

BILLS 1981 - 1982

C SHB 304 - HB 313

1497

1497

Original sponsor: Duncan

Offered: 4/7/81
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 304 (HESS) am
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 TWELFTH LEGISLATURE - SECOND SESSION
5 A BILL

6 For an Act entitled: "An Act relating to grants for water supply, sewerage
7 and solid waste facilities; and providing for an
8 effective date."

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

10 * Section 1. AS 46.03.030(b) is amended to read:

11 (b) The department may grant to a municipality, as funds are
12 available, up to 75 [50] percent of eligible costs not financed by the
13 federal government, for public water supply, treatment and distribution
14 systems and public sewage collection, treatment and discharge facili-
15 ties for which construction has not commenced on or before July 1,
16 1982. A grant awarded under this subsection, for a project partly
17 financed by the federal government, shall be limited to the lesser of
18 75 percent of the eligible costs not financed by the federal government
19 or the difference between the amount of the federal financing and 87.5
20 percent of the eligible project costs [JUNE 21, 1976]. The eligible
21 cost of a project or portions of a project will be as determined by the
22 federal agency granting the most monetary assistance. On projects or
23 portions of projects, for which federal participation is not available,
24 eligible costs will be determined by the department in accordance with
25 (d) of this section. Projects shall be constructed in accordance with
26 plans and specifications approved by the department.

27 * Sec. 2. AS 46.03.030(e) is amended to read:

28 (e) The department may grant to a municipality not more than 75
29 [50] percent of the eligible costs, including costs of obtaining federal

1 waivers from the requirement for secondary treatment plants, which are
2 not paid for by the federal government for solid waste processing or
3 disposal facilities constructed after July 1, 1982 [1980]. However, the
4 department may grant a municipality up to 85 [60] percent of the
5 eligible costs not paid for by the federal government for a solid waste
6 processing or disposal facility constructed after July 1, 1982 [1980],
7 if the facility is used for resource recovery. The eligible costs of a
8 solid waste processing or disposal facility are determined by the
9 federal agency granting the most monetary assistance for construction of
10 the facility. For a solid waste processing or disposal facility for
11 which federal money is not available, the department shall determine the
12 eligible costs in accordance with (d) of this section. A municipality
13 shall construct solid waste processing or disposal facilities financed
14 by grants under this section according to plans and specifications
15 approved by the department.

16 * Sec. 3. This Act takes effect July 1, 1982.
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ALASKA STATE LEGISLATURE

TWELFTH Legislature ^{SECOND} FIRST Session

HOUSE BILL..... NO. 304..

By ...DUNCAN.....

"An Act relating to grants for water supply, sewerage and solid waste facilities; and providing for an effective date."

Grants for water supply, sewerage & solid waste facilities

Introduced in the House ..3/10..., 19...81

HISTORY IN THE HOUSE

19 81	Read first time and referred to Committee on
Mar. 10	HESS and Finance
Apr 7	Reported back with recommendation that <i>Resubmit w/CS (New) & Report to Finance</i>
1982 Mar 26	<i>Resubmit w/CS (Pres) w/PM - 8 copies do not file</i> Read second time and
Apr 8	CSHB 304 (New) adopted amended to be
Apr 8	Read third time and
Apr 12	Reconsideration not taken up
Apr 8	PASS ed Effective Date Yeas 21 Yeas Nays 6 Nays Absent 7 Absent <i>Carroll</i> Excused 0 Excused
Apr 8	<i>Halford</i> Reconsideration
Apr 12	PASS Effective Date Yeas Yeas Nays Nays Absent Absent Excused Excused
Apr 12	Reported correctly engrossed
12	Signed by Speaker
13	Sent to Senate
	<i>Emilio Lopez</i> CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19 82	Read first time and referred to Committee on
4/13	<i>Res. Fin</i>
55	Reported back with recommendation that <i>Res. Finance - To Sen</i>
	Read second time and
	Read third time and
	PASS Effective Date Yeas Yeas Nays Nays Absent Absent Excused Excused
	Reconsideration
	PASS Effective Date Yeas Yeas Nays Nays Absent Absent Excused Excused
	Reported correctly engrossed
	Signed by President
	Returned to House
	SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19	Received from Senate
	Concurred in Senate amendment thus adopting: VOTE
	Failed to concur in Senate amendment; asked Senate to recede VOTE
	Senate receded from amendment VOTE
	Senate failed to recede from amendment VOTE
	CC appointed by House
	CC appointed by Senate
	CC adopted by House VOTE
	CC adopted by Senate VOTE
	To enrolling Reported correctly enrolled Sent to Governor
 by Governor
	Filed with Lt. Governor
	Chapter No.

Alaska MUNICIPAL League

TELEPHONES
(907) 586-1325
586-6526

204 N. FRANKLIN ST.
JUNEAU, ALASKA 99801

May 10, 1982

To: Senate Finance Committee

From: Ginny Chitwood, AML Executive Director

Re: HB 304 - Grants for Water Supply, Sewerage,
and Solid Waste Facilities

The Alaska Municipal League urges your favorable consideration of HB 304, increasing the state share of construction grants for community water supply, sewerage, and solid waste facilities from 50% to 75% of the non-federal share.

Public Health Needs: Adequate and clean water, sanitary sewer, and solid waste disposal are basic public health issues that, for the most part, cannot be addressed on an individual basis. Because total costs of these projects are very large, it is hard for many areas to raise the 50% local match required by the current program.

Relief for Property Owners: The local share of water and sewer projects traditionally is paid by assessments on local property, not by general municipal taxation. Increasing the state share will provide direct relief to property owners and taxpayers by reducing local improvement district (LID) payments. Additionally, none of the state assistance dollars under this program will result in increased federal tax payments, as is the case with many of the other state revenue distribution plans. LID payments, as opposed to property and sales tax payments, are not eligible as federal income tax deductions, nor are monthly charges for water, sewer, and solid waste services.

Mandated Costs: Many of the municipal water, sewer, and solid waste projects have costly additional features, not because communities want them, but because they are mandated by federal and/or state laws and regulations. It seems only fair that a large portion of the mandated cost be borne by other than local residents.

Price of Land: One of the reasons for the high price of land in developing suburban areas is the high cost of installing necessary water and sewer systems. Increased state participation in providing these systems will help lower the cost of making land available for use. For example, the per lot assessment for a proposed water system in Juneau would drop from \$1,217 to \$608 for the smallest lots in the project, and from \$8,318 to \$4,159 for the largest if the state share is increased to 75%. It cost an average of \$13,000 per lot in Ketchikan last year to provide sewerage under the current state construction grants program.

At one time it was feared that an increase in the state share would be a disincentive for municipalities to seek federal funds, thus increasing even more the cost to the state. It has since been determined that "jumping through the hoops" for federal funds often increases project costs so high as to negate the benefits of those funds. Besides the extras required by the feds, the inflationary increases in the two additional years required for federal processing adds tremendously to the cost of the project. In contrast, the Alaska Department of Environmental Conservation has an excellent record of timely processing applications.

Most areas of the state are way behind the rest of the country in having basic water supply, sewage disposal, and solid waste facilities. Expanding the state's construction grants program, with adequate funding in the capital budget and bond package, is a means to accelerate the process of "catch-up". Because this is a matching grants program, an expenditure by the state will generate an increased amount of capital projects throughout the state. The new facilities will be maintained by the local governments and utility districts and will not require state operating assistance.

6 copies
for tonight

MEMORANDUM

State of Alaska

TO: Honorable Donald E. Clocksin
House of Representatives

DATE: April 1, 1981

FILE NO:

TELEPHONE NO:

FROM: Keith Kelton
Chief, Facility Construction &
Operation
Department of Environmental Conservation

SUBJECT: HB 304

KE

In response to your request the Department proposes the following substitute wording for the first full sentence beginning on line 16 of page 1 of HB 304:

"A grant awarded under this subsection, for a project partly financed by the federal government, shall be limited to the lesser of 75 percent or the difference between the amount of the federal financing and 87.5 percent of the eligible project costs."

It is our belief that the proposed substitute wording will clarify any potential conflicts with line 12 and will still retain the provisions for local financing of 12.5 percent. Please advise if you have any additional concerns.

cc: Rep. Jim Duncan
Ginny Chitwood
Senator Donald Gilman

MEMORANDUM

TO: Representative Al Adams

FROM: Cheryl Frasca

SUBJECT: HB 304 - Grants for water supply, sewerage and solid waste facilities; ed

HB 304 increases grants available to municipalities for construction of water supply, sewerage and solid waste facilities.

Sectional Overview

Section 1. Amends the "Grants and Loans for Water Supply and Sewerage and Solid Waste Facilities" section by increasing grants from 50% to 75% of the costs not financed by the federal government on projects begun after 7/1/81 (statute currently provides grants for projects begun after 6/21/76). Adds new language whereby if federal funds are used, a state grant can't exceed more than the difference between federal funds and 87.5% of the eligible costs. (The HESS CS phrases this limitation differently but the intent is the same).

Section 2. Increases grants for solid waste processing and disposal facilities from 50% to 75% of costs not financed by federal funds on facilities constructed after 7/1/81 (currently 7/1/80). Grants for facilities used in resource recovery are increased from 60% to 85% of eligible costs not paid by federal funds.

Fiscal Impact - DEC

	FY 82	FY 83
administrative	116.3	122.8
grants	<u>20000.0</u>	<u>40000.0</u>
	20116.3	40122.8

DEC's fiscal note indicates two new engineers and increasing a half-time clerk to full time would be necessary to handle the increased number of grants since more communities will be able to meet the smaller match requirements. However, DEC did indicate that they are uncertain as to the actual increased number of applications that will be received and as a result, could probably hold off (such as not filling the new positions if they were approved) until the demand level is established.

As of November, 1981, DEC has 250 active projects with a staff of six engineers 1½ clerks, an auditor and a portion of an Administrative Assistant assigned to these types of projects. This averages out to about 40 projects/engineer.

FY FY 80 and FY 82, DEC has been operating on funding from the 1980 bond authorization (plus a small surplus from 1978). In FY 81, 10,800.0 for water projects and 6,700.0 for sewer projects were granted (during FY 81 the statute did not permit funds for solid waste projects which has since been changed). An approximate balance for FY 82 of 5,500.0 remains which DEC estimates will carry them through January, 1982.

HB 304
page 3

For FY 83, DEC has put together a two year bond request for 69,000.0 plus a 14,000.0 request for an appropriation to take care of applications from January, 1982 to when the bonds would be sold.

POSITION PAPER
HOUSE BILL 304
HOUSE FINANCE COMMITTEE
March 25, 1982

House Bill No 304 amends existing statute AS 46.03.030. This statute authorizes the Department of Environmental Conservation to award grants up to 50 percent of the eligible costs for water, sewerage, and solid waste facilities. The primary purpose of the amendment is to increase the state's grant percentage to 75 percent. The bill also provides for an effective date.

The department supports this legislation for several reasons:

- 1) Small municipalities are often unable to raise the 50 percent local match required under the existing statute. The amendment will allow many of these municipalities to improve their basic sanitation services.
- 2) Federal matching grants have been drastically reduced. It is expected that the EPA construction grant funds for FY 82 will not be appropriated. Adoption of HB 304 and the accompanying fiscal note will help offset the impact of decreased federal revenues.
- 3) Alaska's residents will receive a nontaxable financial benefit. The increase in state funds will reduce local user fees and property assessments, thereby providing a financial benefit. Since there is no direct monetary return to the taxpayer, there can be no increase in their federal income tax.

The department also supports the House HESS Committee substitute changing the effective date of the legislation to April 1. This change will allow those projects ready to proceed this summer to receive the higher grant participation.

The department also supports the amendment suggested in Commissioner Ernst Mueller's April 15, 1981, letter to Senators Bennett and Dankworth. This amendment will enable the department to continue the practice of awarding grants for water delivery and sewerage collection vehicles when this is the cost effective alternative. A recent opinion by the Office of the Attorney General prevents us from awarding these grants.

Under the existing statute, the department obligated nearly \$30.0 million for new water, sewerage, and solid waste projects in 1981. We estimate that the combination of decreased federal funds and passage of HB 304 will result in a demand for approximately \$41.0 million in grants for FY 83. The department therefore requests that an additional \$20.0 million be appropriated to fully finance the program. If HB 304 passes without a capital appropriation, the department plans to reduce the percentage of grant awards to a level corresponding to available funding resources.

