

ALASKA LEGISLATURE

1491

HOUSE and SENATE FINANCE COMMITTEE FILES, 1995-1996

SB

92

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 3/1/95

FURTHER:

DATE TURNED INTO OFFICE: 3-15-95

The Finance Committee considered SENATE BILL NO. 92

"An Act requiring that, in addition to its operating budget, all activities of the Alaska Housing Finance Corporation are subject to the Executive Budget Act."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
 same title
 new title
House Bill:
 technical change
 new SCR

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Steve Kim</i>	✓	<i>Paul J. Gault</i>	✓		
<i>Bill E. Allen</i>	✓				
<i>W. Douglas Wiley</i>	✓				
<i>Scott Young</i>	✓				
Co-Chair: <i>[Signature]</i>	✓				
Co-Chair: <i>Rick Halford</i>	✓				

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

Department	Date	Zero	Fiscal
<i>DOR</i>	<i>2/27</i>	0	

APPROPRIATION - no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

No. 1
 Bill Version: SB92
 BILL 1 (\$ Publish Date: 3/1/95

STATE OF ALASKA
 1995 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Revenue
 Title: AHFC Subject to Executive Budget Act SFU: AHFC
 Component: AHFC
 Sponsor: (SIRLS
 Requester: (SISTA COMPONENT SERIAL NO. 110/1937/

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
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 EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (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

Estimate of any current year (FY95) cost: \$ _____

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

No additional costs or significant impact is anticipated with the implementation of this proposed legislation upon the Alaska Housing Finance Corporation.

Prepared by: [Signature] Phone: 907-564-9326
 Division: AHFC Date: 2/27/95
 Approved by: _____
 Commissioner: Deborah Veat Date: 2/27/95
 Agency: Revenue

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REPRESENTATIVE
TERRY MARTIN
CHAIRMAN
BUDGET & AUDIT COMMITTEE
MEMBER
HOUSE FINANCE COMMITTEE

Alaska State Legislature



MAY 15 - JAN 15 258-8169
716 W. 4TH, SUITE 650
ANCHORAGE, AK 99504

JAN 15 - MAY 15 465-3783
STATE CAPITOL
JUNEAU, AK 99801-1182

HOME 333-6990
355 DONNA DRIVE, #11
ANCHORAGE, AK 99504

MEMORANDUM

March 7, 1995

TO: Senator Rick Halford, Co-chairman
Senate Finance Committee

Senator Steve Frank, Co-chairman
Senate Finance Committee

FROM: Representative Terry Martin, Chairman *TMM*
Legislative Budget and Audit Committee

SUBJECT: Scheduling Request for SB 92

This is to request your consideration for scheduling a committee hearing for SB 92, an Act bringing all activities of the Alaska Housing Finance Corporation (AHFC) under the Executive Budget Act. SB 92 is sponsored at the unanimous request of the Legislative Budget and Audit Committee.

In short, this bill requires all activities of AHFC to be reviewed by the legislature within the annual general appropriations act. No longer will there be any loopholes for certain activities of the corporation to fall outside of the legislative process. A good example is the recent \$110 million program for 5% loans that was exempt from legislative review due to the specific statutory exemption of arbitrage earnings.

If you or your office have any questions, please contact me. Thank you for your time and consideration.



3/1/94
(S) FIN

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. SB92

Revision Date: _____ Dept. Affected: Revenue
 Title: AHFC Subject to Executive Budget Act BRU: AHFC
 Component: AHFC

Sponsor: (S)RLS
 Requester: (S)STA COMPONENT SERIAL NO. 110/1937/

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
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 EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (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

Estimate of any current year (FY95) cost: \$ _____

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

No additional costs or significant impact is anticipated with the implementation of this proposed legislation upon the Alaska Housing Finance Corporation.

Prepared by: [Signature] Phone: 907-564-9326
 Division: AHFC Date: 2/27/95
 Approved by: _____
 Commissioner: Deborah Voigt Date: 2/27/95
 Agency: Revenue

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SB 92

HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES

STATE CAPITOL, JUNEAU 99801
(907) 465-3759



MEMORANDUM

TO: Senator Rick Halford, Co-Chair
Senator Steve Frank, Co-Chair
Senate Finance Committee

FROM: Representative Cynthia Toohey, Co-Chair
Representative Con Bunde, Co-Chair
House Health Education & Social Services Committee

DATE: March 15, 1995

RE: Hearing request
House Bill 92, "An Act extending the termination date of
the Citizens' Review Panel for Permanency Planning; and
providing for an effective date"

We respectfully request that you schedule the above-referenced bill for a hearing in the Senate Finance Committee at your earliest convenience.

Attached herewith is the bill packet, including:

Sponsor statement
DOA fiscal note (zero)
Additional back-up

If you have any questions, please contact Marveen at 465-6820. Thank you for your consideration of this request.

HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES



STATE CAPITOL, JUNEAU 99801
(907) 465-3759

SPONSOR STATEMENT

HOUSE BILL 92

"An Act extending the termination date of the Citizens' Review Panel for Permanency Planning"

House Bill 92 would extend the termination date of the Citizens' Review Panel for Permanency Planning to 1997. This would be in accordance with the recommendation of the Division of Legislative Audit which completed an audit in September of 1993.

The enabling legislation had bi-partisan support and passed both the House and the Senate unanimously in 1990. It established an external citizens' review process in order to ensure that children do not languish in out-of-home placements, but receive the benefits of a permanent home. The goal of the act was to reunite children with their families, but in those cases where reunification was not in the best interest of the child, the process would more expeditiously place the child in a secure, permanent home.

DOA originally made a decision not to implement the panels. It has only been since FY94 that DOA is implementing pilot panels in Anchorage, so there is not yet adequate information to analyze the panels' effectiveness. External citizens' reviews have only been ongoing as a model project since mid-December of 1993. Although functional for just a short period of time the panel has submitted two annual reports to the legislature.

According to the reports, public acceptance of the external review process has been excellent. The office has received numerous calls from parents requesting that their child be reviewed by the citizens' review panels. Foster parents have stated they appreciate being a part of the external review process. The office has been able to provide assistance to Native village councils regarding some procedures.

Citizen Review Panels are in existence in 25 states. It has been shown that not only can children spend less time in out-of-home placements, but cost-savings can result. Your support would be appreciated.



Trial Courts

State of Alaska

THIRD JUDICIAL DISTRICT

100 K Street

ANCHORAGE ALASKA 99501-2083

WILLIAM J MITCHCOCK
Master Trial Courts

February 8, 1995

Representative Cynthia Toohey
Alaska State Legislature
State Capitol
Juneau, AK 99801

Re: HB 92

Dear Representative Toohey:

I am writing in support of the above legislation which would extend the sunset period for the Citizens' Review Panel for Permanency Planning to 1997. The views expressed herein are solely my own and do not necessarily represent the official position of the Alaska Court System. They are drawn both from my experience in hearing children's proceedings over the past fourteen years, as well as my involvement on the board of the National Association of Foster Care Reviewers.

Citizen review came into being in Alaska in 1990 as a result of mounting concerns that children in the dependency system were drifting in foster care and that responsive permanent plans were not being developed for them. Review by impartial and independent panels was felt to provide the kind of accountability mechanism needed to lead to better outcomes for these children.

Because of the lack of funding to implement these programs statewide, there has been much discussion about either abolishing or radically altering the structure of the review process. There are those who argue that the need for case review can be met by a combination of administrative review boards within DHSS and judicial review. Others maintain that placing independent reviewers on DHSS internal review committees would be sufficient.

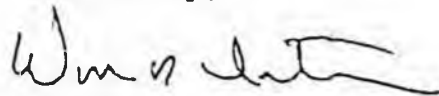
Despite some of the good changes that have been made in the child welfare system over the years since citizen review was passed, it is still my belief that independent periodic case review is still a necessary component to an integrated system of child welfare services. I firmly believe that the internal review process within the Department lacks the independence necessary to insure quality results.

The Anchorage Citizen Review Board project has been in operation for about a year now. It is time to look at the experience of that program and some of the data collected and decide on what the future course for citizen review should be. I think we do need to reexamine the statutory framework and determine if it best meets the needs of today's system, particularly in the area of the interrelationship among citizen review, internal administrative review and judicial review.

These things need to be done with the existing statutory authority still in place. Extending the sunset provision would allow that to happen and would allow a rational and well-planned retailoring of the review system if that is needed. Letting it lapse will only insure that the entire concept will disappear.

I thank you for taking the time to consider my comments.

Sincerely,



William D. Hitchcock
Master, Children's Court



N A S W

ALASKA CHAPTER

National Association of Social Workers

Executive Director
Angela Salerno, ACSW

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Cecilia Feparta, LCSW
Kotzebue

STUDENT REPRESENTATIVE
Diana Talbot
Anchorage

February 8, 1995

Representative Cynthia Toohey
State Capitol
Room 104
Juneau, AK 99801-1182

Dear Representative Toohey

The National Association of Social Workers Alaska Chapter fully supports HB 92 which would provide for the continuation of the Foster Care Citizen's Review Panel for permanency planning in Alaska. NASW strongly advocated for the development of this review board, and continues to urge utilization as a proven method of enhancing the effectiveness of the child protection system. We believe that through this type of review, Alaskan children now growing up in out-of-home care will have a better chance at being reunited with their families, or in finding a permanent adoptive home.

Please feel free to call me with questions

Sincerely,

Angela M. Salerno, ACSW
Executive Director, NASW Alaska Chapter

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



P. O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347

September 1, 1993

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska Statutes, the attached report is submitted for your review.

DEPARTMENT OF ADMINISTRATION CITIZENS' REVIEW PANEL FOR PERMANENCY PLANNING

September 1, 1993

Audit Control Number

02-1420-93

The audit reports on whether the Citizens' Review Panel for Permanency Planning (the panel) should continue its existence. Currently AS 44.66.010 has the panel scheduled for termination on June 30, 1994 and provides the panel with a year in which to conclude its affairs. We recommend that the legislature extend the panel's termination date to June 30, 1997 with the provision that sufficient funds be appropriated to allow the pilot project in Anchorage to perform reviews that can be used to evaluate the economic feasibility and rate of success for citizens' reviews.

The audit was conducted in accordance with generally accepted government auditing standards. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objectives, Scope, and Methodology section of this report.

A handwritten signature in cursive script, appearing to read "Randy S. Welker".

Randy S. Welker, CPA
Legislative Auditor

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The legislature should extend the Citizens' Review Panel for Permanency Planning's (the panel's) termination date to June 30, 1997 with the provision that sufficient funds be appropriated to allow the pilot project in Anchorage to perform reviews that can be used to evaluate the economic feasibility and rate of success for citizens' reviews.

Although the enabling legislation for the establishment of citizens' review panels was passed in 1990, the Department of Administration (DOA) originally made a decision to not implement the panels. It has only been in fiscal year 1994, the year the panels are scheduled to sunset, that DOA is implementing pilot panels in one Alaskan city, Anchorage. Because the panels were never established, there are no activities to analyze to determine the panels' effectiveness.

The Department of Health and Social Services (DHSS), Division of Family and Youth Services (DFYS) has been performing permanency planning reviews to meet federal requirements. However, as explained in the Analysis of Public Need section of this report, we do not find DFYS' internal reviews fulfilling the entire objectives of the State's statutes, which establish an external review process. Alaska Statute 47.10, Article 5 specifically creates a Citizens' Review Panel for Permanency Planning and prescribes the duties, appointments, and reporting requirements of the panels.

There also remains a perception among foster care providers, guardians ad litem, court system personnel, and the general public that DFYS' internal reviews do not achieve real permanency planning for children and there continues to be widespread support for citizens' review panels. Because of this perceived need, we believe that the Anchorage pilot project in citizens' panels should be continued until June 1997 to gather data to determine the panels' effectiveness. The pilot project needs to implement a system that meets federal requirements and achieves real permanency planning for children. Effectiveness can be measured by the length of time children remain in foster care and by savings associated with children no longer being part of the foster care system.

If the data from the pilot project shows that citizens' review panels are effective, then decisions need to be made on whether and how to expand the panels to other regions in Alaska. Also, if the citizens' reviews prove to meet federal requirements, DFYS will be able to stop their internal review process and concentrate their resources on case management. DOA should pursue the possibility of receiving federal funding for the activities of the citizens' panels.

CITIZEN'S REVIEW PANEL FOR PERMANENCY PLANNING

ANNUAL REPORT TO THE LEGISLATURE

JANUARY 1994

STATE OF ALASKA
WALTER J. HICKEL, GOVERNOR
DEPARTMENT OF ADMINISTRATION

900 West Fifth Avenue Suite 710 Anchorage, Alaska 99501
Telephone: 907/258-6104 FAX number: 907/258-1651

CITIZENS' REVIEW PANEL FOR PERMANENCY PLANNING

MISSION STATEMENT

As stated in the findings and purpose section of Alaska Statute 47.10.400, the Citizens' Review Panel for Permanency Planning has a twofold mission:

1. to establish a process to ensure that children do not linger unnecessarily in out-of-home placements; and,
2. to reunite children with their families by advocating for available and appropriate services to promote reunification, or if the reunification is not in the best interest of the child, to ensure that the child is placed in a secure, permanent home as expeditiously as possible.

CITIZENS' REVIEW PANELS FOR PERMANENCY PLANNING
SUMMARY OF ACTIVITY
Fiscal Year 94

The Legislature appropriated \$125,000 for FY94 for the Citizens' Review Panels, a program that provides for external reviews of children in out-of-home placement in the interest of determining a permanent placement. Permanent placement could mean unification with family, adoption, emancipation, or extended out-of-home care.

Planning for implementation began prior to the beginning of the fiscal year. Information from other states was gathered and reviewed to find programs that could be tailored to fit Alaska's situation. The final product uses parts from several states. The program is in Anchorage where half of the children in out-of-home care reside. It was designed to be a model program so that expansion could more easily occur should other funding become available. Since reviews will take place only in Anchorage, the administrative members of the state-wide panel became an advisory board. This avoided the necessity of appointing local panels in an area where citizen reviews would not take place and saved time and expenses for travel of the state-wide panel.

Roberley Waldron supervises the program. The Governor's office was asked to appoint twenty or more citizen panelists. Twenty-one members were appointed and currently there are 15 active panelists.

The program has progressed as follows:

- * The advisory board met several times to plan for implementation.
- * A contract was negotiated with a social worker-attorney to devise procedures, forms, etc. to meet all state and federal standards.
- * The list of panelists was received from the Governor's office on October 29, 1993.
- * An administrative assistant and social worker III were hired in October, a social worker II in November.
- * Training of panelists was accomplished in November and the list of children to be reviewed was received.
- * Seventeen children were reviewed in December.
- * Twenty-six children have been referred for review in January.

