

LEG. FINANCE - BILLS 1983 - 1984 2075

SB 256 - CSSB 265 2075



Introduced: 4/14/83  
" Referred: Finance

Funding Information  
General Fund \$2,000,000  
Other Funds -0-  
\$2,000,000

BY SACKETT, ELIASOFF, KERTTULA,  
RAY, BENNETT, GILMAN,  
FAHRENKAMP, FERGUSON,  
P. FISCHER, V. FISCHER,  
JOSEPHSON, MULCAHY, RODEY,  
STURGULEWSKI AND ZIEGLER

1 IN THE SENATE

2

SENATE BILL NO. 256

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act making a special appropriation to the Department of Education for the purchase and renovation of the Sheldon Jackson Museum; and providing for an effective date."

7

8

9

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

11 \* Section 1. The sum of \$2,000,000 is appropriated from the general  
12 fund to the Department of Education for the first phase of the purchase and  
13 renovation of the Sheldon Jackson Museum in Sitka, the Sheldon Jackson  
14 Museum collection, and the real property associated with the Sheldon  
15 Jackson Museum.

16 \* Sec. 2. The appropriation made by this Act is for a capital project  
17 and is subject to AS 37.25.020.

18 \* Sec. 3. This Act takes effect July 1, 1983.

MAY 13 1983

STATE OF ALASKA  
FISCAL NOTE

Revision Date \_\_\_\_\_, 1983

I. REQUEST

Bill/Resolution No.: SB - 256  
 Title: ...purchase...Sheldon Jackson Museum  
 Sponsor: Sackett  
 Requestor: Senate Finance

II. FISCAL DETAIL

Agency Affected: Education  
 Program Category Affected: Cultural Services  
 BRU, Program of Subprogram(s) Affected: State Museum

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES			46.0	163.8	163.8	163.8
200 TRAVEL			1.0	3.0	3.0	3.0
300 CONTRACTUAL			50.0	41.8	40.8	40.8
400 COMMODITIES			15.0	15.0	15.0	15.0
500 EQUIPMENT			10.0	10.0	10.0	10.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		0	122.0	232.6	232.6	232.6
CAPITAL		2,000.0	2,000.0	2,000.0	0	0
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		2,000.0	2,122.0	2,232.6	232.6	232.6
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME		0	2	4.5	4.5	4.5
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Richard B. Enoen Phone: 465-2910  
 Division: Libraries and Museums Date: 4/18/83  
 Approved by Commissioner: Marshall Lind Date: 4/18/83  
 Department: Education

Distribution:

Original to Legislative Finance  
 Copy to Office of Management and Budget (for Legislature introduced bills)  
 Copy to Department (for Governor introduced bills)  
 Copy to Sponsor  
 Copy to Requestor (if different from Sponsor)

3/8/83

# MEMORANDUM

# State of Alaska

TO:

Marshall L. Lind, Commissioner  
Department of Education

DATE:

April 18, 1983

FILE NO:

TELEPHONE NO:

465-2910

FROM:

Richard B. Engen, Director  
Alaska State Libraries & Museums *Rbe*

SUBJECT:

SB 256 - Fiscal  
Information

Senate Bill 256 provides for an appropriation of \$2,000,000 for the first phase purchase and renovation of the Sheldon Jackson Museum and collection. Costs associated with the project are both capital and operating. Following is a breakdown by Fiscal Year.

### Capital

FY 84      \$2,000,000      of this amount \$1,400,000 will be used for building renovation and \$600,000 will apply to acquisition of the artifact collection.

FY 85      \$2,000,000      applied to collection and additional land.

FY 86      \$2,000,000      complete acquisition of the collection.

Operating      These are estimated in constant 1983 dollars with no inflation allowance.

FY 84      No operating costs to State.

FY 85      \$122,000      Estimate State will assume title to renovated building January 1, 1985

100	\$46,000	two staff for one-half year (Director and Curator of Exhibits)
200	1,000	
300	50,000	Primarily for exhibit design and construction
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	<u>\$122,000</u>	

TO: Marshall L. Lind, Commissioner  
 Department of Education  
 April 18, 1983  
 page 2

FY 86      \$232,684      1st. full year of state operation

100 -      \$163,884 - 4.5 FTE

		Range	
	Director/Curator	19	\$38,124
	Curator of Exhibits/ Education	17	32,724
	Admin. Asst.	12	23,676
	Museum Assistant	10	20,976
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300	40,800	(Includes Janitorial \$5,800 and electricity \$5,000)	
400	15,000		
500	10,000		
	<u>\$232,684</u>	FY 86 Total	

FY 87 forward estimated at FY 86 level

# Collection in crisis

By M.A. MARINER  
Daily News reporter

**S**ITKA — The Sheldon Jackson Museum offers charm, history, and no plumbing to the more than 50,000 visitors who come to Sitka each year.

Of Alaska's four major museums, only Sheldon Jackson, with one of the oldest and best collections of Native art in Alaska, is run almost entirely without state funds. The problems it faces today, nearly a century after missionary Sheldon Jackson assembled the collection, are both critical and complex.

A skylit octagon built in 1895, the museum is dominated by the brooding presence of four massive Totem poles. Their wood is dark and crumbling.

Though it bears the distinction of being the first cement building in Alaska, the Sheldon Jackson Museum is still without heat and plumbing, and art experts throughout Alaska agree that nearly a century of dampness and chill has begun to take an inexorable toll on the \$6.5 million collection.

It shows an amazing amount of tenacity that it's been held together in this long, says curator Peter Corey, who is the first paid director in the museum's history.

(Sheldon Jackson College, a Presbyterian school serving approximately 250 students, many of them Native, has been heavily dependent on volunteers through out much of its life.)

"It's been blind dumb luck — or Presbyterian luck, I guess — that we haven't had insects yet that we haven't had mice. But we're on thin ice now. Every year that goes by, we have a real chance of losing pieces."

Eskimo masks, Tlingit robes, Haida bowls of intricately carved black shale, basketry representing nearly all of Alaska, an Aleut bidarka and an umiak from the Diomedes. Big or little, the nearly 5,000 artifacts assembled here share the strength and humor, the flowing abstractions, that make Alaska's Native art so unique.

But they're also fragile. Ivory, says Corey, is basically unstable. And as temperatures inside the unheated museum dip and soar, wood and pigment (the main com-

ponents of many of the museum's most treasured pieces) expand and contract at different rates. That causes damage.

Most major museums borrow and lend, sharing their artistic heritages with wider audiences. Sheldon Jackson lends — but it does not borrow.

"When it's 20 degrees outside and 40 in here," says Corey, "I'd feel pretty dumb asking another institution to lend anything to us."

"We've got to find some way to provide for it," says Sheldon Jackson College president Michael Kaelke. "We can't just stand by and watch it deteriorate. This collection is of — and for — the people of Alaska. We feel that the most appropriate caretaker is really the state, representing the people of Alaska, in cooperation with the college."

Across the state, museum directors agree.

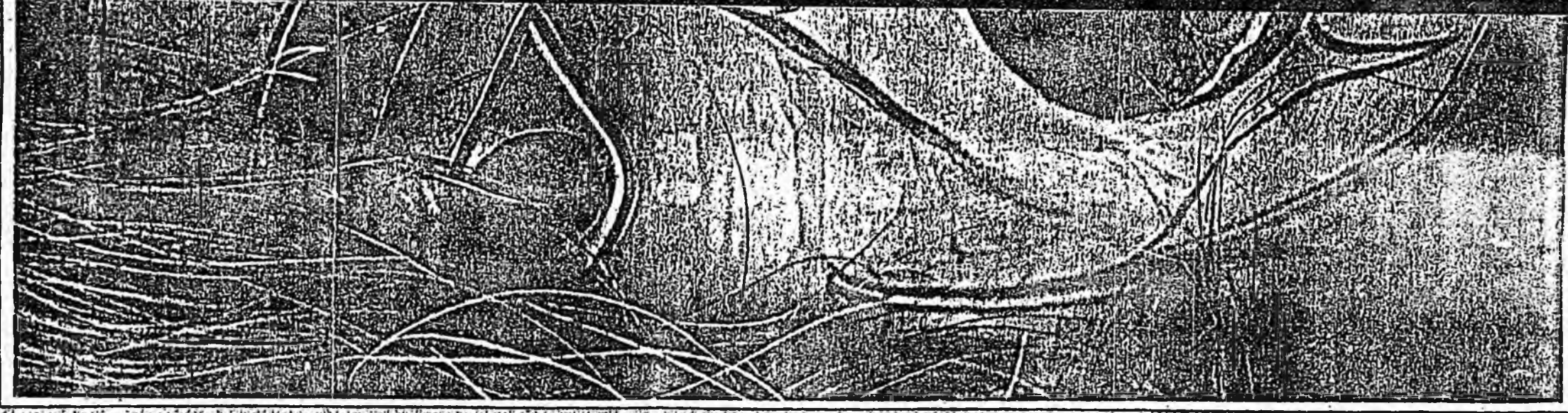
"There need to be steps taken for the preservation of that collection. It's probably one of the prime collections in the world," says Basil Hedrick, director of the University of Alaska's Fairbanks museum. "And it absolutely should remain in Sitka, with the cultural group that Sheldon Jackson collected so much of it from."

It's the oldest collection in Alaska, says Anchorage Historical and Fine Arts Museum director Robert Shalkop. "And it's much better documented than most Alaskan collections."

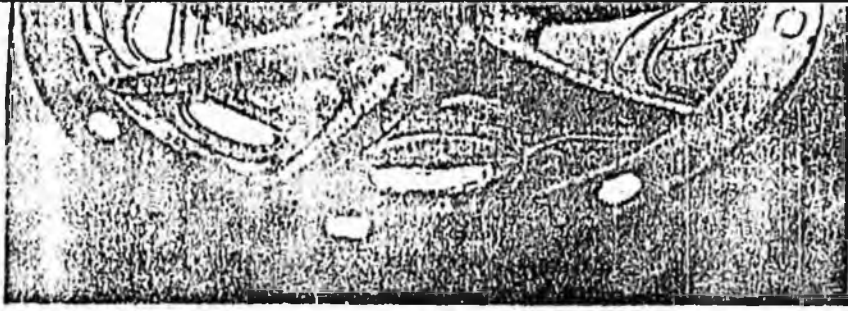
But despite that agreement, and despite years of committee meetings and discussions, the State of Alaska still has no formal, significant involvement with the Sitka museum.

Last year, Sheldon Jackson garnered a National Endowment for the Arts grant to design an up-to-date, climate-controlled facility. And earlier this month, 15 of Alaska's 20 state senators co-sponsored a bill that would solve many of the museum's problems. SB-256 provides about \$2 million for the first phase of a purchase plan that

would transfer restoration responsibilities to the state. "Given the



See Page C-3. SHELDON — A Tlingit mask was made by Ketchikan



This Halda argillite piece is from Queen Charlotte Island.

## Sheldon Jackson Museum

Continued from Page C-1

overwhelming Senate support for this," says Kaelke, "we're feeling very optimistic about it right now."

"We've been involved in very preliminary discussions, and we share their concerns," says Dan Monroe, deputy director at the Alaska State Museum in Juneau. "I would like to think it would happen . . . Our major concern is that the integrity of the museum be preserved — and preserved in Alaska."

Keeping Alaska art in Alaska isn't a new issue. The exodus of Alaska ethnographic artifacts began almost simultaneously with the first European explorations of Alaska; and some of the best collections in the world aren't in the U.S. at all, but in Leningrad and Helsinki and Berlin.

Even in 1949, says Peter Corey, when Anchorage banker Elmer Rasmuson offered the then-territorial government his Alaskan collection, legislators balked at the price: \$25,000. Rasmuson turned to the city of Portland, Ore.

Portland came up with the money.

"That is a multimillion-dollar collection," says Corey, "and it put the Portland art

museum on the map.

"My main concern now," he continues, "is to try to stop the outflow of Native artifacts from Alaska. But it's reached a certain art market now; it has great appeal for collectors. It's in the world bank of art."

