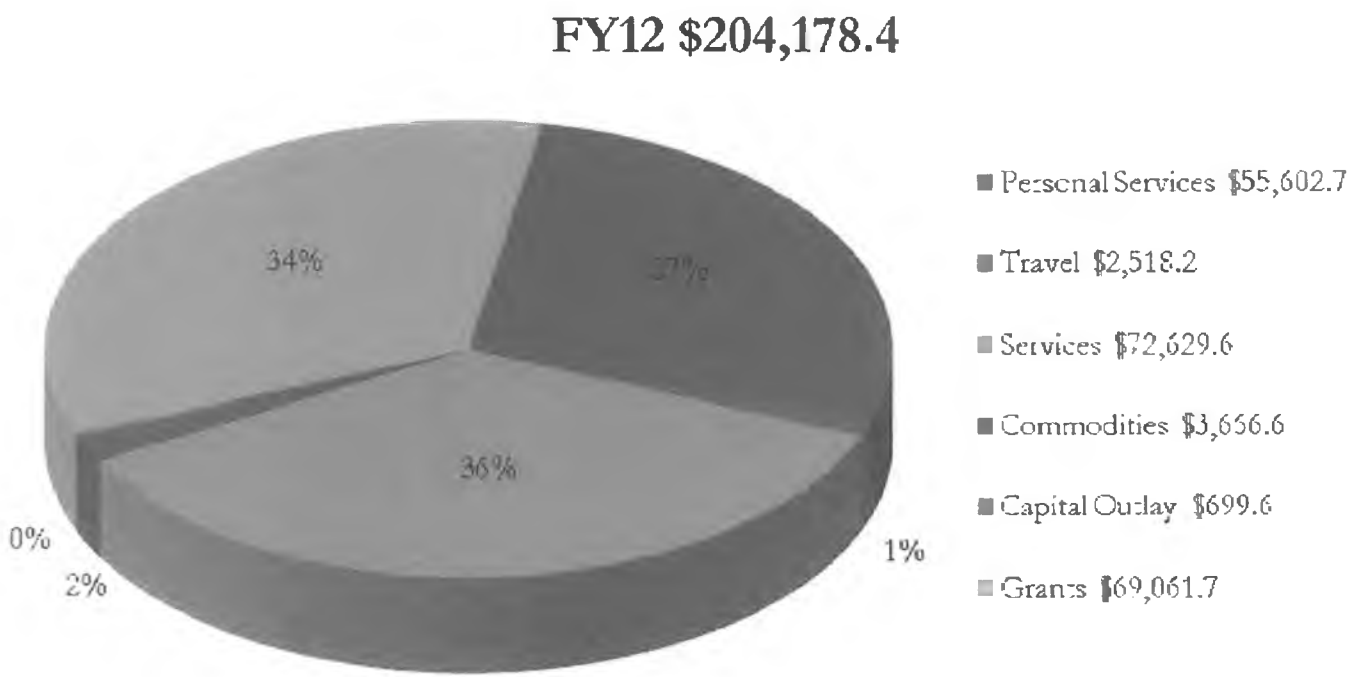
Budget by Agency Type

FY12 $204,178.4

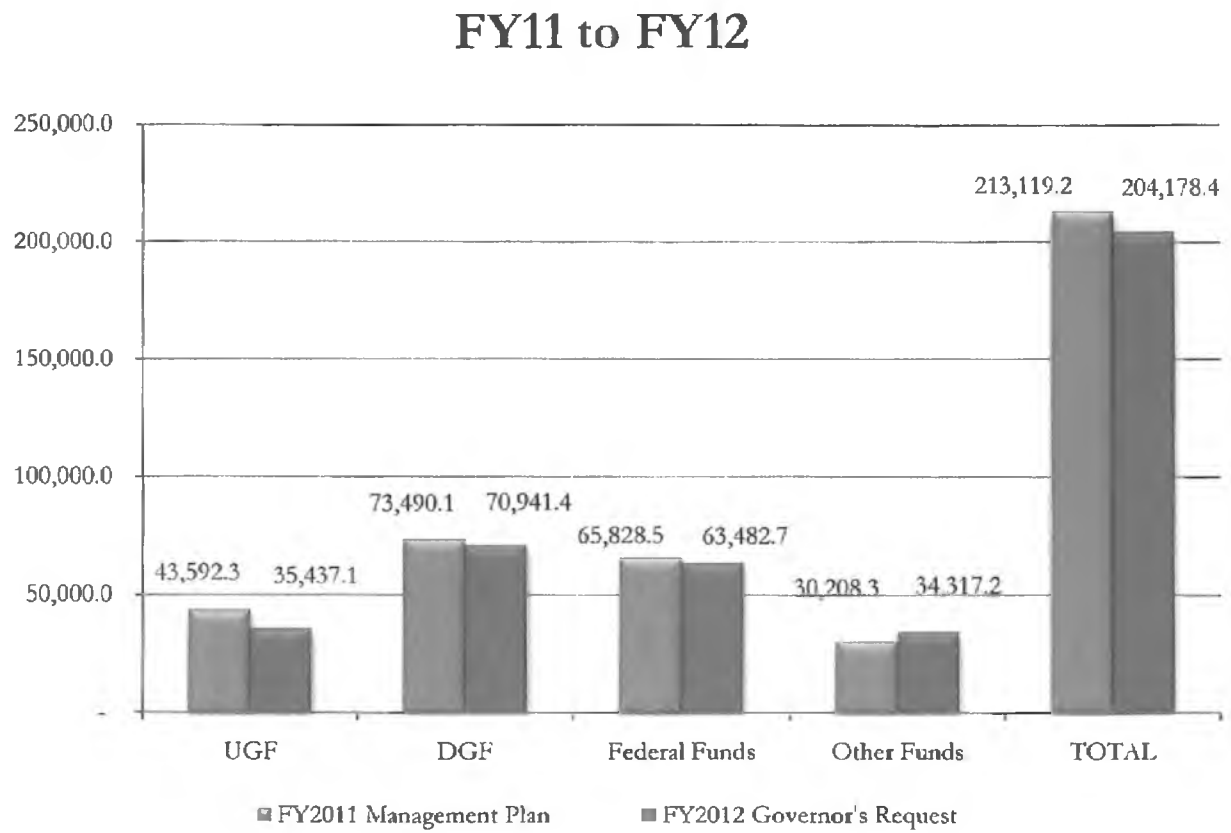


Prepared by the Department of Commerce, Community and Economic Development

FY12 Budget by Line Item



Budget by Fund Source



Conclusion

In conclusion, the state and the department have many challenges to address on the path to economic growth and sustainable communities. We look forward to a continued discussion on how to keep the forward momentum, and on the role of the department's core and corporate agencies in this statewide effort. The department's FY2012 budget request reflects a commitment to continue the services of our priority programs for economic development, energy, strong communities, and consumer protection.

2/08/11 PRESENTATION: CITY OF UNALASKA EPA NPDES PERMIT

<TARGET><BILL></BILL><SUBJECT>2-08-11 PRESENTATION CITY OF UNALASKA EPA NPDES PERMIT</SUBJECT><COMM>HCRA27</COMM></TARGET>

CITY OF UNALASKA
P.O. BOX 610
UNALASKA, ALASKA 99685-0610
(907) 581-1251 FAX (907) 581-1417



February 2, 2011

Representative Muñoz, Chairman
House Community and Regional Affairs Committee
State Capitol Room 403
Juneau, AK 99801-1182

Re: Testimony for Committee, Unalaska Permiting Issues

Dear Representative Muñoz:

I am currently scheduled to testify before the committee this coming week. Please accept this letter as an outline of my presentation. The City of Unalaska is currently out of compliance with a NPDES permit issued by EPA in 2004. The City built a new plant that came on line in the year 2000 under a primary treatment permit. Both EPA and ADEC signed the permit in 2000.

The NPDES permit issued in 2004 was interpreted by EPA as requiring the City to plan, design and build an entirely new treatment plant to go from standards for primary treatment to standards above primary treatment (so-called "enhanced primary" treatment) in less than ninety days! The 2004 permit will require the city to spend approximately $12 to $15 million dollars to build a new plant to meet the current permit and will create sludge that must be handled properly. The new plant will result in a dramatic increase to operating costs and in turn result in rate shock to consumers. Residents of Unalaska already pay $54 per month.

The EPA has told ADEC the City's next permit will require construction of a secondary treatment plant by 2014. Secondary treatment will produce more sludge than primary treatment. Preliminary costs for construction could easily exceed $20 million. Sludge would need to be disposed of at the city's landfill.

The City owns and operates the landfill facility which includes lined cells by EPA regulation. The cost of landfilling the sludge will be in excess of $500K per year.

Even without a new sewage treatment plant, a new landfill cell must be constructed by 2013. Project involves moving a road and providing for leachate holding tank at an

estimated cost of $8.5 million. The addition of sludge will result in reducing the life of the landfill by a third.

In addition to the two projects listed above a new water plant must be constructed by 2014 due to EPA's LT2 rule concerning elimination of cryptosporidium. Estimated cost $9.5 million must be on line by 2014.

A complete retrofit of our plant built in 2000 will be required for either advanced primary and/or secondary treatment. Secondary treatment will cost $20 million. This does not include operational costs. A facilities plan is currently being developed by consultants to meet the 2014 deadline.

City of Unalaska had been operating under rules made in 1979 which exempted 76 coastal communities from asking for a waiver from a secondary treatment requirement under the clean water act.

ADEC has primacy for issuing sewage discharge permits now but is being told by EPA they cannot issue any permit for any of the 76 coastal communities given a waiver in 1979 unless the ADEC permit requires secondary treatment, this could have a huge negative impact on the communities on this list requiring large sums of money.

If you have questions regarding this submittal or need additional information, please do not hesitate to call.

Sincerely,

Chris Hladick
City Manager

National Pollutant Discharge Elimination System (NPDES)

Alaska Pollutant Discharge Elimination System (APDES)

Environmental Protection Agency (EPA)

Alaska Department of Environmental Conservation (ADEC)

COMMUNITIES LISTED IN FEDERAL REGISTER POTENTIALLY AFFECTED ON WASTEWATER TREATMENT RULING

HD1 – Saxman

HD5 – Angoon, Craig, Hoonah, Hydaburg, Kake, Kasaan, Klawock, Yakutat

HD35 – English Bay, Port Graham, Seldovia

HD36 – Akhiok, Karluk, Larsen Bay, Old Harbor, Ouzinkie, Port Lions

HD37 – Akutan, Atka, Chignik, Chignik Lagoon, Clarks Point, Dillingham, Egegik, Ekuk, False Pass, Ivanof Bay, King Cove, Naknek, Nelson Lagoon, Nikolski, Perryville, Pilot Point, Port Heiden, Portage Creek, St George, Sand Point, South Naknek, Togiak, Unalaska

HD38 – Bethel, Goodnews Bay, Kasigluk, Kipnuk, Kwigilingock,Mekoryuk, Platinum, Quinhagak, Toksook Bay, Tununak

HD39 – Brevig Mission, Elim, Gambell, Golovin, Kongiganek, Koyuk, Little Diomede, St Michael, Savoonga, Shaktoolik, Stebbins, Teller, Unalakleet, Wales

HD40 – Anaktuvuk Pass, Atqasuk, Barrow, Deering, Kivalina, Kotzebue, Nuiqsut, Pt Hope, Pt Lay, Shishmaref, Wainwright

For ADEC:

Does ADEC believe it is required to follow existing EPA policy while renewing APDES/ NPDES permits?

Does ADEC believe the 1979 Federal Register publication represents an EPA policy for the 76 Alaska communities?

Is ADEC aware of any public notice published by EPA in the Federal Register that proposes to change agency policy for these communities?

Does ADEC believe it is required to follow existing EPA policy as published in the Federal Register in 1979 while renewing APDES/ NPDES permits issued to any of the 76 communities included in the 1979 list?

Is following official EPA published policy required by the terms set out in the very first page of the MOA?

Under what circumstances would ADEC issue an APDES permit that required one of the communities included on the 1979 list to build a sewage treatment plant that would provide secondary treatment?

Does ADEC believe that EPA can direct ADEC to ignore the previously published policy in the process of renewing permits after EPA transferred permitting authority for these communities to the State?

Does ADEC regard the 1979 EPA policy as a pre-approved waiver from secondary treatment requirements for the communities identified on the list and as limiting ADEC's authority to include secondary treatment as a condition in an APDES permit?

Terry Harvey

From: Davies.Lauris@epamail.epa.gov
Sent: Friday, February 04, 2011 11:55 AM
To: Bussell.Mike@epamail.epa.gov; Terry Harvey
Subject: Re: Fw: Committee Hearing Invite

Mr. Harvey -

Thank you for your invitation to participate in the Committee hearing next Tuesday. Although Mike Bussell is out of the office today, he and I have spoken and agreed that we must decline the invitation. Because we are involved in confidential settlement negotiations with the City regarding their waste water treatment, we are unable to participate in this hearing. We do appreciate the invitation and the notice of the City's testimony.

If you have questions regarding this, please don't hesitate to call.
Thanks again for the heads up.

Lauris C. Davies
Associate Director
Office of Compliance and Enforcement
EPA Region 10
Mailcode (OCE-164)
(206) 553-2857 phone
(206) 553-7176 fax

From: Mike Bussell/R10/USEPA/US
To: Lauris Davies/R10/USEPA/US@EPA
Date: 02/04/2011 09:14 AM
Subject: Fw: Committee Hearing Invite

From: Terry Harvey [Terry_Harvey@legis.state.ak.us]
Sent: 02/03/2011 04:52 PM YST
To: Mike Bussell
Subject: Committee Hearing Invite

Hello Mr. Bussell. The City of Unalaska requested an opportunity to come before the House Community & Regional Affairs Committee during our current legislative session to express concerns over EPA NPDES requirements for a new enhanced primary treatment plant. They will come before our committee and explain their situation. Deputy Commissioner Dan Easton(Alaska

DEC) will be there to share the Departments understanding of the situation and answer questions if the committee members have any. Rep. Munoz is inviting you to join us via telephone although you would certainly be welcome to come to Juneau. You would be given the opportunity to comment and answer questions. Thank you for your consideration and please let us know if you can participate. If yes we will send a phone number to use.

(H) CRA Comm. Meeting-Tuesday Feb. 8th, 8am-10am.

Terry Harvey, Committee Aide
House Community & Regional Affairs
Rep. Cathy Munoz, Chair
(907)465 5392

2/10/11 OVERVIEW: STATEWIDE SUICIDE PREVENTION COUNCIL

<TARGET><BILL></BILL><SUBJECT>2-10-11 OVERVIEW STATEWIDE SUICIDE PREVENTION COUNCIL</SUBJECT><COMM>HCRA27</COMM></TARGET>

Statewide Suicide Prevention Council: An Overview

A presentation by the
Statewide Suicide Prevention Council
to the House Community & Regional Affairs Committee

February 10, 2011

The Role of the Council



A.S. 44.29.350

The council shall serve in an **advisory** capacity to the legislature and the governor with respect to what actions can and should be taken to

(1) improve health and wellness throughout the state by reducing suicide and its effect on individuals, families, and communities;

(2) broaden the public's awareness of suicide and the risk factors related to suicide;

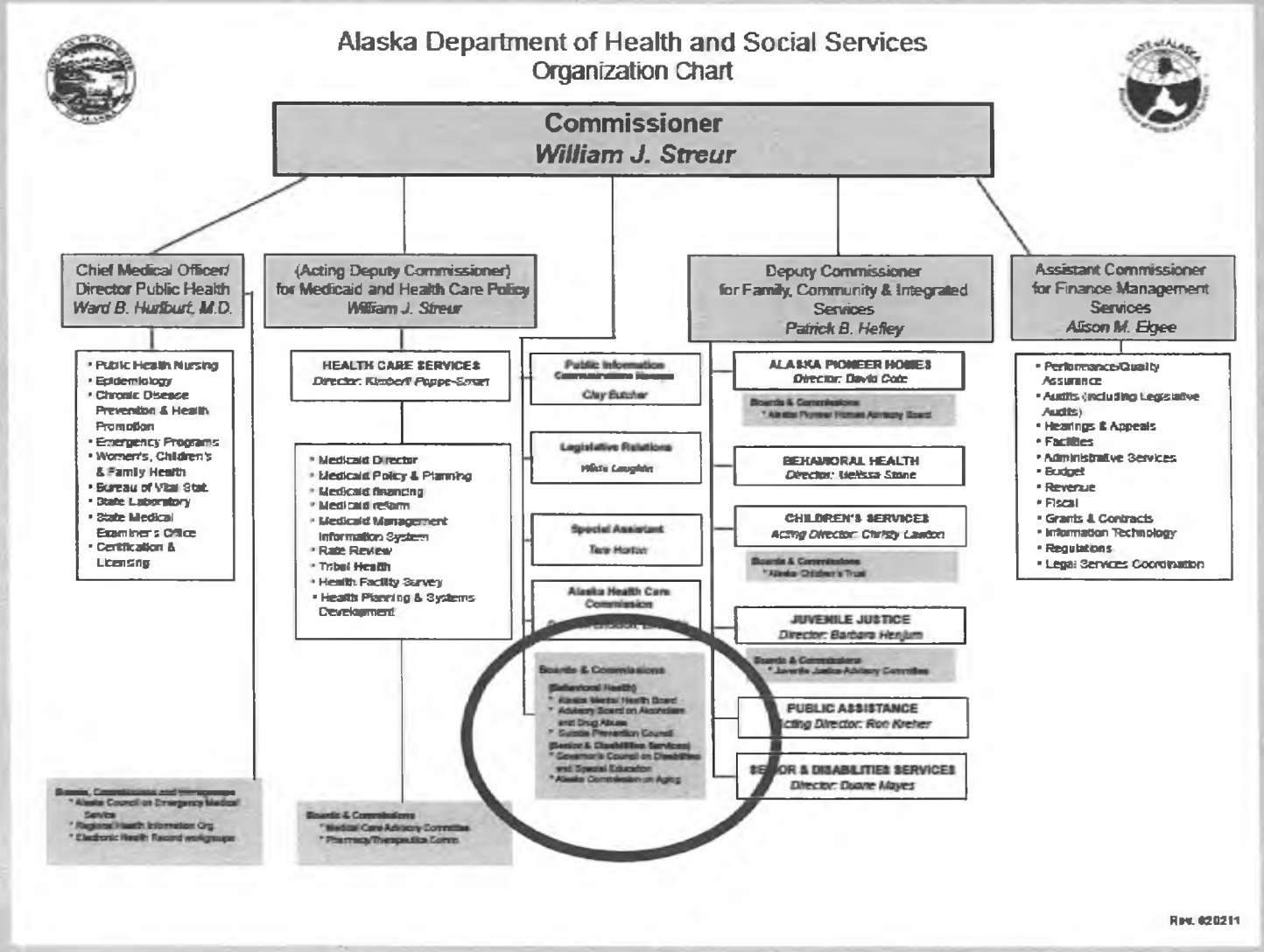
(3) enhance suicide prevention services and programs throughout the state;

(4) develop healthy communities through comprehensive, collaborative, community-based and faith-based approaches;

(5) develop and implement a statewide suicide prevention plan;

(6) strengthen existing and build new partnerships between public and private entities that will advance suicide prevention efforts in the state.

Organizational Chart



Organizational Chart

Governor

↓

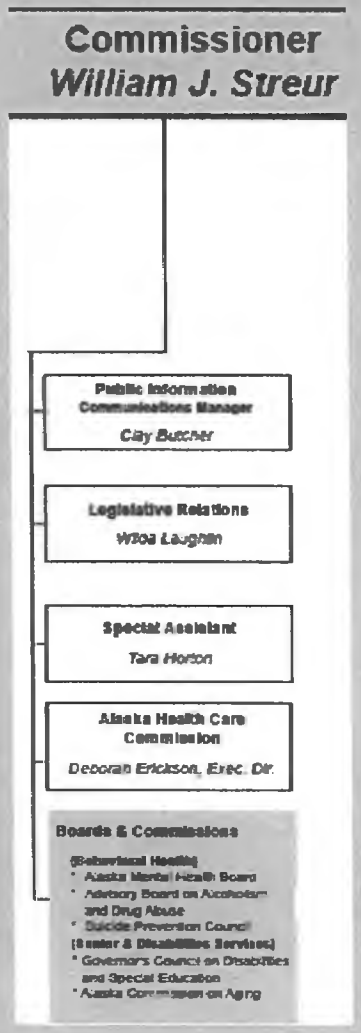
Council Members

↓

Staff

Commissioner, DHSS
Director of DBH

Co-located with the Alaska Mental Health Board and Advisory Board on Alcoholism and Drug Abuse



History

Established by the Legislature in 2001 after a series of "suicide clusters"
First meeting on November 12, 2001 in Anchorage

Moved from Commissioner's Office to Section of Prevention and Early Intervention, DBH in 2007/2008

Co-located with AMHB and ABADA on July 1, 2010; staff hired August, 2010

The Council has twelve voting members from the public and four non-voting members from the Legislature.

FY11 Chair, William Martin
FY11 Vice-Chair, Barbara Franks



Activities in FY10

- Statewide Suicide Prevention Summit, January 2010
- Meetings in Dillingham, Anchorage, Toksook Bay
- Quorum achieved at all meetings
- StopSuicideAlaska.org (with Alaska Mental Health Board, Advisory Board on Alcoholism and Drug Abuse, DHSS, and Alaska Mental Health Trust funding)
- Planning for co-location, transition





The TRUST

The Alaska Mental Health Trust Authority

Suicide Prevention Summit

For a while, Alaska has had two suicide prevention systems. One is funded by the tribal health system. One is funded by the State of Alaska.

For a while, the two systems didn't communicate much. The state system didn't always know about the efforts supported by the Alaska Native Tribal Health Consortium and tribal organizations. ANTHC and the tribal organizations didn't always know what the State and its grantees were doing to prevent suicide.

For a while, we walked out of step.

That began to change slowly in 2008 and 2009, leading us to the first ever Statewide Suicide Prevention Summit.



Summit Findings ~ Strengths



ASIST ~ Applied Suicide Intervention Skills Training
CISM ~ Crisis Intervention Stress Management
Mental Health First Aid & Gatekeeper
Careline & SEARHC crisis line
Behavioral Health Aides
Peer-to-peer connections in some high schools, colleges, drop in centers
NAMI Remembrance Tree
Identity, Inc. crisis line/services
Elders
Alaska National Guard Family Programs, Child and Youth Programs
Signs of Suicide Screening in some schools
Strong non-profit community
Community Mental Health Centers & Community Health Centers
Community suicide prevention coalitions/task forces
Faith based organizations
Traditional healing resources

Summit Findings ~ Weaknesses

Stigma still prevalent
Lack of substance abuse treatment services in many communities
Lack of services/supports for survivors of suicide
Lack of community responses/services for bullying
Easy access to lethal means (guns, alcohol, medication, etc.)
Lack of financial security (individuals, agencies, communities)
Labeling suicide a mental health issue rather than a public health issue
Workforce recruitment, retention, pay, stress
Lack of culturally relevant prevention programs (many cultures living in AK)
Fragmented systems of prevention, care, and support
Lack of cross-training, multi-disciplinary approach to prevention
At-risk populations are underrepresented in prevention efforts
Lack of or delayed postvention resources for communities after a suicide occurs
Not all communities have prevention programs for youth, young adults
Lack of attention to, resources for senior/elder suicide

Summit Findings ~ Strategies

BUILD COMMUNITY READINESS

MAXIMIZE EXISTING RESOURCES

EMPLOY EVIDENCE BASED & OTHER EFFECTIVE PRACTICES

SUPPORT SURVIVORS OF SUICIDE

SUPPORT, TRAIN FIRST RESPONDERS

TAILOR EFFORTS TO SPECIFIC POPULATIONS

ADEQUATELY FUND THE PREVENTION SYSTEM & CONTINUUM OF CARE

After the Summit

In discussing our strategies for the future, we focused the group on what each one of them could do personally, with their community, and then with the larger group as a sort of coalition. We asked each person to make a commitment to do something related to addressing the weaknesses or maximizing the strengths when they got home. What happened?

An attendee asked GCI to donate air time to air suicide prevention media. GCI agreed, not just for that community but the whole state.

Alaska Children's Services and the Alaska State Troopers are working together to offer Gatekeeper training to all troopers over the next 2 years.

NAMI and ANTHC are partnering to start a survivors' group.

The Alaska National Guard is offering veterans and others ASIST training in communities not yet visited by ANTHC (complementing efforts).

NO NEW FUNDING WAS REQUIRED FOR THESE ACTIVITIES

The Council's Strategic Plan

Four Areas of Work

Coordination of Efforts

Education, Awareness and Media

Training

Prevention Programs



Statewide Suicide Prevention Plan

It is the Council's statutory duty to create and help implement Alaska's suicide prevention plan.

The current plan was carefully designed to be a resource for communities looking for ways to prevent suicide:

". . . the plan is not a prescription, but rather a resource to be used by anyone or any entity concerned about preventing suicide and suicidal behavior."

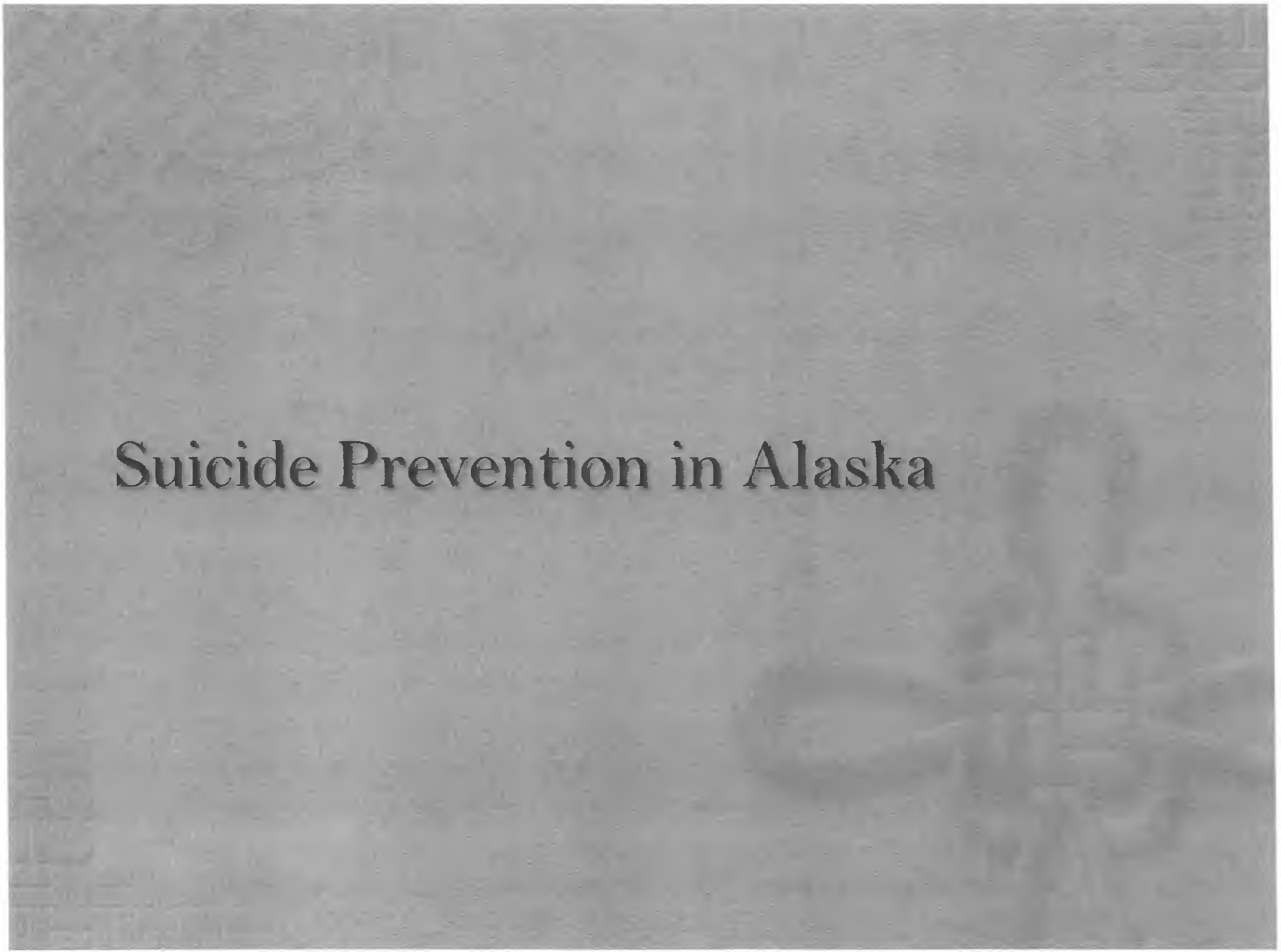


Statewide Suicide Prevention Plan

Given the lack of improvement in Alaska's suicide rate in the last decade, the Council will be developing a plan based upon the input received from the people of Alaska, as well as the expertise available from prevention specialists, elders, survivors, youth, and others.



This plan will provide recommendations to the state, communities AND individuals in a format consistent with the National Strategy for Suicide Prevention. (online at http://store.samhsa.gov/product/SMA08-3518).


Suicide Prevention in Alaska

Rates & Numbers

The **number** of suicides is the actual number of people who have been confirmed to have died by committing suicide.

The **rate** is the number of deaths by suicide divided by the total population.

A **crude rate** is a basic division of the number of deaths by the population. An **age-adjusted rate** is a weighted average that accounts for the distribution of people of different ages in different regions (some communities are "younger" or "older" than others). It reflects the rate that would occur if every region had the same mix of people of different age ranges.

This does not take into account those people who may have committed suicide but whose death was classified accidental (i.e. accidental overdose, firearm accident, etc.) or due to other causes (i.e. exposure, etc.)

Rates & Numbers

In 2009, the statewide age-adjusted suicide rate was **20.2/100,000.**

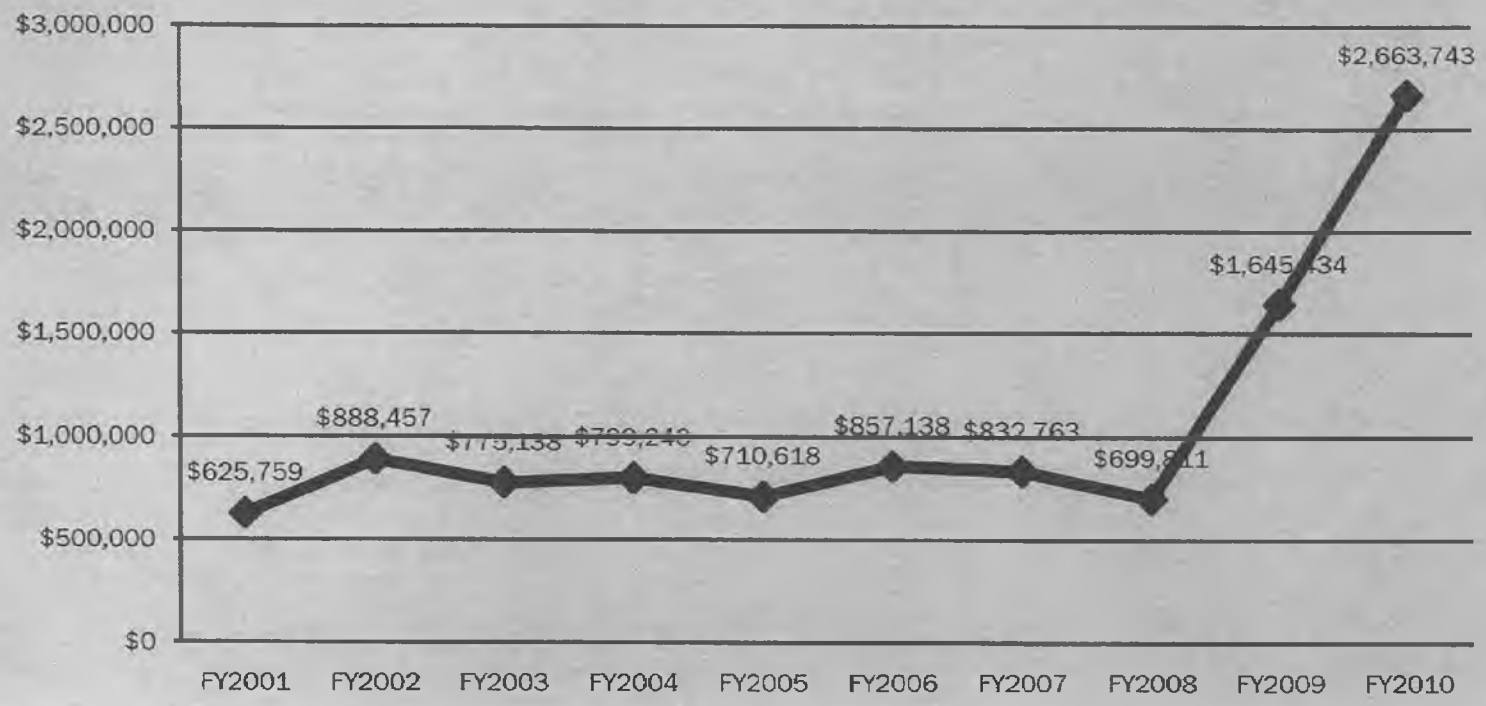
In 2009, **140 people** died by suicide.

Between 2000-2009, the mean rate was **20.98/100,000.**

In the same period, **1,369 people** were confirmed to have died by suicide – in 176 communities.

Funding

Cumulative Suicide Prevention Grants Funded by State of Alaska, FY2001-FY2010



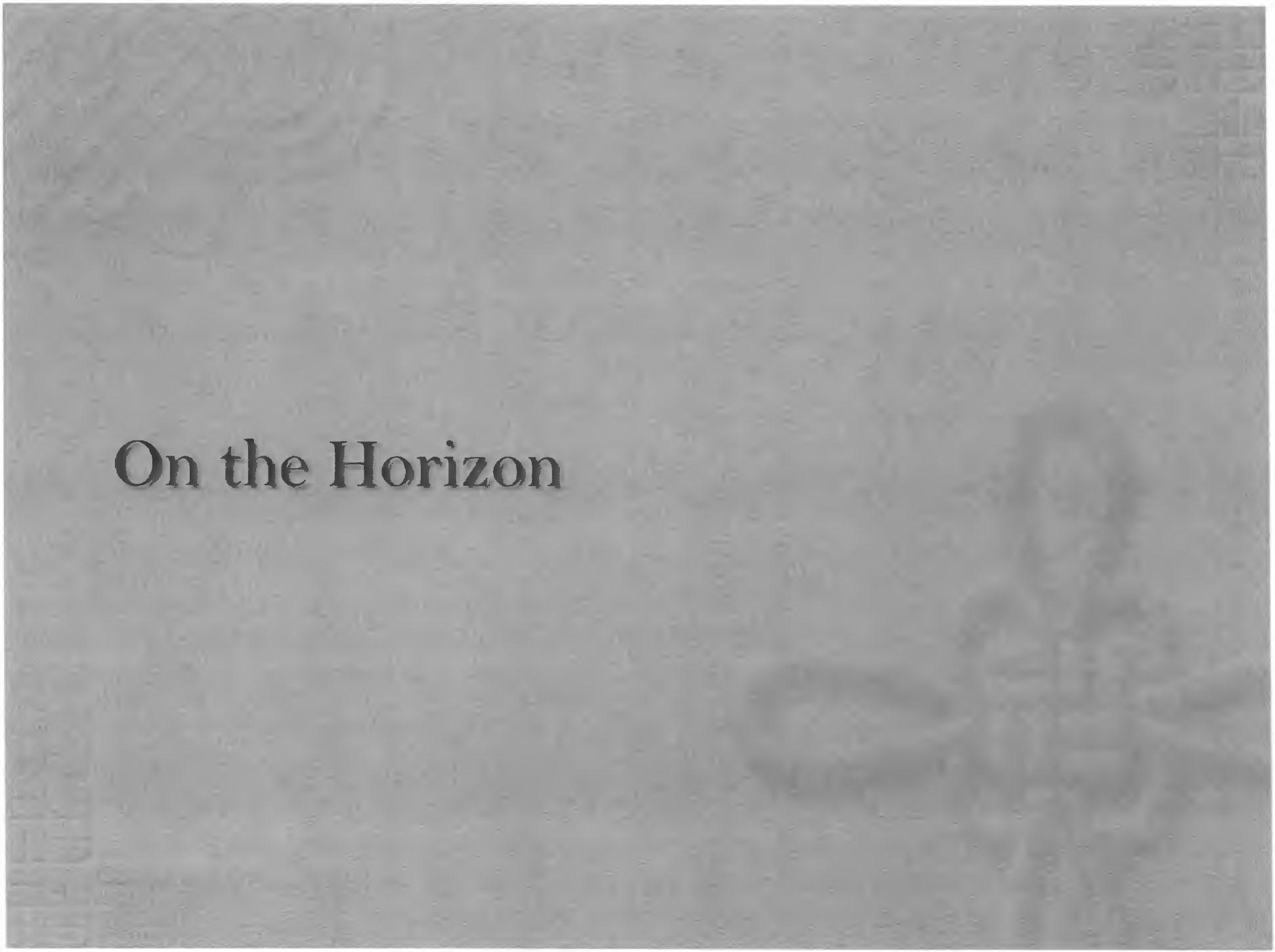
Funding

Suicide Prevention Funding from State of Alaska by Department of Labor Economic Region, FY2001-FY2009



Total Suicide Prevention Funding from the State of Alaska, FY 2001 - FY 2009 = $7,834,538

Source: Alaska Mental Health Board


On the Horizon

Systems Change?



Coordination of Effort

- Support communication among stakeholders
- Collaboration between traditional and non-traditional prevention stakeholders
- Community-based ideas, efforts
- Support individual, community, and statewide efforts – find the excitement, passion and capitalize on it

Awareness

- Continue to address stigma, fear
- Continue to educate people about warning signs, how to help
- Provide a voice for survivors of suicide
- Promote responsible reporting and discussions of suicide

Training

- Continue to educate people about warning signs, how to help
- Make prevention and intervention trainings available AND accessible
- Share resources and tools for how to deal with a suicide when it happens

Prevention Programs

- Continue to support efforts to identify suicide prevention and intervention models that work in Alaska – and the sharing of those models across the state
- Increase access to funding, resources for suicide prevention programs
- Include the role of protective factors and resilience, as well as risk factors
- Evaluate the impact of specific and comprehensive prevention efforts on suicide rates and numbers
- Promote culturally relevant models

Questions? Comments?

J. Kate Burkhart, Executive Director
Statewide Suicide Prevention Council
Alaska Mental Health Board
Advisory Board on Alcoholism and Drug Abuse
431 N. Franklin Street, Suite 200
Juneau, Alaska 99801
907-465-8920

Mending the Net: Suicide Prevention in Alaska

Annual Report FY2010

Governor Sean Parnell

Statewide Suicide Prevention Council

William Martin, Chair 2010-2011

431 North Franklin Street, Suite 204

Juneau, Alaska 99801

Acknowledgements

The Statewide Suicide Prevention Council recognizes the contributions of the following people to the FY2010 Annual Report:

Brenda Moore, chair of the Council from 2008-2010, for her tireless efforts to guide and support the Council in the activities on which it is reporting;

Andrew Jessen, Research Analyst III, Bureau of Vital Statistics, Division of Public Health, Department of Health and Social Services, for assisting with the effective use of suicide data in this report;

Brian Laurent, MPA Candidate, Boise State University, for his analysis of funding patterns and the creation of the maps used in the report;

Patrick Sidmore, Research Analyst III, Alaska Mental Health Board and Advisory Board on Alcoholism and Drug Abuse, for analyzing incidence and unemployment data used in the report, assuring accuracy in reporting, and creating charts and graphs for the report;

Thomas Chard, Planner II, Alaska Mental Health Board and Advisory Board on Alcoholism and Drug Abuse, for his work with the Council in the activities reported;

Tim Spengler, Legislative Analyst II, Legislative Research, for his work on the November 12, 2010 report, "Suicide Rates, Prevention Funding, and Prevention Efforts in Alaska;"

Martha Moore, Public Health Specialist II, Alaska Trauma Registry, Division of Public Health, Department of Health and Social Services, for assisting with the effective use of suicide attempt data in this report;

the **Alaska Mental Health Board** and **Advisory Board on Alcoholism and Drug Abuse**, for providing support (financial, staff, and moral) in advocacy, education, outreach, and planning in the activities on which the Council is reporting; and

Eric Morrison, Council Assistant, and **Kate Burkhart**, Executive Director, for their work on the report.



A Letter from the Chair

On behalf of the Statewide Suicide Prevention Council, thank you for your interest in learning about the state of suicide prevention in Alaska. What you will learn from our report is both inspiring and disappointing. Despite substantial efforts by communities and organizations statewide, and millions of dollars of funding, over the last ten years, the number of suicides in Alaska and the rate of suicide has not decreased. What has changed is that people in Alaska are talking — and talking a lot — about how suicide affects us and how we can prevent it.

Years ago, no one talked about suicide. There was stigma and fear. Now, even though there is still stigma and there is still fear, people are showing greater courage and speaking out. I am grateful for the leaders in our tribal organizations and communities who are standing up with the Council to speak about suicide and how to prevent it. I have seen more and more openness to talking about suicide, more awareness of how important talking about suicide is to healing from its wounds.

One of our biggest achievements of FY2010 was the Statewide Suicide Prevention Summit we hosted, with the help of the Alaska Native Tribal Health Consortium and many partners. Since then, there have been listening sessions and public meetings all over Alaska. Suicide prevention providers have come together to better support each other, share ideas, and take care of each other. The message that every life has value is being spread in communities all over our state. My hope is that, in the coming year, the Council will continue to support and encourage people to speak out, to share their loss and grief, to heal, and to come together to prevent suicide.

Thank you again for your interest in the Council's work.

Gunalchéesh,



William Martin, Chair

Mending the Net: Suicide Prevention in Alaska

Annual Report FY2010

Introduction

The Statewide Suicide Prevention Council was established by the Alaska Legislature in 2001, in response to what was characterized as "an on-going epidemic" of suicide.[1] The Council, after a legislative audit in 2008, was extended by the Legislature to June 30, 2013.[2]

The Council is responsible for advising legislators and the Governor on ways to improve Alaskans' health and wellness by reducing suicide, improving public awareness of suicide and risk factors, enhancing suicide prevention efforts, working with partners and faith-based organizations to develop healthier communities, creating a statewide suicide prevention plan and putting it in action, and building and strengthening partnerships to prevent suicide.[3]



Each year, the Council provides an annual report on its activities and the impact of suicide prevention efforts over the past year. The FY2010 report takes its title from the theme of the Suicide Prevention Summit, "Mending the Net." Many individuals and organizations are working to prevent suicide all over Alaska — but often, these dedicated people feel disconnected and unsupported. Focus is often placed on practices or strategies that may or may not fit a community's needs. Creative community-based solutions often operate in isolation.

By "mending" the suicide prevention systems' "net," the Council hopes to increase the effectiveness of local suicide prevention efforts, support the spread of effective ideas to other Alaskan communities, recognize the work of every person trying to prevent suicide, and honor the losses to families and communities caused by suicide.

The Council has increased its efforts related to its statutory duties. The State of Alaska, tribal organizations, and communities all over the state have continued to work to prevent suicide. Even so, Alaska is still faced with an "on-going epidemic." Therefore, in addition to fulfilling the yearly reporting requirements, this Annual Report will include a look back at the last ten years of data and will offer the opportunity to look with fresh eyes at how Alaskans can work together to prevent suicide.

[1] SB198 Sponsor Statement, Senator Rick Halford, April 24, 2001.
[2] HB123, sponsored by Representative Anna Fairclough, passed in April 2009 and was signed into law on August 5, 2009.
[3] AS 44.29.350. The Council's statutory authority is included in Appendix A.

HISTORY OF THE COUNCIL

The Statewide Suicide Prevention Council was established in 2001 after a series of "suicide clusters" throughout Alaska led state leaders to more closely examine the issue. Former Department of Health and Social Services Commissioner Karen Perdue requested funding in March of 2001 to support communities experiencing high rates of suicide and to examine Alaska's suicide prevention strategies. The passage of SB 198, on May 7, 2001 established the Council. The Council had its first meeting on November 12, 2001 in Anchorage.

The Council has twelve voting members from the public and four non-voting members from the Legislature. The twelve voting members are appointed by the Governor to four-year terms. Members include:

- one person representing the Department of Health and Social Services;
- one person representing the Department of Education and Early Development;
- one person from the Advisory Board on Alcoholism and Drug Abuse;
- one person from the Alaska Mental Health Board;
- one person recommended by the Alaska Federation of Natives;
- one person who works for a high school;
- one person who is active in a youth organization;
- one person who has experienced the death by suicide of a member of their family;
- one person who resides in a rural Alaska community not on the road system;
- one person who is a member of the clergy;
- one person who is enrolled in grades 9-12 of a secondary school in Alaska;
- and one public member.

The President of the Alaska State Senate and the Speaker of the House appoint the four non-voting members of the council. The Senate President appoints one majority and one minority member of the Senate, and the Speaker appoints one majority and one minority member of the House of Representatives.



2010-2011 Council Chair Bill Martin with Vice-Chair Barbara Jean Franks

SUICIDE IN ALASKA

Suicide was considered an "epidemic" when the Council was created. Back then, in 2000, the age-adjusted rate of suicide for all Alaskans was 21.2/100,000 — an average of 135 lives lost each year.[4] In 2000, the suicide rate in rural Alaska was nearly three times that in urban Alaska.[5] Not much has changed since then. In 2009, the (provisional) age-adjusted rate was 20.2/100,000 with 140 lives lost.[6]

Conversations about suicide rates versus numbers can be confusing. The **number** of suicides is the actual number of people who have been confirmed to have died by committing suicide.[7] The **rate** is the number of deaths by suicide divided by the total population. That means that, if 100 people die by suicide in Alaska, the rate is 100/6.92314 or 14.4/100,000 (which should not be confused with percentage).[8] A **crude rate** is a basic division of the number of deaths by the population (the example given is a crude rate). An **age-adjusted rate** is a weighted average that accounts for the distribution of people of different ages in different regions (some communities are "younger" or "older" than others). It reflects the rate that would occur if every region had the same mix of people of different age ranges.



Why does it matter whether we talk about rates or numbers?

The impact of suicide on a community isn't always clear if you just look at one or the other. For example, in 2008 there were 33 suicides in the Interior Region and 75 in the Anchorage/Mat-Su/Kenai Peninsula region.[9] Based solely on those numbers, you might think that suicide is a bigger problem in Anchorage/Mat-Su/Kenai Peninsula area. Except, the age-adjusted suicide rate in the Interior Region in 2008 was 33.7/100,000 and for the Anchorage/Mat-Su/Kenai Peninsula area it was 17.6/100,000.[10] If you look at that alone, you would come to the opposite conclusion. This is why it's important to look at **both** numbers and rates.

[4] Data from the Alaska Bureau of Vital Statistics.
[5] FY2002 Statewide Suicide Prevention Council Annual Report at 5 (available online at www.hss.state.ak.us/suicideprevention/pdfs_sspc/2002sspcannualreport.pdf).
[6] Data from Alaska Bureau of Vital Statistics. All data for 2009 is considered provisional and subject to change until all deaths by suicide have been confirmed.
[7] This does not take into account those people who may have committed suicide but whose death was classified accidental (i.e. accidental overdose, firearm accident, etc.) or due to other causes (i.e. exposure, etc.)
[8] The Alaska Department of Labor and Workforce Development July 1, 2009 population estimate is 692,314, which is 6.92314 when divided by 100,000. For more information, go to http://almis.labor.state.ak.us/?PAGEID=67&SUBID=115 .
[9] Data from Alaska Bureau of Vital Statistics.
[10] Data from Alaska Bureau of Vital Statistics.

It's also important to consider the local impact of suicide. Between 2000 and 2009, there were 1,369 confirmed suicide deaths in Alaska; at least one suicide occurred in 176 Alaskan communities.[11]

Suicide Data

Over the last ten years, the rate of suicide has remained consistently high. The statewide age-adjusted rate has been 20/100,000 people or higher for eight of the ten years. Some regions have had age-adjusted rates much higher than that.

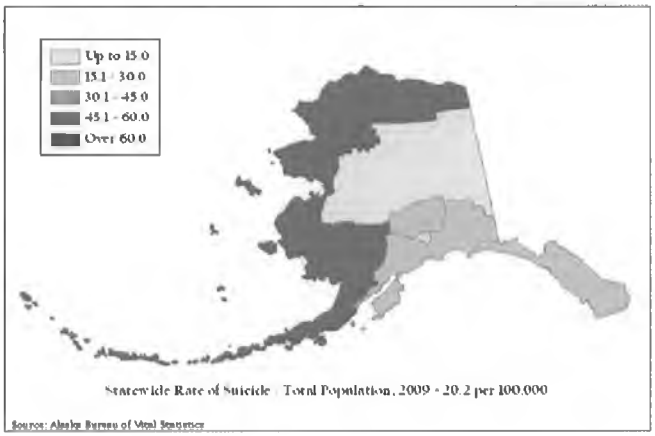
Suicides By Region of Residence: Age-Adjusted Rates[1]

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
North Slope Borough	103.3*	**	**	**	**	**	**	**	**	**
Northwest Arctic Borough	**	**	93.5*	**	**	**	102.1*	**	99.4*	**
Nome	63.5*	63.2*	118.2*	**	63.7*	106.0*	65.0*	**	59.9*	84.9*
Bethel/Wade Hampton	62.5*	**	36.7*	57.8*	96.2	60.2*	46.0*	55.0*	75.4*	55.8*
Dillingham/Bristol Bay/Lake and Peninsula Borough	**	**	**	**	**	**	**	**	0.0	**
Kodiak Island Borough	**	0.0	**	**	0.0	**	**	**	**	**
Aleutians	**	**	0.0	**	**	**	**	0.0	**	**
Anchorage/Mat-Su Borough/Kenai Peninsula	17.6	14.1	18.3	18.6	20.4	16.0	16.6	20.7	17.6	16.7
Valdez-Cordova	**	**	**	**	**	**	**	**	**	**
Interior	18.4	19.2*	17.0*	19.8*	19.7	13.9*	17.3*	21.3	33.7	12.9*
Southeast	13.4*	15.2*	19.5*	7.8*	14.3*	10.6*	14.0*	25.0*	23.3*	27.4*
Total	21.1	16.5	20.9	20.5	23.3	19.5	20.0	23.1	24.7	20.2

Data provided by Bureau of Vital Statistics. 2009 data is provisional.
**Rates based on fewer than 20 occurrences are not statistically reliable and should be used with caution.*
*** Rates based on fewer than 6 occurrences are not reported.*

The table above shows age-adjusted rates (weighted averages). The crude rates (the simple number of suicide deaths divided by the population) by economic region are a little different. This map shows the regional breakdown.[12] The Southwestern Region and the Northern Region had crude rates of 60/100,000 people or higher — three times the statewide crude rate of 20.2/100,000 people. The Interior Region and Municipality

Crude Rate of Suicide by Alaska Department of Labor Economic Region per 100,000 Population, 2009



[11] Data from Alaska Bureau of Vital Statistics.

[12] For a map of the Department of Labor and Workforce Development's economic regions, see Appendix B. The Department of Labor and Workforce Development uses six regions, but we have separated the Municipality of Anchorage and the Mat-Su Borough to better understand any differences in the communities.

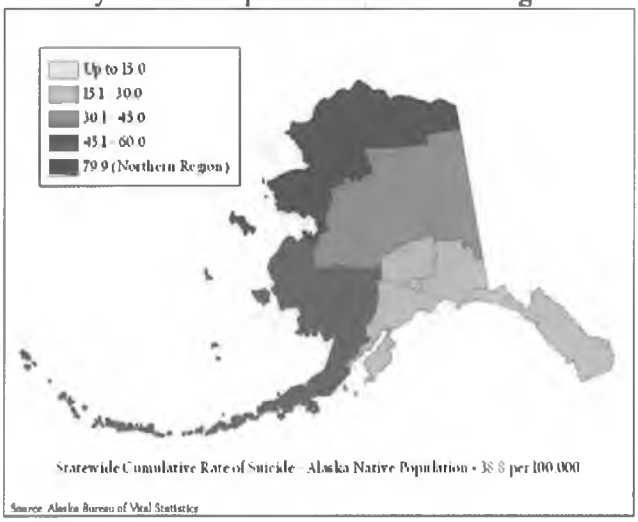
of Anchorage had crude rates below the statewide rate.

Suicide and Ethnicity

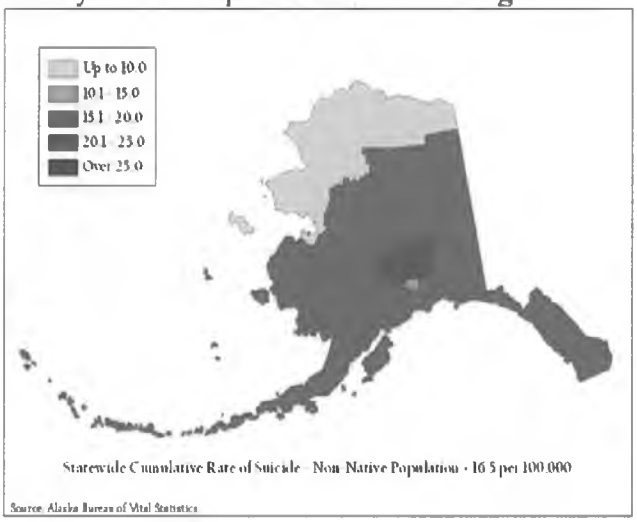
Suicide rates among Alaska Native peoples are higher than for any other ethnicity in the state, and are the highest of any ethnicity in the United States. In 2009, the age-adjusted rate for Alaska Native peoples was 32.8/100,000 people.[13] For White or Caucasian people, the age-adjusted rate was 17.7/100,000.[14] That is a difference of nearly 2:1.

Looking at Alaska suicide rates over time shows that same disparity, with a cumulative crude rate of 38.8/100,000 for Alaska Native peoples and 16.5/100,000 for non-Native peoples. Alaska Native individuals are twice as likely to commit suicide as individuals of other ethnicities.

Crude Rate of Alaska Native Suicide by Alaska Department of Labor Region



Crude Rate of Non-Native Suicide by Alaska Department of Labor Region



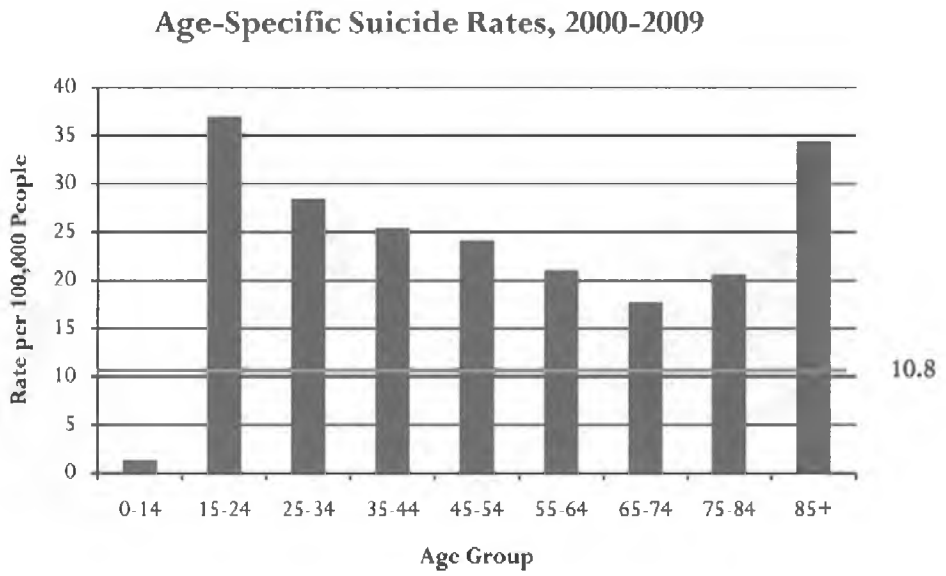
Looking at the suicide rates according to ethnicity tells one side of the story. The actual numbers of suicides tell another. In 2009, twice as many White or Caucasian Alaskans (89) committed suicide as Alaska Natives (44).[15] Since 2001, 847 White or Caucasian Alaskans have committed suicide and 411 Alaska Natives have committed suicide.[16] What this tells us is that suicide is not confined to one ethnic group. Suicide is an **Alaskan** problem.

[13] Data provided by the Bureau of Vital Statistics.
[14] Data provided by the Bureau of Vital Statistics.
[15] Data provided by the Bureau of Vital Statistics. 2009 data is provisional.
[16] Data provided by the Bureau of Vital Statistics.

Suicide and Age

In Alaska, young people age 15-24 continue to have the highest rates of suicide. The age-specific suicide rate for young men age 15-24 is 56.1/100,000 and for young women is 16.6/100,000.[17] For Alaska Natives, the rate for this age group is 141.6/100,000 for young men and 50.3/100,000 for young women.[18] For White or Caucasian young men, the rate is 33.8/100,000.[19] For White or Caucasian young women, it is 6.1/100,000.[20]

The rates for other age groups[21] are less dramatic, but no less important. For all age groups above 0-14, the age-specific rate is above the 2007 national rate of 10.8.[22]



From review of the suicide rates over time, it appears that risk of suicide decreases as Alaskans age, at least until age 75. For the most senior group (age 85+), the high rate of 34.4 should be taken in the context of a small number of suicides (13) among a relatively small population. The age groups of 75-84 and 85+ bear further scrutiny over the next 10 years, as Alaska's senior population continues to grow.[23]

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[17] Data is for the period 2000-2009, provided by the Bureau of Vital Statistics.
[18] Data is for the period 2000-2009, provided by the Bureau of Vital Statistics.
[19] Data is for the period 2000-2009, provided by the Bureau of Vital Statistics.
[20] Data is for the period 2000-2009, provided by the Bureau of Vital Statistics. This rate is based on fewer than 20 occurrences and is therefore statistically unreliable. It is offered for comparison purposes only and should be used with caution.
[21] Data is for the period 2000-2009, provided by the Bureau of Vital Statistics.
[22] 2007 rate, reported on the Alaska Scorecard at www.hss.state.ak.us/dhcs/healthplanning/scorecard/assets/scorecard.pdf
[23] The Alaska Commission on Aging reported that the population of Alaskans over age 65 grew by 19.6% between 1997 and 2007. February 17, 2009 Press Release, online at http://www.hss.state.ak.us/acoa/assets/SeniorGrowth.pdf

Suicide and Substance Abuse



Alcohol and drugs play a role in the suicide problem in Alaska, but are not a cause of suicide. We know this from three sources of Alaska-specific information. First, the Alaska medical examiner's office performs a post mortem examination (autopsy) in some — but not all — suicide deaths. From those exams, there is an indication that alcohol and/or drug use was involved in the majority of suicide decedents examined. The Alaska Suicide Follow-Back Study reported that, of the 33% of suicide decedents tested for drugs and/or alcohol, 44% tested positive for alcohol and 48% one or more other drugs.[24]

The Alaska Psychiatric Institute reports that alcohol and/or drug use is involved in an average of 48.44% of all admissions to the state psychiatric hospital. To be admitted to API under the law, a person must be a danger to himself or to another person, so not all of these admissions involved the risk of suicide. However, the data does show that substance abuse is a factor in a significant number of psychiatric emergencies requiring hospitalization.

The Alaska Trauma Registry tracks hospitalizations for poisonings – of which overdoses on alcohol and/or drugs account for the majority. In 2005, the Alaska Trauma Registry published a review of suicide hospitalizations for 2001-2002.[25] During that time, 77% of hospital visits resulting from suicide attempts (or other self-harm) involved an overdose on medications. Of those medication overdoses, 64% were prescription medications. Tylenol was the most common medication on which children age 0-19 years overdosed.

Do numbers and rates tell the whole story?

Rates and numbers are helpful in describing the problem of suicide in Alaska, but the stories of people who have survived a loss to suicide provide an important context for understanding the true impact of the problem.

- "We have an epidemic, a Hurricane Katrina and a Gulf oil spill but in a magnitude much more devastating because it is humanitarian." (Nick Tucker, Sr., Emmonak)

- "Over the past few years, a large number of people took their lives and caused a lot of pain to our friends and family. We try to move on in our lives but the pain never leaves." (Kyle M., Galena)

[24] The Alaska Suicide Follow-Back Study at 16. This study reviewed data on all 426 suicides that occurred between 2003 and 2006. It is available online at http://www.hss.state.ak.us/suicideprevention/pdfs_sspc/aipc_suicide_followback207.pdf .
[25] Alaska Suicide Hospitalizations 2001-2002, Alaska Injury Prevention Center, July 2005 at 4. Available online at http://www.hss.state.ak.us/suicideprevention/pdfs_sspc/hospitalsuicides01-02.pdf .

- "The war that engulfs us today is a war fought on the battlefield of substance abuse. Self-hatred. Suicide. Rape. Child molestation. This is a war within ourselves." (Elizabeth Hensley, Alaska Federation of Natives 2009 Convention)

- "It's a lot for a small town to go through. It's amazing that a lot more people's spirits haven't been broken by this." (James Hoelscher, Hooper Bay)

- "Everybody in Southeast has lost friends and loved ones to suicide, so it's pretty hard to talk about it." (Bill Martin, Juneau)

- "The process of waiting for my son's body to be sent to Anchorage from Bethel and to be sent back to here was the longest four to five days I have ever felt. The emotions we went through cannot be described in human terms. I tried to do something and I would feel lost while I was doing it. I tried working on my (fish) nets but found myself lost in my mind. We should never ever put our parents through this no matter how low we feel or how mad we may be." (Harley Sundown, Scammon Bay)





Photographs courtesy of Thomas Chard

There is empirical information that supports what Alaskans say about the tragic consequences of suicide. Suicide claims more lives in the United States than homicide. Suicide is one of the top ten causes of death in Alaska. Between 2000 and 2008, 4.26% of all deaths in Alaska were due to suicide. In the Wade Hampton Census Area (which includes Hooper Bay, Emmonak, Chevak, Scammon Bay, Mountain Village, Nunam Iqua, and nine other villages), 14% of all deaths were due to suicide. In the Northwest Arctic Borough,

which includes Kotzebue, 13.54% of all deaths were due to suicide. In Anchorage, 3.49% of all deaths in that time period were due to suicide.

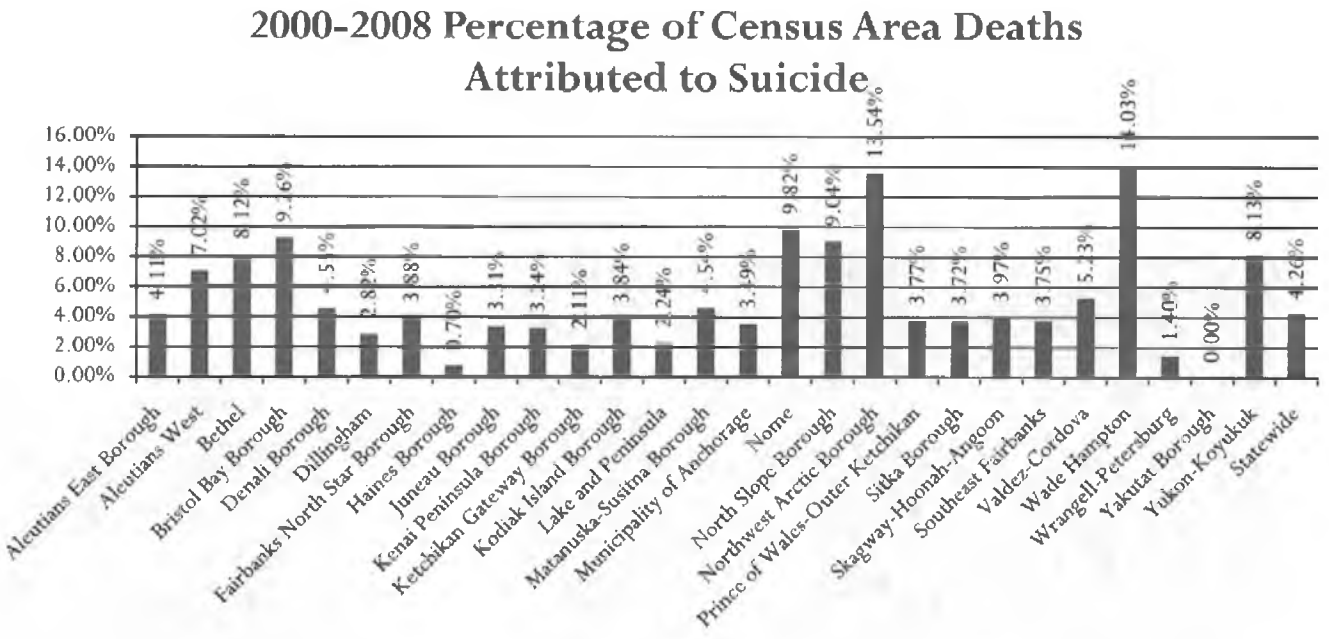


Chart created by Alaska Mental Health Board staff. ***Sources:*** *Alaskan Bureau of Vital Statistics, Detailed Causes of Death by Census Area & Department of Labor and Workforce Development Population Estimates.*
For more information, go to http://laborstats.alaska.gov/?PAGEID=67&SUBID=171 , http://www.hss.state.ak.us/dph/bvs/death_statistics/Detailed_Causes_Census/default.htm

Does unemployment affect suicide rates?

The availability of jobs and economic opportunities has a lot to do with personal feelings of self-worth and the health of a community. Research has documented a connection between unemployment, poverty and other social determinants and low self-esteem, anxiety, and isolation.[26] Unemployment and economic distress are factors that can increase the risk of suicide.[27] Review of Alaska's unemployment data shows a weak connection between unemployment and suicide rates.

The average state unemployment rate in 2009 was 8%.[28] For the census areas in economic regions with the highest suicide incidence rate, the average annual unemployment rates in 2009 varied from very low to very high. Bristol Bay Borough had the lowest unemployment rate in 2009 at 4.3%. Wade Hampton had the

[26] *Mental Health, Resilience, and Inequalities*, Dr. Lynne Friedli, World Health Organization 2009 (available online at www.euro.who.int/__data/assets/pdf_file/0012/100821/E92227.pdf).
[27] *Getting Through Tough Economic Times*, A SAMHSA Guide (available online at www.samhsa.gov/economy/#suicide).
[28] All unemployment data for 2009 provided by the Department of Labor and Workforce Development, online at http://almis.labor.state.ak.us/?PAGEID=67&SUBID=188

highest 2009 unemployment rate at 21.2%. Unemployment rates in regions with lower suicide rates are equally variable, ranging from 6.6% in Anchorage to 15.7% in the Yukon-Koyukuk Census Area.

Looking at unemployment rates for 2000-2008, there is a weak statistical correlation between unemployment rates and suicide rates.[29] There is no clear connection between an increase in the unemployment rate and an increase in the suicide rate, as there were periods of time when suicide rates fell in regions experiencing increases unemployment. What this means is that unemployment, while **not a cause of suicide**, is apparently a factor in suicide incidence — and there is room for more research and study of the impact of the health of the economy on the suicide rate.





Photographs courtesy of the Alaska Department of Commerce, Community and Economic Development

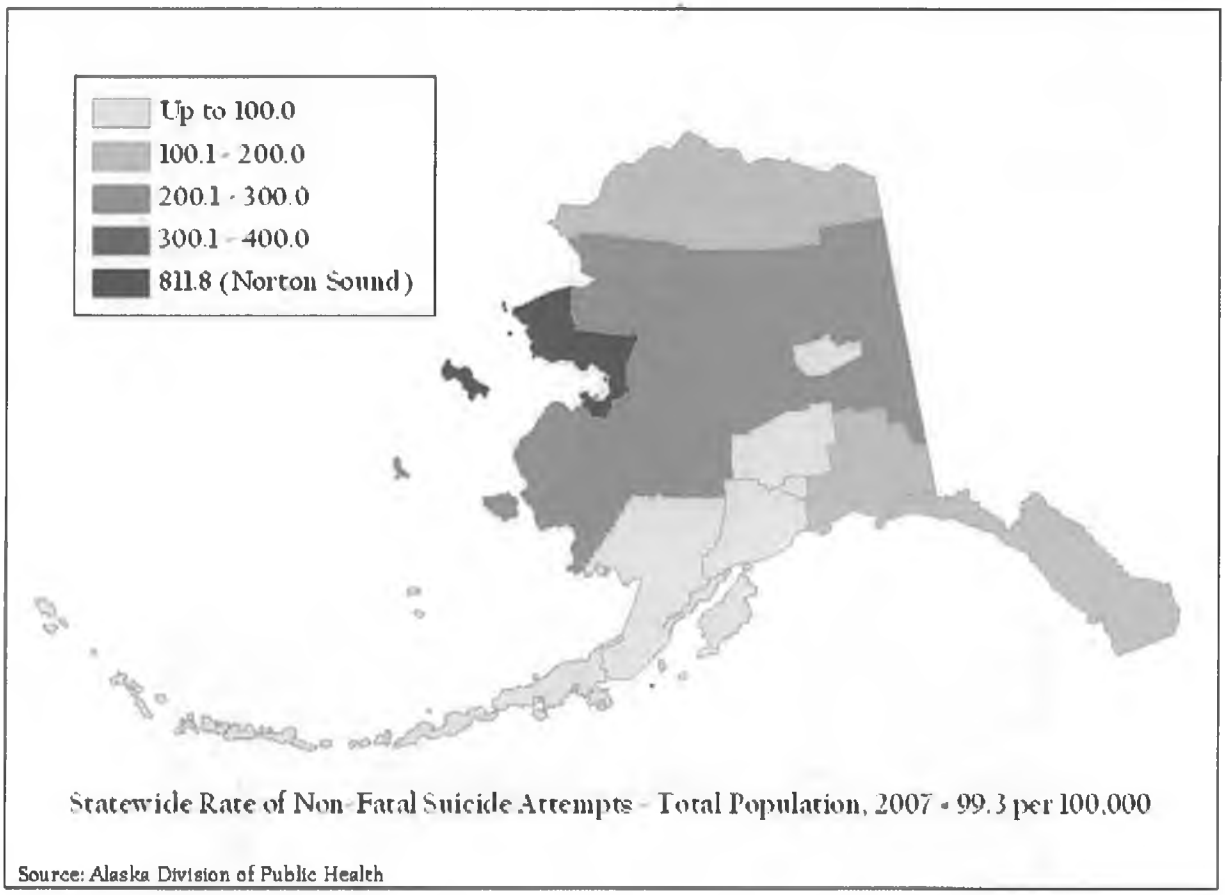
Suicide Attempts

The number of attempted suicides is just as important as completed suicides. The Alaska Department of Health and Social Services tracks this information through the Alaska Trauma Registry. In 2007 (the most

[29] Analysis of unemployment rates and suicide rates for 2000-2008 was conducted by Alaska Mental Health Board staff.

recent year's data available), the suicide attempt rate was 99.3/100,000 people.[30] That's nearly five attempted suicides to each completed suicide.

In 2007, the Norton Sound area (Nome, St. Lawrence Island, and the Seward Peninsula) had the highest rate of non-fatal suicide attempts. That same year, Fairbanks, Anchorage, Mat-Su and the Aleutians had a rate of less than 100 non-fatal attempts per 100,000 people.



Statewide Rate of Non-Fatal Suicide Attempts - Total Population, 2007 - 99.3 per 100,000

Source: Alaska Division of Public Health

Depression and suicidal ideation occurs with alarming frequency among Alaska's high school students. This information is collected every two years through the Youth Risk Behavior Survey, an anonymous survey developed by the Centers for Disease Control and Prevention. In 2009, the survey was administered in alternative high schools as well as traditional high schools. The information was alarming.

[30] Data provided by the Alaska Trauma Registry, Division of Public Health.

2009 Youth Risk Behavior Survey Data

2009	Traditional High Schools % of students surveyed	Alternative High Schools % of students surveyed	National Average % of students surveyed
Depression, hopelessness	25.2%	37.5%	26.1%
Considered attempting suicide in the past 12 months	13.9%	18.1%	13.8%
Attempted suicide at least once in the last 12 months	8.5%	11.3%	6.3%
Suicide attempt resulted in injury, poisoning, or overdose requiring medical treatment	2.6%	4.4%	1.9%

Alaska data provided by the Division of Public Health, Chronic Disease Prevention and Health Promotion (available online at http://www.hss.state.ak.us/dph/chronic/school/YRBSresults.htm).
National data reported by the Centers for Disease Control and Prevention, Morbidity and Mortality Weekly Report, June 4, 2010 (available online at http://www.cdc.gov/mmwr/pdf/ss/ss5905.pdf).

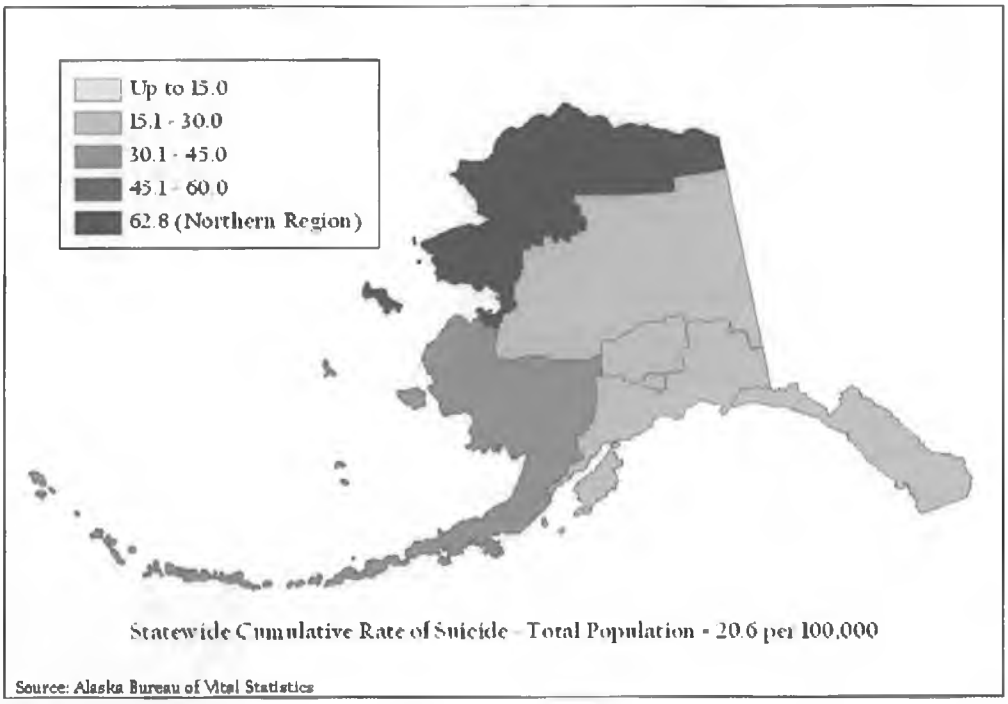
In 2009 Alaskan high school students, especially those attending alternative high schools, presented a much higher incidence of suicidal ideation, suicide attempts, and suicide attempts requiring medical treatment than students nationally.



What does the data tell us?

In 2009, more people died by suicide in the Anchorage area than any other region. However, rural Alaska had higher rates of suicide, indicating a more dramatic impact on communities. We typically look at the suicide rates by year, and measure from year to year whether it is getting better or worse. However, since some regions have a low number of suicides, we don't always have rates for every region. Also, looking year by year doesn't show the long-term effects of suicide on communities. If you look at the cumulative rate since 2001, the statewide rate remains consistent — 20.6/100,000 people. But the rate by region varies considerably.

Cumulative Crude Rate of Suicide by Alaska Department of Labor Economic Region per 100,000 Population, 2001-2009



The Alaska Trauma Registry reports data using different geographical regions than the census boroughs or economic regions used by the Alaska Bureau of Vital Statistics and Department of Labor and Workforce Development.

The 2001-2009 crude rate for the majority of the state is between 15.1 and 30 per 100,000 people. This is the case for the Anchorage area, where most of Alaska's population resides.[31] However, the rate for the Northern Region (which includes the North Slope Borough, Northwest Arctic Borough, and Seward Peninsula) is 62.8/100,000. Less than 5% of the state population lives in that region.[32] This is a good

[31] According to the Alaska Department of Labor and Workforce Development, the 2009 population for the Anchorage Mat-Su region was 374,902 (54% of the state population). Data available at http://laborstats.alaska.gov/?PAGEID=67&SUBID=247 .
[32] According to the Alaska Department of Labor and Workforce Development, the 2009 population for the Northern Region was 23,664. Data available at http://laborstats.alaska.gov/?PAGEID=67&SUBID=247 .

example of how looking solely at rates can be misleading. The number of people who died by suicide in that period of time in the Anchorage area was 626; in the Northern Region it was 152.[33] Again, we see that looking solely at rates — or solely at numbers — is not enough.

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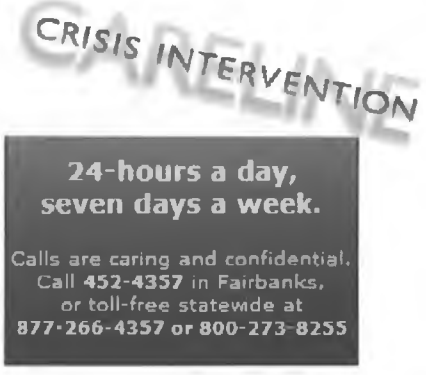
Suicide Prevention Efforts

In Alaska, suicide prevention efforts are supported by the State of Alaska, the tribal health system and Alaska Native Tribal Health Consortium, the federal government, and local communities. Some suicide prevention efforts are large-scale professionalized prevention programs. Others are community driven efforts staffed by volunteers.

Until 2009, very little effort was put into linking the state and tribal suicide prevention systems with other community efforts. Many prevention providers were unaware of other suicide prevention projects in other parts of Alaska. In FY2010, the Council and its partners, the Alaska Mental Health Board, the Department of Health and Social Services Division of Behavioral Health, the Advisory Board on Alcoholism and Drug Abuse, and others prioritized strengthening the connections between suicide prevention efforts. Thus, the Council can better report the scope of suicide prevention in Alaska (though is not yet able to comprehensively identify every suicide prevention program or project in the state).

Careline

Careline, located in Fairbanks, is the statewide suicide hotline. Careline's focus is the safety of the caller and helping the caller access appropriate services to preserve that safety. Careline partners with community mental health centers and clinicians statewide to ensure callers' mental health needs are appropriately addressed.



Careline offers telephone-based crisis intervention and online chat for people who would rather connect with a counselor that way. When someone calls in crisis, the trained counselor assesses the person's safety by identifying whether or not the person is at imminent risk of suicide.

In 99% of calls, the Careline counselors are able to provide effective interventions to keep the callers safe until they can access services they need. In the 1% of cases that are judged to be so acute that the caller is found to be in "imminent risk of death," Careline engages with local emergency services to provide immediate interventions to preserve the caller's safety.

[33] Data provided by the Bureau of Vital Statistics.

Careline provides prevention materials through its website, at community events, and through partners like the Council, Alaska Mental Health Board, and community coalitions. As an agency, Careline has used social media like Facebook to reach out to individuals and to link prevention providers to better serve people in crisis.

Careline reported a 55% increase in total call volume in the second half of FY2010, compared to the same period in FY2009.[34] Of calls received, 223% more involved suicidal ideation.[35] Careline staff attributes this increase in suicide-related calls to increased outreach through partnerships with the Alaska Native Tribal Health Consortium, Alaska Mental Health Trust Authority, NAMI chapters, military Family Advocacy Centers, and statewide outreach efforts. A 23% increase in calls involving addiction and a 54% increase in calls from individuals experiencing mental illness occurred in this same time period.[36]

Careline has received state funding from the Department of Health and Social Services and the Alaska Mental Health Trust since 2006.

Suicide Prevention ~ State Funded

In FY2010, the Department of Health and Social Services made 28 grants totaling $2,663,743 for suicide prevention. These grants were funded with General Funds, receipts from the Alcohol Excise Tax, and federal grant funds received by the State of Alaska. While many more comprehensive community prevention grants were made to address substance abuse, violence, etc. — all contributing factors to suicide — only 28 grants targeted suicide (in whole or in part). Grantees in FY2010 included:

- Juneau School District (Juneau, Douglas)
- Iditarod School District (McGrath)
- Central Peninsula Hospital (Kenai)
- Big Brothers Big Sisters (Fairbanks, Juneau, Sitka)
- City of Nulato (Nulato)
- Mt. Edgecumbe High School (Sitka)
- Mat-Su Health (Palmer, Wasilla)
- PeaceHealth (Prince of Wales Island)
- Stone Soup Group (Statewide)

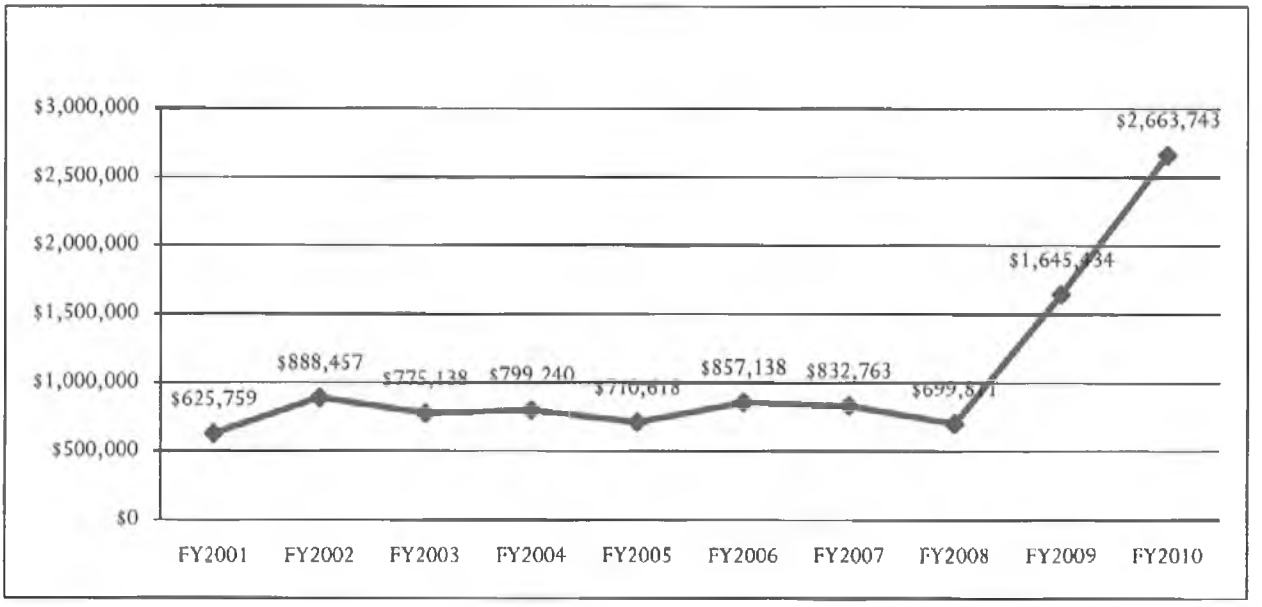
Examples of suicide prevention projects funded through these grants include community coalitions, creation of community resources, public education and outreach. The Juneau School District (which has received grant funding since FY2008) has implemented a school-based screening and intervention program using the Signs of Suicide Prevention Program. This is an evidence based prevention program that addresses depression, suicide risk, and self-harm. Of Juneau alternative high school students screened in September 2009, 40% met the diagnostic criteria for major depression.[37] In the two traditional high schools, 23% and 31% of students screened presented with characteristics of a major depressive episode and/or suicidal ideation. In Juneau, the grantee has added additional interventions and referrals to address contributing factors like poverty, domestic violence, and access to health care to provide a more comprehensive

[34] Data reported by Careline Executive Director Kimberlee Jones to the Statewide Suicide Prevention Council, August 24, 2010.
[35] Data reported by Careline Executive Director Kimberlee Jones to the Statewide Suicide Prevention Council, August 24, 2010.
[36] Data reported by Careline Executive Director Kimberlee Jones to the Statewide Suicide Prevention Council, August 24, 2010.
[37] Reported by Juneau Douglas School District for FY2010.

response to students at risk for suicide. In cooperation with the local suicide prevention task force, the grantee created a valuable internet-based community resource guide: JuneauSuicidePrevention.org.

Since 2001, the State of Alaska has invested over $10 million in suicide prevention. Funding remained consistent from year to year, until 2009 when available grant funds were substantially increased. This was made possible by the State of Alaska's receipt of a Garrett Lee Smith Grant from the federal government.[38]

Cumulative Suicide Prevention Grants Funded by State of Alaska, FY2001-FY2010



The distribution of grant funds has changed over the last ten years. Before 2006, large numbers of communities received small grants of less than $20,000 per year to engage in community driven suicide prevention efforts.[39] These small grant projects included Alaska Native culture camps, "alternative activities" that promoted healthy relationships between adults and youth, community wellness and suicide prevention coalitions, and a natural helper programs for youth in the Lower Yukon School District.

Since FY2006, the number of grantees has dropped steadily as the amount of the awards has risen. In FY2001, grants were made to 48 communities. In FY2010, only 28 grants were made, even though **four times as much money** was available for grants.

Beginning in FY2006, the Department of Health and Social Services adopted a funding mechanism that blended and braided multiple funding streams available for prevention programs and implemented the

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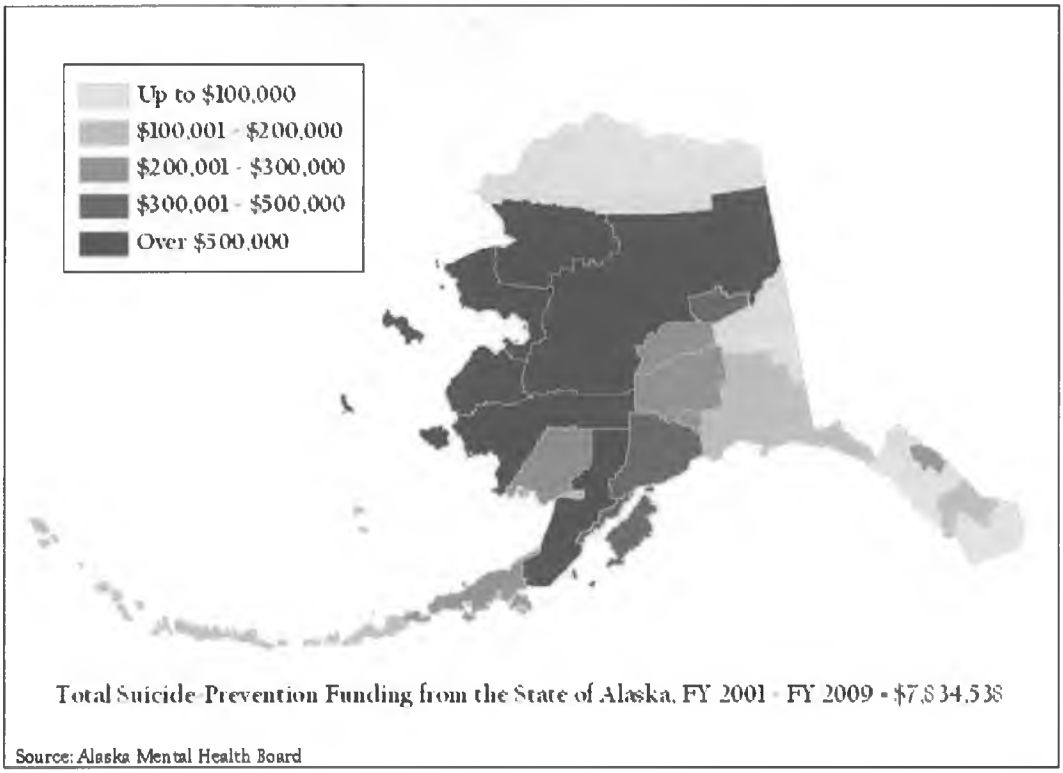
[38] $1.5 million was awarded by the Substance Abuse and Mental Health Services Administration to the State of Alaska, payable in $500,000 increments over three years (2008-2010).

[39] For a full list of grantees between 2001 and 2009, see "Suicide Rates, Prevention Funding, and Prevention Efforts in Alaska," Legislative Research Report (November 12,2010) at Attachment D (available online at http://archives2.legis.state.ak.us/PublicImageServer.cgi?lra/2011/11-015m.pdf).

Strategic Prevention Framework model established by the federal Substance Abuse and Mental Health Services Administration. This model is a public health model that emphasizes community readiness and planning, as well as outcomes, in prevention efforts. Community collaborations are a major part of prevention projects funded under the Strategic Prevention Framework model. This model is more complicated than what was previously used (before FY2006), and requires more from grant writers and managers, as well as community coalitions and partnerships, than the previous structure.

With the evolving funding mechanisms, and the move to a more competitive grant process in FY2006, the distribution of funding has depended more on communities' sophistication in grant writing and management — and their willingness to apply for funding. The map below shows how this funding has been distributed from FY2001-FY2009.

Suicide Prevention Funding from the State of Alaska, by Borough and Census Area FY2001-FY2009



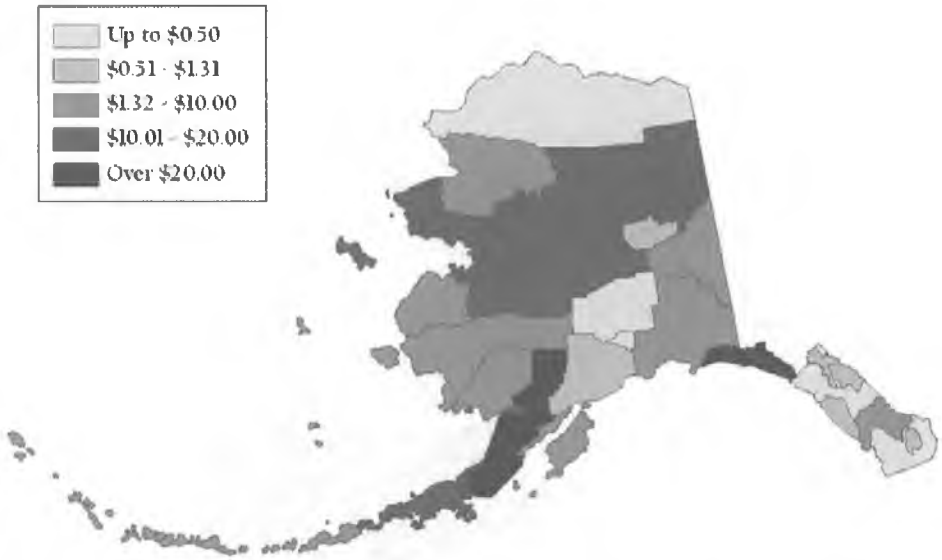
Source: Alaska Mental Health Board

Because not all communities apply for suicide prevention grants, not all regions receive suicide prevention funding from the State of Alaska. Between FY2001 and FY2009, the State of Alaska spent $1.31 per capita per year on suicide prevention.[40] Annual per capita per year spending ranged from $0.08 per capita — in

[40] Average annual per capita numbers were calculated by dividing each geographic area's nine-year funding total by the corresponding nine-year population total. The State of Alaska provided $7.8 million in suicide prevention grants between FY2001 and FY2009. The denominator in this equation is 5,964,093, the sum of the statewide population figures from each of

the North Slope Borough (which received the benefit of less than $5,000 in suicide prevention funding from statewide projects like Careline over this time period), Municipality of Anchorage, Hoonah-Angoon Census Area, and Municipality of Skagway — to $35.24 per capita in the Lake and Peninsula Borough.

Annual Per Capita Suicide Prevention Funding from the State of Alaska, by Borough and Census Area FY2001-FY2009



Annual Statewide Per Capita Suicide Prevention Funding from the State of Alaska, FY 2001 - FY 2009 = $1.31

Sources: Alaska Mental Health Board; Department of Labor and Workforce Development

Analysis[41] of the distribution of suicide prevention funding shows that incidence is not clearly affected by the amount of funding received. Between FY 2001 and FY 2009, grantees in the Southwest Region received $2.6 million in grant funds (approximately one-third the total provided by the State of Alaska). That region had the second-highest cumulative suicide rate during the same period. However, funding peaked in FY2004 (the year when the region experienced its highest suicide rate of 67.9/100,000). Since FY2005, funding has decreased annually. This region received only $72,931 in FY 2009. Incidence of suicide has come down in the Southwest Region from its peak in FY2004 (during years of decreasing funding), though the rate is still twice the statewide average.

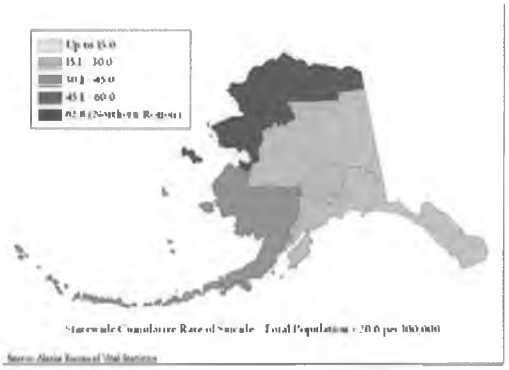
Grantees in the Interior Region received $1.6 million (20% all funding provided by the State of Alaska) in suicide-prevention funding between FY 2001 and FY 2009. Grants averaged about $100,000 per year from FY 2001 to FY 2005. The average from FY2006 to FY2008 was about $180,000 per year. In FY 2009, the

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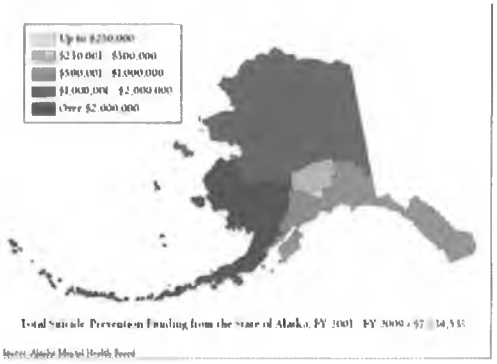
the nine years in the study period. Dividing the former number by the latter gives us $1.31. This means that the State of Alaska distributed the equivalent of $1.31 annually for every Alaska resident between FY 2001 and FY 2009.

[41] Analysis provided by Brian Laurent, former research analyst with the Alaska Department of Labor and Workforce Development and MPA candidate at Boise State University. Because FY2010 grant information was not available until December, 2010, it was not available at the time the analysis was performed.

Cumulative Crude rate of Suicide by Department of Labor Economic Region, FY2001-FY2009



Suicide Prevention Funding from State of Alaska by Department of Labor Economic Region, FY2001-FY2009



$580,989 in grant funds went to the Interior Region. The suicide rate in this region was lower than the statewide rate between 2002 and 2007. In 2008, it spiked to 30.7/100,000 people. In 2009, it fell to 13.8 /100,000 people.

In the Northern Region, which had the highest cumulative suicide rate between 2001 and 2009, grantees received 18.8% of total funding from the State of Alaska ($1.5 million). The amount of grant funding received fell by 37.2% in FY2008 and 51.6% in FY2009, when grantees in this region received $70,500 (the lowest in the state outside of Anchorage).[42]

Funding in the Southeast Region was consistent from FY 2001 to FY 2008. Average annual funding was about $41,000. In FY 2009, grants to the region totaled $406,247 (more than the previous eight years combined). The suicide rate in the Southeast Region increased from 2001 to 2009. Between 2001 and 2006, the rate was between 8.4 and 18.1/100,000 people (below the statewide average). The suicide rate since 2006 has ranged from 23.1 to 27.4 per 100,000/people.

Further detail and disparities can be discerned in an analysis of funding by the smaller regional designations used by the Department of Health and Social Services. For example, the department of Labor's "Northern Region" includes the North Slope and Northwest Arctic boroughs, and the Norton Sound Region. The Norton Sound Region had extreme rates of non-fatal suicide attempts suicide in 2008 and 2009, specifically in the Alaska Native community. This region received close to $900,000 between FY2001 and FY2009. Conversely, the North Slope Borough, with a suicide-attempt rate close to double the statewide average, received less than $5,000.[43]

Suicide Prevention ~ Federally Funded

Seventeen tribal organizations received prevention grants from the Indian Health Service as part of the Methamphetamine and Suicide Prevention Initiative. These grants, totaling over $5 million over three years) were funded as part of the 2009 Recovery Act. The intent of these grant programs is to expand

[42] The Municipality of Anchorage received no suicide prevention grant funds from the State of Alaska in FY 2009. The only grant awards that went to Anchorage between FY2001 and FY2009 were part of larger statewide grants. It received no specifically allocated funds during this period. All funds attributed to the region were apportioned, based on population, from statewide suicide prevention grants.

[43] Like the Municipality of Anchorage, none of the North Slope Borough's suicide prevention funds were to grantee organizations in the borough. All were apportioned, based on population, from statewide grants to organizations like Careline.

community prevention efforts to reduce methamphetamine use and incidence of suicide. Grantees include the Alaska Native Tribal Health Consortium, Southcentral Foundation, Maniilaq Association, Ketchikan Indian Community, Arctic Slope Native Association, Chugachmiut, Bristol Bay Area Health Corporation, and others.



Photograph courtesy of Southcentral Foundation

These grants have funded a variety of projects. Southcentral Foundation is using its grant for the Lead the Change project, a contest that provides outreach, awareness, and education and technical assistance to help youth produce short video messages focused on protective factors that reduce risk for suicide. Rather than a stark suicide prevention message, videos focused on positive aspects of life and hopefulness. The FY2010 winner was a team of youth from Wendler Middle School in Anchorage.

In addition to the current IHS Methamphetamine and Suicide Prevention Initiative grantees, several tribal organizations have received federal Garrett Lee Smith funding. As mentioned above, Maniilaq in the Kotzebue region was awarded a three year Garrett Lee Smith Grant in 2006, which supported a digital storytelling project for students in schools in twelve regional villages and efforts to improve suicide prevention practices in local agencies.

Kawerak, Inc. in the Norton Sound region also received a three year Garrett Lee Smith Grant in 2008. It is funding the Bering Strait Suicide Prevention Program, focusing on all youth age 12-18 and young Alaska Native men age 19-30 in the region's 15 villages. This prevention program includes a "Peer Helpers" project to provide peer support for youth.

Southcentral Foundation received a three year Garrett Lee Smith Grant in 2009. The grant will fund a screening, referral, and case management program targeting high risk Alaska Native youth age 10-24. Suicide prevention and intervention training and youth engagement in media outreach and awareness campaigns are also anticipated.

Suicide Prevention ~ Tribal Health

Tribal health organizations all over Alaska have worked to prevent suicide among their client/customer populations. Along with individual tribal health organizations, the Alaska Native Tribal Health Consortium (ANTHC) has been engaged in ongoing efforts to reduce suicide among Alaska Native peoples. These include a Suicide Prevention Initiative begun in 2009, ongoing suicide prevention and intervention training

(discussed below), assisting regional tribal health organizations with community readiness, and projects to reduce access to "lethal means" (guns, etc.) of suicide. Examples of these efforts are described below.[44]

Bristol Bay Area Health Corporation (BBAHC), a tribal health organization serving Dillingham and 34 regional villages, developed a gun locker program in partnership with ANTHC and the local housing authority. BBAHC targeted access to guns as a "lethal means" of suicide, because firearms are involved in 2/3 of suicides by men in Alaska.[45] In the course of this project, BBAHC has installed over 300 gun safes in homes throughout the region.[46]

In FY2010, ANTHC and its partners worked to develop a culturally relevant postvention resource for Alaska Native peoples. *Doorway to a Sacred Place* is a tool for communities after a suicide or other tragedy has occurred. It incorporates traditional ways of knowing to provide resources for healing — which in turn can prevent suicide contagion, or the domino effect of suicides that so many rural communities have experienced. *Doorway to a Sacred Place* is expected to be finalized and ready for use in FY2011.

Southcentral Foundation offers a suicide prevention program called Denaa Yeets' — "Our Breath of Life" in Athabascan. This program provides case management, information and referrals to services to Alaska Native adults who are at risk of suicide. Denaa Yeets' also provides supportive services to the family members of clients.

Suicide Prevention ~ Training

There are multiple prevention and intervention models available in Alaska. Training is provided through the State of Alaska, ANTHC, and other organizations.

ASIST, which stands for Applied Suicide Intervention Skills Training, is an evidence based suicide prevention model used all over the world. ANTHC has supported trainings throughout the tribal health system in Alaska. At the end of FY2010, there were 585 Alaskans who had been trained in the ASIST model. Communities like Barrow have emphasized training in identifying warning signs of suicide and appropriate responses and referrals.



ASIST Training in Barrow
Photograph courtesy of Audrey Suganna

CISM, Critical Incident Stress Management, is another suicide prevention model. It is most effective after a suicide or other tragic event. The Alaska Police and Fire Chaplain's Ministries, as well as other organizations offer training in this model. CISM is a comprehensive model that focuses on how individuals and communities can debrief and react to a suicide or other crisis in a healing way. By partnering together, organizations have expanded the

[44] Contact the Injury Prevention Program at the Alaska Native Tribal Health Consortium (907-729-3799) for a more comprehensive review of tribal health organizations' suicide prevention efforts.
[45] Reported by the Division of Public Health Epidemiology, Department of Health and Social Services, September 14, 2010 (available online at http://www.epi.alaska.gov/bulletins/docs/b2010_28.pdf).
[46] Reported to the Statewide Suicide Council by Eric Holland, deputy director of Behavioral Health, BBAHC, November 13, 2009.

reach of this model. For example, ANTHC, the Chaplain's Ministry, and the Arctic Slope Native Association partnered to train 50 individuals in CISM in FY2010. Participants included public safety officers and behavioral health providers.

Gatekeeper is another suicide prevention and intervention model. Training in this model is offered by the State of Alaska through the Division of Behavioral Health, Department of Health and Social Services. Anyone can be trained as a Gatekeeper. The model focuses on teaching people to listen and connect with someone, assess that person's risk for suicide, and act appropriately when someone is in crisis. Gatekeeper trainings include a basic overview of suicide, active listening skills, how to assess someone's risk of suicide, and how to be comfortable intervening to keep someone safe. Knowledge of local and statewide resources is also provided, to help Gatekeepers make referrals to the right services when someone is in need.

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Council Activities

The Council held meetings in Dillingham, Anchorage and Toksook Bay in FY2010. At all of these meetings, extensive public comment was provided to council members. Council members have characterized the Toksook Bay meeting in May, 2010 as one of the most meaningful and informative meetings held so far. Not only was much of the meeting held in Yupik (with English translation), but a significant amount of time was spent listening and learning from the local elders.



Photographs courtesy of Teri Tibbett

The Council provided anti-stigma and public education materials to communities around the state and online. In addition to conducting regular business, the Council worked with the Division of Behavioral Health, the Alaska Mental Health Board, and the Advisory Board on Alcoholism and Drug Abuse to develop a transition plan for co-locating the Council with the Boards beginning in FY2011.

The Council's major achievements, however, involved extensive efforts to identify and connect suicide prevention stakeholders to "mend" and strengthen the suicide prevention system "net." These efforts, the first ever Suicide Prevention Summit in January 2010 and the development of the web portal StopSuicideAlaska.org, were only possible because of the Council's partnerships with the Alaska Mental Health Board, Advisory Board on Alcoholism and Drug Abuse, and the Alaska Mental Health Trust.

Alaska Suicide Prevention Summit

In January, 2010 the Statewide Suicide Prevention Council and the Alaska Native Tribal Health Consortium partnered with several state agencies to convened the first ever Alaska Suicide Prevention Summit (Summit). More than 60 individuals, representing agencies and communities statewide, gathered to review and assess the state of Alaska's suicide prevention system and to determine what immediate, short-term and long-term steps can be taken to strengthen the system.



The tribal health system and state-funded health system both support suicide prevention efforts in Alaska. Often these suicide prevention systems operate along parallel tracks rather than in concert. The Summit was the first time that the tribal health suicide prevention system and the state-funded suicide prevention system have come together to identify their unique and common strengths, and how together these systems could build upon those strengths to fill in the gaps in our suicide prevention efforts overall. The Summit started a more collaborative partnership between the tribal and state prevention systems, to begin to have a more meaningful impact on Alaska's suicide rate.

Summit participants identified the strengths and weakness of the suicide prevention systems in Alaska. **Partnerships**, where they occur, between the state and tribal suicide prevention systems were identified as strengths. After the Summit, the level of cooperation between tribal and state entities, as well as other stakeholders, has increased dramatically:

- ANTHC, Southcentral Foundation, and NAMI-Anchorage are partnering to form and host a support group for survivors of suicide in Anchorage.

- SSPC, ANTHC, the Alaska Mental Health Board, the Alaska Mental Health Trust, non-profit organizations, and many survivors of suicide partnered in advocacy to secure funding for suicide prevention, postvention, and technical assistance. Through this partnership, an increment of $200,000 general funds per year was appropriated for postvention funding.
- Alaska Children's Services and the Alaska State Troopers are partnering to deliver Gatekeeper training to state troopers statewide between 2010-2012.
- The Alaska Federation of Natives identified suicide and suicide prevention as a major focus of the 2010 convention.



Photograph courtesy Thomas Chard

Summit participants identified many different avenues of **health promotion** that is now or could more fully be part of suicide prevention efforts. These include a wide range of efforts undertaken at the individual, community, and state levels. Elders and cultural leaders model healthy lifestyles and encourage connections with youth to foster leadership and growth. Depression and substance abuse screening in clinics and other primary care settings, like Anchorage Neighborhood Health Center, help people access treatment and recovery services before they are in crisis. This is an especially effective model for rural and older populations. The tribal health system offers many health promotion programs that help Native Alaskans and people living in rural communities. These include primary and dental health programs, as well as substance abuse prevention and overall wellness programs. These services are culturally appropriate for the target populations. The Rural Human Services program provides culturally relevant education for the behavioral health aides, family service workers, and other human services providers in Alaska's villages and rural communities. This helps expand the wellness promotion services available throughout the state.



Summit participants identified the power of **young Alaskans** as a strength. The Statewide Suicide Prevention Council includes a youth member with full voting privileges. The new youth suicide prevention effort coordinated by Central Council of Tlingit and Haida Indians has a youth advisory board. These are just two examples of how suicide prevention organizations reach out to and include the perspectives of young people in their work.

Current suicide prevention efforts were also identified by Summit participants as system strengths. Some are evidence based practices implemented in clinical settings, some are community based, and some are built on other models. **School-based screenings** of students, like the model in Juneau discussed above, are an effective way of identifying children at risk of suicide before they are in crisis. In some districts, there are student clubs and support groups related to mental wellness that help de-stigmatize mental illness and the seeking of help for a crisis.

Community coalitions involve partnerships between local agencies and individuals interested in preventing suicide emphasize the importance of diverse stakeholder participation. They include multi-disciplinary collaborations between public health, primary care, and behavioral health systems. Since the Summit, a new coalition – SPEAK – has formed in Ketchikan and is an active part of the community's larger wellness coalition.

Careline, Alaska's 24/7 crisis call line, was identified as a strength. Careline and the Alaska Native Tribal Health Consortium offer dynamic and information web pages with prevention resource information. The Juneau Suicide Prevention Task Force and SPEAK in Ketchikan have equally effective webpages with local information and resources. All of these websites link back to each other, to help make sure people can access all the information they need. The Anchorage gay, lesbian, bisexual organization, Identity, Inc., provides a toll-free helpline.

Both the tribal and state systems emphasize the importance of **locally developed prevention solutions,** to ensure that each community has a relevant and respectful way of addressing the problem of suicide as it occurs in their community. The wide availability and acceptance of ASIST, CISM, Gatekeeper, and other suicide prevention and intervention models were identified as strengths. The Rural Human Services program includes a suicide prevention curriculum. The Alaska National Guard is a partner in providing ASIST trainings in communities statewide.

While many strengths were noted, weaknesses and gaps were also identified. Few Alaska communities have an active **support groups for survivors of suicide**. Survivors of suicide can find support groups in only six of the 143 communities: Anchorage, Barrow, Bethel, Fairbanks, Juneau, and Wasilla. Not all of these meet regularly. There are two active support groups and one developing support group in Anchorage, where the largest number of suicides occur each year. In the four census areas with suicide rates of 30 or more per 100,000 people, there are only two communities with support groups for survivors of suicide (Barrow has an active group and Bethel is developing a group). In the Nome census area, where the rate has been the highest, there are no active support groups for survivors of suicide. Increasing access to support for survivors, whether in person or through other means, was identified as a next step for participants and the state as a whole.

Many different models for support services are available, based on specific community needs and capacity. Cultural healing circles help individuals, families and communities deal with the feelings that come immediately after a loss to suicide. They also can provide ongoing support to survivors of suicide. Fairbanks Counseling and Adoption developed the structure for the Fairbanks group directly with participants to ensure that the group provides meaningful support and assistance to people who attend.

Summit participants spoke often of suicide as a taboo subject in families and communities. The pervasiveness of this silence on the issue of suicide was reflected in experiences individual and communal, in public and private space. Family members' deaths left unexplained for generations, ostracism of survivors, suicide deaths listed as accidental by local physicians, media outlets avoidance of even the term "suicide" – these are just a few of the ways that the long-standing culture of silence weakens the suicide prevention system. Contributing to the social norm that suicide is not a subject openly discussed is the fact that, in

many communities, the lack of confidentiality presents an obstacle to developing trust necessary to seek services. Stigma and labeling of both the person who has committed suicide, as well as those affected by the loss to suicide, further impairs access to services and their effectiveness.

Since the Summit, the number of public forums to discuss suicide and its impact on Alaska's communities and families has exploded. Media coverage in newspapers large and small, and by television news programs, has also increased. State and federal policymakers have taken greater interest in the state of the suicide prevention system in Alaska.

IF, FOR NOTHING ELSE, FY2010 IS RECOGNIZED AS THE YEAR THE COUNCIL HELPED ALASKANS END THE SILENCE ABOUT SUICIDE, IT WILL HAVE BEEN A SUCCESSFUL YEAR.

Summit participants identified a lack of cohesion among the different prevention systems (tribal, faith-based, state, federal, local) as a weakness. Efforts to bridge the gaps between these systems were begun immediately after the Summit, and continue today. Other weaknesses included:

- Lack of support services for populations made vulnerable by loss of structure (veterans, transition age youth, immigrants, individuals displaced due to economic or environmental hardships);
- Lack of effective prevention and intervention programs to address bullying;
- Lack of age appropriate services for individuals age 18-25 years;
- Lack of follow up services for individuals who have attempted suicide; and
- Lack of communication among and support for suicide prevention providers.

The Council, along with the Alaska Mental Health Board, prioritized the lack of communication among and support for suicide prevention providers as a weakness that could be addressed in FY2010. Together, they implemented initiatives to improve "net"-working among suicide prevention providers statewide.

StopSuicideAlaska.org

The Alaska Mental Health Board had in, 2009, successfully advocated for a one-time increment of $75,000 in Alaska Mental Health Trust receipts for a web-based suicide prevention resource. This funding, with the input from the Summit, led to the development of StopSuicideAlaska.org.

StopSuicideAlaska.org is not a website. It is a web portal that provides a forum for community groups and stakeholders to come together, share information and ideas, and support each other in suicide prevention efforts. Design and content development was the focus for FY2010, with StopSuicideAlaska.org going live in FY2011.

Given the time necessary to develop and launch the suicide prevention web portal, a companion page for StopSuicideAlaska.org was created on Facebook. Like Careline, the Council has begun to use social media outlets like Facebook to improve outreach efforts and strengthen communication with stakeholders.



Set up in May, 2010, the StopSuicideAlaska.org page on Facebook had nearly 100 members by the end of June (it now has 275 members from all over Alaska). Research, data, news, upcoming events, and words of strength and support are now constantly streaming to stakeholders through these online resources.

Outreach and Education

The Council receives a small grant from the Alaska Mental Health Trust for anti-stigma efforts. In FY2010, this funding supported print media based awareness ads. The Council also provided education, materials, and in-person discussion at a booth at the Alaska Federation of Natives convention (October, 2010). Council members spoke at regional and community events to help raise awareness about suicide, its warning signs, and the effect it has on the people left behind. Council member Barbara Franks coordinated the National Survivors of Suicide day event at the University of Alaska Anchorage in November 2009 (the second survivors' event at UAA).

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Looking Ahead

After a year spent assessing the suicide prevention system, gathering stakeholders together, and identifying its own resources, the Council is ready to look forward at the next five (or even ten) years. Council members will use all the public comment received, the information from the Summit participants, as well as the data and information compiled and reported on here to develop a true state suicide prevention plan for Alaska. That plan will include strategies and recommendations for the State of Alaska, as well as communities and individuals, to prevent suicide.

With the August 2010 hire of a full-time assistant, and the co-location with the advisory boards most closely related to the issue of suicide, the Council can now maximize its resources to better serve the people of Alaska. Strengthening relationships with the tribal suicide prevention system, as well as non-traditional partners like law enforcement and members of the clergy, will ensure that the work of the Council stays fresh and relevant. With the help of the Governor's Office, the Council has begun active recruitment of diverse and energetic candidates for membership. Use of social media, the StopSuicideAlaska.org web portal, and other easily access communication channels will provide ongoing information and feedback from the public — and ensure that the Council stays connected to the people it serves.

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Conclusion

This Annual Report is offered to inform Alaskans about the problem of suicide in our state, and to show how many people all over the state are working very hard to prevent suicide. A substantial financial investment in suicide prevention is being made by the State of Alaska, tribal health organizations, and the federal government. An even greater personal, emotional and spiritual investment is being made by each and every Alaskan dedicated to preventing suicide. And yet, Alaska still experiences suicide at a rate twice the national average.

We hope that this Annual Report starts conversations — in the Legislature, in classrooms, in assembly chambers, in doctors' offices, and in living rooms — about how we can better prevent suicide. The Council deliberately avoided coming to conclusions or providing answers in this report. Instead, we invite you to join us as we plan for the future and share the message that every life is valuable across Alaska.

THE MEMBERS OF THE STATEWIDE SUICIDE PREVENTION COUNCIL
William Martin, Chairman
Barbara Jean Franks, Vice-Chair
Bernard Gatewood, Officer-at-large
Melissa Stone, Recorder/Treasurer
Brenda Moore
Phyllis Carlson
Meghan Crow
Alana Humphrey
Sharon Norton
Pastor Lowell Sage, Jr.
Senator Johnny Ellis
Senator Fred Dyson
Representative Anna Fairclough
Representative Woodie Salmon
Representative Berta Gardner

Appendix A

Statutory Authority

AS 44.29.300 Council Established

(a) There is established in the Department of Health and Social Services the Statewide Suicide Prevention Council, consisting of 16 members, as follows:

(1) two members of the senate, appointed by the president of the senate, one of whom shall be a member of the majority and one of whom shall be a member of the minority;

(2) two members of the house of representatives, appointed by the speaker of the house of representatives, one of whom shall be a member of the majority and one of whom shall be a member of the minority;

(3) 12 members appointed by the governor, as follows:

(A) two persons who are employed in the executive branch of state government, one of whom shall represent the Department of Health and Social Services and one of whom shall represent the Department of Education and Early Development;

(B) one member of the Advisory Board on Alcoholism and Drug Abuse;

(C) one member of the Alaska Mental Health Board;

(D) one person recommended by the Alaska Federation of Natives, Inc.;

(E) one person who is an employee of a secondary school;

(F) one person who is active in a youth organization;

(G) one person who has experienced the death by suicide of a member of the person's family;

(H) one person who resides in a rural community in the state that is not connected by road or the Alaska marine highway to the main road system of the state;

(I) one person who is a member of the clergy;

(J) one person who is enrolled in grade nine, 10, 11, or 12 of a secondary school in the state; and

(K) one public member.

(b) Members of the council appointed under (a)(1) and (2) of this section are nonvoting members.

AS 44.29.310 Term of Office

(a) The governor shall appoint the members of the council under AS 44.29.300(3)(D) - (J) for staggered terms of four years.

(b) The governor shall fill a vacancy of a member on the council appointed under AS 44.29.300(3)(D) - (J) by appointment for the unexpired part of the vacated term.

(c) Members of the council serve at the pleasure of the governor. The governor shall replace a member who, by poor attendance or lack of contribution to the council's work, demonstrates ineffectiveness as a member. In this subsection, "poor attendance" means the failure to attend three or more consecutive meetings.

AS 44.29.330 Officers and Staff

(a) The council, by a majority of its membership, shall annually elect a presiding officer and other officers it considers necessary from among its membership.

(b) The council may employ a coordinator to assist the council. The coordinator is in the partially exempt service. The coordinator shall be directly responsible to the council in the performance of the coordinator's duties. The council shall annually review the performance of the coordinator.

(c) The council may appoint an advisory panel to provide further advice on suicide prevention. The advisory panel serves at the pleasure of the council. Members of the advisory panel are not entitled to compensation, per diem, or reimbursement of travel expenses.

AS 44.29.340 Meetings

(a) The council may meet and vote, by teleconference or otherwise, as often as considered necessary by the presiding officer of the council.

(b) Seven voting members of the council participating in a meeting in person or by teleconference constitute a quorum for the transaction of business and the exercise of the powers and duties of the council.

AS 44.29.350 Duties

The council shall serve in an advisory capacity to the legislature and the governor with respect to what actions can and should be taken to

(1) improve health and wellness throughout the state by reducing suicide and its effect on individuals, families, and communities;

(2) broaden the public's awareness of suicide and the risk factors related to suicide;

(3) enhance suicide prevention services and programs throughout the state;

(4) develop healthy communities through comprehensive, collaborative, community-based and faith-based approaches;

(5) develop and implement a statewide suicide prevention plan;

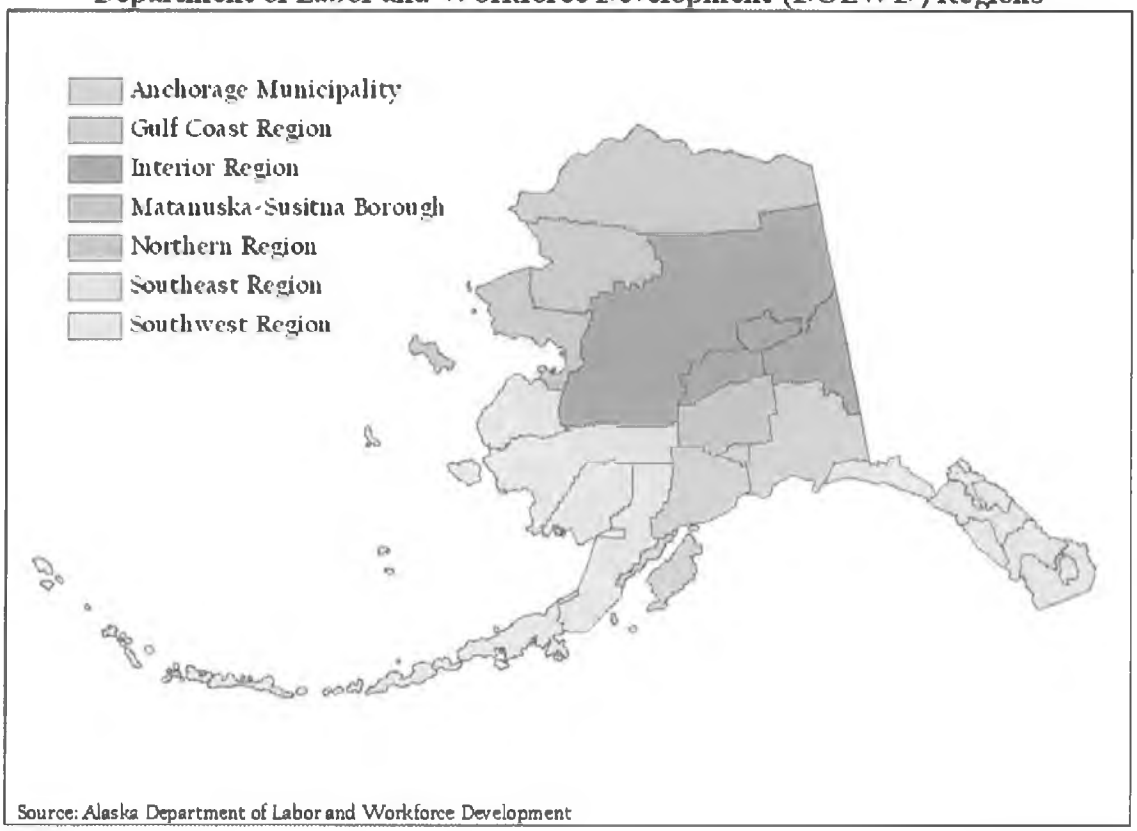
(6) strengthen existing and build new partnerships between public and private entities that will advance suicide prevention efforts in the state.

AS 44.29.360 Annual Report

The council shall annually report its findings and recommendations in a report to the governor, the president of the senate, and the speaker of the house of representatives by March 1 of each year.

Appendix B

Map of Regions Used by the Department of Labor and Workforce Development



This report was web published, resulting in reduced paper and waste and savings of approximately $3,000.00.
Printed copies, free and available upon request, are prepared in-house at a cost of approximately $3.00 per copy.

Governor Sean Parnell

Statewide Suicide Prevention Council

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Eric Morrison, Council Assistant
431 North Franklin Street, Suite 204
Juneau, Alaska 99801
http://www.hss.state.ak.us/suicideprevention/

Yupiucimata
Asvaii tuumallerkaa
Elluam Tungiinun
Yuuyaraq
Kiwgpaqgmiut
Yuuciat

QUNGASVIK PROJECTS

Center for Alaska Native Health Research
Institute of Arctic Biology
University of Alaska Fairbanks
311 Irving I, Box 757000
Fairbanks AK 99775-7000
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Email: canhr@canhr.uaf.edu
Website: http://canhr.uaf.edu

The **Qungasvik (Toolkit) Project** participates in a prevention trial funded by the National Center for Minority Health and Health Disparities at the National Institutes of Health. This research, conducted by the Center for Alaska Native Health Research, is testing the program's effectiveness as an evidence based practice to prevent suicide and alcohol use in youth. There are currently four Qungasvik Projects ongoing in southwest Alaska; **the Elluam Tungiinun (Towards Wellness) Project in Alakanuk** serves as the training community for the newer projects.



The Qungasvik toolkit has 36 cultural and bicultural activities designed to build protection from suicide and alcohol abuse in communities, families, and youth. Every rural community is different. Qungasvik activities include a careful process to develop the prevention activities to fit the local customs and practices of the community. **The program provides a strengths-based cultural approach to increase reasons for life and wellbeing.**

The Qungasvik Projects are based in the **Qasgiq model**, shown at right using the Yup'ik /Cup'ik drum as its center. The qasgiq is a traditional Yup'ik/Cup'ik gathering place. It is also a traditional Yup'ik/Cup'ik way of coming together to teach and learn, make important decisions, and give thanks and prayer.



Qungasvik Activities build protection in communities, families, and individuals. Activities connect youth with elders and other respected adults to teach young people how to protect themselves on the land and in their lives.



Elder Placid Joseph from Alakanuk shows a youth how to make an *ayaruq* (traditional ice safety pick). Later they will test the *ayaruq* on the spring ice.

Research conducted by UAF has established community readiness and capabilities to prevent suicide and alcohol abuse increased in the Elluam Tungiinun Project community, and that **protective factors from suicide and alcohol increased in families and communities, and reasons for life and reflective processes increased in youth in relationship to the number of prevention program sessions attended.** *(Allen et al., Int J Circumpolar Health 2009; 68(3):274-291)*

For more information about the project contact:
Dr. Stacy Rasmus, Project Director 907-474-7352 smrasmus@alaska.edu; William Charles, Regional Coordinator 907-949-6222 bacydfda@yahoo.com; or Dr. James Allen, PI 907-474-6132 jrallen@alaska.edu
http://www.uaf.edu/aurora/archives/fall-2009/canhr/Aurora_Fall2009_CANHR.pdf



2/17/11 OVERVIEW: ALASKA ENERGY AUTHORITY

<TARGET><BILL></BILL><SUBJECT>2-17-11 OVERVIEW ALASKA ENERGY AUTHORITY</SUBJECT><COMM>HCRA27</COMM></TARGET>

Alaska Energy Authority - Overview

Alaska State Legislature









Juneau
February, 2011

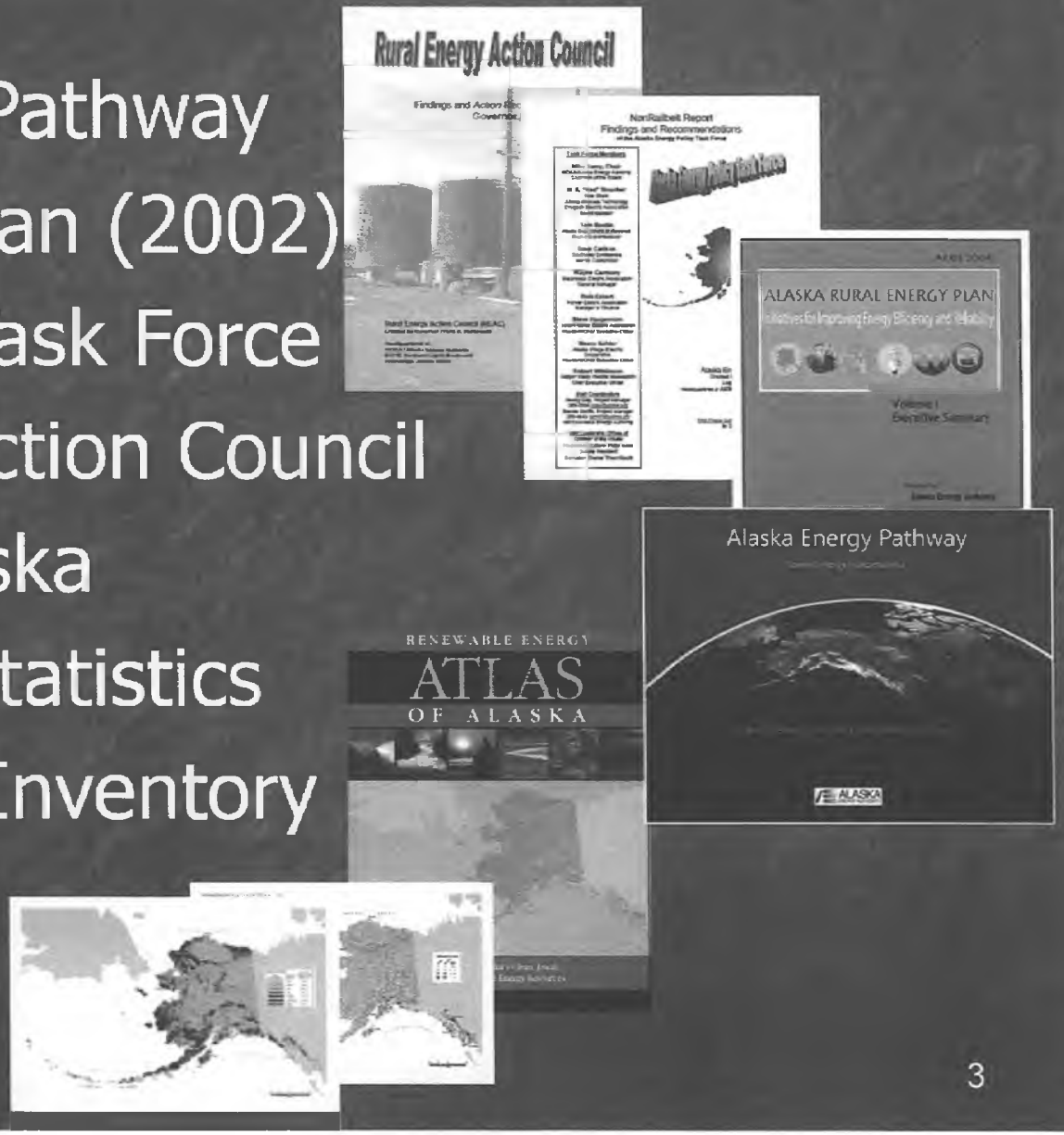
ALASKA
ENERGY AUTHORITY

AEA's Mission:
Reduce the Cost of Energy in Alaska

- Lead Statewide Energy Planning
- Develop Large Infrastructure —
  - Bradley Lake Hydro, Willow-Healy Intertie
- Assist Rural Communities —
  - PCE, Tank Farms, Power Systems, Training
- Reduce Energy Waste & Use Local Resources
  - Efficiency, Biomass, Geothermal, Hydro, Wind
- Finance Projects —
  - Renewable Energy Fund, Energy Tech Fund, Loans

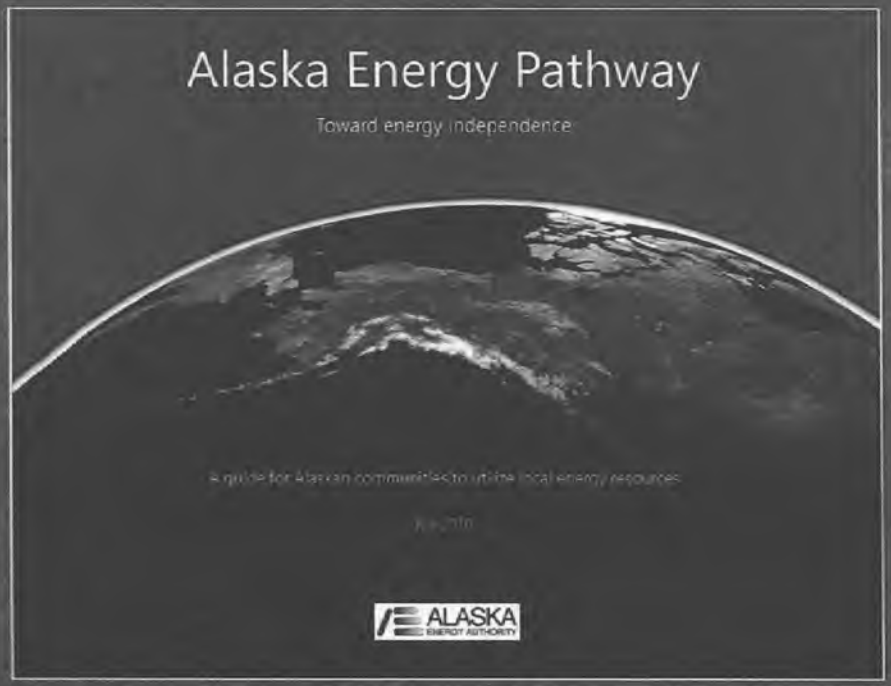
Statewide Energy Planning

- Alaska Energy Pathway
- Rural Energy Plan (2002)
- Energy Policy Task Force
- Rural Energy Action Council
- RE Atlas of Alaska
- Alaska Power Statistics
- Alaska Energy Inventory



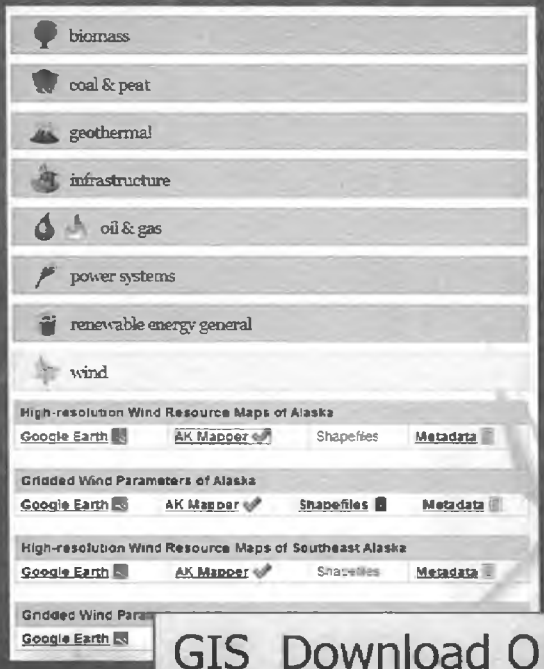
Alaska Energy Pathway

- July 2010: Includes
  - Statewide policies to guide energy development
  - Community- and regional-scale recommendations for energy projects
  - Financing options

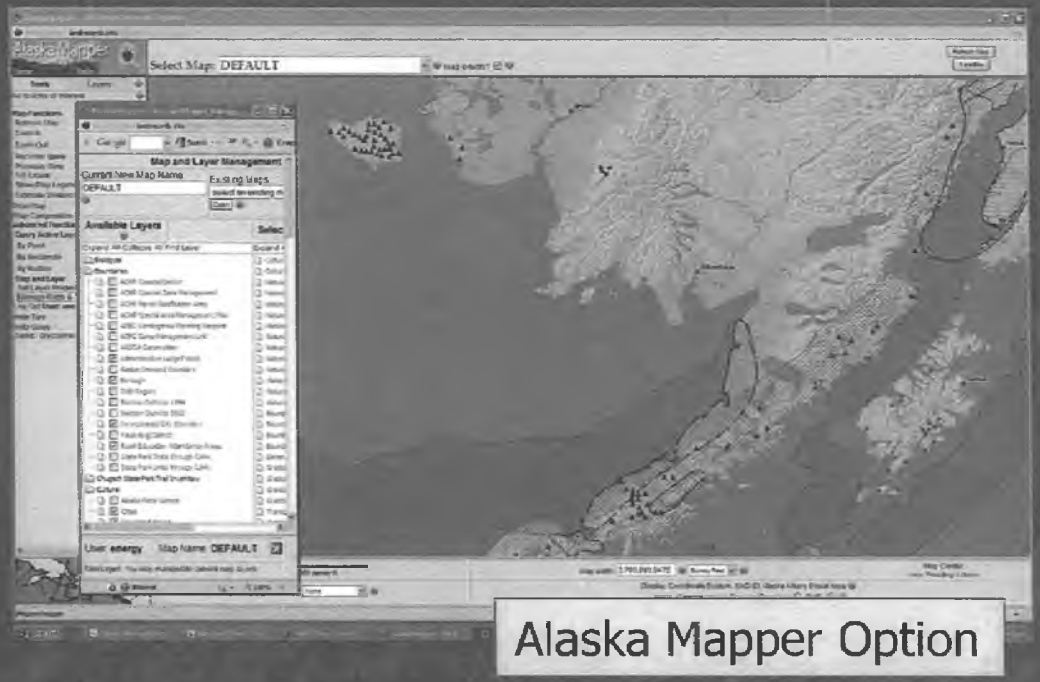




Alaska Energy Inventory



GIS Download Option



Alaska Mapper Option



Google Earth Option

Future datasets:

- Alaska Energy Statistics
- Energy conservation measures
- Renewable Energy Fund project performance

Regional Energy Plans

- Railbelt Integrated Resource Plan (IRP)
  - State sponsored plan cooperatively produced by AEA and Railbelt Utilities
  - Provides preferred resource list for power generation and transmission lines
  - Establishes regional capital budgets for projects

Regional Energy Plans

- Southeast IRP
  - A regional energy plan for Southeast Alaska
  - Tailored for the needs of Southeast Alaska
  - Cooperative effort between SE stakeholders and AEA
  - Address needs of remote communities without renewable resources
  - Public process to identify critical SE energy issues, resistive heating load growth, impact of electric cars
  - Regional transmission plan – a new rational approach
  - New Hydro power projects identified and budgeted

Regional Energy Plans

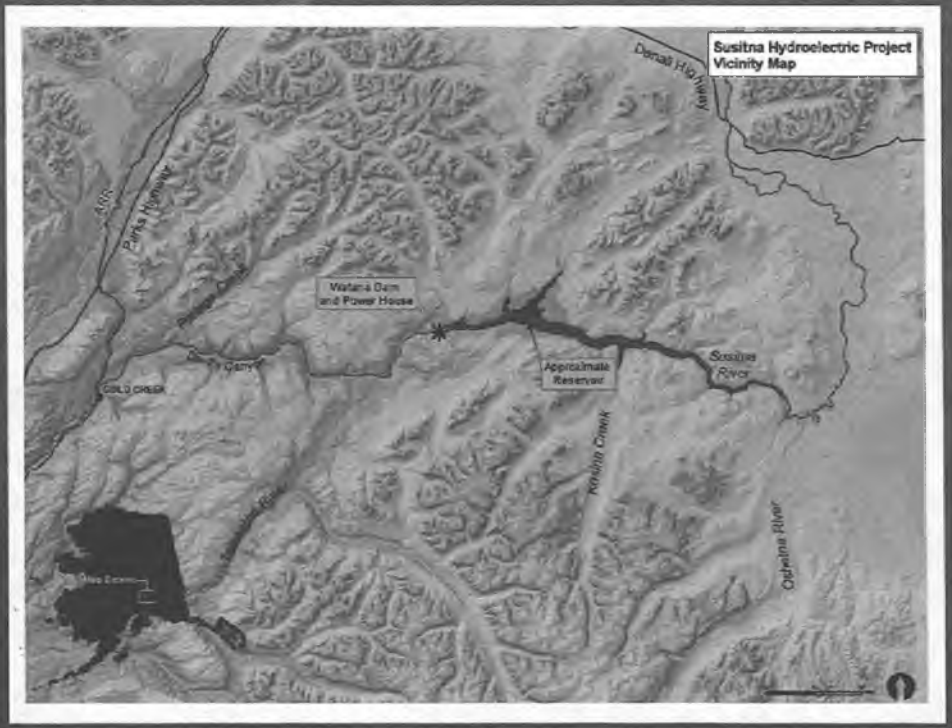
- Other Regional Planning Assistance
  - Working with UA and Denali Commission to coordinate support
  - Current focus on Y-K and Interior

Infrastructure and Large Projects

- Bradley Lake Hydro
  - Capital contributions by State of 50%
  - Produce nearly 10% of Railbelt energy
  - Low cost energy producer
- Alaska Intertie
  - Owned by AEA without outstanding debt
  - Operated by Railbelt Utilities
  - Agreement presently under renegotiation

Infrastructure and Large Projects

- Susitna – Watana Site
  - Produce about 50% of Railbelt Energy



Infrastructure and Large Projects

- Susitna – Watana Site
  - Way to make State 50% Renewable goal
  - Minimal fisheries impacts
  - Provide long term stable price energy

Rural Energy Construction

- Bulk Fuel and Rural Power System Upgrades Program
  - 67 Bulk Fuel Tank Farm Projects Completed to Date
    - 9 Projects Currently in Progress
    - 29 Projects Remaining
  - 48 Rural Power Projects Completed to Date
    - Includes Powerhouse, Electrical Distribution, Hydro Electric, Heat Recovery
    - 16 Projects Currently in Progress
    - 45 Projects Remaining

Bulk Fuel Upgrades

- Reduce fuel loss from leaks and spills
- Compliance with EPA, Coast Guard and Fire Marshall Regulations

Community of Ruby





After

Before





- Creation of Business Operation Plan

Rural Power System Upgrades

- Efficiency, Reliability Safety and Sustainability are Primary Drivers
- Common to See a 30% - 40% Increase in Fuel Savings

Community of Tuluksak



After

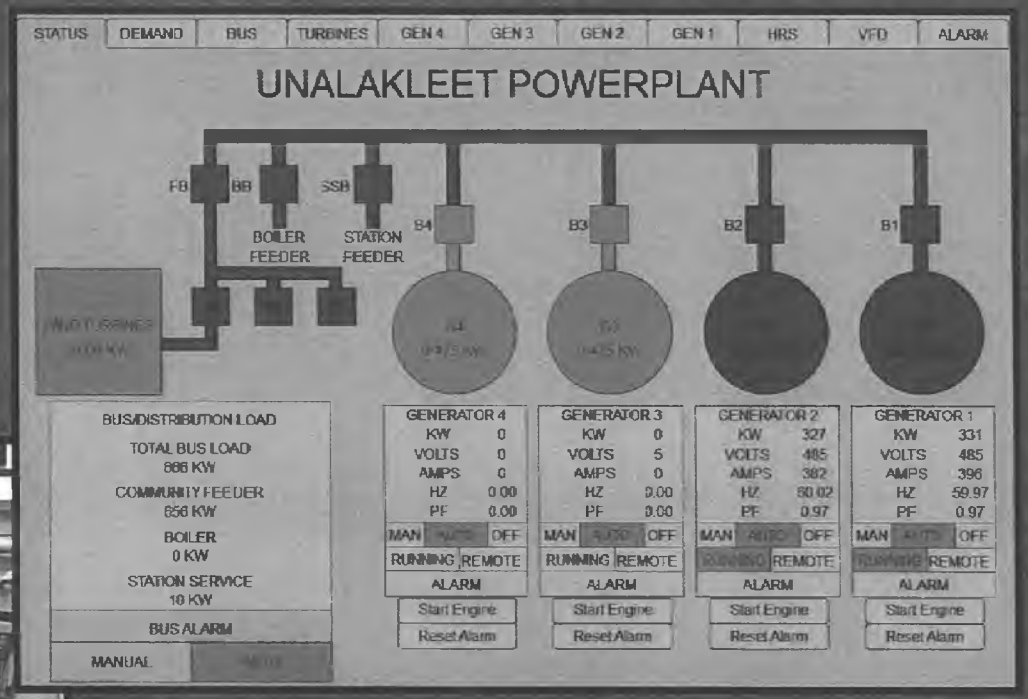
Before



- Basic Requirement for Integrating Renewable Energy is an Efficient Power System with Modern Controls
- Creation of Business Operation Plan

Technical Assistance

- Real Time Technical Support Dramatically Reduces Travel Costs
- Readily Accessible Information for Managers and Operators



SCADA



Remote Controlled Camera

- Remote Monitoring or SCADA (Supervisory Control And Data Acquisition)

Rural Energy—PCE

- Program Goal is to Equalize High Cost of Electricity in Rural Alaska with the More Urban Areas
- Core Element to Ensure Financial Viability of Centralized Power Generation in Rural Alaska
- Lower Cost Energy Enhances Quality of Life, Standard of Living and Economic Strength in Communities
- Average Cost of Electricity for rural Residents is three to four times greater than urban

Rural Energy—Training

- Courses
  - Power Plant Operator
  - Advance Power Plant Operator
  - Bulk Fuel Operator
  - Bulk Fuel Bookkeeper
  - Bulk Fuel Manager
  - Electrical Utility Manager
  - Hydro Operator
  - On-Site Bulk Fuel
  - Electrical Utility Bookkeeper
- Wind-Diesel: March 7-10 Girdwood
- Wood Energy: April 26-27 Fairbanks
- Rural Energy Conference: September 27-29 Juneau

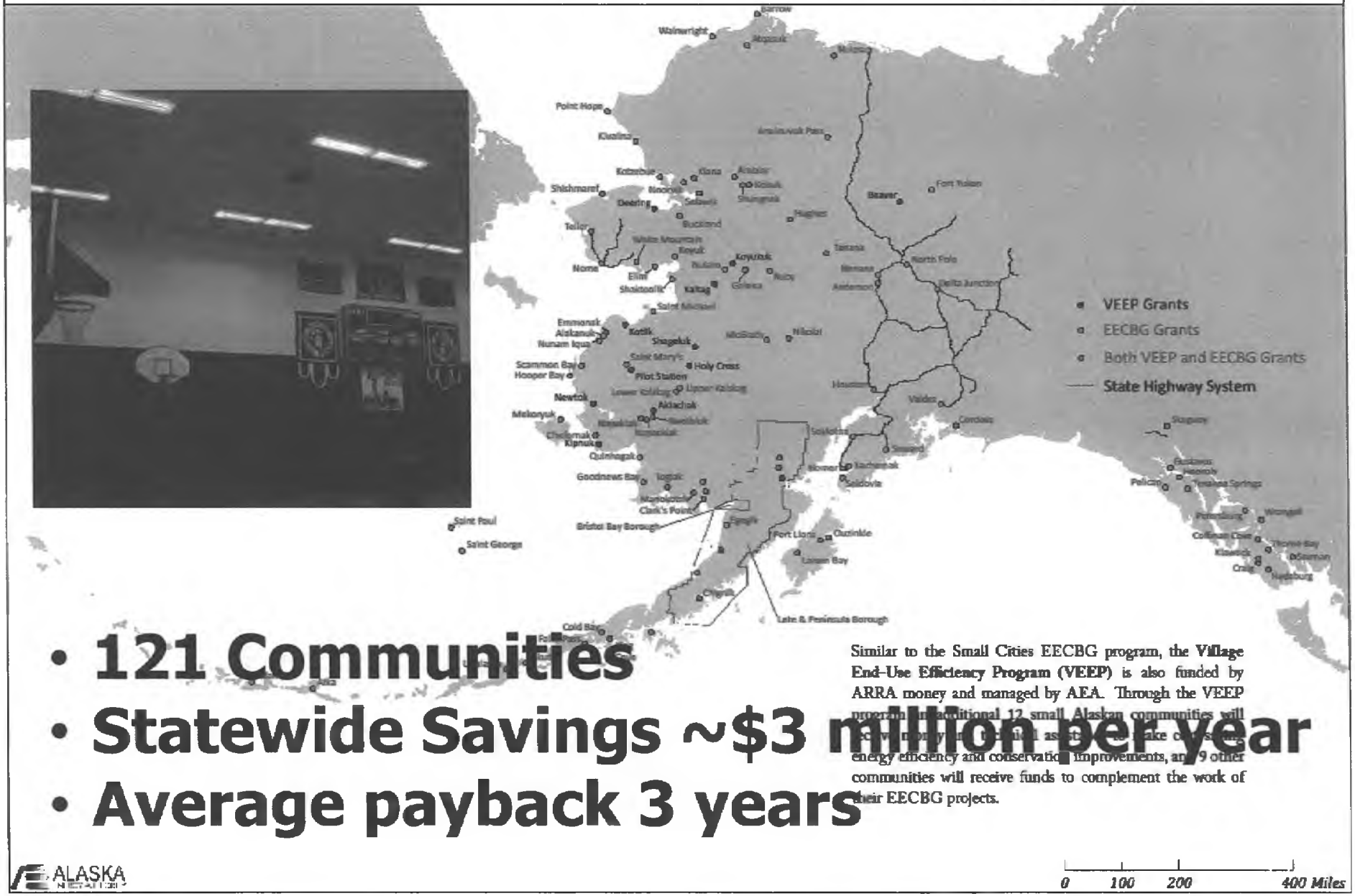




Efficiency and Conservation Goal: Up 15% by 2020

- EE Conservation Block Grants ($9M)
- Commercial Audit Program
  - Loan program under consideration
- Industrial Audit Program
  - Current focus on fish processors
- EE & Conservation Working Group
  www.akenergyefficiency.org
  - Partnership of 20+ organizations

EE and Conservation Upgrades



- 121 Communities
- Statewide Savings ~$3 million per year
- Average payback 3 years

Similar to the Small Cities EECBG program, the **Village End-Use Efficiency Program (VEEP)** is also funded by ARRA money and managed by AEA. Through the VEEP program, an additional 12 small Alaskan communities will receive [illegible] assistance to take cost-saving energy efficiency and conservation improvements, and 9 other communities will receive funds to complement the work of their EECBG projects.

