

**ALASKA LEGISLATURE**

**1562**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 1995-1996**

appropriate assessment practices. This fiscal note provides for this position as well as additional travel and contractual funding associated with creation of numerous new boroughs each year.

### Organizational Grants

Alaska Statutes (AS 29.05.190) provide for organizational grants to newly incorporated boroughs to defray the start-up costs of establishing local government until the borough can establish its local revenue generation mechanisms. Every borough formed after December 31, 1985 is entitled to organizational grants of \$300,000 for the first full or partial fiscal year, \$200,000 for the borough's second year, and \$100,000 for the third year. The following table presents the anticipated order of borough incorporation and the cumulative schedule of organizational grant requirements. We are assuming that actual incorporation of boroughs would occur one year after DCRA borough proposals are presented to the LBC.

Borough	Incorporation Date	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Prince William Sound	July 1, 1998	\$300,000	\$200,000	\$100,000			
Copper River Basin	July 1, 1998	\$300,000	\$200,000	\$100,000			
Upper Tanana Basin	July 1, 1998	\$300,000	\$200,000	\$100,000			
Yukon Koyukuk	July 1, 1999		\$300,000	\$200,000	\$100,000		
Yukon Flats	July 1, 1999		\$300,000	\$200,000	\$100,000		
Aleutians West	July 1, 1999		\$300,000	\$200,000	\$100,000		
Wrangell Petersburg	July 1, 1999		\$300,000	\$200,000	\$100,000		
Lower Kuskokwim	July 1, 2000			\$300,000	\$200,000	\$100,000	
Bennet Straits	July 1, 2000			\$300,000	\$200,000	\$100,000	
Southwest Region	July 1, 2000			\$300,000	\$200,000	\$100,000	
Prince of Wales	July 1, 2000			\$300,000	\$200,000	\$100,000	
Lower Yukon	July 1, 2000			\$300,000	\$200,000	\$100,000	
Pribilof Islands	July 1, 2001				\$300,000	\$200,000	\$100,000
Glacier Bay	July 1, 2001				\$300,000	\$200,000	\$100,000
Chatham (Northern SE)	July 1, 2001				\$300,000	\$200,000	\$100,000
Kuspuk (mid-Kusk.)	July 1, 2001				\$300,000	\$200,000	\$100,000
Iditarod	July 1, 2001				\$300,000	\$200,000	\$100,000
Annette Islands	July 1, 2001				\$300,000	\$200,000	\$100,000
<b>Total</b>		<b>\$900,000</b>	<b>\$1,800,000</b>	<b>\$2,600,000</b>	<b>\$3,200,000</b>	<b>\$1,700,000</b>	<b>\$600,000</b>

## Attachment 2: Evaluation of Effects of CSSB280 on DCRA Programs.

Replacing the unorganized borough with a set of incorporated boroughs would have direct programmatic effects on communities located within the unorganized borough. Much or all of DCRA program funds now going to these communities would be redirected to the new boroughs.

In general, this shift in funding would result in no net difference in the State's general fund, or in the level of federal receipts. An exception would be the National Forest Receipts Program for which certain federal funds now shared to the State in conjunction with state-maintained roads in the unorganized borough would be re-directed to certain new boroughs or expanded boroughs.

The table below presents estimates — some of these are very rough estimates — of four DCRA program funds that would be re-directed to the proposed new boroughs. The notes at the bottom of the table indicate of the how this re-redirecting of funding would affect current program participants. The effects assume no change in overall program funding levels. Following the table are descriptions of these four programs. Finally, the implications for another department-administered program, the federally-funded Alaska Coastal Management Program, are discussed.

New Borough Name	Municipal Assistance	Revenue Sharing	Nat'l Forest Receipts	Fisheries Business Tax
Prince William Sound	\$25,419	\$82,836	\$29,500	\$38,244
Copper River Basin	\$1,315,797	\$34,000	\$0	\$0
Upper Tanana Basin	\$205,302	\$62,899	\$0	\$0
Yukon Koyukuk	\$36,738	\$31,000	\$0	\$0
Yukon Flats	\$43,353	\$31,000	\$0	\$0
Aleutians West	\$214,338	\$52,745	\$0	\$372,304
Wrangell/Petersburg	\$18,795	\$65,761	\$1,135,000	\$23,140
Lower Kuskokwim	\$342,799	\$140,247	\$0	\$5,070
Bering Straits	\$42,813	\$99,000	\$0	\$1,778
Southwest Region	\$19,587	\$45,244	\$0	\$83,841
Prince of Wales Island	\$53,586	\$53,550	\$1,066,000	\$30,746
Lower Yukon	\$23,367	\$70,857	\$0	\$495
Pribofor Islands	\$7,080	\$29,000	\$0	\$28,248
Glacier Bay	\$43,749	\$24,000	\$363,000	\$19,183
Chatham	\$16,836	\$24,000	\$804,000	\$23,140
Kuspuk	\$26,931	\$31,000	\$0	\$0
Iditarod	\$16,332	\$31,000	\$0	\$0
Annette Islands	\$86,995	\$23,000	\$68,000	\$0
<b>Totals</b>	<b>\$2,539,817*</b>	<b>\$931,159**</b>	<b>\$3,465,500*</b>	<b>\$626,189**</b>

\* This figure represents 7.0% of the FY 96 Municipal Assistance Appropriation which would be absorbed by the other participating municipalities.

\*\* This figure represents 3.5% of the FY 96 State Revenue Sharing Appropriation which would be absorbed by the other participating municipalities.

\* This money would come from the cities and REAAs located within the Tongass and Chugach National Forests and the State (\$650,000) as they would no longer be eligible for funding.

\*\* These fish tax \$ currently collected outside municipal boundaries, and shared back by DCRA, would be collected within the new borough boundaries and shared back by DCR.

## State Revenue Sharing Program

The State Revenue Sharing Program, established in 1970, is designed to support services provided by local governments while making allowances for the unequal distribution of taxable property throughout the state. Funding is available to municipalities, unincorporated communities and volunteer fire departments serving areas outside organized municipalities. The SRS Program includes two components: Municipal Tax Resource Equalization and State Aid for Miscellaneous Purposes. As new boroughs were formed, program payments to unincorporated communities and volunteer fire departments would cease to occur. This represents about \$500,000 at current funding levels. The estimates of program funding required for the new boroughs (about \$900,000 collectively) is difficult to project because these payments are based on formulas which include a measure of locally generated revenues. We cannot predict what these locally generated revenues will be with any substantial degree of confidence. There would clearly be some increased demand on program funding. Assuming no change in program appropriations, this additional demand would have to come out of the payments to current program participants.

## Municipal Assistance Program

The Municipal Assistance program replaced the Gross Business Receipts Program (GBRP) in 1979. The program provides for a "base amount" distribution equivalent to a municipality's 1978 GBRP allocation. An appropriation to this program, above the level necessary to fund the total base amounts (\$10.6 million), is distributed on a per capita basis. Funds appropriated in excess of the base amounts are designed to provide property tax relief. According to statutes, the base amount of a newly incorporated borough is set at the same amount as whichever existing borough has the closest population count compared with the new borough. Note that the new Copper River Basin Borough would have a large Municipal Assistance payment because its population is most similar in number to the North Slope Borough which enjoys a large base amount. Assuming no increase in overall program appropriation, the payments to new boroughs would come out of the payments to existing municipalities. Because the base amounts are currently held harmless, the payments to new boroughs would come out of the per-capita element of Municipal Assistance funding. This would have much greater consequence for smaller, rural cities which typically have small base amounts.

## Shared Fisheries Business Tax Program

The Shared Fisheries Business Tax Program was created in 1990. The purpose of this program is to provide for an annual sharing of fish tax collected **outside municipal boundaries** to municipalities that can demonstrate they suffered significant effects from fisheries business activities. The funding available for a given program year is equal to half the amount of state fisheries business tax revenues collected outside of municipal boundaries during the preceding calendar year. Funding has varied from \$675,000 to \$850,000 for the several years the program has existed. This program would cease to exist if the unorganized borough were incorporated as boroughs. In that case, all fisheries business tax would be collected inside of some municipality and consequently shared through the Department of Revenue's fish tax sharing program which shares back taxes collected inside municipal boundaries.

## National Forest Receipts Program

The National Forest Receipts Program, established in 1908, is a federal revenue sharing program where 25% of the income earned from activities within the Tongass and Chugach National Forests is distributed to boroughs, cities and Regional Education Attendance Areas (REAA's) within the national forest. Federal and state law requires that national forest income be expended only for the benefit of public schools and public roads. About \$7.6 million (federal funding) was distributed in FY 96.

Payments from the State to organized boroughs are made on the basis of the national forest acreage within each borough proportional to the entire acreage of the national forest in which the borough is located. Within the unorganized borough, payments to cities and REAAs for schools are made on the basis of school enrollment. The State's share and payments to cities for roads are based upon the number of miles of state and locally maintained roads. In FY 96, the State general fund received about \$650,000 under the program. If all areas of the state with national forests were incorporated as boroughs, all federal funds under this program would go to the boroughs containing national forests.

### Impacts of CSSB 280 on ACMP Grants:

The funding scheme for the FY96 ACMP grants is noted in the table on the next page. DCRA is currently proposing changes to the FY97 funding scheme. Generally, the new scheme, if approved, will reduce the CRSA grants and increase several borough grants.

As boroughs organize in accordance with CSSB 280, DCRA would simply make adjustments to the funding scheme. The adjustments would be over several years and, for this reason, would not have significant impacts. DCRA adjusts the funding scheme every few years anyway.

As noted below, in FY96, 4 CRSAs received \$382,000. 18 cities received \$108,000. As boroughs form, cities will no longer be eligible for ACMP funding (the borough will become the grant recipient) and CRSAs will dissolve. DCRA anticipates the bulk of the \$490,000 will be distributed to the boroughs along the coast. Thus, the level of funding for boroughs (as noted in the FY96 funding scheme below) will increase.

The change to borough status will require that local coastal management plans be amended, so some of the \$490,000 will likely go towards plan updates. But, the bulk of the \$490,000 will likely be distributed to the boroughs to pay for day-to-day staff functions.

**FY96 ACMP Awards:**

Group		Amount for each district	Total for the group
CRSAs	Aleutians West, Bering Straits, Bristol Bay CRSA, Cenaliulriit (4)	\$ 95,500	\$ 382,000
Municipalities over 20,000 population or high permit activity	Municipality of Anchorage, City and Borough of Juneau, Kenai Peninsula Borough, Matanuska-Susitna Borough, North Slope Borough (5)	35,500	177,500
Other Boroughs	Aleutians East, Bristol Bay Borough, Ketchikan Gateway, Kodiak Island, Lake and Peninsula, Northwest Arctic, City and Borough of Sitka, City and Borough of Yakutat (8)	23,500	188,000
Cities	All cities (18)	6,000	108,000
Special projects	Distributed on a competitive basis.	250,000	221,500
Total			\$1,077,000

Assuming the FY96 ACMP funding scheme for future years, the following estimated impacts would occur:

**FY98 (fiscal year ending 6/30/98) - No significant change.**

Lose 3 city grants (Cordova, Whittier, Valdez = \$18,000) and write 1 borough (PWS = \$23,500) grant.

**FY99 - \$72,000 would become available for reallocation.**

Lose 1 CRSA (AW = \$95,500) and write 1 borough (AW = \$23,500) grant.

Neither Wrangell or Petersburg currently participate in the ACMP. Assume no borough participation.

**FY00 - \$193,000 would become available for reallocation.**

Lose 1 CRSA (Cenaliulriit = \$95,500) and write 2 borough (Lower Kuskokwim and Lower Yukon = \$47,000) grants.

Lose 1 CRSA (Bering Straits = \$95,500) and write 1 borough (Bering Straits = \$23,500) grant.

Lose 1 CRSA (Bristol Bay = \$95,500) and write 1 borough (Bristol Bay = \$23,500) grant.

Lose 4 city grants (Craig, Hydaburg, Klawock, Thome Bay = \$24,000) and write 1 borough (Prince of Wales = \$23,500) grant.

**FY01 - \$28,500 would be required to fund borough participation in the ACMP.**

Lose 1 city grant (St. Paul = \$6,000) and write 1 borough (Pribilofs = \$23,500) grant.

Lose 2 city grants (Hoonah, Pelican = \$12,000) and write 1 borough (Glacier Bay = \$23,500) grant.

Lose 2 city grants (Angoon, Kake = \$12,000) and write 1 borough (Chatham = \$23,500) grant.

Lose 2 city grants (Haines, Skagway = \$12,000) and write 1 borough (Haines = \$23,500) grant.

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# FISCAL NOTE

STATE OF ALASKA

BILL NO. CSSB280 (CRA)

1996 LEGISLATIVE SESSION

Revision Date: February 28, 1996

Department Affected: Education

Title: "An Act relating to the mandatory incorporation of certain boroughs in the unorganized borough."

BRU: K-12 Support

Component: Foundation Program

Sponsor: Senator Torgerson

Requester: Senator Torgerson

COMPONENT SERIAL NO. 141

**Expenditures/Revenues:**

(Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	2,530.7	41.2
MISCELLANEOUS						
<b>TOTAL OPERATING</b>						

<b>CAPITAL EXPENDITURES</b>	-0-	-0-	-0-	-0-	2,530.7	41.2
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<b>CHANGE IN REVENUES</b>						
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**FUND SOURCE**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	-0-	-0-	-0-	-0-	2,530.7	41.2
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY96) impact: \$ -0-

ANALYSIS: (Attach a separate page if necessary.) See Attached.

Prepared by: Eddy Jeans

Phone: 465-8685

Division: School Finance

Date: 3-12-1996

Approved by Commissioner: [Signature]

Richard S. Cross

Agency: Education

Date: 3-12-1996

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Fiscal Note CSSB280

AS 29.05.130 allows a newly incorporated municipality to integrate service areas within two years after date of incorporation. Regional education attendance areas are included as service areas according to AS 29.03.020. AS 14.17.025(f) allows the phasing-in of local contributions to schools over a four year period after the newly formed borough operates schools. The phase-in provisions are as follows; the first year is zero, the second year is the equivalent of 2 mills, the third year is the equivalent of 3 mills and fourth year is the equivalent of 4 mills. Currently, home rule and first class cities in the unorganized boroughs are required to contribute to schools the equivalent of a four mill tax levy. When a first class city is incorporated into a borough, the city's local share to schools is subsidized with state general fund during the phase-in provisions of AS 14.17.025(f). Based on the schedule of borough incorporation outlined in section 2 of CSSB280 and the phase-in provisions of AS 29.05.130 and AS 14.17.025(f), all boroughs will be subject to the 4 mill required local effort of AS 14.17.025 by fiscal year 2007.

Following is the potential increase in required local effort when all boroughs are fully phased-in and contributing at the 4 mill requirement.

	4 Mill Equivalent	
Existing 1994 Full Values utilized in foundation formula excluding North Slope, Unalaska and Valdez. /1	\$27,658,929,310	\$110,635,717
Proposed 1994 Full Values utilized in foundation formula excluding North Slope, Aleutians West (Unalaska area) and Prince William Sound (Valdez area).	\$30,694,380,530	<u>\$122,777,522</u>
	Difference	\$12,141,805

/1 - North Slope, Unalaska and Valdez full values have been excluded because their required local effort under the foundation program is 35% of basic need of the preceding year.