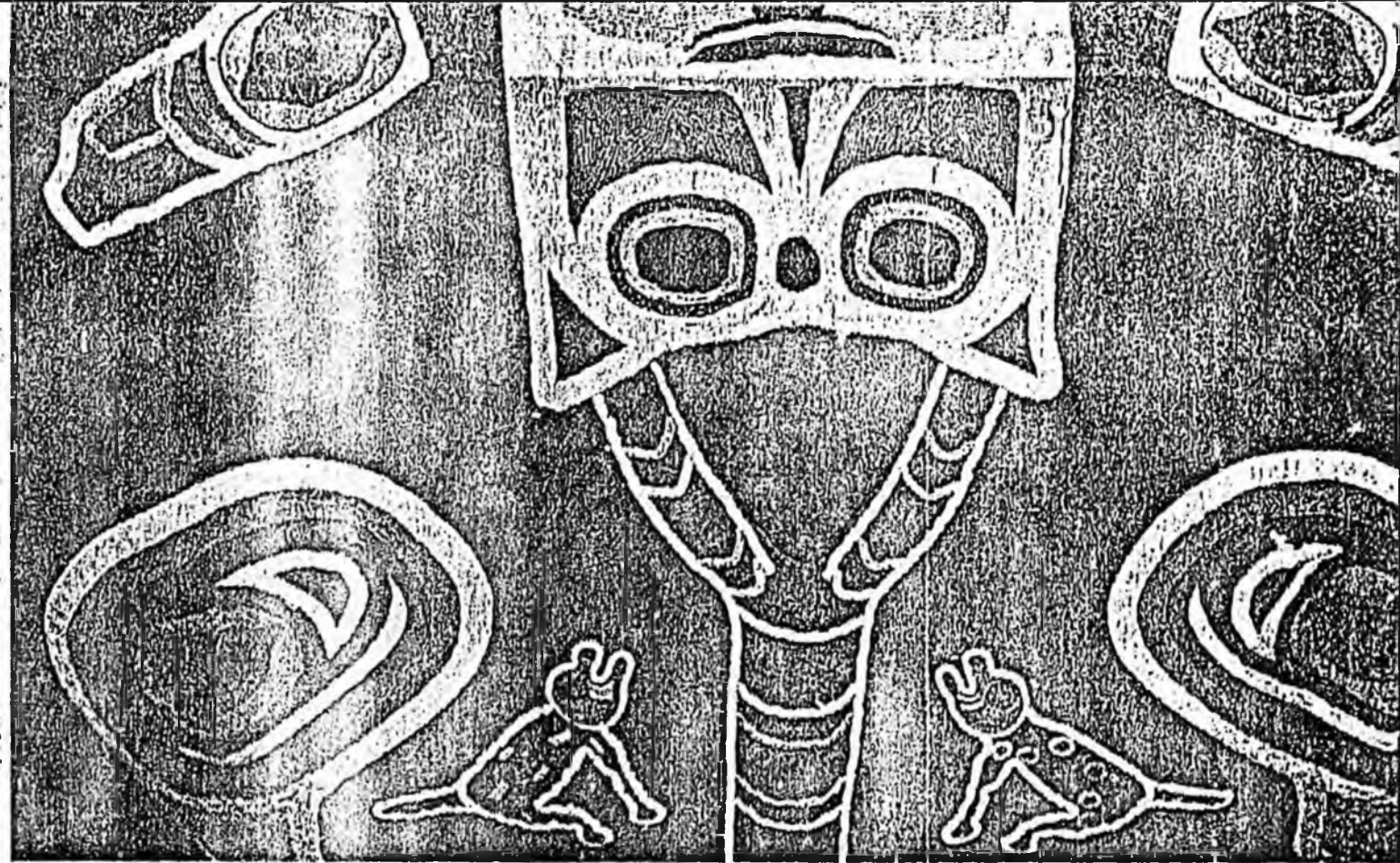
And Corey, for one, thinks that is a fact with which Alaskans are going to have to live.

"That their art may transcend their culture is not an attitude yet reached by many Alaska Native peoples," says Corey, a former curator at the state museum in Juneau who's also worked at Harvard University's Peabody Museum in Cambridge, Mass. "Their art has taken on such a magnificence, and is so utterly gorgeous . . . of course it's sought after."

"I'm not saying that every single piece belongs in Alaska," he says, "but the major museums should have examples, at least."

That's why museums have acquisitions budgets, and why curators attempt to fill gaps in individual collections. In Alaska, acquisitions are almost family affairs; curators consult with one another frequently and museums don't raise prices by bidding against one another.

But the state museum, in



Anchorage Daily

The museum collection includes this ceremonial Yakutat blanket robe from the Abraham clan.

Juneau, for example, has \$120,000 to spend this year. The University of Alaska's Fairbanks museum has \$75,000.

Peter Corey and the Sheldon Jackson Museum have \$500.

"I'm surprised he has that (much) even," says Anchorage museum director Shalkop. What really worries Alaska's artistic community, he notes, are the continuing rumors about the financial ill health of Sheldon Jackson College.

Those rumors raise the spectre of yet another diaspora of Alaska Native art, if the college were forced to sell museum artifacts in order to

pay its bills, and if state help were not forthcoming.

"You'll go a long way to find a college of our size with a collection like this," President Kaelke admits. "Unfortunately, it's secondary to our primary mission of education."

"That collection is irreplaceable," Robert Shalkop says flatly, "and time is running out."

# SHELDON JACKSON COLLEGE

March 17, 1983

MAR 20 1983

The Honorable John Sackett  
The State Senate  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Senator Sackett:

Sheldon Jackson College is in need of your help to assure the necessary preservation of the Sheldon Jackson Museum and its collection. The museum building, constructed in 1895 as the first concrete building in Alaska, is not properly equipped to protect one of the most outstanding collections of Alaska artifacts and cultural heritage in the world. Mr. Ed Crittenden, an Anchorage architect, was recently engaged by the college to assess the condition of the facility and make recommendations for a rational plan for making the collection more accessible to the people of Alaska and the many visitors to our state. In essence, Mr. Crittenden concludes that it is unexplainable that the structure still stands.

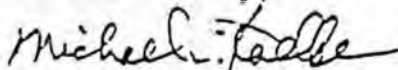
We can no longer avoid the inevitable! Sheldon Jackson College must devote its meager resources entirely to the priority of providing quality private educational programs to the people of Alaska. Nevertheless, we feel a deep commitment to the maintenance and preservation of this unique collection which is "of and for the people of Alaska." The only way to preserve the integrity of the collection is for the State of Alaska to assume ownership. The Sheldon Jackson College Board of Trustees firmly believes that the State of Alaska is the singular most legitimate caretaker with the understanding that the collection will remain as a state operated facility on the Sheldon Jackson College campus.

Enclosed you will find a recommendation from Mr. Richard Engen, Director of State Libraries and Museums, to Governor Sheffield in reference to this situation. As the designated and authorized Sheldon Jackson College agent in this matter, I fully concur in this request. The funding of this request will enable us to renovate the current facility and to use the remaining sale proceeds as an endowment towards operation of the college.

On March 28 and 29, Mr. Tom Briggs, Vice President of Administration, and Mr. Fred Bigjim, Cross Cultural Coordinator for Sheldon Jackson College, will personally visit your office in order to gain your assistance in placing this urgent request before the legislature.

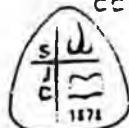
Indeed, I do not consider this proposal to be a "Southeast Alaska project" but rather a statewide concern. Your consideration of it is greatly appreciated.

Most cordially,



Michael E. Kaelke  
President

cc Mr. Alan Blume  
Mr. Richard Egan



10

Alan Elumbe  
Special Assistant to the Governor  
Office of the Governor

DATE: February 23, 1983

FILE NO.

TELEPHONE NO. 465-2910

FROM: Richard Engen, Director  
Division of Libraries & Museums  
Department of Education

SUBJECT: Acquisition of Sheldon  
Jackson Museum

### BACKGROUND

The Sheldon Jackson Museum, built in 1895, is the oldest museum in Alaska. The 4,700 object collection is among the finest Alaskan Native collections in the world. There is no comparable collection of early Alaskan Eskimo or Tlingit material in the state. The Sheldon Jackson museum is, therefore, of preeminent importance to Alaska's history and cultural heritage.

Sheldon Jackson College approached the state in 1981 to explore the possibility of state purchase of the museum and collection. A series of meetings between representatives of the Governor's Office, Department of Law and the State Museum and administration and Board of Sheldon Jackson College were held in the spring of 1982. General conditions of purchase were tentatively agreed to by both parties. No specifics regarding financial settlement were formulated. Subsequent to these discussions, the assets of the Sheldon Jackson museum were transferred to the Sheldon Jackson Foundation. It is currently their desire to liquidate these assets, preferably in Alaska.

Following Dr. Kaelke's recent meeting with the Governor and yourself, Richard Engen, Director of the Division of Libraries and Museums, and Dan Monroe, Deputy Director of the Alaska State Museum, met with Dr. Kaelke, President, and Tom Briggs, Vice President, of Sheldon Jackson College to formulate a possible purchase agreement. Initially Sheldon Jackson College desired a total settlement of \$7.5 million for the museum facility, land and collection. (The collection alone was appraised in value at \$5.5 million in 1982 by the State Museum.). After some discussion, a satisfactory compromise proposal was reached which recognizes the value of the Sheldon Jackson collection, facility and land as well as the immediate and long term costs to the state should it acquire the museum.

Alan Blume  
February 23, 1983  
Page 2

### PROPOSED PURCHASE AGREEMENT

If the state wishes to assure that the Sheldon Jackson Museum collection is properly preserved and remains accessible to Alaskans, it appears most logical to appropriate \$6.0 million to the Sheldon Jackson Foundation in three annual payments of \$2.0 million each beginning in FY 84. In return the state would receive:

\*Title to the Sheldon Jackson Museum collection, facility and land required to construct a needed 8,000 square foot addition adjacent to the existing facility.

\*Extensive repair work to the existing facility required to correct structural, electrical and mechanical code violations and provide adequate security, fire suppression and environmental control systems necessary for a museum. This work will be done by Sheldon Jackson College in accordance with specifications agreed to by the state. DOT/FF and CCC Architects have independently estimated the cost of these repairs at \$1.4 million (see DOT/FF estimate attached).

\*Assumption of costs by Sheldon Jackson College for packing, shipping and storage of the collection at a secure site in Sitka plus maintenance of the curator for a period of 1.5 years during which time renovation of the existing facility and possible construction of an addition will be completed.

If the initial payment of \$2.0 million is appropriated to the Sheldon Jackson Foundation in the FY 84 budget, renovation of the existing facility would commence in the fall of 1983.

### ADDITION TO THE EXISTING FACILITY

The existing facility, after renovation, will not fully meet current or long-term collection preservation or public use demands. Problems include: (1) lack of public restrooms, (2) absence of collections storage space, (3) lack of exhibits preparation and office space, (4) lack of temporary exhibition space, and (5) limited capability to effectively meet present and future visitor demands, particularly during the 1/2 year peak visitor season.

Alex Blume  
February 23, 1983  
Page 3

Given the importance of the Sheldon Jackson collection, the fact that the museum is one of the state's major tourism attractions, the need to make the museum and collection more accessible to present and future audiences, the desirability of moving and storing the collections only once, and the reduced cost of present compared to future construction costs, it would be best to complete renovation of the existing facility and construction of an addition at the same time. To meet present facility deficiencies and future public use and program needs, an 8,000 square foot addition is required.

The addition would house a majority of the collections and exhibits, provide support and office space, public restrooms, and an orientation area. The existing facility would house some exhibits, a temporary exhibits gallery, education and research space, and a gift shop. Construction costs for this facility are projected at \$2.4 million. An additional \$225,000 would be needed to design and construct new exhibits to better preserve and interpret this extraordinary collection. Total costs for a new 8,000 sq. ft. addition would therefore be \$2.6 million.

