

72

HILG:

HB 552

-

HB 596,

HB 597,

HB

598

72

# CHAMBER of COMMERCE



Box 649

Petersburg, Alaska 99833

February 21, 1972

Representative Mike Miller, Chairmen  
Local Affairs Committee  
State House of Representatives  
Pouch V  
Juneau, Alaska 99801

Dear Mike:

House Bill No. 552 is now in your committee, as we understand it, and it is a matter of much concern to the Petersburg Chamber of Commerce. At our last meeting we voted unanimously to write you expressing our total opposition to this bill as it is now written.

Mainly, we object to any concept which would weaken the autonomy of home rule cities, for we believe the best government is that which is localized with a firsthand knowledge of the problems of that particular community.

Secondly, we believe that economic development is best administered in a division specializing on that only. We believe that H. B. 552, as it now stands, will open the door to a new set of problems.

We urge that your committee not recommend its passage.

Very truly yours,

*Mike Dean*  
Mike Dean, President

sb

cc: Senator Pete Meland  
Representative Ernie Haugen

February 17, 1972

Mr. Harold Pomeroy  
4048 Wright  
Anchorage, Alaska

Dear Mr. Pomeroy:

Representative Mike Miller asked me to notify you that the House Local Government Committee is having a meeting on February 25 at 10:00 in the House Conference Room. Victor Fischer, Director, ISEGR, will be speaking on House Bill's 552, 596, 597 and 598. Enclosed are copies of these bills.

Sincerely,

Terry Gardiner  
Committee Assistant

enc. 4

February 15, 1972

Mr. John P. Bowers  
City Manager  
City of Petersburg  
P. O. Box 329  
Petersburg, Alaska 99833

Dear John:

Thank you for your letter of February 10 relative to House Bill 552. We will, as you requested, enter this letter as testimony in opposition to the bill. We appreciate your advising us of your views in this matter.

Best personal regards.

Sincerely,

Mike Miller, Representative  
District Four (Juneau)

# CITY OF PETERSBURG

P. O. Box 329 • PETERSBURG, ALASKA 99833

February 10, 1972

Mike Miller, Chairman  
Local Government Committee  
House of Representatives  
Pouch V  
Juneau, Alaska 99801

Dear Mike:


At the regular City Council meeting held on February 9, 1972, the City Council, City of Petersburg, directed me to write to you about HB 552.

It was the opinion of the majority of the Council that HB 552 is, as it is written now, not at all satisfactory. They wish to register strong opposition to its passage, and I would ask that this letter be entered into the testimony of any hearings held by your committee on the piece of legislation.

Thank you for your consideration of this matter.

Sincerely,

CITY OF PETERSBURG



John F. Bowers  
City Manager

JPB/sme

cc: Senator Pete Meland  
Representative Ernie Haugen



HB

564

February 18, 1972

MEMORANDUM

TO: George W. Easley, Commissioner  
Department of Public Works  
FROM: Mike Miller, Chairman  
House Local Government Committee  
RE: House Bill's 564, 610, 612

George -

The attached three bills will be up for discussion at a meeting of the House Local Government Committee Monday morning at 9:00 a.m. We would appreciate it if you or a member of your staff could be present to give the department's views on this proposed legislation.

Introduced: 1/31/72  
Referred: Local Govern-  
ment and Finance

1 IN THE HOUSE

BY SWANSON AND MOORE

2 HOUSE BILL NO. 564

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act appropriating to the Department of Public  
7 Works; and providing for an effective date."

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

9 \* Section 1. The sum of <sup>to be read 1,020,000</sup> (\$680,000) is appropriated from the general fund  
10 to the Department of Public Works for the purchase and operation of con-  
11 struction service units. Unexpended balances from this appropriation shall  
12 lapse on June 30, 1973.

13 \* Sec. 2. This Act takes effect on the day after its passage and  
14 approval or on the day it becomes law without approval.

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HB

582

February 9, 1972

Honorable William A. Egan  
Governor of Alaska  
Pouch A  
Juneau, Alaska 99801

Dear Governor Egan:

*file*  
↙ ↘

As Chairman of your Tourism Advisory Board, I am submitting this brief report on our meeting in Juneau, February 3-4, 1972. Eleven of the twenty-five members attended and participated in the discussions. All Board members greatly appreciated your taking time from your busy schedule to speak with us on Friday morning.

Our agenda included a review of travel related legislation by Representative Mike Miller, a report by the new Travel Director Guy Russo on future prospects for the visitor industry and a progress report from Bill Morris and Bert Esmond on the expansion programs of the Marine Transportation Division.

The Board discussed the proposed reorganization of the Alaska Travel Division and noted your introduction of HB 581 and HB 582 which would place the Division and Board within the Office of the Governor. The Board felt that the Division had functioned creditably within the Department of Economic Development but we would not oppose a transfer, providing all former functions were also transferred. Specifically, the Board recommended that the Community Matching Grant Program be made a part of the Travel Division if the Division is to be moved. If the momentum of the Travel Division's program is to be maintained, the program must be fully funded and staffed.

Because we recognize the unique position of the Travel Division as the State's promotional arm, we propose that a Sales Promotional Fund, not to exceed \$3,000, be included in the budget. This money would be used to defray unusual but necessary expenditures incurred by the Director and the Convention Coordinator in promoting travel to Alaska.

Honorable William A. Egan  
February 9, 1972  
Page 2

Recognizing that the number of campers visiting Alaska will continue to grow, we strongly urge that all affected departments re-examine their programs in order to keep pace. We suggest improvement of existing camper sites and construction of new facilities.

Tour ship visitors will continue to play an important part in the Alaska travel scene. The Board noted the need for improved port facilities and felt that perhaps State or municipal officials might wish to consider the creation of port authorities.

The members reaffirmed their position that the Tourism Advisory Board be streamlined to more effectively carry out its duties. We recommend that the Board be reduced to nine members, one of whom would be either the executive director or an officer of the Alaska Visitors Association.

Additionally, we urge the annual appointment of a recognized travel authority from outside Alaska to serve in an ex-officio capacity. Although we propose three meetings a year, the ex-officio member would only be invited to attend one in order to keep travel cost to a minimum.

The Board further recommended that the Tourism Advisory Board be established in line with other boards and commissions in so far as travel and per diem are concerned. We estimate that under this proposal the Board could be totally funded with an annual appropriation of \$7,500.

It appears the most effective way of implementing our recommendations on streamlining the Board would be to incorporate the provisions in your bill, HB 582. We urge you do so.

This summarizes our actions and recommendations. Should you have any specific questions, I would be happy to discuss them in more detail with you.

Sincerely,

Don Dickey, Chairman  
Tourism Advisory Board

cc: Guy Russo  
Tourism Advisory Board

February 13, 1970

Honorable Keith H. Miller  
Governor of Alaska  
State Capitol Building  
Juneau, Alaska 99801

Dear Governor Miller:

As Chairman of your Tourist Advisory Board, I am pleased to report that the Board held a meeting here in Juneau on the afternoon of February 5. The attendance was small primarily because eight members' terms had expired on January 31, 1970, and the meeting notice was not given as early as we would like since we had not received confirmation from the Senate and House as to when the travel presentation would be given to the joint session. This date, in past years, has determined the winter meeting date for the TAB and the Alaska Visitors Association.

The following Board members, in addition to myself, were in attendance:

Joyce Gallaher, Nome  
Celeste Corde, Ketchikan  
Al Parrish, Fairbanks  
Bob Chernich, Anchorage  
Jim Dodson, Jr., Anchorage  
Don Berry, Juneau

Also attending was Bill Schafer, Director of the Alaska Travel Division, with his staff members Mike Miller, Eric McNewell and Dutch Dorr. Mr. Jay Rockey and Mr. Don Kraft of our advertising firm Murray/Kraft/Rockey, Inc. were also in attendance as observers, as was Mr. Yoshio Katsuyama, Director of the Alaska State Office in Tokyo.

Attached is a copy of the memorandum which was sent to all Advisory Board members advising them of the meeting and indicating the agenda items. All of these items were reported on by the appropriate individuals and discussion was held on each item.

February 12, 1970

Page 2.

The agenda item which consumed the majority of our time and discussion was the future of the Tourist Advisory Board. It was the unanimous decision of the Board to recommend to you that the Board, as it exists today, be dissolved and that a new Board under the same name be structured to make it a little more meaningful and responsive to the Alaska travel industry. The Board, therefore, respectfully requests your consideration of the following:

Total membership of the new Board would be eleven: seven members to be appointed by you; two members from the Alaska Visitors Association who would be the President and Executive Director and who would automatically be members of the Board by virtue of their positions; and two members outside of Alaska, appointed by you, who are prominent in the tourist industry, nationally or internationally, and who have no economic ties whatever with Alaska and the travel industry in Alaska. The Board further feels that the Tourist Advisory Board should be established as other Boards and Commissions are insofar as travel and per diem reimbursement are concerned. It is felt that the Board should meet at least three times per year, one of which would be in Juneau. The other meetings could be anywhere in the State. The two advisory or ex officio members would be called to meet with the Board only once a year.

It was felt that the smaller board of people who are vitally interested in the tourist industry could be very helpful to your office. There are state agencies other than the travel division that are directly or indirectly involved in the tourist industry such as Parks and Recreation, Highways, Department of Labor, and others. As recommendations are received by your office, they can be evaluated and put into the proper channels for action.

Based on holding three meetings per year, the new Board could be totally funded with an appropriation of \$10,000.

Also attached is a suggested press release covering the newly constituted Board and the action of the prior Tourist Advisory Board. Attached in addition is a list of prospective Board members, names and addresses.