Comments from all associated parties regarding the process have been very favorable. The foster parents are particularly pleased to be included. Several calls have been received from parents asking that their child be reviewed by the panel (referrals are received from the court).

Here is a sample statement from a foster parent regarding her participation in the review process: "This is my first opportunity to comment to the review process. One concern I would like to share is the value of keeping the foster parents apprised of the

status of the case plan. (Child's name) lives in our home. She is a member of our family at this point and we love her. We are concerned about her and work to better her future through DFYS. We think of foster parenting as a team effort and appreciate being included in decisions that touch our lives to the core."

A Social worker wrote in her evaluation, "The panel opened up in my mind a potential resource to further explore for this child."

The review process is complex. A great deal of time and effort is spent in gathering information from the Division of Family and Youth Services (DFYS) files and prepared report for the panelists. At times the information is incomplete which is a deterrent to a good review. It takes about three hours to gather material at DFYS, at least two hours to write a summary of the material to be sent to the panels, and the actual citizens' review requires about one and one-half hours. The panelists and staff are extremely conscientious and take their responsibilities very seriously.

At the end of the fiscal year, OMB will review the data from the external reviews and compare with data from DFYS. At that time, it can be better determined what effect the external reviews are having. During the short period in operation, the staff and advisory board have become convinced that the external review could replace some of the reviews currently done by DFYS. They currently have three types of reviews. The citizen reviews meet the federal guidelines and could replace those reviews required by the federal government (Title 4-E). If that should happen, the funding provided by the federal government should follow the review.

CITIZENS' REVIEW PANEL
FOR PERMANENCY PLANNING

ANNUAL REPORT

JANUARY 1995

STATE OF ALASKA
TONY KNOWLES, GOVERNOR
DEPARTMENT OF ADMINISTRATION

900 West Fifth Avenue Suite 710 Anchorage, Alaska 99501
Telephone: 907/258-6104 FAX number: 907/258-1651

THE REVIEWERS

Twenty-three Anchorage-area citizens have volunteered their time, with no compensation, to read voluminous reports in their evening hours and to take time off from work at least one day a month in order to act as advocates for children through the citizen review process. Our records indicate that these panelists have provided the State of Alaska with 1651 volunteer hours, having a dollar value of over \$41,000. More important than their financial contribution is the panelists' compassion, common sense, and wisdom, which has prompted such comments as:

"The review was reassuring to us that the system is not robotic; there are real people helping keep cases moving."

FOSTER MOTHER

"What I see as helpful is the review panel's position as watchdog over the entire process and the agencies and parties involved."

COURT APPOINTED SPECIAL ADVOCATE

"They were very supportive of my position, trying to hold our family together and supportive of my daughter's needs."

MOTHER

"They opened up in my mind a potential resource to further explore for this child."

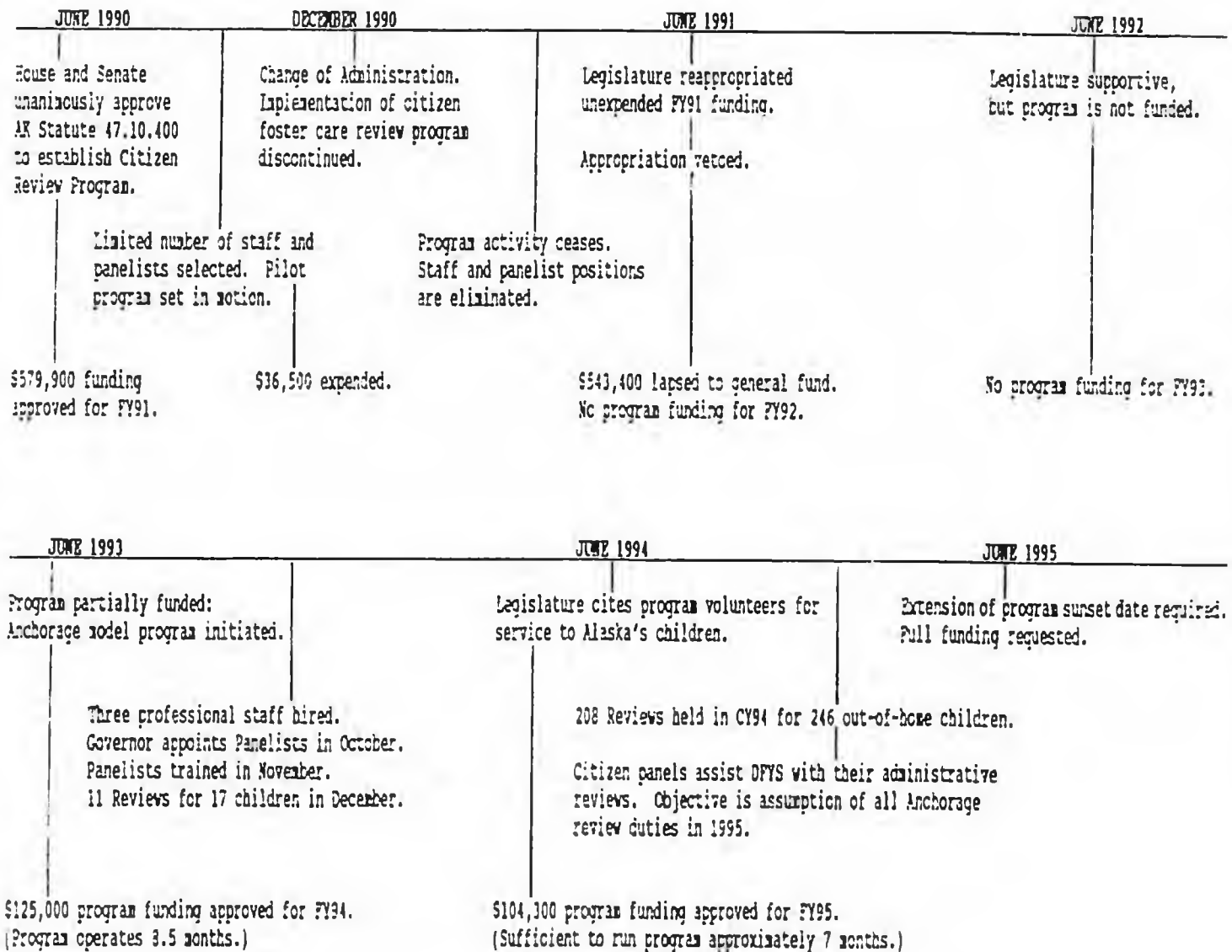
DFYS SOCIAL WORKER

CITIZEN REVIEWERS ARE:

Mothers Fathers Single parents
Married Remarried Widowed Divorced
Caucasian Alaskan Native African American
Former Foster Parents Social Workers CASAs
Teachers Attorneys Bankers Authors
Students Private Sector Public Sector Retired
Community Service Providers Health Care Providers
Therapists Community Advocates Volunteers

HISTORY

Alaska Statute 47.10.400, which became effective July 1, 1990 established the Citizens' Review Panel for Permanency Planning under the aegis of the Department of Administration. The bill passed unanimously in both houses and funding of \$579,900 was provided. Due to a change in administration and a desire on the part of DHSS to continue their internal review system, the Citizens Review was not put into place until FY94, when funding of \$125,000 was used to set up a model program in Anchorage, where half of Alaska's foster children are in care. This is the program which is now operating successfully.



I. OVERVIEW OF REVIEW SYSTEMS

A. PURPOSE OF FOSTER CARE REVIEW

The purpose of foster care review is to assure that children do not linger unnecessarily in foster care, but rather that they receive the support and benefits of a permanent home. Permanence is defined as a home which holds together during crisis and provides a lasting, trusting, and nurturing environment. The return of the child to the biological family is the ideal permanent goal; however, when this is not possible, the goal becomes to place the child in another stable, permanent home.

B. IMPORTANCE OF REVIEW SYSTEMS

1. Impact of Foster Care on Children

Children need the stability and support of a permanent home and family in order to grow and flourish; they need the sense of lifelong belonging and continuity that only a permanent home can provide. Children in foster care represent a huge potential loss in both financial and human terms.

It is estimated that almost half a million children pass through state foster care systems in this country every year. In fiscal year 1985, for example, federal government figures show that an average of 108,000 children were in foster care in any given month. The foster care system places a financial burden on U.S. taxpayers that was estimated at \$2 billion. The cost in human potential was- and remains- inestimable, since research indicates a direct correlation between child abuse and neglect and later juvenile delinquency and adult criminality.

When a child is placed in foster care, it is intended to be a short-term solution to an emergency situation. In the past, however, all too often foster care placements resulted in the child being destined to obscurity within the child welfare system. The ideal of assuring a permanent home for every child fell by the wayside while the child was set adrift among different foster families and group homes. The child's vital developmental years were lost, since he was neither free to return home to his natural parents nor eligible to be adopted by a new and permanent family.

Throughout the 1970's, judges, social workers, attorneys and child advocacy groups began to recognize that the U.S. foster care system was failing to respond to the needs of many abused and neglected children and their families. Many children were "adrift" in the system without regular or timely review of their placement. Crowded court calendars and understaffed child welfare agencies were contributing to an increase in the number of children and lengths of time spent in substitute care.

Concern for children lingering unnecessarily in foster care continued to mount throughout the decade. Among solutions proposed by child advocacy organizations were the comprehensive implementation of permanency planning case work and foster care placement monitoring through regular case reviews. A new resource was also identified to help monitor foster care children and to advocate on their behalf: citizen volunteers.

*(from South Carolina which has had a
citizens review system in place since 1974.*

Sec. 47.10.400. Citizens' review panel for permanency planning. (a) There is created in the Department of Administration the Citizens' Review Panel for Permanency Planning. The state panel consists of five voting members appointed by the governor from among present members of local citizen review panels established under AS 47.10.420. The governor shall appoint at least one voting state panel member from each judicial district. The governor may not appoint a person who has committed a felony or violated AS 11.51.130 or a law with substantially similar elements. The panel also includes the following five nonvoting members who serve ex officio or their designees: the commissioner of health and social services, the director of the office of public advocacy, the attorney general, the public defender appointed under AS 18.85.030, and the chief justice of the Alaska Supreme Court.

(b) Appointed members of the state panel serve at the pleasure of the governor for staggered terms of three years or until their successors are appointed.

(c) The voting members of the state panel shall elect from among the voting members a chair who shall serve for one year. Three voting members of the state panel constitute a quorum for the transaction of business. The panel may not take official action without the affirmative vote of at least three of its members.

(d) Members of the state panel are entitled to reimbursement for actual expenses necessary to perform their duties as state panel members. The reimbursement may not exceed the amount of per diem and expenses authorized for boards and commissions under AS 39.20.180.

(e) The state panel shall meet twice annually. Meetings may take place telephonically.

(f) The state panel may employ a program coordinator who shall serve at the pleasure of the state panel. The program coordinator shall employ staff as necessary to carry out the program coordinator's duties under state panel directives and to provide clerical assistance to local panels. (§ 2 ch 117 SLA 1990)

Cross references. — For terms of initial appointees to the review panel, see § 7, ch. 117, SLA 1990 in the Temporary and Special Acts.

Sec. 47.10.410. Duties of the state panel. The state panel shall

(1) by regulation adopt policies and procedures to carry out its duties and to govern the performance of the duties of the local panels established under AS 47.10.420;

(2) ensure that local panel members receive the minimum level of training necessary to effectively carry out their duties;

SB

93

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred: April 12, 1995

FURTHER REFERRALS:

Date of Committee Action: 5/3/95

The FINANCE Committee considered:

CSSB 93(RES)

CS FOR SENATE B.LL NO. 93(RES)

DISPOSAL OF LAND ALONG THE DALTON HWY

"An Act relating to the disposal of state land along the Dalton Highway; and providing for an effective date."

recommends it be replaced
with the following committee substitute

HCS CS SB 93 (RES)

the same title
 a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____

APPROVES PREVIOUS: (Dept/Date) _____

fiscal note(s) _____

fiscal note(s) _____

zero fiscal note(s) FISH : GAME

zero fiscal note(s) DNR 2/28/95

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Richard Foster</i>	FOSTER	X			
<i>Mark Hanley</i>	HANLEY	X			
<i>Edna Mulder</i>	MULDER	X			
<i>Terry Martin</i>	MARTIN	X			
<i>Paul Parnell</i>	PARNELL	X			
<i>Vic Kohring</i>	KOHRING	X			
<i>Ben Grussendorf</i>	GRUSSENDORF		X		
<i>Tan Brown</i>	BROWN		X		
<i>Walter Navarre</i>	NAVARRE			X	
<i>Pete Kelly</i>	KELLY			X	
<i>Tom Thurnixt</i>	THURNIXT	X			

CHAIR'S SIGNATURE

Mark Hanley
Hanley

Richard Foster
FOSTER

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. CSSB 93 (Res)

Revision Date: _____ Dept. Affected: Fish and Game
 Title: Disposal of state land along the Dalton Highway BRU: Habitat and Restoration
 Component: Habitat
 Sponsor: Senator Miller
 Requester: Resources, Finance COMPONENT SERIAL NO. 486

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
----------------------	-----	-----	-----	-----	-----	-----

CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
------------------------	-----	-----	-----	-----	-----	-----

FUND SOURCE (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

Estimate of any current year (FY95) cost: \$ 0.0

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

Designation of non-residential development nodes along the Dalton Highway per se will not result in an increased agency workload. However, over the long term, it may become necessary to conduct a comprehensive land use plan for haul road node development. In addition, it may become necessary to monitor and evaluate the effects increased public use of the haul road corridor may have on fish and wildlife stocks and their habitats. Such studies may include traditional population management evaluations to support recommendations to the Board of Fisheries and Game as well as cumulative assessments of potential impacts on subsistence harvests of fish and wildlife.

Prepared by: Ellen Fritts, Acting Director
 Division: Habitat and Restoration
 Approved by Commissioner: Frank Nue
 Agency: Fish and Game

Phone: 465-4107
 Date: 3/13/95
 Date: 3.14.95

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FISCAL NOTE

No. 1

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BII

Bill Version: SB 93
(S) Publish Date: 2/28/95

Revision Date: Original Dept Affected: Natural Resources
 Title: An Act relating to the disposal of state land along BRU: Resource Development
the Dalton Highway; and providing for an effective date... Component: Land Development
 Sponsor: Senator(s) Miller, Green
 Requestor: _____ Component Serial No. 431

Expenditures/Revenues		(Thousands of Dollars)					
OPERATING EXPENDITURES	FY96	FY97	FY98	FY99	FY00	FY01	
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 EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0	
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0	

FUND SOURCE		(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	

Estimate of any current year (FY95) cost: \$ None

POSITIONS		FY96	FY97	FY98	FY99	FY00	FY01
FULL-TIME		0	0	0	0	0	0
PART-TIME		0	0	0	0	0	0
TEMPORARY		0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

There is no fiscal impact associated with implementation of this legislation.

