

AK LEGISLATURE FINANCE COMMITTEES FILES 2007-2008 3160

42

82V

*Failed
1-9*

AMENDMENT 7

OFFERED IN THE HOUSE FINANCE COMMITTEE

BY: REP. GARA

TO: CSHB 54

Page 3, lines 20

Insert new subsection

"(d) The qualifying bid that makes the Hall most accessible to the largest number of citizens, and proximate in location to the largest number of citizens, shall be accepted, to the extent any bid is accepted and a decision is made to proceed with a legislative hall move. If a bid is approved under this subsection, and provides for a cost that is approved by the voters, construction of the Hall may proceed even if the cost to the state exceeds \$1 per year."



A RESOLUTION BY
THE JUNEAU CONVENTION & VISITORS BUREAU IN OPPOSITION
TO HB54 AND HB293

HB54 - An Act relating to construction of a legislative hall; and repealing provisions relating to relocating the capital, the legislature, or any of the present functions of state government.

HB293 - An Act relating to the location of the convening of the legislature in session and to the relocation of functions of state government; and providing for an effective date.

WHEREAS the FRANK Initiative was passed by Alaska voters so that Alaska's public would be aware of the full costs associated with moving the capital (Legislature) from Juneau; and

WHEREAS HB 293 and HB 54 both relating to moving the capital (Legislature) have language that would repeal the FRANK Initiative, thereby causing the transparency of government to be compromised by removing any obligation to reveal the costs related to a capital (Legislature) move as desired by Alaska voters; and

WHEREAS a capital (Legislature) move with unknown and unapproved costs by Alaska voters would divert resources that could be better spent on economic development activities, such as tourism marketing which keeps Alaska competitive in the world marketplace and benefits Alaska's small businesses; and

WHEREAS a capital (Legislature) move would have devastating effects on Juneau's hospitality industry and other service sectors in and around Southeast, Alaska,

NOW, THEREFORE, BE IT RESOLVED THAT:

The Juneau Convention & Visitors Bureau, representing 295 businesses, requests the Alaska Legislature to vote no on HB54 and HB293, as contrary to transparency in government and contrary to the desire of Alaska citizens to be informed of costs associated with moving the capital (Legislature).

Adopted by the Juneau Convention & Visitors Bureau Board of Directors on February 20, 2008.

Witnessed by:

Christa Hagan
Chair of the Board of Directors

Attested by:

Lorene Palmer
President/CEO

FEASIBILITY REVIEW

A Legislative Hall in the Matanuska-Susitna Borough



February, 2006

Prepared by

- IFR & ASSOCIATES
- Livingston Slone

Executive Summary

Scope of Report

This report examines the following case:

The Mat-Su Borough decides to build a legislative hall within their jurisdiction. A developer is awarded the project and pays for the entire development. The sole compensation to the developer would be conveyance of Borough lands, which may or may not be contiguous to the legislative hall property.

It attempts to answer the following questions:

- How much land would need to be conveyed in order to make the project economically justifiable to a developer?
- What are the associated net present value, internal rate of return, hurdle rate, and return on investment to this development project?
- Is the development project a good idea and should further study take place?

Methods Employed

In part one a financial model was developed to review the economics of this project. The model determines the land value necessary for conveyance to make the project economically justifiable. It does this by pegging a land value when the net present value of the assumed capital streams associated with this project equal zero at a given discount rate. Internal rate of return, hurdle rate, and return on investment are also determined. In part two a brief review of social and economic indicators relevant to the geographical location of the project is also performed.

Findings

It is reasonable to expect a 6% rate of return on a development project of this type. At this rate the project is economic when a value of \$110M in land is conveyed to a developer as compensation for spending \$81M to build the legislative hall. Further, significant benefits could accrue to all parties involved. That is, the Mat-Su Borough government, local businesses, and the residents of the Mat-Su Borough would all benefit from this project.

Recommendation

It is our recommendation that the Mat-Su Borough engage in further study regarding development of this project.

**A Legislative Hall in the Matanuska-Susitna Borough
Feasibility Review**

TABLE OF CONTENTS

	Page
EXECUTIVE SUMMARY	i
INTRODUCTION.....	1
PART 1: FINANCIAL ANALYSIS.....	2
MODEL EXPLANATION AND OUTPUT	2
PART 2: ECONOMIC REVIEW.....	6
STATISTICS	6
ANALYSIS.....	7
CONCLUSION	7

APPENDICES

Appendix A: Capital Costs and Space Program Assumptions

Appendix B: Financing Details

Appendix C: Financial Model Details

Appendix D: Cost Assumptions

Appendix E: Borough Land Ownership Map

Introduction

A financial and economic review was made of the following case:

The Mat-Su Borough decides to build a legislative hall for the State Legislature within the Borough's jurisdiction. A developer is awarded the project and pays for the entire development. The sole compensation to the developer would be conveyance of Borough lands, which may or may not be contiguous to the legislative hall property.

Assumptions

- Developer is immediately conveyed all lands for compensation
- Estimated capital cost of legislative hall development: \$81,000,000 (see Appendix A)
- Land value for legislative hall site provided by Borough at no cost to developer: \$1M
- Developer completes construction in 24 months
- Developer retains ownership of property (land and improvements) after development completion and leases it to the legislature on a twenty-five year lease at \$1.00 per year
- The lessee (State of Alaska) is responsible for all costs for operation, maintenance, repair, and tenant improvements upon commencement of the lease
- Developer retains all development rights for the site, to include all governmental and commercial uses compatible with a legislative hall
- Developer pays taxes on total value of property (land and improvement): \$82M
- Developer borrows 90% of the funds to finance the project at 7% for 15 years (see Appendix B)
- Developer pays 10% of the project cost with cash
- The break-even discount rate (internal rate of return) used to set the net present value of conveyed lands to zero is 6% (8%, 10%, and 12% are also provided for reference in Appendix C)
- No assumptions are being made as to other revenues, costs, or property value allocation at the end of the twenty-five year lease, as these factors are not definable without further input from the Mat-Su Borough and land development community (see Appendix D)

Part one of this report will address how much land value would need to be conveyed from the Borough to a developer in order to make a project of this magnitude economically justifiable. This will be done through a financial analysis in which a model has been developed to determine land value, net present value, internal rate of return, hurdle rate, and return on investment at the point of project feasibility. Part two of this report will perform a review of social and economic data relevant to the geographical location of the project.

Part 1: Financial Analysis

A model was designed using the assumptions outlined in the Introduction above. Further assumptions were needed and are explained below. The model analyzes assumed capital inflow and outflow streams over the twenty-five year lease period of the project. The inflows represent the value of lands conveyed to the developer in lieu of monetary payment. The outflows represent taxes on the property to be developed and owned by the developer, as well as the debt service required for the development. Net present value (NPV), internal rate of return (IRR), hurdle rate, and return on investment (ROI) were all determined.

Model Explanation and Output

When the future capital streams of a project are discounted back to present day and added to the initial inflow or outflow of capital, the NPV of a project is determined. According to financial theory, when NPV is positive the project is economic and should be undertaken. If the NPV is negative just the opposite is true. When NPV is equal to zero an investor should be, in theory, indifferent as to taking on the project. For the purpose of this report, NPV equals zero is the point at which a project becomes economically justifiable and an investor would accept the project.

When discounting a revenue stream a discount rate must be assumed. The discount rate can be looked at as the rate of return a developer could expect to get on another project of similar risk. That is, the opportunity cost (what a developer is giving up) of taking on the project in question. It is also commonly referred to as the cost of capital.

The IRR is the discount rate at which NPV equals zero, also referred to as the break-even discount rate. A hurdle rate is the minimum required rate of return for an investor. It will be assumed that the hurdle rate is set at the point when the project is economically justifiable (NPV equals zero). Therefore, for the purposes of this report the hurdle rate and the IRR are the same.

ROI is the ratio of investment income to investment capital. To estimate ROI, the project debt service was discounted over its duration using the cost of debt as the discount rate and then adding its present value to the initial outlay of capital by the developer. This was subtracted from the land value conveyed for compensation and used as investment income in the numerator of the ratio calculation. Project debt service discounted over its duration using the cost of debt as the discount rate and then adding its present value to the initial outlay of capital by the developer was used as invested capital in the denominator portion of the ratio calculation.

Typically, ROI looks at the earnings of a stock or business division and is easily deciphered. The assumed capital flows of this project are unconventional, as investment will be spread out over twenty-five years while compensation is received immediately (Table 1 shows the assumed capital inflows and outflows). Although it can be helpful, using ROI as an assessment tool for this project should be done with caution. It is recommended that more attention be given to NPV and IRR as rationale for land value.

Table 1

Period	Capital Inflows at Given Discount Rates (Millions \$)	Capital Outflows (Millions \$)
0	\$110 @ 6%, \$95 @ 8%, \$83 @ 10%, \$74 @ 12%	
1		(\$8.31)
2		(\$8.75)
3		(\$8.75)
4		(\$8.75)
5		(\$8.75)
6		(\$8.77)
7		(\$8.77)
8		(\$8.77)
9		(\$8.77)
10		(\$8.77)
11		(\$8.78)
12		(\$8.78)
13		(\$8.78)
14		(\$8.78)
15		(\$8.78)
16		(\$8.80)
17		(\$8.80)
18		(\$8.80)
19		(\$8.80)
20		(\$8.80)
21		(\$9.6)
22		(\$9.6)

Table 1 Cont.

Period	Capital Inflows at Given Discount Rates (Millions \$)	Capital Outflows (Millions \$)
23		(\$.96)
24		(\$.96)
25		(\$.96)

The model determines the amount of land value that would be required for a project of this nature to become economically justifiable. It does this by pegging the land value when the project NPV equals zero for a given a discount rate (in this case the IRR and hurdle rate). The analysis is done on four different rates: 6%, 8%, 10%, and 12%. Table 2 shows the model output for the four different rates.

Table 2

Discount Rate (IRR and Hurdle Rate)	NPV	ROI	Land Value
6%	0	13 %	\$110M
8%	0	- 3 %	\$95M
10%	0	- 15 %	\$83M
12%	0	- 24 %	\$74M

Figure 1 tells us that for the assumed capital flows associated with this project over twenty-five years, a developer expecting a 12% rate of return would require \$74M in land value to make the project economic. Likewise, a developer expecting a 6% rate of return would require \$110M in land value to make the project economic. Also shown are values for 8% and 10%. A look at the respective ROIs tells us that 6% is probably the most realistic discount rate. This is in line with industry rates of return on similar sized projects in South-Central Alaska for land development.

It is important to note that at this point there is a dearth of knowledge concerning project specifics on the development in question. Therefore the assumptions input into the model are basic. An actual deal concerning a development project of this magnitude would involve many more elements that are not represented in this model. There will be other benefits and costs associated with such an undertaking. Most obvious is the benefit to a developer of the land conveyance.

A Legislative Hall in the Matanuska-Susitna Borough

They would see an increased rate of return on future projects due to a lower initial investment as a result of having no land costs associated with those developments.

Of course there would also be other costs, such as property taxes levied on the conveyed lands. However, costs such as taxes have the potential of being marginalized in a comprehensive deal. One strategy to mitigate tax liability would be to transfer land ownership to a developer in stages over time, in amounts that can be developed during the same period of conveyance.

It is logical to conclude, though not easily determined within the scope of this study, that significant additional financial benefits would accrue to a developer. Under most circumstances, the land would be developed in a manner that produced recurring and/or non-recurring revenue streams, effectively diminishing the Borough's land commitment. Therefore the amount of land value reported in this review as necessary for economic viability runs the risk of being overstated. This assertion can only be validated and better defined through a more comprehensive study.

Part 2: Economic Review

Because compensation for the development project is Borough lands, the question of whether a development company would undertake such a project is important to ask. In studying this question one could assume that lands conveyed to the development company, aside from having its own value derived from the ability to sell it, could also be developed at some point. One key factor to future development on conveyed lands concerns the issue of whether the legislative hall would be constructed in a rural area with an associated "village," or built in a suburban "commercial core" area. Each location option contains a unique set of economic impact implications. The more rural "village" location necessitates more infrastructure costs and is more influenced by the seasonal nature of the Legislature's session. The suburban "commercial core" location assumes ready infrastructure and more year-round adjacent commercial activities. This lessens the seasonal economic impacts upon the development. For purposes of this review, we have assumed a project located within the Borough's core area between Palmer and Wasilla (see Appendix E). The next question becomes one of whether the Mat-Su Borough is an attractive place to invest for purposes of land development.

It can be assumed development companies are looking for business and need land to develop projects. Further, when making project location decisions a development company must choose where to extend its limited resources. A choice to take on a project in one area limits its capacity to take on a project in another area. Therefore, careful consideration is given as to where it is best to allocate resources.

In South-Central Alaska, a safe assumption would be that the Mat-Su Borough and Anchorage are two of the largest economic areas in the region with great potential for development. Another sound assumption would be that a development company located in Anchorage or the Mat-Su Borough could develop a project in either area. So which area do you choose? A look at some relevant statistics can help answer this question.

Statistics

The Anchorage Daily news recently reported that according to the State of Alaska, in a report done in conjunction with the U.S. Census Bureau, the Mat-Su Borough expanded by 5 percent last year, to 74,000 people. That makes it the largest growth center in the State. In contrast, Anchorage grew by only 0.1 percent. Further, as nearly 2,900 people moved into the Borough

A Legislative Hall in the Matanuska-Susitna Borough

about the same amount left Anchorage, implying that the Mat-Su Borough's population growth can largely be attributed to people leaving Anchorage.¹

That is in line with the predictions of the Institute for Social and Economic Research (ISER) located in Anchorage, Alaska. In a November 2004 report ISER did for Chugach Electric Association, economist Scott Goldsmith concludes that the rate of growth in the Mat-Su Borough would surpass Anchorage by as much as 3 times over the next 25 years. He calculated a Borough population of 156,000 by 2030. This is expected even without construction of a much-anticipated Knik Arm bridge.²

Analysis

As land in Anchorage becomes scarce and housing values climb it appears people are leaving Anchorage for the Mat-Su Borough. The resulting population growth creates a demand for residential and commercial developments. In order to absorb this growth the Mat-Su Borough will need to open up government land for private development. The Borough needs these developments in order to manage its growth properly, as the residents of the Borough would benefit through both greater access to business resources through commercial development and lower home prices by increasing the amount of available homes through residential development.

Conclusion

Setting aside any political considerations, it is our opinion that the arrangement studied herein for the development of a legislative hall in the Mat-Su Borough is a sound concept. It would be a positive program to implement the much-needed conveyance of Borough land into private hands. It is reasonable that a developer would take on the project for lands in lieu of monetary compensation, as the Mat-Su Borough is an attractive area to develop residential and commercial properties, given the Mat-Su's geographical relationship to Anchorage. Residents and businesses of the Borough would benefit as well. In economics this situation is referred to as *pareto optimal*. That is, everyone benefits and no one loses. It is our recommendation that the Mat-Su Borough engage in further study regarding development of this project.

