

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

CSHB 533 cont thru HB 538 ~~Leg. Files~~ 394

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FINDING AND RECOMMENDATION

Recommendation No. 1

In order to determine if a public need exists, the Board should review the requirement for the registration of all public accounting and certified public accounting offices.

Alaska Statute 08.04.350 requires each office of a certified public accountant, partnership or corporation of certified public accountants, as well each office of a public accountant, partnership or corporation of public accountants, to register annually with the Board. This requirement is in addition to Alaska Statute 08.04.240, which requires the registration of all partnerships and corporations composed of certified public accountants.

During our examination we found, that due to other priorities, the Division is unable to actively enforce the requirement for the individual registration of offices. Completed registrations received by the Division are placed in the individual's certified public accountant or public accountant file. There is currently no process to verify that individual offices are complying with this requirement.

If upon review, the Board finds no compelling reason to continue the registration of individual offices, we would recommend the Board pursue the appropriate statutory deletions.

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ANALYSIS OF PUBLIC NEED

Limited Analysis

The following analyses indicate both positive and negative factors as they relate to the public need as defined in the "sunset" law. These analyses are not intended to be comprehensive, but address those areas we were able to cover within the scope of our review.

I. The extent to which the board, commission or program has operated in the public interest.

- A. To practice public accounting in Alaska, an individual must satisfy minimum professional standards established by the Board.
- B. The Board was successful in its proposition to adopt a regulation (12 AAC 04.440) to require evidence of continuing professional education as a condition for reinstatement of a lapsed license.
- C. The Board has held an average of three meetings per year and has conducted professional examinations (twice a year) in Anchorage, Fairbanks and Juneau.

II. The extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices which it has adopted, and any other matter, including budgetary, resource, and personnel matters.

Reductions in the Division of Occupational Licensing's budget has limited staff support to all professional licensing boards. Present levels of funding appear to be adequate, but further reductions could be detrimental.

III. The extent to which the board, commission, or agency has recommended statutory changes which are generally of benefit to the public interest.

The Board has recommended several amendments to the Accountancy Act of 1960. These amendments appear to be consistent with other jurisdictions and in the public's best interest.

IV. The extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service which it has provided.

Individuals who register complaints or ask questions of the Board are invited and encouraged to attend Board meetings.

- V. The extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.

Board meetings are held at least three times a year. The meetings are open to the public and are advertised in a timely manner.

- VI. The efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the Office of the Ombudsman have been processed and resolved.

Procedures for handling complaints by the Division of Occupational Licensing have been improved.

- VII. The extent to which a board or commission which regulates entry into an occupation or profession has presented qualified applicants to serve the public.

A. For certification purposes, the Board has proposed and adopted regulations relative to acceptable work experience in accounting.

B. The Board has exercised diligence to assure that only those individuals who fully comply with the requirements of public accountancy law and regulations are certificated to practice.

- VIII. The extent to which State personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.

There appear to be no violations of statutes or regulations. Licences are granted strictly on the basis of professional qualifications and testing.

- IX. The extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

Please refer to the previous section, Finding and Recommendation.

APPENDIXES

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APPENDIX A

BOARD OF PUBLIC ACCOUNTANCY
SCHEDULE OF REVENUES COMPARED WITH EXPENDITURES
For Fiscal Year 1987
(Unaudited)
(Note 1)

Average Revenue (Note 2)	\$47,145
Expenditures (Note 3)	<u>76,171</u>
Excess of Expenditures Over Revenues	<u>\$29,026</u>

Note 1

The Schedule of Revenues Compared with Expenditures was prepared from available records and discussions with the Division of Occupational Licensing (DOL) personnel. The records were not audited by us and, accordingly, we do not express an opinion on the Board's Schedule of Revenues Compared with Expenditures.

Note 2

A significant portion of revenues is composed of license renewal fees. Licenses are renewed on a biennial basis. Because of the renewals, revenues vary substantially every second year. Therefore, we combined revenues collected in fiscal year 1984, 1985, 1986 and 1987; and calculated a total in order to obtain a representative amount of average annual revenues collected. Licensing fees were increased in November 1986 in response to legislative intent to make the Boards more self supporting. See Appendix B, Schedule 1 for the current fee schedule.

Note 3

Expenditures consist of direct costs resulting from board member activities, (i.e. travel and per diem) and an allocation of direct and indirect costs of DOL. It should be noted, that represented expenditures do not include expenses incurred by other Departments or other divisions of the Department of Commerce and Economic Development in assisting the Board.

APPENDIX B

BOARD OF PUBLIC ACCOUNTANCY
SCHEDULE OF ESTIMATED REVENUES
COMPARED WITH BUDGETED EXPENDITURES

For Fiscal Year 1988
(Unaudited)
(Note 1)

Average Revenue (Note 2)	\$81,720
Expenditures (See Note 3)	<u>84,899</u>
Excess of Expenditures Over Revenues	<u>\$ 3,146</u>

Schedule 1
Types of Revenues
(Note 4)

<u>Revenues</u>	<u>Amount</u>	<u>Collection Time</u>
Application Fee	\$ 20	With application
Examination Fee	\$ 70	With application
CPA Certification Fee	\$180	At initial biennial license period
Biennial Certification Renewal Fee	\$180	Every two years
Uncertified Public Accountant Biennial Renewal Fee	\$100	Every two years
Corporation and Partnership Registration Fee	\$100	At initial biennial license period and there after, every two years
Out-of-State Certification Fee for One Year	\$ 90	With application

Note 1

The Division of Occupational Licensing (DOL) prepared the above Schedule of Estimated Revenues Compared with Budgeted Expenditures. The schedule is included for informational purposes only and has not been audited by us. Accordingly, we do not express an opinion on the Board's Schedule of Estimated Revenues Compared with Budgeted Expenditures.

Note 2

Revenues were estimated based upon the current licensing fees (See schedule 1) and projected license renewals and application fees for fiscal years 1988, 1989, 1990 and 1991. Because of a downward trend in Alaska's economy the projection for revenues includes a factor representing a 20% to 30% decline in the number licensed professionals.

Note 3

Expenditures consist of FY88 budgeted direct costs associated with board member activities (i.e. travel and per diem) and a allocation of direct and indirect costs of DOL. It should be noted that represented expenditures do not include expenses incurred by other Departments or other divisions of the Department of Commerce and Economic Development in assisting the Board.

Note 4

This schedule represents the licensing fees currently in effect. Fees were raised in November 1986 in response to legislative intent to make the Boards more self supporting.

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STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

P. O. BOX D
JUNEAU, ALASKA 99811-0800
PHONE: (907) 465-2500

OFFICE OF THE COMMISSIONER

January 20, 1988

Mr. Randy S. Welker
Acting Legislative Auditor
Budget and Audit Committee
P.O. Box W
Juneau, AK 99811-3300

JAN 27 1988

L. J. MARSHALL
AUDIT

Dear Mr. Welker:

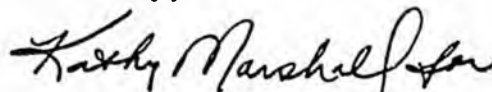
This is written in response to the Budget and Audit Committee's (hereinafter "Committee") report of its sunset performance review of the Board of Public Accountancy. Below is the Department of Commerce and Economic Development's (hereinafter "Department") comments on the Committee's findings and recommendations.

Response to Recommendation No. 1

The Committee has found that the Division of Occupational Licensing has not actively enforced the statutory requirement that the individual offices of licensed accountants be annually registered with the Division of Occupational Licensing. It is the recommendation of the Committee that the Board of Public Accountancy review the issue of office registration and determine whether there is a "compelling reason to continue the registration of individual offices."

The Department finds this recommendation appropriate and will place this matter on the agenda of the upcoming meeting of the Board of Public Accountancy (January 28-29, 1988) for its review, discussion, and appropriate action. If it finds there is no compelling reason to continue to require registration of individual offices, we will recommend including deletion of the requirement in the bill which reestablishes the Board of Public Accountancy.

Sincerely,



J. Anthony Smith
Commissioner

JAS/RB/mst7630W
011988c

H B

5 3 4

HOUSE COMMITTEE REPORT

(11)

Date referred: 3/17/88

FURTHER REFERRALS:

DATE: 3-30-88

The Finance Committee has considered HR 534

"An Act relating to regulation of dispensing opticians and dispensing optician apprentices; extending the termination date of the Board of Dispensing Opticians; and providing for an effective date."