Amendment proposed: The legal description for the Yukon River crossing should be changed from Umiat Meridian to Fairbanks Meridian.

Prepared by: Ron Swanson, Director Phone: 762-2692
 Division: Lane Date: 23-Feb-95
 Approved by Commissioner: [Signature] Date: 2-23-95
 Agency: Natural Resources

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Alaska State Legislature

SENATOR

MIKE MILLER

Mailing Address:

119 N. Cushman, Suite 101

Fairbanks, Alaska 99701

Ph: (907) 488-0862

Fax: (907) 488-4271



Senate

White in Juneau

State Capitol

Juneau, Alaska

99801-1182

Ph: (907) 465-4976

Fax: (907) 465-3883

Senate District 0

HCS CS Senate Bill 93 (Res) Disposal of Land Along the Dalton Highway

by Senator Mike Miller

Last session the Legislature passed Senate Bill 210 which provided for the reauthorization of existing leases in three development nodes along the Dalton Highway including Deadhorse, Yukon River Crossing and Coldfoot. It also allowed for future non-residential land disposals at Deadhorse.

With the recent opening of the highway to public traffic, the need for additional services is anticipated. Senate Bill 93 will allow the state to proceed with future non-residential disposals in each of the remaining four nodes along the route for development of various public facilities. It is structured to allow disposals *only* within the identified nodes which have existing pads so that orderly development is maintained at regular intervals along the highway. The development areas affected are Yukon River Crossing, Coldfoot, Happy Valley, and Franklin Bluffs. The legislation also clarifies that land within the development nodes that has been selected by a municipality would not be available for state disposal (sale or lease).

As with any state land disposal, all proposed sales or leases will require a Land Use Plan, subject to procedures set forth in law which provide for thorough public review.

SB 93 is supported by the Department of Natural Resources, the Department of Transportation, and the North Slope Borough.

I appreciate your consideration of Senate Bill 93.

Dalton Highway and North Slope Lease Tracts



NORTHERN REGION

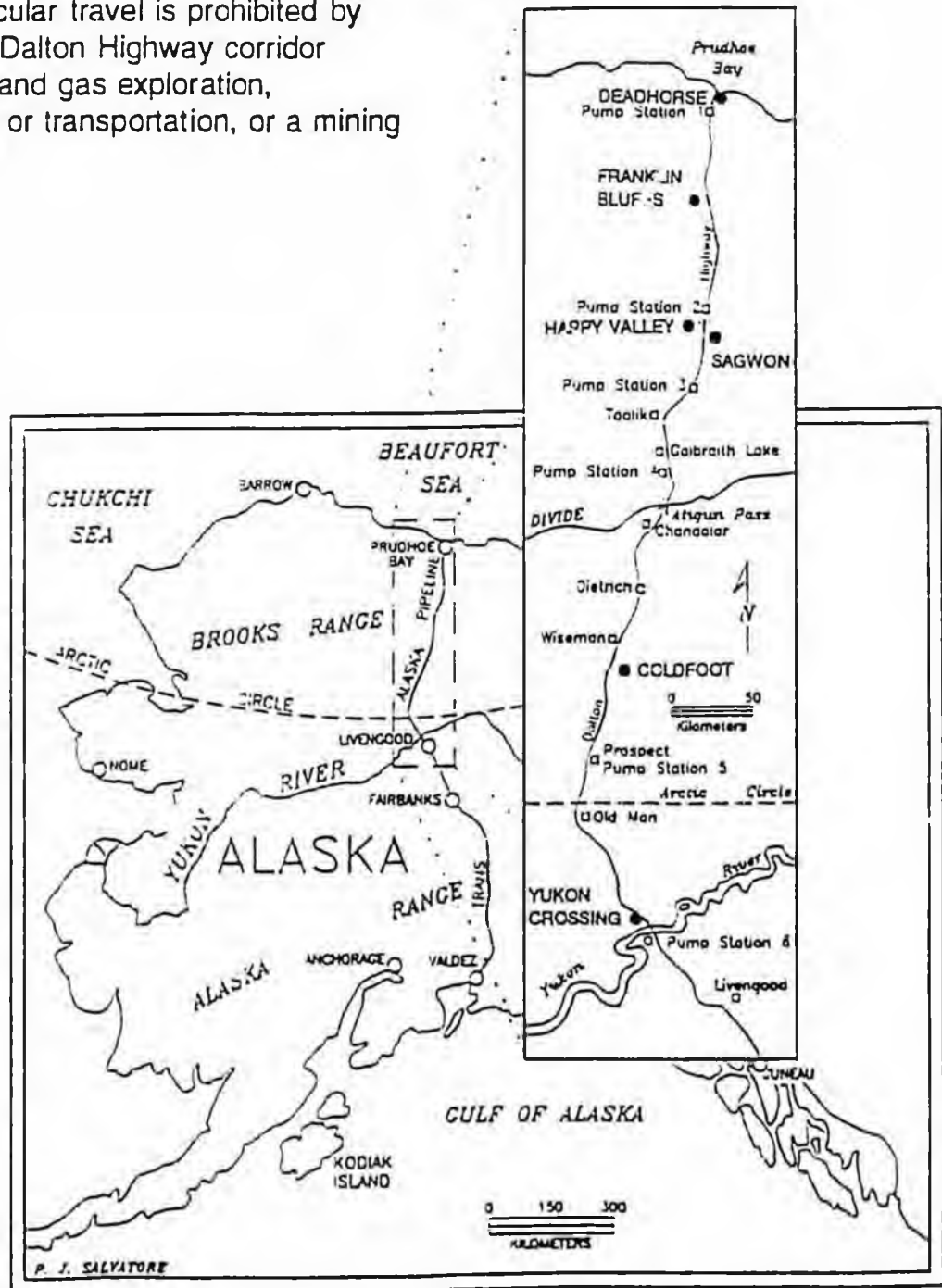
More than 650,000 acres of land at selected sites along the Trans-Alaska Pipeline corridor have been transferred from BLM to the state since August 1992. The land was transferred to the state under provisions of the Statehood Act.

At the present time, AS 19.40.200 prohibits the state from disposing of state land (leases and material sales) lying within 5 miles of the Dalton Highway, under AS 38. The statute does allow for a few exceptions: 1) oil and gas leasing, 2) exploration, development, production or transportation of oil and gas, and 3) a state lease or materials sale for activities listed in 1 and 2 and maintenance of the highway. In addition, off-road vehicular travel is prohibited by AS 19.40.210 within the Dalton Highway corridor unless it is related to oil and gas exploration, development, production or transportation, or a mining activity.

DALTON HIGHWAY

DEVELOPMENT NODES
Proposed in HB309:

- Coltfoot
- Deachorse
- Franklin Bluffs
- Happy Valley
- Yukon Crossing



COLDFOOT

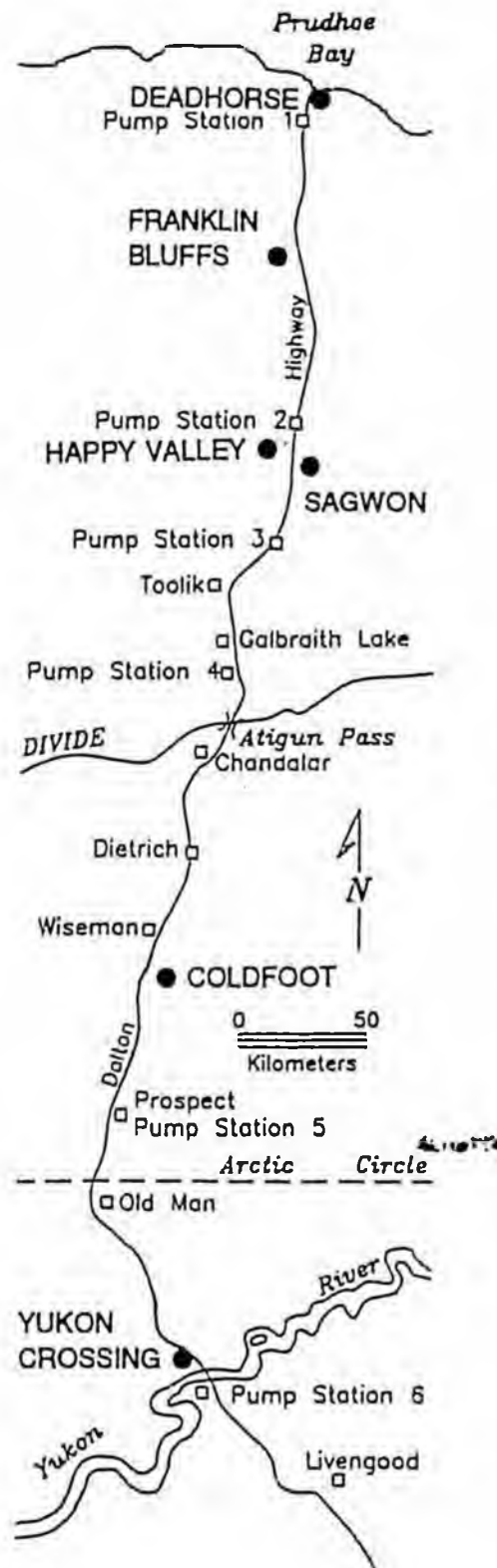
Coldfoot Services Lease This 33 acre lease is located on the Dalton Highway approximately midway between Fairbanks and Prudhoe Bay. This site is used as a truck stop, motel, cafe, and garage. According to the lease agreement, the lessee, Petro Star Inc., must provide the following services: fuel, emergency road service, emergency lodging, and food. This lease was originally issued by the Bureau of Land Management before the land was transferred to the state. This site cannot be expanded and other leases cannot be issued due to the prohibition in AS 19.40.200.

HAPPY VALLEY

The Happy Valley pad was created by Alyeska during the construction of the Trans-Alaska Pipeline for a construction camp and airstrip. Prior to state receiving title, as many as 15 permits plus a BLM administrative cabin were located on this site. Ten active BLM authorizations were transferred to the state. Eight of these were associated with big game guide operations and the remaining two sites were staging areas for the Departments of Fish & Game and Public Safety (Fish & Wildlife Protection). All but two of the guide authorizations expired on December 31, 1993. These and other operators are interested in future authorizations for use of the site. The guides have expressed concern that if the municipal entitlement selection is granted to the borough, no permits would be allowed for big game guides. Until the municipal entitlement application is adjudicated, the division will issue one-year permits to authorize guide sites at Happy Valley.

FRANKLIN BLUFFS

Western Geophysical Company has been issued a 10 year negotiated lease effective August 1, 1987. This lease supports of oil and gas activities on the North Slope.



Additionally, the Northern Region issues one-year land use permits to oil field service companies to use the Franklin Bluffs pad for equipment staging. For instance, Unocal was issued a permit on November 30, 1993 to use a portion of the pad to support the Amethyst exploration project.

DEADHORSE

North Slope Borough Landfill The current Oxbow Landfill is near capacity. The NSB has identified another landfill location south of Deadhorse near the airport. The NSB has been operating the existing Oxbow Landfill since the early 1980's. This landfill may contain many toxic and hazardous materials used at Prudhoe Bay. The NSB originally applied to lease this site; however, a lease was not issued. Since this site was included in the NSB Municipal Entitlement applications, the entitlement was adjudicated and a patent presented to the borough. This patent was rejected by the NSB, presumably due to the liability of owning a landfill with hazardous materials. The Department believes the NSB is still liable for any hazardous materials that may have been placed in the landfill. While the Department is supportive of the proposed landfill, it will require the borough to have ownership of the site prior to operating the new landfill to limit the state's liability. The Department of Environmental Conservation is presently reviewing the close-out plan for the Oxbow Landfill and is also reviewing the operations plan for the proposed landfill. The new landfill may not be authorized due to the prohibition in AS 19.40.200 unless the borough selects the site as part of its municipal entitlement.

Deadhorse Airport Improvements An application for a 500,000 cubic yard material sale under AS 38.05.810 was received on February 9, 1993 from the Department of Transportation and Public Facilities. The purpose of the material sale was to repair and make improvements to the airport at Deadhorse. The proposed material site is located two miles south of the airport on the west side of the Dalton Highway. During an interagency meeting with the North Slope Borough, the option was discussed to co-locate the material site with the new landfill. At the present time, this material sale can not be issued because of the prohibition in AS 19.40.200. The Division of Land, in consultation with the Department of Transportation and its Assistant Attorney General, have concluded that further action regarding the material sale must be suspended until the statute is amended to allow this activity to occur.

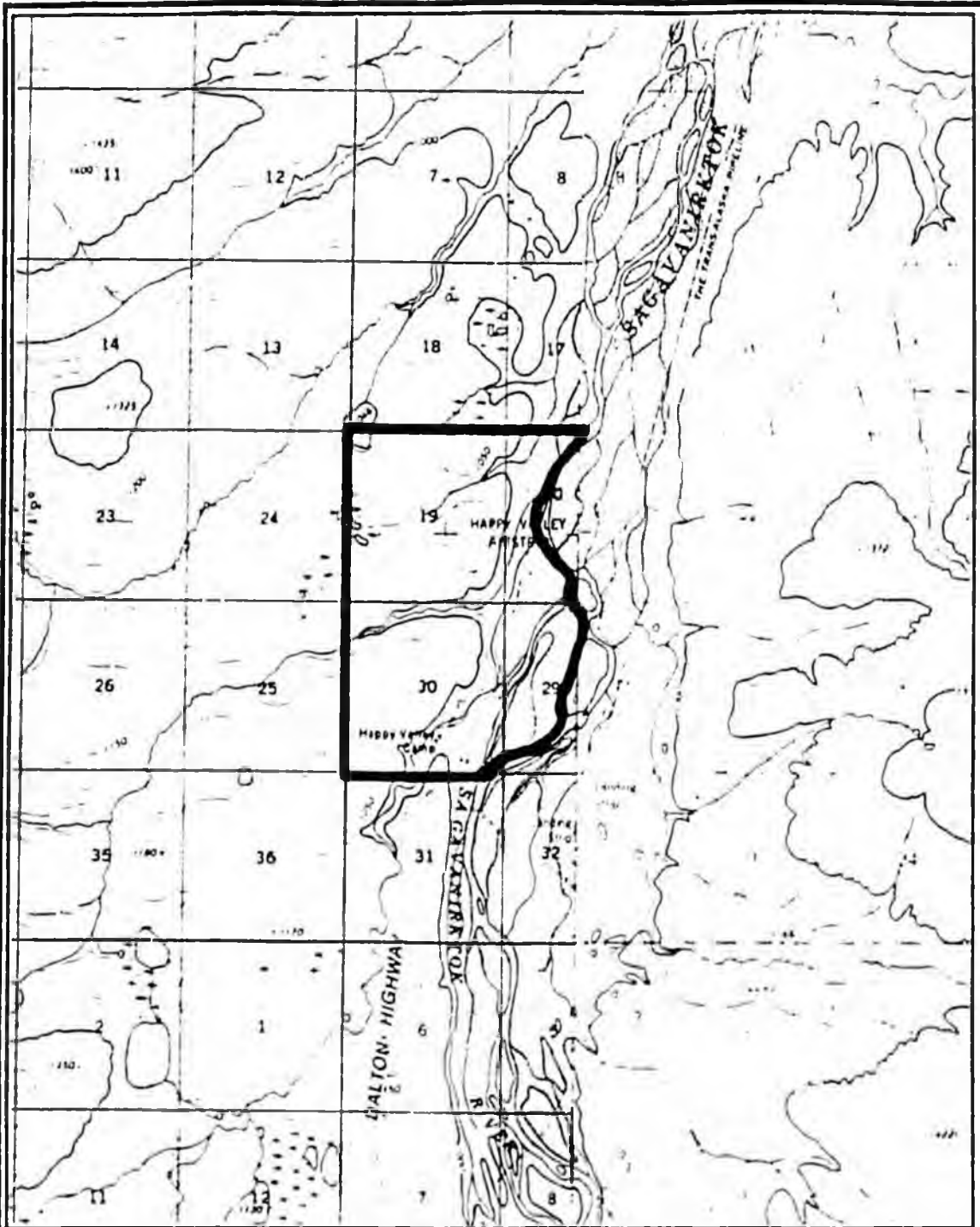
Service Company (North Slope) Leases The Northern Region has 62 service company lessees occupying 70 lease tracts at Deadhorse. These 62 lessees pay lease rentals that total \$227,515 per year. Thirty four of these leases have a history of chronic pollution and contamination. The Northern Region staff are working with these lessees, oil and gas production companies, the Prudhoe Bay Environmental Alliance (PBEA), and the Department of Environmental Conservation to remediate these tracts.

