

ALASKA LEGISLATURE

HOUSE and SENATE FINANCE COMMITTEE FILES,

1993-1994

1146

220

Frank

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

DATE: 2/5/93

FURTHER: FINANCE

Date of 5-Day Notice: 2/11/93
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 3-9-93

CRA Committee considered SB 102

~~"An Act relating to municipal property tax exemptions for certain residences and to property tax—equivalency payments for certain residents; and providing for an effective date."~~

and recommends it be replaced with

and recommends:

replace with _____ CS SB102 (CRA)

- same title
- new title
- technical title change (HB only)

attaches amendment(s) and report if back as follows

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

*2 FIN
2 FOY*

FISCAL NOTE INFORMATION

Department	Date	Zero	Fiscal
* Dept CRA (2)	12/28/92	0	applies CS
* Admin	12/28/92	0	applies CS
Ed for SB	3-4	new	✓
Ed for CS	3-9	new	✓

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

Governor's Bill with Previous Fiscal Notes (enter information above)

DO PASS:

OTHER RECOMMENDATIONS:

_____ *Admin L Taylor Do Not Pass*

_____ *Paul J. Haroff No Rec- 12/11/92*

1 *Roll & Call* Do Pass
Chair: Signature and Recommendation

ALASKA STATE LEGISLATURE
SENATE BILL NO. 102

HISTORY IN THE SENATE

1993

Read first time and referred to:

CRA, FIN

2/5

3/10

CRW RPT() CS 1 DP 2 NR 2 DNP AM
 New Title Same Title Previous FN
2 FN 2 OFN To Jan

RPT() CS DP NR DNP AM
 New Title Same Title Previous FN
 FN OFN To

RPT() CS DP NR DNP AM
 New Title Same Title Previous FN
 FN OFN To

Rules Calendar() CS AM Other
 New Title Same Title Previous FN
 FN OFN

Read second time

 CS Adopted () New Title
 Amended Advanced

Read third time

 Letter of Intent adopted
 Return to second for specific amendment

PASSED	EFD Same <u> </u> or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reconsideration
 Reconsideration not taken up

PASSED	EFD Same <u> </u> or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reported correctly engrossed
 Signed by President, to House

Secretary of the Senate

HISTORY IN THE HOUSE

19

Read first time and referred to:

RPT CS() New Title
 DP DNP NR AM
 FN OFN Previous FN

RPT CS() New Title
 DP DNP NR AM
 FN OFN Previous FN

RPT CS() New Title
 DP DNP NR AM
 FN OFN Previous FN

Read second time
 CS() Adopted

Amended

Advanced

Read third time

Return to second for specific amendment

PASSED	EFD Same <u> </u> or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

 Intent adopted

Reconsideration
 Reconsideration not taken up

PASSED ON RECON.	EFD Same <u> </u> or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

 Intent adopted

Reported correctly engrossed, signed by the Speaker
 and returned to the Senate

Chief Clerk of the House

SENATE-HOUSE HISTORY Continued

19	<p>Received from the House Version: _____</p> <p>Concur in House amendment Y ___ N ___ E ___ A ___ _____ Efd same or Y ___ N ___ E ___ A ___</p> <p>Failed to concur in House amendment, ask House recede Y ___ N ___ E ___ A ___</p> <p>House failed to / recoded from amendment Y ___ N ___ E ___ A ___</p> <p>CC appointed by Senate _____ Chair _____</p> <p>CC appointed by House _____ Chair _____</p> <p>(S) Granted Limited Powers of Free Conference</p> <p>(H) Granted Limited Powers of Free Conference</p>
-----------	--

19	<p>(S) Adopted CC Rpt _____ Y ___ N ___ E ___ A ___ _____ Efd same or Y ___ N ___ E ___ A ___</p> <p>(H) Adopted CC Rpt _____ Y ___ N ___ E ___ A ___ _____ Efd same or Y ___ N ___ E ___ A ___</p> <p>To enrolling Received from enrolling Sent to Governor</p> <p>_____ By Governor</p> <p>Chapter Number _____</p> <p>Filed with Lieutenant Governor</p>
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Revision Date: 2/11/93 Dept. Affected: Community & Regional Affairs
 Title: "An Act relating to property tax exemptions..." BRU: Senior Citizens/Disabled Veterans
 Component: Renters Equivalency Rebate
 Sponsor: Rules
 Requestor: Governor COMPONENT SERIAL NO. 654

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current (FY93) impact \$ none

ANALYSIS: (Attach a separate page if necessary)
 The Renters Rebate program was instituted in order to treat seniors, who pay rent for their homes, on an equitable basis with those seniors who owned their own homes in terms of property tax relief. Since the Homeowners' program is being proposed for deletion with legislation making it a local option of the municipality, funding for the Renters Rebate program is also being deleted.
NOTE: This fiscal impact is reflected in the proposed FY94 operating budget.

Prepared by: Remond Henderson Phone: 465-4708
 Division: Administrative Services Date: 2/11/93
 Approved by Commissioner: Barry K. Jensen Date: 2/11/93
 Agency: Community & Regional Affairs

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No. 5

FISCAL NOTE

Bill Version: CSSB 102 (CRA)

(S) Publish Date: 3-10-93

STATE OF ALASKA

1993 LEGISLATIVE SESSION

Revision Date: 1-9-93

Title: An act relating to municipal property tax exemptions certain residences and to property tax equivalency payment

Sponsor: Governor

Requestor: Governor

Department Affected: Education

BRU: K-12

Component: Foundation Program

COMPONENT SERIAL NO. 141

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS. CLAIMS	0	0	0-(3,267.5)	0-(3,398.2)	0-(3,534.1)	0-(3,675.5)
MISCELLANEO'JS						
TOTAL OPERATING	0	0	0-(3,267.5)	0-(3,398.2)	0-(3,534.1)	0-(3,675.5)

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0	0	0-(3,267.5)	0-(3,398.2)	0-(3,534.1)	0-(3,675.5)
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0	0	0-(3,267.5)	0-(3,398.2)	0-(3,534.1)	0-(3,675.5)

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ _____

ANALYSIS: (Attach a separate page if necessary.)

See attached

Prepared by: Eddy Jeans

Division: School Finance

Phone: 465-8685

Date: _____

Approved by Commissioner: 

Jerry Covey

Agency: Education

Date: 3-9-93

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ALASKA DEPARTMENT OF EDUCATION
 PROJECTED FY94 FOUNDATION PROGRAM
 AS 14.17.025(a)

CS for SB102(CRA)

	Existing REQUIRED LOCAL	Proposed REQUIRED LOCAL	Proposed less Existing
ALEUTIANS EAST	347,436	347,436	0
ANCHORAGE	45,025,539	46,486,748	1,461,209
BRISTOL BAY	694,694	698,215	3,521
CORDOVA	607,508	619,992	12,484
CRAIG	203,817	208,982	5,165
DILLINGHAM	484,940	495,536	10,596
FAIRBANKS	13,025,178	13,363,680	338,502
GALENA	79,860	79,860	0
HAINES	490,999	523,711	32,712
HOONAH	91,252	91,252	0
HYDABURG	22,945	22,945	0
JUNEAU	6,267,941	6,550,657	282,716
KAKE	67,805	67,805	0
KENAI	13,861,476	14,206,515	345,039
KETCHIKAN	3,735,550	3,885,318	149,768
KLAWOCK	59,175	59,175	0
KODIAK	3,317,211	3,379,810	62,599
LAKE AND PENN.	273,695	273,695	0
MATSU	8,082,495	8,437,710	355,215
NENANA	60,449	64,017	3,568
NOME	506,525	526,061	19,536
NORTH SLOPE	4,898,758	4,898,758	0
NORTHWEST ARCTIC	1,177,241	1,307,724	130,483
PELICAN	55,690	56,709	1,019
PETERSBURG	746,311	797,875	51,564
SITKA	2,069,906	2,161,440	91,534
SKAGWAY	305,573	315,632	10,059
ST. MARY'S	17,837	17,837	0
TANANA	44,982	44,982	0
UNALASKA	880,950	880,950	0
VALDEZ	1,754,330	1,754,330	0
WRANGELL	531,989	559,678	27,689
YAKUTAT	79,829	82,799	2,970
TOTALS	\$110,000,369	\$113,267,834	\$3,267,465

Effect of CS for SB102(CRA) on the required local contribution of the foundation formula.
 The \$3,267,465 would reduce the required general fund for the foundation program.

Assumes a 4% annual increase after F/95 due to estimated property value increase. Fiscal note contains a range of cost from zero to (3,655.9) in FY96 because of the amendment in Section 1(a) which states, "However, the value of property exempted under AS 29.45.052 may not be included in the determination". This amendment allows each municipality to voluntarily participate in the exemption of property owned by senior citizens. Property of disabled veterans will continue to be exempt from the full value determination. Properties covered by the optional deferral and property not exempted from taxation will be included in the full value determination.

Under the foundation program, AS 14.17.025, property that is included in the municipalities full value determination increases a district's required local contribution while decreasing the state general fund obligation.

FISCAL NOTE

Bill Version: SB 102
(S) Publish Date: 3-10-93

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Revision Date: 3-4-93
Title: An act relating to municipal property tax exemptions certain residences and to property tax equivalency payment
Sponsor: Governor
Requestor: Governor

Department Affected: Education
BRU: K-12
Component: Foundation Program

COMPONENT SERIAL NO. 141

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0	(3,515.3)	(3,655.9)	(3,802.1)	(3,954.2)	(4,112.4)
MISCELLANEOUS						
TOTAL OPERATING	0	(3,515.3)	(3,655.9)	(3,802.1)	(3,954.2)	(4,112.4)

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0	(3,515.3)	(3,655.9)	(3,802.1)	(3,954.2)	(4,112.4)
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0	(3,515.3)	(3,655.9)	(3,802.1)	(3,954.2)	(4,112.4)

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ -0-

ANALYSIS: (Attach a separate page if necessary.)

Assumes a 4% annual increase after FY95 due to estimated property value increase.

Prepared by: Eddy Jeans
Division: School Finance

Phone: 465-8685
Date: 3/4/93

Approved by Commissioner: [Signature]
Agency: Education

Jerry Covey
Date: 3-4-93

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ALASKA DEPARTMENT OF EDUCATION
 PROJECTED FY94 FOUNDATION PROGRAM
 AS 14.17.025(a)

	Existing REQUIRED LOCAL	Proposed REQUIRED LOCAL	Proposed less Existing
ALEUTIANS EAST	347,436	347,436	0
ANCHORAGE	45,025,539	46,661,983	1,636,444
BRISTOL BAY	694,694	698,215	3,521
CORDOVA	607,508	619,992	12,484
CRAIG	203,817	209,346	5,529
DILLINGHAM	484,940	495,536	10,596
FAIRBANKS	13,025,178	13,371,070	345,892
GALENA	79,860	79,860	0
HAINES	490,999	524,112	33,113
HOONAH	91,252	91,252	0
HYDABURG	22,945	22,945	0
JUNEAU	6,267,941	6,563,157	295,216
KAKE	67,805	67,805	0
KENAI	13,861,476	14,216,071	354,595
KETCHIKAN	3,735,550	3,887,900	152,350
KLAWOCK	59,175	59,175	0
KODIAK	3,317,211	3,383,068	65,857
LAKE AND PENN.	273,695	273,695	0
MATSU	8,082,495	8,471,434	388,939
NENANA	60,449	64,123	3,674
NOME	506,525	526,511	19,986
NORTH SLOPE	4,898,758	4,898,758	0
NORTHWEST ARCTIC	1,307,724	1,307,724	0
PELICAN	55,690	56,709	1,019
PETERSBURG	746,311	799,177	52,866
SITKA	2,069,906	2,161,956	92,050
SKAGWAY	305,573	316,114	10,541
ST. MARY'S	17,837	17,837	0
TANANA	44,982	44,982	0
UNALASKA	880,950	880,950	0
VALDEZ	1,754,330	1,754,330	0
WRANGELL	531,989	559,678	27,689
YAKUTAT	79,829	82,799	2,970
TOTALS	\$110,000,369	\$113,515,700	\$3,515,331

Effect of HB66/SB102 on the required local contribution of the foundation formula.
 The \$3,515,331 would reduce the required general fund for the foundation program.

FISCAL NOTE

Bill Version: SB 102

(S) Publish Date: 2/5/93

Revision Date: _____
Title: "An Act relating to property tax exemptions...."
Sponsor: _____
Requestor: _____

Dept. Affected: (Community and Reg. Affs)
BRU: Senior Citizens/Disabled Veterans
Component: Homeowner's Property Tax Exemption
COMPONENT SERIAL NO. 653

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Changes in (SSB102) (CRF) have no fiscal impact. This fiscal note is appropriate.

Estimate of current (FY93) Impact \$ none

3/9/93 date J. Anthony Comte Aide (initial)

ANALYSIS: (Attach a separate page if necessary)

As the law currently exists, municipalities are required to fund the balance of the program not funded by the state. Full funding for this program is approximately 13 million, however, at the current state general fund level of 2838.8 (21.8% of full funding amount), municipalities are required, by statute, to fund the balance. This places an extreme hardship on municipalities who are already faced with declining revenues. Therefore, the department proposes to delete the funding for this program and support legislation which would make the program a local option of the municipalities.

Note: This fiscal impact is reflected in the proposed FY94 operating budget.

