

AK LEGISLATURE FINANCE COMMITTEES FILES 2007-2008 3275

<i>District</i>	<i>Project Number</i>	<i>Project Title</i>	<i>Dept Approval</i>	<i>Req Amt</i>	<i>Voter Amt</i>	<i>EED Approved Amt</i>	<i>Rate</i>	<i>EED Approved</i>	<i>Voter Approved</i>	<i>Comments</i>
		Electrical Upgrades-9 Schools	1/17/2008	\$1,475,000	\$0	\$1,475,000	70%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
		Code Hazmat-2 Schools	1/17/2008	\$465,000	\$0	\$465,000	70%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
		Chester Valley Addition and Renewal	1/17/2008	\$16,500,000	\$0	\$16,500,000	60%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
		Track Improvements-3 Schools	1/17/2008	\$2,250,000	\$0	\$2,250,000	70%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
DR-07-110		Clark Middle School Replacement	2/6/2007	\$65,000,000	\$65,000,000	\$65,000,000	60%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Anchorage projects voter approved April 3, 2007
DR-07-111		Districtwide Code/Hazardous Materials/ADA Projects	2/6/2007	\$1,265,000	\$1,265,000	\$1,265,000	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
DR-07-112		Districtwide Roof Replacement and Repairs	2/6/2007	\$1,950,000	\$1,950,000	\$1,950,000	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
DR-07-113		Districtwide Security System Upgrades	2/6/2007	\$890,000	\$890,000	\$890,000	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
DR-07-114		Emergency Communication Systems-2 High Schools	2/6/2007	\$650,000	\$650,000	\$650,000	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
DR-07-115		Districtwide Building Renewal Projects	2/6/2007	\$4,110,000	\$4,110,000	\$4,110,000	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

<i>District</i>	<i>Project Number</i>	<i>Project Title</i>	<i>Dept Approval</i>	<i>Req Amt</i>	<i>Voter Amt</i>	<i>EED Approved Amt</i>	<i>Rate</i>	<i>EED Approved</i>	<i>Voter Approved</i>	<i>Comments</i>
	DR-07-116	Districtwide Electrical Projects	2/6/2007	\$2,190,000	\$2,190,000	\$2,190,000	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
	DR-07-117	Districtwide Mechanical Projects	2/6/2007	\$5,845,000	\$5,845,000	\$5,845,000	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
	DR-07-118	Traffic Safety Upgrades, 3 Elementary Schools	2/6/2007	\$3,100,000	\$3,100,000	\$3,100,000	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
<b>Anchorage Totals:</b>				<b>\$128,710,000</b>	<b>\$85,000,000</b>	<b>\$128,710,000</b>				
<b>Dillingham City</b>										
	DR-08-101	Dillingham Elementary/Middle/High School Addition/Upgrade	8/28/2007	\$1,257,551	\$1,257,551	\$1,257,551	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
	DR-08-101	Dillingham Elementary/Middle/High School Upgrade	8/28/2007	\$14,433,697	\$13,843,697	\$13,843,697	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	One project agreement
<b>Dillingham City Totals:</b>				<b>\$15,691,248</b>	<b>\$15,101,248</b>	<b>\$15,101,248</b>				
<b>Fairbanks</b>										
	DR-07-104	Barnette Elementary Renovation, Phase 2	11/17/2006	\$6,591,000	\$6,591,000	\$6,591,000	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
	DR-07-105	Ryan Middle School Renovation, Phase 1	11/17/2006	\$1,800,000	\$1,800,000	\$1,800,000	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

District	Project Number	Project Title	Dept Approval	Req Amt	Voter Amt	EED Approved Amt	Rate	EED Approved	Voter Approved	Comments
<b>Fairbanks</b>				\$8,391,000	\$8,391,000	\$8,391,000				
<b>Totals:</b>										
<b>Juneau City Borough</b>										
		Thunder Mountain High School Pool	6/26/2007	\$19,800,000	\$19,800,000	\$8,650,853	60%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
	DR-03-125	New Juneau High School, Amendment #2	3/30/2007	\$17,100,000	\$17,100,000	\$17,100,000	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Amendment #2
	DR-06-111	Glacier Valley Elementary Renovation	9/14/2007	\$7,100,000	\$7,100,000	\$7,100,000	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Amends DR-06-111
	DR-08-100	Harborview Elementary Renovation	9/14/2007	\$15,300,000	\$15,300,000	\$15,300,000	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
<b>Juneau City Borough</b>				\$59,300,000	\$59,300,000	\$48,150,853				
<b>Totals:</b>										
<b>Ketchikan</b>										
		Schoenbar Middle School Repair/Remediation	8/18/2006	\$8,706,000	\$0	\$8,706,000	70%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Did not receive voter approval.
<b>Ketchikan</b>				\$8,706,000	\$0	\$8,706,000				
<b>Totals:</b>										
<b>Kodiak Island</b>										

District	Project Number	Project Title	Dept Approval	Req Amt	Voter Amt	EED Approved Amt	Rate	EED Approved	Voter Approved	Comments
	DR-05-110	New Kodiak MS/HS Pool	1/22/2007	\$8,000,000	\$8,000,000	\$8,000,000	60%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Amends previous amount for a total project of \$14,210,000
<b>Kodiak Island Totals:</b>				<b>\$8,000,000</b>	<b>\$8,000,000</b>	<b>\$8,000,000</b>				
<b>Unalaska City</b>										
		Unalaska Jr./Sr. High School Roof Replacement	8/24/2007	\$2,400,000	\$0	\$3,198,515	70%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
		Unalaska Jr./Sr. High School Carpet/Flooring Replacement	8/24/2007	\$600,000	\$0	\$766,704	70%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
		Unalaska Jr./Sr. High School Kitchen/Energy/Technology Upgrades	8/24/2007	\$1,000,000	\$0	\$1,182,714	70%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<b>Unalaska City Totals:</b>				<b>\$4,000,000</b>	<b>\$0</b>	<b>\$5,147,933</b>				
<b>Grand Totals:</b>				<b>\$232,798,248</b>	<b>\$175,792,248</b>	<b>\$222,207,034</b>				

**Total of Projects Both Voter and EED Approved: \$164,643,101**  
 (This is a total of the EED Approved Amount.)

3/5/08



# Kodiak Island Borough

*Office of the Mayor*

710 Mill Bay Road

Kodiak, Alaska 99615

Phone (907) 486-9310 Fax (907) 486-9391

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March 3, 2008

Senator Gary Stevens  
State Capitol, Room 103  
Juneau, AK 99801

Dear Senator Stevens:

On behalf of the Kodiak Island Borough Assembly, I am writing to urge you to support House Bill No. 373, an act extending specified public school bond debt reimbursement; and providing for an effective date.

As you know, this bill would not only allow the Kodiak Island Borough to pay costs of any new school construction projects, but also gives opportunity to supplement funding for the bonds that were approved a few years back that have experienced higher construction costs due to inflation, higher costs of supplies, and labor.

Extending the sunset for school debt reimbursement until November 30, 2010, will give additional opportunity to survey the needed improvements necessary for the school district facilities.

Thank you for your support.

Sincerely,

OFFICE OF THE BOROUGH MAYOR

Jerome M. Selby  
Borough Mayor

Cc: House Finance Committee  
Governor Sarah Palin

**HB**

**373**

**SFIN**

**FILE**

*Adopted 3/29/08*

RECEIVED  
MAR 24 2008

25-LS1340C  
Mischel  
3/24/08

**SENATE CS FOR HOUSE BILL NO. 373( )**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-FIFTH LEGISLATURE - SECOND SESSION**

BY

Offered:  
Referred:

Sponsor(s): HOUSE FINANCE COMMITTEE

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to school construction and maintenance grants; extending specified  
2 public school bond debt reimbursement; and providing for an effective date."

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

4 \* Section 1. AS 14.11.008(b) is amended to read:

5 (b) The required participating share for a municipal school district is based on  
6 the district's full value per average daily membership (ADM), which is calculated by  
7 dividing the full and true value of the taxable real and personal property in the district,  
8 calculated as described in AS 14.17.510 by the district ADM as defined in  
9 AS 14.17.990, for the same fiscal year for which the valuation was made. The  
10 municipal district's full value per ADM determines the district's required participating  
11 share, as follows:

Full Value Per ADM	District Participating Share
<u>\$1 - \$150,000</u> [ <del>\$1 - \$100,000</del> ]	5 percent
<u>150,001 - 275,000</u> [ <del>100,001 - 200,000</del> ]	10 percent

1                   275,001 - 800,000 [200,001 - 600,000]                   30 percent  
 2                   over 800,000 [OVER 600,000]                   35 percent.

3 \* Sec. 2. AS 14.11.100(7) is amended to read:

4                   (a) During each fiscal year, the state shall allocate to a municipality that is a  
 5 school district the following sums:

6                               (1) payments made by the municipality during the fiscal year two years  
 7 earlier for the retirement of principal and interest on outstanding bonds, notes, or other  
 8 indebtedness incurred before July 1, 1977, to pay costs of school construction;

9                               (2) 90 percent of

10                                       (A) payments made by the municipality during the fiscal year  
 11 two years earlier for the retirement of principal and interest on outstanding  
 12 bonds, notes, or other indebtedness incurred after June 30, 1977, and before  
 13 July 1, 1978, to pay costs of school construction;

14                                       (B) cash payments made after June 30, 1976, and before July 1,  
 15 1978, by the municipality during the fiscal year two years earlier to pay costs  
 16 of school construction;

17                               (3) 90 percent of

18                                       (A) payments made by the municipality during the fiscal year  
 19 two years earlier for the retirement of principal and interest on outstanding  
 20 bonds, notes, or other indebtedness incurred after June 30, 1978, and before  
 21 January 1, 1982, to pay costs of school construction projects approved under  
 22 AS 14.07.020(a)(11);

23                                       (B) cash payments made after June 30, 1978, and before July 1,  
 24 1982, by the municipality during the fiscal year two years earlier to pay costs  
 25 of school construction projects approved under AS 14.07.020(a)(11);

26                               (4) subject to (h) and (i) of this section, up to 90 percent of

27                                       (A) payments made by the municipality during the current  
 28 fiscal year for the retirement of principal and interest on outstanding bonds,  
 29 notes, or other indebtedness incurred after December 31, 1981, and authorized  
 30 by the qualified voters of the municipality before July 1, 1983, to pay costs of  
 31 school construction, additions to schools, and major rehabilitation projects that

1 exceed \$25,000 and are approved under AS 14.07.020(a)(11);

2 (B) cash payments made after June 30, 1982, and before July 1,  
3 1983, by the municipality during the fiscal year two years earlier to pay costs  
4 of school construction, additions to schools, and major rehabilitation projects  
5 that exceed \$25,000 and are approved under AS 14.07.020(a)(11); and

6 (C) payments made by the municipality during the current  
7 fiscal year for the retirement of principal and interest on outstanding bonds,  
8 notes, or other indebtedness to pay costs of school construction, additions to  
9 schools, and major rehabilitation projects that exceed \$25,000 and are  
10 submitted to the department for approval under AS 14.07.020(a)(11) before  
11 July 1, 1983, and approved by the qualified voters of the municipality before  
12 October 15, 1983, not to exceed a total project cost of (i) \$6,600,000 if the  
13 annual growth rate of average daily membership of the municipality is more  
14 than seven percent but less than 12 percent, or (ii) \$20,000,000 if the annual  
15 growth rate of average daily membership of the municipality is 12 percent or  
16 more; payments made by a municipality under this subparagraph on total  
17 project costs that exceed the amounts set out in (i) and (ii) of this subparagraph  
18 are subject to (5)(A) of this subsection;

19 (5) subject to (h) - (j) of this section, 80 percent of

20 (A) payments made by the municipality during the fiscal year  
21 for the retirement of principal and interest on outstanding bonds, notes, or  
22 other indebtedness authorized by the qualified voters of the municipality

23 (i) after June 30, 1983, but before March 31, 1990, to  
24 pay costs of school construction, additions to schools, and major  
25 rehabilitation projects that exceed \$25,000 and are approved under  
26 AS 14.07.020(a)(11); or

27 (ii) before July 1, 1989, and reauthorized before  
28 November 1, 1989, to pay costs of school construction, additions to  
29 schools, and major rehabilitation projects that exceed \$25,000 and are  
30 approved under AS 14.07.020(a)(11); and

31 (B) cash payments made after June 30, 1983, by the

1 municipality during the fiscal year two years earlier to pay costs of school  
2 construction, additions to schools, and major rehabilitation projects that exceed  
3 \$25,000 and are approved by the department before July 1, 1990, under  
4 AS 14.07.020(a)(11);

5 (6) subject to (h) - (j) and (m) of this section, 70 percent of payments  
6 made by the municipality during the fiscal year for the retirement of principal and  
7 interest on outstanding bonds, notes, or other indebtedness authorized by the qualified  
8 voters of the municipality on or after April 30, 1993, but before July 1, 1996, to pay  
9 costs of school construction, additions to schools, and major rehabilitation projects  
10 that exceed \$200,000 and are approved under AS 14.07.020(a)(11);