- **34 leases are voluntarily complying with clean up requirements:**
 18 completed cleanups within the last four years, and
 16 are in the process of cleanup.
- 8 leases have been **terminated for failure to comply** with the lease terms and conditions.
- **16,800 tons of scrap metal have been removed** from these leases over the past three years and backhauled to the lower 48. **7,000 additional tons**, including two old drill rigs, were removed in 1993. This is equivalent to 300 large truck loads. This backhaul was coordinated by the oil and gas industry and the PBEA.
- **41,250 gallons of toxic or hazardous wastes have been removed** to date from these leases and transported to hazardous waste disposal sites in the Lower 48.

Lease Administration The Northern Region has recently augmented its role in the management of north slope lease tracts by assuming the contract administration duties associated with the leases. This function was previously administered in Anchorage. In addition to field compliance work, the resource officers staff issue, (re)assign and terminate the leases. While these additional duties will consume a substantial portion of the staff's time, it is believed that it will increase efficiency and add continuity to the administration of the lease tracts and better serve the public and lessees.

Clean-up Methods The North Slope has been the proving grounds for a variety of new site remediation technology for contaminated land in Alaska.

- In-situ bioremediation, using applications of fertilizer and tilling to aerate
- In-situ bioremediation, using air sparging
- Ex-situ bioremediation (Soil and gravel are placed on a liner to allow soil temperatures to increase more rapidly. Otherwise, soil and gravel are managed in similar fashion as in-situ bioremediation.)
- Thermal remediation
- Soil washing with steam



BOUNDARY MAP
 Map sheets Sagavanirktok A-3
 and A-4

Scale in Miles

Within T. 3 S., R. 14 E.
 Umiat Meridian



HAPPY VALLEY DEVELOPMENT NODE



Map 2.6



*Department of Transportation
and Public Facilities*

POSITION PAPER

BILL NO: SB 93

APPROVED: _____

Hubins

DATE:

TITLE: " An Act relating to the disposal of state land along the Dalton Highway and providing for an effective date."

The Department is supportive of the Bill. However, we would like to stress the importance of working with the local government entities to come up with a long-range corridor development plan.



Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

Phone: 907-463-3366

Fax: 907-463-3312

The Alaska Environmental Lobby Opposes SB 93: Disposal of Land Along the Dalton Highway

The original intent of the "Dalton Highway", the Haul Road, was to serve as an access corridor and supply line for the Trans-Alaska Pipeline. This is still the only reasonable economic function for this expensive, albeit important road.

The expensive is derived from many factors: If we have private land we are under an obligation to protect it - Fish and Wildlife agents and Alaska State Troopers are already overburdened. They will need more resources if they will be expected to encompass the Haul Road into their jurisdiction. Also, in this era of frugal state attitudes and lower economic resources we need to consider every cost incurred in every decision.

Preserving the original intent and expanding it to include the upcoming Trans-Alaska Gas Pipeline demands that the state concentrate its efforts to responsibly manage all aspects of this valuable transportation corridor. This means that opening the Haul Road for any peripheral development, actions which are unrelated to and most probably interfering with corridor usage, is irresponsible and expensive.

4/6/95





**YUKON
PACIFIC
CORPORATION**
TRANS-ALASKA GAS SYSTEM

JEFF B. LOWENFELD
PRESIDENT AND CHIEF EXECUTIVE OFFICER

March 24, 1995

The Honorable Gail Phillips
Speaker of the House
House of Representatives
Juneau, Alaska

Via Fax: 465-3472

Dear ~~Speaker~~ ^{Gail} Phillips;

I'm writing to ask that you consider the following points as you deliberate Senate Bill 93. Our concern, in short, is that a major land use planning decision may be made by the Legislature without proper consideration of how future demands on the Dalton Highway -- specifically the intensive, multi-year construction requirements of Yukon Pacific's massive \$14 billion Trans-Alaska Gas System (TAGS) pipeline -- will also be accommodated.

As you are aware, TAGS will involve the construction of a 42" diameter natural gas pipeline paralleling the existing TAPS oil pipeline from Prudhoe Bay to Valdez. In addition, 3 large compressor stations will be built along the route to move natural gas south. Over half of the 800-mile-long pipeline and 2 of the compressor stations will be constructed north of Fairbanks along the Dalton Highway. Obviously this effort will involve an enormous amount of traffic over several years to deliver the materials and personnel necessary to complete these facilities.

Although we understand and acknowledge that TAGS is not a "reality" yet, I think you will concur that its prospects have never been brighter. It is with this in mind that we respectfully urge the House of Representatives to delay any action on SB 93 until the Legislature has been provided with a detailed analysis of the combined impacts and compatibility of the land disposal action contemplated in SB 93 and the logistical demands inherent in the construction of TAGS.

Finally, I would encourage all Legislators to arrange for a thorough briefing on the TAGS project (we are always available to travel to Juneau on short notice) so that they are not only

informed about our progress and the potential TAGS represents to Alaska but also the need to consider legislation like SB 93 in the context of this major undertaking.

Sincerely,

A handwritten signature in black ink, appearing to be 'Gail Phillips', written over the word 'Sincerely,'.

SCJ24L02.JBL

SB

93

SFIN

FILE

FISCAL NOTE

*Rec'd after
will be
Trans to H.F. 1/24/95*

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. CSSB 93 (Res)

Revision Date: _____ Dept. Affected: Fish and Game
 Title: Disposal of state land along the Dalton Highway BRU: Habitat and Restoration
 Component: Habitat
 Sponsor: Senator Miller
 Requester: Resources, Finance COMPONENT SERIAL NO. 486

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
------------------------	-----	-----	-----	-----	-----	-----

FUND SOURCE (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

Estimate of any current year (FY95) cost: \$ 0.0

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

Designation of non-residential development nodes along the Dalton Highway per se will not result in an increased agency workload. However, over the long term, it may become necessary to conduct a comprehensive land use plan for haul road node development. In addition, it may become necessary to monitor and evaluate the effects increased public use of the haul road corridor may have on fish and wildlife stocks and their habitats. Such studies may include traditional population management evaluations to support recommendations to the Board of Fisheries and Game as well as cumulative assessments of potential impacts on subsistence harvests of fish and wildlife.

Prepared by: Ellen Fritts, Acting Director
 Division: Habitat and Restoration
 Approved by Commissioner: *Frank*
 Agency: Fish and Game

Phone: 465-4107
 Date: 3/13/95
 Date: 3.14.95

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SENATE FINANCE COMMITTEE REPORT

DATE: 2/28/95

FURTHER:

DATE TURNED INTO OFFICE: 3-15-95

The Finance Committee considered **SENATE BILL NO. 93**

"An Act relating to the disposal of state land along the Dalton Highway; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____
- adopt previous _____ CS SB 93 (Res)
- attached amendment(s) _____
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
 same title
 new title
House Bill:
 technical change
 new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Steve Krige</i>	✓	<i>Roll E. Pile</i> <i>Paul R. Harhoff</i>	✓		
Co-Chair: <i>[Signature]</i>	✓				
Co-Chair: <i>Rick Hubbard</i>	✓				

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

DNR	3/2/95	0	

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

STATE OF ALASKA

BILL NO. CSSB93

1995 LEGISLATIVE SESSION

Revision Date: 28-Feb-95 Dept Affected: Natural Resources
 Title: An Act relating to the disposal of state land along BRU: Resource Development
the Dalton Highway; and providing for an effective date... Component: Land Development
 Sponsor: Senator(s) Miller, Green
 Requestor: Senate Finance Committee Component Serial No. 431

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY96	FY97	FY98	FY99	FY00	FY01
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 EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

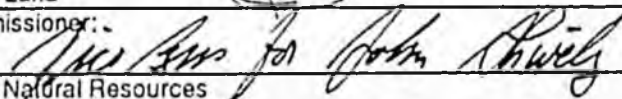
FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY95) cost: \$ None

POSITIONS	FY96	FY97	FY98	FY99	FY00	FY01
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

There is no fiscal impact associated with implementation of this legislation.

Prepared by: Ron Swanson, Director Phone: 762-2692
 Division: Land Date: 28-Feb-95
 Approved by Commissioner:  Date: 3-2-95
 Agency: Natural Resources

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SENATE FINANCE COMMITTEE REPORT

DATE: 2/28/95

FURTHER:

DATE TURNED INTO OFFICE: 3-15-95

The Finance Committee considered SENATE BILL NO. 93

"An Act relating to the disposal of state land along the Dalton Highway; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS SB 93 (Re)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- technical change
 - new: SCR _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Steve Krize</i>	✓	<i>Relle & ...</i>	✓		
		<i>Frank ...</i>	✓		
Co-Chair: <i>[Signature]</i>	✓				
Co-Chair: <i>Rick Halford</i>	✓				

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
<i>DNR</i>	<i>3/2/95</i>	<i>0</i>	

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

No. 1

Bill Version: SB93

(S) Publish Date: 2/28/95

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BIL

Revision Date: Original Dept Affected: Natural Resources
 Title: An Act relating to the disposal of state land along BRU: Resource Development
the Dalton Highway; and providing for an effective date... Component: Land Development
 Sponsor: Senator(s) Miller, Green
 Requestor: _____ Component Serial No. 431

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY96	FY97	FY98	FY99	FY00	FY01
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 EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
----------------------	-----	-----	-----	-----	-----	-----

CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
------------------------	-----	-----	-----	-----	-----	-----

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GFMHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY95) cost: \$ None

POSITIONS	FY96	FY97	FY98	FY99	FY00	FY01
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

There is no fiscal impact associated with implementation of this legislation.

Amendment proposed: The legal description for the Yukon River crossing should be changed from 'Jmiat Meridian to Fairbanks Meridian.

Prepared by: Ron Swanson, Director Phone: 762-2692
 Division: Lane Date: 23-Feb-95
 Approved by Commissioner: John Sively Date: 2-23-95
 Agency: Natural Resources

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FISCAL NOTE

STATE OF ALASKA

BILL NO. SB93

1995 LEGISLATIVE SESSION

Revision Date: Original Dept Affected: Natural Resources
 Title: An Act relating to the disposal of state land along BRU: Resource Development
the Dalton Highway; and providing for an effective date... Component: Land Development
 Sponsor: Senator(s) Miller, Green
 Requestor: _____ Component Serial No. 431

Expenditures/Revenues		(Thousands of Dollars)					
OPERATING EXPENDITURES	FY96	FY97	FY98	FY99	FY00	FY01	
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 EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0	
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0	

FUND SOURCE		(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	

Estimate of any current year (FY95) cost: \$ None

POSITIONS	FY96	FY97	FY98	FY99	FY00	FY01
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

There is no fiscal impact associated with implementation of this legislation.

Amendment proposed: The legal description for the Yukon River crossing should be changed from Umlat Meridian to Fairbanks Meridian.