RECOMMENDS:

- replace with _____ 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 3-2-88
- zero with analysis

SIGNING DO PASS:

Adams [Signature]

Pourchet [Signature]

Larson [Signature]

SWACK [Signature]

Boyer [Signature]

Rieger [Signature]

Frank [Signature]

Wallis [Signature]

Brown [Signature]

Davis [Signature]

Goll [Signature]

SIGNING OTHER RECOMMENDATIONS:

[Signature]
Chairman's signature

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Economic Dev.
 Title: An Act relating to regulation of BRU: Occupational Licensing
dispensing opticians & disp. opt. apprentices...
 Sponsor: House Labor & Commerce Components: _____
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

The bill extends the Board of Dispensing Opticians to June 30, 1992 and amends AS 08.71 to address the concerns regarding apprentices and continuing competency requirements as stated in Recommendation No. 1 of the Budget and Audit Performance Report. Funding for the board is included in the department's FY 89 operating budget request.

Prepared by: Jennifer Strickler, Management Analyst Phone: 465-2144
 Division: Occupational Licensing Date: 2/29/88

Approved by Commissioner: J. Anthony Smith Date: 2/29/88
 Agency: Commerce and Economic Development

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

Chairman's signature

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

2

HOUSE BILL NO. 534

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 regulation of dispensing opti-
7 cians and dispensing optician apprentices; extending
8 the termination date of the Board of Dispensing
9 Opticians; and providing for an effective date."

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

11 * Section 1. AS 08.03.010(c)(5) is amended to read:

12 (5) Board of Dispensing Opticians (AS 08.71.010) --
13 June 30, 1992 [1988].

14 * Sec. 2. AS 08.71.110(a) is amended to read:

15 (a) A person is entitled to take the examination who
16 (1) has had education equivalent to four years attendance
17 at a high school;

18 (2) has either

19 (A) completed at least 6,000 hours of training as an
20 apprentice after registering with the department as an appren-
21 tice; [,] or

22 (B) been engaged for at least 6,000 hours as a prac-
23 ticing optician in good standing in a state, territory, district,
24 or possession of the United States; and

25 (3) has paid the required examination fee.

26 * Sec. 3. AS 08.71.130(d) is amended to read:

27 (d) Before a license may be renewed the licensee shall submit to
28 the board evidence [OF 30 HOURS] of continuing competence in optical
29 dispensing as prescribed by regulations of the board.

1 * Sec. 4. AS 08.71.160 is amended to read:

2 Sec. 08.71.160. DISPENSING OPTICIAN'S APPRENTICE. (a) A person
3 may be employed by or serve under a licensed dispensing optician as an
4 apprentice. An apprentice shall register with the department before
5 beginning employment or service as an apprentice, shall be designated
6 as such in the records of the board, [AT THE REQUEST OF A LICENSED
7 PHYSICIAN, OPTOMETRIST OR DISPENSING OPTICIAN] and shall be in
8 training and under the direct supervision of a licensed physician,
9 optometrist, or dispensing optician. Under [AN APPRENTICE MAY NOT BE
10 EMPLOYED UNDER] this section a person may not apprentice for longer
11 than six years unless the board determines that the person [AN APPREN-
12 TICE] is prevented by circumstances beyond the person's [APPRENTICE'S]
13 control from obtaining a license as a dispensing optician within that
14 time.

15 (b) No more than two apprentices may be under the direct super-
16 vision of one licensed dispensing optician at the same time.

17 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to regulation of dispensing opticians & disp. opt. apprentices...
Sponsor: House Labor & Commerce
Requestor: _____

Agency Affected: Commerce & Economic Dev.
BRU: Occupational Licensing
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

The bill extends the Board of Dispensing Opticians to June 30, 1992 and amends AS 08.71 to address the concerns regarding apprentices and continuing competency requirements as stated in Recommendation No. 1 of the Budget and Audit Performance Report. Funding for the board is included in the department's FY 89 operating budget request.

Prepared by: Jennifer Strickler, Management Analyst Phone: 465-2144
Division: Occupational Licensing Date: 2/29/88

Approved by Commissioner: J. Anthony Smith Date: 2/27/88
Agency: Commerce and Economic Development

Distribution (by preparer):

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


HB 534: An Act relating to regulation of dispensing opticians and dispensing optician apprentices; extending the termination date of the Board of Dispensing Opticians; and providing for an effective date.

The Board of Dispensing Opticians is presently in its sunset year and scheduled to terminate on June 30, 1988. HB 534 proposes to extend the board to June 30, 1992 and amend various sections of AS 08.71 to address the concerns identified in the Legislature's Budget and Audit Committee performance report regarding apprentices and continuing competency requirements.

The amendment proposed in the new bill regarding apprentices clarifies that all dispensing optician apprentices who wish to obtain the 6,000 training hours required in order to take the licensing examination must first be registered with the board as an apprentice prior to commencing that apprenticeship. The board will then be able to better monitor the activities of the individuals claiming to be apprentices.

The bill also amends AS 08.71.130(d) to delete the specific reference to the number of continuing competency hours required for renewal of a license. This will allow the board flexibility to adjust the number or required hours as needed.

The department supports the continuation of the board and concurs with the Legislature's Budget and Audit Committee performance report recommendation that the board be reestablished.



J. Anthony Smith, Commissioner
Department of Commerce and Economic
Development

Date: 2/25/88

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A PERFORMANCE REPORT
ON THE BOARD OF
DISPENSING OPTICIANS

July 1, 1984 - June 30, 1987

Audit Control Number

08-1314-88-R

Commissioner, Department of
Commerce and Economic
Development

J. Anthony Smith

Deputy Commissioners, Department
of Commerce and Economic
Development

John Williams

Members of the
Board of Dispensing Opticians

Gregg L. McClanahan
Sharla S. Thomas
William E. Reedy, Jr.
Barbara J. May (Public)
Donald R. Smith

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
P.O. BOX W
JUNEAU, ALASKA 99811-3300

December 31, 1987

Members of the Legislative Budget
and Audit Committee:

According to the provisions of Titles 24 and 44 of the Alaska Statutes, the Division of Legislative Audit is required to conduct a "Sunset" review of the Board of Dispensing Opticians.

At the request of the Chairman, during Fiscal Year 1988 budget deliberations, the Audit Division's budget was revised to reflect certain changes in the organization of the Committee's two Divisions. The revised budget of the Audit Division reflected efficiencies that might be obtained by utilizing the staff of the Legislative Finance Division on selected audit assignments during the interim.

As a result, the audit of the Board of Dispensing Opticians was conducted and this report has been prepared by the Legislative Finance Division. We feel this report discharges our responsibility under Titles 24 and 44. The report is submitted for your review.



Randy S. Welker, CPA
Acting Legislative Auditor
Division of Legislative Audit

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

November 20, 1987

Members of the Legislative Budget
and Audit Committee:

In accordance with the intent of Titles 24 and 44 of the
Alaska Statutes (sunset legislation), the attached report is
submitted for your review.

A PERFORMANCE REPORT
ON THE BOARD OF
DISPENSING OPTICIANS

July 1, 1984 - June 30, 1987

Audit Control Number

08-1314-88-R

M. GREANY

Mike Greany, Director
Division of Legislative Finance

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PURPOSE AND SCOPE OF THE REPORT

Purpose

In accordance with the intent of Titles 24 and 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Board of Dispensing Opticians for the past three fiscal years to determine if the Board has been operating in an efficient and effective manner.

Legislative intent requires consideration of this report during legislative oversight hearings to determine whether the Board of Dispensing Opticians should be reestablished. The law now specifies that the Board will terminate June 30, 1988, and have one year from that date to conclude its affairs.

Scope

The major areas of our examination were the licensing, examination, administration, complaint, and affirmative action functions of the Board. We reviewed and evaluated the following:

1. Applicable statutes and regulations.
2. Tests of files and documents of licensees.
3. Interviews with the license examiners.
4. Complaints filed with the Division of Occupational Licensing, Human Rights Commission, Equal Employment Opportunity Office, Attorney General's Office, and the Ombudsman's Office.
5. Discussions with Board members.
6. Minutes of Board meetings and Division correspondence files.
7. Attorney General's Opinions applicable to professional boards.