Appropriation of a total of \$4.4 million in FY 84 would result in \$3.8 million worth of capital projects for Sitka. If it is possible to contract with Sheldon Jackson College for the entire construction package, both the repair and the new construction projects could be initiated in 1983 and completed by 1985. The state would assume partial operational costs in mid-1984. Projected FY 86 full operational costs are \$350,000 per year.

Total state outlay for this proposal over a period of three years would be \$8.6 million (\$6.0 million to Sheldon Jackson Foundation for collections, a renovated facility, and land and \$2.6 million for construction of an 8,000 sq. ft. addition.) Benefits include:

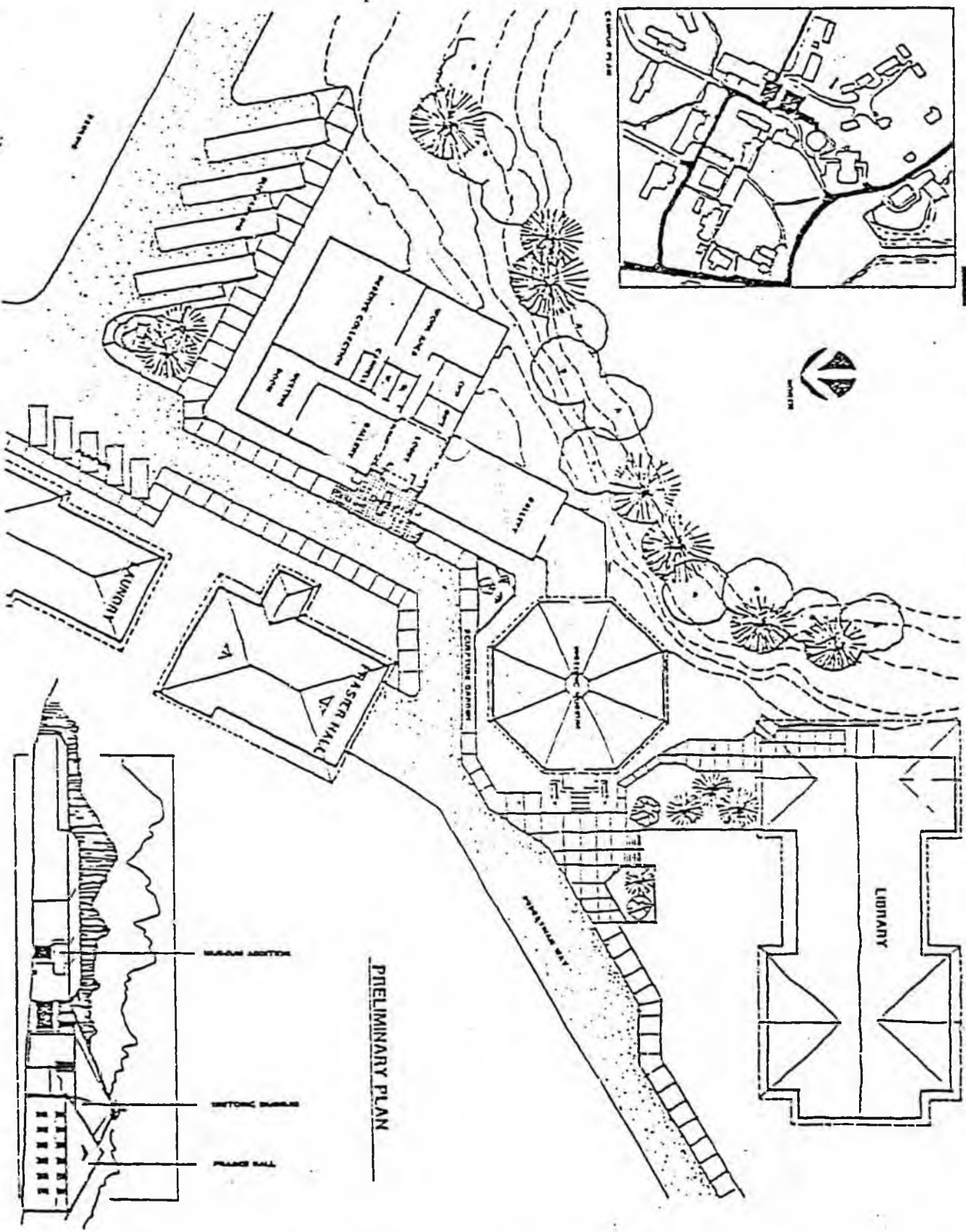
\*Preservation and protection of the Sheldon Jackson collection, one of Alaska's premiere cultural assets

\*completion of a cultural facility capable of substantially improved statewide services to the public and tourism industry

\*an immediate infusion of capital funding to a depressed Sitka economy

If you desire additional information or wish to further discuss this proposed settlement, do not hesitate to contact my office or, in my absence, Dan Monroe at the State Museum.

# Concept Plan



<p>DATE: 1972</p> <p>SCALE: 1/8" = 1'-0"</p>	<p>PROJECT: SHELDON JACKSON JUNIOR COLLEGE MUSEUM</p> <p>LOCATION: SHELTON, ALASKA</p>	<p>DESIGNED BY: [Logo]</p> <p>ARCHITECTS &amp; PLANNERS</p>	<p>PRELIMINARY PLAN - SHELTON</p> <p><b>SHELDON JACKSON MUSEUM</b></p> <p>SHELDON JACKSON JUNIOR COLLEGE</p> <p>SHELTON, ALASKA</p>
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# Cost Estimate

## 1. PRELIMINARY COST ESTIMATE: 1984 COMPLETION

### REHABILITATION:

3,609 sq. ft. at \$262.56 per sq. ft.	=	\$ 968,589
Site work around building	=	30,000
*Total Contractor's Price	=	<u>\$ 998,589</u>
Fee's & Administration = 20%	=	199,718
Budget Estimate	=	<u><u>\$1,198,207</u></u>

### NEW CONSTRUCTION:

#### Programmed Square Feet

1. Lobby	770
2. Temporary Exhibit Hall	2100
3. Gift Shop	280
4. Secretarial & Clerical	100
5. Public Interpretation & Instruction	600
6. Reserve Collection Area	1500
7. General Work & Curatorial Area	1000
8. Visitor Study Carrell	108
9. Director's Office	150
10. Janitor's Closet	60
11. Restrooms	200
12. Mechanical Room at 5%	343
13. Circulation at 8%	576
	<u>7,787</u>

7,787 sq. ft. at \$167.69/sq.ft.	=	\$1,305,955
Site Work	=	354,000
* Total Contractor's Price	=	<u>\$1,659,955</u>

Fees & Administration = 20%	=	331,991
(Does not include furnishings & cases)		
Budget Cost		<u><u>\$1,991,946</u></u>

\* (Add 1 1/2 month after June 1983)

APR 12 1983

# MEMORANDUM

# State of Alaska

TO

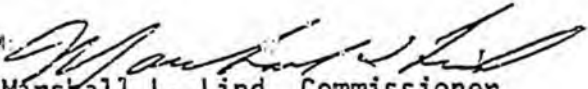
The Honorable John C. Sackett  
Alaska State Senate

DATE: April 12, 1983

FILE NO:

TELEPHONE NO: 465-2800

FROM:

  
Marshall L. Lind, Commissioner  
Department of Education

SUBJECT: Sheldon Jackson  
Museum Purchase

As per your request attached is a brief synopsis of proposed terms of purchase of the Sheldon Jackson Museum. This proposal was arrived at through negotiations between representatives of the Alaska State Museum and Sheldon Jackson College.

If you wish additional information, contact Richard Engen, Director of the Division of Libraries and Museums, or Dan Monroe, Deputy Director, Alaska State Museum.

Attachment

## SHELDON JACKSON MUSEUM PURCHASE

### Background

The Sheldon Jackson Museum collection is among the finest Alaskan Native collections in the world. The 4,700 objects included in it are among the state's premiere cultural assets and are of preeminent importance to Alaska's cultural heritage. In terms of overall quality, there is no comparable collection in the state.

Sheldon Jackson College approached the State of Alaska in 1981, to explore the possibility of state purchase of the Sheldon Jackson Museum.

In 1982 ownership of the museum was transferred from Sheldon Jackson College to the Sheldon Jackson Foundation with the intent that the collection be sold. If it proves impossible to reach an agreement with the State of Alaska, the Sheldon Jackson Foundation has indicated that it may explore the possibility of out of state sale.

### Appraised Value of the Collection

The Alaska State Museum conducted an appraisal of the Sheldon Jackson collection in 1982. Estimated 1982 market value is \$5,500,000.

### Proposed Purchase Agreement

To assure that the Sheldon Jackson Museum is properly preserved and remains accessible to Alaskans, it is proposed that the state appropriate \$6,000,000 over three years in return for:

- \* Title to the entire Sheldon Jackson Museum collection
- \* A completely renovated museum facility
- \* Land to add a needed 8,000 square foot addition adjacent to the existing facility

### General Terms of Purchase

- \* The Sheldon Jackson Museum will be operated as a branch of the Alaska State Museum.
- \* The collection will remain in Sitka, except for possible loan of select material to other museums in Alaska. There is inadequate space to store or exhibit the collection at the Alaska State Museum and removal of the collection would eliminate one of the state's major tourism attractions.

### Facility Renovation and Expansion

The existing facility is in critical need of repair. Heating, mechanical and electrical systems are woefully inadequate and there are serious structural deficiencies. According to a recent structural

survey conducted by an independent architectural firm, the roof is being held up by "Sheldon Jackson and God". The foundation is partially eroded away and fire suppression and security systems are inadequate.

Two independent estimates of facility repair costs, one conducted by the Department of Transportation and Public Facilities and the other by an architectural firm, indicate that \$1,400,000 will be required for complete facility repair and renovation. Repair as opposed to new construction is desirable since the structure itself is historically significant and is on the National Register of Historic Sites. Repair work, conducted by Sheldon Jackson College in accordance with state specifications, could begin in the fall of 1983.

There is a need for additional space to house the collections and provide exhibits, office space and public support facilities (there are presently no restrooms). An 8,000 square foot addition is proposed in the future to meet these needs at a projected total cost of \$2,600,000.

#### Operational Costs

Sheldon Jackson College will provide operational support and pay costs associated with collections storage during facility repair until mid-FY 85.

Total annual operational costs are estimated at \$325,000 beginning in FY 86.

#### Conclusion

As one of the state's premiere cultural assets and major tourism attractions, purchase of the Sheldon Jackson Museum would provide immediate and long-term statewide benefits to Alaskans.

# MEMORANDUM

# State of Alaska

TO: Marshall L. Lind, Commissioner  
Department of Education

DATE: April 13, 1983

FILE NO:

TELEPHONE NO: 465-2910

FROM: Richard B. Engen, Director  
Alaska State Libraries & Museums *Rbe*

SUBJECT: SB 256 - Fiscal  
Information

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	<u>\$232,684</u>		FY 86 Total

FY 87 forward estimated at FY 86 level

# MEMORANDUM

# State of Alaska

TO: The Honorable John C. Sackett  
The Honorable Bob Mulcahy  
The Honorable Arliss Stuzgylewski  
Alaska State Senate

DATE: May 6, 1983

FILE NO:

TELEPHONE NO:

FROM: Marshall L. Lind, Commissioner  
Department of Education

SUBJECT: Possible Purchase of  
Sheldon Jackson Museum

## STATUS REPORT: SHELDON JACKSON MUSEUM PURCHASE

While no contract for purchase of the Sheldon Jackson Museum has been formulated or agreed to, preliminary discussions concerning possible purchase conditions have been conducted by representatives of the Alaska State Museum, Office of the Attorney General, and Sheldon Jackson College. A general outline of topics to be included in such a contract, should the state proceed with purchase, includes the following elements:

1. An appropriation of \$2,000,000 in FY 84 would purchase approximately one-half of the Sheldon Jackson Museum collection plus an option to acquire, over a period of up to two subsequent years, the remainder of the collection, a completely renovated museum facility, and land. No formal agreement has been reached as to the cost for purchase of the remainder of the collection, facility and land although Sheldon Jackson College has indicated that an additional \$4,000,000 would suffice.

The Alaska State Museum conducted an appraisal of objects in the Sheldon Jackson collection in 1982 and estimates market value at \$5,500,000.