We respectfully request your favorable consideration of this proposal. I would be pleased to discuss this with you personally if you should desire, and would be happy to assist in drafting any

Keith M. Miller, Governor

February 13, 1970

Page 3.

necessary legislation.

Sincerely,

Don Dickey, Chairman  
Tourist Advisory Board

attachments

Prospective Board Members:

Mr. Don Dickey  
Alaska State Chamber of Commerce  
208 NBA Building  
Juneau, Alaska 99801

Mr. ... E. Ellis  
Box 1059  
Ketchikan, Alaska 99901

Mr. Dean Williams  
1401 Martin Road  
Juneau, Alaska 99801

Mrs. Neil Bergt  
% Interior Airways  
Fairbanks, Alaska 99701

Mr. Jim Binkley  
P. O. Box G  
Fairbanks, Alaska 99701

Mrs. Joyce Gallaher  
Box 875  
Nome, Alaska 99762

Mr. Jim Dodson, Jr.  
Bcx 4-1146  
Spennard, Alaska 99503

Mr. Mel Harris  
Pan American Airways  
Fairbanks, Alaska 99701

Mr. Hans Beckerworth  
General Manager  
Hickel Hotels  
Anchorage, Alaska 99501

Alaska Visitors Association

Mr. John Munroe, President  
and  
Mr. Frank Seymour, Executive Director

Prospective Advisors

Mr. Edward Barnet, Head  
School of Travel Industry Management  
College of Business Management  
University of Hawaii  
Honolulu

Mr. Bob Sullivan, Executive Director  
San Francisco Convention Bureau  
San Francisco, California



NEWS

Office of the Governor  
of ALASKA

Keith H. Miller, Governor

February 26, 1970

-56-

JUNEAU--Serious consideration is being given by the office of Governor Keith H. Miller to reduce the size of the Tourist Advisory Board from 25 members to a 9-member board, it was announced today.

In a report to the Governor following a two-day meeting in Juneau, the Tourist Advisory Board recommended the new structure.

The report proposes seven Alaskans to be appointed by the Governor and two ex officio members to be appointed from the ranks of national or international tourism. Of the seven Alaskan members, it is recommended that two would come from the newly reorganized Alaska Visitors Association, namely the President and the Executive Manager; the ex officio members would be travel promotion leaders and experts who have no direct economic ties with the Alaska travel industry but whose expertise in the field could be especially valuable to the State.

The Tourist Advisory Board was authorized by the Legislature in 1959, establishing the 25-man board with overlapping three-year terms. At that time, it was under the Department of Commerce. Later, legislative action moved the board to the Department of Economic Development.

September 4, 1970

The Honorable Keith H. Miller  
Governor, State of Alaska  
Pouch A  
Juneau, Alaska 99801

Dear Governor Miller:

In just two weeks September 17-19, the Alaska Visitors Association will hold their annual conference in Eetchikan. As Chairman of your Tourist Advisory Board, I have been invited to speak as a panel participant on the role of State and private cooperation in the promotion of Alaska tourism. In order to intelligently discuss the subject, I feel it is necessary that I have some understanding as to the present and future status of this board.

You will recall that on February 13, following our last meeting, I wrote suggesting a complete revision of the board. In order that we might more effectively serve you and fulfill our responsibility, the board recommended reducing the existing 25 members to a 9 member board plus two outside advisors for a total of 11. We suggested that 7 members be appointed by you--that two members of the Alaska Visitors Association, namely the president and executive director, would automatically be members of the board and two members outside of Alaska would be appointed by you because of their prominent role in the tourist industry but having no economic ties in Alaska and the travel industry in our state. On February 26, your office issued a news release indicating you were giving serious consideration to our recommendations. Because I have not heard specifically what your intentions are for the future of this board, I am writing for clarification.

I realize if you were to restructure the board to the smaller size and, if for the first time travel and per diem were to be provided as was proposed, your appointments and proposals would undoubtedly require legislative confirmation next session. My purpose in writing you at this time is to remind you of our recommendations and to learn what action you propose so that I might inform the AVA delegates during my presentation. I am attaching a copy of our recommendations and the news release referred to in this letter.

May I have your thinking, Governor?

Sincerely,

Don Dickey, General Manager

enclosures

HB

5 8 8



JUNEAU ALASKA

Alaska State Legislature  
House

May 24, 1972

Mr. Richard Pierson  
R.R. 4, Box 4628  
Juneau, Alaska 99801

Dear Mr. Pierson:

You will be pleased to know that House Bill 588, about which you wrote earlier this year, passed the House today by a vote of 25 to 9. The measure now goes to the Senate and I am very hopeful of its passage by that body.

Sincerely,

A handwritten signature in cursive script that reads "Mike Miller".

Mike Miller, Representative  
District Four (Juneau)

May 9, 1972

Mr. Richard Pierson  
R.R. 4, Box 4628  
Juneau, Alaska 99801

Dear Mr. Pierson:

Thank you for your recent telegram relative to HB 588 which would include correctional officers as peace officers under the terms of the Public Employees Retirement System. At the present time, this bill is under consideration by the Finance Committee. I am sending a copy of your letter to George Hohman, Chairman, so that he can consider your views on the subject.

I appreciate your taking the time to express your views and I will certainly take them into consideration when it comes time to vote on this issue.

Sincerely,

Mike Miller, Representative  
District Four (Juneau)

# TELEGRAM

ALASKA ALASKA COMMUNICATIONS, INC.

PHONE: 586-6440

JUNEAU, ALASKA 99801

1972 MAY 5 AM 10 06

UNRECORDED

JUNEAU ALASKA 5

RE: VINT WILLIS

JR

AS A PROFESSIONAL OFFICER I HEREBY SOLICIT

YOUR CONTINUED SUPPORT FOR ME

THANK YOU FOR YOUR SUPPORT

WILLIS

March 1, 1972

Mr. Roger V. Endell  
Acting Asst. Superintendent  
S.E.R.C.I.  
P. O. Box 309  
Juneau, Alaska 99801

Dear Mr. Endell:

Thank you for your recent letter relative to HB 588 which would include correctional officers as peace officers under the terms of the Public Employees Retirement System. At the present time, this bill is under consideration by the Judiciary Committee and I understand that hearings will be held on the subject within the next two weeks. By copy of this letter, I am asking the Chairman of the Judiciary Committee to consider your letter as testimony relative to the bill. In addition, I am asking that he advise me when hearings are scheduled so that I, in turn, can contact you in case you wish to make a personal appearance.

Thank you for making your views known to me.

Sincerely,

Mike Miller, Representative  
District Four (Juneau)

February 28, 1972

The Honorable Mike Miller  
Alaska State House of Representatives  
Pouch "V" State Capitol Building  
Juneau, Alaska 99801

Dear Mr. Miller:

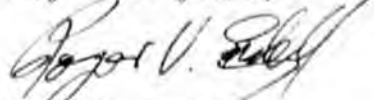
I am writing to ask for your support of House Bill #588 relating to the coverage of correctional officers under the Public Employees Retirement System which is presently in the House Judiciary Committee.

As Assistant Superintendent I am responsible for the actions involving many correctional officers under my supervision at the Southeastern Regional Correctional Institution here in Juneau. Our duties and responsibilities in our efforts to rehabilitate and reintegrate the offender bring us constantly in contact with individuals who are not only capable but also sometimes actively involved in making mental as well as physical attacks on our personnel.

I believe this bill would do a great deal to encourage a high caliber of professional career correctional personnel to stay in the Division and to continue to do a job that is difficult but nevertheless essential toward the betterment of Alaskan society.

I'm sure that you can visualize the difficulties in asking personnel in their fifties and sixties to handle young and physically stronger offenders when a situation becomes difficult. The records will show that officers have been abused and sometimes seriously injured in serving the State of Alaska in this occupation. I feel that the families of our personnel deserve the support of the elected officials of the State in considering this measure. I hope that you will give your sincere attention to the passage of this bill, and I thank you for your consideration.

Very truly yours,



Roger V. Endell  
Acting Asst. Superintendent

dh

February 23, 1972

Mr. Jerome G. Gyurci  
Correctional Officer II  
R.R. 4, Box 4104-29  
Juneau, Alaska 99601

Dear Mr. Gyurci:

Thank you for your recent letter relative to HB 588 which would include correctional officers as peace officers under the terms of the Public Employees Retirement System. At the present time, this bill is under consideration by the Judiciary Committee and I understand that hearings will be held on the subject within the next two weeks. By copy of this letter, I am asking the Chairman of the Judiciary Committee to consider your letter as testimony relative to the bill. In addition, I am asking that he advise me when hearings are scheduled so that I, in turn, can contact you in case you wish to make a personal appearance.

Thank you for making your views known to me.

Sincerely,

Mike Miller, Representative  
District Four (Juneau)

The Honorable Mike Miller

This letter is in regards to the change in House Bill 588 to include Correctional Officers under the Public Employees Retirement System.

I think as a Correctional Officer we should be included in the same early retirement system as are the peace officers & fireman, as our work is somewhat related.

I am very much in support of this bill & hope you will do all you can to help it pass.

Thank you for any interest & time you can give to House Bill 588

Yours Very Truly  
Jerome S. Gyurci  
Correctional Officer II  
P.O. 4 Box 4104-29  
Juneau, Alaska  
99801

February 23, 1972

Mr. LeRoy B. Messing  
Route 4, Box 4104-15  
Juneau, Alaska 99801

Dear Mr. Messing:

Thank you for your recent letter relative to HB 588 which would include correctional officers as peace officers under the terms of the Public Employees Retirement System. At the present time, this bill is under consideration by the Judiciary Committee and I understand that hearings will be held on the subject within the next two weeks. By copy of this letter, I am asking the Chairman of the Judiciary Committee to consider your letter as testimony relative to the bill. In addition, I am asking that he advise me when hearings are scheduled so that I, in turn, can contact you in case you wish to make a personal appearance.