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ORGANIZATION AND FUNCTION

The Board of Dispensing Opticians was established by the 1973 Session Laws of Alaska. This regulatory board consists of five persons; four dispensing opticians and one public member, appointed by the Governor. Board members serve staggered terms of four years.

The Board is organized under the Department of Commerce and Economic Development, Division of Occupational Licensing (DOL). DOL provides the Board with licensing and investigative support. The licensing section processes applications, maintains license files, answers inquiries, and provides other administrative help to the Board.

The Board sets the minimum standards to practice in Alaska by:

1. Examining and issuing licenses to qualified applicants.
2. Establishing, amending, or eliminating regulations necessary and desirable to enforce statutes.
3. Revoking, annulling, or suspending licenses in accordance with the Administrative Procedures Act when a person has violated dispensing optician statutes or regulations.

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REPORT CONCLUSION

Policy Issues

This report contains policy issues raised as a result of our evaluation of Board practices. The final policy decisions affecting these practices are not within the scope of this report but require legislative consideration. In debating these issues, the oversight committee should take into consideration the Findings and Recommendations presented in this report so the potential impact of policy changes can be evaluated.

Report Conclusion

The primary purpose of a regulatory board with a licensing function is to protect the public. The questions that have been evaluated to determine if licensing is needed are:

Does the unlicensed practice pose a serious risk to the consumer's life, health, safety, or economic well-being?

Can the potential users be expected to properly evaluate the qualifications of those offering services?

Do the benefits to the public clearly outweigh any potential harmful effects, such as a decrease in the availability of practitioner, higher cost of services, and restriction on optimum utilization of personnel?

During our review to determine if the Board's licensing function is required and meets the previously mentioned criteria, we examined existing statutes, complaints, and various Board functions. As a result of our examination we found:

1. In the area of eye glass wear, the potential for injury by an optician is very remote. However, improper fit of contact lenses can cause headaches, nausea, eye infection, or permanent restriction of vision from corneal abrasion.
2. Reductions in the Consumer Protection Agency's funding have decreased the essential functions of this agency to a bare minimum. Therefore, the Board is needed to protect the public through responding to consumers' complaints and taking proper action by revoking or suspending licenses when appropriate.

3. The dispensing opticians' statutes require the consumer to return to an optometrist or an ophthalmologist to check on the fit of their contact lenses. Unfortunately, some clients never return to verify the correctness of the fit. As mentioned earlier, an ill-fitted contact lens can cause injury. Thus, it is important to have experienced and qualified dispensing opticians to fit the contact lenses correctly. The Board provides this service by establishing minimum experience requirements that provide reasonable assurance that persons licensed are qualified.

In our opinion, the Board of Dispensing Opticians should be reestablished. The regulation and licensing of qualified professionals is necessary to protect the public's health, safety, and welfare.

The following findings describe areas where weaknesses or conflicts exist. We have made recommendations which, if implemented, will improve the efficiency and effectiveness of the Board.

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The Board should review existing statutes and regulations and seek appropriate revision where necessary.

During our examination, we reviewed the Board's statutes and regulations to determine if any were obsolete, vague, restrictive, or unnecessary. Examples of what we found are as follows:

1. AS 08.71.130 (d) and 12 AAC 30.050 set out continuing competency requirements. These requirements were based on quadrennial licensing. In 1987, legislation was passed, Chapter 94 SLA 87, which changed the licensing renewal time frame, for all boards, to biennial. This supersedes the existing regulation in place. Therefore, continuing competency requirements need to be revised proportionately, i.e. reducing required hours from 30 hours to 15 hours.
2. AS 08.71.150 allows the State to license by reciprocity. However, none of the other 21 states, who statutorily require licensure of the practice of dispensing opticians, has granted Alaska reciprocity rights. Furthermore, licensure by credentials accomplishes the same purpose. This statute is not necessary as recommended in the prior Legislative Audit review of June 30, 1984.
3. AS 08.71.200 sets out dispensing opticians' constraints for issuing contact lenses. The language used is not specific enough and should be further defined to explain what is meant by "contact lenses shall be fitted in conjunction with and under the supervision of a licensed physician or optometrist". This problem was noted by the Governor's working group on combining Boards of Optometry and Dispensing Optician, the previous Legislative Audit review of June 30, 1984, and the Attorney General's office.
4. 12 AAC 30.110 (a) sets out the requirement for apprentice registration with the Department of Commerce and Economic Development, in that, "Before starting an apprenticeship under AS 08.71.160 the, apprentice shall register with the department on a form approved by the Board. No hours of apprentice training before registration will be counted towards the 6,000 hours requirement in AS 08.71.110 (a)."

During our examination, we reviewed several licensing files to determine if statutory and regulatory requirements were being met. Four of the files tested did not have an apprentice registration form on file. If the Board feels that this regulation is not needed then it should revise 12 AAC 30 110(a) accordingly. Otherwise, this regulation should be complied with.

AS 08.71.055 provides that the Board shall exercise general control over dispensing opticians. This cannot be done effectively without clear and concise statutes and regulation. Thus, the review of statutes and regulations for obsolescence, vagueness, and restrictiveness should continue and appropriate changes should be proposed where necessary.

Recommendation No. 2

To insure the public is adequately protected, the Board and the Division of Occupational Licensing (DOL), should address the issue of mail order companies selling contact lenses.

When contact lenses are purchased from a licensed ophthalmologist, optometrist, or dispensing optician, the consumer is provided with professional training in how to care for the eye and the contact lenses. Additionally, the licensed professional conducts an on-site evaluation to determine if the contact lens properly fits the eye. A contact lens that does not properly fit the eye can cause headaches, nausea or permanent restriction of vision from corneal abrasions.

However, a new sales technique has developed in the last few years. Mail order companies are selling and dispensing replacement contact lenses. It is our interpretation of the law, and is the attorney general's office view, that only licensed ophthalmologists, optometrists, and dispensing opticians have the legal authority to sell or dispense contact lens in Alaska, whether it is the initial sale of a contact lens or a replacement of the lens.

Additionally, mail order consumers are at a disadvantage in attempting to judge the fit of contact lenses purchased by mail. As previously stated, a contact lens that does not fit properly can cause injury to the eye.

Considering the potential for public harm, we believe the issue of mail order companies selling and dispensing replacement contact lenses should be addressed by the Board and DOL.

ANALYSIS OF PUBLIC NEED

Limited Analysis

The following analyses indicate both positive and negative factors as they relate to the public need as defined in the "sunset" law. These analyses are not intended to be comprehensive, but to address those areas we were able to cover during our examination.

I. The extent to which the board, commission, or program has operated in the public interest.

A. The Board has held meetings and exams at least once a year.

B. The Board has passed regulations concerning grading criteria and continuing competency requirements.

II. The extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices which it has adopted, and any other matter, including budgetary, resource, and personnel matters.

Reductions in the agency budget have prevented the Board from meeting more than once a year. The Board should at least meet twice a year to perform tasks set forth by the statute.

III. The extent to which the board, commission, or agency has recommended statutory changes which are generally of benefit to the public interest.

The Board has not repealed or amended obsolete or unnecessary regulatory requirements (see Recommendation No. 1.)

IV. The extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service which it has provided.

The Board has published public notices of all examinations, meetings, and regulation changes. The Board has not actively solicited comments on its effectiveness.

- V. The extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.

The Board has published notices of its meetings in Anchorage, Fairbanks, and Juneau.

- VI. The efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the Office of the Ombudsman have been processed and resolved.

According to the Division of Occupational Licensing's files, there have been approximately 9 investigation cases in the past few years. Twelve complaints were filed against one dispensing optician with the Consumer Protection Office in Anchorage. No complaints were filed with the Office of Ombudsman, Human Rights Commission, and Equal Employment Opportunity.

- VII. The extent to which a board or commission which regulates entry into an occupation or profession has presented qualified applicants to serve the public.

A. In the past three years, the number of currently licensed opticians has increased from 63 to 80.

B. The Board has established licensure by credential which helps ensure more qualified applicants.

- VIII. The extent to which State personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.