2. Sheldon Jackson College would, subject to approval, completely renovate the museum facility to correct serious structural, mechanical, and security deficiencies in accordance with standards agreed to by the state. Estimated cost for this work, if conducted by the state, is \$1,400,000. Sheldon Jackson College would begin renovation in the fall of 1985 using funds obtained from the state for partial purchase of the museum collection.

3. Sheldon Jackson College would arrange for and pay costs to store and curate the collections during renovation of the facility. The state would leave its portion of the collection in Sitka during this time.

4. The state would assume operational costs for the museum upon receipt of title to the collections, facility, and land. Annual operating costs are estimated at \$232,600.

5. The museum would continue to be called the Sheldon Jackson Museum and would be operated as a branch of the Alaska State Museum. Sheldon Jackson College would have access to the museum and its collections in a manner similar to that which other like institutions have to the Alaska State Museum.

Preliminary discussions of these and related topics have to date revealed no major areas of dispute between the State of Alaska and Sheldon Jackson College. The State Board of Education supports purchase of the Sheldon Jackson Museum.

Introduced: 4/14/83  
Referred: Finance

Funding Information  
General Fund \$2,000,000  
Other Funds -0-  
\$2,000,000

BY SACKETT, ELIASON, KERTTULA,  
RAY, BENNETT, GILMAN,  
FAHRENKAMP, FERGUSON,  
P. FISCHER, V. FISCHER,  
JOSEPHSON, MULCAHY, RODEY,  
STURGULEWSKI AND ZIEGLER

1 IN THE SENATE

2

SENATE BILL NO. 256

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-  
7 ment of Education for the purchase and renovation of  
8 the Sheldon Jackson Museum; and providing for an  
9 effective date."

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

11 \* Section 1. The sum of \$2,000,000 is appropriated from the general  
12 fund to the Department of Education for the first phase of the purchase and  
13 renovation of the Sheldon Jackson Museum in Sitka, the Sheldon Jackson  
14 Museum collection, and the real property associated with the Sheldon  
15 Jackson Museum.

16 \* Sec. 2. The appropriation made by this Act is for a capital project  
17 and is subject to AS 37.25.020.

18 \* Sec. 3. This Act takes effect July 1, 1983.



Introduced: 4/14/83  
Referred: Finance

Funding Information  
General Fund \$2,000,000  
Other Funds -0-  
\$2,000,000

BY SACKETT, ELIASON, KERTTULA,  
RAY, BENNETT, GILMAN,  
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STURGULEWSKI AND ZIEGLER

1 IN THE SENATE

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SENATE BILL NO. 256

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

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For an Act entitled: "An Act making a special appropriation to the Department of Education for the purchase and renovation of the Sheldon Jackson Museum; and providing for an effective date."

7

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18 \* Sec. 3. This Act takes effect July 1, 1983.

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. SB 256  
 Title Spec.approp. to DOE for purchase of Sheldon Jackson Museum  
 Requested by Senate Finance Committee Date May 11, 1983

II. FISCAL DETAIL  
 Agency Affected Dept. of Education  
 Program Category Affected Cultural Services, State Museum  
 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 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES	0	0				
200 TRAVEL	0	0				
300 CONTRACTUAL	0	0				
400 COMMODITIES	0	0				
500 EQUIPMENT	0	0				
600 LAND & STRUCTURES	0	0				
700 GRANTS, CLAIMS, ETC.	0	0				
TOTAL	0	0				

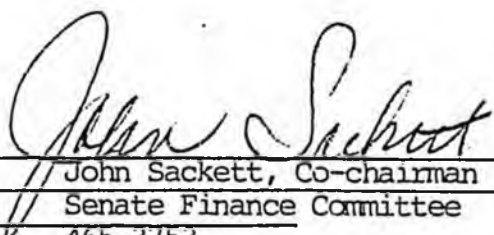
FUNDING (Thousands of Dollars)

GENERAL FUND	0	0				
FEDERAL FUNDS	0	0				
OTHER (Specify Fund Source)	0	0				

POSITIONS

FULL TIME	0	0				
PART TIME	0	0				
TEMPORARY	0	0				

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

IV. DATE May 11, 1983 PREPARED BY   
 AGENCY John Sackett, Co-chairman  
 PHONE Senate Finance Committee  
465-3753  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

STATE OF ALASKA  
FISCAL NOTE

Revision Date \_\_\_\_\_, 1983

I. REQUEST

Bill/Resolution No.: SB - 256  
 Title: ...purchase...Sheldon Jackson Museum  
 Sponsor: Sackett  
 Requestor: Senate Finance

II. FISCAL DETAIL

Agency Affected: Education  
 Program Category Affected: Cultural Services  
 BRU, Program of Subprogram(s) Affected: State Museum

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES			46.0	163.8	163.8	163.8
200 TRAVEL			1.0	3.0	3.0	3.0
300 CONTRACTUAL			50.0	40.8	40.8	40.8
400 COMMODITIES			15.0	15.0	15.0	15.0
500 EQUIPMENT			10.0	10.0	10.0	10.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		0	122.0	232.6	232.6	232.6
CAPITAL		2,000.0	2,000.0	2,000.0	0	0
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		2,000.0	2,122.0	2,232.6	232.6	232.6
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME		0	2	4.5	4.5	4.5
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Richard B. Engen Phone: 465-2910  
 Division: Libraries and Museums Date: 4/18/83  
 Approved by Commissioner: Marshall Lind Date: 4/18/83  
 Department: Education

Distribution:

Original to Legislative Finance  
 Copy to Office of Management and Budget (for Legislature introduced bills)  
 Copy to Department (for Governor introduced bills)  
 Copy to Sponsor  
 Copy to Requestor (if different from Sponsor)

3/8/83

# MEMORANDUM

# State of Alaska

TO: Marshall L. Lind, Commissioner  
Department of Education

DATE: April 18, 1983

FILE NO:

TELEPHONE NO: 465-2910

FROM: Richard B. Engen, Director  
Alaska State Libraries & Museums *Rbe*

SUBJECT: SB 256 - Fiscal  
Information

Senate Bill 256 provides for an appropriation of \$2,000,000 for the first phase purchase and renovation of the Sheldon Jackson Museum and collection. Costs associated with the project are both capital and operating. Following is a breakdown by Fiscal Year.

### Capital

FY 84 \$2,000,000 of this amount \$1,400,000 will be used for building renovation and \$600,000 will apply to acquisition of the artifact collection.

FY 85 \$2,000,000 applied to collection and additional land.

FY 86 \$2,000,000 complete acquisition of the collection.

Operating These are estimated in constant 1983 dollars with no inflation allowance.

FY 84 No operating costs to State.

FY 85 \$122,000 Estimate State will assume title to renovated building January 1, 1985

100	\$46,000	two staff for one-half year (Director and Curator of Exhibits)
200	1,000	
300	50,000	Primarily for exhibit design and construction
400	15,000	
500	10,000	Primarily for exhibit construction tools
	<u>\$122,000</u>	

TO: Marshall L. Lind, Commissioner  
 Department of Education  
 April 18, 1983  
 page 2

FY 86     \$232,684     1st. full year of state operation

100 -     \$163,884 - 4.5 FTE

			Range	
	Director/Curator		19	\$38,124
	Curator of Exhibits/ Education		17	32,724
	Admin. Asst.		12	23,676
	Museum Assistant		10	20,976
	Museum Assistant 1/2 time		10	10,488
				<u>\$125,988</u>
			Benefits	37,896
200	3,000			
300	40,800	(Includes Janitorial \$5,800 and electricity \$5,000)		
400	15,000			
500	10,000			
	<u>\$232,684</u>	FY 86 Total		

FY 87 forward estimated at FY 86 level

MAY 29 1983

# MEMORANDUM


# State of Alaska

TO: Members, State Board of Education

DATE: April 22, 1983

FILE NO: 83-136

TELEPHONE NO: 465-2800

FROM:   
Office of the Commissioner

SUBJECT: Legislation SB 256  
Information

*passed  
7-0*

## ABSTRACT

This bill is an appropriation for one third of the purchase price of the Sheldon Jackson Museum. The appropriation would be the first of a three year plan to acquire, renovate and operate the museum facility in Sitka. Once the facility is fully state owned, annual operating costs are estimated to be approximately \$250,000.

## ISSUE

The Sheldon Jackson Museum collection contains a remarkable assemblage of Alaskana which has been valued at \$5.5 million. The building that houses the collection is inadequate and will eventually require substantial structural improvement. Sheldon Jackson College has indicated a desire on the part of the institution to sell, and Senator Sackett is very interested in seeing that the collection remain in Alaska, specifically Sitka.

## BACKGROUND AND/OR PERTINENT INFORMATION

The Sheldon Jackson Museum, built in 1895 is the oldest museum in Alaska, and was the first concrete structure in Alaska. The collection consists of 4,700 objects considered to be among the finest collection of Alaska Native material in the world. Because the majority of the material was collected personally by Dr. Jackson, it contains art objects that are not available in any other collection that is accessible to the public.

## ALTERNATIVES

1. Support the Legislation.
2. Take no action.

## COMMISSIONER'S RECOMMENDATION

It is recommended that the State Board of Education support this Legislation.

Introduced: 4/14/83  
Referred: Finance

*dist*  
*CC Tozer*  
*Engen*

Funding Information  
General Fund \$2,000,000  
Other Funds -0-  
\$2,000,000

BY SACKETT, ELIASON, KERTTULA,  
RAY, BENNETT, GILMAN,  
FAHRENKAMP, FERGUSON,  
P.FISCHER, V.FISCHER,  
JOSEPHSON, MULCAHY, RODEY,  
STURGULEWSKI AND ZIEGLER.

1 IN THE SENATE

2

SENATE BILL NO. 256

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act making a special appropriation to the Department of Education for the purchase and renovation of the Sheldon Jackson Museum; and providing for an effective date."

7

8

9

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

11

\* Section 1. The sum of \$2,000,000 is appropriated from the general fund to the Department of Education for the first phase of the purchase and renovation of the Sheldon Jackson Museum in Sitka, the Sheldon Jackson Museum collection, and the real property associated with the Sheldon Jackson Museum.

12

13

14

\* Sec. 2. The appropriation made by this Act is for a capital project and is subject to AS 37.25.020.

15

16

\* Sec. 3. This Act takes effect July 1, 1983.

17

18

# MEMORANDUM

State of Alaska

063.1  
✓

TO: Marshall L. Lind, Commissioner  
Department of Education

DATE: April 13, 1983

FILE NO:

TELEPHONE NO:

465-2910

FROM:

SUBJECT:

Sheldon Jackson Museum

Dick Engen, Director  
Alaska State Library

*DE*

This morning Dan and I met with representatives from Sheldon Jackson in Senator Eliason's office with his staff and Max Gifford, Senator Sackett's AA. Max indicated that Senator Sackett is very interested in seeing that the SJ collection remains in Alaska and intends to follow through on the state purchase. They have drafted a bill to be introduced, probably tomorrow, with co-sponsorship of 14 senators to provide \$2,000,000 for the Phase I purchase. Rick Robertson, AG, was also at the meeting and said that he would research the phased purchase and necessity for state equity from each phase.

My reading is that this is likely to move fairly fast. I suspect we will be asked for a fiscal note as soon as the bill is submitted.

cc: Steve Hole  
Dan Monroe

# MEMORANDUM


State of Alaska

TO: The Honorable John C. Sackett  
Alaska State Senate

DATE: April 12, 1983

FILE NO:

TELEPHONE NO: 465-2800

FROM:   
Marshall L. Lind, Commissioner  
Department of Education

SUBJECT: Sheldon Jackson  
Museum Purchase

As per your request attached is a brief synopsis of proposed terms of purchase of the Sheldon Jackson Museum. This proposal was arrived at through negotiations between representatives of the Alaska State Museum and Sheldon Jackson College.

If you wish additional information, contact Richard Engen, Director of the Division of Libraries and Museums, or Dan Monroe, Deputy Director, Alaska State Museum.