Thank you for making your views known to me.

Sincerely,

Mike Miller, Representative  
District Four (Juneau)

Le Roy B. Messing  
R# 457 Box 4104-15  
Juneau, Alaska 99801  
February 17, 1972

The Honorable Mike Miller  
Alaska State House of Representatives  
State Capitol Building  
Pouch V Juneau, Alaska 99801

Dear Sir:

I am writing this letter in regards to House Bill # 588  
I support this bill, as a member of the Alaska Correctional  
Association, and as an employee working in the Juneau area  
of the Correctional Field.

At present my position is in the Southeastern Regional  
Correctional Institution at Lemon Creek.

As a C.O. II my experience is considerable into the  
hazards of the position. One of the hazards is the constant  
chance of harassment we can receive from disenchanting  
inmates, whether physical or mental.

I feel the chance of confrontation is much greater  
when an officer has reached the 55 yr. bracket, simply  
because the young inmate thinks (or can think) the old  
man an easy mark.

Therefore I support H. B. # 588 whole heartedly

Thank you for any consideration given to my letter

Cordially  
Le Roy B. Messing

March 15, 1972

Sgt. Henry Stuart  
Correctional Officer II  
Northern Regional Correctional  
Institution  
P. O. Box 317  
Fairbanks, Alaska 99701

Dear Sgt. Stuart:

Thank you for your recent letter relative to HB 588 which would include correctional officers as peace officers under the terms of the Public Employees Retirement System. At the present time, this bill is under consideration by the Finance Committee. I am sending a copy of your letter to George Hohman, Chairman, so that he can consider your views on the subject.

I appreciate your taking the time to write and will certainly take your views into consideration when it comes time to vote on this issue.

Sincerely,

Mike Miller, Representative  
District Four (Juneau)

March 1, 1972

The Honorable Mike Miller  
Alaska State House of Representatives  
Pouch "V" State Capitol Bldg.  
Juneau, Alaska 99801

Dear Sir:

Herein lies my request for passage of House Bill 588, The Public Employees Retirement System. I personally feel that the nature of my job as a Correctional Officer for the State of Alaska warrants our being classified as members of the Department of Public Safety. The duties carried out by Correctional Officers are many times hazardous physically as well as mentally. There is always present the physical threat of those mentally sick with whom we have to deal with in our routine work. There is normally the physical threat present made by inmates which we house in our Institutions. This latter threat may continue into our personal lives as well. We are on call 24 hours a day, and our working hours consist of one of the three eight (8) hour shifts which make up our working day. Under the working conditions of which we as Correctional Officers have to perform there is little or no opportunity for planning for recreation in our personal lives as is possible in other areas of employment where normal working hours are a must. The above conditions can be a ruin to our health. It is therefore my request that you consider these conditions and consider us Correctional Officers for re-classification as Peace Officers under the passage of House Bill, 588. Thank you.

Respectfully yours,

*Henry C. Stuart*

Sgt. Henry Stuart  
Correctional Officer II

*Northwest Alaska Correctional Institute*

*20 001 212*

*71701*

Evidently only adds  
Correctional officers & Superintendents  
to the Retirement System  
House Judiciary will be  
considering HB 588 during  
the next 2 weeks

HB

596/597

598

FISCHER

Key bills → 572  
170

} Bill. value ...  
be passed by  
themselves

Look of diff sides handwriting in J  
and ...

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596

...  
2 ...

12, 120 > also ...

HB 520 → <sup>LaQuinto, and ANC</sup> Court procedure of divorce.  
HB 521 → per HB 552.

Students should be ordinary students,  
not create a student form.

Do not give you students at  
last ball.

It would make sense if

← local courts

← regional courts

597-598: No. 10, will need to be  
sanctioned after 5/1/00

Direct communication and not  
with a union or other  
entity.

~~For~~ To be a union or other  
a union is under the law

HB 598 → MORE APPROPRIATE THAN 997

In Favor of combining

- Much greater outreach than present department

- There is a question of fit. In a sense all depts. are interrelated.

Very concerned in getting a community approach started

Feels the Doc has not done sufficient, particularly that she is not integrated

4/2/74

... is a consultant in total - could incorporate its own training, even waits for NMA results.

4/5/74 should be fully integrated, not just ~~in~~ in paper.



← Books —

— N. Slope bars: with the 50 trees  
highest per acre. →

— and trees, historically to be lower

15 mlls → 45 45 per acre per year  
20 " 25 60 45 per acre per year

---

(Li 22 other appropriate)

The local Boundary Commission, shall hold hearings at appropriate places within the unorganized town prior to proposing tentative division of the unorganized area into ~~the~~ unorganized towns. Following the ~~pro~~ publication of tentative boundaries of the unorganized towns, the local Boundary Commission shall hold at least one hearing within the confines of the ~~the~~ proposed tentative unorganized town prior to making final decisions as to the division of the unorganized town.

Delete all of Sec 2

add

Sec 2 - Nothing in this Act  
may be construed to affect any  
bus organization petitions

Now pending or pending in  
the future, but the local  
Boundary Commission shall

take into consideration the  
District No. 200 in dividing  
the unorganized bus, in

considering ~~the~~ any organizing  
petition.

Introduced: 2/7/72  
Referred: Local Government  
and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 596

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for boroughs in the unorganized  
7 borough; and providing for an effective date."

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

9 \* Section 1. AS 07 is amended by adding a new chapter to read:

10 CHAPTER 04. BOUNDARIES AND ORGANIZATION OF BOROUGHS

11 IN THE UNORGANIZED BOROUGH.

12 ARTICLE 1. BOUNDARIES, ADMINISTRATION AND INCORPORATION.

13 Sec. 07.04.010. BOUNDARIES. By the tenth day following the  
14 convening of the first session of the Eighth Legislature, the Local  
15 Boundary Commission shall propose to the legislature a division of the  
16 unorganized area of the state into unorganized boroughs. The Local  
17 Boundary Commission may propose adjustments to the boundaries of exist-  
18 ing boroughs to the extent necessary to secure conformity with the  
19 standards for borough boundaries set forth in the statutes and in the  
20 Constitution of the State of Alaska. A proposed adjustment of existing  
21 boundaries shall provide for those transitional matters the commission  
22 considers necessary or appropriate. The boundaries proposed by the  
23 Local Boundary Commission become effective 45 days after presentation  
24 or at the end of the session whichever is earlier, unless disapproved  
25 by resolution concurred in by a majority of the members of each house.  
26 The proposed division is not subject to modification by the legislature  
27 as an alternative to disapproval, and if disapproved by the legislature  
28 the proposed division made in accordance with this section is of no  
29 effect.

*SAME AS  
MAY 1972 CORPS?*

1           Sec. 07.04.020. ADMINISTRATION. Unorganized boroughs shall be  
2 administered by the Department of Community and Regional Development  
3 as prescribed by the legislature.

4           Sec. 07.04.030. ADVISORY COUNCIL. In each unorganized borough  
5 the lieutenant governor, within 60 days of the establishment of unorg-  
6 anized boroughs in the manner provided in sec. 10 of this chapter shall  
7 provide for election of an advisory council of 11 members. The council  
8 may participate in an advisory capacity in the development and imple-  
9 mentation of state programs and projects relating to the borough.  
10 Elections of council members shall be held every four years.

11           Sec. 07.04.035. COUNCIL MEMBERSHIP. At the time of election and  
12 during their tenure advisory council members shall be qualified voters  
13 of the state and residents of the borough. A vacancy on the advisory  
14 council shall be filled by a person qualified for election to the  
15 advisory council and selected by majority vote of the remaining members  
16 of the council. If a majority of seats on the advisory council are  
17 vacant concurrently, the lieutenant governor shall fill the vacancies  
18 by appointment of persons qualified for election to the advisory  
19 council.

20           Sec. 07.04.040. INCORPORATION. A percentage, determined in  
21 accordance with AS 07.10.020(B), of the qualified voters of an unorgan-  
22 ized borough may petition for organization of the borough as a borough  
23 of the first, second or third class in the manner provided in AS 07.10  
24 and 07.17, except that the petition need not include matter relating to  
25 boundaries.

26                           ARTICLE 2. HOME RULE CHARTERS.

27           Sec. 07.04.050. ADOPTION OF CHARTER. An unorganized borough  
28 established under this chapter may adopt a home rule charter in the  
29 manner prescribed by AS 29.40.010 - 29.40.030 and AS 29.85.110(a) - (d),



1 Community and Regional Development an amended charter fairly meeting  
2 the stated objections to the original charter. The amended charter  
3 shall be evaluated in the same manner as the original charter. No more  
4 than one original and one amended charter may be submitted within one  
5 12 month period.

6 Sec. 07.04.110. RATIFICATION OF CHARTER. If the Local Boundary  
7 Commission determines that the charter meets the standards for organ-  
8 ization it shall notify the lieutenant governor. As soon thereafter as  
9 practicable the lieutenant governor shall provide for an election in  
10 the borough on the question of whether or not the charter is ratified  
11 and for election of the officers provided for in the charter. The  
12 election shall be preceded by publication and posting of the proposed  
13 charter by the lieutenant governor substantially in the manner provided  
14 for other charter elections in AS 29.85.150.

