

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

SB 493 thru SE 500 158

SB

493

SENATE COMMITTEE REPORT

FURTHER

3/30/88

DATE TURNED INTO OFFICE _____

Mr. President:

FINANCE

Committee considered SB 493

making a special appropriation to the Alaska Power Authority for construction of power lines in the vicinity of Cantwell and McKinley Park; efd

and recommended

replace with _____ CS _____) same title
 or adopt _____ CS _____) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous

zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Chairman signature and recommendation

Committee Backup attached

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 3-23 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER:

FINANCE

**FISCAL NOTE(S) ATTACHED **
IN ACCORDANCE WITH AS 24.08.035
(see below)

3/17/88
Mr. President:

DATE TURNED INTO OFFICE _____

Resources _____ Committee considered SB 493

making a special appropriation to the Aalska Power Authority for construction of power lines in the vicinity of Cantwell and McKinley Park; efd

and recommended:

- replace with CS _____ same title
- attached amendment(s) and new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____
- letter of intent adopted and attached

[Handwritten scribble]

** Committee attached or adopted fiscal note(s)
 zero fiscal impact appropriation

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

2 John Henry No Rec
2 McLester the same
2 Carl Frisk No Rec

[Handwritten signature]
Chairman signature and recommendation

Committee Backup Attached

Introduced: 3/17/88
Referred: Resources and Finance

5-2069A

Funding Information
General Fund \$4,595,000
Other Funds -0-
\$4,595,000

1 IN THE SENATE BY THE RESOURCES COMMITTEE

2 SENATE BILL NO. 493

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Alaska
7 Power Authority for construction of power lines in
8 the vicinity of Cantwell and McKinley Park; and
9 providing for an effective date."

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

11 * Section 1. The sum of \$4,595,000 is appropriated from the interest
12 earned on the principal of the Railbelt energy fund (AS 37.05.153) and
13 deposited into the general fund, to the Alaska Power Authority for con-
14 struction of power lines between Cantwell and McKinley Village; McKinley
15 Park and Carlo Creek; and Cantwell and Summit Airport.

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

18 * Sec. 3. This Act takes effect July 1, 1988.

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ALASKA STATE LEGISLATURE

. 15th . Legislature 2nd . . Session

SENATE...BILL..... NO...403

By...THE RESOURCES COMMITTEE...

"An Act making a special appropriation to the Alaska Power Authority for construction of power lines in the vicinity of Cantwell and McKinley Park; and providing for an effective date."

Introduced in the Senate 3/17... 19 88...

HISTORY IN THE SENATE

19 88

Read first time and referred to Committee on

3 17

Resources, Finance

Reported back with recommendation that

3 30

*Res: do pass, 3 yeas
2 nays to file*

Read second time and

Read third time and

PASSED Effective Date
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Reconsideration
Reconsideration not taken up

PASSED Effective Date
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Reported correctly engrossed
Signed by President
Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASSED Effective Date
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Reconsideration
Reconsideration not taken up

PASSED Effective Date
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Reported correctly engrossed
Signed by Speaker
Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Received from House

To enrolling

Reported correctly enrolled

Sent to Governor

..... by Governor

Chapter No.

Filed with Lt. Governor

SR

494

SENATE COMMITTEE REPORT

FURTHER

4/14/88

DATE TURNED INTO OFFICE

5/2/88

Mr. President:

FINANCE

Committee considered

SB 494

one percent salmon enhancement tax; efd

and recommended

[x] replace with _____ CS SB 494 (Fin)) [] same title
[] or adopt _____ CS _____) [x] new title

[] attached amendment(s) and

[x] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

[] letter of intent adopted _____

Committee [] attached or [] adopted fiscal note(s)

[x] new [] updated or [] previous

[x] zero [] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Handwritten signatures of committee members: Paul Stroger, Jim Duncan, Kirk Helgeson, John R. ...

Blank lines for other recommendations.

Chairman signature and recommendation: Rick Halford do pass

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Dept. of Revenue
 Title: Act relating to a one percent BRU: Income and Excise Audit
salmon enhancement tax
 Sponsor: Resources Committee Components: _____
 Requestor: Senate Finance Committee

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: *Rick Halford* Phone: 465-4958
 Division: Senator Rick Halford, Co-chairman Date: May 2, 1988
Senate Finance Committee

Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

5/2/88
Adopted

5-2068X✓
Bannister
4/22/88

Original sponsor: Resources Committee

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 494 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the salmon enhancement tax and to
7 salmon enhancement authorities; and providing for an
8 effective date."

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

10 * Section 1. AS 16.10.555 is amended to read:

11 Sec. 16.10.555. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
12 FORECLOSURE. The Department of Commerce and Economic Development
13 shall dispose of property acquired through default or foreclosure of a
14 loan made under AS 16.10.500 - 16.10.560 [AS 16.10.500 - 16.10.620].
15 Disposal shall be made in a manner that serves the best interests of
16 the state, and may include the amortization of payments over a period
17 of years.

18 * Sec. 2. AS 43.76 is amended by adding a new section to read:

19 Sec. 43.76.035. EXEMPTION. This chapter does not apply to
20 salmon harvested under a special harvest area entry permit issued
21 under AS 16.43.400 to a regional association established under AS 16.-
22 10.380.

23 * Sec. 3. AS 16.10.600, 16.10.610, and 16.10.620 are repealed.

24 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).



SENATOR FRED F. ZHAROFF
ALASKA STATE LEGISLATURE

RECEIVED APR 21 1988

P.O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5253
DURING SESSION:
P.O. BOX V, JUNEAU, ALASKA 99811 • (907) 465-3473 • 465-3474

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIIBILOF ISLANDS • SHUMAGIN ISLANDS

MEMORANDUM

TO: Senator Rick Halford
Co-Chairman
Senate Finance Committee

FROM: Senator Fred F. Zharoff

DATE: April 18, 1988

RE: Senate Bill 494 - "An Act relating to the salmon enhancement tax and to salmon enhancement authorities; and providing for an effective date."

I respectfully request that SB 494 be scheduled for a hearing before the Senate Finance Committee at the committee's earliest convenience. When the bill comes before the committee, I respectfully request the preparation of a committee substitute incorporating the attached amendment. The amendment removes all reference in the bill to a one percent salmon enhancement tax.

Currently, regional aquaculture associations -- under state statutes -- have the option of holding elections to implement two percent and three percent salmon enhancement taxes, which are appropriated by the legislature to fund the associations. There was some interest in Kodiak of also having the option of voting for a one percent tax. The Kodiak Regional Aquaculture Association, however, decided to proceed with an election for a two percent tax. The one percent option is no longer needed. Accordingly, I wish to remove it from the bill.

done
in
Fin
CS

The remaining sections of the bill were proposed by Sen. Lloyd Jones. They repeal the reference in state statutes to regional salmon enhancement authorities, and exempt the regional aquaculture association special harvest areas from the salmon enhancement tax. The regional salmon enhancement authority is a concept currently in state statutes that has never been used. The regional associations support its removal. The attached letter from the Southern Southeast Regional Aquaculture Association provides background information on this issue. The special harvest areas are special areas designated by the Board of Fisheries in which the regional associations harvest the surplus salmon returning to their facilities and use the proceeds to cover operating costs. It seems purposeless for the associations to pay a tax on their salmon harvests when the tax will just be returned to them.

cc: Sen. Lloyd Jones

**SOUTHERN SOUTHEAST REGIONAL
AQUACULTURE ASSOCIATION, INC.**

Nevelle

1621 Tongass Ave., #103

Ketchikan, Alaska 99901

(907) 225-9605

Representative C.E. Swackhammer
Alaska State House of Representatives
P.O. Box 417
Soldotna, AK 99669

December 17, 1987

Dear Representative Swackhammer:

I recently received a copy of the memorandum to you from legislative analyst, Brad Pierce, dated November 2, 1987 regarding the possibility of an enhancement authority as a long-term funding mechanism for Alaska's ocean ranching program. Are you or do you know of anyone who will propose legislation initiating a statewide salmon enhancement authority during the 1988 legislative session? I am writing to express the opposition of the Southern Southeast Regional Aquaculture Association (SSRAA) to any legislation that proposes a statewide salmon enhancement authority.

SSRAA, along with the other major regional aquaculture associations, jointly developed a position statement in 1987 on the possible transfer of state fish hatcheries to regional associations. This is still the position of SSRAA, and SSRAA strongly encourages the state to operate the FRED salmon hatcheries using general funds of the state. If the state salmon hatcheries are providing an economic benefit to the residents of Alaska beyond the cost of operating them, then the state should continue to operate the facilities. If, however, it is the view of the legislature that it is not in the state's best interest to continue the operation of the FRED hatcheries, but if the hatcheries provides a positive economic benefit to commercial fishermen, then the option of having the regional aquaculture associations operate the state hatcheries should be continued.

According to sec. 16.10.600 of the Alaska Statutes and Regulations for private nonprofit salmon hatcheries, a qualified regional aquaculture association is given the authority to form a regional salmon enhancement authority. There is no mention of a statewide enhancement authority and the original legislative

PRIVATE NON PROFIT HATCHERIES

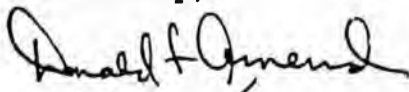
intent did not include state FRED hatcheries. It does not appear appropriate for the FRED Division or legislature to pursue the formation of an enhancement authority to encompass both the PNP programs and the state FRED programs.

It is SSRAA's opinion that a statewide authority would not work and would not be in the best interest of commercial fishermen. The primary objection would be the loss of regional control which is one of the reasons for the success of the regional associations. In addition, it would cost the fishermen more either through increased taxes or fees and they could receive less benefit depending on where the funds were spent. Furthermore, it would create another bureaucracy with all the associated inefficiencies. One of the primary reasons for the success of the regional associations has been the motivation of a private corporation and the effort of fishermen within the region. The more the fishermen are removed from the critical decisions which affect them, and the more the operational staff is restricted from trying innovative techniques, the greater will be the chance of failure, stagnation, and lack of cooperation.

Why put the successful programs of the regional associations at risk? Efforts should be pursued by the legislature to find alternative funding for the FRED facilities without increasing the tax burden on the commercial fishermen. They are already paying their fair share compared to other industries in Alaska through their permit fees, raw fish tax, vessel fuel tax, landing tax, and enhancement tax. If funds are not available from the general fund, if the FRED hatcheries can not be operated cost effectively, and if there is no benefit to the commercial fishermen through the transfer to the regional associations, then the best alternative is to shut them down.