Prepared by: Remond Henderson

Phone: 465-4708

Division: Administrative Services

Date: 12/29/92

Approved by Commissioner: Rh for EDGAR BLANCHARD

Date: 12/29/92

Agency: Community & Regional Affairs

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FISCAL NOTE

No. 2

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Bill Version: SB 102

(S) Publish Date: 2/5/93

Revision Date: _____

Title: An act relating to municipal tax exemptions

Sponsor: Rules Committee

Requestor: Governor

Department Affected: Administration

BRU: Div. of Pioneers' Benefits

Component: Central Office

COMPONENT SERIAL NO. 34

Expenditures/Revenues:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING:

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

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

Estimate of current year (FY93) impact: 0

ANALYSIS: (Attach a separate page if necessary.)

There is no fiscal impact on programs in the Division of Pioneers' Benefits

Changes in CS SB 102 (CRA) have no fiscal impact. This fiscal note is appropriate.

3/9/93 date S. Anthony Comte Aide (initial)

Prepared by: Dennis L. DeWitt, Director
Division: Pioneers' Benefits

Phone: 465-4400

Date: 12/28/92

Approved by Commissioner: Nancy Bear Usara
Agency: Administration

Date: 12/28/92

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FISCAL NOTE

Revision Date: _____ Dept. Affected: Community & Reg. Affairs
 Title: "An Act relating to property tax exemptions...." BRU: Senior Citizens/Disabled Veterans
 Component: Renters Equivalence Rebate
 Sponsor: _____
 Requestor: _____ COMPONENT SERIAL NO. 654

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	Changes in <u>SSB102 (ORF)</u> have no fiscal impact. This fiscal note is appropriate. <u>3/9/93</u> date <u>J. Archang</u> Comte Aide (initial)
PART-TIME				
TEMPORARY				

Estimate of current (FY93) impact \$ none

ANALYSIS: (Attach a separate page if necessary)
 The Renters Rebate program was instituted in order to treat seniors, who paid rent for their homes, on an equitable basis with those seniors who owned their own homes in terms of property tax relief. Since the Homeowners' program is being proposed for deletion with legislation making it a local option of the municipality, funding for the Renters Rebate program is also being deleted.

NOTE: This fiscal impact is reflected in the proposed FY94 operating budget.

Prepared by: Remond Hendrick Phone: 465-4708
 Division: Administrative Services Date: 12/29/92

Approved by Commissioner: Rh for EDGAR BLATCHFORD Date: 12/29/92

Agency: Community & Regional Affairs

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WALTER J. HICKEL
GOVERNOR



P. O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

162

February 5, 1993

The Honorable Rick Halford
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear President Halford:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the mandatory and optional property tax exemptions for residences of senior citizens, disabled veterans and their widow or widowers, and to property tax equivalency payments for certain residents.

The bill provides for municipalities to offer tax exemptions to these people and repeals the mandatory property tax exemption. The bill also repeals the provision for state reimbursement to municipalities for property tax revenue lost to the municipality by operation of the mandatory tax exemptions. Also, the bill repeals the provision for a property tax equivalency payment from the state to persons who rent a residence but would otherwise qualify for a mandatory tax exemption (the "renter's rebate" program). Finally, the bill has a retroactive effective date to January 1, 1993.

Due to declining state revenue, it has become apparent over the past several years that the state can no longer afford to fully pay for the municipal reimbursement program for the mandatory senior citizen or disabled veteran property tax exemptions. As a result, municipalities have not been reimbursed in full for the tax revenue lost due to the mandatory property tax exemptions. This bill will allow municipalities to decide whether they wish to exempt such property from taxation in whole or in part. If they choose to exempt the property, they will, of course, lose tax revenue, but that decision will be up to the individual municipality and will not be mandated by the state.


Also, again due to declining state revenue, the state has not fully funded the "renter's rebate" program during the past several years. It is appropriate that this program be repealed at the same time as the mandatory property tax

The Honorable Rick Halford
February 3, 1993
Page 2

exemption provision in order to ensure that, for property tax purposes, the state is treating seniors and disabled veterans who rent a residence in a manner similar to seniors and disabled veterans who own a residence.

I urge your prompt consideration and passage of this bill.

Sincerely,


Walter J. Hickel
Governor

2/25/93

CRA then FYW

MEMORANDUM

State of Alaska

Department of Community
and Regional Affairs


TO: Senator Randy Phillips
Senate CRA Committee, Chairman

DATE: February 23, 1993

FILE NO: CS SB 102/CRA/2-23

THRU:

TELEPHONE:(907) 465-4700

FROM: Bruce R. Geraghty 
Deputy Commissioner

SUBJECT: Additional CS SB 102
Information

Attached you will find, additional information regarding the proposed CS for SB 102. This information was requested during the February 18 committee hearing.:

- 1) DCRA Tax Year '92 - FY 93 Senior Citizen Disabled Veteran Property Tax Exemption Program. This shows the percentages and costs of only the Disabled Veterans portion of the existing program.
- 2) DCRA analysis of the Senior Citizen/Disabled Veteran Property Tax Exemption Program FY 93/TY 92
- 3) DCRA analysis of the Effect of HB 66/SB 102 on Local Contribution Requirement to School Districts
- 8) DCRA estimates of HB 66 Impact on FY 94 SRS Program. SRS is short for State Revenue Sharing.

Please distribute this information to your committee. Thank you.

0
C
9

**SB 102/HB 66 IMPACT ON FY 94 SRS PROGRAM
ESTIMATES ONLY! DATA NOT FINAL**

	\$ Difference
Municipality of Anchorage	(\$54,532)
Bristol Bay Borough	\$487
Cordova	\$9
Craig	(\$330)
Dillingham	(\$83)
Eagle	\$7
City and Borough of Juneau	(\$43,519)
Kenai Peninsula Borough	(\$2,432)
Ketchikan Gateway Borough	(\$3,746)
Kodiak Island Borough	\$235
Matanuska-Susitna Borough	(\$15,554)
Nenana	(\$637)
Nome	(\$3,101)
North Slope Borough	\$3,562
Pelican	\$7
Petersburg	(\$7,601)
City and Borough of Sitka	(\$6,141)
Skagway	(\$264)
Unalaska	\$4,690
Valdez	\$1,944
Whittier	\$5
Wrangell	(\$3,624)
City and Borough of Yakutat	(\$286)

Tax Year '92 -- FY 93 Senior Citizen Disabled Veteran Property Tax Exemption Program

Municipality	1992 Disabled Veteran	1992 Disabled Veteran Exempt Value	1992 Disabled Veteran Exempt Tax
Municipality of Anchorage	421	\$43,808,744	\$753,880
Bristol Bay Borough	0	\$0	\$0
Cordova	0	\$0	\$0
Craig	2	\$91,060	\$546
Dillingham	0	\$0	\$0
Eagle	0	\$0	\$0
Fairbanks North Star Borough	97	\$1,847,423	\$110,772
Haines Borough	2	\$100,200	\$960
City & Borough of Juneau	26	\$3,125,000	\$43,107
Kenai Peninsula Borough	34	\$2,388,950	\$28,118
Ketchikan Gateway Borough	6	\$645,400	\$8,434
Kodiak Island Borough	9	\$814,525	\$6,465
Matanuska-Susitna Borough	96	\$8,431,100	\$140,226
Nenana	1	\$26,548	\$327
Nome	1	\$112,400	\$1,040
North Slope Borough	0	\$0	\$0
Pelican	0	\$0	\$0
Petersburg	3	\$325,450	\$3,255
City & Borough of Sitka	1	\$129,000	\$774
Skagway	1	\$120,400	\$920
Unalaska	0	\$0	\$0
Valdez	3	\$136,950	\$2,696
Whittier	0	\$0	\$0
Wrangell	0	\$0	\$0
City & Borough of Yakutat	0	\$0	\$0
STATEWIDE DV TOTALS:	703	\$62,103,150	\$1,109,520
STATEWIDE TOTAL W/SC:	10,719	\$883,539,005	\$13,669,469
% of DV Participants:	7%	7%	8%

Total cost
Reimbursement
Level

\$ 230,419.⁰⁰
out of

\$ 2.883 million

Effect of HB66/SB102 on Local Contribution Requirement to School Districts

Municipality	1992 Full Value Determination	1992 SC/DV Exempt Value	Total Full Value with SC/DV Exempt Value	Required Millage		Required Millage		Local	
				Equivalency Contribution	W/SC/DV Exempt Value	Equivalency Contribution	WO/SC/DV Exempt Value	Additional Contribution AS14.17.025	% Change
Aleutians East Borough	\$86,859,000	N/A	\$86,859,000	\$347,436		\$347,436		\$0	0
Municipality of Anchorage	\$11,256,384,640	\$409,111,032	\$11,665,495,672	\$45,025,539		\$46,661,983		\$1,636,444	4%
Bristol Bay Borough	\$173,673,500	\$880,203	\$174,553,703	\$694,694		\$698,215		\$3,521	1%
Cordova	\$151,877,040	\$3,121,040	\$154,998,080	\$607,508		\$619,992		\$12,484	2%
Craig	\$50,954,200	\$1,382,282	\$52,336,482	\$203,817		\$209,346		\$5,529	3%
Dillingham	\$121,235,100	\$2,648,830	\$123,883,930	\$484,940		\$495,536		\$10,595	2%
Fairbanks North Star Borough	\$3,256,294,590	\$86,472,935	\$3,342,767,525	\$13,025,178		\$13,371,070		\$345,892	3%
Galena	\$19,965,100	N/A	\$19,965,100	\$79,860		\$79,860		\$0	0%
Haines Borough	\$122,749,700	\$8,278,375	\$131,028,075	\$490,999		\$524,112		\$33,114	7%
Hoonah	\$22,813,100	N/A	\$22,813,100	\$91,252		\$91,252		\$0	0%
Hydaburg	\$5,736,300	N/A	\$5,736,300	\$22,945		\$22,945		\$0	0%
City & Borough of Juneau	\$1,566,985,160	\$73,804,100	\$1,640,789,260	\$6,267,941		\$6,563,157		\$295,216	5%
Kake	\$16,951,200	N/A	\$16,951,200	\$67,805		\$67,805		\$0	0%
Kenai Peninsula Borough	\$3,465,369,120	\$88,648,599	\$3,554,017,719	\$13,861,476		\$14,216,071		\$354,594	3%
Ketchikan Gateway Borough	\$933,887,400	\$38,087,600	\$971,975,000	\$3,735,550		\$3,887,900		\$152,350	4%
Klawock	\$14,793,800	N/A	\$14,793,800	\$59,175		\$59,175		\$0	0%
Kodiak Island Borough	\$829,302,700	\$16,464,204	\$845,766,904	\$3,317,211		\$3,383,068		\$65,857	2%
Lake & Peninsula Borough	\$68,423,800	N/A	\$68,423,800	\$273,695		\$273,695		\$0	0%
Matanuska-Susitna Borough	\$2,020,623,780	\$97,234,600	\$2,117,858,380	\$8,082,495		\$8,471,434		\$388,938	5%
Nenana	\$15,112,200	\$918,542	\$16,030,742	\$60,449		\$64,123		\$3,674	6%
Nome	\$126,631,300	\$4,996,402	\$131,627,702	\$506,525		\$526,511		\$19,986	4%
North Slope Borough	\$12,537,472,080	\$1,188,570	\$12,538,660,650	\$5,014,989		\$5,015,464		\$475	0.01%
Northwest Arctic Borough	\$326,931,100	N/A	\$326,931,100	\$1,307,724		\$1,307,724		\$0	0%
Pelican	\$13,922,600	\$254,750	\$14,177,350	\$55,690		\$56,709		\$1,019	2%
Petersburg	\$186,577,700	\$13,216,531	\$199,794,231	\$746,311		\$799,177		\$52,866	7%
City & Borough of Sitka	\$517,476,500	\$23,012,580	\$540,489,080	\$2,069,906		\$2,161,956		\$92,050	4%
Skagway	\$76,393,200	\$2,635,253	\$79,028,453	\$305,573		\$316,114		\$10,541	3%
St. Mary's	\$4,459,300	N/A	\$4,459,300	\$17,837		\$17,837		\$0	0%
Tanana	\$11,245,600	N/A	\$11,245,600	\$44,982		\$44,982		\$0	0%
Unalaska	\$331,802,860	\$265,940	\$332,068,800	\$1,327,211		\$1,328,275		\$1,064	0.08%
Valdez	\$1,146,257,830	\$2,809,747	\$1,149,067,577	\$1,375,509		\$1,378,881		\$3,372	0.25%
Wrangell	\$132,997,300	\$6,922,290	\$139,919,590	\$531,989		\$559,678		\$27,689	5%
City & Borough of Yakutat	\$19,957,200	\$742,650	\$20,699,850	\$79,829		\$82,799		\$2,971	4%

2/22/93

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

February 9, 1993

Beely
WALTER J. HICKEL, GOVERNOR

F EASE REPLY TO:

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ANCHORAGE, ALASKA 99501-1994
PHONE: (907) 269-5100
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☐ KEY BANK BUILDING
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✕ P. O. BOX 110300 - STATE CAPITOL
JUNEAU, ALASKA 99811-0300
PHONE: (907) 465-3600
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The Honorable Steve Frank and
The Honorable Drue Pearce
Alaska State Senate
Co-Chairs, Senate Finance Committee
State Capitol
Juneau, AK 99801-1182

RE: SB 102 relating to property tax
exemptions

Dear Senator Frank and Senator Pearce:

It is our understanding that SB 102, relating to property tax exemptions for certain primary residences and to property tax equivalency payments for certain residents, has been referred to your committee. The purpose of this letter is to recommend the adoption of an amendment to the bill, copy of which is enclosed.