15 Sec. 07.04.120. CERTIFICATION OF RESULTS. If a majority of the  
16 votes cast by the qualified voters of the borough are against ratific-  
17 ation the lieutenant governor shall so certify and shall certify that  
18 the charter is defeated. If a majority of the votes cast by the quali-  
19 fied voters on the question are in favor of ratification the lieutenant  
20 governor shall so certify and declare that the borough in which the  
21 election was held is an organized borough and a municipal corporation  
22 in accordance with the terms of the charter. The lieutenant governor  
23 shall also certify the names of those candidates who received the great-  
24 est number of votes for the offices established by the charter.

25 Sec. 07.04.125. VOTERS, ELECTIONS AND COSTS. (a) A person  
26 is qualified to vote in a borough election authorized in this chapter  
27 if he is qualified to vote in state elections and if he is a resident  
28 of the borough.

29 (b) The lieutenant governor shall supervise elections under this

1 chapter as provided for supervision of other borough elections under  
2 AS 07.10.120(d).

3 (c) The state through the office of the lieutenant governor  
4 shall assume the costs of elections and charter preparation under this  
5 chapter.

6 \* Sec. 2. Nothing in this Act may be construed to affect any organiz-  
7 ation petition pending on the effective date of this Act. All such petitions  
8 shall be acted upon in the manner provided by law in effect prior to the  
9 effective date of this Act.

10 \* Sec. 3. AS 07.05.010 and AS 07.05.040 are repealed.

11 \* Sec. 4. This Act takes effect July 1, 1972.  
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Introduced: 2/7/72  
Referred: Local Government  
and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 597

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for assessment, levy, collection and  
7 distribution of a property tax; and providing for an  
8 of effective date."

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

10 \* Section 1. AS 43 is amended by adding a new chapter to read:

11 CHAPTER 77. PROPERTY TAX.

12 ARTICLE 1. LEVY, ASSESSMENT AND COLLECTION.

13 Sec. 43.77.010. LEVY OF TAX. An annual tax of 15 mills is  
14 levied each tax year, beginning January 1, 1973, on the full and true  
15 value of taxable real and personal property located in the state.

16 Sec. 43.77.020. EXEMPTIONS. The following property is exempt  
17 from the tax levied in sec. 10 of this chapter:

18 (1) an owner-occupied single family dwelling, and the land  
19 it stands on, including but not limited to condominiums to the extent  
20 of the interest of an owner, and household goods and personal effects,  
21 including but not limited to farm equipment, inventory, mechanic's  
22 tools and other equipment necessary to the business of the taxpayer  
23 and other property of the taxpayer of any description otherwise  
24 taxable under this chapter; however, an exemption under this paragraph  
25 may not exceed \$50,000;

26 (2) property exempt under AS 29.10.336;

27 (3) unimproved land;

28 (4) aircraft weighing 6,000 pounds or less;

29 (5) boats and vessels otherwise taxed by a city or borough.

*UNLAWFUL  
COPY  
AND  
IF PERB  
FROM*

1           Sec. 43.77.030. CREDIT. A credit is allowed to an owner on the  
2 tax payable with respect to particular property under this chapter equal  
3 to the full amount of ad valorem tax levied by a city or borough on  
4 the same property for the same tax year and not satisfied by means of  
5 a tax credit or by means of a tax incentive.

6           Sec. 43.77.040. LOCAL EFFORT EXCLUSION. No return need be filed  
7 nor tax paid by any person with respect to property located in a city  
8 or borough for any tax year as to which the Department of Revenue  
9 certifies that the amount of tax which would be levied under this  
10 chapter in the city or borough for that year exceeds the amount of  
11 revenue raised or anticipated from all local taxes in the city or  
12 borough during the tax year next preceding.

13           Sec. 43.77.050. ASSESSMENT. Assessment of property in unorganized  
14 boroughs subject to the tax levied under this chapter shall be carried  
15 out by the office of the state assessor in the Department of Community  
16 and Regional Development in the manner provided in AS 29.10.378 -  
17 29.10.453 for first class cities, except that the state assessor in  
18 the Department of Community and Regional Development shall function  
19 in place of the local assessor and a state assessment review officer  
20 shall function in place of the city council sitting as a board of  
21 equalization.

22           Sec. 43.77.060. STATE ASSESSMENT REVIEW OFFICERS. The commis-  
23 sioner of community and regional development shall appoint at least  
24 five qualified persons to serve at his pleasure as state assessment  
25 review officers. At least one such person shall be appointed from  
26 each of the four judicial districts.

27           Sec. 43.77.070. COMPENSATION, PER DIEM AND EXPENSES. State  
28 assessment review officers receive no compensation but are entitled  
29 to per diem and expenses authorized by law for boards.

How much  
EXPANSION will  
B - needed in  
Assessor's office?  
1977?

How many  
of these?

WHAT KIND OF  
PERSON IS THE  
TREASURER?  
EXPERIENCE?

How many  
appears over  
year assessment?

Should comparison  
be with Borough Assessor?

1           Sec. 43.77.080. POWERS AND DUTIES. Each state assessment review  
2 officer has the powers and duties with respect to assessment in un-  
3 organized boroughs of a city council sitting as a board of equalization  
4 with respect to first class cities.

5           Sec. 43.77.090. HEARINGS. The commissioner of community and  
6 regional development shall assign annually at least one state assess-  
7 ment review officer to hear assessment appeals at appropriate locations  
8 in each election district.

9           Sec. 43.77.100. REAL PROPERTY RECORDING. To assist in assessment  
10 of real property subject to tax under this chapter, no recorder may  
11 accept for filing any document of transfer unless the document shows on  
12 its face a legal description of the property, the names and addresses  
13 of the buyer and seller, the date of the sale, and the purchase price,  
14 attested to by the transferee, except that, the recorder may accept,  
15 in place of this information on the document of transfer, a sworn  
16 statement of the transferee containing the same information. The  
17 statement shall be held in confidence for use only by the office of  
18 the state assessor.

19           Sec. 43.77.110. COLLECTION AND ENFORCEMENT. The tax levied in  
20 this chapter is payable in full to the Department of Revenue on  
21 September 30 of the tax year. A penalty of ten per cent shall be  
22 added to delinquent taxes and interest at the rate of six per cent a  
23 year shall accrue on all unpaid taxes, excluding penalties, from the  
24 due date until paid in full. Collection of the tax levied in this  
25 chapter shall be carried out by the Department of Revenue in the manner  
26 provided in AS 29.10.456 - 29.10.537 and AS 29.10.348 - 29.10.351  
27 for first class cities.

28           Sec. 43.77.120. PROCEEDS OF TAX. Money collected under this  
29 chapter shall be deposited in the general fund.

1           Sec. 43.77.130. LIEN FOR TAX. The tax levied under this chapter  
2 and interest and penalty set out in sec. 110 of this chapter are  
3 liens upon the property assessed and taxed. With respect to property  
4 located outside an organized borough and outside of a city, the tax  
5 liens provided by this chapter are prior and paramount to all other  
6 liens or encumbrances against the property assessed. With respect  
7 to property located in cities and boroughs the tax liens provided by  
8 this chapter are prior to all liens and encumbrances against the  
9 property assessed except liens for taxes levied by the city or  
10 borough.

11           Sec. 43.77.140. FALSE STATEMENT. A person who knowingly makes  
12 a false statement in a return required under this chapter as to the  
13 amount, location, kind or value of property subject to taxation with  
14 intent to evade the taxation is guilty of a misdemeanor and upon  
15 conviction is punishable by a fine of not more than \$500 or by im-  
16 prisonment for not more than five days, or by both, together with the  
17 costs of prosecution.

18           ARTICLE 2. REVENUE SHARING AMONG UNORGANIZED BOROUGHES.

19           Sec. 43.77.160. DISTRIBUTION OF PROCEEDS. The legislature is  
20 authorized to appropriate each year as shared revenue for the benefit  
21 of unorganized boroughs an amount equal to the net amount of revenue  
22 raised under this chapter in the preceding year on property located  
23 in unorganized boroughs. Revenue so appropriated shall be administered  
24 by the Department of Community and Regional Development. The depart-  
25 ment shall hold and utilize for the benefit of each unorganized  
26 borough an amount determined in accordance with secs. 170 - 190 of  
27 this chapter.

28           Sec. 43.77.170. DIRECT RETURN. From the appropriation authorized  
29 under sec. 160 of this chapter an amount equal to the net revenue

5 MILLS GO BACK  
TO THE UNORGANIZED  
BORO OF ORIGIN

INDEXES

1 raised by a five mill levy on property taxable under this chapter  
2 within each unorganized borough shall be held and used for the benefit  
3 of the unorganized borough where the particular property is located.

4 Sec. 43.77.180. DISTRIBUTION. Revenue appropriated under sec.  
5 130 of this chapter, less revenue allotted in accordance with sec.  
6 170 of this chapter, shall be held and used for the benefit of each  
7 unorganized borough in accordance with the ratio of its distribution  
8 index to the sum of the distribution indices of all unorganized  
9 boroughs.

10 Sec. 43.77.190. DISTRIBUTION INDEX. The distribution index  
11 of each unorganized borough is based upon its wealth, cost of services,  
12 population and area and is determined by the following formula:

13 
$$D = \frac{FaCP}{2 F_p}$$

14 where D = distribution index  
15 Fa = average fiscal capacity of unorganized boroughs  
16 Fp = fiscal capacity of the particular unorganized borough  
17 C = cost of service which is the cost as determined by the  
18 state assessor for each tax year in each particular unorganized  
19 borough of providing education, water, sewer, police, fire, adminis-  
20 trative and other government services expressed as a percentage of the  
21 average cost of such services in all unorganized boroughs.

22 P = population of the particular unorganized borough as a  
23 percentage of total population of unorganized boroughs.