Prepared by: Ron Swanson, Director Phone: 762-2692
 Division: Lane Date: 23-Feb-95
 Approved by Commissioner: John R. Miller Date: 2-23-95
 Agency: Natural Resources

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Alaska State Legislature

SENATOR

MIKE MILLER

P.O. Box 55094

North Pole, Alaska 99705

(907) 488-0862

Senate District 02



Senate

While in Session

State Capitol

Juneau, Alaska

99801-1182

(907) 465-4976

Senate Bill 93 Disposal of Land Along the Dalton Highway

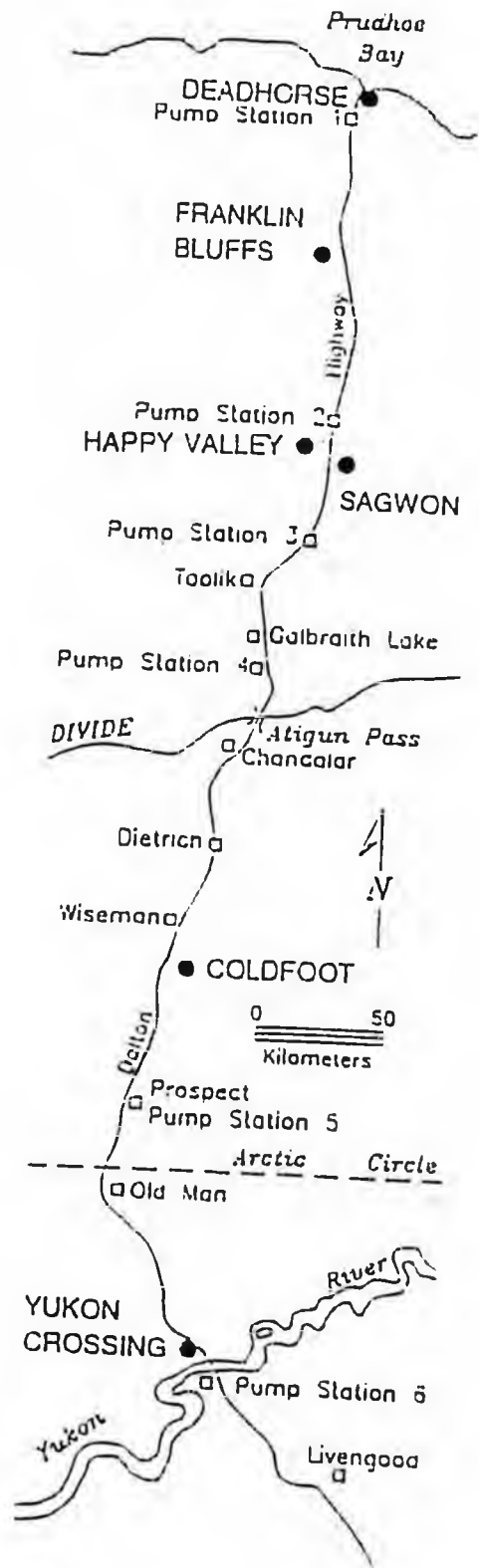
by Senator Mike Miller

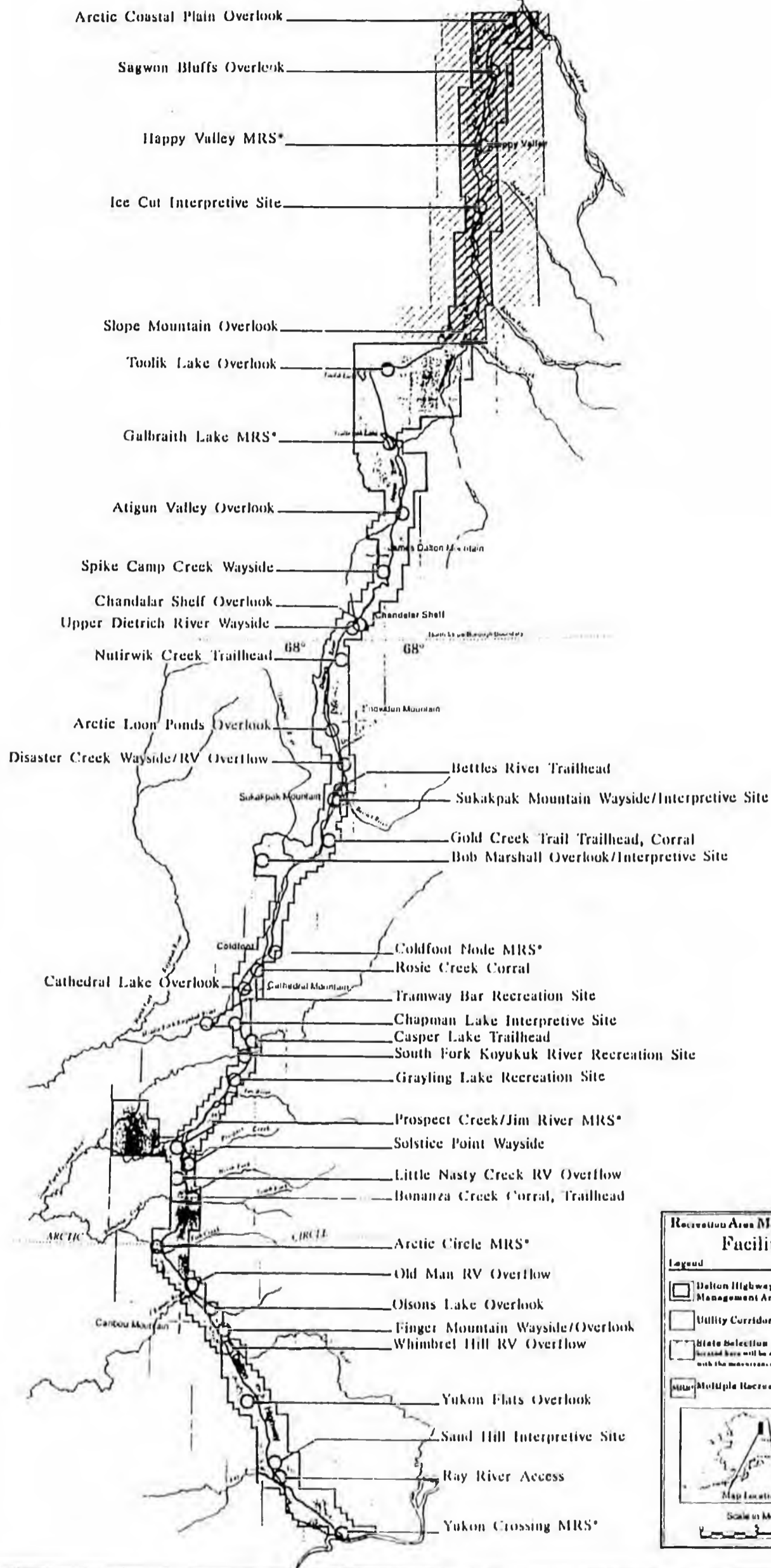
Last session the Legislature passed Senate Bill 210 which provided for the reauthorization of existing leases in three development nodes along the Dalton Highway including Deadhorse, Yukon River Crossing and Coldfoot. It also allowed for future non-residential land disposals in at Deadhorse.

With the recent opening of the highway to public traffic, the need for additional services is anticipated. Senate Bill 93 will allow the state to proceed with future non-residential disposals in each of the remaining four nodes along the route for development of various public facilities. It is structured to allow disposals *only* within the identified nodes which have existing pads so that orderly development is maintained at regular intervals along the highway. The development areas affected are Yukon River Crossing, Coldfoot, Happy Valley, and Franklin Bluffs.

As with any state land disposal, all proposed sales or leases within the development nodes will require a Land Use Plan, subject to procedures set forth in law which provide for thorough public review.

I appreciate your consideration of Senate Bill 93.





**Recreation Area Management Plan
Facilities**

Legend

- Dalton Highway Recreation Management Area
- Utility Corridor Boundary
- State Selection Area: area increased here will be developed only with the concurrence of the state
- Multiple Recreation Site

Map Location

Scale in Miles
0 5 10

SENATE COMMITTEE REPORT

First Committee of Referral

John

DATE: 2/21/95

FURTHER: Finance

Date of 5-Day Notice: 2-23-95
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 2-28-95

Resources Committee considered SENATE BILL NO. 93

"An Act relating to the disposal of state land along the Dalton Highway; and providing for an effective date."

ΦFN

and recommends:

- be replaced with CS SB 93 (RES)
- adopt previous CS _____
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- technical change
 - new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Rick Halford</i>	✓				
<i>John Halford</i>	✓	<i>John Halford</i>	X		
<i>Chris L. Taylor</i>	✓				
<i>[Signature]</i>					
CHAIR: <i>Loren D. Roman</i>	✓				

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal
<i>DNR (LAND)</i>	<i>2/23/95</i>	✓	

APPROPRIATION – no fiscal note

*include fiscal notes accompanying Governor's bill

SB

96

SFIN

FILE

SENATE FINANCE
 COMMITTEE
 Amendment Number: CS-1
 Bill Number: SB 96
 Sponsor: Kelly Date: 4/10/95
 Logged In By: [Signature]

To: Mike Grany
 Leg. Fin
 From: Kathy
 Senate Finance
 4/10/95

9-LS0751AM ✓
 Cook
 4/8/95

CS FOR SENATE BILL NO. 96()

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY

Offered:
 Referred:

Sponsor(s): SENATOR KELLY

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to municipal activities, services, or programs mandated by the
 2 state and to municipal fiscal notes."

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

4 * Section 1. LEGISLATIVE FINDINGS AND INTENT. (a) In this state, the legislature
 5 has the power during each session to dramatically change the laws of the state. Statutes can
 6 be, and are, enacted, repealed, and amended each year. The law as it applies to citizens in
 7 this state is always changing. Additional changes in the law from year to year based upon
 8 the legislature's funding choices are not different in nature from legislative statutory
 9 amendments because both the statutory changes and the funding decisions are within the
 10 control of the legislature.

11 (b) The legislature finds that

12 (1) an "unfunded mandate" is any statute, administrative regulation, or order
 13 that demands action from a subordinate government without adequate provision for funding
 14 the cost to the subordinate government of implementing the demanded action;

1 (2) unfunded mandates are a nationwide problem because federal or state
2 governments have tended to balance their budgets on the backs of subordinate governments,
3 thereby shielding themselves from taking the fiscal responsibility for their own policy and
4 program decisions; from a purely political standpoint, an unfunded mandate can ensure that
5 the blame for higher taxes or service cuts falls to local elected officials rather than the
6 government that made the decision;

7 (3) the legislature has proposed strong measures against the imposition of
8 unfunded mandates by the federal government on the state;

9 (4) in the United States, 16 states currently have legislation to limit or prohibit
10 state governments from imposing unfunded mandates on municipalities; in addition, anti-
11 mandates legislation was introduced in 22 state legislatures in the 1993 - 1994 legislative
12 session to protect municipalities;

13 (5) according to a September 1994 research report by the National League of
14 Cities titled "Anti-Mandates Strategies - Reimbursement Requirements in the States." it is
15 difficult to quantify the overall effect of mandates because most municipalities are faced with
16 hundreds of unfunded mandates, many of which have relatively low costs, but that together
17 are very expensive and annually increasing in cost; the cost of unfunded mandates is partially
18 covered by state revenue sharing or other state aid to municipalities; however, the problem is
19 intensified because state governments often tend to cut funding programs as they shift services
20 and new mandates to municipalities;

21 (6) state government has cut state aid to municipalities in this state far more
22 deeply than any other major program (over 55 percent in the past 10 years) while it has
23 significantly increased the number of unfunded mandates on municipal governments through
24 statutes, appropriation bills, regulations, and administrative actions;

25 (7) the effects of unfunded mandates and decreased state aid on municipalities
26 has substantially decreased the quality of life in most municipalities through decreases in
27 municipal basic services such as public safety, road maintenance, culture and recreation
28 services, social services, public education, and waste management;

29 (8) the imposition of new unfunded mandates on municipalities while
30 incrementally decreasing state aid to municipalities to implement existing mandates has been
31 a major cause of increased property taxes and other local taxes, as well as a major cause of

1 the destabilization of some communities that has lead, and will lead, to dissolution of
2 municipalities.

3 * Sec. 2. AS 24.08 is amended by adding a new section to read:

4 Sec. 24.08.120. MANDATED MUNICIPAL SERVICES. (a) Except as
5 provided in (d) of this section, a bill enacted after January 1, 1996, that imposes or
6 increases costs mandated by the state as a result of a new activity, service, or program
7 or an increase in the level of municipal funding for an activity, service, or program
8 required of municipalities by the bill is not effective unless sufficient funds are
9 appropriated to fully fund the mandated activity, service, or program by the effective
10 date of the bill sections that mandate the activity, service, or program. Unless
11 sufficient levels of funding continue to be appropriated in each successive legislative
12 session that the mandate is in effect, or new funding is otherwise provided annually,
13 the mandate shall be inoperative in its effect upon a municipality until sufficient state
14 funds are provided to pay the additional costs directly required for the actual
15 performance of the activity, service, or program.

16 (b) Each bill enacted after January 1, 1996, that applies to municipalities must
17 include a municipal fiscal note under AS 24.08.035(e). A bill or resolution without
18 a municipal fiscal note required under this subsection is void.

19 (c) If a municipality disputes a municipal fiscal note required under (b) of this
20 section or under AS 44.99.030, it may, within 30 days after the effective date of the
21 bill, resolution, or regulation file a petition, in writing, with the legislative audit
22 division for a determination of the accuracy of the fiscal note. The legislative audit
23 division shall make its determination public within 60 days after receipt of the petition.

24 (d) This section does not apply to a

25 (1) bill passed in response to a disaster emergency declared by the
26 governor under AS 26.23.020;

27 (2) bill passed by two-thirds of the members of each house;

28 (3) bill that affirms existing law as it has been construed by the courts
29 or enacts federal law or regulation in the form in which it was enacted or promulgated;
30 or

31 (4) bill that creates, eliminates, or changes an offense; in this

1 paragraph, "offense" has the meaning given in AS 11.81.900.

2 (e) For purposes of this section,

3 (1) "costs mandated by the state" means any increased cost creating a
4 significant financial effect that a municipality is required to incur as a result of any bill
5 that, when enacted, mandates a new activity, service, or program, significantly
6 increases a current activity, service, or program, or causes a significant increase in the
7 level of municipal funding for an activity, service, or program; costs mandated by the
8 state do not include costs of the type experienced equally by private and public entities
9 that are incurred by a municipality in its proprietary capacity; costs mandated by a bill
10 include any costs associated with regulations adopted under the authority of the bill
11 if it is enacted;

12 (2) "increase in the level of municipal funding for an activity, service,
13 or program" means any change in a municipality's delivery of a current service,
14 activity, or program, or a reduction in the level of state funding for an activity, service,
15 or program that is required by either a new or amended statute or that would be
16 required by a bill if it is enacted;

17 (3) "new activity, service, or program" means an activity, service, or
18 program that is required as a result of a statute or bill that was not required before
19 enactment of the statute or that is not required unless the bill is enacted and that
20 results in costs mandated by the state;

21 (4) "new funding" means a new appropriation;

22 (5) "significant financial effect" means the employment of additional
23 personnel in one or more municipalities or an increase in expenditures for contracted
24 services or equipment of more than \$20,000 in each of one or more municipalities.

25 * Sec. 3. AS 44.99 is amended by adding a new section to read:

26 Sec. 44.99.030. MUNICIPAL FISCAL NOTES. (a) If a proposed regulation
27 of an agency significantly increases costs to a municipality, there shall be attached to
28 the regulation a municipal fiscal note containing an estimate for the current fiscal year
29 and five succeeding fiscal years of the cost to municipalities that would result from
30 adoption of the regulation. The agency proposing the regulation shall prepare the
31 municipal fiscal note and deliver a copy of it to the Department of Community and

1 Regional Affairs before the first public hearing held on the proposal. The municipal
2 fiscal note must contain information that substantially complies with
3 AS 24.08.035(c)(1), (2), and (6) - (9) to the extent the information is available to the
4 agency. A regulation without a municipal fiscal note required under this section is
5 void if the regulation was adopted after January 1, 1996.

6 (b) For purposes of this section,

7 (1) "agency" means a board, commission, department, or other agency
8 of the executive branch; it does not include a public corporation;

9 (2) "regulation"

10 (A) means a regulation, rule, order, or standard of general
11 application to implement, interpret, or make specific the law enforced or
12 administered by an agency;

13 (B) includes a manual, policy, instruction, guide to enforcement,
14 bulletin, and the like that has the effect of a standard of general application;

15 (C) does not include a regulation that relates only to the internal
16 management of the agency or a form prescribed by an agency or instruction
17 relating to the use of the form.

