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operational costs of the capital improvements; provided that the Department of Community and Regional Affairs shall make no determinations based upon its evaluation of the desirability or priority of a project.

(b) No monies shall be paid as 50% of the cost of a capital improvement or as 50% of the annual principal and interest cost of a capital improvement unless the municipality has first obtained a written confirmation from the Department of Regional and Community Affairs that the municipal capital improvement is eligible for matching by the State in cash or by paying 50% of the principal and interest upon general obligation bonds authorized by the voters of the municipality or to be submitted to the voters for authorization after 1977. The Department of Community and Regional Affairs shall have the sole discretion as to whether 50% of a capital improvement shall be funded in cash as opposed to the State paying 50% of the principal and interest upon a general obligation bond issue for a capital improvement, but shall, in any event, advise the municipality promptly whether the proposed capital improvement, or portions of it, will qualify for State participation under this act, whether the State participation will be in cash or by the State paying 50% of principal and interest on the general obligation bond for capital improvements, and the approximate date upon which any payments by the State in cash or toward the principal and interest shall be paid.

✓ SECTION 6. (a) The municipality shall provide the following notice to the voters in any general obligation bond election, both in the required notice of election and the ballot, regarding State participation in the principal and interest costs of the capital improvements:

Proposition (set forth bonding proposition)

(The State of Alaska may pay 50% of the principal and interest on the bonded indebtedness)

\$ \_\_\_\_\_

No bond notice, ballot or bond approval shall be invalid because of failure to set forth the above notice. The sole remedy of any aggrieved person, including the State of Alaska, under this section is an action for mandamus in the courts of Alaska to require inclusion of the notice or postponement of the election until the notice is included.

(b) In addition, the municipality shall furnish a notice with tax statements mailed for the fiscal year for which State aid for general obligation bonded indebtedness or cash grants for capital improvements are received under this act setting forth the amount made available by the State to the municipality for that fiscal year. This information shall be incorporated in any notice to the taxpayer required under AS 43.18.030 in connection with State aid to local governments.

✓ SECTION 7. No monies shall be made available for principal and interest under this act until January 1, 1979. Should general obligation bonds be sold before January 1, 1979 and should principal or interest payments become owing upon such bonds before January 1, 1979, any monies owing by the municipality upon such bonds before January 1, 1979 shall not be eligible for matching under this act; provided that nothing in this act shall be construed as prohibiting a municipality from borrowing for planning, engineering, drawings, design, specifications and bid documents in 1978 with repayment from a State grant under this act, from proceeds of any authorized bond issue or from municipal revenues as provided by law.

✓ SECTION 8. (a) The State of Alaska Department of Community and Regional Affairs shall promulgate regulations to implement this act, including, but not limited to form of applications, standards for determining eligibility of capital improvements, determination of population, financial capacity, proof of actual application of monies by municipalities to general obligation bonded indebtedness, calculation of amounts to be allocated to a municipality and time of payments.

(b) In no event, however, shall the Department of Community and Regional Affairs or any State official promulgate regulations, review applications from municipalities or otherwise administer this act in such a manner as to diminish the authority of municipalities, in their sole discretion,

to determine what types of capital improvements, or priorities therefor, or design thereof, are appropriate for their communities. No State judgment as to the appropriateness of a particular capital improvement in a particular community shall become a factor in determining eligibility of capital improvements for funding under this act.

SECTION 9. This act is effective immediately upon passage.

1/30/78

cost overruns or other costs in excess of the original project estimated cost, set forth in the agreement.

(c) State monies shall not be expended under this act for capital improvement projects for which the federal and State actual funding level, under other programs, equals or exceeds the 50% share established by this act for State participation in municipal capital improvements.

SECTION 2. Any municipality may, for any proposed municipal capital improvement eligible for State assistance under this act, obtain from the State a grant for the capital improvement in an amount equal to fifty percent (50%) of the cost of the project to the extent that monies are available for this purpose. The municipal share of the funding of the capital improvement may be obtained by the municipality from any source lawfully available to it for such use, including but not limited to the sale of general obligation bonds.

SECTION 3. No more in grants or for principal shall be allocated to any municipality under this act than:

\$3,000 general obligation bond indebtedness per capita or \$3,000 in cash per capita on the first 1,000 population;

\$2,000 general obligation bond indebtedness per capita or \$2,000 in cash per capita on population over 1,000 but less than 10,000;

*Handwritten signature:*  
Ray  
C. [unclear]

ANCHORAGE DRAFT BILL ON STATE FINANCIAL ASSISTANCE TO MUNICIPAL CAPITAL  
IMPROVEMENT PROJECTS

1. State sets up a yearly allocation to each municipality equal to 50% of annual principal and interest owing by municipality on G.O. bonded indebtedness incurred after 1977.

How much principal and interest are we looking at in Anchorage alone?  
How do the dates of 1979 and 1978 fit in?

or State can make a 50% grant for a new project when monies are available.

Can municipalities have both?

How are monies available? Is a set amount allocated each year to the dept. based on the principal & interest owing and then left over monies for the 50% grant program determined by the fact that some municipalities did not apply that year?

2. State is not liable for any cost overruns on any project.
3. Municipality may use any lawful funds for its 50% match (muni. g.o. bonds) including state and federal grants so long as state/fed. share from other grant programs does not exceed 50% of the project. ???

It is possible then to have a project totally funded from other than municipal funds? e.g., 50% state and federal grants  
50% state grant under this Act

4. Formula for maximum grants: amount/capita  
\$3,000/cap. for first 1,000 pop.  
\$2,000/cap. over 1,000 pop. up to 10,000 pop.  
\$1,000/cap. for 10,000 pop. and more.....

