

ALASKA LEGISLATURE

1796

HOUSE and SENATE FINANCE COMMITTEE FILES, () 1997-1998

Senator Lyda Green

August 1, 1996

Page 2

The feature of the general authority of a state agency to make reasonable rules and regulations in this instance is the question of whether the agency may prohibit its employees from taking actions that are otherwise legal, i.e., possessing a concealed handgun, under a valid permit, while the permittee is in the residence of a client who has not given notice that possession of a concealed handgun is prohibited.

I am prepared to concede that state authorities may do so.

The right to possess a concealed handgun is not a "fundamental" constitutional right:

Bear in mind that what the agency contemplates--issuing a departmental or divisional policy statement barring possession of concealed handguns in the course of the performance of employment duties--amounts to state action. When state action impairs a fundamental constitutional right, that action will be sustained only if the government can demonstrate that the intrusion is reasonably necessary for the achievement of a compelling government function and that the objective cannot be achieved by more reasonable means. Breese v. Smith, 501 P.2d 159, 171 (Alaska 1972); Ravin v. State, 537 P.2d 494, 497 (Alaska 1975).

A permittee's possession of a concealed handgun would almost certainly not be treated or regarded as a fundamental right.

First, under the state constitution, the right of an individual to keep and bear arms **may** be fundamental--there are simply no Alaska court cases construing the provision.^{1/} But that is not the central question. What is at issue in this inquiry is the regulation of a handgun that is concealed. Even in jurisdictions that have constitutional provisions on the right to keep and bear arms that are comparable to Alaska's, the right of authorities to regulate concealed weapons has generally been sustained.^{2/}

Consequently, it seems to me that there is little likelihood that a court would conclude that constraints on possession of a concealed handgun amounted to impairment of a "fundamental right" and is unlikely to apply "strict scrutiny" or "heightened scrutiny" analysis in any form. Rather, if called upon to do so, the court would simply ascertain or verify that the decision involved reasonable exercise of the agency's discretion under a "rational basis" analysis, requiring only that the state demonstrate that the limitation of handgun-ir-possession be supportable by a legitimate state interest.

^{1/} However, the weight of case law authority is to the contrary. See, for example, Robertson v. City and Cty. of Denver, 874 P.2d 325, 340 - 341 (Colo. 1994).

^{2/} The refusal to grant a license to carry a concealed weapon did not infringe on the constitutional right to keep and bear arms. Gardner v. Jenkins, 541 A.2d 406, 409 (Pa. Commonwealth 1988), app. den. 554 A.2d 511 (Pa. 1988).

Senator Lyda Green

August 1, 1996

Page 3

Second, I would not foresee an argument based on intrusion on the employees' "right of privacy" as being successful. "Right of privacy" arguments turn, in part, on the nature of the privacy interest involved. Matter of A.B., 791 P.2d 615, 621 (Alaska 1990). Despite a statute, AS 18.65.770, making concealed handgun "[a]pplications, permits, and renewals" confidential by determining these documents are not to be treated as public records, concealed weapon permittees probably only have, at best, a reduced privacy expectation, diminished due to the investigation undertaken by state law enforcement officials in conjunction with issuance of the concealed handgun permit.²⁷

In the absence of state action intruding on a fundamental constitutional right, the court would almost certainly sustain the agency's decision to bar employees from having possession of a concealed handgun during working hours as reasonable in that it is one rationally related to furthering the work of the vocational rehabilitation program toward its clients.

Mr. Dahl's memo concludes that proscribing division employees from exercising authority under the permits to carry concealed handguns while visiting or dealing with clients may "otherwise detract from the mission of the agency or the image that the agency wishes to project when dealing with the public or with clients." I think that his expression of purpose

²⁷ Arguably, it is not the disposition of the records of the investigation but the fact that an investigation is authorized that is a determining factor. A detailed investigation involved with processing a concealed handgun permit application or renewal may constitute an intrusion sufficient to reduce or eliminate privacy expectations by the person whose life is made the subject of inquiry. See, for example, AFGE, Local 1533 v. Cheney, 944 F.2d 503 (9th Cir. 1991) where, speaking to "the diminished privacy expectations of TSA clearance holders," the court indicated:

... To obtain and maintain TSA [top secret with access] clearances, these individuals [i.e. civilian employees engaged in work for the armed forces] are subjected to detailed investigations into their private lives which occur both as a condition for obtaining TSA clearances and periodically thereafter. . . . Individuals who accept jobs that subject them to such close review of their personal lives cannot legitimately claim to have a high-expectation of job-related privacy. . . .

AFGE, Local 1533 v. Cheney, at 507. More generally, in the context of Fourth Amendment search and seizure claims, the United States Supreme Court has observed that "background investigations, medical examinations, or other intrusions . . . may be expected to diminish . . . expectations of privacy . . ." Nat'l. Treasury Employees Union v. Von Raab, 489 U.S. 656, 677 - 678, 109 S.Ct. 1384, 1397, 103 L.Ed.2d 685, 709 - 710 (1989).

Senator Lyda Green

August 1, 1996

Page 4

probably would be found sufficient to support the argument that the division's proscription serves an interest that is at least "important," that it relates to the employer's interests, and that it is, by definition, "reasonable."^{4/}

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^{4/} Though that is not necessarily so. See Texas State Employees Union v. Texas Department of Mental Health & Mental Retardation, 746 S.W.2d 203 (Texas 1987). where, in concluding that a department policy of requiring certain employees to take a mandatory polygraph test violated privacy rights protected by the state constitution, the court sustained a trial court's determination that the agency's interests, while "important," were not "compelling":

As justification for its polygraph policy, the Department asserts its interest in maintaining a safe environment for Department patients. This interest is in many respects compelling. The Department is not concerned solely with the smooth operation of its agency. It has been charged by the legislature with a unique responsibility towards its patients. It must provide them with "a humane environment that afford reasonable protection from harm" without undue limitation on their "rights, benefits, responsibilities and privileges guaranteed by the constitution and laws." In its efforts to achieve these goals, the Department must minimize incidents of employee misconduct. The polygraph testing was initiated to assist administrators in investigations of four types of situations: patient abuse or neglect; conduct endangering the health or safety of patients or other employees; theft or other criminal activity; use of drugs or alcohol.

These goals are admittedly important. . . .

After comparing the policy in question to a similar requirement imposed on public safety employees, the court concluded:

The trial court found, however, that the unique circumstances that may justify requiring police and fire personnel to take polygraph examinations do not exist with respect to [Department of Mental Health] employees. We agree. **The Department's objectives, important as they are, are not adequately compelling to warrant an intrusion into the privacy rights of the employees.**

746 S.W.2d at 205 - 206 (citations omitted; emphasis added).

ALASKA State Firearms Laws

ALASKA

(As of May 1995)

PLEASE NOTE: In addition to state laws, the purchase, sale and (in certain circumstances) the possession and interstate transportation of firearms is regulated by the Gun Control Act of 1968 as amended by the Firearms Owners' Protection Act. Also, cities and localities may have their own firearms ordinances in addition to federal and state laws. Details may be obtained by contacting local law enforcement authorities, and by consulting the State Laws and Published Ordinances--Firearms, available from the U. S. Government Printing Office, Washington, D.C. 20402.

QUICK REFERENCE CHART

	Rifles and Shotguns	Handguns
Permit to Purchase	NO	NO
Registration of Firearms	NO	NO
Licensing of Owners	NO	NO
Permit to Carry	NO	YES

STATE CONSTITUTIONAL PROVISION

"A well-regulated militia being necessary to the security of a free state, the right of the people to keep and bear arms shall not be infringed. The individual right to keep and bear arms shall not be denied or infringed by the state or political subdivision of the State." Article 1, Section 19.

POSSESSION

No state permit is required to possess a rifle, shotgun or handgun.

It is unlawful for a person convicted of a felony or adjudicated a delinquent minor for conduct that would constitute a felony if committed by an adult to possess a "firearm capable of being concealed on his person" unless a period of 10 years or more has elapsed between the date of the person's unconditional discharge on the prior offense or adjudication of juvenile delinquency.

It is unlawful to knowingly possess a firearm on which the manufacturer's serial number has been removed, covered, altered or destroyed with the intent of rendering the firearm untraceable. A person may not possess a firearm while his physical or mental condition is "substantially impaired" as a result of an intoxicating liquor or drug.

Loaded firearms may not be possessed in any place where intoxicating liquor is sold for consumption on the premises. Exempt from this prohibition is the owner or lessee or an employee in the course of his employment for the owner or lessee while on the business premise. A firearm is loaded if the firing chamber, magazine, clip or cylinder of the

firearm contains a cartridge.

An unemancipated minor under 16 years of age may not possess a firearm without the consent of his parent or guardian.

PURCHASE

No state permit is required to purchase a rifle, shotgun or handgun.

It is unlawful to sell or transfer a firearm capable of being concealed on one's person to anyone who has been convicted of a felony. It is an affirmative defense that 10 years or more has elapsed since the unconditional discharge on the prior offense.

It is unlawful to knowingly sell or transfer a firearm to a person whose physical or mental condition is "substantially impaired" as a result of an intoxicating liquor or drug.

CARRYING

A person can obtain a permit to carry a concealed handgun if the person (1) is 21 years of age or older; (2) is eligible to own or possess a firearm (SEE POSSESSION); (3) is not currently charged with a felony; (4) has not been convicted within 5 years and is not currently charged with a misdemeanor offense such as: assault, battery, reckless endangerment, or stalking; (5) has not suffered within 5 years and is not currently suffering from a mental illness; (6) dishonorably discharged from the armed forces; (7) is not an illegal alien; (8) not currently or has not within 3 years been ordered by a court to complete an alcohol treatment or substance abuse program; (9) is not under a restraining order unless the injunction has been dissolved or has expired (10) has not been convicted of two or more class A misdemeanors within the preceding 5 years; (11) is not an unlawful user of, or addicted to, a controlled substance; (12) has demonstrated competence with handguns.

It is unlawful to possess a handgun concealed on the person. A handgun is concealed if it is "covered or enclosed in any manner so that an observer cannot determine that it is a weapon without removing it from that which covers or encloses it or without opening, lifting or removing that which covers or encloses it." Carrying a handgun in a glove compartment is not considered carrying concealed.

It is a defense to a charge under that paragraph that the person at the time of his possession was: 1) in his dwelling or on property appurtenant to his dwelling or 2) actually engaged in lawful hunting, fishing, trapping, or other lawful outdoor activity that necessarily involves the carrying of a weapon for personal protection 3) the holder of a valid permit to carry a concealed handgun and the possession did not occur in a municipality or established village in which the possession of concealed handguns is prohibited by popular vote.

The Department of Public Safety shall issue a permit to carry a concealed handgun to a person who applies in person

at an office of the Alaska State Troopers and is not prohibited from possessing a handgun. A completed application must be submitted under oath; two complete sets of fingerprints; provide two frontal view color photographs that include the head and shoulders of the person taking within 30 days prior to submitting application. Applicant must be a resident of the state for one year; does not suffer a physical infirmity that prevents the safe handling of a handgun and pay the nonrefundable application fee which cannot exceed \$125.00 and the renewal fee or replacement of a permit may not exceed \$60.00.

The Department shall either approve or reject an application within 15 days of receipt of permit eligibility information from the F.B.I. or other agency necessary to make a determination concerning the application. The department shall notify the applicant in writing of the reason for the rejection. A person whose application is rejected may appeal to the commissioner. If commissioner rejects the application a person may seek judicial review. A permit is valid for 5 years from the date of issue. The permit must specify the action types and maximum calibers of handgun.

A person shall apply in person for renewal of a permit to carry within 90 days before the expiration of the permit and shall present a complete renewal form under oath. A permit to carry shall be immediately revoked if the permittee becomes disqualified to receive and hold a permit. A person whose permit is revoked may appeal to the commissioner, if commissioner upholds the revocation a person may seek judicial review. If permit is revoked such person cannot apply for a permit until at least 5 years after the revocation.

A permittee shall carry the permit at all times when carrying a concealed handgun. The license and other proper identification must be shown when asked by a peace officer. A permittee may not carry a concealed handgun into (1) a law enforcement or correctional facility; (2) on school grounds or a school bus; (3) a courthouse or courtroom of this state, unless such person has been authorized by a judge or is a judge; (4) an office or building housing only state or federal government, or a political subdivision; (5) an oral statement or where a notice is displayed prohibiting carrying a concealed handgun; (6) a municipality or established village that has prohibited the possession of concealed handguns; (7) financial institution; (8) air terminal area for loading and unloading passengers, (9) Alaska Marine highway system vessel, (10) domestic violence or sexual assault services facility; (11) any other place where a deadly weapon is prohibited by law.

It is unlawful to carry a loaded rifle or shotgun in a vehicle.

MACHINE GUNS

A machine gun is defined as a firearm that is capable of shooting more than one shot automatically, without manual reloading, by a single function of the trigger. It is unlawful to manufacture, possess, transport or sell a machine gun unless in accordance with registration under the National Firearms Act.

ANTIQUES AND REPLICAS

Alaska statutes are silent on antique and replica firearms. They are treated as ordinary firearms for possession and carrying purposes.

MISCELLANEOUS

It is unlawful to remove, alter, cover, or destroy the manufacturer's serial number on a firearm with the intent to render the firearm untraceable. It is unlawful to discharge a firearm with reckless disregard of damage to property or risk of physical injury to persons.

It is unlawful to discharge a firearm from a vehicle while the vehicle is being operated.

CAUTION: State firearms laws are subject to frequent change. The above summary is not to be considered as legal advice or a restatement of law. To determine the applicability of these laws to specific situations which you may encounter, you are strongly urged to consult a local attorney.

