

ALASKA LEGISLATURE

HOUSE and SENATE FINANCE COMMITTEE FILES, 1999 - 2000

- 1 (23) register corporations;
- 2 (24) collect corporation franchise taxes;
- 3 (25) enforce state laws regulating public utilities and other public
4 service enterprises, banking and securities, insurance, and other businesses and
5 enterprises touched with a public interest;
- 6 (26) make veterans' loans;
- 7 (27) furnish the budgeting, clerical, and administrative services for
8 regulatory agencies and professional and occupational licensing boards not otherwise
9 provided for;
- 10 (28) conduct studies, enter into contracts and agreements, and make
11 surveys relating to the economic development of the state and, when appropriate,
12 assemble, analyze, and disseminate the findings obtained;
- 13 (29) provide factual information and technical assistance for potential
14 industrial and commercial investors;
- 15 (30) receive gifts, grants, and other aid that facilitate the powers and
16 duties of the department from agencies and instrumentalities of the United States or
17 other public or private sources;
- 18 (31) establish and activate programs to achieve balanced economic
19 development in the state and advise the governor on economic development policy
20 matters;
- 21 (32) formulate a continuing program for basic economic development
22 and for the necessary promotion, planning and research that will advance the economic
23 development of the state;
- 24 (33) cooperate with private, governmental, and other public institutions
25 and agencies in the execution of economic development programs;
- 26 (34) review the programs and annual reports of other departments and
27 agencies as they are related to economic development and prepare an annual report on
28 the economic growth of the state;
- 29 (35) administer the economic development programs of the state;
- 30 (36) perform all other duties and powers necessary or proper in relation
31 to economic development and planning for the state;

1 (37) request tourism-related businesses in the state to provide data
2 regarding occupancy levels, traffic flow and gross receipts and to participate in visitor
3 surveys conducted by the department; data collected under this paragraph that discloses
4 the particulars of an individual business is not a matter of public record and shall be
5 kept confidential; however, this restriction does not prevent the department from using
6 the data to formulate tourism economic impact information including expenditure
7 patterns, tax receipts and fees, employment and income attributable to tourism, and
8 other information considered relevant to the planning, evaluation and policy direction
9 of tourism in the state;

10 (38) provide administrative and budgetary services to the real estate
11 commission under AS 08.88 as requested by the commission;

12 (39) sell at cost, to the extent possible, publications and promotional
13 materials developed by the department;

14 (40) as delegated by the governor, administer under 16 U.S.C. 1856 the
15 internal waters foreign processing permit procedures and collect related fees;

16 (41) administer state laws relating to the issuance of business licenses;

17 (42) comply with AS 15.07.055 to serve as a voter registration agency
18 to the extent required by state and federal law, including 42 U.S.C. 1973gg (National
19 Voter Registration Act of 1993);

20 (43) foster the growth of international trade within the state and
21 administer Alaska foreign offices;

22 (44) carry out other functions and duties, consistent with law, necessary
23 or appropriate to accomplish the purpose of this chapter.

24 * Sec. 83. AS 44.33 is amended by adding new sections to article 1 to read:

25 **Sec. 44.33.112. Fees for publications, research data, and other services.**

26 The commissioner may establish by regulation and the department may charge
27 reasonable fees for department publications, research data, and other centralized
28 administrative services to cover the cost of reproduction, printing, mailing, distribution,
29 and other centralized administrative services.

30 **Sec. 44.33.115. Exxon Valdez oil spill unincorporated rural community**
31 **grant fund.** There is created in the department the Exxon Valdez oil spill

1 unincorporated rural community grant fund. The fund consists of money appropriated
2 to the fund from the Exxon Valdez oil spill restoration fund, the Alyeska settlement
3 fund, and other sources. Appropriations to the fund do not lapse unless otherwise
4 provided by the legislature in the bill making the appropriation to the fund. The
5 department may use the fund to make grants to unincorporated rural communities in
6 the area affected by the Exxon Valdez oil spill for capital projects for purposes of
7 restoring, replacing, or enhancing subsistence resources or services or other services
8 damaged or lost as the result of the Exxon Valdez oil spill. In this section,

9 (1) "Alyeska settlement fund" means the trust fund established in the
10 state treasury for the purpose of receiving, holding, and disbursing the settlement
11 proceeds received by the state under the Agreement and Consent Decree in re: The
12 Exxon Valdez, United States District Court, District of Alaska, Case No. A92-175
13 Civil, decree entered November 25, 1992;

14 (2) "Exxon Valdez oil spill restoration fund" means the fund established
15 by the Department of Revenue to implement the judgment entered by the United States
16 District Court for Alaska in the criminal case United States of America v. Exxon
17 Shipping Company and Exxon Corporation, No. A90-015 CR.

18 **Sec. 44.33.118. Definitions.** In AS 44.33.010 - 44.33.118,

19 (1) "commissioner" means the commissioner of community and
20 economic development;

21 (2) "department" means the Department of Community and Economic
22 Development.

23 * **Sec. 84.** AS 44.33.120(b) is amended to read:

24 (b) The Department of Community and Economic Development [ALASKA
25 DIVISION OF TOURISM] shall

26 (1) cooperate with the tourism marketing council and organizations in
27 the private sector for the promotion and development of tourism and conventions into
28 and within the state;

29 (2) coordinate with municipal, state, and federal agencies for the
30 development and promotion of tourism resources and conventions in the state;

31 (3) review and approve the procurement documents and procedures of

1 the tourism marketing council to ensure compliance with applicable laws and
2 regulations;

3 (4) promote and develop the state's tourist and convention industry by
4 any of the following:

5 (A) publicizing state attractions through such means as display
6 advertising in magazines and newspapers, advertising on radio and television
7 or other advertising media, publishing pamphlets, brochures and other graphic
8 and pictorial materials, or [BY] aiding and assisting representatives of the
9 media, to ensure greater coverage of the visitor attractions in the state;

10 (B) participation in travel shows;

11 (C) increasing the awareness of the citizens of the state at the
12 statewide, regional, and community level of the economic importance of the
13 visitor industry;

14 (D) assisting potential investors in creating new visitor facilities;

15 (E) administering programs of the state in which the state
16 provides matching funds for municipalities of the state or nonprofit
17 organizations that undertake the promotion of visitor travel to and the
18 development of visitor amenities in the state;

19 (F) administering visitor information centers;

20 (G) conducting research to evaluate the effectiveness of the
21 tourism marketing council's marketing programs;

22 (H) analyzing the effect on the state's visitor industry of state
23 land and resource development projects;

24 (I) organizing, administering, and evaluating demonstration
25 projects for the promotion of the state's visitor industry and the development
26 of new tourism destination markets; and

27 (J) administering grants under AS 44.33.135.

28 * Sec. 85. AS 44.33.135(a) is amended to read:

29 (a) A municipality, a nonprofit corporation formed under AS 10.20, or a bona
30 fide nonprofit civic, fraternal, or service organization may receive, as a grant, matching
31 money from the state for up to 50 percent of the costs of a program or project that the

1 commissioner of community and economic development [DIRECTOR OF
2 TOURISM] determines is consistent with the purposes of AS 44.33.119 and is likely
3 to promote or develop visitor travel, including

4 (1) the promotion of conventions;

5 (2) the construction, improvement, or operation of visitor destination
6 facilities and tourist attractions; and

7 (3) the development and preservation of attractions of historical,
8 contemporary, recreational, or cultural interest.

9 * Sec. 86. AS 44.33.705(a) is amended to read:

10 (a) Unless the commissioner contracts with a qualified trade association under
11 (b) of this section, the governing body of the council is a board of directors consisting
12 of [THE DIRECTOR OF TOURISM,] the commissioner of community
13 [COMMERCE] and economic development [,] and the commissioners
14 [COMMISSIONER] of two other [ANOTHER] principal executive departments
15 [DEPARTMENT] designated by the governor.

16 * Sec. 87. AS 44.33.705(c) is amended to read:

17 (c) If the commissioner contracts with a qualified trade association under (b)
18 of this section, the governing body of the council is a board of directors consisting of
19 21 members and subject to the following provisions:

20 (1) a board member shall

21 (A) be involved in a visitor or recreation industry business;

22 (B) have training in a field such as marketing;

23 (C) be an officer or a senior staff member of a local
24 government or nonprofit enterprise established to promote the visitor industry;
25 or

26 (D) have business or government experience that would
27 materially enhance the member's ability to contribute to the planning,
28 execution, or evaluation of a visitor industry promotional marketing campaign;

29 (2) the contract shall provide that the trade association may select up
30 to 10 board members; the governor may remove a member of the board selected under
31 this paragraph on the delivery by the governor to the board of a written statement

1 explaining the reasons for the removal;

2 (3) the commissioner of community and economic development
3 [DIRECTOR OF TOURISM] is a member of the board; the governor shall appoint 10
4 other board members; each board member appointed by the governor serves at the
5 pleasure of the governor; in making appointments to the board under this paragraph,
6 the governor shall ensure that the board, including members selected under (2) of this
7 subsection, is broadly representative of the different regions of the state and the
8 various sectors of the visitor industry;

9 (4) eleven members of the board constitute a quorum for the transaction
10 of business and the exercise of the powers and duties of the board, and any action by
11 the board requires 11 affirmative votes;

12 (5) the governor shall appoint a member of the board to serve as
13 presiding officer of the board; the board shall elect other necessary officers from
14 among its members annually;

15 (6) a board member may not participate or vote by proxy;

16 (7) the board shall meet at least four times a year at the call of the
17 presiding officer or upon the written request of seven members of the board;

18 (8) the members of the board appointed by the governor serve
19 staggered three-year terms, subject to continuation of the contract, and may be
20 reappointed;

21 (9) a person appointed to fill a vacancy on the board holds office for
22 the balance of the term of the person's predecessor;

23 (10) board members receive no salary for serving in that position, but
24 are entitled to per diem and travel expenses under AS 39.20.180, except as provided
25 in AS 44.33.733; the contract must provide that the trade association will reimburse
26 the council for per diem and travel expenses paid to those board members appointed
27 by the trade association; reimbursement under this paragraph does not qualify as a part
28 of the association's required contribution under (b) of this section;

29 (11) notwithstanding AS 39.52, a board member who is a member of
30 the qualified trade association that has contracted with the department under (b) of this
31 section may vote or take action on a matter that might benefit the trade association or

1 members of the trade association, including the issuance of contracts or the granting
2 of rights to the trade association, but shall disclose the person's membership in the
3 trade association before the vote or action; this paragraph may not be interpreted to
4 allow a board member or an immediate family member of a board member to receive,
5 apply for, be a party to, have a personal or financial interest in, or attempt to acquire
6 a grant or contract made by the council; in this paragraph, "immediate family member"
7 has the meaning given in AS 39.52.960.

8 * Sec. 88. AS 44.33.720(a) is amended to read:

9 (a) The council shall

10 (1) conduct a tourism marketing program designed to accomplish the
11 purposes of AS 44.33.700 - 44.33.735; the marketing program must include promotion
12 of the state as a destination and promotion of all forms of travel to the state, including
13 travel by air, highway, and water;

14 (2) prepare and implement plans for the promotion of Alaska tourism,
15 including necessary research;

16 (3) submit an annual report to the governor describing the activities of
17 the council and notify the legislature that the report is available;

18 (4) make available to all interested persons, including tourism
19 businesses, a quarterly report of the council's actions and activities;

20 (5) annually submit a proposed operating budget to the commissioner,
21 to be used by the Department of Community [COMMERCE] and Economic
22 Development to prepare and submit the operating budget of the council under
23 AS 44.33.725;

24 (6) provide advice, on the request of the commissioner of community
25 and economic development [DIRECTOR OF TOURISM], on the programs of the
26 Department of Community and Economic Development that relate to tourism
27 [DIVISION];

28 (7) prepare a report by the 10th day of each regular session of the
29 legislature, describing how the contractual money was spent in the first half of the year
30 and explaining the plan for expenditures during the second half of the year; the council
31 shall notify the legislature that the report is available;

1 (8) consider methods to fund tourism marketing using both public and
2 private assets; and

3 (9) consider methods of providing for the financial self-sufficiency of
4 the council.

5 * **Sec. 89.** AS 44.33 is amended by adding new sections to read:

6 **Article 7A. Rural Development.**

7 **Sec. 44.33.740. Powers and duties.** To promote development of rural areas
8 of the state, the department is authorized to

9 (1) investigate social and economic conditions of rural areas to
10 determine the need to expand economic opportunities and improve living conditions;

11 (2) formulate a coordinated program to broaden and diversify the
12 economic base of rural areas;

13 (3) coordinate administration of emergency relief, surplus food
14 distribution, or other public assistance programs, except the regular relief and
15 assistance programs of the federal government in rural areas;

16 (4) formulate and conduct a program of construction of basic facilities
17 to improve health, welfare, and economic security and provide employment and
18 income in the rural areas;

19 (5) promote training and educational programs designed to expand
20 employment opportunities for residents of rural areas;

21 (6) enter into agreements with other state agencies and departments to
22 provide for the distribution in rural communities of surplus electrical power from state-
23 owned power sources located in those communities and to expend funds for this
24 purpose;

25 (7) make grants to communities for bulk fuel storage facilities;

26 (8) cooperate with the Department of Environmental Conservation and
27 other agencies to provide technical assistance to communities in the installation,
28 operation, and management of bulk fuel storage facilities.

29 **Sec. 44.33.745. Limitations.** A program of the department under
30 AS 44.33.740 in a rural area may not exceed \$100,000 in cost a year.

31 **Sec. 44.33.750. Bulk fuel storage facilities grant fund.** (a) There is

1 established in the department the bulk fuel storage facilities grant fund. Grants may
2 be made by the department from this fund to a community to acquire and install
3 community bulk storage facilities.

4 (b) Grants made under this section for the acquisition and installation of a bulk
5 fuel storage facility may not exceed \$100,000 per community.

6 (c) If the governing body of two or more communities determine that their fuel
7 requirements may be served by a single bulk fuel storage facility, the communities
8 may jointly apply for grants to acquire and install a single bulk fuel storage facility.
9 When communities apply jointly under this subsection, the limitation in (b) of this
10 section is multiplied by the number of communities that submit the joint application.

11 (d) Before a grant is made under this section, the city council or, if the
12 community is not incorporated, a reasonable representative body in the community
13 shall agree in writing to maintain and operate the bulk storage facility to be
14 constructed with the proceeds of the grant.

15 **Sec. 44.33.755. Land conveyed in trust.** (a) The commissioner

16 (1) shall accept, administer, and dispose of land conveyed to the state
17 in trust by village corporations under 43 U.S.C. 1613(c)(3) (Sec. 14(c)(3) of the Alaska
18 Native Claims Settlement Act) for the purposes specified in that section;

19 (2) may, with the concurrence of an appropriate village entity
20 recognized by the commissioner under (b) of this section or, in the absence of an
21 appropriate village entity, under procedures prescribed by regulations of the
22 commissioner, accept, administer, and dispose of land conveyed in trust by a state or
23 federal agency and by the dissolution of a municipality under AS 29.06.450 -
24 29.06.530.

25 (b) Transfer of land by sale, lease, right-of-way, easement, or permit, including
26 transfer of surface resources, may be made by the commissioner only after approval
27 of an appropriate village entity such as the traditional council, a village meeting, or a
28 village referendum. This approval shall be by resolution filed with the department.

29 (c) Within one complete state fiscal year after the incorporation of a
30 municipality in the village or of a municipality that includes all or part of the village,
31 land acquired under this section shall be conveyed without cost to the municipality,

1 and the municipality shall succeed to all the entrusted interest in the land.

2 (d) Separate accounts shall be maintained in the name of each village for the
3 land, including the revenue from the land, acquired from each village corporation
4 under this section.

5 (e) Upon the conveyance of land to a municipality under this section, the
6 commissioner shall account to the municipality for all profits including interest
7 generated from the land. The municipality may then request the governor to submit
8 a request to the legislature for an appropriation for the amount due the municipality.

9 (f) Title to or an interest in land acquired by the department under this section
10 may not be acquired by adverse possession or prescription. Notwithstanding (a) - (e)
11 of this section, on the dissolution of a municipality under AS 29.06.450 - 29.06.530,
12 unimproved land that was owned by the municipality on the date of its dissolution and
13 received by the municipality from the state under a municipal land grant entitlement
14 program is transferred to the commissioner of natural resources.

15 (g) For the purposes of this section, "municipality" includes only first and
16 second class cities incorporated under the laws of the state.

17 **Sec. 44.33.760. Loan information officers.** (a) The department may provide
18 itinerant loan information officers to serve persons who reside outside the major
19 population centers of the state.

20 (b) The loan information officers shall be trained, to the extent that the
21 department considers necessary, in a program administered by the department and
22 approved by the Alaska Housing Finance Corporation, the Alaska Industrial
23 Development and Export Authority, and the principal departments of the executive
24 branch that administer loan programs.

25 (c) A majority of the loan information officers shall be persons who are
26 conversant in Alaska Native languages that are spoken by a significant number of
27 Alaska Natives. The department shall provide brochures and other printed materials,
28 written in easily understandable English and in the Alaska Native languages that are
29 spoken by a significant number of Alaska Natives, for distribution by the loan
30 information officers. The brochures and printed materials must explain the purposes
31 of the various state loan programs, the minimum qualifications under the programs, the

1 method for obtaining assistance in the completion of applications for the programs, and
2 other information the department determines will improve the access of persons in
3 rural areas to the state's loan programs.

4 (d) The department shall coordinate its efforts under this section with local
5 financial institutions and community groups to determine the proper itinerary and travel
6 schedule of the loan information officers and to provide adequate notice to persons in
7 rural areas of the itinerary and travel schedule of the loan information officers.

8 (e) The department shall assign the loan information officers to rural areas
9 based on the current and potential future demands for loans in those areas and shall
10 establish offices for the loan information officers in rural areas if the department
11 determines it is necessary to provide familiarity with the area served by the loan
12 information officers and to reduce travel costs.

13 **Sec. 44.33.765. Rural development initiative fund.** (a) The rural
14 development initiative fund is created in the department. Unless provided otherwise
15 in the appropriation act, an appropriation to the fund is retained in the fund for use
16 under AS 44.33.765 - 44.33.775 and does not lapse at the end of a fiscal year. Each
17 year the commissioner shall request an appropriation to the fund of interest and other
18 income earned on loans or investments of the fund. Money in the fund may be
19 appropriated for costs of administering AS 44.33.765 - 44.33.775.

