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INFLATION

Inflation caused by pipeline impact has been cited as a major contributor to the cost of providing public facilities and service in Anchorage and other areas.

The economic facts demonstrate the opposite effect, in some instances. For example, the Anchorage Metropolitan Area, which is the only area for which comparative data is available, has in recent years experienced far less inflation than most regions of the country.

Based on 1967 pre-impact prices, the Consumer Price Index has increased 60% faster in the nation as a whole than in the Anchorage Metropolitan Area.

Pipeline impact is, of course, largely responsible for this advantageous trend. The prospect of the pipeline has boosted confidence in Anchorage's economic future. It has promoted business expansion and commercial competition and thereby served to bring Anchorage costs more in line with costs throughout the rest of the country.

As far as inflation is concerned, pipeline impact has been relatively beneficial rather than harmful to Anchorage's economy.

	Consumer's Price Index Percent Increase <u>July 1967 to July 1973</u>
United States	+32.7%
Anchorage Metropolitan Area	+20.4%

Source: U. S. Department of Labor, Bureau of Labor Statistics.

On a related issue, a number of local governments have stated that they foresee accelerated inflation as well as accelerated capital improvement needs due to impact needs. The prospect of a 10% or more annual increase in costs has been raised.

It should also be noted that if such inflation does occur, accelerated construction schedules will have the counterbalancing effect of significantly reducing total cost of improvements. Accelerated construction will allow municipalities to build at lower pre-inflation prices, thereby reducing project costs and debt service by a substantial margin.

FOUR PERCENT GROWTH RATE ELIGIBILITY STANDARD

The four percent growth rate standard for grant eligibility under House Bill 505 has been opposed as arbitrary and excessively high.

In the preparation of the HB 505, this standard was chosen as a fair measure of the population increase a growing and prospering community can reasonably absorb within its expanding economy without extraordinary assistance.

Four percent is exactly the statewide growth rate for the past three years. It is well below the recent growth rate in the Anchorage, Matanuska-Susitna, Juneau, Haines, and Valdez areas, which those areas have welcomed and absorbed without fiscal disaster. Detailed fiscal analysis of local governmental budgets and taxes for the period shows that those areas have actually prospered by their recent growth.

CIVILIAN POPULATION ESTIMATES

<u>Census Division</u>	<u>April 1970 (Census)</u>	<u>July 1973</u>	<u>Net Change-1970 to 1973</u>	
			<u>Number</u>	<u>Percent</u>
Anchorage	113,449	135,391	21,942	19.3
Haines	1,495	1,902	407	27.2
Juneau	13,351	16,387	3,036	22.7
Matanuska- Susitna	6,503	8,586	2,083	32.0
Valdez-Chitina- Whittier	3,098	3,568	470	15.2
TOTAL STATE	270,936	302,912	31,976	11.8

Source: Research and Analysis, Alaska Department of Labor.

City of Anchorage

The City of Anchorage's Trans-Alaska Oil Pipeline Impact Statement presents the City's picture of its impact needs for the calendar year 1974.

The Impact Statement was initially prepared for and addressed to the Federal Region Council. It includes programs and costs that are eligible for federal program assistance.

The Impact Statement projects a population change from 79,550 persons on January 1, 1974, to 86,550 as of January 1, 1975. Of the total population growth of 7,000 projected for the year, 2,350 is attributed to "normal" growth and 4,650 is attributed to pipeline impact.

The City submitted separate estimated budget impacts for its operating budget and its capital improvements program:

Operating Budget

The major impacts identified in the City's impact budget for operations relate to police protection, fire protection, and parks and recreation, as follows:

CITY OF ANCHORAGE OPERATION & MAINTENANCE 1974 PIPELINE IMPACT REQUIREMENTS

<u>Category</u>	<u>Amount</u>	<u>Percent</u>
Public Safety (Police and Fire)	\$1,680,070	76.9%
Parks and Recreation	217,080	9.9
Library	121,850	5.6
Public Works	44,620	2.0
Other City	121,090	5.6
TOTAL	<u>\$2,184,710</u>	<u>100.0%</u>

Source: Trans-Alaska Oil Pipeline Impact Statement, City of Anchorage, December 18, 1973.

N.B. The City of Anchorage is currently seeking \$1,819,720 in special grant funds from the Federal Law Enforcement Assistance Administration for a two-year program of expanded police services specifically to meet impact problems.

The City of Anchorage cites an operating budget impact need of \$2,184,710 for an impact population increase, by its own estimate, of 4,650 or \$470 per capita. This compares with a 1973 citywide per capita expenditure of \$296, including debt service.

The City's 1974 impact budget plans an expansion of 28% in police personnel, 32% in fire protection, and 13% in parks and recreation for an impact growth of 8.4% (City's own figures).

It is noteworthy that the City also projects a "normal" growth of 2,350 persons during 1974, for which it plans no such extraordinary expenditures. In fact, the City's 1974 Annual Budget foresees a budgetary increase barely proportionate to the "normal" population increase.

On the impact income side, the City anticipates a total revenue increase of \$128,500 due to impact. No revenue increase is allowed for increased real and personal property taxes, despite increased assessments attributable to new construction and inflation. In this regard, it should be noted that the City also estimates building permits of \$78 million for 1973 and in excess of \$80 million for 1974. (Assessed values rose altogether by \$122 million in 1972-73.) New construction of \$78 million, taxed at the City's 7.9 mill rate, yields revenues of \$616,200.

The City has also submitted an application for a LEAA grant of \$864,200 for 1974 (plus \$955,440 for 1975) to fund extraordinary police services required by pipeline impact.

Some general data about the City's recent financial history may be useful for assessing the City's present fiscal circumstances.

	<u>Building Permits Issued</u>	<u>Full Value Determination</u>	<u>Percent Change</u>	<u>Mill Rate</u>	<u>Percent Change</u>
1969	\$34,800,000	\$500,155,441		10.0	
1970	52,200,000	536,256,995	+ 7.2%	9.5	- 5.0%
1971	55,200,000	663,436,066	23.7	9.3	- 2.1
1972	70,200,000	784,171,395	18.2	8.9	- 4.3
1973	78,000,000	905,742,805	15.5	7.9	-11.2
	Cumulative	+\$405,587,364	+81.1%	-2.1	-21.0%

Apropos of the above, the opening paragraph of the Impact Statement is quoted:

"The City of Anchorage, and the surrounding environs, has felt the impact from the petroleum industry development for the past decade, and more. This impact was generally well within manageable limits, but since 1969 the growth effect on both private and public sectors has accelerated."

The impact that is evident in the data shown above indicates that there has already been impact indeed in the City of Anchorage, that the impact has

been entirely beneficial, and has aided the City to upgrade and expand public services while reducing property tax rates. To quote the City's 1974 Annual Budget:

"The proposed ad valorem tax rate of 7.9 mills is the same as this year, and compares with 8.9 mills in 1972; 9.3 mills in 1971; 9.5 mills in 1970; and 10 mills in 1968 and 1969.

The Budget is in balance. It represents an improved level of governmental and utility services at reasonable tax and utility rates. The City Administration recommends its adoption by the Council."

Capital Improvements Program

The City's Impact Statement also included a three-year 1974-1976 CIP for facilities needed to accommodate impact growth. The CIP is more complex to analyze, inasmuch as it lumps together projects funded by special assessments and enterprise funds as well as general property tax revenues.

Special assessment projects such as subdivision paving and storm sewer installation are ordinarily financed through special assessments to recapture the cost of improvements from the developers or property owners whose property values are benefited.

Enterprise utilities such as telephone, power, and water utilities, conventionally finance capital improvements through sale of revenue bonds. Both public and private utilities use revenue bonds rather than general obligation bonds for debt finance. Debt is then retired out the revenues collected from service charged to users rather than by taxation of any sort.

The CIP analysis is also complicated because most of these improvements have a useful life that will long outlast pipeline impact. It hardly seems fair to saddle the whole cost on impact.

The analysis below addresses the 1974 and 1975 proposed CIP items in the City's Impact Statement.

High Accident Street Intersections. It is questionable whether impact residents alone are wholly responsible for congestion in Anchorage, to the tune of \$990,000, just for intersection improvements.

Subdivision Paving. This is ordinarily an assessable cost, recouped from the developers or property owners whose property values are enhanced.

Storm Sewer System. This, too, is an assessable improvement.

Port. According to the City's budget, half of the capital cost of 1974 port expansion is already planned for coverage by G.O. Bonds. (Also, the budget for the Port of Anchorage shows net earnings of \$537,720 for 1974, up from \$242,260. This illustrates the Port's revenue producing capacity.) The other half is budgeted for federal funding.

The 1975 costs are for another P.O.L. terminal, again a revenue producer that should be easily bonded.

Library. The Impact Statement proposes \$4,500,000 in library expansion for impact residents.

Administrative Office Space. This additional office space might possibly be leased, even for all 111 planned new personnel, for less than \$2,700 per person.

Fire Apparatus. The Impact Statement does not make clear whether this includes costs chargeable to operating budget.

Water Utility. The City's 1974 budget includes a CIP of \$4,400,000 to be financed as follows:

Water Revenue Bonds	\$2,950,000
Contribution in Aid	300,000
Construction Reserve	600,000
State Funds	550,000
	<u>\$4,400,000</u>

The water utility has generally been a profit-making enterprise.

In sum, the impact CIP's for 1974 and 1975, as presented in the City's Impact Statement, includes some items that are self-amortizing through special assessments or enterprise revenues, and some items debatably attributed to impact (i.e., library, intersection improvements).

By way of a fiscal footnote, a previous impact assessment, prepared by the City last August and which thereafter vanished from discussion, presented the following projections of additional enterprise fund revenues due to impact available for debt service for 1974 and 1975:

	Additional Revenue Available for Debt Service	
	<u>1974</u>	<u>1975</u>
Electric Utility	\$409,000	\$412,000
Telephone	732,000	902,000
Water	295,000	336,000
Port of Anchorage	91,000	116,000

Greater Anchorage Area Borough

In preparing its report on the "Anticipated Impact of the Trans-Alaska Pipeline," the GAAB addressed the total areawide impact for the period 1974 through 1978. The report actually addresses only operating expenditures.

However, it does construct impact costs on an areawide basis, including the City of Anchorage, even for services and costs handled by the City. Therefore, it duplicates and double counts many costs already accounted for in the City's impact budget, e.g., for police and fire protection and parks and recreation.

Apart from this duplication, because it covers only operating expenditures, the GAAB report can be more briefly evaluated. Although the GAAB budgets by fiscal year, the impact statement is built upon a calendar year base. This report was also prepared to determine what assistance should be requested from the State and federal governments. The following analysis covers only the two calendar years 1974-1975.

As a general observation, it can be noted that no particular justifications in terms of new population served or specific service increments are offered in the GAAB report. However, apart from the above-noted duplication of City of Anchorage costs, and the items questioned below, the GAAB impact cost projections seem to be within fairly reasonable bounds and in line with established cost ratios.

Comments with regard to specific service categories treated in the GAAB impact statement follow.

Fire. Most of the cost cited is due to the City of Anchorage. For example, in 1974, additional fire protection costs of \$646,200 are divided into \$512,200 for City of Anchorage and \$134,000 for GAAB.

Police. The cost impact adduced again includes costs to be picked up by City of Anchorage and Spenard Service District too. Remaining cost (Balance of Borough) is more than adequately accounted for in Department of Public Safety's Impact Budget. In short, there is no real impact on GAAB's budget.

Library. A minor cost split between the City and Borough.

Parks and Recreation. Again, fully half of the cost cited is included in City of Anchorage's impact budget.

Public Works. For miscellaneous services, 57% of which are actually to be provided by City of Anchorage during 1974 and 1975.

Sewers. No significant cost.

Roads and Drainage. No significant cost.

Building Safety. Again, 50% of the cost impact here cited is for City of Anchorage rather than GAAB. Furthermore, revenue from inspection fees makes building safety function largely self-supporting. This item has been reduced by two-thirds by including revenues.

Emergency Medical. This is an areawide service. The costs projected appear to be reasonable.

Health Services. This is another areawide service. It accounts for the greater bulk of the legitimate impact costs presented by the GAAB. Since the explanation does not include any base data for comparison, it is hard to evaluate this claim. It does appear to include new and expanded services, but this is a function that the GAAB has been steadily upgrading. This category also includes some environmental protection services. Lacking data for comparison, the GAAB's cost estimate is accepted as presented.

Summarizing the above comments results in the following revised accounting of pipeline impact costs to GAAB for 1974 and 1975.