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*ILA Research & Information Division
Fact Sheet*



**America's Founding Fathers
On the Individual Right to Keep and Bear Arms**

Thomas Jefferson, of Virginia:

"No free man shall ever be debarred the use of arms." -- Proposed Virginia Constitution, 1776

"Laws that forbid the carrying of arms. . . disarm only those who are neither inclined nor determined to commit crimes. . . Such laws make things worse for the assaulted and better for the assailants; they serve rather to encourage than to prevent homicides, for an unarmed man may be attacked with greater confidence than an armed man." -- Jefferson's "Commonplace Book," 1774-1776, quoting from On Crimes and Punishment, by criminologist Cesare Beccaria, 1764

George Mason, of Virginia:

"[W]hen the resolution of enslaving America was formed in Great Britain, the British Parliament was advised by an artful man, who was governor of Pennsylvania, to disarm the people; that it was the best and most effectual way to enslave them; but that they should not do it openly, but weaken them, and let them sink gradually." . . . I ask, who are the militia? They consist now of the whole people, except a few public officers." -- Virginia's U.S. Constitution ratification convention, 1788

"That the People have a right to keep and bear Arms; that a well regulated Militia, composed of the Body of the People, trained to arms, is the proper, natural, and safe Defence of a free state." -- Within Mason's declaration of "the essential and unalienable Rights of the People," -- later adopted by the Virginia ratification convention, 1788

Samuel Adams, of Massachusetts:

"The said Constitution [shall] be never construed to authorize Congress to infringe the just liberty of the press, or the rights of conscience; or to prevent the people of the United States, who are peaceable citizens, from keeping their own arms." -- Massachusetts' U.S. Constitution ratification convention, 1788

William Grayson, of Virginia:

"[A] string of amendments were presented to the lower House; these altogether respected personal liberty." -- Letter to Patrick Henry, June 12, 1789, referring to the introduction of what became the Bill of Rights

Richard Henry Lee, of Virginia:

"A militia when properly formed are in fact the people themselves . . . and include all men capable of bearing arms. . . To preserve liberty it is essential that the whole body of people always possess arms... The mind that aims at a select militia, must be influenced by a truly anti-republican principle." -- Additional Letters From The

James Madison, of Virginia:

The Constitution preserves "the advantage of being armed which Americans possess over the people of almost every other nation. . . (where) the governments are afraid to trust the people with arms." -- The Federalist, No. 46

Tench Coxe, of Pennsylvania:

"The militia, who are in fact the effective part of the people at large, will render many troops quite unnecessary. They will form a powerful check upon the regular troops, and will generally be sufficient to over-awe them." -- An American Citizen, Oct. 21, 1787

"Who are the militia? Are they not ourselves? Congress have no power to disarm the militia. Their swords and every other terrible implement of the soldier, are the birthright of an American. . . . The unlimited power of the sword is not in the hands of either the federal or state governments, but, where I trust in God it will ever remain, in the hands of the people." -- The Pennsylvania Gazette, Feb. 20, 1788

"As the military forces which must occasionally be raised to defend our country, might pervert their power to the injury of their fellow citizens, the people are confirmed by the next article (of amendment) in their right to keep and bear their private arms." -- Federal Gazette, June 18, 1789

Noah Webster, of Pennsylvania:

"Before a standing army can rule, the people must be disarmed; as they are in almost every kingdom in Europe. The supreme power in America cannot enforce unjust laws by the sword; because the whole body of the people are armed, and constitute a force superior to any band of regular troops that can be, on any pretence, raised in the United States. A military force, at the command of Congress, can execute no laws, but such as the people perceive to be just and constitutional; for they will possess the power." -- An Examination of The Leading Principles of the Federal Constitution, Philadelphia, 1787

Alexander Hamilton, of New York:

"[I]f circumstances should at any time oblige the government to form an army of any magnitude, that army can never be formidable to the liberties of the people while there is a large body of citizens, little if at all inferior to them in discipline and the use of arms, who stand ready to defend their rights and those of their fellow citizens." -- The Federalist, No. 29

Thomas Paine, of Pennsylvania:

"[A]rms discourage and keep the invader and plunderer in awe, and preserve order in the world as well as property. . . Horrid mischief would ensue were the law-abiding deprived of the use of them." -- Thoughts On Defensive War, 1775

Fisher Ames, of Massachusetts:

"The rights of conscience, of bearing arms, of changing the government, are declared to be inherent in the people." -- Letter to F.R. Minoe, June 12, 1789

Elbridge Gerry, of Massachusetts:

"What, sir, is the use of militia? It is to prevent the establishment of a standing army, the bane of liberty. . . Whenever Government means to invade the rights and

liberties of the people, they always attempt to destroy the militia, in order to raise a standing army upon its ruins." -- Debate, U.S. House of Representatives, August 17, 1789

Patrick Henry, of Virginia:

"Guard with jealous attention the public liberty. Suspect everyone who approaches that jewel." -- Virginia's U.S. Constitution ratification convention

For more information, see Halbrook, Stephen P., "The Right of the People or the Power of the State: Bearing Arms, Arming Militias, and the Second Amendment," Valparaiso Univ. Law Review, Vol. 26, No. 1, Fall, 1991; and "That Every Man Be Armed: The Evolution of a Constitutional Right," Univ. of N.M. Press, 1984

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ARMED CITIZENS AND POLICE OFFICERS:

It was way back in 1932 that the *American Rifleman*, official journal of the National Rifle Association of America, began publishing abridged newspaper accounts of law-abiding citizens who had used firearms to defend themselves and others and to protect property. The accounts were condensed from clippings sent in by NRA members and, of course, the magazine could cite only a tiny fraction of the "armed citizen" cases that occur each year in America. Indeed, award-winning criminologist Gary Kleck in his survey research places the number as high as 2.5 million.



There is an important--but sometimes overlooked--subset of these cases. Namely, those incidents in which civilians with firearms have come to the aid of law enforcement officers attempting to perform their often dangerous duties. As the following accounts from the *American Rifleman* illustrate, the armed citizen is the law officer's best friend.

Things had turned ugly for Oklahoma Highway Patrol Officer Rick Wallace. He had found marijuana on a speeder, but was overpowered by the man before he could cuff him. Passerby Adolph Krejsek witnessed the altercation and came to the rescue, using his own firearm to help the trooper control the suspect. After helping subdue the assailant, Krejsek used the injured trooper's radio to call for help.

(The Review Courier, Alva, OK, 1/8/95, (AR 6/95)

"It's more than fighting fires. If somebody is in trouble, we're going to show up," said Sipsey Valley volunteer firefighter James "Buddy" O'Hanlon. O'Hanlon was one of about 30 armed volunteer firefighters who responded within minutes to an emergency call from their chief, L.A. Marlowe, who had just been robbed and shot at outside of his Buhl, Ala., store. One suspect was spotted before he made it 100 yds. and was cornered in the woods by the army of firefighters, who apprehended him. Sheriff's deputies quickly arrested another robber who had been identified by the firefighters. A third suspect was later apprehended.

(The News, Tuscaloosa, AL, 1/12/95) (AR 4/95)

In the finest tradition of armed citizens who take on crime in their communities, Texan Travis Neel helped save a wounded Harris County deputy sheriff's life. Witnessing the shooting by one of a trio of Houston gang members after a traffic stop just west of Houston, Neel--who was on his way to his pistol range--pulled his gun and fired, driving the officer's assailants away. An off-duty sheriff's deputy also came on the scene and joined Neel in covering the deputy, whose life was saved by his body armor. The trio was captured after a manhunt.

(The Post, Houston, TX, 1/22/94) (AR 4/94)

While the situation ended without incident, armed citizen Michael Acree stood ready to lend a hand when a police officer stopped a carload of unruly teenagers outside his Salem, Connecticut, home. Noticing the youths scuffling with the officer, Acree retrieved his pistol and went out onto his lawn. When the youths saw Acree and his handgun, they calmed down and the situation ended peaceably. Acree earned the appreciation both of town officials and the officer.

(The Bulletin, Norwich, CT, 5/22/93) (AR 9/93)

Vincent McCarthy wasn't afraid to lend a hand when he noticed a police officer struggling with a man and woman at the side of the road. He tried to help subdue the man who was kicking the officer in the face. Despite McCarthy's warnings, the man pressed his assault, and the tour boat captain shot him once in the leg with a pistol he is licensed to carry and stopped the attack. Neither the officer nor McCarthy were seriously injured.

(The Daily Commercial, Leesburg, FL, 4/10/92) (AR 6/92)

Citizens of Ivor, Va., turned out in force when two men robbed the local bank. After their car crashed while fleeing from police, the duo fled into a wooded area. Local residents immediately armed themselves and, along with police, surrounded the woods. The pair surrendered to a volunteer and an officer the next morning. Said one local resident, "Here, the feeling is Hey, you've got my money."

(The Virginian-Pilot, Norfolk, VA, 10/20/91)(AR 3/92)

A North Myrtle Beach, N.C., citizen was credited by the city's public safety director with possibly saving the life of Police Officer Richard Jernick. Jernick had pulled over a suspected bank robber's car after a chase, when the suspect charged the cruiser and pointed a gun at the officer, who was still behind the wheel. At that point authorities said, the robbery suspect saw that James Beach, a semi-retired electrician who had joined the pursuit, had a pistol pointed at him. Startled, the robber ran for his car, and Officer Jernick was able to shoot and wound him.

(The Observer, Charlotte, NC, 7/4/91) (AR 9/91)

When Eric Stewart of Oxford, Iowa, heard that an Iowa state trooper had been killed in a plane crash while participating in the manhunt for a robbery suspect, he got his revolver, jumped in his car and joined the search. He passed a man on foot he thought might be the suspect. Stewart stopped at a local farm, and while he was talking to the owners, the man attempted to force his way into the home. Stewart captured and held him at gunpoint until police arrived.

(The Press-Citizen, Iowa City, IA, 10/15/90) (AR 1/91)

During a drug arrest in Webster Parish, La., a sheriff's deputy and a state trooper found themselves struggling with their two suspects. But four citizens observed the battle and, armed with shotguns, they came to the officers' aid, enabling them to make the arrests.

(The Press-Herald, Minden, LA, 5/23/89) (AR 11/89)

Dave Storton, a San Jose, Calif., police officer, was doing off-duty security work at an apartment complex when two burglars knocked him down and attempted to grab his revolver. During the struggle, one of the assailants bit off part of Storton's ear, but the two attackers were run off by an apartment resident who came to the rescue, armed with a shotgun.

(The Chronicle, San Francisco, CA, 5/12/88) (AR 10/88)

Miami, Okla., motel owner Oba Edwards witnessed two policemen struggling with a man they were attempting to arrest and saw the man wrest away one officer's revolver, shoot and kill him. Edwards armed himself and fired a shot that allowed the remaining officer to recover his partner's revolver and fatally wound the attacker. The dead man was on probation for assault of a Texas police officer.

(The Daily Oklahoman, Oklahoma City, OK, 6/7/88) (AR 9/88)

After a string of burglaries, a group of four Beaumont, Tex., neighbors, armed with shotguns, handguns and bats, pursued a burglary suspect to an overgrown field. Police and residents then joined forces to capture the suspect, who had set some dry grass on fire to elude pursuit. A police detective later commented, "In the rush, we didn't have time to get their names, but we really appreciated it."

(The Enterprise, Beaumont, TX, 11/12/87) (AR 3/88)

The robber made a clean getaway and had pulled into the Pelham, Ala., service station. He found the service rather rude, however, as manager Ed Milstead used a 12-ga. shotgun to hold him for police. Milstead had learned of the robbery from a police scanner.

(The News, Birmingham, AL, 2/1/86) (AR 5/86)

A teller in a bank in Indianapolis, Ind., called out to Joseph Ernst when a man claiming to have a pistol and a bomb was about to get away with a bagful of stolen money. Ernst, a uniformed sheriff's deputy, tackled the man. As they grappled on the floor, the robber tried to get to Ernst's sidearm. But Samuel Hatcher, who'd worked with the deputy years before, halted the struggle by drawing a licensed handgun and holding it to the robber's head.

(The Star, Indianapolis, IN) (AR 1/83)

A sheriff's deputy pursued an armed robbery suspect to a Salem, Oreg., supermarket and fired on the man after nearly being run down in the parking lot. From his adjacent residence, James Hicks was alerted to the disturbance and armed himself. When the fleeing suspect forced his way into the home, Hicks ordered him to drop his gun. Instead, he pointed it at the homeowner, but was shot and killed when Hicks fired first.

(The Statesman Journal, Salem, OR, 1/11/83) (AR 5/83)

Police officer Chris Haldeman entered a Chambersburg, Pa., gold and silver exchange to arrest a suspect in a stolen property case, but the man resisted and a struggle ensued. The 220-lb. suspect had Haldeman pinned to the ground and was choking him when storekeeper Ken Cummings pulled his pistol and shot the officer's attacker in the leg. The man, a known felon, managed to escape, and Det. Haldeman was treated at a local hospital and released.

(The Morning Herald, Hagerstown, MD, 10/27/83) (AR 1/84)

When a pair of youthful armed robbers hit a convenience store in tiny Carlotta, Calif., the residents formed a posse and gave chase. They called ahead to another nearby town, Swain's Flat, and asked for help. The Swain's Flat citizens called another town, Bridgeville, and alerted Loretta Scott and Gloria Falor. Scott and Falor raised a posse which waited at their end of Bridgeville Bridge. When the robbers' getaway car was halfway across the span, the Bridgeville citizens blocked their end with cars and trucks. Meanwhile, the pursuing Carlotta contingent blocked the other end. Several citizens armed themselves, but no gunfire was needed. Sheriff's deputies appeared and arrested the stranded criminals.

(The Times-Standard, Eureka, CA, 4/15/82) (AR 7/82)

Joseph Dean of Winchester, Calif., and Wendell Knighton of McGill, Nev., were stopped at a rest area near Jackpot, Nev., when they saw a man shoot a sheriff's deputy. As the criminal advanced on his car, Dean grabbed a pistol, rolled under the vehicle and exchanged shots with him. Knighton, sitting in his own car, opened up, too. In the fusillade, the criminal was killed with no injury to bystanders. Meanwhile, Knighton's wife and sister-in-law gave first aid to the fallen deputy, probably saving his life.

(The Daily Free Press, Elko, NV, 7/30/82) (AR 9/82)

When James Hill saw police and helicopters searching the area around his Norco, Calif., home, he suspected that there might have been an escape from the nearby California Rehabilitation Center. So he reached for a .357 Mag. revolver and a 12-ga. shotgun, summoned his dog and began to search his own property. His vigilance was soon rewarded as the dog located an escapee in a tack room behind the Hill home. Hill held the prisoner for sheriff's deputies.

(The Press-Enterprise, Riverside, CA, 3/13/82) (AR 8/82)

A stolen car bearing three escaped convicts was stopped on a Kansas highway by a state trooper. When the officer ordered the men from the vehicle, they sped away. With the trooper in pursuit, the escapees crashed in the town of Gorham; two were captured as they crawled free of the wreckage. The third convict attempted to flee on foot, only to be collared by several onlookers who had secured rifles from their pickups at the trooper's call for assistance.

(The Morning News, Dallas, TX, 12/5/82) (AR 3/83)

Four young hoodlums were beating off-duty Chicago policeman Russell Ryan in a parking lot when his wife, Carol, came to the rescue. Retrieving her husband's revolver from her purse, she fired warning shots which scattered the assailants.

(The Sun-Times, Chicago, IL, 1/26/81) (AR 4/81)

George Rayburn and his son were listening to a police scanner radio in their River Rouge, Mich., home when they heard that officers were chasing a trio of muggers toward their address. Rayburn grabbed a .357 Mag. revolver and leveled it at one of the lawbreakers, who was attempting to scale a wall into the Rayburn backyard. Only after police arrived and arrested the mugger, did Rayburn, a Marine combat veteran, reveal that he is almost blind.

(The News, Detroit, MI, 1/6/81) (AR 3/81)

Corbin, Ky., motel operator Ray Miracle came upon state trooper James Phelps attempting

to subdue two drunken occupants of a stopped auto and, carrying his revolver, went to the officer's aid. At that point, another car stopped and one of two men inside leveled a gun on Trooper Phelps. Seeing Miracle's drawn gun, however, they hastily drove off. Kentucky State Police rewarded Miracle with their highest civilian honor.

(The Times-Tribune, Corbin, KY) (AR 10/80)

When trooper Bill Brashears stopped a motorist for a traffic violation near Altus, Ark., the man pulled a gun and shot him in the jaw. Before falling, Brashears returned fire, wounding the gunman in the arm, but the assailant then jumped on Brashears and began choking him. A passing female motorist saw the struggle, stopped, and held the assailant at gunpoint until others arrived to summon police. She then rushed Brashears to a local hospital.

(The Arkansas Gazette, Little Rock, AR, 1/2/80) (AR 3/80)

DeKalb, Ga., policeman Tom Whittington was investigating a car accident when two men jumped him and began beating him. Several neighbors were unsuccessful in stopping the bloody assault until a man emerged from the crowd, fired several rifle shots over the heads of the attackers, and then shot one in the leg. Police arrived shortly and arrested the assailants.

(The Journal, Atlanta, GA, 10/12/80) (AR 12/80)

Bus driver Robert McCort was driving from Miami to Detroit when he saw two men and a woman holding a gun on a state trooper near Jacksonville, Fla. McCort stopped his bus and started running toward the scene. Several tractor-trailer trucks had stopped, too, and a woman in one of them handed McCort a .38 cal. revolver as he ran past. Fired upon, McCort, a member of the Jacksonville Police Reserve, responded with a volley of shots which drove the gun-wielding criminal away. The trooper was freed unharmed and the two accomplices arrested.

(The Florida Times-Union, Jacksonville, FL, 12/15/80) (AR 4/81)

Timothy Willard, a 22-year-old policeman in South Paris, Maine, was shot to death by a man inside a car parked in the lot of O.D.V. Inc. After gunning down the rookie policeman, the man fired wildly at company president, Robert Carroll. Carroll, an NRA Life member, drew his own gun and killed the man.

*(The Sunday Telegram, Portland, ME) (AR 3/79)**

Hearing the description of a robber's getaway car on the Houston, Tex., police radio, several wrecker drivers chased down the culprit and surrounded him in a service station. Driver Jim Penry leaped from his wrecker with a loaded shotgun in hand and held the bandit at gun point until the police arrived.