FISCAL NOTE

BILL NO: SE 96

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL VERSION: CSSB 96 (CRA)

Revision Date: _____
 Title: An Act relating to municipal activities, services,
 or programs mandated by the state.
 Sponsor: Senator Kelly
 Requestor: Senate C&RA Committee

Dept. Affected: Alaska Legislature
 BRU: Budget and Audit Committ
 Components: Legislative Finance Divisio
 Serial #: _____

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
Personal Services	127.8	127.8	127.8	127.8	127.8	127.8
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	2.0	2.0	2.0	2.0	2.0	2.0
Supplies	0.5	0.5	0.5	0.5	0.5	0.5
Equipment	6.0	0.5	0.5	0.5	0.5	0.5
Land & Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING	136.3	130.8	130.8	130.8	130.8	130.8

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

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

FUNDING: (THOUSANDS OF DOLLARS)


General Fund	136.3	130.8	130.8	130.8	130.8	130.8
Federal Fund						
Other						
TOTAL	136.3	130.8	130.8	130.8	130.8	130.8

POSITIONS:

Full-Time	1	1	1	1	1	1
Part-Time	1	1	1	1	1	1
Temporary						

ANALYSIS: (ATTACH A SEPARATE PAGE IF NECESSARY)

Please see attached page.

Prepared by: 
Michael Greany, Legislative Fiscal Analyst
Legislative Finance Division

Date: April 7, 1995
 Phone: 465-3795

Analysis for CSSB 96 (FIN)

SB 96 would require that the Division of Legislative Finance perform impact analysis and make a formal finding on legislation which will potentially create a fiscal impact on local governments. We estimate the number of bills to be analyzed each session to be between 50 and 75. The bills will be analyzed to varying degrees according to the potential extent of their impact, but each bill effecting municipalities will have to be examined at least initially to determine the extent of further analysis.

In a 1992 study done by the National League of Cities regarding states' fiscal noting of state mandated impacts to local governments, it was found that of 28 states which require fiscal noting, only 3 states prepared analysis which was considered of "good" quality. Many states complained that constraints on staff time and resources prevented them from performing good quality analysis. As Alaska legislation would require a formal finding process, this new task will require the hiring of one full time and one part time fiscal analyst to determine the potential fiscal impact on municipalities. We surveyed several states which perform similar analysis, and discovered that Connecticut initially hired 3 full-time staff for this function, and Rhode Island has 5 full-time staff (in three different agencies) devoted to municipal impact analysis of legislation.

In order to perform fiscal impact analysis on all applicable legislation, the analyst positions would be responsible to establish and maintain contacts within the state's numerous municipalities, and those state, federal and private agencies which work closely with those municipalities. The analysts would also be required to develop an efficient and effective system of surveying pertinent local governments, and to establish a data base of financial information regarding the fiscal workings of municipal governments to facilitate the timely turnaround of analysis of applicable legislation. In addition, the analysts would be expected to update impact analysis on legislation as it is amended.

Contractual costs are for sufficient long distance calls to municipalities to carry out the analysis, and general office equipment leasing and other costs. Some wiring may also be required to adequately set up computer systems to be used by the analysts. Supply costs are comprised of miscellaneous office supplies expenses.

First year equipment costs include initial set up of office furniture, computer systems, and other equipment necessary to carry out the duties of the positions. Subsequent year equipment costs include costs for upgrade of computer systems, and other miscellaneous items.

The costs in this fiscal note do not include the contractual cost of outside office space, and set up costs to house the two analysts, should that be necessary.

FISCAL NOTE

Revision Date: April 5, 1995 Dept. Affected: Community & Regional Affairs
 Title: An Act relating to municipal activities or services mandated by state statute BRU: none
 Component: none
 Sponsor: Senator Kelly
 Requestor: Senate Finance Committee COMPONENT SERIAL NO. _____

Expenditures/Revenues: (Thousands of Dollars)

	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
OPERATING						
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	0.0	0.0	0.0	0.0	0.0	0.0

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 (FY94) impact \$ none

ANALYSIS: (Attach a separate page if necessary)
 Under existing statutes, DCRA is required to prepare municipal fiscal notes in the event that a proposed bill could have significant fiscal impacts on municipalities. SB 96 would require DCRA to also make a finding regarding significant fiscal impacts that would result from regulations adopted to implement the legislation. This would impact existing DCRA staff resources. While we are unable to predict the exact level of demand for this activity based on the adoption of future regulations, we do not anticipate the impact to be great enough to indicate hiring new staff or contracting out for such services. Therefore, we anticipate no fiscal impact on DCRA from this bill.

Prepared by: Remond Henderson, Director *R Henderson by M. J. Bone* 465-4708
 Division: Division of Administrative Services Date: 4/5/95
 Approved by Commissioner: *Thane Durbin* Date: 4/5/95
 Agency: Community & Regional Affairs

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P New fiscal note for CS(CRA) w/new analysis.

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR KELLY

TO: CSSB 96(CRA)

- 1 Page 1, line 2, after "state":
- 2 Insert "and to municipal fiscal notes"

- 3 Page 5, after line 3:
- 4 Insert a new bill section to read:
- 5 "* Sec. 3. AS 24.08.035(e) is repealed."

SENATE FINANCE
COMMITTEE

Amendment Number: 1

Bill Number: SB96

Sponsor: Kelly Date: 4/5/95

Logged In By: JK

FISCAL NOTE

Revision Date: March 7, 1995 Dept. Affected: Community & Regional Affairs
 Title: An Act relating to municipal activities or services mandated by state statute BRU: none
 Component: none
 Sponsor: Senator Kelly
 Requestor: Senate C & RA Committee COMPONENT SERIAL NO. _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
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	0.0	0.0	0.0	0.0	0.0	0.0

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 (FY94) impact \$ none

ANALYSIS: (Attach a separate page if necessary)

Under existing statutes, DCRA is required to prepare municipal fiscal notes in the event that a proposed bill could have significant fiscal impacts on municipalities. SB 96 does not appear to place any additional requirements on DCRA. Therefore, we anticipate no fiscal impact on DCRA from this bill.

Prepared by: Remond Henderson, Director *Remond Henderson* Phone: 465-4708
 Division: Division of Administrative Services Date: 3/7/95
 Approved by Commissioner: *Mike Quinn* Date: 3/7/95
 Agency: Community & Regional Affairs

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SB 96

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR ZHAROFF

TO: CSSB 96(CRA)

Page 3, line 9:

Delete " at the time of enactment to fully fund the mandated activity, service, or program."

Insert "to fully fund the mandated activity, service, or program at the effective date of the provisions that mandate the activity, service, or program."

SENATE FINANCE
COMMITTEE
Amendment Number: 2
Bill Number: SB96
Sponsor: Zharoff Date: 4/6/95
Logged In By: [Signature]

FISCAL NOTE

No. 1
 Bill Version: SB 96
 (S) Publish Date: 3-30-95

STATE OF ALASKA
 1995 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Legislative Audit
 Title: An Act relating to municipal activities or BRU: _____
services mandated by the state & requiring increased. Component: _____
 Sponsor: Senator Kelly
 Requester: _____ COMPONENT SERIAL NO. _____

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
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 EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (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

Estimate of any current year (FY95) cost: \$ 0.0

POSITIONS

FULL-TIME						
PART-TIME	N/A					
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Randy S. Welker
 Division: Division of Legislative Audit
 Approved by Commissioner: *Randy S. Welker*
 Agency: _____

Phone: 465-3830
 Date: 3/29/95
 Date: 3/29/95

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SB 96

MEMBER

ALASKA STATE SENATE

TENTH ALASKA LEGISLATURE
ELEVENTH ALASKA LEGISLATURE
TWELFTH ALASKA LEGISLATURE
THIRTEENTH ALASKA LEGISLATURE
FOURTEENTH ALASKA LEGISLATURE
FIFTEENTH ALASKA LEGISLATURE
SIXTEENTH ALASKA LEGISLATURE
EIGHTEENTH ALASKA LEGISLATURE



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716 WEST 4TH, SUITE 400
ANCHORAGE, ALASKA 99501
(907) 258-8180
FAX (907) 258-4524

SENATOR TIM KELLY

MEMORANDUM

DATE: March 30th, 1995
TO: Senator Rick Halford, Co-Chairman
Senator Steve Frank, Co-Chairman
Senate Finance Committee
FROM: Senator Tim Kelly
RE: Scheduling of CS SB 96 (CRA), Unfunded State Mandates on
Municipalities

I respectfully request you schedule SB 96, An Act relating to Unfunded State Mandates on Municipalities, for a hearing before the Senate Finance Committee at the Committee's earliest convenience.

As you know, the U.S. Congress recently passed legislation prohibiting unfunded federal mandates on States. This legislation was crafted to address the same problem municipalities are experiencing with unfunded State mandates. SB 96 is a legislative priority for the Alaska Municipal League, the Municipality of Anchorage, the Fairbanks North Star Borough, and the Alaska Conference of Mayors.

A sponsor statement is attached.

Thank you in advance for your timely consideration.

MEMBER

ALASKA STATE SENATE

TENTH ALASKA LEGISLATURE
ELEVENTH ALASKA LEGISLATURE
TWELFTH ALASKA LEGISLATURE
THIRTEENTH ALASKA LEGISLATURE
FOURTEENTH ALASKA LEGISLATURE
FIFTEENTH ALASKA LEGISLATURE
SIXTEENTH ALASKA LEGISLATURE
EIGHTEENTH ALASKA LEGISLATURE



SENATOR TIM KELLY

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Sponsor Statement & Bill Analysis

CS SB 96 (CRA): The Bill of Mandates

Just as the U.S. Congress is attempting to address the considerable financial hardship unfunded federal mandates place on state governments, many state legislatures are beginning to address the same financial hardships unfunded state mandates are placing on local governments. In fact, at present sixteen states currently have laws which either limit or prohibit state government from imposing unfunded mandates on municipalities. Additionally, more than 20 other state legislatures are actively considering such legislation.

SB96 was introduced this year to remedy the problem of unfunded state mandates here in Alaska. This legislation is a high priority for the Alaska Municipal League, the Municipality of Anchorage, the Fairbanks North Star Borough, and the Alaska Conference of Mayors.

Unfunded mandates cause cash-strapped cities to decrease basic municipal services such as public safety, road maintenance, and the local contribution to education to schools, to name a few, in order to pay for the unfunded mandates which most often are much lower priorities than these basic municipal government functions. Moreover, as these unfunded mandates increase for local governments, aid to municipalities has been cut more than 55%. A good example is the Senior Citizen's Property Tax Exemption which has increased 300% in cost to local governments in the last several years. As municipalities and local governments struggle to provide services mandated but not funded by the Legislature, increased property and other local taxes have been used as the funding vehicle.

The principle imperative of this legislation is that the State government should not require municipalities by statute, appropriation, regulation, or administrative action to implement any program, service, or activity which significantly impacts municipalities' budgets unless the legislature provides new funding to cover the costs of these mandates.



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National Conference of State Legislatures

VOL. 3, #12 3/30/95

MANDATE
RELIEF
BILL
SIGNED BY
PRESIDENT
CLINTON

PRESIDENT CLINTON SIGNS MANDATE RELIEF BILL. At a White House ceremony attended by NCSL leaders and other state and local officials, President Clinton on March 21 signed into law mandate relief legislation. The bill signing concluded a multi-year lobbying effort by NCSL and other state and local groups. The new law will require cost estimates for mandates of over \$50 million in any fiscal year and will require that revenues to pay for such mandates be identified. All new mandates will be considered repealed if funding is not provided in the appropriations process. Members of Congress will have to go on record with a roll call vote to override these requirements. Representative Jane Campbell of Ohio, the President of NCSL, in her statement issued at the bill signing, called the new law "a historic recognition by the federal government of the fiscal and administrative burdens it has long placed on state and local governments." *(NCSL staff contacts: Scott DeFife; Michael Bird)*

If you have
questions
regarding
Capitol to
Capitol, or if
you need
previous
editions,
please call
Marilyn
Turnbow at
202/624-
8691

SENATE RESCISSIONS ACTION. The Senate has taken the FY 1995 rescissions bill (H.R. 1158) to the floor in hopes of completing action on the measure this week. During Senate Appropriations Committee consideration of the bill, Senators scaled back the proposed House cuts from \$17.4 billion to \$13.5 billion. The Senate version would not cut funds for the Low Income Home Energy Assistance Program (LIHEAP), and reduces the cuts the House made to unused Highway Administration emergency funds. However, the bill still cuts nearly \$1.2 billion from the Safe Drinking Water Revolving Loan fund and specific water and wastewater projects. In addition, an amendment was agreed to that would direct all savings above the amount needed for disaster relief in California to deficit reduction, rather than the House plan to set aside funds for tax cuts later in the session. *(NCSL staff contact: Scott DeFife)*

WELFARE REFORM PASSES HOUSE. On March 24, 1995, the House passed H.R. 4 (formerly H.R. 1214), 234-199. H.R. 4 transforms existing public assistance programs (including entitlements for AFDC and foster care) into 6 block grants: temporary assistance for needy families; child protection; child care; family based nutrition; school-based nutrition; and services to disabled children. NCSL-supported amendments were passed to increase child care funding and allow disabled, legal immigrants to receive benefits. Another amendment, which NCSL opposed, to mandate that states withhold drivers and professional licenses for nonpayers of child support was included. While allowing states substantial discretion, the bill contains significant mandates, including federal work requirements with prescriptive performance standards, preemptions of state authority, and shifts of costs and needy populations (including legal immigrants cash and medical support) to states. There are significant changes to the SSI and food stamp program. NCSL successfully obtained a provision exempting electronic benefit transfers from Regulation E. A bill analysis is available from NCSL's Washington office. *(NCSL staff contacts: Sheri Steisel; Michael Bird)*

Capitol to
Capitol
is sent to
members of
NCSL's
Executive
Committee;
Officers of the
Assembly on
Federal Issues;
and State
Federal
Coordinators
(the primary
leaders of their
committees)

SENATE CONSIDERS PRODUCT LIABILITY BILL. The U.S. Senate Commerce Committee in early April is expected to mark up S. 565, the proposed federal product liability act that would broadly preempt state law. The bill would impose legal standards and evidentiary rules on the fifty state court systems to be used in adjudicating disputes over injuries resulting from allegedly defective products. For the first time, Congress would impose federal rules by which state courts would be forced to decide such civil cases. Senate floor consideration of S. 565 may be scheduled in late April. *(NCSL staff contacts: Jon Felde; Bill Waren)*

NCSL LEADERS MEETING SUCCESSFUL. State legislative leaders from throughout the country heard from an impressive group of Administration and Congressional officials at NCSL's annual Leader-to-Leader meeting held March 16-17. Speakers from the Administration included President Bill Clinton and five members of his Cabinet. Congressional leaders in the attendance included Senate Majority Leader Bob Dole (R-Kansas) and Senate Minority Leader Tom Daschle (D-South Dakota). Senator John Glenn (D-Ohio) and Senator Dirk Kempthorne (R-Idaho) attended the leaders dinner and received awards for their successful sponsorship of NCSL's mandate relief bill.