City w/ pop. of 500 entitled to	\$ 1,500,000	(Hooper Bay)
City w/ pop. of 1,000 entitled to	\$ 3,000,000	(Skagway)
City w/ pop. of 2,000 entitled to	\$ 5,000,000	(Cordova)
City w/ pop. of 16,000 entitled to	\$ 27,000,000	(Mat-Su Boro)
City w/ pop. of 180,000 entitled to	\$191,000,000	(Anchorage)

5. C&RA decides whether state share of capital improvement project will be by 50% cash grant or 50% of principal and interest on bonded indebtedness of municipality.

What determines eligibility of project?  
How does C&RA decide which type of funding is to be used?  
Do cities make application for each project?



HIGHLIGHTS OF A PROPOSED ACT  
RELATING TO COMMUNITY DEVELOPMENT AND  
STATE FINANCIAL ASSISTANCE FOR  
MUNICIPAL CAPITAL IMPROVEMENTS

The attached draft bill is presented for your consideration. It has been developed to provide a mechanism for State contribution to the financing of municipal capital improvements, while maintaining maximum autonomy of local governments in applying their own values and priorities in selection of capital improvements under this program.

The matching ratio is 50% State and 50% local funds for any project. The State would have the option of providing its share either from general obligation bond issues or (to avoid the cost of interest) from a direct grant funding 50% of the cost of the project.

Municipalities may, but are not required to, obtain their matching share from the proceeds of municipal bond issues. Thus, if a municipality cannot or chooses not to issue general obligation bonds, the municipality's share may come from other sources such as its treasury or proceeds of federal grants. The purpose is to provide flexibility to Alaska's smaller municipalities.

The bill contains a permanent ceiling on the total amount of State funding for individual municipalities under the Act. To take account of the larger per capita needs of smaller communities, especially where capital projects are involved, a graduated scale has been proposed, such that a progressively less restrictive per capita ceiling on State funding applies to medium-sized (between 1,000 and 10,000 population) and small (population up to 1,000) communities.

Administration would be by the Department of Community and Regional Affairs. The Department's role, however, would be strictly limited to such functions as confirming population data, fiscal capacity, and the existence of a municipal capital improvement plan. It is the intention of the bill's drafters that the State (thus, the Department) not become involved in value judgments concerning the desirability of a project for a particular community, the validity of the community's priorities for development, or the design of the project.

A clause has been incorporated to protect the State against the burden of any cost overruns that might occur on construction of any capital improvement under the Act. ;

A definition for "capital improvements" has been purposely omitted, in order to give maximum flexibility to municipalities of various sizes and diverse needs in selecting capital improvements under this Act.

Examples of capital improvements which may be chosen by some municipalities include streets, sidewalks and trail systems; public transportation facilities, water transportation facilities such as harbors, wharves and port facilities; public buildings such as city or borough offices and maintenance shops; public sanitation facilities such as for solid waste collection and disposal; park and recreation facilities; libraries, museums, convention centers and performing arts centers; power generation and distribution facilities; improvements to publicly owned facilities for energy conservation or environmental protection purposes; facilities required to preserve subsistence life style; fire protection facilities; public safety facilities; and industrial park facilities such as for cold storage or warm storage.

This list is for illustrative purposes only. Any attempt to define "capital improvements" by a list in the Act will inevitably result in inadvertent omission of worthy projects needed by some municipalities.

The bill's drafters intended that this Act supplement, and not duplicate or replace, other legislation providing for State financial participation, such as for water, sewers and schools. Therefore, a subsection has been inserted to clarify that funds under this Act are to be available for such projects only to the extent that actual State plus federal funding of such project under other legislative authority falls short of the 50% State share provided herein.

The maximum cost to the State under a program of this kind over a period of thirty years is estimated to be approximately 28.8 million per year. This estimate is based on a total State commitment to fund one-half of \$800 million in capital improvements and assuming financing of the capital improvements with 30-year 6% municipal tax-free bonds.

*shd apply only to facil. if not for which no other fed. or state \$ are avail.*

*New Draft*

AN ACT RELATING TO COMMUNITY  
DEVELOPMENT AND STATE FINANCIAL  
ASSISTANCE FOR MUNICIPAL CAPITAL IMPROVEMENTS

SECTION 1. (a) During each fiscal year, and in accordance with agreements entered into by the State and the municipality, the State shall allocate to every incorporated municipality in the State of Alaska an amount equal to fifty percent (50%) of the annual principal and interest owing by the municipality on general obligation bonded indebtedness for capital improvements incurred by the municipality after 1977, or, if monies are available, make a grant to the municipality of fifty percent (50%) of the costs of the capital improvement which the municipality seeks to construct or acquire.

No monies under this act shall be applied to principal and interest which was due and owing before 1979 or for general obligation bond issues authorized before 1978.

(b) The Department of Community and Regional Affairs shall express its financial commitment to each municipality, concerning each capital improvement project to receive State monies under this act, in a written agreement, before the project is begun, binding the State to its share of the funding of the project; provided, however, that no State monies shall be committed to nor expended for construction

cost overruns or other costs in excess of the original project estimated cost, set forth in the agreement.

(c) State monies shall not be expended under this act for capital improvement projects for which the federal and State actual funding level, under other programs, equals or exceeds the 50% share established by this act for State participation in municipal capital improvements.

SECTION 2. Any municipality may, for any proposed municipal capital improvement eligible for State assistance under this act, obtain from the State a grant for the capital improvement in an amount equal to fifty percent (50%) of the cost of the project to the extent that monies are available for this purpose. The municipal share of the funding of the capital improvement may be obtained by the municipality from any source lawfully available to it for such use, including but not limited to the sale of general obligation bonds.

SECTION 3. No more in grants or for principal shall be allocated to any municipality under this act than:

\$3,000 general obligation bond indebtedness per capita or \$3,000 in cash per capita on the first 1,000 population;

\$2,000 general obligation bond indebtedness per capita or \$2,000 in cash per capita on population over 1,000 but less than 10,000;

\$1,000 general obligation bond indebtedness per capita or \$1,000 in cash per capita on population of 10,000 and more.