There have not been any violations of statutes or regulations pertaining to affirmative action requirements. Licenses are awarded based on the applicant's qualifications.

- IX. The extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

Please refer to the previous section, Findings and Recommendations.

APPENDIXES

(Intentionally left blank)

APPENDIX A

BOARD OF DISPENSING OPTICIANS
SCHEDULE OF REVENUES COMPARED WITH EXPENDITURES
For Fiscal Year 1987
(Unaudited)
(Note 1)

Average Revenue (Note 2)	\$4,308
Expenditures (Note 3)	<u>9,158</u>
Excess of Expenditures Over Revenues	<u>\$4,850</u>

Note 1

The Schedule of Revenues Compared with Expenditures was prepared from available records and discussions with the Division of Occupational Licensing (DOL) personnel. The records were not audited by us and, accordingly, we do not express an opinion on the Board's Schedule of Revenues Compared with Expenditures.

Note 2

A significant portion of revenues is composed of license renewal fees. Licenses were renewed quadrennially. Because of the renewals, revenues varied substantially every fourth year. Therefore, we combined revenues collected in fiscal year 1984, 1985, 1986 and 1987; and calculated a total in order to obtain a representative amount of average annual revenues collected. Licensing fees were increased in November 1986 in response to legislative intent to make the Boards more self supporting. See Appendix B, Schedule 1 for the current fee schedule.

Note 3

Expenditures consist of direct costs resulting from board member activities, (i.e. travel and per diem) and an allocation of direct and indirect costs of DOL. It should be noted, that represented expenditures do not include expenses incurred by other Departments or other divisions of the Department of Commerce and Economic Development in assisting the Board.

APPENDIX B

BOARD OF DISPENSING OPTICIANS
SCHEDULE OF ESTIMATED REVENUES
COMPARED WITH BUDGETED EXPENDITURES
For Fiscal Year 1988
(Unaudited)
(Note 1)

Average Revenue (Note 2)	\$ 4,440
Expenditures (Note 3)	<u>10,207</u>
Excess of Expenditures Over Revenues	<u>\$ 5,767</u>

Schedule 1
Types of Revenues
(Note 4)

<u>Revenues</u>	<u>Amount</u>	<u>Collection Time</u>
Application Fee	\$ 20	With application
Examination Fee	\$ 50	With application
Reexamination Fee	\$ 50	With application
Initial License Fee	\$200	Before licensure
Renewal Fee	\$200	Every four years
Late Renewal Fee	\$ 20	If over 60 days after renewal date

Note 1

The Division of Occupational Licensing (DOL) prepared the above Schedule of Estimated Revenues Compared with Budgeted Expenditures. The schedule is included for informational purposes only and has not been audited by us. Accordingly, we do not express an opinion on the Board's Schedule of Estimated Revenues Compared with Budgeted Expenditures.

Note 2

Revenues were estimated based upon the current licensing fees (See schedule 1) and projected license renewals and application fees for fiscal years 1988, 1989, 1990 and 1991. Because of a downward trend in Alaska's economy the projection for revenues includes a factor representing a 20% to 30% decline in the number licensed professionals.

Note 3

Expenditures consist of FY88 budgeted direct costs associated with board member activities (i.e. travel and per diem) and a allocation of direct and indirect costs of DOL. It should be noted that represented expenditures do not include expenses incurred by other Departments or other divisions of the Department of Commerce and Economic Development in assisting the Board.

Note 4

This schedule represents the licensing fees currently in effect. Fees were raised in November 1986 in response to legislative intent to make the Boards more self supporting.

(Intentionally left blank)

STEVE COWPER, GOVERNOR

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

P. O. BOX D
JUNEAU, ALASKA 99811-0800
PHONE: (907) 465-2500

OFFICE OF THE COMMISSIONER

January 20, 1988

JAN 27 1988

Mr. Randy Welker
Acting Legislative Auditor
Division of Legislative Audit
Budget and Audit Committee
P.O. Box W
Juneau, AK 99811-3300

Dear Mr. Welker:

This letter is written in response to the Budget and Audit Committee's (hereinafter "Committee") audit report of its sunset performance review of the Board of Dispensing Opticians. Below is the Department of Commerce and Economic Development's (hereinafter "Department") comments on the Committee's findings and recommendations.

Response to Recommendation No. 1

The Committee has reviewed the statutes and regulations governing the practice of dispensing opticianary and has found a number of instances where the work of the Board of Dispensing Opticians could be more clear, concise, or consistently applied. The Department concurs with the Committee's findings and will, in cooperation with the Legislature's sunset review process, attempt to correct the problems detailed in the audit report.

Response to Recommendation No. 2

The Committee has raised the issue of mail order companies selling contact lens and the resultant public protection concerns. As the enclosed correspondence indicates, both the Department and the Optometry Board are aware of the issue and have preliminarily addressed the matter. The Division of Occupational Licensing will place this issue on the agenda of the next Optometry Board meeting and will approach the Department of Law for suggestions to recommend to the Legislature during this session to correct the current rather muddled enforcement provisions vis-a-vis mail order contact lens.

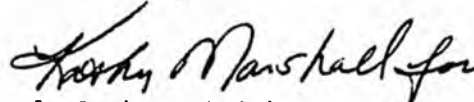
Mr. Randy Welker

-2-

January 20, 1988

The Department appreciates the Committee's decision to continue the Board of Dispensing Opticians. We believe a decision to either sunset the Board or combine the Board with the Optometry Board, as has been recommended in the past, would be detrimental to the public interest; therefore, we concur in the Committee's recommendation to maintain the Board as currently configured.

Sincerely,



J. Anthony Smith
Commissioner

JAS/RPB/mst0470D
011988c

CSHB

536

SENATE COMMITTEE REPORT

FURTHER

DATE TURNED INTO OFFICE _____

5/3/88
Mr. President:

_____ Finance _____ Committee considered CSHB 536 (JUD)

sale, pricing, and marketing of alcoholic beverages; and prohibiting persons from being on premises involving alcoholic beverages under certain circumstances and recommended

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

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous

zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Chairman signature and recommendation

Committee Backup attached

Original sponsor: Labor and Commerce
Committee

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 536 (Judiciary)

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 sale, pricing, and marketing
7 of alcoholic beverages; and prohibiting persons from
8 being on premises involving alcoholic beverages under
9 certain circumstances."

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

11 * Section 1. AS 04.16.015(a) is amended to read:

12 (a) On premises where alcoholic beverages are sold by the drink,
13 a licensee or a licensee's agent or employee may not

14 (1) offer or deliver, as a marketing device to the general
15 public, free alcoholic beverages to a patron;

16 (2) deliver an alcoholic beverage to a person already
17 possessing two or more;

18 (3) sell, offer to sell, or deliver [ALCOHOLIC BEVERAGES TO
19 A PERSON OR GROUP OF PERSONS AT A PRICE LESS THAN THE PRICE REGULARLY
20 CHARGED FOR THE BEVERAGES DURING THE SAME CALENDAR WEEK, EXCEPT AT
21 PRIVATE FUNCTIONS NOT OPEN TO THE GENERAL PUBLIC;

22 (4) SELL, OFFER TO SELL, OR DELIVER] an unlimited number of
23 alcoholic beverages to a person or group of persons during a set
24 period of time for a fixed price;

25 (4) except at private functions not open to the general
26 public, [(5)] sell, offer to sell, or deliver a particular type or
27 brand of alcoholic beverage [BEVERAGES] to a person or group of per-
28 sons on any one calendar day

29 (A) at a price [PRICES] less than that [THOSE] charged

1 the general public on that day; or

2 (B) during only part of the hours that the licensed
3 premises are open during that day [, EXCEPT AT PRIVATE FUNCTIONS
4 NOT OPEN TO THE GENERAL PUBLIC];

5 (5) [(6)] encourage or permit an organized game or contest
6 on the licensed premises that involves drinking alcoholic beverages or
7 the awarding of alcoholic beverages as prizes.

8 * Sec. 2. AS 04.16.015(c) is amended to read:

9 (c) This section may not be construed as prohibiting a licensee
10 or a licensee's agent or employee from

11 (1) offering free food or entertainment at any time;

12 (2) [, FROM] serving wine by the bottle or carafe or beer
13 by the pitcher with or without meals;

14 (3) [, OR FROM] including an alcoholic beverage as part of
15 a meal package; or

16 (4) increasing prices during times when entertainment is
17 provided; in this paragraph, "entertainment" means a live performance,
18 or a television broadcast of an event that actually occurs at the time
19 it is viewed and for which the licensee pays a one-time fee for the
20 right to show the event on the licensed premises.