¹ Anchorage Daily News, 1/26/2006, "Valley growth gains speed," Kyle Hopkins

² Institute for Social and Economic Research, 11/1/2004, "Economic Projections for Alaska and the Southern Railbelt," Scott Goldsmith,
<http://www.iser.uaa.alaska.edu/Publications/epaksouthrail04/railbelt04.htm>

**Appendix A:
Capital Costs and Space
Program Assumptions**

Anticipated Project Capital Costs

Land +/- 160 Acres (Government Provided)	\$0
Construction (Sitework and Building with Group I Casework)	\$60,000,000
Project Development (Design, Permitting, Legal Reviews, Site Data, Administration/Management, Contingency and Development Fees)	\$21,000,000
Total Capital Cost	\$81,000,000

Notes:

1. Current (2006) Values
2. Exclusive of Financing Costs
3. All Group II and III Moveable Furniture and Equipment, Communications Equipment and Computers are by Others

A Legislative Hall in the Matanuska-Susitna Borough - Feasibility Review

Space Components and Areas

	Number of Rooms	N.S.F. per Room	Total N.S.F.	Area Totals NSF
Executive Branch Visiting Offices				4,290
Governor	1	1000	1000	
Lt. Governor	1	600	600	
Commissioners	6	600	3600	
Conference	1	800	800	
Reception	1	400	400	
Copy Room	1	200	200	
Washrooms	2	300	600	
Circulation	10%	3900	390	
Senate				36,388
President's Office	1	1080	1080	
Legislative Office	17	760	12920	
Finance Comm Co-Chair	2	960	1920	
Senate Secty	1	720	720	
Finance Comm Hearing Rm	1	1500	1500	
Finance Com Secty	1	260	260	
Hearing Rooms	8	1000	8000	
Special Mtg/Conf Rooms	4	350	1400	
Chambers	1	2875	2875	
Gallery	1	1600	1600	
Page Room	1	290	290	
Media/Press Web Room	1	600	600	
Copy Room	1	528	528	
Circulation	8%	33693	2695	
House				53,669
Speakers Office	1	1080	1080	
Legislative Office	37	760	28120	
Finance Committee Co-Chair	2	960	1920	
House Clerk	1	820	820	
Finance Committee Hearing Rm	1	1500	1500	
Finance Committee Secty	1	260	260	
Hearing Rooms	8	1000	8000	
Special Mtg/Conf Rooms	4	350	1400	
Chambers	1	4000	4000	
Gallery	1	1600	1600	
Page room	1	290	290	
Media/Press/Web	1	600	600	
Copy room	1	568	568	
Circulation	7%	50158	3511	
Legislative Affairs				4,218
Executive Director	1	800	800	
Legislative Information Office	1	1500	1500	
Senate/House Records	1	1200	1200	
Legal Sattelite	1	200	200	
Circulation	14%	3700	518	

	Number of Rooms	N.S.F. per Room	Total N.S.F.	Area Totals NSF
Legislative Support				7,362
Supply/Mail/Doc Distribution	1	1450	1450	
Data Services	1	1600	1600	
Staff Break Rooms	4	352	1408	
Legislative Lounge	1	2000	2000	
Circulation	14%	6458	904	
Public Space				16,500
Visitor's Business Center	1	2000	2000	
Press Room/Storage	1	800	800	
Public Café	1	2000	2000	
Gathering/Public Display	1	10000	10000	
Security/Information	1	200	200	
Circulation	10.00%	15000	1500	
Building Support				11,861
Building Manager Office	1	300	300	
Security Office	1	250	250	
Building Maintenance Shop	1	2080	2080	
Loading Dock	1	460	460	
Receiving/Staging	1	500	500	
Trash Recycle/Storage	1	500	500	
Groundskeeping Storage	1	1000	1000	
Custodial Supplies	1	500	500	
Electrical	1	1000	1000	
Heating Plant	1	4000	4000	
Circulation	12%	10590	1271	
TOTAL NET SQUARE FEET				134,288
GROSSING FACTOR			33%	44,762
TOTAL GROSS SQUARE FEET				179,051

Sources: 1. House Bill 23
2. Alaska State Capitol; Space Program January 2005

Appendix B: Financing Details

Financing Details

Loan amount	\$72,900,000
Annual interest rate	7%
Loan period in years	15
Start date of loan	1/31/07

		Annual
Monthly payment	\$655,245.81	\$7,862,950
Number of payments	180	
Total interest	\$45,044,245.70	
Total cost of loan	#####	

No.	Payment Date	Beginning Balance	Payment	Principal	Interest	Ending Balance
1	3/3/07	\$ 72,900,000.00	\$ 655,245.81	\$ 229,995.81	\$ 425,250.00	\$ 72,670,004.19
2	3/31/07	72,670,004.19	655,245.81	231,337.45	423,908.36	72,438,666.74
3	5/1/07	72,438,666.74	655,245.81	232,686.92	422,558.89	72,205,979.82
4	5/31/07	72,205,979.82	655,245.81	234,044.26	421,201.55	71,971,935.56
5	7/1/07	71,971,935.56	655,245.81	235,409.52	419,836.29	71,736,526.04
6	7/31/07	71,736,526.04	655,245.81	236,782.74	418,463.07	71,499,743.30
7	8/31/07	71,499,743.30	655,245.81	238,163.97	417,081.84	71,261,579.33
8	10/1/07	71,261,579.33	655,245.81	239,553.26	415,692.55	71,022,026.06
9	10/31/07	71,022,026.06	655,245.81	240,950.66	414,295.15	70,781,075.40
10	12/1/07	70,781,075.40	655,245.81	242,356.20	412,839.61	70,538,719.20
11	12/31/07	70,538,719.20	655,245.81	243,769.95	411,475.86	70,294,949.25
12	1/31/08	70,294,949.25	655,245.81	245,191.94	410,053.87	70,049,757.32
13	3/2/08	70,049,757.32	655,245.81	246,622.23	408,623.58	69,803,135.09
14	3/31/08	69,803,135.09	655,245.81	248,060.85	407,184.95	69,555,074.24
15	5/1/08	69,555,074.24	655,245.81	249,507.88	405,737.92	69,305,566.36
16	5/31/08	69,305,566.36	655,245.81	250,963.34	404,282.47	69,054,603.02
17	7/1/08	69,054,603.02	655,245.81	252,427.29	402,818.52	68,802,175.73
18	7/31/08	68,802,175.73	655,245.81	253,899.78	401,346.03	68,548,275.94
19	8/31/08	68,548,275.94	655,245.81	255,380.87	399,864.94	68,292,895.08
20	10/1/08	68,292,895.08	655,245.81	256,870.59	398,375.22	68,036,024.49
21	10/31/08	68,036,024.49	655,245.81	258,369.00	396,876.81	67,777,655.49
22	12/1/08	67,777,655.49	655,245.81	259,876.15	395,369.66	67,517,779.34
23	12/31/08	67,517,779.34	655,245.81	261,392.10	393,853.71	67,256,387.24

No.	Payment Date	Beginning Balance	Payment	Principal	Interest	Ending Balance
24	1/31/09	67,256,387.24	655,245.81	262,916.88	392,328.93	66,993,470.36
25	3/3/09	66,993,470.36	655,245.81	264,450.57	390,795.24	66,729,019.79
26	3/31/09	66,729,019.79	655,245.81	265,993.19	389,252.62	66,463,026.60
27	5/1/09	66,463,026.60	655,245.81	267,544.82	387,700.99	66,195,481.78
28	5/31/09	66,195,481.78	655,245.81	269,105.50	386,140.31	65,926,376.28
29	7/1/09	65,926,376.28	655,245.81	270,675.28	384,570.53	65,655,701.00
30	7/31/09	65,655,701.00	655,245.81	272,254.22	382,991.59	65,383,446.77
31	8/31/09	65,383,446.77	655,245.81	273,842.37	381,403.44	65,109,604.40
32	10/1/09	65,109,604.40	655,245.81	275,439.78	379,806.03	64,834,164.62
33	10/31/09	64,834,164.62	655,245.81	277,046.52	378,199.29	64,557,118.11
34	12/1/09	64,557,118.11	655,245.81	278,662.62	376,583.19	64,278,455.48
35	12/31/09	64,278,455.48	655,245.81	280,288.15	374,957.66	63,998,167.33
36	1/31/10	63,998,167.33	655,245.81	281,923.17	373,322.64	63,716,244.17
37	3/3/10	63,716,244.17	655,245.81	283,567.72	371,678.09	63,432,676.45
38	3/31/10	63,432,676.45	655,245.81	285,221.86	370,023.95	63,147,454.58
39	5/1/10	63,147,454.58	655,245.81	286,885.66	368,360.15	62,860,568.93
40	5/31/10	62,860,568.93	655,245.81	288,559.16	366,686.65	62,572,009.77
41	7/1/10	62,572,009.77	655,245.81	290,242.42	365,003.39	62,281,767.35
42	7/31/10	62,281,767.35	655,245.81	291,935.50	363,310.31	61,989,831.85
43	8/31/10	61,989,831.85	655,245.81	293,638.46	361,607.35	61,696,193.39
44	10/1/10	61,696,193.39	655,245.81	295,351.35	359,894.46	61,400,842.04
45	10/31/10	61,400,842.04	655,245.81	297,074.23	358,171.58	61,103,767.81
46	12/1/10	61,103,767.81	655,245.81	298,807.16	356,438.65	60,804,960.65
47	12/31/10	60,804,960.65	655,245.81	300,550.21	354,695.60	60,504,410.44
48	1/31/11	60,504,410.44	655,245.81	302,303.42	352,942.39	60,202,107.03
49	3/3/11	60,202,107.03	655,245.81	304,066.85	351,178.96	59,898,040.18
50	3/31/11	59,898,040.18	655,245.81	305,840.58	349,405.23	59,592,199.60
51	5/1/11	59,592,199.60	655,245.81	307,624.65	347,621.16	59,284,574.96
52	5/31/11	59,284,574.96	655,245.81	309,419.12	345,826.69	58,975,155.83
53	7/1/11	58,975,155.83	655,245.81	311,224.07	344,021.74	58,663,931.77
54	7/31/11	58,663,931.77	655,245.81	313,039.54	342,206.27	58,350,892.23
55	8/31/11	58,350,892.23	655,245.81	314,865.60	340,380.20	58,036,026.62
56	10/1/11	58,036,026.62	655,245.81	316,702.32	338,543.49	57,719,324.30
57	10/31/11	57,719,324.30	655,245.81	318,549.75	336,696.06	57,400,774.55
58	12/1/11	57,400,774.55	655,245.81	320,407.96	334,837.85	57,080,366.59
59	12/31/11	57,080,366.59	655,245.81	322,277.00	332,968.81	56,758,089.59
60	1/31/12	56,758,089.59	655,245.81	324,156.95	331,088.86	56,433,932.63
61	3/2/12	56,433,932.63	655,245.81	326,047.87	329,197.94	56,107,884.77
62	3/31/12	56,107,884.77	655,245.81	327,949.81	327,295.99	55,779,934.95
63	5/1/12	55,779,934.95	655,245.81	329,862.86	325,382.95	55,450,072.09
64	5/31/12	55,450,072.09	655,245.81	331,787.06	323,458.75	55,118,285.04
65	7/1/12	55,118,285.04	655,245.81	333,722.48	321,523.33	54,784,562.56
66	7/31/12	54,784,562.56	655,245.81	335,669.19	319,576.61	54,448,893.36
67	8/31/12	54,448,893.36	655,245.81	337,627.26	317,618.54	54,111,266.10
68	10/1/12	54,111,266.10	655,245.81	339,596.76	315,649.05	53,771,669.34
69	10/31/12	53,771,669.34	655,245.81	341,577.74	313,668.07	53,430,091.60
70	12/1/12	53,430,091.60	655,245.81	343,570.28	311,675.53	53,086,521.33

No.	Payment Date	Beginning Balance	Payment	Principal	Interest	Ending Balance
71	12/31/12	53,086,521.33	655,245.81	345,574.44	309,671.37	52,740,946.89
72	1/31/13	52,740,946.89	655,245.81	347,590.29	307,655.52	52,393,356.61
73	3/3/13	52,393,356.61	655,245.81	349,617.90	305,627.91	52,043,738.71
74	3/31/13	52,043,738.71	655,245.81	351,657.33	303,588.48	51,692,081.38
75	5/1/13	51,692,081.38	655,245.81	353,708.67	301,537.14	51,338,372.71
76	5/31/13	51,338,372.71	655,245.81	355,771.97	299,473.84	50,982,600.74
77	7/1/13	50,982,600.74	655,245.81	357,847.31	297,398.50	50,624,753.44
78	7/31/13	50,624,753.44	655,245.81	359,934.75	295,311.06	50,264,818.69
79	8/31/13	50,264,818.69	655,245.81	362,034.37	293,211.44	49,902,784.32
80	10/1/13	49,902,784.32	655,245.81	364,146.23	291,099.58	49,538,638.09
81	10/31/13	49,538,638.09	655,245.81	366,270.42	288,975.39	49,172,367.67
82	12/1/13	49,172,367.67	655,245.81	368,407.00	286,838.81	48,803,960.67
83	12/31/13	48,803,960.67	655,245.81	370,556.04	284,689.77	48,433,404.63
84	1/31/14	48,433,404.63	655,245.81	372,717.62	282,528.19	48,060,687.01
85	3/3/14	48,060,687.01	655,245.81	374,891.80	280,354.01	47,685,795.21
86	3/31/14	47,685,795.21	655,245.81	377,078.67	278,167.14	47,308,716.54
87	5/1/14	47,308,716.54	655,245.81	379,278.30	275,967.51	46,929,438.25
88	5/31/14	46,929,438.25	655,245.81	381,490.75	273,755.06	46,547,947.49
89	7/1/14	46,547,947.49	655,245.81	383,716.12	271,529.69	46,164,231.38
90	7/31/14	46,164,231.38	655,245.81	385,954.46	269,291.35	45,778,276.92
91	8/31/14	45,778,276.92	655,245.81	388,205.86	267,039.95	45,390,071.06
92	10/1/14	45,390,071.06	655,245.81	390,470.39	264,775.41	44,999,600.66
93	10/31/14	44,999,600.66	655,245.81	392,748.14	262,497.67	44,606,852.52
94	12/1/14	44,606,852.52	655,245.81	395,039.17	260,206.64	44,211,813.35
95	12/31/14	44,211,813.35	655,245.81	397,343.56	257,902.24	43,814,469.79
96	1/31/15	43,814,469.79	655,245.81	399,661.40	255,584.41	43,414,808.39
97	3/3/15	43,414,808.39	655,245.81	401,992.76	253,253.05	43,012,815.63
98	3/31/15	43,012,815.63	655,245.81	404,337.72	250,908.09	42,608,477.91
99	5/1/15	42,608,477.91	655,245.81	406,696.35	248,549.45	42,201,781.55
100	5/31/15	42,201,781.55	655,245.81	409,068.75	246,177.06	41,792,712.80
101	7/1/15	41,792,712.80	655,245.81	411,454.98	243,790.82	41,381,257.82
102	7/31/15	41,381,257.82	655,245.81	413,855.14	241,390.67	40,967,402.68
103	8/31/15	40,967,402.68	655,245.81	416,269.29	238,976.52	40,551,133.38
104	10/1/15	40,551,133.38	655,245.81	418,697.53	236,548.28	40,132,435.85
105	10/31/15	40,132,435.85	655,245.81	421,139.93	234,105.88	39,711,295.92
106	12/1/15	39,711,295.92	655,245.81	423,596.58	231,649.23	39,287,699.34
107	12/31/15	39,287,699.34	655,245.81	426,067.56	229,178.25	38,861,631.77
108	1/31/16	38,861,631.77	655,245.81	428,552.96	226,692.85	38,433,078.81
109	3/2/16	38,433,078.81	655,245.81	431,052.85	224,192.96	38,002,025.97
110	3/31/16	38,002,025.97	655,245.81	433,567.32	221,678.48	37,568,458.64
111	5/1/16	37,568,458.64	655,245.81	436,096.47	219,149.34	37,132,362.17
112	5/31/16	37,132,362.17	655,245.81	438,640.36	216,605.45	36,693,721.81
113	7/1/16	36,693,721.81	655,245.81	441,199.10	214,046.71	36,252,522.71
114	7/31/16	36,252,522.71	655,245.81	443,772.76	211,473.05	35,808,749.95
115	8/31/16	35,808,749.95	655,245.81	446,361.43	208,884.37	35,362,388.52
116	10/1/16	35,362,388.52	655,245.81	448,965.21	206,280.60	34,913,423.31
117	10/31/16	34,913,423.31	655,245.81	451,584.17	203,661.64	34,461,839.13

No.	Payment Date	Beginning Balance	Payment	Principal	Interest	Ending Balance
118	12/1/16	34,461,839.13	655,245.81	454,218.41	201,027.39	34,007,620.72
119	12/31/16	34,007,620.72	655,245.81	456,868.02	198,377.79	33,550,752.70
120	1/31/17	33,550,752.70	655,245.81	459,533.09	195,712.72	33,091,219.61
121	3/3/17	33,091,219.61	655,245.81	462,213.70	193,032.11	32,629,005.92
122	3/31/17	32,629,005.92	655,245.81	464,909.94	190,335.87	32,164,095.97
123	5/1/17	32,164,095.97	655,245.81	467,621.92	187,623.89	31,696,474.06
124	5/31/17	31,696,474.06	655,245.81	470,349.71	184,896.10	31,226,124.35
125	7/1/17	31,226,124.35	655,245.81	473,093.42	182,152.39	30,753,030.93
126	7/31/17	30,753,030.93	655,245.81	475,853.13	179,392.68	30,277,177.80
127	8/31/17	30,277,177.80	655,245.81	478,628.94	176,616.87	29,798,548.86
128	10/1/17	29,798,548.86	655,245.81	481,420.94	173,824.87	29,317,127.92
129	10/31/17	29,317,127.92	655,245.81	484,229.23	171,016.58	28,832,898.69
130	12/1/17	28,832,898.69	655,245.81	487,053.90	168,191.91	28,345,844.79
131	12/31/17	28,345,844.79	655,245.81	489,895.05	165,350.76	27,855,949.74
132	1/31/18	27,855,949.74	655,245.81	492,752.77	162,493.04	27,363,196.97
133	3/3/18	27,363,196.97	655,245.81	495,627.16	159,618.65	26,867,569.81
134	3/31/18	26,867,569.81	655,245.81	498,518.32	156,727.49	26,369,051.49
135	5/1/18	26,369,051.49	655,245.81	501,426.34	153,819.47	25,867,625.15
136	5/31/18	25,867,625.15	655,245.81	504,351.33	150,894.48	25,363,273.82
137	7/1/18	25,363,273.82	655,245.81	507,293.38	147,952.43	24,855,980.44
138	7/31/18	24,855,980.44	655,245.81	510,252.59	144,993.22	24,345,727.85
139	8/31/18	24,345,727.85	655,245.81	513,229.06	142,016.75	23,832,498.79
140	10/1/18	23,832,498.79	655,245.81	516,222.90	139,022.91	23,316,275.89
141	10/31/18	23,316,275.89	655,245.81	519,234.20	136,011.61	22,797,041.69
142	12/1/18	22,797,041.69	655,245.81	522,263.07	132,982.74	22,274,778.62
143	12/31/18	22,274,778.62	655,245.81	525,309.60	129,936.21	21,749,469.02
144	1/31/19	21,749,469.02	655,245.81	528,373.91	126,871.90	21,221,095.11
145	3/3/19	21,221,095.11	655,245.81	531,456.09	123,789.72	20,689,639.03
146	3/31/19	20,689,639.03	655,245.81	534,556.25	120,689.56	20,155,082.78
147	5/1/19	20,155,082.78	655,245.81	537,674.49	117,571.32	19,617,408.29
148	5/31/19	19,617,408.29	655,245.81	540,810.93	114,434.88	19,076,597.36
149	7/1/19	19,076,597.36	655,245.81	543,965.66	111,280.15	18,532,631.70
150	7/31/19	18,532,631.70	655,245.81	547,138.79	108,107.02	17,985,492.91
151	8/31/19	17,985,492.91	655,245.81	550,330.43	104,915.38	17,435,162.47
152	10/1/19	17,435,162.47	655,245.81	553,540.70	101,705.11	16,881,621.78
153	10/31/19	16,881,621.78	655,245.81	556,769.68	98,476.13	16,324,852.10
154	12/1/19	16,324,852.10	655,245.81	560,017.51	95,228.30	15,764,834.59
155	12/31/19	15,764,834.59	655,245.81	563,284.27	91,961.54	15,201,550.32
156	1/31/20	15,201,550.32	655,245.81	566,570.10	88,675.71	14,634,980.22
157	3/2/20	14,634,980.22	655,245.81	569,875.09	85,370.72	14,065,105.13
158	3/31/20	14,065,105.13	655,245.81	573,199.36	82,046.45	13,491,905.76
159	5/1/20	13,491,905.76	655,245.81	576,543.03	78,702.78	12,915,362.74
160	5/31/20	12,915,362.74	655,245.81	579,906.19	75,339.62	12,335,456.54
161	7/1/20	12,335,456.54	655,245.81	583,288.98	71,956.83	11,752,167.56
162	7/31/20	11,752,167.56	655,245.81	586,691.50	68,554.31	11,165,476.07
163	8/31/20	11,165,476.07	655,245.81	590,113.87	65,131.94	10,575,362.20
164	10/1/20	10,575,362.20	655,245.81	593,556.20	61,689.61	9,981,806.00

No.	Payment Date	Beginning Balance	Payment	Principal	Interest	Ending Balance
165	10/31/20	9,981,806.00	655,245.81	597,018.61	58,227.20	9,384,787.40
166	12/1/20	9,384,787.40	655,245.81	600,501.22	54,744.59	8,784,286.18
167	12/31/20	8,784,286.18	655,245.81	604,004.14	51,241.67	8,180,282.04
168	1/31/21	8,180,282.04	655,245.81	607,527.50	47,718.31	7,572,754.54
169	3/3/21	7,572,754.54	655,245.81	611,071.41	44,174.40	6,961,683.13
170	3/31/21	6,961,683.13	655,245.81	614,635.99	40,609.82	6,347,047.14
171	5/1/21	6,347,047.14	655,245.81	618,221.37	37,024.44	5,728,825.77
172	5/31/21	5,728,825.77	655,245.81	621,827.66	33,418.15	5,106,998.12
173	7/1/21	5,106,998.12	655,245.81	625,454.99	29,790.82	4,481,543.13
174	7/31/21	4,481,543.13	655,245.81	629,103.47	26,142.33	3,852,439.65
175	8/31/21	3,852,439.65	655,245.81	632,773.24	22,472.56	3,219,666.41
176	10/1/21	3,219,666.41	655,245.81	636,464.42	18,781.39	2,583,201.99
177	10/31/21	2,583,201.99	655,245.81	640,177.13	15,068.68	1,943,024.86
178	12/1/21	1,943,024.86	655,245.81	643,911.50	11,334.31	1,299,113.36
179	12/31/21	1,299,113.36	655,245.81	647,667.65	7,578.16	651,445.71
180	1/31/22	651,445.71	655,245.81	651,445.71	3,800.10	0.00

Appendix C: Financial Model Details

A Legislative Hall in the Matanuska Susitna Borough
Financial Model Details

Year:	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Period:	0	1	2	3	4	5	6	7	8	9	10	11	12
Capital Outflows													
Down Payment for Financing	\$9,100,000												
Debt Service (\$72,900,000 @ 7% for 15 yrs)		\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950
Taxes		\$442,800	\$885,600	\$885,600	\$885,600	\$885,600	\$903,312	\$903,312	\$903,312	\$903,312	\$903,312	\$921,378	\$921,378
Total:	\$9,100,000	\$8,305,750	\$1,748,550	\$8,748,550	\$8,748,550	\$8,748,550	\$8,766,262	\$8,766,262	\$8,766,262	\$8,766,262	\$8,766,262	\$8,784,328	\$8,784,328
Capital Inflows													
Land (In Lieu of Monetary Payment)	\$109,521,686												
Total:	\$109,521,686	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Total:	\$101,421,686	(\$8,305,750)	(\$8,748,550)	(\$8,748,550)	(\$8,748,550)	(\$8,748,550)	(\$8,766,262)	(\$8,766,262)	(\$8,766,262)	(\$8,766,262)	(\$8,766,262)	(\$8,784,328)	(\$8,784,328)

Year:	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Period:	13	14	15	16	17	18	19	20	21	22	23	24	25
Capital Outflows													
Down Payment for Financing													
Debt Service (\$72,900,000 @ 7% for 11)	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950
Taxes	\$921,378	\$921,378	\$921,378	\$939,806	\$939,806	\$939,806	\$939,806	\$939,806	\$958,602	\$958,602	\$958,602	\$958,602	\$958,602
Total:	\$8,784,328	\$8,784,328	\$8,784,328	\$8,802,756	\$8,802,756	\$8,802,756	\$8,802,756	\$8,802,756	\$958,602	\$958,602	\$958,602	\$958,602	\$958,602
Capital Inflows													
Land (In Lieu of Monetary Payment)													
Total:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Total:	(\$8,784,328)	(\$8,784,328)	(\$8,784,328)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$958,602)	(\$958,602)	(\$958,602)	(\$958,602)	(\$958,602)

NPV:	0
Input (Hurdle Rate) IRR:	6%
ROI:	13%
Input Land Value Required:	\$109,521,686

A Legislative Hall in the Matanuska-Susitna Borough
Financial Model Details

Year:	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Period:	0	1	2	3	4	5	6	7	8	9	10	11	12
Capital Outflows													
Down Payment for Financing	\$8,100,000												
Debt Service (\$72,900,000 @ 7% for 15 yrs)		\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950
Taxes		\$42,800	\$85,600	\$85,600	\$85,600	\$85,600	\$85,600	\$903,312	\$903,312	\$903,312	\$903,312	\$903,312	\$921,370
Total:	\$8,100,000	\$8,305,750	\$8,748,550	\$8,748,550	\$8,748,550	\$8,748,550	\$8,748,550	\$8,766,262	\$8,766,262	\$8,766,262	\$8,766,262	\$8,766,262	\$8,784,328
Capital Inflows													
Land (In Lieu of Monetary Payment)	\$94,588,242												
Total:	\$94,588,242	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Total:	\$86,488,242	(\$8,305,750)	(\$8,748,550)	(\$8,748,550)	(\$8,748,550)	(\$8,748,550)	(\$8,748,550)	(\$8,766,262)	(\$8,766,262)	(\$8,766,262)	(\$8,766,262)	(\$8,766,262)	(\$8,784,328)

Year:	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Period:	13	14	15	16	17	18	19	20	21	22	23	24	25
Capital Outflows													
Down Payment for Financing													
Debt Service (\$72,900,000 @ 7% for 15)	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950				
Taxes	\$921,378	\$921,378	\$921,378	\$939,806	\$939,806	\$939,806	\$939,806	\$939,806	\$939,806	\$958,602	\$958,602	\$958,602	\$958,602
Total:	\$8,784,328	\$8,784,328	\$8,784,328	\$8,802,756	\$8,802,756	\$8,802,756	\$8,802,756	\$8,802,756	\$8,802,756	\$958,602	\$958,602	\$958,602	\$958,602
Capital Inflows													
Land (In Lieu of Monetary Payment)													
Total:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Total:	(\$8,784,328)	(\$8,784,328)	(\$8,784,328)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$958,602)	(\$958,602)	(\$958,602)	(\$958,602)

Input	(Hurdle Rate) IRR	8%
	ROI	-3%
Input	Land Value Required	\$94,588,242

A Legislative Hall in the Matanuska Susitna Borough
Financial Model Details

Year:	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Period:	0	1	2	3	4	5	6	7	8	9	10	11	12
Capital Outflows													
Up Front Capital For Financing	\$8,100,000												
Debt Service (\$72,900,000 @ 7% for 15 yrs)	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950
Taxes	\$442,800	\$885,600	\$885,600	\$885,600	\$885,600	\$885,600	\$903,312	\$903,312	\$903,312	\$903,312	\$903,312	\$921,378	\$921,378
Total:	\$8,100,000	\$8,305,750	\$8,748,550	\$8,748,550	\$8,748,550	\$8,748,550	\$8,766,262	\$8,766,262	\$8,766,262	\$8,766,262	\$8,766,262	\$8,784,328	\$8,784,328
Capital Inflows													
Land (In Lieu of Monetary Payment)	\$82,862,111												
Total:	\$82,862,111	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Total:	\$74,762,111	(\$8,305,750)	(\$8,748,550)	(\$8,748,550)	(\$8,748,550)	(\$8,748,550)	(\$8,766,262)	(\$8,766,262)	(\$8,766,262)	(\$8,766,262)	(\$8,766,262)	(\$8,784,328)	(\$8,784,328)

Year:	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Period:	13	14	15	16	17	18	19	20	21	22	23	24	25
Capital Outflows													
Up Front Capital For Financing													
Debt Service (\$72,900,000 @ 7% for 1	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950
Taxes	\$921,378	\$921,378	\$921,378	\$939,806	\$939,806	\$939,806	\$939,806	\$939,806	\$958,602	\$958,602	\$958,602	\$958,602	\$958,602
Total:	\$8,784,328	\$8,784,328	\$8,784,328	\$8,802,756	\$8,802,756	\$8,802,756	\$8,802,756	\$8,802,756	\$958,602	\$958,602	\$958,602	\$958,602	\$958,602
Capital Inflows													
Land (In Lieu of Monetary Payment)													
Total:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Total:	(\$8,784,328)	(\$8,784,328)	(\$8,784,328)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$958,602)	(\$958,602)	(\$958,602)	(\$958,602)	(\$958,602)

Input	(Hurdle Rate) IRR:	10%
	ROI:	-15%
Input	Land Value Required:	\$82,862,111

Financial Model Details

Year:	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Period:	0	1	2	3	4	5	6	7	8	9	10	11	12
Capital Outflows													
Down Payment for Financing	\$8,100,000												
Debt Service (\$72,900,000 @ 7% for 15 yrs)		\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950
Taxes		\$442,800	\$885,600	\$885,600	\$885,600	\$885,600	\$903,312	\$903,312	\$903,312	\$903,312	\$903,312	\$921,378	\$921,378
Total:	\$8,100,000	\$8,305,750	\$8,748,550	\$8,748,550	\$8,748,550	\$8,748,550	\$8,766,262	\$8,766,262	\$8,766,262	\$8,766,262	\$8,766,262	\$8,784,326	\$8,784,326
Capital Inflows													
Land (In Lieu of Monetary Payment)	\$73,523,120												
Total:	\$73,523,120	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Total:	\$65,423,120	(\$1,305,750)	(\$8,748,550)	(\$8,748,550)	(\$8,748,550)	(\$8,748,550)	(\$8,766,262)	(\$8,766,262)	(\$8,766,262)	(\$8,766,262)	(\$8,766,262)	(\$8,784,326)	(\$8,784,326)

Year:	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Period:	13	14	15	16	17	18	19	20	21	22	23	24	25
Capital Outflows													
Down Payment for Financing													
Debt Service (\$72,900,000 @ 7% for 15)	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950				
Taxes	\$921,378	\$921,378	\$921,378	\$939,806	\$939,806	\$939,806	\$939,806	\$939,806	\$939,806	\$358,602	\$958,602	\$958,602	\$958,602
Total:	\$8,784,328	\$8,784,328	\$8,784,328	\$8,802,756	\$8,802,756	\$8,802,756	\$8,802,756	\$8,802,756	\$8,802,756	\$958,602	\$958,602	\$958,602	\$958,602
Capital Inflows													
Land (In Lieu of Monetary Payment)													
Total:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Total:	(\$8,784,328)	(\$8,784,328)	(\$8,784,328)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$958,602)	(\$958,602)	(\$958,602)	(\$958,602)

NPV:	0
Input (Murdie Rate) IRR:	12%
ROI:	-24%
Input Land Value Required:	\$73,523,120

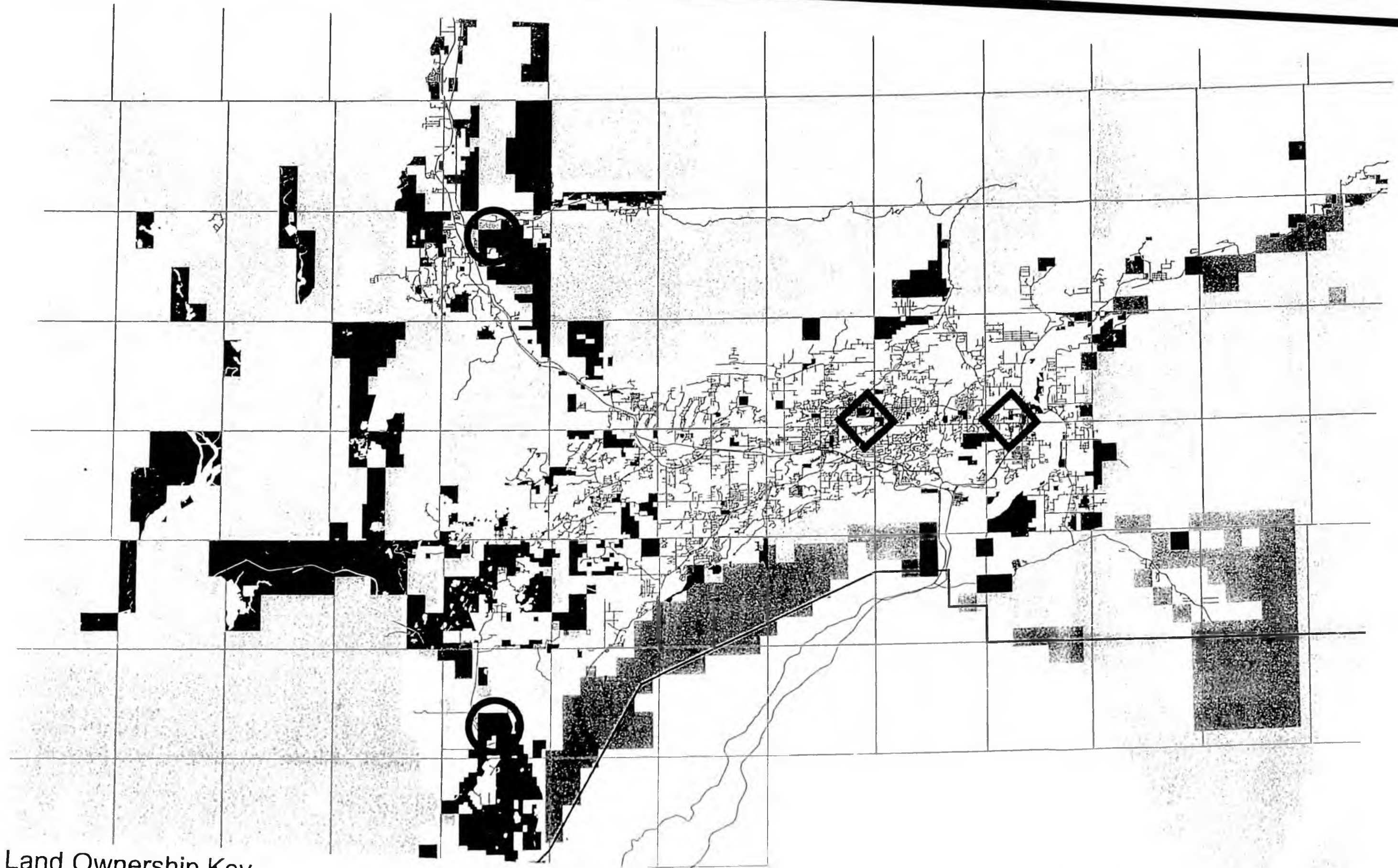
Appendix D: Cost Assumptions

A Legislative Hearing on the Matanuska-Susitna Borough - Feasibility Review

COST ASSUMPTIONS

Property	<u>Land (No Cost to Developer)</u> \$1,000,000	<u>Improvement</u> \$81,000,000	<u>Total to be Financed</u> \$81,000,000	<u>Allocation of Value Year 1</u> 0.5				
Financing	<u>% Down</u> 10%	<u>\$ Down</u> \$8,100,000	<u>\$ Financed</u> \$72,900,000	<u>Term (Yrs)</u> 15	<u>Rate</u> 7%	<u>Annual Debt Service</u> \$7,862,950	<u>Start Date</u> 1/31/07	
Taxes	<u>Mill Rate</u> 0.0108	<u>Inflation Adjustment (Every Five Years)</u> 1.02						

**Appendix E:
Borough Land
Ownership Map**





Land Ownership Key

Source: Matanuska-Susitna Borough

- | | | |
|----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
|  Mat-Su Borough |  Native |  Other |
|  State |  Federal |  State/Native Selected |

Potential Sites:

-  Village / Rural Scenario
-  Suburban / Commercial Core Scenario (assumed scenario)

A Legislative Hall in the
 Matanuska-Susitna Borough
 Feasibility Review
 February 3, 2006

Livingston Slone, Inc
 IFR & Associates

STATE of Alaska and Department of
Revenue, Appellants,

v.

A.L.I.V.E. VOLUNTARY, Appellee.

No. 3670.

Supreme Court of Alaska.

Feb. 19, 1980.

Unincorporated association, which was political action committee for unions, brought suit based on allegation that Department of Revenue's denial of permit allowing association to operate lotteries was wrongful for certain reasons including fact that such denial was based on continuing enforcement of a regulation despite its nullification by legislature. The Superior Court, Third Judicial District, Peter J. Kalamarides, J., granted association partial summary judgment, and State and Department of Revenue appealed. The Supreme Court, Matthews, J., held that statute providing that legislature, by concurrent resolution adopted by vote of both houses, could annul a regulation of an agency or department violated state constitutional provisions defining the mechanics of legislation.

Reversed and remanded with directions.

Boochever, C. J., dissented and filed opinion in which Connor, J., joined.

1. Statutes ⇒ 107(1)

Constitutional requirements that every bill be confined to one subject and that there be a descriptive title are intended to prevent inclusion of incongruous and unrelated matters in same bill and to guard against inadvertence, stealth and fraud in legislation. Const. art. 2, § 13.

2. Statutes ⇒ 15, 19

Purpose of state constitutional provision requiring three readings of a bill on

three separate days, requiring that vote of each legislator on final passage of a bill be recorded and requiring that no bill pass without an affirmative vote of the majority of the membership of each house is to ensure deliberation prior to passage, to ensure that requisite majority of each house affirmatively votes to enact a bill into law and to provide a public record of the vote cast by each legislator. Const. art. 2, § 14.

3. Statutes ⇒ 26

Purpose of state constitutional provisions to effect that no bill shall become law unless governor has opportunity to veto it is to preserve integrity of executive branch of government, and thus maintain equilibrium of governmental powers, and to act as a check on hasty and ill-considered legislation. Const. art. 2, §§ 15, 17.

4. Statutes ⇒ 255

Purpose of state constitutional provision that laws are not to become effective, unless a two-thirds vote of membership of each house provides otherwise, until 90 days after they are enacted is to provide fair opportunity to those people affected by the legislation to learn of it. Const. art. 2, § 18.

5. Statutes ⇒ 22

Statute providing that legislature, by concurrent resolution adopted by vote of both houses, could annul a regulation of an agency or department violated state constitutional provisions defining the mechanics of legislation. Const. art. 2, §§ 1 et seq., 5, 13-18; art. 3, § 23; art. 10, § 12; AS 44.62.320(a).

6. Statutes ⇒ 22

When legislature wishes to act in an advisory capacity it may act by resolution, but if it wishes to take action having a binding effect on those outside the legislature, it may do so only by following the enactment procedure set forth in State Constitution. Const. art. 2, § 1 et seq.

7. Statutes ⇒ 22

Legislature has no implied general power to veto agency regulations by informal legislative actions. Const. art. 3, § 23; art. 10, § 12.

Relevant
Excerpt

8. Administrative Law and Procedure ⇒ 385

Power granted by state constitutional provisions to effect that, unless they are disapproved by legislature within 60 days, changes in the law by executive order shall become effective at a date thereafter to be designated by governor and that recommendations made by a state local boundary commission become effective 45 days after presentation to the legislature unless vetoed is not rule-making power, but, rather, power to change statutes, and, thus, expression of such power in Constitution does not carry any implication that general administrative rule making is meant to be forbidden. Const. art. 3, § 23; art. 10, § 12.

9. Constitutional Law ⇒ 60

Though legislature can delegate power to make laws conditionally, the condition must be lawful and may not contain a grant of power to any branch of government to function in a manner prohibited by Constitution; fact that legislature can delegate legislative powers to others, who are not bound by constitutional provisions defining the mechanics of legislation, does not mean that legislature can delegate the same power to itself and, in the process, escape from such constitutional constraints under which it must operate. Const. art. 2, § 1 et seq.

10. Constitutional Law ⇒ 58

Though power to void agency regulations can be exercised by either legislature or agency, if legislature exercises such power it must do so while acting as a legislature; it may not grant itself the power to act as an agency. Const. art. 2, §§ 1 et seq., 5; art. 3, § 26.

Joseph K. Donohue, Asst. Atty. Gen., Avrum M. Gross, Atty. Gen., Juneau, for appellants.

1. For excellent histories of the legislative veto, see Ginnane, *The Control of Federal Administration by Congressional Resolutions and Committees*, 66 Harv L. Rev. 569 (1953); Newman & Keaton, *Congress and the Faithful Execution of Laws—Should Legislators Supervise Administrators?* 41 Cal L. Rev. 565 (1953); and Watson, *Congress Steps Out—A Look at Congress-*

Joe P. Josephson, Josephson & Trickey, Inc., Anchorage, for appellee.

Stephen M. Ellis, Delaney, Wiles, Moore, Hayes & Reitman, Inc., Anchorage, for amici curiae Alaska Legislative Council and Administrative Regulation Review Committee.

Before BOOCHEVER, C. J., and RABINOWITZ, CONNOR, BURKE and MATTHEWS, JJ.

OPINION

MATTHEWS, Justice.

AS 44.62.320(a) provides:

The legislature, by a concurrent resolution adopted by a vote of both houses, may annul a regulation of an agency or department.

This statute encompasses a variant of what has come to be called the legislative veto.¹ The question in this case is whether this device violates article 11 of the Alaska Constitution. We hold that it does.

I

Chapter 16 of Title 5 of the Alaska Statutes authorizes games of chance and skill to be operated by permit holders. Only certain kinds of games, ("bingo, raffles and lotteries, ice classics, dog mushers' contests, fish derbies and contests of skill") are allowed,² only nonprofit organizations may be issued a permit,³ and all revenues must be devoted to "the awarding of prizes to contestants or participants and to educational, civic, public, charitable, patriotic or religious uses."⁴ The Commissioner of Revenue has been delegated the authority to adopt rules and regulations "necessar-

ional Control of the Executive, 63 Cal L. Rev. 983 (1975)

2. AS 05 15 100

3. AS 05 15 120, 210(15)

4. AS 05 15 150

carry out this chapter or protect the best interest of the public."⁵

From 1960 until 1976 one of the Commissioner's regulations prohibited lottery operators from giving prizes exceeding \$15,000 in personal property or \$30,000 in real property annually.⁶ In November of 1976 the regulation was amended by increasing the annual personal property limit to \$30,000 and the annual real property limit to \$50,000 and by stating that personal property included cash and negotiable instruments.⁷

A.L.I.V.E. Voluntary is an unincorporated association which acts as the political action committee for the Teamster's Union Local No. 959, and affiliated unions. For three years it has operated fund raising lotteries under a permit issued by the Department of Revenue. It applied for a permit for 1977 and reported that during 1976 it had distributed \$80,000 in cash prizes. The Department denied A.L.I.V.E. a permit for 1977 on the ground that its prize distribution in 1976 had exceeded the allowable limit.

A.L.I.V.E. then brought suit against the Department alleging that the denial of the

permit was wrongful, claiming that under the first version of the regulation which was in effect for most of 1976 cash prizes were not included within the personal property limitation of \$15,000. While the case was pending before the superior court, the legislature, acting under AS 44.62.320(n), annulled, by concurrent resolution, 15 AAC 05.410(4).⁸

As a result of the legislative annulment A.L.I.V.E. added another count to its complaint under which it claimed that the denial of its permit was wrongful because it was based on continuing enforcement of the regulation despite its nullification by the legislature. In response, the state claimed that the legislature could not constitutionally annul an administrative regulation by concurrent resolution and therefore the regulation had not been annulled. Both parties moved for summary judgment on this issue. The court granted partial summary judgment in favor of A.L.I.V.E., holding that the legislative annulment power was constitutional and that the regulation in question was void *ab initio*.⁹

5. AS 05.15.060(11).

6. The regulation was designated 15 AAC 05.410(4). It provided:

In holding, operating, and conducting raffles or lotteries, no permittee shall raffle prizes of personal property in excess of the sum or value of \$15,000.00 in any one calendar year and real property in excess of the sum or value of \$30,000.00 in any one calendar year.

7. As amended the regulation reads:

(4) In holding, operating and conducting raffles or lotteries, a permittee may not raffle prizes of personal property, including cash or a negotiable instrument, the aggregate total of which is in excess of the sum or value of \$30,000 in any one calendar year and real property in excess of the sum or value of \$50,000 in any one calendar year.

8. Legislative Resolve No. 79, in full, states: Annuling a regulation of the Department of Revenue pertaining to the value of prizes awarded in raffles and lotteries.
BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA.

WHEREAS under AS 44.62.320 the legislature by concurrent resolution adopted by a vote of both houses may annul a regulation of an agency or department; and

WHEREAS 15 AAC 05.410(4), adopted by the Department of Revenue, restricts the value of prizes which may be awarded in a single year by a qualified organization in a raffle or lottery to \$30,000 in personal property and \$50,000 in real property; and

WHEREAS the prevention of high-stakes gambling sought by this regulation could be achieved more effectively through less restrictive means; specifically, the value of prizes awarded in individual raffles or lotteries could be limited or the prize limit could be related to the amount required to participate in the raffle or lottery; and

WHEREAS this regulation would frustrate the intent of AS 05.15.150, which specifies permissible uses for net proceeds of raffles and lotteries, by preventing qualified organizations from garnering net proceeds in sufficient amounts for uses specifically mentioned in AS 05.15.150, such as erecting or maintaining public buildings or works, or lessening the burden on government;

BE IT RESOLVED by the Alaska State Legislature that administrative regulation 15 AAC 05.410(4) is annulled.

9. That is, since 1960, Legislative Resolve No. 79 purported to annul not merely the 1976 amendments to the regulation, but the regulation in its entirety. See note 5, *supra*.

II

The Alaska Constitution defines with specificity the mechanics of legislation.¹⁰ Each provision has a purpose "designed to engender a responsible legislative process worthy of the public trust." *Plumley v. Hale*, 594 P.2d 497, 500 (Alaska 1979).

[1] Article II, section 13 requires that every bill be confined to one subject and that there be a descriptive title. These requirements are designed "to prevent the inclusion of incongruous and unrelated matters in the same bill in order to get support for it which the several subjects might not separately command, and to guard against inadvertence, stealth and fraud in legislation." *Suber v. Alaska State Bond Committee*, 414 P.2d 546, 557 (Alaska 1966). The same section also requires a specific form of enactment clause to avoid confusion as to when the legislature is speaking with the force and effect of law, as distinguished from the mere expression of its views and desires.¹¹

[2] Article II, section 14 requires three readings of a bill, on three separate days in order "to ensure that the legislature knows what it is passing," *North Slope Borough v. Sino Petroleum Corp.*, 585 P.2d 534, 543 n. 11 (Alaska 1978), and to ensure an opportunity for the expression of public opinion and due deliberation.¹² Section 14 also requires that the vote of each legislator on final passage of a bill be recorded and that no bill may pass without an affirmative vote of a majority of the membership of each

house. These provisions are meant "to ensure deliberation prior to passage, to ensure that the requisite majority of each house affirmatively votes to enact a bill into law, and to provide a public record of the vote cast by each legislator." *Plumley v. Hale*, 594 P.2d 497, 500 (Alaska 1979).

[3,4] In addition to these formal safeguards there is the condition that no bill shall become law unless the governor has the opportunity to veto it.¹³ This power is granted "to preserve the integrity of . . . [the executive] branch of government . . . and thus maintain an equilibrium of governmental powers . . . [and] to act as a check upon corrupt or hasty and ill-considered legislation."¹⁴ *Thomas v. Rosen*, 569 P.2d 793, 795 n. 5 (Alaska 1977) (citation omitted). Finally, there is the clause that laws do not become effective, unless a two-thirds vote of the membership of each house provides otherwise, until ninety days after they are enacted. Art. II, § 18. This is designed to provide a fair opportunity to those people affected by legislation to learn of the laws they must live by.¹⁵

[5,6] The question presented by this case is whether the legislature can exercise its legislative power without following these enactment provisions. In our view the answer must be in the negative, for otherwise they would serve no purpose. In *Plumley v. Hale*, 594 P.2d 497, 502 (Alaska 1979) we held that the requirements of Art. II § 14 are mandatory, not permissive.¹⁵

become law without an affirmative vote of a majority of the membership of each house. The yeas and nays on final passage shall be entered in the journal

10. Art. II, § 13 provides:

Form of Bills. Every bill shall be confined to one subject unless it is an appropriation bill or one codifying, revising, or rearranging existing laws. Bills for appropriations shall be confined to appropriations. The subject of each bill shall be expressed in the title. The enacting clause shall be: "Be it enacted by the Legislature of the State of Alaska." Art. II, § 13 provides:

Passage of Bills. The legislature shall establish the procedure for enactment of bills into law. No bill may become law unless it has passed three readings in each house on three separate days, except that any bill may be advanced from second to third reading on the same day by concurrence of three-fourths of the house considering it. No bill may

11. See 3 Proceedings of the Alaska Constitutional Convention 1746-48 (January 11, 1956).

12. See 3 Proceedings of the Alaska Constitutional Convention 1751-54 (January 11, 1956).

13. Art. II, §§ 15, 16 and 17.

14. See 3 Proceedings of the Alaska Constitutional Convention 3110 (January 25, 1956).

15. We also referred to the Art. II, §§ 14 and 15 safeguards in *North Slope Borough v. Sino*

HB

61

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 61(W&M)
(H) Publish Date: 3/14/07

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue 04
Title: Tax Credit for Contributions to Voc Ed RDU: Taxation and Treasury
Component: Tax Division

Sponsor: Representatives Neuman, Lynn,
Buch, Harris
Requester: House Ways and Means Component No. 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2007) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

*See attached.

Prepared by: Nois Tomlinson Phone (907) 465-5636
Division: Tax Date/Time 12 March 2007 10 45
Approved by: Jerry Burnett Date 3/12/2007
Agency: Department of Revenue

FISCAL NOTE #1

STATE OF ALASKA
2007 LEGISLATIVE SESSION

BILL NO. CSHB 61(W&M)

ANALYSIS CONTINUATION

Bill Language: This bill would extend the current education tax credits to cover contributions to secondary school vocational programs.

Currently, taxpayers can take a credit of up to \$150,000 for contributions to accredited two and four year colleges and universities in Alaska. This credit may be taken against their insurance tax, corporate income tax, oil and gas producer tax, oil and gas property tax, mining license tax, fisheries business tax or fishery resource landing tax. This bill would add a new class of potential recipients for donations, but would not change the terms of the credits.

Revenues: We anticipate that this bill will have a negligible effect on revenue. The education tax credit is little-used. In 2005, the most recent year for which data is available, 26 companies took education tax credits amounting to approximately \$2.5 million. We have no data to assess the amount of additional donations which might be made under this bill, but we anticipate that the additional amount will be a small fraction of the current credits.

Expenditures: The Department of Revenue does not anticipate any additional expenditures resulting from this bill.

HB 61

adopted

CONCEPTUAL AMENDMENT

OFFERED IN THE HOUSE FINANCE COMMITTEE
TO: CS HB 61 (W&M)

BY MEYER

- 1 Page 1, line 12
- 2 After: "association;"
- 3 Delete: "and"
- 4
- 5 Page 1, line 14
- 6 Delete: "."
- 7 Insert: "; and"
- 8
- 9 Page 2, line 1
- 10 Insert: "(3) a state-operated vocational technical education and training school."
- 11
- 12 Page 2, line 27
- 13 After: "association;"
- 14 Delete: "and"
- 15
- 16 Page 2, line 29
- 17 Delete: "."
- 18 Insert: "; and"
- 19
- 20 Page 2, line 30
- 21 Insert: "(3) a state-operated vocational technical education and training school."
- 22
- 23 Page 3, line 23
- 24 After: "association;"
- 25 Delete: "and"

1 Page 3, line 25
2 Delete: “.”
3 Insert: “; and”
4
5 Page 3, line 26
6 Insert: “(3) a state-operated vocational technical education and training school.”
7
8 Page 4, line 18
9 After: “association;”
10 Delete: “and”
11
12 Page 4, line 20
13 Delete: “.”
14 Insert: “; and”
15
16 Page 4, line 21
17 Insert: “(3) a state-operated vocational technical education and training school.”
18
19 Page 5, line 10
20 After: “association;”
21 Delete: “and”
22
23 Page 5, line 12
24 Delete: “.”
25 Insert: “; and”
26
27 Page 5, line 13
28 Insert: “(3) a state-operated vocational technical education and training school.”
29
30 Page 6, line 2
31 After: “association;”

1 Delete: "and"
2
3 Page 6, line 4
4 Delete: "."
5 Insert: "; and"
6
7 Page 6, line 5
8 Insert: "(3) a state-operated vocational technical education and training school."
9
10 Page 6, line 26
11 After: "association;"
12 Delete: "and"
13
14 Page 6, line 28
15 Delete: "."
16 Insert: "; and"
17
18 Page 6, line 29
19 Insert: "(3) a state-operated vocational technical education and training school."
20
21 Make any conforming changes as necessary.
22
23
24
25
26
27
28
29
30

Alaska State Legislature

Session Address:
Alaska State Capitol
Juneau, AK 99801
Phone: (907) 465-2679
1-800-505-2678
Fax: (907) 465-4822



Interim Address:
600 E. Railroad Avenue
Wasilla, AK 99654
Phone: (907) 376-2679
Fax: (907) 376-4745

Representative.Mark.Neuman@legis.state.ak.us

Representative Mark A. Neuman *District 15*

House Bill 61

"Credit for investing in Alaskan Vocational Education Programs" Sponsor Statement

Alaska is facing a critical shortage of qualified workers in many areas of our economy. We have heard that message clearly from industry, unions, and academia in recent years.

Many upcoming projects in Alaska such as a Natural Gas Pipeline System (NGPS); further development of gas reserves in Cook Inlet and the North Aleutian Basin; multiple proposed projects in the mining industry; major road and rail improvements; and an ever growing need for new residential and commercial projects will require a significant growth in our trained work force.

Vocational education needs to be a cornerstone in building a prepared resident workforce. Studies have shown that as many as 30% of Alaskan jobs are held by non-residents, while Alaska has experienced unemployment rates reaching 50% above the national average.

Our efforts need to focus on providing Alaskans with early career education. By participating in vocational programs at the local school district level, our youth will learn about available new career paths. Experiences in the classroom will better prepare them for internships, apprenticeships, and employment opportunities after graduation.

Funding of vocational education programs is the key to their success. House Bill 61 amends the current provisions for educational tax credits. Adding to statute that contributions accepted by school districts for secondary school vocational education programs become a basis for tax credits.



25th Alaska State Legislature
House Special Committee on Ways & Means

Changes between HB 61 and
Work Draft CS HB 61 (W&M)
Version 25-LS0302\C

Chair:

Rep. Mike Hawker
Capitol Room 502
465-4949

Vice-Chair:

Rep. Anna Fairclough
Capitol Room 411
465-3777

Members:

Rep. Bob Roses
Capitol Room 416
465-4939

Rep. Paul Seaton
Capitol Room 102
465-2689

Rep. Peggy Wilson
Capitol Room 403
465-3824

Rep. Sharon Cissna
Capitol Room 420
465-3875

Rep. Max Gruenberg
Capitol Room 110
465-4940

Committee Aide:

Julia Lucky
465-6587 direct
465-4979 fax

Section 1, subsections (a) (1) and (c) were reworded to conform to the rest of the bill. This clarifies that the tax credits allowed and reports required under AS 21.89.070 are the same as those under AS 43.20.014, 43.55.019, 43.56.018, 43.65.018, 43.75.018, and 43.77.045.

The changes are as follows:

Page 1, lines 10-12, following "by"

Deleted "a two-year or four-year college or university in the state that is accredited by a regional accreditation association, or by an Alaska university foundation that supports a college or university that could receive a contribution for which a taxpayer may obtain a credit under this section"

Inserted "an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association"

Page 2, lines 6-7

Deleted "(c) Each school district, public college, and public university shall include in its annual operating budget request the amount of contributions received and the amount used for the purposes described in (a) of this section."

Inserted "(c) Each public college and university shall include in its annual operating budget request contributions received and how the contributions were used."

LEGAL SERVICES

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

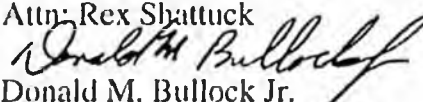
(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

March 12, 2007

SUBJECT: Sectional summary (HB 61; Work Order No.25-LS0302\A)

TO: Representative Mark Neuman
Attn: Rex Shattuck


FROM: Donald M. Bullock Jr.
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

HB 61 repeals and reenacts statutes that offer tax credits for contributions made and accepted for particular education purposes. The repeal and reenactment of these statutes adds an additional basis for the credit, that is to allow a credit for a contribution made to and accepted by a school district for secondary school level vocational education courses and programs. The repealed and reenacted statutes also include a definition of "vocational education" for the purposes of the tax credit. The total amount of credits that may be taken by a taxpayer for all education tax credits, \$150,000, is not changed by this bill.

Section 1. Repeals and reenacts the insurance tax credit in AS 21.89.070 to allow a credit for secondary school level vocational education courses and programs. Defines "vocational education" for the purposes of the credit in this section; this definition is incorporated by reference in each of the other tax education credits repealed and reenacted in the bill.¹

¹ Unlike the other credit sections repealed and reenacted in the bill, this section requires a school district to include the amount of contributions received and the amount used for the purposes for which the credit is allowed. Except as provided in this section, the bill does not require a school district receiving contributions for secondary school level vocational education programs and courses to report the amount of the contributions received nor the amount used for those courses and programs.

Representative Mark Neuman
March 12, 2007
Page 2

Section 2. Repeals and reenacts the income tax education credit in AS 43.20.014 to add the new basis for the credit described above.

Section 3. Repeals and reenacts the oil or gas producer education credit in AS 43.55.019 to add the new basis for the credit described above.

Section 4. Repeals and reenacts the property tax education credit in AS 43.56.018 to add the new basis for the credit described above.

Section 5. Repeals and reenacts the mining business education credit in AS 43.65.018 to add the new basis for the credit described above.

Section 6. Repeals and reenacts the fisheries business education credit in AS 43.75.018 to add the new basis for the credit described above.

Section 7. Repeals and reenacts the floating fisheries business education credit in AS 43.77.015 to add the new basis for the credit described above.

Section 8. Makes the Act effective January 1, 2008, and will require a two-thirds majority vote in each house.

DMB:ljw
07-'23.ljw

not offered

The Department of Labor has expressed concern that AVTEC in Seward would be excluded in the present language. This conceptual amendment would rectify that by adding previously used budgetary language. Language was suggested by DOL and we ran it by the drafter, he concurs that as a conceptual amendment we can fit it in and ensure it works.

Amendment # _____

Add to Pg. 1 line 14, Pg. 2 line 30, Pg. 3 line 26, Pg. 4 line 21, Pg. 5 line 13, and Pg. 6 lines 5 & 29

A subsection

(3) a Public Post Secondary Vocational Technical Education & Training Agency

Table 2 - Revenue Collections Detail

Listed in order of total amount of revenue collected.

TAX TYPE	FY 06	FY 05	FY 04	FY 03	FY 02
OIL AND GAS TAXES					
General Fund revenue					
Severance Taxes					
Oil & Gas Production	\$ 1,191,761,323	\$ 859,334,819	\$ 642,819,003	\$ 589,731,934	\$ 486,740,276
Oil & Gas Hazardous Release	7,758,733	8,330,521	9,052,517	9,232,859	9,597,043
Severance tax total	<u>1,199,520,056</u>	<u>867,665,340</u>	<u>651,871,520</u>	<u>598,964,793</u>	<u>496,337,319</u>
Property Tax	288,020,035	260,828,754	266,210,393	268,844,716	270,354,442
Local credits	(233,512,602)	(218,294,036)	(218,798,614)	(220,096,442)	(220,713,351)
Property tax total	<u>54,507,433</u>	<u>42,534,718</u>	<u>47,411,779</u>	<u>48,748,274</u>	<u>49,641,091</u>
Oil & Gas Corporate Income Tax	661,418,505	524,427,805	299,137,852	151,395,925	178,790,762
Alaska Education Credit	(347,125)	(197,675)	(305,000)	(307,625)	(404,452)
Oil & Gas Corporate Income tax total	<u>661,071,380</u>	<u>524,230,130</u>	<u>298,832,852</u>	<u>151,088,300</u>	<u>178,386,310</u>
Total Oil & Gas Tax Receipts - General Fund	<u>1,915,090,869</u>	<u>1,434,430,188</u>	<u>998,116,151</u>	<u>798,801,367</u>	<u>724,364,720</u>
Constitutional Budget Reserve Fund - CBRF					
Oil and Gas Severance Tax	2,556,312	21,310,000	4,236,962	3,681,970	24,243,395
Oil & Gas Corporate Income Tax	41,140,602	5,714,388	4,035,122	17,221,507	65,649,583
Oil and Gas Property	50,268	376,915	87,868	(2,929)	0
Total Receipts - CBRF	<u>43,747,182</u>	<u>27,401,303</u>	<u>8,359,952</u>	<u>20,900,548</u>	<u>89,892,978</u>
Total Oil & Gas Receipts - All Funds	<u>\$ 1,958,846,051</u>	<u>\$ 1,461,831,491</u>	<u>\$ 1,006,476,103</u>	<u>\$ 819,701,915</u>	<u>\$ 814,257,698</u>
CORPORATE NET INCOME TAX - Non Oil and Gas Corporations					
Corporate Net Income Tax	\$ 130,374,320	\$ 60,409,567	\$ 37,202,225	\$ 48,405,650	\$ 54,350,230
Penalties and Interest	8,519,784	1,754,950	3,042,734		
Alaska Education Credit	(900,644)	(539,445)	(693,879)	(693,196)	(900,815)
Veteran's Memorial Fund Credit	0	0	(5,000)	0	0
Total Receipts	<u>\$ 137,993,460</u>	<u>\$ 61,625,072</u>	<u>\$ 39,546,080</u>	<u>\$ 47,712,454</u>	<u>\$ 53,449,415</u>

Listed in order of total amount of revenue collected.

TAX TYPE	FY 06	FY 05	FY 04	FY 03	FY 02
MOTOR FUEL					
Highway	\$ 30,871,634	\$ 29,918,920	\$ 30,872,676	\$ 26,518,253	\$ 28,723,637
Marine	5,487,931	4,718,509	5,266,275	5,938,976	5,806,527
Jet	5,039,832	4,193,390	4,391,412	4,067,223	4,863,137
Aviation	710,663	729,827	786,917	834,042	771,289
Total Tax	42,110,060	39,560,646	41,317,280	37,358,494	40,164,590
Penalties and Interest	837	3,920	50,046	(5,522)	187,806
Total Receipts	42,110,897	39,564,566	41,367,326	37,352,972	40,352,396
Aviation Tax Shared	(129,337)	(150,708)	(164,978)	(169,600)	(158,781)
Amount Retained by State	\$ 41,981,560	\$ 39,413,858	\$ 41,202,348	\$ 37,183,372	\$ 40,193,615
TOBACCO					
Cigarette	\$ 58,251,891	\$ 48,755,317	\$ 42,573,286	\$ 40,239,153	\$ 39,760,717
Tobacco Products	7,614,005	7,774,876	6,561,826	6,657,704	6,042,653
Penalties and Interest	176,380	99,802	76,154	61,263	66,672
Deductions and Stamp Discounts	(597,556)	(470,178)	(355,093)	(63,507)	(62,924)
Total Receipts	65,444,720	56,159,817	48,856,173	46,894,613	45,807,118
Amount transferred to School Fund	(27,384,946)	(29,942,898)	(32,865,726)	(30,606,828)	(30,272,141)
Amount transferred to Tobacco Cessation Fund	(2,694,038)	(1,111,100)	0	0	
Amount Retained in General Fund	\$ 35,365,736	\$ 25,105,819	\$ 15,990,447	\$ 16,287,785	\$ 15,534,977
Cigarette License Fees (Transferred directly to School Fund)					
Total Receipts	\$ 6,255	\$ 7,455	\$ 4,740	\$ 5,520	\$ 3,220
ALCOHOLIC BEVERAGES					
Liquor	\$ 16,642,283	\$ 16,034,366	\$ 14,138,141	\$ 11,246,889	\$ 6,565,654
Beer	13,155,523	14,115,672	13,654,111	10,695,105	9,977,703
Wine	4,616,542	4,594,941	4,257,955	3,010,269	1,337,547
Beer qualifying for reduced tax rate	810,080	770,757	691,183	407,277	0
Penalties, Interest and Refunds	648	914	4,754	1,268	8,352
Total Receipts	\$ 35,225,076	\$ 35,516,650	\$ 32,746,144	25,360,808	12,889,256
Amount transferred to Alcohol and Other Drug Abuse Treatment and Prevention Fund	(17,612,538)	(17,758,496)	(16,372,730)	(11,222,078)	-
Unrestricted Amount Retained in General Fund	\$ 17,612,538	\$ 17,758,154	\$ 16,373,414	\$ 14,138,730	\$ 12,889,256

Listed in order of total amount of revenue collected.

TAX TYPE	FY 06	FY 05	FY 04	FY 03	FY 02
FISHERIES BUSINESS					
<i>Established</i>					
Shore-based	\$ 22,489,848	\$ 17,934,554	\$ 18,480,806		
Floating	5,583,427	4,430,655	4,635,430		
Cannery	4,115,868	3,573,861	3,069,518		
<i>Developing</i>					
Shore-based	8,553	2,246	133,286		
Floating	6,117	521	540		
Total Tax	32,203,813	25,941,837	26,319,585		
Prepayments	3,735,334	2,233,134	4,662,239		
Penalties and Interest	24,450	153,357	87,197	204,590	58,903
License Fees	15,001	14,724	16,613	16,922	15,900
Less Credits					
Winn Brindle	(132,909)	(135,700)	(169,121)	(176,114)	(153,991)
Alaska Education Credit	(300,000)	(300,000)	(302,500)	(153,589)	(1,794)
Salmon Product Development and Utilization Credit	(3,058,516)	(2,314,258)	(1,369,409)	0	0
Total Receipts	32,487,173	25,593,094	29,244,605	(108,191)	(80,982)
Fisheries Tax Shared with Municipalities					
Direct to Municipalities	(15,268,647)	(13,485,788)	(12,672,941)	(10,806,426)	(11,158,745)
DCCED* Municipal Allocation	(1,867,596)	(1,738,224)	(1,725,251)	(1,362,651)	(1,396,076)
Amount Retained by State	\$ 15,350,930	\$ 10,369,082	\$ 14,846,413	\$ (12,277,268)	\$ (12,635,803)
DEC Seafood Processor License Fees	\$ 540,723	\$ 400,670	\$ 402,050	\$ 424,495	\$ 400,316

* Department of Commerce, Community and Economic Development

MINING LICENSE

General Fund					
Current Year Tax Before Credits	\$ 18,759,872	\$ 10,467,238	\$ 3,326,281	\$ 383,691	\$ 497,552
Less Credits					
Alaska Special Industrial Incentive Credit	0	0	0	0	
Mineral Exploration Incentive Credit	0	0	0	(29,736)	(28,282)
Alaska Education Credit	(121,876)	(150,000)	(101,597)	(2,568)	(2,840)
Total Receipts - General Fund	\$ 18,637,996	\$ 10,317,238	\$ 3,224,684	351,387	466,430

Listed in order of total amount of revenue collected.

TAX TYPE	FY 06	FY 05	FY 04	FY 03	FY 02
FISHERY RESOURCE LANDING					
Tax Before Credits	\$ 11,315,026	\$ 9,520,641	\$ 7,230,715	\$ 11,018,953	\$ 8,203,472
Penalties, Interest and Refunds	549,781	406,971	672,967	220,301	542,581
Less Credits					
Alaska Education Credit	(1,200,000)	(1,050,000)	(900,000)	(1,200,000)	(1,555,875)
CDQ Contributions	(185,919)	(232,386)	(370,141)	(396,650)	(227,505)
Winn Brindle	0	0	(5,000)	(5,000)	(2,500)
Total Receipts	10,478,888	8,645,226	6,628,541	9,637,604	6,960,173
Landing Tax Shared with Municipalities					
Direct to Municipalities	(4,508,020)	(3,624,314)	(3,781,803)	(2,628,024)	(4,313,979)
DCCED* Municipal Allocation	(1,235,290)	(604,767)	(576,433)	(321,440)	(256,648)
Amount to be Retained by State	\$ 4,735,578	\$ 4,416,145	\$ 2,270,305	\$ 6,688,140	\$ 2,389,546

* Department of Commerce, Community and Economic Development

VEHICLE RENTAL

Passenger Vehicle	\$ 7,246,318	\$ 7,147,231	\$ 2,623,614		
Recreational Vehicle	346,439	327,811	87,557		
Penalties and Interest	64,359	23,949	401		
Total Receipts	\$ 7,657,116	\$ 7,498,991	\$ 2,711,572	N/A	N/A

REGULATORY COST CHARGES

Electric	\$ 2,161,642	\$ 1,967,201	\$ 1,795,454	\$ 2,388,840	2,181,803
Local Exchange Telephone	1,973,630	1,908,458	1,627,739	1,488,845	\$ 1,530,750
Water & Wastewater	705,229	540,456	527,476		
Pipeline Carriers	688,810	655,590	605,083	805,986	807,670
Interexchange Telephone	649,821	538,209	591,120		
Natural Gas	605,596	575,678	193,575		
Refuse	311,299	253,218	251,389		
Regulated Cable	30,797	37,161	39,503		
District Heat	4,283	5,457	24,256	1,155,708	1,335,354
Total Receipts	\$ 7,131,107	\$ 6,481,428	\$ 5,655,595	\$ 5,839,379	\$ 5,855,577

Listed in order of total amount of revenue collected.

TAX TYPE	FY 06	FY 05	FY 04	FY 03	FY 02
SEAFOOD MARKETING ASSESSMENT					
Paid by fisheries business taxpayers	\$ 5,363,911	\$ 2,494,591	\$ 2,905,806	\$ 2,186,452	\$ 2,152,185
Paid by fishery resource landing taxpayers	993,665	1,028,781	726,950	1,133,175	839,696
Total Receipts	\$ 6,357,576	\$ 3,523,372	\$ 3,632,756	\$ 3,319,627	\$ 2,991,881

* SMA rate increased from .3% to .5% effective January 1, 2005

SALMON ENHANCEMENT					
Tax by Aquacultural Region					
Southern Southeast	\$ 1,052,179	\$ 915,005	\$ 821,631	\$ 560,456	\$ 1,329,122
Northern Southeast	1,138,883	1,230,090	732,380	659,790	874,190
Prince William Sound	878,906	590,840	653,603	559,046	705,283
Kodiak	528,003	483,596	352,935	279,692	451,211
Cook Inlet	647,610	496,670	310,497	244,719	165,972
Chignik	126,036	70,860	129,765	109,035	169,673
Total Tax	4,371,617	3,787,061	3,000,811	2,412,738	3,695,451
Penalties and Interest	7,632	24,431	32,754	9,313	6,350
Total Receipts	\$ 4,379,249	\$ 3,811,492	\$ 3,033,565	\$ 2,422,051	\$ 3,701,801

CHARITABLE GAMING					
Pull-Tab Tax	\$ 1,980,234	\$ 1,944,158	\$ 1,887,015	\$ 2,077,176	\$ 2,045,124
Net Proceeds Fee	289,201	357,176	386,220	370,524	325,218
License and Permit Fees	140,384	156,478	150,043	137,807	141,863
Total Receipts	\$ 2,409,819	\$ 2,457,812	\$ 2,423,278	\$ 2,585,507	\$ 2,512,205

ELECTRIC COOPERATIVE					
Total Receipts	\$ 1,971,690	\$ 1,939,598	\$ 1,861,290	\$ 1,817,958	\$ 1,786,712
Taxes shared	(1,893,770)	(1,868,400)	(1,794,011)	(1,752,988)	(1,719,948)
Amount Retained by state	\$ 77,920	\$ 71,198	\$ 67,279	\$ 64,970	\$ 66,764

Listed in order of total amount of revenue collected.

TAX TYPE	FY 06	FY 05	FY 04	FY 03	FY 02
TELEPHONE COOPERATIVE					
Total Receipts	\$ 1,905,896	\$ 2,029,808	\$ 2,101,198	\$ 1,836,740	\$ 1,352,643
Taxes shared	(1,804,506)	(1,926,187)	(1,981,543)	(1,709,074)	(1,283,540)
Amount Retained by state	\$ 101,390	\$ 103,621	\$ 119,655	\$ 127,666	\$ 69,103
TIRE FEE					
Non-Studded	\$ 1,146,502	\$ 1,136,589	\$ 826,651		
Studded	446,771	436,440	0		
Penalties and Interest	25,414	5,856	23		
Total Receipts	\$ 1,618,687	\$ 1,578,885	\$ 826,674	N/A	N/A
ESTATE					
Total Receipts	\$ 576,261	\$ 1,538,592	\$ 2,250,662	\$ 1,221,757	\$ 3,117,413
DIVE FISHERY MANAGEMENT ASSESSMENT					
Southeast Alaska - Management Area A	\$ 273,521	\$ 411,267	\$ 253,503	\$ 204,738	\$ 192,110
Total Receipts	\$ 273,521	\$ 411,267	\$ 253,503	\$ 204,738	\$ 192,110
SEAFOOD DEVELOPMENT ASSESSMENT					
Tax by Development Region					
Prince William Sound	\$ 152,465	N/A	N/A		
Total Receipts	\$ 152,465	N/A	N/A	N/A	
SALMON MARKETING					
Tax	\$ 44,676	\$ 2,442,826	\$ 1,907,811	\$ 1,406,087	\$ 1,968,797
Penalties and Interest	4,119	12,430	55,968	5,954	17,921
Total Receipts	\$ 48,795	\$ 2,455,256	\$ 1,963,779	\$ 1,412,041	\$ 1,986,718

* SMT was repealed effective January 1, 2005

Statement In Support of House Bill 2
An act relating to the vocational education account

Our member school districts endorse the goal of expanding vocational education opportunities for Alaska's young people. Under the current foundation formula for K-12 schools, the state earmarks 20 percent of its financial support for special education, bilingual education and vocational education programs. In the face of chronic federal funding shortfalls for the Individuals with Disabilities Education Act (IDEA), the 20 percent earmark leaves most school districts with few financial resources to address any program other than that mandated for special education students. Thus, a fund that collects and distributes financial support for vocational education would be welcomed by our member districts.

For further information, contact:

Carl Rose, Executive Director
586-1083 or crose@asb.org



1413 Hyder St.
Anchorage, AK 99501
(907) 569-4711 tel
(907) 569-4716 fax (admin)
(907) 569-4720 fax (programs)
1 (866) 297-9566 toll-free

P.O. Box 74313
Fairbanks, AK 99707
(907) 457-2597 tel
(907) 457-2591 fax
1 (866) 457-2597 toll-free

March 8, 2007

Mr. Mark Neuman
Representative
House of Representatives
Room 432
State Capitol
Juneau, AK 99801-1182

Dear Representative Neuman,

I am writing to you to express my support for House Bill No. 2, "An Act related to the vocational education account and appropriations from that account; and providing for an effective date." HB 2, if passed, would be a major step forward in strengthening vocational education across Alaska. I strongly believe that investing in vocational education today will result in a more prosperous and healthy Alaska in the future.

We have an opportunity to build a highly educated and highly skilled workforce so long as our citizens and businesses are willing to invest in vocational and technical education. These investments will increase the number of students who complete high school and go on to postsecondary career and technical training, and will better prepare our state for the future in a highly competitive global economy.

Your bill provides a simple way for government to invest in secondary and postsecondary vocational education. In order for Alaska to prosper and be a great place to live in the years ahead, we must invest in vocational education now. Please let me know how I can help.

Sincerely,

Mike Andrews
Director

Alaska State Chamber of Commerce
2007 Priority
Support for Excellence in Education

The Alaska State Chamber of Commerce has strongly supported excellence in education, making it a top priority in the Chamber's legislative agenda. In times of economic decline, state investment in education is critical to address the needs of its citizenry. In times of economic prosperity, state investment in education assures a strong and vibrant economy, providing economic development through a trained and educated workforce. There has never been a more opportune time to step forward and fully support and promote education in Alaska, from pre-kindergarten through post-doctoral. The Alaska State Chamber of Commerce urges the Administration and the Legislature to support Alaska's educational needs to meet the demand for a strong and viable economy and citizenry.

Action Items:

Establish a career and technical education outreach program where employers partner with the State of Alaska, the University of Alaska, local schools, and tribal partners to assist students (P - 16), parents, out-of-school youth, and employed/unemployed Alaskans to learn about training, internship, apprenticeship, and employment opportunities. Provide tax credit to encourage employers where possible.

Build ALEXSYS and appropriately market an internet-based training and employment clearing center to help students and unemployed Alaskans find training and employment opportunities; and employers find qualified employees and candidates for training programs.

Establish, in collaboration with private sector employers, a clearly articulated career and technical education program that:

- Is funded over the long term.
- Utilizes existing education facilities more fully including evenings, weekends, and summers,
- Uses a broad range of educational resources, not limited to the University of Alaska.
- Includes a broad range of options including apprenticeship, internship, and private career and technical education programs,
- Specifically targets rural Alaskans, and out-of-school youth, and
- Use distance learning capabilities where available.

The Governor and Legislature should restructure the Alaska Workforce Investment Board (AWIB) by establishing a direct reporting relationship to the Governor, making it industry driven, and establishing full time professional staff to support the Board.

HOUSE BILL 61 AMENDED STATUTES

Sec. 21.89.070. Insurance tax credit for gifts to colleges.

(a) A taxpayer is allowed a credit against the tax due under AS 21.09.210 or AS 21.66.110 for cash contributions for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, that are accepted by a nonprofit, public or private, Alaska two-year or four-year college or university accredited by a regional accreditation association or that are accepted by an Alaska university foundation that supports a university or college that could receive a contribution for which a taxpayer may obtain a credit under this section. The amount of the credit is the lesser of

(1) an amount equal to

(A) 50 percent of contributions of not more than \$100,000; and

(B) 100 percent of the next \$100,000 of contributions; or

(2) 50 percent of the taxpayer's tax liability under this title.

(b) Each public college and university shall include in its annual operating budget request contributions received and how the contributions were used.

(c) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under more than one provision of this title; and

(2) when combined with credits taken during the taxpayer's tax year under AS 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, exceed \$150,000.

Sec. 43.20.014. Income tax education credit.

(a) For cash contributions accepted for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association, a taxpayer is allowed as a credit against the tax due under this chapter

(1) 50 percent of contributions of not more than \$100,000; and

(2) 100 percent of the next \$100,000 of contributions.

(b) *[Repealed, Sec. 12 ch 71 SLA 1991].*

(c) Each public college and university shall include in its annual operating budget request contributions received and how the contributions were used.

(d) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title;

(2) also be allowed as a deduction under 26 U.S.C. 170 against the tax imposed by this chapter; and

(3) when combined with credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, exceed \$150,000.

Sec. 43.55.019. Oil or gas producer education credit.

(a) For cash contributions accepted for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college

accredited by a regional accreditation association, a producer of oil or gas is allowed as a credit against the tax due under this chapter

(1) 50 percent of contributions of not more than \$100,000; and

(2) 100 percent of the next \$100,000 of contributions.

(b) *[Repealed, Sec. 12 ch 71 SLA 1991].*

(c) Each public college and university shall include in its annual operating budget request contributions received and how the contributions were used.

(d) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title; and

(2) when combined with credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, exceed \$150,000.

(e) The department may, by regulation, establish procedures by which a taxpayer may allocate a pro rata share of a credit claimed under this section against monthly tax payments made during the tax year.

Sec. 43.56.018. Oil or gas property education credit.

(a) For cash contributions accepted for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association, the owner of property taxable under this chapter is allowed as a credit against the tax due under this chapter

(1) 50 percent of contributions of not more than \$100,000; and

(2) 100 percent of the next \$100,000 of contributions.

(b) *[Repealed, Sec. 12 ch 71 SLA 1991].*

(c) Each public college and university shall include in its annual operating budget request contributions received and how the contributions were used.

(d) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title; and

(2) when combined with credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.65.018, AS 43.75.018, or AS 43.77.045, exceed \$150,000.

(e) The department may, by regulation, establish procedures by which a taxpayer may allocate a pro rata share of a credit claimed under this section against monthly tax payments made during the tax year.

Sec. 43.65.018. Mining business education credit.

(a) For cash contributions accepted for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit public or private, Alaska two-year or four-year college accredited by a regional accreditation association, a person engaged in the business of mining in the state is allowed as a credit against the tax due under this chapter

(1) 50 percent of contributions of not more than \$100,000; and

(2) 100 percent of the next \$100,000 of contributions.

(b) *[Repealed, Sec. 12 ch 71 SLA 1991].*

(c) Each public college and university shall include in its annual operating budget request contributions received and how the contributions were used.

(d) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title; and

(2) when combined with credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.75.018, or AS 43.77.045, exceed \$150,000.

Sec. 43.75.018. Fisheries business education credit.

(a) For cash contributions accepted for direct instruction, research, and educational support purposes, including library and museum acquisitions and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association, a person engaged in a fisheries business is allowed as a credit against the tax due under this chapter

(1) 50 percent of contributions of not more than \$100,000; and

(2) 100 percent of the next \$100,000 of contributions.

(b) *[Repealed, Sec. 12 ch 71 SLA 1991].*

(c) Each public college and university shall include in its annual operating budget request contributions received and how the contributions were used.

(d) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title; and

(2) when combined with credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.77.045, exceed \$150,000.

Sec. 43.77.045. Fisheries resource landing tax education credit.

(a) In addition to the credit allowed under AS 43.77.040, for cash contributions accepted for direct instruction, research, and educational support purposes, including library and museum acquisitions and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association, a person engaged in a floating fisheries business is allowed as a credit against the tax due under this chapter

(1) 50 percent of contributions of not more than \$100,000; and

(2) 100 percent of the next \$100,000 of contributions.

(b) Each public college and university shall include in its annual operating budget request contributions received and how the contributions were used.

(c) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title; and

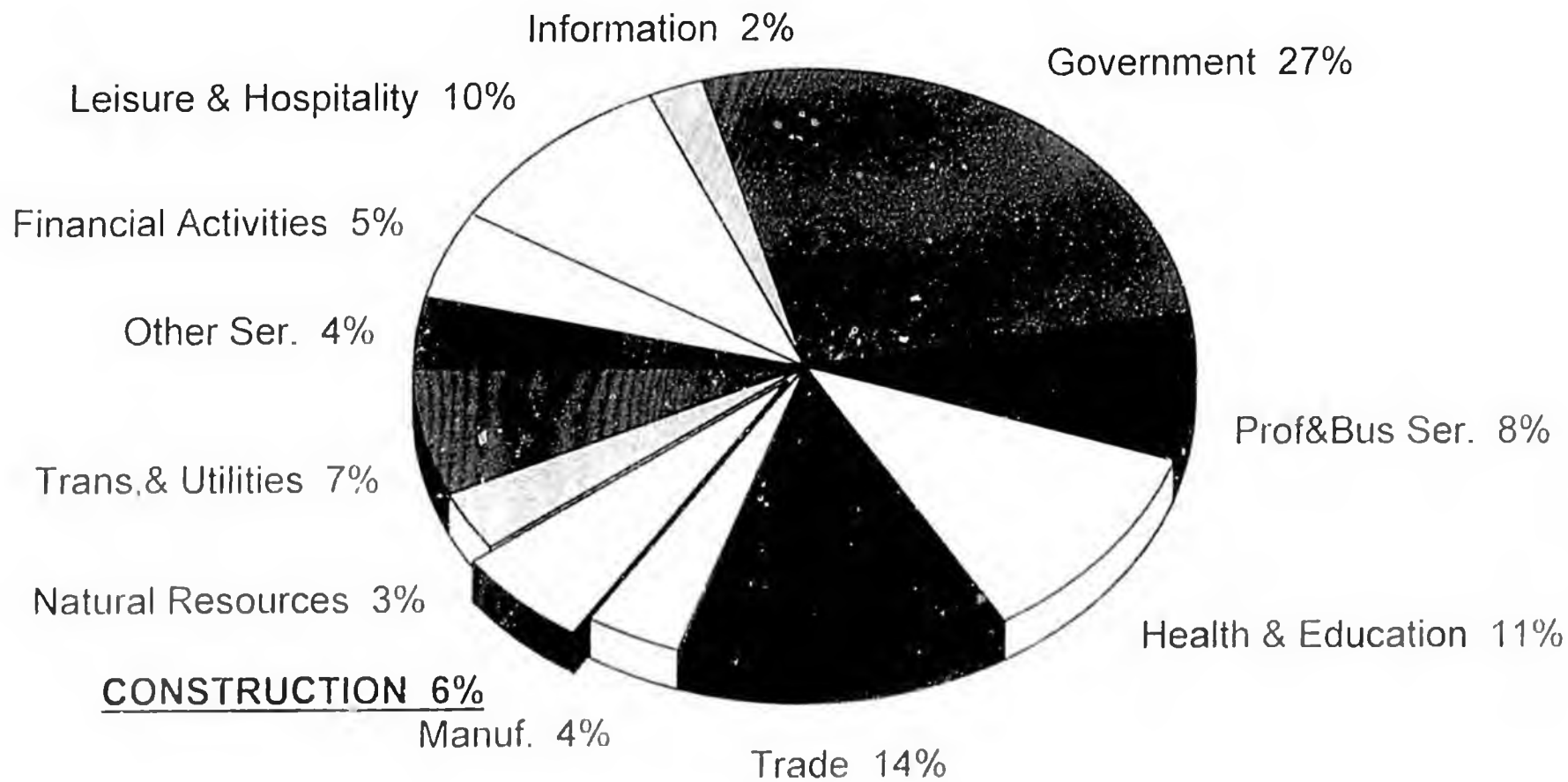
(2) when combined with credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.75.018, exceed \$150,000.

Alaska's Construction Workers Are there enough?