0 100 200 400 Miles

Renewable Energy Goal: 50% by 2025



- Statewide programs
  - Biomass
  - Combined Heat & Power
  - Geothermal
  - Hydro
  - Ocean/River
  - Wind
- Cover
  - Resource availability, permitting
  - Project financing
  - Project management



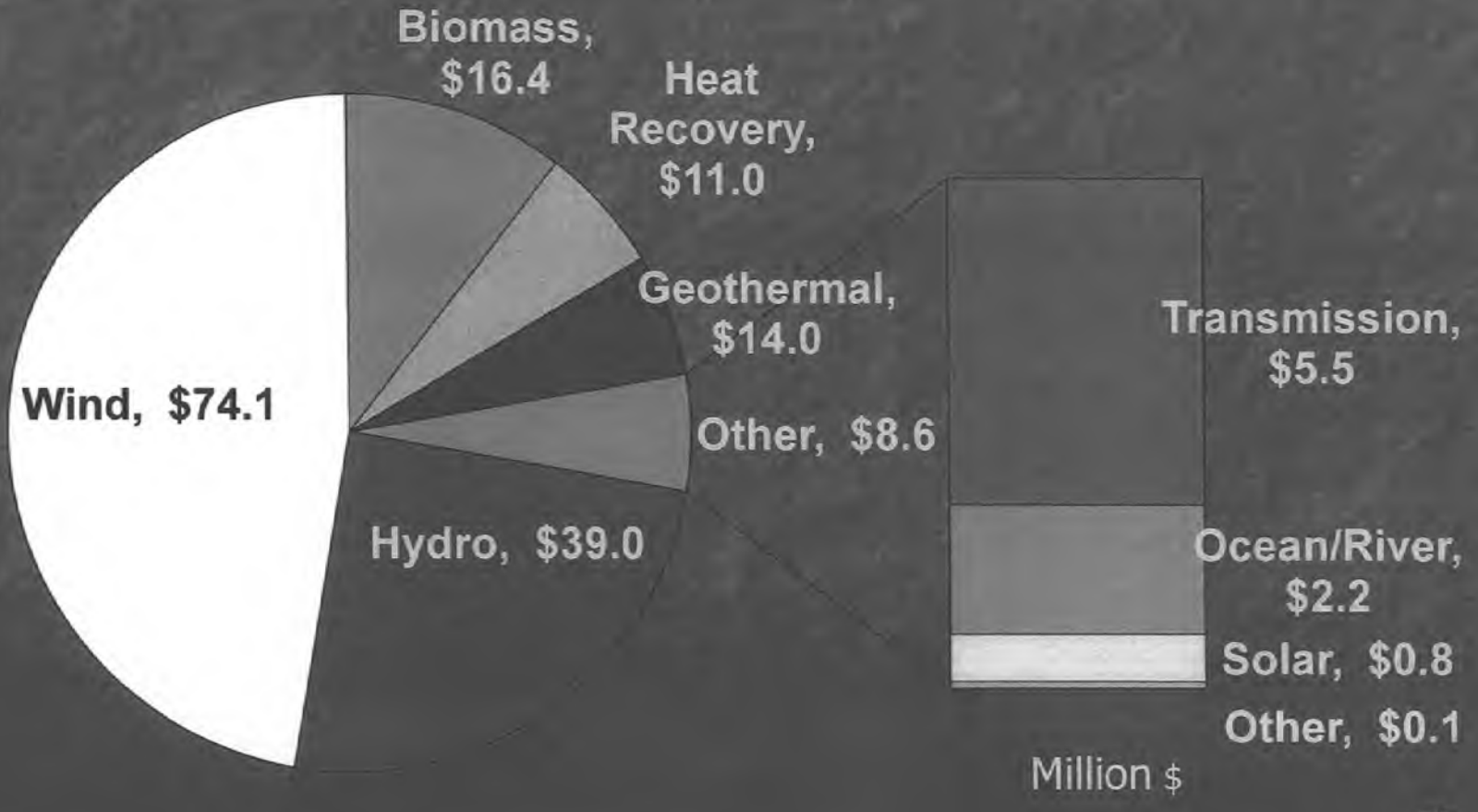
Renewable Energy Fund
Grant Recommendation Program

- HB 152 passed in 2008
- Selection criteria:
  - Economic and technical feasibility
  - Energy cost per capita
  - Statewide balance
  - Matching funds
- Advisory committee helps develop methods
- $150 M appropriated in FY09-11
- AEA recommended up to $37.3 M for FY12

RE Fund Funding

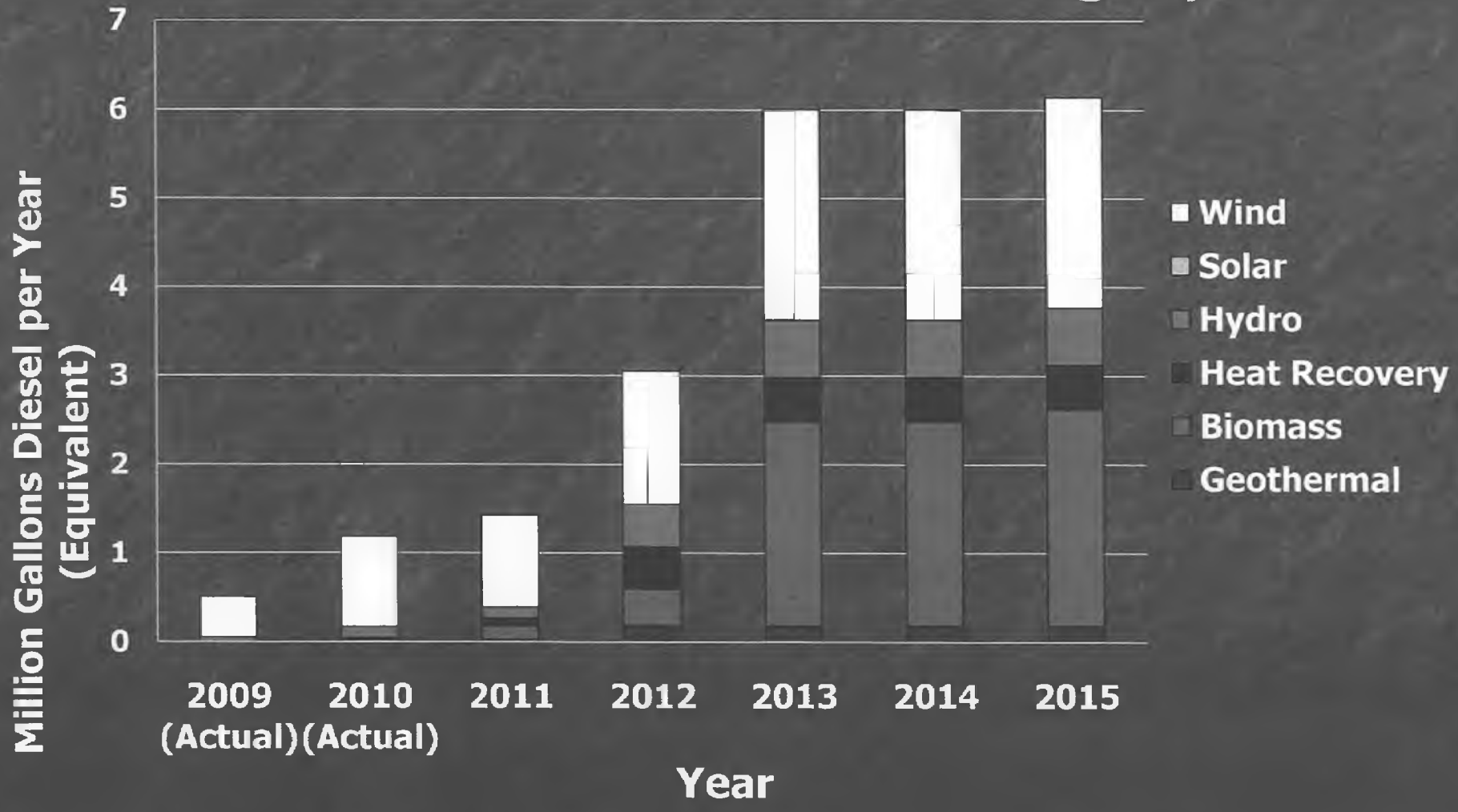
Rounds 1-3, plus earlier RFP

Total funding: $157M out of $971M requested



RE Fund Rounds 1 - 3

Est Cumulative Fuel Savings/yr



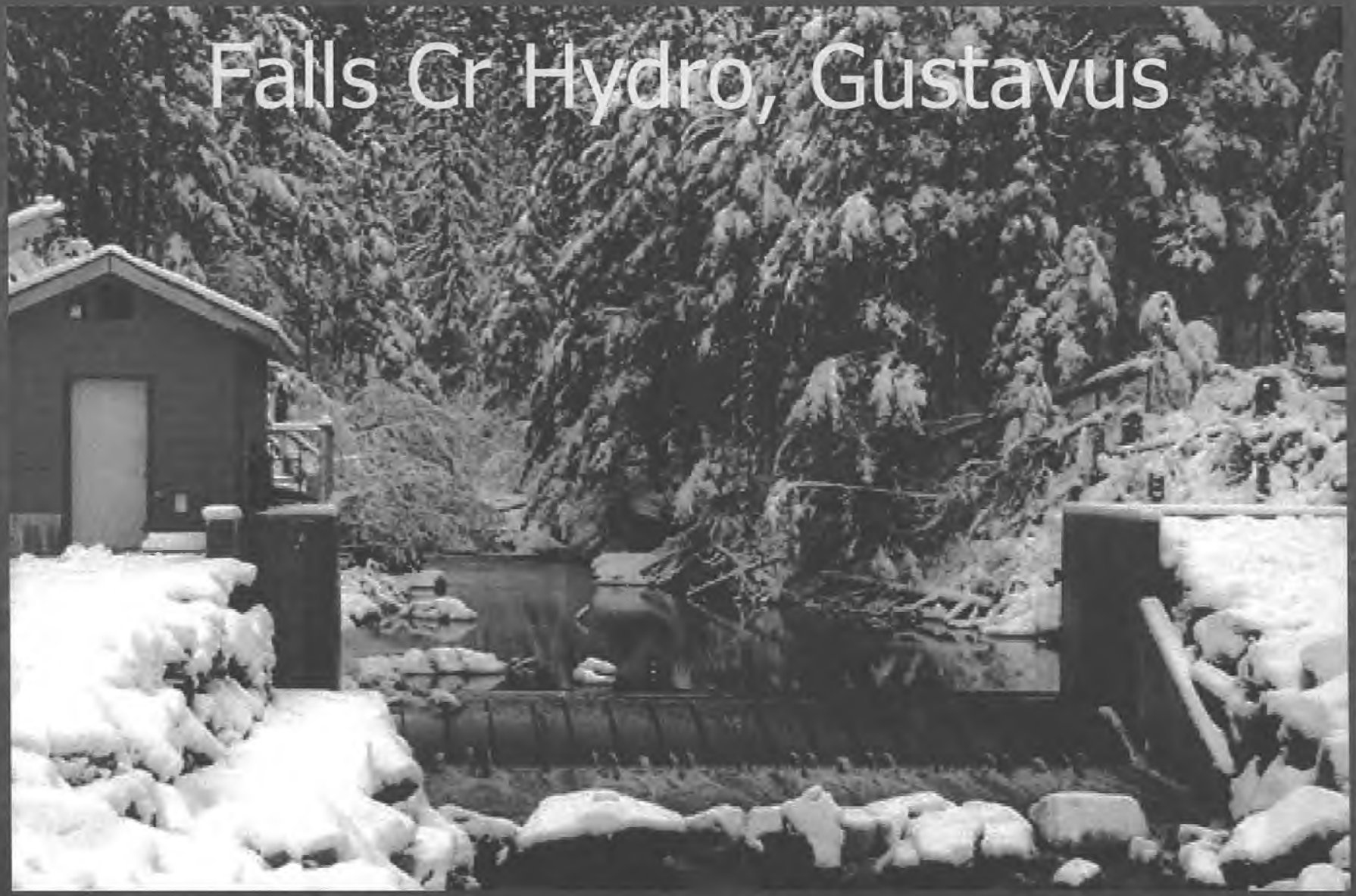
Emerging Energy Technology Fund

- Objective: "To promote the expansion of energy sources available to Alaskans"
- $4.8 million (AEA and Denali Commission)
- Proposals due March 2





Falls Cr Hydro, Gustavus



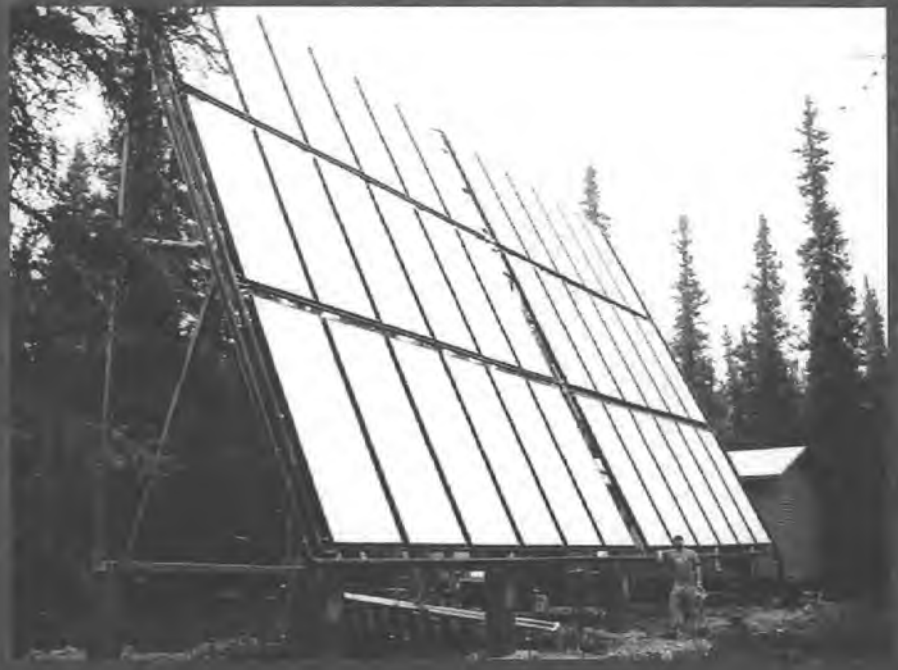
RE Fund Grant	$ 750,000	
Total Project Cost	$ 10,153,000	Capacity: 800 kW
Fuel Displaced (2010)	126,646 gal	

Pillar Mt Wind, Kodiak



RE Fund Grant	$ 4,000,000	
Total Project Cost	$ 23,320,000	Capacity: 4.5 MW
Fuel Displaced (2010)	865,364 gal	

Denali Solar Thermal





RE Fund Grant	$ 190,000
Total Project Cost	$ 190,000
Est Fuel Displaced/yr	5,700 gal
Actual (2010)	183 gal

Unalakleet Wind





RE Fund Grant	$ 4,000,000
Total Project Cost	$ 4,194,340
Est Fuel Displaced/yr	90,000 gal
Actual (2010)	47,088 gal

Capacity: 600 kW

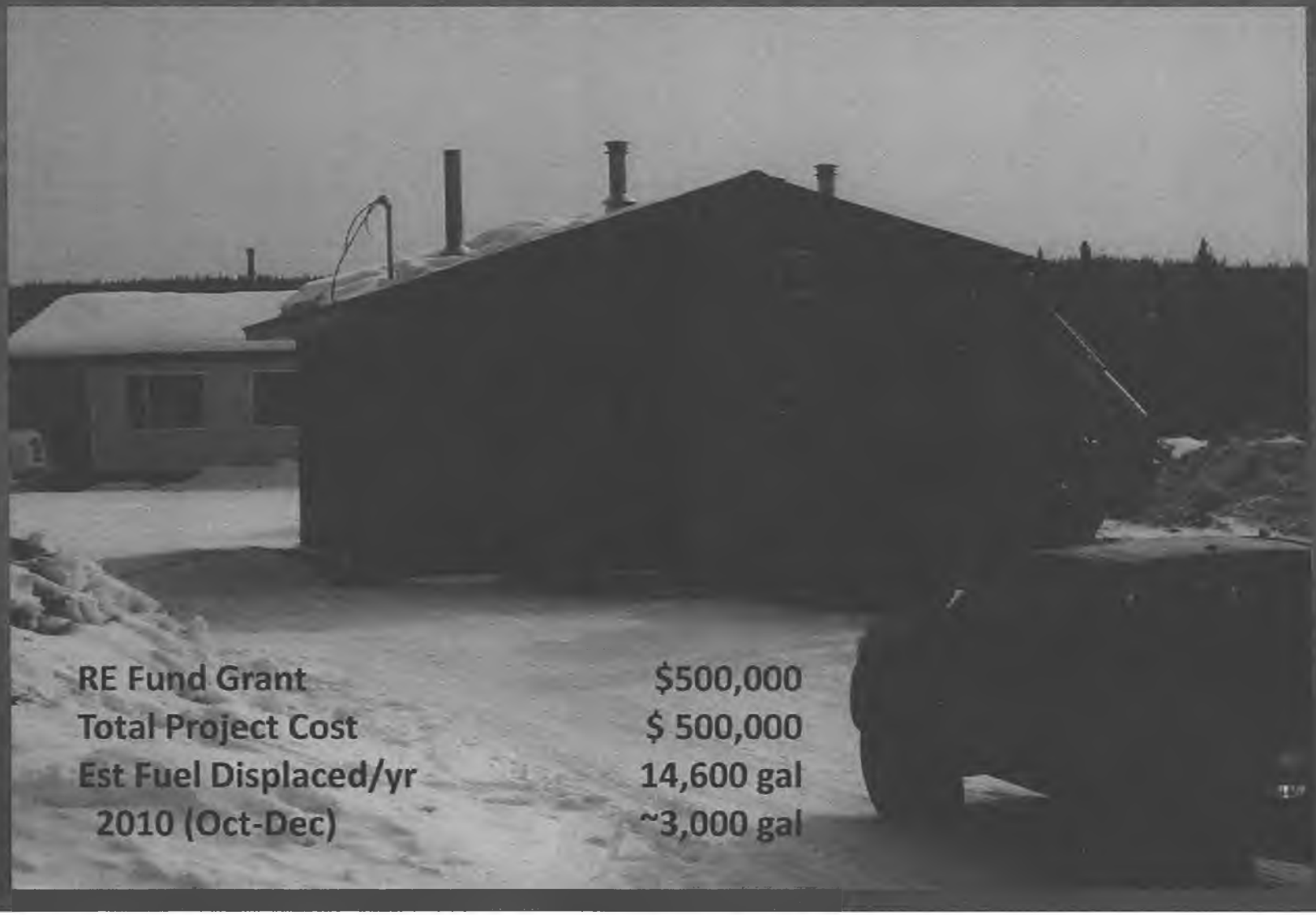
North Pole Heat Recovery





RE Fund Grant	$ 840,000
Total Project Cost	$ 1,050,000
Est Fuel Displaced/yr	99,000 gal
Actual (partial 2010)	11,690 gal

Gulkana Community Wood-Fired Boiler



RE Fund Grant	$500,000
Total Project Cost	$ 500,000
Est Fuel Displaced/yr	14,600 gal
2010 (Oct-Dec)	~3,000 gal

Tok School Wood-Fired Boiler







RE Fund Grant	$ 3,245,349
Total Project Cost	$ 3,805,349
Est Fuel Displaced/yr	50,400 gal
Actual (Oct-Dec)	~15,000 gal

Cordova Firewood Processor



RE Fund Grant	$ 147,720
Total Project Cost	$ 628,825
Est Fuel Displaced/yr	88,700 gal
Actual (Oct-Dec 2010)	~7,600 gal

Juneau Airport Ground Source Heat Pump





RE Fund Grant	$ 513,000
Total Project Cost	$ 1,076,000
Est Fuel Displaced/yr	29,500 gal

No. Prince of Wales Intertie

Coffman Cove & Naukati





RE Fund Grant	$ 3,752,181
Total Project Cost	$ 6,155,019
Est Fuel Displaced/yr	111,000 gal

Capacity: 34.5 kV
Miles: 48

Bradley Lake (126 MW Capacity)



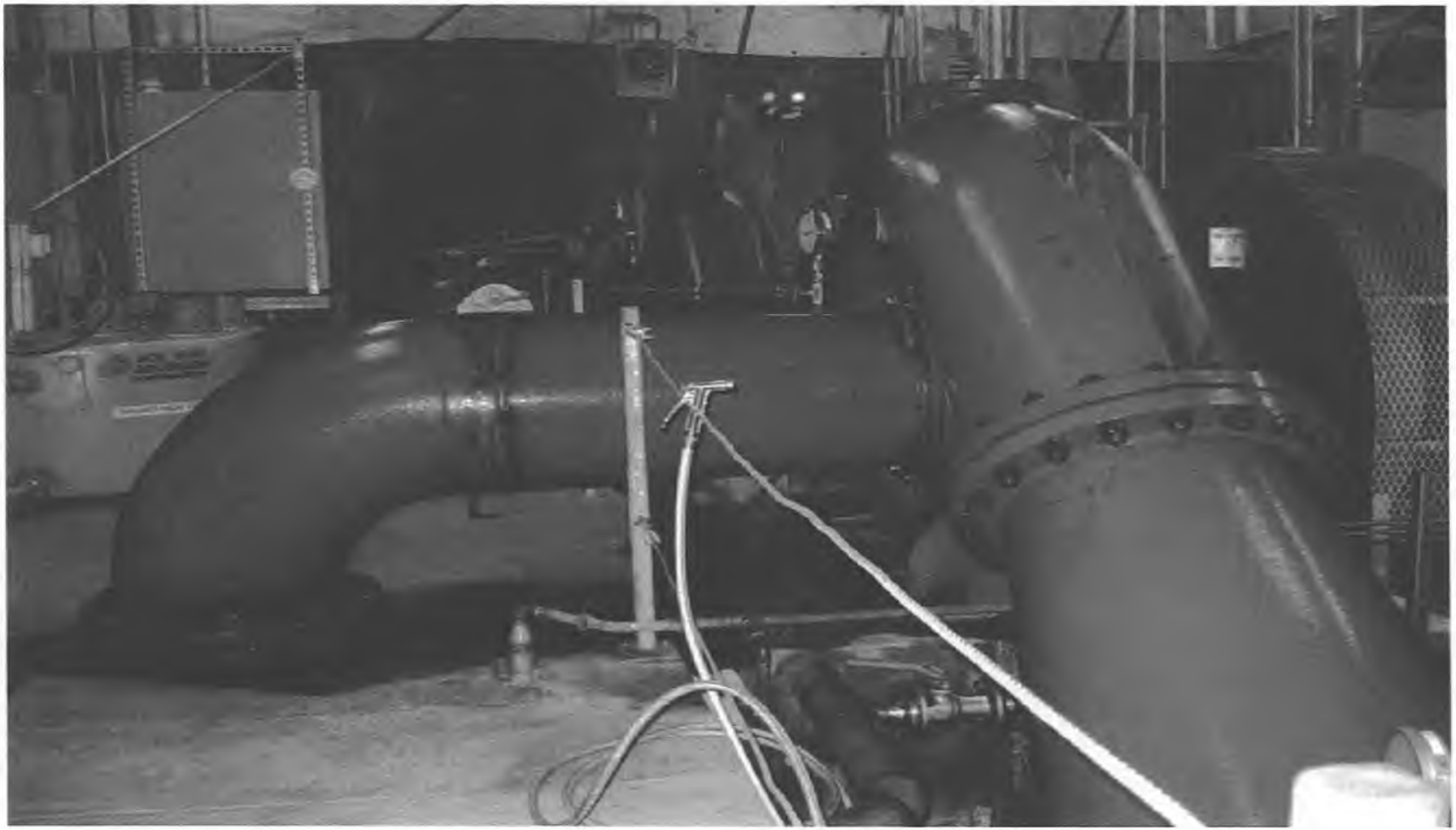
Snettisham (78 MW Capacity)



King Cove (800 kW Capacity)



Tazimina Hydro (800 kW)



Alaska Intertie
Right-of-Way and Power Lines



Emmonak Washeteria





Boiler tune and new controls

Savings: 6,070 gal. diesel/yr

$21,000/yr

Napaskiak LED Street Lights



- Replaced nearly all street lights
- Total Savings: 23,000 kWh/yr.
- Saves 1,770 gal. diesel/yr.

Thank you.

Alaska Energy Authority
813 West Northern Lights Boulevard
Anchorage, Alaska 99503

www.akenergyauthority.org

2/24/11 OVERVIEW: REGULATORY COMMISSION OF ALASKA

<TARGET><BILL></BILL><SUBJECT>2-24-11 OVERVIEW REGULATORY COMMISSION OF ALASKA</SUBJECT><COMM>HCRA27</COMM></TARGET>

RCA Overview

House Community and Regional Affairs Committee

February 24, 2011

Regulatory Commission of Alaska

Robert M. Pickett, Chairman

RCA Statutory Authority

- The Alaska Legislature created the Regulatory Commission of Alaska in 1999, giving it broad authority to regulate public utilities and pipeline carriers throughout the State.

- AS 42.05.141(a) The Regulatory Commission of Alaska may do all things necessary or proper to…regulate every public utility engaged or proposing to in a utility business inside the state, ….

Definition of Public Utility

- AS 42.05.990(4) “public utility” or “utility” includes every corporation whether public cooperative, or otherwise, company, individual, or association of individuals, their lessees, trustees, or receivers appointed by a court, that owns, manages, or controls any plant, pipeline or system for:

Definition of Public Utility (continued)

(A) furnishing by generation, transmission, or distribution, electrical service to the public for compensation;

Definition of Public or General Public

- AS 42.05.990(3) “public” or “general public” means

  (A) a group of 10 or more customers that purchase the service or commodity furnished by a public utility;

Definition of Public or General Public (continued)

(B) one or more customers that purchase electrical service for use within an area that is certificated to and presently or formerly served by an electric utility if the total annual compensation that the electrical utility receives for sales of electricity exceeds $50,000; and

Definition of Public or General Public (continued)

(C) a utility purchasing the product or service or paying for the transmission of electrical energy, natural or manufactured gas, or petroleum products that are re-sold to a person or group included in (A) or (B) of this paragraph or that are used to produce the service or commodity sold to the public by the utility;

Certificate of Public Convenience and Necessity (CPCN)

- Alaska Statutes 42.05 (Public Utilities) and 42.06 (Pipeline Act) authorizes RCA to certify qualified providers of public utility and pipeline services.

- A certificate may not be issued unless the RCA finds that the applicant is fit, willing, and able, and that the services are required for the convenience and necessity of the public.

Statutory Exemptions - Electric

- Exemptions from Certification
  - Any utility making less than $50,000 unless their customer(s) petition for regulation *(AS 42.05.711(e))*
  - Any Joint Action Agency established by AS 42.45.310 *(AS 42.05.711(o))*
  - Possibly utilities that receiving a Qualifying Facility (QF) designation from FERC *(Federal Regulation: 18 C.F.R 292.602(c))*

Statutory Exemptions—Electric (continued)

- Exemptions from Economic Regulation
  - Utilities owned by a political subdivision, with exception of a utility competing with a regulated utility *(AS 42.05.711(b))*
  - Utilities making between $50,000 and $500,000 that have a deregulation election *(AS 42.05.711(f))*
  - Cooperatives that have a deregulation election *(AS 42.05.711(h))*
  - Utilities that receive a QF designation from FERC *(Federal Regulation: 18 C.F.R 292.602(c))*

RCA's Role in Current Energy Supply Issues

- Three areas of existing energy issues the RCA is currently involved with will be discussed in the slides that follow. These areas include:
  (A) Cook Inlet natural gas supplies;
  (B) Electric utilities current infrastructure needs;
  (C) Power Cost Equalization (PCE) program.

RCA Role in Cook Inlet Gas

- RCA does not regulate the producers of natural gas in Cook Inlet.
- RCA does evaluate Gas Sale Agreements (GSA) between the utilities and the producers.
- RCA standard of review considers whether the utility acted in a prudent manner, whether the terms of the GSA are reasonable, and whether the GSA ensures reliable and reasonably priced-utility service.

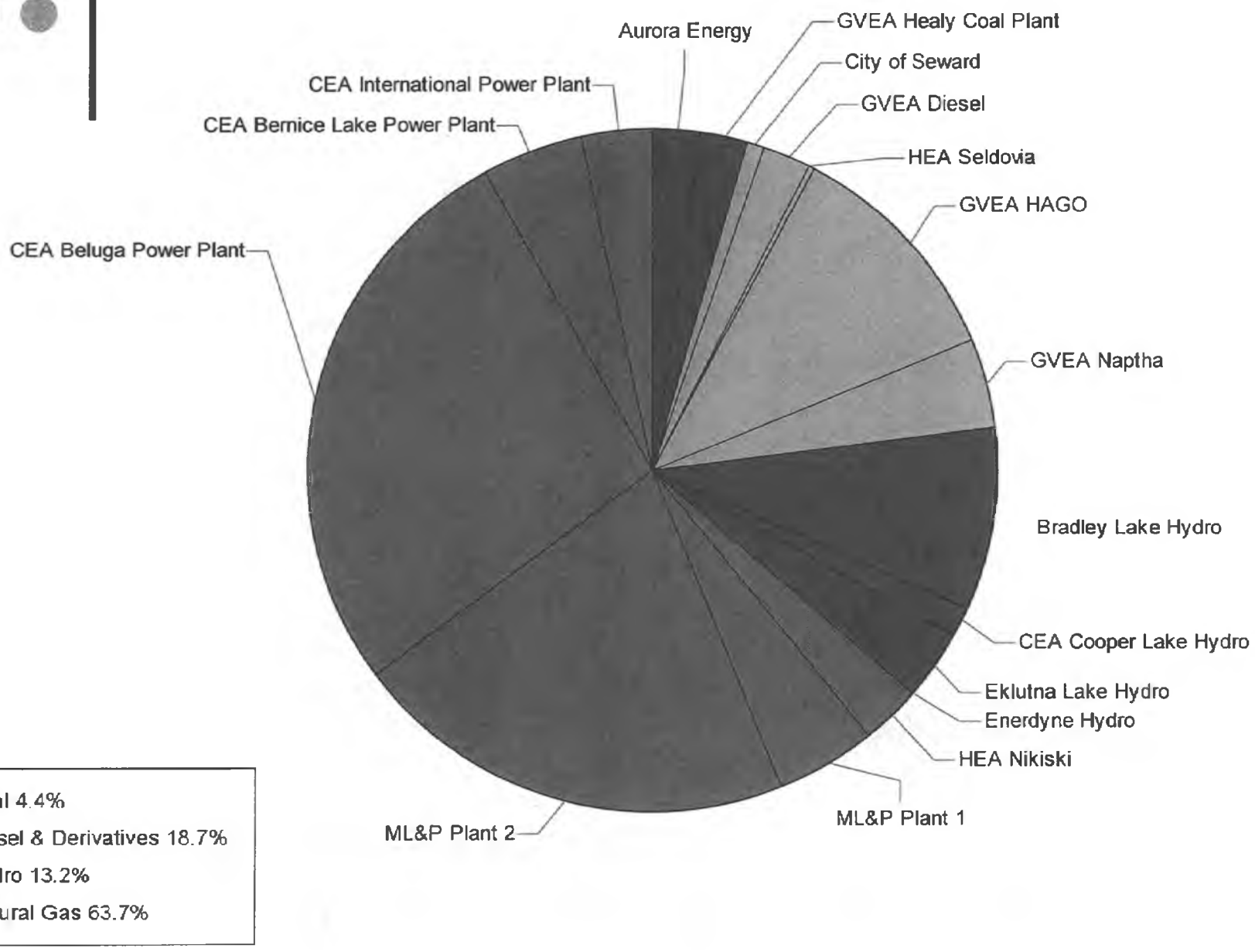
Electric Utilities Infrastructure Needs

- The Alaska Railbelt Electrical Grid Authority (REGA) Study issued September 2008 estimated cumulative capital investment requirements ranging from $2.5 to $8.1 billion over the next 30 years.
- These investments are for generation and transmission expansion and replacement needs of the railbelt utilities.
- The Alaska Energy Authority completed a Railbelt Integrated Resource Plan (RIRP)

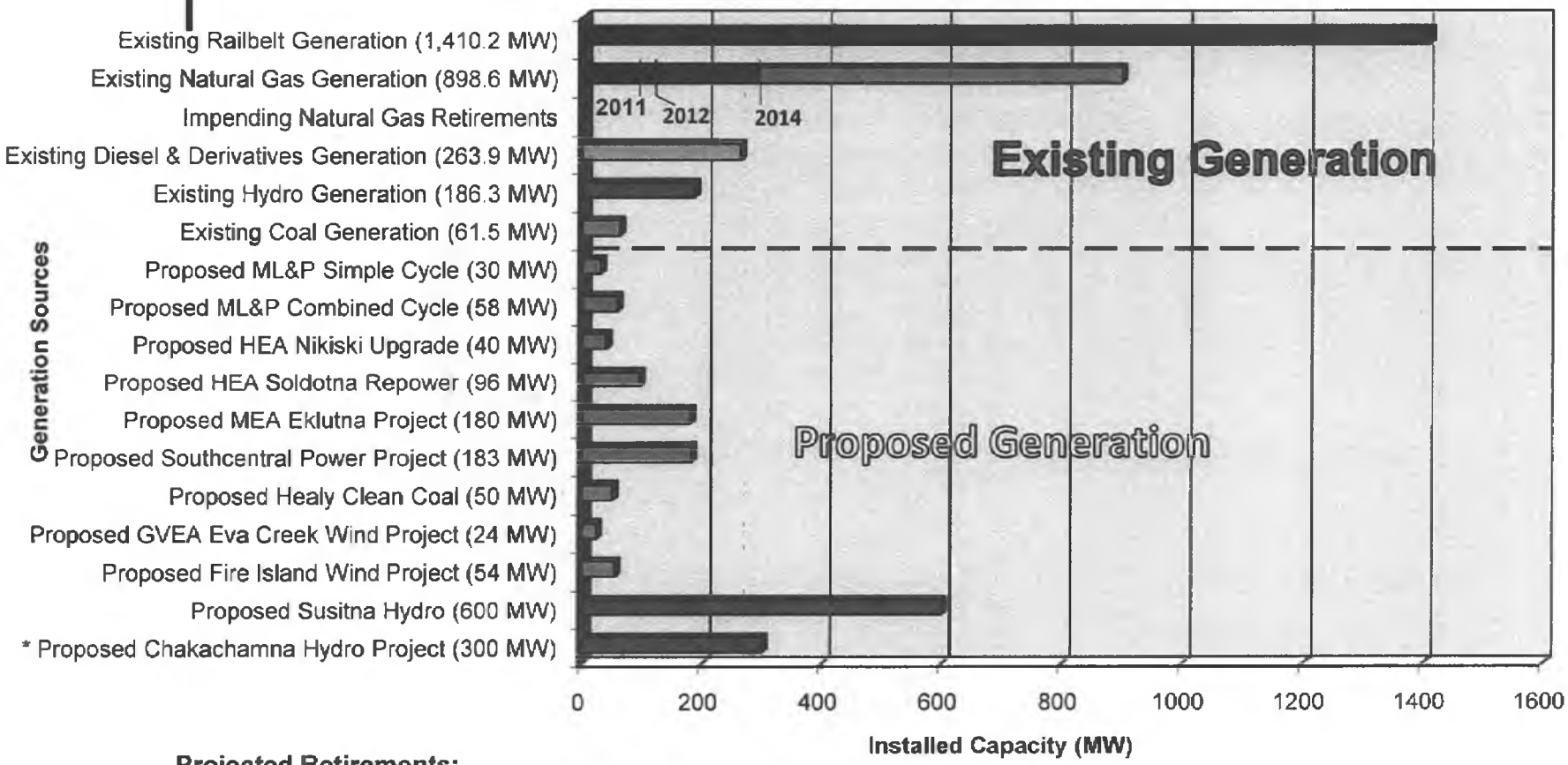
Railbelt Integrated Resource Plan

- Based on a 50 year economic plan
- Various generation, transmission and fuel supply options are considered.
- Arrives at a plan to build future infrastructure for minimum long run cost to rate payer.
- Considers fuel supply risks
- Will define capital requirements

Installed Railbelt Generation



Existing Railbelt Generation & Proposed Projects



Projected Retirements:

- 2011: 67.4 MW
- 2012: 18.5 MW
- 2014: 185.3 MW

Regulatory Issues

- **Firm vs. Non-Firm Power Supplies**
  - Firm power – a predictable source of power that can be scheduled by a utility and that offsets both fuel and generation capacity expenses (i.e., some hydro, co-generation, geothermal)
  - Non-firm power – an unpredictable source of power that cannot be scheduled by a utility. The provision of non-firm power only offsets the use of fuel by the utility. Generation capacity must be maintained to provide power when the non-firm power is unavailable. (i.e., wind, solar, some hydro, tidal)

Greater Railbelt Energy & Transmission Company (GRETC)

- GRETC grew out of the Railbelt Energy Grid Authority (REGA) Study.
- In 2009, Governor Palin introduced legislation to establish GRETC (HB 182 & SB143).
- The Legislature declined to adopt GRETC legislation in 2010.

Current Railbelt Energy Situation

- Limited redundancy
- Limited economies of scale
- Dependence on fossil fuel
- Issues with Cook Inlet gas deliverability and storage

Current Railbelt Energy Situation (cont)

- Aging Generation & Transmission infrastructure
- Inefficient fuel use
- Financing challenges

Power Cost Equalization (PCE) Program

- Under the Power Cost Equalization Program, the State of Alaska pays a portion of the electric bills for consumers served by utilities participating in the program.
- The RCA establishes the PCE rate (cents/KWh) applicable to each utility participant's billings, regardless if the utility is otherwise subject to RCA's economic regulation.
- More than 150 communities participate in the PCE program.

PCE Program

- AS 42.45.110(c)(2) provides that the Commission will, during each fiscal year, adjust the power costs for which PCE may be paid to an electric utility based on the weighted average retail residential rate in Anchorage, Fairbanks, and Juneau, and subject to the statutory ceiling.
- The PCE program is administered by the Alaska Energy Authority (AEA).

Federal Initiatives—2005 EPAct

- The Energy Policy Act of 2005 (EPAct) required state regulatory authorities to consider adoption of five new standards.

- In general, these standards are intended to encourage the development of small and alternative energy sources in addition to promoting efficiency in the generation and distribution of electrical power.

2005 EPAct Standards

- Net metering
- Fuel sources
- Fossil fuel generation efficiency
- Demand response and time-based metering
- Interconnection standards

2005 EPAct (cont.)

- The RCA considered the federal 2005 EPAct standards in rule making docket R-06-05

- After receiving public comments and conducting technical workshops, the RCA declined to adopt the EPAct standards.

2005 EPAct (cont.)

- The RCA did open dockets (R-09-1 and R-09-2) to consider net metering and interconnection standards.
- The RCA goal in R-09-1 (Net Metering) was to create an Alaskan rule that will encourage the development of distributed small-scale renewable generation, while maintaining system integrity and fairly apportioning costs among consumers and consumer/producers.

R-09-01---Net Metering

- The RCA approved new regulations on net metering, with an effective date of June 16, 2010.
- Applies to economically regulated utilities with total retail sales of 5 million kWh or more
- Affected utilities are required to interconnect with eligible customer generation systems.

R-09-01---Net Metering (cont.)

- Capped at 1.5% of average retail demand affected utility system-wide total capacity
- Eligible customer generation systems are limited to total on-site capacity of 25 kw.
- Net metering customers offset their monthly consumption at the retail rate and will receive bill credits at the avoided cost rate when the customers generation exceeds usage.

R-09-02---Interconnection Standards

- The RCA goal in R-09-2 is to create an interconnection standard that recognizes Alaskan conditions, provides uniformity in the interconnection requirements of Alaskan electric utilities, and simplifies the interconnection process for small distributed resources.

R-09-02---Interconnection Standards

- Participating Alaskan utilities have shown significant interest in developing a statewide standard for interconnection of independent power producers.
- A technical conference was held on July 12, 2010.
- Draft interconnection regulations will soon be brought before the Commission for consideration.

Energy Independence and Security Act of 2007 (EISA)

- EISA required state regulatory authorities to consider adopting four new standards.
- These standards resulted from the amendments to the Public Utilities Regulatory Policies Act of 1978 (PURPA) in EISA.

New PURPA Standards in EISA

- Integrated Resource Planning
- Rate Design Modification to Promote Energy Efficiency Investments
- Consideration of Smart Grid investment
- Smart Grid Information

EISA Standards and the RCA

- The RCA opened rule making docket R-09-05 to consider the EISA standards.
- RCA staff recommended the RCA decline to adopt the proposed federal standards.
- These recommendations were available for review and public comment through December 9, 2010.

Challenges Ahead for the RCA

- Telecommunications issues
- Major capital investments by utilities
- Struggling rural utilities
- Renewable energy goals
- Cook Inlet gas
- TAPS strategic reconfiguration and rate cases
- RCA staffing issues

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Current Railbelt Energy Situation (cont)

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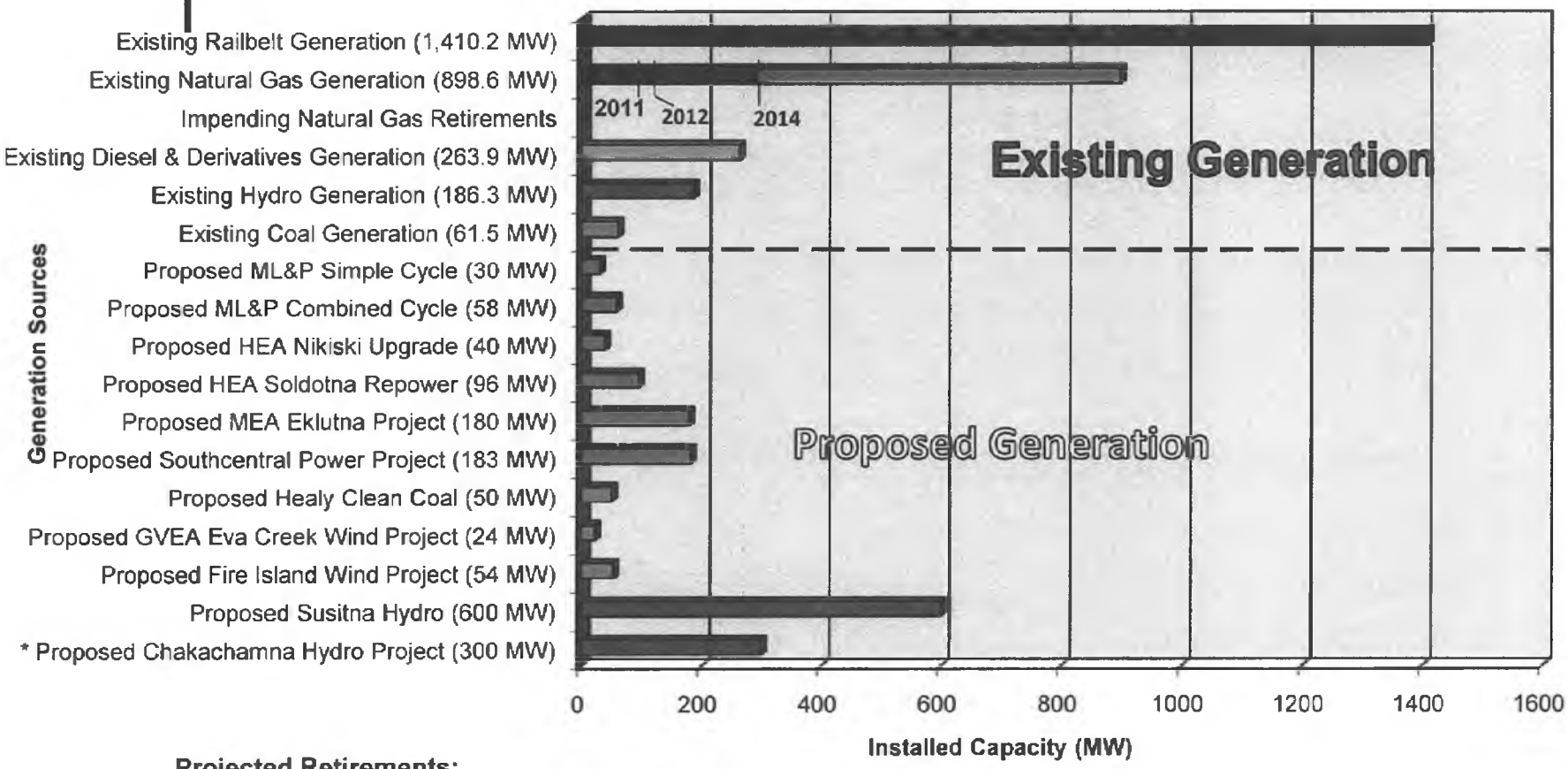
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- **Firm vs. Non-Firm Power Supplies**
  - Firm power – a predictable source of power that can be scheduled by a utility and that offsets both fuel and generation capacity expenses (i.e., some hydro, co-generation, geothermal)
  - Non-firm power – an unpredictable source of power that cannot be scheduled by a utility. The provision of non-firm power only offsets the use of fuel by the utility. Generation capacity must be maintained to provide power when the non-firm power is unavailable. (i.e., wind, solar, some hydro, tidal)

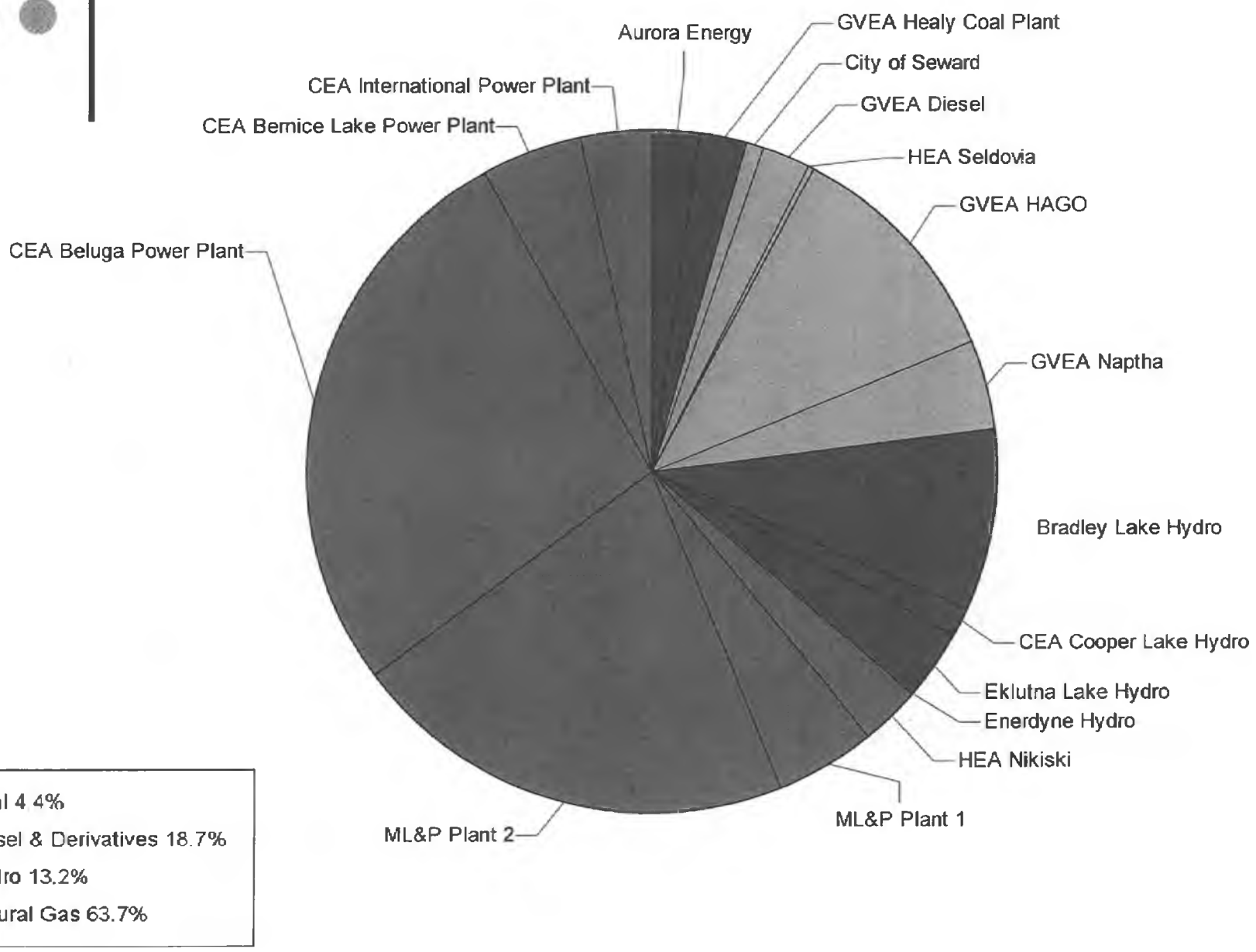
Existing Railbelt Generation & Proposed Projects



Projected Retirements:

- 2011: 67.4 MW
- 2012: 18.5 MW
- 2014: 185.3 MW

Installed Railbelt Generation



Railbelt Integrated Resource Plan

- Based on a 50 year economic plan
- Various generation, transmission and fuel supply options are considered.
- Arrives at a plan to build future infrastructure for minimum long run cost to rate payer.
- Considers fuel supply risks
- Will define capital requirements

Electric Utilities Infrastructure Needs

- The Alaska Railbelt Electrical Grid Authority (REGA) Study issued September 2008 estimated cumulative capital investment requirements ranging from $2.5 to $8.1 billion over the next 30 years.
- These investments are for generation and transmission expansion and replacement needs of the railbelt utilities.
- The Alaska Energy Authority completed a Railbelt Integrated Resource Plan (RIRP)

RCA Role in Cook Inlet Gas

- RCA does not regulate the producers of natural gas in Cook Inlet.
- RCA does evaluate Gas Sale Agreements (GSA) between the utilities and the producers.
- RCA standard of review considers whether the utility acted in a prudent manner, whether the terms of the GSA are reasonable, and whether the GSA ensures reliable and reasonably priced-utility service.

RCA's Role in Current Energy Supply Issues

- Three areas of existing energy issues the RCA is currently involved with will be discussed in the slides that follow. These areas include:
  (A) Cook Inlet natural gas supplies;
  (B) Electric utilities current infrastructure needs;
  (C) Power Cost Equalization (PCE) program.

Statutory Exemptions—Electric (continued)

- Exemptions from Economic Regulation
  - Utilities owned by a political subdivision, with exception of a utility competing with a regulated utility *(AS 42.05.711(b))*
  - Utilities making between $50,000 and $500,000 that have a deregulation election *(AS 42.05.711(f))*
  - Cooperatives that have a deregulation election *(AS 42.05.711(h))*
  - Utilities that receive a QF designation from FERC *(Federal Regulation: 18 C.F.R 292.602(c))*

Statutory Exemptions - Electric

- Exemptions from Certification
  - Any utility making less than $50,000 unless their customer(s) petition for regulation *(AS 42.05.711(e))*
  - Any Joint Action Agency established by AS 42.45.310 *(AS 42.05.711(o))*
  - Possibly utilities that receiving a Qualifying Facility (QF) designation from FERC *(Federal Regulation: 18 C.F.R 292.602(c))*

Certificate of Public Convenience and Necessity (CPCN)

- Alaska Statutes 42.05 (Public Utilities) and 42.06 (Pipeline Act) authorizes RCA to certify qualified providers of public utility and pipeline services.

- A certificate may not be issued unless the RCA finds that the applicant is fit, willing, and able, and that the services are required for the convenience and necessity of the public.

Definition of Public or General Public (continued)

(C) a utility purchasing the product or service or paying for the transmission of electrical energy, natural or manufactured gas, or petroleum products that are re-sold to a person or group included in (A) or (B) of this paragraph or that are used to produce the service or commodity sold to the public by the utility;

Definition of Public or General Public (continued)

(B) one or more customers that purchase electrical service for use within an area that is certificated to and presently or formerly served by an electric utility if the total annual compensation that the electrical utility receives for sales of electricity exceeds $50,000; and

Definition of Public or General Public

- AS 42.05.990(3) “public” or “general public” means

  (A) a group of 10 or more customers that purchase the service or commodity furnished by a public utility;

Definition of Public Utility (continued)

(A) furnishing by generation, transmission, or distribution, electrical service to the public for compensation;

Definition of Public Utility

- AS 42.05.990(4) “public utility” or “utility” includes every corporation whether public cooperative, or otherwise, company, individual, or association of individuals, their lessees, trustees, or receivers appointed by a court, that owns, manages, or controls any plant, pipeline or system for:

RCA Statutory Authority

- The Alaska Legislature created the Regulatory Commission of Alaska in 1999, giving it broad authority to regulate public utilities and pipeline carriers throughout the State.

- AS 42.05.141(a) The Regulatory Commission of Alaska may do all things necessary or proper to…regulate every public utility engaged or proposing to in a utility business inside the state, ….

RCA Overview

House Community and Regional Affairs Committee

February 24, 2011

Regulatory Commission of Alaska

Robert M. Pickett, Chairman

3/10/11 OVERVIEW: RAILBELT LARGE HYDRO EVALUATION PRELIMINARY DECISION DOCUMENT

<TARGET><BILL></BILL><SUBJECT>3-10-11 OVERVIEW RAILBELT LARGE HYDRO EVALUATION PRELIMINARY DECISION DOCUMENT</SUBJECT><COMM>HCRA27</COMM></TARGET>

Railbelt Large Hydroelectric

House Community & Regional Affairs Committee

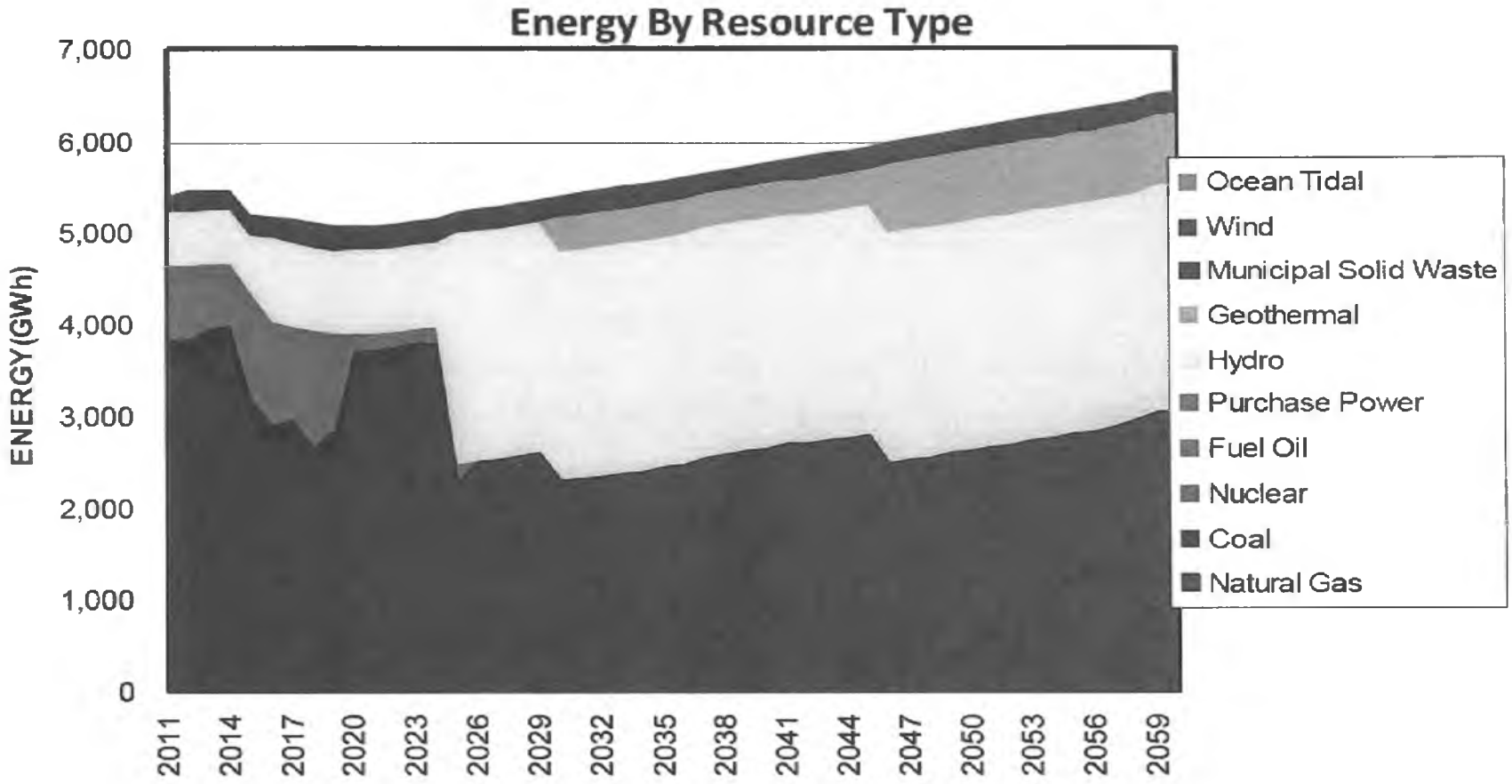
Prepared by Alaska Energy Authority 3/08/2011

ALASKA ENERGY AUTHORITY

Alaska Energy Authority:

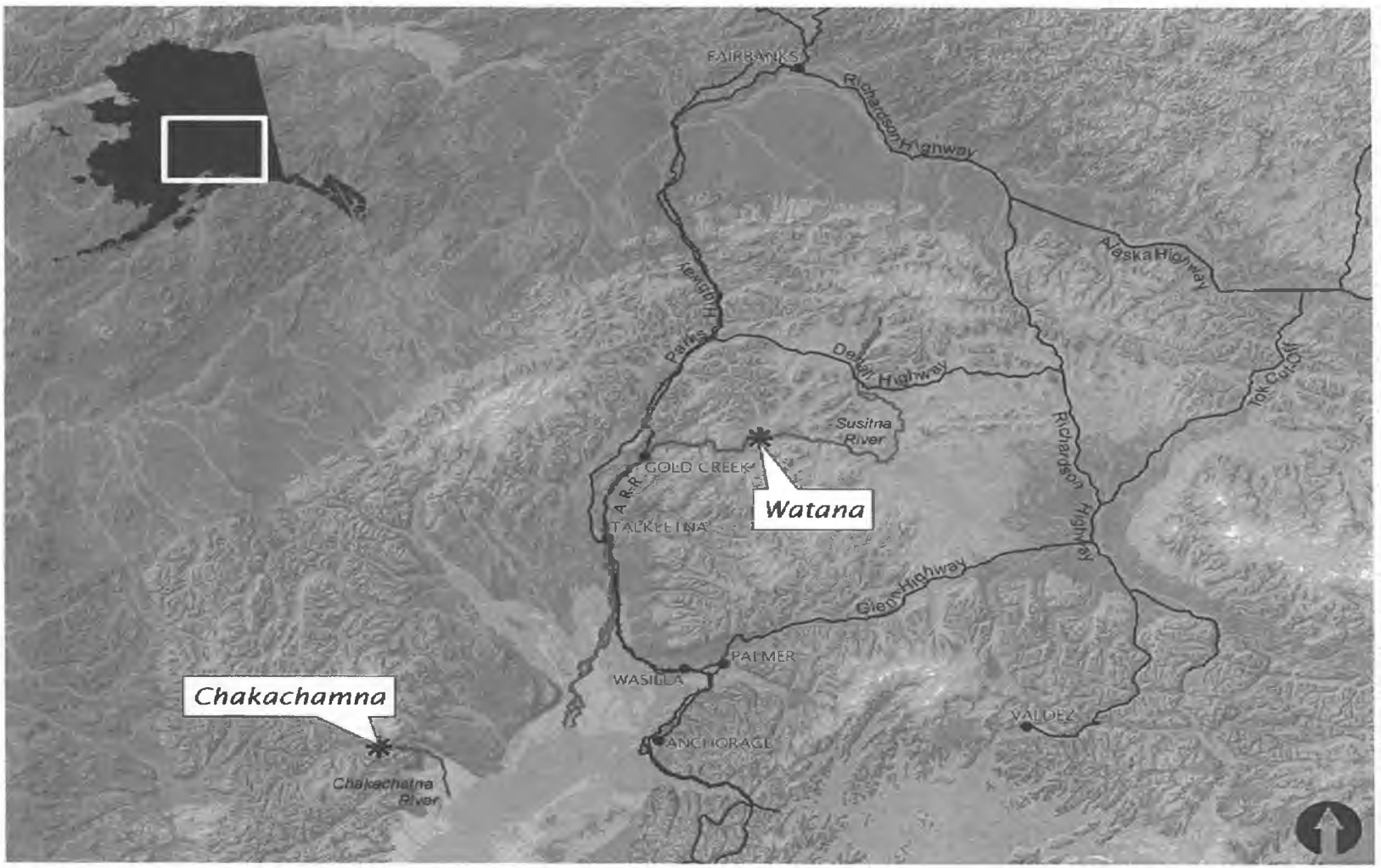
- Public corporation created by legislature in 1976
- Owned projects include Bradley Lake Hydroelectric and Alaska Intertie
- Major Programs: Renewable Energy Fund, Alternative Energy and Energy Efficiency, Rural Energy Upgrades, and others

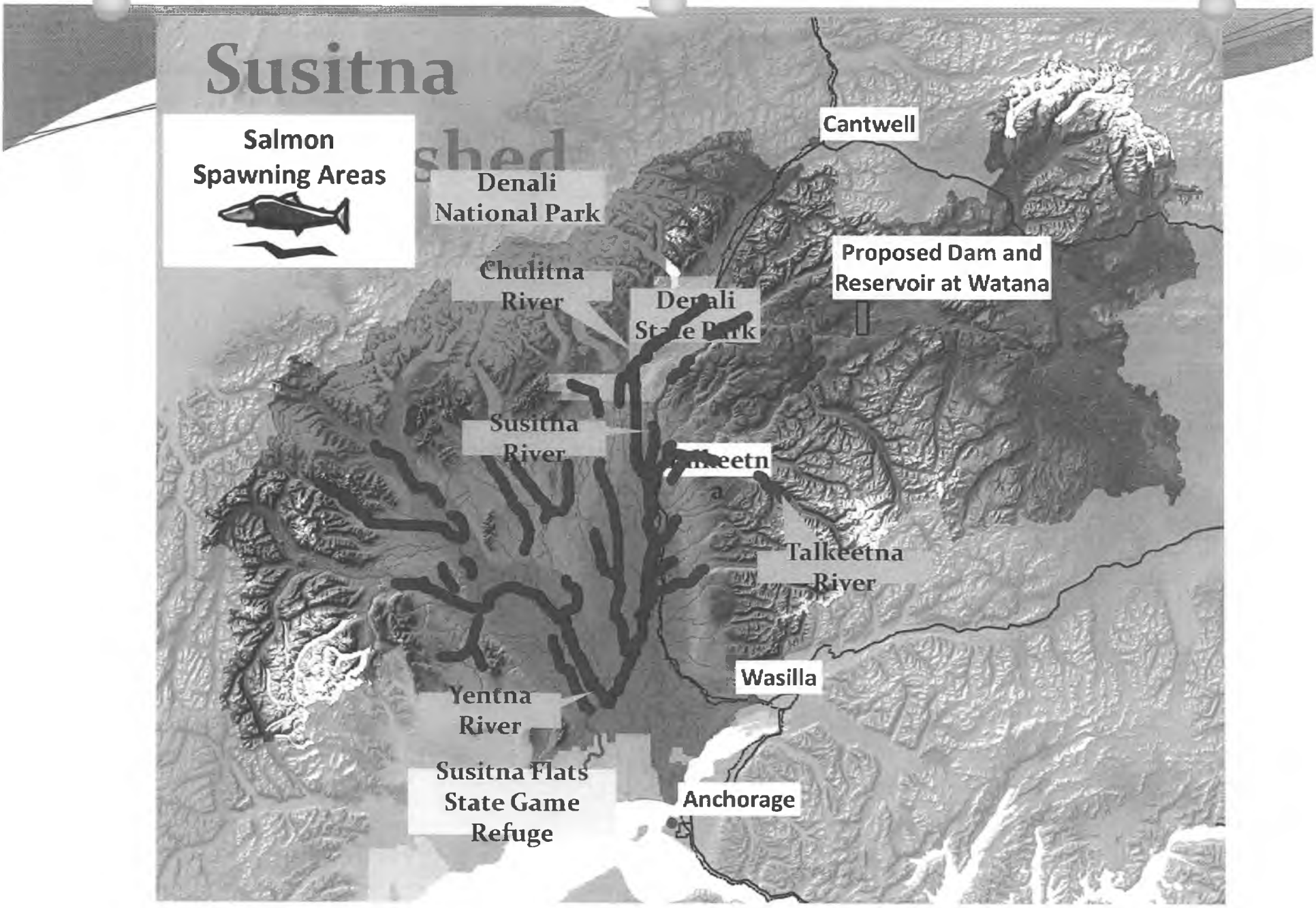
Railbelt Energy:

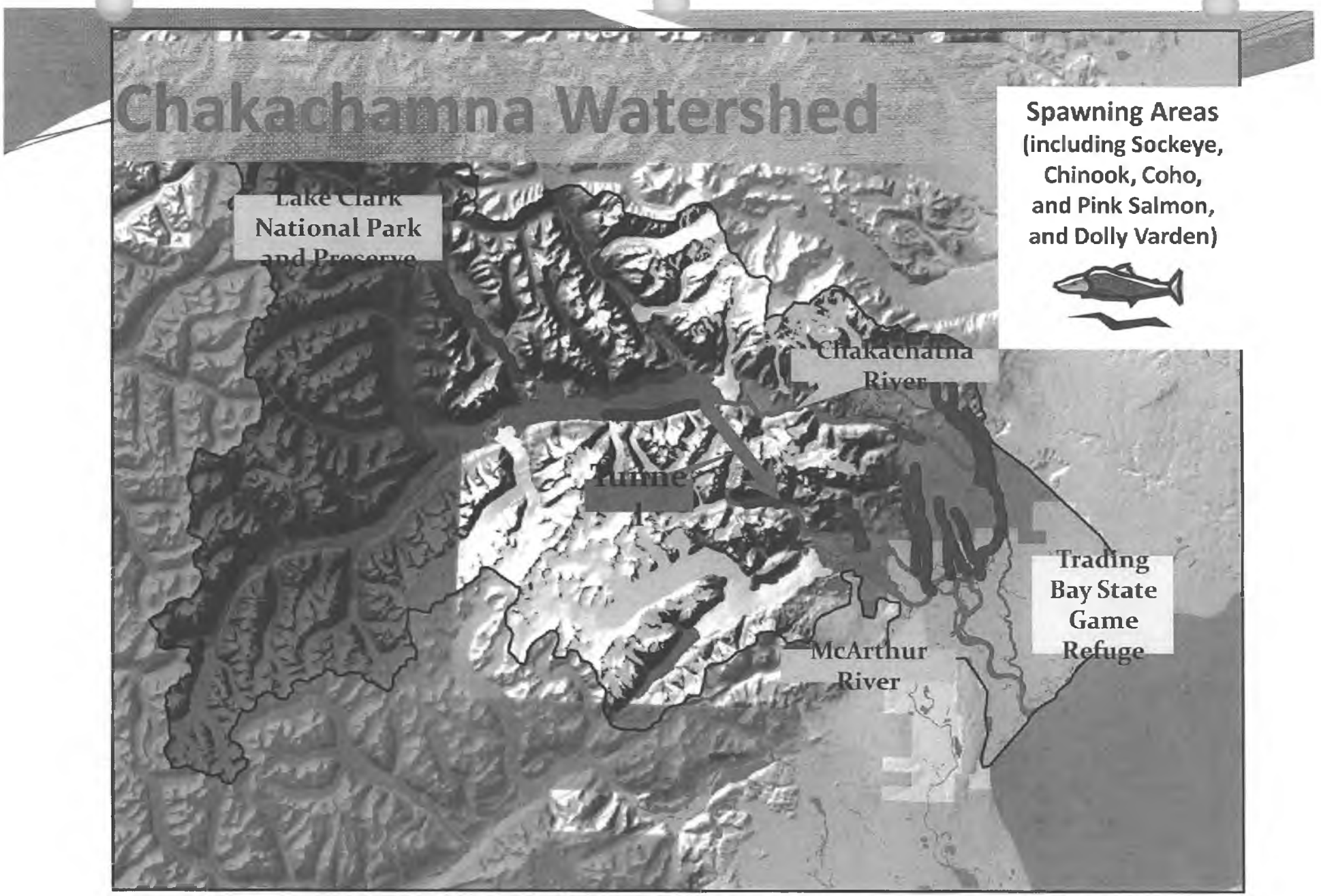


B&V RIRP
2009

Railbelt Hydro Locations




Susitna
Salmon Spawning Areas
Denali National Park
Chulitna River
Susitna River
Yentna River
Susitna Flats State Game Refuge
Cantwell
Proposed Dam and Reservoir at Watana
Talkeetna River
Wasilla
Anchorage


Chakachamna Watershed
Spawning Areas
(including Sockeye,
Chinook, Coho,
and Pink Salmon,
and Dolly Varden)
Lake Clark
National Park
and Preserve
Chakachatna
River
Trading
Bay State
Game
Refuge
McArthur
River

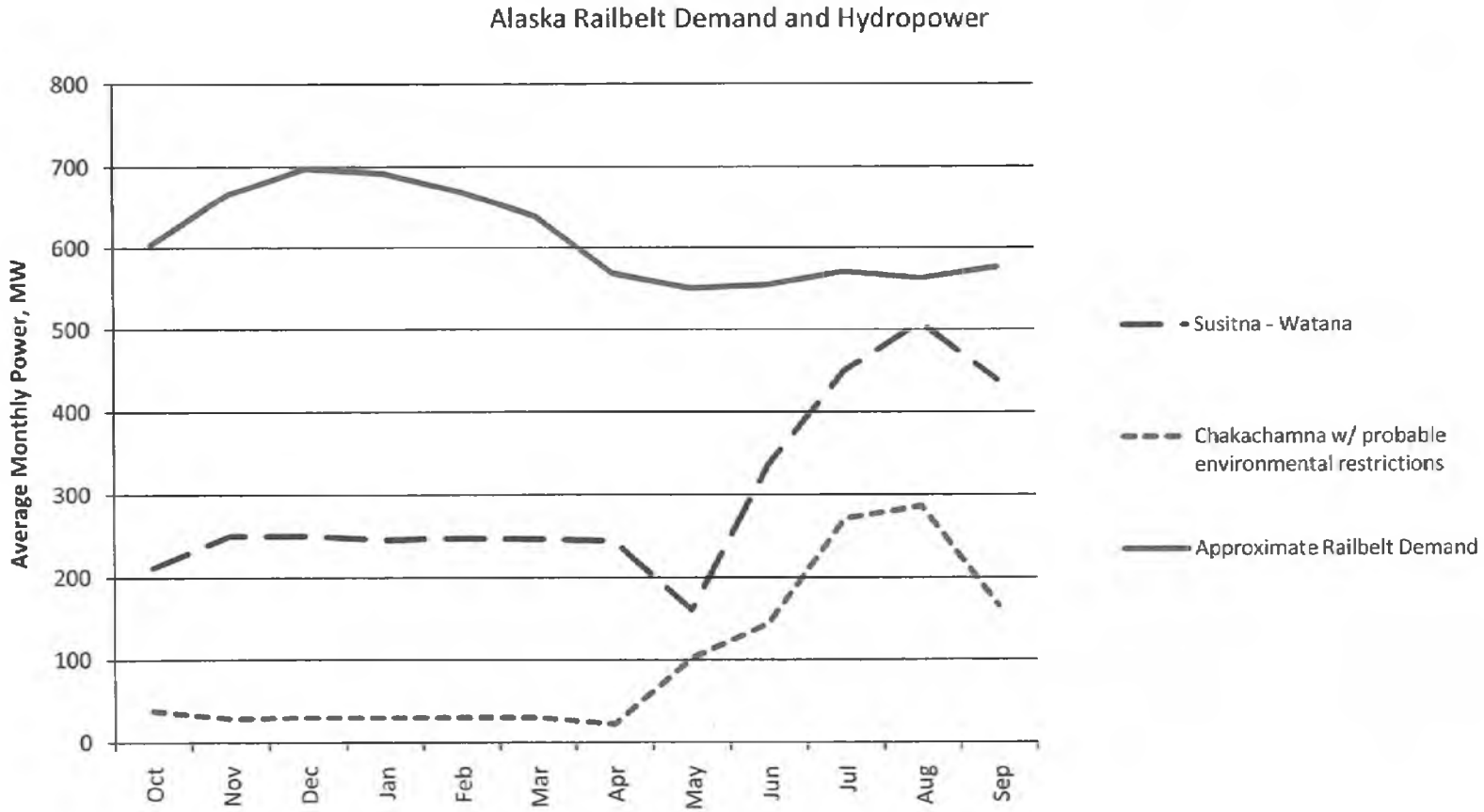
Environmental:

- Susitna
  - Reservoir 39 miles long & maximum of 2 miles wide
  - 30 miles above significant salmon
  - Some loss of wildlife habitat
  - Minimal fisheries impacts
- Chakachamna
  - Significant salmon populations travel through lake to National Park
  - Several species of fish use & spawn in lake (Lake Trout, Dolly Varden, White, Salmon suspected ..)
  - Diversion of water & change of habitat in State Game Refuge
  - Adult false attraction & outmigration concerns
  - May not be able to license under FERC

Energy:

- Susitna
  - Installed capacity 600 MW
  - Average energy 2600 GWhr/yr
  - About 50% of annual railbelt energy
- Chakachamna
  - Installed capacity ~300 MW
  - Average energy 860 – 1100 GWhr/yr
  - About 20% of annual railbelt energy

RAILBELT DEMAND



Bradley Lake Hydroelectric



Example of embankment dam

Timeline:

Watana

- Licensing
  - 3.5 years - Prepare and file Final Application for License
  - 3 years – FERC Processing and follow-up
- Construction
  - 4.5 years Construction

  11 years until startup

Chakachamna

- Licensing
  - 4.5 years - Prepare and file Final Application for License
  - 4 years – FERC Processing and follow-up
- Construction
  - 5.5 years Construction

  14 years until startup

Watana vs. Chakachamna

- More energy at lower cost per unit
- Fewer geologic risks
- No river diversion
- Less fisheries impacts
- Quicker licensing, Chakachamna may require Congressional action
- Expandable for future growth
- Provides winter energy
- Watana necessary to achieve States 50% renewable goal

3/17/11 PRESENTATION COLD CLIMATE HOUSING RESEARCH CENTER

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Research • Innovation • Education

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Diverse Challenges



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Alaska Solutions, Global Sustainability

Shelter, food, water, and stewardship of resources are of global concern.

Alaskan rural communities face the challenges of tomorrow, today.

The solutions we apply here can be a model for the rest of the nation and the world.





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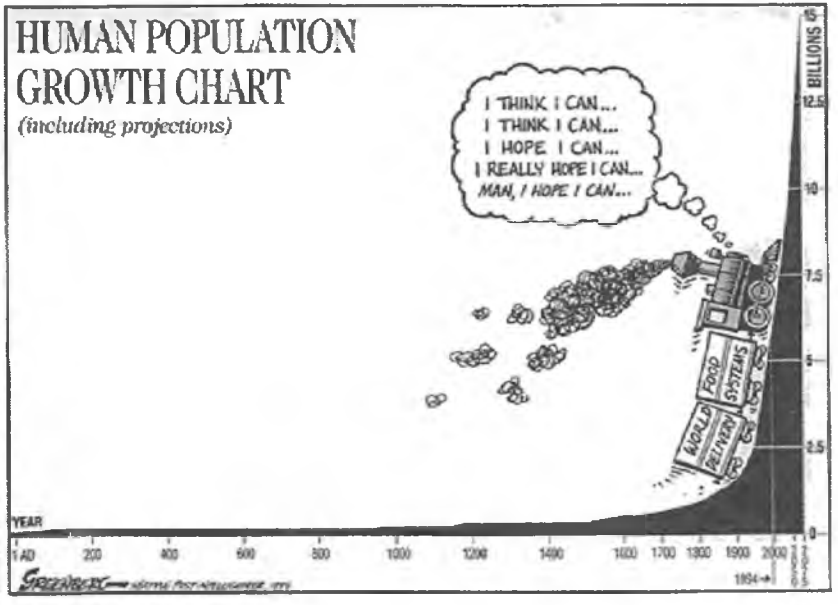
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Looming Challenges

How do we provide food, water, and shelter for a growing population while developing and maintaining the infrastructure on which our society relies?







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CCHRC History

- Nonprofit founded in 1999 by member companies of the Alaska State Home Builders Association.

- Very little original housing research was being done to address Alaskan issues.

- Extreme settings tend to produce extreme consequences.







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CCHRC Company Overview

Mission:

Promote and advance the development of healthy, durable, and sustainable shelter for Alaskans and other circumpolar people

At a glance:

- 501(c)(3) nonprofit
- 11 member board of directors plus 6 ex-officio members
- Over 40 active projects
- Currently 18 different funding sources including state, federal, local, and private

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CCHRC's Approach

Ideas

Partnerships

Projects

Results

Communication

Change













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CCHRC's Research and Testing Facility

- CCHRC's 15,000 square feet Research and Testing Facility in Fairbanks, Alaska.
- Uses 50% less energy than the average building of the same size.
- Built for less per square foot than comparable buildings.
- Built to the highest LEED standard.
- Over 1,200 sensors throughout the building and ground to measure, temperature, humidity, CO2, soil temperature, and more.
- Built as a demonstration of practical building techniques that are affordable.





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CCHRC: Five Program Areas



- Applied Research and Product Testing
- Policy and Information
- Sustainable Northern Communities
- Hybrid Micro-Energy
- Education and Outreach

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Applied Research

- Certified Alaska Tough Development
- Testing Laboratory Development
- Reflective Insulations Performance in Cold
- Movable Window Insulation
- Passive Refrigeration
- Safe & Effective Ext. Insulation Retrofits
- Anchorage Foundation Insulation Study
- Heating Appliance Survey for Sierra Res.
- Wood Storage Best Practice for Sierra Res.
- Ak Ground Source Heat Pump Assess.
- Masonry Heater Efficiency Study
- Mag. Phosphate Cement Testing and App.
- Foam Moisture Study
- Anaktuvuk Sewage Treat. Plant Monitoring
- Ultra Low Energy House Monitoring





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Applied Research: Exterior Insulation

Benefits

- Reduces costs for heating
- Reduces condensation potential
- Reduces air leakage

Considerations

- Rigid foam insulation more expensive material
- Forces the home to be actively ventilated
- Don't forget windows, attic insulation, etc.





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Applied Research: Exterior Insulation

Competing Concepts

- Exterior insulation acts as a vapor barrier
- Exterior insulation helps keep the wall warm



Current Questions

- Potential double vapor barrier problems?
- How much exterior insulation do you need?



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Product Testing





Certified Alaska Tough

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Product Testing: Building envelope issues

Reflective Insulation



- Tested various types of reflective insulation to determine any performance attributes of the reflective surface.

Movable Window Insulation



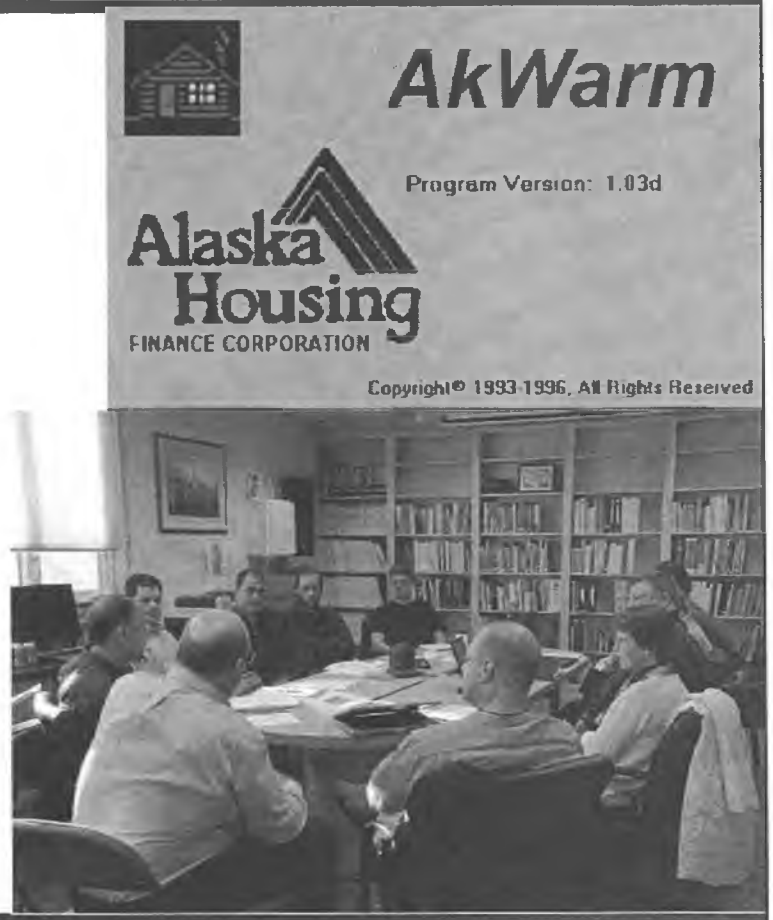
- Tested shutters, storm windows, rigid insulation, insulated blinds, plastic film.
- Goal of better understanding whether retrofitting or replacing windows is a better choice.

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Policy and Information

- Alaska End-use Energy Efficiency Policy Report
- AkWarm Modernization
- AkWarm Commercial Building Analysis
- 6-Star Green Program Development
- Building Energy Efficiency Standard
- Building Usage Data System (BUDS)
- Integration of Building Usage Data System (IBUDS)
- Rebate and Weatherization Program Evaluation Audit Process Development (PEAP)



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Policy and Information

AkWarm

- Alaska developed, Alaska based energy modeling software.
- Used to assess building performance of new construction and retrofits.
- Being modernized to include more products, techniques, and eventually to extend to certain commercial buildings.

ARIS

- Comprehensive database of information relating to the use of AkWarm.
- Provides valuable feedback regarding performance of energy efficiency applications.
- Will enable the incorporation of additional end use energy information.

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Policy and Information

Six Star Green

- Would add a 6th star to the home rating system.
- Rating would consist of two components: energy analysis using AkWarm and green building analysis using an established standard such as those by ASHRAE, USGBC, or NAHB.
- May involve an incentive structure.

Energy Policy

- Residential and commercial energy efficiency standards.
- State of Alaska Energy Efficiency Policy Study and Recommendations.
- Periodic Alaska Housing Assessment

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Sustainable Northern Communities

- Atqasuk SNS Home
- Quinhagak Prototype Home
- Point Lay SNS Home
- Metarvik Evacuation Center
- TNHA 6 Community Engage. & Const.
- Native Village of Barrow
- Rural CAP Self Help Project Quinhagak
- Anaktuvuk Pass Home Monitoring
- Quinhagak Prototype Hse Monitoring
- Prototype and Training with Chukchi Campus and Community of Buckland
- CCHRC Building Addition
- USKH Koyukuk Flood Evac. Center
- Shaktoolik Community Evac. Center
- UAF – Sustain. Village Student Housing
- Ak Native Tribal Health Consort. MOU
- Elder Housing Long-term Care
- General Design and Consulting





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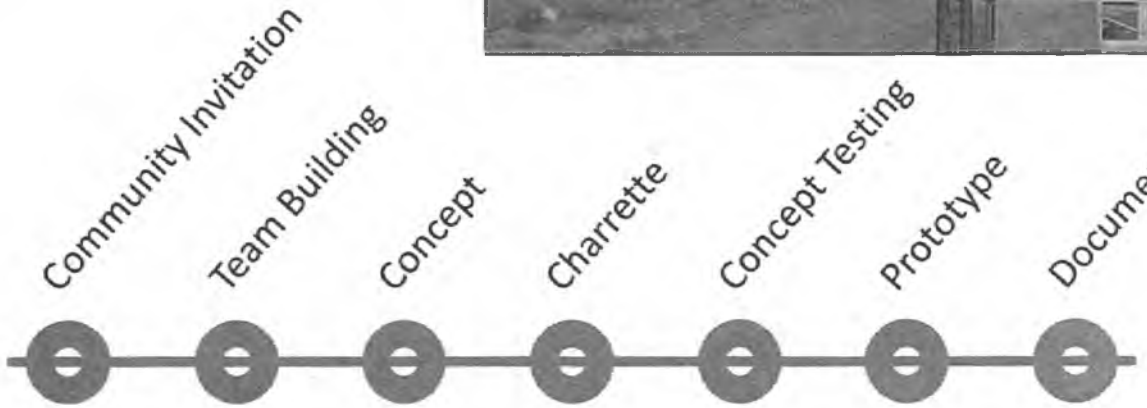
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Sustainable Northern Shelter

Multi-step process involving many stakeholders.

Define and document a housing development process that leads to affordable, durable, healthy, safe, and context-appropriate housing.





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Learn from Each Other











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Learn from Land









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Learn from Nature









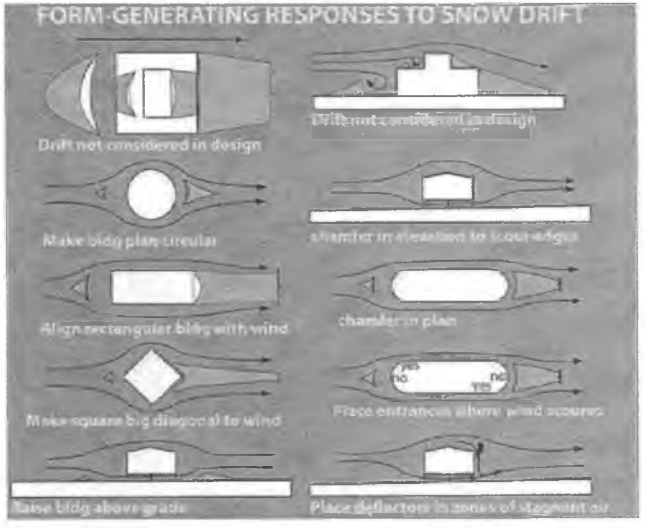
RETAINING heat, not PRODUCING heat, is the most important part of an animal's survival

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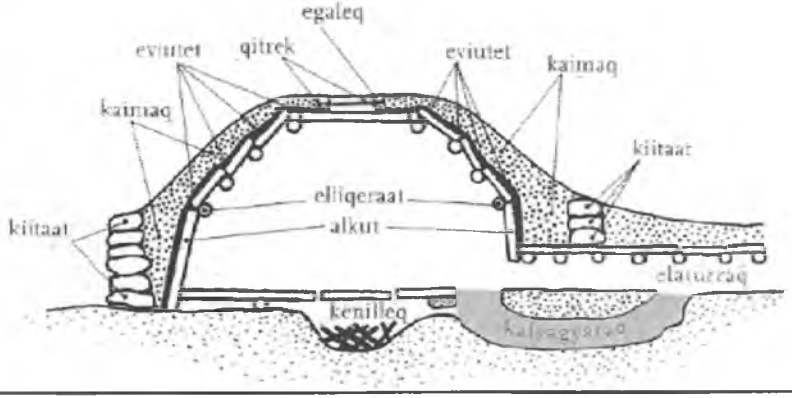
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Indigenous Wisdom









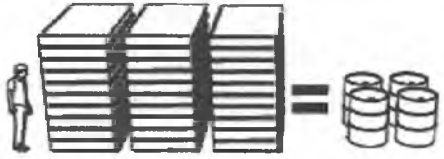
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21st Century Technology











WARM COOL COLD

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Innovative Combinations









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SNC First Prototype: Anaktuvuk Pass

Design Challenges

- 16,000 HDD
- No roads, rivers for access
- Electricity $.60/kWh
- Heating Oil $8/gallon
- 1,400 gallons/yr.
- Last house built ten years ago.
- Context-appropriate housing.



Prototype Outcomes

- Completed in four weeks.
- Workforce training.
- Approximately 100 gallons/yr
- Green materials and technologies.
- On-site STP, solar PV and wind.
- Embraced by community.
- Monitoring performance



"We need housing. Our young people have no place to live."
George Paneak, Former Mayor of Anaktuvuk Pass

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Hybrid Micro-Energy

- Solar PV, Solar Thermal, and Wood Energy at the RTF
- Ground Source Heat Pump and Solar Thermal at Weller Elementary
- Small Scale Solar PV and Wind with Highly Efficient Demand Load



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Hybrid Micro-Energy Projects: AKP

Anaktuvuk Pass prototype house energy use is less than 15% of the average house in Anaktuvuk Pass.

Energy Efficient Construction

- R-60 wall
- R-60 roof
- R-6.7 windows
- Insulated foundation
- Efficient lights and appliances

Renewable Energy

- Solar PV array
- Wind turbine
- Efficient wood stove



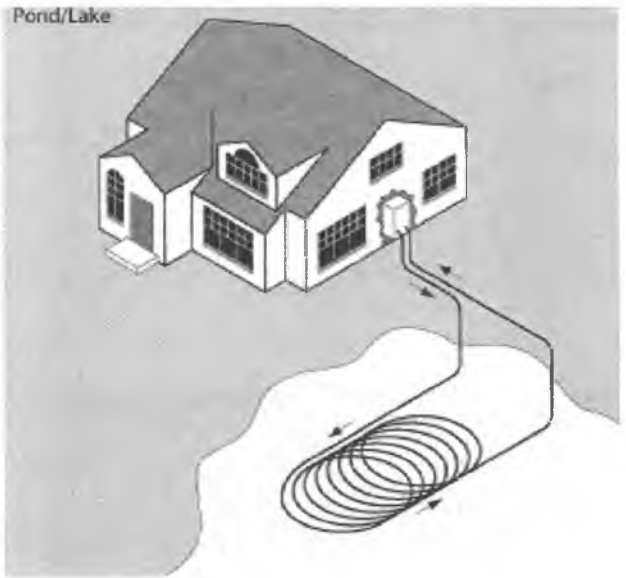
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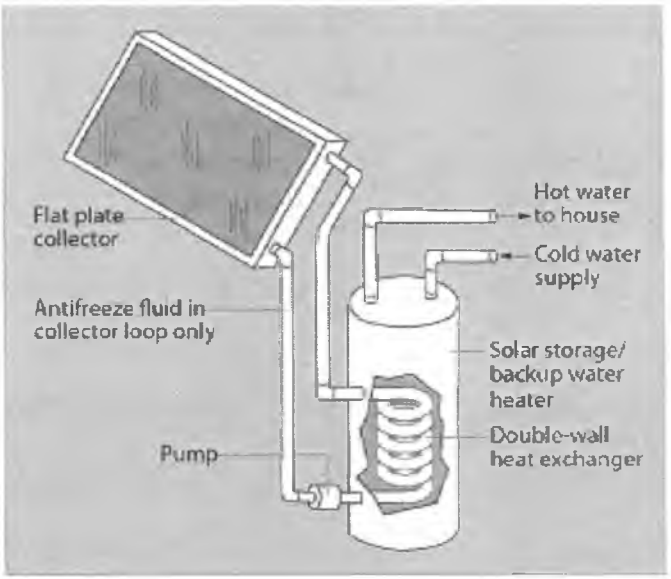
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Hybrid Micro-Energy Projects: GSHP and Solar Thermal

Solar Thermal and GSHP Combination at Weller School

- GSHP will draw heat from the ground during the winter.
- Solar thermal collector will help recharge the ground temperature during the summer.





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Education and Outreach

- PORTAL on Retrofits Training and Loans
- HRV Education
- Crawl Space Moisture Control and Insulation in Cold Climates
- Permafrost Technology Foundation Library
- Website
- Publications





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Education and Outreach

In the News

- Press conferences
- News stories about CCHRC
- Radio public service announcements
- Magazine and journal articles
- Videos & documentaries



Monthly member updates

On the Web

- CCHRC website
- PORTAL website
- Sustainable Blog
- YouTube videos
- "ask@cchrc.org"

Website



Education and Outreach

- Educational classes and events
- Conferences
- Consulting with the public **weekly**
- 80-90 building tours **yearly**
- Homeowner resource packets
- Monthly member updates



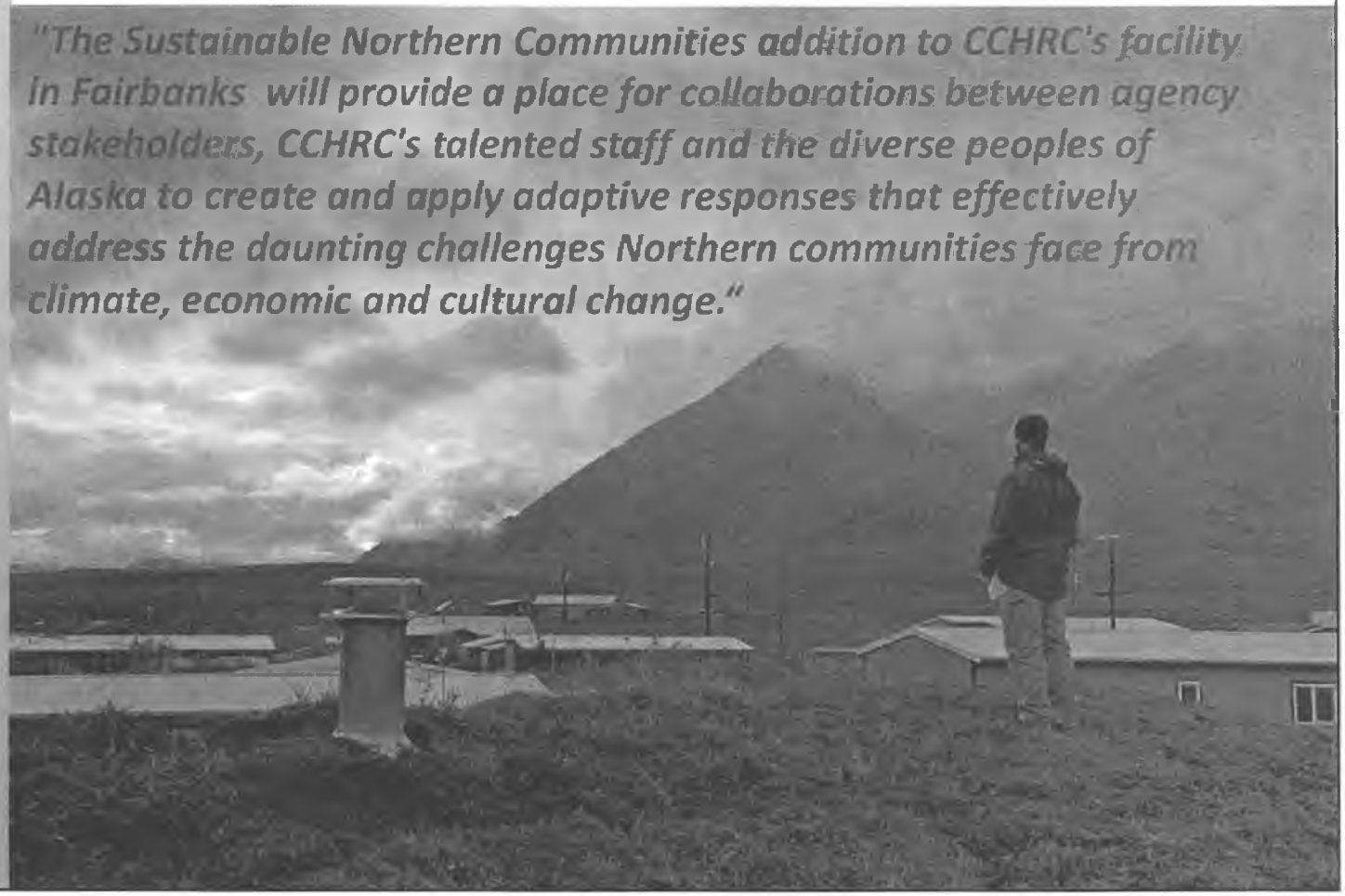
Tours

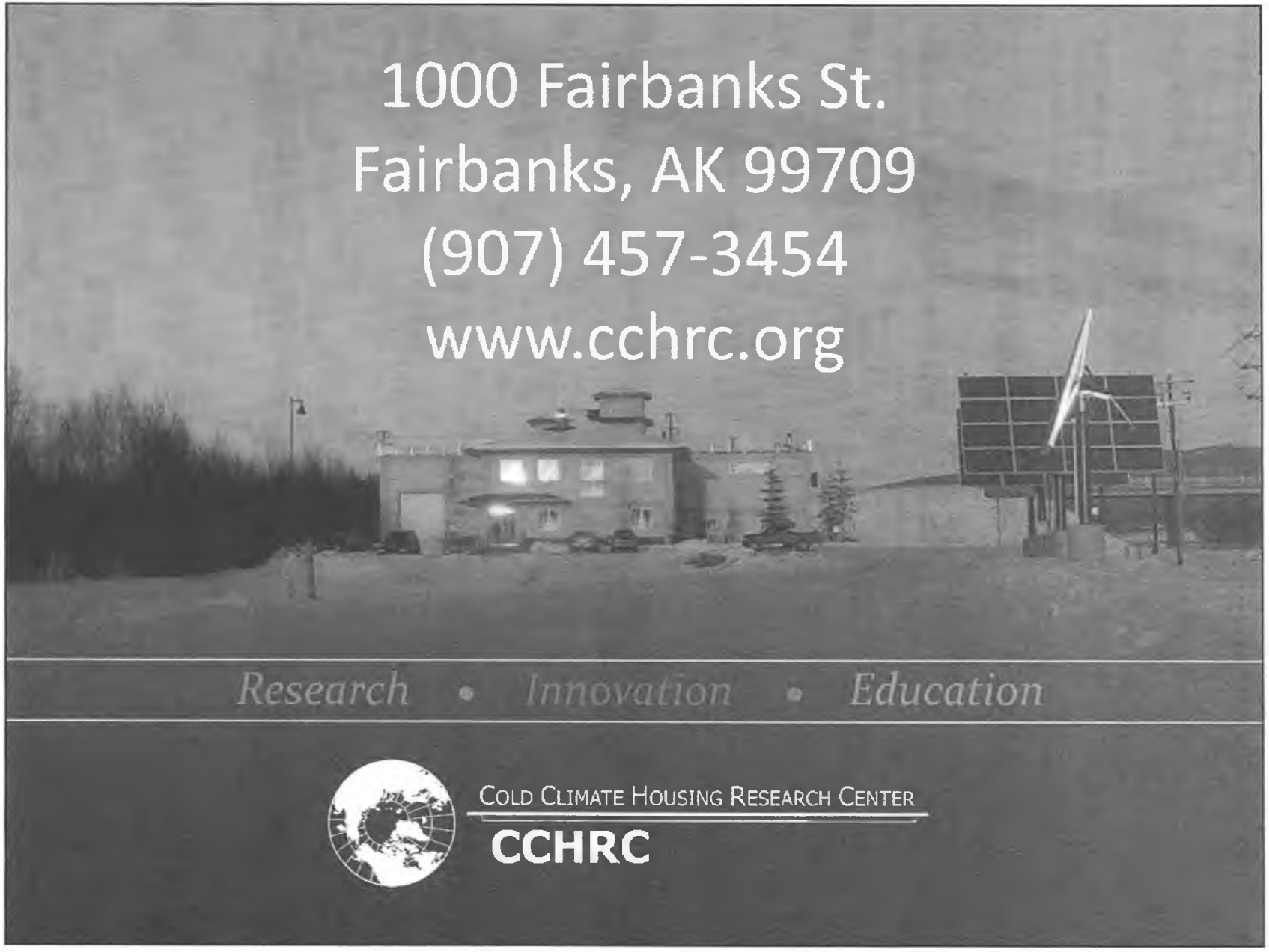
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What's on the Horizon?

"The Sustainable Northern Communities addition to CCHRC's facility in Fairbanks will provide a place for collaborations between agency stakeholders, CCHRC's talented staff and the diverse peoples of Alaska to create and apply adaptive responses that effectively address the daunting challenges Northern communities face from climate, economic and cultural change."




1000 Fairbanks St.
Fairbanks, AK 99709
(907) 457-3454
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3/22/11 OVERVIEW: EMERGENCY DISASTER PREPAREDNESS IN ALASKA

<TARGET><BILL></BILL><SUBJECT>3-22-11 OVERVIEW EMERGENCY DISASTER PREPAREDNESS IN ALASKA</SUBJECT><COMM>HCRA27</COMM></TARGET>

<<GAVEL>>

Let's call the meeting to order.

Let the record reflect that it is 8:00 a.m. on Tuesday, March 22, 2011.

Present for this House Community & Regional Affairs Committee Hearing,
Representative Saddler
Representative Austerman
Representative Cissna
Representative Dick
Vice-Chair Foster
Representative Gardner
And myself, Chair Muñoz

The recent earthquake/tsunami emergency in Japan is a painful reminder of the importance of emergency/disaster preparedness & response. When a seismic event occurs, or any force of nature that results in catastrophic destruction it is imperative in Alaska that we be as ready to respond.

We have invited multiple agencies to our committee today to give us their latest available information on how our state & municipalities can best be ready in the event of such an occurrence.

1) Health & Social Services

Dr. Joe McLaughlin-State Epidemiologist

Christine(Chris) Laborde-Public Health Preparedness Program Manager

Available for questions at Anchorage LIO:
Kerre Fisher, Deputy Director, Division of Public Health
Dr. Bernie Jilly, Public Health Laboratory Director
Clyde Pearce, Radiological Health Program Chief
Greg Wilkinson, Public Information Officer, *if not on jury duty*

www.HSS.state.ak.us → Cissna question

(CONTINUED NEXT PAGE)

2) **Alaska Department of Environmental Conservation**

Alice Edwards -Division Director, Air Quality-to answer any questions on their air monitoring efforts
(ONLINE from Anchorage)
Kristen Ryan-Environmental Health Division Director

3) **Dept of Military & Veterans Affairs/Homeland Security**

Major General Thomas Katkus-Commissioner

McHugh Pierre-Deputy Commissioner

Mike O'Hare-Deputy Director-Division of Homeland Security

(Below ONLINE) for questions from **Anchorage Division of Homeland Security**

Bryan Fisher-Operations Manager

Merry Carlson-Preparedness Program Manager

4) **City & Borough of Juneau-Tom Mattice**-Emergency Programs Manager- "Preparing the community to support S.E. Alaska through collaborative planning, training, and exercises."

<GAVEL OUT>

The Japanese Nuclear Crisis: What it Means for Alaska

Joe McLaughlin, MD, MPH
State Epidemiologist
Alaska Division of Public Health

Chris Laborde
Preparedness Program Manager
Alaska Division of Public Health

March 17, 2011

Hello Rod,

Thank you for asking me to look into this possible radiation event more closely in order to brief you.

The events of the past ten days have raised concerns among many in the population. The fears are that some sort of "event" at the Fukushima location in Northern Japan could cause the ejection of large quantities of radioactive contamination into the atmosphere, and that such contamination could then cause fallout of dangerous radioactive materials that would reach our latitude in North America.

I focused my research on the State of Alaska, its current position statements, and fact sheets. I also tried to find outside credible sources who were theorizing possible outcomes and their effects. In brief, here is what I discovered.

The State of Alaska, Governor's Office, Department of Health and Social Services, and Division of Homeland Security and Emergency Management, are presenting a unified front with one voice creating the same message through all agencies. They are being quite open with the public and acknowledging that we could see a very small increase in radiation levels due to the reactor crisis in Japan. In a Department of Health and Social Services Fact Sheet they stated, "We don't expect significant levels of radioactivity in our state. Japan is thousands of miles from our state, and if radioactivity from the reactors is released it would be expected to be thinned-out by the winds before it could reach us. We could see a very small increase in radiation levels; well below levels that would be of concern."

This, in my mind, is acknowledging that a problem exists and that this problem has to do with particles and spreading. They acknowledge that there are millions of particles that will be spread and a possibility exists for some of these particles to be blown through the air; some perhaps even as far as Alaska. But also they mention dilution and how even though we could see some particles, through dilution, we would not see enough particles to create a problem. It would be like placing a drop of water in an ocean, but they admit this drop of water could exist, and there is a possibility it will land in the ocean.

They stated the best actions people should be taking now are the same as always. Prepare for All-Hazards events; earthquakes, tsunami's, many of the preparedness measures are the same. The best resource for all types of preparedness is READY.GOV.

According to the State, "There is no immediate or anticipated indication of harmful radiation reaching Alaska or its waters, and therefore all seafood and other food items produced in the state are safe to consume."

In the States fact sheet it continues to say: There are two kinds of contamination, internal and external. Internal is through breathing/ swallowing or through contamination of open exposed wounds. External is through exposure. In the event of exposure, this type of contamination can often be washed off the body. Both of these types of contamination can be minimized or eliminated should we need to by covering up and limiting exposure.

As stated in a March 16th Press Release from the Governor's Office, "The state will immediately notify the public if the radiation levels should change."

Should we expect high levels of Radioactive Contamination there are a few public health actions to take into consideration:

- If Radiation levels rise substantially we will immediately inform the public.
- If a Radiation Emergency evolves, the public will be advised to "Shelter in Place," which means to stay in their homes or offices, or evacuate to another location if needed. If people are advised to shelter in place, they should do the following:
    1. Close and lock all doors and windows (lock to prevent accidental opening)
    2. Turn off fans, air conditioners, and forced air heating that bring in fresh air from outside.
    3. Only use ventilation units that reticulate indoor air;
    4. Close fireplace dampers;
    5. Move to an inner room or basement (further distance for particle travel) and;
    6. Keep a radio tuned to local news to find out further instructions.
- If the situation persists for a long period of time of if people are advised to evacuate, they should leave the area as quickly as possible in an orderly fashion. They would be given instructions of what to bring and where to go at that time.

Once again, these are precautionary measures and there are no indications, at this time, of an event of this nature, nor is it expected. We simply want to be pro-active in educating the public as to best practices for such an event.

Also, should high levels of radioactivity exist, and the need for medical pharmaceuticals distribution should arise, the Strategic National Stockpiles would be released and distributed to the areas in need through DHSS much like for the H1N1 Virus. Should someone feel the need to purchase anything on their own ahead of time, Potassium Iodine is often available locally. On an interesting side note, seaweed is an excellent source of this same chemical.

Once again please recognize health effects are related to high levels of prolonged exposure to radiation which are not predicted.

Local radiation readings are taken 15 times daily in Anchorage, Fairbanks, and Juneau. They are stored at http://www.epa.gov/narel/radnet/stations.html . Upon going to this site I could not find Juneau postings & Information. I followed up with them hoping to get a corrected link or find where I may see the local test results as rapidly as possible. They informed me there is no public link yet to "real time" Juneau data but they are working on making it publically available as soon as possible.

Turning my research away from the State and the government releases here are a few things I was able to find. Let us examine the issues.

1) What is the nature of any event that could produce airborne contamination?

The worst nuclear-generating site accident in history was the Chernobyl event in the Ukraine in 1986. In that situation, the reactor core exploded while the reactor was fully powered up and there was no containment. Substantial surface radiation extended roughly 1,000-1,500 km away (620-930 miles). Spread was limited by the fact that radiation in the Chernobyl event was not ejected at high altitudes. Thus it was a low-level ("tactical") rather than "strategic" explosive event.

Compare that to the actual use of nuclear weapons in Japan at the end of WW II and the testing of fission and fusion weapons throughout the post-war years. These were, in many cases, true strategic high-level explosions occurring in the atmosphere in such a way that radiation was ejected to stratospheric levels.

Testing performed in the Marshall Islands at the Pacific Proving Grounds during the period from 1946 to 1962 included the detonation of 105 atmospheric nuclear devices, varying in size from small kiloton to huge megaton bombs. Total yields of 210 megatons of explosive power (i.e., 210 million tons) were released during those years, yielding many tons of high-altitude radioactive contamination.

Despite these Pacific tests, only relatively low levels of radioactive fallout were detected in continental North America, and no health effects were ever proven to be due to the Marshall Island tests in the continental U.S.

In the present situation, two of the four reactors at Fukushima were inactive (not generating heat) and two of the reactors were successfully SCRAMed (turned off as an emergency step) before the area was hit by the tsunami that flooded the diesel generators used to pump cooling water. The situation that resulted therefore does not threaten a reactor explosion, but a burning or meltdown of stored fuel rods or quenched fuel rods in the inactive reactors. As such, the danger is not explosive, but one of fire with potential release of low-level radiation.

2) Could any contamination reach our location?

There is no doubt that we are "downwind" from the Fukushima event.

Dr. Clifford Mass (Professor of Atmospheric Sciences, University of Washington) recently discussed this subject in some detail (http://cliffmass.blogspot.com/).

Dr. Mass states that, "any radiation debris that might be ejected from a fire (not an explosion) occurring at the Fukushima site, even if they were heading straight for us, would be diluted vastly through huge volumes of the atmosphere due to horizontal and vertical mixing. Since it would take days to arrive, any larger particles would settle out and precipitation would wash others out. Even for Chernobyl, where the core exploded while the reactor was powered up and where there was no containment, serious radiation only extended roughly 1000-1500 km away. The Northwest and SE Alaska are more than 7,000 km away. Clearly, the situation in Japan is serious and tragic, but the U.S. is not threatened."

So, the conclusion is that yes, some combustion products might arrive in the U.S., but the amounts that would be present would likely be imperceptible as this is not an explosive scenario, but rather a fire situation. I think the government is being very open and honest in saying that some particles may get as far as Alaska. But I think it's important to remember that through diffusion over the long travel distances we will not see concentration levels high enough to be concerned with.

Please let me know if I may answer any questions for you. I will do my best to stay up to speed on the situation and will update you immediately should the situation change.

Thank you,

Tom Mattice
Emergency Programs Manager
907-209-9207
Tom_Mattice@ci.juneau.ak.us.

Implications for Alaska

- There is no immediate or anticipated threat for harmful levels of radiation to reach Alaska
- Alaska's seafood is unlikely to be affected
- This is an important reminder that all Alaskans should assemble a home emergency kit and a family response plan

Public Health Response to a Radiation Emergency

- Inform
- Protect the public from radiation exposure
  - Shelter-in-place and/or evacuation
  - Distribution of radiation medications (e.g., KI, DTPA, etc.)
  - Restrict consumption of contaminated food
- Decrease psychological effects of radiation exposure
- Long-term follow-up for exposed persons
  - Case identification and tracking (registry)
  - Access to care

DHSS Communication Response

- Responded to media requests
- Issued press releases and messages through social media (e.g., Facebook and Twitter)
- Issued an Epidemiology *Bulletin*
- Principal messages
  - No anticipated threat to the health of Alaskans
  - Alaskans should not be taking potassium iodide
  - Monitoring
  - Communicating with local, state, and federal partners
  - Important reminder that all Alaskans should be prepared

What can Alaskans do to be prepared for an emergency?

- Create a home emergency supply kit
  - Food with a long shelf life, water, change of clothes, plastic bags, bedding, radio, medicines, toiletries, flashlight, batteries, telephone, duct tape, heavy plastic, cash, important documents…
- Create a vehicle emergency supply kit
- Develop a family response plan
- Practice

Alaska Radiation Monitoring

- Alaska's monitoring stations continue to show normal background levels of radiation
- 5 EPA monitoring stations
  - Currently reporting: Anchorage, Fairbanks, and Juneau (γ)
  - Soon to be reporting: Dutch Harbor, Juneau (β), Nome
- If levels were to rise substantially, we would measure specific isotopes to determine if steps are needed to protect the public's health
- Data are available at the DHSS homepage: www.hss.state.ak.us

Gamma

Beta

Gamma- x-ray
Beta- particles

Food Supply

- FDA is closely monitoring
  - Increased and targeted product sampling at the border
  - <4% of US imported foods come from Japan
- Current models indicate that US fishing waters will remain safe
  - "The great quantity of water in the Pacific Ocean rapidly and effectively dilutes radioactive material, so fish and seafood are likely to be unaffected" FDA

Exposure (rem)	Notes and Effects
0.00008	Amount of radiation reported in Tokyo on March 15 (21)
0.0016	Avg. amount of radiation absorbed per person per day
0.04	Chest x-ray
0.6	Avg. amount of radiation absorbed per person per year
1.4	Gastrointestinal series What is this?
40	Maximum radiation reported at the main gate of Fukushima Daiichi power plant (March 15)
5-50	Fetus/embryo: slightly increased risk of malformations, growth and IQ impacts, failure to implant Children/adults: changes in blood chemistry (e.g., WBC)
50-90	Nausea, fatigue, vomiting, hair loss, diarrhea

Availability of Radiation Medications

- Radiation medications are included in the Strategic National Stockpile
  - Potassium iodide, Prussian blue, DTPA
  - Antiemetics, Neupogen, antibiotics
- CDC will only deploy if there is a "credible threat"
- "No public health risks are expected in the United States" US DHHS

Summary

- There is no anticipated threat of harmful radiation exposure to Alaskans at this time
- Alaska's seafood is unlikely to be affected
- All Alaskans should be prepared for disasters
- More information is available at www.hss.state.ak.us

State of Alaska
Department of Military and Veterans Affairs
Homeland Security & Emergency Management

ALASKA TSUNAMI MODELING & EMERGENCY PREPAREDNESS

Mike O'Hare

Deputy Director

State of Alaska

Division of Homeland Security and Emergency Management

Testimony to House/Senate C&RA March 22, 2011

State of Alaska
Department of Military and Veterans Affairs
Homeland Security & Emergency Management

Our Partners





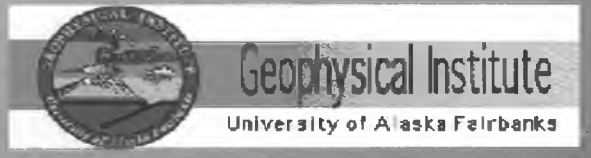


WESTERN STATES SEISMIC POLICY COUNCIL









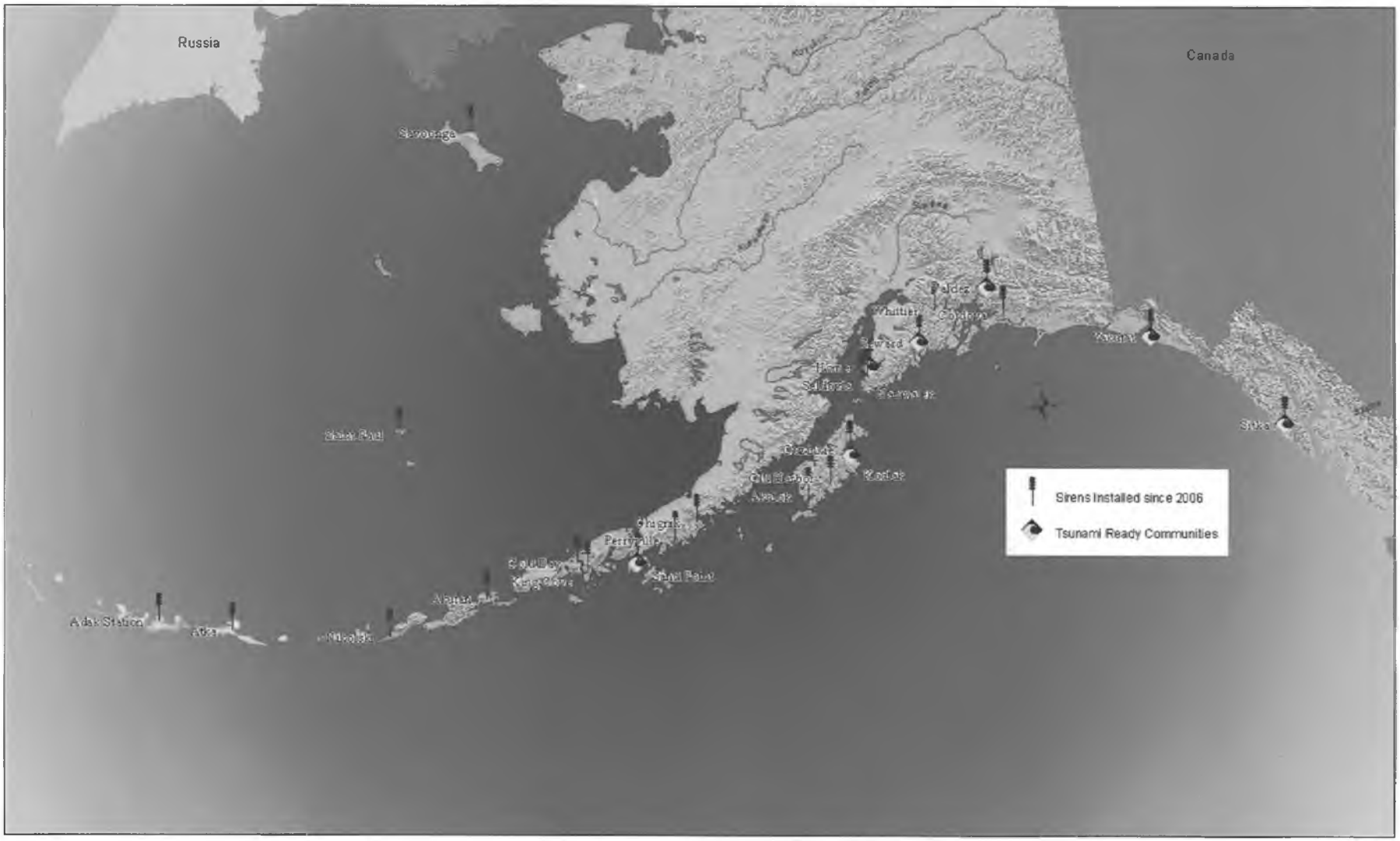
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Distant Threat



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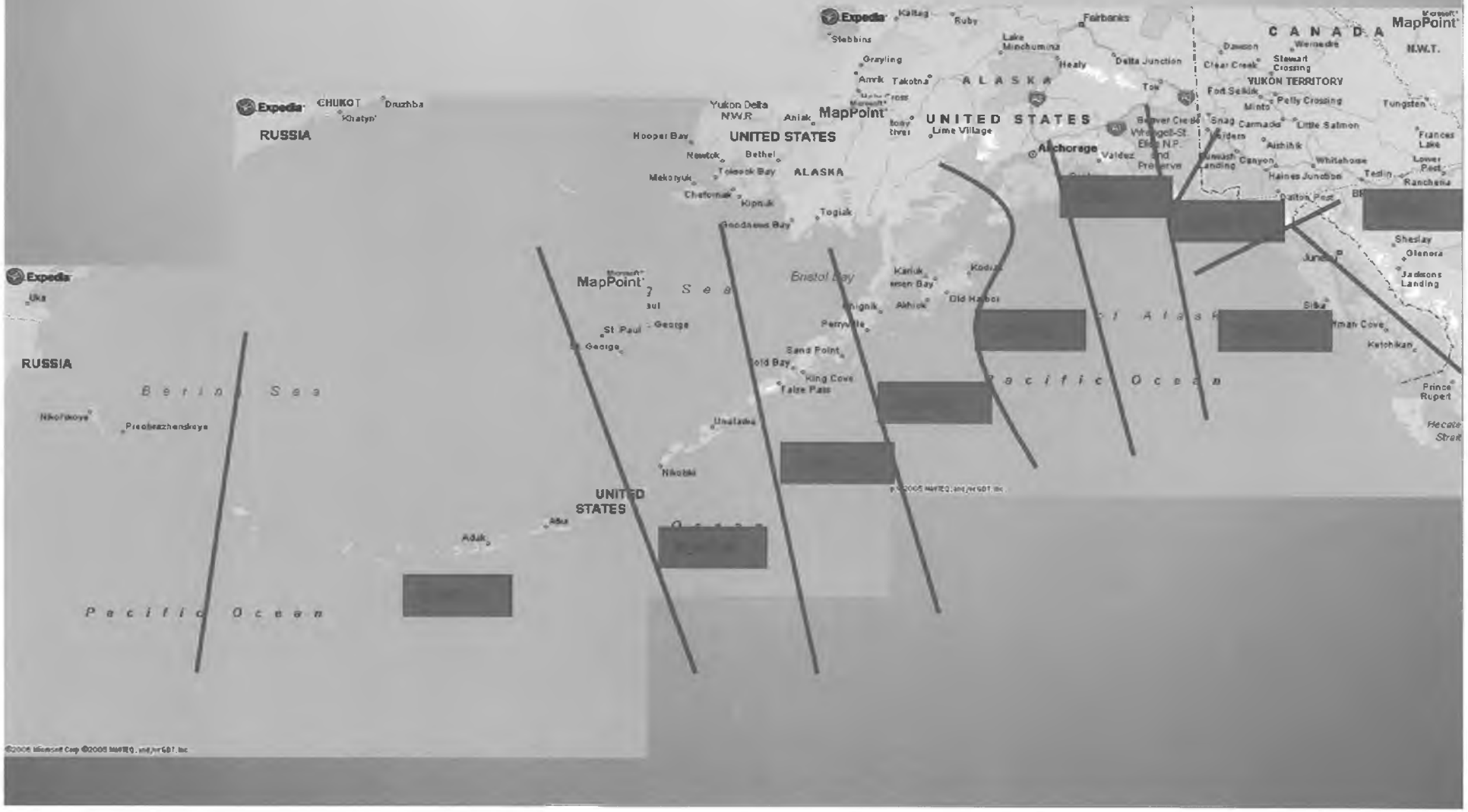
Warning Sirens and TsunamiReady Communities



Sirens installed in 2006

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Community Notification Call Map



Zone B Includes;

- ❑ Nikolski: 907-576-2204/2202/2239
  Contacted:_____
- ❑ St. Paul: 907-546-3130/3132
  Contacted:_____
- ❑ St. George: 907-859-2263/2418/2415
  Contacted:_____
- ❑ Unalaska / Dutch Harbor: 907-581-1233
  Contacted:_____



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Inundation Maps
UAF / GI

Geophysical Institute
University of Alaska Fairbanks

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Hazard Mapping

ALASKA GEOLOGICAL AND GEOPHYSICAL SURVEYS

AK DGGS

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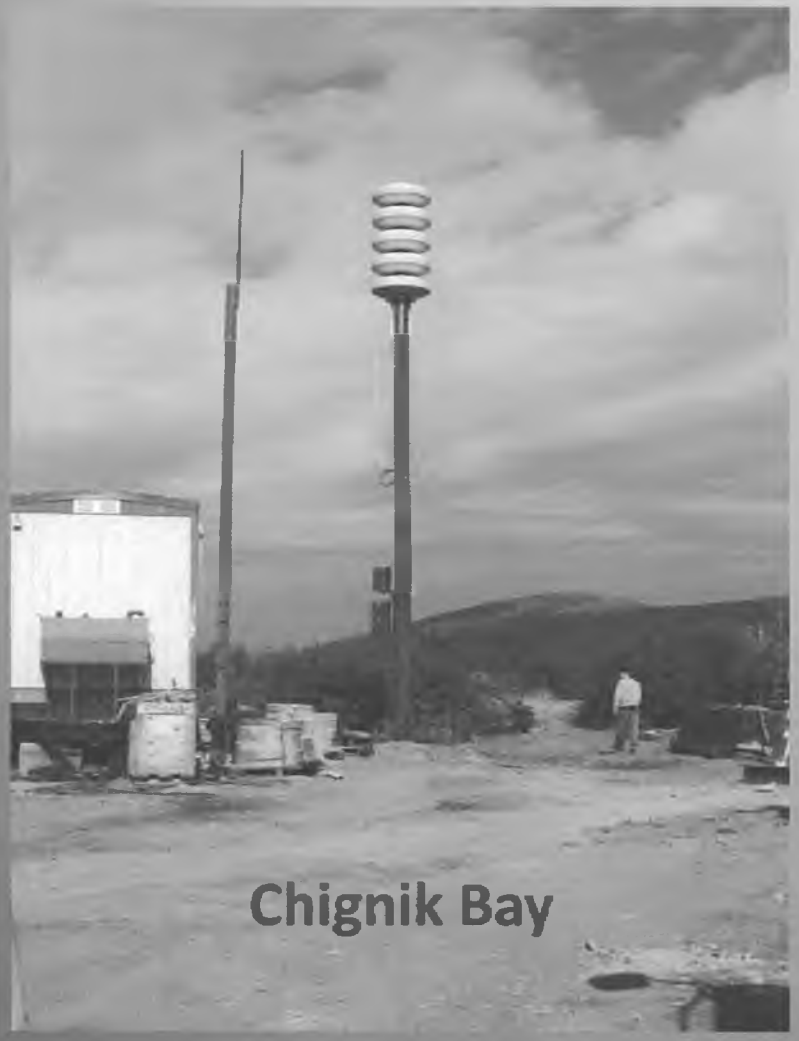
Warning Sirens





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Warning Sirens



Chignik Bay



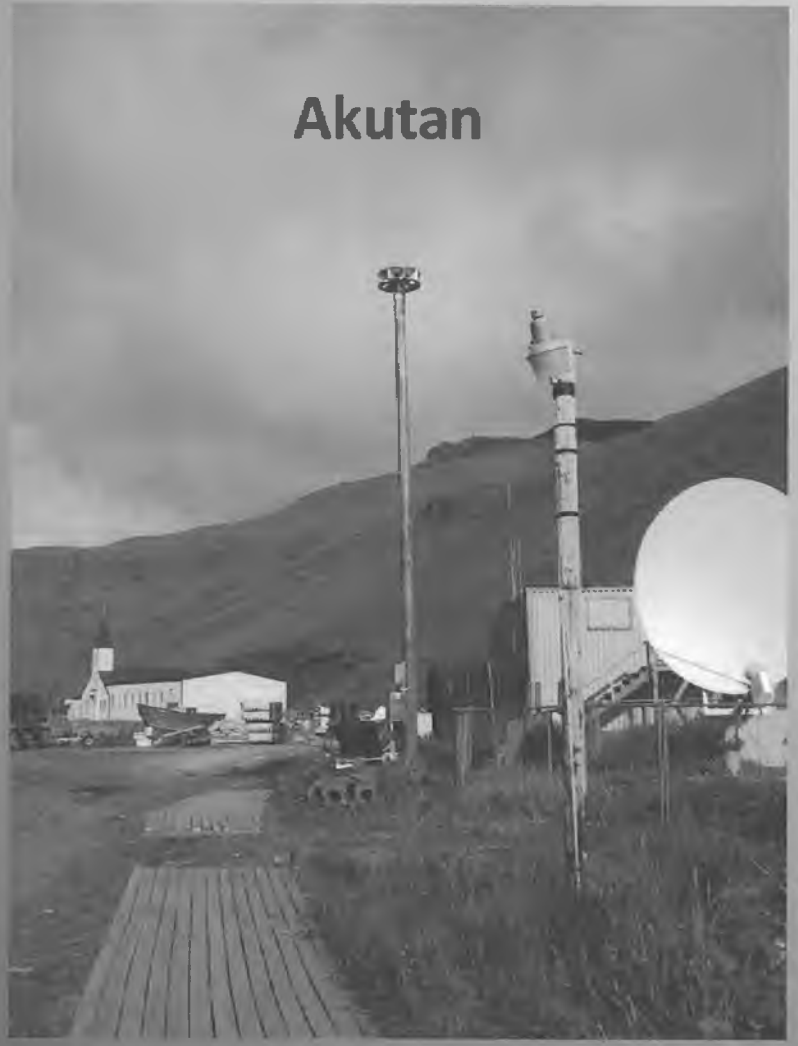
Perryville

Nat. Hazard Tsunami Program

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Warning Sirens

Akutan



Ouzinkie



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Warning Sirens





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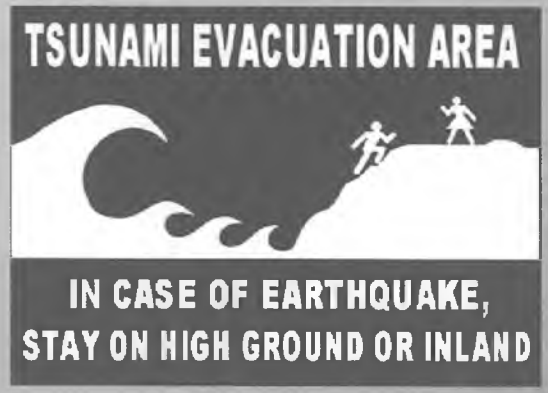


Kenai Peninsula Borough Mobile Siren

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Tsunami Sign Program









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Tsunami Signs



Homer Terminal



Homer Spit

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Tsunami Signs



Sand Point Harbor

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Outreach and Education

"Quake Cabin"

- Quake Cabin increases tsunami and earthquake focused outreach initiatives throughout Alaska
- Distribute outreach materials
- Teach mitigation methods
- Simulates 5.0 magnitude
- Used at public and private events
- Schools & businesses
- State fairs & safety events



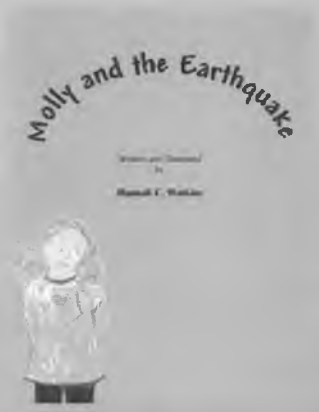


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Outreach Products

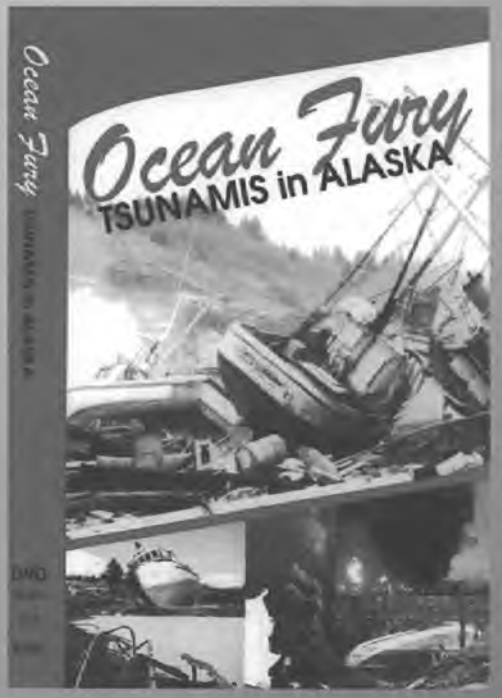












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*An **educated** and **aware** public **with a plan of action** will have the ability to adapt to the situation and respond accordingly.*

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Hazards / Threats

- Earthquakes
- Floods
- Volcanoes
- HAZMAT
- Severe Storms
- Tsunamis
- Wildland Fires
- Avalanches
- Terrorism
- Pandemic Flu
- Other

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Department of Military and Veterans Affairs
Homeland Security & Emergency Management

Partnerships

Local Communities

State of Alaska
Department of Military and Veterans Affairs
- Alaska National Guard
- Division of Homeland Security and Emergency Management

Department of Public Safety
- Alaska State Troopers

Department of Health and Social Services
Department of Environmental Conservation
Department of Transportation
- Port of Anchorage

Department of Corrections
UAF Unmanned Aerial Systems
Alaska Railroad

Alaska-Based DOD
Joint Task Force – Alaska (JTF-AK)
Alaskan NORAD Region (ANR)
US Army Alaska (USARAK)
US Army Garrison Alaska (USAG-AK)
US Army Garrison Ft Wainwright (USAG-FWA)
Bassett Army Community Hospital (BACH)
US Army Garrison Ft Greely (USAG-FGA)
3rd Wing (3WG)
US Army Corps of Engineers – Alaska (USACE-AK)

External DOD
FEMA Region 10 DCE

Other Federal
Department of Homeland Security
- USCG District 17
- FEMA Region 10
- TSA

Department of Justice
- US Attorney

Department of Transportation
- FAA

Other Organizations
AK Partnership for Infrastructure Protection (APIP)
Amateur Radio Emergency Services (ARES)
Civil Air Patrol
American Red Cross

State of Alaska
Department of Military and Veterans Affairs
Homeland Security & Emergency Management

Questions?

www.ready.alaska.gov

Terry Harvey

From: Jack Smith [jrsmith907@hotmail.com]
Sent: Monday, March 21, 2011 6:08 PM
To: Terry Harvey
Subject: RE: written testimony

The Salvation Army has had a presence in Japan since 1895. We have 80 centers serving the People of Japan. The "Army" has already started the dispatch of personnel and relief goods. If you feel led to contribute to this cause. You can do this one of two ways.

You can mail direct to The Salvation Army
PO Box 20110
Juneau, Alaska 99802
Indicate on your check that is for "Japan Relief".

This is the preferred method as I can track how Juneau has responded.

Go online to www.donate.salvationarmy.org - You can then choose how you would like to make you donation.

All donations are tax deductable and your personal information is kept confidential.

Captain Jack R Smith, Corps Officer
Juneau Citadel Corps
907 586-2136

From: Terry_Harvey@legis.state.ak.us
To: jrsmith907@hotmail.com
Date: Mon, 21 Mar 2011 17:51:31 -0800
Subject: written testimony

Email to me written testimony and we will get it on the record in our committee, thank you. Below is the title of tomorrows hearing.

+Overview: Emergency Disaster Preparedness in Alaska
Department of Military & Veterans Affairs, Division of Homeland Security
Department of Health & Social Services
Department of Environmental Conservation
City & Borough of Juneau Emergency Program Management

Terry Harvey, Committee Aide
House Community & Regional Affairs
Rep. Cathy Munoz, Chair
(907)465 5392

4/05/11 OVERVIEW: UPDATE ON ENERGY EFFICIENCY POLICY AND RECOMMENDATIONS BY COLD CLIMATE HOUSING RESEARCH CENTER

<TARGET><BILL></BILL><SUBJECT>4-05-11 OVERVIEW UPDATE ON ENERGY EFFICIENCY POLICY AND RECOMMENDATIONS BY COLD CLIMATE HOUSING RESEARCH CENTER</SUBJECT><COMM>HCRA27</COMM></TARGET>



Alaska Energy Efficiency Policy

Update of 2008 Report by CCHRC

Dr. John N. Davies
Senior Researcher – Energy Policy
Cold Climate Housing Research Center

presentation to the

Alaska Legislature
House CRA and Energy Committees

April 5, 2011
Juneau, Alaska

CCHRC
COLD CLIMATE HOUSING RESEARCH CENTER



Presentation Outline

- 2008 Study and Report to Legislature
- 2008 Results - SB 289/330
- 2010 Results - HB 306 & SB 220
- Recommendations from Experts Working Group of March 2, 2011
- Significance of energy efficiency as a resource



2008 Alaska Energy Efficiency Program & Policy Recommendations

Project managed by:
Cold Climate Housing Research Center

Project funded by:
Alaska Energy Authority
Alaska Housing Finance Corporation

Project staffed by:
Information Insights

CCHRC COLD CLIMATE HOUSING RESEARCH CENTER

Alaska Housing FINANCE CORPORATION

ALASKA ENERGY AUTHORITY

information insights



Energy Efficiency Edge

- ✓We can do it now!
- ✓Same output for less input:
  - Same heat less fuel
  - Same light less electricity
- ✓Efficiency relies on advancing *technologies which are becoming more plentiful, rather than fossil fuels which are being depleted*
- ✓Saving energy *costs less than buying it*
- ✓Pollution and CO_2 reduction



2008 Recommendations Presented in Nine Categories:

- State Leadership
- Funding Energy Efficiency
- Public Education and Outreach
- Baseline Data
- Existing Residential Buildings
- New Residential Construction
- Existing Commercial Buildings
- New Commercial Construction
- Public Buildings



Senate Bill 287/330 (2008)

Expand Weatherization Program

- Increase eligibility
- Appropriate $200 million

Create Energy Efficiency Rebate Program

- No income qualification
- Appropriate $100 million
- Supplemental $60 million



House Bill 306 (2010)
Establishing a State Energy Policy

Legislative Intent for Alaska State

- 15% increase in EE (per capita) between 2010 and 2020
- 50% of electric generation from RE and AE sources by 2025
- Reliable in-state gas supply
- Power Project Fund for energy projects
- Continue petroleum and natural gas production
- Become a leader in RE and AE development



House Bill 306 (2010)
Establishing a State Energy Policy

Policy Preamble

Prosperity dependent on available, reliable, and affordable energy

Supply and demand for fossil fuels and concerns about climate change will affect the price of fossil fuels in Alaska and exported from the state to other markets

In establishing a state energy policy, the state recognizes the immense diversity of the state's geography, cultures, and resource availability



House Bill 306 (2010)
State Energy Policy

I. Support energy efficiency and conservation by

(A) Encouraging statewide energy efficiency codes

(C) Decreasing public building energy consumption

(C) Supporting a public education program on EE and RE



House Bill 306 (2010)
State Energy Policy

II. Encourage economic development by

(A) Developing RE and AE resources - geothermal, wind, solar, hydrokinetic, tidal, & biomass

(B) Efficient use of non-RE and AE resources - natural gas, coal, oil, gas hydrates, heavy oil, and nuclear energy

(C) Working with communities to identify and assist with development of the most cost-effective, long-term sources of energy

(E) Maintaining a fiscal regime and regulatory climate that encourage private-sector development of the state's energy resources

(E) Promoting the efficient use of energy for transportation



House Bill 306 (2010)
State Energy Policy

III. Support energy research, education, and workforce development through

(A) Training and education programs that address energy conservation, efficiency, and availability

(B) Applied energy research and development of alternative and emerging technologies, including university programs



House Bill 306 (2010)
State Energy Policy

IV. Coordinate governmental functions by

(A) Reviewing and streamlining regulatory processes while protecting the public interest

(B) Using one office to manage energy-related functions to avoid fragmentation and to increase effectiveness

(C) Collaborating with federal agencies to achieve the state's energy and emissions goals



Senate Bill 220 (2010) Sustainable Energy Act (1 of 3)

Alaska Energy Efficiency Revolving Loan Fund – energy efficiency improvements to public buildings

The Southeast Energy Fund – grants for energy projects

Emerging Energy Technology Fund – grants for demonstration projects

Alternative Energy Conservation Revolving Loan Fund – Alternative energy development and energy conservation improvements in public buildings

Alaska Affordable Heating Program – The *Alaska Heating Assistance Program* is renamed and the relationship to LIHEAP and new limits up to 225 and 250% of the federal poverty level are established.



Senate Bill 220 (2010) Sustainable Energy Act (2 of 3)

Public Facilities & Building Energy Use Database – ADOT/PF shall retrofit 25% of all public facilities. Retrofits and new construction shall meet ASHRAE 90.1. OMB shall develop methodology to collect building energy data.

Public Vehicles – The ADOT/PF shall convert vehicles to use alternative fuels or purchase energy efficient vehicles whenever practicable.

Nuclear Power may be considered as "alternative power." US & DEC licenses or permits are required. DEC may not issue a permit until the municipality with jurisdiction approves. Legislature designates site for facility, and shall act to protect the public health and safety.



Senate Bill 220 (2010) Sustainable Energy Act (3 of 3)

Public Education - AEA to promote EE & AE through training and public education.

State Land Leases - The cost of a state land lease with an electric utility may not be based on the amount of renewable energy produced by the utility.

Energy Codes and Standards - AHFC may provide technical assistance to municipalities related to residential and commercial building energy codes and energy efficiency standards.

Municipal Taxes - A municipality may exempt from taxation residential renewable (non-fossil or nuclear) energy systems.



Score Sheet for 2008 Report

Recommendation	2008	2010	% Done	Goals
I. State Leadership			60	
A. Governor Vision(HB 306)		i	90	
B. Governor Subcabinet		i	10	G
II. Funding Energy Efficiency			60	
A. Legislative Appropriation	$$$	FFF	50	$
B. RCA - system benefit charges		i	10	G
C. Legislative endowment			0	
D. Matching grants to munis			0	
III. Public Education and Outreach				
A. Legislative approp = $1 million		i	30	G



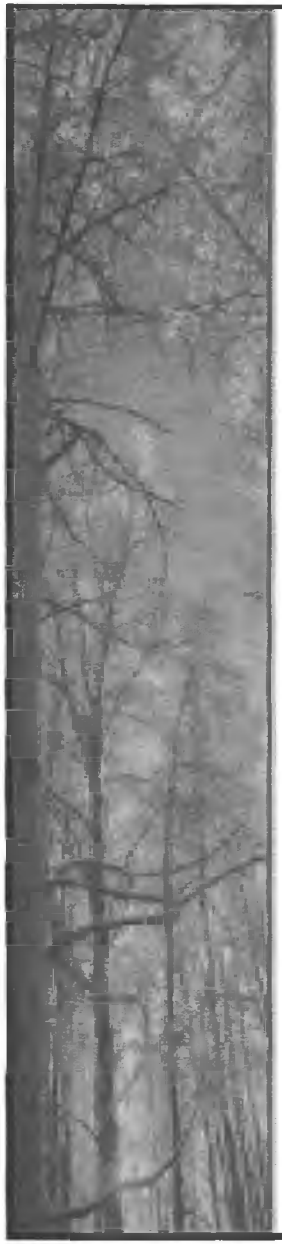
Score Sheet for 2008 Report

Recommendation	2008	2010	% Done	Goals
IV. Baseline Data			80	
A. Survey of Res & Com Bldgs		AEA	75	$
B. Public Bldg Database			90	
V. Existing Residential Buildings			80	
A. Increase funds for Weatherization	$$$		100	$
B. Training Program for EE workers			50	G
C. Fund audits and loan for retrofits (rebates)	$$$		100	$
D. Fund pilot smart meter program			50	$
VI. New Residential Buildings			30	
A. BEES statewide energy codes			50	G
B. Statewide building code			0	G



Score Sheet for 2008 Report

Recommendation	2008	2010	% Done	Goals
VII. Existing Commercial Buildings			20	
A. AEA audits and loans for retrofits		F	30	$
B. RCA require utilities to offer PAYS			10	G
VIII. New Commercial Buildings				
A. AEA develop com. energy code		AHFC	80	$
IX. Public Buildings			90	
A. Gov.: 20% reduction by 2020		f	90	
B. BOR: 20% reduction by 2020		f	90	
C. Fund audit for all public schools		f	90	
D. Conservation matching grants K-12			0	
E. Low-int.Loan prog for Public Bldgs		FFF	100	



Top Five Recommendations from 2011 Working group

1. Statewide Energy Efficiency Code
2. Sustainably fund Wx and Rebate Programs
3. Education – outreach, training, K-U courses
4. Utilities-based End-Use Electrical Efficiency Programs, consider decoupling mechanisms
5. Legislate efficiency as a priority



Policy Recommendations - State Leadership

Implement a statewide energy code for all building types.

Empower RCA to develop end-use energy efficiency programs, including funding mechanisms.

Require an integrated approach to the development of energy systems.

- Treat both electricity and space heating.
- Prioritize the EE resource – always reduce the supply needed by reducing demand first, before developing more capacity.



Statewide Energy Efficiency Code

- Number One Recommendation of Experts Panel
- Needed by AHFC
- Supported by ASHBA



Policy Recommendations – Education, Training, & Outreach

Fund schools and universities provide education, research, and training to advance our understanding of energy efficiency and conservation as a resource.

Fund workforce training entities to produce a highly qualified workforce to deliver energy efficiency and conservation services.

Fund state agencies and non-governmental organizations to develop sustained public outreach. The *Energy Efficiency and Conservation Working Group* now lead by AEA is a good example.

Establish a *Green Schools Caucus* in the legislature



Policy Recommendations – Residential Buildings

Continue to fund the *Home Energy Rebate* and *Weatherization* programs.

Set the bar higher in programs such as the AHFC Five-Star-Plus rebates and mortgage rate reductions.

RCA develop programs to encourage the use of more energy efficient lights, appliances, etc.

RCA develop programs that eliminate the "throughput incentive" by decoupling the amount of energy sold from utility profits.

Develop a home energy-use labeling system to assist homebuyers in finding the best value and to help transform the market place by making transactions more transparent.



Policy Recommendations – Commercial Buildings

Establish an energy-use index and labeling system to encourage owners to reduce the amount of energy (both electrical and thermal) consumed by their buildings.

Expand and fund the commercial audit pilot program to include loans and consider rebates as well .

Encourage the use of combined heat and power units and other waste heat recovery wherever feasible.



Policy Recommendations – Public Buildings

Continue to fund the Village Energy Efficiency Program.

Every public building should get an energy audit and commissioning of its energy systems.