21 * Sec. 3. AS 04.16 is amended by adding a new section to read:

22 Sec. 04.16.025. ILLEGAL PRESENCE ON PREMISES INVOLVING ALCOHOLIC
23 BEVERAGES. (a) A person may not knowingly enter or remain on prem-
24 ises

25 (1) in which alcoholic beverages are manufactured, sold,
26 offered for sale, possessed for sale or barter, trafficked in, or
27 bartered in violation of

28 (A) AS 04.11.010; or

29 (B) a municipal ordinance adopted under AS 04.21.-

1 010(a) or (b); or

2 (2) licensed under this title during hours in which the
3 person's presence on the premises is a violation of a municipal ordi-
4 nance adopted under authority of AS 04.16.010(d) providing for hours
5 of closure that are outside the hours of closure prescribed by AS 04.-
6 16.010(c).

7 (b) A person who violates this section is guilty of a violation.

8 * Sec. 4. AS 04.16.180(a) is amended to read:

9 (a) Except as provided in AS 04.16.025 and 04.16.200 - 04.16.-
10 210, a person who violates a provision of this title or a regulation
11 adopted by the board is guilty, upon conviction, of a class A misde-
12 meanor. Each violation is a separate offense.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HB 536
PUBLISH DATE: HOUSE 3/9/88

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An Act relating to the sale, pricing, and marketing of alcoholic beverages; prohibiting persons from being on the premises involving alcoholic beverages under certain circumstances."
Sponsor: Labor & Commerce Committee
Requestor: Labor & Commerce Committee

Agency Affected: Revenue
BRU: ABC board

Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Patrick L. Sharrock, Director Phone: 277-8638
Division: Alcoholic Beverage Control Board/Division Date: 03/07/88

Approved by Commissioner: Hugh Malone Date: 03/07/88
Agency: Department of Revenue

Distribution (by preparer):

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

Zero Final note

3/9/88

B

ALASKA STATE LEGISLATURE

.15th. Legislature SECOND Session

HOUSE... BILL..... NO. 536.

By LABOR AND COMMERCE COMMITTEE

"An Act relating to the sale, pricing, and marketing of alcoholic beverages; and prohibiting persons from being on premises involving alcoholic beverages under certain circumstances."

CSHB 536 (Jud) BY JUDICIARY

Offered: 4/19/88
Referred: Rules

TITLE: Same

Introduced in the House 3/2..., 19 88.

HISTORY IN THE HOUSE

19 88		Read first time and referred to Committee on <i>3/14</i>
MAR 2		L&C, HESS, JUDICIARY
may 9		Reported back with recommendation that <i>Labor Management 6 Ayes, 1 No Rec 3 Abs</i>
may 28		<i>then moved - to Judiciary</i>
Apr 19		<i>Judiciary - cs/Ord 5 Ayes, 1 No Rec 2 Abs</i>
may 3		Read second time and <i>cs/Ord adopted today</i>
may 3		Read third time and
may 3		PASSED Effective Date Yeas 31 Yeas Nays 1 Nays Excused 0 Excused Absent 8 Absent
may 3		Reconsideration <i>hally join</i> Reconsideration not taken up
may 3		PASSED Effective Date Yeas 35 Yeas Nays 0 Nays Excused 0 Excused Absent 5 Absent
5 5 5	3 3 3	Reported correctly engrossed Signed by Speaker Sent to Senate <i>Dorel Ashen</i>

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19		Read first time and referred to Committee on
53		<i>FIN</i>
		Reported back with recommendation that
		Read second time and
		Read third time and
		PASSED Effective Date Yeas Yeas Nays Nays Excused Excused Absent Absent
		Reconsideration Reconsideration not taken up
		PASSED Effective Date Yeas Yeas Nays Nays Excused Excused Absent Absent
		Reported correctly engrossed Signed by President Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

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

HB

538

HOUSE COMMITTEE REPORT

(11)

Date referred: 4/14/88

FURTHER REFERRALS:

DATE: 4-28-88

The Finance Committee has considered HB 538

"An Act relating to the Alaska Municipal Bond Bank Authority; and providing for an effective date."

RECOMMENDS:

- replace with CS HB 538 (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 (2-)
- zero with analysis same as previous zero fiscal note published _____

SIGNING DO PASS:

Al Adams

Pat Lawler

Don Larson

Mark Bowen

Steve King

John

Gay Porrum

SIGNING OTHER RECOMMENDATIONS:

Al Adams NO REC

Mike Davis NO REC

Al Adams
Chairman's signature

FISCAL NOTE

REQUEST:

Revision Date: 4/26/86
Title: An Act relating to the Alaska
Municipal Bond Bank Authority...
Sponsor: State Affairs Committee
Requestor: _____

Agency Affected: Revenue
BRU: Alaska Municipal Bond Bank
Authority
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Attached.

Prepared By: Perry Davis, Executive Director
Division: Alaska Municipal Bond Bank Authority

Phone: 274-7366
Date: April 26, 1988

Approved by Commissioner: Hugh Malone
Agency: Department of Revenue

Date: April 26, 1988

Distribution (by preparer):

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

At this time, we are unable to determine the extent of participation by communities in this new authority. The Board of Directors of the Bond Bank has not approved issuance of any bonds under these guidelines. At the time that the Board reviews issuance of bonds, it will include costs related to the issuance of bonds under these new definitions.

In the event that bonds are issued under this authority, such costs would be paid by program receipts. ;

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSHB 538
PUBLISH DATE: _____

FISCAL NOTE

REQUEST: _____

Revision Date: _____
Title: "An Act..municipal bonds & other obligations..municipal powers.."
Sponsor: State Affairs Committee
Requestor: _____

Agency Affected: Community & Regional Affairs
BRU: _____

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

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

Phone: 465-4750
Date: 4/26/88

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

Date: 9/26/88

Distribution (by preparer) :

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

Original sponsor: State Affairs Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 538 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Municipal Bond Bank
7 Authority, municipal debt for development and rede-
8 velopment projects; and providing for an effective
9 date."

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

11 * Section 1. AS 29.35.210(a) is amended to read:

12 (a) A second class borough may by ordinance exercise the follow-
13 ing powers on a nonareawide basis:

14 (1) provide transportation systems;

15 (2) regulate the offering for sale, exposure for sale,
16 sale, use, or explosion of fireworks;

17 (3) license, impound, and dispose of animals;

18 (4) provide garbage, solid waste, and septic waste col-
19 lection and disposal;

20 (5) provide air pollution control in accordance with AS
21 46.03.140 - 46.03.230;

22 (6) provide water pollution control;

23 (7) participate in federal or state loan programs for
24 housing rehabilitation and improvement for energy conservation;

25 (8) provide for economic development;

26 (9) provide for the acquisition and construction of local
27 service roads and trails under AS 19.30.111 - 19.30.251;

28 (10) establish an emergency services communication center
29 under AS 29.35.130;

1 (11) subject to AS 28.01.010, regulate the licensing and
2 operation of motor vehicles and operators;

3 (12) engage in activities authorized under AS 29.47.460.

4 * Sec. 2. AS 29.47 is amended by adding a new section to read:

5 Sec. 29.47.460. DEBT FOR DEVELOPMENT AND REDEVELOPMENT PROJECTS.

6 (a) In undertaking a development or redevelopment project, a munic-
7 ipality may issue bonds to finance the project, including bonds for
8 development or redevelopment purposes in blighted areas. In this
9 subsection

10 (1) "blighted area" means an area that the municipality
11 determines to be a blighted area on the basis of the substantial
12 presence of factors such as excessive vacant land on which structures
13 were previously located, abandoned or vacant buildings, substandard
14 structures, and delinquencies in payment of real property taxes;

15 (2) "redevelopment purposes" means

16 (A) the acquisition by the municipality of real prop-
17 erty located in a blighted area;

18 (B) the clearing and preparation for redevelopment of
19 land acquired under (A) of this paragraph;

20 (C) the rehabilitation of real property acquired under
21 (A) of this paragraph; in this subparagraph, "rehabilitation"
22 does not include construction, other than rehabilitation, of
23 property or the enlargement of an existing building; and

24 (D) the relocation of occupants of the real property
25 acquired under (A) of this paragraph.