11 (7) subject to (h) - (j) and (m) of this section, 70 percent of payments  
12 made by the municipality during the fiscal year for the retirement of principal and  
13 interest on outstanding bonds, notes, or other indebtedness authorized by the qualified  
14 voters of the municipality after March 31, 1990, but before April 30, 1993, to pay  
15 costs of school construction, additions to schools, and major rehabilitation projects;

16 (8) subject to (h), (i), (j)(2) - (5), and (n) of this section and after  
17 projects funded by the bonds, notes, or other indebtedness have been approved by the  
18 commissioner, 70 percent of payments made by the municipality during the fiscal year  
19 for the retirement of principal and interest on outstanding bonds, notes, or other  
20 indebtedness authorized by the qualified voters of the municipality on or after July 1,  
21 1995, but before July 1, 1998, to pay costs of school construction, additions to  
22 schools, and major rehabilitation projects that exceed \$200,000 and are approved  
23 under AS 14.07.020(a)(11);

24 (9) subject to (h), (i), (j)(2) - (5), and (n) of this section and after  
25 projects funded by the bonds, notes, or other indebtedness have been approved by the  
26 commissioner, 70 percent of payments made by the municipality during the fiscal year  
27 for the retirement of principal and interest on outstanding bonds, notes, or other  
28 indebtedness authorized by the qualified voters of the municipality on or after July 1,  
29 1998, but before July 1, 2006, to pay costs of school construction, additions to  
30 schools, and major rehabilitation projects that exceed \$200,000 and are approved  
31 under AS 14.07.020(a)(11);

1 (10) subject to (h), (i), (j)(2) - (5), and (o) of this section, and after  
2 projects funded by the bonds, notes, or other indebtedness have been approved by the  
3 commissioner, 70 percent of payments made by the municipality during the fiscal year  
4 for the retirement of principal and interest on outstanding bonds, notes, or other  
5 indebtedness authorized by the qualified voters of the municipality on or after June 30,  
6 1998, to pay costs of school construction, additions to schools, and major  
7 rehabilitation projects that exceed \$200,000, are approved under AS 14.07.020(a)(11),  
8 and are not reimbursed under (n) of this section;

9 (11) subject to (h), (i), and (j)(2) - (5) of this section, and after projects  
10 funded by the bonds, notes, or other indebtedness have been approved by the  
11 commissioner, 70 percent of payments made by a municipality during the fiscal year  
12 for the retirement of principal and interest on outstanding bonds, notes, or other  
13 indebtedness authorized by the qualified voters of the municipality on or after June 30,  
14 1999, but before January 1, 2005, to pay costs of school construction, additions to  
15 schools, and major rehabilitation projects and education-related facilities that exceed  
16 \$200,000, are approved under AS 14.07.020(a)(11), and are not reimbursed under (n)  
17 or (o) of this section;

18 (12) subject to (h), (i), and (j)(2), (3), and (5) of this section, 60 percent  
19 of payments made by a municipality during the fiscal year for the retirement of  
20 principal and interest on outstanding bonds, notes, or other indebtedness authorized by  
21 the qualified voters of the municipality on or after June 30, 1999, but before January 1,  
22 2005, to pay costs of school construction, additions to schools, and major  
23 rehabilitation projects and education-related facilities that exceed \$200,000, are  
24 reviewed under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this  
25 section;

26 (13) subject to (h), (i), (j)(2) - (5), and (p) of this section, and after  
27 projects funded by the tax exempt bonds, notes, or other indebtedness have been  
28 approved by the commissioner, 70 percent of payments made by a municipality during  
29 the fiscal year for the retirement of principal and interest on outstanding tax exempt  
30 bonds, notes, or other indebtedness authorized by the qualified voters of the  
31 municipality on or after June 30, 1999, but before October 31, 2006, to pay costs of

1 school construction, additions to schools, and major rehabilitation projects and  
2 education-related facilities that exceed \$200,000, are approved under  
3 AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this section;

4 (14) subject to (h), (i), (j)(2), (3), and (5), and (p) of this section, 60  
5 percent of payments made by a municipality during the fiscal year for the retirement  
6 of principal and interest on outstanding tax exempt bonds, notes, or other indebtedness  
7 authorized by the qualified voters of the municipality on or after June 30, 1999, but  
8 before October 31, 2006, to pay costs of school construction, additions to schools, and  
9 major rehabilitation projects and education-related facilities that exceed \$200,000, are  
10 reviewed under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this  
11 section;

12 (15) subject to (h), (i), (j)(2) - (5), and (q) of this section, and after  
13 projects funded by the bonds, notes, or other indebtedness have been approved by the  
14 commissioner, 90 percent of payments made by a municipality during the fiscal year  
15 for the retirement of principal and interest on outstanding bonds, notes, or other  
16 indebtedness authorized by the qualified voters of the municipality on or after June 30,  
17 1999, but before October 31, 2006, to pay costs of school construction, additions to  
18 schools, and major rehabilitation projects and education-related facilities that exceed  
19 \$200,000, are approved under AS 14.07.020(a)(11), meet the 10 percent participating  
20 share requirement for a municipal school district under AS 14.11.008(b), and are not  
21 reimbursed under (n) or (o) of this section;

22 (16) subject to (h), (i), and (j)(2) - (5) of this section, and after projects  
23 funded by the tax exempt bonds, notes, or other indebtedness have been approved by  
24 the commissioner, 70 percent of payments made by a municipality during the fiscal  
25 year for the retirement of principal and interest on outstanding tax exempt bonds,  
26 notes, or other indebtedness authorized by the qualified voters of the municipality on  
27 or after October 1, 2006, but before November 30, 2010 [2008], to pay costs of school  
28 construction, additions to schools, and major rehabilitation projects and education-  
29 related facilities that exceed \$200,000, are approved under AS 14.07.020(a)(11), and  
30 are not reimbursed under (o) of this section;

31 (17) subject to (h), (i), and (j)(2), (3), and (5) of this section, 60 percent

1 of payments made by a municipality during the fiscal year for the retirement of  
2 principal and interest on outstanding tax exempt bonds, notes, or other indebtedness  
3 authorized by the qualified voters of the municipality on or after October 1, 2006, but  
4 before November 30, 2010 [2008], to pay costs of school construction, additions to  
5 schools, and major rehabilitation projects and education-related facilities that exceed  
6 \$200,000, are reviewed under AS 14.07.020(a)(11), and are not reimbursed under (o)  
7 of this section.

8 \* Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

# ALASKA STATE LEGISLATURE HOUSE FINANCE COMMITTEE

Representative Mike Chenault  
Co-Chairman  
(907) 465-3779

Fax: (907) 465-2833

Representative\_Mike\_Chenault@legis.state.ak.us

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145 Main St. Loop #223  
Kenai, Alaska 99611



Representative Kevin Meyer  
Co-Chairman  
(907) 465-4945

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716 W. 4<sup>th</sup> Avenue  
Anchorage, Alaska 99501

State Capitol, Juneau, Alaska 99801-1182

## Sponsor Statement HB 373

*An Act extending specified public school bond debt reimbursement; and providing for an effective date.*

House Bill 373 extends the sunset of the current school bond debt reimbursement program from November 30, 2008 to November 30, 2010.

Under the existing law, any municipality can ask their electorate to issue bonds to fund the construction of school capital projects. The projects are then submitted to the Department of Education and Early Development (DEED) for review. The projects that meet the State's approved space guidelines are reimbursed at a rate of 70% and those that do not meet the State's guidelines are reimbursed at a rate of 60%.

When the program was previously extended to November 30, 2008, \$222 million in school capital projects were approved by the State for reimbursement.

The State of Alaska's school bond debt reimbursement program is an important partnership between communities and the State, where each shares a portion of the cost of school construction.

# SENATE FINANCE COMMITTEE REPORT

DATE: 3/19/08

FURTHER:

DATE TURNED  
IN TO OFFICE: \_\_\_\_\_

Finance Committee considered HOUSE BILL NO. 373

## HB 373 SCHOOL BOND DEBT REIMBURSEMENT

"An Act extending specified public school bond debt reimbursement; and providing for an effective date."

and recommends:

- be replaced with  SCS or  CS CS HB 373 (FIN)
- adopt previous  SCS or  CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt \_\_\_\_\_ Letter of Intent
- further referral to \_\_\_\_\_ Committee

**SENATE BILL:**  
 Same Title  
 New Title

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**HOUSE BILL:**  
 Same Title  
 Technical Title Change  
 New Title w/ SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
EED	2/21/08		✓		1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Elton	✓			
	Thomas	✓			
	Hilgards	✓			
	Olson			✓	
CO-CHAIR:					
CO-CHAIR:		✓			

# FISCAL NOTE

STATE OF ALASKA  
2008 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: HB 373  
(H) Publish Date: 3/6/08

Identifier (file name) HB 373. HB373-DEED-SDR-02-29-08 Dept. Affected: Education & Early Development  
Title: An Act extending specified public school bond debt reimbursement RDU: School Debt Reimbursement  
School Debt Reimbursement

Sponsor: Finance Committee  
Requester: House HESS Component Number: 153

**Expenditures/Revenues** (Thousands of )

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

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<b>OPERATING EXPENDITURES</b>								
Personal Service								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
<b>TOTAL OPERATING</b>	*	*	*	*	*	*	*	*

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES ( )</b>								
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
<b>TOTAL</b>								
Other Interagency Receipts								
<b>TOTAL</b>	*	*	*	*	*	*	*	*

Estimate of any current year (FY2008) cost: \_\_\_\_\_

**POSITIONS**

Full-time								
Part-time								
Temporary								

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

This Act extends the period for which reimbursement will be made for specified public school bond debt.

The Department of Education and Early Development is unable to calculate the cost of HB 373 at this time and is, therefore, submitting an indeterminate fiscal note.

Prepared by Eddy Jeans Phone 465-8679  
Division School Finance Date/Time 2/29/08 3:00 PM  
Approved by Barbara Thompson, Interim Commissioner Date 2/29/2008

\* Conceptual amendment on p. 7, line 4, p 6 line 27

25-LS1340E  
Luckhaupt/Mischel  
3/29/08

RD 4-10-09

SENATE CS FOR HOUSE BILL NO. 373(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to school construction and maintenance grants; extending specified  
2 public school bond debt reimbursement; and providing for an effective date."

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

4 \* Section 1. AS 14.11.008(b) is amended to read:

5 (b) The required participating share for a municipal school district is based on  
6 the district's full value per average daily membership (ADM), which is calculated by  
7 dividing the full and true value of the taxable real and personal property in the district,  
8 calculated as described in AS 14.17.510 by the district ADM as defined in  
9 AS 14.17.990, for the same fiscal year for which the valuation was made. The  
10 municipal district's full value per ADM determines the district's required participating  
11 share, as follows:

Full Value Per ADM	District Participating Share
<u>\$1 - \$150,000</u> [ <del>\$1 - \$100,000</del> ]	5 percent
<u>150,001 - 275,000</u> [ <del>100,001 - 200,000</del> ]	10 percent

1                   275,001 - 800,000 [200,001 - 600,000]                   30 percent

2                   over 800,000 [OVER 600,000]                   35 percent.