SSRAA is encouraging all of the regional aquaculture associations and commercial fishing organizations to oppose any legislation which would create a statewide salmon enhancement authority.

Sincerely,



Donald F. Amend
General Manager

cc: NSRAA	SE Alaska Seine Boat Owners and Operators
CIAA	Ketchikan Fishermen's Association's
PWSAA	Southeast Fish and Game Advisory Committees
KIAA	Representative John Sund
UFA	Representative Robin Taylor
ATA	Representative Peter Goll
USAG	Senator Lloyd Jones
Brian Allee,	FRED Director

4/5/88 A/B
5 (70.5)
FIR

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SB 494
PUBLISH DATE: _____

FISCAL NOTE

REQUEST: _____

Revision Date: _____
Title: An Act relating to a one percent
salmon enhancement tax ...
Sponsor: Resources Committee
Requestor: Resources and Finance

Agency Affected: Department of Revenue
BRU: Income and Excise Audit
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

SB 494

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

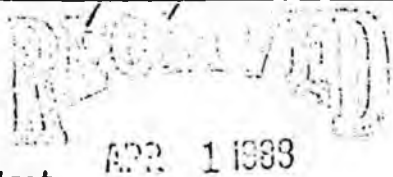
FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Steven E. Kettel *Steven E. Kettel* Phone: (907) 465-2320
Division: Income and Excise Audit Date: March 29, 1988

Approved by Commissioner: Hugh Malone *Hugh Malone* Date: 3/29/88
Agency: Department of Revenue

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)



LEGISLATIVE FINANCE

Prepared by: Steven E. Kettel
Income and Excise Audit Division
Department of Revenue
March 29, 1988

SB 494

Bill Analysis

Current law (AS 43.76) provides that upon approval by a qualified regional aquaculture association, an optional two or three percent tax will be levied on the value of salmon removed from or transferred within the association boundary. There are currently four aquaculture associations that have approved the salmon enhancement tax.

The tax is levied upon the limited entry permit holder, but generally is collected by a fish processor and paid to the Department of Revenue on a monthly basis. These funds are appropriated by the Legislature to the aquaculture associations annually.

SB 494 provides a third optional tax rate - one percent. The Department's fiscal note does not attempt to forecast how many associations will vote to reduce their tax rate. We assume that a new region establishing the salmon enhancement tax may approve the lower rate.

<u>Aquaculture Association</u>	<u>Approved S.E.T. (yes, no)</u>	<u>Rate</u>
Southern Southeast	yes	3%
Northern Southeast	yes	3%
Prince William Sound	yes	2%
Cook Inlet	yes	2%
IMARPIK (Bristol Bay)	no	
Kodiak	no	

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2

SENATE BILL NO. 494

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to a one percent salmon enhancement
7 tax; and providing for an effective date."

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

9 * Section 1. AS 43.76 is amended by adding a new section to read:

10 Sec. 43.76.013. ONE PERCENT SALMON ENHANCEMENT TAX. (a) A
11 person holding a limited entry permit under AS 16.43 shall pay a
12 salmon enhancement tax at the rate of one percent of the value of
13 salmon, as defined in AS 43.75.140, that the person removes from the
14 state or transfers to a buyer in the state. The buyer shall collect
15 the salmon enhancement tax at the time the salmon is acquired by the
16 buyer.

17 (b) A one percent salmon enhancement tax may only be levied or
18 collected under (a) of this section

19 (1) in a region designated by the commissioner of fish and
20 game for the purpose of salmon production under AS 16.10.375;

21 (2) if there exists in the region an association determined
22 by the commissioner of fish and game to be a qualified regional asso-
23 ciation under AS 16.10.380; and

24 (3) if the qualified regional association approves the one
25 percent salmon enhancement tax under AS 43.76.015.

26 * Sec. 2. AS 43.76.015(b) is amended to read:

27 (b) The salmon enhancement tax is levied under AS 43.76.010,
28 [OR] 43.76.011, or 43.76.013 in a region on the effective date stated
29 on the ballot if

1 (1) it is approved by a majority vote of the eligible
2 interim-use permit and entry permit holders voting in an election held
3 under this section in the region; and

4 (2) the election results are certified by the commissioner
5 of commerce and economic development.

6 * Sec. 3. AS 43.76.015(c) is amended to read:

7 (c) In conducting an election under this section, a qualified
8 regional association shall adopt the following procedures:

9 (1) The qualified regional association for the region shall
10 hold at least one public meeting not less than 30 days before the date
11 on which ballots must be postmarked to be counted in the election to
12 explain the reason for the proposed salmon enhancement tax and to
13 explain the registration and voting procedure to be used in the elec-
14 tion. The qualified regional association shall provide notice of the
15 meeting by

16 (A) mailing the notice to each eligible interim-use
17 permit and entry permit holder;

18 (B) posting the notice in at least three public places
19 in the region; and

20 (C) publishing the notice in at least one newspaper of
21 general circulation in the region at least once a week for two
22 consecutive weeks before the meeting.

23 (2) The qualified regional association shall mail two
24 ballots to each eligible interim-use permit and entry permit holder.
25 The first ballot shall be mailed not [NO] more than 45 days before the
26 date ballots must be postmarked to be counted in the election. The
27 second ballot shall be mailed not [NO] less than 15 days before the
28 date ballots must be postmarked to be counted in the election. The
29 qualified regional association shall adopt procedures to insure that

1 only one ballot from each eligible interim-use permit and entry permit
2 holder is counted in the election.

3 (3) The ballot shall

4 (A) indicate whether the election relates to a salmon
5 enhancement tax under AS 43.76.010, [OR] to a salmon enhancement
6 tax under AS 43.76.011, or to a salmon enhancement tax under
7 AS 43.76.013;

8 (B) ask the question whether the salmon enhancement
9 tax shall be levied;

10 (C) indicate the boundaries of the region in which the
11 salmon enhancement tax will be levied;

12 (D) provide an effective date for the levy of the
13 salmon enhancement tax; and

14 (E) indicate the date on which returned ballots must
15 be postmarked in order to be counted.

16 (4) The ballots shall be returned by mail and shall be
17 counted by the commissioner of commerce and economic development or by
18 a person approved by the commissioner of commerce and economic de-
19 velopment.

20 * Sec. 4. AS 43.76.020(a) is amended to read:

21 (a) The salmon enhancement tax levied under AS 43.76.010, [OR]
22 43.76.011, or 43.76.013 may be terminated by the commissioner of
23 revenue upon majority vote at an election held under AS 43.76.015 in
24 the region in which the salmon enhancement tax is levied.

25 * Sec. 5. AS 43.76.025(a) is amended to read:

26 (a) A buyer who acquires fisheries resources that [WHICH] are
27 subject to the salmon enhancement tax imposed by AS 43.76.010, [OR]
28 43.76.011, or 43.76.013 shall collect the salmon enhancement tax at
29 the time of purchase, and shall remit the total salmon enhancement tax

1 collected during each month to the department [DEPARTMENT OF REVENUE]
2 by the last day of the next month.

3 * Sec. 6. AS 43.76.028(a) is amended to read:

4 (a) The owner of salmon removed from the state is liable for
5 payment of the salmon enhancement tax imposed by AS 43.76.010, [OR]
6 43.76.011, or 43.76.013 if, at the time the salmon are removed from
7 the state, the tax payable on the salmon has not been collected by a
8 buyer.

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

Original sponsor: Resources Committee

1 IN THE SENATE BY THE RESOURCES COMMITTEE
2 CS FOR SENATE BILL NO. 494 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - SECOND SESSION
5 A BILL
6 For an Act entitled: "An Act relating to the salmon enhancement tax and to
7 salmon enhancement authorities; and providing for an
8 effective date."
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
10 * Section 1. AS 16.10.555 is amended to read:
11 Sec. 16.10.555. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
12 FORECLOSURE. The Department of Commerce and Economic Development
13 shall dispose of property acquired through default or foreclosure of a
14 loan made under AS 16.10.500 - 16.10.560 [AS 16.10.500 - 16.10.620].
15 Disposal shall be made in a manner that serves the best interests of
16 the state, and may include the amortization of payments over a period
17 of years.
18 * Sec. 2. AS 43.76 is amended by adding a new section to read:
19 Sec. 43.76.013. ONE PERCENT SALMON ENHANCEMENT TAX. (a) A
20 person holding a limited entry permit under AS 16.43 shall pay a
21 salmon enhancement tax at the rate of one percent of the value of
22 salmon, as defined in AS 43.75.140, that the person removes from the
23 state or transfers to a buyer in the state. The buyer shall collect
24 the salmon enhancement tax at the time the salmon is acquired by the
25 buyer.
26 (b) A one percent salmon enhancement tax may only be levied or
27 collected under (a) of this section
28 (1) in a region designated by the commissioner of fish and
29 game for the purpose of salmon production under AS 16.10.375;

1 (2) if there exists in the region an association determined
2 by the commissioner of fish and game to be a qualified regional asso-
3 ciation under AS 16.10.380; and

4 (3) if the qualified regional association approves the one
5 percent salmon enhancement tax under AS 43.76.015.

6 * Sec. 3. AS 43.76.015(b) is amended to read:

7 (b) The salmon enhancement tax is levied under AS 43.76.010,
8 [OR] 43.76.011, or 43.76.013 in a region on the effective date stated
9 on the ballot if

10 (1) it is approved by a majority vote of the eligible
11 interim-use permit and entry permit holders voting in an election held
12 under this section in the region; and

13 (2) the election results are certified by the commissioner
14 of commerce and economic development.

15 * Sec. 4. AS 43.76.015(c) is amended to read:

16 (c) In conducting an election under this section, a qualified
17 regional association shall adopt the following procedures:

18 (1) The qualified regional association for the region shall
19 hold at least one public meeting not less than 30 days before the date
20 on which ballots must be postmarked to be counted in the election to
21 explain the reason for the proposed salmon enhancement tax and to
22 explain the registration and voting procedure to be used in the elec-
23 tion. The qualified regional association shall provide notice of the
24 meeting by

25 (A) mailing the notice to each eligible interim-use
26 permit and entry permit holder;

27 (B) posting the notice in at least three public places
28 in the region; and

29 (C) publishing the notice in at least one newspaper of

1 general circulation in the region at least once a week for two
2 consecutive weeks before the meeting.

