

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

HB 424, HB 430 368

HB

424

**HOUSE COMMITTEE REPORT**

(11)

Date referred: 2/19/88

FURTHER REFERRALS:

DATE: 3-16-88

The Finance Committee has considered HB 424

"An Act relating to the state Board of Education."

**RECOMMENDS:**

- replace with CS HB 424 (Hess)  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(s):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published 2-19-88
- zero with analysis

**SIGNING DO PASS:**

[Signature]  
[Signature]  
 Mark Boyer  
 Jay Brown  
 Mike Davis

**SIGNING OTHER RECOMMENDATIONS:**

Ronald J. [Signature] No Rec  
Peter [Signature] " "  
[Signature] No Recommendation

[Signature] Vice-Chair  
 Chairman's signature

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

REQUEST: \_\_\_\_\_

Bill Version : HB-424  
Publish Date : \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title : State Board of Education

Agency Affected : Education  
BRU: Boards and Commissions

Sponsor : Ellis  
Requestor : House HESS

Components : State Board of Education

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0	0	0	0	0
CAPITAL						
REVENUE						

**FUNDING:** (Thousands of Dollars)

GENERAL FUND		0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

Prepared by : Steve Hole  
Division : Commissioner's Office

Phone : 465-2800  
Date : 2/17/88

Approved by Commissioner : William G. Demmert  
Agency : Department of Education

Date : 2/17/88

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

Original sponsors: Ellis, Koponen,  
Swackhammer, et al.

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2

CS FOR HOUSE BILL NO. 424 (HESS)

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 state Board of Education."

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

8 \* Section 1. AS 14.07.075 is amended to read:

9           Sec. 14.07.075. CREATION. There is created at the head of the  
10 Department of Education a Board of Education consisting of nine [SEV-  
11 EN] members.

12 \* Sec. 2. AS 14.07.085(a) is amended to read:

13           (a) The nine [SEVEN] members of the board [, NO MORE THAN FOUR  
14 OF WHOM SHALL BE MEMBERS OF THE SAME POLITICAL PARTY AS THE GOVERNOR,]  
15 shall be appointed by the governor, subject to confirmation by a  
16 majority of the members of the legislature in joint session. Not more  
17 than four of the seven members of the board appointed to a term of  
18 five years or to fill a vacancy in a term of five years may be from  
19 the same political party as the governor. In appointing board mem-  
20 bers, the governor shall consider recommendations made by recognized  
21 educational associations in the state.

22 \* Sec. 3. AS 14.07.085(b) is amended to read:

23           (b) One member shall be appointed from each of the four judicial  
24 districts and five [THREE] from the state at large. At [WITH AT]  
25 least one member shall represent [REPRESENTING] regional educational  
26 attendance areas and at least one member shall represent military  
27 reservation schools. One member shall be a student in a public high  
28 school in the state. The representative of the military reservation  
29 schools and the student member may be reappointed for successive

1 terms, if they remain qualified for appointment to the board.

2 \* Sec. 4. AS 14.07.095 is amended to read:

3 Sec. 14.07.095. TERM OF OFFICE. Except for the representative  
4 of the military reservation schools and the student member, who shall  
5 be appointed for one-year terms, the [THE] members of the board shall  
6 be appointed for overlapping five-year terms. The terms of members  
7 commence [COMMENCING] February 1 of the year of appointment. A member  
8 appointed to fill a vacancy serves for the unexpired term of the  
9 member whose vacancy is filled. A vacancy occurring during a term of  
10 office is filled in the same manner as the original appointment.

11 \* Sec. 5. AS 14.07.105(a) is amended to read:

12 (a) Five [FOUR] members constitute a quorum.

13 \* Sec. 6. AS 39.05.100(a) is amended to read:

14 (a) A person appointed to a board or commission of the state  
15 government shall be and have been before the last general election,  
16 (1) a registered voter in the state, if the appointment is made at  
17 large or (2) a registered voter from the judicial district, if the  
18 appointment is made from a specific judicial district. The student  
19 member of the Board of Education appointed under AS 14.07.085, the  
20 student member of the Board of Regents of the University of Alaska  
21 appointed under AS 14.40.150(b), and the student member of the Alaska  
22 Commission on Postsecondary Education appointed under AS 14.42.015(e)  
23 are exempt from the requirement of this subsection if the member was  
24 not old enough to be a registered voter in the last general election.  
25 The member of the Board of Education appointed under AS 14.07.085 as  
26 the representative of the military reservation schools is exempt from  
27 the requirement of this subsection.

28  
29

DRAFT

LETTER OF INTENT  
TO  
HB 424

It is our intent that the governor consider the state Board of Education's traditional method of selecting student and military members when making appointments.

The student and military members are currently appointed through a ~~two~~ tiered selection process. The Alaska Association of Student Governments (AASG) and the Commanding General each submit a list of three candidates for appointment. The state Board of Education then interviews the finalists and selects the representative members.

# STATE OF ALASKA

## DEPARTMENT OF EDUCATION

Office of the Commissioner

STEVE COWPER, GOV

GOLDBELT PLACE  
901 WEST 10TH STREET  
P O BOX F  
JUNEAU, ALASKA 99811-050

November 9, 1987

MEMORANDUM NUMBER 88-06

TO: All parties interested in the regulations of the Department of Education  
*Note*

FROM: *W* William G. Demmert, Commissioner

SUBJECT: Regulations dealing with high school graduation requirements, library assistance grants, library construction grants, school district tuition and the operation of the State Board of Education

Attached is a Notice of Proposed Changes in the Regulations of the Department of Education, and material being proposed as regulation. The department will look forward with interest to your comments relevant to these proposals. Additional copies of the proposed regulations are available from the Office of the Commissioner, Department of Education, P.O. Box F, Juneau, Alaska 99811

Written responses must be received prior to December 23, 1987, and should be sent to the Commissioner of Education, P.O. Box F, Juneau, Alaska, 99811. At any regularly scheduled meeting following that date, the State Board of Education may adopt these or other proposals dealing with the same subject matter without further notice or may decide to take no action on them.

### DISTRIBUTION

All Superintendents  
All Public Schools  
Department of Law  
Legislative Affairs  
NEA/Alaska-Juneau, Fairbanks, Anchorage  
Professional Teaching Practices Commission  
Alaska Association of School Administrators  
Alaska Association of Elementary Principals  
Alaska Association of Secondary Principals  
Association of Alaska School Boards  
Legislators  
District School Board Presidents  
State Board of Education Members  
House HESS  
Senate HESS  
Staff, Administrative Regulation Review Committee  
Staff, Administrative Journal  
Commissioners, Executive Branch Departments  
Public Libraries

Attachments: Notice of Proposed Changes  
Proposed Regulations

4 AAC 03 is amended by adding a new subsection to read:

4 AAC 03.025. ADVISORY MEMBERS OF STATE BOARD. (a) In addition to the number of members authorized by law, the board shall appoint as advisory members

(1) one military representative; and

(2) one student, who is enrolled in a state secondary education program.

(b) Installation commanders at Elmendorf AFB, Fort Richardson, Eielson AFB, Fort Wainwright, Fort Greely, and Adak Naval station may each select one person to serve as the military representative under (a)(1) of this section. The senior military commander in Alaska shall nominate the three best qualified persons among those selected by the installation commanders, or may nominate any others whom the senior military commander wishes the board to consider as the military representative. The senior military commander in Alaska shall submit the names of the three nominees to the board, providing a written statement of qualifications or resume for each candidate whose name is submitted. The board shall select an advisory member from among the nominees whose names have been submitted by the senior military commander, and shall set a term of membership for the military representative appointed not to exceed three years.

(c) The Alaska Association of School Governments may nominate candidates for the appointment of a student representative under (a)(2) of this section. The association shall nominate not less than two nor more than five persons for consideration for appointment as the student representative, and submit the names of nominees to the board, providing a written statement of qualifications or resume for each nominee whose name is submitted. The board shall select a student advisory member from among the nominees whose names have been submitted. The board shall select the student advisory member at the last regular meeting of the school year. The term of the student advisory member is one year, commencing with the first board meeting of each school year.

(d) Advisory members appointed under this section are entitled to expenses, travel, and per diem allowances provided by law.

(e) Advisory members appointed under this section may participate in the work of the board, and may deliberate and debate matters brought to the attention of the board. An advisory member may cast an advisory vote, but an advisory vote is not counted in determining the disposition of board matters.

HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES  
STANDING COMMITTEE  
February 18, 1988  
8:30 a.m.

MEMBERS PRESENT

Rep. Johnny Ellis, Co-Chair  
Rep. Niilo Koponen, Co-Chair  
Rep. Alyce Hanley  
Rep. Randy Phillips

MEMBERS ABSENT

Rep. Dave Donley  
Rep. Max Gruenberg  
Rep. Bill Hudson

COMMITTEE CALENDAR

- HB 409 - "An Act relating to student loan forgiveness for certain health providers."  
HB 424 - "An Act relating to enlarging the membership of the State Board of Education."  
HB 414 - "An Act relating to a school tax."  
HB 380 - "An Act relating to state grant for school construction."  
HB 465 - "An Act relating to criminal proceedings involving certain minors; and amending Rule 45(a) and 45(d)(2) of the Alaska Rules of Criminal Procedure."  
HB 438 - "An Act relating to statutory wills."

WITNESS REGISTER

Kenneth R. Bahm  
Regional Program Consultant  
National Health Service Corps  
Region X M/S 405  
2901 Third Avenue  
Seattle, Washington 98121  
(206)442-7240

Number 1095

Ms. Hagevig states that all of the expenses of the student member are already included in the State Board of Education budget and the military covers the expenses of the military member.

Number 1098

Rep. Ellis asks Ms. Hagevig if she sees any problem with the passage of the legislation.

Number 1103

Ms. Hagevig states that she does not see any problem with the legislation and the State Board of Education supports the bill.

Number 1108

Rep. Ellis asks if anyone else in Juneau or on the teleconference network would like to testify on HB 424.

Number 1113

Rep. Hanley states that she supports this bill and hopes that the committee will hear and pass out the marijuana legislation fairly quickly.

Number 1124

Rep. Ellis asks if committee members have any further questions or comments. Hearing none, Rep. Ellis asks committee members to refer to the question that was raised by the Legal Division regarding the language on page 1, line 28, which states "that a representative of the military reservation and schools and the student member shall be appointed from a list of nominees proposed by the Board and submitted to the Governor." Rep. Ellis states that the Legal Division feels that this is an infringement on the Governor's executive powers and is therefore unconstitutional under state law. Rep. Ellis states that the committee needs to delete page 1, line 28.

Number 1150

Rep. Phillips moves to delete page 1, line 28 of HB 424. Hearing no objection, Rep. Ellis states that the line is deleted. Rep. Ellis asks committee members to quickly review the Letter of Intent for HB 424. Rep. Ellis asks if there is a motion.

Number 1190

Rep. Hanley moves that HB 424 be passed on to the next committee of referral with individual recommendations. Hearing no objection, the bill passes out of committee.

TAPE ONE, SIDE TWO

Number 003

Rep. Ellis states that HB 465, relating to criminal proceedings involving certain minors and amending Rule 45A and 45B to Alaska Rules of Criminal Procedure, has been reviewed by the Co-Chairs and staff who believe does not fit well into the jurisdiction of the committee and would therefore like to waive it on to the next committee of referral. Rep. Ellis continues that the committee also has HB 438, relating to statutory wills which does not fall under the jurisdiction of the committee as well and would like to waive it on the the next committee of referral as well. Rep. Ellis asks if any committee member has objection to waiving these two bills. Hearing no objection, Rep. Ellis states that HB 465 and HB 438 will be waived on the floor of the House to the next committee of referral.

Number 062

Rep. Ellis states that the next bill to be considered is HB 414, relating to a school tax. Rep. Ellis comments that Rep. Wallis' aide is on his way to the meeting and the committee will wait for him to testify.

Number 150

Mike Smith, Aide to Rep. Kay Wallis, states that Rep. Wallis extends her apologies for not being in attendance, but he will read her prepared statement to the committee. (Please see attached written statement.) Mr. Smith urges the committee's passage of the bill.

Number 243

Rep. Koponen asks if the maker of the bill would object to raising the tax to \$20.00.

Number 247

Mr. Smith answers that the sponsor would not object as she fully anticipates that the dollar amount would increase during the hearing process. Ms. Smith states that the fiscal note currently attached to the bill shows an implementation cost of less than \$100,000.00 for the first year and drops down to \$60,000.00 for each year after that.



# NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

## ANCHORAGE REGIONAL OFFICE

1411 W. 33RD AVENUE  
ANCHORAGE, ALASKA 99503  
(907) 274-0536

## JUNEAU OFFICE

105 MUNICIPAL WAY, SUITE 302  
JUNEAU, ALASKA 99801  
(907) 586-3090

## FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET  
FAIRBANKS, ALASKA 99701  
(907) 456-4435

February 19, 1988

To: Rep. Al Adams, Chair  
Members, House Finance Committee

Re: HB 424; "An Act relating to the State Board of  
Education."

NEA-Alaska supports and encourages passage of HB 424.

We feel that all members of the State Board of Education  
should be vested with full voting rights.

To be asked to serve on such a body but to be told that you  
are not permitted to vote on matters subsequent to their  
discussion and deliberation is to imply that the very  
quality of your participation is of a lesser degree than  
that of the other members having full voting rights.

Both the military and the student representatives, in  
addition to their necessary statewide perspectives, have  
responsibility to large and significant constituencies  
within our structure of public education in Alaska.

We encourage that they be afforded the same rights and  
privileges as the other members of the State Board of  
Education.

Respectfully submitted,

Bob Manners  
Executive Secretary

cc: Rep. Johnny Ellis

z19feb3

STATE OF ALASKA

**DEPARTMENT OF LAW**

OFFICE OF THE ATTORNEY GENERAL

February 11, 1988

STEVE COWPER, GOVERNOR

REPLY TO:

1031 W 4th AVENUE  
SUITE 200  
ANCHORAGE, ALASKA 99501-1994  
PHONE: (907) 276-3550

1st NATIONAL CENTER  
100 CUSHMAN ST.  
SUITE 400  
FAIRBANKS, ALASKA 99701-4679

P.O. BOX K—STATE CAPITOL  
JUNEAU, ALASKA 99811-0300  
PHONE: (907) 465-3600

465-3603

Honorable Johnny Ellis  
Honorable Niilo E. Koponen  
Co-chairmen  
House Health, Education, and  
Social Services Committee  
Alaska State House  
P.O. Box V  
Juneau, Alaska 99811

Re: Potential constitutional  
problem with HB 424 (State  
Board of Education members)

Dear Co-chairmen Ellis and Koponen:

House Bill 424 would amend the statutes governing the State Board of Education to provide that the member representing military reservation schools and the student member would be full voting members of the board rather than mere advisory members, as they are under present board bylaws. While that may be a laudable goal, we believe the bill may have a constitutional problem.