SECTION 4. Every municipality obtaining monies under this act shall, by accepting such monies, be solely responsible for the maintenance and operation of the capital improvement. Nothing in this act shall obligate the State to participate in or contribute to the cost of operation and maintenance of such capital improvements.

SECTION 5. (a) No monies shall be made available under this Act unless the municipality submits to the State of Alaska Department of Regional and Community Affairs a five-year capital improvement plan showing the capital improvements planned for the municipality during the next five years, and the planned sources of revenues to pay for the capital and

operational costs of the capital improvements; provided that the Department of Community and Regional Affairs shall make no determinations based upon its evaluation of the desirability or priority of a project.

(b) No monies shall be paid as 50% of the cost of a capital improvement or as 50% of the annual principal and interest cost of a capital improvement unless the municipality has first obtained a written confirmation from the Department of Regional and Community Affairs that the municipal capital improvement is eligible for matching by the State in cash or by paying 50% of the principal and interest upon general obligation bonds authorized by the voters of the municipality or to be submitted to the voters for authorization after 1977. The Department of Community and Regional Affairs shall have the sole discretion as to whether 50% of a capital improvement shall be funded in cash as opposed to the State paying 50% of the principal and interest upon a general obligation bond issue for a capital improvement, but shall, in any event, advise the municipality promptly whether the proposed capital improvement, or portions of it, will qualify for State participation under this act, whether the State participation will be in cash or by the State paying 50% of principal and interest on the general obligation bond for capital improvements, and the approximate date upon which any payments by the State in cash or toward the principal and interest shall be paid.

SECTION 6. (a) The municipality shall provide the following notice to the voters in any general obligation bond election, both in the required notice of election and the ballot, regarding State participation in the principal and interest costs of the capital improvements:

Proposition (set forth bonding proposition)

(The State of Alaska may pay 50% of the principal and interest on the bonded indebtedness)

\$ \_\_\_\_\_

No bond notice, ballot or bond approval shall be invalid because of failure to set forth the above notice. The sole remedy of any aggrieved person, including the State of Alaska, under this section is an action for mandamus in the courts of Alaska to require inclusion of the notice or postponement of the election until the notice is included.

(b) In addition, the municipality shall furnish a notice with tax statements mailed for the fiscal year for which State aid for general obligation bonded indebtedness or cash grants for capital improvements are received under this act setting forth the amount made available by the State to the municipality for that fiscal year. This information shall be incorporated in any notice to the taxpayer required under AS 43.18.030 in connection with State aid to local governments.

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SECTION 8. (a) The State of Alaska Department of Community and Regional Affairs shall promulgate regulations to implement this act, including, but not limited to form of applications, standards for determining eligibility of capital improvements, determination of population, financial capacity, proof of actual application of monies by municipalities to general obligation bonded indebtedness, calculation of amounts to be allocated to a municipality and time of payments.

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to determine what types of capital improvements, or priorities therefor, or design thereof, are appropriate for their communities. No State judgment as to the appropriateness of a particular capital improvement in a particular community shall become a factor in determining eligibility of capital improvements for funding under this act.

SECTION 9. This act is effective immediately upon passage.

*Original Draft*

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cost overruns or other costs in excess of the original project estimated cost, set forth in the agreement.

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SECTION 2. Any municipality may, for any proposed municipal capital improvement not financed by the proceeds of a municipal general obligation bond issue which would be eligible for State assistance under this act, obtain from the State a grant for the capital improvement in an amount equal to fifty percent (50%) of the cost of the project to the extent that monies are available for this purpose.

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(The State of Alaska may pay 50% of the principal and interest on the bonded indebtedness)

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to determine what types of capital improvements, or priorities therefor, or design thereof, are appropriate for their communities. No State judgment as to the appropriateness of a particular capital improvement in a particular community shall become a factor in determining eligibility of capital improvements for funding under this act.

SECTION 9. This act is effective immediately upon passage.

Municipality  
of  
Anchorage



POUCH 6-650  
ANCHORAGE, ALASKA 99502  
(907) 274-2525

GEORGE M. SULLIVAN,  
MAYOR

OFFICE OF THE MAYOR

April 4, 1978

Representative Lisa Rudd, Chairperson  
Community & Regional Affairs Committee  
Pouch V  
Juneau, Alaska 99811

Re: House Bill 886

Dear Representative Rudd:

The purpose of this letter is to inform you that the Municipality of Anchorage strongly supports House Bill 886 and urges its favorable consideration by your Committee. This legislation would implement the "Operation Breakthrough" program in Anchorage as well as providing impetus for similar projects in other communities throughout the state.

I am certain I do not need to remind you of the ever present dilemma posed for local government by demands for services and capital improvements on the one hand and the need to minimize local tax burdens on the other. Programs such as Breakthrough represent an effort by concerned citizens to overcome this dilemma and to place responsibility for a decision on major community improvements before the voters.

Given the ability of the state to borrow capital improvement funds at rates substantially below those available to local government, and the increasing revenue being made available from resource development, the time is particularly ripe for a commitment by the state to assist local government taxpayers in making their communities safe, pleasant and attractive places. In Anchorage, Breakthrough is responsible for urging the Assembly to place before the voters several bond propositions which, if enacted, would be used to match state funds provided under HB 886 to provide needed community improvements.

Many of the projected improvements such as cultural and sports centers, road improvement, libraries and museums will benefit those residents of the state who visit or travel through



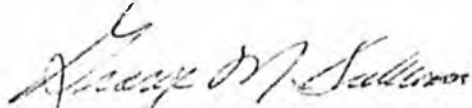
Rep. Lisa Rudd  
April 4, 1978  
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Anchorage, in addition to permanent residents of the Municipality. Perhaps more importantly, passage of HB 886 will, as noted above, hopefully provide incentive in other communities for groups similar to Breakthrough to try to overcome the dilemma between tax burdens and community needs and to make Alaskan communities equal or superior to those outside in providing adequate services and facilities for their residents.