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for House Bill No. 304 (HESS)

Title relating to grants for water supply, sewerage and solid waste facilities

Requested by Duncan

Date 3-10-81

II. FISCAL DETAIL

Agency Affected Department of Environmental Conservation

Program Category Affected NRMEC

BRU, Program, or Subprogram(s) Affected Facility Construction and Operation Section

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES	NA	NA	91.3	98.6	106.5	115.0
200 TRAVEL	NA	NA	14.0	15.1	16.3	17.6
300 CONTRACTUAL	NA	NA	8.0	8.6	9.3	10.1
400 COMMODITIES	NA	NA	.5	0.5	0.6	0.6
500 EQUIPMENT	NA	NA	2.5	---	---	---
600 LAND & STRUCTURES	NA	NA	---	---	---	---
700 GRANTS, CLAIMS, ETC.	NA	NA	20,000.0	40,000.0	43,200.0	46,656.0
TOTAL	NA	NA	20,116.3	40,122.8	43,332.7	46,799.3

FUNDING (Thousands of Dollars)

GENERAL FUND	NA	NA	20,116.3	40,122.8	43,332.7	46,799.3
FEDERAL FUNDS	NA	NA	---	---	---	---
OTHER (Specify Fund Source)	NA	NA	---	---	---	---

POSITIONS

FULL TIME	NA	NA	2.0	2.0	2.0	2.0
PART TIME	NA	NA	1.0	1.0	1.0	1.0
TEMPORARY	NA	NA	---	---	---	---

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This fiscal note details the costs associated with hiring two new engineers (environmental engineers II and III) and converting an existing half time clerk typist II position to full time (PCN 18-7281). It is estimated that these additional staff will be required to handle the increased number of grants that will result from 75% funding. It may also be necessary to increase our level of effort on some projects, since smaller communities will not be applying for grants. Many of these communities do not have the expertise to administer engineering and construction contracts and may rely on the Department for assistance. There may also be a corresponding decrease in the level of effort now devoted to EPA projects. If this occurs, it may not be necessary to fill both engineering positions.

The \$20.0 million estimate for additional grant funding in FY 82 will need to be considered as an appropriation if funds are to be available. For subsequent years program funding may be provided through either bond issues, appropriations, or a combination of the two sources. For subsequent years we also recommend that any additional program expenditures be financed as a capital improvement program with funding coming from either the bond issues or the

IV. DATE March 23, 1981 PREPARED BY KEITH KELTON appropriation

AGENCY Department of Environmental Conservation

Original: Legislative Finance

PHONE 465-2610

cc: Budget and Management

Prime Sponsor (First Legislator Named)

ATTACHMENT A

CALCULATION OF INCREASED FUNDING REQUIREMENTS

1980 - Total State grant obligation	\$20.5 M
1980 - State matching grant obligations for EPA projects	4.0 M
1980 - State only grant obligations	<u>16.5 M</u>

EFFECT OF 75 PERCENT FUNDING ON STATE GRANT OBLIGATIONS

\$16.5 M X $\frac{75\% \text{ funding level}}{50\% \text{ funding level}}$	\$24.75 M
	=====

EFFECT OF EPA FUNDING REDUCTIONS ON STATE GRANT OBLIGATIONS

Maximum future EPA funding estimated at	\$12.0 M/year
Present EPA funding average is	\$17.0 M/year

State Increase Required	=	\$17.0 - \$12.0	=	5.0 M
State Match	=	\$12.0 X 12.5%	=	1.5 M
				<u>\$ 6.5 M</u>
				=====

EFFECT OF SOLID WASTE GRANTS ON STATE GRANT OBLIGATIONS

Estimated annual demand for solid waste grants	=	\$ 6.0 M
		=====

TOTAL FUNDING REQUIREMENTS

75% funding effect	=	\$24.75 M
EPA funding reduction effect	=	6.50 M
Solid waste grants effect	=	6.00 M
Total estimated annual needs	=	<u>\$37.25 M</u>
based on 1980 rates		=====

ADJUSTMENT FOR 10 PERCENT ANNUAL INFLATION

\$37.25 X 1.1	=	\$40.975 M
Assume minimum FY 1982 funding requirement of		\$41.0 M

ESTIMATED UNOBLIGATED BOND FUND BALANCE AT JULY 1, 1981

\$27.2 M - \$6.2 M	=	\$21.0 M Balance
		=====

ESTIMATED ADDITIONAL NEEDS FOR FY 82

\$41.0 M - \$21.0 M	=	\$20. M
		=====
		Increase in Appropriations

Original sponsor: Duncan

Offered: 4/7/81
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2

CS FOR HOUSE BILL NO. 304 (HESS) am

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - SECOND SESSION

5

A BILL

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For an Act entitled: "An Act relating to grants for water supply, sewerage
7 and solid waste facilities; and providing for an
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* Section 1. AS 46.03.030(b) is amended to read:

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* Sec. 2. AS 46.03.030(e) is amended to read:

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(e) The department may grant to a municipality not more than 75
[50] percent of the eligible costs, including costs of obtaining federal

1 waivers from the requirement for secondary treatment plants, which are
2 not paid for by the federal government for solid waste processing or
3 disposal facilities constructed after July 1, 1982 [1980]. However, the
4 department may grant a municipality up to 85 [60] percent of the
5 eligible costs not paid for by the federal government for a solid waste
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7 if the facility is used for resource recovery. The eligible costs of a
8 solid waste processing or disposal facility are determined by the
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11 which federal money is not available, the department shall determine the
12 eligible costs in accordance with (d) of this section. A municipality
13 shall construct solid waste processing or disposal facilities financed
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15 approved by the department.

16 * Sec. 3. This Act takes effect July 1, 1982.

STATE OF ALASKA

DEPT. OF ENVIRONMENTAL CONSERVATION

465-2600

POUCH 0 - JUNEAU 99811

April 15, 1981

HB 304
JAY S. HAMMOND, GOVERNOR

The Honorable Don Bennett
The Honorable M. E. Dankworth
Co-chairmen
Senate Finance Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senators Bennett and Dankworth:

The Department of Environmental Conservation has just received an opinion from the office of the Attorney General which limits our ability to respond to the needs of Alaskan municipalities. This opinion has determined the costs of water delivery and sewage collection vehicles to be ineligible for state grant aid. The opinion is based on two points:

1. The state constitution limits bond funding to capital construction and trucks do not meet the durability requirement for a capital improvement.
2. AS 46.03.900(19) does not specifically include vehicles in the definition of a sewerage system and AS 46.03.030 refers to the fact that only construction costs are grant eligible.

The department has made many grants to municipal governments for water delivery and sewage collection vehicles over the past five years. An obvious need exists for these vehicles when a conventional piped water and waste system is not the cost effective alternative. The department would like to retain the flexibility to provide these sanitation benefits.

Therefore, the department recommends that the Senate Finance Committee consider an amendment to SB 252, which will establish the grant eligibility of water delivery and sewage collection vehicles. The following amendment is suggested for addition following the word "facilities" in line 15 of the bill:

"and vehicles and equipment necessary for the operation of those systems or facilities, for which systems and facilities"...

The first full sentence beginning in line 24 is recommended for amendment as follows:

"Projects shall be completed [constructed] in accordance with plans and specifications approved by the department."

The Honorable Don Bennett
The Honorable M. E. Dankworth

-2-

April 15, 1981

The following amendment is suggested to AS 46.03.030(d):

"The department shall by regulation, identify costs which are eligible costs for the purposes of this section. Eligible costs include the costs [established in a construction contract] which are necessary for the completion [construction] of a project, but do not include the cost of interest and financing and right-of-way acquisitions, or costs of [related to] operation, maintenance, repair or replacement of a project."

It is the opinion of the office of the Attorney General that the suggested amendment will authorize the department to award grants for the purchase of water delivery and sewage collection vehicles from funds appropriated by the Legislature. We have asked the Attorney General to advise whether this statutory change would alter the constitutional limitation prohibiting the use of bond funds for grants on vehicles.

The department apologizes for the short notice on this suggested amendment to SB 252. We strongly recommend your consideration of our request.

Sincerely,

Ernst W. Mueller
Ernst W. Mueller
Commissioner

cc: Senator Jalmar Kerttula
Senator Tim Kelly
Senator Bill Ray
Representative Jim Duncan
Representative Sam Cotten

COMMITTEE REPORT
HOUSE

4/7/81

FURTHER:

(11)

Date: 3-25-82

Mr. Speaker:

The Committee on FINANCE has had HB 304

"An Act relating to grants for water supply, sewerage and solid waste facilities; and providing for an effective date."

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 304 (11/81) same title
 new title
- and recommends do not pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

Original sponsor: Duncan

Offered: 4/7/81
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2

CS FOR HOUSE BILL NO. 304 (HESS)

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TWELFTH LEGISLATURE - FIRST SESSION

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A M E N D M E N T

OFFERED IN THE HOUSE:

BY: FINANCE

TO: CS FOR HOUSE BILL No. 304 (HESS)

SENATE BILL No. _____

PAGE: 1
2

LINE: 16
3, 6, 16

Page 1, line 16

Delete "1981" and insert "1982"

Page 2, line 3

Delete "1981" and insert "1982"

Page 2, line 6

Delete "1981" and insert "1982"

Page 2, line 16

Delete "1981" and insert "1982"

Introduced: 3/10/81
Referred: Health, Education &
Social Services and Finance

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BY DUNCAN

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14 systems and public sewage collection, treatment and discharge facili-
15 ties for which construction has not commenced on or before July 1,
16 1981. A grant awarded under this subsection, for a project partly
17 financed by the federal government, shall be limited to the lesser of
18 75 percent of the eligible costs not financed by the federal government
19 or the difference between the amount of the federal financing and 87.5
20 percent of the eligible project costs [JUNE 21, 1976]. The eligible
21 cost of a project or portions of a project will be as determined by the
22 federal agency granting the most monetary assistance. On projects or
23 portions of projects, for which federal participation is not available,
24 eligible costs will be determined by the department in accordance with
25 (d) of this section. Projects shall be constructed in accordance with
26 plans and specifications approved by the department.

27

* Sec. 2. AS 46.03.030(e) is amended to read:

28

(e) The department may grant to a municipality not more than 75
29 [50] percent of the eligible costs, including costs of obtaining federal

1 waivers from the requirement for secondary treatment plants, which are
2 not paid for by the federal government for solid waste processing or
3 disposal facilities constructed after July 1, 1981 [1980]. However,
4 the department may grant a municipality up to 85 [60] percent of the
5 eligible costs not paid for by the federal government for a solid waste
6 processing or disposal facility constructed after July 1, 1981 [1980],
7 if the facility is used for resource recovery. The eligible costs of a
8 solid waste processing or disposal facility are determined by the
9 federal agency granting the most monetary assistance for construction
10 of the facility. For a solid waste processing or disposal facility for
11 which federal money is not available, the department shall determine
12 the eligible costs in accordance with (d) of this section. A munici-
13 pality shall construct solid waste processing or disposal facilities
14 financed by grants under this section according to plans and specifi-
15 cations approved by the department.

16 * Sec. 3. This Act takes effect July 1, 1981.

POSITION PAPER
HOUSE BILL 304
HOUSE FINANCE COMMITTEE
March 25, 1982

House Bill No 304 amends existing statute AS 46.03.030. This statute authorizes the Department of Environmental Conservation to award grants up to 50 percent of the eligible costs for water, sewerage, and solid waste facilities. The primary purpose of the amendment is to increase the state's grant percentage to 75 percent. The bill also provides for an effective date.

The department supports this legislation for several reasons:

- 1) Small municipalities are often unable to raise the 50 percent local match required under the existing statute. The amendment will allow many of these municipalities to improve their basic sanitation services.
- 2) Federal matching grants have been drastically reduced. It is expected that the EPA construction grant funds for FY 82 will not be appropriated. Adoption of HB 304 and the accompanying fiscal note will help offset the impact of decreased federal revenues.
- 3) Alaska's residents will receive a nontaxable financial benefit. The increase in state funds will reduce local user fees and property assessments, thereby providing a financial benefit. Since there is no direct monetary return to the taxpayer, there can be no increase in their federal income tax.

The department also supports the House HESS Committee substitute changing the effective date of the legislation to April 1. This change will allow those projects ready to proceed this summer to receive the higher grant participation.

The department also supports the amendment suggested in Commissioner Ernst Mueller's April 15, 1981, letter to Senators Bennett and Dankworth. This amendment will enable the department to continue the practice of awarding grants for water delivery and sewerage collection vehicles when this is the cost effective alternative. A recent opinion by the Office of the Attorney General prevents us from awarding these grants.