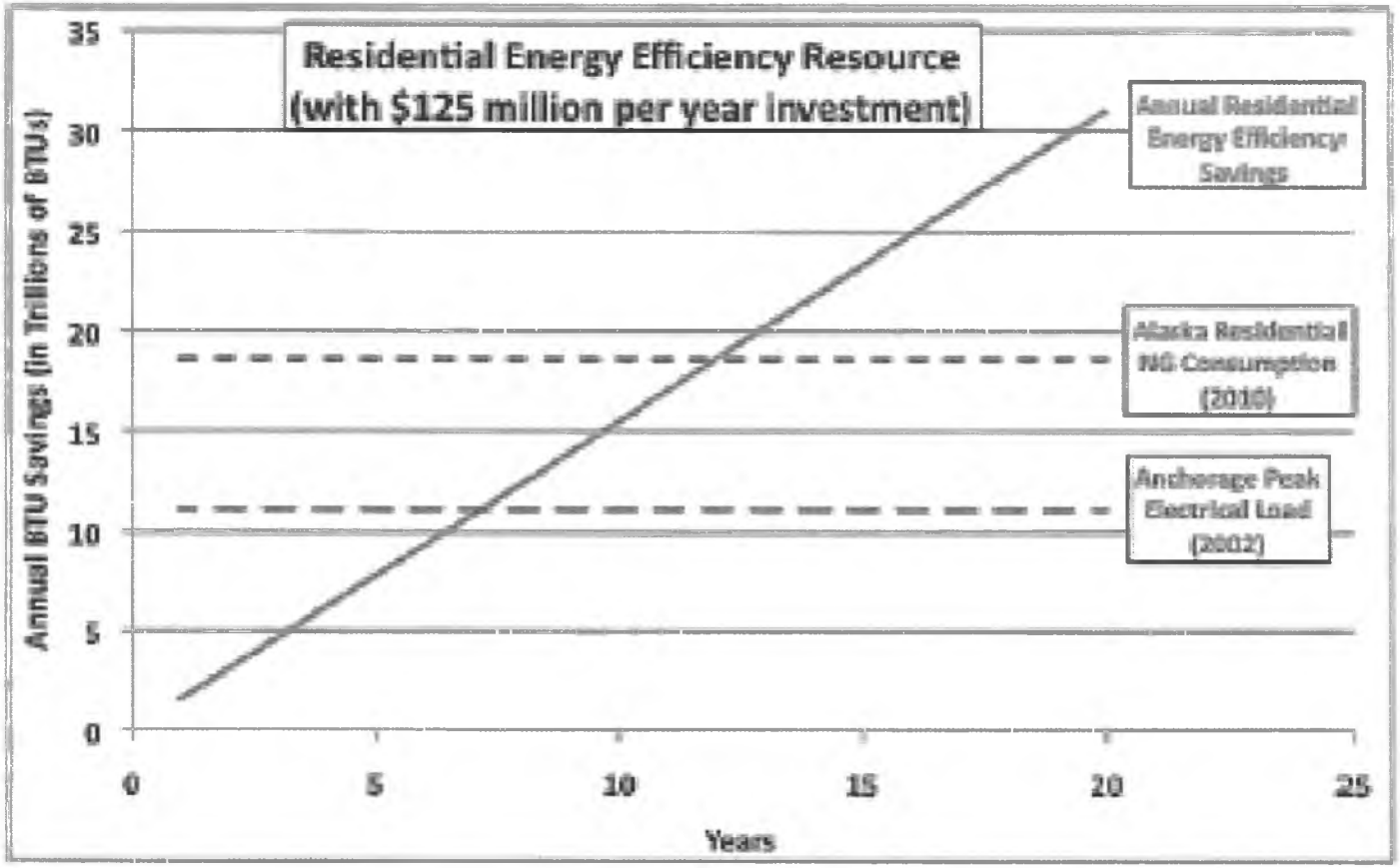


Policy Recommendations – Community and Regional Planning

AEA should expand its community and regional planning efforts to assist communities with the development of solid energy planning initiatives and fund energy efficiency and renewable energy projects that make good technical and economic sense.

CCHRC should continue its *Sustainable Northern Communities* program to assist communities in the design of highly energy efficient housing.

Energy Efficiency as a Resource





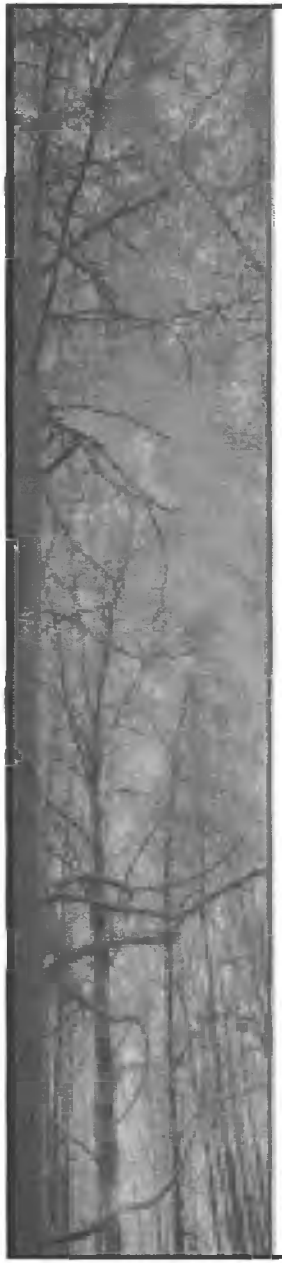
Conclusions

It is imperative that we use our present wealth to develop an economy that is much less reliant on fossil fuels to assure a healthy and sustainable future.

One of the most cost-effective resources we have is energy efficiency and conservation.

The sustained energy and cost savings to businesses and homeowners from EE will result in reinvestment in Alaska's economy and stimulation of substantial economic growth.

Bottom Line - Sustained investment in EE will foster a more sustainable and vibrant economy.



Last slide – Questions?

Cold Climate Housing Research Center
http://www.cchrc.org/

Alaska Energy Authority
http://www.akenergy.org

Alaska Housing Finance Corporation
http://www.ahfc.state.ak.us/home/index.cfm

Information Insights Inc.
http://www.iialaska.com

2/16/12 PRESENTATION: YK VILLAGE CLUSTER CONSOLIDATED SERVICES MODEL PLAN

<TARGET><BILL></BILL><SUBJECT>2-16-12 PRESENTATION YK VILLAGE CLUSTER CONSOLIDATED SERVICES MODEL PLAN</SUBJECT><COMM>HCRA27</COMM></TARGET>

YK Village Cluster Consolidated Services Model Plan

Alaska State Legislature

Community & Regional Affairs Committee

presented by:

Andrew Guy and Christine Klein

CEO/President and COO/EVP

Calista Corporation



CALISTA CORPORATION
www.calistacorp.com

Village Cluster Consolidated Services Presentation Outline *delete in final*

Opening – we're a product Ak villages, access larger communities w limited services, from both ends of AK

- Commonality = villages, near slightly larger community utilized for services, education, etc
- Differences = Calista entire region lacks affordable energy, no or limited transportation, few jobs

1. Community Sustainability:

- Areas with small rural communities and little infrastructure have extremely high living costs, they must share and leverage resources to ensure community sustainability
- Calista Region YK good model (large # small villages, lack of basic infrastructure, and highest energy heat/electricity costs in nation)

2. Village Cluster Consolidation Model Proposed:

- Public Infrastructure & Services Master Plan for Three groups of closely located villages
- Sub-regions and hubs in the larger YK area
- Cost and Implementation Plan
  - Funding $1.5M to start
  - Coordinated State Agency top level task force

3. Benefit of Village Clusters with road linkage

- State Depts would consolidate & share resources, build infrastructure @ lower cost
- Reduce Duplication of infrastructure and services located closely together
- Provide better quality required public services (ie) high schools with elective classes
- Reduce rural cost of living, while improving student education, training, and workforce

Community Sustainability

1. Transportation Access

- Access In & Out
- Airports, ferries, railroad, ports, roads, trails
  - Federal Land restrictions isolate our communities and resources today

2. Affordable Energy

- Dependable Power
- Affordable Energy
  - Diesel used for heat and electricity is largely imported
  - Few Transmission Grids

Economy

- Economy (jobs) means access to our God Given Resources:
  - Minerals
  - Oil and Gas
  - Forests
  - Mammals
  - Fisheries
  - People!



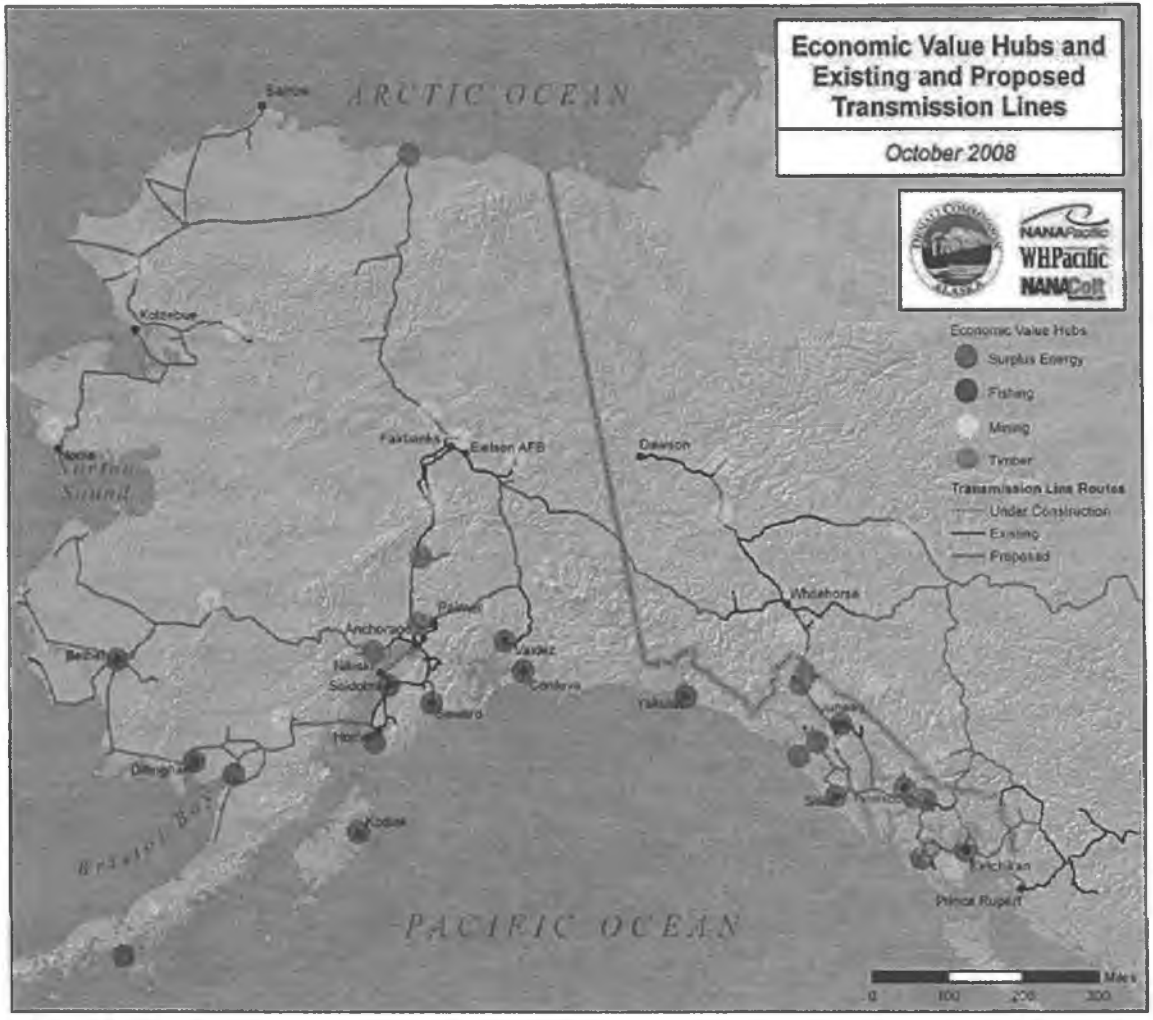
Sustainability: Access

Majority of Alaska Communities and Resources are Off Railbelt and Off-Grid!

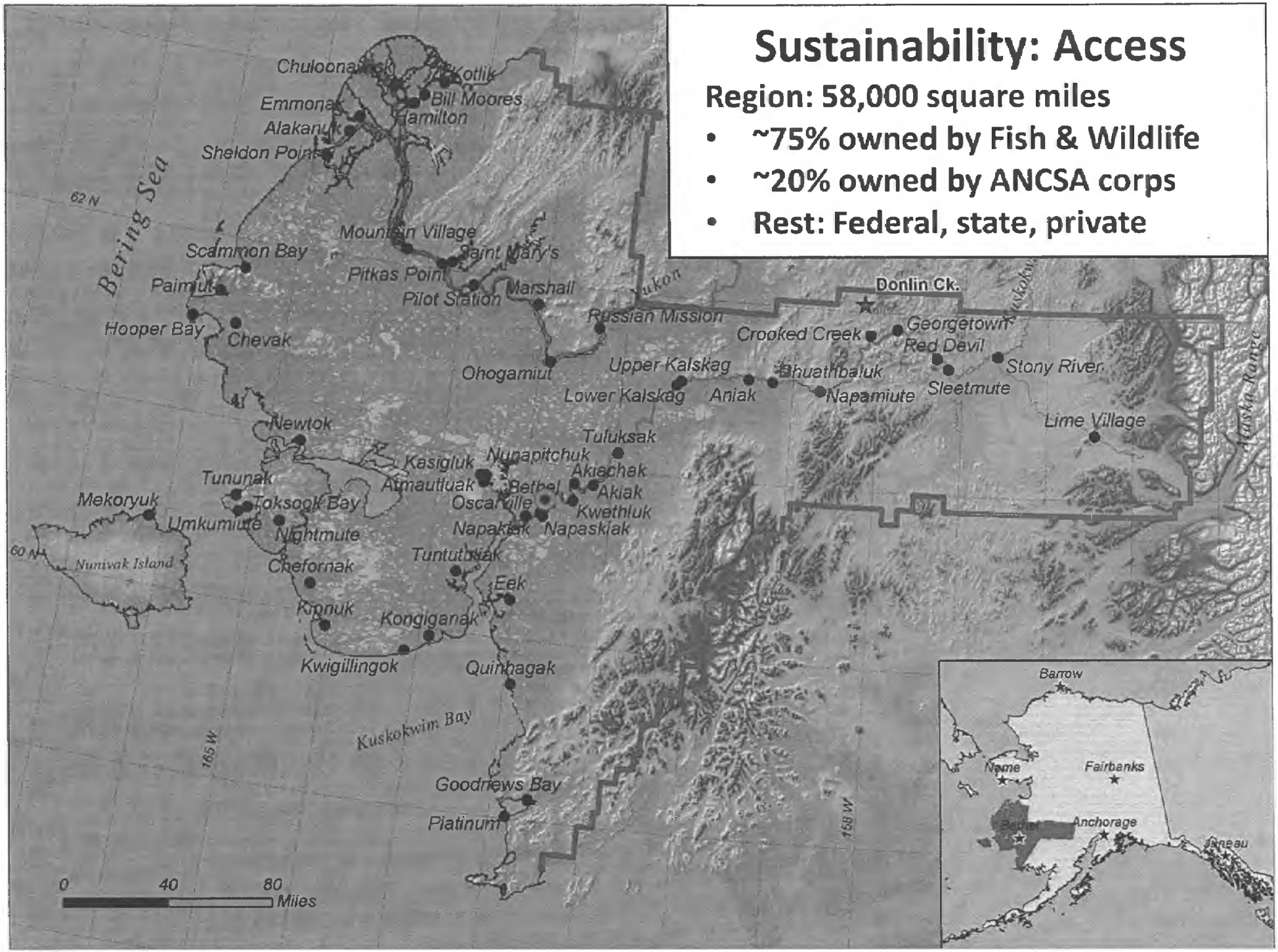
Existing Railbelt Transportation and Energy (Access Grid is the Double Yellow Line)

Sustainability: Affordable Access & Energy

- **Communities and Resource** areas still are mostly 'Off-Grid'
- **Planned links still a priority**
  - Transportation
  - Energy
- **Tough Economy** makes the links even more critical

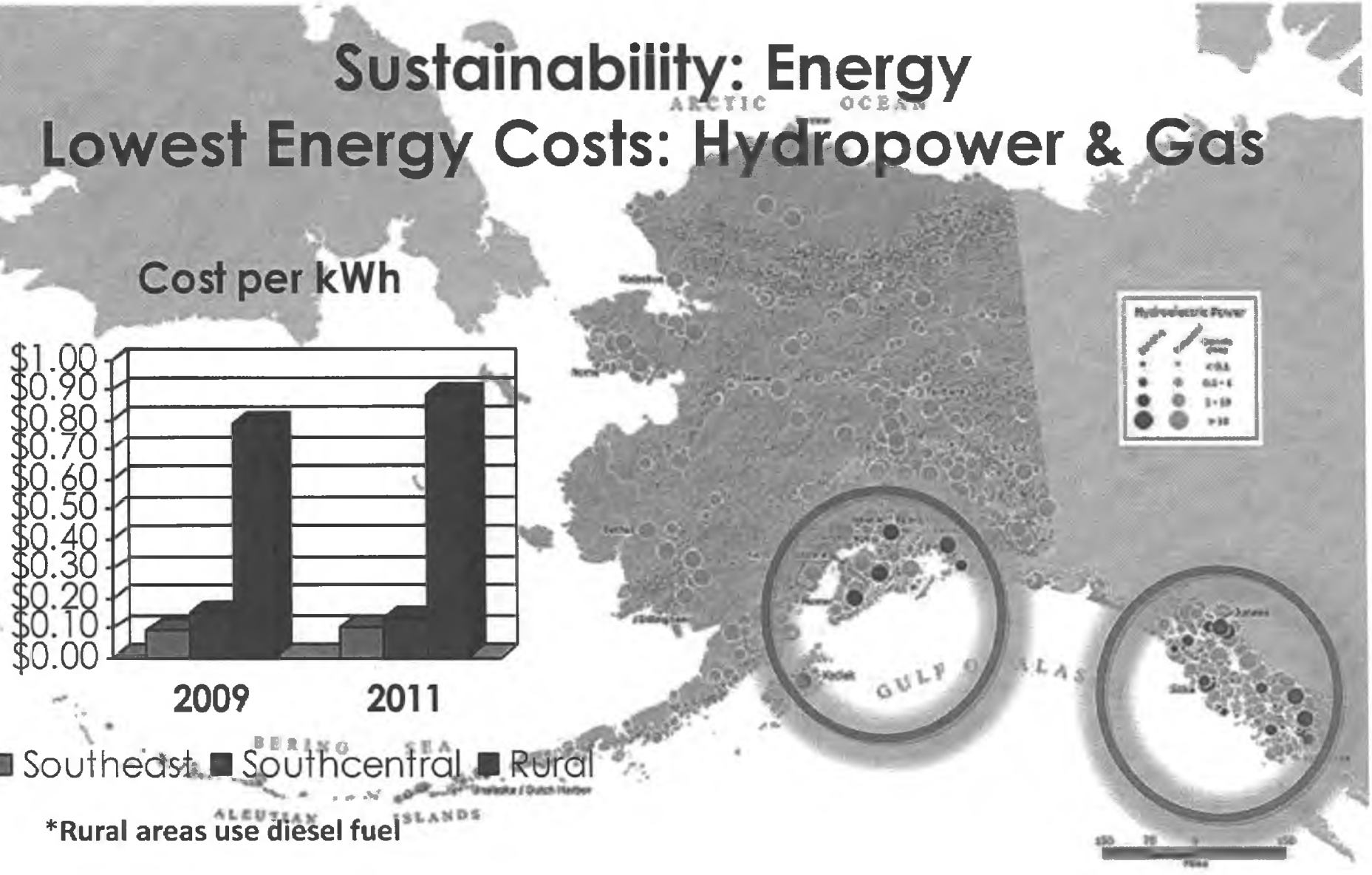


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Sustainability: Access
Region: 58,000 square miles
• ~75% owned by Fish & Wildlife
• ~20% owned by ANCSA corps
• Rest: Federal, state, private
Bering Sea
62 N
Chuloonawick
Kotlik
Bill Moores
Hamilton
Emmonak
Alakanuk
Sheldon Point
Mountain Village
Saint Mary's
Scammon Bay
Pitkas Point
Marshall
Pilot Station
Paimiut
Hooper Bay
Chevak
Russian Mission
Yukon
Donlin Ck.
Kuskokwim
Crooked Creek
Georgetown
Red Devil
Stony River
Sleetmute
Ohogamiut
Upper Kalskag
Lower Kalskag
Aniak
Napamiute
Alaska Range
Lime Village
Newtok
Tuluksak
Nunapitchuk
Kasigluk
Akiachak
Tununak
Atmautluak
Bethel
Akiak
Mekoryuk
Toksook Bay
Oscarville
Kwethluk
Umkumiute
Nightmute
Napakiak
Napaskiak
60 N
Nunivak Island
Chefornak
Tuntutuliak
Eek
Kipnuk
Kongiganak
Kwigillingok
Quinhagak
Kuskokwim Bay
165 W
158 W
Goodnews Bay
Platinum
0
40
80
Miles
Barrow
Nome
Fairbanks
Anchorage
Juneau

Sustainability: Energy
Lowest Energy Costs: Hydropower & Gas

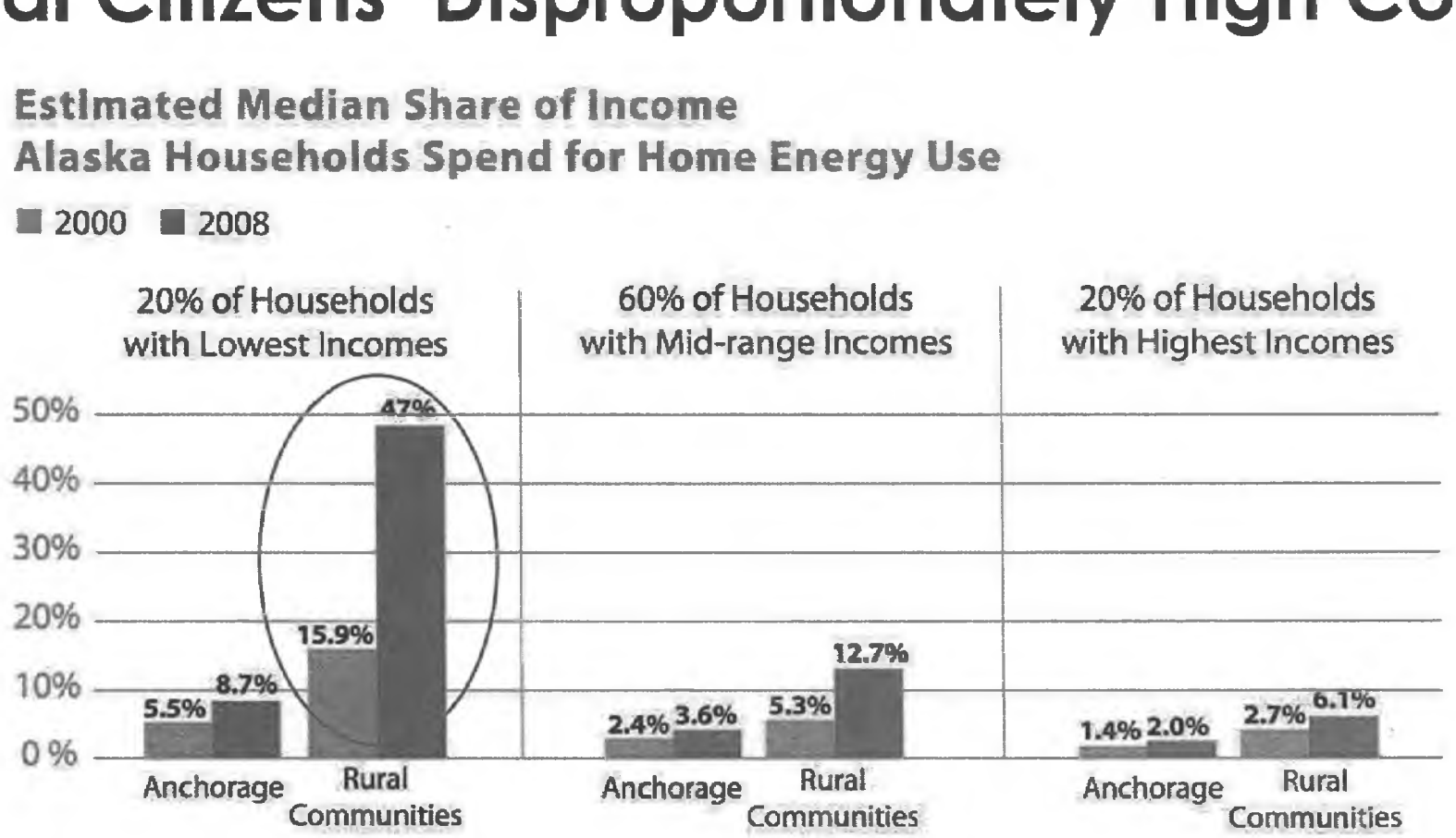
*Rural areas use diesel fuel



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Sustainability: Energy
Rural Citizens' Disproportionately High Costs

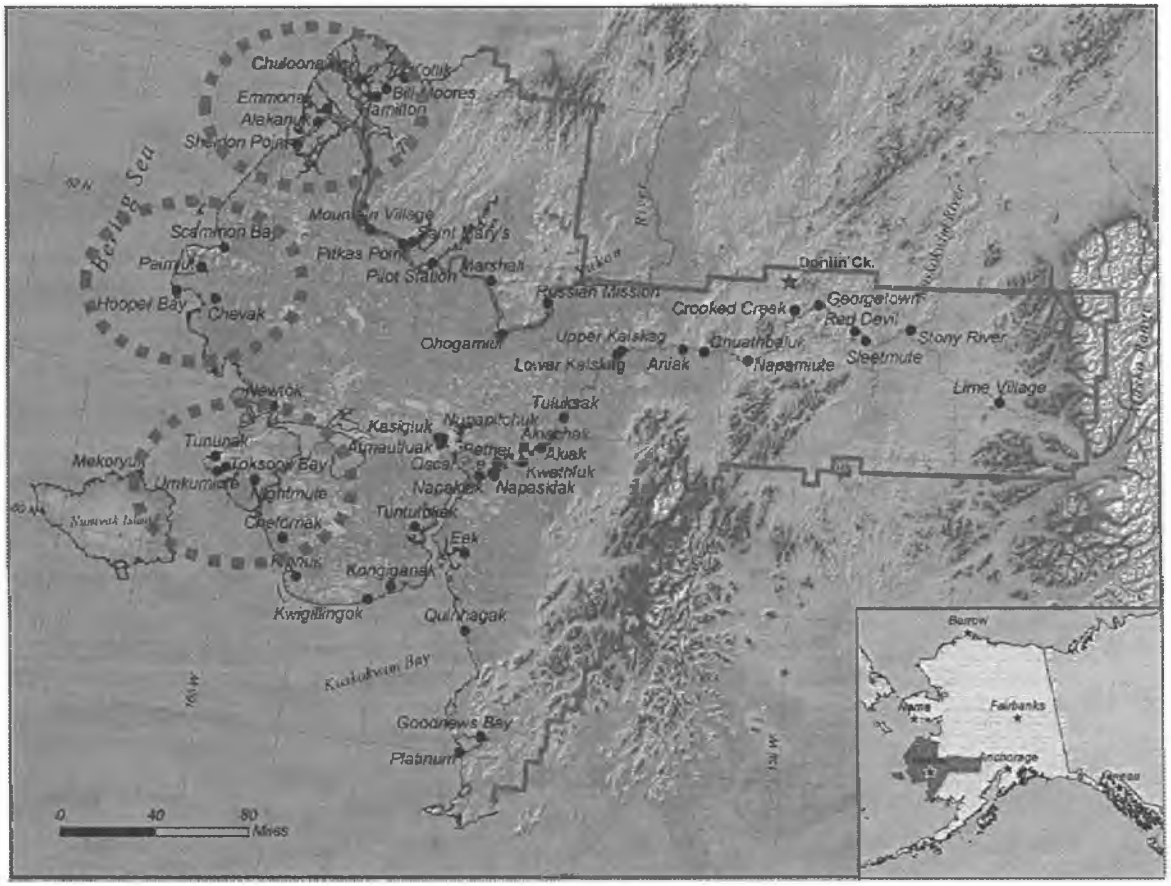
Estimated Median Share of Income
Alaska Households Spend for Home Energy Use



Source: Estimated Household Costs for Home Energy Use, May 2008 a report by ISER

Village Cluster Model: Group Closely Located Villages

1. **I.D. feasible clusters** of close communities
2. **Access:** commit to link these villages by road
3. **Energy:** commit to transmission lines
4. **Coordination** of the shared public services, infrastructure, M&O
   - Power Plants
   - School(s)
   - Airports
   - Clinics, etc



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www.calistacorp.com

Proposed Village Cluster Model: Shared Services Consolidation

- **Leadership Commitment** with multiple state government agencies commitment and plan for future infrastructure
- **Communities' Public Infrastructure Master Plans** developed through public & multi-agency process with long term future building and replacement plan for infrastructure if it exists
- **Roadway and energy link priority** to grouped villages enabling sharing of infrastructure and services for closely located villages
- **Coordinate infrastructure siting for village 'equity' stake** in public services "sharing," and final maintenance & operation of infrastructure in 5 to 10 year Implementation Plan

Proposed Village Cluster Model: Planning Project Request = $1.5M

State Benefits:

- Reduce Duplication
- Economies of Scale
- Coordinated State Agency Master Plans
- Sharing of Resources
- Centralized, Fewer, and Better Schools
- Leverage Limited State Capital & Operating Funds

Local Benefits:

- Linked Communities
- More Reliable Power
- Cheaper Energy and Transportation Costs
- Higher Quality Services
- Improved Education for Rural Students
- Improved emergency services and resources

HB

40

<TARGET><BILL>HB 40</BILL><SUBJECT>HB
40</SUBJECT><COMM>HCRA27</COMM></TARGET>

Foster

27-LS0232\A

optional
-Austerman
-Saddler

HOUSE BILL NO. 40

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES KAWASAKI AND PETERSEN

Introduced: 1/18/11
Referred: Community and Regional Affairs, Finance

A BILL

FOR AN ACT ENTITLED

"An Act relating to an optional exemption from municipal property taxes for residential property."

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

*** Section 1.** AS 29.45.050(a) is amended to read:

(a) A municipality may exclude or exempt or partially exempt residential property from taxation by ordinance ratified by the voters at an election. An exclusion or exemption authorized by this subsection may be applied with respect to taxes levied in a service area to fund the special services. An exclusion or exemption authorized by this subsection may not exceed the assessed value of **$100,000** [$20,000] for any one residence.

Representative Scott Jiu Wo Kawasaki
Alaska State Legislature District 9 Fairbanks

House Bill 40
Sponsor Statement

"An Act relating to an optional exemption from municipal property taxes for residential property."

House Bill 40 would allow a municipality to offer a residential property tax exemption up to $100,000. This bill does *not* mandate any municipality must raise their property tax exemption to $100,000. Current law does not allow for state-mandated local method of taxation or tax rate. This bill only allows local governments the option of increasing their residential property tax exemption.

The intent behind this legislation is two fold. First, HB 40 allows for homeowners tax relief due to repeatedly increased property assessments over recent years. Second, it provides municipalities another tool when and if they consider diversifying their revenue stream.

Currently there are 12 boroughs and 13 cities - with a combined population of over 590,000 Alaskans - which levy property taxes. If municipalities were to fully implement this proposed exemption the tax relief for homeowners would be profound.

HB 40 would not affect a smaller, revenue-strapped community's sources of tax income. Instead, it would give those municipalities with a large enough population the ability to relieve the tax burden largely borne by homeowners. HB 40 would allow these local governments the ability to choose and set the exemption at any amount *up to* $100,000.

HB 40 is a tool for municipalities to utilize at their own discretion. Having the potential to aid both our local governments and our citizen homeowners, I urge you to support House Bill 40.

In Juneau ○ State Capitol Juneau, Alaska 99801
In Fairbanks ○ 1292 Sadler Way Fairbanks, Alaska 99701
Juneau ○ (907) 465-3466 ○ Fax (907) 465-2937 ○ **Fairbanks** ○ (907) 456-7423 ○ Fax (907) 451-9293
Email: Representative_Scott_Kawasaki@legis.state.ak.us

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB 40**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB040-DCCED-DCRA-02-24-12
Title: MUNICIPAL PROPERTY TAX EXEMPTION
Sponsor: Representatives Kawasaki, Petersen
Requester: House Community and Regional Affairs

Dept. Affected: DCCED
Appropriation: Community and Regional Affairs
Allocation: Community and Regional Affairs
OMB Component Number: 2879

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version

Prepared by: Scott Ruby, Director — Phone (907) 269-4569
Division: Community and Regional Affairs — Date/Time 2/24/2012 11:30am
Approved by: JoEllen Hanrahan, Director Administrative Services — Date 2/24/2012
Commerce, Community and Economic Development

(Revised 11/28/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
012 LEGISLATIVE SESSION

BILL NO. HB 40

Analysis

HB 40 amends an existing statute that authorizes municipalities to exempt residential property from taxation. This bill will increase the maximum exemption from the existing $20,000 limit up to $100,000.

There is no anticipated fiscal impact to the Division of Community and Regional Affairs.

ALASKA MUNICIPAL LEAGUE
Alaska Conference of Mayors

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

February 28, 2012

House C&RA
State Capitol Building
Juneau, Alaska 99811

Dear House C&RA members,

The Alaska Municipal League is opposed to HB 40. While we realize that this bill leaves the municipality a choice as to whether to make this exemption a reality, more and more "optional" exemption bills continue to be introduced. While the optional bills can be dealt with, when you add them to the mandated tax exemption laws currently in place, it exacerbates an already large financial problem. While we understand the desire to lower tax burdens on those who are less able to pay, we are also concerned about those who must shoulder this burden.

Simply put, we feel as property taxing authority under Title 29 belongs to the local governments in this state, that the state should refrain from attempting to "suggest" any more exemptions. Current law exempts senior citizens and disabled veterans for the value of the first $150,000 value of their primary home. The state is instructed to reimburse municipalities for that exemption. However, the state has made the decision not to do so.

Total Tax Amount Exempt Statewide on the Senior Citizen and Disabled Veteran Mandatory Property Tax Exemption	**$53,315,762**
Total State Revenue Sharing to Municipalities	**$60,000,000**

The increase in exemptions is increasing at approximately 7% per year.

The breakdown for the largest municipalities is as follows:

	Tax Amount Exempt	Revenue Sharing
Anchorage	$26,044,862	$15,053,452
Mat-Su Borough	$ 8,480,927	$ 4,332,643
Fairbanks North Star Borough	$ 8,465,515	$ 3,813,595
City & Borough of Juneau	$ 2,103,014	$ 2,017,698
Kenai Peninsula Borough	$ 4,174,276	$ 2,554,445
Ketchikan Gateway Borough	$ 1,048,826	$ 637,115
Kodiak Island Borough	$ 770,509	$ 732,242

As you can see, the larger municipalities in this state receive less from Revenue Sharing than they are mandated to exempt under AS. 29.45.030(g). We would encourage the Legislature to have a discussion concerning the mandated Senior

Citizens' Property Tax exemption with regards to the State reimbursing municipalities under AS 29.45.030 (g).

We would be happy to discuss this matter with you at any time.

Sincerely,

Kathie Wasserman

Kathie Wasserman
Executive Director

FISCAL NOTE

STATE OF ALASKA cost ≠ codes
2012 LEGISLATIVE SESSION

Bill Version: HB 040
Fiscal Note Number: 1
Publish Date:

Identifier (file name): HB040-DOR-TAX-02-29-12
Title: Municipal Property Tax Exemption
Sponsor: Representatives Kawasaki, Petersen
Requester: House Community & Regional Affairs

Dept. Affected: Revenue
Appropriation: Taxation and Treasury
Allocation: Tax Division
OMB Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES	***	***	***	***	***	***	***

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version.

Prepared by: Johanna Bales, Deputy Director
Division: Tax
Phone: (907) 269-6628
Date/Time: 2/29/2012 4:30 p.m.

Approved by: Alicia Egan, Legislative Liaison
Department of Revenue
Date: 2/29/2012

(Revised 8/17/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB 040

Analysis

Bill Language:
This bill would allow municipalities to exclude, exempt, or partially exempt up to $100,000 of the assessed value of residential property from local property taxes. Currently, municipalities may only exempt up to $20,000 of the assessed value of residential property from local property taxes. The exclusion or exemption must be ratified by voters within the municipality at an election.

Revenues:
Currently, municipalities are allowed to levy a property tax on oil and gas property that is located within their jurisdictions. Companies that pay municipal property tax on oil and gas property may obtain a credit from the state against the state's oil and gas property tax. The mill rate levied on oil and gas property by municipalities may not exceed the mill rate levied on other property within that same jurisdiction. It is possible that if a municipality increases the residential property exemption from $20,000 to $100,000, that same municipality may increase it's mill rate on all properties. An increase in the mill rate on oil and gas property would increase the credit that companies claim against the state's oil and gas property tax and decrease the amount of oil and gas property tax retained by the state. It is difficult to determine the exact effect this legislation will have on state revenue because DOR is not able to determine if municipalities will increase the current residential property tax exemption and, if they did, if they would also increase in the mill rate on all properties.

Expenditures:
The Department can implement the provisions of this bill with existing resources.

HB 40



Municipal Property Tax Exemptions

House Resources

March 1, 2012

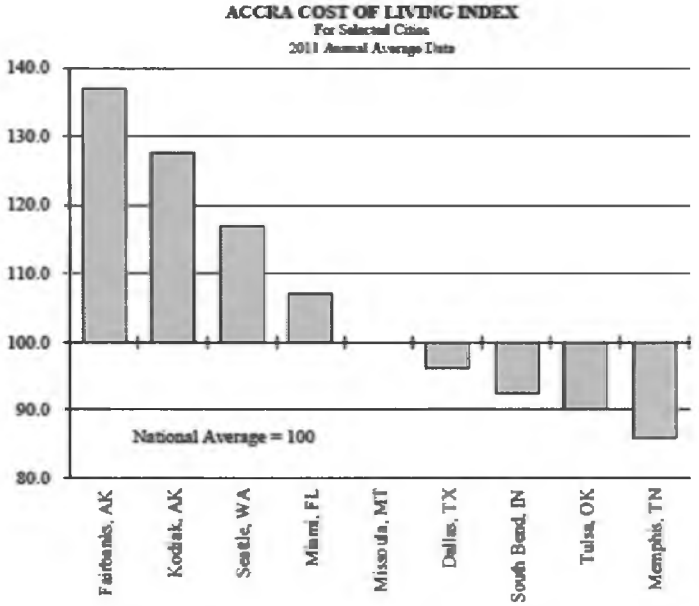
COST OF LIVING

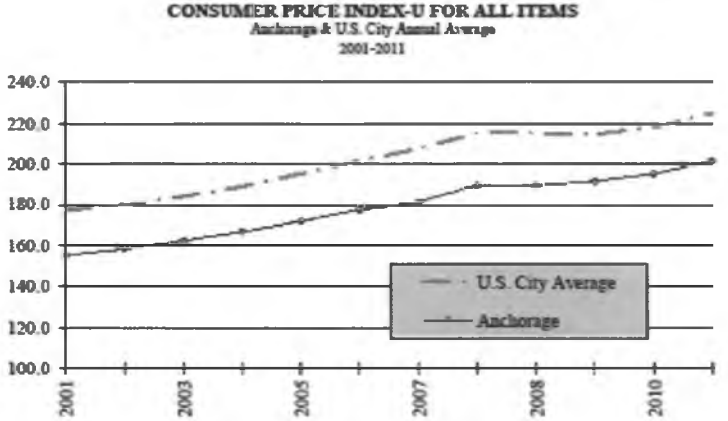
ACCRA COST OF LIVING INDEX*
For Selected Cities
2011 Annual Average Data

City	Composite Index 100%	Grocery Items 13.36%	Housing 28.64%	Utilities 10.46%	Trans-portation 10.66%	Health Care 4.44%	Misc. Goods & Services 32.44%
West:							
Fairbanks, AK	137.0	132.4	140.3	211.5	109.9	142.5	120.2
Anchorage, AK	130.6	137.4	149.8	98.2	112.0	139.4	126.3
Kodiak, AK	127.6	149.1	123.1	152.2	130.5	133.0	113.2
Juneau, AK	139.0	130.8	172.8	163.7	107.9	149.8	113.2
Phoenix, AZ	96.5	103.7	87.2	100.3	102.9	102.8	97.7
San Diego, CA	130.6	107.3	188.6	113.0	111.2	112.7	103.7
Denver, CO	105.0	102.6	112.9	90.0	95.0	106.8	106.9
Boise, ID	96.1	101.2	83.4	97.2	101.3	101.6	102.3
Missoula, MT	99.9	106.6	92.1	101.2	98.9	107.2	102.8
Farmington, NM	99.0	100.2	98.2	91.9	98.6	102.7	101.1
Seattle, WA	117.1	111.6	129.2	90.4	112.4	118.7	118.8
Cheyenne, WY	96.6	101.7	98.1	91.4	91.3	98.5	96.4
South:							
Miami, FL	107.1	107.3	111.7	94.3	109.0	106.5	106.4
Athens, GA	97.3	101.6	89.2	93.4	102.1	101.2	101.8
Lafayette, LA	97.9	93.5	106.5	85.0	105.9	87.7	95.1
Springfield, MO	88.8	95.3	75.3	83.6	94.3	95.3	96.9
Tulsa, OK	90.0	92.2	68.9	96.9	101.3	99.5	100.5
Memphis, TN	85.9	91.3	72.4	88.2	93.2	99.3	90.6
Dallas, TX	96.2	100.6	75.2	108.1	105.0	104.7	105.0
North Central:							
South Bend, IN	92.4	92.5	83.2	86.2	98.1	97.3	99.8
Grand Rapids, MI	89.4	97.8	76.0	90.8	95.0	95.6	94.5
Wausau, WI	96.2	100.5	87.5	106.1	98.1	103.5	97.3
Northeast:							
New York, NY	218.8	148.7	413.5	143.7	122.9	128.0	144.0
Philadelphia, PA	125.0	124.5	140.2	129.9	107.7	104.8	118.6
Boston, MA	137.3	118.8	160.2	147.3	106.7	121.3	133.7
Raleigh, NC	93.8	101.3	79.7	104.5	96.6	100.5	97.8
Richmond, VA	100.1	104.4	95.1	108.5	101.9	108.8	98.3
Avg. of 314 Urban Areas	100.0	100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: ACCRA (American Chamber of Commerce Researchers Association), "ACCRA Cost of Living Index," 2011 Annual Average Data, January 2012.
NOTE: The ACCRA Cost of Living Index does not measure inflation (price change over time). Because each quarterly report is a separate comparison of prices at a single point in time, and because both the number and the mix of participants changes from one quarter to the next, Index data from different quarters cannot be compared. For inflation data you will need to use the CPI-U (Consumer Price Index-All Urban Consumers).
* Item percentages change so please watch for current percentages.

Cost of Living





Housing

RESIDENTIAL HOUSING SALES*
Fairbanks North Star Borough
2009-2011**

Quarter	1 Bedroom #	1 Bedroom Price	2 Bedroom #	2 Bedroom Price	3 Bedroom #	3 Bedroom Price	4 Bedroom #	4 Bedroom Price	5+ Bedroom #	5+ Bedroom Price	Total # Sold	Avg Price
2009												
1st Qtr.	7	$152,834	14	$158,295	52	$224,299	21	$266,933	7	$329,360	101	$226,343
2nd Qtr.	12	$102,783	36	$159,302	114	$220,742	47	$264,209	8	$260,517	217	$214,890
3rd Qtr.	16	$95,618	47	$165,116	157	$225,087	53	$271,545	14	$275,528	287	$219,088
4th Qtr.	11	$107,581	57	$160,385	142	$226,106	50	$255,550	11	$295,627	271	$215,726
2009 Total	**46**	**$109,855**	**154**	**$161,361**	**465**	**$224,245**	**171**	**$264,285**	**40**	**$287,474**	**876**	**$217,845**
2010												
1st Qtr.	4	$77,125	22	$145,470	74	$199,165	30	$249,569	7	$263,971	137	$201,328
2nd Qtr.	18	$115,860	36	$154,643	148	$238,118	60	$268,627	12	$266,016	274	$227,022
3rd Qtr.	20	$129,520	36	$156,949	137	$228,472	50	$285,938	13	$259,723	256	$223,494
4th Qtr.	17	$107,794	45	$136,580	134	$214,027	58	$256,721	15	$282,959	269	$207,407
2010 Total	**59**	**$115,540**	**139**	**$147,941**	**493**	**$223,843**	**198**	**$266,623**	**47**	**$269,378**	**936**	**$216,659**
2011												
1st Qtr.	5	$107,300	30	$161,399	89	$232,332	35	$270,897	6	$293,258	165	$226,042
2nd Qtr.	10	$120,650	31	$174,480	110	$216,306	47	$264,488	13	$257,780	211	$218,915
3rd Qtr.	7	$102,785	30	$166,077	93	$212,814	35	$271,040	9	$272,744	174	$215,141
4th Qtr.	4	$86,125	13	$151,984	40	$216,743	25	$260,340	7	$316,785	89	$221,500
2011 Total	**26**	**$109,868**	**104**	**$165,225**	**332**	**$222,347**	**142**	**$265,592**	**35**	**$281,853**	**639**	**$221,939**
% Chg. 4th Qtr. 2010-11	-76%	-20%	-71%	11%	-70%	1%	-57%	1%	-53%	12%	-67%	7%
% Chg. ANNUAL 2010-11	-56%	-5%	-25%	12%	-33%	0%	-28%	0%	-26%	5%	-32%	2%

SOURCE: Greater Fairbanks Board of Realtors and Alaska Multiple Listing Service, Inc., personal and computer printout communications 2009-2011. Fairbanks Area MLS District data maintained by the Board or its MLS may not reflect all real estate activity in the market, and neither the Board nor its MLS guarantees or is in any way responsible for accuracy of the data.

* Does not include houses without bedrooms or sales of housing with zero lot lines.

** The Year-End Total number of sales includes the calculated average price of sales.

RESIDENTIAL HOUSING SALES
Fairbanks North Star Borough
2007-2011, Quarterly Data



ANNUAL AVERAGE RESIDENTIAL HOUSING SALES*
Fairbanks North Star Borough
2000-2011

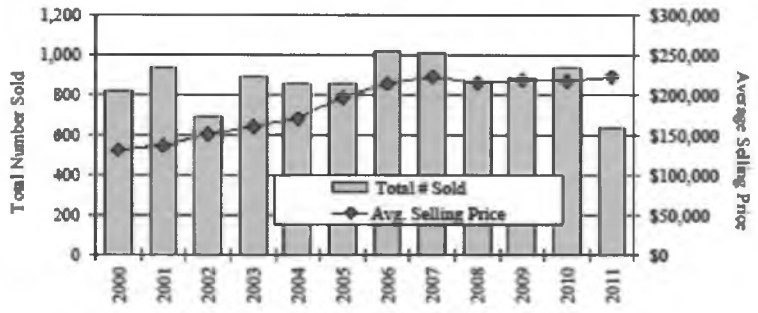
Year	1 Bedroom #	1 Bedroom Price	2 Bedroom #	2 Bedroom Price	3 Bedroom #	3 Bedroom Price	4 Bedroom #	4 Bedroom Price	5+ Bedroom #	5+ Bedroom Price	Total # Sold	Avg. Selling Price	% Change over yr Total # Sold	% Change over yr Avg Price
2000	59	$53,824	180	$92,473	396	$140,714	140	$173,130	41	$187,028	816	$131,679	11.3%	2.7%
2001	61	$63,591	233	$94,299	432	$150,035	162	$176,423	47	$188,765	935	$137,025	14.6%	4.1%
2002	43	$68,595	175	$100,489	295	$158,241	130	$213,208	50	$201,706	693	$151,545	-25.9%	10.6%
2003	59	$74,127	204	$107,667	410	$170,379	173	$204,159	47	$237,134	893	$159,751	28.9%	5.4%
2004	65	$93,531	164	$120,336	441	$178,733	147	$214,663	39	$240,959	856	$170,080	-4.1%	6.5%
2005	55	$95,452	160	$135,749	439	$207,847	163	$244,873	38	$266,373	855	$196,785	-0.1%	15.7%
2006	64	$107,793	158	$148,952	554	$220,860	194	$262,791	46	$288,256	1016	$213,613	18.8%	8.6%
2007	58	$107,211	176	$170,842	541	$228,359	194	$271,421	41	$288,301	1010	$222,084	-0.6%	4.0%
2008	59	$107,872	135	$155,583	493	$218,826	159	$277,801	19	$306,389	865	$214,151	-14.4%	-3.6%
2009	46	$109,055	154	$161,362	465	$224,245	171	$264,285	40	$287,474	876	$217,845	1.3%	1.7%
2010	59	$115,540	139	$147,941	493	$223,043	198	$266,898	47	$269,378	936	$216,659	6.8%	-0.5%
2011	26	$109,868	104	$165,225	332	$222,347	142	$265,592	35	$281,853	639	$221,939	-31.7%	2.4%
Annual Average 2000-11	55	$92,206	165	$133,411	441	$195,302	164	$236,247	41	$253,635	846	$187,763		

SOURCE: Greater Fairbanks Board of Realtors and Alaska Multiple Listing Service, Inc., personal and computer printout communications 2000-2011. Fairbanks Area MLS District data maintained by the Board or its MLS may not reflect all real estate activity in the market, and neither the Board nor its MLS guarantees or is in any way responsible for accuracy of the data.

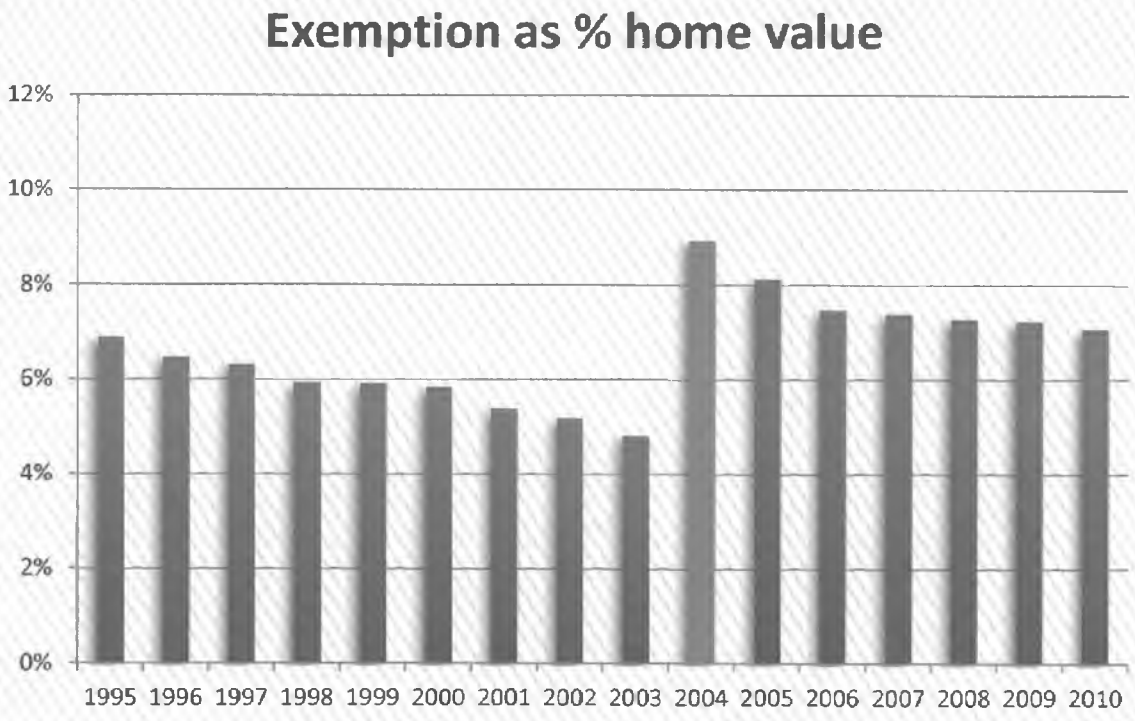
* Does not include houses without bedrooms or housing with zero lot lines.

** The Year-End Total number of sales includes the calculated average price of sales.

ANNUAL RESIDENTIAL HOUSING SALES*
Fairbanks North Star Borough
2000-2011



	Nominal cap on exemption	Discount factor	REAL cap ($2004) on exemption
2003	$10,000		
2004	$20,000	1	$20,000
2005	$20,000	0.970	$19,406
2006	$20,000	0.940	$18,804
2007	$20,000	0.920	$18,396
2008	$20,000	0.880	$17,584
2009	$20,000	0.869	$17,388
2010	$20,000	0.854	$17,085
2011	$20,000	0.828	$16,552
2012	$20,000	0.805*	$16,108
2013	$20,000	0.784*	$15,676
2014	$20,000	0.763*	$15,255
2015	$20,000	0.742*	$14,846
2016	$20,000	0.722*	$14,447



HB

65

<TARGET><BILL>HB 65</BILL><SUBJECT>HB
65</SUBJECT><COMM>HCRA27</COMM></TARGET>

[redacted]OUSE COMMITTEE REPO[redacted]

(7)
Date Referred to Committee: January 18, 2011 **FURTHER REFERRALS: Finance**

Date of Committee Action: 2·3·2011

The COMMUNITY AND REGIONAL AFFAIRS Committee considered: **HB 65**

HOUSE BILL NO. 65
"An Act making regional Native housing authorities eligible to receive grants through the Alaska Housing Finance Corporation from the senior citizens housing development fund."
HB 65 SENIOR CITIZEN HOUSING DEV. FUND GRANTS

Recommends it be replaced with [ ] HCS *or* [ ] CS *for* _____ (_____)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [ ] New Title**

[ ] attach amendments
[ ] add new referral to _____ Committee
[ ] Letter of Intent_____ Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW FISCAL NOTES
*FN# is assigned by Chief Clerk's Office

*FN#	List by Dept(s):	Fiscal	Indet.	Zero
	REV			X

PREVIOUS FISCAL NOTES

FN#	List by Dept(s):	Fiscal	Indet.	Zero

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
[signature]	AUSTERMAN	X			
[signature]	Dick	X			
[signature]	SADDLER	X			
[signature]	Foster	X			
[signature]	Gardner	X			
[signature]	CISSNA	X			
[signature]		X			
Chair: [signature]	Muñoz	X			
Chair:					

Expected Testimony on HB65—Senior Citizens Housing Development Fund Grants

1. Elaine M. Mello,
   Planning Officer
   Elder Housing Grants
   Alaska Housing Finance Corporation
   (907)-330-8236

2. Mark Romick
   Director, Planning and Program Development
   Alaska Housing Finance Corporation
   (907) 330-8274

3. Stacy Schubert
   Legislative Liaison
   Alaska Housing Finance Corporation
   (907) 330-8445

4. Heather Arnett
   Statewide Administrator
   Assn. of Alaska Housing Authorities
   (907) 338-3970

5. Dan Duame
   Executive Director
   Aleutian Housing Authority
   (907) 563-2146

Alaska Housing
FINANCE CORPORATION

2011 LEGISLATIVE FACTSHEET

Enable Regional Housing Authorities (RHAs) to receive AHFC Senior Citizens Housing Development Funds (SCHDF)

January 31, 2011

LEGISLATIVE REQUEST: This legislation, pre-filed by Rep. Bryce Edgmon as HB65, will insert language in A.S. 18.56.810(a) to include Regional Housing Authorities as eligible grant recipients for funds appropriated by the legislature to the Senior Citizens Development Fund (SCHDF) that is administered by Alaska Housing Finance Corporation (AHFC). AHFC supports this legislation as written.

STATEMENT OF NEED:

- The Senior Citizens Housing Development Fund moved to AHFC during the merger of all state housing functions in 1992. SCHDF provides funding to organizations to develop senior citizen housing.
- Statutory language currently limits program eligibility to municipalities or public or private non-profit corporations designated as tax exempt under 26 U.S.C. 501c(3) and (4) (Internal Revenue Code of 1954). Although Alaska regional housing authorities are some of the most experienced and qualified housing developers in the state, they are not able to access this grant program that supports increased development of senior housing.
- Because of current statutory language, a housing authority must incorporate a separate non-profit organization or partner with an eligible organization in order to receive a SCHDF award for senior housing development.

HOW IT WORKS:

- Funding under SCHDF is used to develop housing for "older persons" as defined under the Federal Fair Housing Act. Sponsors can elect either age 62 and older, or age 55 and older as the age requirement for occupancy under Section 807 of the Fair Housing Act (42 U.S.C. 3607 (b) (1) as implemented at 42 CFR 100.300-308.
- Acquisition, rehabilitation, accessibility modification and new construction of senior housing as well as pre-development activities are all eligible for grant awards.

ADDITIONAL:

- Members of the Alaska Association of Housing Authorities (AAHA), collectively one of the largest groups of affordable housing providers in the state, support this statutory change.

CONTACT:
Stacy Schubert, 301-4556, sschubert@ahfc.state.ak.us Cary Bolling: 350-2479, cbolling@ahfc.state.ak.us

Alaska State Legislature

REPRESENTATIVE BRYCE EDGMON

House District 37

Adak
Akutan
Aleknagik
Atka
Chignik
Chignik Lagoon
Chignik Lake
Clark's Point
Cold Bay
Dillingham
Egegik
Ekwok
False Pass
Ivanof Bay
King Cove
King Salmon
Koliganek
Manokotak
Naknek
Nelson Lagoon
New Stuyahok
Nikolski
Perryville
Pilot Point
Portage Creek
Port Heiden
St. George
St. Paul
Sand Point
South Naknek
Togiak
Twin Hills
Ugashik
Unalaska

Memorandum

Date: January 19, 2011

To: Representative Cathy Munoz, Chair
House Community & Regional Affairs Committee

From: Representative Bryce Edgmon

RE: HB65 Hearing Request

I respectfully request a hearing for HB65—Senior Citizen Housing Development Fund Grants—at your earliest possible convenience.

HB65 will benefit senior citizens across the state by including regional housing authorities among the entities eligible for grants through the Alaska Housing Finance Corporation's Senior Citizens Housing Development Fund (SCHDF).

In most cases, a grant through the SCHDF complements funding from a variety of other sources. Often it is the final piece of the puzzle that allows a project to go forward. Funds can be put toward pre-development expenses and new construction as well as acquisition of properties, accessibility modifications, and rehabilitations.

Alaska's 14 regional housing authorities span from Ketchikan to Barrow and are among the state's most experienced developers of affordable housing. While making housing authorities eligible will not increase spending through the SCHDF, it will widen the selection of projects competing for grants and increase AHFC's ability to most effectively steer funding.

State Capitol Building
Juneau, AK 99801 · Phone: (907) 465-4451 · Toll Free: 1-800-898-4451 · FAX: (907) 465-3445
Email: Rep_Bryce_Edgmon@legis.state.ak.us

Please find the following materials in the HB65 packet:

- HB65
- Sponsor Statement
- Overview of the Senior Citizen Housing Development Fund
- Executive Summary: The Economic Impact of Alaska's Regional Housing Authorities
- Letters of Support
- Expected Testimony

My staff contact for this legislation is Tim Clark, who can be reached at 465-2839.

Thank you for your consideration of this request.

Sponsor Statement

HB 65
Senior Citizens Housing Development Fund Grants

SPONSOR'S INTENT

HB 65 will benefit senior citizens across the state by including regional housing authorities among the entities eligible for grants through the Alaska Housing Finance Corporation's Senior Citizens Housing Development Fund (SCHDF).

The SCHDF contributes funding to organizations that develop quality housing for older Alaskans, who make up the fastest growing segment of our population.

While SCHDF grants have been available to municipalities and 501(c)(3) and (4) nonprofits since the fund's inception, Alaska's regional housing authorities have not been eligible. HB 65, which has the support of the Alaska Housing Finance Corporation, will correct that omission.

In most cases, grants through the SCHDF complement funding from a variety of other sources. Often an SCHDF grant is the final piece of the puzzle that allows a project to go forward. Funds can be put toward pre-development expenses and new construction as well as acquisition of properties, accessibility modifications, and rehabilitations.

Alaska's 14 regional housing authorities span from Ketchikan to Barrow and are among the state's most experienced developers of affordable housing. Making housing authorities eligible for grants will not increase spending through the SCHDF. It may, however, widen the selection of projects competing for grants and increase AHFC's ability to more effectively allocate funding.

I would be very grateful for your support for this legislation, which I hope will benefit elders in every region of Alaska.

Prepared by the Office of Rep. Edgmon

Senior Citizens Housing Development Fund (SCHDF)

Grants from the SCHDF provide funding for senior citizen housing. SCHDF monies are awarded according to three different AHFC programs which are outlined below. Under all three programs, eligible recipients for SCHDF monies are limited to municipalities or public or private nonprofit corporations designated as tax exempt under 26 U.S.C. 501(c) (3) and (4) of the internal Revenue Code of 1954.

Greater Opportunities for Affordable Living (GOAL)

The GOAL program awards SCHDF monies to bridge the gap between the total cost of the project and the total funding from other sources. Funds may be used for acquisition, rehabilitation and/or new construction of senior housing.

Grant recipients must choose a definition of "senior citizens" as either age 55 and older or age 62 and older according to the federal definition of "housing for older persons" under the Federal Fair Housing Act (Section 807 of 42 U.S.C. 3607) implemented at 24 CFR 100.300-308. Both choices carry with them requirements detailed in the application process.

Senior Access Program (SAP)

The SAP provides funds for accessibility modifications to existing housing. Examples of eligible activities are construction of ramps and installation of shower grab bars. SAP funds are awarded based on the cost of proposed eligible activities and are capped according to an annually determined amount.

Qualifying seniors must meet the definition of a "senior household" under 15 AAC 151.950 c.11. Income and residency restrictions apply.

Pre-Development Grants Program

The Pre-Development Grants Program provides funding in order to prepare projects for application to the GOAL, HUD 202, HUD 811 or other construction funding programs. Some examples of eligible expenses under this program are architectural single line drawings, legal fees, preliminary site engineering and consultant fees. Awards are based on specific eligible activities and are capped according to an annually determined amount.

Information provided by Alaska Housing Finance Corporation.
On the Web: http://www.ahfc.state.ak.us/grants/schdf.cfm



PREPARED FOR
THE ASSOCIATION OF
ALASKA HOUSING
AUTHORITIES

JANUARY 2010

The Economic Impact of Alaska's
Regional Housing Authorities

Information Insights
Fairbanks + Anchorage

Executive Summary

Alaska's Regional Housing Authorities (RHA) play a key role in increasing the supply of quality affordable housing in Alaska. They provide housing, assistance in purchasing a home, renter and home buyer education, infrastructure for housing development, community facilities and employment opportunities to benefit Alaska Natives as well as non-Alaska Natives.

In rural communities, these organizations provide the vast majority of new housing units for local residents and they are a key player in increasing the supply of affordable housing in urban communities. The impacts to the lives of the people who receive housing are easy to understand, but housing authorities also provide benefits to all Alaskans in less direct ways. In addition to providing housing and other benefits to clients in substantial numbers, they also employ Alaskans throughout the state and contribute to the whole state by stimulating economic activity. RHAs have a nearly 100 percent resident hire rate.

The Association of Alaska Housing Authorities (AAHA) contracted with Information Insights to identify the statewide economic impacts of Alaska regional housing authorities, including the direct benefits to urban and rural Alaska as well as indirect economic benefits to the state as a whole. The study also highlights the work housing authorities are doing to provide safe, affordable and energy efficient housing stock in the state and the non-housing projects that improve the lives of Alaskans and benefit their communities. Finally, it provides regional details on housing authority economic activity.

Key Findings

TOTAL ECONOMIC IMPACT



The total economic impact of Alaska's regional housing authorities on the state's economy includes both direct and indirect benefits. Direct impacts include wages and benefits paid to employees of the regional housing authorities as well as purchases made by the housing authorities from vendors and contractors in Alaska. Indirect impacts include the additional revenue, employment and earnings created by the companies from which RHAs purchase goods and services, as well as the economic activity generated throughout the economy when employees of all impacted companies or organizations spend their paychecks.

Total impacts of housing authority activity from all sources

The total (direct + indirect) economic impact of RHA activity in the state in 2008 was significant:

- $177 million in economic activity statewide
- 2,831jobs statewide

Of the jobs generated by RHAs in 2008, approximately 51.5 percent (1,457) were full-time jobs, 47.5 percent (1,345) were seasonal and temporary jobs, and the remainder (29) were part-time jobs.

Direct economic impacts statewide

In 2008, direct impacts statewide totaled:

- 1,757 people employed with housing authorities
- $46.6 million in direct payroll
- $78.1 million in spending with Alaska-based vendors and contractors

Nearly one third of the 1,757 direct jobs were full-time year round positions. The proportion of full time year round workers is lower in the direct jobs count than in the jobs generated by RHA vendor spending owing to the highly seasonal nature of construction in Alaska.

Indirect impacts

In 2008, indirect impacts of RHA activity statewide included:

- 495 jobs primarily in Alaska's construction, freight, government and professional services as a result of RHA purchases from Alaska-based vendors and contractors
- 579 additional jobs primarily in the service sector created when employees of both housing authorities and vendors spent their paychecks on Alaska goods and services
- $45.5 million in additional economic activity resulting from RHA purchasing and payroll spending

BUILDING AND RETROFITTING ALASKA'S LOW-INCOME HOUSING STOCK

Direct benefits also include all the new housing units constructed in the state as well as renovations to existing housing by Alaska regional housing authorities. In 2008, these totaled:

- 200 new housing units built at a cost of just under $48.1 million dollars
    - 137 new urban housing units built at a total cost of more than $26.7 million dollars
    - 63 new rural housing units built at total cost of nearly $21.4 million dollars

- Approximately 1,000 housing units rehabilitated and renovated at a total cost of more than $18.2 million dollars
- 260 housing units - valued at more than $23.6 million - were "conveyed" to individual owners through a variety of housing authority programs designed to make home ownership possible for the people they serve.

The 200 new units built in 2008 represent all types of homes, both single and multi-family units, including units that are designed to serve special populations like the elderly and people with disabilities. It is also important to note that site remediation and infrastructure development becomes part of total costs for many projects in both urban and rural communities. Examples include extending utilities or road systems to un-served areas in rural communities and providing demolition and environmental remediation in challenging urban neighborhoods.

In addition to building, renovating and transferring ownership of homes to individuals, regional housing authorities reported having nearly 4,500 housing units currently under management and conservatively estimate serving more than 10,000 people.

BRINGING MONEY AND JOBS TO RURAL AND URBAN ALASKA

In the four years from 2005 to 2007, RHAs contributed to the economies of 125 Alaska communities. In 2008 alone, the direct economic impact of RHA projects in the state's rural and urban communities were as follows:

Direct impacts on rural Alaska, 2008

- More than 1,250 people employed
- $26.5 million in payroll
- $13.9 million spent with vendors and contractors located in rural Alaska

RHAs are creating work across the state, including some of the most remote communities where unemployment rates are extremely high. The impact of job creation in these small communities, with few employment opportunities, has far reaching positive implications beyond just local spending of disposable income.

Direct Impacts on urban Alaska, 2008

- More than 500 people employed and $20.2 million in payroll in 2008
- $64.1 million spent with vendors and contractors located in urban Alaska[1]

A KEY ROLE IN EXPANDING WEATHERIZATION SERVICES

For the past 30 years there have been five active weatherization entities in the state; now the Alaska Housing Finance Corporation has signed agreements with the

[1] The total purchasing by RHAs of $78.1 million includes six percent that cannot be allocated as either urban or rural.

housing authorities to do this important work as well. Alaska's regional housing authorities will play a key role in meeting the state's goal of weatherizing 13,000 housing units over the next five years. Regional housing authorities have the infrastructure and relationships throughout the state that will be invaluable in achieving rapid expansion in weatherization services.

NON-HOUSING IMPACTS

The flexibility of Native American Housing and Self Determination Act (NAHASDA) funds has made it possible for RHAs to invest in the infrastructure needed to support new quality housing units, even when the infrastructure goes beyond the buildings themselves. Examples include projects to extend utilities (water, electric, gas), extending access into new neighborhoods, building community facilities and providing financial support.

ALEUTIAN
HOUSING AUTHORITY

January 4, 2011

Rep. Bryce Edgmon
Alaska State Capitol, Room 416
Juneau, AK 99801

Re: Proposed Revisions to Sec. 18.56.810: Senior Citizens Housing Development

Dear Rep. Edgmon,

I am writing on behalf of Aleutian Housing Authority (AHA), one of the 14 state chartered regional housing authorities and a member of the Association of Alaska Housing Authorities (AAHA) to offer our support for a proposed statutory amendment which would provide for the direct eligibility of Alaska housing authorities under the AHFC Senior Citizens Housing Development Fund Program.

The program was created to provide funding to assist organizations attempting to develop senior citizen housing for seniors 60 years of age and older and whose incomes are in the low to moderate ranges. Acquisition, rehabilitation, accessibility modification and new construction of senior housing as well as pre-development activities are all eligible for grant awards.

Although Alaska's regional housing authorities are some of the most experienced and qualified housing developers in the state, current statutory language limits program eligibility to municipalities or public or private nonprofit corporations designated as tax exempt under 26 U.S.C. 501©(3) and (4) (Internal Revenue Code of 1954). Regional housing authorities do not meet this technical definition and are thus unable to directly access this particular program as a resource to address increasing senior housing needs throughout the state. Aleutian Housing strongly supports the proposal by AAHA to add regional housing authorities, as defined under AS 18.55.996, to the specified eligible entities which can apply for and receive these funds.

It is our understanding that your office has agreed to sponsor legislation which would provide for the requested statutory change. We very much appreciate your efforts to assist in this matter. If there is anything further we can do to help in your efforts, please do not hesitate to contact us.

Sincerely,

Dan Duame
Executive Director

Cc: Heather Arnett, AAHA Statewide Administrator

Cook Inlet Housing Authority

Promoting Independence Through Housing

January 10, 2011

Representative Bryce Edgmon
Alaska State Capitol, Room 416
Juneau, Alaska 99801

SUBJECT: PROPOSED REVISIONS TO AS 18.56.010 – SENIOR CITIZENS HOUSING DEVELOPMENT FUND

Dear Representative Edgmon:

I am writing on behalf of Cook Inlet Housing Authority (CIHA), the state chartered regional housing authority for the Cook Inlet Region., and a member of the Association of Alaska Housing Authorities (AAHA). We offer our support for a proposed amendment to AS 18.56.010 to explicitly include Alaska's regional housing authorities as eligible recipients under the Alaska Housing Finance Corporation (AHFC) Senior Citizens Housing Development Fund (SCHDF) program.

The SCHDF program was created to provide funding to assist organizations in the development of senior citizen housing through grant awards for acquisition, rehabilitation, accessibility modification and new construction activities. CIHA and other Alaska regional housing authorities are some of the most qualified and experienced developers of senior housing in the state; in fact, CIHA itself is now the largest provider of senior housing in Alaska.

The current language of AS 18.56.010 excludes regional housing authorities from eligibility for SCHDF funds, because although they are tax exempt for I.R.S. purposes, they are not 501(c)(3) or (4) entities. The rationale for this distinction is unclear, and more importantly, has not been uniformly applied by AHFC in past grant awards. AHFC has awarded SCHDF grant funds to many regional housing authorities in the past, including CIHA, and only last year determined that regional housing authorities were actually not named as eligible recipients. The statutory language is unclear in that it names "public and private non-profit 501(C)(3) or (4) organizations" as eligible recipients. Although regional housing authorities are in fact public corporations, they are not "public non-profit" (i.e., 501(C)(3) entities). Inclusion of "regional housing authorities" to the list of eligible participants in the program would help clear this confusion.

AHFC's past award of SCHDF to regional housing authorities for senior housing development has set a precedent for regional housing authority eligibility for these funds. Regional housing authorities are also collectively the largest developer of housing, including senior housing, in the State. Denying regional housing authorities access to these valuable funds will result in a significant reduction in the delivery of greatly needed senior housing in rural and urban areas of the state. Further, there would not be any financial impact to the state's general fund if regional housing authorities were permitted to continue to access SCHDF funds. For these reasons, CIHA strongly supports AAHA's proposal to expressly include regional housing authorities organized under AS 18.55.996 to the list of entities eligible for the direct receipt of SCHDF funds.

3510 Spenard Road, Suite 100 • Anchorage, AK 99503 • Tel 907-793-3000 • Fax 907-793-3070

It is our understanding that your office has agreed to sponsor legislation to provide for the requested statutory change. We very much appreciate your efforts to assist in this matter, and if there is anything further we can do to help in this effort please do not hesitate to contact us.

Respectfully,

Carol Gore
President/CEO

cc: Heather Arnett, AAHA Statewide Administrator

INTERIOR REGIONAL HOUSING AUTHORITY

January 5, 2011

Rep. Bryce Edgmon
Alaska State Capitol, Room 416
Juneau, AK 99801

Dear Rep. Edgmon:

RE: Proposed Revisions to Sec. 18.56.810 Senior Citizens Housing Development.

I am writing on behalf of the Interior Regional Housing Authority, one of 14 state chartered regional housing authorities who are members of the Association of Alaska Housing Authorities (AAHA). We offer our support for a proposed statutory amendment which would provide for the direct eligibility of Alaska housing authorities under the AHFC Senior Citizens Housing Development Program.

The program among others was created to provide funding to assist organizations attempting to develop senior citizen housing. The acquisition, rehabilitation, accessibility modification and new construction of senior housing as well as pre-development activities are all eligible for grant awards. What should be a relatively straightforward process is complicated by the fact that, regional housing authorities are hampered by a technicality. The need for senior housing is a need that we hear about on a continual basis.

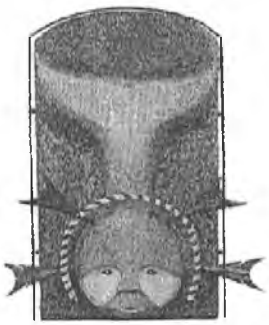
Although Alaska's regional housing authorities are some of the most experienced and qualified housing developers in the state, current statutory language limits program eligibility to municipalities or public or private nonprofit corporations designated as tax exempt under 26 U.S.C. 501©(3) and (4) (Internal Revenue Code of 1954). Regional housing authorities do not meet this technical definition and are thus unable to directly access this particular program as a resource to address increasing senior housing needs throughout the state without having to jump through a lot of hoops.. The Interior Regional Housing Authority strongly supports the proposal by AAHA to add regional housing authorities, as defined under AS 18.55.996, to the specified eligible entities which can apply for and receive these funds.

It is our understanding that your office has agreed to sponsor legislation which would provide for the requested statutory change. We very much appreciate your efforts to assist in this matter. If there is anything further we can do to help in your efforts, please do not hesitate to contact us.

Sincerely,

Irene Catalone
CEO

828 27th Avenue • Fairbanks, Alaska 99701-6918 • Tel (907) 452-8315 • 1-800-478-IRHA • Fax (907) 456-8941



Kodiak Island Housing Authority

3137 Mill Bay Road, Kodiak AK 99615
kodiakislandhousing.org
Phone: 907- 486-8111 Toll Free: 800- 478-5442 Fax: 907-486-4432

January 6, 2011

Rep. Bryce Edgmon
Alaska State Capitol, Room 416
Juneau, AK 99801

Re: Proposed Revisions to Sec. 18.56.810: Senior Citizens Housing Development

Dear Rep. Edgmon,

I am writing on behalf of the Kodiak Island Housing Authority (KIHA), one of 14 state chartered regional housing authorities who are members of the Association of Alaska Housing Authorities (AAHA). We offer our support for a proposed statutory amendment which would provide for the direct eligibility of Alaska housing authorities under the AHFC Senior Citizens Housing Development Fund Program.

The program was created to provide funding to assist organizations attempting to develop senior citizen housing. Acquisition, rehabilitation, accessibility modification and new construction of senior housing as well as pre-development activities are all eligible for grant awards.

Although Alaska's regional housing authorities are some of the most experienced and qualified housing developers in the state, current statutory language limits program eligibility to municipalities or public or private nonprofit corporations designated as tax exempt under 26 U.S.C. 501©(3) and (4) (Internal Revenue Code of 1954). Regional housing authorities do not meet this technical definition and are thus unable to directly access this particular program as a resource to address increasing senior housing needs throughout the state. KIHA strongly supports the proposal by AAHA to add regional housing authorities, as defined under AS 18.55.996, to the specified eligible entities which can apply for and receive these funds.

It is our understanding that your office has agreed to sponsor legislation which would provide for the requested statutory change. We very much appreciate your efforts to assist in this matter. If there is anything further we can do to help in your efforts, please do not hesitate to contact us.

Sincerely,

Marty Shuravloff
Executive Director

BRISTOL BAY HOUSING AUTHORITY

P.O. Box 50 Dillingham, Alaska 99576 Phone (907) 842-5956
Fax (907) 842-2784 TTY Phone (907) 842-6541

January 5, 2011

Rep. Bryce Edgmon
Alaska State Capitol, Room 416
Juneau, AK 99801

Re: Proposed Revisions to Sec. 18.56.810:
Senior Citizens Housing Development

Dear Rep. Edgmon:

Bristol Bay Housing Authority (BBHA) supports a proposed statutory amendment which would provide for the direct eligibility of Alaska housing authorities under the AHFC Senior Citizens Housing Development Fund Program. As you are aware, BBHA is one of 14 state chartered regional housing authorities who are members of the Association of Alaska Housing Authorities (AAHA).

The program was created to provide funding to assist organizations attempting to develop senior citizen housing. Acquisition, rehabilitation, accessibility modification and new construction of senior housing as well as pre-development activities are all eligible for grant awards.

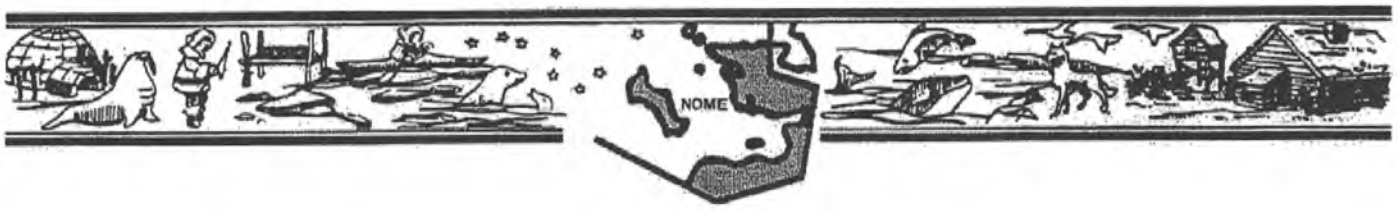
Although Alaska's regional housing authorities are some of the most experienced and qualified housing developers in the state, current statutory language limits program eligibility to municipalities or public or private nonprofit corporations designated as tax exempt under 26 U.S.C. 501©(3) and (4) (Internal Revenue Code of 1954). Regional housing authorities do not meet this technical definition and are thus unable to directly access this particular program as a resource to address increasing senior housing needs throughout the state. In the past, AHFC has interpreted the regulations to define Housing Authorities as eligible applicants and recipients of such funds. However, after a AG opinion on the topic, AHFC has reversed that interpretation of eligibility of Housing Authorities to directly participate in the program. BBHA strongly supports the proposal by AAHA to add regional housing authorities, as defined under AS 18.55.996, to the specified eligible entities which can apply for and receive these funds.

Thank you for sponsoring legislation which would provide for the requested statutory change. We appreciate your efforts to assist in this matter. Please contact me for any further information you may need on this issue.

Sincerely,

Dave McClure
Executive Director
Bristol Bay Housing Authority

Cc: Heather Arnett, AAHA Statewide Administrator



BERING STRAITS REGIONAL HOUSING AUTHORITY
Robert Mocan, President/CEO

P. O. Box 995 Nome, AK 99762
Phone No. (907) 443-5256
Fax No. (907) 443-8652
Toll Free No. 1-800-478-5255

January 27, 2011

Rep. Bryce Edgmon
Alaska State Capitol, Room 416
Juneau, AK 99801

Re: Proposed Revisions to Sec. 18.56.810: Senior Citizens Housing Development

Dear Rep. Edgmon,

I am writing on behalf of [Bering Straits Regional Housing Authority], one of 14 state chartered regional housing authorities who are members of the Association of Alaska Housing Authorities (AAHA). We offer our support for a proposed statutory amendment which would provide for the direct eligibility of Alaska housing authorities under the AHFC Senior Citizens Housing Development Fund Program.

The program was created to provide funding to assist organizations attempting to develop senior citizen housing. Acquisition, rehabilitation, accessibility modification and new construction of senior housing as well as pre-development activities are all eligible for grant awards.

Although Alaska's regional housing authorities are some of the most experienced and qualified housing developers in the state, current statutory language limits program eligibility to municipalities or public or private nonprofit corporations designated as tax exempt under 26 U.S.C. 501©(3) and (4) (Internal Revenue Code of 1954). Regional housing authorities do not meet this technical definition and are thus unable to directly access this particular program as a resource to address increasing senior housing needs throughout the state. [Bering Straits Regional Housing Authority] strongly supports the proposal by AAHA to add regional housing authorities, as defined under AS 18.55.996, to the specified eligible entities which can apply for and receive these funds.

It is our understanding that your office has agreed to sponsor legislation which would provide for the requested statutory change. We very much appreciate your efforts to assist in this matter. If there is anything further we can do to help in your efforts, please do not hesitate to contact us.

Sincerely,

Robert Mocan
BSRHA
President/CEO

Cc: Heather Arnett, AAHA Statewide Administrator

Tlingit-Haida Regional Housing Authority
P.O. Box 32237 • Juneau, Alaska 99803 • Fax (907) 780-6895 • Tel (907) 780-6868

January 23, 2011

Bryce Edgmon
Representative District 37
Alaska State Capitol, Room 416
Juneau, AK 99801

Re: Proposed Revisions to Sec. 18.56.810
Senior Citizens Housing Development

Dear Representative Edgmon,

It is my understanding that your office has agreed to sponsor legislation that will request a statutory amendment to allow Alaska housing authorities as eligible entity to apply for the AHFC Senior Citizens Housing Development Fund Program (SCHDF).

We thank you for sponsoring legislation that will allow Alaska regional housing authorities to apply for the SCHDF program as a resource to address increasing senior housing needs throughout the state and especially Alaska rural communities.

Tlingit Haida Regional Housing Authority is a member of the Association of Alaska Housing Authorities (AAHA). We strongly support the proposal by AAHA to add regional housing authorities, as defined under AS 18.55.996, to the specified eligible entities that are eligible to apply for and receive SCHDF funds.

If you have any questions or need my support with your efforts, please feel free to contact me at 907-780-6868.

Sincerely,

Blake Kazama

Dr. Blake Kazama
President and CEO
Tlingit Haida Regional Housing Authority

cc: Heather Arnett, AAHA Statewide Administrator

Examples of Senior Housing Projects Partly Funded with Senior Citizens Housing Development (SCHDF) Grants

Generally, please see the below table for information regarding funding levels and interest in senior housing over the past few years. The table references senior funds available, by source, for competitive allocation through the Greater Opportunities for Affordable Living (GOAL) cycles from FY 2008 to present. (DCEH refers to the Denali Commission Elder Housing grant program.)

GOAL Cycle	SCHDF $'s Available	DCEH $'s Available	Funded / Applied
FY 2008	$3.8 M	$6.2 M	6/9
FY 2009	$5.5 M	$2.1 M	4/7
FY 2010	$3.6 M	$0	2/2
FY 2011	$4.4 M	$0	In process

Project Examples:

1) Raven Landing Phase I – Funded in FY 2008 Cycle
    a. Project Sponsor: Retirement Community of Fairbanks
    b. Project Location: Fairbanks
    c. Number of Units: 20
    d. Total Development Costs: $5.1 M
    e. Funding Sources:
        i. $490k - Neighborhood Stabilization Program
        ii. $1.1 M – SCHDF
        iii. $1.1 M – DCEH
        iv. $1.2 M – AHFC 1st Deed of Trust
        v. $950k – AHFC 2nd Deed of Trust
        vi. $150k – Denali Bank loan
        vii. $31k – Deferred Developer Fee

Photograph of Property (construction underway):



2) Blueberry Pointe – Funded in FY 2009 Cycle
    a. Project Sponsor: Mid Valley Senior Citizens
    b. Project Location: Houston
    c. Number of Units: 6
    d. Total Development Costs: $2.3M
    e. Funding Sources:
        i. $1.2 M – SCHDF
        ii. $620k – HOME Investment Partnership funds
        iii. $330k – AHFC 1st Deed of Trust
        iv. $169k – AHFC 2nd Deed of Trust

Photograph of Property (completed):



3) Tuyurgarmiat Tegganritta Eniit – Funded in FY 2009 Cycle
    a. Project Sponsor: Bristol Bay Housing Development Corporation
    b. Project Location: Togiak
    c. Number of Units: 6
    d. Total Development Costs: $2.4 M
    e. Funding Sources:
        i. $399k – SCHDF
        ii. $994k DCEH
        iii. $1 M – HUD Section 202

Picture from Property (completed):



Prepared by Daniel Delfino, Grants Planner, Alaska Housing Finance Corporation

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version: **HB65**
() Publish Date

Identifier (file name): HB65-DOR-AHFC-01-31-11
Title: Senior Citizen Housing Development Grant Fund
Sponsor: Representative Edgmon
Requester: (H) Community and Regional Affairs

Dept. Affected: Revenue
Appropriation: Alaska Housing Finance Corp
Allocation: AHFC Operations
OMB Component Number: 109

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CHANGE IN REVENUES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other (please identify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost 0.0

POSITIONS

Full-time	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Part-time	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Temporary	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Why this fiscal note differs from previous version (if initial version, please note as such)

Prepared by: Stacy Schubert, Director Government Relations & Public Affairs — Phone 907-301-4556
Division: Alaska Housing Finance Corporation — Date/Time 3:05pm; 1/30/11
Approved by: Dan Fauske, CEO — Date 10:13am; 1/31/11
Alaska Housing Finance Corporation

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 65

Analysis

This bill essentially allows regional housing authorities to compete for a funding source that already exists within AHFC. No additional resources or staff are expected; therefore, there is no anticipated fiscal impact to the corporation.

HB 130

<TARGET><BILL>HB 130</BILL><SUBJECT>HB 130</SUBJECT><COMM>HCRA27</COMM></TARGET>

HOUSE COMMITTEE REPO

(7)
Date Referred to Committee: January 28, 2011 **FURTHER REFERRALS: Labor and Commerce**

Date of Committee Action: 2.8.2011

The COMMUNITY AND REGIONAL AFFAIRS Committee considered: **HB 130**

HOUSE BILL NO. 130
"An Act relating to municipal building code requirements for fire sprinkler systems in certain residential buildings; and providing for an effective date."

HB 130-RESIDENTIAL SPRINKLER SYSTEMS

Recommends it be replaced with [ ] HCS *or* [ ] CS *for* _____ ( )
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [ ] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW FISCAL NOTES
*FN# is assigned by Chief Clerk's Office

*FN#	List by Dept(s):	Fiscal	Indet.	Zero
	DPS			0

PREVIOUS FISCAL NOTES

FN#	List by Dept(s):	Fiscal	Indet.	Zero

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
Allan	Austerman	X			
Shannon Cissna	Cissna	X			
	Dick	X			
Wesley Foster	Foster	X			
Berta Gardner	Gardner	X			
Chair: Kathy Munoz	Munoz	X			
Chair:					



ALASKA STATE HOMEBUILDERS ASSOCIATION

February 1, 2011

Representative Kurt Olson
State Capital, Room 24
Juneau, AK 99801-1182

Re: HB 130

Rep Olson,

We write to you in support of HB 130 (An Act relating to municipal building code requirements for fire systems in certain residential buildings, and providing for an effective date).

We are stating our support of HB 130 as a representative of the Alaska State Home Building Association (ASHBA), with 700 plus professionals operating and working in the construction industry. The organization has been in support of this form of legislation for approximately 2 years and we appreciate you taking the effort to re-introduce the legislation in its current form, and helping guide it through to its final passage.

This legislation will assist communities throughout Alaska to properly handle the manner in which proposed fire sprinkler ordinance in "One and Two Family Dwelling Units" is presented, and will give those affected by such an ordinance the appropriate time table to defend such introduction.

If you are in need of any members of the association present to testify, or require any assistance with HB 130 please do not hesitate to ask.

Thank you in advance for all your help,

Dave Owens
President ASHBA

Alan Wilson
Co-Chair ASHBA
Legislative Committee

Paul Michelsohn
Co-Chair ASHBA
Legislative Committee

8301 SCHOON ST • SUITE 200 • ANCHORAGE, ALASKA • 99518
(907) 522-3931 • FAX (907) 522-3757

ALASKA STATE LEGISLATURE
HOUSE LABOR & COMMERCE COMMITTEE

REP. KURT OLSON
Chairman
State Capitol, Room 24
Juneau, AK 99801-1182
(907) 465-4954 Fax 465-3835

Rep. Craig Johnson, Vice- Chair
Rep. Paul Seaton
Rep. Lindsey Holmes
Rep. Dan Saddler
Rep. Steve Thompson
Rep. Bob Miller

MEMORANDUM

TO: Representative Cathy Munoz
Chair, House Community and Regional Affairs Committee

FROM: Rep. Kurt Olson by for Rep Olson

DATE: February 3, 2011

RE: Scheduling of HB 130, Residential Sprinkler Systems

I respectfully request that HB 130, Residential Sprinkler Systems be scheduled for a hearing at your earliest convenience.

Attached to this memo you will find the following documents:

- The current version of HB 130, version \M
- Sponsor Statement

Please contact my staff, Konrad Jackson at 465-4954 or Rob Earl in Rep. Herron's office at 465-4942 with any questions regarding this legislation.

ALASKA STATE LEGISLATURE
HOUSE LABOR & COMMERCE COMMITTEE

REP. KURT OLSON
Chairman
State Capitol, Room 24
Juneau, AK 99801-1182
(907) 465-4954 Fax 465-3835

Rep. Craig Johnson, Vice- Chair
Rep. Paul Seaton
Rep. Lindsey Holmes
Rep. Dan Saddler
Rep. Steve Thompson
Rep. Bob Miller

Summary of HB 130 Effects

1. House Bill 130 is a proactive response to a national and local movement to require fire sprinkler systems in one and two-family dwellings. This legislation does not prohibit Alaskans from choosing to install these systems in their new or existing homes; it simply augments the public process necessary for any attempt to make them **mandatory** on a local level.

2. House Bill 130 would require local governments, who choose to pursue mandatory residential fire sprinkler requirements, to make a small investment of time and money when considering inflicting another costly government mandate on its local homeowners.

3. Before allowing a local government to impose residential fire sprinklers on all new construction, this legislation would require them to first:

    a. Publish a summary of the ordinance and a notice of the time and place of each of the scheduled hearings at least 30 days before the first hearing
    b. Schedule a minimum of 3 public hearings
    c. Hold the hearings between 60 and 180 days of the notice of the proposed ordinance

    After this extended, open and transparent process, the local governing body may choose whether or not to approve a mandatory residential fire sprinkler requirement.

ALASKA ASSOCIATION OF REALTORS, INC.
4205 Minnesota Drive Anchorage, Alaska 99503
Telephone (907) 563-7133 Fax (907) 561-1779
www.alaskarealtors.com

February 4, 2011

Representative Kurt Olson
Alaska House of Representatives
State Capitol Building Room 24
Juneau, Alaska 99801

RE*: HB 130 - *"An act relating municipal building code requirements for fire sprinkler systems in certain residential buildings."

The Alaska Association of REALTORS® with over 1,600 members statewide supports House Bill 130, which relates residential sprinklers in certain residential buildings.

The Alaska Association of REALTORS® believes that HB 130 is a proactive response to a national movement to require fire sprinkler systems in one and two-family residential dwellings.

The mandate of sprinklers systems will cause a dramatic increase to not just the construction cost of homes, but also to the maintenance, resale and insurance costs.

The increased cost will keep many Alaskans from moving from older houses or rentals into otherwise safer and newly constructed homes that will offer modern smoke alarm systems, firewalling and other proven safety features. Yearly inspections and related upgrades and repairs will also be costly.

HB 130 asks that the people that are affected by this be advised of this incredible burden before the governing body adopts the new rule. Citizens of Alaska should not be subject to this mandate without proper notification and input.

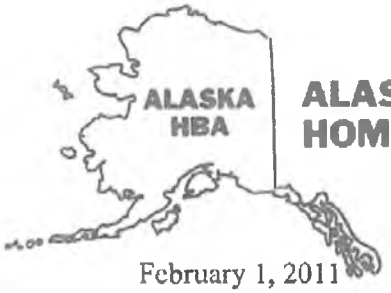
The Association encourages the passage of House Bill 130.

Sincerely,

Dave Somers

Dave Somers
Alaska Association of REALTORS®
Industry Issues Chairman

REALTOR is a registered mark which identifies a professional in real estate who subscribes to a strict Code of Ethics as a member of the NATIONAL ASSOCIATION OF REALTORS.



ALASKA STATE HOMEBUILDERS ASSOCIATION

February 1, 2011

Representative Kurt Olson
State Capital, Room 24
Juneau, AK 99801-1182

Re: HB 130

Rep Olson,

We write to you in support of HB 130 (An Act relating to municipal building code requirements for fire systems in certain residential buildings, and providing for an effective date).

We are stating our support of HB 130 as a representative of the Alaska State Home Building Association (ASHBA), with 700 plus professionals operating and working in the construction industry. The organization has been in support of this form of legislation for approximately 2 years and we appreciate you taking the effort to re-introduce the legislation in its current form, and helping guide it through to its final passage.

This legislation will assist communities throughout Alaska to properly handle the manner in which proposed fire sprinkler ordinance in "One and Two Family Dwelling Units" is presented, and will give those affected by such an ordinance the appropriate time table to defend such introduction.

If you are in need of any members of the association present to testify, or require any assistance with HB 130 please do not hesitate to ask.

Thank you in advance for all your help,

Dave Owens
President ASHBA

Alan Wilson
Co-Chair ASHBA
Legislative Committee

Paul Michelsohn
Co-Chair ASHBA
Legislative Committee

8301 SCHOON ST • SUITE 200 • ANCHORAGE, ALASKA • 99518
(907) 522-3931 • FAX (907) 522-3757

Folks Testifying on HB 130

Realtors

By Teleconference at LIOs
Glenda Feeken in Kenai
Art Clark from Anchorage

In Juneau
Errol Champion

Home Builders
In Juneau
Alan Wilson
Paul Michelsohn

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version: **HB 130**
() Publish Date

Identifier (file name) HB130-DPS-FLS-02-05-11
Title "An Act relating to municipal building code requirements for fire
Sponsor Labor & Commerce
Requester (H) Community & Regional Affairs Committee

Dept. Affected: Public Safety
Appropriation: Fire and Life Safety
Allocation: Fire and Life Safety Operations
OMB Component Number: 494

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other (please identify)							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version

Prepared by Dave Tyler
Division State Fire Marshal
Approved by Joseph Masters
Commissioner

Phone 907-269-5491
Date/Time 2/5/11 12:34 PM
Date 2/7/2011

(Revised 1/27/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB130

Analysis

This bill will have no fiscal impact on the department.

HB 170

<TARGET><BILL>HB 170</BILL><SUBJECT>HB 170</SUBJECT><COMM>HCRA27</COMM></TARGET>

27-LS0562\B
Bullard
3/29/11

CS FOR HOUSE BILL NO. 170( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVE FEIGE

A BILL

FOR AN ACT ENTITLED

"An Act relating to municipal property tax exemptions on residences of certain volunteer emergency services personnel and the widows and widowers of volunteer emergency services personnel; and providing for an effective date."

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

*** Section 1.** AS 29.45.030(f) is amended to read:

(f) To be eligible for an exemption under (e) **or (o)** of this section for a year, a municipality may by ordinance require that an individual also meet requirements under one of the following paragraphs: (1) the individual shall be eligible for a permanent fund dividend under AS 43.23.005 for that same year or for the immediately preceding year; or (2) if the individual has not applied or does not apply for one or both of the permanent fund dividends, the individual would have been eligible for one of the permanent fund dividends identified in (1) of this subsection had the individual applied. An exemption may not be granted under (e) **or (o)** of this section except upon written application for the exemption. Each municipality shall, by

ordinance, establish procedures and deadlines for filing the application. The governing body of the municipality for good cause shown may waive the claimant's failure to make timely application for exemption and authorize the assessor to accept the application as if timely filed. If an application is filed within the required time and is approved by the assessor, the assessor shall allow an exemption in accordance with the provisions of (e) **or (o)** of this section. If the application for exemption is approved after taxes have been paid, the amount of tax that the claimant has already paid for the property exempted shall be refunded to the claimant. The assessor shall require proof in the form the assessor considers necessary of the right to and amount of an exemption claimed under (e) **or (o)** of this section, and shall require a disabled veteran claiming an exemption under (e) of this section to provide evidence of the disability rating. The assessor may require proof under this subsection at any time.

*** Sec. 2.** AS 29.45.030(g) is amended to read:

(g) The state shall reimburse a borough or city, as appropriate, for the real property tax revenues lost to it by the operation of (e) **and (o)** of this section. However, reimbursement may be made to a municipality for revenue lost to it only to the extent that the loss exceeds an exemption that was granted by the municipality, or that on proper application by an individual would have been granted under AS 29.45.050(a). If appropriations are not sufficient to fully fund reimbursements under this subsection, the amount available shall be distributed pro rata among eligible municipalities.

*** Sec. 3.** AS 29.45.030(h) is amended to read:

(h) Except as provided in (g) of this section, nothing in (e) - (j) **and (o)** of this section affects similar exemptions from property taxes granted by a municipality on September 10, 1972, or prevents a municipality from granting similar exemptions by ordinance as provided in AS 29.45.050.

*** Sec. 4.** AS 29.45.030(i) is amended to read:

(i) In (e) - (i) **and (o)** of this section,

(1) "disabled veteran" means a disabled person

(A) separated from the military service of the United States under a condition that is not dishonorable who is a resident of the state, whose

disability was incurred or aggravated in the line of duty in the military service of the United States, and whose disability has been rated as 50 percent or more by the branch of service in which that person served or by the United States Department of Veterans Affairs; or

(B) who served in the Alaska Territorial Guard, who is a resident of the state, whose disability was incurred or aggravated in the line of duty while serving in the Alaska Territorial Guard, and whose disability has been rated as 50 percent or more;

(2) "real property" includes but is not limited to mobile homes, whether classified as real or personal property for municipal tax purposes;

(3) "volunteer" has the meaning given in AS 18.15.250.

* **Sec. 5.** AS 29.45.030 is amended by adding a new subsection to read:

(o) Unless exempted under (e) of this section, the real property owned and occupied as the primary residence and permanent place of abode by a resident who serves as a volunteer with a fire department or emergency medical or rescue services agency or who is the widow or widower of a person who was a volunteer with a fire department or emergency medical or rescue services agency at the time of the person's death is exempt from taxation on the first $150,000 of the assessed value of the real property. In addition to other requirements, a person qualifies as a volunteer under this subsection only if the person has been a volunteer of the fire department or emergency medical or rescue services agency for at least two years before the date the municipality receives the application for the exemption and the person meets standards for the determination of active volunteer status that have been jointly established by the fire department or emergency medical or rescue services agency and the municipality. Only one exemption may be granted for the same property, and, if two or more persons are eligible for an exemption for the same property, the parties shall decide between or among themselves who is to receive the benefit of the exemption. Real property may not be exempted under this subsection if the assessor determines, after notice and hearing to the parties, that the property was conveyed to the applicant primarily for the purpose of obtaining the exemption. The determination of the assessor may be appealed under AS 44.62.560 and 44.62.570. A municipality may opt

out of this subsection by ordinance that takes effect on January 1 immediately following adoption of the ordinance. A municipality that has opted out of this subsection may make itself subject to this subsection by ordinance opting in that takes effect on January 1 immediately following adoption of the ordinance. If a fire department or emergency medical or rescue services agency, in writing, requests a municipality that has opted out of this subsection to opt back in and the municipality has not considered opting in during the 36 months immediately before receiving the request, the governing body shall consider the request in a hearing held within six months after receipt of the request. If the hearing is not held within the six-month period, this subsection automatically applies to the municipality on January 1 immediately following the end of the six-month period.

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

APPLICATION. A municipality may by ordinance adopted on or before July 1, 2012, opt out of application of AS 29.45.030(o), added by sec. 5 of this Act. Unless the municipality has opted out, AS 29.45.030(o) first applies in the municipality on January 1, 2013.

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

need to vote to opt in
period – asked it to be retired
only

① MUNI must pass an ordinance to opt out & it takes ~~place~~ Effect the next Jan.

② The MUNI can opt in effective the next Jan

③ If MUNI is not in they have to go thru the opt out process every 36 months if someone ask them to opt in or they are automatically in

REPRESENTATIVE
ERIC FEIGE
House District 12

House Resources Committee Co-Chair
Education Committee
Transportation Committee
Joint Armed Services Committee

Alaska State Legislature

House of Representatives

During Session:
State Capitol Room 126
Juneau, Alaska 99801-1182
(907) 465-4859
Fax (907) 465-3799
1-888-465-4859

MEMORANDUM

TO: Rep. Cathy Munoz, Chair, House Community and Regional Committee

FROM: Rep. Eric Feige EMF

RE: Committee Hearing, HB 170

DATE: March 16, 2010

I am requesting that HB 170, which has been referred to the House Community and Regional Affairs Committee be heard before that committee.

Attached is the current version of the bill, sponsor statement, and other related information.

My staff member assigned to handle the bill is Michael Paschall, his direct number is 465-5446.

Email: Representative.Eric.Feige@legis.state.ak.us

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1-888-465-4859

Scheduled to testify are:

Rep. Eric Feige

Michael Paschall, aide to Rep. Feige.

Jeff Tucker, President, Alaska State Fire Chiefs Association (Off Net)

Paul Delys, Board President, Chena Volunteer Fire Department (OffNet)

Email: Representative.Eric.Feige@legis.state.ak.us

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SPONSOR STATEMENT

HOUSE BILL 170 -- providing an exemption to municipal property tax for certain volunteer emergency services personnel and the widows and widowers of volunteer emergency services personnel.

Volunteers provide vital emergency services to local communities, protecting life and property. Today Alaskans spend more personal time working to pay the high cost of energy and fuel, commit more time to their families, and spend more time enjoying recreational activities in the Greatland. Alaskans have less time to commit to help their neighbors and others in need.

I have introduced House Bill 170 to promote volunteerism in Alaska's emergency services by providing an incentive to qualified emergency service volunteers. These volunteers often spend significant money out of their own pocket, especially through the use of personal vehicles. In many situations the time volunteered means a loss of income.

These volunteers are your neighbors who leave work during the middle of the day to help someone in need. They get up at three in the morning to help the neighbor who called in a fire alarm, or who is suffering chest pain. They'll say they're just doing their job. They never ask anything in return.

This bill is an opportunity for us to reward and honor our neighbors who willingly give their time and resources to help others and make our communities and families safe.

Email: Representative.Eric.Feige@legis.state.ak.us

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version: **HB 170**
() Publish Date

Identifier (file name) HB170-CCED-DCRA-03-18-11
Title: Municipal Tax Exemptions
Sponsor: Representative Feige
Requester: House Community and Regional Affairs

Dept. Affected: DCCED
Appropriation: Community and Regional Affairs
Allocation: Community and Regional Affairs
OMB Component Number: 2879

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other (please identify)							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial Version

Prepared by: Scott Ruby, Director — Phone: 269-4569
Division: Community and Regional Affairs — Date/Time: 3/18/11 5:30 PM
Approved by: Susan K. Bell, Commissioner — Date: 3/19/2011
Commerce, Community, and Economic Development

(Revised 1/27/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 170

Analysis

HB 170 would provide a municipal tax exemption to certain volunteer emergency services personnel. There would be no fiscal impact to the division if this legislation was enacted.

SALCHA FIRE & RESCUE, Inc.

7153 Richardson Highway, PO Box 140069
Salcha Alaska 99714
salcharescue@acsalaska.net
Station 1: 488-5274 Fax: 488-4525 Station 2: 488-5280

Representative Eric Feige
House District 12
State Capitol Room 126
Juneau, Alaska 99801

17 Mar 2011

House Bill 170 Support --Municipal property tax exemptions on residences of certain volunteer emergency services personnel and the widows and widowers of volunteer emergency services personnel.

Eric

Thank you for introducing HB 170. This proposed legislation addresses an extremely important issue affecting the future of almost every emergency services organization in our state: **Recruiting and retaining quality volunteers to provide emergency services to our communities.**

Particularly in rural communities, like Salcha, we can't afford to hire paid staff. We depend entirely on the time-honored tradition of local volunteers to serve our community. It is no surprise that volunteerism is on the decline nationwide, and with the weak economy and skyrocketing fuel prices, our current volunteers are working harder and longer just to survive. New, quality, recruits are facing the same situation. The mere act of buying gasoline to respond to emergencies is becoming a significant burden on household budgets.

At the same time, our borough governments continue to raise both property taxes and assessed value of our homes. Again, an additional burden on household budgets… along with heating oil prices going through the roof. The Fairbanks North Star Borough currently offers a $10,000 reduction in assessed value as compensation to our volunteers, which we are grateful for. However the real return on most property values in our community amounts to the equivalent of a few tanks of gasoline for our car, which our volunteer responders burn through in a few weeks. At $4 per gallon, annual out of pocket gasoline expenses for our volunteers in the rural areas can amount to over $1000 dollars!

HB 170 can provide a real incentive for our most valued volunteers, those who have a vested stake in our communities, those who are volunteers for years. The proposed $200,000 reduction in assessed property value provides real incentive for our dedicated volunteers, gives their household budget a break, and shows them that we value their sacrifice by helping them keep their homes. Without dedicated volunteers, I can guarantee you that volunteer emergency services organizations like Salcha Rescue will not survive, especially in rural areas.

If there is any additional information you need, please feel free to call me directly (488-5275@work, 490-5999@home) or email (chief@acsalaska.net).

Sincerely,

Jim Skotnicki

JAMES R. SKOTNICKI, Chief
Salcha Fire and Rescue

NFIB

The Voice of Small Business®

ALASKA

March 17, 2011

Honorable Cathy Munoz, Chair
House Community and Regional Affairs Committee
Alaska House of Representative
State Capitol Building
Juneau, AK 99801-1182

RE: Property Tax Exemptions

Dear Representative Munoz:

On behalf of the National Federation of Independent Business/Alaska, I wish to express our opposition to adding new groups to or increasing residential property tax exemptions. Over 60% of the NFIB/AK membership voted to oppose increases in the residential property tax exemption in the NFIB Alaska State Ballot. The National Federation of Independent Business is the largest small-business advocacy group in Alaska.

Increases in or addition of new classes to the residential property tax exemption is one more step toward a "split roll" tax that will shift property taxation onto businesses. As small business owners, we believe that all users of municipal services should share property taxes equally. As fewer individuals are directly impacted by property taxes, tax increases are more likely. For small businesses that will increase operating costs and, particularly in the current economic situation, may reduce the ability of small businesses to increase employment and help our economy grow. In some cases, it will be the cost that causes businesses to close their doors.

While we appreciate the concern about the impact of local property taxes on residential property, we believe that reducing expenditures is a more appropriate means of reducing those costs, rather than shifting them to others.

Sincerely yours,

Dennis L. DeWitt
Alaska State Director

Salcha Member Support Letter

From: Kelley Wemark [trailbound@mosquitonet.com]
Sent: Friday, March 18, 2011 4:32 AM
To: Rep. Eric Feige
Subject: HB 170 Support

Categories: Mike

Representative Eric Feigle
House District 12
State Capital Room 126
Juneau, AK 99801

Dear Representative Eric Feigle and Legislative Aide Michael Paschall,

It has recently come to my attention that you are responsible for presenting this bill to increase EMS volunteers' property tax exemption from a mere 10,000 to 200,000. I can say that this would be a very positive method towards ensuring that our more rural areas have sufficient strength in numbers to continue providing the vital services to their communities. I have been a volunteer for Salcha Fire and Rescue here in the Interior for just under 2 years and we are exceedingly strapped for enough volunteers to carry on the duties expected of us. This would be an incredible incentive for prospective volunteers to more readily commit to the huge time commitment that volunteering for these organizations require.

With fuel prices doing nothing but rising, it is a struggle for many just to heat their homes, let alone fuel their vehicles to be able to respond to emergencies when they arise. We need every break we can to ensure that these services can continue in these rural areas. Again, I thank you for introducing this Bill, and Alaska's EMS will benefit far into the future if you can make this a reality.

Sincerely,

Kelley Wemark
EMT 1A
Salcha Fire and Rescue
Director at Large

Hollis Member Support Letter

From: Robert Andrews [andrews@aptalaska.net]
Sent: Monday, March 21, 2011 2:33 PM
To: Michael Paschall
Subject: HB 170

To: Rep Eric Feige -
Re: HB 170

Dear Rep Feige;

As a volunteer firefighter yourself, I don't have to explain the time and dedication exhibited by members of a volunteer fire dept. I would urge you to push this bill as hard as possible. I believe it is a great way to say thank you to the hundreds of volunteers around our state who give so much of their time and expertise.

Respectfully,
Bob Andrews
Hollis Volunteer Fire Dept.

Central Emergency Services

Central Kenai Peninsula Fire & EMS Providers

Keith Hamilton
On-call Division Captain

February 23, 2011

Michael Paschall
Legislative Aide
Representative Eric Feige
Reference to HB 170

To Whom It May Concern,

I stand in full support of HB 170 which would tremendously allow agencies like Central Emergency Services to both recruit and retain volunteer firefighters. I have been a volunteer EMT and Firefighter for 33 years and know that keeping the middle aged member of fire and EMS services active in the department is helped by incentives and financial support where possible.

At CES, we have a number of young members who we recruit that don't normally have homes and are more transient. We have also a small number of volunteers who are closer to retirement years and find it harder to make ends meet with reduced workloads or retirement approaching. We have found in our ranks that the best volunteers to recruit (that are retained the most) are the ones with families that are working fully in our community and are staying the long haul and wish to give back to their community.

With the spirally cost of fuel among other expenses for volunteers, this manner of reducing tax burden would be an incredible way to retain people who are giving sacrificiously to their communities. A few thousand dollars in tax breaks would be very encouraging for those who put their lives on the line to save taxpayers and homes thousands of dollars each year.

The Fire Chief of CES and I are in full support of this bill that would represent the 35 volunteers of Central Emergency Services.

Sincerely,

Keith J. Hamilton

Captain Keith J. Hamilton

Fire Administration • 231 South Binkley St. • Soldotna, Alaska 99669
(907) 262-4792 • Fax (907) 262-5770 • www.cesfire.org

Alaska State Firefighters Association
209 Lake Street
Sitka, Alaska 99835
907-747-4895

March 22, 2011

Representative Eric Feige
State Capitol, Room 126
Juneau, AK 99801

Re: HB170 "An act relating to the municipal property tax exceptions on residences of certain volunteer emergency services personnel and the widows and widowers of volunteer emergency services personnel; and providing for an effective date."

Dear Representative Feige,

The Alaska State Firefighters Association supports your introduction of HB170. HB170 shows support for those members of the communities that spend countless hours training and responding to emergency in their community.

The Alaska State Firefighters Association looks forward to working with you and your cosponsors on HB170.

Sincerely,

Robert Dennard

Robert Dennard, President
Alaska State Firefighters Assocation

Alaska Professional Volunteers Support Letter

From: apvchief@gmail.com on behalf of Roy Sursa [apv1@gci.net]
Sent: Wednesday, March 23, 2011 9:04 AM
To: Michael Paschall
Cc: ACEMS-Soren Threadgil; ACEMS - BJ Coopes; David Hull; Donald Hudson Dr.; ACEMS - Mary M Leemhuis, R.N.; David Hull; John Dickens; Shelley Owens
Subject: HB 170

I have been involved with EMS since 1988 and this is the answer to every non paid volunteer
agency biggest problem.

The ability to recruit and maintain volunteers for over 20 years has been at the mercy of the
economy since we had very little to offer our volunteers.

This will allow volunteers to justify to their families and friends in a way that they can
understand why they want to assist the public by providing essential services. Now they can
show a monetary reason that most people have a better understanding of.

when they come home after a long day of work, that helps to pay the bills, and need to go back
out for meetings, drill, or response this will help their families to understand and support them.

Thank you,--
Roy Sursa
President & EMS Chief
Alaska Professional Volunteers Inc.
Cell 907.229.0066

CHENA-GOLDSTREAM FIRE & RESCUE

P.O. Box 80487, Fairbanks, Alaska 99708-0487
Business (907) 479-5672 FAX: (907) 479-5858
EMERGENCY: 911

Jack Willard
Fire Chief

Paul Delys
President

March 22, 2011

Mr. Paschall,

On the off-chance Legislators are unaware of the effort it takes to be a volunteer firefighter or medic, let me give a little background as to what CGFR requires of its members. Depending on their interests, new volunteers take a 120+ FireFighter 1 or EMT 1 class. Many volunteers ultimately take both. Another half dozen mandated, day-long classes are required before anyone can respond. These are the same minimum requirements to which most career/paid fire departments adhere. Beyond the initial training, volunteers must pull shifts and attend weekly training. Advanced firefighting, EMT, leadership and technical rescue classes are taken by many volunteers. All in preparation for actually assisting a (probable) stranger who called 9-1-1! As a rough estimate, the average CGFR volunteer's active contribution to the department is 160 hours/year, 4 full work weeks. Including shift time, the average volunteer probably gives 800-900 hours/year to the community.

Quite a few of our volunteers are college students who move on after a few years. Their services are invaluable, but CGFR's backbone is established local residents who volunteer, potentially, for decades. Years of training and experience are required to become a safe, qualified battalion chief, lead medic or company officer. These are the people whose leadership, decisions and actions save lives and property.

Today's society pulls people in many different directions. Increasing legal liabilities and training requirements continually pressure volunteer fire services to become more competent and professional. Many years have passed since volunteering in the fire service could be a casual commitment. Years of training and experience are the key to developing effective emergency responders. There's little public recognition of the substantial effort involved in volunteering. I strongly believe a $200k property tax exemption will provide substantial motivation for volunteers to spend additional years in the fire service. That longevity is critical to effective emergency operations.

Respectfully,

Paul Delys
CGFR Board President

Chena Member Solomon Support Letter

From: Terry Solomon [tsolomon@cgfr.com]
Sent: Tuesday, March 22, 2011 8:15 PM
To: Michael Paschall
Cc: chief@cgfr.com
Subject: HB 170

To Whom It May Concern,

Please pass HB 170 to exempt the first $200,000 of assessed value from tax for the primary dwelling of a volunteer firefighter or rescue squad worker.

Volunteer Fire Fighters and EMS members spend many hours every month training and responding to fire and emergency medical requests. They are also involved in fire prevention activities and First Aid/CPR training in the community with all age groups.

I have been an active volunteer since 2002. Volunteers at our department range from HS and college students to retired professionals. Many of our volunteers are home owners and established in our community.

There is a wide range of reasons for these citizens to make the initial commitment to volunteer. As one of the Recruitment Officers at Chena-Goldstream Fire and Rescue, I have the opportunity to point out all of the benefits of volunteering to potential recruits. One thing we make an effort to do is make it reasonable and possible for people to commit to the training and shift coverage time without it having to impinge on their other responsibilities of jobs, school and family.

Volunteering requires time away from family, recreation activities and sometimes sleep. There is also gas money, and wear and tear on personal vehicles to attend training and to respond to emergency calls. Many times volunteers get called out of bed in the middle of the night, miss birthdays, anniversaries and other important events. Even though our first goal is for our personal safety, by the nature of our calls, many times we are putting ourselves at risk. At times it is hard to compete with the negative effects of this commitment.

By passing this bill and giving our dedicated volunteers a tax break, you provide a monetary benefit for potential volunteers and will be encouraging our valuable, current volunteers to remain in service to the community.

I thank you in advance for your consideration,

Terry K. Solomon, LT
Chena-Goldstream Fire and Rescue
907-388-1521

PS I will be traveling home from Minnesota Thursday during the hearing and will not be able to testify. If you have any further questions I would be happy to respond if I am not on an airplane.

Valdez Member Major Support Letter

From: Major, Justin [Justin.Major@alyeska-pipeline.com]
Sent: Wednesday, March 23, 2011 8:45 AM
To: Michael Paschall
Subject: HB-170

Legislative Aide, Michael Paschall and Representative Eric Feige,

Hi, my name is Justin Major and I am a volunteer firefighter in Valdez. When I first heard of this bill, I thought to myself, "that would be nice". I have never contacted any of my representatives before, so I figured I would start now. I am in full support of this bill, as Valdez has one of the highest property taxes in the state. It has a huge incentive for future firefighters to protect our community and all the communities statewide. This bill would do all sorts of wonders for our communities statewide because who would not want a tax break on the first $200,000 of their home value?

We are spreading the word here in Valdez, and I have seen numerous emails going statewide thru the Alaska Division of Fire and Life Safety email distribution lists.

Hopefully I'm not the first email you have received.

Thanks for supporting those who support you!!

Justin Major

Salcha Member Support Letter

From: Kelley Wemark [trailbound@mosquitonet.com]
Sent: Friday, March 18, 2011 4:32 AM
To: Rep. Eric Feige
Subject: HB 170 Support

Categories: Mike

Representative Eric Feigle
House District 12
State Capital Room 126
Juneau, AK 99801

Dear Representative Eric Feigle and Legislative Aide Michael Paschall,

It has recently come to my attention that you are responsible for presenting this bill to increase EMS volunteers' property tax exemption from a mere 10,000 to 200,000. I can say that this would be a very positive method towards ensuring that our more rural areas have sufficient strength in numbers to continue providing the vital services to their communities. I have been a volunteer for Salcha Fire and Rescue here in the Interior for just under 2 years and we are exceedingly strapped for enough volunteers to carry on the duties expected of us. This would be an incredible incentive for prospective volunteers to more readily commit to the huge time commitment that volunteering for these organizations require.

With fuel prices doing nothing but rising, it is a struggle for many just to heat their homes, let alone fuel their vehicles to be able to respond to emergencies when they arise. We need every break we can to ensure that these services can continue in these rural areas. Again, I thank you for introducing this Bill, and Alaska's EMS will benefit far into the future if you can make this a reality.

Sincerely,

Kelley Wemark
EMT 1A
Salcha Fire and Rescue
Director at Large

REPRESENTATIVE
ERIC FEIGE
House District 12

House Resources Committee Co-Chair
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HB 170 CS Version 27-LS0562\I

This bill gives the legislature the authority to reimburse municipalities for property taxes exempted by a municipality for qualified fire department, emergency medical, or rescue services agency personnel or their widow or widower. The decision to provide an exemption is an opt-in decision by the municipality. Defining specifically who qualifies and how they qualify is left to the discretion of the municipality, except that they must have been a member of the organization for at least two years.
This bill leaves it to the discretion of the municipality to address the concerns raised by committee members regarding qualifications and procedures including:

1. Whether or not an annual application would be required. It seems appropriate for an annual application, since the exemption is for annual property taxes.
2. Defining qualifications for active volunteer.
3. Length of time a widow or widower would qualify and whether this would change if they remarried.
4. If paid on-call responders received the exemption.

Email: Representative.Eric.Feige@legis.state.ak.us

27-LS0562\I
Bullard
4/6/11

CS FOR HOUSE BILL NO. 170( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVE FEIGE

A BILL

FOR AN ACT ENTITLED

"An Act relating to an optional municipal property tax exemption for certain residences of volunteer emergency services personnel and the widows and widowers of volunteer emergency services personnel; and providing for an effective date."

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

* **Section 1.** AS 29.45 is amended by adding a new section to read:

Sec. 29.45.054. Exemption for certain residences of volunteer emergency services personnel. (a) Unless exempted under AS 29.45.030(e), the real property owned and occupied as the primary residence and permanent place of abode by a resident who serves as a volunteer with a fire department or emergency medical or rescue services agency or who is the widow or widower of a person who was a volunteer with a fire department or emergency medical or rescue services agency at the time of the person's death may by ordinance be exempted from taxation on the first $150,000 of the assessed value of the real property. Only one exemption may be granted for the same property, and, if two or more persons are eligible for an

exemption for the same property, the parties shall decide between or among themselves who is to receive the benefit of the exemption. Real property may not be exempted under this subsection if the assessor determines, after notice and hearing to the parties, that the property was conveyed to the applicant primarily for the purpose of obtaining the exemption. The determination of the assessor may be appealed under AS 44.62.560 and 44.62.570.

(b) In addition to other requirements, a person qualifies as a volunteer for purposes of this section only if the person has been a volunteer of the fire department or emergency medical or rescue services agency for at least two years before the date the municipality receives the application for the exemption and the person meets standards for the determination of active volunteer status that have been jointly established by the fire department or emergency medical or rescue services agency and the municipality. To be eligible for an exemption under this section for a year, a municipality may by ordinance require that an individual also meet requirements under one of the following paragraphs:

(1) the individual shall be eligible for a permanent fund dividend under AS 43.23.005 for that same year or for the immediately preceding year; or

(2) if the individual has not applied or does not apply for one or both of the permanent fund dividends identified in (1) of this subsection, the individual would have been eligible for one of the permanent fund dividends had the individual applied.

(c) An exemption may not be granted under this section except on written application for the exemption. Each municipality shall, in the ordinance establishing the exemption, set out procedures and deadlines for filing the application. The governing body of the municipality for good cause shown may waive the claimant's failure to make timely application for exemption and authorize the assessor to accept the application as if timely filed. If an application is filed within the required time and is approved by the assessor, the assessor shall allow an exemption in accordance with the provisions of this section. If the application for exemption is approved after taxes have been paid, the amount of tax that the claimant has already paid for the property exempted shall be refunded to the claimant. The assessor shall require proof in the

form the assessor considers necessary of the right to and amount of an exemption claimed under this section. The assessor may require proof under this subsection at any time.

(d) The state shall reimburse a borough or city, as appropriate, for the real property tax revenue lost to it by permitting exemptions under this section. However, reimbursement may be made to a municipality for revenue lost to it only to the extent that the loss exceeds an exemption that was granted by the municipality or that, on proper application by an individual, would have been granted under AS 29.45.050(a). If appropriations are not sufficient to fully fund reimbursements under this subsection, the amount available shall be distributed pro rata among eligible municipalities.

(e) Nothing in this section affects similar exemptions from property taxes granted by a municipality on September 10, 1972, or prevents a municipality from granting similar exemptions by ordinance as provided in AS 29.45.050.

(f) In this section,

(1) "real property" includes mobile homes, whether classified as real or personal property for municipal tax purposes;

(2) "volunteer" has the meaning given in AS 18.15.250.

* **Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).

HB

178

<TARGET><BILL>HB 178</BILL><SUBJECT>HB 178</SUBJECT><COMM>HCRA27</COMM></TARGET>

27-LS0304\X
Bullard
3/18/11

CS FOR HOUSE BILL NO. 178( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES THOMAS, Feige, Tuck

A BILL

FOR AN ACT ENTITLED

"An Act relating to election practices and procedures; and providing for an effective date."

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

*** Section 1.** AS 15.05.011 is amended by adding a new subsection to read:

(e) Notwithstanding (b)(1) of this section, a person residing outside the United States may register and vote absentee if

(1) the parent or legal guardian of the person was domiciled in the state immediately before leaving the United States;

(2) the director determines that the person meets the requirements of (b)(2) - (5) of this section.

*** Sec. 2.** AS 15.20.030 is amended to read:

Sec. 15.20.030. Preparation of ballots, envelopes, and other material. The director shall provide ballots for use as absentee ballots in all districts. The director shall provide a secrecy sleeve in which the voter shall initially place the marked ballot,

and shall provide an envelope with the prescribed voter's certificate on it, in which the secrecy sleeve with ballot enclosed shall be placed. The director shall prescribe the form of and prepare the voter's certificate, envelopes, and other material used in absentee voting. The voter's certificate shall include a declaration, for use when required, that the voter is a qualified voter in all respects, a blank for the voter's signature, [A CERTIFICATION THAT THE AFFIANT PROPERLY EXECUTED THE MARKING OF THE BALLOT AND GAVE THE VOTER'S IDENTITY, BLANKS FOR THE ATTESTING OFFICIAL OR WITNESS], and a place for recording the date the envelope was sealed [AND WITNESSED]. The envelope with the voter's certificate must include a notice that **a** false **statement** [STATEMENTS] made by the voter [OR BY THE ATTESTING OFFICIAL OR WITNESS] on the certificate **is** [ARE] punishable by law.

* **Sec. 3.** AS 15.20.045 is amended by adding a new subsection to read:

(c) In a municipality in which the division will not be operating an absentee voting station, the director may designate the municipal clerk as an absentee voting official for the limited purpose of distributing absentee ballots to qualified voters under AS 15.20.061(a)(1) and qualified voters' representatives under AS 15.20.072. At least 15 days before the election, the director shall supply municipal clerks designated under this subsection with absentee ballots.

* **Sec. 4.** AS 15.20.061(a) is amended to read:

(a) A qualified voter may apply in person for an absentee ballot to the following election officials at the times specified:

(1) to an absentee voting official on or after the 15th day before an election up to and including the date of the election;

(2) to an election supervisor on or after the **22nd** [15TH] day before an election up to and including the date of the election;

(3) to an absentee voting official at an absentee voting station designated under AS 15.20.045(b) on or after the 15th day before an election up to and including the date of the election;

(4) to an absentee voting official in the precinct in which no volunteers can be located to serve on the election board on or after the 15th day before an election

up to and including election day.

* **Sec. 5.** AS 15.20.061(c) is amended to read:

(c) On receipt of an absentee ballot in person, the voter shall proceed to mark the ballot in secret, to place the ballot in the secrecy sleeve, to place the secrecy sleeve in the envelope provided, and to sign the voter's certificate on the envelope [IN THE PRESENCE OF THE ELECTION OFFICIAL WHO SHALL SIGN AS ATTESTING OFFICIAL AND DATE THAT SIGNATURE]. The election official shall then accept the ballot.

* **Sec. 6.** AS 15.20.064(a) is amended to read:

(a) For **22** [15] days before an election and on election day, a qualified voter who meets the requirements set out in this section may vote in locations designated by the director.

* **Sec. 7.** AS 15.20.066 is amended to read:

Sec. 15.20.066. Absentee voting by electronic transmission. (a) The director shall adopt regulations applicable to the delivery of absentee ballots by **facsimile, electronic mail, and other methods of** electronic transmission **approved by the director and identified in regulation** in a state election and to the use of electronic transmission absentee voting in a state election by qualified voters. The regulations must

(1) require the voter to comply with the same time deadlines as for voting in person on or before the closing hour of the polls;

(2) ensure the accuracy and, to the greatest degree possible, the integrity and secrecy of the ballot process.

(b) An absentee ballot that is completed and returned by the voter by electronic transmission must

[(1)] contain the following statement: "I understand that, by using electronic transmission to return my marked ballot, I am voluntarily waiving a portion of my right to a secret ballot to the extent necessary to process my ballot, but expect that my vote will be held as confidential as possible," followed by the voter's signature and date of signature [; AND

(2) BE ACCOMPANIED BY A STATEMENT EXECUTED UNDER

OATH AS TO THE VOTER'S IDENTITY; THE STATEMENT UNDER OATH MUST BE WITNESSED BY

(A) A COMMISSIONED OR NONCOMMISSIONED OFFICER OF THE ARMED FORCES OF THE UNITED STATES;

(B) AN OFFICIAL AUTHORIZED BY FEDERAL LAW OR THE LAW OF THE STATE IN WHICH THE ABSENTEE BALLOT IS CAST TO ADMINISTER AN OATH; OR

(C) AN INDIVIDUAL WHO IS 18 YEARS OF AGE OR OLDER].

*** Sec. 8.** AS 15.20.072(d) is amended to read:

(d) The representative shall deliver the special needs ballot and other voting materials to the voter as soon as practicable. The voter shall mark the ballot in secret, place the ballot in the secrecy sleeve, and place the secrecy sleeve in the envelope provided. The voter shall provide the information on the envelope that would be required for absentee voting if the voter voted in person. The voter shall sign the voter's certificate [IN THE PRESENCE OF THE REPRESENTATIVE. THE REPRESENTATIVE SHALL SIGN AS ATTESTING OFFICIAL] and date the voter's signature.

*** Sec. 9.** AS 15.20.081(a) is amended to read:

(a) A qualified voter may apply in person, by mail, or by facsimile, scanning, or other electronic transmission to the director for an absentee ballot under this section. Another individual may apply for an absentee ballot on behalf of a qualified voter if that individual is designated to act on behalf of the voter in a written general power of attorney or a written special power of attorney that authorizes the other individual to apply for an absentee ballot on behalf of the voter. The application must include the address or, if the application requests delivery of an absentee ballot by electronic transmission, the telephone electronic transmission number, to which the absentee ballot is to be returned, the applicant's full Alaska residence address, and the applicant's signature. However, a person residing outside the United States and applying to vote absentee in federal elections in accordance with AS 15.05.011 need not include an Alaska residence address in the application. A person may supply to a

voter an absentee ballot application form with a political party or group affiliation indicated only if the voter is already registered as affiliated with the political party or group indicated. Only the voter or the individual designated by the voter in a written power of attorney under this subsection may mark the voter's choice of primary ballot on an application. A person supplying an absentee ballot application form may not design or mark the application in a manner that suggests choice of one ballot over another, except that ballot choices may be listed on an application as authorized by the division. The application must be made on a form prescribed or approved by the director. The voter or registration official shall submit the application directly to the division of elections. For purposes of this subsection, "directly to the division of elections" means that an application may not be submitted to any intermediary that could control or delay the submission of the application to the division or gather data on the applicant from the application form. However, nothing in this subsection is intended to prohibit a voter from giving a completed absentee ballot application to a friend, relative, or associate for transfer to **a foreign postal service,** the United States Postal Service, or a private commercial delivery service for delivery to the division.

*** Sec. 10.** AS 15.20.081(d) is amended to read:

(d) Upon receipt of an absentee ballot by mail, the voter [, IN THE PRESENCE OF A NOTARY PUBLIC, COMMISSIONED OFFICER OF THE ARMED FORCES INCLUDING THE NATIONAL GUARD, DISTRICT JUDGE OR MAGISTRATE, UNITED STATES POSTAL OFFICIAL, REGISTRATION OFFICIAL, OR OTHER PERSON QUALIFIED TO ADMINISTER OATHS,] may proceed to mark the ballot in secret, to place the ballot in the secrecy sleeve, to place the secrecy sleeve in the envelope provided, and to sign **and date** the voter's certificate on the envelope. **In** [IN THE PRESENCE OF AN OFFICIAL LISTED IN THIS SUBSECTION WHO SHALL SIGN AS ATTESTING OFFICIAL AND SHALL DATE THE SIGNATURE. IF NONE OF THE OFFICIALS LISTED IN THIS SUBSECTION IS REASONABLY ACCESSIBLE, AN ABSENTEE VOTER SHALL SIGN THE VOTER'S CERTIFICATE IN THE PRESENCE OF AN INDIVIDUAL WHO IS 18 YEARS OF AGE OR OLDER, WHO SHALL SIGN AS A WITNESS AND ATTEST TO THE DATE ON WHICH THE VOTER SIGNED

THE CERTIFICATE IN THE INDIVIDUAL'S PRESENCE, AND, IN] addition, the voter shall certify, as prescribed in AS 09.63.020, under penalty of perjury, that the statements in the voter's certification are true.

*** Sec. 11.** AS 15.20.081(e) is amended to read:

(e) An absentee ballot must be marked on or before the date of the election. A [EXCEPT AS PROVIDED IN (h) OF THIS SECTION, A] voter who returns the absentee ballot by mail, whether provided to the voter by mail or by electronic transmission, shall use a mail service at least equal to first class and mail the ballot not later than the day of the election to the election supervisor for the house district in which the voter seeks to vote. Except as provided in AS 15.20.480, the ballot may not be counted unless it is received by the close of business on the 10th day after the election. If the ballot is postmarked, it must be postmarked on or before election day. After the day of the election, ballots may not be accepted unless received by mail.

*** Sec. 12.** AS 15.20.203(b) is amended to read:

(b) An absentee ballot may not be counted if

(1) the voter has failed to properly execute the certificate;

(2) [AN OFFICIAL OR THE WITNESSES AUTHORIZED BY LAW TO ATTEST THE VOTER'S CERTIFICATE FAIL TO EXECUTE THE CERTIFICATE, EXCEPT THAT AN ABSENTEE BALLOT CAST IN PERSON AND ACCEPTED BY AN ABSENTEE VOTING OFFICIAL OR ELECTION SUPERVISOR MAY BE COUNTED DESPITE FAILURE OF THE ABSENTEE VOTING OFFICIAL OR ELECTION SUPERVISOR TO PROPERLY SIGN AND DATE THE VOTER'S CERTIFICATE AS ATTESTING OFFICIAL AS REQUIRED UNDER AS 15.20.061(c);

(3)] the ballot is not attested on or before the date of the election;

(3) [(4)] the ballot, if postmarked, is not postmarked on or before the date of the election;

(4) [(5)] after the day of election, the ballot was delivered by a means other than mail; or

(5) [(6)] the voter voted

(A) in person and is a

(i) first-time voter who initially registered by mail or by facsimile or other electronic transmission approved by the director under AS 15.07.050, has not provided the identification required by AS 15.15.225(a), was not eligible for waiver of the identification requirement under AS 15.15.225(b), and has not provided the identifiers required in AS 15.07.060(a)(2) and (3) that can be verified through state agency records described in AS 15.07.055(e); or

(ii) voter other than one described in (i) of this subparagraph, did not provide identification described in AS 15.15.225(a), was not personally known by the election official, and has not provided the identifiers required in AS 15.07.060(a)(2) and (3); or

(B) by mail or electronic transmission, is a first-time voter who initially registered by mail or by facsimile or other electronic transmission approved by the director under AS 15.07.050 to vote, has not met the identification requirements set out in AS 15.07.060, and does not submit with the ballot a copy of a

(i) driver's license, state identification card, current and valid photo identification, birth certificate, passport, or hunting or fishing license; or

(ii) current utility bill, bank statement, paycheck, government check, or other government document; an item described in this sub-subparagraph must show the name and current address of the voter.

* **Sec. 13.** AS 15.20.220(b) is amended to read:

(b) The state review board shall review and count absentee ballots under AS 15.20.081(e) [AND (h)] and questioned ballots that have been forwarded to the director and that have not been reviewed or counted by a district counting board.

* **Sec. 14.** AS 15.25.020 is amended to read:

Sec. 15.25.020. Date of primary. The primary election is held on the **second** [FOURTH] Tuesday in August of every even-numbered year.

*** Sec. 15.** AS 15.25.055 is amended to read:

Sec. 15.25.055. Removal of name from primary ballot. A candidate's name must appear on the primary election ballot unless notice of the withdrawal from the primary is received by the director at least **52** [48] days before the date of the primary election.

*** Sec. 16.** AS 15.25.056(a) is amended to read:

(a) If an unopposed incumbent candidate for renomination dies, becomes disqualified from holding the office the candidate is seeking, or is certified as being incapacitated between June 1 of the election year and that date which is more than **54** [50] days before the date of the primary election, the candidate's place on the ballot may be filled by party petition. The petition shall state that the political party requests the name of the proposed candidate replace that of the incumbent on the primary election ballot and shall be accompanied by a declaration of candidacy from the person named in the petition. The petition must be received by the director no later than 14 days after the death, disqualification, or certification of incapacity of the incumbent or **52** [48] days before the primary election date, whichever time is earlier.

*** Sec. 17.** AS 15.25.056(c) is amended to read:

(c) The death, disqualification, or certification of incapacity of the incumbent within **52** [48] days before or on the primary election date does not affect the counting and review of the ballots. If the result of the counting and review discloses that the candidate, if the candidate had lived, would have been nominated, the candidate shall be declared nominated. The vacancy may be filled by party petition as provided in AS 15.25.110 - 15.25.130.

*** Sec. 18.** AS 15.25.110 is amended to read:

Sec. 15.25.110. Filling vacancies by party petition. If a candidate of a political party nominated at the primary election dies, withdraws, resigns, becomes disqualified from holding the office for which the candidate is nominated, or is certified as being incapacitated in the manner prescribed by this section after the primary election and **64** [48] days or more before the general election, the vacancy may be filled by party petition. The central committee of any political party or any party district committee may certify as being incapacitated any candidate nominated

by their respective party by presenting to the director a sworn statement made by a panel of three licensed physicians, not more than two of whom may be of the same political party, that the candidate is physically or mentally incapacitated to an extent that would in the panel's judgment prevent the candidate from active service during the term of office if elected. The director shall place the name of the person nominated by party petition on the general election ballot. The name of a candidate disqualified under this section may not appear on the general election ballot.

*** Sec. 19.** AS 15.25.120 is amended to read:

Sec. 15.25.120. Requirements for party petition. Party petitions for the nomination of candidates shall state in substance that the political party desires and intends to support the named candidate for the named office and requests that the name of the proposed candidate be placed on the general election ballot. The petition may be filed no later than **64** [48] days before the date of the general election.

*** Sec. 20.** AS 15.25.200 is amended to read:

Sec. 15.25.200. Withdrawal of candidate's name. If a candidate nominated by petition dies or withdraws after the petition has been filed and **64** [48] days or more before the general election, the director may not place the name of the candidate on the general election ballot.

*** Sec. 21.** AS 15.35.135(b) is amended to read:

(b) The name of a candidate for retention for supreme court justice, judge of the court of appeals, superior court judge, or district court judge must appear on the general election ballot unless notice under (a) of this section of withdrawal of candidacy is received by the director at least **64** [48] days before the date of the general election.

*** Sec. 22.** AS 29.20.380 is amended by adding a new subsection to read:

(c) The municipal clerk may act as an absentee voting official under AS 15.20.045(c) for the limited purpose of distributing absentee ballots to qualified voters or qualified voters' representatives under AS 15.20.072 in a municipality in which the division of elections will not be operating an absentee voting station.

*** Sec. 23.** AS 15.20.081(h), 15.20.081(i), and 15.20.160 are repealed.

*** Sec. 24.** This Act takes effect January 1, 2012.

REPRESENTATIVE BILL THOMAS
ALASKA STATE LEGISLATURE DISTRICT 5
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SECTIONAL ANALYSIS CSHB 178 X

"Election Practices and Procedures"

SECTION 1

Adds, under "Qualifications for overseas voters", a child whose parents lived in Alaska and comes of voting age overseas, will be granted the opportunity to register to vote absentee for a federal election in the state of Alaska.

SECTION 2,5,7,8,9, 10 & 12

Removes the witnessing requirement for absentee ballots.

SECTION 3

Adds the designation of a municipal clerk as an absentee voting official.

SECTION 4 & 6.

Adds that absentee ballots are available in regional offices 22 days before the election.

SECTION 7.

Adds email as a form of electronic transmission for delivery of ballots and information.
{EMAILING OF VOTED BALLOT REMOVED}

SECTION 11 & 13.

Removes language referencing the receipt of a ballot 15 days post election as it a provision of this bill is to change this to 10 days.

SECTION 14.

Moves primary by two weeks, from the fourth, to the second Tuesday in August.

SECTION 15.

Changes the time frame from 48 to 52 days for the withdrawal of a candidate's name from the primary ballot.

SECTION 16 ,17 ,18,19, & 20 .

Changes the timeframes for replacement of candidate by party petition.

SECTION 21.

Changes the date of name withdrawal of judges to 64 days before the general election.

SECTION 22.

Adds that municipal clerk may serve as an absentee voting official for the purposes of distributing absentee ballots.

SECTION 23.

Repeals the provision that the absentee ballot application is valid for the next two general elections (15.20.081(i)).

Repeals the allowance for Military and Oversees absentee ballots to be received 15 days post Election Day (15.20.081(h)).

Repeals the provision pertaining to the conduct of a witness (15.20.160).

SECTION 24.

Establishes the effective date of January 1, 2012.

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE MUÑOZ

TO: CSHB 178( ), Draft Version "X"

Page 1, line 11, through page 2, line 12:

Delete all material.

Renumber the following bill sections accordingly.

Page 3, lines 2 - 8:

Delete all material.

Renumber the following bill sections accordingly.

Page 3, line 13:

Delete "AS 15.20.066"

Insert "AS 15.20.066(a)"

Page 3, line 14:

Delete "**Sec. 15.20.066. Absentee voting by electronic transmission.**"

Page 3, line 24, through page 4, line 18:

Delete all material.

Renumber the following bill sections accordingly.

Page 5, line 17, through page 6, line 3:

Delete all material.

Renumber the following bill sections accordingly.

Page 6, line 14, through page 7, line 24:

Delete all material.

Renumber the following bill sections accordingly.

Page 9, line 30:

Delete ", 15.20.081(i), and 15.20.160"

Insert "and 15.20.081(i)"

REPRESENTATIVE BILL THOMAS
ALASKA STATE LEGISLATURE DISTRICT 5
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MEMORANDUM

Date: 3-07-11

To: Representative Cathy Munoz, House Community and Regional Affairs Committee, Chair

From: Representative Bill Thomas

Re: HB 178

I respectfully request the House Community and Regional Affairs Committee hear HB 178 at its earliest convenience.

HB 178 expands absentee voting provisions to provide greater access for our military and oversees voters as well as our regular absentee voters.

If you have any questions about this bill please feel free to contact Cecile Elliott, in my office, at 465-3732.

Witness List for HB178 "Election Practices and Procedures"

Gail Fenumiai, Director Division of Elections
465-4611

MARK B. SAN SOUCI
Regional Liaison Northwest (WA, AK, ID, OR) Defense State Liaison Office Office of the Deputy Assistant Secretary of Defense DUSD (Military Community and Family Policy)
253-273-2214

Paddy McGuire
Federal Voting Assistance Program
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Alaska State House of Representatives

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Sponsor Statement from:

Representative Bill Thomas

R - District 5

RELEASED: March 8, 2011, v27_LS0304-I **CONTACT**: Cecile Elliott, 465-3732

HB178 - Election Procedures

"An Act relating to election practices and procedures; and providing for an effective date."

Status: PREFILE RELEASED >> (H) CRA : 2011-03-07

In 2009 Congress passed the MOVE Act which outlines procedures that make it easier for overseas military and civilians to use our electoral system. Overseas military personnel and civilians represent 61,000 of Alaska's eligible voters. These voters face a myriad of challenges when pursuing their fundamental right to vote. Additionally, those who live in remote areas of the state experience similar challenges. In 2010 approximately 41,000 voters voted absentee in Alaska. HB 178 increases the accessibility of our electoral system for these voters by expanding absentee voting.

HB 178:

- Moves the primary back 2 weeks, allowing for more time for voters to receive information. One of the greatest concerns for military and overseas voters is the amount of time to receive and return their ballot. (This assists the Department in accommodating the 45 day requirement established under MOVE)
- Removes witnessing requirements alleviating the burden of our military voters from finding a witness when stationed remotely. (MOVE requirement)
- Establishes "email" in statute as a form of electronic transmission allowing for ballots and information to be distributed via email. This is another provision that addresses the challenges of the voter to get the ballot in a timely manner and returned.
- Changes the deadline for overseas voters to 10 days aligning it with the 10 day deadline for domestic absentee ballots. It also allows more time for the department to finalize ballots and send them out to our military and overseas voters. (Further assisting the accommodation of the 45 day MOVE ballot distribution time for military and overseas voters).
- Provides for the city clerk to administer absentee ballots. This further expands access options for our rural and remote voters to receive and return their absentee ballot.

These outlined changes align our state statutes with MOVE as well as improve voter access within our

own state. All voters deserve, and are required to have, equal access to our electoral system. HB 178 accomplishes this by bringing our statues in line with federal law and greatly improving access and ease to our absentee voting system.

I urge your support of HB 178.

# # #

House Majority Press: http://housemajority.org/spon.php?id=27HB178

27-LS0304\E
Bullard
3/11/11

CS FOR HOUSE BILL NO. 178( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES THOMAS, Feige, Tuck

A BILL

FOR AN ACT ENTITLED

"An Act relating to election practices and procedures; and providing for an effective date."

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

*** Section 1.** AS 15.05.011 is amended by adding a new subsection to read:

(e) Notwithstanding (b)(1) of this section, a person residing outside the United States may register and vote absentee if

(1) the parent or legal guardian of the person was domiciled in the state immediately before leaving the United States;

(2) the director determines that the person meets the requirements of (b)(2) - (5) of this section.

*** Sec. 2.** AS 15.20.030 is amended to read:

Sec. 15.20.030. Preparation of ballots, envelopes, and other material. The director shall provide ballots for use as absentee ballots in all districts. The director shall provide a secrecy sleeve in which the voter shall initially place the marked ballot,

and shall provide an envelope with the prescribed voter's certificate on it, in which the secrecy sleeve with ballot enclosed shall be placed. The director shall prescribe the form of and prepare the voter's certificate, envelopes, and other material used in absentee voting. The voter's certificate shall include a declaration, for use when required, that the voter is a qualified voter in all respects, a blank for the voter's signature, [A CERTIFICATION THAT THE AFFIANT PROPERLY EXECUTED THE MARKING OF THE BALLOT AND GAVE THE VOTER'S IDENTITY, BLANKS FOR THE ATTESTING OFFICIAL OR WITNESS], and a place for recording the date the envelope was sealed [AND WITNESSED]. The envelope with the voter's certificate must include a notice that **a** false **statement** [STATEMENTS] made by the voter [OR BY THE ATTESTING OFFICIAL OR WITNESS] on the certificate **is** [ARE] punishable by law.