Attachment

## SHELDON JACKSON MUSEUM PURCHASE

### Background

The Sheldon Jackson Museum collection is among the finest Alaskan Native collections in the world. The 4,700 objects included in it are among the state's premiere cultural assets and are of preeminent importance to Alaska's cultural heritage. In terms of overall quality, there is no comparable collection in the state.

Sheldon Jackson College approached the State of Alaska in 1981, to explore the possibility of state purchase of the Sheldon Jackson Museum.

In 1982 ownership of the museum was transferred from Sheldon Jackson College to the Sheldon Jackson Foundation with the intent that the collection be sold. If it proves impossible to reach an agreement with the State of Alaska, the Sheldon Jackson Foundation has indicated that it may explore the possibility of out of state sale.

### Appraised Value of the Collection

The Alaska State Museum conducted an appraisal of the Sheldon Jackson collection in 1982. Estimated 1982 market value is \$5,500,000.

### Proposed Purchase Agreement

To assure that the Sheldon Jackson Museum is properly preserved and remains accessible to Alaskans, it is proposed that the state appropriate \$6,000,000 over three years in return for:

- \* Title to the entire Sheldon Jackson Museum collection
- \* A completely renovated museum facility
- \* Land to add a needed 8,000 square foot addition adjacent to the existing facility

### General Terms of Purchase

- \* The Sheldon Jackson Museum will be operated as a branch of the Alaska State Museum.
- \* The collection will remain in Sitka, except for possible loan of select material to other museums in Alaska. There is inadequate space to store or exhibit the collection at the Alaska State Museum and removal of the collection would eliminate one of the state's major tourism attractions.

### Facility Renovation and Expansion

The existing facility is in critical need of repair. Heating, mechanical and electrical systems are woefully inadequate and there are serious structural deficiencies. According to a recent structural

survey conducted by an independent architectural firm, the roof is being held up by "Sheldon Jackson and God". The foundation is partially eroded away and fire suppression and security systems are inadequate.

Two independent estimates of facility repair costs, one conducted by the Department of Transportation and Public Facilities and the other by an architectural firm, indicate that \$1,400,000 will be required for complete facility repair and renovation. Repair as opposed to new construction is desirable since the structure itself is historically significant and is on the National Register of Historic Sites. Repair work, conducted by Sheldon Jackson College in accordance with state specifications, could begin in the fall of 1983.

There is a need for additional space to house the collections and provide exhibits, office space and public support facilities (there are presently no restrooms). An 8,000 square foot addition is proposed in the future to meet these needs at a projected total cost of \$2,600,000.

#### Operational Costs

Sheldon Jackson College will provide operational support and pay costs associated with collections storage during facility repair until mid-FY 85.

Total annual operational costs are estimated at \$325,000 beginning in FY 86.

#### Conclusion

As one of the state's premiere cultural assets and major tourism attractions, purchase of the Sheldon Jackson Museum would provide immediate and long-term statewide benefits to Alaskans.



Introduced: 4/15/83  
Referred: Community and Regional  
Affairs and Finance

BY THE COMMUNITY AND  
REGIONAL AFFAIRS COMMITTEE

1 IN THE SENATE

2 SENATE BILL NO. 260

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to exemption from municipal property  
7 taxation of certain property exempt from taxation  
8 under federal law; and providing for an effective  
9 date."

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

11 \* Section 1. AS 29.53.020(a) is amended by adding a new paragraph to  
12 read:

13 (9) real property or an interest in real property that is  
14 exempt from taxation under 43 U.S.C. 1620(d), as amended.

15 \* Sec. 2. AS 29.53.020 is amended by adding new subsections to read:

16 (k) For the purpose of determining property exempt under (a)(9)  
17 of this section, the following definitions apply to terms used in  
18 43 U.S.C. 1620(d) unless superseded by applicable federal law:

19 (1) "developed" means a purposeful modification of the  
20 property from its original state that effectuates a condition of  
21 gainful or productive present use without further substantial modi-  
22 fication; surveying, construction of roads, providing utilities or  
23 other similar actions normally considered to be component parts of the  
24 development process, but which do not create the condition described  
25 in this paragraph, do not constitute a developed state within the  
26 meaning of this paragraph; developed property, in order to remove the  
27 exemption, must be developed for purposes other than exploration, and  
28 be limited to the smallest practicable tract of the property actually  
29 used in the developed state;

1                   (2) "exploration" means the examination and investigation  
2 of undeveloped land to determine the existence of subsurface nonrenew-  
3 able resources;

4                   (3) "lease" means a grant of primary possession entered  
5 into for gainful purposes with a determinable fee remaining in the  
6 hands of the grantor; with respect to a lease that conveys rights of  
7 exploration and development, this exemption shall continue with re-  
8 spect to that portion of the leased tract that is used solely for the  
9 purpose of exploration.

10                  (1) If property or an interest in property that is determined  
11 not to be exempt under (a)(9) of this section reverts to an undevel-  
12 oped state, or if the lease is terminated, the exemption shall be  
13 granted, subject to the provisions of (a)(9) and (k) of this section.

14 \* Sec. 3. This Act takes effect January 1, 1984.

THE LEGISLATURE OF THE STATE OF ALASKA  
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 260  
 Title Relating to municipal property tax exemption  
 Requested by House Finance Committee Date 6/23/83

II. FISCAL DETAIL

Agency Affected \_\_\_\_\_  
 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 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		0				

FUNDING (Thousands of Dollars)

GENERAL FUND		0				
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

No funding is necessary to implement this legislation.

IV. DATE 6/23/83 PREPARED BY Al Adams, Chair *APA*

AGENCY House Finance Committee

Original: Legislative Finance PHONE 465-3706

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

33-001 (Rev. 12/82)

Introduced: 4/15/83  
Referred: Community and Regional  
Affairs and Finance

BY THE COMMUNITY AND  
REGIONAL AFFAIRS COMMITTEE

1 IN THE SENATE

2

SENATE BILL NO. 260

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to exemption from municipal property  
7 taxation of certain property exempt from taxation  
8 under federal law; and providing for an effective  
9 date."

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

11 \* Section 1. AS 29.53.020(a) is amended by adding a new paragraph to  
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21 gainful or productive present use without further substantial modi-  
22 fication; surveying, construction of roads, providing utilities or  
23 other similar actions normally considered to be component parts of the  
24 development process, but which do not create the condition described  
25 in this paragraph, do not constitute a developed state within the  
26 meaning of this paragraph; developed property, in order to remove the  
27 exemption, must be developed for purposes other than exploration, and  
28 be limited to the smallest practicable tract of the property actually  
29 used in the developed state;

1                   (2) "exploration" means the examination and investigation  
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3 able resources;

4                   (3) "lease" means a grant of primary possession entered  
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12 oped state, or if the lease is terminated, the exemption shall be  
13 granted, subject to the provisions of (a)(9) and (k) of this section.

14 \* Sec. 3. This Act takes effect January 1, 1984.

**DEPT. OF COMMUNITY & REGIONAL AFFAIRS**

OFFICE OF THE COMMISSIONER

POUCH B  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-4700

April 29, 1983

POSITION PAPER

RE: SB 260

SPONSOR: Senate Community & Regional Affairs

Program Effects of Bill:

Theoretically, there should be no program effects from the passage of this legislation. Since this bill is simply a clarification of 43 U.S.C. 1601,1620(d), any impact felt would necessarily be the result of the original federal language.

History:

In December 1971, Congress adopted the Alaska Native Claims Settlement Act (ANCSA). In December of 1980, the Alaska National Interest Lands Conservation Act (ANILCA) was passed into federal law amending certain sections of ANCSA.

Section 21(d) of the amended act provided for a property tax moratorium on ANCSA lands for a period of twenty years, subject to certain provisions within the act. That section reads as follows:

TAX MORATORIUM EXTENSION

Sec. 904. Subsection (d) of Section 21 of the Alaska Native Claims Settlement Act, as amended (43 U.S.C. 1601, 1620(d)), is amended to read:

"(d)(1) Real property interests conveyed, pursuant to this Act, to a Native individual, Native Group, Village or Regional Corporation or corporation established pursuant to section 14 (h)(3) which are not developed or leased to third parties or which are used solely for the purposes of exploration shall be exempt from State and local real property taxes for a period of twenty years from the vesting of title pursuant to the Alaska National Interest Lands Conservation Act or the date of issuance of an interim conveyance or patent, whichever is earlier, of those interests to such individual, group, or corporation: Provided, That municipal taxes, local real property taxes, or local assessments may be imposed upon any portion of such interest within the jurisdiction of any governmental unit under the laws of the State which

is leased or developed for purposes other than exploration for so long as such portion is leased or being developed: Provided further, That easements, rights-of-way, leaseholds, and similar interests in such real property may be taxed in accordance with State or local law. All rents, royalties, profits, and other revenues or proceeds derived from such property interest shall be taxable to the same extent as such revenues and proceed are taxable when received by a non-Native individual or corporation.

"(2) Any real property interest, not developed or leased to third parties, acquired by a Native individual, Native Group, Village or Regional Corporation, or corporation established pursuant to section 14(h)(3) in exchange for real property interests which are exempt from taxation pursuant to paragraph (1) of this subsection shall be deemed to be a property interest conveyed pursuant to this Act and shall be exempt from taxation as if conveyed pursuant to this Act, when such an exchange is made with the Federal Government, the State government, a municipal government, or another Native Corporation, or, if neither party to the exchange receives a cash value greater than 25 per centum of the value of the land exchanged, a private party. In the event that a Native Corporation simultaneously exchanges two or more tracts of land having different periods of tax exemption pursuant to subsection (d), the periods of tax exemption for the exchanged lands received by such Native Corporation shall be determined (A) by calculating the percentage that the acreage of each tract given up bears to the total acreage given up, and (B) by applying such percentages and the related periods of tax exemption to the acreage received in exchange."

A conspicuous lack of definitions for key terms along with certain ambiguities in Sec. 21(d) have caused some interpretation problems for parties impacted by the legislation. ANCSA Corporations have complained of unequal treatment from one taxing jurisdiction to the next, and local assessors have voiced their frustration in attempting to interpret and apply the language. The situation is further complicated by the fact that there is almost no legislative history available for guidance on that section.


Comments:

The language in SB 260 is intended to provide some clarification of the section and to furnish a means for the proper implementation of the moratorium. It has been drafted in an effort to more closely define those terms which have caused problems or created concerns, and in an attempt to provide some equity of application of Sec. 21 (d) statewide.

The Department is in full support of the adoption of language which would accomplish those goals. Unfortunately, the language in the bill has not been completely satisfactory to parties on either side of the issue.

*Fischer* { We have been informed by the Alaska Association of Assessing Officers that, at the present time, meetings on this subject between their association and ANCSA community are ongoing. They also informed us that they have reason to be optimistic on the two groups reaching an agreement on language which would resolve their differences on SB 260.

Considering these recent developments, the Department believes it premature to voice concerns or assume an official position at this time. If the Committee desires departmental commentary on any revised language the two groups might develop, we would be pleased to respond.

  
\_\_\_\_\_  
Mark Lewis, Commissioner

SB-260

STATEMENT

OF

COOK INLET REGION, INC.

MAY 3, 1983

---

The Alaska Native Claims Settlement Act, 43 U.S.C. §1620(d), as amended (ANCSA), provides a tax exemption for real property and interests conveyed to individuals and native corporations pursuant to the Act. The exemption exists for twenty years from the date of statutory vesting of title or interim conveyance or patent, whichever is earlier, and is terminated during the period the property is "developed" or "leased to third parties" for purposes other than exploration. While the legislative history of ANCSA provides only limited guidance as to the correct definition of these terms, it is clear that the federal statute must be given the broadest reasonable interpretation in favor of the tax-exempt status. Federal courts, including the United States Supreme Court, have held that federal statutes affecting native lands are to be construed strictly in favor of the native land-holder. This policy has been uniformly followed, particularly with respect to tax exemptions for native lands.