26 (b) A municipality may provide by ordinance that the tax incre-
27 ment from the taxes levied each year by or on behalf of the municipal-
28 ity on the property in an area described in the ordinance shall be
29 used to repay the principal and interest on bonds, notes, or other

1 indebtedness that is incurred for a development or redevelopment
2 project, and may irrevocably pledge the tax increment from the area
3 for that purpose but only if additional security in the form of a
4 letter of credit or equal security is also pledged. The area de-
5 scribed in the ordinance may be a service area. In this subsection
6 "tax increment" means the portion of the tax that is attributable to
7 the difference between the value of the property shown on the taxing
8 agency's assessment roll for the year when the taxes are levied and
9 the value of the property shown on the taxing agency's last assessment
10 roll that was equalized before the project was authorized.

11 * Sec. 3. AS 44.85.170(b) is amended to read:

12 (b) Notwithstanding any provision of law, to the extent that any
13 department or agency of the state is the custodian of money payable to
14 a municipality, at any time after written notice to the department or
15 agency head from the bond bank authority that the municipality is in
16 default on the payment of principal or interest on municipal [GENERAL
17 OBLIGATION] bonds [OF THE MUNICIPALITY] then held or owned by the bond
18 bank authority, the department or agency shall withhold the payment of
19 that money from that municipality and pay over the money to the bond
20 bank authority for the purpose of paying principal of and interest on
21 the bonds [OF THE BOND BANK AUTHORITY].

22 * Sec. 4. AS 44.85.410(3) is amended to read:

23 (3) "municipal bond" means a bond or note or evidence of
24 debt that [WHICH] constitutes

25 (A) a general obligation bond that is a direct and
26 general obligation of a political subdivision of the state, all
27 the taxable property within which is subject to taxation to pay
28 the bond, note or evidence of debt, and the interest without
29 limitation, as to rate or amount generally to the extent

1 permitted by law or to avoid a default as provided for second
2 class cities under AS 29.45.590; [OR]

3 (B) a revenue bond, except a revenue bond for elec-
4 trical generation purposes other than diesel-powered generation,
5 issued by a municipality which pledges the revenue of a revenue-
6 producing capital improvement and which is payable solely from
7 the revenue of the revenue-producing capital improvement; [OR]

8 (C) a general obligation bond or revenue bond combined
9 or additionally secured; [OR]

10 (D) a bond of a borough issued as a general obligation
11 of a service area under AS 29.47.440 or former AS 29.58.340; or

12 (E) an obligation of a municipality secured only by

13 (i) special assessments on benefited property;

14 (ii) tax increments and a letter of credit or

15 equal security; or

16 (iii) a lease;

17 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).
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STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CS for HB 536 (FIN)
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: 4/26/88
Title: An Act relating to the Alaska
Municipal Bond Bank Authority...
Sponsor: State Affairs Committee
Requestor: _____

Agency Affected: Revenue
BRU: Alaska Municipal Bond Bank
Authority
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

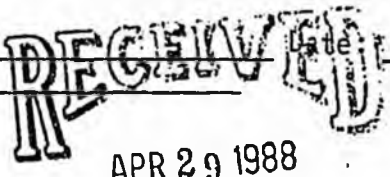
ANALYSIS: (Attach a separate page if necessary)

Attached.

Prepared By: Perry Davis, Executive Director Phone: 274-7366
Division: Alaska Municipal Bond Bank Authority Date: April 26, 1988

Approved by Commissioner: Hugh Malone Date: April 26, 1988
Agency: Department of Revenue

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



LEGISLATIVE FINANCE

At this time, we are unable to determine the extent of participation by communities in this new authority. The Board of Directors of the Bond Bank has not approved issuance of any bonds under these guidelines. At the time that the Board reviews issuance of bonds, it will include costs related to the issuance of bonds under these new definitions.

In the event that bonds are issued under this authority, such costs would be paid by program receipts. ;

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSHB 538
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An Act..municipal bonds & other obligations..municipal powers.."
Sponsor: State Affairs Committee
Requestor: _____

Agency Affected: Community & Regional Affairs
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Jim Plasman, Deputy Director Phone: 465-4750
Division: Municipal & Regional Assistance Date: 4/26/88

Approved by Commissioner: [Signature] Date: 4/26/88
Agency: Community & Regional Affairs

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

RECEIVED

APR 27 1988

FISCAL NOTE

REQUEST:

Revision Date: 3/11/88
 Title: HB538: An Act relating to the Alaska Municipal Bond Bank Authority
 Sponsor: State Affairs Committee
 Requestor: _____

Agency Affected: Revenue
 BRU: Alaska Municipal Bond Bank Authority
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

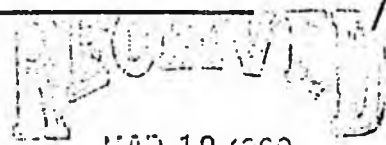
ANALYSIS : (Attach a separate page if necessary)

Attached

Prepared by: Perry Davis Phone: 274-7366
 Division: Alaska Municipal Bond Bank Authority Date: 3/16/88

Approved by Commissioner: [Signature] Date: 3/16/88
 Agency: Department of Revenue

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



MAR 18 1988

LEGISLATIVE FINANCE

HB 538

At this time, we are unable to determine the extent of participation by communities in this new authority. The Board of Directors of the Bond Bank has not approved issuance of any bonds under these guidelines. At the time that the Board reviews issuance of bonds, it will include costs related to the issuance of bonds under these new definitions.

In the event that bonds are issued under this authority, such costs would be paid by program receipts.

FISCAL NOTE

REQUEST:

Revision Date: 3/11/88
 Title: HB538: An Act relating to the Alaska Municipal Bond Bank Authority
 Sponsor: State Affairs Committee
 Requestor: _____

Agency Affected: Revenue
 BRU: Alaska Municipal Bond Bank Authority
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Attached

Prepared by: Perry Davis Phone: 274-7366
 Division: Alaska Municipal Bond Bank Authority Date: 3/16/88

Approved by Commissioner: [Signature] Date: 3/16/88
 Agency: Department of Revenue

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

RECEIVED
 MAR 18 1988

At this time, we are unable to determine the extent of participation by communities in this new authority. The Board of Directors of the Bond Bank has not approved issuance of any bonds under these guidelines. At the time that the Board reviews issuance of bonds, it will include costs related to the issuance of bonds under these new definitions.

In the event that bonds are issued under this authority, such costs would be paid by program receipts.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSHB 538 (C&RA)
PUBLISH DATE: HOUSE 3/31/88

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An Act..Alaska Municipal Bond Bank Authority..providing..effective date."
Sponsor: State Affairs Committee
Requestor: _____

Agency Affected: Community & Regional Affairs
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Jim Plasman, Deputy Director Phone: 465-4750
Division: Municipal & Regional Assistance Date: 3/30/88
Approved by Commissioner: [Signature] Date: 3-30-88
Agency: Community & Regional Affairs

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

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

MUNICIPAL & REGIONAL ASSISTANCE DIVISION

☐ 949 E. 36th AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 561-8588

☐ P.O. BOX 348
BETHEL, ALASKA 99559-0348
PHONE: (907) 543-3475

☐ P.O. BOX 10041
DILLINGHAM, ALASKA 99578-1041
PHONE: (907) 842-5135

☐ 1514 CUSHMAN STREET, ROOM 210
FAIRBANKS, ALASKA 99701-6286
PHONE: (907) 452-7128

☐ P.O. BOX BH
JUNEAU, ALASKA 99811-2110
PHONE: (907) 465-4750

☐ 710 MILL BAY RD.
KODIAK, ALASKA 99615-6340
PHONE: (907) 488-5738

☐ P.O. BOX 350
KOTZEBUE, ALASKA 99752-0350
PHONE: (907) 442-3898

☐ P.O. BOX 41
NOME, ALASKA 99762-0041
PHONE: (907) 443-5457

March 30, 1988

POSITION PAPER

RE: ^{CS} House Bill 538

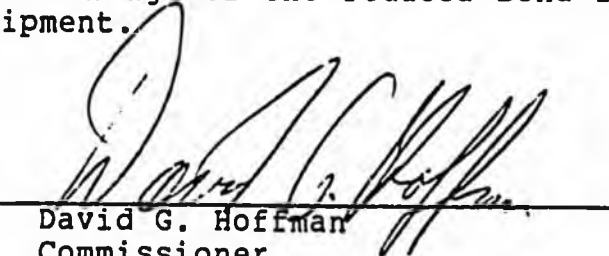
SPONSOR: State Affairs Committee

Program Effects

This bill would expand the list of eligible projects for which Municipal Bond Bank financing would be available. It would include projects secured by leases and projects financed through special assessment districts within a municipality rather than the entire municipality.