Under the existing statute, the department obligated nearly \$30.0 million for new water, sewerage, and solid waste projects in 1981. We estimate that the combination of decreased federal funds and passage of HB 304 will result in a demand for approximately \$41.0 million in grants for FY 83. The department therefore requests that an additional \$20.0 million be appropriated to fully finance the program. If HB 304 passes without a capital appropriation, the department plans to reduce the percentage of grant awards to a level corresponding to available funding resources.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for House Bill No. 304 (HESS)

Title relating to grants for water supply, sewerage and solid waste facilities

Requested by Duncan Date 3-10-81

II. FISCAL DETAIL

Agency Affected Department of Environmental Conservation

Program Category Affected NRMEC

BRU, Program, or Subprogram(s) Affected Facility Construction and Operation Section

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES	NA	NA	91.3	98.6	106.5	115.0
200 TRAVEL	NA	NA	14.0	15.1	16.3	17.6
300 CONTRACTUAL	NA	NA	8.0	8.6	9.3	10.1
400 COMMODITIES	NA	NA	.5	0.5	0.6	0.6
500 EQUIPMENT	NA	NA	2.5	---	---	---
600 LAND & STRUCTURES	NA	NA	---	---	---	---
700 GRANTS, CLAIMS, ETC.	NA	NA	20,000.0	40,000.0	43,200.0	46,656.0
TOTAL	NA	NA	20,116.3	40,122.8	43,332.7	46,799.3

FUNDING (Thousands of Dollars)

GENERAL FUND	NA	NA	20,116.3	40,122.8	43,332.7	46,799.3
FEDERAL FUNDS	NA	NA	---	---	---	---
OTHER (Specify Fund Source)	NA	NA	---	---	---	---

POSITIONS

FULL TIME	NA	NA	2.0	2.0	2.0	2.0
PART TIME	NA	NA	1.0	1.0	1.0	1.0
TEMPORARY	NA	NA	---	---	---	---

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This fiscal note details the costs associated with hiring two new engineers (environmental engineers II and III) and converting an existing half time clerk typist II position to full time (PCN 18-7281). It is estimated that these additional staff will be required to handle the increased number of grants that will result from 75% funding. It may also be necessary to increase our level of effort on some projects, since smaller communities will not be applying for grants. Many of these communities do not have the expertise to administer engineering and construction contracts and may rely on the Department for assistance. There may also be a corresponding decrease in the level of effort now devoted to EPA projects. If this occurs, it may not be necessary to fill both engineering positions.

The \$20.0 million estimate for additional grant funding in FY 82 will need to be considered as an appropriation if funds are to be available. For subsequent years program funding may be provided through either bond issues, appropriations, or a combination of the two sources. For subsequent years we also recommend that any additional program expenditures be financed as a capital improvement program with funding coming from either the bond issues or the

IV. DATE March 23, 1981 PREPARED BY KEITH KELTON appropriation.

AGENCY Department of Environmental Conservation

Original: Legislative Finance

PHONE 465-2610

cc: Budget and Management

Prime Sponsor (First Legislator Named)

ATTACHMENT A

CALCULATION OF INCREASED FUNDING REQUIREMENTS

1980 - Total State grant obligation	\$20.5 M
1980 - State matching grant obligations for EPA projects	4.0 M
1980 - State only grant obligations	16.5 M

EFFECT OF 75 PERCENT FUNDING ON STATE GRANT OBLIGATIONS

\$16.5 M X	<u>75% funding level</u>	\$24.75 M
	50% funding level	=====

EFFECT OF EPA FUNDING REDUCTIONS ON STATE GRANT OBLIGATIONS

Maximum future EPA funding estimated at	\$12.0 M/year
Present EPA funding average is	\$17.0 M/year

State Increase Required	=	\$17.0 - \$12.0	=	5.0 M
State Match	=	\$12.0 X 12.5%	=	1.5 M
				<u>\$ 6.5 M</u>
				=====

EFFECT OF SOLID WASTE GRANTS ON STATE GRANT OBLIGATIONS

Estimated annual demand for solid waste grants	=	\$ 6.0 M
		=====

TOTAL FUNDING REQUIREMENTS

75% funding effect	=	\$24.75 M
EPA funding reduction effect	=	6.50 M
Solid waste grants effect	=	6.00 M
Total estimated annual needs based on 1980 rates	=	<u>\$37.25 M</u>
		=====

ADJUSTMENT FOR 10 PERCENT ANNUAL INFLATION

\$37.25 X 1.1	=	\$40.975 M
Assume minimum FY 1982 funding requirement of		\$41.0 M

ESTIMATED UNOBLIGATED BOND FUND BALANCE AT JULY 1, 1981

\$27.2 M - \$6.2 M	=	\$21.0 M Balance
		=====

ESTIMATED ADDITIONAL NEEDS FOR FY 82

\$41.0 M - \$21.0 M	=	\$20. M Increased
		===== Appropriat

STATE OF ALASKA

JAY S. HAMILTON, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

465-2600

POUCH 0 - JUNEAU 99811

April 15, 1981

The Honorable Don Bennett
The Honorable M. E. Dankworth
Co-chairmen
Senate Finance Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senators Bennett and Dankworth:

The Department of Environmental Conservation has just received an opinion from the office of the Attorney General which limits our ability to respond to the needs of Alaskan municipalities. This opinion has determined the costs of water delivery and sewage collection vehicles to be ineligible for state grant aid. The opinion is based on two points:

1. The state constitution limits bond funding to capital construction and trucks do not meet the durability requirement for a capital improvement.
2. AS 46.03.900(19) does not specifically include vehicles in the definition of a sewerage system and AS 46.03.030 refers to the fact that only construction costs are grant eligible.

The department has made many grants to municipal governments for water delivery and sewage collection vehicles over the past five years. An obvious need exists for these vehicles when a conventional piped water and waste system is not the cost effective alternative. The department would like to retain the flexibility to provide these sanitation benefits.

Therefore, the department recommends that the Senate Finance Committee consider an amendment to SB 252, which will establish the grant eligibility of water delivery and sewage collection vehicles. The following amendment is suggested for addition following the word "facilities" in line 15 of the bill:

"and vehicles and equipment necessary for the operation of those systems or facilities, for which systems and facilities"...

The first full sentence beginning in line 24 is recommended for amendment as follows:

"Projects shall be completed [constructed] in accordance with plans and specifications approved by the department."

The Honorable Don Bennett
The Honorable M. E. Dankworth

-2-

April 15, 1981

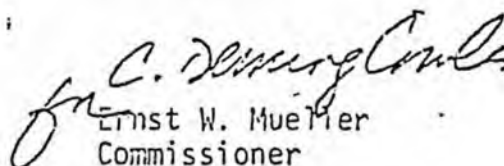
The following amendment is suggested to AS 46.03.030(d):

"The department shall by regulation, identify costs which are eligible costs for the purposes of this section. Eligible costs include the costs [established in a construction contract] which are necessary for the completion [construction] of a project; but do not include the cost of interest and financing and right-of-way acquisitions, or costs of of [related to] operation, maintenance, repair or replacement of a project."

It is the opinion of the office of the Attorney General that the suggested amendment will authorize the department to award grants for the purchase of water delivery and sewage collection vehicles from funds appropriated by the Legislature. We have asked the Attorney General to advise whether this statutory change would alter the constitutional limitation prohibiting the use of bond funds for grants on vehicles.

The department apologizes for the short notice on this suggested amendment to SB 252. We strongly recommend your consideration of our request.

Sincerely,


Ernst W. Mueller
Commissioner

cc: Senator Jalmar Kerttula
Senator Tim Kelly
Senator Bill Ray
Representative Jim Duncan
Representative Sam Cotten

MEMORANDUM

TO: Representative Al Adams

FROM: Cheryl Frasca

SUBJECT: HB 304 - Grants for water supply, sewerage and solid waste facilities; ed

HB 304 increases grants available to municipalities for construction of water supply, sewerage and solid waste facilities.

Sectional Overview

Section 1. Amends the "Grants and Loans for Water Supply and Sewerage and Solid Waste Facilities" section by increasing grants from 50% to 75% of the costs not financed by the federal government on projects begun after 7/1/81 (statute currently provides grants for projects began after 6/21/76). Adds new language whereby if federal funds are used, a state grant can't exceed more than the difference between federal funds and 87.5% of the eligible costs. (The HESS CS phrases this limitation differently but the intent is the same).

Section 2. Increases grants for solid waste processing and disposal facilities from 50% to 75% of costs not financed by federal funds on facilities constructed after 7/1/81 (currently 7/1/80). Grants for facilities used in resource recovery are increased from 60% to 85% of eligible costs not paid by federal funds.

Fiscal Impact - DEC

	FY 82	FY 83
administrative	116.3	122.8
grants	<u>20000.0</u>	<u>40000.0</u>
	20116.3	40122.8

DEC's fiscal note indicates two new engineers and increasing a half-time clerk to full time would be necessary to handle the increased number of grants since more communities will be able to meet the smaller match requirements. However, DEC did indicate that they are uncertain as to the actual increased number of applications that will be received and as a result, could probably hold off (such as not filling the new positions if they were approved) until the demand level is established.

As of November, 1981, DEC has 250 active projects with a staff of six engineers 1½ clerks, an auditor and a portion of an Administrative Assistant assigned to these types of projects. This averages out to about 40 projects/engineer.

FY 80 and FY 82, DEC has been operating on funding from the 1980 bond authorization (plus a small surplus from 1978). In FY 81, 10,800.0 for water projects and 6,700.0 for sewer projects were granted (during FY 81 the statute did not permit funds for solid waste projects which has since been changed). An approximate balance for FY 82 of 5,500.0 remains which DEC estimates will carry them through January, 1982.

For FY 83, DEC has put together a two year bond request for 69,000.0 plus a 14,000.0 request for an appropriation to take care of applications from January, 1982 to when the bonds would be sold.

MEMORANDUM

State of Alaska

6 copies for tonight

TO: Honorable Donald E. Clocksin
House of Representatives

DATE: April 1, 1981

FILE NO:

TELEPHONE NO:

FROM:

Keith Kelton
Chief, Facility Construction &
Operation
Department of Environmental Conservation

SUBJECT: HB 304

K

In response to your request the Department proposes the following substitute wording for the first full sentence beginning on line 16 of page 1 of HB 304:

"A grant awarded under this subsection, for a project partly financed by the federal government, shall be limited to the lesser of 75 percent or the difference between the amount of the federal financing and 87.5 percent of the eligible project costs."

It is our belief that the proposed substitute wording will clarify any potential conflicts with line 12 and will still retain the provisions for local financing of 12.5 percent. Please advise if you have any additional concerns.

cc: Rep. Jim Duncan
Ginny Chitwood
Senator Donald Gilman

Alaska MUNICIPAL League

TELEPHONES
(907) 586-1325
586-6526

204 N. FRANKLIN ST.
JUNEAU, ALASKA 99801

March 23, 1982

To: House Finance Committee
From: Ginny Chitwood, AML Executive Director *GC*
Re: HB 304 - Grants for Water Supply, Sewerage,
& Solid Waste Facilities

The Alaska Municipal League urges your favorable consideration of HB 304, increasing the state share of construction grants for community water, sewer, and solid waste projects from 50% to 75% of the non-federal share.

Public Health Needs: Adequate and clean water, sanitary sewer, and solid waste disposal are basic public health issues that, for the most part, cannot be addressed on an individual basis. Because total costs of these projects are very large, it is hard for many areas to raise the current 50% local match.

Relief for Property Owners: The local share of water and sewer projects traditionally is paid by assessments on local property, not by general municipal taxation. Increasing the state share will provide direct relief to property owners and tax payers by reducing local improvement district (LID) payments.

Price of Land: A big issue for the last several years has been the high cost of land. One reason for the high prices in developing suburban areas is the cost of installing necessary water and sewer systems. Increased state participation in providing these systems will help lower the cost of making land available for use. For example, the per lot assessment for a proposed water system in Juneau would drop from \$1,217.19 to \$608.65 for the smallest lot in the project and from \$8,318.70 to \$4,159.35 for the largest lot, if the state share is increased to 75%. It cost an average of \$13,000 per lot in Ketchikan last year to provide sewerage under the current state construction grants program.

Mandated Costs: Many of the municipal water, sewer, and solid waste projects have costly additional features, not because communities want them but because they are

mandated by federal and/or state laws and regulations. It seems only fair that a large portion of the mandated cost be borne by other than local residents.

Federal Income Tax: None of the state assistance dollars under this program will result in increased federal tax payments, as is the case with many of the other state revenue distribution plans. LID payments, as opposed to property and sales tax payments, are not federal income tax deductions, not are monthly charges for water, sewer, and solid waste services.

At one time it was feared that an increase in the state share would be a disincentive for municipalities to seek federal funds, thus increasing even more the cost to the state. It has since been determined that "jumping through the hoops" for federal funds often increases project costs so high as to negate the benefits of those funds. Besides the extras required by the feds, the inflationary increases in the two additional years required for federal processing add tremendously to the cost of the project. In contrast, the Alaska Department of Environmental Conservation has an excellent record of timely processing applications.

Although the fiscal note that was prepared last spring for HB 304 indicates a \$20 million price tag, not all of that amount is attributable to this bill. Part of the cost results from an underfunding of the 1980 bond and an anticipated cutback in federal funds.