20 (b) The commissioner may place money from the fund into a special reserve
21 account as necessary. The commissioner may use money in the account to protect the
22 state's security interest in collateral on loans made from the fund, to protect the state's
23 interests in investments made from the fund, or to defray expenses incurred during
24 foreclosure or other legal proceedings involving loans or investments made from the
25 fund.

26 (c) The commissioner may use money from the fund to provide for loan
27 information officers under AS 44.33.760.

28 **Sec. 44.33.770. Rural development loans.** (a) The department may use
29 money from the rural development initiative fund to make a loan of up to \$100,000
30 to a person, or a loan of up to \$200,000 to two or more persons, to be used for
31 working capital, equipment, construction, or other commercial purposes by a business

1 located in a community with a population of 5,000 or less. A person who has received
2 a loan under this subsection may not be granted another loan until after the original
3 loan is entirely repaid.

4 (b) The department shall require collateral for each loan made under this
5 section and shall require that a reasonable amount of money from other nonstate
6 sources be committed for use on any project or enterprise for which money from a
7 loan will be used. The department by regulation may establish other conditions for
8 loans. The department shall by regulation establish rates of interest that are not less
9 than six percent a year and terms of repayment for loans made under this section.

10 **Sec. 44.33.775. Disposal of property acquired by default or foreclosure.**

11 The department shall dispose of property acquired through default or foreclosure of a
12 loan made from the rural development initiative fund. Disposal shall be made in a
13 manner that serves the best interests of the state, and may include the amortization of
14 payments over a period of years. The commissioner shall request an appropriation to
15 the fund of proceeds from disposal of property under this section.

16 **Sec. 44.33.780. Definitions.** In AS 44.33.740 - 44.33.780,

17 (1) "commissioner" means the commissioner of community and
18 economic development;

19 (2) "department" means the Department of Community and Economic
20 Development.

21 **Article 7B. Planning Assistance.**

22 **Sec. 44.33.781. Planning assistance for development and maintenance of**
23 **district coastal management programs.** (a) The department shall conduct a program
24 of research, training, and technical assistance to coastal resource districts necessary for
25 the development and implementation of district coastal management programs under
26 AS 46.40. The technical assistance shall include the direct granting to the coastal
27 resource districts of a portion of any funds received by the state from the federal
28 coastal zone management program, in amounts to be individually determined for each
29 coastal resource district by the commissioner of community and economic
30 development. State agencies shall assist the department in carrying out the purposes
31 of this section.

1 **Sec. 44.33.782. Planning assistance to platting authorities.** To facilitate
2 planning in municipalities that exercise planning and zoning authority, the department
3 may provide planning assistance, including but not limited to surveys, land use studies,
4 urban renewal plans, technical services, model acts that include regulations designed
5 to encourage development and use of energy systems not dependent on oil or gas, and
6 other planning work to a city, borough, or other platting authority. In an area under
7 the jurisdiction, for planning purposes, of a city, borough, or other platting authority,
8 the department may not perform the planning work except at the request or with the
9 consent of the local authority.

10 **Sec. 44.33.784. Assistance by cities and platting authorities.** A city or
11 platting authority may make funds under its control available to the department for the
12 purposes of obtaining planning work or planning assistance, or both, for its area. The
13 department may contract for, accept, and expend the funds for urban planning for the
14 local jurisdiction.

15 **Sec. 44.33.786. Land use planning and state facility procurement plan.**
16 The department shall make recommendations to the Department of Transportation and
17 Public Facilities and to appropriate program agencies concerning the effect upon the
18 comprehensive plan or other land use plans or proposals of municipalities and
19 unincorporated communities with respect to the facility procurement plan required to
20 be prepared in accordance with AS 35.10.170.

21 **Sec. 44.33.788. Other planning powers.** The department may accept and
22 expend grants from the federal government and other public or private sources, may
23 contract with reference to them, and may enter into contracts and exercise all other
24 powers necessary to carry out AS 44.33.781 - 44.33.788.

25 **Sec. 44.33.790. Definition.** In AS 44.33.782 - 44.33.790, "department" means
26 the Department of Community and Economic Development.

27 * **Sec. 90.** AS 44.33 is amended by adding new sections to read:

28 **Article 8A. Local Boundary Commission.**

29 **Sec. 44.33.810. Local Boundary Commission.** There is in the Department
30 of Community and Economic Development a Local Boundary Commission. The Local
31 Boundary Commission consists of five members appointed by the governor for

1 overlapping five-year terms. One member shall be appointed from each of the four
2 judicial districts described in AS 22.10.010 and one member shall be appointed from
3 the state at large. The member appointed from the state at large is the chair of the
4 commission.

5 **Sec. 44.33.812. Powers and duties.** (a) The Local Boundary Commission
6 shall

7 (1) make studies of local government boundary problems;

8 (2) adopt regulations providing standards and procedures for municipal
9 incorporation, annexation, detachment, merger, consolidation, reclassification, and
10 dissolution;

11 (3) consider a local government boundary change requested of it by the
12 legislature, the commissioner of community and economic development, or a political
13 subdivision of the state; and

14 (4) develop standards and procedures for the extension of services and
15 ordinances of incorporated cities into contiguous areas for limited purposes upon
16 majority approval of the voters of the contiguous area to be annexed and prepare
17 transition schedules and prorated tax mill levies as well as standards for participation
18 by voters of these contiguous areas in the affairs of the incorporated cities furnishing
19 services.

20 (b) The Local Boundary Commission may

21 (1) conduct meetings and hearings to consider local government
22 boundary changes and other matters related to local government boundary changes,
23 including extensions of services by incorporated cities into contiguous areas and
24 matters related to extension of services; and

25 (2) present to the legislature during the first 10 days of a regular
26 session proposed local government boundary changes, including gradual extension of
27 services of incorporated cities into contiguous areas upon a majority approval of the
28 voters of the contiguous area to be annexed and transition schedules providing for total
29 assimilation of the contiguous area and its full participation in the affairs of the
30 incorporated city within a period not to exceed five years.

31 **Sec. 44.33.814. Meetings and hearings.** The chair of the commission or the

1 commissioner of community and economic development with the consent of the chair
2 may call a meeting or hearing of the Local Boundary Commission. All meetings and
3 hearings shall be public.

4 **Sec. 44.33.816. Minutes and records.** The Local Boundary Commission shall
5 keep minutes of all meetings and hearings. If the proceedings are transcribed, minutes
6 shall be made from the transcription. The minutes are a public record. All votes taken
7 by the commission shall be entered in the minutes.

8 **Sec. 44.33.818. Notice of public hearings.** Public notice of a hearing of the
9 Local Boundary Commission shall be given in the area in which the hearing is to be
10 held at least 15 days before the date of the hearing. The notice of the hearing must
11 include the time, date, place, and subject of the hearing. The commissioner of
12 community and economic development shall give notice of the hearing at least three
13 times in the press, through other news media, or by posting in a public place,
14 whichever is most feasible.

15 **Sec. 44.33.820. Quorum.** Three members of the commission constitute a
16 quorum for the conduct of business at a meeting. Two members constitute a quorum
17 for the conduct of business at a hearing.

18 **Sec. 44.33.822. Boundary change.** A majority of the membership of the
19 Local Boundary Commission must vote in favor of a proposed boundary change before
20 it may be presented to the legislature.

21 **Sec. 44.33.824. Expenses.** Members of the Local Boundary Commission
22 receive no pay but are entitled to the travel expenses and per diem authorized for
23 members of boards and commissions under AS 39.20.180.

24 **Sec. 44.33.826. Hearings on boundary changes.** A local government
25 boundary change may not be proposed to the legislature unless a hearing on the change
26 has been held in or in the near vicinity of the area affected by the change.

27 **Sec. 44.33.828. When boundary change takes effect.** When a local
28 government boundary change is proposed to the legislature during the first 10 days of
29 any regular session, the change becomes effective 45 days after presentation or at the
30 end of the session, whichever is earlier, unless disapproved by a resolution concurred
31 in by a majority of the members of each house.

Article 8B. Borough Feasibility Studies.

1
2 **Sec. 44.33.840. Borough feasibility studies.** The commissioner may contract
3 for studies of the feasibility of establishing boroughs in the unorganized borough. A
4 study may be conducted under this section only if

5 (1) appropriations are available for that purpose; and

6 (2) the study is requested by a person residing in the area to be studied
7 or by a city located in the area to be studied.

8 **Sec. 44.33.842. Requests for studies.** A request for a study of the feasibility
9 of establishing a borough in the unorganized borough shall be submitted to the
10 commissioner in writing and must include

11 (1) a description of the boundaries of the area of the proposed study;

12 and

13 (2) an indication of local interest in the proposed study consisting of
14 either

15 (A) a petition requesting the study containing the signatures and
16 addresses of five percent of the voters residing in the area of the proposed
17 study based on the number of voters who voted in the area in the last statewide
18 election; or

19 (B) resolutions requesting the study adopted by the governing
20 bodies of at least five percent of the cities within the area of the proposed
21 study.

22 **Sec. 44.33.844. Boundaries.** The boundaries of an area studied shall conform
23 to the boundaries indicated in the request for the study under AS 44.33.842 unless the
24 commissioner, after a public hearing held in the area of the proposed study, determines
25 that the boundaries should be altered. In determining the boundaries of an area to be
26 studied, the commissioner shall consider

27 (1) the standards applicable to the incorporation of boroughs under
28 AS 29.05.031;

29 (2) boundaries of regional corporations established under 43 U.S.C.
30 1606;

31 (3) census divisions of the state used for the 1980 census;

1 (4) boundaries of the regional educational attendance areas established
2 under AS 14.08.031; and

3 (5) boundaries of coastal resource service areas organized under
4 AS 46.40.110 - 46.40.210.

5 **Sec. 44.33.846. Contracts.** (a) The commissioner shall contract for a study
6 of the feasibility of establishing a borough in the unorganized borough by following
7 the procedures under AS 36.30 (State Procurement Code). The commissioner shall
8 include terms in the contract that provide for

9 (1) public participation in the preparation of the study;

10 (2) completion of the study not later than June 30 of the third year after
11 the year the contract is executed.

12 (b) A study under this section must include

13 (1) a recommendation for or against incorporation of a borough
14 containing all or part of the area studied;

15 (2) an evaluation of the economic development potential of the area
16 studied;

17 (3) an evaluation of capital facility needs of the area studied;

18 (4) an evaluation of demographic, social, and environmental factors
19 affecting the area studied;

20 (5) an evaluation of the relationships among regional educational
21 attendance areas, coastal resource service areas, and other regional entities responsible
22 for providing services in the area studied;

23 (6) an evaluation of the relationships between the existing cities within
24 the area studied and regional entities responsible for providing services in the area; and

25 (7) specific recommendations for

26 (A) organization of a home rule or general law borough
27 government if one is recommended;

28 (B) changes in organization of cities in the area studied; or

29 (C) the improvement of the delivery of services to the public
30 by the state in the area studied.

31 **Sec. 44.33.849. Definition.** In AS 44.33.840 - 44.33.849, "commissioner"

1 means the commissioner of community and economic development.

2 **Article 8C. Alaska Regional Economic Assistance Program.**

3 **Sec. 44.33.895. Alaska regional economic assistance program.** (a) The
4 department shall

5 (1) encourage the formation of regional development organizations by
6 providing assistance in forming organizations to interested individuals, including
7 information on how to qualify and apply for regional development grants and federal
8 funding under 42 U.S.C. 3121 - 3246 (Public Works and Economic Development Act
9 of 1965), as amended;

10 (2) assist an interested individual in establishing boundaries for a
11 proposed organization to ensure that the region

12 (A) is of sufficient geographic size and contains a large enough
13 population to form an economically viable unit with shared interests, resources,
14 traditions, and goals;

15 (B) contains at least one municipality that serves as a regional
16 center; and

17 (C) contains the entire area of each municipality included in the
18 region;

19 (3) gather information about regional economic issues, international
20 trade, and tourism from organizations;

21 (4) serve as liaison between organizations and other state agencies and
22 encourage other agencies to make resources available to help accomplish goals of the
23 organizations;

24 (5) assist each organization to

25 (A) provide services designed to encourage economic
26 development to local communities and businesses;

27 (B) collect and distribute economic information relevant to the
28 region;

29 (C) participate in state marketing campaigns and join state trade
30 missions that are relevant to the region; and

31 (D) develop and implement strategies to attract new industry,

1 expand international trade opportunities, and encourage tourism within the
2 region.

3 (b) Subject to (c) of this section, the department may make regional
4 development grants to organizations for projects the department determines will be of
5 value in encouraging economic development. During a fiscal year, the department may
6 make no more than 15 grants and may only make grants to one organization from a
7 particular region. An organization that is designated an economic development district
8 under 42 U.S.C. 3171 qualifies for grants under this subsection. The department shall
9 by regulation adopt procedures for applying for regional development grants, including
10 application deadlines. The department may by regulation establish additional grant
11 eligibility requirements.

12 (c) To qualify for a grant, a regional development organization must match the
13 grant by providing an amount of money from nonstate sources. The department shall
14 establish by regulation a formula that determines the amount of the match required
15 under this subsection based on the capability of each organization to generate money
16 from nonstate sources. The amount of match required may not exceed the amount of
17 grant money and may not be less than 20 percent of the grant. The total amount of
18 grant money provided to an organization during a fiscal year may not exceed
19 \$100,000.

20 (d) There is established in the department the regional development fund
21 consisting of appropriations to the fund. Money from the fund may be used only for
22 regional development grants.

23 (e) In this section,

24 (1) "department" means the Department of Community and Economic
25 Development;

26 (2) "regional development organization" or "organization" means a
27 nonprofit organization or nonprofit corporation formed to encourage economic
28 development within a particular region of the state that includes the entire area of each
29 municipality within that region and that has a board of directors that represents the
30 region's economic, political, and social interests.

31 * Sec. 91. AS 44.41 is amended by adding a new section to read:

1 **Sec. 44.41.023. Division of safety inspections.** There is established in the
2 Department of Public Safety a division of safety inspections. The Alaska Safety
3 Advisory Council and the position of state fire marshall are included within the
4 division. The division shall perform the duties of the Department of Public Safety that
5 are specified for the

6 (1) state fire marshall;

7 (2) Alaska Safety Advisory Council; and

8 (3) division of safety inspections under AS 18.60, AS 18.70.081, and
9 AS 45.45.910.

10 * **Sec. 92.** AS 44.46.025(a) is amended to read:

11 (a) The Department of Environmental Conservation may adopt regulations that
12 prescribe reasonable fees, and establish procedures for the collection of the fees, to
13 cover the applicable direct costs, not including travel, of inspections, permit
14 preparation and administration, plan review and approval, and other services provided
15 by the department relating to

16 (1) [AGRICULTURE AND ANIMALS UNDER AS 03.05:] food,
17 drugs, and cosmetics under AS 17.20; and public accommodations and facilities under
18 AS 18.35;

19 (2) certificates of inspection for motor vehicles under AS 46.14.400 or
20 46.14.510;

21 (3) sewerage system and treatment works and wastewater disposal
22 systems, and drinking water systems, under AS 46.03.720;

23 (4) [REPEALED

24 (5) REPEALED

25 (6)] water and wastewater operator training under AS 46.30;

26 (5) [(7)] control of solid waste facilities under AS 46.03.020(10) and
27 46.03.100;

28 (6) [(8)] certification of laboratories conducting environmental analyses
29 of public drinking water systems or of oil or hazardous substances [,] or conducting
30 other analyses required by the department;

31 (7) [(9)] certification of federal permits or authorizations under 33

1 U.S.C. 1341 (sec. 401, Clean Water Act).

2 * Sec. 93. AS 44.46.025(d) is amended to read:

3 (d) Notwithstanding (a) of this section, the department may not charge a fee
4 for inspection, permit preparation and administration, plan review and approval, or
5 other services provided by the department under [AS 03.05 OR] AS 44.46.020(5) to
6 a school. In this subsection, "school" means a public school or private school for
7 children of school age, as defined in AS 14.03.070, or a head start center that receives
8 federal financial assistance under 42 U.S.C. 9835.

9 * Sec. 94. AS 44.62.330(a)(24) is amended to read:

10 (24) Department of Health and Social Services and Department of
11 Education and Child Development, relating to denial, involuntary conditioning, or
12 revocation of a license issued under AS 14.37 or AS 47.35, or suspension of
13 operations or admissions or assessment of an administrative fine under AS 14.37 or
14 AS 47.35;

15 * Sec. 95. AS 45.45.910(a) is amended to read:

16 (a) Unless exempted by the division [DEPARTMENT] under (d) of this
17 section, a person may not sell, offer to sell, or otherwise transfer in the course of the
18 person's business a consumer electrical product that is manufactured after August 14,
19 1990, unless the product is clearly marked as being listed by an approved third-party
20 certification program.

21 * Sec. 96. AS 45.45.910(d) is amended to read:

22 (d) If a consumer electrical product is a work of art or an item that has an
23 unusual application that makes approval by a third-party certification program not
24 reasonably available, the division [DEPARTMENT] shall upon request exempt the
25 item from (a) of this section. The division [DEPARTMENT] shall establish by
26 regulation guidelines to identify consumer electrical products that qualify for an
27 exemption under this section.

28 * Sec. 97. AS 45.45.910(e) is amended to read:

29 (e) The warning label required by this section must be a brightly colored label
30 that contains in simple, direct language a warning that the electrical product is not
31 listed by an approved third-party certification program. The division

1 [DEPARTMENT] shall adopt regulations establishing the exact content, color, design,
2 and use of the warning label.

3 * Sec. 98. AS 45.45.910(f) is amended to read:

4 (f) Unless a later version has been adopted by the division [DEPARTMENT]
5 by regulation, a certification program must meet the requirements of ANSI Z-34.1 -
6 1987, American National Standards for Certification - Third-Party Certification
7 Program, published by the American National Standards Institute, in order to qualify
8 as an approved third-party certification program under this section. The division
9 [DEPARTMENT] may adopt by regulation later versions of the American National
10 Standards for Certification - Third-Party Certification Program, as the standard for
11 third-party certification programs under this section. If the division [DEPARTMENT]
12 has adopted a later version, a certification program must meet the requirements of the
13 most recent version adopted by the division [DEPARTMENT] in order to qualify as
14 an approved third-party certification program under this section.

15 * Sec. 99. AS 45.45.910(g) is amended by adding a new paragraph to read:

16 (4) "division" means the division of safety inspections, Department of
17 Public Safety.