(The Reporter News, Abilene, TX) (AR 10/78)

An unidentified NRA member became famous throughout Texas as "The Hunter" when he and his son heard a distress call on their CB radio. Two college coeds saw a Waco man shoot Sammy Long, a Texas Department of Public Safety officer, and called for help. The hunter arrived on the scene too late to save Long's life, but killed the thug with a 6mm rifle. Upton County District Atty. Aubrey Edwards said the coeds and the hunter requested their names not be made public and said the hunter "deserved a medal" for his action.

(The Times, San Angelo, TX) (AR 2/77)

Ralph Festavan watched as a heroin peddler attacked a Shreveport, La., policeman and grabbed the officer's gun. Festavan ran to the patrol car parked nearby and got a shotgun with which he shot and killed the pusher.

(The Post, Houston, TX) (AR 11/77)

Cecil Collier, 15, was working with his father in a Wildwood, Fla., vegetable field when a state trooper rushed up and asked them to join a posse searching for three Ohio criminals. The trio had broken through a tollgate and evaded a roadblock formed by CB radio operators. Collier was given a 20-ga. shotgun, and he headed into a nearby thicket. There he found the hoodlums, ordered them to drop their guns, and held them for the rest of the posse.

(The Tribune, Tampa, FL) (AR 9/77)

Dennis Koch was putting storm windows on his fiancee's house when he observed a youth run

into nearby woods. He passed the information on to a police officer who stopped by minutes later and told Koch he was searching for a burglary suspect. He gave Koch permission to assist him. Carrying his pistol, for which he has a permit, Koch found the youth hiding and held him in custody until the officer could place him under arrest.
(*The Times-Union*, Rochester, NY) (AR 1/76)

A Missouri state trooper had been shot three times by two armed robbery suspects when armed citizen Robert Riley of Tiptonville, Tenn., rushed to his aid. Riley fired a small caliber pistol at the assailants until they surrendered. The law officer was then rushed to a hospital.
(*The Memphis Press-Scimitar*, Memphis, TN) (AR 11/75)

Driving into Huntsville, Tex., after sighting-in a deer rifle in the country, Tony Taylor and Jack Dwenger saw a police car swerve into a ditch. They parked and ran over to the vehicle where they subdued a man who was being transported to prison by a deputy sheriff. The deputy, who had been stabbed twice, credited the pair with saving his life.
(*The Huntsville Item*, Huntsville, TX) (AR 6/15)

Seeing a state trooper shot to death while checking occupants of a car near Crystal City, Fla., hunters Ralph Morris and Richard Starling jumped from their pickup truck with guns in hand and ordered the two occupants of the car to "freeze." Instead, one opened fire with a .22 handgun while the other stepped on the gas. Starling with a shotgun blast flattened a tire on the car. When one suspect ran, Morris with his semi-automatic rifle hit him in both feet. Starling then covered the men while Morris summoned police. Both men were charged with first-degree murder.
(*The Tampa Tribune*, Tampa, FL) (AR 5/74)

Wounded in a gun battle with a robber, a Texas policeman lay in the street attempting to reload his revolver. As the robber prepared to fire at him again, L.B. Jackson, Oak Cliff, Tex., covered the robber with a shotgun and forced him to surrender.
(*The Dallas Morning News*, Dallas, TX) (AR 2/72)

Ronald Royce, a pharmacist in Elgin, Ill., called police when he recognized in his store a man who previously had used a forged prescription to obtain drugs. When a policeman came, the suspect drew a gun and pointed it at the officer's head. Grabbing a gun from behind the counter, Royce fired and wounded the gunman. As the man ran, the policeman wounded him again and arrested him.
(*The Daily Courier-News*, Elgin, IL) (AR 1/72)

When Frank Carter, a Carnegie, Okla., farmer, saw three men beating a town marshal who had stopped them for drunk driving, he grabbed a rifle from his truck and ordered them to back off. The thugs fled, but were later captured in a state-patrol roadblock.
(*The Daily Oklahoman*, Oklahoma City, OK) (AR 7/71)

Hearing noises in his store, grocer Lyle Smith of Orillia, Iowa, called police and his son-in-law, Larry Adkins. Both Adkins and police arrived about the same time. Adkins, armed with a shotgun, stopped two intruders attempting to flee from the officers.
(*The Tribune*, Des Moines, IA) (AR 7/70)

Three men from Montrose, Colo., were on their way home from a hunting trip when they surprised four youths beating a state patrolman with rocks. The patrolman had stopped the youths for a traffic violation, and the four boys had jumped him. The hunters stopped the scuffle and held three of the youths at gunpoint: the other young man and a juvenile girl who was in the car escaped but were captured shortly afterward.
(*The Post*, Denver, CO) (AR 4/70)

A prisoner who escaped from the Federal Reformatory at Chillicothe, Ohio, while serving a stolen car sentence, was recaptured without firing a shot because, Deputy Sheriff Dwight Beery reports, farmer Wendell Bryant, who lives near Frankfort, Ohio, got his shotgun out and backed up the lone deputy who answered Bryant's call and helped to trace the prisoner. Deputy Earl Kuhn reported to Deputy Sheriff Dwight Beery, that the prisoner appeared ready to make a break at one point but did not do so "because of Mr. Bryant standing in an advantageous position. I couldn't

have asked for better assistance." The Ross County Law Enforcement Officers Ass'n honored Bryant at a special meeting.

(*The Gazette*, Chillicothe, OH) (3/57)

As Fred Boulter approached a Malden, Mass., A&P store, he noticed a police cruiser pulled up and two policemen entering the store. Boulter drew abreast of the store window and saw one policeman lying on the floor and another staggering out of the front door. When three gunmen rushed out of the front door and fired shot after shot at the staggering policeman, Boulter pulled out a cal. .32 automatic and fired at the three men who were trying to get in a car parked across the street. One of the thugs took a bullet in the leg from Boulter's gun and fled with another bandit as Boulter crossed the street and kept a bead on the remaining man until police arrived.

(*The Globe*, Boston, MA) (AR 2/64)

In Indianapolis, Gerald Watson, 17, stood near a policeman who questioned a robbery suspect when the suspect's accomplice appeared on the scene and shot the officer down. Watson, who had taught marksmanship at the YMCA, grabbed the fallen policeman's service revolver and shot the felon dead.

(*Associated Press*) (AR 5/61)

In Saraland, Ala., the berserk husband of a woman charged with possession of illegal whisky killed one police officer and wounded another but, as he tried to make his escape, was shot dead by Carlos McDonald, the proprietor of a nearby shop.

(*United Press Int'l*) (AR 2/60)

A gas station bandit fired five shots at a pursuing motorcycle officer in a wild chase through Tampa streets, ran his getaway car in a ditch, and fled on foot. J.R. Vause, working on his house, saw the shooting and the motorcycle as it sped past. He ran inside for his shotgun, and set off in pursuit of the bandit. When the officer returned, the gunman, peppered with Vause's shotgun pellets, meekly surrendered.

(*The Tribune*, Tampa, FL) (AR 9/59)

Two gunmen kidnapped an Eclectic, Ala., town policeman and used him to get enter the home of banker Carl Ray Barker late at night. One gunman took Barker into town to open the bank's vault, while the other held Baker's wife, child and the policeman hostage. When the time-vault resisted opening, the gunman returned Barker to his house to await a second crack at the vault. While they waited, Barker put water on the stove to make coffee. Barker threw the scalding water into one gunman's face, subdue him, then was able to get a shotgun, fire and kill the other would-be bank robber.

(*United Press Int'l*) (AR 11/59)

* *The American Rifleman* did not begin listing date of original publication until the June 1979 issue.

Survey research indicates that firearms are used in the United States as frequently as 2.5 million times a year for personal protection, and that the presence of a firearm, without a shot being fired, prevents crime in many instances. Shooting usually can be justified only where crime constitutes an immediate, imminent threat to life, limb, or in some cases, property.

This is the electronic version of the "Armed Citizens and Police Officers: Partners in Fighting Crime" brochure distributed by NRA-ILA. To order additional copies of this brochure, please contact NRA Grassroots at 800/392-8683.

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cc:Mail for: Brett Huber

Subject: gun stuff
From: Jeff Logan 4/23/96 11:14 AM
To: Brett Huber
To: Walter Wilcox

I pulled this off the net, thought you might find it interesting, or maybe there's some stats you could use...

From: "Mark E. Howerter" <otherside@misslink.net>
Date: Sun, 14 Apr 1996 17:27:55 -0600
Subject: C-NEWS: Gun Control Article

"GUN CONTROL ISN'T ABOUT GUNS, IT'S ABOUT CONTROL"

My reasons for being against gun control are based on the statements of our Founding Fathers and what has happened historically once a government has been able to disarm the citizenry.

Start disarming the citizenry the least bit and you have let the camel get his nose under the tent. Soon you will have a tent full of camel. Adolf Hitler said, "The first thing you have to do is disarm the people. A disarmed public can't fight back"

Mahatma Gandhi was no fan of gun control. "Among the many misdeeds of the British rule in India, history will look upon the act of depriving a whole nation of arms as the blackest."

History has proven that every nation which has disarmed its citizenry has ended up with a dictator and a police state with countless and horrible atrocities. It is so true that we either learn from history or history will repeat itself.

What good does making laws banning guns do to prevent crime anyway? Criminals don't obey laws. Only law abiding citizens do. All you end up doing is disarming people who wouldn't use guns to commit crimes anyway. The bad guys already have tons of weapons and they aren't going to hand them in no matter what the law says.

Bad guys don't give a rat's rear end about gun control laws for themselves. Actually, they are just hoping more laws like that will pass so they don't have to worry as much about getting shot while they ply their criminal trade.

Guns in the hands of criminals facilitate crime, but in the hands of innocent victims, prevent it. A couple of cases in point are used by Stephen Chapman in a column in the Thursday, January 26, 1995, Chicago Tribune titled, "Make My Day." Chapman says, "Whoever killed Nicole Brown Simpson didn't need a gun: He was (or they were) strong enough to dispatch two healthy adults with only a knife. But if she had been carrying one, she might be alive today. Texas has an example that is less hypothetical: a woman who left her pistol in the car when she went into Luby's Cafeteria in Killeen, and then had to watch as an armed man killed 22 patrons, including her parents."

If just one person standing around waiting for the Long Island Rail Road Commuter Train that December day when Colin Ferguson shot all of those people would have had a concealed weapon, Ferguson might have shot two or three. He would not have been able to unload a full clip into people, reload, and do it all again, while the unarmed New Yorkers just cowered and hoped he'd run out of bullets.

Thomas Jefferson had strong feelings on the subject. "Laws that

forbid the carrying of arms...disarm only those who are neither inclined nor determined to commit crimes. Such laws make things worse for the assaulted and better for the assailants, they serve rather to encourage than to prevent homicides, for an unarmed man may be attacked with greater confidence than an armed man."

Some statistics are in order here:

"Since Florida has enacted their concealed carry law, the Florida murder rate has dropped by 29%. Nationwide, the murder rate rose 11% over the same period..."--1994 FBI crime data from ABC News 3/12/95.

"Justice Department studies show that armed citizens are much less likely to suffer losses or personal injury from thieves"--Washington Post 1/7/92

Guns in the hands of law abiding citizens clearly prevent crime.

In Florida, where they have the most lenient conceal-and-carry law in existence, native criminals don't very often pick on motorists with Florida license plates. They know that any car they come upon with Florida plates might be driven by a fellow Floridian with a legally concealed weapon.

Criminals in Florida choose to pick on motorists driving rental cars away from airports. The reason is that they know the driver isn't carrying a concealed weapon. Guns can't be carried on airplanes and so out-of-towners leaving airports in rental cars are easy targets. (If you're planning on a trip to Florida, you might want to drive.)

The Clintons, Kennedys, and Bradys of this world really believe that

gun control laws are the answer to crime, but nothing could be further from the truth. Rep. Bill Brewster, D-Oklahoma, quoted in the January 31, 1995, "USA Today" article, "Gun Laws are No Answer" states the Washington DC statistic that since guns were banned there in 1976 the murder rate has risen 200%. And according to a CBS poll, 64% of Americans rightfully understand and don't believe gun control laws reduce crime anyway.

In the same article Brewster points out that, "More than 2 million times a year, citizens use lawfully owned firearms, including semiautomatic firearms, to defend themselves and their families from criminal attack, according to Florida State criminologist Gary Kleck."

George Washington certainly felt that guns prevented crime in his day. "The very atmosphere of firearms anywhere and everywhere restrains evil interference--they deserve a place of honor with all that's good"

Thomas Jefferson explained the greatest need for an armed citizenry was to insure freedom. "The strongest reason for the people to retain the right to keep and bear arms is, as a last resort, to protect themselves against tyranny in government."

Jefferson was actually quite prolific when it came to his feeling that common citizens needed to be armed. "When the government fears the People, that is Liberty. When the People fear the Government, that is tyranny." And, "The beauty of the second amendment is that it will not be needed until they try to take it." And, "The price of liberty is eternal vigilance...No free man shall ever be debarred the use of arms."

Jefferson certainly wasn't alone in believing such things either.

opinion on the net:<http://www.cris.com/~dhathaw/otherside/>

Originating from the rural cornfields of Monmouth, Illinois

SB

142

SFIN

FILE

SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 3/19/97

FURTHER: Finance

Date of 5-Day Notice: 5/2/97

(in accordance with Uniform Rule 23)

(24-hr rule in effect)

DATE TURNED

IN TO OFFICE: 5/7/97

Health, Education and Social Services Committee considered

SENATE BILL NO. 142

"An Act relating to formation of and taxation in regional educational attendance areas; and providing for an effective date."

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>Lyle Green</i>	<input checked="" type="checkbox"/>	<i>Loren J. Jensen</i>	<input checked="" type="checkbox"/>		
CHAIR: <i>Gov. Will</i>	<input checked="" type="checkbox"/>	CHAIR:			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
<i>C+RA</i>	<i>4/8/97</i>		<input checked="" type="checkbox"/>
<i>C+RA</i>	<i>4/8/97</i>	<input checked="" type="checkbox"/>	
<i>DOE</i>	<i>4/9/97</i>	<input checked="" type="checkbox"/>	

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

*Include fiscal notes accompanying Governor's bill

5/7/97

AMENDMENT

Offered in the Senate

By Senator Torgerson

TO: SB 142

1 Page 2, line 4:

2 delete:

3 "1999"

4

5 insert:

6 "2000"

7

8 Page 2, line 19:

9 delete:

10 "2000"

11

12 insert

13 "1999"

14

15

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. SB 142

Revision Date: _____ Dept. Affected: Education
 Title: An Act relating to formation of and taxation in BRU: K-12 Support
Regional education attendance areas; and providing ... Component: Foundation Program
 Sponsor: Senator Torgerson, Phillips
 Requester: Senate Finance COMPONENT SERIAL NO. 141

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY99	FY00	FY01	FY02	FY03	FY04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0.0	0.0	35.4	35.4	35.4	35.4
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	35.4	35.4	35.4	35.4

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

CHANGES IN REVENUES						
----------------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 Federal receipts						
1003 GF Match						
1004 GF	0.0	0.0	35.4	35.4	35.4	35.4
1005 GF/Program Receipts						
Other:						
TOTAL	0.0	0.0	35.4	35.4	35.4	35.4

Estimate of current year (FY97) cost: \$ \$0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This fiscal note assumes that following school districts will be combined.

	Change in Units
1) Alaska Gateway and Delta Greely School Districts	1.38
2) Lower Kuskokwim and Yupiit School Districts	-0.41
3) Lower Yukon and Kashunamiut School Districts	-0.39
Total	0.58
Units times \$61,000	\$35,380

This fiscal note does not address other potential consolidations of school districts or borough formations.