<u>Category</u>	<u>1974</u>	<u>1975</u>
Fire	\$ 134,000	\$ 228,000
Police	--	--
Library	28,025	17,150
Parks	217,080	367,740
Public Works	13,625	36,530
Sewers	2,500	8,165
Roads and Drainage	0	22,500
Building Safety	42,500	42,000
Emergency Medical	125,000	52,000
Health Services	899,860	1,502,600
TOTAL	\$1,462,590	\$2,276,685

If these costs were prorated from January 1, 1974, through June 30, 1975, the total would be \$2,503,505.

Some mention should be made of the total omission in the GAAB report of a realistic account of increased property tax and other revenues generated by impact economic expansion. As in the case of Anchorage City, early impact has been adding to assessed values and to property tax collections in GAAB. For example, whereas there was a severe housing shortage in the Anchorage area in 1969, it is reported that there are now 6,000 vacant housing units, despite the rapid growth since 1969. These unoccupied units are on the tax rolls and yielding property tax revenues, even though requiring little in the

way of municipal services. The impact of this new construction is evident in the complimentary trends of rising assessed values and declining or stable mill rates illustrated below. For the sake of reference, assessed valuation, revenue and debt trends in GAAB for the pre-pipeline construction period 1969-1973 are charted below.

<u>GAAB</u>	<u>Full Value Determination</u>	<u>Percent Change</u>	<u>Mill Rate*</u>	<u>Percent Change</u>
1969	\$ 959,652,422		14.18	
1970	1,105,576,900	+ 15.2%	12.96	- 9%
1971	1,399,334,905	+ 26.6	12.77	- 1
1972	1,660,976,670	+ 18.7	10.18	-20
1973	2,010,035,810	+ 21.0	11.56	+14
Cumulative	+\$1,050,383,388	+109.4%	-2.62	-18%

*GAAB areawide.

Also of particular fiscal significance has been the growth in the intergovernmental, largely State, revenues to the Borough from \$17,489,311 in 1969 to \$46,839,037 by 1973, an increase of 168% in four years. Intergovernmental revenues were more than double the locally supported general property tax revenues.

	<u>Intergovernmental Revenues</u>	<u>General Property Tax Revenues</u>	<u>Net Bonded Debt</u>	<u>Debt Per Capita</u>
1969	\$17,489,311	\$15,830,776	\$ 34,877,000	\$287
1970	24,225,339	14,033,485	39,202,000	315
1971	38,626,937	11,677,267	86,507,000	656
1972	44,740,791	16,594,282	131,883,000	914
1973	46,839,037	23,170,894	137,711,000	890

Fairbanks North Star Borough

The Fairbanks North Star Borough has developed an Oil Pipeline Impact Statement, January 15, 1974, in which it addresses local, State, and federal officials with its envisioned impact needs.

The statement treats in two parts impacts (a) on the Borough's operating budgets from January 1, 1974, through FY 1978 and (b) on the Borough School District's operating budget and capital facilities needs.

Before going into the particulars treated in the impact statement, a brief aside on matters not treated in the statement may be in order.

The statement attempts to debunk the notion that the Borough might be able to meet some of its service needs without outside aid with the observation that "Estimated increased revenues have been projected and clearly indicate that these sources cannot and will not meet the impact needs." Regardless of this disclaimer, a review of fiscal data demonstrates that the Borough exhibited a phenomenal improvement in its financial position over the post-1969 period. Some of the phenomena:

1. A 90% increase in assessed property values between 1969-1973, including untaxed personal property.
2. A 123% increase in State intergovernmental revenues from \$5,304,000 in 1969 to \$11,817,000 by 1972.
3. A 45% reduction in general property tax revenues from \$2,747,000 in 1969 (\$3,331,000 in 1970) to \$1,504,000 by 1972.
4. A 30% reduction in net bonded indebtedness from \$8,183,627 in 1969 to \$5,741,984 in 1972.
5. A reduction in the Borough mill rate from 16.5 in 1969 to 10.0 in 1970 to 5.0 in 1971 to 5.8 in 1972 to 6.5 in 1973 (6.7 in 1974).

If Fairbanks North Star Borough restored its property tax mill rate to the 1969 pre-impact level of 16.5 mills, that step alone would generate in FY 1974 additional revenues of nearly \$5,000,000.

Finally, the Fairbanks North Star Borough impact statement does not project any additional revenue from ad valorem taxes on pipeline property improvements, as permitted by FSS SLA 73, Chapter 1.

Ironically, the Borough's greatly improved fiscal standing of late can by and large be traced to pipeline impact by way of an increased tax base and increased State outlays to local governments from oil lease revenues. The following tables illustrate recent fiscal trends in the Borough.

FAIRBANKS NORTH STAR BOROUGH
PROPERTY TAX BASE AND MILL RATE TRENDS
1969-1973

	<u>Full Value Determination</u>	<u>Percent Change</u>	<u>Mill Rate</u>	<u>Percent Change</u>
1969	\$250,464,505		16.5	
1970	304,480,940	+21.6%	10.0	-39%
1971	340,566,102	+11.9	5.0	-50
1972	390,583,440	+14.7	5.8	+16
1973	475,802,270	+21.8	6.5	+12
Cumulative 1969-1973	+\$225,337,765	+90%	-10.0	-61%

REVENUE AND DEBT TRENDS, 1969-1972

	<u>State Intergovt Revenue</u>	<u>General Property Tax Rev.</u>	<u>Net Bonded Debt</u>	<u>Debt Per Capita</u>
1969	\$ 5,304,000	\$2,747,000	\$8,183,627	\$227
1970	7,113,000	3,331,000	7,448,097	169
1971	10,909,000	2,448,000	6,546,940	143
1972	11,817,000	1,504,000	5,741,984	125

To return to the Borough's impact statement, the Borough's projected budgetary impact was constructed by a methodology very similar to the approach of HB 505, without the 4% growth rate threshold but with a substantial allowance for inflation, approximate 10% annually, all of which is attributed to pipeline impact. The Impact Statement explains:

"Needs for supplementary revenue are computed on a per capita rate attributable to pipeline construction impact, with inflation factor. Base data are the 1973-74 fiscal year operating budgets, and the average between the 1973 population estimate and the 1974 projection."

Operating Budget

The Borough's operating budget analysis lists 19 assumptions about impact growth, all of which can be accommodated within the framework of HB 505. That is, the funding formula in HB 505 incorporates or will respond to the assumptions as they prove true.

Essentially, the Borough's impact operating budget is the product of a projected growth factor, identified as impact growth, times the normal per capita operating expenditures for all Borough general government activities. In FY 1974, the major budgeted expenditure categories were: Finance--\$844,320, Environmental Services--\$336,767, Planning and Zoning--\$195,000, Library--\$190,000, Parks and Recreation--\$185,340, and miscellaneous other--\$647,996, for a FY 1974 base total of \$2,399,423.

It is emphatically worth noting that the Borough has cranked into its impact budget an inflation factor of 2 1/2% for FY 1974 plus an additional 10% for FY 1975, etc., for its entire budget, and attributed it all to impact.

The Borough identifies an impact need of \$276,500 for FY 1974 and \$951,336 for FY 1975 for its operating budget, for a total of \$1,227,836 through FY 1975.

The Borough's statement also identified non-school capital requirements totally \$305,000 for parks and recreation facilities, sanitary landfill/equipment and environmental services/equipment.

Fairbanks North Star School District

The educational impact statement submitted by the School District projected educational impact needs as follows:

FY 1974	(\$22,513)
1975	1,509,310
1976	4,118,863
1977	6,202,369
1978	8,395,404
1979	10,964,100

In calculating these needs, Foundation Program revenues have already been taken into account, excepting additional revenue for student population growth.

The method used to project School District impact costs is debatable. Again, all future inflationary costs through 1979 for the entire education budget are attributed to impact. No reference is made to the significant fact that the non-impact ADM assumed for FY 1975 (8,087) is well below the actual FY 1971 ADM (8,453).

Particular attention needs to be directed to the following assumption of the School District impact:

"Local effort revenues for this presentation have been held constant in order to identify the total revenue shortfall as the direct result of the pipeline."

In other words, the School District impact budget does not include any additional revenues above the current level to be raised locally for educational programs for the next five years.

The School District also requests the State to purchase \$12,475,000 in school bonds from the Borough by June 30, 1975.

City of Fairbanks

The City of Fairbanks has not submitted any comprehensive assessment of its anticipated pipeline impact needs.

Furthermore, the Report on Impact of Trans-Alaska Pipeline Construction on Governmental Services and Facilities prepared by the Special Petroleum Impact Committee reported that:

"It should be noted that the City of Fairbanks estimates of operational impact costs are less than the projected revenues. After review and analysis of their estimates, it appears that the City has underestimated the operational costs attributable to the population increase."

The table below shows recent property tax base and tax rate trends in the City of Fairbanks.

	<u>Full Value Determination</u>	<u>Percent Change</u>	<u>Mill Rate</u>
1969	\$150,979,956		9.6
1970	166,777,300	+10.5%	10.0
1971	212,013,846	+27.1	10.0
1972	226,554,000	+ 6.9	12.0
1973	264,219,295	+16.6	12.0
Cumulative 1969-1973	\$113,239,339	+75%	+25%

However, at the joint meeting held in Fairbanks on December 11, 1973, with City, Borough, School District, and other local officials, Wallis Droz, City Manager, did cite certain impact stresses that faced the City.

With regard to operating budget expenditures, Mr. Droz stated a preference for a State approach that would allow the City to provide such additional services as were needed to meet impact and then be reimbursed afterwards by the State for actual expenditures justified as due to impact. Droz envisioned a procedure whereby the City would review its books after the fact to sort out impact expenses. However, he also stressed the need of local governments for the speediest possible distribution of State assistance was emphasized.

In general, Mr. Droz put most emphasis on the capital program needs of Fairbanks Municipal Utilities System, according to the following priorities:

1. Telephone system expansion
2. Electrification facilities

3. Water treatment facilities
4. Steam heating system

The first three items were also cited in an impact statement submitted in letter form by MUS on September 14, 1973. That letter summarized utility needs as follows:

The foregoing is our best estimate of our minimal needs for capital improvements to serve the present and developing demands for utility service. The cash or credit support requirements are summarized as follows:

Electric Generating Plant	\$ 6,500,000
Water Treatment Plant	4,100,000
Telephone Plant	1,156,000
	<u>\$11,756,000</u>

At the Fairbanks meeting, it was reported that a coal-fired unit for generation costing in excess of \$15,000,000 might have to be substituted for the cheaper generating plant originally proposed.

In any case, the MUS letter does not present these projects as additional facilities merely to serve pipeline impact, narrowly conceived. They are needed for impact due to, among other things, increased exploration activities, gas pipeline construction, and other related economic developments, so says the MUS letter.

City of Valdez

The City of Valdez, on December 3, 1973, submitted an outline of its impact needs in the form of a municipal budget. The City requested impact funding assistance of \$1,500,000 for the fiscal year ending June 30, 1974, of which about \$500,000 was for school support.

This request incorporated all municipal operating expenses for all of fiscal year 1974, even though the fiscal year was half completed. The City had, of course, already received substantial State-shared revenue to support many of the same services. The impact request included all expenses for the operation of the municipal dock facility, even though the dock had earned sufficient income to cover expenses and leave a profit the previous year.

Regardless, the bulk of assistance requested by City of Valdez in its impact statement was for categories of services supported under House Bill 505: police protection, fire protection, water and sewer system maintenance, etc.

Evaluation of any request for impact assistance for the City of Valdez must consider the special circumstances of the City's fiscal situation:

1. The City of Valdez now has, and has had for the last four years, \$25,000,000 to \$50,000,000 in personal property, mainly pipeline related equipment and supplies, which it has chosen not to tax (see table below). By adoption of a personal property tax, the City could derive substantial income from this untapped revenue base. For example, a personal property tax of 15 mills on \$40,000,000 of personal property would yield \$600,000 annually.
2. The City has virtually no bonded debt. This is largely because State and federal governments funded with outright grants reconstruction of new Valdez after the 1964 earthquake.

Attached are tables summarizing recent property tax base and tax rate trends and the impact budget needs submitted by the City.

CITY OF VALDEZ

	<u>Assessed Value of Taxable Property</u>	<u>Full Value Determination</u>	<u>Percent Change</u>	<u>Mill Rate</u>
1969	\$ 5,820,815	\$ 8,155,578		15.0
1970	7,440,100	34,890,930	+328%	15.0
1971	11,411,960	60,789,590	+ 74%	15.0
1977	12,259,150	46,604,740	- 23%	15.0
1973	13,862,650	49,689,705	+ 7%	15.0
Cumulative 1969-1973		+\$41,534,127	+409%	

CITY OF VALDEZ
PIPELINE IMPACT OPERATIONAL NEEDS

<u>Category</u>	FY 1974		FY 1975	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Police	\$174,250	17.5%	\$ 264,700	23.8%
Fire	260,000	26.2	212,000	19.9
Public Works	204,000	20.5	276,000	24.9
Docks & Small Boat Harbor ¹	(86,000)	--	(100,000)	--
Administration	177,000	17.8	186,400	16.8
Finance	116,000	11.7	120,900	10.9
Bldg. Insp. & Camp Grounds	62,000	6.2	50,300	4.5
TOTAL	<u>\$993,850</u>	<u>100.0%</u>	<u>\$1,110,300</u>	<u>100.0%</u>

Source: Pipeline Operation Impact, City of Valdez, December 3, 1973.

¹This category was deducted, since the municipal dock operation earned sufficient income to cover expenses and leave a net income of \$13,281 in FY 1973.

N.B. The City of Valdez's impact budget request included all municipal operating expenses for all of fiscal year 1974, even though the fiscal year was half completed.

Alaska State Legislature



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COMMITTEES:
CHAIRMAN, PUBLIC COMMITTEE
CHAIRMAN, LEGISLATIVE COUNCIL
MEMBER, JUDICIARY COMMITTEE

House of Representatives

February 8, 1974

To: Ronald Rettig
Chairman of Petroleum Impact Committee

From: R. L. McVeigh

To provide aid to Pipeline "impact" areas of the State, Governor Egan has proposed five bills for legislative consideration. The bills H.B. 505, H.B. 506, H.B. 507, H.B. 508, and H.B. 509 deal, for the most part, with providing money to municipalities needing financial assistance to meet extra-ordinary expenses attributable to the Pipeline.

H.B. 505 makes provisions for the Department of Community and Regional Affairs to provide grants to municipalities needing financial assistance in meeting Pipeline impact expenses. To qualify for the grant the municipality must demonstrate to the Department of Community and Regional Affairs:

- (1) a municipal annual growth rate in excess of 4%
- (2) extra-ordinary municipal operating expenditures beyond its capability to reasonably meet and
- (3) these factors (1) and (2) are directly attributable to the

Feb. 8, 1974

Trans-Alaska Pipeline. Sec. 2(b) of the bill provides that the population base is to be computed from the "population of the municipality on the first day of the quarter of the calendar year during which the construction commencement date of the Trans-Alaska Pipeline occurs".

The grants are limited to operating expenses for municipal services involving:

- (1) police protection
- (2) fire protection
- (3) solid waste collection and disposal
- (4) water supply and sewage disposal systems
- (5) health care services; and
- (6) land use and environmental planning and regulations.

To be eligible for a grant, in addition to establishing a demonstrable need in the areas specifically enumerated above, the municipality must experience a growth rate in excess of 4% per year. Sec. 4 of the bill provides for a grant to impacted municipalities which experience population growth directly attributed to the Alaska Pipeline. Computation of the grant is based on the excess of the 4% annual growth figure. To compute the grant, multiply the population growth during the period of the bill (in excess of 4%) computed from the first day of the first quarter

of the calendar year during which construction begins, times the per capita general fund expenditures (subtracting education, capital outlay and debt service) for the complete fiscal year preceeding the effective date of this Act, through June 30, 1975.

Grants may be made quarterly based upon quarterly population estimates with final adjustment to be made on June 30, 1975.

There will be a ceiling on the total grant to which a community is entitled. The figure is computed by multiplying the population growth in excess of 4% over the life of the bill, times the per capita limit. This limit will be \$250 for municipalities with total populations in excess of 10,000, and \$400 for municipality populations under 10,000.

For example assume a municipality has a population of 1,106 (Valdez) people on the first day of the quarter of the calendar year during which construction started. Since the Act expires June 30, 1975 the probability exists that construction will start in early spring of 1974 (April 1), leaving five quarters before expiration of the Act. A municipality of 1,106 would compute its potential grant by multiplying its population by 1.04 (the 4% increase) times the number of years computed over the 5 quarter period, 1.25, i.e., $1,106 \times 1.04 \times 1.25 = 1438$.

The 1,438 represents what normal "unimpacted" growth would be as of June 30, 1975. Assume the actual population on that date was 2000 persons; there would be a difference of 562 between the anticipated normal growth and impacted growth. The 562 would then be multiplied by the per capita general fund expenditure for that community (less education, capital outlay and debt service expenditures). Assuming, as in the case of Valdez, the per capita expenditures for the preceeding complete fiscal year was \$471 per person, the maximum amount of the grant would equal \$471 times 562 or \$264,702. However, since Valdez is under 10,000 population, subsection (6) of Sec. 4 limits the multiplicand to \$400 per person, hence you would multiply 562 times \$400 and arrive at the figure of \$224,800.

Section 5 allows a municipality to receive prepayments not to exceed 50% of maximum eligible grant providing certification is obtained from the Department of Community and Regional Affairs. Subsection (b) of Sec. 5 limits the amount of prepayments for all municipalities to \$5,000,000 or 1/2 the total amount of the fund.

Section 6 provides that grants may be made only upon application to the Department of Community and Regional Affairs and that the applications for a grant specifically state the purpose for which the grant is to be used, and limits the use of grant monies to those purposes.

Section 7 requires that municipalities have separate accounts for grant monies and requires an annual independent audit to be submitted to Community and Regional Affairs.

Section 8 provides that grants are to be made by the Department of Community and Regional Affairs at the direction of the Government and subject to approval of the Legislative Budget and Audit Committee.

Section 9 deals with the population computation and provides that the Department of Community and Regional Affairs will make the final decisions in the area.

Sections 10-12 provide definitions, regulatory authority and an effective date.

H.B. 506 provides a ten million dollar appropriation to the Department of Community and Regional Affairs to provide grants to qualified municipalities needing financial assistance in meeting Pipeline impact expenses.

H.B. 503 establishes a Municipal Planning Revolving Loan Fund to be administered by the State Treasury Division of the Revenue Department.

The Fund would make loans available to Alaska municipalities for capital improvement planning in the form of pre-engineering studies, engineering design, and architectural design. If the municipality can demonstrate a population growth rate in excess of its normal growth rate attributable to the construction of the Trans-Alaska Pipeline, it will be given priority in the distribution of the loans.

The amount of the loan is limited to \$100 per capita or \$150,000, whichever ever is the lesser amount. Loans may not be made for the purpose of conducting a feasibility study of a municipal capital improvement.

Reliable population figures are to be submitted by the municipalities, preferably the latest United States Bureau of the Census figures. However, the State will be the final judge as to the reliability and acceptance of the figures.


A loan is to be repaid into the Municipal Planning Revolving Loan Fund, plus interest not to exceed six percent, at the time financing for the capital improvement is secured. If such financing is not secured, the municipality has five years from the date of the loan to repay the loan, plus interest.

Page 7

Feb. 8, 1974

Loans may be made only upon application by the municipality to the department. Each loan application shall state the purposes for which the loan will be spent. No loan may be spent for purposes other than those specified in the application.

The last section of the Act defines the word municipality as it is to apply to this Bill.

A handwritten signature in cursive script, appearing to read "R. L. McVeigh".

R. L. McVeigh

McV:af

STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF COMMUNITY
PLANNING

POUCH B-JUNEAU 99801

March 6, 1974

The Honorable Selwyn Carrol
Chairman, House Community and
Regional Affairs Committee
House of Representatives
Juneau, Alaska 99801

Dear Representative Carrol:

You have requested us to prepare an estimate of municipal assistance eligibility amounts authorized by the House Community and Regional Affairs committee substitute for House Bill 505.

The two revisions in CSHB 505 affecting the municipal eligibility amounts are:

- a) the reduction of the annual growth rate threshold to 2.9 percent; and
- b) the broadening of eligibility standards to encompass municipalities experiencing accelerated population growth in general rather than population growth directly attributable to pipeline construction.

In the brief time available, we have not been able to assemble the municipal budget data needed to calculate eligibility amounts for the additional local jurisdictions that might qualify for assistance under the broadened eligibility standard.

However, we would offer the following information for the consideration of the Committee.

Applying the 2.9 percent growth rate threshold to the eight major pipeline-impacted jurisdictions for which municipal budget data is readily available, we estimate the following municipal assistance eligibility amounts under CSHB 505:

City of Anchorage	\$1,541,050
Delta Junction	17,568
City of Fairbanks	1,583,750
Fairbanks North Star Borough	1,012,894
Greater Anchorage Area Borough	2,440,443
North Pole	55,750

The Honorable Selwyn Carrol

-2-

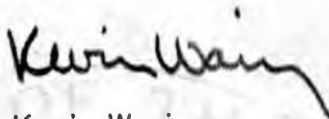
March 6, 1974

North Slope Borough	242,087
Valdez	<u>1,710,000</u>
Subtotal	\$8,603,542

We would also note that the above jurisdictions account for more than 50 percent of the State's present population, and will account for the great bulk of population growth in the State in the next sixteen months. Subject to an opportunity to calculate in full detail the fiscal effect of the CSHB 505's revisions, we would offer a "guesstimate" that the maximum estimated municipal assistance eligibility under CSHB 505 would be in the vicinity of \$10,000,000.

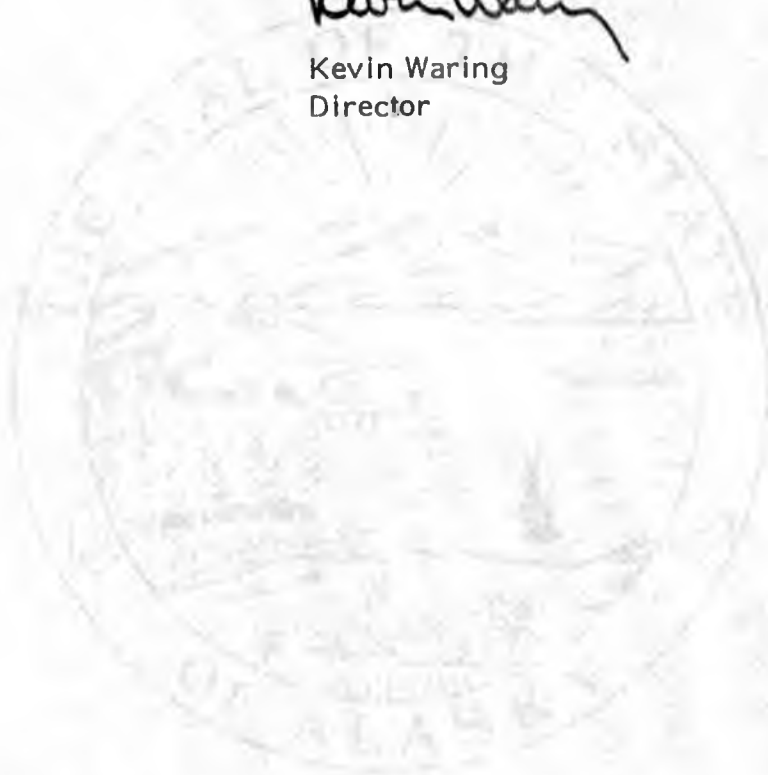
We hope this information is useful for the immediate purposes of the Committee. We will be pleased to respond in greater detail in the near future, if the Committee desires.

Sincerely,



Kevin Waring
Director

KW: me



Introduced: 2/15/74
Referred: Community and
Regional Affairs and
Finance

BY THE RULES COMMITTEE
BY REQUEST OF THE
SPECIAL PETROLEUM
IMPACT COMMITTEE

IN THE HOUSE

CS FOR HB 505

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to assisting municipalities creating a pipeline/impact office; and providing for an effective date."

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

*Section 1. AS 44.19 is amended by adding new sections to read:

ARTICLE 8. PIPELINE IMPACT AGENCY.

Sec. 44.19.581. PURPOSE. The legislature finds that construction of the trans-Alaska pipeline, from its commencement to completion over a period of approximately three years, will impose severe to mild strains on local and state governmental services and facilities. While the pipeline construction indubitably will, in the long run, mean immense growth and development to the communities and areas along the pipeline route, and to those areas coming under direct pipeline construction influence, the legislature further finds that localities most affected will be unable to cope with the probable impact on facilities and services brought about by the anticipated overwhelming and sudden increases in numbers of citizens to be served. The legislature finds, also, that communities while likely to be impacted are willing and ready via local taxation to do all possible themselves to meet impact requirements, even to the full limits of local taxation tolerance, nevertheless, recognizing the state will be the prime beneficiary of pipeline construction via realization of enormous oil development revenues for the total state, the legislature finds that local impact financial burdens logically should be borne by the state as its investment in those future revenues. It is, therefore, the intent of the legislature, in this measure, to provide a means of quickly and decisively determining specific impact problems and, additionally, for moving quickly and decisively to provide funds, facilities, personnel or other means for quick solutions. Finally, the legislature intends via this legislation to meet local

and state pipeline construction impact problems as quickly and efficiently as possible in manners similar to the handling of disaster impact problems.

Sec. 44.19.583. PIPELINE IMPACT AGENCY. There is created in the office of the governor the Pipeline Impact Agency.

Sec. 44.19.585. DIRECTOR. The Pipeline Impact Agency is administered by a director of pipeline impact. The director is appointed by the governor and serves at the pleasure of the governor.

Sec. 44.19.587. PROGRAM TO ASSIST MUNICIPALITIES DURING PIPELINE CONSTRUCTION. The Pipeline Impact Office shall administer a state program to provide assistance to municipalities which are adversely affected, economically and socially, by pipeline construction.

Sec. 44.19.589. POWERS AND DUTIES. (a) The director shall

(1) advise and assist the governor in developing planning assumptions and a broad preparedness plan with respect to the economic and social impact that will accompany pipeline construction;

(2) advise and assist the governor in developing policies, programs and control systems designed to alleviate the economic and social impact resulting from pipeline construction; and

(3) advise and assist the governor with respect to resolving issues related to pipeline construction impact preparedness responsibilities of state agencies which arise concerning two or more of those agencies.

(b) The director, with the approval of the Legislative Audit Committee may

(1) make loans and grants and purchase evidences of indebtedness with funds from the pipeline impact fund to municipalities economically or socially adversely affected by pipeline construction;

(2) guarantee municipal bonds when a municipality needs to undertake a capital improvement program on an accelerated basis; and

(3) pay (for not more than three years) from the pipeline impact fund a portion of the debt service or interest or both incurred by a municipality for undertaking capital improvements made necessary by pipeline construction.

(c) Grants under (b) (1) of this section shall be made and shall be made only for extraordinary municipal operations expenditures beyond a municipality's capacity to reasonably meet in considering population growth shall be given greater weight than per capita increase in population. Applications for grants

shall be made in a form prescribed by the director. A grant shall be allotted according to an agreement made between the director on behalf of the state and the municipality receiving the grant. The agreement may include any provision agreed upon by the parties and shall include in substance the following provisions:

(1) a schedule of grant disbursements, if, as determined by the director, a grant is to be disbursed other than in one sum;

(2) agreement by the municipality to

(A) proceed with and complete the proposed project or program expeditiously;

(B) not discontinue operation or dispose of all or part of the project or program for which it receives a grant without the approval of the director;

(C) apply for, and make reasonable efforts to secure, federal assistance which may be available for the project or program, subject to any conditions the agency may require in order to maximize the amounts of that assistance received or to be received for all projects or programs in the state;

(3) agreement by the municipality that, if federal assistance for a project or program becomes available to the municipality which was not included in the calculation of the amount of a grant authorized and disbursed under this section, the value of the federal assistance shall be ascertained and subtracted from the total of the project or program and the balance shall be proportionately divided between the state and municipality;

(4) provision for alteration or modification of an approved project or program and for remedies in case of failure to perform the agreement between the parties or noncompliance with regulations promulgated by the director under this section.

(d) If funds appropriated by the legislature to provide loans and grants and purchase evidences of indebtedness under this section are not adequate to satisfy amounts required by approved grant applications, funds shall be allocated on the basis of priority established by the director by regulations promulgated to carry out the provisions of this section.

(e) The director shall provide a quarterly report to the legislature with respect to applications and grants made under this section.

(f) The director shall determine the terms and conditions for making a loan and purchasing an evidence of indebtedness under this section.

g ~~h~~ The director shall defer action on all applications which do not require immediate action until the Ninth State Legislature at which time the director shall submit to the legislature a listing of applications together with his evaluation of the priority and urgency of each request.

Sec. 44.19.591 AUTHORITY TO ACCEPT SERVICE, GIFTS, GRANTS, AND LOANS. When the federal government or an agency or officer of the federal government offers to the state, or through the state to a municipality, services, equipment, supplies, materials, or funds by way of gift, grant, or loan, for the purpose of alleviating the social or economic impact resulting from pipeline construction, the state acting through the director, or the municipality acting through its executive officer or governing body, may accept the offer subject to the terms of the offer and the rules and regulations of the agency making the offer.

Sec. 44.19.592 INITIAL GRANTS TO IMPACT COMMUNITIES. (a) Eligibility Standards.

(1) Grants to carry out the purposes of this Act shall be made to a municipality demonstrating an annual population growth rate in excess of ~~2.9~~ four percent;

(2) The base population for measuring the annual population growth rate for purposes of this section is the population of the municipality on the first day of the quarter of the calendar year during which the construction date of the trans-Alaska pipeline occurs.

(b) Grant Computation and Payment.

? (1) A municipality is eligible for a grant amount under this Act equal to its population growth by June 30, 1975 in excess of the 2.9 percent annual population growth rate standard established under Sec. 2 of this Act multiplied by that percentage which population growth of the municipality in excess of 219 percent bears to total population growth in excess of four percent for all Alaska municipalities multiplied by the sum or \$10,000,000.

(2) Grants may be made quarterly based upon quarterly population estimates with final adjustment to be made on June 30, 1975. Final grant payments shall be withheld until after final adjustments of amounts are made on June 30, 1975.

(c) Prepayments.

(1) A municipality may receive, as a prepayment, up to 50 percent of the amount it will be entitled to under this Act upon certification by the Pipeline Impact Office that the municipality will more likely than not meet the eligibility standards set forth in Subsection (a).

(2) Total prepayments to municipalities made under this section may not exceed \$5,000,000.

(d) Application. Grants under this Act may be made only upon application by a municipality to the Pipeline Impact Office. Each grant application shall state the projected population increase in excess of four percent for the period of July 1, 1974 through June 30, 1975 together with the data upon which the projections are based.

(e) Approval. Grants under this Act shall be made by the Pipeline Impact Office at the direction of the governor subject to approval of the Legislative Budget and Audit Committee.

(f) Population. A municipality shall submit estimated population and population growth figures to the Pipeline Impact Office. These population and population growth figures are subject to review and approval by the Pipeline Impact Office. The decisions of the Pipeline Impact Offices are final as to

(1) population growth figures for the purpose of establishing eligibility under Subsection (a);

(2) population figures for computing grant amounts under Subsection (c) of this Act; or

(3) population figures for computing prepayment amounts under subsection (d).

Sec. 44.19.593. PIPELINE IMPACT FUND. There is the pipeline impact fund created for the purpose of carrying out the provisions of sec. 587(b) of this chapter. The fund consists of all money made available by appropriations of the state legislature, and from other appropriated funds, all contributions from whatever source, and income and interest derived from the investment of money.

Sec. 44.19.595. DEFINITIONS. For purposes of this Act

(1) "construction commencement date" means the date the following occur:

(A) There has been issued to the owner of his agen right-of permits, leases, and title and other rights in lands, and other approvals, permits, licenses and certificates, by federal, state and local agencies that a reasonable and prudent person would consider adeuqate to commence construction of the facilities in the expectation that all other approvals permits, licenses and certificates necessary for the completion of facilities will be obtained;

(B) all approvals, permits licenses and certificates are in full force and effect, unrevoked and without any modification, which might jeopardize the completion or continued construction of the facilities; and

(C) no order, judgement, decree, determination or award of a federal, state or local court or administrative or regulatory agency enjoining, either temporarily or permanently, the construction of the continuation of construction of the facilities is in effect.

2. (2) "municipality" means a general law municipal corporation and political subdivision, which is a first or second class borough or city incorporated under the laws of the state;

(3) "operating expenditures" means personal services, contractual services, travel, commodities and up to \$20,000 per item of equipment except that it does not include any of these items if part of a capital improvement expenditure;

(4) "quarter of a calendar year" means a period beginning January 1, April 1, July 1, and October 1 of a calendar year.

Sec. 44.19.597. REGULATIONS. The Pipeline Impact Office may adopt regulations necessary to carry out the purpose of this Act.

Sec. 44.19.599. EFFECTIVE DATE. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.

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

Introduced: 2/15/74
Referred: Community and
Regional Affairs and
Finance

BY THE RULES COMMITTEE
BY REQUEST OF THE
SPECIAL PETROLEUM
IMPACT COMMITTEE

1 IN THE SENATE

2 CS for SENATE BILL NO. 382

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act creating the Pipeline Impact Agency; and
7 providing for an effective date."

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

9 * Section 1. AS 44.19 is amended by adding new sections to read:

10 ARTICLE 8. PIPELINE IMPACT AGENCY.

11 Sec. 44.19.581. PURPOSE. The legislature finds that construction
12 of the trans-Alaska pipeline, from its commencement to completion over
13 a period of approximately three years, will impose severe to mild
14 strains on local and state governmental services and facilities. While
15 the pipeline construction indubitably will, in the long run, mean
16 immense growth and development to the communities and areas along the
17 pipeline route, and to those areas coming under direct pipeline con-
18 struction influence, the legislature further finds that localities most
19 affected will be unable to cope with the probable impact on facilities
20 and services brought about by the anticipated overwhelming and sudden
21 increases in numbers of citizens to be served. The legislature finds,
22 also, that communities while likely to be impacted are willing and
23 ready via local taxation to do all possible themselves to meet impact
24 requirements, even to the full limits of local taxation tolerance,
25 nevertheless, recognizing the state will be the prime beneficiary of
26 pipeline construction via realization of enormous oil development
27 revenues for the total state, the legislature finds that local impact
28 financial burdens logically should be borne by the state as its invest-
29 ment in those future revenues. It is, therefore, the intent of the

1 legislature, in this measure, to provide a means of quickly and deci-
2 sively determining specific impact problems and, additionally, for
3 moving quickly and decisively to provide funds, facilities, personnel
4 or other means for quick solutions. Finally, the legislature intends
5 via this legislation to meet local and state pipeline construction impact
6 problems as quickly and efficiently as possible in manners similar to
7 the handling of disaster impact problems. ~~The legislature finds, too,~~
8 ~~that revenue-sharing formulas on per capita or percentage per capita~~
9 ~~increase basis are less desirable, less effective, and more costly than~~
10 ~~the case-by-case approach intended in the legislation. Under the~~
11 ~~formula approach, provision would have to be made for all probable as~~
12 ~~well as all possible impact contingencies, some of which may never~~
13 ~~develop.~~

14 Sec. 44.19.583. PIPELINE IMPACT AGENCY. There is created in the
15 ~~(Department of Community and Regional Affairs)~~
16 ~~office of the governor~~ the Pipeline Impact Agency.

17 Sec. 44.19.585. DIRECTOR. The Pipeline Impact Agency is adminis-
18 tered by a director of pipeline impact. The director is appointed by
19 the governor and serves at the pleasure of the governor. The appoint-
20 ment of the director is subject to confirmation by a majority of the
21 members of the legislature in joint session.

22 Sec. 44.19.587. PROGRAM TO ASSIST MUNICIPALITIES DURING PIPELINE
23 CONSTRUCTION. The Pipeline Impact Agency shall administer a state
24 program to provide assistance to municipalities which are adversely
25 affected, economically and socially, by pipeline construction.

26 Sec. 44.19.589. POWERS AND DUTIES. (a) The director shall

27 (1) advise and assist the governor in developing planning
28 assumptions and a broad preparedness plan with respect to the economic
29 and social impact that will accompany pipeline construction;

(2) advise and assist the governor in developing policies,

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programs and control systems designed to alleviate the economic and social impact resulting from pipeline construction; and

(3) advise and assist the governor with respect to resolving issues related to pipeline construction impact preparedness responsibilities of state agencies which arise concerning two or more of those agencies.

(b) The director, with the approval of the Special Legislative Pipeline Impact Review Committee ~~(as provided for in secs. 595-605 of this chapter)~~, may

(1) make loans and grants and purchase evidences of indebtedness with funds from the pipeline impact fund to municipalities economically or socially adversely affected by pipeline construction;

(2) guarantee municipal bonds when a municipality needs to undertake a capital improvement program on an accelerated basis; and

(3) pay (for not more than three years) from the pipeline impact fund a portion of the debt service or interest or both incurred by a municipality for undertaking capital improvements made necessary by pipeline construction.

(c) ⁽⁴⁾ Grants under (b)(1) of this section shall be made ~~on the~~

~~basis of percentage increase in population and not on the basis of per capita increase in population~~

Applications for grants shall be made in a form prescribed by the director. A grant shall be allotted according to an agreement made between the director on behalf of the state and the municipality receiving the grant. The agreement may include any provision agreed upon by the parties and shall include in substance the following provisions:

(1) a schedule of grant disbursements, if, as determined by the director, a grant is to be disbursed other than in one sum;

(2) agreement by the municipality to

Insert #1
Insert #2

1 (A) proceed with and complete the proposed project
2 or program expeditiously;

3 (B) not discontinue operation or dispose of all or
4 part of the project or program for which it receives a grant with-
5 out the approval of the director;

6 (C) apply for, and make reasonable efforts to secure,
7 federal assistance which may be available for the project or
8 program, subject to any conditions the agency may require in
9 order to maximize the amounts of that assistance received or to
10 be received for all projects or programs in the state;

11 (3) agreement by the municipality that, if federal assistance
12 for a project or program becomes available to the municipality which
13 was not included in the calculation of the amount of a grant authorized
14 and disbursed under this section, the value of the federal assistance
15 shall be ascertained and subtracted from the total value of the project
16 or program and the balance shall be proportionately divided between
17 the state and municipality;

18 (4) provision for alteration or modification of an approved
19 project or program and for remedies in case of failure to perform the
20 agreement between the parties or noncompliance with regulations promul-
21 gated by the director under this section.

22 (d) If funds appropriated by the legislature to provide loans and
23 grants and purchase evidences of indebtedness under this section are
24 not adequate to satisfy amounts required by approved grant applications,
25 funds shall be allocated on the basis of priority established by the
26 director by regulations promulgated to carry out the provisions of this
27 section.

28 (e) The director shall provide a quarterly report to the legisla-
29 ture with respect to grants made under this section.

1 (f) The director shall determine the terms and conditions for
2 making a loan and purchasing an evidence of indebtedness under this
3 section.

4 ⁶⁰⁷
5 Sec. 44.19.~~599~~. AUTHORITY TO ACCEPT SERVICE, GIFTS, GRANTS, AND
6 LOANS. When the federal government or an agency or officer of the
7 federal government offers to the state, or through the state to a
8 municipality, services, equipment, supplies, materials, or funds by
9 way of gift, grant, or loan, for the purpose of alleviating the social
10 or economic impact resulting from pipeline construction, the state
11 acting through the director, or the municipality acting through its
12 executive officer or governing body, may accept the offer subject to
13 the terms of the offer and the rules and regulations of the agency
14 making the offer.

15 ⁶⁰⁷
16 Sec. 44.19.~~599~~. PIPELINE IMPACT FUND. There is the pipeline
17 impact fund created for the purpose of carrying out the provisions of
18 sec. 587(b) of this chapter. The fund consists of all money made
19 available by appropriations of the state legislature, and from other
20 appropriated funds, all contributions from whatever source, and income
21 and interest derived from the investment of money.

22 ⁷⁰¹
23 Sec. 44.19.~~599~~. SPECIAL LEGISLATIVE PIPELINE IMPACT REVIEW COM-
24 MITTEE. There is established the Special Legislative Pipeline Impact
25 Review Committee composed of three members of the senate appointed by
26 the president of the senate and three members of the house of represen-
27 tatives appointed by the speaker of the house. The committee shall
28 select its own chairman.

29 ⁷⁰³
30 Sec. 44.19.~~599~~. TERM OF MEMBERSHIP. The committee shall be
organized within 15 days after the organization of each legislature.
Members serve for the duration of the legislature during which they
are appointed. If they are reelected or their term of office extends

Insert
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1 into the next succeeding legislature, they continue to serve until
2 reappointed or the appointment of their successor.

3 Sec. 44.19.⁷⁰⁵~~599~~. VACANCIES. When a vacancy occurs in the member-
4 ship of the committee, the presiding officer of the house incurring
5 the vacancy shall choose a successor. If the office of the president
6 of the senate or speaker of the house of representatives becomes
7 vacant and a vacancy from the affected house occurs among the member-
8 ship of the committee, the remaining committee members from the house
9 incurring the vacancy shall appoint a new member.

10 Sec. 44.19.⁷⁰⁷~~601~~. MEETINGS. (a) The committee may meet during
11 sessions of the legislature and during the interim between sessions at
12 such times and places in the state as the chairman may determine.
13 Members may receive, for the minimum time required to get to and from
14 meetings and for the period while attending meetings, the same travel
15 and per diem allowances provided by law for members of the legislature
16 when attending sessions, except that members of the committee receive
17 no per diem during legislative sessions other than the per diem allow-
18 ance paid to other members of the legislature.

19 (b) The members of the committee can validly conduct a meeting
20 and vote by communicating simultaneously with each other by means of
21 conference telephones or similar communications equipment.

22 (c) A majority of the members of the committee constitute a
23 quorum for the purpose of carrying out its duties under sec. ⁷⁰⁷~~608~~ of
24 this chapter.

25 Sec. 44.19.⁷⁰⁷~~603~~. DUTIES OF COMMITTEE. The committee shall review
26 and approve or disapprove, in whole or in part, the decisions made
27 by the Pipeline Impact Agency ~~under sec. 589(b) of this chapter.~~

28 Sec. 44.19.⁸⁰¹~~609~~. DIVISION OF LEGISLATIVE FINANCE ASSISTANCE. The
29 division of legislative finance shall cooperate with the committee and

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shall furnish technical assistance and personnel, if available, upon request.

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

Insert #4

Insert #1

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2 (4) allow ^{to} A community may
3 borrow from the fund to cover immediate impact needs in antici-
4 pation of tax revenues, grants under this act, federal grants, or
5 other revenue sources;

6 (b) ^{paragraph} Loans under this ~~section~~ may be granted upon application
7 and the passage by the local governing body of an ordinance author-
8 izing the borrowing. The ordinance shall specify the anticipated
9 revenue sources and provide for a pledge of the revenues to the
10 repayment of the loans;

11 (c) ^{paragraph} Loans under this section shall require concurrence of
12 the Special Legislative Pipeline Impact Review Committee and shall
13 include the following terms:

14 (1) ^A The loan shall bear interest at a rate not to
15 exceed six per cent a year.

16 (2) ^B No interest may be charged for the first three
17 years of the loan or until January 1, 1978, whichever is sooner.

18 (3) ^C If the loan or any part of it is not repaid or
19 otherwise extinguished before the date of commencement of interest,
20 repayment shall be made in equal semi-annual installments, including
21 interest, starting six months following the commencement of inter-
22 est. The payments schedule shall provide for full payment of the
23 loan over a period of not more than 20 years.

1 INSERT # 2

2 ~~ONLY FOR EXTRA~~ only for extraordinary municipal operations expendi-
3 tures ~~XXXX~~ beyond a municipality's capacity to reasonably meet in
4 considering population growth shall be given greater weight than per
5 capita increase in population.

Insert # 3

((forget underlining))

44.19.591

* Sec. 2. ELIGIBILITY STANDARDS. (a) Grants to carry out the

purposes of this ^{Chapter} Act may be made to a municipality demonstrating

(1) an annual population growth rate in excess of its average annual growth rate for the period April 1, 1970, through July 1, 1973;

(2) extraordinary municipal operating expenditures beyond its capability to reasonably meet from growth in receipts from present municipal revenue sources; and

(3) that both (1) and (2) of this subsection can be directly attributed to the impact of construction of the trans-Alaska pipeline.

(b) The base population for measuring the annual population growth rate for purposes of this section is the population of the municipality on the first day of the quarter in which the effective

44.19.593

* Sec. 3. GRANT COMPUTATION AND PAYMENT. (a) A municipality is

eligible for a grant amount under this ^{Chapter} Act equal to its population growth by June 30, 1975 in excess of the average annual population growth rate standard established under sec. ⁵⁹¹ 2 of this ^{Chapter} Act multiplied by its per capita general fund expenditures, excluding expenditures for education, capital outlay and debt service, for the last complete fiscal year preceding the effective date of this Act.

(b) A municipality incorporated after the effective date of this Act is eligible for a grant amount under this ^{Chapter} Act equal to its population growth by June 30, 1975 in excess of the average annual population growth rate standard established under sec. ⁵⁹¹ 3 of this ^{Chapter} Act multiplied by its per capita general fund expenditures, excluding expenditures for education, capital outlay and debt service, for its fiscal year budget.

1
 2 (c) Total grants under this ~~Act~~ ^{Chapter} to a municipality with a
 3 population of 10,000 persons or more on the first day of the quarter
 4 in which ~~the effective date of this Act falls~~ ^{this Act takes effect} may not exceed \$250
 5 per capita of the population growth in excess of the average annual

6
 7 population growth rate standard established under sec. ~~2~~ ⁵⁹¹ of this ~~Act~~ ^{Chapter}.
 8 Total grants under this Act to a municipality with a population
 9 under 10,000 persons on the first day of the quarter in which ~~the~~ ^{this Act takes effect}
 10 ~~effective date of this Act falls~~ may not exceed \$400 per capita of
 11 the population growth in excess of the average annual population
 12 growth rate standard established under sec. ~~2~~ ⁵⁹¹ of this ~~Act~~ ^{Chapter}.

13 (d) The base population for measuring the per capita general
 14 fund expenditures for purposes of this section is the population
 15 of the municipality on the first day of the quarter in which ~~the~~ ^{Act} ~~effective date of this Act falls~~ ^{this takes effect}.
 16 ~~effective date of this Act falls~~.

17 (e) Grants may be made quarterly based upon quarterly population
 18 estimates with final adjustment to be made on June 30, 1975. Final
 19 grant payments shall be withheld until after final adjustments of
 20 amounts are made on June 30, 1975.

21 * ^{44.19.} Sec. ~~595~~ PREPAYMENTS. (a) A municipality may receive, as a pre-
 22 payment, up to 50 per cent of the amount it will be entitled to
 23 under this ~~Act~~ ^{Chapter} upon certification by the ~~Department of Community and~~ ^{Agency}
 24 ~~Regional Affairs~~ that the municipality will more likely than not meet
 25 the eligibility standards set forth in sec. ~~2~~ ⁵⁹¹ of this ~~Act~~ ^{Chapter}.

26 (b) Total prepayments to municipalities made under this section
 27 may not exceed \$5,000,000.
 28
 29

44.19.597

* Sec. 5. APPLICATION. (a) Grants under this Act may be made only

upon application by a municipality to the ~~Department of Community and Regional Affairs~~ ^{agency}. Each grant application shall state the essential/municipal services for which the grant will be expended. A prepayment grant application may be submitted at any time after the effective date of this Act.

(b) No grant may be expended for purposes other than those specified in the application.

44.19.599

* Sec. 7. ACCOUNTABILITY FOR GRANTS. (a) A municipality shall submit

a financial report covering the expenditure of any grant already received under this ~~Act~~ ^{chapter} to the ~~Department of Community and Regional Affairs~~ ^{agency} before another grant may be received under this ~~Act~~ ^{chapter}.

(b) A municipality receiving grants under this Act shall

(1) maintain a separate account for the grants received under this ~~Act~~ ^{chapter};

(2) provide for an annual independent audit of the separate account for the grants received under this ~~Act~~ ^{chapter}; and

(3) submit a copy of the independent audit report to the ~~Department of Community and Regional Affairs~~ ^{agency}.

44.19.601

* Sec. 8. APPROVAL. Grants under this ~~Act~~ ^{chapter} shall be made by the ~~Department of Community and Regional Affairs~~ ^{Director}

~~at the direction of the governor~~ ^{Special Legislative Topics Impact Review} subject to approval of the ~~Legislative Budget and Audit Committee~~.

44.19.603

* Sec. 9. POPULATION. A municipality shall submit estimated population

and population growth figures to the ~~Department of Community and Regional Affairs~~ ^{agency}. These population and population growth figures are subject to review and approval by the ~~Department of Community and Regional Affairs~~ ^{agency}. The decisions of the ~~Department of Community and Regional Affairs~~ ^{agency} are final as to

1 (1) population growth figures for the purpose of estab-
2 lishing eligibility under sec. ⁵⁹¹ of this ^{chapter} Act;

3 (2) population figures for computing grant amounts under
4 sec. ⁵⁹³ of this ^{chapter} Act; and

5 (3) population figures for computing prepayment amounts
6 under sec. ⁵⁹⁵ of this ^{chapter} Act.

7
8 # Sec. ^{44,19,605} REGULATIONS. The ^{agency} Department of Community and Regional
9 Affairs may adopt regulations necessary to carry out the purpose of
10 this Act.

11
12 *Insert # 4*

13 * Sec. 44.19.803. Definitions. In this chapter

14 (1) "agency" means the *Triplicine Ins-*
15 *urance Agency;*

16 (2) "population" means non-milita. population;

17 (3) "municipality" means a home rule municipality or a
18 general law municipal corporation and political subdivision, which
19 is a first or second class borough or city incorporated under the
20 laws of the state;

21 (4) "operating expenditures" means personal services, con-
22 tractual services, travel, commodities and up to \$20,000 per item of
23 equipment except that it does not include any of these items if part
24 of a capital improvement expenditure;

25 (5) "quarter" means a period beginning January 1, April 1,
26 July 1 and October 1 of a calendar year.

TRENDS IN MAJOR LOCAL GOVERNMENT REVENUE SOURCES, 1969-1973

<u>CITY OF ANCHORAGE</u>	<u>GENERAL PROPERTY TAX REVENUES</u>	<u>INTERGOVERNMENTAL REVENUES</u>
1969	\$ 4,748,378	\$ 936,053
1973	6,865,940	5,809,078
CHANGE:	+ \$ 2,117,562	+ \$ 4,873,025
	or + <u>44.6%</u>	or + <u>520.6%</u>

<u>CITY OF FAIRBANKS</u>	<u>GENERAL PROPERTY TAX REVENUES</u>	<u>INTERGOVERNMENTAL REVENUES (STATE)</u>
1969	\$ 1,137,380	\$ 263,414
1973(est.)	2,242,694	928,200
CHANGE:	+ \$ 1,105,314	+ \$ 664,786
	or + <u>97.2%</u>	or + <u>252.4%</u>

<u>FAIRBANKS NORTH STAR BOROUGH</u>	<u>GENERAL PROPERTY TAX REVENUES</u>	<u>INTERGOVERNMENTAL REVENUES (STATE)</u>
1969	\$ 2,747,000	\$ 5,304,000
1972	1,504,000	11,817,000
CHANGE:	- \$ 1,243,000	+ \$ 6,513,000
	or - <u>45.2%</u>	or + <u>122.8%</u>

<u>GREATER ANCHORAGE AREA BOR.</u>	<u>GENERAL PROPERTY TAX REVENUES</u>	<u>INTERGOVERNMENTAL REVENUES</u>
1969	\$15,830,776	\$17,489,311
1973	23,170,894	46,839,037
CHANGE:	+ \$ 7,340,118	+ \$29,349,726
	or + <u>46.4%</u>	or + <u>167.8%</u>

<u>CITY OF VALDEZ</u>	<u>REAL PROPERTY TAX REVENUES</u>	<u>INTERGOVERNMENTAL REVENUES</u>
1969	\$ 96,361	\$ 14,361
1973	172,274	163,269
CHANGE:	+ \$ 75,913	+ \$ 148,905
	or + <u>78.8%</u>	or + <u>1036.9%</u>

LOCAL PROPERTY TAX AND REVENUE TRENDS: 1969-1973

	<u>ASSESSED VALUATION</u>	<u>MILL RATE</u>	<u>GENERAL PROPERTY TAX REVENUE</u>	<u>INTERGOV. REVENUE</u>
CITY OF ANCHORAGE	+ 81.1%	- 21.0%	+ 46.6%	+ 520.6%
CITY OF FAIRBANKS	+ 75.0%	+ 25.0%	+ 97.2%	+ 252.4% ²
FAIRBANKS NORTH STAR BOR. ¹	+ 90.0%	- 61.4%	- 45.2%	+ 122.8% ²
GREATER ANCHORAGE AREA BOR.	+109.5%	- 18.0%	+ 46.4%	+ 167.8%
CITY OF VALDEZ	+509.3%	no change	+ 78.8%	+1036.9%

¹For the period 1969-1972.

²State intergovernmental revenues only.

HOUSE BILL 505
MUNICIPAL ASSISTANCE FUND
ESTIMATED ELIGIBILITY

	Population Estimates		1973 General Fund Expenditure	1973 Per Capita General Fund Expenditure	Estimated Municipal Assistance
	1/1/74	6/30/75			
Anchorage City	55,050	63,920	\$13,101,268	\$238	\$1,325,000
Delta Junction	703	1,100	33,510	48	17,700
Fairbanks City	18,685	25,833	4,789,000	256	1,507,000
Fairbanks North Star Borough	35,240	53,110	2,200,000 (est.)	62	975,000
Greater Anchorage Area Borough	125,500	150,800	15,414,192	123	2,186,000
North Pole	265	500	66,444 (1972)	250	56,000
North Slope Borough	3,384	4,570	790,124	233	245,000
Valdez	1,174	5,500	520,871	444	1,702,400

When available, population estimates were taken from or interpolated from estimates presented in local government impact statements. Fiscal data is calculated from the financial reports of the municipalities.

Department of Community and Regional Affairs

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF COMMUNITY
PLANNING

WILLIAM A. EGAN, GOVERNOR

POUCH B-JUNEAU 99801

March 6, 1974

The Honorable Selwyn Carrol
Chairman, House Community and
Regional Affairs Committee
House of Representatives
Juneau, Alaska 99801

Dear Representative Carrol:

You have requested us to prepare an estimate of municipal assistance eligibility amounts authorized by the House Community and Regional Affairs committee substitute for House Bill 505.

The two revisions in CSHB 505 affecting the municipal eligibility amounts are:

- a) the reduction of the annual growth rate threshold to 2.9 percent; and
- b) the broadening of eligibility standards to encompass municipalities experiencing accelerated population growth in general rather than population growth directly attributable to pipeline construction.

In the brief time available, we have not been able to assemble the municipal budget data needed to calculate eligibility amounts for the additional local jurisdictions that might qualify for assistance under the broadened eligibility standard.

However, we would offer the following information for the consideration of the Committee.

Applying the 2.9 percent growth rate threshold to the eight major pipeline-impacted jurisdictions for which municipal budget data is readily available, we estimate the following municipal assistance eligibility amounts under CSHB 505:

City of Anchorage	\$1,541,050
Delta Junction	17,568
City of Fairbanks	1,583,750
Fairbanks North Star Borough	1,012,894
Greater Anchorage Area Borough	2,440,443
North Pole	55,750

The Honorable Selwyn Carrol

-2-

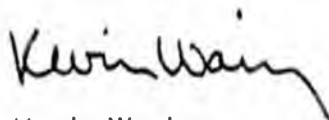
March 6, 1974

North Slope Borough	242,087
Valdez	<u>1,710,000</u>
Subtotal	\$1,952,087

We would also note that the above jurisdictions account for more than 50 percent of the State's present population, and will account for the great bulk of population growth in the State in the next sixteen months. Subject to an opportunity to calculate in full detail the fiscal effect of the CSHB 505's revisions, we would offer a "guesstimate" that the maximum estimated municipal assistance eligibility under CSHB 505 would be in the vicinity of \$10,000,000.

We hope this information is useful for the immediate purposes of the Committee. We will be pleased to respond in greater detail in the near future, if the Committee desires.

Sincerely,



Kevin Waring
Director

KW: me

Selected Small Communities

POPULATION CHANGE

1970 - 1973

	<u>1970 Census</u>	<u>July 1, 1973</u>	<u>% Change</u>
Anaktuvak Pass	99	125	+26%
Barrow	2,104	2,307	+10%
Copper Center*	206	206	-
Delta Junction	703	703	-
Fort Yukon	448	637	+42%
Gakona*	88	88	-
Glennallen*	363	407	+12%
Gulkana*	53	53	-
Haines City	463	1,093	+136%
Haines Borough	1,351	1,758	+30%
Mentasta Lake*	68	68	-
North Pole	265	265	-
Stevens Village*	74	73	-1%
Tok*	214	214	-
Valdez	1,005	1,106	+10%

*These communities are unincorporated and do not, as of January 1974, provide any municipal services except fire protection.

DEPARTMENT OF COMMUNITY
AND REGIONAL AFFAIRS

February 14, 1974

H B

7 0 5

"An Act relating to home rule city bonded indebtedness incurred for school construction."

COMMITTEE REPORT

2/25/74

HOUSE

JUDICIARY
FINANCE

Mr. Speaker:

Date 3-19-74

The Committee on COMMUNITY AND REGIONAL AFFAIRS has had HD 709

under consideration. A Majority of the members of the Committee

- () recommends it DO PASS
- () recommends it DO NOT PASS
- () recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- () recommends it BE REPLACED WITH CS FOR _____ AND THAT
CS FOR _____ DO PASS
- () "and" recommends it BE REFERRED TO THE _____
COMMITTEE
- () reports it back WITHOUT RECOMMENDATION
- () "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Chairman

A M E N D M E N T

#1

OFFERED IN THE HOUSE:

By: House Community and Regional Affairs Committee

To: Amend HOUSE BILL No. 705

SENATE BILL No. _____

PAGE: 3

LINE: 22
23

After the word "and", delete "funded by" and substitute
"subject to".

After the word "money", delete "to the fund" and substitute
"appropriated to the legislature to be used for".

AMENDMENT

#2

OFFERED IN THE HOUSE:

BY: House Community and Regional Affairs Committee

To: Amend HOUSE BILL No. 705

SENATE BILL No. _____

PAGE: 1

LINE: 6, 10, 13, 18, 20, 27

Anywhere in the bill the words "base rate" appear, add "or first class" after the word "rate". This amendment on page 1, lines 7, 10, 13, 18, add 27.

On page 1, line 10, if the word "base rate" appears, add "or first class" after the word "rate".

STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

PO BOX B-JUNEAU 99801

MARCH 18, 1974

ASSESSED VALUE LIMITATION RELATING TO THE USE OF REVENUES BY ORGANIZED BOROUGHES & CITIES

No municipality may levy and tax for any purpose in excess of 3% of the assessed valuation in any one year except that taxes to pay or secure the payment of principal or interest on bonds may be levied without limitation as to rate or amount. [AS 29.53.020-055]

<u>ORGANIZED BOROUGHES</u>	<u>CLASS</u>	<u>1/1/73 ACTUAL ASSESSED VALUE</u>	<u>3% LIMITATION</u>	<u>7/1/73 GO BONDED DEBT</u>	<u>DEBT % TO VALUATION</u>
Greater Anchorage Area	2nd	1,919,461,255	57,583,838	185,833,000	9.68
Bristol Bay	2nd	17,825,946	534,778	1,083,000	6.08
Fairbanks North Star	2nd	344,987,500	10,349,625	11,513,000	3.33
Haines	3rd	17,023,014	510,690	1,000,000	5.87
Juneau, City & Borough of	HR	186,244,725	5,587,342	12,842,500	6.90
Kenai Peninsula	2nd	498,925,416	14,967,762	20,078,158	4.02
Ketchikan Gateway	2nd	148,490,905	4,454,727	14,728,000	9.92
Kodiak Island	2nd	72,251,274	2,167,538	8,125,000	11.25
Matanuska-Susitna	2nd	157,025,600	4,710,768	7,191,200	4.58
North Slope	1st	202,666,550	6,079,997	-0-	-0-
Sitka, City & Borough of	HR	88,209,960	2,646,299	4,268,000	4.84
Total Boroughs		3,653,112,145	109,593,364	267,019,858	7.31

Cities situated without organized boroughs

Cordova	HR	11,349,765	340,493	1,434,000	12.63
Craig	1st	1,245,182	37,355	41,500	3.33
Dillingham	1st	5,767,742	173,032	157,000	2.72
Galena	1st	-0-	-0-	-0-	-0-
Hoonah	1st	-0-	-0-	-0-	-0-
Hydaburg	1st	-0-	-0-	-0-	-0-
Kake	1st	-0-	-0-	-0-	-0-

STATE OF ALASKA

WILLIAMA EGAN, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

POUCH B-JUNEAU 99801

March 18, 1974

FORMULA FOR COMPUTING PROPERTY TAX LIMITATIONS
on
OIL AND GAS PRODUCTION AND PIPELINE PROPERTY
AS 29.53.045-050(b)

No municipality may levy and collect taxes on taxable property taxable under AS 43.56 which when combined with property otherwise taxable by the municipality will result in revenues exceeding either:

1. \$1,000 a year for each resident of the municipality or:

<u>MUNICIPALITY</u>	<u>TAX LIMITATION</u>	X	<u>POPULATION</u>	=	<u>REVENUE</u>
Anchorage Borough	1000		149,440		149,440,000
Fairbanks Borough	1000		38,091		38,091,000
Kenai Peninsula Borough	1000		16,309		16,309,000
North Slope Borough	1000		3,384		3,384,000
City of Valdez	1000		1,106		1,106,000

2. The product of 225% of the average per capita assessed full value of property in the State multiplied by the number of residents of the taxing municipality.

FULL VALUE DETERMINATION: 1/1/73 - 30 local school districts 4,090,132,633
STATEWIDE POPULATION: 7/1/73 by Department of Labor. 330,665
AVERAGE PER CAPITA VALUATION: 12,639
FORMULA - 225% X 12,639 = factor of 28,438

<u>MUNICIPALITY</u>	<u>FACTOR</u>	X	<u>PER CAPITA</u>	=	<u>ASSESSED VALUE</u>	X	<u>RATE</u>	=	<u>REVENUE</u>
GAAB	28,438		149,440		4,249,774,720		3%		127,493,242
FNSB	28,438		38,091		1,083,231,858		3%		32,496,956
KPB	28,438		16,309		463,795,342		3%		13,913,860
NSB	28,438		3,384		96,234,192		3%		2,887,026
Valdez	28,438		1,106		31,452,428		3%		943,573

A tax collected under this section by a municipality shall be credited against the amount of tax otherwise levied and collected by the State and shall be levied at a rate no higher than the rate applicable to other property taxable by the municipality.

STATE OF ALASKA

WILLIAMA EGAN, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

POUCH B-JUNEAU 99801

March 18, 1974

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March 18, 1974

<u>MUNICIPALITY</u>	<u>CLASS</u>	<u>1/1/73 ACTUAL ASSESSED VALUE</u>	<u>3% LIMITATION</u>	<u>7/1/73 GO BONDED DEBT</u>	<u>DEBT % TO VALUATION</u>
*King Cove	1st	551,470	- 16,544	-0-	-0-
Klawock	1st	-0-	-0-	-0-	-0-
Nenana	1st	3,635,700	109,071	275,000	7.56
Nome	1st	9,706,252	291,188	600,000	6.18
*Pelican	1st	1,247,355	37,421	-0-	-0-
Petersburg	HR	16,947,240	508,417	1,355,500	8.00
Skagway	1st	14,142,735	424,282	388,000	2.74
*St. Mary's	1st	-0-	-0-	-0-	-0-
Unalaska	1st	5,275,144	158,254	-0-	-0-
Valdez	HR	13,854,000	415,620	46,000	0.33
Wrangell	HR	11,707,400	351,222	226,000	1.93
Yakutat	1st	512,225	15,367	-0-	-0-
Total Cities		96,478,095	2,894,343	4,473,000	4.64
Boroughs		3,653,112,145	109,593,364	267,019,858	7.31
Cities		96,478,095	2,894,343	4,473,000	4.64
Total		3,749,590,240	112,487,707	271,492,858	7.24

* Cities Subject to Reclassification

STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

POUCH B--JUNEAU 99801

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1. \$1,000 a year for each resident of the municipality or:

<u>MUNICIPALITY</u>	<u>TAX LIMITATION</u>	X	<u>POPULATION</u>	=	<u>REVENUE</u>
Anchorage Borough	1000		149,440		149,440,000
Fairbanks Borough	1000		38,091		38,091,000
Kenai Peninsula Borough	1000		16,309		16,309,000
North Slope Borough	1000		3,384		3,384,000
City of Valdez	1000		1,106		1,106,000

2. The product of 225% of the average per capita assessed full value of property in the State multiplied by the number of residents of the taxing municipality.

FULL VALUE DETERMINATION:	1/1/73 - 30 local school districts	4,090,132,633
STATEWIDE POPULATION:	7/1/73 by Department of Labor.	330,665
AVERAGE PER CAPITA VALUATION:		12,639
FORMULA - 225% X 12,639 = factor of 28,438		

<u>MUNICIPALITY</u>	<u>FACTOR</u>	X	<u>PER CAPITA</u>	=	<u>ASSESSED VALUE</u>	X	<u>RATE</u>	=	<u>REVENUE</u>
GAAB	28,438		149,440		4,249,774,720		3%		127,493,242
FNSB	28,438		38,091		1,083,231,858		3%		32,496,956
KPB	28,438		16,309		463,795,342		3%		13,913,860
NSB	28,438		3,384		96,234,192		3%		2,887,026
Valdez	28,438		1,106		31,452,428		3%		943,573

A tax collected under this section by a municipality shall be credited against the amount of tax otherwise levied and collected by the State and shall be levied at a rate no higher than the rate applicable to other property taxable by the municipality.

STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

POUCH B-JUNEAU 99801

March 18, 1974

The Honorable Selwyn Carrol
Alaska State House of Representatives
Pouch "V" State Capitol Building
Juneau, Alaska 99801

Dear Representative Carrol:

As requested by telephone March 18, 1974, I have prepared for your information the following enclosed data concerning municipal property tax limitations:

The formula for computing municipal property tax limitations concerning oil and gas production and pipeline property as applied to the five municipalities involved and a table of data concerning all organized boroughs and all home rule and first class cities situated outside the corporate limits of organized boroughs.

Information provided in the table of municipal data includes the actual assessed real and personal property valuations as of January 1, 1973; the 3% revenue limitation which applies to the use of revenue for ordinary municipal purposes; the total amount of general obligation bonded indebtedness as of July 1, 1973 and the actual debt percent to valuation.

There are only two additional first class cities in Alaska which are not listed in the table; the Cities of Eagle and Selawik. The City of Eagle is not a school district and administers only a minimum property tax program. The City of Selawik was certified as a first class city in March of 1974.

Very truly yours,



S. Robert Dozier
State Assessor

Enclosures

MUNICIPALITY	CLASS	1/1/73 ACTUAL		7/1/73	DEBT % TO VALUATION
		ASSESSED VALUE	3% LIMITATION	GO BONDED DEBT	
*King Cove	1st	551,470	-16,544	-0-	-0-
Klawock	1st	-0-	-0-	-0-	-0-
Nenana	1st	3,635,700	109,071	275,000	7.56
Nome	1st	9,706,252	291,188	600,000	6.18
*Pelican	1st	1,247,355	37,421	-0-	-0-
Petersburg	HR	16,947,240	508,417	1,355,500	8.00
Skagway	1st	14,142,735	424,282	388,000	2.74
*St. Mary's	1st	-0-	-0-	-0-	-0-
Unalaska	1st	2,275,144	158,254	-0-	-0-
Valdez	HR	13,854,000	415,620	46,000	0.33
Wrangell	HR	11,707,400	351,222	226,000	1.93
Yakutat	1st	512,225	15,367	-0-	-0-
Total Cities		96,478,095	2,894,343	4,473,000	4.64
Boroughs		3,653,112,145	109,593,364	267,019,858	7.31
Cities		96,478,095	2,894,343	4,473,000	4.64
Total		3,749,590,240	112,487,707	271,492,858	7.24

* Cities Subject to Reclassification

STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

POUCH B-JUNEAU 99801

March 18, 1974

FORMULA FOR COMPUTING PROPERTY TAX LIMITATIONS on

OIL AND GAS PRODUCTION AND PIPELINE PROPERTY

AS 29.53.045-050(b)

No municipality may levy and collect taxes on taxable property taxable under AS 43.56 which when combined with property otherwise taxable by the municipality will result in revenues exceeding either:

1. \$1,000 a year for each resident of the municipality or:

<u>MUNICIPALITY</u>	<u>TAX LIMITATION</u>	X	<u>POPULATION</u>	=	<u>REVENUE</u>
Anchorage Borough	1000		149,440		149,440,000
Fairbanks Borough	1000		38,091		38,091,000
Kenai Peninsula Borough	1000		16,309		16,309,000
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2. The product of 225% of the average per capita assessed full value of property in the State multiplied by the number of residents of the taxing municipality.

FULL VALUE DETERMINATION: 1/1/73 - 30 local school districts 4,090,132,633
STATEWIDE POPULATION: 7/1/73 by Department of Labor. 330,665
AVERAGE PER CAPITA VALUATION: 12,639
FORMULA - 225% X 12,639 = factor of 28,438

<u>MUNICIPALITY</u>	<u>FACTOR</u>	X	<u>PER CAPITA</u>	=	<u>ASSESSED VALUE</u>	X	<u>RATE</u>	=	<u>REVENUE</u>
GAAB	28,438		149,440		4,249,774,720		3%		127,493,242
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Valdez	28,438		1,106		31,452,428		3%		943,573

A tax collected under this section by a municipality shall be credited against the amount of tax otherwise levied and collected by the State and shall be levied at a rate no higher than the rate applicable to other property taxable by the municipality.

STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

POUCH B-JUNEAU 99801

MARCH 18, 1974

ASSESSED VALUE LIMITATION RELATING TO THE USE OF REVENUES BY ORGANIZED BOROUGHES & CITIES

No municipality may levy and tax for any purpose in excess of 3% of the assessed valuation in any one year except that taxes to pay or secure the payment of principal or interest on bonds may be levied without limitation as to rate or amount. [AS 29.53.020-055]

ORGANIZED BOROUGHES	CLASS	1/1/73 ACTUAL ASSESSED VALUE	3% LIMITATION	7/1/73 GO BONDED DEBT	DEBT % TO VALUATION
Greater Anchorage Area	2nd	1,919,461,255	57,583,838	185,833,000	9.68
Bristol Bay	2nd	17,825,946	534,778	1,083,000	6.08
Fairbanks North Star	2nd	344,987,500	10,349,625	11,513,000	3.33
Haines	3rd	17,023,014	510,690	1,000,000	5.87
Juneau, City & Borough of	HR	186,244,725	5,587,342	12,842,500	6.90
Kenai Peninsula	2nd	498,925,416	14,967,762	20,078,158	4.02
Ketchikan Gateway	2nd	148,490,905	4,454,727	14,728,000	9.92
Kodiak Island	2nd	72,251,274	2,167,538	8,125,000	11.25
Matanuska-Susitna	2nd	157,025,600	4,710,768	7,191,200	4.58
North Slope	1st	202,666,550	6,079,997	-0-	-0-
Sitka, City & Borough of	HR	88,209,960	2,646,299	4,268,000	4.84
Total Boroughs		3,653,112,145	109,593,364	267,019,858	7.31

Cities situated without organized boroughs

Cordova	HR	11,349,765	340,493	1,434,000	12.63
Craig	1st	1,245,182	37,355	41,500	3.33
Dillingham	1st	5,767,742	173,032	157,000	2.72
Galena	1st	-0-	-0-	-0-	-0-
Hoonah	1st	-0-	-0-	-0-	-0-
Hydaburg	1st	-0-	-0-	-0-	-0-
Kake	1st	-0-	-0-	-0-	-0-

HB

784

"An Act making a special appropriation to the Department of Community and Regional Affairs for the unincorporated communities services account; and providing for an effective date."

COMMITTEE REPORT

11374

FINANCE

HOUSE

Mr. Speaker:

Date 3-14-74

The Committee on COMMUNITY AND REGIONAL AFFAIRS has had HB 724

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT
CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____
COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:

_____ Chairman

STATE OF ALASKA
Inter-Department Route Slip

TO: Alaska State Legislature

MAIL STATION NUMBER _____

DEPARTMENT _____

ATTENTION Selwyn Carrol

- | | |
|--|--|
| <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 type="checkbox"/> Your Information |

Remarks:

FROM:

DEPARTMENT _____

DIVISION _____

MAIL STATION NUMBER _____

BY Byron I. Mallott DATE 3/19/74

March 19, 1974

Mr. Jay Hogan, Director
Legislative Finance Division
State Capitol, Room 425
Juneau, Alaska 99801

Dear Mr. Hogan:

Re: HB 784, providing an appropriation for the
unincorporated communities services account.

HB 784, offered by the Community and Regional Affairs Committee, would provide \$100,000 to fund the unincorporated communities services account. The bill is a companion to HB 404 (as offered, presently CSHB 404) wherein the Department of Community and Regional Affairs would be authorized to pay to unincorporated communities an annual entitlement--the greater of either \$1,000 per community or \$10 per capita--for purposes of planning for future community development.

Of the nearly 140 communities which may potentially qualify, I am unable to determine which might complete and transmit in proper and timely manner the necessary certificate that the recipient is a corporation or association "open to and broadly representative of all residents," Sec. 43.18.500(b). The requirement being minimal, one must assume that nearly all communities could qualify. In subsequent years, the reporting requirement, Sec. 43.18.500(e), may serve to disqualify several recipients of previous years; the reporting burden not being onerous, however, I would suggest that nearly all could meet that burden, too.

The range of communities which might be eligible derives from three sources:

- 1) those unincorporated places of 25 permanent residents or more recognized as eligible villages pursuant to the Claims Settlement Act;

Mr. Jay Hogan

-2-

March 19, 1974

2) those unincorporated places, with presumably 25 or more permanent residents, whose eligibility is presently subject to appellate review by the Alaska Native Claims Appeals Board, or which have chosen to receive reservation land and forego other Act benefits;

3) unincorporated places having a population of 25 or more, generally predominantly non-Native, wherein may be found a BIA or SOS school.

The list is not exclusive. There may be other places which qualify, of which we have no knowledge, though their cumulative claim for funds would be relatively small.

To fully fund the program, I would estimate an appropriation of \$221,670 would be required. An appropriation of \$100,000 would, assuming all villages named herein qualified, require a proration of 45.11%, resulting in a minimum entitlement of approximately \$451.00 per community. The rate would, of course, be higher if a lesser number of communities took the initiative to complete the necessary applications.

It is understood also that, as the number of communities seeking to incorporate as cities increases, a smaller appropriation would be required to sustain the unincorporated communities fund.

Worksheets more specifically identifying unincorporated communities and their projected entitlements are enclosed.

Please contact me if you have any questions.

Sincerely,

Byron I. Mallott
Commissioner

BIM/ah

Enclosure

cc: Budget & Management
w/attachment

✓ The Honorable Selwyn Carrol, Chairman
House Community & Regional Affairs Committee
w/attachment

The Legislature of the State of Alaska
 FISCAL NOTE
 Second Session - Eighth Legislature

I. REQUEST

Bill Identification: House Bill 784
 Title: Special Appropriation to the Unincorporated Communities Service Account
 Requested by: Legislative Finance Date: March 19, 1974
 Return Date Requested: March 19, 1974
 Agency: Community and Regional Affairs Program: Development

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Unincorporated Communities Service Account
 A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 74	FY 75	FY 76	FY 77	FY 78	FY 79
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		\$100.0				
TOTAL		\$100.0				

B. FUNDING: (Thousands of dollars)

GENERAL FUND		\$100.0				
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY MAN MONTHS (P./T.)	/	/	/	/	/	/
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III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. ATTACHMENTS

1. Exhibit A--list of estimated entitlements to potential recipients--FY 1975
2. Letter to Mr. Jay Hogan, Director, Legislative Finance, dated March 19, 1974

V. DATE: March 19, 1974

PREPARED BY: John B. Chenoweth
 John B. Chenoweth, Director
 Division of Local Government
 Assistance

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

EXHIBIT A

NAME	POPULATION	GRANT	PRO-RATED ENTITLEMENT
<u>AHTNA, INC.</u>			
Cantwell	62	\$ 1,000	\$ 451
Chistochina	33	1,000	451
Copper Center	318	3,180	1,435
Gakona	88	1,000	451
Gulkana	53	1,000	451
Mentasta	68	1,000	451
Tazlina	N/A	1,000	451
<u>ALEUT CORP.</u>			
Akutan	101	1,010	456
Atka	88	1,000	451
Belkofsky	59	1,000	451
False Pass	62	1,000	451
Nelson Lagoon	43	1,000	451
Nikolski	57	1,000	451
St. George	163	1,630	735
<u>BERING STRAITS</u>			
Mary's Igloo	N/A	1,000	451
Unalakleet	434	4,340	1,958
<u>BRISTOL BAY</u>			
Chignik	83	1,000	451
Chignik Lagoon	45	1,000	451
Chignik Lake	117	1,170	528
Egegik	153	1,530	690
Ekuk	51	1,000	451
Igiugig	36	1,000	451
Iliamna	58	1,000	451
Ivanof Bay	48	1,000	451
Kckhanok	88	1,000	451
Kalignanek	142	1,420	641
Levelock	74	1,000	451
Naknek	318	3,180	1,435
Pedro Bay	65	1,000	451
Ferryville	101	1,010	451
Pilot Point	68	1,000	451
Portage Creek	90	1,000	451
South Naknek	154	1,540	695
Twin Hills	67	1,000	451
Ugashik	25	1,000	451

NAME	POPULATION	GRANT	PRO-RATED ENTITLEMENT
<u>CALISTA CORP.</u>			
Andreafski	N/A	\$ 1,000	\$ 451
Atmautluak	N/A	1,000	451
Bill Moore's	N/A	1,000	451
Crooked Creek	N/A	1,000	451
Georgetown	N/A	1,000	451
Hamilton	16	1,000	451
Kalskag	122	1,220	550
Kipnuk	325	3,250	1,466
Kongiganak	190	1,900	857
Kwethluk	408	4,080	1,841
Kwigillingok	148	1,480	668
Lime Village	25	1,000	451
Napaimute	N/A	1,000	451
Newtok	114	1,140	514
Ohogamiut	N/A	1,000	451
Oscarville	41	1,000	451
Pitkas Point	70	1,000	451
Platinum	55	1,000	451
Quinhagak	340	3,400	1,534
Red Devil	81	1,000	451
Russian Mission	94	1,000	451
Sleetmute	109	1,090	492
Stony River	74	1,000	451
Tuntutuliak	158	1,580	713
Tununak	274	2,740	1,236
<u>CHUGACH</u>			
English Bay	58	1,000	451
Port Graham	107	1,070	483
Tatitlek	111	1,110	501
<u>COOK INLET</u>			
Eklutna	25	1,000	451
Ninilchik	134	1,340	605
Tyonek	232	2,320	1,047
<u>DOYON, LTD.</u>			
Alatna)			
Allakaket)	174	1,740	785
Beaver	101	1,010	456
Birch Creek	40	1,000	451
Chalkyitsik	130	1,300	586
Circle	54	1,000	451
Dot Lake	42	1,000	451
Eagle Village	67	1,000	451
McGrath	279	1,000	451

NAME	POPULATION	GRANT	PRC-RATED ENTITLEMENT
Minto	168	\$ 1,000	\$ 451
Northway	40	1,000	451
Rampart	46	1,000	451
Stevens	74	1,000	451
Takotna	153	1,530	690
Tanacross	84	1,000	451
Telida	N/A	1,000	451
<u>KONIAG, INC.</u>			
Karluk	98	1,000	451
<u>NANA</u>			
Noatak	292	2,930	1,322
Arctic Village	113	1,130	510
Kiukwan	98	1,000	451
Tetlin	114	1,140	514
Venetie	112	1,120	505
Chitina	38	1,000	451
Unga	25	1,000	451
Atkasook	25	1,000	451
Nooiksut	200	2,000	902
Point Lay	60	1,000	451
Council	N/A	1,000	451
Solomon	N/A	1,000	451
Chuloonawick	N/A	1,000	451
Kasilof	71	1,000	451
Knik	N/A	1,000	451
Montana Creek	33	1,000	451
Point Possession	N/A	1,000	451
Umkumiuke	N/A	1,000	451
Chenega	N/A	1,000	451
Eyak	N/A	1,000	451
Alexander Creek	N/A	1,000	451
Caswell	N/A	1,000	451
Salamatof	N/A	1,000	451
Bettles	57	1,000	451
Manley	34	1,000	451
Afognak	N/A	1,000	451
Anton Larson Bay	N/A	1,000	451
Bells Flats	N/A	1,000	451
Kaguyak	N/A	1,000	451
Uyak	N/A	1,000	451
Woody Island	41	1,000	451
Kasaan	30	1,000	451

NAME	POPULATION	GRANT	PRO-RATED ENTITLEMENT
Adak	2,800	\$28,000	\$ 12,631
Thorne Bay	443	4,430	1,998
Glennallen	450	4,500	2,030
Metlakatla	1,250	12,500	5,639
Cold Bay	256	2,560	1,155
Healy-Suntrana	220	2,200	992
Tok	550	5,500	2,481
Cape Pole	123	1,230	555
Edna Bay	112	1,120	505
Gustavus	64	1,000	451
Kenny Lake	100	1,000	451
Paxson	24	1,000	451
Hyder	49	1,000	451
Minchumina	25	1,000	451
Coffman Cove	25	1,000	451
El Capitan	25	1,000	451
Gildersleeve	25	1,000	451
Brown's Court	25	1,000	451
Port Alice	25	1,000	451
St. John's Harbor	25	1,000	451
Sunrise Creek	25	1,000	451
Tuxekan	25	1,000	451
Whale Pass	25	1,000	451
Medfra	25	1,000	451
Nabesna	25	1,000	451
Slana	25	1,000	451
TOTALS		<u>\$221,670</u>	<u>\$ 99,356</u>

SB

151

"An Act relating to the boundaries of certain units of local governments in the state; and providing for an effective date."

COMMITTEE REPORT

3-7-73

HOUSE

Mr. Speaker:

Date 3-12-73

The Committee on CIVIL & NEG. AFFAIRS has had CS 151

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR 151 AND THAT

CS FOR 151 DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____	recommends:	_____
_____	recommends:	_____
_____	recommends:	_____
_____	recommends:	_____
_____	recommends:	_____

_____ Chairman

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

WILLIAM A. EGAN, GOVERNOR

POUCH K — STATE CAPITOL
JUNEAU 99801

February 9, 1973

The Honorable John Rader
Chairman
Joint Senate and House Local
Government Committees
Alaska State Legislature

Re: Anchorage Annexation of Military
Bases - Apportionment

Dear Senator Rader:

You have asked for comment on the apportionment arrangements possible in the event that Fort Richardson and Elmendorf Air Force Base become part of the City of Anchorage and of the Greater Anchorage Area Borough. The question is whether in such case all persons living within the boundaries of the military reservations must be included in the population base for purposes of apportioning representation on the borough assembly. If inclusion is legally required, the practical result will be increased representation on the assembly for the City of Anchorage.

For the reasons discussed below, it is our opinion that inclusion of non-resident military personnel and their dependents is not constitutionally required.

In general, the U.S. Supreme Court has held that military who are in fact residents may not be excluded from an apportionment base simply because of their military status. On the other hand, the court has held with equal emphasis that military who are not residents need not be included simply because they were physically present in the state on census day.

In Burns v. Richardson, 384 U.S. 73, (1966), the court dealt directly with the status of nonresident military for apportionment purposes. Hawaii's apportionment was based on registered voters. As a result, most military personnel were excluded and those areas near military bases received less representation than would be the case if total population were counted. Rejecting plaintiffs' claim that apportionment must be based on total population, the court stated at p. 91:

We start with the proposition that the equal protection clause does not require the state to use total population figures derived from the federal census as a standard by which this substantial population equivalency is to be measured.

Neither in Reynolds v. Sims nor in any other decision has this court suggested that the states are required to include aliens, transients, short-term or temporary residents, or persons denied the vote for conviction of crime, in the apportionment base by which the legislators are distributed and against which compliance with the equal protection clause is to be measured.

See also, In re Opinion of the Justices, 276 A2d 825 (N.H. 1971); Pate v. El Paso County, Texas, 337 F.Supp. 95 (W.D. Texas, 1970).

Cases which hold that military personnel may not be excluded arose where the state sought to justify, after the fact, large population variances among districts simply by pointing to the presence of military bases in certain areas. Thus, in Davis v. Mann, 377 U.S. 678 (1964) the court noted:

Discrimination against a class of individuals merely because of the nature of their employment, without more being shown, is constitutionally impermissible.

See also, Kirkpatrick v. Preisler, 394 U.S. 526 (1969).

On September 29, 1972 the Supreme Court of Alaska filed its final opinion in Egan v. Hammond, (file No. 1711), Alaska's legislative reapportionment case. The Court considered in some detail the permissible range of treatment for military personnel in reapportionment, stating:

We recognize that the substantial military population present in the state because of military orders and without intention to make Alaska their home can easily give an unbalanced representation to areas abutting their bases. But we are also mindful of the need for a permanent plan which achieves a level of accuracy of their voting participation which is closer than either including or excluding all military as a class. Thus, it is incumbent upon us to discuss alternative plans which may be available to handle the problem.