If I or my staff can be of any assistance to the Committee, please do not hesitate to call my office at 264-4431, or contact Mr. Ted Berns, Municipal Attorney, at 264-4237. Thank you for the opportunity to comment on this legislation.

Sincerely,

MUNICIPALITY OF ANCHORAGE



George M. Sullivan  
Mayor

GMS:TDB:gml

THE FOLLOWING DOCUMENT(S) MAY NOT FILM  
LEGIBLY BECAUSE OF POOR QUALITY OF THE  
ORIGINAL.

TELEPHONE  
ALASKA COMMUNICATIONS, INC.  
PHONE 554-4440  
DURHAM, ALASKA 99501

ALASKA COMMUNICATIONS, INC. 554-4440  
RFD BOX 1124 SPOONER ALASKA 99783  
STATE CAPITAL ~~554-4440~~  
100

DEAR REPRESENTATIVE GARDNER

THE PURPOSE OF THIS LETTER IS TO INFORM YOU THAT THE MUNICIPALITY  
OF SPOONER SPECIFICALLY SUPPORTS HOUSE BILL 1985 AND WOULD LIKE ITS  
FAVORABLE CONSIDERATION BY YOUR COMMITTEE. THIS LEGISLATION WOULD  
IMPLEMENT THE STATE OPERATIONAL ASSISTANCE PROGRAM WHICH IS  
NECESSARY AS WELL AS PROVIDE A FUNDING FOR SIMILAR PROJECTS IN  
OTHER COMMUNITIES THROUGHOUT THE STATE.

IT IS NOTED THAT THE STATE OF ALASKA HAS THE THREE PRINCIPAL  
TELEPHONE BUSES FOR LOCAL GOVERNMENT BY DEPARTMENT OF SERVICES AND  
CAPITAL IMPROVEMENTS ON THE STATE AND THE NEED TO MINIMIZE  
LOCAL GOVERNMENTS ON THE OTHER. PROGRAMS SUCH AS BREAKTHROUGH  
NEEDS AN EFFORT BY CONCERNED CITIZENS TO OVERCOME THIS DILEMMA  
AND TO PLACE RESPONSIBILITY FOR A DECISION ON MAJOR COMMUNITY  
IMPROVEMENTS BEFORE THE VOTERS.

GIVEN THE ABILITY OF THE STATE TO BORROW CAPITAL IMPROVEMENT FUNDS

THE PRECEDING DOCUMENT(S) MAY NOT FILM  
LEGIBLY BECAUSE OF POOR QUALITY OF THE  
ORIGINAL.

TEN YEAR MUNICIPAL CAPITAL PROJECTIONS STUDY

1978 - 1987

In preparing this capital projects study, it immediately became apparent that municipal and borough officials face many difficulties when allocating public funds for capital projects. This conflict is best characterized by limited funds and an excess of needed or suggested projects. Further projection difficulties arise when it becomes necessary to determine the priority of projects, compliance with a Comprehensive Plan, coordination between various projects, public sentiment, and the impact on the present and future social, economic, physical, and environmental systems of the political subdivisions.

It must be recognized that these projections, developed with the best available information, are subject to the availability of funds. With permanent fund assistance, as well as various other grants, many of these could be realized. Conversely, many of these necessary projects may not be realized in the event of the non-availability of those funds.

Twenty municipalities responded and although they by no means represent all the projects, they do give an indication of the magnitude of the financial needs that face the municipalities of Alaska.

Attached are the results of the study. Requirements are shown (1) by municipality, (2) municipality and project, (3) size of project and, (4) sources of funds. Of the total \$1,499,753,000 in dollar costs only \$1,130,178,000 was recognized as coming from a specific source: either State, Federal, or local subject to availability of funds. Municipalities were not able to determine where the additional \$369,575,000 would come from if the projects were to be constructed.

Care was taken to differentiate between those projects one would like to see and those projects which were vital to general welfare of the community. These costs presently represent those projects which are vital to the community and which will have to be funded through whatever sources of capital is available or they may never be realized. The Permanent Fund may be a means to meet a portion of these requirements.

*Supplied by Dept. of Revenue*

CAPITAL REQUIREMENTS BY CITY  
000's Omitted

Anchorage	\$ 825,832
Brevig Mission	1,586
Fairbanks	192,075
Galena	6,127
Haines	13,791
Houston	10,806
Juneau	122,010
Kenai Peninsula Borough	65,785
Ketchikan	20,101
Kodiak	49,704
Kwethluk	832
McGrath	9,285
Nightmute	481
Savotna	445
Sitka	99,310
Skagway	20,157
Tenakee Springs	1,050
Toksook Bay	1,190
Valdez	41,150
Wasilla	<u>18,036</u>
Total	<u>\$1,499,753</u>

CAPITAL REQUIREMENTS IN ORDER OF SIZE  
000's Omitted

---

Electric Utility	\$ 341,833
Street Improvements	213,150
Water Utility	202,048
Sanitary Sewer	193,553
School Construction	156,560
Parks and Recreation	97,564
Port Facilities	50,807
Other Projects	33,345
Airports	30,678
Conventions/Culture Centers	30,301
Public Transit	25,702
Library	25,181
Parking Facilities	21,167
Small Boat Harbors	21,000
Fire Rescue Operations	17,223
Health	14,073
Solid Waste	12,769
Street Maintenance	12,374
Animal Control	<u>425</u>
Total	<u>\$1,499,753</u>

SOURCES OF FUNDS  
000's Omitted

	<u>Total</u> <u>Requirements</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>
Anchorage	\$ 825,832	\$ 64,756	\$ 43,114	\$717,962
Haines	13,791	3,103	7,744	2,944
Juneau	122,010	35,833	33,843	52,334
Kodiak	49,704	21,400	17,245	11,059
Savoonga	445	51	319	75
Sitka	99,310	16,875	10,562	71,873
Tenakee Springs	1,050		800	250
Wasilla	<u>13,036</u>	<u>4,880</u>	<u>5,188</u>	<u>7,968</u>
Total	<u>\$1,130,178</u>	<u>\$146,898</u>	<u>\$118,815</u>	<u>\$864,465</u>
 Unidentified as to source	 <u>\$ 369,575</u>			

TO: Lisa Rudd  
FROM: Annette Smith  
RE: Summary of House Bill 886

Section 1 establishes the municipal capital improvement account to assist in paying the costs of municipal capital improvements. The account is funded by Legislative appropriation.