Section 3 of the bill would amend AS 14.03.085(b) to provide that the representative of the military reservation schools and the student member "shall be appointed from a list of nominees proposed by the board and submitted to the governor." We believe that provision would be an infringement on the executive power of appointment under art. III, § 26, Alaska Constitution. That section provides:

When a board or commission is at the head of a principal department or a regulatory or quasi-judicial agency, its members shall be appointed by the governor, subject to confirmation by a majority of the members of the legislature in joint session, and may be removed as provided by law. They shall be citizens of the United States. The board or commission may appoint a principal executive officer when authorized by law, but the

Honorable Johnny Ellis and  
Honorable Niilo E. Koponen  
Re: HB 424 (State Board of Education)

February 11, 1988  
Page 2

appointment shall be subject to the approval of the governor.

Section 25 of art. III is similar with respect to other department heads, providing for appointment by the governor subject to confirmation by a joint session of the legislature. At issue is whether the legislature may impose additional restrictions on the governor's appointment power, limiting the governor to appointment from a list of nominees submitted by some other entity, in this case the incumbent State Board of Education.

In Bradner v. Hammond, 553 P.2d 1 (Alaska 1976), in considering whether the legislature could by statute make other executive branch officers subject to legislative confirmation, or whether art. III, §§ 25 and 26, describe the outer limits of the legislature's confirmation authority, the Alaska Supreme Court held that legislative confirmation is not a distinct legislative power, but rather is a specific attribute of the appointment power of the executive. It held that sections 25 and 26 "mark the full reach of the delegated, or shared, appointive function to Alaska's legislative branch of government."

We believe the courts would reach a similar result in determining whether the legislature can impose by statute a requirement that the governor's appointments to a board that is "at the head of a principal department or a regulatory or quasi-judicial agency" be made from a list of nominees submitted by some other entity. Because the appointment power is an executive power and the only role constitutionally delegated to the legislature is that of confirmation, the doctrine of separation of powers leads us to conclude that the legislature does not have the constitutional authority to require that the governor make appointments to those bodies from a list of nominees submitted by some other entity. Any statute imposing such a requirement is likely to be struck down by the courts as an unconstitutional legislative infringement on the executive appointment power.

For the above reasons, we recommend that HB 424 be amended to remove the sentence beginning on page 1, line 28. AS 14.07.085(a) would still require that the governor consider recommendations made by recognized educational associations in the state, but would not require that the appointment be made from lists of nominees submitted by those organizations. Please

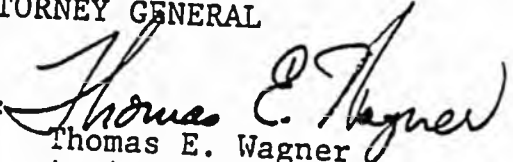
Honorable Johnny Ellis and  
Honorable Niilo E. Koponen  
Re: HB 424 (State Board of Education)

February 11, 1988  
Page 3

contact me if you have questions regarding my comments on this  
matter.

Sincerely,

GRACE BERG SCHAIBLE  
ATTORNEY GENERAL

By:   
Thomas E. Wagner  
Assistant Attorney General

TEW:jal

cc: Arthur H. Peterson  
Bob Evans

1024 WEST SIXTH AVENUE  
ANCHORAGE, ALASKA 99501  
(907) 274-4031

WHILE IN SESSION  
P.O. BOX V  
JUNEAU, ALASKA 99811  
(907) 465-3704

# ALASKA STATE HOUSE

OFFICE OF MAJORITY WHIP



CO-CHAIR  
HEALTH, EDUCATION & SOCIAL SERVICES

LABOR & COMMERCE  
SUBCOMMITTEE ON FOREIGN TRADE

REPRESENTATIVE JOHNNY ELLIS

## MEMORANDUM

TO: All House Members

FROM: Rep. Johnny Ellis *JE*

DATE: January 25, 1988

SUBJECT: Co-sponsorship of State Board of Education  
Legislation

I plan to introduce the attached legislation which is in response to the 1987 Alaska Girl's and Boy's State legislation and the Alaska Association of School Governments resolution requests that the student and military members of the State Board of Education be granted voting rights.

Currently the State Board of Education consists of seven voting members appointed by the Governor for five year terms. The student and military representatives are appointed by the Board of Education for one year advisory terms.

The enclosed legislation would grant the student and military members voting privileges and make their yearly appointments the responsibility of the Governor. As is currently the tradition of the Board, representatives may be reappointed for successive terms if they remain qualified. Nominess for appointment will be proposed by the Board and submitted to the Governor.

I ask for your support in encouraging greater student and military participation on the Board by granting their requests to become voting members. I plan to introduce this legislation on Friday January 29th. Please contact Leola Weimer of my staff at x3704 by this Thursday if you wish your name to be added as co-sponsor of this bill.

## Student Vote Resolution

Whereas, current Alaska Statute stipulates that a student member of the Alaska Association of School Governments serve on the Alaska State Board of Education in an advisory capacity, and

Whereas, past experience has shown that the student advisory members possess sufficient levels of maturity and competence to handle the responsibility of voting; and

Whereas, policies effected by the Alaska State Board of Education have a large and direct impact on the student population, and

Whereas, students are aware of problems and situations on the education system that adults may not be immediately cognizant of, and

Whereas, other states, including California and Rhode Island, have had favorable results with having a voting student member on their State Boards of Education, and

Whereas, Alaska Girl's State 1987 and Alaska Boy's State 1987 have passed legislation supporting this concept.

Therefore, be it resolved, that the Alaska Association of School Governments supports and encourages legislative measures to increase the size of the Alaska State Board of Education by one member, establishing the student advisory member as a full voting member.

*Media*  
*Read the letter*  
*Tell me what it says*  
FEB 5 1988

MEMORANDUM

February 5, 1988

SUBJECT: House Bill 424, relating to the composition  
of the State Board of Education

TO: Representative Johnny Ellis

FROM: Jack Chenoweth *JC*

May I submit the enclosed for addition to the record as the House considers the above-captioned bill.

The author of the letter served five years as the advisory military representative on the State Board of Education, concluding his service this past summer due to his reassignment to a Florida Air Force Base.

Enclosure



DEPARTMENT OF THE AIR FORCE  
AIR FORCE SYSTEMS COMMAND REGIONAL HOSPITAL EGLIN (AFSC)  
EGLIN AIR FORCE BASE, FLORIDA 32542-5300

22 Jan 88

Dear State Board Members,


Recently, I was asked to proffer an opinion regarding the military advisor position on the State Board of Education. Specifically, the question was raised whether the military advisor should be a voting member or remain in an advisory capacity. As in most things, I do have an opinion!

Evaluating my own role and overall effectiveness for the last five years as a non-voting advisory member is better left to your judgement. However, I certainly came to one conclusion, and that was in regard to the student member. I watched four young adults spend their time and energy, often to the detriment of their grades, and certainly for the most part not a lot of fun, dedicate themselves to the issues as tenaciously as any of the more senior members. The question is then, why shouldn't they vote, assuming the political climate is right for such a change? I respected their opinions but sometimes wondered if those opinions were brushed aside because they did not have the weight of a valid vote. I suspect that I am correct. Not when the issues were relatively innocuous but when they became more emotional and heated. And as they did, shorter attention was paid to either advisory members comments. This is certainly not to be condemnatory, but merely a philosophical observation. I believe, of human nature.

Should the military member vote? As with all the board members, the time I spent on Board duties impacted on my private and professional life. Should my time spent be any less 'important' than theirs? The implication being that if the advisory member was not present, it certainly did not affect the legal status of the board. The question was raised by legal counsel in 1983, although ignored, whether advisory members could even sit in executive session. Somewhat demeaning wouldn't you think? The military in the State of Alaska I suspect, approaches fifteen percent of the total population or even better. Although I never really thought of myself as 'representing' only the military of Alaska, it is certainly viewed that way by many others and presumed that we could act on matters that impacted the military member or their families. I believe that is a sizeable responsibility and should be honored with a valid vote.

7

The real danger is for the advisory member to lose interest and is probably more critical for the military member than the student, due to the normal tenure of one year for the student. If your comments are not taken seriously, if it does not really matter if you are present or not, and if you come and go rather more frequently than the regular member it is easy to not take any issue too seriously. Whether this happens to others I cannot say, but it did on occasion happen to me. I would not have lasted with the first board because of the closed attitude they appeared to have toward the advisory members. The second board was about one-half of the present members, and was much, much more open and easier to work with. The present board? Only the current advisory members can say. I say they should vote, why not ask them?

  
ROGER K. STROSNIDER, Colonel, USAF, DC  
Base Dental Surgeon

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

IN THE SENATE

BY EDUCATION

SENATE BILL NO. 4

IN THE LEGISLATURE OF ALASKA GIRLS STATE

A Bill for an Act entitled: "An Act relating to the change in membership status  
and voting rights of the student member on the  
State Board of Education; and providing for an eff  
ive date."  
BE IT ENACTED BY THE LEGISLATURE OF BOYS' STATE.

\*Section 1. AS 14.07.075 is amended to read:

Creation. There is created at the head of the Department of Education  
a Board of Education consisting of nine [seven] members. ( 1 ch 96 S.A. '967

\* Section 2. AS 14.07.085 is amended to read:

Appointment of members. (a) The nine [seven] members of the board, no  
more than five [four] of whom shall be members of the same political party  
as the governor, shall be appointed by the legislature in joint session  
In appointing board members, the governor shall consider recommendations  
made by recognized educational associations in the state.

(b) One member shall be appointed from each of the four judicial districts  
and three from the state at large with at least one member representing  
regional educational attendance areas. One student member shall be  
appointed from the state at large who, during his/her term of office  
is currently enrolled in any Alaska high school. The governor shall  
appoint the student member only upon the endorsement of the student  
by the Alaska Association of School Governments (A.A.S.G.) and the  
State Board of Education currently instated. One military member

\*Section 2. This Act takes effect on \_\_\_\_\_

Signed by: HOUSE SPEAKER Greg Cederwiche CHIEF CLERK Linda Dinkel  
SENATE PRESIDENT Jennifer Brunner SENATE SECRETARY Jodi Cooper  
GOVERNOR Kelly Parliant Date: 11 JUNE 87

1 shall be appointed from the state at large who, during his term of office,  
2 is currently stationed at any military base within the state of Alaska.  
3 The governor shall appoint the military member only upon the endorsement  
4 of the military joint command and the State Board of Education.

5 (c) The members are entitled to the expenses, travel, and per diem  
6 allowances provided by law.

7 (d) A member may act and receive compensation from the date of ap-  
8 pointment until confirmation or rejection by the legislature. ( 1 ch 96  
9 SLA 1967)

10 \*Section 3. AS 14.07.095. is amended to read:

11 Term of office. The members of the board, with the exception of the  
12 student member, shall be appointed for overlapping five-year terms com-  
13 mencing February 1 of the year of appointment. A member appointed to  
14 fill a vacancy serves for the unexpired term of the member whose vacancy  
15 is filled. A vacancy occurring during a term of office is filled in the  
16 same manner as the original appointment. The student member shall be  
17 appointed for one, one year term commencing on the first August meeting  
18 of the board and terminating at the end of the first June meeting of the  
19 board. ( 1 ch 96 SLA 1967)

20 \*Section 4. AS 14.07.105. is amended to read:

21 Quorum and chairman. (a) Five [Four] members constitute a quorum.

22 (b) The board shall designate one member of the board as the chair-  
23 man who serves as chairman of the board at the pleasure of the board.  
24 ( 1 ch 96 SLA 1967)

25 \*Section 5. AS 14.07.110. is amended to read:

26 Removal. Members of the board serve at the pleasure of the governor  
27 with exception of the military and student member. The military and/or  
28 student members may be removed upon request of the governor and mar-  
29 ority vote of the board. ( 1 ch 96 SLA 1967)

30 \*Section 6. AS 39.05.100. is amended to read:

31 Qualifications for appointment. (a) A person appointed to a board or  
32 commission of the state government, with the exception of a student ap-  
33 pointee, shall be and have been before the last general election, (1) a

1 registered voter in the state, if the appointment is made at large or (2)  
2 a registered voter from the judicial district, if the appointment is made  
3 from a specific judicial district.

4 (b) A member of a board or commission of the state government who ceases  
5 to reside in the state during the member's term terminates membership on the  
6 board or commission. For the purposes of this section, the acceptance of  
7 employment outside the state for a six-month period or longer, or physical  
8 absence from the state for one year or longer, or registration as a voter in  
9 a voting precinct outside the state is considered as discontinuing residence  
10 in the state. ( ch 64 SLA 1955; am. ch 167 SLA 1957)

11 \*Section 7. AS 44.19.130. is amended to read:

12 Appointment to boards and commissions. (a) Notwithstanding AS 39.03.130  
13 or a provision of law relating to age, the governor may appoint any resident  
14 of Alaska to a board or commission if recommended by the commission.

15 (b) A young person recommended by the commission may be appointed to  
16 boards or commissions with or without special qualifications for membership  
17 if the proposed nominee, except for age, meets the required qualifications  
18 as set by law.

19 (c) An individual appointed to a board or commission under this section  
20 is entitled to the rights, privileges, and responsibilities of other mem-  
21 bers, and the appointment is subject to confirmation by the legislature  
22 when required by law. No additional seat on a board or commission is cre-  
23 ated by virtue of AS 44.19.123--44.19.130. ( 1 am 121 SLA 1971)

STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

JAN 25 1988  
FOUCHY, STATE CAPITOL  
JUNEAU, ALASKA 99811  
907.465.3800

MEMORANDUM

January 25, 1988

SUBJECT: Appointment of Members of the State  
Board of Education (W.O. 5-1565)

TO: Representative Johnny Ellis

FROM: George Utermohle *GU*  
Legislative Counsel

This memorandum is in response to the question of whether the State Board of Education could appoint the student and military members of the board, subject to the approval of the Governor.