18 * Sec. 100. AS 46.03.320(a) is amended to read:

19 (a) Except as provided in (c) of this section. the [THE] department may

20 (1) regulate the transportation, testing, inspection, packaging, labeling,
21 handling, and advertising of pesticides and broadcast chemicals offered for sale, or
22 placed in commerce for use in the state;

23 (2) regulate and supervise the distribution, application, or use of
24 pesticides and broadcast chemicals in any state project or program, or by a public
25 agency under the jurisdiction of the state;

26 (3) regulate or prohibit the use of pesticides and broadcast chemicals.

27 * Sec. 101. AS 46.03.320 is amended by adding a new subsection to read:

28 (c) Notwithstanding (a) of this section or any other law applicable to the
29 Department of Environmental Conservation, the sole state authority to require, and
30 charge a fee for, registration of a consumer protection and health benefit product, as
31 defined in AS 03.05.024, a restricted-use pesticide, or an agricultural pesticide lies with

1 the Department of Natural Resources.

2 * Sec. 102. AS 46.03.900(33) is amended to read:

3 (33) "village" means a place within the unorganized borough or within
4 a borough as to a power, function, or service that is not exercised or provided by the
5 borough on an areawide or nonareawide basis that

6 (A) has irrevocably waived, in a form approved by the
7 Department of Law, any claim of sovereign immunity that might arise under
8 this chapter; and

9 (B) has

10 (i) a council organized under 25 U.S.C. 476 (sec. 16 of
11 the Indian Reorganization Act);

12 (ii) a traditional village council recognized by the United
13 States as eligible for federal aid to Indians; or

14 (iii) a council recognized by the commissioner of
15 community and economic development [REGIONAL AFFAIRS] under
16 regulations adopted by the Department of Community and Economic
17 Development [REGIONAL AFFAIRS] to determine and give official
18 recognition of village entities under AS 44.33.755(b) [AS 44.47.150(b)];

19 * Sec. 103. AS 46.04.900(22) is amended to read:

20 (22) "village" means a place within the unorganized borough or within
21 a borough as to a power, function, or service that is not exercised or provided by the
22 borough on an areawide or nonareawide basis that

23 (A) has irrevocably waived, in a form approved by the
24 Department of Law, any claim of sovereign immunity that might arise under
25 this chapter; and

26 (B) has

27 (i) a council organized under 25 U.S.C. 476 (sec. 16 of
28 the Indian Reorganization Act);

29 (ii) a traditional village council recognized by the United
30 States as eligible for federal aid to Indians; or

31 (iii) a council recognized by the commissioner of

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community and economic development [REGIONAL AFFAIRS] under regulations adopted by the Department of Community and Economic Development [REGIONAL AFFAIRS] to determine and give official recognition of village entities under AS 44.33.755(b) [AS 44.47.150(b)];

* Sec. 104. AS 46.08.900(16) is amended to read:

(16) "village" means a place within the unorganized borough or within a borough if the power, function, or service for which a grant application under AS 29.60.510 is submitted is not exercised or provided by the borough on an areawide or nonareawide basis at the time the grant application is submitted that

(A) has irrevocably waived, in a form approved by the Department of Law, any claim of sovereign immunity that might arise in connection with the use of grant money under this chapter; and

(B) has

(i) a council organized under 25 U.S.C. 476 (sec. 16 of the Indian Reorganization Act);

(ii) a traditional village council recognized by the United States as eligible for federal aid to Indians; or

(iii) a council recognized by the commissioner of community and economic development [REGIONAL AFFAIRS] under regulations adopted by the Department of Community and Economic Development [REGIONAL AFFAIRS] to determine and give official recognition of village entities under AS 44.33.755(b) [AS 44.47.150(b)].

* Sec. 105. AS 46.40.170(b) is amended to read:

(b) At the request of the council, the Department of Community and Economic Development [REGIONAL AFFAIRS] shall complete the district coastal management program in accordance with this chapter and the guidelines and standards adopted by the council for a coastal resource service area that [WHICH] has been organized but that [WHICH] has failed to make substantial progress in the preparation of an approvable district coastal management program within 18 months of certification of the results of an organization election or that [WHICH] has not submitted for approval to the council a program within 30 months of certification of the results of its

1 organization election. Preparation of the program shall be conducted in consultation
2 with the coastal resource service area and shall, to the maximum extent consistent with
3 this chapter, reflect the expressed concerns of the residents of the service area.

4 * Sec. 106. AS 46.40.190(a) is amended to read:

5 (a) A city within the coastal area that [WHICH] is not part of a coastal
6 resource service area shall be included for purposes of this chapter within an adjacent
7 coastal resource service area unless its governing body, by resolution adopted by a
8 majority of its membership, chooses to exclude the city from an adjacent coastal
9 resource service area and a copy of the resolution is filed with the commissioner of
10 community and economic development [REGIONAL AFFAIRS].

11 * Sec. 107. AS 46.40.210(2) is amended to read:

12 (2) "coastal resource district" means each of the following that
13 [WHICH] contains a portion of the coastal area of the state:

14 (A) unified municipalities;

15 (B) organized boroughs of any class that [WHICH] exercise
16 planning and zoning authority;

17 (C) home rule and first class cities of the unorganized borough
18 or within boroughs that [WHICH] do not exercise planning and zoning
19 authority;

20 (D) second class cities of the unorganized borough, or within
21 boroughs that [WHICH] do not exercise planning and zoning authority, that
22 [WHICH] have established a planning commission, and that [WHICH], in the
23 opinion of the commissioner of community and economic development
24 [REGIONAL AFFAIRS], have the capability of preparing and implementing
25 a comprehensive district coastal management program under AS 46.40.030;

26 (E) coastal resource service areas established and organized
27 under AS 29.03.020 and AS 46.40.110 - 46.40.180;

28 * Sec. 108. AS 47.05.030(a) is amended to read:

29 (a) Except as provided in (b) of this section and for purposes directly
30 connected with the administration of general assistance, adult public assistance, the day
31 care assistance program authorized under AS 14.38.100 - 14.38.199 [AS 44.47.250 -

1 44.47.010], or the Alaska temporary assistance program, and in accordance with the
2 regulations of the department, a person may not solicit, disclose, receive, make use of,
3 or authorize, knowingly permit, participate in, or acquiesce in the use of, a list of or
4 names of, or information concerning, persons applying for or receiving the assistance
5 directly or indirectly derived from the records, papers, files, or communications of the
6 department or subdivisions or agencies of the department, or acquired in the course of
7 the performance of official duties.

8 * Sec. 109. AS 47.27.060 is amended to read:

9 **Sec. 47.27.060. Job development.** The department may establish cooperative
10 agreements with the Department of Labor and Workforce Development,
11 [DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS,] Department of
12 Education and Child Development, and Department of Community [COMMERCE]
13 and Economic Development, and with other public or private sector organizations for
14 the purpose of developing job, training, and educational opportunities for families
15 eligible for assistance under this chapter.

16 * Sec. 110. AS 47.27.900(2) is amended to read:

17 (2) "child care assistance" means payments made by the Department
18 of Health and Social Services or the department of Education and Child
19 Development [COMMUNITY AND REGIONAL AFFAIRS] to Alaska temporary
20 assistance program participant families or to providers for the care of children of the
21 participant families;

22 * Sec. 111. AS 47.35.005(a) is amended to read:

23 (a) The purpose of this chapter is to establish and maintain standard levels for
24 services offered to children in [CHILD CARE FACILITIES,] foster homes [,] and
25 residential child care facilities; services offered by child placement agencies; and
26 services offered to pregnant individuals in maternity homes. [THE LEGISLATURE
27 RECOGNIZES THE RESPONSIBILITY OF PARENTS TO SELECT AND
28 MONITOR CAREGIVERS FOR THEIR CHILDREN IN ORDER TO ENSURE A
29 REASONABLY SAFE AND DEVELOPMENTALLY APPROPRIATE CHILD CARE
30 ENVIRONMENT.] The community care licensing procedures in this chapter are
31 intended to reduce predictable risk of harm to children and to provide support services

1 -to those providing child care or services.

2 * **Sec. 112.** AS 47.35.010(a) is amended to read:

3 (a) The department may

4 (1) license and supervise foster homes, [CHILD CARE FACILITIES,]
5 residential child care facilities, semi-secure residential child care facilities, secure
6 residential psychiatric treatment centers, child placement agencies, and maternity
7 homes;

8 (2) investigate applicants, licensees, and persons that the department
9 reasonably believes are operating a facility without a license in violation of this
10 chapter;

11 (3) adopt regulations to implement the provisions of this chapter,
12 including regulations establishing licensure and renewal procedures, standards, and
13 fees; establishing requirements for operation of facilities or agencies licensed under this
14 chapter; and distinguishing between types of [CHILD CARE] facilities;

15 (4) enter into agreements with private entities, municipalities, or
16 individuals to investigate and make recommendations to the department for the
17 licensing and supervision of foster homes, [CHILD CARE FACILITIES,] residential
18 child care facilities, semi-secure residential child care facilities, secure residential
19 psychiatric treatment centers, child placement agencies, and maternity homes under
20 procedures and standards of operation established by the department.

21 * **Sec. 113.** AS 47.35.017(a) is amended to read:

22 (a) Application for a license to operate a foster home, [CHILD CARE
23 FACILITY,] residential child care facility, semi-secure residential child care facility,
24 secure residential psychiatric treatment center, child placement agency, or maternity
25 home shall be made to the department on a form provided by the department and shall
26 be accompanied by any applicable fees established by the department under
27 AS 47.35.010(a)(3).

28 * **Sec. 114.** AS 47.35.900(10) is amended to read:

29 (10) "facility" means the administration, program, and physical plant
30 of a foster home, [CHILD CARE FACILITY,] residential child care facility, or
31 maternity home;

1 * **Sec. 115.** AS 47.90.040 is amended to read:

2 **Sec. 47.90.040. Consultation and coordination.** The commissioner shall
3 consult and cooperate with the Department of Health and Social Services; the
4 Department of Education and Child Development; [, INCLUDING] the director of
5 the division of vocational rehabilitation; the University of Alaska, community colleges,
6 and other colleges as appropriate; [THE DEPARTMENT OF LABOR, INCLUDING
7 THE DIVISION OF EMPLOYMENT SECURITY;] and other persons or agencies that
8 the commissioner considers appropriate in the implementation of this chapter.

9 * **Sec. 116.** AS 47.90.070(1) is amended to read:

10 (1) "commissioner" means the commissioner of labor and workforce
11 development [COMMUNITY AND REGIONAL AFFAIRS];

12 * **Sec. 117.** REPEALER. AS 03.05.020(b), 03.05.040(b), 03.05.050(b), 03.05.060(b),
13 03.05.080(b); AS 03.25.250; AS 03.58.070(1); AS 18.60.105(2), 18.60.105(3), 18.60.660(1),
14 18.60.660(2), 18.60.740(2), 18.60.740(3); AS 23.15.070, 23.15.210(4), 23.15.611, 23.15.614;
15 AS 23.20.130(d)(3); AS 39.25.120(c)(21); AS 42.45.020(b)(1), 42.45.030; AS 44.17.005(17);
16 AS 44.29.020(a)(14); AS 44.33.120(a); AS 44.47.010, 44.47.020, 44.47.050, 44.47.051,
17 44.47.055, 44.47.080, 44.47.090, 44.47.092, 44.47.095, 44.47.100, 44.47.130, 44.47.140,
18 44.47.145, 44.47.150, 44.47.155, 44.47.250, 44.47.260, 44.47.270, 44.47.280, 44.47.290,
19 44.47.300, 44.47.305, 44.47.310, 44.47.565, 44.47.567, 44.47.569, 44.47.571, 44.47.573,
20 44.47.575, 44.47.577, 44.47.579, 44.47.581, 44.47.583, 44.47.700, 44.47.710, 44.47.720,
21 44.47.730, 44.47.750, 44.47.752, 44.47.754, 44.47.756, 44.47.758, 44.47.760, 44.47.762,
22 44.47.764, 44.47.766, 44.47.768, 44.47.770, 44.47.772, 44.47.800, 44.47.810, 44.47.820,
23 44.47.900, 44.47.980, 44.47.998; AS 45.45.910(g)(3); and AS 45.90.020(b) are repealed.

24 * **Sec. 118.** REPEALER. AS 44.19.620, 44.19.621, 44.19.622, 44.19.623, 44.19.624,
25 44.19.625, 44.19.626, 44.19.627; AS 44.33.895, added by sec. 90 of this Act; and
26 AS 47.35.010(b), 47.35.015(a), 47.35.043(b), 47.35.900(4), 47.35.900(5) are repealed July 1,
27 2000.

28 * **Sec. 119.** TRANSITIONAL PROVISIONS. (a) Litigation, hearings, investigations, and
29 other proceedings pending under a law repealed or amended by this Act, or in connection with
30 functions transferred by this Act, continue in effect and may be completed notwithstanding
31 a transfer or repeal provided for in this Act.

1 (b) Certificates, orders, and regulations in effect immediately before the effective date
2 of a law affected by this Act that were issued or adopted under authority of a law amended
3 or repealed by this Act remain in effect for the term issued and shall be enforced by the
4 agency to which the function is transferred under this Act until revoked, vacated, or amended
5 by the agency to which the function is transferred.

6 (c) Wherever in Alaska Statutes affected by this Act there is a reference to regulations
7 adopted under a section of law and there are no regulations adopted under that section because
8 previous regulations adopted under another section are being enforced under (b) of this
9 section, the reference shall be construed to refer to the previously adopted regulations until
10 they are amended by the new agency.

11 (d) Contracts, rights, liabilities, and obligations created by or under a law repealed or
12 amended by this Act, and in effect on the day before the effective date of the repeal or
13 amendment, remain in effect notwithstanding this Act's taking effect.

14 (e) Records, equipment, appropriations, and other property of an agency of the state
15 whose functions are transferred under this Act shall be transferred to implement the provisions
16 of this Act.

17 * Sec. 120. REGULATIONS. A department affected by this Act may proceed to adopt
18 regulations to implement this Act. The regulations take effect under AS 44.62 (Administrative
19 Procedure Act) but not before the effective date of the corresponding enabling statute.

20 * Sec. 121. REVISOR'S INSTRUCTION REGARDING DEPARTMENT OF COMMERCE
21 AND ECONOMIC DEVELOPMENT. Wherever in the Alaska Statutes and the Alaska
22 Administrative Code the terms "Department of Commerce and Economic Development" and
23 "commissioner of commerce and economic development" are used, they shall be read,
24 respectively, as "Department of Community and Economic Development" and "commissioner
25 of community and economic development" when to do so would be consistent with the
26 changes made by this Act.

27 * Sec. 122. REVISOR'S INSTRUCTION REGARDING DEPARTMENT OF
28 EDUCATION. Wherever in the Alaska Statutes and the Alaska Administrative Code the
29 terms "Department of Education" and "commissioner of education" are used, they shall be
30 read, respectively, as "Department of Education and Child Development" and "commissioner
31 of education and child development" when to do so would be consistent with the changes

1 made by this Act.

2 * **Sec. 123. REVISOR'S INSTRUCTION REGARDING DEPARTMENT OF LABOR.**

3 Wherever in the Alaska Statutes and the Alaska Administrative Code the terms "Department
4 of Labor" and "commissioner of labor" are used, they shall be read, respectively, as
5 "Department of Labor and Workforce Development" and "commissioner of labor and
6 workforce development" when to do so would be consistent with the changes made by this
7 Act.

8 * **Sec. 124. TRANSFERS FROM DEPARTMENT OF LABOR TO DIVISION OF SAFETY**
9 **INSPECTIONS, DEPARTMENT OF PUBLIC SAFETY.** The revisor of statutes shall change
10 references to the "Department of Labor" and "commissioner of labor" to read "division" in the
11 following statutes:

12 (1) AS 18.60.020, 18.60.030, 18.60.040, 18.60.057, 18.60.058, 18.60.060,
13 18.60.067, 18.60.068, 18.60.075, 18.60.077, 18.60.080, 18.60.081, 18.60.083, 18.60.085,
14 18.60.087, 18.60.088, 18.60.089, 18.60.091, 18.60.093, 18.60.095, 18.60.098, 18.60.099;

15 (2) AS 18.60.190(a), 18.60.200, 18.60.210(a)(9)(A), 18.60.210(c), 18.60.220,
16 18.60.230, 18.60.240, 18.60.270(a), 18.60.280, 18.60.290, 18.60.300(a), 18.60.310, 18.60.315,
17 18.60.320(a)(4), 18.60.340, 18.60.350, 18.60.360(a), 18.60.360(c), 18.60.370, 18.60.395(a);

18 (3) AS 18.60.420, 18.60.440;

19 (4) AS 18.60.800(a), 18.60.800(b), 18.60.820.

20 * **Sec. 125. SPECIFIC INSTRUCTIONS TO REVISOR OF STATUTES CONCERNING**
21 **SPECIFIC REFERENCES.** The revisor of statutes shall change references to "community and
22 regional affairs" to read "community and economic development" in the following statutes:

23 (1) AS 08.40.190(b)(2)(A), 08.40.390(b)(2)(A);

24 (2) AS 14.08.031(a), 14.08.051(a); AS 14.17.410(b)(2), 14.17.410(c)(1),
25 14.17.410(e)(1)(B), 14.17.490(b), 14.17.510(a);

26 (3) AS 15.07.055(a)(3); AS 15.13.010(a)(2);

27 (4) AS 18.26.030(a)(3); AS 18.56.030(a)(2), 18.56.097;

28 (5) AS 19.30.131(a), 19.30.131(b), 19.30.131(c);

29 (6) AS 26.23.071(b);

30 (7) AS 28.01.010(b);

31 (8) AS 29.60.120(d), 29.60.370(a), 29.60.620(b), 29.60.650(2);

32 AS 29.65.050(c), 29.65.050(d), 29.65.120; AS 29.71.800(5), 29.71.800(8);

- 1 (9) AS 37.05.317, 37.05.530(c); AS 37.06.010(g), 37.06.020(l), 37.06.030(c);
2 (10) AS 41.15.180(a), 41.15.180(b), 41.15.180(f), 41.15.180(g);
3 (11) AS 42.45.060(c), 42.45.990(1);
4 (12) AS 43.75.137; AS 43.77.040(b), 43.77.060(d);
5 (13) AS 44.21.200(a)(2); AS 44.85.030, 44.85.320(b);
6 (14) AS 46.08.040(a); 46.40.120(b), 46.40.120(d), 46.40.140(c), 46.40.170(a),
7 46.40.180(a), 46.40.180(d), 46.40.210(5);
8 (15) AS 47.18.010(c); AS 47.80.090(8).