After reviewing this bill, the Legislative Affairs Agency has suggested an amendment that we agree is appropriate. The amendment would be to delete Section 1 in its entirety (at page 1, lines 5 - 12), renumber the remaining sections accordingly, and add AS 29.45.030(h) to the list of sections to be repealed in the current Section 4 (at page 2, line 27). This amendment is recommended because with the repeal of the property tax exemptions in AS 29.45.030(e) and (f) as proposed in this bill, there would be nothing left in AS 29.45.030 that would effect a similar property tax exemption granted by a municipality. Therefore, there is no need for the bill to include such a provision.

We have also advised Senator Phillips, Chair of the Senate Community and Regional Affairs Committee, and Representative Olberg, Chair of the House Community and Regional Affairs Committee, of this recommended amendment to the bill. The House

The Honorable Steve Frank and
The Honorable Drue Pearce
SB 102 relating to property tax exemptions

February 9, 1993
Page 2

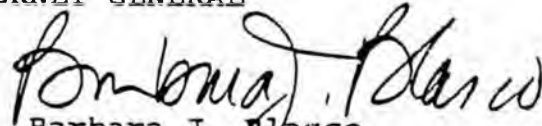
Community and Regional Affairs Committee adopted this amendment when it considered the House version (HB 66) on February 9, 1993.

Please let me know if you have any questions about this matter.

Sincerely yours,

CHARLES E. COLE
ATTORNEY GENERAL

By:


Barbara J. Blasco
Assistant Attorney General

BJB:cp:ae

cc: Deborah E. Behr, Assistant Attorney General
Department of Law

Tamara Cook, Director, Division of Legal Services
Legislative Affairs Agency

2/17/93 SB102

CRA then FIN

MEMORANDUM

State of Alaska

Department of Community
and Regional Affairs

TO: Senator Randy Phillips
Chairman, CRA Committee

DATE: February 11, 1993

FILE NO: SB102/CRA/2-11

THRU:

TELEPHONE NO: (907) 465-4700

FROM: Bruce R. Geraghty *BRG*
Deputy Commissioner

SUBJECT: REQUEST FOR HEARING
SB 102

Please schedule SB 102 for public hearing in your committee at the earliest possible time. This is An Act relating to municipal property tax exemptions for certain residences and to property tax equivalency payments for certain residents; and providing for an effective date.

It has been determined during hearings in the House Community and Regional Affairs Committee that the language contained in Section 1 of the bill is unnecessary. We support the House CRA Committee version, and recommend preparation of a Senate CRA Committee Substitute to be presented at the initial hearing. With this in mind, we are providing you with the following information:

SB 102

- 1) Governor Hickel's transmittal letter (SB 102);
- 2) a copy of a proposed Senate CS for which the Fiscal notes are provided;
- 3) the departments two zero fiscal notes (CS SB 102);
- 4) the departments support position paper (CS SB 102);
- 5) the departments sectional analysis of CS SB 102 (CRA);
- 6) excerpts from the 1993 AML platform pamphlet;
- 7) a department summary of each program effected by the bill;
- 8) a graft showing the history of program funding 1983-1992; and
- 9) two spreadsheets enumerating each programs costs.

Our major concern is to ensure that this property tax exemption becomes a local option, rather than the extremely under funded state mandate it is today.

Please distribute this information to your committee. We are at your service to answer any question you or your committee members may have.

Thank you for your prompt consideration of this legislation.

STATE OF ALASKA
DEPARTMENT OF COMMUNITY
& REGIONAL AFFAIRS

POSITION PAPER

Bill No.: CS SB 102(CRA)
Sponsor: Governor

DCRA FN: Zero (attached)
Position: Support

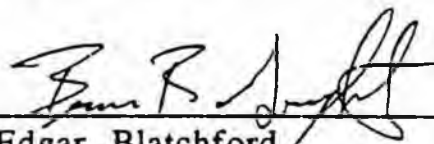
Title: An Act relating to municipal property tax exemptions for certain residences and to property tax equivalency payments for certain residents; and providing for an effective date.

This bill effectively repeals the mandatory provisions of the senior citizens, disabled veterans, and their widow or widowers, property tax exemption; and the renters rebate program for this class of individuals.

The legislature created the tax exemption program in 1973 but, since 1985, has failed to fully refund to communities (only 20% in FY 93) the total cost of this mandated exemption. The renters rebate program was established in 1976 as a means of providing the same benefit to seniors and disabled veterans that rent residences. The rebate program was funded at 85% of those eligible. The estimated cost of the property tax program in FY 94 is \$15.4 million. The estimated cost of the renters rebate program in FY 94 is \$1.3 million. The departments proposed FY 94 budget does not fund either program.

The department supports the amendment made in CRA committee. Due to consultations between the Department of Law and Legislative Legal Services, it was determined that section 1 in the original bill was unnecessary.

The department strongly supports making this program available to municipalities as an optional local tax exemption program. Encouraging seniors citizens and disabled veterans to remain in their own residences, is an issue best handled at the local level. Local governments are in the best position to evaluate the needs of their population with regard to local property taxation issues. In light of the legislative funding history, it is important to afford municipalities the taxing flexibility to appropriately meet the needs of their community.

for 

Edgar Blatchford
Commissioner

2-11-93

Date

STATE OF ALASKA
DEPARTMENT OF COMMUNITY
& REGIONAL AFFAIRS

Sectional Analysis

Bill No.: CS SB 102(CRA)
Sponsor: Governor

DCRA FN: Zero
Position: Support

Title: An Act relating to municipal property tax exemptions for certain residences and to property tax equivalency payments for certain residents; and providing for an effective date.

Section 1. Repeals DCRA's authority to adopt regulations to implement AS 29.45.030(g) the reimbursement program; that program is repealed by Section 4 of this Act.

Section 2. Adds a new section to AS 29.45. This section, AS 29.45.052, OPTIONAL EXEMPTION FOR CERTAIN PRIMARY RESIDENCES, gives specific authority for municipalities to grant senior citizens, disabled veterans, or their widows or widowers, an exemption from property taxation by municipal ordinance. The ordinance may exempt the property in whole or in part, and the exemption may be based on need. There may only be one exemption for the same property. The exemption is not allowed if the local assessor determines that the transfer of a property was for the primary purpose of receiving the exemption. The section also includes an appeal process where a dispute results from a possible conveyance of a property for the purpose of obtaining the exemption.

Disabled veteran is defined as a veteran with a 50% disability incurred as a result of military service.

Real property is defined to include mobile homes.

Section 3. Repeals all aspects of the state mandated property tax exemption and renters rebate for senior citizens and disabled veterans.

Section 4. Makes this Act retroactive to January 1, 1993.

Section 5. Establishes an immediate effective date.

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Robert Knight City of Nenana

Jim Kubitz Municipality of Anchorage

Norm Levesque Matanuska-Susitna Borough

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217 Second Street, Suite 200, Juneau, Alaska 99801
907-586-1325 FAX 907-463-5480

Municipal Platform

1993

Adopted by the
Board of Directors
of the
Alaska Municipal League
November 14, 1992



Senior Citizens/Disabled Veterans Property Tax Exemption Mandate

The Alaska Municipal League supports legislation to solve the problem of the unfunded mandate imposed on municipalities by AS 29.45.030, which establishes the Senior Citizens/Disabled Veterans Property Tax Exemption Program. The League supports replacement of mandated municipal property tax exemptions with a direct state rebate program for qualified senior citizens and disabled veterans who paid real property taxes on qualified property.

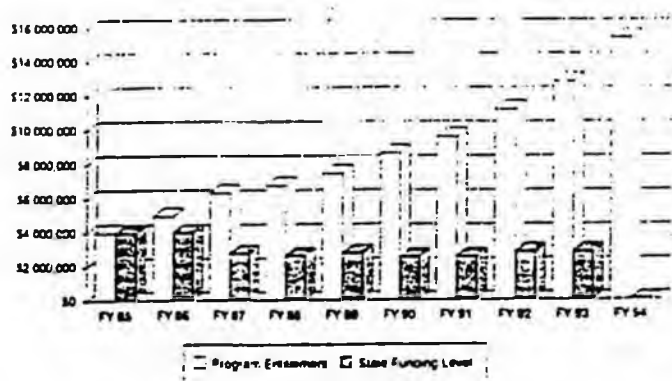
Unfunded mandates are a major element contributing to the increasing costs of government at both the state and local levels. Environmental regulations passed down from the federal to the state to the local level are but one example of unfunded mandates. Another mandate, one that has cost Alaskan municipalities over \$45 million during the last eight years, is the Senior Citizens/Disabled Veterans Property Tax Exemption Program, a program that is steadily growing at the same time funding for it is shrinking.

In 1973, a program to exempt senior citizens from local property taxes was enacted by the Alaska Legislature. In order to make the program workable for municipalities, the program included a provision that the state would reimburse municipalities for tax revenues lost because of the exemption. The intent of the original exemption, for those over 65, was to make it easier for senior citizens to remain in their own homes and, thus, to remain in Alaska. A complementary program, which provides refunds directly to senior citizen renters to compensate for property tax included in their rent charges, was also enacted in 1973. In 1985, the programs were extended to include disabled veterans with a disability of 50 percent or more.

AS 29.45.030(e) requires municipalities to exempt from local property tax the real property owned and occupied as the primary residence and permanent place of abode by (1) resident 65 years or older; (2) disabled veteran; or (3) resident at least 60 years old who is the widow or

widower of a person qualified* for such an exemption, up to an assessed value of \$150,000. Although this exemption is mandated by state law, full funding for the mandated exemption has not been provided by the state since 1985, which has meant that all other (i.e., non-senior or disabled veteran) municipal taxpayers have been forced to bear an additional tax burden or municipal service levels have been reduced because of the costs of this underfunded mandate.

Figure 4 - Funding History - Senior Citizens/ Disabled Veterans Property Tax Exemption Program



The total cost of the program, which was \$197,050 in 1973 when the program was begun, has grown steadily, reaching over \$12.8 million in FY 93 (see Figure 4). In FY 93 the state appropriation for the program was \$2,838,800, just over 22 percent of the total cost of this state mandate. The estimated cost of the exemption program for FY 94 is \$15.4 million.

The last year the legislature provided full funding for the homeowners program was 1985, when 5,418 taxpayers were eligible for the exemption and just over \$4 million was appropriated. Since then the number of applicants for the exemption has more than doubled, with nearly 11,000 senior citizens and disabled veterans claiming the exemption for FY 93. The growth in exemptions claimed was 14 percent from FY 92 to FY 93 alone. In 1990 the average value of the exemption per person was estimated to be \$1,000, and for FY 93 the average exemption claimed was \$1,374.

During those same years, Alaskan municipalities have been forced by inflation, population increases, and cut-backs in state aid to increase property tax rates, which has intensified the impact of the shortfunding on municipal budgets and local taxpayers. In the last eight years, the unwillingness of the legislature and the administration to appropriate adequate funding for this state-mandated program has cost local taxpayers nearly \$45 million. In FY 93 alone, for instance, non-exempt taxpayers in Alaska's municipalities were required to pay an additional \$10 million in property taxes, or 78 percent of the cost of the program, because reimbursement for the mandatory exemption was underfunded.

Table 7 shows the cost of FY 92 underfunding to individual municipalities and their taxpayers; FY 93 data are not yet final.

Table 7: FY 92 Cost to Individual Municipalities of Underfunding of the Senior Citizens/ Disabled Veterans Tax Exemption Program

Municipality	Cost of FY 92 Underfunding
Anchorage	\$4,234,348
Bristol Bay Borough	2,537
Cordova	15,653
Craig	3,549
Dillingham	8,978
Eagle	224
Fairbanks North Star Borough	1,049,667
Haines Borough	43,617
Juneau	691,369
Kenai Peninsula Borough	640,660
Ketchikan Gateway Borough	329,244
Kodiak Island Borough	100,150
Matanuska-Susitna Borough	988,536
Nenana	6,634
Nome	42,263
North Slope Borough	15,455
Pelican	1,049
Petersburg	94,472
Sitka	90,278
Skagway	15,134
Unalaska	2,518
Valdez	28,511
Whittier	514
Wrangell	41,533
Yakutat	6,632
Total Shortfall in FY 92	\$8,454,350

Source: Department of Community and Regional Affairs

Local taxpayers should not have to pay the costs of this state-mandated program without having a chance to make a conscious decision on whether or not they want to provide the tax exemption for senior citizens and disabled veterans. If the legislature wants to provide tax relief for these groups, it should be provided through state-administered tax rebate programs.

The 1993 Alaska Municipal League Policy Statement includes the following statement with reference to state-mandated tax exemption programs: "The League opposes the imposition of state-mandated exemptions of certain classes of property, individuals, organizations, or commodities from the application of taxes unless full compensation is made for revenues lost due to these exemptions. If the reimbursements for state-mandated exemptions are not fully funded, currently or in the future, the exemptions should be repealed or prorated."

The League's Policy Statement and AML Resolution No. 93-3 also oppose the imposition of unfunded mandates on local governments by the state. The tax exemption program for senior citizens and disabled veterans is an excellent example of the way state-mandated programs that are not accompanied by adequate funding impose an unfair burden on citizens and their local governments. Governor Hickel's proposed FY 94 budget, which was released in December 1992, calls for no state funding at all for this mandated exemption, which would place the entire burden of the estimated \$15.4 million cost on municipalities. The governor has indicated he will introduce and support legislation that would eliminate the state mandate and make the program entirely a local option.