	A	B	C	D	E	F	G
1	CSSB280 Fiscal Note						
2							
3							
4							
5	Incorporation						
6	Date	FY98	FY99	FY00	FY01	FY02	
7							
8	7/1/98	C & RA	C & RA	ED	2,530.70	(2,460.60)	
9						(4,991.30)	2 mill Eq.
10							
11							
12	7/1/99	N/A	C & RA	C & RA	ED	2,501.80	
13							
14				Total	2,530.70	41.20	
15							
16	<b>KEY</b>						
17	C & RA = AS 29.05.130, Integration of special districts and service areas - within two years after date of incorporation.						
18	ED = AS 14.17.025, Local Contributions - four year phase-in of required local effort, after borough operates schools.						
19	First year is zero, second year equivalent of 2 mills, third year equivalent of 3 mills and fourth year equivalent of 4 mills.						
20							
21							
22							
23							
24							4 Mill Equivalent
25	Existing FY1994 Full Values utilized in foundation formula excluding North Slope, Unalaska and Valdez				\$27,658,929,310	\$110,635,717	
26	Proposed FY1994 Full Values utilized in foundation formula excluding North Slope, Aleutians West and Prince William Sound				\$30,694,380,530	\$122,777,522	
27					Increases in required local effort by the year 2007	\$12,141,805	
28							

To: Eddy Jeans, Department of Education (by fax: 463-5279) [telephone 465-8685]

From: Dan Bockhorst (fax: 269-4539) [telephone 269-4559]

Date: March 5, 1996

Subject: CSSB 280 (C&RA)

For purposes of preparing its fiscal note for the subject legislation, DCRA will assume that incorporation of new boroughs and annexation to existing boroughs and unified municipalities will take effect according to the following schedule:

July 1, 1998

1. Incorporation of Prince William Sound Borough (Chugach REAA, Cordova and Valdez)
2. Incorporation of Copper River Basin Borough (Copper River REAA)
3. Incorporation of Upper Tanana Basin Borough (Alaska Gateway and Delta Greely REAAs)

July 1, 1999

1. Incorporation of Yukon Koyukuk Borough (Yukon Koyukuk REAA, Galena; excludes Nenana)
2. Annexation of Nenana to the Denali Borough
3. Incorporation of Yukon Flats Borough (Yukon Flats REAA, excluding Livengood, Central and Circle Hot Springs)
4. Annexation of Livengood, Central and Circle Hot Springs to the Fairbanks North Star Borough
5. Incorporation of Aleutians-West Borough (Aleutian Region REAA, Unalaska) [note: this would combine two model borough regions into one which appears warranted due to closure of Adak Naval Air Station]
6. Incorporation of Wrangell/Petersburg Borough (Wrangell, Petersburg, Kupreanof) [note: it is possible, indeed likely that DCRA would recommend that Wrangell and Petersburg be allowed to form separate boroughs]

July 1, 2000

1. Incorporation of Lower Kuskokwim Borough (Lower Kuskokwim REAA, Yupiit REAA)
2. Incorporation of Bering Straits Borough (Bering Straits REAA, Nome)
3. Incorporation of Southwest Region Borough (Southwest Region REAA, Dillingham)
4. Incorporation of Prince of Wales Island Borough (portion of Southeast Islands REAA -- all of Prince of Wales Island, including Hydaburg, Craig and Klawock, the southern end of Baranof Island including Port Alexander and the southern end of Kuiu Island)
5. Annexation of Hyder and Meyers Chuck to the Ketchikan Gateway Borough

Page 2

6. Incorporation of Lower Yukon Borough (Lower Yukon REAA, Kashunamiut REAA, St. Mary's)

July 1, 2001

1. Incorporation of Pribilof Islands Borough (Pribilof Islands REAA)
2. Incorporation of Glacier Bay Borough (portion of Chatham REAA encompassing Gustavus, Elfin Cove, Freshwater Bay, Game Creek, Whitestone Logging Camp and Tenakee Springs; Hoonah, Pelican)
3. Incorporation of Chatham Borough (Rowan Bay, Cube Cove, Kake, Angoon)
4. Annexation of Skagway and Klukwan to the Haines Borough (note: DCRA may support formation of a separate borough for Skagway)
5. Annexation of Hobart Bay to the City and Borough of Juneau
6. Incorporation of Kuspuk Borough (Kuspuk REAA)
7. Incorporation of Iditarod Borough (Iditarod REAA)
8. Incorporation of Annette Islands Borough (Annette Islands REAA)

# FISCAL NOTE

Bill Version: CSSB 280(CRA)  
 (S) Publish Date: 3-14-96

STATE OF ALASKA  
 1996 LEGISLATIVE SESSION

Revision Date: February 28, 1996  
 Title: "An Act relating to the mandatory incorporation of certain boroughs in the unorganized borough."  
 Sponsor: Senator Torgerson  
 Requester: Senator Torgerson

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

COMPONENT SERIAL NO. 141

**Expenditures/Revenues:**

(Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	2,530.7	41.2
MISCELLANEOUS						
<b>TOTAL OPERATING</b>						

CAPITAL EXPENDITURES	-0-	-0-	-0-	-0-	2,530.7	41.2
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CHANGE IN REVENUES						
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**FUND SOURCE**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	-0-	-0-	-0-	-0-	2,530.7	41.2
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY96) impact: \$ -0-

ANALYSIS: (Attach a separate page if necessary.) See Attached.

Prepared by: Eddy Jeans  
 Division: School Finance  
 Approved by Commissioner: [Signature]  
 Agency: Education

Phone: 465-8685  
 Date: 3-12-1996  
 Richard S. Cross  
 Date: 3-12-1996

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Fiscal Note CSSB280

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Following is the potential increase in required local effort when all boroughs are fully phased-in and contributing at the 4 mill requirement.

	4 Mill Equivalent	
Existing 1994 Full Values utilized in foundation formula excluding North Slope, Unalaska and Valdez. /1	\$27,658,929,310	\$110,635,717
Proposed 1994 Full Values utilized in foundation formula excluding North Slope, Aleutians West (Unalaska area) and Prince William Sound (Valdez area).	\$30,694,380,530	<u>\$122,777,522</u>
	Difference	\$12,141,805

/1 - North Slope, Unalaska and Valdez full values have been excluded because their required local effort under the foundation program is 35% of basic need of the preceding year.

	A	B	C	D	E	F	G
1	CSSB280 Fiscal Note						
2							
3							
4							
5	Incorporation						
6	Date	FY98	FY99	FY00	FY01	FY02	
7							
8	7/1/98	C & RA	C & RA	ED	2,530.70	(2,460.60)	
9						(4,991.30)	2 mill Eq.
10							
11							
12	7/1/99	N/A	C & RA	C & RA	ED	2,501.80	
13							
14				Total	2,530.70	41.20	
15							
16	<b>KEY</b>						
17	C & RA = AS 29.05.130, Integration of special districts and service areas - within two years after date of incorporation.						
18	ED = AS 14.17.025, Local Contributions - four year phase-in of required local effort, after borough operates schools.						
19	First year is zero, second year equivalent of 2 mills, third year equivalent of 3 mills and fourth year equivalent of 4 mills.						
20							
21							
22							
23							
24							4 Mill Equivalent
25	Existing FY1994 Full Values utilized in foundation formula excluding North Slope, Unalaska and Valdez				\$27,658,929,310	\$110,635,717	
26	Proposed FY1994 Full Values utilized in foundation formula excluding North Slope, Aleutians West and Prince William Sound				\$30,694,380,530	\$122,777,522	
27					Increases in required local effort by the year 2007	\$12,141,800	
28							

To: Eddy Jeans, Department of Education (by fax: 463-5279) (telephone 465-8685)

From: Dan Bockhorst (fax: 269-4539) (telephone 269-4559)

Date: March 5, 1996

Subject: CSSB 280 (C&RA)

For purposes of preparing its fiscal note for the subject legislation, DCRA will assume that incorporation of new boroughs and annexation to existing boroughs and unified municipalities will take effect according to the following schedule:

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3. Incorporation of Upper Tanana Basin Borough (Alaska Gateway and Delta Greely REAAs)

July 1, 1999

1. Incorporation of Yukon Koyukuk Borough (Yukon Koyukuk REAA, Galena; excludes Nenana)
2. Annexation of Nenana to the Denali Borough
3. Incorporation of Yukon Flats Borough (Yukon Flats REAA, excluding Livengood, Central and Circle Hot Springs)
4. Annexation of Livengood, Central and Circle Hot Springs to the Fairbanks North Star Borough
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July 1, 2000

1. Incorporation of Lower Kuskokwim Borough (Lower Kuskokwim REAA, Yupiit REAA)
2. Incorporation of Bering Straits Borough (Bering Straits REAA, Nome)
3. Incorporation of Southwest Region Borough (Southwest Region REAA, Dillingham)
4. Incorporation of Prince of Wales Island Borough (portion of Southeast Islands REAA - all of Prince of Wales Island, including Hydaburg, Craig and Klawock, the southern end of Baranof Island including Port Alexander and the southern end of Kuiu Island)
5. Annexation of Hyder and Meyers Chuck to the Ketchikan Gateway Borough

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6. Incorporation of Lower Yukon Borough (Lower Yukon REAA, Kashunamiut REAA, St. Mary's)

July 1, 2001

1. Incorporation of Pribilof Islands Borough (Pribilof Islands REAA)
2. Incorporation of Glacier Bay Borough (portion of Chatham REAA encompassing Gustavus, Elfin Cove, Freshwater Bay, Game Creek, Whitestone Logging Camp and Tenakee Springs; Hoonah, Pelican)
3. Incorporation of Chatham Borough (Rowan Bay, Cube Cove, Kake, Angoon)
4. Annexation of Skagway and Klukwan to the Haines Borough [note: DCRA may support formation of a separate borough for Skagway]
5. Annexation of Hobart Bay to the City and Borough of Juneau
6. Incorporation of Kuspuk Borough (Kuspuk REAA)
7. Incorporation of Iditarod Borough (Iditarod REAA)
8. Incorporation of Annette Islands Borough (Annette Islands REAA)

535

# FISCAL NOTE

(to. 7)  
 Bill Version: CS 88280(CRA)  
 (S) Publish Date: 3-14-96

STATE OF ALASKA  
 1996 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Dept. Affected: Department of Law  
 Title: "An Act relating to the mandatory incorporation of BRU: Civil Division  
certain boroughs in the unorganized borough." Component: General Legal Services  
 Sponsor: Senator Torgerson  
 Requester: Senate C&RA Committee COMPONENT SERIAL NO. 2087

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES		115.2	115.2	115.2	115.2	
TRAVEL		7.3	7.3	7.8	7.8	
CONTRACTUAL		43.7	43.7	43.7	43.7	
SUPPLIES		3.3	3.3	3.3	3.3	
EQUIPMENT		7.5	1.0	1.0	1.0	
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>177.5</b>	<b>171.0</b>	<b>171.0</b>	<b>171.0</b>	<b>0.0</b>
<b>CAPITAL EXPENDITURES</b>						
<b>CHANGE IN REVENUES</b>						

**FUND SOURCE** (Thousands of Dollars)

FUND SOURCE	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
1002 Federal Receipts						
1003 GF Match						
1004 GF		177.5	171.0	171.0	171.0	
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>177.5</b>	<b>171.0</b>	<b>171.0</b>	<b>171.0</b>	<b>0.0</b>

Estimate of any current year (FY96) cost: \$ 0.0

**POSITIONS**

POSITIONS	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
FULL-TIME	0.0	1.0	1.0	1.0	1.0	0.0
PART-TIME						
TEMPORARY						

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

This bill will require the Department of Community and Regional Affairs to prepare a second class borough incorporation proposal for each of the model boroughs identified for formation in the report issued in 1995 by the Local Boundary Commission entitled "Model Borough Boundaries." The bill has the effect of including most of the unorganized borough within the boundaries of a borough, with the exception that the few areas not organized under the bill will be annexed to existing municipalities. Thus, 18 new boroughs would be established, and areas of 5 existing boroughs would be expanded. These changes would take place over a four year period, beginning in FY98, based on a sliding scale of the estimated full and true value of taxable property in the areas to be incorporated.

The Department of Law believes that the mandatory incorporation of the unorganized borough into a large number of second class boroughs will result in considerable litigation involving lawsuits from opponents residing in several areas of the unorganized borough. The department therefore believes that it will be necessary to add

Prepared by: Richard I. Peques, Director Phone: 465-3672  
 Division: Administrative Services Division Date: 3/5/96  
 Approved by Commissioner: Bruce M. Botelho, Attorney General Date: 3/5/96  
 Agency: Department of Law

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FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

Work Draft 2/28/96  
BILL NO. CSSB 280 (C&RA)

ANALYSIS CONTINUATION:

2 full-time attorney, and provide for out-of-pocket trial costs, to defend the bill if it is enacted. These costs will begin in FY98 and continue for three or four years thereafter, until all of the litigation is resolved.

The fiscal impact analysis is based on 1,500 project hours of Attorney IV (journey level) services annually. Project hours are those hours that are attributable to a specific work assignment, and they do not include the time lost to leave, training, supervision, or other duties and activities that are not specific as to a particular legal matter. Project specific costs include the weighted overhead cost of clerical support, space, communications, supplies, and law library. Additionally, \$7,500 for case travel and \$30,000 for experts and depositions will also be required annually.

# FISCAL NOTE

Work Draft 2/28/96

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. CSSB 280 (C&RA)

Revision Date: _____	Dept. Affected: <u>Department of Law</u>	_____
Title: <u>"An Act relating to the mandatory incorporation of certain boroughs in the unorganized borough."</u>	BRU: <u>Civil Division</u>	_____
Sponsor: <u>Senator Torgerson</u>	Component: <u>General Legal Services</u>	_____
Requester: <u>Senate C&amp;RA Committee</u>	COMPONENT SERIAL NO. <u>2087</u>	_____

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES		115.2	115.2	115.2	115.2	
TRAVEL		7.8	7.8	7.8	7.8	
CONTRACTUAL		43.7	43.7	43.7	43.7	
SUPPLIES		3.3	3.3	3.3	3.3	
EQUIPMENT		7.5	1.0	1.0	1.0	
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	177.5	171.0	171.0	171.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

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

**FUND SOURCE** (Thousands of Dollars)

FUND SOURCE	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
1002 Federal Receipts						
1003 GF Match						
1004 GF		177.5	171.0	171.0	171.0	
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	0.0	177.5	171.0	171.0	171.0	0.0

Estimate of any current year (FY96) cost: \$ 0.0

**POSITIONS**

POSITIONS	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
FULL-TIME	0.0	1.0	1.0	1.0	1.0	0.0
PART-TIME						
TEMPORARY						

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

This bill will require the Department of Community and Regional Affairs to prepare a second class borough incorporation proposal for each of the model boroughs identified for formation in the report issued in 1995 by the Local Boundary Commission entitled "Model Borough Boundaries." The bill has the effect of including most of the unorganized borough within the boundaries of a borough, with the exception that the few areas not organized under the bill will be annexed to existing municipalities. Thus, 18 new boroughs would be established, and areas of 5 existing boroughs would be expanded. These changes would take place over a four year period, beginning in FY98, based on a sliding scale of the estimated full and true value of taxable property in the areas to be incorporated.