9 * **Sec. 126.** INSTRUCTIONS CONCERNING AS 25.27.244. Notwithstanding sec. 54,
10 ch. 132, SLA 1998, the amendment made to AS 25.27.244(s)(2) by sec. 56 of this Act shall
11 remain in effect on and after July 1, 2001, unless that amendment is repealed or amended by
12 a law enacted after the effective date of this bill section.

13 * **Sec. 127.** LOAN COMMITTEE UNDER AS 42.45.060. Notwithstanding
14 AS 42.45.060(a), as amended by sec. 75 of this Act, all public members on the loan
15 committee established under AS 42.45.060 whose terms have not expired by July 1, 1999,
16 may retain their positions on the committee until their terms expire.

17 * **Sec. 128.** IMPLEMENTATION OF SECTIONS 121 - 126 OF THIS ACT. Under
18 AS 01.05.031, the revisor of statutes shall implement secs. 121 - 126 in the statutes and, under
19 AS 44.62.125(b)(6), the regulations attorney shall implement sec. 121 - 126 in the
20 administrative code.

21 * **Sec. 129.** Except as provided in secs. 130 and 131 of this Act, this Act takes effect
22 July 1, 1999.

23 * **Sec. 130.** Section 120 of this Act takes effect immediately under AS 01.10.070(c).

24 * **Sec. 131.** The amendment made to AS 14.35.020(b)(5) by sec. 14 of this Act, the
25 amendment made to AS 14.42.015(a)(5) by sec. 20 of this Act, and secs. 11, 12, 15, 17 - 19,
26 21, 51, 53, 55, 56, 74, 94, and 126 of this Act take effect July 1, 2000.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101


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

MEMORANDUM

May 14, 1999

SUBJECT: Amendment MA.8 (Labor relations agency) (CSHB 40(FIN) am)

TO: Senator Lyda Green
Attn: Portia

FROM: Terri Lauterbach 
Legislative Counsel

Enclosed is the amendment you requested that would transfer the Alaska labor relations agency to the Department of Law.

Since the Department of Law litigates unfair labor practices and other suits that come before the Alaska labor relations agency, moving the agency to the Department of Law presents a situation where the Department of Law will either have to use "fire walls" to separate the labor relations agency from the rest of the Department of Law or will have to use outside counsel for suits involving the labor relations agency.

TML:glc
99-268.glc

Enclosure

**DIVISION OF ENERGY (DOE)
PROGRAM DESCRIPTION**

1. POWER COST EQUALIZATION, LOAN PROGRAMS AND OTHER STATUTORY FUNDS:

POWER COST EQUALIZATION (PCE) - AS 42.45.100. Core element to ensure the financial viability of centralized power production in rural communities, and therefore increase the standards of living through the availability of communications, lighting, and the operations of a variety of infrastructures, including water and sewer systems, incinerators, etc.

POWER PROJECT LOAN FUND - AS 42.45.010. Provides financing for development of power projects, conservation facilities, bulk fuel storage, transmission and distribution lines, or potable water supplies.

BULK FUEL REVOLVING LOAN FUND -AS 42.45.250. Provides financing to rural communities with a population of less than 2,000 for the bulk purchase of petroleum fuels.

RURAL ELECTRIFICATION REVOLVING LOAN FUND -AS 42.45.020. Provides financing to certified utilities to extend new electric service in areas they may serve.

FOUR DAM POOL TRANSFER FUND- AS 42.45.050. Fund holds a note payable by the Alaska Energy Authority/AIDEA for the long-term financing of the construction costs of the Four Dam Pool projects.

SOUTHEAST ENERGY FUND - AS 42.45.040. Provides for capital grants to the utilities participating in the power transmission intertie between the Swan Lake and Tyee Lake hydroelectric projects.

POWER COST EQUALIZATION AND RURAL ELECTRIC CAPITALIZATION FUND (PCE & RECF) - AS 42.45.100. Fund balance provides for the Power Cost Equalization and for Utility Improvement Matching Grants programs.

NOTE: 19 AAC 96 and 19 AAC 97 regulate the loan and grant programs.

2. PLANNING:

ALTERNATIVE ENERGY DEVELOPMENT - AS 42.45.400. Provides for:

Planning, construction and financing assistance for alternatives to oil-fired systems (including renewable and alternative fuels, coal, wind, shallow gas deposits) and system enhancements (including waste heat recovery and village interties).

Bioenergy Program for Alaska: This federally-funded program promotes the use of wood waste and municipal solid waste for conversion to energy.

- State Energy Program and Rebuild America Program: Federally-funded programs to provide energy conservation audits in schools, hospitals and public facilities.

DIVISION OF ENERGY, Continued...

3. RURAL COORDINATION:

RURAL ELECTRIC UTILITY COORDINATION - AS 42.45.400. Assists rural stand-alone utilities with upgrades to energy systems; develops management plans towards the concept of consolidation in the form of cooperatives or regional utilities; assists communities to apply for federal funds for energy projects and, once funds are obtained, ensures that projects are developed in compliance with industry standards and national compliance codes.

RURAL ELECTRIC UTILITY TRAINING AND MANAGEMENT ASSISTANCE - AS 42.45.400. Provides for training of rural utility operators, utility managers and administrative staff. It includes the powerhouse operator training program funded by the State Training and Employment Program (STEP).

4. ENGINEERING:

BULK FUEL SYSTEM REPAIRS AND UPGRADES -AS 42.45.400. Provides for grants and contracts for the design and repair/upgrade of bulk fuel storage and handling facilities in rural Alaskan communities which are dependent on seasonal fuel delivery and long-term storage capacity. Includes an Environmental Protection Agency (EPA) demonstration grant for consolidation.

RURAL BULK FUEL TANK FARM PROGRAM - AS 42.45.400. Provides for assessment of tank farm conditions, emergency repairs, and comprehensive upgrade and consolidation of rural tank farm facilities.

UTILITY IMPROVEMENTS -AS 42.45.180. Provides matching funds (75-25) to rural electric utilities participating in the PCE program for projects that will reduce the cost of electric power.

ELECTRIC SERVICE EXTENSION FUND - AS 42.45.200. Provides matching funds (60-40) to electric utilities to extend new service to residential customers and small businesses, and for utility improvements.

5. ELECTRICAL EMERGENCIES & RURAL POWER SYSTEM UPGRADES PROGRAM:

ELECTRICAL EMERGENCIES PROGRAM - AS 42.45.400. Provides funds and technical assistance in electrical emergencies when a community has lost the ability to generate or transmit power to its customers and the condition is a threat to life, health and property in the community and may result in the freezing of water and sewer systems, closure of public facilities due to lack of light and heat, loss of communications, etc.

RURAL POWER SYSTEM UPGRADES - AS 42.45.400. Provides for: Capital improvements to eliminate life, health and safety hazards and to enhance efficiency. Technical assistance to assess system deficiencies and design solutions. Project evaluation, including engineering, environmental and economic analysis of power projects.

CIRCUIT RIDER PROGRAM - AS 42.45.400. Provides for contractual services to ensure reliable and efficient performance of electric systems in rural communities in the state. Specialized contractors perform scheduled/periodic visits to communities for plant inspections in coordination with the local operator.

(9) "rule" means a standard of general application or the amendment, supplement, revision, or repeal of a standard adopted by the corporation to implement, interpret, or make specific the law enforced or administered by it or to govern its procedure;

(10) "terms and conditions of employment" means the hours of employment, the compensation and fringe benefits, and the employer's personnel policies affecting the working conditions of the employees, but does not mean the general policies describing the function and purposes of an employer. (§ 2 ch 153 SLA 1984)

Revisor's notes. — The actual date of transfer under paragraph (5) of this section is January 6, 1985.

Sec. 42.40.990. Short title. This chapter may be referred to as the Alaska Railroad Corporation Act. (§ 2 ch 153 SLA 1984)

Chapter 45. Rural and Statewide Energy Programs.

Article

1. Power Assistance Programs (§§ 42.45.010 — 42.45.060)
2. Power Cost Equalization and Rural Electric Capitalization (§§ 42.45.100 — 42.45.190)
3. Electrical Service Extension Fund (§ 42.45.200)
4. Bulk Fuel Revolving Loan Fund (§ 42.45.250)
5. Joint Action Agencies (§ 42.45.300)
6. Miscellaneous Provisions (§§ 42.45.400, 42.45.410)
7. General Provisions (§ 42.45.990)

Cross references. — For legislative findings and intent in enacting this chapter, see § 1, ch. 18, SLA 1993 in the Temporary and Special Acts; for transitional provisions, see §§ 34, 35, and 38, ch. 18, SLA 1993 in the Temporary and Special Acts.

Article 1. Power Assistance Programs.

Section

10. Power project fund
20. Rural electrification revolving loan fund
30. Loan advisory committee

Section

40. Southeast energy fund
50. Four dam pool transfer fund
60. Approval by loan committee and legislature

Sec. 42.45.010. Power project fund. (a) The power project fund is established as a separate fund. The fund shall be distinct from any other money or funds of the department and includes only money appropriated by the legislature and money deposited under (g) of this section.

(b) Subject to AS 42.45.060, the department may make loans from the power project fund

(1) to electric utilities, regional electric authorities, municipalities, regional and village corporations, village councils, independent power producers, and nonprofit marketing cooperatives to pay the costs of

(A) reconnaissance studies, feasibility studies, license and permit applications, preconstruction engineering, and design of power projects;

(B) constructing, equipping, modifying, improving, and expanding small-scale power production facilities that are designed to produce less than 10 megawatts of power, conservation facilities, bulk fuel storage facilities, and transmission and distribution facilities, including energy production, transmission and distribution, and waste energy conservation facilities that depend on fossil fuel, wind power, tidal, geothermal, biomass, hydroelectric, solar, or other nonnuclear energy sources; and

(C) reconnaissance studies, preconstruction engineering, design, construction, equipping, modification, and expansion of potable water supply including surface storage and

groundwater source distribution systems;

(2) to a borrower

(A) the loan is e

(B) the party th regional electric au independent power

(C) the borrower arrangement for t comparable public

(c) Before maki regulation, specify

(1) standards fo with loans;

(2) standards re ciency of eligible p

(3) collateral or

(4) the terms ar

(5) criteria to c assistance necessa

(6) other releva

(d) A loan made and procedures es

(e) Repayment determines is feas

with the borrower fund to a borrowe:

if the borrower ha repay the loan. Ur

the project for whi to pay the loan, w

(f) Power proje restrictions:

(1) power proje revolving loan fur

from the power p:

(A) the term of

(B) the interes:

more than five pe (C) the grant o principal and int

(i) the date of

(ii) 10 years fr

(2) a loan for e

(A) may not be

(B) shall be gr:

les r of

(i) a rate equa

for the 12 month:

municipal bond ; Buyer; or

(ii) a rate dete

financial feasibil

groundwater sources and transmission of water from surface storage to existing distribution systems;

(2) to a borrower for a power project if

(A) the loan is entered into under a leveraged lease financing arrangement;

(B) the party that will be responsible for the power project is an electric utility, regional electric authority, municipality, regional or village corporation, village council, dependent power producer, or nonprofit marketing cooperative; and

(C) the borrower seeking the loan demonstrates to the department that the financing arrangement for the power project will reduce project financing costs below costs of comparable public power projects.

(c) Before making a loan from the power project fund, the department shall, by regulation, specify

(1) standards for the eligibility of borrowers and the types of projects to be financed with loans;

(2) standards regarding the technical and economic viability and revenue self-sufficiency of eligible projects;

(3) collateral or other security required for loans;

(4) the terms and conditions of loans;

(5) criteria to establish financial feasibility and to measure the amount of state assistance necessary for particular projects to meet the financial feasibility criteria; and

(6) other relevant criteria, standards, or procedures.

(d) A loan made by the department shall be made according to the standards, criteria, and procedures established by regulation under this section.

(e) Repayment of the loans shall be secured in any manner that the department determines is feasible to assure prompt repayment under a loan agreement entered into with the borrower. The department may make an unsecured loan from the power project fund to a borrower regulated by the Alaska Public Utilities Commission under AS 42.05 if the borrower has a substantial history of repaying long-term loans and the capacity to repay the loan. Under a loan agreement, repayment may be deferred for 10 years or until the project for which the loan is made has achieved earnings from its operations sufficient to pay the loan, whichever is earlier.

(f) Power projects are subject to the following limitations on interest and specific restrictions:

(1) power projects for which loans are outstanding from the former water resources revolving loan fund (formerly AS 45.86) on July 13, 1978, may receive additional financing from the power project fund; if granted,

(A) the term of the additional financing may not exceed 50 years;

(B) the interest of the additional financing must be at a rate of not less than three or more than five percent a year on the unpaid balance;

(C) the grant of the additional financing must be conditioned on the repayment of loan principal and interest to begin on the earlier of

(i) the date of the start of commercial operation of the project; or

(ii) 10 years from the date the loan is granted;

(2) a loan for a power project

(A) may not be granted for a term that exceeds 50 years; and

(B) shall be granted at an interest rate that is not less than zero percent and that is the lesser of

(i) a rate equal to the percentage that is the average weekly yield of municipal bonds for the 12 months preceding the date of the loan, as determined by the department from municipal bond yield rates reported in the 30-year revenue index of the Weekly Bond Buyer; or

(ii) a rate determined by the department that allows the project to meet criteria of financial feasibility established under (c) of this section.

(g) Loan repayments and interest earned by loans from the power project fund shall be deposited in the power project fund unless an appropriation to fund the loan directs otherwise.

(h) The legislature may forgive the repayment of a loan made from the power project fund for a reconnaissance study or a feasibility study when the department finds that the power project for which the loan was made is not feasible.

(i) Money in the power project fund may be used by the legislature to make appropriations for costs of administering the fund. (§ 5 ch 18 SLA 1993)

Opinions of attorney general.—APPF loan may be made to Cordova Electric Cooperative (CEC) for the purpose of CEC using the loan funds to pay developer to develop a project which is specifically for CEC, and which CEC has already obligated itself to

purchase, once developer has made it capable of commercial operation. The loan funds were to be used for costs which are allowable under the PPF statutes, December 5, 1995, Op. Att'y Gen.

Sec. 42.45.020. Rural electrification revolving loan fund. (a) The rural electrification revolving loan fund is established in the department. The fund consists of

(1) appropriations made to the fund; and

(2) repayments of principal and interest on loans made under this section.

(b) Subject to AS 42.45.060, the department may make loans from the rural electrification revolving loan fund to electric utilities certified by the Alaska Public Utilities Commission. A loan from the fund may be made only for the purpose of extending new electric service into an area of the state that an electric utility may serve under a certificate of public convenience and necessity issued by the Alaska Public Utilities Commission. A loan may be made from the fund to an electric utility if the utility invests the money necessary to provide one pole, one span of line, one transformer, and one service drop for each consumer for whom immediate service would be provided by the extension of electric service. However, a loan may not be made from the fund unless

(1) the loan is recommended by a loan advisory committee appointed under AS 42.45.030; and

(2) the extension of electric service would provide immediate service to at least three consumers.

(c) A loan from the rural electrification revolving loan fund shall bear an annual rate of interest of two percent of the unpaid balance of the loan.

(d) When the department makes a loan under this section, the electric utility receiving the loan shall,

(1) in addition to the rates that it is authorized to charge, charge the consumers served by the electric service extended with the loan proceeds an amount sufficient to pay the interest costs of the loan;

(2) pay to the department annually an amount equal to

(A) interest of two percent on the unpaid balance of the loan; and

(B) payments on the unpaid balance of the principal of the loan for each new consumer served by the electric service extended with the loan proceeds; payments on the unpaid balance of the principal of the loan shall be made at a rate equal to the difference between the actual cost of making the service connection to the consumers and the minimum investment per consumer required of the utility before a loan is made under (b) of this section.

(e) The department shall

(1) adopt regulations necessary to carry out the provisions of this section; and

(2) administer the rural electrification revolving loan fund.

(3) [Repealed, § 19 ch 6 SLA 1998.]

(f) Money in the rural electrification revolving loan fund may be used by the legislature to make appropriations for costs of administering the fund.

(g) On June 30 of each fiscal year the unexpended and unobligated cash balance of the fund that is attributable to loans owned by the fund lapses into the general fund.

(h) In this section

(1) "consumer" means a person who requests electrical service from the department; the department shall determine whether the department shall provide electrical service to the facility if physical lines, and if the department provides service to each facility

(2) "facility" means

(3) "governmental entity" means a municipal government, a school board, a department, or otherwise, of the state. (§ 83 ch 21 SLA 1993)

Effect of amendment.—This section is effective August 8, 1995, and is amended to have available at the beginning and

Sec. 42.45.030. Rural electrification revolving loan fund. (a) The rural electrification revolving loan fund is established in the department. The fund consists of

(1) permanent

(2) land use plan

(3) access for

(4) availability

(5) the economic impact of the loan. (§ 5 ch 18 SLA 1993)

Sec. 42.45.04. Rural electrification revolving loan fund. (a) The rural electrification revolving loan fund is established in the department. The fund consists of

(1) permanent

(2) land use plan

(3) access for

(4) availability

(5) the economic impact of the loan. (§ 5 ch 18 SLA 1993)

Opinions of attorney general.—This section is not required in order to disburse the fund and the power project fund.

Sec. 42.45.05. Rural electrification revolving loan fund. (a) The rural electrification revolving loan fund is established in the department. The fund consists of

(1) permanent

(2) land use plan

(3) access for

(4) availability

(5) the economic impact of the loan. (§ 5 ch 18 SLA 1993)

(h) In this section,

(1) "consumer" means a person or a governmental agency, if the person or governmental agency requests and offers to pay for electrical service to a facility or part of a facility; the department shall consider a person who, or a governmental agency that, offers to pay for electrical service to several facilities to be a separate consumer for each facility, if each facility is physically separate from another facility, other than through electric service lines, and if the person or governmental agency requests and offers to pay for electrical service to each facility;

(2) "facility" means a structure capable of receiving and using electrical energy; and

(3) "governmental agency" includes, with respect to the state or federal government or a municipal government, a legislative body, board of regents, administrative body, board, commission, committee, subcommittee, authority, council, agency, public corporation, school board, department, division, bureau, or other subordinate unit, whether advisory or otherwise, of the state, federal, or municipal government. (§ 5 ch 18 SLA 1993; am § 83 ch 21 SLA 1995; am § 19 ch 6 SLA 1998)

Effect of amendments. — The 1995 amendment, effective August 8, 1995, in paragraph (e)(3), substituted "have available" for "submit to the legislature" at the beginning and added "; the department shall

notify the legislature that the report is available" at the end.