3 (2) The qualified regional association shall mail two
4 ballots to each eligible interim-use permit and entry permit holder.
5 The first ballot shall be mailed not [NO] more than 45 days before the
6 date ballots must be postmarked to be counted in the election. The
7 second ballot shall be mailed not [NO] less than 15 days before the
8 date ballots must be postmarked to be counted in the election. The
9 qualified regional association shall adopt procedures to insure that
10 only one ballot from each eligible interim-use permit and entry permit
11 holder is counted in the election.

12 (3) The ballot shall

13 (A) indicate whether the election relates to a salmon
14 enhancement tax under AS 43.76.010, [OR] to a salmon enhancement
15 tax under AS 43.76.011, or to a salmon enhancement tax under
16 AS 43.76.013;

17 (B) ask the question whether the salmon enhancement
18 tax shall be levied;

19 (C) indicate the boundaries of the region in which the
20 salmon enhancement tax will be levied;

21 (D) provide an effective date for the levy of the
22 salmon enhancement tax; and

23 (E) indicate the date on which returned ballots must
24 be postmarked in order to be counted.

25 (4) The ballots shall be returned by mail and shall be
26 counted by the commissioner of commerce and economic development or by
27 a person approved by the commissioner of commerce and economic de-
28 velopment.

29 * Sec. 5. AS 43.76.020(a) is amended to read:

1 (a) The salmon enhancement tax levied under AS 43.76.010, [OR]
2 43.76.011, or 43.76.013 may be terminated by the commissioner of
3 revenue upon majority vote at an election held under AS 43.76.015 in
4 the region in which the salmon enhancement tax is levied.

5 * Sec. 6. AS 43.76.025(a) is amended to read:

6 (a) A buyer who acquires fisheries resources that [WHICH] are
7 subject to the salmon enhancement tax imposed by AS 43.76.010, [OR]
8 43.76.011, or 43.76.013 shall collect the salmon enhancement tax at
9 the time of purchase, and shall remit the total salmon enhancement tax
10 collected during each month to the department [DEPARTMENT OF REVENUE]
11 by the last day of the next month.

12 * Sec. 7. AS 43.76.028(a) is amended to read:

13 (a) The owner of salmon removed from the state is liable for
14 payment of the salmon enhancement tax imposed by AS 43.76.010, [OR]
15 43.76.011, or 43.76.013 if, at the time the salmon are removed from
16 the state, the tax payable on the salmon has not been collected by a
17 buyer.

18 * Sec. 8. AS 43.76 is amended by adding a new section to read:

19 Sec. 43.76.035. EXEMPTION. This chapter does not apply to
20 salmon harvested under a special harvest area entry permit issued
21 under AS 16.43.400 to a regional association established under AS 16.-
22 10.380.

23 * Sec. 9. AS 16.10.600, 16.10.610, and 16.10.620 are repealed.

24 * Sec. 10. This Act takes effect immediately under AS 01.10.070(c).

SB

496

SENATE COMMITTEE REPORT

FURTHER

DATE TURNED INTO OFFICE _____

4/5/88

Mr. President:

Finance Committee considered SB 496

special appropriation to the Department of Education to satisfy a condition of a conditional determination issued by the United States Department of Education regarding the state's compliance with P.L. 81-874 in fiscal year 1987; efd and recommended

[] replace with _____ CS _____) [] same title
[] or adopt _____ CS _____) [] new title

[] attached amendment(s) and

[] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

[] letter of intent adopted _____

Committee [] attached or [] adopted fiscal note(s)

[] new [] updated or [] previous

[] zero [] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Chairman signature and recommendation

[] Committee Backup attached

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of _____ 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: FINANCE

**FISCAL NOTE(S) ATTACHED _____ **
IN ACCORDANCE WITH AS 24.08.035
(see below)

3/18/88
Mr. President:

DATE TURNED INTO OFFICE _____

_____ HESS _____ Committee considered _____ SB 496 _____

special appropriation to the Department of Education to satisfy a condition of a conditional determination issued by the United States Department of Education regarding the state's compliance with P.L. 81-874 in fiscal year 1987; efd and recommended:

- replace with CS _____ same title
- attached amendment(s) and new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____
- letter of intent adopted and attached
- ** Committee attached or adopted fiscal note(s)
- zero fiscal impact

MEMBERS SIGNING DO/PASS

OTHER RECOMMENDATIONS

Committee Backup Attached

Chairman signature and recommendation

Introduced: 3/18/88
Referred: Health, Education and
Social Services and Finance

go00638s

Funding Information

General Fund \$9,583,566
Other Funds -0-
\$9,583,566

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 496

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Education to satisfy a condition of a condi-
8 tional determination issued by the United States
9 Department of Education regarding the state's compli-
10 ance with P.L. 81-874 in fiscal year 1987; and
11 providing for an effective date."

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

13 * Section 1. The sum of \$9,583,566 is appropriated from the general
14 fund to the Department of Education to satisfy a condition set out in a
15 "Conditional Determination," issued by the assistant secretary for elemen-
16 tary and secondary education, United States Department of Education, on
17 March 15, 1983, regarding Alaska's compliance in fiscal year 1987 with sec.
18 5(d), Public Law 81-874, as amended. The money is allocated as follows:

19 SCHOOL DISTRICT	GENERAL FUND
20 Adak	\$ 798,962
21 Alaska Gateway	29,032
22 Aleutian Region	11,246
23 Anchorage	2,101,738
24 Annette Island	298,441
25 Bering Strait	154,627
26 Chatham	190,290
27 Cordova	483,155
28 Delta/Greely	277,889
29 Hoonah	30,358

1	Hydaburg	40,311
2	Juneau	46,199
3	Kenai	492,856
4	Ketchikan	434,060
5	Klawock	53,999
6	Lower Yukon	1,454,461
7	Mat-Su	485,911
8	Nenana	17,949
9	Pelican	21,304
10	Petersburg	449,622
11	Pribilof	261,843
12	Sand Point	144,265
13	Sitka	97,807
14	Southeast Island	71,987
15	Southwest Region	439,711
16	Unalaska	134,023
17	Valdez	68,410
18	Wrangell	371,790
19	Correspondence Study - State	121,320

20 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

21
22
23
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29

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 18, 1988

The Honorable Jan Faiks
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Faiks:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill for a special appropriation to the Alaska Department of Education, to be allocated to certain school districts. The bill will satisfy a condition of a conditional determination, issued by the United States Department of Education, that Alaska's program of state aid to local school districts for fiscal year 1987 complies with federal laws and regulations governing federal impact aid to school districts.

Federal provisions permit a state to consider federal impact aid payments from the federal government to a school district when determining local need and local resources available to a district, and thus the amount of state aid to which the district is entitled, only if the state's program meets certain federal equalization criteria. Section 5(d), P.L. 81-874 (20 U.S.C. 240(d)), as amended, and regulations adopted under it. The state's fiscal year 1987 program, enacted by ch. 75, SLA 1986, arguably considered federal impact aid in determining the area differential adjustment (AS 14.17.051) to which each district was entitled.

Federal officials held a hearing in Juneau in early February 1988, at which the state attempted to show that either federal money was not considered, or that it was properly considered because Alaska's program met federal equalization criteria. Although no formal decision has been rendered, federal officials have indicated informally that they were not persuaded by the state's arguments.

Alaska has the option of waiting for a formal determination, and then taking an appeal, first to an Administrative Law Judge who advises the United States Secretary of Education,

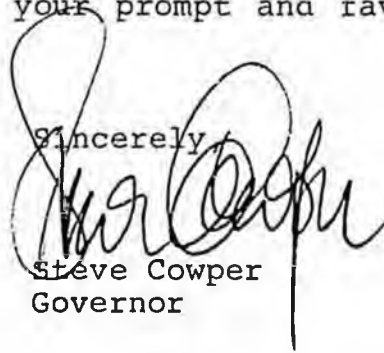
and then, if the secretary's decision is adverse to state, to the federal courts. If we take such an appeal the stakes are high. If we lose, the federal government could attempt to recover all federal impact aid paid to the state local districts in fiscal year 1987 (about \$65,000,000); could perhaps do so for a similar amount for fiscal year 1988; and could withhold future impact aid until that amount was repaid, and perhaps for as long as two years afterwards. The Department of Law advises me that, based on the information it has received from the Alaska Department of Education, it cannot confidently predict that we will prevail on appeal.

The Alaska Department of Education, working with the Department of Law, has therefore negotiated a settlement (a "conditional determination") with the federal government which would eliminate the risk of more severe actions by the federal government. The assistant secretary for elementary and secondary education, United States Department of Education, has issued a "Conditional Determination" under which the Alaska Department of Education is to seek an appropriation to pay to local school districts any additional amounts they would have received in fiscal year 1987 if the area cost differentials that were later adopted, in ch. 91, SLA 1987, for fiscal years beginning with fiscal year 1988, had been in effect in fiscal year 1987. (Both state and federal officials agree that those area cost differentials were derived without considering federal impact aid payments.) In this appropriation, the amount of "unique and emergency circumstances" money a district received under former AS 14.17.023(b) for fiscal year 1987 has been deducted from the additional amount it would otherwise have received. Federal officials agreed to this deduction because the district would not have needed the unique and emergency money had it gotten the additional amount in fiscal year 1987. A district's added entitlement, before deducting the amount received under former AS 14.17.023(b), will be included in the district's state aid for fiscal year 1987 for the purpose of determining the district's eligibility for "hold harmless" funding under sec. 24(b), ch. 91, SLA 1987.

I am attaching a copy of the conditional determination of the federal government. If the legislature fails to pass this bill, the parties are free to resume an administrative and, ultimately, judicial determination of the issues.

I believe the settlement is reasonable, not only because a very large and uncertain liability is exchanged for a smaller, definite one, but also because the settlement money would be paid to Alaska school districts rather than to the federal government. I urge your prompt and favorable consideration of this measure.

Sincerely

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the typed name below.

Steve Cowper
Governor

ALASKA STATE LEGISLATURE

J. 5th Legislature .. 2nd Session

SENATE... BILL..... NO. 496.

By THE HOUSE COMMITTEE BY...
REQUEST OF THE GOVERNOR

"An Act making a special appropriation to the Department of Education to satisfy a condition of a conditional determination issued by the United States Department of Education regarding the state's compliance with P.L. 81-874 in fiscal year 1987; and providing for an effective date."