The Alaska Municipal League urges the Alaska State Legislature to accept full responsibility for the state's senior citizen/disabled veteran property tax exemptions by amending the statutes governing the program to base direct state rebates for local property taxes paid by eligible senior citizens and disabled veterans on the level of state funding appropriated. This would give senior citizens and disabled veterans a tax exemption based on the state's commitment to the program and remove the ever-growing burden the current program has placed on local taxpayers, who have had no opportunity to approve the exemption.

Table 8: Senior Citizens/Disabled Veterans Property Tax Exemption Program

Fiscal Year	Entitlement	State Appropriation	Shortfall/ Cost to Municipa. Taxpayers ^a	% ^b
1985	\$ 4,005,075	\$ 4,005,075	\$ 0	100.0
1986	4,977,451	4,008,600	968,851	79.5
1987	6,325,763	2,770,300	3,555,463	43.8
1988	6,753,663	2,622,959	4,130,694	38.8
1989	7,464,557	2,782,300	4,682,257	37.3
1990	8,627,081	2,557,900	6,069,151	29.6
1991	9,585,192	2,557,900	7,027,292	26.7
1992	11,293,150	2,838,800	8,454,350	25.1
1993	12,829,291 ^c	2,838,800	9,990,491	22.1
1994	15,395,149 ^d	0 ^e	15,395,149	00.0

^aThe actual cost to municipalities exceeds this figure by \$100,000 - \$160,000, depending on the underfunding of the renters program.

^bRatio of state appropriation (reimbursement to municipalities) to the total cost of the program.

^cFY 93 figures are estimated and subject to final audit.

^dEstimate as of January 1993

^eGovernor Hickel's proposed FY 94 budget, released in December 1992, includes no funding for this program nor for the renters rebate program. Governor Hickel has indicated that he will introduce legislation to eliminate the state-mandated program and make it a local option.

Source: Department of Community and Regional Affairs

**Senior Citizen and Disabled Veteran
Property Tax Exemption Programs
Department of Community and Regional Affairs**

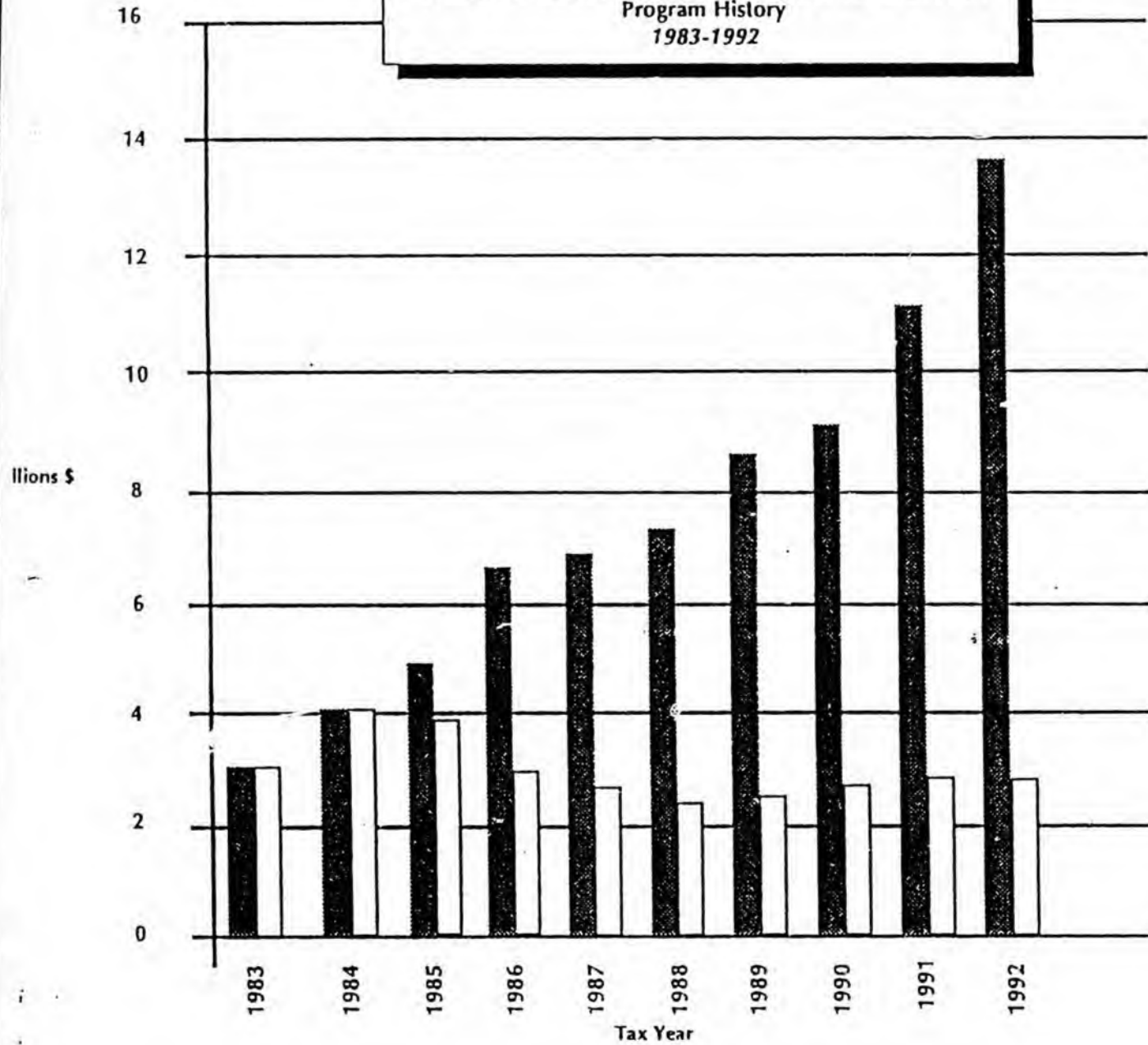
Property Tax Exemption Program

Created in 1974, the Senior and Disabled Veteran Property Tax Exemption Program exempts senior citizens (65 years of age or older) and disabled veterans (with a 50% or greater service-related disability) from payment of property tax on the first \$150,000 of assessed valuation of the applicant's permanent place of abode. Program participants apply each year directly to the municipality in which they seek a tax exemption. The effected municipalities compile annual reports of exempted applicants, exempted assessed values and exempted tax amounts. Based on these figures, the municipalities apply to the Department for reimbursement for property tax revenues lost due to this state-mandated program. After the submitted applications are audited and certified, the Department issues warrants to the municipalities. If taxes exempted under this program exceed funding appropriation levels, the State issues payments on a prorated basis. This has been the case since FY 86. In FY 93, state funding covered about 20% of the reimbursement requests submitted by municipalities.



Senior Citizen/Disabled Veteran Property Tax Equivalency Program

This program was created in 1976 as a companion program to the property tax exemption program. The program rebates eligible applicants for that portion of their yearly rent on their permanent place of abode that goes toward the payment of real property taxes. Applicants must be at least 65 years of age or disabled veterans and rent property that is subject to a local property tax. Rent rebate payments are calculated as one percent of the local mill rate times the total annual rent. Applicants apply directly to the Department and payments are issued to each eligible applicant. Rebate payments are prorated if program costs exceed the annual program appropriation. The renter rebate program has exceeded funding levels since 1986. In FY 93 applicants will each receive about 85% of the amount calculated by formula.

**Senior Citizen/Disabled Veteran Property Tax Exemption
Program History
1983-1992**



Tax Yr.	State Funding Level	Municipal Reimbursement Request
1983	3,146,618	3,146,618
1984	4,005,075	4,005,075
1985	3,985,567	4,977,451
1986	2,770,300	6,325,763
1987	2,622,969	6,753,663
1988	2,519,344	7,464,557
1989	2,542,803	8,627,081
1990	2,557,900	9,585,192
1991	2,838,800	11,293,150
1992	2,838,800	13,669,469

 Municipal Reimbursement Request
 State Funding Level

Senior Citizen/Disabled Veteran Property Tax Exemption

BOROUGH	TY91/FY92	TY92/FY93	TY91/FY92	TY92/FY93	TY91/FY92	TY92/FY93	TY91/FY92 PRORATED PAYMENT	TYS PR PJ
	NUMBER OF APPLICANTS APPROVED	NUMBER OF APPLICANTS APPROVED	TOTAL ASSESSED VALUE EXEMPT	TOTAL ASSESSED VALUE EXEMPT	TOTAL TAX EXEMPT	TOTAL TAX EXEMPT		
Municipality of Anchorage	4,325	4,751	330,789,989	409,111,032	5,656,157	7,082,897	1,421,809	
Bristol Bay Borough	14	13	784,657	880,203	3,923	4,401	986	
Fairbanks North Star Borough	1,308	1,379	82,932,034	86,472,935	1,402,124	1,665,069	352,457	
Haines Borough	101	110	7,326,875	8,278,375	58,263	71,402	14,646	
City & Borough of Juneau	698	714	67,004,000	73,804,100	923,516	1,017,742	232,148	
Kanai Peninsula Borough	1,035	1,108	74,518,204	88,648,599	855,781	1,007,552	215,121	
Ketchikan Gateway	430	436	36,090,974	38,087,600	439,797	509,577	110,553	
Kodiak Island Borough	209	181	15,591,524	16,464,204	133,778	127,227	33,628	
Matanuska-Susitna Borough	1,133	1,240	79,829,563	97,234,600	1,320,466	1,633,159	331,930	
North Slope Borough	20	22	1,133,642	1,188,570	20,644	20,946	5,189	
City & Borough of Sitka	201	226	20,098,445	23,012,580	120,591	136,025	30,313	
Borough Subtotal	9,472	10,189	716,079,907	843,182,798	10,935,640	13,277,997	2,748,780	
CITIES								
CORDOVA	40	41	2,947,465	3,121,040	20,908	34,331	5,256	
CRAIG	11	20	782,478	1,382,282	4,741	8,294	1,192	
DILLINGHAM	23	23	2,663,130	2,648,830	9,321	11,920	2,243	
EAGLE	5	6	299,540	317,550	300	318	75	
MENANA	19	21	937,666	918,542	11,533	11,298	2,899	
NOME	77	78	5,018,169	4,996,402	56,455	46,217	14,191	
PELICAN	5	5	254,750	254,750	1,401	1,401	352	
PETERSBURG	133	135	12,619,436	13,216,531	126,194	132,165	31,722	
SKAGWAY	38	38	2,511,267	2,635,253	20,216	18,390	5,082	
UNALASKA	4	4	285,500	265,940	3,363	3,133	845	
VALDEZ	37	38	2,343,968	2,809,747	38,084	55,314	9,573	
WHITTIER	7	6	137,400	124,400	687	622	173	
WRANGELL	104	106	6,563,021	6,922,290	56,020	58,935	14,082	
YAKUTAT	11	11	722,400	742,650	8,886	9,135	2,235	
CITIES SUBTOTAL	514	530	38,086,190	40,356,207	358,110	391,472	90,020	
FY 93 STATEWIDE TOTAL	9,986	10,719	754,166,097	883,539,005	11,293,150	13,669,469	2,838,800	
FISCAL YR. FUNDING LEVELS					2,838,800	2,838,800		
FF SHORTAGE				(FY92 Shortage)	-8,454,350	-10,830,669 (FY93 Shortage)		
				Prorating %	0.25137362	0.207674488		

Tax Jurisdiction Summary -- Tax Year 1991/FY 92

	Seniors	Veterans	Requested	Rebates
Anchorage Municipality	480	61		\$516,576.00
Cordova	1			\$269.57
Craig	-			\$9.42
Fairbanks NS Borough	72	11		\$75,744.77
FNSB/Fairbanks City	35			\$30,212.51
FNSB/North Pole	1	2		\$1,909.92
Haines Borough	5			\$1,835.30
Juneau, City & Boro	112	5		\$93,077.04
Kenai Peninsula Boro	1			\$663.60
Ketchikan Gateway Boro	32	1		\$22,734.97
Kodiak Island Borough	34	1		\$9,378.73
KPB/Homer	8	2		\$6,793.11
KPB/Kenai	26			\$10,914.73
KPB/Seward	2			\$1,835.70
KPB/Soldotna	47	1		\$17,844.21
Mat-Su Borough	2			\$1,486.35
Mat-Su/Palmer	20	4		\$13,670.20
Mat-Su/Wasilla	16	3		\$18,311.78
Nenana	1			\$516.60
Pelican	2			\$250.36
Petersburg	5	1		\$2,863.00
Sitka, City & Boro	18			\$5,836.96
Skagway	1			\$303.43
Valdez	1			\$357.45
Wrangell	7			\$2,991.23
<hr/>				
Total Rebates Requested	930	92		\$836,387.02

SB

104

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 3/5/93

FURTHER:

DATE TURNED INTO OFFICE: _____

The Finance Committee considered SB 104

STATE SHARE OF FEDERAL GAS ROYALTIES

*Died in SFC 1994
See HB 116*

and recommends:

- replace with _____ CS _____ (FINANCE)
or adopt previous _____ CS _____ (_____)
 attaches amendment(s)

- same title
 new title
 technical title change (HB only)

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

NEW FISCAL NOTES

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

DO PASS.