Richard Cattanach
Associated General Contractors of
Alaska



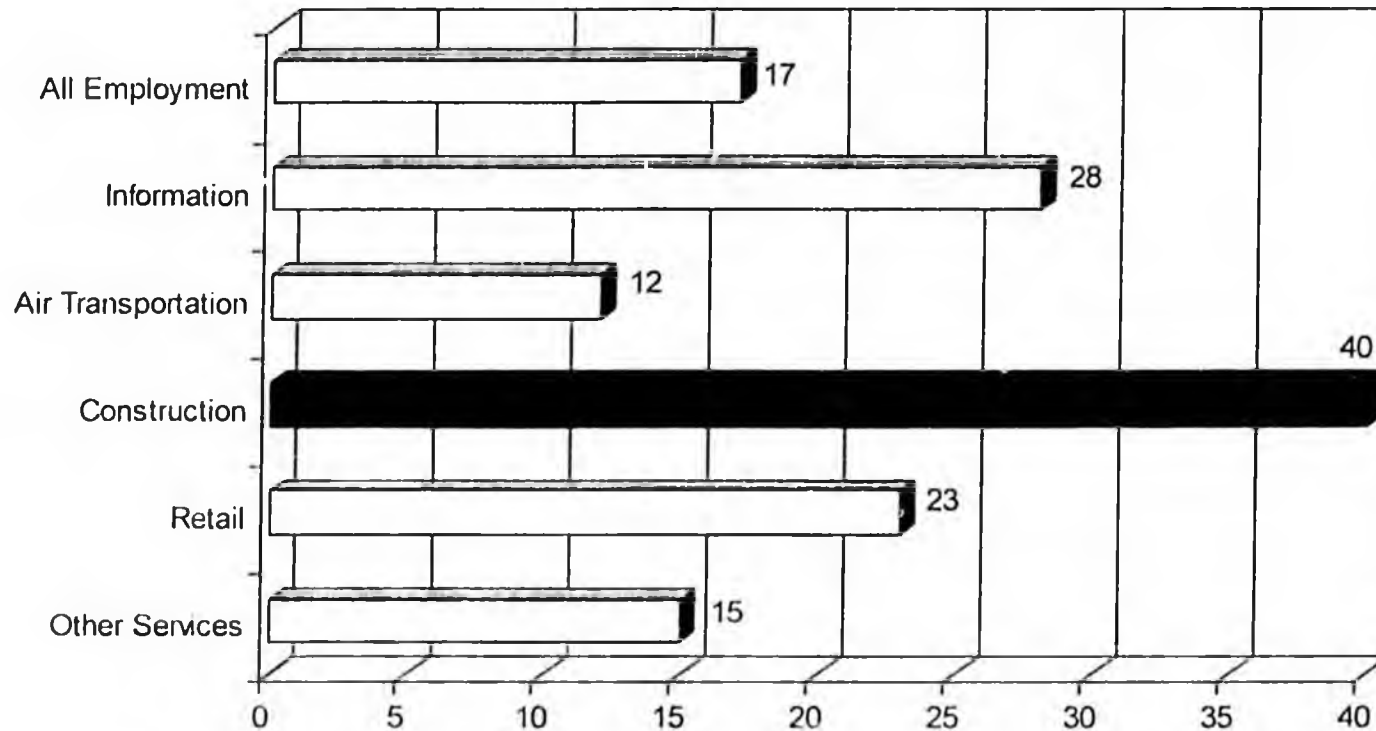
Alaska's Construction Industry Employment 2004



Source: Alaska Department of Labor and Workforce Development, Research and Analysis.

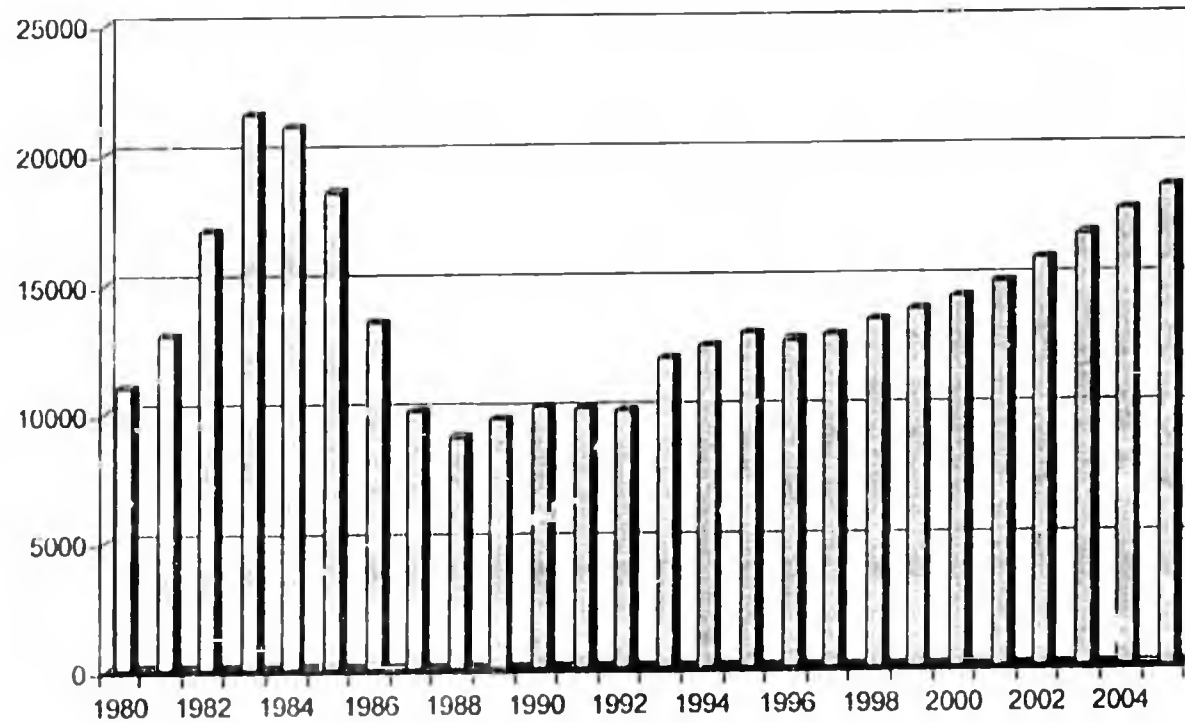
Construction has been one of the employment stars over the past decade