Introduced in the Senate 3/15....., 19 83...

HISTORY IN THE SENATE

19 88
3 18 Read first time and referred to Committee on

HESS, FINANCE

Reported back with recommendation that

4 5 HESS WAIVED TO FIN

Read second time and

Read third time and

PASSED Effective Date
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Reconsideration
Reconsideration not taken up

PASSED Effective Date
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Reported correctly engrossed
Signed by President
Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19 Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASSED Effective Date
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Reconsideration
Reconsideration not taken up

PASSED Effective Date
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Reported correctly engrossed
Signed by Speaker
Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19 Received from House

To enrolling

Reported correctly enrolled

Sent to Governor

..... by Governor

Chapter No.

Filed with Lt. Governor

SB

498

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSSB 498 (Fin) title am
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Labor
Title: "An Act relating to certain
plumbing installations and repairs;" BRU: Labor Standards & Safety
Sponsor: Senate Labor & Commerce Components: Mechanical Inspection
Requestor: House Labor & Commerce

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Tom Stuart, Director Phone: 264-2452
Division: Labor Standards & Safety Date: 4/29/88

Approved by Commissioner: Jim Sampson 4/29/88
Agency: Department of Labor

Distribution (by preparer) :
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

RECEIVED
MAY 2 1988

LEGISLATIVE FINANCE page 1 of 1

*Received
and forwarded
after bill
R/O.*

5/3/88
H(LSC)

4/30/88
H (LWC)
7

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSSB 498 (FIN) (Title AM)
PUBLISH DATE: 4/28/88

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to certain plumbing installations and repairs
Sponsor: Senate Labor & Commerce
Requestor: House Labor & Commerce

Agency Affected: DEC
BRU: Environmental Quality
Components: Water Quality Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS: None

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Amy Kyle *akyle* Phone: 465-2600
Division: Commissioner's Office Date: 4/28/88

Approved by Commissioner: Dennis D. Kelso
Agency: Commissioner

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

RECEIVED

APR 29 1988

LEGISLATIVE FINANCE

STATE OF ALASKA

DEPT. OF ENVIRONMENTAL CONSERVATION

STEVE COWPER, GOVERNOR

POSITION PAPER
CSSB 498 (Fin) (TITLE AM)

Title

An act relating to certain plumbing installations and repairs; and providing for an effective date.

Effect of the Bill

The bill would amend Department of Labor statutes to ban the use of lead solders and fluxes in installation of new water systems and repair of existing water systems.

Department position

The Department supports the bill. The bill would implement a key provision of the federal Safe Drinking Water Act Amendments, passed in 1986.

Use of lead solder in drinking water systems is a leading cause of elevated lead levels in drinking water.

Lead has extremely adverse effects on persons exposed to it. These effects range from acute swelling of the brain and seizures at high blood levels to symptoms such as fatigue, loss of appetite, or abdominal pain at low levels. Lead is known to damage the digestive system, reproductive system, gastrointestinal system, and kidneys. It also interferes with the blood-forming process and exposure has been related to increased miscarriages. Lead accumulates in the human body and has no beneficial uses in the body. Young children and fetuses are at highest risk because they absorb a higher percentage of the lead to which they are exposed than adults do.

Individuals who are exposed to lead in water have been shown to have increases in blood lead levels. Lead solder in plumbing has been identified as the most significant source of lead in drinking water. Lead in raw water is rare.

In Alaska, high lead levels have been found in drinking water systems in St. Michaels, Gambell, Shishmaref, Point Hope, Point

Lay, Barrow, Nuiqsut, Atquasak, Wainwright, Fairbanks, Birch Creek and Mekoryuk due to corrosive water in contact with lead solder. The problem could be expected in most water systems using surface water and in some systems using ground water. No comprehensive testing for lead in distribution systems has been done. The North Slope Borough has imposed a ban on the use of lead solders and fluxes.

The federal Safe Drinking Water Act was amended in June, 1986 to include a new section 1417 titled "Prohibition on Use of Lead Pipes, Solder, and Flux." This section bans the use of solder and flux containing greater than 0.2% lead and pipes and pipe fittings containing more than 8.0% lead. The Act requires that states with primacy in the drinking water program implement this requirement. In Alaska, the Department of Environmental Conservation has primacy for the drinking water program.

The most effective way to ban use of lead fluxes and solders is to do so in conjunction with laws and regulations that govern plumbing. Under Alaska law, this requires an amendment to Title 18, the statute pertaining to the Department of Labor. Both the Department of Environmental Conservation and the Department of Labor support this change.

Alternative tin solders are available and are preferable to lead solders in terms of strength. Material unit cost is slightly higher, but less solder is used so that overall cost is equivalent. Initial education will be needed to help industry address the change of requirements.



Dennis D. Kelso, Commissioner
Department of Environmental Conservation

SENATE COMMITTEE REPORT

FURTHER

DATE TURNED INTO OFFICE 4/25/88

4/12/88
Mr. President:

FINANCE Committee considered SB 498

lead in public water systems and in certain plumbing installations and repairs; efd

and recommended

[] replace with CS SB 498(FIX)) [] same title
[] or adopt _____) [] new title

[] attached amendment(s) and

[] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

[] letter of intent adopted _____

Committee [] attached or [] adopted fiscal note(s)
[] new [] updated or [] previous
[] zero [] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature] do pass
Chairman signature and recommendation

[] Committee Backup attached

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSSB-498 (Fin)

PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Labor
 Title: "An Act relating to lead in public water systems..." BRU: Labor Standards & Safety
 Sponsor: Senate Labor & Commerce Components: Mechanical Inspection
 Requestor: Senate Labor & Commerce

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Tom Stuart, Director Phone: 264-2452
 Division: Labor Standards & Safety Date: 4/11/88

Approved by Commissioner: Jim Sampson Date: 4/11/88
 Agency: Department of Labor

Distribution (by preparer) :
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

RECEIVED
 APR 12 1988

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: DEC
 Title: An act relating to lead in public water systems and certain installations BRU: Environmental Quality
 Sponsor: Sen. Labor & Commerce Components: Water Quality Management
 Requestor: Sen. Labor & Commerce

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS: None

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Funding for the lead notice provisions of this bill (Section 3) has been included in the proposed budget for DEC.

Prepared by: Amy D. Kyle Phone: 465-2600
 Division: Commissioner's Office Date: 4/8/88

Approved by Commissioner: [Signature] Date: 4/11/88
 Agency: DEC

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

RECEIVED

APR 12 1988

LEGISLATIVE FINANCE



From The
**SENATE
FINANCE COMMITTEE**

April 25, 1988

Legal Services -

Please prepare a Senate Finance Committee Substitute for SB 498 based on the attached draft and return the final to Vicki or Kathy Room 413, Capitol Building. The bill was reported out of committee this morning and will be read across at the 11:00 a.m. floor session.

Thank you,

kathy
4935

Finance
BY THE ~~LABOR AND~~
~~COMMERCE COMMITTEE~~

1 IN THE SENATE

2

CS SENATE BILL NO. 498 *(Fin)*

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to lead in public water systems and
7 in certain plumbing installations and repairs; and
8 providing for an effective date."

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

10 * Section 1. AS 18.60.705 is amended by adding a new subsection to
11 read:

12 (b) Notwithstanding (a) of this section, the use of a pipe or
13 pipe fitting containing more than 8.0 percent lead, or of solder or
14 flux containing more than 0.2 percent lead in the installation or
15 repair of a public water system or in the installation or repair of
16 plumbing of a residential or nonresidential facility that provides
17 water for human consumption is prohibited. This subsection does not
18 apply to the use of leaded joints necessary to repair cast iron pipe.

19 * Sec. 2. AS 18.60.740(1) is repealed and reenacted to read:

20 (1) "code" means the code adopted under AS 18.60.705(a) as
21 amended by AS 18.60.705(b).

22 ~~* Sec. 3. AS 46.03 is amended by adding a new section to read:~~

23 ~~ARTICLE 6A. LEAD IN PUBLIC WATER SYSTEMS.~~

24 ~~Sec. 46.03.350. LEAD IN PUBLIC WATER SYSTEMS. A public water~~
25 ~~system shall notify persons who may be affected by lead contamination~~
26 ~~of their drinking water if the contamination results from the lead~~
27 ~~content in the construction materials of the public water distribution~~
28 ~~system or the corrosivity of the water supply sufficient to cause~~
29 ~~leaching of lead. Notice shall be given whether or not the lead~~

1 ~~contamination violates AS 18.60.705(b). The department shall adopt~~
2 ~~regulations to govern the manner and form of the notice. The notice~~
3 ~~must explain~~
4 ~~(1) the potential sources of lead in the drinking water;~~
5 ~~(2) potential adverse health effects;~~
6 ~~(3) reasonably available methods of mitigating known or~~
7 ~~potential lead content in drinking water;~~
8 ~~(4) steps the system is taking to mitigate lead content in~~
9 ~~drinking water; and~~
10 ~~(5) the necessity for seeking alternative water supplies,~~
11 ~~if any.~~

12 * Sec. 4³ APPLICABILITY. Section 1 of this Act applies to the instal-
13 lation or repair of a water system or plumbing begun on or after the effec-
14 tive date of this Act.

15 * Sec. 5⁴ This Act takes effect immediately under AS 01.10.070(c).

Original sponsor: Labor and Commerce Committee

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 498 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to lead in public water systems and
7 in certain plumbing installations and repairs; and
8 providing for an effective date."

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

10 * Section 1. AS 18.60.705 is amended by adding a new subsection to
11 read:

12 (b) Notwithstanding (a) of this section, the use of a pipe or
13 pipe fitting containing more than 8.0 percent lead, or of solder or
14 flux containing more than 0.2 percent lead in the installation or
15 repair of a public water system or in the installation or repair of
16 plumbing of a residential or nonresidential facility that provides
17 water for human consumption is prohibited. This subsection does not
18 apply to the use of leaded joints necessary to repair cast iron pipe.

19 * Sec. 2. AS 18.60.740(1) is repealed and reenacted to read:

20 (1) "code" means the code adopted under AS 18.60.705(a) as
21 amended by AS 18.60.705(b).

22 * Sec. 3. APPLICABILITY. Section 1 of this Act applies to the instal-
23 lation or repair of a water system or plumbing begun on or after the effec-
24 tive date of this Act.

25 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).
26
27
28
29

POSITION PAPER
SB 498

Title

An act relating to lead in public water systems and in certain plumbing installations and repairs; and providing for an effective date

Effect of the Bill

The bill would amend Department of Labor statutes to ban the use of lead solders and fluxes in installation of new water systems and repair of existing water systems. The bill would also require public water systems to notify their customers of whether their water system is susceptible to leaching of lead from solders and fluxes and the potential health impacts from consumption of lead.

Department position

The Department supports the bill. The bill would implement key provisions of the federal Safe Drinking Water Act Amendments, passed in 1986.

Use of lead solder in drinking water systems is a leading cause of elevated lead levels in drinking water.

Lead has extremely adverse effects on persons exposed to it. These effects range from acute swelling of the brain and seizures at high blood levels to symptoms such as fatigue, loss of appetite, or abdominal pain at low levels. Lead is known to damage the digestive system, reproductive system, gastrointestinal system, and kidneys. It also interferes with the blood-forming process and exposure has been related to increased miscarriages. Lead accumulates in the human body and has no beneficial uses in the body. Young children and fetuses are at highest risk because they absorb a higher percentage of the lead to which they are exposed than adults do.

Individuals who are exposed to lead in water have been shown to have increases in blood lead levels. Lead solder in plumbing has been identified as the most significant source of lead in drinking water. Lead in raw water is rare.


In Alaska, high lead levels have been found in drinking water systems in St. Michaels, Gambell, Shishmaref, Point Hope, Point Lay, Barrow, Nuiqsut, Atkasak, Wainwright, Fairbanks, Birch Creek and Mekoryuk due to corrosive water in contact with lead

solder. The problem could be expected in most water systems using surface water and in some systems using ground water. No comprehensive testing for lead in distribution systems has been done. The North Slope Borough has imposed a ban on the use of lead solders and fluxes.

The federal Safe Drinking Water Act was amended in June, 1986 to include a new section 1417 titled "Prohibition on Use of Lead Pipes, Solder, and Flux." This section bans the use of solder and flux containing greater than 0.2% lead and pipes and pipe fittings containing more than 8.0% lead. The act requires that states with primacy in the drinking water program implement this requirement. In Alaska, the Department of Environmental Conservation has primacy for the drinking water program.

The most effective way to ban use of lead fluxes and solders is to do so in conjunction with laws and regulations that govern plumbing. Under Alaska law, this requires an amendment to Title 18, the statute pertaining to the Department of Labor. Both the Department of Environmental Conservation and the Department of Labor support this change.

Alternative tin solders are available and are preferable to lead solders in terms of strength. Material unit cost is slightly higher, but less solder is used so that overall cost is equivalent. Initial education will be needed to help industry address the change of requirements.



Dennis D. Kelso, Commissioner
Department of Environmental Conservation

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SB 498
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Labor
Title: "An Act relating to lead in
public water systems..." BRU: Labor Standards & Safety
Sponsor: Senate Labor & Commerce Components: Mechanical Inspection
Requestor: Senate Labor & Commerce

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Tom Stuart, Director Phone: 264-2452
Division: Labor Standards & Safety Date: 4/11/88

Approved by Commissioner: Jim Sampson Date: 4/11/88
Agency: Department of Labor

Distribution (by preparer) :
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

REGISTERED
APR 12 1988

SB

500

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An Act exempting low-income housing from municipal taxation."
Sponsor: Senate C&RA Committee
Requestor: Senate C&RA Committee

Agency Affected: Department of Education
BRU: K-12 Support

Components: Foundation Program

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	-0-	-0-	-0-	355.4	373.2	391.9
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	355.4	373.2	391.9

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	355.4	373.2	391.9
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	355.4	373.2	391.9

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

It is estimated the property tax exemptions required under SB 500 would reduce the Full Value Determination statewide by \$88,841,750. At the four mill requirement for education funding under AS 14.17.025, local effort would subsequently be reduced by \$355,400.

Prepared by: Mark Rutledge for DuPlas Phone: 465-4750
Division: Municipal & Regional Assistance Date: _____

Approved by Commissioner: Mark Rutledge Date: 4/11/88
Agency: Community & Regional Affairs

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

NOME	3,876	Apply average per capita difference	\$34,725
PELICAN	273	Apply average per capita difference	\$2,446
ST. MARY'S	458	Apply average per capita difference	\$4,103
SAND POINT	890	Apply average per capita difference	\$7,974
SKAGWAY	712	Apply average per capita difference	\$6,379
TANANA	418	Apply average per capita difference	\$3,745
UNALASKA	1,331	Apply average per capita difference	\$11,924
YAKUTAT	456	Apply average per capita difference	\$4,085
			<hr/>
			\$355,367

MUNICIPALITY	POPULATION	REAL PROPERTY ONLY FULL VALUE DETERMINATION INCLUDING	OBLIGATION FOR	REAL PROPERTY ONLY FULL VALUE DETERMINATION EXCLUDING	OBLIGATION FOR	DIFFERENCE
		ASBA OR NRHA	EDUCATION	ASBA OR NRHA	EDUCATION	
ANCHORAGE	248,263	\$11,768,570,800	\$47,074,283	\$11,761,689,000	\$47,046,756	\$27,527
BRISTOL BAY BOROUGH	1,326	\$63,258,700	\$253,035	\$62,558,860	\$250,235	\$2,799
FAIRBANKS NORTH STAR BORO	75,079	Apply average per capita difference				\$10,167
HAINES BOROUGH	1,991	\$79,043,000	\$316,172	\$77,954,360	\$311,817	\$4,355
C&B OF JUNEAU	29,370	Apply average per capita difference				\$3,977
KENAI PENINSULA BOROUGH	43,612	\$3,012,330,700	\$12,049,323	\$3,011,145,500	\$12,044,582	\$4,741
KETCHIKAN GATEWAY BOROUGH	12,982	\$663,563,300	\$2,654,253	\$662,330,300	\$2,649,321	\$4,932
KODIAK ISLAND BOROUGH	14,127	\$398,049,400	\$1,592,198	\$394,589,032	\$1,578,356	\$13,841
MATANUSKA-SUSITNA BOROUGH	44,280	Apply average per capita difference				\$5,997
NORTH SLOPE BOROUGH	8,308	\$187,163,100	\$748,652	\$157,163,100	\$628,652	\$120,000
NORTHWEST ARCTIC BOROUGH	6,696	\$163,045,800	\$652,183	\$160,017,470	\$640,070	\$89,500
C&B OF SITKA	8,160	Apply average per capita difference				\$1,105
DILLINGHAM	2,153	\$79,064,200	\$316,257	\$77,120,200	\$308,481	\$7,776
GALENA	998	Apply average per capita difference				\$8,941
HOONAH	906	\$14,472,000	\$57,888	\$11,672,640	\$46,691	\$11,197
HYDABURG	475	\$6,854,600	\$27,418	\$5,493,800	\$21,975	\$5,443
KING COVE	713	Apply average per capita difference				\$6,388
KLAWOCK	760	\$8,199,200	\$32,797	\$5,749,760	\$22,999	\$9,798

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An act..exemptions..low-income housing from municipal taxation.."
Sponsor: C&RA Committee
Requestor: _____

Agency Affected: Community & Regional Affairs
BRU: _____

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Jim Plasman, Deputy Director
Division: Municipal & Regional Assistance

Phone: 465-4750
Date: 4/19/88

Approved by Commissioner: [Signature]
Agency: Community & Regional Affairs

Date: 4/19/88

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: ...exempting certain interests
from municipal taxation.
Sponsor: Community & Regional Affairs
Requestor: Senate Finance

Agency Affected: Education
BRU: K-12 Support
Components: Foundation Program

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		Ø	Ø	Ø	Ø	Ø
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		Ø	Ø	Ø	Ø	Ø
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Steve Hole Phone: 465-2800
Division: Commissioner's Office Date: 4-28-88
Approved by Commissioner: William G. Demmert Date: 4-28-88
Agency: Department of Education

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Alaska State Legislature

ARLISS STURGULEWSKI, Chairman
TIM KELLY, Vice Chairman
RICK HALFORD
MIKE SZYMANSKI
FRED ZHAROFF



P O BOX V
JUNEAU, ALASKA 99811
(907) 465-4989

Senate Community and Regional Affairs Committee

April 11, 1988

TO: Senator Halford
Co-Chair, Finance Committee

FROM: Senator Sturgulewski ^{AS}
Chair, Community and Regional Affairs Committee

RE: SB 500 - "An Act exempting certain interests in low
income housing from municipal taxation, Efd."

SB 500 is in the Senate Finance committee. I would appreciate it if you could schedule it for a hearing as soon as possible. I have tried to explain the need for the bill in the remainder of this memo and I have attached backup material for your information.

Both the Alaska State Building Authority and Native Regional Housing Authorities receive federal funds for the provision of low-income housing. Both of these programs transfer ownership to the residents if they live in the house for a designated number of years (usually 25), pay a monthly sum determined by their income, and abide by the other terms of the program.

While living in such housing, residents gradually acquire a possessory interest in the unit. Federal law states that if this possessory interest is taxed by the municipality the federal funds will be withdrawn. Municipalities have traditionally signed agreements with Regional Housing Authorities exempting these interests from taxation.

A draft AG's opinion has been prepared which says that without a specific statutory exemption, municipalities must tax this interest. The proposed CS, which is attached, provides an optional tax exemption for such possessory interests. This bill will allow the continuation of federal funding for low-income housing in Alaskan municipalities.

The Departments of Community and Regional Affairs and Education will deliver zero fiscal notes to your committee based on the proposed Finance CS. Thank you for your assistance.

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

- P.O. BOX B
JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4700
- 949 E. 38TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

April 15, 1988

POSITION PAPER

RE: CSSB 500: "An Act allowing exemptions for certain interests in low-income housing from municipal taxation; and providing for an effective date."

SPONSOR: Community & Regional Affairs Committee

Program Effects of Bill

The bill would allow the exemption of the privately held property interests in Alaska State Building Authority (ASBA) and Regional Native Housing Authority (RNHA) from municipal property taxes.

The committee substitute (CS) for SB 500 resolves the concern with the original bill regarding fiscal impact to the State. By making the exemption optional rather than mandatory, the Full Value Determinations for affected municipalities will not be altered. As a result, the CS has eliminated any obligation of the Department of Education to provide additional education foundation funding to make up for decreased local contributions.

Departmental Position

Support passage.

Comments

In a draft legal opinion dated January 21, 1988, the Department of Law took the position that the privately held interests in RNHA property are currently taxable by municipalities under Alaska law. Although municipalities do not levy against those property interests at this time, it is certain they will begin doing so under that draft opinion. In the event CSSB 500 does not become law, and municipalities do begin to levy property taxes against those interests, the draft opinion stated further that the possibility exists that, under federal law, HUD would be required to withdraw funding for the RNHA projects.

CSSB. 500
April 15, 1988
Page Two

The department does not believe a tax should be levied against the low income occupants of RNHA or ASBA housing. Coupled with that belief, we are very concerned about the possibility that Alaska could lose federal funding for RHNA projects across the State. The CS for this bill would resolve those problems if it became law. The department is in full support of its passage.


Marty Rutherford
Acting Deputy Commissioner

**Municipality
of
Anchorage**



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(907) 264-4311

Joe Evans
1127 West 7th Avenue, Anchorage, Alaska 99501 (Work)
4741 Southpark Bluff Drive, Anchorage, Alaska 99516 (Home)
Work (907) 263-7251; Home (907) 345-3688

April 18, 1988

Dear Assembly Members:

Re: SENATE BILL 500. "AN ACT EXEMPTING CERTAIN INTERESTS IN
LOW-INCOME HOUSING FROM MUNICIPAL TAXATION."

On Tuesday, April 19, 1988, I intend to introduce a resolution for Assembly action supporting passage of Senate Bill 500. I would request your support of this resolution.

A copy of Senate Bill 500 is attached. In addition, I have attached a copy of a statement prepared in support of Senate Bill 500 and a copy of the testimony of Joseph G. Wilson, who testified on behalf of the Association of Alaska Housing Authorities. These materials explain the reason for Senate Bill 500. I believe they also provide justification for the resolution that I will introduce.

If you have any questions about my proposed resolution, please talk to me at your soonest possible convenience. I would hope that we could have unanimous support of this resolution. Thank you.

Sincerely,

MUNICIPAL ASSEMBLY,
Seat 6-J

Joe Evans

a\all.ltr/pj

cc: Senator Arliss Sturgulewski]
Senator Tim Kelly]
Senator Rick Halford]w/cc of proposed Resolution
Senator Fred F. Zharoff]
Senator Mike Syzmanski]

Submitted by: Joe Evans
Prepared by: Joe Evans
For Reading: April 19, 1988

Anchorage, Alaska
AR No. 88-_____

A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY SUPPORTING
SENATE BILL NO. 500 EXEMPTING CERTAIN INTERESTS IN
LOW-INCOME HOUSING FROM MUNICIPAL TAXATION

WHEREAS, Senate Bill No. 500 was introduced on April 7, 1988 by the Senate Community and Regional Affairs Committee;

WHEREAS, this Bill provides for the exemption of certain interests in low-income housing from municipal taxation;

WHEREAS, the past practice of the Department of Community and Regional Affairs has to date not ordered municipalities to levy taxes upon Regional Native Housing Authorities due in part to a 1985 Attorney General's opinion concluding that such taxation would be contrary to the intent of the RNHA enacting statute;

WHEREAS, the Department of Community and Regional Affairs has recently sought a second opinion on the taxation of occupant's interests and that opinion states that an occupant's interest is taxable and municipalities have no authority to exempt such interests in the RNHA property;

WHEREAS, the Department of Community and Regional Affairs will now require municipalities to assess taxes against participants in the low-income ownership opportunity programs;

WHEREAS, the results of such a requirement would be disastrous, because it would impose an unexpected tax burden upon project residents and would cause the bankruptcy of every RNHA

currently administering this projects;

WHEREAS, the United States Department of Housing and Urban Development will immediately withdraw its funds from any project that is taxed, because federal law mandates that HUD cannot fund any project unless that project is exempt from "all real or personal property taxes";

NOW, THEREFORE BE IT RESOLVED:

Section 1. The Anchorage Municipal Assembly strongly supports the passage of Senate Bill 500 as presently drafted.

Section 2. The Anchorage Municipal Assembly would request an effective date on this legislation of January 1, 1989.

PASSED AND APPROVED by the Anchorage Assembly this ____ day of _____, 1988.

Chairman

ATTEST:

Municipal Clerk

a\bill500.res/pj



April 12, 1988

The Honorable Arliss Sturgulewski
Alaska State Senate
P.O. Box V
Juneau, Alaska 99811

Re: Outstanding Debt Financed by HUD
in Homeownership Programs (SB500)

Dear Senator Sturgulewski:

The Alaska State Building Authority has participated in the development and construction of several homeownership programs in rural Alaska. There remains considerable outstanding debt concerning two of these programs, Bethel and Nome. The debt is paid through annual contributions under contractual arrangement with the U.S. Department of Housing and Urban Development.

The remaining amount expected to be paid with federal funding for the Nome program is \$2,041,986. The remaining amount expected to be paid with federal funding at the current level for the Bethel program is \$5,642,661.

We have been informed by the U.S. Department of Housing and Urban Development that, if the property is not exempt from local taxation of possessory interests, HUD will be precluded from making the annual contributions necessary to retire these debts of the Authority. We, therefore, urge passage of SB500.

Sincerely,

ALASKA STATE BUILDING AUTHORITY

Barbara Morse-Quinn
Executive Director

BMQ/laj

STATEMENT RE SB 500

My name is Joseph G. Wilson, and I am testifying today on behalf of the Association of Alaska Housing Authorities. That Association represents 14 regional Native housing authorities which together own and operate approximately 4,700 low income housing units throughout the State of Alaska. I wanted, at the outset, to thank both houses for holding a hearing on SB 500 so promptly. This action shows that your committees recognize the gravity of the situation that has developed over the past few weeks, and is very encouraging.

The purpose of SB 500 is to avert a crisis in low income housing in Alaska that has been caused by the apparent change in the Attorney General's position on whether municipalities are required to tax individual interests in low income housing projects. The purpose of this bill is to preserve the status quo by continuing the existing exemption for those interests. Without the bill,

the U.S. Department of Housing and Urban Development will not make any additional funds available for low income housing projects in the state, and will cease funding of existing projects.

All of the Association's low income housing projects are funded by HUD. Congress has required, as a condition of HUD funding of the construction or operation of these projects, that the project be exempt from municipal real and personal taxation. As a further condition of that funding, housing authorities are required to execute a so-called Cooperation Agreement with the city involved, in which the city agrees, and I quote, that it "will not levy or impose any real or personal property taxes or special assessment upon such project or upon the authority with respect thereto."

Until now, these requirements have not presented a problem. Unquestionably, housing authorities themselves are exempt from municipal property taxation. And, up until now, the interest of individual occupants of these homes has also been exempt. This is because, in 1985, Assistant Attorney General John Rubini concluded that individual interests were

exempt from taxation. Rubini said that because the whole purpose of the legislature's creation of regional housing authorities was to receive HUD financing, that it wouldn't make any sense to interpret those statutes in a way that would prevent those authorities from receiving federal grants.

As a result, until now, no municipality has ever levied a tax on whatever property interests individual residents might have in a low income housing project. That doesn't mean that municipalities aren't receiving direct revenues from these projects. Under federal law, municipalities receive payment in lieu of taxes equal to 10% of the total monthly payments that the housing authority receives for each low income project.

Now, however, the attorney general has issued a draft opinion saying that individual interests are taxable. HUD has made it clear to us that if this reversal becomes the law, and municipalities are forced to begin taxing individual interests, that low income housing funding in the state will cease. That means not only will there be no

funds for any new low income housing; it also means that no funds will be available to maintain existing units.

By "individual interests," I mean that, under federal law, people who reside in low income units have a portion of their monthly payment set aside in what is essentially a savings account. Eventually, that savings account may be used to purchase the home from the authority, and over time that account may grow to several thousand dollars. It is this savings account which the attorney general now says must be taxed. Of course, everyone recognizes that if the savings account were ever withdrawn, or if the home were ever purchased, that it would be fully taxable. What is at issue here is whether a tax should now be levied on that savings account while it remains in the custody and control of the housing authority.

The fiscal effect on the State of Alaska from this legislation is zero. In fact, the fiscal effect on the municipalities is zero, since no city currently taxes these individual interests. The economic and social consequences of not enacting this legislation, however, are severe. A number of regional housing authorities in the state are

considering new low income projects this year. My own housing authority has a proposal to convert 25 foreclosed, urban area homes into HUD financed low income units. This proposal will not only provide critically needed low income housing in a time of economic distress; it will also take about 25 housing units out of a glutted housing market. Unfortunately, the tendency of the attorney general's opinion has clouded the future of this project, as I am sure it has other projects in the state.

Let me say, in closing, that we are sorry to have to come to you so late in the session; however, this development is a very recent one, and we should be thankful, at least, that it arose while the legislature was still here to deal with it. We appreciate the speed with which you have taken on this issue, and hope this legislation can be enacted as soon as possible.

LAW OFFICES

BIRCH, HORTON, BITTNER, PESTINGER AND ANDERSON

A PROFESSIONAL CORPORATION

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April 11, 1988

Statement in Support of Senate Bill 500
"An Act exempting certain interests in
low-income housing from municipal taxation;
and providing for an effective date."

This proposed amendment to AS 29.45.030(a), governing municipal tax exemptions, states that interests in federally funded low-income housing projects are exempt from general taxation, so long as the projects are owned or managed by Regional Native Housing Authorities.

The need for the legislation arises as follows. In 1971, the legislature authorized the formation of 15 Regional Native Housing Authorities (RNHA's) to build, administer, and own public housing. Unquestionably, RNHA property is exempted from municipal taxation by statute.¹ However, the question of taxation has arisen in connection with certain home-ownership incentive programs designed and funded by the Department of Housing and Urban Development (HUD) and administered by RNHAs. This amendment is designed to prevent the occupants of such low-income ownership opportunity projects from being taxed prior to the time that they receive actual conveyance of the homes.

Under these programs, an occupant of a "Mutual Help" or "Turnkey III" RNHA project executes a lease agreement with a purchase option. Over a period of years, if the occupant complies with the agreement, making monthly income-based payments and maintaining the home, the cost of exercising the purchase option steadily decreases. Generally, the projects are designed to enable eligible participants to purchase the homes no later than 25 years from construction or acquisition of the project. Until the occupant successfully exercises the purchase option, the RNHA retains legal title to or legal control of the home. These homeownership opportunity programs are limited to low-

¹ AS 18.55.996(b), AS 18.55.250.

income participants, pursuant to HUD regulations and RNHA guidelines.

Although they are exempt from municipal taxation, RNHA's pay property tax equivalents, which, in accordance with federal law, are calculated at 10 per cent of the monthly payments made by project residents.²

Apparently, for several years the Department of Community and Regional Affairs has taken the position that while the RNHA --the legal owner of these homes -- is exempt from taxation, the low-income occupants may nevertheless be taxed by virtue of their possessory interest. Up til now, the Department has not ordered municipalities to levy taxes upon RNHA project occupants, due in part to a 1985 Attorney General's opinion concluding that taxation would be contrary to the intent of the RNHA enacting statute.³ However, the Department recently asked for a second Attorney General's opinion regarding the taxability of occupants' interests. The draft version of that opinion states that an occupant's interest is taxable, comparing the occupant's interest to that of a mortgagor. Further, the draft opinion concludes that municipalities have no authority to exempt occupants' interests in RNHA property absent specific statutory authority. Once the opinion is finalized, the Department will require municipalities to assess taxes against participants in these low-income ownership opportunity programs.

The results of such a requirement would be disastrous. In addition to the fact that an unexpected tax burden would suddenly be cast upon project residents, taxation would cause the bankruptcy of every RNHA currently administering these projects. This is because HUD, the funding agency for these projects, will immediately withdraw its funds from any project that is taxed. Federal law prohibits HUD from funding any project that is not exempt from "all real or personal property taxes."⁴ To HUD, it makes no difference that the municipality would be taxing the interest of the individual occupant, rather than the RNHA. HUD's regional counsel states that HUD is powerless to authorize the funding of taxed projects, regardless of the impact that withdrawal of funds would have on Alaska's low income housing. The moment a tax is assessed, HUD will withdraw its funds. Without HUD funds, the RNHAs cannot operate.

² 42 U.S.C. 1437d(d)

³ Op. Attorney General, July 24, 1985, "Municipal property taxation of private leasehold interests."

⁴ 42 U.S.C. 1437d(d).

To illustrate, Tlingit Haida Housing Authority owns and manages over 375 low-income ownership opportunity units in Southeast. Each of these households would suddenly be required to pay and to be personally liable, from an extremely limited income, for this unforeseen tax burden. Without HUD funds, THRHA could not maintain or operate its Turnkey III and Mutual Help projects. Across the state, the impact upon RNHAs and project residents would be the same.

Moreover, since the taxation issue has become known, municipalities have been hesitant to authorize the building or acquisition of new projects by RNHA's. As a prerequisite to applying to HUD for new housing units, the RNHA must obtain the municipality's agreement to exempt the proposed project from taxation. So long as the state advises that exemptions are not authorized for the occupants of such homes, municipalities are understandably reluctant to sign such agreements, no matter how desirable and necessary the new housing may be. For example, the application and municipal approval process for initiating a Juneau acquisition project is being delayed pending the decision on this bill. Until this question is resolved, new projects will be stalled, potentially lost through delay, or rejected by municipalities.

DRAFT

Hon. David G. Hoffman
Commissioner
Department of Community &
Regional Affairs
AND
Mike Worley, State Assessor

January 21, 1988

663-88-0103

465-3600

Taxation of privately
held possessory interests
in RNHA property

Marjorie L. Odland
Assistant Attorney General
Governmental Affairs-Juneau

You have asked us to review and expand on our opinion of July 24, 1985 (1985 Inf. Op. Att'y Gen. (663-85-0449; July 24)), and address the state constitutional issue as to whether private possessory interests in regional Native housing authorities (RNHA) projects, particularly those private interests created when a person enters into a federally-authorized homeownership incentive program (homebuyer agreement), are subject to municipal property taxation and, if so, whether the federal requirement that "low income projects" be exempt from municipal taxation applies to projects that encompass homeownership incentive programs. In short, it is the opinion of this office that the homebuyer agreements create private possessory interests that are subject to taxation by a municipality. Furthermore, we believe there is a possibility that federal law requires that the private interests created under homebuyer agreements are to be exempt from local taxation in order to receive federal aid because they are assisted by annual contributions until such time the homebuyer has fee simple title in the property.

I. ALASKA CONSTITUTIONAL ISSUES

In your opinion request, you made reference to article IX, section 5, of the Alaska Constitution, as being a mandate that private interests in RNHA property must be taxed to the extent of the interests. Article IX, section 5 reads as follows:

Interests in Governmental Property. Private leaseholds, contracts, or interests in land or property owned or held by the United States, the State, or its political subdivisions, shall be taxable to the extent of the interests.

This section of the constitution refers solely to "governmental" property. It requires that if the United States, the state, or a political subdivision, in its proprietary capacity, conveys an interest in its land for private use (e.g., lease of state owned airport property) that the holder of the interest in

the property must be taxed to the extent of the interest the same as other private property that is taxed by the government. However, this section of the constitution is inapplicable to property of an RNHA. This office has previously opined that RNHA's are not state agencies. 1982 Inf. Op. Att'y Gen. (J66-220-82A; June 8) (RNHA's do not have any characteristics common to a state agency even though RNHA's are established pursuant to statutory authority: (1) they are not placed in a department in the executive branch; (2) their members of the board are not appointed nor serve at the pleasure of the governor; and (3) no annual report of the RNHA is required to be given to the state government.). Therefore, the property at issue is not "governmental property" and the mandate that private interests in the property is taxable is not governed by article IX, section 5 of the Alaska Constitution.

Under article X, section 2 of the Alaska Constitution, taxing powers may be delegated to cities and boroughs. Additionally, article X, section 11 states that "a home rule borough or city may exercise all legislative powers not prohibited by law or by charter." In spite of the broad grant of legislative powers given by the constitution, it is a general rule that a municipality has no inherent power to exempt from taxation property which it is authorized by statute or charter to tax. However, the legislature may delegate to municipalities the power to exempt certain property from taxation, or it may itself exempt certain property from taxation. 16 E. McQuillin, The Law of Municipal Corporations § 44.65 (3d ed. rev. 1984). In Alaska, the statutory provisions concerning exemptions are found in AS 29.45, et seq. The established rules of statutory construction are, for the most part, applicable to laws prescribing exemptions from municipal taxation. Such laws are to be strictly construed. Id., § 44.66. A grant of exemption is never presumed. On the contrary, no presumption in favor of exemptions will be made unless plainly or unmistakably warranted by the letter and spirit of the law granting the exemption. Id., § 44.67.

At present, there is no express law exempting private property interests held in property of a housing authority, and more particularly, property of an RNHA. Therefore, for a borough or city to exempt by ordinance such private interests in property, an express, enabling law would have to be enacted by the legislature.

A discussion of the private possessory interests in RNHA property created by the homebuyer agreements occurs in section III of this memorandum.

II. FEDERAL LAW

Federal statute regulates the taxability of low income housing projects as it concerns the taxability of the property of a housing authority and whether the federal government will provide aid to the housing authority. 42 U.S.C. § 1437d(d) reads, in pertinent part:

(d) EXEMPTION FROM PERSONAL AND REAL PROPERTY; PAYMENTS IN LIEU OF TAXES; CASH CONTRIBUTION OR TAX REMISSION. Every contract for annual contributions with respect to a lower income housing project shall provide that no annual contributions by the Secretary shall be made available for such project unless such project (exclusive of any portion thereof which is not assisted by annual contributions under this chapter) is exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivision; and such contract shall require the public housing authority to make payments in lieu of taxes equal to 10 per centum of the sum of the annual shelter rents, If any such project is not exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivision, such contract shall provide, in lieu of the requirement for tax exemption and payments in lieu of taxes, that no annual contributions by the Secretary shall be made available for such project unless and until
....

(Emphasis added.)

42 U.S.C. § 1437d(c)(4)(D) is the enabling statute to establish homeownership opportunity programs, and reads as follows:

(D) the development of local housing authority managements of viable homeownership opportunity programs for low-income families capable of assuming the responsibilities of homeownership.

An important question arises as to the definition of "project" in 42 U.S.C. § 1437d(d), and whether a project is of the type required to be exempt from local taxation in order for the RNHAs to receive funding from the federal government. 42

U.S.C. § 1437d(d), states that "such project ... (exclusive of any portion thereof which is not assisted by annual contributions under this chapter), must be exempt from taxation to qualify for federal aid." It is evidently not at issue, for the purposes of this opinion, whether "low income rental RNHA housing projects are exempt from local taxation under this federal statute, since title to the property is considered to be held by the RNHA. At issue is whether "project" includes the homeownership incentive programs authorized under 42 U.S.C. § 1437d(c)(4)(D) since they are programs "assisted by annual contributions."

According to counsel from HUD, virtually all of the homeownership incentive programs in the state are under the Mutual Help Ownership Opportunity Program. 24 C.F.R. 905, et seq. The other type of program in Alaska is Turnkey III. 24 C.F.R. 904, et seq. Both programs are assisted by annual contributions on the property which is the subject of a homebuyer agreement. The benefit of the annual contributions assists the potential "homebuyer" in achieving homeownership; the contributions do not just benefit the RNHA.

Therefore, under a literal interpretation of 42 U.S.C. § 1437d(d), it appears likely that the federal government would discontinue aid to RNHA homeownership incentive programs if a municipality taxed the privately held interest in the property.

III. PRIVATE INTERESTS IN RNHA PROPERTY

You have requested our opinion as to whether the "homebuyer agreements" used under the Mutual Help Homeownership Opportunity Program (MHHOP) and the Turnkey III program create a private possessory interest in the property that is taxable by a municipality. As stated earlier, it is our opinion that the agreements create such a private interest in the property.

Counsel for Housing and Urban Development (HUD) has stated that the federal government considers both the MHHOP and Turnkey III homebuyers' agreements to be "lease-purchase" agreements that do not create any taxable interest in the property until such time the homebuyer is deeded the property in fee. However, HUD has not cited any federal law or regulation that supports this conclusion.

A taxing authority may penetrate the form of a transaction to determine its substance. Sisters of Providence in Washington v. Municipality of Anchorage, 672 P.2d 446 (Alaska 1983). A review of the homebuyer agreements approved by HUD (whether MHHOP or Turnkey III programs), provide that the home-

buyer will achieve "homeowner" status and fee simple title to the property if the homebuyer satisfies certain contractual conditions.

±

In our opinion, it is insignificant that HUD refers to the agreements as lease-purchase agreements. It is also irrelevant that the homebuyer may never build up any actual "monetary" equity in the property since that is not an absolute requirement to achieving title to the home. If contractual conditions are met, the homebuyer will be deeded the property in the future, and, similar to a mortgagor, he has possessory rights to the property pending satisfaction of the conditions of a contract to be deeded the property.

ML0/pjg



Copy is in ASMA with 18.55.996

Tlingit-Haida Regional Housing Authority

P. O. Box 2237 • Juneau, Alaska 99803 • (907) 780-6442



COOPERATION AGREEMENT

THIS AGREEMENT made this ____ DAY of _____, 19__

BY AND BETWEEN Tlingit-Haida Regional Housing Authority herein called the "Authority".

AND City of Juneau, herein called the "City".

WITNESSETH:

In consideration of the mutual covenants hereinafter set forth, the parties hereto do agree as follows:

1. Whenever used in this agreement:
 - (a) The term "Project" shall mean any low-rent housing hereinafter developed or acquired by the Authority with financial assistance of the United States of America acting through the Secretary of Housing and Urban Development (herein called the "Government"); excluding, however, and low-rent housing project covered by any contract for loans and annual contributions entered into between the Authority and the Government, or its predecessor agencies, prior to the date of this Agreement;
 - (b) The term "Taxing Body" shall mean the State or any political subdivision or taxing unit thereof in which a Project is situated and which would have authority to assess or levy real or personal property taxes or to certify such taxes to a taxing body or public officer to be levied for its use and benefit with respect to a Project if it were not exempt from taxation;
 - (c) The term "Shelter Rent" shall mean the total of all charges to all tenants of a Project for dwelling rents and nondwelling rents (excluding all other income of such Project), less the cost to the Authority of all dwelling and nondwelling utilities;
2. The Authority shall endeavor to secure a contract with the Government for loans and annual contributions covering one or more Projects consisting of approximately 50 units. The Authority shall plan, develop or acquire and administer the Project which shall be located within the corporate limits of the City. The obligations of the parties hereto shall apply to each such Project and the City shall have no contractual responsibility with respect to the Project other than as expressly provided in this Agreement.
3. (a) Under the Constitution and laws of the State of Alaska, the Project is exempt from all real and personal property taxes and special assessments levied or imposed by any Taxing Body. So long as either (i) the Project is owned by a public body or governmental agency and is used for low rent housing purposes, or (ii) any contract between the Authority and the Government for loans or annual contributions, or both, in connection with such Project remains in force and effect, or (iii) any bonds issued in connection with such Project or any monies due to the Government in connection with such Project remain unpaid, whichever period is the longest, the City agrees that it

Cooperation Agreement
Page 2

will not levy or impose any real or personal property taxes or special assessment upon such Project or upon the Authority with respect thereto. During such period, the Authority shall make annual payments (herein called "Payments in Lieu of Taxes") in lieu of such taxes and special assessments and in payment for the public services and facilities furnished from time to time without other cost or charge for or with respect to such Project.

- (b) Each such annual Payment in Lieu of Taxes shall be made after the end of the fiscal year established for such Project, and shall be in an amount equal either (i) ten percent (10%) of the Shelter Rent charged by the Authority in respect to such Project during such fiscal year or (ii) the amount permitted to be paid by applicable State law in effect on the date such payment is made, whichever amount is the lower.
 - (c) No payment for any year shall be made to the City in excess of the amount of the real property taxes which would have been paid to the City for such year if the Project were not exempt from taxation.
 - d) Upon failure of the Authority to make any Payment in lieu of Taxes, no lien against any Project or assets of the Authority shall attach, nor shall any interest penalties accrue or attach on account thereof.
4. During the period commencing with the date of the acquisition of any part of the site or sites of any Project and continuing so long as either (i) such Project is owned by a public body or governmental agency and is used for low-rent housing purposes, or (ii) any contract between the Authority and the Government for loans or annual contributions, or both, in connection with such Project remains in force and effect, (iii) any bonds issued in connection with such Project or any monies due to the Government in connection with such Project remain unpaid, whichever period is the longest, the City, without cost or charge to the Authority or the tenants of such project (other than the Payments in Lieu of Taxes), shall:
- (a) Furnish or cause to be furnished to the Authority and the tenants of such Project public services and facilities of the same extent as are furnished from time to time without cost or charge to other dwelling and inhabitants in the City;
 - (b) Notwithstanding the date of acquisition the City shall vacate such streets, roads, and alleys within the area of such Projects as may be necessary in the development thereof, and convey without charge to the Authority, such interest as the City may have in such vacated areas; and insofar as the City is lawfully able to do so without cost or expense to the Authority or to the City, cause to be removed from such vacated areas, insofar as it may be necessary, all public or private utility lines and equipment;
 - (c) Insofar the City may lawfully do so, (i) grant such deviation from the building code as are reasonable and necessary to promote economy and efficiency in the development and administration of such Project, and at the same time, safeguard health and safety; and (ii) make such changes in any zoning of the site and surrounding territory of such Project as are reasonable and necessary surrounding territory;

Cooperation Agreement
Page 3

- (d) Accept grants of easements necessary for the development of such Project; and
 - (e) Cooperation with the Authority by such other lawful action or ways as the City and the Authority may find necessary in connection with the development and administration of such Project.
5. In respect to any Project, the City further agrees that within a reasonable time after receipt of a written request therefor from the Authority:
- (a) It will accept the dedication of all interior streets, roads alleys, and adjacent sidewalks within the area of such Project, together with all storm and sanitary sewer mains in such dedicated areas, after the Authority or its Developer has completed the grading, improvements, paving and installation thereof, in accordance with specification acceptable to the City;
 - (b) It will accept necessary dedications of land for, and will grade, improve, pave and provide sidewalks for, all streets bounding such Project or necessary to provide adequate access thereto (in consideration whereof the Authority or its Developer shall pay to the City such amounts as would be assessed against the Project sites for such work if such site were privately owned); and
 - (c) It will provide, or cause to be provided, water mains and storm and sanitary sewer mains, leading to such Project and serving the bounding streets thereof (in consideration whereof the Authority or its Developer shall pay to the City such amounts as would be assessed against the Project site for such work if such site were privately owned).
6. If by reason of the City's failure or refusal to furnish or cause to be furnished any public services or facilities which it has agreed hereunder to furnish or cause to be furnished to the Authority or to the tenants of any Project, the Authority incurs any expense to obtain such services or facilities, then the Authority may deduct the amount of such expenses from any Payment in Lieu of Taxes due or to become due to the City in respect to any Project or any other low-rent housing projects owned or operated by the Authority.
7. The City agrees to exempt the tenants of the Project and the Authority from the payment of sales taxes in conjunction with rents.
8. No Cooperation Agreement heretofore entered into between the City and the Authority shall be construed to apply to any Project covered by this Agreement.
9. No member of the governing body of the City or any other public official of the City who exercises any responsibilities or functions with respect to any Project during his tenure or for one year thereafter shall have any interest, direct or indirect, in any project or any property included or planned to be included in any Project, or any contracts in connection with such Projects or property. If any such governing body member or such other public official of the City involuntarily acquires or had acquired prior to the beginning of his tenure any such interest, he shall immediately disclose such interest to the Authority.

5-2124B
Cook
4/14/88

Original sponsor: Community and Regional
Affairs Committee

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 500 ()

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to an exemption from municipal
7 taxation for certain interests in federally funded
8 low-income housing; and providing for an effective
9 date."

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

11 * Section 1. AS 29.45.050 is amended by adding a new subsection to
12 read:

13 (1) A municipality may by ordinance exempt from taxation an
14 interest, other than record ownership, in real property of an indi-
15 vidual residing in the property if the property has been developed,
16 improved, or acquired with federal funds for low-income housing and
17 is owned or managed as low-income housing by the Alaska State Building
18 Authority or a regional housing authority formed under AS 18.55.996.
19 This section does not prohibit a municipality from receiving payments
20 in lieu of taxes authorized under federal law.

21 * Sec. 2. This Act takes effect January 1, 1989.

1 IN THE SENATE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2

SENATE BILL NO. 500

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act exempting certain interests in low-income
7 housing from municipal taxation; and providing for an
8 effective date."

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

10 * Section 1. AS 29.45.030(a) is amended to read:

11 (a) The following property is exempt from general taxation:

12 (1) municipal, state, or federally owned property, except
13 that a private leasehold, contract, or other interest in the property
14 is taxable to the extent of the interest;

15 (2) household furniture and personal effects of members of
16 a household;

17 (3) property used exclusively for nonprofit religious,
18 charitable, cemetery, hospital, or educational purposes;

19 (4) property of a nonbusiness organization composed entire-
20 ly of persons with 90 days or more of active service in the armed
21 forces of the United States whose conditions of service and separation
22 were other than dishonorable, or the property of an auxiliary of that
23 organization;

24 (5) money on deposit;

25 (6) the real property of certain residents of the state to
26 the extent and subject to the conditions provided in (e) of this
27 section;

28 (7) real property or an interest in real property that is
29 exempt from taxation under 43 U.S.C. 1620(d), as amended;

1 (8) an interest, other than record ownership, in real
2 property of an individual residing in the property if the property has
3 been developed or improved with federal funds for low-income housing
4 and is owned or managed as low-income housing by the Alaska State
5 Building Authority or a regional housing authority formed under
6 AS 18.55.996; this paragraph does not prohibit a municipality from
7 receiving payments in lieu of taxes authorized under federal law.

8 * Sec. 2. This Act takes effect January 1, 1989.

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 040788 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: FINANCE

**FISCAL NOTE(S) ATTACHED yes **
IN ACCORDANCE WITH AS 24.08/035
(see below)

4/7/88
Mr. President:

DATE TURNED INTO OFFICE 4/13/88

C&RA Committee considered SB 500

exempting certain interests in low-income housing from municipal taxation;
efd

and recommended:

- replace with CS _____ same title
- attached amendment(s) and new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____
- letter of intent adopted and attached

FN

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

Paul J. Gaudin

OTHER RECOMMENDATIONS

2 Tim Kelly - Do Not Pass
unless amended.

Antis Sturgulewski Do Pass
Chairman signature and recommendation

Committee Backup Attached

Senate C&RA Report