The Department of Law believes that the mandatory incorporation of the unorganized borough into a large number of second class boroughs will result in considerable litigation involving lawsuits from opponents residing in several areas of the unorganized borough. The department therefore believes that it will be necessary to add

Prepared by: <u>Richard I. Peques, Director</u>	Phone: <u>465-3672</u>
Division: <u>Administrative Services Division</u>	Date: <u>3/5/96</u>
Approved by Commissioner: <u>Bruce M. Botelho, Attorney General</u>	Date: <u>3/5/96</u>
Agency: <u>Department of Law</u>	

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FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

Work Draft 2/28/96  
BILL NO. CSSB 280 (C&RA)

ANALYSIS CONTINUATION:

a full-time attorney, and provide for out-of-pocket trial costs, to defend the bill if it is enacted. These costs will begin in FY98 and continue for three or four years thereafter, until all of the litigation is resolved.

The fiscal impact analysis is based on 1,500 project hours of Attorney IV (journey level) services annually. Project hours are those hours that are attributable to a specific work assignment, and they do not include the time lost to leave, training, supervision, or other duties and activities that are not specific as to a particular legal matter. Project specific costs include the weighted overhead cost of clerical support, space, communications, supplies, and law library. Additionally, \$7,500 for case travel and \$30,000 for experts and depositions will also be required annually.

03/05/96

15:52:51.3

PERSONAL SERVICES EXPENDITURES NEW POSITION DETAIL REPORT

PAGE: 11

COMPONENT #: 9701010101 NAME: GENERAL LEGAL SER (GF)

DEPARTMENT OF

SCENARIO: 1

BRU NAME: CIVIL DIVISION

PCN	UNAUTII PCN	JOB CLASS TITLE	T S	LOCATION NAME	R B S C U	R&S MOS BUDG	SALARY	PREM PAY	BENES	PER.SERV. COSTS	G. F. AMOUNT
03/040		ATTORNEY IV		F JUNEAU	A XE AA 24A	12	61923	0	20100	82023.52	

## \*\*\*\* JUSTIFICATION:

This attorney position will be needed to defend SB280 which mandates the incorporation of unorganized borough into 18 now second class boroughs and the expansion of 5 existing boroughs. Challenges will probably be based both on the basis of the constitutionality of the mandate and on the actual boundaries and other fact-based situations involved in the establishment of individual boroughs. Because of the importance of these issues, journey-level Attorney IV services will be required. Non-personal services include \$7,500 in travel and \$30,000 for depositions and experts. The remainder of the non-personal services is in accordance with the civil division's approved cost allocation/billing rate plan. Additionally, \$33.2 in personal services costs over and above the amount shown in this report is included in the fiscal note to pay clerical pool support costs.

TRAVEL COSTS	7800.00	
CONTRACTUAL COSTS	43700.00	
SUPPLIES COSTS	3300.00	
EQUIPMENT COSTS	7500.00	
OTHER COSTS	0.00	
TOTAL COSTS	144323.52	82023.52

## \*\*\* FUNDING DETAIL:

100% GENERAL FUND RECEIPTS	82023.52
TOTAL FUNDING	82023.52

## \*\*\*\* COMPONENT TOTALS:

FULL TIME NEW POSITIONS	1	TOTAL PERSONAL SERVICES	82023.52
PART TIME/SEASONAL NEW POSITIONS	0		
NON PERMANENT NEW POSITIONS	0	TOTAL COSTS INC. ASSOC COSTS	144323.52
OTHER.....	0		

NUMBER OF NEW POSITIONS IN COMPONENT: 1

FUNDING DATA: G.F. & G.F. MATCH:	82023.52
OTHER FUNDS:	0.00
TOTAL FUNDING:	82023.52

# 8

# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. SB280

Revision Date: Original Dept Affected Natural Resources  
 Title: An Act relating to the mandatory BRU: Resource Development  
incorporation of certain boroughs in the unorganized borough Component: Land Development  
 Sponsor: Senator(s) Torgerson, Green, Phillips ...  
 Requestor: Senate CRA Component Serial No. 431

Expenditures/Revenues (Thousands of Dollars)

	FY97	FY98	FY99	FY00	FY01	FY02
<b>OPERATING EXPENDITURES</b>						
PERSONAL SERVICES			110.0	110.0	220.0	220.0
TRAVEL			5.0	5.0	5.0	5.0
CONTRACTUAL			10.0	10.0	20.0	20.0
SUPPLIES			2.0	2.0	2.0	2.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	127.0	127.0	247.0	247.0
<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CHANGE IN REVENUES ( )</b>	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

	FY97	FY98	FY99	FY00	FY01	FY02
1002 Federal Receipts						
1003 GF Match						
1004 GF			127.0	127.0	247.0	247.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	0.0	0.0	127.0	127.0	247.0	247.0

Estimate of any current year (FY96) cost: \$ None

POSITIONS

	FY97	FY98	FY99	FY00	FY01	FY02
FULL-TIME	0	0	2	2	4	4
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

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

Currently there are about 45,000,000 acres of state land located outside of existing municipalities. If boroughs are formed about 4,500,000 acres of this land must be conveyed to effected municipalities.

Current law, AS 29.65, requires us to certify the municipalities land entitlement within 2 1/2 years of incorporation. The municipality then has one year to select the land and the state is required to convey the land within nine months of selection.

This fiscal note estimates the cost to implement this process.

Prepared by: Jane Angvik, Director Phone: 269-8503  
 Division: Land Date: 6-Mar-96  
 Approved by Commissioner: [Signature] Date: 6-Mar-96  
 Agency: Natural Resources

# FISCAL NOTE

to. 8  
 Bill Version: CSSB 280 (CRA)  
 (S) Publish Date: 3-14-96

## STATE OF ALASKA 1996 LEGISLATIVE SESSION

Revision Date: Original Dept Affected: Natural Resources  
 Title: An Act relating to the mandatory BRU: Resource Development  
incorporation of certain boroughs in the unorganized borough Component: Land Development  
 Sponsor: Senator(s) Torgerson, Green, Phillips ...  
 Requestor: Senate CRA Component Serial No. 431

Expenditures/Revenues (Thousands of Dollars)

	FY97	FY98	FY99	FY00	FY01	FY02
<b>OPERATING EXPENDITURES</b>						
PERSONAL SERVICES			110.0	110.0	220.0	220.0
TRAVEL			5.0	5.0	5.0	5.0
CONTRACTUAL			10.0	10.0	20.0	20.0
SUPPLIES			2.0	2.0	2.0	2.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>127.0</b>	<b>127.0</b>	<b>247.0</b>	<b>247.0</b>
<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF			127.0	127.0	247.0	247.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>127.0</b>	<b>127.0</b>	<b>247.0</b>	<b>247.0</b>

Estimate of any current year (FY96) cost: \$ None

### POSITIONS

FULL-TIME	0	0	2	2	4	4
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

### ANALYSIS:

(Attach a separate page if necessary)

Currently there are about 45,000,000 acres of state land located outside of existing municipalities. If boroughs are formed about 4,500,000 acres of this land must be conveyed to effected municipalities.

Current law, AS 29.65, requires us to certify the municipalities land entitlement within 2 1/2 years of incorporation. The municipality then has one year to select the land and the state is required to convey the land within nine months of selection.

This fiscal note estimates the cost to implement this process.

Prepared by: Jane Angvik, Director Phone: 269-8503  
 Division: Land Date: 6-Mar-96  
 Approved by Commissioner: [Signature] Date: 6-Mar-96  
 Agency: Natural Resources

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1996 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Dept. Affected: Public Safety  
 Title: Mandatory Incorporation of Certain Boroughs DP: Statewide Support  
 Component: Commissioner's Office  
 Sponsor: Senator Torgerson  
 Requestor: S.CRA COMPONENT SERIAL NO. 0523

EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>CAPITAL EXPENDITURES</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>CHANGE IN REVENUES ( )</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
Code Revenue						

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

Estimate of current year (FY 96) impact: \$ \_\_\_\_\_

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.)

No noticeable fiscal impact is anticipated to the Department of Public Safety at this time.

Prepared By: Sandy Perry-Provost, Special Assistant to the Commissioner Phone: 465-4322  
 Division: Commissioner's Office Date: March 5, 1996  
 Approved by Commissioner: Ronald L. Otte Date: 3/5/96  
 Agency: Ronald L. Otte, Dept. of Public Safety

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STATE OF ALASKA

FISCAL NOTE

BILL NO:

No. 9  
 Version: CS SB 280(CRA)  
 (S) Publish Date: 3-14-96

1996 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Dept. Affected: Public Safety  
 Title: Mandatory Incorporation of Certain Boroughs DPS Statewide Support  
 Component: Commissioner's Office  
 Sponsor: Senator Torgerson  
 Requestor: S.CRA COMPONENT SERIAL NO. 0523

EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-
CHANGE IN REVENUES ( )	-0-	-0-	-0-	-0-	-0-	-0-
Code Revenue						

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-

Estimate of current year (FY 96) impact: \$ \_\_\_\_\_

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.)

No. noticeable fiscal impact is anticipated to the Department of Public Safety at this time.

Prepared By: Sandy Perry-Provost, Special Assistant to the Commissioner Phone: 465-4322  
 Division: Commissioner's Office Date: March 5, 1996  
 Approved by Commissioner: Ronald L. Otte Date: 3/5/96  
 Agency: Ronald L. Otte, Dept. of Public Safety

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# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. SB 280

Revision Date: 3/7/96 Dept. Affected: DOT&PF  
 Title: "An Act relating to the mandatory incorporation of BRU: Engineering & Operations  
certain boroughs in the unorganized borough." Component: Engineering & Operations  
 Sponsor: Torgerson, Green, Phillips  
 Requester: CRA, STA COMPONENT SERIAL NO. #547

### Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
-----------------------------	------------	------------	------------	------------	------------	------------

<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
-------------------------------	------------	------------	------------	------------	------------	------------

### FUND SOURCE

(Thousands of Dollars)

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

Estimate of any current year (FY96) cost: \$ 0.0

### POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

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

No anticipated department cost associated with this legislation.

Prepared by: Loren Rasmussen, P.E., Acting Director *Loren Rasmussen* Phone: 465-2960  
 Division: Engineering and Operations Date: 3/7/96  
 Approved by: Joseph L. Perkins *Joseph L. Perkins* Date: 3/7/96  
 Agency: Department of Transportation and Public Facilities

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# FISCAL NOTE

N<sup>o</sup> 10  
 Bill Version: CS SB 280(CRA)  
 (S) Publish Date: 3-14-96

STATE OF ALASKA  
 1996 LEGISLATIVE SESSION

Revision Date: 3/7/96 Dept. Affected: DOT&PF  
 Title: \*An Act relating to the mandatory incorporation of BRU: Engineering & Operations  
certain boroughs in the unorganized borough.\* Component: Engineering & Operations  
 Sponsor: Torgerson, Green, Phillips  
 Requester: CRA, STA COMPONENT SERIAL NO. #547

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CHANGE IN REVENUES ( )</b>	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						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ 0.0

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

No anticipated department cost associated with this legislation.

Prepared by: Loren Rasmussen, P.E., Acting Director *Loren Rasmussen* Phone: 465-2960  
 Division: Engineering and Operations Date: 3/7/96  
 Approved by: Joseph L. Perkins *Joseph L. Perkins* Date: 3/7/96  
 Agency: Department of Transportation and Public Facilities

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Senate Finance Committee

To: Larry Stevens

From: Kathy

Date: 3-13-96

Subject: Bill Number: 5B280 Version: \_\_\_\_\_

Fiscal Note WITHOUT a Senate Finance Committee Referral

Title: Mandatory Incorp. of certain  
boroughs in the unorganized borough.

Referrals: 5(CRA) (3TA)

Sponsor(s): Torgerson et al

Department: Gov./Elections

BRU: \_\_\_\_\_

Component: \_\_\_\_\_

Comments: A number of notes cite  
future impact.

5B280

Attachments:

- Fiscal Note(s)
- Bill History from BASIS

# SENATE COMMITTEE REPORT

## First Committee of Referral

DATE: 2/9/96

FURTHER: State Affairs

Date of 5-Day Notice: 2/22/96  
(in accordance with Uniform Rule 23)

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

The Community & Regional Affairs Committee considered SB 280

Relating to the mandatory incorporation of certain boroughs in the unorganized borough.

and recommends:

- be replaced with \_\_\_\_\_ CS SB 280 (CRA)
- 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:**
- same title
  - technical title
  - new: SCR# \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Kell E. Kelly</i>	✓	<i>Paul E. Stangor</i>		X	
<i>T. Kelly</i>	✓				
CHAIR: <i>John Bergin</i>	✓	CHAIR:			

**NEW FISCAL NOTE(S):**

Department	Date	Zero	Fiscal	
Gov Office - Elections Administration	3/12/96		25.4	
Comm & Reg'l Affairs - LBC	3/12/96	✓	15.6	
Comm & Reg'l Affairs - St. Assessor	3/12/96		63.5	
Comm. & Reg'l Affairs - Org Grants	3/12/96	✓		
Education	3/12/96	✓		
Law	3/15/96	✓		
Natural Resources	3/6/96	✓		
Public Safety	3/15/96	✓		
Transportation	3/2/96	✓		

**PREVIOUS FISCAL NOTE(S):\***

Department	Date	Zero	Fiscal	

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

**SB**

**283**

SFIN

FILE

DATE: 4/11/96

DATE TURNED INTO OFFICE: 4-23-96

The Finance Committee considered SB 283

Relating to document filing, indexing, and recording.

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:**
- same title
- technical change
- new: SCR# \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
		<i>[Handwritten signature]</i>	✓		
		<i>[Handwritten signature]</i>	✓		
		<i>[Handwritten signature]</i>	✓		
		<i>[Handwritten signature]</i>	✓		
		<i>[Handwritten signature]</i>	✓		
Co-Chair: <i>[Handwritten signature]</i>	✓	Co-Chair: <i>[Handwritten signature]</i>			
Co-Chair:		Co-Chair: <i>[Handwritten signature]</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>DNR</i>	<i>2/7/96</i>	<i>0</i>	

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

# FISCAL NOT

No. 1  
 Bill Version: SB 283  
 (S) Publish Date: 2/9/96

## STATE OF ALASKA 1996 LEGISLATIVE SESSION

B

Revision Date: Original Dept Affected Natural Resources  
 Title: An Act relating to filing, recording, and BRU: Management & Administration  
indexing of documents... Component: Recorder's Office/UCC  
 Sponsor: Rules Committee  
 Requestor: Governor Component Serial No. 802

Expenditures/Revenues		(Thousands of Dollars)					
	FY97	FY98	FY99	FY00	FY01	FY02	
<b>OPERATING EXPENDITURES</b>							
PERSONAL SERVICES	*	*	*	(140.0)	(140.0)	(140.0)	
TRAVEL							
CONTRACTUAL							
SUPPLIES							
EQUIPMENT							
LAND & STRUCTURES							
GRANTS, CLAIMS							
MISCELLANEOUS							
<b>TOTAL OPERATING</b>	*	*	*	(140.0)	(140.0)	(140.0)	
<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0	
<b>CHANGE IN REVENUES ( )</b>	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	*	*	*	(140.0)	(140.0)	(140.0)	
1006 GF/MHTIA							
Other							
<b>TOTAL</b>	*	*	*	(140.0)	(140.0)	(140.0)	

Estimate of any current year (FY98) cost: \$ none

POSITIONS							
FULL-TIME	0	0	0	-3	-3	-3	
PART-TIME	0	0	0	-1	-1	-1	
TEMPORARY	0	0	0	0	0	0	

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

This proposed legislation addresses the dual goals of improving customer service and streamlining government processes. These proposed changes are principally housekeeping measures in the recording system operated by the Department of Natural Resources that would serve to resolve certain conflicts and ambiguities in existing statutes and improve the recording function for the tens of thousands of Alaskans who use this service on an annual basis. The passage of comprehensive recording legislation in 1988 helped consolidate many of the prior laws into a single source, but it also contained a number of somewhat ambiguous provisions that have placed recorders in the awkward position of having to frequently step beyond their basic ministerial functions and monitor documents for execution requirements or other legal criteria. This bill eliminates the restrictive classification statute which limited recording to sixty specific classes of documents. Under this bill, virtually any document is recordable so long as it meets specific minimum recording criteria. Further, ambiguities are removed from such statutory criteria, assuring that all documents

Prepared by: Nico Bus, Acting Director Phone: 465-2406  
 Division: Support Services Date: 7-Feb-96  
 Approved by Commissioner: Nico Bus for John Vines Date: 7-Feb-96  
 Agency: Natural Resources

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## ANALYSIS continued

are treated equally in the examination and recording process. It is estimated that perhaps a third of all rejected documents would be able to be accepted for recording at their initial submission if the proposed changes were implemented. Based on a recent time study in all recording offices statewide, more than ten percent of the total duties of front line recording staff relate to the rejection process. Additionally, it is estimated that perhaps as much as a third of the front line examination and processing time would be reduced if recording staff no longer had to examine for execution/legal requirements, discuss these items with customers, re-process formerly rejected documents, etc. The time study documents that approximately 17 percent of total front line staff time is spent on examination and processing. Thus the estimated time savings resulting from implementation of the proposed legislation would approach ten percent of total front line recording staff time (roughly three percent for rejection processing and 5.6 percent for examination and processing).

\* The long term effect of this measure will ultimately reduce personal services costs throughout the section and is reflected as a savings in FY00 through FY02. While there would also be immediate savings recognized in earlier fiscal years, the section would need to redirect such resources toward the resolution of long-standing preservation and archival deficiencies (as detailed in a 1992 Ombudsman's investigative report) that it has been unable to address with existing staff. It is only after the preservation and archival issues have been addressed that the financial savings generated by this measure would be evident, and the section would be better positioned to continue operations with reduced staffing in future years, provided that recording volumes remain stable at existing levels.

SENATE FINANCE COMMITTEE

**SB 283 DOCUMENT FILING, INDEXING, & RECORDING**

PLEASE SIGN IN BELOW

NAME: Nico Bus  
Co./DEPT./TITLE: Acting Director, Support Svcs <sup>DNR</sup> PHONE: 465-2406  
ADDRESS: \_\_\_\_\_ ZIP: \_\_\_\_\_  
DO YOU WISH TO TESTIFY?  YES  NO  RESPOND TO QUESTIONS

NAME: Sharon Young  
Co./DEPT./TITLE: State Recorder PHONE: 269-8882  
ADDRESS: \_\_\_\_\_ ZIP: \_\_\_\_\_  
DO YOU WISH TO TESTIFY?  YES  NO  RESPOND TO QUESTIONS

NAME: \_\_\_\_\_  
Co./DEPT./TITLE: \_\_\_\_\_ PHONE: \_\_\_\_\_  
ADDRESS: \_\_\_\_\_ ZIP: \_\_\_\_\_  
DO YOU WISH TO TESTIFY?  YES  NO  RESPOND TO QUESTIONS

NAME: \_\_\_\_\_  
Co./DEPT./TITLE: \_\_\_\_\_ PHONE: \_\_\_\_\_  
ADDRESS: \_\_\_\_\_ ZIP: \_\_\_\_\_  
DO YOU WISH TO TESTIFY?  YES  NO  RESPOND TO QUESTIONS

SENATE FINANCE COMMITTEE

**SB 283 DOCUMENT FILING, INDEXING, & RECORDING**

PLEASE SIGN IN BELOW

NAME: Sharon Young

Co./DEPT./TITLE: State Recorder / <sup>DNR</sup>Recorders Office PHONE: 269-8882

ADDRESS: 3601 C St #1180 Anch AK ZIP: 99503

DO YOU WISH TO TESTIFY?  YES  NO  RESPOND TO QUESTIONS

NAME: \_\_\_\_\_

Co./DEPT./TITLE: \_\_\_\_\_ PHONE: \_\_\_\_\_

ADDRESS: \_\_\_\_\_ ZIP: \_\_\_\_\_

DO YOU WISH TO TESTIFY?  YES  NO  RESPOND TO QUESTIONS

NAME: \_\_\_\_\_

Co./DEPT./TITLE: \_\_\_\_\_ PHONE: \_\_\_\_\_

ADDRESS: \_\_\_\_\_ ZIP: \_\_\_\_\_

DO YOU WISH TO TESTIFY?  YES  NO  RESPOND TO QUESTIONS

NAME: \_\_\_\_\_

Co./DEPT./TITLE: \_\_\_\_\_ PHONE: \_\_\_\_\_

ADDRESS: \_\_\_\_\_ ZIP: \_\_\_\_\_

DO YOU WISH TO TESTIFY?  YES  NO  RESPOND TO QUESTIONS

SB 307  
4/23/96  
DNR  
Handout

**ALASKA LAND TITLE ASSOCIATION**

P.O. Box 241811 • Anchorage, Alaska 99524

April 8, 1996

The Honorable Bert Sharp  
Chair, Senate State Affairs Committee  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, Alaska 99801-1182 .

Dear Senator Sharp,

The Alaska Land Title Association wishes to express its support of SB 283. The Alaska Land Title Association feels this bill will enhance the recording process, as it relates to our industry and as it relates to the general public.

We appreciate the effort you and your committee makes as it debates several issues before it. We hope that SB 283 will receive due diligent review and speedy passage.

Sincerely



Mark A. Tomlinson  
President

cc: Sharon Young, State Recorder

czm

TONY KNOWLES  
GOVERNOR



P.O. Box 110001  
Juneau, Alaska 99811-0001  
(907) 465-3500  
Fax (907) 465-3532

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

February 9, 1996

283

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

Dear President Pearce:

Under the authority of art. III, sec 18, of the Alaska Constitution, I am transmitting a bill relating to changes in state recording laws administered by the Department of Natural Resources. This bill clarifies the criteria for the recording of documents by the department and provides changes to improve the efficiency of the recording function, a service that is provided to all Alaskans through recording offices located in fourteen rural and urban locations across the state.

Comprehensive changes were made to recording laws in 1988. A number of provisions were consolidated and a classification system identifying documents eligible for recording was enacted. In practice, this system has required significant staffing time to determine whether a document offered for recording falls within one or more of the specific statutory classifications. Further, because of the ambiguities in the current recording statutes, recording staff have frequently had to step beyond mere ministerial functions when processing documents in an effort to apply the current cumbersome statutory language.

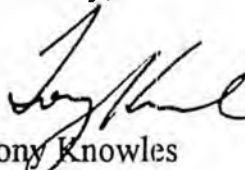
The changes proposed in this bill would permit the recording of documents without having to follow the complicated classification system in current law. Minor changes regarding filings under the Uniform Commercial Code (UCC) are also addressed. The bill adds a provision requiring the maintenance of a central office within the Department of Natural Resources for the filing of secured transaction documents under the UCC.

The bill also repeals several obsolete or redundant provisions including one concerning duplicate copies of documents relating to mining properties; a provision regarding indexing of common interest community documents; and a provision requiring reports to the Department of Commerce and Economic Development concerning conveyances to nonresident aliens.

By removing such ambiguities and conflicts within the current recording statutes, this bill will streamline the workflow of the recording process and reduce the amount of time currently spent reviewing documents offered for recording. This will also reduce the numbers of documents that are rejected. These proposed efficiencies will enable the recording system to direct necessary resources to the archival projects now underway to improve the permanent public records for the benefit of future generations of Alaskans.

I urge your passage of this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Tony Knowles". The signature is fluid and cursive, with a large initial "T" and "K".

Tony Knowles  
Governor

# STATE OF ALASKA

**TONY KNOWLES, GOVERNOR**

## **DEPARTMENT OF NATURAL RESOURCES**

### *SUPPORT SERVICES DIVISION*

400 WILLOUGHBY AVENUE  
JUNEAU, ALASKA 99801-1796  
PHONE: (907) 465-2406  
FAX: (907) 465-2492

April 17, 1996

The Honorable Steve Frank  
Chair, Senate Finance Committee  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, Alaska 99801-1182

Dear Senator Frank:

I appreciate the scheduling of SB 283 "An act relating to filing, recording, and indexing of documents with or by the Department of Natural Resources; repealing certain filing requirements concerning property involving nonresident aliens; and providing for an effective date." Because of the importance of this bill to the administration, the positive impact on the banking and mining industry and the general public, and the fiscal savings we would like to request favorable consideration.

This bill will help the public, the state, and it has long term benefits for Alaska. Some specific benefits are:

#### **What this bill would do for the public:**

- 1) Streamline the recording process, reducing the requirements documents have to meet to be recordable
- 2) Allows a broader number of documents to be recorded
- 3) Reduces the likelihood that documents will be rejected for recordation
- 4) Makes basic recording requirements specific and easier to understand

#### **What this bill will do for the State:**

- 1) Reduces personnel time spent in document examination
- 2) Reduces personnel time in document rejection process
- 3) Assures that recording personnel have defined criteria for processing documents

The Honorable Steve Frank  
Chair, Senate Finance Committee  
April 17, 1996  
Page 2

- 4) Makes recording process easier to understand

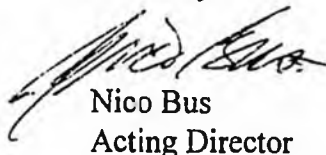
**Long Term Benefits for Alaska:**

- 1) A wider variety of documents will appear in the official public record
- 2) Unnecessary delays in recording documents will be eliminated
- 3) Time and personnel savings can be redirected to address serious preservation problems with archival records
- 4) Changes a restrictive statute to one with broader document application

I have attached a sectional analysis for you and the Finance Committee.

I look forward to meeting with your committee to discuss the merits of SB 283.

Sincerely,



Nico Bus  
Acting Director

Attachment

cc: John Shively, Commissioner  
Pat Pourchot, Legislative Liaison  
Sharon Young, State Recorder

## **SB283/HB491 Recorder's Office**

For several years, the Recorder's/UCC section in the Support Services Division, Department of Natural Resources, has been working to reengineer its workflow and processes in an effort to provide better customer service and simultaneously streamline its internal operations. This effort has been hampered by ambiguities and conflicts in the wording of existing recording statutes, the effect of which has placed recorders in the problematic and awkward role of regularly attempting to identify and enforce execution or other substantive legal requirements and to read and attempt to interpret the intent of cumbersome legal documents. SB283/HB491 would bring much needed definition and clarity to the basic acceptance criteria used by recorders to determine document recordability. Further, it replaces an unwieldy and restrictive document classification scheme with a broad provision that essentially allows any document to be recorded if it meets the basic minimum acceptance criteria outlined in the revised provisions. SB283/HB491 also makes minor housekeeping revisions in other recording statutes and eliminates several obsolete or redundant provisions. This is a much needed piece of legislation and would greatly improve a service that is used by tens of thousands of Alaskans each year.

### **Sectional Analysis:**

SB283/HB491 provides some much needed clarification in the state's recording laws. The principal focus of this bill is to eliminate certain restrictive and ambiguous provisions in favor of a broader scope with delineated specific acceptance criteria for evaluating a document's recordability. As referenced in the department's fiscal note, the section anticipates substantial time savings would be generated as a result of implementing the provisions of this bill in its daily workflow. Specifically, the time savings are estimated at approximately three per cent of the total rejection process, and 5.6 per cent of the examination and recording process. In terms of total front line staff time, this equates to approximately \$140.0 annually (based on current personnel costs). The long term effect of this measure will ultimately reduce personal services costs and staffing throughout the section, while simplifying and streamlining the recording process for all Alaskans. While there would also be immediate savings recognized as well, the section would need to redirect such resources toward the resolution of long-standing preservation and archival deficiencies (as detailed in a 1992 Ombudsman's investigative report) for at least a three year period.

A section by section analysis begins on the next page.

The following is a section by section analysis of SB283/HB491:

Section 1. Providing copies of mining documents to the Division of Mining in the Department of Natural Resources has long been a function of the Recorder's Office. The minor wording changes in AS 40.05.020 better reflect the actual process in practice. Copies of all documents for the preceding month are forwarded to the Division of Mining by the tenth of the month. It is impractical and often impossible to perform this function on the first day of the month because of higher priority processing requirements mandated by the recording statutes. Copies of only those documents indexed into the system as "Mining" documents are provided, pursuant to a recent understanding reached with the recipient of the copies, the Division of Mining. The current statute requires recorders to provide copies of "every other document affecting title or possession of existing mining properties." While most mining related documents are indexed as such, many other documents can and do affect mining properties as well. This requirement is so broad that it is impossible for recording staff to meet without requiring them to read and interpret the intent of every single document submitted into the recording system. The recommended changes reflect the process as it exists in practice.

Section 2. The minor wording changes in AS 40.17.020(a) and (b) place the burden of determining the proper recording district for conveyance documents on the party presenting the document for recording. Existing law leaves recording staff in the untenable position of having to verify the physical location of the legal descriptions provided on conveyance documents in addition to reviewing the document for minimum acceptance criteria. The recorder's function is not to determine where a property is physically located, but merely to place recordable documents into the public record per the customer's request. If a conveyance document is presented to the wrong recording district, it could still be recorded in that district (so long as minimum acceptance criteria is met). If a conveyance document must appear on record in the recording district where land affected by the conveyance is located, the responsibility for ensuring delivery to the proper recording district should fall on the person offering the document for recordation. However, delivery of a conveyance document or any other document to another recording district should not preclude its recordation if minimum acceptance criteria are met.

Section 3. This section represents the very heart of SB283/HB491. It serves to repeal AS 40.17.030 in its entirety (a statute that contains many ambiguities and is exceedingly difficult to administer) and reenacts it with specific and identifiable requirements that every document must meet to be eligible for recording. The bill also incorporates several basic recording requirements that have previously been identified only in regulation. By doing so, the bill provides a concrete and specific listing of the requirements that every document must meet before it is eligible for recording, without regard to what any individual document is intended to accomplish.

AS 40.17.030(a)(1). As an example, currently AS 40.17.030(b) requires a document to contain a signature and/or acknowledgement "only when required for the specific document by this chapter or other law." This language has often sent recorders on a lengthy research mission to determine if any other provision of AS 40.17 or any other law might require that particular type of document to be signed or contain an acknowledgement. SB283/HB491 specifically states that a document must contain original signatures unless it falls within the exception provided for certified documents. Another revision discussed below (AS 40.17.110) identifies the specific documents that must contain an acknowledgement.

AS 40.17.030(a)(2) and (a)(3) are unchanged from current law. They appear in current law as AS 40.17.030(a)(1) and (a)(2). It is mandatory that recorded documents meet legibility standards in order to assure the highest quality images can be preserved in the permanent public record.

AS 40.17.030(a)(4) incorporates a regulatory provision that a document must contain a title reflecting the overall intent of the document in order to be eligible for recording. Documents are indexed into the system with a document type code and title. This requirement is necessary to ensure consistency in indexing. Recorders should not have to look beyond the title of a document to determine the function of a particular document.

AS 40.17.030(a)(5) is slightly modified from the present language of AS 40.17.030(a)(4). Currently, the statute allows indexing information to accompany a document or be included in it. Because cover letters or other information accompanying a document are frequently not recorded, the public record may appear to be incomplete. It is desirable that all indexing information (such as names of grantors and grantees) be included in the document being recorded. This ensures a completeness in the public record that is not currently possible.

AS 40.17.030(a)(6) incorporates a regulatory provision that requires a document to contain the book and page of a prior instrument that it amends, extends, modifies, etc. While not the primary research information in the recording system, prior book and page references streamline the research process for the public and are hugely popular in daily use. Inclusion of the book and page information also ensures a more complete and accurate public record.

AS 40.17.030(a)(7) is slightly modified from the present language of AS 40.17.030(a)(5). Currently, the statute allows "return to" information to accompany a document or be included in it. Because letters or notes reflecting verbal instructions are frequently not recorded, this information does not always appear in the public record. "Return to" information reflects the intended disposition of a document after the recording process is complete. It is desirable that this information be included in the document being recorded. This ensures a completeness in the public record that is not currently possible.

AS 40.17.030(a)(8) is modified from the present language of AS 40.17.030(a)(6). Currently, the statute requires a document to be accompanied by or include the mailing addresses of all persons named in the document who grant or acquire an interest under the document if it is a conveyance. SB283/HB491 requires such mailing addresses to be contained in the document (again the intent is to ensure more completeness in the information contained in the public record), and also limits the requirement to deed transactions. The existing statute applies to all "conveyance" documents, a broad terms that encompasses many different types of documents, including deeds of trust, leases, easements, etc. It is our understanding that this provision was originally enacted as a means of providing a source of information to municipalities to keep property tax rolls current. The recording section provides copies of deed transactions on a monthly basis to all taxing authorities who request them, and we have been informed that this adequately meets the needs of the assessors and taxing authorities who use this service. AS 40.17.030(a)(8) simply requires that mailing addresses be contained in deed transaction documents as these are the only documents transmitted to the taxing authorities. If addresses are not contained in such documents, they do not appear in the public record anywhere.

AS 40.17.030(a)(9) incorporates a regulatory provision that requires a document to be accompanied by or contain the name of the recording district in which it is to be recorded. Because many recording offices process documents for multiple recording districts, it is essential that the customer identify the specific recording district that applies to a document, even if it is not stated in the document itself. This requirement is essential to ensure proper processing of a document within the system.

AS 40.17.030(a)(10) requires a document to be accompanied by the applicable recording fee set by regulation. This is part of the same provision currently appearing in AS 40.17.030(a)(3). SB283/HB491 also expands the fee provision to indicate that separate recording fees apply to multiple recordings of the same document, if multiple recording is requested by the customer. Documents frequently are presented with multiple functions appearing in their titles. If the customer wants the same document to be recorded for more than one purpose, a separate fee applies to each recording.

AS 40.17.030(b) incorporates and expands upon a regulatory provision allowing certified copies to be recorded and specifying the limited requirements they must meet to be eligible for recording. As is current practice, certified copies need only meet legibility, return to, recording district and fee requirements. Further, the provision would apply to any certified copy from any governmental office. Current law presently contains various restrictive language on the types of certified copies that can be recorded.

AS 40.17.030(c) is a holdover from the current classification statute where it appears as AS 40.17.110(b)(10). It covers those rare circumstances where the document submitted for recording is neither an original nor a certified copy from a government agency. This provision contains the requirements necessary for a conformed copy of a document to be eligible for recording.

AS 40.17.030(d) is slightly modified from the current provision, also appearing as AS 40.17.030(d). It allows the recorder to prescribe the style, size, form and quality that documents or plats must meet to be recordable. Currently, such details are set out in regulation and include document and plat sizes, and acceptable media for plats and other drawings. As new technology becomes available, such requirements may need further refinement in terms of type size, margin requirements, etc. This statute allows the flexibility to prescribe such standards via the regulatory process.

Section 4. AS 40.17.035 is largely unchanged from current law. The wording change in (2)(E) indicates that a certified copy may be from any government office and must meet the basic recording requirements identified for certified copies in AS 40.17.030(b). Recorders cannot reject such certified copies if those requirements are met. Additionally, subsection (3) expands the present wording to emphasize that a document can be recorded for more than one purpose if the applicable fee is paid for each recording.

Section 5. Because the classification statute in AS 40.17.110 is proposed to be repealed, the reference to that statute is deleted in AS 40.17.060. The grandfather provision basically extends to any document that was executed in accordance with the law in effect at the time it was executed.

Section 6. As noted above, the extensive classification provisions of AS 40.17.110 are proposed to be repealed. SB283/HB491 then reenacts this statute with a broad all-encompassing authorization for document recording, and sets out certain additional requirements for specific document types. Subsection (a) provides that any document can be recorded if it meets the basic criteria identified in AS 40.17.030, but if it is a certain type of document (in subsections b through d) it may have additional recording requirements which are also identified. Subsection b specifically indicates which documents must be acknowledged. From an operations perspective, this is far better than the current provision of AS 40.17.030(b) which says a document must be acknowledged only if "required for the specific document by this chapter or other law." As noted elsewhere in this analysis, the uncleanness of this language frequently sends recorders on a labor-intensive research mission to try to locate other law that might apply and require an acknowledgement. This proposed bill identifies specific types of documents that must be acknowledged. However, the bill does indicate that a "conveyance" must be acknowledged, but does not provide specificity in identifying the particular document types that could be characterized as conveyances. This must be regarded as a limitation of the proposed bill, and will be a continuing gray area for recording staff until it can be clarified in regulation. Nevertheless, the proposed bill offers significant benefits to streamlining the recording process. If additional recording criteria apply to a particular type of document, they are delineated in SB283/HB491, e.g. subdivision plats, which must comply with AS 40.15, and declarations which must comply with AS 34.08.090(b). In this fashion, all known recording requirements can be identified, and the recording staff will no longer be mystified by the ambiguities of current law.

Section 7. This provision of the departmental authorization is included to denote that the recording fees are prescribed by regulation, and that separate fees do apply to documents that are recorded separately for multiple purposes.

Section 8. AS 44.37.027 is added to the departmental authorization to denote that the Uniform Commercial Code (UCC) central filing system is a function of the Department of Natural Resources. While this function was transferred by Executive Order to DNR many years ago, the departmental organizational statutes still only address the recording functions. This provision makes it clear that the department must maintain the UCC central filing office and adopt any necessary regulations regarding such records.

Section 9. This slight wording change in AS 45.09.401 is necessary to correct an ambiguity that causes considerable confusion for UCC customers. Currently, the statute has two paragraphs addressing local filings (in the recording district offices), and a provision that states "In all other cases, in the office of the Department of Natural Resources." The confusion arises because the local filing offices are also administered by the Department of Natural Resources. Many customers erroneously believe if their document is filed with any DNR office, it will suffice as a perfected filing, even if it addresses types of collateral that require filing with the central office. SB283/HB491 clearly emphasizes that in all other cases, the filing is to be in the "central filing office" of the Department of Natural Resources.

Section 10. Slight wording changes are incorporated into AS 45.09.402 regarding UCC financing statements. Subsection (c)(3) specifies that fixture filings are recorded (not filed) documents.

Section 11. AS 45.09.407 is clarified to provide that search requests must be submitted in writing. Additionally, the filing officer shall indicate whether a "currently active" financing statement exists for the particular debtor whose name is requested to be searched. Current statute requires the filing officer to indicate whether "presently effective" financing statements exist for the particular debtor. UCC search products delineate in detail all active filings and subsequent actions relative to a specific debtor name, but there are a lot of other issues that may determine whether a statement is "presently effective" in the legal sense, i.e. bankruptcy, improperly prepared statement, filing in wrong office, etc. Filing officers can provide a certification that indicates all active filings for that debtor are listed, but should not be required to state that they are "presently effective financing statements." By listing a filing on a response to a search request, the filing officer is only identifying its existence in the public record, not making assurances as to its effectiveness or compliance with the requirements of the Uniform Commercial Code.

Section 12. AS 45.05.030 is proposed to be repealed. There is no assurance that a copy presented by the customer is a true copy of the original document unless that copy is produced by the recorder. Recorders are required to prepare copies of all mining documents for the Division of Mining on a monthly basis. There is no need for customers to be providing copies of unrecorded documents that are not even used.

AS 40.17.040(b) is proposed to be repealed. It contains specific directions for indexing a specific type of document, a declaration. Providing indexing directions in statute for one specific document type to the exclusion of all others is inappropriate. Indexing procedures are best left to the recording system management, which establishes such internal indexing procedures for all document types on a consistent basis statewide.

AS 44.37.025(d) is proposed to be repealed. This statute requires the recording districts to supply the Department of Commerce with reports and copies of conveyances to non-resident aliens. The Department of Commerce has previously indicated that these reports and copies are unnecessary and would like them to be discontinued.

Section 13. This transitional provision allows the department to adopt regulations necessary to implement the changes in Sections 2 through 8 above. Recording section management states that these changes will likely not require additional new regulations. A current regulatory package in progress is not expected to be affected by these changes.

Sections 14 and 15. While the transitional provision regarding regulations would take effect immediately, the effective date of the Act would be July 1, 1996.

# SENATE COMMITTEE REPORT

## First Committee of Referral

DATE: 2/9/96

FURTHER: State Affairs  
Finance

Date of 5-Day Notice: 2-29-96  
(in accordance with Uniform Rule 23)

DATE TURNED  
INTO OFFICE: 3-13-96

The Resources Committee considered SB 283

Relating to filing, recording, and indexing of documents with or by the Department of Natural Resources.

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:**

- same title  
 technical title  
 new: SCR# \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Frank J. ...</i>	-				
<i>...</i>	-				
<i>Miss L. Taylor</i>	✓				
		<i>Rich Halford</i>	✓		
<b>CHAIR:</b> <i>True Lance</i>		<b>CHAIR:</b>			

**NEW FISCAL NOTE(S):**

Department	Date	Zero	Fiscal

**PREVIOUS FISCAL NOTE(S):\***

Department	Date	Zero	Fiscal
<i>DNR - Recorder's Office</i>	<i>2/1/96</i>	<i>0</i>	<i>X</i>

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

# SENATE COMMITTEE REPORT

## First Committee of Referral

DATE: 2/9/96

FURTHER: State Affairs  
Finance

Date of 5-Day Notice: 2-29-96  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 3-13-96

The Resources Committee considered SB 283

Relating to filing, recording, and indexing of documents with or by the Department of Natural Resources.

and recommends:

- RM*
- 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:**
- same title
  - technical title
  - new: SCR# \_\_\_\_\_

SIGNING DQ PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>S. Mrs. Frank</i>	-				
<i>Sen. Hoff</i>	-				
<i>Christ. Taylor</i>	✓				
		<i>Rich Halford</i>	✓		
<b>CHAIR:</b> <i>True Lance</i>	<i>vice chair</i>	<b>CHAIR:</b>			

**NEW FISCAL NOTE(S):**

Department	Date	Zero	Fiscal

**PREVIOUS FISCAL NOTE(S):\***

Department	Date	Zero	Fiscal
<i>DNR - Recorder's Office</i>	<i>2/1/96</i>	<i>B</i>	<i>X</i>

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

**SB**

**284**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

DATE: 4/12/96

DATE TURNED INTO OFFICE: 4-23-96

The Finance Committee considered SENATE BILL NO. 284

Relating to the four dam pool transfer fund and the power development fund.

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS SB 284 (Res)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to the \_\_\_\_\_ Committee

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

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>	✓	<i>[Signature]</i>		✓	
		<i>[Signature]</i>	✓		
		<i>[Signature]</i>	✓		
		<i>[Signature]</i>	✓		
Co-Chair:		Co-Chair: <i>[Signature]</i>	✓		
Co-Chair:		Co-Chair: <i>[Signature]</i>	✓		

**NEW FISCAL NOTE(S):**

Department	Date	Zero	Fiscal
DC+RA (4-dam pool)	4/23/96	0	
DC+RA (PCE)	4/23/96	0	
DC+RA (Power Proj)	4/23/96	0	
DC+RA (Southeast)	4/23/96	0	

**PREVIOUS FISCAL NOTE(S):\***

#	Department	Date	Zero	Fiscal
5	DC+ED (AEA)	4/11/96	0	

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

**CS SB 284 (RES)**  
**BACKGROUND AND SECTIONAL ANALYSIS**

**BACKGROUND**

Repairs are immediately needed to the Tyee transmission line. The transmission line is part of the four dam pool projects and connects the Tyee hydroelectric project to Wrangell and Petersburg. The line has failed on several occasions over the past few years. Unless fixed, the danger of a catastrophic failure is high. Repairs are also required to the Terror Lake hydroelectric project power tunnel, also a part of the four dam pool. This project serves Kodiak. The power tunnel is not performing up to required standards.

Under the power sales agreement (PSA) between AEA and the four dam pool purchasing utilities, the Tyee transmission line and at least some of the Terror tunnel repairs are obligations of AEA. Under the PSA, the utilities can withhold their annual debt service payment to the state, if AEA lacks sufficient funds to fulfill its obligations. This is generally referred to as the utilities' self-help right. The annual debt service payment has been between \$8,000,000 and \$11,000,000 over the last few years. Under existing law, subject to appropriation, the debt service payment made by the utilities is allocated 40% to the power cost equalization and rural capitalization fund, 40% to the Southeast energy fund and 20% to the power project fund.

In order to provide funds for the Tyee and Terror repairs, AEA intends to issue up to \$25,000,000 in bonds. AEA has the authority to issue these bonds under existing law and the bonds may include the moral obligation of the state. In order to market the bonds, however, there must be a secure revenue source from which debt service payments can be made. This involves two steps. First, the utilities must limit their self-help right so that a payment is made in an amount sufficient to pay the debt service on the bonds. The utilities have entered into an agreement with AEA to do this. Under the agreement, AEA may issue bonds with a term of no more than 25 years and may not defer debt service payments past July 1, 1998.

The second step is to ensure that AEA has sufficient funds to make the debt service payments on the bonds. SB 284 accomplishes this. SB 284 modifies the current distribution of the payments made by the utilities. Of the utilities' payment, an amount sufficient to pay the debt service on the bonds will be transferred to AEA for that purpose. The balance of the payment will be distributed in the same proportions as under existing law.

By issuing the bonds, AEA will have sufficient funds to ensure that the critical repairs proceed and that the utilities don't invoke their self-help right for that purpose. This minimizes the impact on the flow of funds contemplated by existing law (40% to the power cost equalization and rural capitalization fund, 40% to the Southeast energy fund and 20% to the power project fund). AEA has entered into negotiations with the utilities regarding the transfer of ownership of the four dam pool projects to the utilities. AEA intends to present a transfer plan or another long-term solution to the economic difficulties of the projects to the Twentieth Alaska Legislature

## **SECTIONAL ANALYSIS**

**Section 1-** Section 1 expresses the purpose of the bill. The purpose is to facilitate the issuance of bonds by AEA to effect needed repairs to the four dam pool projects. In addition Section 1 expresses the legislatures intent that AEA continue negotiations with the utilities regarding the transfer of the projects to the utilities and that a transfer plan or other long-term solution to the economic difficulties of the projects be submitted to the Twentieth Alaska Legislature.

**Section 2-** Section 2 modifies the existing allocation of payments received from the four dam pool utilities. The payments made by the utilities are deposited in the four dam pool transfer fund. Under the bill, subject to appropriation, the amount required to pay debt service on bonds issued by AEA to repair, improve or maintain the four dam pool projects will be transferred from the four dam pool transfer fund to AEA's power development fund from which AEA can make the debt service payments. The remainder of the utilities' payments will be transferred, subject to appropriation, in accordance with existing law (40% to the power cost equalization and rural capitalization fund, 40% to the Southeast energy fund and 20% to the power project fund).

**Section 3-** Section 3 modifies AEA's existing bonding authority. Under the bill, bonds issued by AEA after May 1, 1996 for repairs, improvements or maintenance of the four dam pool projects are limited to a term of eight years from the date of issue. Therefore, the bonds issued by AEA for the Tyee transmission line and Terror Lake tunnel repairs would be limited to the eight year term. No other changes are made to AEA's bonding authority.

**Section 4-** Section 4 clarifies that funds in AEA's power development fund may be used to repair and improve AEA's existing projects.

## AGREEMENT REGARDING IMMEDIATE REPAIRS

This Agreement is entered into between the Alaska Energy Authority ("AEA") and the Project Management Committee ("PMC") of the Four Dam Pool which consists of the duly authorized representatives of AEA, and City of Ketchikan d/b/a Ketchikan Public Utilities, City of Wrangell d/b/a Wrangell Municipal Light and Power, City of Petersburg d/b/a Petersburg Municipal Power and Light, Kodiak Electric Association and Copper Valley Electric Association (the "Purchasing Utilities") with reference to the following facts:

- A. AEA and the Purchasing Utilities are parties to that certain Long-Term Power Sales Agreement Four Dam Pool - Initial Project ("PSA").
- B. The PMC was established pursuant to the PSA and has the authority under the PSA to take certain actions related to the Initial Project.
- C. Pursuant to the PSA Section 4(d), AEA has certain obligations with respect to repairs to the Initial Project.
- D. Pursuant to that certain Settlement Agreement dated June 27, 1995, between the Purchasing Utilities and AEA, the parties agreed that certain repairs contemplated with respect to the Initial Project are obligations of AEA under the PSA (the "Required Repairs").
- E. Subject to action by the Alaska State Legislature to amend AS 42.45.050(b) to allow funds deposited in the Four Dam Pool Transfer Fund to first be used to pay the debt service ("Legislative Action"), AEA intends to borrow funds, by way of the issuance of bonds or other means, to effect the Required Repairs. With the exception of creating the first priority for debt service described in this paragraph, AEA does not intend to seek legislation affecting the current distribution of the funds deposited to the Four Dam Pool Transfer Fund.
- F. Pursuant to PSA Section 6(a), the PMC, under certain circumstances, may provide funds from the Initial Project Revenue Fund and reduce accordingly the amounts paid under Section 5(e) of the PSA. (The PSA Section 6(a) right described in this paragraph shall be referred to as the "Self Help Right")
- G. In order for AEA to borrow the funds necessary to effect the Required Repairs, it is necessary to establish a secure revenue source from which debt service payments may be made.
- H. AEA and the PMC desire to enter into this Agreement to provide a secure revenue source so that AEA may borrow the funds necessary to effect the Required Repairs.


NOW THEREFORE, the parties agree as follows:

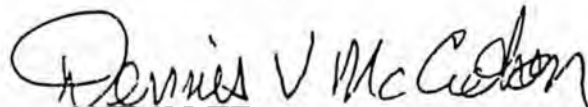
1. AEA to Incur Debt. Subject to Legislative Action, AEA shall use its best efforts to borrow sufficient funds, by the issuance of bonds or otherwise, to effect the Required Repairs. AEA agrees that any funds borrowed pursuant to this Agreement shall be used only to effect the Required Repairs, that portion of repairs required to the Terror Lake Project which are the obligation of AEA under PSA Section 4(d), or for other obligations of AEA pursuant to PSA Section 4(d). Notwithstanding the foregoing, funds borrowed pursuant to this Agreement may also be used to pay costs of the debt issuance and capitalized interest associated with the debt. While the precise terms of the debt issued pursuant to this paragraph are not yet certain, AEA agrees that the principal amount of such debt shall not exceed \$25,000,000, such debt shall not defer payments past July 1, 1998 and that such debt shall not have a term in excess of 25 years.
2. Limitation of Self Help Right. In order to provide a secure source of repayment for any debt issued by AEA pursuant to paragraph 1 of this Agreement, the PMC irrevocably agrees, for the term of any debt issued by AEA pursuant to paragraph 1 of this Agreement, that it will limit its Self Help Right in any given fiscal year to the amount arrived at by subtracting (i) the amount of the required debt service payment for the fiscal year with respect to any debt issued by AEA pursuant to paragraph 1 of this Agreement; from (ii) the amount that would otherwise be paid under PSA Section 5(e) for the fiscal year assuming no Self Help Right were invoked. The purpose of this paragraph is to ensure that no Self Help Right will be invoked to the extent that the effect of invoking that right is that the funds paid under PSA Section 5(e) are insufficient to cover the debt service with respect to debt issued by AEA pursuant to paragraph 1 of this Agreement.
3. Further Assurances. The parties acknowledge that the matters included in this Agreement are an integral part of the incurrence by AEA of the debt contemplated in paragraph 1 of this Agreement. In connection with the incurrence of such debt, including, without limitation the issuance of any bonds by AEA, the parties agree to execute any and all necessary documents, consistent with the terms of this agreement to evidence the agreement of the parties contemplated herein.
4. No Modification to the PSA. Nothing in this Agreement is intended to modify or amend the provisions of the PSA. Terms not expressly defined herein shall have the meaning ascribed in the PSA.
5. Authority of Signers. Each of the individuals executing this Agreement hereby represents and warrants that he is the duly authorized representative of the party for which he is signing.
6. Accomplishment and Administration of Work. The parties agree that, subject to reasonable consultation with the Purchasing Utilities, and consistent with the provisions of the PSA, AEA shall be responsible for and may use its discretion in administering and accomplishing the repairs described in paragraph 1 of this Agreement. Nothing in this paragraph shall prevent AEA from contracting with the Purchasing Utilities or others for the performance of AEA's duties under this paragraph. AEA agrees to use its best efforts

to obtain funds and proceed with the work contemplated in this Agreement in calendar year 1996.

7. Divestiture Discussions. AEA specifically agrees that the costs of the Required Repairs are obligations of AEA under the PSA. AEA agrees that the method of financing contemplated by this Agreement shall not affect the transfer price for the Initial Project that may be arrived at under the discussions currently underway between the Purchasing Utilities and AEA. Nothing in this Agreement shall constitute an agreement on the part of AEA or the Purchasing Utilities to transfer the Initial Project.
8. No Debt of PMC. Any debt incurred by AEA in accordance with paragraph 1 of this Agreement shall not constitute a liability, debt or subordinate obligation of the PMC or the Purchasing Utilities.
9. Consultation with Utilities. AEA shall reasonably consult with counsel to Purchasing Utilities with respect to the status of the incurrence of debt and terms of any debt incurred by AEA pursuant to paragraph 1 of this Agreement. AEA agrees that any reasonable costs associated with such consultation shall constitute costs of the debt issuance payable from the proceeds of the issuance.

Dated this 25th day of January, 1996.

  
Dennis Lewis, Chairman PMC

  
Dennis McCrohan, Deputy Director  
Alaska Energy Authority



ALASKA INDUSTRIAL DEVELOPMENT  
AND EXPORT AUTHORITY



copy to: Nancy  
Valerie  
Dennis  
Keith

480 WEST TUDOR

ANCHORAGE, ALASKA 99503

907 / 269-3000

FAX 907 / 269-3044

March 20, 1996

Senator Loren Leman, Chairman  
Senate Resources  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, AK 99801-1182

RE: SB 284

Dear Senator Leman:

This letter is in response to questions raised at the Senate Resource Committee hearing on SB 284 held on March 6, 1996.

Senator Halford requested specific statutory and regulatory citations authorizing the Alaska Energy Authority (AEA) to negotiate and enter into a Long Term Power Sales Agreement for the sale of Four Dam Pool power. Enclosed is a letter from Keith Laufer, Assistant Attorney General, addressing this issue.

You requested examples of bonding scenario's showing how the term of the bond issuance will affect the yearly debt service and overall cost to the State. Examples, on a comparable basis, showing terms of 5, 10 and 25 years, at current rates, follow.

<u>Term</u>	<u>Initial Payment Date</u>	<u>Total Issuance</u>	<u>Amount Available For Construction</u>	<u>Annual Debt Service Payments</u>	<u>Total Debt Service</u>
5	7/1/97	\$25 Million	\$24,131,066	\$6,217,100	\$31,077,086
5	7/1/98	\$25 Million	\$21,418,081	\$7,237,932 <sup>(1)</sup>	\$31,766,081
10	7/1/97	\$25 Million	\$24,208,600	\$3,732,744	\$37,301,674
10	7/1/98	\$25 Million	\$21,470,156	\$3,866,300 <sup>(2)</sup>	\$37,674,942
25	7/1/97	\$25 Million	\$24,069,808	\$2,386,944 <sup>(3)</sup>	\$60,297,540
25	7/1/98	\$25 Million	\$21,191,503	\$2,386,944 <sup>(3)</sup>	\$60,297,540

(1) Initial annual payment of \$2,823,750; annual payment of \$7,237,932 thereafter.

(2) Initial annual payment of \$2,900,478; annual payment of \$3,866,300 thereafter.

(3) Initial annual payment of \$3,059,202; annual payment of \$2,386,944 thereafter.

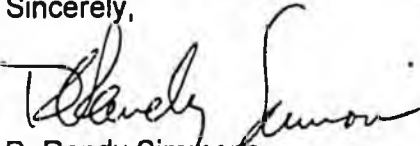
Senator Loren Leman, Chairman  
March 20, 1996  
Page Two

The differences between total issuance and the amount available for construction is made up of issuance costs and capitalized interest, if applicable.

Based on the information we currently have, a 10 year term with a one year payment deferral would be the alternative that we would most likely choose. The deferral would give us two years to find a long term solution to the Four Dam Pool issues, without affecting the current allocation of the payment stream that the State receives. If we are unsuccessful, the debt service amount would be set at a level that would still allow between \$6-7 million to be allocated to PCE, the Southeast Intertie and DCRA's power project fund.

I hope this information is helpful. If you need any additional information, please do not hesitate to call me.

Sincerely,



D. Randy Simmons  
Development & Finance Manager

DRS/bjf  
h:\all\rsimmons\lae\sb284.doc  
Enclosure

cc: William R. Snell, Executive Director  
Senator Drue Pearce  
Senator Steve Frank  
Senator Rick Halford  
Senator Robin Taylor  
Senator Georgianna Lincoln  
Senator Lyman Hoffman  
Percy Frisby, Director, Division of Energy, DCRA  
Dennis Lewis, Chairman, PMC

# STATE OF ALASKA

## DEPARTMENT OF LAW

### OFFICE OF THE ATTORNEY GENERAL

March 18, 1995

Randy Simmons  
Alaska Industrial Development and Export Authority  
480 West Tudor  
Anchorage, Alaska 99503-6690

RE: SB 284  
Our file 661-95-0723

Dear Randy:

At your request, I am writing this letter to respond to certain questions Senator Halford raised at the Senate Resource Committee hearing on Wednesday, March 6, 1996. Specifically, Senator Halford requested information regarding the statutory authority of the Alaska Energy Authority (AEA) to enter into the Long Term Power Sales Agreement for the Four Dam Pool Power (the PSA) and the provision therein allowing the purchasing utilities to withhold payments under certain circumstances and use the money withheld to effect repairs to the projects.

Pursuant to AS 44.83.080 (as in effect when the PSA was executed), AEA was granted broad powers to enter into agreements regarding the sale of energy produced by its projects. Specifically, AS 44.83.080 (10) provided that the AEA had the power to enter into contracts

for the financing, construction, acquisition, operation and maintenance of all or any part of a power project, either inside or outside the state, and for the sale and transmission of power from a project . . . .

This power was reiterated in AS 44.83.080 (11) where AEA was provided the power to enter into contracts "for the purchase, sale, exchange, transmission or use of power from a project or any right to any capacity of it."

In addition to these specific contractual powers, the AEA was provided with the power

to enter into contracts or agreements with respect to the exercise of any of its powers, and to do all things necessary or convenient to carry out the corporate purposes and exercise the powers granted in this chapter.

TONY KNOWLES, GOVERNOR

PLEASE REPLY TO:

- 1031 WEST 4TH AVENUE, SUITE 200  
ANCHORAGE, ALASKA 99501-1994  
PHONE: (907) 269-5100  
FAX: (907) 276-3697
- KEY BANK BUILDING  
100 CUSHMAN ST., SUITE 400  
FAIRBANKS, ALASKA 99701-4679  
PHONE: (907) 451-2811  
FAX: (907) 451-2846
- P.O. BOX 110300-DIMOND COURT HO  
JUNEAU, ALASKA 99811-0300  
PHONE: (907) 465-3600  
FAX: (907) 465-6735

AS 44.83.080(14) (effective at the time PSA was executed).

With respect to the sale of power from the Four Dam Pool projects, AS 44.83.398 set forth factors that were to be considered in computing the wholesale power rate. Under that provision, the rate established must equal the amount AEA estimates is necessary to produce revenue sufficient to pay for the operation, maintenance and equipment replacement costs of the projects, the power projects proportionate share of the debt service, and safety inspections of the power project. The provisions of the PSA take each of these components into account in establishing the wholesale power rate from the Four Dam Pool. ( See PSA Section 5 and specifically Section 5(f)).

Under the PSA negotiated by AEA, AEA remained responsible for certain risks related to project ownership. These risks included the risks of uninsured facility failures, substandard facility performance, inadequacy of the R&R fund, or failure of any purchasing utility to make payments required under the agreement. Under Section 6(a) of the PSA, in the event AEA was unable to fulfill its obligations with respect to these risks, the utilities could withhold payments due under the PSA in order to fulfill those obligations. This type of arrangement is common in many commercial transactions. It is often the case that one party to a contract may withhold payment to another party and apply the withheld sums to fulfill the other party's obligations. This makes particular sense in the context of the PSA. Under the PSA, the utilities are only required to pay for power actually produced. Thus, if a facility failure prevents power from being produced by the projects, the entire payment stream to the state could be disrupted. Under the mechanism provided in the PSA, the utilities can utilize funds to effect repairs ensuring that power continues to be produced and that the disruption to the state's payment stream is minimized. I have found nothing in AEA's statutes or otherwise that would prevent AEA from entering into this type of arrangement.

To summarize, the PSA entered into by the Alaska Energy Authority appears consistent with AEA's statutes. AEA was granted broad powers as it pertains to entering into power sales agreements with utilities. The PSA entered into between the AEA and the purchasing utilities of the Four Dam Pool appears within the broad powers granted to AEA.

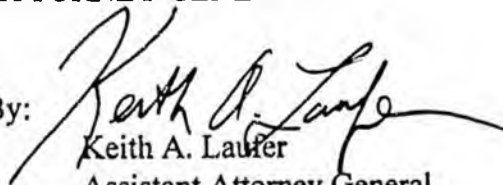
Randy Simmons  
Alaska Industrial Development and Export Authority  
661-95-0723

March 18, 1996  
Page 3

Should you have any questions do not hesitate to call.