The authority to appoint the members of a board that is at the head of a principal department lies exclusively with the Governor under Article III, Section 26 of the Alaska Constitution.

When a board or commission is at the head of a principal department or regulatory or quasi-judicial agency, its members shall be appointed by the governor, subject to confirmation by a majority of the members of the legislature in joint session, and may be removed as provided by law. . . . Art. III, Sec. 26 (in part)

The State Board of Education is at the head of the Department of Education, a principal department of state government. The Governor has the exclusive authority to appoint the members of the board. The Governor's authority to appoint members of the board cannot be limited by a statute that forces the Governor to appoint a specific individual. The proposal to allow the State Board of Education to select the student and military members of the board subject to the approval of the Governor would result in an invasion of the Governor's authority to appoint. Even though the Governor could reject the person selected by the board, and thus retain the ultimate control over who is appointed to the board, the fact that the Governor could only accept or reject the person would defeat the intent of

Representative Johnny Ellis  
Page 2  
January 25, 1988

the constitution that the Governor have exclusive authority to appoint members of the board. A law delegating responsibility for appointments of certain members of the State Board of Education to the board would be subject to constitutional challenge.

The Alaska Supreme Court strictly construes the Alaska Constitution in regard to the power of the Governor to make executive appointments. In Bradner v. Hammond, 553 P.2d 1 (Alaska, 1976), the court found that the Legislature's only powers to "meddle" in appointments by the Governor were limited to those powers expressly mentioned in the constitution. The Legislature could not extend its powers by enacting a statute. Given the court's position that the Legislature cannot extend its power over the Governor's appointments by statute, it is unlikely that the court would allow the Legislature to dilute the Governor's authority to make appointments by requiring the Governor to accept or reject appointments made by the State Board of Education.

A process whereby the Governor would select the student and military members of the board from a list of nominees prepared by the board is less offensive to the Governor's authority than the proposal discussed above. However, this process could become suspect if the Governor must select appointees from the list, because the Governor's authority and discretion would be limited. If the Governor is allowed to appoint the student and military members from this list of nominees, rather than required to appoint from the list, there would not be an unconstitutional invasion of the Governor's authority. The Governor would retain full authority and discretion to appoint whomever the Governor desired.

If I can provide further discussion of this issue, please contact me.

GU:bb  
WKB1/095



# NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

## ANCHORAGE REGIONAL OFFICE

1411 W. 33RD AVENUE  
ANCHORAGE, ALASKA 99503  
(907) 274-0536

## JUNEAU OFFICE

105 MUNICIPAL WAY, SUITE 302  
JUNEAU, ALASKA 99801  
(907) 586-3090

## FAIRBANKS REGIONAL OFFICE

2115 CUSHMAN STREET  
FAIRBANKS, ALASKA 99701  
(907) 456-4435

February 19, 1988

To: Rep. Al Adams, Chair  
Members, House Finance Committee

Re: HB 424; "An Act relating to the State Board of  
Education."

NEA-Alaska supports and encourages passage of HB 424.

We feel that all members of the State Board of Education  
should be vested with full voting rights.

To be asked to serve on such a body but to be told that you  
are not permitted to vote on matters subsequent to their  
discussion and deliberation is to imply that the very  
quality of your participation is of a lesser degree than  
that of the other members having full voting rights.

Both the military and the student representatives, in  
addition to their necessary statewide perspectives, have  
responsibility to large and significant constituencies  
within our structure of public education in Alaska.

We encourage that they be afforded the same rights and  
privileges as the other members of the State Board of  
Education.

Respectfully submitted,

Bob Manners  
Executive Secretary

cc: Rep. Johnny Ellis

z19feb3

# STATE OF ALASKA

## DEPARTMENT OF EDUCATION

Office of the Commissioner

STEVE COWPER, GOV.

GOLDBELT PLACE  
901 WEST 10TH STREET  
P.O. BOX F  
JUNEAU, ALASKA 99811-0500

November 9, 1987

MEMORANDUM NUMBER 88-06

TO: All parties interested in the regulations of the Department of Education

FROM: *file* William G. Demmert, Commissioner

SUBJECT: Regulations dealing with high school graduation requirements, library assistance grants, library construction grants, school district tuition and the operation of the State Board of Education

Attached is a Notice of Proposed Changes in the Regulations of the Department of Education, and material being proposed as regulation. The department will look forward with interest to your comments relevant to these proposals. Additional copies of the proposed regulations are available from the Office of the Commissioner, Department of Education, P.O. Box F, Juneau, Alaska 99811

Written responses must be received prior to December 23, 1987, and should be sent to the Commissioner of Education, P.O. Box F, Juneau, Alaska, 99811. At any regularly scheduled meeting following that date, the State Board of Education may adopt these or other proposals dealing with the same subject matter without further notice or may decide to take no action on them.

DISTRIBUTION

All Superintendents  
All Public Schools  
Department of Law  
Legislative Affairs  
NEA/Alaska-Juneau, Fairbanks, Anchorage  
Professional Teaching Practices Commission  
Alaska Association of School Administrators  
Alaska Association of Elementary Principals  
Alaska Association of Secondary Principals  
Association of Alaska School Boards  
Legislators  
District School Board Presidents  
State Board of Education Members  
House HESS  
Senate HESS  
Staff, Administrative Regulation Review Committee  
Staff, Administrative Journal  
Commissioners, Executive Branch Departments  
Public Libraries

Attachments: Notice of Proposed Changes  
Proposed Regulations

NOTICE OF PROPOSED CHANGES IN THE  
REGULATIONS OF THE  
STATE BOARD OF EDUCATION

Notice is given that the State Board of Education, under authority vested by AS 14.07.060, proposes to repeal, adopt and amend regulations in Title 4 of the Alaska Administrative Code, dealing with high school graduation requirements, school district tuition payments, library assistance grants, library construction grants and organization procedures and functions of the State Board of Education, to implement and interpret AS 14.07.060, AS 14.07.125, AS 14.07.160, AS 14.07.020(1), (2) and (4), AS 14.07.030(10), AS 14.14.110, AS 14.56.230, and AS 14.56.350(a), as follows:

- 1) 4 AAC 3 is amended by adopting, repealing and amending sections to clarify and expand the organization, duties, meeting order and schedule, procedure, and membership of the State Board of Education;
- 2) 4 AAC 06.075 is amended by repealing the transition sections of the high school graduation requirements;
- 3) 4 AAC 09 is amended by repealing and adopting sections to make more clear school district tuition rates and payments; and
- 4) 4 AAC 57 is amended by adding, adopting and repealing sections to establish requirements, limits, criteria and procedures for applications and applicants for grants for library assistance and library construction.

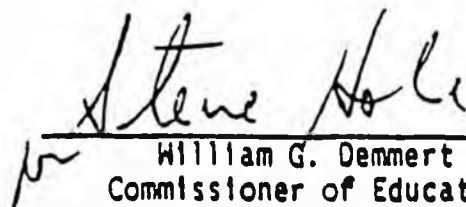
Notice is also given that comments may be made in writing to the Commissioner's Office, 801 West 10 Street, P.O. Box F, Juneau, Alaska, 99811, before 4:30 p.m. on December 23, 1987.

This action is not expected to require an increased appropriation.

Copies of the proposed regulations may be obtained by writing to the Commissioner of Education, P.O. Box F, Juneau, Alaska 99811

The State Board of Education, upon its own motion or at the instance of any interested person, may thereafter adopt these or other proposals dealing with the same subject matter without further notice or may decide to take no action on them.

DATE: 11-5-87

  
\_\_\_\_\_  
William G. Demmert  
Commissioner of Education

4 AAC 03.010 is amended to read:

4 AAC 03.010. ORGANIZATION. (a) The officers of the Board of Education are the chair (A CHAIRMAN), first vice-chair, second vice-chair (VICE-CHAIRMAN, FINANCE CHAIRMAN), and secretary.

(b) Except for the secretary, the officers of the board are elected at the last regular meeting of the board each school year, and serve one year, July to June 30, and thereafter, if necessary, until the election of their successors. A board member may serve successive terms as an officer without limit.

(c) The commissioner of education is ex-officio secretary of the board.

4 AAC 03.020 is amended to read:

4 AAC 03.020. DUTIES OF THE OFFICERS. (a) The {PRESIDENT OF THE} board chair shall

(1) preside at all meetings of the board;

(2) maintain liaison with other members of the board and with the commissioner when the board is not in session;

(3) work with the commissioner and persons appointed by the commissioner to develop meeting agendas;

(4) represent the board when occasion requires, and speak publicly for the board as a whole on positions of the board;

(5) unless otherwise specifically provided by law or motion, appoint board members to committees and subcommittees, and appoint the members of advisory committees that the board establishes; and

(6) {SHALL} advise the commissioner at times when the board is not in session.

(b) The first vice-chair (VICE-PRESIDENT) shall act in place of the chair (PRESIDENT) in the chair's (HIS) absence, or in the case of a vacancy in that office. If the first vice-chair cannot serve, the second vice-chair shall assume the duties of the first vice-chair (HIS RESIGNATION).

(c) The {EX-OFFICIO} secretary shall keep a record of the minutes of all meetings, shall answer and file board correspondence, and shall perform any other duties as the board may direct, in addition to performing the (HIS) duties of {AS} commissioner. The secretary may delegate responsibilities assigned under this subsection to the board executive assistant or to one or more employees of the department.

# MEMORANDUM

State of Alaska

Department of Education

TO: Members, State Board of Education

DATE: January 15, 1988

FILE NO: 88-74

THRU: Commissioner William Demmert TELEPHONE NO: 465-2800

FROM: Rosemary Hagevig *RH*

SUBJECT: Consideration of Regulation  
for Adoption: 4 AAC 03  
Adoption, Repeal, Amendment  
of State Board of Education  
Regulations

## HISTORICAL BACKGROUND

In the context of the annual review of the Bylaws of the State Board of Education, the committee found that much of the material that had been contained in the Bylaws would be more appropriately placed in regulation. As a result the attached regulations were revised and were sent out for public comment. No adverse comments were received and the regulations are now ready for adoption.

## ALTERNATIVES

1. Adopt the regulations as presented.
2. Postpone action until a date certain.

## DEPARTMENT RECOMMENDATION

It is recommended that the Board adopt the regulations in 4 AAC 03.101-.03.100 dealing with adoption, repeal and amendment of the regulations clarifying and expanding the organization, duties, meeting procedures and membership of the State Board of Education.

*Sealed:  
adopted by the  
State Board of  
Education Jan 27, 1988.  
RH*

4 AAC 03 is amended by adding a new subsection to read:

4 AAC 03.025. ADVISORY MEMBERS OF STATE BOARD. (a) In addition to the number of members authorized by law, the board shall appoint as advisory members

(1) one military representative; and

(2) one student, who is enrolled in a state secondary education program.

(b) Installation commanders at Elemendorf AFB, Fort Richardson, Eielson AFB, Fort Wainwright, Fort Greely, and Adak Naval station may each select one person to serve as the military representative under (a)(1) of this section. The senior military commander in Alaska shall nominate the three best qualified persons among those selected by the installation commanders, or may nominate any others whom the senior military commander wishes the board to consider as the military representative. The senior military commander in Alaska shall submit the names of the three nominees to the board, providing a written statement of qualifications or resume for each candidate whose name is submitted. The board shall select an advisory member from among the nominees whose names have been submitted by the senior military commander, and shall set a term of membership for the military representative appointed not to exceed three years.

(c) The Alaska Association of School Governments may nominate candidates for the appointment of a student representative under (a)(2) of this section. The association shall nominate not less than two nor more than five persons for consideration for appointment as the student representative, and submit the names of nominees to the board, providing a written statement of qualifications or resume for each nominee whose name is submitted. The board shall select a student advisory member from among the nominees whose names have been submitted. The board shall select the student advisory member at the last regular meeting of the school year. The term of the student advisory member is one year, commencing with the first board meeting of each school year.

(d) Advisory members appointed under this section are entitled to expenses, travel, and per diem allowances provided by law.

(e) Advisory members appointed under this section may participate in the work of the board, and may deliberate and debate matters brought to the attention of the board. An advisory member may cast an advisory vote, but an advisory vote is not counted in determining the disposition of board matters.

4 AAC 03.030 is amended to read:

4 AAC 03.030. REGULAR (TIME OF) MEETINGS. (a) Regular meetings (MEETINGS) shall be held quarterly during the first week of each quarter, in Juneau, unless the board specifically selects another time and place. At the last regularly scheduled meeting of each school year, the board shall adopt a calendar of regular meetings for the following school year, indicating the planned date and location of each meeting, but a majority of the members of the board may alter the calendar when circumstances warrant that action.

(b) The following is the order of business at each regular meeting:

(1) adoption of the agenda and public comment on agenda items;

(2) approval of the minutes of the previous regular meeting and any intervening special meeting;

(3) board members' comments

(4) reports;

(5) unfinished business;

(6) new business.

(c) The board may use a consent agenda to dispose of routine items.

4 AAC 03 is amended by adding a new section to read:

4 AAC 03.035. SPECIAL MEETINGS. (a) A special meeting of the board may be called by the chair or by four members of the board.

(b) The business conducted at a special meeting is limited to matters that require immediate attention by the board and only to the matters specifically identified in the notice of the special meeting.

4 AAC 03.040 is repealed.

4 AAC 03.040. PROCEDURE. Repealed.

4 AAC 03 is amended by adding a new section to read:

4 AAC 03.041. PROCEDURE. (a) Robert's Rules of Order govern proceedings of the board.

(b) All questions pending before the board shall be decided by a majority of the members present and voting.

4 AAC 03.050 is repealed.

4 AAC 03.050. DUTIES OF THE BOARD. Repealed.

4 AAC 03 is amended by adding new sections to read:

4 AAC 03.051. NOTICE OF MEETING. (a) For each regular or special meeting of the board, the secretary or board executive assistant shall:

(1) publish notice of the date, time, and place of the meeting in at least three newspapers of general circulation in the state;

(2) mail written notice of the date, time, and place of the meeting, and the tentative agenda of the meeting, to

(A) all school district superintendents; and

(B) any individual or organization who has requested receipt of the notice; and

(3) give notice of the date, time, and place of the meeting, and the tentative agenda of the meeting, on the department's electronic mail system.