Comments

The department strongly supports this bill. The addition of these types of projects would provide additional flexibility to municipalities in this time of reduced state and local government revenues for public projects. Additionally, it will allow municipalities to take advantage of the reduced Bond Bank interest rates to finance equipment.



David G. Hoffman
Commissioner

5-2007X
Cook

New

Language 4/27/88

Original sponsor: State Affairs Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 538 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Municipal Bond Bank
7 Authority, municipal debt for development and rede-
8 velopment projects; and providing for an effective
9 date."

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

11 * Section 1. AS 29.35.210(a) is amended to read:

12 (a) A second class borough may by ordinance exercise the follow-
13 ing powers on a nonareawide basis:14 (1) provide transportation systems;15 (2) regulate the offering for sale, exposure for sale,
16 sale, use, or explosion of fireworks;17 (3) license, impound, and dispose of animals;18 (4) provide garbage, solid waste, and septic waste col-
19 lection and disposal;20 (5) provide air pollution control in accordance with AS
21 46.03.140 - 46.03.230;22 (6) provide water pollution control;23 (7) participate in federal or state loan programs for
24 housing rehabilitation and improvement for energy conservation;25 (8) provide for economic development;26 (9) provide for the acquisition and construction of local
27 service roads and trails under AS 19.30.111 - 19.30.251;28 (10) establish an emergency services communication center
29 under AS 29.35.130;

1 (11) subject to AS 28.01.010, regulate the licensing and
2 operation of motor vehicles and operators;

3 (12) engage in activities authorized under AS 29.47.460.

4 * Sec. 2. AS 29.47 is amended by adding a new section to read:

5 Sec. 29.47.460. DEBT FOR DEVELOPMENT AND REDEVELOPMENT PROJECTS.

6 (a) In undertaking a development or redevelopment project, a munic-
7 ipality may issue bonds to finance the project, including bonds for
8 development or redevelopment purposes in blighted areas. In this
9 subsection

10 (1) "blighted area" means an area that the municipality
11 determines to be a blighted area on the basis of the substantial
12 presence of factors such as excessive vacant land on which structures
13 were previously located, abandoned or vacant buildings, substandard
14 structures, and delinquencies in payment of real property taxes;

15 (2) "redevelopment purposes" means

16 (A) the acquisition by the municipality of real prop-
17 erty located in a blighted area;

18 (B) the clearing and preparation for redevelopment of
19 land acquired under (A) of this paragraph;

20 (C) the rehabilitation of real property acquired under
21 (A) of this paragraph; in this subparagraph, "rehabilitation"
22 does not include construction, other than rehabilitation, of
23 property or the enlargement of an existing building; and

24 (D) the relocation of occupants of the real property
25 acquired under (A) of this paragraph.

26 (b) A municipality may provide by ordinance that the tax incre-
27 ment from the taxes levied each year by or on behalf of the municipal-
28 ity on the property in an area described in the ordinance shall be
29 used to repay the principal and interest on bonds, notes, or other

1 indebtedness that is incurred for a development or redevelopment
2 project, and may irrevocably pledge the tax increment from the area
3 for that purpose but only if additional security in the form of a
4 letter of credit or equal security is also pledged. The area de-
5 scribed in the ordinance may be a service area. In this subsection
6 "tax increment" means the portion of the tax that is attributable to
7 the difference between the value of the property shown on the taxing
8 agency's assessment roll for the year when the taxes are levied and
9 the value of the property shown on the taxing agency's last assessment
10 roll that was equalized before the project was authorized.

11 * Sec. 3. AS 44.85.170(b) is amended to read:

12 (b) Notwithstanding any provision of law, to the extent that any
13 department or agency of the state is the custodian of money payable to
14 a municipality, at any time after written notice to the department or
15 agency head from the bond bank authority that the municipality is in
16 default on the payment of principal or interest on municipal [GENERAL
17 OBLIGATION] bonds [OF THE MUNICIPALITY] then held or owned by the bond
18 bank authority, the department or agency shall withhold the payment of
19 that money from that municipality and pay over the money to the bond
20 bank authority for the purpose of paying principal of and interest on
21 the bonds [OF THE BOND BANK AUTHORITY].

22 * Sec. 4. AS 44.85.410(3) is amended to read:

23 (3) "municipal bond" means a bond or note or evidence of
24 debt that [WHICH] constitutes

25 (A) a general obligation bond that is a direct and
26 general obligation of a political subdivision of the state, all
27 the taxable property within which is subject to taxation to pay
28 the bond, note or evidence of debt, and the interest without
29 limitation, as to rate or amount generally to the extent

1 permitted by law or to avoid a default as provided for second
2 class cities under AS 29.45.590; [OR]

3 (B) a revenue bond, except a revenue bond for elec-
4 trical generation purposes other than diesel-powered generation,
5 issued by a municipality which pledges the revenue of a revenue-
6 producing capital improvement and which is payable solely from
7 the revenue of the revenue-producing capital improvement; [OR]

8 (C) a general obligation bond or revenue bond combined
9 or additionally secured; [OR]

10 (D) a bond of a borough issued as a general obligation
11 of a service area under AS 29.47.440 or former AS 29.58.340; or

12 (E) an obligation of a municipality secured only by

13 (i) special assessments on benefited property;

14 (ii) tax increments and a letter of credit or
15 equal security; or

16 (iii) a lease;

17 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).
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1 following powers on a nonareawide basis:

2 (1) provide transportation systems;

3 (2) regulate the offering for sale, exposure for sale,
4 sale, use, or explosion of fireworks;

5 (3) license, impound, and dispose of animals;

6 (4) provide garbage, solid waste, and septic waste col-
7 lection and disposal;

8 (5) provide air pollution control in accordance with AS
9 46.03.140 - 46.03.230;

10 (6) provide water pollution control;

11 (7) participate in federal or state loan programs for
12 housing rehabilitation and improvement for energy conservation;

13 (8) provide for economic development, including the activ-
14 ities authorized under AS 29.47.460;

15 (9) provide for the acquisition and construction of local
16 service roads and trails under AS 19.30.111 - 19.30.251;

17 (10) establish an emergency services communication center
18 under AS 29.35.130;

19 (11) subject to AS 28.01.010, regulate the licensing and
20 operation of motor vehicles and operators.

21 * Sec. 3. AS 29.47 is amended by adding a new section to read:

22 Sec. 29.47.460. BONDS FOR DEVELOPMENT AND REDEVELOPMENT PROJ-
23 ECTS. (a) In undertaking a development or redevelopment project, a
24 municipality may issue bonds to finance the project, including, but
25 not limited to, bonds for development or redevelopment purposes in
26 blighted areas. In this subsection

27 (1) "blighted area" means an area that the municipality
28 determines to be a blighted area on the basis of the substantial
29 presence of factors such as excessive vacant land on which structures

1 were previously located, abandoned or vacant buildings, substandard
2 structures, vacancies, and delinquencies in payment of real property
3 taxes;

4 (2) "redevelopment purposes" means

5 (A) the acquisition by the municipality of real prop-
6 erty located in a blighted area;

7 (B) the clearing and preparation for redevelopment of
8 land acquired under (A) of this paragraph;

9 (C) the rehabilitation of real property acquired under
10 (A) of this paragraph; in this subparagraph, "rehabilitation"
11 does not include construction, other than rehabilitation, of
12 property or the enlargement of an existing building; and

13 (D) the relocation of occupants of the real property
14 acquired under (A) of this paragraph.