The bill provides for two types of grants:

— (1) An annual grant in an amount equal to 50% of the annual principal and interest of the G.O. bonded debt of the municipality incurred on or after July 1, 1978. This is similar to the school construction program where the municipality bonds for the entire amount but the state participates in the debt retirement.

— (2) 50% matching grants for construction or purchase costs of capital improvements depending on availability of funds. It is assumed that debt retirement is the first priority of this account.

Limitations in this section are: (1) the state does not participate in cost overruns; and (2) if the project includes funding from another program, the state's share under this Act may not be more than 50% of the local share.

A separate section places a limit on the total amount a municipality may receive from the capital improvement based on population. (Refer to the enclosed computer print-out for a list of maximums)

The DC&RA administers the program but can exercise no authority over the choice or appropriateness of capital improvements to be done by the municipality. However, the municipality must submit a 5 year capital improvement plan showing projects planned, financing plans and costs of operation of the capital improvement.

Conditions of the grants are: (1) grant funds must be handled according to applicable laws and regulations; (2) excess funds are to be returned to the department; (3) proper financial records are to be kept by the municipality; and (4) the municipality has sole responsibility for operation and maintenance costs.

Funds to the capital improvement account are appropriated annually by the Legislature. If the appropriations are insufficient to cover allocations, the department will distribute funds on a prorated basis.

Nothing in the bill can be construed so as to create a debt of the state (see B. Berrier's memo of March 9, 1978).

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 9, 1978

SUBJECT: Municipal capital improvements  
(Work Order No. 5037)

TO: Representative Lisa Rudd  
Chairman  
House Community and Regional Affairs Committee

FROM: Billy G. Berrier *BGB*  
Director  
Division of Legal Services

The bill draft essentially incorporates the submitted draft but has changes in form and has administrative provisions, which appear routinely necessary, added [Secs. 200, 230(a) and (b) and 290]. These additions rendered certain of the administrative provisions of the submitted draft unnecessary.

There is one major change. It is required to make the bill constitutional.

The submitted draft provided that the state would enter into an agreement with a borough or city under which the state would agree to pay 50 per cent of the debt service for the life of a bond issue. The effect of this agreement is that the state would be obligated to appropriate the amount necessary for that percentage during the life of the bonds. It is clear that a duty to pay would be created and that the duty constitutes a pledge of the full faith and credit of the state.

Creation of a state debt not authorized by a vote of the people is forbidden by Art. IX, sec. 8 of the state constitution which provides in relevant part:

→ "No state debt shall be contracted unless authorized by law for capital improvements and ratified by a majority of the qualified voters of the state who vote on the question..."

Representative Lisa Rudd  
Page 2  
March 9, 1978

The only possible alternative method of assuring funding, regardless of appropriation, for the life of a bond issue would be to create a dedication from the general fund for this purpose. Dedicated funds, however, are constitutionally prohibited by the constitution in Art IX, sec. 7 which provides in relevant part:

"The proceeds of any state tax or license shall not be dedicated to any special purpose except as provided in section 15 of this article or when required by the federal government for state participation in federal programs."

The exceptions noted are not relevant here.

For the reason that a requirement of future funding on the part of the state is not constitutional, the bill as drafted sets up a municipal capital improvement construction account for which annual appropriations are necessary and allows pro rata reductions (or indeed no payment at all) if appropriations are insufficient or not made.

BGB:jpd

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 886

Title "An Act relating to state aid for municipal capital improvement..."

Requested by House Community & Regional Affairs Committee Date 3-24-77

II. FISCAL DETAIL

Agency Affected Department of Community & Regional Affairs

Program Category Affected Development

Budget Request Unit(s) Affected Local Government Assistance

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES		43.4	46.0	48.8	51.8	
200 TRAVEL						
300 CONTRACTUAL		3.3	3.5	3.7	3.9	
400 COMMODITIES		.3	.3	.3	.4	
500 EQUIPMENT		1.8				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		89,741.5	89,741.5	89,741.5	89,741.5	
		89,790.3	89,791.3	89,794.3	89,797.6	

TOTAL

FUNDING (Thousands of Dollars)

GENERAL FUND		89,790.3	89,791.3	89,794.3	89,797.6
FEDERAL FUNDS					
OTHER (Specify)					

POSITIONS

FULL TIME		1 1/2	1 1/2	1 1/2	1 1/2
PART TIME					
TEMPORARY					

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Assumptions

1. Municipalities would be eligible to receive \$717,932,000, based on July 1, 1977 population estimates.
2. During FY 79, 80, 81 and 82, Municipalities would be eligible to receive one-eighth of their total allocation for each of these years.
3. One and one-half staff members would be required to administer this program.

Continued-

IV. DATE 3-31-78

PREPARED BY *Bruce Aronson* Bruce Aronson

AGENCY Department of Community & Regional Affairs

PHONE 465-4700

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Continued...