* **Sec. 3.** AS 15.20.045 is amended by adding a new subsection to read:

(c) In a municipality in which the division will not be operating an absentee voting station, the director may designate the municipal clerk as an absentee voting official for the limited purpose of distributing absentee ballots to qualified voters under AS 15.20.061(a)(1) and qualified voters' representatives under AS 15.20.072. At least 15 days before the election, the director shall supply municipal clerks designated under this subsection with absentee ballots.

* **Sec. 4.** AS 15.20.061(a) is amended to read:

(a) A qualified voter may apply in person for an absentee ballot to the following election officials at the times specified:

(1) to an absentee voting official on or after the 15th day before an election up to and including the date of the election;

(2) to an election supervisor on or after the **22nd** [15TH] day before an election up to and including the date of the election;

(3) to an absentee voting official at an absentee voting station designated under AS 15.20.045(b) on or after the 15th day before an election up to and including the date of the election;

(4) to an absentee voting official in the precinct in which no volunteers can be located to serve on the election board on or after the 15th day before an election

up to and including election day.

*** Sec. 5.** AS 15.20.061(c) is amended to read:

(c) On receipt of an absentee ballot in person, the voter shall proceed to mark the ballot in secret, to place the ballot in the secrecy sleeve, to place the secrecy sleeve in the envelope provided, and to sign the voter's certificate on the envelope [IN THE PRESENCE OF THE ELECTION OFFICIAL WHO SHALL SIGN AS ATTESTING OFFICIAL AND DATE THAT SIGNATURE]. The election official shall then accept the ballot.

*** Sec. 6.** AS 15.20.064(a) is amended to read:

(a) For 22 [15] days before an election and on election day, a qualified voter who meets the requirements set out in this section may vote in locations designated by the director.

*** Sec. 7.** AS 15.20.066(b) is amended to read:

(b) An absentee ballot that is completed and returned by the voter by electronic transmission must

[(1)] contain the following statement: "I understand that, by using electronic transmission to return my marked ballot, I am voluntarily waiving a portion of my right to a secret ballot to the extent necessary to process my ballot, but expect that my vote will be held as confidential as possible," followed by the voter's signature and date of signature [; AND

(2) BE ACCOMPANIED BY A STATEMENT EXECUTED UNDER OATH AS TO THE VOTER'S IDENTITY; THE STATEMENT UNDER OATH MUST BE WITNESSED BY

(A) A COMMISSIONED OR NONCOMMISSIONED OFFICER OF THE ARMED FORCES OF THE UNITED STATES;

(B) AN OFFICIAL AUTHORIZED BY FEDERAL LAW OR THE LAW OF THE STATE IN WHICH THE ABSENTEE BALLOT IS CAST TO ADMINISTER AN OATH; OR

(C) AN INDIVIDUAL WHO IS 18 YEARS OF AGE OR OLDER].

*** Sec. 8.** AS 15.20.066 is amended by adding a new subsection to read:

(c) In this section, "electronic transmission" means facsimile, electronic mail, and other methods of electronic transmission approved by the director and identified in regulation.

* **Sec. 9.** AS 15.20.072(d) is amended to read:

(d) The representative shall deliver the special needs ballot and other voting materials to the voter as soon as practicable. The voter shall mark the ballot in secret, place the ballot in the secrecy sleeve, and place the secrecy sleeve in the envelope provided. The voter shall provide the information on the envelope that would be required for absentee voting if the voter voted in person. The voter shall sign the voter's certificate [IN THE PRESENCE OF THE REPRESENTATIVE. THE REPRESENTATIVE SHALL SIGN AS ATTESTING OFFICIAL] and date the voter's signature.

* **Sec. 10.** AS 15.20.081(a) is amended to read:

(a) A qualified voter may**, if the voter is in the state,** apply in person, **or if the voter is in the state or traveling or working outside the state, apply** by mail, or by facsimile, scanning, or other electronic transmission to the director for an absentee ballot under this section. Another individual may apply for an absentee ballot on behalf of a qualified voter if that individual is designated to act on behalf of the voter in a written general power of attorney or a written special power of attorney that authorizes the other individual to apply for an absentee ballot on behalf of the voter. The application must include the address or, if the application requests delivery of an absentee ballot by electronic transmission, the telephone electronic transmission number **or electronic mail address**, to which the absentee ballot is to be returned, the applicant's full Alaska residence address, and the applicant's signature. However, a person residing outside the United States and applying to vote absentee in federal elections in accordance with AS 15.05.011 need not include an Alaska residence address in the application. A person may supply to a voter an absentee ballot application form with a political party or group affiliation indicated only if the voter is already registered as affiliated with the political party or group indicated. Only the voter or the individual designated by the voter in a written power of attorney under this subsection may mark the voter's choice of primary ballot on an application. A

person supplying an absentee ballot application form may not design or mark the application in a manner that suggests choice of one ballot over another, except that ballot choices may be listed on an application as authorized by the division. The application must be made on a form prescribed or approved by the director. The voter or registration official shall submit the application directly to the division of elections. For purposes of this subsection, "directly to the division of elections" means that an application may not be submitted to any intermediary that could control or delay the submission of the application to the division or gather data on the applicant from the application form. However, nothing in this subsection is intended to prohibit a voter from giving a completed absentee ballot application to a friend, relative, or associate for transfer to **a foreign postal service,** the United States Postal Service, or a private commercial delivery service for delivery to the division.

*** Sec. 11.** AS 15.20.081(d) is amended to read:

(d) Upon receipt of an absentee ballot by mail, the voter [, IN THE PRESENCE OF A NOTARY PUBLIC, COMMISSIONED OFFICER OF THE ARMED FORCES INCLUDING THE NATIONAL GUARD, DISTRICT JUDGE OR MAGISTRATE, UNITED STATES POSTAL OFFICIAL, REGISTRATION OFFICIAL, OR OTHER PERSON QUALIFIED TO ADMINISTER OATHS,] may proceed to mark the ballot in secret, to place the ballot in the secrecy sleeve, to place the secrecy sleeve in the envelope provided, and to sign **and date** the voter's certificate on the envelope. **In** [IN THE PRESENCE OF AN OFFICIAL LISTED IN THIS SUBSECTION WHO SHALL SIGN AS ATTESTING OFFICIAL AND SHALL DATE THE SIGNATURE. IF NONE OF THE OFFICIALS LISTED IN THIS SUBSECTION IS REASONABLY ACCESSIBLE, AN ABSENTEE VOTER SHALL SIGN THE VOTER'S CERTIFICATE IN THE PRESENCE OF AN INDIVIDUAL WHO IS 18 YEARS OF AGE OR OLDER, WHO SHALL SIGN AS A WITNESS AND ATTEST TO THE DATE ON WHICH THE VOTER SIGNED THE CERTIFICATE IN THE INDIVIDUAL'S PRESENCE, AND, IN] addition, the voter shall certify, as prescribed in AS 09.63.020, under penalty of perjury, that the statements in the voter's certification are true.

*** Sec. 12.** AS 15.20.081(e) is amended to read:

(e) An absentee ballot must be marked on or before the date of the election. A [EXCEPT AS PROVIDED IN (h) OF THIS SECTION, A] voter who returns the absentee ballot by mail, whether provided to the voter by mail or by electronic transmission, shall use a mail service at least equal to first class and mail the ballot not later than the day of the election to the election supervisor for the house district in which the voter seeks to vote. Except as provided in AS 15.20.480, the ballot may not be counted unless it is received by the close of business on the 10th day after the election. If the ballot is postmarked, it must be postmarked on or before election day. After the day of the election, ballots may not be accepted unless received by mail.

* **Sec. 13.** AS 15.20.203(b) is amended to read:

(b) An absentee ballot may not be counted if

(1) the voter has failed to properly execute the certificate;

(2) [AN OFFICIAL OR THE WITNESSES AUTHORIZED BY LAW TO ATTEST THE VOTER'S CERTIFICATE FAIL TO EXECUTE THE CERTIFICATE, EXCEPT THAT AN ABSENTEE BALLOT CAST IN PERSON AND ACCEPTED BY AN ABSENTEE VOTING OFFICIAL OR ELECTION SUPERVISOR MAY BE COUNTED DESPITE FAILURE OF THE ABSENTEE VOTING OFFICIAL OR ELECTION SUPERVISOR TO PROPERLY SIGN AND DATE THE VOTER'S CERTIFICATE AS ATTESTING OFFICIAL AS REQUIRED UNDER AS 15.20.061(c);

(3)] the ballot is not attested on or before the date of the election;

(3) [(4)] the ballot, if postmarked, is not postmarked on or before the date of the election;

(4) [(5)] after the day of election, the ballot was delivered by a means other than mail; or

(5) [(6)] the voter voted

(A) in person and is a

(i) first-time voter who initially registered by mail or by facsimile or other electronic transmission approved by the director under AS 15.07.050, has not provided the identification required by AS 15.15.225(a), was not eligible for waiver of the identification

requirement under AS 15.15.225(b), and has not provided the identifiers required in AS 15.07.060(a)(2) and (3) that can be verified through state agency records described in AS 15.07.055(e); or

(ii) voter other than one described in (i) of this subparagraph, did not provide identification described in AS 15.15.225(a), was not personally known by the election official, and has not provided the identifiers required in AS 15.07.060(a)(2) and (3); or

(B) by mail or electronic transmission, is a first-time voter who initially registered by mail or by facsimile or other electronic transmission approved by the director under AS 15.07.050 to vote, has not met the identification requirements set out in AS 15.07.060, and does not submit with the ballot a copy of a

(i) driver's license, state identification card, current and valid photo identification, birth certificate, passport, or hunting or fishing license; or

(ii) current utility bill, bank statement, paycheck, government check, or other government document; an item described in this sub-subparagraph must show the name and current address of the voter.

* **Sec. 14.** AS 15.20.220(b) is amended to read:

(b) The state review board shall review and count absentee ballots under AS 15.20.081(e) [AND (h)] and questioned ballots that have been forwarded to the director and that have not been reviewed or counted by a district counting board.

* **Sec. 15.** AS 15.25.020 is amended to read:

Sec. 15.25.020. Date of primary. The primary election is held on the **second** [FOURTH] Tuesday in August of every even-numbered year.

* **Sec. 16.** AS 15.25.055 is amended to read:

Sec. 15.25.055. Removal of name from primary ballot. A candidate's name must appear on the primary election ballot unless notice of the withdrawal from the primary is received by the director at least **52** [48] days before the date of the primary

election.

*** Sec. 17.** AS 15.25.056(a) is amended to read:

(a) If an unopposed incumbent candidate for renomination dies, becomes disqualified from holding the office the candidate is seeking, or is certified as being incapacitated between June 1 of the election year and that date which is more than **54** [50] days before the date of the primary election, the candidate's place on the ballot may be filled by party petition. The petition shall state that the political party requests the name of the proposed candidate replace that of the incumbent on the primary election ballot and shall be accompanied by a declaration of candidacy from the person named in the petition. The petition must be received by the director no later than 14 days after the death, disqualification, or certification of incapacity of the incumbent or **52** [48] days before the primary election date, whichever time is earlier.

*** Sec. 18.** AS 15.25.056(c) is amended to read:

(c) The death, disqualification, or certification of incapacity of the incumbent within **52** [48] days before or on the primary election date does not affect the counting and review of the ballots. If the result of the counting and review discloses that the candidate, if the candidate had lived, would have been nominated, the candidate shall be declared nominated. The vacancy may be filled by party petition as provided in AS 15.25.110 - 15.25.130.

*** Sec. 19.** AS 15.25.110 is amended to read:

Sec. 15.25.110. Filling vacancies by party petition. If a candidate of a political party nominated at the primary election dies, withdraws, resigns, becomes disqualified from holding the office for which the candidate is nominated, or is certified as being incapacitated in the manner prescribed by this section after the primary election and **64** [48] days or more before the general election, the vacancy may be filled by party petition. The central committee of any political party or any party district committee may certify as being incapacitated any candidate nominated by their respective party by presenting to the director a sworn statement made by a panel of three licensed physicians, not more than two of whom may be of the same political party, that the candidate is physically or mentally incapacitated to an extent that would in the panel's judgment prevent the candidate from active service during

the term of office if elected. The director shall place the name of the person nominated by party petition on the general election ballot. The name of a candidate disqualified under this section may not appear on the general election ballot.

*** Sec. 20.** AS 15.25.120 is amended to read:

Sec. 15.25.120. Requirements for party petition. Party petitions for the nomination of candidates shall state in substance that the political party desires and intends to support the named candidate for the named office and requests that the name of the proposed candidate be placed on the general election ballot. The petition may be filed no later than **64** [48] days before the date of the general election.

*** Sec. 21.** AS 15.25.200 is amended to read:

Sec. 15.25.200. Withdrawal of candidate's name. If a candidate nominated by petition dies or withdraws after the petition has been filed and **64** [48] days or more before the general election, the director may not place the name of the candidate on the general election ballot.

*** Sec. 22.** AS 15.35.135(b) is amended to read:

(b) The name of a candidate for retention for supreme court justice, judge of the court of appeals, superior court judge, or district court judge must appear on the general election ballot unless notice under (a) of this section of withdrawal of candidacy is received by the director at least **64** [48] days before the date of the general election.

*** Sec. 23.** AS 29.20.380 is amended by adding a new subsection to read:

(c) The municipal clerk may act as an absentee voting official under AS 15.20.045(c) for the limited purpose of distributing absentee ballots to qualified voters or qualified voters' representatives under AS 15.20.072 in a municipality in which the division of elections will not be operating an absentee voting station.

*** Sec. 24.** AS 15.20.081(h), 15.20.081(i), 15.20.082, and 15.20.160 are repealed.

*** Sec. 25.** This Act takes effect January 1, 2012.

REPRESENTATIVE BILL THOMAS
ALASKA STATE LEGISLATURE DISTRICT 5
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SECTIONAL ANALYSIS CSHB 178

"Election Practices and Procedures"

SECTION 1

Adds, under "Qualifications for overseas voters", a child whose parents lived in Alaska, prior to living overseas, will be granted the opportunity to register to vote absentee.

SECTION 2,5,7,9, 11& 13

Removes the witnessing requirement for absentee ballots.

SECTION 3

Adds the designation of a municipal clerk as an absentee voting official.

SECTION 4 & 6.

Adds that absentee ballots are available in regional offices 22 days before the election.

SECTION 7.

Adds a security waiver for electronic submission of an absentee ballot and removes witnessing requirement.

SECTION 8

Adds "electronic mail" to the definition of electronic transmission as well as any other form of electronic transmission, approved by the director and identified in regulation, for an absentee ballot.

SECTION 9.

Removes (h) as this pertains to the 15 day post election receipt of an absentee ballot.

SECTION 10.

Provides that those who are eligible to receive an absentee specialty ballot would be captured under the same provisions as UOCAVA voters with regarding receipt of ballot: that they will receive a ballot 45 days prior to the election.

Adds "electronic mail" to acceptable addresses for absentee voter information and adds that the voter must date the ballot. Current statute has the witness date the ballot. CSHB 178 removes the witnessing requirement.

SECTION 12.

Removes language referencing the receipt of a ballot 15 days post election as it is repealed in this legislation and changed to 10 days.

SECTION 15.

Moves Primary by two weeks, from the fourth, to the second Tuesday in August.

SECTION 16.

Changes the time frame from 48 to 52 days for the withdrawal of a candidate's name from the primary ballot.

SECTION 17.

Changes the timeframe of 50 to 54 for replacement by party petition if an incumbent candidate for renomination dies or is otherwise ineligible to remain on ballot.

SECTION 17 & 18.

Changes the timeframe of candidate name withdrawal from 48 days to 52 days for primary election.

SECTION 19 & 20.

Changes the date from 48 days to 64 days prior to the general election, in which a vacancy (of an individual nominated at the primary election) can be filled by party petition for the general election.

SECTION 21.

In the event of death of a party petition replacement, 64 or more days prior to the general election, the name will not be placed on the ballot.

SECTION 22.

Changes the date of name withdrawal of judges to 64 days before the general election.

SECTION 23.

Adds that municipal clerk may serve as an absentee voting official for the purposes of distributing absentee ballots.

SECTION 24.

Repeals 15.20.082, Specialty absentee ballots.

Repeals the provision that the absentee ballot application is valid for the next two general elections (15.20.081(i)).

Repeals the allowance for Military and Oversees absentee ballots to be received 15 days post Election Day (15.20.081(h)).

Repeals the provision pertaining to the conduct of a witness (15.20.160).

SECTION 25.

Establishes the effective date of January 1, 2012.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version: HB 178
() Publish Date

Identifier (file name): HB178-OOG-DOE-3-12-11
Title: "An Act relating to election practices and procedures"
Sponsor: Representatives Thomas, Feige and Tuck
Requester: House Community and Regional Affairs Committee

Dept. Affected: Office of the Governor
Appropriation: Elections
Allocation: Elections
OMB Component Number: 21

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants							
Miscellaneous							
TOTAL OPERATING	**0.0**	***	***	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other (please identify)							
TOTAL	**0.0**	***	***	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

Prepared by: Gail Fenumiai, Director — Phone: 465-2644
Division: Division of Elections — Date/Time: 3/12/2011, 12:45pm
Approved by: Linda Perez, Administrative Director — Date: 3/12/2011
Office of the Governor

(Revised 1/27/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 178

Analysis

The implementation of a new method to deliver ballots electronically may result in a cost to the division. The amount at this time is indeterminate.

The division intends to use prior funding received from the Help America Vote Act (HAVA) to cover the expenes incurred from this legislation.

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STATE OF ALASKA
Division of Elections
Office of the Lieutenant Governor

May 5, 2010

Mr. Robert Carey, Director
Federal Voting Assistance Program
Department of Defense
1155 Defense Pentagon
Washington, DC 20301-1155

Re: MOVE Act Hardship Exemption Request

Dear Director Carey:

On October 28, 2009 President Barack Obama signed into law the National Defense Authorization Act. Subtitle H of that law, known as the Military and Overseas Voter Empowerment Act (MOVE), amended parts of the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA). The State of Alaska is contacting you regarding the amendment 42 USC § 1973ff-1 (a)(8)(A) requiring states to transmit absentee ballots to UOCAVA voters no later than 45 days prior to a federal election, effective November 1, 2010.

In accordance to 42 USC § 1973ff-1 (g), a state may seek a hardship exemption. Pursuant to this section, the State of Alaska hereby submits its application for a waiver from the requirement of (a)(8)(A) set below:

42 USC § 1973ff (g)(1)(A) requires states demonstrate "a recognition that the purpose of such subsection is to allow absentee uniformed services voters and overseas voters enough time to vote in an election for Federal office:"

> The State of Alaska recognizes the purpose of 42 USC § 1973ff-1(g)(1)(A) is to provide uniformed services and overseas voters enough time to vote in an election for Federal office. The State of Alaska understands the importance of ensuring that uniformed and overseas voters have sufficient time to vote. Alaska will continue to mail special advance ballots beginning on the 60th day prior to an election through the 28th day prior to the election to overseas military and overseas citizens. The special advance ballot is a blank

ballot that contains the names of the races to be voted on but does not contain candidate names. The appropriate candidate list is sent along with the special advance ballot as well as instructions for the voter to follow for voting the ballot.

Alaska law allows for voted ballots to be received by the division of elections, when mailed domestically, 10 days after Election Day and, when mailed from overseas, 15 days after Election Day.

42 USC § 1973ff-1 (g)(1)(B) requires that states provide "an explanation of the hardship that indicates why the State is unable to transmit absentee uniformed services voters and overseas voters an absentee ballot in accordance with such sections;"

The State of Alaska's primary election date prohibits it from complying with (a)(8)(A). Under state law, primary elections are to be held the fourth Tuesday in August in every even-numbered year. Alaska law allows for absentee ballots to be received up to 15 days after Election Day when mailed from overseas. The certification process of the Primary Election does not begin until after the 15th day following the election and can take up to two weeks. The division anticipates a target certification date for the 2010 Primary Election of September 17, as shown in the timeline below:

Primary Election Day	August 24
Last day to receive absentee ballots mailed from overseas	September 8
Final count of ballots	September 9
Candidate withdrawal deadline for general election	September 15
Target Date for certification of Primary Election	September 17
Deadline to request recount	September 21
General Election Ballot Certified for printing (depending on recount)	September 17 - 22
45th day prior to General Election	September 18

As you can see from the above timeline, the 45-day deadline to mail ballots to military and overseas voters does not provide Alaska with adequate time to meet the requirement. The 45-day deadline would give Alaska only three days from the candidate withdrawal deadline and only one day from the primary certification date to get the official ballot

printed. In addition, once the election is certified, a defeated candidate may request a recount and the recount must be completed before ballots are printed. It would be impossible to print ballots in this short time frame. In order to meet this requirement, Alaska would need to shorten the above mentioned deadlines, including the 15 day time period we allow for voted ballots to be received and counted after Election Day. We believe it is in the voters' best interest to allow more time after Election Day to receive and count ballots than it is to shorten the time frame in order to meet the 45-day mailing requirement.

After the 2010 election cycle, the Division of Elections will work with the Alaska Legislature on making changes to our statutes and regulations to further expand electronic voting options to all voters, including military and overseas voters and to allow the special advance ballot to be mailed to all UOCAVA voters, not just those who are overseas.

42 USC § 1973ff-1 (g)(1)(C) requires that states must provide "the number of days prior to the election for Federal office that the State requires absentee ballots be transmitted to absentee uniformed services voters and overseas voters;"

In accordance to Alaska law, the State of Alaska must mail ballots by first class mail as soon as ballots are made available for distribution. Per state law, the official ballot must be received by the division 25 days prior to an election. Alaska typically begins mailing ballots three weeks prior to an election.

The special advance ballot will continue to be mailed to all overseas military and overseas citizens beginning on the 60th day prior to Election Day through the 28th day prior to Election Day.

42 USC § 1973ff-1 (g)(1)(D) requires that states provide "a comprehensive plan to ensure that absentee uniformed services voters and overseas voters are able to receive absentee ballots which they have requested and submit marked absentee ballots to the appropriate State election official in time to have that ballot counted in the election for Federal office, which includes -

(i) the steps the State will undertake to ensure that the absent uniformed services voters and overseas voters have time to receive, mark and submit their ballots in time to have those ballots counted in the election;
(ii) why the plan provides absent uniformed services voters and overseas voters sufficient time to vote as a substitute for the requirements under such subsection; and
(iii) the underlying factual information which explains how the plan provides such sufficient time to vote as a substitute for such requirements."

As mentioned above, Alaska begins mailing the official absentee ballot to voters approximately 21 days prior to each election and continues to accept and count ballots if they are received up to 10 days after the date of the election for those mailed within

the United States or 15 days after the date of the election for those mailed from overseas. In addition, Alaska will continue to mail special advance ballots beginning the 60th day prior to an election through the 28th day prior to the election to overseas military and overseas citizens. The special advance ballot is a blank ballot that contains the names of the races to be voted on but does not contain candidate names. The appropriate candidate list is sent along with the special advance ballot as well as instructions for the voter to follow for voting the ballot.

All voters who receive a special advance ballot are also mailed an official ballot. Voters are instructed to vote and return both ballots. The state will count the official ballot if received. If no official ballot received, the state will count the special advance ballot.

Although Alaska is unable to comply with the new requirement to mail ballots 45 days prior to the election, our process to send and receive the official ballot, along with the special advance ballot provisions, allows military and overseas voters two opportunities to receive, vote and return their ballot in time for it to be counted.

Alaska informs and encourages uniformed services voters and overseas voters to use the Federal Write-In Absentee Ballot (FWAB). Voters who have applied for a ballot, and whose state ballot has not arrived in sufficient time vote, can use the FWAB to vote in all federal and state races for primary, general and special elections. In addition, voters may simultaneously register to vote, request a by-mail and vote the FWAB so long as the FWAB is received 10 days prior to Election Day for State of Alaska.

The State of Alaska allows for ballots to be sent by electronic transmission. Electronic transmission is defined in state regulations as by facsimile. Ballots may be sent by facsimile and returned by facsimile or by mail. The state recently revised its absentee ballot application to allow for military and overseas voters to designate whether they want their ballot transmitted by mail or electronically. Although Alaska statutes limit the application period for electronic voting to 15 days prior to an election, The 15-day application period to receive a ballot by fax does not apply to military and overseas voters. There is now no time limit on when military and overseas voters can apply for electronic voting.

Because of the special advance ballot, followed by the mailing of an official ballot and the opportunity for voters to receive a ballot electronically, the State of Alaska believes that military and overseas voters have ample opportunity to receive, vote and return their voted ballot.

During the 2008 Presidential election, Alaska's return rate and ballot counting rate for military and overseas voters was quite high. Eighty-six percent of military and overseas voters who applied for a ballot returned their ballot in time for it to be counted.

The State of Alaska recently submitted a letter to the U.S. Department of Justice outlining its compliance with the MOVE Act. A copy of that letter is enclosed for your information.

The State of Alaska requests a waiver be granted for the 45-day ballot transmittal time for the November 2, 2010, General Election.

If you have any questions, please contact me.

Sincerely,

Gail Fenumiai
Director

Enclosure

Report: One-third of overseas voters couldn't cast a ballot last fall

By LEO SHANE III
Stars and Stripes
Published: February 10, 2011

WASHINGTON — Nearly one-third of overseas voters surveyed by a voting rights advocacy group could not cast a ballot in last November's election, but officials say that's actually an improvement from previous election cycles.

According to a new survey by the Overseas Vote Foundation, about 18 percent of voters living abroad who tried to cast an absentee ballot never received one, and nearly 13 percent did not receive the forms in time to successfully vote in the mid-term election.

But the foundation called that encouraging. In 2008, nearly half of all overseas voters surveyed said they did not vote in the presidential election, most because their ballots arrived just a few days before the deadline to submit them.

"We're seeing more voters sending their ballots back successfully, so that's definitely a better trend," said Claire Smith, director of research for the group.

The report, which surveyed nearly 5,300 overseas voters, only includes a small percentage of military personnel stationed outside the United States. Official numbers won't be available until spring on how successful absentee voting efforts were among troops last fall.

And nearly 70 percent of those surveyed by the group tried to vote in the 2010 elections, well above the 40 percent voter participation rate among stateside citizens.

But the foundation's numbers point to significant improvements in the process for both civilian and military voters abroad, many of whom have a window of just a few days to participate in elections.

Smith noted that last year all 50 states had some electronic transmission options for voter registration or absentee ballot delivery, either through fax, e-mail or online forms. In 2008, only 20 states offered those options.

In addition, 40 states sent out their absentee ballots to overseas voters at least 45 days before the 2010 election, and the remaining 10 extended their deadlines for return of those ballots to ensure better participation.

Those changes came as a result of a mandate from Congress following the 2008 election, after many state election officials admitted that ballots were mailed too late for overseas voters to participate.

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STATE OF ALASKA
Division of Elections
Office of the Lieutenant Governor

September 3, 2010

Sent via facsimile transmission (202) 307-3961 and U.S. mail

Mr. Chris Herren
Chief, Voting Section
Civil Rights Division
Room 7254 - NWB
1800 G St., N.W.
Washington, DC 20006

RE: Withdrawal of MOVE Act Waiver

Dear Mr. Herren:

As you requested in our conference call yesterday, I am submitting to you the division's proposal for compliance with the 45-day ballot transit time.

As we discussed, the state was able to formulate a plan to comply with the MOVE Act ballot transit time, and so Alaska no longer needs a waiver from the 45-day deadline. Under the new plan, the division will complete the state review board process on an expedited schedule, and expedite other elements of the election certification process. The division has increased the number of members of the state review board in order to expedite the election certification process.

As you are aware, there are two very close state legislative races in House District 12 and 18. Two teams of the state review board will begin their review with these districts in order to certify the House District races on September 9, 2010.

The division will request candidates for these two districts to submit a request for recount immediately versus waiting for the maximum five day period allowed for by state law. The division will conduct the recount within two days of receipt of the recount application. Both recounts would be able to be conducted on the same day and completed in one day.

The absentee office will begin UOCAVA ballot mailing preparation the week of September 13. Envelopes will be labeled and all absentee related documents will be inserted, with the exception of the ballot.

The last day to withdraw from the general election ballot is September 15. The division plans to certify the primary election on September 15 or 16. As soon as certification is

complete, the division will produce .pdf versions of all forty house district ballots. These ballots will include all races applicable to the house district, including all federal races. The absentee office will copy ballots and complete the ballot mailing for delivery to the U.S. Postal Service on September 18, 2010.

The absentee office will also fax ballots to UOCAVA voters that have requested their ballot be sent by fax on September 18, 2010.

As new requests for absentee ballots are received from UOCAVA voters, the division will continue to mail or fax the .pdf version of the ballot to UOCAVA voters until the official ballot becomes available.

Although the state does not believe it is required I commit to providing your office with updates as deadlines are met. These updates will include certification dates for the two close house district races, date of recount, date of recount completion, date of certification for the remainder of races and ballot propositions, and date ballots are provided to the absentee office.

I will also provide you with the number of ballots mailed and faxed to UOCAVA voters on September 18, 2010.

The division is pleased that Alaska is able to meet the 45 day ballot transit time and no longer needs a waiver from this deadline.

If you have any questions, please do not hesitate to contact me at 907-465-2644.

Sincerely,

Gail Fenumiai
Director

cc: Hon. Craig Campbell, Lieutenant Governor
John Cramer, Chief of Staff, Lieutenant Governor's Office
Sarah Felix, AAG, Labor and State Affairs Section, Juneau
Mike Barnhill, AAG, Labor and State Affairs Section, Juneau
Lynn C. Simpson, Director, Human Capital and Resource Management
Bob Carey, Director, Federal Voting Assistance Program

In most states, the voter must put a stamp on the return envelope for the absentee ballot. At least four states pay the return postage for absentee ballots. Those states are Hawaii, Minnesota, Nevada, and West Virginia.

Witness/Notary Signature

Many states require that an absentee ballot be signed by a witness or a notary public. In these states, ballots that are returned without the required signature are not counted.

Required	Not Required
Alabama	Arizona
Alaska	Arkansas
Delaware	California
Florida	Colorado
Georgia*	Connecticut
Hawaii*	District of Columbia
Louisiana	Idaho
Maine	Illinois
Michigan*	Indiana
Minnesota	Iowa
Mississippi	Kansas
Missouri	Kentucky
Nebraska	Maryland
New Jersey	Massachusetts
New York*	Montana
North Carolina	Nevada
North Dakota	New Hampshire
Oklahoma	New Mexico
Pennsylvania*	Ohio
Rhode Island	Oregon
South Carolina	South Dakota
Tennessee*	Vermont
Texas	Washington
Utah*	West Virginia
Virginia	Wyoming
Wisconsin	

* The signature of a witness is required only if the voter was assisted in filling out the absentee ballot

http://www.ncsl.org/LegislaturesElections/ElectionsCampaigns/AbsenteeandEarlyVoting/tabid/16604/Default.aspx?tabid=16604

FY1

	How may a UOCAVA voter submit a ballot?
Alabama	Mail only
Alaska	Mail or fax
American Samoa	Mail only
Arizona	Mail, fax or online
Arkansas	Mail only
California	Mail or fax
Colorado	Mail, fax or email attachment
Connecticut	Mail only
Delaware	Mail, fax or email attachment
District of Columbia	Mail, fax or email attachment
Florida	Mail or fax if outside U.S.
Georgia	Mail only
Guam	Mail only
Hawaii	Mail, fax or email attachment
Idaho	Mail only
Illinois	Mail, fax or email attachment
Indiana	Mail, fax or email attachment
Iowa	Mail or fax or email only if voter is located in areas designated as "imminent danger pay areas" by the DoD.
Kansas	Mail, fax or email attachment
Kentucky	Mail only
Louisiana	Mail or fax in emergency situation or email with special permission
Maine	Mail, fax or email attachment
Maryland	Mail only
Massachusetts	Mail, fax or email attachment
Michigan	Mail only
Minnesota	Mail only
Mississippi	Mail, fax or email attachment
Missouri	Mail only, fax or email from hostile fire zone
Montana	Mail, fax or email attachment
Nebraska	Mail, fax or email attachment
Nevada	Mail, fax or email
New Hampshire	Mail only
New Jersey	Mail, fax or email (hard copy must follow)
New Mexico	Mail, fax or email attachment
New York	Mail only
North Carolina	Mail, fax or email attachment
North Dakota	Mail, fax or email attachment
Ohio	Mail only
Oklahoma	Mail or fax
Oregon	Mail or fax or email attachment (hard copy must follow).
Pennsylvania	Mail only
Puerto Rico	Mail only
Rhode Island	Mail or fax
South Carolina	Mail, fax or email attachment
South Dakota	Mail only
Tennessee	Mail only
Texas	Mail or fax from hostile fire zones.
Utah	Mail or fax, email attachment or online from areas with hostile fire or unreliable mail service.

Vermont	Mail only
Virgin Islands	Mail or fax (hard copy must follow)
Virginia	Mail only
Washington	Mail, fax or email attachment
West Virginia	Mail, fax or email attachment
Wisconsin	Mail only
Wyoming	Mail only

HB

183

<TARGET><BILL>HB 183</BILL><SUBJECT>HB 183</SUBJECT><COMM>HCRA27</COMM></TARGET>

[redacted]OUSE COMMITTEE REPO[redacted]

(7)
Date Referred to Committee: March 9, 2011 **FURTHER REFERRALS: Finan**

Date of Committee Action: 4-5-11

The COMMUNITY AND REGIONAL AFFAIRS Committee considered: **HB 1**

HOUSE BILL NO. 183
"An Act relating to the Village Safe Water Act."

HB 183-APPLICATION OF VILLAGE SAFE WATER AC

Recommends it be replaced with [ ] HCS *or* [ ] CS for HB 183 ( )
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR [ ] Same Title [ ] New T

[ ] attach amendments
[ ] add new referral to _____ Committee
[ ] Letter of Intent _____ Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW FISCAL NOTES
*FN# is assigned by Chief Clerk's Office

*FN#	List by Dept(s):	Fiscal	Indet.	Zero
	DEC	•		

PREVIOUS FISCAL NOTES

FN#	List by Dept(s):	Fiscal	Indet.	Zero

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Dick	↘			
	Austerman	X			
Catherine Munoz	Munoz	↓			
	Foster	X			
Jim Saddler	SADDLER	X			
Bryker Gardner				X	
Chair:					
Chair:					

27-LS0601\M
Bullard
3/30/11

CS FOR HOUSE BILL NO. 183( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVE DICK

A BILL

FOR AN ACT ENTITLED

"An Act relating to the Village Safe Water Act."

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

*** Section 1.** AS 46.07.080(2) is amended to read:

(2) "village" means **a village listed in 43 U.S.C. 1610 or 1615** [AN UNINCORPORATED COMMUNITY] that has between 25 and **1,000 residents** [600 PEOPLE RESIDING WITHIN A TWO-MILE RADIUS], a second class city, or a first class city **or home rule municipality** with not more than **1,000** [600] residents.

*** Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION. Notwithstanding the amendment to AS 46.07.080(2) by sec. 1 of this Act, a village for which Village Safe Water Act project funding was appropriated in a capital budget bill approved by the legislature for a fiscal year before fiscal year 2012 shall remain eligible to receive that Village Safe Water Act project funding after the effective date of this Act regardless of whether the village meets the definition of "village" in AS 46.07.080(2), as amended by sec. 1 of this Act.

ALASKA STATE LEGISLATURE
REPRESENTATIVE ALAN DICK

HOUSE DISTRICT 6

Alaska State Capitol
Juneau, Alaska 99801
Representative_Alan_Dick@legis.state.ak.us

(907) 465-4527
1-800-491-4527
(907) 465-2197 Fax

"STRONG VALUES IN UNCERTAIN TIMES"

Alatna
Allakaket
Alcan
Aniak
Anvik
Arctic Village
Beaver
Beluga
Bettles
Birch Creek
Boundary
Central
Chalkyitsik
Chandalar
Chandalar Lake
Chicken
Chistochina
Chitina
Chuathbaluk
Circle
Coldfoot Camp
Copper Center
Crooked Creek
Deltana
Dot Lake
Dry Creek
Eagle
Eagle Village
Evansville
Flat
Fort Greely
Fort Yukon
Fortuna Ledge
Gakona
Galena
Georgetown
Grayling
Gulkana
Healy Lake
Holy Cross
Hughes

SPONSOR STATEMENT

House Bill 183
Application of the Village Safe Water Act

House Bill 183 amends the definition of "village" under the Village Safe Water Act. Currently an unincorporated community, a second class city, or a first class city with not more than 600 residents is eligible to receive a grant under the Village Safe Water Program. House Bill 183 amends this definition to include a *home rule city* with less than 600 residents.

A home rule city has the same government powers as a first class city. The difference rests in how the two cities are organized. A first class city is established under AS 29.35.250-260 while a home rule city adopts a charter as the framework for the city.

Four years ago the City of Nenana was awarded a Village Safe Water grant to upgrade an aging water and sewer system. The city worked diligently with state officials for several years to plan and finalize the project. Unfortunately, right before construction was to begin, the Department of Environmental Conservation notified Nenana that the city was not eligible to receive a Village Safe Water grant; the city was not a first class city, but a home rule city.

The change in HB 183 allows the City of Nenana to proceed with the needed upgrade to its water and sewer system using Village Safe Water funds. Passage of HB 183 this year ensures that a construction season is not lost.

Thank you for your support.

Huslia
Kaltag
Kennicott
Kenny Lake
Koyukuk
Lake Minchumina
Lime Village
Livengood
Manley Hot Springs
Marshall
McCarthy
McGrath
Medfra
Mentasta Lake
Minto
Nabesna
Nenana
Nikolai
Northway
Nulato
Ophir
Rampart
Red Devil
Ruby
Russian Mission
Shageluk
Slana
Sleetmute
Stevens Village
Stony River
Takotna
Tanacross
Tanana
Tazlina
Telida
Tetlin
Tok
Tonsina
Tyonek
Venetie
Wiseman

ALASKA STATE LEGISLATURE
REPRESENTATIVE ALAN DICK

HOUSE DISTRICT 6

Alaska State Capitol
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"STRONG VALUES IN UNCERTAIN TIMES"

Alatna
Allakaket
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Arctic Village
Beaver
Beluga
Bettles
Birch Creek
Boundary
Central
Chalkyitsik
Chandalar
Chandalar Lake
Chicken
Chistochina
Chitina
Chuathbaluk
Circle
Coldfoot Camp
Copper Center
Crooked Creek
Deltana
Dot Lake
Dry Creek
Eagle
Eagle Village
Evansville
Flat
Fort Greely
Fort Yukon
Fortuna Ledge
Gakona
Galena
Georgetown
Grayling
Gulkana
Healy Lake
Holy Cross
Hughes

Huslia
Kaltag
Kennicott
Kenny Lake
Koyukuk
Lake Minchumina
Lime Village
Livengood
Manley Hot Springs
Marshall
McCarthy
McGrath
Medfra
Mentasta Lake
Minto
Nabesna
Nenana
Nikolai
Northway
Nulato
Ophir
Rampart
Red Devil
Ruby
Russian Mission
Shageluk
Slana
Sleetmute
Stevens Village
Stony River
Takotna
Tanacross
Tanana
Tazlina
Telida
Tetlin
Tok
Tonsina
Tyonek
Venetie
Wiseman

Proposed
CS for House Bill 183 ( ), Version M

The companion bill for House Bill 183, *Application of the Village Safe Water Act*, was amended in the Senate CR&A Committee at the request of the Department of Environmental Conservation.

Attached is a proposed committee substitute that mirrors the changes recommended and adopted in the Senate. CS for House Bill 183 ( ), Version M makes the following changes:

Page 1, line 4: Changes the definition of an "unincorporated community" to a community listed in 43 U.S.C 1610 or 1615 (ANCSA). This change ensures that a structured government is in place to receive the Village Safe Water funds.

Page 1, line 5: Raises the maximum population eligible for funding from 600 to 1,000 for villages and first-class cities. This change allows municipalities that are facing clean water and sanitation issues to receive Village Safe Water grants despite population growth. Sand Point, King Cove, Hoonah and Klawock become eligible for VSW grants.

Page 1, line 7: Adds home rule municipalities with populations below 1,000 residents. This change makes Nenana (a home rule city) and City and Borough of Yakutat eligible to apply for VSW funding.

Page 1, line 8: Adds Sec. 2 that includes transition language. The change states that grants previously awarded are not impacted by the proposed committee substitute.

City of Nenana
PO Box 70, Nenana, Alaska 99760
907-832-5501, 907-832-5503-fax
http://www.nenana.org

Sen. Kookesh
State Capitol Room 11
Juneau AK, 99801

7-Feb-11

Re: Request for Statutory Language Change

Dear Senator,

The City of Nenana requests that legislation be submitted for approval to add a section to AS 46.07.080 as identified below.

Current Language

AS 46.07.080 Definitions
In this chapter

1) "commissioner' means the commissioner of environmental conservation.
2) "village" means an unincorporated community that has between 25 and 600 people residing within a two-mile radius, a second class city, or a first class city with not more than 600 residents.

We request that the second section be revised as follows

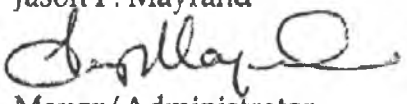
2) "village' means an unincorporated community that has between 25 and 600 people residing within a two-mile radius, a second class city, or a first class <u>or home rule city</u> with not more than 600 residents.

The City makes this request in order for the community to be specifically eligible for Village Safe Water capital improvement programs.

Nenana has previously applied and been approved for a grant from VSW for an extensive renovation of our failing water and sewer system. At some point after the grant was awarded, it was brought to our attention that it was a mistake as Nenana, being a Home Rule City, was not eligible under the current language. We therefore request that this language change be submitted so as to restore our grant eligibility.

Please contact me with any questions you or your office may have. I am happy to share the history and background information with you and your colleges.

Sincerely,
Jason P. Mayrand



Mayor/Administrator
City of Nenana

Cc; Rep. Dick, Sen. Coghill

'Community'	'Incorp_type'	2010 population
'St. Mary's'	'1st Class City'	507
'Newhalen'	'2nd Class City'	510
'Noatak'	'Unincorporated - Tribal'	514
'Naknek'	'Unincorporated - Tribal'	544
'Stebbins'	'2nd Class City'	556
'Wainwright'	'2nd Class City'	556
'Kake'	'1st Class City'	557
'Shishmaref'	'2nd Class City'	563
'Pilot Station'	'2nd Class City'	568
'Kasigluk'	'Unincorporated - Tribal'	569
'Kotlik'	'2nd Class City'	577
'Fort Yukon'	'2nd Class City'	583
'Toksook Bay'	'2nd Class City'	590
'Akiachak'	'Unincorporated - Tribal'	627
'Kipnuk'	'Unincorporated - Tribal'	639
'Yakutat'	'Home Rule Borough'	662
'Noorvik'	'2nd Class City'	668
'Quinhagak'	'2nd Class City'	669
'Savoonga'	'2nd Class City'	671
'Point Hope'	'2nd Class City'	674
'Alakanuk'	'2nd Class City'	677
'Gambell'	'2nd Class City'	681
'Unalakleet'	'2nd Class City'	688
'Kwethluk'	'2nd Class City'	721
'Klawock'	'1st Class City'	755
'Hoonah'	'1st Class City'	760
'Emmonak'	'2nd Class City'	762
'Mountain Village'	'2nd Class City'	813
'Togiak'	'2nd Class City'	817
'Selawik'	'2nd Class City'	829
'Ninilchik'	'Unincorporated - Tribal'	883
'Chevak'	'2nd Class City'	938
'King Cove'	'1st Class City'	938
'Delta Junction'	'2nd Class City'	958
'Sand Point'	'1st Class City'	976

New Communities Eligible under CSHG 183 ( ) Highlighted in Yellow
Information Provided by Dept of Environmental Conservation

Distributed by Representative Dick

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version 27-LS0601\A
() Publish Date

Identifier (file name) HB183-DEC-FC-03-11-11
Title Application of Village Safe Water Act
Sponsor Representative Dick
Requester House Community and Regional Affairs Committees

Dept. Affected Environmental Conserv
Appropriation Division of Water
Allocation Facility Construction
OMB Component Number 637

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0
Travel	0.0		0.0	0.0	0.0	0.0	0.0
Services	0.0		0.0	0.0	0.0	0.0	0.0
Commodities	0.0		0.0	0.0	0.0	0.0	0.0
Capital Outlay	0.0		0.0	0.0	0.0	0.0	0.0
Grants	0.0		0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0		0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CHANGE IN REVENUES							
FUND SOURCE			(Thousands of Dollars)				
1002 Federal Receipts	0.0		0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0		0.0	0.0	0.0	0.0	0.0
1004 GF	0.0		0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0		0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0		0.0	0.0	0.0	0.0	0.0
Other (please identify)	0.0		0.0	0.0	0.0	0.0	0.0
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost 0.0

POSITIONS

Full-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Part-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version, not applicable.

Prepared by Lynn J. Tomich Kent, Director
Division Water
Phone (907) 269-7599
Date/Time 3/11/11 8:00 AM

Approved by Dan Easton
Deputy Commissioner
Date 4/2/2011

(Revised 1/27/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 183

Analysis

There are no fiscal impacts on the Department of Environmental Conservation's Water programs from this proposed legislation.

HB 184

<TARGET><BILL>HB 184</BILL><SUBJECT>HB 184</SUBJECT><COMM>HCRA27</COMM></TARGET>

ALASKA STATE LEGISLATURE

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Session:
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REPRESENTATIVE PEGGY WILSON
HOUSE DISTRICT 2

SPONSOR STATEMENT
House Bill 184

"An Act relating to the sharing of tax revenue from the fisheries business tax and fishery resource landing tax with municipalities; and providing for an effective date."

HB 184 deals with two different fisheries taxes paid by either buyers or processors. The first is the Fisheries Business Tax and the second is the Fisheries Resource Landing Tax. This bill will not change the taxes levied. This bill deals with the distribution of the tax revenue once it is collected.

The Fisheries Business Tax is a tax on fish processed in Alaska and the Fisheries Resource Landing Tax is a tax on fish processed at sea beyond state waters and first landed in Alaska.

Under the current system funds generated by the Fisheries Business Tax and the Resource Landing Tax on fish processed/landed inside a municipality are divided equally between the state and the municipality. If the processing/landing occurred within an incorporated city inside a borough, the 50% is divided between the two entities. If the processing occurred outside of an incorporated city the 50% goes entirely to the borough.
On fish that are processed or landed outside of any municipal or borough boundaries half of the tax revenue goes to the general fund (state) and the other half goes to the Department of Commerce, Community and Economic Development (DCCED). The department distributes its share among fishing communities in Alaska according to a formula that proportionally allocates the tax based on the pounds of fish processed in 14 different Fisheries management Areas. The percent that goes to each fisheries management Area is then split between the communities by a locally determined formula apportioning equal community shares and per capita shares. This formula will not change with HB 184.

HB 184 will change the percentages. Currently the funds generated by the taxes are split evenly between the state and the places it was processed or landed. With this bill if the processing/landing occurred within an incorporated city 75% goes to the city and 25% goes to the state. If the processing/landing occurred inside a city inside a borough, the 75% is divided between the two entities. If the processing occurred outside of an incorporated city the 75% goes entirely to the borough.

Over the past 20 years the State has been divesting itself of expensive port and harbor infrastructure. This real estate has transferred to municipalities and boroughs. The state attempted to make sure that the transferred ports and harbors were in good shape when they transferred. In many cases the transfer took much more time than expected so the money allocated for deferred maintenance was not enough to cover the required repairs. Many ports and harbors which are the support infrastructure for our commercial fisheries are rundown and in need of major maintenance if not complete rebuilds. The additional share of the fisheries taxes will not solve this problem but will help maintain and improve the infrastructure used not only by our commercial fishermen but also by our sports and leisure residents.

HB 184 also deals with the revenue from another area of the Fisheries Business Tax revenue from fish that are landed in a municipality but sent out of state "unprocessed". Currently, these funds are treated the same as for fish processed outside of a municipality: 50% to the general fund (state) and 50% to DCCED

ALASKA STATE LEGISLATURE

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REPRESENTATIVE PEGGY WILSON
HOUSE DISTRICT 2

to be distributed across all Fisheries Management Areas. With HB 184 the split will be 25% (state)/ 75%(municipalities).

The Department of Revenue's definition of processing in 15 AAC 75.300 does not include "decapitating shrimp and gutting, gilling, sliming, or icing a fisheries resource." The Fisheries Business Tax paid on a growing amount of fisheries resources is not returning to the municipalities where the resource was landed and handled. This includes troll-dressed salmon rushed to fresh markets in the Lower 48, halibut sent out by truck to be processed elsewhere, and other live or whole seafood exported directly to customers outside of the state. This is clearly a case where the market is functionally growing away from the tax system.

Another problem with the distribution system for taxes paid on exported live and unprocessed fish is because the fish are not technically "processed" in the community. The ports where the product is landed do not even qualify to receive a portion of the redistribution under the DCCED formula, which is allocated based on processed poundage. In effect, a community, that produces high value fresh and live fish, is unable to collect even a fraction of the tax, and cannot qualify in the future unless they elect to produce a lower value product.

HB 184 would, in addition to changing the split between the state and the municipalities, direct the Fisheries Business Tax revenue on these "unprocessed" fisheries resources back to the incorporated port of landing and or the borough where they were landed. This will help more accurately and fairly cover the cost of building and maintaining the infrastructure utilized in generating the tax.

The state has been encouraging the export of high-value fresh and live fish, yet our current tax structure denies a municipality that engages in this high-value marketing its direct tax share. By tying Fisheries Business Tax revenue return directly to the municipality where the landing occurred, HB 184 ensures that ports are compensated fairly for their efforts and the revenues they generate.

27-LS0576\E
Bullard/Bullock
9/30/11

CS FOR HOUSE BILL NO. 184( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES PEGGY WILSON, Thompson

A BILL

FOR AN ACT ENTITLED

"An Act relating to the sharing of tax revenue from the fisheries business tax and fishery resource landing tax with municipalities and to municipal reports relating to the shared tax revenue; and providing for an effective date."

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

*** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

LEGISLATIVE INTENT. It is the intent of the legislature that municipalities use the additional revenue distributed under this Act to maintain and improve their harbor facilities.

*** Sec. 2.** AS 43.75.130(a) is amended to read:

(a) **Subject to appropriation by the legislature and to** [EXCEPT AS PROVIDED IN] (d) of this section, the commissioner shall pay

(1) to each unified municipality and to each city located in the unorganized borough, 75 [50] percent of the amount of tax revenue collected in the municipality from taxes levied under this chapter;

(2) to each city located within a borough, 37.5 [25] percent of the amount of tax revenue collected in the city from taxes levied under this chapter; and

(3) to each borough

(A) 75 [50] percent of the amount of tax revenue collected in the area of the borough outside cities from taxes levied under this chapter; and

(B) 37.5 [25] percent of the amount of tax revenue collected in cities located within the borough from taxes levied under this chapter.

* **Sec. 3.** AS 43.75.130(g) is amended to read:

(g) In this section, "tax revenue collected" **means the revenue collected by the department from taxes levied under this chapter on the value of fishery resources that are either (1) processed in a municipality; or (2) first landed in a municipality and exported from the state without being processed in the state; "tax revenue collected"** includes the amount credited against taxes under AS 43.75.018.

* **Sec. 4.** AS 43.75.137 is amended to read:

Sec. 43.75.137. Additional refund. Subject to appropriation by the legislature [TO THE EXTENT THAT APPROPRIATIONS ARE AVAILABLE FOR THE PURPOSE, AND NOTWITHSTANDING THE REQUIREMENT OF AS 37.07.080(e) THAT APPROVAL OF THE OFFICE OF MANAGEMENT AND BUDGET IS REQUIRED], an amount equal to 75 [50] percent of the tax revenue that is collected under this chapter from fisheries businesses and **that** is not subject to division with a municipality under AS 43.75.130 shall be **paid by** [TRANSMITTED EACH FISCAL YEAR, WITHOUT THE APPROVAL OF THE OFFICE OF MANAGEMENT AND BUDGET, BY THE DEPARTMENT TO] the Department of Commerce, Community, and Economic Development [FOR DISBURSAL] to eligible municipalities under AS 29.60.450.

* **Sec. 5.** AS 43.75 is amended by adding a new section to article 3 to read:

Sec. 43.75.150. Municipal reports to the legislature. (a) Not more than 10 days after the convening of each regular legislative session, a municipality that receives tax revenue under AS 43.75.130 - 43.75.137 shall prepare and submit to the legislature a report that describes

(1) how those funds were used by the municipality in the previous fiscal year; and

(2) any harbor maintenance or improvement projects that were funded in whole or in part by the tax revenue collected under AS 43.75.130 - 43.75.137.

(b) The report required under (a) of this section may be made jointly with the report required under AS 43.77.060(f).

* **Sec. 6.** AS 43.77.060(a) is amended to read:

(a) Subject to appropriation by the legislature and except as provided in (b) of this section, the commissioner shall pay to each

(1) unified municipality and to each city located in the unorganized borough, **75** [50] percent of the amount of tax revenue collected from taxes levied under this chapter on the fishery resource landed in the municipality and accounted for under AS 43.77.050(b);

(2) city located within a borough, **37.5** [25] percent of the amount of the tax revenue collected from taxes levied under this chapter on fishery resources landed in the city and accounted for under AS 43.77.050(b); and

(3) borough

(A) **75** [50] percent of the amount of the tax revenue collected from taxes levied under this chapter on fishery resources landed in the area of the borough outside cities and accounted for under AS 43.77.050(b); and

(B) **37.5** [25] percent of the amount of the tax revenue collected from taxes levied under this chapter on fishery resources landed in cities located within the borough and accounted for under AS 43.77.050(b).

* **Sec. 7.** AS 43.77.060(d) is amended to read:

(d) **Subject to appropriation by the legislature** [TO THE EXTENT THAT APPROPRIATIONS ARE AVAILABLE FOR THE PURPOSE, AND NOTWITHSTANDING THE REQUIREMENT OF AS 37.07.080(e) THAT APPROVAL OF THE OFFICE OF MANAGEMENT AND BUDGET IS REQUIRED], an amount equal to **75** [50] percent of the tax revenue that is collected under this chapter and **that** is not subject to division with a municipality under (a) - (c) of this section shall be **paid by** [TRANSMITTED EACH FISCAL YEAR,

WITHOUT THE APPROVAL OF THE OFFICE OF MANAGEMENT AND BUDGET, BY THE DEPARTMENT TO] the Department of Commerce, Community, and Economic Development [FOR DISBURSAL] to eligible municipalities under AS 29.60.450.

* **Sec. 8.** AS 43.77.060 is amended by adding a new subsection to read:

(f) Not more than 10 days after the convening of each regular legislative session, a municipality that receives tax revenue under this section shall prepare and submit to the legislature a report that describes how those funds were used by the municipality in the previous fiscal year and that details any harbor maintenance or improvement projects that were funded in whole or in part by that tax revenue. The report may be made jointly with the report required under AS 43.75.150.

* **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. This Act applies to tax revenue collected by the Department of Revenue under AS 43.75 and AS 43.77 for the 2012 tax year and subsequent tax years.

* **Sec. 10.** Sections 5 and 8 of this Act take effect February 1, 2013.

* **Sec. 11.** Except as provided in sec. 10 of this Act, this Act takes effect January 1, 2013.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB 184**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB184-DCCED-DCRA-01-20-12
Title: REFUND OF FISH BUSINESS TAX TO MUNIS
Sponsor: Representative P. Wilson
Requester: House Community & Regional Affairs

Dept. Affected: DCCED
Appropriation: Community and Regional Affairs
Allocation: Community and Regional Affairs
OMB Component Number: 2879

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0
Travel	0.0		0.0	0.0	0.0	0.0	0.0
Services	0.0		0.0	0.0	0.0	0.0	0.0
Commodities	0.0		0.0	0.0	0.0	0.0	0.0
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
	TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial Version

Prepared by: Scott Ruby, Director — Phone: (907) 269-4569
Division: Community and Regional Affairs — Date/Time: 1/18/12 6:00pm
Approved by: Susan K. Bell, Commissioner — Date: 1/21/2012
Commerce, Community, and Economic Development

(Revised 11/28/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB 184

Analysis

Bill Summary: The state currently shares a portion of the taxes collected under the fisheries business tax (AS 43.75) and the fisheries resource landing tax (AS 43.77) with municipalities. This bill will increase the percentage of tax shared with municipalities that are collected under these programs.

The existing statutory formulas provide that 50% of the taxes collected are shared back with municipalities. The remaining 50% is kept by the state. This bill would increase the percentage shared with municipalities to 75% of taxes collected and reduce the percentage kept by the state to 25%.

There would be no fiscal impact to the Department if this legislation was enacted.

Fisheries Tax Revenue Share Analysis and Community Revenue Sharing

Communities	*Distribution under Current Law based on FY 2010	*Est. Dist. under Proposed Law	Difference	**2011 Comm. Revenue Sharing (CRS)
Adak	$ 260,408	$ 331,478	$ 71,070	$ 104,275
Akhiok	$ 17,724	$ 16,102	$ (1,622)	$ 100,012
Akiak	$ 185	$ 166	$ (19)	$ 113,352
Akutan	$ 982,166	$ 1,398,881	$ 416,715	$ 138,428
Alakanuk	$ 64	$ 57	$ (7)	$ 130,404
Aleknagik	$ 9,018	$ 8,094	$ (924)	$ 107,485
Aleutians East Borough	$ 1,801,899	$ 2,653,639	$ 851,740	$ 407,309
Anchorage	$ 166,474	$ 240,255	$ 73,781	$ 15,053,452
Angoon	$ 2,042	$ 1,832	$ (210)	$ 118,167
Atka	$ 190,218	$ 229,404	$ 39,186	$ 99,561
Bethel	$ 1,079	$ 968	$ (111)	$ 387,030
Brevig Mission	$ 77	$ 69	$ (8)	$ 113,954
Bristol Bay Borough	$ 1,816,890	$ 2,713,054	$ 896,164	$ 493,097
Chefornak	$ 1,000	$ 1,375	$ 375	$ 119,822
Chevak	$ 77	$ 69	$ (8)	$ 143,393
Chignik	$ 85,639	$ 126,741	$ 41,102	$ 99,109
Clark's Point	$ 60,420	$ 86,756	$ 26,336	$ 99,059
Coffman Cove	$ 8,926	$ 8,764	$ (162)	$ 105,629
Cold Bay	$ 12,722	$ 11,909	$ (813)	$ 100,213
Cordova	$ 782,813	$ 1,159,582	$ 376,769	$ 202,622
Craig	$ 91,551	$ 160,577	$ 69,026	$ 151,217
Delta Junction	$ 588	$ 883	$ 295	$ 152,571
Dillingham	$ 278,947	$ 394,106	$ 115,159	$ 209,543
Eek	$ 175	$ 157	$ (18)	$ 110,143
Egegik	$ 91,833	$ 133,764	$ 41,931	$ 99,661
Ekwok	$ 7,170	$ 6,435	$ (735)	$ 101,467
Elim	$ 75	$ 67	$ (8)	$ 112,901
Emmonak	$ 8,285	$ 12,386	$ 4,101	$ 134,817
Fairbanks North Star Borough	$ 100	$ 151	$ 51	$ 3,813,595
False Pass	$ 16,785	$ 19,085	$ 2,300	$ 98,056
Gambell	$ 100	$ 90	$ (10)	$ 129,401
Golovin	$ 61	$ 55	$ (6)	$ 103,723
Goodnews Bay	$ 233	$ 248	$ 15	$ 107,886
Gustavus	$ 2,375	$ 2,330	$ (45)	$ 118,618
Haines Borough	$ 124,773	$ 185,518	$ 60,745	$ 635,047
Holy Cross	$ 38	$ 35	$ (3)	$ 105,378
Homer	$ 77,843	$ 345,387	$ 267,544	$ 374,392
Hoonah	$ 75,522	$ 111,981	$ 36,459	$ 134,316
Houston	$ 72	$ 108	$ 36	$ 179,452
Hooper Bay	$ 88	$ 79	$ (9)	$ 154,076
Hydaburg	$ 6,486	$ 6,317	$ (169)	$ 113,052
Juneau	$ 312,075	$ 513,406	$ 201,331	$ 2,017,698
Kachemak	$ 3,202	$ 2,880	$ (322)	$ 117,565

*based on numbers from DOR
**based on number from DCCED

Fisheries Tax Revenue Share Analysis and Community Revenue Sharing

Communities	*Distribution under Current Law based on FY 2010	*Est. Dist. under Proposed Law	Difference	**2011 Comm. Revenue Sharing (CRS)
Kake	$ 18,106	$ 21,709	$ 3,603	$ 120,925
Kasaan	$ 5,870	$ 5,814	$ (56)	$ 98,808
Kenai	$ 152,249	$ 226,170	$ 73,921	$ 452,829
Kenai Peninsula Borough	$ 629,177	$ 1,196,311	$ 567,134	$ 2,554,445
Ketchikan	$ 300,446	$ 439,564	$ 139,118	$ 472,287
Ketchikan Gateway Borough	$ 425,132	$ 630,237	$ 205,105	$ 637,115
King Cove	$ 507,282	$ 737,163	$ 229,881	$ 133,313
Klawock	$ 13,618	$ 16,359	$ 2,741	$ 135,219
Kodiak, City of	$ 821,442	$ 1,185,442	$ 364,000	$ 428,304
Kodiak Island Borough	$ 1,122,525	$ 1,639,660	$ 517,135	$ 732,242
Kotlik	$ 61	$ 54	$ (7)	$ 126,994
Koyuk	$ 77	$ 69	$ (8)	$ 113,954
Kupreanof	$ 7,247	$ 6,533	$ (714)	$ 97,204
Kwethluk	$ 254	$ 228	$ (26)	$ 134,316
Lake & Peninsula Borough	$ 255,076	$ 358,863	$ 103,787	$ 611,689
Larsen Bay	$ 77,151	$ 104,738	$ 27,587	$ 99,962
Matanuska Susitna Borough	$ 126	$ 190	$ 64	$ 4,332,643
Manokotak	$ 12,237	$ 10,983	$ (1,254)	$ 117,966
Marshall	$ 50	$ 45	$ (5)	$ 116,763
Mekoryuk	$ 4,684	$ 6,931	$ 2,247	$ 104,726
Mountain Village	$ 69	$ 62	$ (7)	$ 135,219
Napakiak	$ 184	$ 165	$ (19)	$ 112,901
Napaskiak	$ 199	$ 178	$ (21)	$ 117,465
New Stuyahok	$ 13,484	$ 12,102	$ (1,382)	$ 122,029
Newhalen	$ 7,987	$ 7,169	$ (818)	$ 104,125
Nightmute	$ 172	$ 154	$ (18)	$ 109,240
Nome	$ 23,481	$ 35,033	$ 11,552	$ 269,926
North Pole	$ 100	$ 151	$ 51	$ 206,334
Nondalton	$ 8,356	$ 7,500	$ (856)	$ 105,328
Nunam Iqua	$ 39	$ 35	$ (4)	$ 105,679
Nunapitchuk	$ 217	$ 194	$ (23)	$ 123,032
Old Harbor	$ 17,629	$ 15,960	$ (1,669)	$ 105,679
Ouzinkie	$ 47,174	$ 59,886	$ 12,712	$ 104,526
Palmer	$ 29	$ 44	$ 15	$ 373,439
Pelican	$ 26,551	$ 35,259	$ 8,708	$ 102,118
Petersburg	$ 624,061	$ 924,816	$ 300,755	$ 245,101
Pilot Point	$ 6,584	$ 5,955	$ (629)	$ 99,310
Pilot Station	$ 58	$ 52	$ (6)	$ 124,937
Platinum	$ 16,366	$ 24,466	$ 8,100	$ 98,859
Port Alexander	$ 7,392	$ 6,664	$ (728)	$ 99,059
Port Heiden	$ 12,677	$ 11,867	$ (810)	$ 100,163
Port Lions	$ 18,037	$ 16,321	$ (1,716)	$ 106,030
Quinhagak	$ 13,177	$ 19,621	$ 6,444	$ 130,103

*based on numbers from DOR
**based on number from DCCED

Fisheries Tax Revenue Share Analysis and Community Revenue Sharing

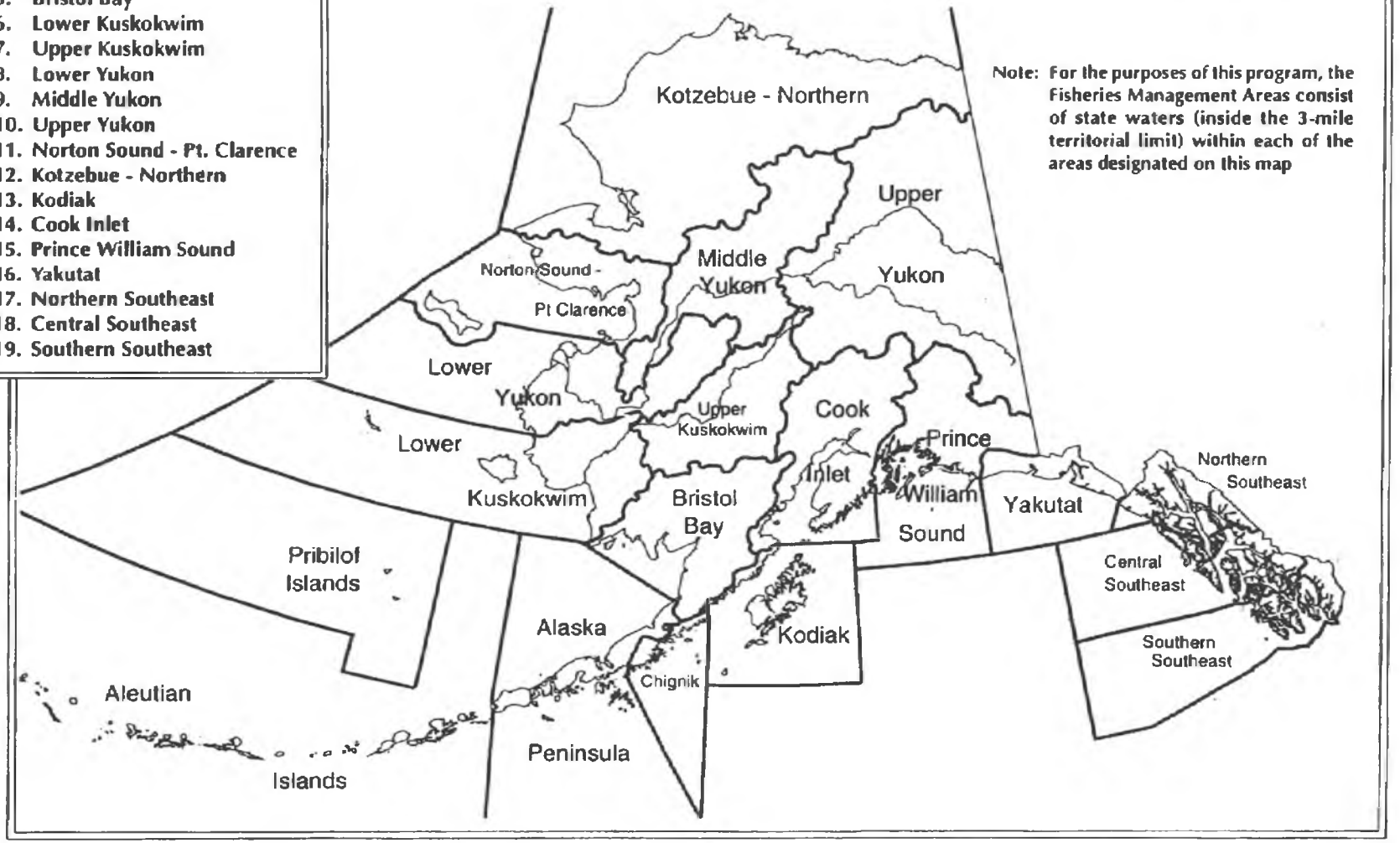
Communities	*Distribution under Current Law based on FY 2010	*Est. Dist. under Proposed Law	Difference	**2011 Comm. Revenue Sharing (CRS)
Russian Mission	$ 47	$ 43	$ (4)	$ 114,205
Saint George	$ 29,303	$ 37,683	$ 8,380	$ 101,567
Saint Mary's	$ 208	$ 277	$ 69	$ 123,734
Saint Michael	$ 83	$ 75	$ (8)	$ 118,368
Saint Paul	$ 787,642	$ 1,177,258	$ 389,616	$ 119,020
Sand Point	$ 228,813	$ 313,000	$ 84,187	$ 146,202
Savoonga	$ 1,299	$ 1,886	$ 587	$ 132,159
Saxman	$ 5,893	$ 5,288	$ (605)	$ 117,766
Scammon Bay	$ 56	$ 50	$ (6)	$ 122,480
Seldovia	$ 8,439	$ 10,742	$ 2,303	$ 109,290
Seward	$ 301,671	$ 450,491	$ 148,820	$ 226,846
Shageluk	$ 34	$ 30	$ (4)	$ 100,865
Shaktoolik	$ 67	$ 60	$ (7)	$ 107,585
Sitka	$ 959,059	$ 1,447,860	$ 488,801	$ 912,658
Skagway	$ 2,198	$ 1,972	$ (226)	$ 447,581
Soldotna	$ 4,501	$ 4,678	$ 177	$ 297,660
Stebbins	$ 95	$ 86	$ (9)	$ 126,342
Tanana	$ 52	$ 78	$ 26	$ 108,588
Teller	$ 69	$ 62	$ (7)	$ 109,090
Tenekee Springs	$ 2,187	$ 2,124	$ (63)	$ 101,216
Thorne Bay	$ 5,869	$ 5,265	$ (604)	$ 117,264
Togiak	$ 65,515	$ 87,355	$ 21,840	$ 137,124
Toksook Bay	$ 4,772	$ 7,022	$ 2,250	$ 125,890
Unalakleet	$ 14,925	$ 22,324	$ 7,399	$ 132,360
Unalaska	$ 6,731,030	$ 10,003,719	$ 3,272,689	$ 279,655
Valdez	$ 152,538	$ 214,169	$ 61,631	$ 321,582
Wasilla	$ 25	$ 37	$ 12	$ 459,348
White Mountain	$ 65	$ 58	$ (7)	$ 106,131
Whittier	$ 93,048	$ 124,934	$ 31,886	$ 103,974
Wrangell	$ 121,227	$ 213,622	$ 92,395	$ 583,212
Yakutat	$ 221,232	$ 329,425	$ 108,193	$ 415,495
Total	**$ 22,237,013**	**$ 33,117,630**	**$ 10,880,617**	**$ 48,858,511**

*based on numbers from DOR
**based on number from DCCED

DCED Shared Fisheries Business Tax Program
Fisheries Management Areas

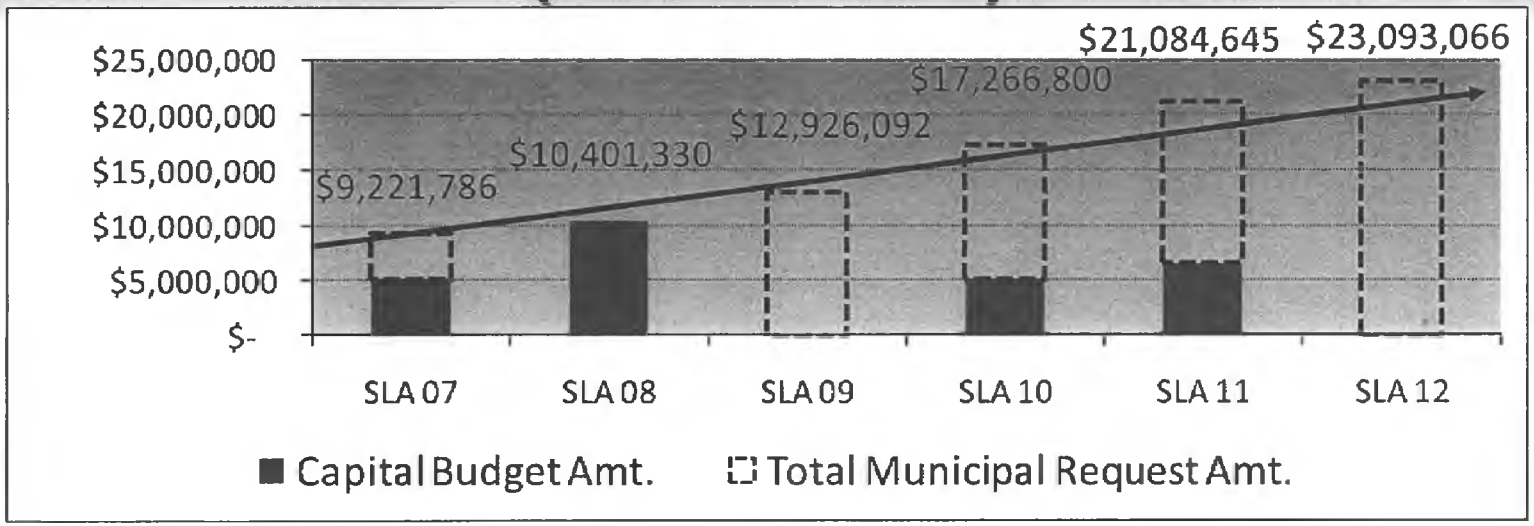
Fisheries Management Areas

1. Pribilof Islands
2. Aleutian Islands
3. Alaska Peninsula
4. Chignik
5. Bristol Bay
6. Lower Kuskokwim
7. Upper Kuskokwim
8. Lower Yukon
9. Middle Yukon
10. Upper Yukon
11. Norton Sound - Pt. Clarence
12. Kotzebue - Northern
13. Kodiak
14. Cook Inlet
15. Prince William Sound
16. Yakutat
17. Northern Southeast
18. Central Southeast
19. Southern Southeast



Note: For the purposes of this program, the Fisheries Management Areas consist of state waters (inside the 3-mile territorial limit) within each of the areas designated on this map

Municipal Harbor Facility Grant
(AS 29.60.800)



FY13 Applicants (for SLA 12)	Project Name	Ranked Score	Amount Requested
Seldovia, City of	Seldovia Small Boat Harbor	138.2	$ 1,000,000
Skagway, City of	Skagway Small Boat Harbor	134.2	$ 5,000,000
Unalaska, City of	Robert Storrs Int'l Harbor	131.0	$ 1,757,566
Hydaburg, City of	Hydaburg Small Boat Harbor	129.6	$ 2,698,000
Petersburg, City of	North Harbor	127.8	$ 3,500,000
Sitka, City and Borough of	ANB Harbor	123.8	$ 4,250,000
Juneau, City and Borough of	Aurora Harbor	122.6	$ 2,000,000
Hoonah, City of	Hoonah Harbor	108.0	$ 207,500
Seward, City of	Seward Harbor	107.6	$ 1,180,000
Nome, City of	Nome Harbor	85.0	$ 1,500,000
			$ 23,093,066

Alaska Association of Harbormasters and Port Administrators

RESOLUTION NO. 2011-02

A RESOLUTION OF THE ALASKA ASSOCIATION OF HARBORMASTERS AND PORT ADMINISTRATORS IN SUPPORT OF HOUSE BILL NO. 184 RELATING TO THE SHARING OF TAX REVENUES FROM THE FISHERIES BUSINESS TAX AND FISHERY RESOURCE LANDING TAX WITH MUNICIPALITIES.

Whereas, the Alaska Association of Harbormasters and Port Administrators recognizes the majority of the public boat harbors in Alaska were constructed by the State during the 1960s and 1970s; and

Whereas, the State of Alaska during the past 10 years has transferred ownership of most of these State owned harbors, many of which were at or near the end of their service life at the time of transfer, to local municipalities; and

Whereas, local municipalities are in need of additional funding to repair and in many cases replace the components in these former State owned harbors; and

Whereas, these harbor facilities represent critical transportation links and are the transportation hubs for waterfront commerce and economic development in Alaskan coastal communities, especially for those directly supporting the commercial fishing industry; and

Whereas, under the current tax system, the State shares revenues generated from the fisheries business tax and the fishery resource landing tax with the local municipalities where the fish are first landed and/or processed with 50% of the funds provided to the local municipalities; and

Whereas, under the provisions of House Bill No. 184, the local municipalities' share of the revenues generated from the fisheries business tax and the fishery resource landing tax would increase to 75%, with the intent that the additional revenue would help maintain and improve the harbor facilities.

Now therefore be it resolved that the Membership of the Alaska Association of Harbormasters and Port Administrators supports House Bill No. 184 and urges passage by the Alaska Legislature and signature by the Governor.

Passed and approved by a duly constituted quorum of the Alaska Association of Harbormasters and Port Administrators on this 12 day of October, 2011.

Steven R. Corporon, President

ATTEST:

Kim Elliot

Kim Elliot, Executive Secretary

CITY OF KETCHIKAN, ALASKA

RESOLUTION NO. 10-2324

A RESOLUTION OF THE CITY OF KETCHIKAN, ALASKA REQUESTING THE LEGISLATURE AMEND THE FISHERIES BUSINESS TAX (RAW FISH TAX) LAW TO SHARE MORE THAN THE CURRENT 50% OF THE TAX REVENUE WITH QUALIFIED MUNICIPALITIES; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, shared fisheries tax became law in 1962, at which time the amount of sharing with qualified municipalities was ten percent (10%); and

WHEREAS, the shared fisheries tax law evolved from a series of congressional and territorial legislation that originally taxed canned salmon receipts (and later other fisheries), for the purpose of funding fisheries-related activities in pre-territorial Alaska; and

WHEREAS, since becoming law, the amount of fisheries business tax shared with qualified municipalities has increased only twice: once in 1979 to 20% and again in 1981 to the present day fifty percent (50%) share; and

WHEREAS, the fisheries business tax revenue retained by the State, after being reduced for various credits, is now placed in the State's General Fund and is not designated for any specific purpose; and

WHEREAS, from inception of the fisheries tax to the mid-2000s, the vast majority of public harbor facilities throughout the State were owned by the State of Alaska Department of Transportation and operated by the individual municipalities; and

WHEREAS, from the mid-1990s to mid-2000s the State began to transfer ownership of these public harbors (many which were aging and in need of extensive maintenance and/or replacement) to the municipalities on an "as is, with all faults" basis, conveying to each municipality a Bill of Sale for the personal property along with a designated Legislative appropriation of a sum of money to perform necessary repairs and upgrades (deferred maintenance); and

WHEREAS, the Bills of Sale for these harbor facilities came with a covenant that the municipalities shall operate and maintain the harbor facilities for the use and benefit of the public and in the event the municipality fails or ceases to administer, maintain and operate the harbor facilities as public facilities, title to the facilities shall revert to the State of Alaska; and

WHEREAS, in many instances, the initial appropriations for "necessary repairs and upgrades" have not been sufficient to address the numerous deferred maintenance items conveyed from the State to the municipalities, requiring the municipalities to place burdens on their local treasuries; and

WHEREAS, the large majority of the communities who accepted the harbors from the State are communities that derive their main economic base from various fisheries businesses and their harbor facilities are the lifeblood of the community.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Ketchikan, Alaska as follows:

Section 1: The Council of the City of Ketchikan, Alaska requests the Legislature amend the Fisheries Business Tax (raw fish tax) law and share more than the current 50% of the tax revenue with the qualified municipalities. Increased share of the tax would encourage municipalities to continue to maintain, upgrade and operate the State transferred facilities to the greatest degree possible and would assist the municipalities to retain successful, working harbors.

Section 2: This resolution shall become effective immediately upon adoption.

PASSED AND APPROVED by a duly constituted quorum of the City Council for the City of Ketchikan on this 1st day of April, 2010.

_____
Lew Williams III, Mayor

ATTEST:

_____
Katherine M. Suiter, City Clerk

CITY OF PETERSBURG, ALASKA

RESOLUTION # 1993

A RESOLUTION IN SUPPORT OF HOUSE BILL NO. 184 RELATING TO THE SHARING OF TAX REVENUE FROM THE FISHERIES BUSINESS TAX AND FISHERY RESOURCE LANDING TAX WITH MUNICIPALITIES

WHEREAS, the majority of the public boat harbors in Alaska were constructed by the State during the 1960's and 1970's, and

WHEREAS, the State of Alaska in recent years has transferred ownership of most of these State owned harbors, many of which were at or near the end of their service life at the time of transfer, to local municipalities; and

WHEREAS, local municipalities are in need of additional funding to repair and in many cases replace the former State owned harbors; and

WHEREAS, these harbors represent critical transportation links and are the transportation hubs for waterfront commerce and economic development in Alaska, especially for communities directly supporting the commercial fishing industry, and

WHEREAS, under the current tax system, the State shares 50% of the revenues generated from the fisheries business tax and the fishery resource landing tax with the local municipalities where the fish are first landed and/or processed, and

WHEREAS, under provision of House Bill No. 184, the local municipalities' share of the revenues generated from the fisheries business tax and the fishery resource landing tax would increase to 75% with the intent that the additional revenue would help maintain and improve the harbor facilities.

THEREFORE BE IT RESOLVED, the Petersburg City Council supports House Bill No. 184 and urges passage by the Alaska Legislature and signature by the Governor.

Passed and Approved by the Petersburg City Council on December 19, 2011.

Al Dwyer, Mayor

ATTEST:

Kathy O'Rear, City Clerk

CITY AND BOROUGH OF WRANGELL, ALASKA

RESOLUTION NO. 04-11-1219

A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, SUPPORTING HB 184 REQUESTING THE ALASKA LEGISLATURE AMEND THE FISHERIES BUSINESS TAX, RAW FISH TAX LAW, TO SHARE 75% OF THE TAX REVENUE WITH QUALIFIED MUNICIPALITIES RATHER THAN 50% AND ALSO REDISTRIBUTE THE UNPROCESSED PORTION OF THE TAX TO THE COMMUNITY WHERE THE FISH IS FIRST LANDED

WHEREAS, shared fisheries tax became law in 1962 and the amount of sharing with qualified municipalities was then ten percent (10%); and

WHEREAS, the shared fisheries tax law evolved from a series of congressional and territorial legislation that originally taxed canned salmon receipts (and later other fisheries), for the purpose of funding fisheries-related activities in pre-territorial Alaska; and

WHEREAS, since becoming law, the amount of fisheries business tax shared with qualified municipalities has increased only twice: once in 1979 to 20% and again in 1981 to the present day fifty percent (50%) share; and

WHEREAS, the fisheries business tax revenue retained by the State, after being reduced for various credits, is now placed in the State's General Fund and is not designated for any specific purpose; and

WHEREAS, from inception of the fisheries tax to the mid 2000's the vast majority of public harbor facilities throughout the State were owned by the State of Alaska Department of Transportation and operated by the individual municipalities; and

WHEREAS, from the mid 1990's to mid 2000's the State began to transfer ownership of these public harbors (many which were aging and in need of extensive maintenance and/or replacement) to the municipalities on an "as is, with all faults" basis, conveying to each municipality a Bill of Sale for the personal property along with a designated Legislature appropriation of a sum of money to perform necessary repairs and upgrades (deferred maintenance); and

WHEREAS, the Bill of Sales for these harbor facilities came with a covenant that the municipalities shall operate and maintain the harbor facilities for the use and benefit of the public and in the event the municipality fails or ceases to administer, maintain and operate the harbor facilities as public facilities, title to the facilities shall revert to the State of Alaska; and

WHEREAS, in many instances, the initial appropriations for "necessary repairs and upgrades" have not been sufficient to address the numerous deferred maintenance items conveyed from the State to the municipalities, requiring the municipalities to place burdens on their local treasuries; and

WHEREAS, the large majority of the communities who accepted the harbors from the State are communities that derive their main economic base from various fisheries businesses and their harbor facilities are the lifeblood of the community.

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, requests the Alaska Legislature amend the Fisheries Business Tax (raw fish tax) law and share 75% of the tax revenue with the qualified municipalities and also redistribute the unprocessed portion of the tax to the community where the fish is first landed. The increased share of the tax would encourage municipalities to continue to maintain, upgrade and operate the State transferred facilities to the greatest degree possible and would assist the municipalities to retain successful, working harbors.

ADOPTED: April 12, 2011

Jeremy Maxand, Mayor

ATTEST: Carol Bean
Carol Bean, Deputy Clerk

City & Borough of Wrangell
Incorporated Borough
May 30, 2008
Incorporated City
June 15, 1903
Alaska

7k

April 1, 2010
Regular Council Meeting

Resolution No. 10-2324 – Requesting the Legislature Amend the Fisheries Business Tax (Raw Fish Tax) Law to Share More Than the Current 50% of the Tax Revenue with Qualified Municipalities – Mayor Williams

Recommended Motion:

I move that the City Council approve Resolution No. 10-2324 requesting the Legislature amend the fisheries business tax law to share more than the current 50% of the tax revenue with qualified municipalities; and establishing an effective date.

ALASKA MUNICIPAL LEAGUE
RESOLUTION #2011-05

A RESOLUTION BY THE ALASKA MUNICIPAL LEAGUE REQUESTING THE LEGISLATURE AMEND THE FISHERIES BUSINESS TAX (RAW FISH TAX) LAW TO SHARE MORE THAN THE CURRENT 50% OF THE TAX REVENUE WITH QUALIFIED MUNICIPALITIES

WHEREAS, shared fisheries tax became law in 1962 and the amount of sharing with qualified municipalities was then 10%; and

WHEREAS, the shared fisheries tax law evolved from a series of congressional and territorial legislation that originally taxed canned salmon receipts (and later, other fisheries) for the purpose of funding fisheries-related activities in pre-territorial Alaska; and

WHEREAS, since becoming law, the amount fisheries business tax shared with qualified municipalities has increased only twice; once in 1979 to 20% and again, in 1981 to the present 50% share; and

WHEREAS, the fisheries business tax revenue retained by the State, after being reduced for various credits, is now placed in the State's General Fund and is not designated for any specific purpose; and

WHEREAS, from inception of the fisheries tax to the mid-2000s, the vast majority of public harbor facilities throughout the State, were owned by the State of Alaska Department of Transportation and operated by the municipalities; and

WHEREAS, from the mid-1990s to mid-2000s, the State began to transfer ownership of these public harbors (many of which were aging and in need of extensive maintenance and/or replacement) to the municipalities on an "as is with all faults" basis, conveying to each municipality, a Bill of Sale for the personal property along with a designated Legislative appropriation of a sum of money to perform necessary repairs and upgrades (deferred maintenance); and

WHEREAS, the Bill of Sales for these harbor facilities came with a covenant that the municipalities shall operate and maintain the harbor facilities for the use and benefit of the public and in the event the municipality fails or ceases to administer, maintain and operate the harbor facilities as public facilities, title to the facilities shall revert to the State of Alaska; and

WHEREAS, in many instances, the initial appropriations for "necessary repairs and upgrades" have not been sufficient to address the numerous deferred maintenance items conveyed from the State to the municipalities, requiring municipalities to place burdens on their local treasuries; and

WHEREAS, the large majority of the communities who accepted the harbors from the State, are communities that derive their main economic base from various fisheries businesses, and their harbor facilities are the lifeblood of the community.

NOW, THEREFORE BE IT RESOLVED that the Alaska Municipal League requests the Legislature amend the Fisheries Business Tax (Raw Fish Tax) law and share more than the current 50% of the tax revenue with the qualified municipalities, as an increased share of the tax would encourage municipalities to continue to maintain, upgrade and operate the State transferred facilities to the greatest degree possible and would assist the municipalities in the retention of successful, working harbors.

PASSED AND APPROVED by the Alaska Municipal League on this 19th day of November, 2010.

Signed: _____
Hal Smalley, President, Alaska Municipal League

Attest: _____
Kathie Wasserman, Executive Director, Alaska Municipal League

Office of the City Manager
710 Mill Bay Road, Room 219, Kodiak, Alaska 99615

January 24, 2012

Honorable Members of the House Community and Regional Affairs Committee
State Capitol Building
Juneau, AK 99801

Re: HB 184. Proposed Reallocation of State Fisheries Tax

Honorable House Committee Members:

This letter is to inform the Committee of the City of Kodiak's position on HB 184 because City representatives will not be able to participate in the hearing scheduled for January 26, 2012.

The City of Kodiak understands and appreciates that the fish taxes are an important way our fishing industry helps underwrite the state and local support for the industry.

The City of Kodiak has concerns about the proposed reallocation of revenues collected and shared with communities under the Fisheries Business Tax and the Fisheries Resource Landing Tax.

The overall goal of increasing revenue percentages shared with communities is an acceptable goal and looks like it could increase Kodiak's receipt of shared taxes through these programs. However, the list below identifies the City of Kodiak's main concerns about changes to the current eligibility criteria and allocation methods.

- If the State does not agree to reduce their share of revenues collected under these programs, the eligibility criteria is expanded, and the amount of revenue remains the same, cities like Kodiak where processing does have a large impact will likely face reduced shared revenues.
- Kodiak is a very busy port and impacts from processing within the City and the type of infrastructure needed to support this level of commerce is substantial. Kodiak's ability to collect local taxes is limited. The City would find it difficult to compensate for the loss of shared tax revenue.
- Kodiak does recognize the need to maintain and replace port and harbor infrastructure, however we feel this issue is better handled through another allocative process.
- Kodiak believes there is another way to support the emerging fresh fish markets, especially in Southeast Alaska, without putting current allocation percentages in jeopardy.

Telephone (907) 486-8640 / Fax (907) 486-8600
akniaziowski@city.kodiak.ak.us

Kodiak City is concerned that implementation of this bill will result in unintended consequences if the State retains its 50% share and agrees to expand the definitions of eligibility and allocations to other communities. Kodiak's infrastructure and operational needs remain the same, and we do not want to see our allocated percentage under both the Fisheries Business Tax and the Fisheries Resource Landing Tax reduced.

Sincerely
CITY OF KODIAK

Aimée Kniaziowski
City Manager

Cc: Kodiak City Mayor Patricia Branson
Kodiak City Council Members

Alaska State Legislature

Representative Peggy Wilson
House District 2

MEMORANDUM

Date: January 25, 2012

To: Representative Cathy Munoz, Community and Regional Affairs Committee Chair

From: Representative Peggy Wilson

Re: HB 184 – Fisheries Business Tax CS Differences

I have requested the committee consider a CS to HB 184. The changes are:

1. Intent language was added to ensure that the intent to use these additional funds will be used for marine infrastructure improvements and maintenance.
2. Page 2 Line 29 and Page 4 Line 6 – a new subsection was added to have the boroughs and municipalities submit a report that describes how the funds received were used. The reports are required for both the revenues from the Fisheries Business Tax and the Fisheries Resource Landing Tax and can be combined into a single report
3. The third change modifies the existing language for the transition required when a new borough is formed..

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: HB 184
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB184-DOR-TAX-01-25-12
Title: Refund of Fish Business Tax to Munis
Sponsor: Rep. P. Wilson
Requester: Request of the Governor

Dept. Affected: Revenue
Appropriation: Taxation and Treasury
Allocation: Tax Division
OMB Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
FUND SOURCE			(Thousands of Dollars)				
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Prgm (DGF)							
1037 GF/MH (UGF)							
1178 temp code (UGF)							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
POSITIONS							
Full-time							
Part-time							
Temporary							
CHANGE IN REVENUES	**(15,000.0)**	**(15,000.0)**	**(15,000.0)**	**(15,000.0)**	**(15,000.0)**	**(15,000.0)**	**(15,000.0)**

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version

Prepared by: Tim Cottongim, Revenue Audit Supervisor I
Phone: (907) 465-3695
Division: Tax
Date/Time: 1/24/12 9:04 AM
Approved by: Alicia Egan
Legislative Liaison
Date:

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB 184

Analysis

Bill Language:

Under current law, 50% of fisheries business taxes collected (without regard to all credits) may be appropriated to the organized city and/or borough in which processing activity takes place. If processing activity occurs outside an organized city and/or borough or the product is exported unprocessed from the state, 50% of the tax collected is transferred to DCCED for allocation to eligible municipalities under AS 29.60.450.

Under current law, 50% of fishery resource landing taxes collected (without regard to education and A.W. "Winn" Brindle credits) may be appropriated to the organized city and/or borough in which the fishery resource is first landed. If first landing occurs outside an organized city and/or borough , 50% of the tax collected is transferred to DCCED for allocation to eligible municipalities under AS 29.60.450.

HB 184 increases the percentage of fisheries business and fishery resource landing taxes that are shared with organized cities and boroughs from 50% to 75%. The bill increases the amount transferred to DCCED for resources processed (fisheries business) or first landed (fishery resource landing) outside an organized city and/or borough from 50% to 75%. HB 184 also authorizes appropriation of 75% of fisheries business taxes collected on fishery resources exported unprocessed from the state back to the organized city and/or borough where the fishery resource is first landed.

With the exception of the CDQ credit, all tax credits claimed against the fisheries business and fishery resource landing taxes reduce the states share and not the municipal share. Under HB 184 as currently written, if total tax credits claimed by a taxpayer exceed 25% of the gross tax collected for activities in a given community, there would be insufficient taxes collected from that taxpayer to meet the 75% share percentage going to that community. The shortfall would need to be paid for using other general fund tax receipts.

Revenues:

Impacts to annual general funds are based on current year gross tax collections and forecasts contained in the Fall 2011 Revenue Sources Book.

Expenditures:

Although provisions of this bill require enhancement to forms and our tax database system, those changes are minor and could be implemented with existing state resources.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB 184**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB184-DCCED-DCRA-01-20-12
Title: REFUND OF FISH BUSINESS TAX TO MUNIS
Sponsor: Representative P. Wilson
Requester: House Community & Regional Affairs

Dept. Affected: DCCED
Appropriation: Community and Regional Affairs
Allocation: Community and Regional Affairs
OMB Component Number: 2879

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0
Travel	0.0		0.0	0.0	0.0	0.0	0.0
Services	0.0		0.0	0.0	0.0	0.0	0.0
Commodities	0.0		0.0	0.0	0.0	0.0	0.0
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
	TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial Version

Prepared by: Scott Ruby, Director — Phone (907) 269-4569
Division: Community and Regional Affairs — Date/Time 1/18/12 6:00pm
Approved by: Susan K. Bell, Commissioner — Date 1/21/2012
Commerce, Community, and Economic Development

(Revised 11/28/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB 184

Analysis

Bill Summary: The state currently shares a portion of the taxes collected under the fisheries business tax (AS 43.75) and the fisheries resource landing tax (AS 43.77) with municipalities. This bill will increase the percentage of tax shared with municipalities that are collected under these programs.

The existing statutory formulas provide that 50% of the taxes collected are shared back with municipalities. The remaining 50% is kept by the state. This bill would increase the percentage shared with municipalities to 75% of taxes collected and reduce the percentage kept by the state to 25%.

There would be no fiscal impact to the Department if this legislation was enacted.

27-LS0576\R
~~Bullard~~
1/25/12
FOR HCRA

CS FOR HOUSE BILL NO. 184( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES PEGGY WILSON, Thompson

A BILL

FOR AN ACT ENTITLED

"An Act relating to the sharing of tax revenue from the fisheries business tax and fishery resource landing tax with municipalities and to municipal reports relating to the shared tax revenue; and providing for an effective date."

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

*** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

LEGISLATIVE INTENT. It is the intent of the legislature that municipalities use the additional revenue distributed under this Act to help maintain and improve their harbor facilities.

*** Sec. 2.** AS 43.75.130(a) is amended to read:

(a) **Subject to appropriation by the legislature, and** except as provided in (d) of this section, the commissioner shall pay

(1) to each unified municipality and to each city located in the unorganized borough, 75 [50] percent of the amount of tax revenue collected in the

municipality from taxes levied under this chapter;

(2) to each city located within a borough, **37.5** [25] percent of the amount of tax revenue collected in the city from taxes levied under this chapter; and

(3) to each borough

(A) **75** [50] percent of the amount of tax revenue collected in the area of the borough outside cities from taxes levied under this chapter; and

(B) **37.5** [25] percent of the amount of tax revenue collected in cities located within the borough from taxes levied under this chapter.

* **Sec. 3.** AS 43.75.130(d) is amended to read:

(d) Notwithstanding the provisions of (a)(2) and (a)(3)(B) of this section, **and subject to appropriation by the legislature,** the commissioner shall pay

(1) to each city that is located in a borough incorporated after June 16, 1987, the following percentages of the tax revenue collected in the city from taxes levied under this chapter:

(A) **67.5** [45] percent of the taxes collected during the calendar year in which the borough is incorporated;

(B) **60** [40] percent of the taxes collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) **52.5** [35] percent of the taxes collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) **45** [30] percent of the taxes collected during the third calendar year after the calendar year in which the borough is incorporated; and

(2) to each borough that is incorporated after June 16, 1987, the following percentages of the tax revenue collected in the cities located within the borough from taxes levied under this chapter:

(A) **7.5** [5] percent of the taxes collected during the calendar year in which the borough is incorporated;

(B) **15** [10] percent of the taxes collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) **22.5** [15] percent of the taxes collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) **30** [20] percent of the taxes collected during the third calendar year after the calendar year in which the borough is incorporated.

* **Sec. 4.** AS 43.75.130(g) is amended to read:

(g) In this section, "tax revenue collected" **means the revenue collected by the department from taxes levied under this chapter on the value of fishery resources that are either (1) processed in a municipality; or (2) first landed in a municipality and exported from the state without being processed in the state; "tax revenue collected"** includes the amount credited against taxes under AS 43.75.018.

* **Sec. 5.** AS 43.75.137 is amended to read:

Sec. 43.75.137. Additional refund. Subject to appropriation by the legislature [TO THE EXTENT THAT APPROPRIATIONS ARE AVAILABLE FOR THE PURPOSE, AND NOTWITHSTANDING THE REQUIREMENT OF AS 37.07.080(e) THAT APPROVAL OF THE OFFICE OF MANAGEMENT AND BUDGET IS REQUIRED], an amount equal to **75** [50] percent of the tax revenue that is collected under this chapter from fisheries businesses and **that** is not subject to division with a municipality under AS 43.75.130 shall be **paid by** [TRANSMITTED EACH FISCAL YEAR, WITHOUT THE APPROVAL OF THE OFFICE OF MANAGEMENT AND BUDGET, BY THE DEPARTMENT TO] the Department of Commerce, Community, and Economic Development [FOR DISBURSAL] to eligible municipalities under AS 29.60.450.

* **Sec. 6.** AS 43.75 is amended by adding a new section to article 3 to read:

Sec. 43.75.150. Municipal reports to the legislature. (a) Not more than 10 days after the convening of each regular legislative session, a municipality that receives tax revenue under AS 43.75.130 - 43.75.137 shall prepare and submit to the legislature a report that describes

(1) how those funds were used by the municipality in the previous fiscal year; and

(2) any harbor maintenance or improvement projects that were funded in whole or in part by the tax revenue collected under AS 43.75.130 - 43.75.137.

(b) The report required under (a) of this section may be made jointly with the

report required under AS 43.77.060(f).

* **Sec. 7.** AS 43.77.060(a) is amended to read:

(a) Subject to appropriation by the legislature and except as provided in (b) of this section, the commissioner shall pay to each

(1) unified municipality and to each city located in the unorganized borough, **75** [50] percent of the amount of tax revenue collected from taxes levied under this chapter on the fishery resource landed in the municipality and accounted for under AS 43.77.050(b);

(2) city located within a borough, **37.5** [25] percent of the amount of the tax revenue collected from taxes levied under this chapter on fishery resources landed in the city and accounted for under AS 43.77.050(b); and

(3) borough

(A) **75** [50] percent of the amount of the tax revenue collected from taxes levied under this chapter on fishery resources landed in the area of the borough outside cities and accounted for under AS 43.77.050(b); and

(B) **37.5** [25] percent of the amount of the tax revenue collected from taxes levied under this chapter on fishery resources landed in cities located within the borough and accounted for under AS 43.77.050(b).

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

(d) **Subject to appropriation by the legislature** [TO THE EXTENT THAT APPROPRIATIONS ARE AVAILABLE FOR THE PURPOSE, AND NOTWITHSTANDING THE REQUIREMENT OF AS 37.07.080(e) THAT APPROVAL OF THE OFFICE OF MANAGEMENT AND BUDGET IS REQUIRED], an amount equal to **75** [50] percent of the tax revenue that is collected under this chapter and **that** is not subject to division with a municipality under (a) - (c) of this section shall be **paid by** [TRANSMITTED EACH FISCAL YEAR, WITHOUT THE APPROVAL OF THE OFFICE OF MANAGEMENT AND BUDGET, BY THE DEPARTMENT TO] the Department of Commerce, Community, and Economic Development [FOR DISBURSAL] to eligible municipalities under AS 29.60.450.

* **Sec. 9.** AS 43.77.060 is amended by adding a new subsection to read:

(f) Not more than 10 days after the convening of each regular legislative session, a municipality that receives tax revenue under this section shall prepare and submit to the legislature a report that describes how those funds were used by the municipality in the previous fiscal year and that details any harbor maintenance or improvement projects that were funded in whole or in part by that tax revenue. The report may be made jointly with the report required under AS 43.75.150.

*** Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. This Act applies to tax revenue collected by the Department of Revenue under AS 43.75 and AS 43.77 for the 2012 tax year and subsequent tax years.

*** Sec. 11.** Sections 6 and 9 of this Act take effect February 1, 2013.

*** Sec. 12.** Except as provided in sec. 11 of this Act, this Act takes effect January 1, 2013.

Sec. 43.75.130. Refund to local governments.

(a) Except as provided in (d) of this section, the commissioner shall pay

(1) to each unified municipality and to each city located in the unorganized borough, 50 percent of the amount of tax revenue collected in the municipality from taxes levied under this chapter;

(2) to each city located within a borough, 25 percent of the amount of tax revenue collected in the city from taxes levied under this chapter; and

(3) to each borough

(A) 50 percent of the amount of tax revenue collected in the area of the borough outside cities from taxes levied under this chapter; and

(B) 25 percent of the amount of tax revenue collected in cities located within the borough from taxes levied under this chapter.

(b) For purposes of this section, tax revenue collected under AS 43.75.015 from a person entitled to a credit under AS 43.75.032 shall be calculated as if the person's tax had been collected without applying the credit.

(c) *[Repealed, Sec. 7 ch 79 SLA 1986].*

(d) Notwithstanding the provisions of (a)(2) and (a)(3)(B) of this section, the commissioner shall pay

(1) to each city that is located in a borough incorporated after June 16, 1987 the following percentages of the tax revenue collected in the city from taxes levied under this chapter:

(A) ~~50~~ 67.5 percent of the taxes collected during the calendar year in which the borough is incorporated;

(B) ~~40~~ 60 percent of the taxes collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) ~~30~~ 52.5 percent of the taxes collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) ~~20~~ 45 percent of the taxes collected during the third calendar year after the calendar year in which the borough is incorporated; and

(2) to each borough that is incorporated after June 16, 1987 the following percentages of the tax revenue collected in the cities located within the borough from taxes levied under this chapter:

(A) ~~5~~ 7.5 percent of the taxes collected during the calendar year in which the borough is incorporated;

(B) ~~10~~ 15 percent of the taxes collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) ~~15~~ 22.5 percent of the taxes collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) ~~20~~ 30 percent of the taxes collected during the third calendar year after the calendar year in which the borough is incorporated.

Fisheries Business Tax: Sect 3 of Bill

(e) Notwithstanding the provisions of (d) of this section, a city may adopt an ordinance to transfer a portion of the funds received under (d)(1) of this section to the borough in which the city is located.

(f) For purposes of this section, tax revenue collected under AS 43.75.015 from a person entitled to a credit under AS 43.75.035 or 43.75.036 shall be calculated as if the person's tax were collected without applying the credit; tax revenue collected does not include the amount of a tax credit recaptured under AS 43.75.035(g) or 43.75.036(g).

(g) In this section, "tax revenue collected" includes the amount credited against taxes under AS 43.75.018.

Sec. 43.75.133. Provision of information to municipalities.

(a) If the mayor, manager, or administrator of a municipality makes a written request, the department shall furnish the mayor, manager, or administrator of the municipality the names of all fisheries businesses that have filed tax returns under this chapter in which the fisheries business listed the municipality as the location in which the fisheries business processed a fisheries resource subject to the tax imposed under this chapter.

Sec. 43.77.060. Revenue sharing.

(a) Subject to appropriation by the legislature and except as provided in (b) of this section, the commissioner shall pay to each

(1) unified municipality and to each city located in the unorganized borough, 50 percent of the amount of tax revenue collected from taxes levied under this chapter on the fishery resource landed in the municipality and accounted for under AS 43.77.050(b);

(2) city located within a borough, 25 percent of the amount of the tax revenue collected from taxes levied under this chapter on fishery resources landed in the city and accounted for under AS 43.77.050(b); and

(3) borough

(A) 50 percent of the amount of the tax revenue collected from taxes levied under this chapter on fishery resources landed in the area of the borough outside cities and accounted for under AS 43.77.050(b); and

(B) 25 percent of the amount of the tax revenue collected from taxes levied under this chapter on fishery resources landed in cities located within the borough and accounted for under AS 43.77.050(b).

(b) Notwithstanding the provisions of (a)(2) and (a)(3)(B) of this section, and subject to appropriation by the legislature, the commissioner shall pay to each

(1) city that is located in a borough incorporated after January 1, 1994, the following percentages of the tax revenue collected from taxes levied under this chapter on fishery resources landed in the city and accounted for under AS 43.77.050(b):

(A) ~~45~~ 67.5 percent of the tax revenue collected during the calendar year in which the borough is incorporated;

(B) ~~40~~ 60 percent of the tax revenue collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) ~~35~~ 52.5 percent of the tax revenue collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) ~~30~~ 45 percent of the tax revenue collected during the third calendar year after the calendar year in which the borough is incorporated; and

(2) borough that is incorporated after January 1, 1994, the following percentages of the tax revenue collected from taxes levied under this chapter on fishery resources landed in the cities located within the borough and accounted for under AS 43.77.050(b):

(A) ~~five~~ 7.5 percent of the tax revenue collected during the calendar year in which the borough is incorporated;

(B) ~~10~~ 15 percent of the tax revenue collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) ~~15~~ 22.5 percent of the tax revenue collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) ~~20~~ 30 percent of the tax revenue collected during the third calendar year after the calendar year in which the borough is incorporated.

Fisheries Resource Landing Tax Amendment 1

(c) Notwithstanding the provisions of (b) of this section, a city may adopt an ordinance to transfer a portion of the funds received under (b)(1) of this section to the borough in which the city is located.

(d) To the extent that appropriations are available for the purpose, and notwithstanding the requirement of AS 37.07.080(e) that approval of the office of management and budget is required, an amount equal to 50 percent of the tax revenue that is collected under this chapter and is not subject to division with a municipality under (a) - (c) of this section shall be transmitted each fiscal year, without the approval of the office of management and budget, by the department to the Department of Commerce, Community, and Economic Development for disbursal to eligible municipalities under AS 29.60.450.

(e) For purposes of this section, tax revenue collected under AS 43.77.010 from a person entitled to a credit under AS 43.77.035 or 43.77.045 shall be calculated as if the person's tax had been collected without applying the credits.

Sec. 43.77.070. Regulations.

The department shall adopt regulations to implement and interpret this chapter.

AMENDMENT

OFFERED IN THE HOUSE

TO: CSHB 184( ), Draft Version "R"

Page 4, following line 18:

Insert a new bill section to read:

"* **Sec. 8.** AS 43.77.060(b) is amended to read:

(b) Notwithstanding the provisions of (a)(2) and (a)(3)(B) of this section, and subject to appropriation by the legislature, the commissioner shall pay to each

(1) city that is located in a borough incorporated after January 1, 1994, the following percentages of the tax revenue collected from taxes levied under this chapter on fishery resources landed in the city and accounted for under AS 43.77.050(b):

(A) **67.5** [45] percent of the tax revenue collected during the calendar year in which the borough is incorporated;

(B) **60** [40] percent of the tax revenue collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) **52.5** [35] percent of the tax revenue collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) **45** [30] percent of the tax revenue collected during the third calendar year after the calendar year in which the borough is incorporated; and

(2) borough that is incorporated after January 1, 1994, the following percentages of the tax revenue collected from taxes levied under this chapter on fishery resources landed in the cities located within the borough and accounted for under AS 43.77.050(b):

(A) **7.5** [FIVE] percent of the tax revenue collected during the

calendar year in which the borough is incorporated;

(B) **15** [10] percent of the tax revenue collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) **22.5** [15] percent of the tax revenue collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) **30** [20] percent of the tax revenue collected during the third calendar year after the calendar year in which the borough is incorporated."

Renumber the following bill sections accordingly.

Page 4, line 11:

Delete "Sections 6 and 9"

Insert "Sections 6 and 10"

Page 5, line 12:

Delete "sec. 11"

Insert "sec. 12"

Date:	January 30, 2012
Prepared by:	John Bernasconi, Chief of Revenue Operation (907) 465-4773 Tim Cottongim, Revenue Audit Supervisor (907) 465-3695
Data Source:	DOR Tax Division

This analysis is based on Tax Year 2010 Fisheries Business (FB) and Fishery Resource Landing (FLT) tax returns that requested credit for Salmon Product Development (FB only), Winn Brindle, or Alaska Education. Some taxpayers have claimed multiple credits on a single return

Fisheries Business Tax Tax Year 2010		
	Count	Amount
Taxpayer (all returns)	374	45,750,012.12
who claimed credits	37	
SPD Credits	30	(2,380,371.94)
Winn Brindle	8	(184,817.35)
Alaska Education	3	(449,730.00)
Multiple credits	4	

Fisheries Business Tax Tax Year 2010 Shared Tax Data[1]		
	Count	Amount
Of taxpayers that claim a credit	37	16,286,479.87
community share at **50%**	31	(8,143,239.93)
credits claimed	42	(3,014,919.29)
available for the general fund		5,128,320.64
State share is less than $0[2]	1	(11,178.03)
Of taxpayers that claim a credit	37	16,286,479.87
community share at **75%**	31	(12,214,859.90)
credits claimed	42	(3,014,919.29)
available for the general fund		1,056,700.68
State share is less than $0[3]	21	(683,208.86)

Notes

1 - Shared data for Fisheries Business returns that had a credit claimed

2 - The total tax minus 50% share minus credits

3 - The total tax minus 75% share minus credits

Fishery Resource Landing Tax Tax Year 2010		
	Count	Amount
Taxpayer (all returns)	82	9,482,855.81
who claimed credits	11	
SPD Credits[5]	-	
Winn Brindle	0	
Alaska Education	11	(637,750.00)
Multiple credits	0	

Fishery Resource Landing Tax Tax Year 2010 Shared Tax Data[1]		
	Count	Amount
Of taxpayers that claim a credit	11	3,934,203.50
community share at **50%**	1 + note 4	(1,967,101.75)
credits claimed	11	(637,750.00)
available for the general fund		1,329,351.75
State share is less than $0 [2]	1	(19,096.14)
Of taxpayers that claim a credit	11	3,934,203.50
community share at **75%**	1 + note 4	(2,950,652.63)
credits claimed	11	(637,750.00)
available for the general fund		345,800.88
State share is less than $0 [3]	2	(135,332.96)

Notes

1 - Shared data for Fishery Resource Landing returns that had a credit claimed

2 - The total tax minus 50% share minus credits

3 - The total tax minus 75% share minus credits

4 - Of returns filed that claimed a credit, one community received landing tax from Tax Division - the remainder was transferred to DCCED

5 - The Salmon Product Development credit is available on Fisheries Business returns only

Date:	January 30, 2012
Prepared by:	John Bernasconi, Chief of Revenue Operation (907) 465-4773 Tim Cottongim, Revenue Audit Supervisor (907) 465-3695
Data Source:	DOR Tax Division, DCCED Data is from Tax Year 2009

The proposed change assumes communities continue to receive 50% of both Fisheries Business (FB) and Fishery Resource Landing Tax revenue however, Fisheries Business Tax on **exported** and **unprocessed** resources are reallocated to municipalities from where the resource was **presumed** to be exported

Communities	Distribution under current law	Estimated Distribution under Proposed change	Difference
Adak	$ 260,408	$ 233,893	$ (26,515)
Akhiok	$ 17,724	$ 13,064	$ (4,659)
Akiak	$ 185	$ 136	$ (50)
Akutan	$ 982,166	$ 951,515	$ (30,651)
Alakanuk	$ 64	$ 47	$ (17)
Aleknagik	$ 9,018	$ 6,603	$ (2,415)
Aleutians East Borough	$ 1,801,899	$ 1,782,430	$ (19,469)
Anchorage	$ 166,474	$ 163,297	$ (3,177)
Angoon	$ 2,042	$ 1,495	$ (547)
Atka	$ 190,218	$ 165,273	$ (24,945)
Bethel	$ 1,079	$ 790	$ (289)
Brevig Mission	$ 77	$ 56	$ (21)
Bristol Bay Borough	$ 1,816,890	$ 1,811,431	$ (5,458)
Chefornak	$ 1,000	$ 945	$ (55)
Chevak	$ 77	$ 57	$ (21)
Chignik	$ 85,639	$ 84,876	$ (763)
Clark's Point	$ 60,420	$ 58,698	$ (1,722)
Coffman Cove	$ 8,926	$ 6,894	$ (2,032)
Cold Bay	$ 12,722	$ 9,533	$ (3,188)
Cordova	$ 782,813	$ 776,307	$ (6,506)
Craig	$ 91,551	$ 108,061	$ 16,509
Delta Junction	$ 588	$ 588	$ -
Dillingham	$ 278,947	$ 268,141	$ (10,807)
Eek	$ 175	$ 128	$ (47)
Egegik	$ 91,833	$ 90,062	$ (1,772)
Ekwok	$ 7,170	$ 5,250	$ (1,920)
Elim	$ 75	$ 55	$ (20)
Emmonak	$ 8,285	$ 8,267	$ (18)
Fairbanks North Star Borough	$ 100	$ 100	$ -
False Pass	$ 16,785	$ 14,077	$ (2,708)
Gambell	$ 100	$ 73	$ (27)
Golovin	$ 61	$ 45	$ (16)
Goodnews Bay	$ 233	$ 188	$ (45)
Gustavus	$ 2,375	$ 1,828	$ (548)
Haines Borough	$ 124,773	$ 124,043	$ (730)
Holy Cross	$ 38	$ 28	$ (10)
Homer	$ 77,843	$ 230,733	$ 152,890
Hoonah	$ 75,522	$ 74,943	$ (579)
Houston	$ 72	$ 72	$ -
Hooper Bay	$ 88	$ 65	$ (24)
Hydaburg	$ 6,486	$ 4,970	$ (1,517)
Juneau	$ 312,075	$ 344,040	$ 31,965
Kachemak	$ 3,202	$ 2,347	$ (855)

Communities	Distribution under current law	Estimated Distribution under Proposed change	Difference
Kake	$ 18,106	$ 15,684	$ (2,422)
Kasaan	$ 5,870	$ 4,541	$ (1,330)
Kenai	$ 152,249	$ 151,270	$ (979)
Kenai Peninsula Borough	$ 629,177	$ 798,463	$ 169,286
Ketchikan	$ 300,446	$ 296,162	$ (4,284)
Ketchikan Gateway Borough	$ 425,132	$ 422,468	$ (2,665)
King Cove	$ 507,282	$ 496,722	$ (10,560)
Klawock	$ 13,618	$ 11,810	$ (1,808)
Kodiak, City of	$ 821,442	$ 800,939	$ (20,503)
Kodiak Island Borough	$ 1,122,525	$ 1,103,175	$ (19,350)
Kotlik	$ 61	$ 44	$ (16)
Koyuk	$ 77	$ 56	$ (21)
Kupreanof	$ 7,247	$ 5,319	$ (1,927)
Kwethluk	$ 254	$ 186	$ (68)
Lake & Peninsula Borough	$ 255,076	$ 244,520	$ (10,556)
Larsen Bay	$ 77,151	$ 72,267	$ (4,883)
Matanuska Susitna Borough	$ 126	$ 126	$ -
Manokotak	$ 12,237	$ 8,961	$ (3,277)
Marshall	$ 50	$ 37	$ (13)
Mekoryuk	$ 4,684	$ 4,641	$ (42)
Mountain Village	$ 69	$ 51	$ (18)
Napakiak	$ 184	$ 134	$ (49)
Napaskiak	$ 199	$ 145	$ (53)
New Stuyahok	$ 13,484	$ 9,873	$ (3,611)
Newhalen	$ 7,987	$ 5,848	$ (2,139)
Nightmute	$ 172	$ 126	$ (46)
Nome	$ 23,481	$ 23,397	$ (84)
North Pole	$ 100	$ 100	$ -
Nondalton	$ 8,356	$ 6,119	$ (2,238)
Nunam Iqua	$ 39	$ 28	$ (10)
Nunapitchuk	$ 217	$ 159	$ (58)
Old Harbor	$ 17,629	$ 12,970	$ (4,659)
Ouzinkie	$ 47,174	$ 42,341	$ (4,833)
Palmer	$ 29	$ 29	$ -
Pelican	$ 26,551	$ 24,521	$ (2,030)
Petersburg	$ 624,061	$ 619,050	$ (5,011)
Pilot Point	$ 6,584	$ 4,841	$ (1,743)
Pilot Station	$ 58	$ 43	$ (16)
Platinum	$ 16,366	$ 16,329	$ (37)
Port Alexander	$ 7,392	$ 5,426	$ (1,966)
Port Heiden	$ 12,677	$ 9,500	$ (3,177)
Port Lions	$ 18,037	$ 13,266	$ (4,771)
Quinhagak	$ 13,177	$ 13,113	$ (64)

Communities	Distribution under current law	Estimated Distribution under Proposed change	Difference
Russian Mission	$ 47	$ 35	$ (13)
Saint George	$ 29,303	$ 26,516	$ (2,787)
Saint Mary's	$ 208	$ 192	$ (15)
Saint Michael	$ 83	$ 61	$ (22)
Saint Paul	$ 787,642	$ 784,855	$ (2,787)
Sand Point	$ 228,813	$ 215,382	$ (13,431)
Savoonga	$ 1,299	$ 1,271	$ (28)
Saxman	$ 5,893	$ 4,314	$ (1,579)
Scammon Bay	$ 56	$ 41	$ (15)
Seldovia	$ 8,439	$ 7,587	$ (852)
Seward	$ 301,671	$ 300,775	$ (895)
Shageluk	$ 34	$ 25	$ (9)
Shaktoolik	$ 67	$ 49	$ (18)
Sitka	$ 959,059	$ 970,701	$ 11,642
Skagway	$ 2,198	$ 1,609	$ (589)
Soldotna	$ 4,501	$ 3,580	$ (922)
Stebbins	$ 95	$ 70	$ (26)
Tanana	$ 52	$ 52	$ -
Teller	$ 69	$ 51	$ (19)
Tenekee Springs	$ 2,187	$ 1,673	$ (514)
Thorne Bay	$ 5,869	$ 4,296	$ (1,572)
Togiak	$ 65,515	$ 60,663	$ (4,852)
Toksook Bay	$ 4,772	$ 4,711	$ (61)
Unalakleet	$ 14,925	$ 14,897	$ (28)
Unalaska	$ 6,731,030	$ 6,646,134	$ (84,896)
Valdez	$ 152,538	$ 146,032	$ (6,506)
Wasilla	$ 25	$ 25	$ -
White Mountain	$ 65	$ 48	$ (17)
Whittier	$ 93,048	$ 86,542	$ (6,506)
Wrangell	$ 121,227	$ 144,442	$ 23,214
City & Borough of Yakutat	$ 221,232	$ 220,155	$ (1,077)
Total	$ 22,237,016	$ 22,237,031	

* Note: Difference in totals due to rounding

Terry Harvey

From: Rep. Cathy Munoz
Sent: Wednesday, February 01, 2012 3:31 PM
To: Terry Harvey
Subject: FW: HB 184 response to HCRA question

Terry, please include with our committee info.

From: Katie Koester [mailto:kkoester@ci.homer.ak.us]
Sent: Wednesday, February 01, 2012 3:11 PM
To: Rep. Cathy Munoz; Rep. Alan Austerman; Rep. Alan Dick; Rep. Dan Saddler; Rep. Sharon Cissna; Rep. Berta Gardner
Cc: Rebecca Rooney; Rep. Peggy Wilson
Subject: HB 184 response to HCRA question

Dear House Community and Regional Affairs Committee,

At the Community and Regional Affairs hearing on HB 184 on Thursday, January 26th Representative Saddler asked the City of Homer how we currently spend the Fisheries Business Tax revenue (FY 2010 distribution of $77,843). I would like to confirm to the Committee that the City of Homer spends all of the Fisheries Business Tax revenue we receive on the Port and Harbor infrastructure that supports the fishy; the fish dock and associated equipment. They City has dedicated this funding stream to fish dock infrastructure for at least the past 10 years and will continue to use any Fisheries Business Tax or Fisheries Landing Tax revenue on port and harbor maintenance and improvements.

Please let me know if you have any other questions for the City of Homer.

Thank you for your time and attention.

Sincerely,

Katie Koester

Community and Economic Development Coordinator

City of Homer

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **CSHB 184 (CRA)**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB184-DCCED-DCRA-01-26-12
Title: REFUND OF FISH BUSINESS TAX TO MUNIS
Sponsor: Representative P. Wilson
Requester: House Finance

Dept. Affected: DCCED
Appropriation: Community and Regional Affairs
Allocation: Community and Regional Affairs
OMB Component Number: 2879

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0
Travel	0.0		0.0	0.0	0.0	0.0	0.0
Services	0.0		0.0	0.0	0.0	0.0	0.0
Commodities	0.0		0.0	0.0	0.0	0.0	0.0
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 *(separate supplemental appropriation required,*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Narrative reflects the fiscal impacts to the state of this bill. New version of bill adds reporting requirements for municipalities.

Prepared by: Scott Ruby, Director — Phone (907) 269-4569
Division: Community and Regional Affairs — Date/Time 1/26/12 9:00pm
Approved by: JoEllen Hanrahan, Director Administrative Services Division — Date 1/28/2012
Commerce, Community, and Economic Development

(Revised 11/28/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. CSHB 184 (CRA)

Analysis

Bill Summary: The state currently shares a portion of the taxes collected under the fisheries business tax (AS 43.75) and the fisheries resource landing tax (AS 43.77) with municipalities. This bill will increase the percentage of tax shared with municipalities that are collected under these programs.

The existing statutory formulas provide that 50% of the taxes collected are shared back with municipalities. The remaining 50% is kept by the state. This bill would increase the percentage shared with municipalities to 75% of taxes collected and reduce the percentage kept by the state to 25%.

Using FY10 numbers, municipalities received $22,237,013 through the two programs. If this bill had been in effect, they would have received $33,117,630 and the state share would have been reduced by $10,880,617.

There would be no fiscal impact to the Department if this legislation was enacted.

HB 196

<TARGET><BILL>HB 196</BILL><SUBJECT>HB 196</SUBJECT><COMM>HCRA27</COMM></TARGET>

Alaska State Legislature
REPRESENTATIVE BRYCE EDGMON
House District 37

Adak
Akutan
Aleknagik
Atka
Chignik
Chignik Lagoon
Chignik Lake
Clark's Point
Cold Bay
Dillingham
Egegik
Ekwok
False Pass
Ivanof Bay
King Cove
King Salmon
Koliganek
Manokotak
Naknek
Nelson Lagoon
New Stuyahok
Nikolski
Perryville
Pilot Point
Portage Creek
Port Heiden
St. George
St. Paul
Sand Point
South Naknek
Togiak
Twin Hills
Ugashik
Unalaska

MEMORANDUM

DATE: March 17, 2011

TO: Rep. Cathy Munoz, Chair
House Community & Regional Affairs Committee

FROM: Rep. Bryce Edgmon
House District 37

SUBJ: Request for Hearing on HB196 – Bulk Fuel Loans / Power Project Fund

I respectfully request a committee hearing on HB196, a measure that will move the bulk fuel revolving loan fund from the Alaska Energy Authority (AEA) to the Division of Community & Regional Affairs (DCRA). This move will allow both the bulk fuel revolving loan fund and the bulk fuel bridge loan program to be housed in the same division and make the whole loan process more efficient for the communities that utilize the programs.

This idea came up last session during our deliberations on the Omnibus Energy bill, and was listed as a recommendation in Governor Parnell's Energy report delivered to the legislature in January.

In summary, passage of HB196 will put both loan accounts under one roof, streamline the process of obtaining bulk fuel loans for communities, and will also benefit communities by providing technical assistance to those needing it most.

I am attaching a copy of the bill, the Sponsor Statement and a Sectional Analysis.

Thank you for considering my request.

State Capitol Building
Room 416, Juneau, AK 99801. Phone: (907) 465-4451 Toll Free: 1-800-898-4451
Email: Rep_Bryce_Edgmon@legis.state.ak.us

Alaska State Legislature
REPRESENTATIVE BRYCE EDGMON
House District 37

SPONSOR STATEMENT FOR HB196

Adak
Akutan
Aleknagik
Atka
Chignik
Chignik Lagoon
Chignik Lake
Clark's Point
Cold Bay
Dillingham
Egegik
Ekwok
False Pass
Ivanof Bay
King Cove
King Salmon
Koliganek
Manokotak
Naknek
Nelson Lagoon
New Stuyahok
Nikolski
Perryville
Pilot Point
Portage Creek
Port Heiden
St. George
St. Paul
Sand Point
South Naknek
Togiak
Twin Hills
Ugashik
Unalaska

This proposed legislation will move the bulk fuel revolving loan fund (BFRLF) from the Alaska Energy Authority (AEA) to the Division of Community & Regional Affairs (DCRA), which will mean both the BFRLF and the bulk fuel bridge loan program will be housed in the same division.

Housing these two funds under one roof is something the House Energy committee considered last session, and also an idea the governor endorsed in his report to the Legislature regarding State energy programs.

Currently, if an applicant is rejected for a loan from the BFRLF, their next step is to apply for a bulk fuel loan through the bridge loan program. It makes perfect sense to have these related loan programs under the jurisdiction of one entity, and DCRA is the logical place for them to be housed.

HB196 will place both the bulk fuel loan account and the bulk fuel bridge loan account as separate accounts in the BFRLF, contains provisions for technical assistance for those borrowers needing help, and will streamline the whole process of obtaining bulk fuel loans for communities.

I would appreciate your support for this bill.

State Capitol Building
Room 416, Juneau, AK 99801. Phone: (907) 465-4451 Toll Free: 1-800-898-4451
Email: Rep_Bryce_Edgmon@legis.state.ak.us

Alaska State Legislature
REPRESENTATIVE BRYCE EDGMON
House District 37

Adak
Akutan
Aleknagik
Atka
Chignik
Chignik Lagoon
Chignik Lake
Clark's Point
Cold Bay
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Egegik
Ekwok
False Pass
Ivanof Bay
King Cove
King Salmon
Koliganek
Manokotak
Naknek
Nelson Lagoon
New Stuyahok
Nikolski
Perryville
Pilot Point
Portage Creek
Port Heiden
St. George
St. Paul
Sand Point
South Naknek
Togiak
Twin Hills
Ugashik
Unalaska

SECTIONAL ANALYSIS

HB196 – Bulk Fuel Loans / Power Project Fund

Section 1 of the bill deletes the bulk fuel revolving loan fund (BFRLF) from the list of entities eligible to receive loans from the power project fund.

Section 2 of the bill switches the location of the bulk fuel revolving loan fund from the Alaska Energy Authority to the Division of Community & Regional Affairs (DCRA). Also adds a person or community "maintaining community facilities or infrastructure" to the list of entities eligible for a bulk fuel loan and deletes a requirement that the entity get written endorsement from the governing body of the community for which the loan is sought.

Section 3 of the bill makes a conforming amendment to statutory changes within the bill.

Section 4 of the bill adds language allowing funding options and adds a technical assistance section for borrowers needing help in applying for a loan and / or direction to help improve their creditworthiness.

Section 5 of the bill establishes the bulk fuel loan account and the bulk fuel bridge loan account as separate accounts within the bulk fuel revolving loan fund. It also establishes interest rates for both accounts and lays out general rules for loan limits, allows DCRA to establish criteria for eligibility, and allows DCRA to contract with a state agency or outside contractor to administer or implement a technical assistance and counseling plan.

Section 6 of the bill repeals AS 29.60.660 and AS 42.45.250(c-m).

Sections 7-10 of the bill provide transition language allowing the movement of funds to the newly created subaccount and language stating any outstanding obligations from the current loan fund will continue to be in effect.

Section 11 of the bill sets an immediate effective date for DCRA to begin adopting regulations.

Section 12 of the bill sets an effective date of January 1, 2012

State Capitol Building
Room 416, Juneau, AK 99801. Phone: (907) 465-4451 Toll Free: 1-800-898-4451
Email: Rep_Bryce_Edgmon@legis.state.ak.us

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version: **HB 196**
() Publish Date

Identifier (file name) HB196-CCED-AEA-03-18-11
Title: Bulk Fuel Loans/Power Project Fund
Sponsor: Representative Edgmon
Requester: House Community and Regional Affairs

Dept. Affected: DCCED
Appropriation: Alaska Energy Authority
Allocation: Alaska Energy Authority Rural Energy Operations
OMB Component Number: 2600

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services							
Travel							
Services			(53.6)				
Commodities							
Capital Outlay							
Grants							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**(53.6)**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES			**(50.0)**				

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
1074 Bulk Fuel			(53.6)				
TOTAL	**0.0**	**0.0**	**(53.6)**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

This fiscal note is the initial version.

Prepared by: Amy Adler
Phone: 907-771-3013
Division: Alaska Energy Authority
Date/Time: 3/18/11 3:00 PM
Approved by: Susan K. Bell, Commissioner
Commerce, Community, and Economic Development
Date: 3/19/2011

(Revised 1/27/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 196

Analysis

This legislation amends AS 42.45 to establish the bulk fuel revolving loan fund (BFRLF) in the Division of Community & Regional Affairs (Division) in the Department of Commerce, Community & Economic Development (DCCED). With the exception of the adoption of regulations by DCCED necessary to implement this Act, the effective date of this legislation is January 1, 2012.

There is no fiscal impact to the Alaska Energy Authority (AEA) for the fiscal year 2012 because loans for the purchase of fuel are generally made in the first half of the fiscal year . As a result, the impact to AEA will be in FY 2013.

The impact of this legislation to the Alaska Energy Authority is:

1) Removes the provision to make loans from the power project fund to the bulk fuel revolving loan fund for the purposes described in AS 42.45.250.

2) A reduction of $53.6 in BFRLF receipts to the FY 2013 AEA Rural Energy Operations component, representing the estimated outlay of the fund for the costs of administration.

Change in Revenues:
This legislation repeals AS 42.45.250 (j) that allows AEA to adopt regulations to establish and charge fees for services provided. AEA established regulations authorizing a non-refundable $25 application fee (3 AAC 106.300), an origination fee of one-half percent of the total loan amount (3 AAC 106.340), and at its discretion, reimbursement of any applicant expenses incurred by AEA in processing an application (3 AAC 106.340). Because this legislation does not allow for the collection of fees, the impact is estimated to be a reduction of $50.0 in revenues to the General Fund in FY 2013. Actual fees collected in FY 2010 totaled $48.0 and are estimated to be $50.0 in FY 2011 and FY 2012.

Article 05. BULK FUEL BRIDGE LOAN FUND AND PROGRAM

Sec. 29.60.660. Bulk fuel bridge loan fund and program.

(a) The bulk fuel bridge loan fund is established in the department to assist communities, utilities providing power in communities, fuel retailers, and other persons in communities in purchasing bulk fuel to generate power or supply the public with fuel for use in communities, if no other funding source exists for the purchase. The fund consists of appropriations to the fund and income earned on investment of money in the fund.

(b) A community, utility, fuel retailer, or other person generating power or supplying fuel in a community as described in (a) of this section is eligible to receive a loan from the bulk fuel bridge loan fund for a purchase of bulk fuel to be used in the community if the community, utility, fuel retailer, or other person

(1) has a written endorsement from the governing body of the community for which a loan from the fund under this section is sought; and

(2) first applied for and has been denied a loan from

(A) the bulk fuel revolving loan fund (AS 42.45.250) administered by the Alaska Energy Authority;

(B) any other funding source used by the community, utility, fuel retailer, or other person in the past three years to finance purchases of bulk fuel for the community; and

(C) any other funding source that the department determines is available to the community, utility, fuel retailer, or other person to purchase bulk fuel.

(c) Loans made from the bulk fuel bridge loan fund to one borrower in a fiscal year

(1) may not exceed $750,000; and

(2) shall be repaid within one year after the date of the award.

(d) Interest may not be charged on a loan made from the bulk fuel bridge loan fund.

(e) Repayments of the loans made under this section shall be paid into the bulk fuel bridge loan fund. Money in the fund does not lapse. This fund is not a dedicated fund. Amounts in the fund may be appropriated for expenses directly related to administration of the fund.

(f) The department may contract for the administration of the bulk fuel bridge loan program established in this section.

(g) The department may adopt regulations under AS 44.62 necessary to carry out the provisions of this section.

(h) In this section,

(1) "community" means a municipality or unincorporated village that is a social unit, if the municipality or unincorporated village has a population of less than 2,000 people;

(2) "fund" means the bulk fuel bridge loan fund established in (a) of this section;

(3) "person"

(A) has the meaning given in AS 01.10.060;

(B) includes a cooperative, a joint venture, and a governmental entity.

History -

(Sec. 1 ch 110 SLA 2008; am Sec. 1 ch 2 SSSLA 2008)

Amendment Notes -

The 2008 amendment, effective August 26, 2008, substituted "$750,000" for "$500,000" in paragraph (c)(1).

Article Notes -

Effective Dates. Section 7, ch. 110, SLA 2008, makes this article effective June 26, 2008.

Sec. 42.45.250. Bulk fuel revolving loan fund.

(a) The bulk fuel revolving loan fund is established in the authority to assist communities, utilities providing power in communities, and fuel retailers in communities in purchasing bulk fuel to generate power or supply the public with fuel for use in communities. A community, or a person generating power or selling fuel in a community who has written endorsement from the governing body of each community for which a loan from the fund is sought, is eligible for a loan from the bulk fuel revolving loan fund for a purchase of an emergency supply or a semiannual or annual supply of bulk fuel to be used in the community.

(b) Money in the fund may be used by the legislature to make appropriations for costs of administering this section.

(c) The foreclosure expense account is established as a special account within the bulk fuel revolving loan fund. This account is established as a reserve from fund equity.

(d) The authority may spend money credited to the foreclosure expense account when necessary to protect the state's security interest in collateral on loans made under this section or to defray expenses incurred during foreclosure proceedings after a default by an obligor.

(e) Loans made from the bulk fuel revolving loan fund to one borrower in any fiscal year

(1) may not exceed $750,000, or, if the borrower is a cooperative corporation organized under AS 10.15 or an electric cooperative organized under AS 10.25 and uses the loan to purchase bulk fuel on behalf of more than one community, may not exceed the lesser of $750,000 multiplied by the number of communities on whose behalf the bulk fuel is to be purchased, or $1,800,000;

(2) shall be repaid in one year or less; and

(3) may not exceed 90 percent of the wholesale price of the fuel purchased.

(f) Interest may be charged on a loan made from the bulk fuel revolving loan fund. Interest shall be charged on a loan at a rate equal to the percentage of the average weekly yield of municipal bonds for the 12 months preceding the date of the loan, as determined by the authority from municipal bond yield rates reported in the 30-year revenue index of The Bond Buyer. However, if the authority finds that a community cannot afford to repay a portion of interest on a loan, and makes a determination in writing, the authority may reduce or eliminate the interest rate applicable to the loan.

(g) Repayments of the principal, the interest, and the money chargeable to principal or interest that is collected through liquidation by foreclosure or other process on a loan made under this section shall be paid into the bulk fuel revolving loan fund. The fund is not a dedicated fund.

(h) The authority may contract for the administration of the bulk fuel loan program established in this section.

(i) The authority shall dispose of property acquired through default or foreclosure of a loan made under this section. Disposal shall be made in a manner that serves the best interests of the state, and may include the amortization of payments over a period of years.

(j) The authority may adopt regulations necessary to carry out the provisions of this section, including regulations to establish reasonable fees for services provided and charges for collecting the fees.

(k) The authority may collect the fees and collection charges established under (j) of this section and shall deposit the money in the general fund.

(l) Subject to the limitations of AS 42.45.010(b)(3), the authority may borrow money from the power project fund (AS 42.45.010) when necessary to meet commitments for loans from the bulk fuel revolving loan fund. The authority shall use the money in the bulk fuel revolving loan fund to repay the money borrowed from the power project fund and any interest charged on the money borrowed.

(m) In this section,

(1) "community" means an organized municipality or an unincorporated village that is a social unit, with a population of less than 2,000 people;

(2) "person" has the meaning given in AS 01.10.060 and includes a corporation, a cooperative, a joint venture, and a governmental entity.

History -

(Sec. 5 ch 18 SLA 1993; am Sec. 1 ch 121 SLA 2002; am Sec. 8 ch 117 SLA 2003; am Sec. 5 - 7, 11 ch 36 SLA 2004; am Sec. 1 ch 78 SLA 2006; am Sec. 4 - 6 ch 110 SLA 2008; am Sec. 4 ch 2 4SSLA 2008)

Revisors Notes -

In 1999, in this section, "department" was changed to "authority" in accordance with Sec. 91(b), ch. 58, SLA 1999.

In 2000, in subsection (k), "(j) of this section" was substituted for "(i) of this section" to correct a manifest error in ch. 18, SLA 1993. In 2004, former paragraph (l)(2) was renumbered as (l)(1) to reflect the 2004 repeal of former paragraph (l)(1). Paragraph (l)(2) was enacted as (l)(3) and renumbered in 2004.

Subsection (l) was enacted as (m); relettered in 2008, at which time subsection (l) was relettered as (m).

Amendment Notes -

The 2006 amendment, effective September 17, 2006, substituted the present provisions of paragraph (e)(1) for "may not exceed $300,000."

The first 2008 amendment, effective June 26, 2008, substituted "$500,000" for "$400,000" two times in paragraph (e)(1) and "$1,800,000" for "$1,500,000" in that paragraph, substituted "The Bond Buyer" for "The Weekly Bond Buyer" in the second sentence of subsection (f), and added subsection (m) [now (l)].

The second 2008 amendment, effective August 26, 2008, substituted "$750,000" for "$500,000" twice in paragraph (e)(1).

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version: **HB 196**
() Publish Date

Identifier (file name) HB196-CCED-DCRA-03-19-11
Dept. Affected: DCCED
Title: BULK FUEL LOANS/POWER PROJECT FUND
Appropriation: Community and Regional Affairs
Allocation: Community and Regional Affairs
Sponsor: Representatives Edgmon
Requester: House Community & Regional Affairs
OMB Component Number: 2879

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services	46.4	0.0	92.8	92.8	92.8	92.8	92.8
Travel	0.0	0.0	40.0	40.0	40.0	40.0	40.0
Services	0.0	0.0	120.0	120.0	120.0	120.0	120.0
Commodities	6.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Outlay							
Grants							
Miscellaneous							
TOTAL OPERATING	**52.4**	**0.0**	**252.8**	**252.8**	**252.8**	**252.8**	**252.8**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	52.4		(219.0)				
1005 GF/Program Receipts							
1037 GF/Mental Health							
1074 Bulk Fuel Revolving Loan Fund		0.0	252.8	252.8	252.8	252.8	252.8
TOTAL	**52.4**	**0.0**	**33.8**	**252.8**	**252.8**	**252.8**	**252.8**

Estimate of any current year (FY2011) cost 0.0

POSITIONS

Full-time	**1**	**0**	**1**	1	**1**	**1**	**1**
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial Version

Prepared by: Scott Ruby, Director — Phone: 269-4569
Division: Community and Regional Affairs — Date/Time: 3/24/11 7:00 AM
Approved by: Susan K. Bell, Commissioner — Date: 3/24/2011
Commerce, Community, and Economic Development

(Revised 1/27/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 196

Analysis

HB 196 would move the Bulk Fuel Revolving Loan Fund (BFRLF) from the Alaska Energy Authority to the Department of Commerce, Community, and Economic Development (DCCED) and combine it with the Bulk Fuel Bridge Loan Fund currently administered by the DCRA. This bill will significantly modify the terms of both loan programs including adding a tiered interest rate to both programs. The Division will need to adopt new regulations for the combined program, and delete previously adopted regulations.

Starting in FY12, administration of this program will be paid from earnings of the Bulk Fuel Revolving Loan Fund. Currently the division receives $219,000 in general funds to administer the bridge loan program. In FY13, this funding will be replaced with earnings from the combined revolving loan fund.

The Division of Community and Regional Affairs currently administers the Bulk Fuel Bridge Loan Program with approximately 15% of one staff person's time. DCCED estimates that the servicing of the BFRLF in addition to the bulk fuel bridge loans will increase the number of accounts from 12 to 67; a near six fold increase in the number of loans. The higher complexity of the combined program will increase coordination of technical assistance with the contractor and of DCRA field staff.

The increased volume and coordination will require a full position to administer both programs. This position will be a Local Government Specialist IV (Range 19). The personnel costs listed cover the costs of this new position. Personnel costs for FY12 are reduced by 50% as the consolidation does not take place until January 1, 2012.

DCRA anticipates contracting for the majority of technical assistance provided to borrowers. This technical assistance includes assistance in completing and submitting the loan application, facilitating delivery of fuel with distributors and borrowers, and providing assistance and financial counseling such as rate setting, amending collection procedures, debt consolidation, or accounting system changes.

Travel costs will predominantly be reimbursable costs to the contractor for providing on-site assistance to the borrowers. Some travel by DCRA Regional office staff will occur when the contractor is not available, or when it is more economical to serve the borrower from a local DCRA field office, or when the nature of the assistance is beyond the technical assistance requirements of the contract.

Commodities costs in the first year are associated with establishing the new position with desks, computer, and other necessary equipment. These are one-time costs.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version: **HB 196**
() Publish Date

Identifier (file name): HB196-CCED-DED-03-18-11
Title: Bulk Fuel Revolving Loan Fund Program
Sponsor: Representative Edgmon
Requester: House Community & Regional Affairs

Dept. Affected: DCCED
Appropriation: Economic Development
Allocation: Financing
OMB Component Number: 2743

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services	35.3	0.0	70.5	70.5	70.5	70.5	70.5
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Services	9.4	0.0	9.4	9.4	9.4	9.4	9.4
Commodities	2.9	0.0	0.5	0.5	0.5	0.5	0.5
Capital Outlay							
Grants							
Miscellaneous							
TOTAL OPERATING	**47.6**	**0.0**	**80.4**	**80.4**	**80.4**	**80.4**	**80.4**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	47.6						
1005 GF/Program Receipts							
1037 GF/Mental Health							
1178 (BFRLF)			80.4	80.4	80.4	80.4	80.4
TOTAL	**47.6**	**0.0**	**80.4**	**80.4**	**80.4**	**80.4**	**80.4**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time	1	0	1	1	1	1	1
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version

Prepared by: Wanetta Ayers, Division Director — Phone: 269-4048
Division: Economic Development — Date/Time: 3/20/11 9:00 AM
Approved by: Susan K. Bell, Commissioner — Date: 3/21/2011
Commerce, Community & Economic Development

(Revised 1/27/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB196

HB196 Analysis

This bill moves the Bulk Fuel Revolving Loan Fund (BFRLF) from the Alaska Energy Authority to the Department of Commerce, Community and Economic Development and establishes the Bulk Fuel Loan Account and the Bulk Fuel Bridge Loan Account as separate accounts within the BFRLF. A tiered interest rate would also be created and applied to both accounts.

Under the provisions of HB 196, the Division of Economic Development (DED) will provide loan fund accounting services for the new BFRLF on behalf of the Division of Community and Regional Affairs (DCRA). DED estimates that the servicing of the BFRLF and its associated account structure would increase bulk fuel accounts from twelve to 67; a near six fold increase in the number of bulk fuel loans currently being serviced. Given the time sensitivity and seasonality of these loans, DED would not be able to absorb such a large increase in servicing requirements without additional accounting staff. While loan servicing will be a year round activity, the seasonality of loan origination coincides with peak loan demand for DED core lending activities.

In order to maintain service standards for core services, DED projects the need to add an Accounting Technician II position. This position would be the primary contact to relay information and provide the following services: loan fund accounting, develop loan payment schedules, calculate principal and interest, analysis of payments received, preparation and oversight of invoicing and billing statements, direct receipt and deposit of loan repayments, monthly reports of accounting transactions, preparation of revenue comparisons, monitor accounts receivable and aging schedules, create subsidiary system reports based on user needs, and project future program activity through analysis of historical accounting data.

Operating funds for this position would initially be paid from GF and then transition to earnings of the BFRLF, covering the projected costs as outlined in this fiscal note. The cost projections include personal services for the Accounting Technician II position, supplies, equipment and a projected per employee annual contractual service cost.

The commodity costs in the first year are associated with establishing the new position with computer and other necessary equipment. These are one-time costs only.

HB 219

<TARGET><BILL>HB 219</BILL><SUBJECT>HB 219</SUBJECT><COMM>HCRA27</COMM></TARGET>

REPRESENTATIVE
ERIC FEIGE
House District 12

House Resources Committee Co-Chair
Education Committee
Transportation Committee
Joint Armed Services Committee

Alaska State Legislature

House of Representatives

During Session:
State Capitol Room 126
Juneau, Alaska 99801-1182
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SPONSOR STATEMENT – HB 219

HB 219 allows local fire and emergency medical agencies to solicit funding as a form of prepayment for services. This type of program has been successful in allowing such organizations to raise needed operating funds while limiting financial risk to those that may need the agency's services.

In a typical scenario, an individual or family pays a set fee to the local emergency medical service on an annual basis. The agency then will respond and transport the individual or family member without additional charge to the individual.