The 1998 amendment, effective June 28, 1998, repealed paragraph (e)(3).

Sec. 42.45.030. Loan advisory committee. When an application for a rural electrification loan is submitted to the department under AS 42.45.020, the department shall appoint a local advisory committee from persons residing in the area that the applicant utility is certified to serve. The loan advisory committee shall consider the loan application and shall recommend whether the loan application is to be approved or disapproved. The loan advisory committee may make a favorable recommendation only if it determines that development in the area of the proposed extension of electric service is likely to provide for full repayment of the loan under AS 42.45.020(d) within 10 years. In making that determination, the committee shall consider

- (1) permanence of the premises to be served by the extension;
- (2) land use patterns in the area;
- (3) access for the line that would be installed with loan proceeds;
- (4) availability of other utility service in the area; and
- (5) the economic feasibility of the extension of electric service with the proceeds of the loan. (§ 5 ch 18 SLA 1993)

Sec. 42.45.040. Southeast energy fund. The Southeast energy fund is established as a separate fund. The fund consists of money transferred to it under AS 42.45.050. The department may make grants from the Southeast energy fund to utilities participating in the power transmission intertie between the Swan Lake and Tyee Lake hydroelectric projects for power projects, for repayment of loans, and for payments on bonds. (§ 5 ch 18 SLA 1993)

Opinions of attorney general. — The department is not required to pursue annual appropriations in order to disburse moneys in the southeast energy fund and the power cost equalization and rural elec-

tric capitalization fund once the legislature has capitalized those funds. September 27, 1995 Op. Att'y Gen. //

Sec. 42.45.050. Four dam pool transfer fund. (a) The four dam pool transfer fund is established in the department. The fund consists of repayments of principal and income that would have been deposited in the former power development revolving loan fund under former AS 44.83.500.

(b) Subject to appropriation, the department shall transfer the balance of the four dam pool transfer fund each month in accordance with this subsection. Subject to appropriation

(1) 40 percent of the balance in the four dam pool transfer fund shall be transferred to the power cost equalization and rural electric capitalization fund to be used for power cost equalization and rural electric projects;

(2) 40 percent of the balance in the four dam pool transfer fund shall be transferred to the Southeast energy fund to be used for power projects for utilities participating in the power transmission intertie between the Swan Lake and Tyee Lake hydroelectric projects; and

(3) 20 percent of the balance in the four dam pool transfer fund shall be transferred to the power project fund to be used for statewide utility projects. (§ 5 ch 18 SLA 1993)

Sec. 42.45.060. Approval by loan committee and legislature. (a) A loan committee consisting of seven members is established. The committee is composed of the commissioner of community and regional affairs, the commissioner of commerce and economic development, the director of management and budget, or the designees of the commissioners or the director, and four public members.

(b) The public members of the committee are appointed by and serve at the pleasure of the governor. Public members serve staggered four-year terms. Only one public member may be appointed from each judicial district described in AS 22.10.010. Public members of the committee serve without compensation but are entitled to travel and per diem as provided for members of boards and commissions under AS 39.20.180. A public member of the committee serves until a successor is appointed. An appointment to fill a vacancy among the public members on the committee is for the remainder of the unexpired term.

(c) The commissioner of community and regional affairs serves as chair of the committee. The committee may elect other officers as necessary. A majority of the members of the committee constitute a quorum and may exercise the powers of the committee.

(d) A meeting by an electronic medium as provided in this subsection has the same legal effect as a meeting in person. The committee may meet and transact business by an electronic medium if

(1) public notice of the time and locations where the meeting will be held by an electronic medium has been given in the same manner as if the meeting were held in a single location;

(2) participants and members of the public in attendance can hear and have the same right to participate in the meeting as if the meeting were conducted in person; and

(3) copies of pertinent reference materials, statutes, regulations, and audio-visual materials are reasonably available to participants and to the public.

(e) A member of the committee may not vote on a resolution of the committee relating to a lease or contract to be entered into by the department under this chapter if the member is a party to the lease or contract or has a direct ownership or equity interest in a firm, partnership, corporation, or association that is a party to the contract or lease. When abstaining from voting, the member must disclose the reason for the abstention. A member who is a member of an electric cooperative that is organized under or subject to AS 10.25 (Electric and Telephone Cooperative Act) may vote on a resolution relating to a contract or lease to which that cooperative is a party. The member shall disclose the cooperative membership at the time of voting. A resolution of the committee that is approved by a majority of the members present who are not barred from voting under this subsection is a valid action of the committee for all purposes.

(f) Except for loans from the bulk fuel revolving loan fund (AS 42.45.250), the department shall submit the loans that the department proposes to approve under this chapter to the committee for the committee's review. The department may not enter into a loan for an amount equal to or greater than \$500,000 unless the committee approves the loan or unless the loan has received legislative approval under (g) of this section. The

department may not enter into a loan 60 days after submission of the loan application if the committee notifies the department that the department may not enter into the loan.

(g) The department may not enter into a loan without legislative approval of the department. The department names the project subject to the loan. Projects subject to the loan are

(1) a project in which the department has received grants, and bonds, is

(2) a project for which the department has received SLA 1993

Article 2.]

Section

100. Power cost equalization fund

110. Entitlement to power

120. Notice to customers

130. Cost minimization

140. Customer petitions

Sec. 42.45.100. P

fund. (a) The power cost equalization fund is established as a separate

(1) equalizing power cost equalization fund. The fund is a separate fund of the cost per kilowatt-hour of the utility.

(2) to make grants to the utility.

(b) The fund shall be used for the following purposes:

(1) money appropriated to the fund to provide grants to the utility;

(2) interest earned on the fund.

(c) The fund is not subject to the provisions of AS 42.05.151.

Opinions of attorney general. The Public Utilities Commission may promulgate standards for the cost equalization program for generation efficiency. The standards shall be adopted by the commission to adopt these standards under AS 42.05.151, as long as the standards do not violate the Administrative Procedure Act as amended.

Sec. 42.45.110. E

calculate the amount of the power cost equalization fund under AS 42.45.100 — 42.45.110.

Alaska Public Utilities Commission shall calculate the amount of the power cost equalization fund for each utility subject to the power cost equalization program.

The amount of the power cost equalization fund for each utility shall be reduced by the amount of the power cost equalization fund for each utility which is subject to the power cost equalization program.

The amount of the power cost equalization fund for each utility which is subject to the power cost equalization program shall be reduced by the amount of the power cost equalization fund for each utility which is subject to the power cost equalization program.

department may not enter into a loan for an amount less than \$500,000 for a period of 30 days after submission of the proposal to the committee. If, within the 30 days, the committee notifies the department that it intends to review a loan for less than \$500,000, the department may not enter into the loan unless it is approved by the committee.

(g) The department may not enter into a loan for a major project unless it has legislative approval of the project and the amount. An appropriation for the loan that names the project subject to this subsection constitutes approval under this subsection. Projects subject to legislative approval under this subsection include

(1) a project in which the cumulative state monetary involvement, through loans, grants, and bonds, is at least \$5,000,000; or

(2) a project for which a loan of more than \$5,000,000 has been requested. (§ 5 ch 18 SLA 1993)

Article 2. Power Cost Equalization and Rural Electric Capitalization.

Section

- 100. Power cost equalization and rural electric capitalization fund
- 110. Entitlement to power cost equalization
- 120. Notice to customers
- 130. Cost minimization
- 140. Customer petitions

Section

- 150. Definitions for AS 42.45.100 — 42.45.150
- 160. Adjustments to power cost equalization
- 170. Equalization assistance to unregulated utilities
- 180. Grants for utility improvements
- 190. Definition for AS 42.45.100 — 42.45.190

Sec. 42.45.100. Power cost equalization and rural electric capitalization fund. (a) The power cost equalization and rural electric capitalization fund is established as a separate fund for the purpose of

(1) equalizing power cost per kilowatt-hour statewide at a cost close to or equal to the mean of the cost per kilowatt-hour in Anchorage, Fairbanks, and Juneau by paying money from the fund to eligible electric utilities in the state; and

(2) to make grants to eligible utilities under AS 42.45.180 to improve the performance of the utility.

(b) The fund shall be administered by the department as a fund distinct from the other funds of the department. The fund is composed of

(1) money appropriated to provide power cost equalization to eligible electric utilities and to provide grants for utility improvements; and

(2) interest earned on those appropriations.

(c) The fund is not a dedicated fund. (§ 5 ch 18 SLA 1993)

Opinions of attorney general. — The Alaska Public Utilities Commission has the authority to promulgate standards for defining costs under the power cost equalization program (the article), and standards for generation efficiency. The commission is empowered to adopt these standards as regulations under AS 42.05.151, as long as the provisions of the Administrative Procedure Act are followed (decided under

former AS 44.83.162 — 44-83.165). May 16, 1988, Op. Att'y Gen.

The department is not required to pursue annual appropriations in order to disburse moneys in the southeast energy fund and the power cost equalization and rural electric capitalization fund once the legislature has capitalized those funds. September 27, 1995 Op. Att'y Gen.

Sec. 42.45.110. Entitlement to power cost equalization. (a) The costs used to calculate the amount of power cost equalization for all electric utilities eligible under AS 42.45.100 — 42.45.150 include all allowable costs, except return on equity, used by the Alaska Public Utilities Commission to determine the revenue requirement for electric utilities subject to rate regulation under AS 42.05. The costs used in determining the power cost equalization per kilowatt-hour shall exclude any other type of assistance that reduces the customer's costs of power on a kilowatt-hour basis and that is provided to the electric utility within 60 days before the commission determines the power cost equalization per kilowatt-hour of the electric utility. In calculating power cost equalization, the

commission may not consider validated costs or kilowatt-hour sales associated with a United States Department of Defense facility.

(b) An eligible electric utility is entitled to receive power cost equalization

(1) for sales of power to local community facilities, calculated in the aggregate for each community served by the electric utility, for actual consumption of not more than 70 kilowatt-hours per month for each resident of the community; the number of community residents shall be determined under AS 29.60.020; and

(2) for actual consumption of not more than 700 kilowatt-hours per month sold to each customer in all classes served by the electric utility except

(A) customers of the utility under (1) of this subsection; and

(B) customers that are state or federal offices or state or federal facilities other than public schools.

(c) The amount of power cost equalization provided per kilowatt-hour under subsection (b) of this section may not exceed 95 percent of the power costs, or the average rate per eligible kilowatt-hour sold, whichever is less, as determined by the commission. However,

(1) during the state fiscal year that began July 1, 1993, the power costs for which power cost equalization were paid to an electric utility were limited to minimum power costs of more than 9.5 cents per kilowatt-hour and less than 52.5 cents per kilowatt-hour;

(2) during each following state fiscal year, the commission shall adjust the power costs for which power cost equalization may be paid to an electric utility based on the weighted average retail residential rate in Anchorage, Fairbanks, and Juneau; and

(3) the power cost equalization per kilowatt-hour may be determined for a utility without historical kilowatt-hour sales data by using kilowatt-hours generated.

(d) An electric utility whose customers receive power cost equalization under AS 42.45.100 — 42.45.150 shall set out in its tariff the rates without the power cost equalization and the amount of power cost equalization per kilowatt-hour sold. The rate charged to the customer shall be the difference between the two amounts. Power cost equalization paid under AS 42.45.100 — 42.45.150 shall be used to reduce the cost of all power sold to local community facilities, in the aggregate, to the extent of 70 kilowatt-hours per month per resident of the community, and to reduce the cost of the first 700 kilowatt-hours per customer per month for all other classes served by the electric utility except state and federal offices and state and federal facilities other than public schools.

(e) The power cost equalization program shall be administered by the department based on a determination by the commission under (a) and (c) of this section of power cost equalization per kilowatt-hour for each eligible electric utility.

(f) The department may not deny an eligible electric utility power cost equalization because complete cost information is not available. The commission shall assist an eligible electric utility that is exempt from rate regulation under AS 42.05 to provide the cost information the commission considers necessary to comply with AS 42.45.100 — 42.45.150. Only power costs that are supportable may be considered in calculating power cost equalization. Each electric utility is responsible for keeping records that provide the information necessary to comply with AS 42.45.100 — 42.45.150 including records of monthly kilowatt-hour sales or generation, monthly fuel balances, fuel purchases, and monthly utility fuel consumption.

(g) The commission shall determine the cost of fuel for each eligible electric utility using the procedure for approving fuel cost rate adjustments of electric utilities subject to rate regulation under AS 42.05.

(h) Each electric utility receiving power cost equalization approved by the commission shall

(1) report monthly to the department within the time and in the form the department requires; and

(2) use operational equipment designed to meter individual utility customer power consumption and to determine and record the utility's overall fuel consumption.

(i) The department review and approve each eligible electric kilowatt-hour de kilowatt-hours e month to all cust the department (h) of this section to each electric u ch 9 SLA 1994)

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(i) The department shall review the report required under (h) of this section. After review and approval of the report, the department shall, subject to appropriation, pay to each eligible electric utility an amount equal to the power cost equalization per kilowatt-hour determined under (a) and (c) of this section, multiplied by the number of kilowatt-hours eligible for power cost equalization that were sold during the preceding month to all customers of the utility under (b) of this section. Payment shall be made by the department within 30 days after receipt from the utility of the report required under (h) of this section. If appropriations are insufficient for payment in full, the amount paid to each electric utility is reduced on a pro rata basis. (§ 5 ch 18 SLA 1993; am §§ 7 — 11 ch 9 SLA 1994)

Effect of amendments. — The 1994 amendment, effective April 7, 1994, substituted "commission" for "department" in subsections (c) and (e)-(h).

Editor's notes. — Under § 20, ch. 9, SLA 1994, the 1994 amendments to this section are retroactive to August 11, 1993.

Sec. 42.45.120. Notice to customers. If an electric utility receives power cost equalization under AS 42.45.100 — 42.45.150, the utility shall either give to its electric service customers eligible under this program, for each period for which the payment is received,

(1) the following notice:

NOTICE TO CUSTOMER

For the current billing period the utility will be paid under the State of Alaska's power cost equalization program (AS 42.45.100) to assist the utility and its customers in reducing the high cost of generation of electric energy.

Your total electrical service cost	\$.....
Less state equalization	\$.....
Your charge	\$.....; or

(2) a notice approved by the department that provides electric service customers the same information provided by the notice in (1) of this section. (§ 5 ch 18 SLA 1993)

Sec. 42.45.130. Cost minimization. (a) In order to qualify for power cost equalization, each electric utility shall make every reasonable effort to minimize administrative, operating, and overhead costs, including using the best available technology consistent with sound utility management practices. In reviewing applications for power cost equalization, the commission may require the elimination of unnecessary operating expenses. Each eligible electric utility shall cooperate with appropriate state agencies to implement cost-effective energy conservation measures and to plan for and implement feasible alternatives to diesel generation.

(b) In this section, "energy conservation measures" include weatherization and other insulating methods, utilization of waste heat, appropriate sizing of new generating equipment, and other programs of the state or federal government intended and available for energy conservation. (§ 5 ch 18, SLA 1993; am § 12 ch 9 SLA 1994)

Effect of amendments. — The 1994 amendment, effective April 7, 1994, substituted "commission" for "department" in the second sentence in subsection (a).

Editor's notes. — Under § 20, ch. 9, SLA 1994, the 1994 amendment to (a) of this section is retroactive to August 11, 1993.

Sec. 42.45.140. Customer petitions. If the department receives a petition requesting power cost equalization, signed by at least 25 percent of the customers of an electric utility that is subject to rate regulation under AS 42.05 and that has not applied for power cost equalization under AS 42.45.100 — 42.45.150, the department shall require the utility to submit a power cost equalization application. Upon a determination of eligibility for power cost equalization, the utility, as a part of its service, shall receive power cost

equalization and pass power cost equalization benefits to its customers under AS 42.45.100 — 42.45.150. (§ 5 ch 18 SLA 1993)

Sec. 42.45.150. Definitions for AS 42.45.100 — 42.45.150. In AS 42.45.100 — 42.45.150,

(1) "community facility" means a water and sewer facility, public outdoor lighting, charitable educational facility, or community building whose operations are not paid for by the state, the federal government, or private commercial interests;

(2) "eligible electric utility" or "electric utility" means a public, cooperative, or other corporation, company, individual, or association of individuals, and includes the lessees, trustees, or receivers appointed by a court, that

(A) owns, operates, manages, or controls a plant or system for the furnishing, by generation, transmission, or distribution, of electric service to the public for compensation;

(B) during calendar year 1983, had a residential consumption level of power eligible for power cost equalization under former AS 44.83 of less than 7,500 megawatt hours or had a residential consumption level of power eligible for power cost equalization under former AS 44.83 of less than 15,000 megawatt hours if the utility served two or more municipalities or unincorporated communities; and

(C) during calendar year 1984, used diesel fired generators to produce more than 75 percent of the electrical consumption of the utility; an electric utility that is a subsidiary of another electric utility is an "eligible electric utility" if the operations of the subsidiary, considered separately, meet the eligibility requirements of AS 42.45.100 — 42.45.150; if an electric utility did not receive power cost assistance in 1983 but is otherwise eligible for power cost equalization under AS 42.45.100 — 42.45.150, the utility is an "eligible electric utility";

(3) "power costs" means costs used in determining power cost equalization under AS 42.45.110(a) and (c). (§ 5 ch 18 SLA 1993)

Sec. 42.45.160. Adjustments to power cost equalization. (a) The commission may adjust the power cost equalization per kilowatt-hour, determined under AS 42.45.100 — 42.45.150, payable to an electric utility that is subject to rate regulation under AS 42.05 if the

(1) commission has approved a fuel cost rate adjustment caused by an increase or decrease in the electric utility's cost of fuel;

(2) commission has approved a permanent or interim rate increase or decrease that establishes a higher or lower power cost;

(3) department has discovered, in reviewing the monthly data submitted by the electric utility, discrepancies that require adjustment of the power cost equalization; or

(4) department determines that appropriations are insufficient to finance full payments to eligible electric utilities.