Most areas of the state are way behind the rest of the country in having basic water supply, sewage disposal, and solid waste facilities. Expanding the state's construction grants program is a means to accelerate the process of "catch-up". Because this is a matching grants program requiring a local share, a \$20 million expenditure by the state will generate \$26.7 million worth of capital projects throughout the state. The new facilities will be maintained by the local governments and utility districts and will not require any state operating assistance.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

HR 304

I. REQUEST

Bill/Resolution No. HOUSE BILL 304

Title relating to grants for water supply, sewerage and solid waste facilities

Requested by Duncan

Date 3-10-81

II. FISCAL DETAIL

Agency Affected Department of Environmental Conservation

Program Category Affected NRMEC

BRU, Program, or Subprogram(s) Affected Facility Construction and Operation Section

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES	NA	NA	91.3	98.6	106.5	115.0
200 TRAVEL	NA	NA	14.0	15.1	16.3	17.6
300 CONTRACTUAL	NA	NA	8.0	8.6	9.3	10.1
400 COMMODITIES	NA	NA	.5	0.5	0.6	0.6
500 EQUIPMENT	NA	NA	2.5	---	---	---
600 LAND & STRUCTURES	NA	NA	---	---	---	---
700 GRANTS, CLAIMS, ETC.	NA	NA	20,000.0	40,000.0	43,200.0	46,656.0
TOTAL	NA	NA	20,116.3	40,122.8	43,332.7	46,799.3

FUNDING (Thousands of Dollars)

GENERAL FUND	NA	NA	20,116.3	40,122.8	43,332.7	46,799.3
FEDERAL FUNDS	NA	NA	---	---	---	---
OTHER (Specify Fund Source)	NA	NA	---	---	---	---

POSITIONS

FULL TIME	NA	NA	2.0	2.0	2.0	2.0
PART TIME	NA	NA	1.0	1.0	1.0	1.0
TEMPORARY	NA	NA	---	---	---	---

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This fiscal note details the costs associated with hiring two new engineers (environmental engineers II and III) and converting an existing half time clerk typist II position to full time (PCN 18-7281). It is estimated that these additional staff will be required to handle the increased number of grants that will result from 75% funding. It may also be necessary to increase our level of effort on some projects, since smaller communities will not be applying for grants. Many of these communities do not have the expertise to administer engineering and construction contracts and may rely on the Department for assistance. There may also be a corresponding decrease in the level of effort now devoted to EPA projects. If this occurs, it may not be necessary to fill both engineer positions.

The \$20.0 million estimate for additional grant funding in FY 82 will need to be considered as an appropriation if funds are to be available. For subsequent years program funding may be provided through either bond issues, appropriations, or a combination of the two sources. For subsequent years we also recommend that any additional program expenditures be financed as a capital improvement program with funding coming from either the bond issues or the

IV. DATE March 23, 1981

PREPARED BY KEITH KELTON

appropriation.

AGENCY Department of Environmental Conservation

Original: **Legislative Finance**

PHONE 465-2610

cc: **Budget and Management**

Prime Sponsor (First Legislator Named)

A Bi-Monthly Report on Government Finance Issues in the States



THE FISCAL LETTER

An Information Service of the National Conference of State Legislatures — Earl S. Mackey, Executive Director

EDITORS: Nancy Hauswald
Ken Kirkland

Vol. III, No. 2
March 1981

State Debt Management

To meet the capital construction needs of their constituents, states must finance capital facilities either by expenditures from current revenue or by borrowing in the bond market. A policy of financing capital investments out of current taxes and charges can hinder states from using their limited fiscal resources for other essential purposes. Because most capital investments have useful lives that exceed more than one budget period and may in fact benefit future generations of taxpayers, a large proportion of capital financing is done through long-term borrowing.

Long-term financing of capital projects can, however, lead to consequences that necessitate states developing debt management policies. Any debt sold to finance a project will result in liabilities which must be repaid, with interest, in future years. These repayments create a fixed obligation or annual debt service in the states' future year budgets. No new expenditure commitments can be made that would result in a state's inability to retire its bonds. In addition to retiring their debts, states must recognize that any new facility will generate future additional operating costs that will have to be met. Therefore, debt management policies must include long-term capital planning and budgeting that examines the state's future fiscal and economic capacity to pay.

The two major classifications of bonded indebtedness at the state level are guaranteed, or general obligation, which carries with it the full faith and credit of the state and is secured by the state's general revenues, and nonguaranteed, or revenue, which is secured by the revenues of the activity for which the debt is sold.

The volume of the nonguaranteed debt has been growing much more rapidly than general obligation debt. State debt management policies should recognize that the growing use of revenue bonds to support a variety of programs such as industrial development, housing finance and pollution control has added to the size and complexity of the tax-exempt bond market.

To protect taxpayers and the credit condition of the state against overborrowing, most states place limitations on the state legislature's borrowing authority. A survey of constitutional limits on long-term state debt indicates that:

- 13 states require a voter-approved referendum for the issuance of all debt;
- 12 states have imposed dollar limitations on the amount of debt that can be issued ranging from \$50,000 to \$2,000,000, and require an approved referendum to exceed these limits;
- 6 states limit debt on a percentage of assessed valuation ranging from 1 percent to 5 percent;
- 6 states limit debt on a percentage of state revenues; and,
- 13 states limit debt only by approved legislative authorization, ranging from a simple majority to a three-fourths majority.

These debt limitations usually apply to general obligation debt and not to nonguaranteed debt.

The securities market is primarily concerned with the state's capacity to support debt-service payments along with its other expenditures, and its overall economic-fiscal condition. The security of the revenue base supporting a bond issue and the state's long-term economic future are probably the most important determinants of the state's wealth and tax base.

Because states compete in the municipal bond market it may be worthwhile to survey the states' ranking in some debt burden statistics. Such statistics are a basic part of agency rankings of the credit quality of bond issues. (These statistics were updated from a study on "Bonded Indebtedness in Kentucky" by the Kentucky Legislative Research Commission. Data for these updates came from State Government Finances in 1979, published by the U.S. Bureau of the Census.)

The table lists the states by region with four debt-burden statistics. The number in parentheses is the ranking from one to fifty by that statistic. Several interesting patterns emerge from this table. New England and Mideastern states rank much higher on all four indicators than other regions, with no state lower than twentieth on any of the statistics. The Great Plains and Southeastern states have the lowest debt levels, with the exceptions of South Dakota, Kentucky and West Virginia. The Southwestern and Rocky Mountain states also have low debt levels. In the Far West, the pattern is mixed with California, Nevada and Washington all having low debt levels, but Alaska, Hawaii and Oregon having some of the highest debt levels in the nation. Oregon's rating comes from its veterans home loan program, the largest of its kind in the country. Although their debt level is high, much of it is secured by first mortgages. This table incorporates all state general obligation and state-guaranteed debt, but does not reflect the total volume of public authority or moral obligation bonding.

It must be emphasized that bond rating agencies do not base their opinions solely on the level of debt burden of the states. There are a variety of other factors that are involved, including the state's overall fiscal and economic trends. Thus, a state displaying high debt burden statistics but experiencing favorable economic growth can receive a high credit quality rating. Factors that can adversely affect a state's rating include mismanagement, improper use of debt financing, unusually high short-term borrowing, vulnerability to national economic fluctuations and changes in tax structure.

The most important aspect of the quality rating is its impact on interest costs. While differences among the quality grades fluctuate depending on market conditions, the highest rated bonds sell at interest rates lower than the lowest rated. This difference can be a percentage point or more of interest and can result in large savings to states over the full life of the bonds.

STATE DEBT: AN OVERVIEW (FY 1979)

	Debt Per Capita	Total Debt Outstanding as a Percentage of Own-Source Revenues	Debt Interest as a Percentage of State Expenditures	Debt Per \$1000 of Personal Income
NEW ENGLAND				
Connecticut	\$1153 (7)	169.8% (3)	8.9% (3)	\$130 (9)
Maine	634 (17)	99.0% (16)	5.2% (15)	101 (15)
Massachusetts	939 (9)	116.1% (11)	6.6% (8)	118 (12)
New Hampshire	833 (13)	187.6% (2)	6.9% (6)	115 (13)
Rhode Island	1268 (6)	160.9% (5)	5.9% (11)	169 (5)
Vermont	1036 (8)	140.7% (8)	5.9% (10)	160 (6)
MIDEAST				
Delaware	\$1469 (4)	134.2% (9)	7.1% (4)	\$172 (4)
Maryland	890 (10)	107.6% (15)	5.5% (14)	106 (14)
New Jersey	734 (15)	115.0% (12)	5.9% (9)	84 (18)
New York	1302 (5)	165.4% (4)	16.2% (1)	158 (7)
Pennsylvania	550 (18)	81.0% (19)	5.5% (12)	71 (20)
GREAT LAKES				
Illinois	\$ 509 (22)	77.9% (20)	4.7% (17)	\$ 57 (27)
Indiana	108 (48)	16.3% (48)	1.2% (44)	14 (48)
Michigan	272 (36)	33.5% (37)	2.6% (29)	32 (38)
Ohio	349 (28)	65.5% (23)	3.9% (23)	44 (32)
Wisconsin	473 (24)	57.2% (26)	3.9% (21)	63 (23)
PLAINS				
Iowa	\$ 128 (46)	19.4% (47)	0.8% (46)	16 (47)
Kansas	194 (41)	31.3% (40)	1.5% (42)	25 (42)
Minnesota	462 (25)	50.5% (28)	4.1% (20)	59 (25)
Missouri	146 (45)	28.9% (42)	1.8% (40)	20 (44)
Nebraska	33 (50)	5.7% (49)	0.3% (50)	4 (40)
North Dakota	199 (39)	24.7% (44)	0.7% (48)	28 (40)
South Dakota	842 (12)	152.3% (6)	4.6% (18)	122 (10)
SOUTHEAST				
Alabama	\$ 279 (35)	47.9% (30)	2.5% (32)	\$ 45 (31)
Arkansas	112 (47)	21.2% (46)	0.8% (47)	19 (46)
Florida	301 (33)	55.1% (27)	3.9% (22)	41 (34)
Georgia	268 (37)	48.8% (49)	2.3% (34)	40 (35)
Kentucky	797 (14)	112.6% (13)	5.4% (13)	122 (11)
Louisiana	656 (16)	89.4% (17)	4.1% (19)	99 (16)
Mississippi	347 (29)	58.2% (25)	3.1% (25)	63 (22)
North Carolina	198 (40)	33.5% (38)	2.2% (35)	30 (39)
South Carolina	542 (19)	85.6% (18)	1.6% (41)	87 (17)
Tennessee	317 (32)	59.6% (24)	3.3% (24)	49 (28)
Virginia	320 (31)	44.7% (33)	2.5% (31)	42 (33)
West Virginia	872 (11)	119.6% (10)	4.7% (16)	133 (8)
SOUTHWEST				
Arizona	39 (49)	5.4% (50)	0.5% (49)	6 (49)
New Mexico	414 (26)	41.3% (34)	2.2% (36)	64 (21)
Oklahoma	522 (21)	76.4% (21)	2.8% (26)	74 (19)
Texas	173 (43)	30.7% (41)	1.9% (39)	23 (43)
ROCKY MOUNTAIN				
Colorado	\$ 154 (44)	22.5% (45)	1.2% (45)	\$ 20 (45)
Idaho	244 (38)	37.1% (36)	2.1% (37)	36 (37)
Montana	187 (42)	28.8% (48)	1.3% (43)	28 (41)
Utah	288 (34)	32.1% (39)	2.0% (38)	46 (30)
Wyoming	480 (23)	47.3% (31)	2.4% (33)	59 (26)
FAR WEST				
California	\$ 338 (30)	40.1% (35)	2.8% (27)	\$ 39 (36)
Nevada	533 (20)	69.5% (22)	2.8% (27)	60 (24)
Oregon	1507 (3)	199.9% (1)	10.4% (2)	193 (3)
Washington	386 (29)	46.6% (32)	2.5% (30)	48 (29)
Alaska	3356 (1)	109.2% (14)	6.9% (5)	309 (1)
Hawaii	1854 (2)	150.6% (7)	6.7% (7)	227 (2)

In developing debt management policies it is not possible to determine a specific limit on debt which may be applicable to all states, nor is it possible to determine an exact amount of debt which all states would be able to issue and manage efficiently. However, debt management policies that include debt limits, analyses of the state's capacity to retire their debt and pay for operating costs associated with it in future years, and overall capital planning and budgeting can benefit the state by improving and strengthening its position in the bond market with the result being greater savings to the state.

Taxing Nongovernmental Exempt Property

Taxing exempt property does not appear to be an idea whose time has come--yet. Despite recurring calls to tighten the granting of exemptions or place user charges on exempt property, states and cities have done very little to significantly increase the taxes or charges on presently-exempt nongovernmental property. But, if governments continue to undergo fiscal strains, it is possible that during the next decade major changes will occur in the treatment of exempt property.

A widely-used estimate is that one-third of all U.S. property is tax exempt; but, the great majority of this property is government-owned. Thus, the potential revenue that could be obtained from nongovernmental exempt property is far less than the one-third figure would suggest.