In the absence of an explicit tax exemption under state law, each borough assessor has been forced to reach an independent determination of the meaning of the tax exemption provided under ANCSA. The opportunities for inconsistency have already resulted in substantially different interpretations of the statute among the boroughs. These inconsistent interpretations, moreover, threaten to impose a costly and unnecessary litigation burden on both the boroughs and the native corporations. The present bill, which is identical to a provision which passed both the Senate and House last year, is the product of a carefully and earnestly worked-out compromise of positions. It will resolve the most troublesome problem, that of a standard definition of the terms "developed" and "leased to third parties," by providing a uniform tax exemption under state law which is as broad as that provided by the federal statute. This will insure uniformity of application among the boroughs and bring state law into line with the federal exemption.

A number of issues regarding this bill which were raised and answered during the last legislature probably deserve a renewed response for the Committee this year:

1. Is the language sufficiently definite? Like all legislation, the language in the bill is the result of a compromise of positions on both sides. Nonetheless, the language in the

present bill was drafted and fine-tuned last year to be as specific as possible. It provides very substantial guidance and is light-years ahead of the present situation, in which inconsistent and variable standards prevail within the same State depending on the views of particular local assessors. CIRI believes that the present compromise language fairly implements the federal statute without allowing the opportunity for abuse of the exemption by any party.

2. Does the exemption provide an improper economic advantage to the native land-owner? The answer clearly is "no." Congress, in resolving the mixture of State, native, federal and private land claims in ANCSA, established a clear rule that ANCSA lands should temporarily be spared the burden of taxation in the form of a "holding cost" until such time as the lands were sold, leased or otherwise capable of generating an income flow (until, for example, there existed a rentable commercial or residential structure, or an operating enterprise, on the lands capable of producing an income stream).

3. How does the bill apply to subdivisions? This cannot be answered categorically because there are widely differing subdivision standards among the boroughs. However, the bill does clarify that when a subdivision lot is sold or leased, or when a building is completed on the lot, the lot is then subject to taxation.

A purely "paper" subdivision, for example, clearly would not be deemed "developed" under the terms of the bill. This reflects the philosophy of the bill that the land be physically altered so as to be capable of productive present use (e.g., by a dwelling or a factory) before it is taxable. The mere fact the land is available for sale, in a subdivided form or not, does not make it "developed."

CIRI appreciates the opportunity to testify before the Committee today and wishes to thank all of its members for their attention to a matter which is of substantial importance throughout the State. In summary, CIRI supports passage of this bill because:

1. It embodies and implements the most basic principle underlying interpretation of ANCSA §21(d) -- that the tax exemption should be construed in favor of the native land-holder, and
2. By providing broad definitions of the terms "lease" and "developed," it automatically will resolve the vast majority of present tax exemption issues and will avoid inconsistency and a costly and unnecessary litigation burden on both the boroughs and the native land owners.

# COMMITTEE REPORT

## SENATE

FURTHER:

5/3/83

Date: 5/17/83

Mr. President:

The Committee on FINANCE has had SB 200

Relating to exemption from municipal property taxation of certain property exempt from taxation under Federal law; eff. date.

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

\_\_\_\_\_  
\_\_\_\_\_  
*Bob Gray*  
*John Mulvaney*  
\_\_\_\_\_  
*John Mulvaney*  
\_\_\_\_\_  
*John Mulvaney*  
\_\_\_\_\_  
*John Mulvaney*  
\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

*3/ Jan Fairs - No. Rec -  
may need technical amendments*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
CHAIRMAN

STATE OF ALASKA  
FISCAL NOTE

Revision Date \_\_\_\_\_, 1983

I. REQUEST  
 Bill/Resolution No.: SB 260  
 Title: Exemption from Municipal Prop. Tax  
 Sponsor: Senators Comm. and Regional Affairs  
 Requestor: Senate Comm. and Regional Affairs

II. FISCAL DETAIL Department of Community  
 Agency Affected: and Regional Affairs  
 Program Category Affected: Development  
 BRU, Program of Subprogram(s) Affected:  
Local Government Assistance Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
<b>OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>						
<b>REVENUE</b>						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Richard Rainery *RR*  
 Division: Commissioner's Office

Phone: 465-4703

Date: 5/2/83

Approved by Commissioner: *Robert H. ...*  
 Department: Department of Community and Regional Affairs

Date: 5/2/83

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

Introduced: 4/15/83  
Referred: Community and Regional  
Affairs and Finance

BY THE COMMUNITY AND  
REGIONAL AFFAIRS COMMITTEE

1 IN THE SENATE

2 SENATE BILL NO. 260

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to exemption from municipal property  
7 taxation of certain property exempt from taxation  
8 under federal law; and providing for an effective  
9 date."

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

11 \* Section 1. AS 29.53.020(a) is amended by adding a new paragraph to  
12 read:

13 (9) real property or an interest in real property that is  
14 exempt from taxation under 43 U.S.C. 1620(d), as amended.

15 \* Sec. 2. AS 29.53.020 is amended by adding new subsections to read:

16 (k) For the purpose of determining property exempt under (a)(9)  
17 of this section, the following definitions apply to terms used in  
18 43 U.S.C. 1620(d) unless superseded by applicable federal law:

19 (1) "developed" means a purposeful modification of the  
20 property from its original state that effectuates a condition of  
21 gainful or productive present use without further substantial modi-  
22 fication; surveying, construction of roads, providing utilities or  
23 other similar actions normally considered to be component parts of the  
24 development process, but which do not create the condition described  
25 in this paragraph, do not constitute a developed state within the  
26 meaning of this paragraph; developed property, in order to remove the  
27 exemption, must be developed for purposes other than exploration, and  
28 be limited to the smallest practicable tract of the property actually  
29 used in the developed state;

1           (2) "exploration" means the examination and investigation  
2 of undeveloped land to determine the existence of subsurface nonrenew-  
3 able resources;

4           (3) "lease" means a grant of primary possession entered  
5 into for gainful purposes with a determinable fee remaining in the  
6 hands of the grantor; with respect to a lease that conveys rights of  
7 exploration and development, this exemption shall continue with re-  
8 spect to that portion of the leased tract that is used solely for the  
9 purpose of exploration.

10           (1) If property or an interest in property that is determined  
11 not to be exempt under (a)(9) of this section reverts to an undevel-  
12 oped state, or if the lease is terminated, the exemption shall be  
13 granted, subject to the provisions of (a)(9) and (k) of this section.

14 \* Sec. 3. This Act takes effect January 1, 1984.



THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. SB 264  
 Title Spec.approp.DOT for improvements and expansion of Anch.International Airport  
 Requested by Senate Finance Committee Date June 1, 1983

II. FISCAL DETAIL  
 Agency Affected Department of Transportation and Public Facilities  
 Program Category Affected Transportation  
 BRU, Program, or Subprogram(s) Affected Anchorage International Airport  
 (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 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES	0	0				
200 TRAVEL	0	0				
300 CONTRACTUAL	0	0				
400 COMMODITIES	0	0				
500 EQUIPMENT	0	0				
600 LAND & STRUCTURES	0	0				
700 GRANTS, CLAIMS, ETC.	0	0				
TOTAL	0	0				

FUNDING (Thousands of Dollars)

GENERAL FUND	0	0				
FEDERAL FUNDS	0	0				
OTHER (Specify Fund Source)	0	0				

POSITIONS

FULL TIME	0	0				
PART TIME	0	0				
TEMPORARY	0	0				

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

IV. DATE June 1, 1983 PREPARED BY *John Sackett*  
 AGENCY John Sackett, Co-chairman  
 PHONE Senate Finance Committee 3753  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

Introduced: 4/19/83  
Referred: Transportation  
and Finance

1 IN THE SENATE

BY THE TRANSPORTATION COMMITTEE

2

SENATE BILL NO. 264

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act making a special appropriation to the Department of Transportation and Public Facilities for improvements and expansion of the terminal at the Anchorage International Airport; and providing for an effective date."

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

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\* Section 1. The sum of \$28,000,000 is appropriated from the international airport construction fund to the Department of Transportation and Public Facilities for code upgrades, remodeling, expansion, and equipping of the domestic terminal at the Anchorage International Airport.

\* Sec. 2. The appropriation made by this Act is for a capital project and is subject to AS 37.25.020.

\* Sec. 3. This Act takes effect immediately in accordance with AS 01.-10.070(c).

# COMMITTEE REPORT

## SENATE

4/19/83

FURTHER Finance

Date: May 5, 1983

Mr. President:

The Committee on Transportation has had SB 264

~~Making a special appropriation to the Department of Transportation and Public Facilities for improvements and expansion of the terminal at the Anchorage International Airport; and eff. date.~~

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

Happy Man  
Edwin Gilman  
Don Fair  
Habundancy

### MEMBERS HAVING

OTHER RECOMMENDATIONS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Happy Man  
CHAIRMAN

STATE OF ALASKA  
FISCAL NOTE

## I. REQUEST

Bill/Resolution No.: SB 261  
 Title: Anch Int'l. Terminals Improvements  
 Sponsor: Senate Transportation Committee  
 Requestor: Governor Sheffield

## II. FISCAL DETAIL

Agency Affected: DOT&PF  
 Program Category Affected: Transportation  
 BRU, Program or Subprogram(s) Affected: Anchorage International Airport

## EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
<b>OPERATING</b>						
100 PERSONAL SERVICES				500.0	530.0	560.0
200 TRAVEL				250.0	265.0	280.0
300 CONTRACTUAL				58.0	63.0	67.0
400 COMMODITIES				2.0	2.0	3.0
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
<b>TOTAL OPERATING</b>				810.0	860.0	910.0
<b>CAPITAL</b>		28,000.0				
<b>REVENUE</b>				500.0	500.0	500.0

## FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)*IARF				810.0	860.0	910.0
INT'L AIRPORT REVENUE BONDS		28,000.0				

\*International Airport Revenue Fund

## POSITIONS:

FULL-TIME				8.0	8.0	8.0
PART-TIME						
TEMPORARY						

## III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

This project will be paid for through revenue generated at the Anchorage International Airport. The revenue projection does not assume any change in rates and fees, but does include anticipated revenue from the expansion, calculated at present terminal rental rates.

## IV. ANALYSIS: Attached.

Prepared By: William R. Snell  
 Division: Acting Deputy Commissioner

Phone: 266-1440  
 Date: 3/30/83

Approved by Commissioner: [Signature]  
 Department: Transportation and Public Facilities

Date: 3/31/83

9

## PROJECT NEED:

Existing facilities in the passenger terminal complex are undersized. Facilities are not adequate for present domestic aviation traffic needs. Continued growth in aviation activity is anticipated, therefore, pressure for expanded facilities will increase. Existing international facilities have been relocated to the new international terminal, thus freeing space for domestic aviation needs. The west concourse must be remodeled before use by the domestic air carriers. Additional landside facilities, airport ticket offices, baggage claim and public areas are needed to accommodate domestic flight traffic. Air commuter facilities are minimal. New facilities are essential to provide adequate service to this growing segment of the aviation market. Construction of a new concourse off the east terminal expansion will accommodate commuters. Utility work airside is required in order to make the terminal expansion usable for the air carriers and commuter planes.

## PROJECT DESCRIPTION:

Funding requested is for the first phase of a comprehensive remodeling and expansion program, at an estimated cost of \$23.1 million. The project includes the following:

Extension of existing terminal 100-feet to the east (both levels). First level to house additional baggage claim and makeup areas and mechanical room. Second level to provide additional counter space, snack bar, storage, elevator and gate lobbies.

Construction of a commuter concourse providing passenger waiting space, equipment storage, crew lounge area, restroom facilities, snack bar, baggage makeup and baggage claim.

Preliminary engineering and construction to remodel west concourse to accommodate domestic carrier operations.

Preliminary engineering and construction of apron utility work required with the terminal remodeling.

## PROJECT COST:

Bond sale costs at 3% to take care of closing costs, audit costs, fees to rating agencies, financial advisor, etc.

$$\$28,000,000 \times 3\% = \$840,000$$

In addition, an estimated \$3 million was assumed for immediate deposit into the bond reserve fund. This is approximately 1 year's principal and interest on the bonds.