(b) An electric utility that is eligible to receive power cost equalization under this section and that receives power cost equalization per kilowatt-hour approved by the commission shall report monthly to the department within the time and in the form the department requires. An electric utility shall report

(1) the power cost equalization per kilowatt-hour approved by the commission;

(2) the total kilowatt-hours sold to each class of customer during the preceding month;

(3) the total kilowatt-hours eligible for power cost equalization under this section sold to each class of customer during the preceding month;

(4) the total kilowatt-hours generated during the preceding month, if available;

(5) any commission approved amendments to the schedule of rates in effect during the preceding month; and

(6) an increase in the commission's power cost equalization subsequent power cost equalization assistance

(c) The provision of power cost equalization assistance

Revisor's notes. substituted for "and" section to correct a n Effect of amendment effective April 7, 1993

Sec. 42.45.17 utility that is not under AS 42.05 power cost equalization assistance

(1) files with the commission a report of power cost equalization per kilowatt-hour with AS 42.45.1

(2) reports monthly information required

(3) sets rates

(A) that conform to AS 42.45.150 by subjecting power cost equalization

(B) under which power cost assistance is applied as a condition of power cost assistance under AS 42.05

(4) allows a utility to apply for power cost assistance with this section

(5) furnishes information specified in AS 42.45.1

(b) An electric utility section shall report

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(c) An electric utility section may have power cost equalization assistance

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(6) an increase or decrease in the current unit price of fuel from the base price used by the commission in determining power costs if the change is expected to result in a subsequent power cost equalization adjustment.

(c) The provisions of AS 42.45.100 — 42.45.150 relating to the determination of the amount of power cost equalization and payment of the equalization assistance apply to equalization assistance under this section. (§ 5 ch 18 SLA 1993; am § 13 ch 9 SLA 1994)

Revisor's notes. — In 1993, "department" was substituted for "authority" in (a)(3) and (4) of this section to correct a manifest error in ch. 18, SLA 1993.

Effect of amendments. — The 1994 amendment, effective April 7, 1994, in subsection (b), substituted

"commission" for "department" in the introductory language and in paragraphs (1), (5), and (6).

Editor's notes. — Under § 20, ch. 9, SLA 1994, the 1994 amendment to (b) of this section is retroactive to August 11, 1993.

Sec. 42.45.170. Equalization assistance to unregulated utilities. (a) An electric utility that is not subject to rate regulation by the Alaska Public Utilities Commission under AS 42.05 may receive power cost equalization if the utility is otherwise eligible for equalization assistance under AS 42.45.100 — 42.45.150 and if the utility

(1) files with the commission financial data necessary to determine the power cost equalization per kilowatt-hour as prescribed by the commission and that is in compliance with AS 42.45.100 — 42.45.150;

(2) reports monthly to the department, within the time and in the form required, the information required in (b) of this section;

(3) sets rates

(A) that consider the power cost equalization provided under AS 42.45.100 — 42.45.150 by subtracting from its revenue requirements for electric services the power cost equalization per kilowatt-hour that it is eligible to receive; and

(B) under which the power cost equalization provided in AS 42.45.060 — 42.45.110 is applied as a credit only against the cost of kilowatt-hours eligible for equalization assistance under AS 42.45.100 — 42.45.150 that are consumed by each customer in any month;

(4) allows audits that the commission determines are necessary to ensure compliance with this section; and

(5) furnishes its electric service customers eligible under this program a notice as specified in AS 42.45.120.

(b) An electric utility that is eligible to receive power cost equalization under this section shall report in accordance with (a)(2) of this section

(1) the power cost equalization per kilowatt-hour approved by the commission;

(2) the total kilowatt-hours sold to each class of customer during the preceding month;

(3) the total kilowatt-hours eligible for power cost equalization under this section sold to each class of customer during the preceding month;

(4) the total kilowatt-hours generated during the preceding month, if available;

(5) any amendments to the schedule of rates in effect during the preceding month; and

(6) an increase or decrease in the current unit price of fuel from the base price used by the commission in determining power costs if the change is expected to result in a subsequent equalization assistance level adjustment.

(c) An electric utility that is eligible to receive power cost equalization under this section may have its power cost equalization per kilowatt-hour determination changed by the commission if the

(1) commission has verified an increase or decrease in the electric utility's cost of fuel;

(2) commission has verified an increase in rates based on an increase in costs;

(3) department has discovered, in reviewing the monthly data submitted by the electric utility, discrepancies that require adjustment of the power cost equalization; or

(4) department determines that appropriations are insufficient to finance full payments to eligible electric utilities.

(d) The provisions of AS 42.45.100 — 42.45.150 relating to the determination of the amount of power cost equalization and payment of the equalization assistance apply to equalization assistance under this section.

(e) An application for power cost equalization by an electric utility that is eligible to receive power cost under this section does not extend the jurisdiction of the Alaska Public Utilities Commission beyond that established by AS 42.05. (§ 5 ch 18 SLA 1993; am §§ 14 — 16 ch 9 SLA 1994)

Effect of amendments. — The 1994 amendment, effective April 7, 1994, substituted "commission" for "department" in paragraphs (a)(1), (a)(4), (b)(1), and (b)(6); and, in subsection (c), substituted "commission" for "department" and deleted "department" following "if the" in the introductory language, and added "com-

mission" at the beginning of paragraphs (1) and (2) and "department" at the beginning of paragraphs (3) and (4).

Editor's notes. — Under § 20, ch. 9, SLA 1994, the 1994 amendments to this section are retroactive to August 11, 1993.

Sec. 42.45.180. Grants for utility improvements. (a) The department may make a grant from the fund for an eligible utility for a small power project that will reduce the cost of generating or transmitting power to the customers of the utility. The amount of the grant may not exceed 75 percent of the cost of the project. The department may not make a grant under this section unless the eligible utility has secured financing for 25 percent of the cost of the project from a source other than the power cost equalization and rural electric capitalization fund, as provided under (c) of this section.

(b) The department may not allocate more than three percent of the balance in the fund to grants under this section in a fiscal year.

(c) In determining whether an eligible utility has secured financing for 25 percent of the cost of the project from a source other than the power cost equalization and rural electric capitalization fund, the department shall accept solicited and unsolicited proposals for third party financing or for a joint venture between the utility and an entity from the private sector provided that the private sector participant has

(1) a valid state business license;

(2) a resolution or letter of agreement executed by the eligible utility agreeing to participation by the private sector participant;

(3) a business plan that illustrates how the proposed project will reduce the cost of generating or transmitting power to the customers of the utility.

(d) In this section,

(1) "eligible utility" has the meaning given in AS 42.45.150;

(2) "project" includes

(A) power generation systems;

(B) transmission systems;

(C) distribution systems;

(D) metering systems;

(E) energy store systems;

(F) energy conservation programs; and

(G) bulk fuel storage facilities;

(3) "small power project" means a new or modified project that will either generate, store, or conserve no more than 1.5 megawatts of power or provide a metering system, transmission system, distribution system, or bulk fuel storage facility that has an estimated cost of less than \$3,000,000. (§ 5 ch 18 SLA 1993)

Opinions of attorney general. — The department is not required to pursue annual appropriations in order to disburse moneys in the southeast energy fund and the power cost equalization and rural elec-

tric capitalization fund once the legislature has capitalized those funds. September 27, 1995 Op. Att'y Gen.

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Sec. 42.45.190. Definition for AS 42.45.100 — 42.45.190. In AS 42.45.100 — 42.45.190, "fund" means the power cost equalization and rural electric capitalization fund established under AS 42.45.100. (§ 5 ch 18 SLA 1993)

Article 3. Electrical Service Extension Fund.

Section

200. Electrical service extension fund established

Sec. 42.45.200. Electrical service extension fund established. (a) The electrical service extension fund is established as a separate fund in the department. The fund consists only of money appropriated to it by the legislature. .

(b) The department may make grants from the electrical service extension fund to certificated electric utilities and to electric utilities exempt from certification under AS 42.05.711, as a first priority, to pay for costs of site preparation and construction for the extension of electrical service to private residences and small businesses not currently served by an electric utility and, as a second priority, for making improvements to existing utilities. The amount of a grant made under this section may not exceed 60 percent of the total cost of construction of the project. The costs considered in making a grant may not include costs of planning, feasibility studies, or design.

(c) An electric utility that has received a grant under this section may charge a connection fee for initial connection to the electrical service made available because of the construction. The connection fee for each residential or commercial structure shall conform to the line extension policy of the utility.

(d) The department shall adopt regulations under AS 44.62 (Administrative Procedure Act) to implement this section.

(e) In this section, "certificated" means holding a certificate of public convenience and necessity issued by the Alaska Public Utilities Commission under AS 42.05. (§ 5 ch 18 SLA 1993)

Article 4. Bulk Fuel Revolving Loan Fund.

Section

250. Bulk fuel revolving loan fund

Sec. 42.45.250. Bulk fuel revolving loan fund. (a) The bulk fuel revolving loan fund is established in the department to assist communities in purchasing bulk fuel. A community, or a private individual who has written endorsement from the governing body of the community, is eligible for a loan from the bulk fuel revolving loan fund for a bulk fuel purchase.

(b) Money in the fund may be used by the legislature to make appropriations for costs of administering this section.

(c) The foreclosure expense account is established as a special account within the bulk fuel revolving loan fund. This account is established as a reserve from fund equity.

(d) The department may spend money credited to the foreclosure expense account when necessary to protect the state's security interest in collateral on loans made under this section or to defray expenses incurred during foreclosure proceedings after a default by an obligor.

(e) Loans made from the bulk fuel revolving loan fund to one borrower in any fiscal year are not subject to AS 42.45.060 and

- (1) may not exceed \$100,000;
- (2) shall be repaid in one year or less; and
- (3) may not exceed 90 percent of the wholesale price of the fuel purchased.

(f) Interest may be charged on a loan made from the bulk fuel revolving loan fund. Interest shall be charged on a loan at a rate equal to the percentage of the average weekly yield of municipal bonds for the 12 months preceding the date of the loan, as determined by the department from municipal bond yield rates reported in the 30-year revenue index of the Weekly Bond Buyer. However, if the department finds that a community cannot afford to repay a portion of interest on a loan, and makes a determination in writing, the department may reduce or eliminate the interest rate applicable to the loan.

(g) Repayments of the principal, the interest, and the money chargeable to principal or interest that is collected through liquidation by foreclosure or other process on a loan made under this section shall be paid into the bulk fuel revolving loan fund. The fund is not a dedicated fund.

(h) The department may contract for the administration of the bulk fuel loan program established in this section.

(i) The department shall dispose of property acquired through default or foreclosure of a loan made under this section. Disposal shall be made in a manner that serves the best interests of the state, and may include the amortization of payments over a period of years.

(j) The department may adopt regulations necessary to carry out the provisions of this section, including regulations to establish reasonable fees for services provided and charges for collecting the fees.

(k) The department may collect the fees and collection charges established under (i) of this section and shall deposit the money in the general fund.

(l) In this section,

(1) "bulk fuel storage facility" means a storage tank capable of holding at least 10,000 gallons of petroleum fuel; and

(2) "community" means an organized municipality or an unincorporated village that is a social unit, with a population of less than 2,000 people. (§ 5 ch 18 SLA 1993)

Article 5. Joint Action Agencies.

Section

300. Joint action agencies

Sec. 42.45.300. Joint action agencies. Two or more public utilities may form a joint action agency for the purpose of participation in the design, construction, operation, and maintenance of a generating or transmission facility and to secure financing for carrying out the design, construction, operation, and maintenance of the facility. A joint action agency may request the Alaska Industrial Development and Export Authority to issue revenue bonds for projects of the agency. A joint action agency has the powers of a public utility under AS 42.05. (§ 5 ch 18 SLA 1993)

Article 6. Miscellaneous Provisions.

Section

400. Assistance to rural utilities

410. Relationship with private sector

Sec. 42.45.400. Assistance to rural utilities. (a) The department shall provide technical assistance to rural utilities including catastrophe prevention programs and other training programs for utility projects. The department shall provide rural utilities with the technical assistance and training that the utilities need to improve the efficiency, safety, and reliability of their power systems and to prevent emergency situations from developing. At a minimum, the assistance and training must include information on

(1) reducing distribution line losses;

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 - (3) preventative
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Section
990. Definitions

Sec. 42.45.99

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- (2) installation of generators that are more fuel efficient;
 - (3) preventative maintenance programs;
 - (4) safety inspections;
 - (5) installing and maintaining waste heat systems;
 - (6) improved metering systems;
 - (7) improved management and administration; and
 - (8) coordinating regional activities, including circuit rider maintenance programs.
- (b) In providing rural utilities with technical assistance and training, the department shall give priority to contracting with the private sector for these services. (§ 5 ch 18 SLA 1993)

Sec. 42.45.410. Relationship with private sector. The department shall, to the maximum extent feasible, carry out its powers and duties under this chapter by entering into contracts with appropriate entities in the private sector. (§ 5 ch 18 SLA 1993)

Article 7. General Provisions.

Section 990. Definitions

Sec. 42.45.990. Definitions. In this chapter, unless the context otherwise requires,

- (1) "department" means the Department of Community and Regional Affairs;
- (2) "feasibility study"
 - (A) means a study conducted to establish the economic and environmental practicality of completing a proposed power project;
 - (B) includes engineering and design work to meet the requirements for submission of a license application for a proposed new project to the Federal Energy Regulatory Commission;
- (3) "power" includes electrical energy generated, distributed, bought, or sold for lighting, heating, power, and every other useful purpose;
- (4) "power project" or "project" means a plant, works, system, or facility, together with related or necessary facilities and appurtenances, including a divided or undivided interest in or a right to the capacity of a power project or project, that is used or is useful for the purpose of
 - (A) electrical or thermal energy production other than nuclear energy production;
 - (B) waste energy utilization and energy conservation; or
 - (C) transmission, purchase, sale, exchange, and interchange of electrical or thermal energy, including district heating or interties;
- (5) "reconnaissance study" means a study conducted to assess the present and future electrical and thermal energy needs of an area. (§ 5 ch 18 SLA 1993)

HB 40

To: Senate Labor and Commerce Committee
State Capitol
Juneau, Alaska
Fax: 907 465-3805

Attention: Senator Lyda Green

From: Gerald Newton
315 Dunbar Ave.
Fairbanks, Alaska 99701
Tel: 907 452-5611
Fax: 907 452-5611 (call first)
email: nerc@mosquitonet.com

Subject: SB 40 and the transferring of Mechanical Inspectors from the Department of Labor to the Department of Public Safety

The State of Alaska electrical inspectors are responsible for enforcing compliance to the National Electrical Code (NEC.) The NEC is written by the National Fire Protection Association and has the purpose of "protecting persons and property from the hazards arising from the use of electricity." The NEC was originally written by insurance companies as a fire protection standard. The NEC has no work rules and is not a labor standard. It is a minimum standard for installation of electrical work to prevent electrical hazards, including fires, that would damage persons and property.

Presently, the Department of Labor and the Department of Public Safety are enforcing the NEC. The Department of Public Safety employs State Fire Marshals that perform plan reviews and field inspections at existing installations to the NEC. The Department of Labor employs electrical inspectors that perform electrical inspections at new commercial installations. Additionally, the Department of Public Safety, Fire Marshall's Office enforces NICET certification of personnel performing fire alarm system installations. The Department of Labor enforces the electrician's certificate of fitness license for electricians. It seems redundant to have two Departments performing parallel functions requiring two sets of regulations and administrators. In effect, the State of Alaska has two building departments where one would suffice.

It would make State government more cost effective and efficient by transferring the electrical inspectors, plumbing inspectors, boiler inspectors, and elevator inspectors to the Department of Public Safety and eliminating the Department of Labor, Labor Standards and Safety Division, Mechanical Inspection Section altogether.

There are several reasons for this:

1. The cost of managing and administering two independent inspection programs is more than that of one. The overall effect would be a substantial savings in the State Operating Budget without compromising Public Safety.
2. The Public would be better served by only having to deal with one inspection agency instead of two. The same people that do plan reviews would be performing the inspections to the same standards and regulations used for plan reviews.
3. The Department of Public Safety has better trained support personnel, more experience, and better equipped resources than the Department of Labor for enforcement of State laws.

This transfer would require some minor details to be worked out but, in the long run, would be a cost effective way to deal with declining state revenues and would be perceived by the public as downsizing State Government, because in real terms it is downsizing.

Yours truly,

Gerald Newton

ALASKA STATE LEGISLATURE



Interim:
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Wasilla, Alaska 99654
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Session:
State Capitol Building, Room 421
Juneau, Alaska 99801-1182
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REPRESENTATIVE VIC KOHRING
DISTRICT 26

Date: May 11, 1999

To: Senate Finance Committee Members

Re: House Bill 40; Department of Community & Economic Development

Senators:

Please accept the enclosed documents as evidence for the May 11, 1999 hearing on House Bill 40.


House Bill 40 is substantially House Bill 400 heard last year in the House Labor & Commerce and Finance Committees. The enclosed documents from those hearings are the evidence used in passing the bill out of the committees. Therefore, these documents remain relevant to House Bil 40.

The bill was recently modified in House Finance. Enclosed are a chart and other documents showing the changes to the original HB 40.

Also enclosed are important three letters of support. One is from a former Deputy Commissioner of Department of Community & Regional Affairs; another is a former Commissioner of Department of Commerce & Economic Development. The third letter is from the owner and operator of a rural electric utility. These three professionals are knowledgeable about rural issues, including the importance of government assistance to communities.

Thank you for considering this bill.

Sincerely,


Vic Kohring
State Representative

PAUL FUHS

P.O. Box 20664
Juneau, Alaska 99802
(907) 790-3030
fuhs@ptialaska.net

March 17, 1999

Representative Vic Kohring
Alaska State Legislature

Dear Representative Kohring,

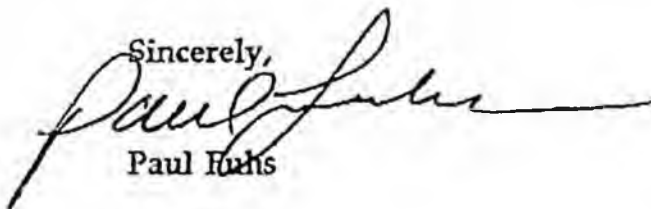
You have asked me to comment on your bill HB 40 as former Commissioner of Commerce and Economic Development. My comments will also relate to my recent experiences as an economic development consultant in rural and urban Alaska.

From my experience, I can tell you that there would be many advantages to combining the state's economic development programs. I don't know how much money you would save doing this, but you would certainly have a much more effective program. While I was in the Hickel administration, I heard many people, especially in rural Alaska, complain about being bounced back and forth between the various agencies and it confusing and frustrating for them. Given the fact that Alaska's economic development and international trade programs have been reduced to their bare minimums due to the need for budget cuts, it is even more imperative that they be coordinated for maximum advantage for Alaska's people.