This generalization must be qualified in several respects. The amount of tax exempt property varies widely from place to place. The largest concentration of exempt property is usually found in the central cities of metropolitan areas; therefore, exempt property may be much greater in certain places than in others. Moreover, substantial evidence exists showing that the value of exempt property is growing faster than that of taxable property, so exempt property may become an increasingly attractive source of revenue for financially hard-pressed cities.

States differ widely in their definitions of tax-exempt property. The best recent survey of state laws in this regard is a report published by the Greater Hartford Chamber of Commerce, Property Tax Exemptions for Non-Profit Institutions: Problems and Proposals. This study describes how all 50 states treat each of the major types of totally-exempt property (schools, churches, hospitals, and cemeteries), and many of the minor types, such as YMCAs, Chambers of Commerce, camps, lodges, fraternal organizations, and so forth.

Several years ago, Connecticut broke new ground by providing payments in lieu of taxes from the state government to local governments in areas where private institutions of higher education and private hospitals are located. Approximately 38 states compensate localities for certain types of exempt government property, but Connecticut initiated the first program to provide payments for nongovernmental property. While some localities support such programs because of the additional aid received, these programs must be compared with other mechanisms of providing state aid, and the presence of exempt property may not be the most appropriate indicator to use in distributing aid. With many states suffering from extreme budgetary pressures, funds for payment in lieu of taxes programs are often scarce. Ruling out state payments, states must find ways to obtain money from tax exempt organizations themselves.

Recent experiences in Virginia and New York suggest that the forces in favor of obtaining revenue from exempt organizations are usually not sufficient to overcome resistance from the organizations themselves. For at least five years, Virginia has allowed localities to levy service charges on state governmental property and some types of nongovernmental property. Among the types of nongovernmental property that may be subject to service charges are cemeteries, colleges and other schools, and certain properties of benevolent or charitable associations. While many local governments have levied service charges on state property to reflect the cost of police and fire protection and refuse collection, hardly any localities have assessed such charges on nongovernmental exempt property.

In New York, local governments may deny exemptions to certain types of organizations on a local option basis. While the largest holders of exempt property--schools and churches--are exempt from this law, many other types of property could have their exemptions removed. Nevertheless, relatively few localities have availed themselves of the opportunity to remove such exemptions.

Across the country there are many examples of exempt property for which service charges are being paid voluntarily. Private institutions of higher education frequently make such payments, although they are generally for much less than the tax they would pay if taxable. Mandatory service charges for private exempt property, however, are very rare.

Many other reforms can be implemented to obtain increased revenue. In certain states, it is reportedly common practice for assessors to grant more generous exemptions than are prescribed by law. Vigorous enforcement of existing statutes could pay off in such cases. Along similar lines, New York state has recently instituted a program requiring owners of exempt property to file applications to verify their qualifications for exemption.

Perhaps the day is not far off when large amounts of revenue will be obtained from tax exempt property. But that day has not yet arrived.

(NOTE: This article draws on materials presented at a workshop on tax exempt property sponsored by NCSL in Albany, New York in February 1981. For more information about tax exempt property, contact Steven Gold, NCSL-Denver, (303) 623-6600.)

State Tax Trends

With the recession restraining revenue growth, only nine states had tax increases in excess of the inflation rate during fiscal 1980, according to a recent Census Bureau report. Except for North Dakota, all of the states with the fastest tax increases were in the rapidly-growing West and South.

These statistics do not, however, include local tax revenue, which rose more slowly than state taxes. Property taxes, which constitute the majority of local tax revenue, rose only 5.5 percent.

Total state tax revenue rose 9.6 percent, much less than the 12½ percent rise of consumer prices during this period. There was great variation among the states. As the attached table shows, Alaska and California had the largest increases, while Michigan and Vermont ranked at the bottom, with decreases in their tax revenue.

These findings may call into question one of the arguments for indexing state income taxes. While inflation causes disproportionate increases of income tax revenue when tax rates are progressive, yields from other taxes are much less responsive to inflation. Thus, state taxes claimed a smaller proportion of personal income in fiscal 1980 than previously. With federal aid other than grants for payments to individuals rising less than 6 percent, many state governments experienced serious budgetary problems.

Other significant trends in state taxes include the following:

- Five states--Alaska, Hawaii, Oklahoma, Utah and Wyoming--were among the fastest growers for the second consecutive year. At the other extreme, Indiana, Tennessee and Wisconsin repeated in the lowest quartile.
- Several states, such as Arkansas, California, North Dakota and Texas, swung from very low increases in 1979 to very large ones in 1980. Colorado, Nevada and Rhode Island moved in the other direction, experiencing abnormally small increases.

GROWTH OF STATE TAX REVENUE, 1978-79 AND 1979-80

State	Percentage change 1979-80		Percentage change 1978-79		Per Capita 1980	
	Level	Rank	Level	Rank	Level	Rank
Alaska	76.0%	1	44.9%	1	\$3,540.90	1
California	18.4	2	8.9	38	853.31	5
Texas	17.8	3	6.5	45	504.95	43
Oklahoma	17.2	4	15.2	11	614.12	19
Arkansas	16.5	5	7.5	44	532.46	39
North Dakota	14.5	6	4.9	50	566.00	29
Hawaii	14.0	7	16.1	9	1,091.13	2
Wyoming	13.2	8	18.4	5	862.50	4
Utah	13.1	9	14.7	12	574.80	26
New Mexico	12.0	10	8.7	40	746.21	7
Florida	12.0	11	14.0	14	542.25	33
Illinois	11.9	12	9.5	35	629.84	17
Maine	11.7	13	5.1	49	564.41	30
Georgia	11.5	14	12.1	20	533.31	38
Arizona	11.1	15	15.9	10	687.51	11
North Carolina	10.3	16	11.8	21	573.55	27
South Carolina	10.2	17	11.6	23	572.32	28
South Dakota	10.2	18	9.8	32	392.62	49
New Jersey	10.1	19	8.4	41	559.78	31
Nebraska	10.0	20	9.2	37	518.91	41
New York	9.3	21	6.4	46	720.54	9
Montana	9.1	22	18.1	6	554.39	32
Louisiana	9.1	23	11.0	25	594.34	22
Pennsylvania	8.8	24	8.2	42	617.24	18
Mississippi	8.7	25	5.8	47	517.88	42
Massachusetts	8.5	26	9.6	34	680.76	12
Washington	7.3	27	11.0	24	743.11	8
Connecticut	7.1	28	10.8	26	590.59	24
Virginia	7.0	29	9.8	33	527.87	40
Kansas	6.9	30	13.0	16	535.95	27
Alabama	6.3	31	10.0	30	492.65	45
Iowa	6.2	32	12.8	18	601.73	21
West Virginia	6.0	33	17.3	8	649.36	15
Oregon	5.2	34	19.5	2	575.92	25
Idaho	5.1	35	10.8	27	541.82	34
Delaware	4.8	36	9.4	36	886.11	3
Maryland	4.3	37	10.1	29	665.42	14
Missouri	4.1	38	12.8	17	430.28	48
Colorado	3.5	39	18.9	3	537.83	36
Kentucky	3.3	40	12.7	19	608.15	20
Wisconsin	3.2	41	5.5	48	713.20	10
Ohio	3.2	42	11.7	22	444.20	46
Nevada	3.0	43	18.5	4	678.92	13
Rhode Island	2.4	44	17.4	7	592.88	23
Tennessee	2.3	45	8.2	43	430.82	47
Minnesota	2.2	46	13.6	15	788.81	6
New Hampshire	1.3	47	9.9	31	301.57	50
Indiana	1.0	48	8.7	39	499.21	44
Vermont	-0.4	49	14.4	13	540.20	35
Michigan	-1.3	50	10.6	23	645.92	16
United States	9.6		10.2		623.91	

SOURCE: U.S. Census Bureau, State Government Tax Collections in 1980.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

CSHB 311 (C&RA)

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS FOR HOUSE BILL NO. 311 (C&RA)

Title Making an appropriation for advance funding to retire in due course outstanding
Requested by municipal general obligation bonds for schools. Date 4-14-81

Requested by House Finance Committee

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Revenue Collection and Management

BRU, Program, or Subprogram(s) Affected Treasury Management

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

→ MILLIONS ←
FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
(1) Defeasance Savings		(57.3)				
(2) Debt Service Cost Reduction		(44.6)	(50.6)	(51.4)	(45.8)	(30.7)

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

HB 416 gives the Commissioner of Revenue powers to provide for advance funding (defeasance) of outstanding school debt. CSHB 311 (C&RA) appropriates 287.3 million to accomplish this (debt outstanding as of 6/1/81) and \$354,000 for related fees.

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Monies to be appropriated in the current FY 82 budget for the current 80% debt service coverage program would have to remain as they are related to debt service already paid and not covered in this bill.

- (1) The savings in principal due to investments allowed in escrow set aside.
- (2) This is the annual debt service related to the outstanding (6/1/81) in bonds that would be due in the years indicated. The cash flow of the escrow set aside makes these payments as they become due.

THE APPROPRIATION AMOUNT IS BASED ON INTEREST RATES IN EFFECT DURING THE FIRST WEEK OF APRIL 1981. THE ACTUAL AMOUNT FOR DEFEASANCE IS BASED UPON RATES IN EFFECT AT THE TIME THE TRANSACTION CLOSES. ACCORDINGLY, FOR EACH 10% DROP IN INTEREST RATES THE AMOUNT NECESSARY FOR FULL DEFEASANCE GOES UP APPROX. 6.7%.

Anselm C. Stzack

IV. DATE April 21, 1981 PREPARED BY Anselm C. Stzack, Treasury Comptroller
AGENCY Dept. of Revenue/Treasury Division
PHONE 465-2351

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

Funding Information
 General Fund \$266,411,000
 Other Funds -0-
 \$266,411,000

Introduced: 3/10/81
 Referred: Health, Education &
 Social Services and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
 REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 311

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
 7 ment of Revenue for the retirement of general obliga-
 8 tion school bonds and related expenses; and providing
 9 for an effective date."

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

11 * Section 1. The sum of \$266,411,000 is appropriated from the general
 12 fund to the Department of Revenue to be allocated among the following muni-
 13 cipalities in accordance with the following estimates and upon the determina-
 14 tion of the commissioner of revenue of the precise amount needed by each
 15 municipality, if satisfactory arrangements have been made to use the money
 16 to provide advance funding to retire in due course the municipalities'
 17 outstanding general obligation bonds for schools:

Municipality	Allocations
Municipality of Anchorage	\$67,800,000
Bristol Bay Borough	4,000,000
City of Cordova	560,000
Fairbanks North Star Borough	23,900,000
Haines Borough	530,000
City and Borough of Juneau	3,220,000
Kenai Peninsula Borough	28,000,000
Ketchikan Gateway Borough	3,010,000
Kodiak Island Borough	14,530,000
Matanuska-Susitna Borough	19,720,000
City of Nenana	146,000

1	North Slope Borough	69,055,000
2	City of Petersburg	2,420,000
3	City and Borough of Sitka	2,930,000
4	City of Skagway	90,000
5	City of Valdez	25,000,000
6	City of Wrangell	1,500,000

7 * Sec. 2. The sum of \$345,000 is appropriated from the general fund to
8 the Department of Revenue for fees and expenses related to the advance
9 funding to retire in due course the municipalities' outstanding general
10 obligation bonds for schools.

11 * Sec. 3. The unexpended part of the appropriation made in sec. 1 of
12 this Act lapses into the general fund only on the retirement in each muni-
13 cipality of the general obligation bonds for schools for which money was
14 allocated to the municipality in sec. 1 of this Act.

15 * Sec. 4. The unexpended and unobligated part of the appropriation made
16 in sec. 2 of this Act lapses into the general fund June 30, 1982.

17 * Sec. 5. This Act takes effect July 1, 1981.

Original sponsor: Rules/Governor

Offered: 4/14/81
Referred: Finance

Funding Information

General Fund \$287,616,000
Other Funds -0-
\$287,616,000

1 IN THE HOUSE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2

CS FOR HOUSE BILL NO. 311 (C&RA)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act making special appropriations to the Department of Revenue for the retirement of general obligation school bonds and for related expenses; and providing for an effective date."

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

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12

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16

17

18

Municipality

Allocations

19

Municipality of Anchorage

\$67,800,000

20

Bristol Bay Borough

4,000,000

21

City of Cordova

560,000

22

Fairbanks North Star Borough

23,900,000

23

Haines Borough

530,000

24

City and Borough of Juneau

3,220,000

25

Kenai Peninsula Borough

28,000,000

26

Ketchikan Gateway Borough

3,010,000

27

Kodiak Island Borough

14,530,000

28

Matanuska-Susitna Borough

40,580,000

29

City of Nenana

146,000

1	North Slope Borough	69,055,000
2	City of Petersburg	2,420,000
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148311

March 10, 1981

The Honorable Jim Duncan
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which would make a special appropriation to the Department of Revenue to provide for the retirement of the general obligation bonds issued by Alaska's local governments for public schools. Financial experts refer to the process as "defeasing" the bonds.