Prepared by: Eddy Jeans Phone: 465-8679
 Division: Education Support Services, School Finance Manager Date: 1/20/98
 Approved by Commissioner: Shirley J. Holloway, Ph.D. Date: 1/20/98
 Agency: Department of Education

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FISCAL NOTE

Revision Date: _____ Dept. Affected: Community & Regional Affairs
 Title: An Act relating to formation of and BRU: Local Gov't Assistance
taxation in regional attendance areas ... Component: Local Boundary Commission
 Sponsor: Sen. Torgerson, Phillips
 Requestor: Senate FIN. Committee **COMPONENT SERIAL NO.** 674

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE FUND SOURCE:						
-----------------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current (FY98) impact \$ none

ANALYSIS: (Attach a separate page if necessary)

Local Boundary Commission:

Implementation of this legislation would have no significant impact on the Local Boundary Commission staff. Local Boundary Commission considerations are discussed in the attached pages under the heading "Fiscal Impacts on the Local Boundary Commission."

Prepared by: Michael Cushing, Research Analyst Phone: 465-4751
 Division: Municipal and Regional Assistance Division Date: 1/22/98
 Approved by Commissioner: [Signature] Date: 1/22/98
 Agency: Community & Regional Affairs

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SB 142 FIN

FISCAL NOTE

Revision Date: _____ Dept. Affected: Community & Regional Affairs
 Title: An Act relating to formation of and BRU: Local Gov't Assistance
taxation in regional attendance areas ... Component: State Assessor
 Sponsor: Sen. Torgerson, Phillips
 Requestor: Senate FIN. Committee **COMPONENT SERIAL NO.** 673

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES	302.0	302.0	302.0	302.0	302.0	302.0
TRAVEL	30.0	22.5	15.6	15.6	15.6	15.6
CONTRACTUAL						
SUPPLIES	3.0	3.0	3.0	1.5	1.5	1.5
EQUIPMENT	10.5	10.5	2.5	2.0	2.0	2.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	345.5	338.0	323.1	321.1	321.1	321.1

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
----------------	------------	------------	------------	------------	------------	------------

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

FUND NG: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	345.5	338.0	323.1	321.1	321.1	321.1
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	345.5	338.0	323.1	321.1	321.1	321.1

POSITIONS:

FULL-TIME	6	6	6	6	6	6
PART-TIME						
TEMPORARY						

Estimate of current (FY98) impact \$ none

ANALYSIS: (Attach a separate page if necessary)
Office of the State Assessor:
 Implementation of this legislation would have significant impact on the Office of the State Assessor. The above figures represent the department's preliminary assessment of the minimum impacts of this legislation. The department awaits further clarification of this legislation through the committee process. The department's final assessment of fiscal impacts could be much higher than the figures presented here. Details are discussed in the attached pages under the heading "Fiscal Impacts on the Office of the State Assessor."

Prepared by: Michael Cushing, Research Analyst Phone: 465-4751
 Division: Municipal and Regional Assistance Division Date: 1/22/98
 Approved by Commissioner: [Signature] Date: 1/22/98
 Agency: Community & Regional Affairs

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Attachment: Fiscal Note Analysis for Senate Bill 142

Effects of SB 142

Under this legislation,

- ◆ DCRA is to divide the unorganized borough into educational service areas along the lines proposed in the 1995 "Model Borough Boundaries" report.
- ◆ The State Assessor's Office will be responsible for assessing value of taxable property, levying a property tax, and collecting the tax in each of these areas beginning January 1, 1999.
- ◆ DCRA is to develop a proposed method of levying and collecting taxes in these areas, including opportunity for public comment.
- ◆ DCRA is to prepare draft legislation reflecting above proposals by January 1, 2000.

Anticipated Fiscal Impacts of SB 142 on DCRA

This proposal places substantial new demands on the department. The department believes that much of the effort can be performed by existing staff and resources; however, some additional staff would be needed. The incremental expenditures presented in this fiscal note reflect those demands that cannot be met by existing staffing and resources. With regard to this department, there are two areas for which fiscal impacts need to be discussed:

- State Assessor Office support
- Local Boundary Commission support

Fiscal Impacts on these areas are discussed below.

Fiscal Impacts on the Office of the State Assessor.

This bill requires the State Assessor to complete Full Value Determinations for each of the educational service areas established under this legislation. Additionally, at least for two years, the Assessor is to assess property and collect taxes for these areas and perform the mandatory duties of a municipality, a board of equalization or a municipal official under AS 29.45.010-500.

The fiscal impacts on the Office of the State Assessor are difficult to ascertain. The imposition and operation of separate tax regimens in numerous areas of the unorganized borough are a huge and daunting tasks that would demand significant expenditures for new staff and/or contractual arrangements. Actual collection of taxes is well beyond any current

activities undertaken by the Office of the State Assessor. Consequently, **the fiscal impacts presented here should be considered as preliminary and contingent upon further clarification of the requirements of the legislation through the legislative committee process.**

Basic requirements for the full value determinations, and the implementation of tax levy will require at the very least the addition in FY 98 of an Assistant State Assessor (Range 20), two Appraisers (new job class, Range 18) and three clerical support positions (Administrative Clerk III, Range 10). This fiscal note provides for these six new positions as well as additional travel and contractual funding associated with minimum establishment and maintenance of taxation regimens in the proposed educational services areas.

There is a vast difference in preparing a full value determination for an area and completing an assessment roll for property assessment and taxation purposes. In order to prepare an assessment roll, a detailed, lengthy process must be undertaken just to discover property ownership and taxability. Only after this discovery process is completed can the valuation step be taken. In order to complete a full value, "typicals" are used. That is the "typical" percentage of exemptions for this or that type and classification of property. Then "typical" value ranges are used for the "typical" number of taxable properties. Therefore, while the full value can be estimated with a minimum number of staff, a completed assessment roll would take a very large number of individuals to reliably cover the unorganized areas. It is likely that the cost of carrying out a property taxation approach would in many areas not be cost effective.

Regarding the long-term implications of this legislation, it is assumed that in the majority of these areas a property tax will not be an economically viable revenue generation alternative. It is conceivable, however, that it may be feasible to implement a property tax in several regions. Those regions which choose other revenue alternatives, such as sales tax, still require a full value determination by the Assessor. Consequently, the minimum requirements for additional positions outlined above would continue into the foreseeable future.

Fiscal Impacts on the Local Boundary Commission (LBC)

The provisions in SB 142 as written do not require any substantial new effort on the part of the Local Boundary Commission staff and therefore no significant fiscal impacts are anticipated by the department. Section 1 of SB 142, which would take effect July 15, 1999, requires DCRA to divide the unorganized borough into regional educational attendance areas (REAs) using the Local Boundary Commission's model borough boundaries. The bill would result in the following boundary changes to existing REAs:

- merger of Yupiit REA with the Lower Kuskokwim REA;

- merger of Kashunamiut REAA with the Lower Yukon REAA;
- merger of the Alaska Gateway REAA with the Delta Greely REAA;
- creation of a Prince of Wales REAA (from a large portion of Southeast Island REAA)
- creation of a Wrangell-Petersburg area REAA (from a large portion of the Southeast Island REAA and a relatively small portion of the Chatham REAA);
- reconfiguration of the Chatham REAA to include most of Admiralty Island and portions of Kuiu Island and Kupreanof Island;
- creation of a Glacier Bay REAA from a large portion of the Chatham REAA;
- alteration of the boundaries of the Adak and Aleutian Region REAA.¹

Additionally, the model borough boundaries identified five regions of the unorganized borough that should be annexed to existing organized boroughs. These consisted of portions of the:

- Southeast Island REAA in the model boundaries of the Ketchikan Gateway Borough;
- Chatham REAA in the model boundaries of the City and Borough of Juneau;
- Chatham REAA in the model boundaries of the Haines Borough;
- Yukon Flats REAA in the model boundaries of the Fairbanks North Star Borough;
- Yukon-Koyukuk REAA in the model boundaries of the Denali Borough.

SB 142 does not express any intent that those five areas should be annexed to the five existing boroughs.² Therefore, it is assumed for purposes of this fiscal note that DCRA will not initiate the annexation of those areas to the existing boroughs. It is further assumed that those areas will not be formed into separate REAAs, but rather will be included with other REAAs as noted below:

- the area in question within the model boundaries of the Ketchikan Gateway Borough will be included in the new Prince of Wales REAA;
- the area in question within the model boundaries of the City and Borough of Juneau will be included in the revised Chatham REAA;

¹ The Local Boundary Commission drew model borough boundaries for the Aleutian region prior to the announcement of the closure of the Adak Naval base. The model boundaries divided the Aleutian region into two areas because of the then substantial military population. With the closure of the Adak base, DCRA no longer considers it appropriate to have separate school districts for the region. Ideally, SB 142 would allow the Local Boundary Commission to review and modify the boundaries before they are implemented. Such could be done in manner that results in little or no fiscal impact.

² In comparison, SB 30 which was also introduced by Senator Torgerson, expressed specific intent that those five areas would be annexed to existing boroughs.

- the area in question within the model boundaries of the Haines Borough will be included in the Glacier Bay REAA
- the area in question within the model boundaries of the Fairbanks North Star Borough will be included in the Yukon Flats REAA
- the area in question within the model boundaries of the Denali Borough will be included in the Yukon-Koyukuk REAA.

Since the bill does not consolidate city school districts with REAA school districts, some circumstances unintended by the Local Boundary Commission in drawing model boundaries may result. For example, Wrangell and Petersburg would continue to operate separate city school districts while schools, if any, within the remainder of the REAA would be operated by the REAA. Such could be addressed **without fiscal impact** if the bill allowed for the Local Boundary Commission to review and modify the boundaries before they are implemented.

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. SB142

Revision Date (Note if correction) _____ Dept. Affected Office of the Governor
 Title An Act relating to formation of and taxation BRU Elective Operations
 In regional educational attendance areas _____ Component Elections
 Sponsor Senator Torgerson
 Requester Senate Finance Committee Component Serial No. 22

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY98) cost: none

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Zero Fiscal Impact

Prepared by Dana LaTour
 Division Division of Elections
 Approved by Lt. Governor Fran Ulmer
 Agency Office of the Lieutenant Governor

Phone 465-5347
 Date 2/3/98
 Date 2/3/98

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FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

N^o 1
Bill Version: SB142
(S) Publish Date: 5/7/97

Revision Date: _____ Dept. Affected: Education
Title: An Act realting to formation of and taxation in BRU: K-12 Support
Regional education attendance areas: and providing ... Component: Foundation Program
Sponsor: Senator Torgerson, Phillips
Requester: _____ COMPONENT SERIAL NO. 141

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY98	FY99	FY00	FY01	FY02	FY03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0.0	0.0	0.0	-22.1	-22.1	-22.1
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	-22.1	-22.1	-22.1

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

CHANGES IN REVENUES						
---------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	-22.1	-22.1	-22.1
1005 GF/Program Receipts						
Other:						
TOTAL	0.0	0.0	0.0	-22.1	-22.1	-22.1

Estimate of current year (FY97) cost: \$ 0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This fiscal note assumes that following school districts will be combined.

- 1) Alaska Gateway and Delta Greely School Districts
- 2) Lower Kuskokwim and Yupitit School Districts
- 3) Lower Yukon and Kashunamiut School Districts

This fiscal note does not address other potential consolidations of school districts or borough formations.

Prepared by: Eddy Jeans
Division: Educaiton Support Services, School Finance Manager
Approved by Commissioner: Shirley J. Holloway, Ph.D.
Agency: Department of Education

Phone: 465-8679
Date: 4/9/97
Date: 4/9/97

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FISCAL NOTE

Revision Date: _____ Dept. Affected: Community & Regional Affairs
 Title: An Act relating to formation of and BRU: Local Gov't Assistance
taxation in regional attendance areas ... Component: Local Boundary Commission
 Sponsor: Sen. Torgerson, Phillips
 Requestor: Senate HESS Committee COMPONENT SERIAL NO. 674

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
----------------	------------	------------	------------	------------	------------	------------

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current (FY97) Impact \$ none

ANALYSIS: (Attach a separate page if necessary)

Office of the State Assessor:

Implementation of this legislation would have no significant impact on the Local Boundary Commission staff. Local Boundary Commission considerations are discussed in the attached pages under the heading "Fiscal Impacts on the Local Boundary Commission."

Prepared by: Michael Cushing, Research Analyst Phone: 465-4751
 Division: Municipal and Regional Assistance Division Date: 4/8/97
 Approved by Commissioner: _____ Date: 4/8/97
 Agency: Community & Regional Affairs

FISCAL NOTE

Revision Date: _____ Dept. Affected: Community & Regional Affairs
 Title: An Act relating to formation of and BRU: Local Gov't Assistance
taxation in regional attendance areas ... Component: State Assessor
 Sponsor: Sen. Torgerson, Phillips
 Requestor: Senate HESS Committee **COMPONENT SERIAL NO.** 673

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	302.0	302.0	302.0	302.0	302.0	302.0
TRAVEL	30.0	22.5	15.6	15.6	15.6	15.6
CONTRACTUAL						
SUPPLIES	3.0	3.0	3.0	1.5	1.5	1.5
EQUIPMENT	10.5	10.5	2.5	2.0	2.0	2.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	345.5	338.0	323.1	321.1	321.1	321.1

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
----------------	------------	------------	------------	------------	------------	------------

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

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	345.5	338.0	323.1	321.1	321.1	321.1
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	345.5	338.0	323.1	321.1	321.1	321.1

POSITIONS:

FULL-TIME	6	6	6	6	6	6
PART-TIME						
TEMPORARY						

Estimate of current (FY97) impact \$ none

ANALYSIS: (Attach a separate page if necessary)
Office of the State Assessor:
 Implementation of this legislation would have significant impact on the Office of the State Assessor. The above figures represent the department's preliminary assessment of the minimum impacts of this legislation. The department awaits further clarification of this legislation through the committee process. The department's final assessment of fiscal impacts could be much higher than the figures presented here. Details are discussed in the attached pages under the heading "Fiscal Impacts on the Office of the State Assessor."

Prepared by: Michael Cushing, Research Analyst Phone: 465-4751
 Division: Municipal and Regional Assistance Division Date: 4/8/97
 Approved by Commissioner: _____ Date: 4/8/97
 Agency: Community & Regional Affairs

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Attachment: Fiscal Note Analysis for Senate Bill 142

Effects of SB 142

Under this legislation,

- ◆ DCRA is to divide the unorganized borough into educational service areas along the lines proposed in the 1995 "Model Borough Boundaries" report.
- ◆ The State Assessor's Office will be responsible for assessing value of taxable property, levying a property tax, and collecting the tax in each of these areas beginning January 1, 1999.
- ◆ DCRA is to develop a proposed method of levying and collecting taxes in these areas, including opportunity for public comment.
- ◆ DCRA is to prepare draft legislation reflecting above proposals by January 1, 2000.

Anticipated Fiscal Impacts of SB 142 on DCRA

This proposal places substantial new demands on the department. The department believes that much of the effort can be performed by existing staff and resources; however, some additional staff would be needed. The incremental expenditures presented in this fiscal note reflect those demands that cannot be met by existing staffing and resources. With regard to this department, there are two areas for which fiscal impacts need to be discussed:

- State Assessor Office support
- Local Boundary Commission support

Fiscal Impacts on these areas are discussed below.

Fiscal Impacts on the Office of the State Assessor

This bill requires the State Assessor to complete Full Value Determinations for each of the educational service areas established under this legislation. Additionally, at least for two years, the Assessor is to assess property and collect taxes for these areas and perform the mandatory duties of a municipality, a board of equalization or a municipal official under AS 29.45.010-500.

The fiscal impacts on the Office of the State Assessor are difficult to ascertain. The imposition and operation of separate tax regimens in numerous areas of the unorganized borough are a huge and daunting tasks that would demand significant expenditures for new staff and/or contractual arrangements. Actual collection of taxes is well beyond any current

activities undertaken by the Office of the State Assessor. Consequently, the fiscal impacts presented here should be considered as preliminary and contingent upon further clarification of the requirements of the legislation through the legislative committee process.