I would urge you to contact and work with the Alaska Municipal League on issues they may have with HB40 concerning municipal programs in DCRA. I also understand that discussions are underway concerning the possibility of consolidating regulatory functions of Labor with Commerce also. I am not supporting one concept over the other, but I wish you well in finding funding and program efficiencies within the departments.

These comments are mine alone and do not reflect the position of any of my clients.

Sincerely,



Paul Fuhs

Representative Vic Kohring
 Alaska State Capitol, Room 421
 Juneau, Alaska 99801

Dear Representative Kohring:

I urge you to pass House Bill 400. Merging two departments that are involved in economic development throughout Alaska is a smart way to cut government. Having one department responsible for improving our economy will help all communities and businesses.

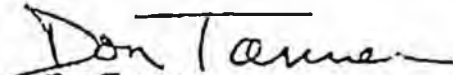
As a small businessman, providing service is important to my customers. I take every effort to minimize my overhead. State government should do the same. This merger bill is the first step in cutting unnecessary overhead.

As a former Deputy Commissioner for the Department of Community and Regional Affairs, I am aware of the economic problems faced in rural Alaska. This merger bill will increase efficiencies and greatly enhance economic growth in rural areas.

Being the Deputy Commissioner I also know that the two departments perform similar tasks. Only one commissioner and administration is needed for the activities of the two departments.

I encourage the Legislature to pass this bill. It will be good for rural Alaska, good for business, and good for the State budget.

Sincerely,


 Don Tanner

x

Tanana Power Company, Inc.

P O BOX 873509

WASILLA, ALASKA 99687

TELEPHONE 907-373-5599

OR (907) 366-7101

April 2, 1998

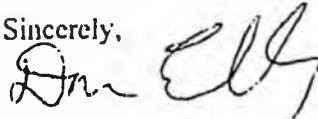
Representative Vic Kohring
State Capitol Building, Room 421
Juneau, Alaska 99801-1182

Representative Kohring:

Having operated a rural electrical utility for over 35 years and lived in rural Alaska for over 15 years, the need for a comprehensive approach to rural development has become very apparent. I support HB 400 because it promotes a unified and comprehensive system for rural development. The additional saving that would result from HB 400 is icing on the cake.

Thank you for time and effort.

Sincerely,



Don Eller

**CSHB 40(FIN)
Agency Programs by Department
Version "M"**

Labor & Workforce Development	Community & Economic Development	Education & Child Development
<p>(Currently in Dept. of Labor) Wage & hour Mechanical Inspection Unemployment Insurance Occupational Safety & Health Safety Advisory Council Fishermen's Fund Workers' Comp Labor Relations Agency Employment Services Work Services</p>	<p>(Currently in C&RA) Community Development Assistance Community & Economic Development National Forest Receipts Revenue Sharing Municipal Assistance Unincorporated Capital Matching Grants State Assessor Local Boundary Commission PCE Energy Operations Circuit Rider National Petroleum Reserve Program Statewide Assistance Renters' Equivalency Rebate</p>	<p>(Currently in Dept. of Education) Quality Schools Program K-12 Financial Assistance Vocational Technical Education State Owned Schools State Library and Museum Post Secondary Education Commission Teaching and Learning Support** Alaska State Council on the Arts</p>
<p>(Currently in DOE) Adult Basic Education Vocational Rehabilitation</p>	<p>(Currently in C&ED)</p>	<p>(Currently in C&RA) Head Start Child Care Pass II, III Day Care Assistance</p>
<p>(Currently in Community & Regional Affairs) Job Training Partnership Act State Training & Employment Program</p>	<p>Trade & Development Investments Tourism ATMC AIDEA ASTF ASMI AADC Banking, Securities & Corporations Insurance Occupational Licensing APUC</p>	<p>(Currently in H&SS) Licensing of Child Care Facilities***</p>
<p>(Currently in Governor's Office) Alaska Human Resource Investment Council*</p>	<p>(Currently in DOA) Capital Matching Grants (Incorporated) Municipal Grants</p>	

* AHRIC will transfer to L&WD at the completion of their 5 year planning cycle (July 1, 2000).

** Teaching and Learning Support includes Preschool Certification, Teacher Certification, Community Schools & Child Nutrition.

*** Licensing of child care facilities will transfer to Dept. of Education & Child Development July 1, 2000.

Changes to HB 40 made in House Finance Committee

A. Most noticeable are the changes made in the name of the Departments:

- ◆ Labor & Workforce Development
- ◆ Education & Child Development
- ◆ The new department is now named "Community & Economic Development"

B. Child Care Programs

One intent of the original HB 40 was to combine Child Care programs, into one department, HS&S. The Finance CS places the child care programs in DCRA and H&SS into the new Department of Education & Child Development. This change is consistent with the original intent of HB 40.

C. Job Training

One intent of the original HB 40 was to combine job training programs into the Department of Labor. The Finance CS expands this concept to move two job programs from the Department of Education into the new Department of Labor. Also, the Alaska Human Resource Investment Council will be moved from the governor's Office into the new Dept of Labor. These slight changes are consistent with the original intent of HB 40.

D. New Department of Community & Economic Development

The Finance Committee CS still combines the economic development activities with local government assistance programs, which was the focal point of the original merger bill.

One slight change was made to the new department. The bill now includes transfer of the Municipal Grants and the Capital Matching Grants programs from Dept of Administration to the new department.

E. Miscellaneous Changes

- ◆ References to the specific divisional structure were removed. The original intent of the divisional structure was to minimize upper management and to show that the consolidation of department functions would work. This change was negotiated with the Governor and provides the administration with flexibility to place programs where they can function best.
- ◆ The Rural Advocate position added in by the C&RA Committee was deleted at the request of the Governor. The Governor expressed concerns on how the Advocate would interact with the departments.

HB 40 Version M

Sectional Analysis

1. Transfers the fee authorization (existing authorization) to the renamed Dept of Education and the new Department of Community & Economic Development.
2. Renumbered statute
3. Renumbered statute
4. Renumbered statute
5. Tenure rights transferred to Dept of Labor & Workforce Development
6. A. Deletes Vocational Rehabilitation from Dept of Education
B. Changes statutory reference of Human Resource Investment Council in Education to Dept of Labor & Workforce Development
7. Transfers Child Care Facility Licensing to Dept of Education & Child Development
8. Transfers Head Start, Child Care and Day Care to Dept of Education & Child Development
9. Changes statutory reference from Health & Social Services to Dept of Education & Child Development
10. Changes statutory reference from Health & Social Services to Dept of Education & Child Development.
11. Changes statutory reference from Health & Social Services to Dept of Education & Child Development
12. A. Revises name of Dept of Education to newly named Dept of Education & Child Development
B. Change statutory reference of Human Resource Investment Council from the Governor's Office to the new Dept of Labor & Workforce Development
13. Adds a reference to day care facility licensure in the Dept of Education & Child Development
14. Adjusts reporting of fire protection systems to the new Department of Community & Economic Development

15. Provides fee authorization to the new Department of Labor & Workforce Development
16. Transfers the administration of the Vocational Rehabilitation from the Board of Education to the Commissioner of Labor & Workforce Development
17. Transfers the administrative powers for the Vocational Rehabilitation program from the Board of Education to the Commissioner of Labor & Workforce Development
18. Allows the Commissioner of Labor & Workforce Development to appoint administrative officers.
19. Establishes the Division of Vocational Rehabilitation in the new Dept of Labor & Workforce Development
20. Directs the Commissioner of Labor & Workforce Development to appoint a director for Division of Vocational Rehab.
21. Replaces the Board of Education with the Commissioner of Labor & Workforce Development for Vocational Rehab related items.
22. Replaces the Board of Education with the Commissioner of Labor & Workforce Development for Vocational Rehab related items.
23. Replaces the Board of Education with the Commissioner of Labor & Workforce Development for Vocational Rehab related items.
24. Transfers the Alaska Human Resource Council from the Governor's Office into the Dept of Labor & Workforce Development
25. Deletes the reference to the former DCRA and adds references to the new Dept of Community & Economic Development and the Dept of Education & Child Development.
26. Changes statutory reference for the Alaska Human Resource Council from the Governor's Office into the Dept of Labor & Workforce Development
27. Transfers the Business Incentive Training Program from DCRA to the Department of Labor & Workforce Development
28. Changes statutory reference for the Alaska Human Resource Council from the Governor's Office into the Dept of Labor & Workforce Development

29. Adds a reference to day care facility licensure in the Dept of Education & Child Development
30. Renumbering of statutes from DCRA to new Department of Community & Economic Development
31. Renumbering of statutes from DCRA to new Department of Community & Economic Development
32. Clarifies that per capita entitlements are calculated under the former DCRA method (to continue in new Dept of Community & Economic Development.
33. Changes name from former DCRA to new Dept
34. Change reference for the division of Vocational Rehab from Dept of Education to Dept of Labor & workforce Development
35. Changes reference for the Human Resource Investment Council from Governor's Office to the Dept of Labor & Workforce Development
36. Renumbering of statutes from DCRA to new Department of Community & Economic Development
37. Transfer of Municipal Grant administration from Dept of Administration to the new Dept of Community & Economic Development
38. Detail for the transfer of Municipal Grant administration from Dept of Administration to the new Dept of Community & Economic Development
39. Defines the department for the transfer of Municipal Grant administration from Dept of Administration to the new Dept of Community & Economic Development
40. Renumbering of statutes from DCRA to new Department of Community & Economic Development
41. Detail for the transfer of Municipal Grant administration from Dept of Administration to the new Dept of Community & Economic Development
42. Defines the department responsibilities for adoption of regulations for the transfer of Municipal Grant administration from Dept of Administration to the new Dept of Community & Economic Development
43. Revises the Alaska Royalty Oil & Gas Development Advisory Board to replace the deletion of one commissioner with the commissioner of Revenue.

44. Deletes reference to the Deputy Director of the Div. Of Tourism in the partially exempt employment statutes.
45. Revises a reference for the Vocational Rehab program from Dept of Education to Dept of Labor & Workforce Development
46. Renumbering of statutes from DCRA to new Department of Community & Economic Development
47. Changes reference for the Human Resource Investment Council from Governor's Office to the Dept of Labor & Workforce Development
48. Changes makeup of the Board for the Rural Electrification Revolving Loan Fund from 7 members to 5. It deletes one commissioner and one public member.
49. References a name change from the former DCRA to the new Dept of Community & Economic Development
50. Technical revisions to the Alaska Coastal Policy Council.
51. Reference change for the Alaska Coastal Policy Council
52. Revises the name of and duties of the Dept of Education & Child Development and deletes Vocational Rehab and Adult Basic Education from the duties of this department.
53. Revises the name of and duties of the Department of Labor & Workforce Development to include JT²A and State training programs.
54. Provides authority for the commissioner of the new Dept of Community & Economic Development appoint a department employee to act for the commissioner on boards and commissions.
55. Lists the duties of the new Department of Community & Economic Development
56. Transfers fee authorization and the Exxon Valdez oil spill unincorporated rural community fund program from DCRA to the new Department of Community & Economic Development, and defines the department and commissioner in these areas.
57. Replaces a reference to the Division of Tourism with the new Department of Community & Economic Development

58. Replaces a reference to the director of Tourism with the new Department of Community & Economic Development
59. Redefines the makeup of the Alaska Tourism Marketing Council.
60. Replaces a reference to the director of Tourism with the commissioner of the new Department of Community & Economic Development
61. Replaces a reference to the director of Tourism with the commissioner of the new Department of Community & Economic Development and replaces the reference to the division and director with reference to the new department and its commissioner.
62. Transfers the Rural Development programs currently in DCRA to the new Dept of Community & Economic Development
63. Transfers the Local Boundary Commission currently in DCRA to the new Dept of Community & Economic Development.
64. Adds in the Dept of Education & Child Development to the Administrative Adjudication statutes regarding child care facility licensing
65. Renumbering of statutes and renaming references from DCRA to new Department of Community & Economic Development
66. Renumbering of statutes and renaming references from DCRA to new Department of Community & Economic Development
67. Renumbering of statutes and renaming references from DCRA to new Department of Community & Economic Development
68. Renaming reference from DCRA to new Department of Community & Economic Development
69. Renaming reference from DCRA to new Department of Community & Economic Development
70. Renaming reference from DCRA to new Department of Community & Economic Development
71. Changes statute numbering from the Dept of Health & Social Services to the Dept of Education
72. Changes reference of former department names to new names of departments

73. Reflects transfer of child care assistance to Dept of Education & Child Development from DCRA
74. Deletes references to child care programs moved into Dept of Education & Child Development from the Dept of Health & Social Services
75. Deletes references to child care facility programs moved into Dept of Education & Child Development from the Dept of Health & Social Services
76. Deletes references to child care facility programs moved into Dept of Education & Child Development from the Dept of Health & Social Services
77. Deletes references to child care facility programs moved into Dept of Education & Child Development from the Dept of Health & Social Services
78. Transfers the Displaced Homemakers program from the former DCRA to Dept of Labor & Workforce Development and makes appropriate name changes
79. Identifies the commissioner of the Dept of Labor & Workforce Development to administer the Displaced homemakers program.
80. Repeals statutes for duties that have been transferred to other departments or are renumbered from DCRA into the new Dept of Community & Economic Development, effective July 1, 1999.
81. Repeals statutes for duties that have been transferred to other departments or are renumbered from DCRA into the new Dept of Community & Economic Development, effective July 1, 2000
82. Transitional provisions
83. Allows the departments to start rewriting regulations prior to the effective date of the bill.
84. Directs the revisor to make changes to the name of the former DCED to the new Dept of Community & Economic Development where ever it appears in statute.
85. Directs the revisor to make changes to the name of the former Dept of Education to the new Dept of Education & Childhood Development where ever it appears in statute.
86. Directs the revisor to make changes to the name of the former Dept of Labor to the new Dept of Labor & Workforce Development where ever it appears in statute.

87. Directs the revisor to make changes to the name of the former DCRA to the new Dept of Community & Economic Development where ever it appears in statute.
88. Deletes the July 1, 2001 sunset for the child care facility licensing exemption from AS 25.27.244, Adverse action against delinquent obligor's occupational license.
89. Allows the loan committee members for the Rural Electrification Revolving Loan Fund to continue their term beyond July 1, 1999
90. Allows the administrative code to reflect the statutory changes made in this bill.
91. Provides effective date of July 1, 1999 excepting sections 92 and 93.
92. Provides immediate effective date to allow departments to rewrite regulation immediately.
93. Provides for effective date of July 1, 2000 for:
 - ◆ Vocational Rehabilitation
 - ◆ Dept of Education Board membership for Human Resource Investment Council
 - ◆ Day Care Facility Licensing
 - ◆ Human Resource Investment Council transfer to Dept of Labor & Workforce

ALASKA STATE LEGISLATURE



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REPRESENTATIVE VIC KOHRING
DISTRICT 26

Sponsor Statement for HB 40

Focusing on economic development while reducing the budget will result when two departments are merged into a new Department of Commerce and Rural Development. The proposed structure will ensure local government assistance continues, infrastructure planning is enhanced, and the State's economic development strategy and project funding is centralized.

The missions of the departments of Commerce and Economic Development and Community and Regional Affairs are similar, to promote economic development of Alaskan communities. Two separate management structures and goals result in a scattered development strategy. Having a unified development vision and funding resources under one department will better serve rural communities and Alaska as a whole.

Currently, the departments of Commerce and Economic Development and Community and Regional Affairs both have economic development programs; along with job training and child care programs. These non-development, non-commerce related programs will be moved to the departments of Labor and Health & Social Services, respectively. Under the new departments, these important programs can be integrated with existing programs in those departments while providing better service to Alaskans. This reorganization frees the new Department of Commerce and Rural Development to focus on economic development activities.

Alaska's fiscal crisis necessitates reengineering government. This merger will eliminate one commissioner's office but does not eliminate services. While creating budget savings, program delivery and economic development will be enhanced and streamlined in the new Department of Commerce and Rural Development.

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Session
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Juneau, Alaska 99801-1131
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REPRESENTATIVE VIC KOHRING
DISTRICT 26

Date: March 15, 1999

To: House Community & Regional Affairs Committee

Re: House Bill 40; Proposed Department of Commerce & Rural Development

Committee Members:

Please accept the enclosed documents as evidence for the March 18, 1999 hearing on House Bill 40.

House Bill 40 is virtually identical to House Bill 400, heard last year in the Labor & Commerce and Finance Committees. These documents are the evidence that these committees used in passing the bill out of committee. Therefore, these documents are relevant to House Bill 40.

I am eager to present the bill to the committee later this week.

Sincerely,


Vic Kohring
State Representative

House Bill 40

DCRA/DCED Merger

Cost Savings

Commissioner Office Consolidation

Commissioner	110
Deputy Commissioner	110
Special Assistant	70
Executive Secretary	50
Administrative Clerk	<u>35</u>

Subtotal: 375

Administrative Services

Division Director	110
Administrative Manager	75
Internal Auditor	75
Program Budget Analyst	65
Administrative Assistant	45
Grant Administrator	<u>45</u>

Subtotal: 415

Division of Community & Regional Development

Director	105
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Miscellaneous:

Travel	35
Contractual	30
Supplies	<u>10</u>

Subtotal: 75

TOTAL SAVINGS \$970,000

HB 40

Benefits to Rural Alaska

Effective economic development in rural Alaska is the goal of HB 40. Merging the two departments that provide economic development programs will benefit rural Alaska.

◆ Focus on Economic Development and Commerce

Programs unrelated to economic development and commerce activities will be transferred to other departments. The new department will be able to focus on economic development and commerce in rural areas and be more effective.

◆ Scoping and Planning

This merger unifies community scoping and planning assistance into one department. Expert staff in both departments will be joined under one management structure. With effective scoping and planning, successful economic development projects can be identified and matched with the community's resources and talents. Common sense says planning will be far more effective under one department.

◆ Infrastructure Construction

Once the community has identified development projects through scoping, infrastructure can be planned and constructed. The new department will assist the community in obtaining financing for the construction phase.

◆ Centralized Financial Assistance

Applying for funds can be a difficult and daunting task for small rural communities. The traditional approach of obtaining financing from public agencies has been the "shotgun" approach. This merger would centralize expert staff who knows details of funding programs and possibilities. One primary goal is to create a "one-stop financial assistance" for funding projects.