Providing money to handle the retirement of school bonds would significantly reduce the local governments' expenses and thereby their taxes, and would also improve their financial standing to borrow money for other capital improvements which they might determine to be necessary. It would eliminate a cash-flow problem for the local governments which arises from their having to pay debt service each year and to wait for reimbursement of 80 percent from the state.

The commissioner of revenue would work with each municipality to set up an account, which is in the nature of an escrow, into which the allocation for that municipality would be deposited. The exact amount for each would be the amount required to retire a given municipality's school bonds in due course as of the date of the deposit. The retirement of the bonds would not be accelerated. Rather, the appropriated money would be invested to earn more money, and the principal and interest would be used to retire the debts in due course over the life of the several bond issues. Because the interest earned would be used to help retire the bonds, the amount required to be appropriated is estimated to be less than would be appropriated over the life of the several issues to reimburse municipal debt service under existing law.

It is anticipated that arrangements would be completed and the money turned over to the several municipalities before July 1, 1981, and therefore, no problem with the money's lapsing should arise. Nevertheless, to avoid any question on that subject, the bill includes a specific provision that the appropriation would not lapse until the bonds are retired. The bill also would include a separate appropriation to the Department of Revenue for fees and expenses it would have to incur in setting up the program.

Sincerely,

S/SSH

Jay S. Hammond
Governor

COMMITTEE REPORT

HOUSE

4/14/81

FURTHER:

(11)

Date: _____

Mr. Speaker:

The Committee on FINANCE has had HB 311

"An Act making a special appropriation to the Department of Revenue for the retirement of general obligation school bonds and related expenses; and providing for an effective date."

under consideration and reports it back as follows:

- [] do pass [] do not pass
[] do pass with attached amendments(s) [] same title
[] replace with CS for _____ [] new title
and recommends _____
[] AND attaches a "Letter of Intent" [] New Fiscal Note
[] reports it back without recommendation
[] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

COMMITTEE REPORT

HOUSE

4/14

4/7/81

FURTHER: FINANCE

(7)

Date: April 10, 1981

Mr. Speaker: (HESS referral waived 4/7/81)

The Committee on COMMUNITY & REGIONAL AFFAIRS has had HB 311

"An Act making a special appropriation to the Department of Revenue for the retirement of general obligation school bonds and related expenses; and providing for an effective date."

under consideration and reports it back as follows:

do pass [] do not pass

[] do pass with attached amendments(s)

replace with CS for HB 311 (C+RA) same title new title and recommends do pass

[] AND attaches a "Letter of Intent" [] New Fiscal Note

[] reports it back without recommendation

[] referred to the _____ Committee

MEMBERS SIGNING DO PASS

MEMBERS HAVING OTHER RECOMMENDATIONS:

Ben Rossman
John G. ...
Larry ...
Patrick ...

Ben Rossman
CHAIRMAN

*Regue
Gov*

Original sponsor: Rules/Governor

Offered: 4/14/81
Referred: Finance

Funding Information

General Fund \$287,616,,000
Other Funds -0-
\$287,616,000

1 IN THE HOUSE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

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4 TWELFTH LEGISLATURE - FIRST SESSION

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29 COMMITTEE COPY

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Letter

<u>Funding Information</u>	
General Fund	\$266,411,000
Other Funds	-0-
	<u>\$266,411,000</u>

Introduced: 3/10/81
 Referred: Health, Education &
 Social Services and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 311

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

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HB 311

March 10, 1981

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Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which would make a special appropriation to the Department of Revenue to provide for the retirement of the general obligation bonds issued by Alaska's local governments for public schools. Financial experts refer to the process as "defeasing" the bonds.

Providing money to handle the retirement of school bonds would significantly reduce the local governments' expenses and thereby their taxes, and would also improve their financial standing to borrow money for other capital improvements which they might determine to be necessary. It would eliminate a cash-flow problem for the local governments which arises from their having to pay debt service each year and to wait for reimbursement of 80 percent from the state.

The commissioner of revenue would work with each municipality to set up an account, which is in the nature of an escrow, into which the allocation for that municipality would be deposited. The exact amount for each would be the amount required to retire a given municipality's school bonds in due course as of the date of the deposit. The retirement of the bonds would not be accelerated. Rather, the appropriated money would be invested to earn more money, and the principal and interest would be used to retire the debts in due course over the life of the several bond issues. Because the interest earned would be used to help retire the bonds, the amount required to be appropriated is estimated to be less than would be appropriated over the life of the several issues to reimburse municipal debt service under existing law.

It is anticipated that arrangements would be completed and the money turned over to the several municipalities before July 1, 1981, and therefore, no problem with the money's lapsing should arise. Nevertheless, to avoid any question on that subject, the bill includes a specific provision that the appropriation would not lapse until the bonds are retired. The bill also would include a separate appropriation to the Department of Revenue for fees and expenses it would have to incur in setting up the program.

Sincerely,

S/SSH

Jay S. Hammond
Governor

ALASKA STATE LEGISLATURE

TWELFTH Legislature FIRST Session

HOUSE BILL NO. 311

By THE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR

"An Act making a special appropriation to the Department of Revenue for the retirement of general obligation school bonds and related expenses; and providing for an effective date."

Spec. appro, retirement of gen. oblig. school bonds & related expenses

Introduced in the House 3/10, 1981

HISTORY IN THE HOUSE

1981	Read first time and referred to Committee on																		
Mar. 10	HESS and Finance Reported back with recommendation that																		
	Read second time and																		
	Read third time and																		
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Signed by Speaker																			
Sent to Senate																			
	CHIEF CLERK OF THE HOUSE																		

HISTORY IN THE SENATE

19	Read first time and referred to Committee on																		
	Reported back with recommendation that																		
	Read second time and																		
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Reported correctly engrossed																			
Signed by President																			
Returned to House																			
	SECRETARY OF THE SENATE																		

HISTORY IN THE HOUSE

19	Received from Senate
	Concurred in Senate amendment thus adopting: VOTE
	Failed to concur in Senate amendment; asked Senate to recede VOTE
	Senate receded from amendment VOTE
	Senate failed to recede from amendment VOTE
	CC appointed by House
	CC appointed by Senate
	CC adopted by House VOTE
	CC adopted by Senate VOTE
	To enrolling Reported correctly enrolled Sent to Governor by Governor
	Filed with Lt. Governor
	Chapter No.

COMMITTEE REPORT

SENATE

5/10/82

FURTHER: None

Date: _____

Mr. President:

The Committee on FINANCE has had CSHB 313(Fin)
Alaska Fisheries Center and appropriations to the center

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

**COMMITTEE REPORT
SENATE**

4/19/82

FURTHER: Finance

Date: 5/10/82

Mr. President:

The Committee on RESOURCES has had CSHB 313(Fin)
Alaska Fisheries Center and appropriations to the center

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends reports it back as follows
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

**MEMBERS SIGNING
DO PASS**

1 Brad Bradley
1 Don Gilman
1 Bob Mulcahy

**MEMBERS HAVING
OTHER RECOMMENDATIONS:**

2 [Signature] no rec
2 [Signature] no rec

1 [Signature] ^{Do Pass}
CHAIRMAN

COMMITTEE REPORT
SENATE

5/21/81

FURTHER Resources and
Finance

Date: 4-14-82

Mr. President:

The Committee on HEALTH, EDUCATION &
SOCIAL SERVICES has had CSHB 313(Fin)

Alaska Fisheries Center and appropriations to that center

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

[] do pass [] do not pass

[] do pass with attached amendments(s)

replace with CS for CSHB 313 (HES) same title
 new title

and recommends Do not report it back as follows

[] AND attaches a "Letter of Intent" New Fiscal Note

[] reports it back without recommendation

[] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

1 [Signature]
[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

2 Colletta none

1 [Signature]
CHAIRMAN

Original sponsors: Gardiner, Grussendorf,
Zharoff, et al

Offered: 4/19/82
Referred: Resources
and Finance

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

1 IN THE HOUSE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 313 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Fisheries Research Center in
7 the University of Alaska; and providing for an effec-
8 tive date."

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

10 * Section 1. POLICY AND FINDINGS. (a) It is the policy of the state to
11 provide facilities, improvements, and services to use, develop, and conserve
12 fishery resources for the maximum benefit of the people of the state and the
13 nation.

14 (b) The legislature finds that

15 (1) long-term research is essential to the wise use, development,
16 and conservation of fishery resources; investments are not now made in long-
17 term fishery research because of the common property nature of fishery
18 resources and because of the structure of the United States fishing industry;
19 a Fisheries Research Center will fulfill the need to coordinate and conduct
20 long-term research on fishery resources in the waters of the state and off-
21 shore from the coast of the state;

22 (2) there are at least 19 organizations involved in research and
23 management of Alaska fisheries; a center to gather, coordinate, and dissemi-
24 nate scientific data and information produced by these organizations is
25 needed;

26 (3) the establishment of a Fisheries Research Center in Alaska will
27 reduce reliance on out-of-state sources in the management of fisheries in the
28 waters of the state and offshore from the coast of the state.

29 * Sec. 2. AS 16 is amended by adding a new chapter to read:

1 CHAPTER 12. FISHERIES RESEARCH CENTER.

2 Sec. 16.12.010. FISHERIES RESEARCH CENTER ESTABLISHED. There is
3 established the Fisheries Research Center in the University of Alaska.

4 Sec. 16.12.020. PURPOSES. The purposes of the center are to

5 (1) conduct research and to gather, organize, and disseminate
6 scientific information on fishery resources in the waters of the state
7 and offshore from the coast of the state that will encourage the wise
8 use, development, and conservation of fishery resources for subsistence,
9 commercial, and recreational purposes;

10 (2) improve coordination and communications among fishermen,
11 seafood processors, members of the scientific and fishery management
12 communities, and the public;

13 (3) serve as the principal center in the state for conducting
14 and coordinating research for the long-term improvement of the Alaska
15 and United States seafood industry and the encouragement of the develop-
16 ment of fishery resources in the waters of the state and offshore from
17 the coast of the state; and

18 (4) encourage cooperation among federal and state agencies,
19 the University of Alaska, and organizations that are involved in research
20 concerning the fishery resources in the waters of the state and offshore
21 from the coast of the state.

22 Sec. 16.12.030. BOARD OF TRUSTEES. (a) A board of trustees of
23 the center is established to establish policy and provide guidance to
24 the university in the operation of the center.

25 (b) The board consists of

26 (1) the commissioner of fish and game, or the commissioner's
27 representative;

28 (2) the president of the University of Alaska, or the
29 president's representative;

1 (3) the Alaska regional director of the National Marine
2 Fisheries Service, or the director's representative;

3 (4) four members recommended by the governor and appointed by
4 the president of the University of Alaska.

5 (c) At least four members of the board shall be state residents.

6 (d) Members of the board are appointed for three-year terms and
7 may be reappointed.

8 Sec. 16.12.040. DUTIES. (a) The primary functions of the center
9 are to conduct research and provide information services related to
10 fisheries.

11 (b) The center shall

12 (1) conduct general and applied research;

13 (2) provide information services to interested organizations
14 and individuals; and

15 (3) provide support services to cooperating organizations and
16 agencies.

17 Sec. 16.12.050. ADVISORY COMMITTEES. (a) The board shall estab-
18 lish a Research Advisory Committee. The Research Advisory Committee
19 shall

20 (1) advise the board on the scientific activities of the
21 center, and assist in the scientific evaluation of the center's programs;

22 (2) encourage the development of cooperative research programs
23 at the center;

24 (3) report to the board on the need for research to solve
25 fishery resource problems.

26 (b) The board shall establish a User Advisory Committee. The User
27 Advisory Committee shall

28 (1) advise the board on the information needs of various
29 fishery resource user groups, and assist in the development of the

1 center's institutional goals and the review of progress toward attain-
2 ment of those goals;

3 (2) encourage the development of cooperative programs at the
4 center between user groups and scientific personnel;

5 (3) report to the board on the need for new information on
6 fishery resources.

7 Sec. 16.12.060. ANNUAL REPORT. The Board of Regents of the
8 University of Alaska shall prepare an annual report on the activities of
9 the center and submit the report to the legislature by the 20th day of
10 each regular session. The report shall include a description of the
11 work and activities conducted by the center.

12 Sec. 16.12.180. DEFINITIONS. In this chapter

13 (1) "board" means the Board of Trustees of the Fisheries
14 Research Center;

15 (2) "center" means the Fisheries Research Center.

16 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
17 070(c).

denovets
12-0607

Original sponsors: Gardiner, Grussendorf,
Zharoff, et al

Offered: 5/15/81
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 313 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Fisheries Center and to
7 appropriations to that center; and providing for an
8 effective date."

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

10 * Section 1. POLICY AND FINDINGS. (a) It is the policy of the state to
11 provide facilities, improvements, and services to use, develop, and conserve
12 fishery resources for the maximum benefit of the people of the state and the
13 nation.