Basic requirements for the full value determinations, and the implementation of tax levy will require at the very least the addition in FY 98 of an Assistant State Assessor (Range 20), two Appraisers (new job class, Range 18) and three clerical support positions (Administrative Clerk III, Range 10). This fiscal note provides for these six new positions as well as additional travel and contractual funding associated with minimum establishment and maintenance of taxation regimens in the proposed educational services areas.

There is a vast difference in preparing a full value determination for an area and completing an assessment roll for property assessment and taxation purposes. In order to prepare an assessment roll, a detailed, lengthy process must be undertaken just to discover property ownership and taxability. Only after this discovery process is completed can the valuation step be taken. In order to complete a full value, "typicals" are used. That is the "typical" percentage of exemptions for this or that type and classification of property. Then "typical" value ranges are used for the "typical" number of taxable properties. Therefore, while the full value can be estimated with a minimum number of staff, a completed assessment roll would take a very large number of individuals to reliably cover the unorganized areas. It is likely that the cost of carrying out a property taxation approach would in many areas not be cost effective.

Regarding the long-term implications of this legislation, it is assumed that in the majority of these areas a property tax will not be an economically viable revenue generation alternative. It is conceivable, however, that it may be feasible to implement a property tax in several regions. Those regions which choose other revenue alternatives, such as sales tax, still require a full value determination by the Assessor. Consequently, the minimum requirements for additional positions outlined above would continue into the foreseeable future.

Fiscal Impacts on the Local Boundary Commission (LBC)

The provisions in SB 142 as written do not require any substantial new effort on the part of the Local Boundary Commission staff and therefore no significant fiscal impacts are anticipated by the department. Section 1 of SB 142, which would take effect July 15, 1999, requires DCRA to divide the unorganized borough into regional educational attendance areas (REAs) using the Local Boundary Commission's model borough boundaries. The bill would result in the following boundary changes to existing REAs:

- merger of Yupiit REA with the Lower Kuskokwim REA;

- merger of Kashunamiut REAA with the Lower Yukon REAA;
- merger of the Alaska Gateway REAA with the Delta Greely REAA;
- creation of a Prince of Wales REAA (from a large portion of Southeast Island REAA)
- creation of a Wrangell-Petersburg area REAA (from a large portion of the Southeast Island REAA and a relatively small portion of the Chatham REAA);
- reconfiguration of the Chatham REAA to include most of Admiralty Island and portions of Kuiu Island and Kupreanof Island;
- creation of a Glacier Bay REAA from a large portion of the Chatham REAA;
- alteration of the boundaries of the Adak and Aleutian Region REAA.¹

Additionally, the model borough boundaries identified five regions of the unorganized borough that should be annexed to existing organized boroughs. These consisted of portions of the:

- Southeast Island REAA in the model boundaries of the Ketchikan Gateway Borough;
- Chatham REAA in the model boundaries of the City and Borough of Juneau;
- Chatham REAA in the model boundaries of the Haines Borough;
- Yukon Flats REAA in the model boundaries of the Fairbanks North Star Borough;
- Yukon-Koyukuk REAA in the model boundaries of the Denali Borough.

SB 142 does not express any intent that those five areas should be annexed to the five existing boroughs.² Therefore, it is assumed for purposes of this fiscal note that DCRA will not initiate the annexation of those areas to the existing boroughs. It is further assumed that those areas will not be formed into separate REAAs, but rather will be included with other REAAs as noted below:

- the area in question within the model boundaries of the Ketchikan Gateway Borough will be included in the new Prince of Wales REAA;
- the area in question within the model boundaries of the City and Borough of Juneau will be included in the revised Chatham REAA;

¹ The Local Boundary Commission drew model borough boundaries for the Aleutian region prior to the announcement of the closure of the Adak Naval base. The model boundaries divided the Aleutian region into two areas because of the then substantial military population. With the closure of the Adak base, DCRA no longer considers it appropriate to have separate school districts for the region. Ideally, SB 142 would allow the Local Boundary Commission to review and modify the boundaries before they are implemented. Such could be done in manner that results in little or no fiscal impact.

² In comparison, SB 30 which was also introduced by Senator Torgerson, expressed specific intent that those five areas would be annexed to existing boroughs.

- the area in question within the model boundaries of the Haines Borough will be included in the Glacier Bay REAA
- the area in question within the model boundaries of the Fairbanks North Star Borough will be included in the Yukon Flats REAA
- the area in question within the model boundaries of the Denali Borough will be included in the Yukon-Koyukuk REAA.

Since the bill does not consolidate city school districts with REAA school districts, some circumstances unintended by the Local Boundary Commission in drawing model boundaries may result. For example, Wrangell and Petersburg would continue to operate separate city school districts while schools, if any, within the remainder of the REAA would be operated by the REAA. Such could be addressed **without fiscal impact** if the bill allowed for the Local Boundary Commission to review and modify the boundaries before they are implemented.

SB

146

SFIN

FILE

Revision Date: _____ Dept. Affected: Revenue
 Title: Public School Funding/Child Care Grants BRU: Revenue Operations
 Component: Income and Excise Audit
 Sponsor: Senator Wilken
 Requestor: (S) HES COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES	180.0	180.0	180.0	180.0	180.0	180.0
TRAVEL	4.0	4.0	4.0	4.0	4.0	4.0
CONTRACTUAL	6.0	6.0	6.0	6.0	6.0	6.0
SUPPLIES	5.0	5.0	5.0	5.0	5.0	5.0
EQUIPMENT	12.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	207.0	195.0	195.0	195.0	195.0	195.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES (GF)	2,603.0	2,603.0	2,603.0	2,603.0	2,603.0	2,603.0

FUND SOURCE (Thousands of Dollars)

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 cost \$ 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

(See Attached Analysis)

Prepared by: Brett Fried Phone: (907) 465-3682
 Division: Income and Excise Audit Date: January 19, 1998
 Approved by Commissioner: Wilson L. Condon Date: January 19, 1998
 Agency: Revenue

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BILL ANALYSIS

The Department of Revenue is only addressing the sections related to a change in the state's tax structure.

Section 21 amends AS 43 by adding a new chapter, Chapter 42, to establish provisions for an Organized Borough Employment tax. Under the new chapter, an employment tax would be imposed on each individual who receives compensation for services performed in the unorganized borough outside of a home rule or first class city as an employee or receives self-employment earnings from business activities conducted in the unorganized borough outside of a home rule or first class city. The tax would be three percent of annual compensation paid or self-employment earnings.

DOR would implement procedures and forms to collect the tax revenue from self employed individuals on a quarterly basis. The Department of Labor will administer the collection of employment tax from employees through Labor's unemployment insurance withholding program. Employers would be required to withhold the tax from each employee's salary or other compensation and remit the tax to the Department of Labor quarterly.

The tax shall be deposited in the general fund. Tax revenue may be appropriated to the public school account established under AS 14.17.300. The tax provision would be effective January 1, 1998. for the school tax.

OPERATING EXPENDITURES

This fiscal note assumes that Department of Revenue would collect school employment tax payments from self employed persons and Department of Labor would collect school employment tax payments from employees through Labor's unemployment insurance withholding program.

Department of Revenue estimates that total operating costs to administer the employment tax program would be \$207.0 in FY 1998 and \$195.0 thereafter. Costs include \$180.0 for personal services which would cover costs for 1 full-time Accounting Supervisor I (range 16), 1 full-time

Public School Funding / Child Care Grants

CSSB 146(HES)

January 19, 1998

Page 3 of 4

Tax Examiner II (range 14), 2 full time Administrative Clerk III (range 10) and 1 three-month seasonal Administrative Clerk II (range 8) positions, all located in Juneau. \$15.0 is included for other line item costs and \$12.0 one time cost for computers.

The Accounting Supervisor I position would be responsible for overseeing administration of the program, management reporting, and public inquiries. The TE II position is responsible for compliance and enforcement. The Administrative Clerk III positions would be responsible for year-round activity which would include processing of quarterly payment and annual filings. The necessary computer programming changes would be handled by in-house programmers, unless additional budget reductions are realized.

New Revenue

See attached spreadsheet.

**Alaska Department of Revenue
Income and Excise Audit Division**

Projected State Revenue Increases from 3% Public School Tax on Self-employed in the Unorganized Borough

Public School Funding/Child Care Grants
CSSB 146
January 19, 1998
Page 4 of 4

REVENUE FORECASTS FROM 3% TAX ON THE SELF-EMPLOYED IN THE UNORGANIZED BOROUGH

	Number of Employees	FY 99	FY 00	FY 01	FY 02	FY 03
Revenue from tax	4,995	<u>\$2,603,044</u>	<u>\$2,603,044</u>	<u>\$2,603,044</u>	<u>\$2,603,044</u>	<u>\$2,603,044</u>

Assumptions and data sources: We assume that the ratio of self-employed to employed is the same for the unorganized borough as for the state. We use the 1995 Bureau of Economic Analysis total nonfarm proprietors estimate for Alaska (80,496) and total employment figure (372,606 which includes the self employed) to derive this ratio $(80,496 / (372,606 - 80,496) = .2755)$. We also use the amount of employment in REAAs in the unorganized borough (Alaska Department of Labor estimate of 18,127 which excludes the self employed) and the Bureau of Economic Analysis' estimated proprietor income of \$17,371. Thus we have an estimate of 4,995 $(18,127 * .2755)$ and a total annual revenue from the self-employed in the unorganized borough of \$2,603,044 $(4,995 * (\$17,371 * .03))$.

FISCAL NOTE

STATE OF ALASKA

BILL NO. CSSB 146(HES)

1998 LEGISLATIVE SESSION

Revision Date: 1-20-98

Department Affected: Education

Title: An act relating to the public school funding program;
repealing the public school foundation program: relating

BRU: K-12 Support

Sponsor: Senate HESS

Component: Foundation Program

Requester: Senate HESS

COMPONENT SERIAL NO. 141

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	498.6					
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	3,424.2	3,424.2	3,424.2	3,424.2	3,424.2	3,424.2
MISCELLANEOUS						
TOTAL OPERATING	3,922.8	3,424.2	3,424.2	3,424.2	3,424.2	3,424.2

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

CHANGE IN REVENUES						
---------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	3,922.8	3,424.2	3,424.2	3,424.2	3,424.2	3,424.2
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	3,922.8	3,424.2	3,424.2	3,424.2	3,424.2	3,424.2

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY97) impact: -0-

ANALYSIS: (Attach a separate page if necessary.)

See attached schedule for fiscal note and sectional analysis.

If the base student allocation number in section 26 changes then the amount on the fiscal note will change.

Prepared by: Eddy Jeans, School Finance Manager

Phone: 465-8679

Division: Education Support Services

Date: 1/21/98

Approved by Commissioner: Shirley J. Holloway, Ph. D., Commissioner

Date: 1/21/98

Agency: Education

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FIN

Fiscal Note Analysis

CONTRACTUAL: This bill requires a one time appropriation of \$498,600 in FY99 to commission an educational cost study. The department believes it will take approximately 18 months to complete the study. Elements to consider in an educational cost study may included but are not limited to, certified and classified salaries, benefits, geographic location, transportation, fuel, utilities and supplies.

GRANTS: The following table lists the assumptions used to prepare the fiscal note.

Bill Reference	Sec. 29	Sec. 14.17.410(2)	Sec. 27 Transition
Fiscal Year	Student Allocation	Required Local	Hold Harmless
FY99	\$3,800	3.00 mills	100%
FY00	\$3,905	3.00 mills	98%
FY01	\$3,945	3.00 mills	95%
FY02	\$3,975	3.00 mills	90%
FY03	\$4,020	3.00 mills	0%
FY04	\$4,020	3.00 mills	0%

Sectional Analysis

Section 1- Defines the purpose of the proposed public school funding program.

Section 2 - Amends Alaska Statute 14.17. Listed under Section 2 are sections 14.17.300 through 14.17.990 that outline the proposed Public School Funding Program. Following is a list of the proposed sections and their titles.

- Sec. 14.17.300. Public school account.
- Sec. 14.17.400. State funding for districts.
- Sec. 14.17.410. Public school funding.
- Sec. 14.17.420. Special needs and intensive services funding.
- Sec. 14.17.430. State funding for correspondence study.
- Sec. 14.17.435. State funding for state boarding school.
- Sec. 14.17.440. Local contribution.
- Sec. 14.17.450. Funding communities.
- Sec. 14.17.460. Funding community size factor.
- Sec. 14.17.470. Area cost factors.
- Sec. 14.17.475. Base student allocation.
- Sec. 14.17.500. Student count estimate.
- Sec. 14.17.505. Fund balance in school operating fund.
- Sec. 14.17.510. Determination of full and true value by Department of Community and Regional Affairs.
- Sec. 14.17.600. Student counting periods.
- Sec. 14.17.610. Distribution of public school funding.
- Sec. 14.17.900. Construction and implementation of chapter.
- Sec. 14.17.910. Restrictions governing receipt and expenditure of district money.
- Sec. 14.17.920. Regulations.
- Sec. 14.17.990. Definitions.

CSSB 146(HES) - Public School Funding Program – 1-20-98

Section 3 - amends AS 14.03.120(g), new reference of district from AS 14.17.250 to AS.14.17.990.

Section 4 - amends AS 14.03.125(e), new reference of district from AS 14.17.250 to AS.14.17.990.

Section 5 - amends AS 14.03.150(c), new reference of public school funding from State Foundation Aid.

Section 6 - amends AS 14.03.160(f)(2), new reference of district from AS 14.17.250 to AS.14.17.990.

Section 7 - amends AS 14.03.260(c), new reference of restrictions governing receipt and expenditure of district money from AS 14.17.190 to AS.14.17.910.

Section 8 - amends AS 14.11.008(b), new reference of average daily membership from AS 14.17.025(a)(1) to AS 14.17.510.

Section 9 - amends AS 14.14.115(c)(2), new reference of district from AS 14.17.250 to AS.14.17.990.

Section 10 - amends AS 14.16.050(a)(2), new reference of public school funding from state financial assistance for education. Corrects reference of student count estimates from AS 14.17.080 to AS 14.17.500, school operating fund balance from AS 14.17.082 to AS 14.17.505 and public school funding from AS 14.17.160 - 14.17.220 to AS 14.15.300 - 14.17.910.

Section 11 - amends AS 14.16.080(a), new reference of public school funding from AS 14.17.024 to AS 14.17.235.

Section 12 - amends AS 14.20.177(a), changes reference of basic need to level I need from AS 14.17.021(b) to AS 14.17.410(b)(1). Adds a new sub-section 3 addressing tenure layoff if the districts equalization funding decreased by 3% or more due to proration.

Section 13 - amends AS 14.30.305, new reference of funding from Foundation.

Section 14 - amends AS 14.30.347, clarifies the districts responsibility to provide transportation services for exceptional children. The district is responsible for cost associated with the transportation of exceptional children.

Section 15 - amends AS 14.30.650, changes the funding mechanism for the Special Education Service Agency (SESA). The allocation will be based on an allocation of \$470 per students in the state on the federal count excluding students reported as learning disabled and speech impaired. Currently the allocation is based on 2% of the total foundation special education allocation or \$85 per special education child whichever is greater.

Section 16 - amends AS 14.36.030(a), new reference of funding from Foundation support.

Section 17 - amends AS 29.45.020(a), for the purpose of taxpayer notice, new reference of public school funding from public school foundation.

Section 18 - amends AS 29.60.030(d), new reference of state aid from AS 14.17.140 to AS 14.17.510.

Section 19 - amends AS 36.10.090(b), new reference of funding from foundation money.

Section 20 - amends AS 36.10.125(c), new reference of funding from foundation money.

CSSB 146(HES) - Public School Funding Program -- 1-20-98

Section 21 - make amendments to Alaska Taxation Statutes.