Very truly yours,

BRUCE M. BOTELHO  
ATTORNEY GENERAL

By:   
Keith A. Laufer  
Assistant Attorney General

KAL:aw

**SB 284 Bonding Term Examples**

Examples of bonding scenario's showing how the term of the bond issuance will affect the yearly debt service and overall cost to the State. Examples, on a comparable basis, showing terms of 5, 8, 10 and 25 years, at March 1996 rates, follow.

<u>Term</u>	<u>Initial Payment Date</u>	<u>Total Issuance</u>	<u>Amount Available For Construction</u>	<u>Annual Debt Service Payments</u>	<u>Total Debt Service</u>
5	7/1/97	\$25 Million	\$24,131,066	\$6,217,100	\$31,077,088
5	7/1/98	\$25 Million	\$21,418,081	\$7,237,932 <sup>(1)</sup>	\$31,766,081
8	7/1/97	\$25 Million	\$24,192,892	\$4,383,800	\$35,057,125 <sup>(5)</sup>
8	7/1/98	\$25 Million	\$21,379,378	\$4,658,400 <sup>(4)</sup>	\$35,562,533 <sup>(5)</sup>
10	7/1/97	\$25 Million	\$24,208,600	\$3,732,744	\$37,301,674
10	7/1/98	\$25 Million	\$21,470,156	\$3,866,300 <sup>(2)</sup>	\$37,674,942
25	7/1/97	\$25 Million	\$24,069,808	\$2,386,944 <sup>(3)</sup>	\$60,297,540
25	7/1/98	\$25 Million	\$21,191,503	\$2,386,944 <sup>(3)</sup>	\$60,297,540

- (1) Initial annual payment of \$2,823,750; annual payment of \$7,237,932 thereafter.
- (2) Initial annual payment of \$2,900,478; annual payment of \$3,866,300 thereafter.
- (3) Initial annual payment of \$3,059,202; annual payment of \$2,386,944 thereafter.
- (4) Initial annual payment of \$2,971,706; annual payment of \$4,658,400 thereafter.
- (5) Rates as of 4/11/96.

SENATE FINANCE COMMITTEE

SB 284 FOUR DAM POOL & POWER DEVELOPMENT FUND

PLEASE SIGN IN BELOW

NAME: Randy SIMMONS  
Co./DEPT./TITLE: AEA/AIDFA PHONE: 269-3000  
ADDRESS: 480 W. TUDOR AVE ANCH ZIP: \_\_\_\_\_  
DO YOU WISH TO TESTIFY?  YES  NO  RESPOND TO QUESTIONS

NAME: KEITH LAUFER  
Co./DEPT./TITLE: DEPT OF LAW PHONE: 269-5173  
ADDRESS: 1031 W. 4TH AVE ANCH ZIP: \_\_\_\_\_  
DO YOU WISH TO TESTIFY?  YES  NO  RESPOND TO QUESTIONS

NAME: \_\_\_\_\_  
Co./DEPT./TITLE: \_\_\_\_\_ PHONE: \_\_\_\_\_  
ADDRESS: \_\_\_\_\_ ZIP: \_\_\_\_\_  
DO YOU WISH TO TESTIFY?  YES  NO  RESPOND TO QUESTIONS

NAME: \_\_\_\_\_  
Co./DEPT./TITLE: \_\_\_\_\_ PHONE: \_\_\_\_\_  
ADDRESS: \_\_\_\_\_ ZIP: \_\_\_\_\_  
DO YOU WISH TO TESTIFY?  YES  NO  RESPOND TO QUESTIONS

TONY KNOWLES  
GOVERNOR



P.O. Box 110001  
Juneau, Alaska 99811-0001  
(907) 465-3500  
Fax (907) 465-3532

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

February 9, 1996

287

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

Dear President Pearce:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill modifying the distribution of money from the four dam pool transfer fund and making necessary changes to the power development fund. These changes are needed to allow the Alaska Energy Authority (AEA) to issue bonds for needed repairs to the four dam pool projects.

The Tyee transmission line links the communities of Wrangell and Petersburg to the Tyee Lake hydroelectric project. The transmission line has been out of operation on three occasions over the last several years because of significant deficiencies in the line. Repairs are immediately needed to ensure that the line can operate without a catastrophic failure. In addition, repairs are required to the Terror Lake hydroelectric project power tunnel. Due, at least in part, to design deficiencies, the Terror Lake power tunnel has not performed in accordance with reasonable standards.

Under the long-term power sales agreement between the AEA and the purchasing utilities of the four dam pool, the required repairs to the Tyee transmission line and some of the repairs to the Terror Lake power tunnel are obligations of the AEA. Under the agreement, the utilities make annual debt service payments to the state. Over the past several years, these payments have amounted to between \$8 million and \$11 million annually. The utilities may reduce or withhold this payment, however, if the AEA lacks sufficient money to fulfill its obligations under the agreement.

The ability to withhold payment is generally referred to as the utilities self-help right. Since the Tyee transmission line repairs and some of the Terror Lake tunnel repairs are obligations of the AEA, the purchasing utilities could withhold the annual debt service payment to provide money for these repairs. In fact, under a settlement agreement with AEA, the purchasing utilities invoked their self-help right last fiscal year and withheld \$4 million to conduct engineering for the required repairs.

The debt service payment made by the utilities is deposited into the four dam pool transfer fund. Under current law, subject to appropriation, 40 percent of the balance in the four dam pool transfer fund is transferred to the power cost equalization and rural electric capitalization fund; 40 percent goes to the Southeast energy fund; and 20 percent goes to the power project fund.

AEA intends to issue up to \$25 million of bonds to finance the immediately needed Tye transmission line repairs and the obligations of the AEA with respect to the Terror Lake power tunnel for these repairs. That would prevent the utilities from withholding their debt service payments. Under existing law, AEA has the authority to issue these bonds and they may carry the moral obligation of the state. The bonds will have a term of no more than 25 years. Annual payments are estimated at between \$3 million and \$5 million and will begin no later than July 1, 1998.

The purpose of the deferral of bond payments to July 1, 1998, is to give the AEA time to develop a long-term plan for the four dam pool facilities. The AEA is currently negotiating to sell the dams to the utilities. If the sales take place, the bonds will be paid off before any debt service payments are due.

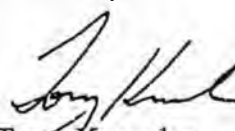
In order to make the proposed bonds marketable, bond investors must be assured that a secure revenue source is available for the debt service on the bonds. There are two critical elements to ensure this secure revenue source. First, the utilities must limit the self-help right under the power sales agreement to guarantee that a sufficient payment is made to the AEA to cover the debt service. In that regard, the four dam pool project management committee and the AEA entered into an agreement whereby the utilities will limit their self-help right. The second critical element is to ensure that the first call on the payments made by the utilities is for the debt service related to the bond issue. This bill accomplishes that second critical element.

Section 1 of the bill modifies current law so that, subject to appropriation, an amount necessary to cover the debt service on the loans or bonds will be transferred from the four dam pool fund to the AEA power development fund. Section 2 of the bill clarifies that money in the AEA power development fund can also be used for repairing and improving power projects constructed or acquired before August 11, 1993.

This bill will allow the immediately needed repairs on the four dam pool facilities to go forward. Meanwhile, discussions will continue with the utilities to develop a long-term solution to the financing and economic needs of the projects.

I urge your passage of this bill.

Sincerely,



Tony Knowles  
Governor

# SENATE COMMITTEE REPORT

## First Committee of Referral

DATE: 2/9/96

FURTHER: State Affairs  
Finance

Date of 5-Day Notice: 2-29-96  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 4-11-96

The Resources Committee considered SB 284

Relating to the four dam pool transfer fund and the power development fund.

and recommends:

- be replaced with CS SB 284 (DPS)
- 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:
- same title
  - technical title
  - new: SCR# \_\_\_\_\_

SIGNING DQ PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
		<i>Rich Halford</i>	✓		
		<i>Denise</i>	✓		
		<i>Christ Topik</i>	✓		
		<i>Don Frank</i>	✓		
		<i>[Signature]</i>	✓		
CHAIR: <i>[Signature]</i>		CHAIR: <i>[Signature]</i>			

**NEW FISCAL NOTE(S):**

Department	Date	Zero	Fiscal

**PREVIOUS FISCAL NOTE(S):\***

Department	Date	Zero	Fiscal
Commerce	2/9/96	✓	
C+RA/PCE	2/9/96	✓	
C+RA/Southeast (Energy Fund)	2/9/96	✓	
C+RA/Power Project Fund	2/9/96	✓	

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

**FISCAL NOTE**

**STATE OF ALASKA  
1996 LEGISLATIVE SESSION**

**BILL NO. CS SB 284(RES)**

Revision Date: 04/22/96  
 Title: An act relating to bonds issued to repair, improve or maintain the four dam pool and relating to the four dam pool and the Power Development Fund

Dept. Affected: C&RA  
 BRU: Rural Energy Programs  
 Fund: Four Dam Pool Transfer Fund

Sponsor: Senate Rules Committee for Governor  
 Requester: Senate Resources Committee

FUND NO. 1090

**Expenditures/Revenues (Thousands of Dollars)**

	FY 97	FY 98	FY 99	FY 100	FY 101	FY 102
<b>OPERATING EXPENDITURES</b>						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	0	0	0	0
<b>CAPITAL EXPENDITURES</b>	0	0	0	0	0	0
<b>CHANGE IN REVENUES ( 1090 ) (1)</b>		(4,383.6)	(4,383.6)	(4,383.6)	(4,383.6)	(4,383.6)

**FUNDING SOURCE (Thousands of Dollars)**

	FY 97	FY 98	FY 99	FY 100	FY 101	FY 102
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Receipts						
1037 GF/Mental Health						
Other						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ -----

**POSITIONS**

	FY 97	FY 98	FY 99	FY 100	FY 101	FY 102
FULL-TIME						
PART-TIME						
TEMPORARY						

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

This fund receives annual debt service repayment on the State loan to the Alaska Energy Authority (AEA) for the construction of the Four Dam Pool Project (partial financing).

If the proposed bill is enacted, the Four Dam Pool Transfer Fund will receive debt service repayments reduced by \$4,383.6 effective FY98. The projected reduction will affect the fund for 8 consecutive years, assuming one bond issuance of \$25,000.0. The cost of financing (issuance plus interest) is about \$10.9 million. Therefore, the total revenue reduction will be \$35,057.1 over the 8 years. We understand from AEA that the debt service reduction may be deferred to FY99. However, the cost of financing would increase significantly.

(1) The debt service paid into the Four Dam Pool Transfer Fund (As 42.45.050) is not an operating revenue of the State. However, subject to appropriation, the balance of this fund is allocated annually as follows:

- 40% Power Cost Equalization and Rural Electric Capitalization Fund, AS 42.45.400 (See Fiscal Note 1A)
- 20% Power Project Fund, AS 42.45.010 (See Fiscal Note 1B)
- 40% Southeast Energy Fund, AS 42.45.010 (See Fiscal Note 1C)

Prepared by: Remond Henderson, Director *Remond Henderson* Phone: 465-4708  
 Division: Division of Administrative Services Date: 04/22/96

Approved by Commissioner: Mike Irwin, Commissioner *Mike Irwin* Date: 04/22/96  
 Agency: Community & Regional Affairs

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FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. CS SB284 (RES)

Revision Date: 04/22/96  
 Title: Relating to bonds issued to repair, improve  
or maintain the four dam pool and relating to the four dam pool  
transfer fund and the power development fund  
 Sponsor: Senate Rules Committee by Request of Governor  
 Requester: Senate Resources Committee

Dept. Affected: C&RA  
 BRU: Rural Energy Programs  
 Component: Power Cost Equalization

COMPONENT SERIAL NO. 1965

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 100	FY 101	FY 102
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0.0	(1,753.4)	(1,753.4)	(1,753.4)	(1,753.4)	(1,753.4)
MISCELLANEOUS						
TOTAL OPERATING	0.0	(1,753.4)	(1,753.4)	(1,753.4)	(1,753.4)	(1,753.4)
CAPITAL EXPENDITURES	0	0	0	0	0	0
CHANGE IN REVENUES ( 1089 )	0	(1753.4)	(1753.4)	(1753.4)	(1753.4)	(1753.4)

FUNDING SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Receipts						
1037 GF/Mental Health						
1089 PCE	0.0	(1,753.4)	(1,753.4)	(1,753.4)	(1,753.4)	(1,753.4)
TOTAL	0.0	(1,753.4)	(1,753.4)	(1,753.4)	(1,753.4)	(1,753.4)

Estimate of any current year (FY96) cost: \$ -----

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

If the proposed bill is enacted, the Four Dam Pool Transfer Fund (FDPTF) will receive debt service repayments reduced by \$4,383.6 million effective FY98. However, we understand from AEA that the debt service reduction may be deferred to FY99.

The 40% allocation from the FDPTF to the Power Cost Equalization and Rural Electric Capitalization Fund (PCE&RECF) AS 42. 45.100, directly affects the monies that would be allocated to PCE on a 1:1 ratio. This projected reduction will affect the PCE program for 8 consecutive years for a total reduction of \$14,027.2. With this reduction, the PCE&RECF is expected to be exhausted during FY2000.

Prepared by: Remond Henderson, Director *Remond Henderson* Phone: 465-4708  
 Division: Division of Administrative Services Date: 4/22/96  
 Approved by Commissioner: Mike Irwin, Commissioner *Mike Irwin* Date: 04/22/96  
 Agency: Community & Regional Affairs

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# FISCAL NOTE

**STATE OF ALASKA  
1996 LEGISLATIVE SESSION**

**BILL NO. CS SB284(RES)**

Revision Date: 04/22/96 Dept. Affected: C&RA  
 Title: Relating to bonds issued to repair, improve or maintain the four dam pool; and to the four dam pool transfer fund and the power development fund BRU: Rural Energy Programs  
 Sponsor: Senate Rules Committee by Request of the Governor Fund: Power Project Fund  
 Requester: Senate Resources Committee FUND NO. 1062

Expenditures/Revenues		(Thousands of Dollars)					
OPERATING EXPENDITURES		FY 97	FY 98	FY 99	FY 100	FY 101	FY 102
PERSONAL SERVICES							
TRAVEL							
CONTRACTUAL							
SUPPLIES							
EQUIPMENT							
LAND & STRUCTURES							
GRANTS, CLAIMS							
MISCELLANEOUS							
TOTAL OPERATING	N/A	0	0	0	0	0	0
CAPITAL EXPENDITURES N/A		0	0	0	0	0	0
CHANGE IN REVENUES ( 1062 )		0.0	(876.8)	(876.8)	(876.8)	(876.8)	(876.8)

FUNDING SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Receipts							
1037 GF/Mental Health							
Other							
TOTAL							

Estimate of any current year (FY96) cost: \$ -----

POSITIONS							
FULL-TIME							
PART-TIME							
TEMPORARY							

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

If the proposed bill is enacted, the Four Dam Pool Transfer Fund (FDPTF) will receive debt service repayment, reduced by \$4,383.6 effective FY98. However, we understand from AEA that the debt service reduction may be deferred to FY99.

Reduction of the 20% allocation from the Four Dam Pool Transfer Fund to the Power Project Fund (PPF), AS 42.45.010, reduces the monies available in the PPF for loans to utilities or project developers for energy projects. Given the ever decreasing availability of other funding sources for energy projects, especially General Fund monies, the existence of the PPF is very important to rural electric utilities, especially those that cannot readily borrow from financial institutions.