(b) Notice of a meeting shall be transmitted under (a)(2) and (a)(3) of this section

(1) not less than ten days prior to a regular meeting; and

(2) not less than seven days prior to a special meeting.

(c) If a meeting, or any portion of it, is to be conducted by teleconference, the notice shall note the location of any teleconference facility that will be used.

4 AAC 03.060. AGENDA PREPARATION AND DISTRIBUTION. (a) The board chair and the secretary or board executive assistant shall coordinate preparation of a tentative agenda for each regular or special meeting. To allow for consideration of an item as the agenda is developed, a board member, advisory member, employee of the department, or any member of the public who wishes to place an item on the agenda should submit a request to the secretary, the board executive assistant, or the chair

(1) not less than 15 days prior to a regular meeting; or

(2) not less than 10 days prior to a special meeting.

(b) The secretary or board executive assistant shall distribute the tentative agenda, agenda packet memoranda, and required supporting material. These materials shall be mailed not later than seven days prior to a meeting :

- (1) board members and advisory members;
- (2) interested parties who have requested delivery of these materials; and
- (3) teleconference sites in accordance with AS 44.62.310(a).

(c) The secretary or board executive assistant may make a supplemental distribution of agenda packet memoranda and required supporting material as necessary. If the supporting material is to be considered by the board at a teleconference meeting, the supporting material must be distributed to the teleconference locations.

(d) A member may propose additional agenda items for consideration at the start of the regular meeting. The board may add additional agenda items by vote of the majority of the board members present.

4 AAC 03.070. POLLING OF BOARD MEMBERS. If directed by the chair, the secretary or board executive assistant shall poll board members and advisory members

- (1) to authorize altering a regular meeting from the date and location of the meeting set in the calendar of regular meetings previously adopted by the board;
- (2) to convene a special meeting and to establish or change its time, date, and location; or
- (3) to insert or delete an item on a tentative agenda for a regular or special meeting.

4 AAC 03.090. ADOPTION OF REGULATIONS. (a) Except as provided in (b) of this section, in AS 14.03 - 14.60 and AS 23.15, if state law authorizes or directs action on a regulation by "the department" or "the Department of Education", the regulation may not be adopted, amended, or repealed unless the adoption, amendment, or repeal is approved by the board.

(b) The commissioner of education may approve emergency regulations to be adopted under AS 44.62.250 - 44.62.270 without prior board approval.

4 AAC 03.100. BYLAWS. The board may adopt bylaws to:

- (1) further prescribe
  - (A) organization and operation of the board;
  - (B) orientation of new board members and advisory members;

(C) the appointment, operation, and termination of subcommittees of the board; and

(D) appointment to and service of board members on other committees;

(2) prescribe the process of appointment of the commissioner of education;

(3) define the duties of the board secretary and of the board executive assistant;

(4) prescribe matters relating to management of the department, including but not limited to:

(A) oversight of employee rights under AS 14.07.145(f); and

(B) exercise of budget and fiscal authority under AS 14.07.150;

(5) prescribe matters relating to the management of schools operated by the state or whose establishment and operation by the state has been directed by law or by the board;

(6) address other board responsibilities and functions; and

(7) describe a process of bylaw review, amendment, and repeal.

4 AAC 06.075(c) and (e) are repealed.

4 AAC 06.075(c). Repealed.

4 AAC 06.075(e). Repealed.

4 AAC 09.030 is repealed and readopted to read:

4 AAC 09.030. TUITION RATES. (a) The commissioner will calculate a base tuition rate for each city or borough school district for each fiscal year by dividing the sum of the municipality's audited local contributions to the school district during the prior fiscal year for both school operations and capital outlay, less any state reimbursement to the municipality for debt retirement during the prior fiscal year, by the district's average daily membership for the prior fiscal year.

4 AAC 09.035 is adopted to read:

4 AAC 09.035. TUITION PAYMENTS. (a) The department will pay tuition to each municipal district in which K-12 students are enrolled who are wards of the state or whose parents, custodial parent, or guardian reside on a military base or in an REAA district in which the necessary grade level is not provided.

BY ELLIS, KOPONEN, SWACKHAMMER,  
ULMER, HUDSON, BARNES, PEARCE,  
PHILLIPS AND ZAWACKI

1 IN THE HOUSE

2 HOUSE BILL NO. 424

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 state Board of Education."

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

8 \* Section 1. AS 14.07.075 is amended to read:

9 Sec. 14.07.075. CREATION. There is created at the head of the  
10 Department of Education a Board of Education consisting of nine [SEV-  
11 EN] members.

12 \* Sec. 2. AS 14.07.085(a) is amended to read:

13 (a) The nine [SEVEN] members of the board [, NO MORE THAN FOUR  
14 OF WHOM SHALL BE MEMBERS OF THE SAME POLITICAL PARTY AS THE GOVERNOR,]  
15 shall be appointed by the governor, subject to confirmation by a  
16 majority of the members of the legislature in joint session. Not more  
17 than four of the seven members of the board appointed to a term of  
18 five years or to fill a vacancy in a term of five years may be from  
19 the same political party as the governor. In appointing board mem-  
20 bers, the governor shall consider recommendations made by recognized  
21 educational associations in the state.

22 \* Sec. 3. AS 14.07.085(b) is amended to read:

23 (b) One member shall be appointed from each of the four judicial  
24 districts and five [THREE] from the state at large. At [WITH AT]  
25 least one member shall represent [REPRESENTING] regional educational  
26 attendance areas and at least one member shall represent military  
27 reservation schools. One member shall be a student in a public high  
28 school in the state. The representative of the military reservation  
29 schools and the student member shall be appointed from a list of

1 nominees proposed by the board and submitted to the governor. The  
2 representative of the military reservation schools and the student  
3 member may be reappointed for successive terms, if they remain qual-  
4 ified for appointment to the board.

5 \* Sec. 4. AS 14.07.095 is amended to read:

6 Sec. 14.07.095. TERM OF OFFICE. Except for the representative  
7 of the military reservation schools and the student member, who shall  
8 be appointed for one-year terms, the [THE] members of the board shall  
9 be appointed for overlapping five-year terms. The terms of members  
10 commence [COMMENCING] February 1 of the year of appointment. A member  
11 appointed to fill a vacancy serves for the unexpired term of the  
12 member whose vacancy is filled. A vacancy occurring during a term of  
13 office is filled in the same manner as the original appointment.

14 \* Sec. 5. AS 14.07.105(a) is amended to read:

15 (a) Five [FOUR] members constitute a quorum.

16 \* Sec. 6. AS 39.05.100(a) is amended to read:

17 (a) A person appointed to a board or commission of the state  
18 government shall be and have been before the last general election,  
19 (1) a registered voter in the state, if the appointment is made at  
20 large or (2) a registered voter from the judicial district, if the  
21 appointment is made from a specific judicial district. The student  
22 member of the Board of Education appointed under AS 14.07.085, the  
23 student member of the Board of Regents of the University of Alaska  
24 appointed under AS 14.40.150(b), and the student member of the Alaska  
25 Commission on Postsecondary Education appointed under AS 14.42.015(e)  
26 are exempt from the requirement of this subsection if the member was  
27 not old enough to be a registered voter in the last general election.  
28 The member of the Board of Education appointed under AS 14.07.085 as  
29 the representative of the military reservation schools is exempt from

1        the requirement of this subsection.

2

3

H B

4 30

**HOUSE COMMITTEE REPORT**

(11)

Date referred: 2/29/88

FURTHER REFERRALS:

DATE: 4-18-88

The Finance Committee has considered HB 430

"An Act relating to the neighborhood business development program; and providing for an effective date."

**RECOMMENDS:**

- replace with CS HB 430 (FIN)  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(S):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

**SIGNING DO PASS:**

Boyer Mark Boyer

Frank Frank

Brown Tay Brown

Davis Mike Davis

Poundnot Pat Poundnot

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**SIGNING OTHER RECOMMENDATIONS:**

Adams Al Adams - No Rec.

Larson Ron Larson - No Rec.

Goll Pete Goll - No Rec.

Swack Chack Swack - NO Rec.

Rieger Steve Rieger - No Recommendation

Wallis Kay Wallis - " -

\_\_\_\_\_

\_\_\_\_\_

Al Adams  
Chairman's signature

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: CSHB430 ( Finance )  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: 4/18/88  
Title: Establishing and Alaska  
Neighborhood Revitalization Program  
Sponsor: Labor and Commerce Committee  
Requestor: \_\_\_\_\_

Agency Affected: Commerce and Economic Dev.  
BRU: Business Development  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		109.2	139.3	139.3	79.1	79.1
TRAVEL		10.0	15.0	15.0	10.0	10.0
CONTRACTUAL		55.0	95.0	83.7	55.0	25.0
SUPPLIES		3.0	3.0	2.7	2.7	2.7
EQUIPMENT		2.0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		179.2	252.3	240.7	146.8	116.8
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		179.2	252.3	240.7	146.8	116.8
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME		2	3	3	2	2
PART-TIME		1				
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: House Finance Committee  
Division: \_\_\_\_\_

Phone: 465-3707

Date: \_\_\_\_\_

Approved by Commissioner: Al Adams, Chair  
Agency: House Finance Committee

Date: 4/18/88

Distribution (by preparer):

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

4/18/88

Revised fiscal note analysis for CSHB 430:  
by House Finance Committee

PERSONNEL:

Program Coordinator - Development Specialist I (Range 18)	\$49.3
Architect - (Range 21)	60.2
Accounting Clerk - (Range 9)	29.8

In the first year, FY 89, staff will consist of 2 full-time positions (Program Coordinator and Accounting Clerk) and 1 half-time position (Architect).

In FY 90 and FY 91, staff will consist of 3 full-time positions (Program Coordinator, Accounting Clerk and Architect).

In FY 92 and FY 93, staff will consist of 2 full-time positions (Program Coordinator and Accounting Clerk).

TRAVEL:

Costs include travel to Washington D.C. by the Program Coordinator and Architect and an estimated 12 visits to communities in the state.

First year travel costs (FY 89) \$10.0.

(This allows for an estimated budget of \$750.00 per in-state trip plus travel for two individuals to Washington D.C.)

Travel costs for FY 90 and FY 91 are \$15.0 per year.  
Travel costs for FY 92 and FY 93 are \$10.0 per year.

CONTRACTUAL:

FY 89 contractual services funded at	\$55.0.
FY 90	\$95.0
FY 91	" " \$83.7
FY 92	" " \$55.0
FY 93	" " \$25.0

Original sponsor: Labor and Commerce  
Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 430 (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 establishing the Alaska neighborhood re-  
7 vitalization initiative; and providing for an effective  
8 date."

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

10 \* Section 1. PURPOSE. The purpose of AS 44.33.431 - 44.33.433, added  
11 by sec. 2 of this Act, is to promote neighborhood revitalization and devel-  
12 opment through local initiatives of the state's communities with the assis-  
13 tance of financial institutions and the state.

14 \* Sec. 2. AS 44.33 is amended by adding new sections to read:

15 ARTICLE 6A. NEIGHBORHOOD REVITALIZATION AND DEVELOPMENT PROGRAM.

16 Sec. 44.33.431. NEIGHBORHOOD REVITALIZATION AND DEVELOPMENT  
17 FUND. There is created the neighborhood revitalization and develop-  
18 ment fund, to be administered by the commissioner. The commissioner  
19 shall deposit to the credit of the fund

20 (1) grants and contributions to the fund; and

21 (2) appropriations to the fund.

22 Sec. 44.33.432. POWERS AND DUTIES OF THE DEPARTMENT. (a) The  
23 commissioner may use money in the fund to make grants to

24 (1) nonprofit development corporations that qualify for  
25 assistance from the Neighborhood Reinvestment Corporation organized  
26 under 42 U.S.C. 8101-8107 (Neighborhood Reinvestment Corporation Act),  
27 for purposes of neighborhood housing services, neighborhood revitali-  
28 zation, and economic development projects in a community; and

29 (2) nonprofit community organizations that qualify for

1 assistance under the Alaska Main Street Program.

2 (b) The commissioner may adopt regulations necessary to carry  
3 out the department's functions under AS 44.33.431 - 44.33.433.

4 (c) The commissioner shall provide for an annual audit of the  
5 grants to nonprofit development corporations made under this section.

6 Sec. 44.33.433. DEFINITIONS. In AS 44.33.431 - 44.33.433

7 (1) "commissioner" means the commissioner of commerce and  
8 economic development;

9 (2) "community" means a home rule city or borough, a city  
10 or borough of any class, and a place that is not incorporated as a  
11 city and in which 25 or more persons reside as a social unit.

12 (3) "department" means the Department of Commerce and  
13 Economic Development;

14 (4) "fund" means the neighborhood revitalization and devel-  
15 opment fund established in AS 44.33.431.

16 \* Sec. 3. AS 44.33.020 is amended by adding a new paragraph to read:

17 (30) administer the neighborhood revitalization and develop-  
18 ment program under AS 44.33.431 - 44.33.433; in the administration of  
19 that program, the department shall establish a community-based Alaska  
20 Main Street Program that provides technical assistance and training  
21 for municipal governments, business organizations, merchants, and  
22 property owners to accomplish community and economic revitalization  
23 and development of older central business districts and neighborhoods;  
24 the program must use techniques developed by the National Trust for  
25 Historic Preservation that are designed to stimulate business rein-  
26 vestment, restore building facades, retain existing small businesses,  
27 strengthen the local tax base, create employment opportunities, pro-  
28 mote new commercial opportunities in the central business district,  
29 and help to stimulate a renewed sense of community pride.