24 Sec. 43.77.200. DEFINITIONS. In this chapter

25 (1) "taxable real and personal property" means property  
26 not exempt from taxation under the constitution and laws of the  
27 state; particularly the term does not include property exempt under  
28 sec. 20 of this chapter, in AS 29.10.342, in AS 29.10.343 and in  
29

GIVE  
EXAMPLE OF  
HOW IT WORKS

1 29.10.344; the term otherwise includes property exempted from  
2 taxation by home rule charter provision and property exempted from  
3 execution under AS 09;

4 (2) "real property" means property defined in AS  
5 29.10.552(1);

6 (3) "personal property" means property as defined in AS  
7 29.10.552(3) excluding money on deposit;

8 *HOME-OWNED?* (4) "unimproved land" means land with respect to which the  
9 state assessor in the Department of Community and Regional Development  
10 determines that no current physical addition or alteration which  
11 enhances the utility, value, or income producing potential exists;

12 (5) "fiscal capacity" means the total assessed value within  
13 an organized borough divided by its population.

14 Sec. 43.77.210. REGULATIONS. The Department of Community and  
15 Regional Development and the Department of Revenue may adopt regula-  
16 tions as appropriate to carry out their respective duties under this  
17 chapter.

18 \* Sec. 2. This Act takes effect on the day after its passage and  
19 approval or on the day it becomes law without approval.  
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1 IN THE HOUSE

BY THE LOCAL GOVERNMENT COMMITTEE

2 HOUSE CONCURRENT RESOLUTION NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - SECOND SESSION

5 Relating to a study of the rami-  
6 fications of a statewide property  
7 tax.

8 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 WHEREAS legislation is pending before the legislature which, if enacted,  
10 would levy a real and personal property tax of 15 mills in the state with  
11 certain exemptions provided for; and

12 WHEREAS the proposed legislation further provides for a revenue-sharing  
13 program for distribution of the net proceeds of the proposed tax to unorgan-  
14 ized boroughs; and

15 WHEREAS at the present time many questions remain concerning estimates  
16 of how much revenue such a tax would create; how much taxable property there  
17 is, especially in those areas comprising the unorganized borough; how much it  
18 would cost to administer the tax collections and distribution; and additional-  
19 ly, there is a lack of knowledge about the effects of many other aspects of  
20 the proposed legislation; and

21 WHEREAS the only manner in which reasonably accurate information can be  
22 garnered concerning these matters is through thorough study and evaluation  
23 of the unorganized borough;

24 BE IT RESOLVED by the Alaska Legislature that the Legislative Council  
25 is requested to direct and oversee a study of the practical effects of the  
26 proposed legislation (HB 597), to be conducted by the Local Affairs Agency,  
27 the Department of Revenue, the Department of Administration, and all other  
28 appropriate agencies and persons as determined by the council; and be it

29 FURTHER RESOLVED that in addition to directing and coordinating the

1 work of the executive departments involved, the council shall do everything  
2 it considers necessary for the successful, impartial analysis of this legis-  
3 lation, including the holding of public hearings in the unorganized borough;  
4 and be it

5 FURTHER RESOLVED that the Legislative Council submit its report, includ-  
6 ing a summary of what the effects of this legislation would be on the  
7 unorganized borough, to the First Session of the Eighth Legislature.

8 *with in two days - -*

Introduced: 2/7/72  
Referred: Local Government  
and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 598

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for a state tax on property used in  
7 connection with exploration for and transportation of  
8 unrefined oil and gas; and providing for an effective  
9 date."

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

11 \* Section 1. AS 43 is amended by adding a new chapter to read:

12 CHAPTER 56. OIL AND GAS EXPLORATION AND  
13 TRANSPORTATION PROPERTY TAX.

14 Sec. 43.56.010. LEVY OF TAX. (a) An annual tax of 20 mills is  
15 levied each tax year, beginning January 1, 1973, on the full and true  
16 value of all the taxable real and personal property employed in the  
17 state in the exploration for and transportation of unrefined oil and  
18 gas, except that the tax levied under this section does not apply to  
19 property with respect to which an ad valorem tax is payable to a city  
20 or borough on January 1, 1972 and on January 1 of any succeeding year  
21 during which a tax is levied under this section.

22 Sec. 43.56.020. EXEMPTIONS. In addition to property excluded  
23 under sec. 90(6) of this chapter, the following property is exempt  
24 from the tax levied under this chapter

- 25 (1) producing oil or gas leases;  
26 (2) machinery, appliances and equipment used in and around  
27 a well producing oil or gas and actually used in the operation of a  
28 well; and  
29 (3) oil and gas produced in the state upon which gross

*Give example  
of  
state property*

1 production taxes are paid.

2 Sec. 43.56.030. IN LIEU OF OTHER TAXES. Payment of the tax  
3 levied under this chapter is in lieu of all ad valorem taxes on  
4 property subject to tax under this chapter now or hereafter imposed by  
5 the state, or by a city or a borough.

6 Sec. 43.56.040. ASSESSMENT AND COLLECTION. Property subject to  
7 the tax levied under this chapter shall be assessed and collected in  
8 the manner provided in AS 43.77.050 - 43.77.090, AS 43.77.110, and  
9 AS 43.77.130 - 43.77.140.

10 Sec. 43.56.050. DEPOSIT IN GENERAL FUND. The annual revenue from  
11 the tax levied under this chapter shall be deposited in the general  
12 fund.

13 Sec. 43.56.060. AUTHORIZATION OF APPROPRIATION. There is  
14 authorized to be appropriated each year an amount equal to the sum of  
15 the amounts deposited in the general fund under sec. 50 of this  
16 chapter. The amount appropriated under authority of this section shall  
17 be administered by the Department of Community and Regional Development.

18 Sec. 43.56.070. DISTRIBUTION. As soon as practicable following  
19 the annual appropriation provided for in sec. 60 of this chapter,  
20 the Department of Community and Regional Development shall distribute  
21 to the treasurer of each taxing unit, and shall segregate and hold  
22 for the benefit of each unorganized borough, an amount which bears the  
23 same ratio to the total amount of the annual appropriation as the  
24 distribution index of the governmental unit bears to the sum of the  
25 distribution indices of all <sup>UNORGANIZED BORO</sup> governmental units.

26 Sec. 43.56.080. DISTRIBUTION FORMULA. The distribution index of  
27 each governmental unit is based on its cost of services, wealth and  
28 population and is determined annually in accordance with the following  
29 formula

DOES IT MAKE  
ANY DIFFERENCE  
WHAT THEIR ARE  
IN DIFFERENT  
THAN - HB 597

$$D = \frac{PCF_c}{F_p}$$

- where D = distribution index
- P = total population of the governmental unit as a percentage of the statewide total population
- C = cost of service index
- F<sub>p</sub> = fiscal capacity
- F<sub>a</sub> = statewide fiscal capacity.

Sec. 43.56.090. DEFINITIONS. In this chapter

- (1) "taxing unit" means any organized borough or city levying ad valorem taxes whether located within or outside an organized borough;
- (2) "governmental unit" means an organized borough or a city levying ad valorem taxes whether located within or outside an organized borough, and an unorganized borough;
- (3) "fiscal capacity" means the ratio of total taxable assessed value to total population within a governmental unit;
- (4) "statewide fiscal capacity" means the ratio of total taxable assessed value to total population for the state as a whole;
- (5) "cost of service index" means the cost as determined by the state assessor in the Department of Community and Regional Development for each tax year in each particular governmental unit of education, sewer, water, police and fire protection, road construction and other governmental services expressed as a percentage of the average cost of those services in the state as a whole;
- (6) "taxable real and personal property" means property not exempt from taxation under the constitution and laws of the state or of the United States, but does not include any subsurface estate or property used in a consumer distribution system. The term includes

g (?)

Give Example

Give Example

22

1 otherwise taxable property exempted from taxation under home rule  
2 ordinance or charter.

3 Sec. 43.56.100. REGULATIONS. The Department of Community and  
4 Regional Development and the Department of Revenue may adopt regula-  
5 tions as appropriate to carry out their respective duties under this  
6 chapter.

7 \* Sec. 2. This Act takes effect on the day after its passage and  
8 approval or on the day it becomes law without approval.

**MEMORANDUM**

TO:  Representative Mike Miller

DATE:

FROM: Rick Garnett

SUBJECT:

Last minute changes threw this out of final form. However, it contains the major changes that we had in mind. when the time comes to print we can run it off together with any committee changes since we have it on MTST.

DISCUSSION COPY

*The Local Gov. Committee*

IN THE HOUSE

BY THE RULES COMMITTEE  
BY REQUEST OF THE GOVERNOR

*CS for* HOUSE BILL NO. 598

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act providing for a state tax on property used in connection with transportation of unrefined oil and gas; and providing for an effective date."

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

• Section 1. AS 43 is amended by adding a new chapter to read:

CHAPTER 56. OIL AND GAS

TRANSPORTATION PROPERTY TAX.

Sec. 43.56.010. LEVY OF TAX. An annual tax of 20 mills is levied each tax year beginning January 1, 1973, on the full and true value of taxable real and tangible personal property employed in the transportation of unrefined oil and gas. With respect to a facility employed for part of a tax year in such a manner as to render it taxable under this chapter or partly so employed for a full tax year, the value of the facility taxable under this chapter shall be proportionate to the employment. Property taxable under this chapter does not include property employed in the construction of facilities taxable under this chapter as distinct from the facilities themselves; however, with respect to pipelines and other facilities taxable under this chapter which may be under construction or awaiting construction, full and true value for each tax year prior to completion shall be measured by the costs incurred or accrued with respect to the facility as of the assessment date. The tax levied under this chapter does not apply to property with respect to which an ad valorem tax is payable to a city or borough on January 1, 1972 and on January 1 of any succeeding year during which a tax is levied under this chapter.