4. The total non-grant costs were computed as follows:

A. Personal Services

- 1 Local Government Specialist, IV (Range 19) Monthly salary + benefits= \$2,900  
Annual Cost \$34,800
- 1/2 Clerk Typist III (range 8) Monthly salary + benefits= \$715  
Annual cost \$ 8,580

B. Contractual Expenses

- Telephone- 1 phone @ \$35/month X 12= \$420
- long distance= \$250
- Rent at 125 square feet x \$1.25 per square/foot x 12= \$ 1,875
- Postage and printing \$750

C. Commodities- office supplies, etc. \$250

D. Equipment- 2 desks and chairs, one filing cabinet and one typewriter. \$ 1,758

5. Inflation will be approximately six percent per year.

H B

8 9 9

STATE OF ALASKA  
THE LEGISLATURE

POUCHY - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 15, 1978

SUBJECT: CSHB 899

TO: Representative Rudd, Chairman,  
Community and Regional Affairs Committee

FROM: David T. Walker, Legislative Counsel 

You should be aware that durational residences are considered suspect categories by the courts today. We are not confident that the five year residency requirement established by this bill would withstand a court challenge.

DTW/lm

March 28, 1978

The Honorable Russ Meekins  
House of Representatives  
Alaska State Legislature  
Pouch V, State Capitol  
Juneau, Alaska 99811

Dear Representative Meekins:

IN RE: Senior Citizens Property Tax Exemption, AS 29.53.020

<u>FY 78</u>	<u>Assessed Value</u>	<u>Exemption</u>
Current Operation:	103,992,129	\$1,512,800
Legislative Proposal:	138,309,532	2,057,379
Difference:	34,317,403	\$ 554,600
 <u>FY 79</u>		
Current Operation:	117,344,450	\$1,919,025
Legislative Proposal:	154,894,674	2,515,220
Difference:	37,550,224	\$ 596,195

The preliminary data outlined above is in response to the request for the probable impact of redefining "permanent place of abode" to exempt the senior citizen homeowner "total tract".

This information has been obtained largely by telephone from only those municipalities most likely to be heavily impacted by such a redefinition. No attempt was made to project the impact, should a more liberal program influence additional applications, it should be noted that this could be an important factor.

The estimates should not in any way be considered as other than assumptions for projection basis. A computer analysis of the FY 78 program is

The Honorable Russ Meekins


March 28, 1978

Page two

being prepared by the Division of Data Processing. It is predicted that a detailed report will be available from Department of Administration Data Processing Division within a few days.

Sincerely,

Lee McAnerney  
Commissioner



By: Palmer McCarter  
Director  
Local Government  
Assistance Division

STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

FOUCHY - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465 3600

MEMORANDUM

March 20, 1978

SUBJECT: Proposed amendment of the senior citizens  
property tax statute, changing the term  
"permanent place of abode." (W.O. #5198)

TO: Representative Al Ose, Chairman  
Administrative Regulation Review Committee

FROM: John B. Chenoweth, Legislative Counsel

Work order 5198, asking that AS 29.53.020(e) be amended by incorporating into it a definition of "permanent place of abode" found in AS 29.63.065 (special assessment exemptions for senior citizens), has been assigned to me.

*Review  
with  
etc.*

Would you please clarify for me the purpose of the change requested?

In AS 29.63.065, there is no separate definition of the term "permanent place of abode." Rather, there appears, in sec. 65(a), the following:

The real property owned and occupied by a resident 65 years of age or over, or the spouse, widow, widower, or minor heir of the original applicant, on which is located only his permanent place of abode which is a single family residence, is exempt ...

If I adapt the foregoing language directly into the senior citizen property tax exemption provision, I believe you will be creating more problems than you will resolve. The new language added to the senior citizen property exemption language would limit the application for the exemption to property "on which is located only [the] permanent place of abode" without regard to whether the parcel also contained outbuildings, a farm or garage, or commercial buildings. It does not address the multi-family residential situation (i.e. condominiums). Moreover, adaptation into the senior citizen property tax exemption of the language of AS 29.63.065 would likely not clear up the current confusion that exists with respect to whether less than the entire parcel of property may receive the benefit of the property tax exemption.

Representative Al Ose  
March 20, 1978  
Page 2

I assume that the purpose of this request is to cut off the authority of the administering agency, the Department of Community and Regional Affairs, to enforce its regulation purportedly limiting the senior citizen property tax to five acres or less than the entire parcel. If this is the purpose of this work order request, may I respectfully suggest to you the following language:

AS 29.53.020(i) is repealed and re-enacted to read:

(i) In (e) - (i) of this section, "real property"

(1) means

(A) the dwelling or residence of the applicant if the dwelling or residence is a single-family residence or structure, together with the entire parcel or tract of real property on which the residence is located; or

(B) the dwelling or residential unit of the applicant, if the dwelling or residential unit is part of a multi-family residence or structure, together with a proportional part of the parcel or tract of real property on which the residence is located which is held in common;

(2) includes, but is not limited to, mobile homes, whether classified as real or personal property for municipal tax purposes.

Subsection (a)(1) would provide the operative definition with respect to single-family residences; (a)(2) would address the multi-family situation, including jointly-owned duplexes and condominium units, extending the exemption to a portion of any commonly owned property in the tract or parcel on a prorated basis.

Would you please advise, at your earliest convenience, as to how I should proceed with this request. Thank you.

JBC:hjd

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

POUCH 8 - JUNEAU 99311

February 14, 1978

The Honorable Al Ose, Representative  
Alaska State Legislature  
Pouch "V"  
Juneau, Alaska 99801

Dear Representative <sup>al</sup>Ose:

This letter is written to offer additional written background to support and explain the Department's operation of the Senior Citizen's Property Tax Exemption program as authorized by AS 29.53.020 (e)-(i).

Last year the legislature approved passage of CS for HB 5 which effectively removes the previous \$40,000 (third quartile) property value limitation of the program. In both our written and verbal testimony before the various committees which acted on HB 5, the Department indicated that the State administration and municipal governments had established property size limitations for this program in the absence of any specific legislative acreage limitation. In preparing our fiscal notes to the legislature indicating the additional cost to be incurred by removal of the \$40,000 limitation, we pointed out in every instance that, as an assumption, a maximum of 5 acre land limitation would remain in affect. To further document this statement I attach copies of the fiscal notes which were prepared for original HB 5 and CS for HB 5.

Currently the departmental regulation which further describes "permanent place of abode" is found at 19 AAC 35.120 (4) and is defined as "a dwelling, or a dwelling unit in a multiple dwelling, including lots and outbuildings, or an appropriate portion thereof, which are necessary to convenient use of the dwelling unit;"

Municipalities throughout the State (who determine initial eligibility for the exemption) have generally further defined the statute and this regulation to include acreage not to exceed 1 acre in urban areas and 5 acres in rural areas.

In order to further clarify existing regulation, the Department has proposed new regulations which would revise the current definition of "principal place of abode" by adding the language "limited to not more than 1 acre if urban nor more than 5 acres if rural as determined by the local assessor". This proposed new regulatory language would formalize the practice that has heretofore been administered by most assessors at the local municipal government level in the interest of maintaining uniform, statewide standards.

The Honorable Al Ose, Representative  
February 14, 1978  
page 2

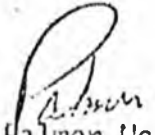
As you know, the Department last year was very much opposed to removal of the "third quartile" property value limitation (i.e., \$40,000) that had previously been legislated. We offered, as a suggestion, a "circuit breaker" concept which would allow additional exemption for senior citizens based on need as measured by impact on income. A letter to Senator Sackett dated February 24, 1977 is also attached which includes that proposal of the department.

In summary, we feel that the current regulations governing this program are reasonable and that the proposed regulation (which would further define "principal place of abode" as including land not to exceed 1 and 5 acre limitation for urban and rural areas, respectively) is appropriate in order to provide some reasonable and equitable basis for the administration of this particular exemption program. As previously indicated, we would be happy to work with you or any other legislator or legislative committee in reviewing this or any other state mandated property tax relief program.

If we can provide you with additional information please advise.

Sincerely,

Lee McAnerney  
Commissioner

  
by: Palmer McCarter  
Director

Enclosures

cc: Honorable Hugu Malone, Representative  
Alaska State Legislature

APPENDIX B

SENIOR CITIZEN PROPERTY TAX EXEMPTION  
AS 29.53.020(e)-(i)

Effective January 1, 1973, the first Senior Citizen Property Tax Exemption Program was enacted. (ch 118 SLA 1972) Effective January 1, 1974, the \$10,000 gross annual income limitation as a prerequisite to eligibility was deleted. (Sec. 1 ch 60 SLA 1974) Effective January 1, 1975, an extension of the filing date deadline for good cause shown was authorized. (Sec. 1 ch 65 SLA 1975) Effective January 1, 1977, a formula was adopted for determining an assessed value exemption limit each year. (Sec. 1 ch 217 SLA 1976)

AS 29.53.020(e): "... the assessed value limit is the upper limit of the third quartile class in a frequency distribution of previous year assessed values in the state..."

The property tax exemption limit for the 1977 tax year has been determined to be the assessed value of the real property up to and including 40,000 in assessed value. The frequency distribution of assessed values approved for exemption in the 1976 program is illustrated in Table B-2.

In response to objections to the assessed value limit, a "circuit breaker" assistance amendment is proposed. The amendment is a favorable and acceptable measure intended to relieve disproportionate impact to senior citizen income affected by tax values over the exemption limit.

The property tax exemption application form 21-400 has been expanded to allow senior citizen homeowners to renew special assessment deferments, AS 29.63.065, on the same form; in order to avoid duplicate verification of qualifying criteria each year. (See Appendix C, Senior Citizen Special Assessment Exemption)

A breakdown of the 1976 program impact listed by participating municipalities, is illustrated in Table B-1.

A four-year performance summary of the property tax exemption program is outlined below:

Tax Year	Number of Applications Approved	Assessed Value Exempt	Total Revenue Reimbursement	Average Value Per Application	Average Tax Per Application
<sup>1</sup> 1973	911	12,960,993	\$ 197,050	14,227	\$216
<sup>2</sup> 1974	1,887	40,842,657	631,891	21,644	335
1975	2,426	59,918,061	930,915	24,693	384
1976	2,603	76,737,060	1,171,227	29,424	449