1 \* Sec. 4. This Act takes effect July 1, 1988.  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: CSHB 430  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: 4/14/88 Agency Affected: Commerce & Econ. Dev.  
Title: Establishing an Alaska BRU: Business Development  
Neighborhood Revitalization Program  
Sponsor: Labor & Commerce Committee Components: \_\_\_\_\_  
Requester: \_\_\_\_\_

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		139.3	188.6	188.6	188.6	188.6
TRAVEL		30.0	25.0	25.0	25.0	25.0
CONTRACTUAL		95.0	95.0	83.7	83.7	83.7
SUPPLIES		3.0	3.0	2.7	2.7	2.7
EQUIPMENT		2.0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		<b>269.3</b>	<b>311.6</b>	<b>300.0</b>	<b>300.0</b>	<b>300.0</b>

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

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

FUNDING: (Thousands of dollars)

GENERAL FUND		269.3	311.6	300.0	300.0	300.0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

POSITIONS:

FULL-TIME		3	4	4	4	4
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Tom Lawson, Economic Development Planner Phone: 465-2017  
Division: Business Development Date: 4/14/88

Approved by Commissioner: J. Anthony Smith Date: 4/15/88  
Agency: Department of Commerce & Econ. Development

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

**RECEIVED**  
APR 18 1988

LEGISLATIVE FINANCE

## FISCAL NOTE ANALYSIS

### CSHB 430--ALASKA NEIGHBORHOOD REVITALIZATION INITIATIVE

#### Assumptions/Program Summary

Under the Main Street Program it is assumed that approximately ten to twelve communities will participate in program grants. It is estimated that about 13 communities may be able to participate in the Neighborhood Revitalization and Development Program. Both programs are new so the first six months of FY 89 will be spent establishing the programs including development of administrative regulations.

Personal Services. Staff for the Main Street and the Neighborhood revitalization and development Programs include the following 3 permanent full time 12 month positions:

Program Coordinator--Development Specialist I (Range 18)	\$49.3
Architect (Range 21)	60.2
Accounting Clerk II (Range 09)	29.8

In the first year, the Statewide coordinator will initiate, coordinate and supervises both programs. The Architect will serve as the Alaska Main Street Program Architect and will provide design and historic perservation assistance. It is important that the Architect position be filled at the beginning of the program in order for the individual to participate in the design and development of the Alaska Main Street program as well as to utilize the training services of the National Trust for Historic Preservation. Under the supervision of the Program coordinator, the Accounting clerk will administer the grants for both programs and will assist in the administrative details of developing the program.

A second development specialist I (Range 18, \$49.3) will be necessary beginning in FY 90 to fully implement the Neighborhood Revitalization and Development Program. Since this position will not be added until the second year, it is anticipated that only four to five Neighborhood Revitalization grants will be processed during the first year. A limit might have to be established in the administrative regulations.

Travel. Costs include travel to Washington, D.C. by the program coordinator and architect to receive training by the National Trust for Historic Preservation. In addition, once the program is established, an estimated 2 site visits each for each community is estimated, with approximately six communities participating the first year. In subsequent years travel out-of-state travel should diminish while in-state travel will increase resulting in a slight reduction of expenses.

Contractual Services. If the State contracts with the National Main Street Center for assistance in establishing the Alaska Main Street Program, the average costs of programs in other states is \$100.0. However there is some apparent flexibility with the Center regarding a selection of services, so costs are estimated at \$75.0.

An alternative approach is to contract for the various services needed on a competitive basis. A number of consulting firms in the Northwest and other parts of the country have gained expertise with the Main Street Program over the past ten years and offer Main Street program implementation and training services.

The balance of the contractual service funds (\$20.0) are needed for office related services, including advertising, phone, postage, copying, printing, etc. In subsequent years contractual expenses will diminish.

Supplies. These funds will be used to purchase office supplies and training materials. Costs will diminish in future years.

Equipment. Cost will only be for the first year and include purchase of a computer/word processor terminal and miscellaneous equipment.

0699E

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_ Agency Affected: Commerce & Econ. Dev.  
 Title: An Act relating to the Neighborhood Business Development Program BRU: Business Development  
 Sponsor: Labor and Commerce Committee Components: \_\_\_\_\_  
 Requester: Labor and Commerce Committee

**EXPENDITURES / REVENUES : (Thousands of Dollars)**

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		64.3	64.3	91.0	91.0	91.0
TRAVEL		6.0	6.3	6.6	6.9	7.3
CONTRACTUAL		4.5	4.5	4.0	3.5	3.5
SUPPLIES		.4	.4	.4	.4	.4
EQUIPMENT		10.7	.6	.6	.6	.6
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		85.9	76.1	102.6	102.4	102.8

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

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

**FUNDING: (Thousands of dollars)**

GENERAL FUND		85.9	76.1	102.6	102.4	102.8
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		85.9	76.1	102.6	102.4	102.8

**POSITIONS:**

FULL-TIME		1.5	1.5	2	2	2
PART-TIME						
TEMPORARY						

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

SEE ATTACHED PAGE

Prepared by: Larry Mercurieff, Director *Bonnie J. Bonchick* Phone: 465-2017  
 Division: Business Development Date: February 26, 1988

Approved by Commissioner: J. Anthony Smith *J. Anthony Smith* Date: 2/26/88  
 Agency: Department of Commerce and Economic Development

**Distribution (by preparer):**

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

FISCAL NOTE CONTINUATION

ANALYSIS:

HB 430 states that the funds can only be used by communities of over 20,000 population which means only the Municipality of Anchorage, City and Borough of Juneau, City and Borough of Sitka, and City of Fairbanks can qualify.

The management of the fund will require the full time services of a Development Specialist I (Range 18) and the half services of an Accounting Clerk II (Range 9B). These two new positions will design, implement and administer the programs. By the third year, the Accounting Clerk II will be needed full time.

Development Specialist I (Range 18) (Salary and Benefits)	\$49,340
Accounting Clerk II (1/2 time)	<u>14,938</u>
	\$64,278

Administrative travel necessary to administer program will be \$6,000 in FY 89 increasing by 5% (inflation) a year through FY 93.

Contractual costs will be for communication items such as phone, postage, advertising, etc.

Supply costs will be minimal \$400 per year.

Equipment cost will be higher in the first year as two new offices will have to be equipped. This will include new modular units, two computer/word processors, two chairs and miscellaneous. Cost for each office is approximately \$5,500. After first year, equipment cost will be minimal.

5-1743N  
Chenoweth  
4/14/88

Original sponsor: Labor and Commerce  
Committee

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 430 ( )

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska neighborhood <sup>[business]</sup> revi-  
7 talization initiative; and providing for an effective  
8 date."

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

10 \* Section 1. PURPOSE. The purpose of AS 44.33.431 - 44.33.433, added  
11 by sec. 2 of this Act, is to promote neighborhood <sup>[business initiative by]</sup> revitalization and devel-  
12 opment through local initiatives of the state's communities with the assis-  
13 tance of financial institutions and the state.  
14 <sup>[ESTABLISHING A PROGRAM OF ECON. DEV. OF COMMERCIAL NEIGHBORHOODS IN THE STATE'S PRINCIPAL CITIES BY FINANCIAL INSTITUTIONS, RELYING ON LOCAL INITIATIVE FOR THE SPECIFIC DESIGN OF LOCAL PROGRAMS]</sup>

14 \* Sec. 2. AS 44.33 is amended by adding new sections to read:

15 ARTICLE 6A. NEIGHBORHOOD REVITALIZATION AND DEVELOPMENT PROGRAM.

16 Sec. 44.33.431. NEIGHBORHOOD REVITALIZATION AND DEVELOPMENT  
17 FUND. There is created the neighborhood <sup>[business]</sup> revitalization and develop-  
18 ment fund, to be administered by the commissioner. The commissioner  
19 shall deposit to the credit of the fund

- 20 (1) grants and contributions to the fund; and
- 21 (2) appropriations to the fund.

22 Sec. 44.33.432. POWERS AND DUTIES OF THE DEPARTMENT. (a) The  
23 commissioner may use money in the fund to make grants to

- 24 (1) nonprofit development corporations that qualify for  
25 assistance from the Neighborhood Reinvestment Corporation organized  
26 under 42 U.S.C. 8101-8107 (Neighborhood Reinvestment Corporation Act),  
27 for purposes of neighborhood housing services, <sup>[community]</sup> neighborhood revitali-  
28 zation, and economic development projects in a <sup>[City that has more than</sup> community; and  
29 <sup>20,000 persons.]</sup> (2) nondprofit community organizations that qualify for

1 assistance under the Alaska Main Street Program.

2 (b) The commissioner may adopt regulations necessary to carry  
3 out the department's functions under AS 44.33.431 - 44.33.433.

4 (c) The commissioner shall provide for an annual audit of the  
5 grants to nonprofit development corporations made under this section.

6 Sec. 44.33.433. DEFINITIONS. In AS 44.33.431 - 44.33.433

7 (1) "commissioner" means the commissioner of commerce and  
8 economic development;

9 (2) "community" means a home rule city or borough, a city  
10 or borough of any class, and a place that is not incorporated as a  
11 city and in which 25 or more persons reside as a social unit.

12 (3) "department" means the Department of Commerce and  
13 Economic Development;

14 (4) "fund" means the neighborhood revitalization and devel-  
15 opment fund established in AS 44.33.431.

16 \* Sec. 3. AS 44.33.020 is amended by adding a new paragraph to read:

17 (30) administer the neighborhood revitalization and develop-  
18 ment program under AS 44.33.431 - 44.33.433; in the administration of  
19 that program, the department shall establish a community-based Alaska  
20 Main Street Program that provides technical assistance and training  
21 for municipal governments, business organizations, merchants, and  
22 property owners to accomplish community and economic revitalization  
23 and development of older central business districts and neighborhoods;  
24 the program must use techniques developed by the National Trust for  
25 Historic Preservation that are designed to stimulate business rein-  
26 vestment, restore building facades, retain existing small businesses,  
27 strengthen the local tax base, create employment opportunities, pro-  
28 mote new commercial opportunities in the central business district,  
29 and help to stimulate a renewed sense of community pride.

\* Sec. 4. This Act takes effect July 1, 1988.

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29

5-1743X ✓

Chenoweth  
4/6/88

Original sponsor: Labor and Commerce  
Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 430 (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 establishing the Alaska neighborhood business  
7 initiative; and providing for an effective date."

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

9 \* Section 1. PURPOSE. The purpose of AS 44.33.431 - 44.33.433, added  
10 by sec. 2 of this Act, is to promote a neighborhood business initiative by  
11 establishing a program of economic development of commercial neighborhoods  
12 in the state's communities by financial institutions, relying on local  
13 initiative for the specific design of local programs.

14 \* Sec. 2. AS 44.33 is amended by adding new sections to read:

15 ARTICLE 6A. NEIGHBORHOOD BUSINESS DEVELOPMENT PROGRAM.

16 Sec. 44.33.431. NEIGHBORHOOD BUSINESS DEVELOPMENT FUND. There  
17 is created the neighborhood business development fund, to be adminis-  
18 tered by the commissioner. The commissioner shall deposit to the  
19 credit of the fund

20 (1) grants and contributions to the fund; and

21 (2) appropriations to the fund.

22 Sec. 44.33.432. POWERS AND DUTIES OF THE DEPARTMENT. (a) The  
23 commissioner may use money in the fund to make grants to nonprofit  
24 development corporations that qualify for assistance from the Neigh-  
25 borhood Reinvestment Corporation organized under 42 U.S.C. 8101-8107  
26 (Neighborhood Reinvestment Corporation Act), for purposes of neighbor-  
27 hood housing services, neighborhood revitalization, and economic  
28 development projects in a community.

29 (b) The commissioner may adopt regulations necessary to carry

1 out the department's functions under AS 44.33.431 - 44.33.433.

2 (c) The commissioner shall provide for an annual audit of the  
3 grants to nonprofit development corporations made under (b) of this  
4 section.

5 Sec. 44.33.433. DEFINITIONS. In AS 44.33.431 - 44.33.433

6 (1) "commissioner" means the commissioner of commerce and  
7 economic development;

8 (2) "community" means a home rule city or borough, a city  
9 or borough of any class, and a place that is not incorporated as a  
10 city and in which 25 or more persons reside as a social unit.

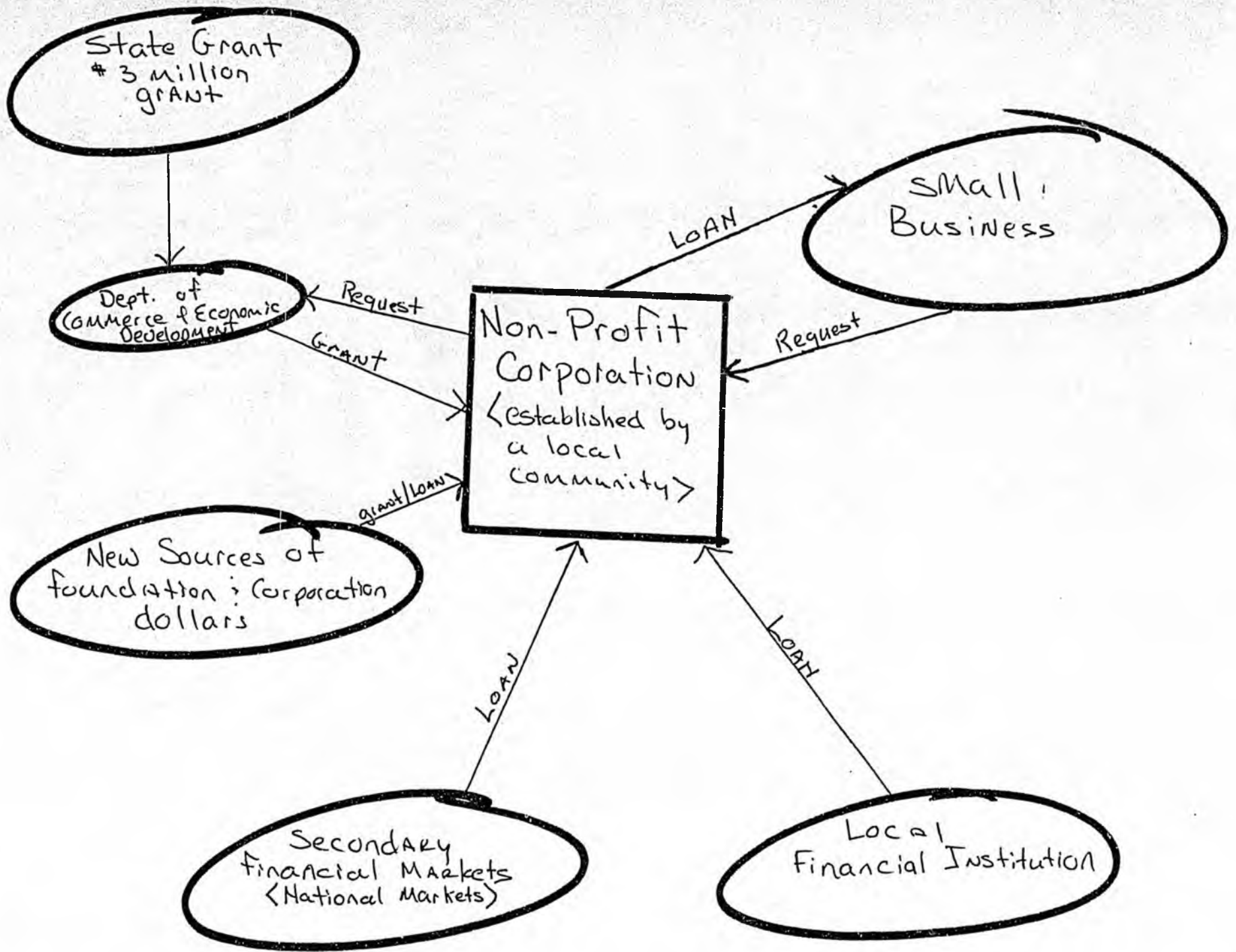
11 (3) "department" means the Department of Commerce and  
12 Economic Development;

13 (4) "fund" means the neighborhood business development fund  
14 established in AS 44.33.431.