OTHER RECOMMENDATIONS:

1. _____
Co-Chair: Signature/Recommendation

2. _____
Co-Chair: Signature/Recommendation

Frank

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

DATE: 2/8/93

FURTHER: FINANCE

Date of 5-Day Notice: 2/25/93
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 3/3/93

RESOURCES Committee considered SB 104

Directing the commissioner of natural resources to accept, under certain circumstances, the contract price agreed to between a lessee of federal land and a gas or electric utility as the value of the federal government's royalty share from natural gas production when royalty is payable to the state under applicable federal law; efd.

and recommends: and a majority of the committee recommends do pass
[] replace with _____ CS _____ () [] same title
[] attaches amendment(s) [] new title
[] technical title change (HB only)

[] adopts _____ Letter of Intent

[] further referral to the _____

[] do pass

[] do not pass

[] no recommendation

[] individual recommendations

07 N

FISCAL NOTE INFORMATION

Department	Date	Zero	Fiscal
DNR	2/18	✓	

Department	Date	Zero	Fiscal

[] Appropriation No Fiscal Note

[] Governor's Bill with Previous Fiscal Notes (enter information above)

DO PASS:

OTHER RECOMMENDATIONS:

Andrew A. Lewan
Frank FRANK
Mike Miller

Donley NO REC

Mike Miller *Do Pass*
Chair: Signature and Recommendation

ALASKA STATE LEGISLATURE
SENATE BILL NO. 104

HISTORY IN THE SENATE

1993

Read first time and referred to:

2/8

RES, FIN

3/5

RES RPT() CS 4 DP 1 NR ___ DNP ___ AM
 ___ New Title ___ Same Title ___ Previous FN
 ___ FN OFN To FIN

___ RPT() CS ___ DP ___ NR ___ DNP ___ AM
 ___ New Title ___ Same Title ___ Previous FN
 ___ FN ___ OFN To ___

___ RPT() CS ___ DP ___ NR ___ DNP ___ AM
 ___ New Title ___ Same Title ___ Previous FN
 ___ FN ___ OFN To ___

___ Rules Calendar() CS ___ AM ___ Other
 ___ New Title ___ Same Title ___ Previous FN
 ___ FN ___ OFN

Read second time

___ CS Adopted () ___ New Title
 ___ Amended ___ Advanced

Read third time

___ Letter of Intent adopted
 ___ Return to second for specific amendment

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reconsideration

Reconsideration not taken up

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reported correctly engrossed
 Signed by President, to House

 Secretary of the Senate

HISTORY IN THE HOUSE

19

Read first time and referred to:

___ RPT CS() ___ New Title
 ___ DP ___ DNP ___ NR ___ AM
 ___ FN ___ OFN ___ Previous FN

___ RPT CS() ___ New Title
 ___ DP ___ DNP ___ NR ___ AM
 ___ FN ___ OFN ___ Previous FN

___ RPT CS() ___ New Title
 ___ DP ___ DNP ___ NR ___ AM
 ___ FN ___ OFN ___ Previous FN

Read second time

CS() Adopted

Amended

Advanced

Read third time

Return to second for specific amendment

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

___ Intent adopted

Reconsideration

Reconsideration not taken up

PASSED ON RECON.	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

___ Intent adopted

Reported correctly engrossed, signed by the Speaker
 and returned to the Senate

 Chief Clerk of the House

FISCAL NOTE

No. 1

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Bill Version: SB 104
(S) Publish Date: 3-5-93
Natural Resources

Revision Date Original Department Affected: Natural Resources
Title: "State Share of Federal Gas Royalties" BRU: Resource Development
Components: Oil & Gas Development
Sponsor: Senator Pearce
Requestor: Senator Pearce Component Serial No. 439

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

REVENUE fund source:						
----------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ See attached page

ANALYSIS: (Attach a separate page if necessary)

SEE ATTACHED PAGE

Prepared by: Jim Eason, Director Phone: 762-2547
Division: Oil & Gas Date: 18-Feb-93
Approved by Commissioner: Glenn A. Olds Date: 18-Feb-93
Agency: Department of Natural Resources

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ALASKA STATE LEGISLATURE
SENATE BILL NO. 104

HISTORY IN THE SENATE

1993

Read first time and referred to:

2/8

RES, FIN

3/5

RES RPT() CS 4 DP 1 NR DNP AM
 ___ New Title ___ Same Title ___ Previous FN
 ___ FN OFN To FIN

___ RPT() CS ___ DP ___ NR ___ DNP ___ AM
 ___ New Title ___ Same Title ___ Previous FN
 ___ FN ___ OFN To ___

___ RPT() CS ___ DP ___ NR ___ DNP ___ AM
 ___ New Title ___ Same Title ___ Previous FN
 ___ FN ___ OFN To ___

___ Rules Calendar() CS ___ AM ___ Other
 ___ New Title ___ Same Title ___ Previous FN
 ___ FN ___ OFN

Read second time

___ CS Adopted () ___ New Title
 ___ Amended ___ Advanced

Read third time

___ Letter of Intent adopted
 ___ Return to second for specific amendment

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reconsideration

Reconsideration not taken up

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reported correctly engrossed
 Signed by President, to House

Secretary of the Senate

HISTORY IN THE HOUSE

19

Read first time and referred to:

___ RPT CS() ___ New Title
 ___ DP ___ DNP ___ NR ___ AM
 ___ FN ___ OFN ___ Previous FN

___ RPT CS() ___ New Title
 ___ DP ___ DNP ___ NR ___ AM
 ___ FN ___ OFN ___ Previous FN

___ RPT CS() ___ New Title
 ___ DP ___ DNP ___ NR ___ AM
 ___ FN ___ OFN ___ Previous FN

Read second time

CS() Adopted

Amended

Advanced

Read third time

Return to second for specific amendment

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

___ Intent adopted

Reconsideration

Reconsideration not taken up

PASSED ON RECON.	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

___ Intent adopted

Reported correctly engrossed, signed by the Speaker
 and returned to the Senate

Chief Clerk of the House

SENATE-HOUSE HISTORY Continued

19	<p>Received from the House Version: _____</p> <p>Concur in House amendment Y ___ N ___ E ___ A ___ _____ Efd same or Y ___ N ___ E ___ A ___</p> <p>Failed to concur in House amendment, ask House recede Y ___ N ___ E ___ A ___</p> <p>House failed to / receded from amendment Y ___ N ___ E ___ A ___</p> <p>CC appointed by Senate _____ Chair _____</p> <p>CC appointed by House _____ Chair _____</p> <p>(S) Granted Limited Powers of Free Conference</p> <p>(H) Granted Limited Powers of Free Conference</p>
----	--

19	<p>(S) Adopted CC Rpt _____ Y ___ N ___ E ___ A ___ _____ Efd same or Y ___ N ___ E ___ A ___</p> <p>(H) Adopted CC Rpt _____ Y ___ N ___ E ___ A ___ _____ Efd same or Y ___ N ___ E ___ A ___</p> <p>To enrolling Received from enrolling Sent to Governor</p> <p>_____ By Governor</p> <p>Chapter Number _____</p> <p>Filed with Lieutenant Governor</p>
----	---

FISCAL NOTE

No. 1

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Bill Version: SB 104

BILL # (S) Publish Date: 3-5-93

Revision Date Original Department Affected: Natural Resources
 Title: "State Share of Federal Gas Royalties" BRU: Resource Development
 Components: Oil & Gas Development
 Sponsor: Senator Pearce
 Requestor: Senator Pearce Component Serial No. 439

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

REVENUE fund source:						
----------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ See attached page

ANALYSIS: (Attach a separate page if necessary)
 SEE ATTACHED PAGE

Prepared by: Jim Eason, Director Phone: 762-2547
 Division: Oil & Gas Date: 18-Feb-93
 Approved by Commissioner: Glenn A. Olds Date: 18-Feb-93
 Agency: Department of Natural Resources

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February 18, 1993

The retroactive application provisions of the bill make it difficult to evaluate the fiscal impact of the bill. It is not known, at this time, if any refunds, except for the one described below, will be due the federal lessees because of the proposed retroactive change in state policy. An audit of past federal/state royalty collection policies beginning in 1959, which will require a considerable amount of time and resources, would have to be completed in order to determine the full fiscal impact of this bill.

What is known today is that if the bill becomes law, the state will be barred from advocating for higher royalty values for gas production from federal leases in the Beluga River field for past production periods. The state believes that as of April 15, 1992, approximately \$10.4 million is owed for the audit period between October 1, 1984 through June 30, 1987. Because interest continues to accrue on the past due principle, the amount of the claim continues to grow.

At this point in time, the amount owed is based on a claim by the state. However, the state's position in support of the area pricing theory or median value pricing theory, and the amount sought may or may not be sustained by a court with jurisdiction for this issue.

SB

106

HFIN

FILE

DIVISION OF LEGAL SERVICES

LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

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FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

May 8, 1993

SUBJECT: Sectional Summary of HCS CSSB 106 (FIN) (Power projects and interties, relating to the Alaska Energy Authority, AIDEA bonds for energy resource projects)

TO: Representative Ramona Barnes
Speaker of the House of Representatives

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, note that a sectional summary of a bill is not considered an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

Section 1 makes legislative findings and expresses the legislative intent.

Sec. 2 identifies additional uses for which money in the Railbelt energy fund may be appropriated.

Sec. 3 changes, in a statute concerning the Alaska Public Utilities Commission (APUC), an internal reference to the power cost equalization program to reflect changes made by this bill.

Sec. 4 requires the APUC, when setting or reviewing rates for a public utility that sends or receives power over the Fairbanks-Healy or the Anchorage-Kenai intertie, to consider certain costs as costs incurred for the existing system.

Sec. 5 enacts a new chapter, giving the Department of Community and Regional Affairs responsibility for programs and projects now within the jurisdiction of the Alaska Energy Authority.

Sec. 42.45.010 establishes the power project fund in the department. This section is similar to existing AS 44.83.170. The department may make loans from the fund to the entities listed in (b)(1) for the purposes listed in (b)(1)(A) and (b)(1)(B). Under subsection (f)(2)(B), the department may make zero interest loans.

Sec. 42.45.020 establishes the rural electrification revolving loan fund in the department. The fund may be used for extending new electric service. This section is taken from AS 44.83.361.

Sec. 42.45.030 establishes a loan advisory committee for loans from the rural electrification revolving loan fund. This section is taken from AS 44.83.363.

Sec. 42.45.040 establishes the Southeast energy fund (SEF) consisting of money transferred to it from the four dam pool transfer fund, created in the next section. The department may use the SEF for grants to utilities participating in the Swan Lake-Tyee Lake intertie. This is a new section.

Sec. 42.45.050 establishes the four dam pool transfer fund, which consists of repayments of principal and income from the power development revolving loan fund. Subsection (b) sets out how money in the fund is to be transferred to other departmental funds. This is a new section.

Sec. 42.45.060 establishes a loan committee composed of commissioners, the director of management and budget, and four public members to review loans, other than loans from the bulk fuel revolving loan fund. Subsections (f) and (g) set out the committee powers and responsibilities with respect to loans. This is a new section.

Sec. 42.45.100 - 42.45.150 establish the power cost equalization program in the department. These sections are similar to existing AS 44.83.162 - 44.83.164, with some restructuring of the statutes and some changes.

Sec. 42.45.100 establishes the power cost equalization and rural electric capitalization fund to provide power cost equalization and to make grants to eligible utilities. It is taken partly from AS 44.83.162(a).

Sec. 42.45.110 addresses entitlement to power cost equalization and is taken from AS 44.83.162(b) - (j). Note that in subsection (c), minimum power costs of more than 9.5 cents per kilowatt-hour qualify. In subsection (d), state and federal offices and facilities other than schools are not entitled to receive power cost equalization.

Sec. 42.45.120 sets out the notice that an electric utility receiving power cost equalization must give its customers. It is taken from AS 44.83.162(k).

Sec. 42.45.130 requires utilities to make an effort to minimize costs. It is taken from AS 44.83.162(l).

Sec. 42.45.140 permits customers to petition for inclusion in the power cost equalization program. It is taken from AS 44.83.162(m).

Sec. 42.45.150 sets out definitions for Secs. 42.45.110 - 42.45.150, taken from AS 44.83.162(p).

Sec. 42.45.160 permits the Alaska Public Utilities Commission to adjust the power cost equalization per kilowatt-hour payable to an electric utility. It is taken from AS 44.83.163.

Sec. 42.45.170 permits electric utilities exempt from regulation by the APUC to participate in the power cost equalization program. It is taken from AS 44.83.164.

Sec. 42.45.180 permits the Department of Community and Regional Affairs to make grants from the power cost equalization and rural electric capitalization fund

Representative Ramona Barnes

May 8, 1993

Page 3

to utilities receiving power cost equalization for small power projects that will reduce the costs of the utility. This is a new section.

Sec. 42.45.190 is a definition section for AS 42.45.100 - 42.45.190.

Sec. 42.45.200 establishes the electrical service extension fund in the department. It is taken from AS 44.83.370.

Sec. 42.45.250 establishes the bulk fuel revolving loan fund in the department. It is taken from AS 44.83.600 - 44.83.650. The amount for which a loan may be made is increased from \$50,000 to \$100,000.

Sec. 42.45.300 permits two or more public utilities to form a joint action agency for participating in a power project and to secure financing for the project. A joint action agency may request the Alaska Industrial Development and Export Authority (AIDEA) to issue revenue bonds. This is a new section.

Sec. 42.45.400 directs the department to provide rural utilities with technical assistance as set out in the section. This is a new section.

Sec. 42.45.410 directs the department to delegate as much as possible to the private sector. This is a new section.

Sec. 42.45.990 sets out definitions for the chapter and is taken, in part, from AS 44.83.990.

Sec. 6 amends the powers of the Department of Community and Regional Affairs to include the powers and duties assigned under AS 42.45, enacted by sec. 5 of the bill.