Sec. 43.56.020. EXEMPTIONS. In addition to property excluded under sec. 150(6) of this chapter, the following property is exempt

1 from the tax levied under this chapter

2 (1) producing oil or gas leases;

3 (2) machinery, appliances and equipment used in and around  
4 a well producing oil or gas and actually used in the operation of  
5 a well; and

6 (3) oil and gas produced in the state upon which gross  
7 production taxes are paid.

8 Sec. 43.56.030. IN LIEU OF OTHER TAXES. Payment of the tax  
9 levied under this chapter is in lieu of all ad valorem taxes on  
10 property subject to tax under this chapter now or hereafter imposed  
11 by the state, or by a city or a borough.

12 Sec. 43.56.040. ASSESSMENT. Assessment of property subject to  
13 the tax levied under this chapter shall be carried out by the office  
14 of the state assessor in the Department of Community and Regional  
15 Affairs substantially in the manner provided in AS 29.10.378 -  
16 29.10.453 for first class cities, except that the state assessor in  
17 the Department of Community and Regional Affairs shall function in  
18 place of the local assessor, and the State Assessment Review Board  
19 shall function in the place of the city council sitting as a board of  
20 equalization.

21 Sec. 43.56.050. STATE ASSESSMENT REVIEW BOARD. The commissioner  
22 of community and regional affairs shall appoint at least five qualified  
23 persons to serve at his pleasure as a State Assessment Review Board.  
24 At least one such person shall be appointed from each of the four  
25 judicial districts.

26 Sec. 43.56.060. PER DIEM AND EXPENSES. Members of the State  
27 Assessment Review Board shall be compensated and are entitled to per  
28 diem and expenses authorized by law for boards.

29 Sec. 43.56.070. POWERS AND DUTIES. The State Assessment Review

1 Board has the powers and duties with respect to assessment of  
2 property taxable under this chapter of a city council sitting as a  
3 board of equalization with respect to first class cities.

4 Sec. 43.56.080. COLLECTION AND ENFORCEMENT. The tax levied in  
5 this chapter is payable in full to the Department of Revenue on  
6 September 30 of the tax year, except that, the Department of Revenue  
7 may by regulation provide for prepayment of taxes and payment by  
8 installments. A penalty of ten per cent shall be added to delinquent  
9 taxes and interest at the rate of eight per cent per annum, or four  
10 percentage points above the per annum rate charged member banks for  
11 advances by the 12th Federal Reserve District that prevailed on the  
12 first day of the month preceding the commencement of that calendar  
13 quarter, whichever is greater, shall accrue on all unpaid taxes,  
14 excluding penalties, from the due date until paid in full. Collection  
15 of the tax levied under this chapter shall be carried out by the  
16 Department of Revenue substantially in the manner provided in  
17 AS 29.10.456 - 29.10.537 and 29.10.348 - 29.10.351 for first class  
18 cities.

19 Sec. 43.56.090. LIEN FOR TAX. The tax levied under this chapter  
20 and interest and penalty set out in sec. 080 of this chapter are  
21 liens upon the property subject to tax under this chapter. The liens  
22 provided by this section are prior and paramount to all other liens  
23 or encumbrances upon the same property.

24 Sec. 43.56.100. FALSE STATEMENT. A person who knowingly fails  
25 to file a return when due or makes a false statement in a return  
26 required under this chapter as to the amount, location, kind or value  
27 of property subject to taxation with intent to evade the taxation is  
28 guilty of a misdemeanor and upon conviction is punishable by a fine  
29 of not more than \$1000 or by imprisonment for not more than six months.

1 or by both, together with the costs of prosecution.

2 Sec. 43.56.110. DEPOSIT IN GENERAL FUND. The annual revenue  
3 from the tax levied under this chapter shall be deposited in the  
4 general fund.

5 Sec. 43.56.120. AUTHORIZATION OF APPROPRIATION. There is  
6 authorized to be appropriated to the Department of Community and  
7 Regional Affairs each year an amount equal to the sum of the  
8 amounts deposited in the general fund under sec. 110 of this  
9 chapter, less costs incurred or anticipated in administration of the  
10 tax for the year of levy.

11 Sec. 43.56.130. DISTRIBUTION. As soon as practicable following  
12 the annual appropriation provided for in sec. 120 of this chapter,  
13 the Department of Community and Regional Affairs shall distribute  
14 to the treasurer of each taxing unit, and shall segregate and hold  
15 for the benefit of each unorganized borough, an amount which bears  
16 the same ratio to the total amount of the annual appropriation  
17 under sec. 120 of this chapter as the distribution index of the  
18 governmental unit bears to the sum of the distribution indices of  
19 all governmental units.

20 Sec. 43.56.140. DISTRIBUTION INDEX. The distribution index  
21 of each governmental unit is based on its cost of services, wealth  
22 and population and is determined annually in accordance with the  
23 following formula

$$24 \quad D = \frac{PCF_a}{F_p}$$

25  
26 where D = distribution index

27 P = total population of the governmental unit as a percentage  
28 of the statewide total population

29 C = cost of service index

1             $F_p$  = fiscal capacity

2             $F_a$  = statewide fiscal capacity.

3            Sec. 43.56.150. DEFINITIONS. In this chapter

4            (1) "taxing unit" means any organized borough or city  
5            levying ad valorem taxes whether located within or outside an  
6            organized borough;

7            (2) "governmental unit" means an organized borough or a  
8            city levying ad valorem taxes whether located within or outside an  
9            organized borough, and an unorganized borough;

10           (3) "fiscal capacity" means the ratio of total taxable  
11           assessed value to total population within a governmental unit;

12           (4) "statewide fiscal capacity" means the ratio of total  
13           taxable assessed value to total population for the state as a whole;

14           (5) "cost of service index" means the ratio as determined  
15           by the state assessor of the average cost of materials and personal  
16           services, weighed equally, in a particular governmental unit to the  
17           average cost of materials and personal services in the state as a  
18           whole for each tax year. In determining the cost of service index  
19           the state assessor may utilize such standards of reference as federal  
20           cost of living data, state employee regional pay differentials and  
21           other measures and standards which in his opinion tend to reflect  
22           cost differentials of construction materials, labor, and other  
23           components of the overall cost of local government operations;

24           (6) "taxable real and tangible personal property" means  
25           property not exempt from taxation under the constitution and laws  
26           of the state or of the United States, but does not include any  
27           subsurface estate or property used in a consumer distribution system.  
28           The term includes otherwise taxable property exempted from taxation  
29           under home rule ordinance or charter.

1           Sec. 43.56.160. REGULATIONS. The Department of Community and  
2 Regional Affairs and the Department of Revenue may adopt regulations  
3 as appropriate to carry out their respective duties under this  
4 chapter, including regulations governing determination of the  
5 population valuation and cost factors in sec. 140 of this chapter.

6       \* Sec. 2. This Act takes effect on the day after its passage and  
7 approval or on the day it becomes law without approval.  
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MISSOURI GEOLOGICAL SURVEY

Geological Notes

Field Notes

1880-1881

1882-1883

1884-1885

1886-1887

April 6, 1972

MEMORANDUM

TO: George Hohman, Chairman  
House Finance Committee

FROM: Mike Miller, Chairman  
House Local Government Committee

George -

Attached is a letter which I requested from the Administration relative to estimates of income available to each borough and the unorganized borough under HB 598. As Rich Garnett indicates, these are rough guesses, but they nonetheless represent some idea of how revenues would be distributed. I would like to renew my suggestion, however, that some of the funds destined for the unorganized boroughs be considered, instead, for funding this proper and responsive department.

March 15, 1972

MEMORANDUM

TO: John Rader, Chairman  
Senate Local Government Committee

FROM: Mike Miller, Chairman  
House Local Government Committee

John -

Vic Fischer requested that we provide you with copies of the minutes of his testimony to the House Local Government Committee relative to the administration's 'package' in the unorganized borough. The minutes are attached. However, inasmuch as our minutes are necessarily brief and capsulized, I would strongly recommend that you listen to the tapes of Mr. Fischer's presentation. The tapes are also attached and we would like to have them back when you are through with them. Mr. Fischer's presentation to the House Local Government Committee was very beneficial and constructive.

*distributed 3/14/72  
to all members*



House of Representatives

March 15, 1972

MEMORANDUM

TO: Members of the House Local Government Committee

FROM: Mike Miller, Chairman  
House Local Government Committee

A handwritten signature in dark ink, appearing to be "Mike Miller".

SUBJECT: Governor's recommended package relative to creation of unorganized boroughs and taxation in the unorganized borough.

As you are aware, the committee is currently considering HB's 521, 596, 597, 598. HB 521 was passed out today and on Friday I would like for the committee to consider the other three bills.

The following are my recommendations, all of which are open for additional thought and amendments.

HB 596 - I believe we should pass this bill essentially as is. It sets up the framework by which the present unmanageable unorganized borough can be divided into smaller units. This is a bill with which a beginning can be achieved along the road toward an eventual local government for these areas.

HB 597 - Although there is merit in establishing a degree of taxation in the unorganized borough, there seems to be a great number of questions relative to technique and procedure. Too, there is question as to the amount of wealth that exists in the unorganized borough. And, there has been question in the committee whether 15 mills is an appropriate tax amount. This leads me to believe that the legislature, through its legislative council, should continue to explore these questions in the interim between sessions, should hold hearings on the subject both within and outside the unorganized borough, and should return next session with a definitive bill to recommend on this subject. I am having a resolution drafted to accomplish this.