Under current statute, it is the opinion of the Division of Insurance that this type of activity is deemed insurance and is regulated by that division. HB 219 will clarify that this type of program is not insurance and is not regulated by the division.

Email: Representative.Eric.Feige@legis.state.ak.us

STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT
Division of Insurance

Sarah Palin, Governor
Emil Notti, Commissioner
Linda S. Hall, Director

RECEIVED
SEP 12 2008
GUESS & RUDD

September 9, 2008

Mr. James D. DeWitt
Guess & Rudd P.C.
100 Cushman Street, Suite 500
Fairbanks, AK 99701-4659

Dear Mr. DeWitt:

Thank you for your May 28, 2008, letter addressed to Director Hall asking whether a fire service subscription program is insurance.

After review of this letter describing the fire protection subscription service, we have determined that the program as described falls within the scope of the definition of insurance in Title 21 of the Alaska Statutes. Alaska Statute 21.90.900(25) defines insurance to be a contract whereby one undertakes to indemnify another or pay or provide a specified or determinable amount or benefit upon determinable contingencies. While the fire protection subscription does not indemnify or compensate the resident or business for their loss, it does provide a specified benefit (fire service) upon determinable contingencies (fire).

If you have supplementary information that might provide further insight into the program you describe, we would, of course, be willing to review that material. Additional information might include any plan documents, plan implementation descriptions, models such as other municipality or state plans upon which the plan you describe was based or any other relevant material.

Thank you for contacting the Division of Insurance.

Sincerely,

Sarah McNair-Grove, FCAS, MAAA
Actuary

P.O. Box 110805, Juneau, Alaska 99811-0805
Telephone: (907) 465-2515 Fax: (907) 465-3422 Text Telephone: (907) 465-5437
Email: insurance@commerce.state.ak.us Website: http://www.commerce.state.ak.us/insurance/

Few participate in Tri-Valley volunteer ambulance plan
by Kris Capps / For the News-Miner

DENALI PARK - The annual ambulance plan for the Tri-Valley Volunteer Fire Department is a better bargain than I thought.

I mistakenly reported last week that it costs $100. In fact, the cost is only $75. The funds are used for maintenance of fire and rescue equipment.

Surprisingly, participation in this program is very low — less than 20 percent of the population chooses to sign up.

Here's how it works: If you need an ambulance anytime during the coming year, and you are on this plan, you will not be charged. This includes emergency medical services for any family members who live in the household.

If you are uninsured, this cost is covered. If you are insured, your insurance company is billed and any outstanding balance is forgiven.

I also look at it as my annual donation to this important local organization.

I would suggest it is well worth supporting.

Even if you don't sign up, be sure to update the department on information about your residence, in case they are ever called in an emergency: your physical address, number of people living in your home and any special needs they may have. Email the information to tvvfd@mtaonline.net.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB 219**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB219-DCCED-INS-02-10-12
Title: Fire and Emergency Medical Services
Sponsor: Representative Feige
Requester: House Community and Regional Affairs

Dept. Affected: DCCED
Appropriation: Insurance
Allocation: Insurance
OMB Component Number: 354

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0
Travel	0.0		0.0	0.0	0.0	0.0	0.0
Services	0.0		0.0	0.0	0.0	0.0	0.0
Commodities	0.0		0.0	0.0	0.0	0.0	0.0
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial Version

Prepared by: Linda Hall, Director — Phone: 907-465-2560
Division: Insurance — Date/Time: 2/10/12 8:30 AM
Approved by: JoEllen Hanrahan, Director Administrative Services — Date: 2/10/2012
Commerce, Community, and Economic Development

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB 219

Analysis

HB 219 makes two exemptions from the Insurance title: the solicitation by a municipality or nonprofit organization to provide ambulance and emergency services under the terms of an agreement; and a solicitation by a municipality or nonprofit fire department registered with the state fire marshal to provide fire protection services under an agreement.

No fiscal impact is anticipated by the division as a result of this legislation.

LEGAL SERVICES

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

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State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM February 29, 2012

SUBJECT: Certification of an ambulance or medical service (HB 219, Work Order No. 27-LS0638\B)

TO: Representative Eric Feige
Attn: Michael Paschall

FROM: Dennis C. Bailey
Legislative Counsel

You have requested an opinion concerning whether an ambulance service or an emergency medical service must be certified by the state under AS 18.08.082 or 18.08.084. I understand that testimony during a hearing on the bill stated that certification is required, and you are requesting a legal opinion on the subject.

AS 18.08.04(b) is a starting point. It provides:

> (b) A person, organization, or government agency may not represent itself as an emergency medical service or ambulance service certified by the state unless the person, organization, or government agency is certified as an emergency medical service under AS 18.08.082.

This section does not require that an ambulance service be certified. It only requires that if an ambulance service represents itself as certified, it must be certified.

AS 18.08.082 provides that the Department of Health and Social Services shall prescribe the prerequisites for certification for an emergency medical technician, an emergency medical technician instructor, an emergency medical dispatcher, or a person, organization, or government agency that provides emergency medical services, conducts training for a mobile intensive care paramedic, or represents itself as a trauma center.

AS 18.08.082 reads as follows:

> **Sec. 18.08.082. Issuance of certificates; designations.** (a) The department shall prescribe by regulation a course of training or other requirements prerequisite to the issuance of certificates that provide for the following:

> (1) certification of a person who meets the training and other requirements as an emergency medical technician, emergency medical technician instructor, or emergency medical dispatcher;
>
> (2) authorization for an emergency medical technician certified under this chapter to provide under the written or oral direction of a physician the advanced life support services enumerated on the certificate or enumerated on a written document filed with the department by the technician's medical director and approved by the department under its regulations;
>
> (3) certification that a person, organization, or government agency that provides an emergency medical service, conducts a training course for a mobile intensive care paramedic, or represents itself as a trauma center meets the minimum standards prescribed by the department for that service, course, or designation; and
>
> (4) authorization for an emergency medical service certified under this chapter to provide under the written or oral direction of a physician the advanced life support services enumerated on the certificate or enumerated on a written document filed with the department by the medical director for the emergency medical service and approved by the department under its regulations.
>
> (b) The department is the central certifying agency for personnel certified under (a)(1) and (2) of this section and under regulations adopted under AS 18.08.080.
>
> (c) The commissioner shall establish special designations in regulation for varying levels of trauma care provided by any certified trauma center in the state that shall be used to set compensation eligibility and amounts under AS 18.08.085. The designations shall be based on nationally recognized standards and procedures.

While AS 18.08.082 requires certification for an emergency medical service, a close reading of AS 18.08.082 does not directly reveal a requirement that an ambulance service be certified. AS 18.08.084(c) prohibits a person from providing or offering advanced life support services outside a hospital unless authorized by law. There is no corresponding prohibition against providing or offering non-advanced life support (basic life support services) in statute. These provisions provide an argument that an emergency medical service, including an ambulance, providing only basic life support services would not have to be certified.

On the other hand an argument can be made that the definition of an "emergency medical service" under AS 18.08.082(8) reads:

> (8) "emergency medical service" means the provision of emergency medical care and transportation of the sick and injured;

This section, along with the definition of an "ambulance" which means; "any publicly or privately owned means of conveyance intended to be used and maintained or operated for the transportation of persons who are sick, injured, wounded, or otherwise helpless" may be used as the basis to conclude that an ambulance service must be certified.

In the limited time available, I have not been able to thoroughly analyze the boundaries of the issues relating to providing basic life support services without certification and I have not reviewed the regulations on this topic.

You may want to contact the Department of Health and Social Services to get their input on this issue.

If I may be of further assistance, please advise.

DCB:ljw:plm
12-173.ljw

Alaska State Legislature

REPRESENTATIVE
ERIC FEIGE
House District 12

House Resources Committee Co-Chair
Education Committee
Transportation Committee
Joint Armed Services Committee



During Session:
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Juneau, Alaska 99801-1182
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House of Representatives

MEMORANDUM

To: House Community and Regional Affairs Committee Members

From: Michael Paschall, Aide to Rep. Eric Feige

Date: February 29, 2012

Re: Questions concerning HB 219

During the Community and Regional Affairs Committee hearing on Feb. 16, you heard that AS 18.08.082 required those that provide emergency medical services are required to be licensed by the State of Alaska. There is no such provision in Title 18. AS 18.08.084 states, "(b) A person, organization, or government agency **may not represent itself as** an emergency medical service or ambulance service **certified by the state unless** the person, organization, or government agency **is certified as an emergency medical service** under AS 18.08.082" (emphasis added).

It is easy to misinterpret this statue, but if you read all of AS 18.08.082 and 18.08.084, you will see that the intention of the statute pertains primarily to advanced life support by emergency medical providers and other higher levels of care. It does provide that the state may certify ambulance services, but does not require certification. The state does certify emergency medical services and most are certified, but that is not the issue attempting to be addressed in the bill before the committee.

You also heard that AS 21.87.010 already provides almost the identical variance to that offered in this bill. AS 21.87.010 does provide a similar variance as sought by this bill, but the purpose of this bill is to provide an easy method for an organization to solicit funds from community members to support ongoing operations by providing an inducement to community members to contribute.

Under AS 21.87.010 an ambulance or emergency medical service certified by the state may be exempted from the chapter, if they are a municipality, nonprofit medical service corporation, or a nonprofit association. A gap arises if a nonprofit corporation is not a medical service corporation, which is most of the non-municipal ambulance services in Alaska and the services that would benefit most from this

legislation. In many cases emergency medical services are provided under the auspices of the local fire department and are often under contract with a municipality, but not a part of the municipality.

Under the provision in law, a new medical service corporation must also have, at a minimum, $100,000 available, and be certified by the state, both provisions which reduce the ability of a small community to start with basic medical transport – one of the groups we were hoping to help.

I provide this information to you in advance of Thursday's hearing to give you an opportunity to review the attached statutes and, if you desire, present additional questions to be answered prior to or during the hearing. Feel free to call.

Sec. 18.08.075. Authority of emergency medical technician.

(a) An emergency medical technician who responds to an emergency with an ambulance service or first responder service, who has in the technician's possession a current emergency medical technician identification card, and who provides emergency medical care or other emergency medical service, has the authority to

(1) control and direct activities at the accident site or emergency until the arrival of law enforcement personnel;

(2) order a person other than the owner to leave a building or place in the vicinity of the accident or other emergency for the purpose of protecting the person from injury;

(3) temporarily block a public highway, street, or private right-of-way while at the scene of an accident, illness, or emergency;

(4) trespass upon property at or near the scene of an accident, illness, or emergency at any time of day or night;

(5) enter a building, including a private dwelling, or premises where a report of an injury or illness has taken place or where there is a reasonable cause to believe an individual has been injured or is ill to render emergency medical care; and

(6) direct the removal or destruction of a motor vehicle or other thing that the emergency medical technician determines is necessary to prevent further harm to injured or ill individuals.

(b) A person who knowingly refuses to comply with an order of an emergency medical technician authorized under (a) of this section is, upon conviction, guilty of a class B misdemeanor. In this subsection, "knowingly" has the meaning given in AS 11.81.900(a).

History -

(Sec. 1 ch 84 SLA 1997)

Sec. 18.08.080. Regulations.

(a) The department shall adopt, with the concurrence of the Department of Public Safety, regulations establishing standards and procedures for the issuance, renewal, reissuance, revocation, and suspension of certificates required under AS 18.08.084, as well as other regulations necessary to carry out the purposes of this chapter.

(b) The department may charge fees set by regulation for the certification of individuals and organizations under this chapter.

History -

(Sec. 1 ch 100 SLA 1977; am Sec. 1 ch 78 SLA 1978; am Sec. 13 ch 36 SLA 1993)

AG Opinions -

This section gives the department authority to restrict the use of grant funds and grant income of all emergency medical services grants administered by the department, whether or not they are subject to AS 37.05.321, for the provision and coordination of emergency medical services, and to prohibit the use of grant funds and grant income for "lobbying," "influencing legislative action," "legislative monitoring," or any other purpose not directly related to the provision of those services. Such restrictions must be imposed by regulation. January 15, 1986, Op. Att'y Gen.

Sec. 18.08.082. Issuance of certificates; designations.

(a) The department shall prescribe by regulation a course of training or other requirements prerequisite to the issuance of certificates that provide for the following:

(1) certification of a person who meets the training and other requirements as an emergency medical technician, emergency medical technician instructor, or emergency medical dispatcher;

(2) authorization for an emergency medical technician certified under this chapter to provide under the written or oral direction of a physician the advanced life support services enumerated on the certificate or enumerated on a written document filed with the department by the technician's medical director and approved by the department under its regulations;

(3) certification that a person, organization, or government agency that provides an emergency medical service, conducts a training course for a mobile intensive care paramedic, or represents itself as a trauma center meets the minimum standards prescribed by the department for that service, course, or designation; and

(4) authorization for an emergency medical service certified under this chapter to provide under the written or oral direction of a physician the advanced life support services enumerated on the certificate or enumerated on a written document filed with the department by the medical director for the emergency medical service and approved by the department under its regulations.

(b) The department is the central certifying agency for personnel certified under (a)(1) and (2) of this section and under regulations adopted under AS 18.08.080.

(c) The commissioner shall establish special designations in regulation for varying levels of trauma care provided by any certified trauma center in the state that shall be used to set compensation eligibility and amounts under AS 18.08.085. The designations shall be based on nationally recognized standards and procedures.

History -

(Sec. 2 ch 78 SLA 1978; am Sec. 14 ch 36 SLA 1993; am Sec. 1 ch 98 SLA 2010)

Cross References -

For regulation of mobile intensive care paramedics and physician assistants, see AS 08.64.107.

Amendment Notes -

The 2010 amendment, effective June 22, 2010, added (c).

Editors Notes -

Section 28(c), ch. 36, SLA 1993 provides that notwithstanding the amendments to AS 08.64.380(4) and (b) of this section by ch. 36, "the license of a mobile intensive care paramedic issued by the State Medical Board before August 25, 1993 remains valid even though the licensee has not completed a certified training course as required under those sections."

Sec. 18.08.084. Certificate required.

(a) One may not represent oneself, nor may an agency or business represent an agent or employee of that agency or business, as an emergency medical dispatcher, emergency medical technician, or emergency medical technician instructor certified by the state unless the person represented is certified for that occupation under AS 18.08.082.

(b) A person, organization, or government agency may not represent itself as an emergency medical service or ambulance service certified by the state unless the person, organization, or government agency is certified as an emergency medical service under AS 18.08.082.

(c) A person may not provide, offer, or advertise to provide advanced life support services outside a hospital unless authorized by law.

(d) A person, organization, or government agency that provides, offers, or advertises to provide an emergency medical service may not provide advanced life support services unless authorized under AS 18.08.082.

(e) A hospital, clinic, or other entity may not represent itself as being a trauma center unless it is certified under AS 18.08.082 as meeting the criteria established for a trauma center.

(f) A person, organization, or government agency may not offer or conduct a training course that is represented as a course for mobile intensive care paramedics unless the person, organization, or agency is certified under AS 18.08.082 to offer or conduct that course.

History -

(Sec. 2 ch 78 SLA 1978; am Sec. 15, 16 ch 36 SLA 1993)

Sec. 18.08.085. Trauma care fund; creation.

(a) The trauma care fund is created. The purpose of the fund is to compensate certified trauma centers in the state that receive a special designation under AS 18.08.082(c) and that achieve or maintain the highest appropriate level of trauma care designation.

(b) The fund consists of money appropriated to it by the legislature, including donations, recoveries of or reimbursements for awards made from the fund, income from the fund, and other program receipts from activities under this chapter. Appropriations to the fund do not lapse.

(c) The commissioner shall administer the fund in accordance with the provisions of this chapter. The commissioner shall spend money from the trauma care fund for the purpose established in (a) of this section.

(d) The commissioner shall establish compensation standards under this section. The standards must include funding priorities for trauma centers receiving a special designation under AS 18.08.082(c). The commissioner may seek the advice of a special committee for review of statewide trauma care and compensation standards.

(e) The commissioner may not provide more than 25 percent of the total assets, including earnings, of the fund in a fiscal year to one trauma center.

History -

(Sec. 2 ch 98 SLA 2010)

Effective Date Notes -

Section 3, ch. 98, SLA 2010 makes this section effective June 22, 2010.

Sec. 18.08.086. Immunity from liability.

(a) A person certified under AS 18.08.082 who administers emergency medical services to an injured or sick person, a person or public agency that employs, sponsors, directs, or controls the activities of persons certified under AS 18.08.082 who administer emergency medical services to an injured or sick person, or a health care professional or emergency medical dispatcher acting within the scope of the person's certification who directs or advises a person to administer emergency medical services to an injured or sick person is not liable for civil damages as a result of an act or omission in administering those services or giving that advice or those directions if the administering, advising, and

directing are done in good faith and the injured or sick person reasonably seems to be in immediate danger of serious harm or death. This subsection does not preclude liability for civil damages that are the proximate result of gross negligence or intentional misconduct, nor preclude imposition of liability on a person or public agency that employs, sponsors, directs, or controls the activities of persons certified under AS 18.08.082 if the act or omission is a proximate result of a breach of duty to act created under this chapter. For the purposes of this subsection, "gross negligence" means reckless, wilful, or wanton misconduct.

(b) A physician who in good faith arranges for, requests, recommends, or initiates the transfer of a patient from a hospital to another hospital is not liable for civil damages as a result of arranging, requesting, recommending, or initiating the transfer if

(1) in the exercise of that degree of knowledge or skill possessed, or that degree of care ordinarily exercised by physicians practicing the same specialty in the same or similar communities to that in which the physician is practicing, the physician determines that treatment of the patient's medical condition is beyond the capability of the transferring hospital or the medical community in which the hospital is located;

(2) the physician has confirmed that the receiving facility is more capable of treating the patient; and

(3) the physician has secured a prior agreement from the receiving facility to accept and render the necessary treatment to the patient.

(c) A registered nurse or licensed practical nurse who escorts a patient in a means of conveyance not equipped as an ambulance is not liable for civil damages as a result of an act or omission in administering patient care services, if done in good faith and if the life of the injured or sick person is in danger. This subsection does not preclude liability for civil damages that are the result of gross negligence or intentional misconduct.

(d) A person certified as an emergency medical technician instructor, a person or entity certified to conduct a training course for mobile intensive care paramedics, and a person who employs or contracts with a certified emergency medical technician instructor or with a person or entity certified to conduct a training course for mobile intensive care paramedics is not liable for civil damages as a result of a negligent act or omission during a training course that injures the person or property of a person participating in the training course.

History -

(Sec. 2 ch 78 SLA 1978; am Sec. 2 ch 122 SLA 1986; am Sec. 17, 18 ch 36 SLA 1993)

Cross References -

For liability for services rendered by a physician-trained mobile intensive care paramedic, see AS 08.64.366.

For civil liability for emergency aid, see AS 09.65.090.

Collateral Refs -

Hospital's liability as to diagnosis and care of patients brought to emergency ward. 72 ALR2d 396.

Application of rule of strict liability in tort to person or entity rendering medical services. 100 ALR3d 1205.

Liability for injury or death allegedly caused by activities of hospital "rescue team". 64 ALR4th 1200.

Liability of operator of ambulance service for personal injuries to person being transported. 68 ALR4th 14.

Chapter 21.87. HOSPITAL AND MEDICAL SERVICE CORPORATIONS

Collateral Refs -

44 Am. Jur. 2d, Insurance, Sec. 15 et seq.; 61 Am. Jur. 2d, Physicians, Surgeons, and Other Healers, Sec. 118.

Sec. 21.87.010. Applicability.

(a) This chapter applies to every individual, person, firm, corporation, association, or organization of any kind hereafter engaging or purporting to engage in the provision of all or part of a health care service as defined in AS 21.87.330, for its subscribers in exchange for periodic prepayments in identifiable amount by or as to the subscribers.

(b) This chapter does not apply to

(1) insurers or fraternal benefit societies authorized to transact the kind of insurance involved under other chapters of this title;

(2) fraternal and other organizations exempted from AS 21.24;

(3) health care services provided by an employer to employees and their dependents, with or without contribution to the costs thereof by the employees, through health care service facilities owned, employed, or controlled by the employers;

(4) infrequent instances of prepayment by or for the patient direct to the physician or hospital for specific services thereafter rendered to the patient by the physician or hospital;

(5) ambulance or emergency medical services provided by a municipality, nonprofit medical service corporation, or nonprofit association if the person providing the services is certified under AS 18.08.082.

History -

(Sec. 1 ch 120 SLA 1966; am Sec. 1 ch 65 SLA 1990)

Sec. 21.87.020. Purpose and interpretation.

(a) It is the purpose of this chapter to regulate in the public interest the formation and operation of prepaid health care service organizations, in order that the services may be made available upon a basis of fair and equitable contracts through state-licensed nonprofit organizations meeting reasonable standards as to administration, reserves, and financial soundness.

(b) This chapter shall be liberally interpreted to effectuate the purpose declared in (a) of this section.

History -

(Sec. 1 ch 120 SLA 1966)

Sec. 21.87.030. Provisions exclusive.

A provision of this title does not apply to a health care service corporation unless contained or referred to in this chapter.

History -

(Sec. 1 ch 120 SLA 1966)

Decisions -

Stated in Premera Blue Cross v. State, 171 P.3d 1110 (Alaska 2007).

Sec. 21.87.040. Incorporation and certificate of authority required.
A person otherwise subject to this chapter may not engage or purport to engage in the provision of any part or all of a health care service for its subscribers in exchange for periodic prepayments in identifiable amount unless it is a service corporation incorporated under the laws of this state, and currently authorized as such a service corporation under a certificate of authority issued by the director under this chapter.
History -
(Sec. 1 ch 120 SLA 1966)

Sec. 21.87.050. Incorporation, approval of articles and amendments.

(a) A service corporation shall be formed as a nonprofit, nonstock medical service corporation, or hospital service corporation, or a combination medical and hospital service corporation, consistent with the applicable requirements of this chapter under the statutes of this state governing the formation of nonprofit, nonstock corporations in general.

(b) Before the articles of incorporation of the proposed corporation formed after July 1, 1966, are filed with the commissioner of commerce, community, and economic development, they shall be submitted to the director, and the commissioner may not file the articles unless the director's approval is endorsed thereon. The director shall approve the articles unless the director finds that they do not comply with law. If not approved, the director shall return the proposed articles of incorporation to the incorporators together with a written statement of particulars of the reasons for nonapproval.

(c) An amendment of the articles of incorporation of a service corporation may not be filed with the commissioner unless it is first submitted to and approved by the director, and bears the director's approval endorsed on it. The director shall approve the amendment unless the director finds that it was not lawfully adopted or that the articles of incorporation as amended would be unlawful. If not approved, the director shall return the proposed amendment to the corporation together with a written statement of the particulars of the reasons for nonapproval.
History -
(Sec. 1 ch 120 SLA 1966)
Revisors Notes -

In 1999, "commissioner of commerce and economic development" was changed to "commissioner of community and economic development" in (b) of this section in accordance with Sec. 88, ch. 58, SLA 1999. In 2004, "commissioner of community and economic development" was changed to "commissioner of commerce, community, and economic development" in (b) of this section, in accordance with Sec. 3, ch. 47, SLA 2004.

Sec. 21.87.060. Name of corporation.
A service corporation may not have or use a corporate or business name that includes the words "insurance," "casualty," "surety," "health and accident," "mutual," or other terms descriptive of an insurer or insurance business. A service corporation may not have or use a name so similar to that of another corporation transacting business in this state when the service corporation was formed that it would tend to confuse or mislead the public.

History -
(Sec. 1 ch 120 SLA 1966)

Sec. 21.87.070. Qualifications for certificate of authority.
The director may not issue or permit to exist a certificate of authority to be or act as a service corporation to a corporation that does not fulfill the following qualifications:

(1) it must be incorporated as provided in AS 21.87.050, as either a medical service corporation, or as a hospital service corporation, or as a combined medical and hospital service corporation;

(2) it must intend to and actually conduct its business in good faith as a nonprofit corporation;

(3) if a hospital service corporation, it must have in force at all times while so authorized, service agreements with participant hospitals located in the areas of the subscribers' residences, convenient as to location and sufficient as to capacity and facilities reasonably to furnish the hospital services provided or proposed to be provided by the corporation to its subscribers;

(4) if a medical service corporation, it must have in force service agreements with participant providers located in the areas of the subscribers' residences convenient as to location and sufficient in numbers and facilities reasonably to furnish the medical and surgical services provided or proposed to be provided by the corporation to its subscribers;

(5) if a newly formed corporation, it must possess sufficient available working funds to pay all reasonably anticipated cost of acquisition of new business and operating expenses, other than payment for hospital or medical services, for a period of not less than the six months following the date of issuance of the certificate of authority, if issued, or $100,000, whichever amount is greater;

(6) it must fulfill all other applicable requirements of this chapter.

History -
(Sec. 1 ch 120 SLA 1966; am Sec. 3 ch 40 SLA 1981)

Sec. 21.87.080. Application for certificate of authority.

(a) Application for a certificate of authority to transact business as a service corporation shall be made to the director, on forms as prepared and furnished by the director and requiring the information relative to the applicant, its directors, officers, and affairs as the director may reasonably require consistent with this chapter.

(b) The application shall be accompanied by the following documents that are not already on file with the director:

(1) one copy of the applicant's articles of incorporation and of all amendments, certified by the commissioner;

(2) one copy of the applicant's bylaws, certified by its corporate secretary;

(3) if a medical service corporation, a copy of each form of service agreement entered into or proposed to be entered into with participant providers, together with a list showing the name, residence and office addresses, and date of execution of the service agreement by each participant provider;

(4) if a hospital service corporation, a copy of each service agreement entered into with participant hospitals certified by the applicant's corporate secretary;

(5) a copy of each form of subscribers' contract proposed to be offered;

(6) a schedule of the rates proposed to be charged subscribers;

(7) a financial statement of the applicant as of a date not more than 30 days before the filing of the application, showing among other things the amount of working funds available to the applicant, the source of the funds, and accompanied by a copy of the agreement under which the funds were contributed to or provided for the applicant;

(8) a copy of any other relevant document reasonably requested by the director.

(c) At the time of filing the application the applicant shall pay to the director an application fee and a fee for issuance of the certificate of authority set under AS 21.06.250.

History -

(Sec. 1 ch 120 SLA 1966; am Sec. 4 ch 40 SLA 1981; am Sec. 26 ch 26 SLA 1985)

Sec. 21.87.090. Issuance or refusal of certificate of authority.

(a) If, after the application for certificate of authority is completed, the director finds that the applicant is fully qualified for a certificate of authority in accordance with this chapter, and that the service agreements, subscribers contracts, schedule of rates are in compliance with the applicable provisions of this chapter, the director shall issue to the applicant a certificate of authority as a medical service corporation or as a hospital service corporation, or as a combined medical and hospital service corporation, as the case may be.

(b) If the director does not so find, the director shall refuse to issue a certificate of authority and shall give the applicant written notice setting out the particulars of the reasons for the refusal, accompanied by return of the fee tendered for issuance of the certificate of authority.

(c) The director shall either issue or refuse to issue the certificate of authority within a reasonable time after the filing and completion of application.

History -

(Sec. 1 ch 120 SLA 1966)

Sec. 21.87.100. Continuance or expiration of certificate of authority.

(a) A certificate of authority issued to a service corporation shall continue in force as long as the corporation is entitled to it under this chapter, and until suspended or revoked by the director or terminated at the request of the corporation; subject, however, to continuance of the certificate by the corporation each year by

(1) payment, before June 30, of the continuation fee set under AS 21.06.250;

(2) filing by the insurer of its annual statement for the preceding calendar year as required under AS 21.87.240.

(b) If not continued by the service corporation, its certificate of authority shall expire at midnight on the June 30 following the failure of the insurer to continue it in force. The director shall promptly notify the insurer of the occurrence of a failure resulting in impending expiration of its certificate of authority.

History -

(Sec. 1 ch 120 SLA 1966; am Sec. 27 ch 26 SLA 1985)

Sec. 21.87.110. Suspension or revocation of certificate of authority.

(a) The director shall suspend or revoke the certificate of authority of a service corporation that the director finds, after a hearing, is no longer qualified under this chapter.

(b) The director may after a hearing, suspend or revoke the certificate of authority for a violation by the service corporation of a provision of this chapter for which mandatory suspension or revocation is not required under (a) of this section, or on an applicable ground set out in AS 21.09.140 and 21.09.150.

(c) A service corporation may not, while its certificate of authority is suspended or revoked, transact business as a service corporation other than that necessary and incidental to the discharge of its contracts and agreements outstanding on the day the suspension or revocation became effective. The corporation may not, after the revocation of its certificate of authority, solicit or issue new subscriber's contracts.

History -

(Sec. 1 ch 120 SLA 1966)

Sec. 21.87.120. Services and benefits that may be provided by medical service corporations.

(a) A medical service corporation shall have the right to provide to its subscribers part or all of the following services and benefits only:

(1) medical and surgical services furnished to the subscriber by participant providers;

(2) indemnity in reasonable amount with respect to medical and surgical services furnished to the subscriber by nonparticipant providers, but subject to AS 21.87.070(4);

(3) indemnity in reasonable amount with respect to hospital services furnished the subscriber while under the care and treatment of a participant provider or under the care and treatment of another provider upon referral by a participant provider;

(4) indemnity in reasonable amount with respect to appliances, prosthetics, and similar devices and replacements, and ambulance, x-ray, physiotherapy, and similar services.

(b) This section does not prohibit the corporation from acting as compensated servicing agent as to health care services to be provided by a public agency, or under agreements between other parties not solicited by the corporation.

History -

(Sec. 1 ch 120 SLA 1966; am Sec. 5 - 7 ch 40 SLA 1981)

Sec. 21.87.130. Services and benefits that may be provided by hospital service corporations.

(a) A hospital service corporation shall have the right to provide to its subscribers part or all of the following services and benefits only:

(1) hospital services furnished to the subscriber by participant hospitals;

(2) indemnity in a reasonable amount with respect to hospital services furnished to the subscriber by nonparticipant hospitals, but subject to AS 21.87.070(3);

(3) indemnity in a reasonable amount for other health care services, as defined in AS 21.87.330.

(b) This section does not prohibit the corporation from acting as compensated servicing agent as to health care services to be provided by a public agency, or under agreements between other parties not solicited by the corporation.

History -

(Sec. 1 ch 120 SLA 1966)

Sec. 21.87.140. Medical service agreements.

(a) A medical service corporation shall enter into service agreements with providers licensed by the state only.

(b) Each service agreement shall require the participant providers to furnish to subscribers of the service corporation the medical or surgical services, or both, that are, under the subscriber's contract, to be furnished by participant providers. This obligation to furnish the service, as provided for in the subscriber's contract, shall be a direct obligation of the participant providers to the subscribers as well as to the service corporation.

(c) Each service agreement shall further effectively provide in substance that

(1) the participant provider shall be compensated for services rendered to a subscriber in accordance with terms contained in the agreement or attached to and made a part of the agreement and that the participant provider may not request or receive from the service corporation compensation for the services that is not in accord with the terms;

(2) compensation for services may be prorated and settled under the circumstances and in the manner referred to in AS 21.87.300;

(3) if the participant provider withdraws from the agreement, the withdrawal may not be effective as to a subscriber's contract in force on the date of the withdrawal until the termination of the subscriber's contract or the next anniversary of the subscriber's contract, whichever date is the earlier.

(d) The proposed form of the service agreement shall be filed with the director and is subject to the approval of the director under AS 21.87.180.

History -

(Sec. 1 ch 120 SLA 1966; am Sec. 8 - 11 ch 40 SLA 1981; am Sec. 103 ch 81 SLA 1997)

Sec. 21.87.150. Hospital service agreements.

(a) A hospital service corporation shall enter into service agreements with hospitals approved or licensed by the state only.

(b) Each service agreement must require the participant hospital to furnish to subscribers of the service corporation the hospital services that are, under the subscriber's contract, to be furnished by participant hospitals; and this obligation to furnish the service, as provided for in the subscriber's contract, shall be a direct obligation of the participant hospitals to the subscribers as well as to the service corporation.

(c) Each service agreement must further effectively in substance provide that

(1) the participant hospitals shall be compensated for services rendered to a subscriber in accordance with terms contained in the agreement or attached to and made a part of the agreement and that the hospital may not request or receive from the service corporation compensation for the services that is not in accord with the terms;

(2) compensation for services may be prorated and settled under the circumstances and in the manner referred to in AS 21.87.300;

(3) if the participant hospital withdraws from the agreement, the withdrawal may not be effective as to a subscriber's contract in force on the date of the withdrawal until the termination of the subscriber's contract or the next anniversary of the subscriber's contract, whichever date is the earlier.

(d) The service corporation shall terminate the service agreement of a particular participant hospital, in addition to other bases of termination provided for in the agreement, if it is determined that the hospital has knowingly charged or attempted to charge the service corporation for a service not actually rendered, or has knowingly violated a material provision of the service agreement.

(e) The proposed form of a service agreement and of the standard riders and endorsements to it shall be filed with the director and are subject to the approval of the director under AS 21.87.180.

History -

(Sec. 1 ch 120 SLA 1966; am Sec. 104 ch 81 SLA 1997)

Sec. 21.87.160. Subscriber's contracts.

(a) Each subscriber's contract issued after July 1, 1966, by a service corporation constitutes a direct obligation of the participant providers or participant hospitals of the service corporation to render the medical or hospital services, as the case may be, as agreed to be rendered by the participants in the subscriber's contract.

(b) Each subscriber's contract or certificate must in adequate detail set out provisions from which can be readily determined

(1) the services to which the subscriber is entitled from participant providers or participant hospitals, as the case may be;

(2) the benefits, if any, to which the subscriber is entitled on an indemnity basis, consistent with AS 21.87.120, 21.87.130 and the other provisions of this chapter;

(3) the periodic subscription charge, rate, or fee payable by or to the subscriber; or, if not so expressed and the charge, rate, or fee is subject to change, the subscriber's contract must require that not less than 30 days' written notice of the new charge, rate, or fee shall be given to the subscriber or the remitting agent of the subscriber before the change is effective;

(4) the date when the respective services and benefits become available to the subscriber, date of expiration of the contract, and the terms, if any, under which the contract may be continued or renewed;

(5) all other terms and conditions of the agreement between the parties consistent with this chapter;

(6) that the subscriber's contract and riders and endorsements thereon or thereto, together with application therefor, if any, signed by the subscriber, and identification issued to the subscriber, constitutes the entire contract between the parties.

(c) A contract may not restrict the subscriber's right to free choice of provider or hospital, but must restrict benefits to be provided on a service basis to services rendered by participant providers and participant hospitals.

(d) All exceptions and exclusions in the contract shall be printed and otherwise set out as prominently as the services or benefits to which they apply.

(e) This title may not be construed to prohibit a service corporation from issuing contracts to groups of persons under a master contract. In this event, however, each subscriber covered under the

master contract shall be issued an individual certificate that shall set out in adequate detail the provisions itemized in (b) of this section.

(f) All proposed forms of subscriber's contracts shall be filed with the director and are subject to the approval of the director under AS 21.87.180.

History -

(Sec. 1 ch 120 SLA 1966; am Sec. 12 - 14 ch 40 SLA 1981)

Sec. 21.87.170. Minimum service benefits.

(a) Each service agreement and subscriber's contract entered into or issued by a service corporation must provide for health care services of a substantial and broad character to be rendered to subscribers on a service basis by participant providers or participant hospitals.

(b) The director may, after a hearing, by regulation establish certain minimums of service benefits to be provided consistent with (a) of this section.

History -

(Sec. 1 ch 120 SLA 1966; am Sec. 15 ch 40 SLA 1981)

Sec. 21.87.180. Filing and approval of agreements and contracts.

(a) A service corporation may not issue or use a basic form of service agreement or subscriber's contract, or application, identification, supplement, or endorsement to be connected with the agreement or contract, until the form has been filed with and approved by the director. This provision does not apply to riders, endorsements, or other forms of unique character designed for and used with relation to a particular subject.

(b) The director shall approve the form unless disapproved on one or more of the grounds set out in (c) of this section. If not approved or disapproved by order transmitted to the filing service corporation within 30 days after the date filed, the form shall be considered to have been approved.

(c) The director shall disapprove a proposed form referred to in (a) of this section, that

(1) is in any respect not in compliance with or in violation of law;

(2) contains an inconsistent, ambiguous, or misleading clause, or exceptions and conditions that deceptively affect the services or benefits purported to be provided for in the general terms of the agreement or contract;

(3) has any indication of its provisions which is misleading; or

(4) is printed or otherwise reproduced in a manner that renders a provision of the form substantially illegible.

(d) In an order of disapproval the director shall state the particulars of the grounds for disapproval.

(e) A filing under this section is open to public inspection after the date the filing becomes effective.

History -

(Sec. 1 ch 120 SLA 1966; am Sec. 105 ch 81 SLA 1997; am Sec. 25 ch 30 SLA 2009)

Amendment Notes -

The 2009 amendment, effective July 1, 2009, added (e).

Sec. 21.87.190. Charges and rates; rating methods.

(a) Subscription rates, fees, and payments to be charged by a service corporation to or on account of its subscribers may not be excessive, inadequate, or unfairly discriminatory; and rates of payments to be made to participant providers and participant hospitals for services rendered under a subscriber's contract, shall be fair and reasonable.

(b) The service corporation shall, before use, file with the director (1) a schedule of subscription rates, fees, or payments of any kind to be charged subscribers; (2) every rating manual, schedule, plan, rule, or formula; and (3) any modification to the rating manual, schedule, plan, rule, or formula. Each filing must state the effective date and must provide a comprehensive description of the coverage. A detailed rate justification, including a rate formula, is confidential.

(c) If the subscriber's contracts to be issued by the service corporation provide for indemnity benefits, where permitted under this chapter, the service corporation shall include in the rate, fee, or payment required of the subscriber an adequate additional charge for the indemnity benefit, and shall separately set out the amount of the additional charge in the schedule filed with the director.

History -

(Sec. 1 ch 120 SLA 1966; am Sec. 16 ch 40 SLA 1981; am Sec. 106 ch 81 SLA 1997; am Sec. 58 ch 38 SLA 2002)

Sec. 21.87.200. Reserves.

In addition to the surplus fund provided for in AS 21.87.210, each service corporation shall establish and maintain unimpaired reserves and liabilities required under AS 21.18.050.

History -

(Sec. 1 ch 120 SLA 1966; am Sec. 17 ch 40 SLA 1981; am Sec. 107 ch 81 SLA 1997)

Sec. 21.87.210. Surplus fund.

(a) Each service corporation shall set aside into a "surplus fund" an amount of money equal to not less than two percent of all sums hereafter received by it on account of subscriber's contracts, until the surplus fund amounts to not less than $50,000 if a medical service corporation or hospital service corporation, or $100,000 if a combination medical-hospital service corporation.

(b) After the minimum surplus fund is established the service corporation may in like manner increase it to an amount not to exceed the total gross collections from subscribers during the immediately preceding seven months.

(c) That portion of the surplus fund referred to in (a) of this section may be used by the service corporation by express appropriation by action of its board of directors solely if necessary to pay the additional health care costs and expenses under its contracts resulting from disease, epidemic or catastrophic occurrences in which numerous persons were injured in the same occurrence.

(d) If the surplus fund is at any time depleted below the minimum amount required under (a) of this section, the service corporation shall replenish the fund by a resumption or continuance of allocations from subscribers' payments, as provided for original accumulation of the fund under (a) of this section, or by other reasonable means that may be approved by the director.

(e) The director may adopt regulations that are necessary to assure that each service corporation maintains an adequate surplus fund.

History -
(Sec. 1 ch 120 SLA 1966)

Sec. 21.87.220. Investments.

(a) A service corporation shall invest and have invested its funds in the following investments only:

(1) cash on deposit or in savings accounts in banks or trust companies in this state;

(2) deposits in or shares of the savings and loan associations that are insured by an instrumentality of the United States government, and not in excess of the amount of the insurance in any one such institution;

(3) public obligations, as provided under AS 21.21;

(4) corporate obligations, as provided under AS 21.21; and

(5) real estate for use as a home office, at a cost not exceeding 10 percent of the corporation's assets at the time of investment, unless a larger amount has been approved by the director.

(b) AS 21.21 shall apply to the investments of service corporations, to the extent applicable, and for the purposes of the application a service corporation shall be considered to be an insurer.

(c) The director may adopt regulations governing the extent to which the sections referred to in (b) of this section are applicable to a service corporation.

History -
(Sec. 1 ch 120 SLA 1966; am Sec. 79 ch 81 SLA 2001)

Sec. 21.87.230. Records and accounts.

(a) Every service corporation shall establish and maintain complete and accurate records and accounts covering its transactions and affairs, in accordance with common and accepted principles and practices of insurance accounting and record keeping as applied to the business of the corporation.

(b) Among other records, the corporation shall establish a separate record of each claim received for benefits under a subscriber's contract, whether the claim is for service or for indemnity. The claim record must contain information reasonably necessary for the determination of

(1) the identity of the claimant;

(2) the nature of the claim;

(3) the probable amount to be paid by the corporation on account of the claim;

(4) the amounts actually paid by the corporation on account of the claim.

History -
(Sec. 1 ch 120 SLA 1966)

Sec. 21.87.240. Annual statement and fees.

(a) Each service corporation shall annually before March 2 file with the director a statement of its financial condition as at the preceding December 31. The statement must be in the form, and provide for the information relative to the corporation's affairs, that the director prescribes, consistent with this chapter. The statement shall be verified under oath by at least two of the corporation's principal administrative officers.

(b) At the time of filing the statement, the corporation shall pay a fee set under AS 21.06.250.

History -
(Sec. 1 ch 120 SLA 1966; am Sec. 28 ch 26 SLA 1985)

Sec. 21.87.250. Examination.
Every service corporation shall be subject to examination by the director, with the same rights and powers and in the same manner as is provided in this title for the examination of insurers; and for the purposes thereof AS 21.06.120 - 21.06.180 shall, to the extent applicable, apply to such a corporation, which, for the purpose of the application shall be considered to be an insurer.
History -
(Sec. 1 ch 120 SLA 1966)
Revisors Notes -
Rewritten in 1984 by consolidating the provisions of former paragraphs (1)-(9) into the text.

Sec. 21.87.260. Taxation.
Every hospital and medical service corporation doing business under this chapter shall be taxed as provided in AS 21.09.210.
History -
(Sec. 1 ch 120 SLA 1966)
Decisions -
Stated in Premera Blue Cross v. State, 171 P.3d 1110 (Alaska 2007).

Sec. 21.87.270. Joint operations.
(a) A hospital service corporation and a medical service corporation may operate under joint management for the purpose of reducing operating costs.
(b) Separate records and accounts shall be kept for each corporation, and the funds and assets of one may not be commingled with those of the other; except that funds received from a joint billing to subscribers may be deposited in a common bank account for purposes of collection, if the records of each corporation at all times show the amount of the funds belonging to each and if final distribution of the funds is made to each corporation within 30 days from receipt of payment of the joint billing.
History -
(Sec. 1 ch 120 SLA 1966)
Revisors Notes -
In 1991, in (b), "assets of one" was substituted for "assets on one" to correct a manifest error in ch. 120, SLA 1966.

Sec. 21.87.280. Combined corporation.
(a) A service corporation may be formed as, or may by suitable amendment of its articles of incorporation become, a combined medical service and hospital service corporation. As to its medical services each combined service corporation shall fully comply with those provisions of this chapter especially applicable as to medical service corporations; and as to its hospital services the corporation shall fully comply with those provisions of this chapter especially applicable as to hospital service corporations.

(b) Subject to (a) of this section, nothing in this chapter prohibits a combined service corporation from issuing subscriber's contracts providing for both medical services and hospital services.
History -
(Sec. 1 ch 120 SLA 1966)

Sec. 21.87.290. Contracts covering workers' compensation risks.
A service corporation may not issue a subscriber's contract covering, or otherwise insure, an industrial injury or illness if health care service or indemnity benefits are provided by either federal or state law, or under the Alaska Workers' Compensation Act.
History -
(Sec. 1 ch 120 SLA 1966)

Sec. 21.87.300. Annual adjustment of service payments.

(a) At least once each year each service corporation shall make a special accounting, at which time any prorated settlements for bills submitted by participant providers or hospitals for services rendered during the preceding calendar year shall be adjusted, and any deficits made up on a uniform basis as to all participants to the extent of funds available.

(b) Funds of the service corporation remaining after the annual accounting, and after adequate provision for all its liabilities and reserves, and for the surplus fund required under AS 21.87.210, may be used by the corporation, upon express authorization by its board of directors, for any of the following purposes:

(1) to liquidate on a uniform and pro rata basis charges for services by participant providers or participant hospitals not paid in full upon the settlement of bills in previous years;

(2) to pay off any part or the whole of an outstanding contribution of working capital to the corporation, the payment to be prorated on a uniform basis among all the outstanding contributions; or

(3) to reduce the rates thereafter to be charged subscribers, or to expand the services or benefits thereafter to be provided under subscription contracts.

History -
(Sec. 1 ch 120 SLA 1966; am Sec. 18, 19 ch 40 SLA 1981)

Sec. 21.87.310. Fidelity bond.
Each service corporation shall procure and maintain in force a fidelity bond or bonds, with authorized corporate surety, covering every officer or employee entrusted with the handling of its funds, in an amount, but not less than $5,000, that may be fixed by its board of directors.
History -
(Sec. 1 ch 120 SLA 1966)

Sec. 21.87.320. Fee and licenses. [Repealed, Sec. 30 ch 26 SLA 1985].

Repealed or Renumbered

Sec. 21.87.330. Definitions.
In this chapter,

(1) "health care service" means a service rendered to an individual for diagnosis, relief, or treatment of an injury, ailment, or bodily condition;

(2) "hospital service corporation" means a service corporation that principally provides hospital services;

(3) "medical service corporation" means a service corporation that principally provides medical or surgical services;

(4) "nurse midwife" means a registered professional nurse who is certified as an advanced nurse practitioner under AS 08.68.850 and authorized to practice as a nurse midwife under regulations adopted in accordance with AS 08.68;

(5) "participant hospital" is one that has entered into a service agreement with a service corporation;

(6) "participant provider" means a provider who has entered into a service agreement with a service corporation;

(7) "physician" includes also "surgeon;"

(8) "provider" means a physician, dentist, osteopath, optometrist, chiropractor, nurse midwife, or other licensed health care practitioner;

(9) "service agreement" is a contract between a service corporation and a provider or hospital under which the provider or hospital agrees to render all or part of one or more health care services to subscribers of the service corporation;

(10) "service corporation" means a corporation providing all or part of one or more health care services for subscribers in exchange for periodic prepayments in identifiable amount by or as to the subscribers;

(11) "subscriber's contract" is that between the service corporation and its subscriber under which all or part of one or more health care services is to be rendered to or on behalf of the subscriber by a participant provider or hospital that has entered into a service agreement with the corporation covering the services.

History -

(Sec. 1 ch 120 SLA 1966; am Sec. 20 - 23 ch 40 SLA 1981)

Revisors Notes -

Reorganized in 1984 to alphabetize the defined terms. In 2010, in paragraph (4), "AS 08.68.850" was substituted for "AS 08.68.410" to reflect the 2010 renumbering of AS 08.68.410.

Sec. 21.87.340. Other provisions applicable.

In addition to the provisions contained or referred to previously in this chapter, the following chapters and provisions of this title also apply with respect to service corporations to the extent applicable and not in conflict with the express provisions of this chapter and the reasonable implications of the express provisions, and, for the purposes of the application, the corporations shall be considered to be mutual "insurers":

(1) AS 21.03;

(2) AS 21.06;

(3) AS 21.07;

(4) AS 21.09, except AS 21.09.090;

(5) AS 21.18.010;
(6) AS 21.18.030;
(7) AS 21.18.040;
(8) AS 21.18.080 - 21.18.086;
(9) AS 21.36;
(10) AS 21.42.110, AS 21.42.345 - 21.42.395;
(11) AS 21.51.120 and 21.51.400;
(12) AS 21.53;
(13) AS 21.54;
(14) AS 21.56;
(15) AS 21.69.400;
(16) AS 21.69.520;
(17) AS 21.69.600, 21.69.620, and 21.69.630;
(18) AS 21.78;
(19) AS 21.96.060;
(20) AS 21.97.

History -

(Sec. 1 ch 120 SLA 1966; am Sec. 1 ch 92 SLA 1974; am Sec. 2 ch 95 SLA 1975; am Sec. 2 ch 84 SLA 1976; am Sec. 24 ch 40 SLA 1981; am Sec. 3 ch 45 SLA 1981; am Sec. 3 ch 150 SLA 1988; am Sec. 4 ch 106 SLA 1990; am Sec. 4 ch 133 SLA 1990; am Sec. 2 ch 69 SLA 1991; am Sec. 2 ch 28 SLA 1992; am Sec. 2 ch 101 SLA 1992; am Sec. 8 ch 39 SLA 1993; am Sec. 108 ch 81 SLA 1997; am Sec. 84 ch 81 SLA 2001; am Sec. 59, 60 ch 38 SLA 2002; am Sec. 26 ch 30 SLA 2009)

Revisors Notes -

Reorganized in 1990 to place the statutory references in numerical order, in 2001 to reflect the 2002 repeal of former paragraphs (7) and (8), and in 2002 to retain the statutory references in numerical order following the 2002 addition of new paragraphs and the repeal of former paragraph (17).

In 2010, in paragraph (10), "AS 21.42.345 - 21.42.395" was substituted for "AS 21.42.345 - 21.42.365, and 21.42.375 - 21.42.500" to reflect the 2010 renumbering of AS 21.42.370. In 2010, in paragraph (19), "AS 21.96.060" was substituted for "AS 21.89.060" to reflect the 2010 renumbering of AS 21.89.060, and in paragraph (20), "AS 21.97" was substituted for "AS 21.90" to reflect the 2010 renumbering of AS 21.90.

Amendment Notes -

The 2009 amendment, effective July 1, 2009, in (10), added "AS 21.42.110,"; in (11), added "and 21.51.400".

Decisions -

Quoted in Premera Blue Cross v. State, 171 P.3d 1110 (Alaska 2007).

Sec. 21.87.350. Existing certificates of authority.

A health care service contractor registered to do business in this state on July 1, 1966, is entitled to be registered under this chapter, whether or not it meets the requirements of this chapter.

History -

(Sec. 1 ch 120 SLA 1966)

ALASKA FIRE CHIEF'S ASSOCIATION

2358 Bradway Road, North Pole, Alaska 99705
Phone: (907) 488-3400 FAX: (907) 488-6118

February 27, 2012

Rep. Eric Feige
State Capitol Room 126
Juneau, Alaska 99801-1182

Reference: HB219 "An Act exempting certain emergency medical and fire department services from regulation as insurance."

Dear Rep. Feige,

I am writing today on behalf of the Alaska Fire Chiefs Association in support of HB219 "An Act exempting certain emergency medical and fire department services from regulation as insurance."

In some of our smaller communities across the State of Alaska raising funds to provide for Fire and EMS services is difficult at best. They are not supported through local taxation and survive through donations and other fund raising means.

A model that has been used nationally is for the local Fire or EMS agency to charge a subscription or fee to provide services to an individual or family. The revenue generated by these fees goes directly to support the operations of the Emergency Service Provider.

We feel that HB219 makes clear that these agencies are not providing insurance and should not be regulated as such.

Sincerely,

Jeff Tucker, Fire Chief
AFCA Legislative Committee Chair

City of Delta Junction

P.O. Box 229, Delta Junction, Alaska 99737
Ph 907-895-4656 Fax 907-895-4375
www.ci.delta-junction.ak.us
city@ci.delta-junction.ak.us

Welcome to the Friendly Frontier

Mayor
Bryce Ward
Vice Mayor
Bill Allen
Council Members
Seat A
Term Expires 2013
Seat B
Term Expires 2013
Seat C
Term Expires 2012
Seat D
Term Expires 2012
Seat E
Term Expires 2012
Seat F
Term Expires 2012
Mike Tvenge
City Administrator
Pat White
City Clerk
Dave Zimmerman
Finance Officer
Lotha Burcham
Administrative Assistant
Jim Dahlke
City Attorney

February 16, 2012

Re: House Bill 219
HCRA/4272/jnu*/8-10a

Good morning,

My name is Mike Tvenge, City Administrator for Delta Junction. Our Mayor and City Council support HB 219.

This bill would assist local volunteer departments such Delta Junction's, to solicit funding without an added financial impact to families during times of loss.

Donations to our volunteer fire department dropped by nearly 50% when the Division of Insurance determined our subscription plan was a form of insurance. We were unable to follow our City Ordinance which contained language similar to this HB 219.

Volunteer emergency services need revenue to operate and this bill is a funding mechanism towards sustainability.

Thank you for the opportunity to speak in favor of this House Bill.

Mike Tvenge

HB

264

<TARGET><BILL>HB 264</BILL><SUBJECT>HB 264</SUBJECT><COMM>HCRA27</COMM></TARGET>

REPRESENTATIVE CATHY MUÑOZ

SPONSOR STATEMENT
HOUSE BILL 264

"An Act allowing a deferral of municipal property taxes on the increase in the value of real property attributable to subdivision of that property; and providing for an effective date."

Passage of House Bill 264 will give municipalities the option to provide an incentive to develop land for housing by deferring for up to five years a property tax increase associated with subdividing a piece of property into three or more parcels.

The measure would give municipalities the flexibility to defer increases in property taxes on subdivided parcels until a lot is sold or a city grants a building permit for that piece of property. It would allow a local government to adopt the optional deferral for all or a portion of a subdivided portion. It would let a municipality decide the terms of paying the tax deferral and when those payments would be due.

Supporters of this measure say it would remove a disincentive for developing privately owned property by holding taxes at the undeveloped land value until improvements occur that lead to a parcel's being developed and sold – thus becoming more valuable and capable of generating more revenues for local governments that choose to exercise this option.

The purpose of the bill is to encourage land development for more housing and let local governments decide whether a property tax deferral will benefit them.

Alaska State Capitol, Room 403 Juneau, Alaska 99801 (907) 465-3744

REPRESENTATIVE CATHY MUÑOZ

MEMORANDUM

To: Members of the House Community and Regional Affairs Committee

Cc: Terry Harvey, Aide
House Community and Regional Affairs Committee

From: Christopher Clark, Aide
Rep. Cathy Muñoz

Date: January 31, 2012

Re: Sectional analysis of HB 264, relating to a property tax deferral

---

Kindly note that a sectional analysis of a bill or resolution should not be considered an authoritative interpretation of the measure itself. The legislation is the best statement of its contents.

Section 1. Amends Chapter 29.45, Municipal Taxation, by adding a new section, 29.45.051, that gives a municipality the option to allow a land owner to defer paying a property tax increase that results from subdividing a piece of property into three or more parcels.

A property tax deferral could last up to five years.

The property tax deferral would end for a particular parcel after it is sold or the municipality grants a building permit for it.

Section 2. Provides for an effective date of July 1, 2012.

Alaska State Capitol, Room 403 Juneau, Alaska 99801 (907) 465-3744

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB 264**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB264-DCCED-DCRA-02-10-12
Title: MUNI PROPERTY TAX EXEMPTION: SUBDIVISIONS
Sponsor: Representative Munoz
Requester: House Community & Regional Affairs

Dept. Affected: DCCED
Appropriation: Community and Regional Affairs
Allocation: Community and Regional Affairs
OMB Component Number: 2879

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0
Travel	0.0		0.0	0.0	0.0	0.0	0.0
Services	0.0		0.0	0.0	0.0	0.0	0.0
Commodities	0.0		0.0	0.0	0.0	0.0	0.0
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial Version

Prepared by: Scott Ruby — Phone: 269-4569
Division: Community and Regional Affairs — Date/Time: 2/10/2012 9:45am
Approved by: JoEllen Hanrahan, Director Administrative Services — Date: 2/10/2012
Commerce, Community, and Economic Development

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB 264

Analysis

HB 264 authorizes municipalities to adopt by ordinance a program to defer tax payments on certain newly subdivided properties.

This legislation allows for a deferral – up to five years, not an exemption from property taxes. It seeks to ease the short term cost of subdivision and development of properties, which could provide an incentive for local development and result in a net increase in property values. The property tax that is deferred is the portion attributable to the increase in assessed value.

There would be no fiscal impact to the Department if this legislation was enacted.

Juneau Empire Editorial: City's Top 10 goals: Tricks or Treats?
Posted: November 13, 2011 - 12:06 a.m.

The City and Borough of Juneau Assembly finalized its list of top 10 goals for 2011-12 at its Halloween meeting of the Committee of the Whole.

While the list offered some treats, it was a bit scary to see aiding affordable housing efforts left off the list.

The issue is important enough the League of Women Voters made it its No. 1 question for Assembly candidates to answer in its pre-election questionnaire.

Each Assembly candidate touched on it during conversations with the Empire's editorial board.

Yet, when it came time to pick priorities for the year, there was no definite commitment to this issue.

The best the Assembly could muster was to try to "(f)ind ways to reach out not only to our neighboring Southeast communities, but all Alaska communities to enhance Juneau as the Capital City and an important regional economic and transportation hub," a pledge that could be fulfilled by ensuring the name Juneau is spelled correctly on state maps and shipping charts.

The problem is obvious.

The average cost of a single-family home in Juneau is $321,391, according to a recent report by the Juneau Economic Development Council.

The U.S. Census Bureau puts the national number at $243,900.

Juneau's rental vacancy and homeowner vacancy rates were at 3.2 and 1.4 percent, respectively, well below the 5 percent threshold needed for a healthy balance between profitability for landlords and sellers and affordability for renters and buyers.

The JEDC report concludes Juneau needs 360 more single-family residential units for our housing market to be healthy. And that's with Juneau's trend of nearly-flat population growth. When Juneau grows — as it must to enhance its role as a leading city in Alaska and Southeast — the problem will only be compounded if not addressed now.

Obvious problems do not always present apparent causes or lead to easy solutions, which is why we look to the Assembly for guidance.

When we spoke to candidates to get their takes on the housing issue, some reasons presented for Juneau's housing predicament — illogical demands and inexplicable delays in obtain building permits and a property tax system that can instantly increase the assessed value of a newly-subdivided lot several fold — are obstacles the Assembly can take the lead on addressing. Are building codes addressing the needs to foster safe construction and protect Juneau's environment, or are there some that are either outdated or designed as solutions in search of a problem?

A thorough review of Juneau's permitting requirements would answer those questions and could clear the way for developers exasperated with delays and denials to give building a fresh look. A property tax structure that doesn't punish an owner who subdivides his lot with a sudden spike in assessed value would also help.

Then-candidate Jesse Kiehl suggested delaying the tax increase for five years so the subdivider would have time to improve the land, build a house and sell it so the tax burden could be shared, an idea with significant merit.

Juneau's lack of affordable housing has been an issue for several years, and no action taken has significantly alleviated it. The time has come for the Assembly to take affirmative action to address this problem, both in the short term and the long term. We're hopeful the Assembly will revise its top 10 list and make a firm commitment to ensure this obstacle to Juneau's growth is, eventually, removed.



Alaska State
Home Building Association

Resolution in Support of HB264, Property Tax Increase Deferral

WHEREAS the cost of land development is constantly increasing due to requirements for permitting, planning, zoning; and

WHEREAS local municipal governments normally require payment up front for all the necessary costs to properly subdivide land into lots available for home building; and

WHEREAS after a parcel of land has been subdivided, the property taxes are immediately increased due to the higher assessment value of the new lots; and

WHEREAS the sale of newly subdivided lots may sometimes take years due to market conditions and other unpredictable variables; and

WHEREAS the impact and cost for local government services do not occur until a home is constructed on a new lot; and

WHEREAS the 27th Alaska Legislature is considering House Bill 264, sponsored by Representative Cathy Muñoz, to provide municipal governments the option and flexibility to defer property tax increases on new subdivided lots for up to five years;

BE IT THEREFORE RESOLVED that the Alaska State Home Building Association supports and encourages the passage of House Bill 264 by the 27th Alaska Legislature as way to help local municipal governments encourage land development; and

BE IT FURTHER RESOLVED that the Alaska State Home Building Association supports efforts by local government efforts to expand their tax base by encouraging land development.

ADOPTED by the Board of Directors of the Alaska State Home Building Association, a quorum being present, on this 20 of January, 2012.

Chris Edwardson
President

1-20-12
Witness

ALASKA ASSOCIATION OF REALTORS, INC.
4205 Minnesota Drive Anchorage, Alaska 99503
Telephone (907) 563-7133 Fax (907) 561-1779
www.alaskarealtors.com

February 4, 2012

The Honorable Cathy Munoz
Alaska State Legislature
State Capitol, Room 3
Juneau, Alaska 99801-1182

RE: House Bill 264

Dear Representative Munoz:

The Alaska Association of REALTORS® with over 1,600 member's statewide wishes to indicate our support for House Bill 264. HB 264 addresses the cost of subdividing land for future sales that can be a significant obstacle in encouraging the use of available land for building needed homes.

This bill will defer some development costs until the property is actually prepared for use and sale. The savings on "front-end" costs will encourage making more land available for home building. Such an increase in the inventory of land that can be used for home building will improve the housing market for all Alaskans.

Thank you for addressing this important issue.

Sincerely,

Joni Schneider

Joni Schneider, ABR, GRI
2012 President

REALTOR is a registered mark which identifies a professional in real estate who subscribes to a strict Code of Ethics as a member of the NATIONAL ASSOCIATION OF REALTORS.

Juneau Affordable Housing Commission

Commissioners
Alan Wilson, Chair
Norton Gregory
Stephen Sorensen
Shari Partin
Honey Bee Anderson
Rosemary Hagevig
Justin Shearer
Tamara Rowcroft

January 17, 2012

Mayor Bruce Botelho & Assembly
City and Borough of Juneau
155 S. Seward Street
Juneau, AK 99801

Re: Support for House Bill 264, "An Act allowing a deferral of municipal property taxes on the increase in the value of real property attributable to subdivision of that property; and providing for an effective date."

Dear Mayor Botelho and Assembly Members:

Juneau's Representative Cathy Munoz has offered the above legislation, which would fix tax assessments at the undeveloped land value for up to five years from the date of subdivision through development, subject to limitations which can be imposed by local governments to fit community needs. A copy of the bill just filed, is attached. The Affordable Housing Commission believes the bill will remove an important disincentive for development of privately owned land by reducing the carrying cost of property taxes on land before it can be effectively sold or become revenue producing.

High housing costs have been part of Juneau's reputation for a long time. The ACCRA Cost of Living Index compares living costs in various U.S. cities, including several in Alaska. As of the third quarter of 2011, Alaska's Capital City is about 40 percent more expensive to live in than the "average" US city, and about 9 percent more expensive than Anchorage. Our housing costs are about 79% higher than in the average US city and this dramatically inflates Juneau's cost of living overall. In a 2010 economic climate survey, completed by the Juneau Economic Development Council, Juneau business owners ranked high housing costs third on the list of most significant barriers to operating their businesses. Housing is especially burdensome for lower income residents. Forty-five percent of renters in Juneau spend more than 30% of their income on rent (2005-2007 American Community Survey 3-Year Estimates Survey). While there are many contractors capable of building residential housing units in Juneau, over the past several years, only 2 are building more than 2 units per year.

The City and Borough of Juneau has taken steps to address affordable housing. Since 2007, the CBJ established an Affordable Housing Commission, amended the Title 49 Land Use Code to include an affordable housing overlay zone and a permitting option for the creation of Single-Room Occupancy apartments, updated the Comprehensive Plan to identify buildable lands within the Urban Service Area, and provided gravel at cost as well as buildable land to developers for affordable housing projects, amongst other initiatives.

The Juneau Affordable Housing Commission supports the concept of tax deferral to remove a disincentive for real estate development. House Bill #264 offers a new tool to help make Juneau's housing more affordable. We respectfully request the City and Borough of Juneau adopt a resolution in support of its passage and enactment. Please let me know if you have questions or concerns.

Sincerely,

Alan Wilson
Chair, Affordable Housing Commission

cc:
Representative Beth Kerttula
Representative Cathy Munoz

5165 Glacier Highway
Juneau, Alaska 99801
(907) 780-4566 Fax 780-6646

D.J.G. DEVELOPMENT

January 19, 2012

Representative Cathy Munoz
State Capitol Room 403
Juneau AK, 99801

RE: House Bill 264

Dear Representative Munoz:

I support your House Bill 264 allowing for the deferral of municipal property taxes.

Considering the cost of construction and the economics of the market place HB 264 should assist construction in the Juneau promoting the increase in long term available housing for the community.

If you require any assistance, please contact me. Thank you for all the work you are doing for our community.

Sincerely,

Hugh N. Grant

CS FOR HOUSE BILL NO. 264(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES MUÑOZ, Chenault

A BILL

FOR AN ACT ENTITLED

"An Act allowing a deferral of municipal property taxes on the increase in the value of real property attributable to subdivision of that property; and providing for an effective date."

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

* **Section 1.** AS 29.45 is amended by adding a new section to read:

Sec. 29.45.051. Tax deferral for certain subdivided property. (a) A municipality may by ordinance permit deferral of payment of taxes on all or a portion of the increase in assessed value directly attributable to

(1) the subdivision of a single parcel of property into three or more parcels; and

(2) any improvements made to the property necessitated by its subdivision.

(b) A deferral from taxation allowed under this (a) of this section shall be limited to a maximum period of five years. However, a municipality may by ordinance

provide for termination of the deferral in less than five years for all or a portion of a subdivided parcel, based on the date on which

(1) all or a portion of the subdivided parcel is sold; or

(2) a residential or commercial building is constructed on the subdivided parcel.

(c) A municipality may by ordinance provide a process for applying the tax deferral allowed under (a) of this section to an unsold portion of a subdivided parcel after the date on which

(1) a portion of the subdivided parcel is sold; or

(2) a residential or commercial building is constructed on the subdivided parcel.

* **Sec. 2.** This Act takes effect July 1, 2012.

OUSE COMMITTEE REPOR

(7)
Date Referred to Committee: January 17, 2012 **FURTHER REFERRALS: Finance**

Date of Committee Action: 2·16·12

The COMMUNITY AND REGIONAL AFFAIRS Committee considered: **HB 264**

HOUSE BILL NO. 264
"An Act allowing a deferral of municipal property taxes on the increase in the value of real property attributable to subdivision of that property; and providing for an effective date."

HB 264 MUNI PROPERTY TAX EXEMPTION: SUBDIVISIONS

Recommends it be replaced with [ ] HCS *or* [X] CS *for* HB 264 (CRA)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR _____ [X] Same Title [ ] New Title

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

***NEW* FISCAL NOTES**
*FN# is assigned by Chief Clerk's Office

*FN#	List by Dept(s):	Fiscal	Indet.	Zero
	CED			X

***PREVIOUS* FISCAL NOTES**

FN#	List by Dept(s):	Fiscal	Indet.	Zero

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Austerman	X			
	Cissna	✓			
Berta Gardner	Gardner	X			
Wood Foster	Foster	X			
Chair: Catherine Muñoz	Muñoz	✓			
Chair:					

ALASKA MUNICIPAL LEAGUE
Alaska Conference of Mayors

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

February 13, 2012

House C&RA
Representative Cathy Munoz
Room 403
State Capitol
Juneau, Alaska 99801

RE: HB 264

Dear Representative Munoz,

The Alaska Municipal League is opposed to HB 264, as one of our main policies is our opposition to all property tax exemptions and/or bills that divide property tax owners into different classes and shift the tax burden. While we understand this deferment is an option, the pressure from developers to enact this deferral might be so great as to make it mandatory. Since this deferment is not funded by the state, these taxes are simply shifted to other taxpayers, requiring them to subsidize developers for the deferment.

The intent of the bill appears to be to offer incentives to developers by keeping taxes low until the property is improved or sold. However, developers now have that ability by not subdividing the property until there is a demand for the subdivision. By offering these types of tax incentives, the state would be creating a special category of property owner who gets a tax break unlike other property owners who do not wish to subdivide, can't subdivide, or those who subdivide their property into less than three parcels.

For this reason, the members of AML are opposed to this bill. Thank you for the opportunity to comment.

Sincerely,

Kathie Wasserman

Kathie Wasserman
Executive Director
Alaska Municipal League

Ramifications of Proposed Tax Legislation

Below is a rough example of what transpires under the existing taxing structures and what could occur if taxes on newly developed lots were abated. I used approximates based on a real parcel of land that I have an interest in and can postulate some reasonable estimates of costs for development and have good comparables for values of lots and homes in this area. Please keep in mind that the home price estimated costs are for the higher end of medium value homes. We would need to scale back some of these numbers if we hope to stimulate building for the middle income market

West Juneau property:
28 acres currently assessed at $562,000: Generates CBJ tax of $5,900 annually
Subdivided produces 56 lots averaging $110,000 each: Generates $80,000 annually
66 lots with homes built on them: Generates$5,450,000 annually

Presuming the developer needs to build 2000 lineal feet of subdivision street at an average cost of $750 per foot for a total cost of $1,500,000, this would incur an annual cost of approximately $350,000. This is also presuming the developer hires all his development work. A developer that does all his work in house could conceivably build his project for 2/3 that price thus incurring an annual cost of approximately $230,000.

With these costs it appears the increase in property taxes results in an approximate 30% increase in holding costs for creating new development.

Presuming the developer brings his subdivision on line two years earlier than he would otherwise be willing to commit to, and presuming full build out in five years, it could be reasonable to postulate that relinquishing three to five years of the difference in revenue between the undeveloped parcel and the developed, but unutilized lots would be more than offset by the onset of taxes produced by the sold and built upon lots. In a worst case scenario, it appears it would take only one house built to produce the tax revenue equal to the revenue generated by the entire undeveloped parcel. It would only take ten or so lots with houses built upon them in the first few years to produce an annual tax base equivalent to taxing the entire platted, but un-built subdivision, for the full period.

Another facet of the proposed legislation has not been mentioned before now. As well as creating a larger tax base sooner, we have to take into account the fact that every house built creates several full time direct jobs as well as multiple part time jobs for subcontractors, material suppliers and the spin off jobs for the service industry then resulting. It doesn't take an economist to recognize the benefits of a strong home building industry.

Last but not least, let's look at the possibility of the proposed legislation creating a more competitive housing market. Lower costs lead to lower consumer prices and that is the real goal of the proposed legislation. With out more affordable housing opportunities we can not reasonably hope for maintaining our population base in southeast let alone creating growth.

FINAL MINUTES
ASSEMBLY LANDS COMMITTEE
Monday, January 23, 5:00 p.m.
Assembly Chambers

I. Call to Order
Chair Becker called the meeting to order at 5:00 p.m.
Members Present: Mary Becker, Carlton Smith, Jesse Kiehl
Members Absent: Johan Dybdahl,
Liaisons Present: Nathan Bishop, Mike Williams
Liaisons Absent: Jeff Wilson,
Staff Present: Heather Marlow, Lands & Resources Manager; Cynthia Johnson, Deputy Lands Manager; Karen Crane, Assembly Member, Dan Bleidorn, Lands Specialist; Craig Duncan, Finance Director

II. Agenda Changes
None
III. Approval of Minutes
The minutes of the following Lands Committee Meetings were approved:
December 12, 2011
IV. Public Participation – Non-Agenda Items (10 Minutes)
There was no public participation on non-agenda items.

V. Action Items
A. ACS Communication Towers Lease – West Juneau Reservoir Site
Cynthia Johnson: reviewed the January 17th memo. Alissa Haynes, Site Acquisition & Leasing Specialist with ACS is available on the teleconference line to answer any potential questions.
Ms. Becker: Are there any comments or a motion from the Committee?
Ms. Marlow: Hearing no questions and no motion, we can carry this to our next meeting on February 6th, where we can provide more information. This is an existing tower, operating without a lease or insurance, at a rate of $200 per year.
Mr. Smith: I would like to see more information, including the Atlas Tower Lease.

B. ADF&G Fish Pathology Lab – Lease Renewal
Ms. Marlow: Staff recommends that the Assembly Lands Committee pass a motion of support to the Assembly for an ordinance to authorize the Manager to enter into a 10 year lease for this site with ADF&G, with the option of three 5 year renewal clauses. The lease rate will be one dollar per year for the first 10 years, with further consideration that ADF&G maintain sport fish stocks in Twin Lands at their maximum supportable level and undertake stock level surveys, habitat protection measures, and other support activities as may be necessary to aid these purposes.

Motion: ***Mr. Kiehl moved that the Lands Committee forward a motion of support to the Assembly for this lease as described in the January 13, 2012 memo from Heather Marlow***
Hearing no objection, motion passed unanimously

C. ADOT Right of Way Easement and Donation

Ms. Marlow: ADOT/PF has requested the use of approximately 907 square feet of municipal property for a right of way expansion project that would construct a right turn lane from southbound Mendenhall Loop Road to Stephen Richards Drive. This project will be considered by the Planning Commission for conformity to existing plans and regulations. Staff recommends that the Lands Committee forward a motion of support to the Assembly for a resolution to donate approximately 907 square feet of Block A, Field Acres Subdivision to ADOT/PF for a right of way easement.
Mr. Kiehl: Can you talk to us about where DOT is in the process? Do they need an environmental assessment?
Ms. Marlow: They are very early in the process, and it has yet to go through environmental review but the project area is not anticipated to negatively impact Duck Creek or the flood plain.

Motion: ***Mr. Williams moved that the Lands Committee forward a motion of support to the Assembly for a resolution to donate approximately 907 square feet of Block A, Field Acres Subdivision to ADOT/PF for a right of way easement.***

Hearing no objection, motion passed unanimously.

D. DRAFT House Bill Regarding Deferral of Municipal Property Taxes Attributable to Subdivision of Property

Ms. Marlow: There are some concerns with the language as it is crafted now and there will be meetings with the local delegation and the initiating parties to fine tune the language so that it matches the intent, which is to defer or exempt municipal property taxes on subdivision improvements for a limited amount of time to help reduce the holding costs of subdividing land. The intent is to encourage the development of land and make it more available in the community. What we are looking for is endorsement of the concept so that conversations regarding the language and intent can take place and for legislation that matches the purpose and intent to be forwarded on. Staff recommends that the Lands Committee pass a motion of support to the Assembly to encourage this dialog and legislation that matches the intent of the sponsors.
Mr. Bishop: I don't think this provides developers with enough incentive, deferring taxes would leave them with a burden after the deferment period ends. A period of exemption would be better if we are trying to encourage development.
Mr. Craig Duncan: Either way this is done, as a deferral or exemption, our office can account for it. There is a fee to the City for optionally exempted property and that falls under the requirement that the City provide a minimum support to the school district of approximately 4 mills. If the values increase we would still report it to the State and have to pay for that increase at 4 mills.
Ms. Crane: When I read this I assumed that deferral meant exemption, so they would have to go back and pay taxes after the deferral ends?
Mr. Duncan: The way it is currently written it only refers to the value of the property before and after it is subdivided it does not include improvements.
Mr. Kiehl: Do you know what the functional equivalent mill rate in Juneau is?
Mr. Duncan: For the mandatory support of the school district; in the high 3% range.
Mr. Kiehl: Do you know what our actual contribution is?
Mr. Duncan: Approximately 6.5 mills.

Mr. Kiehl: Since we are well above the minimum, would we have to write a bigger check to pay for the difference?
Mr. Duncan: It would be required but the school district would remain neutral, so the state would receive it.

Motion: ***Mr. Smith moved that the Lands Committee forward a motion of support to the Assembly for this concept, to encourage dialog, and to anticipate changes to the wording of the legislation.***

Hearing no objection, motion passed unanimously.

E. Alaskan Brewery Property Acquisition Request

Ms. Marlow: I recommend that the Lands Committee forward a motion of support to the Assembly to authorize the Manager to dispose of Lots 41 and 42, SSG IV Subdivision through a negotiated sale to Alaskan Brewing. The next steps would be to have the Engineering Department work up a cost estimate for replacement of the structures and the cost of relocating the household hazardous waste facility and if it looks like this cost is agreeable we can pursue an appraisal as the next step. If we can come to agreeable terms, we would come back for an ordinance authorizing those terms of sale at a later date.
Mr. Kiehl: We are talking about the greater of replacement costs or fair market value. If we are going to need to replace these facilities we would need to make sure we have enough funds to cover the costs.
Mr. Marlow: That's why we want to look into replacement costs prior to investigating the property value.

Motion: ***Mr. Kiehl moved that the Lands Committee forward a motion of support to the Assembly to authorize the Manager to dispose of Lots 41 and 42, SSG IV Subdivision in a negotiated sale to Alaskan Brewing.***

Hearing no objection, motion passed unanimously.

VI. Liaison Reports

VII. Next Meetings

February 6th, 2012 at 5:00 pm, Assembly Chambers

VIII. Adjournment

Meeting adjourned at 6:00 pm

ok ✓

27-LS1090\B.2
Bullard
2/13/12

AMENDMENT

OFFERED IN THE HOUSE

TO: HB 264

Page 2, line 1:

Delete "the municipality grants a building permit for all or a portion of"

Insert "a residential or commercial building is constructed on"

"on which"

Page 2, line 7:

Delete "the municipality grants a building permit for a portion of"

Insert "a residential or commercial building is constructed on"

Explanation of Amendment B.2

Prepared by Christopher Clark, Aide, Rep. Cathy Muñoz

This amendment is aimed at fulfilling the intent of the bill to end a property tax deferral when a property is improved and a building is constructed on it – so long as that happens within five years.

The current language ends a deferral when a municipality grants a building permit for all or a portion of a subdivided parcel. There are two concerns with this:

1. Some municipalities don't issue building permits; and,
2. No improvements may have been done at the time a permit is issued.

This amendment would end the deferral when a building is constructed on the property.

OK

27-LS1090\B.1
Bullard
2/13/12

AMENDMENT

OFFERED IN THE HOUSE

TO: HB 264

Page 1, line 8, following "to":

Insert "(1)"

Page 1, line 9, following "parcels":

Insert "; and

(2) any improvements made to the property necessitated by its subdivision"

Explanation of Amendment B.1

Prepared by Christopher Clark, Aide, Rep. Cathy Muñoz

The current language in HB 264 may limit a property tax deferral to only those costs that are directly attributable to subdividing a parcel such as surveying and platting.

Some municipalities such as Juneau require subdivision developers to make improvements for things like access roads, drainage ditches, and utility corridors.

Adding the words "any improvements made to the property necessitated by its subdivision" will allow improvement costs to be part of a property tax deferral.

HB

290

<TARGET><BILL>HB 290</BILL><SUBJECT>HB 290</SUBJECT><COMM>HCRA27</COMM></TARGET>

Representative Alan Austerman
House Majority Leader

Alaska State Legislature

Sponsor Statement for House Bill 290: Endow Alaska Grant Fund

The purpose of the Endow Alaska program is to provide dollar for dollar challenge funds to support growth of community foundations around Alaska. Community foundations, through endowed funds, can support a breadth of social and cultural objectives in any community, and provide perpetual revenue streams one-time gifts. Research and practice show that matching funds—also known as challenge grants—make a meaningful difference in motivating donors. They have long been a cornerstone of fundraising strategies to enhance community giving.

HB 290 envisions an annual grant to a "lead philanthropic organization," defined as a statewide organization that adheres to nationally recognized standards for charitable foundations. Under the program the lead philanthropic organization would, in turn, offer challenge grants to community foundations to help spur local philanthropy with a 1-to-1 match for every dollar raised. The result is that state dollars would leverage local giving, for a triple benefit: growing a culture of philanthropy in Alaska communities; improving communities' self-reliance as a result; and creating a mechanism whereby single-year state appropriations can create perpetual financial tools to benefit to Alaskans.

Through HB 290, existing community foundations will have the opportunity to build their asset base and local support, and communities without existing foundations will have a valuable tool for getting endowed funds in place to support local priorities. Existing Alaska community foundations are numerous and spread throughout the state.

- Chilkat Valley Community Foundation (Haines/Klukwan)
- Jessica Stevens Community Foundation (Talkeetna and Upper Susitna Region)
- Kenai Peninsula Community Foundation
- Petersburg Community Foundation
- Seward Community Foundation
- The Homer Foundation
- The Juneau Community Foundation
- Arctic Slope Community Foundation (there are separate funds for each Arctic Slope community, as well)
- Chugiak/Eagle River Foundation
- Bethel Community Services Foundation
- North Star Community Foundation (Fairbanks area)

There are also another half-dozen communities in Alaska that are currently, actively exploring the establishment of local community foundations.

~ Representing Alaska State House District 36 ~

Akhiok | Igiugig | Iliamna | Karluk | Kodiak | Kokhanok | Larsen Bay | Levelock
Newhalen | Nondalton | Old Harbor | Ouzinkie | Pedro Bay | Port Alsworth | Port Lions

Version 27-LS1094\B—January 17, 2012

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB 290**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB290-DCCED-DCRA-01-20-12
Title: ESTABLISH ENDOW ALASKA GRANT PROGRAM
Sponsor: Representative Austerman
Requester: House Community & Regional Affairs

Dept. Affected: DCCED
Appropriation: Community and Regional Affairs
Allocation: Community and Regional Affairs
OMB Component Number: 2879

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0
Travel	0.0		0.0	0.0	0.0	0.0	0.0
Services	0.0		0.0	0.0	0.0	0.0	0.0
Commodities	0.0		0.0	0.0	0.0	0.0	0.0
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 *(separate supplemental appropriation required;*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version

Prepared by: Scott Ruby — Phone: (907) 269-4569
Division: Community and Regional Affairs — Date/Time: 1/18/12 7:00pm
Approved by: Susan K. Bell, Commissioner — Date: 1/21/2012
Commerce, Community, and Economic Development

(Revised 11/28/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB 290

Analysis

Bill Summary: This bill would establish a new program, the Endow Alaska program. The program would identify a private non-profit as a Lead Philanthropic Organization. The state would provide funding to this entity which in turn would offer challenge grants to community foundations to help spur local philanthropy with a 1-to-1 match for every dollar raised.

The department would need to enact regulations to implement this program, and solicit, select, and award a grant to a Lead Philanthropic Organization on a yearly or periodic basis.

It is anticipated that the department can do this with existing staff resources.

Representative Alan Austerman
House Majority Leader

Alaska State Legislature

Rep_Alan_Austerman@legis.state.ak.us

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State Capitol
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MEMORANDUM

DATE: February 1, 2012

TO: Representative Cathy Muñoz, Chair
House Community & Regional Affairs

FROM: Representative Alan Austerman
House Majority Leader

SUBJECT: Changes to House Bill 290 from Version B to Version I

The changes in Version I address issues that were raised by committee members on the January 28th, 2012, Community & Regional Affairs (C&RA) hearing, and additional issues that were raised while reviewing this bill with representatives of community foundations in Alaska, both in group and individual settings. Overall, the changes ensure that definitions and descriptions are consistent with current organizations and structures in Alaska. Other language that was unclear or confusing in the Alaska context was deleted or changed.

Additionally, some changes address policy level issues. These include:

- Clarifying that funds granted to community foundations and community foundation affiliates are meant to grow their *unrestricted endowed* funds.
- Removing the requirement that grantees demonstrate substantial compliance with the national standards of the National Council on Foundations.

A detailed list of changes is included in this memo.

Regarding the policy level changes, committee members may want to consider the following points. First, my intent in proposing this legislation has been to help build the *permanent endowed funds* held by community foundations. A community foundation may hold a large number of component funds, ranging from those that provide annual scholarships for students to those providing support to specific sports programs to those addressing support for families impacted by specific medical conditions. Not all funds within a community foundation are necessarily endowed, and not all can be applied broadly to the changing needs of a community. For the purposes of HB 290, though, I feel it is important to be clear that the purpose of these funds is to provide perpetual, broad-based benefit for Alaska communities.

Second, Version B of HB 290 as it was introduced included a requirement that eligible community foundation and affiliate grantees show "substantial compliance with the national standards of the National Council on Foundations." This language was originally taken from the Endow Iowa statute. I and my staff have continued to discuss this provision with community foundation representatives around the state. As a result of these conversations, it is my recommendation that we remove this provision, for the following reasons:

- Only two of the community foundations currently operating in Alaska—the Alaska Community Foundation and the Homer Foundation—have pursued the Council on Foundations (COF) standards confirmation. This does not mean that other community foundations do not meet these standards—just that they have not gone through the COF confirmation process. The timeline for achieving standards is estimated by COF at 480 to 750 days.
- By mandating that grantees have this confirmation of standards, we essentially are mandating that these organizations engage in a certification process with a third party entity in order to access funds.
- It is my expectation that the lead philanthropic entity, through its due diligence process, would be reasonably equipped to determine whether an organization is a functioning community foundation or not.
- For practical purposes, the majority of current or future community foundations in Alaska function or likely will function as affiliates of the Alaska Community Foundation, in whom the state has already vested its trust by transferring the Alaska Children's Trust to it.

In summary, I believe this requirement acts as a barrier to Alaska communities, and provides minimal benefit to the State.

<u>Detailed Changes from Version B to Version I</u>

Sec. 44.33.150

- Added language to clarify that grants under this program are for the purpose of growing unrestricted endowments

Sec. 44.33.160

- Deleted language (Version B, page 2, lines 5-6) that was taken from the Iowa legislation but did not accurately describe Alaska organizations.
- Deleted subsection (b) (Version B, page 2, lines 7-9) to remove the requirement for Council on Foundations national standards compliance.

Sec. 44.33.170

- Throughout the section, replaced "community affiliate organization" with "community foundation affiliate" to more clearly describe the organizations in Alaska.
- Deleted subsection (a)(4) (Version B, page 2, lines 17-18) to remove ambiguous language.
- Inserted language (Version I, page 2, lines 16-17) to clarify that funds should be used to help in the creation of new community foundations as well as the growth of existing ones.
- Replaced language in Version B that described a "plan for distributing grant funds" (p . 2, line 31) with language that describes a "spending policy" per the recommendation of community foundation representatives.
- Deleted subsection (b)(4) (Version B, page 3, lines 3-5) to remove possible conflicts with Sec. 44.33.190(1) (Version I, lines 7-8).

Sec. 11.33.180

- Replaced "organization" with "foundation affiliate" to more clearly describe the organizations in Alaska.
- Deleted subsection (2) which had specified that no more than five grants could be received within a single borough in a year.

Sec. 11.33.190

- Re-ordered sections (1) and (2) to correspond with the hierarchy of community foundations and their affiliates.

Information on Endow Iowa and Endow Kentucky.

Endow Iowa operated a grant program such as is envisioned in Alaska, as well as a tax credit program. The grant program was defunded after 5 years, once community foundation infrastructure was strengthened and contributions started to take off. The tax credit remains in place.

Grant Program Results:

	Challenge Amount	Number of Grants
2005	$50,000	6
2006	$50,000	3
2007	$50,000	3
2008*	$50,000	4
** After 2008, the program transitioned to tax credit only*		

Program Successes (Grant plus Tax Credit)

- From program inception, grew from 20 community foundations to more than 130 today
- From June 2010 through 2011 endowed funds grew by $100 million

Note: In a Transfer of Wealth Study, it was estimated that through probate estates alone, from 2020-2049, $531 billion will transfer hands in Iowa.

Endow Kentucky is a tax-credit only program. It was enacted a year ago, and this is the first fiscal year in which it has operated. As of year-end 2011 (six months in to program operation) the amount allocated to match tax credit contributions to community foundations was $261,010, meaning community foundation endowments had grown by more than $520,000.

27-LS1094\D
Kirsch
2/1/12

CS FOR HOUSE BILL NO. 290( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES AUSTERMAN, Joule, Thompson, Foster, Edgmon, Gara, Herron, Tuck, Peggy Wilson

A BILL

FOR AN ACT ENTITLED

"An Act creating the endow Alaska grant program in the Department of Commerce, Community, and Economic Development to encourage community development."

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

*** Section 1.** AS 44.33 is amended by adding new sections to read:

Article 2A. Endow Alaska Grant Program.

Sec. 44.33.150. Grants for community development. The endow Alaska grant program is established in the Department of Commerce, Community, and Economic Development. To encourage community development in the state, the department may identify a lead philanthropic entity that meets the requirements of AS 44.33.160 and grant the entity state funds that the entity may annually award to a community foundation or community foundation affiliate as endow Alaska grants for the purpose of increasing unrestricted endowed funds.

Sec. 44.33.160. Eligibility requirements for lead philanthropic entities and grant recipients. (a) To be eligible under AS 44.33.150, a lead philanthropic entity

must be

(1) a nonprofit entity exempt from federal income taxation under 26 U.S.C. 501(c)(3) (Internal Revenue Code);

(2) an organization whose principal function is to make grants in the state; and

(3) a community foundation.

(b) Only a community foundation or a community foundation affiliate is eligible for a grant under AS 44.33.150 - 44.33.190.

Sec. 44.33.170. Ranking of applications and awarding of grants. (a) When ranking applications for grants, the board of the lead philanthropic entity shall consider relevant factors including

(1) the need for financial assistance;

(2) the potential for future philanthropic activity in the community or geographic area that will benefit from the grant;

(3) the percentage of matching funding proposed;

(4) the opportunity to establish new community foundations or community foundation affiliates; and

(5) the geographic diversity of the communities or geographic areas that will benefit from the grants.

(b) The board of the lead philanthropic entity may award endow Alaska grants to a community foundation or a community foundation affiliate that

(1) provides all information the board requires, including evidence of the existence of the community foundation or the community foundation affiliate;

(2) demonstrates, in a manner approved by the board, the ability to match state funding at a ratio of at least one-to-one; and

(3) provides a spending policy for distributing grant money to organizations within the community or geographic area as defined by the community foundation or the community foundation affiliate.

Sec. 44.33.180. Limitations on grant amounts, awards, and administrative costs. (a) Endow Alaska grants are limited as follows:

(1) grants may not exceed $25,000 for each foundation or community

foundation affiliate unless the grant will be used to benefit multiple boroughs or a region;

(2) only five percent of the grant funds received by the lead philanthropic entity may be used for administrative purposes by the lead philanthropic entity.

Sec. 44.33.190. Definitions. In AS 44.33.150 - 44.33.190,

(1) "community foundation" means a tax-exempt, nonprofit, autonomous, publicly supported, philanthropic institution in the state composed primarily of permanent funds established by many separate donors for the long-term diverse, charitable benefit of the residents of a defined geographic area;

(2) "community foundation affiliate" means a group of five or more community leaders or advocates organized for the purpose of increasing philanthropic activity in an identified community or geographic area in the state who have established or intend to establish a community foundation affiliate endowment within an existing community foundation;

(3) "department" means the Department of Commerce, Community, and Economic Development;

(4) "lead philanthropic entity" means an entity identified by the department under AS 44.33.150 that meets the requirements of AS 44.33.160.

60% of your colleagues have achieved this status.

Achieving National Standards Compliance

Achieving confirmation and reconfirming compliance with National Standards is a rigorous process, guaranteeing that every community foundation that receives the National Standards designation demonstrates excellent philanthropic practice. This section of the National Standards website offers guidance and resources, and provides all requirements and documentation templates to help your community foundation prove its excellence.

The process was carefully developed by and for community foundations to ensure that all applicants receive a fair, consistent compliance review.

Confirmation

Show the process for RECONFIRMATION

1 Prepare for the process

90 days

review with board
submit statement of agreement
receive submission date assignment



2 Gather information

180-240 days

gather core documents
review requirements
print cover sheets
sign up for technical assistance calls
review your board resolution



3 Build and ship your record binder

30-60 days

assemble required materials
build your record binder
ship your binder and fee





4 National Standards Board review

90 days

receive acknowledgement of receipt
we'll spotcheck your documents
your submission will be reviewed in full



5 Results Notification

90-270 days

receive the results of the binder review
submit revised documents for review
receive notification of decision

(H)CRA 2-2-12

27-LS1094\D

Moved out of committee today 3 amendments

Amendment # 1

Page 1, line 11 thru 12-delete "for the purpose of increasing unrestricted endowed funds." Page 11 thru 12, after the word "grants" add 'to increase endowed funds, the purpose of which would be unrestricted.'

Amendment #2

Page 1, line 9- after "a" add 'statewide' Page 2, line 4- after "an" add "statewide"

Amendment # 3

Page 2, line 31-after "$25,000" add 'annually'

Committee aide Terry Harvey 465 5392

HB290

REPRESENTATIVE CATHY MUÑOZ

January 30, 2012

Jordan Marshall
Initiatives & Special Projects Manager
Rasmuson Foundation
301 West Northern Lights Blvd Suite 400
Anchorage, AK 99503

Dear Mr. Marshall,

As Chair of the House Community & Regional Affairs Committee (HCRA), and on behalf of the Committee, please accept our invitation to testify this Thursday, February 2, 2012, 8am.

Specifically we would appreciate your opinion on recently filed legislation HB 290, and how it relates to the foundation's current effort to build endowments. The purpose of the Endow Alaska program is to provide dollar for dollar challenge funds to support the growth of community foundations around Alaska.

Teleconferencing is available for participation and of course you would be welcome to come to Juneau as well. Please contact Terry Harvey in my office with your reply. His direct phone line is 465 5392. Thank you for your consideration.

Sincerely,

Cathy Muñoz, Chair
House Community & Regional Affairs Committee
Representative, District 4

HB 305

<TARGET><BILL>HB 305</BILL><SUBJECT>HB 305</SUBJECT><COMM>HCRA27</COMM></TARGET>

ALASKA STATE LEGISLATURE

Juneau
State Capitol Bldg. Rm 424
Juneau, AK 99801-1182
Phone (907) 465-4930
Fax (907) 465-3834
1-800-331-4930

Anchorage
716 W. 4th Avenue
Anchorage, AK 99501
Phone (907) 269-0174
Fax (907) 269-0177

Representatives Berta Gardner and Lindsey Holmes

Sponsor Statement
HB 305

Property Tax Fairness Act

In 2006, the Legislature significantly broadened the definition of religious property by including exemptions for the residence of "an educator in a private religious or parochial school." This legislation also expanded the definition of "minister," broadened the ordination standard for ministers, and made these tax exemptions mandatory for all Alaska municipalities – creating another unfunded mandate.

On passage, the 2006 law was recognized as inherently unfair in mandating that all property taxpayers subsidize church-owned housing for religious teachers. The new law was controversial and wildly unpopular. A subset of teachers receives a mandated tax exemption when others do not.

House Bill 305, the "Property Tax Fairness Act," removes the religious teacher exemption, and returns the religious tax exemption of a residence back to "the residence of a bishop, priest, rabbi, minister, or religious official of a recognized religious organization;" The proposed bill does not interfere with the broad support for tax exemptions for the homes of religious officials.

Please join us in passage of this legislation to provide Alaskans with property tax fairness. If you have any questions, please contact Representative Gardner's staff, Kevin Harun at 465-4930 or Kevin_Harun@legis.state.ak.us.

LEGISLATIVE RESEARCH SERVICES

Alaska State Legislature
Division of Legal and Research Services
State Capitol, Juneau, AK 99801

(907) 465-3991 phone
(907) 465-3908 fax
research@legis.state.ak.us

Memorandum

TO: Representative Berta Gardner
FROM: Tim Spengler, Legislative Analyst
DATE: February 7, 2012
RE: Property Tax Exemptions for Religious Educator Housing
LRS Report 12.180

You asked about property tax exemptions for church-owned residences occupied by religious educators. Specifically, you wanted to know how many such exemptions occur across the state and the dollar value of the exemptions. Additionally, you wanted to know if any municipalities or school districts in Alaska provide their own tax exemptions for teacher housing.

As you are aware, in 2006 a law was enacted in Alaska in which the definition of property tax exemptions was broadened to include church-owned property occupied by religious educators. This provision is codified at AS 29.45.030 (b)(1).

Alaska State Assessor, Steve Van Sant, informs us that five church-owned dwellings in Anchorage and five in Kenai are exempted from property tax under this provision.[1] The properties in Anchorage are all owned by the Anchorage Baptist Temple, which oversees the Anchorage Christian Schools. This entity offers pre-kindergarten through high school programs. The exempted properties in Kenai are owned by Alaska Christian College, which is a part of the Evangelical Covenant Church of Alaska. The residences in Anchorage and Kenai are the only church-owned properties in the state to receive this particular exemption.[2]

Mr. Van Sant was unable to provide the dollar value of the exemptions because these dwellings have not been assessed for a number of years. If we assume that each residence could be assessed at $200,000, the dollar value for the Anchorage Baptist Temple exemptions—for church-owned dwellings occupied by religious educators—would be around $15,000 a year, and the Alaska Christian College exemptions would amount to about $9,000 a year. The reason for the differing amounts is that the mill rate is higher in Anchorage than that in Kenai.

No municipalities or school districts in Alaska provide their own tax-exempt housing to educators, according to Mr. Van Sant.

We hope this is helpful. If you have questions or need additional information, please let us know.

[1] Steve Van Sant can be reached at (907) 269-4605.

[2] Steve Van Sant was unable (given our time constraints) to ascertain whether a few remote communities have church-owned residences occupied by religious educators. He noted, however, that he would be extremely surprised if these communities have such properties.

LAWS OF ALASKA

2006

Source
SCS CSHB 334(FIN)

Chapter No.
_____

AN ACT

Relating to a mandatory exemption for certain residences owned by a religious organization, to an exemption from and deferral of municipal property taxes for certain types of deteriorated property, and to an optional deferral of municipal property taxes on certain primary residences owned and occupied by individuals with incomes at or below federal poverty guidelines for the state.

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

THE ACT FOLLOWS ON PAGE 1

AN ACT

Relating to a mandatory exemption for certain residences owned by a religious organization, to an exemption from and deferral of municipal property taxes for certain types of deteriorated property, and to an optional deferral of municipal property taxes on certain primary residences owned and occupied by individuals with incomes at or below federal poverty guidelines for the state.

*** Section 1.** AS 29.45.030(b) is amended to read:

(b) In (a) of this section, "property used exclusively for religious purposes" includes the following property owned by a religious organization:

(1) the residence of **an educator in a private religious or parochial school or** a bishop, pastor, priest, rabbi, minister, or religious order of a recognized religious organization; **for purposes of this paragraph, "minister" means an individual who is**

(A) ordained, commissioned, or licensed as a minister according to standards of the religious organization for its ministers; and

(B) employed by the religious organization to carry out a ministry of that religious organization;

(2) a structure, its furniture, and its fixtures used solely for public worship, charitable purposes, religious administrative offices, religious education, or a nonprofit hospital;

(3) lots required by local ordinance for parking near a structure defined in (2) of this subsection.

* **Sec. 2.** AS 29.45.050(o) is amended to read:

(o) A municipality may by ordinance partially or totally exempt all or some types of deteriorated property from taxation for up to 10 years beginning on or any time after the day substantial rehabilitation, renovation, demolition, removal, or replacement of any structure on the property begins. A municipality may by ordinance permit deferral of payment of taxes on all or some types of deteriorated property for up to five years beginning on or any time after the day substantial rehabilitation, renovation, demolition, removal, or replacement of any structure on the property begins. However, if the **entire** ownership of property for which a deferral has been granted is transferred, all tax payments deferred under this subsection are immediately due, and the deferral ends. **Otherwise, deferred tax payments become due as specified by the municipality at the time the deferral is granted** [, OR, IF OWNERSHIP OF ANY PART OF THE PROPERTY IS TRANSFERRED, ALL TAX PAYMENTS ARE IMMEDIATELY DUE]. The amount deferred each year is a lien on that property for that year. Only one exemption and only one deferral may be granted to the same property under this subsection, and, if an exemption and a deferral are granted to the same property, both may not be in effect on the same portion of the property during the same time. An ordinance adopted under this subsection must include specific eligibility requirements and require a written application for each exemption or deferral. **An application for a deferral must specify when payment of taxes for each year of deferral will become due, together with an explanation of the reasons for each proposed date for consideration by the municipality.** In this

subsection, "deteriorated property" means real property that is commercial property not used for residential purposes or that is multi-unit residential property with at least eight residential units, and that meets one of the following requirements:

(1) within the last five years, has been the subject of an order by a government agency requiring environmental remediation of the property or requiring the property to be vacated, condemned, or demolished by reason of noncompliance with laws, ordinances, or regulations;

(2) has a structure on it not less than 15 years of age that has undergone substantial rehabilitation, renovation, demolition, removal, or replacement, subject to any conditions prescribed in the ordinance; or

(3) is located in a deteriorating or deteriorated area with boundaries that have been determined by the municipality.

* **Sec. 3.** AS 29.45 is amended by adding a new section to read:

Sec. 29.45.052. Tax deferral for primary residences. (a) A municipality may by ordinance provide for the deferral of all taxes on property that is owned, in whole or in part, by an individual

(1) who occupies and has occupied the property for at least 10 consecutive years as the individual's primary residence; and

(2) whose income is at or below federal poverty guidelines for the state set by the United States Department of Health and Human Services.

(b) An individual must apply for each year that a deferral is sought and supply proof of eligibility for the deferral for that year in accordance with requirements set out in the ordinance that authorizes the deferral. Taxes for a year that are deferred do not become payable until ownership of the property is transferred from the individual who obtained the deferral. A municipality that provides for a deferral of property taxes under this subsection may not impose interest on the taxes deferred between the time the deferral is granted and the time the taxes become payable.

* **Sec. 4.** Section 2, ch. 8, SLA 1999, as amended by sec. 1, ch. 102, SLA 2002, and by sec. 4, ch. 140, SLA 2004, is repealed.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB 305**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB305-DCCED-DCRA-02-03-12
Title: MUNI. PROP.TAX EXEMPTION: RELIGIOUS ORGS
Sponsor: Representative Gardner
Requester: House Community & Regional Affairs

Dept. Affected: DCCED
Appropriation: Community and Regional Affairs
Allocation: Community and Regional Affairs
OMB Component Number: 2879

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0
Travel	0.0		0.0	0.0	0.0	0.0	0.0
Services	0.0		0.0	0.0	0.0	0.0	0.0
Commodities	0.0		0.0	0.0	0.0	0.0	0.0
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version

Prepared by: Scott Ruby, Director — Phone (907) 269-4569
Division: Community and Regional Affairs — Date/Time 2/3/2012 4:00pm
Approved by: JoEllen Hanrahan, Director Administrative Services — Date 2/3/2012
Commerce, Community, and Economic Development

(Revised 11/28/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB 305

Analysis

Bill Summary: This bill amends the definition of "property used exclusively for religious purposes" in statute by removing some currently authorized uses.

There would be no fiscal impact to the Division if this legislation was enacted.

Public Comments Emailed to Representative Berta Gardner on HB 305

From: Rev. Glenn C. Petersen [mailto:centrev@gci.net]
Sent: Wednesday, February 01, 2012 4:46 PM
To: Rep. Berta Gardner
Subject: church tax exemptions

Representative Gardner,
As a pastor of the Lutheran (ELCA) church for 35 years, perhaps you might welcome my adding 2 cents to the conversation about property taxes on church-owned properties.

First, if it is to merit a tax exemption, it really should be church owned and have church use. Typically, that would mean property that has the sanctuary, education wing, parking lot, etc.
Also, a church-owned parsonage, for housing the pastor of the congregation and his/her family, would apply.

In our tradition, the pastor is the person responsible for teaching and preaching the word and administering the sacraments. Tax exemption for housing teachers that are much like public school teachers seems to stretch fairness beyond reason. Ordaining people to serve as custodians of a church building or to run the sound and light system for church services makes no sense whatsoever. It's a scam! That's my 2 cents.

Rev. Glenn C Petersen
Central Lutheran
Anchorage

From: Paige Hodson [mailto:paigeh@alaska.net]
Sent: Tuesday, January 31, 2012 9:27 AM
To: Rep. Berta Gardner
Subject: RE: Berta's Briefings - Introduction of the "Property Tax Fairness Act"

Hi Berta,

I am not one of your constituents, but am receiving your newsletter.
I fully support yours and Rep. Holmes efforts on this legislation.
I served on the MOA Board of Equalization for approximately 15 years and was very upset when the Prevo-special-legislation was rammed through to supercede existing assessment law.
Thank you for trying to correct this unfair situation.

Paige R. Hodson, SRA
903 W. Northern Lights Blvd., Suite 220
Anchorage, AK 99503
(907) 274-8258 phone; (907) 274-8259 fax
paigeh@alaska.net
http://paigehodsonappraisal.appraiserxsites.com/

Fro

m: Gwen Gregory [mailto:apawesternstates@ak.net]
Sent: Thursday, February 02, 2012 9:54 AM
To: Rep. Berta Gardner
Subject: HB305

Hello Berta,
I am a constituent of yours and wish to tell you that I am wholly in support of your efforts to introduce this bill #305, changing the way tax exemption has been allowed for certain housing. While I am in support of exemption for churches and pastor housing, to include teachers' residence of private schools, (or others they select) should not be the burden of the public. I am not singling out ABT, I feel it should apply to any religious institution. I want to let you know I totally support you on this. Please move forward, and if there are other contacts I can send this message to I would like you to let me know who they are and I will voice my opinion to them also (whether they are for or against).

Thank you very much,

Gwendolyn Gregory
5916 Mego
District 24
Proud to say I have participated in my right to vote since I moved to Alaska in 1978! (even the boring ones!)

From: Mary Ann Brockway [mailto:maron@gci.net]
Sent: Monday, January 30, 2012 9:27 PM
To: Rep. Berta Gardner
Subject: Property Tax Fairness Act

Thank you for your newsletter. I completely agree with the Property Tax Fairness Act that you are introducing and hope that you can get it passed.

Mary Ann Brockway
4800 Kupreanof St.
Anchorage, AK 99507

From: Barbara Garner [mailto:bebg42@ak.net]
Sent: Monday, January 30, 2012 10:48 PM
To: Rep. Berta Gardner
Subject: Religious Tax Exemptions

Hi Berta,

Please add my name to the list revoking tax exemptions for religious based teacher housing. That includes also maintenance, other non-certified, non-ordained employees within the church.

I'm curious: do other AK church-based schools own their teachers' homes? Do they too receive the exemption?

In the Tudor - Lake Otis area there are a handful of buildings housing small religious groups. I assume they have a small membership. If building is owned by the church, I'd guess they do not pay property tax, such as the Rescue Mission's R-3 lots north of Tudor.

What about the buildings that are leased, rented to a church group? Wouldn't think it likely, but do the property owners receive a different tax base for housing a religious organization?

Suspect these are questions for the MOA tax office.

-Barbara Garner

From: Tam Agosti-Gisler [mailto:tamag@gci.net]
Sent: Tuesday, January 31, 2012 9:55 PM
To: Rep. Berta Gardner
Subject: Re: Berta's Briefings - Introduction of the "Property Tax Fairness Act"

Thank you! Tam Agosti-Gisler

From: Angela [mailto:stormyweather@gci.net]
Sent: Monday, January 30, 2012 9:00 PM
To: Rep. Berta Gardner
Subject: RE: Berta's Briefings - Introduction of the "Property Tax Fairness Act"

I agree, we need to put an end to the exemptions for religious teachers.

Angela Helms

From: Dave Catchpole [mailto:dcatchpole@gci.net]
Sent: Thursday, February 02, 2012 9:31 AM
To: Rep. Berta Gardner
Cc: Rep. Mike Doogan; Rep. Charisse Millett; Sen. Kevin Meyer; Sen. Hollis French
Subject: HB 305

Dear Representative Gardner,

I applaud your action to introduce HB 305 and stop this cheating of Anchorage residents by Jerry Prevo. I'm outraged at the way this charlatan continues to improperly get tax breaks in the name of religion. You may recall how he enlisted the aid of then Senate President, Ben Stevens, to have then Senator Lyda Green amend an unrelated House Bill, supported by then Senator Con Bunde, while the latter was out of the room, to expand Prevo's property tax exemptions to include just about anybody associated with the running of his church. That action was a total disgrace which, unfortunately has never been fixed – probably because of lack of attention – and I still have copies of the several emails that I wrote to Con Bunde about it. The perpetrator on behalf of Prevo was of course Glenn Clary, an Administrator at the Anchorage Baptist Temple, using his influence as Treasurer of the Alaska Republican Party. Perhaps now there is sufficient anger from Anchorage residents that the Legislature can reverse its previous action and return the law to exempt only one person/property per church/ministry from property taxes. Let Prevo and co choose who gets it, but ensure that not more than one person/property does. This kind of cheating of the local community does not bode well, and the Legislature should fix it as soon as possible.

I wrote to my Senator, Kevin Myer, on this back on January 19th, but as yet have not received a reply, so I don't know his position on this. One would hope that he supports fair play on property taxes.

Sincerely,

David Catchpole

From: Leland Wilson [mailto:leewilson@gci.net]
Sent: Monday, January 30, 2012 8:01 PM
To: Rep. Berta Gardner
Subject: Property tax fairness

Thanks Berta for addressing the inherent unfairness of that law passed in 2006. I certainly hope the 2 committees and the legislature understands the burden that exemption puts on every other property taxpayer in the municipality.
Lee Wilson
leewilson@gci.net

From: Tim Pearson / Brian Chen [mailto:timandbrian@mindspring.com]
Sent: Monday, January 30, 2012 6:48 PM
To: Rep. Berta Gardner
Subject: Re: Berta's Briefings - Introduction of the "Property Tax Fairness Act"

Hi Berta,

I think you've hit the nail on the head about the teachers. Why are some teachers treated differently than others is a great point. Please reverse "Prevo's Law" passed a few years ago. I wish this could be taken one step further. Why should I, an individual, have to pay for city services used by churches? My best interests would be served by all churches paying property tax just like any other business. Let the members of the church give donations to the church if they want to help their individual church defray the cost due the city on property taxes. I wonder how much lower my taxes would be if everyone (including churches) paid their fair share.

There you have it... my 2cents worth,
Tim Pearson

From: Helen Allen [mailto:akgranny1@gci.net]
Sent: Wednesday, February 01, 2012 2:29 PM
To: Rep. Berta Gardner
Subject: Property Tax Fairness Act

As described in your recent e-mail, I would support this legislation.

Helen Allen
4208 Needle Circle
Anchorage, AK 99508

From: Tricia Franklin [mailto:tricia@gci.net]
Sent: Monday, January 30, 2012 7:11 PM
To: Rep. Berta Gardner
Subject: Property Tax Fairness Act Feedback

Thank-you Berta!

It is a step in the right direction to put a stop to tax exemptions for teachers at religious institutions. I would support further measures that do not allow ANY tax exemptions for religious properties. I find it offensive that this exemption is so often and easily abused, especially by the largest and richest congregations in town. Adding the exemption for religious teachers in 2006 has pushed the exemptions far beyond the original intent. As you have said, it is not fair. Many religious organizations in Alaska are money making businesses that can easily afford to pay municipal taxes on their investment properties. As a homeowner, I am tired of financing religious business by paying their taxes.

You proposal sets a reasonable limit. It is a start. Thank-you!

Tricia Franklin
3000 Emory St
Anchorage, AK

From: Sharon Zandman-Zeman [mailto:sharon_zz@hotmail.com]
Sent: Monday, January 30, 2012 8:00 PM
To: Rep. Berta Gardner
Subject: RE: Berta's Briefings - Introduction of the "Property Tax Fairness Act"

Stay righteous! You're doing a great job. Thanks!

From: Herbert Berkowitz [mailto:herberg@gci.net]
Sent: Thursday, February 02, 2012 7:30 AM
To: Rep. Berta Gardner
Subject: Good Job!

Berta,

Kathryn and I totally agree with your proposal in the Legislature to take away the property tax exemption of property owned by churches and occupied by teachers. We wish it were politically feasible to go much further than that.

Herb Berkowitz

From: Robert Auth [mailto:authrm@gci.net]
Sent: Wednesday, February 01, 2012 11:41 AM
To: Rep. Berta Gardner
Subject: Re: Berta's Briefings - Introduction of the "Property Tax Fairness Act"

Dear Berta Gardner,

Thank you so much for introducing this legislation. Some religious institutions do a good deal of good in the community. And some prey on their followers, the public and tax payers. I agree with your attempt to ensure a bit more fairness into the system. I also think that religious leader's homes should lose their tax exemptions when the property hits a certain amount of value. Why should a religious leader be living in a mansion anyway?

Margaret Auth

From: Linda Kaye Harter [mailto:anch2020@gmail.com]
Sent: Friday, February 03, 2012 2:40 PM
To: Rep. Berta Gardner
Subject: Re: House Bill 305

On Feb 3, 2012, at 1:36 PM, "Linda Kaye Harter" <anch2020@gmail.com> wrote:

I wholeheartedly endorse Reps. Gardner and Holmes efforts in House Bill 305..it's long overdue.

EVERYONE enjoys police, fire, roads, snow removal, etc., etc.....we ALL should pay our fair share.

Linda Kaye Harter

From: Kris N. Anderson [mailto:def90@gci.net]
Sent: Thursday, February 02, 2012 12:17 AM
To: Rep. Berta Gardner
Subject: HB 305

Anchorage, AK

Dear Representative Gardner:

Thank you so very much for introducing HB 305! I know it takes a lot of guts to do that, I sincerely admire and support you for doing so.
It's high time these religious zealot freeloaders begin to pay their own way instead of leaching off of a struggling society.
Let me know if I can be of service to you.
Sincerely,

Kris N. Anderson (Mr.)
2860 W. 80th
Anchorage, AK 99502
def90@gci.net
907.248.4600
907.764.0833

From: Elizabeth.Burdette
Sent: Tuesday, January 31, 2012 7:30 AM
To: Rep. Berta Gardner
Subject: Re: Berta's Briefings - Introduction of the "Property Tax Fairness Act"

Berta, I agree with you. I do believe that the religious teacher exemption should be eliminated. Thank you.

Beth Burdette
Anchorage, Alaska

. FYI, I am a 50% disabled vet and I do get the tax exemption for the Vets.

"Our collective lineage nurtures individual power."

From: Kirk Hastain [mailto:khastain@gmail.com]
Sent: Tuesday, January 31, 2012 4:59 PM
To: Rep. Berta Gardner
Subject: Repeal abusive tax breaks for Relig. Prop.

We agree that it is time for tax fairness. We think all properties should pay something.

All non-profits included.

Kirk & Linda

From: LauraB [mailto:meanqueens@yahoo.com]
Sent: Tuesday, January 31, 2012 5:25 AM
To: Rep. Berta Gardner
Subject: Re: Berta's Briefings - Introduction of the "Property Tax Fairness Act"

I support the Property Tax Fairness Act. Thank you for your work, Laura Baldwin

From: Mary Ann Brockway [mailto:maron@gci.net]
Sent: Monday, January 30, 2012 9:27 PM
To: Rep. Berta Gardner
Subject: Property Tax Fairness Act

Thank you for your newsletter. I completely agree with the Property Tax Fairness Act that you are introducing and hope that you can get it passed.

Mary Ann Brockway
4800 Kupreanof St.
Anchorage, AK 99507

From: Double Fours [mailto:eighthehardway@yahoo.com]
Sent: Tuesday, January 31, 2012 1:15 PM
To: Rep. Berta Gardner
Subject: Re: Berta's Briefings - Introduction of the "Property Tax Fairness Act"

Hello Berta,

I agree with you but I think your legislation does not go far enough. Fair would be if a church is only allowed exemption on one property just like every citizen is.

While I support the purpose of churches, I do not support their being able to mass huge fortunes and for their pasturage to live like kings when there are thousands here in Anchorage alone who are homeless.

Leonard Lamb

-----Original Message-----
From: Glenn Clary [mailto:gclary@ancbt.org]
Sent: Thursday, January 26, 2012 1:48 PM
To: Sen. John Coghill; Sen. Bettye Davis; Sen. Fred Dyson; Sen. Dennis Egan; Sen. Johnny Ellis; Sen. Hollis French; Sen. Cathy Giessel; Sen. Lyman Hoffman; Sen. Charlie Huggins; Sen. Albert Kookesh; Sen. Lesil McGuire; Sen. Linda Menard; Sen. Kevin Meyer; Sen. Joe Paskvan; Sen. Donny Olson; Sen. Tom Wagoner; Sen. Bert Stedman; Sen. Gary Stevens; Sen. Joe Thomas; Sen. Bill Wielechowski; Rep. Alan Austerman; Rep. Mike Chenault; Rep. Sharon Cissna; Rep. Mia Costello; Rep. Alan Dick; Rep. Mike Doogan; Rep. Bryce Edgmon; Rep. Anna Fairclough; Rep. Eric Feige; Rep. Neal Foster; Rep. Les Gara; Rep. Carl Gatto; Rep. Max Gruenberg; Rep. David Guttenberg; Rep. Mike Hawker; Rep. Bob Herron; Rep. Lindsey Holmes; Rep. Kyle Johansen; Rep. Craig Johnson; Rep. Reggie Joule; Rep. Scott Kawasaki; Rep. Wes Keller; Rep. Beth Kerttula; Rep. Bob Lynn; Rep. Bob Miller; Rep. Charisse Millett; Rep. Cathy Munoz; Rep. Mark Neuman; Rep. Kurt Olson; Rep. Pete Petersen; Rep. Lance Pruitt; Rep. Berta Gardner; Rep. Dan Saddler; Rep. Paul Seaton; Rep. Bill Stoltze; Rep. Bill Thomas; Rep. Steve Thompson; Rep. Chris Tuck; Rep. Peggy Wilson; Rep. Tammie Wilson
Cc: Glenn Clary
Subject: Property tax exemptions

Dear Alaska Legislator,

The following is a response from Dr. Jerry Prevo concerning recent questions about religious tax exempt properties. He requested that I forward this information to you.

I will be in Juneau, February 1-4, if you need further information about the historical timeline concerning tax exemptions for property owned by religious organizations.

Glenn Clary
907-952-2281
gclary@ancbt.org

To Whom It May Concern:

The Anchorage Baptist Temple is not against paying property taxes. ABT pays more than $45,000 a year in taxes on approximately 14 pieces of property. With legal counsel ABT has requested tax exemptions on properties that qualify.

Because of an inquiry by the Anchorage Daily News, the Anchorage Baptist Temple hired two law firms and asked them to look at its' tax exempt properties. Both attorneys were asked to determine if ABT had improperly asked for tax exemptions and if so how to make it right. If there was a problem, I wanted to clear it up before the Daily News made it an issue.

Both law firms advised ABT they believed the church was in compliance with the law. The Daily News quotes one attorney saying ABT is in compliance and attached is a letter from the other law firm's attorney saying he believes we are in compliance. Of course the final decision will be made by the city's tax assessor. ABT has been cooperating with that office's inquiries.

ABT believes it has properly requested tax exemptions based on legal counsel. It seems this issue comes up about every time "special rights" for homosexuals comes up in our city which is coming up in April. If passed, these "special rights" for homosexuals will take away the rights of religious groups, churches, organizations, businesses, religious people, and individuals. I have opposed "special rights" for what the Bible calls immoral behavior since the 70's. It seems these recent accusations are again a move to diminish my opposition to these "special rights".

ABT feels they are fortunate in that the city's tax assessors' office will be looking for the facts rather than fodder to write a newspaper story and if the church's legal counsel has been mistaken, we look forward to correcting any discrepancies and paying any taxes due.

Pastor Jerry Prevo

Attorney Kevin Clarkson was our attorney quoted in the paper that we were in compliance with the tax exempt law. Kevin has done work for the Republican Party.
The other attorney's letter is below. Attorney Amodio has done work for the Democratic Party. We thought it was important to have an opinion from both to eliminate any accusations of political favor.

REEVES AMODIO LLC
ATTORNEYS AT LAW
December 30, 2011
To the congregation of the Anchorage Baptist Temple:
Pastor Prevo came to me on Dec 22, 2011 and asked me to look into way the church has been handling its tax exempt properties. He understood the Anchorage Daily News was planning to attack him regarding the church's handling of tax exempt properties. He asked me to look at the situation to see if he or the church had done anything wrong and, if so, what needed to be done to make it right. After reviewing the situation and relevant material, I believe that Pastor Prevo and the church have acted properly and in accordance with law regarding the church's tax exempt properties. I do not believe he or the church has done anything improperly or contrary to law. I am preparing a more detailed letter explaining my conclusions that Pastor Prevo and the church are free to release to whoever they think appropriate.
Sincerely,
Reeves Amodio LLC
Direct Phone (907) 222-7104
Direct Facsim ile (907) 222-7199
E-Mail tom@ree vesamodio.com
500 LSTREETSuite 300 ANCHORAGEAlaska99501
Telephone(907) 222-71 00 Facsimile(907) 222-7199 Websitewww.reevesamodio.com

Terry Harvey

m: Daniel Repasky <akdanr@hotmail.com>
nt: Tuesday, February 07, 2012 12:05 PM
To: Terry Harvey
Subject: HB 305

I am in support of the HB 305. The fact that religious institutions are exempted at all is a testament to the Founders of our Nation and their understanding of Society, at that time. Now, in today's society, the religious institutions have taken on a whole new form. With the special status written into law back in 2006, we find ourselves supporting people who work as teachers, janitors, and sound and lighting personnel for mega-churches getting exemptions for the property they live in while enjoying all the benefits that our property taxes support. I object.

The Church itself and the attending parking should be exempted. As should be the parsonage (a single facility) for that Church. The schools, nursery buildings, gymnasiums and various other property not specific to the practice of the religion should not be so covered. It was disheartening to learn that the Anchorage Baptist Temple had circumvented the tax laws by unwritten agreements made with its employees, allowing these individuals to build equity in property they did not own and that the Church did not pay taxes upon by calling them ministers. Likewise, its private schools and nursery facility should not be exempted. Or, all nursery and schools should receive the same status.

It seems to me that the financial aspects of the religious practices of a few churches are established not to serve the interests of the religion, but to further the business goals of the Church. When those business and religious goals being supported by all citizens, it is wrong. Each of us have the right to participate in our Church. We tithe, or not, as we see fit. By the perversion of the religious exemption for property taxes other citizens are "forced" to support the teachings and practices of a church for which they may fundamentally oppose. That, most certainly, is wrong.

Finally, there are those in our society who do not believe that a higher power even exists, yet they, too, must in some small part pay for these religious institutions. Let's minimize this exemption so that in years ahead we have a defined process whereby any religious institution get s a precise exemption, or do away with it totally.

Thank you.
Daniel Repasky
2807 W 34th Avenue
Anchorage, AK 99517

HB 312

<TARGET><BILL>HB 312</BILL><SUBJECT>HB 312</SUBJECT><COMM>HCRA27</COMM></TARGET>

Alaska State Legislature
House of Representatives
Representative Tammie Wilson

Interim
301 Santa Clause Lane
North Pole, AK 99705
Phone - (907) 451-2806
Fax - (907) 451-2332

Session
State Capitol
Juneau, AK 99801
Phone - (907) 465-4797
Fax - (907) 465-3884

Rep.Tammie.Wilson@legis.state.ak.us

House Bill 312:

"An Act creating a low-interest loan program for homeowners who convert their homes to natural gas-fired heating; and creating the natural gas home heating conversion loan fund."

House Bill 312 will create a low interest loan program, providing Alaskans an affordable avenue for converting their oil, coal, or wood heating appliance to a cleaner natural gas fired furnace.

The loan program established under HB 312 will be overseen by the Alaska Housing Finance Corporation, allowing qualified applicants, regardless of income level, to receive up to a $7,500 loan for a new heating appliance at an interest rate of 1% over a 10 year term.

Once HB 312 is funded by the legislature, communities that currently have the option of natural gas would qualify for this program. Meanwhile, communities without access to natural gas would be able to start planning for a retrofit of their home as gas delivery options become available in their community.

An additional benefit of HB 312 will be the effects of the program on a community's air quality. Currently, the U.S. Environmental Protection Agency has declared the Fairbanks North Star Borough a PM 2.5 nonattainment area. This designation has serious economic development impacts. One example is the possible loss of Federal highway monies. The FNSB will be able to use HB 312's loan program within their required EPA state implementation plan to mitigate the existing air quality concerns.

I urge your support of HB 312 to help prepare Alaska's homes and families for a gasline.

Alaska State Legislature
House of Representatives
Representative Tammie Wilson

Interim
301 Santa Clause Lane
North Pole, AK 99705
Phone - (907) 451-2806
Fax - (907) 451-2332

Session
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Rep.Tammie.Wilson@legis.state.ak.us

Sectional Analysis

Section 1. Amends AS 18.56 creating a new section "Article 6A. Natural Gas Home Heating Conversion Loan Program" with new sections 18.56.870, 18.56.873, and 18.56.875.

Sec. 18.56.870. Titled "Natural gas home heating conversion loan program". Creates a new natural gas home heating conversion loan program under the Alaska Housing Finance Corporation (AHFC). Qualified applicants can apply for a low interest loan to convert a home that uses oil, coal, wood, or other non-natural gas fired heating devices to natural gas heat. To qualify for a loan, the homeowner will need an energy audit performed by an approved rater, to be paid for by the homeowner. Defines an eligible home as substantially complete, owner-occupied, single-family dwelling or duplex used as a permanent residence of the loan applicant. Not more than 25 percent of the home may be used for commercial purposes. An eligible home does not include a home that has been destroyed, abandoned, or converted to another form of heat 12 months after an energy audit has been performed, to a home which natural gas is not available, and to a home that has already received a loan under this program.

Sec. 18.56.873. Titled "Natural gas home heating conversion loan fund". Establishes the natural gas home heating conversion loan fund administered by AHFC. Money will be appropriated to the fund by the Legislature. Loans made under the conversion program will have an interest rate of 1 percent, term of 10 years, not subject to income limitations, and may not exceed the cost of conversion to a natural gas heating device or $7,500. Provides the loan fund may be used for making loans to eligible homeowners, cover costs of administering the loan, and cover costs of administering and enforcing loan terms.

Sec. 18.56.875. Exempts AHFC from requirements of AS 46.11.050(b) when making loans under AS 18.56.870 and 18.56.873.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **SB 154**
Fiscal Note Number: 1
(S) Publish Date: 2/1/12

Identifier (file name): SB154-DOR-AHFC-01-13-12
Title: Natural Gas Conversion Program/Fund
Sponsor: Senator Thomas
Requester: (S) CRA

Dept. Affected: Revenue
Appropriation: Alaska Housing Finance Corp.
Allocation: AHFC Operations
OMB Component Number: 110

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	***	***	***	***	***	***	***

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		***	***	***	***	***	***	***

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version.

Prepared by: Cary Bolling, Officer Governmental Realtions & Public Affairs — Phone 907-350-2479
Division: Alaska Housing Finance Corporation — Date/Time 9:23am; 1/20/2012
Approved by: Dan Fauske, CEO — Date 9:24am; 1/20/2012
Alaska Housing Finance Corporation

(Revised 8/17/2011 OMB)

FISCAL NOTE #1

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. SB 154

Analysis

This legislation will amend A.S. 18.56 to establish a loan program and fund for homeowners to convert an oil, coal, wood or other non-natural gas-fired heating device so the home is primarily heated by a natural gas-fired heating device. An energy audit is required to estimate costs. Loans will have an interest rate of one percent, a ten year term and may not exceed $7500.00.

Indeterminate fiscal note . Should there be an appropriation, currently estimated administrative costs would be one percent of fund amount.

FISCAL NOTE

STATE OF ALASKA cost ≠ codes
2012 LEGISLATIVE SESSION

Bill Version: HB312
Fiscal Note Number: 1
Publish Date: 2/10/2012

Identifier (file name): HB312-DOR-AHFC-02-10-12
Title: Natural Gas Conversion Program/Fund
Sponsor: Representative Tammie Wilson
Requester: (H) CRA

Dept. Affected: Revenue
Appropriation: Alaska Housing Finance Corp.
Allocation: AHFC Operations
OMB Component Number: 110

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	***	***	***	***	***	***	***

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		***	***	***	***	***	***	***

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES	***	***	***	***	***	***	***

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version.

Prepared by: Cary Bolling, Officer Governmental Relations & Public Affairs — Phone 907-350-2479
Division: Alaska Housing Finance Corporation — Date/Time 10:00am: 2/10/2012
Approved by: Dan Fauske, CEO — Date 10:00am: 2/10/2012
Alaska Housing Finance Corporation

(Revised 8/17/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB312

Analysis

This legislation will amend A.S. 18.56 to establish a loan program and fund for homeowners to convert an oil, coal, wood or other non-natural gas-fired heating device so the home is primarily heated by a natural gas-fired heating device. An energy audit is required to estimate costs. Loans will have an interest rate of one percent, a ten year term and may not exceed $7500.00.

Indeterminate fiscal note . Should there be an appropriation, currently estimated administrative costs would be one percent of fund amount.

FY13 Legislative Request

Legislative Request By: Fairbanks North Star Borough

Request Title: Legislation to Finance Fuel Conversions to a Natural Gas Distribution System in the Fairbanks North Star Borough

Brief Description of Request:

The FNSB requests that legislative action be taken in the 2012 session to establish a low interest fuel conversion loan program that would enable Borough residents to take advantage of lower cost, liquefied natural gas energy that is projected to be made available through the Golden Valley Electric Association-Flint Hills Resources (GVEA-FHR) Liquefied Natural Gas Trucking Project by the end of 2014.

Please provide a detailed description and justification:

Legislation to Finance Fuel Conversions to a Natural Gas Distribution System in the Fairbanks North Star Borough

The Golden Valley Electric Association-Flint Hills Resources (GVEA-FHR) Liquefied Natural Gas Trucking Project is moving forward to meet their March 2012 project commitments, with possible availability of liquefied natural gas to Borough residents by the end of 2014. The FNSB requests that legislative action be taken to establish a low interest fuel conversion loan program that will enable Borough residents to finance converting or replacing their home's oil fired furnaces to natural gas quickly and at a reasonable rate.

By establishing a low interest fuel conversion loan program in the 2012 legislative session, the legislature would ensure FNSB residents are poised to take advantage the lower cost, more efficient liquefied natural gas as soon as it is made available through the GVEA-FHR Trucking Project in late 2014. A fuel conversion loan program could be similar to the AHFC home energy rebate program using auditors to evaluate residential oil fired heating devices (appliances) to be replaced or converted and estimate the cost to the homeowner. By establishing a low interest fuel conversion loan program, the legislature will have a financing method in place that could be applied as other heating alternatives become available.

The previously funded Natural Gas Distribution Study will determine borough-wide gas distribution systems and associated funding costs and evaluate the extent natural gas delivery would impact the attainment model for reducing local PM 2.5 emissions.

Has the project gone through a public review process at the local level and is it a community priority by resolution or other official action by the governing body?

YES X NO

Grant Recipient Contact Information: See Contact Information page/section of this book.

You must provide documentation. (ie. Copy of resolution and/or appropriate letter(s) of support) See Resolution page/section of this book.

If your project request has not gone through a public and/or governing or appropriate review process for your community or school district then it may not make it through the Legislative process of approval.

March 11, 2011

sierra research

1801 J Street
Sacramento, CA 95811
Tel: (916) 444-6666
Fax: (916) 444-8373

Ann Arbor, MI
Tel: (734) 761-6666
Fax: (734) 761-6755

Memo to: Honorable Luke Hopkins, Mayor
Fairbanks North Star Borough

From: Bob Dulla and Frank Di Genova

Subject: Emission Reduction Benefits of Natural Gas Displacing Conventional Heating Fuels in Fairbanks

For a variety of reasons, including poor dispersion, low temperatures, and limited fuel mix, Fairbanks has poor wintertime air quality and frequently exceeds the National Ambient Air Quality Standard for $PM_{2.5}$. A recent inventory of emissions shows that space heating, and particularly heating with wood, is responsible for the vast majority (74%) of the direct wintertime $PM_{2.5}$ emissions (and an even higher percentage of nuisance smoke complaints). By contrast, oil burning provides roughly the same amount of heating as wood (BTU basis) but contributes only about 1% of direct $PM_{2.5}$ emissions. However, distillate oil burning for space heating contributes about 42% of (gaseous) sulfur dioxide emissions, and these and other gaseous emissions can convert in the atmosphere to secondary $PM_{2.5}$, adding significantly to the total $PM_{2.5}$ burden. Displacement of wood burning and, to a lesser extent, displacing of oil burning, with much cleaner natural gas can significantly reduce these direct and indirect $PM_{2.5}$ emissions.

Based on EPA emission factor data, switching from a conventional wood stove to natural gas reduces direct PM emissions by 99.7%, and switching from residential distillate oil burning to natural gas reduces direct PM by 38.6%. In addition, the fuel oil to gas switch reduces emissions of (gaseous) sulfur dioxide by 99.7%.

According to the 2000 Census, there are 25,583 households in the Fairbanks $PM_{2.5}$ nonattainment area. Shifting 12,000 homes to natural gas would largely eliminate directly emitted PM from almost 50% of the homes in the nonattainment area and substantially reduce the secondary PM burden as well. No other option has been identified to date that can produce reductions of this magnitude and significantly move the Borough towards attainment in a cost effective manner.

cc. Glenn Miller
Jim Conner

print

Fairbanks North Star Borough to pursue money for gas distribution network

by Jeff Richardson/jrichardson@newsminer.com
01.16.12 - 11:35 pm

FAIRBANKS — The Fairbanks North Star Borough hopes to pursue state funding for a local natural gas distribution network in the months ahead, part of a push for infrastructure that officials view as a key step toward lowering energy costs in the Interior.

Ammunition for the lobbying effort could come from a state-funded $430,000 study on the feasibility of such a system. A preliminary draft of the report is due by the end of January, providing ample time for the borough to pursue funding during the legislative session.

Jim Dodson, executive director of the Fairbanks Economic Development Corp., said it's crucial to learn more about how natural gas could be distributed to Fairbanks homes.

State and local officials have spent years working to develop a plan to pipe or truck stranded natural gas from the North Slope oil fields. But even if a gas line materialized in the borough tomorrow, Dodson said, the community couldn't take advantage of the resource.

"Fairbanks today is simply not in a position to utilize natural gas if we were to get it," said Dodson, who is chairman of a committee formed by FEDC to administer the state grant.

The borough signed a contract on Dec. 28 with Northern Economics to conduct the gas distribution feasibility study. A preliminary report is expected within a few weeks, with a final version expected by June.

Rough cost estimates for building a gas distribution system in the Fairbanks area likely will be $30 million or more, Dodson said, and he said help potentially could come from the state in the form of grants or low-interest loans.

Dodson said Fairbanks is one of the few communities in the state that doesn't get a state subsidy to help lower energy costs. Anchorage and other parts of Southcentral get help from the state for parts of their gas distribution network. Most rural areas, meanwhile, are eligible for the state's Power Cost Equalization program, which reduces electric rates.

Steve Haagenson, a committee member and the former director of the Alaska Energy Authority, said the study should be viewed as "a business planning tool" in an area where economic growth has been stifled by high energy costs.

"The time to sit and pontificate about options is coming to an end," he said.

Borough Mayor Luke Hopkins said progress toward a gas delivery system could buy Fairbanks time as it struggles with a looming federal mandate to improve air quality. The borough needs to get Environmental Protection Agency approval for a clean air plan by December, and Hopkins said the EPA likely would accept progress toward more natural gas use as a sign of improvement.

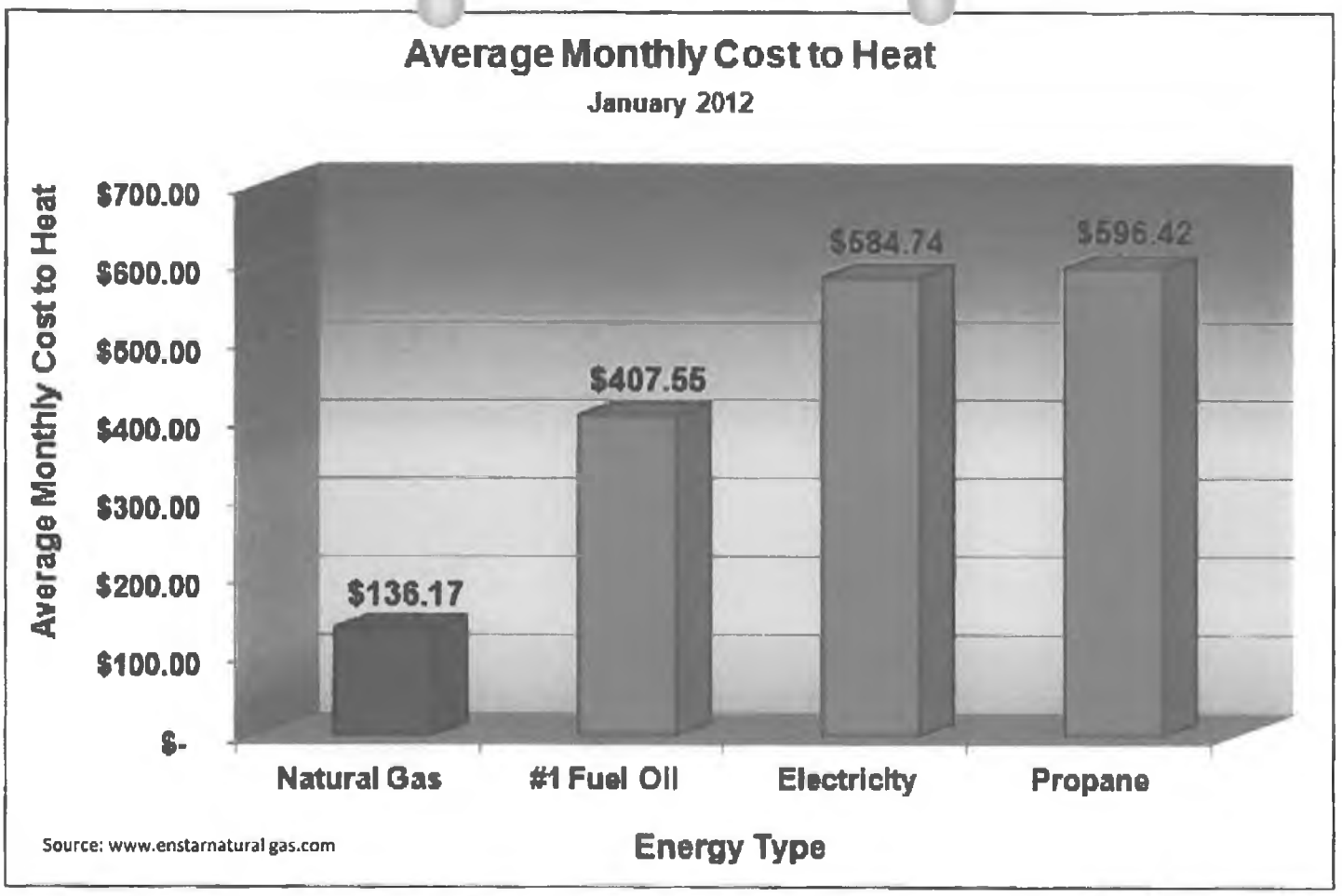
The study will look at how a system could be expanded, including to parts of the borough that wouldn't be part of an urban gas grid. It also will consider whether it would be most feasible to fund a distribution system with money from public sources, private industry or a combination of both.

The immediate demand for gas in Fairbanks is about 8 billion cubic feet per year, divided between Golden Valley Electric Association, the Flint Hills Resources oil refinery and about 1,100 businesses and homes supplied by Fairbanks Natural Gas.

Dodson said the appetite for gas would need to grow considerably to make most delivery options viable.

"What this gives us is an opportunity to look at the options," he said.

