

LEGISLATIVE FINANCE - HOUSE / SENATE FINANCE COMM. FILES 8879

SB 505 cont. - SB 521 697

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FILE

# HOUSE COMMITTEE REPORT

(11)  
Date Referred: May 2, 1990

FURTHER REFERRALS:

Date of Committee Action: 5/4/90

The FINANCE Committee considered:

SB 505

SENATE BILL NO. 505

MUNICIPAL SALES TAXES

"An Act relating to sales taxes levied by general law municipalities."

RECOMMENDATIONS:

- be replaced with \_\_\_\_\_  the same title
- have 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):  
(Dept)

APPROVES PREVIOUS:  
(Date/Dept)

- fiscal impact \_\_\_\_\_
- zero fiscal note \_\_\_\_\_
- zero with analysis \_\_\_\_\_
- fiscal note(s) \_\_\_\_\_
- zero fiscal note(s) 3/16/90 / C&RA
- zero fn/analysis \_\_\_\_\_

SIGNING DO PASS:

SIGNING:  
(Check approp. column)

[Signature] Hoffman

[Signature] Larson

[Signature] Swackhammer

[Signature] Brown

[Signature] Koponen

	Do Not Pass	No Rec	Amend
<u>[Signature]</u> Phillip's		✓	
<u>[Signature]</u> Riegler		X	

[Signature] Larson  
Chairman's Signature

[Signature] Hoffman

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: "An Act relating to sales taxes  
levied by general law municipalities."  
Sponsor: Senate C&RA  
Requestor: \_\_\_\_\_

Agency Affected: Community & Regional Affairs  
BRU: \_\_\_\_\_  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
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)

There is no fiscal effect for FY 90.

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

Phone: 465-4750

Date: 3/12/90

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

Date: 3-12-90

Distribution (by preparer):

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

BY THE C&RA COMMITTEE

1 IN THE SENATE

2

SENATE BILL NO. 505

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE · SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to sales taxes levied by general law  
7 municipalities."

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

9 \* Section 1. AS 29.45.650(a) is amended to read:

10 (a) Except as provided in AS 04.21.010(c) and in (f) [AND (g)]  
11 of this section, a borough may levy and collect a sales tax [NOT  
12 EXCEEDING SIX PERCENT] on sales, rents, and on services provided in  
13 the borough. The sales tax may apply to any or all of these sources.  
14 Exemptions may be granted by ordinance.

15 \* Sec. 2. AS 29.45.650(g) is repealed.

*Alaska*  
**MUNICIPAL**  
*League*

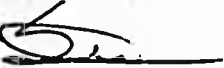
TELEPHONE  
(907) 586-1325  
FAX 463-5480

217 SECOND STREET, SUITE 200  
JUNEAU, ALASKA 99801

March 13, 1990

MEMORANDUM

TO: Senator Mike Szymanski, Chair  
Members, Senate Community and Regional Affairs Committee

FROM: Scott A. Burgess, Executive Director 

SUBJECT: SB 505 - Municipal sales tax

The Alaska Municipal League supports SB 505 repealing of the limits on sales tax rates contained in Title 29 and allowing local voters to set the limits according to the public need and acceptance of taxation methods.

Because voters must approve a sales tax before it is levied, there should be no statutory limit on the rate of sales tax a municipality may impose. If the voters in a municipality desire to tax themselves at a rate higher than the 6 percent currently authorized by statute (AS 29.45.650(a)) for general law municipalities, they should be permitted to do so. Sales tax represents a significant revenue source for 89 municipalities in Alaska and accounted for \$60,559,971 in municipal revenues in 1988 (compared to \$281,960,341 in property tax revenues collected by only 25 municipalities in Alaska).

I have attached a sheet listing municipalities whose sales and use taxes approach the limit for general law municipalities.

Attachment

sab2:sb505.sales

## MUNICIPALITIES WITH 5% OR GREATER GENERAL SALES OR USE TAX

Municipality	Percentage of Sales Tax	Percentage of Other Tax	Type
City and Borough of Juneau	4	7	Hotel/Motel
City of Anderson		6	Heating fuel, phone, electricity, TV
City of Bethel	5		
City of Craig	4	6	Liquor
City of Dillingham	5		
City of Fairbanks		8	Liquor; Hotel/Motel
City of Galena	3	6	Liquor
City of Haines	5		
City of Kake	5		
City of Kenai	5		
City of Kodiak	5	5	Hotel/Motel
City of Petersburg	6	3	Hotel/Motel
City of Skagway	4	6	Hotel/Motel
City of Tenakee Springs	1	6	Hotel/Motel
City of Wrangell	6		
Haines Borough	5		
Matanuska-Susitna Borough		5	Hotel/Motel
Municipality of Anchorage		8	Hotel/Motel
North Slope Borough	6		

Source: *Alaska Municipal Officials Directory 1990*, Alaska Municipal League, Alaska Department of Community and Regional Affairs, 2/8/90.

k7/salestax

CITY OF SKAGWAY  
RESOLUTION 90-6R

A RESOLUTION SUPPORTING SENATE BILL 505 IN THE LEGISLATURE OF THE STATE OF ALASKA SIXTEENTH LEGISLATURE - SECOND SESSION.

Whereas, SB 505 seeks to equalize taxing abilities for all communities within the state, and

Whereas, the City of Skagway recognizes that the hotel/motel bed tax is considered a sales tax under Sec. 29.45.650, and

Whereas, Sec. 29.45.650 requires that sales tax not exceed 6%, and

Whereas, SB 505 seeks to remove the 6% restriction so that a Borough or City may increase its hotel/motel bed tax upon approval of voters.

NOW, THEREFORE, BE IT RESOLVED that the City of Skagway supports approval of Senate Bill 505 during the Second Session of the Alaska Sixteenth Legislature.

PASSED AND APPROVED THIS 30<sup>th</sup> DAY OF APRIL, 1990.

  
Stan Seimer, Mayor

ATTEST:

  
Lorene S. Gordon, City Clerk

Drafted by: Tourism Director Fuqua  
Introduced by: Councilman McBride

STEVE COWPER, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

April 13, 1990

POSITION PAPER

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

RE: Senate Bill 505

SPONSOR: Community and Regional Affairs Committee

Program Effects of Bill

The major effect of this bill is to remove the existing six percent limit on sales tax rates for general law municipalities. It would also make explicit reference in Title 29 to the existing Title 4 limitation on sales taxes on alcoholic beverages. Section 2 of the bill would repeal AS 29.60.650(g) which is no longer necessary because of the repeal of the sales tax limitation in Section 1 of the bill.

Comments

The department supports passage of this bill as an expansion of municipal powers and enhancement of local governments' ability to raise revenues locally. Home rule municipalities under current law are not subject to the six percent sales tax limit. This bill provides similar treatment to general law municipalities. Any proposed increase in sales tax rates must be approved by the voters in a general law municipality under AS 29.45.670, providing a safeguard against the imposition of unreasonably high sales tax rates.

While this will provide additional flexibility to municipalities to raise revenues locally, it is not a total answer to local governmental financial problems. Particularly in smaller cities, there is simply not enough sales activity to raise significant revenues even at relatively high rates of taxation.

*David G. Hoffman* DC, DCRA  
for David G. Hoffman, Commissioner

# MEMORANDUM

State of Alaska

Department of Law

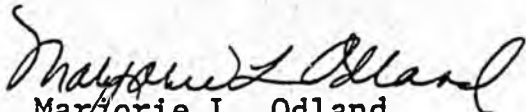
TO: Marty Rutherford, Director  
Div. of Municipal & Regional Asst.  
Dept. of Community &  
Regional Affairs

DATE: March 1, 1988

FILE NO.: 663-87-0491

TEL. NO.: 465-3600

SUBJECT: Sales tax limitations  
when borough, and city  
within borough, both levy  
taxes

FROM:   
Marjorie L. Odland  
Assistant Attorney General  
Governmental Affairs-Juneau

You have asked our opinion regarding several specific municipal sales tax questions stemming from an interpretation of the statutory sales and use tax provisions, AS 29.45.650 and 29.45.700. Each of the questions you have asked will be addressed individually below.

1. Does the six percent sales tax limitation on boroughs under AS 29.45.650(a) apply to cities as well?

The answer is yes. AS 29.45.700 states that a city, which is empowered to levy and collect sales and use taxes, may do so "in the manner provided for boroughs." AS 29.45.650 specifies the "manner" in which boroughs may levy and collect such taxes. This "manner" includes the setting of the maximum percentage (six percent) that can be levied and collected on sales, rents and services. It also includes the maximum interest rate that can be imposed on delinquent taxes, the method of creating, recording, and notice of a lien on property to secure payment, and requirements for imposing a use tax (e.g., use tax rate must equal sales tax rate and can only be imposed on buyers).

2. Does the six percent sales tax limitation apply to the combined tax rate for cities within boroughs or may each entity separately tax up to a rate of six percent for a potential total of twelve percent?

The applicable tax statutes do not readily provide the answer to this question. Neither AS 29.45.650 nor 29.45.700 specify a "maximum" percentage of sales tax when both a borough and a city are imposing a sales tax on the same sale. However, taken literally, a city within a borough that levies and collects area-wide sales and use taxes may do the same as the borough and a 12 percent sales tax (combined) appears to be allowed by law. This interpretation is consistent with the constitutional requirement that municipal powers are to be broadly construed. Alaska Const. art. X, § 1. Unfortunately, there is no Alaska case law on point to assist us in interpreting these statutes. And, we were unable

Marty Rutherford, Director  
DCRA -- Munic. & Reg. Asst. Div.  
663-87-0491

March 1, 1988  
Page #2

to find any legislative history on the sales and use tax statutes to provide us with any helpful insight on this particular matter. However, according to one legal treatise, it is generally held that tax laws are to be interpreted to avoid any possibility of double taxation, in any form, including taxes levied by distinct sovereignties upon the same tax basis, especially where the intention of the legislature is not clear in respect to the matter. 68 Am. Jur. 2d Sales and Use Taxes § 178 (1973).

In conclusion, a literal reading of AS 29.45.650 and 29.45.700 allows for a maximum 12 percent sales and use tax when both the borough and city within the borough levy taxes on the same sources. However, we believe that the intention of the legislature is not altogether clear on this issue and needs clarification before we can render a definitive answer.

3. Assuming a city within a borough has the power to levy a sales tax which would make the combined tax rate in excess of six percent, would the borough be able to only collect up to the six percent limit under AS 29.45.645(a)?

No. Under AS 29.35.170(b), the borough "shall" collect taxes levied by a city and must return those taxes it collects to the city, in full. See 1987 Inf. Op. Att'y General (663-88-0178; Nov. 13). The borough, of course, also collects its own sales and use taxes under AS 29.45.645(a). Therefore, assuming that a total nine percent sales tax is levied on sales in a city within a borough, with six percent imposed by the borough and three percent imposed by the city, the borough collects the entire nine percent sales tax under its authority to collect taxes on behalf of the city and gives the city its three percent and retains six percent for itself. AS 29.35.170(b).

In your memorandum, you expressed concern that there may be a conflict of tax "collection" powers between a city within a borough and the borough when the city levies sales taxes on sources not taxed by the borough. AS 29.45.700(a) allows a city within a borough to "levy" sales and use taxes on all sources taxed by the borough, but does not allow the city to collect those taxes. Those sales and use taxes are collected by the borough on behalf of the city. But, as you have pointed out in your opinion request, AS 29.45.700(a) allows cities within boroughs to levy and collect sales and use taxes "on other sources," which the borough does not tax. However, AS 29.45.700(a) also states that a city is only allowed to levy and collect these taxes if the borough assembly authorizes the city to do so by ordinance. Therefore, no conflict exists between AS 29.35.170(b) and AS 29.45.700(a), because a city within a borough can only

Marty Rutherford, Director  
DCRA -- Munic. & Reg. Asst. Div.  
663-87-0491

March 1, 1988  
Page #3

levy and collect its own sales and use taxes if the taxes are:  
(1) levied on sources not taxed by the borough; and (2) the borough assembly authorizes the city to levy and collect the tax on those sources. Since the borough does not tax these "other sources," it has been given the power to delegate its tax levy and collection power to the city under AS 29.45.700(a) for this limited purpose.

We hope this addresses your questions. I apologize for the lateness in answering this opinion request.