HB 598 - Basically, I think there is a lot to be said in favor of this bill. However, I do have one amendment I would like to suggest. Instead of simply taxing the oil interests at a rate of 20 mills, and then distributing these taxes on the formula suggested in the bill, I would strongly suggest that we assign 5 mills out of the

REPRESENTATIVE MIKE MILLER

COMMITTEES

CHAIRMAN, LOCAL GOVERNMENT COMMITTEE  
MEMBER, RULES AND STATE AFFAIRS COMMITTEE

MEMORANDUM

Members of the House Local Government Committee

March 15, 1972

Page 2

20 to be given directly to the organized or unorganized borough where the taxable property is located. The balance of the 15 mills would be distributed state-wide as per the Governor's formula. For your information, the following is a breakdown of distribution among the unorganized boroughs and the unorganized areas as well. These figures assume that the State Assessor's office is correct in its estimate of \$300 million of taxable property presently in the North Slope area, \$50 million around Fairbanks and approximately \$50 million in Valdez.

Bristol Bay Borough	\$ 174,000
Sitka Borough	96,000
Juneau Borough	258,000
Fairbanks Borough	928,000
Anchorage Borough	1,680,000
Kenai Borough	198,000
Ketchikan Borough	186,000
Kodiak Borough	126,000
Mat-Su Borough	120,000
Haines Borough	24,000
North Slope Borough	1,560,000
Unorganized Borough	2,650,000

I am hopeful we can resolve this question before Clem leaves over the weekend.

# STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K — STATE CAPITOL  
JUNEAU 99801

March 6, 1972

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

Re: HB 598

Dear Chairman Miller:

Your suggested amendment of HB 598 may be accomplished by inserting a new section after sec. 060 along the following lines:

From the appropriation authorized under sec. 060 of this chapter, an amount equal to the revenue raised by a five mill levy on property taxable under this chapter shall be remitted to the treasurer of the taxing unit or held and used by the Department of Community and Regional Affairs for the benefit of the unorganized borough, as the case may be, in which the property is located.

A corresponding change in the following section would make it clear that the amount of revenue distributed by formula is the total revenue raised less the five percent remitted to the area where the property is located.

In order to preserve some of the equalization effect of the distribution formula, we suggest that the fiscal capacity of each area where taxable property is located be adjusted to account for the direct payment. That is, in assessing the wealth of an area which receives 25% of the proceeds from the tax on property in the area, it is equitable to treat that area as though its tax base included 25% of the value of the taxable property in the area.

The Honorable Mike Miller

March 6, 1972

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Granting to the area the revenue from the first five mills is tantamount to leaving 25% of the property as part of the local tax base. In such case, that 25% would be included in the calculation of the area's fiscal capacity. The same should be true where only the form of the transaction is varied by the State collecting the full tax and remitting 25% of the revenue.

Examples 1) and 2) below illustrate the estimated comparative effect of calculating with and without reattribution on revenue allotted to the North Slope.

Example 3) shows the North Slope share without a direct return.

Example 4) and 5) show the North Slope share with 2.5 mill and 3.5 mill direct returns respectively.

Example 6) shows estimated revenue to organized boroughs assuming 5 mill direct return.

Example 7) shows estimated revenue to the unorganized area as a whole.

Once pipeline construction is under way, the figures involved will increase by multiples of 10 or more.

All calculations are estimates only. Exact operation of the distribution formula must await accurate assessment figures for the unorganized parts of the State and cost of service figures for all areas.

It will be noted by comparison of examples 3, 4, & 5 that the North Slope receives more revenue without direct return than with return at 2.5 or 3.5 mills. This is because the formula as originally conceived was designed to take full account of the existing poverty level of rural areas such as the North Slope.

Addition of wealth directly makes that area more on a par with other parts of the State, and accordingly reduces its share under the formula.

Present estimate of total 598 property:

North Slope	300,000,000	
Fairbanks	50,000,000	
Valdez	50,000,000	400,000,000
Total revenue =	400,000,000	
	<u>          2</u>	
	8,000,000.00	

The Honorable Mike Miller

March 6, 1972

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1) Share of North Slope (with reattribution)

$$\frac{.02 \times 300,000,000}{4} + \frac{\text{PCFa}}{\text{Fp}} \times 6,000,000$$

Where P = population = 3,312  
C = cost of service = 2  
Fa = state average fiscal capacity (value per capita)  
= 9,923  
Fp = North Slope fiscal capacity =  $\frac{81,000,000}{3,312}$  (75,000,000  
reattributed + 6 others)  
= 24,456

$$1,500,000 + \frac{3,312 \times 2 \times \frac{9,923}{24,456}}{270,838} \times 6,000,000 = 1,560,000$$

= 19.5 percent of total revenue

2) Share of North Slope (without reattribution)

$$1,500,000 + \frac{3,312 \times 2 \times \frac{9,923}{1,811}}{270,838} \times 6,000,000 = 2,340,000$$

= 29.2 percent of total revenue

3) Share of North Slope without direct return

$$\frac{3,312 \times 2 \times \frac{9,923}{1,811}}{270,838} \times 8,000,000 = 1,144,000$$

= 14.3 percent of total 598 revenue

4) Share of North Slope with 2.5 mill (12.5%) direct return

$$(12.5\% \times 6,000,000) + \frac{3,312 \times 2 \times \frac{9,923}{12,832}}{270,838} \times 7,000,000 = \$876,000$$

= 10.9 percent of total 598 revenue

5) Share of North Slope with 3.5 mill (17.5%) direct return

$$(17.5)(6,000,000) + \frac{3,312 \times 2 \times \frac{9,923}{16,757}}{270,838} \times 6,600,000 = \$1,142,000$$

= 14.2 percent of total 598 revenue

6) Estimate of Distribution Among Organized Boroughs (with 25% direct return)

<u>Fa</u> <u>Fp</u>	<u>Boroughs</u>	<u>Multiplier x Total Revenue</u>	<u>Share</u>	<u>\$ Per Capita</u>
2.2	Bristol Bay	.029 x 6 million	174,000	49.32
.75	Sitka	.016 x 6 million	96,000	15.43
.87	Juneau	.043 x 6 million	258,000	19.43
1	Fairbanks	250,000 + .113 x 6 million	928,000	30.95
.74	Anchorage	.280 x 6 million	1,680,000	16.32
.57	Kenai	.033 x 6 million	198,000	12.80
.86	Ketchikan	.031 x 6 million	186,000	18.53
.90	Kodiak	.021 x 6 million	126,000	19.52
.85	Mat-Su	.020 x 6 million	120,000	18.56
.93	Haines	.004 x 6 million	24,000	17.10
2 x .41	North Slope	1,500,000 + .010 x 6 million	<u>1,560,000</u>	471.48
TOTAL			5,350,000	
			AVERAGE	26.15

7) Estimated Total to Unorganized Areas

	8,000,000	Total
	<u>5,350,000</u>	To Organized
	2,650,000	To Unorganized
5 mills to Valdez	<u>250,000</u>	
	2,400,000	remainder of unorganized boroughs

# STATE OF ALASKA

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

WILLIAM A. EGAN, GOVERNOR

POUCH K — STATE CAPITOL  
JUNFAU 99801

April 3, 1972

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

Dear Chairman Miller:

You asked for estimates of the amounts of revenue which would be distributed to organized boroughs under HB 598 in the first year.

Our assumption is that the tax will produce approximately \$8,000,000 total revenue.

The figures on page 4 of our letter of March 6, 1972, show estimated distribution if 25% of the revenue attributable to particular property is returned directly to the municipality where the property is located.

Without direct return, the 2,000,000 otherwise allotted directly to Valdez, Fairbanks and the North Slope would be spread over all the boroughs in the same proportions as the first 6,000,000.

Reference to the share of a borough means the share of the borough itself and tax levying cities within the borough, as available assessment figures apply to the borough as a whole.

The share of the North Slope is based on an assumption that costs there are twice as great as for the state as a whole and that per capita wealth is approximately one fifth the state average. If the North Slope cost and wealth figures turn out to be closer to the statewide norm, that borough's share would be reduced.

If it is desired to insure a certain absolute minimum to the North Slope we recommend following your earlier thought and allotting to the place where taxable property is located a certain millage off the top.

It should be stressed that these estimates are only slightly better than guesswork because of the present lack of valuation and

The Honorable Mike Miller

April 3, 1972

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cost data for the whole state.

<u>Borough</u>	<u>Multiplier x Total Revenue</u>	<u>Share</u>	<u>\$ Per Capita</u>
Bristol Bay	.029 x 8 million	232,000	66.20
Sitka	.016 x 8 million	128,000	20.58
Juneau	.043 x 8 million	344,000	25.51
Fairbanks	.113 x 8 million	904,000	29.16
Anchorage	.280 x 8 million	2,240,000	21.77
Kenai	.033 x 8 million	264,000	16.11
Ketchikan	.031 x 8 million	248,000	24.70
Kodiak	.021 x 8 million	168,000	26.27
Mat-Su	.020 x 8 million	160,000	24.38
Haines	.004 x 8 million	32,000	23.93
North Slope	.143 x 8 million	<u>1,144,000</u>	345.14
	TOTAL	5,864,000	
		AVERAGE	29.59

Estimated Total to Unorganized Areas

8,000,000	Total
<u>5,864,000</u>	To Organized
<u>2,136,000</u>	Outside Organized boroughs

per capita outside organized areas =  $\frac{2,136,000}{70,670} = 30.16$

I trust these estimates will be of some assistance.

Yours very truly,

JOHN E. HAVELOCK  
ATTORNEY GENERAL

By: Richard W. Garnett III

Richard W. Garnett III  
Assistant Attorney General

RWG:fw

# STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K — STATE CAPITOL  
JUNEAU 99801

February 28, 1972

File w/590-2-8  
The Honorable Mike Miller, Chairman  
House Local Government Committee  
Alaska State Legislature  
Juneau, Alaska

Dear Chairman Miller:

I would like to take the opportunity to comment on several conspicuous errors, confusions and misstatements reportedly made by Mr. Victor Fischer, Director of the Institute of Social, Economic and Governmental Research at the University of Alaska, in his testimony before your Committee last Saturday involving House Bills 596, 597 and 598. I fear the trend in Mr. Fischer's do-little-or-nothing approach is that decision making in rural Alaska will become more and more subject to control by large commercial enterprises, particularly oil related industry, not the people of the region.

To begin with, Mr. Fischer has apparently muddled the two tax proposals made by the Administration in his mind and believes that both are to be applied Statewide. On the contrary, the proposed 15 mill property tax will be collected only from the unorganized borough, and it will be distributed only to the unorganized borough. Only the proposed 20 mill tax on oil and gas exploration and transportation property, which is in lieu of all other taxes on the same property, will be levied and distributed Statewide. It is important to note that the Trans-Alaska pipeline will be the greatest source of revenue available for distribution to local governments under this 20 mill tax.

Mr. Fischer has said that he found the general property tax measure based on "extremely disturbing and obnoxious" principles. The principle underlying both tax measures is that the money be collected and distributed fairly and evenly. It is a principle derived from the equal protection clause of the Constitution of the United States. This principle is not implied, but is spelled out by a detailed distribution formula in each measure based on number of people and cost of services.

The potential conflicts between State and local areas envisioned by Mr. Fischer evaporate on a more careful

The Honorable Mike Miller  
Alaska State Legislature

February 28, 1972

- 2 -

reading of the bills involved. His view that the organization of a prospectively wealthy borough would be opposed by the remainder of the unorganized borough is not sufficiently thought out. Currently in Alaska there are inherent inter-regional conflicts between taxing and non-taxing areas. Governor Egan's taxing proposals will reduce these conflicts significantly, providing money where there is now little or none.

The conflict Mr. Fischer envisions between those areas of the unorganized borough that have differing potential for wealth shows no sign of materializing. On the contrary, the continuing unity of the various Native regions of the State augers well for future cooperation among regions. The Administration's unified approach has strengthened the prospect of cooperation and diminishes the likelihood that major commercial interests will attempt to play one region off against another as would occur if each new region made a separate decision to tax or not to tax and at what level, as envisioned by Mr. Fischer. The unity of purpose, despite wealth differentials, is illustrated by the Alaska Federation of Natives, which, though it represents a majority of the residents of the unorganized borough, has endorsed the creation of the North Slope Borough, the richest region within it. In addition, noting that the proposed revenues in the area of that proposed borough would far exceed the requirements of the borough, representatives of the Arctic Slope Native Association stated in testimony before the Local Boundary Commission that they were not opposed to legislation that would result in a substantial share of the revenue derived from property tax revenues raised in the North Slope being distributed on a Statewide or other revenue-sharing basis where needed. This type of action demonstrates the irrelevance of Mr. Fischer's gloomy predictions of inter-regional warfare.

It is ironic that Mr. Fischer endorses the idea of creating local government units throughout the State, as embodied in HB 596, while attacking the financial measures which will make a meaningful level of service in those local government units possible. Surely, the creation of governmental units without the necessary funding would do no more than create bitterness and disillusionment as expectations of local government service founder for want of funds.

This package of legislation, together with Governor Egan's proposed Department of Community and Regional Development, is designed to avoid the chaos that would be created

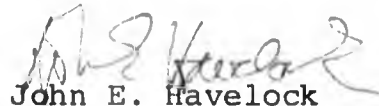
The Honorable Mike Miller  
Alaska State Legislature

February 28, 1972  
- 3 -

by an inequitable or nonexistent formula of revenue distribution. While further testimony may develop some points that may be cured by minor amendments, the proposals are sound and will serve to allow the people in Alaska's rural areas to advance themselves.

I regret the necessity of having to criticize Mr. Fischer's testimony on these measures since he is both a respected member of Alaska's academic community and a principal architect of the Borough provisions of the State Constitution. Doubtlessly, a heavy burden of other responsibilities to be discharged while he was in Juneau precluded him from giving the measures before the House Local Government Committee the careful study that usually precedes his comments.

Sincerely,

  
John E. Havelock  
Attorney General

JEH:jt

cc: Victor Fischer



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

March 20, 1972

The Honorable Mike Miller  
Chairman, Local Government  
Committee  
Alaska House of Representatives  
Pouch V, Capitol Building  
Juneau, Alaska 99801

Dear Chairman Miller:

At my request a bill providing for a property tax in the unorganized borough was placed before the Legislature as House Bill 597. The same bill has been introduced for consideration by the Senate as Senate Bill 365.

The bill was conceived in response to a growing conviction within my Administration and throughout the State that the present property tax structure is wasteful and inequitable. It is wasteful because it permits potential sources of revenue to remain untapped merely because of their location within presently unorganized areas of the State. It is inequitable because persons residing within presently organized areas pay an ad valorem tax by way of contributing to the cost of the services they receive, while persons and industries located outside organized areas make no such contribution.

The inequity of the present situation exists also among organized areas. The accident of location of natural resources leads to great disparities among regions in the amount of revenue which may be raised by ad valorem taxes. Because of the nature of the property involved, the disparity in wealth bears little or no relation to the relative need for services among the various areas.

In an effort to meet these issues, I proposed a tax which would reach property now escaping all tax, which would, to a large extent, equalize the tax burden as between organized and unorganized areas, and which would mitigate, through a revenue-sharing formula, the unnatural revenue allocation which will persist under a hands-off local taxator policy.

Both the House and Senate Local Government Committees have held hearings on the bill in question. The bill has been criticized, often in a helpful and constructive manner, with respect to particular aspects of its operation. Some of the views expressed reflect confusion over the more complex features of the bill, others reflect differences of philosophy with respect to exemptions, and some reflect an adamant refusal to face the realities of the State's financial situation and in particular the desperate need for revenue in support of local government activities as the State's capability to provide this support levels off.

With the prospect of revenue from oil severance taxes and royalties receding daily it is my firm belief that the State cannot afford a cavalier attitude toward any source of public revenue. Such an attitude would be particularly inappropriate with respect to a universally accepted, tried and proven method of revenue raising such as the ad valorem property tax.

It is my firm conviction that the assumptions and ideas behind the proposal embodied in House Bill 597 and the basic machinery contained in that bill for implementing those ideas have been untouched by the testimony presented before the Local Government Committees. Many of the technical problems cited may be dealt with by simple amendments. Other difficulties which have been raised are of a sort customarily handled through regulations adopted by the taxing authority.

My Administration has not sought to mask the difficulties of administering a program such as that proposed in House Bill 597. The problems are quite real. Ad valorem property taxation is a highly complex subject. Such taxes have been the topic of a large volume of legislation and perhaps an even larger volume of litigation. Several times in the past the State of Alaska has attempted unsuccessfully to discover means to tap this elusive but essential revenue raising source on a Statewide basis.

However, I believe that Alaska, as a matter of economic necessity as well as social policy, will have to eliminate the waste and inequity of current taxes levied on the value of property within its borders, even though initial costs in terms of dollars and administrative adjustment may be considerable.

The most egregious problem with respect to levy and collection of an ad valorem tax is the present lack of reliable, factual information on the location, type, and

value of property within the present unorganized areas. Because the State, as a whole, has never been the subject of a thorough mapping and assessment effort, these crucial items of information may only be estimated.

Yet these and other difficulties will not be diminished by indefinite delay. The sooner we can begin, the more nearly ready the State will be to secure for its people a fair share of taxation from development we know will come.

Those of us who have faith in the future development of Alaska believe strongly that within a relatively short period of time substantial development will take place in presently unorganized areas. We also believe that such development should pay its fair share for the support of government services the demand for which will be generated by the development itself.

In spite of my conviction that a property tax will, in the near future, become an important source of revenue, I acknowledge a need in the short run for more exact information concerning the impact of the tax. Accurate data on the value and location of property within the State is important to the design of the tax.

In addition, we recognize that major development in the unorganized areas will proceed only after the oil transportation problems presently plaguing the State are resolved, and only when investment activity stemming from the Native Claims Settlement begins.

A relatively short delay in implementation of this tax measure could yield significant benefits in terms of certainty and equity in its operation. Accordingly, I propose that the Legislature delay action on House Bill 597 and Senate Bill 365 until the next legislative session so that some of the unknowns presently surrounding operation of the proposed tax can be dealt with.

As a necessary adjunct to such delay, I endorse the proposal of the House Local Government Committee to submit the question of an ad valorem tax in the unorganized borough to the Legislative Council for study of its practical and legal aspects and for hearings to elicit public sentiment on the most desirable form for such a tax. The study should be undertaken in conjunction with the new Department of Community and Regional Affairs and should be broad enough to allow a report on the use of property taxes and regional equalization generally.

The Hon. Mike Miller

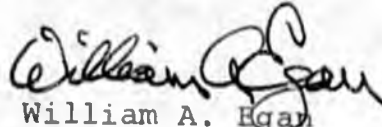
-4-

March 20, 1972

Our experience with House Bill 597 has been instructive, both to the Administration and, I believe, to the Legislature and the public. We are now in a better position to deal with the technical problems that exist than we were at the commencement of this session.

I am convinced that careful consideration of the ad valorem tax idea by the Legislative Council and Department together with suggestions from the public and whatever expert assistance may be required, will further demonstrate the necessity and the feasibility of a tax and equalization program substantially similar to that contained in House Bill 597.

Sincerely,

  
William A. Egan  
Governor