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Some typical AFUE numbers[3]

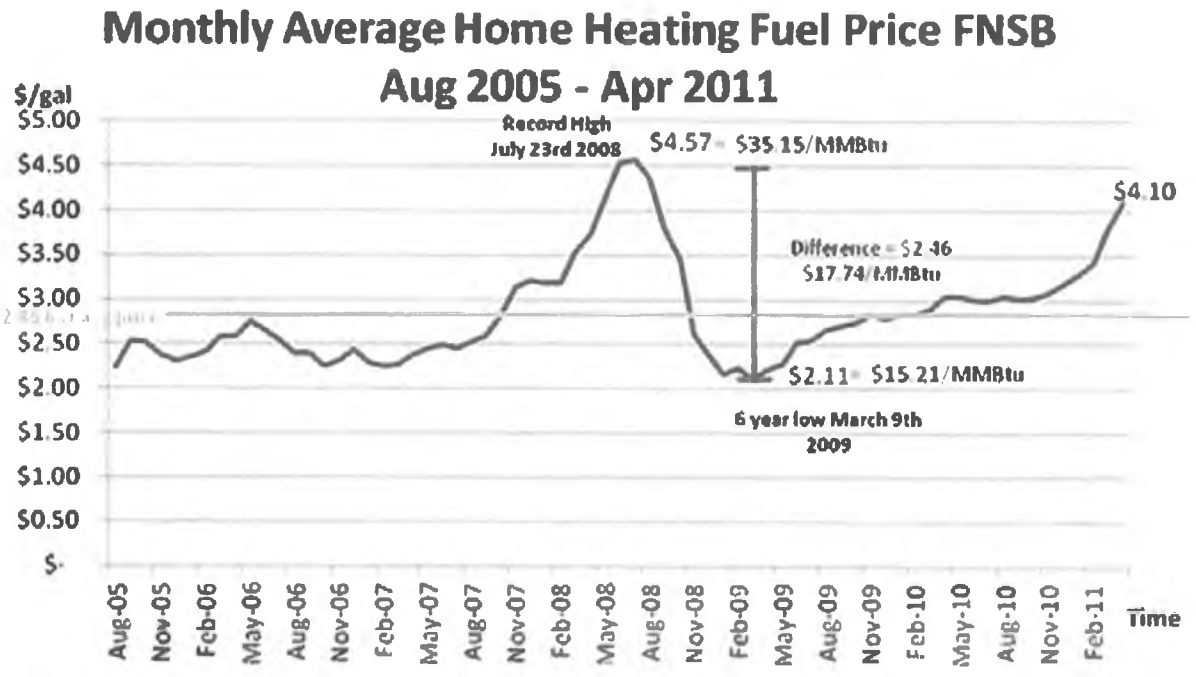
Fuel	Furnace/boiler	AFUE
Heating oil	Cast iron (pre-1970)	60%
	Retention head burner	70-78%
	Mid efficiency	83-89%
Electric heating	Central or baseboard	100%
	Geothermal heat pump	see COP
	Air-source heat pump	see HSPF
Natural gas	Conventional	55-65%
	Mid-efficiency	78-84%
	Condensing	90-97%
Propane	Conventional	55-65%
	Mid-efficiency	79-85%
	Condensing	88-95%
Firewood	Conventional	45-55%
	Advanced	55-65%
	State-of-the-Art	75-90%

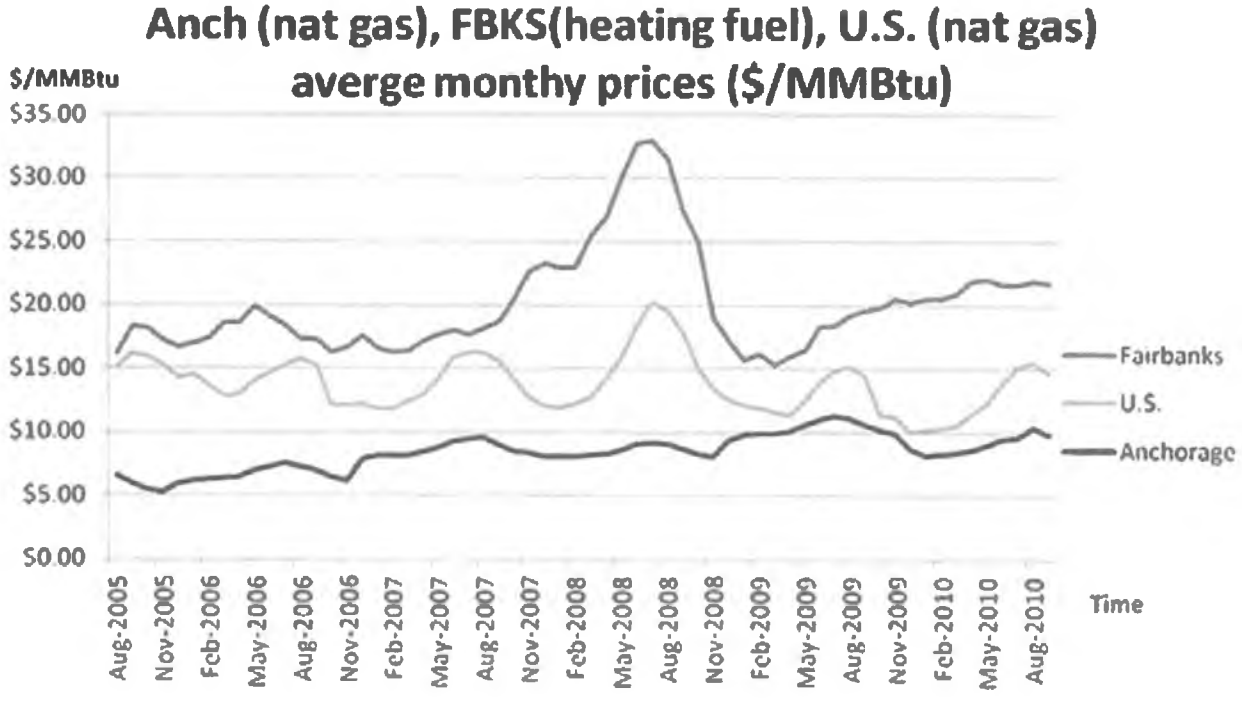
Source: Canada Mortgage and Housing Corporation, ed. (2008)

Table 1: Average Btu Content of Fuels

Fuel Type	No. of Btu/Unit
Fuel Oil (No. 2)	140,000/gallon
Electricity	3,412/kWh
Natural Gas	1,025,000/thousand cubic feet
Propane	91,330/gallon
Wood (air dried)*	20,000,000/cord or 8,000/pound
Pellets (for pellet stoves, premium)	16,500,000/ton
Kerosene	135,000/gallon
Coal	28,000,000/ton

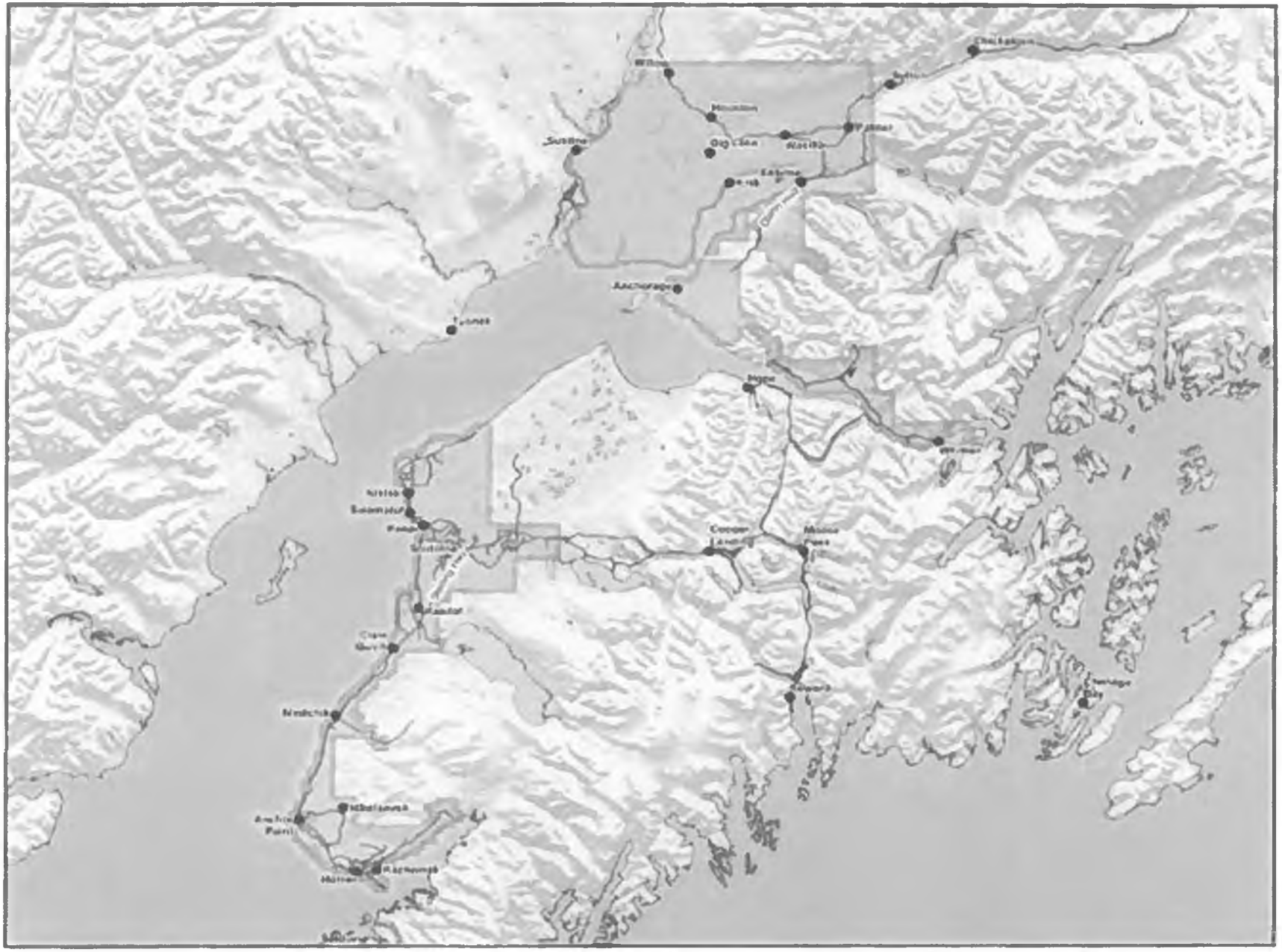
Source: energysavers.gov





Source: Data obtained from Energy Information Administration 2011

Enstar Natural Gas Certificate of Public Convenience and Necessity



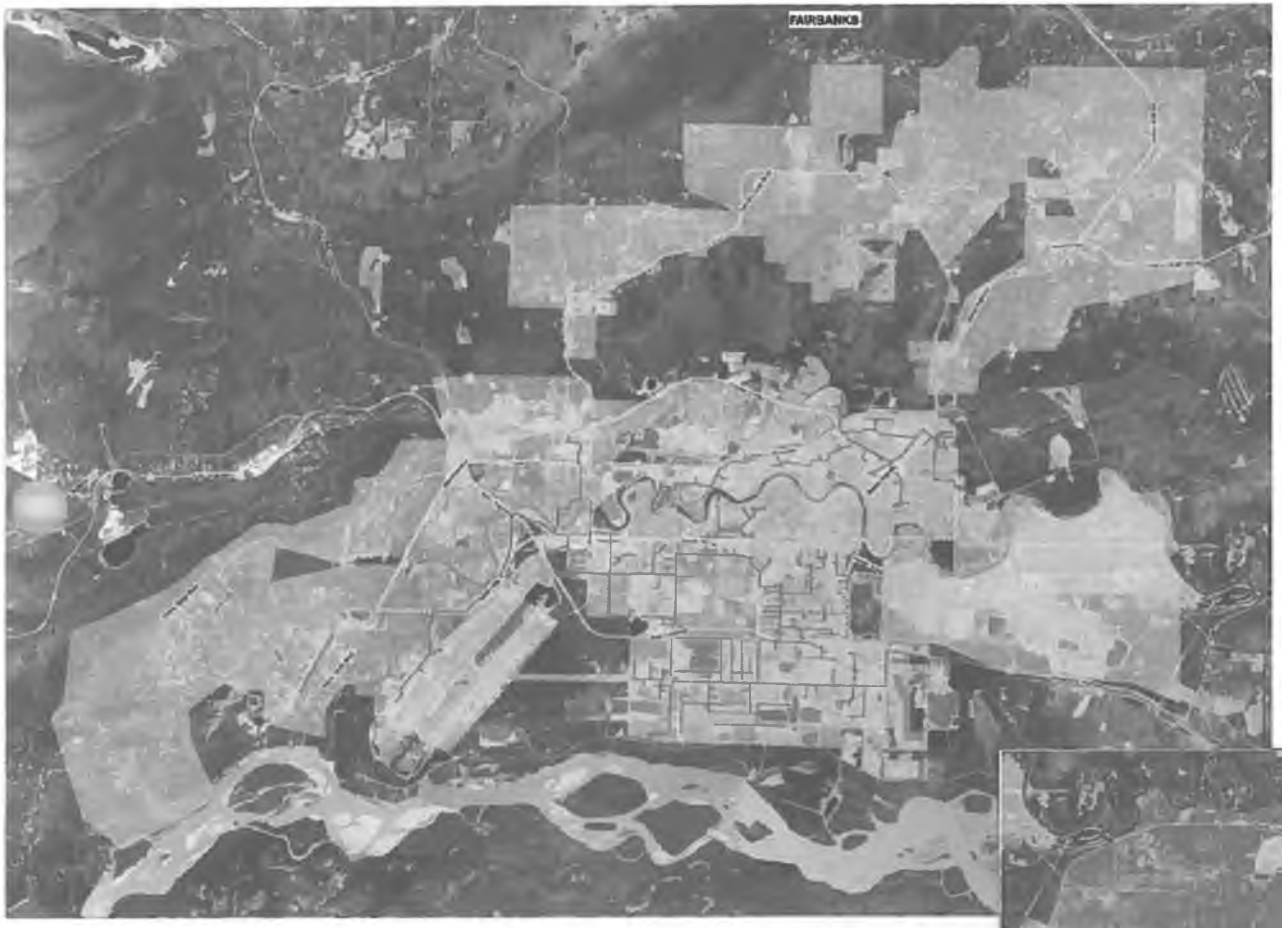
*Shaded area represents a depiction only and my not be exact

FAIRBANKS NORTH STAR BOROUGH NATURAL GAS AND PM 2.5

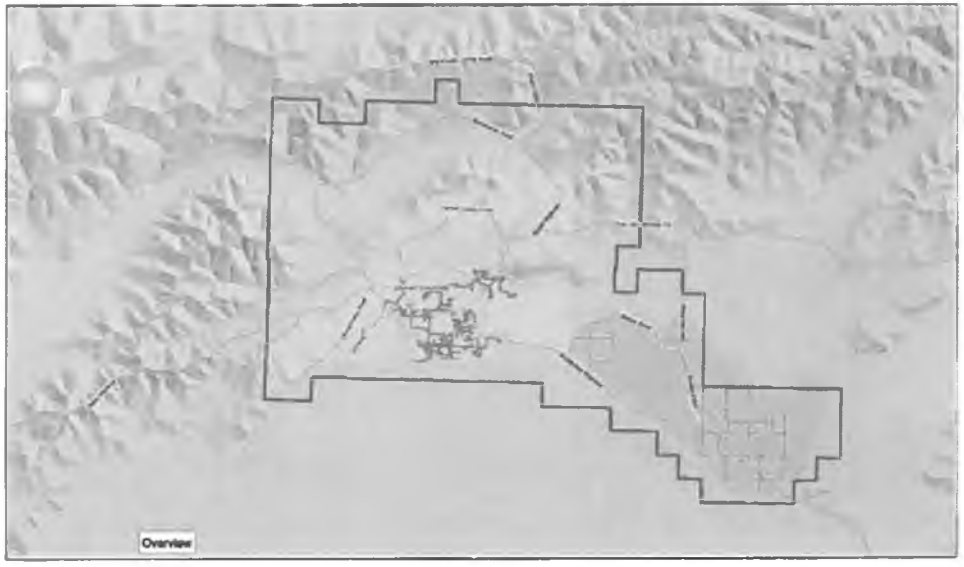
Comparison of Existing Fairbanks Natural Gas (FNG) System, Potential FNG Expansion Areas, and PM 2.5 Regulatory Areas

- PM 2.5 Regulatory Area
- PM 2.5 Hot Zones
- FNG Planned Fairbanks Expansion areas
- FNG Existing Fairbanks Gas Lines
- FNG Planned North Pole Mains
- FNG Planned North Pole Expansion Census Blocks

Prepared for Fairbanks North Star Borough Mayor Luke Hopkins
Prepared by FNSB Department of Community Planning TD
Date: March 13, 2013







Alaska State Legislature
House of Representatives

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Juneau, AK 99801
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Fax - (907) 465.3884

Rep.Tammie.Wilson@legis.state.ak.us

Representative Tammie Wilson

Date: 2-6-2012
To: Representative Muñoz
Attn: Terry Harvey
From: Rep. Tammie Wilson
Re: HB 312 Hearing Request

Dear Representative Muñoz,

Attached is HB 312 and the supporting documentation. HB 312 will establish a low-interest loan program to convert a home heating appliance to a natural gas fired appliance. Please consider a hearing in your Community and Regional Affairs Committee at your earliest convenience.

HB 312 is the companion bill to SB 154.

I appreciate your consideration. If you have any questions or concerns, please feel free to contact my office.

Si
Tammie

Representative Tammie Wilson

FISCAL NOTE

STATE OF ALASKA cost ≠ codes
2012 LEGISLATIVE SESSION

Bill Version **HB312**
Fiscal Note Number 1
Publish Date 2/10/2012

Identifier (file name) HB312-DOR-AHFC-02-10-12
Title Natural Gas Conversion Program/Fund
Sponsor Representative Tammie Wilson
Requester (H) CRA

Dept. Affected Revenue
Appropriation Alaska Housing Finance Corp.
Allocation AHFC Operations
OMB Component Number 110

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	***	***	***	***	***	***	***

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		***	***	***	***	***	***	***

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES	***	***	***	***	***	***	***

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version.

Prepared by Cary Bolling, Officer Governmental Relations & Public Affairs
Phone 907-350-2479
Division Alaska Housing Finance Corporation
Date/Time 10:00am; 2/10/2012
Approved by Dan Fauske, CEO
Date 10:00am; 2/10/2012
Alaska Housing Finance Corporation

(Revised 8/17/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB312

Analysis

This legislation will amend A.S. 18.56 to establish a loan program and fund for homeowners to convert an oil, coal, wood or other non-natural gas-fired heating device so the home is primarily heated by a natural gas-fired heating device. An energy audit is required to estimate costs. Loans will have an interest rate of one percent, a ten year term and may not exceed $7500.00.

Indeterminate fiscal note . Should there be an appropriation, currently estimated administrative costs would be one percent of fund amount.



Representative Tammie Wilson

State Capital Room 415

Juneau, Alaska 99801

Dear Representative Wilson:

I am writing to express my appreciation for your work in introducing HB 312, that would create a low interest loan program to encourage and assist homeowners in converting from more expensive, less efficient home heating systems to other means of heat, including natural gas, propane and where available, District Heat.

As you know, Aurora Energy sells heat and electricity from its Chena Power Plant in downtown Fairbanks. The coal-fired cogeneration plant produces steam, which is then used to generate electricity and to power Aurora's three hot water and one steam heat systems providing clean, hassle-free, reliable, inexpensive heat throughout the core area of Fairbanks. In fact, a home connected to the Aurora District Heat system produces virtually zero emissions, because the heat source is at the power plant, where the plant operations and emissions are constantly monitored and fully regulated. When a new home is added to the system, the oil or gas boiler or furnace at that location is taken out of service, thus eliminating that emission source, and in the case of oil heat, eliminating the need for an oil storage tank on the property.

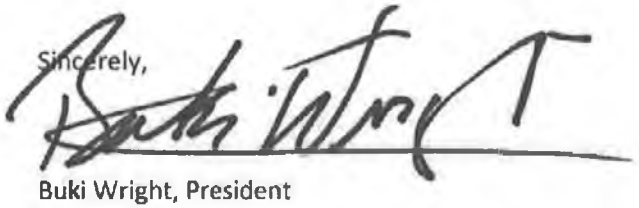
Additionally, for well over ten years, Aurora Energy's hot water and steam District Heat have been the lowest cost heat alternative available, lower than either oil heat or natural gas heat. The impediment to more residences connecting to the Aurora system has been the relatively high cost of connecting to the system. Since the heat is generated at the power plant, the heat is distributed to customers through pipes in the streets. It can be costly to connect, and for smaller residences, the cost is sometimes prohibitive, compared to the savings brought about by the conversion. The loan program envisioned by HB 312 can be a tremendous help to those small homeowners and others.

As long as District Heat is treated on an equivalent basis with other alternative heat sources eligible for the loan program, Aurora Energy supports the concept of the loan program. We look forward to working with you to ensure a solid bill that will provide much needed help to the homeowners in Alaska, while continuing to improve the quality of the air we all breathe.

100 Cushman Street, Suite 210 • Fairbanks, AK 99701-4659 • Phone: (907) 452-8767, Fax: (907) 451-6543

Thank you again for your work in this vital area.

Sincerely,



Buki Wright, President

Aurora Energy, LLC.

27-LS1301\A.2
Nauman
2/15/12

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVES TAMMIE

TO: HB 312 WILSON

Page 1, lines 1 - 2:

Delete "**their homes to natural gas-fired heating**"

Insert "**from an oil-fired heating device to a heating device that is not oil-fired**"

Page 1, line 2:

Delete "**natural gas**"

Page 1, line 6:

Delete "**Natural Gas**"

Page 1, line 7:

Delete "**Natural gas home**"

Insert "**Home**"

Page 1, line 10:

Delete "oil, coal, wood, or other non-natural gas-fired"

Insert "oil-fired primary"

Page 1, line 11:

Delete "natural gas-fired heating device"

Insert "heating device that is not oil-fired"

Page 2, line 4:

Delete "natural gas-fired heating device"
Insert "heating device that is not oil-fired"

Page 2, line 5, following "existing":
Insert "primary oil-fired"

Page 2, line 6:
Delete "natural gas-fired heating device"
Insert "heating device that is not oil-fired"

Page 2, line 15, following "section;":
Insert "or"

Page 2, line 16:
Delete all material.

Renumber the following paragraph accordingly.

Page 2, line 18:
Delete "**Natural gas home**"
Insert "**Home**"

Page 2, line 19:
Delete "natural gas"

Page 2, line 20:
Delete "natural gas"

Page 2, line 27:
Delete "natural gas-fired heating device"
Insert "heating device that is not oil-fired"

Page 2, line 31:

Delete "natural gas"

Page 3, line 2:

Delete "natural gas-fired heating device"

Insert "heating device that is not oil-fired"

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 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM February 21, 2012

SUBJECT: Heating Device Conversion (CSHB 312(CRA)
(Work Order No. 27-LS1301\M)

TO: Representative Cathy Muñoz
Attn: Terry Harvey

HB 312

FROM: Emily Nauman ELN
Legislative Counsel

Please note that this CS draft allows a homeowner to convert from a wood to a biomass heating device -- devices that can be very similar or the same, since wood is a form of biomass -- but does not put any additional requirements on the new heating device (e.g., that it be more efficient, burn cleaner, etc). Given that this bill has passed out of your committee, you may wish to forward this memo to the next committee of referral.

ELN:plm
12-118.plm

Enclosure

As suggested from Leg Legal - I am passing this on to (H) FIN for consideration.

HB

362

<TARGET><BILL>HB 362</BILL><SUBJECT>HB 362</SUBJECT><COMM>HCRA27</COMM></TARGET>

ALASKA STATE LEGISLATURE
HOUSE COMMUNITY & REGIONAL AFFAIRS

HB 362 Sponsor Statement

In a 1995 speech to the Alaska Federation of Natives, the State's top executive said, "By the year 2005, I want the honey bucket to be a thing of the past. Alaskans in our villages aren't second-class citizens . . . and they shouldn't live in Third World conditions." It is now 2012 and there are over six thousand homes without piped sewer and water systems. Village Safe Water estimates that it will cost $650 Million to bring these homes on line and the cost keeps growing.

The state has consistently funded water and sewer but not at a level that adequately reduces the first-time installation backlog or keeps pace with increasing costs. This funding deficit is further impacted by the need to upgrade, repair, or replace aging or inadequate systems. Currently we use approximately 40% of the funds appropriated to address issues related to previously installed systems. Currently there is $51.5 Million in the State's budget for Village Water & Sewer Projects which is less than 8% of the known need. Only $9 Million of that $51.5 Million comes from state sources. The remainder of the funding comes from other sources such as federal.

The state has decreased its contribution by more than 50% since 2004. It is critical that the State develop and implement a funding plan that addresses and reduces this growing deficit. With the prospect of decreases in future state revenue, we need to ensure that first-time service needs are addressed before State surpluses become State deficits. Just throwing money at the problem is not a solution. In the past systems were not always properly matched to their communities. This often left the local utility with a system they could not afford or a system where they did not have the necessary expertise needed to keep it operating.

There are emerging systems and new technologies that will need to be part of the answer. We need a comprehensive look at what solutions are available and which ones fit out conditions. We also need to ensure that we are not building ourselves a financial burden that cannot be sustained.

In short the goal of this Task Force is to find out how the State can solve the rural sanitation problem faster, better and cheaper. We've been doing the same thing for more than fifteen years. It's high time we took another look under the hood.

For Information: Paul Labolle 465 3789

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB 362**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB362-DEC-FC-03-09-12
Title: Water and Sewer Task Force
Sponsor: House Community and Regional Affairs Committee
Requester: House Community and Regional Affairs Committee

Dept. Affected: Environmental Conservation
Appropriation: Division of Water
Allocation: Facility Construction
OMB Component Number: 637

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0
Travel	6.3		0.0	0.0	0.0	0.0	0.0
Services	0.0		0.0	0.0	0.0	0.0	0.0
Commodities	0.0		0.0	0.0	0.0	0.0	0.0
Capital Outlay	0.0		0.0	0.0	0.0	0.0	0.0
Grants, Benefits	0.0		0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0		0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**6.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
FUND SOURCE			(Thousands of Dollars)				
1002 Federal Receipts	0.0		0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0		0.0	0.0	0.0	0.0	0.0
1004 GF	6.3		0.0	0.0	0.0	0.0	0.0
1005 GF/Prgm (DGF)	0.0		0.0	0.0	0.0	0.0	0.0
1037 GF/MH (UGF)	0.0		0.0	0.0	0.0	0.0	0.0
1178 temp code (UGF)	0.0		0.0	0.0	0.0	0.0	0.0
TOTAL	**6.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
POSITIONS							
Full-time	0	0	0	0	0	0	0
Part-time	0	0	0	0	0	0	0
Temporary	0	0	0	0	0	0	0
CHANGE IN REVENUES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version.

Prepared by: Michelle Bonnet, Director — Phone: 907-269-7599
Division: Water — Date/Time: 3/9/12 9:00 AM
Approved by: Lynn Kent — Date: 3/9/2012
Deputy Commissioner

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB 362

Analysis

Analysis/Assumptions:
HB 362 would establish a Water and Sewer Task Force to address challenges in providing water and sewer improvements in rural Alaska villages. The Task Force would consist of nine members, including one state agency member. The bill currently calls for eight tasks, including significant research projects, to be completed during the first six months of FY2013.

Assumptions:
The bill, as written, does not specify how tasks would be completed or how extensive the effort should be. The Department assumes that it will be responsible for participating in the Task Force as the state agency member and will not be responsible for coordination, financial, or administrative support for the Task Force or its activities. A number of the tasks called for in the bill are presently being completed through collaborative efforts between the Department of Environmental Conservation, the Alaska Native Tribal Health Consortium, and federal agencies. It is assumed that a much more comprehensive effort is envisioned by the author of the bill and that tasks would not be carried out by the Department, other than to provide existing data and information to the Task Force.

Travel:
Travel funding will be used for Department employees who participate in the Task Force meetings. The estimated cost per trip is $1,050 for six meetings.

Rural Alaska Sanitation
Bush Caucus Briefing

February 17, 2012

Presented by
The Alaska Department of Environmental Conservation
&
The Alaska Native Tribal Health Consortium

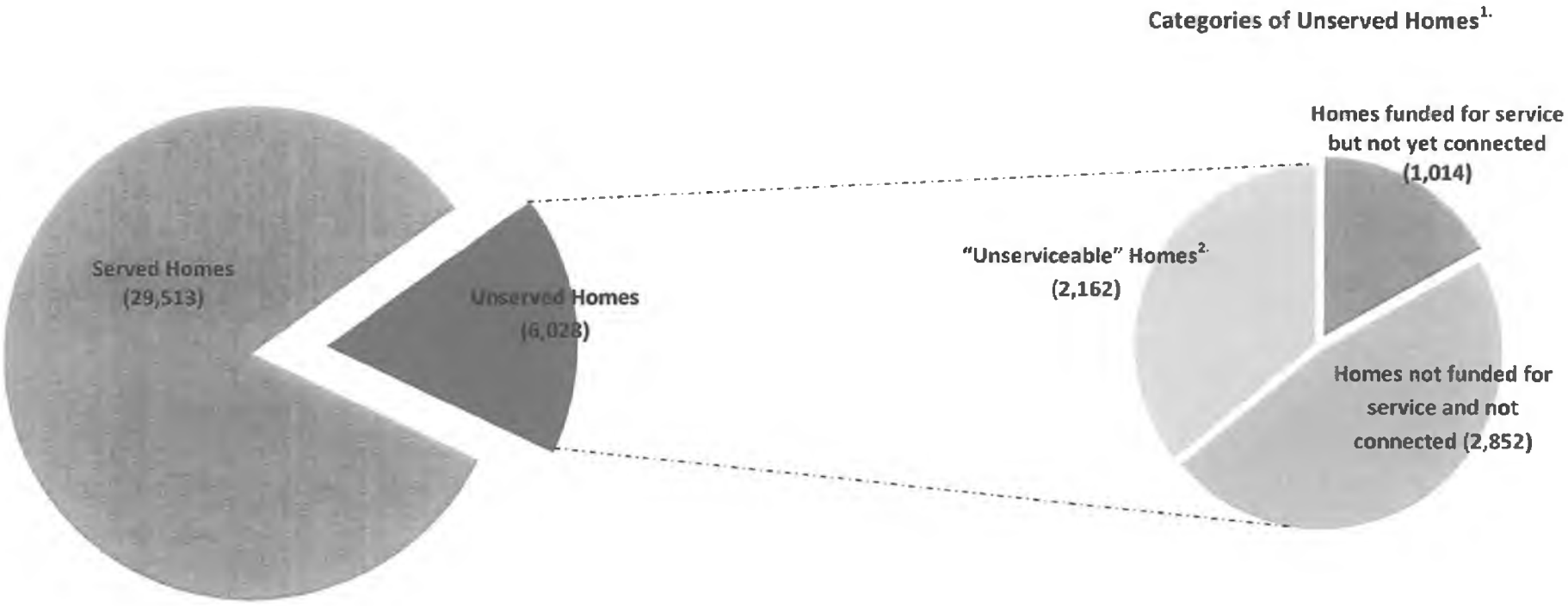
Handouts for Reference:

1. Status of Water and Sewer Service Delivery in Rural Alaska – Categories of Unserved Homes
2. Distribution of Unserved Homes by Region
3. Distribution of First Service Needs by Region
4. Distribution of Expansion, Upgrade, and Replacement Needs by Region

Status of Water and Sewer Service Delivery in Rural Alaska

Alaska Department of Environmental Conservation

February 2012

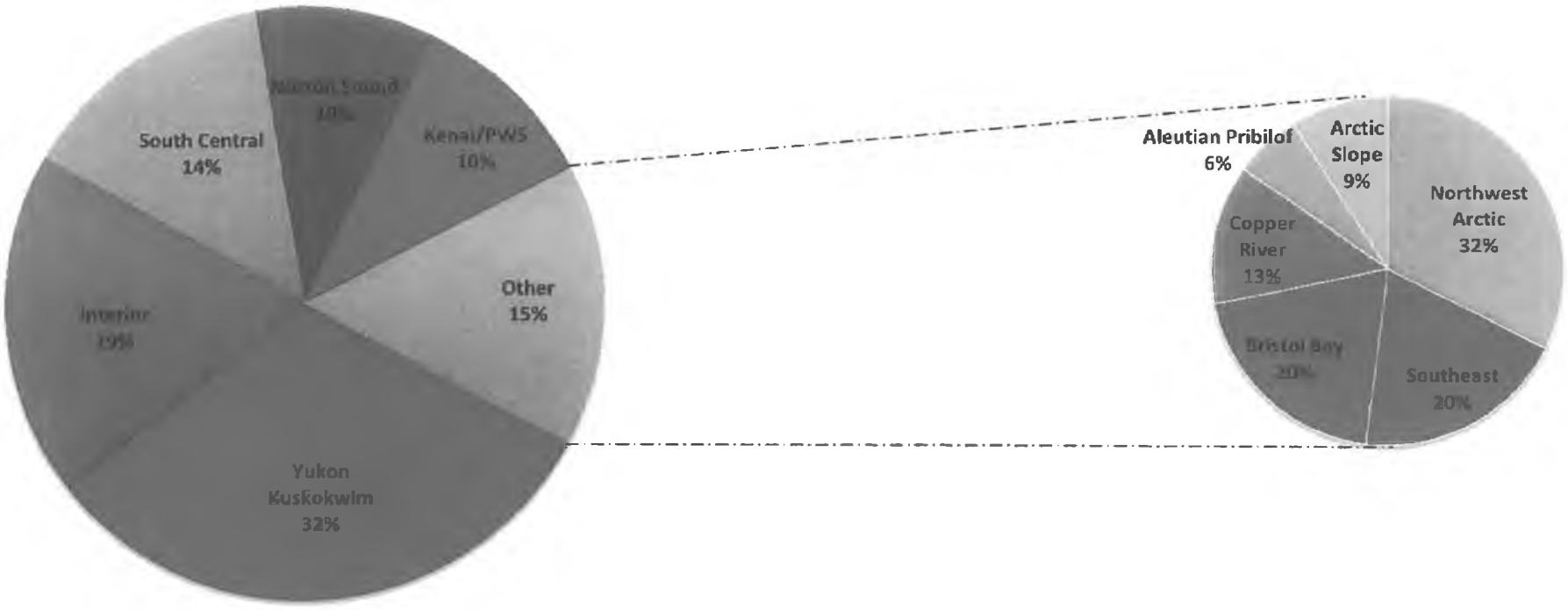


Note: This data is comprised of housing information for all communities that meet federal funding agencies definition of "rural" and includes larger communities and regional hub communities. Only year round occupied homes are included in this data.

1. An unserved home is one which is not connected to an onsite or community piped or closed haul system.
2. An unserviceable home is one that is located in an area where septic tanks and wells are not feasible and is too far away from the "core" area of a community making extending piped service or providing vehicle access for flush/haul vehicles unreasonably expensive.

Distribution of Unserved* Homes By Region Based on Number of Homes

Alaska Department of Environmental Conservation
February 2012



Total Number of Unserved Homes: 6,018

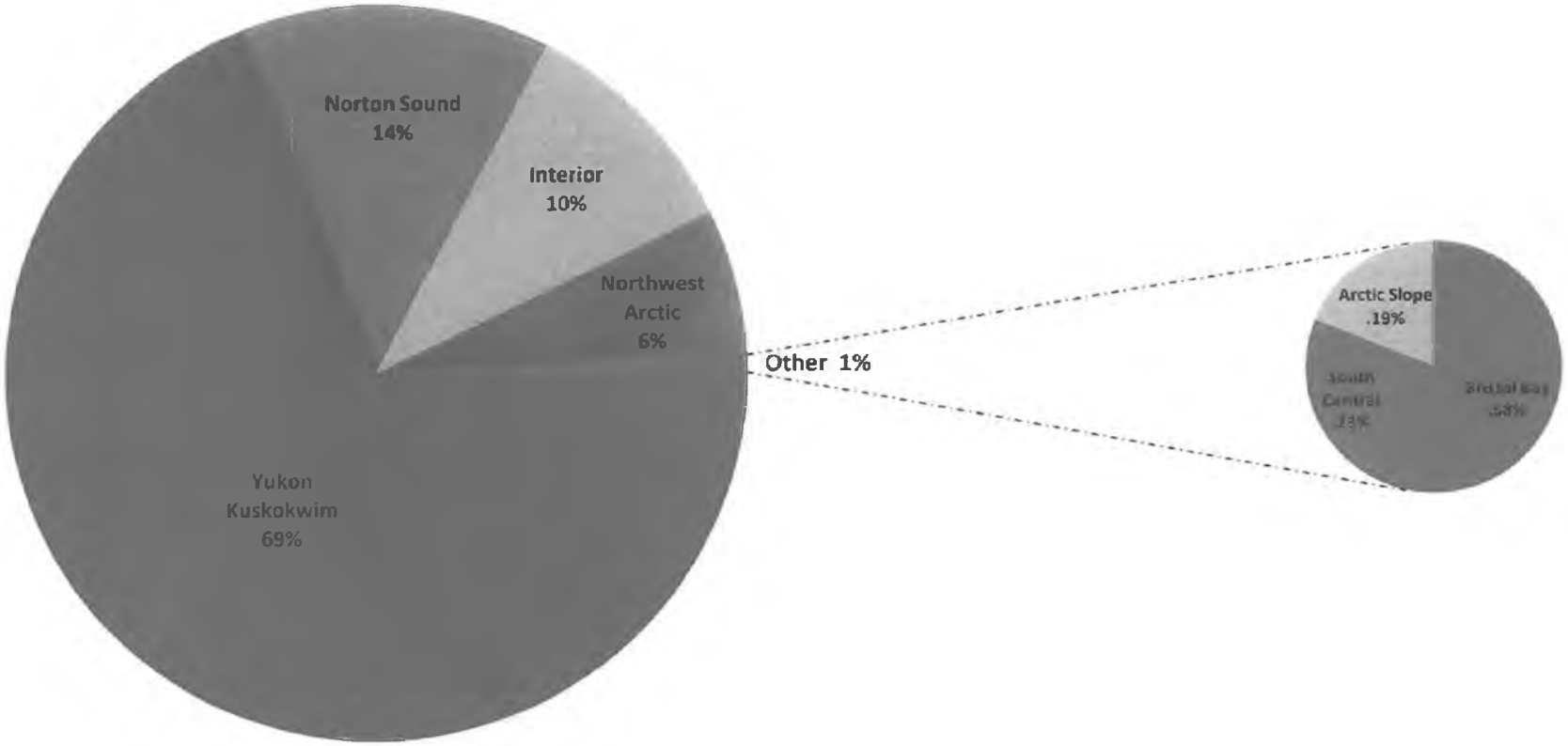
*An Unserved Home is defined as year round occupied house which does not have piped or covered haul water and sewer service.

(Percentages are based on estimated number of unserved homes in each region)

Source: Department of Environmental Conservation and Alaska Native Tribal Health Consortium 2011 House Count.

Distribution of First Service Needs by Region Based on Project Cost

Alaska Department of Environmental Conservation
February 2012



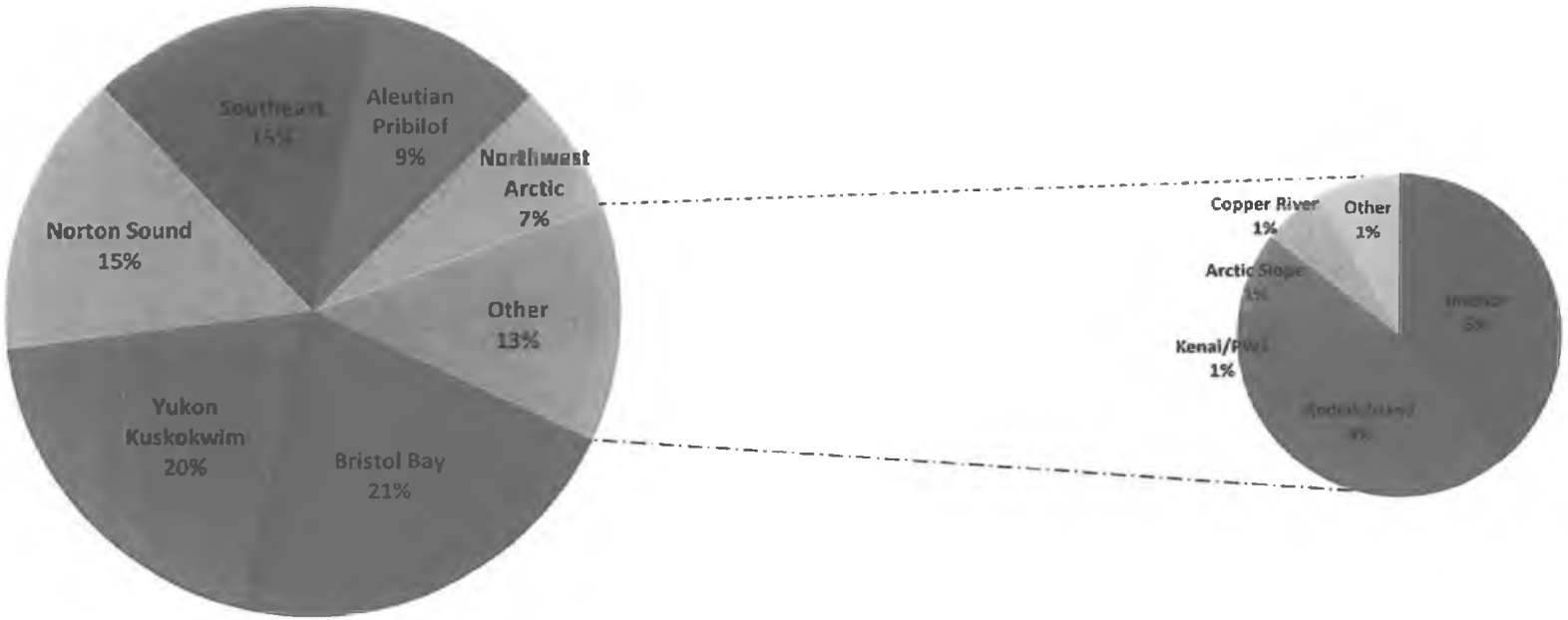
Total Cost to Address First Service Needs (in 2011 dollars): $292,682,161

(Percentages are based on projected costs in each region)

Source: Sanitation Deficiency System, Alaska Area

Distribution of Expansion, Upgrade, and Replacement Needs by Region Based on Project Cost

Alaska Department of Environmental Conservation
February 2012



Total Cost to Address Expansion, Upgrade, and Replacement Needs (in 2011 dollars): $410,015,442

(Percentages based on projected costs in each region)

Source: Sanitation Deficiency System, Alaska Area

27-LS1423\A.1
Bullard
3/20/12

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE SADDLER

TO: HB 362

Page 3, following line 13:

Insert a new paragraph to read:

"(6) investigate and recommend strategies to protect public investments in rural water and sewer systems and promote the long-term operational life of rural water and sewer systems by ensuring, to the greatest extent possible, that the systems can be maintained by local personnel and with local resources;"

Renumber the following paragraphs accordingly.

LEGISLATIVE RESEARCH REPORT

MARCH 25, 2009

REPORT NUMBER 09.201

PIPED WATER IN THE BUSH: BARRIERS TO COVERAGE

PREPARED FOR REPRESENTATIVE SHARON CISSNA

BY DANIEL LESH, LEGISLATIVE ANALYST

You asked about the availability of piped water in the bush. You were interested in which communities were covered by this service and the barriers to coverage of all communities.

According to statistics provided by the Department of Commerce, Community, and Economic Development, Division of Community and Regional Affairs, of the 173 rural communities for which the department has information on water and sewer infrastructure status, 39 have no centralized, piped water or sewer infrastructure; twelve have centralized, piped sewer but no piped water infrastructure; and eight have centralized, piped water but no piped sewer infrastructure. One hundred and fourteen rural communities have a centralized, piped water and sewer system. We include a list of the communities in each of these categories as Attachment A.[1]

In the communities described above, piped water and sewer systems often do not extend to all of a community's residents. For this reason, most environmental health officials speak of piped water coverage in terms of percentage of *households* covered, rather than number of communities covered, according to Joe Sarcone, U.S. Environmental Protection Agency.[2] By this measure roughly 70-80% of households in rural Alaska are covered by piped water. A recent journal article on the public health impacts associated with piped water availability—an article that reaches the conclusion that lack of coverage is associated with higher respiratory and skin infection rates—estimates that 73% of households in rural Alaska are connected to piped water sources and 71% of households are connected to piped sewer systems.[3] According to an estimate in a publication (Attachment C) by the state's Village Safe Water program, a program we

---

[1] Data obtained from Athena Logan, research analyst, Department of Commerce, Community, and Economic Development, (907) 269-4540.

[2] Mr. Sarcone, rural sanitation coordinator, Environmental Protection Agency, can be reached at (907) 271-1316.

[3] See Attachment B for a copy of this journal article: Hennessy et al., 2008, "The Relationship Between In-Home Water Service and the Risk of Respiratory Tract, Skin, and Gastrointestinal Tract Infections Among Rural Alaska Natives," *American Journal of Public Health*, Volume 98, Number 11, pages 2072-2078.

describe in more detail below, 77% of rural households in Alaska currently have running water and flush toilets, a substantial increase from 37% of such households in 1994.

BARRIERS TO PIPED WATER COVERAGE

Numerous studies and commissions over the past decade have addressed rural sewer and water infrastructure deficiencies in rural Alaska.[4] These reports emphasize that while capital investments are necessary, they are not sufficient to address these problems, and new state and federal approaches regarding operation and maintenance are needed. A 2001 inter-agency report titled "Sustainable Utilities in Rural Alaska" (Attachment D) summarizes some of the issues that have hampered efforts to build, maintain, and operate successful water utilities in small rural villages, as follows:

> The Steering Committee, composed of federal, state, local, private, non-profit and tribal officials, recognizes that agencies collectively are part of the problem in rural utilities. Agency policies have not provided enough money to build community capacity to sustain utilities. Also, insufficient money is provided for planning successful utilities or managing and operating projects once completed.
>
> The federal and state agencies that work on these issues do not coordinate their efforts well, and sometimes present conflicting incentives to the communities they serve. Simple standardization of application forms and requirements, for example, would ease the administrative burdens on small village utilities.
>
> Funding agency budget processes can force action too quickly, with a focus on visible results (a project under construction) rather than a long-term planned result. Agency policies often create built-in inefficiencies, providing larger capital projects with lower operating costs, but higher life-cycle costs, rather than smaller capital projects with more reasonable and funded operating costs.
>
> The legislative structure, at both the federal and state levels, often simply rewards the "squeaky wheel," while allowing operations and maintenance failures to occur without mandating changes in operating practice. There is a lack of acceptance of life-cycle costing principles at all levels. Projects idea are often brought to communities, designed and delivered from elsewhere, with little community buy-in or training for ongoing maintenance.
>
> Achieving sustainability in rural sanitation utility systems brings particular challenges:
>
> - Many sanitation systems are built where total costs exceed the amount of revenues that possibly can be generated by affordable user fees and local subsidies (a situation not unlike most urban systems).

[4] These studies and commissions include the following: "Sustainable Utilities in Alaska," a 2003 report by the Institute for Social and Economic Research, University of Alaska Fairbanks; a 2001 inter-agency steering committee report entitled "Sustainable Utilities in Rural Alaska"; Governor Tony Knowles' 1998 "Rural Sanitation 2005 Action Plan"; and a 1992 report by the Alaska Sanitation Task Force entitled "A Commitment to Alaska." If you would like copies of any of these reports, please contact our office.

- The only source of non-local revenue is restricted to capital investments, which are viewed as one-time—not continuing—investments. There is no dedicated non-local operational subsidy for water and sewer utilities, such as PCE for electric utilities, even though this may be cheaper in the long run in terms of the total investment.

- The most sustainable systems are those with the least total cost, yet the incentive system does not drive the facility planning process towards systems with the least total costs. Instead, it drives the process towards systems with the lowest operating costs.

- The technologies are not developed. In sanitation, there are not technologies that are cheap, reliable, easy to operate, and yet capable of producing and delivering—in sufficient quantity—drinking water that will meet ever-more stringent quality standards.

Recent discussions with state and federal officials reiterate the points quoted above, suggesting that significant progress remains elusive on many of these issues. According to Mr. Sarcone, roughly $70 million in state and federal monies were spent on sewer and water construction projects in rural Alaska last year, a relative decrease from previous years. However, many of these funds do not necessarily go toward the communities where need is greatest, due to certain eligibility requirements adopted by the Village Safe Water (VSW) program—a Department of Environmental Conservation program that administers state and federal rural sanitation monies.[5]

The eligibility rules adopted by the VSW program are the product of an assessment process conducted by the Rural Utilities Business Advisor (RUBA) program, which is housed in the Department of Commerce, Community and Economic Development (DCCED). The RUBA program provides assistance and training to communities to help them operate and maintain their water and sewer utilities. The programs' essential indicators—all of which generally must be met for a community to receive money through the VSW program—include requirements related to bookkeeping, utility fees and receipts, employee training, and payment of all outstanding IRS taxes, among other requirements.[6]

Another factor limiting the impact of federal and state capital funds is a lack of innovation in the arctic engineering community, according to Mr. Sarcone and Scott Rubee, deputy director, Division of Community and Regional Affairs, DCCED.[7] According to these officials, state and federal monies for rural sanitation have created a constituency of planners, contractors, and agency officials that are somewhat resistant to change, despite the fact that innovation could lead to water and sewer facilities that are easier to maintain and operate over their engineering lifespan. Potential for innovation is especially great when rural sanitation issues are addressed comprehensively with energy issues, according to the officials we interviewed.

A final explanation for the lack of sustainable local water systems in all rural Alaska villages is that not all villages have an adequate water source that will meet strict federal water quality regulations—though this explanation only applies to a small number of communities. Mr.

[5] We include a 2008 Legislative Audit (18-30042-08) of the VSW program as Attachment E.

[6] For more information on the RUBA program's essential indicators, see Attachment F, a report describing the community of Angoon's progress toward meeting these indicators. We could find no other listing of RUBA's indicators than the program's reports on individual communities, and we chose Angoon at random.

[7] Mr. Rubee can be reached at (907) 269-4569.

Sarcone provided the example of the community of Chefornak as one community with this problem.

We hope you find this useful. Please let us know if you have additional questions.

LIST OF ATTACHMENTS

Attachment A

List of rural communities with various types of water and sewer infrastructure

Data obtained from Athena Logan, research analyst, Department of Commerce, Community, and Economic Development, (907) 269-4540.

Attachment B

Hennessy et al., 2008, "The Relationship Between In-Home Water Service and the Risk of Respiratory Tract, Skin, and Gastrointestinal Tract Infections Among Rural Alaska Natives," *American Journal of Public Health*, Volume 98, Number 11, pages 2072-2078.

Attachment C

Fact Sheet: Alaska Department of Environmental Conservation's Village Safe Water Program

Attachment D

"Sustainable Utilities in Rural Alaska: Effective Management, Maintenance and Operation of Electric, Water, Sewer, Bulk Fuel, Solid Waste"

Inter-agency steering committee report compiled by Information Insights, Inc., November 2001

Attachment E

Legislative Audit #18-30042-08, "Department of Environmental Conservation, Division of Water, Village Safe Water Program," December 5, 2007

Attachment F

"RUBA Status Report: Angoon"
Rural Utility Business Advisor (RUBA) program, Division of Community and Regional Affairs, Department of Commerce, Community, and Economic Development

Attachment A

List of rural communities with various types of water and sewer infrastructure

Data obtained from Athena Logan, research analyst, Department of Commerce, Community, and Economic Development, (907) 269-4540.

114 Communities with Both Piped Water and Sewer

1. Adak
2. Akhiok
3. Akutan
4. Alakanuk
5. Ambler
6. Andreafsky
7. Angoon
8. Atka
9. Atqasuk
10. Barrow
11. Bethel
12. Brevig Mission
13. Chenega Bay
14. Chevak
15. Chignik
16. Chignik Lagoon
17. Chignik Lake
18. Clark's Point
19. Coffman Cove
20. Cold Bay
21. Cordova
22. Covenant Life
23. Craig
24. Deering
25. Dillingham
26. Dot Lake Village
27. Egegik
28. Elim
29. Emmonak
30. False Pass
31. Fort Yukon
32. Galena
33. Gambell
34. Grayling
35. Gulkana
36. Haines
37. Hobart Bay
38. Holy Cross
39. Hoonah
40. Huslia
41. Hydaburg
42. Igiugig
43. Kake
44. Kaktovik
45. Kaltag
46. Karluk
47. Kiana
48. King Cove
49. King Salmon
50. Klawock
51. Klukwan
52. Kobuk
53. Kokhanok
54. Koliganek
55. Kotlik
56. Kotzebue
57. Koyuk
58. Larsen Bay
59. Lower Kalskag
60. Manokotak
61. Marshall
62. McGrath
63. Metlakatla
64. Meyers Chuck
65. Minto
66. Mountain Village
67. Nanwalek
68. Naukati Bay
69. New Stuyahok
70. Newhalen
71. Noatak
72. Nome
73. Nondalton
74. Noorvik
75. Nuiqsut
76. Nulato
77. Old Harbor
78. Ouzinkie
79. Pelican
80. Petersburg
81. Pilot Station
82. Port Clarence
83. Port Graham
84. Port Lions
85. Russian Mission
86. Saint George
87. Saint Mary's
88. Saint Paul
89. Sand Point
90. Savoonga
91. Scammon Bay
92. Selawik
93. Seldovia
94. Shaktoolik
95. Shungnak
96. Sitka
97. Skagway
98. Sleetmute
99. South Naknek
100. Talkeetna
101. Tanacross
102. Tanana
103. Tatitlek
104. Thorne Bay
105. Togiak
106. Toksook Bay
107. Twin Hills
108. Unalakleet
109. Unalaska
110. White Mountain
111. Whitestone Logging Camp
112. Whittier
113. Wrangell
114. Yakutat

Eight Communities with Piped Water but not Piped Sewer

1. Covenant Life
2. Hughes
3. Ivanof Bay
4. Kasaan
5. Nelson Lagoon
6. Nikolski
7. Perryville
8. Port Protection

Twelve Communities with Piped Sewer but not Piped Water

1. Alcan Border
2. Aniak
3. Anvik
4. Cube Cove
5. Ekwok
6. Glennallen
7. Lutak
8. Naknek
9. Nikolai
10. Saint Michael
11. Tyonek
12. Upper Kalskag

Forty Communities with Only Individual Water Wells

1. Alcan Border
2. Belkofski
3. Betties
4. Cantwell
5. Chase
6. Chickaloon
7. Coldfoot
8. Dot Lake
9. Ekuk
10. Ekwok
11. Evansville
12. Eyak
13. Ferry
14. Gakona
15. Georgetown
16. Glacier View
17. Iliamna
18. Lake Minchumina
19. Levelock
20. Lutak
21. Mosquito Lake
22. Naknek
23. Napaimute
24. Nikolai
25. Pedro Bay
26. Pilot Point
27. Port Alsworth
28. Port Heiden
29. Red Devil
30. Skwentna
31. Slana
32. Stony River
33. Sutton-Alpine
34. Tenakee Springs
35. Tok
36. Tolsona
37. Tyonek
38. Ugashik
39. Upper Kalskag

Attachment B

Hennessy et al., 2008, "The Relationship Between In-Home Water Service and the Risk of Respiratory Tract, Skin, and Gastrointestinal Tract Infections Among Rural Alaska Natives," *American Journal of Public Health*, Volume 98, Number 11, pages 2072-2078.

The Relationship Between In-Home Water Service and the Risk of Respiratory Tract, Skin, and Gastrointestinal Tract Infections Among Rural Alaska Natives

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Objectives. We investigated the relationship between the presence of in-home piped water and wastewater services and hospitalization rates for respiratory tract, skin, and gastrointestinal tract infections in rural Alaska.

Methods. We determined in-home water service and hospitalizations for selected infectious diseases among Alaska Natives by region during 2000 to 2004. Within 1 region, infant respiratory hospitalizations and skin infections for all ages were compared by village-level water services.

Results. Regions with a lower proportion of home water service had significantly higher hospitalization rates for pneumonia and influenza (rate ratio [RR]=2.5), skin or soft tissue infection (RR=1.9), and respiratory syncytial virus (RR=3.4 among those younger than 5 years) than did higher-service regions. Within 1 region, infants from villages with less than 10% of homes served had higher hospitalization rates for pneumonia (RR=1.3) and respiratory syncytial virus (RR=1.2) than did infants from villages with more than 80% served. Outpatient *Staphylococcus aureus* infections (RR=5.1, all ages) and skin infection hospitalizations (RR=2.7, all ages) were higher in low-service than in high-service villages.

Conclusions. Higher respiratory and skin infection rates were associated with a lack of in-home water service. This disparity should be addressed through sanitation infrastructure improvements. (*Am J Public Health.* 2008;98:2072–2078. doi:10.2105/AJPH.2007.115618)

Modern sanitation services (potable drinking water and safe wastewater disposal) are a cornerstone of public health progress and have contributed to decreased infectious disease morbidity and mortality. In 1950, 64.5% of US homes had complete sanitation services (a flush toilet, shower or bath, and kitchen sink).[1] This increased to 93.1% by 1970 and to 99.4% by 2000.[2,3]

In 2000, 93.7% of Alaskan homes had complete sanitation, which ranked Alaska last among US states.[3] In rural Alaska, where the vast majority of people are Alaska Natives, a much higher proportion lack basic sanitation facilities. Providing in-home sanitation services is difficult in remote villages where small, isolated populations live in a harsh, cold climate. Although many rural village homes lack in-home water service, nearly all villages have access to safe drinking water.[4] Significant gains in health status indicators have occurred among rural Alaska Natives; however, the ongoing disparity in sanitation services remains unsolved in most of rural Alaska. Furthermore, there is a disparity in infectious disease hospitalizations among Alaska Natives compared with the general US population.[5] To our knowledge, there are no evaluations of the health effects of a lack of modern sanitation services for rural Alaskans.

Alaska village residents who live without pressurized in-home water service typically obtain water from a community-based water point and bring it home in 5-gallon (19-L) plastic containers. As of 2000, one third of rural Alaska residents obtained water this way.[4] Although water is available in centralized locations, some families must travel long distances or cross rivers to obtain safe water. This distribution method makes it difficult to obtain adequate amounts of water needed for basic consumption and hygiene practices.[6] Alaska homes lacking pressurized in-home water service also lack flush toilets. Residents use outhouses or in-home waste containers commonly known as "honeybuckets" that require manual removal to a centralized waste disposal site or lagoon. Sanitation infrastructure is provided to rural Alaskans by state- and federally funded programs that have provided service first where the greatest number of homes could be served at the lowest cost.

Although it has long been recognized that access to modern sanitation services can reduce morbidity and mortality from gastrointestinal illnesses, recent data have established the important role of adequate water supplies for preventing respiratory diseases.[7–9] The value of adequate supplies of safe water has been attributed to the prevention of both waterborne diseases, in which the pathogen can be ingested from contaminated water, and water-washed disease, in which hygienic practices such as handwashing and bathing play a role.[10] We sought to describe the relationship between in-home water and wastewater service and the risks of waterborne and water-washed infectious diseases in rural Alaska. We used existing sanitation service data for rural Alaska along with hospital discharge records, a respiratory disease surveillance system, and a skin infection outbreak investigation to explore whether improved sanitation service was associated with improved health status among rural Alaska Native people.

METHODS

Population

The approximately 120 000 Alaska Natives are descendants of the indigenous population and represent 19% of Alaskans. Approximately 60% of Alaska Natives live in rural or remote villages. Of the approximately 170 rural villages, most have fewer than 300 residents, and the vast majority are Alaska Natives. Most villages are not accessible by road; travel between villages is mainly by airplane, snowmobile, or boat. Health care

services are administered by regional Alaska Native–managed tribal health organizations, with some statewide facilities and services shared and coadministered, such as the referral medical center in Anchorage.

Sanitation Services

The Rural Alaska Housing Sanitation Inventory documented water and wastewater service in rural villages from July 2001 through April 2004. Each home was evaluated, and a statewide database was created. We defined "served" homes as having pressurized, in-home water service including piped water service from a municipal system or on-site well and septic tank or drain field systems, or "closed haul" systems in which water is delivered to storage tanks and distributed throughout the home via internally pressurized plumbing. For the latter, wastewater from flush toilets is held in a storage tank and periodically evacuated by a pump truck. We used data from 6 predominantly rural regions that were defined according to the boundaries of the tribal health care organizations. We defined "high-service" regions as those in which 80% or more of homes had service and "low-service" as those in which less than 80% were served.

Water service data for 1 region (region A) were used in a village-level analysis. Because water improvements are ongoing, we excluded from analysis villages in which more than 50% of homes had new water service from 1999 through 2004 (5 villages with 2740 persons, or 11.6% of the region's population). We categorized the remaining 47 villages into tertiles according to the proportion of homes served. We analyzed region A's largest town separately because it has near-complete water service and a population approximately 5 times larger than that of the next-largest village. Household size and income data were obtained from the 2000 US Census.[11]

Regional Disease Rates

Hospital discharge data for the fiscal years 2000 to 2004 for Alaska Natives in Alaska were obtained from the Indian Health Service's (IHS's) Direct and Contract Health Service inpatient data set.[12] These data include patient discharge records from IHS-operated, tribally operated, and community hospitals that were contracted with IHS or with tribes to provide health care services to eligible persons.[13] We selected hospitalizations for the 6 predominantly rural regions and urban Anchorage. Three regions were excluded because of small hospital discharge numbers.

Hospital discharges were selected for infectious gastroenteritis, pneumonia or influenza, skin or soft tissue infection, and methicillin-resistant *Staphylococcus aureus* (MRSA) infections for all ages, and respiratory syncytial virus (RSV) for children younger than 5 years. A record was selected if 1 of these diseases was listed among the first 6 discharge diagnoses according to the *International Classification of Diseases, 9th Revision, Clinical Modification* (*ICD-9-CM*).[14]

The definitions of infectious gastroenteritis included diarrhea of determined etiology (bacterial: 001–005, 008.0–008.5, excluding 003.2; parasitic: 006–007, excluding 006.3–006.6; and viral: 008.6–008.8) and diarrhea of undetermined etiology (presumed infectious: 009.0–009.3). Pneumonia and influenza were identified with codes 480 to 487. Skin and soft tissue infections were identified with codes 680 to 682, 684, 686.8, and 686.9. Hospitalizations for MRSA were selected by code V09.0 (infection with microorganisms resistant to penicillins) among codes 038.11 (*S aureus* septicemia), 482.41 (other bacterial pneumonia caused by *S aureus*), and 041.11 (*S aureus* bacterial infection in conditions classified elsewhere and of unspecified site). Infection with RSV was defined as codes 480.1, 079.6, and 466.11. Because patient identifiers were not available, repeated hospitalizations could not be excluded.

Hospitalization rates were calculated per 10 000 persons per year for region of residence. The IHS fiscal year 2002 user population estimates (released March 2002) were used as the denominator. The user population included all Alaska Natives who had received IHS-funded health care at least once over the previous 3 years.[12] We calculated age group–specific rates, categorizing age as younger than 1 year, 1 to 4 years, 5 to 19 years, 20 to 44 years, 45 to 64 years, and 65 years or older. Rate ratios with 95% confidence intervals (CIs) were calculated with Poisson regression analysis.[15] Age adjustment with the direct method for the user population of Alaska did not substantially change the rates and is not reported.

Disease Rates Within Region A

We conducted ongoing surveillance of hospitalizations for acute lower respiratory tract infections (LRTIs) among children for region A and selected 1999 to 2004 to examine rates by village.[16,17] We abstracted clinical and laboratory information from the computerized medical records for children younger than 1 year hospitalized at the regional hospital, or in Anchorage or who received contracted medical care at a nontribal hospital. We obtained for each hospitalization the birth dates, admission and discharge rates, *ICD-9-CM* diagnosis codes and narrative, and RSV test result. We merged duplicate hospitalization data on patients transferred to another hospital. A child was classified as having pneumonia if the discharge diagnoses included 1 of *ICD-9-CM* codes 480.1, 485, 486, or 507. Infection with RSV was defined as a hospitalized child younger than 1 year with acute LRTI and a nasopharyngeal aspirate positive for RSV by culture or a rapid identification method (enzyme immunoassay or direct fluorescent antibody). The majority of RSV testing was performed with Directogen (Bectin Dickenson, Cockeysville, MD). Comparable data for all Alaska Natives and for the US general population were obtained from published sources.[17,18]

Skin infection hospitalization data were obtained from an outbreak investigation in region A.[19] We included hospitalizations for skin infections from July 1, 1999, through June 30, 2000, and used *ICD-9-CM* codes (680.0–682.9) to include carbuncle, furuncle, and cellulitis. The regional hospital laboratory was used to identify all confirmed *S aureus* cultures from skin infections for the same period. The MRSA infections were defined by a minimum inhibitory concentration of oxacillin at 2 μg/mL or greater. Clinical samples obtained at village-based clinics must be transported to the regional hospital for culture and confirmation, introducing a potential diagnostic access bias. To avoid overestimating infection rates in the 10 villages closest to the regional hospital, whose residents might seek care directly at the hospital-based clinics and hence be diagnosed more often, we excluded

TABLE 1—In-Home Water and Wastewater Service to Homes, by Region: Alaska, 2000

Region	American Indian/Alaska Native Population,[a] No.	Communities Surveyed, No.	Homes Surveyed, No.	Homes With Water Service, No. (%)	Homes With Wastewater Service, No. (%)
High service					
F	5409	25	1555	1387 (89)	1349 (87)
E	12370	26	2834	2499 (88)	2403 (85)
D	4518	4	368	368 (100)	368 (100)
Low service					
C	6867	10	834	626 (75)	627 (75)
B	7274	14	1376	782 (57)	751 (55)
A	20714	49	5513	3360 (61)	3328 (60)
Total	57152	128	12480	9022 (73)	8826 (71)

[a]Data from the 2000 US Census.[11]

from analysis persons from these villages. Population denominators were obtained from the 2000 Census.[11]

The χ^2 test for trend was used to compare hospitalization rates for villages with differing levels of water service. We adjusted for a potential confounder (number of persons per household) with the Cochran–Mantel Haenszel test comparing high-service to low-service villages.

RESULTS

Rural In-Home Water Service

We obtained water service data from 128 villages and a total of 12 480 homes in the 6 regions. Overall, 73% of homes had in-home water service (range by region: 57% to 100%). Wastewater service was present in 71% of homes; the percentages by region were similar to the proportion of homes with water service by region (Table 1). The high-service regions had 91% of homes with in-home water service compared with 61% of homes in the low-service regions.

Regional Hospitalization Rates and Water Service

Hospitalization rates by region for the 5 infectious disease categories varied by water service level (Table 2). The RSV hospitalization rate for children younger than 5 years was higher in the low-service regions than in the high-service regions (rate ratio [RR]=3.4; 95% CI=3.0, 3.8). For all ages, rates for pneumonia and influenza (RR=2.5; 95% CI=2.4, 2.7), skin or soft tissue infection (RR=1.9; 95% CI=1.8, 2.1), and MRSA infection (RR=4.5; 95% CI=3.6, 5.7) hospitalizations were also higher for low-service regions.

Hospitalization rates for infectious diarrhea did not differ between high- and low-service regions (RR=0.94; 95% CI=0.78, 1.2). Diarrhea of undetermined etiology as the only diarrhea-coded diagnosis was reported for only 4.2% of the diarrhea hospitalizations, and the removal of this diagnosis did not affect the overall rate comparison.

Higher pneumonia and influenza hospitalization rates seen among the low-service regions were seen in each age group; however, the overall excess rate was greatest among the very young and the elderly (Table 3). The hospitalization rate among children younger than 1 year was 5 times higher in low-service regions than in the high-service regions. For children aged 1 to 4 years and persons 65 years or older, the rates were at least 2 times higher in the low-service regions than in the high-service regions.

Water Service in Region A

In region A, 61% of homes had water service, but service was not uniformly distributed throughout the region (Table 4). Water service was available in less than 10% of homes for 20 villages (30% of population), in 10% to 79% for 13 villages (20% of population), and in 80% or more for 14 villages (27% of population). The largest town, with 23% of the region's population, had 99.5% of homes with water service. With the exclusion of the largest town, the other groups of villages were similar in persons per household and mean household income. Villages with less than 10% of homes served had a slightly lower median population than those with a greater proportion of homes served. The population ranges overlapped for all 3 groups, and the largest difference in median village population between groups was 181 persons.

Hospitalization Rates and Water Service in Region A

Among the regions, the highest hospitalization rates for each of the diagnoses were among persons in region A (Table 2). In particular, pneumonia and influenza hospitalization rates among the region's infants (2550 per 10 000) were more than 2 times higher than the rates for any other region (Table 3). On average, more than 25% of the birth cohort was hospitalized with this diagnosis yearly.

Hospitalization rates for infants with LRTI, pneumonia, and RSV were highest among infants in villages with the lowest level of in-home water service compared with those in other villages (Table 4). Also, we noted a trend of lower hospitalization rates for infants from villages with increasing proportions of homes served by in-home water service (Figure 1). This trend was highly significant for hospitalizations because of LRTI (P=.002) and LRTI with pneumonia (P=.007) and was present, but not statistically significant, for RSV infections and RSV pneumonia.

Relative hospitalization rates of infants from the lowest-service compared with those from the highest-service villages were as follows: LRTI (RR=1.2; 95% CI=1.1, 1.4), pneumonia (RR=1.3; 95% CI=1.1, 1.5), and RSV (RR=1.2; 95% CI=1.0, 1.6). These rate ratios were similar after adjustment for the number of household members. Compared with the overall US infant population, infants in the lowest-service villages had a 5-times-higher rate of both LRTI and RSV hospitalizations and an 11-times-higher hospitalization rate for pneumonia.

Region A had the highest rate of hospitalization for skin and soft tissue infections and for MRSA infections (Table 2). Within this region, we observed a significant trend of

TABLE 2—Hospitalization Rates per 100 000 for Specific Infections and the Proportion With In-Home Water Service, by Region: Alaska, 2000–2004

Region	Water-Served Homes, %	Infectious Diarrhea, Hospitalization Rate (No.)	RSV,[a] Hospitalization Rate (No.)	Pneumonia or Influenz,[a,b] Hospitalization Rate (No.)	Skin or Soft Tissue Infection,[b] Hospitalization Rate (No.)	MRSA Infection, Hospitalization Rate (No.)
Urban Anchorage	100	7.14 (106)	78.5 (130)	63.24 (939)	50.71 (753)	5.25 (78)
High-service region						
F	89	5.80 (16)	148.29 (39)	85.93 (237)	47.86 (132)	2.90 (8)
E	88	9.73 (70)	29.76 (15)	42.12 (303)	26.0 (187)	1.25 (9)
D	100	6.43 (14)	214.69 (57)	98.26 (214)	41.32 (90)	1.38 (3)
Total high-service regions	91	7.64 (206)	90.1 (241)	62.8 (1693)	43.07 (1162)	3.63 (98)
Low-service region						
C	75	5.78 (20)	136.42 (59)	100.87 (349)	34.10 (118)	0.58 (2)
B	57	4.06 (16)	129.48 (56)	90.82 (358)	39.07 (154)	1.27 (5)
A	61	8.72 (96)	314.48 (481)	199.82 (2200)	113.62 (1251)	26.70 (294)
Total low-service regions	61	7.17 (132)	248.90 (596)	157.89 (2907)	82.72 (1523)	16.34 (301)
Rate ratio[c] (95% CI)		0.94 (0.78, 1.17)	2.81 (2.42, 3.26)	2.54 (2.39, 2.70)	1.93 (1.79, 2.08)	4.51 (3.59, 5.66)

Note. RSV = respiratory syncytial virus; MRSA = methicillin-resistant *Staphylococcus aureus;* CI = confidence interval. Number is the total number of hospitalizations for that disease.
[a]Respiratory syncytial virus, for hospitalizations among children younger than 5 years.
[b]Three pneumonia- or influenza-associated hospitalizations and 8 skin- or soft tissue-infection hospitalizations did not have community of residence available.
[c]High- vs low-service regions.

TABLE 3—Age-Specific Hospitalization Rates for Pneumonia and Influenza and Proportion With In-Home Water Service, by Region and In-Home Water Service Level: Alaska, 2000–2004

Service Unit	Age <1 Year, Hospitalization Rate (No.)	Age 1–4 Years, Hospitalization Rate (No.)	Age 5–19 Years, Hospitalization Rate (No.)	Age 20–44 Years, Hospitalization Rate (No.)	Age 45–64 Years, Hospitalization Rate (No.)	Age ≥65 Years, Hospitalization Rate (No.)
Urban Anchorage	246.69 (81)	76.11 (100)	13.57 (60)	31.8 (179)	112.4 (286)	384.11 (233)
High-service region						
F	989.47 (47)	143.85 (31)	15.22 (14)	19.16 (17)	97.21 (47)	397.06 (81)
E	333.33 (20)	51.80 (23)	8.03 (18)	15.46 (40)	64.02 (83)	211.37 (119)
D	750.00 (42)	190.93 (40)	9.39 (7)	27.30 (19)	102.19 (35)	552.53 (71)
Total high-service regions	386.30 (190)	88.87 (194)	11.89 (99)	26.0 (255)	96.65 (451)	335.53 (504)
Low-service region						
C	988.64 (87)	194.48 (67)	17.88 (23)	32.32 (35)	73.83 (33)	492.89 (104)
B	1435.48 (89)	124.16 (46)	20.38 (26)	27.50 (37)	89.07 (55)	399.24 (105)
A	2549.75 (756)	317.11 (391)	22.83 (90)	34.4 (117)	139.88 (205)	954.58 (641)
Total low-service regions	2087.35 (932)	258.73 (504)	21.4 (139)	32.4 (189)	115.81 (293)	742.03 (850)
Rate ratio[a] (95% CI)	6.57 (5.58, 7.72)	2.96 (2.51, 3.50)	1.80 (1.39, 2.33)	1.25 (1.03, 1.51)	1.20 (1.04, 1.39)	2.31 (2.06, 2.59)

Note. CI = confidence interval. Number is the total number of hospitalizations for that disease.
[a]High- vs low-service regions.

increased disease rates associated with lower levels of in-home water service for infections caused by *S aureus,* MRSA, and hospitalizations for skin infections ($P<.001$ for each; Table 4). The risk of skin infections was substantially higher among persons from villages with the least water service than for those villages with the highest water service for each of *S aureus* infections (RR=5.1; 95% CI=3.0, 8.7), MRSA infections (RR=7.1; 95% CI=3.6, 14.0), and skin infection hospitalizations (RR=2.7; 95% CI=1.8, 4.1; $P<.001$ for each comparison).

DISCUSSION

This is the first study to associate the absence of in-home water service with an increased risk of lower respiratory tract and skin infections among Alaska Natives. Using aggregated data from regions across Alaska, we found that hospitalization rates for pneumonia and influenza, skin and soft tissue infections, MRSA infections, and childhood RSV were 2 to 4 times higher in regions with a low proportion of homes with water service than in regions with a high proportion of homes with

TABLE 4—Village Demographic Characteristics and Annualized Rates of Respiratory Disease Hospitalizations (Children Younger Than 1 Year) and Soft Tissue Infections (All Ages), by Percentage With In-Home Water Service for Region A: Alaska, 1999–2004, and 1999–2000

Characteristic	Percentage of Community With In-Home Water Service				*P*	
	<10	10–79	≥80	100	For Trend[a]	≥80% vs 100%
Population (% of total)	6956 (30)	4743 (20)	6415 (27)	5459 (23)		
Number of villages	20	13	14	1[b]		
Median village population (range)	312 (49–1042)	370 (96–651)	493 (202–832)	5459	.31	Not tested
Average no. persons per home[c]	4.7	4.2	4.2	4.2	.09	Not tested
Average household income, $ per year	30 633	28 393	31 160	57 321	.87	Not tested
Infections, hospitalization rate (no.[d])						
All LRTI	351 (338)	304 (121)	282 (218)	227 (141)	.002	.02
Pneumonia LRTI	238 (229)	201 (80)	185 (143)	130 (81)	.007	.006
RSV-positive	140 (135)	118 (47)	113 (87)	93 (58)	.08	.24
Pneumonia RSV	78 (75)	63 (25)	63 (49)	51 (32)	.23	.34
Staphylococcus aureus infection, any	13.8 (55)	10.8 (43)	2.7 (17)	8.4 (46)	<.001	<.002
MRSA infection, any	11.3 (45)	7.3 (29)	1.6 (10)	5.5 (30)	<.001	.01
Hospitalized for skin infection	12.8 (89)	9.6 (45)	4.8 (30)	5.5 (30)	<.001	.61

Notes. LRTI = lower respiratory tract infection; RSV = respiratory syncytial virus; MRSA = methicillin-resistant *Staphylococcus aureus*.
[a]Trend among villages excluding largest town in region.
[b]Largest town in region.
[c]Averages are weighted by village population size.
[d]Number is the total number of hospitalizations for that disease.

water service. Although suggestive, this relation was not entirely consistent and was influenced greatly by high hospitalization rates within region A. However, within region A, we undertook a closer look at disease rates by village-level water service and found that villages with the lowest level of water service (less than 10% of homes served) had the highest hospitalization rates for respiratory infections among infants and for skin and soft tissue infections among persons of all ages. The hospitalization rates demonstrated a typical dose–response group relation in which lower rates were related to progressively higher levels of in-home water service.

Because of the study design, these data fall short of establishing a causal relation between water service and infectious disease risks. However, the strength of the association, the dose–response group relation within region A, and the biological plausibility all support the conclusion that pressurized, in-home water service is an important determinant of health status and contributes to reducing transmission of these communicable diseases.

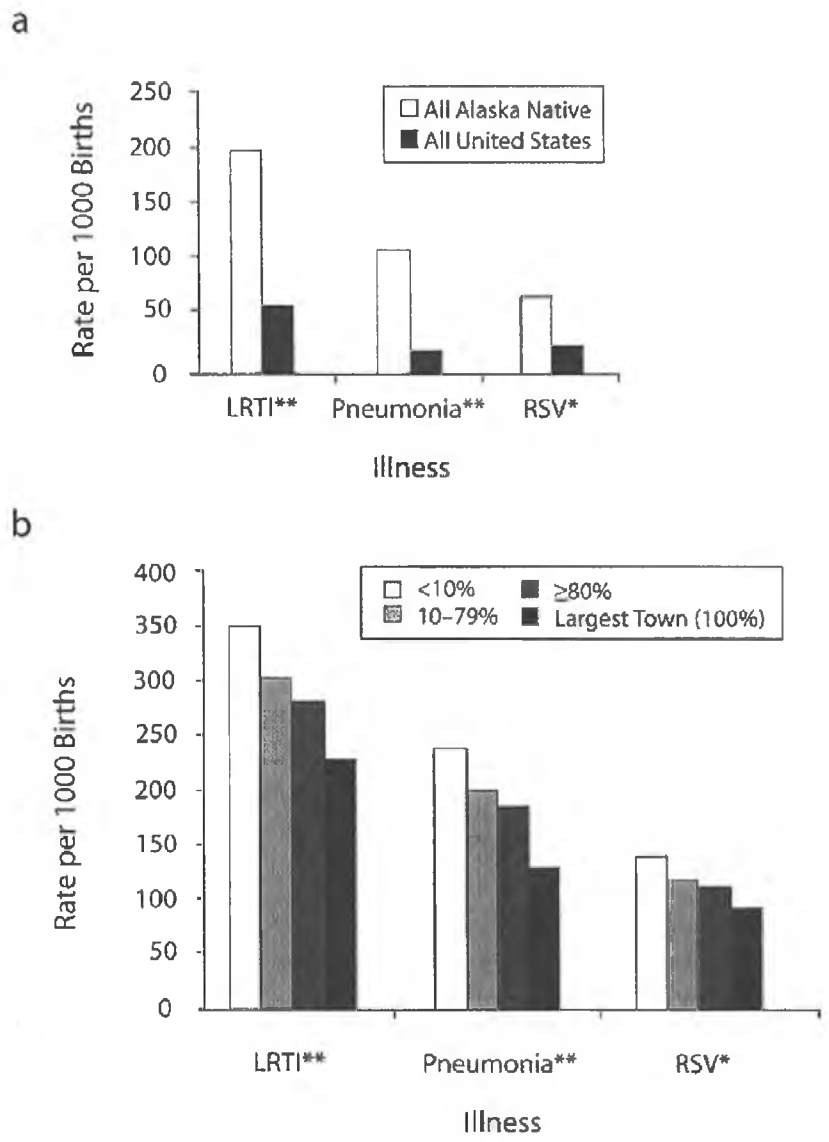
The infectious diarrheal hospitalization rate among Alaska Natives was similar to that among the general US population and did not differ significantly by water service.[20,21] This may seem unexpected because high diarrheal disease rates are seen in other populations that lack in-home water and wastewater service. However, gastrointestinal disease morbidity and mortality among American Indian and Alaska Native populations has been declining since the 1950s.[13,20] The current low rates are likely because of the availability of safe drinking water in nearly all villages (even those with no in-home water service); the relatively cold source water, which does not support propagation of waterborne bacterial pathogens; and the population's overall good nutritional status.

The diarrheal hospitalization rates were in stark contrast to the disparities noted for respiratory and skin infection rates in lower–water service villages. Particularly disturbing was the 5-times higher rate of LRTI hospitalizations and 11-times higher rate of pneumonia hospitalizations among infants in low-service villages in region A compared with the general US population.[17,18] Because infant pneumonias in region A have been identified as a precursor to chronic respiratory diseases such as bronchiectasis and chronic productive cough, many of these children will likely have ongoing health problems because of these infections.[22,23]

Because respiratory and skin infections are not typically contracted through water, the higher rates in low-water-service villages may appear paradoxical. This is best explained by the important role water plays in preventing respiratory and skin infections through handwashing and other personal hygienic measures.[24] It is known that the availability of pressurized, in-home water service increases both water consumption and hygiene practices.[6,25] Thus, the availability of potable water appears to have stabilized waterborne disease rates in Alaska, but it is the water-washed diseases that remain health threats for villages lacking in-home water service. Our findings are consistent with other studies that have shown an association between handwashing and respiratory infectious diseases.[7–9]

Limitations

Some limitations should be considered when one interprets these data. Because of the study design, we cannot be certain that



Note. Comparison rates for all Alaska Natives and all United States from references 17 and 18.
[a]Region A's largest town had water service in almost all homes and was analyzed separately.
*$P = .08$ for trend, region A; **$P < .05$ for trend, region A.

FIGURE 1—Hospitalization rate among infants for lower respiratory tract infections (LRTI), pneumonia, and respiratory syncytial virus (RSV) in region A compared with all Alaska Native and US infants, by percentage of village homes with water service: Alaska, 1999–2004.

these associations arose from a cause-and-effect relationship. Water service may be a marker for other factors related to these health outcomes. When comparing regions, we could not control for factors such as income, village size, and crowding that might have confounded the associations. However, within region A, these characteristics were either similar across villages or were accounted for. The sanitation survey preceded some of the illness data; thus, some relevant water service improvements may not have been included. This could have led to overestimation of water service differences. In the region A analysis we accounted for this by removing villages that had received water service improvements over the study period. Finally, our study did not include data on outpatient respiratory or gastroenteric infections, personal hygiene practices, water quality, water quantity, or the different water delivery systems in use.

Conclusions and Recommendations

In 1954, Public Law 83-568 established the US Public Health Service Indian health program (later named the Indian Health Service) as responsible for improving the health of Alaska Native people. At that time, infectious diseases caused 46% of all Alaska Native deaths. Providing potable water and safe wastewater disposal services for Alaska Native communities was a primary objective.[26]

The IHS, along with the State of Alaska, US Environmental Protection Agency (EPA), US Department of Agriculture Rural Development Program, and Alaska's Tribal Health Organizations, has worked to increase the proportion of rural Alaska homes with modern sanitation service from less than 10% in 1950 to 84% in 2006 (W. Griffith, Village Safe Water Program, written communication, April 2006).

Sanitation improvements have been credited with contributing to the dramatic improvements in Alaska Natives' health.[4] However, substantial progress must be made to bring sanitation service in rural Alaska up to the modern standard enjoyed by 99.4% of the US population. The EPA has established the goal of providing modern sanitation services for 94% of rural Alaskan homes by 2011 (D. Wagner, Alaska EPA Drinking Water Program, written communication, April 2006). Even if this can be achieved, it will leave many rural Alaskans with substandard water and sanitation facilities.

Our study indicated that in-home water service is an important determinant of health in rural Alaska communities. Lower levels of water services were associated with a higher burden of hospitalizations for pneumonia and influenza, skin infections, and LRTIs. This finding was suggested by data in region-to-region analyses and is strongly supported by the village comparisons within region A.

These health disparities were borne disproportionately by Alaska Native infants, children, and elderly who resided in low-water-service villages. Of particular concern was that

up to one fourth of region A infants were hospitalized annually for respiratory infections.

Further prospective studies could assess the relative contributions of hygienic practices, the volume of water used, and the water distribution system while accounting for potential confounding factors and the economic benefits of in-home water service for prevention of infectious diseases. Although those data would be helpful, we believe that the long-recognized value of in-home service along with the data from our study are convincing enough that programs should proceed with adequate support toward a goal of providing modern water and sanitation service to each home in rural Alaska villages. ■

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Note. The findings and conclusions in this article are those of the authors and do not necessarily represent the official position of the Centers for Disease Control and Prevention.

Contributors

T.W. Hennessy originated the study, supervised its conduct, conducted analyses, and was the principal writer. T. Ritter originated the study, analyzed water use data, and wrote sections of the article. R.C. Holman conducted analyses related to water use and regional hospitalization rates and assisted with writing. D.L. Bruden conducted analyses related to water use and disease rates within region A and assisted with writing. K.L. Yorita was involved in data preparation and analysis for water use and regional hospitalization rates and assisted with writing. L. Bulkow provided population data and oversaw the statistical analyses. J.E. Cheek originated the study. R.J. Singleton provided and analyzed data on respiratory hospitalization, assisted with writing, and participated in interpretation of the data. J. Smith was involved in the design and oversaw the water use data acquisition and analysis.

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Human Participant Protection

Institutional review board approval for this study was obtained from the Centers for Disease Control and Prevention and the Alaska Area institutional review board of the Indian Health Service for the respiratory hospitalization data in region A. The hospital discharge administrative and disease outbreak data were determined to be exempt from review because they lacked patient identifiers and were obtained in a public health response to a disease outbreak, respectively.

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Attachment C

Fact Sheet: Alaska Department of Environmental Conservation's Village Safe Water Program

Alaska Department of Environmental Conservation Village Safe Water Program

The Alaskans We Serve

Rural Alaska is characterized by over 280 isolated villages scattered across an area more than twice the size of Texas. Populations in these communities are predominately Native and range between 25 and 6,000 residents, averaging about 300 residents per village. Nearly all villages are accessible by air and water only. Most residents practice a blended subsistence lifestyle and depend heavily on moose, caribou, walrus, whale, seal and fish for their food supply. Unemployment rates frequently exceed 50%. Many of these communities lack a safe source of drinking water or a safe means of sewage disposal – The Village Safe Water Program (VSW) is working to change this. As one of the three Facility Programs established within the Department of Environmental Conservation, Division of Water, the role of the VSW program is to work with rural communities to develop sustainable sanitation facilities.

How the Program Works

Communities apply each year to VSW for grants for sanitation projects. The applications are scored, based heavily on the proposed project's ability to address assessed critical public health needs, as well as the communities' demonstrated capacity to operate and maintain the facilities. Grants are awarded for the highest ranking projects. Federal and state funding for this program is administered and managed by the State of Alaska's Village Safe Water (VSW) program. VSW provides technical and financial support to Alaska's smallest communities to design and construct water and wastewater systems. VSW works directly with community officials to make sure that planning results in facilities that are appropriate for each community, that facilities are properly and efficiently constructed, and that state and federal grant funds are used effectively and efficiently. In some cases, funding is awarded by VSW through the Alaska Native Tribal Health Consortium, who in turn assist communities in design and construct of sanitation projects.

Focus on Local Capacity

Local capacity is a vital component of developing sustainable sanitation systems throughout rural Alaska. Construction is only approved once communities have met agreed upon performance criteria and have demonstrated the capacity to operate and manage sanitation facilities. Although local capacity requirements may occasionally delay construction, they are an essential element of a comprehensive statewide sanitation plan.

The role of the Village Safe Water Program is to work with rural communities to develop sustainable sanitation facilities.

Progress to Date

Appropriations through EPA and USDA coupled with state funding have resulted in substantial improvements in the health, safety, and well-being of thousands of Alaskans. In 1994 only 37% of rural Alaska households had adequate sanitation facilities. Today, 77% of rural Alaskan homes have running water and flush toilets.

With federal and state support, the percentage of rural households with basic sanitation services has increased by over 30% over the past decade. Similarly, there has been a significant increase in the number of trained rural utility operators, clerks, and managers.

Types of Systems Used in Alaska

Climate, physical conditions, population density, community capacity, capital costs , operation/maintenance costs, and regulations are among the factors that must be considered in determining the type of system best suited to a particular community.

The types of systems built with assistance through the VSW program include:

- 'washeterias': centrally located community buildings with flush toilets, drinking water to haul home, and laundry and shower facilities
- septic tanks and wells, and
- piped systems (both above ground and underground)
- tank haul systems: separate holding tanks provide potable water and store wastewater for each home. Haul vehicles and equipment operated by the city fill the water tanks and remove the waste from sewage tanks.

Funding the Village Safe Water Program

Efforts to improve sanitation conditions in rural and Native Alaska began with a modest endevor in the 1960's and 1970's by the Indian Health Service. The State of Alaska became involved in 1972 with the passage of the Village Safe Water Act. Between 1972 and 1994, the state contributed $300 million to sanitation projects. The U.S. Department of Agriculture (USDA) and the Environmental Protection Agency (EPA) started providing funding in 1994 and 1995 respectively. Since 1994 when the federal/state Rural and Native Alaska Sanitation Development program began, the State has contributed an additional $240 million to improve rural sanitation conditions and EPA/ USDA together have contributed $537 million. The funding level this year (federal fiscal year 2005) for the Village Safe Water program is $45 million through EPA, $26 million through

Post Construction

Once a project is complete, the community's local governing body takes ownership of the system and is responsible for its ongoing operation, maintenance and management. The Department of Environmental Conservation offers technical support and hands-on training in system operation and maintenance, and the Alaska Department of Commerce, Community and Economic Development offers utility management training and assistance. Together, these programs offer an insurance policy that safeguards sanitation systems by training local residents the necessary skills to properly operate, maintain, and manage their sanitation

Remaining Needs

Sanitation conditions in most Alaska villages have vastly improved. Yet one family in three still does not have access to a sanitary means of sewage disposal or an adequate supply of safe drinking water in their homes. For members of these families, buckets or pit privies are the only methods for disposing of human waste, and water must be hauled by individuals from community watering points or untreated sources such as creeks or rivers.

Every year, an assessment of the sanitation needs of Native Americans across the country is completed for the Indian Health Service. According to this assessment, the estimated total sanitation need of Alaska's 220 Native Villages is $565 million. This assessment does not include the needs of 65 rural Alaska villages that are non-Native.

Contacts

For more information visit our website at:
http://www.dec.state.ak.us/water/vsw/index.htm

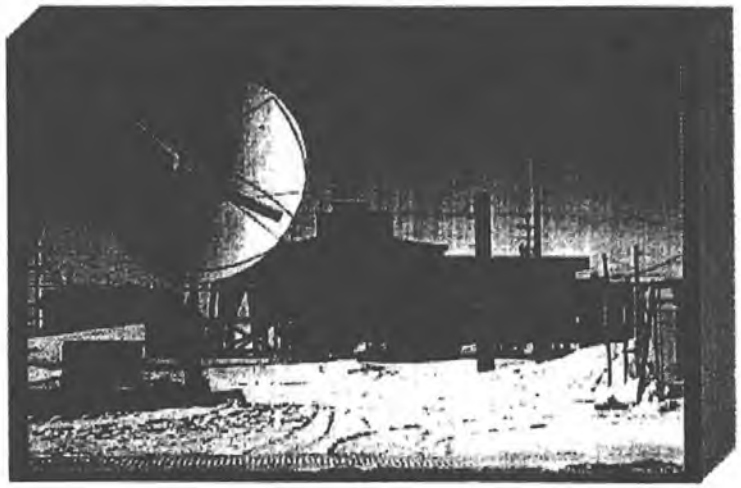
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Attachment D

"Sustainable Utilities in Rural Alaska: Effective Management, Maintenance and Operation of Electric, Water, Sewer, Bulk Fuel, Solid Waste"

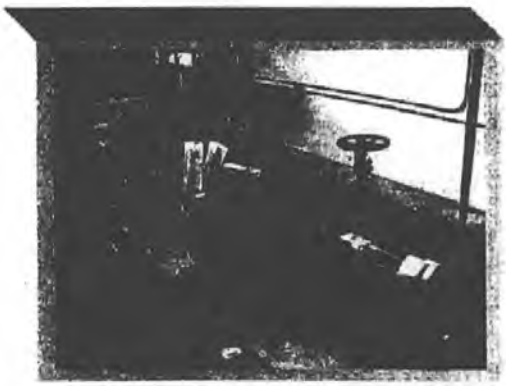
Inter-agency steering committee report compiled by Information Insights, Inc., November 2001

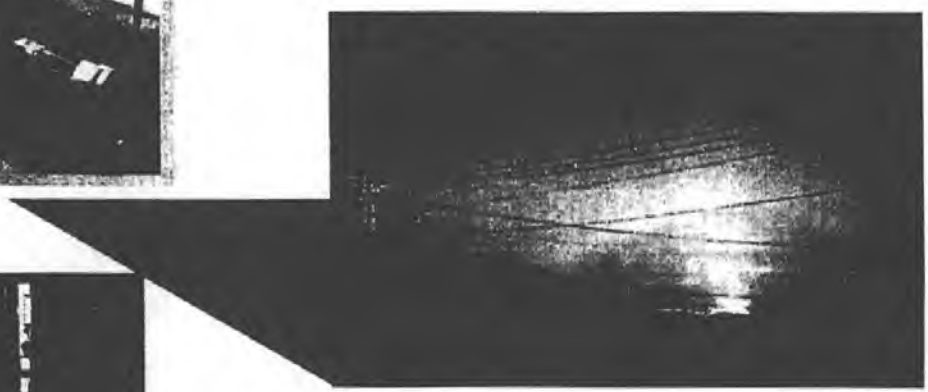




Sustainable Utilities in Rural Alaska

Effective Management, Maintenance and Operation of Electric, Water, Sewer, Bulk Fuel, Solid Waste







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SUSTAINABLE UTILITIES STEERING COMMITTEE MEMBERS

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Brian Rogers of Information Insights, Inc. facilitated the Steering Committee meetings held in Talkeetna on August 29-30, 2001 and in Anchorage on October 4, 2001. He also compiled the findings and recommendations of the Committee into this report.

SUSTAINABLE UTILITIES IN RURAL ALASKA

Steering Committee Report

November, 2001

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Office of the State Director

Dear Alaskans:

The attached report incorporates the public comments, peer reviews and collaborative work of participates in our process over the past two years. Our goal was to assess impediments to, and to recommend actions to achieve, reliable and sustainable utilities for all Alaskans. The executive summary and action plan accompanying the main body of our work are intended to provide direction for continued progress toward that goal.

I wish to thank the many talented people involved with bringing this report to you, and express my appreciation of the ongoing teamwork. As with any complex task, the journey is a large part of the destination in this effort. Together we listened, learned and shared. This report is not the end of our journey, but it provides a workable starting point for continued progress.

As the major sponsor of this work, I hope you will contact me with any additional information or suggestions you may have after reading our report. The teamwork that has evolved will continue. Our collective hope is that all Alaskans will have access to safe, reliable and affordable utilities now and in the future. Failure is simply not an option.

Sincerely,

B. B. ALLEN
State Director

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STEERING COMMITTEE REPORT

Introduction

USDA Rural Development sponsored the *Sustainable Utilities in Rural Alaska* study in cooperation with the Alaska Energy Authority, the Alaska Science and Technology Foundation, and the Denali Commission.

The University of Alaska's Institute of Social and Economic Research was the primary research partner in this project to explore, document, and evaluate the management, maintenance, and operation of rural utilities.

The study drew on research conducted by the Institute of Social and Economic Research and others. It also drew on the collaborative experience of a Steering Committee that included federal, state, local, private, non-profit and tribal officials and representatives. The full report is available as a separate document.

After completion of the study, the Steering Committee gathered in two facilitated workshops to determine and validate an appropriate action plan. This is the Steering Committee's collaborative report.

The Steering Committee intends and hopes that its recommendations will assist rural communities and their utilities in moving towards a higher level of sustainability and sense of ownership. The Committee recognizes that there are very few, if any, sustainable utilities operating in rural Alaska without subsidies today, just as most utilities in urban Alaska receive at least some of their revenues from sources other than ratepayers.

The Committee also intends that its recommendations will provide and increase economic opportunities in rural Alaska, protect cultural integrity and promote self-governance in Alaska's villages. The nine principles and 42 recommendations contained in this report provide a framework for achieving these goals. The recommendations are presented both by category and by implementing agency.

Sustainability

Achieving sustainable rural utilities is a goal shared by both federal and state agencies serving rural Alaska. These agencies – and the people they serve – want to avoid failures and long-run liabilities in rural communities.

In its simplest form, a sustainable utility is one where available financial resources, from all sources, are at least equal to the total cost of the utility. Total cost includes management, operation, maintenance, cost of capital renewal and replacement (after the

design life has been achieved), necessary to maintain an acceptable level of service now and for future generations.

Reliable utility services improve a community's health and economy, and increase its educational opportunities and overall quality of life. These benefits should be available to residents of all Alaska communities, which is why governments sponsor and support programs with the goal of making basic utility services available to all Alaskans.

But utilities must operate successfully and continuously to bring these benefits to a community. Our focus must be not just on building the physical utility infrastructure, but also on helping the communities support the utility's long-term successful operation.

While the concept of sustainability is not exclusively financial, economic sustainability is essential. Utility systems are financially sustainable when available revenue from ratepayers, local and other sources of funds equals the total costs of the utility, including operating and maintenance expenses, capital recovery, and a rate of return on invested capital.

Healthy and safe communities depend upon sustainable infrastructure. This statement sets out principles to guide us in our pursuit of sustainability. All government utility assistance programs should be tested and, where necessary, adjusted to conform to these principles.

1. All state and federal assistance to rural utilities should optimize the sustainability of the utility system and the long-term value of the state and federal investment.
2. The ultimate goal for each community should be to sustain the cumulative financial burden of all of its utilities. However, the total cost of all utility services must be affordable to each community. Sustainability cannot be achieved through rates or other forms of local contribution if they unreasonably burden local governments and utility customers.
3. We can best promote sustainability by recognizing that each community begins progress towards that goal at a different level, and moves toward that goal at a different pace. All training support should incorporate sustainability concepts and principles.
4. We should define achievable benchmark levels of sustainability for different utility services and communities. These benchmarks should guide state and federal investment in rural utility infrastructure.
5. In our pursuit of sustainability, we must always be mindful of, and provide appropriate deference and protection to, local people, governments, cultures and lifestyle choices. To be successful for the long term, proposed facilities must meet locally defined needs. All planning and projects must include a formal community input and feedback process.
6. Rural utility systems should be designed to strike an appropriate balance between level of service and life-cycle cost.
7. Achieving sustainability may require some continuing support from outside the community. The net result of state and federal investment in capital and operating

costs should be to increase the sustainability of that utility, and the overall ability of the village to support its utilities.

8. Recognizing that how well a utility is managed and operated impacts its sustainability, we need to identify and support utility management structures, operations systems, and capital and operating program incentives that best allow communities to move to the highest benchmark achievable on the sustainability scale.

9. All community and project planning processes must include the goal of sustainability. A viable community plan should consider all community service needs and all resources that may be available to support sustainable community services.

Measuring sustainability in rural Alaska is not, however, a well-defined process. The Steering Committee recommends the Regulatory Commission of Alaska develop sustainability metrics -- a clearly definable standard of measurement -- covering the financial, organizational, and management aspects of sustainable utilities, at the utility and community levels.

Financial sustainability can be roughly categorized in four stages or degrees of sustainability:

0 Utility revenues are not sufficient to pay its operating and maintenance costs.

1 Utility revenues (from all sources) are sufficient to pay for all operating and maintenance costs.

2 Utility revenues (from all sources) are sufficient to pay for all operating and maintenance costs, and to fund major repair and renovation costs.

3 Utility revenues (from all sources) are sufficient to pay for all operating and maintenance costs, and to fund major repair and renovation costs, and fully fund depreciation, insurance, and a return on investment.

Organizational and management capacity for utilities does not lend itself to simple measurement, but can be considered in a spectrum characterized as:

0 Utility (or community) organizational capacity is *broken,* unable to deal with utility management.

1 Utility (or community) organizational capacity is *reactive,* able only to manage problems as they arise.

2 Utility (or community) organizational capacity is *proactive,* able to manage problems as they arise and create solutions in advance of problems.

3 Utility (or community) organizational capacity is *planning* for the future, able to anticipate and manage all aspects of operations, maintenance and replacement of utility infrastructure.

The purpose of measuring sustainability at the utility or village level is not to create barriers to solving problems in rural Alaska. Instead, it is to evaluate progress and to recognize unmet needs that should be addressed by federal, state or local actions. In addition to financial, organizational and management capacity, assessment tools can measure plant condition, personnel qualifications, finance and accounting capability, and other management metrics.

The Steering Committee recommends the Regulatory Commission of Alaska be tasked to lead the development of the financial measures of sustainability, while the Rural Utility Business Advisor program develops the management measures of sustainability. The Regulatory Commission of Alaska measures will need to take into account maintenance and operations, plant repair and renovation, and the replacement of capital facilities, including facilities that were contributed to the utility through federal, state or other capital subsidies.

Recognizing Success

The significant challenges of achieving sustainability and accountability in rural utilities should not overshadow the significant successes that have occurred. The Denali Commission should evaluate causes of success and failure in rural utilities, and publicize the practices that have proved to be most successful.

The Steering Committee commends several projects, programs and processes that have improved the quality of rural utility planning, development, operations and maintenance, including:

- The master planning concept used by the Village Safe Water program in the Alaska Department of Environmental Conservation. The separation of planning and construction phases provides more opportunity for community involvement in the development of water and sewer projects. Chuathbaluk is a recent successful example of this process.
- The processes used by both Village Safe Water and the U.S. Indian Health Service in funding projects. Both processes give priority to villages with certified operators.
- The Denali Commission's requirement for business planning for bulk fuel and electric power system projects that it helps finance. This requirement makes communities and agencies to think through the whole project. Business plans must include ten-year forecasts to show a utility or community's ability to repay capital costs.
- USDA Rural Utilities Service-financed electric systems, such as the Alaska Village Electric Cooperative (AVEC), Kodiak Electric Association, and others. RUS assistance has built-in criteria for accountability and helps create a utility with financial discipline, a work plan, defined needs, and a forecast for the future, all criteria for success.

- The Remote Maintenance Worker program in the Alaska Department of Environmental Conservation, which provides technical assistance and training to rural water and sewer system operators, and responds to emergency situations to help protect state and federal investments in rural water and sewer systems.
- The Rural Utility Business Advisor program in the Alaska Department of Community and Economic Development which provides hands-on, water and sewer utility management training to rural communities.
- The Local Utilities Matching Program (LUMP), a pilot program funded by the Alaska Department of Environmental Conservation and administered by the Northwest Arctic Borough from November 1992 through October 1994. The program used State funds to match residential user fees collected. It was designed to promote the collection of user fees, to promote the employment and retention of trained operators, to facilitate successful preventive maintenance programs, and to reduce rehabilitation and replacement costs. It proved to be effective while the State funds were provided, but less so after State funding ceased.
- The Power Cost Equalization Program that, while not perfect in its incentive structure, has brought affordable power to stabilize community costs.

Criteria for community success include several factors, including active community leadership, cooperation in the community between city and tribal entities, business planning know-how, education and training, community buy-in, local utility expertise, a common vision and goal for the community, and a cash economy in the village.

Understanding Failure

The Steering Committee, composed of federal, state, local, private, non-profit and tribal officials, recognizes that agencies collectively are part of the problem in rural utilities. Agency policies have not provided enough money to build community capacity to sustain utilities. Also, insufficient money is provided for planning successful utilities or managing and operating projects once completed.

The federal and state agencies that work on these issues do not coordinate their efforts well, and sometimes present conflicting incentives to the communities they serve. Simple standardization of application forms and requirements, for example, would ease the administrative burdens on small village utilities.

Funding agency budget processes can force action too quickly, with a focus on visible results (a project under construction) rather than a long-term planned result. Agency policies often create built-in inefficiencies, providing larger capital projects with lower operating costs, but higher life-cycle costs, rather than smaller capital projects with more reasonable and funded operating costs.

The legislative structure, at both the federal and state levels, often simply rewards the "squeaky wheel," while allowing operations and maintenance failures to occur without mandating changes in operting practice. There is a lack of acceptance of life-cycle

costing principles at all levels. Project ideas are often brought to communities, designed and delivered from elsewhere, with little community buy-in or training for ongoing maintenance.

The state lacks a financial plan or energy plan that can guide utilities and program managers in their decisions. Consultant work is often not integrated into the community processes; project feasibility is often force-fitted into a community.

Achieving sustainability in rural sanitation utility systems brings particular challenges:

- Many sanitation systems are built where total costs exceed the amount of revenues that possibly can be generated by affordable user fees and local subsidies (a situation not unlike most urban systems).
- The only source of non-local revenue is restricted to capital investments, which are viewed as one-time – not continuing – investments. There is no dedicated non-local operational subsidy for water and sewer utilities, such as PCE for electric utilities, even though this may be cheaper in the long run in terms of the total investment.
- The most sustainable systems are those with the least total cost, yet the incentive system does not drive the facility planning process towards systems with the least total costs. Instead, it drives the process towards systems with the lowest operating costs.
- The technologies are not developed. In sanitation, there are not technologies that are cheap, reliable, easy to operate, and yet capable of producing and delivering – in sufficient quantity – drinking water that will meet ever-more stringent quality standards.

While agencies are frustrated by these challenges, the Steering Committee recognizes that some of these frustrations are created by understandable differences between national policies, Alaska needs, and community needs, and the federal challenge of creating programs that serve all areas of the nation.

Achieving Accountability

Critical to achieving sustainability in rural utilities is the requirement of accountability. Utility managers must use sound business principles, consistently applied, to manage utilities. There must be consequences for failure - an end to the bailing out of utilities that are unsuccessful - and means in place to ensure that management practices change when utilities need help.

The most challenging question is who should monitor utility performance. At its most basic form, accountability can be measured by the reliable provision of safe water, sewage disposal, electricity, and bulk fuel to Alaska villages.

The Steering Committee believes that the Regulatory Commission of Alaska's "fit, willing and able" standard should be revised and applied to all rural utilities, and that the

Regulatory Commission of Alaska should develop standard financial reporting for rural utilities. The Alaska State Legislature should create incentives for rural utilities to opt into economic regulation by the Regulatory Commission of Alaska. Granting agencies should review project proposals in light of the Regulatory Commission of Alaska criteria.

While the Steering Committee recognizes that subsidies may be necessary in many communities, utilities, and projects, the subsidies must be explicit, and should come with requirements that the receiving utility work toward greater sustainability and accountability. Funding agencies should establish benchmarks for utilities and villages, and make it clear that they will measure progress toward those benchmarks prior to funding any new community projects.

The Steering Committee recognizes the challenge that agencies will have tracking progress toward sustainability and accountability. The Denali Commission is in the best position to analyze current techniques for accountability and incentive structures, and to gather reports from the federal and state agencies involved.

Planning

The Steering Committee recognizes a general lack of planning as a significant barrier to achieving sustainable rural utilities. The Committee's recommendations constitute a series of steps intended to improve community and utility planning capacity. The agencies recognize that current programs favor construction over planning, and will seek ways to encourage community comprehensive planning and project-specific planning from construction and other funding sources.

At the project level, agencies are seeking to cooperate on the development of consistent factors for life-cycle cost analysis of potential projects, with project analysis including total costs of operations and maintenance, renewal and replacement, facility insurance, depreciation, and capital replacement.

Information about village infrastructure, capacity, and needs is now contained in numerous federal and state databases and files. All agencies involved in village utility systems should share their database tools, make information available online, and commit to use those tools.

The Steering Committee recognizes that staff resources in programs such as the Rural Utility Business Advisor program will need to be expanded to meet new requirements for utility project and community planning.

Improving the quality of community and utility planning will take time and effort. The Steering Committee recommends the Denali Commission and the U.S. Department of Housing and Urban Development host a periodic forum on community comprehensive planning.

Operating and Maintaining Utilities

Most grant programs provide funding for utility capital improvements, but not for operating and maintenance costs. The Steering Committee concludes that this grant methodology undermines sound community and utility decision-making. In some cases, significantly smaller capital projects could be built if a portion of the capital cost savings could be used to endow utility maintenance and operations.

The Steering Committee recommends the Legislature and Governor seek amendments to federal programs allowing state and private matching funds to be used for operating and maintenance endowment if the change increases sustainability of the project and the life-cycle cost of meeting village needs improves.

All grants should contain conditions to require improved management and operating performance, evaluation and examination of grant program results, and improving utility sustainability.

The Steering Committee believes that regional utilities are most likely to have the capacity over time to sustain operations and maintenance requirements. To test this belief, the committee will seek funding for a demonstration project to determine the true cost of a regional cooperative. The Yukon-Kuskokwim Health Corporation is developing a business plan to establish a sewer and water regional utility cooperative, recognizing that there will need to be a subsidy during the ramp-up period.

Each utility project should be assessed against the sustainability criteria established by the Regulatory Commission of Alaska and the Rural Utility Business Advisor program. Agencies involved in rural utilities will expect those utilities to continuously improve their level of sustainability.

Conclusion

The *Sustainable Utilities in Rural Alaska* Steering Committee believes that through collaborative efforts of federal and state agencies, local and tribal governments, cooperatives, and private utilities, we can improve the provision of utilities to rural Alaska residents.

The Committee looks to the Denali Commission as a key organization to bridge the differences between federal and state policies and programs serving rural Alaska. We encourage ongoing collaboration among the agencies and organizations represented on the Steering Committee to develop a coordinated action plan and schedule, identify resources, and carry out the recommendations contained on the following pages.

STEERING COMMITTEE RECOMMENDATIONS – BY CATEGORY

Definition and Principles	In its simplest form, a sustainable utility is one where available financial resources, from all sources, are at least equal to the total cost of the utility. Total cost includes management, operation, maintenance, cost of capital renewal and replacement (after the design life has been achieved), necessary to maintain an acceptable level of service now and for future generations. All government utility assistance programs should be tested and, where necessary, adjusted to conform to these principles: • All state and federal assistance to rural utilities should optimize the sustainability of the utility system and the long-term value of the state and federal investment. • The ultimate goal for each community should be to sustain the cumulative financial burden of all of its utilities. However, the total cost of all utility services must be affordable to each community. Sustainability cannot be achieved through rates or other forms of local contribution that unreasonably burden local governments and utility customers. • We can best promote sustainability by recognizing that each community begins progress towards that goal at a different level and moves toward that goal at a different pace. All training support should incorporate sustainability concepts and principles. • We should define achievable benchmark levels of sustainability for different utility services and communities. These benchmarks should guide state and federal investment in rural utility infrastructure. • In our pursuit of sustainability, we must always be mindful of, and provide appropriate deference and protection to, local people, governments, cultures and lifestyle choices. To be successful for the long term, proposed facilities must meet locally defined needs. All planning and projects must include a formal community input and feedback process. • Rural utility systems should be designed to strike an appropriate balance between level of service and life-cycle cost. • Achieving sustainability may require some continuing support from outside the community. The net result of state and federal investment in capital and operating costs should be to increase the sustainability of that utility and the overall ability of the village to support its utilities.

	• Recognizing that how well a utility is managed and operated impacts its sustainability, we need to identify and support utility management structures, operations systems, and capital and operating program incentives that best allow communities to move to the highest benchmark achievable on the sustainability scale. • All community and project planning processes must include the goal of sustainability. A viable community plan should consider all community service needs and all resources that may be available to support sustainable community services.
Policy Actions	1. The rural utility agencies should standardize measures of utility sustainability. The purpose is to measure and assess gaps, not to erect a barrier to entry or funding. 2. The Regulatory Commission of Alaska should draft the financial measures of sustainability at the utility level and at the community level. 3. The Rural Utility Business Advisor program should draft the management measures of sustainability at the project/utility level and at the community level. 4. Granting agencies should require an assessment of a utility and village against the benchmarks prior to funding a new project. 5. Granting agencies should eliminate unnecessary duplication of state-subsidized utilities.
Planning	6. The joint committee formed by the U.S. Department of Housing and Urban Development, the U.S. Environmental Protection Agency, USDA Rural Development, the Alaska Science and Technology Foundation, the Alaska Energy Authority and the Alaska Department of Community and Economic Development, should inventory existing agency planning requirements, sources of funding, define issues, and work to establish common standards for community comprehensive planning and specific project planning, including community buy-in to the business plan. 7. The joint committee should undertake a pilot project to make information about community utility systems available online. All agencies involved in village utility systems should share their database tools, and commit to use them. 8. Granting agencies should understand that planning is an evolutionary process, and that planning for projects cannot be required without funding to accomplish the required planning.

9. The Alaska Science and Technology Foundation should develop a template for complete master plans for water and sewer projects, and a specific timeline and specification for how project engineers and funding agencies can work with villages to optimize their understanding, buy-in, and ownership of village utility projects.

10. The Alaska Science and Technology Foundation should work with other funding agencies and rural representatives to develop a simple model and spreadsheet for determining and predicting existing and future revenue – both government and market (non-government) based – that will support all local utilities and increase their overall sustainability.

11. Granting agencies should provide funding for business planning and comprehensive community planning for sustainability from a variety of funding sources.

12. Granting agencies should allow use of construction funding for planning and pre-construction feasibility specifications, including engineering, economic and management issues.

13. The Denali Commission and granting agencies should be asked to look at life-cycle costs of village utilities and to identify gaps. The Denali Commission should establish the factors used in life-cycle cost analysis, including discount rates, inflation assumptions and other criteria. The Alaska Energy Authority should establish and annually revise the rates used for these factors.

14. Before funding a project, granting agencies should require a business plan that shows all community financial resources and total costs of the project, including an analysis of the impact of the project on owner finances. The plan must be understood and adopted by the community.

15. Granting agencies should incorporate the Rural Utility Business Advisor business approach into utility planning projects.

16. USDA Rural Development should make funding available for project feasibility planning.

17. USDA Rural Development should report to the Alaska 20/20 Conference on sustainable utilities issues.

18. The Environmental Protection Agency should expand the planning capability within its funding programs.

19. The Village Safe Water program should seek authority to spend USDA Rural Development funds for planning.

	20. The Denali Commission and the U.S. Department of Housing and Urban Development should host a forum on community comprehensive planning. 21. USDA Rural Development should develop a plan for property insurance on facilities, through purchased insurance, a self-insurance program, insurance pool or other program. 22. The Alaska Science and Technology Foundation should provide support for a component of community comprehensive planning that measures market sustainability.
Accountability	23. The Department of Community and Economic Development should provide a self-assessment tool and funding for villages to begin community comprehensive planning. 24. The Denali Commission should analyze current techniques for accountability and incentive structures, and gather reports from agencies by January 2002. 25. The Legislature should amend statutes governing the Regulatory Commission of Alaska to create incentives for utilities to opt into regulation, and to disallow subsidies without regulation. 26. Granting agencies should give incentives for consolidation of utility systems. 27. Granting agencies should contract for independent third-party evaluation of services that villages receive. 28. The Alaska Energy Authority and the Denali Commission should solicit regional organizations to establish a demonstration regional sewer and water cooperative. 29. The Alaska Native Tribal Health Consortium is developing a statewide utility association concept to promote economy of scale in procurement and administrative support activities. In conjunction with this activity, the Yukon-Kuskokwim Health Corporation is developing a business plan to establish a prototype sewer and water regional utility cooperative, recognizing there will be need for a subsidy during the ramp-up period. 30. Granting agencies should require changes to utility practice or procedures when providing emergency assistance. The Legislature should not bail out failing utilities that do not change practices or procedures, and should consolidate such utilities under a back-up operator.
Operations and Maintenance	31. The Governor and Legislature should recommend approval of amendments that would allow a portion of capital funding to be used for an operating and maintenance endowment if the life-cycle cost of meeting the village needs improves and if the change would increase sustainability of the project. The amendments

	could allow pooling of the operating and maintenance endowment for a broader group of project support. 32. The Alaska Energy Authority should convene a group to look at alternative approaches to ensure long-term sources of funding for operations and maintenance. 33. The Denali Commission should conduct a financial analysis of selected successful and unsuccessful village utility systems. The Denali Commission should publicize success stories and best practices, as well as information on pitfalls that can be avoided. 34. The Regulatory Commission of Alaska should establish a simplified form for uniform accounting to gather consistent data from utilities. 35. Granting agencies should require grantees to use the standard financial reporting system. 36. The Governor and Legislature should recommend Congressional funding for a regional demonstration project to determine the true cost of a regional cooperative. 37. The Regulatory Commission of Alaska should review the "fit, willing and able" criteria for village utilities and utility projects. The agency should also identify community utilities that do not currently meet these criteria. 38. Granting agencies should review all projects in light of the Regulatory Commission of Alaska's revised "fit, willing and able" criteria. 39. The Governor and Legislature should strengthen the Rural Utility Business Advisor program in the Alaska Department of Community and Economic Development by increasing staff and resources. 40. Granting agencies should make grants with conditions of and consultation with the grantee on performance improvement standards, evaluation and examination of results. Future capital investment should be curtailed if the utility does not meet the performance improvement standards. 41. Organizations that provide training to utility managers, such as the U.S. Small Business Administration, the UAA Small Business Development Center, and the UAF College of Rural Alaska should reach out to train the next generation of utility managers on how to measure sustainability. 42. The Denali Commission should establish a forum for coordination among agencies on capital development and sustainable operations at the community level, consistent with the legislation creating the Commission.

STEERING COMMITTEE RECOMMENDATIONS – BY IMPLEMENTING AGENCY

Denali Commission	• The Denali Commission should establish a forum for coordination among agencies on capital development and sustainable operations at the community level, consistent with the legislation creating the Commission. • The Denali Commission should conduct a financial analysis of selected successful and unsuccessful village utility systems. The Denali Commission should publicize success stories and best practices, as well as information on pitfalls that can be avoided. • The Denali Commission and granting agencies should be asked to look at life-cycle costs of village utilities and to identify gaps. The Denali Commission should establish the factors used in life-cycle cost analysis, including discount rates, inflation assumptions and other criteria. The Alaska Energy Authority should establish and annually revise the rates used for these factors. • The Denali Commission should analyze current techniques for accountability and incentive structures, and gather reports from agencies by January 2002. • The Alaska Energy Authority and the Denali Commission should solicit regional organizations to establish a demonstration regional sewer and water cooperative. • The Denali Commission and the U.S. Department of Housing and Urban Development should host a forum on community comprehensive planning.
All federal and state agencies generally	• The rural utility agencies should standardize measures of utility sustainability. The purpose is to measure and assess gaps, not to erect a barrier to entry or funding. • The joint committee should undertake a pilot project to make information about community utility systems available online. All agencies involved in village utility systems should share their database tools, and commit to use them.

Granting Agencies generally	• Granting agencies should eliminate unnecessary duplication of state-subsidized utilities • Granting agencies should understand that planning is an evolutionary process, and that planning for projects cannot be mandated without funding to accomplish the required planning. **Funding for Planning:** • Granting agencies should provide funding for business planning and comprehensive community planning for sustainability from a variety of funding sources. Granting agencies should incorporate the RUBA business approach into utility planning projects • Granting agencies should allow use of construction funds for planning and pre-construction feasibility specifications, including engineering, economic and management issues. **Proposal Review:** • Granting agencies should review all projects in light of the Regulatory Commission of Alaska's revised "fit, willing and able" criteria. • Granting agencies should require an assessment of a utility and village against the benchmarks prior to funding a new project. • Before funding a project, granting agencies should require a business plan that shows all community financial resources and total costs of the project, including an analysis of the impact of the project on owner finances. The plan must be understood and adopted by the community. **Grant Conditions:** • Granting agencies should require changes to utility practice or procedures when providing emergency assistance. The Legislature should not bail out failing utilities that do not change practices or procedures, and should consolidate such utilities under a back-up operator. • Granting agencies should make grants with conditions of and consultation with the grantee on performance improvement standards, evaluation and examination of results. Future capital investment should be curtailed if the utility does not meet the performance improvement standards. • Granting agencies should require grantees to use the standard financial reporting system. • Granting agencies should give incentives for consolidation of utility systems.

	Grant Evaluation: • Granting agencies should contract for independent third-party evaluation of services that villages receive.
USDA Rural Development	• The joint committee formed by the U.S. Department of Housing and Urban Development, the U.S. Environmental Protection Agency, USDA Rural Development, the Alaska Science and Technology Foundation, the Alaska Energy Authority and the Alaska Department of Community and Economic Development, should inventory existing agency planning requirements, sources of funding, define issues, and work to establish common standards for community comprehensive planning and specific project planning, including community buy-in to the business plan. • The joint committee should undertake a pilot project to make information about community utility systems available online. All agencies involved in village utility systems should share their database tools, and commit to use them. • USDA Rural Development should develop a plan for property insurance on facilities, through purchased insurance, a self-insurance program, insurance pool or other program. • USDA Rural Development should make funding available for project feasibility planning. • USDA Rural Development should report to the Alaska 20/20 Conference on sustainable utilities issues. • The Village Safe Water program should seek authority to spend USDA Rural Development funding for planning.
HUD	• The joint committee formed by the U.S. Department of Housing and Urban Development, the U.S. Environmental Protection Agency, USDA Rural Development, the Alaska Science and Technology Foundation, the Alaska Energy Authority, and the Alaska Department of Community and Economic Development, should inventory existing agency planning requirements, sources of funding, define issues, and work to establish common standards for community comprehensive planning and specific project planning, including community buy-in to the business plan. • The joint committee should undertake a pilot project to make information about community utility systems available online. All agencies involved in village utility systems should share their database tools, and commit to use them.

	• The Denali Commission and the U.S. Department of Housing and Urban Development should host a forum on community comprehensive planning.
EPA	• The joint committee formed by the U.S. Department of Housing and Urban Development, the U.S. Environmental Protection Agency, USDA Rural Development, the Alaska Science and Technology Foundation, the Alaska Energy Authority, and the Alaska Department of Community and Economic Development, should inventory existing agency planning requirements, sources of funding, define issues, and work to establish common standards for community comprehensive planning and specific project planning, including community buy-in to the business plan. • The joint committee should undertake a pilot project to make information about community utility systems available online. All agencies involved in village utility systems should share their data, tools, and commit to use them. • The Environmental Protection Agency should expand the planning capability within its funding programs.
SBA	• Organizations that provide training to utility managers, such as the U.S. Small Business Administration, the UAA Small Business Development Center, and the UAF College of Rural Alaska should reach out to train the next generation of utility managers on how to measure sustainability.
ANTHC and Yukon-Kuskokwim Health Corp.	• The Alaska Native Tribal Health Consortium is developing a statewide utility association concept to promote economy of scale in procurement and administrative support activities. In conjunction with this activity, the Yukon-Kuskokwim Health Corporation is developing a business plan to establish a prototype sewer and water regional utility cooperative, recognizing there will be need for a subsidy during the ramp-up period.
State of Alaska Governor	• The Governor and the Legislature should recommend approval of amendments that would allow a portion of capital funding to be used for an operating and maintenance endowment if the life-cycle cost of meeting the village needs improves and if the change would increase the sustainability of a project. The amendments could allow pooling of the operating and maintenance endowment for a broader group of project support. • The Governor and Legislature should strengthen the Rural Utility Business Advisor program in the Alaska Department of Community and Economic Development by increasing staff and resources.

	• The Governor and the Legislature should recommend Congressional funding for a regional demonstration project to determine the true cost of a regional cooperative.
State of Alaska Legislature	• The Governor and Legislature should recommend approval of amendments that would allow a portion of capital funding to be used for an operating and maintenance endowment if the life-cycle cost of meeting the village needs improves and if the change would increase sustainability of the project. The amendments could allow pooling of the operating and maintenance endowment for a broader group of project support. • The Legislature should amend statutes governing the Regulatory Commission of Alaska to create incentives for utilities to opt into regulation, and to disallow subsidies without regulation. • Granting agencies should require changes to utility practice or procedures when providing emergency assistance. The Legislature should not bail out failing utilities that do not change practices or procedures, and should consolidate such utilities under a back-up operator. • The Governor and Legislature should strengthen the Rural Utility Business Advisor program in the Alaska Department of Community and Economic Development by increasing staff and resources. • The Governor and the Legislature should recommend Congressional funding for a regional demonstration project to determine the true cost of a regional cooperative.
Alaska Energy Authority	• The joint committee formed by the U.S. Department of Housing and Urban Development, the U.S. Environmental Protection Agency, USDA Rural Development, the Alaska Science and Technology Foundation, the Alaska Energy Authority, and the Alaska Department of Community and Economic Development, should inventory existing agency planning requirements, sources of funding, define issues, and work to establish common standards for community comprehensive planning and specific project planning, including community buy-in to the business plan. • The joint committee should undertake a pilot project to make information about community utility systems available online. All agencies involved in village utility systems should share their database tools, and commit to use them.

	• The Alaska Energy Authority should convene a group to look at alternative approaches to ensure long-term sources of funding for operations and maintenance. • The Alaska Energy Authority and the Denali Commission should solicit regional organizations to establish a demonstration sewer and water regional utility cooperative. • The Denali Commission and granting agencies should be asked to look at life-cycle costs of village utilities and to identify gaps. The Denali Commission should establish the factors used in life-cycle cost analysis, including discount rates, inflation assumptions and other criteria. The Alaska Energy Authority should establish and annually revise the rates used for these factors.
AK Science & Technology Foundation	• The joint committee formed by the U.S. Department of Housing and Urban Development, the U.S. Environmental Protection Agency, USDA Rural Development, the Alaska Science and Technology Foundation, the Alaska Energy Authority, and the Alaska Department of Community and Economic Development, should inventory existing agency planning requirements, sources of funding, define issues, and work to establish common standards for community comprehensive planning and specific project planning, including community buy-in to the business plan. • The joint committee should undertake a pilot project to make information about community utility systems available online. All agencies involved in village utility systems should share their database tools, and commit to use them. • The Alaska Science and Technology Foundation should provide support for a component of community comprehensive planning that measures market sustainability. • The Alaska Science and Technology Foundation should develop a template for complete master plans for water and sewer projects, and a specific timeline and specification for how project engineers and funding agencies can work with villages to optimize their understanding, buy-in, and ownership of village utility projects. • The Alaska Science and Technology Foundation should work with other funding agencies and rural representatives to develop a simple model and spreadsheet for determining and predicting existing and future revenue – both government and market (non-government) based – that will support all local utilities and increase their overall sustainability.

Regulatory Commission of Alaska	• The Legislature should amend statutes governing the Regulatory Commission of Alaska to create incentives for utilities to opt into regulation, and to disallow subsidies without regulation. • The Regulatory Commission of Alaska should draft the financial measures of sustainability at the utility level and at the community level. • The Regulatory Commission of Alaska should establish a simplified form for uniform accounting to gather consistent data from utilities. • The Regulatory Commission of Alaska should review the "fit, willing and able" criteria for village utility projects. The agency should also identify community utilities that do not currently meet these criteria.
State of Alaska DCED	• The joint committee formed by the U.S. Department of Housing and Urban Development, the U.S. Environmental Protection Agency, USDA Rural Development, the Alaska Science and Technology Foundation, the Alaska Energy Authority, and the Alaska Department of Community and Economic Development, should inventory existing agency planning requirements, sources of funding, define issues, and work to establish common standards for community comprehensive planning and specific project planning, including community buy-in to the business plan. • The joint committee should undertake a pilot project to make information about community utility systems available online. All agencies involved in village utility systems should share their database tools, and commit to use them. • The Department of Community and Economic Development should provide a self-assessment tool and funding for villages to begin community comprehensive planning. • The Governor and Legislature should strengthen the Rural Utility Business Advisor program in the Alaska Department of Community and Economic Development by increasing staff and resources. • The Rural Utility Business Advisor program should draft the management measures of sustainability at the project/utility level and at the community level.
State of Alaska DEC	• The Village Safe Water program should seek authority to spend USDA Rural Development funds for planning.
University of Alaska	• Organizations that provide training to utility managers, such as the U.S. Small Business Administration, the UAA Small Business Development Center, and the UAF College of Rural Alaska should reach out to train the next generation of utility managers on how to measure sustainability.

AMENDMENT NO. 1
TO THE
JOINT PROJECT AGREEMENT
BETWEEN THE
ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY
THE
RURAL DEVELOPMENT
AND THE
DENALI COMMISSION

FOR A TWO-PHASED STUDY -
STATEWIDE ENERGY PLAN &
EFFICIENT UTILITY OPERATION AND MAINTENANCE
PROJECT No. 0010-DC-2000-I1

DATE OF AMENDMENT:
March 2000

On December 11, 1999 the Alaska Industrial Development and Export Authority (a public corporation of the State of Alaska) hereinafter referred to as AIDEA, the Rural Development (an Agency of the U.S. Department of Agriculture) hereinafter referred to as RD and the Denali Commission, hereinafter referred to as the Commission, executed a Joint Project Agreement (Agreement) for the provision of a two-phased statewide energy plan.

Phase 1 of the energy plan was funded by the Commission and is now complete. Of the $100,000 in Commission funds set aside for Phase 1 only $76,549.92 was needed. The balance of $23,450.08 will be applied to Phase 2.

In order to complete Phase 2 of this project, the following changes are necessary.

1. The parties will undertake an effort to quantify the need for further funding for rural energy projects (bulk fuel, rural power upgrades and alternative energy). This is in addition to the previously agreed to two-phase statewide energy plan. Elements of this capital projects selection process and list include the following.

    a. Diesel power plants and distribution systems - expand the existing Alaska Energy Authority (AEA) database to include all PCE-eligible communities.

    b. Bulk fuel storage – projects identified from the existing AEA deficiency needs database.

c. Alternative energy (i.e. not based on traditional oil-fired systems) – AIDEA will prepare an initial list of alternative energy projects recommended for funding. AIDEA will select these projects from existing concepts and proposals based on considerations of technical and economic feasibility. The Phase 2(b) contractor referenced below will conduct an expanded review of alternative energy potential in rural Alaska and will develop a revised list of recommended projects based on this expanded review along with a methodology for future project selection. Considerations of technical and economic feasibility will form the basis for the contractor's recommendations as well.

2. RD will direct and manage the Phase 2a operations, maintenance, and management study. The Commission and AIDEA will participate in the completion of this study. It is the expectation of the parties that the Phase 2a and Phase 2b contractors will coordinate their efforts, where feasible, especially field work.

3. AIDEA will direct and manage the Phase 2b statewide energy plan for the rural regions including evaluating solutions to major energy problems. The report will include expanded consideration of alternative energy and may include a revised list of recommended alternative energy projects. The Commission and RD will participate in the completion of this study.

4. AIDEA will serve as the contract administrator for the following contracts:

   a. The University of Alaska – Institute of Social and Economic Research (ISER) for the Phase 2a operations, maintenance, and management study (RD will serve as the project manager) through a State of Alaska Reimbursable Services Agreement (RSA). This RSA will be limited to a maximum of $25,000 in overhead/administration/indirect costs by ISER. RD will provide funding to AIDEA on a schedule of payments agreeable to RD and AIDEA.

   b. A competitively selected firm to perform the balance of the Phase 2b rural portion of the statewide energy plan. The contractor must have extensive experience with rural Alaska energy issues. The Commission will provide funding to AIDEA on a schedule of payments agreeable to AIDEA and the Commission. Following state procurement principles, AIDEA will allow RD and the Commission to participate in the selection of the engineering contractor for Phase 2b.

   c. With AEA assessment contractors for the diesel power plant and distribution systems capital project selection process and list.

5. The parties will determine the process for completion of Phase 2c and 2d of the statewide energy plan at a later date.

6. The parties agree that distribution of any work products identified under this Agreement (including those found in Paragraph No. 8 below), will not be distributed until all the parties have had adequate time for review, ~~and~~ comment and have provided approval for distribution.

3-24-00

7. The estimated cost and timelines to complete Phase 2a and 2b and the capital project selection process and list are shown on the following table.

Item/Description	Estimated Cost	Contributor	Proposed Start	Proposed Finish
Capital Project Selection Process and List	$200,000	AIDEA	3/1/2000	8/1/2000
Phase 2a – Operations, Maintenance and Management Study	$200,000	RD	3/1/2000	3/1/2001
Phase 2b – Rural Portion of the Statewide Energy Plan	$300,000	Commission	3/1/2000	1/1/2001
Phase 2c – Southeast/4 Dam Pool Portion of the Statewide Energy Plan	To be determined	Unknown	Unknown	Unknown
Phase 2d – Railbelt	To be determined	Unknown	Unknown	Unknown

8. A peer review process of the Phase 2 Energy Plan shall be conducted by a consultant selected and funded by the Denali Commission. An amount not to exceed $50,000 shall be allocated for peer review efforts on the energy plan. An additional amount not to exceed $50,000 with the concurrence of RD and AIDEA may be allocated as well for peer review efforts on the energy plan. AIDEA and RD will have an opportunity to review and advise the Denali Commission on all tasks, associated with the energy plan, assigned to the peer review consultant. Apart from the energy plan efforts, the peer review contractor may be requested by the Denali Commission to carry out other Commission related tasks (funded independently from the energy plan).

9. All tasks and products from Paragraph Nos. 7 and 8 are intended to produce an integrated energy planning process and plan.

This document constitutes Amendment No. 1 to the Joint Project Agreement for a two-phased statewide energy plan.

All other sections of the original Agreement remain in effect as agreed upon and executed.

10. Signatures:

NOW THEREFORE, in order to provide the two-phased energy plan as set forth in this Agreement, AIDEA, RD and the Commission mutually agree to the terms and conditions contained herein:

IN THE WITNESS WHEREOF, the parties have subscribed their names,

3-22-00
Date

D. Randy Simmons
Director, Alaska Industrial Development and Export Authority

3-16-00
Date

Dr. Sheila Selkregg
Director, Rural Development
Alaska Office

3-16-00
Date

Jeff Staser
Federal Co-Chair, Denali Commission

Attachment E

Legislative Audit #18-30042-08, "Department of Environmental Conservation, Division of Water, Village Safe Water Program," December 5, 2007

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit

P.O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907)465-2347
legaudit@legis.state.ak.us

December 5, 2007

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska Statutes, the attached report is submitted for your review.

DEPARTMENT OF ENVIRONMENTAL CONSERVATION
DIVISION OF WATER
VILLAGE SAFE WATER PROGRAM

December 5, 2007

18-30042-08

We reviewed the Department of Environmental Conservation in the construction of water and sewer systems through the Village Safe Water program. The primary emphasis of our review was to assess the procedures followed by program managers in evaluating and ranking applications for construction grant funding. A second objective involved assessing the current status of findings and recommendations made in a prior audit of the program completed in November 2003 (audit control no. 18-30028-04).

The audit was conducted in accordance with generally accepted government audit standards. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objectives, Scope, and Methodology section.

Pat Davidson, CPA
Legislative Auditor

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OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Title 24 of the Alaska Statutes and a special request by the Legislative Budget and Audit Committee, we conducted an audit of the Village Safe Water Program (VSW) administered by the Department of Environmental Conservation (DEC).

The objectives of the report fall into two categories. The first category involves how the VSW program distributes grant funding to various communities served by the program. Objectives include:

1. Assessing the reasonableness of the criteria used to identify and scale sanitation projects for various communities;

2. Reviewing how funding priorities are established for construction grant funding; and,

3. Assessing how well the program has done in communicating ranking and assessment criteria to communities seeking grant funding.

The second category of objectives involves reviewing and assessing the changes made by DEC in how the VSW program is administered. Changes have been made primarily in response to a November 2003 Legislative Audit report and concerns by federal funding agencies. Objectives include:

1. Assessing the effectiveness of newly established controls over project construction costs; and,

2. The impact over how administrative costs being charged to outstanding projects will have on the final cost and design.

Scope and Methodology

While VSW staff is ultimately responsible for the oversight of sanitary project appropriations, the day-to-day active oversight of many projects is carried out by the Alaska Native Tribal Health Consortium (ANTHC). The role and background of this organization is discussed further in the Organization and Function section.

When we assessed various controls related to construction oversight of VSW projects, we focused primarily on controls in place at DEC. For some controls, our analysis and evaluation included projects supervised by ANTHC. In other instances, our evaluation was limited to improvements made to systems related only to the projects supervised directly by VSW engineers.

In order to meet the various objectives of the audit, our fieldwork included:

- Analysis of departmental and division policies and procedures related to procurement of goods and services. This was done to evaluate if procurement deficiencies discussed in our prior audit report had been addressed through the adoption and implementation of improved procedures.

- Review of statutes related to the purpose of the program and the eligibility requirements. Since eligibility standards for VSW grants originate in state law, it was necessary to review and understand the program's statutes. This permitted us to evaluate if the criteria used by VSW managers was consistent with the precepts set out in statute.

- Review of the Memorandum of Understanding (MOU) between DEC and the two major federal funding agencies involved, the U.S. Department of Agriculture, and the Environmental Protection Agency. This document sets out measures of program performance, how funding is to be allocated, and what costs are allowable under the terms of the federal programs. This review provided a better understanding of basic program controls required by the federal agencies involved and allowed for consideration of these requirements when evaluating the basis and support for program expenditures.

- Interviews with personnel from the Division of Water; Division of Information and Administrative Services; Department of Community and Economic Development, Division of Community and Regional Affairs; Environmental Protection Agency; and U.S. Department of Agriculture-Rural Development. The interviews provided additional perspective on various aspects of how the VSW program is administered. Additionally, we better understood how the rural utility business assistance program functions and how various aspects of that program affects VSW decision making.

- Review of the MOU between DEC and ANTHC related to supervision of various VSW sanitation projects. We did this to better understand the role ANTHC plays in supervising more than 50 active projects in Alaska.

- Analysis of application files for both planning and construction grants. For the applications received for funding in FY 06 and FY 07, we selected a sample and compared the documentation submitted to the ranking criteria used to establish funding priorities and budget requests. Applications for projects that eventually were supervised either directly by VSW or indirectly through ANTHC were both included. This review allowed us to confirm that VSW program managers were consistently applying the ranking criteria established for assigning priority for inclusion in the department's budget request.

- Evaluation of documents used to support expenditures charged to various construction projects. For a sample of transactions charged to projects in either FY 06 or FY 07, we evaluated the underlying documentation to determine if expenditures were reasonable and allowable under federal funding guidelines. This review also allowed us to assess the

improvements made in how invoiced expenditures were reviewed and approved since DEC assumed responsibility for processing invoices. Expenditures related to projects supervised by ANTHC were included.

- Examination of personnel and payroll records for six projects active during the 2007 construction season. We evaluated these records to determine if payroll charges were reasonable and appropriately supported. Examination of the personnel and hiring records confirmed sufficient employment information had been obtained and kept on file. Another objective of this evaluation was to assess if the controls over payroll processing and labor costs charged to projects had improved since our prior audit in November 2003. We did not review personnel or payroll recordkeeping related to projects supervised by ANTHC.

- Examination of evidence to confirm the appropriateness of procurement procedures followed by construction management firms and project superintendents when obtaining project goods and services. We selected a sample of 25 procurements related to expenditure transactions charged to projects during FY 06 or FY 07. We also reviewed four procurement processes for professional services conducted by VSW in either FY 06 or FY 07. This review assessed the consistency to which preferred, competitive procurement practices were followed by both VSW and agency contractors. Procurement activity carried out by ANTHC for projects supervised by that organization was not reviewed.

- Conducting a survey of communities who submitted construction grant application(s) since FY 04 and consultant engineering firms who assisted communities in the completion of the applications. The survey results provided perspective on how well communities seeking grant funding for VSW projects understood the criteria used to evaluate and rank projects for funding. Communities that received appropriations, whether or not the community's project was supervised directly by VSW or through ANTHC, were included in the survey.

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ORGANIZATION AND FUNCTION

In 1970, the Village Safe Water Act established under Alaska Statute (AS) 46.07 created the Village Safe Water (VSW) program. The Act established *"a program designed to provide safe water and hygienic sewage disposal facilities in villages in the state."* An eligible village is defined as "*an unincorporated community that has between 25 and 600 people residing within a two-mile radius, a second class city, or a first class city with no more than 600 residents.*"[1]

The VSW program was originally administered by the State Department of Health and Welfare but was later transferred to the Department of Environmental Conservation (DEC). The program is currently administered under a separate section within the DEC's Division of Water.

VSW's field engineers, financial support staff, procurement specialist, and grants administrator are stationed in DEC's Anchorage office. The field engineering staff consists of eight engineers, two engineering associates, and one college intern. The VSW program manager, who is assisted by a lead engineer, also works out of DEC's Anchorage office. The oversight of the VSW program is the responsibility of the facilities program manager, located in Anchorage, with the assistance of a planner from DEC's Juneau office.

The majority of VSW's funding is through federal grants from the U.S. Environmental Protection Agency, U.S. Department of Agriculture, Alaska Native Tribal Health Consortium, and Denali Commission. Alaska legislative appropriations for capital budgets provide the remaining funding.

For most VSW construction projects, the workforce is drawn from residents of the community where the sanitation system is being built. This is termed a force account arrangement in the public construction field. A majority of the oversight of the projects is performed by construction management firms and only a couple of projects utilize a superintendent.

Once the legislature has appropriated funds for a specific project, those funds technically belong to the receiving community. However, DEC holds the grant funds "in trust" for each project community.

Alaska Native Tribal Health Consortium

A large segment of the VSW program is carried out through the auspices of the Alaska Native Tribal Health Consortium (ANTHC). The organization was formed in December 1997 to manage statewide health services for Alaska Natives. Alaska Natives, through their tribal governments and regional nonprofit organizations, own the Consortium. ANTHC is one of

[1] AS 46.07.080(2).

22 co-signers of the Alaska Tribal Health Compact, a self-governance agreement with the federal Indian Health Service.

ANTHC employs approximately 1,800 people and had an operating budget of $322 million in FY 06. ANTHC offers statewide services in specialty medical care, water and sanitation, community health and research, information technology, and professional recruiting.

The Division of Environmental Health and Engineering, ANTHC's second-largest division, provides project management, engineering, construction, and operations support of public health infrastructure in Native communities throughout Alaska.

BACKGROUND INFORMATION

The Village Safe Water (VSW) enabling statute (AS 46.07) authorizes construction of water and sewer systems in the State's villages. The statute defines a village as "an *unincorporated community that has between 25 and 600 people residing within a two-mile radius, a second class city, or a first class city with not more than 600 residents.*"[2]

Though the Department of Environmental Conservation (DEC) has traditionally focused on sanitation projects in rural Alaskan communities off of the road system, the statute is silent as to any priority among eligible villages or communities. The primary vehicle for implementing the VSW program has been through use of grants to build appropriate, operationally sustainable, water and sewer projects. Grants have been funded by a combination of state and federal funds.

VSW operating procedures have often been driven by policy to promote sense of ownership

Historically, two central principles have had an ongoing impact on how the VSW program has been administered. The first principle involves the role which inadequate water and waste disposal systems, collectively referred to as sanitation systems, have on the public health of many of Alaska's remote, rural communities. These concerns have contributed to both federal and state governments making a substantial funding commitment to the VSW program.

The second principle involves building sanitation systems in such way as to promote a sense of ownership on the part of the communities. This central principle is repeatedly reflected in how VSW management has chosen to administer the program. In particular, this sense of ownership principle has an impact on:

1. How projects are prioritized and selected for funding;

2. What type of project is selected as appropriate for a given community. There is concern to match the cost and scale of the project to a community's capacity to fund and operationally maintain a selected project;

3. How appropriated funds are released for beginning construction;

4. How the funds are accounted for during the construction process; and,

5. How construction projects are managed on a day-to-day basis.

[2] AS 46.07.080(2).

As the VSW program matured, and increased funding became available from the federal government, many of the administrative choices made based on this core principle have been restructured. This has been done in order to strengthen fiscal oversight over grant funds, while limiting the impact they might have on the ownership principle.

The VSW program makes two types of grants – planning, and design and construction

The VSW program has two categories of grants. Eligible communities wanting to build a sanitation system can apply for a planning grant. Such funding is used to conduct a needs assessment and allow the communities to explore the possible options available to address those needs. Compared to grants for design and construction, these grants are relatively modest, ranging from $25,000 to $250,000 in recent years.

The second type of grant involves the funding for design and construction of a sanitation system best suited to meet the sanitation needs of the community. This phase involves the largest funding commitment. The average appropriation in FY 07 for VSW sanitation projects was over $2.9 million.

Communities seeking first time funding for new systems given priority for planning grants

The criteria used to evaluate and rank applications for planning grants has remained relatively constant from year to year. As set out in Exhibit 1, on the following page, the evaluation criteria used in FY 07 compared to that applied in FY 05 was rescaled, while much of the emphasis remained the same. In both years, points were structured in such a way to give priority to:

1. Communities seeking first time planning funds,

2. New water and sewer systems, rather than upgrading existing facilities; and,

3. Communities who had not received previous federal or state funding for planning.

Key part of planning phase is to match local community capacity and project scope

Communities request funding from VSW in order to document their sanitation needs by completing a feasibility study/master plan. VSW assists the community with procuring and contracting a consulting firm to perform the project planning. During the planning effort, significant communication occurs between VSW, the consultant, and the community in identifying, evaluating, and selecting water and sewer improvement alternatives for the community.

Exhibit 1

Two Examples of Planning Grant Application Scoring Criteria Used in Recent Years

		FY 05 Criteria		FY 07 Criteria	
		Points	Pct.	Points	Pct.
Type of Study		100	15.4%	*This FY 05 factor was folded in the Planning Project Need factor below beginning in FY 06.*	
Feasibility study or facility plan	100				
Sanitation utility comprehensive study	50				
Planning Project Need				100	20%
Original Sanitation Facilities Plan	100				
Study for an "essential" improvement	75				
Rehabilitation Plan for aging system	50				
Update an obsolete plan	0				
Type of System		100	15.4%	100	20%
Water and/or Sewer Facility	100				
Other Sanitation Facility (FY 05 only)	25				
Solid Waste (FY 07 only)	0				
Purpose of Plan or Study		100	15.4%	*This concept of this factor was blended in the Community Development Status criterion beginning in FY 06.*	
New System	100				
New level of sanitation service	75				
Upgrade or replace existing system	50				
Community Development Status		100	15.4%	100	20%
25% or less in community presently served	100				
25-50% in community presently served	75				
50-75% in community presently served	50				
More than 75% in community served	25				
25-75% have existing service (FY 07)	75				
More than 75% existing service (FY 07)	50				
Past Federal or State Funding		100	15.4%	100	20%
No planning funding within last 7 years	100				
No planning funding within last 5 years	50				
Funding Received within last 5 years	0				
No planning funding within last 5 years (FY 07)	100				
Previous Planning Documentation		100	15.4%	*This factor was incorporated into the overall Past Federal or State Funding above beginning in FY 06*	
Never completed a study or plan	100				
No study/ plan of similar scope previously done	50				
Study or plan will update existing study/plan	25				
City Council Resolution		50	7.6%	*Factor made part of application quality factor in subsequent years*	
Application Quality		*Not a specific factor prior to FY 06*		100	20%
Total Maximum Points		650	100%	500	100%

Whether the community received planning funds from VSW or another source, the scope of any subsequent funding requests for design and construction must be included in an approved Sanitation Facilities Master Plan. [3]

For villages seeking first time construction funding, a significant part of the planning process is determining the financial capacity of the community to develop sufficient revenues to cover operation costs for the system selected. An important use of planning funding is to develop a cost estimate for the project selected. Typically, this process requires the community to work with its planning consultant and VSW to choose from four options. Stated in order of construction/operating cost, these options are:

1. Washeteria Model – a single, centralized building in the community, which houses showers, laundry facilities, and toilet facilities, is constructed;

2. Flush and Haul – a system involving a combination of water storage and sewage collection tanks at each residence combined with tank vehicles, either trailer or truck, for transport to/from a watering point or to a sewage disposal lagoon.

3. Septic Tanks and Wells – a system where stand-alone wells and septic tanks are put in place for a residence or group of residences.

4. Piped System – the standard water/sewer setup in the State's more developed urban areas where water is piped into the residence and sewage is piped out for central treatment.

As part of the village's master planning process, current conditions are assessed, alternatives are evaluated, and costs are identified. In addition to capital costs, a business plan is developed which details the projected operating revenues and expenses. The VSW project engineer and VSW planner work with the consultant and community during the development of the plan, and may recommend changes necessary for plan approval.

The planner compares the capital and operating costs of the selected system or phased improvements with historical data of similar type and location. The capital cost of $200,000 per household and a user fee based on 5 percent of median household income are rules of thumb presently used for evaluating affordability and sustainability in determining approval.

To prioritized funding, grant applications are scored using criteria that reflect policy goals

Seventy-five percent of the funding provided for VSW construction grants comes from federal agencies, primarily the Environmental Protection Agency or the U.S. Department of Agriculture.

[3] Starting in FY 07, a current and approved plan or study is needed if the amount of the request and all remaining needs was for $3 million or more. In FY 08, the dollar threshold was reduced to $2 million. Typically, communities requesting funds less than $2 million are not for new systems, but components of a system already built. An example would be system upgrades made necessary due to regulatory changes.

Accordingly, VSW sets its overall budget request based on the amount of federal funding available. In recent years, the legislature has provided the 25 percent required matching appropriation from the State's general fund.

The projects included in the annual capital appropriation have been those included in DEC's proposed capital budget.

Demand for funding exceeds available funds, as illustrated in Exhibit 6 on page 28. Accordingly, VSW managers have developed criteria used to evaluate and rank applications for funding. Different sets of criteria are used for planning grants as compared to design and construction grant applications. DEC scoring criteria serve to reflect operational priorities and are designed to provide incentives for communities to conform to established policy.

The selection of factors and how they are weighted is developed through internal policy discussions. VSW consults with federal funding partner agencies in setting the criteria for evaluating applications. Many of the factors reflect the legislative intent that accompanied the FY 06 capital appropriation, as illustrated in Exhibit 2.

Exhibit 2

Legislative Intent Reflects Central Tenets of the VSW Program

In a statement of legislative intent included with the FY 06 capital budget appropriation, the legislature ratified many of the policies that have historically guided VSW operations. Excerpts from the intent are as follows:

> *It is the intent of the Legislature that the Department of Environmental Conservation (DEC) will establish guidelines for deciding whether proposed project costs are reasonable and whether proposed projects are sustainable; ensure that projects are limited to systems that are reasonable and sustainable; and exercise final decision authority as to project costs and the types and extent of projects to be constructed.*
>
> ...
>
> *It is the intent of the Legislature that DEC will encourage development of local ordinances that enhance the establishment and collection of user fees which are adequate to pay for the sustained operation of facilities constructed by the program.*

Public health factors and local capacity are key factors in evaluating grant applications

In past years, the two primary criteria used to evaluate applications reflected the two central principles that have historically guided VSW operations: addressing public health concerns, and fostering a sense of ownership.

Public health has been the central public policy concern behind the widespread support of the VSW program. In past years, proposed projects that address identified major threats to public health scored higher in the funding application process. In FY 06, this public health emphasis was slightly redirected in the ranking criteria. Rather than tying scoring to specific, documented health events, the department placed emphasis on projects having an overall positive health impact.

This shift in how public health factors were integrated into the application review process reflected studies that concluded a community's general, day-to-day health was consistently

better with reliable access to potable water. Accordingly, the emphasis on public health was reflected in the increased weighting assigned to first time service to homes.