The estimated cash available after obligations is \$24,160,000:

$$\$28,000,000 - (\$840,000 + \$3,000,000) = \$24,160,000$$

Capitalized interest during project construction has not been estimated. Depending on investment yield, interest earned on the cash could roughly equal or exceed interest obligations on the bonds. If, however, capitalized interest payments are required, DOT&PF will utilize International Airport Revenue Fund (IARF) cash for such payments. This is consistent with how capitalized interest was treated in earlier revenue bond issues.

## OPERATING COSTS:

Costs identified are based upon our current costs for maintenance and custodial which approximate \$11 per square foot.

Added 66,000 sq. ft. x \$11 = \$726,000

1983 cost \$726.0

1986 cost \$810.0. Inflation is estimated at 6% per year.

No estimate is provided for the debt service since the yearly cost would vary so greatly based upon the interest rate and term of bonds.

**COMMITTEE REPORT**  
**HOUSE**

(11)

FURTHER:

5/19/83

Date: 6/17/83

Mr. Speaker:

The Committee on FINANCE has had CSSB 265 (SA)

'An Act relating to permits issued for games of chance and contests of skill.'

under consideration and reports it back as follows:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with <sup>H</sup>CS for CSSB 265 (FIN)  same title  
 new title
- and recommends individual recommendations
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation  Zero Fiscal Note Attached
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

[Signature]  
\_\_\_\_\_  
[Signature]  
\_\_\_\_\_  
[Signature]  
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MEMBERS HAVING  
OTHER RECOMMENDATIONS:

[Signature]  
\_\_\_\_\_  
[Signature]  
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[Signature]  
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\_\_\_\_\_  
CHAIRMAN

Original sponsors: V. Fischer, Faiks,  
Josephson, et al

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 265 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to permits issued for games of  
7 chance and contests of skill."

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

9 \* Section 1. AS 05.15.030 is amended by adding a new subsection to  
10 read:

11 (b) In addition to the requirements of (a) of this section, an  
12 applicant for a permit to conduct an activity under AS 05.15.100(b)  
13 shall notify the law enforcement agency having jurisdiction over the  
14 location of the proposed activity. The commissioner of revenue may  
15 not issue a permit for the proposed activity unless the application is  
16 accompanied by the written approval of the law enforcement agency  
17 having jurisdiction.

18 \* Sec. 2. AS 05.15.100 is amended by adding a new subsection to read:

19 (b) The commissioner of revenue also may issue a permit giving a  
20 municipality or qualified organization the privilege of conducting an  
21 activity involving the use of playing cards, dice, and numbers wheels.  
22 A municipality or qualified organization may apply for a permit for  
23 only one activity a year under this subsection. For the purpose of  
24 this subsection, "one activity" means a single event lasting no more  
25 than three consecutive days.

26 \* Sec. 3. AS 05.15.140 is amended by adding new subsections to read:

27 (b) In an application for a permit, a municipality or qualified  
28 organization shall disclose the name and address of each person re-  
29 sponsible for the operation of the activity and whether any person

1 named

2 (1) has ever been convicted of a felony or gambling misde-  
3 meanor; or

4 (2) has a prohibited financial interest, as defined in  
5 regulations adopted by the commissioner, in the operation of the  
6 activity.

7 (c) The commissioner of revenue may not issue a permit for an  
8 activity operated by a person who has been convicted of a felony or a  
9 gambling misdemeanor.

10 (d) Application forms for permits shall contain a notice that a  
11 false statement in the application is punishable by law.

12 \* Sec. 4. AS 05.15.160 is repealed and reenacted to read:

13 Sec. 05.15.160. AUTHORIZED EXPENSES. No item of expense may be  
14 incurred or paid in connection with the operation of an activity under  
15 a permit issued under this chapter except for bona fide expenses  
16 reasonably necessary for

17 (1) goods, wares, and merchandise necessary for the opera-  
18 tion of the activity;

19 (2) personal services rendered that are not directly or  
20 indirectly involved with the operation of the activity; or

21 (3) personal services involved with the operation of the  
22 activity provided the services are performed by an employee of the  
23 municipality, qualified organization, or a consultant hired by the  
24 municipality or qualified organization conducting the activity and the  
25 compensation is not related to the receipts from the activity.

26 \* Sec. 5. AS 05.15.180 is amended to read:

27 Sec. 05.15.180. LIMITATIONS ON AUTHORIZED ACTIVITY. (a) Except  
28 as provided in AS 05.15.100(b), this [THIS] chapter does not authorize  
29 the use of playing cards, dice, roulette wheels, coin-operated instru-

1 ments or machines, or other objects or instruments used, designed, or  
2 intended primarily for gaming or gambling or any other method or  
3 implement not expressly authorized by the commissioner.

4 (b) With the exception of raffles, lotteries, [AND] raffle clas-  
5 sics, and other activities authorized under AS 05.15.100(b), no activ-  
6 ity may be licensed under this chapter unless it existed in the state  
7 in substantially the same form and was conducted in substantially the  
8 same manner before January 1, 1959.

9 \* Sec. 6. AS 05.15.180 is amended by adding a new subsection to read:

10 (c) The operation of activities licensed under AS 05.15.100(b)  
11 is limited as follows:

12 (1) no cash prizes may be awarded;

13 (2) only money substitutes such as chips or scrip may be  
14 used by a player in the activity;

15 (3) the money substitutes may be exchanged only for prizes  
16 other than money and may not be otherwise exchanged or sold; and

17 (4) additional limitations that may be established by the  
18 commissioner of revenue under adopted regulations.

19 \* Sec. 7. AS 05.15.200 is repealed and reenacted to read:

20 Sec. 05.15.200. PENALTIES. (a) A person who knowingly violates  
21 or aids or solicits a person to violate this chapter is guilty of a  
22 violation for the first offense and a class B misdemeanor for the  
23 second and each subsequent offense.

24 (b) A person who, with the intent to mislead a public servant in  
25 the performance of the public servant's duty, submits a false state-  
26 ment in an application for a permit under this chapter, is guilty of  
27 unsworn falsification.

28 \* Sec. 8. AS 05.15.210 is amended by adding a new paragraph to read:

29 (23) "numbers wheel" means any electronic, mechanical, or

1 other device with numbers or other figures that are selected randomly  
2 and used in a game of chance in which the outcome is determined by the  
3 number or figure selected by the device; not including games in which  
4 a hamster or other animal is placed in an enclosure with several  
5 numbered exit holes and the winner is determined by which hole the  
6 hamster or other animal exits, or slot machines or other devices that  
7 operate by insertion of a coin or other object that may entitle the  
8 person operating the machine to receive a prize by strict dependence  
9 on the element of chance.

10 \* Sec. 9. AS 11.66.280(2) is amended by adding a new subparagraph to  
11 read:

12 (C) an activity authorized by the commissioner of  
13 revenue under AS 05.15.010 - 05.15.210;  
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THE LEGISLATURE OF THE STATE OF ALASKA  
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. H CS SB 265 (FIN)  
Title Relating to permits for games of chance and contests of skill  
Requested by House Finance Committee Date 6/13/83

II. FISCAL DETAIL

Agency Affected Department of Revenue  
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 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		0				

FUNDING (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
FULL TIME						
PART TIME						
TEMPORARY						

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

No additional positions are justified to implement this legislation at this time. If a position becomes necessary during implementation of the program in the next fiscal year, it should be requested for inclusion in the FY 85 budget.

IV. DATE 6/13/83

PREPARED BY Al Adams, Chair *ABA*  
AGENCY House Finance Committee  
PHONE 465-3706

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

33-001 (Rev. 12/82)

The following individuals may testify on SB 265:

Senator Vic Fischer, prime sponsor

A representative of the Department of Revenue

STATE OF ALASKA  
FISCAL NOTE

Revision Date 4/28, 1983

I. REQUEST

Bill/Resolution No. SB 265  
Title: Act relating to permits issued for games of chance and contests of skill  
Sponsor: State Affairs  
Requestor: V. Fischer

II. FISCAL DETAIL

Agency Affected: Department of Revenue  
Program Category Affected: Rev. Operations BRU, Program of Subprogram(s) Affected: Public Svcs. & Enforcement

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
<b>OPERATING</b>						
100 PERSONAL SERVICES	-	29.5	31.5	34.0	36.5	39.5
200 TRAVEL	-	4.5	4.8	5.0	5.5	6.0
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	4.5	5.0	5.5	6.0	6.5
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC.	-	-	-	-	-	-
<b>TOTAL OPERATING</b>		<b>38.5</b>	<b>41.3</b>	<b>44.5</b>	<b>48.0</b>	<b>52.0</b>
<b>CAPITAL</b>						
	-	-	-	-	-	-

REVENUE

FUNDING: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
GENERAL FUND	-	38.5	41.3	44.5	48.0	52.0
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS:

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
FULL-TIME	-	one	one	one	one	one
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis.

Prepared By: Marcy Rehfeld  
Division: Commissioner's Office

Phone: 465-2300  
Date: 4/27/83

Approved by Commissioner: [Signature]  
Department: Revenue

Date: 4/28/83

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

ANALYSIS: cs Sb 265

To insure equitable compliance with the law, a full time investigator will be needed and audit and investigation will require a minimum of eight field trips per year.

Supplies and commodities include new forms, mail outs and miscellaneous clerical supplies. All instruction and forms will require immediate revision and reprint.



PHONE 277-8615 ☉ P.O. BOX 773 ☉ ANCHORAGE, ALASKA 99510  
☉ LOCATION: 737 WEST 5TH AVENUE

A NON-PROFIT CIVIC ORGANIZATION

April 13, 1983

The Honorable Joe Flood  
Pouch V  
Juneau, AK 99811

Ref: Monte Carlo Nite Activities by  
non-profit organizations under  
AS 05.15

Dear Representative Flood:

The Attorney General recently issued an opinion that Monte Carlo -  
Casino Nite fund raising activities were not authorized for a permit  
under AS 05.15 (copy enclosed).

Since Monday, April 11, I have met with Ben Harding of the Governor's  
office, Diane Colvin, of the Attorney General's office, and Ralph  
Kimlinger, of the Department of Revenue. It was mutually agreed that  
any changes of Alaska Law should reflect only the type of fund raising  
activities currently conducted now by non-profit organizations  
throughout the state.

The enclosed bill would accomplish the above and also require that:

1. Only organizations defined under AS 05.15 could conduct Monte Carlo  
type activities.
2. Monte Carlo type activities would be limited to one (1) permit  
night per year.
3. The Monte Carlo permit has to be approved by the responsible law  
enforcement agency.

Monte Carlo Nite for Fur Rendezvous over the past 40 or so years has  
grown to where it provides approximately \$50,000.00 in revenue for Rony  
and it funds many of our non-income generating events.

The Fur Rendezvous "Monte Carlo Nite" uses over 400 volunteers to host the event for over 6,000 people who participate in the one night of fun and games. The size of our event is limited only to the size of a facility available.

We would like you to review the proposed bill and relay your comments to us.

Time is of the essence and we would also like you to consider being a sponsor of the bill to assure passage this year.

Sincerely,

*Wally*

Wally Hopkins  
Director & Governmental Affairs Liaison

Enclosures

# MEMORANDUM

# State of Alaska

TO Robert D. Heath  
Commissioner  
Department of Revenue

DATE: March 3, 1983

FILE NO: 366-439-83

TELEPHONE NO: 465-3600

FROM Norman C. Gorsuch  
Attorney General

SUBJECT: Eligibility of Monte Carlo/Casino Night activities for a permit under AS 05.15

By:   
Diane T. Colvin  
Assistant Attorney General

You have asked us two questions relating to the issuance of permits under AS 05.15, Games of Chance and Contests of Skill:

1. May the Department of Revenue issue a permit under AS 05.15.100 for Monte Carlo/Casino Night activities?

2. May the department issue a permit under AS 05.15.180(b) if the Monte Carlo/Casino Night activities were conducted in the state prior to January 1, 1959?