15 (b) A municipality may provide by ordinance that the tax incre-
16 ment from the taxes levied each year by or on behalf of the municipal-
17 ity on the property in an area described in the ordinance shall be
18 used to repay the principal and interest on bonds, notes, or other
19 indebtedness that is incurred for a development or redevelopment
20 project, and may irrevocably pledge the tax increment from the area
21 for that purpose. The area described in the ordinance may be a ser-
22 vice area. In this subsection "tax increment" means the portion of
23 the tax that is attributable to the difference between the value of
24 the property shown on the taxing agency's assessment roll for the year
25 when the taxes are levied and the value of the property shown on the
26 taxing agency's last assessment roll that was equalized before the
27 project was authorized.

28 * Sec. 4. AS 44.85.170(b) is amended to read:

29 (b) Notwithstanding any provision of law, to the extent that any

1 department or agency of the state is the custodian of money payable to
2 a municipality, at any time after written notice to the department or
3 agency head from the bond bank authority that the municipality is in
4 default on the payment of principal or interest on municipal [GENERAL
5 OBLIGATION] bonds [OF THE MUNICIPALITY] then held or owned by the bond
6 bank authority, the department or agency shall withhold the payment of
7 that money from that municipality and pay over the money to the bond
8 bank authority for the purpose of paying principal of and interest on
9 the bonds [OF THE BOND BANK AUTHORITY].

10 * Sec. 5. AS 44.85.410(3) is amended to read:

11 (3) "municipal bond" means a bond or note or evidence of
12 debt that [WHICH] constitutes

13 (A) a general obligation bond that is a direct and
14 general obligation of a political subdivision of the state, all
15 the taxable property within which is subject to taxation to pay
16 the bond, note or evidence of debt, and the interest without
17 limitation, as to rate or amount generally to the extent permit-
18 ted by law or to avoid a default as provided for second class
19 cities under AS 29.45.590; [OR]

20 (B) a revenue bond, except a revenue bond for elec-
21 trical generation purposes other than diesel-powered generation,
22 issued by a municipality which pledges the revenue of a revenue-
23 producing capital improvement and which is payable solely from
24 the revenue of the revenue-producing capital improvement; [OR]

25 (C) a general obligation bond or revenue bond combined
26 or additionally secured; [OR]

27 (D) a bond of a borough issued as a general obligation
28 of a service area under AS 29.47.440 or former AS 29.58.340; or

29 (E) an obligation of a municipality secured only by

1 special assessments on benefited property, tax increments, or a
2 lease;

3 * Sec. 6. This Act takes effect immediately under AS 01.10.070(c).
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Original sponsor: State Affairs Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 538 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to municipal bonds and other obliga-
7 tions, municipal development and redevelopment, the
8 exercise of municipal powers and functions through
9 other entities; and providing for an effective date."

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

11 * Section 1. AS 29.35 is amended by adding a new section to read:

12 Sec. 29.35.035. EXERCISE OF POWERS THROUGH OTHER ENTITIES. (a)

13 Except as otherwise provided in this title, and subject to (b) of this
14 section, a municipality may exercise its powers and functions through
15 any entity, including a public corporation, authorized by the munic-
16 ipality's governing body. A public corporation authorized to exercise
17 municipal powers and functions under this subsection is an instrumen-
18 tality of the municipality, but has a legal existence independent of
19 and separate from the municipality, and has continuing succession by
20 its corporate name until terminated by the municipality.

21 (b) The powers and functions that a governing body may grant to
22 an entity under (a) of this section include, in the case of a public
23 corporation, the power to issue bonds, notes, or other evidences of
24 the indebtedness of the corporation. The governing body may not grant
25 to an entity the power to acquire property through eminent domain or
26 to levy taxes and special assessments.

27 * Sec. 2. AS 29.35.210(a) is amended to read:

28 (a) A second class borough may by ordinance exercise the follow-
29 ing powers on a nonareawide basis:

- 1 (1) provide transportation systems;
- 2 (2) regulate the offering for sale, exposure for sale,
- 3 sale, use, or explosion of fireworks;
- 4 (3) license, impound, and dispose of animals;
- 5 (4) provide garbage, solid waste, and septic waste col-
- 6 lection and disposal;
- 7 (5) provide air pollution control in accordance with AS
- 8 46.03.140 - 46.03.230;
- 9 (6) provide water pollution control;
- 10 (7) participate in federal or state loan programs for
- 11 housing rehabilitation and improvement for energy conservation;
- 12 (8) provide for economic development, including the activ-
- 13 ities authorized under AS 29.47.460;
- 14 (9) provide for the acquisition and construction of local
- 15 service roads and trails under AS 19.30.111 - 19.30.251;
- 16 (10) establish an emergency services communication center
- 17 under AS 29.35.130;
- 18 (11) subject to AS 28.01.010, regulate the licensing and
- 19 operation of motor vehicles and operators.

20 * Sec. 3. AS 29.47 is amended by adding a new section to read:

21 Sec. 29.47.460. BONDS FOR DEVELOPMENT AND REDEVELOPMENT PROJ-

22 ECTS. (a) In undertaking a development or redevelopment project, a

23 municipality may issue bonds to finance the project, including bonds

24 for development or redevelopment purposes in blighted areas. In this

25 subsection

26 (1) "blighted area" means an area that the municipality

27 determines to be a blighted area on the basis of the substantial

28 presence of factors such as excessive vacant land on which structures

29 were previously located, abandoned or vacant buildings, substandard

1 structures, vacancies, and delinquencies in payment of real property
2 taxes;

3 (2) "redevelopment purposes" means

4 (A) the acquisition by the municipality of real prop-
5 erty located in a blighted area;

6 (B) the clearing and preparation for redevelopment of
7 land acquired under (A) of this paragraph;

8 (C) the rehabilitation of real property acquired under
9 (A) of this paragraph; in this subparagraph, "rehabilitation"
10 does not include construction, other than rehabilitation, of
11 property or the enlargement of an existing building; and

12 (D) the relocation of occupants of the real property
13 acquired under (A) of this paragraph.

14 (b) A municipality may provide by ordinance that the tax incre-
15 ment from the taxes levied each year by or on behalf of the municipal-
16 ity on the property in a development or redevelopment project shall be
17 used to repay the principal and interest on bonds, notes, or other
18 indebtedness that is incurred for the project, and may irrevocably
19 pledge the tax increment from the project for that purpose. In this
20 subsection "tax increment" means the portion of the tax that is
21 attributable to the difference between the value of the property shown
22 on the taxing agency's assessment roll for the year when the taxes are
23 levied and the value of the property shown on the taxing agency's last
24 assessment roll that was equalized before the project was authorized.

25 * Sec. 4. AS 44.85.170(b) is amended to read:

26 (b) Notwithstanding any provision of law, to the extent that any
27 department or agency of the state is the custodian of money payable to
28 a municipality, at any time after written notice to the department or
29 agency head from the bond bank authority that the municipality is in

1 default on the payment of principal or interest on municipal [GENERAL
2 OBLIGATION] bonds [OF THE MUNICIPALITY] then held or owned by the bond
3 bank authority, the department or agency shall withhold the payment of
4 that money from that municipality and pay over the money to the bond
5 bank authority for the purpose of paying principal of and interest on
6 the bonds [OF THE BOND BANK AUTHORITY].

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9 debt that [WHICH] constitutes

10 (A) a general obligation bond that is a direct and
11 general obligation of a political subdivision of the state, all
12 the taxable property within which is subject to taxation to pay
13 the bond, note or evidence of debt, and the interest without
14 limitation, as to rate or amount generally to the extent permit-
15 ted by law or to avoid a default as provided for second class
16 cities under AS 29.45.590; [OR]

17 (B) a revenue bond, except a revenue bond for elec-
18 trical generation purposes other than diesel-powered generation,
19 issued by a municipality which pledges the revenue of a revenue-
20 producing capital improvement and which is payable solely from
21 the revenue of the revenue-producing capital improvement; [OR]

22 (C) a general obligation bond or revenue bond combined
23 or additionally secured; [OR]

24 (D) a bond of a borough issued as a general obligation
25 of a service area under AS 29.47.440 or former AS 29.58.340; or

26 (E) an obligation of a municipality secured only by
27 special assessments on benefited property, tax increments, or a
28 lease;

29 * Sec. 6. This Act takes effect immediately under AS 01.10.070(c).