3 \* Sec. 2. AS 14.11.100(a) is amended to read:

4                   (a) During each fiscal year, the state shall allocate to a municipality that is a  
5 school district the following sums:

6                               (1) payments made by the municipality during the fiscal year two years  
7 earlier for the retirement of principal and interest on outstanding bonds, notes, or other  
8 indebtedness incurred before July 1, 1977, to pay costs of school construction;

9                               (2) 90 percent of

10                                       (A) payments made by the municipality during the fiscal year  
11 two years earlier for the retirement of principal and interest on outstanding  
12 bonds, notes, or other indebtedness incurred after June 30, 1977, and before  
13 July 1, 1978, to pay costs of school construction;

14                                       (B) cash payments made after June 30, 1976, and before July 1,  
15 1978, by the municipality during the fiscal year two years earlier to pay costs  
16 of school construction;

17                               (3) 90 percent of

18                                       (A) payments made by the municipality during the fiscal year  
19 two years earlier for the retirement of principal and interest on outstanding  
20 bonds, notes, or other indebtedness incurred after June 30, 1978, and before  
21 January 1, 1982, to pay costs of school construction projects approved under  
22 AS 14.07.020(a)(11);

23                                       (B) cash payments made after June 30, 1978, and before July 1,  
24 1982, by the municipality during the fiscal year two years earlier to pay costs  
25 of school construction projects approved under AS 14.07.020(a)(11);

26                               (4) subject to (h) and (i) of this section, up to 90 percent of

27                                       (A) payments made by the municipality during the current  
28 fiscal year for the retirement of principal and interest on outstanding bonds,  
29 notes, or other indebtedness incurred after December 31, 1981, and authorized  
30 by the qualified voters of the municipality before July 1, 1983, to pay costs of  
31 school construction, additions to schools, and major rehabilitation projects that

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exceed \$25,000 and are approved under AS 14.07.020(a)(11);

(B) cash payments made after June 30, 1982, and before July 1, 1983, by the municipality during the fiscal year two years earlier to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(a)(11); and

(C) payments made by the municipality during the current fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are submitted to the department for approval under AS 14.07.020(a)(11) before July 1, 1983, and approved by the qualified voters of the municipality before October 15, 1983, not to exceed a total project cost of (i) \$6,600,000 if the annual growth rate of average daily membership of the municipality is more than seven percent but less than 12 percent, or (ii) \$20,000,000 if the annual growth rate of average daily membership of the municipality is 12 percent or more; payments made by a municipality under this subparagraph on total project costs that exceed the amounts set out in (i) and (ii) of this subparagraph are subject to (5)(A) of this subsection;

(5) subject to (h) - (j) of this section, 80 percent of

(A) payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality

(i) after June 30, 1983, but before March 31, 1990, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(a)(11); or

(ii) before July 1, 1989, and reauthorized before November 1, 1989, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(a)(11); and

(B) cash payments made after June 30, 1983, by the

1 municipality during the fiscal year two years earlier to pay costs of school  
2 construction, additions to schools, and major rehabilitation projects that exceed  
3 \$25,000 and are approved by the department before July 1, 1990, under  
4 AS 14.07.020(a)(11);

5 (6) subject to (h) - (j) and (m) of this section, 70 percent of payments  
6 made by the municipality during the fiscal year for the retirement of principal and  
7 interest on outstanding bonds, notes, or other indebtedness authorized by the qualified  
8 voters of the municipality on or after April 30, 1993, but before July 1, 1996, to pay  
9 costs of school construction, additions to schools, and major rehabilitation projects  
10 that exceed \$200,000 and are approved under AS 14.07.020(a)(11);

11 (7) subject to (h) - (j) and (m) of this section, 70 percent of payments  
12 made by the municipality during the fiscal year for the retirement of principal and  
13 interest on outstanding bonds, notes, or other indebtedness authorized by the qualified  
14 voters of the municipality after March 31, 1990, but before April 30, 1993, to pay  
15 costs of school construction, additions to schools, and major rehabilitation projects;

16 (8) subject to (h), (i), (j)(2) - (5), and (n) of this section and after  
17 projects funded by the bonds, notes, or other indebtedness have been approved by the  
18 commissioner, 70 percent of payments made by the municipality during the fiscal year  
19 for the retirement of principal and interest on outstanding bonds, notes, or other  
20 indebtedness authorized by the qualified voters of the municipality on or after July 1,  
21 1995, but before July 1, 1998, to pay costs of school construction, additions to  
22 schools, and major rehabilitation projects that exceed \$200,000 and are approved  
23 under AS 14.07.020(a)(11);

24 (9) subject to (h), (i), (j)(2) - (5), and (n) of this section and after  
25 projects funded by the bonds, notes, or other indebtedness have been approved by the  
26 commissioner, 70 percent of payments made by the municipality during the fiscal year  
27 for the retirement of principal and interest on outstanding bonds, notes, or other  
28 indebtedness authorized by the qualified voters of the municipality on or after July 1,  
29 1998, but before July 1, 2006, to pay costs of school construction, additions to  
30 schools, and major rehabilitation projects that exceed \$200,000 and are approved  
31 under AS 14.07.020(a)(11);

1 (10) subject to (h), (i), (j)(2) - (5), and (o) of this section, and after  
2 projects funded by the bonds, notes, or other indebtedness have been approved by the  
3 commissioner, 70 percent of payments made by the municipality during the fiscal year  
4 for the retirement of principal and interest on outstanding bonds, notes, or other  
5 indebtedness authorized by the qualified voters of the municipality on or after June 30,  
6 1998, to pay costs of school construction, additions to schools, and major  
7 rehabilitation projects that exceed \$200,000, are approved under AS 14.07.020(a)(11),  
8 and are not reimbursed under (n) of this section;

9 (11) subject to (h), (i), and (j)(2) - (5) of this section, and after projects  
10 funded by the bonds, notes, or other indebtedness have been approved by the  
11 commissioner, 70 percent of payments made by a municipality during the fiscal year  
12 for the retirement of principal and interest on outstanding bonds, notes, or other  
13 indebtedness authorized by the qualified voters of the municipality on or after June 30,  
14 1999, but before January 1, 2005, to pay costs of school construction, additions to  
15 schools, and major rehabilitation projects and education-related facilities that exceed  
16 \$200,000, are approved under AS 14.07.020(a)(11), and are not reimbursed under (n)  
17 or (o) of this section;

18 (12) subject to (h), (i), and (j)(2), (3), and (5) of this section, 60 percent  
19 of payments made by a municipality during the fiscal year for the retirement of  
20 principal and interest on outstanding bonds, notes, or other indebtedness authorized by  
21 the qualified voters of the municipality on or after June 30, 1999, but before January 1,  
22 2005, to pay costs of school construction, additions to schools, and major  
23 rehabilitation projects and education-related facilities that exceed \$200,000, are  
24 reviewed under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this  
25 section;

26 (13) subject to (h), (i), (j)(2) - (5), and (p) of this section, and after  
27 projects funded by the tax exempt bonds, notes, or other indebtedness have been  
28 approved by the commissioner, 70 percent of payments made by a municipality during  
29 the fiscal year for the retirement of principal and interest on outstanding tax exempt  
30 bonds, notes, or other indebtedness authorized by the qualified voters of the  
31 municipality on or after June 30, 1999, but before October 31, 2006, to pay costs of

1 school construction, additions to schools, and major rehabilitation projects and  
2 education-related facilities that exceed \$200,000, are approved under  
3 AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this section;

4 (14) subject to (h), (i), (j)(2), (3), and (5), and (p) of this section, 60  
5 percent of payments made by a municipality during the fiscal year for the retirement  
6 of principal and interest on outstanding tax exempt bonds, notes, or other indebtedness  
7 authorized by the qualified voters of the municipality on or after June 30, 1999, but  
8 before October 31, 2006, to pay costs of school construction, additions to schools, and  
9 major rehabilitation projects and education-related facilities that exceed \$200,000, are  
10 reviewed under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this  
11 section;

12 (15) subject to (h), (i), (j)(2) - (5), and (q) of this section, and after  
13 projects funded by the bonds, notes, or other indebtedness have been approved by the  
14 commissioner, 90 percent of payments made by a municipality during the fiscal year  
15 for the retirement of principal and interest on outstanding bonds, notes, or other  
16 indebtedness authorized by the qualified voters of the municipality on or after June 30,  
17 1999, but before October 31, 2006, to pay costs of school construction, additions to  
18 schools, and major rehabilitation projects and education-related facilities that exceed  
19 \$200,000, are approved under AS 14.07.020(a)(11), meet the 10 percent participating  
20 share requirement for a municipal school district under AS 14.11.008(b), and are not  
21 reimbursed under (n) or (o) of this section;

22 (16) subject to (h), (i), and (j)(2) - (5) of this section, and after projects  
23 funded by the tax exempt bonds, notes, or other indebtedness have been approved by  
24 the commissioner, 70 percent of payments made by a municipality during the fiscal  
25 year for the retirement of principal and interest on outstanding tax exempt bonds,  
26 notes, or other indebtedness authorized by the qualified voters of the municipality on  
27 or after October 1, 2006, but before November 30, 2009 [2008], to pay costs of school  
28 construction, additions to schools, and major rehabilitation projects and education-  
29 related facilities that exceed \$200,000, are approved under AS 14.07.020(a)(11), and  
30 are not reimbursed under (o) of this section;

31 (17) subject to (h), (i), and (j)(2), (3), and (5) of this section, 60 percent

1 of payments made by a municipality during the fiscal year for the retirement of  
2 principal and interest on outstanding tax exempt bonds, notes, or other indebtedness  
3 authorized by the qualified voters of the municipality on or after October 1, 2006, but  
4 before November 30, ~~2009~~<sup>2010</sup> [2008], to pay costs of school construction, additions to  
5 schools, and major rehabilitation projects and education-related facilities that exceed  
6 \$200,000, are reviewed under AS 14.07.020(a)(11), and are not reimbursed under (o)  
7 of this section.

8 \* Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

# FISCAL NOTE

STATE OF ALASKA  
2008 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: Senate CS HB 373(FIN)  
( ) Publish Date: \_\_\_\_\_

Identifier (file name): HB373-CS-EED-SF-03-31-08 Dept. Affected: Education & Early Development  
Title An Act relating to school construction and maintenance grants; extending... RDU Education Support Services  
School Finance & Facilities  
Sponsor House Finance Committee  
Requester Senate Finance Committee Component Number 2737

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

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

	Appropriation Required	Information					
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
<b>OPERATING EXPENDITURES</b>							
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	2,587.4	*	*	*	*	*	*
Miscellaneous							
<b>TOTAL OPERATING</b>	<b>2,587.4</b>	*	*	*	*	*	*

<b>CAPITAL EXPENDITURES</b>	2,587.4						
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<b>CHANGE IN REVENUES ( )</b>							
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**FUND SOURCE** (Thousands of Dollars)

	FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
1002 Federal Receipts							
1003 GF Match							
1004 GF	2,587.4	*	*	*	*	*	*
1005 GF/Program Receipts							
<b>TOTAL</b>							
Other Interagency Receipts							
<b>TOTAL</b>	<b>2,587.4</b>	*	*	*	*	*	*

Estimate of any current year (FY2008) cost: \_\_\_\_\_

**POSITIONS**

Full-time							
Part-time							
Temporary							

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

This fiscal note is for section 1 of Senate CS HB373(FIN). Section 1 amends AS 14.11.008(b), the participating share table for local school districts under the school construction and major maintenance grant programs.

This fiscal note is based on the first 21 major maintenance projects recommended for funding in SB 221.

Prepared by Eddy Johns, Director  
Division School Finance  
Approved by Barbara Thompson, Interim Commissioner

Phone 465-8679  
Date/Time 3/31/08 12:00 AM  
Date 3/31/2008



# *Kodiak Island Borough*

*Office of the Mayor*

710 Mill Bay Road

Kodiak, Alaska 99615

Phone (907) 486-9310 Fax (907) 486-9391

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March 3, 2008

Senator Gary Stevens  
State Capitol, Room 103  
Juneau, AK 99801

Dear Senator Stevens:

On behalf of the Kodiak Island Borough Assembly, I am writing to urge you to support House Bill No. 373, an act extending specified public school bond debt reimbursement; and providing for an effective date.

As you know, this bill would not only allow the Kodiak Island Borough to pay costs of any new school construction projects, but also gives opportunity to supplement funding for the bonds that were approved a few years back that have experienced higher construction costs due to inflation, higher costs of supplies, and labor.

Extending the sunset for school debt reimbursement until November 30, 2010, will give additional opportunity to survey the needed improvements necessary for the school district facilities.

Thank you for your support.

Sincerely,

OFFICE OF THE BOROUGH MAYOR

A handwritten signature in black ink, appearing to read "Jerome M. Selby". The signature is fluid and cursive, with a long horizontal stroke extending to the left.

Jerome M. Selby  
Borough Mayor

Cc: House Finance Committee  
Governor Sarah Palin

Co-Chairs Chenault & Meyer, and Members of the Finance committee:

I am writing to urge you to support HB 373 which extends the current debt reimbursement law for another two years. This bill is scheduled to come before your committee on Wednesday.

Anchorage and other school districts across Alaska depend on bonded debt for school construction and other capital renewal projects. Extending this program will allow the Anchorage School District to continue the renewal of our older schools. Having the state share in the cost of these projects through debt reimbursement facilitates equity across the state since those areas with a tax base generally do not qualify for direct capital grants.

If you have any questions, please feel free to contact me.

Jeff Friedman  
Anchorage School Board Member  
1534 D Street  
Anchorage, AK 99501  
907-742-4699 (home)  
[Friedman\\_Jeff@asdk12.org](mailto:Friedman_Jeff@asdk12.org)

3/4/08

Legislators:

On behalf of the Anchorage School District, I want to urge your support for HB 373, the extension of the current debt reimbursement legislation. This is a critical piece of legislation for those municipalities and communities who depend on bonding for school renovations, building renewal, and new schools where needed. Your strong support over the past decade and a half has truly benefited our community and our students and staff over the years. Providing facilities which support current learning standards and technology is essential for our 21<sup>st</sup> century learners. Our taxpayers depend on this debt reimbursement as a way to offset their property taxes as our assessed valuation continues to increase. Maintaining and upgrading our buildings is critical for our community.

Thank you very much for your consideration and support of HB 373.

Carol Comeau  
ASD Superintendent

3/4/08

**State of Alaska**  
**Department of Education and Early Development**  
**Capital Improvement Projects**  
**HB13 Debt Reimbursement Program - Effective 10/1/06 - 11/30/08**

<i>District</i>	<i>Project Number</i>	<i>Project Title</i>	<i>Dept Approval</i>	<i>Req Amt</i>	<i>Voter Amt</i>	<i>EED Approved Amt</i>	<i>Rate</i>	<i>EED Approved</i>	<i>Voter Approved</i>	<i>Comments</i>
<b>Anchorage</b>										
		Roof Replacement-9 Schools	1/17/2008	\$950,000	\$0	\$950,000	70%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
		Traffic Safety-2 Schools	1/17/2008	\$600,000	\$0	\$600,000	70%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
		Building Renewal-7 Schools	1/17/2008	\$1,240,000	\$0	\$1,240,000	70%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
		Sand Lake Addition and Renewal	1/17/2008	\$17,500,000	\$0	\$17,500,000	60%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
		Mechanical Upgrades-5 Schools	1/17/2008	\$1,950,000	\$0	\$1,950,000	70%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
		Girdwood K-8 School Design	1/17/2008	\$300,000	\$0	\$300,000	60%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
		Emergency Communications Systems-3 Schools	1/17/2008	\$480,000	\$0	\$480,000	70%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

<i>District</i>	<i>Project Number</i>	<i>Project Title</i>	<i>Dept Approval</i>	<i>Req Amt</i>	<i>Voter Amt</i>	<i>EED Approved Amt</i>	<i>Rate</i>	<i>EED Approved</i>	<i>Voter Approved</i>	<i>Comments</i>
		Electrical Upgrades-9 Schools	1/17/2008	\$1,475,000	\$0	\$1,475,000	70%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
		Code Hazmat-2 Schools	1/17/2008	\$465,000	\$0	\$465,000	70%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
		Chester Valley Addition and Renewal	1/17/2008	\$16,500,000	\$0	\$16,500,000	60%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
		Track Improvements-3 Schools	1/17/2008	\$2,250,000	\$0	\$2,250,000	70%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
DR-07-110		Clark Middle School Replacement	2/6/2007	\$65,000,000	\$65,000,000	\$65,000,000	60%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Anchorage projects voter approved April 3, 2007
DR-07-111		Districtwide Code/Hazardous Materials/ADA Projects	2/6/2007	\$1,265,000	\$1,265,000	\$1,265,000	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
DR-07-112		Districtwide Roof Replacement and Repairs	2/6/2007	\$1,950,000	\$1,950,000	\$1,950,000	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
DR-07-113		Districtwide Security System Upgrades	2/6/2007	\$890,000	\$890,000	\$890,000	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
DR-07-114		Emergency Communication Systems-2 High Schools	2/6/2007	\$650,000	\$650,000	\$650,000	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
DR-07-115		Districtwide Building Renewal Projects	2/6/2007	\$4,110,000	\$4,110,000	\$4,110,000	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

District	Project Number	Project Title	Dept Approval	Req Amt	Voter Amt	EED Approved Amt	Rate	EED Approved	Voter Approved	Comments
	DR-07-116	Districtwide Electrical Projects	2/6/2007	\$2,190,000	\$2,190,000	\$2,190,000	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
	DR-07-117	Districtwide Mechanical Projects	2/6/2007	\$5,845,000	\$5,845,000	\$5,845,000	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
	DR-07-118	Traffic Safety Upgrades, 3 Elementary Schools	2/6/2007	\$3,100,000	\$3,100,000	\$3,100,000	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
<b>Anchorage Totals:</b>				<b>\$128,710,000</b>	<b>\$85,000,000</b>	<b>\$128,710,000</b>				
<b>Dillingham City</b>										
	DR-08-101	Dillingham Elementary/Middle/High School Addition/Upgrade	8/28/2007	\$1,257,551	\$1,257,551	\$1,257,551	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
	DR-08-101	Dillingham Elementary/Middle/High School Upgrade	8/28/2007	\$14,433,697	\$13,843,697	\$13,843,697	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	One project agreement
<b>Dillingham City Totals:</b>				<b>\$15,691,248</b>	<b>\$15,101,248</b>	<b>\$15,101,248</b>				
<b>Fairbanks</b>										
	DR-07-104	Barnette Elementary Renovation, Phase 2	11/17/2006	\$6,591,000	\$6,591,000	\$6,591,000	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
	DR-07-105	Ryan Middle School Renovation, Phase 1	11/17/2006	\$1,800,000	\$1,800,000	\$1,800,000	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

District	Project Number	Project Title	Dept Approval	Req Amt	Voter Amt	EED Approved Amt	Rate	EED Approved	Voter Approved	Comments
<b>Fairbanks</b>				<b>\$8,391,000</b>	<b>\$8,391,000</b>	<b>\$8,391,000</b>				
<b>Totals:</b>										
<b>Juneau City Borough</b>										
		Thunder Mountain High School Pool	6/26/2007	\$19,800,000	\$19,800,000	\$8,650,853	60%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
	DR-03-125	New Juneau High School, Amendment #2	3/30/2007	\$17,100,000	\$17,100,000	\$17,100,000	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Amendment #2
	DR-06-111	Glacier Valley Elementary Renovation	9/14/2007	\$7,100,000	\$7,100,000	\$7,100,000	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Amends DR-06-111
	DR-08-100	Harborview Elementary Renovation	9/14/2007	\$15,300,000	\$15,300,000	\$15,300,000	70%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
<b>Juneau City Borough</b>				<b>\$59,300,000</b>	<b>\$59,300,000</b>	<b>\$48,150,853</b>				
<b>Totals:</b>										
<b>Ketchikan</b>										
		Schoenbar Middle School Repair/Remediation	8/18/2006	\$8,706,000	\$0	\$8,706,000	70%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Did not receive voter approval
<b>Ketchikan</b>				<b>\$8,706,000</b>	<b>\$0</b>	<b>\$8,706,000</b>				
<b>Totals:</b>										
<b>Kodiak Island</b>										

District	Project Number	Project Title	Dept Approval	Req Amt	Voter Amt	EED Approved Amt	Rate	EED Approved	Voter Approved	Comments
	DR-05-110	New Kodiak MS/HS Pool	1/22/2007	\$8,000,000	\$8,000,000	\$8,000,000	60%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Amends previous amount for a total project of \$14,210,000
<b>Kodiak Island Totals:</b>				<b>\$8,000,000</b>	<b>\$8,000,000</b>	<b>\$8,000,000</b>				
<b>Unalaska City</b>										
		Unalaska Jr./Sr. High School Roof Replacement	8/24/2007	\$2,400,000	\$0	\$3,198,515	70%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
		Unalaska Jr./Sr. High School Carpet/Flooring Replacement	8/24/2007	\$600,000	\$0	\$766,704	70%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
		Unalaska Jr./Sr. High School Kitchen/Energy/Technology Upgrades	8/24/2007	\$1,000,000	\$0	\$1,182,714	70%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<b>Unalaska City Totals:</b>				<b>\$4,000,000</b>	<b>\$0</b>	<b>\$5,147,933</b>				
<b>Grand Totals:</b>				<b>\$232,798,248</b>	<b>\$175,792,248</b>	<b>\$222,207,034</b>				

Total of Projects Both Voter and EED Approved: \$164,643,101  
 (This is a total of the EED Approved Amount.)

**HB**

**391**

**HFIN**

**FILE**

## Alaska State Legislature

### Juneau

State Capitol Bldg., Rm. 513  
Juneau, AK 99801-1182  
Phone (907) 465-4976  
Fax (907) 465-3883  
Toll Free 866-465-4976



### Fairbanks

1725 Sadler Way, Ste 323  
Fairbanks, AK 99701  
Phone (907) 452-6084  
Fax (907) 452-6096

### Member

House Finance Committee  
Legislative Budget & Audit

## Representative Mike Kelly

House District 7

### Sponsor Statement – CSHB 391(L&C)

HB 391 protects non-union workers on a job mandated to have a Project Labor Agreement by the State of Alaska. Collective bargaining project labor agreements require contractors to make fringe benefit payments into union health and pension plans on behalf of project workers. When non-union companies are employed on such a project, their workers are forced to make union health, training and pension contributions into plans different from the plans their employer offers. These contributions may provide little or no benefit to them, because they may not be employed long enough to meet the required vesting thresholds of the union plan. There may be an additional significant down side in that, for the duration of the project, no contributions will likely be made into the employee's regular pension plan.

It is discriminatory to ask Alaska workers to forfeit the benefits they have earned. It is fiscally irresponsible to force workers to make contributions to a pension plan that will never be returned to them.

House Bill 391 says if the State of Alaska mandates that a project be covered by a collective bargaining project labor agreement, then it is appropriate for the state to ensure that the project labor agreement contains adequate safeguards to protect non-union workers so they will indeed benefit from the pension contributions that they make.

This bill states that any collective bargaining project labor agreement mandated by the State of Alaska must permit employees who are not covered by a local collective bargaining agreement to execute a "Benefits Election Declaration." The Benefits Election Declaration would allow the employee the option to have fringe benefit payments and/or contributions made on his or her behalf to either the employer's existing fringe benefit programs or to the applicable union trust fund.

Please join me in supporting all workers in Alaska by allowing them to keep the money/benefits they have earned. It's a matter of fairness and equity.

# Alaska State Legislature

## Juneau

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1292 Sadler Way, Ste 323  
Fairbanks, AK 99701  
Phone (907) 452-6084  
Fax (907) 452-6096

## Member

House Finance Committee  
Legislative Budget & Audit

## Representative Mike Kelly

*House District 7*

### MEMORANDUM

**DATE:** February 21, 2008  
**TO:** Representative Mike Kelly  
**FROM:** Derek Miller  
**RE:** Sectional Analysis for HB 391  
(Version No. 25-LS1493\A)

---

A sectional summary of a bill should not be considered an authoritative interpretation of the bill. 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.

**Section 1.** Explicitly authorizes construction contracts initiated by the state in its role as a market participant to include a requirement that the contractor commit to a project labor agreement and requires the project labor agreement to include an option for employees to sign a declaration of benefits.

**Section 2.** Adds language that project labor agreements as part of the application requirements set out in obtaining a license under the Alaska Gasline Inducement Act, are required to include an option for employees to sign a declaration of benefits.

**Section 3.** Provides applicability standards for project labor agreements after the effective date of this act.

March 20, 2008

Representative Reggie Joule

Via e-mail: Representative Reggie Joule [rj@legis.state.ak.us](mailto:rj@legis.state.ak.us)

Re: HB 391

We support HB 391 because it protects all Alaska's workers by allowing them to keep their benefit contributions instead of forfeiting them to union plans.

This legislation would protect the non-union workers' from losing their Fringe Benefits. Though unions claim to have made changes to avoid the same scenario by decreasing the vesting period the standard PLA's used today still prevent non-union workers from collecting their benefit contributions after a project is complete. Fringe Benefits are a significant part of a worker's earnings as they now range from more than \$12 to as much as \$20 per hour.

We are owners of a construction company that has provided superior benefits to its employees for more than 25 years; the benefits include:

1. Medical Insurance
  - a. Hour banking that allows workers to continue health insurance during periods of unemployment.
  - b. Pre-Tax Deduction from Fringe Benefit
  - c. Premiums determined by family status rather than flat fee
    - i. Employee
    - ii. Employee/Spouse
    - iii. Employee/Spouse and Children
2. Fringe benefit plan – before tax contributions to a retirement plan. This is the balance of the fringe benefit after deduction for Medical Insurance.
  - a. 100% Vesting from first dollar contributed
  - b. Option to cash in after termination if needed during periods of layoff
  - c. Total Plan Balance is approximately \$6 million.
3. Safety Incentives including:
  - a. 1 week paid vacation for every 1,000 hours worked w/ non-reportable injury.
  - b. Gift Certificates @ specified milestones

Each year we assess our Alaska hire by the dollar amount of craft wages paid to Alaskan workers by sorting wages on W-2s by ZIP codes. For the past several years, more than 98% of craft wages have gone to Alaskan ZIP codes. While not an exact accounting it provides an indication of the success of our local hire efforts.

Thank you for your consideration of this important issue.

Helga & Bill Watterson

# Alaska State Legislature

## Juneau

State Capitol Bldg., Rm. 513  
Juneau, AK 99801-1182  
Phone (907) 465-4976  
Fax (907) 465-3883  
Toll Free 866-465-4976



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1292 Sadler Way, Ste 323  
Fairbanks, AK 99701  
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Fax (907) 452-6096

## Member

House Finance Committee  
Legislative Budget & Audit

## Representative Mike Kelly

*House District 7*

### MEMORANDUM

**DATE:** March 18, 2008

**TO:** Representative Mike Kelly

**FROM:** Derek Miller

**RE:** Changes to HB 391 in CSHB 391(L&C)  
(Version No. 25-LS1493\E)

---

The CS for HB 391 (25-LS1493\E) includes new language requiring an employer to provide a written description of the benefit program available to an employee within seven days after a request of the employee. The CS also deletes the term 'fringe' throughout the bill.

**Sections 1 & 2:** New language requiring an employer to provide a written description of the benefit program available to an employee within seven days after a request of the employee.

**Section 3:** No changes

# Slayden Plumbing & Heating, Incorporated

---

1999 RICHARDSON HWY  
NORTH POLE, ALASKA 99705  
PHONE: (907) 488-3359  
FAX: (907) 488-2711  
E-MAIL: slayden@ptialaska.net

*Originated @ North Pole Office*

3230 EAST PALMER/WASILLA HWY  
WASILLA, ALASKA 99687  
PHONE (907) 376-7690  
FAX: (907) 376-7891  
E-MAIL: sphl@mtaonline.net

February 20, 2008

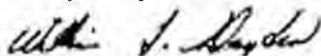
Representative Mike Kelly  
State Capitol, Room 513  
Juneau, AK 99801-1182  
Reference: SB 276, HB 391

Dear Representative Kelly,

As a founding member of Associated Building Contractors, Inc.'s Alaska Chapter and President of a mechanical contracting firm that employs more than a 100 Alaskans, I support Senate Bill 276 and House Bill 391. Thank you for sponsoring HB 391. I look forward to all Alaskan workers being treated fairly by their State.

Please let me know if I can be of any assistance to insure passage of this important legislation.

Very Truly Yours,



William L. Slayden,  
President, Slayden Plumbing & Heating, Inc.

February 21, 2008

Representative Mike Kelly  
State Capitol, Room 513  
Juneau, AK 99801

2/21/08  
405-3883  
FAXED

Re: HB 391 & SB 276

Dear Representative Kelly:

I am writing to thank you for sponsoring HB 391 which affords equal pay for non-union employees working on construction projects mandated to have a Project Labor Agreement (PLA) by the State of Alaska. As a founding member of Associated Builders and Contractors, Inc., and President of Klebs Mechanical Inc., I offer my support of this important house bill.

Klebs Mechanical Inc. will not participate in any construction projects where a Project Labor Agreement is required. Project Labor Agreements only serve special interest groups. They also reduce competition by reducing or eliminating the number of non-union (Merit) contractors who would normally participate in the bidding process of particular construction projects. This, in turn, increases the cost of construction which is bad for any tax paying person because it amounts to less building for our tax dollars.

Project Labor Agreements are bad for our employees because the unions receive all of the fringe benefit payments. Our employees should receive every penny that they earn and not be limited by a vesting schedule set up by a union.

At Klebs Mechanical Inc. we support HB 391 and SB 276. These important bills allow Merit Shop Contractors, who may wish to overlook the fact that PLA's are a non-competitive way to spend our tax dollars, a way to at least give their employees all of the money that they have earned.

Thank you again for sponsoring this important bill, and please let me know if I can assist you in any way in passing this legislation.

Sincerely,

*Gary Klebs*  
Gary Klebs  
President

GK/ms

**HB**

**396**

**HFIN**

**FILE**

*adopted 3/26/08*

25-LS1504\C  
Cook  
3/21/08

**CS FOR HOUSE BILL NO. 396( )**

**IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-FIFTH LEGISLATURE - SECOND SESSION**

**BY**

**Offered:  
Referred:**

**Sponsor(s): REPRESENTATIVE THOMAS**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to and increasing the amount of the 2008 permanent fund dividend;**  
2 **and providing for an effective date."**

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

4 **\* Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
5 to read:

6 **INCREASE IN AMOUNT OF 2008 PERMANENT FUND DIVIDEND.** (a) In  
7 recognition of the sudden increase in energy costs and to help state residents meet the  
8 additional expenses, the amount of the 2008 permanent fund dividend shall be increased.  
9 After calculating the amount of the 2008 dividend under AS 43.23.025, the commissioner of  
10 revenue shall add \$500 to determine the total amount of the dividend.

11 (b) Subject to appropriation, the amount necessary to increase 2008 permanent fund  
12 dividends under (a) of this section shall be transferred from the general fund to the dividend  
13 fund (AS 43.23.045).

14 **\* Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).

SCV

Adopted  
3/26/08 8/1

25-LS1504\C.1  
Cook  
3/25/08

AMENDMENT |

OFFERED IN THE HOUSE

BY REPRESENTATIVE THOMAS

TO: CSHB 396( ), Draft Version "C"

1 Page 1, following line 13:

2 Insert a new subsection to read:

3 "(c) A program administered by the state or any of its instrumentalities or  
4 municipalities, the eligibility for which is based on financial need, may not consider a  
5 payment under this section as income or resources."

**Suzanne Cunningham**

---

**From:** Craig, Deborah L (HSS) [deborah.craig@alaska.gov]  
**Sent:** Tuesday, March 25, 2008 4:05 PM  
**To:** Kaci Schroeder; Suzanne Cunningham  
**Cc:** Fitzjarrald, Elinor A (HSS); Laughlin, Wilda J (HSS); Hill, Sherry (HSS)  
**Subject:** FW: HB396

Kaci and Suzanne;

Here is our formal response: If the funding source is changed to GF, we will change the PFD HH fiscal note to zero. And, if the intent is to exclude the payment as income for needs based programs (such as public assistance, senior benefits, Medicaid, etc.), then there would not be any fiscal impact on any of DPA's programs. It will be easiest to do this if we have language included as suggested or an indication of strong legislative intent with regard to disregarding this payment as income with regard to eligibility for all needs based programs (such as housing assistance).

Deborah Craig

*Division of Public Assistance, DHSS*

*907-465-8259, cell 321-8093*

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---

**From:** Kaci Schroeder [mailto:Kaci\_Schroeder@legis.state.ak.us]  
**Sent:** Tuesday, March 25, 2008 1:02 PM  
**To:** Craig, Deborah L (HSS)  
**Subject:** FW: HB396

Deb,

Can you respond to Suzanne's questions? We will do this as an amendment so as to not hold up the bill if the members don't like the language.

Thanks!

Kaci

---

**From:** Suzanne Cunningham  
**Sent:** Tuesday, March 25, 2008 12:41 PM  
**To:** Kaci Schroeder  
**Subject:** RE: HB396

Hey Kaci,

Are you guys interested in offering this as an amendment? I think that it could draw up some questions and debate, other than the bill itself. I think that might be the best way to go. Does this mean that Public Assistance would zero out their fiscal note?

---

**From:** Kaci Schroeder  
**Sent:** Monday, March 24, 2008 11:53 AM  
**To:** Suzanne Cunningham  
**Subject:** FW: HB396

3/26/2008

Suzanne,

Is there anyway that we can work this language into the CS? I believe that the change in funding source actually helps out the public assistance people and this language could help them out even more.

"A program administered by the state or any of it's instrumentalities or municipalities, the eligibility for which is based on financial need, may not consider a payment or credit under this section as income or resources."

Let me know if you think we can get this language into the CS. Thanks!

Kaci

---

**From:** Craig, Deborah L (HSS) [mailto:deborah.craig@alaska.gov]  
**Sent:** Monday, March 24, 2008 11:23 AM  
**To:** Kaci Schroeder  
**Subject:** RE: HB396

Kaci,

I thought I'd provide that language that we thought would help us administratively with HB393:

A program administered by the state or any of it's instrumentalities or municipalities, the eligibility for which is based on financial need, may not consider a payment or credit under this section as income or resources.

I hope this information has been helpful.  
Deb

*Deborah Craig*  
*Division of Public Assistance, DHSS*  
*907-465-8259, cell 321-8093*

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---

**From:** Craig, Deborah L (HSS)  
**Sent:** Friday, March 21, 2008 4:16 PM  
**To:** Schroeder Hotch, Kaci K (LAA)  
**Subject:** HB396

Kaci,

I just left a phone message for you regarding some suggestions for HB 396 that would be of great benefit for public assistance recipients. Hope to talk to you soon.

Thanks,

*Deborah Craig*  
*Division of Public Assistance, DHSS*  
*907-465-8259, cell 321-8093*

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3/26/2008

## 2007 HOUSE FINANCE COMMITTEE VOTE SHEET

DATE: 3/26/08

Amendment: #1 Thomas  
HB396

MEMBER

Favor

Oppose

STOLTZE	X	
THOMAS	X	
CRAWFORD	X	
<del>ROBERT</del> HARRIS —		
GARA	X	
HAWKER	X	
JOULE	X	
KELLY		X
NELSON —		
MEYER	X	
CHENAULT	X	

Yea 8

Nay 1

86V

Failed  
3/26/08  
2/7

25-LS1504A.1  
Cook  
3/20/08

AMENDMENT 2

OFFERED IN THE HOUSE  
TO: HB 396

BY REPRESENTATIVE GARA

- 1 Page 1, line 1, following "dividend":
- 2       Insert "for certain individuals with limited incomes"
- 3
- 4 Page 1, line 6:
- 5       Delete "INCREASE IN AMOUNT OF 2008 PERMANENT FUND DIVIDEND"
- 6       Insert "2008 PERMANENT FUND DIVIDEND AMOUNT FOR CERTAIN
- 7 INDIVIDUALS"
- 8
- 9 Page 1, line 7, following "residents":
- 10       Insert "with limited incomes"
- 11
- 12 Page 1, line 8, following "increased":
- 13       Insert "for individuals eligible under (b) of this section"
- 14
- 15 Page 1, line 10, following "dividend":
- 16       Insert "for those individuals"
- 17
- 18 Page 1, following line 10:
- 19       Insert a new subsection to read:
- 20       "(b) An individual who is eligible for the 2008 permanent fund dividend, is a member
- 21 of a household with a gross monthly income that did not exceed 300 percent of the federal
- 22 poverty guidelines for this state for January through May of 2008, and who files an
- 23 application for the increase, is eligible for the increase in the 2008 dividend under (a) of this

1 section. Notwithstanding permanent fund dividend application procedures or deadlines, an  
2 individual may apply for the increase on or before September 30, 2008. The Department of  
3 Revenue shall prepare a form for applications under this section. The form must include  
4 notice of the penalties provided under AS 11.56.205 and AS 43.23.035."

5

6 Reletter the following subsection accordingly.

### 2008 HHS Poverty Guidelines

<b>Persons in Family or Household</b>	<b>48 Contiguous States and D.C.</b>	<b>Alaska</b>	<b>Hawaii</b>
1	\$10,400	\$13,000	\$11,960
2	14,000	17,500	16,100
3	17,600	22,000	20,240
4	21,200	26,500	24,380
5	24,800	31,000	28,520
6	28,400	35,500	32,660
7	32,000	40,000	36,800
8	35,600	44,500	40,940
For each additional person, add	3,600	4,500	4,140

Source: U.S. Department of Health and Human Services  
<http://aspe.hhs.gov/poverty/08poverty.shtml>

## 2007 HOUSE FINANCE COMMITTEE VOTE SHEET

DATE: 3/24/08

Amendment: #2 / HB 396

MEMBER

Favor

Oppose

MEMBER	Favor	Oppose
THOMAS		X
CRAWFORD	X	
<del>BRISER</del> HARRIS —		
GARA	X	
HAWKER		X
JOULE		X
KELLY		X
NELSON —		
STOLTZE		X
CHENAULT		X
MEYER		X

Yea 2

Nay 7



## REPRESENTATIVE BILL THOMAS

ALASKA STATE LEGISLATURE DISTRICT 5

e-mail: [Representative.Bill.Thomas@legis.state.ak.us](mailto:Representative.Bill.Thomas@legis.state.ak.us)

webpage: [www.akrepublicans.org/thomas/](http://www.akrepublicans.org/thomas/)

State Capitol

Juneau AK, 99801-1182

907-465-3732

888-461-3732

FAX 907-465-2652

### Sponsor Statement for HB 396

#### An Act relating to and increasing the amount of the 2008 permanent fund dividend; and providing for an effective date.

The high cost of fuel is affecting everyone, and it is hitting Alaska particularly hard. Our state contributes a significant amount of natural resources to the nation, yet we still pay some of the highest prices for fuel. Soaring fuel costs translate into high prices for groceries, building materials, and all other goods. Families are being forced to choose between putting gas in their vehicles or food in their mouths. If these kinds of hardships continue without relief, it will force many families to leave the state for a lower cost of living.

While the state devises a permanent plan to address this problem, our people continue to pay outrageous prices to live in Alaska. HB 396 attempts to temporarily address this problem by increasing the amount of the 2008 permanent fund dividend check by \$500 per person.

Since everyone in Alaska is being affected by high fuel costs it is appropriate to share Alaska's wealth with everyone. The proceeds from Alaska's oil belongs to all of the people of Alaska, and as such, should be equally shared.

I urge your support of HB 396.

# FISCAL NOTE

STATE OF ALASKA  
2008 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: HB396  
( ) Publish Date: \_\_\_\_\_

Identifier (file name): HB396-DOR-PFD-3-17-08 Dept. Affected: 04 Revenue  
Title: INCREASE 2008 PERM. FUND DIVIDEND RDU: Tax and Treasury  
Component: Permanent Fund Dividend Division  
Sponsor: Representative Thomas  
Requester: House Finance Component Number: 981

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

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

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims	305,000.0							
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>305,000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

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

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
PFD Dividend	305,000.0							
<b>TOTAL</b>	<b>305,000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2008) cost: 0.0

**POSITIONS**

Full-time								
Part-time								
Temporary								

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

Increasing the amount of the 2008 Permanent Fund Dividend does not have a significant operational impact on the PFD division.

Estimating that 610,000 qualified Alaskans will apply for a 2008 dividend it will require a \$305 million appropriation to make the payments.

Prepared by: Debbie Richter  
Division: Permanent Fund Dividend Division  
Approved by: Jerry Burnett  
Department of Revenue

Phone: 465-4785  
Date/Time: 3/3/08 12:00 AM  
Date: 3/3/2008

# FISCAL NOTE

STATE OF ALASKA  
2008 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: HB 396  
(H) Publish Date: 3/11/08

Identifier (file name): HB396-REV-APFC-03-03-08 Dept. Affected: Revenue  
Title: Increase 2008 Perm. Fund Dividend RDU: Alaska Permanent Fund Corp  
Component: Alaska Permanent Fund Corp  
Sponsor: Representative Thomas  
Requester: House State Affairs Committee Component Number: 109

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

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

	Appropriation Required	Information					
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<b>OPERATING EXPENDITURES</b>							
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

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

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2008) cost: 0.0

**POSITIONS**

Full-time							
Part-time							
Temporary							

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

HB 396 would require a transfer of approximately \$300 million to the Dividend Fund in September of 2008 in order to pay an additional \$500 to each dividend recipient. This transfer would be subsequent to the regular dividend transfer, which usually occurs in July. APFC would not expect to incur any costs for this liquidation and transfer.

Prepared by: Michael Burns, Executive Director/CEO Phone 907-796-1520  
Division: Alaska Permanent Fund Corporation Date/Time 3/3/08 12:00 AM  
Approved by: \_\_\_\_\_ Date \_\_\_\_\_

# FISCAL NOTE

**STATE OF ALASKA**  
**2008 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: HB 396  
 (H) Publish Date: 3/11/08  
 Dept. Affected: Health & Social Services  
 RDU Public Assistance  
 Component PFD Hold Harmless

ID(File name) HB396-DHSS-PFDHH-03-03-08  
 Title INCREASE 2008 PERM. FUND DIVIDEND  
 Sponsor THOMAS  
 Requester HOUSE (STA)

Component No. 225

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

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

	Appropriation Required	Information					
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<b>OPERATING EXPENDITURES</b>							
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	178.0						
Miscellaneous							
<b>TOTAL OPERATING</b>	<b>178.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CAPITAL EXPENDITURES</b>							
<b>CHANGE IN REVENUES (0)</b>							

**FUND SOURCE** (Thousands of Dollars)

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
Other(PFD Hold Harmless)	178.0					
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>178.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2008) cost: \_\_\_\_\_

**POSITIONS**

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Full-time						
Part-time						
Temporary						

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

This legislation increases the 2008 Permanent Fund Dividend by \$500 in recognition of the recent increase in energy costs. The additional \$500 payment will be funded by transfers from the earnings reserve account to the dividend fund.

The Food Stamp, Social Security Supplemental Income (SSI), and Adult Public Assistance (APA) programs count the Permanent Fund Dividend (PFD) as income in determining whether a person or household qualifies for benefits. PFD money that is not spent and is kept after the month of receipt is also considered an available asset (cash on hand or money in the bank) for program applicants.

Prepared by: Ellie Fitzjarrald, Director  
 Division Public Assistance  
 Approved by: Karleen Jackson, Commissioner  
 Agency Department of Health and Social Services

Phone 465-5847  
 Date/Time 03/03/2009  
 Date 03/03/2008

STATE OF ALASKA  
2008 LEGISLATIVE SESSIONANALYSIS CONTINUATION

The Permanent Fund Dividend Hold Harmless program established in AS 43.32.075 requires that public assistance benefits which are lost as a result of counting the PFD as income or an asset must be replaced by issuing a PFD Hold Harmless (PFD HH) benefit. PFD-HH replacement benefits are limited to four months a year.

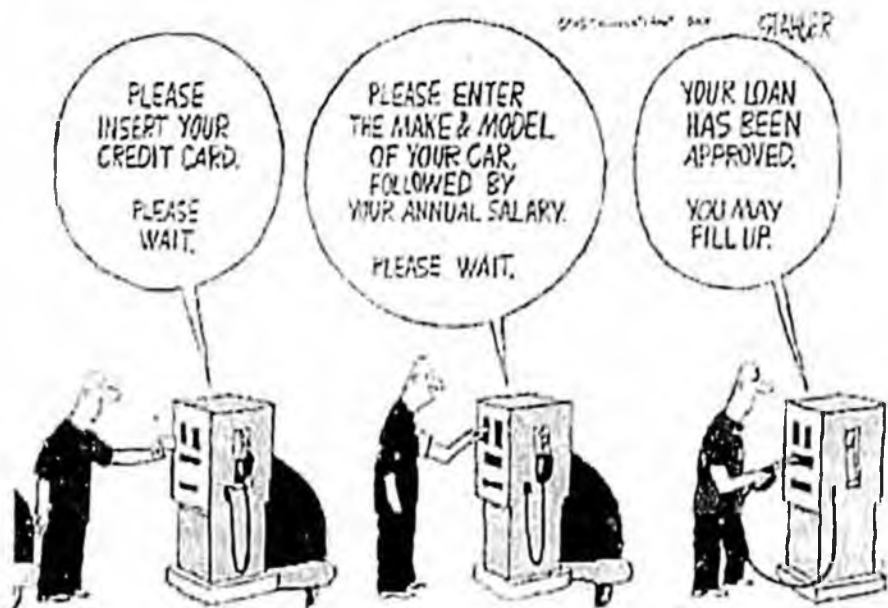
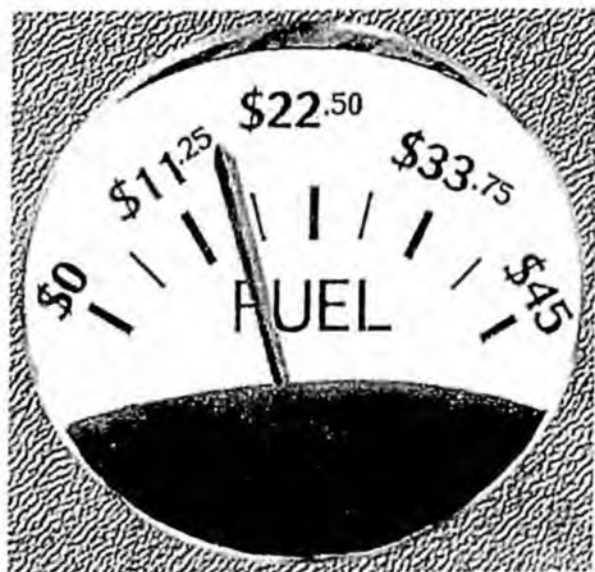
The department estimates an increment of \$178,000 in PFD HH will be needed in FY 09 to replace food stamp benefits that would otherwise be curtailed as a result of households receiving the extra \$500 in the PFD.

The department does not expect the \$500 increase in the 2008 PFD to affect the amount of PFD-Hold Harmless (PFD HH) expenditures needed to replace lost APA and SSI benefits. The amount of the PFD has been so high in recent years that benefits to these program recipients have been replaced with PFD Hold Harmless benefits, even without the additional \$500. These appropriations are accounted for in the proposed FY 09 budget. The department also expects that the extra \$500 received by program participants will be spent on additional expenses such as increased energy costs.

Assumptions:

In FY 08 approximately 400 food stamp households received an additional month of food stamp PFD HH benefits compared to FY 07. This was the result of the 2007 PFD being higher than the 2006 PFD. In FY09, the department expects that the \$500 added to the 2008 PFD could have this same affect.

The average Food Stamp Hold Harmless payment is \$445/month.  
400 households x \$445 = \$178,000



Blatnik  
ASKED: FROM THE CO-OP  
WAS: APP. COM. BUREAU  
THAT: 1975. 1975.



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THEY WERE CHEAPER  
THAN BUYING GAS  
FOR THE MOWER.

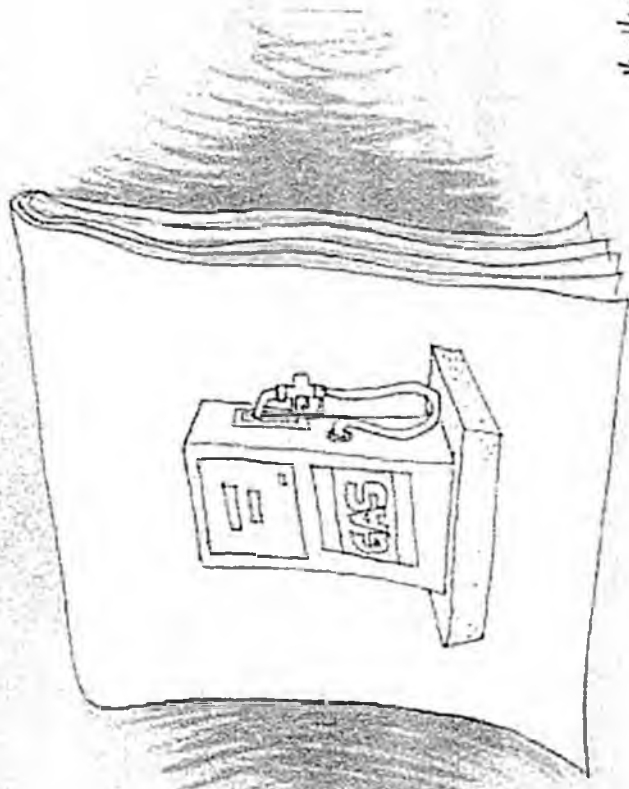
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I HAD IT ALL...  
NICE WIFE, A HOUSE  
IN THE BURBS, A  
LUXURY CAR...  
THEN I WENT TO THE  
GAS STATION  
FOR A FILL-UP...

TRAVEL SERVICES MEAN

# POLICE ARTIST SKETCH OF ROBBERY SUSPECT

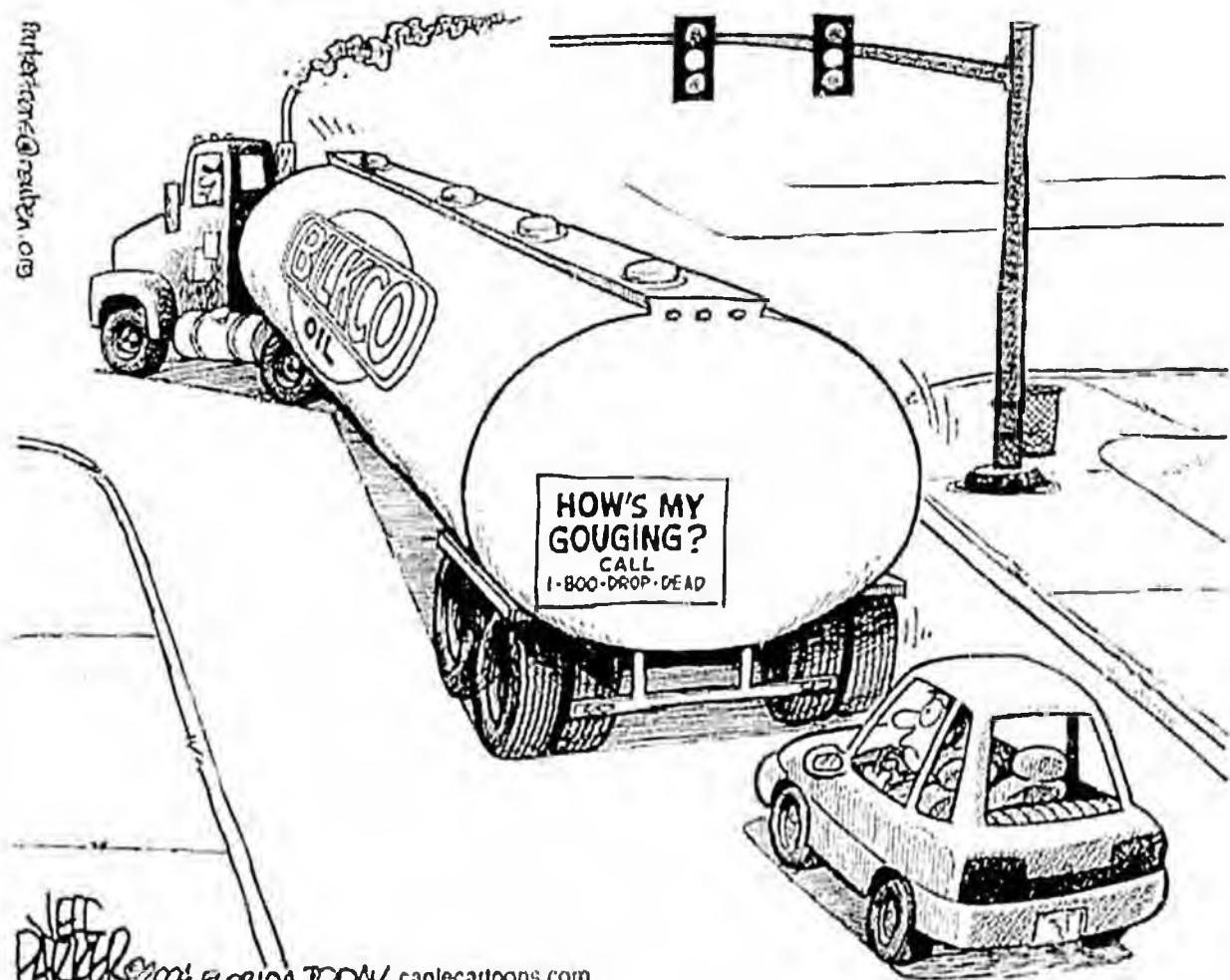


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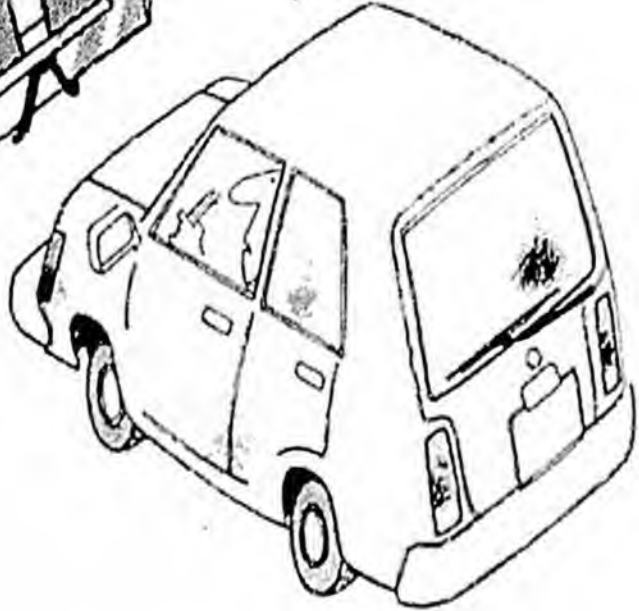
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OH, I'M NOT  
BROKEN DOWN.  
I JUST THOUGHT  
YOU'D BE CHEAPER  
THAN BUYING  
GAS...





Walt Disney

THE NEW YORK  
AMERICAN



"No, they left the money, but they siphoned all our gas..."

12 1/2



Error! Filename not specified.



The next item  
in our catalog  
is a can of  
premium  
unleaded...

GAS



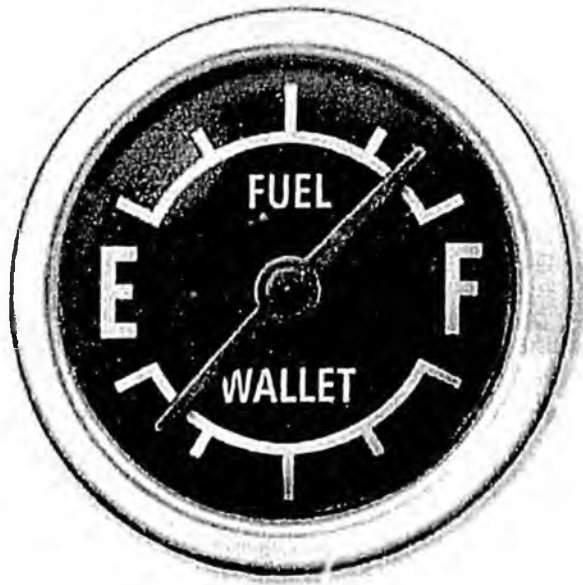


OH SHUT UP!



NEAVE '05

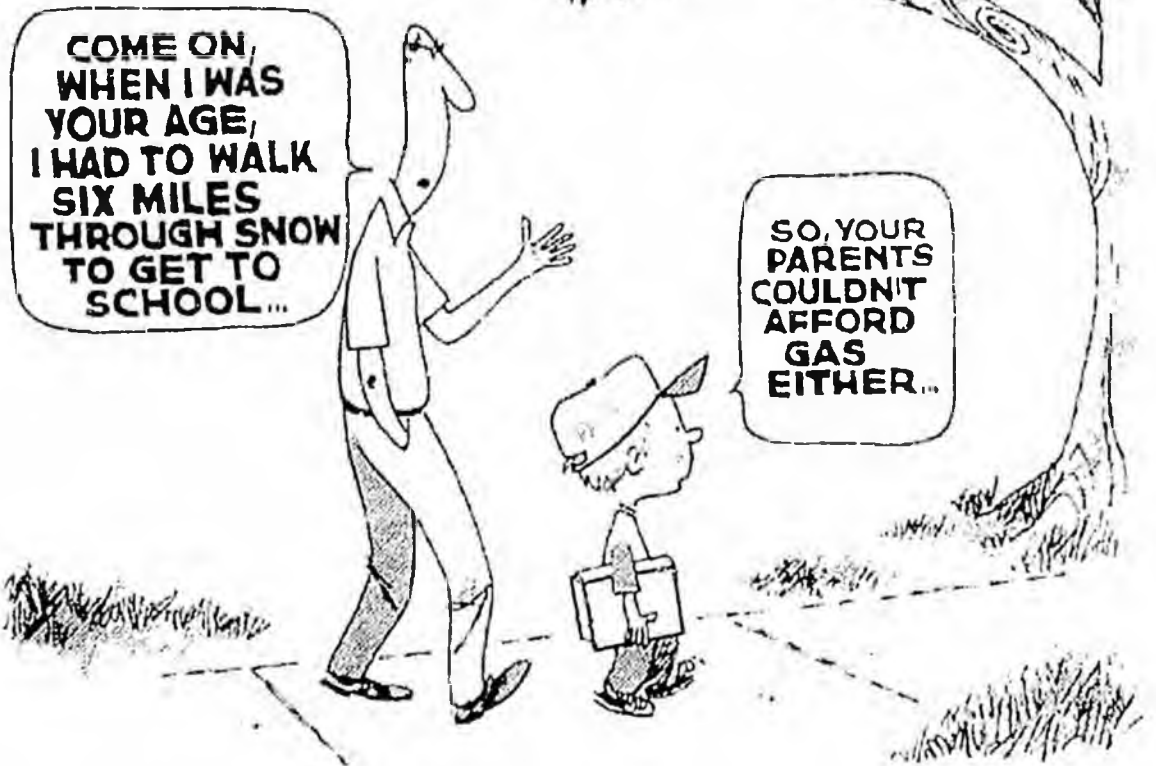
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THE CHRISTIAN SCIENCE MONITOR *Bennett*



< /FONT >



January 2 2008

This was an in the Anchorage Daily News Dec. 18th 2007 found [here](#)

## Fuel costs strap the Bush

*Bright side? Those high prices drive search for alternatives*

Published: December 18th, 2007 12:57 AM

Last Modified: December 18th, 2007 01:11 AM

For Alaskans in our part of the state, paying more than \$3 a gallon for gasoline really puts a noticeable hole in the wallet when it's time to fill up the tank. A similar price shock showed up this year in local natural gas bills, which jumped by about 30 percent.

Painful as those energy prices are, they pale in comparison with what Alaskans living in remote communities must pay.

In a survey this summer of 100 Alaska communities, the state found that the average price of gasoline was \$4.49 a gallon. Heating oil was only slightly cheaper, at \$4.14 a gallon. Prices like that take a heavy toll, especially with the harsher weather and drafty homes common in many Bush communities. And most Bush residents must get by on much lower incomes than their urban counterparts.

State Rep. Mary Nelson, D-Bethel, told a rural energy conference in Fairbanks earlier this year that energy bills for a typical family in her region eat up about 10 percent of their income, compared with about 2 percent in urban areas. High energy costs are one of many factors leading a noticeable number of rural residents to desert their homes for larger communities. One prominent Bush leader says the migrants are "energy refugees."

It's probably inevitable that energy bills will be higher in rural Alaska. The weather is more extreme, and shipping supplies to remote areas is always going to be expensive. But the high energy costs are a painful irony, since Alaska is a storehouse of energy and has grown rich from the same high energy prices.

Some modest efforts do help lighten the burden of high Bush energy prices. Short-term financial aid includes the state's Power Cost Equalization program, which underwrites part of home electricity bills, and the federal low-income energy assistance program, which helps poor residents pay energy bills. Neither source comes close to meeting the need, however.

Chronically short of funds, Power Cost Equalization has not been able to pay the full benefits set in state statutes since 2000. In communities where electricity costs 50 cents a kilowatt hour -- about five times

the price in Anchorage -- the modest aid still leaves customers paying about 34 cents per kilowatt hour.

Funding for the federal energy aid payments is considerably less than half the \$5.1 billion level authorized in federal law. President Bush just vetoed a funding bill that included a modest increase, about \$250 million, in low-income energy aid.

Today's higher energy prices require an offsetting increase in aid to ease the burden on the poor, especially in high cost areas like Alaska's Bush.

Looking ahead to the long term, energy prospects in the Bush are a little brighter. Those high prices are stimulating the search for cheaper alternatives.

In some communities, recovering the heat thrown off by burning diesel in electrical generators is a money-saving option. In other places, such as Kotzebue, wind generators are already making a dent in local electricity bills. If rural communities are reasonably close together, they might save money by connecting onto one large electricity grid.

Extremely high rural energy costs can make even seemingly exotic technologies look attractive. One Nome business just spent \$175,000 to install 92 solar panels. A company is looking at using river current on the Yukon to produce electricity; another is looking at using ocean waves to make electricity for Yakutat.

The Denali Commission and the Alaska Energy Authority are helping stimulate the search for energy alternatives in rural Alaska. They're offering \$5 million in matching funds for alternative energy projects, all but \$1 million of it exclusively for projects in rural Alaska. Another \$4.4 million is available for energy conservation projects in the Bush.

These investments can pay rich, long-term dividends -- as long as they provide for sustainable programs with ongoing local maintenance.

Offering modest amounts of seed money is a good way to stimulate projects that will help ease the Bush energy crisis. If the competition turns up more good projects than the agencies can fund, they should be sure to let the Legislature know. Alaska's impressive wealth comes from natural resources extracted in rural parts of the state. It's only fair to use some of that wealth to offset the pain of high energy prices in rural Alaska.

**BOTTOM LINE:** Rural Alaska pays dearly for energy. The state can afford to help find better ways to power the Bush.

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Tuesday, February 26, 2008 9:50:06 AM

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Today	3.651
Yesterday	3.377
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One Month Ago	3.371
One Year Ago	2.571

Trend 

Prices Rising (Points Leaders)

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**Unleaded Gasoline Average Prices**

	Alaska	USA	Trend
Today	3.651	3.137	
Yesterday	3.377	3.139	
One Week Ago	3.310	3.059	
One Month Ago	3.371	2.986	
One Year Ago	2.571	2.373	

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**Regular Gas Midgrade Premium Diesel Fuel**  
Lowest Regular Gas Prices in the Last 72 Hours

Price	Station	Area	Time	Thanks
2.99	Sam's Club College Rd.	Fairbanks	Mon 6:09 PM	face4radio
3.04	Splash & Dash University Ave. & Airport Way	Fairbanks	Sun 2:37 PM	face4radio
3.05	Fred Meyer Old Steese (Save 10 cents)	Fairbanks	Mon 6:09 PM	face4radio
3.05	Holiday 3rd & Old Steese	Fairbanks	Mon 6:09 PM	face4radio
3.05	Safeway Gas College Rd. & Old Steese Hwy. (Save 10 cents)	Fairbanks	Mon 6:09 PM	face4radio
3.05	Holiday S. Cushman	Fairbanks	Sun 2:37 PM	face4radio
3.05	Holiday Geist Rd. & Fairbanks St	Fairbanks	Sun 2:37 PM	face4radio
3.07	Gasline II Steese Hwy. & College Rd.	Fairbanks	Mon 6:09 PM	face4radio
3.07	Tesoro College Rd. & Illinois St	Fairbanks	Mon 6:09 PM	face4radio
3.07	Tesoro University Ave. & College Rd	Fairbanks	Sun 2:37 PM	face4radio
3.07	Tesoro S. Cushman (Truck Stop)	Fairbanks	Sun 2:37 PM	face4radio
3.07	Tesoro Pegor Rd & Davis Rd	Fairbanks	Sun 2:37 PM	face4radio
3.07	Gasline Airport Way	Fairbanks	Sun 2:37 PM	face4radio
3.09	Chevron 439 W Evergreen Ave & Glenn Hwy	Palmer	Mon 7:50 PM	AKmailman
3.09	Curry's Corner 680 Old Steese Hwy	Fairbanks	Mon 6:09 PM	face4radio

**Highest Regular Gas Prices in the Last 72 Hours**

Price	Station	Area	Time	Thanks
4.98	Nicholson's Auto Inc 630 3rd Ave	Bethel	Tue 8:07 AM	uafnanook2001
4.94	Northstar Gas 1170 Bridge Way near Bridge (Near Swanson's)	Bethel	Tue 8:07 AM	uafnanook2001
4.86	Quick Food Center 1510 Chief Eddie Hoffman Hwy near Near Trailer Par	Bethel	Tue 8:07 AM	uafnanook2001
4.64	Crowley 1120 Standard Oil Rd	Bethel	Tue 8:07 AM	uafnanook2001
4.32	Hoover's Movers Inc 835 1st St & Adams Ave	Cordova	Sun 7:44 PM	viciouscirc
3.89	Rightfoot Auto Services Inc 987 Haines Hwy near Haines Hwy	Haines	Sat 2:21 PM	chj167
3.54	Tesoro 139 E Pioneer (CAPT N JOE'S TESORO)	Valdez	Mon 9:12 PM	AKHubba

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- 5-9¢/gallon or 3-4¢/litre
- 10-14¢/gallon or 5-7¢/litre
- 15¢ or more/gal or 8¢ or more/litre
- I wouldn't pay extra!
- N/A or I don't buy gas

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<b>3.53</b>	Shell Seward Hwy	<a href="#">Find</a> <a href="#">Map</a>	Seward	Tue 7:38 AM	sewardsfolly
<b>3.49</b>	Tesoro River Side of Hwyway	<a href="#">Find</a> <a href="#">Map</a>	Cooper Landing	Sun 5:48 PM	KasilofDave
<b>3.40</b>	Tesoro 23255 Sterling Hwy near Kalifornsky Beach Rd	<a href="#">Find</a> <a href="#">Map</a>	Kasilof	Sun 5:29 PM	KasilofDave
<b>3.39</b>	Holiday Kenal	<a href="#">Find</a> <a href="#">Map</a>	Kenal	Mon 12:51 PM	virginia52
<b>3.39</b>	Chevron At the Y in Soldotna	<a href="#">Find</a> <a href="#">Map</a>	Soldotna	Mon 12:51 PM	virginia52
<b>3.39</b>	Holiday By Fred Mayer in Soldotna	<a href="#">Find</a> <a href="#">Map</a>	Soldotna	Mon 12:51 PM	virginia52
<b>3.29</b>	Tesoro Spur Hwy Soldotna	<a href="#">Find</a> <a href="#">Map</a>	Soldotna	Mon 12:51 PM	virginia52
<b>3.29</b>	Chevron 44024 Sterling Hwy & Kenal Spur Hwy	<a href="#">Find</a> <a href="#">Map</a>	Soldotna	Sun 5:29 PM	KasilofDave

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January 2 2008

Here is an article you should read. Full text can be found [here](#)

## **Running on Empty On a Road to Nowhere**

**An Alaskan village asks a scary question:  
What happens when oil is too expensive to use?**

**RUSSELL GOLD / Wall Street Journal 9jun2007**

Shungnak, Alaska — When Genevieve Norris was born 59 years ago in this remote Eskimo village, hunters used dog sleds to pursue caribou and moose. Wood stoves kept out the cold during the long, dark winters.

Then Shungnak entered the petroleum age, and fuel was barged up the Kobuk River every summer. Noisy electrical generators arrived, which allowed lights and indoor plumbing to be installed. Soon, nearly every home had snowmobiles, four-wheelers and heaters.

Now as crude-oil prices have doubled in the past couple of years, Ms. Norris and the rest of the village are being priced back out of the petroleum age. She heats her home with wood as much as possible and only occasionally buys gasoline for an outboard engine to go fishing. "Fuel right now, I'm only purchasing if I have to," says Ms. Norris.

Even though Shungnak is in energy-rich Alaska, home to the largest U.S. oilfield discovered in the past half century, it is at the very end of the oil-distribution system. By the time gasoline makes it here from where it is refined, it costs \$8.11 a gallon, more than twice the current U.S. average.

The U.S. has long enjoyed among the lowest oil prices in the industrialized world — and until recently, even in remote Alaska, fossil fuel was affordable to the majority of people. Decades of cheap energy prompted Americans to use more and more petroleum, lengthening their commutes in the lower 48 states and trading in dog sleds for snowmobiles in Alaskan villages.

Today, the price of oil and all the products made from it has surged and seem likely to remain high for

some time. This has raised the unsettling question: What happens to a community accustomed to cheap energy when the energy is no longer cheap?

Remote villages like Shungnak have long been fragile economies with little to offer residents by way of jobs and opportunity. High fuel prices have made a bad situation worse, threatening the survival of Shungnak as well as more than a hundred other remote villages. Some of the estimated 101,000 people living in these villages have left for Alaska's large cities, creating what one former state elected official has called "energy refugees."

These native-Alaskan villages are among countless poorer communities across the world that have been hammered by the new century's energy-price boom. Over all, strong economies such as China and most of the U.S. have held up well despite the sting of higher fuel prices. But in poor regions, the price shock has hit hard. Thousands of Nepalese took to the streets of Katmandu last year, resulting in bloody clashes with police, to protest a 25% rise in gasoline prices. In July 2005, under pressure from the International Monetary Fund, the Yemeni government lifted gasoline subsidies and the resulting riots left 22 people dead. The government buckled and restored subsidies. In Africa, Guinea's decision to reduce gasoline subsidies over the past two years helped spark general strikes and riots that claimed at least 11 lives.

The village of Shungnak was officially founded in 1899, but Eskimos have lived in the region for thousands of years traveling between summer camps and winter camps. Today, the village is a collection of 75 homes, a store, a school, a community health clinic and a city office building along a half dozen dirt streets. The foothills of the Brooks Range rise in the distance over the tundra.

Petroleum didn't arrive here until the middle of the 1960s. As the crow flies, Shungnak is only 310 miles northwest from the Flint Hills Resources refinery outside of Fairbanks, Alaska. But since there are no roads to Shungnak, the journey is a complex route that stretches more than 2,000 miles, passing mountain meadows where grizzly bears graze, caribou herds sipping from glacier-fed streams and mile after mile of rugged, unpopulated coastline.

### Tanker Cars

First, fuel from the Fairbanks refinery is loaded onto rolling tanker cars and taken south through Denali National Park, past Mount McKinley and into the Port of Anchorage. Then it's loaded onto a barge and towed through the Unimak Pass, a navigable break in the Aleutian Islands, before it heads north for Kotzebue on the coast.

From there, the fuel is loaded once a year on a shallow-draft barge and pushed up the Kobuk River during a brief period when the snow melt engorges the river and makes it navigable. By the time it gets to Shungnak, it has traveled a distance equivalent to the drive from New York to Las Vegas.

Last year, one of the barge companies made it up the river and delivered distillate — a blend of heating oil and diesel that powers nearly everything from generators to furnaces — to the school and electric company. The other barge company, less experienced in the region's serpentine rivers, couldn't make it up to Shungnak during the brief window of time that the river thawed. Fuel had to be flown in from Fairbanks on propeller cargo planes, raising the cost to \$8.11 for a gallon of gasoline and \$6.50 for a gallon of heating oil. In February, heat in the town's only two-story building, which holds the city offices, post office and tribal-council office, went out for three days because the tank ran out and no one was willing to pay to fill it up again. The temperature inside dropped to 30 degrees below zero.

## Many Jobless

Half of Shungnak village is jobless, according to the state. Commerce Department data suggest that Alaskans living in remote villages like Shungnak already receive about 50% of their income from government programs, two and half times the average in the U.S. Now the situation is exacerbated because it is difficult to attract economic activity because of the high energy costs. Village leaders say their only choice is even more government aid.

"Half the village doesn't know how to go out and do a subsistence way of life...their lifestyle is living off the store, even though you hear them say 'We're natives, we can survive,'" says Raymond Woods, a member of the Shungnak tribal government.

Some residents are leaving town. Ms. Norris's daughter moved to South Dakota and her high-school-aged son talks about leaving after he graduates.

Those that remain behind are scraping along. Henry Douglas, 48, says he eats less meat and fish than he used to. Like most people here, he receives state energy assistance — credit at the tribal store. He got \$1,500 in January to pay for heating oil. It lasted him through March. Afterward, he used a wood stove in the main room of the log cabin where he lives with his sister and his nephew.

His younger brother, George Douglas, 39, says he's fortunate to have a job as a school-maintenance worker. The paycheck gives him the \$100 required to fuel up his Polaris snowmobile. He uses it to hunt caribou and distributes the meat to three households of relatives, including his brothers. Few of his relatives can afford to hunt much anymore because of the high cost of fuel.

Signs of the cost are everywhere in Shungnak. On a recent visit, there were photocopied fliers posted throughout the village with a stark reminder: May 29 is the day the Alaska Village Electric Cooperative bill collector was scheduled to be in Shungnak. The co-op, known as Avec, has seen past-due accounts soar in the past couple of years. Last year, it took out ads in local papers threatening to cut off paying customers if they allow delinquent customers to move in with them.

Researchers at the University of Alaska Anchorage estimated that one-quarter of household income in remote villages last year went to paying utility bills, double the percentage in 2000. The poorest residents in remote villages spent 61% of their income on utility bills, also double the level a few years ago.

Fuel bills are also swallowing the city's budget. Last November, the village's fuel and electrical bill accounted for 61% of total expenditures, according to town administrator Helen Mitchell. In response, it has cut costs. The hours for city workers were cut to six hours from eight hours a day last year. The part-time patrolman position was eliminated a couple of years ago.

The result of these crushing bills is that remote villages face a slow decline. Four schools in the last two years have shut their doors when they fell below 10 students and lost most state funding. In Shungnak, school enrollment is off 7% in the past decade. A few miles down the Kobuk River, the village of Ambler has lost 29% of its school-aged population.

Despite shrinking enrollment, the regional school district has been on a building boom in recent years, largely supported by state grants. That, in turn, has only increased its need for fuel. The new schools, despite better insulation, require more petroleum to operate.

## New School

In nearby Noatak, an 18,000-square-foot school was torn down and replaced with one more than twice as large with a new air-circulating system and more lights.

"We have a very fragile economy in most of these villages already and then you add the jolt of high fuel-oil prices. It's my guess that many of these communities will not find themselves viable if fuel prices stay here," says Mike Black, director of community advocacy at Alaska's Department of Commerce, Community and Economic Development. The villages, he says, "are begging, borrowing and stealing to get enough fuel."

The extreme costs of fuel in rural Alaska have led to numerous energy experiments. But various efforts to reduce rural Alaska's dependence on petroleum-based energy have struggled. Petroleum is easy to store, handle and transport, says Brent Sheets, head of the federal government's Arctic Energy Office in Fairbanks. "It is hard to beat diesel fuel," he says.

A proposal to build a small nuclear power plant for one small town was shelved when a study concluded that the federal security requirements made the project uneconomic. Solar isn't a good fit for Alaska, because fuel demand goes up in the winter when the state gets little sunlight. The Energy Department office even looked at turbines designed to harness river energy, dodging logs and car-sized icebergs, but plans never made it past the theoretical stage.

One alternative-energy success stories is in Kotzebue, the hub community to the west of Shungnak on the Chukchi Sea. On the tundra outside of Kotzebue, where the only sign of life is paw prints from an Arctic fox, are 17 windmills capable of generating one megawatt of electricity. The windmills "are a hedge against rising fuel costs," says Brad Reeve, a Minnesotan who came to the town 30 years ago to run the public-radio station and now heads up the electric cooperative.

As the cost of bringing in diesel has grown, electricity from the windmills has looked better and better. But the windmills have a high upfront cost — they sit on special pilings with chemicals that ensure the tundra remains frozen to hold the windmills steady. And on a recent morning, as a computer in the coop's offices showed 2.8 megawatts of demand, the wind wasn't blowing. All of the electricity came from distillate-burning generators, a reminder that Kotzebue needs to keep a steady supply of oil.

In Shungnak, Mr. Woods, the tribal-government official, says he expects the oil will keep on flowing. Eskimos are accustomed to adapting to extreme conditions, he says. But there is little effort being made to teach children how to hunt the old way. "Their lifestyle now is so convenient," he says.

Hanging out on the steps of the village store after school with friends, 11th-grader Dion Tickett says he didn't grow up learning how to hunt or take care of a team of Alaskan huskies. He grew up watching television and riding snowmobiles, something he and his friends do to pass the time. "There's nothing to do around here," he says.

After school let out on a recent afternoon, Mr. Woods spent \$90 to fill up his Arctic Cat snowmobile to take his son out hunting. But he doesn't expect his son to need these skills. In a couple of years, when his son enters high school, Mr. Woods plans to move his family to east Texas, where he was stationed in the military. Gasoline there costs just under \$3.00 a gallon.