14 (b) The legislature finds that

15 (1) long-term research is essential to the wise use, development,
16 and conservation of fishery resources; investments are not now made in
17 long-term fishery research because of the common property nature of fishery
18 resources and because of the structure of the United States fishing industry;
19 the Alaska Fisheries Center will fulfill the need to coordinate and conduct
20 long-term research on fishery resources in the waters of the state and off-
21 shore from the coast of the state;

22 (2) there are at least 19 organizations involved in research and
23 management of Alaska fisheries; a center to gather, coordinate, and dissemi-
24 nate scientific data and information produced by these organizations is
25 needed;

26 (3) the establishment of a center in Alaska will reduce reliance
27 on out-of-state sources in the management of fisheries in the waters of the
28 state and offshore from the coast of the state.

29 * Sec. 2. AS 16 is amended by adding a new chapter to read:

COMMITTEE COPY

-1-

CSHB 313(Fin) engrossed

1 CHAPTER 12. ALASKA FISHERIES CENTER.

2 Sec. 16.12.010. ALASKA FISHERIES CENTER ESTABLISHED. There is
3 established the Alaska Fisheries Center. The center is a public corpo-
4 ration of the state. It is an instrumentality of the state in the
5 Department of Administration, but has a legal existence independent of
6 and separate from the state. Exercise by the center of the powers
7 conferred by this chapter is an essential governmental function of the
8 state.

9 Sec. 16.12.020. PURPOSE. The purposes of this chapter are to

10 (1) provide a center to conduct research and to gather,
11 organize, and disseminate scientific information on fishery resources
12 in the waters of the state and offshore from the coast of the state
13 which will encourage the wise use, development, and conservation of
14 fishery resources for subsistence, commercial, and recreational pur-
15 poses;

16 (2) provide a center to improve coordination and communica-
17 tions among fishermen, seafood processors, members of the scientific
18 and fishery management communities, and the public;

19 (3) provide the principal center in the state for conducting
20 and coordinating research for the long-term improvement of the Alaska
21 and United States seafood industry and the encouragement of the develop-
22 ment of fishery resources in the waters of the state and offshore from
23 the coast of the state to help meet the world need for protein; and

24 (4) establish a center in the state which will encourage
25 cooperation among federal and state agencies, the University of Alaska,
26 and organizations which are involved in research concerning the fishery
27 resources in the waters of the state and offshore from the coast of the
28 state.

29 Sec. 16.12.030. BOARD OF TRUSTEES. (a) A board of trustees of

1 the center is established as its governing body.

2 (b) The board consists of nine members, appointed by the governor.

3 (c) At least five members of the board shall be state residents.

4 (d) The board shall elect a chairman and other necessary officers
5 from among its members. The chairman shall be a resident of the state.

6 Sec. 16.12.040. TERM OF OFFICE. (a) The members of the board
7 serve three-year terms and may be reappointed.

8 (b) The officers of the board elected under AS 16.12.030(d) serve
9 a term of three years.

10 Sec. 16.12.050. REMOVAL AND VACANCIES. (a) The governor may
11 remove a board member from office.

12 (b) A vacancy on the board shall be filled by appointment by the
13 governor. An appointee to fill a vacancy shall hold office for the
14 balance of the term for which his predecessor on the board was
15 appointed.

16 (c) A vacancy on the board does not impair the authority of a
17 quorum of the board to exercise all the powers and perform all the
18 duties of the board.

19 Sec. 16.12.060. QUORUM. Five members of the board constitute a
20 quorum for the transaction of business and the exercise of the powers
21 and duties of the board.

22 Sec. 16.12.070. COMPENSATION OF BOARD MEMBERS. (a) A board
23 member who is not an official of the state or federal government may
24 receive \$150 a day while in attendance at and traveling to and from
25 meetings of the board.

26 (b) Board members may receive a per diem allowance and trans-
27 portation expenses in carrying out the duties under this chapter.

28 Sec. 16.12.080. CONFLICTS OF INTEREST. Members of the board are
29 subject to AS 39.50.

1 Sec. 16.12.090. EMPLOYMENT OF PERSONNEL. (a) The board shall
2 employ and determine the salary of an executive director. The salary
3 of the executive director need not conform to the pay plan in AS 39.-
4 27.011.

5 (b) The executive director may, with approval of the board,
6 select and employ additional staff as necessary.

7 (c) The executive director and all employees of the board are in
8 the exempt service under AS 39.25.

9 Sec. 16.12.100. POWERS. In carrying out the powers of the center,
10 the board may

11 (1) adopt, alter, and use a corporate seal;

12 (2) prescribe, adopt, and amend, and repeal bylaws;

13 (3) sue and be sued in the name of the center;

14 (4) enter into any agreements necessary to the exercise of
15 its powers and functions;

16 (5) accept grants from and contract with the federal govern-
17 ment and the state and its political subdivisions, and comply with the
18 provisions of federal, state, or local programs when necessary;

19 (6) accept grants and loans from and contract with entities
20 other than those in (5) of this section for the purposes of the work of
21 the center;

22 (7) appear on behalf of the center before boards, commis-
23 sions, departments, or other agencies of municipal, state, or federal
24 government;

25 (8) acquire, hold, use, lease, sell, or otherwise dispose of
26 property of any kind, real, personal, or mixed, or an interest in it;

27 (9) establish and maintain one or more bank accounts for the
28 transaction of the center's business;

29 (10) conduct or sponsor research, and prepare, publish, and

1 distribute technical studies, reports, bulletins, and other materials
2 it considers appropriate;

3 (11) hold patents, copyrights, trademarks, royalties or other
4 evidences of protection or exclusivity issued under the laws of the
5 United States or any state or nation obtained by persons receiving
6 assistance from the center;

7 (12) adopt regulations governing the exercise of its powers;

8 (13) do everything necessary or desirable to carry out the
9 purposes of the center.

10 Sec. 16.12.110. DUTIES. (a) The primary functions of the center
11 shall be research and information services.

12 (b) The center shall conduct both general and applied research,
13 including but not limited to,

14 (1) stock enumeration research;

15 (2) habitat surveys;

16 (3) research on methods and strategies of resource manage-
17 ment;

18 (4) fishery technology research;

19 (5) fishery foodsciences research;

20 (6) fishery marketing and economic research; and

21 (7) research on the social and economic effects and impli-
22 cations of resource management decisions and options.

23 (c) The center shall provide information services to interested
24 organizations and individuals, including but not limited to,

25 (1) library services;

26 (2) catch and status-of-stock reports; and

27 (3) marketing reports.

28 (d) The center shall provide support services to cooperating
29 organizations and agencies, including but not limited to,

- 1 (1) computer services;
- 2 (2) audio-visual facilities;
- 3 (3) research laboratories and special equipment;
- 4 (4) research vessels; and
- 5 (5) secretarial and publication services.

6 (e) The center and its facilities shall be available to under-
7 graduate and graduate students of the University of Alaska and other
8 accredited universities engaged in fisheries and fisheries-related
9 studies, and to visiting scientists and professors for research.

10 Sec. 16.12.120. USER COMMITTEE. (a) The board shall establish a
11 user committee by appointing one representative from each of the follow-
12 ing organizations and agencies from a list of nominees submitted by
13 each of the following organizations and agencies:

- 14 (1) Alaska Commercial Fisheries Entry Commission;
- 15 (2) Board of Fisheries;
- 16 (3) Department of Commerce and Economic Development;
- 17 (4) Department of Fish and Game;
- 18 (5) University of Alaska;
- 19 (6) United States Department of the Interior;
- 20 (7) United States Department of Commerce;
- 21 (8) United States Department of Agriculture;
- 22 (9) North Pacific Fishery Management Council;
- 23 (10) regional aquaculture associations; and
- 24 (11) fishermen's organizations.

25 (b) In developing center programs, the board shall consult with
26 the user committee.

27 (c) The board shall meet with representatives of the organizations
28 and agencies listed in (a) of this section at least twice each year.

29 Sec. 16.12.130. TECHNICAL ADVISORY COMMITTEES. The board may

1 establish technical advisory committees to aid in carrying out the
2 purposes and duties in AS 16.12.020 and 16.12.110.

3 Sec. 16.12.140. BUDGET AND APPROPRIATIONS. (a) The center is
4 subject to the Executive Budget Act AS 37.07.

5 (b) The research budget for the center shall include a statement
6 of the goals and objectives and the amount of money proposed for each
7 research project.

8 Sec. 16.12.150. ANNUAL REPORT. The board shall prepare an annual
9 report of its activities and submit it to the legislature at the
10 beginning of each regular session. The report shall include

11 (1) a description of the research and programs conducted or
12 supported by the center;

13 (2) a summary of the business conducted at user group commit-
14 tee meetings;

15 (3) a description of the use of the support facilities; and

16 (4) other information which the board determines should be
17 included to describe the work of the center.

18 Sec. 16.12.160. PRINCIPAL OFFICE. The principal office of the
19 center shall be located at a place determined by law. The board may
20 authorize the establishment of other offices of the center in the
21 state.

22 Sec. 16.12.170. COOPERATION WITH OTHER STATE AGENCIES AND THE
23 UNIVERSITY OF ALASKA. All departments, agencies, and public corpora-
24 tions of the state, including the University of Alaska, shall provide
25 information, services, and facilities to the center on its request.
26 The center shall reimburse the department, agency, or corporation for
27 expenses reasonably incurred on the center's behalf.

28 Sec. 16.12.180. DEFINITIONS. In this chapter;

29 (1) "board" means the Board of Trustees of the Alaska

1 Fisheries Center;

2 (2) "center" means the Alaska Fisheries Center;

3 (3) "fishery resources" means the renewable resources from
4 fish and other aquatic life including groundfish, aquatic plants,
5 shellfish and salmon.

6 * Sec. 3. AS 37.25 is amended by adding a new section to read:

7 Sec. 37.25.035. APPROPRIATIONS FOR THE ALASKA FISHERIES CENTER.

8 An appropriation to the Alaska Fisheries Center for research or for a
9 project under AS 16.12 is valid for the duration of the research or
10 project. The unexpended and unobligated balance of the appropriation
11 shall be carried forward to subsequent fiscal years.

12 * Sec. 4. AS 39.25.110 is amended by adding a new paragraph to read:

13 (26) employees of the Alaska Fisheries Center.

14 * Sec. 5. AS 39.50.200(b) is amended by adding a new paragraph to read:

15 (44) Alaska Fisheries Center (AS 16.12)

16 * Sec. 6. APPOINTMENT OF FIRST BOARD OF TRUSTEES OF ALASKA FISHERIES
17 CENTER. The governor shall appoint the first members of the board within 30
18 days of the effective date of this Act. Notwithstanding AS 16.12.040(a),
19 the first members of the board appointed under this section shall serve a
20 term of one year. A member of the Board of Trustees appointed under this
21 section may be reappointed as a member of the Board of Trustees.

22 * Sec. 7. TRANSITIONAL DUTIES OF FIRST BOARD OF TRUSTEES. (a) The
23 Board of Trustees of the Alaska Fisheries Center first appointed under sec.
24 6 of this Act shall recruit for and within 90 days after the effective date
25 of this Act employ an executive director.

26 (b) By January 20, 1982, the Board of Trustees of the Alaska Fisheries
27 Center and its executive director shall report to the legislature,

28 (1) a proposed organization for the Alaska Fisheries Center;

29 (2) a proposed budget for the Alaska Fisheries Center, with

1 recommendations for proposed short-term and long-term research projects

2 (3) any internal agreements or working agreements entered into by
3 the board of trustees or the executive director in establishing the Alaska
4 Fisheries Center; and

5 (4) a suggested location for the principal office for the Alaska
6 Fisheries Center, and a recommended design for the principal office of the
7 Alaska Fisheries Center and related improvements at that location.

8 * Sec. 8. This Act takes effect immediately in accordance with AS 01.10.-
9 070(c).