As shown in Exhibit 3, on the following page, this criterion became 35 percent of the scoring. Under this rating system, applications involving first time service to homes were accorded higher priority than applications related to upgrading existing service or addressing regulatory compliance exceptions. Criteria that reflect a community's willingness and capability to operate and maintain a facility has remained critical to how a project is prioritized. Referred to as local capacity, evaluative criteria involves such things as the community being able to demonstrate it has the technical and administrative expertise in place to maintain the sanitation project after construction is complete.

For example, a community's application is scored higher if it can demonstrate it has residents that have received training sufficient to keep the system operating. Likewise, a community's application will score higher with demonstrated administrative expertise such as having a trained utility manager and being able to show it has or can develop a business model capable of collecting adequate revenues to maintain and operate the sanitation system. As shown in Exhibit 3, this factor remains at least 40 percent of an application's score, the largest single category for accumulating ranking points.

Construction logistics also play a factor in the score assigned to a project. If the project can be coordinated with other construction that might be going on in the community or if the project provides for consolidation of the sanitation system with other existing systems in the community, the project can receive up to 17.5 percent of the maximum total of available evaluation points.

Rural Utility Business Advisor (RUBA) assessment plays a critical role for communities

The RUBA program is administered by the Department of Commerce, Community, and Economic Development (DCCED). The program assists communities in developing the business skills necessary to run a successful, smaller scale local utility. The program provides training and technical assistance necessary to carry out such fundamentals as, setting rates for services, collecting billings, and making the necessary payroll tax payments. The program gives priority to communities currently having a sanitation system built or is in line to receive funding for new or expanded sanitation system.

Exhibit 3
Two Examples of Construction Grant Application Scoring Criteria Used in Recent Years

		FY 05 Criteria		FY 07 Criteria	
		Points	Pct.	Points	Pct.
Public Health up to a maximum of		300	14.1%	*Public health criteria was shifted from being related to specific disease or pollution event into overall health benefits provided by 1st time service to homes below…*	
Documented disease event	300				
Potential for disease event	200				
Potential for pollution event	100				
First time service to homes (overall health impact)		200	9.4%	350	35.0%
Project necessary is a subsequent phase to complete already started project	100				
Local capacity factors Points given for certified trained workers, capacity to handle administrative tasks necessary to generate funding to cover operational costs.		900	42.4%	400	40.0%
Project part of state master plan		50	2.4%	*Beginning in FY 06, this factor was made a mandatory requirement rather than just ranking item.*	
Other project funding is available for use		175	8.2%	*Phased out as a factor*	
Project can be coordinated with other construction		100	4.7%	75	7.5%
Project will consolidate system with other community systems such as school		200	9.4%	100	10.0%
Economic Feasibility factors		200	9.4%	*Phased out as factor, although some precepts incorporated into application quality criterion*	
Application Quality		*Not a specific factor prior to FY 06*		75	7.5%
Total Maximum Points		2,125	100%	1,000	100%

A key part of RUBA's assistance involves what is termed as an assessment. An assessment involves a documented and structured evaluation of the various operational indicators related to the business of operating a utility. RUBA's management assessment process identifies what the agency terms essential and sustainable capacity indicators to help identify the technical, managerial, and financial capacity of rural utilities. Essential indicators are defined as those items that are critical for continued operation of the utility. If not accomplished, RUBA projects the utility would fail within three years. Sustainable indicators include factors that are critical to the long-term survival of the local utility.

Under VSW's construction funding eligibility requirements, if a community has had an assessment performed, they must satisfactorily meet all essential indicators before being even submitting an application. If a community has never had a RUBA assessment performed, it is allowed to follow through with its application, but will have to successfully pass a RUBA assessment before any appropriated construction-related funding is released. Seven

construction projects, with a total of $13.3 million in appropriations made between FY 01 and FY 03, have not yet been started because communities involved cannot meet RUBA assessment requirements.

In recent years, DEC has made three key changes in how it supervises construction projects

Alaska Statute 46.07.040 authorizes DEC "*to provide for the construction by contract or through grants to public agencies or private nonprofit organizations, or otherwise.*" The statute further provides that "***workers from the village** in which the facility is being constructed shall be utilized to the maximum extent feasible [emphasis added].*"

In 2003, VSW management was supervising construction for most of the sanitation projects under their oversight, using what is termed as the superintendent model. Under this approach, the community receiving the project was primarily responsible for contracting the day-to-day project construction oversight. VSW engineers played a limited role in how superintendents were selected, compensated, and in determining the contractual scope of their duties.

A major reason such an approach was used was to promote the sense of community ownership. Additionally, use of superintendents hired by the village was often seen as a way to maximize the use of "*workers from the village*" as required by state law. However, this approach contributed to weak oversight of projects by VSW engineers. Many of the deficiencies discussed in our agency's prior audit report[4] stemmed from the control weaknesses inherent in the superintendent model as it had evolved in recent years.

DEC management made three major operational changes to improve controls over construction project administration. The changes involved:

1. Shifting away from the superintendent model to the construction management model. The village driven superintendent model has been increasingly deemphasized and has been replaced with a more state-agency directed construction management firm model. Rather than allowing or encouraging local communities to select the superintendent to supervise construction, VSW engineers now play a larger role in the selection of construction management (CM) firms.

   These CM firms, typically professional engineering firms, have often been involved with the local community during the planning phase of a sanitation project. During the 2006 construction season, there were seventeen independent superintendents working on projects involving VSW engineer oversight. For the 2007 construction season there were only two. VSW managers expect there will be no superintendent model projects for construction they oversee during the next construction season.

2. Development of a more comprehensive standard services contract. In conjunction with changing the model used to supervise project construction, VSW developed a better, more standardized professional services contract for use when dealing with CM firms.

[4] Division of Legislative Audit report #18-30028-04 dated November 19, 2003.

VSW management cites the development of standard contract terms, detailed, consistent labor rates, and established billing provisions, all as benefits of the new and improved contract.

3. Invoice processing was brought within DEC. A third improvement in controls involved using departmental personnel to supervise and carry out the day-to-day accounting for various projects. This change placed invoice processing in the hands of administrative staff more familiar with cost restrictions attached to federal funding. While the primary oversight responsibility for approving the costs charged to various projects rest with the VSW engineer, state administrative staff better acquainted with federal funding rules provide improved fiscal support. This change helps avoid questioned costs, a significant concern for a program receiving 75 percent federal funding.

To a degree, these changes represent a subtle shift away from the fostering ownership principle. However, the changes were not substantially counterproductive to this core VSW operating principle.

The way administrative costs are budgeted and accounted for has changed in recent years

The budgeting and charging of administrative costs involved with administering VSW construction projects has changed in recent years. Prior to FY 06, DEC received a separate capital appropriation each year to fund the estimated costs of administering all the capital projects appropriated during the same budget year. DEC staff report the budget estimate was based on anticipated costs involved in administering the projects for one year. Since the funding provided was in a capital appropriation, if there was a balance in the administration cost appropriation, it could be carried over from one budget year to the next.

However, there still remains some construction activity related to project appropriations made in the prior years. Accordingly, DEC management has opted to place a retroactive 10 percent administrative allocation against projects appropriated prior to FY 06.

Beginning in FY 06, estimated administrative costs were included in each separate project's funding request, rather than being isolated in a single administrative budget component. This change in how administrative costs were budgeted and accounted for was done primarily at the request of federal funding agencies, who believed such an approach enhanced fiscal accountability over project costs.

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REPORT CONCLUSIONS

We reviewed various issues regarding administration of the Village Safe Water (VSW) program by the Department of Environmental Conservation (DEC). We were directed to assess specific issues related to the effectiveness of: construction administration and financial management controls and the process used to prioritize proposed sanitation systems for construction. We also evaluated the appropriateness of recent changes made in the scoring criteria used to evaluate construction grant applications and how effectively changes in the criteria were communicated to applicant communities.

From our review and analysis, we concluded the following:

- Systems selected in conjunction with communities are consistent with both DEC criteria and the legislative intent attached to the FY 06 capital appropriations for VSW projects.

- Construction and financial controls have improved in recent years, but minor exceptions persist.

- Ranking of applications for construction grant funding is consistent with established criteria. However, documentation in the historical application files is incomplete, making it difficult to confirm an application's ultimate score and rank.

- VSW program managers did a good job of communicating the changes made to construction grant criteria to affected communities.

- Use of the Rural Utility Business Advisor (RUBA) evaluation process has delayed starting projects already appropriated and is preventing some rural communities from submitting grant applications.

- VSW's retroactive assessment of administrative costs on past projects and, more significantly, construction material cost increases has an impact on the scope and nature of already appropriated projects.

Further discussion of these conclusions follows.

Systems chosen in conjunction with communities is consistent with VSW criteria and legislative intent

An important product of the project planning phase, whether funded by a VSW grant or from other sources, is to arrive at a sanitation system appropriate for the community. Factors involved in identifying an appropriate project reflect two major concerns:

1. Technological feasibility given the layout of the community; and,

2. The surrounding geographical area and economic feasibility given the capacity of the community to set up a business structure to charge and collect enough revenue to fund the operations of the selected system.

The trade-off between what is desired and what is affordable is consistent with both stated legislative intent and one of the central operating tenets of the VSW program, building projects scaled in such way so the local community has the capacity to operate the system on a continuing basis. As set out in Exhibit 2, a project is appropriate if the system and costs are consistent with legislative intent that VSW projects be *"reasonable and sustainable"* along with the requirement that adequate user fees be generated to pay for *"the sustained operation of facilities constructed by the program."*

In our review of projects approved and included in VSW capital budget requests since FY 03, we saw no evidence where the engineers involved scoped projects in a manner inconsistent with cost guidelines. These guidelines were established to best match the cost of a given sanitation project to the operating capacity of the community. The guidelines, recognizing they are considered guidelines and not absolute standards, were consistently applied when evaluating the costs and the most appropriate system for a given community.

Improvement in controls have generally been effective, some minor exceptions persist

Many of the weaknesses identified in the prior audit stemmed from lack of effective oversight of construction management (CM) firms and the widespread use of on-site superintendents with contracts that put them beyond the effective authority and control of VSW engineers. These weaknesses fell into three categories: lack of procurement controls built into construction oversight contracts, deficiencies in invoice review and payment, and inadequate payroll controls.

These deficiencies were addressed in three ways:

1. Utilization of a state procurement specialist. In FY 05, a state position was established to handle various procurement issues rather than leaving such matters to individual VSW engineers.

2. Phasing out the use of working with on-site superintendents. VSW shifted away from relying on a superintendent model approach to supervise day-to-day construction and moved toward a construction management model. This restructuring placed more reliance and responsibility on professional engineering firms.

3. Improved and standardized contract developed to work with CM firms. In addition to shifting to more widespread use of CM firms, DEC management developed standard, more enforceable contracts to be used by VSW engineers.

Despite these improvements, we did identify the following exceptions:

1. Procurement of goods and materials by CM firms was not always done in accordance with contract requirements. Under the new standard VSW contract, CM firms are required to demonstrate they have bought material amounts of goods and services in a manner consistent with VSW procurement policy. We reviewed 25 procurements, all required to be done in accordance with such policy. Adherence to VSW procurement policy could not be determined in three of the procurements due to insufficient documentation. The use of competitive building to purchase items could not be determined.

2. Some personnel files were missing required documentation. Since the prior audit, DEC has issued a new contract to a different accounting firm for the processing of payroll related to various projects being built using the force account approach. In the audit of the payroll charges and related personnel records, isolated documentation errors were identified. More specifically, some required documentation in personnel files maintained by the accounting firm was missing. Payroll expenditures were reasonable and appropriately reviewed and authorized. DEC management was informed of these findings. Accordingly, DEC management intends to specify in a new payroll services contract, that the accounting firm responsible for processing payroll will be also be responsible for working with the communities involved, to be sure personnel files are complete

Projects included in construction grant appropriations consistent with established criteria

Scoring of applications is a collaborative process. In a joint session with representatives from the federal funding agencies, the Department of Commerce, Community, and Economic Development, and the Alaska Native Tribal Health Consortium, VSW management reviews the applications and assigns points based on the established criteria and quality of the application. Communities are then notified of their scores, and if they want to dispute the information in their application they may do so. The scores are adjusted based on any additional information received and the rankings are finalized.

Projects included in the VSW program's capital budget request do reflect the scores assigned during the application evaluation process. Criteria established to reflect various policy objectives of the VSW program were consistently used to identify which applications, and eventually which projects, merited funding. Most grant applicants, those not included in a given year's budget request due to lower scores, continue to work with VSW engineers to improve their scores and increase the probability of receiving funding in future years.

It was difficult to confirm the basis for how some scoring points were assigned. Evaluating and confirming many aspects of a typical application involve consulting data kept on informational databases. These statewide databases are dynamic in nature, constantly changing as they are updated on a regular basis. While information in the database may supply confirmation of an assertion made in an application, a documented record of the information used is not created at the time of access.

As information on the database subsequently changes, it is difficult to confirm what the status of the information was at the time the grant application was scored. With the assistance of VSW management we were able to recreate the information used at the time grant applications were originally evaluated. While documentation of the scoring process should be better maintained, we did confirm that grant applications were consistently funded in accordance with established criteria. Further discussion regarding how to address our concerns about documentation is addressed in Recommendation No. 2.

Ranking criteria generally communicated well to communities

We surveyed 77 of the communities who had submitted applications for VSW grant funding since FY 04. We received 46 responses. More than 80 percent of the responding communities reported they believed VSW officials did a good job of communicating to them the criteria to be used in evaluating their grant applications. These respondents indicated they were consistently made aware of changes made to the scoring criteria. Additionally, 75 percent of respondents reported they either completely understood or somewhat understood why VSW managers were adjusting the application evaluation criteria.

The survey results suggest that the criteria used in the grant application process has been accessible and available to interested communities. Based on survey responses it appears the information has consistently been made available through the VSW website.

Many survey respondents praised the work and communication provided by VSW engineers in keeping their community informed and providing assistance. However, several comments from the surveys indicated that communities are not provided sufficient information regarding their score in order to know where improvements in their applications are needed. One survey respondent stated that a total score amount is received, but includes no detail on the allocation of the points across the scoring criteria. Another respondent replied that due to scoring low in a particular area, additional documentation was provided for the review committee to consider. The respondent was not informed of the committee's decision or the final outcome of the committee's consideration of the additional documentation.

For many villages, the emphasis on management capability is limiting access to funding

In recent years, a community's ability or capacity to demonstrate it can effectively operate a local utility has had a growing impact on some villages' ability to apply for, qualify for, or begin construction of a VSW sanitation project. The State's RUBA assessment process is a key requirement that has substantial impact on both the applying for funds and the release of construction funding.

VSW management is advising communities currently undergoing a RUBA assessment to postpone their application until the village has successfully completed the process. If a community has not begun the RUBA assessment, they can apply for construction funding. However, after receiving an appropriation, the village is expected to successfully complete a RUBA assessment prior to beginning construction.

VSW is aware there are numerous communities that have not submitted an application because they have yet to successfully complete the RUBA assessment. RUBA management reports they are working with more 10 villages who are trying to work through the RUBA process so that they can develop a VSW grant application.

Currently 22 villages, with more than $44 million in appropriations, have had construction held up due to RUBA assessment requirements. Of these, seven sanitation projects, with more than $13 million in appropriations made between FY 01 and FY 03, have yet to be started. Construction, and most of the related appropriated funding, has been held up because the communities cannot successfully complete the RUBA essential indicator assessment. The primary reason the communities cannot meet the RUBA test is that they owe back taxes to the Internal Revenue Service.

Retroactive assessment of administrative costs only a portion of the cost factors impacting previously funded projects

DEC has started to assess all active construction projects for administrative costs related to the project oversight. For projects funded before FY 06, this is considered a retroactive assessment because administrative costs were not included in the project specific budgets, but were budgeted and appropriated separately.

The retroactive assessment of administrative costs against active projects is being done at the direction of the federal funding agencies. Even though projects are still active and not yet complete, the federal funding agencies have ended their commitment to fund those costs as non-project specific administrative costs. It appears their reasoning for making such a change is as follows:

1. Three-fourths of the funds in the administrative appropriations come from federal government agencies.

2. The funding agencies will reimburse for project specific cost. Therefore, DEC must develop allocation methodologies to directly associate administrative costs to the specific project driving those costs.

Such a retroactive cost assessment, coupled with the growth in other costs, increases the possibility that some projects, especially those that have yet to start, will have to be restructured, reduced in scope, or a supplemental funding requested in order to complete the project. However, the growth in these other major costs such as goods and materials, are likely to have a more significant impact on the project's budgets than the administrative cost assessment.

Based on information supplied by VSW managers, the cost of various types of pipe used in projects has increased between 40 and 73 percent since 2003. Lumber costs, in the same period, have increased an estimated nine to 18 percent, with fuel costs increasing between 45 and 66 percent. According to the VSW managers, the most likely scenario for completing projects will involve, if necessary, breaking the projects into stages. Staged construction is a

common approach used by VSW engineers for many of the program's larger projects. Projects will most likely remain as previously scoped, but the cost estimate will be revised and a second stage will be identified and cycled into future budgets and appropriations.

It is not a budgetary violation for DEC to charge administrative costs to the projects whether or not those specific types of costs were included in the development of the project estimate as long as those administrative costs are directly associated with that project. However, adding unexpected costs to any project reduces the likelihood the project can be fully completed as planned and for the amount budgeted.

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The legislature should consider clarifying the eligibility requirements for the Village Safe Water (VSW) program in order to better target funding.

The VSW program has historically been used as the primary conduit for funding directed to improve the sanitation conditions in Alaska's remote rural, primarily Native communities. Federal funding support, which infused the program with substantial resources, was aimed at what were sometimes called third world sanitation conditions in many of Alaska's villages. Federal law accompanying funding has invariably specified funding is to be used for rural and Native villages in Alaska.

In recent years, the VSW program has provided construction grants for communities that do not fit this profile. Perhaps the most striking examples are two grants totaling more than $1.7 million made in FY 03 and FY 05, for a sanitation system to be put into a neighborhood subdivision within the larger unincorporated community of Anchor Point. Anchor Point is located in the Kenai Peninsula Borough. It had a 2006 estimated certified population of just over 1,800, albeit spread over a larger expanse than a typical remote Alaskan village.

The grant applicant, which consisted primarily of a neighborhood within Anchor Point, was determined to be eligible to participate in the program. Exhibit 4, on the following page, provides a comparison between how Anchor Point's FY 05 construction funding application was scored compared to Pitkas Point's[5] application, which did not score high enough to be included that year's budget request.

VSW managers typically deal with recognized governing bodies, such as village or tribal councils, when assisting a community through the grant application process for VSW funds. In recent years, the program began receiving interest and applications from neighborhood subdivision organizations or non-profit corporations representing a group of households rather than being affiliated with a local governing body. At least seven grant applications for five other such communities or housing subdivisions, totaling $22.6 million, have been received by VSW.

VSW managers report they have dealt with organizations that have been specifically formed to apply for sanitation grants. Although managers are uneasy whether such communities meet the central intent of the VSW program, they have been advised by the Department of Law (DOL) that such organizations are eligible for grant funding.

[5] See Exhibit 5 on page 26 for a demographic comparison of these two applicants.

HB

364

<TARGET><BILL>HB 364</BILL><SUBJECT>HB 364</SUBJECT><COMM>HCRA27</COMM></TARGET>

27-LS1425\I
Nauman
3/27/12

CS FOR HOUSE BILL NO. 364(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

A BILL

FOR AN ACT ENTITLED

"An Act relating to a credit against the net income tax for a contribution made by a taxpayer to a nonprofit organization that provides an emergency shelter for the homeless or a facility for alcohol or drug detoxification."

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

*** Section 1.** AS 43.20 is amended by adding a new section to article 1 to read:

Sec. 43.20.048. Homeless shelter and drug and alcohol treatment facility contribution credit. (a) A taxpayer is allowed a credit against the tax due under this chapter for cash contributions accepted by a nonprofit organization in existence on January 1, 2012, that qualifies for exemption from taxation under 26 U.S.C. 501(c)(3) (Internal Revenue Code) and that operates principally to provide

(1) an emergency shelter for the homeless;

(2) a facility for alcohol or drug detoxification; or

(3) a combination of the programs described in (1) and (2) of this subsection.

(b) The amount of the credit is the lesser of 50 percent of the amount of the cash contribution or $200,000.

(c) The department shall develop and implement procedures by which a taxpayer may submit information regarding the taxpayer's proposed contribution to the department and request a preliminary determination of whether the contribution qualifies for the tax credit under this section. A preliminary determination by the department that the contribution qualifies for the credit is binding, unless the department determines that the taxpayer has made a material misrepresentation in the taxpayer's submission.

(d) The commissioner shall, by January 1 of each year, provide to the legislature a list of recipients of contributions, the total amount of contributions reported, and the total amount of credit claimed under this section during the previous calendar year.

(e) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under another provision of this title; or

(2) also be allowed as a deduction under 26 U.S.C. 170 against the tax imposed by this chapter.

(f) The credit under this section may not reduce a person's tax liability under this chapter to below zero for any tax year. An unused credit or portion of a credit not used under this section for a tax year may not be sold, traded, transferred, or applied in a subsequent tax year.

*** Sec. 2.** AS 43.20.048 is repealed January 1, 2018.

ALASKA STATE LEGISLATURE
HOUSE COMMUNITY & REGIONAL AFFAIRS

HB 364 Tax Credit for Contributions to Homeless Shelters & Detox Facilities

"An Act relating to a credit against the net income tax for a contribution made by a taxpayer to a nonprofit organization that provides an emergency shelter for the homeless or a facility for alcohol or drug detoxification."

High rates of domestic violence, alcohol & drug abuse, and homelessness continue to plague Alaska. The intent of HB 364 is to provide a tax credit for those businesses that donate capital to emergency shelters for the victims of domestic violence, the homeless or to facilities that provide alcohol and drug detoxification services. Creating a tax credit for businesses to fund Alaskan organizations that provide these services will promote philanthropic donations to help those suffering through violent situations and seeking recovery and suitable housing.

According to the Council on Domestic Violence & Sexual Assault, 58.6% of adult women in Alaska (or 144,881) experienced domestic violence in their lifetime. In addition, the D.A.R.E. organization states Alaskans spend approximately 614 million dollars on alcohol and drug dependency annually in Alaska. This cost includes law enforcement, emergency services, hospital services, correctional facilities, treatment services, and other associated costs. Domestic violence shelters, homeless shelters and drug and alcohol detoxification facilities providing emergency shelter are often faced with the need to expand facilities to provide for these populations of individuals. Businesses can play a role in meeting this need by donating funds towards capital projects and receiving a tax credit in return. The cost of homelessness is excessive. The estimated cost in Anchorage for a chronic homeless alcoholic is more than $60,000 annually. The costs for these same services in rural communities are approximately three times more this rate.

HB 364 will allow business enterprises a tax credit limit up to $200,000 for each company which qualifies for their funds donated. It is necessary that the State of Alaska creates this needed tax credit for businesses for their monetary donations to help shelters and facilities meet the needs of these individuals on their roads to independence and recovery.

CONTACT TERRY HARVEY 465 5392

LEGISLATIVE RESEARCH SERVICES

Alaska State Legislature
Division of Legal and Research Services
State Capitol, Juneau, AK 99801

(907) 465-3991 phone
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research@legis.state.ak.us

Memorandum

TO: Senator Donald Olson

FROM: Tim Spengler, Legislative Analyst

DATE: March 22, 2012

RE: Nonprofit Emergency Shelters and Detoxification Facilities in Alaska
LRS Report 12.254

You wished to know how many nonprofit service entities in Alaska provide either emergency shelters or alcohol and drug detoxification facilities. Additionally, you wanted to know if any states have enacted provisions similar to that in Alaska Senate Bill 223, which provides net income tax credits for contributions made to nonprofit organizations providing such services.

Briefly, we identified 36 nonprofit emergency shelters and four alcohol and drug detoxification facilities in Alaska.[1] Twenty of the 36 shelters we identified are specifically for women and children. In Table 1, on the following page, we list the entities that we identified along with the communities they serve. Please note that while we attempted to provide a complete list of such entities it is possible that some shelters eluded us.

We found a few states that have enacted legislation with provisions somewhat similar to those of SB 223. Michigan and Missouri both provide tax credits to businesses that contribute to homeless shelters, and Idaho and Missouri allow for credits for contributions to drug or alcohol abuse facilities. We attach a document from the National Conference of State Legislatures that discusses these laws in detail.

We hope this is helpful. If you have questions or need additional information, please let us know.

[1] For this report we contacted many nonprofit entities around the state and perused numerous websites that compile such information such as Alaska 2-1-1, an online database of service providers in Alaska. Additionally, we contacted the Alaska Council on Domestic Violence; the Alaska Department of Commerce, Community, and Economic Development, which maintains a list of nonprofit entities in Alaska; and the National Conference of State Legislatures.

Table 1: Nonprofit Emergency Shelters and Drug and Alcohol Detoxification Facilities in Alaska		
Service Provider	**Shelter or Detox**	**Location**
Anchorage Gospel Rescue Mission	Shelter	Anchorage
Abused Women's Aid in Crisis	Women and Children Shelter	Anchorage
Alaska Youth and Parent Foundation	Shelter	Anchorage
Brother Francis Shelter	Shelter	Anchorage
Clare House	Women and Children Shelter	Anchorage
Covenant House	Shelter	Anchorage
Ernie Turner Center	Detox	Anchorage
The Salvation Army Clitheroe Center	Detox	Anchorage
The Salvation Army McKinnell House	Shelter	Anchorage
Artic Women in Crisis	Women and Children Shelter	Barrow
Tundra Women's Coalition	Women and Children Shelter	Bethel
Cordova Family Resource Center	Women and Children Shelter	Cordova
Safe and Fear-Free Environment	Women and Children Shelter	Dillingham
Ralph Perdue Center	Detox	Fairbanks
Interior Alaska Center for Non-Violent Living	Women and Children Shelter	Fairbanks
Fairbanks Rescue Mission	Shelter	Fairbanks
Haines Christian Center	Shelter	Haines
South Peninsula Haven House	Women and Children Shelter	Homer
Rainforest Recovery	Detox	Juneau
Aiding Women in Abuse and Rape Emergencies	Women and Children Shelter	Juneau
Cornerstone Emergency Shelter	Shelter	Juneau
Glory Home	Shelter	Juneau
St. Vincent de Paul's	Shelter	Juneau
LeeShore Center	Women and Children Shelter	Kenai
Friendship Mission	Shelter	Kenai
Merritt Inn	Shelter	Kenai
Women in Safe Homes	Women and Children Shelter	Ketchikan
Park Avenue Temporary Housing	Shelter	Ketchikan
Kodiak Women's Resource and Crisis Center	Women and Children Shelter	Kodiak
Brother Francis Shelter Kodiak	Shelter	Kodiak
Maniilaq Family Crisis Center	Women and Children Shelter	Kotzebue
Bearing Sea Women's Group	Women and Children Shelter	Nome
Nome Emergency Shelter	Shelter	Nome
Alaska Family Services	Women and Children Shelter	Palmer
Valley Women's Resource Center	Women and Children Shelter	Palmer
Sitkans Against Family Violence	Women and Children Shelter	Sitka
Parker House	Women and Children Shelter	St. Paul Island
Unalaskan's Against Sexual Assault	Women and Children Shelter	Unalaska
Advocates for Victims of Violence	Women and Children Shelter	Valdez
Family Promise MatSu	Shelter	Wasilla

Sources: We contacted many nonprofit entities around the state and perused numerous websites that compile such information such as Alaska 2-1-1, an online database of service providers in Alaska. Additionally, we contacted the Alaska Council on Domestic Violence; the Alaska Department of Commerce, Community, and Economic Development, which maintains a list of nonprofit entities in Alaska; and the National Conference of State Legislatures. It is possible that there are other shelters in the state that our search did not unearth.

Attachment A

State Credits for Homeless Shelters and Drug and Alcohol Centers (Idaho, Michigan, and Missouri), provided by the National Conference of State Legislatures, March 2012

Credits for Homeless Shelters

Michigan

Michigan enacted a major tax reform package in 2011 that eliminated the Michigan Business Tax and replaced if with a corporate income tax. The corporate income tax, effective January 1, 2012, eliminated all credits, except for the small business credit. However, certain Michigan business taxpayers with certificated or awarded credits may continue using those credits once the corporate income tax is in place. Such taxpayers may elect to continue filing and paying under the MBT until the expiration of the previously-awarded certificated credits. (Sec. 206.680. M.C.L. ; Sec. 208.1107(1). M.C.L.) In other words, taxpayers may choose to keep paying the business tax instead of the corporate income tax if they want to use their credits.

Taxpayers may claim a credit against the Michigan business tax for contributions to shelters for homeless people, food kitchens, food banks, and similar entities. The credit may also be claimed against the personal income tax . The donee's primary purpose must be providing overnight accommodation, food, or meals to indigent people. Also, the contribution must be tax deductible under federal law. (Sec. 208.1427(1). M.C.L.) The credit was available against the former single business tax (SBT). (Sec. 208.38f(1). M.C.L.)

Credit amount: The credit equals 50% of the cash amount contributed by the taxpayer. (Sec. 208.1427(1). M.C.L. ; Sec. 208.38f(1). M.C.L.) However, the credit may not exceed the lesser of 5% of the taxpayer's tax liability for the tax year before claiming any credits or $5,000. (Sec. 208.1427(2). M.C.L. ; Sec. 208.38f(2). M.C.L.)

Missouri

A tax credit is provided to a qualified business firm that contributes to nonprofit neighborhood organizations performing community services or economic development activities and provides job training or education, community services, crime prevention, physical revitalization, or economic development in an economically distressed or blighted area. (Sec. 32.110. RSMo. ¶90-373c; Sec. 32.105. RSMo. ¶90-373b; Sec. 32.115. RSMo. ¶90-373d) The credit is dependent on the annual approval by the Missouri Director of Revenue of the business firm's proposal setting forth the program. (Sec. 32.110. RSMo. ¶90-373c)

The credit also applies to firms that invest in affordable or market rate housing units for low-income persons, homeless assistance projects, and workfare renovation projects. (Sec. 32.105. RSMo. ¶90-373b; Sec. 32.111. RSMo. ¶90-373c-1; Sec. 32.117. RSMo. ¶90-373d-1) In order to qualify for the credit, a homeless assistance project must be in a city with a population of 400,000 or more that is located in more than one county and serves a mix of rural and urban counties. (Sec. 32.117. RSMo. ¶90-373d-1). Any business firm making a contribution to a neighborhood organization that devotes a significant part of its activities

to affordable or market rate housing assistance in Missouri is entitled to a credit. (Sec. 32.112. RSMo. ¶90-373c)

Credits for drug or alcohol abuse center

Missouri

Corporate taxpayers making contributions to certain youth opportunity and violence prevention programs are entitled to receive a credit against corporate income tax (excluding withholding taxes), general franchise tax, financial institutions franchise tax, or public utilities tax. (Sec. 135.460.3. RSMo. ¶91-993) The tax credit must be claimed to offset the taxes that become due in the taxpayer's tax period in which the contribution was made. (Sec. 135.460.4. RSMo. ¶91-993) The credit is apportioned to S corporation shareholders and the partners of a partnership in proportion to their share of ownership on the last day of the taxpayer's tax period. (Sec. 135.460.9. RSMo. ¶91-993)

The tax credit may only be claimed for contributions to public or private programs authorized to participate by the Missouri Department of Economic Development. Some of the programs qualifying include:

- the adopt-a-school program;
- employment programs;
- drug and alcohol abuse prevention training programs for youth; and
- the donation of property or equipment to schools.

With the exception of certain proposals for affordable housing and homeless assistance, the total amount of credit approved for all neighborhood assistance programs for a fiscal year may not exceed $32 million, $6 million of which must be credits allowed for youth opportunities and violence prevention. If the $6 million in youth opportunities and violence prevention credits are not approved, then the remaining credits may be used for neighborhood assistance programs (see ¶12-085). (Sec. 32.115.2. RSMo. ¶90-373d)

Credit amount: The credit may be claimed in an amount equal to 30% for property and 50% for money contributed to the programs, not to exceed $200,000 per tax year, per taxpayer. (Sec. 135.460.3. RSMo. ¶91-993) The amount of the credit claimed is not to exceed the amount of the taxpayer's liability in the tax year that the credit is claimed. (Sec. 135.460.4. RSMo. ¶91-993) The tax credit for employment, internship, and apprenticeship programs is one-half of the amount paid to the intern or apprentice in that tax year, but not to exceed $10,000 per person. (Sec. 135.460.5. RSMo. ¶91-993)

Idaho

Idaho allows a corporate income tax credit for a charitable contribution to a number of nonprofit youth and rehabilitation facilities, including the Idaho Youth Ranch, Kinderhaven, the Women's and Children's Alliance, the North Idaho Children's Home, the Anchor House, the Children's Village, the Learning Lab, Inc., or to any other nonprofit youth and rehabilitation facility accredited by an organization recognized by Idaho. The credit may also be claimed for contributions to the Children's Home Society of Idaho, Inc., Gem Youth Services, Project Safe Place, Project P.A.T.C.H., Idaho Drug Free Youth Inc., Shepherd's Home Inc., or to any centers for independent living. Furthermore, contributions to the Hope House, Inc. or to any nonprofit substance abuse centers licensed by the state's Department of Health and Welfare are eligible for the credit. This credit is in addition to any other deduction to which the taxpayer may be eligible. (IC Sec. 63-3029C ; Rule 35.01.01.730)

Credit amount: The credit is limited to the lesser of 10% of the corporation's total income tax liability or $500. (IC Sec. 63-3029C(2)) Only 50% of the aggregate contributions made to these youth and rehabilitation facilities located within Idaho qualify for the credit. The contribution must be made in cash or in kind during the tax year that the credit is claimed. Unpaid pledges do not qualify as contributions. (Rule 35.01.01.730)

Indiana –(repealed)

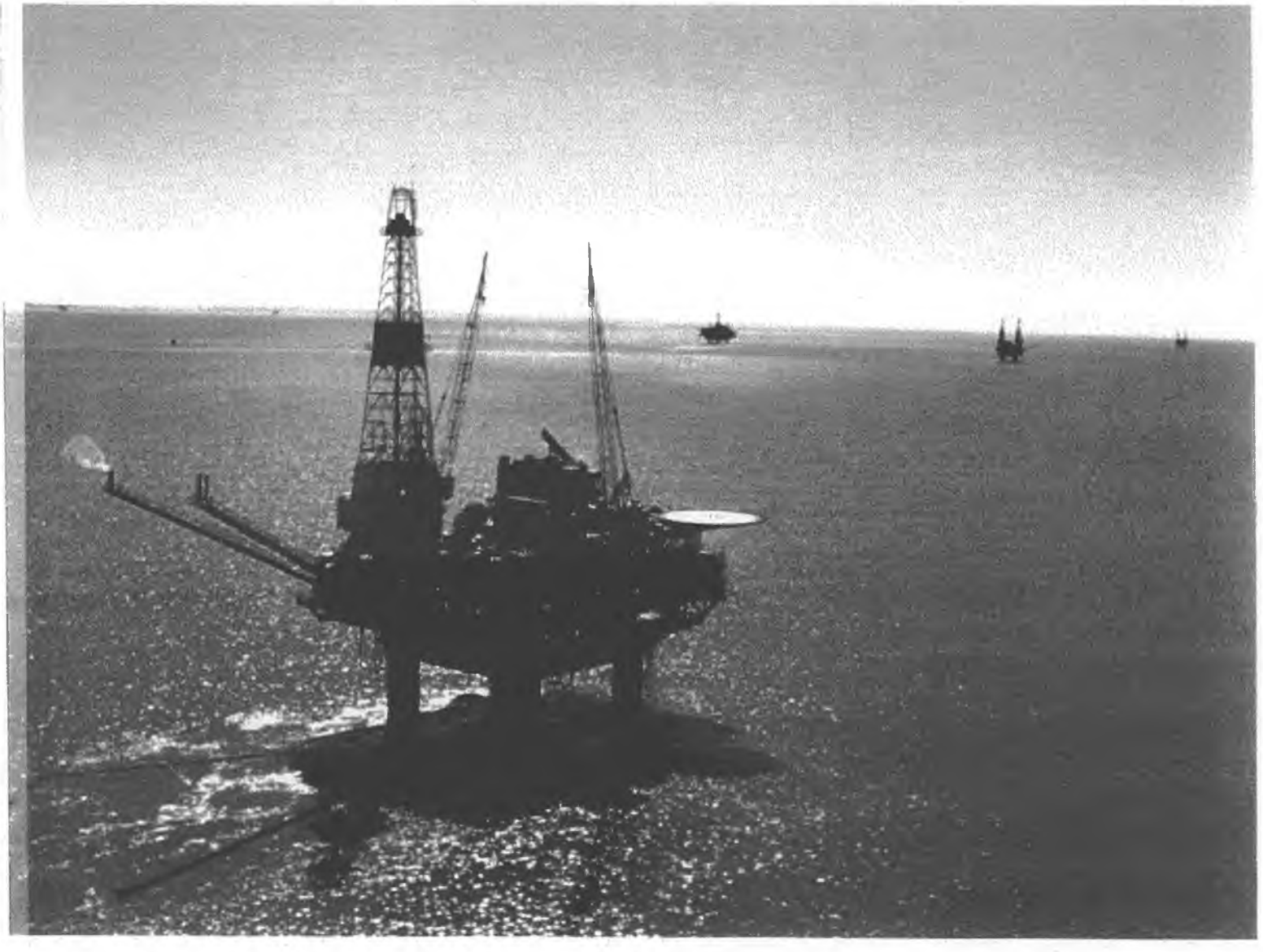
Drug and alcohol abuse prevention credit.— For taxable years beginning after December 31, 1989 and ending before December 31, 1993, a business firm authorized to do business in Indiana that established or maintained a drug and alcohol abuse prevention program for its employees was entitled to a tax credit if (1) the Division of Addiction Services approved the program and (2) the business firm had not previously received the credit. (IC 6-3.1-12-6; IC 6-3.1-12-1; IC 6-3.1-12-2; IC 6-3.1-12-11) There were no carryover provisions for any unused credit. (IC 6-3.1-12-10)

Louisiana- (repealed)

Employee alcohol and substance abuse treatment program.—Until June 30, 2000, employers were allowed a tax credit for the qualified treatment expenses for alcohol and substance abuse treatment paid or incurred on behalf of employees during the tax year. (Sec. 47:6010, La R.S.)

Revenue Sources Book

Alaska Department of Revenue – Tax Division



FALL 2011

Credits. E-1a

Summary of Alaska Tax Credits in Current Law ($ millions)

Description of Credit	Credit Rate and Maximum Credit	Amount of Credit Claimed		
		FY 2009	FY 2010	FY 2011
Credits Applicable to the Oil and Gas Production Tax (see Note A)				
Exploration Incentive Credit, AS 38.05.180(i)				
A non-transferrable credit for the cost of drilling or seismic work performed under a limited time period established by the Commissioner of the Department of Natural Resources.	Up to 50% of the cost of drilling or seismic work, not to exceed 50% of the tax liability to which it is being applied. This credit may also be applied against the state royalty.	$0	$0	$0
Qualified Capital Expenditure Credit, AS 43.55.023(a) and (l)		Includes Carried-Forward Loss Credits		
A transferable tax credit for qualified oil and gas capital expenditures in the state. Taken in lieu of exploration incentive credits under AS 43.55.025 and gas exploration credits under AS 43.20.043.	Credit is 20% of eligible expenditures, or 40% for well related expenses outside the North Slope. For credits earned for North Slope capital expenditures under AS 43.55.023 (a), no more than half the credit may be applied in a single calendar year.	$391	$585	$640
Carried-Forward Annual Loss Credit, AS 43.55.023(b)		Totals included in Qualified Capital Expenditure Credits above		
A transferable credit for a carried-forward annual loss, as defined as a producer or explorer's adjusted lease expenditures that are not deductible in calculating production tax values for the calendar year.	Credit is 25% of the carried-forward annual loss. If a transferable credit certificate is applied for North Slope losses, not more than half may be taken in one year.			
Small Producer / New Area Development Credit, AS 43.55.024(a) and (c)				
A non-transferable credit for oil and gas produced by small producers, defined as having average taxable oil and gas production of less than 100,000 BTU equivalent barrels per day, or for oil or gas produced on leases outside Cook Inlet and below 68 degrees North latitude, providing the producer has a positive tax liability on that production before the application of other credits. Credit is available until the later of 2016 or 9 years after first commercial production of oil and gas on the properties for which the credit applies.	Credit is 100% of tax liability for eligible oil and gas production. The credit is capped at $12,000,000 annually under the small producer credit for producers with no more than 50,000 BTU equivalent barrels per day. The credit then phases out, reaching zero for producers with 100,000 or more BTU equivalent barrels per day. Under the new area development credit, credit is available up to $6,000,000 per company annually.	$21	$34	$38
Transitional Investment Expenditure Credit, AS 43.55.023(l)		Cannot be reported due to taxpayer confidentiality		
A non-transferable credit for qualified oil and gas capital expenditures incurred between March 31, 2001 and April 1, 2006. Only available to companies that did not have production in commercial quantities prior to January 1, 2008. Credit may not be used after December 31, 2013.	Credit is 20% of qualified oil and gas capital expenditures incurred between March 31, 2001 and April 1, 2006, not to exceed 10% of the capital expenditures incurred between March 31, 2006 and January 1, 2008.			
Alternative Credit for Exploration, AS 43.55.025				
A transferable credit for expenditures for certain oil and gas exploration activities. Expires 7/1/2016.	Outside of Cook Inlet, credit is 40% for seismic costs outside an existing unit, 30% for drilling costs greater than 25 miles from an existing unit, 30% for pre-approved new targets greater than 3 miles from an existing well, and 40% for pre-approved new targets greater than 3 miles from a well and greater than 25 miles from an existing unit. For Cook Inlet, credit is 40% for seismic costs outside an existing unit, 30% for drilling costs greater than 10 miles from an existing unit, 30% for pre-approved new targets, and 40% for drilling costs that are greater than 10 miles from an existing unit and pre-approved new targets.	$18	$41	$13

Note A: Credits under these programs are calculated and tracked on a calendar year basis. Totals represent CY 2009, 2010, and 2011.

Credits. E-1b

Summary of Alaska Tax Credits in Current Law ($ millions)

Description of Credit	Credit Rate and Maximum Credit	Amount of Credit Claimed		
		FY 2009	FY 2010	FY 2011
Cook Inlet Jack-Up Rig Credit, AS 43.55.025(a)(5) and (l)				
A credit for exploration expenses for the first three wells drilled by the first jack-up rig brought in to Cook Inlet. Expenses only for drilling of wells from a jack-up rig for wells that test pre-Tertiary; all three wells must be drilled by unaffiliated parties.	Credit is 100% of costs for the first well up to $25 million, 90% of costs for the second well up to $22.5 million, and 80% of costs for the third well up to $20 million. If exploration well is brought into production, operator shall repay 50% of the credit over ten years following production start-up.	Credit program began in 2011		
Credits Applicable to the Corporate Income Tax				
Internal Revenue Code Credits Adopted by Reference, AS 43.20.021				
Under Alaska's blanket adoption of the IRC, taxpayers can claim all federal incentive credits. Federal credits that refund other federal taxes are not allowed. Multistate taxpayers apportion their total federal incentive credits.	For most credits, credit is limited to 18% of the amount of the credit determined for federal income tax purposes which is attributable to Alaska.	Not tracked		
Gas Exploration and Development Credit, AS 43.20.043				
A non-transferable credit for qualified expenditures for exploration and development of non-North Slope natural gas reserves.	Credit is 25% of qualified expenditures for investment after January 1, 2010; investments in existing units qualify. Credit is capped at 75% of tax liability as calculated before applying other credits.	Cannot be reported due to taxpayer confidentiality		
Gas Storage Facility Credit, AS 43.20.046				
A credit for the costs incurred to establish a gas storage facility. Does not apply to gas storage related to a gas sales pipeline on the North Slope. Facility shall operate as a public utility regulated by the Alaska RCA with open access for 3rd parties. Effective for facilities placed into service between January 1, 2011 and December 31, 2015.	Credit is $1.50 per thousand cubic feet of "working gas" storage capacity as determined by AOGCC. Maximum credit is the lesser of $15 million or 25% of costs incurred to establish the facility.	Credit program began in 2011		
Film Production Credit, AS 43.98.030				
A transferable credit for expenditures on eligible film production activities in Alaska. Producer must spend at least $100,000 in a consecutive 24-month period to qualify. Expires the earlier of 7/1/2013 or once $100 million of credits have been approved.	Credit is 30% of eligible film production expenditures, plus an additional 10% credit for wages paid to Alaska residents, plus an additional 2% credit for filming in a rural area, plus an additional 2% credit for filming between October 1 and March 30. Program is capped at $100 million for all projects.	$0	<$1	<$1
Credits Applicable to Multiple Tax Programs				
Education Credit, AS 21.89.070 and .075, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, AS 43.77.045 - Applicable to Corporate Income Tax, Fisheries Business Tax, Fishery Resource Landing Tax, Insurance Premium Tax, Mining License Tax, Oil and Gas Production Tax, Oil and Gas Property Tax				
A non-transferable credit for contributions to vocational educational programs, accredited Alaska universities or colleges for educational purposes or facilities, annual intercollegiate sports tournaments, AK Native educational programs, facilities that qualify under the Coastal American Partnership; under AS 21.89.075 contributions to the Alaska Fire Standards Council also qualify.	Credit is 50% of annual contributions up to $100,000, 100% of the next $200,000 and 50% of annual contributions beyond $300,000. The credit cannot exceed $5,000,000 annually across all eligible tax types. The credit at these rates is effective from January 1, 2011 until December 31, 2020, at which point the maximum credit for any taxpayer is $150,000 per year.	$2	$2	$3

Credits. E-1c

Summary of Alaska Tax Credits in Current Law ($ millions)

Description of Credit	Credit Rate and Maximum Credit	Amount of Credit Claimed		
		FY 2009	FY 2010	FY 2011
Minerals Exploration Incentive Credit, AS 27.30.030, AS 43.20.044 - Applicable to Corporate Income Tax, Mining License Tax and Mineral Production Royalty				
A non-transferable credit for eligible costs of mineral or coal exploration activities. Credit must be used within 15 years.	Credit is 100% of allowable exploration costs with a maximum of $20 million. Credit is limited to: (1) for mining license tax, the lesser of 50% of the MLT liability at the mining operation at which the exploration occurred or 50% of total MLT liability; (2) for corporate income tax, the lesser of 50% of the MLT liability at the mining operation at which the exploration occurred or 50% or total CIT liability, and (3) for mineral royalty, 50% of royalty liability from the mining operation at which the exploration activity occurred.	$0	<$1	<$1
Credits Applicable to Fisheries Taxes				
Scholarship Contributions Credit, AS 43.75.032, AS 43.77.035 - Applicable to the Fisheries Business Tax and Fishery Resource Landing Tax				
A non-transferable credit for contributions to the A.W. "Winn" Brindle memorial education loan account established under AS 14.43.250.	Credit is 100% of contribution amount up to a maximum of 5% of tax liability.	<$1	<$1	<$1
Salmon Product Development Credit, AS 43.75.035 A non-transferable credit for eligible capital expenditures to expand value-added processing of Alaska salmon including ice-making machines. Credit expires December 31, 2015 and may be carried forward for three years.	Credit is 50% of qualified investment up to 50% of tax liability incurred for processing of salmon during the tax year.	$3	$4	$2
Community Development Quota Credit, AS 43.77.040 A non-transferable credit for contributions to an Alaska nonprofit corporation that are dedicated to fisheries industry-related expenditures. Credit is available only for fishery resources harvested under a community development quota (CDQ).	Credit is 100% of contribution amount up to a maximum of 45.45% of tax liability on fishery resources harvested under a CDQ.	$0	<$1	<$1
Other Taxes Credit, AS 43.77.030 A non-transferable credit for taxes paid to another jurisdiction on fishery resources landed in Alaska.	Credit is 100% of taxes paid with a maximum of 100% of the Alaska tax liability on the fishery resources.	Not tracked		
	Total All Credits	$436	$670	$700

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March 20, 2012

The Honorable Cathy Munoz, Chair
House Community and Regional Affairs Committee
Alaska State House of Representatives
State Capitol Building
Juneau, AK 99801-1182

Dear Representative Munoz:

Cook Inlet Tribal Council (CITC) would like to thank the House Community and Regional Affairs Committee for introducing House Bill 364, relating to a credit against the net income tax for a contribution made by a taxpayer to a nonprofit organization that provides an emergency shelter for the homeless or a facility for alcohol or drug detoxification.

Alaska experiences a high degree of drug and alcohol abuse and the need for detoxification continues to grow. Homelessness is also a serious problem in numerous Alaska communities and many of the non-profits housing the homeless are exceeding their maximum capacity.

CITC has been providing drug and alcohol rehabilitation services for many years. We have operated the only continuously running medical detox unit in the Anchorage area for over ten years. Cook Inlet Tribal Council currently has the capacity to treat 12 detox clients per day, and operates at full capacity with a waiting list almost every day. CITC has the ability to treat social detox clients, but the need for medical detox is so great that the detox unit is typically full of patients in need of medical supervision. The ability to incentive donations with a state tax credit as proposed in HB 364 is likely to make the long-term sustainability of our detox unit a much stronger possibility.

By offering a tax credit for certain contributions to these 501(c) (3) organizations, hopefully it will encourage eligible Alaska businesses to provide greater donations for these types of services that assist Alaskans in need.

CITC supports the passage of HB 364 and hopes that the Alaska State Legislature will look favorably on this measure and take appropriate action to offer this financial tax incentive which will benefit eligible homeless shelters and detoxification facilities for drug and alcohol.

Sincerely,

Gloria O'Neill
President/CEO

COOK INLET TRIBAL COUNCIL
3600 SAN JERONIMO DRIVE
ANCHORAGE, ALASKA 99508

JUNEAU
HOMELESS
COALITION

Ending the hopelessness of homelessness.

March 27, 2012

Honorable Representative Cathy Munoz
State Capitol, Room 403
Juneau, AK 99801

Dear Representative Munoz:

We write today in support of the St. Vincent de Paul Society's Capital Budget Request for $2,199,454 for the Smith Hall Studios project.

As you are aware, Juneau has one of the fastest growing senior populations in the state and Alaska has the fastest growing senior population in the U.S. Today, one half of all seniors rely solely on social security for their income. For those seniors, particularly the low-income single senior households targeted by this project, high Fair Market Rents and infinitesimal vacancy rates place decent affordable housing in Juneau out of their reach. Today, 188 single senior households are eligible for the 55 existing very low-income subsidized senior apartments. No low-income senior housing has been built in Juneau since 1998. The current waitlist is 67. Over the next decade, those 188 households will likely grow to 348.

This year the U.S. Department of Housing and Urban Development cancelled the capital construction programs that built tens of thousands of low-income senior and low-income disabled apartments over the last 50 years.
Smith Hall Studios is a game changer. This innovative project will deliver to market green, energy efficient housing for single seniors at a market rate they can afford *without subsidies.*

At this month's meeting, the Juneau Homeless Coalition was unanimous in its support of the Smith Hall Studios capital request. We strongly urge the highest possible priority for this project and stand ready to support it during the Capital Budget process.

Sincerely,

Scott Ciambor
Co-Chair, Juneau Homeless Coalition
HSS Planner - AMHB/ABAD
Alaska Mental Health Board &
Advisory Board on Alcoholism and Drug Abuse

Jorden Nigro,
Co-Chair, Juneau Homeless Coalition
Deputy Director - SAIL, Inc.

cc: Senator Egan
Representative Kerttula

BroTher Francis Shelter
P.O. Box 670
Kodiak, Alaska 99615
(907) 486-5610

March 22, 2012

Representative Alan Austerman

Alaska State House District 36

State Capitol, Room 204

Juneau, AK 99801

Dear Representative Austerman,

Brother Francis Shelter Kodiak (BFSK) strongly supports the passing of House Bill 364. As you know, BFSK has been sheltering and feeding Kodiak's homeless for over twenty years. Last year we sheltered and/or fed 478 different individuals 10,475 times. We provided 23,961 meals.

Many years ago BFSK learned the hard way that Government grants come and go. Since then, we have deliberately sought funding streams from many different sectors. We continue to diligently seek private funding of our operations. Without the private funding we receive, we would have to drastically cut back on services.

While we do receive grants to cover much of our costs of doing business, donations from the private sector funded 25% of our feeding and sheltering overhead last fiscal year. Small fundraisers bring in some of these funds, however the majority of private funding is received from appeals that are sent out to businesses and households several times yearly.

I have no doubt that House bill 364 would be a significant factor in elevating the dollars we receive from the business sector. If more private sector dollars are received, we stand a far less chance of having our services cut or eliminated due to loss of grant funds.

Please do all you can to pass HB 364. We at Brother Francis Shelter would greatly appreciate it.



Sincerely,

Monte Hawver

Monte Hawver

Executive Director

LIFETOGO.MOBI

Alaska Homeless Shelters

Anchorage Rescue Mission
2823 Tudor Road
Anchorage **563-5603** singles only

AWAIC
100 W. 13th Avenue
Anchorage **279-0100** (crisis)
279-9581 (office) abused women and children

Alaska Youth & Parent Foundation (AYPF)
Runaway Shelter **274-6541** runaway teens

Brother Francis Shelter
1021 E. 3rd Avenue
Anchorage **277-1731** singles only

Clare House
420 W. 54th Avenue
Anchorage **563-4545** pregnant women and women with children

Covenant House
750 West 5th Avenue
Anchorage **272-1255** teens up to 21 years

The Salvation Army McKinnell House
1700 A Street
Anchorage
(907) 276-1609 two-parent families and single men with children

Central Peninsula Community Mental Health
506 Lake Street
Kenai **(907) 283-7501** Ted Schiffman

Behavioral Health Services of MatSu
1363 W. Spruce Avenue
Wasilla **(907) 376-2411**

Abused Womens Aid in Crisis AWAIC
907-279-9581
100 W. 13th Avenue Anchorage, AK 99523

American Red Cross of Alaska
907-646-5400
235 E 8th Avenue Anchorage, AK 99501

Glory Hole
(907) 523-9832
Juneau, AK 99801
phones, clothing, food

Habitat for Humanity
(907) 272-0800
500 W. Intl. Airport Rd. Anchorage, AK 99518

Nome Rescue Mission
907-443-7128
277 Front Street Nome, AK 99762

Salvation Army McKinnel Shelter
907-276-1609
564 E. 15th Avenue Anchorage, AK 99501
Two parent families and single men with children

South Central Counseling Center Crossover House
907-274-0352
610 E 5TH Avenue Anchorage, AK 99501

Valley Womens Resource Center
907-746-4080
403 S Alaska Street Palmer, AK 99645
Women Only

Anchorage Rescue
(907) 563-5603
2823 E. Tudor Rd Anchorage, AK 99507

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HB

366

<TARGET><BILL>HB 366</BILL><SUBJECT>HB 366</SUBJECT><COMM>HCRA27</COMM></TARGET>

ALASKA STATE LEGISLATURE
HOUSE COMMUNITY & REGIONAL AFFAIRS

HB 366 DISASTER PLANNING AND SERVICES

"An Act establishing an Alaska intrastate mutual aid system and relating to the duties of the Alaska division of homeland security and emergency management and the duties of the Alaska State Emergency Response Commission."

In 2004 the National Emergency Management Association (NEMA) in conjunction with the Federal Emergency Management Agency (FEMA) and a host of emergency response organizations, began developing and promoting model legislation for an intrastate mutual aid system (IMAS). The goal of IMAS is to provide a framework for all political subdivisions within a state to receive and render aid to other subdivisions within a state in times of need.

HB 366 will implement this model legislation in a manner that will be beneficial for Alaskan communities. The system detailed in HB 366 will provide a framework for mutual assistance among the participating political subdivisions – regions, boroughs, municipalities, and other local jurisdictions - in the prevention of, response to, and recovery from any disaster that results in a formal declaration of local disaster emergency.

The employees and volunteers who serve in emergency services recognize that emergencies transcend political jurisdictional boundaries. They, and the local agencies they serve, understand that intergovernmental coordination is essential for the protection of lives and property and for best use of available assets. Currently, the Alaska Disaster Act does provide for political subdivisions to create mutual aid agreements, which, in practice, works well for neighboring entities or service areas that have an established history of providing mutual aid to one another. These local mutual aid agreements vary widely in their scope and may not all address key issues of liability and compensation. Further, they may not encompass all emergency services. Through HB 366, a statewide agreement would be developed to supplement existing regional or local agreements by establishing a comprehensive, integrated system of mutual aid at a state level that will ensure an efficient and effective response to all hazards and disasters.

HB 366 would allow all political subdivisions to automatically be included in the statewide mutual aid system. A political subdivision may elect to withdraw by enacting an appropriate resolution by its governing body. This legislation would not prevent participating entities from entering into supplementary agreements with other political subdivisions or impact any existing or future agreements. If a participating entity cannot provide assistance to a requesting entity, they are not obligated or bound to provide assistance.

Contact Terry Harvey 907-465-3744

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: HB 366
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB366-DMVA-MVA-HSEM-3-25-12
Title: Disaster Planning and Services
Sponsor: (H) Community & Regional Affairs
Requester: (H) Military & Veterans Affairs Special Committee

Dept. Affected: Dept. of Military & Veterans Affairs
Appropriation: Military and Veterans Affairs
Allocation: Homeland Security and Emergency Management
OMB Component Number: 2657

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version.

Prepared by: McHugh Pierre, Deputy Commissioner — Phone: (907) 428-6003
Division: Office of the Commissioner, DMVA — Date/Time: 3/25/12 4:00 PM
Approved by: Major General Thomas H. Katkus, Commissioner — Date: 3/25/2012
Office of the Commissioner, DMVA

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB 366

Analysis

This bill establishes the Alaska intrastate mutual aid system. The Division of Homeland Security and Emergency Management will coordinate the operation of the Alaska intrastate mutual aid system among participating political subdivisions of the state and develop, in coordination with the political subdivisions and appropriate state and federal agencies, comprehensive guidelines and procedures for the Alaska intrastate mutual aid system, including record keeping and reimbursement procedures and forms for use by political subdivisions requesting and providing assistance.

There is no fiscal impact to the Department of Military and Veterans Affairs for this bill.

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 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM March 19, 2012

SUBJECT: Sectional summary of HB 366 (Work Order No. 27-LS1450\A)

TO: Representative Cathy Muñoz
Attn: Terry Harvey

FROM: Alpheus Bullard
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Requires the Alaska division of homeland security and emergency management ("division") to play an integral part in developing and implementing the Alaska Intrastate Mutual Aid System ("mutual aid system") established by sec. 5 of the bill.

Section 2. Requires the division to coordinate the operation of the mutual aid system and assist in the development of certain guidelines and procedures for the mutual aid system.

Section 3. Provides that the Alaska State Emergency Response Commission ("commission") will facilitate the preparation and implementation of the mutual aid system.

Section 4. Requires the commission to review and make recommendations about the mutual aid system.

Section 5. Establishes the mutual aid system between participating political subdivisions of the state. Provides that every political subdivision is a participating member of the mutual aid system unless the subdivision withdraws. Provides what assistance a political subdivision may request assistance for. Addresses qualifications and employment of, and workers' compensation for, emergency responders. Establishes reimbursement procedures for, and tort liability of, participating political subdivisions. Provides definitions for the provisions establishing the mutual aid system.

TLAB:ljw
12-211.ljw

REPRESENTATIVE
ERIC FEIGE
House District 12

House Resources Committee Co-Chair
Education Committee
Transportation Committee
Joint Armed Services Committee

Alaska State Legislature

During Session:
State Capitol Room 126
Juneau, Alaska 99801-1182
(907) 465-4859
Fax (907) 465-3799
1-888-465-4859

House of Representatives

MEMORANDUM

To: House Community & Regional Affairs Committee
Rep. Cathy Munoz, Chair
Rep. Neal Foster, Vice-Chair
Rep. Dan Saddler
Rep. Alan Austerman
Rep. Sharon Cissna
Rep. Alan Dick
Rep. Berta Gardner

From: Rep. Eric Feige

Date: March 27, 2012

Re: HB 366, Intrastate Mutual Aid

HB 366, sponsored by the House Community and Regional Affairs Committee, will come before you on Thursday, March 29. My office has been assisting with this bill and I would like to make myself and Michael Paschall of my staff available to answer any questions you may have concerning the bill. We may be reached at 465-4859.

HB 366 is a companion bill to SB 208, which is currently waiting for a hearing in Senate Finance. With HB 366 not having a referral to House Finance, we are hoping to get the bill moved through committee the week of March 26 and onto the House Floor early the following week to allow it to reach the Senate as soon as possible.

HB 366 was heard and moved out of Military & Veterans Affairs on March 27. I encourage you to contact my office with any questions you have concerning this bill to help facilitate moving the bill through Community & Regional Affairs on Thursday.

This bill is supported by the Department of Military and Veterans Affairs and was drafted from model legislation from the National Emergency Management Association in consultation with the Department and the Alaska Municipal League, Alaska Fire Chiefs Association, and the Fairbanks North Star Borough.

Attached is a copy of the sponsor statement and the bill. Additional information (probably more than you would like to read) is available on BASIS.

Again, if you have any questions, please contact my office.

Email: Representative.Eric.Feige@legis.state.ak.us

The Emergency Management Assistance Compact (EMAC), established in 1996, has weathered the storm when tested and stands today as the cornerstone of the nation's mutual aid system.



EMAC is the first national disaster–relief compact since the Civil Defense and Disaster Compact of 1950 to be ratified by Congress. Since ratification and signing into law in 1996 (Public Law 104-321), 50 states, the District of Columbia, Puerto Rico, Guam, and the U.S. Virgin Islands have enacted legislation to become EMAC members.

EMAC offers assistance during governor-declared states of emergency through a responsive, straightforward system that allows states to send personnel, equipment, and commodities to help disaster relief efforts in other states. Through EMAC states can also transfer services, such as shipping newborn blood from a disaster-impacted lab to a lab in another state.

The strength of EMAC and the quality that distinguishes it from other plans and compacts lie in

its governance structure; its relationship with federal organizations, states, counties, territories, and regions; the willingness of states and response and recovery personnel to deploy; and the ability to move any resource one state wishes to utilize to assist another state.

EMAC establishes a firm legal foundation. Once the conditions for providing assistance to a requesting state have been set, the terms constitute a legally binding contractual agreement that makes affected states responsible for reimbursement. The EMAC legislation solves the problems of liability and responsibilities of cost and allows for credentials, licenses, and certifications to be honored across state lines.

Deploying resources through EMAC leverages federal grant dollars dollars (such as HMGP & EMPG) invested in state and local emergency management resource capabilities.

Through EMAC, states are able to join forces and help one another when they need it the most: whenever disaster strikes!



EMAC Overview

DMIS SIG
August 2006

What is EMAC?

Emergency Management Assistance Compact

- National interstate mutual aid compact
- Formalized into law by member states
- Implemented by State Emergency Management Agencies

EMAC Vision & Mission

Vision

The cornerstone of national mutual aid

Mission

Facilitate the efficient and effective sharing of resources between member states during times of disaster or emergency

EMAC is administered by NEMA, the National Emergency Management Association

EMAC History

- **1992** - Concept of Emergency Management Compact Conceived by Southern US Governors
- **1993** - Adopted as Southern Regional Emergency Management Assistance Compact
- **1996** – Endorsed by National Governor's Association & FEMA for Nationwide Use
- **1996** - Ratified by US Congress and Signed into Law (PL 104-321)
- **1996 to present** – Adoption by individual states Implementation and improvement of CONOPS

EMAC is administered by NEMA, the National Emergency Management Association

EMAC Members

50 States
the District of Columbia
Puerto Rico and the U.S. Virgin Islands
have enacted EMAC legislation

(as of May 2006)

What does EMAC do?

EMAC:

- Maximizes the use of available resources
- Coordinates resource deployments with the NRP structure and resources
- Expedites and streamlines delivery of assistance between member states
- Protects state sovereignty
- Provides management and oversight for interstate aid

EMAC does NOT:

- Replace federal support
- Alter a state's operational direction and control
- Endorse or support freelancing or self-dispatch
- Broker resources from municipality to municipality
  - Resources move from state to state.
  - Non-state resources move through the state EMA



How Does EMAC Work?

EMAC Process (simplified)

Event occurs or is imminent and Governor declares an emergency or disaster

↓

Affected State alerts National Coordinating Group (NCG)

↓

Affected State uses in-house personnel or requests an A-Team

Needs identified and defined

↓

Requests are broadcast to member states (authorized)

↓

Member states determine matches, availability, and cost

↓

Member states make offer of assistance (authorized)

↓

Affected state considers offers and accepts, rejects, or negotiates

↓

REQ-A completed



ANY CAPABILITY OF A MEMBER STATE can be shared with other member states

- State/Local EOC Support
- Damage assessment
- Disaster recovery
- Logistics
- Donations management
- Security
- Communications
- Fire fighting
- Aviation support
- Medical personnel/resources
- Hazard mitigation
- Community outreach
- Search and rescue
- Debris clearance
- Information & planning
- Public Health
- Hazardous materials
- Human services/mass care
- Animal control
- Information/planning

Other examples…



Why is EMAC Successful?

EMAC Effectiveness

- Key Issues Resolved in Advance Through Provisions in the Compact Language
  - Reimbursement, Licensure, Liability
- Active Member States with Executive Support
- Operations Manual
  - Levels of Operation/ Span of Control/ Continuity of Operations
- Continual Improvement – Strategic Planning
  - MBO/ Flexibility/ Critiques/ Training/ Exercises
- Administrative Oversight and Support Staff
  - Formal Protocols and Governance Structure (within NEMA)
- Customized Technology Development

EMAC Key Provisions

"…the state rendering aid may withhold resources to the extent necessary to provide reasonable protection for such state."

"…licenses, certificates, or other permits… shall be deemed licensed, certified, or permitted by the state requesting assistance."

EMAC is administered by NEMA, the National Emergency Management Association

EMAC Key Provisions

"Employees . . . rendering aid . . . shall be considered agents of the requesting state for tort liability and immunity purposes"

". . . any party state rendering aid . . . shall be reimbursed by the party state receiving aid for any loss or damage to or expense incurred . . ."

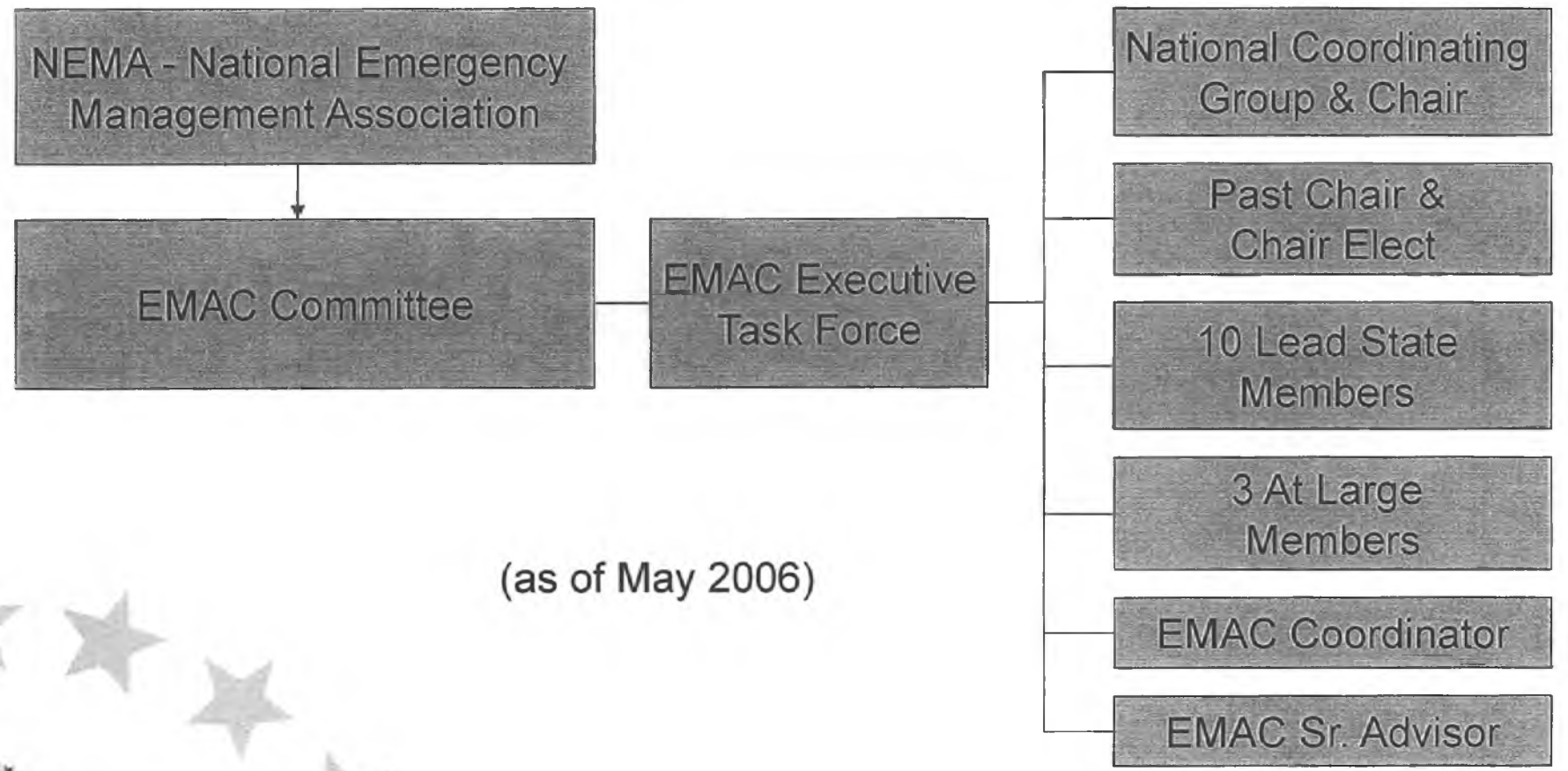
EMAC is administered by NEMA, the National Emergency Management Association

Member State Responsibilities

- Train EMA, State Agency, and Local Government Personnel on the EMAC Process
- Train Personnel on EMAC A-Team Operations
- Maintain Procedures for A-Team Activation
- Develop and Maintain Procedures for Requesting and Providing Assistance
- Evaluate Procedures Through Exercise/Actual

EMAC is administered by NEMA, the National Emergency Management Association

EMAC Governance Structure



(as of May 2006)



Operational Response

EMAC Operational Units

- National Coordination Group
- A-Team
- Regional Coordinating Teams
- National Coordinating Team
- Full time administrative support - NEMA

EMAC is administered by NEMA, the National Emergency Management Association

National Coordination Group

- Activates EMAC Operations on Short Notice
- Provides Oversight of EMAC Operations
- Collateral Responsibility of the Chair of the Operations Sub-Committee

EMAC is administered by NEMA, the National Emergency Management Association

A-Team

- Deploys at Request of Affected State
- Operates from Affected State's EOC or other Command and Control location
- Coordinates resource requests on behalf of the Affected State
- Serves as Liaison Between Affected State and other EMAC member States

EMAC is administered by NEMA, the National Emergency Management Association

Fairbanks North Star Borough

Office of the Mayor

809 Pioneer Road P.O. Box 71267 Fairbanks, Alaska 99707-1267 907/459-1300
Fax: 907/459-1102
Email: mayor@co.fairbanks.ak.us

March 22, 2012

The Honorable Cathy Munoz, Chair
House Community and Regional Affairs Committee
Alaska State Capitol, Room 403
Juneau, AK 99801-1182

Subject: Support for HB 366, Disaster Planning and Services

Dear Chair Munoz:

Thank you for introducing HB 366, a bill to establish a comprehensive Intrastate Mutual Aid System (IMAS) that would allow all political subdivisions to transcend their jurisdictional boundaries to receive and render aid to other political subdivisions in the event of disasters and emergencies. The Fairbanks North Star Borough Assembly identified intrastate mutual aid legislation as one if its legislative priorities in 2010, therefore, the Borough is pleased to offer our support of HB 366. We believe that this legislation is good public policy that will provide for a consistent and integrated mutual aid system to ensure an effective response in disaster situations.

The 2009 ice jam flooding, which devastated communities located along the Yukon River, demonstrated a critical need for an intrastate mutual aid system. The Fairbanks North Star Borough provided fire apparatus to City of Eagle after that community's fire station was submerged during the flooding. Borough emergency management staff assisted with sheltering a planeload of evacuated elders and children from a Yukon River village. These communities are geographically isolated from the Borough and, therefore, mutual aid agreements with these communities did not exist. The myriad of issues that have arisen with regard to authorities, compensation, liability, and the ability to provide timely assistance, as a result of the Yukon River flooding response clearly demonstrates the value of having agreements and procedures in place long before a disaster occurs. The establishment of an intrastate mutual aid system framework as proposed by HB 366 will substantially close this gap.

Disasters know no political boundaries. They can happen at any time, in any place, and to anyone. HB 366 provides an integrated and structured framework to provide efficient and effective emergency aid and relief to all Alaskan residents when disaster strikes. Thank you for your consideration and support of HB 366.

Sincerely,

Mayor Luke Hopkins

-----Original Message-----
From: Billie Bob Allen [mailto:bballen@mtaonline.net]
Sent: Monday, March 19, 2012 12:04 PM
To: Rep. Cathy Munoz
Cc: Michael Paschall
Subject: Support for HB366

The Honorable Cathy Munoz
Alaska State House of Representatives
Chair, House Community and Regional Affairs Committee

Dear Representative Munoz:

Please accept this letter as support for HB366 which would establish an intrastate mutual aid system in Alaska. I have been authorized by my client, Alaska State Fair, Inc., (ASF) to notify you of their support for HB366. We have also issued a letter of support for the companion Bill SB208 to Senator Joe Paskvan sponsor of the proposed legislation through the Senate State Affairs Committee.

ASF management has been working with the Matanuska-Susitna Borough EMS and the State Homeland Security and Emergency Management Division in regards to emergency planning in the event of a disaster. Signatory to an Agreement to develop an initial plan to create shelter for the people of the Mat-Su Borough in the event of a disaster are the Mat-Su Borough, State of Alaska, Department of Corrections, Mat-Su Borough School District, American Red Cross, City of Palmer and Mat-Su Regional Medical Center. The purpose of the Agreement (MOU) is to form a partnership to plan, prepare, and implement mass sheltering protocol for use on the Alaska State Fair grounds.

To that end, Madam Chair, the ASF has pledged it's assets, where needed to benefit the people of the State of Alaska in the event of a disaster in any fashion that they can. ASF has approximately 130,000 sf under roof and is accessible by surface, rail, and air.

The commitment to assist by the Alaska State Fair supports their pledge and agreement to be a part of an intrastate mutual aid system, thus their favor to the passage of HB366.

Madam Chair, should you have any questions please do not hesitate to contact me.

Yours Truly,

Bill Allen
Legislative Consultant

cc: Michael Paschall

Sent from my iPad

ALASKA MUNICIPAL LEAGUE
Alaska Conference of Mayors

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

February 29, 2012

Senator Joe Paskvan
Alaska State Capitol Building
Juneau, Alaska 99811

Dear Senator Paskvan,

Thank you for introducing SB 208; An Act establishing an Alaska intrastate mutual aid system and relating to the duties of the Alaska division of homeland security and emergency management and the duties of the Alaska State Emergency Response Commission.

The model legislation that has been put forth by the collaboration of NEMA and FEMA, to promote an Intrastate Mutual Aid System (IMAS), is legislation that the Alaska Municipal League believes should be implemented within the State of Alaska. The ability for one political subdivision to receive and/or render aid to another is both wise and important to all involved.

Emergencies have no respect for jurisdictional boundaries that we impose upon our state. Therefore, emergency responders must be able to depend on other political subdivisions for coordination in order to protect lives and property. SB 208, as we interpret it, would allow for a statewide agreement, rather than the Alaska Disaster Act which provides for mutual aid between neighboring political subdivisions.

The Alaska Fire Chief's Association is a member of AML and we support their hard work and commitment to enhancing all safety needs with regards to fire fighting. Because of this relationship and the importance to municipalities to be able to help protect their residents, we stand in strong support of SB 208.

Thank you for the opportunity to comment.

Sincerely,

Kathie Wasserman

Kathie Wasserman
Executive Director

AARP Alaska
3601 C Street
Suite 1420
Anchorage, AK 99503

T 1-866-227-7447
F 907-341-2270
TTY 1-877-434-7598
www.aarp.org/ak

March 9, 2012

The Honorable Bill Wielechowski, Chair
Senate State Affairs Committee
Alaska Capitol, Room 101
Juneau, AK 99801-1182

RE: SB 208 (Paskvan)—Support

Dear Chair Wielechowski:

On behalf of the members of AARP in Alaska, we encourage you and your colleagues on the Senate State Affairs Committee to support SB 208, authored by your Committee Vice-Chair Senator Joe Paskvan.

SB 208 is based on model legislation recommended by the Federal Emergency Management Agency (FEMA) and the National Emergency Management Association (NEMA). SB 208 would provide a comprehensive statewide mutual aid system that would enable all political subdivisions to receive and render aid to other subdivisions in case of disasters and emergencies. Some mutual aid agreements already exist but SB 208 would provide a blueprint that would be consistent throughout Alaska.

AARP believes that SB 208 would benefit our members as well as the general public.

Surveys of the older population (over 50) indicate that of those who self-identify that they will need help evacuating their homes in a natural disaster, half indicate that they will require help from someone outside their household. Older people, who face special health and other risks, will likely be more vulnerable during disasters than the general adult population. Recent disasters have highlighted how devastating to older adults such events are. Physical capacity and resiliency place frail older adults at special risk. For example, a study conducted by AARP after Hurricane Katrina found that many older adults lost their lives when they were abandoned in nursing homes and assisted living facilities. Older adults may lack the ability to get to emergency food and water distribution centers. Older adults rely disproportionately on informal networks for support. When disaster strikes, these networks may be destroyed, leaving older adults at high risk.

We understand that SB 208 is about governmental entities working together. We also understand that our members and the general public will benefit when government emergency planning takes place at all levels.

AARP urges an "AYE" vote on SB 208.

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-3314).

Thank you for your consideration.

Sincerely,

Marie Darlin

Marie Darlin, Coordinator
AARP Capital City Task Force
415 Willoughby Avenue, Apt. 506
Juneau, AK 99801
586-3637 (voice)
463-3580 (fax)

CC: Vice-Chair Joe Paskvan
Senator Cathy Giessel
Senator Albert Kookesh
Senator Kevin Meyer

HCR 10

<TARGET><BILL>HCR 10</BILL><SUBJECT>HCR 10</SUBJECT><COMM>HCRA27</COMM></TARGET>

Alaska State Legislature

State Capitol, Room 422
Juneau, AK 99801-1182
Phone: 465-4939
Fax: 465-2418
Toll Free: (800) 465-4939
Representative_Pete_Petersen@legis.state.ak.us

716 W. 4th Ave
Anchorage, AK 99501-2133
Phone: 269-0265
Fax: 269-0264

Representative Pete Petersen
Serving Northeast Anchorage and Muldoon

Sponsor Statement

HCR 10
Encouraging Waste-to-Energy Technology

This resolution encourages the state, municipalities, and private organizations to consider the benefits of costs of waste-to-energy technology and evaluate whether this technology is appropriate for their energy and waste management needs.

Across the state, residents, communities, and businesses have been struggling to pay high energy costs, and waste management is a continuing challenge and expense for communities. Waste-to-energy technology produces renewable energy from garbage while reducing the amount of landfill space needed. Modern waste-to-energy actually produces fewer emissions than if the garbage were simply dumped in a landfill.

Waste-to-energy technology has been utilized across the world and in 24 states, including Alaska. For example, at Eielson Air Force Base garbage is burned along with coal to generate electricity, and the Municipality of Anchorage is in the process of developing the ability to use natural gas produced by the Anchorage Regional Landfill.

Last year the Legislature adopted a statewide energy policy that established a goal of creating 50% of our electricity from renewable energy sources. Waste-to-energy technology has the potential to help Alaska meet this goal while also reducing the need for additional landfill space.

Alaska State Legislature

State Capitol, Room 422
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Summary of Changes from the Original to CSHCR 10 (ENE) (Version B)

HCR 10
Encouraging Waste-to-Energy Technology

The only change in this version is correcting and error on page 2 line 1. This version correctly notes that waste-to-energy technology is being utilized at Eielson Air Force Base, not Fort Wainwright.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version: **HCR 10**
() Publish Date

Identifier (file name): HCR10-LEG-COU-04-04-2011
Title: "Encouraging Waste-to-Energy Technology"
Sponsor: Representative Petersen
Requester: House Spec Comm on Energy, Comm & Reg Affairs

Dept. Affected: Legislature
Appropriation: Legislative Council
Allocation: Session Expenses
OMB Component Number: 782

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version

Initial Version

Prepared by: Shane Miller, Finance Manager — Phone 465-6626
Division: Administrative Services Division — Date/Time 4/4/11 7:16 AM
Approved by: Pamela Varni, Executive Director — Date 4/4/2011
Legislative Affairs Agency

(Revised 12/29/2010 OMB)

Analysis

This fiscal note has zero impact on the Legislative Affairs Agency.

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
RESEARCH TRIANGLE PARK, NC 27711

AUG 1 0 2007

OFFICE OF
AIR QUALITY PLANNING
AND STANDARDS

MEMORANDUM

SUBJECT: Emissions from Large and Small MWC Units at MACT Compliance

FROM: Walt Stevenson
OAQPS/SPPD/ESG (D243-01)

TO: Large MWC Docket (EPA-HQ-OAR-2005-0117)

This memorandum presents information on the overall emissions reductions achieved by large and small municipal waste combustion (MWC) units following retrofit of Maximum Achievable Control Technology (MACT). This memorandum is a companion to the memorandum titled "Emissions from Large MWC Units at MACT Compliance (note a). Consistent with Clean Air Act (CAA) section 129, large and small MWC units completed MACT retrofits by December 2000 and December 2005, respectively. The performance of the MACT retrofits has been outstanding. Emission reductions achieved for all CAA section 129 pollutants are shown below. Of particular interest are dioxin/furan and mercury emissions. Since 1990 (pre-MACT conditions), dioxin/furan emissions from large and small MWCs have been reduced by more than 99 percent, and mercury emissions have been reduced by more than 96 percent. Dioxin/furan emissions have been reduced to 15 grams per year* and mercury emissions reduced to 2.3 tons/year.

Emissions From Large and Small MWC Units

Pollutant	*1990 Emissions (tpy)*	*2005 Emissions (tpy)*	*Percent Reduction*
CDD/CDF, TEQ basis*	4400	15	99+ %
Mercury	57	2.3	96 %
Cadmium	9.6	0.4	96 %
Lead	170	5.5	97 %
Particulate Matter	18,600	780	96 %
HCl	57,400	3,200	94 %
SO_2	38,300	4,600	88 %
NO_x	64,900	49,500	24 %

(*) dioxin/furan emissions are in units of grams per year toxic equivalent quantity (TEQ), using 1989 NATO toxicity factors; all other pollutant emissions are in units of tons per year.

The MACT performance data presented above is from the initial MACT compliance tests from all large and small MWC units. The inventory of large MWC units at MACT compliance identifies 167 large MWC units located at 66 MWC plants (note b). The inventory of small MWC units at MACT compliance identifies 60 small MWC units located at 22 MWC plants (note c). The baseline 1990 emissions data are from the large and small MWC emissions trend memo (note d and e). In combination, the above information defines the 1990 and 2005 emissions for large and small MWC units.

notes

(a) see docket A-90-45, item VIII-B-11.
(b) see docket A-90-45, item VIII-B-6
(c) see docket OAR-2004-0312, "National Inventory of Small Municipal Waste Combustor (MWC) Units at MACT Compliance (Year 2005)", dated November 1, 2006.
(d) see docket A-90-45, item VIII-B-7
(e) see docket OAR-2004-0312, "National Emissions Trends for Small Municipal Waste Combustion Units [year 1990 – 2005]", dated June 12, 2002.

Waste-to-Energy Facilities Provide Significant Economic Benefits

White Paper

The Solid Waste Association of North America (SWANA)

Background

Waste-to-energy is a reliable and renewable form of energy that has become the basis for many of the most successful solid waste management systems in the country. More than 80 plants throughout the United States have allowed municipalities to reduce their greenhouse gas emissions and the amount of waste sent to landfills, while also benefitting the communities financially. These facilities require a significant capital investment and are typically financed through the sale of municipal revenue bonds. Waste-to-energy facilities then generate revenues through tipping fees and the sale of recovered metals and renewable energy and these revenues are then used to repay the principal and interest on the bonds.

Despite their history of being environmentally and economically sound technologies, recent news stories about the waste-to-energy facility in Harrisburg, Pennsylvania, have raised questions about the financial performance of these operations. As this paper will demonstrate, the Harrisburg situation is an anomaly and there are many examples of financially sound and successful waste-to-energy facilities across North America. This paper will summarize some of those successful operations.

Lancaster County, Pennsylvania

The Lancaster Solid Waste Management Authority's (LCSWMA) waste-to-energy facility performs a critical role in Lancaster County, Pennsylvania's integrated system. With the primary goal of minimizing landfill consumption, the waste-to-energy facility boasts a functional value of protecting one of the area's most valuable resources---farmland. Additionally, the facility reduces the volume of waste processed by 90 percent. This has extended the life of Lancaster County's landfill by more than 20 years.

The waste-to-energy facility provides a revenue stream from the sale of electricity and powers over 30,000 area homes. On average, 500 tons of ferrous metal and 16 tons of non-ferrous metal are removed from the processed waste and recycled each month, offering an additional revenue source. Because of long term operating contracts and a fixed debt payment structure, the waste-to-energy facility offers stable tipping fees for municipal waste. Lancaster County's tipping fee is $62 per ton,$7 per ton *less* today than it was when the waste-to-energy facility first opened in 1991.

The following is a list of achievements over the past 20 years:

- Processed over 7.5 million tons of waste which, if landfilled, would have occupied 190 acres of farmland, 100 feet deep
- Recovered and recycled over 128,000 tons of ferrous metal and 800 tons of non-ferrous metal
- Generated 4.4 billion kilowatt-hours of electricity, enough to power all Lancaster County homes for three years
- Produced over $256 million in electric revenue

The original cost of the facility was $135 million and the final payment will take place in 2015. The facility's bonds are currently rated A3 from Moody's.

York County, Pennsylvania

The York County Solid Waste and Refuse Authority owns the York County Resource Recovery Center, which has processed the county's combustible municipal waste since late 1989. The facility, currently operated by Covanta York Renewable Energy, LLC, processes approximately 430,000 tons of waste per year; approximately 75 percent of which is generated in York County. Waste processing capacity in excess of county needs is filled through a combination of long and short term contracts with other

municipal entities and private waste haulers. The facility typically sells approximately 30 megawatts of electricity to Metropolitan Edison.

In 2010, Standard and Poor's raised its issuer credit rating on the Authority to AA from A+, and Moody's affirmed its A2 rating on the Authority's outstanding bonds. Those agencies cited the Authority's strong liquidity position, key contracts for waste supply, facility operations and electric sales, the Authority's history of strong debt service coverage, and competitive tipping fees as the basis for those ratings. Due to successful facility operations and favorable contracts, the Authority is well positioned to reinvest in the facility in order to provide long term waste processing capacity for York County.

Palm Beach County, Florida

The Solid Waste Authority of Palm Beach in West Palm Beach, Florida, is currently building a second waste-to-energy facility that will increase its capacity by an additional 3,000 tons per day and generate an estimated 97 megawatts of electricity. The success of the authority's original waste-to-energy facility allowed for the current expansion, which is scheduled to be finalized in 2015. The new waste-to-energy facility is being financed through a series of bond sales, Authority operating funds, and a capacity payment from the power purchaser, Florida Power & Light Company.

Repayment of the bonds will be from revenues of the Authority, which include revenues from the sale of electricity, recovered materials, commercial tipping fees and non-ad valorem assessments. The current annual non-ad valorem assessment for a single family homeowner is $166. This assessment is estimated to increase to only between $180 and $185 per year in 2015 with the development of the new waste-to-energy facility.

In October, Standard & Poor's upgraded the authority's bonds to AA+ after a thorough evaluation of the authority's operations and financial history.

Pinellas County, Florida

Pinellas County Solid Waste is an enterprise fund with four primary funding sources: tipping fee revenue, electrical sales revenue, capacity payments from the energy company, and revenue from recycling. The tipping fee has been $37.50 per ton since 1986, a significantly lower rate than any of the surrounding facilities and competitive with area landfills. Revenues are used to pay for salaries and operating costs, to build reserves and fund capital projects for both the plant and landfill, and to pay off debt. The County owns, but contracts out operation of, the waste-to-energy plant. And the per ton cost for processing waste at the waste-to-energy plant is approximately $28.00 per ton, which includes contractor payments, utilities, chemicals, insurance, etc.

Electricity sales and other revenues bring total revenues up to about $80 million against a total operating budget, including allocations, of about $58 million, showing a significant revenue stream each year. The solid waste system in Pinellas is so successful that the county board authorized up to $80 million to be borrowed from the solid waste reserve fund to help fund the county capital improvement projects.

Marion County, Oregon

Marion County has utilized a waste-to-energy facility to process the solid waste generated within the county since 1986. The Marion County facility generates approximately 11 megawatts of renewable electricity---enough to power about 7,000 homes, reducing the volume of material to be ultimately disposed of by 90 percent. Additionally, waste-to-energy has helped to reduce the amount of greenhouse gases produced locally from solid waste sources.

The revenues generated from the sale of renewable energy to Portland General Electric help to fund the County's integrated solid waste management program. This program includes extensive waste reduction, reuse, recycling, and composting programs, which have enabled Marion County to regularly have the highest recovery rate in the state, currently at 58.2 percent.

Spokane, Washington

The Spokane Regional Solid Waste System has just completed its first 20 years of operation, and became "debt free" with the last bond payment on December 1, 2011. During those 20 years, Spokane increased its recycling rate from 28 percent to approximately 50 percent. Of the waste remaining after waste reduction and recycling efforts, Spokane has combusted about 80 percent and composted 10 percent, leaving only 10 percent to be landfilled. Their waste to energy facility has recovered over 200,000 tons of ferrous metal and over 2.8 billion kilowatt hours of electricity.

As other communities in the state and region have relied increasingly on long haul transportation to distant regional landfills, most of Spokane's disposal needs are handled locally, retaining the wages and economic benefits within the community. Currently, private industry is developing a regional materials recovery facility adjacent to the waste-to-energy facility, which will contribute an additional $10 million per year to the local economy.

Portland, Maine

Portland, Maine's solid waste is handled by *ecomaine*, a non-profit waste management company owned and operated by 21 municipalities in Southern Maine. With an additional 23 contracted communities, *ecomaine* provides services to a combined population of 335,000. The company owns and operates three facilities---a waste-to-energy plant, a single-stream recycling facility, and a landfill/ashfill operation---that are all ISO 14001 certified for excellence in environmental management.

The waste-to-energy plant was built in 1988 and processes 175,000 tons per year. Its two mass burn water wall boilers produce over 100,000 megawatts-hours of electricity annually, enough to serve all the homes in South Portland and Gorham. The plant, which averaged 94% availability last year, employs the use of CEMS, SDA, SNCR, carbon injection, and electrostatic precipitator technology for emissions control and monitoring. The company's investment in waste-to-energy has reduced the volume of waste by 90 percent, leaving only ash to be buried at the landfill. The facility, which cost $93 million to build, will be paid off in 2015.

Lee County, Florida

The Lee County waste-to-energy plant is the focal point of its integrated solid waste management system. The facility recently underwent a major expansion and in 2010 became the first waste-to-energy facility in the United States to generate carbon credits based on its emissions reductions. The facility, located in Fort Myers, processes 1,800 tons per day, generating 59 megawatts of electricity. The strength of the system is exemplified in the upgrade of over $85 million in bonds from A- to A in 2011. Fitch Ratings decided to upgrade the rating based on the County's solid waste system's strong and overall consistent financial position, deleveraging of the system resulting in improved debt service coverage, and a strong cash position.

Hillsborough County, Florida

The waste-to-energy facility in Hillsborough County underwent a 50 percent expansion in 2009, increasing its capacity to 1,800 tons per day, while generating nearly 47 megawatts of renewable energy. Fitch Ratings has upgraded nearly $150 million worth of Hillsborough solid waste bonds from A-to A+, citing the system's strong financial operations, ample surplus revenues to service debt, above-average reserve levels, and the County's covenant to raise rates at minimum levels as per the series 2006 bond ordinance.

SWANA's Applied Research Foundation Report Conclusions

SWANA's Applied Research Foundation has released a report, titled "The Economic Development Benefits of Waste-to-Energy Facilities". The report concludes that

- Over the lifespan of a waste-to-energy facility, communities can expect to pay less for MSW disposal than at a regional landfill.
- Monies spent on waste-to-energy facilities remain within the communities, while 90 percent of the monies spent on landfills will be transferred out of the local economy.
- Waste-to-energy facility construction generates high-paying jobs that cannot be outsourced.
- Waste-to-energy facilities generate significant amounts of baseload renewable energy which can be sold to the local power grid.

Conclusion

Waste-to-energy facilities are economically sound investments that provide multiple financial and environmental benefits to the communities that utilize them. Today, the majority of the nation's waste-to-energy facilities are owned by local governments that have invested in this critical municipal infrastructure to achieve long-term solid waste management solutions. These facilities produce clean, renewable energy while reducing waste volume by 90 percent, making them a great option for communities seeking the most advanced technology to manage their waste.

As shown in this paper, when properly managed, waste-to-energy facilities offer a multitude of benefits to the communities that utilize them. They generate revenue through the sale of electricity, tipping fees, and profits from the sale of recovered metals, which allows for the repayment of their municipal bonds, as well as financing of other important aspects of MSW management, such as extensive recycling programs. The economic success of waste-to-energy for several decades throughout the country should provide confidence to other communities considering this economically and environmentally sound technology.

Sources:

This white paper was authored by Shannon Crawford, Manager of Government Affairs for the Solid Waste Association of North America, to illustrate the financial successes of waste-to-energy facilities in the United States. Ms. Crawford would like to thank the following people for their input and assistance:

Jeff Bickford, Environmental Services Division Manager, Marion County Department of Public Works

Russ Menke, PE, Director, Spokane Regional Solid Waste System

Kelsi Oswald, WTE Program Manager, Pinellas County Department of Environment and Infrastructure

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Waste-to-Energy:
A Renewable Energy Source from Municipal Solid Waste

EXECUTIVE SUMMARY

ASME SWPD Supports WTE - The Solid Waste Processing Division (SWPD) of the American Society of Mechanical Engineers (ASME) supports national policies that encourage the recovery of energy from the controlled combustion of municipal solid waste (MSW), also called Waste to Energy (WTE).

Proven Technology - WTE is a proven, environmentally sound process that provides reliable electricity generation and sustainable disposal of post-recycling MSW. WTE technology is used extensively in Europe and other developed nations in Asia such as Russia, Japan, Singapore, and Taiwan.

WTE Reduces Greenhouse Gases - New policies to encourage WTE can have a sizable effect on reducing the nation's greenhouse gas emissions.[1] In fact, nation-wide use of the WTE technology can become one of the big contributors to America's planned reduction in greenhouse gas emissions.

WTE Reduces Dependence on Fossil Fuel - New policies to encourage WTE can also have a meaningful impact in reducing dependence on fossil fuels and increasing production of renewable energy. MSW is currently comprised of 56% biogenic and 44% non-biogenic materials [2]. Combusting the biogenic fraction of WTE is considered renewable by the DOE [1]. Currently, there are 86 WTE facilities in the U.S. that process 29 million tons of MSW per year [1]. The nation currently landfills about 248 million tons of waste per year so there is significant potential to increase energy production from WTE. Every ton of MSW processed in a WTE facility avoids the mining of one third ton of coal or the importation of one barrel of oil. If all waste were processed in modern WTE facilities it could satisfy 3 to 4 percent of the country's electricity demand.

Additional Environmental Benefits of WTE -

- Complements recycling and reduces landfilling
- Reduces truck traffic and associated emissions
- Recovers and recycles metals thus reducing mining operations

WTE Provides Clean Energy – WTE technology has significantly advanced with the implementation of the Clean Air Act [3], dramatically reducing all emissions. The EPA concluded WTE now produces electricity with less environmental impact than almost any other source (Letter of EPA Administration to Integrated Waste Services Association, Feb. 14. 2003).

Reliable Electricity – WTE operates 24/7 to reduce base load fossil fuel generation and is desirably located in proximity to urban areas where the power is needed the most.

ASME SWPD Recommendations to Congress and the Administration:

- Include WTE in the federal Renewable Portfolio Standard.
- Consider the reduction in greenhouse gases benefits of WTE in climate change policy.
- Direct the EPA to consider "life cycle analysis" of waste disposal options and also to consider Maximum Achievable Control Technology (MACT) type regulations on all emission sources, as have been applied to WTE facilities.

Introduction

ASME represents 127,000 engineers who are engaged in every aspect of energy generation and utilization. The Solid Waste Processing Division (SWPD) of ASME is dedicated to the recovery of energy and materials from the solids discarded by society and the environmental quality of technologies used in all aspects of waste management.

Municipal solid waste (MSW) is an unavoidable by product of human activities. Waste management is a particularly serious issue in the US because we consume an estimated 20 to 25 percent of the world's energy and materials and generate twice as much MSW per capita as developed nations in the European Union and Japan. Therefore, there exists a great need for waste reduction and recycling of materials. However, international and US experience has shown that after recycling there remains a large fraction of MSW to be disposed of.

The two proven means for disposal are burying MSW in landfills or combusting it in specially designed chambers at high temperatures, thereby reducing it to one tenth of its original volume. The heat generated by combustion is transferred to steam that can flow through a turbine to generate electricity. This process is called waste-to-energy (WTE). It converts the energy from combustion of MSW to electricity and recovers and recycles the metals contained in the MSW while the remaining ash is either used in landfills for daily cover and landfill roads or cleaned up and used off site for other construction purposes (as is done now in the EU and Japan).

The US WTE industry has existed for over thirty years and its technology has continuously been improved. For example, MSW combustion facilities of all types were once considered a significant source of mercury and dioxin emissions. However, during the 1990's, the WTE industry implemented new EPA regulations on Maximum Achievable Control Technology (MACT) and WTE power plants have become one of the cleanest sources of electricity and heat energy.

Currently there are 86 WTE facilities in the U.S. processing 29 million tons of MSW annually and generating 2.3 GW of electricity. Every ton of MSW processed in a WTE facility avoids the mining of one third ton of coal (9.6 million tons per year) or the importation of one barrel of oil (29 million barrels per year). As our nation begins to focus on conservation and renewables, WTE has already proved to be a reliable technology.

Unfortunately, there have been some setbacks. For instance, the Supreme Court Carbone ruling on "Flow Control" in 1994 (C & A Carbone v. Town of Clarkstown, New York, 511 U.S. 383 (1994)[4] forced many major urban areas in the U.S. to opt for long distance transport of their solid wastes to newly built giant landfills and stopped the growth of this useful energy producing technology in the US. Consequently, from 1995 through 2006, there were no new WTE plants built in the nation. A more recent Supreme Court decision on Flow Control has restored the ability of communities to control the flow of wastes to WTE facilities.

In contrast to what was happening in the U.S., from 1995 through 2006, hundreds of new WTE facilities were built in the European Union, Japan, China, and over thirty other nations where landfilling is regarded as environmentally undesirable and energy- and land-wasteful. In fact, in the years 2000-2007, the global WTE capacity grew at the rate of about four million tons each year. The growth of WTE in the European Union is partly due to a directive of the European Community that mandates that wastes containing over 2 percent combustible material shall not be landfilled in order to reduce landfill emissions of methane, the second most important greenhouse gas, and preserve land for future generations.[5]

In the U.S., as major urban areas have run out of nearby landfill space, post-recycled MSW is increasingly being transported long distances to other states for burial.[6] This has substantially increased the cost to landfill this MSW, and has also increased the associated environmental impacts because of the emissions from transport vehicles to and from the landfills. It has also increased the environmental advantages of WTE versus landfilling. As a result, some WTE facilities have recently begun to expand their capacity by adding new processing lines to their existing operations. These facilities are basing their requests for financing and permitting on their successful records of operation and environmental compliance.

The Conventional WTE Process

The conventional WTE combustion process is similar to the stoker burners in many coal- and wood-fired boilers. Waste is continuously fed onto a moving grate in a furnace where high temperatures are maintained. Air is added to the combustion chamber to ensure turbulence and the complete combustion of the components to their stable and natural molecular forms of carbon dioxide and water vapor.

The hot combustion gases released during the WTE process are directed through boilers to generate superheated steam that can drive turbine generators that produce electricity. Exhausted steam can also be used efficiently for district heating and for industrial processing if those choices are available.

It is interesting to note that, according to the EPA and IPCC protocols, combusting the biogenic fraction of MSW (about 56 percent of the carbon in MSW) results in a GHG reduction because these waste materials decompose into nearly equal portions of carbon dioxide and methane gas if they are landfilled. Methane is 21 times more potent as a GHG than carbon dioxide.

Energy Benefits of WTE

MSW, depending upon the moisture and energy content of the waste materials, is a good fuel source. The thermal treatment of MSW results in the generation of 500-600 kWh of electricity per ton of MSW combusted. European WTE facilities often recover another 600 kWh in the form of steam or hot water that is used for district heating. This additional energy recovery is not generally achieved in the US due to the absence of district heating systems. The corresponding savings in fossil fuel use range from one to two barrels of oil per ton of MSW.

Renewable Energy Source

WTE is designated as renewable by the 2005 Energy Policy Act, by the US Department of Energy (DOE), and by twenty-three state governments. Excluding hydroelectric power, only 2 percent of the US electricity is generated from renewable energy sources. A third of this renewable energy is due to WTE which at this time processes about 8 percent of the US MSW, while nearly 64 percent is landfilled (2004 BioCycle/Columbia national survey; www.wtert.org/sofos/SOG2006.pdf). As of July, 2008, energy recovered from WTE plants in the US is greater than all wind and solar energy combined.

Environmental Benefits

In addition to its energy benefits, WTE avoids the conversion of greenfields to landfills. The 2,500-acre Freshkills landfill of New York City filled up in about 50 years. Under current regulations (daily cover, etc.), it would have filled in 20-25 years. Although the US is blessed with abundant land, the continuous use of land for landfilling is not sustainable, especially in the coastal areas that are experiencing the highest population growth.

Since WTE facilities are a point source of emissions, they have been subjected to very stringent environmental regulations. This is not possible for landfills which are dispersed sources extending over hundreds of acres. For example, EPA assumes that 75 percent of the landfill gas (LFG) is captured in landfills that are equipped for such capture. Other studies estimate the actual LFG capture to be much lower since, under current EPA regulations, landfills are not required to capture LFG during the first five years of operation of a cell.

Landfill gas contains about 50 percent methane which is 21 times more potent as a greenhouse gas than carbon dioxide.[7] Comparative studies of WTE and landfilling have shown that for each ton of MSW combusted, rather than landfilled, the overall carbon dioxide reduction can be as high as 1.3 tons of CO2 per ton of MSW when both the avoided landfill emissions and the avoided use of fossil fuel are taken into account.

WTE processing of MSW has the additional benefit of reducing the transport of MSW to distant landfills and the attendant emissions and fuel consumption. It also reduces interstate truck traffic. According to U.S. Department of Transportation traffic statistics, an average of 7 deaths and over 40 serious injuries occur per year, based on the number of trucks required to transport New Jersey's two million tons per year of excess MSW to landfills in Pennsylvania, Virginia, and Ohio.[6]

Diesel fuel consumption of trucking to and from landfills and by equipment used in the burial of MSW in landfills generates air emissions and has other negative environmental impacts. All this energy consumption and diesel exhaust can be avoided by WTE facilities that use MSW as the fuel for generating electricity and steam energy at plants located near urban centers.

Material Recovery

Another beneficial effect of modern MSW combustion with energy recovery is material recovery. Using magnetic separators, the U.S. WTE industry recovers and recycles over 770,000 tons of ferrous scrap metal annually from the combustion ash residue.[8] At some facilities, non-ferrous metals are also removed through the use of "eddy current separators" that cause these materials to literally jump out of the remaining ash and into a recovery area. Metal processors sort this mixed metal into brass, aluminum, copper and other base metals.[9] The remaining ash can be used in the construction and maintenance of landfills and as an aggregate in construction.[10, 11]

Existing Obstacles for WTE Technology

The progress of WTE in the US has thus far been stifled by three factors that can be addressed through federal legislation and collective local efforts:

- Inconsistent environmental regulations for various energy sources.
- Failure to consider all environmental factors when local community environmental decisions are made.

- Uneven support by local officials and federal agencies.

Flow Control

Flow control is the authority needed by a municipality to direct the "flow" of its generated solid wastes into a disposal process chosen by the community, e.g., the local WTE facility. Normally, a community must issue bonds for construction of a large WTE facility and employ flow control to have firm waste delivery contracts in place during the term of the bond issue.[12]

When the US Supreme Court appeared to rule in the 1994 "Carbone" case that all existing attempts at such control were illegal under the Constitution because they restrained "commerce", they eliminated the ability of a community to finance WTE facilities. However, in the 2007 "United Haulers" decision, the Supreme Court has clarified the ability of local communities to finance long term revenue bond issues and control the flow of waste to these facilities. Moreover, the court recognized that Congress has, in RCRA, carved out a vital role for local government in the management of the nation's solid waste.

Implementation of Regulations

Environmental impact statements for any waste management facility (recycling, composting, WTE, waste hauling, and landfilling) should include a life-cycle analysis of all associated environmental and energy impacts that will result from each option. Even recycling, though laudatory, has negative, as well as positive, environmental effects. The impacts of the failure to make any community "improvement" should also be weighed in the evaluation of choices.

U.S. WTE facilities have complied with very stringent EPA regulations, known as Maximum Achievable Control Technology (MACT), at an estimated cost of over one billion dollars. By law, the Clean Air Act requires that every five years a review of these stringent emissions limits is conducted in order to determine whether lower limits are achievable.[13] Air quality regulations for all forms of combustion processes should have consistent health-based emissions limits for all facilities. If an emission is dangerous from one type of facility, then it is likely to be equally dangerous from another.

Disposal of solid waste from major urban areas in landfills frequently involves long haul trucking resulting in diesel exhaust pollution and the need for multiple waste transfer stations. Additionally, the landfilling process also results in diesel exhaust emissions and the long term generation of gaseous pollutants from the decomposition of trash in a landfill.

Public decision makers should carefully consider all environmental factors before adopting a solution to an environmental problem such as disposal of MSW. In addition, the public should be educated to know the benefits and burdens associated with each potential solution before making a final decision.

Recommended Actions by US Environmental Protection Agency

The US Environmental Protection Agency needs to fulfill its obligation to the public by advocating for the best solutions to environmental problems, including the disposal of MSW. Sound science should be the basis for decision-making. EPA must lead by educating the public as to the pros and cons that go with any solution and, thus, help overcome misconceptions about proven technological solutions. By means of public education, USEPA must lead in the application of the best environmental solutions.

In recent years, the EPA has taken a more active role in educating the public, by distinguishing in its annual reports between tonnages of MSW going to WTE and to landfilling, instead of lumping them

together as "disposal". Also, some EPA regions have taken a pro-active role in educating the public in the benefits of WTE. For example, EPA Region 2 organized a one-day seminar in Puerto Rico at which they educated the general public on the benefits of WTE vs. landfilling, especially for an island where land is very scarce and precious. EPA has also re-instituted the hierarchy of integrated solid waste management, which places waste-to-energy above landfill disposal. We applaud these efforts undertaken by the EPA and feel that now is the time to build upon them.

It is given that no one wants a new public facility of any sort near their homes, whether it is an airport, highway, water treatment plant or a waste disposal facility. We feel that it is paramount that environmental regulators coordinate with local officials to hold public hearings where new facilities and technologies and the "do-nothing" consequences can be discussed. Additionally, we feel that the EPA should actively promote WTE as a mutually beneficial endeavor for both local communities and the nation.

Recommended Actions by Congress

The following actions are recommended by the ASME Solid Waste Processing Division to advance the use of WTE technology in the US and reap the energy benefits of a homegrown, renewable energy source and of reduced local, regional, and global emissions:

- Congress should re-examine and reconsider the level of regulatory limits required for all new sources of energy. MACT regulations have worked well for waste-to-energy facilities and they are equally able to control emissions from all other sources of combustion based energy production.

- Congress, in an effort to expand WTE, should consider enacting legislation that would make renewable energy credits available for WTE under the definitions of green or renewable energy.

- Congress should direct EPA to study and post notice regarding the effects of the "whole picture" for all available waste management options.

The ASME Solid Waste Processing Division believes that these policy recommendations, if fully adopted, could successfully take advantage of a unique opportunity to develop a renewable, clean energy source at a critical time for our nation. The country will also be well served by recovery of reusable materials, reduced truck traffic and highway congestion, less dependence on landfill for solid waste disposal, and less dependence on foreign sources of energy.

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This position statement represents the views of the Solid Waste Processing Division and Energy Committee of ASME's Technical Communities of Knowledge and Community and is not necessarily a position of ASME as a whole.

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Waste-to-energy

From Wikipedia, the free encyclopedia

Waste-to-energy (WtE) or **energy-from-waste** (EfW) is the process of creating energy in the form of electricity or heat from the incineration of waste source. WtE is a form of energy recovery. Most WtE processes produce electricity directly through combustion, or produce a combustible fuel commodity, such as methane, methanol, ethanol or synthetic fuels.[1]

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5 Examples of waste-to-energy plants
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Spittelau incineration plant is one of several plants that provides district heating in Vienna.

Incineration [edit]

Main article: Incineration

Incineration, the combustion of organic material such as waste with energy recovery is the most common WtE implementation. Incineration may also be implemented without energy and materials recovery; however, this is increasingly being banned in OECD (Organisation for Economic Co-operation and Development) countries.[*citation needed*] Furthermore, all new WtE plants in OECD countries must meet strict emission standards.[*citation needed*] Hence, modern incineration plants are vastly different from the old types, some of which neither recovered energy nor materials. Modern incinerators reduce the volume of the original waste by 95-96 %, depending upon composition and degree of recovery of materials such as metals from the ash for recycling.[2]

Concerns regarding the operation of incinerators include fine particulate, heavy metals, trace dioxin and acid gas emissions, even though these emissions are relatively low[3] from modern incinerators. Other concerns include toxic fly ash and incinerator bottom ash (IBA) management.[*citation needed*] Discussions regarding waste resource ethics include the opinion that incinerators destroy valuable resources and the fear that they may reduce the incentives for recycling and waste minimization activities.[*citation needed*] Incinerators have electric efficiencies on the order of 14-28%.[*citation needed*] The rest of the energy can be utilized for e.g. district heating, but is otherwise lost as waste heat.

The method of using incineration to convert municipal solid waste (MSW) to energy is a relatively old method of waste-to-energy production. Incineration generally entails burning garbage to boil water which powers steam generators that make electric energy to be used in our homes and businesses. One serious problem associated with incinerating MSW to make electrical energy, is the pollutants that are put into the atmosphere when burning the garbage that power the generators. These pollutants are extremely acidic and have been reported to cause serious environmental damage by turning rain into acid rain. One way that this problem has been significantly reduced is through the use of lime scrubbers on smokestacks. The limestone mineral used in these scrubbers is [illegible] of approximately

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8 which means it is a base. By passing the smoke through the lime scrubbers, any acids that may be in the smoke are neutralized which prevents the acid from reaching the atmosphere and hurting our environment. (Field) According to the New York Times, modern incineration plants are so clean that "many times more dioxin is now released from home fireplaces and backyard barbecues than from incineration."[4]

WtE technologies other than incineration [edit]

There are a number of other new and emerging technologies that are able to produce energy from waste and other fuels without direct combustion. Many of these technologies have the potential to produce more electric power from the same amount of fuel than would be possible by direct combustion. This is mainly due to the separation of corrosive components (ash) from the converted fuel, thereby allowing higher combustion temperatures in e.g. boilers, gas turbines, internal combustion engines, fuel cells. Some are able to efficiently convert the energy into liquid or gaseous fuels:

Thermal technologies:

- Gasification (produces combustible gas, hydrogen, synthetic fuels)
- Thermal depolymerization (produces synthetic crude oil, which can be further refined)
- Pyrolysis (produces combustible tar/biooil and chars)
- Plasma arc gasification PGP or plasma gasification process (produces rich syngas including hydrogen and carbon monoxide usable for fuel cells or generating electricity to drive the plasma arch, usable vitrified silicate and metal ingots, salt and sulphur)

Non-thermal technologies:

- Anaerobic digestion (Biogas rich in methane)
- Fermentation production (examples are ethanol, lactic acid, hydrogen)
- Mechanical biological treatment (MBT)
  - MBT + Anaerobic digestion
  - MBT to Refuse derived fuel

Global WTE developments [edit]

During the 2001-2007 period, the WTE capacity increased by about four million metric tons per annum. Japan and China built several plants that were based on direct smelting or on fluid bed combustion of solid waste. In China there are about 50 WTE plants. Japan is the largest user in thermal treatment of MSW in the world with 40 million tons. Some of the newest plants use stoker technology and others use the advanced oxygen enrichment technology. There are also over one hundred thermal treatment plants using relatively novel processes such as direct smelting, the Ebara fluidization process and the Thermo- select -JFE gasification and melting technology process.[5] In Patras, Greece, a Greek company just finished testing a system that shows potential. It generates 25kwatts of electricity and 25kwatts of heat from waste water.[6] In India its first energy bio-science center was developed to reduce the country's green house gases and its dependency on fossil fuel.[7]

Biofuel Energy Corporation of Denver, CO, opened two new biofuel plants in Wood River, NE, and Fairmont, MN, in July 2008. These plants use distillation to make ethanol for use in motor vehicles and other engines. Both plants are currently reported to be working at over 90% capacity. Fulcrum BioEnergy incorporated located in Pleasanton, CA, is currently building a WTE plant near Reno, NV. The plant is scheduled to open in early 2010 under the name of Sierra BioFuels plant. BioEnergy incorporated predicts that the plant will produce approximately 10.5 million gallons per year of ethanol from nearly 90,000 tons per year of MSW.(Biofuels News)

Waste to energy technology includes fermentation, which can take biomass and create ethanol, using waste cellulosic or organic material. In the fermentation process, the sugar in the waste is changed to carbon dioxide and alcohol, in the same general process that is used to make wine. Normally fermentation occurs with no air present. Esterification can also be done using waste to energy technologies, and the result of this process is biodiesel. The cost effectiveness of esterification will depend on the feedstock being used, and all the other relevant factors such as transportation distance, amount of oil present in the feedstock, and others.[8] Gasification and pyrolysis by now can reach thermal conversion efficiencies from of up to 75%, however a complete combustion is superior in terms of fuel conversion efficiency.[9] Some pyrolysis processes need an outside heat source which may be

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supplied by the gasification process, making the combined process self sustaining.

Carbon dioxide emissions [edit]

In thermal WtE technologies, nearly all of the carbon content in the waste is emitted as carbon dioxide (CO_2) to the atmosphere (when including final combustion of the products from pyrolysis and gasification). Municipal solid waste (MSW) contain approximately the same mass fraction of carbon as CO_2 itself (27%), so treatment of 1 metric ton (1.1 short tons) of MSW produce approximately 1 metric ton (1.1 short tons) of CO_2.

In the event that the waste was landfilled, 1 metric ton (1.1 short tons) of MSW would produce approximately 62 cubic metres (2,200 cu ft) methane via the anaerobic decomposition of the biodegradable part of the waste. This amount of methane has more than twice the global warming potential than the 1 metric ton (1.1 short tons) of CO_2, which would have been produced by combustion. In some countries, large amounts of landfill gas are collected, but still the global warming potential of the landfill gas emitted to atmosphere in e.g. the US in 1999 was approximately 32 % higher than the amount of CO_2 that would have been emitted by combustion.[10]

In addition, nearly all biodegradable waste is biomass. That is, it has biological origin. This material has been formed by plants using atmospheric CO_2 typically within the last growing season. If these plants are regrown the CO_2 emitted from their combustion will be taken out from the atmosphere once more.

Such considerations are the main reason why several countries administrate WtE of the biomass part of waste as renewable energy.[11] The rest - mainly plastics and other oil and gas derived products - is generally treated as non-renewables.

Determination of the biomass fraction [edit]

Several methods have been developed by the European CEN 343 working group to determine the biomass fraction of waste fuels, such as Refuse Derived Fuel/Solid Recovered Fuel. The initial two methods developed (CEN/TS 15440) were the **manual sorting method** and the **selective dissolution method**. A detailed systematic comparison of these two methods has been recently published.[12] Since each method suffered from limitations in properly characterizing the biomass fraction, two alternative methods have been developed.

The first method uses the principles of radiocarbon dating. A technical review (CEN/TR 15591:2007) outlining the carbon 14 method was published in 2007. A technical standard of the carbon dating method (CEN/TS 15747:2008) will be published in 2008. In the United States, there is already an equivalent carbon 14 method under the standard method ASTM D6866.

The second method (so called **balance method**) employs existing data on materials composition and operating conditions of the WtE plant and calculates the most probable result based on a mathematical-statistical model.[13] Currently the balance method is installed at three Austrian incinerators.

A comparison between both methods carried out at three full-scale incinerators in Switzerland showed that both methods came to the same results.[14]

Although carbon 14 dating can determine with some precision the biomass fraction of waste, it cannot determine directly the biomass calorific value. Determining the calorific value is important for green certificate programs such as the Renewable Obligation Certificate program in the United Kingdom. These programs award certificates based on the energy produced from biomass. Several research papers, including the one commissioned by the Renewable Energy Association in the UK, have been published that demonstrate how the carbon 14 result can be used to calculate the biomass calorific value. By contrast the balance method delivers all required information, namely, the ratio between biogenic and fossil energy production, as well as relative and total biogenic and fossil mass and carbon fractions. Moreover it requires no additional measurements and is therefore easy to install at low costs.

Examples of waste-to-energy plants [edit]

According to ISWA there are 431 WtE plants in Europe (2005) and 89 in the United States (2004).[15] Below is a list of a few examples of WtE plants.

- Edmonton Municipal Waste-to-Ethanol gasification Plant fuelled by 70 ty Singapore's first waste-to-energy

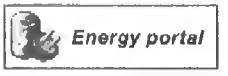
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construction by the end of 2009[16]

The following are examples of waste incineration WtE plants:

- Montgomery County Resource Recovery Facility in Dickerson, Maryland, USA (1995)
- Spittelau (1971), and Flötzersteig (1963), Vienna, Austria (Wien Energie)
- SYSAV in Malmö (2003 and 2008), Sweden (Flash presentation)
- Algonquin Power, Brampton, Ontario, Canada [17]
- Teesside EfW plant near Middlesbrough, North East England (1998)
- Edmonton Incinerator in Greater London, England (1974)

See also [edit]



- Biohydrogen production
- Biomass
- Cogeneration
- Energy recycling
- List of solid waste treatment technologies
- Manure-derived synthetic crude oil
- Refuse-derived fuel
- Relative cost of electricity generated by different sources
- Waste management

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4. ^ http://www.nytimes.com/2010/04/13/science/earth/13trash.html?scp=1&sq=trash&st=cse
5. ^ columbia university
6. ^ clean-tech-Greece
7. ^ clean-tech- India
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- "Waste to Ethanol." Centurymarc. 2007. 10

External links [edit]

- Waste-to-Energy Research and Technology Council
- WtERT Germany
- LowCarbonEconomy.com
- Gasification Technologies Council

v · d · e	Topics related to waste management
Anaerobic digestion · Composting · Downcycling · Eco-industrial park · Incineration · Landfill · Materials recovery facility · Mechanical biological treatment · Radioactive waste · High-level radioactive waste management · Recycling · Regift · Reuse · Septic tank · Sewerage · Upcycling · Waste · Waste collection · Waste hierarchy · Waste legislation · Waste management · Waste management concepts · Waste sorting · Waste treatment	

Categories: Bioenergy | Waste management | Waste treatment technology

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Memorandum

TO: Representative Pete Petersen
FROM: Roger Withington, Legislative Analyst
DATE: October 24, 2011
RE: Permits Required for Waste-to-Energy Plants in Alaska
LRS Report 12.041

You asked for information regarding waste-to-energy electrical generation plants. Specifically, you asked for the list of permits—both federal and state—required to construct and operate a waste-to-energy electrical generation plant in Alaska. You also asked how long the permitting process would take.

Generally, waste-to-energy electrical generation is the process of creating electricity or heat from the incineration of waste. For the most part, waste-to-energy processes produce electricity directly from the combustion of waste or from the combustion of a fuel, such as methane, extracted from decomposing waste. The Alaska Energy Authority classifies municipal waste as a biomass fuel, along with wood, sawmill waste, and fish byproducts.[1]

Devany Plentovich, Program Manager for the Alaska Energy Authority, provided us with a list of permits that a potential waste-to-energy project in Alaska would need in order to be constructed and subsequently operate.[2] Ms. Plentovich cautions that there is no single source for all of the permit requirements and, because each project is unique, permitting is dependent on many variables such as the funding source, location, size, raw material supply, waste products, and the technology to be used. The table on the following page lists and describes the major permitting areas that must be considered when pursuing a waste-to-energy project. Please keep in mind that this list is likely not exhaustive and does not include any local construction and zoning ordinances that may affect the development of a waste-to-energy plant.

[1] The Alaska Energy Authority (AEA) was created in 1976 by the Alaska Legislature and is a public corporation of the state with a separate and independent legal existence. The mission of the Alaska Energy Authority is to reduce the cost of energy in Alaska. According to the AEA, approximately 650,000 tons of garbage is generated each year in Alaska and currently, there is no large scale recovery of energy from the burning of unsorted garbage. The AEA provides information on biomass energy at *http://www.akenergyauthority.org/programsalternativebiomass.html*.

[2] Devany Plentovich, Program Manager - Biomass/CHP, Alaska Energy Authority, (907) 771-3068.

Permitting Considerations for Waste-to-Energy Power Plants in Alaska	
Agency	**Summary**
Environmental Protection Agency	If the waste-to-energy project is on Federal land or is funded through a Federal source, it falls under the National Environmental Policy Act (NEPA) [42 U.S.C. 4321 et seq.], which establishes national environmental policy and goals for the protection, maintenance, and enhancement of the environment. To meet the NEPA requirements, all involved federal agencies prepare a detailed statement, known as an Environmental Impact Statement (EIS), assessing the environmental impact of, and the alternatives to, major federal actions that significantly affect the environment. The Environmental Protection Agency reviews and comments on the EISs prepared by the other federal agencies, maintains a national filing system for all EISs, and assures that its own actions comply with NEPA. *http://www.epa.gov/compliance/nepa/*
Alaska Department of Natural Resources	The Alaska Department of Natural Resources, Office of Project Management and Permitting (OPMP), coordinates the review of large scale projects. Because of the complexity and potential impact that waste-to-energy projects have on multiple divisions or agencies, these projects typically benefit from a single primary point of contact to facilitate interagency coordination and a cooperative working relationship with the project proponent. *http://dnr.alaska.gov/commis/oprnp/* In addition, the Alaska State Historic Preservation Office becomes involved with archaeological and historical resources. *http://dnr.alaska.gov/parks/oha/shpo/shpo.htm*
Alaska Department of Environmental Conservation	Air quality permitting is required for most waste-to-energy projects through the Alaska Department of Environmental Conservation's (DEC) Air Permit Program, which is divided into two categories: Title I and Title V. New and existing facilities that propose to construct or modify a stationary source of air pollution would likely need a permit under Title I. The Title V program issues operating permits and emission limit permits. *http://dec.alaska.gov/air/ap/permit.htm* In addition, the DEC issues water use, solid waste, hazardous waste, and water treatment permits. *http://dec.alaska.gov/index.htm*
Alaska Division of Fire and Life Safety	The Alaska Division of Fire and Life Safety Construction must approve the repair, remodel, addition, or change of occupancy of any building or structure, or the installation or modification of a fuel tank. *http://www.dps.alaska.gov/fire/PRB/*
Regulatory Commission of Alaska	The Regulatory Commission of Alaska must issue a Certificate of Public Convenience and Necessity if the waste-to-energy project is to generate electricity. *http://rca.alaska.gov/RCAWeb/home.aspx*
Alaska Department of Fish and Game and the U.S. Fish and Wildlife Service	The Alaska Department of Fish and Game and the US Fish and Wildlife Service will be involved in any project with threatened or endangered species and habitat issues. *http://www.adfg.alaska.gov/index.cfm?adfg=license.main* *http://www.fws.gov/permits/*
U.S. Army Corps of Engineers	The Army Corps of Engineers requires permitting for wetlands and other protected areas. *http://www.poa.usace.army.mil/hm/default.htm*
Other possible agencies	The National Resources Conservation Services due to certain land development issues. *http://www.nrcs.usda.gov/* Federal Communications Commission for telecommunications interference and aviation considerations. *http://www.fcc.gov/* Alaska Department of Transportation and Public Facilities for right-of-way issues and transportation of hazardous materials. *http://www.dot.state.ak.us/stwddes/dcsrow/index.shtml* Bureau of Alcohol, Tobacco, Firearms and Explosives for any process that requires distillation. *http://www.atf.gov/* U.S. Coast Guard for issues related to the barging of materials. *http://www.uscg.mil/*
Notes: **Source:**	This list is likely not exhaustive and does not include any local construction and zoning ordinances. Devany Plentovich, Program Manager - Biomass/CHP, Alaska Energy Authority, (907) 771-3068.

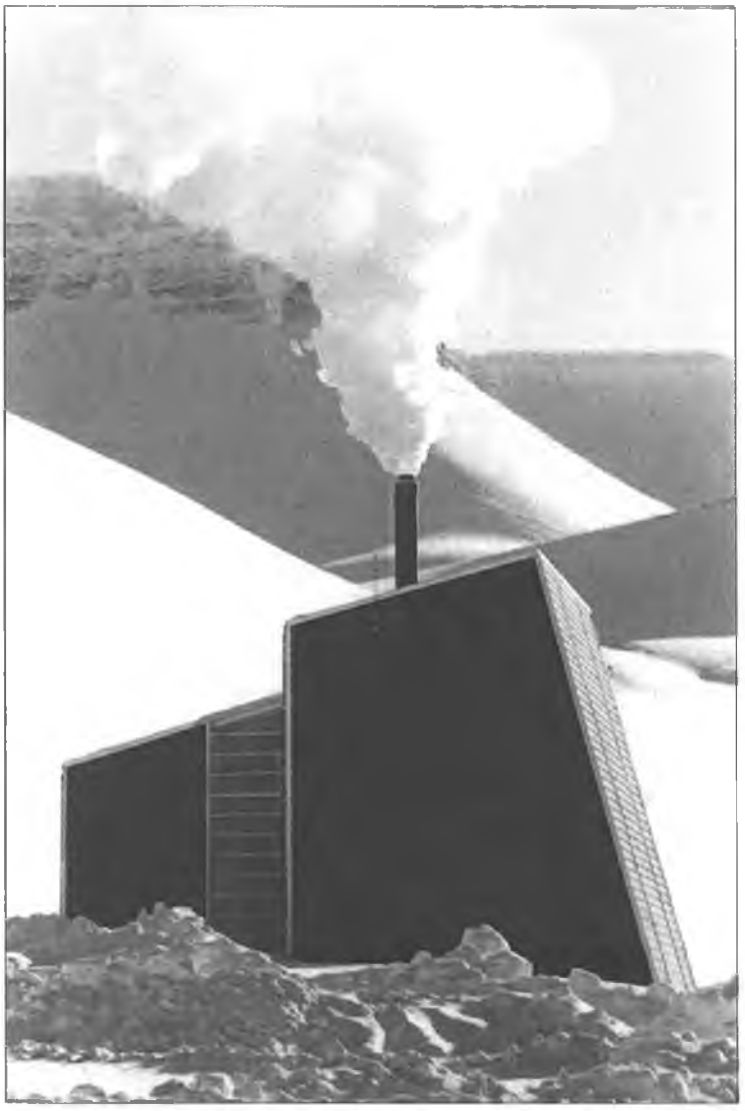
Tom Crafford, Director of the Office of Project Management and Permitting (OPMP), Alaska Department of Natural Resources, notes that his agency has not as yet been involved in the permitting of waste-to-energy electrical plants.[3] As a result, he is not able to provide us with an exhaustive list of necessary permits, nor an estimate of the length of time required to issue the permits. Mr. Crafford also notes that permitting for projects is often very project-specific and dependent on a number of factors, some of which may include:

- Whether the plant would be dedicated to a specific facility, such as a school, or be connected to a power grid;
- The anticipated electrical generation capacity of the proposed plant;
- The type of waste being considered as fuel;
- The ownership—public or private—of the plant;
- Whether the plant is to be located on state, private, federal or municipal land; and
- If transmission lines are required to deliver the electricity.

Mr. Crafford further notes that the project permitting timeline is generally dependent upon the number of permits and authorizations required by the project, the public notice and comment requirements necessitated by the project, the public support for and opposition to the project, the quality of permit applications, the experience of the applicants and their consultants, and whether or not permitting decisions are appealed.

We hope this is helpful. If you have questions or need additional information, please let us know.

[3] Tom Crafford, Director of the Office of Project Management and Permitting, Alaska Department of Natural Resources, (907) 269-8629.



MUNICIPAL AND INDUSTRIAL WASTE INCINERATION PLANT

Funi Waste Management Company is owned by Ísafjörður municipality in north west Iceland, serving seven communities in and around the town of Ísafjörður.

The waste stream is highly seasonal, averaging around 3,500 tonnes of waste annually. The plant was originally supplied in accordance with local regulation, and was recently upgraded to comply with the European Waste Incineration Directive, 2000/76/EC.

The plant has a design capacity 700 kg/h at a calorific value of 11.5 MJ/kg, and produces district heating to the nearby community.

ENVIKRAFT A/S

Waste To Energy Systems



Envikraft A/S in Birkerød Denmark supplied the turn-key system for the treatment of domestic and industrial waste at FUNI Waste Management. In addition, the plant is capable of treating medical and animal carcass waste – a feature available only with our special designed refractory lined bed.

The scope

Fully automatic waste crane, waste hopper, incinerator, ash and slag transportation, hot water boiler system, fluegas treatment system, adsorption system with silos and dosing system and a system to supply district heating.

The complete plant is automatically controlled and monitored via a control system designed by **Envikraft**.

Special features

- ✓ Low fly ash carryover (app. 300 mg/Nm^3 at incinerator outlet)
- ✓ Efficient burnout of particles
- ✓ Efficient burnout of bottom ashes

Main plant data

Nominal capacity	700 kg/h
Waste calorific value	11.5 MJ/kg $_{Av}$
Boiler output	1,6 MW
Pressure	6 bar$_g$
Water production	68 m^3/h
District heating production	1.5 MW

Emissions to air*

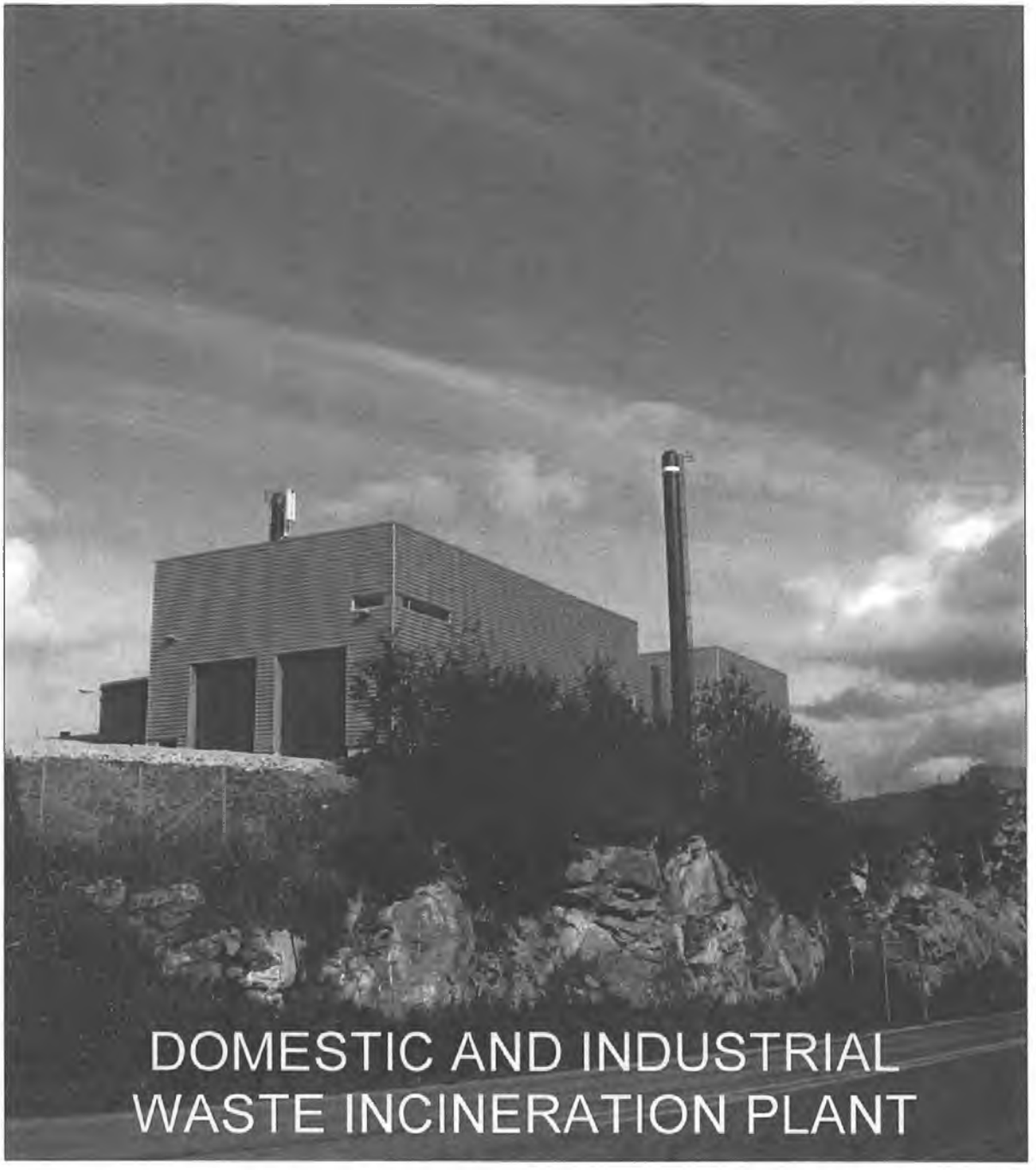
Dust	10	mg/Nm^3
TOC	10	mg/Nm^3
HCL	10	mg/Nm^3
HF	1	mg/Nm^3
SO_2	50	mg/Nm^3
NO_x	400	mg/Nm^3
CO	50	mg/Nm^3
Hg	0.1	mg/Nm^3
Dioxins	0.1	ng/Nm^3

** Standardized at 273 °K, 101.3 kPa, 11 % oxygen, dry gas.*

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In 2005, Senja Avfallselskap contracted their new waste to energy plant with Envikraft A/S. Senja Avfallselskap is an intermunicipal company owned by a number of municipalities in northern Norway.

The company treats up to 16,000 tonnes of waste annually, and it is the first waste treatment company in the region to build a new modern waste incineration plant in accordance with the European directive on waste incineration, Directive 2000/76/EC. The plant is the only licensed MSW plant in Norway approved to co-treat medical-, animal and other hazardous waste types.

The plant has a design capacity 2 t/h at a calorific value of 11.5 MJ/kg, and produces both electricity and district heating.

ENVIKRAFT A/S

Waste To Energy Systems



Envikraft A/S in Birkerød Denmark supplies a turn-key system for the treatment of domestic and industrial waste at Senja Avfallselskap. In addition, the plant is capable of treating medical and animal carcass waste – a feature available only with our special designed refractory lined bed.

The scope

Fully automatic waste crane, waste hopper, incinerator, ash and slag transportation with separator for metals, steam boiler system with ECO part, fluegas treatment system, adsorption system with silos and dosing system, SNCR technology for the reduction of NO_x, steam engine and power generator and district heating supply system.

The complete plant is controlled and monitored via a SCADA system designed by **Envikraft**.

Special features

- ✓ Low fly ash carryover (app. 300 mg/Nm^3 at incinerator outlet)
- ✓ Efficient burnout of particles
- ✓ Efficient burnout of bottom ashes
- ✓ Separate boiler system minimizes risk of corrosion

Main plant data

Nominal capacity	2 t/h
Waste calorific value	11.5 MJ/kg $_{Av}$
Steam quality	Saturated steam
Pressure	13 bar$_g$/195 °C
Steam production	7 t/h
Power production	318 kW$_{el}$
District heating production	4.5 MW

Emissions to air* - guarantee values

Dust	4	mg/Nm^3
TOC	8	mg/Nm^3
HCL	10	mg/Nm^3
HF	0,5	mg/Nm^3
SO_2	50	mg/Nm^3
NO_x	200	mg/Nm^3
CO	50	mg/Nm^3
Hg	0.04	mg/Nm^3
Dioxins	0.1	ng/Nm^3

** Standardized at 273 °K, 101.3 kPa, 11 % oxygen, dry gas.*

Emissions to water

None

Bregnerødvej 144
DK 3460 Birkerød

Tel. +45 4582 6161
Fax +45 4582 6191

www.envikraft.com
envikraft@envikraft.dk

Cleaner waste-to-energy in Finnish Lahti

While demands for climate change mitigation grow tighter, Lahti Energia, an energy company in southern Finland is doing its bit to clean the air. Equipped with the newest gasification techniques and a long-term loan from NIB, a new waste-to-energy power plant is expected to substantially decrease annual CO2 emissions in the region.

Lahti Energia, the local energy company owned by the City of Lahti, is currently building a new waste-to-energy plant, due to be ready for commercial use in spring 2012. The project is partly financed with a NIB loan of EUR 50 million.



Construction of the new power plant.
Photos: Nina Näsman

Burning waste for energy has previously been seen as ineffective and polluting. Attitudes towards it, however, have begun to change as national as well as international plans for better waste treatment and new, cleaner technologies have been developed.

Lahti Energia has been one of the first energy companies in the world to use gasification as a method for combustion. The new power plant will also be equipped with gas cleaners and coolers. That needs to be done in order to reduce harmful emissions. This is the first time a similar process is in commercial use in Finland.

Thanks to the innovative features, the new power plant has become an EU showcase. According to Janne Savelainen, CEO of Lahti Energia, this signifies increased visibility and continuous interest from abroad.



"Many different actors, including technology developers, investors and customers, share our goal of developing energy production technologies that can produce energy from poorer fuels in a more environmentally friendly and highly efficient way," Savelainen says.

The choice to use waste as fuel was obvious for Lahti Energia, due to its location in the Päijät-Häme region where most waste is efficiently sorted. The waste that would otherwise be deposited into landfills comes from business, industry and households in the region.

Current annual fuel consumption of waste is around 100,000 tonnes at Lahti Energia, while the new plant will utilise 250,000 tonnes of recycled waste annually. According to Savelainen, this is about 10% of total municipal waste suited for incineration in Finland.

The combined heat and power plant will have an estimated production capacity of 50MW of electricity and 90MW of district heat, enough capacity to reach most households, businesses and industry in the Lahti region.

The new power plant is rising next to Lahti Energia's old coal-fired power plant, thus utilising established infrastructure and power networks. The shift from mainly coal to waste-fuelled energy production also means that there is roughly a 50% drop in the need for fossil fuels in the Lahti region, further translating into decreased annual CO2 emissions.

Savelainen believes in a bright future for waste-to-energy power plants, as people learn to utilise waste more efficiently and favour green investments for future generations.

Thus in a few years time, when the new waste-to-energy plant is ready for use, residents and businesses in the Lahti region can rest assured that their recycling efforts have not been a waste of energy.

Sep 2010

◂ Back to cases and feature stories

◂ Back to the top

NIB Generated from the Nordic Investment Bank's website
http://www.nib.int/news_publications/cases_and_feature_stories/209/cleaner_waste-to-energy_in_finnish_lahti

1730 RHODE ISLAND AVENUE, NW
SUITE 700
WASHINGTON, DC 20036

WWW.ENERGYRECOVERYCOUNCIL.ORG

ENERGY RECOVERY COUNCIL

March 22, 2011

Representative Pete Petersen
Alaska House of Representatives
State Capitol, Room 422
Juneau, AK 99801-1182

Dear Representative Petersen:

On behalf of the Energy Recovery Council (ERC), I would like to take this opportunity to commend you for introducing House Concurrent Resolution 10 (HCR 10) and to offer our support for the resolution. The waste-to-energy sector generates clean, renewable energy across the United States while providing communities with and responsible and sustainable waste management alternative.

ERC is a national trade group representing companies and communities engaged in the waste-to-energy sector. Waste-to-energy facilities generate renewable electricity using modern combustion technology equipped with state-of-the-art emissions control systems. ERC members include: Covanta Energy Corporation, Wheelabrator Technologies Inc., Babcock & Wilcox, several dozen businesses and organizations in the municipal solid waste (MSW) management and energy fields, and 28 municipalities that are served by waste-to-energy plants.

ERC supports your resolution which would encourage the State of Alaska, its municipalities, and private organizations to consider waste-to-energy to help meet your energy and waste management needs. Waste-to-energy facilities across the country—and, in fact, the world—have helped communities manage their trash in a sustainable manner that complements recycling and reduces the demand for landfilling. In fact, the U.S. Environmental Protection Agency's solid waste hierarchy stipulates that waste-to-energy is preferable to landfills. In addition, EPA has stated that waste-to-energy facilities produce electricity "with less environmental impact than almost any other source of electricity." Alaska would benefit greatly from generating energy from waste.

In conclusion, ERC supports HCR 10 and urges the Alaska legislature to adopt it quickly. If I can be of any assistance, please do not hesitate to contact me at (202) 467-6240 or tmichaels@energyrecoverycouncil.org.

Sincerely,

Ted Michaels
President

HJR 17

<TARGET><BILL>HJR 17</BILL><SUBJECT>HJR 17</SUBJECT><COMM>HCRA27</COMM></TARGET>

HOUSE COMMITTEE REPOI

(7)
Date Referred to Committee: March 7, 2011 **FURTHER REFERRALS: Resources**

Date of Committee Action: 3·15·11

The COMMUNITY AND REGIONAL AFFAIRS Committee considered: **HJR 17**

HOUSE JOINT RESOLUTION NO. 17
Urging the United States Congress to pass legislation concerning regulation of drinking water and wastewater treatment by the United States Environmental Protection Agency.

HJR 17 WATER & WASTE WATER REGULATION

Recommends it be replaced with [ ] HCS *or* [X] CS for HJR 17 ( )
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR [ ] Same Title [ ] New Title

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

***NEW* FISCAL NOTES**
*FN# is assigned by Chief Clerk's Office

*FN#	List by Dept(s):	Fiscal	Indet.	Zero

***PREVIOUS* FISCAL NOTES**

FN#	List by Dept(s):	Fiscal	Indet.	Zero

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Alstorman	X			
	Dick	X			
Bonita Gardner	Gardner	X			
Jim Saddler	SADDLER	X			
Patricia Muñoz	Muñoz	X			
Chair:					
Chair:					

ALASKA STATE LEGISLATURE
HOUSE COMMUNITY & REGIONAL AFFAIRS

Representative Cathy Muñoz, Chair
State Capitol Building, Room 403
Juneau, Alaska 99801-1182
Phone (907) 465-3744
Fax (907) 465-2273
Rep.Cathy.Muñoz@legis.state.ak.us

Rep. Alan Austerman, Rep. Sharon Cissna, Rep. Alan Dick, Rep. Neal Foster
Rep. Berta Gardner, Rep. Dan Saddler

MEMORANDUM

Date: Feb 8, 2011

From: Rep. Cathy Muñoz, Chair

Re: EPA email response to (H)CRACommittee

Below is a response from the EPA to (H) CRA regarding the City of Unalaska EPA NPDES secondary treatment requirements. Please review and send comments to (H) CRA aide Terry Harvey. We are currently considering a letter to ADEC on this issue, as well as a possible resolution that could be sent to the EPA and our congressional delegation encouraging a reasonable outcome for all. While the response(s) below may allow the smaller villages to rest a little easier, they do not address the concerns raised by Unalaska and Cordova.

We sent several questions to EPA but they would only respond to this; **Who is in charge of enforcement under primacy, State of AK or EPA?**

From: Lauris Davies/R10/USEPA/US
To: Terry Harvey
Cc: Mike Bussell/R10/USEPA/US@EPA
Date: 02/07/2011 04:33 PM
Subject:EPA/ADEC jurisdiction

The most important citation is to CWA § 402 (i), 33 U.S.C. § 1342(i), which states that nothing in the provisions governing approval of a state's NPDES permitting program "shall be construed to limit the authority of the Administrator to take action" under the CWA's enforcement

provisions. In other words, EPA retains the same enforcement authorities it had before Alaska's NPDES program was approved.

I would add that in addition to EPA retaining its own enforcement authorities, EPA is often actually active in compliance and enforcement work in authorized states, including federal inspections, compliance assistance, and enforcement cases. Finally, EPA also serves an important role in overseeing the State's program, including the State's compliance and enforcement programs. For compliance and enforcement, all States are subject to regular reviews under EPA's State Review Framework, in addition to other ongoing oversight tools. EPA uses data and file reviews to assess a State's inspection coverage, adequacy of documentation, accuracy of the state's compliance data system, and whether enforcement actions are timely and appropriate. In instances where a state program falls short, EPA and the State work to identify corrective measures to ensure the State is implementing an effective compliance and enforcement program.