Section 22 - amends AS 44.47.305(c), for the purpose of day care assistance program, change reference of instructional unit allotments to funding communities from AS 14.17.051 to AS 14.17.470. (area cost differentials)

Section 23 - repeals AS 14.17.010, AS 14.17.021, AS 14.17.022, AS 14.17.024, AS 14.17.025, AS 14.17.026, AS 14.17.031, AS 14.17.041, AS 14.17.043, AS 14.17.045, AS 14.17.047, AS 14.17.051, AS 14.17.056, AS 14.17.080, AS 14.17.082, AS 14.17.140, AS 14.17.160, AS 14.17.170, AS 14.17.190, AS 14.17.200, AS 14.17.210, AS 14.17.220, AS 14.17.225, AS 14.17.250; and AS 14.30.315(a).

Section 24 - amends repeals AS 14.17.460, AS 14.17.470 effective July 1, 1999.

Section 25 - Transition: Transition funding, establishes the programs and entitlements to be included in the hold harmless base. Establishes the hold harmless percentage year and is eliminated in year 5.

Section 26 - Transition: Regulations, allows the department to utilize existing regulation that conform with the language and purpose of this act.

Section 27 - Transition: Base student allocations, establishes the student allocation amounts each year for 5 years.

Section 28 - Transition: Funding Communities, requires funding communities serving less than 10 ADM to be counted at the largest funding community for funding purposes.

Section 29 - Required Report, establishes a joint committee of House and Senate members selected by the HESS Chairs and includes a representative from the Department of Education.

FISCAL NOTE

No. 3

Bill Version: C.S.B.146(HES)

(S) Publish Date: 1/23/98

**STATE OF ALASKA
1998 LEGISLATIVE SESSION**

Revision Date (Note if correction): _____
 Title: Public School Funding/Child Care
Grants
 Sponsor: Senate HES
 Requestor: Senate HES

Department Affected: Labor
 BRU: Employment Security
 Component: Unemployment Insurance

COMPONENT SERIAL NO. 2276

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES	77.1	78.3	78.3	78.3	78.3	78.3
TRAVEL						
CONTRACTUAL	615.2	515.2	515.2	515.2	515.2	515.2
SUPPLIES	2.0	2.0	2.0	2.0	2.0	2.0
EQUIPMENT	13.0					
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	707.3	595.5	595.5	595.5	595.5	595.5

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

CHANGE IN REVENUE	14,257.9	14,257.9	14,257.9	14,257.9	14,257.9	14,257.9
FUND SOURCE #	1004	1004	1004	1004	1004	1004

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	707.3	595.5	595.5	595.5	595.5	595.5
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other (Specify Type)						
TOTAL	707.3	595.5	595.5	595.5	595.5	595.5

POSITIONS:

FULL-TIME	2	2	2	2	2	2
PART-TIME						
TEMPORARY						

Estimate of current year (FY98) impact: \$ _____

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Rebecca Gamez *Rebecca Gamez*
 Division: Employment Security Division

Phone: 465-2711
 Date: 1/22/98

Approved by Commissioner: Tom Cashen, Commissioner
 Agency: Department of Labor

Date: 1/22/98

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ATTACHMENT

Fiscal Note for CSSB 146 (HES)-#3

Alaska Department of Labor
Employment Security Division

Page 2 of 3

CSSB 146 imposes a three percent tax on wage and business income generated from a business situs or activity located in the unorganized borough outside a home rule or first class city. The revenue generated is to be deposited into the general fund subject to discretionary appropriation to the public school account.

For employees covered under AS 23.20, the tax will be withheld by their employers and submitted to the Department of Labor (DOL) with their quarterly unemployment insurance (UI) contribution reports. The withholding tax on non-covered employees, and the tax on self-employment earnings, will be submitted quarterly to the Department of Revenue (DOR).

DOL and DOR will use existing forms, reports, and automated systems to the extent possible. DOL would collect the employee part of the tax for DOR by adapting automated and manual procedures already in place for collecting UI contributions, with the addition of some new procedures. No federal grant money may be used to collect a non-UI tax, so all design, programming, and ongoing costs would be state-funded.

The collection scenario assumes the following:

- DOL's role will be limited to that of a servicing agency to DOR to collect and account for the quarterly tax on UI-covered employees.
- DOL will use separate report forms, data collection, and accounting to collect the tax, but will make use of current databases, employer accounts, and tracking whenever feasible.
- DOL will use U.S. census federal information processing system (FIPS) codes to identify unorganized borough job sites. This will require site-specific data from employers, a new data base in the UI tax system, and new coding and data entry functions.
- DOL will implement a cross-match system for checking the employment tax returns against UI contributions and will provide underpayment information to DOR.
- DOR will administer all audits, enforcement, refunds, and penalties.
- Projected taxes at 3% of \$475,264.7 in estimated wages paid in the unorganized borough is \$14,257.9.

ATTACHMENT

Fiscal Note for CSSB 146 (HES)##3

Alaska Department of Labor
Employment Security Division
Page 3 of 3

Revenues to be Collected

3% tax times \$475,264.7 in estimated wages paid in
the unorganized borough \$14,257.9

Operating Costs

A 1.5% cost of living rate was inserted for FY99 & FY00 personal services. One time items were not included in FY00 or beyond.

Personal Services

Two positions will be needed to administer the employment tax program. Both positions will be located in Juneau.

New Accounting Technician I	42.5
New Administrative Clerk II	<u>34.6</u>
Total Personal Services	77.1

These two positions will perform the following tasks:

Examine and process quarterly returns and payments from employers; reconcile payments from employers; respond to written and telephonic inquiries; and provide information and technical assistance to individuals who complete the quarterly reports.

Travel

No travel will be required for the additional tax collection.

Contractual Services

Communication (Basic phone & toll charges)	6.0
Postage & Advertising	17.5
Printing - tax forms & informational outreach to employers	10.0
Department Indirect @ 8% of Personal Services	6.2
Departmental Data Processing Charge back @ 11% of Personal Services	8.5
Office Space Lease costs	5.4
Data Processing contract - conversion of existing system & develop database for integration of FIPS code info on unorganized borough job sites	250.0
Data Processing Support-Administrative Services Division	150.0
Data Processing contract - additional key punch items from quarterly reports	30.0
Prorated portion @ 10% of the existing Tax Section costs	<u>131.6</u>
Total Contractual Services	615.2

Supplies

Figured at \$1,000 per new employee 2.0

Equipment

One time request for FY99 purchase of standard office
equipment for two new employees.

Computers	8.0
Office Furniture	<u>5.0</u>
Total Equipment	13.0

Total FY99 Fiscal Note Request

707.3

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. CSSB 146 (HES)

Revision Date (Note if correction): _____
 Title: Public School Funding/Child Care
Grants
 Sponsor: Senate HES
 Requestor: Senate HES

Department Affected: Labor
 BRU: Employment Security
 Component: Unemployment Insurance

COMPONENT SERIAL NO. 2276

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES	77.1	78.3	78.3	78.3	78.3	78.3
TRAVEL						
CONTRACTUAL	615.2	515.2	515.2	515.2	515.2	515.2
SUPPLIES	2.0	2.0	2.0	2.0	2.0	2.0
EQUIPMENT	13.0					
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	707.3	595.5	595.5	595.5	595.5	595.5

CAPITAL						
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CHANGE IN REVENUE	14,257.9	14,257.9	14,257.9	14,257.9	14,257.9	14,257.9
FUND SOURCE #	1004	1004	1004	1004	1004	1004

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	707.3	595.5	595.5	595.5	595.5	595.5
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other (Specify Type)						
TOTAL	707.3	595.5	595.5	595.5	595.5	595.5

POSITIONS:

FULL-TIME	2	2	2	2	2	2
PART-TIME						
TEMPORARY						

Estimate of current year (FY98) impact: \$ _____

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Rebecca Gamez *Rebecca Gamez* Phone: 465-2711
 Division: Employment Security Division Date: 1/22/98

Approved by Commissioner: Tom Cashen, Commissioner
 Agency: Department of Labor Date: 1/22/98

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ATTACHMENT
Fiscal Note for CSSB 146 (HES)
Alaska Department of Labor
Employment Security Division
Page 2 of 3

CSSB 146 imposes a three percent tax on wage and business income generated from a business situs or activity located in the unorganized borough outside a home rule or first class city. The revenue generated is to be deposited into the general fund subject to discretionary appropriation to the public school account.

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ATTACHMENT

Fiscal Note for CSSB 146 (HES)

Alaska Department of Labor

Employment Security Division

Page 3 of 3

Revenues to be Collected

3% tax times \$475,264.7 in estimated wages paid in
the unorganized borough

\$14,257.9

Operating Costs

A 1.5% cost of living rate was inserted for FY99 & FY00 personal services. One time items were not included in FY00 or beyond.

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No travel will be required for the additional tax collection.

Contractual Services

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Postage & Advertising	17.5
Printing - tax forms & informational outreach to employers	10.0
Department Indirect @ 8% of Personal Services	6.2
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Data Processing Support-Administrative Services Division	150.0
Data Processing contract - additional key punch items from quarterly reports	30.0
Prorated portion @ 10% of the existing Tax Section costs	<u>131.6</u>
Total Contractual Services	615.2

Supplies

Figured at \$1,000 per new employee 2.0

Equipment

One time request for FY99 purchase of standard office
equipment for two new employees.

Computers	8.0
Office Furniture	<u>5.0</u>
Total Equipment	13.0

Total FY99 Fiscal Note Request

707.3

FISCAL NOTE

STATE OF ALASKA

BILL NO. CSSB 146(HES)

1998 LEGISLATIVE SESSION

Revision Date: 2/2/98

Department Affected: Education

Title: An act relating to the public school funding program;
repealing the public school foundation program; relating

BRU: K-12 Support

Sponsor: Senate HESS
 Requester: Senate Finance

Component: Schools for the Handicapped

COMPONENT SERIAL NO. 151

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	167.3	167.3	167.3	167.3	167.3	167.3
MISCELLANEOUS						
TOTAL OPERATING	167.3	167.3	167.3	167.3	167.3	167.3

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

CHANGE IN REVENUES						
---------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	167.3	167.3	167.3	167.3	167.3	167.3
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	167.3	167.3	167.3	167.3	167.3	167.3

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY98) impact: -0-

ANALYSIS: (Attach a separate page if necessary)

Section 15 amends AS 14.30.650 which determines the state aid allocation to the Special Education Service Agency (SESA).

Prepared by: Eddy Jeans, School Finance Manager

Phone: 465-8679

Division: Education Support Services

Date: *[Signature]*

Approved by Commissioner: Shirley J. Holloway, Ph. D., Commissioner

Date: 2-2-98

Agency: Education

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FISCAL NOTE

STATE OF ALASKA

BILL NO. CSSB 146(HES)

1997 LEGISLATIVE SESSION

Revision Date: 4/8/97

Department Affected: Education

Title: An act relating to the public school funding program;
repealing the public school foundation program; relating

BRU: K-12 Support

Component: Schools for the Handicapped

Sponsor: Senate HESS

Requester: Senate HESS

COMPONENT SERIAL NO. 151

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	153.7	153.7	153.7	153.7	153.7	153.7
MISCELLANEOUS						
TOTAL OPERATING	153.7	153.7	153.7	153.7	153.7	153.7

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

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	153.7	153.7	153.7	153.7	153.7	153.7
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	153.7	153.7	153.7	153.7	153.7	153.7

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY97) impact: -0-

ANALYSIS: (Attach a separate page if necessary.)

Section 15 amends AS 14.30.650 which determines the state aid allocation to the Special Education Service Agency (SESA).

Prepared by: Eddy Jeans, School Finance Manager

Phone: 465-8679

Division: Education Support Services

Date: 4/8/97

Approved by Commissioner: Shirley J. Holloway, Ph. D., Commissioner

Agency: Education

Date: 4/8/97

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FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. CSSB 146(HES)

Revision Date: 4/8/97
Title: An act relating to the public school funding program; repealing the public school foundation program; relating
Sponsor: Senate HESS
Requester: Senate HESS

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

COMPONENT SERIAL NO. 141

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	498.6					
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	-617.5	-106.8	-148.2	325.5	464.6	-1,352.2
MISCELLANEOUS						
TOTAL OPERATING	-118.9	-106.8	-148.2	325.5	464.6	-1,352.2

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

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	-118.9	-106.8	-148.2	325.5	464.6	-1,352.2
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	-118.9	-106.8	-148.2	325.5	464.6	-1,352.2

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY97) impact: -0-

ANALYSIS: (Attach a separate page if necessary.)

See attached schedule for fiscal note and sectional analysis.

Prepared by: Eddy Jeans, School Finance Manager Phone: 465-8679
 Division: Education Support Services Date: 4/8/97
 Approved by Commissioner: Shirley J. Holloway, Ph. D., Commissioner
 Agency: Education Date: 4/8/97

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CSSB 146(HES) - Public School Funding Program - 4-8-97

Fiscal Note Analysis

CONTRACTUAL: This bill requires a one time appropriation of \$498,600 in FY98 to commission an educational cost study. The department believes it will take approximately 18 months to complete the study. Elements to consider in an educational cost study may included but are not limited to, certified and classified salaries, benefits, geographic location, transportation, fuel, utilities and supplies.

GRANTS: The following table lists the assumptions used to prepare the fiscal note.

Bill Reference	Sec. 29	Sec. 14.17.410(2)	Sec. 27 Transition	
Fiscal Year	Student Allocation	Required Local	Hold Harmless	Enrollment Growth
FY98	\$3,800	3.00 mills	100%	FY98 Projections
FY99	\$3,905	3.00 mills	98%	1.5%
FY00	\$3,945	3.00 mills	95%	1.5%
FY01	\$3,975	3.00 mills	90%	1.5%
FY02	\$4,020	3.00 mills	0%	1.5%
FY03	\$4,020	3.00 mills	0%	1.5%

Sectional Analysis

Section 1- Defines the purpose of the proposed public school funding program.

Section 2 - Amends Alaska Statute 14.17. Listed under Section 2 are sections 14.17.300 through 14.17.990 that outline the proposed Public School Funding Program. Following is a list of the proposed sections and their titles.

- Sec. 14.17.300. Public school account.
- Sec. 14.17.400. State funding for districts.
- Sec. 14.17.410. Public school funding.
- Sec. 14.17.420. Special needs and intensive services funding.
- Sec. 14.17.430. State funding for correspondence study.
- Sec. 14.17.435. State funding for state boarding school.
- Sec. 14.17.440. Local contribution.
- Sec. 14.17.450. Funding communities.
- Sec. 14.17.460. Funding community size factor.
- Sec. 14.17.470. Area cost factors.
- Sec. 14.17.475. Base student allocation.
- Sec. 14.17.480. Declining ADM adjustment.
- Sec. 14.17.500. Student count estimate.
- Sec. 14.17.505. Fund balance in school operating fund.
- Sec. 14.17.510. Determination of full and true value by Department of Community and Regional Affairs.
- Sec. 14.17.600. Student counting periods.
- Sec. 14.17.610. Distribution of public school funding.
- Sec. 14.17.900. Construction and implementation of chapter.
- Sec. 14.17.910. Restrictions governing receipt and expenditure of district money.
- Sec. 14.17.920. Regulations.
- Sec. 14.17.990. Definitions.

CSSB 146(HES) - Public School Funding Program - 4-8-97

Section 3 - amends AS 14.03.120(g), new reference of district from AS 14.17.250 to AS.14.17.990.

Section 4 - amends AS 14.03.125(e), new reference of district from AS 14.17.250 to AS.14.17.990.

Section 5 - amends AS 14.03.150(c), new reference of public school funding from State Foundation Aid.

Section 6 - amends AS 14.03.160(f)(2), new reference of district from AS 14.17.250 to AS.14.17.990.

Section 7 - amends AS 14.03.260(c), new reference of restrictions governing receipt and expenditure of district money from AS 14.17.190 to AS.14.17.910.

Section 8 - amends AS 14.11.008(b), new reference of average daily membership from AS 14.17.025(a)(1) to AS 14.17.510.

Section 9 - amends AS 14.14.115(c)(2), new reference of district from AS 14.17.250 to AS.14.17.990.