HB40
DEPARTMENT CONSOLIDATION
Streamlining Government Services

HIGHLIGHTS of Blank Senate CS:

- Transfer DEC ag/meat/poultry (not seafood) inspections to Division of Agriculture, DNR.
- Transfer functions of pesticides management from DEC to the Division of Agriculture, DNR.
- Combine OSHA and all safety inspection functions and safety code adoption authority with the Department of Public Safety's fire safety inspections office, thus creating one consolidated inspection division: "Division of Safety Inspections" in DPS.
- Transfer Safety Advisory Council to new consolidated "Division of Safety Inspections" in DPS.
- Consolidate licensing/certification duties of the Department of Labor, certificate of fitness (18.62), with the duties of Occupational Licensing in the Department of Community and Economic Development.
- Transfer Labor Relations Agency/Board to Department of Administration.

Streamlining Government
HB40

Labor & Workforce Development	Community & Economic Development	Department of Public Safety
<p>(Currently in DOL) Wage & Hour Employment Security Labor Statistics/Research Employment Services Work Services (to: Employment Services) Second Injury Fund Unemployment Insurance Workers' Comp Fishermans' Fund</p>	<p>(Currently in C&ED) APUC, AIDEA, ASTF, ASMI, AADC Banking, Securities & Corporations Occupational Licensing Div. of Insurance Investments Trade & Development</p>	<p>(Currently in DOL) **New Division of Safety Inspections (in DPS): Safety Advisory Council OSHA Mechanical Inspections</p>
<p>(Currently in C&RA) Job Training Partnership Act (to: Employment Services) Training & Employment (to: Employment Services)</p>	<p>(Currently in DOL) Mechanical Inspection Licensing (cert. of fit. 18.62: to Occ. Lic.)</p>	<p>Department of Administration</p> <p>(Currently in DOL) Labor Relations Agency & Board</p>
<p>(Currently in DOE) Vocational Rehabilitation (to: Employment Services) Adult Basic Education (to: Employment Services)</p>	<p>(Currently in C&RA) Renters' Equivalency Rebate Community & Rural Development Community Development Assistance National Forest Receipts State Assessor Local Boundry Commission PCE Energy Operations Circuit Rider Statewide Service Delivery NPR-A Program Statewide Assistance Muni. Assistance/Revenue Sharing ACMP</p>	<p>Education & Child Development</p> <p>(Currently in C&RA) Head Start Child Care Pass II, III Day Care Assistance</p> <p>(Currently in HSS) Child Care Licensing</p>
<p>(Currently in Governor's Office/& HSS) Human Res. Invest. Council (to: Employment Services) Work Services (from ATAP) (to: Employment Services)</p>	<p>(Currently in DOA) Capital Matching Grants (Incorporated) Municipal Grants</p>	<p>Department of Natural Resources</p> <p>(Currently in DEC) Ag, Meat, Poultry Inspections to Div. of Ag</p>

State of Alaska

Tony Knowles, Governor

Office of Management and Budget

PO Box 110020

Juneau AK 99811-0020

(907) 465-4660, fax 465-3008

To: Senate Finance Committee
Members

Date: May 13, 1999

From: Annalee McConnell *JK for AMC* Subject: HB 40
Director

The departments which would be affected by Senator Green's proposed CS for HB 40 (department consolidation) have prepared the attached impact statements, which detail the administration's concerns with the proposed changes.

If you have any questions, please call me or Jack Kreinheder in my office.

**Department of Labor
Impact Statements in Response to
Senate Finance CS to HB 40**

Date: 5/13/99

Prepared by: Remond Henderson, Director of ASD

Program Area:

Transfer Alaska Labor Relations Agency (ALRA) to Dept. of Administration (DOA)

Impact Analysis:

ALRA was created within the Department of Labor to give the ALRA autonomy and to avoid any appearance of impropriety. One of the Agency's predecessors, the Department of Administration's personnel board, was moved from the Department of Administration because there was a perceived conflict in having the personnel board in the same department as the State's labor relations agency that defends the State in public employee labor disputes.

Since its creation within the Department of Labor, ALRA has enjoyed complete independence in decision-making and administration over Alaska's public labor disputes. There have been no complaints, to our knowledge, by either management or labor that ALRA has some sort of bias because it is part of the Department of Labor. However, if ALRA were moved to DOA, the same concerns that were brought up before could again be raised. In short, it would not be prudent policy to have DOA Labor Relations who represents the State of Alaska in labor disputes, subject to the same supervision as ALRA who decides those disputes.

Program Area:

Transfer Division of Labor Standards & Safety functions to Dept. of Public Safety (DPS) & Dept. of Community & Economic Development (DCED)

Impact Analysis:

Transfer of the Occupational Safety & Health program to DPS is contrary to federal law, 29 CFR 1952.240, which states that the Alaska Occupational Safety & Health program is carried out under the auspice of the Alaska Department of Labor.

Certificate of Fitness licensing functions would no longer be performed by inspection personnel in outlying offices due to the split of Mechanical Inspection licensing and inspection staff between DCED and DPS. Also, without the crossover of these personnel the internal knowledge of proper licensing policies and procedures in the construction trades that currently exist will be lost. For these reasons, DCED and Labor currently share enforcement authority on construction related licenses.

The Alaska Safety Advisory Council functions relate to the promotion of employee safety to reduce accidental death and injury not the enforcement of public protection as is found in DPS. This council more appropriately should reside in Labor or the Department of Health & Social Services. Since it is already in Labor and successfully carries out its functions, no efficiencies are gained by relocating it.

DPS does not have the expertise, historical knowledge and program focus relating to occupational safety and health and mechanical/electrical inspection and enforcement. Also, this plan does not take into consideration the increased demand on DPS administrative services staff for oversight/processing of accounting, personnel, procurement, travel, data processing/programming and other support needs. It is unlikely DPS would be able to absorb the magnitude of this workload with their current infrastructure. In addition there are moving costs, republication of agency paperwork and publications, new space requirements, regulatory changes, reprogramming to segregate current computer programs, etc. (Note: previous plans to co-locate just the Mechanical Inspection Section and the Fire Marshal personnel exceeded \$250.0 in 1987 and was scrapped due to costs.)

This proposal will cost the state more money rather than less, it will reduce program productivity and it will confuse the public with all the changes that would be necessary in transferring the Labor programs to DPS or DCED.

Department of Public Safety
Impact Statement
HB 40
Streamlining Government Services

Bill proposes to:

- ✓ Combine OSHA and all safety inspection functions and safety code adoption authority with the Department of Public Safety's fire safety inspections office, thus creating one consolidated inspection division: "Division of Safety Inspections" in DPS.
- ✓ Transfer Safety Advisory Council to new consolidated "Division of Safety Inspections" in DPS.

Based in the information received from Labor, the functions proposed to be transferred involve 59 employees and 7 office locations throughout the state.

The impacts are as follows:

1. The functions in question are technical specialties that require substantial experience to manage effectively. The Department of Public Safety has "ZERO" experience in these areas. The Division of Motor Vehicles was much more aligned with DPS responsibilities and expertise yet this program was transferred to DOA to give it a level of focus not afforded in DPS. In all likelihood, if these Labor functions were transferred, they would be handled more like a Board or Commission than a line division. Public Safety does not have the unique management expertise in these technical fields to add value to the process. We're good at Police related kinds of things. We would be in a significant learning curve if the Labor programs were transferred.
2. Were these functions to be transferred to the Department of Public Safety, there would be no savings. Typically commissioners are appointed who have career experience in the disciplines their departments are responsible for. In Public Safety's case, Police experience is the primary driver which has almost nothing to do with the proposed functional transfer of Inspections and OSHA. The State Fire Marshal's Office has a nexus with law enforcement due to involvement with arson investigations. With respect to HB 40 recommendations, all Public Safety could be in the short term is an administrative place to house these other programs. The Department would be 100% dependent on the Director transferred from the Department of Labor to run these programs. The Department of Public Safety would provide direction based on general management principles as contrasted with years of accumulated technical knowledge contained in the Department of Labor.
3. If the consolidation is to proceed, the Department of Public Safety has no office space to house 59 new employees. Funding for office space and support costs would be required.

MEMORANDUM

STATE OF ALASKA

Office of the Governor
Office of Management and Budget

To: Michele Brown
Commissioner
Department of Environmental Conservation

Date: May 13, 1999

Phone: 465-4660

From: Annalee McConnell
Director

Subject: HB40 CS

IMPACT STATEMENT: PROPOSED CS for HB 40

The amendments before Senate Finance would affect two aspects of DEC:

- 1) Pesticide registration and
- 2) Meat, Poultry, and Milk processing and the associated activities relating to animal health

Pesticide Registration: DEC is statutorily required to regulate the use of pesticides and broadcast chemicals (primarily oil spill dispersants). As part of this, the department requires that pesticides sold in Alaska be registered with the state. Registration information is used in two ways: one, to fine-tune our certified applicator program and other educational efforts; second, and most importantly, to issue drinking water monitoring waivers for those pesticides that are not sold or used in the state. These waivers can save public water systems literally thousands of dollars each year.

The amendments to HB 40 would give DNR the sole authority to require the registration of pesticides and allow DNR to charge a fee for that registration. Regulation and permitting would remain with DEC.

Splitting the responsibility for pesticide management between two state agencies is not as efficient as the current system. Some registration decisions require subject matter knowledge. For example, the registration may include restrictions such as where the product can be used or the frequency of application. Special local needs are also considered. The fate of the pesticide in the environment, effects on groundwater, and its potential effects on public health and safety all must be considered in these cases. Because the regulatory staff in the pesticide program possess this knowledge, registration decisions may involve two state agencies rather than one, as is the current situation.

This appears to be a mechanism to raise revenues for agriculture. It's interesting therefore to note how small pesticide use is among those in agriculture in Alaska. Only 6% of the current 2,750 pesticide products registered for us in the state are agricultural products. Of the 14 types of applicator certifications we have, only one is for agriculture and less than 15% of the certified

applicators in the state are certified in this category. Finally, EPA specifies less than 5% of our required inspections be of agricultural use.

Meat, Poultry, and Milk Processing and Animal Health Functions: Under the proposed amendment, food safety issues would be split between two agencies. Meat, poultry, and milk processing would be the responsibility of DNR while all other foods would remain with DEC. This will increase the costs of food safety in the state.

Currently, food inspectors are shared between all the food programs. For example, there is a meat processing plant in Kodiak. The Kodiak-based inspector inspects that plant as well as all the seafood processors and other food service businesses in the area. By splitting food safety functions between two agencies, that type of synergy will be lost and state costs will increase.

Laboratory support is also shared between all the food programs. The Food Safety lab is certified by the USDA to conduct the needed testing of meat products and is also certified by FDA to do the same for milk products. There are no other labs in the state so certified.

The costs to industry will also increase. For example, many meat processors also process seafood. Several also have a retail store at the plant. We are currently able to send one inspector to such a facility to review all the food processing, including the retail store (not to mention any water or wastewater inspections that might be needed). Plant personnel accompany inspectors during the inspection, therefore any increased numbers of inspections result in increased costs to the plant.

Finally, splitting this aspect of food safety out from other food programs and moving it to the Division of Agriculture could increase the pressure on the ARLF. The dairy program is underfunded. There is only \$46.8 in general funds in this program (not counting the GF Match for the federal meat and poultry inspection grant). That is not enough to support the dairy program and the state-funded reindeer slaughter program (not to mention the animal health functions). We supplement the activities in these areas through other food and water program activities that are undertaken by these staff. This ability would be lost if the program moves to DNR.

The animal health functions that would move to DNR probably make sense to have in a division of agriculture. The difficulty in Alaska however is that there is not enough of this work to justify a full-time state veterinarian. The current state vet believes this represents a very small percentage of his time (less than 20% and going down each year). There is no budget for this work. Because the meat processing program requires the services of a veterinarian, we are able to employ a full-time state veterinarian using the federal grant and match for the meat program while still having the vet available for the small amount of animal health duties as necessary at no cost to those individuals who use this service.

Department of Commerce and Economic Development
Division of Occupational Licensing
**IMPACT OF TRANSFER OF CERTIFICATE OF FITNESS RESPONSIBILITY
FROM LABOR TO COMMUNITY AND ECONOMIC DEVELOPMENT**
In Work Draft N of SCS CSHB 40()

Section 38 of the work draft (page 35, lines 6-8) assigns responsibility for AS 18.62 to the new Department of Community and Economic Development.

AS 18.62 requires individuals employed in work subject to the state plumbing and electrical codes to obtain certificates of fitness. Issuance of certificates of fitness and enforcement of the certificate law are currently duties of the Office of Mechanical Inspection in the Department of Labor, Division of Labor Standards and Safety.

Transfer of the certificate of fitness program will require the Division of Occupational Licensing to regulate approximately 5,000 plumbers and electricians. The division will process application forms, collect fees, write and administer examinations, write regulations defining the "cause" for which a certificate may be canceled, respond to complaints against certificate holders and inspect to ensure work sites to ensure workers hold certificates.

Expertise

The Division of Occupational Licensing does not have employees with specific plumbing or electrical knowledge. Labor code inspectors have technical knowledge and familiarity with construction job sites. This background has enabled Labor to write certificate of fitness examinations and conduct training workshops for plumbers and electricians. The Division of Occupational Licensing would need comparably skilled employees to continue to provide the services and expertise Labor offers.

Overlap with Other Departments

The Department of Commerce and the Department of Labor currently share the responsibility to enforce the construction contractor licensing law under AS 08.18.116-117. Transfer of mechanical inspection responsibility to the Department of Public Safety may make continued Labor inspections for unlicensed contractors impractical. An amendment deleting Labor from AS 08.18 should be considered.

The reason for shared Labor/Commerce responsibility for contractor enforcement was that Labor had inspectors visiting job sites checking for certificates of fitness, OSHA violations, code compliance, etc. It made sense for Labor to check for contractor licenses in the same visit. With the transfer of most inspection duties to Public Safety, it does not appear Labor will be making regular visits to construction sites.

There is potential for public confusion and conflicting directives when two departments share responsibility for enforcing one law. This potential may increase if a third department, Public Safety, is also making construction site inspections.

In order to avoid overlap and maximize enforcement, Commerce and Labor currently have an agreement under which Labor assumes all construction contractor inspection and enforcement responsibility in exchange for an annual RSA from the Division of Occupational Licensing. The RSA also includes funds for Labor to check job sites for unlicensed electrical and mechanical administrators. The FY 2000 budget includes 200.0 for this RSA, funded with contractor and electrical and mechanical administrator license fees.

The draft bill may make it preferable for Labor to be released from unlicensed contractor enforcement responsibility and Commerce to spend the RSA funds directly on inspectors enforcing both contractor and certificate of fitness laws.

Conforming Technical Amendments are Needed

In order for the Division of Occupational Licensing to administer the certificate program, the program needs to be referenced in the Centralized Licensing statutes in AS 08.01 and the Administrative Procedures Act in AS 44.62.330, and the fees in AS 18.62.030 should be deleted.

◆ Centralized Licensing:

1. Add a new paragraph to AS 08.01.010 to read, "regulation of certificates of fitness under AS 18.62"

This amendment gives the division authority to apply consistent rules to all the occupations we license, specifically regarding application procedures, fee-setting, and citations.

2. Add a new subsection to AS 08.01.087 to read, "If there is no board for an occupation included in AS 08.01.010, the department has the powers regarding that occupation that are placed on the board in this chapter"

This amendment will allow the division to investigate and inspect certificate holders and take the disciplinary actions listed in AS 08.01.075. If the above general amendment is not made, specific amendments should be made to AS 08.01.087(a) and (b) to give the division authority to investigate and issue stop orders.

◆ Administrative Procedures Act:

3. Add a new paragraph to AS 44.62.330(a) to read, "concerning issuance and regulation of certificates of fitness under AS 18.62"

This amendment establishes that APA due process rules govern appeals of decisions made by the department regarding certificates of fitness.

◆ Fees for Certificates:

4. Delete AS 18.62.030 in its entirety.

This amendment will remove the specific fees from statute and allow the division to implement the self-sufficiency mandate in AS 08.01.065(c). Statutory fees for one occupation make it difficult for the division to ensure that no other occupation pays more than its share of division costs.

Fiscal Impact

It is difficult to accurately calculate costs without further discussions with the Department of Labor regarding the program. However, based on limited knowledge, the Division of Occupational Licensing estimates need for the following additional staff and budget:

- ◆ 3 licensing examiners (range 12) to process applications, answer questions and administer examinations.
- ◆ 2 inspectors/investigators (range 18) to respond to complaints against certificate holders and check for certificates at job sites.
- ◆ Funds for plumbing and electrical code training workshops for the public, if the legislature intends Commerce to assume this Labor activity.
- ◆ Travel funds for inspectors to visit sites outside Anchorage and Juneau.
- ◆ Contractual services funds for purchase or development of the exam, exam space rental, printing and communication costs
- ◆ Equipment for the new/transferred staff.
- ◆ Funds to assume Labor's share of unlicensed contractor enforcement responsibility and retention of the 200.0 Commerce RSA if Labor's responsibility for contractor enforcement is deleted from statute as mentioned above.

MEMORANDUM

STATE OF ALASKA

*Department of Administration
Office of the Commissioner*

To: Annalee McConnell
Director
Office of Management & Budget
Office of the Governor

Date: May 12, 1999

From: Bob Poe
Commissioner
Department of Administration

Phone: 465-2200

Subject: Consolidation amendments

This is in response to consolidation amendments relating to HB 40.

The Alaska Labor Relations Agency (ALRA) was originally located in the Department of Administration. In 1982 it was moved to the Department of Labor on the argument that, since ALRA decides issues that arise between the employer (in this case the State of Alaska) and labor unions, it was difficult for them to remain objective while housed in DOA since DOA represented the employer's interest. This single point has not changed. While a possible argument is that they are now housed in a Department that argues on behalf of labor, that department represents labor throughout the state, not just state bargaining units. DOA, on the other hand, does just represent the State of Alaska's interest when it comes to employer/represented-employee disputes. For this reason, we believe ALRA is better left in the Department of Labor.

SENATE FINANCE COMMITTEE

SIGN-IN

HB 40-DEPT OF COMMERCE & RURAL DEVELOPMENT

NAME: Annalee McConnell Subject/Bill No: HB 40
Co./Dept./Title: DMTB Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: ~~Dee Smith~~ Subject/Bill No: _____
Co./Dept./Title: DPS Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: Don Ethelidge Subject/Bill No: HB 40
Co./Dept./Title: LABORERS Phone: 5863707
Address: 710 W 9TH ST RUM Zip: 99801

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions