

HILG • HB 58 - HB 103

1 expenditure by a budget amendment approved by the governor and the Legislative  
2 Budget and Audit Committee. The governor shall report the budget amendments  
3 allowed under this section to the First Session of the Eighth Legislature.

4 \* Sec. 14. If federal program receipts or other program receipts fall  
5 short of the estimates appropriated by this Act, the governor shall reduce  
6 the affected appropriation by the amount of the short fall in receipts.

7 \* Sec. 15. Adjustments may be made in the appropriations from a working  
8 capital fund for the fiscal period covered by this Act, when necessitated  
9 by changes in requirements for services and supplies. The adjustments shall  
10 be approved by the governor and the Legislative Budget and Audit Committee.

11 \* Sec. 16. Refunds may be made in the manner prescribed by law from  
12 any fund in any amount due.

13 \* Sec. 17. This Act takes effect July 1, 1971.  
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*Senate New Section 7*

1	Liquor Licenses	\$ 400,300	
2	Amusement and Gaming Devices Tax	53,000	
3	National Forest Receipts	284,500	
4	Cigarette Tax	<u>1,548,000</u>	
5	TOTAL, SHARED TAXES AND REVENUES	\$ 5,831,500	
6	Fund Source - General Fund		\$ 4,195,100
7	Aviation Fuel Tax Account		88,400
8	School Fund (Cigarette Tax)		1,548,000
9	* Sec. 9. The following appropriations are made for capital projects		
10	beginning July 1, 1971:		
11	Office of the Governor	\$ 191,000.	
12	Fund Source - General Fund		\$ 191,000
13	Department of Administration	320,000	
14	Fund Source - General Fund		320,000
15	Department of Education	2,403,000	
16	Fund Source - General Fund		2,403,000
17	Department of Health and Welfare	190,000	
18	Fund Source - General Fund		190,000
19	Department of Natural Resources	50,000	
20	Fund Source - General Fund		50,000
21	Department of Fish and Game	180,000	
22	Fund Source - General Fund		180,000
23	Department of Public Works	28,734,400	
24	Fund Source - General Fund		1,030,000
25	Watercraft Fuel Tax Account		2,485,000
26	Federal Program Receipts		22,229,900
27	International Airport Revenue Fund		2,689,500
28	Department of Highways	91,500,000	
29	Fund Source - Federal Program Receipts		91,500,000

1	TOTAL - CAPITAL BUDGET	\$123,568,400	
2	Fund Source - General Fund		\$ 4,364,000
3	Watercraft Fuel Tax Account		2,485,000
4	Federal Program Receipts		114,029,900
5	International Airport Revenue Fund		2,689,500

6     \* Sec. 10. The sum of \$8,093,000 is appropriated from working capital  
7 funds for the period beginning July 1, 1971 and ending June 30, 1972.

8 Department of Highways

9	Equipment, Operation, and Main-		
10	tenance	\$ 6,514,500	
11	Equipment Purchase	<u>1,578,500</u>	
12	Total - Department of Highways	\$ 8,093,000	

13 Fund Source - Equipment Working Capital Fund                     \$ 8,093,000

14     \* Sec. 11. If federal program receipts or other program receipts exceed  
15 the estimates appropriated by this Act and are appropriated to the affected  
16 program, the appropriation from state funds for the affected program shall  
17 be reduced by the amount of the excess provided the reductions are not  
18 inconsistent with applicable federal statutes. However, if the program  
19 receipts, other than federal receipts, support programs that provide ser-  
20 vices for all state agencies, they may be made available for expenditure by  
21 a budget amendment approved by the governor and the Legislative Budget and  
22 Audit Committee. The governor shall report the budget amendments allowed  
23 by this section to the Second Session of the Seventh Legislature.

24     \* Sec. 12. If federal program receipts or other program receipts not  
25 appropriated by this Act and not requiring state matching money are received  
26 by a department, office or agency of the state during the fiscal period  
27 covered by this Act, they may be appropriated and made available for expendi-  
28 ture by a budget amendment approved by the governor and the Legislative  
29 Budget and Audit Committee. The governor shall report the budget amendments

1 allowed under this section to the First Session of the Eighth Legislature.

2 \* Sec. 13. If federal program receipts or other program receipts fall  
3 short of the estimates appropriated by this Act, the governor shall reduce  
4 the affected appropriation by the amount of the short fall in receipts.

5 \* Sec. 14. Adjustments may be made in the appropriations from a working  
6 capital fund for the fiscal period covered by this Act, when necessitated  
7 by changes in requirements for services and supplies. The adjustments shall  
8 be approved by the governor and the Legislative Budget and Audit Committee.

9 \* Sec. 15. Refunds may be made in the manner prescribed by law from  
10 any fund in any amount due.

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ANALYSIS OF CSHB 58 & SCSCS HB 58 - RECAP OF GOVERNOR' S ADDITIONS  
 INCREASES/(DECREASES) FROM GOVERNOR'S REVISED BUDGET

PROGRAM	GOVERNOR'S REVISED BUDGET	CSHB 58	INCREASE/ (DECREASE)	SCSHB 58	INCREASE/ ( DECREASE)
Geophysical Program	\$ 500,000	\$ 500,000	\$ -0-	\$ -0-	\$ (500,000)
Stream Clearing	750,000	-0-	(750,000)	750,000	-0-
Dept of Environmental Affairs	500,000	-0-	(500,000)	-0-	(500,000)
Salary Increases	4,500,000	-0-	(4,500,000)	4,500,000	-0-
Center for Admin. of Justice	100,000	100,000	-0-	-0-	(100,000)
Youth Involvement in Government	200,000	200,000	-0-	200,000	-0-
Consumer Protection	200,000	-0-	(200,000)	-0-	(200,000)
State Employees U.I. Coverage	900,000	-0-	(900,000)	-0-	(900,000)
Pipeline Construction Monitoring	<u>500,000</u>	<u>-0-</u>	<u>(500,000)</u>	<u>-0-</u>	<u>(500,000)</u>
TOTAL	\$8,150,000	\$ 800,000	\$ (7,350,000)	\$5,450,000	\$ (2,700,000)

HB  
81

TO: Mr. Miller, Chairman  
House Local Government Committee

DATE: March 8, 1971

FROM: James B. Rhode  
Administrative Assistant

SUBJECT: Local Government in the Unorganized Borough  
HB 81, Introduced 1/19/71 by Whittaker  
HB 161, Introduced 2/9/71 by Request of the Governor

Both of these bills establish quasi-municipal governments in the Unorganized Borough. They differ sharply on the boundaries, governing body, powers, and financing these new entities shall or may have.

Representative Whittaker's bill directs the commissioner of a new "Department of Regional and Community Affairs" to divide the Unorganized Borough into "regional unorganized boroughs", although the residents of the proposed borough can petition for an election on the boundaries. The commissioner will abide by the result unless it would be "...inconclusive, arbitrary, capricious, or inconsistent with the standards laid down..." in the act. Under the Governor's bill, the boundaries of "regional service areas" will be drawn by the Director of the Local Affairs Agency, period. (The Local Boundary Commission is not mentioned in either bill.)

Under the Whittaker bill, each of the boroughs will vote on whether to have an elected "regional council" whose members will have staggered terms. Under the Governor's bill, each regional service area will have a "commission". The residents can have an elected commission through petition and referendum procedure or a commission will be appointed from among them.

As to the powers of these quasi-governments, there is, first, some doubt as to whether the Legislature is free, under Art. X, Sec. 6 of the State Constitution, to delegate any powers to them, as distinct from delegating administration of a power. Under Sec. 6, "Unorganized Boroughs. The legislature shall provide for the performance of services it deems necessary or advisable in unorganized boroughs, allowing for maximum local participation and responsibility. It [the legislature] may exercise any power or function which the assembly may exercise in an organized borough."

Regardless, both of these bills call on their quasi-governments to initiate projects to foster economic growth. The Whittaker bill expressly permits the regional boroughs the same functions as service areas have in an organized borough. The Governor's bill merely implies this.

As to other powers, the bills differ in that Whittaker authorizes his councils to select lands as the organized boroughs do today and to zone. The Governor's bill omits these powers. Another difference is that Whittaker permits his councils to request the department he creates to prepare and/or administer council budgets, subject to local approval. When a borough does not want a council the department, of course, will bear all responsibility for the budget. The Governor's commissioner, on the other hand, will act on their own, though with State assistance.

Bills Pertaining to Local Government in the Unorganized Borough, CON'T

But the greatest difference in these bills is that Whittaker requires his councils to "review and approve [emphasis added] all state agency plans which affect the development and welfare of the borough". (Page 5, lines 21-22) This gives these councils a veto over virtually all state policy in their areas. This is a power without precedent in the history of local government in Alaska.

Finally, neither of these bills provides for these councils/commissions to sign agreements with the Federal Government. And there does not appear to be a simple way to do so. The legal status of these entities is not clear. Would the Federal Government have recourse against them or the State for breach of agreements, wrongdoing, and the mismanagement of Federal funds or property. The Committee is reminded that the Federal Government required villages wishing to participate in the rural REA program to become fourth class cities.

As for the revenues of these quasi-governments, both of these bills permit them to receive State aid. (No discussion will be offered here on the plan in the Whittaker bill to share 40% of all State revenues from natural resources, apart from taxes on such resources, between the Unorganized Borough and the organized boroughs and cities.) State aid for the Unorganized Borough raises two legal questions. First, are these new entities eligible for existing State aid to local governments? The answer would seem to be "No, except as these aid programs are amended." Secondly, could there be different amounts or kinds of aid to different regional boroughs/service areas? The answer would appear to be "Yes, so long as the differences are based on 'reasonable distinctions' of need".

There remains the question as to whether these new entities can lay and collect taxes. The Whittaker bill forbids it; the Governor's bill is silent on this, although it might be construed as implying it. The State Constitution and the minutes of the Convention appear to be on the side of the Whittaker bill: "...The State may delegate taxing powers to organized boroughs and cities only..." Art. X, Sec 2. It would seem the Legislature can either lay taxes on the Unorganized Borough directly or have the Executive do so provided that some kind of limits are placed on the Executive. In short, the Legislature sits as the assembly of the Unorganized Borough, but no assembly is free to allow service areas to lay and collect taxes on their own.

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## MEMORANDUM

State of Alaska  
OFFICE OF THE GOVERNOR

TO:  Byron I. Mallott  
Director  
Local Affairs Agency

DATE : February 5, 1971

FROM: Alfred E. Widmark *AEW*  
Local Government Specialist  
Local Affairs Agency

SUBJECT: Name change of a  
municipality

I have reviewed Title 29, Municipal Corporations, and Title 7, Boroughs, for provisions for setting up steps to be followed in making a change in the name of a city or borough and found no provisions that provided for a name change in either of the statutes.

I further checked via the phone with Bill Berrier, Borough Attorney. He stated he knew of no law that provided specifically for a name change of an incorporated city or borough.

AEW:pak

FORM 5A-2  
100M 4-66

STATE OF ALASKA  
Inter-Department Route Slip

TO: *Wilton Mike Miller*  
DEPT.: *Wilton Mike Miller*  
ATTN.: *Alaska State Legislature*

<input type="checkbox"/> Approval	<input type="checkbox"/> Note & Return
<input type="checkbox"/> Signature	<input type="checkbox"/> Initial & Return
<input type="checkbox"/> Comment	<input type="checkbox"/> Return As Requested
<input type="checkbox"/> Contact Me	<input type="checkbox"/> Return For Approval
<input type="checkbox"/> Prepare Reply	<input type="checkbox"/> Necessary Action
<input type="checkbox"/> For Your File	<input checked="" type="checkbox"/> Your Information

Remarks:

From: *AEW*  
Dept.: *LA* Date: *2/5*  
By: *LA*

M E M O R A N D U M

March 31, 1970

TO: Norman Banfield  
FROM: Michael Holmes  
SUBJECT: Town of Haines change of name

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I considered three possible ways for changing the name of the Town of Haines: by City ordinance, by special legislation or by petition to the Superior Court.

I can find absolutely no authority for the City changing its own name by ordinance.

I am certain that the name of the town could be changed by special legislation.

The third alternative is not expressly authorized by statute but it appears that the Superior Court does have general jurisdiction regarding the names of first class cities. AS 29.10.006 generally provides for the incorporation of a first class city. Subsection (b) states that a petition for incorporation shall be presented to the judge of the Superior Court in the judicial district in which the community seeking incorporation is located. The petition must be signed by 100 adult bona fide residents of the community and shall among other things "state the name by which the city is to be known". AS 29.10,009 (b) provides that the judge shall, after hearing "designate the name and the boundaries of the corporation and the time and place for an election to determine whether the people of the community desire to incorporate."

Under the circumstances I think that it would be within the court's power to entertain a petition to amend the original order fixing the name of the Town of Haines. However, there is no explicit statutory provision setting forth a procedure for changing the name of a city. Accordingly, there would be some question as to validity of the procedure for obtaining an amendment to the original order establishing the Town of Haines.

Under the circumstances, the best way to change the name of the Town of Haines is by special legislation. This, of course, could not be done until next year. If the City Council is in a hurry to have the name changed before the next legislature meets, we could probably obtain an order from the Superior Court stating that the name is changed but it probably should be confirmed by legislation in any event.

MMH

MMH:sh

HB

94

March 13, 1972

MEMORANDUM

TO: George Hohman, Chairman  
Finance Committee

FROM: Mike Miller, Chairman  
Local Government Committee

RE: HB 94

At the present time your committee is considering HB 402, dealing with the Alaska Municipal Authority. In reporting out HB 94, it was the House Local Government Committee's intention to provide the Finance Committee with some additional alternatives to consider. It is not the committee's intention to suggest that HB 94 totally represents a "better" approach. We do, however, think elements of HB 94 might well be considered in your discussions and deliberations.

Fouch V,  
State Capitol  
Juneau, Alaska 99801  
March 11, 1971

Mr. Robert E. Sharp  
City Manager,  
City of Anchorage  
P. O. Box 400  
Anchorage, Alaska 99501

Dear Bob:

Just a short note to thank you for your letter of March 4th regarding House Bill 94 and others concerned with the establishment of an Alaskan Municipal Bond Authority.

This is certainly desirable legislation and I hope that ways and means can be found to meet the really critical bonding needs of Alaska's municipalities.

Sincerely,

Mike Miller, Representative  
District Four, (Juneau)

cc: City Manager, City of Fairbanks



# CITY OF ANCHORAGE



# ALASKA

*International*

*Polar air crossroads of the world*

POST OFFICE BOX 400  
ANCHORAGE, ALASKA  
99501

March 4, 1971

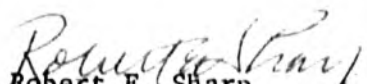
The Honorable Mike Miller  
Chairman  
House Local Government Committee  
Fouch V  
Juneau, Alaska 99801

Dear Mr. Miller:

The City Councils of Anchorage and Fairbanks met in a joint session at Anchorage on February 26, 1971. Among the pending legislation discussed was House Bill No. 94 and others concerned with the establishment of an Alaska Municipal Bond Authority. A motion was adopted approving the concept of an Alaska Municipal Bond Authority, including such funding as may be appropriate for the functioning of the Authority.

The purpose of this letter is to convey to you and your committee the action of the two City Councils and to urge you and your committee to develop and recommend for adoption legislation to establish an Alaska Municipal Bond Authority to assure a market at reasonable interest rates for Alaska municipal bonds.

Sincerely yours,

  
Robert E. Sharp  
City Manager

RES:f  
cc: Governor Egan  
City Manager, City of Fairbanks



AIRMAIL IS FASTER

## SECTIONAL ANALYSIS

### Proposed Alaska Municipal Bond Authority Act.

#### Preliminary Note

The proposed Act is patterned after a proposal presented to the Alaska Municipal League but incorporates certain additions and other changes. Besides form revision, various substantive additions have been made to the initial proposal. The additions are intended primarily to make the Act of substantial benefit to large as well as small political subdivisions of the state in marketing their bonds and notes (and other debt offerings)\*, particularly when market conditions are not favorable.

The substantive additions relate primarily to

- (1) authorizing a \$50,000,000 appropriation to the bond authority for purchase of municipal bonds and notes (the authority is thus not limited to making such purchases with capital derived from issuance of its own bonds and notes only);
- (2) requiring at least one-third of legislative appropriations to the fund to be used for purchase of bonds and notes of political subdivisions with population of 2,500 or less;
- (3) requiring as a condition to state financing that municipal bonds and notes be offered for sale on the open bond market before purchase is undertaken by the authority;
- (4) authorizing purchase of bonds and notes already issued by political subdivisions, as well as purchase of future local issues;
- (5) providing in default situations for authority payment of installments due on municipal bonds and notes sold to purchasers other than the authority, with any payments made to be reimbursed to the authority from state appropriations payable to the political subdivisions on whose behalf payment was made.

#### Summary of Content by Section

##### Sec. 44.55.010. PURPOSE.

This section sets out the policy of the state underlying establishment of the Municipal Bond Authority, essentially to assist political subdivisions of the state in marketing bonds and notes at economically favorable rates of interest and thereby to encourage the initiation and completion of capital improvements by the political subdivisions.

##### Sec. 44.55.020. ALASKA MUNICIPAL BOND AUTHORITY.

This section establishes the authority as a public corporation and instrumentality of the state within the Local Affairs Agency.

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\* In this analysis the term "bonds and notes" or "bonds or notes", if used with reference to municipal debt offerings, is intended to include bonds, notes and any other evidence of indebtedness which a political subdivision may issue.

it provides for a five-man board of directors for the authority, to consist of the director of the local affairs agency, and one director each appointed by the governor, the president of the state senate, the speaker of the state house of representatives, and the board of directors of the Alaska Municipal League. All appointees excepting the director of the local affairs agency are subject to confirmation as directors by the legislature. Appointment of the initial board is required to be made within 10 days after the Act takes effect. Directors have four-year terms and are eligible for reappointment.

The director of the local affairs agency is designated executive officer of the authority. Selection of a chairman and other officers is by the authority; the chairman and vice chairman must be directors. Also provided for in the section is the filling of vacancies, quorum requirements, and compensation of directors for actual expenses incurred in discharge of their duties.

Provision is made for the appointment of a financial consultant and attorney, who must have their principal place of business within the state, and for the compensation of these officials on an independent contract basis. Retention and compensation of other staff personnel is authorized. Officers, employees or agents of the authority are prohibited from having a direct or indirect financial interest in any contract for services with the authority (other than their contract of employment). Holding office or employment with the state or a political subdivision of the state, or with a private banking or financial business or enterprise, is declared by the section not to be a disqualifying interest per se. The restrictions on financial interest are declared inapplicable to persons providing services on an independent contract basis.

#### Sec. 44.55.030. POWERS OF AUTHORITY.

This section recites the powers of the authority as a public corporation to implement the policies of sec. 10; a number of the powers are developed further in other provisions of the Act.

#### Sec. 44.55.040. LIMITATIONS.

This section recites limitations on the powers of the authority as a public corporation.

#### Sec. 44.55.050. BONDS AND EXPENSES.

This section sets out the authority's principal purpose, to lend money to political subdivisions through authority purchase of bonds and notes of the political subdivision. A specific condition is attached, namely that bonds or notes purchased by the authority from a political subdivision must before purchase be offered by the political subdivision for public or private sale to investors other than the authority. The section also authorizes purchase of municipal bonds and notes already issued. It further provides for authority purchase of its own bonds and notes and declares that authority bonds and notes are not a debt of the state or a pledge of the full faith, credit and taxing power of the state. The section provides that the authority is not authorized to incur indebtedness on behalf of the state or a political subdivision of the state.

#### Sec. 44.55.060. ISSUANCE OF AUTHORITY BONDS AND NOTES.

This section authorizes issuance of authority bonds or notes in amounts as the authority deems necessary to provide funds for its corporate purposes. Bonds and notes are to be general obligations payable out of the revenues of funds of the authority, except as the authority determines otherwise or agreements of the authority require otherwise. Bonds or notes of the authority are declared to be fully negotiable within the meaning of the Uniform Commercial

Code. The authority may prescribe the form, and the manner of issuing and securing, its bonds and notes. The section requires public sale of authority bonds or notes at a price the authority determines. Bonds are required to be paid not later than 50 years from date of issuance and notes not later than five years from date of issuance. Authority to issue notes payable from the proceeds of bonds or of other notes is also accorded in the section.

Sec. 44.55.072. CONTENTS OF BOND RESOLUTION, TRUST AGREEMENT OF TRUST INSTRUMENT.

This section recites the various covenants with bond and note holders which may be made by the authority in issuing its bonds and notes.

Sec. 44.55.080. PLEDGE OF REVENUES OR OTHER MONEY.

This section prescribes the legal effect of a pledge of revenues by the authority in connection with the issuance of its own bonds and notes.

Secs. 44.55.090. ALASKA MUNICIPAL BOND AUTHORITY RESERVE FUND.

44.55.100. AUTHORITY GENERAL FUND.

44.55.110. ALASKA MUNICIPAL BOND GUARANTEE FUND.

44.55.120. PERMANENT CAPITAL FUND.

These sections establish the funds in the authority for specific purposes. The reserve fund, established in sec. 90, is to insure payment of the principal and interest of outstanding authority bonds and notes. An amount sufficient to meet each succeeding calendar year's payments must be maintained in the fund, otherwise the authority may not issue further bonds and notes. Appropriations by the legislature are authorized to maintain the fund at the necessary amount.

The authority chairman is directed to certify to the governor annually any sum necessary to maintain this amount for guarantee of payment of authority bonds. Money in excess of the reserve may be transferred to another fund or invested.

The general fund of the authority, established in sec. 100, may be utilized for all purposes of the authority, including operating expenses and payment of principal and interest on authority bonds. Subject to contracts between the authority and holders of its bonds and notes, money may be transferred from the general fund to the reserve fund provided for in sec. 90. Money not transferred is to be used for payment of principal and interest on authority bonds and notes, and in addition may be used for purchase of municipal bonds and for all other authority purposes.

The Alaska Municipal Bond Guarantee Fund, provided for in sec. 110, is intended to improve bond marketing prospects for political subdivisions by ensuring payment of installments of bonds and notes on which a political subdivision may default. The authority is directed to make payment if necessary to avoid a default. Repayment of the amount paid by the authority is required from funds appropriated by the state for allocation to the political subdivision. An exception is made in the case of an existing dedicated tax (such as the tobacco tax dedicated for school construction), so to avoid a legal question of possible loss of the dedication through change of purpose to which the tax might be applied. The authority is also authorized to require that covenants of the debt instrument on which payment was made on behalf of the political subdivision be fully implemented to prevent future default situations from arising.

Money in the guarantee fund which exceeds five per cent of the total bonded debt of all political subdivisions outstanding as of the prior calendar year may be transferred by the authority to another fund or account. The section further provides for investment and valuation of investment of fund money, authorizes legislative appropriations to the fund and requires certification by the authority chairman to the governor of whatever amount is necessary to restore the fund to an amount equal to five per cent of the total bonded debt of all political subdivisions outstanding as of the prior calendar year.

The permanent capital fund, established in sec. 120, calls for an initial appropriation of \$50 million to be used for the purchase by bid or negotiation of municipal bonds or notes; the amount would be in addition to proceeds from the sale of authority bonds and notes which the authority may use for such purchases. At least one-third of legislative appropriations to the fund are required to be used for purchase of bonds and notes offered by political subdivisions with a population of 2,500 or less.

Purchases from fund money must be at six per cent interest or at a rate no lower than 25 basis points (i.e. 1/4 of one per cent) below the going market value as shown in the Bond Buyer's Index for 20 Bonds, whichever is the lower rate. The section also provides that the amount required for the guarantee fund under sec. 110 (an amount equal to five per cent of the total bonded debt of all political subdivisions outstanding as of the prior calendar year) may be advanced from the permanent capital fund to the guarantee fund, if that amount has not been appropriated to the guarantee fund by the legislature. Reimbursement to the permanent capital fund from any subsequent legislative appropriations is required.

The section further provides for interest earnings derived from bonds purchased and from the permanent capital fund itself to be used for operating expenses of the authority, costs of debt service on authority bonds, reserve commitments, and increase of capital in the permanent capital fund, in that order.

#### Sec. 44.55.130. ADDITIONAL FUNDS OR ACCOUNTS.

This section authorizes establishment of additional funds and accounts or reserves.

#### Sec. 44.55.140. NO LIABILITY ON BONDS OR NOTES.

This section provides that neither members of the authority nor any person executing bonds or notes issued under the chapter shall be liable personally on the bonds or notes by reason of their issuance.

#### Sec. 44.55.150. PLEDGE OF STATE.

This section makes a pledge to holder of bonds or notes issued under authority of the Act that the state will not alter the powers vested in the authority as to municipal bonds and its own bonds and notes before the bonds and notes are fully paid and any actions or proceedings in connection with them are fully discharged. A pledge is also made with respect to preservation of authority power to meet its expenses.

#### Sec. 44.55.160. LEGAL INVESTMENTS.

This section declares authority bonds to be legal investments for the state, political subdivisions, agencies of the state, banks, other financial institutions, insurance enterprises, and fiduciaries. The bonds are also declared to be legal security for public deposits. Provision is specifically made for state funds deposited in a bank

to be secured by authority bonds or notes or bonds or notes of a political subdivision. The aggregate value of such bonds or notes deposited as security must equal at least 50 per cent of the funds deposited.

Sec. 44.55.170. TAX EXEMPTION.

This section provides that all property of the authority is exempt from state or local taxes and special assessments. Interest and income on authority bonds and notes, as well as money pledged or available to pay or secure their payment, is declared exempt from taxation, except for transfer, inheritance and estate taxes.

Sec. 44.55.180. EXEMPTION FROM LEVY.

This section exempts authority property from levy and sale by execution and from execution or other judicial process and provides that a judgment against the authority may not be a lien on its property. These provisions are declared not applicable to rights of holders of bonds or notes to enforce a pledge or lien given by the authority on its revenues or other money.

Sec. 44.55.190. FEDERAL INSURANCE OR GUARANTY.

This section provides that the authority may obtain available federal insurance or guaranty on its bonds or on municipal bonds purchased or held by it.

Sec. 44.55.200. ACT TO CONTROL.

This section declares to the Act to control in case of inconsistency or conflict or inconsistency with other laws.

Sec. 44.55.210. ANNUAL REPORT AND AUDIT.

This section requires an annual authority report and audit to be presented to the governor and to the legislature.

Sec. 44.55.220. ANNUAL AUTHORITY BUDGET.

This section provides for the authority to file a preliminary budget with the governor annually and for adoption of the annual budget by the authority. Adoption is to become effective only after the annual budget is filed with the governor and the legislative auditor. The section further provides that if the authority does not adopt a budget by June 1, the preliminary budget filed takes effect if approved by the governor, or otherwise the preceding year's budget takes effect. The authority budget may be amended during the year in which effective, but only if the amended budget is approved by the governor as reasonable and necessary and is filed with the governor and the legislative auditor.

Sec. 44.55.230. TECHNICAL SERVICES BY LOCAL AFFAIRS AGENCY.

This section authorizes the local affairs agency to provide technical services to the authority upon request. Costs are to be met by the authority.

Sec. 44.55.240. SECURITY FOR CONTRACTS.

This section provides for the authority to contract with banks or other financial institutions for the care, custody or safekeeping of municipal bonds or other investments of the authority, payment or collections of principal and interest amounts due the authority, and delivery to it of municipal bonds or other investments purchased or sold by the authority.

Sec. 44.55.250. ESTOPPEL AS TO BONDS OR NOTES.

This section estops legal challenge to authorization, sale, issuance, execution or delivery of authority bonds or notes once they are issued.

Sec. 44.55.260. AUTHORITY FINANCIAL ADVISORY SERVICES.

This section provides for authority to render financial advisory services to a political subdivision in connection with any public or private sale of its bonds, such as advice as to improving its credit rating, methods of offering bonds for sale, and preparation of a sale prospectus. Charges for services are required, and services may not include rendering of accounting, architectural, engineering, legal or other professional services or advice.

Sec. 44.55.270. DEFINITIONS.

Among terms defined in the section are

"municipal bonds", defined as a "bond or note or evidence of indebtedness which a political subdivision is empowered to issue, including but not limited to general obligation and revenue bonds", and

"political subdivision", defined as a "city or organized borough of any class, whether home rule or otherwise, including but not limited to a unified municipality organized under AS 29.85."

Sec. 44.55.280. SHORT TITLE.

The Act is to be cited as the Alaska Municipal Bond Authority Act.

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FAIRBANKS ALASKA 8

REPRESENTATIVE MIKE MILLER CHAIRMAN LOCAL GOVT COMMITTEE

JUN

THE FAIRBANKS NORTH STAR BOROUGH AND CITIES OF FAIRBANKS  
AND NORTH POLE TAX RENTAL BUT EXEMPT RENTALS OF REAL  
PROPERTY IF RENTAL IS ON A MONTHLY BASIS OR FOR A LONGER  
PERIOD THIS LEAVES TAXATION ON HOTEL AND MOTEL ROOMS  
EQUIPMENT AND OTHER SHORT TERM RENTALS HOUSE BILL 96  
WOULD PREVENT THIS TAXATION LOSS OF THESE REVENUES WOULD  
HAVE TO BE ABSORBED BY INCREASE IN REAL PROPERTY TAXES  
WE WOULD OPPOSE PASSAGE OF HOUSE BILL 96 AS PRESENTLY

WRITTEN

JOHN A CARLSON CHAIRMAN FAIRBANKS NORTH STAR BOROUGH



## CITY OF KETCHIKAN

334 FRONT STREET

P. O. BOX 1110 - KETCHIKAN, ALASKA 99801

TELEPHONE 907-225-3111

February 18, 1971

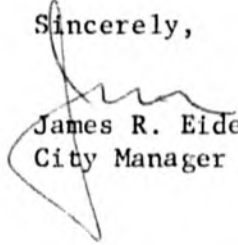
Representative Mike Miller  
Chairman Local Government Committee  
Pouch V - State Capitol  
Juneau, Alaska 99801

Dear Mike:

Attached is a copy of a resolution pertaining to HB 96 regarding exclusion of rents as a source of sales tax revenue. This resolution was passed and approved by the City Council at their official meeting on February 17, and copies are being forwarded to Senator Ziegler, Representative Whittaker, and Don Berry. As you are well aware, legislation such as this is an example of further erosion of the Home Rule concept of the State Constitution.

Your support of the City of Ketchikan's stand would be appreciated.

Sincerely,

  
James R. Eide  
City Manager

cc: Don Berry

RESOLUTION NO. 935

A RESOLUTION PROTESTING ALASKA HOUSE BILL NO. 96  
DESIGNED TO EXCLUDE RENTS AS A SOURCE OF SALES  
TAX LEVY BY CITIES AND ORGANIZED BOROUGHES.

WHEREAS approximately 10 per cent of the sales tax revenue of the City of Ketchikan is derived from tax on rentals, and

WHEREAS the sales tax on rentals is levied not only on residential but on office, commercial and industrial units, and

WHEREAS the sales tax ordinance was approved in a special referendum election by the voters of the City of Ketchikan, and only the citizens of the City of Ketchikan are paying the sales tax on rents on the above units, and

WHEREAS the removal of rents from sales tax may necessitate an increase in property tax and, as such, would result in an increase in rental rates, and

WHEREAS the sales tax funds for the City of Ketchikan are earmarked for capital improvement projects or the debt service on the improvements, and

WHEREAS recently a two and one-half million dollar (\$2,500,000) bond issue was authorized and sold for a major street improvement project, and

WHEREAS the citizens of the City of Ketchikan approved said project with the use of the proceeds of the sales tax for the debt service rather than a special assessment program, and

WHEREAS if the special assessment program would have been used, the rental cost of property would have increased more than the 2½ per cent collected from sales tax on rental property, and

WHEREAS the sales tax on rents as paid by the citizens of the City of Ketchikan is a matter of local concern which the voters of the City of Ketchikan have approved in a special referendum election.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Ketchikan, Alaska:

That the Council of the City of Ketchikan hereby voices its strong disapproval and protest to House Bill 96 which would, if passed, exclude rents as a source of sales tax levy by cities and organized boroughs.

PASSED AND APPROVED at Ketchikan, Alaska, this 17 day of February, 1971.

/s/ William F. Hamilton  
William F. Hamilton, Mayor

ATTEST:


/s/ Mary McKinley

HB

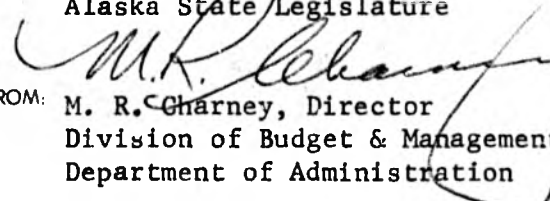
112

STATE  
of ALASKA

## MEMORANDUM

TO:  Mike Miller, Chairman  
Local Government Committee  
House of Representatives  
Alaska State Legislature

DATE : February 24, 1972

FROM:  M. R. Charney, Director  
Division of Budget & Management  
Department of Administration

SUBJECT: House Bill 112 - Department of  
Community Affairs

Shown below is the funding breakdown for the Department of Community Affairs contained in House Bill No. 112.

## Proposed Department of Community Affairs (HB-112)

1. Costs proposed in the FY 73 budget that would be transferred into the new Department

Planning & Research Division	\$ 1,031.2	(326.1 GF)
Local Affairs/Rural Development Agencies	1,381.2	(556.7 GF)
Rural Affairs Commission	29.9	(29.9 GF)
Local Boundary Commission	36.9	(36.9 GF)
Shared National Forest Receipts	354.3	(364.3 GF)
Municipal Services Revenue Sharing	7,100.0	(7,100.0 GF)
Shared Taxes	4,458.6	(4,458.6 GF)
Neighborhood Youth Corps	<u>1,838.9</u>	<u>(-0- GF)</u>
Sub Total	<u>\$16,241.0</u>	<u>\$12,872.5</u>

2. Additional Costs

Office of the Commissioner	226.2	(226.2 GF)
Administrative Services Section	105.7	(105.7 GF)
Advisory Council	<u>5.0</u>	<u>(5.0 GF)</u>
Sub Total	<u>\$ 336.9</u>	<u>\$ 336.9</u>
Department of Community Affairs Total	<u>\$16,577.9</u>	<u>\$13,209.4</u>

cc: R. F. Schroeder

Pouch V,  
State Capitol Bldg.  
Juneau, Alaska 99801  
April 22, 1971

The Honorable William A. Egan  
Governor of Alaska  
Pouch A,  
State Capitol Bldg.  
Juneau, Alaska 99801

Dear Governor Egan:

As you are undoubtedly aware, the Legislative Council proposed legislation (House Bill 112) this year, which would have the effect of creating a Department of Community Affairs. The purpose of this letter is to advise you that the House Local Government Committee is very much inclined to favor legislation along these lines.

In your State of the State speech, we noted your own statements of intent for such a Department.

With this common goal in mind, the House Local Government Committee respectfully requests that your office submit proposed legislation to the Legislature at the beginning of the second session.

The Committee, of course, would be delighted to cooperate with you, Byron Mallot or other members of your office in formulating a legislative proposal and I hope you will feel free to call on us for any assistance we can offer.

Sincerely,

Mike Miller, Chairman  
House Local Government Committee

HB 112

TO: Representative Mike Miller, Chairman  
House Local Government Committee

April 13, 1971

FROM: James B. Rhode  
AA House Local Government Committee

SUBJECT: Comparison of the Provisions of HB 112 and HB 81 Relating to Creation  
of a Department of Community Affairs

HB 112, introduced by request of the Legislative Council, and HB 81, introduced by Whittaker, would create a "Department of Community Affairs" and a "Department of Regional and Community Affairs", respectively. The Council bill was drafted after study of the statutes used by eight states to create such departments. The major differences between the Council and Whittaker bills is that the Council bill places the Alaska State Housing Authority in a different relationship to the new department, provides more of the mechanics of creating the department (based on the act setting up the Department of Economic Development), and gives the department more powers and states them in more detail. Finally, the Council bill alone sets up an advisory council for the department.

Both bills establish a department by combining the Planning and Research Division and the Local Affairs Agency of the Governor's Office with the Rural Development Agency of the Department of Economic Development. Both bills also assign the housekeeping for the Rural Affairs Commission and the Local Boundary Commission to the depart. The bills differ, however, on the place of the Alaska State Housing Authority in the department. The Council bill assigns ASHA to it while the Whittaker bill transfers the "planning assistance authority" of ASHA to it. In view of the planning role which the Council bill has for the department, it appears to be inconsistent when it fails to transfer the ASHA planning authority to the new department. On the other hand, the Committee may choose to have ASHA and the department responsible for different types of planning.

The Council bill provides for all legal aspects of forming the department and gives its commissioner the same power to organize the department that other commissioners enjoy, apart from requiring three specific divisions be set up. The Whittaker bill omits a number of legal matters: power to issue regulations; the status of suits, petitions, and hearings pending at the time the department is created; references to the laws modified by the creation of the department. Further, the Whittaker bill directs the commissioner to "...preserve the identity and staff of agencies transferred to the department" in so far as that is "...consistent with sound administrative practice..." This might not allow the commissioner the organizational freedom he has under the Council bill.

In regard to powers, Whittaker's department is to provide technical and financial assistance to all local governments, to assist the governor in coordinating all state and federal programs available to local governments, "...to encourage..." the solution of problems at the lowest practical level, and to study and voice the needs of local governments and their residents. The Council bill goes further and has the department "supervise" all state financial aid to local governments (shared revenues, federal aid to localities via the state) except for the Public School Foundation Program and disaster relief. The department would "supervise" and "...co-operate with..." other state agencies in preparing "...statewide plans relating to housing, redevelopment and renewal, human resources development, public works..." and others (page 2, line 29 and page 3, lines 1-4). It also is to coordinate state and local planning in other matters. Actually, the language on page 3, lines 22-23

might be changed to clarify the intent of the Council to have the department coordinate, not dictate, local planning outside the scope of statewide planning. Further, the department would also assist the governor in administering disaster aid, "...provide direct consultative services to local governments upon request..." (extraordinary costs to be reimbursed), and offer planning assistance on any matter to localities and to state and other planning agencies (non-state agencies will bear all costs not covered by federal grants). It should be noted here that planning assistance by the Planning Division in the Governor's Office is presently limited to "...areas in the state not represented by local governments..." and only "...where such planning...is necessary for the receipt of federal, state, or other funds..." (AS 44.19.880 (a)(5), repealed and reenacted in 1970). The Council bill also calls for regular training programs for local officials, including the exchange of personnel between governments. Uniform budget forms and auditing standards will be prepared for local governments. Presumably, the language of this provision would permit special, simplified budget forms for use by the smaller communities. Anyway, we may assume the Committee would choose to provide that fourth class cities may submit a statement of income and expenditures in lieu of an audit, as it did in the proposed revision of the Municipal Code. It is well to note that the purpose of the uniform budget forms and auditing standards is to make it easier for the Legislature, the Administration, bond houses, and the communities involved to evaluate spending patterns and fiscal conditions at the local level. The bill further permits the department, on request, to contract for "...line or staff..." functions in local governments to be performed by other departments or by the Department of Community Affairs. State contracting with localities is today limited and decentralized, e.g. State Troopers, Health & Welfare Sanitary Engineers.

RECOMMENDATION: That HB 112 be the basis of any bill to create a department.

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HOUSE BILL 119

CONVENTION BUREAUS

The average conventioner spends between \$50 and \$60 per day on food, hotel accommodations, entertainment, etc. To illustrate the potential of convention spending: in October, 1970, 3900 people attended conventions in Anchorage, spent an average of 4 days in Anchorage, and thus contributed \$858,000 (excluding transportation costs) to the economy of Anchorage and the State of Alaska.

The potential for developing this market in Alaska is unlimited. The Travel Division's program to develop the convention trade is but a year old, but it has already proved that Alaska has tremendous appeal to organizations for sites of their conventions. To date we have received firm commitments from over 40 organizations to hold conventions in Alaska during the years 1971 through 1974. This should benefit the state in direct spending from \$8 to \$10 million. We expect commitments from twice this number of organizations in 1971.

Thus far, however, the Travel Division has been unable to tap the total resources that the "convention business" has to offer. The reason is that most communities in Alaska do not have the facilities necessary to service large groups. Our convention director is limited

to recruiting groups that meet in the off-season of tourism and groups that number less than 1500. Obviously, we are losing a good portion of the market before we start.

Conventions require only three essential ingredients: Enough first class bed space, adequate meeting rooms, and banquet facilities for the whole group. At present, there are some new hotels being built or planned for Alaska. However, there are no plans for expanding meeting and banquet facilities. Two of the three essentials are lacking.

The majority of the parts that make up the Alaska Travel Industry is growing and becoming more sophisticated. Air service, tour operation, and the number and quality of hotel rooms are examples of this maturation. There is a gap, however, in the growth of meeting and banquet facilities.

The growth rate of the Alaska convention trade is limited only by the state's willingness to participate financially with communities to develop facilities to handle this highly beneficial resource. The passage of House Bill 119 would help tremendously in solving the Travel Divisions's problems in selling the convention trade and benefitting Alaska's economy.

SUMMARY SHEET OF THE GROWTH OF ALASKA TOURISM

Tourism in Alaska is experiencing a healthy growth rate - as illustrated by the chart below:

NUMBER OF TOURISTS ENTERING ALASKA  
BY  
MODE OF TRANSPORTATION

Year	Cruise	Ferry	Airline	Highway	Total
1964	11,000	11,650	13,250	23,300	59,200
1965	11,700	14,400	15,100	28,400	69,600
1966	12,400	17,300	16,250	27,150	73,100
1967	13,200	18,950	20,600	33,950	86,700
1968	15,000	18,000	23,000	34,000	90,000
1969	21,000	20,000	26,000	40,000	107,000
1970	29,000	20,000	30,000	44,000	123,000

EXPENDITURES

The average tourist spends approximately \$35 per day - considerably less than the daily expenditure of the conventioner. Total tourist expenditures, however, are substantial amounts. The total figures for 1964, 1967, and 1970 are as follows:

<u>1964</u>	<u>1967</u>	<u>1970</u>
\$18,200,000	\$29,000,000	\$41,000,000

## ALASKA TOURISM RELATED EMPLOYMENT

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1970

NUMBER OF TOURISTS . . . . . 120,000  
PRIMARY EMPLOYMENT\*. . . . . 2350  
PRIMARY WAGES\*. . . . . \$14,500,000

\*Excludes wholesale and suppliers, etc., employees estimated at 1000 in 1970, which provided an additional 7 million dollars in wages in 1970.

## TYPICAL TOURIST PROFILE

A typical visitor to Alaska would be a middle aged (about 50 years of age) physician with his wife, travelling from California. They might take a cruiseship coming and return by airplane, or perhaps drive one way and return via marine highway. They spend about two weeks in the state, visiting Juneau, Anchorage, and Fairbanks, plus numerous side trips - to Mt. McKinley National Park, the Arctic region, etc. Excluding transportation costs, they spend from \$500 to \$700 in Alaska.

In 1968, a rather discriminating study was accomplished, and published, concerning the tourist or visitor, potential for the State of Alaska. Among other things, it indicated that 1970 would see 125,000 tourists in Alaska.

According to all available figures, and some very conservative estimates, there were indeed close to 125,000 visitors in Alaska during 1970.

That same study indicated an anticipated 185,000 visitors to the state in 1975 -- the final year for projections.

At this point, it seems safe to say that the 1975 projection will be surpassed, and that the year 1980 will see 302,000 visitors in Alaska, and that they will spend in excess of 136 million dollars during their tours.

A number of factors now present or about to make their presence felt, contribute to the new projections:

- A comprehensive state program to secure convention traffic,
- Planned improvements to the Alaska Marine Highway ferry system,
- An increased effort to lure the foreign visitor, particularly the Japanese,
- The advent of sea/air cruises, giving the visitor more time in Alaska, as opposed to skirting the edges of the state,
- Canadian efforts to get their part of the Alaska Highway paved.

The convention program will have the greatest impact during the off-season period -- that nine month period of the year when tour operators have little business and many hotels either close down or go on limited operations.

A prime target in this market is the major insurance company. Several of these firms exist, and they hold upwards of 200 small conventions, or sales meetings each year. They require adequate accommodations, and prefer those located in a somewhat closed environment -- an area not over-loaded with outside attractions that would tend to reduce attendance.

Alaska Convention Coordinator R. A. "Dutch" Derr has already started to tap this vast potential, and his contributions will show major gains within three years.

At that same time Derr has not neglected other convention possibilities. The current log shows 14 conventions set for Alaska in 1971 with a total of 6,610 delegates....6 more sessions in 1972 with 1,860 delegates, and 2 conventions in 1973 with an anticipated attendance of 3,400. Since the effort has only been underway for the past 20 months, and bookings beyond 1973 are already firm, it is reasonable to expect that convention delegates by 1980 will increase the number of Alaska visitors by 15,000 each year. And, using current spending ratios, that amounts to more than three million dollars yearly.

And those figures do not reflect the conventions that are secured by the individual cities in Alaska -- only those secured through Mr. Derr's aid.

Improvements to the Marine Highway System, notably the lengthening of the three "Blue Canoe" sisterships and the construction of a new deep water ocean vessel, will add capacity and scheduling capabilities far beyond present limits. The addition of new craft for schedules off the main line will also help extend visitor activities away from the major population centers.

The Department of Economic Development is currently working out a program, with Federal participation, that will vastly increase the foreign tourists. Success in this area is almost assured, as the Japanese have shown increasingly strong interest in Alaska as a place to see. Skiers are appearing on our slopes in greater numbers, photographers are taking advantage of Alaska scenery and wildlife, and businessmen are stopping off in Alaska cities to relax and recharge before and/or after trips to Seattle, Los Angeles, Chicago, and New York.

With greater emphasis on promotion of Alaska in Japan, this small trickle can become a flood of visitors.

The sea/air cruise, one way by sea and the return trip by air, is becoming a popular item with travel agents around the nation. Alaskan tour operators are anxious to participate, because such a package usually means that the visitor has more time in Alaska, he spends more for food and lodging, and he has an opportunity to do some discriminating shopping for quality items. Such combination tours also open up the possibility of side trips to selected lodges for two or three days. Unlike a cruise ship tour, the combination sea/air trip can accommodate interruptions during the transitional phase. It is easy to catch a plane two days later, or two days earlier, while a cruise ship -- once departed -- isn't available for boarding for ten days or two weeks.

Perhaps the single most important possibility for increasing the number of visitors to Alaska is completion of paving on the Alaska Highway. Statistics have shown that more than 15% of the visitors checking through Tok have been to Alaska at least once before, and generally by way of that single road link to the South 48. A smooth all-weather highway from the Midwest to Fairbanks, Anchorage, and beyond would send our yearly visitor tallies skyrocketing.

These five factors, four of which are now in progress or in planning, were not considered during the study of 1967-68. In all probability they will, when combined with existing programs, send the real figures well over the projected numbers.

Beyond current planning, but certainly before 1980, are some innovations that will create an even greater flow of visitors through our state.

The tourist season can be logically extended, especially in the major population centers. The "Spring Up" and "September" campaigns can be, and will be, enlarged while winter offerings will be developed throughout the State.

Customized package tours will be developed for the independent traveller. The fishing enthusiast will join a planeload of ardent anglers and fly north to spend a week or two weeks in one, two, three, or more different lodges -- trying his luck against upwards of a half-dozen species of fish. The photographer will be able to join a tour specializing in scenic areas, or wildlife centers. Beachcombers, gem and mineral collectors, and even birdwatchers will probably have customized Alaska tour packages. It should be obvious that Alaska has more to offer in more specialized areas than just about any other state.

The most exciting innovation would be the creation of a bush visitor program, a network of travel patterns leading outward from each of the population centers to the various villages, resorts, lodges, and camps that are scattered through this Great Land. This network alone would increase our capacity to accommodate visitors. Imagine a summer day in Fairbanks, when every hotel and motel space is booked...the existing capacity has been achieved. The potential for additional tourism would be absolute zero under such conditions today. Consider that same situation with a bush network in operation. The same number of hotel or motel rooms would be filled, but perhaps 100 or even 200 additional visitors would be out in the bush spending two or three days at this lodge, that fishing camp, or a small village -- all as part of a tour. Such a concept would necessarily deal with a high-volume, fast turnover, package. But it can work, and depending upon the strength of the bush network, it could effectively increase visitor capacity by 20, 30, 50, or even 100 percent. And don't scoff, these are not figures plucked out of a hat. Ketchikan, for example, with the huge number of lodges in the area, could easily double the number of visitors now accommodated in every available hotel and motel space in the community. What's more, given a progressive operation, it would lead to a consistently high level of activity as opposed to the normal pattern of one week of feast and two weeks of famine.

An adjunct to this bush network might well be utilization of schools during the summer tour months. Boarding schools now exist in some communities, and they could easily be transformed into visitor accommodations during that three month period when school is out. New schools could be designed with such summer activity in mind, at an increased cost, of course, but one which would be repaid with interest over a comparatively short time. And, in the case of the smaller villages, the transformation of the schools to visitor centers during the summer would have the additional value of bringing the business to the source of craftsmanship, or bringing the Native into the mainstream of the visitor industry without requiring him to leave home.

Finally, we anticipate the creation of a more sophisticated and coordinated visitor information operation. Colorful, complete and clearly-marked Alaska Visitor Information booths should be established at every point of mainline departure; Seattle, Prince Rupert, Victoria, Vancouver, and at the Alaska-Canada border. Additional booths should also be set up at the international airports in Anchorage and Fairbanks. And every community should give serious thought to establishment of their own community information centers in their own airports -- at least those with a visitor industry worthy of the name. It is impossible to sell someone on the idea of going somewhere and doing something unless you first let him know where that somewhere is, and what it is he'll be doing.

The possibilities for expanding the visitor industry in Alaska are unlimited, contained only by the lack of imagination, working capital, and concrete. Imagination, applied now, can create the working capital in a few short years, followed by the pouring of concrete and the creation of a vibrant new future for the visitor industry.

There is a general feeling that oil is the big item in Alaska's economic future. Many of us feel this is not so, that the visitor will be the big item in the day-to-day economy of most Alaska communities. By 1980, the average visitor will be spending well above his current 50-dollar-per-day average. He will probably be staying for a period in excess of two weeks. And he, along with the other 301,999 visitors now projected, will be spending more than that \$136,000,000 we now predict.

We can't prove it. But check the figures at the end of 1979.

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BE IT ENACTED, etc.....

Section 1. AS 04.10 is amended by adding new sections to read:

ARTICLE 6. MUNICIPAL LIQUOR LICENSES

Sec. 04.10.500. CITY LIQUOR LICENSE. (a) A city which does not prohibit sale of intoxicating liquor under the local option election provisions of sec. 430 of this chapter or AS 29.25 380 - 29.25.410 may obtain any liquor license authorized to be issued under this chapter for the sale of intoxicating liquor within the city's boundaries.

(b) Before a license may be issued under this section, certification must be submitted to the board that at the last city election a majority of the qualified voters in the city voted affirmatively on the question, "Shall the incorporated city of .....obtain.....(number and type or types of license) for the sale of intoxicating liquor?" The question shall be submitted to a vote within 30 days after the city council receives a petition signed by 25 per cent or more of the total number of qualified voters who voted at the last regular city election and request a vote on the question.

(c) Upon receipt of a petition, the council shall notify the board, which shall withhold issuance of an available license requested in the petition pending the election.

(d) The council shall conduct the election under this section in the same manner as other regular or special city elections and shall forward notice of the result of a vote on the question immediately to the board. Other provisions of law governing eligibility for licenses notwithstanding, if a majority of the qualified voters at the election favor the sale of intoxicating beverages by the city, the board shall issue the license, and <sup>or licenses</sup>

thereafter for the term of the license or reissued license deny all applications from other parties for licenses to sell liquor within the city and within 10 miles of a boundary of the city, unless the council determines otherwise as to licenses available for issuance under secs. 210 or 400 of this chapter. This subsection shall not operate, however, to preclude the subsequent transfer of a license from a city to a corporation organized and certified under the Alaska Nonprofit Corporation Act (AS 10.20.005 - 10.20.725) to conduct and manage the sale of liquor on behalf of the council.

(e) A city obtaining a liquor license under this section may obtain reissuance of the license without presenting the question to the municipal voters, if a petition requesting the election is not presented to the council at least 40 days before the expiration date of the valid existing license. Otherwise, the election requirements of this section shall apply as in the case of the issuance of the license.

(f) After issuance or reissuance of a liquor license under this section, no petition for a vote on the question of the city license may be filed with the council until at least nine months have elapsed from the date the license was issued or renewed.

(g) A license for the sale of intoxicating liquor issued or reissued to a city before the effective date of this Act and in effect on the effective date of this Act shall be a valid license for the duration of the license term and thereafter may be renewed in accordance with the provisions of this section.

(h) No member of a city council or director or officer of a corporation organized under the Alaska Nonprofit Corporation Act to conduct and manage the sale of liquor in behalf of the

council may hold any interest in another operation licensed under this <sup>chapter</sup> ~~section~~, nor shall he receive any fee or remuneration for procuring or furnishing quarters, or supplying equipment, furnishings, stock, or inventory in order to conduct business under a license issued under the terms of this section.

Sec. 04.10.510. APPLICATION OF CERTAIN SECTIONS. Secs. 190(a)(5) and 270 of this chapter do not apply to licensure of a city under secs. 500 - 520 of this chapter.

Sec. 04.10.520. DEFINITIONS. In secs. 500 - 520 of this chapter

(1) "city" means a municipality <sup>of the first, second, or fourth class not within an incorporated borough</sup> with a population of ~~3500 or less~~ according to the most recent United States census or other reliable data;

(2) "council" means the council or other governing body of a city.

Section 2. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.



# Walker's Package Store

FINE LIQUORS  
P.O. BOX 57  
KOTZEBUE, ALASKA 99753

February 22, 1971

Honorable M. Miller, Chairman  
Local Government Committee  
House of Representatives  
State Of Alaska  
Pouch V  
Juneau, Alaska 99801

Dear Mr. Miller:

This letter is in reference to House Bill 130 giving small villages authority to operate a liquor store.

First of all I am not against village ownership and operating liquor stores, or the operating of a liquor store by the City of Kotzebue.

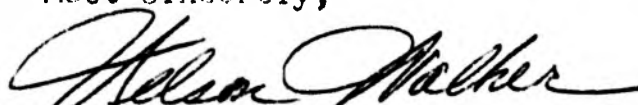
The part that I am protesting is that it would prohibit liquor stores from operating that have not been in business before January 1, 1970.

I was issued a liquor license in January of 1971, for a Retail Liquor store, my wife and I invested practically all of our life savings in this liquor store, if the present bill went thru as written it would leave us destitute.

I have been a bush Pilot in Northwest Alaska for over 22 years and have give this community faithful service, I am getting too old to fly. I have Eight children, am ~~married~~ to an Eskimo woman, our oldest daughter, Virginia Walker is Miss Alaska, she too has give the State of Alaska a year of faithful service by acting as Official hostess for the State, at present I am sending her thru college in Anchorage to become a nurse. The rest of my 7 children attend the local school here at Kotzebue.

Like I say I have put all my money into my Liquor store and expected to depend on it for my livelihood. Anything that you can do to help me stay in business would be greatly appreciated.

Most Sincerely,

  
Nelson Walker

CC - Committee Members

COMMUNITY LIQUOR SALES, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 1967

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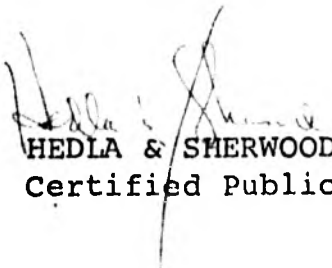
HEDLA & SHERWOOD  
CERTIFIED PUBLIC ACCOUNTANTS  
ANCHORAGE, ALASKA

The Board of Trustees  
Community Liquor Sales, Inc.  
Bethel, Alaska

We have examined the balance sheet of Community Liquor Sales, Inc. as of December 31, 1967, and the related statements of income and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances, except as noted in the following paragraph.

Due to the remote location of this store, we did not observe the physical inventory count as of December 31, 1967.

In our opinion, subject to the above exception, the accompanying balance sheet and statement of income and retained earnings present fairly the financial position of Community Liquor Sales, Inc. at December 31, 1967, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

  
HEDLA & SHERWOOD  
Certified Public Accountants

February 3, 1968

COMMUNITY LIQUOR SALES, INC.

BALANCE SHEET

DECEMBER 31, 1967

ASSETS

Current Assets:

Cash		\$ 53,238
Accounts receivable		630
Inventory		9,531
Prepaid expenses		1,733
Total current assets		<u>65,132</u>

Fixed Assets (at cost):

Leasehold improvements	\$ 575	
Store and office equipment	<u>1,594</u>	
	2,169	
Less - Accumulated depreciation	<u>733</u>	<u>1,436</u>
		<u>\$ 66,568</u>

LIABILITIES

Current Liabilities:

Accounts payable		11,574
Accrued payments to City of Bethel (Note A)		18,115
Taxes other than taxes on income		2,692
Federal and Alaska taxes on income		10,990
Total current liabilities		<u>43,371</u>

Equity:

Retained earnings		<u>23,197</u>
		<u>\$ 66,568</u>

The accompanying notes are an integral part of this statement.

COMMUNITY LIQUOR SALES, INC.

STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED DECEMBER 31, 1967

	<u>Amount</u>	<u>Percent to Sales</u>
Sales	\$465,574	100.00
Cost of sales:		
Inventory at beginning	\$ -0-	
Merchandise purchases	281,199	
Freight	31,284	
Salaries and wages	17,132	
Supplies	284	
	<u>329,899</u>	
Inventory at end	<u>9,053</u>	
	<u>320,846</u>	<u>68.91</u>
Gross profit	144,728	31.09
Administrative and general expenses		
Liquor license (Note A)	46,557	10.00
Rent (Note A)	46,557	10.00
Operating taxes and licenses	3,625	.79
Professional services	3,571	.77
Disposal (Note B.)	3,000	.64
Utilities	1,833	.39
Payroll taxes	1,258	.27
Insurance	1,128	.24
Depreciation	733	.16
Travel	252	.05
Donations (Note C)	1,800	.39
Cash variation	( 61)	( .01)
Repairs and maintenance	46	.01
Other expenses	177	.04
	<u>110,476</u>	<u>23.74</u>
	34,252	7.35
Other expense:		
Interest	<u>65</u>	<u>.01</u>
Income before provision for taxes on income	34,187	7.34
Federal and Alaska taxes on income	<u>10,990</u>	<u>2.36</u>
Net income	<u>23,197</u>	<u>4.98</u>
<u>RETAINED EARNINGS</u>		
Balance at beginning of year	<u>-0-</u>	
Balance at end of year	<u>\$ 23,197</u>	

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

NOTE:

- A. Payments due the City of Bethel are in compliance with agreements for the sub-lease of the building in which business is conducted and for the permit to operate the liquor license within the boundaries of the City. These agreements call for payment of 10% of the gross sales for the sub-lease and 10% of the gross sales as a permit fee.
- B. Under an agreement with the City of Bethel the City disposes of all refuse for a fee of \$250 per month.
- C. Amount includes a donation to the City of Bethel of \$1,750.

ORGANIZATION AND OPERATIONS

Community Liquor Sales, Inc. was incorporated under Alaska law in December of 1966 and is a City controlled retail liquor distributor in Bethel, Alaska.

The corporation was organized without issuance of capital stock. The operations are controlled by a Board of Trustees. The Corporation has entered into a rental lease and permit fee arrangement with the City of Bethel for operation of the only liquor store in the area. The primary purpose of the corporation is to curtail bootlegging operations in the area by establishing a local retail outlet for the sale of alcoholic beverages.

The Board of Trustees, who serve without remuneration are as follows:

Kevin Murphy

John Snodgrass

Dave Swanson

CITY OF BETHEL

AUDIT REPORT

JUNE 30, 1970

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HEDLA, SHERWOOD & Co.  
MERGED WITH  
ARTHUR YOUNG & COMPANY

730 "I" STREET  
ANCHORAGE, ALASKA 99501  
(907) 277-7613

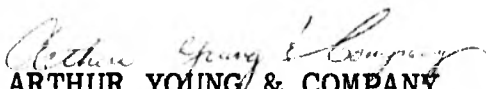
Honorable Mayor and  
Members of Council  
City of Bethel  
Bethel, Alaska

We have examined the balance sheets of the various funds as of June 30, 1970, and the related statements of revenue and expenditures and fund balances for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances except that we did not independently confirm amounts due from the State of Alaska as to which we were able to satisfy ourselves by other procedures.

The City of Bethel has not established any continuing property records, therefore our examination relating to fixed assets was limited to expenditures during the current year.

The City of Bethel may be contingently liable for any deficiency which may be determined by the Internal Revenue Service as a result of a pending audit of Bethel Sales, Inc. as mentioned in Note A to the financial statement.

In our opinion, with the exceptions stated in the preceding paragraphs, the accompanying balance sheets, statements of revenue and expenditures and statement of fund balances present fairly the financial position of the various funds of the City of Bethel at June 30, 1970 and the results of operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with the preceding year.

  
ARTHUR YOUNG & COMPANY  
Certified Public Accountant

October 2, 1970

CITY OF BETHEL  
GENERAL FUND

BALANCE SHEET

JUNE 30, 1970

ASSETS

Cash:

Cash on hand		\$ 50
Cash in bank - checking		72,606
Cash in bank - certificates of deposit		145,000
Total cash		<u>217,656</u>

Receivables:

Sales tax receivable	\$23,720	
Community Liquor Sales, Inc.	57,858	
State of Alaska:		
Reimbursement of prisoner care	\$ 2,000	
Business license refund	<u>10,186</u>	12,186
Sanitation accounts receivable	10,519	
<u>Less:</u> Allowance for uncollectible accounts	<u>4,446</u>	6,073
Accrued interest receivable		2,544
Due from Capital Projects Fund		<u>2,034</u> 104,415

Restricted Assets:

Cash - Rural Development Project - construction account		1,964
--	--	-------

Other Assets:

Deposit on fire truck lease	1,883	
Deposit	200	
Prepaid insurance	<u>3,962</u>	<u>6,045</u>
 Total assets		 <u>\$330,080</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable		\$ 20,716
Accrued and withheld payroll taxes		<u>7,969</u>
		28,685

Contingent Liabilities (Note A)

<u>Fund Balance</u>		<u>301,395</u>
---------------------	--	----------------

Total liabilities and fund balance		<u>\$330,080</u>
------------------------------------	--	------------------

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BETHEL  
GENERAL FUND

STATEMENT OF CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 1970

Fund balance - July 1, 1969	\$269,470
<u>Add:</u> Excess of revenues over expenditures for the fiscal year ended June 30, 1970	<u>31,925</u>
Fund balance - June 30, 1970	<u>\$301,395</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BETHEL  
GENERAL FUND

STATEMENT OF REVENUE AND EXPENDITURES - BUDGETED AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 1970

*600,000*

	Budget	Actual	Over (Under) Budget
<b>Revenues: - Operating</b>			
Sales tax	\$ 70,000	\$ 92,627	\$ 22,627
Penalties and interest	1,500	126	( 1,374)
Interest - savings	500	5,894	5,394
Fines	4,500	9,510	5,010
State prisoner care	15,000	24,938	9,938
Business license refund	9,000	11,112	2,112
Sanitation and garbage	20,000	28,393	8,393
City building rental	3,500	3,576	76
Prematernal home	2,000	1,552	( 448)
Community liquor sales	75,000	<u>139,666</u>	64,666
Licenses and permits	250	172	( 78)
State revenue sharing	11,000	24,150	13,150
Factory rental	13,800	-0-	( 13,800)
Miscellaneous	500	559	59
Revenue from sale of equipment		604	604
Total operating revenues	226,550	342,879	116,329
<b>Other Revenues:</b>			
Neighborhood facilities:			
Federal share	265,720	-0-	( 265,720)
City savings account	95,000	-0-	( 95,000)
Total other revenues	360,720	-0-	( 360,720)
Total revenues	\$587,270	\$342,879	(\$244,391)
<b>Operating Expenditures:</b>			
General government:			
Office expense	\$ 3,000	\$ 4,716	\$ 1,716
Office supplies	1,500	1,887	387
Office salaries	30,000	33,221	3,221
Legal and audit	4,500	6,509	2,009
Insurance	4,000	5,303	1,303
Payroll taxes	7,500	11,094	3,594
Elections	100	157	57
Travel and entertainment	4,000	3,573	( 427)
Legal and audit expenditures for capital projects	-0-	5,098	5,098
Total general government	54,600	71,558	16,958

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF BETHEL  
GENERAL FUND**

**STATEMENT OF REVENUE AND EXPENDITURES - BUDGETED AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 1970**

(Continued)

	Budget	Actual	Over (Under) Budget
<b>Public Safety:</b>			
Police salaries	\$ 17,800	\$ 26,437	\$ 8,637
State Police	7,200	5,400	( 1,800)
Police operating costs	1,500	2,128	628
Jail salaries	36,000	38,551	2,551
Jail operating costs	5,700	4,840	( 860)
Prisoner feeding	12,000	18,691	6,691
Fire Department	3,000	7,644	4,644
Total public safety	83,200	103,691	20,491
<b>Community Projects:</b>			
Library	1,000	678	( 322)
City buildings	3,000	2,601	( 399)
Museum	500	167	( 333)
Artifacts	500	195	( 305)
Prematernal home	2,500	2,079	( 421)
Newspaper	6,300	6,068	( 232)
Dog control	750	675	( 75)
Mosquito control	1,000	-0-	( 1,000)
City garage	3,000	2,665	( 335)
Community Liquor	3,000	2,875	( 125)
Community Center	5,000	-0-	( 5,000)
Miscellaneous	3,600	2,285	( 1,315)
Total community projects	30,150	20,288	( 9,862)
<b>Public Works:</b>			
Sanitation salaries	34,000	28,323	( 5,677)
Dump maintenance	1,500	1,424	( 76)
Vehicle maintenance	5,000	1,427	( 3,573)
Sanitation and garbage	4,000	15,871	11,871
Provision for uncollectible sanitation and garbage accounts		1,000	1,000
Road construction and repair	25,000	10,931	( 14,069)
Street lights	5,000	1,581	( 3,419)
Water front	12,000	149	( 11,851)
Parks and recreation	22,000	5,736	( 16,264)
Parks and recreation salaries		10,613	10,613
	108,500	77,055	( 31,445)

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BETHEL  
GENERAL FUND

STATEMENT OF REVENUE AND EXPENDITURES - BUDGETED AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 1970  
(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Other Expenditures:			
Neighborhood facilities:			
Federal share	\$265,720	\$ -0-	(\$265,720)
City share	95,000	450	( 94,550)
Total neighborhood facilities	<u>360,720</u>	<u>450</u>	<u>( 360,270)</u>
Capital Outlays:			
Community projects	19,000		
Sanitation trucks and tank		23,516	
Police van		4,129	
Office equipment		1,950	
Jail improvements		989	
Playground equipment		1,571	
Library equipment		2,056	
Street lights		1,186	
City garage improvements		2,062	
City building improvements		453	
Total capital outlay	<u>19,000</u>	<u>37,912</u>	<u>18,912</u>
Total expenditures	<u>656,170</u>	<u>310,954</u>	<u>( 345,216)</u>
Excess of revenues over expenditures	<u>(\$ 68,900)</u>	<u>\$ 31,925</u>	<u>\$100,825</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BETHEL  
GENERAL FUND

NOTES TO FINANCIAL STATEMENTS

Note:

1. An audit of Bethel Sales, Inc., a City controlled retail liquor outlet, is in progress by the Internal Revenue Service relating to certain payments made to the City covering a period of operations from March 1964 through December 1965. Should the findings of the Internal Revenue Service be unfavorable, the City may be required, as transferee, to assume the liability for any deficiency that may be determined.

CITY OF BETHEL  
GENERAL FUND

SUPPLEMENTARY COMMENTS

Cash

\$217,656

Cash balances at June 30, 1970. were:

Cash in bank - general checking	\$ 72,606
Cash in bank - time savings certificates	145,000
Cash on hand	50
	<u>\$217,656</u>

Cash in bank was confirmed directly with the depository, Kuskokwim Branch, The First National Bank of Anchorage, at Bethel, Alaska and reconciled to the City's records. The time certificates bear interest at 4 to 5% per annum.

Sales Tax Receivable

\$ 23,720

This amount represents City sales taxes collected by local business entities and due the City at June 30, 1970.

State of Alaska - Prisoner Care

\$ 2,000

This amount is due from the State of Alaska for care of State prisoners in the Bethel City Jail through June 30, 1970.

State of Alaska - Business License Refund

\$ 10,186

Represents the share due the City of Bethel for business license taxes collected by the State of Alaska through June 30, 1970.

Sanitation Accounts Receivable

\$ 10,519

This amount is due from sanitation customers at June 30, 1970. The reserve for uncollectible accounts of \$4,446 was determined to be adequate.

Restricted Assets -- Rural Development Project

\$ 1,964

This amount is the unexpended balance of a \$5,000 grant from the State of Alaska. The grant is for the purpose of improvements to the river front.

CITY OF BETHEL  
GENERAL FUND

SUPPLEMENTARY COMMENTS  
(Continued)

Deposit on Fire Truck Lease

\$ 1,883

The City of Bethel has entered into a lease contract with option to purchase a fire truck. The \$1,883 deposit is for the fiscal year ended June 30, 1971. Subsequent year payments are due July 1, of each year from 1971 to 1974. If payments are made annually, the total amount paid will be \$12,698 for the full term of the lease.

Liabilities

All known liabilities have been accrued and made a part of this report.

GENERAL COMMENTS

The City carries standard workmen's compensation, public liability, and accident insurance on volunteer firemen.

A fidelity bond in the amount of \$50,000 is carried on the City Treasurer.

CITY OF BETHEL  
CAPITAL PROJECTS FUND

MULTI-PURPOSE COMMUNITY CENTER

BALANCE SHEET

JUNE 30, 1970

ASSETS

Cash on hand	\$ 2,869
Receivable - Economic Development Administration	<u>6,150</u>
Total assets	<u>\$ 9,019</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Contract payable - retainage	16,736
Due - General Fund	<u>2,034</u>
	18,770
Fund balance	( <u>9,751</u> )
Total liabilities and fund balance	<u>\$ 9,019</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BETHEL  
CAPITAL PROJECTS FUND

STATEMENT OF REVENUES AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1970

Expenditures:	
Sinking Fund deposit	\$ 5,100
Interest expense	<u>6,486</u>
Total	<u>\$11,586</u>
Excess of expenditures over revenues	<u>\$11,586</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BETHEL  
CAPITAL PROJECTS FUND

STATEMENT OF CHANGES IN FUND BALANCE  
JUNE 30, 1970

Fund balance - June 30, 1969	\$ 1,835
<u>Less:</u>	
Excess of expenditures over revenues	<u>11,586</u>
Fund balance - June 30, 1970	<u>(\$ 9,751)</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BETHEL  
BOND SINKING FUND

BALANCE SHEET

JUNE 30, 1970

ASSETS

Cash in bank	\$ 5,283
Accounts receivable	<u>27,852</u>
	33,135
Amount to be provided in future years	<u>119,000</u>
Total assets	<u>\$152,135</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Interest payable	\$ 2,529
Bond payable	119,000
Fund balance	<u>30,606</u>
Total liabilities and fund balance	<u>\$152,135</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BETHEL  
BOND SINKING FUND

STATEMENT OF REVENUES AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1970

Revenues:	
Rental income	\$10,800
Royalty income	17,052
Contributions from Capital Projects Fund	<u>5,100</u>
	<u>32,952</u>
Expenditures:	
Interest	<u>2,346</u>
Excess of revenues over expenditures	<u>\$30,606</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BETHEL  
BOND SINKING FUND

NOTES TO BALANCE SHEET

Note:

1. The City of Bethel has entered into a loan and grant agreement with the Economic Development Administration of the United States Department of Commerce. Under the terms of this agreement, a multi-purpose community and training center was financed by an EDA grant in the amount of \$467,450 and a loan in the amount of \$119,000 to the City of Bethel. The loan was made by the purchase of City of Bethel revenue bonds. The Economic Development Administration has purchased these revenue bonds issued in denominations of \$1,000, with interest of 4-1/4% payable semi-annually. The revenue bonds have a maturity date of July 1, 1980; the City has reserved the right to redeem any or all of the bonds outstanding in whole or in part in inverse numerical order on any interest payment date. The City of Bethel is to receive an annual lease rental for the use of the project facilities of not less than \$5,400 and a royalty of \$84 on each pre-fabricated housing unit sold to the Alaska State Housing Authority. The lease agreement has been approved by the Economic Development Administration and all revenues from the project facility are pledged to the retirement of the revenue bonds.

2. Accounts Receivable	<u>\$27,852</u>
Equipment rent due from Braund, Inc.	\$10,800
Royalties due from Braund, Inc.	<u>17,052</u>
Total	<u>\$27,852</u>

The above accounts receivable have been accrued for the period ended June 30, 1970. The royalties due from Braund, Inc. for 203 houses at \$84 each is disputed by Braund, Inc. but legal counsel is of the opinion that the royalties are due the City of Bethel. The amounts receivable for rent and royalties are pledged to bond retirement. Legal counsel for the City of Bethel reports that efforts will be made to obtain satisfaction from the contractor's bonding company in the event of default by the contractor.

Bethel, Alaska is the economic, social, transportation and communication hub for approximately sixty villages spread over an area of 100,000 square miles.

Lacking a stable economic base, and strained by rapidly increasing demands for educational facilities, health care, law enforcement, sanitation, water supply, transportation, recreation and other imperative services, Bethel struggled to meet obligations far beyond the scope of its resources.

Relief came in the form of an unusual community enterprise. Bethel Community Liquor Sales a corporation with a "package" liquor retail license which produces half of Bethel's city income.

Bethel fully realizes it must develop a broader, sounder, more versatile economic base. Meanwhile, Community Liquor Sales Inc. provides the bridge between an outmoded subsistence economy and a mature community equipped to cope with 20th century problems and needs.

COMMUNITY LIQUOR SALES INC. WAS APPROVED BY BETHEL VOTERS IN 1966 AS A NON-PROFIT ENTERPRISE DESIGNED, IN GREAT PART, TO ELIMINATE UNCONTROLLED SALES OF BOOTLEG LIQUOR. THE ARTICLES OF INCORPORATION SPECIFY THAT THE CORPORATION OPERATE ON PREMISES RENTED FROM THE CITY, AND THAT ALL INCOME OVER OPERATING EXPENSES BE DONATED TO THE GENERAL FUND OF THE CITY OF BETHEL.

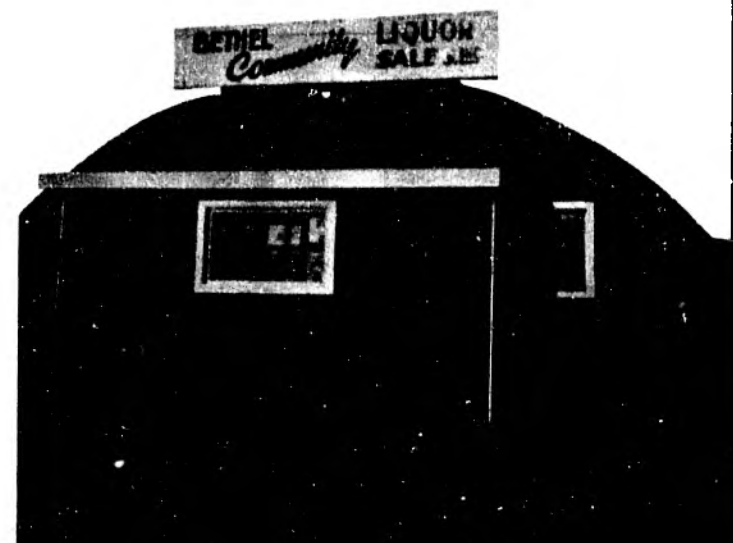
MEMBERSHIP IS STRICTLY LIMITED TO PERSONS APPOINTED ANNUALLY BY THE BETHEL CITY COUNCIL. THE BOARD OF TRUSTEES IS ELECTED BY ANNUAL MEMBERSHIP MEETINGS, AND VACANCIES ARE FILLED BETWEEN MEETINGS BY CITY COUNCIL APPOINTMENT.

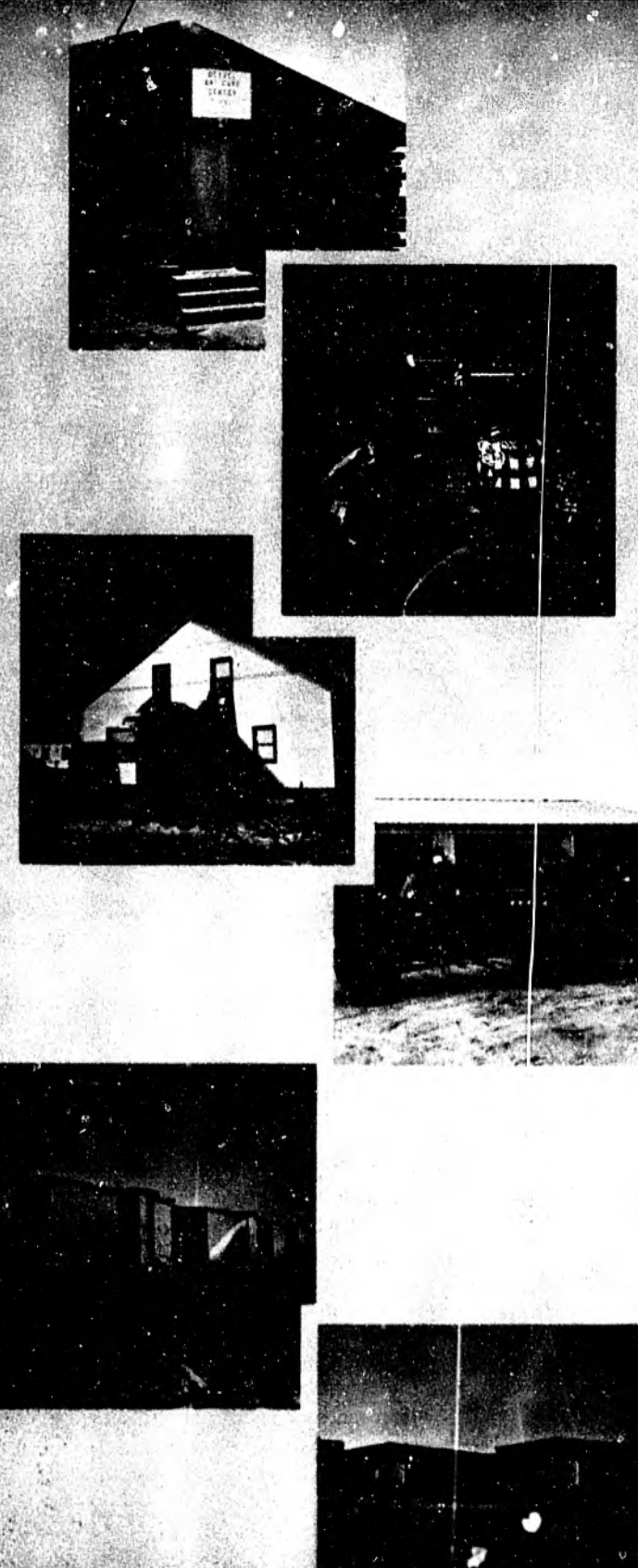
THE BY-LAWS REQUIRE AN ANNUAL AUDIT BY "THE SAME AUDITOR AS IS UTILIZED BY THE CITY OF BETHEL". THESE AUDIT REPORTS ARE, OF COURSE, AVAILABLE FOR INSPECTION BY BETHEL RESIDENTS OR BY ANY PARTIES OR AGENCIES WITH AN OFFICIAL INTEREST IN THE OPERATION OF THE CORPORATION.

 1 COLOR ART PRINTING

# A BRIDGE TO THE FUTURE

The Story Of  
COMMUNITY LIQUOR  
SALES CORPORATION  
Of Bethel





**EDUCATION IS A BASIC AND URGENT NEED AMONG BETHEL'S PEOPLE — AND THEIR GREATEST HOPE. THE DAY CARE CENTER MAKES IT POSSIBLE FOR MOTHERS OF YOUNG CHILDREN TO ATTEND ADULT EDUCATION CLASSES, AND OFFERS A PRE-SCHOOL EDUCATIONAL PROGRAM WHICH AUGMENTS GENERAL HEALTH CARE AND RENDERS PROFESSIONAL GUIDANCE TO YOUNGSTERS WHO WOULD OTHERWISE BE WITHOUT PROPER SUPERVISION. MANNED BY A TRAINED STAFF, THE DAY CARE CENTER VIVIDLY ILLUSTRATES BETHEL'S PROGRESSIVE APPROACH TOWARD SOLVING ITS MONUMENTAL SOCIAL AND ECONOMIC PROBLEMS.**

**UNTIL ADVENT OF THIS PRE-MATERNAL HOME IN 1967, THE BETHEL AREA HAD HIGHEST MATERNAL MORTALITY RATE, AND HIGHEST INFANT MORTALITY RATE. ON THE NORTH AMERICAN CONTINENT, 70% OF BABIES WERE BORN IN THE "BUSH". NOW 90% ARE BORN IN BETHEL HOSPITAL, AND MORTALITY RATES HAVE BEEN SUBSTANTIALLY REDUCED.**

**BETHEL'S MUCH NEEDED NEW FIRE FIGHTING EQUIPMENT WAS MADE POSSIBLE BY COMMUNITY LIQUOR SALES INC. NEW SANITATION VEHICLES, ADEQUATE GARBAGE DISPOSAL AND ADDITIONS TO LAW ENFORCEMENT FACILITIES ARE OTHER IMPROVEMENTS BY WHICH BETHEL, THROUGH CLS, IS OVERCOMING SUBSTANDARD PUBLIC HEALTH AND SAFETY CONDITIONS OF THE PAST.**

**NEW RECREATIONAL FACILITIES STRUCTURES (BOTTOM LEFT) WILL PROVIDE A FOCAL POINT FOR A NUMBER OF SOCIAL, ECONOMIC, EDUCATIONAL AND RECREATIONAL PROGRAMS DEMANDED BY RAPIDLY EXPANDING POPULATION. BETHEL'S PROGRESSIVE PLANS ALSO INCLUDE ACQUISITION OF THIS WAREHOUSE (BOTTOM RIGHT) FOR DEVELOPMENT AS A MULTI-PURPOSE COMMUNITY CENTER. CURRENTLY ONE HALF OF THE BUILDING IS UTILIZED AS A TEMPORARY SCHOOL CLASSROOM WHICH ELIMINATES THE NEED FOR DOUBLE SHIFTING IN THE FORESEEABLE FUTURE.**

As a 4th class city, Bethel's revenue sources are limited to a sales tax and to state or federal matching fund programs. It is Community Liquor Sales Inc. which has enabled Bethel to produce its share of matching funds for urgently needed projects. And without CLS the sales tax income, basically inadequate in itself, would shrink even further.

Community Liquor Sales Inc. has given Bethel a desperately needed toe-hold on the future. It enables the city to provide vital current services, and to develop an economic base capable of meeting the tremendous needs looming in the future.

Thanks to Community Liquor Sales, a small boat harbor has become feasible. Plans are in gear for a new library, a multi-purpose Community Center, and a public safety building and jail. Road construction and property surveys — essential keys to an expanded tax base, long blocked for lack of funding — are now within the scope of Bethel city planning.

Without Community Liquor Sales, all this forward motion would quickly die. And even the current level of minimum services — sanitation, fire protection, garbage disposal, police protection and recreational programs — would be drastically curtailed.

Bethel knows no practical alternative to Community Liquor Sales today. But it is CLS itself which provides hope for those alternatives tomorrow.

*File*

FEDERAL FIELD COMMITTEE FOR  
DEVELOPMENT PLANNING IN ALASKA  
SUITE 400, 632 SIXTH AVENUE  
ANCHORAGE, ALASKA 99501

February 24, 1971

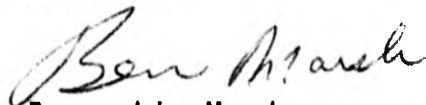
Honorable Mike Miller  
Chairman, House Local Government Committee  
Alaska State Legislature  
Juneau, Alaska 99801

Dear Representative Miller:

I am writing to urge support for House Bill 130, which would permit fourth-class cities to form non-profit liquor sales corporations. In my work with the fourth-class cities, I am increasingly aware of the financial limitations of these communities caused by lack of tax base and inability to issue bonds. Many communities cannot take advantage of federal programs because they cannot furnish the local matching funds. Some have difficulty in providing minimum essential services. The community liquor sales approach has worked very well in Bethel, where it has permitted the city to provide many services it would otherwise be unable to do.

I am aware that the liquor industry fears HB 130 because they feel it may lead to publicly owned or state operated liquor stores. I can see no reason why the state or the larger cities would have any such interest, and I feel that the privilege should be logically confined to the fourth-class cities where the power to tax real property is absent.

Sincerely,



Bernard L. Marsh  
Community Development Coordinator

cc: Mr. David Webb  
City Manager  
Bethel, Alaska

ALASKA JUDICIAL COUNCIL

OFFICE OF THE CLERK  
JUDICIAL COUNCIL  
ANCHORAGE, ALASKA



OFFICE OF THE CLERK  
JUDICIAL COUNCIL  
ANCHORAGE, ALASKA

JUSTICE.

*quote*

6. AS EACH COMMUNITY SHOULD HAVE BETTER CONTROL OF ITS AFFAIRS, LEGISLATION SHOULD BE ENACTED TO AUTHORIZE THE ISSUANCE OF PACKAGE AND BY-THE-DRINK LIQUOR LICENSES TO CORPORATIONS WHOLLY OWNED BY MUNICIPAL CORPORATIONS OR ORGANIZED COMMUNITIES.

*no quote*

7. THIS CONFERENCE RECOMMENDS THAT ANOTHER JUSTICE IN THE BUSH CONFERENCE BE HELD SOMEWHERE IN A RURAL COMMUNITY.