I hope this information explains the respective roles of the State and EPA in enforcing the Clean Water Act. Let me know if you have any further questions. Thanks!

Lauris C. Davies
Associate Director
Office of Compliance and Enforcement
EPA Region 10
(206) 553-2857 phone

To build some on Lauris' response below:

In our discussions with ADEC on the applicability of secondary treatment requirements in small remote villages, we have agreed with their thinking that pushing those villages to build secondary capacity at this time is not appropriate given the other health and environmental issues that need to be addressed. We have, however, also discussed with ADEC our thinking that some communities like Unalaska no longer fit within that circumstance and do need to be planning for secondary treatment. The Clean Water Act State Revolving Fund does provide financial support for these kind of projects.

From: Mike Bussell/R10/USEPA/US
(Mike Bussell is the EPA Region 10 Office of Water Director. His phone number is (206) 553-4198.)

Terry Harvey 465-3882 for additional info.

STATE OF ALASKA
DEPT. OF ENVIRONMENTAL CONSERVATION
OFFICE OF THE COMMISSIONER

SEAN PARNELL, GOVERNOR

410 Willoughby Avenue, Suite 303
Post Office Box 111800
Juneau, Alaska 99811-1800
Phone: 907-465-5066
Fax: 907-465-5070
www.dec.state.ak.us

March 2, 2011

Dennis McLerran, Regional Administrator
U.S. Environmental Protection Agency, Region 10
Regional Administrator's Office, RA-140
1200 Sixth Avenue, Suite 900
Seattle, WA 98101

Re: Unalaska Sewage Treatment and Waivers

Dear Mr. McLerran:

I am writing about the permit for the City of Unalaska treated sewage discharge and the more general topic of sewage treatment waivers in Alaska. You and I have discussed these related topics a number of times. Although we have covered much of what follows in our conversations, I write to provide additional detail and to make the State's views as clear as possible. I also reiterate our offer for the Alaska Department of Environmental Conservation (DEC) to assume a lead role in addressing enforcement of all outstanding permit violations.

As you know, the National Pollutant Discharge Elimination System (NPDES) permit for the Unalaska sewage treatment plant discharge was effective in 2004. We certified the permit under Section 401 of the Clean Water Act at the time of issuance. Upon our certification, the permit also became a legally enforceable state permit under state law.

Under the terms of our 2008 NPDES Memorandum of Agreement (MOA), authority for the permit transferred to DEC on October 31, 2008 (recognizing that EPA retains authority to enforce Clean Water Act violations upon satisfying certain procedural obligations). The permit was subsequently administratively extended.

While the permit was still under EPA jurisdiction between 2004 and 2008, the City reported apparent violations of the permit effluent limits and EPA has a pending enforcement action to address the apparent violations.

As part of settlement discussions, EPA has indicated that the City could seek to reduce monetary aspects of the settlement by proposing to upgrade its sewage treatment level from primary treatment to enhanced primary or secondary

treatment. At the same time, EPA has advised us generally that it envisions a change in its policy of waiving secondary treatment requirements for Unalaska and certain other Alaskan communities.

In our view, there are two issues. There is the specific issue of addressing the apparent Unalaska permit violations and the much broader issue of whether to change the EPA policy that allows Unalaska and other Alaskan communities to provide less than secondary treatment of their domestic wastewater.

As for the narrower issue of the permit violations, I reiterate my proposal that EPA suspend its pending enforcement action and allow DEC to assume responsibility for enforcing violations of the state permit prior to October 31, 2008 and for subsequent violations of the NPDES permit under state jurisdiction. We see several advantages to this approach.

First, DEC will be able to achieve our shared goal of full compliance with the permit faster than EPA. EPA has yet to contend with apparent violations that occurred seven years ago and we are very concerned that the current enforcement efforts may not lead to an efficient and timely result.

Second, we can address all permit violations between 2004 and the present in a single enforcement action whereas the EPA can only address violations occurring before October 31, 2008 when the permit was under federal jurisdiction without invoking procedural requirements for enforcing the terms of a state NPDES permit.

Third, we have years of experience and a deep understanding of the situation in Unalaska. As you know, the facilities program in our Division of Water has been funding and overseeing construction of hundreds of water and sewer projects throughout rural Alaska for the last thirty years. That knowledge will enable us to fashion a response to the violations that is timely, effective and reasonable.

Fourth, facility improvements stemming from our enforcement action will almost certainly be financed in part through DEC programs. We can work with our state Legislature and others on needed funding priorities. DEC's role will not begin and end with an enforcement action. We will be engaged every step of the way until improvements have been completed and are operating.

Fifth, we assume EPA would prefer to avoid the expense and uncertainty of potential litigation if a responsible settlement can be reached. For the reasons already stated, we believe DEC is in a better position to negotiate such a resolution.

Given an opportunity, we are prepared to develop and offer to the City within the next three weeks a state Compliance Order by Consent (COBC) that would settle

all past and ongoing permit violations and require sewage treatment facility upgrades to allow the City to reliably comply with the terms of the 2004 permit.

The terms we would propose include:

- A proposed monetary penalty calculated in accordance with procedures specified in the 2008 MOA.
- A requirement that the community complete, in accordance with a reasonable yet aggressive schedule, specified planning, design and construction steps to upgrade the wastewater treatment facility so that it can reliably meet the 2004 effluent limits.
- Any interim measures we might identify that the City could take to improve the quality of the discharge pending completion of upgrades or to monitor impacts on the receiving environment.

In our view, EPA has nothing to lose in allowing the State an opportunity to address the permit violations. Should EPA find DEC's actions inadequate in the end, EPA retains the ability to pursue a separate enforcement action.

As we have discussed, the larger question of whether to continue to provide waivers of secondary treatment requirements for the City of Unalaska and other Alaskan communities involves many fiscal, environmental, health and policy questions that warrant an open, deliberative process with the state and its communities. We also expect EPA would wish to consult with Alaska tribes.

As made clear in the 1979 Federal Register notice, establishing the current EPA policy for wastewater treatment in rural Alaska communities, Congress had acknowledged that the communities have more immediate needs for providing human health protection than providing secondary treatment of wastewater. Today these communities still face immense challenges stemming from energy costs that are unheard of elsewhere in the U.S., tremendous diseconomies of scale, unparalleled construction costs due to short construction seasons and the cost of transporting materials to truly remote locations, and declining financial aid. At the same time, these communities are contending with mounting requirements to upgrade not just wastewater treatment facilities but all forms of environmental infrastructure including drinking water and solid waste management systems. In many respects, the situation has not changed. The communities are still forced to choose among competing health and environmental priorities in light of limited financial resources. EPA still needs to be able to exercise discretion to assure that highest priority needs are met first.

Certainly, a broader discussion is indicated before EPA starts moving in a new direction on allowing secondary treatment waivers. We are prepared to work with you and all stakeholders on developing an inclusive and informed process for such

a discussion. We also need to recognize the possibility of policymaking through federal legislation.

I would appreciate your further consideration of the two courses of action I outline above. Please do not underestimate the importance of EPA's actions in Unalaska to the State of Alaska and its communities. We remain concerned that EPA's actions to date are not the most effective means to achieve clean water goals. We stand ready to work with you but we need some indication that EPA is willing to consider our input and alternative paths.

Sincerely,

Larry Hartig
Commissioner

ALASKA STATE LEGISLATURE
HOUSE COMMUNITY & REGIONAL AFFAIRS

Representative Cathy Muñoz, Chair
State Capitol Building, Room 403
Juneau, Alaska 99801-1182
Phone (907) 465-3744
Fax (907) 465-2273
Rep.Cathy.Muñoz@legis.state.ak.us

Rep. Alan Austerman, Rep. Sharon Cissna, Rep. Alan Dick, Rep. Neal Foster
Rep. Berta Gardner, Rep. Dan Saddler

HJR 17 Water & Wastewater Regulation Sponsor Statement

This resolution urges Congress to bring forth legislation that would direct the Environmental Protection Agency (EPA) to provide consistent and reasonable standards in their regulation of drinking water and wastewater discharge in Alaska.

Communities across Alaska have historically struggled with Federal policy that fails to recognize geographical, economic, and environmental challenges unique to our state. The Alaska State Legislature, through this resolution, identifies the Alaska Department of Environmental Conservation (ADEC) as best suited to remain the primary regulatory agency in Alaska to administer State & Federal drinking water and wastewater guidelines. HJR 17 encourages policy that will continue to allow 76 coastal communities to work with the ADEC to maintain reasonable & preferential management of water and wastewater systems.

Current changes in EPA policy are creating an uncertain future for many Alaskan communities. The House Community & Regional Affairs Committee feels strongly it is time for intervention from our Congress directing the EPA to identify practical standards for different regions in the country and to work with individual states through a consistent and sensible manner.

HJR 17 sends a strong message of concern from the Alaska State Legislature to Congress, the President, and other state legislatures in our country. Our Alaskan communities depend on federal regulatory agencies such as the EPA to understand and recognize the challenges we face in Alaska to survive. HJR 17 urges Congress to take appropriate measures to assure communities in Alaska may participate and create common sense solutions for a healthy environment.

Terry Harvey 465-3882 for additional info.

"Incredibly expensive" Cordova = $10,000,000 needed to upgrade

Unalaska = $52,000,000 by 2014

Deadline for waiver has expired 30 H Waiver

EPA no longer recognizing waiver R

27-LS0573\B

HOUSE JOINT RESOLUTION NO. 17

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Introduced: 3/7/11
Referred: Community and Regional Affairs, Resources

A RESOLUTION

Urging the United States Congress to pass legislation concerning regulation of drinking water and wastewater treatment by the United States Environmental Protection Agency.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS the Alaska Department of Environmental Conservation has had the primary enforcement responsibility for regulating public drinking water systems since 1978; and

WHEREAS the United States Environmental Protection Agency approved the Department of Environmental Conservation's program for primacy on regulating wastewater discharge and drinking water; and

WHEREAS it is the policy of the state to conserve, improve, and protect its natural resources and environment and to control water, land, and air pollution to enhance the health, safety, and welfare of the people of the state and their overall economic and social well-being; and

WHEREAS, on January 18, 2011, President Barack Obama signed Executive Order 13563 to improve regulation and regulatory review in government, which directs federal agencies to identify the best, most innovative, and least burdensome tools for achieving

regulatory ends while taking into account the benefits and costs; and

WHEREAS, in 33 U.S.C. 1251 - 1387 (Federal Water Pollution Control Act) (Clean Water Act), as amended, the United States Congress declared that it is the policy of the United States Congress to recognize, preserve, and protect the primary responsibilities and rights of states to prevent, reduce, and eliminate pollution and to plan the development and use of land and water resources; and

WHEREAS over-regulating and using unnecessary standards by the United States Environmental Protection Agency in the state will create an increased cost of living for the residents of small communities in the state, where the cost of living is already burdensome; and

WHEREAS the United States Environmental Protection Agency has adopted regulations and established policies relating to the treatment of drinking water and wastewater that will have a major effect on the economies of and jobs in small communities in the state and will limit the ability of small communities to address other priorities; and

#1 **WHEREAS** federal funding for state village sanitation projects declined by more than 42,500,000 $49,000,000 between 2004 and 2011; and

WHEREAS the President's proposed budget for the federal fiscal year starting FY 2012 ~~October 1, 2011~~, reduces nationwide funding for the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund by nearly $950,000,000; and

WHEREAS the Republican caucus in the United States House of Representatives has proposed to cut an additional $950,000,000 in funding for the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund;

BE IT RESOLVED that the Alaska State Legislature urges the United States Congress to pass legislation that provides reasonable standards for the treatment of drinking water and wastewater treatment for communities in different regions of the country and with different population sizes; and be it

FURTHER RESOLVED that the Alaska State Legislature urges the United States Congress to pass legislation imposing a moratorium that prohibits the United States Environmental Protection Agency from adopting a new policy or adopting new regulations concerning drinking water and wastewater treatment for a period of at least two years except to directly address an imminent health or environmental emergency; and be it

or to make the regulations.

FURTHER RESOLVED that the Alaska State Legislature urges the United States Congress to pass legislation requiring the United States Environmental Protection Agency to identify all regulatory activity concerning drinking water or wastewater treatment that the United States Environmental Protection Agency plans to undertake during the next 10 years and, using multiagency expertise and objective cost-benefit analyses, to describe the cumulative effect that the planned United States Environmental Protection Agency regulation will have on state and local governments.

COPIES of this resolution shall be sent to the Honorable Barack Obama, President of the United States; the Honorable Joseph R. Biden, Jr., Vice-President of the United States and President of the U.S. Senate; the Honorable John Boehner, Speaker of the U.S. House of Representatives; the Honorable Lisa P. Jackson, Administrator of the U.S. Environmental Protection Agency; the Honorable Lisa Murkowski and the Honorable Mark Begich, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress; and the presiding officers of the legislatures of each of the other 49 states.

CS FOR HOUSE JOINT RESOLUTION NO. 17(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

A RESOLUTION

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WHEREAS, on January 18, 2011, President Barack Obama signed Executive Order 13563 to improve regulation and regulatory review in government, which directs federal agencies to identify the best, most innovative, and least burdensome tools for achieving

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WHEREAS, in 33 U.S.C. 1251 - 1387 (Federal Water Pollution Control Act) (Clean Water Act), as amended, the United States Congress declared that it is the policy of the United States Congress to recognize, preserve, and protect the primary responsibilities and rights of states to prevent, reduce, and eliminate pollution and to plan the development and use of land and water resources; and

WHEREAS over-regulating and using unnecessary standards by the United States Environmental Protection Agency in the state will create an increased cost of living for the residents of small communities in the state, where the cost of living is already burdensome; and

WHEREAS the United States Environmental Protection Agency has adopted regulations and established policies relating to the treatment of drinking water and wastewater that will have a major effect on the economies of and jobs in small communities in the state and will limit the ability of small communities to address other priorities; and

WHEREAS federal funding for state village sanitation projects declined by more than $42,500,000 between 2004 and 2011; and

WHEREAS the President's proposed budget for the federal fiscal year 2012 reduces nationwide funding for the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund by nearly $950,000,000; and

WHEREAS the Republican caucus in the United States House of Representatives has proposed to cut an additional $950,000,000 in funding for the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund;

BE IT RESOLVED that the Alaska State Legislature urges the United States Congress to pass legislation that provides reasonable standards for the treatment of drinking water and wastewater treatment for communities in different regions of the country and with different population sizes; and be it

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COPIES of this resolution shall be sent to the Honorable Barack Obama, President of the United States; the Honorable Joseph R. Biden, Jr., Vice-President of the United States and President of the U.S. Senate; the Honorable John Boehner, Speaker of the U.S. House of Representatives; the Honorable Lisa P. Jackson, Administrator of the U.S. Environmental Protection Agency; the Honorable Lisa Murkowski and the Honorable Mark Begich, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress; and the presiding officers of the legislatures of each of the other 49 states.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version **CS HJR 17**
() Publish Date

CSHJR 17 3-15-11
Title Water & Wastewater Regulation
Dept. Affected
Appropriation
Allocation
Sponsor House Community & Regional Affairs Committee
Requester Chair Munoz
OMB Component Number

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES	**0.0**						
CHANGE IN REVENUES	**0.0**						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other (please identify)							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

Prepared by Terry Harvey - Com Aide
Division
Phone 3744
Date/Time
Approved by Rep M. Chair Munoz
Date

(Revised 1/27/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. _____

Analysis

City of Unalaska is currently out of compliance with a NPEDS permit issued by EPA in 2004. The City built a new plant that came on line in the year 2000 under a primary treatment permit. Both EPA and ADEC signed the permit in 2000.

The NPEDS permit issued in 2004 was interpreted by EPA as requiring the City to plan, design and build an entirely new treatment plant to go from standards for primary treatment to standards above primary treatment (so-called "enhanced primary" treatment) in less than ninety days! The 2004 permit will require the city to spend approximately $12 to $15 million dollars to build a new plant to meet the current permit and will create sludge that must be handled properly. The new plant will result in a dramatic increase to operating costs and in turn result in rate shock to consumers. Residents of Unalask already pay $54 per month.

The EPA has told ADEC the City's next permit will require construction of a secondary treatment plant by 2014. Secondary treatment will produce more sludge than primary treatment. Preliminary costs for construction could easily exceed $20 million. Sludge would need to be disposed of at the city's landfill.

The City owns and operates the landfill facility which includes lined cells by EPA regulation. The cost of landfilling the sludge will be in excess of $500K per year

Even without a new sewage treatment plant, a new landfill cell must be constructed by 2013. Project involves moving a road and providing for leachate holding tank at an estimated cost of $8.5 million. The addition of sludge will result in reducing the life of the landfill by a third.

In addition to the two projects listed above a new water plant must be constructed by 2014 due to EPS's LT2 rule concerning elimination of cryptosporidium. Estimated cost $9.5 million must be on line by 2014.

A complete retrofit of our plant built in 2000 will be required for either advanced primary and/or secondary treatment. Secondary treatment will cost $20 million. This does not include operational costs. A facilities plan is currently being developed by consultants to meet the 2014 deadline.

City of Unalaska had been operating under rules made in 1979 which exempted 76 coastal communities from asking for a waiver from a secondary treatment requirement under the clean water act.

ADEC has primacy for issuing sewage discharge permits now but is being told by EPA they cannot issue any permit for any of the 76 coastal communities given a waiver in 1979 unless the ADEC permit requires secondary treatment, this could have a huge negative impact on the communities on this list requiring large sums of money.

HJR

24

<TARGET><BILL>HJR 24</BILL><SUBJECT>HJR 24</SUBJECT><COMM>HCRA27</COMM></TARGET>

ALASKA STATE LEGISLATURE

Interim:
P.O. Box 109
Wrangell, AK 99929
Phone: (907) 874-3088
Fax: (907) 874-3055

Session:
State Capitol, Room 406
Juneau, AK 99801-1182
Phone: (907) 465-3824
1-800-686-3824
Fax: (907) 465-3175

REPRESENTATIVE PEGGY WILSON
HOUSE DISTRICT 2

SPONSOR STATEMENT
House Joint Resolution 24

"Urging the United States Congress to reauthorize the Secure Rural Schools and Communities Self-Determination Act of 2000"

HJR 24 urges the President and the United States Congress to authorize a secure and sustained funding mechanism to support public education in Alaska.

In 1908, the federal government established the National Forest Receipts Program, which provided support for schools and roads in America's rural communities - those that were surrounded by the newly created National Forests. Congress recognized the fact that communities located in these areas would be deprived of opportunities for economic development and much-needed tax revenues that would otherwise be possible if the land were privately owned. Through this program, 25% of the annual income earned from activities within a national forest was shared with the states for distribution to the boroughs and cities located within the national forest.

In 1999, Congress recognized the adverse consequences of recent legislation that resulted in declining timber sales and significantly declining revenues to rural communities. The 2000 Secure Rural Schools and Community Self-Determination Act (SRSCA) was created to provide annual safety-net payments to support rural schools and roads, based on historic timber revenue levels between 1986 and 1999.

The situation in these rural communities has not changed. They are still surrounded by national forests rather than privately-owned land, and still not able to collect taxes from private enterprises on those forest lands. However, the agreement from the federal government is about to sunset. Payments from the Secure Rural Schools Act have declined each year, by design, and the Act is scheduled to end in September 2011.

Many of Alaska's rural communities are surrounded by either the Tongass National Forest or the Chugach National Forest, making them highly dependent on the federal government for continued support for roads and schools. This Resolution urges the United States President and the United States Congress to sign into law a long-term authorization of the Secure Rural Schools and Communities Self-Determination Act.

SITKA SCHOOL DISTRICT

www.ssd.k12.ak.us

300 Kostrometinoff



Sitka, Alaska 99835
Phone: (907) 747-8622
Fax: (907) 966-1260

April 1, 2011

Representative Peggy Wilson
State Capitol Room 408
Juneau AK, 99801

Dear Representative Wilson,

The Sitka School District has actively worked to support reauthorization of the federal Secure Rural Schools and Communities Act (SRSCA) of 2000. To that end, the Sitka School District is a member of the National Forest Counties and Schools Coalition (NFCSC), and I, Lon Garrison am a member of their Board of Directors representing the Alaskan education sector. We as a local school board, feel it is imperative that the US Congress and the President abide by the compact forged in 1908 when the federal government acquired lands for public use and committed 25% of the revenue from those lands to support local communities and schools.

Sitka, along with most Southeast communities resides in the heart of the largest national forest in the nation, the Tongass National Forest, and yet does not receive any of the 25% revenue from these public lands because resource development, especially timber, is no longer viable. Without the ability to develop, extract and sell these resources, communities such as Sitka must rely on the federal government to provide an alternate source of revenue to support our local infrastructure and schools. Thus Secure Rural Schools funding is imperative to us.

Working with the NFCSC board and their associated Partnership for Rural America campaign, have been able to get the Obama administration to budget for a five year reauthorization of the Secure Rural Schools and Communities Act, with the 2012 year funded at $328 million and ramping down to zero over five years. While not funded at the level we had hoped, this is a start. Unfortunately, Title I funds for schools and roads declines quickly while money for Title II (resource development funds) increases. The following table provides an overview of what this means to both the Sitka School District and the state as a whole:

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2012 SRSCA Reauthorization in the President's Budget

Year	Sitka Total	Title I (schools & Roads)	Title II (USFS RAC projects)	Sitka Schools Dist. Title I share	Statewide Total
2012	$1,361,227	$944,525	$416,702.10	**$472,262**	$17,656,631.09
2013	$1,266,774	$850,072	$416,702.10	**$425,036**	$16,431,476.72
2014	$1,054,256	$637,554	$416,702.10	**$318,777**	$13,674,885.62
2015	$894,868	$478,166	$416,702.10	**$239,083**	$11,607,436.79
2016	$775,326	$358,624	$416,702.10	**$179,312**	$10,056,849.18
totals	**$5,352,452**	**$3,268,941**	**$2,083,511**	**$1,634,471**	**$69,427,279**

As you can see, SRSCA provides significant funds for education and infrastructure to our community that we would otherwise not receive. For the State of Alaska, over a 5 year period this will mean over $69 million to forested communities. The Sitka School Board has expended significant funds, time and effort on our own behalf and on behalf of all forested communities in this state to persuade the federal government to live up to the compact of 1908.

As a board, we urge legislative support for passage of House Joint Resolution No. 24 urging the US Congress to reauthorize the Secure Rural Schools and Communities Act of 2000. The time is of the essence as the House of Representatives will be putting forth their FY2012 budget on April 5, 2011. We hopefully will be part of that budget, but we truly need the support of everyone to make it happen.

We thank you for your efforts to raise the awareness of this issue and to give us a chance to educate our state and local governments. This is important funding that for some communities is critically important.

With warm regards,

L D G

Lon D. Garrison
President, Sitka School Board

"Educating Today's Children to Become Tomorrow's Leaders"

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CITY OF PETERSBURG
P.O. BOX 329 • PETERSBURG, ALASKA 99833
TELEPHONE (907) 772-4519
FAX (907) 772-3759

March 25, 2011

To: Honorable Representative Peggy Wilson

Fr: City of Petersburg

Re: Secure Rural Schools Funding

Dear Representative Wilson:

On behalf of Mayor Dwyer and the Petersburg City Council – The City of Petersburg, Alaska has gone on record many times in support of any legislation that would provide assurances that our children will continue to have the opportunities to receive a quality education. Being able to provide a solid education foundation enables them to become and remain productive citizens, not only to our local community, but for our country as a whole.

Petersburg, a community that existed long before any federal lands were claimed and laws put into effect, is surrounded by the Tongass National Forest. The claiming of federal lands and the subsequent enacted laws have critically handicapped, if not nearly eliminated, one of our once traditional means of community economic stability – logging. With the continued restrictions being placed on the federal lands that surround our community (Roadless Rule) we experience a continued erosion of allowable means in which to sustain our way of life.

The Secure Rural Schools program is of critical importance to our public school system. Due to a struggling economy and continued restrictions for economic use of the lands surrounding our community, we cannot finance an adequate public school program on our own.

We endorse your efforts to urge the US Congress to approve a long-term authorization of the Secure Rural School Funding and Communities Self-Determination Act.

Thank you for your support for Petersburg and other once timber-dependent communities in Southeast.

Kathy O'Rear, MMC
City Clerk



WRANGELL PUBLIC SCHOOLS
DISTRICT OFFICE

GATEWAY TO THE STIKINE

P.O. BOX 2319
WRANGELL, ALASKA 99929
Telephone (907) 874-2347
Fax # (907) 874-3137

MAR 15 REC'D

Resolution 11-02

A Resolution of the Wrangell Public School Board Supporting the Reauthorization and Extension of the Secure Rural Schools and Communities Self-Determination Act

Whereas, Congress recognized in the early 1990's that its decision to secure and retain lands in Federal ownership would deprive the communities in which the lands are located of revenues otherwise received if the lands were in private ownership; and

Whereas, Congress enacted (and subsequently amended) a law that required revenue derived from national forest lands be shared with communities in which lands are located for the benefit of education and roads; and

Whereas, in 1986, changes in the approach to managing our national forests resulted in steep declines in forest receipts paid to forest communities; and

Whereas, the enactment of the Secure Rural School and Communities Self-Determination Act of 2000 (PL 106-393) temporarily stabilized forest revenue payments to forest communities and gave forest communities much needed financial support to provide critical services that directly benefit the federal lands and the people who use the land; and

Whereas, the current Secure Rural School and Communities Self-Determination Act expires in 2011; and

Whereas, education is one of the critical services supported by Public Law 106-393; and

Whereas, failure to reauthorize and extend Public Law 106-393 will not only have a devastating effect on many forest communities across America, it will also severely impact the public education of students living in these forest communities;

THEREFORE BE IT RESOLVED, we respectfully request that a long-term re-authorization of the Secure Rural Schools and Communities Self-Determination Act be passed by Congress and signed into law by President Barak Obama.

ENACTED THIS 11 **th DAY OF** February **, 2011.**
Wrangell, Alaska

February 23 2011 — Rosida Howell
School Board President

March 8, 2011 — Susan Eagle
School Board Secretary

Sheila Finkenbinder

To: Rep. Peggy Wilson
Subject: RE: Secure Rural Schools Funding in CA

From: Skip Ryman [mailto:sryman@yakutatak.us]
Sent: Wednesday, March 30, 2011 3:29 PM
To: Jackie Douglas
Subject: Re: Secure Rural Schools Funding in CA

Thank you for an opportunity to be heard on this very important issue to the City and Borough of Yakutat, Alaska. As you may recall, we are actually funded as a result of an "accident" when the tax extender was attached to the stimulus package by the Senate and the House which had removed our funding originally was forced by temporal constraints to adopt it the second time. I am hopeful that this has not attached a stigma too difficult to overcome but we shall see.

Yakutat is a ten thousand square mile Borough, or county with only 650 residents. Seven thousand nine hundred of those square miles are federally owned. Our Borough contains significant portions of Glacier Bay National Park, Wrangell, St. Elias National Park. the Tongass National Forest and BLM lands. These federal land owners, through their policies, are the single most reason for our stagnant population growth. They simply control ninety percent or more of our economic potential. Although the Forest Service was founded for the explicit purpose of making money from their land holdings, their ability to do so has been directed almost exclusivity to logging and logging related industry. When this was slowed by environmental policy, instead of looking to other enterprises, the Forest Service simply went into and remains in a "deep sleep" mode. Their inability to fulfill their founding responsibilities is the single most cause of the erosion of school funding for affected municipalities and counties.

A point in fact. The local USDA District office has received several million dollars in Federal Highway funds which they are using to build a large, free camping facility on a river, the fishery of which represents seventy percent of our local economy. The result will be less patronage in local lodges and bed and breakfasts and a reduction in commercial user days available to local guides and boat rentals. The Forest Service has seemingly abandoned their federally mandated role and taken on the mantra of the Park Service.

Secure Rural Schools funding (AKA old Forest Receipts) accounts for a full third of our school district funding. The inability of the federal government to build a fire under federal land managers does not negate the fact that our children need an education. Nor does it negate the responsibility for funding schools and roads assumed by the federal government when they withdrew these lands from local tax rolls. It's incredibly paradoxical that the first thing the federal government did when it arrived in this five thousand year old community and assumed ownership of land was to build and staff schools. That responsibility so readily and justly assumed cannot be ethically abandoned on the basis of ineffective land management.
Skip Ryman,
Manager, City and Borough of Yakutat

On 3/30/2011 1:53 PM, Jackie Douglas wrote:

Dear California Forest Coalition Members:

As you may know, the early DC proposal for reauthorizing SRSCA has us starting at 2011 funding levels which is a 39.6 reduction for CA from 2007 funding levels. Included in that early proposal is a continuous ramp down from there. Several of us are going to Washington DC next week to meet with our Senators, sharing that starting with draconian funding levels, and reducing from there is unacceptable to us.

Even though it's late notice, if any of you can share what partial, or full loss of SRSCA funding means to your schools, it will be helpful to us when talking with Congress. In this fiscal climate, reasons to reauthorize our program need to be very compelling, absent that, it will be too easy for Congress to "Just Say No". Please send any stories, and or impacts to your schools to me at jimf@tcoek12.org. Every little bit helps.

Sincerely,

Jim French, President
National Forest Counties & Schools Coalition

--

Jackie Douglas
MAA Coordinator & E-Rate Coordinator
CISC Leadership Symposium Coordinator
Administrative Assistant - National/California Forest Counties & Schools Coalition
Tehama County Department of Education
1135 Lincoln Street / P.O. Box 689, Red Bluff, CA 96080
530-528-7342 - jdouglas@tehamaschools.org
Cell # 530-200-1804

CITY AND BOROUGH OF YAKUTAT, ALASKA
RESOLUTION 08-124

NATIONAL FOREST COUNTIES & SCHOOLS COALITION
Purpose: Selection of Forest Reserve Payment System
Opting in/out of HR 1424 (PL 110-343 – Sect. 601(a), Division C) Safety Net

Whereas counties having United States National Forests within their boundaries have received Forest Reserve funds for roads and schools since the passage of the Agricultural Reapportionment Act of 1908 based on revenues generated from these forests; and

Whereas these counties have substantial areas of land in public ownership which can neither be developed nor taxed to generate revenue from economic activity or taxation; and

Whereas during most of the 20th century Forest Reserve payments were a consistent but cyclical source of income for schools and counties; and

Whereas during the past decade changes in public policy at the national revenue have substantially reduced and in some cases virtually eliminated economic activity on national forests; and

Whereas the demands for education and roads have in most jurisdictions continually increased while Forest Reserve revenues have declined; and

Whereas the Congress of the United States recognizing the existence of the above mentioned conditions has seen fit to pass PL 110-343, which provides a four (4) year safety net whereby counties may either receive the traditional annual payment from the Forest Service (and/or BLM) or select four years of payments based on a formula provided in the legislation.

Whereas PL 110-343 specifies that each forest county has an option to select either: (a) remaining on the traditional 25% Forest Reserve Receipts payment system or (b) selecting the full payment system set forth in Title I of PL 110-343; and

Whereas it is understood that counties which select the PL 110-343 full payment (safety net) option are doing so for the full four (4) year life of the bill; and

Whereas it is further understood, that those counties who select to remain on the traditional 25% Forest Reserve Receipt system, are obligating themselves for a two year period, and will have the option of changing to the PL 110-343 safety net system after the second year of the bill.

Be it therefore resolved that City and Borough of Yakutat and its impacted school districts, hereby select to receive their forest reserve payments as set forth below (specify one):

- ☐ Traditional 25% Forest Reserve Receipts – 1908 Act (7 year rolling average)
- ☐ Full Safety Net Payment amount as per PL 110-343; and

Be it further resolved that this selection be communicated to the Governor of the State of Alaska, by November 10, 2008; and

Be it further resolved that all jurisdictions receiving Forest Reserve Funds within City and Borough of Yakutat receive a copy of this resolution for their official records as soon as it is officially adopted.

PASSED AND APPROVED THIS 9 DAY OF NOV 2008.

MAYOR DAVID STONE

ATTEST:

Cathy Bremner, Borough Clerk

CITY AND BOROUGH OF YAKUTAT ALASKA SEPTEMBER 22, 1992

WESTERN GOVERNORS' ASSOCIATION

Brian Schweitzer
Governor of Montana
Chairman

C.L. "Butch" Otter
Governor of Idaho
Vice Chairman

Pam O. Inmann
Executive Director

Headquarters:
1600 Broadway
Suite 1700
Denver, CO 80202

303-623-9378
Fax 303-534-7309

Washington, D.C. Office:
400 N. Capitol Street, N.W.
Suite 388
Washington, D.C. 20001

202-624-5402
Fax 202-624-7707

www.westgov.org

January 27, 2010

The Honorable Tom Vilsack
Secretary of Agriculture
U.S. Department of Agriculture
1400 Independence Ave. S.W.
Washington, DC 20250

The Honorable Ken Salazar
Secretary of the Interior
U.S. Department of the Interior
1849 C Street, N.W., Room 6151
Washington, DC 20240

The Honorable Arne Duncan
Secretary of Education
400 Maryland Ave., S.W.
Rm. 7W301
Washington DC 20472

The Honorable Janet Napolitano
Secretary of Homeland Security
245 Murray Lane, SW
Washington, DC 20528

Dear Secretaries Vilsack, Salazar, Duncan and Napolitano:

We are writing to urge you to support a multi-year reauthorization of the Secure Rural Schools and Community Self-Determination Act of 2000 (SRSCA P.L. 106-393). If the Act is not reauthorized, it will result in severe budget cuts to education and jobs programs and to vital services in rural counties, communities and schools.

When the National Forest System was created in 1907, Congress recognized that communities located in these areas would be deprived of opportunities for economic development and much-needed tax revenues. With this in mind, an agreement was reached that clearly promised benefits to rural communities and that agreement should not be broken now. Ten years ago, Congress recognized the adverse consequences of declining timber sales and agreed to provide annual safety-net payments to support counties, schools and roads based on historic timber revenue levels between 1986 and 1999.

The revenue sharing provisions of SRSCA are vital but, just as importantly, it provides support for federal and non-federal emergency response, wildfire mitigation, habitat improvement and watershed restoration. In 2008, the modifications to Title III of the SRSCA reauthorization exemplified the importance of building community capacity through the development of a Community Wildfire Protection Plan. The CWPP collaborative process is effective in improving coordination and communication between emergency response agencies and the community, regardless of the event.

Our rural communities are already facing a fiscal deficit due to higher unemployment and reduced revenue-sharing from our federal lands. Severely declining payments threaten serious harm in 2011 for many

communities, and financial collapse in 2012, when payments will end altogether without reauthorization. Schools and counties will be forced to: terminate hundreds of thousands of county employees; cancel thousands of teacher contracts; close hundreds of libraries; and curtail or eliminate sheriff patrols, rescue operations, mental health care services and substance abuse programs. In fact, some counties and school districts will consider filing for bankruptcy.

Sadly, many rural communities are already experiencing high poverty rates and this correlates to a high need for substance abuse treatment and mental health care services. Today, the SRSCA aids over 9 million school children in 4,400 school districts in 39 states. Stresses on service delivery capabilities are already resulting from declining SRSCA payments, with substantial additional declines each year, including a very steep drop in funding for fiscal year 2011. Without reauthorization of the SRSCA before 2012, these needs will go completely unmet in 2012 and beyond. Western Governors recognize that the Secure Rural Schools and Community Self-Determination Act is an integral part of the states' and rural counties' ability to deliver public services to thousands of communities throughout the nation.

The Western Governors' Association supports efforts that will ensure forest-dependent counties continue to receive a fair share of guaranteed revenue. We strongly urge you to make a commitment this year to include a reauthorization of the SRSCA in President Obama's FY 2012 budget. Thank you for your attention to this critical issue.

Sincerely,

Brian Schweitzer
Governor of Montana
WGA, Chairman

C.L. "Butch" Otter
Governor of Idaho
WGA, Vice Chairman

f:\fire & forest hlth\2010westsrs.docx

United States Senate

WASHINGTON, DC 20510

July 14, 2010

The President
The White House
Washington, DC 20500

Dear Mr. President:

We respectfully request that you include a long-term reauthorization of the Secure Rural Schools and Communities Self-Determination Act (SRSCA), and the concomitant funding, in your Fiscal Year (FY) 2012 budget request to Congress.

The SRSCA is not an entitlement program, but rather a demonstration of the commitment that this nation made to rural forest counties when it determined that large blocks (193 million acres in total) of our forest lands should be set aside for the benefit of the entire nation. Indeed this "contract" between the federal government and rural America is part of the very foundation of our national forest system. President Theodore Roosevelt understood the value of conserving our forest lands and placing them in public trust. He likewise understood the economic burden this placed on rural counties to provide essential infrastructure like roads and public schools with their tax revenues reduced by the presence of federal lands in these counties.

To mitigate these economic effects, President Roosevelt and Forest Service Chief Gifford Pinchot supported a revenue sharing concept that made forest counties a contracted business partner with the federal government. In 1908, Congress approved a revenue sharing plan specifying 25 percent of all revenues from National Forests would be returned to forested counties. This law worked well for nearly a century. However, by the late 1980's national policies and court rulings substantially diminished revenue generating activity in our national forests. By 1998, revenues for national forest counties had declined by over 70 percent. The decline had a devastating impact on 780 counties nationwide and over nine million school children.

Recognizing its obligation to rural America, Congress passed the Secure Rural Schools and Communities Self-Determination Act of 2000, and President Bill Clinton signed the bill. It provided six years of funding. In 2007, Congress extended the SRSCA for one year. In 2008, Congress once again provided a four year extension of the SRSCA from 2008-2011.

Timber harvests have not rebounded, so both the logic and the need for this program remain as strong today as when President Roosevelt first supported revenue sharing. The vast majority of the funds provided through the SRSCA are used to directly fund jobs in road maintenance and public works and positions within the public school system. These are essential services for the citizens of these rural communities and constitute family-wage jobs.

Failure to extend the SRSCA in 2012 would have a devastating impact on the economies of over 780 of our most rural and most economically depressed counties and school districts across the nation. In these counties, unemployment is higher than in other regions of the country with rates approaching those experienced in the Great Depression.

Failure to extend the SRSCA would lead to an annual payment loss of $468 million starting in 2012-13. The economic impacts will be ongoing without an extension. This includes support for construction, roads, education, conservation, and various other government funded services and projects. The loss of the funding leads to various businesses throughout the United States, mainly in rural America, losing on an annual basis almost $1.37 billion in revenues, government at all levels losing over $188 million in tax receipts and over 11,000 people losing their jobs in 2012-13.

In addition, Title II of the SRSCA has proven to be a substantial asset to rural communities and our forested public lands. Since 2000, in a very collaborative process, over $350 million has been invested in watershed restoration and forest health projects by Resource Advisory Committees (RACs). Not one project has been appealed or litigated. In fact, based on changes in the 2008 Act, the number of RACs has grown from 55 to 116.

We are grateful that you appreciate the importance of the Secure Rural Schools and Communities Self-Determination Act. In May 2008, you stated in an interview with the Eugene Register-Guard, "I completely agree that it's [SRSCA] an obligation we have to meet. I think that we're not meeting it well right now because we're doing it piecemeal year after year by year. . . ." Those words send a strong message about the need to support this ongoing commitment to rural America.

We look forward to meeting with you and your administration to continue this historic partnership with rural America.

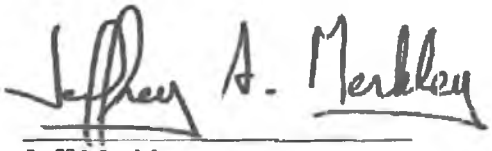
Sincerely,

Ron Wyden
United States Senator

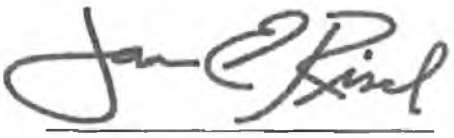
Mike Crapo
United States Senator

Blanche L. Lincoln
United States Senator

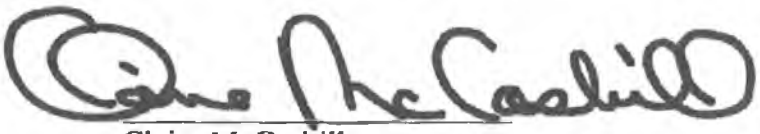
Roger F. Wicker
United States Senator



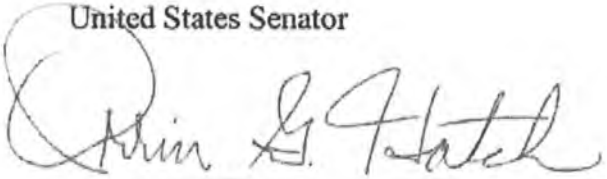
Jeff Merkley
United States Senator



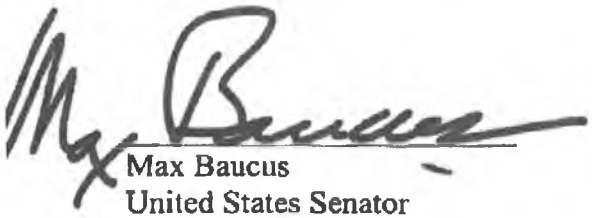
James E. Risch
United States Senator



Claire McCaskill
United States Senator



Orrin G. Hatch
United States Senator



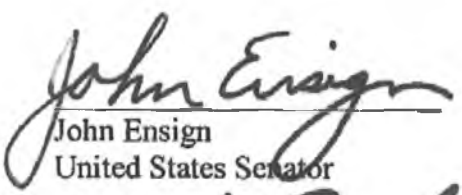
Max Baucus
United States Senator



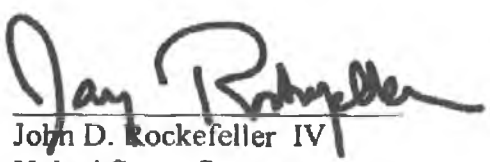
Lisa Murkowski
United States Senator



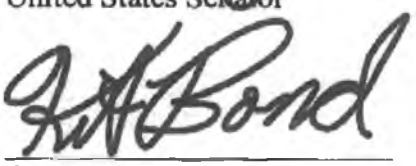
Patty Murray
United States Senator



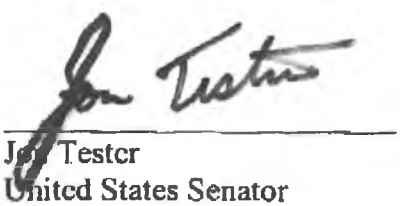
John Ensign
United States Senator



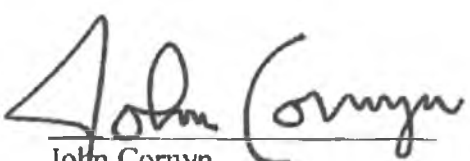
John D. Rockefeller IV
United States Senator



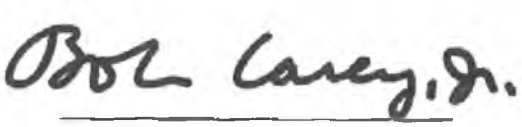
Christopher S. Bond
United States Senator



Jon Tester
United States Senator



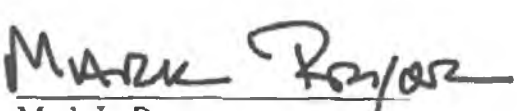
John Cornyn
United States Senator



Robert P. Casey, Jr.
United States Senator



Robert F. Bennett
United States Senator



Mark L. Pryor
United States Senator



Mark Begich
United States Senator

Mark Udall
United States Senator

Barbara Boxer
United States Senator

Russell D. Feingold
United States Senator

Michael F. Bennet
United States Senator

Maria Cantwell
United States Senator

Tom Udall
United States Senator

Tim Johnson
United States Senator

Dianne Feinstein
United States Senator

Jeff Bingaman
United States Senator

Congress of the United States
Washington, DC 20515

July 15, 2010

President Barack Obama
President of the United States
1600 Pennsylvania Avenue NW
Washington, DC 20500-0001

Dear President Obama,

We respectfully request that you include a long-term reauthorization of the Secure Rural Schools and Communities Self-Determination Act (SRSCA), and the concomitant funding, in your Fiscal Year (FY) 2012 budget request to Congress.

The SRSCA is not an entitlement program, but rather a demonstration of the commitment that this nation made to rural forest counties when they determined that large blocks (193 million acres in total) of our forest lands should be set aside for the benefit of the entire nation. Indeed this "contract" between the federal government and rural America is part of the very foundation of our national forest system. President Theodore Roosevelt understood the value of conserving our forest lands and placing them in public trust. He likewise understood the economic burden this placed on rural counties to provide essential infrastructure like roads and public schools with their tax revenues reduced by the presence of federal lands in these counties.

To mitigate these economic effects, President Roosevelt and Forest Service Chief Gifford Pinchot supported a revenue sharing concept that made forest counties a contracted business partner with the federal government. In 1908, Congress approved a revenue sharing plan specifying 25 percent of all revenues from National Forests would be returned to forested counties. This law worked well for nearly a century. However, by the late 1980's national policies and court rulings substantially diminished revenue generating activity in our national forests. By 1998, revenues for national forest counties had declined by over 70 percent. The decline had a devastating impact on 780 counties nationwide and over nine million school children.

Recognizing its obligation to rural America, Congress passed the Secure Rural Schools and Communities Self-Determination Act of 2000, and President Bill Clinton signed the bill. It provided six years of funding. In 2007, Congress extended the SRSCA for one year. In 2008, Congress once again provided a four year extension of the SRSCA from 2008-2011.

Timber harvests have not rebounded, so both the logic and the need for this program remain as strong today as when President Roosevelt first supported revenue

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sharing. The vast majority of the funds provided through the SRSCA are used to directly fund jobs in road maintenance and public works and positions within the public school system. These are essential services for the citizens of these rural communities and constitute family-wage earner jobs.

Failure to extend the SRSCA in 2012 would have a devastating impact on the economies of over 780 of our most rural and most economically depressed counties and school districts across the nation. In these counties, unemployment is higher than in other regions of the country with rates approaching those experienced in the Great Depression.

Failure to extend the SRSCA would lead to an annual payment loss of $468 million dollars starting in 2012-13. The economic impacts will be ongoing without an extension. This includes support for construction, roads, education, conservation, and various other government funded services and projects. The loss of the funding leads to various businesses throughout the United States, mainly in rural America, losing on an annual basis almost $1.37 billion in revenues, government at all levels losing over $188 million in tax receipts and over 11,000 people losing their jobs in 2012-13.

In addition, Title II of the SRSCA has proven to be a substantial asset to rural communities and our forested public lands. Since 2000, in a very collaborative process, over $350 million has been invested in watershed restoration and forest health projects by Resource Advisory Committees (RACs). Not one project has been appealed or litigated. In fact, based on changes in the 2008 Act, the number of RACs has grown from 55 to 116.

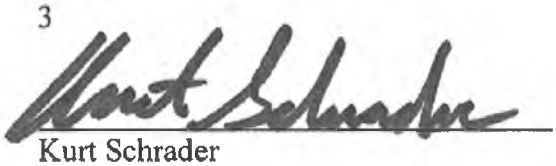
We are grateful that you appreciate the importance of the Secure Rural Schools and Communities Self-Determination Act. In May 2008, you stated in an interview with the Eugene Register-Guard, "I completely agree that it's [SRSCA] an obligation we have to meet. I think that we're not meeting it well right now because we're doing it piecemeal year after year by year. . . ." Those words send a strong message about the need to support this ongoing commitment to rural America.

We look forward to meeting with you and your administration to draft legislation to continue this historic partnership with rural America.

Sincerely,

Travis W. Childers

Peter DeFazio



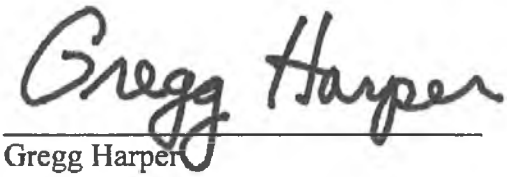
Kurt Schrader



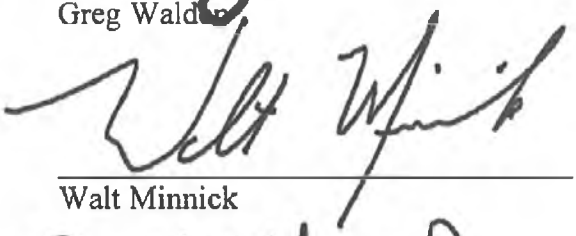
Mike Ross



Greg Walden



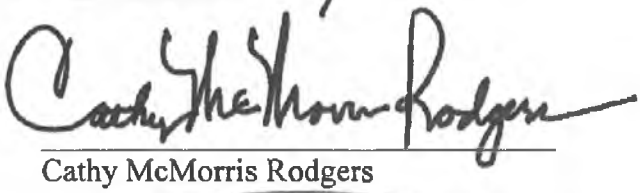
Gregg Harper



Walt Minnick



Jo Ann Emerson



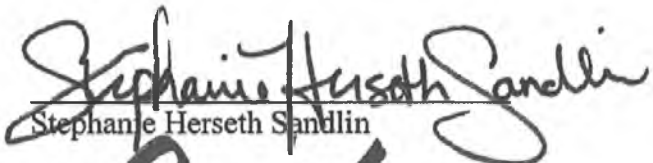
Cathy McMorris Rodgers



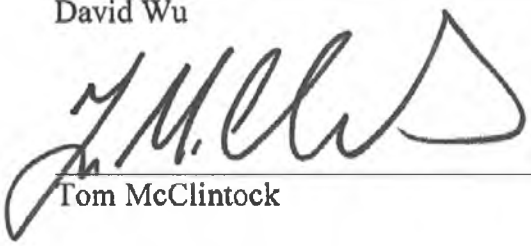
Joe Barton



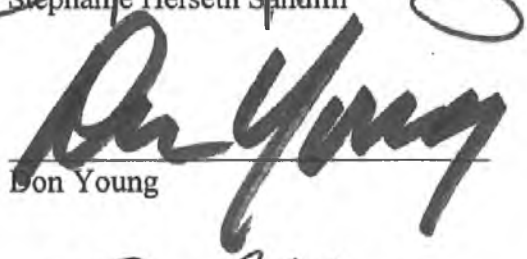
David Wu



Stephanie Herseth Sandlin



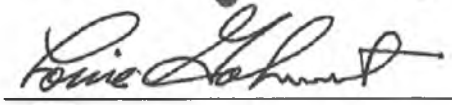
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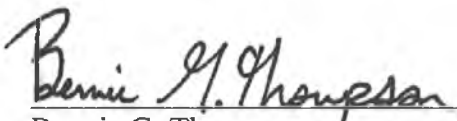
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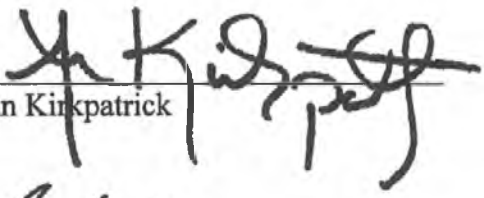
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Louie Gohmert



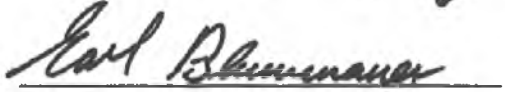
Bennie G. Thompson



Ann Kirkpatrick



Heath Shuler



Earl Blumenauer

Ben Ray Luján

Glenn "GT" Thompson

Harry Teague

Nick Rahall

Brian Baird

Wally Herger

Rob Bishop

Phil Roe

Jim Matheson

Raúl Grijalva

Doc Hastings

Marion Berry

Jason Chaffetz

Denny Rehberg

Betsy Markey

Jim McDermott

Adam Smith

Russ Carnahan

James L. Oberstar

Norman D. Dicks

John Shadegg

Vic Snyder

Michael K. Simpson

Daniel E. Lungren

Rick Boucher

Gene Taylor

Jay Inslee

Cynthia Lummis

Devin Nunes

David G. Reichert

Debbie Halvorson

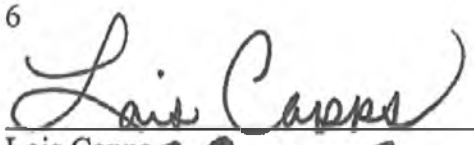
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Jared Polis

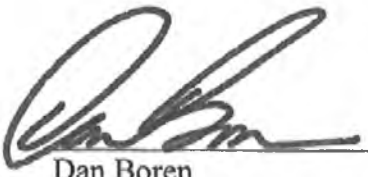
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Kevin Brady

John Boozman



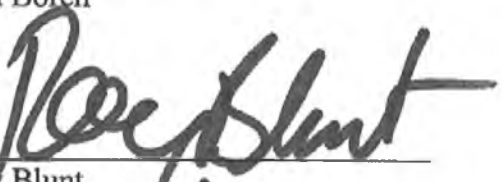
Lois Capps



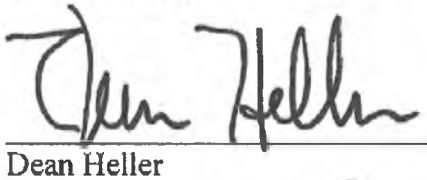
Dan Boren



Parker Griffith



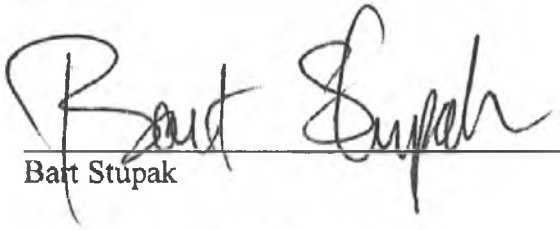
Roy Blunt



Dean Heller



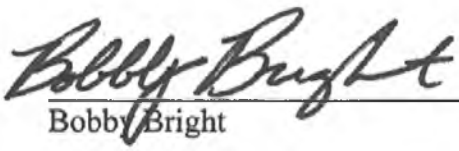
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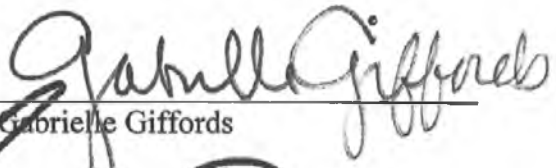
Bart Stupak



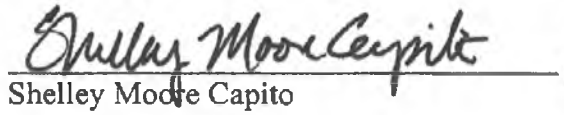
Ike Skelton



Bobby Bright



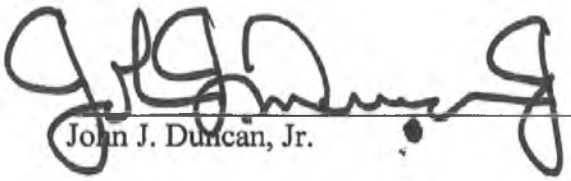
Gabrielle Giffords



Shelley Moore Capito



George Radanovich



John J. Duncan, Jr.

USDA

United States Department of Agriculture

Office of the Secretary
Washington, D.C. 20250

AUG 3 1 2010

The Honorable Peter A. DeFazio
U.S. House of Representatives
2134 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman DeFazio:

Thank you for your letter of July 15, 2010, cosigned by your colleagues, to President Barack Obama, requesting that a long-term reauthorization of the Secure Rural Schools and Community Self-Determination Act (the Act) and concomitant funding be included in the fiscal year (FY) 2012 budget request to Congress. The President has asked me to respond to you. I regret the delay in my response.

The Department of Agriculture (USDA) shares the concerns of the Congress and citizens in rural America. I am committed to working with the Congress, on both sides of the aisle, in finding a long-term resolution to this issue.

The reauthorization of the Act will be carefully considered as the proposed FY 2012 budget is formulated. Under current law, the last payment under the Act, for FY 2011, will be made in calendar year 2012.

The Act has provided a decade of transitioning payments to eligible States and counties to help fund public schools and roads and has provided predictably declining payments to States. It as well has provided an important boost to collaborative, community-based forest restoration and forest health solutions through title II and the Resource Advisory Committees authorized by the bill. Presently, we have the challenge of determining the proper course for the future of this program, including the determination of how to pay for the continuation of program.

This issue is very important to USDA, and I look forward to working with the Congress, in finding a long-term, bipartisan resolution to this issue.

Again, thank you for writing to President Obama. A similar response is being sent to your colleagues.

Sincerely,

Thomas J. Vilsack
Secretary

An Equal Opportunity Employer

GOP Budget Prioritizes County Payments

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Listen Weekdays:
Dave Clemens, Debbie Bever, Kit Mann

Buzz up!



Rep. Greg Walden

April 06, 2011 08:15 am
Glenn Vaagen

BEND, OR -- The federal budget proposal released Monday evening by House Republicans would make county timber payments a priority. Representative Greg Walden, joined by the rest of the Oregon House delegation, said the effort to fund these payments is far from over, but inclusion in the budget is an important first step.

"The Budget Committee has acknowledged in these very difficult and lean economic times that county timber payments are an important lifeline for rural forested communities. This is a small but very important first step toward keeping the federal government's commitment to rural Oregon. We have a lot of work before us in the House and Senate and I look forward to our delegation continuing our bipartisan outreach across Capitol Hill to maintain support for forested communities throughout the federal budget process."

Walden added that funding county payments in FY 2012 would ensure rural counties have the resources to provide essential services like emergency services, health care, and schools while Congress works to find long-term funding solutions for timber dependent communities.

Here is the letter, sent by the Oregon House delegation, in its entirety:

March 22, 2011
Dear Chairman Ryan and Ranking Member Van Hollen:
We request your assistance as we work with our rural counties to identify solutions to extend and fund the Secure Rural Schools and Community Self-Determination Act of 2000 ("SRS," P.L. 94-565) in FY 2012 and beyond. Furthermore, we request that the House Budget Committee accommodate this reauthorization in its FY 2012 House Budget Resolution. This is an important issue impacting jobs and the funding of schools and emergency services in our rural counties.

We understand well the current budgetary climate and the need to reduce deficit spending, and support offsetting a long-term reauthorization of SRS. Furthermore, we appreciate your willingness to work with us and the authorizing committees in the coming months to help identify legitimate offsets that sustainably fund this important rural priority without adding to the growing federal deficit.
With the establishment of the National Forest System between 1891 and 1911 by Congressional action and Presidential Proclamation, hundreds of millions of forestland acres throughout the United States were set aside

in perpetuity and removed from further settlement. These new forest reserves, which were to be managed by the U.S. Forest Service, in many cases consumed between 65 to 90 percent of the land in rural western, southeastern and southern counties. Setting aside large blocks of public lands and the ongoing acquisition of large tracks of private forestlands since have diminished the potential tax base and ability for the counties to generate economic activity.

Congress in 1908 and subsequently in 1913 acknowledged the enormous collective impact these actions had on counties and their ability to fund essential services, including the education of rural school children, the maintenance of rural roads and infrastructure, and the provision of emergency services. President Theodore Roosevelt signed into law the Twenty-five Percent Fund Act of 1908 (16 USC. 500) and in 1913 amendments were made to the Weeks Act, which created a revenue sharing mechanism specifying that 25 percent of all revenues generated from the multiple-use management of our national forests would be shared with the counties for "the benefit of the public schools and public roads in the county or counties in which such national forests are situated". Through this action, Congress committed to a long-term partnership referred to by many as a "compact" and recognized as a fundamental obligation of the federal government in exchange for establishing the National Forest System.

The intent of Congress that our national forests be managed in a sustained multiple-use manner to provide revenues for local counties and the federal treasury in perpetuity worked well from 1908 until about 1986. From 1986 to the present, due to reduced active management of our federal forests and increased protections for species on federal lands, these revenues dropped precipitously (as much as 99 percent in some counties and on average 70 percent nationwide).

Congress responded by passing the Secure Rural Schools and Community Self-Determination Act in 2000. In many rural counties once dependent on timber revenue, these payments are the lifeblood of local schools and community essential services. The legislation also created highly successful "Resource Advisory Committees," which have brought polarized groups together to conduct hundreds of restoration projects on national forests across the country without being litigated or appealed.

In 2007, Congress reauthorized this important law and extended SRS payments for one year to help rural counties and schools avert a major financial crisis. In October 2008, Congress reauthorized the SRS legislation for four years as part of H.R. 1424, the Emergency Economic Stabilization Act of 2008. The reauthorization provided rural counties with four years of payments on a declining scale for fiscal years 2008-2011.

While the four-year reauthorization of the Secure Rural Schools and Community Self-Determination Act was a rare legislative accomplishment that helped preserve and create jobs across America, rural counties are again facing a budgetary cliff after they receive the final SRS payment in FY 2011. In response to this ongoing issue, we need a meaningful and long-term solution that will help ensure rural communities have the resources they need to provide basic county services.

Congress made a promise to these counties more than 100 years ago and we intend to do all that we can to make sure Congress honors its commitment. Accommodating the reauthorization of the SRS, while showing that it will be offset by the relevant authorizing committees in the FY 2012 House Budget Resolution, will go a long way in demonstrating Congress's commitment and responsibility to the economic security and sustainability of our rural counties.

Thank you for your attention and consideration to this important issue. We look forward to working with you and the appropriate authorizing committees to develop a plan for reauthorizing the Secure Rural Schools and Community Self-Determination Act.

Sincerely,

Greg Walden Peter DeFazio Kurt Schrader
Member of Congress Member of Congress Member of Congress

Earl Blumenauer David Wu
Member of Congress Member of Congress









The History ...

Secure Rural Schools and Community Self-Determination Act History...

A Tradition of Conservation and Commitment

On March 3, 1891 the President of the United States, Benjamin Harrison, was given the authority to create Forest Reserves. Passage of the Forest Reserve Act created concern in many rural communities, as large blocks of land originally intended for settlement and economic development were no longer available for that use. In 1891, Western and Southern communities were highly dependent upon these lands for grazing, timber, and water. In addition to concerns over the potential economic impacts of this action, especially to schools and roads, many citizens were apprehensive about the federal, rather than local, management of these lands.

These concerns provided the impetus for Congress, in 1897, to specify the purpose of the Forest Reserves:

1) The lands placed in the Reserves would be improved and protected;
2) The lands placed in the Reserves would secure favorable conditions for water flow;
3) The lands placed in the Reserves would furnish a continual supply of timber to meet the needs of the citizens of the United States.

This additional specificity did little to assuage concerns in the West and protests soon erupted. In Rapid City, South Dakota, over 30,000 people gathered to object to the establishment of the Black Hills Forest Reserve on the grounds that it would be disastrous to the economy of South Dakota.

In 1905, the Forest Reserves were renamed the U.S. National Forest, and the U.S. Forest Service was founded to manage the set-aside lands. Subsequent Presidents continued to set aside lands, even as concern and opposition continued to grow.

President Theodore Roosevelt and Gifford Pinchot, Chief of the Forest Service, were so concerned about the growing opposition, and feared that it would jeopardize the future of the U.S. National Forests, that they proposed a new concept – revenue sharing. In 1906, they proposed – and Congress approved – a bill that specified that 10% of all revenues generated on National Forests would be returned to the counties that housed these forests. The dollars were to be used for the maintenance of county roads and public schools.

In a classic showdown, county officials finally said, "no deal" and in 1908, Congress increased the revenue to be shared with counties and schools to 25%.

For 100 years... this 1908 revenue sharing program has been the law. Since 1908, this program has protected our National Forests for the enjoyment of all citizens, provided a clean and safe drinking water supply (both urban and rural) across the nation, and supported services in rural counties and schools.

From 1908 until the 1980's this revenue sharing system worked well for the forest counties and schools. Management of the lands provided a steady and significant income stream. By the late 1980's, however, national policy caused a precipitous decline in the use of these lands for grazing, timber management, and mining. As a result, U.S. Forest Service revenues dramatically declined, as did the receipts to support rural communities and schools. By 1998, these revenues had declined by over 70%, creating financial crisis for rural communities!

National Forest Counties & Schools Coalition Created

In response to this crisis, county commissioners, school leaders, and concerned citizens from forest counties nationwide formed the National Forest Counties & Schools Coalition (NFCSC) in 1998.

The Secure Rural Schools and Community Self-Determination Act (SRSCA)

In October of 2000, the Secure Rural Schools and Community Self-Determination Act (SRSCA) was signed into law. This bill provided payments to rural counties for services and to fund public schools. Furthermore, it provided dollars for counties to invest in the restoration and enhancement of National Forests. To identify worthy restoration projects, local communities formed Resource Advisory Committees (RACs) composed of a broad spectrum of stakeholders. Resource Advisory Committees are truly a success story, completing thousands of projects on National Forest lands without a single lawsuit or appeal. Additionally, SRSCA funds emergency and search and rescue operations on National Forest lands.

Today, the Secure Rural Schools and Community Self-Determination Act is a national success story. Dollars from SRSCA:

- Provides tens of thousands of jobs in 41 States
- Support school programs for over 9,000,000 children
- Fund county programs for health care, search and rescue operations, and maintenance of roads and bridges
- Restore and enhance National Forests through enhancement projects and



Fate of Secure Rural Schools Act Unclear

This article appeared in the September 2010 Rural Policy Matters.

Editor's note: Links are free and current at time of posting, but may require registration or expire over time.

The federal legislation that provides funding to rural school districts located in many of the nation's timber counties is set to expire in 2011. Whether or not it will be renewed is uncertain as Congress wrangles over the budget process.

The Secure Rural Schools and Community Self-Determination Act (SRS) provides funding to districts to offset some of the loss of timber revenues in counties with national forests. First authorized in 2000, the Secure Rural Schools Act was an attempt to help counties and schools adjust to dramatic decreases in funding resulting from restrictions on timbering in National Forests located in their jurisdictions. The Act was renewed in 2008.

About $419 million in SRS funding will be allocated in 2010 to 729 rural counties, parishes, and boroughs in 41 states. The funding will reach some 9 million rural students.

Supporters argue that the SRS provides revenue necessary for maintaining roads and essential services and supporting schools in rural forest counties. Many of these counties are relatively high-poverty and have few sources of taxable wealth. Critics say the SRS was intended to be a short-term transition for affected counties.

For more information, visit the website of the **Partnership for Rural America**, which advocates for funding for the SRS.

Read more from the September 2010 Rural Policy Matters.

Rural Policy Matters is published monthly by the Rural School and Community Trust.
For subscription information visit http://www.ruraledu.org/cms.php?action=keep_connected.

Comments, questions, and contributions for Rural Policy Matters should be sent to:

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E-mail: editor@ruraledu.org

National Office
1530 Wilson Blvd., Suite 240 | Arlington, VA 22209
Phone: (703) 243-1487 | FAX: (703) 243-6035
E-mail: info@ruraledu.org

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FY 11 National Forest Receipts Program (Secure Rural Schools)
Title I Payment List

Municipality/ Rural Educational Attendance Area (REAA)	**Payment Amount**
Haines Borough	$ 367,524
City and Borough of Juneau	$ 815,850
Ketchikan Gateway Borough	$ 1,229,685
City and Borough of Sitka	$ 1,150,914
City and Borough of Yakutat	$ 656,704
Municipality of Anchorage	$ 104,563
Kenai Peninsula Borough	$ 645,783
Kodiak Island Borough	$ 1,462
Matanuska-Susitna Borough	$ 32,219
City of Petersburg	$ 1,460,753
City and Borough of Wrangell	$ 1,495,061
City of Craig	$ 910,402
City of Hoonah	$ 319,739
City of Kake	$ 293,431
City of Klawock	$ 405,750
City of Pelican	$ 38,858
Municipality of Skagway	$ 28,800
City of Angoon	$ 31,892
City of Coffman Cove	$ 83,483
City of Gustavus	$ 129,435
City of Kasaan	$ 35,127
City of Port Alexander	$ 5,184
City of Tenakee Springs	$ 10,368
City of Thorne Bay	$ 143,660
Annette Island School District	$ 735,771
Chatham School District	$ 415,807
Southeast Island School District	$ 373,801
City of Cordova	$ 1,180,532
City of Valdez	$ 2,198,775
Chugach School District	$ 188,822
City of Whittier	$ 59,111
City of Hydaburg	$ 163,562
Metlakatla Community Dev. Corp.	$ 144,738
State of Alaska/DOTPF	$ 170,000
Total	$ **16,027,565**

All Service Receipts (ASR)

Final Payment Summary Report PNF (ASR-10-01)

Fiscal Year : 2009 **National :** YES **Run Date :** 01/22/2010

Region: NA **Admin Unit :** NA **PNF :** NA

State : NA **County :** NA **Cong. District :** NA

State	Acres	25% 7 Year Rolling Average Payment	Formula / Transition Payment	ASR Acts Payment	Total Payment	Average Payment Per Acre
ALABAMA (01)	668,975	$0.00	$2,236,181.61	$0.00	$2,236,181.61	$3.34
ALASKA (02)	21,965,908	$0.00	$18,760,459.69	$0.00	$18,760,459.69	$0.85
ARIZONA (04)	11,264,670	$0.00	$16,688,162.30	$0.00	$16,688,162.30	$1.48
ARKANSAS (05)	2,598,649	$47,077.46	$8,309,598.65	$0.77	$8,356,676.88	$3.22
CALIFORNIA (06)	20,789,711	$2,677,937.96	$50,125,615.83	$0.00	$52,803,553.79	$2.54
COLORADO (08)	13,883,891	$2,518,684.56	$14,641,261.61	$0.00	$17,159,946.17	$1.24
FLORIDA (12)	1,176,201	$461.81	$2,862,312.71	$0.00	$2,862,774.52	$2.43
GEORGIA (13)	866,253	$0.00	$1,864,094.56	$0.00	$1,864,094.56	$2.15
IDAHO (16)	20,416,939	$1.67	$34,899,666.19	$0.00	$34,899,667.86	$1.71
ILLINOIS (17)	297,654	$6,169.32	$107,585.49	$0.00	$113,754.81	$0.38
INDIANA (18)	202,420	$0.00	$337,400.95	$0.00	$337,400.95	$1.67
KENTUCKY (21)	814,045	$0.00	$2,596,891.48	$0.00	$2,596,891.48	$3.19
LOUISIANA (22)	604,373	$0.00	$2,620,068.43	$0.00	$2,620,068.43	$4.34
MAINE (23)	53,709	$0.00	$99,274.55	$0.00	$99,274.55	$1.85
MICHIGAN (26)	2,874,970	$953,762.21	$3,397,132.53	$0.00	$4,350,894.74	$1.51
MINNESOTA (27)	2,840,803	$100.93	$3,300,075.13	$6,150,000.00	$9,450,176.06	$3.33
MISSISSIPPI (28)	1,173,863	$0.00	$7,705,738.18	$0.00	$7,705,738.18	$6.56
MISSOURI (29)	1,492,238	$0.00	$4,681,714.52	$0.00	$4,681,714.52	$3.14
MONTANA (30)	16,969,154	$95,457.89	$24,523,555.15	$0.00	$24,619,013.04	$1.45
NEBRASKA (31)	257,783	$0.00	$584,375.69	$0.00	$584,375.69	$2.27
NEVADA (32)	5,764,024	$34,940.97	$5,174,213.10	$0.00	$5,209,154.07	$0.90
NEW HAMPSHIRE (33)	735,512	$349,356.28	$275,185.23	$0.00	$624,541.51	$0.85
NEW MEXICO (35)	9,187,225	$0.00	$18,185,891.96	$0.00	$18,185,891.96	$1.98
NEW YORK (36)	16,228	$0.00	$29,464.13	$0.00	$29,464.13	$1.82
NORTH CAROLINA (37)	1,255,204	$0.00	$2,326,601.17	$0.00	$2,326,601.17	$1.85
NORTH DAKOTA (38)	743	$0.00	$790.99	$0.00	$790.99	$1.06
OHIO (39)	241,052	$9,868.22	$339,674.09	$0.00	$349,542.31	$1.45

Note: PCPI data for year 2007 is used for Formula Payment Calculation

State	Acres	25% 7 Year Rolling Average Payment	Formula / Transition Payment	ASR Acts Payment	Total Payment	Average Payment Per Acre
OKLAHOMA (40)	354,482	$0.00	$1,192,432.79	$0.00	$1,192,432.79	$3.36
OREGON (41)	15,146,201	$126,568.94	$121,316,389.19	$0.00	$121,442,958.13	$8.02
PENNSYLVANIA (42)	513,316	$2,103,533.53	$2,505,581.90	$0.00	$4,609,115.43	$8.98
PUERTO RICO (72)	28,002	$0.00	$184,679.24	$0.00	$184,679.24	$6.60
SOUTH CAROLINA (45)	630,703	$0.00	$2,498,375.29	$0.00	$2,498,375.29	$3.96
SOUTH DAKOTA (46)	1,150,488	$8,981.66	$2,931,092.19	$0.00	$2,940,073.85	$2.56
TENNESSEE (47)	716,485	$0.00	$1,428,411.45	$0.00	$1,428,411.45	$1.99
TEXAS (48)	637,745	$0.00	$3,655,940.68	$0.00	$3,655,940.68	$5.73
UTAH (49)	8,149,911	$194,501.93	$14,177,027.73	$0.00	$14,371,529.66	$1.76
VERMONT (50)	399,058	$0.00	$400,726.81	$0.00	$400,726.81	$1.00
VIRGINIA (51)	1,664,231	$67,927.88	$2,093,723.38	$0.00	$2,161,651.26	$1.30
WASHINGTON (53)	10,858,594	$0.00	$33,990,941.90	$13,252.05	$34,004,193.95	$3.13
WEST VIRGINIA (54)	1,043,248	$0.00	$2,356,829.70	$0.00	$2,356,829.70	$2.26
WISCONSIN (55)	1,533,144	$13,978.66	$2,730,069.65	$0.00	$2,744,048.31	$1.79
WYOMING (56)	8,691,800	$532,815.09	$4,357,627.04	$0.00	$4,890,442.13	$0.56
Grand Total :	**189,929,605**	**$9,742,126.97**	**$422,492,834.86**	**$6,163,252.82**	**$438,398,214.65**	**$2.31**

Note: PCPI data for year 2007 is used for Formula Payment Calculation

Here is the breakdown of the President's proposed budget which Senator Murkowski does not support. Title 1 is where the school funding comes from. You'll notice that it drops from about $11m in 2013 to about $518,000 after that.

2010 Forest Payments under Secure Rural Schools - *Note this Does not include BLM O&C Payments for Oregon*							
State	**Total Amount**	**Title I**	**%**	**Title II**	**%**	**Title III**	**%**
ALASKA							
2010	$18,844,932	**$16,027,565**	85%	$2,817,368	15%	$0.00	0%
2011	$18,016,976	**$15,323,390**		$2,693,586		$0.00	
2012	$16,582,786	**$12,258,712**		$4,324,074		$0.00	
2013	$15,356,915	**$11,032,841**		$4,324,074		No longer qualified for SRS not Payments in this Title	
2014	< $10 million Reverts to 25% Payment	**< $10 million Reverts to 25% Payment**		$ 4,324,074		No longer qualified for SRS not Payments in this Title	
2015	< $10 million Reverts to 25% Payment	**< $10 million Reverts to 25% Payment**		$ 4,324,074		No longer qualified for SRS not Payments in this Title	
2016	< $10 million Reverts to 25% Payment	**< $10 million Reverts to 25% Payment**		$ 4,324,074		No longer qualified for SRS not Payments in this Title	

Forest Service Proposed Formula - Title I - A 20% reduction in total payment in year one (2012); an additional 20% reduction in year two (2013); and additional reductions in years three, four, and five (2014, 2015, 2016) of 25% each year.
Also starting in year three any state due to receive < $10 million will no longer qualify for the program and will revert back to their normal 25% Payment level.
Title II - Would be double each year (note this funding ultimately is used by the Forest Service and BLM to accomplish forest restoration work); **Title III** - percentage is cut by 50% then in 2012 and then title would be eliminated in 2013 and beyond.

Total estimated 2010 25% payment if Secure Rural School was not in place $517,948

Frank Gladics, who handles this issue for Senator Murkowski provided some information on the SRS funding
frank_gladics@energy.senate.gov ~ 202-224-2878

Senator Murkowski understands the importance of maintaining the program in much the same form as it is currently funded, and she recently articulated that to folks from the Ketchikan Gateway Borough and the State Superintendants of Schools. She also told both groups that she did not believe that the President's proposal on a new formula for Secure Rural Schools had any traction and would be rejected by Congress. Finally, she warned them that the long term prospects for continuing the program out past 2012 or 2013 does not look all that promising.

If you look back to payments before the latest reauthorization in 2008 you'll notice that Alaska more than doubled its Secure Rural School payments from 2007 to 2008 when the new formula was put in place in 2008. Alaska used to get about $9.7 million in 2007 and that jumped to $24 million in 2008, to be decreased by 10% a year through 2011.

Here are a couple of paragraphs given to me to help understand what the three different titles of the Secure Rural School bill does and the changes that were made to the 2000 law in 2008 when it was re-authorized.

2000 Law
Counties that opted for the Secure Rural Schools Payments were allowed to get 80 to 85% of their payments in Title I which directed the revenues to schools and/or county road departments under the ratio prescribed by the state where the county was located. In Alaska that split is 50% to schools and 50% to road departments

An additional 15 to 20 percent of the revenues were split between Title II and or Title III. Title II directed funds to a Resource Advisory Committee (RAC) who recommended resource restoration work within the area covered by the Resource Advisory Committee. Many RACs were multi-county cooperatives designed to pool funds to tackle larger projects. All of this funding is held by the Forest Service in Alaska and goes to work to complete resource restoration and road mitigation work.

Title III would allow counties to perform work in six categories of works without federal agency oversight.

2008 Law
Congress also made changes to all three Titles of the Secure Rural School and Community Self-determination Act of 2008 as follows:

- Title I was modified to allow more counties that get lower payments to reserve their entire payment for schools and roads rather than having to invest in Title II or Title III programs (that limit went from $100,000 to a $150,000 payment level exemption);
- Title II was modified to force all counties that receive payments above the $150,001.00 threshold to develop Recourse Advisory Committees.
- It also extended the time to test whether or not selling logs through independent sort yards should be used for trees harvested through RAC projects.
- Title III was reduced both in the amount of funding that an individual county could expend on Title III projects, as well as in the types of projects the funding can be expended on. Most of that work is now limited to fire rehab and prevention and road restoration work.
- Finally, Title III was modified to include a self-reporting certification that the Title III funds have only been utilized for the reduced number of programs authorized by Title III. Despite the new self-reporting requirements there still is anecdotal reports that some counties continue to abuse the restrictions placed on Title III funds.

SB 94

<TARGET><BILL>SB 94</BILL><SUBJECT>SB 94</SUBJECT><COMM>HCRA27</COMM></TARGET>

ALASKA STATE LEGISLATURE

Senate
Health & Social
Services
Committee
Chair
•
Senate
Education Committee
Vice-Chair

Senate
Labor & Commerce
Committee
Member
•
Legislative Council
Member
•
Joint Armed
Services
Member

Senator_Bettye_Davis@legis.state.ak.us
http://www.aksenate.org

Senate Bill 94 Sponsor Statement

Senate Bill 94 would add a second verse to The Alaska's Flag Song. The late Carol Beery Davis wrote a beautiful second verse, which gives recognition to Alaska Natives and to Benny Benson, who designed the Alaskan flag.

Similar bills have been introduced in the past. Last year The Alaska's Flag Song was performed with both verses as the Senate gaveled in on the first day of session. Also last year, the Senator from District G introduced SB 43. It passed the Senate, but stalled in the House.

This year is the year to join me in supporting a long overdue addition of the second verse to the Alaska Flag Song. By passing this bill you will be recognizing history, our progress as a state and our first people.

Session: (Jan. - May)
State Capitol, Suite 30, Juneau, AK 99801-1182 Phone: (907) 465-3822 • Fax: (907) 465-3756 • Toll free: (800) 770-3822
Interim: (May - Dec.)
716 West 4th Ave., Suite 400, Anchorage, AK 99501 Phone: (907) 269-0144 • Fax: (907) 269-0148

SB 94
BACKGROUND
MATERIAL

Why a second verse for 'Alaska Flag Song'?

Editor's Note: A copy of the following letter to Betty Kjare, secretary of Pioneers of Alaska Auxiliary No. 8 in Fairbanks, was submitted for publication.

Dear Be[illegible]:

I have received your letter dated March 27, in which you objected to the adoption of the second verse of the "Alaska Flag Song."

I would like to explain to you why I introduced HB 117 and why I hope you will change your decision to oppose the bill.

No one loves the flag song any more than I do. For many years, I have sung it for groups, meetings, conventions, commencements and even for Gov. Bill Egan's memorial service here in Juneau. I offer the second verse out of deep respect for the first verse and for its recognition of Alaska's history. I believe the second verse complements the first verse and gives recognition not to one ethnic group, but to all Alaskans and their ability to work together in a unified and harmonious way.

The addition of a second verse has been discussed for many years by various groups. At one time, funds were inserted into the House's version of the budget to hold a contest for selecting a second verse. Carol Beery Davis was asked to write another verse to the flag song to recognize the contribution of Native Alaskans, who were here long before you or I, or even the Pioneers. She did so, and offered it as a gift to the State of Alaska. I was asked to support its adoption and to introduce a bill to make it officially recognized by the state. I did so, and it has passed the House.

In order to understand the special significance of this verse, you must know about Carol Beery Davis, a former poet laureate of Alaska. She is a 58-year resident of Juneau. Her husband, Trevor, was born here 84 years ago, and is the only living member of the original selection committee for the design of Alaska's flag, which selected Benny Benson's North Star and Big Dipper (to whom the second verse refers in lines 1 and 2). Carol has written dozens of books about Alaska, including "The Alaska Flag Song" book which is credited with helping to make the song so well-known. I have enclosed a copy of this book. She now part[illegible]ally [illegible] Elmore Petersburg and Marie Drake, the two women who decided to write the song and offer it to the state, just as Carol has done.

[illegible]oner, is still contributing to her loved state by offering this beautiful verse, a tribute to unity of all Alaskans:

"A Native lad chose the Dipper and stars
For Alaska's flag that there be no bars
Among our cultures..."

She is recognizing history and our progress as a state:

"Be it known
through years, the Natives' past has grown.
To share life's treasures, hand in hand,
To keep Alaska our Great Land."

She is focusing our attention on the natural beauty of our land and reminds us of the treasures of its beauty:

"We love the northern, midnight sky,
The mountains, lakes, and streams nearby.
The great North Star with its steady light
Will guide all cultures, clear and bright,
With nature's flag to Alaskans dear,
The simple flag of a last frontier."

It is hard for me to understand why anyone who has read these words could object to them. It is impossible for me to understand how anyone who knows who Carol Beery Davis is and the contributions she has made to art, music and literature in Alaska could object to her offering this beautiful gift.

Why did this legislator propose HB 117? Out of respect for a beautiful Alaskan lady who has offered a beautiful verse to a beautiful song about a great state.

Sincerely,
Rep. Fran Ulmer
Juneau



SB 159

<TARGET><BILL>SB 159</BILL><SUBJECT>SB 159</SUBJECT><COMM>HCRA27</COMM></TARGET>

Senator Linda Menard

Session
State Capitol, Room 9
Juneau, Alaska 99801
Phone: (907) 465-6600
Fax: (907) 465-3805

Interim
600 E. Railroad Ave.
Wasilla, Alaska 99654
Phone: (907) 376-3370
Fax: (907) 376-3157

Alaska State Legislature

Sponsor Statement
Committee Substitute for Senate Bill 159

The Committee Substitute for Senate Bill 159 will establish a new Susitna State Forest from state lands presently used for timber harvest and exclude private in-holdings from the proposed forest. Further, this CS includes intent language that urges the governor to work to acquire or purchase forest land in the Tongass National Forest.

With a state forest designation, the Division of Forestry will be able to manage for a long-term supply of timber to local processors, and retain the land in state ownership for multiple uses. The Susitna State Forest would be the fourth state forest established in Alaska, joining the Haines State Forest, the Tanana Valley State Forest and the Southeast State Forest.

The proposed Susitna State Forest includes **33 parcels totaling approximately 763,200 acres**. The parcels are Forestry classified lands located in 14 large management blocks listed below. The Division of Forestry worked with the Division of Mining, Land, and Water Management to identify and exclude lands that are priorities for the state land disposal program.

In the region where the State Forest is proposed, timber sales and personal use sales for fuelwood are growing steadily. Local mills depend on state timber for their raw material supply, and there is a growing interest in the use of wood in the form of roundwood, chips or wood pellets for both commercial and residential space heating.

The state is committed to long-term management solutions by:

- maximizing the sustainable supply of timber from the state timber base;
- developing access and encouraging a broad range of multiple uses on state forest lands including motorized uses;
- providing economic opportunities to the communities, businesses and residents of the region.

Legislatively designating a State Forest would ensure that some land will remain available for long-term forest management and the region will retain large open spaces of public lands for the range of benefits residents of the region currently enjoy. It will also allow for mining on state forest land.

The Susitna State Forest would be managed as part of the State Forest System under AS 41.17.200-.230. Lands in the State Forest would continue to be open for multiple uses, including wildlife habitat and harvest and recreational activities.

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 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM March 30, 2012

SUBJECT: Sectional summary for CSSB 159(RES)
(Work Order No. 27-LS1179\E)

TO: Senator Linda Menard
Attn: Michael Rovito

FROM: Donald M. Bullock Jr.
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Describes the state-owned or acquired land and water to be included in the Susitna State Forest. Requires the commissioner of natural resources to prepare a management plan for the forest, and authorizes the commissioner to establish transportation corridors within the forest.

Section 2. Urges the governor to acquire additional forested land for the state from the Tongass National Forest.

Section 3. Provides a July 1, 2012 effective date for the Act.

DMB:ljw
12-242.ljw

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **CSSB 159(RES)**
Fiscal Note Number: 1
(S) Publish Date: 3/21/12

Identifier (file name): SB159-DNR-FMD-3-9-12
Title: An Act establishing the Susitna State Forest; and providing for an effective date.
Sponsor: Senator Menard
Requester: Senate Resources

Dept. Affected: Natural Resources
Appropriation: Resource Development
Allocation: Forest Management & Development
OMB Component Number: 435

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FUND SOURCE			(Thousands of Dollars)				
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Prgm (DGF)							
1037 GF/MH (UGF)							
1178 temp code (UGF)							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0
POSITIONS							
Full-time							
Part-time							
Temporary							
CHANGE IN REVENUES	0.0	0.0	0.0	0.0	***	***	***

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version.

Prepared by: John "Chris" Maisch, Division Director — Phone: 451-2666
Division: Forest Management & Development — Date/Time: 3/9/12 3:00 PM
Approved by: Daniel S. Sullivan, Commissioner — Date: 3/9/2012
Department of Natural Resources

(Revised 1/17/2012 OMB)

FISCAL NOTE #1

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. CSSB 159(RES)

Analysis

This bill would establish a new Susitna State Forest in the Matanuska and Susitna Valleys from state lands presently classified for forestry management by the two Area Plans for the region. These lands are currently managed by the Division of Forestry for timber harvest and other multiple uses. Designation of these lands as a state forest will ensure the long-term availability of a timber supply to local commercial and personal use customers , support economic opportunities for the region's communities, improve access to the parcels and retain the land in state ownership for multiple uses. The state forest will also directly support a growing interest in wood energy space heating projects by local communities. These projects require a long-term, sustainable supply of wood.

The proposed State Forest includes 33 parcels totaling approximately 763,200 acres and are located in 14 large management blocks. The Susitna State Forest would become part of the State Forest System under AS 41.17.010 - .230 and will continue to be managed under the provisions of the State Forest Resources and Practices Act (FRPA) which is designed to protect fish habitat and water quality. The forest management plan for the region would be updated via a public process per AS 41.17.230.

Implementation of this bill will not require new positions or funding.

The bill will have no short-term impact to the revenue stream, but will provide for long-term increases in forest productivity and subsequent increased timber revenues.

Public Briefing: SB-159
Susitna State Forest
DEPARTMENT OF NATURAL RESOURCES -- DIVISION OF FORESTRY

Alaska Department of NATURAL RESOURCES

January, 2012

Background. The state Department of Natural Resources manages over 9.5 million acres of forest land in the Matanuska and Susitna Valleys. Of this land, timber management is allowed on approximately 2.1 million acres. The state actively manages this timber base to supply wood to local processors. Remaining land is designated primarily for other uses including land sales, recreation, water resources, and fish and wildlife habitat, including over 3.1 million acres of legislatively designated state parks, refuges, and public use areas.

In the region, demand for state timber sales is steady and growing and personal use sales for fuelwood have also increased. Local mills depend heavily on state timber for their raw material supply and there is a growing interest in the use of wood in the form of roundwood, chips or wood pellets for both commercial and residential space heating.

There is also a need to more actively manage lands and vegetation to promote a variety of forest ages to provide for diverse and healthy habitats for wildlife. At the same time, active management will also help reduce wildland fire risk by breaking up large fuel types and encouraging initial regeneration by hardwood species.

The state is committed to long-term management solutions by:

- maximizing the sustainable supply of timber from the state timber base;
- developing access and encouraging a broad range of multiple uses on state forest lands including motorized uses;
- providing economic opportunities to the communities, businesses and residents of the region.

Legislatively designating a State Forest would ensure that some land will remain available for long-term forest management and the region will retain large open spaces of public lands for the range of benefits residents of the region currently enjoy.

Purpose. This bill would establish a new Susitna State Forest from state lands presently used for timber harvest. The Division of Forestry will be able to manage the State Forest for a long-term supply of timber to local processors, and retain the land in state ownership for multiple uses.

Proposed State Forest Land. The proposed Susitna State Forest includes 33 parcels totaling approximately 763,200 acres (see chart). The parcels are Forestry classified lands located in 14 large management blocks listed below. The Division of Forestry worked with the Division of Mining, Land, and Water (DML&W) management to identify and exclude lands that are priorities for the state land disposal program.

State Forest Management. The Susitna State Forest would be managed as part of the State Forest System under AS 41.17.200-.230. Lands in the State Forest would continue to be open for multiple uses, including wildlife habitat and harvest and recreational activities. State Forest lands would be managed consistent with the management intent under the current Susitna Matanuska and the Southeast Susitna Area Plans. Changes to management intent would require public and interagency review through adoption of a State Forest Management Plan under AS 41.17.230. The States Forest Resources Practices Act (FRPA) would apply to management activities on the forest and is designed to protect both fish habitat and water quality. (AS 41. 17.010 - .955.) A forestry inventory was completed in 2010 for approximately 75% of the acreage and work is ongoing to complete the project. An interim forest inventory report is available.

PROPOSED SUSITNA STATE FOREST			
Parcel	**Acreage**	**General Location**	**Block**
Susitna-Matanuska Area Plan			
P-13a	18,100	Kroto Creek East	East Petersville
P-13b	49,600	Kroto Creek West	West Petersville
P-13c	3,300	Amber Lake	West Petersville
U-26a	35,400	Yentna River West	Yentna
R-03a	6,500	Nakoshna River	Yentna
R-03b	33,600	Skwentna River North	West Skwentna
U-26b	15,500	Skwentna River North	West Skwentna
R-03c	5,100	Hayes River	West Skwentna
M-07a	24,200	Canyon Creek	South Skwentna
M-07b	187,000	Mount Susitna	Mount Susitna
M-07c	2,500	Theodore River	Mount Susitna
M-07d	5,800	Alexander Creek West	Alexander Creek
U-24a	10,300	Alexander Creek East	Alexander Creek
U-04a	500	Kroto Slough	Susitna
U-04b	155,800	Kahiltna River	Susitna
U-07e	104,100	Skwentna Village	East Skwentna
B-10	15,200	Yenlo Creek	East Skwentna
S-35	12,800	South Fork Montana Creek	Talkeetna
Southeast Susitna Area Plan			
U-01a	1,200	Sheep Creek North	Talkeetna
U-01b	6,500	Sheep Creek South	Kashwitna
U-01c	5,800	Kashwitna River	Kashwitna
U-01d	13,900	Little Willow Creek North	Willer-Kash
U-01e	18,600	Willow Creek North	Willer-Kash
U-01f	10,500	Deception Creek	Houston
W-01g	600	Houston	Houston
H-06a	800	Houston	Houston
H-32	500	Houston	Houston
H-06b	3,000	Houston	Houston
P-03	600	Little Susitna North	Houston
P-02	1,600	Little Susitna North	Houston
S-03a	300	Deshka Landing	Red Shirt Lake
S-03b	13,300	Deshka Landing South	Red Shirt Lake
S-03c	700	Susitna Village	Red Shirt Lake
TOTAL	**763,200**		

Susitna Valley State Forest Blocks



SB 159
Susitna State Forest

The proposed Susitna State Forest includes 14 management blocks totaling approximately 760,000 acres. The blocks have previously been classified Forestry in the Susitna Matanuska and the Southeast Susitna Area Plans. The Division of Forestry worked with the Division of Mining, Land, and Water Management to identify and exclude lands that are priorities for the state land disposal program.

The effect of legislatively designating these lands as State Forest is as follows:

Current Condition	Proposed State Forest
Lands may be designated for disposal through agency action.	This would provide for long term forest management planning. Lands would need to be withdrawn from the State Forest system through legislative action.
Revised area plans may further subdivide the existing forest.	Existing private inholdings would remain. All state land designated for settlement in the current Area Plans would remain available for purchase by the public. Any changes in land classification or use would be addressed in the Susitna State Forest Management Plan.
Reluctance by forest managers to invest public funds if the lands are subject to disposal.	Forest Managers would have the opportunity to invest in long term land management projects without having the lands converted to other uses. For example, the DOF would have the opportunity to collaborate with the Department of Fish and Game on long term wildlife enhancement projects, silvicultural treatments for stand improvement, and other activities that show benefits over time.
Lands are managed for multiple use.	No Change.
Existing mineral entry rights.	The lands would be managed for multiple use and would be open for mineral development as it currently exists.
The Susitna Forestry Guidelines, adopted over 20	The Alaska Forest Resources and Practices Act and

years ago and prior to the final revision of the Alaska Forest Resources and Practices Act (AS 41.17), are used for planning timber harvests in the Susitna Valley.	other guidelines will be incorporated into the Susitna State Forest Management Plan and after adoption will be the basis for timber harvests in the State Forest.
Forests are managed on a sustained yield.	AS 41.17.220 requires the management of State Forests occur on the sustained yield principle.
Access for recreation is limited.	A forest management plan would include a transportation plan that addresses recreational opportunities as roads are developed.
Multiple Area Plans are used for the current management of State land.	A Forest Management Plan as required under AS. 41.17.230 must be adopted within 3 years of the establishment of a state forest. The plan requires a forest inventory and must consider other uses such as mineral extraction, recreation, fish and wildlife, and other traditional uses.

Provided by the Alaska Division of Forestry

MATANUSKA-SUSITNA BOROUGH
Office of the Borough Manager
350 East Dahlia Avenue • Palmer, AK 99645
Phone (907) 745-9689 • Fax (907) 745-9669
John.Moosey@matsugov.us

January 18, 2012

The Honorable Senator Linda Menard
Alaska State Capitol
Room 9
Juneau, Alaska 99801

Dear Senator Menard,

I am very pleased to send a letter of support for Senate Bill 159 which will establish the Susitna State Forest. This bill will establish a new State Forest from state lands presently used for timber harvest. The Division of Forestry will be able to manage the State Forest for a long-term supply of timber to local processors, and retain the land in state ownership for multiple uses.

The Mat-Su Borough and its residents will benefit from a state forest in the form of an economic boost from a sustainable supply of timber from the state timber base. The Susitna State Forest would be managed as part of the State Forest System and would be open for multiple uses, including wildlife habitat, harvest, and recreational activities.

Demand for state timber sales is steady and growing, and personal use sales for fuel wood have also increased. Local mills depend heavily on state timber for their raw material supply and there is a growing interest in the use of wood in the form of round wood, chips or wood pellets for both commercial and residential space heating. At the same time, active management will also help reduce wild land fire risk by breaking up large fuel types and encouraging initial regeneration by hardwood species.

Thank you for the opportunity to endorse this project. Should you have any questions, please do not hesitate to contact my office.

Sincerely,

John M. Moosey
Borough Manager

JM/al

RUFFED GROUSE SOCIETY

DEDICATED TO IMPROVING THE ENVIRONMENT
FOR RUFFED GROUSE, WOODCOCK,
AND OTHER FOREST WILDLIFE
South Central Alaska Chapter
7650 Delridge Circle, Anchorage, Alaska 99507

February 9, 2012

The Honorable Linda Menard
State Capitol Room 9
Juneau, Alaska 99801

Dear Senator Menard,

The South Central Alaska Chapter of The Ruffed Grouse Society would like to thank you for submitting Senate Bill 159, creating a State Forest west of the Susitna River. We support creation of this Forest for a multitude of reasons not the least of which is the ability to manage our forest resources for wildlife.

The area west of the Susitna is one of the last remaining large blocks of state land in Southcentral Alaska. Establishing a state forest will ensure that the ever increasing population of this area has access to the outdoor recreation for which our state is famous and that our timber, land and wildlife resources can be managed for the benefit of all Alaskans. A state forest will also help establish and solidify a timber industry for this area. Managed timber harvests benefit wildlife that needs an age diversified forest to thrive and would help reduce the potential for devastating fires such as the Miller Reach catastrophe.

Designation as a State Forest is, we believe, one of the least restrictive land categories possible. It allows for most uses, but would require planning and thought before implementing changes such as roads, mining, campgrounds, etc. The one restriction we know of is transfer of land into private ownership. In the past, the State has been able to meet the recreational needs of the Southcentral population through land transfers to individuals. However, the population is growing and most land with easy access, such as that bordering lakes and rivers, has already been transferred. The net effect is to block access to the remaining area. We realize there are access corridors reserved, but these are not particularly effective when it means parking your plane in front of someone's cabin to walk the right of way to a stream. Land owners tend to view such as an intrusion and clashes ensue. Additionally, owners of private land tend to want to manage all lands within view of their property. This leads to conflict when trying to manage resources on state land. In the Matanuska Valley it has hobbled the ability of Forestry to conduct timber sales and ADF&G to implement habitat improvement projects.

As currently described in SB 159, the State Forest is a convoluted collection of detached parcels taking 16 pages to describe the boundaries. A person out for recreation will have a difficult time trying to determine if they are in or out of the forest. Future disposal of land surrounding these parcels could complicate road development and access to proposed timber sales. Private ownership bounding the forest could result in the NIMBY problems we are already dealing with in other parts of Southcentral.

451 MCCORMICK ROAD • CORAOPOLIS, PENNSYLVANIA 15108-9377
(412) 262-4044 FAX (412) 262-9207 (888) 564-6747 TOLL FREE
Email: rgs@ruffedgrousesociety.org www. ruffedgrousesociety.org

We would encourage you to expand the proposed boundaries to incorporate all unencumbered state land west of the Susitna River, south of the Denali Park Boundaries, North of Beluga Lake/Beluga River draining into Cook Inlet. As a minimum, the forest boundaries need to be simplified and expanded to create a buffer against treats to proper forest management by private ownership and to ensure reasonable access to the forest is available. This would preserve public access, ensure multiple use of our land, and enhance our wildlife resources for all Alaskans, now and in the future, while encouraging development of a comprehensive timber industry.

This forest will complement the three other state forests that have been successfully established. We urge the legislature to expand and pass SB 159 this session.

Sincerely,

Michael W. Griffin
President, SAC RGS

Alaska Trappers Association
PO Box 82177
Fairbanks, AK 99708

Linda Menard
Alaska State Senator
State Capitol, Room 9
Juneau, AK 99801

February 2, 2012

Re: SB 159 – Susitna State Forest

Dear Senator Menard:

The Alaska Trappers Association is a statewide organization with nearly one thousand members. We are active in Alaska wildlife issues and other resource conservation efforts. We support a very active trapper education program.

ATA supports the CONCEPT of a fourth state forest, but we have serious concerns about how this might affect other consumptive resource use, particularly trapping. Our concern stems primarily from experience with the way that the planning process for the Tanana Valley State Forest (TVSF) in Interior Alaska was politically manipulated by Governor Knowles.

Title 41 (specifically AS 41.17.200) makes it quite clear that the primary purpose of any state forest is to provide a timber base and the opportunity for active forest management and timber harvest. We support and applaud this goal. However, the TVSF Citizens Advisory Committee (a quasi-public agency) was stacked with non-consumptive users and allowed to corrupt and control the planning process to minimize logging, hunting, trapping and motorized access. That serious and systemic problem was exactly what happened when the TVSF Management Plan was rewritten. Environmental groups (enabled, supported and encouraged by the Governor's Office) tied up the planning process for years and manipulated the process. The Governor's Office, rather than the State Forester's

Office, controlled which specific individuals were appointed to the Citizens' Advisory Committee.

Thus, before we can wholeheartedly support your bill, we would prefer to see included some language to prevent or at least minimize this type of political manipulation of the planning process and attempts to preclude the very consumptive uses the State Forest was established to protect. This might entail a slight change to AS 41.17.200. Or perhaps it could be handled with a very clear statement of legislative intent. At a minimum, public discussion during the legislative process regarding this bill should thoroughly air and review the process that took place during the rewriting of the TVSF Management Plan.

Once this concern is addressed, we will be glad to comment on specific acreages and areas proposed for inclusion. However, until we can be sure that trapping (and timber harvest, for that matter) are really protected, we support only the CONCEPT of establishing the Susitna State Forest.

Thank you for the opportunity to comment on your proposal to establish a Susitna State Forest in South-Central Alaska.

Sincerely,

Joe Letarte

Joe Letarte, President
Alaska Trappers Association

RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

Founded 1975
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Congressman Don Young
Governor Sean Parnell

January 19, 2012

Senators Joe Paskvan and Tom Wagoner
Co-Chairs, Senate Resources Committee
Alaska State Legislature
Juneau, AK 99801

RE: Senate Bill 159, Susitna State Forest

Dear Senators Paskvan and Wagoner:

The Resource Development Council (RDC) is writing to support Senate Bill 159, which would create the Susitna State Forest over 763,200 acres of state land west of the Parks Highway.

RDC is a statewide, non-profit, membership-funded organization founded in 1975. The RDC membership is comprised of individuals and companies from Alaska's oil and gas, mining, timber, tourism, and fisheries industries, as well as Alaska Native corporations, local communities, organized labor, and industry support firms. RDC's purpose is to link these diverse interests together to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

The Alaska Department of Natural Resources currently manages 9.5 million acres of forest land in the Matanuska and Susitna Valleys. Of this land, timber management is allowed on approximately 2.1 million acres. Remaining land is designated for other uses, including land sales, recreation, water resources, and fish and wildlife habitat. Over 3.1 million acres is protected in legislatively-designated state parks, refuges, and public use areas.

The establishment of the Susitna State Forest would ensure that some land would remain available for long-term forest management. It would allow the Division of Forestry to more actively manage lands and vegetation to promote a variety of forest ages, which in turn would maximize the sustainable supply of timber from the state timber base and provide for more diverse and healthy habitats for wildlife. In addition, active management would also help reduce wildfire risk.

The Division of Forestry would manage the state forest for a long-term supply of timber to local processors and retain land in state ownership for other multiple uses. An enhanced long-term timber supply would help support the forest products industry, provide fuel for sustainable biomass energy projects, and create new jobs. It would also benefit the recreational sector as the state intends to develop access to the new state forest and encourage a broad range of multiple uses. These multiple uses, including annual timber harvests, would provide important economic opportunities to local communities, businesses, and residents.

It is important to keep in mind that SB 159 would establish a new state forest from state lands presently designated for forest management. The Susitna State Forest would be managed consistent with the management intent under the current Susitna Matanuska and the Southeast Susitna Area Plans. Alaska's Forest Resources Practices Act would apply to management activities on the forest and is designed to protect both fish habitat and water quality.

121 West Fireweed Lane, Suite 250, Anchorage, Alaska 99503-2035
Phone: 907-276-0700 Fax: 907-276-3887 Email: resources@akrdc.org Website: akrdc.org

If established, the Susitna State Forest would be the fourth state forest in Alaska. RDC supports SB 159 and believes the proposed state forest will be of much benefit to the local economy – creating and sustaining much needed jobs in the forest products industry while providing many other opportunities. We urge the committee to pass SB 159.

Sincerely,

Carl Portman
Deputy Director

Cc: Senator Linda Menard
Chris Maisch, State Forester

DENALI LOG & LUMBER

PO Box 212
Milepost 100 Parks Highway
Talkeetna, AK 99676

Phone: 907-355-5833
Fax: 907-733-5833
Email: denalinorthwest@yahoo.com

April 3, 2012

Honorable Linda Menard
State Capital Room 9
Juneau, Alaska 99801

RE: Senate Bill 159, Proposed Susitna State Forest

Dear Senator Menard,

I would like to express my complete support for Senate Bill 159 creating the Susitna State Forest and to thank you for taking the initiative to ensure the future of professional forest management in the Susitna valley.

Denali Log & Lumber (DLL) is a locally owned and operated sawmill and firewood company located in the Talkeetna-Sunshine area near the junction of the Parks Highway and the Talkeetna Spur Road. DLL produces value-added wood products, such as spruce siding, cabin logs, beams, dimension lumber and split birch firewood, from local timber resources and sells these products to local residents. Since starting business in 2007, many of my customers have stated how happy they are to be able to obtain products locally that are made from local resources rather than imported from the lower 48 or Canada and sold by a chain store.

The potential for growth is significant but hampered by the lack of a consistent and reliable timber resource base. Being able to secure a stable, secure timber supply of several years duration would enable DLL and other wood products manufactures to more effectively plan for business expansion, hiring and financing. Numerous other benefits accrue to the public through active forest management. These include improved forest health, improved recreation and fire-fighting access, improved ability to manage future timber resources and improved wildlife habitat. Having state lands in the Susitna valley actively and professionally managed as a state forest will result in these and other benefits.

In addition to the establishment of the Susitna State Forest I urge the legislature to increase funding of the Division of Forestry so as to allow the Division to fully carry out its mandates statewide.

I appreciate the opportunity to provide these comments and urge the legislature to pass this bill this year.

Mark Stahl, Owner

Alaska Chapter SCI
PO Box 770511
Eagle River, AK 99577
(907) 980-9018

February 9, 2012

The Honorable Linda Menard
Alaska State Senate
120 4th St. Rm 9
Juneau, AK 99801

Dear Senator Menard:

The Alaska Chapter of SCI is in support of SB 159 and commends you for your foresight in introducing this necessary piece of legislation.

As you may or may not know, SCI Alaska Chapter is not only the leading hunter-conservationist organization in Alaska, but is also SCI's leading chapter throughout the SCI network which includes over 105 countries and 260 chapters. Our mission is to protect the freedom to hunt through political advocacy and action, support for sound, science based conservation and wildlife management, and through humanitarian services.

In reviewing SB 159 and the applicable statutory guidelines in Title 41, we may wish to suggest amendments as this bill works its way through the process. We have some concerns as to whether the simple set aside of lands into a state forest will bring about desired results.

Our first concern is that suitable habitat is maintained for wildlife upon which rests one of the primary impetuses for recreation in Alaska. This concern leads us to believe that the bill does not go far enough in sequestering the necessary habitat to sustain wildlife populations through the establishment of contiguous parcels of land.

Our other major concern involves management practices. Although some lands may not be suitable for the growth of marketable timber, we maintain that those lands are nonetheless important for this state forest designation. Most of Alaska's wildlife depends heavily upon successional plant life. 'Climax forests do not provide the same level of benefit as does new forest lands. Since we do not encourage the proliferation of fire any longer in this area due to a variety of concerns, it is important that harvest of climax forests be allowed to produce suitable habitat for wildlife.

We look forward to working with you on this legislation and thank you again for introducing it.

Sincerely,

Eddie Grasser
Director of Government Affairs

SCI's Top Gun Chapter

Summary of area plan and other agency public processes related to the proposed Susitna State Forest [4/9/12]

- 1985 Susitna Area Plan identified Forestry designated lands for consideration as legislatively designated areas (LDAs).

- State lands under consideration for a Susitna State Forest are addressed by two area plans: the Susitna Matanuska Area Plan (2011), and the Southeast Susitna Area Plan (2008). These two plans supersede the 1985 Susitna Area Plan.

- The Commissioner of DNR adopted the Southeast Susitna Area Plan (SSAP) on April 28, 2008, following a year-long planning process that included two rounds of public meetings. This plan applies to about 255,000 acres of state land formerly managed by the 1982 Willow Sub-Basin Area Plan and the original 1985 Susitna Area Plan. The SSAP designates 74,855 acres of state land for Forestry. The Division of Forestry actively manages these lands in the Houston and Kashwitna areas for timber production.

A recurring theme during the following public processes was the idea of a Susitna State Forest.

- In 2009, DOF engaged in a revision process for the 1991 Susitna Forestry Guidelines (SFG). A citizens' advisory committee and an inter-agency planning team were established and several meetings held. In 2009, the Department of Natural Resources (DNR) and the Matanuska-Susitna Borough hosted a series of open houses to obtain public input on the use and management of state and borough lands in the Susitna and Matanuska valleys. Meetings were held in the following communities in 2009:

Glacier View	Tuesday, April 14, 1-4 pm Long Rifle Lodge, Mile 102 Glenn Highway
Sutton	Tuesday, April 14, 5-9 pm Sutton Public Library, Mile 0.1 Jonesville Road
Willow	Wednesday, April 15, 5-9 pm Willow Community Center, MP 70 Parks Hwy
Wasilla	Thursday, April 16, 5-9 pm Cottonwood Public Safety Building
Anchorage	Tuesday, April 21, 5-9 pm Atwood Building, 550 West 7th Ave., Suite 240
Talkeetna	Wednesday, April 22, 5-9 pm Talkeetna Elem. School, 13798 E Veterans Way
Trapper Creek	Thursday, April 23, 5-9 pm Trapper Creek Elem. School, 6742 Petersville Road

- In 2009, DOF's planner mentioned the Susitna State Forest during his presentation to the Mat-Su Salmon Science and Conservation Symposium in Wasilla.

- During annual (2008-2011) Winter Trails User's meetings between timber operators and Willow area dog mushers, the concept of a state forest in the Susitna was discussed, with broad support for the idea expressed by those attending. Dog mushers enjoy the use of state lands and the associated improved access from logging activities.

- Following a two year planning process, the Commissioner of the Department of Natural Resources (DNR) adopted the Susitna Matanuska Area Plan (SMAP) on August 11, 2011, with a date of issuance of August 17th. The SMAP applies to nine million acres of state land formerly managed under the Susitna Area Plan. About 700,000 acres of these state lands are classified Forestry. This area plan recommends establishment of a legislatively designated State Forest for those lands designated or co-designated Forestry in the SMAP and the 2008 Southeast Susitna Area Plan. Public input received at a series of 9 community meetings (with 110 attendees) held throughout the planning area and during a three and a half month public review (February – June 2011) of the draft SMAP supported the concept of a Susitna State Forest.

- DOF coordinated the public scoping efforts for the SFG with DMLW's area plan scoping and the Matanuska-Susitna Borough's land use planning. During April of 2009, six joint open houses were held in communities in the Mat-Su area, and one in Anchorage. An open house planned for Skwentna in late March was cancelled due to an ash fall in the area from the volcanic eruption of Mt. Redoubt. Approximately 88 people attended the public meetings, and DOF received 22 written scoping comments through the end of July. Many of the written comments supported maintaining or strengthening the Susitna Forestry Guidelines as they are presently written, and keeping its original purpose statement intact. The public comments were generally supportive of forestry. The issues most frequently mentioned were regeneration, timber road access after harvesting, harvest design, riparian standards, and herbicides. Other public outreach efforts that occurred during this period included briefings with the Alaska Outdoor Council, Friends of the Mat-Su, and WACO Trail's Committee.

- The Mat-Su Area Forester reported on the interest in the Susitna State Forest to the Board of Forestry during their August 30-31, 2011 meeting.

Senator Menard, after introducing SB-159, organized a Town Hall meeting and asked the Division of Forestry to provided technical presentations to other groups:

- Mat-Su Borough Assembly Meeting, February 22, 2012: Dean Brown, Deputy State Forester, and Ken Bullman, Mat-Su Area Forester, addressed the Assembly on SB-159.

- Talkeetna Community Council Meeting, March 6, 2012: Presentation by Ken Bullman, Mat-Su Area Forester, addressed the Assembly on SB-159.

- Houston City Council, March 8, 2012: Presentation by Rick Jandreau, Division of Forestry. Council adopted a Resolution of Support for SB-159.

- Town Hall Meeting in Wasilla, March 10, 2012: Rick Jandreau, Acting Forest Resources Program Manager for the Division of Forestry, addressed the Assembly on SB-159.

- Mat-Su Borough Assembly Meeting, March 27, 2012: Discussed SB-159

- Alaska Board of Forestry Meeting, March 20-21, 2012 in Juneau. Update by Chris Maisch, State Forester, on proposed Susitna State Forest (SB-159).

Newspaper articles and radio stories

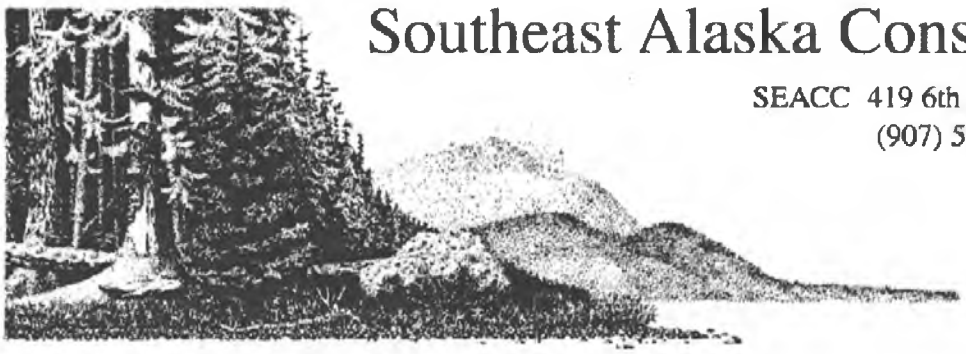
- January 7, 2012, Mat-Su Valley Frontiersman: "Senator pushes for state forest designation"

- January 16, 2012, Mat-Su Valley Frontiersman: "State, local lawmakers return this week" – mentions Senator Menard's legislation to create a state forest in the Susitna Valley.

- February 27, 2012, KTNA Radio reported on Mat-Su Area Forester Ken Bullman's presentation to Council on proposed Susitna State Forest

- March 10, 2012, Mat-Su Valley Frontiersman: "Town hall meeting covers broad array of concerns" – including proposed Susitna State Forest.

- April 3, 2012, KTNA Radio: "Susitna State Forest Must Meet Management Guidelines, Council Says"



Southeast Alaska Conservation Council

SEACC 419 6th Street, Suite 200, Juneau, AK 99801
(907) 586-6942 phone • (907) 463-3312 fax
www.seacc.org • info@seacc.org

Statement of Buck Lindekugel, Southeast Alaska Conservation Council
Before the Alaska House Community & Regional Affairs Committee

Regarding CSSB 159, An Act Establishing the Susitna State Forest
April 12, 2012

On behalf of our members, we wish to voice our surprise, disappointment, and dismay with Section 2 of SB 159. When introduced in January, this bill only proposed to establish the Susitna State Forest. Without warning, and with zero effort to inform affected communities, Alaska Native tribes, and the public, the Senate Resource Committee replaced SB 159 as introduced on March 21, 2012 with a bill that calls for a substantial change in the ownership and management of public lands in Southeast Alaska.

Shortly after this abrupt change the Senate passed the bill and transmitted it to the House. The House Community & Regional Affairs Committee is the first committee in the Alaska House to consider this bill. We call on members of this committee to reject SB 159 as amended and insist on a fair and full public discussion of this controversial matter before taking any action on this bill. Rushing such a fundamental and controversial change through the legislative process in the last moments of the session without informed public debate undermines the democratic process.

The "intent" language contained in Section 2 gives the Governor the cover to push a worn "timber-first" agenda – an agenda with little support within Southeast Alaska. Community leaders from across the political spectrum are actively working towards a different vision of the future for Southeast Alaska than that envisioned for the Tongass in SB 159.

The Forest Service calls their part of this vision a transition plan, an approach to forest management that provides both jobs-in-the-woods and conserves the region's natural resource base.[1] Our incredible salmon forest supports the sustainable nearly $1 billion dollar fishing industry, which employs nearly 10 times the number of workers as timber.[2] Our fish, wildlife, and incredible outdoor recreation opportunities support over a billion dollar in direct, indirect, and induced visitor spending in Southeast Alaska, and provides over 21 percent of the full and part time jobs in Southeast Alaska.[3] The unglamorous but critical foundation of the region's economy is customary and traditional hunting, fishing and gathering; salmon is the primary

[1] The strong economic potential of this approach to forest management is analyzed in an expert research analysis prepared for The Wilderness Society by resource economist Evan Hjerpe, Ph.D. This report is available at http://wilderness.org/content/seeing-the-tongass-for-the-trees.

[2] The report and an accompanying fact sheet can be found at http://www.tu.org/conservation/alaska/tongass

[3] McDowell Group, *Economic Impact of Alaska's Visitor Industry*, Table 9 at p. 20 (March 2010). This report is available at --http://www.dced.state.ak.us/ded/dev/pub/Visitor_Industry_Impacts_3_30.pdf.

source of food for rural Southeast Alaskans. We acknowledge the difficult times that so many of our small communities are facing, but logging watersheds that function as their key food-baskets make it even more difficult for them.

How the Tongass National Forest is managed means a great deal to the people who live in Southeast Alaska and depend upon its incredible resources for a broad variety of traditional, recreational, and commercial values. SEACC is working with a host of partners to build a diverse, stable, and sustainable economy in the region – a future that ensures that our watersheds, community hunting and fishing areas, Native cultural sites, and our tourism, recreation, and commercial fishing industries stay intact for future generations to enjoy and develops reliable and renewable energy resources to address our long-term needs.

We respectfully request the committee to table this measure or amend it to strike Section 2 and the second clause from the bill's title.

Statement for the April 10, 2012 House Community and Regional Affairs Committee Hearing in Juneau on SB 159.

Thank you for the opportunity to testify on this important legislation. I am John Sandor, 3311 Foster Avenue in Juneau, Alaska with a brief statement in support of SB 159.

I served in the U.S. Army during 1945-1946 of World War II, and later earned a Bachelor's Degree in Forest Management and a Master's Degree in Public Administration.

I first came to Alaska in March, 1953 to survey the forests of Southeast Alaska that year. I subsequently served in various forestry assignments throughout the U. S. and served as Regional Forester for the Alaska Region of the Forest Service from 1976 until retirement from the Forest Service in 1984.

During Governor Walter Hickel's 1990-1994 term of office, I also served as Commissioner of the Alaska Department of Environmental Conservation.

I support Senate Bill 159 which will designate over 760,000 acres of state land as the Susitna State Forest in South Central Alaska. State Forest designation helps assure the professional management of Alaska's forest lands for the sustainable benefit of present and future generations of Alaskans.

I also support the SB 159 provisions which urges the Governor to acquire additional forest land currently in the Tongass National Forest. This provision will enable the State of Alaska to manage a State Forest in Southeast Alaska. Thank you.

John A. Sandor
Certified Forester

ALASKA STATE LEGISLATURE
HOUSE COMMUNITY & REGIONAL AFFAIRS

Representative Cathy Muñoz, Chair
State Capitol Building, Room 403
Juneau, Alaska 99801-1182
Phone (907) 465-3744
Fax (907) 465-2273
Rep.Cathy.Muñoz@legis.state.ak.us

Rep. Alan Austerman, Rep. Sharon Cissna, Rep. Alan Dick, Rep. Neal Foster
Rep. Berta Gardner, Rep. Dan Saddler

MEMORANDUM

Date: April 12, 2012

ADDITIONAL MATERIALS SB 159

1. DNR FORESTRY STATE OFFICE Q & A w/Tanana & Haines State Forest Mngt Plans
2. Organized Village of Kake letter

MEMORANDUM
DEPARTMENT OF NATURAL RESOURCES

State of Alaska
FORESTRY STATE OFFICE

TO: Representative Cathy Munoz
Chair CRA

DATE: April 11, 2012

FILE NO:

FROM: John "Chris" Maisch
State Forester

TELEPHONE NO.: 590-3190

SUBJECT: Follow-Up CSSB-159 Access Questions

During yesterday's hearing (4/10/12) there were several questions and concerns expressed over the topic of access and how a state forest designation would treat this topic.

One of the strong points of the state forest system is the development of a range of access options for management of the various resources in the state forest. The primary emphasis is on forest management, but other multiple uses are also encouraged and facilitated by the access development for the timber management program. As an example in the Tanana Valley State Forest a range of all-season and winter-only roads have been constructed over time. These roads are frequently built by purchasers of timber sales in the forest and are part of the contractual requirements of the timber sale contract. The state identifies center lines and major crossing structures at streams, along with basic design criteria and adjusts the timber sale base value rates for the appraised value of these infrastructure improvements. A quote from the 2002 Haines State Forest Management Plan illustrates this point:

" The primary source of maintenance of state-owned timber harvest access roads, including bridge maintenance and replacement, is through timber sale contracts." (Plus timber sales often pay for initial road construction, too).

These practices reinforce the zero fiscal note that is associated with this legislation; access is primarily developed by the commercial timber sale program with occasional investment of other previously appropriated DOF funds on key infrastructure needs.

There was also concern expressed about traditional means of access and ensuring that current users, including in-holders of private lands, will continue to enjoy the same level and type of access. When a state forest is approved via legislation, a forest management plan must be completed within three years of the affective date (AS 41.17.230). One of the key topics addressed by the plan is access and this is developed in conjunction with the public and key interest groups associated with the forest and its current uses. Again, a quote from the Haines plan underscores this point:

"Traditional means of access as well as access to traditional use areas will be maintained in the State Forest. The statute establishing the State Forest (AS 41.15.300) includes as a primary purpose the "continuation of other beneficial uses including traditional uses and other recreational activities" "

Another way the DOF ensures that there are multiple avenues for participation in the management of a state forest is by establishing a Citizens Advisory Committee (CAC) in the forest management planning process. With the level of interest in the access topic, I would envision a seat on the CAC for the Susitna State Forest being designated for access and for in-holding properties. This will help keep the lines of communication open between the Division and various users of the forest. The CAC for the Tanana Valley State Forest (TVSF) provides excellent advice to managers and serves as a forum for discussing and helping resolve issues of concern to the community.

I'm confident that the concerns expressed on access can be addressed via the formulation of the forest management plan for the Susitna State Forest and implementation of a Citizens Advisory Committee. In the TVSF we have constructed approximately 500 miles of all-season and winter-only roads and have a range of motorized and other uses of the road system. Further more, the management of access in our current system of state forests is working well. This demonstrates our agency's supportive management philosophy in regard to access.

"Timber harvest in the Tanana Valley State Forest creates timber roads that can provide access to the forest for people using all different modes of transportation, including dogsled, foot, horses, skis, ATVs, and snow machines."

I've attached excerpts from both the 2002 Haines State Forest and the 2001 Tanana Valley State Forest Management Plans with sections highlighted where access issues are discussed. You will see that the topic is treated extensively and with the goal of developing additional access over time, while accommodating the range of uses the public finds of value in its state forest system.

Attachments:

Tanana Valley State Forest Management Plan: 2001 Update, Chapters 1 and 2
Haines State Forest Management Plan, 2002, Chapter 2

From Tanana Valley State Forest Management Plan: 2001 Update

http://forestry.alaska.gov/management/tvsf_final_plan.htm

Chapter 1, page 2:

In addition, AS 38.04.200 states that DNR "may not manage state land, water, or land and water so that a traditional means of access for traditional outdoor activities is restricted for the purpose of protecting aesthetic values [...] unless the restriction or prohibition is"

- "for an area of land, water, or land and water that encompasses 640 contiguous acres or less;"
- "temporary in nature and effective cumulatively less than eight months in a three-year period;"
- "for the protection of public safety and public or private property;"
- "for the development of natural resources and a reasonable alternative for the traditional means of access across the land, water, or land and water for traditional outdoor activities on other land, water, or land and water is available and approved by the commissioner; or"
- "authorized by an act of the legislature."

Chapter 1, page 7:

- **Forest Land Use Plans (FLUPs).** The DNR Division of Forestry must prepare a FLUP for each timber sale greater than 10 acres, except for salvage harvests on land that is cleared for non-forest use (AS 38.05.112). A FLUP describes the harvest methods, access, reforestation plan, and multiple use provisions for the proposed sale. Each FLUP must consider the same list of uses required for the Tanana Valley State Forest Management Plan ((AS 38.05.112(c)); see "Establishment and Purpose of the Tanana Valley State Forest," above). Draft FLUPs are published for public, industry, and agency review prior to adoption.

Chapter 2, page 14:

FISH AND WILDLIFE HABITAT

I. GOALS

C. Ensure Access to Public Lands and Waters

Ensure access to public lands and waters where appropriate to promote or enhance responsible public use and enjoyment of fish and wildlife resources. Access improvements should be designed to match the public use objectives for the area under consideration. See also guidelines in the Public Access section of Chapter 2.

Chapter 2, page 25-27:

PUBLIC ACCESS

I. GOALS

Maintain, enhance, or provide adequate access to publicly-owned land and resources.

B. Retain Access
The state will improve or maintain public access to the Tanana Valley State Forest by retaining access sites and corridors in public ownership, reserving rights of access when state land is leased adjacent to the State Forest, acquiring access, or identifying RS 2477 rights-of-way. Generally, section line easements should not be vacated on land within or adjacent to the State Forest unless reasonable alternative access can be established. Within the State Forest, DNR will reserve public access across areas leased for private use.

C. Management of 17(b) Easements
17(b) easements are public easements through Native Corporation land. The Bureau of Land Management manages 17(b) easements. Generally, DNR will not accept management of 17(b) easements unless it already actively manages a portion of the trail or easement, or unless state management will best protect public access to state lands. The DNR Division of Mining, Land and Water manages RS 2477 routes where they coincide with 17(b) easements.

D. Access for Development
When an access route is constructed for resource development, existing public access will not be displaced or rendered unusable by new construction. Various uses of resource development roads shall not restrict the purpose for which the roads were constructed.

E. Public Access Rights
Where feasible and within the limits of available funding, full public rights of access should be provided when roads are constructed by state or local governments for purposes other than forest operations. Perpetual exclusive easements should be acquired and recorded when the state acquires access rights across property in other ownerships adjacent to the State Forest.

F. Coordination with the Department of Transportation and Public Facilities (DOT/PF)
Access needs, such as right-of-way widths or road locations, should be coordinated with DOT/PF.

G. Limiting Access
Access to land within the State Forest may be curtailed at certain times to protect public safety, allow special uses, and prevent harm to the environment. Examples of conditions that may justify limiting public access are fire management, timber harvest operations, and high soil moisture content when traffic may cause extensive damage to roads and trails.
Existing statutes address restrictions of easements and rights-of-way use (AS 38.04.058), and restrictions of traditional means of access (AS 38.04.200). These and subsequent statutes and regulations must be considered when contemplating use restrictions.

H. Access Along and Across the Trans-Alaska Pipeline (TAPS)
On state land, access is allowed across and along the TAPS under the following conditions:

1. Crossing on foot or by vehicles of less than 1,500 lbs. gross vehicle weight (GVW) is allowed without a permit.

2. Crossing by vehicles, pickups, four-wheel-drive vehicles, and all-terrain-vehicles over 1,500 lbs GVW requires a permit except at designated vehicle crossings.
3. The public may not travel on the TAPS right-of-way parallel to the pipeline except by permit from the DNR State Pipeline Coordinator's Office.

I. Pipeline Access Roads
DNR should work with Alyeska Pipeline Service Company to open or move barrier gates temporarily or permanently on certain access roads that cross state land between the Richardson and Elliot Highways and the pipeline right-of-way. Such an arrangement would allow the public more access to state land along service roads and within the State Forest.

J. Pipeline Crossings
DNR should work with Alyeska Pipeline Service Company to identify options to develop new pipeline crossings. Future pipelines (such as the Trans-Alaska Gas Line) should provide more places for public crossings to state land for hunting, fishing, recreation, timber harvest, settlement, and other uses or provide a mechanism to improve or develop future public crossings as the need arises.

Chapter 2, page 63:

TOURISM

Definition: Tourism markets Alaska's natural, cultural, historic, and recreational resources. The marketable resources on which tourism depends include scenic viewsheds, wilderness, forests, wildlife, lakes, and rivers, along with developed areas, which possess cultural, economic, and/or historical significance. The difference between recreation and tourism is that tourism is a commercial activity, while recreation is a leisure activity.

The Tanana Valley State Forest will be managed for multiple use, consistent with the purpose of the establishment of the State Forest (AS 41.17.200). The State Forest is one component of the mosaic of public land in the Tanana Valley that includes state and federal park land, as well as general state land that has been designated for recreation. The State Forest will be retained in state ownership and managed to allow a range of development activities to occur, including tourism operations.

Tourism activities in the State Forest are generally concentrated along rivers, roads, and trails. The tourism industry is an economic use of the Tanana Valley State Forest. The following list describes some of the resources in the Tanana Valley State Forest that benefit tourism.

A. The Tanana Valley's forests provide natural settings for visitors engaged in activities that range from sightseeing to canoeing to wilderness camping and hiking.
B. Timber harvest in the Tanana Valley State Forest creates timber roads that can provide access to the forest for people using all different modes of transportation, including dogsled, foot, horses, skis, ATVs, and snowmachines.
C. The Tanana Valley State Forest Management Plan allows for the development of roads, boat launches, pull-outs, campgrounds, cabins, and trails that would provide visitors with opportunities to access recreational and scenic sites. The plan also encourages the development of facilities that provide information about areas of cultural, economic, and/or historical significance, or about forest history and ecology (such as visitor centers and interpretive sites).

Chapter 2, page 66:

TRAILS

I. GOALS

A. Public Use Opportunities

Ensure continued opportunities for public use of important recreation, public access, and historic trails of regional and statewide significance.

B. Local Trails

Assist in establishing local trail systems that provide access to community recreation areas.

C. Trail Corridors

Protect or establish trail corridors to meet projected future use requirements and protect current use.

Chapter 2, page 67:

E. Conversion of Roads into Trails

A forest access road may be converted to a trail after its use as a road has terminated. The nature of the road may require that it be put-to-bed, thus the new "trail" may have water bars, removed culverts, grass seeding, or other measures to prevent erosion which other trails may not have. Roads will be converted into trails only after consideration in the Five Year Schedule of Timber Sales and Forest Land Use Plans. Any anticipated conversions should consider the Corps of Engineers' silvicultural exemption during the process.

Chapter 2, page 70:

TRANSPORTATION

The Division of Forestry plans to bring the entire timberland base of the State Forest under active resource management. At current harvest levels it will take several rotations before all areas of the forest are brought under active management. Current rotation lengths vary from 80 years in the hardwoods to 120 years in the softwoods.

As all areas of the forest are brought into active management the transportation system will be expanded by using a variety of road systems. At some point in the future, all areas will have access via an all season or winter road system. Portions of the road system will be inactive or "put to bed" for long periods of time. Other portions will be maintained as primary access routes into the forest. Planning and route selection for this system will be incremental and will occur as timber sales or other resource management activities occur in different geographic regions of the forest. This transportation system will be integrated and coordinated with other major land-owners, private and public, to ensure an efficient and logical transportation system is developed.

I. GOALS

Develop a transportation system to implement this plan and integrate it with other transportation needs in the Tanana Basin.

A. Minimize Costs

Develop a transportation system that has the lowest possible long-range cost, including construction, operations, and maintenance. Avoid unnecessary duplication of transportation facilities.

B. Minimize Adverse Impacts

Develop a transportation system with minimal adverse impact on the environment, aesthetic and cultural features, and other users.

C. Promote Efficiency

Develop a transportation system through a process of efficient route planning and with consideration of the full range of access needs, such as access to approved developments, commercial timber, recreation, and for forest protection.

D. Ensure Public Safety

Develop a transportation system with a high standard of public safety.

E. Minimize Access Restrictions

Do not unduly restrict access to TVSF land and resources.

II. MANAGEMENT GUIDELINES

A. Identification of Potential Transportation Routes

Rivers and terrain influence the type of access that exists, and the type of access that will be constructed in the State Forest. Much of the State Forest is accessible only by winter road due to the presence of wetlands and rivers. Descriptions of anticipated access for each management unit is found in Chapter 3. Due to changing economic conditions or the construction of roads for non-timber projects, access may change from what is described in Chapter 3.

The Tanana Basin Area Plan provides general recommendations for transportation routes necessary to support the land use policies in that plan, including some routes that cross the Tanana Valley State Forest. However, more detailed route alignment and feasibility analysis must be completed before the routes can be considered final.

To the extent feasible and prudent, DNR will avoid actions incompatible with the eventual construction of any potential transportation routes within the Tanana Valley State Forest that were identified in the Tanana Basin Area Plan until final decisions are made on the feasibility of these routes. The transportation routes that could potentially pass through the State Forest are the Alaska Natural Gas Pipeline, the Alaska Railroad Extension, the Prince William Sound - Upper Tanana Railroad Corridor, Western Access Railroad Corridor, and Nenana-Totchaket Area Access route. Descriptions of these routes are given in the Tanana Basin Area Plan.

B. Access Plans for Resource Development Projects

Access needs for forest management are described in Chapter 3 for each management unit, and are summarized in Table 12. However, access plans may change over time because of factors like access development for non-timber resources (e.g., minerals and oil and gas). Incremental development of forest roads is anticipated to occur throughout the State Forest. The rate will depend on demand for forest products and need for forest protection and other multiple use activities. Non-timber development projects may not be anticipated in this plan, but may be initiated in any part of the State Forest. Prior to the initiation of a resource development project, DNR will identify appropriate means of access and responsibilities for design, construction and maintenance of any proposed transportation facilities. Access plans for timber operations will be proposed to the public and other agencies through the Five Year Schedule of Timber Sales and Forest Land Use Plans. Access plans for other development activities will be coordinated through the applicable permitting processes.

Chapter 2, page 74:

Forest roads should remain open if they access substantial timber or other public resources. When known, decisions regarding permanent road closure and continued maintenance will be reviewed by agencies and the public in the Five Year Schedule of Timber Sales planning process as detailed in Chapter 4, and in the Forest Land Use Plans for specific timber sales.

From 2002 Haines State Forest Management Plan

Online at http://forestry.alaska.gov/management/hainesplan.htm

[Chapter 2, pages 23-24]
Management Guidelines

1. Public Access

Access to the State Forest shall be provided to the public, but may be limited or curtailed at certain times to protect public safety, allow special uses, and prevent harm to the environment. Examples of conditions that may justify limiting public access are fire management, timber harvest operations, and high soil moisture content when traffic may cause extensive damage to roads and trails. Statutes address restrictions of easement and right-of-way use (AS 38.04.058) and restrictions of traditional means of access (AS 38.04.200). These and subsequent statutes and regulations must be considered when contemplating use restrictions.
Use levels on public access routes within the State Forest may vary. Consideration should be given to use/development of facilities if needed and if funding is available.

2. Trails

The need for trail maintenance or upgrades and/or the development of new trail routes will be evaluated in the Five-Year Forest Management Schedule. The Schedule will identify the location and type of improvement and will provide budget details. The funding of trail maintenance or new trail facilities depends on the availability of funding for construction and maintenance. Trail improvements, often associated with other types of recreational facilities like public use cabins, are recommended in many of the units within the Forest.
A forest access road may be converted to a trail after its use as a road has terminated. The nature of the road may require that it be put-to-bed. Thus, the new "trail" may have water bars, removed culverts, grass seeding, or other measures to prevent erosion which other trails may not have. These "trails" can be reverted to the original intended use as required by the Division of Forestry. Roads will be converted to trails only after consideration in the Five-Year Forest Management Schedule and Forest Land Use Plans.
The rerouting of trails for a short distance may be permitted to minimize land use conflicts or to facilitate use of a trail if alternate routes provide opportunities similar to the original route. If trails are rerouted, provision should be made for construction of new trail segments if warranted by type of use. Rerouting of trails will be addressed in the Five-Year Forest Management Schedule and Forest Land Use Plan processes.

[Chapter 2, page 25]
E. Construction of roads for access to privately-owned land, state land, federal land, municipal land, or valid mining claims, is allowed to assure reasonable, timely, and economically feasible access.

[Chapter 2, page 26]
6. Private Recreation Facilities and Uses

Private facilities or uses for private profit making, or private not-for-profit recreation operations, including facilities and uses associated with tourism, may be authorized if the following conditions are met:

- Significant public access or recreational opportunities will not be lost or blocked by the facility or operation, or reasonable alternative access to areas that otherwise would be blocked can be provided;

[Chapter 2, pages 26-27]
8. Traditional Uses and Modes of Transportation

Traditional means of access as well as access to traditional use areas will be maintained in the State Forest. The statute establishing the State Forest (AS 41.15.300) includes as a primary purpose the "continuation of other beneficial uses including traditional uses and other recreational activities". The definition of and protection for traditional uses is further established in AS 38.04.200. This section of statute, which is applicable to the State Forest in addition to general state lands, states that DNR may not manage state lands or waters so that a traditional means of access for traditional outdoor activities is to be restricted for the purpose of protecting aesthetic values, except under certain limited conditions. Traditional means of access means those types of transportation for which a popular pattern of use are developed. Traditional outdoor activities includes those types of activities that people use for sport, subsistence, personal enjoyment, or that have been historically conducted as part of an individual, family, or community life pattern. These management restrictions protect personal use, either motorized or non-motorized. They do not extend to commercial uses of any kind. Accordingly, once patterns of 'popular use' have been established within the State Forest, DNR cannot prohibit these uses if the use is of a personal (non-commercial) type. Most areas of the State Forest have at least some established popular use patterns for recreation, and most of these areas are used by both forms of transportation.

[Chapter 2, pages 33-37]
TRANSPORTATION

Goals

1. Manage the Haines Highway Corridor for transportation and scenic values. Timber harvest activities will be limited to small commercial and personal use sales. (See Forest Resources section.)

2. Expand the existing road system to provide safe and economical access for timber harvest, as well as mining, public recreation, fire protection and other resource management activities within the State Forest.

3. Design, construct, and maintain all roads with consideration for the environmental values of the Haines State Forest.

4. Maintain state-owned timber access roads and bridges for public access subject to available funding, safety concerns and environmental conditions.

Management Guidelines

1. Road Construction (Coastal Region Forestry Road Standards)

A. General Conditions

(1) State inspectors will be present on site during most road construction activities, especially in environmentally sensitive areas.

(2) Road width: Roads shall be 20 feet, including ditch and 35 feet where designated turnouts are built.

(3) Surfacing width: 14-16 feet.

(4) Surfacing: the minimum necessary to allow log trucking without surface deformation.

(5) Turnouts: will be intervisible, with a surfaced length of 50 feet at full width.

(6) Grade: the maximum favorable grade is 20 percent. The maximum adverse grade is 10 percent unless otherwise designated.

(7) Degree of curvature: the absolute maximum permitted is 100 degrees. The ordinary designed maximum shall be 90 degrees.

B. Clearing and Grubbing

(1) The clearing boundary limits will be marked with pink ribbon on both sides except where the road passes through harvest units.

(2) Snags and trees leaning heavily over the roadway that are outside the clearing limits shall be felled. Snags will be felled in conjunction with cutting the regular right-of-way.

(3) All stumps, any portion of which falls within the cut slopes, shall be removed.

(4) All stumps that extend within three feet of the finished sub-grade or road

shoulders shall be removed.

(5) No debris resulting from the clearing and grubbing operation shall be permitted to remain under any portion of the embankment within the cleared right-of-way.

(6) Debris will not be piled or pushed against existing trees.

C. Grading

(1) The roads shall be constructed according to the state's horizontal and vertical control profiles.

(2) All material within the control lines shall be removed with excess excavation used to widen the embankments. End haul may be required.

(3) All fills six feet deep and over shall be widened two feet for each six feet of centerline depth to a maximum width of 36 feet. Embankment slopes shall not be steeper than 1-1/4:1 for common and 1:1 for rock. Fills shall be compacted in two-foot layers.

(4) Cut slopes shall be constructed as designated on slope stakes and reference markers. Generally these slopes will be 3/4:1 below 70 percent, 1/2:1 above 70 percent, and vertical in rock.

D. Drainage Structures

(1) Culverts will be galvanized corrugated metal pipe (not aluminum), minimum 18" diameter or the equivalent in plastic culverts.

(2) Culverts will be buried at least 20 percent of the diameter or a minimum of 12", whichever is greater, and will project three feet beyond the fill on the inlet and outlet.

(3) Culverts will be laid at a slope of two to six percent unless specified otherwise. Culverts will be placed at the natural stream gradient on anadromous fish streams. Bottomless crossing structures will be employed on anadromous fish streams where appropriate. All stream crossings that contain fish habitat must be approved and permitted by ADF&G.

(4) All bridges shall be designed or approved by the regional engineer. All bridges that do not meet minimum load carrying specifications will be repaired, replaced, or posted for reduced load minimums.

E. Location

(1) Roads constructed within the State Forest boundary for the purpose of

accessing private ownership, mineral claim sites, material lease sites, etc., will be to the location and quality specifications as designated by the Division of Forestry on a case-by-case basis.

(2) Reasonable, timely and economically feasible access will be cooperatively determined with all parties concerned.

(3) No land classification will prohibit construction of roads for access purposes.

2. Road Design

A. Roads will be designed to maximize resource access while minimizing adverse environmental impact.

B. Design for roads through critical fisheries and wildlife areas should be done in consultation with the Alaska Department of Fish and Game. These areas may include moose and goat winter concentration areas, eagle nesting trees, bear denning areas, and salmon spawning and rearing habitat.

3. Road Maintenance

A. As with construction, the Department of Transportation and Public Facilities is responsible for the repair and maintenance of all state highways.

B. Timber harvest access roads shall be maintained under the following guidelines:

(1) Primary haul roads for the most part are to be maintained and left open for public access. Closure shall be considered on a case-by-case basis. This maintenance shall not include winter snow removal.

(2) Secondary haul roads shall be considered on a case-by-case basis. Those not designated to be maintained shall be properly "put-to-bed".

(3) Spur roads, with very few exceptions, will be properly "put-to-bed".

(4) If maintenance funds are not available, roads that may adversely impact anadromous fish habitat will be "put-to-bed".

C. For purposes herein, properly "put-to-bed" may include, but is not necessarily limited to: removal of bridges or culverts, construction of water bars to control run-off, and grass seeding where necessary to reduce erosion potential.

D. The primary source of maintenance of state-owned timber harvest access roads, including bridge maintenance and replacement, is through timber sale contracts.

E. The Department of Transportation and Public Facilities shall conduct periodic

inspections on all state-maintained bridges.

F. Treatment of encroaching roadside brush may be by hand, or by mechanical means in order to maintain safety standards and visibility.

4. Protection of Cultural Resources

Known historic and archaeological sites should be avoided during construction of transportation facilities unless no other feasible alternative exists.

5. Curtailing Public Access

Access to public lands may be curtailed at certain times to protect public safety, to allow special uses, and to prevent harm to the environment. Examples of conditions that may justify limiting public access are fire management, curtailment of maintenance funds, timber harvest operations, control of hunting pressure, and high soil moisture content when traffic may cause extensive damage to roads and trails.

6. Right-of-Way Across Native Allotments

Right-of-way access needs across Native allotments should be coordinated with the Southeast Agency of the Bureau of Indian Affairs in Juneau or Tlingit & Haida Central Council whichever is the agency responsible for overseeing the Native Allotments in the area.

7. Other Guidelines Affecting Transportation

A number of other guidelines may affect transportation. For details of those guidelines, see the following sections of this chapter:

- Fish and Wildlife
- Forest Resources
- Recreation

Organized Village of Kake
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(Federally Recognized Tribal Government serving the Kake, Alaska area)

April 11, 2012

Albert Kookesh, Senator
Alaska State Senate
State Capital, RM 11
Juneau, Alaska 99801

RE: Opposition to SB 159 & HB 156.

Dear Senator Kookesh:

The Organized Village of Kake (OVK), a federally recognized Indian Tribe, is organized pursuant to the authority of the Federal Indian Reorganization Acts (hereinafter IRA) of 1934 & 1936 with the IRA Council as the duly elected governing body formed under its *Constitution and By-laws* to execute agreements and contracts with the United States to benefit its members. OVK is opposed to SB 159, An Act Establishing the Susitna State Forest Urging the Governor to Acquire Forest Land that is in the Tongass National Forest, as well as a similar bill in the House, HB 156.

As the elected representatives of the tribal citizens of Kake, OVK is the steward of the Air, Land, Water, Tlingit Culture, Traditional Values and History for its membership. As indigenous people of Southeast Alaska who have called the Tongass National Forest home since time immemorial, the management of our land has increasingly been stripped from us. Current resource management resides with United States Forest Service (USFS). OVK has a long standing relationship with the USFS. As a Tribal Government we are extremely vested in the current and future resource management and distribution of our lands. The State of Alaska continues to resist all efforts to work in a government to government relationship with the Tribes. This proposed sale would further remove Tribes from having a voice in the best interest of our land.

OVK opposes SB 159 and further requests the Senate require the Governor to mandate his commissioners to establish mechanisms for developing government to government relationships processes. In the interim of developing these requested procedures, we propose that the Governor direct his commissioners to ensure Tribal input on any policy affecting our land, air, and sea. .

SB159 directly threatens our customary and traditional use by laying the ground work for future resource disruption of the Tongass National Forest. Until the State of Alaska establishes a government to government relationship that seeks to work with our federally recognized Tribes, particularly on land management, OVK will not support this bill.

Sincerely,

Casimero A. Aceveda Jr.
OVK President