15 \* Sec. 3. AS 44.33.020 is amended by adding a new paragraph to read:

16 (30) administer the neighborhood business development pro-  
17 gram under AS 44.33.431 - 44.33.433.

18 \* Sec. 4. This Act takes effect July 1, 1988.



Anchorage Neighborhood Housing Services, Inc.  
 Business Loan Fund  
 ECONOMIC DEVELOPMENT IMPACT  
 Seven Months

<u>BUSINESS TYPE</u> <u>PROJECT/LOAN</u>	<u>TOTAL \$</u>	<u>ANHS</u> <u>Loan \$</u>	<u>PRIVATE \$</u>	<u>CONST.</u> <u>JOBS</u>	<u>PERM.</u> <u>EMP.</u>
<u>LOANS CLOSED</u>					
Multi Family House	\$ 83,000	\$ 33,000	\$ 50,000	15	
Micro Computer Support Systems	440,000	50,000	390,000	7	14
Travel Agency	75,000	50,000	25,000	4	6
Site Development	15,500	15,500		4	
G.H. Private	3,500	3,500		2	Residence
N.V. Private	1,000	1,000		1	Residence
G.H. Private	3,500	3,500		2	Residence
N.V. Private	<u>1,098</u>	<u>1,098</u>		<u>2</u>	<u>Residence</u>
TOTAL	622,598	157,598	465,000	37	20
<u>LOANS APPROVED PENDING CLOSING</u>					
Hotel/Motel	3,053,000	195,000	2,858,000	15	8
Post Production Facil.	255,000	75,000	180,000		15
Retail Space	75,000	75,000		3	For <u>Lease</u>
AK. Food Manufacturer	300,000	270,000	30,000	12	8
Specialty Retail Store	420,000	84,000	336,000	4	7
Speciality Grocery	<u>130,000</u>	<u>100,000</u>	<u>30,000</u>	<u>4</u>	<u>4</u>
TOTAL	4,233,000	799,000	3,434,000	38	42
<u>OTHER PROJECTS</u>					
		<u>CONST.</u> <u>JOBS</u>		<u>NEW PERMANENT</u> <u>EMPLOYMENT</u>	
Small restaurant		4		5	
Delicatessen		3		5	
Bed and Breakfast		5		5	
Restaurant expansion		25		40	
Warehouse		30		10	
Small Shopping Center		N/A		N/A	
<u>TOTALS</u>					
<u>TOTAL</u> <u>INVESTMENT</u>	<u>ANHS \$</u>	<u>PRIVATE \$</u>		<u>CONST.</u> <u>JOBS</u>	<u>PERM.</u> <u>EMP.</u>
\$4,855,598	\$956,598	\$3,899,000		142	127



HISTORIC  
KETCHIKAN  
ALASKA

334 FRONT STREET  
KETCHIKAN, ALASKA 99801  
907-225-3111

---

March 14, 1988

Honorable Robin Taylor  
House of Representatives  
Post Office Box V  
Juneau, Alaska 99811

Dear Representative Taylor:

The City of Fairbanks is leading a campaign to create a state office devoted to downtown economic development and historic preservation, and to have the State of Alaska join the National Main Street program.

As you know, Ketchikan has its' own community development and historic preservation program underway. Our program, called "Historic Ketchikan", is designed after the National Main Street model. We recognize that the Main Street concept offers a significant advantage to a participating community, but is expensive for the individual community. The program is far less costly yet more effective when the state is the member and the communities participate through that state office. Participating in this manner allows for developing a networking process by which all of our communities can benefit and the state government is supporting a community need.

I support the Fairbanks effort to persuade the State of Alaska to create and support a Main Street program office at state level.

Sincerely,

A handwritten signature in cursive script that reads "Ted Ferry". The signature is written in dark ink and is positioned above the printed name.

Ted Ferry  
Mayor, City of Ketchikan

# REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE

DISTRICT ELEVEN • SPENARD

NORTHWOOD • SPENARD • THOMPSON • TURNAGAIN • UPPER MIDTOWN • WINDEMERE

P.O. BOX V, JUNEAU 99811

(907) 465-3892



CHAIRMAN  
LABOR AND COMMERCE  
COMMITTEE

MEMBER  
STATE AFFAIRS COMMITTEE  
HEALTH, EDUCATIONAL  
AND SOCIAL SERVICES COMMITTEE

DATE: March 17, 1988

TO: Representative Al Adams, Chair  
House Finance Committee

FROM: Representative Dave Donley *DB*

SUBJECT: HB 430, Neighborhood Business Initiative  
HB 431, Appropriation to the Neighborhood Business Initiative

I am writing to request that the House Finance Committee schedule a hearing on HB 430 and HB 431 the companion legislation of the Neighborhood Business Initiative, at your earliest convenience.

Neighborhood Business Initiative ( NBI ) is set up to help revitalize targeted neighborhood business zones. The goals of NBI is to create new short and long term jobs, create an incentive to attract new businesses to the area and to help make existing businesses more viable, attractive and stable.

Currently there is some thirty million dollars available from secondary financial markets, which include national insurance companies, commercial banks and national foundations who wish to make " social investments" available for community service and public relation purposes. Just in Anchorage alone we have seen this program create over 50 short term jobs and 60 long term jobs in less then eight months.

This secondary market would work hand-in-hand with a local non-profit corporations within the targeted area to utilize its money as well as the states money. The goal would be the state money would be able to be leveraged against the secondary markets at the rate of four to ten times.

This is one of the reasons I have introduced HB 430 and HB 431. In times like these we need to maximize the states money when creating jobs, in other words " get the biggest bang for the our money".

Please contact me or my aide, Mark Begich, 3892 should you have any questions or need additional information.

" AN ACT RELATING TO THE NEIGHBORHOOD BUSINESS DEVELOPMENT PROGRAM "

HB 430 and the companion appropriation bill HB 431 is a program modeled after an existing loan program run by a non-profit corporation within Anchorage. The concept of the program is to leverage state money with the secondary financial markets, which include over \$30 million from national insurance companies. Some national insurance companies have made such "social investments" funds available for community service and public relation purposes. The purpose of this program is to redevelop commercial business zones.

The objectives of the program is:

- Create new short term and long term jobs.
- Create an incentive mechanism for attracting new businesses to an area.
- Help make existing businesses more viable, attractive, and stable.
- Leverage business loans made with conventional financing.
- Create a business climate that better services the community.

The bill also stipulates that any non-profit that applies for the grant funds from the Department of Commerce and Economic Development must meet the criteria set out in the Neighborhood Reinvestment Corporation.

The purpose of this bill is to offer an opportunity to develop a "true" public/private partnership in communities.

from Commissioner Tony Smith

pledge any additional assets or responsibility. There will be losses in the program irrespective of the quality of the underwriting standards, but these losses will appear at least a year or two in the future. We also recommend that there be a 1-to-4 ratio of reserves to program commitment at the start with the Board of AIDEA having the flexibility to adjust reserves to reflect actual experience. This means that there needs to be an appropriation of loans which will generate \$25 million if we are to do \$100 million in guarantees for the program to have the impact desired. We recommend a \$100 million program at the start.

3. HB 422 -- Payment for Purchases by Various Public Entities -- DCED supports this expansion of current law.
4. HB 429 -- Optional Exemption from Property Taxes on Vacated Land -- The Department is supportive of this concept and would suggest elimination of the limitation of its applications by removing the 30-year-old requirement on improvements currently included in the bill. So long as this proposal does not directly affect the revenues of the state, and is optimal for local governments, it should be considered.
5. HB 430 - 431 -- Neighborhood Business Development Programs and Appropriation -- The Department is conceptually supportive of these bills. We understand the difficulties associated with balancing the state's budget and do not represent that this is an essential \$3 million item. Hence, a threshold question is identifying a source of funding.

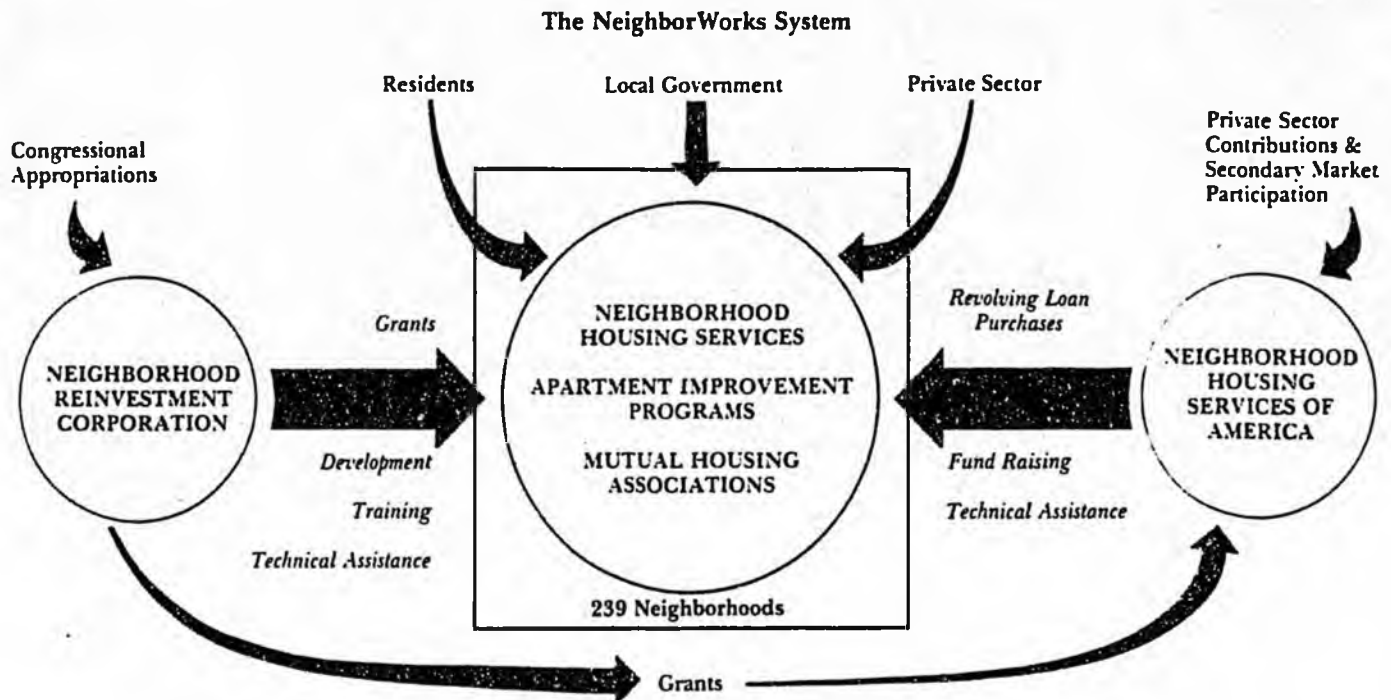
In addition to HB 429, 430, and 431, it is our perception that an appropriate public sector response to the supply/demand problem is public acquisition of developments for purposes of parks, neighborhood upgrade and to eliminate obsolete or nonconforming properties. Thus, special appropriations to entities such as the Heritage Land Bank and local governments would allow local governments and the state to take advantage of present price levels to improve the quality of life while beneficially impacting the supply/demand problem.

6. HB 432 -- AHFC Trades -- We are conceptually supportive of this bill; although by this time the Labor and Commerce Committee is fully cognizant of the limitations on AHFC's ability to unilaterally achieve the ends sought in this bill. The approach currently undertaken by the Labor and Commerce Committee seems to reasonably address this issue.

There are other changes in AHFC which would allow the agency to manage its revenues to be part of the solution rather than part of the problem. For example, AS 18.56.098 needs to be altered so that the interest rate formula is more flexible. Some recommended changes are:

“NHS has shown that cooperation among local and federal governments, businesses and the neighborhoods themselves can produce some very valuable results: the rehabilitation of not just individual homes but of whole neighborhoods as well.”

The Honorable Jake Garn  
United States Senate



### The Partners

In each NHS, *residents* take the lead. Residents hold the majority of seats on the board of directors and are represented on all committees. They determine the goals and standards for their neighborhoods, fix up their properties, and promote their neighborhoods. *Community business leaders* from insurance, banking, thrift institutions, and other, non-financial corporations supply their specialties: loans, property coverage, management expertise, operating contributions, or any combination of these. A crucial member of the partnership, especially in the development stages, is the *local government*. The local government usually provides the funds to develop a new NHS; targets necessary capital improvements as well as loans, grants and special programs to the NHS neighborhood; supplies principal funding for the NHS revolving loan fund; and, in cooperation with the NHS, conducts a sensitive, systematic housing inspection program aimed at voluntary compliance.

### A Local Response to Neighborhood Decline

Local communities ask a lot of NHS—and NHS responds. NHS's strength comes from its adaptability to a wide variety of local situations. For example, NHSs serve rural Dimmit County, Texas, as well as seven neighborhoods in New York City. Despite differences in size and geography, neighborhoods often share strikingly similar problems: a shrinking supply of housing affordable to low-income people; housing in various stages of deterioration; road, sidewalk, sewer and drainage systems in ill repair; a reduction in visible city services; a general lack of reinvestment in the neighborhood.