You also asked if the Alcoholic Beverage Control Board may exclude the area used for Monte Carlo/Casino Night activities from a caterer's permit issued under AS 04.11.230. We answer the first two questions in the negative, finding no statutory authority for the department to issue permits for Monte Carlo activities. In response to the third question, we believe that the Alcoholic Beverage Control Board does have the authority to exclude an area in which Monte Carlo activities are conducted from a caterer's permit.

## Issuance of Permits for Monte Carlo/Casino Night Activities

Under AS 05.15.100 the Commissioner of the Department of Revenue may issue a permit to a qualified organization for "the privilege of conducting bingo, raffles and lotteries, ice classics, rain classics, dog mushers' contests, fish derbies and contests of skill." You ask whether a permit may be issued under this statute for Monte Carlo/Casino Night activities.

In the memorandum accompanying your request, you describe a range of activities that might be conducted in connection with a Monte Carlo/Casino Night. The activities extend from games in which no money or prizes are involved to those in

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ALASKA DEPARTMENT OF REVENUE

MAR 4 1983

OFFICE OF THE COMMISSIONER

which both money and prizes are involved. All of the games described include the use of cards, dice, roulette wheels or coin-operated devices. Without discussing each of the situations you describe, we will presume, for purposes of this memorandum, that if the elements of consideration, chance, and prize are present, in any form or to any degree, the activity constitutes gambling and if it is to be conducted at all within the state, a permit must be obtained under AS 05.15. State v. Pinball Machs., 404 P.2d 923 (Alaska 1965); Morrow v. State, 511 P.2d 127 (Alaska 1973).

Thus, the question is whether a permit can be issued for Monte Carlo activities under AS 05.15. AS 05.15.100 authorizes permits for 7 specific activities: bingo, raffles and lotteries, ice classics, rain classics, dog mushers' contests, fish derbies and contests of skill. Each of these activities is defined by AS 05.15.210. None of the definitions cover the activities described in your request and accompanying memorandum. Therefore, we conclude that the department may not issue a permit under AS 05.15.100 for Monte Carlo activities.

The plain language of AS 05.15.100 and 05.15.210 leads to this conclusion. Additional support is found in AS 05.15.-180(a). This subsection provides:

This chapter does not authorize the use of playing cards, dice, roulette wheels, coin-operated instruments or machines, or other objects or instruments used, designed, or intended primarily for gaming or gambling. . . (emphasis added)

These types of devices are used in Monte Carlo activities as you describe them. Under section 180(a) the commissioner does not have the authority to issue a permit authorizing their use.

Thus, we can only conclude that a permit may not be issued for Monte Carlo activities under AS 05.15. You also ask whether an exemption might be provided by AS 05.15.180(b), which provides as follows:

With the exception of raffles, lotteries and rain classics, no activity may be licensed under this chapter unless it existed in the state in substantially the same form and was conducted in substantially the same manner before January 1, 1959.

To qualify under this subsection, a Monte Carlo activity would have to meet the definition of raffle, lottery or rain

classic or meet the prior existence requirement in the main clause. It is clear from the definitions of raffle and lottery and rain classic in AS 05.15.210(16) and (20) that a Monte Carlo activity is not a raffle, lottery or rain classic. Thus, in order to qualify, a Monte Carlo night would have had to have been in existence prior to 1959 and it would have had to have been conducted in substantially the same manner. Thus, upon proof that an activity did exist in the state prior to 1959 and was conducted in a nearly identical manner before that time, a permit could be issued by the department. However, in regard to Monte Carlo activities, AS 05.15.180(b) must be interpreted in conjunction with AS 05.15.180(a), set forth above. This subsection places a flat prohibition on activities which include the use of "playing cards, dice, roulette wheels, coin-operated instruments or machines, or other objects or instruments used, designed or intended primarily for gaming or gambling." According to the descriptions you provided, these devices are commonly used in Monte Carlo activities. The commissioner is not authorized to issue a permit for activities in which these devices are used. Subsection (b) does not provide an exception to this prohibition, but rather provides an additional qualification. The commissioner may issue a permit for an activity other than raffles, lotteries, and rain classics if it meets the 1959 requirement of AS 05.15.180(b) and if it does not include the use of playing cards, dice, roulette wheels, and other devices prohibited by AS 05.15.180(a). A statute "should be construed so that effect is given to all its provisions, so that no part will be inoperative or superfluous, void or insignificant. . . ." 2 A.C. Sands, Statutes and Statutory Construction § 46.06 (4th ed. 1973). See Libby v. City of Dillingham, 612 P.2d 33, 39 (Alaska 1980). If section 180(b) were interpreted to allow activities involving roulette wheels and similar devices on the basis that they existed before 1959, subsection (a) would be rendered superfluous and irrelevant. This does not appear to be the intent of the legislature.

Therefore, we conclude that AS 05.15.180(b) does not provide an exemption for Monte Carlo activities even if they existed and were conducted in substantially the same manner prior to 1959.

Exclusion of Area in which Monte Carlo Activities are Conducted from Caterer's Permit issued by Alcoholic Beverage Control Board

Under AS 04.11.230, the Alcoholic Beverage Control Board is authorized to issue a caterer's permit which authorizes the holder of the permit to sell or dispense alcoholic beverages at events such as conventions and sporting events. In your request, you state that the board in the past has issued these

permits to organizations conducting Monte Carlo activities, but has excluded the area in which the activities are conducted from the caterer's permit. You ask whether the Board is authorized to limit the permit in this manner.

We believe the Board has the authority to limit a caterer's permit in the manner described. First, AS 04.11.230 states that the permit "may only be issued for designated premises", granting the Board the authority to specify the premises where beverages may be served under a permit. Second, AS 04.06.100(b)(3) authorizes the Board to adopt regulations on the terms and conditions of permits issued. The Board has adopted 15 AAC 104.675, requiring the applicant for a permit to submit with an application a description of the proposed premises and a drawing designating which areas are for storage, service and consumption. The Board has the authority to approve or disapprove the areas submitted. Finally, AS 04.06.090(c) provides as follows:

When considering an application, the board may reduce the area to be designated the licensed premises below the area applied for when, in the judgment of the board, a reduction in area is necessary to insure control over the sale and consumption of alcoholic beverages on the premises or is otherwise in the best interests of the public.

Technically, this applies only to licensed premises, but it is reasonable to assume that the Board should have similar authority in regard to areas in which liquor is served under a caterer's permit.

It should also be noted that there is no prohibition against minors engaging in activities for which permits are issued under AS 05.15. Thus, it is reasonable for the board to prevent liquor from being served in areas in which these activities are conducted and to carefully scrutinize applications for caterer's permits when it is known that minors may be participating in the games of chance allowed (or disallowed) under AS 05.15.

Thus, we conclude that the Alcoholic Beverage Control Board is authorized to exclude and is acting reasonably when it excludes areas in which Monte Carlo activities are conducted from a caterer's permit.

We hope this information is of assistance to you. We understand that the conclusions reached here may have a negative

Robert D. Heath, Commissioner  
Department of Revenue

March 3, 1983  
Page 5

effect on certain organizations that have conducted Monte Carlo activities in the past. These groups should be advised to seek legislative change if they wish to continue sponsoring these activities.

If you wish further information, please contact us.

DTC:eja

# STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

## DEPARTMENT OF REVENUE

March 18, 1983

ELEVENTH FLOOR  
STATE OFFICE BUILDING  
POUCH SA  
JUNEAU, ALASKA 99811

RECEIVED

MAR 31 1983

Re: Authorized Games of Chance and Contests of Skill

Dear Permittee:

Anchorage-Police Dept

The Department of Revenue has never authorized Monte Carlo or Casino Night activities under permits issued for Games of Chance and Contests of Skill (Alaska Statute 05.15).

We were recently asked if a "grandfather right" existed if a qualified organization defined in the Statute had conducted these activities prior to January 1, 1959 (Alaska Statute 05.15.180(b)). We requested an opinion of the Attorney General on whether Monte Carlo or Casino Night activities could be authorized on a permit issued to a municipality or qualified organization under this Statute.


In the same request, we asked the Attorney General to review the action taken by the Alcoholic Beverage Control Board in excluding any area established for a Monte Carlo or Casino Night activity from authorized caterer's permit premises.

The Attorney General has determined that Monte Carlo and Casino Night activities cannot be authorized under Alaska Statute 05.15. These activities, if conducted, are subject to the provisions of Alaska Statute 11.66.200 - 280, dealing with illegal gambling.

The Attorney General has also ruled that the Alcoholic Beverage Control Board is correct in not licensing the area established for Monte Carlo or Casino Night activity as premises for distribution of alcoholic beverages under a caterer's permit.

I have attached a copy of the opinion from the Attorney General and would suggest that, if your organization has sponsored Monte Carlo or Casino Night activities, and wish to continue to do so, you first obtain a change in the law by the Alaska Legislature. A copy of the Attorney General's opinion is also being sent to municipal law enforcement agencies throughout the state and to the Alaska Department of Public Safety.

Sincerely,



Phil Wall, Director  
Public Services Division

Attachment

cc: Alaska Department of Public Safety  
All Municipal Law Enforcement Agencies

TJM: F.V.I.  
PLEASE CALL  
IF YOU HAVE  
?'S ON THIS  
DRAFT. THE  
FINAL IS FORTH-  
COMING.

April 15, 1983

Honorable Barbara Lacher  
Representative  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Done  
X-4894  
4-16-83

Attn: Eve Fox  
Administrative Assistant

Re: Monte Carlo nights bill

Dear Ms. Fox:

You asked that we provide you with a summary of the bill amending AS 05.15, relating to issuance <sup>of</sup> permits for games of chance. The bill was drafted in response to our opinion of March 3, 1983, which found that the Department of Revenue is not authorized to issue a permit for Monte Carlo/Casino Night activities. A copy of that opinion is attached.

The bill (Sec. 2) amends AS 05.15.100 to authorize the department of revenue to issue a permit to a municipality or a qualified organization (a qualified organization is one that has been in existence for five years and meets the other requirements set forth in AS 05.15.210(15)) to conduct activities involving playing cards, dice and numbers wheels. Only one activity may be conducted in a year and a separate permit must be obtained for each event.

Honorable Barbara Lacher  
Representative  
Alaska State Legislature

April 15, 1983  
Page 2

An applicant for a permit is further required to obtain approval from the nearest law enforcement agency. (Sec. 1). This is in addition to the requirement in current law under AS 05.15.030 to notify the nearest unit of local government at the time of application for a permit.

The bill (Sec. 3) also makes certain technical amendments to clarify the meaning of authorized activities.

We hope this information is useful to you. If you wish additional assistance, please contact us.

Sincerely yours,

NORMAN C. GORSUCH  
ATTORNEY GENERAL

By:  
Diane T. Colvin  
Assistant Attorney General

DTC:eja

# STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5  
JUNEAU, ALASKA 99811  
PHONE: (907) 455-2300

June 7, 1983

The Honorable Mitchell Abood  
Chairman  
House State Affairs Committee  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Mr. Chairman:

Keith Levy gave us a copy of the draft of what is now entitled House CS for CS for Senate Bill No. 265 (State Affairs), an Act relating to permits issued for games of chance and contests of skill. I have reviewed it and have several suggestions.

Pursuant to Representative Ron Larson's concern for the famous "Rat Game" or "Hamster Game" at the Alaska State Fair in Palmer being considered a "numbers wheel" under the definition of the Bill, the definition of one activity was changed from "a single event lasting no more than three consecutive days" to "an authorized state fair or a single event lasting no more than three consecutive days."

There are two areas of concern with this amendment. First, there is a difference of opinion on whether the rat is merely terrified by the crowd and is diving for a hole or whether the rat is also dizzy, riding, and searching for a hole on a spinning table. If the table is spinning, it would come under the proposed definition of numbers wheels because it would be comparable to a roulette wheel with a live animal being used to select the winning number instead of a steel ball. If the table does not spin, it would not be a wheel and would be outside of the definition of "numbers wheel" and the reach of the Act.

Our understanding is that the rat game does not spin. If the table truly does not spin, it would not be a wheel and would not be encompassed under the Monte Carlo provisions of the Bill. The game is currently called a "Hamster Game" in