Sec. 7 changes the membership of the Alaska Energy Authority (AEA) to be the members of the Alaska Industrial Development and Export Authority (AIDEA).

Sec. 8 directs that the chair and vice-chair of AIDEA serve as officers of AEA.

Secs. 9, 10, and 14 restrict the powers of AEA, removing authority for acquiring or constructing power projects. Many of the statutes affecting the AEA are repealed in sec. ___ of the bill.

Secs. 11 - 13, and 15 - 22 make technical changes to reflect the reduced scope of operation of the AEA.

Sec. 23 includes capital reserve funds that secure bonds for power transmission interties in the definition of "capital reserve fund" for that subsection.

Sec. 24 permits AIDEA to issue bonds for power transmission interties in amounts greater than AIDEA otherwise could issue and for a longer period of time.

Sec. 25 permits AIDEA to waive or modify requirements of the enterprise development account to finance a power transmission intertie project.

Sec. 26 amends the definition of "project" in the chapter pertaining to AIDEA to include plants and facilities for the generation, transmission, development, transportation, conversion, or use of energy resources.

Sec. 27 repeals statutes relating to the Alaska Energy Authority board of directors and employees.

Sec. 28 repeals a number of provisions relating to AEA, to reflect the transfer of programs to the Department of Community and Regional Affairs and the elimination of the ability of AEA to acquire or construct power projects.

Sec. 29 gives legislative authorization to AIDEA to issue bonds, not exceeding \$60,000,000, for a power transmission intertie between Healy and Fairbanks to be owned, for the benefit of all of the utilities participating in the intertie, by Golden Valley Electric Association.

Sec. 30 gives legislative authorization to AIDEA to issue bonds, not exceeding \$60,000,000, for a power transmission intertie between Anchorage and the Kenai Peninsula to be owned, for the benefit of all of the utilities participating in the intertie, by Chugach Electric Association, Inc.

Sec. 31 gives legislative authorization to AIDEA to issue bonds, not exceeding \$40,000,000, for a power transmission intertie between the Swan Lake and Tyee Lake hydroelectric projects and owned, for the benefit of all of the utilities participating in the intertie, by Ketchikan Public Utilities.

Sec. 32 gives legislative authorization to AIDEA to issue bonds, not exceeding \$25,000,000, for a power transmission intertie between Sutton and Glennallen and owned, for the benefit of all of the utilities participating in the intertie, by Copper Valley Electric Association.

Sec. 33 states that the repeal of the Alaska Energy Authority statutes does not affect existing bonds or actions that have been taken under the repealed statutes.

Sec. 34 transfers the proceedings, activities, and property of the Alaska Energy Authority to the Department of Community and Regional Affairs to the extent that the project or program has been transferred to the department by the bill.

Sec. 35 addresses the transfer of employees from the AEA to DCRA.

Sec. 36 sets out the initial terms of the loan committee, established in Sec. 42.45.060.

Sec. 37 directs the AEA to enter into contracts with private sector entities to the maximum extent possible.

Representative Ramona Barnes

May 8, 1993

Page 5

Sec. 38 directs that various agencies of state government work together to ensure an orderly transfer of functions as required under the bill.

Sec. 39 is a severability clause for the bill.

TC:pl

93-359.plm

HOUSE COMMITTEE REPORT

(11)

Date Referred: May 7, 1993

FURTHER REFERRALS:

Date of Committee Action: 5/8/93

The FINANCE Committee considered:

CSSB 106(FIN) am(efd fld)

CSSB 106(FIN) AM(EFD FLD)

AUTHORIZING POWER TRANSMISSION INTERTIES

"An Act transferring certain projects of and amending and transferring programs of the Alaska Energy Authority to the Department of Community and Regional Affairs; relating to the Alaska Energy Authority; permitting the
TITLE CONTINUED ON PAGE 2

RECOMMENDATIONS:

be replaced with HCS CSSB 106(FIN) the same title
 a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact _____

fiscal note(s) _____

3 zero fiscal note CRA, CED(a)

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<u>EP Macken</u>	<input checked="" type="checkbox"/>	<u>Ronald Larson</u>		<input checked="" type="checkbox"/>	
		<u>Mark Hatley</u>		<input checked="" type="checkbox"/>	
		<u>Terry Martin</u>		<input checked="" type="checkbox"/>	
		<u>John Farrell</u>		<input checked="" type="checkbox"/>	
		<u>Ben Grussendorf</u>		<input checked="" type="checkbox"/>	
		<u>Mike Navarre</u>		<input checked="" type="checkbox"/>	
		<u>Tan Brown</u>		<input checked="" type="checkbox"/>	
		<u>Jim Theriault</u>			<input checked="" type="checkbox"/>
		<u>Richard Staley</u>		<input checked="" type="checkbox"/>	
		<u>John Foster</u>			

EP Macken
CHAIRMAN'S SIGNATURE

**STATE OF ALASKA
1993 LEGISLATIVE SESSION**

FISCAL NOTE

BILL NO: CSSB
106(FIN)am
(efd fld)

Revision Date: _____ Dept. Affected: Community & Regional Affairs
 Title: An Act transferring certain projects BRU: _____
from the Alaska Energy Authority to DCRA Component: _____
 Sponsor: Senator Sharp
 Requestor: House Finance **COMPONENT SERIAL NO.** _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE FUND SOURCE:						
-----------------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

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

Estimate of current (FY93) impact \$ none

ANALYSIS: (Attach a separate page if necessary)

A zero fiscal note is presented assuming the balances of appropriations and obligations remaining in AEA's rural program functions and AEA's owned assets at the time of transfer are transferred to the Department of Community & Regional Affairs. The actual cost to DCRA of running AEA programs as restructured by this bill will be determined in the interim.

*note: assumes the transfer of AEA's "rural owned assets" only not other AEA owned assets.

Prepared by: Remond Henderson Phone: 465-4708
 Division: Administrative Services Date: 5/8/93
 Approved by Commissioner: Ed. Bentley Date: 5-2-93
 Agency: Community & Regional Affairs

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. HCSCSSB106 (FIN)

Revision Date: 5/8/93 Dept. Affected: Commerce & Economic Develop.
 Title: An Act Transferring Certain BRU: Alaska Energy Authority
programs of the Alaska Energy Authority Component: Operations
 Sponsor: Sharp
 Requestor: House Finance Committee COMPONENT SERIAL NO. 1232

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

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

REVENUE FUND SOURCE:						
-----------------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ _____

ANALYSIS: (Attach a separate page if necessary)

See attached analysis.

Prepared by: Guy Bell
 Division: Administrative Services
 Approved by Commissioner: Paul Fuhs *(Signature: Guy Bell for)*
 Agency: Commerce & Economic Development

Phone: 465-2506
 Date: 5/8/93
 Date: 5-2-93

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HCS CS SB106 (FIN)
Fiscal Note Analysis

This bill would transfer certain functions of the Alaska Energy Authority (AEA) to the Alaska Industrial Development and Export Authority (AIDEA). The anticipated total operating costs of the projects and functions of the AEA are included in the FY 94 operating budget. All monetary costs to AIDEA that are associated with this transfer will follow the transfer of the functions from the AEA. When the AEA's functions are split up and transferred, so will the corresponding appropriations.

Section 6 of SB 126 makes an appropriation in the amount of \$3,900.0 to the Department of Community and Regional Affairs for operating costs for carrying out its powers and duties under AS 42.45 and AS 44.47.050(19) and (20). A portion of this appropriation will likely be required for transition expenses.

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. HCSCSSB106(FIN)

Revision Date: 5/7/93 Dept. Affected: Commerce & Economic Dev.
 Title: An Act Transferring certain BRU: AIDEA
programs of the Alaska Energy Authority Component: Operations
 Sponsor: Senator Sharp
 Requestor: House Finance Committee COMPONENT SERIAL NO. 1234

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
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REVENUE FUND SOURCE:						
-----------------------------	--	--	--	--	--	--

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ _____

ANALYSIS:

(Attach a separate page if necessary)

See Attached Analysis.

Prepared by: Guy Bell
 Division: Administrative Services
 Approved by Commissioner: Paul Fuhs *(Signature)*
 Agency: Commerce & Economic Development

Phone: 465-2506
 Date: 5/8/93
 Date: 5-8-93

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information call the Governor's Legislative Office

HCS CS SB106 (FIN)
Fiscal Note Analysis

This bill changes the membership of the Board of the Alaska Energy Authority. The same members of the Board of Directors of the Alaska Industrial Development and Export Authority (AIDEA) become the board members of the AEA. The anticipated total operating costs of the projects and functions of the AEA are included in the FY 94 operating budget. All funding associated with the scaled down AEA will remain with the AEA.

**Alaska Energy Authority**

A Public Corporation

May 7, 1993

The Honorable Eileen MacLean, Co-Chair
House Finance Committee
Capitol, Room 507
Juneau, Alaska 99801-1182

Subject: CSSB 106 and 126

Dear Representative MacLean:

In reply to your inquiry, following is our understanding of the impact of CSSB 106 and 126 (as passed again by the Senate this date) on the expected availability of Power Development Revolving Loan Fund revenues for Power Cost Equalization, rural capital projects, and the newly created Southeast Energy Fund:

1. CSSB 106 allocates 30% of "PDRLF" revenues to a "Power Cost Equalization and Rural Electric Capitalization Fund," another 30% to the Power Project Fund to be used as loans for statewide utility projects, and 40% to the "Southeast Energy Fund."
2. Our projections assume that PDRLF revenues in FY 1994 will be about \$10.4 million, increasing gradually to about \$12.0 million in FY 2002. The bill would therefore allocate the following amounts in FY 1994:
 - a. \$3.1 million for "PCE/Rural Cap" Fund.
 - b. \$3.1 million for Power Project Fund loans.
 - c. \$4.2 million for "Southeast Energy Fund."
3. Section 8 of CSSB 126 appropriates a \$66.9 million beginning balance in the "PCE/Rural Cap" Fund. CSSB 106 provides that up to 3% of the balance in the fund can be allocated for rural project grants in any one year. As shown in the attached spreadsheet (Case P3), this suggests that funds would be available to fully fund PCE for perhaps 4 to 5 years, after which the only funds available would be the continuing 30% allocation from "PDRLF" (i.e. Four Dam Pool) revenues. Similarly, 3% of the "PCE/Rural Cap" Fund balance for rural project grants begins at about \$1.8 million, but declines to less than \$100,000 after 5 years.
4. The 30% allocation for Power Project Fund loans may provide some additional support for rural utility projects, though we cannot project the rural/urban allocation that would ultimately occur.

SENT BY: 3074633241
The Honorable Eileen MacLean
May 7, 1993
Page 2

5. The 40% allocation for the "Southeast Energy Fund" supplements the \$20 million, 15-year, 3 percent loan provided for the Tyee-Swan intertie in CSSB 126. This annual allocation appears to be enough to pay the debt service on revenue bonds that would be issued for the remainder of Tyee-Swan project costs. For example, the annual debt service on \$40 million issued for 30 years at 7% would be about \$3.2 million, which is less than the \$4.2 million allocated in the initial year to the Southeast Energy Fund.

Three major differences between the earlier versions of CSSB 106 and 126 passed by the Senate in April vs. the versions passed out today are:

1. The earlier version provided an estimated 20 years of PCE funding at the \$17 million level as well as 20 years of funding for rural technical assistance. In today's version, full funding for PCE is provided for only 4 to 5 years along with very limited funding for rural capital projects.
2. State financial support was allocated to the four major interties in roughly even proportions in the earlier version. In today's version, State support is much more favorable for the Tyee-Swan intertie than for the other three, assuming the Southeast Energy Fund is used primarily for payment of Tyee-Swan intertie costs. The allocation of 40% of PDRLF revenues to the Southeast Energy Fund accounts for the additional State support for Tyee-Swan.
3. In today's version the Alaska Energy Authority is eliminated. There may be transitional issues that are not adequately addressed. For example, we are advised by our bond counsel and financial advisor that AIDEA statutes will require amendment in order to provide comparable financing capability. Without such amendment, revenue bond financing for projects such as interties may be more costly.

Please contact me if we can provide additional information.

Sincerely,

Ronald A. Garzini/bnp

Ronald A. Garzini
Executive Director

Attachment

ALASKA ENERGY AUTHORITY
(All Dollars in Thousands)

page 1 of 1
8-May-93

PCE and Rural Electric Fund

	6/30/93	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
PCE and Rural Electric Fund	\$66,800	\$55,581	\$43,065	\$29,256	\$14,060	\$3,730	\$3,557	\$3,608	\$3,659	\$3,689	\$3,717
Revenue											
PCE/RE Fund Investment Income		4,314	3,450	2,486	1,445	519	138	131	133	135	137
Debt Service from 4-Dam Pool		10,396	10,667	10,809	11,156	11,405	11,584	11,768	11,932	12,064	12,121
30% of ADP Debt Service		3,119	3,200	3,273	3,347	3,422	3,475	3,530	3,580	3,619	3,636
Total		7,433	6,650	5,788	4,791	3,941	3,613	3,661	3,713	3,754	3,773
Expenditure											
PCE Outlay		\$17,000	\$17,765	\$18,564	\$19,400	\$14,060	\$3,730	\$3,557	\$3,608	\$3,659	\$3,699
Rural Electric Grants (3% of balance)		1,752	1,401	1,013	587	211	56	53	54	55	55
Total		18,752	19,166	19,578	19,988	14,271	3,786	3,610	3,662	3,714	3,755
Surplus (Shortage)		(\$11,319)	(\$12,516)	(\$13,810)	(\$15,196)	(\$10,330)	(\$173)	\$ 51	\$ 51	\$ 41	\$ 18

PCE/RE Fund Beginning Balance		Assumptions	
Railbelt Energy Fund	\$0	Annual Inflation Rate	4.5 %
Railbelt Inter tie Reserve Fund	0	Return on Fund	7.5 % of fund balance
Interest on Rbit Inter tie Reserve	0		
Bradley State Fund Surplus	0		
Additional State Contribution	66,900		
Total	\$66,900		

Case P3

3074633241

**1993
ENERGY PROGRAM FOR ALASKA**

* **AEA to become subsidiary corporation of AIDEA**

- All AEA bonds, bond related assets, and unobligated assets will transfer with AEA.
- AEA will maintain a separate accounting system to protect the AEA and AIDEA bond holders.
- AEA to arrange for contracting operation and maintenance of Bradley Lake to utilities prior to December 31, 1993.
- AIDEA to have authority to issue bonds for utility projects.
- Joint Action Agencies authorized and given same authority as that of utilities.

* **Rural programs and functions of the AEA to be transferred to the Department of Community and Regional Affairs with emphasis on contracting with the private sector.**

* **Provides grants to Chugach Electric and Golden Valley Electric for Northern and Southern interties for the benefit of all participating utilities.**

- AIDEA given authority to bond for amounts necessary over the grant amount.
- Provisions in bill for assured access to interties.
- Cost to be distributed proportionate to peak demand.

* **Provides loans to Ketchikan Public Utility and Copper Valley Utility for Swan-Tyee Intertie and Sutton-Glenallen intertie.**

- Swan-Tyee loan to be 15 years at 3% interest.
- Sutton-Glenallen to be 50 years at 0% interest.
- Repayment of these loans goes into the Railbelt Energy Fund and becomes available for appropriation future Railbelt energy projects.
- Provide authorization for AIDEA to issue bonds for amounts needed over the loan amounts.

* **Appropriates \$5,000,000 grant for Tazimina Hydro project.**

* **Appropriates \$3,000,000 loan for City of Seward for completion of Seward-Lawing Substation intertie.**

* **Establishes the Power Cost Equalization and Rural Capitalization Fund to fund PCE and to fund rural energy upgrades to reduce power cost in the rural areas of the state to equal those of urban Alaska.**

- Fund to be capitalized with a portion of the accrued but unappropriated interest on the Railbelt Energy Fund.
- Annual PCE to be appropriated from this fund beginning FY 95.
- Funding source for grants to rural communities for small energy projects to reduce the cost of power in these rural areas so as to more closely equal the cost of energy in urban Alaska and eliminate the need for PCE.

* **Distributes the revenue stream from the 4-Dam Pool to all areas of the state for energy projects.**

- 30% of 4-Dam pool revenues to the Power Project Fund for loans statewide for energy projects.
- 30% of 4-Dam pool revenues to the PCE/REC Fund.
- 40% of 4-Dam pool revenues to SE for 4-Dam pool reserves and SE energy projects.



Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

Phone: 907-463-3366

Fax: 907-463-3312

POSITION PAPER POWER TRANSMISSION INTERTIES

The Alaska Environmental Lobby opposes HB 50/51 and SB 106/126 which authorize and appropriate funds to build power transmission interties. The interties would connect Fairbanks-Healy, Anchorage-Kenai, Swan Lake-Tyee Lake and Sutton-Glennallen. The proposed interties are a costly and inefficient means of supplying power. More economical and environmentally sensible alternatives exist.

Progressive energy policies recognize that energy conservation is the cheapest and most cost effective way to increase the amount of power available for other uses. By lowering the "demand," that is, by reducing the amount of energy consumed, the need for generating additional power is eliminated. For example, an Alaska Energy Authority study found eight specific conservation measures to be more cost effective in producing additional available energy than the construction of interties. These measures included converting from incandescent to fluorescent light bulbs and converting to more efficient hot water heaters, dryers, refrigerators and dryers. Golden Valley Electric Association also evaluated "demand side" investments and concluded: "Conservation appears to be the least-cost resource available to GVEA."

AEL believes that the most effective way to provide for Alaska's future energy needs would be to require utilities to implement an integrated resource (or "least-cost") planning process. This process requires utilities to examine both demand side as well as supply side options to determine the most cost effective means of providing power. All but a handful of states now use this process. It is a progressive step towards an economically and environmentally sustainable energy policy.

The Alaska Environmental Lobby urges legislators to require utilities to implement least-cost planning, to appropriate funds for conservation projects, and to reconsider the proposed interties. The increased demand for power in those communities may well be solved more cheaply and beneficially with effective conservation measures.



SB

106

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 2/17/93

FURTHER:

DATE TURNED INTO OFFICE: 4-15-93

The Finance Committee considered **SENATE BILL NO. 106**

An Act authorizing power transmission interties between Anchorage and the Kenai Peninsula, between Healy and Fairbanks, and between the Swan Lake and Tyee Lake hydroelectric projects, and approving the design and construction costs of the interties; efd.

and recommends:

replace with CS SB 106 (FINANCE)
 or adopt previous CS ()
 attaches amendment(s)

same title
 new title
 technical title change (HB only)

adopts Letter of Intent
 further referral to the

- do pass
- do not pass
- no recommendation
- individual recommendations

NEW FISCAL NOTES

Department	Date	Zero	Fiscal
DC&ED comp 965	4/15/93	0	
DC&ED comp 373	4/15/93	0	
DC&ED comp 1232	4/15/93		6447.0

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

DO PASS:

Bob Mang

OTHER RECOMMENDATIONS:

Steve Nissen No Rec

1. Do Pass
 Co-Chair: Signature/Recommendation

2.
 Co-Chair: Signature/Recommendation

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. CSSB 106

Revision Date: April 14, 1993 Dept. Affected: Commerce & Economic Development
 Title: An Act establishing the energy authority revolving fund; repealing the rural electrification revolving loan fund and the bulk fuel revolving loan fund; relating to procurements for certain transmission lines; repealing a provision relating to insurance requirements in construction contracts of the Alaska Energy Authority; authorizing power transmission interties between Anchorage and the Kenai Peninsula, between Healy and Fairbanks, between Swan Lake and Tyee Lake hydroelectric projects, and between Sutton and Glennallen and approving the design and construction costs of the interties; and providing for an effective date. BRU: Alaska Energy Authority
 Sponsor: Senators Sharp, Taylor, Miller Component: Power Cost Equalization Grants
 Requestor: Senate Finance Committee COMPONENT SERIAL NO. 965

Expenditures/Revenues

(Thousands of Dollars)

OPERATING	FY00	FY01	FY02	FY03	FY04	FY05
PERSONNEL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANECUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE FUND SOURCES:						
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FUNDING

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	-14,571.0	-17,000.0	-17,000.0	-17,000.0	-17,000.0	-17,000.0
1005 GF/Program Receipts						
1006 GF/MHTA						
Other	14,571.0	17,000.0	17,000.0	17,000.0	17,000.0	17,000.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) Impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Ron Garzini, Executive Director
 Division: Alaska Energy Authority
 Approved by Commissioner: [Signature]
 Agency: Commerce & Economic Development

Phone: (907) 581-7877
 Date: _____
 Date: 4-15-93

FISCAL NOTE

**STATE OF ALASKA
1993 LEGISLATIVE SESSION**

BILL NO. CSSB 106

Revision Date: April 14, 1993

Dept. Affected: Commerce & Economic Development

Title: An Act establishing the energy authority revolving fund; repealing the rural electrification revolving loan fund and the bulk fuel revolving loan fund; relating to procurements for certain transmission lines; repealing a provision relating to insurance requirements in construction contracts of the Alaska Energy Authority; authorizing power transmission interties between Anchorage and the Kenai Peninsula, between Healy and Fairbanks, between Swan Lake and Tyee Lake hydroelectric projects, and between Sutton and Glennallen and approving the design and construction costs of the interties; and providing for an effective date.

BRU: Alaska Energy Authority

Sponsor: Senators Sharp, Taylor, Miller

Component: Power Cost Equalization Grants

Requestor: Senate Finance Committee

COMPONENT SERIAL NO. 965

Expenditures/Revenues

(Thousands of Dollars)

OPERATING	FY06	FY07	FY08	FY09	FY10	FY11
PERSONNEL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE FUND SOURCES:						
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FUNDING

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	-17,000.0	-17,000.0	-17,000.0	-17,000.0	-17,000.0	-17,000.0
1005 GF/Program Receipts						
1006 GF/MHTA						
Other	17,000.0	17,000.0	17,000.0	17,000.0	17,000.0	17,000.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Ron Garzini, Executive Director

Phone: (907) 551-7877

Division: Alaska Energy Authority

Date: _____

Approved by Commissioner: *Ron Miller*

Date: 4-15-93

Agency: Commerce & Economic Development

FISCAL NOTE

**STATE OF ALASKA
1993 LEGISLATIVE SESSION**

BILL NO. CSSB 106

Revision Date: April 14, 1993 Dept. Affected: Commerce & Economic Development

Title: An Act establishing the energy authority revolving fund; BRU: Alaska Energy Authority

repealing the rural electrification revolving loan fund and the bulk fuel revolving loan fund; relating to procurements for certain transmission lines; repealing a provision relating to insurance requirements in construction contracts of the Alaska Energy Authority; authorizing power transmission interties between Anchorage and the Kenai Peninsula, between Healy and Fairbanks, between Swan Lake and Tye Lake hydroelectric projects, and between Sutton and Glennallen and approving the design and construction costs of the interties; and providing for an effective date.

Component: Power Cost Equalization Grants

Sponsor: Senators Shara, Taylor, Miller

Requestor: Senate Finance Committee

COMPONENT SERIAL NO. 965

Expenditures/Revenues

(Thousands of Dollars)

OPERATING	FY12	FY13	FY	FY	FY	FY
PERSONNEL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0				

CAPITAL						
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REVENUE FUND SOURCES:						
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FUNDING

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	-17,000.0	-17,000.0				
1005 GF/Program Receipts						
1008 GF/MHTA						
Other	17,000.0	17,000.0				
TOTAL	0.0	0.0				

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Ron Gazdini, Executive Director

Division: Alaska Energy Authority

Approved by Commissioner: [Signature]

Agency: Commerce & Economic Development

Phone: (907) 561-7677

Date: _____

Date: 4-15-93

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. CS&B 106

Revision Date: April 14, 1993 Dept. Affected: Commerce & Economic Development
 Title: An Act establishing the energy authority revolving fund; repealing the rural electrification revolving loan fund and the bulk fuel revolving loan fund; relating to procurements for certain transmission lines; repealing a provision relating to insurance requirements in construction contracts of the Alaska Energy Authority; authorizing power transmission interties between Anchorage and the Kenai Peninsula, between Healy and Fairbanks, between Swan Lake and Tvee Lake hydroelectric projects, and between Sutton and Glennallen and approving the design and construction costs of the interties; and providing for an effective date. BRU: Alaska Energy Authority
 Sponsor: Senators Sharp, Taylor, Miller Component: Power Cost Equalization Grants
 Requestor: Senate Finance Committee COMPONENT SERIAL NO. 966

Expenditures/Revenues (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONNEL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE FUND SOURCES:						
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FUNDING (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	-2,429.0	-4,857.0	-7,286.0	-9,714.0	-12,143.0
1005 GF/Program Receipts						
1006 GF/MHTA						
Other	0	2,429.0	4,857.0	7,286.0	9,714.0	12,143.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) Impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Ben Garzini, Executive Director Phone: (907) 561-7877
 Division: Alaska Energy Authority Date: _____
 Approved by Commissioner: [Signature] Date: 4-15-93
 Agency: Commerce & Economic Development

FISCAL NOTE

**STATE OF ALASKA
1993 LEGISLATIVE SESSION**

BILL NO. CSSB 106

Revision Date: April 14, 1993 Dept. Affected: Commerce & Economic Development
 Title: An Act establishing the energy authority revolving fund; repealing the rural electrification revolving loan fund and the bulk fuel revolving loan fund; relating to procurements for certain transmission lines; repealing a provision relating to insurance requirements in construction contracts of the Alaska Energy Authority authorizing power transmission interties between Anchorage and the Kenai Peninsula, between Healy and Fairbanks, between Swan Lake and Tye Lake hydroelectric projects, and between Sutton and Glenn; and approving the design and construction costs of the interties; and providing for an effective date. BRU: Alaska Energy Authority
 Sponsor: Senator Sam Taylor Miller Component: PCE Administration
 Requestor: Senate Finance Committee COMPONENT SERIAL NO. 373

Expenditures/Revenues

(Thousands of Dollars)

	FY94	FY95	FY96	FY97	FY98	FY99
OPERATING						
PERSONNEL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE FUND SOURCES:						
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FUNDING

(Thousands of Dollars)

	FY94	FY95	FY96	FY97	FY98	FY99
1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1006 GF/MHTA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Ron Garzini, Executive Director
 Division: Alaska Energy Authority
 Approved by Commissioner: [Signature]
 Agency: Department of Commerce & Economic Development

Phone: (907) 561-7077
 Date: _____
 Date: 4-15-93

FISCAL NOTE

**STATE OF ALASKA
1993 LEGISLATIVE SESSION**

BILL NO. CSSB 106

Revision Date: April 14, 1993
 Title: An Act establishing the energy authority revolving fund; repealing the rural electrification revolving loan fund and the bulk fuel revolving loan fund; relating to procurements for certain transmission lines; repealing a provision relating to insurance requirements in construction contracts of the Alaska Energy Authority; authorizing power transmission interties between Anchorage and the Kenai Peninsula, between Healy and Fairbanks, between Swan Lake and Tye Lake hydroelectric projects, and between Sutton and Glenn; and providing for an effective date.
 Sponsor: Senators Sharp, Taylor, Miller
 Requestor: Senate Finance Committee

Dept. Affected: Commerce & Economic Development
 BRU: Alaska Energy Authority
 Component: PCE Administration
 COMPONENT SERIAL NO. 373

Expenditures/Revenues

(Thousands of Dollars)

	FY00	FY01	FY02	FY03	FY04	FY05
OPERATING						
PERSONNEL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

REVENUE FUND SOURCES:						
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FUNDING

(Thousands of Dollars)

	FY00	FY01	FY02	FY03	FY04	FY05
1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	-247.7	-258.8	-270.5	-282.6	-295.4
1005 GF/Program Receipts						
1006 GF/MHTA						
Other		247.7	258.8	270.5	282.6	295.4
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

	FY00	FY01	FY02	FY03	FY04	FY05
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) Impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Ron Garzini, Executive Director
 Division: Alaska Energy Authority
 Approved by Commissioner: [Signature]
 Agency: Department of Commerce & Economic Development

Phone: (907) 561-7877
 Date: _____
 Date: 4-15-93

FISCAL NOTE

**STATE OF ALASKA
1993 LEGISLATIVE SESSION**

BILL NO. CSSB 106

Revision Date: April 14, 1993 Dept. Affected: Commerce & Economic Development
 Title: An Act establishing the energy authority revolving fund; BRU: Alaska Energy Authority
repealing the rural electrification revolving loan fund and the bulk
fuel revolving loan fund; relating to procurements for certain trans-
mission lines; repealing a provision relating to insurance requirements
in construction contracts of the Alaska Energy Authority; authorizing
power transmission interties between Anchorage and the Kenai
Peninsula, between Healy and Fairbanks, between Swan Lake and
Tyee Lake hydroelectric projects, and between Suptop and Glenn-
allen and approving the design and construction costs of the interties;
and providing for an effective date. Component: PCE Administration
 Sponsor: Senators Sharp, Taylor, Miller
 Requestor: Senate Finance Committee COMPONENT SERIAL NO. 373

Expenditures/Revenues (Thousands of Dollars)

OPERATING	FY06	FY07	FY08	FY09	FY10	FY11
PERSONNEL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
REVENUE FUND SOURCES:						

FUNDING (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	-308.7	-322.5	-337.1	-352.2	-388.1	-384.6
1005 GF/Program Receipts						
1006 GF/MHTA						
Other (AEA Revolving Fund)	308.7	322.5	337.1	352.2	388.1	384.6
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) Impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Ron Garzini, Executive Director Phone: (907) 561-7877
 Division: Alaska Energy Authority Date: _____
 Approved by Commissioner: [Signature] Date: 4-15-93
 Agency: Department of Commerce & Economic Development

FISCAL NOTE

**STATE OF ALASKA
1993 LEGISLATIVE SESSION**

BILL NO. CSSB 106

Revision Date: April 14, 1993 Dept. Affected: Commerce & Economic Development

Title: An Act establishing the energy authority revolving fund; BRU: Alaska Energy Authority

repealing the rural electrification revolving loan fund and the bulk fuel revolving loan fund; relating to procurements for certain transmission lines; repealing a provision relating to insurance requirements in construction contracts of the Alaska Energy Authority authorizing power transmission interties between Anchorage and the Kenai Peninsula, between Healy and Fairbanks, between Swan Lake and Tye Lake hydroelectric projects, and between Sutton and Glenn; and approving the design and construction costs of the interties; and providing for an effective date.

Component: PCE Administration

Sponsor: Senators Sharp, Taylor, Miller

Requestor: Senate Finance Committee COMPONENT SERIAL NO. 373

Expenditures/Revenues

(Thousands of Dollars)

OPERATING	FY12	FY13	FY	FY	FY	FY
PERSONNEL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0				

CAPITAL						
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REVENUE FUND SOURCES:						
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FUNDING

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	-401.0	-420.0				
1005 GF/Program Receipts						
1006 GF/MHTA						
Other (AEA Revolving Fund)	401.0	420.0				
TOTAL	0.0	0.0				

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) Impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Ron Garzini, Executive Director

Phone: (907) 561-7877

Division: Alaska Energy Authority

Date: _____

Approved by Commissioner: *Gary Bell for*

Date: 4-15-93

Agency: Department of Commerce & Economic Development

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. CSSB 106

Revision Date: _____
 Title: An Act establishing the energy authority revolving fund:
repealing the rural electrification revolving loan fund
 Sponsor: Senators Sharp, Taylor, Miller
 Requestor: Senate Finance Committee

Department Affected: Commerce and Economic Development
 BRU: Alaska Energy Authority
 Component: AEA Agency Operations

COMPONENT SERIAL NO. 1232

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	180.0	187.5	292.0	303.7	315.9	328.6
TRAVEL	50.0	60.0	90.0	100.0	110.0	120.0
CONTRACTUAL	100.0	104.0	108.2	112.6	117.1	225.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS	117.0	121.9	189.9	197.5	205.3	213.6
TOTAL OPERATING	447.0	473.4	680.1	713.8	748.3	887.2

CAPITAL						
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REVENUE FUND SOURCE:						
-----------------------------	--	--	--	--	--	--

FUNDING:

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						350.0
1006 GF/MHTIA						
OTHER	447.0	473.4	680.1	713.8	748.3	537.2
TOTAL	447.0	473.4	680.1	713.8	748.3	887.2

POSITIONS:

FULL-TIME	2.0	2.0	3.0	3.0	3.0	3.0
PART-TIME						
TEMPORARY						

Estimate of current year (FY 93) impact: 0

ANALYSIS: (Attach a separate page if necessary.)
 **Capital cost is reflected in companion bill SB 126.

Prepared by: Ron Garzini, Executive Director
 Division: Alaska Energy Authority

Phone: (907) 561-7877
 Date: _____

Approved by Commissioner: Paul Fuhs
 Agency: Commerce and Economic Development

Date: 4-15-93

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FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

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repealing the rural electrification revolving loan fund
 Sponsor: Senators Sharp, Taylor, Miller
 Requestor: Senate Finance Committee

Department Affected: Commerce and Economic Development
 BRU: Alaska Energy Authority
 Component: AEA Agency Operations
 COMPONENT SERIAL NO. 1232

EXPENDITURES/REVENUES:

OPERATING	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
PERSONAL SERVICES	236.9	0.0	0.0	0.0	0.0	0.0
TRAVEL	45.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	531.4	552.7	574.8	597.8	781.8	973.2
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS	154.0	197.6	205.5	213.7	223.3	231.2
TOTAL OPERATING	967.3	750.3	780.3	811.5	1,004.1	1,204.4

CAPITAL						
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REVENUE FUND SOURCE:						
-----------------------------	--	--	--	--	--	--

FUNDING:

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	967.3	750.3	780.3	811.5	1,004.1	1,204.4
1006 GF/MHTIA						
OTHER						
TOTAL	967.3	750.3	780.3	811.5	1,004.1	1,204.4

POSITIONS:

FULL-TIME	2.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0	0	0.0	0.0	0.0	0.0
TEMPORARY						

Estimate of current year (FY 93) impact: 0

ANALYSIS: (Attach a separate page if necessary.)
 **Capital cost is reflected in companion bill SB 126.

Prepared by: Ron Garzini, Executive Director
 Division: Alaska Energy Authority

Phone: (907) 561-7877
 Date: _____

Approved by Commissioner: Paul Fuhs
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 Requestor: Senate Finance Committee

Department Affected: Commerce and Economic Development
 BRU: Alaska Energy Authority
 Component: AEA Agency Operations

COMPONENT SERIAL NO. 1232

EXPENDITURES/REVENUES:

OPERATING	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	1,012.1	1,052.6	1,094.7	1,138.5	1,184.0	1,231.4
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS	240.4	250.0	260.0	270.4	281.2	292.5
TOTAL OPERATING	1,252.5	1,302.6	1,354.7	1,408.9	1,465.3	1,523.9

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING:

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	1,252.5	1,302.6	1,354.7	1,408.9	1,486.3	1,523.9
1006 GF/MHTIA						
OTHER						
TOTAL	1,252.5	1,302.6	1,354.7	1,408.9	1,486.3	1,523.9

POSITIONS:

FULL-TIME	2.0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY						

Estimate of current year (FY 93) impact: 0

ANALYSIS: (Attach a separate page if necessary.)
 **Capital cost is reflected in companion bill SB 126.

Prepared by: Ron Garzini, Executive Director
 Division: Alaska Energy Authority

Phone: (907) 561-7877
 Date: _____

Approved by Commissioner: Paul Fuhs
 Agency: Commerce and Economic Development

Date: _____

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FISCAL NOTE

BILL NO. CSSB 106

STATE OF ALASKA
1993 LEGISLATIVE SESSION

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 Sponsor: Senators Sharp, Taylor, Miller
 Requestor: Senate Finance Committee

Department Affected: Commerce and Economic Development
 BRU: Alaska Energy Authority
 Component: AEA Agency Operations

COMPONENT SERIAL NO. 1232

EXPENDITURES/REVENUES:

OPERATING	FY 12	FY 13	FY	FY	FY	FY
PERSONAL SERVICES	0	0				
TRAVEL	0	0				
CONTRACTUAL	1,280.7	1,331.8				
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS	304.2	316.4				
TOTAL OPERATING	1,584.8	1,648.2				

CAPITAL						
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REVENUE FUND SOURCE:						
-----------------------------	--	--	--	--	--	--

FUNDING:

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	1,584.8	1,648.2				
1006 GF/MHTIA						
OTHER						
TOTAL	1,584.8	1,648.2				

POSITIONS:

FULL-TIME	0	0				
PART-TIME	0	0				
TEMPORARY						

Estimate of current year (FY 93) impact: 0

ANALYSIS: (Attach a separate page if necessary.)
 **Capital cost is reflected in companion bill SB 126.

Prepared by: Ron Garzini, Executive Director
 Division: Alaska Energy Authority

Phone: (907) 561-7877
 Date: _____

Approved by Commissioner: Paul Fuhs
 Agency: Commerce and Economic Development

Date: _____

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Adopted
3-3-93
4-14-93
BS
move
to
rescind
3/2/93
Adopted
Rescinded

CS FOR SENATE BILL NO. 106()
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATORS SHARP, Taylor, Miller

A BILL

FOR AN ACT ENTITLED

1 "An Act authorizing power transmission interties between Anchorage and the
2 Kenai Peninsula, between Healy and Fairbanks, and between the Swan Lake and
3 Tye Lake hydroelectric projects, and approving the design and construction costs
4 of the interties; and providing for an effective date."

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

6 * Section 1. AS 36.30.850(b) is amended by adding a new paragraph to read:

7 (30) contracts between the Alaska Energy Authority and one or more
8 public utilities for the construction of an electric transmission line but only if the
9 utility or utilities have agreed, in writing, to pay the

10 (A) design and construction costs of the lines, after the
11 deduction of money appropriated for that purpose by the state, and to provide
12 for the repayment of any loans or bonded indebtedness related to the project,
13 regardless of final completion costs and unforeseen expenses; and

14 (B) operation and maintenance costs of the project.

1 * Sec. 2. In accordance with AS 44.83.185(c) and contingent upon sec. 5 of this Act, the
2 Alaska Energy Authority is authorized to design and construct a 138 kilovolt power
3 transmission intertie between Anchorage and the Kenai Peninsula at a cost of \$103,000,000.

4 * Sec. 3. In accordance with AS 44.83.185(c) and contingent upon sec. 5 of this Act, the
5 Alaska Energy Authority is authorized to design and construct a 138 kilovolt power
6 transmission intertie between Healy and Fairbanks at a cost of \$95,500,000.

7 * Sec. 4. (a) In accordance with AS 44.83.185(c) and contingent upon (c) and (d) of this
8 section, the Alaska Energy Authority is authorized to design and construct a 138 kilovolt
9 power transmission intertie between the Swan Lake and the Tye Lake hydroelectric projects
10 at a cost of \$55,600,000.

11 (b) It is the intent of the legislature that the Alaska Energy Authority finance one-half
12 of the design and construction cost of the intertie authorized by (a) of this section through the
13 revenue from the sale of power from hydroelectric projects included in the Four Dam Pool.

14 (c) The authorization made by (a) of this section is contingent upon a written
15 agreement between the electric utilities participating in the project authorized by this section
16 and the Alaska Energy Authority providing that the participating utilities agree to pay

17 (1) design and construction costs for the power transmission intertie authorized
18 by (a) of this section that exceed \$27,800,000; and

19 (2) the operation and maintenance costs of the power transmission intertie
20 authorized by (a) of this section.

21 (d) The authorization made by (a) of this section is contingent upon the office of
22 management and budget recommending approval of the feasibility study and the plan of
23 finance for the project under AS 44.83.183. The office shall notify the revisor of statutes of
24 its recommendations on the project.

25 * Sec. 5. The authorizations made by secs. 2 and 3 of this Act are contingent upon written
26 agreements between the Alaska Energy Authority and the electric utilities participating in the
27 projects authorized by those sections providing that the participating utilities agree to pay

28 (1) design and construction costs for the power transmission interties
29 authorized by secs. 2 and 3 of this Act that exceed \$99,250,000 and the interest earned on that
30 sum; and

31 (2) the operation and maintenance costs of the power transmission interties