Often, these sorts of problems create related problems which accelerate the cycle of decline. Insurance companies may be reluctant to provide coverage in the neighborhood. Loan officers may hesitate to make loans. Local governments may reduce or defer

## Neighborhood Reinvestment Corporation

### *Balance Sheets*

Assets	<i>September 30,</i>	
	<i>1986</i>	<i>1985</i>
Cash and short-term investments (at cost, which approximates market)	\$5,746,998	\$3,967,991
Receivables:		
Neighborhood Housing Services of America, Inc. (Note 3)	500,000	350,000
Federal Home Loan Bank System	73,780	158,159
Local governments	180,775	177,463
Accrued interest receivable	90,077	73,258
Travel advances	68,465	54,946
Prepaid expenses and other	83,963	207,211
Office furniture and equipment, less accumulated depreciation of \$980,361 and \$776,369	<u>443,007</u>	<u>520,525</u>
<b>Total assets</b>	<b><u>\$7,187,065</u></b>	<b><u>\$5,509,553</u></b>
Liabilities and Fund Balance		
Accounts payable and accrued expenses	\$1,688,574	\$1,334,422
Installment purchase payable		83,761
Grant commitments (Note 4)	4,368,925	3,375,588
Unexpended local funds	<u>204,738</u>	<u>154,120</u>
<b>Total liabilities</b>	<b><u>6,262,237</u></b>	<b><u>4,947,891</u></b>
Fund balance		
Unrestricted	481,821	124,898
Net equity in fixed assets	<u>443,007</u>	<u>436,764</u>
<b>Total fund balance</b>	<b><u>924,828</u></b>	<b><u>561,662</u></b>
<b>Total liabilities and fund balance</b>	<b><u>\$7,187,065</u></b>	<b><u>\$5,509,553</u></b>

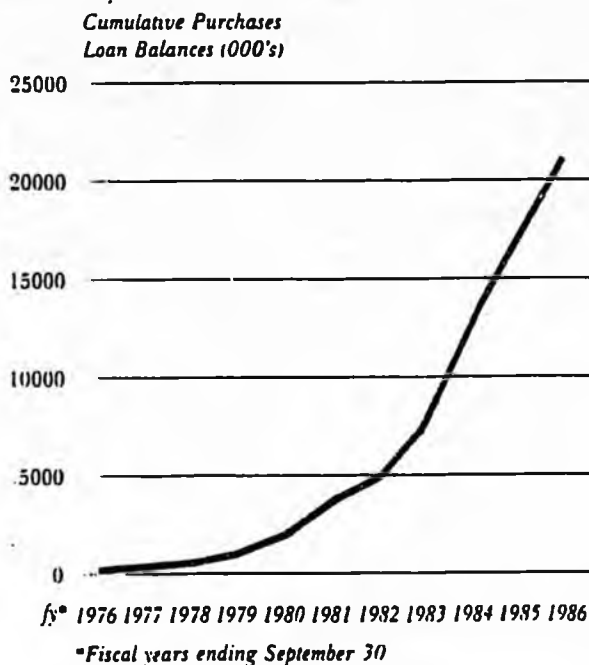
## Neighborhood Reinvestment Corporation

### *Statements of Revenue, Expenses and Changes in Fund Balance*

Revenue:	<i>Year Ended September 30,</i>	
	<i>1986</i>	<i>1985</i>
Congressional appropriation	\$17,669,000	\$15,512,000
Federal Reserve Board	200,000	400,000
Federal Home Loan Bank System	200,000	400,000
Local governments	341,127	496,945
Interest and other	1,100,471	1,112,991
<b>Total revenue</b>	<b>19,510,598</b>	<b>17,921,936</b>
Expenses:		
Grants and grant commitments (Note 4)	4,763,461	4,297,602
Salaries and employee benefits (Note 5)	8,580,509	8,454,712
Travel	1,658,001	1,703,505
Professional services	609,200	468,108
Conferences and workshops	303,129	380,279
Rent (Note 6)	1,284,410	1,184,623
Telephone, postage and delivery	789,172	545,525
Printing, films and supplies	406,257	411,909
Other general and administrative	549,301	527,256
Depreciation	203,992	208,612
<b>Total expenses</b>	<b>19,147,432</b>	<b>18,182,131</b>
Revenue over (under) expenses	363,166	(260,195)
Fund balance, beginning of year	561,662	821,857
<b>Fund balance, end of year</b>	<b>\$ 924,828</b>	<b>\$ 561,662</b>

## ■ Adding Strength through Private Sector Support

### NHS Secondary Market Loan Purchases For the years 1976 to 1986



Affordable financing for home purchase and repair is essential to neighborhood revitalization. Because many residents in NHS neighborhoods cannot afford the cost of major home repairs under traditional loan repayment terms or do not meet conventional credit criteria, each NHS maintains a revolving loan fund to provide loans at interest rates and terms that meet these borrowers' ability to repay.

Neighborhood Housing Services of America (NHSA), a national corporation created in 1974, provides support to the NHS network and Neighborhood Reinvestment by operating a secondary market to keep NHS loan funds capitalized so that local NHSs will continue to have the resources they need to solve neighborhood problems.

NHSA buys loans from local NHSs and then sells collateralized securities, backed by pools of these NHS loans, to social investors. Initially, NHSA used its own funds to purchase NHS loans. In 1978, the Ford Foundation and Neighborhood Reinvestment contributed loan-fund working capital and the Equitable Life Assurance Society of the United States agreed to invest \$1 million in NHSA notes backed by NHS loans, thus introducing private-sector funds into the process and creating a true secondary market.

The secondary market quickly proved to be both a major resource for the NHS network and a sound and satisfying social investment (participating investors agree to "give up" the difference between the rate of return on their notes with NHSA and the market rate). Currently, seven major insurance companies have active note participation agreements with NHSA totaling \$30 million dollars.

### NHSA Secondary Market, 1986

<i>Note Purchase Agreements (in millions)</i>	
Prudential	\$12.5
Metropolitan	5.0
Aetna	4.0
Allstate	4.0
Equitable	3.0
Mutual Benefit Life	1.0
Employers Insurance of Wausau	.5
<b>Total</b>	<b>\$30.0</b>

By leveraging social investments, NHSA has been able to purchase more than \$21 million in loans from 112 NHSs.





January 29, 1988

Representative Dave Donley  
Alaska State House of Representatives  
Pouch V  
Juneau, AK 99811

ATTN: Mark Begich

Dear Representative Donley:

At your request, I am enclosing the annual report of the Neighborhood Reinvestment Corporation and some material describing the breadth of program services developed within local corporations as part of the Neighborhood Housing Services of America (NHS) network.

Also enclosed is a copy of the Community Development Amendments of 1978 which originally chartered Neighborhood Reinvestment by Congress and provides for annual appropriations to support the corporation. At the request of a local government, Neighborhood Reinvestment will conduct an assessment of a community with that community and provide assistance in developing local public and private partnerships that are necessary to set up a Neighborhood Housing Services Corporation. Once established, the corporations are independent, local non profits, chartered by state and local incorporation requirements, but are provided ongoing network assistance and occasional program development capital to test new programs within the local community as required.

Typically the local Neighborhood Housing Services Corporation operating under a public private partnership board administers a loan fund for housing and economic development type of activities. The national track record for leveraging capabilities is quite high and on the average has provided a ratio of 32:1 in private to public dollars. The secondary market support comes from our network consortium of NHS, which purchases loans made by the local NHS to continue to replenish needed loan fund dollars.

Anchorage Neighborhood Housing Services is currently one of small handful of Neighborhood Housing Services Corporations which is providing Commercial Development ~~loans~~ which I described to you previously. If the city of Fairbanks is interested in creating a local non profit corporation modeled after the NHS, my suggestion is that they seek assistance through Neighborhood Reinvestment in developing that corporation. Anchorage Neighborhood Housing Services would be happy to assist both Neighborhood Reinvestment and Fairbanks in that effort, but it is paramount in my mind that it be a locally controlled private non profit. In establishing public private partnerships, local control is essential, as is an adequate resource base of funds to do the work at hand. If the state legislature were to provide additional capital for commercial revitalization, ANHS most certainly could utilize those funds because we have some significant projects that need funding and will help to stabilize the economy, as I am sure could a Fairbanks NHS.

**TITLE VI—NEIGHBORHOOD REINVESTMENT CORPORATION**

Neighborhood  
Reinvestment  
Corporation Act.

**SHORT TITLE**

**Sec. 601.** This title may be cited as the "Neighborhood Reinvestment Corporation Act".

42 USC 8101  
note.

**FINDINGS AND PURPOSE**

**Sec. 602. (a)** The Congress finds that—

42 USC 8101.

(1) the neighborhood housing services demonstration of the Urban Reinvestment Task Force has proven its worth as a successful program to revitalize older urban neighborhoods by mobilizing public, private, and community resources at the neighborhood level; and

(2) the demand for neighborhood housing services programs in cities throughout the United States warrants the creation of a public corporation to institutionalize and expand the neighborhood housing services program and other programs of the present Urban Reinvestment Task Force.

(b) The purpose of this title is to establish a public corporation which will continue the joint efforts of the Federal financial supervisory agencies and the Department of Housing and Urban Development to promote reinvestment in older neighborhoods by local financial institutions working cooperatively with community people and local government, and which will continue the nonbureaucratic approach of the Urban Reinvestment Task Force, relying largely on local initiative for the specific design of local programs.

**ESTABLISHMENT OF CORPORATION**

**Sec. 603. (a)** There is established a National Neighborhood Reinvestment Corporation (hereinafter referred to as the "corporation") which shall be a body corporate and shall possess the powers, and shall be subject to the direction and limitations specified herein.

42 USC 8102

(b) The corporation shall implement and expand the demonstration activities carried out by the Urban Reinvestment Task Force.

Dunes.

(c) The corporation shall maintain its principal office in the District of Columbia or at such other place the corporation may from time to time prescribe.

Offices.

(d) The corporation, including its franchise, activities, assets, and income, shall be exempt from all taxation now or hereafter imposed by the United States, by any territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the corporation shall be subject to State, territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

**BOARD OF DIRECTORS; ESTABLISHMENT**

**Sec. 604. (a)** The corporation shall be under the direction of a board of directors made up of the following members:

Membership.  
42 USC 8103.

(1) the Chairman of the Federal Home Loan Bank Board;

(2) the Secretary of Housing and Urban Development;

(3) a member of the Board of Governors of the Federal Reserve System, to be designated by the Chairman of the Board of Governors of the Federal Reserve System;

(4) the Chairman of the Federal Deposit Insurance Corporation;

(5) the Comptroller of the Currency; and

(6) the Administrator of the National Credit Union Administration.

Chairman.

(b) The Board shall elect from among its members a chairman who shall serve for a term of two years, except that the Chairman of the Federal Home Loan Bank Board shall serve as Chairman of the Board of Directors for the first such two-year term.

Compensation and expenses.

(c) Each director of the corporation shall serve ex officio during the period he holds the office to which he is appointed by the President.

(d) The directors of the corporation, as full-time officers of the United States, shall serve without additional compensation but shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of their duties as directors of the corporation.

(e) The directors of the corporation shall adopt such bylaws, policies, and administrative provisions as are necessary to the functioning of the corporation and consistent with the provisions of this title.

Quorum.

(f) The presence of a majority of the board members shall constitute a quorum.

(g) The corporation shall be subject to the provisions of section 552 of title 5, United States Code.

(h) All meetings of the board of directors will be conducted in accordance with the provisions of section 552b of title 5, United States Code.

## OFFICERS AND EMPLOYEES

42 USC 8104.

Sec. 605. (a) The board shall have power to select, employ, and fix the compensation and benefits of such officers, employees, attorneys, and agents as shall be necessary for the performance of its duties under this title, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, classification, and General Schedule pay rates, except that no officer, employee, attorney, or agent of the corporation may be paid compensation at a rate in excess of the highest rate provided for GS-18 of the General Schedule under section 5332 of title 5, United States Code.

(b) The directors of the corporation shall appoint an executive director who shall serve as chief executive officer of the corporation.

(c) The executive director of the corporation, subject to approval by the board, may appoint and remove such employees of the corporation as he determines necessary to carry out the purposes of the corporation.

(d) No political test or political qualification shall be used in selecting, appointing, promoting, or taking any other personnel action with respect to any officer, agent, or employee of the corporation or of any recipient, or in selecting or monitoring any grantee, contractor, or person or entity receiving financial assistance under this title.

(e) Officers and employees of the corporation shall not be considered officers or employees of the United States, and the corporation shall not be considered a department, agency, or instrumentality of the Federal Government. The corporation shall be subject to administrative and cost standards issued by the Office of Management and Budget similar to standards applicable to non-profit grantees and educational institutions.

## POWERS AND DUTIES

Sec. 606. (a) (1) The corporation shall continue the work of the Urban Reinvestment Task Force in establishing neighborhood housing services programs in neighborhoods throughout the United States, supervising their progress, and providing them with grants and technical assistance. For the purpose of this paragraph, a neighborhood housing services program may involve a partnership of neighborhood residents and representatives of local governmental and financial institutions, organized as a State-chartered non-profit corporation, working to bring about reinvestment in one or more neighborhoods through a program of systematic housing inspections, increased public investment, increased private lending, increased resident investment, and a revolving loan fund to make loans available at flexible rates and terms to homeowners not meeting private lending criteria.

Housing services programs, continuation. 42 USC 8105.

(2) The corporation shall continue the work of the Urban Reinvestment Task Force in identifying, monitoring, evaluating, and providing grants and technical assistance to selected neighborhood preservation projects which show promise as mechanisms for reversing neighborhood decline and improving the quality of neighborhood life.

Preservation projects.

(3) The corporation shall experimentally replicate neighborhood preservation projects which have demonstrated success, and after creating reliable developmental processes, bring the new programs to neighborhoods throughout the United States which in the judgment of the corporation can benefit therefrom, by providing assistance in organizing programs, providing grants in partial support of program costs, and providing technical assistance to ongoing programs.