William T. Pound
Executive Director

Carl Tubbering
Director
Washington Office

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217 Second Street, Suite 200 • Juneau, Alaska 99801 • Tel (907) 586-1325, Fax (907) 463-5480

TO: Senator Tim Kelly
FROM: Kevin Ritchie, Executive Director
DATE: March 26, 1995
RE: Examples of Unfunded Mandates

Legislative Research Agency (94.083) identified over 600 state mandates on municipal governments. According to Legislative Research (95.092) "Collectively, they (state mandates) account for a major portion of the workloads of local governments, which are under increasing fiscal pressure."

Recent examples of types of state unfunded mandates, both enacted and proposed, follow:

1. State statutory funded mandates which become unfunded mandates- The mandatory Senior Citizen Property Tax Exemption was originally a state funded mandate. Since its enactment, the state has largely withdrawn its funding for the program. The current HB 185 is an example of how state government can respond positively to mandates which become unfunded over time. HB 185 reduces the mandatory exemption from \$150,000 to \$75,000 and allows municipalities the option of granting the exemption over \$75,000.
2. State regulations that are unfunded mandates on local governments - The federal government requires states to establish minimum standards for water quality. The state is now considering adopting new water quality standards above those required by the federal government. The cost to a municipality of complying with the standards required by the federal government, even if the program is administered by the state, is NOT an unfunded state mandate under SB 96.

However, if the state decides to set standards above those required by the federal government, the cost to municipalities to comply with the additional state standards would be an unfunded state mandate created by state administrative regulation. Under SB 96 the administration would have to prepare a finding of the financial effect of this proposed regulation on municipalities.

3. A proposed state statute that could create an unfunded mandate on municipal government- HB 154 deals with regulatory "takings" by the state or municipal government. The bill defines a taking as any municipal government action that "regulates or imposes a restraint on private property". Under this definition, normal municipal powers such as zoning and subdivision regulations, would be considered compensable "takings". Under SB 96 a finding of the potential financial effect on municipalities would be prepared.

MUNICIPALITY OF ANCHORAGE
1995 LEGISLATIVE PROGRAM

LEGISLATIVE ISSUES

TITLE: Bill of Mandates Legislation or Constitutional Amendment

The Municipality of Anchorage supports legislation (or a constitutional amendment) which would require the State to provide full funding for State mandated municipal activities or services. The most prominent and costly of existing State mandates is the Senior Citizens/Disabled Veterans property tax exemption, which underfunded Anchorage by \$7.7 million in 1994. Other examples of State mandates include: alcohol services, domestic violence writs, prisoner transportation costs, % for Art. Davis-Bacon wages, etc. State mandates have resulted in the Municipality assigning artificially high priority to mandated programs/services thereby superseding the funding of higher priority, fundamental local government services.

The Municipality is especially concerned about the potential escalation of unfunded State mandates resulting from the pressure of declining State revenues. Legislation is needed now so that future Legislatures will be discouraged from unfairly burdening local government with unfunded State mandates.

The proposed legislation would also require a State government agency which unilaterally transfers responsibility for a program to a municipality or imposes regulations on a municipality to reimburse the municipality for the costs of the transferred responsibility or the regulations.

Lastly, the Municipality also supports a local option section to be included with proposed legislation, which would allow a municipality faced with an unfunded mandate to decide whether it will provide the activity or service from local funds. Essentially, the unfunded mandate would become an authorization for a Municipality to provide a service or activity at whatever level it deems appropriate.

The propensity of state government to impose mandated programs on local government is by no means limited to the State of Alaska. The tax revolt in California in 1978 and 1979 was fueled, in part, by the state's transfer of certain responsibilities to the county level, placing an onerous tax burden on property owners.

(more)

**Bill of Mandates Legislation or Constitution Amendment
(continued)**

California now has an active reimbursement program. Massachusetts appropriates money with the mandating law as it is passed. In all, fifteen states have statutory or constitutional requirements that payments be made on some level for the financial effects of state statutes. Some state constitutions stipulate that special acts necessitating appropriations by a local government do not become effective unless approved by a voter referendum.

We ask for your support for legislation addressing the issue of municipal fiscal mandates.

Contact: Gene Dusek, Budget Director
Office of Management and Budget
Phone: 343-4490

CITY OF UNALASKA

P.O. BOX 89
UNALASKA, ALASKA 99685
(907) 581-1251
FAX (907) 581-1417



March 18, 1995

Senator Tim Kelly, Chairman
Community and Regional Affairs Committee
Room 101, State Capitol
Juneau, Alaska 99801-1182

RE: Senate Bill 96, an Act relating to municipal activities or services
mandated by state statute

Dear Senator Kelly:

Thank you for extending the opportunity to submit testimony on Senate Bill 96, relating to municipal activities or services mandated by state statute. The City of Unalaska is on record supporting this type of legislation on the federal level. We are extremely pleased that you have sponsored legislation at the state level to address the problem of unfunded state mandates on local governments.

This legislation would significantly relieve local governments of the financial burdens related to future state mandates. We are concerned, however, that the proposed language, as written, may not provide relief from *existing* state mandates. Like local governments across Alaska, the City of Unalaska is already facing potentially crippling financial impacts as a direct result of existing unfunded state and/or federal mandates. In Unalaska, the largest of the existing mandated, but unfunded or underfunded, projects include:

1. constructing a water filter plant at \$6 million (with an annual operating cost increase of \$400,000);
2. constructing an advanced primary or secondary wastewater treatment plant at \$5-10 million (with an annual operating cost increase of \$200,000);

Senator Kelly
March 18, 1995
Page 2

3. constructing a lined landfill and baler facility at \$6 million (with an annual operating cost increase of \$100,000); and
4. reducing emissions from our power generation facility (costs yet to be determined, but identified options range up to \$110 million).

As you know, the problem of complying with unfunded state and federal mandates is left largely to local government officials who must take the heat for increasing local taxes and utility rates. For many tax payers, the cause and effect relationships associated with complying with the myriad existing state and federal laws and regulations are not readily apparent.

Of course we are committed to providing public services that protect and enhance the health, safety, and welfare of our citizens. However, many existing mandates impose unrealistic time schedules for compliance and dictate specific actions when less costly alternatives might serve just as well. Additionally, they direct limited local resources away from other local priorities that could contribute *more* to the health, safety and welfare of local residents than the specific actions dictated by the mandates.

We do not seek to challenge the laudable goals of most state and federal mandates. Yet the accumulated weight of existing state and federal laws and regulations have made it nearly impossible for most local governments to prioritize among their most pressing needs. Solutions to the problems imposed by unfunded mandates must be based on a rational and balanced approach emphasizing outcome-oriented results. There must be greater political accountability at the state level, identification and appropriation of the resources required to pay for the mandates, and greater flexibility at the local level.

This is a national problem that has been dumped on local governments and their elected and appointed officials. We hope that the Alaska State Legislature will follow through with its good intentions and solve not only the problem of future mandates, but also address the onerous problem posed by existing mandates. We respectfully request that you and the Committee consider changes to the proposed legislation, or through other means, to obtain relief from existing unfunded state mandates.

Senator Kelly
March 18, 1995
Page 3

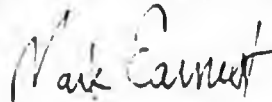
We would support the creation of a Commission on Unfunded State Mandates to review and investigate the impacts of existing state mandates on local governments. The purposes of this Commission would be to make recommendations to the Governor and Legislature regarding flexibility in local compliance, as well as terminating, suspending, or consolidating certain existing state mandates.

We would also support the creation of an advisory panel consisting of local government officials, perhaps coordinated through the Alaska Municipal League, to review and comment on proposed administrative regulations. State agencies should be required to consult with local officials during the development of administrative regulations that impact local governments. State agencies should also be required to prepare a written estimate, including the underlying analysis, of the cost impacts to local governments of administrative regulations.

Again, thank you for the opportunity to testify on this important issue and for your efforts to help local governments in Alaska. Senate Bill 96 represents an important step in addressing our concerns regarding the need for relief from unfunded and underfunded intergovernmental mandates.

Very truly yours,

CITY OF UNALASKA



Mark Earnest
City Manager

Municipality
of
Anchorage



P.O. Box 196650
Anchorage, Alaska 99519-0650
Telephone: (907) 343-3331
Fax: (907) 343-3201

Rick Mystrom, Mayor

OFFICE OF THE MAYOR

March 10, 1995

The Honorable Tim Kelly
Alaska State Senate
State Capitol, Room 101
Juneau, Alaska 99801-1182

Re: Senate Bill 96

Dear Senator Kelly:

Thank you for sponsoring SB 96 relating to municipal mandates.

Across the country unfunded mandates imposed by states upon their municipalities are a focus of legislative efforts. In the 1993-94 legislative session, anti-mandates legislation was introduced in 22 state legislatures. Sixteen states currently have legislation to limit or prohibit state governments from imposing unfunded mandates on municipalities.

The Municipality of Anchorage has previously estimated the burden on its budget of state unfunded mandates and municipally assumed responsibilities to be over \$26,000,000 in 1994.

The Municipality of Anchorage strongly supports CS SB 96 (CRA) as a reasonable and balanced approach to addressing the issue of unfunded mandates imposed by the state on municipalities.

Thanks again for your help on this issue.

Sincerely,

A handwritten signature in dark ink, appearing to read "Rick Mystrom", is written over a light-colored, possibly embossed or faded, version of the signature.

Rick Mystrom
Mayor

Legislative Research Agency

Alaska State Legislature




130 Seward Street, Suite 218
Juneau, Alaska 99801-2196

Phone: (907) 465-3991
Fax: (907) 463-3351

February 3, 1995

MEMORANDUM

TO: Representative Brian Porter

FROM: Gordon Harrison, Director 

RE: Unfunded State Mandates
Research Request 95.092

You asked for information about unfunded mandates imposed by the state government on municipal governments in Alaska. Specifically, you asked for a list of all such unfunded mandates. Although there is a long list of statutory directives to local government, few of these are controversial or contentious when considered individually. Collectively, they account for a major portion of the workload of local governments, which are under increasing fiscal pressure. We believe that it is unproductive to attempt to classify these many, individual directives as either funded or unfunded. The term mandate has come to imply an onerous, expensive and perhaps capricious directive from a higher level of government to a lower level of government intended to accomplish a policy objective of the former. A mandate is a directive that has become a political problem, and a working definition of the term is necessarily political, not technical. This memorandum identifies the few unfunded state mandates that municipal officials have pointed out in recent years as problems for local governments. This is not a long list, however. The source of financial pressures on municipalities today are not individual statutory directives, but rather cutbacks in direct state aid to municipalities (revenue sharing and municipal assistance), and cutbacks in various state services that have required local governments to increase local expenditures.

Defining Mandates

At the national level, the problem of unfunded federal mandates is a prominent political issue. Over the years, Congress has enacted many laws that require compliance, often expensive compliance,

Representative Brian Porter
February 3, 1995
Page 2

by state and local governments.¹ At the state level, many cities and counties have also complained about burdensome state mandates on municipal governments.² On close examination, many of these are actually directives of the state government necessitated by federal environmental laws such as the clean air and clean water acts. However, a number of purely state directives have been identified as especially burdensome.³

In Alaska, the issue of state mandates originally surfaced in connection with a specific grievance of several borough and city governments: the senior citizens' property tax exemption. State law requires municipal governments to exempt \$150,000 of real property owned by residents over 65 years of age (AS 29.45.030 [e-g]). For many years the state reimbursed local governments for the revenue they lost by way of this exemption, but these reimbursements have all but dried up in recent years as the legislature found ways to reduce state spending. Consequently, local governments now bear the fiscal burden of the exemption, and, because state law preempts local ordinance, they have been barred as well from substituting their own senior property exemption tailored to local circumstances.

Beyond the senior's property tax exemption, however, there has not been strong agreement among the municipalities on *specific* onerous state mandates common to them, nor a focused lobbying effort to repeal or amend these particular mandates. Governor Hickel created a Task Force on Governmental Roles that included legislators and municipal officials from around the state. Early on, the group sought a definitive listing of all state mandates, but the effort was eventually

¹The National Conference of State Legislatures (NCSL) has monitored the issue of federal mandates, and it recently published a list of these federal directives to state and local government in the *Mandate Catalog*, NCSL, Washington, D.C., December 1994. To the best of our knowledge, only one effort has been made to estimate the cost of complying with federal mandates in Alaska. In 1993, the Municipality of Anchorage released a study of the cost of complying with federal environmental laws (Municipality of Anchorage, *Paying for Federal Environmental Mandates: A Looming Crisis for Cities and Counties*, January 1993).

²A number of articles on the subject have appeared in recent years. See, for example, articles in the following publications: *State Legislatures*, September, 1989, December, 1991; *Governing*, January, 1992; *State Government News*, April, 1993. Also, NCSL issued a *Legisbrief* entitled "Mandate Relief for Local Governments," June, 1994.

³Unfunded mandates frequently cited in other states are the requirement that counties provide free office space and supplies to local state agencies, and that the school district provide free transportation of pupils.

Representative Brian Porter

February 3, 1995

Page 3

dropped.⁴ A legislative task force member requested from the Legal Services Division of the Legislative Affairs Agency a computer search of the Alaska constitution, statutes, and administrative code for pertinent sections using the key words "shall" and "must" in connection with such words as "local government," "municipality", "political subdivision," etc. The resulting list of twenty-three statutes was considered unenlightening and inconclusive.

During the second session of the Eighteenth Legislature, this agency was asked to compile a comprehensive list of all state directives to local governments. Legislative Research Agency Memorandum 94.083 was the result. While we presume that our list is reasonably comprehensive (we read some sections of the statutes page by page, other sections we searched by computer), we do not think that by itself it is particularly useful in clarifying the dimensions of the issue of mandates as a *political* problem. Municipal governments are creatures of state government. They do not possess inherent powers. In general, state governments may create, dissolve and realign local governments, and direct them to accomplish governmental objectives.⁵ Thus, municipal corporations have a fundamentally different legal relationship to their state government than the states have to the federal government.

The Alaska statutes are full of major and minor directives to municipal governments. For example, Title 29 requires all boroughs and first class cities outside of boroughs to establish, operate, and maintain a system of public schools (AS 29.35.160 and 260). Much of Title 14 is devoted to telling the boroughs and cities how these school systems are to be administered, including where and when to fly the Alaska and United States flags (AS 14.03.130). Each such provision is, strictly speaking, a formal directive from the state to local governments. Similarly, the state criminal code (Title 12) constitutes a type of state-imposed mandate because local police departments are required to apprehend murders and robbers. But even if it were a simple matter to do so⁶, it does not

⁴With regard to state mandates, the final report made this recommendation: "Policymakers should adopt a policy of deliberate restraint with respect to enacting mandates on local governments. The legislature should closely monitor Department of Community and Regional Affairs fiscal notes on legislation that affects municipalities and make a firm commitment to use the estimates in its deliberation." *Final Report; Task Force on Governmental Roles*, published jointly by the Governor's Office of Management and Budget and the Alaska Municipal League, July 10, 1992, p. 3.