Labor Growth over the Past Decade

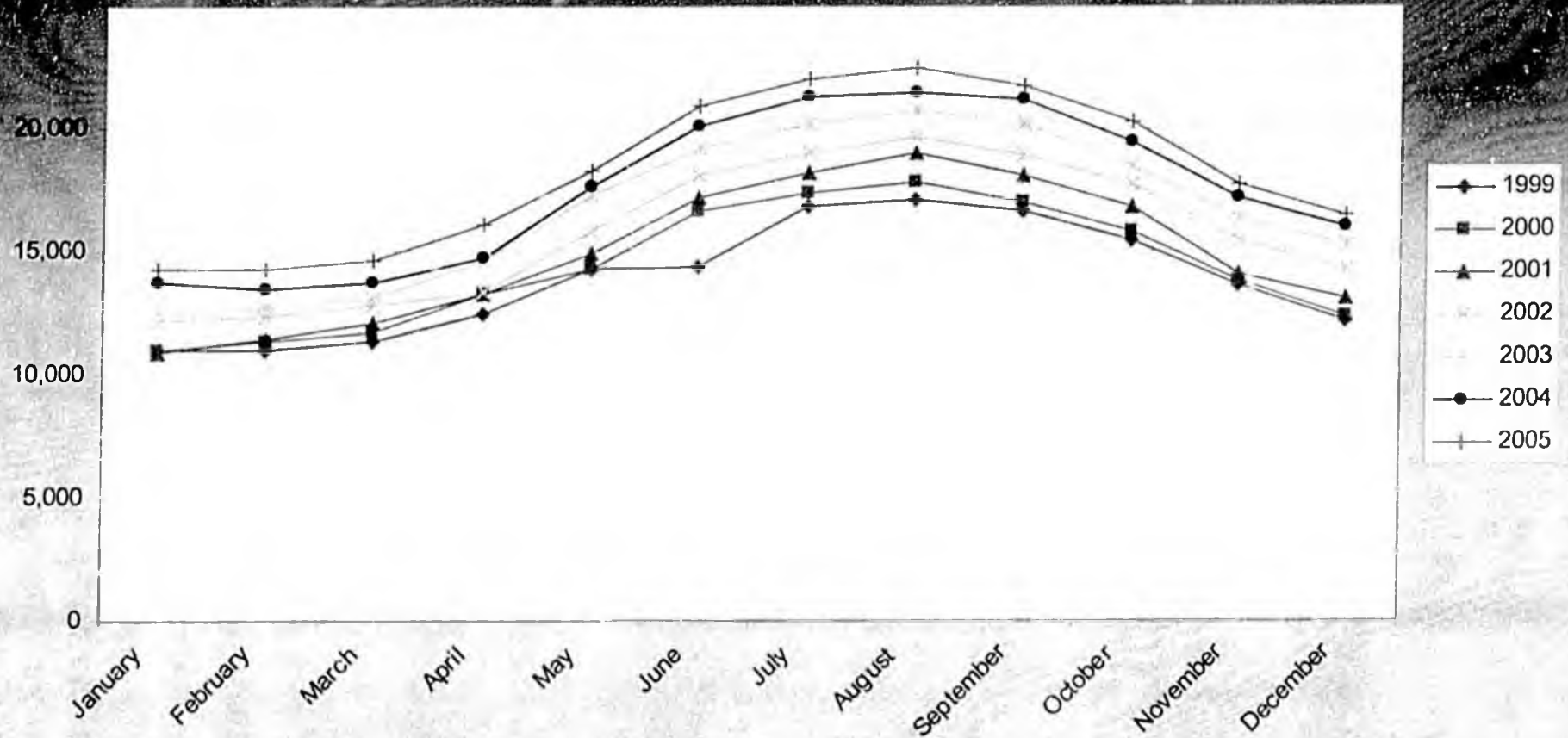


Construction Industry since 1980

Industry Employment Since 1980

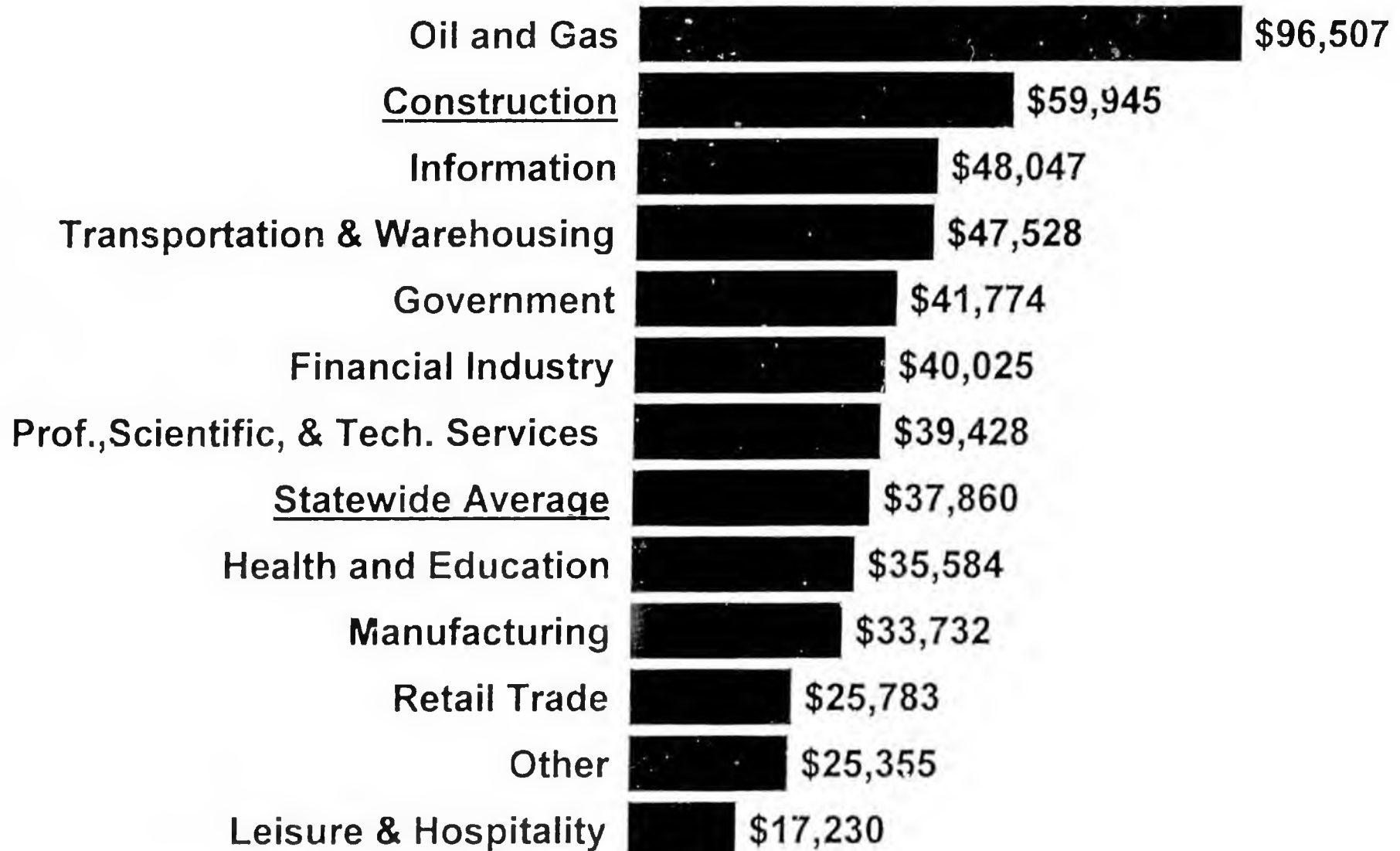


Construction Employment 1999-2005



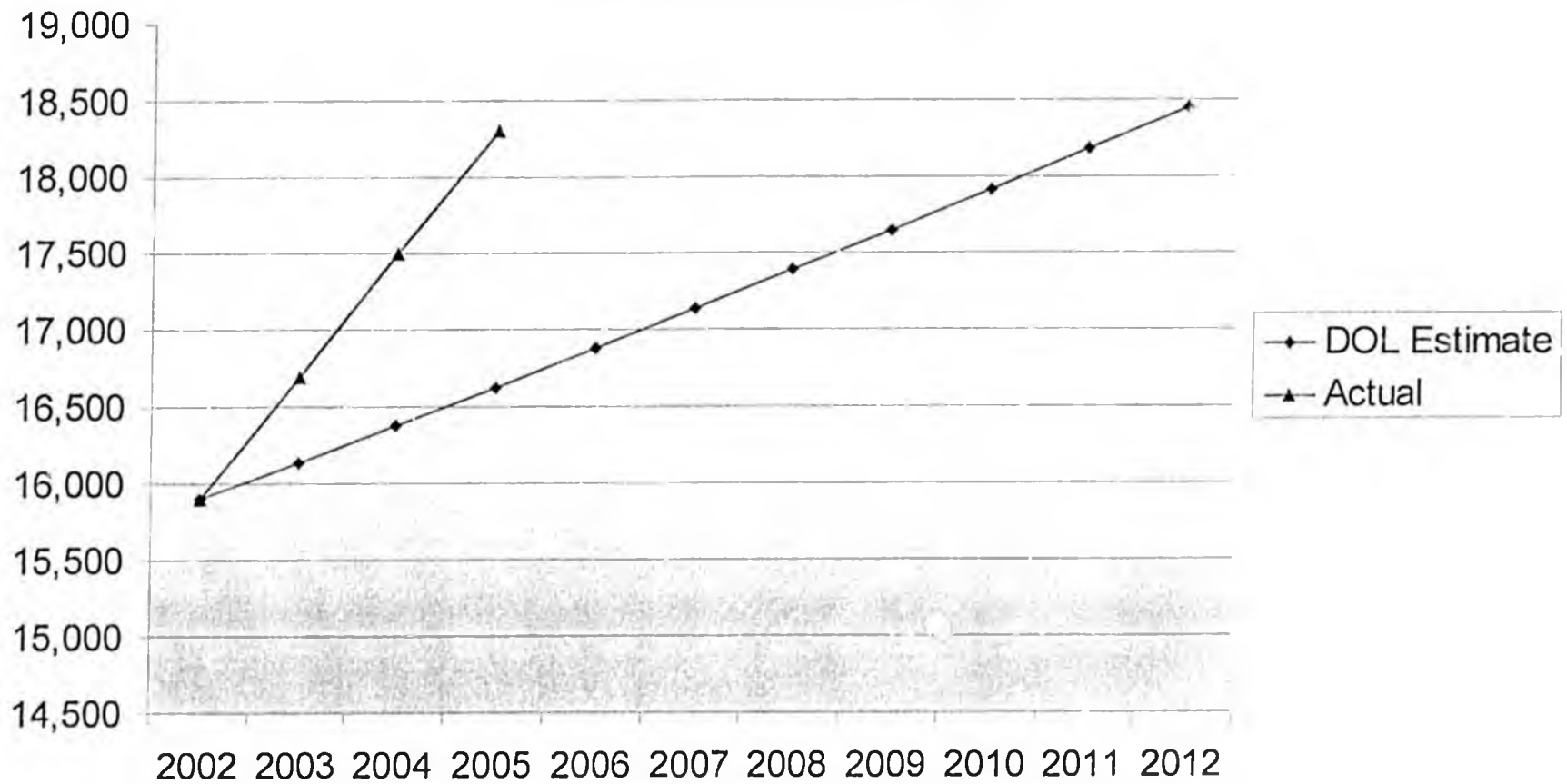
Construction Pays High Wages

2004 annual earnings



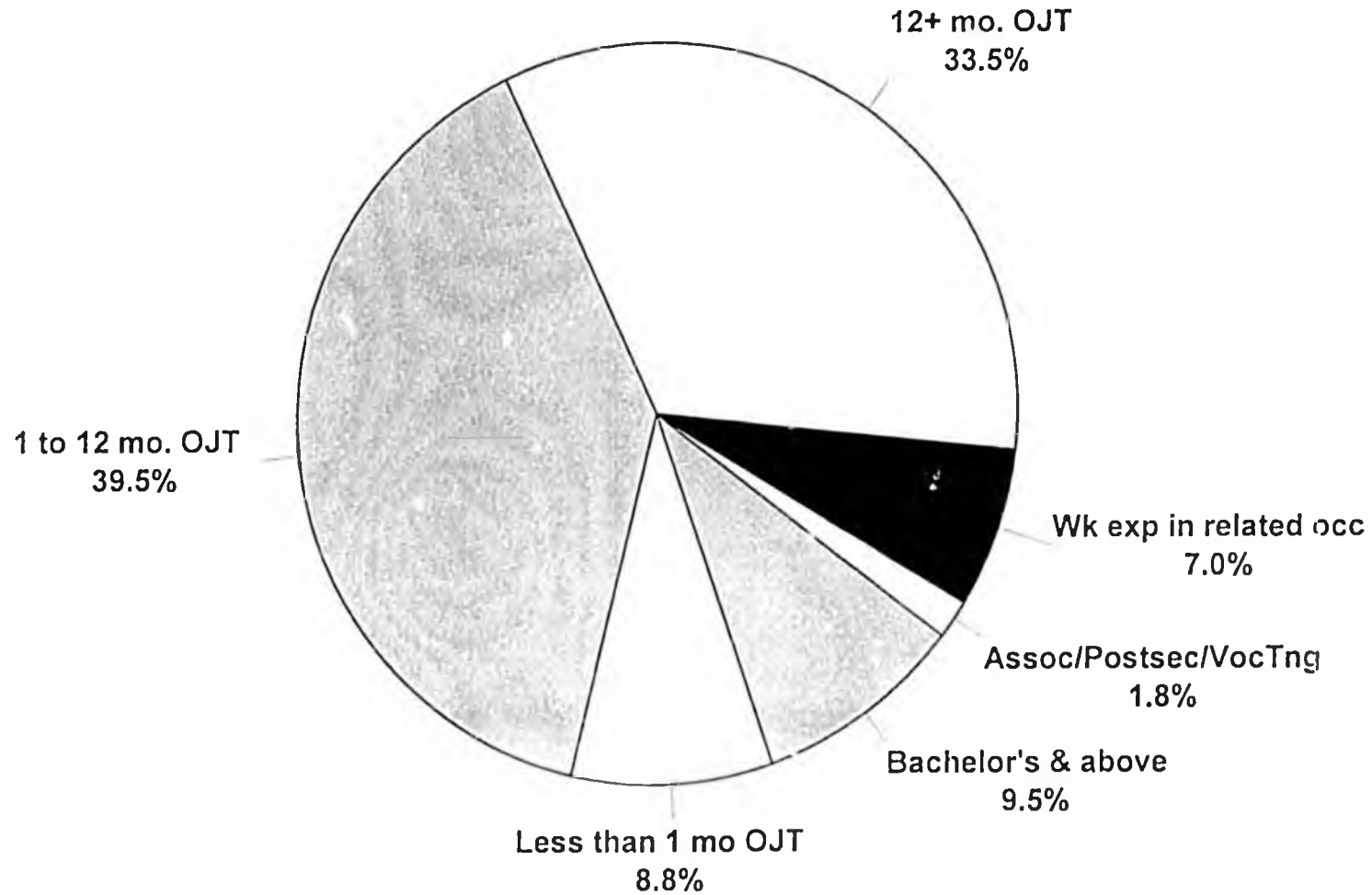
Projected Employment Growth

Construction Employment



Alaska's Current Construction Jobs by Level of Required Education

Estimated 2002



Problem Areas - Selected Crafts	Non-Resident Workers % ¹³	Workers 45+ % ¹⁴
Carpenters	17.4	30.1
Construction Laborers	16.8	22.6
Electricians	19.5	31.4
Plumbers, Pipefitters, and Steamfitters	17.6	29.2
Operating Engineers and Other Construction Equipment Operators	17.2	45.2
Construction Managers	16.7	56.3
Truck Drivers, Heavy & Tractor-Trailer	14.7	42.2



Selected Crafts

<u>Craft</u>	<u>Increase</u>	<u>Retirees</u>	<u>Non-Res</u>
Carpenters	528	1218	359
Laborers	627	679	245
Electricians	307	566	206
Plumbers	224	363	113
Op. Engineers	820	1032	197
Painters	129	150	128
Roofers	31	53	44
Supervisors/Mgrs	454	866	274
Const & Bldg Insp	55	100	29



Selected Crafts - Continued

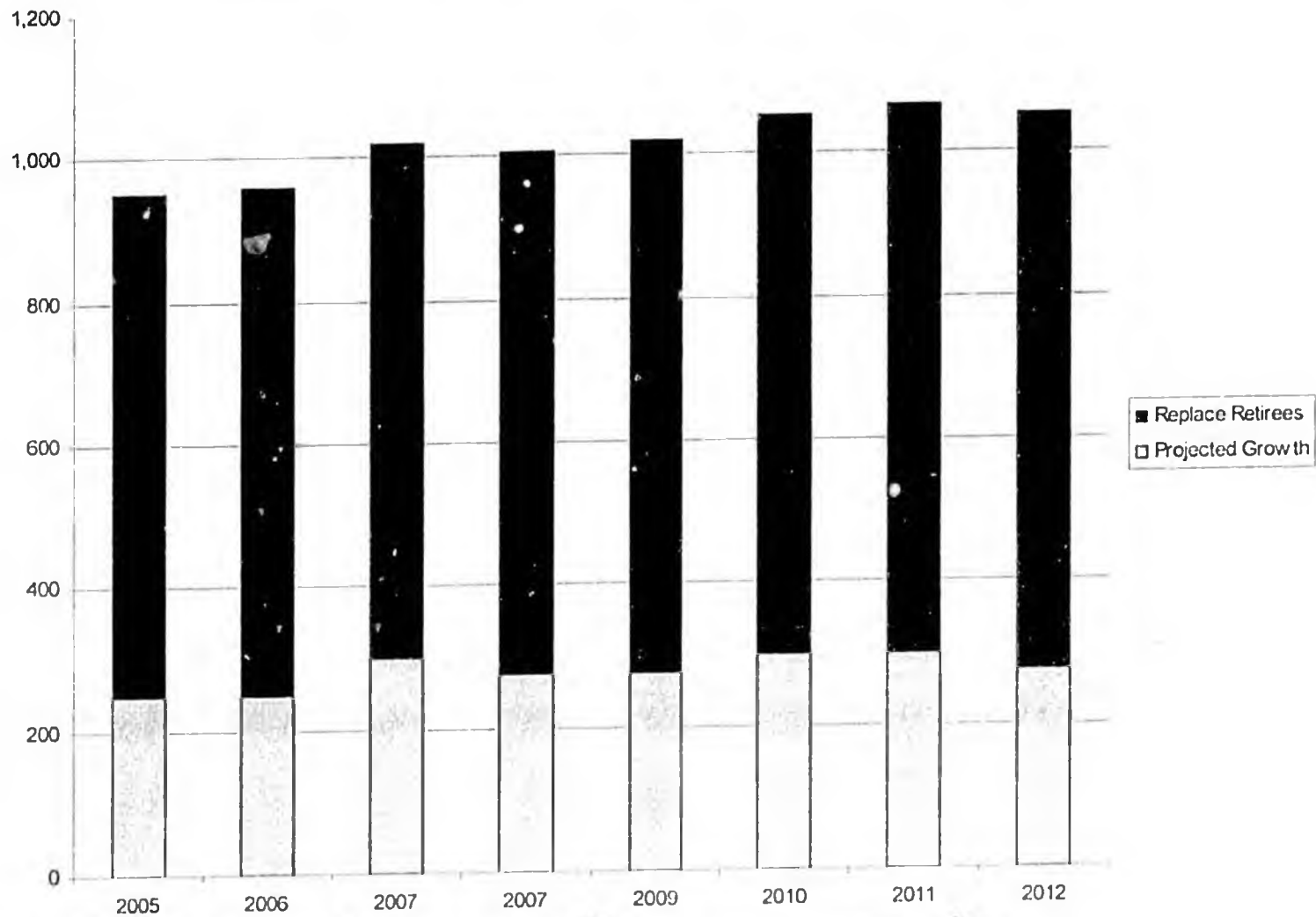
<u>Craft</u>	<u>Total Need</u>	<u>Annual Need</u>
Carpenters	2,105	210
Laborers	1,551	155
Electricians	1,079	108
Plumbers	700	70
Op. Engineers	2,049	205
Painters	407	41
Roofers	128	13
Supervisors/Mngrs	1,594	160
Const & Bldg Insp	184	18

Selected Crafts - Continued

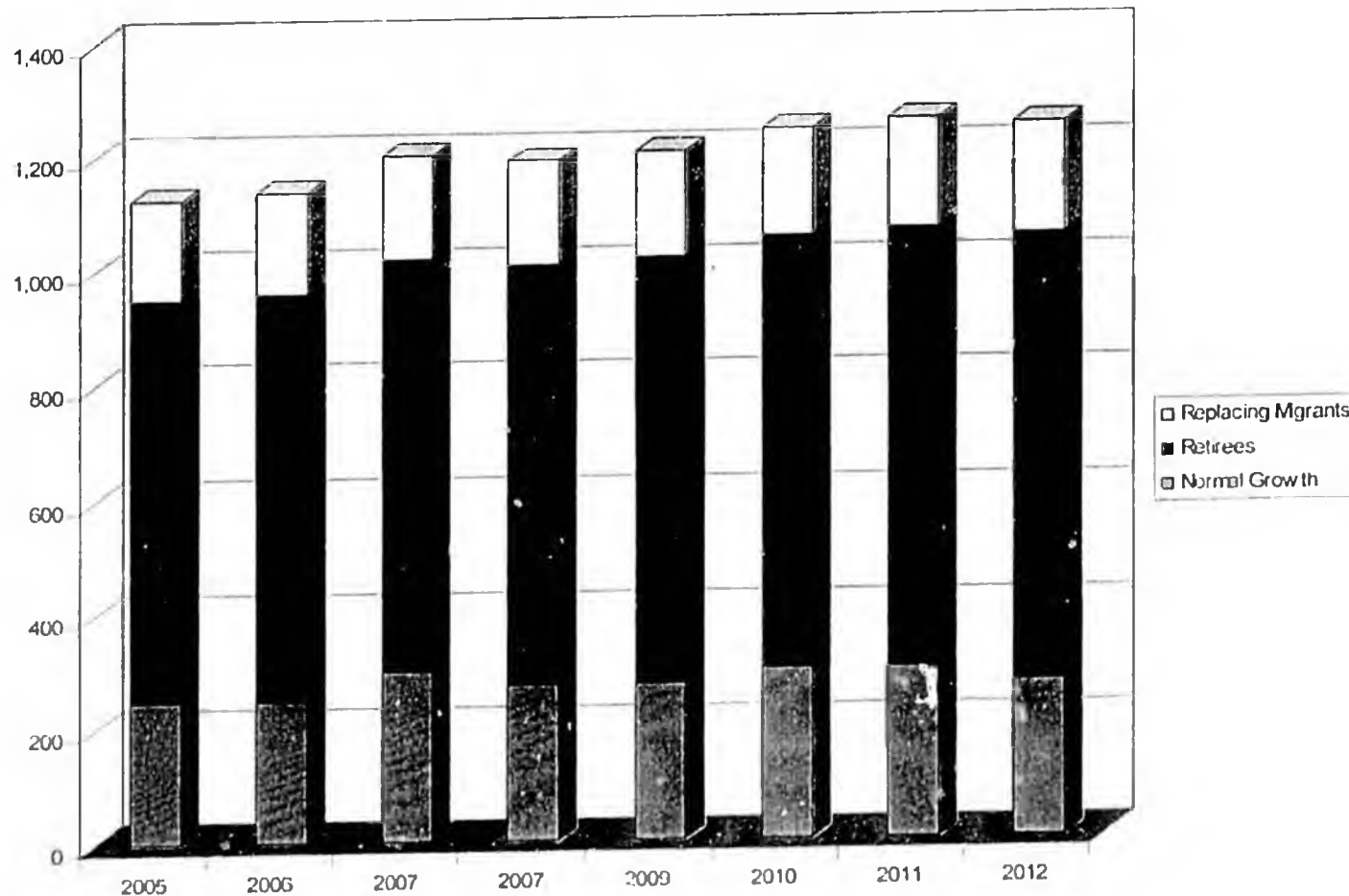
<u>Craft</u>	<u>Total Need</u>	<u>Employment</u>	<u>%</u>
Carpenters	2,105	4,855	43%
Laborers	1,551	3,605	43%
Electricians	1,079	2,164	50%
Plumbers	700	1,492	47%
Op. Engineers	2,049	2,741	75%
Painters	407	909	45%
Roofers	128	394	32%



Projected Labor Growth



Projected Labor Growth – Including Reduction in Percentage of Non-Residents

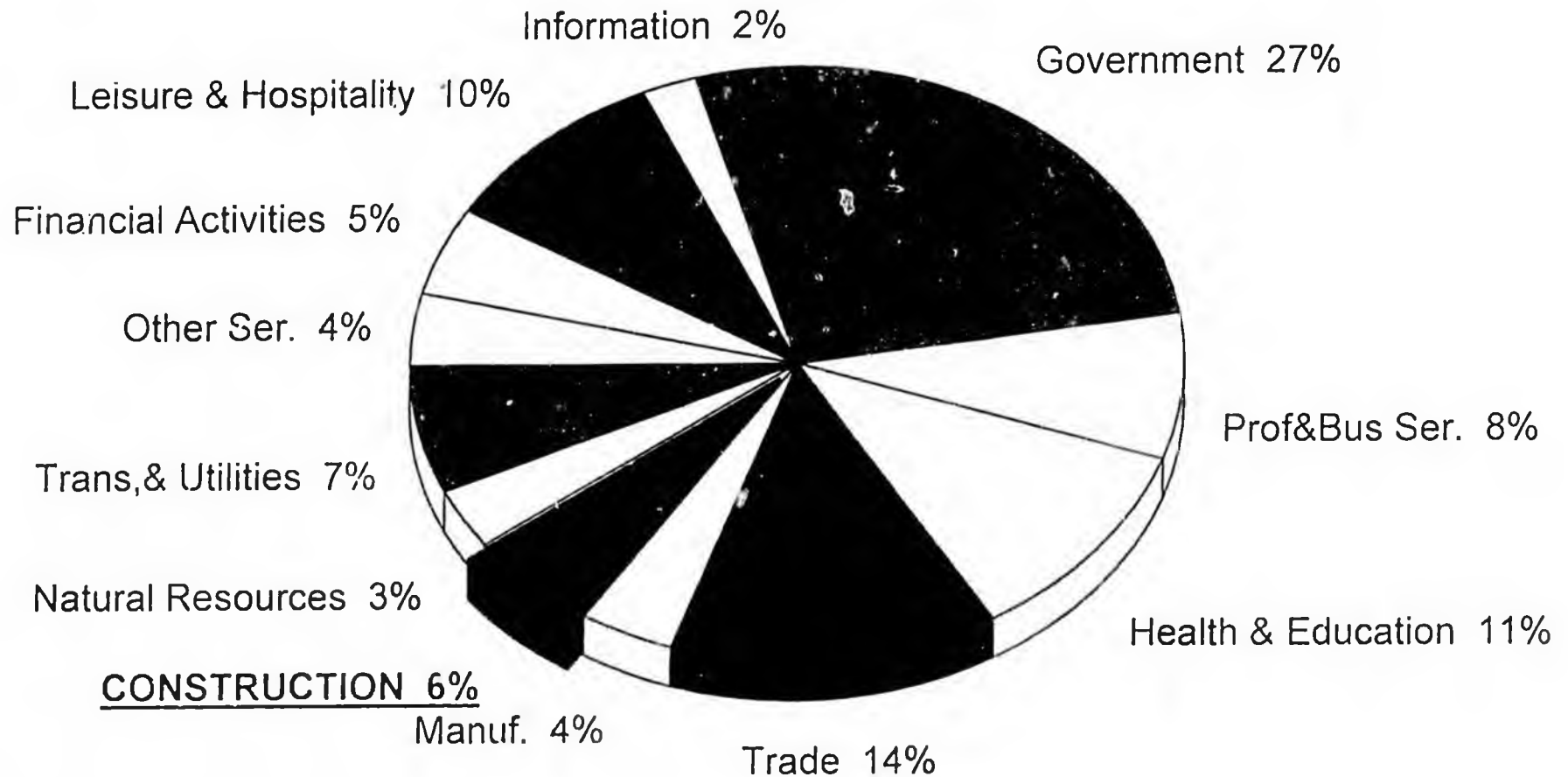


Labor Needs Relative to High School Graduates

- High School Graduates –
 - Average 1999- 2003 7,000
- Number going to College 30%
- Available to enter workforce 4,900
- Construction Needs 2006 1,150
- Percentage of New Graduates Needed **23%**



Alaska's Construction Industry Employment 2004



Source: Alaska Department of Labor and Workforce Development, Research and Analysis.

Potential Labor Shortages – Pipeline

Craft	Current	Pipeline
Plumbers, Pipefitters	1,492	450
Equipment Operators	2,741	2,100
Truck Drivers	293	1,700
Laborers	3,605	1,300