MLO/pjg

cc: Mike Worley, State Assessor  
DCRA - Juneau

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# SENATE FINANCE COMMITTEE REPORT

DATE: 3/6/90

FURTHER:

DATE TURNED INTO OFFICE: 4/27/90

The Finance Committee considered

SB 511

"An Act making special appropriations to the Department of Natural Resources for reforestation; and providing for an effective date."

and recommended:

replace with \_\_\_\_\_ CS SB 511 (FIN)  
 or adopt \_\_\_\_\_ CS \_\_\_\_\_  
 attached amendment(s)  
 \_\_\_\_\_ letter of intent adopted

same title  
 new title  
 technical title change (HB only)

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

ATTACHES NEW FISCAL NOTE(S):  
Dept/Date:

fiscal note(s) \_\_\_\_\_  
\_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_  
\_\_\_\_\_

APPROVES PREVIOUS:  
Dept/Date:

fiscal note(s) \_\_\_\_\_  
\_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_  
\_\_\_\_\_

appropriation-no fiscal note  
*\$1,950,000*

SIGNING DO PASS:

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

OTHER RECOMMENDATIONS:

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

1. No Rec 2. \_\_\_\_\_

Co-Chairs: Signatures and Recommendations

6-2270E  
Bradley/Cramer  
4/6/90  
Vehling  
4/6/90

Funding Information: General Fund <sup>1,950,000</sup> ~~\$2,613,000~~  
Other Funds - 0 -  
\$2,613,000  
1,950,000

Original sponsor(s): Resources Committee

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 511 (*Fix*)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations to the Depart-  
7 ment of Natural Resources for reforestation; and  
8 providing for an effective date."

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

10 \* Section 1. PURPOSE. The purpose of this appropriation is to enable  
11 the Department of Natural Resources to carry out its powers and duties  
12 under AS 41.17, to respond to the need for a dependable supply of high  
13 quality forest seedlings for land in the state, to rehabilitate the areas  
14 devastated by the spruce bark beetle and by fire, to enable the State  
15 Forest Nursery in Eagle River to supply seedlings to reclaim land currently  
16 unreforested, including a substantial backlog of unreforested land, and to  
17 continue and enhance forest research.

18 \* Sec. 2. The sum of \$<sup>1,000,000</sup> ~~1,051,000~~ is appropriated from the general fund  
19 to the Department of Natural Resources, division of forestry, for capital  
20 expenses incurred while engaged in reforestation.

21 \* Sec. 3. The sum of \$<sup>950,000</sup> ~~1,501,000~~ is appropriated from the general fund  
22 to the Department of Natural Resources, state land reforestation fund  
23 (AS 41.17.310).

24 \* Sec. 4. The appropriation made by sec. 2 of this Act is for a capital  
25 project and is subject to AS 37.25.010.

26 \* Sec. 5. This Act takes effect July 1, 1990.

4/27/90



# Alaska State Legislature

## SENATE

Official Business

P.O. Box V  
State Capitol  
Juneau, Alaska 99811

### MEMORANDUM

TO: Senator John Binkley

FROM: Senator Bettye Fahrenkamp

DATE: April 20, 1990

RE: Reforestation program funding for FY 91

The following figures would give the Division of Forestry a barebones nursery staff, dependent upon inmate labor. This level of funding is not what's required, but they can get by on a phase-in basis.

Operation	\$950.0
Capital Improvement	1,000.0
Total	\$1,950.0

# Alaska State Legislature

## Senate Resources Committee

Senator Bettye Fahrenkamp, Chairman

Senator Jay Kerttula, Vice Chairma.,  
Senator Dick Ellason  
Senator Steve Frank  
Senator Rick Halford  
Senator Artliss Sturgulewski  
Senator Fred Zharoff



P.O. Box V  
Juneau, Alaska 99811  
(907) 465-4907

**TO:** SENATOR RICK UEHLING  
CO-CHAIRMAN, SENATE FINANCE COMMITTEE

**FROM:** SENATOR BETTYE FAHRENKAMP  
CHAIRMAN, SENATE RESOURCES COMMITTEE

**DATE:** MARCH 7, 1990

**RE:** REQUEST FOR HEARING SB 511, AN ACT MAKING SPECIAL CAPITAL AND OPERATING APPROPRIATIONS TO THE DEPARTMENT OF NATURAL RESOURCES FOR REFORESTATION.

I WOULD LIKE TO REQUEST THAT THE SENATE FINANCE COMMITTEE HEAR SB 511 AS SOON AS YOUR SCHEDULE PERMITS.

THE BILL WOULD MAKE SPECIAL APPROPRIATIONS TO DNR FOR REFORESTATION TO BEGIN ALLEVIATING A FIVE YEAR BACKLOG.

ENCLOSED IS THE BACKUP MATERIAL. PLEASE FEEL FREE TO CALL ME IF YOU HAVE ANY QUESTIONS.

REGENERATION PROGRAM ON STATE LAND  
ANNUAL ACCOMPLISHMENT/COSTS  
BY PERIOD

EACH FY 91-FY96

EACH FY 97-ON

NORTHERN REGION

	<del>85,501</del>	
PERSONAL SERVICES	<del>\$169,660</del>	\$93,316
	<del>2</del> 4 FTE	2 FTE
PLANTING	<del>930</del> 746 ACRES/YEAR	500 ACRES/YEAR
CONTRACTS	<del>\$139,500</del> 104,500	\$75,000
SUPPORT	1286 4,650	2,500
SCARIFICATION	<del>1920</del> ACRES/YEAR	500 ACRES/YEAR
CONTRACTS	<del>\$153,600</del> 113,600	\$40,000
SUPPORT	648 9,600	2,500
DIRECT SEEDING	<del>800</del> ACRES/YEAR	0
CONTRACTS	\$ <del>24,000</del> 13,000	0
SUPPORT	4,000	0
SEED	1084 <del>12,000</del> 14,000	0
REGEN. SURVEYS	<del>1160</del> ACRES/YEAR	660 ACRES/YEAR
CONTRACTS	\$ <del>11,600</del> 1,600	\$ 6,600
SUPPORT	0	3,300
 TOTAL	 <del>\$528,610</del> 346,451	 \$223,216

SOUTHCENTRAL REGION

	<del>\$42,219</del>	
PERSONAL SERVICES	<del>1</del> FTE	\$42,219
	1 FTE	1 FTE
PLANTING	<del>267</del> 210 ACRES/YEAR	52 ACRES/YEAR
CONTRACTS	\$ <del>40,050</del> 39050	\$ 7,800
SUPPORT	234 1,335	260
SCARIFICATION	<del>316</del> ACRES/YEAR	115 ACRES/YEAR
CONTRACTS	\$ <del>25,280</del> 20,280	\$ 9,200
SUPPORT	1,580	575
DIRECT SEEDING	55 ACRES/YEAR	55 ACRES/YEAR
CONTRACTS	\$ 1,650	\$ 1,650
SUPPORT	275	275
SEED	<del>825</del> 140	825
REGEN. SURVEYS	390 ACRES/YEAR	390 ACRES/YEAR
CONTRACTS	\$ 3,900	\$ 3,900
SUPPORT	0	1,950
 TOTAL	 <del>\$117,114</del> 59,175	 \$ 68,654

SOUTHEAST REGION

PERSONAL SERVICES	<del>\$42,219</del>		\$42,219
	<del>1 FTE</del>		1 FTE
	61		
PLANTING	<del>125</del> ACRES/YEAR		70 ACRES/YEAR
CONTRACTS	\$ <del>18,750</del> 13,750		\$10,500
SUPPORT	625		350
SCARIFICATION	82 ACRES/YEAR		0
CONTRACTS	\$ 6,560		0
SUPPORT	410		0
PRESCRIBED BURN	150 ACRES/YEAR		50 ACRES/YEAR
CONTRACTS	\$ 8,550		\$ 2,850
SUPPORT	1,800		600
REGEN. SURVEYS	1100 ACRES/YEAR		1100 ACRES/YEAR
CONTRACTS	\$ 11,000		\$11,000
SUPPORT	0		5,500
TOTAL	\$ <del>82,914</del> 42,695		\$ 73,019

NURSERY OPERATIONS

PERSONAL SERVICES	<del>\$488,960</del> 259,163		\$488,960
	7 1/2 <del>12</del> FTE		12 FTE
(replaced by inmates) <del>1320</del> DAYS SPOT HELP			1320 DAYS SPOT HELP
SUPPORT	<del>\$301,500</del> 217,481		\$301,500
EQUIPMENT	<del>30,000</del> 25,000		30,000
TOTAL	<del>\$820,460</del> 501,644		\$820,460

STATEWIDE SUMMARY

PERSONAL SERVICES	<del>\$743,058</del> 344,664		\$666,714
	9.5 <del>18</del> FTE		16 FTE
(replaced by inmates) <del>1320</del> DAYS SPOT HELP			1320 DAYS SPOT HELP
CONTRACTS	<del>\$444,440</del> 328,440		\$168,500
SUPPORT	<del>325,775</del> 241,756		319,310
EQUIPMENT	<del>30,000</del> 25,000		30,000
SEED	12,825	10,140	825
ANNUAL TOTAL	\$1,556,098	950,000	\$1,185,349

ONE TIME CAPITAL IMPROVEMENT BUDGET

IMPROVEMENTS TO EAGLE RIVER FACILITY	\$1,052,000
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REGION	REGEN.SURVEY	SCARIFICATION	Rx BURN	PLANTING	SEEDING	TOTALS
<b>NORTHERN</b>						
BACKLOG	500	1420	0	430	800	3150
ANNUAL	660	500	0	500	0	1660
<b>SOUTHCENTRAL</b>						
BACKLOG	0	201	0	215	0	416
ANNUAL	390	115	0	52	55	612
<b>SOUTHEAST</b>						
BACKLOG	0	82	100	55	0	237
ANNUAL	1100	0	50	70	0	1220
<b>STATEWIDE</b>						
BACKLOG	500	1703	100	700	800	3803
ANNUAL	2150	615	50	622	55	3492

NOTE: BACKLOG REFORESTATION REQUIREMENTS ARE AMORTIZED OVER FIVE YEARS

ALL FIGURES IN ACRES

3/5/90

# Alaska State Legislature

## Senate Resources Committee

Senator Bettye Fahrenkamp, Chairman

Senator Jay Kerttula, Vice Chairman  
Senator Dick Ellason  
Senator Steve Frank  
Senator Rick Hallford  
Senator Arliss Sturgulevski  
Senator Fred Zharoff



P.O. Box V  
Juneau, Alaska 99811  
(907) 465-4907

**TO:** SENATOR JOHNE BINKLEY  
SENATOR RICK UEHLING  
CO-CHAIRS, SENATE FINANCE COMMITTEE

**FROM:** SENATOR BETTYE FAHRENKAMP  
CHAIRMAN, SENATE RESOURCES COMMITTEE

**DATE:** MARCH 5, 1990

**RE:** SB 511, APPROPRIATIONS FOR REFORESTATION

THE SENATE RESOURCES COMMITTEE TODAY HEARD SB 511, AN ACT MAKING SPECIAL CAPITAL AND OPERATING APPROPRIATIONS TO THE DEPARTMENT OF NATURAL RESOURCES FOR REFORESTATION. A SUGGESTED AMENDMENT TO THE BILL WAS MADE REGARDING THE APPROPRIATION PROPOSED ON PAGE 1, LINES 21 TO 23. BECAUSE THE NATURE OF RAISING AND PLANTING SEEDLINGS, IT IS POSSIBLE THAT THE DIVISION WOULD NOT BE ABLE TO SPEND ALL THE FUNDS IN ONE FISCAL YEAR, BUT WOULD NEED THEM LATER ON.

IN ORDER TO NOT LAPSE THE UNEXPENDED FUNDS, BUT INSTEAD TO ALLOW THE FUNDS TO BE USED IN SUBSEQUENT FISCAL YEARS, THE SUGGESTION WAS TO PLACE THE ABOVE REFERENCED APPROPRIATION IN THE STATE LAND REFORESTATION FUND, AS 41.17.310, WHICH WOULD NOT LAPSE. SECTION 5 COULD THEN BE DELETED.

SINCE THIS IS AN APPROPRIATION BILL, AND THE MATTER WAS OF FISCAL CONCERN, THE SENATE RESOURCES COMMITTEE DID NOT TAKE ANY ACTION ON THE AMENDMENT, BUT RATHER, WOULD LIKE TO INFORM YOU OF THE SUGGESTED LANGUAGE CHANGE FOR YOUR CONSIDERATION.



## **KENAI PENINSULA BOROUGH**

144 N. BINKLEY • SOLDOTNA, ALASKA 99669  
PHONE (907) 262-4441

**DON GILMAN**  
MAYOR

**POSITION PAPER**  
**SB 511**  
**REFORESTATION OF TIMBER DEVASTATED BY**  
**SPRUCE BARK BEETLES OR FIRE**  
Presented by Marla Huss

The Kenai Peninsula Borough supports SB 511. It is the borough's position that reforestation of timber harvested areas be an integral part of a forest management program

SB 511, as introduced by the Senate Resources Committee addresses reforestation of lands devastated by the spruce bark beetle and fire. Under the current version of the bill, funds would be appropriated to DNR for capital improvements at the greenhouse in Eagle River, as well as for operation of a reforestation program in these areas.

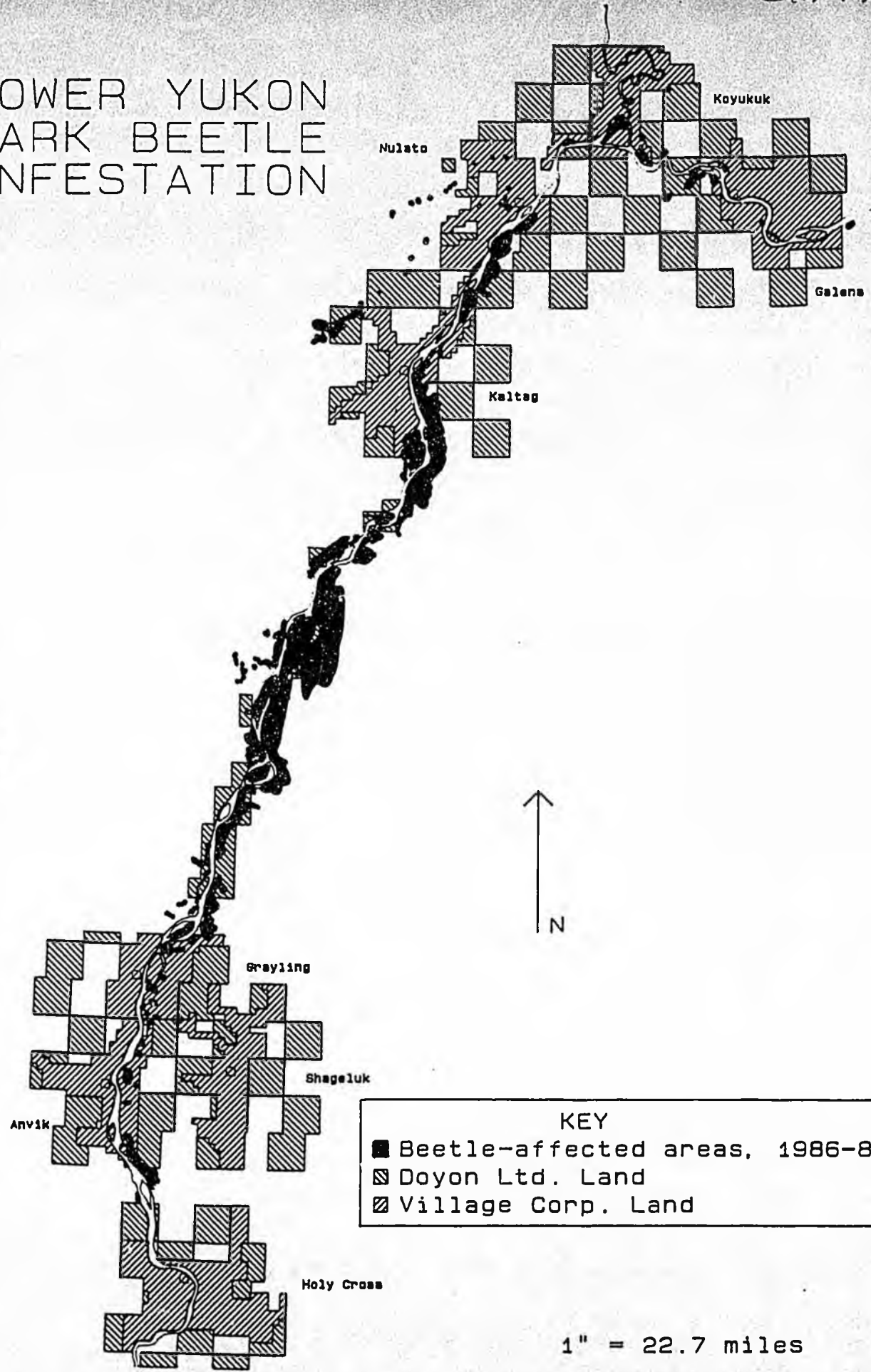
As you are well aware, spruce bark beetle infestation in Cooper Landing on the Kenai Peninsula is of epidemic proportions. The state owns approximately 6,000 acres in this region, with the remainder of the forest being under federal management. Approximately 5,300 acres of the state land has been selected by the borough, which includes almost all of the 2,000 acres of beetle infested trees. The transfer of this land will most likely occur in the next few months. To date, the timber on these lands has been managed by the State Division of Forestry, with a number of timber harvest contracts in progress or complete. Little to nothing has been done in these areas regarding planting for reforestation due to a lack of funds in the state budget.

The borough requests that intent language be adopted making lands which have previously been harvested by the state eligible for reforestation funds, even if they have been transferred to a municipality.

The borough and the State Division of Forestry are currently working in a cooperative relationship regarding management responsibility of timber harvests of proposed firebreaks in Cooper Landing. It has been agreed that management responsibilities for timber contracts and reforestation of these firebreaks would remain with the state in the event that the transfer of selected lands occurs during the project. If intent language were adopted making funds available, some type of cooperative arrangement could be worked out.

4/7/90  
Sen. Frank

# LOWER YUKON BARK BEETLE INFESTATION



**KEY**

- Beetle-affected areas, 1986-88
- ▨ Doyon Ltd. Land
- ▩ Village Corp. Land

1" = 22.7 miles

4/7/90

Bob Dick  
Forester  
Anch.

# ALASKA FOREST REGENERATION CENTER

## Program Description

Provide a dependable supply of high quality forest seedlings to Alaska's landowners. Seedlings would be grown to meet the requirements of AS 41.17; rehabilitate the areas devastated by the spruce bark beetle; reclaim areas currently understocked on State lands; and allow continued forest research. The existing nursery program is severely understaffed, underfunded and ill-equipped to meet the challenges that it now faces. This program would provide for the growing of the needed seedlings and the reforestation of State lands.

The projected distribution of the 1.6 million seedlings that would be grown annually includes: 350,000 to the USDA-Forest Service; 50,000 for research; 417,200 for private landowners; and 782,800 (with planting funds) for State lands. By implementing this budget, the legislature will be indicating its support for professional treatment of State owned land and preclude the necessity of forest managers having trees grown out-of-state. Training would be provided to residents of cooperating communities in the care and growing of seedlings.

On State lands the emphasis of this program is to generate contracts for private sector field accomplishments that will provide much needed stable job opportunities in rural areas. The following would be accomplished by State Region (State land only):

DESCRIPTION	N O R T H E R N R E G I O N	S O U T H C E N T R A L R E G I O N	S O U T H E A S T R E G I O N
A c r e s Planted	1008	227	125
Acres Seeded	670	55	-0-
Acres Site Preparation	1975	271	232
A c r e s Regeneration Survey	1660	390	1100
Estimated contracts to issue	30	7	5

Spruce bark beetles are presently causing significant mortality on nearly 200,000 acres around Southcentral and the Interior. A large portion of these acres must be reforested using state-of-the-art techniques if they are to regain their productivity. The investment in planting requires the use of high quality seedlings with high survival potential. This program would meet that need.

AS 41.17.060(4) directs that "... if artificial planting is required, silviculturally acceptable seedlings must first be available for planting at an economically fair price in Alaska." This program would meet that need as quoted from Alaska's Forest Resources and Practices Act.

The "State Forest Nursery" would become the "Alaska Regeneration Center". This name more correctly describes the facility resulting from this programs role in forest land management - a role that includes research, production, and training.

The following pages present the details of this program in tabular form to enable better understanding.

## ANNUAL STATISTICS

### Benefits accrued:

Seedlings produced = 1,600,000  
State land treated = 2,085 acres (planted and seeded)  
State land site prepared = 2478 acres  
State land surveyed for regeneration = 3,150 acres  
Seedlings available for non-state use = 817,200  
Local residents trained at nursery = 6  
Day labor - Days of employment generated = 1320  
Amount of work contracted by State = \$343,780.00  
Reimbursement for seedlings (projected) = \$122,580.00 (\$0.15  
per seedling)  
Non-state lands reforested = 1,200 acres  
Private sector employment enabled = 41 (at minimum)

Alaska Regeneration Center requires the following funding commitment by the Alaska Legislature:

STAFFING	MAN MONTHS	TOTAL COSTS
Agronomist III (Center Manager)	12	\$63,000.00
Maintenance Worker II	12	\$47,388.00
Forest Technician IV (Research/Tree Improvement)	12	\$39,336.00
Forest Technician IV (Assistant Center Manager)	12	\$39,336.00
Forest Technician III (Center Foreman)	12	\$35,196.00
Clerk-Typist III (Center Clerk/Admin)	12	\$31,800.00
Forest Technicians I/II (Center Technicians) 6 ea @ 9 mons.	54	\$142,688.00
Forest Technicians I/II (Cooperator Trainees) 6 ea @ 3 mns.	18	\$47,566.00
Day laborers (Spot help) 1320 man days @ 40.00 per day	61	\$52,800
TOTAL	205	\$499,110.00
	Personal services short funding	-\$34,688.00
	Usable personal services funding	\$464,422.00

SEASONAL POSITION DISTRIBUTION (Pos/Mths.)

Position	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Trainees		6/6	6/6	6/6								
Reg Seasonals		6/6	6/6	6/6	6/6	6/6	6/6	6/6	6/6	6/6		
Day Laborers				28/18		12/12		40/30		12/6		

B U D G E T CATEGORY	T O T A L F U N D I N G REQUIRED	BREAKDOWN	DESCRIPTION
<u>Travel</u>	\$10,000.00		Assess cone c r o p s , g a t h e r propagation materials, audit/monito r seedling condition at field sites, a s s e s s progeny s i t e s , monitor seed production a r e a s , maintain professional currency.
<u>Contractual Services</u>	\$161,000.00	Professional Services	\$10,000.00 (Consultants Cones)
		Communicatio ns	\$10,000.00 (Phones)
		Transportati on	\$25,000.00 (Shipping Seedlings)
		S t a t e Equipment Fleet	\$15,000.00 ( S t a t e v e h i c l e charges)
		Printing	\$1,000.00 (brochures handouts)
		P u b l i c Utilities	\$60,000.00 (Electricity Gas)
		Minor Repair a n d Maintenance	\$25,000.00 (buildings a n d

Supplies and            \$130,500.00  
Materials

equipment)

Rental of machinery and equipment	\$5,000.00 (Specialized equipment)
Other expenditures	\$10,000.00 (State Risk Management)
Office supplies	\$2,000.00
Agricultural supplies	\$10,000.00 (Fertilizer and fungicides)
Household and Institutional	\$3,000.00 (Cleaning agents)
Professional and Scientific	\$93,000.00 (Grit, medium, and containers)
Data processing supplies	\$1,500.00 (Software and paper)
Other operating supplies	\$15,000.00 (Shipping boxes)
Repair and Maintenance	\$6,000.00 (Strapping, tray racks)

Equipment

\$30,000.00

Phase d  
replacement  
of worn  
equipment.  
Upgrading of  
outdated  
equipment  
over time.  
Acquisition  
of needed  
communicatio  
ns and  
technical  
equipment.

Capital  
Improvement  
Projects

\$1,052,000.0  
0

Water  
monitoring  
and delivery  
system  
improvements

\$20,000.00

Outdoor  
portable  
irrigation  
system

\$15,000.00

Complete  
fence around  
growing yard

\$12,000.00

Complete  
pole shed

\$5,000.00

Construct  
two  
greenhouses  
(completely  
equipped  
with power)

\$800,000.00

Construct  
fire  
warehouse  
for SCR to  
free up  
Headshed for  
use

\$200,000.00

Regional offices require the following funding commitments to meet program targets:

NORTHERN REGION

Description	Man Months	Total Costs
Personal Services Forester 1 (Delta and Tok)	12	\$46,670.00
Forester 1 (Fairbanks)	12	\$46,000.00
Forest Technician III (Fairbanks) 2 @ 6 mons.	12	\$35,458.00
Forest Technician III (Fairbanks) 1 @12 mons.	12	\$35,458.00
Total Personal services	48	\$163,586.00
Contracts for Field work		\$345,900.00
Support for Region Staff		\$18,265.00
TOTAL FOR NORTHERN REGION		\$527,751.00

SOUTHCENTRAL REGION

Personal Services

Forester 1 (Regional office)	12	\$42,219.00
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Total Personal Services	12	\$42,219.00
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Contracts for field work		\$61,280.00
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Support for Regional Staff		\$2,765.00
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TOTAL FOR SOUTHCENTRAL REGION	12	\$106,264.00
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SOUTHEAST REGION

Personal Services		
Forester 1 (Juneau)	12	\$48,936.00
Total Personal Services	12	\$48,936.00
Contracts for field work		\$44,860.00
Support for Regional Staff		\$2,835.00
TOTAL FOR SOUTHEAST REGION	12	\$96,631.00
TOTAL STATEWIDE	72	\$622,964.00

ANNUAL COST CALCULATIONS BY REGION

Northern Region

<u>Activity</u>	<u>Acres</u>	<u>Breakdown</u>	<u>Costs</u>
Planting	1008	Contract costs = 150.00 per acre	\$151,200.00
		Contract prep and admin = 30.79 per acre	\$31,036.00
		Support costs = 5.00 per acre	\$5,040.00
		TOTAL PLANTING	\$187,276.00
Scarification	1975	Contract costs = 80.00 per acre	\$158,000.00
		Contract prep and admin = 30.79 per acre	\$60,810.00
		Support costs = 5.00 per acre	\$9,875.00
		T O T A L SCARIFICATION	\$228,685.00

Direct Seeding 670

Contract costs \$20,100.00  
= 30.00 per  
acre

Contract prep \$20,629.00  
and admin =  
30.79 per acre

Seed costs = \$10,050.00  
15.00 per acre

Support costs \$3,350.00  
= 5.00 per  
acre

TOTAL DIRECT \$54,129.00  
SEEDING

Regeneration 1660  
survey

Contract costs \$16,600.00  
= 10.00 per  
acre

Contract prep \$51,111.00  
and admin  
costs = 30.79  
per acre

T O T A L \$67,711.00  
R E G E N E R A T I O N  
S U R V E Y

TOTAL FOR  
NORTHERN  
REGION

\$537,801.00

Southcentral Region

<u>Activity</u>	<u>Acres</u>	<u>Breakdown</u>	<u>Costs</u>
Planting	227	Contract costs = 150.00 per acre	\$34,050.00
		Contract prep and admin costs = 44.77 per acre	\$10,163.00
		Support costs = 5.00 per acre	\$1,135.00
		TOTAL PLANTING	\$45,348.00
Scarification	271	contract costs = 80.00 per acre	\$21,680.00
		Contract prep and admin = 44.77 per acre	\$12,133.00
		Support costs = 5.00 per acre	\$1,355.00
		T O T A L SCARIFICATION	\$35,168.00

Direct Seeding	55	Contract costs	\$1,650.00
		= 30.00 per acre	
		Contract prep and admin =	\$2,463.00
		44.77 per acre	
		Support costs	\$275.00
		= 5.00 per acre	
		Seed costs =	\$825.00
		15.00 per acre	
		TOTAL DIRECT SEEDING	\$5,213.00
Regeneration surveys	390	Contract costs	\$3,900.00
		= 10.00 per acre	
		Contract prep and admin =	\$17,460.00
		44.77 per acre	
		T O T A L REGENERATION SURVEYS	\$21,360.00
TOTAL FOR SOUTHCENTRAL REGION			\$107,089.00

Southeast Region

<u>Activity</u>	<u>Acres</u>	<u>Breakdown</u>	<u>Costs</u>
Planting	125	Contract costs = 150.00 per acre	\$18,750.00
		Contract prep and admin = 33.59 per acre	\$4,198.00
		Support costs = 5.00 per acre	\$625.00
		TOTAL PLANTING	\$23,573.00
Scarification	82	Contract costs = 80.00 per acre	\$6,560.00
		Contract prep and admin = 33.59 per acre	\$2,754.00
		Support costs = 5.00 per acre	\$410.00
		T O T A L SCARIFICATION	\$9,724.00

Prescribed 150  
Fire

Contract labor \$8,550.00  
= 57.00 per  
acre

Contract prep 5,037.00  
and admin =  
33.59 per acre

Support costs \$1,800.00  
= 12.00 per  
acre

T O T A L \$15,387.00  
P R E S C R I B E D  
F I R E

Regeneration 1100  
surveys

Contract costs \$11,000.00  
= 10.00 per  
acre

Contract prep \$36,947.00  
and admin =  
33.59 per acre

T O T A L \$47,947.00  
R E G E N E R A T I O N  
S U R V E Y S

T O T A L  
S O U T H E A S T  
R E G I O N

\$96,631.00

T O T A L  
S T A T E W I D E

\$741,521.00

After the first five (5) years of this program funding could be reduced by \$124,230.00 in services to be contracted for as the State completes rehabilitation of "backlogged" areas due to earlier harvest and fires. This would make an additional 230,000 seedlings available for use on other lands and increase nursery revenues by \$34,500.00 at the same time.

The revenue from the sale of seedlings is based on a cost of \$0.15 per seedling. This requires a change in the Department of Natural Resource's fee schedule which was adopted by regulation a few years ago.

Also worthy of note is the fact that the requirement to program a short funding of personal services costs would be devastating to this program - and likely many others as well.

OVERALL PROGRAM SUMMARY

<u>BUDGET ITEM</u>	<u>FUNDING REQUIRED</u>	<u>FUNDING PROPOSED FY90</u>	<u>ADDITIONAL FUNDING REQUIRED</u>
Personal Services	\$753,851.00	\$96,500.00	\$657,351.00
Travel	\$10,000.00	\$2,800.00	\$7,200.00
Contractual	\$636,905.00	\$172,700	\$464,205.00
Commodities	\$141,375.00	\$26,900.00	\$114,475.00
Equipment	\$30,000.00	\$1,500.00	\$28,500.00
<b>TOTAL</b>	<b>\$1,572,131.00</b>	<b>\$300,400.00</b>	<b>\$1,271,731.00</b>
Capital Projects	\$1,052,000.00	-0-	\$1,052,000.00
<u>GRAND TOTAL</u>	<u>\$2,624,131.00</u>	<u>\$300,400.00</u>	<u>\$2,323,731.00</u>

MATANUSKA-SUSITNA BOROUGH  
RESOLUTION SERIAL NO. 90-036

A RESOLUTION OF THE ASSEMBLY OF THE MATANUSKA-SUSITNA BOROUGH SUPPORTING THE ADOPTION OF SENATE BILL 511, "AN ACT MAKING SPECIAL APPROPRIATION TO THE DEPARTMENT OF NATURAL RESOURCES FOR REFORESTATION."

WHEREAS, the Forest Regeneration Center and tree planting program provide for reforestation using proper tree seeds and seedling produced in Alaska; and

WHEREAS, improved capability for reforestation provides the opportunity for forest harvests that improve habitat for moose in Southcentral and Interior Alaska; and

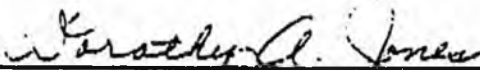
WHEREAS, healthy forests maintained through managed cycles of growth and reforestation provide protection from accidental fire, a hazard that is common in unmanaged forests impacted by diseases or insects; and

WHEREAS, timely reforestation through the Forest Regeneration Center and its associated programs provide healthy trees to protect soil, water, and air, and maintain a healthy environment; and

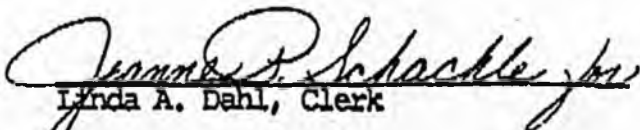
WHEREAS, a commitment to sustained forestry through the Forest Regeneration Center and its associated reforestation programs will provide jobs for Alaskans now and improved forest resources for future generations.

NOW, THEREFORE, BE IT RESOLVED that the Matanuska-Susitna Borough Assembly supports adoption of Senate Bill 511 "An act making special appropriations to the Department of Natural Resources for reforestation."

PASSED AND APPROVED this 21<sup>ST</sup> day of March, 1990.

  
\_\_\_\_\_  
Dorothy A. Jones, Mayor

Attest:

  
\_\_\_\_\_  
Linda A. Dahl, Clerk  
(SEAL)



Fairbanks North Star Borough

APR

1990

Assembly

809 Pioneer Road

P.O. Box 1267

Fairbanks, Alaska 99707

907/452-4761

March 29, 1990

Honorable Betty Fahrenkamp, Chairperson  
State Resources Committee  
P.O. Box V (MS 3100)  
Juneau, Alaska 99811

Dear Senator Fahrenkamp:

Enclosed is a copy of Resolution No. 90-039, recently adopted by the Fairbanks North Star Borough Assembly urging the Alaska State Legislature to appropriate the funding necessary for the Reforestation of Harvested and Burned Forest Areas in the State.

Sincerely,

Mona Lisa Drexler, CMC  
Municipal Borough Clerk

MLD/nb

By: Paul Chizmar  
Introduced: 03/22/90  
Amended: 03/22/90  
Adopted: 03/22/90

RESOLUTION NO. 90-039

A RESOLUTION URGING THE ALASKA STATE LEGISLATURE TO  
APPROPRIATE THE FUNDING NECESSARY FOR THE  
REFORESTATION OF HARVESTED AND BURNED  
FOREST AREAS IN THE STATE

WHEREAS, the Alaska State Constitution in Article VIII, Section 4 requires that "fish, forests, wildlife, grasslands, and all other replenishable resources belonging to the State shall be utilized, developed, and maintained on the sustained yield principle, subject to preferences among the beneficial uses."; and

WHEREAS, immediate reforestation of harvested areas and accessible burned areas increase the amount of timber which is available on a sustained basis; and

WHEREAS, the Alaska State Legislature enacted The Tanana Valley Forest Bill in 1983 which provided for the creation of a State Land Reforestation Fund, and provided further that it was the intent of the Legislature that no less than 25% of the receipts from the sale of state timber and other forest products be appropriated to this fund on an annual basis; and

WHEREAS, as of this date no funds have been appropriated to this fund; and

WHEREAS, lack of adequate regeneration is beginning to jeopardize the level at which the state can make timber available for commercial cutting, and for fuel wood use, while complying with the requirement to manage forest lands on a sustained use basis; and

WHEREAS, it is necessary to provide for the reforestation of forests after harvest in order to maintain a productive forest land base capable of providing timber, recreational opportunities, wildlife habitat, and other amenities associated with coniferous forests; and

WHEREAS, reforestation of forest lands will provide jobs in the Fairbanks area during the planting phase, and ensure future jobs in management and harvest of the reforested lands; and

WHEREAS, funding of the State Land Reforestation Fund is particularly important to the successful management of the Tanana Valley State Forest; and

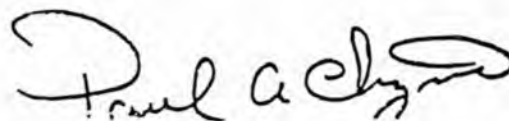
WHEREAS, the Alaska Board of Forestry unanimously passed a resolution on January 30, 1990, supporting an appropriation to fund reforestation efforts immediately and to provide continued funding for reforestation as provided in the Tanana Valley Forest Bill.

NOW, THEREFORE, BE IT RESOLVED that the Fairbanks North Star Borough Assembly respectfully requests the Alaska State Legislature to fund the State Land Reforestation Fund as established in AS 41.17.300 in accordance with the provisions of AS 41.17.310 so as to provide for sound management of the State's forest land resources, to replenish the dwindling forest reserves, and to provide jobs in the Fairbanks area.

BE IT FURTHER RESOLVED that the Alaska State Legislature is urged to enact SB 511 making special appropriations to the Department of Natural Resources for refoestation.

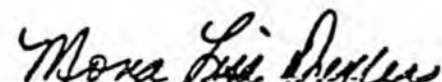
BE IT FURTHER RESOLVED that copies of this resolution shall be sent to the Honorable Steve Cowper, Governor, State of Alaska, Lennie Gorsuch, Commissioner, Department of Natural Resources, Bob Dick, State Forester, the Honorable John Binkley and the Honorable Rick Uehling, Co-Chairs, Senate Finance Committee, the Honorable Lyman Hoffman and the Honorable Ron Larson, Co-Chairs, House Finance Committee, the Honorable Bettye Fahrenkamp, Chairperson, Senate Resources Committee, the Honorable Cliff Davidson, and the Honorable Curt Menard, Co-Chairs, House Resources Committee, and all members of the Interior Delegation.

PASSED AND APPROVED THIS 22ND DAY OF MARCH ,1990.



Presiding Officer

ATTEST:

  
Clerk of the Assembly

# ALASKA FOREST REGENERATION CENTER

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## *Why Regenerate Forests?*

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Regeneration of Alaska's forests will provide jobs, encourage investment by the forest industry, sustain aesthetic values of forest land, and may help diminish global changes in climate. Existing programs for producing and planting trees in Alaska are not sufficient to regenerate forests completely following harvesting, burning, or destruction by insects or disease. Recent damage by the spruce bark beetle alone has impacted 1.9 million acres of forest land in Alaska. Without sufficient production of tree seedlings and a tree planting program, state-owned forest land cannot be managed for high levels of sustained yields. Thus, timber sales must be curtailed, and jobs and other benefits derived from healthy forests will diminish.

## *What Can Be Done?*

---

The Alaska Reforestation Council recommends an expanded Forest Regeneration Center at Eagle River, Alaska, and a coordinated tree planting program in the northern, southcentral and southeastern regions of the state. This commitment will produce high quality tree seedlings to rehabilitate areas devastated by insects or fire, reclaim state-owned forest land that is currently understocked, and support applied research to insure successful reforestation. Projected benefits include the annual production of 1,600,000 tree seedlings. Approximately one-half of these will be planted on state land. The remainder will be sold to private land owners for use in reforestation required by the Forest Practices Act. Operational programs for site preparation and tree planting in the various regions of Alaska are included in the reforestation program. Approximately 70 percent of the funds for this work will be allocated for contracts in local communities.

## *How Should the Center Be Funded?*

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Much of Alaska's need for reforestation involves land owned and managed by the state. Thus, the Alaska Reforestation Council recommends that General Fund appropriations be provided for the production of tree seedlings at the Forest Regeneration Center, and for subsequent contracts for planting trees. Current legislation permits use of a portion of the income obtained from timber sales on state-owned land to support reforestation. However, appropriations must be made each year for this purpose. In the short term, this investment will provide reforestation on forest land owned by the state,

avoid the necessity of buying seedlings outside of Alaska, and provide training and jobs in reforestation in cooperating communities. In the long term, it will regenerate Alaska's forest lands and provide sustained yields of superior quality trees for future generations in the Great Land.

## *What is the Alaska Reforestation Council?*

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The Alaska Reforestation Council is a non-profit corporation organized in 1988 to: (1) improve forest management in Alaska, (2) promote the development and use of high quality seedlings for reforestation, (3) support the development of a tree nursery system in Alaska, and (4) promote a tree improvement program in the state. Council membership includes individuals with private businesses, conservation groups, Native corporations, state and federal agencies, the University of Alaska, and the general public.

## *How Soon Will the Center Be Operating?*

---

Present support is insufficient to continue the production of tree seedlings at the forest nursery in Eagle River. If funding is provided by the Alaska State Legislature for FY 1991 to develop the Alaska Forest Regeneration Center, the production of seedlings could be initiated immediately. Capital improvements to enhance the production of seedlings and contracts for planting would begin in 1990; full production would occur by 1993.

## *What Are the Costs?*

---

An Alaska Forest Regeneration Center requires an initial appropriation for capital improvements at Eagle River, Alaska, and annual appropriations for operations to produce tree seedlings and carry out reforestation on forest land owned by the state.

Capital improvement of center (one-time only)		\$1,052,000
Annual operations at center .....	\$820,000	
Annual expenditures for reforestation on state land:		
Northern Region .....	543,800	
Southcentral Region .....	107,100	
Southeast Region .....	90,100	
		1,561,000
TOTAL		<hr/> \$2,613,000

The future of Alaska's forests depends on investment now in the Alaska Forest Regeneration Center and a reforestation program. These forests will continue to provide increased economic and social benefits for Alaskans as projected declines in petroleum production result in decreased revenue to the state. Benefits range from jobs in the production and processing of wood products to

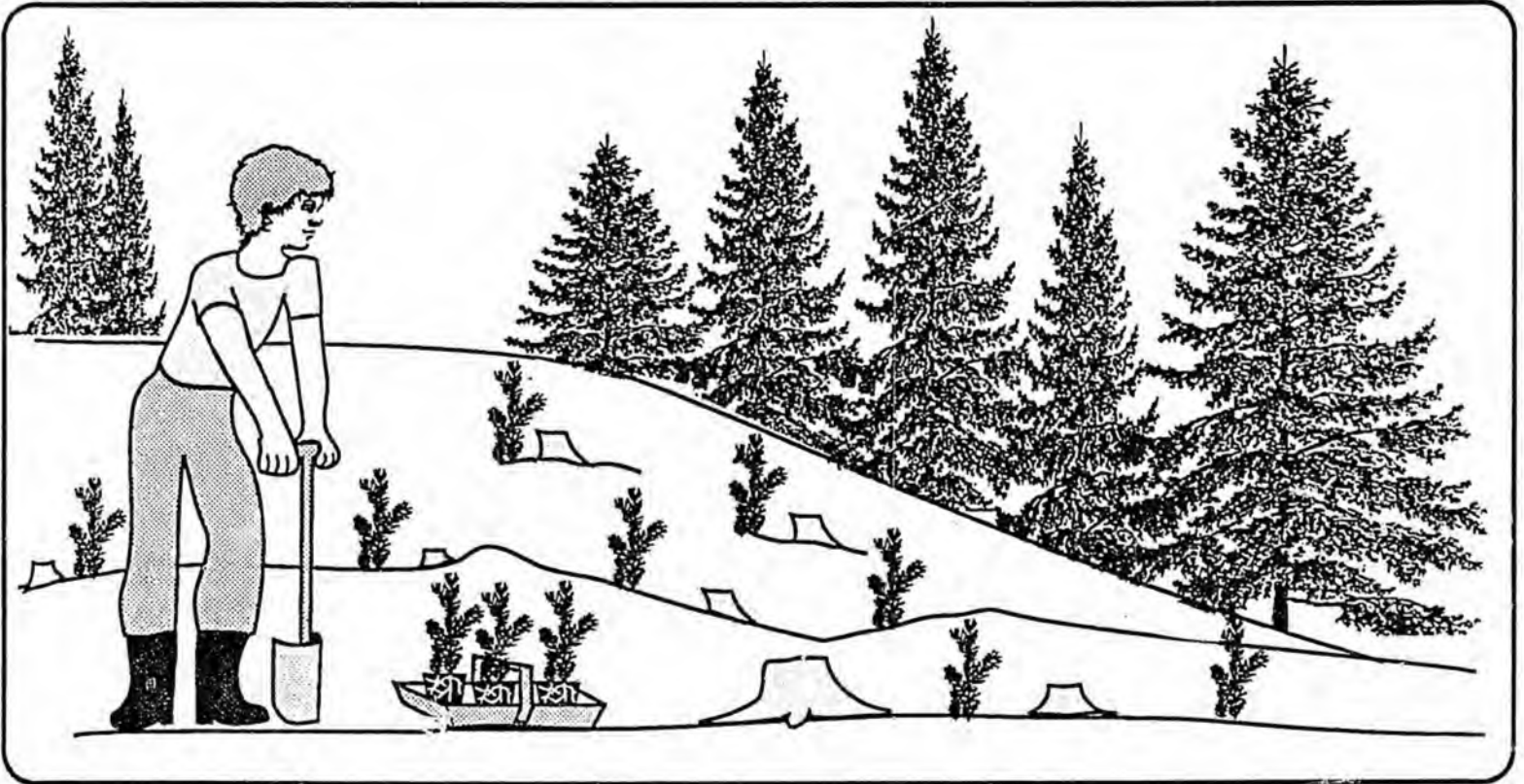
enhanced tourism associated with recreation and wildlife values.

The Alaska Forest Regeneration Center will produce genetically superior trees for reforestation in areas where trees have been harvested, burned, or killed by insects. Reforestation will increase sustained timber yields, provide training and jobs for youth, and enhance the scenic beauty of forest land. In addition, high levels

of sustained yields will permit expanded harvest of timber on state lands designated for wood production.

Good stewardship of forest land will benefit Alaskans well into the future. Now is the time to invest in reforestation for jobs today and for sustained forest yields tomorrow. *When the oil stops flowing, the trees will be growing.*

## SUPPORT THE ALASKA FOREST REGENERATION CENTER



# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

# ALASKA FOREST REGENERATION CENTER

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## *Why Regenerate Forests?*

---

Regeneration of Alaska's forests will provide jobs, encourage investment by the forest industry, sustain aesthetic values of forest land, and may help diminish global changes in climate. Existing programs for producing and planting trees in Alaska are not sufficient to regenerate forests completely following harvesting, burning, or destruction by insects or disease. Recent damage by the spruce bark beetle alone has impacted 1.9 million acres of forest land in Alaska. Without sufficient production of tree seedlings and a tree planting program, state-owned forest land cannot be managed for high levels of sustained yields. Thus, timber sales must be curtailed, and jobs and other benefits derived from healthy forests will diminish.

## *What Can Be Done?*

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The Alaska Reforestation Council recommends an expanded Forest Regeneration Center at Eagle River, Alaska, and a coordinated tree planting program in the northern, southcentral and southeastern regions of the state. This commitment will produce high quality tree seedlings to rehabilitate areas devastated by insects or fire, reclaim state-owned forest land that is currently understocked, and support applied research to insure successful reforestation. Projected benefits include the annual production of 1,600,000 tree seedlings. Approximately one-half of these will be planted on state land. The remainder will be sold to private land owners for use in reforestation required by the Forest Practices Act. Operational programs for site preparation and tree planting in the various regions of Alaska are included in the reforestation program. Approximately 70 percent of the funds for this work will be allocated for contracts in local communities.

## *How Should the Center Be Funded?*

---

Much of Alaska's need for reforestation involves land owned and managed by the state. Thus, the Alaska Reforestation Council recommends that General Fund appropriations be provided for the production of tree seedlings at the Forest Regeneration Center, and for subsequent contracts for planting trees. Current legislation permits use of a portion of the income obtained from timber sales on state-owned land to support reforestation. However, appropriations must be made each year for this purpose. In the short term, this investment will provide reforestation on forest land owned by the state,

avoid the necessity of buying seedlings outside of Alaska, and provide training and jobs in reforestation in cooperating communities. In the long term, it will regenerate Alaska's forest lands and provide sustained yields of superior quality trees for future generations in the Great Land.

## *What is the Alaska Reforestation Council?*

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The Alaska Reforestation Council is a non-profit corporation organized in 1988 to: (1) improve forest management in Alaska, (2) promote the development and use of high quality seedlings for reforestation, (3) support the development of a tree nursery system in Alaska, and (4) promote a tree improvement program in the state. Council membership includes individuals with private businesses, conservation groups, Native corporations, state and federal agencies, the University of Alaska, and the general public.

## *How Soon Will the Center Be Operating?*

---

Present support is insufficient to continue the production of tree seedlings at the forest nursery in Eagle River. If funding is provided by the Alaska State Legislature for FY 1991 to develop the Alaska Forest Regeneration Center, the production of seedlings could be initiated immediately. Capital improvements to enhance the production of seedlings and contracts for planting would begin in 1990; full production would occur by 1993.

## *What Are the Costs?*

---

An Alaska Forest Regeneration Center requires an initial appropriation for capital improvements at Eagle River, Alaska, and annual appropriations for operations to produce tree seedlings and carry out reforestation on forest land owned by the state.

Capital improvement of center (one-time only)		\$1,052,000
Annual operations at center .....	\$820,000	
Annual expenditures for reforestation on state land:		
Northern Region .....	543,800	
Southcentral Region .....	107,100	
Southeast Region .....	90,100	
		1,561,000
<b>TOTAL</b>		<b>\$2,613,000</b>

The future of Alaska's forests depends on investment now in the Alaska Forest Regeneration Center and a reforestation program. These forests will continue to provide increased economic and social benefits for Alaskans as projected declines in petroleum production result in decreased revenue to the state. Benefits range from jobs in the production and processing of wood products to

enhanced tourism associated with recreation and wildlife values.

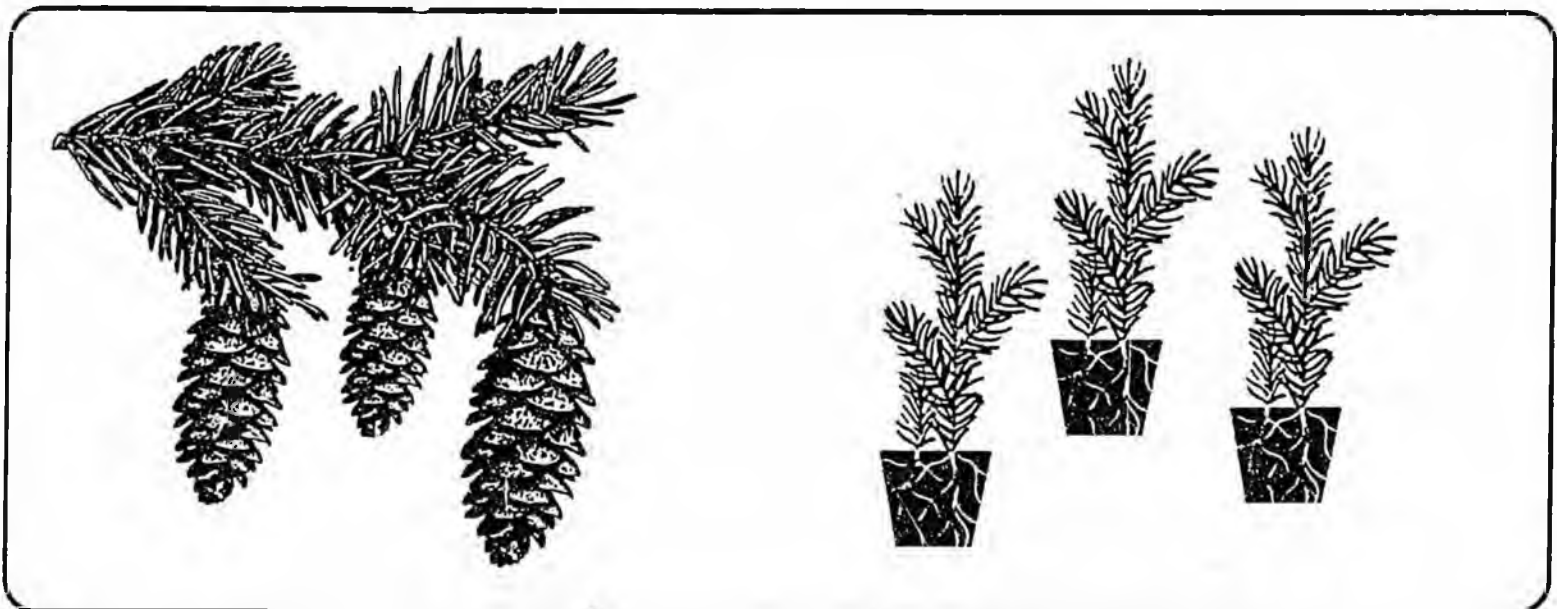
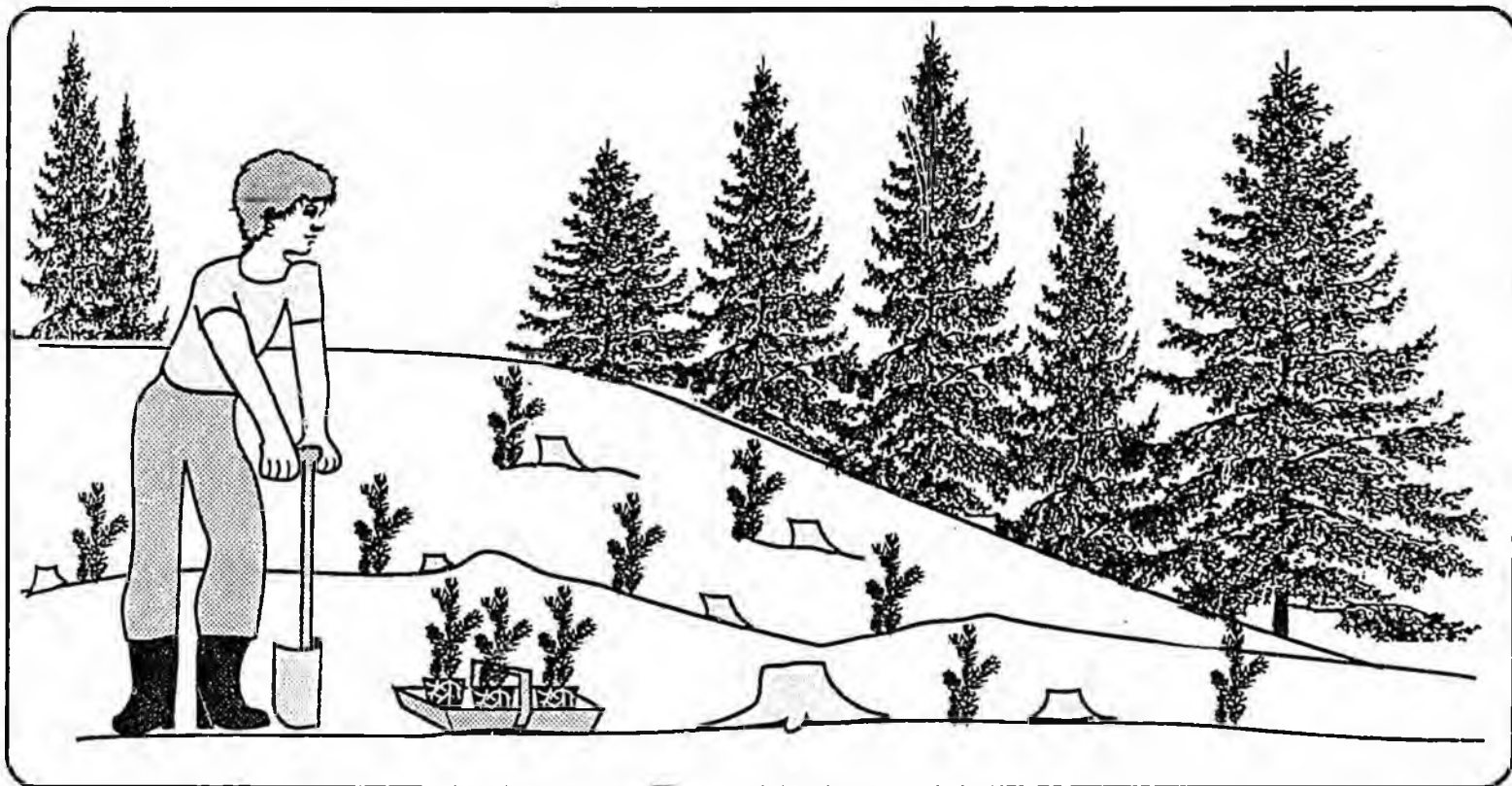
The Alaska Forest Regeneration Center will produce genetically superior trees for reforestation in areas where trees have been harvested, burned, or killed by insects. Reforestation will increase sustained timber yields, provide training and jobs for youth, and enhance the scenic beauty of forest land. In addition, high levels

of sustained yields will permit expanded harvest of timber on state lands designated for wood production.

Good stewardship of forest land will benefit Alaskans well into the future. Now is the time to invest in reforestation for jobs today and for sustained forest yields tomorrow.

*When the oil stops flowing, the trees will be growing.*

## SUPPORT THE ALASKA FOREST REGENERATION CENTER



**WHEN THE OIL STOPS FLOWIN'  
THE TREES KEEP GROWIN'**

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# SENATE FINANCE COMMITTEE REPORT

DATE: 4/10/90

FURTHER:

DATE TURNED INTO OFFICE: 4/30/90

The Finance Committee considered

SB 514

"An Act relating to the exemption from regulation by the Alaska Public Utilities Commission of public utilities owned and operated by political subdivisions."

and recommended:

replace with \_\_\_\_\_ CS \_\_\_\_\_  
 or adopt \_\_\_\_\_ CS SB 514 (L&C)  
 attached amendment(s)  
 \_\_\_\_\_ letter of intent adopted

same title  
 new title  
 technical title change (HB only)

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

ATTACHES NEW FISCAL NOTE(S):

fiscal note(s) \_\_\_\_\_ Dept/Date: \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

appropriation-no fiscal note

SIGNING DO PASS:

David Brand  
Paul Grub  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

1. \_\_\_\_\_

APPROVES PREVIOUS:

fiscal note(s) DELED (47.1) 4/10/90 Dept/Date: \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

OTHER RECOMMENDATIONS:

J. Duncan No Rec  
Paul Grub No Rec  
Paul Grub (No Rec)

2. \_\_\_\_\_

Co-Chairs: Signatures and Recommendations

## FISCAL NOTE

**REQUEST:**

Revision Date: 4/17/90  
Title: Relating to the exemption of  
municipal utilities from APUC  
Sponsor: Senate Labor & Commerce  
Requestor: Senate Finance

Agency Affected: Commerce & Economic Dev.  
BRU: APUC  
Components: \_\_\_\_\_

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

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	(47.1)	(47.1)	(47.1)	(47.1)	(47.1)	(47.1)
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	(47.1)	(47.1)	(47.1)	(47.1)	(47.1)	(47.1)
CAPITAL						
REVENUE						

**FUNDING:** (Thousands of Dollars)

GENERAL FUND	(47.1)	(47.1)	(47.1)	(47.1)	(47.1)	(47.1)
FEDERAL FUNDS						
OTHER						
TOTAL						

**POSITIONS:**

FULL-TIME						
PART-TIME	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary) No fiscal impact for FY 90.

SEE ATTACHED

Prepared by: T.S. Moninski II, Executive Director Phone: 276-6222  
Division: Alaska Public Utilities Commission Date: \_\_\_\_\_  
Approved by Commissioner: Larry Merculieff Date: 4/17/90  
Agency: Department of Commerce & Economic Development

Distribution (by preparer):

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

## ANALYSIS - FISCAL NOTE FOR CSSB 514 (L&C)

CSSB 514 (L&C) leaves the largest and most complex utility, Anchorage Telephone Utility, fully jurisdictional. The CS also results in certain transactions of Municipal Light & Power Company (ML&P) remaining jurisdictional.

It is APUC's position that, even though we will not fully regulate ML&P, the level of analysis necessary to segregate the competitive transactions will closely approximate the staff resources requirement for a fully regulated utility.

This fiscal note assumes the elimination of .5 Utility Financial Analyst (Range 19A, \$27.2) and .5 Consumer Protection and Information Officer (Range 14A, \$19.9).

Original sponsor(s): Labor & Commerce Committee by Request

1 IN THE SENATE BY THE LABOR & COMMERCE COMMITTEE  
2 CS FOR SENATE BILL NO. 514 (L&C)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 SIXTEENTH LEGISLATURE - SECOND SESSION  
5 A BILL

6 For an Act entitled: "An Act relating to the exemption from regulation by  
7 the Alaska Public Utilities Commission of public  
8 utilities owned and operated by political subdivi-  
9 sions."

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

11 \* Section 1. AS 42.05.711(b) is amended to read:

12 (b) Except as otherwise provided in this subsection, public  
13 utilities owned and operated by a political subdivision of the state,  
14 or electric operating entities established as the instrumentality of  
15 two or more public utilities owned and operated by political subdivi-  
16 sions of the state, are exempt from this chapter, other than AS 42.-  
17 05.221 - 42.05.281 and 42.05.385. However,

18 (1) the governing body of a political subdivision may elect  
19 to be subject to this chapter; [AND]

20 (2) a utility or electric operating entity that is owned  
21 and operated by a political subdivision and that directly competes  
22 with another utility or electric operating entity is subject to this  
23 chapter with respect to the service for which there is direct competi-  
24 tion; and

25 (3) a utility furnishing telecommunications service that is  
26 owned and operated by a political subdivision that has a population of  
27 more than 150,000 is subject to this chapter [AND ANY OTHER UTILITY OR  
28 ELECTRIC OPERATING ENTITY OWNED AND OPERATED BY THE POLITICAL SUBDIVI-  
29 SION IS ALSO SUBJECT TO THIS CHAPTER].

# Municipality of Anchorage



P.O. BOX 198650  
ANCHORAGE, ALASKA 99519-8650  
(907) 343-4906

Tom Fink,  
Mayor

ENTERPRISE ACTIVITIES

April 27, 1990

Senator Rick Uehling, Co-Chair  
Senate Finance Committee  
P.O. Box V, Room 518  
Juneau, Alaska 99811

APR 27 1990

Subject: SB514 - Self-Regulation of Municipal Utilities

Dear Senator Uehling:

The Municipality of Anchorage willingly compromised its original recommendation to delete Section 42.05.711(b)2 to accommodate the industry concerns. After the industry and competitors were satisfied we now have only a bureaucracy that is against SB514. The APUC, contrary to how all other municipalities in the state are allowed to operate, will not let Home Rule prevail. All other municipalities economically self-regulate their utilities. Anchorage was singled out because of a border dispute many years ago. The dispute is long since over, and we feel the Statute should be made current and Home Rule should prevail.

The people of Anchorage through the elected officials should be allowed to self-regulate the municipal public utilities. These elected officials, the Anchorage Assembly, are accountable to the people of Anchorage, the APUC is not. We can no longer afford to waste finances by having a bureaucracy manage a city.

The APUC voices concerns over how to regulate, about cross-subsidization, about many things that we see as a method by which Home Rule will be bypassed. The issue here is one of local control by the elected officials.

Please support the people of Anchorage, please support local control by changing the Alaska State Statute. The Municipality of Anchorage should be exempt from APUC regulation just like every other municipality. Please support the Legislative Audit and Budget Committee's recommendation to exempt Anchorage's utilities. Please support the Mayor and the Assembly who unanimously agree in their support of self-regulation. On April 10, 1990, the Assembly passed a resolution re-affirming their support of self-regulating the utilities. Anchorage needs the support of the Senate this session.

Sincerely,

Will Gay  
Executive Manager

cc: Senator Pat Rodey  
Senator Drue Pearce

3/7/90  
(5) L&C  
FIN

## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: Relating to the exemption of  
municipal utilities from APUC  
Sponsor: Senate Labor & Commerce  
Requestor: Senate Labor & Commerce

Agency Affected: Commerce & Economic Dev.  
BRU: APUC  
Components: \_\_\_\_\_

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

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	(176.4)	(176.4)	(176.4)	(176.4)	(176.4)	(176.4)
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>(176.4)</b>	<b>(176.4)</b>	<b>(176.4)</b>	<b>(176.4)</b>	<b>(176.4)</b>	<b>(176.4)</b>
<b>CAPITAL</b>						
<b>REVENUE</b>						

SB 514

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	(176.4)	(176.4)	(176.4)	(176.4)	(176.4)	(176.4)
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS:**

FULL-TIME	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)
PART-TIME						
TEMPORARY						

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

SEE ATTACHED

Prepared by: T.S. Moninski II, Executive Director  
Division: Alaska Public Utilities Commission

Phone: 276-6222  
Date: 3/5/90

Approved by Commissioner: Larry Mercurieff *LMA*  
Agency: Department of Commerce & Economic Development

Date: 3/4/90

Distribution (by preparer):

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

## ANALYSIS - FISCAL NOTE FOR SB 514

If enacted, SB 514 would operate to immediately deregulate the utilities owned by the Municipality of Anchorage (MOA) which are currently regulated by the APUC. Although only 4 of 119 regulated entities (3.4%), given their size and complexity, the MOA utilities constitute a much larger work load component. Even when factoring out those areas which will continue to be jurisdictional under other sections of AS 42.05 (i.e., certifications, interconnections, wholesale power agreements, access charges, etc.), the APUC estimates that its work load will be decreased by approximately 10% if SB 514 becomes law.

A 10% reduction in the Personal Services line item, commensurate with the anticipated work load decrease, equates to 4.0 FTE positions. The distribution of impact results in staffing reductions per the following probable scenario: 1.5 Utility Financial Analysts; .5 Utility Tariff Analyst; .5 Utility Engineer; .5 Consumer Protection and Information Officer; and 1.0 support position.

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# SENATE FINANCE COMMITTEE REPORT

DATE: 4/25/90

DATE TURNED INTO OFFICE: 5/6/90

The Finance Committee considered

SB 517

"An Act relating to initiative and referendum elections in home rule municipalities."

and recommended:

- replace with \_\_\_\_\_ CS \_\_\_\_\_  same title
- or adopt \_\_\_\_\_ CS \_\_\_\_\_  new title
- attached amendment(s)  technical title change (HB only)
- \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

ATTACHES NEW FISCAL NOTE(S):

APPROVES PREVIOUS:

fiscal note(s) \_\_\_\_\_ Dept/Date: \_\_\_\_\_

fiscal note(s) \_\_\_\_\_ Dept/Date: \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

*Gov. Elections 4/20/90*

appropriation-no fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

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

*Don't that DO NOT PASS*  
*Don't no Rec*  
*Gov. Elections No Rec*  
*Peace - do not pass*  
*B. Smith - do not pass*

1. *John [Signature]* No Rec  
Co-Chairs Signatures

2. *Keith [Signature]* (No Rec)  
and Recommendations

**FISCAL NOTE**

**REQUEST:**

Revision Date: 4/20/90  
Title: Relating to municipal initiative and referenda election  
Sponsor: CRA Committee  
Requestor: CRA Committee

Agency Affected: Office of the Governor  
BRU: Elections  
Components: I Elections

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

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
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						
PART-TIME						
TEMPORARY						

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

The fiscal impact for FY 90 is -0-.

Prepared by: Linda Edgeworth  
Division: Division of Elections

Phone: 465-4611  
Date: \_\_\_\_\_

Approved by Commissioner: [Signature]  
Agency: Division of Elections

Date: 4.20.90

**Distribution (by preparer):**

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

BY THE C&RA COMMITTEE

1 IN THE SENATE

2

SENATE BILL NO. 517

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to initiative and referendum elec-

7

tions in home rule municipalities."

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

9 \* Section 1. AS 29.10.200 is amended by adding new paragraphs to read:

10 (51) AS 29.26.170(d) (initiative elections)

11 (52) AS 29.26.180(d) (referendum elections)

12 \* Sec. 2. AS 29.26.170(d) is amended to read:

13 (d) If a majority vote favors the ordinance or resolution, it  
14 becomes effective upon certification of the election, unless a differ-  
15 ent effective date is provided in the ordinance or resolution. This  
16 subsection applies to home rule and general law municipalities.

17 \* Sec. 3. AS 29.26.180(d) is amended to read:

18 (d) If a majority vote favors the repeal of the matter referred,  
19 it is repealed. Otherwise, the matter referred remains in effect or,  
20 if it has been suspended, becomes effective on certification of the  
21 election. This subsection applies to home rule and general law munic-  
22 ipalities.

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU ALASKA 99811  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 30, 1990

SUBJECT: Initiative and Referendum Elections  
(SB 517)

TO: Senator Mike Szymanski

FROM: Tamara Brandt Cook *TBC*  
Director  
Division of Legal Services

AS 29.26.170(d) and AS 29.26.180(d) provides that an initiative or referendum matter becomes effective upon majority vote in general law municipalities. SB 517 would apply this majority vote rule to home rule municipalities as a limitation. Right now that law sets out some requirements regarding initiative and referendum that a home rule charter must conform to.

INITIATIVE AND REFERENDUM. (a) A home rule charter shall provide procedures for initiative and referendum. (b) A charter may not require an initiative or referendum petition to have a number of signatures greater than 25 percent of the total votes cast in the municipality at the last regular election. (c) A charter may not permit the initiative and referendum to be used for a purpose prohibited by art. XI, sec. 7 of the state constitution.

Under SB 517 the majority vote requirement for initiative and referendum elections would also apply as a restriction and preclude a home rule municipality from providing for a higher or lower vote requirement by charter.

You have asked how this would apply to a current effort in Anchorage to sell a municipal utility. I understand that the charter now prohibits the sale unless it is approved by 60 percent of the voters. It is my opinion that if SB 517 is enacted in its current form, the supermajority vote requirement contained in the charter would be invalidated if the question of the sale is presented to the voters through the initiative and referendum process.

Senator Mike Szymanski  
Page 2  
April 30, 1990

If this is not the desired result, an exception for the sale of municipal utilities should be included in SB 517. Let me know if you need an additional draft of that bill.

TBC:gc  
WKL10/097



# Alaska State Legislature

Senator Mike Szymanski

While in Session:  
P.O. Box V  
Juneau, Alaska 99811  
(907) 465-4978

Interim:  
3111 C Street, Suite 510  
Anchorage, Alaska 99503  
(907) 561-7617  
or  
165 E. Parks Highway  
Wasilla, Alaska 99687  
(907) 376-6453

May 1, 1990

## MEMORANDUM

TO: SENATOR JOHNE BINKLEY, SENATE FINANCE CO-CHAIR  
SENATOR RICK UEHLING, SENATE FINANCE CO-CHAIR  
SENATE FINANCE COMMITTEE MEMBERS

FROM: SENATOR MIKE SZYMANSKI *Mike*

RE: SB 517: MUNICIPAL INITIATIVE AND REFERENDA ELECTIONS

Senate Bill 517 has caused a great deal of confusion and alarm and I would like to clarify my position and motivation for introducing this legislation.

First of all, SB 517 would only affect initiatives and referenda, which are initiated by the public. SB 517 does not affect ballot propositions or measures initiated by a municipality's council or assembly. Since municipal charters are adopted by a simple majority vote of the public, it seems logical and consistent that initiatives and referenda also require a simple majority to be passed.

Last year's ballot proposition to sell ATU was initiated by the Anchorage Assembly. Therefore, SB 517, in its current form, would not affect the supermajority required by the Anchorage municipal charter for approval. SB 517 would only affect a utility sale ballot measure that originates with the public.

I have attached a copy of a legal opinion from Tam Cook which describes SB 517 and how it could modify the municipal charter of a home-rule municipality.

5/2/90  
Szymanski

CITY OF VALDEZ

RESOLUTION NO. 9014

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, SUPPORTING AMENDMENT OF THE ALASKA STATUTES BY THE ALASKA LEGISLATURE TO REQUIRE ALL INITIATIVES ON ALL STATE OR MUNICIPAL MATTERS BE PASSED ON A SIMPLE MAJORITY BASIS

WHEREAS, the City Council of the City of Valdez supports the democratic ideals of majority rule embodied in the initiative process; and

WHEREAS, the City Council of the City of Valdez recognizes that efforts to require a greater than simple majority vote in initiatives undermines that democratic ideal.


NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, that

Section 1. The City Council of the City of Valdez supports amendment of the Alaska Statutes by the Alaska Legislature to require that all initiatives on all state or municipal matters properly addressed by initiative be passed on a simple majority basis.

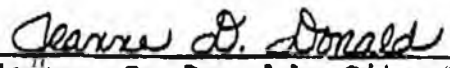
Section 2. A copy of this resolution, properly certified, shall be sent to the Speaker of the Alaska State House of Representatives, the President of the Alaska State Senate, and the Governor's Office.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, this 20th day of February, 1990.

CITY OF VALDEZ, ALASKA

  
Lynn Chrystal, Mayor

ATTEST:

  
Jeanne D. Donald, City Clerk

\*\*\*\*\*  
 FAX TRANSMITTAL MEMO  
 TO: Kim  
 DEPT: \_\_\_\_\_ FAX #: 586-1579  
 FROM: Jeanne PHONE: 835-4313  
 CO: City FAX #: 835-2992  
 Post-It-brand fax transmittal memo 767

NO. OF PAGES
1



# Cold Weather Contractors, Inc.

4797 Business Park Blvd., Building I, Sulte 4  
Anchorage, Alaska 99503-7143  
(907) 561-1289 Fax 561-6104

April 30, 1990

Senator Mike Szymanski  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

APR 30 1990

Dear Senator Szymanski;

I am strongly urging you not to proceed with efforts to pass SB517. In light of the "Big Brotherism" that Alaskans struggle with daily as it relates to our Federal Government, it causes me great frustration to see our state government enter into this mode of operation regarding our local governments.

I have had numerous conversations with those originally involved in the development of Anchorage's municipal charter. The stories that have been shared with me indicate that it was with a great deal of discussion and debate the charter commission felt compelled to require a 60% majority vote when disposing of a city asset. For proof of the wisdom of this group, one has to go back no further than last fall when P.T.I. (Alascom) spent 1.2 million dollars to convince the citizens that they should be allowed to buy our phone company. Regardless of the merits of the sale issue, our city's founders specifically discussed this type of potential situation and felt that something other than "Who had the most money to spend" should be the criteria for such an irrevocable step - that something they concluded was a 60% majority vote. I see no reason to change that.

Regarding the newspaper editorial aimed at you and Mr. Hutchison, I do not believe that you have been bought by Alascom. I am, however, troubled by Mr. Hutchsion's actions and what appears to be influence for sale by Jay Hammond, Tom Fink, et al...

Mike, please do not undo our charter.

Sincerely,

Randall D. Kowalke

cc: Alaska Senate

## State lawmakers shouldn't meddle with Anchorage city charter

The battle over selling the Anchorage Telephone Utility has spilled into the state legislature. A late-starting, but fast-moving Senate bill would pre-empt Anchorage's city charter and make it easier to unload the city-owned utility. SB517 is a back-door maneuver that strips Anchorage of local control for no good reason. The measure is a cynical way of helping the sell-ATU forces by getting the state to change the city's rules.

Those rules raise a big barrier to selling a city utility. Under the Anchorage charter, voters must endorse any sale by a 60 percent majority. And rightfully so. The utilities are the city's single biggest asset. Selling them is the kind of radical step that should require an unusually strong voter mandate.

Last year's ATU sale proposal fell short at only 52 percent. Mayor Fink and ATU's prospective buyer, Pacific Telecom, think the charter should demand a simple majority.

If they don't like the charter requirement, fine. There's a responsible and proper way for them to seek a change: Ask Anchorage voters to change the charter.

Now it's true, under Anchorage's charter, such an amendment needs a 60 percent voter endorsement to pass. That might explain why SB517 surfaced in the legislature. Sneaking a bill through 60 lawmakers could prove easier than winning over 60 percent of local voters.

Publicly, Anchorage's pro-ATU sale partisans are staying in the background. Two of SB517's key backers are Sen. Mike Szymanski, and lobbyist Kim Hutchinson. Mr. Szymanski's district includes South Anchorage and Valdez; Mr. Hutchinson lobbies for the city of Valdez. They say they're pushing the bill on behalf of Valdez.

That explanation smells fishy. Valdez's mayor, Lynn Chrystal, said he didn't know about the bill. Lobbyist Hutchinson also happens to represent Alascom, a subsidiary of Pacific Telecom, ATU's most interested suitor.

Valdez, like Anchorage, requires 60 percent voter endorsement to sell a city utility. But no state law requires Valdez to do so. Valdez, like Anchorage, is free to change its 60 percent rule by amending its city charter.

Under state law, both Anchorage and Valdez are home-rule governments. Home rule is supposed to bring maximum autonomy from state interference. Home rule is supposed to mean what it says: rule at home, not from Juneau. State legislators should keep their hands off Anchorage's charter.

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# SENATE FINANCE COMMITTEE REPORT

DATE: 4/5/90

FURTHER:

DATE TURNED INTO OFFICE: \_\_\_\_\_

The Finance Committee considered

SB 521

"An Act relating to state aid to municipalities for roads; and providing for an effective date."

and recommended:

- replace with \_\_\_\_\_ CS \_\_\_\_\_  same title
- or adopt \_\_\_\_\_ CS \_\_\_\_\_  new title
- attached amendment(s)  technical title change (HB only)
- \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

*Hearings 4-20-90  
4-27-90*

*Bill died in committee.*

ATTACHES NEW FISCAL NOTE(S):  
 fiscal note(s) \_\_\_\_\_ Dept/Date:  
 \_\_\_\_\_  
 \_\_\_\_\_

APPROVES PREVIOUS:  
 fiscal note(s) \_\_\_\_\_ Dept/Date:  
 \_\_\_\_\_  
 \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

appropriation-no fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

\_\_\_\_\_  
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1. \_\_\_\_\_

2. \_\_\_\_\_

Co-Chairs: Signatures and Recommendations

SENATE COMMITTEE REPORT  
FIRST COMMITTEE OF REFERRAL

6-2333E/2  
b?

DATE: 3/13/90

FURTHER: Finance

Date of 5-Day Notice: 3-22-90  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 4-4-90

Transportation Committee considered SB 521

Relating to state aid to municipalities for roads; efd.

*majority center*  
and recommended: *it be*

- replace with \_\_\_\_\_ cs SB 521 (TRSP)  same title
- attached amendment(s) and report it back as follows  new title *with "no recommendations"*
- \_\_\_\_\_ letter of intent adopted

- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to \_\_\_\_\_

*FM* ~~\_\_\_\_\_~~

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

fiscal note(s) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

zero fiscal note(s) CRSA  
\_\_\_\_\_  
\_\_\_\_\_

- appropriation-no fiscal note
- Governor's bill w/fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

*Do Pass*  
*[Signature]*

*1 [Signature] no rec*  
*1 Paul [Signature] (no rec)*

*[Signature]*  
Chair: Signature and Recommendation

Original sponsor(s): C&RA Committee

1 IN THE SENATE BY THE TRANSPORTATION COMMITTEE  
2 CS FOR SENATE BILL NO. 521 (Transportation)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state aid to municipalities for  
7 roads; and providing for an effective date."

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

9 \* Section 1. AS 29.60.110 is amended by adding a new subsection to  
10 read:

11 (c) The road maintenance account is established. Money to carry  
12 out the provisions of this section shall be allocated by the depart-  
13 ment to the account in accordance with AS 29.60.280. If amounts in  
14 the account are insufficient to pay each municipality's or other  
15 recipient's share authorized under this section, the amounts that are  
16 available shall be distributed pro rata among eligible municipalities  
17 and other recipients.

18 \* Sec. 2. AS 29.60.170 is amended to read:

19 Sec. 29.60.170. MISCELLANEOUS SERVICES ACCOUNT. The miscella-  
20 neous services account is established. Money to carry out the pro-  
21 visions of AS 29.60.100 and 29.60.120 - 29.60.180 [AS 29.60.100 -  
22 29.60.180] shall be allocated by the department to the account in  
23 accordance with AS 29.60.280. If amounts in the account are insuffi-  
24 cient to pay each municipality's or other recipient's share authorized  
25 under AS 29.60.100 and 29.60.120 - 29.60.180 [AS 29.60.100 - 29.60.-  
26 180], the amounts that are available shall be distributed pro rata  
27 among eligible municipalities and other recipients.

28 \* Sec. 3. AS 29.60.280(a) is amended to read:

29 (a) Each year, the department shall allocate money appropriated  
S

1 to the accounts established in AS 29.60.060, 29.60.110(c), 29.60.170,  
2 and former AS 29.90.020 in the amounts determined by the legislature.

3 \* Sec. 4. AS 29.60.280(b) is amended to read:

4 (b) Money in the road maintenance account established in AS 29.-  
5 60.110(c) and money in the miscellaneous services account established  
6 in AS 29.60.170 that exceeds the amount required to fully fund dis-  
7 tributions authorized by AS 29.60.100 - 29.60.180 shall be reallocated  
8 to the tax equalization account established in AS 29.60.060 and dis-  
9 tributed according to the provisions of AS 29.60.010 - 29.60.080.

10 \* Sec. 5. This Act takes effect July 1, 1990.  
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BY THE C&RA COMMITTEE

1 IN THE SENATE

2 SENATE BILL NO. 521

3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state aid to municipalities for  
7 roads; and providing for an effective date."

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

9 \* Section 1. AS 29.60.110 is amended to read:

10 Sec. 29.60.110. STATE AID TO MUNICIPALITIES FOR ROADS. (a) The  
11 department shall pay to a municipality that has power to provide for  
12 road maintenance and exercises that power, \$5,000 [\$2,500] a mile for  
13 each mile of road, street, or highway maintained by the municipality,  
14 excluding (1) the official state highway system, (2) roads, streets,  
15 or highways not dedicated to public use, (3) roads, streets, or high-  
16 ways maintained under the local service road program (AS 19.30.111 -  
17 19.30.251), and (4) alleyways, in accordance with regulations adopted  
18 by the Department of Transportation and Public Facilities. A payment  
19 may not be made under this subsection for maintenance of a road that  
20 is not used by automotive equipment.

21 (b) A frozen waterway and a connection from an inhabited  
22 area to a waterway that may be safely used for public transportation  
23 by automotive equipment and is so used during a portion of a year is  
24 eligible for payment of \$3,000 [\$1,500] per mile if the waterway and  
25 connection are maintained during the period of use by a municipality  
26 or combination of municipalities. The department, after consultation  
27 with the Department of Transportation and Public Facilities, shall  
28 determine which waterways and connections qualify and, where the  
29 waterways or connections lie outside the corporate limits of a  
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1 municipality, which municipalities shall receive the payments under  
2 this subsection, unless the municipalities involved have agreed in  
3 writing to a particular distribution.

4 \* Sec. 2. This Act takes effect July 1, 1990.

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**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: "An Act relating to state aid to municipalities for roads..."  
Sponsor: Senate C&RA Committee  
Requestor: \_\_\_\_\_

Agency Affected: Community & Regional Affairs  
BRU: \_\_\_\_\_  
Components: \_\_\_\_\_

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

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	25.0	-0-	-0-	-0-	-0-	-0-
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>25.0</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	25.0	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

There is no fiscal effect for FY 90.

Prepared by: Jim Plasman, Deputy Director

Division: Municipal & Regional Assistance

Phone: 465-4750

Date: 4/3/90

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

Date: 2/22/90

**Distribution (by preparer):**

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

## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_ Agency Affected: Community & Regional Affairs  
 Title: "An Act..state aid to municipalities for roads..." BRU: \_\_\_\_\_  
 Sponsor: Senate C&RA Committee Components: \_\_\_\_\_  
 Requestor: \_\_\_\_\_

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

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING:** (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	-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)

There is no fiscal effect for FY 90.

Prepared by: Jim Plasman Deputy Director Phone: 465-4750  
 Division: Municipal & Regional Assistance Date: 3/26/90  
 Approved by Commissioner: Wanda Huser Date: 3-26-90  
 Agency: Community & Regional Affairs

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

CRA Fiscal note

6-2333Ea ✓

Cook

4/20/90

Pat Carney

A M E N D M E N T

OFFERED IN THE SENATE

BY SEN. SZYMANSKI

TO: CSSB 521 (Transportation)

Page 1, line 7:

Delete "; and providing for an effective date"

Page 2, line 10:

Delete "This Act takes effect July 1, 1990"

Insert "The amendments made by this Act apply only to entitlements for fiscal year 1992 and thereafter"

4/20/90

STEVE COWPER, GOVERNOR

**DEPT. OF COMMUNITY & REGIONAL AFFAIRS**

OFFICE OF THE COMMISSIONER

- P.O. BOX B  
JUNEAU, ALASKA 99811-2100  
PHONE: (907) 465-4700
- 949 E. 36TH AVENUE, SUITE 400  
ANCHORAGE, ALASKA 99508-4302  
PHONE: (907) 563-1073

April 3, 1990

POSITION PAPER

RE: CS for Senate Bill 521

Sponsor: Senate Community and Regional Affairs Committee

Program Effects of Bill

Under existing law, entitlements for road maintenance under AS 29.60.110 are paid from the miscellaneous services account in the state revenue sharing program. This bill would create a separate account in the revenue sharing program to which funds would be allocated for road maintenance.

Comments

Currently payments from the Miscellaneous Services Account, including payments for road maintenance under AS 29.60.110, are prorated at about 50 percent because of underfunding of the miscellaneous services account. By establishing a separate account to which funds for road maintenance payments would be allocated, this bill creates the possibility that road maintenance entitlements would be treated differently than other entitlements paid from the miscellaneous services account, including payments for hospitals, health facilities, unincorporated communities and volunteer fire departments.

The drafters of the revenue sharing program linked the various service categories together by having them funded from one account so that they would share from the same pot of money. In this manner, it was hoped to minimize competition and conflict and to encourage consensus in funding decisions for the program. CSSB 521 creates the potential for conflict and competition for funds among the various recipients which may benefit differently from the various service categories because it will be possible to fund the separate accounts at different levels relative to the full funding benchmark. This conflict and competition would weaken the overall program goal of support for local government services.

CS for Senate Bill 521  
April 3, 1990  
Page Two

Under existing law, provision is made at AS 29.60.280(b) that if the money in the miscellaneous services account exceeds the full funding amount for distributions under the account, then the excess amount shall "pour over" to the tax equalization account. The department recommends that the new road maintenance account be treated similarly by creating a new subsection (d) in AS 29.60.280 which contains the appropriate language to accomplish this purpose.

  
David G. Hoffman, Commissioner



# Alaska State Legislature

Senator Mike Szymanski

4/20/90  
Szymanski

Write in Session:  
P.O. Box V  
Juneau, Alaska 99811  
(907) 465-4978

Interim:  
3111 C Street, Suite 510  
Anchorage, Alaska 99503  
(907) 561-7617  
or  
165 E. Parks Highway  
Wasilla, Alaska 99687  
(907) 376-6453

## Sponsor Statement on CSSB 521

### What does CSSB 521 do?

This committee substitute will remove funding for municipal road maintenance from the Miscellaneous Service account and place it in a separate Road Maintenance account, to be funded separately.

It is the intention of the sponsor to provide an opportunity for the legislature to deal with road maintenance funding as a separate item.

Amendment # 1 is provided so that this change will not become effective until after this years budget is completed. The small fiscal note is to provide the department with funding to complete the necessary reprogramming of the computer.

# STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

March 14, 1990

## POSITION PAPER

RE: Senate Bill 521

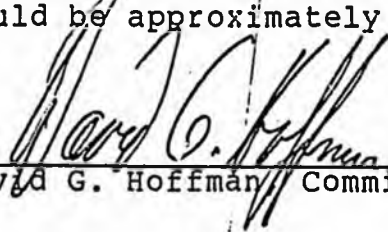
Sponsor: Senate Community and Regional Affairs Committee

### Program Effects of Bill

This bill would raise the entitlement for road mileage in the Miscellaneous Services account in the state revenue sharing program from \$2,500 per mile of road to \$5,000. It also raises the entitlement for ice roads from \$1,500 to \$3,000 per mile.

### Comments

Currently payments under AS 29.60.110, the revenue sharing provision for aid to municipalities for roads, is prorated at about 50 percent because of underfunding of the miscellaneous services account. The levels of entitlement for roads and ice roads have not been changed in over ten years. While the department is sympathetic to the need to fund road payments at an appropriate level to support the service, changing this level of entitlement would serve to reallocate funds in the miscellaneous services account away from other recipients. If other recipients were to be held harmless from this change, it is estimated the fiscal cost would be approximately \$1,500,000.

  
\_\_\_\_\_  
David G. Hoffman, Commissioner

3/16/90  
(5) TRH  
STEVE COWPER, GOVERNOR FIN

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PHONE: (907) 563-1073

SB 521

**ALASKA TRUCKING ASSOCIATION, INC.**

3443 Minnesota Drive • Anchorage, Alaska 99503 • Phone (907) 276-1149 • Fax (907) 274-1946

TESTIMONY OF FRANK J. DILLON, ATA EXECUTIVE DIRECTOR SUBMITTED  
TO SENATE FINANCE COMMITTEE, ALASKA LEGISLATURE, APRIL 20, 1990

Mr. Chairman and Members of the Senate Finance Committee:

My name is Frank J. Dillon. I am Executive Director of Alaska Trucking Association, Inc. I am writing on behalf of the state-wide ATA membership asking you to support Senate Bill 368 entitled "An act related to commercial vehicle inspections".

There is no excuse for the operation of an unsafe truck. Alaska's motoring public has every right to expect that the commercial vehicles operated over Alaska's public highways are in safe operating condition and that the drivers are qualified to drive those vehicles.

Senate Bill 368 addresses vehicle condition standards and allows for the periodic on highway inspection of commercial vehicles. Alaska's trucking industry believes that a strong vehicle safety inspection program conducted by qualified state inspectors is absolutely necessary to help prevent accidents involving trucks. It is a sad but true circumstance that in today's trucking environment shortcuts are being taken that will ultimately contribute to an increase in truck accidents. In far too many cases trucks are not being properly maintained. Due to this lack of proper maintenance accidents will occur. The economic pressures involved in operating in Alaska's cut throat deregulated trucking environment have resulted in some truckers cutting corners and failing to keep their vehicles in safe working condition. Unsafe tires, poorly adjusted or worn out brakes are far too common in today's Alaskan trucking industry.

Current state and local enforcement activity regarding vehicle safety standards is inadequate. The chances some truck operators have chosen to take in running unsafe equipment are unacceptable. Unsafe trucks should not be allowed on the highways. Equipment safety must be a part of a truckers cost of doing business and all trucks should be maintained in safe working order. It is the position of Alaska Trucking Association's membership that unsafe trucks constitute an unacceptable and unavoidable risk. Passage of Senate Bill 368 would put the state of Alaska back to the business of helping assure that commercial vehicles operating on the highways are in fact, safe.

Passage of the bill would force those operators who have chose to cut corners on maintenance, thus increasing the chance of an accident, to spend the money necessary to maintain their equipment in safe working order. Because of the important public interests Senate Bill 368 represents, ATA urges you to vote in favor of its passage.

Thank you very much for considering this testimony.