Section 10 - amends AS 14.16.050(a)(2), new reference of public school funding from state financial assistance for education. Corrects reference of student count estimates from AS 14.17.080 to AS 14.17.500, school operating fund balance from AS 14.17.082 to AS 14.17.505 and public school funding from AS 14.17.160 - 14.17.220 to AS 14.15.300 - 14.17.910.

Section 11 - amends AS 14.16.080(a), new reference of public school funding from AS 14.17.024 to AS 14.17.235.

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Section 14 - amends AS 14.30.347, clarifies the districts responsibility to provide transportation services for exceptional children. The district is responsible for cost associated with the transportation of exceptional children.

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Section 18 - amends AS 29.60.030(d), new reference of state aid from AS 14.17.140 to AS 14.17.510.

Section 19 - amends AS 36.10.090(b), new reference of funding from foundation money.

Section 20 - amends AS 36.10.125(c), new reference of funding from foundation money.

CSSB 146(HES) - Public School Funding Program - 4-8-97

Section 21 through 32 - make amendments to Alaska Taxation Statutes.

Section 33 - amends AS 44.47.305(c), for the purpose of day care assistance program, change reference of instructional unit allotments to funding communities from AS 14.17.051 to AS 14.17.470. (area cost differentials)

Section 34 - repeals AS 14.17.010, AS 14.17.021, AS 14.17.022, AS 14.17.024, AS 14.17.025, AS 14.17.026, AS 14.17.031, AS 14.17.041, AS 14.17.043, AS 14.17.045, AS 14.17.047, AS 14.17.051, AS 14.17.056, AS 14.17.080, AS 14.17.082, AS 14.17.140, AS 14.17.160, AS 14.17.170, AS 14.17.190, AS 14.17.200, AS 14.17.210, AS 14.17.220, AS 14.17.225, AS 14.17.250; and AS 14.30.315(a).

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Section 37 - Transition: Regulations, allows the department to utilize existing regulation that conform with the language and purpose of this act.

Section 38 - Transition: Base student allocations, establishes the student allocation amounts each year for 5 years.

Section 39 - Transition: Funding Communities, requires funding communities serving less than 10 ADM to be counted at the largest funding community for funding purposes.

Section 40 - Required Report, establishes a joint committee of House and Senate members selected by the HESS Chairs and includes a representative from the Department of Education.

Section 41 - Establishes January 1, 1998, as the effective date for section 21 of the bill.

Section 42 - Establishes January 1, 1998, as the effective date for AS 14.17.410(b)(3) of section 2 of the bill.

Section 43 - Establishes July 1, 1997 as the effective date of the bill, except for section 42.

SECTIONS REPEALED IN SB 146

Sec. 14.17.010. Public school foundation account.

(a) The public school foundation account is established. The account consists of appropriations for distribution to school districts, the state boarding school, and for centralized correspondence study programs under this chapter.

(b) The money of the account may be used only in aid of public schools, including community school programs, and for centralized correspondence study programs as provided by this chapter.

Sec. 14.17.021. State foundation aid.

(a) Beginning July 1, 1995, the amount of state foundation aid for which a city or borough school district may qualify in a fiscal year is calculated by subtracting from the basic need defined in (a) of this section the required local contributions under AS 14.17.025(a) and 90 percent of eligible federal impact aid for that fiscal year.

(b) Beginning July 1, 1995, the amount of state foundation aid for which a regional educational attendance area may qualify in a fiscal year is calculated by subtracting from the basic need defined in (c) of this section 96 percent of eligible federal impact aid for that fiscal year.

(c) The basic need of a school district is determined by multiplying the area cost differential of the district under AS 14.17.051 by the number of instructional units in the district under AS 14.17.031 and then multiplying that product by the instructional unit value in AS 14.17.056.

(d) The department may make adjustments to a district's state foundation aid for a fiscal year to correct underpayments made in previous fiscal years.

Sec. 14.17.022. Money for centralized correspondence study.

Money for providing centralized correspondence study programs for students not enrolled in an approved school district correspondence study program includes an allocation from the public school foundation account in an amount calculated by multiplying the instructional unit value in AS 14.17.056 by the total number of instructional units, as determined by applying the number of correspondence students to the formula for elementary schools in AS 14.17.041(b)(1), then multiplying that product by 65 percent.

Sec. 14.17.024. Money for state boarding school

(a) Money for the instructional services provided in a fiscal year by the state boarding school established under AS 14.16.010 includes an allocation from the public school foundation account in an amount calculated by

(1) multiplying the instructional unit value in AS 14.17.056 by the total number of instructional units under AS 14.17.031 for that fiscal year, as determined by treating the school as if it were a school district consisting of a single funding community;

(2) multiplying the product determined under (1) of this subsection by the area cost differential that is applicable to calculation of the entitlement for the adjacent school district under AS 14.17.051; and

(3) adding 10 percent of the eligible federal impact aid received for that fiscal year on behalf of the school plus any federal impact aid received on behalf of the school which the state, under P.L. 81-874 (20 U.S.C. 236 - 244), as amended, and regulations adopted under it, could not consider as local resources if the school were considered a school district.

(b) In addition to the amount calculated and payable under (a) of this section, the governor shall request from the legislature appropriation of any program receipts or federal food service reimbursements or other federal aid, other than aid under P.L. 81-874 (20 U.S.C. 236 - 244), as amended, received on behalf of the school, and other amounts necessary for the expenses of operating the state boarding school, including

(1) domiciliary services, including room, board, custodial services, and other reasonable expenses related to the operation and maintenance of dormitory and other residential facilities for students;

(2) student transportation services, to include one round trip for each student between the student's place of residence and the site of the state boarding school during each school year; and

(3) maintenance and operation of the school's physical plant.

(c) Money received by the state boarding school for purposes described in (a) of this section may be used for the purposes described in (b) of this section, and money received for the purposes described in (b) may be used for the purposes described in (a).

Sec. 14.17.025. Local contributions.

(a) Local contributions to a city or borough school district shall include at least the lesser of

(1) the equivalent of a four mill tax levy on the full and true value of the taxable real and personal property in the district as of January 1 of the second preceding fiscal year, as determined by the Department of Community and Regional Affairs under AS 14.17.140 and AS 29.45.110; or

(2) 35 percent of the district's basic need for the preceding fiscal year, as determined under AS 14.17.021(b).

Sec. 14.17.025. Local contributions. continued

(b) In addition to the local contributions required under (a) of this section, local contributions to a city or borough school district in a fiscal year may include no more than the greater of

(1) the equivalent of a two mill tax levy on the full and true value of the taxable real and personal property in the district as of January 1 of the second preceding fiscal year, as determined by the Department of Community and Regional Affairs under AS 14.17.140 and AS 29.45.110; or

(2) 23 percent of the district's basic need for the fiscal year under AS 14.17.021(b), as adjusted under AS 14.17.225(b).

(c) The department may by regulation reduce the maximum local contribution specified in (b) of this section if necessary to keep revenue or expenditure disparities among school districts in the state in compliance with federal equalization requirements under sec. 5(d) - (2) of P.L. 81-874 (20 U.S.C. 240(d)(2)), as amended, and regulations adopted under it.

(d) Local contributions are not required in a regional educational attendance area. Interest earnings and other local revenue in a regional educational attendance area are not considered local revenue for current operating expenditures, and are subject to regulation and disposition by the department.

(e) A state foundation aid payment may not be made to a city or borough school district in which the requirements of (a) of this section have not been met.

(f) For the first three fiscal years in which a newly formed city or borough school district operates schools, local contributions may be less than the amount that would otherwise be required under (a) of this section, except that

(1) local contributions in the second fiscal year of operations must be at least the greater of

(A) the local contributions, excluding federal impact aid, for the previous fiscal year; or

(B) the sum of 10 percent of the district's eligible federal impact aid for that year and the equivalent of a two mill tax levy on the full and true value of the taxable real and personal property in the newly formed city or borough school district as of January 1 of the second preceding fiscal year, as determined by the Department of Community and Regional Affairs under AS 14.17.140 and AS 29.45.110; and

(2) in the third year of operation, local contributions must be at least the greater of

(A) the local contributions, excluding federal impact aid, for the previous fiscal year; or

(B) the sum of 10 percent of the district's eligible federal impact aid for that year and the equivalent of a three mill tax levy on the full and true value of the taxable real and personal property in the district as of January 1 of the

Sec. 14.17.025. Local contributions. continued

second preceding fiscal year, as determined by the Department of Community and Regional Affairs under AS 14.17.140 and AS 29.45.110.

(g) A school district is eligible for additional state aid in the amount by which the local contributions that would otherwise have been required under (a) of this section exceed the district's actual local contributions under (f) of this section.

(h) In this section "newly formed district" means those formed after July 1, 1988.

Sec. 14.17.026. Supplementary state aid for regional educational attendance areas.

Beginning July 1, 1995, in addition to the state foundation aid for which a regional educational attendance area may qualify under AS 14.17.021(b), a regional educational attendance area may qualify for supplementary state aid. The amount of supplementary state aid for which a regional educational attendance area may qualify in a fiscal year is calculated by multiplying the area cost differential of the regional educational attendance area under AS 14.17.051 by the number of instructional units in the regional educational attendance area determined under AS 14.17.031 and then multiplying that product by a unit allotment of \$500.

Sec. 14.17.031. Allowable instructional units.

(a) The department shall adopt regulations defining funding communities within each district that reflect geographic and attendance area factors. For the purpose of determining instructional units, students are counted in the district and the funding community from which they receive educational services. The total number of instructional units in a school district is the sum of the following units for each funding community within the district, as determined by the department:

(1) the number of units for elementary and secondary students determined under AS 14.17.041(a) or (b);

(2) the number of units for vocational education determined under AS 14.17.043;

(3) the number of units for special education determined under AS 14.17.045; and

(4) the number of units for bilingual education determined under AS 14.17.047.

(b) If the total elementary and secondary instructional units that a school district is eligible to receive under (a) of this section decrease by 10 percent or more from one fiscal year to the next, the school district may use the last fiscal year before the reduction as a base fiscal year and offset its reduction according to the following schedule: (1) for the first fiscal year after

Sec. 14.17.031. Allowable instructional units. continued

the base fiscal year, the school district is eligible to receive the total elementary and secondary instructional units determined under (a)(1) of this section plus 75 percent of the difference in total elementary and secondary instructional units between the base fiscal year and the first fiscal year after the base fiscal year; (2) for the second fiscal year after the base fiscal year, the school district is eligible to receive the total elementary and secondary instructional units determined under (a)(1) of this section plus 50 percent of the difference in total elementary and secondary instructional units between the base fiscal year and the second fiscal year after the base fiscal year; (3) for the third fiscal year after the base fiscal year, the school district is eligible to receive the total elementary and secondary instructional units determined under (a)(1) of this section plus 25 percent of the difference in total elementary and secondary instructional units between the base fiscal year and the third fiscal year after the base fiscal year. The schedule established in this subsection is available to a school district for the three fiscal years following the base fiscal year only if the total elementary and secondary instructional units received by the school district under (a)(1) of this section for each fiscal year are less than the total elementary and secondary instructional units received by the school district in the base fiscal year. This subsection does not apply to a decrease in total elementary and secondary instructional units resulting from a loss of enrollment that occurs as a result of a boundary change under AS 29.

Sec. 14.17.041. Elementary and secondary instructional units.

(a) For funding communities that have an average daily membership of less than 200 in grades K-6 or less than 200 in grades 7-12, combined elementary and secondary instructional units are determined under the following table:

ADM	No. Instructional Units
1 - 10	2
11 - 20	$2 + ((ADM-10)/5)$
21 - 60	$4 + ((ADM-20)/8)$
61 - 120	$9 + ((ADM-60)/12)$
121 - 525	$14 + ((ADM-120)/15)$

(b) For funding communities that are not included under (a) of this section,

(1) instructional units for elementary students are determined by the formula:

Sec. 14.17.041. Elementary and secondary instructional units. continued

units = $15 + ((ADM-200)/17)$, where ADM is the number of students in average daily membership in grades kindergarten through 6;

(2) instructional units for secondary students are determined by the formula:

units = $18 + ((ADM-200)/13)$, where ADM is the number of students in average daily membership in grades 7 through 12.

(c) Kindergarten students who attend school less than four hours a day are counted as 0.5 ADM under (a) and (b) of this section.

(d) District correspondence or other students who do not regularly attend school on a daily basis are counted in the appropriate grade level of the funding community with the highest ADM in the district.

Sec. 14.17.043. Vocational education instructional units.

Vocational education instructional units for vocational education courses approved by the department are calculated as the sum, for all of those courses in the funding community, of the products obtained by multiplying 0.05 by the ADM full-time equivalent of the course, and then by the cost weighting factor for the course determined under department regulations. A funding community in which a vocational education course approved by the department is operated receives a minimum of 0.10 instructional units for vocational education, or each district in which a vocational education course is operated receives a minimum of 1.00 instruction units, whichever is greater.

Sec. 14.17.045. Special education instructional units.

(a) An exceptional child, as defined in AS 14.30.350, who is enrolled in a special education program, approved by the department, on the last day of the counting period for which a determination is being made, generates 0.025 instructional units if the child receives gifted services, 0.056 instructional units if the child receives resource services, 0.1 instructional units if the child receives self-contained services, or 0.333 instructional units if the child receives intensive or hospital/homebound services, as those categories of service are defined by the department by regulation, in the funding community in which the child is served. A child may be counted in one special education category only.

(b) Notwithstanding (a) of this section, in a district that offers a special education program each funding community receives a minimum of 0.25 instructional units for special education for each funding community in which a child is served or the district receives a minimum of 1.00 instructional units for special education, whichever is greater.

Sec. 14.17.045. Special education instructional units. continued

(c) Notwithstanding (a) of this section, the commissioner may distribute foundation aid money allocated under this section to a district to fund a special education pilot project in the state if

(1) the project is designed to demonstrate appropriate alternative methods to meet the educational needs of

(A) students who would otherwise receive resource, self-contained, or intensive services and generate funding at those levels; or

(B) students who in the district's opinion are likely to be referred for special education services;

(2) the amount to be annually distributed to a district for implementation of a pilot project is

(A) in place of the instructional units that the district could have claimed under (a) of this section for the provision of resource and self-contained services; and

(B) equal to the amount that the district would have received under (a) of this section if it had counted the same percentage of its students for resource and self-contained services as it counted on the last day of the most recent counting period before the pilot project was approved;

(3) the pilot project does not exceed three years;

(4) the total number of pilot projects approved under this section does not exceed eight in the state at any one time;

(5) the project complies with the requirements of federal law, including 20 U.S.C. 1400 - 1485 (Individuals with Disabilities Education Act);

(6) the district proposing the project provides details of how students shall be educated and how student achievement shall be measured; and

(7) the commissioner finds that the project is in the best interests of the students and the state.

(d) Special education for children requiring intensive services shall be funded under (a) of this section. Nothing in this subsection prevents a district from providing intensive services in an innovative manner and in the least restrictive environment.

Sec. 14.17.047. Bilingual education instructional units.

A student for whom an appropriate bilingual program must be provided under regulations adopted by the department, and who is enrolled in a bilingual program, approved by the department, as of the last day of the counting period for which a determination is being made, generates, in the funding community in which the student is served, the number of bilingual education instructional units that is the product obtained by multiplying 0.042 by the student's language dominance category weight under department regulations. A funding community in which a bilingual program approved by the department is operated receives a minimum of 0.10 instructional units

Sec. 14.17.047. Bilingual education instructional units. continued

for bilingual education, or a district in which a bilingual program is operated receives a minimum of 1.00 instructional units, whichever is greater.

Sec. 14.17.051. Area cost differential.