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 313 (Page 1 of 2) CORRECTED FISCAL NOTE
 Title An act relating to the Alaska Fisheries Center
 Requested by House Resources Date 4/22/81

II. FISCAL DETAIL

Agency Affected Department of Administration
 Program Category Affected Development
 BRU, Program, or Subprogram(s) Affected Alaska Fisheries Center
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		68.0				
200 TRAVEL		45.9				
300 CONTRACTUAL		302.7				
400 COMMODITIES		.5				
500 EQUIPMENT		1.1				
600 LAND & STRUCTURES						
700 GRANTS, C. AIMS, ETC.						
TOTAL		418.2				

FUNDING (Thousands of Dollars)

GENERAL FUND		418.2				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. DATE 5/20/81 PREPARED BY Elmer Lindstrom, Fiscal Analyst
 AGENCY Legislative Finance Division
 PHONE 465-3795
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

FISCAL NOTE: HB 313 (Page 2 of 2)

CORRECTED FISCAL NOTE

Personal Services

Interim Director \$4500/mo. +26% benefits x 12 68.0

TravelAdministrative Travel:

9 trips x \$300/trip transportation 2.7

9 trips x \$60/day x 2 days 1.1

Board Travel: (Assumes 5 public members &
4 state employee members)

9 trips x \$300/trip transportation x 5 13.5

9 trips x \$150/day x 2 days x 5 13.5

9 trips x \$300/trip transportation x 4 10.8

9 trips x \$60/day x 2 days x 4 4.3

Total Travel 45.9

Contractual

Facilities design and support 300.0

Office space, 150 sq.ft. x \$1.50/sq.ft./mo.
x 12 months 2.7

Total Contractual 302.7

Commodities

.5

Equipment: 1 ea: desk, chair, file cabinet, calculator 1.1TOTAL. \$418.2

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 313
 Title An Act relating to the Alaska Fisheries Center
 Requested by House Resources Date 4/22/81

II. FISCAL DETAIL

Agency Affected Department of Administration
 Program Category Affected Development
 BRU, Program, or Subprogram(s) Affected Alaska Fisheries Center
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		68.0				
200 TRAVEL		63.9				
300 CONTRACTUAL		302.7				
400 COMMODITIES		.5				
500 EQUIPMENT		1.1				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		436.2				

FUNDING (Thousands of Dollars)

GENERAL FUND		436.2				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		1				
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See Attached

IV. DATE 4/22/81 PREPARED BY Elmer Lindstrom, Fiscal Analyst
 AGENCY Legislative Finance Division
 PHONE 465-3795
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

FISCAL NOTE: HB 313

Personal Services

Interim Director \$4500/mo. +26% benefits x 12 68.0

Travel

Administrative Travel:

9 trips x \$300/trip transportation 2.7

9 trips x \$60/day x 2 days 1.1

Board Travel: (Assumes 5 public members and
4 state employee members)

9 trips x \$300/trip transportation x 5 13.5

9 trips x \$350/day x 2 days x 5 31.5

9 trips x \$300/trip transportation x 4 10.8

9 trips x \$60/day x 2 days x 4 4.3

Total Travel 63.9

Contractual

Facilities design and support 300.0

Office Space, 150 sq.ft. x 1.50/sq.ft./mo.
x 12 months 2.7

Total Contractual 302.7

Commodities

.5

Equipment: 1 ea: desk, chair, file cabinet, calculator 1.1TOTAL. \$436.2

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. Senate HESS Committee Substitute for HB 313
 Title Alaska Fisheries Center
 Requested by Senate HESS Committee Date 4/12/82

II. FISCAL DETAIL
 Agency Affected University of Alaska
 Program Category Affected _____
 BRU, Program, Or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		52.3	590.3	1,128.3	1,666.3	2,204.3
200 TRAVEL		21.3	65.3	109.3	153.3	197.3
300 CONTRACTUAL		92.0	867.0	1,642.0	2,417.0	3,192.0
400 COMMODITIES		3.0	73.0	143.0	213.0	283.0
500 EQUIPMENT		4.0	409.0	300.0	300.0	300.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		172.6	2,004.6	3,322.6	4,749.6	6,176.6

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME		2	16	30	44	58
PART TIME (Grad. Students)			4	8	12	16
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

Based on recommendations contained in The Report of the Alaska Fisheries Center Study Group to the State of Alaska (Feb. 1982), as modified by the University of Alaska after analysis of start-up and program costs.

IV. DATE 4/12/82 PREPARED BY Donald H. Rosenberg
 AGENCY University of Alaska
 Original: Legislative Finance PHONE 474-7086 (AFCSG 586-1869)
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

April 8, 1982

Fiscal Note
HB313

FY83

ADMINISTRATION

Personnel Services

Executive Director (6 mos.) \$ 32,261
Executive Secretary (6 mos.) 10,629

Staff Benefits 22% 9,436

Total Personnel Services \$ 52,326

TRAVEL

Administration 6,000
Board of Trustees (2 meetings) 6,300
Advisory Committee (1 meeting) 9,000

Total Travel \$ 21,300

CONTRACTUAL

Facilities Planning \$ 50,000
Program Planning (consultants) 30,000
Communications 6,000
Copying and Printing 3,000
Miscellaneous 3,000

Total Contractual \$ 92,000

COMMODITIES

3,000

EQUIPMENT

4,000

Two desks/chairs, 2 side chairs,
3 file cabinets, typewriter,
calculator, work table

Total Cost (1st year) \$172,626

Fiscal Note
HB313

FY84, 85, 86 and 87

Increment to be added each year.

A. RESEARCH AND PUBLIC INFORMATION/LIBRARY PROGRAMS

Personnel Services (includes benefits)	
Professional Staff (6) (\$45,000)	\$ 270,000
Technical Staff (4) (\$30,000)	120,000
Graduate Research Assistants (4) (\$12,000)	<u>48,000</u>
Total Personnel Services	\$ 438,000
Travel	
In-state (research related)	25,000
Professional Meetings	<u>5,000</u>
Total Travel	\$ 30,000
Contractual	
Computer Services	40,000
Vessel Charter	100,000
Analytical Services	50,000
Communication	50,000
Equipment Maintenance	50,000
Freight (equipment & samples)	20,000
Drafting and Duplicating	30,000
Space Rental	<u>50,000</u>
Total Contractual	\$ 390,000
Commodities	50,000
Equipment*	
Library Collection	40,000
Scientific Equipment	300,000
Data Processing	<u>35,000</u>
Total Equipment	\$ 375,000
TOTAL RESEARCH PROGRAM	<u><u>\$1,283,000</u></u>

B. ADMINISTRATIVE

Personnel Services (includes benefits)	
Support Staff (4) (\$25,000)	\$ <u>100,000</u>
Total Personnel Services	\$ 100,000

Travel	
In-State	10,000
Out of State	<u>4,000</u>
Total Travel	\$ 14,000
Contractual	
Equipment Maintenance	10,000
Communication	20,000
Equipment Rental	30,000
Space Rental	200,000
Utilities	75,000
Space Maintenance/Renovation	<u>50,000</u>
Total Contractual	\$ 385,000
Commodities	20,000
Equipment*	<u>30,000</u>
Office Equipment (desks, chairs)	
TOTAL ADMINISTRATION	<u><u>\$ 549,000</u></u>

*Initial equipment cost; \$300,000 total budgeted each year for administrative and research program combined.

ALASKA STATE LEGISLATURE

TWELFTH Legislature FIRST... Session

HOUSE BILL..... NO. ...313.

By GARDINER, GRUSSENDORF, ZHAROFF, SUTCLIFFE, BUCHHOLDT, CLOCKSIN, COTTEN, MALONE, MEEKINS AND ROGERS

"An Act relating to the Alaska Fisheries Center and to appropriations to that center."

Ak Fisheries Center and appro, to center

Introduced in the House ..3./10..., 19.81

HISTORY IN THE HOUSE

19 81	Read first time and referred to Committee on
Mar. 10	Resources and Finance
Apr 27	Reported back with recommendation that <i>Resources replace CS (Hir)</i>
May 15	<i>6 do pass - to Finance</i> Finance - CS (Fin) 3 do pass <i>4 no rec. to Rules</i>
May 19	Read second time and CS HB 313 (Fin) adopted <i>and advanced</i>
May 19	Read third time and
May 20	<i>Recommendation to alter</i>
May 19	PASS Effective Date Yeas 23 Yeas Nays 10 Nays Absent 2 not Absent Excused 1 not Excused
May 19	Reconsideration
May 20	PASS Effective Date Yeas 25 Yeas 27 Nays 14 Nays 12 Absent 1 not Absent 1 not Excused 1 not Excused 1 not
5 20	Reported correctly engrossed
5 20	Signed by Speaker
5 20	Sent to Senate
<i>James R. ...</i> CHIEF CLERK OF THE HOUSE	

HISTORY IN THE SENATE

1981	Read first time and referred to Committee on
5 21	<i>HESS-Res-FIN</i>
19 82	Reported back with <i>HESS - replace</i> recommendation that <i>CS 2</i>
4 19	<i>do pass, 1 no rec - new F. ...</i> <i>6 Res</i>
5 10	<i>Res: 4 do pass; 2 no rec.</i>
	Read second time and
	Read third time and
	PASS Effective Date Yeas Yeas Nays Nays Absent Absent Excused Excused
	Reconsideration
	PASS Effective Date Yeas Yeas Nays Nays Absent Absent Excused Excused
	Reported correctly engrossed
	Signed by President
	Returned to House
SECRETARY OF THE SENATE	

HISTORY IN THE HOUSE

19	Received from Senate
	Concurred in Senate amendment thus adopting: VOTE
	Failed to concur in Senate amendment; asked Senate to recede VOTE
	Senate receded from amendment VOTE
	Senate failed to recede from amendment VOTE
	CC appointed by House
	CC appointed by Senate
	CC adopted by House VOTE
	CC adopted by Senate VOTE
	To enrolling Reported correctly enrolled Sent to Governor by Governor
	Filed with Lt. Governor
	Chapter No.

Original sponsors: Gardiner, Grussendorf,
Zharoff, et al

Offered: 4/19/82
Referred: Resources
and Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 313 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Fisheries Research Center in
7 the University of Alaska; and providing for an effec-
8 tive date."

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

10 * Section 1. POLICY AND FINDINGS. (a) It is the policy of the state to
11 provide facilities, improvements, and services to use, develop, and conserve
12 fishery resources for the maximum benefit of the people of the state and the
13 nation.

14 (b) The legislature finds that

15 (1) long-term research is essential to the wise use, development,
16 and conservation of fishery resources; investments are not now made in long-
17 term fishery research because of the common property nature of fishery
18 resources and because of the structure of the United States fishing industry;
19 a Fisheries Research Center will fulfill the need to coordinate and conduct
20 long-term research on fishery resources in the waters of the state and off-
21 shore from the coast of the state;

22 (2) there are at least 19 organizations involved in research and
23 management of Alaska fisheries; a center to gather, coordinate, and dissemi-
24 nate scientific data and information produced by these organizations is
25 needed;

26 (3) the establishment of a Fisheries Research Center in Alaska will
27 reduce reliance on out-of-state sources in the management of fisheries in the
28 waters of the state and offshore from the coast of the state.

29 * Sec. 2. AS 16 is amended by adding a new chapter to read:

1 CHAPTER 12. FISHERIES RESEARCH CENTER.

2 Sec. 16.12.010. FISHERIES RESEARCH CENTER ESTABLISHED. There is
3 established the Fisheries Research Center in the University of Alaska.

4 Sec. 16.12.020. PURPOSES. The purposes of the center are to

5 (1) conduct research and to gather, organize, and disseminate
6 scientific information on fishery resources in the waters of the state
7 and offshore from the coast of the state that will encourage the wise
8 use, development, and conservation of fishery resources for subsistence,
9 commercial, and recreational purposes;

10 (2) improve coordination and communications among fishermen,
11 seafood processors, members of the scientific and fishery management
12 communities, and the public;

13 (3) serve as the principal center in the state for conducting
14 and coordinating research for the long-term improvement of the Alaska
15 and United States seafood industry and the encouragement of the develop-
16 ment of fishery resources in the waters of the state and offshore from
17 the coast of the state; and

18 (4) encourage cooperation among federal and state agencies,
19 the University of Alaska, and organizations that are involved in research
20 concerning the fishery resources in the waters of the state and offshore
21 from the coast of the state.

22 Sec. 16.12.030. BOARD OF TRUSTEES. (a) A board of trustees of
23 the center is established to establish policy and provide guidance to
24 the university in the operation of the center.

25 (b) The board consists of

26 (1) the commissioner of fish and game, or the commissioner's
27 representative;

28 (2) the president of the University of Alaska, or the
29 president's representative;

1 (3) the Alaska regional director of the National Marine
2 Fisheries Service, or the director's representative;

3 (4) four members recommended by the governor and appointed by
4 the president of the University of Alaska.

5 (c) At least four members of the board shall be state residents.

6 (d) Members of the board are appointed for three-year terms and
7 may be reappointed.

8 Sec. 16.12.040. DUTIES. (a) The primary functions of the center
9 are to conduct research and provide information services related to
10 fisheries.

11 (b) The center shall

12 (1) conduct general and applied research;

13 (2) provide information services to interested organizations
14 and individuals; and

15 (3) provide support services to cooperating organizations and
16 agencies.

17 Sec. 16.12.050. ADVISORY COMMITTEES. (a) The board shall estab-
18 lish a Research Advisory Committee. The Research Advisory Committee
19 shall

20 (1) advise the board on the scientific activities of the
21 center, and assist in the scientific evaluation of the center's programs;

22 (2) encourage the development of cooperative research programs
23 at the center;

24 (3) report to the board on the need for research to solve
25 fishery resource problems.

26 (b) The board shall establish a User Advisory Committee. The User
27 Advisory Committee shall

28 (1) advise the board on the information needs of various
29 fishery resource user groups, and assist in the development of the