The reduction will affect the PPF for 8 consecutive years, for a total reduction of \$7,014.0.

Prepared by: Remond Henderson, Director *Remond Henderson* Phone: 465-4708  
 Division: Division of Administrative Services Date: 4/22/96  
 Approved by Commissioner: Mike Irwin, Commissioner *M Irwin* Date: 4/22/96  
 Agency: Community & Regional Affairs

# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. CSSB284(RES)

Revision Date: 04/22/96  
 Title: Relating to bonds issued to repair, improve or maintain the four dam pool; & relating to the four dam pool transfer fund & the power development fund  
 Sponsor: Senate Rules Committee by Request of Governor  
 Requester: Senate Resources Committee

Dept. Affected: C&RA  
 BRU: Rural Energy Programs  
 Fund: Southeast Energy Fund

FUND NO. 1086

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 100	FY 101	FY 102
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL EXPENDITURES N/A	0	0	0	0	0	0
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CHANGE IN REVENUES ( 1086 )	0	(1753.4)	(1753.4)	(1753.4)	(1753.4)	(1753.4)
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FUNDING SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Receipts						
1037 GF/Mental Health						
1090 FDPTF						
TOTAL						

Estimate of any current year (FY96) cost: \$

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

If the proposed bill is enacted, the Four Dam Pool Transfer Fund (FDPTF) will receive debt service repayments, reduced by \$4,383.6 effective FY98.

Reduction of the 40% allocation from the Four Dam Pool Transfer Fund to the Southeast Energy Fund, AS 42.45.040, reduces the monies available for grants to utilities participating in the development of the power transmission intertie between the Tyee Lake and Swan Lake hydroelectric projects. The projected reduction is assumed to affect the fund for 8 consecutive years, for a total reduction of \$14,027.2. We also understand from AEA that the debt service reduction may be deferred to FY99. This reduced funding may slightly impact development of the project. However, Tyee Lake and Swan Lake are part of the Four Dam Pool and they may benefit from the debt service reduction, in that the reduced amount will pay for Four Dam Pool project repairs/improvements.

Prepared by: Remond Herderson, Director *Remond Herderson* Phone: 465-4708  
 Division: Division of Administrative Services Date: 4/22/96

Approved by Commissioner: Mike Irwin, Commissioner *M Irwin* Date: 04/22/96  
 Agency: Community & Regional Affairs

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# FISCAL NOTE

Bill Version: SB 284  
 (S) Publish Date: 2/9/96

STATE OF ALASKA  
 1996 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Department: Commerce and Economic Development  
 Title: Four dam pool transfer fund BRU: AEA  
 Component: AEA  
 Sponsor: Rules Committee  
 Requestor: Governor COMPONENT SERIAL NO. 1948

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CHANGE IN REVENUES</b>	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other (Four dam pool transfer fund)						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 96) cost: \$ 0.0

POSITIONS						
FULL-TIME						
PART-TIME						
TEMPORARY						

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

The bill provides funding for repairs and maintenance of the four dam pool project by decreasing the amount of funds appropriated from the four dam pool transfer fund to the power cost equalization and rural electric capitalization fund; the Southeast energy fund; and the project fund.

Prepared by: William R. Snell, Executive Director Phone: (907)269-3000  
 Division: AEA Date: February 6, 1996  
 Approved by Commissioner: William L. Hensley Date: 2-6-96  
 Agency: Commerce and Economic Development

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# FISCAL NOTE

No. 5  
 Bill Version: CS SB 284(CRES)  
 (S) Publish Date: 4/12/96

STATE OF ALASKA  
 1996 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Department: Commerce and Economic Development  
 Title: An Act relating to the Four Dam Pool Transfer BRU: AEA  
 Fund and the Power Development Fund Component: AEA  
 Sponsor: Rules Committee  
 Requestor: Senate Resources COMPONENT SERIAL NO. 1948

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES						
--------------------	--	--	--	--	--	--

FUND SOURCE	(Thousands of Dollars)					
002 Federal Receipts						
003 GF Match						
004 General Fund	0.0	0.0	0.0	0.0	0.0	0.0
005 GF/Program Receipts						
006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY 96) cost: \$ 0.0

POSITIONS	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

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

This bill provides funding for repairs and maintenance of the four dam pool project by decreasing the amount of funds appropriated from the four dam pool transfer fund to the power cost equalization and rural electric capitalization fund, the Southeast energy fund, and the power project fund.

Prepared by: William R. Snell, Executive Director Phone: (907) 263-3000  
 Division: AEA Date: April 11, 1996  
 Approved by Commissioner: William L. Hensley Date: 4-11-96  
 Agency: Commerce and Economic Development

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# FISCAL NOTE

No. 2  
 Bill Version: SB 284  
 (S) Publish Date: 2/9/96

STATE OF ALASKA  
 1996 LEGISLATIVE SESSION

Revision Date: Draft Bill Dept. Affected: C & RA  
 Title: "An Act relating to the Four Dam BRU: Rural Energy Programs  
Pool Transfer Fund and the Power Development Fund" Component: Power Cost Equalization  
 Sponsor: Rules  
 Requester: Governor COMPONENT SERIAL NO. 1965

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 100	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	(1,600.0)	(1,600.0)	(1,600.0)	(1,600.0)

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( 1089 )			(1,600.0)	(1,600.0)	(1,600.0)	(1,600.0)
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other 1090 FDPTF			(1,600.0)	(1,600.0)	(1,600.0)	(1,600.0)
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ \_\_\_\_\_

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

The Division of Energy assumes that the Four Dam Pool Transfer Fund (FDPTF) will receive debt service repayments, reduced by \$4 million, effective FY99.

The 40% allocation from the FDPTF to the Power Cost Equalization and Rural Electric Capitalization Fund (PCE & RECF), AS 42.45.100, directly affects the monies that would be allocated to the Power Cost Equalization (PCE) on a 1:1 ratio, to levelize the impact on rural electric utilities and their customers participating to PCE. This projected reduction could affect the PCE program for eight consecutive years. With these reductions, the PCE & RECF is expected to be exhausted during FY2000. PCE program funding is hoped to be \$17 million per year from FY97 through FY2000 - after that, assuming that the net available debt service from the Four Dam Pool is \$8 million per year, the funds available for PCE would be about \$3.2 million per year.

Prepared by: Gloria Manni, Assistant Director Phone: 269-4642  
 Division: Energy Date: 2/6/96  
 Approved by Commissioner: [Signature] Date: 2.6.96  
 Agency: Energy

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# FISCAL NOTE

No. 3

Bill Version: SB 284

(S) Publish Date: 2/9/96

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

Revision Date: Draft Bill Dept. Affected: C&RA  
 Title: "An act relating to the Four Dam Pool Transfer Fund and the Power Development Fund" BRU: Energy Operations  
 Component: Southeast Energy Fund  
 Sponsor: Rules  
 Requester: Governor COMPONENT SERIAL NO. 1935

**Expenditures/Revenues (Thousands of Dollars)**

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 100	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0.0	0.0	(1,600.0)	(1,600.0)	(1,600.0)	(1,600.0)
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>(1,600.0)</b>	<b>(1,600.0)</b>	<b>(1,600.0)</b>	<b>(1,600.0)</b>

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

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

**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
<del>1000</del> 1090 FDPTF			(1,600.0)	(1,600.0)	(1,600.0)	(1,600.0)
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>(1,600.0)</b>	<b>(1,600.0)</b>	<b>(1,600.0)</b>	<b>(1,600.0)</b>

Estimate of any current year (FY96) cost: \$ \_\_\_\_\_

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

The Division of Energy assumes that the Four Dam Pool Transfer Fund (FDPTF) will receive debt service repayments, reduced by \$4 million, effective FY99; the project reduction is assumed to affect the fund for about 8 years.

Reduction of the 40% allocation from the Four Dam Pool Transfer Fund to the Southeast Energy Fund, As 42.45.040, reduces the monies available for grants to utilities participating in the development of the power transmission intertie between the Tyee Lake and Swan Lake hydroelectric projects. This reduced funding may slightly impact development of the project. However, Tyee Lake and Swan Lake are part of the Four Dam Pool and they may benefit from the debt service reduction, in that the reduced amount will pay for Four Dam Pool projects repairs/improvements.

Prepared by: Gloria Manni, Assistant Director  
 Division: Energy  
 Approved by Commissioner: [Signature]  
 Agency: [Signature]

Phone: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 Date: 2696

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# FISCAL NOTE

( o. 4 )

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

Bill Version: SB 284  
(S) Publish Date: 2/9/96

Revision Date: Draft Bill Dept. Affected: C&RA  
 Title: "An act relating to the Four Dam Pool Transfer Fund and Power Development Fund." BRU: Energy Operations  
 Sponsor: Rules Component: Power Project Fund  
 Requester: Governor COMPONENT SERIAL NO. 1935

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 100	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING N/A	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES N/A						
--------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )	0.0	0.0	(800.0)	(800.0)	(800.0)	(800.0)
------------------------	-----	-----	---------	---------	---------	---------

**FUND SOURCE** (Thousands of Dollars)

FUND SOURCE	FY 97	FY 98	FY 99	FY 100	FY 01	FY 02
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ \_\_\_\_\_

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

The Division of Energy assumes that the Four Dam Pool Transfer Fund (FDPTF) will receive debt service repayment, reduced by \$4 million, effective FY99.

Reduction of the 20% allocation from the Four Dam Pool Transfer Fund to the Power Project Fund, AS 42.45.010 (PPF) reduces the monies available in the PPF for loans to utilities or project developers for energy projects. Given the ever decreasing availability of other funding sources for energy projects, especially General Fund moneys, the existence of the PPF is very important to the rural electric utilities, especially those that cannot readily borrow from financial institutions.

The reduction assumed in this note will affect the PPF for about eight consecutive years.

Prepared by: Gloria Mann, Assistant Director  
 Division: Energy  
 Approved by Commissioner: [Signature]  
 Agency: Energy

Phone: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 Date: 2. '96

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**SB**

**285**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

DATE: 4/18/96

DATE TURNED INTO OFFICE: 5-1-96

The Finance Committee considered SENATE BILL NO. 285

Relating to management of discrete salmon stocks and to a salmon management assessment; efd.

5/1  
New  
DF+G  
Fiscal Note  
coming

and recommends:

- be replaced with \_\_\_\_\_ CS SB 285 (Fin)
- 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:**
- same title
  - technical change
  - new: SCR# \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>John E. Poo</i>	✓	<i>[Signature]</i>		✓	
<i>[Signature]</i>	✓				
<i>Best</i>	✓				
<i>[Signature]</i>	✓				
Co-Chair: <i>Rich Halford</i>	✓	Co-Chair:			
Co-Chair:		Co-Chair:			

**NEW FISCAL NOTE(S):**

Department                      Date      Zero      Fiscal

*New*

<i>DF+G</i>			<i>604.0</i>
<i>DF+G</i>	<i>5/2/96</i>		<i>118.3</i>

**PREVIOUS FISCAL NOTE(S):\***

Department                      Date      Zero      Fiscal

<i>DOR</i>	<i>3/12/96</i>	<i>0</i>	

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

SENATE FINANCE COMMITTEE

SB 285 DISCRETE SALMON STOCK MANAGEMENT AND ASSESSMENT

PLEASE SIGN-IN BELOW

NAME: Geon Bruce  
Co./Dept/Title: Fish / Game Dept. Phone: 465-6143  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond to Questions

NAME: \_\_\_\_\_  
Co./Dept/Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond to Questions

NAME: \_\_\_\_\_  
Co./Dept/Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond to Questions

NAME: \_\_\_\_\_  
Co./Dept/Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond to Questions

NAME: \_\_\_\_\_

Co./Dept/Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond to Questions

NAME: \_\_\_\_\_

Co./Dept/Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond to Questions

NAME: \_\_\_\_\_

Co./Dept/Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond to Questions

NAME: \_\_\_\_\_

Co./Dept/Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond to Questions

NAME: \_\_\_\_\_

Co./Dept/Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond to Questions

5-1-96

DD  
moved  
obj.  
Adopted

9-LS1527E  
Utermohle  
4/26/96

**CS FOR SENATE BILL NO. 285(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**NINETEENTH LEGISLATURE - SECOND SESSION**

**BY THE SENATE FINANCE COMMITTEE**

**Offered:  
Referred:**

**Sponsor(s): SENATORS HALFORD, Green, Miller, Frank, Sharp**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to management of discrete salmon stocks and to a salmon  
2 management assessment; and providing for an effective date."

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

4 \* **Section 1. PURPOSE.** This Act requires the Board of Fisheries to adopt and implement  
5 a discrete salmon stock management policy that is consistent with the sustained yield of wild  
6 salmon stocks. This Act also provides a means to offset the costs incurred by the state in  
7 adopting and implementing a discrete salmon stock management policy.

8 \* **Sec. 2.** AS 16.05 is amended by adding a new section to article 5 to read:

9 **Sec. 16.05.735. DISCRETE SALMON STOCK MANAGEMENT.** (a) The  
10 Board of Fisheries shall adopt and implement by regulation a policy for the  
11 management of discrete salmon stocks that is consistent with sustained yield of wild  
12 salmon stocks. The board shall adopt and implement a discrete stock management  
13 policy by

14 (1) January 1, 2001, for

1 (A) all sockeye salmon and chum salmon stocks taken in each  
2 of the Cook Inlet, Kodiak, Aleutian Islands and Alaska Peninsula, and  
3 Kuskokwim salmon fishery management areas; and

4 (B) all chinook salmon stocks taken in each of the Cook Inlet,  
5 and Kodiak salmon fishery management areas;

6 (2) January 1, 2006, for

7 (A) all chinook salmon stocks taken in each of the Southeastern  
8 Alaska, Yakutat, Aleutian Islands and Alaska Peninsula, Bristol Bay,  
9 Kuskokwim, and Yukon-Northern salmon fishery management areas; and

10 (B) all coho salmon stocks taken in each of the Southeastern  
11 Alaska, Yakutat, Cook Inlet, Kodiak, Aleutian Islands and Alaska Peninsula,  
12 Bristol Bay, Kuskokwim, and Yukon-Northern salmon fishery management  
13 areas;

14 (3) January 1, 2011, for all pink salmon stocks taken in each of the  
15 Southeastern Alaska, Yakutat, Prince William Sound, Kodiak, Chignik, and Aleutian  
16 Islands and Alaska Peninsula salmon fishery management areas.

17 (b) The Department of Fish and Game shall

18 (1) consult with the Board of Fisheries to determine what salmon stock  
19 information would be most useful to the board;

20 (2) determine the stock composition by river of origin for each existing  
21 mixed stock salmon fishery; in addition to identifying the discrete salmon stocks  
22 originating in the state, the department shall identify non-Alaska stocks of Asian origin  
23 and non-Alaska stocks originating elsewhere in North America that are taken in each  
24 mixed stock fishery; the department shall annually provide the stock composition data  
25 collected under this paragraph to the board;

26 (3) develop escapement objectives, based, at the minimum, on the  
27 availability of spawning and rearing habitat and average production, for each discrete  
28 salmon stock where technically feasible;

29 (4) develop the ability to project escapements for each discrete salmon  
30 stock in order to provide the board with the information necessary to perform its duties  
31 under this section; the department shall annually provide projections of escapement for

5/1/96  
BS  
mred  
Copper  
River  
Adopted