The area cost differential for a school district is as follows:

School District	Area Cost Differential
Adak	1.27
Alaska Gateway	1.19
Aleutian Region	1.31
Anchorage	1.00
Annette Island	1.03
Bering Strait	1.39
Bristol Bay	1.27
Chatham	1.03
Chugach	1.14
Copper River	1.14
Cordova	1.11
Craig	1.03
Deltareely	1.16
Dillingham	1.27
Fairbanks	1.04
Galena	1.30
Haines	1.05
Hoonah	1.08
Hydaburg	1.03
Iditarod	1.33
Juneau	1.00
Kake	1.03
Kashunamiut	1.33
Kenai	1.00
Ketchikan	1.00
King Cove	1.27
Klawock	1.03
Kodiak	1.09
Kuspuk	1.33
Lake & Peninsula	1.31
Lower Kuskokwim	1.42
Lower Yukon	1.35
Matanuska-Susitna	1.00
Nenana	1.20
Nome	1.34
North Slope	1.45

Sec. 14.17.051. Area cost differential. continued

Northwest Arctic	1.45
Pelican	1.08
Petersburg	1.00
Pribilof	1.30
Railbelt	1.23
Sand Point	1.27
Sitka	1.00
Skagway	1.05
Southeast Island	1.04
Southwest Region	1.31
St. Mary's	1.30
Tanana	1.30
Unalaska	1.27
Valdez	1.11
Wrangell	1.00
Yakutat	1.08
Yukon Flats	1.46
Yukon-Koyukuk	1.34
Yupiit	1.41

Sec. 14.17.056. Instructional unit value.

The instructional unit value is \$61,000.

Sec. 14.17.080. Student count estimates.

Each district shall prepare and submit to the department, by October 15 of each fiscal year, in the manner and on forms prescribed by the department, an estimate of its average daily membership and other student count data for the succeeding fiscal year, upon which computations can be made of the amount of estimated state foundation aid for which the district will be eligible under AS 14.17.021 in that fiscal year. In making this estimate, the district shall consider its average daily membership, other student count data, the pattern of growth or decline in preceding years, and other pertinent information available to the district. The preliminary reports required by this section are the basis for estimating the need for state foundation aid for the next fiscal year.

Sec. 14.17.082. Fund balance in school operating fund.

(a) A district may not accumulate in a fiscal year an unreserved portion of its year-end fund balance in its school operating fund, as defined by department regulations, that is greater than 10 percent of its expenditures for that fiscal year.

Sec. 14.17.082. Fund balance in school operating fund. continued

(b) The department shall review the annual audit of each district for the preceding fiscal year to ascertain its year-end operating fund balance. The amount by which the unreserved portion of that balance exceeds the amount permitted in (a) of this section shall be deducted from the state foundation aid that would otherwise be paid to the district in the current fiscal year.

Sec. 14.17.140. Determination of full and true value by Department of Community and Regional Affairs.

(a) To determine the amount of local effort under AS 14.17.025 and to aid the department and the legislature in planning, the Department of Community and Regional Affairs, in consultation with the assessor for each district, shall determine the full value of the taxable real and personal property in each city or borough district. If there is no local assessor or current local assessment for a district, then the Department of Community and Regional Affairs shall make the determination of full value from information available. In making the determination, the Department of Community and Regional Affairs shall be guided by AS 29.45.110. The determination of full value shall be made by October 1 and sent by certified mail, return receipt requested, on or before that date to the president of the school board in each district. Duplicate copies shall be sent to the commissioner. The governing body of a borough or city that is a school district may obtain judicial review of the determination. The superior court may modify the determination of the Department of Community and Regional Affairs only upon a finding of abuse of discretion or upon a finding that there is no substantial evidence to support the determination.

(b) Motor vehicles subject to the motor vehicle registration tax under AS 28.10.431 shall be treated as taxable property under this section.

Sec. 14.17.160. Student counting periods.

(a) Within two weeks after the end of the 20-school-day period ending the fourth Friday in October, each district shall transmit a report to the department that, under regulations adopted by the department, reports its average daily membership for that counting period, and other student count information that will aid the department in making a determination of its state foundation aid. If it makes the district eligible for more state foundation aid, a district may transmit, within two weeks after the 20-school-day period ending the second Friday in February, a similar report for that counting period. For centralized correspondence study, the October report shall be based on the period from July 1 through the fourth Friday in October, except that summer school students shall be counted as a proportionate fraction as determined by the department. The department may make necessary corrections in the report submitted, and shall notify the district of changes

Sec. 14.17.160. Student counting periods. continued

made. The commissioner shall notify the governor of additional appropriations the commissioner estimates to be necessary to fully fund the public school foundation program for the current fiscal year.

(b) Upon written request and for good cause shown, the commissioner may permit a district to use a 20-school-day counting period other than the periods set out in (a) of this section. However, the counting period must be 20 consecutive school days.

Sec. 14.17.170. Distribution of state foundation aid.

(a) The department shall determine the state foundation aid for each school district in a fiscal year on the basis of the district's data reported under AS 14.17.160 for the counting period that makes the district eligible for the greatest number of instructional units. On or before the 15th day of each of the first nine months of each fiscal year, 1/12 of each district's state foundation aid shall be distributed on the basis of the data reported for the preceding fiscal year. On or before the 15th day of each of the last three months of each fiscal year, one-third of the balance of each district's state foundation aid shall be distributed, after the balance has been recomputed on the basis of student count and other data reported for the current fiscal year.

(b) If a district receives more state aid money than it is entitled to receive under this chapter, it shall immediately remit the amount of overpayment to the commissioner, to be returned to the public school foundation account. Upon an adequate showing of a cash flow shortfall, and in the discretion of the commissioner, the department may make advance payments to a school district. The total of advance payments may not exceed the amount of state foundation aid for which the district is eligible for the fiscal year.

Sec. 14.17.190. Restrictions governing receipt and expenditure of money from public school foundation account.

(a) The public school foundation money distributed to a district during a year shall be received, held, and expended by the district subject to the provisions of law and regulations adopted by the department.

(b) Each district shall maintain complete financial records of the receipt and disbursement of public school foundation money, money acquired from local effort, and other money received by the district. The records must be in the form required by the department and are subject to audit by the department at any time.

Sec. 14.17.200. Regulations.

The department shall adopt regulations to implement this chapter.

Sec. 14.17.210. State aid to newly established district schools.

(a) A regional educational attendance area school that becomes a city or borough district school is considered a regional educational attendance area school for purposes of financial support until the expiration of a complete fiscal year after the date on which the school becomes a city or borough district school. This subsection does not prevent a local government from spending money to contribute to the financial support of a regional educational attendance area school that becomes a city or borough district school.

(b) For each subsequent fiscal year, the state shall disburse to the city or borough school district only the money to which the district is entitled under the public school foundation program.

Sec. 14.17.220. Purpose.

It is the intention of the legislature, in enacting this public school foundation program, to assure an equitable level of educational opportunities for those in attendance in the public schools of the state. Except for the limitations of AS 14.17.025, this chapter may not be interpreted as preventing a public school district from providing educational services and facilities beyond those assured by the foundation program.

Sec. 14.17.225. Construction and implementation of chapter; pro rata reductions.

(a) This chapter does not create a debt of the state. Each district shall establish, maintain, and operate under a balanced budget. The state is not responsible for the debts of a school district.

(b) Money to carry out the provisions of AS 14.17.010 - 14.17.190 may be appropriated annually by the legislature into the public school foundation account. If amounts in the account are insufficient to meet the allocations authorized under AS 14.17.010 - 14.17.190 for a fiscal year, each district's basic need shall be reduced pro rata as necessary to make the funds available sufficient to meet the allocations for that fiscal year.

Sec. 14.17.250. Definitions.

In this chapter, unless the context otherwise requires

(1) "ADM full-time equivalent" means the aggregate class periods of pupil membership in specified classes for the student counting period for which a determination is being made, divided by the total number of all class periods in the student counting period;

Sec. 14.17.250. Definitions. continued

(2) "average daily membership" or "ADM" means the aggregate days of membership of pupils divided by the actual number of days in session for the counting period for which a determination is being made;

(3) "district" means any city or borough school district or regional educational attendance area;

(4) "eligible federal impact aid" for a fiscal year means the amount of federal aid received by the district as of March 1 of the fiscal year as payment for its entitlement for the application submitted during the preceding fiscal year, including advance payments, and adjustments received since March 1 of the preceding fiscal year from prior year applications, under 20 U.S.C. 237-239 (P.L. 81-874, secs. 2-4), as amended, except payments received under 20 U.S.C. 238(d)(3)(B)(ii) (P.L. 81-874, sec. 3(d)(2)(B)(ii)), to the extent the state may consider that aid as local resources under that Act and the regulations adopted under it;

(5) "fiscal year" means the year beginning July 1 and ending June 30 for which allotments and entitlements are computed or distributed;

(6) "local contributions" means appropriations to the school operating fund by the city or borough, interest earnings that a district is allowed to keep and spend on school operations, state tuition payments, the value of in-kind services performed by the city or borough, and 10 percent of the district's eligible federal impact aid;

(7) "public school foundation account" means the account created by AS 14.17.010 for use in financing education in public elementary and secondary schools;

(8) "taxable real and personal property" means all real and personal property taxable under the laws of the state.

Sec. 14.30.315. State support of programs for gifted children.

(a) To be eligible for state support under the public school foundation program, special education and related services for gifted children must be provided in a program that has been approved in advance by the department.

SENATE BILL 146: PUBLIC SCHOOL FUNDING

Analysis of Selected Sections (CSSB 146 (HES)) 0-LS0775/Q

Sec. 14.17.300 (Page 1, line 12)

A public school account is established and the account consists of appropriations to school districts, the state boarding school, and for centralized correspondence study.

Sec. 14.17.410 (Page 2, line 15)

State aid equals state support less local contribution. The formula to determine state support is as follows:

State Support = (A/ADM X Per Student \$) + Intensive Services Funding

A/ADM = ADM X (Size Factor X Area Factor X Single Site Factor) X Special Needs Factor

A/ADM = Adjusted Average Daily Membership

In AS 14.17.410 (b)(2) the required local contribution of a city or borough school district is stated as the equivalent of a three mill tax levy, not to exceed 100 percent of the district's state support for the preceding fiscal year.

In AS 14.17.410 (b)(3) the local contribution of a REAA is outlined as the employment tax collected from individuals employed in the REAA for the preceding fiscal year.

In AS 14.17.410 (c) public school funding is defined to include assessment normalization funding. Each school district who receives state support will receive additional state support based on the school district's property wealth as compared to the average statewide assessment. The amount of funding allocated depends on the district's relative wealth and the district's comparative student enrollment. The total dollars available for equalization is the product of the total statewide assessment times 3 mills.

AS 14.17.410 (a) clarifies that in the fiscal year following the fiscal year in which the employment tax is collected, a REAA is, subject to appropriation, entitled to receive money collected as an employment tax.

Sec. 14.17.420 (Page 4, line 7)

Every school district is eligible for a special needs factor of 1.20 plus an additional \$22,500 for each special education student who needs and receives intensive services.

Each school district must have on file with the Department of Education a plan that indicates the special education, gifted and talented education, vocational education, and bilingual education services that will be provided to students.

Sec. 14.17.430 (Page 4, line 26)

State funding for the state centralized correspondence study program or a district program that offers a statewide correspondence study program will be 65% of the base student allocation.

Sec. 14.17.440 (Page 5, line 8)

City and borough school districts may contribute in excess of the required local contribution.

Sec. 14.17.450 (Page 5, line 14)

The Department of Education shall adopt regulations defining funding communities. The regulations may not allow for funding communities smaller than 10 students.

Sec. 14.17.460 (Page 5, line 18)

The ADM of each funding community in a school district is multiplied by a funding community size factor as set out in this section. For a single-site school district, the district's ADM will be multiplied by the appropriate factor listed in AS 14.17.460(b).

Sec. 14.17.470 (Page 6, line 6)

The area cost factor for each individual funding community is listed in this section.

Sec. 14.17.475 (Page 15, line 2)

The base student allocation will be \$4,020 in 2002.

The Department of Education shall submit to the legislature each year by January 15 a proposed base student allocation that considers the cost-of living

Sec. 14.17.475 continued
changes as measured by the Anchorage Consumer Price Index for all urban consumers.

Sec. 14.17.500 (Page 15, line 9)
This section, entitled *Student count estimate*, was previously enacted as AS 14.17.080.

Sec. 14.17.505 (Page 15, line 20)
This section, entitled *Fund balance in school operating fund*, was previously enacted as AS 14.17.082.

Sec. 14.17.510 (Page 15, line 29)
This section, entitled *Determination of full and true value by Department of Community and Regional Affairs*, was previously enacted as AS 14.17.140.

Sec. 14.17.600 (Page 16, line 19)
This section, entitled *Student counting periods*, was previously enacted as AS 14.17.160.

Sec. 14.17.610 (Page 17, line 10)
This section, entitled *Distribution of public school funding*, was previously enacted as AS 14.17.170.

Sec. 14.17.900 (Page 17, line 29)
This section, entitled *Construction and implementation of chapter*, was previously enacted as AS 14.17.225.

Sec. 14.17.910 (Page 18, line 7)
This section, entitled *Restrictions governing receipts and expenditure of district money*, was previously enacted as AS 14.17.190.

Sec. 14.17.990 (Page 18, line 20)
This section, entitled *Definitions*, was previously enacted as AS 14.17.250.

Sec. 5 – Sec. 14 (Page 19, line 14 – Page 21, line 21)
The changes made in these sections are technical in nature.

Sec. 15 (Page 21, line 22)
The Special Education Service Agency shall receive \$470 for each special education student included in the federal count of special education students, excluding students reported as learning disabled and speech impaired.

Sec. 16 – Sec. 20 (Page 22, line 3 – Page 24, line 13)

The changes made in these sections are technical in nature.

Sec. 21 (Page 24, line 14)

A 3 percent employment tax is levied upon each individual who receives compensation for services performed in the unorganized borough outside of a home rule or first class city. An individual's self-employment earnings from business activities conducted in an unorganized borough will also be subject to the employment tax.

The employment tax shall be withheld each pay period and shall be remitted quarterly by the employer to the Department of Labor. The Department of Labor shall provide to the Department of Revenue information that relates to the employment tax. The money collected by the Department of Revenue shall be separately accounted for by REAA. The legislature may appropriate the balance of this account to the public school account.

Sec. 23 (Page 28, line 24)

The statutes repealed by this legislation are listed in this section. The text of the repealed statutes is attached to this document.

Sec. 24 (Page 28, line 28)

Sec. 14.17.460, funding community size factor table, and Sec. 14.17.470, area cost factor table, are repealed July 1, 2000.

Sec. 25 (Page 28, line 29)

If a school district receives less public school funding under the new plan, the district is eligible for transition funding according to the following table:

<u>FISCAL YEAR BEGINNING</u>	<u>PERCENTAGE OF STATE AID</u>
July 1, 1998	100%
July 1, 1999	98%
July 1, 2000	95%
July 1, 2001	90%

In order to be eligible for transition funding, a city and borough must contribute at least the mill equivalent as follows:

Beginning July 1, 1998 – 4 mill equivalent
Beginning July 1, 1999 – 5 mill equivalent
Beginning July 1, 2000 – 6 mill equivalent
Beginning July 1, 2001 – 7 mill equivalent

Sec. 27 (Page 30, line 4)

The base student allocation during the transition phase is as follows:

<u>FISCAL YEAR BEGINNING</u>	<u>BASE STUDENT ALLOCATION</u>
July 1, 1998	\$3,800
July 1, 1999	\$3,905
July 1, 2000	\$3,945
July 1, 2001	\$3,975

Sec. 28 (Page 30, line 11)

In determining state support the students in a funding community smaller than 10 ADM on the effective date of SB 146 will be included in the largest funding community in the school district.

Sec. 29 (Page 30, line 16)

A Senate and House HESS joint committee shall be formed for the purpose of conducting a study of size and area cost factors. The study must be completed by December 31, 1999. The study will offer recommendations for funding, community size and area cost factors, school size, school location, and school curriculum, but may not include recommendations on the manner in which a school is governed.

Sec. 30 (Page 30, line 31)

The employment tax enacted by Sec. 21 applies to income received on or after January 1, 1999.

Sec 32 (Page 31, line 7)

The required local contribution from an REAA provision takes effect January 1, 1999.