(4) The corporation shall continue the work of the Urban Reinvestment Task Force in supporting Neighborhood Housing Services of America, a nonprofit corporation established to provide services to local neighborhood housing services programs, with support which may include technical assistance and grants to expand its national loan purchase pool and may contract with it for services which it can perform more efficiently or effectively than the corporation.

(5) The corporation shall, in making and providing the foregoing grants and technical and other assistance, determine the reporting and management restrictions or requirements with which the recipients of such grants or other assistance must comply. In making such determinations, the corporation shall assure that recipients of grants and other assistance make available to the corporation such information as may be necessary to determine compliance with applicable Federal laws.

(b) To carry out the foregoing purposes and engage in the foregoing activities, the corporation is authorized—

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

(2) to have succession until dissolved by Act of Congress;

(3) to make and perform contracts, agreements, and commitments;

(4) to sue and be sued, complain and defend, in any State, Federal, or other court;

(5) to determine its necessary expenditures and the manner in which the same shall be incurred, allowed, and paid, and appoint, employ, and fix and provide for the compensation of consultants, without regard to any other law, except as provided in section 608(d);

(6) to settle, adjust, and compromise, and with or without compensation or benefit to the corporation to release or waive in whole

or in part, in advance or otherwise, any claim, demand, or right of, by, or against the corporation;

(7) to invest such funds of the corporation in such investments as the board of directors may prescribe;

(8) to acquire, take, hold, and own, and to deal with and dispose of any property; and

(9) to exercise all other powers that are necessary and proper to carry out the purposes of this title.

Contracts and grants.

(c) (1) The corporation may contract with the Office of Neighborhood Reinvestment of the Federal home loan banks for all staff, services, facilities, and equipment now or in the future furnished by the Office of Neighborhood Reinvestment to the Urban Reinvestment Task Force, including receiving the services of the Director of the Office of Neighborhood Reinvestment as the corporation's executive director.

(2) The corporation shall have the power to award contracts and grants to—

(A) neighborhood housing services corporations and other non-profit corporations engaged in neighborhood preservation activities; and

(B) local governmental bodies.

Services and facilities.

(3) The Secretary of Housing and Urban Development, the Federal Home Loan Bank Board and the Federal home loan banks, the Board of Governors of the Federal Reserve System and the Federal Reserve banks, the Federal Deposit Insurance Corporation, and the Comptroller of the Currency, the National Credit Union Administration or any other department, agency, or other instrumentality of the Federal Government are authorized to provide services and facilities, with or without reimbursement, necessary to achieve the objectives and to carry out the purposes of this title.

(d) (1) The corporation shall have no power to issue any shares of stocks, or to declare or pay any dividends.

(2) No part of the income or assets of the corporation shall inure to the benefit of any director, officer, or employee, except as reasonable compensation for services or reimbursement for expenses.

(3) The corporation may not contribute to or otherwise support any political party or candidate for elective public office.

#### REPORTS AND AUDITS

Transmittal to President and Congress.  
42 USC 8106.

SEC. 607. (a) The corporation shall publish an annual report which shall be transmitted by the corporation to the President and the Congress.

(b) The accounts of the corporation shall be audited annually. Such audits shall be conducted in accordance with generally accepted auditing standards by independent certified public accountants who are certified by a regulatory authority of the jurisdiction in which the audit is undertaken.

(c) In addition to the annual audit, the financial transactions of the corporation for any fiscal year during which Federal funds are available to finance any portion of its operations may be audited by the General Accounting Office in accordance with such rules and regulations as may be prescribed by the Comptroller General of the United States. The financial transactions of the corporation shall be audited by the General Accounting Office at least once during each three years.

(d) For any fiscal year during which Federal funds are available to finance any portion of the corporation's grants or contracts, the General Accounting Office, in accordance with such rules and regulations as may be prescribed by the Comptroller General of the United States, may audit the grantees or contractors of the corporation.

(e) The corporation shall conduct or require each grantee or contractor to provide for an annual financial audit. The report of each such audit shall be maintained for a period of at least five years at the principal office of the corporation.

#### AUTHORIZATION

SEC. 608. (a) There are authorized to be appropriated to the corporation to carry out this title not to exceed \$12,500,000 for fiscal year 1979.

Appropriation authorization.  
42 USC 8107.

(b) Funds appropriated pursuant to this section shall remain available until expended.

(c) Non-Federal funds received by the corporation, and funds received by any recipient from a source other than the corporation, shall be accounted for and reported as receipts and disbursements separate and distinct from Federal funds.

(d) The corporation shall prepare annually a business-type budget which shall be submitted to the Office of Management and Budget, under such rules and regulations as the President may establish as to the date of submission, the form and content, the classifications of data, and the manner in which such budget program shall be prepared and presented. The budget of the corporation as modified, amended, or revised by the President shall be transmitted to the Congress as a part of the annual budget required by the Budget and Accounting Act, 1921. Amendments to the annual budget program may be submitted from time to time.

Annual budget submission.

Transmittal to Congress.

31 USC 1.

## HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1980

PUBLIC LAW 96-399—OCT. 8, 1980

94 STAT. 1645

#### NEIGHBORHOOD REINVESTMENT CORPORATION

SEC. 315 Title VI of the Housing and Community Development Amendments of 1978 is amended—

(1) by striking out "National" in section 603(a);

42 USC 8102

(2) by striking out "supervising" in the first sentence of section 603(a)(1) and inserting in lieu thereof the word "monitoring"; and

42 USC 8103

(3) by striking out "and not to exceed \$12,000,000 for fiscal year 1980" in section 603(a) and inserting in lieu thereof the following: "not to exceed \$12,000,000 for fiscal year 1980, and not to exceed \$13,425,000 for fiscal year 1981"

42 USC 8107

**GARN-ST GERMAIN DEPOSITORY  
INSTITUTIONS ACT OF 1982.**

96 STAT. 1544

**PUBLIC LAW 97-320—OCT. 15, 1982**

**NEIGHBORHOOD REINVESTMENT CORPORATION**

42 USC 6103      **Sec. 710. (a) Section 604 of the Neighborhood Reinvestment Corporation Act (Public Law 95-557) is amended—**

(1) by redesignating subsections (f), (g), and (h) as subsections (g), (h), and (i), respectively, and by inserting after subsection (e) the following:

"(f) A director who is necessarily absent from a meeting of the board, or of a committee of the board, may participate in such meeting through a duly designated representative who is serving, pursuant to appointment by the President of the United States, by and with the advice and consent of the Senate, in the same department, agency, corporation, or instrumentality as the absent director, or in the case of the Comptroller of the Currency, through a duly designated Deputy Comptroller."; and

(2) by inserting in section 604(g), as redesignated, after "members" a comma and the words "or their representatives as provided in subsection (f)."

42 USC 6105

(b) Section 608(c)(3) of such Act is amended by inserting "funds," after "provide"

PLEASE DISTRIBUTE TO ALL MEMBERS OF THE HOUSE FINANCE COMMITTEE

PUBLIC TESTIMONY RE: HOUSE BILL NO. 430

April 7, 1988

Introduction:

My name is Bernie Souphanavong and I am the owner of Northland Soy Products in Anchorage, Alaska. I started my business in May, 1980. We are the main producer of Soy based foods and sprouts, and distributor of speciality Asian foods to grocery stores, military users and wholesalers from Anchorage to Barrow. In 1986 our business was named Alaska's Minority Small Business of the Year by the Small Business Administration. In 1988 we have been named the Small Business of the Year.

Statement:

We urge your support for HB 430 and HB 431 for the Neighborhood Business Development Loan Fund. As you are all aware, most businesses are facing an unprecedented change in economic profile and vitality. This has resulted in tight budgets, slow growth and low returns on investment. Many businesses have folded, most are maintaining, with a few expanding. As long as a business is meeting costs and is intact, it needs money to replace, maintain and upgrade equipment, to advertise products and services, expand new product lines to diversify income sources and pay for inventory. All of this means a need for working capital. That's just the way most businesses are operated. An analogy to this is State government and services - even if our population is reduced by half, basic and essential services must be maintained. Money must be had from somewhere to provide those services. Businesses too need continued sources of working capital to maintain operations. That's one of the reasons for having banks.

The financial institutions today are undergoing a period of uncertainty, internal turmoil, and lack of direction. Banks in general are hesitant. They are experiencing high turnovers and layoffs. Their focus now seems to be on collections rather than on making new loans or expanding existing loans. For many banks there are fewer loan officers and more people working in collections and special credits. There are simply fewer banks in the market. We've lost Bank of the North, Alaska Mutual, UBA, First Interstate and a savings and loan.

The Neighborhood Business Development Loan Fund can be a valuable resource for small businesses unable to obtain funding elsewhere. It would put critically needed funds in the hands of entrepreneurs to incubate businesses for future growth. By helping keep businesses running, it would maintain leases in commercial buildings, maintain stability in neighborhoods, keep jobs, hold up property values and generally promote a positive outlook in an otherwise down and dismal local economy.

Except for the first year of operations, we have made a profit every year. We have successfully paid off three SBA loans, and one bank loan, increasing sales every year. Even with this excellent track record and a well thought out business plan, I was still unable to obtain financing from conventional sources this year. The flexibility of Anchorage Neighborhood Housing Services loan fund enabled me to obtain a loan for expansion of my business and for purchasing a building in which to locate. This will drastically reduce my monthly costs thereby making my business stronger and more successful.

Anchorage Neighborhood Housing Services is a proven service provider. They have the important ingredient of management experience to help translate concept into reality. Good programs like this deserve your support. This bill is not just a local Anchorage interest. It is a positive addition to any community in Alaska. It crosses all boundaries. It will help many who deserve assistance to bridge the current financing gap.

*B. Souphanavong*  
Bernard Souphanavong April 17/88

Original sponsor: Labor and Commerce  
Committee

1 IN THE HOUSE

BY THE LABOR AND  
COMMERCE COMMITTEE

2

CS FOR HOUSE BILL NO. 430 (L&C)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act establishing the Alaska neighborhood business  
initiative; and providing for an effective date."

7

8

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

9 \* Section 1. PURPOSE. The purpose of AS 44.33.431 - 44.33.433, added  
10 by sec. 2 of this Act, is to promote a neighborhood business initiative by  
11 establishing a program of economic development of commercial neighborhoods  
12 in the state's principal cities by financial institutions, relying on local  
13 initiative for the specific design of local programs.

14

\* Sec. 2. AS 44.33 is amended by adding new sections to read:

15

ARTICLE 6A. NEIGHBORHOOD BUSINESS DEVELOPMENT PROGRAM.

16

Sec. 44.33.431. NEIGHBORHOOD BUSINESS DEVELOPMENT FUND. There

17

is created the neighborhood business development fund, to be adminis-  
18 tered by the commissioner. The commissioner shall deposit to the  
19 credit of the fund

20

(1) grants and contributions to the fund; and

21

(2) appropriations to the fund.

22

Sec. 44.33.432. POWERS AND DUTIES OF THE DEPARTMENT. (a) The

23

commissioner may use money in the fund to make grants to nonprofit  
24 development corporations that qualify for assistance from the Neigh-  
25 borhood Reinvestment Corporation organized under 42 U.S.C. 8101-8107  
26 (Neighborhood Reinvestment Corporation Act), for purposes of neighbor-  
27 hood housing services, community revitalization, and economic develop-  
28 ment projects in a city that has more than 20,000 persons.

29

(b) The commissioner may adopt regulations necessary to carry

1 out the department's functions under AS 44.33.431 - 44.33.433.

2 (c) The commissioner shall provide for an annual audit of the  
3 grants to nonprofit development corporations made under (b) of this  
4 section.

5 Sec. 44.33.433. DEFINITIONS. In AS 44.33.431 - 44.33.433

6 (1) "commissioner" means the commissioner of commerce and  
7 economic development;

8 (2) "department" means the Department of Commerce and  
9 Economic Development;

10 (3) "fund" means the neighborhood business development fund  
11 established in AS 44.33.431.

12 \* Sec. 3. AS 44.33.020 is amended by adding a new paragraph to read:

13 (30) administer the neighborhood business development pro-  
14 gram under AS 44.33.431 - 44.33.433.

15 \* Sec. 4. This Act takes effect July 1, 1988.

1 IN THE HOUSE

BY THE LABOR AND  
COMMERCE COMMITTEE

2

HOUSE BILL NO. 430

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 neighborhood business devel-  
7 opment program; and providing for an effective date."

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

9 \* Section 1. PURPOSE. The purpose of AS 44.33.431 - 44.33.433, added  
10 by sec. 2 of this Act, is to promote the economic development of commercial  
11 neighborhoods in the state's principal cities by financial institutions,  
12 relying on local initiative for the specific design of local programs.

13 \* Sec. 2. AS 44.33 is amended by adding new sections to read:

14 ARTICLE 6A. NEIGHBORHOOD BUSINESS DEVELOPMENT PROGRAM.

15 Sec. 44.33.431. NEIGHBORHOOD BUSINESS DEVELOPMENT FUND. There  
16 is created the neighborhood business development fund, to be adminis-  
17 tered by the commissioner. The commissioner shall deposit to the  
18 credit of the fund

19 (1) grants and contributions to the fund; and

20 (2) appropriations to the fund.

21 Sec. 44.33.432. POWERS OF THE DEPARTMENT. (a) The commissioner  
22 may use money in the fund to make grants to nonprofit development  
23 corporations that qualify for assistance from the Neighborhood Rein-  
24 vestment Corporation organized under 42 U.S.C. 8101-8107 (Neighborhood  
25 Reinvestment Corporation Act), for purposes of neighborhood housing  
26 services, community revitalization, and economic development projects  
27 in a city that has more than 20,000 persons.

28 (b) The commissioner may adopt regulations necessary to carry  
29 out the department's functions under AS 44.33.431 - 44.33.433.

1           Sec. 44.33.433. DEFINITIONS.    In AS 44.33.431 - 44.33.433  
2           (1) "commissioner" means the commissioner of commerce and  
3           economic development;  
4           (2) "department" means the Department of Commerce and  
5           Economic Development;  
6           (3) "fund" means the neighborhood business development fund  
7           established in AS 44.33.431.  
8       \* Sec. 3. AS 44.33.020 is amended by adding a new paragraph to read:  
9           (30) administer the neighborhood business development  
10          program under AS 44.33.431 - 44.33.433.  
11       \* Sec. 4.       This Act takes effect July 1, 1988.