⁵See discussion in David J. McCarthy, Jr. *Local Government Law*, 3rd ed. (St. Paul: West Publishing Co., 1990), p. 28 ff.

⁶Individual directives pertaining to local school districts might be said to be funded in the same proportion that district revenues are derived from state grants and entitlement programs. This may also be assumed for the various mandatory duties of the different classes of general government and home rule municipalities: they are funded to the same extent that the municipal revenues are derived from state sources. The percentage of state support for schools and local government generally

Representative Porter
February 3, 1995
Page 4

seem fruitful to categorize as "funded" or "unfunded" these and the many other noncontroversial arrangements that govern the fundamental relationship between Alaska's municipalities and the state. This is not to say that the level of state funding for education and state support for local government are not major political issues. They are major issues and everyone knows that they are. However, the debate over these issues is not advanced by a finding that the directive to display flags on the school house during school hours is funded, unfunded, or partially funded.

Certainly specific mandates that have become a particular source of political irritation to municipal governments deserve attention. The senior citizens tax exemption is one such mandate (unfunded). Municipalities have, from time to time, identified a few other such unfunded mandates. These are discussed below.

Unfunded Mandates Identified by Municipalities

From the information on this subject that we have located, four state mandates have been identified at one time or another as special problems for municipalities, in addition to the property tax exemption for senior citizens.

Other Property Tax Exemptions

State law exempts state-owned property (AS 29.45.030), including property owned by public corporations such as the Alaska Industrial Development and Export Authority (AS 44.88.140), the Alaska Permanent Fund (AS 37.13.180), the Alaska Energy Authority (AS 43.83.150), the Alaska Bond Bank (AS 43.85.160), regional electrical associations (AS 18.57.030), and electric and telephone cooperatives (AS 10.25.540[b]).

PERS and TRS Contribution Rates

Municipalities are members of the Public Employees' Retirement System (PERS) and school districts are members of the Teachers' Retirement System (TRS). Municipal employees and school teachers contribute a certain percentage of their base pay to their respective retirement system; their employer contributes the remainder. When the legislature changes the PERS and TRS statutes in a manner that causes the total contribution for each participant to increase—for example, by increasing benefits, liberalizing service credit rules, or raising contributions to maintain actuarial soundness of the system—the local governments and school districts must bear these higher costs. (AS 14.25, TRS; and AS 39.35, PERS)

Representative Porter
February 3, 1995
Page 5

"Little Davis-Bacon" Wages

The state version of federal Davis-Bacon Act requires that prevailing local wages be paid on all public construction projects. Thus, local governments must require contractors to pay local wage scales even if lower cost labor is available. (AS 36.05.010)

Procurement Preferences

When municipal governments purchase fishery and agricultural products, they must give a 7 percent price preference to bidders who supply products harvested within Alaska. (AS 29.71.040)

In addition to these mandates, municipalities have opposed the shifting of various program costs onto local governments as state agencies reduce their services because of state budget cuts.

The Local Fiscal Effects of State Budget Cuts

Virtually all state agencies have taken budget cuts of some kind in recent years. As a result, most have had to cut back their services. In some cases local governments have had to fill the void. Thus, for example, the City of Wasilla provided local police service when the Alaska State Troopers, for budgetary reasons, withdrew service from the area. The Alaska Department of Transportation and Public Facilities has threatened to turn over to the municipalities maintenance of Class III roads. The Department of Law has talked about local governments prosecuting violators of municipal codes. Shifting to local governments the cost of services now provided by the state is a serious problem for some communities and a major threat to all of them. Note, however, that strictly speaking the issue of "cost shifting" is not one of state mandates in the sense of mandatory statutory directives. It is rather the indirect result of state budget cuts that are made without consideration of their impact on local governments.

Of far greater significance to the municipalities, however, is the steady erosion of *direct* state support of local governments through the state revenue sharing and municipal assistance programs. The fiscal impact of cuts to these programs dwarfs the effect of all of the foregoing state mandates and agency belt tightening. Shoring up these two programs is the highest legislative objective of the Alaska Municipal League (AML).

Representative Porter

February 3, 1995

Page 6

Legislative Agenda of the Alaska Municipal League

The overriding legislative priority of the AML is adoption of the league's proposal to combine the state revenue sharing and municipal assistance programs and to avoid further reductions in appropriations for these programs. This proposal, called the Alaska Municipal Basic Services Program, is designed to rationalize, simplify, and strengthen state support of local governments. A full description of the proposal and its rationale are beyond the scope of this memorandum. The point here is to emphasize that municipal officials see the legislative solution to their immediate problem as adequate direct state funding for local governments.

With regard to specific unfunded mandates, the AML is on record in support of legislation that would make senior citizens' tax exemption a matter of local option. More generally, the AML supports legislation that would prohibit the state from transferring any additional responsibilities to local governments through statute, regulation, or *budgetary measures* without commensurate funding. We suggest you contact Kevin Ritchie, Executive Director of the AML (586-1325), for a full discussion of the organization's proposals, legislative objectives, and position on the unfunded mandates identified above.

Although not exactly what you asked for, I nonetheless hope this information is useful. If you have questions about any of this, or would like follow-up information, please call.

A PRIMER ON MANDATES

Adapted from "Mandates: Keeping Citizens Aware," by Janet M. Kelly, *An Issues and Opinions* report by the National League of Cities

Of all the issues that engage local government officials, none is more contentious than mandates. Mandates go to the heart of what governing is all about—autonomy and money. Local officials recognize the need for the policies that ensure basic and equal protection for all citizens and are willing to help implement those policies. In return, they generally ask for two things. The first is the ability to implement the policy consistent with local needs and conditions, and the second is financial assistance to fund the requirement.

Unfunded mandates place additional burdens on already fiscally stressed local governments. They have also strained the intergovernmental relationship, making innovative partnership approaches to providing services and paying for them simultaneously more necessary and more difficult.

What Is a Mandate?

The two most broadly used definitions are based on either cost or penalty. Cost-based definitions begin with some variation of the theme "any statute or rule requiring a local expenditure of funds or restricting local revenue rates or bases...."

A weakness of a simple cost-based definition is that it reduces important arguments about mandates to money. When the definition is cost-based, discussions will center on whether or not the mandate has a cost and what that cost will be. This is especially troublesome as many mandates require localities to use their existing resources differently or more intensively. Because of the proliferation of mandates, local governments bear very high cumulative costs but very low marginal costs. A cost-based definition might not recognize the burden of these mandates at all.

An alternative approach is a penalty-based definition. Rather than ask "will it cost money?" a penalty-based definition asks "must I comply?" The latter is much easier to answer decisively than the former. This test for the mandate is whether the locality can legally res-

For instance, some would argue that if a law impacts the private sector as well as local governments, it cannot be considered a mandate. A penalty-based definition settles that argument in short order. The only disadvantage is that a definition based on penalty tends to reveal the volume of existing mandates, some of which are not important to the local government. However, there is a strong argument to be made that if you aggregate all the "little" mandates their cost would approach if not exceed the cost of the few "big" mandates.

So What?

Is this whole issue, as some contend, really all about money? Well, yes and no. Money spent on compliance with federal mandates is money that cannot be spent on local priorities. So cost is a central issue, but it is opportunity cost displacement caused by the mandate that chafes—the preclusion of spending the money on programs or services valued by the local constituency. If local priorities were equivalent to federally mandated priorities, money spent on compliance with mandates would not be contested. In fact, localities willingly accept responsibility for programs and services when there is popular support for them at the local level. So the mandates issue is more accurately about different priorities and the foregone opportunities they create.

However, the fiscal implications are enormous. There is the loss of local tax dollars that might have been applied to other more pressing and popular uses. There are mandates that limit the ways in which localities raise revenue, putting some potentially lucrative and relatively pain free taxes off limits. These revenue exclusions and exemptions have the effect of forcing more intensive use of the much hated property tax.

Another serious and often ignored fiscal consequence of mandates is that of loss of flexibility. When mandates are procedural—telling the locality not what to do, but how to do it—it should not come as a surprise that Congress or federal agencies are not the best judge of how to run the business of local government. Some local

ciency"—the preclusion by law or rule from taking the most efficient path toward the service or program goal. Not surprising, the administrative routines mandated for a city of 500,000 may not be as workable for a city of 500. Even seemingly innocuous procedural mandates have their consequences. One law requires a social service agency to keep a copy of certain records. A copy is defined by statute in such a way as to prevent the use of computer records or microfiche, alternatives far less expensive than the maintenance of paper copies.

Finally, and most critically, the biggest "so what" of mandates is the loss of responsiveness in local government toward its citizens. Local governments have consistently been shown to be more responsive to citizen preferences for taxes and services than the federal government. Poll respondents are far more likely to say that their local government is more responsive to their needs and is more open to their input than federal government. Local officials often point out that they see their constituents on the street, dine with them, worship with them, and hear about problems daily. Governing, for these elected officials, is about the ability to respond to constituent demands or at least to engage constituents with conflicting goals in negotiation and compromise. When mandates preclude the use of local resources toward the essential function of government, local government loses the trust and the confidence of its people.

All that having been said, it is critical to note that mandates are a necessary part of intergovernmental relations. No locality should have the right to pollute the environment, deny adequate education to children, deny benefits to eligible residents, deny due process and voting rights to citizens, or operate a justice system that is not in conformance with other localities. Mandates are a necessary means by which to achieve these goals and are both the right and the obligation of Congress. However, the proliferation of mandates has also made it clear that local governments are being saddled with an ever expanding load of rules and requirements whose cost over

Resolution of the Alaska Municipal League

Resolution No. 95-2

**A RESOLUTION OPPOSING UNFUNDED STATE MANDATES AND
URGING PASSAGE OF LEGISLATION REQUIRING THE STATE OF
ALASKA TO REIMBURSE MUNICIPALITIES FOR THE COST OF
ANY NEW STATE-MANDATED PROGRAM**

WHEREAS, "the Alaska Municipal League urges passage of legislation that would require a government agency unilaterally transferring responsibility for a program to a municipality or imposing regulations on a municipality to reimburse the municipality for the costs of the transferred responsibility or regulations" (Alaska Municipal League Policy Statement 1995, Part 1 Taxation and Finance, F.2 Reimbursement for Responsibilities Transferred from State); and

WHEREAS, state aid to municipalities in the form of Municipal Assistance and State Revenue Sharing has been reduced by over 55 percent since FY 86, while during the same period the overall state general fund budget has been reduced by only 10 percent; and

WHEREAS, along with the reduction in state financial assistance, there have been increases in state-mandated programs that take the form of increased costs, new programs, and funding shortfalls for existing programs that are costly for municipalities to administer and implement; and

WHEREAS, legislation affecting municipalities is considered and passed by the Alaska State Legislature without the benefit of knowing its fiscal impact on local governments; and

WHEREAS, these mandated programs, funding shortfalls, and shifts in responsibilities have required municipalities to increase local taxes and reduce services in order to balance their budgets and, at the same time, the Alaska Legislature has ignored deficit spending while boasting that the state has no income or sales taxes and that operating budgets have been reduced; and

WHEREAS, costly state-mandated programs provide a significant additional disincentive for communities to incorporate; and

WHEREAS, the National Conference of State Legislatures in 1987 recommended that state legislatures consider relaxing or eliminating costly requirements on local governments or assuming the cost of complying with the requirements:

NOW, THEREFORE, BE IT RESOLVED that the Alaska Municipal League urges the Alaska Legislature and the Governor to pass legislation requiring the state to reimburse municipalities for the costs of any new state-mandated programs or regulations that increase the costs of local government operations.

RESOLUTION OF THE ALASKA CONFERENCE OF MAYORS

RESOLUTION 95-5

A RESOLUTION URGING THE PASSAGE OF LEGISLATION REQUIRING THE STATE TO REIMBURSE MUNICIPALITIES FOR THE COST OF ANY NEW STATE-MANDATED PROGRAMS

WHEREAS, "the League urges passage of legislation that would require a government agency unilaterally transferring responsibility for a program to a municipality or imposing regulations on a municipality to reimburse the municipality for the costs of the transferred responsibility or regulations" (*Alaska Municipal League Policy Statement 1994, Part 1 Taxation and Finance, F.2 Reimbursement for Responsibilities Transferred from State*); and

WHEREAS, state aid to municipalities in the form of Municipal Assistance and Revenue Sharing has been reduced by over 45 percent since FY 86, while during the same period the overall state general fund budget has been reduced by only 10 percent; and

WHEREAS, along with the reduction in state financial assistance there have been increases in state-mandated programs that take the form of increased costs, new programs, and funding shortfalls for existing programs that are costly for municipalities to administer and implement; and

WHEREAS, legislation affecting municipalities is considered and passed by the Alaska State Legislature without the benefit of knowing its fiscal impact on local governments; and

WHEREAS, these mandated programs, funding shortfalls, and shifts in responsibilities have required municipalities to increase local taxes and reduce services in order to balance their budgets and at the same time, the Legislature has ignored deficit spending while boasting that the State has no income or sales taxes and that operating budgets have been reduced; and

WHEREAS, costly state-mandated programs provide a significant additional disincentive for communities to incorporate; and

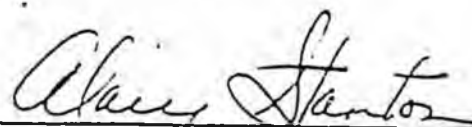
WHEREAS, the National Conference of State Legislatures in 1987 recommended that state legislatures consider relaxing or eliminating costly requirements on local governments or assuming the cost of complying with the requirements:

NOW, THEREFORE, BE IT RESOLVED that the Alaska Municipal League urges the Alaska Legislature and the Governor to pass legislation requiring the State to reimburse municipalities for the costs of any new state-mandated programs or regulations that increase the costs of local government operations.

SUPPORT:

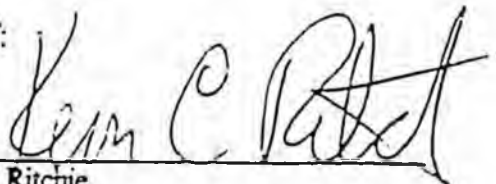
Alaska Conference of Mayors

This resolution was approved for submission to the Alaska Municipal League membership by the governing body of the Alaska Conference of Mayors on November 15, 1994.



Mayor Alaire Stanton, President

ATTEST:



Kevin C. Ritchie
AML Executive Director