<sup>1</sup>\$10,000 income limit deleted

<sup>2</sup>Extended filing deadline

TABLE B-1

## SENIOR CITIZEN PROPERTY TAX EXEMPTION, AS 29.53.020(e)

## 1976 PROGRAM SUMMARY

<u>BOROUGHES</u>	<u>NUMBER OF APPLICATIONS APPROVED</u>	<u>ASSESSED VALUE EXEMPT</u>	<u>TAX EXEMPT</u>	<u>AVERAGE VALUATION PER APPLICATION</u>	<u>AVERAGE TAX PER APPLICATION</u>
Anchorage, Municipality	886	29,560,962	\$ 552,525.42	33,365	\$624
Bristol Bay	7	83,825	1,173.55	11,975	168
Fairbanks North Star	334	9,954,475	130,318.05	29,804	390
Haines	23	434,086	4,780.11	18,873	208
Juneau, City & Borough	254	10,052,250	149,737.84	39,575	590
Kenai Peninsula	247	5,135,050	74,140.10	20,790	300
Ketchikan Gateway	208	5,367,165	91,003.58	25,804	438
Kodiak Island	68	1,522,622	22,659.52	22,392	333
Matanuska-Susitna	212	5,453,020	50,316.29	25,722	237
North Slope	19	305,410	3,145.73	16,074	166
Sitka, City & Borough	95	3,598,790	17,993.95	37,882	189
<u>TOTAL BOROUGHES</u>	<u>2,353</u>	<u>71,467,655</u>	<u>\$1,097,749.14</u>	<u>30,373</u>	<u>\$467</u>
<u>CITIES</u>					
Cordova	33	670,380	\$ 12,402.07	20,315	\$376
Craig	8	96,010	1,056.11	12,001	132
Dillingham	16	423,702	7,838.60	26,481	490
Heena	1	3,700	37.00	3,700	37
Nome	49	390,960	6,992.11	7,979	143
Pelican	3	16,941	237.16	5,647	79
Petersburg	59	1,611,790	19,341.50	27,318	328
Skagway	19	467,467	8,414.40	24,604	443
Unalaska	3	72,100	1,261.76	24,033	421
Valdez	10	337,640	3,374.89	33,764	337
Wrangell	54	1,178,715	12,477.49	21,828	231
<u>TOTAL CITIES</u>	<u>255</u>	<u>5,269,405</u>	<u>\$ 73,433.09</u>	<u>20,664</u>	<u>\$288</u>
BOROUGHES	2,353	71,467,655	\$1,097,749.14	30,373	\$467
CITIES	255	5,269,405	73,433.09	20,664	288
<u>STATEWIDE TOTAL</u>	<u>2,608</u>	<u>76,737,050</u>	<u>\$1,171,227.23</u>	<u>29,424</u>	<u>\$449</u>

TABLE B-2  
SENIOR CITIZEN PROPERTY TAX EXEMPTION  
1976 TAX YEAR PROGRAM

FREQUENCY DISTRIBUTION: INTERVALS IDENTIFIED BY LOWER LIMITS

BOROUGH/S	Range		Frequencies of Assessed Value (in thousands) in Intervals of 5,000																			Total	
	Low	High	0	5	10	15	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90		95+
Anchorage	0.4	230	63	33	27	88	98 <sup>1</sup>	102	131 <sup>2</sup>	89	64 <sup>3</sup>	53	39	26	17	14	7	3	4	4	4	15	936
Bristol Bay*	11.9	26			2 <sup>1</sup>	1	2 <sup>2</sup>	1 <sup>3</sup>	1														7
Fairbanks	0.3	109	7	23	44	32 <sup>1</sup>	50	41 <sup>2</sup>	24	20	19 <sup>3</sup>	19	15	9	7	9	1	3	2	1	1	2	324
Haines	2.3	49	5	1	2 <sup>1</sup>	6 <sup>2</sup>	4	1 <sup>3</sup>		2	1	1											23
Juneau	1.0	142	6	8	13	17	22 <sup>1</sup>	20	21	32 <sup>2</sup>	23	24	12 <sup>3</sup>	18	7	9	3	2	1	3	2	6	254
Kenai	2.5	70	13	40	37 <sup>1</sup>	41 <sup>2</sup>	33	19 <sup>3</sup>	19	10	10	6	1	1	1	1	2						247
Ketchikan	2.0	93	8	16	21	33 <sup>1</sup>	30 <sup>2</sup>	26	26 <sup>3</sup>	22	6	4	1	3		1	2	1		2	1		222
Kodiak	0.6	42	7	14 <sup>1</sup>	4	4	8 <sup>2</sup>	11	6 <sup>3</sup>	7	6	1											62
Matanuska-Susitna	0.5	83	19	14	25 <sup>1</sup>	19	30 <sup>2</sup>	29	27 <sup>3</sup>	16	10	10	3	4	1	2	1		1	1			212
North Slope*	10.6	51			4	1 <sup>1</sup>	1	7 <sup>2</sup>	4 <sup>3</sup>			1	1										19
Sitka	1.0	122	4	7	5	8 <sup>1</sup>	10	12	7 <sup>2</sup>	7	7	2	4 <sup>3</sup>	5	2	3	2	2	1	1		6	95
TOTAL	0.4	230	132	174	184	255 <sup>1</sup>	293	269 <sup>2</sup>	265	211 <sup>3</sup>	151	121	76	66	35	39	18	11	9	12	8	29	2,300
<b>CITIES</b>																							
Cordova			5	6	8	1	2	5		1	1	2	1	1									33
Craig			1	2	4		1																8
Dillingham					2	2	3	3	2	3		1											16
Kenena			1																				1
Nome			21	15	5	3	2	3															49
Pelican			1	2																			3
Petersburg			1	1	5	13	12	5	5	6	3	3	3	1	1								59
Skagway				2	2	3	3	3	3	1	2												19
Unalaska			1	1											1								3
Valdez			1		1			2		1	1	3	1										10
Wrangell			4	9	7	8	7	5	5	3	2	2			2								54
TOTAL	0.5	69	36	30 <sup>1</sup>	34	30 <sup>2</sup>	30	26 <sup>3</sup>	15	14	9	10	6	2	5								255
STATEWIDE TOTAL	0.4	230	100	212	218	285 <sup>1</sup>	318	295 <sup>2</sup>	280	225 <sup>3</sup>	160	131	82	68	40	39	18	11	9	12	8	29	2,608
						(15,945)		(26,745)		(39,020)													

<sup>1</sup> First Quartile      <sup>2</sup> Median      <sup>3</sup> Third Quartile

\* Includes 10,000 Value Municipal Residential Property Exemption, AS 29.53.035(a)

# STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

JAY S. HAMMOND, Governor

POUCH B - JUNEAU 99811

March 31, 1978

The Honorable Al Ose  
Chairman, Administrative  
Regulation Review Committee  
Pouch V  
Juneau, Alaska 99811

Dear Representative Ose:

RE: Memorandum from John B. Chenoweth, Legislative Counsel in compliance with request (W.O. #5198) - March 20, 1978

I concur with Mr. Chenoweth's suggestion that the incorporation of language from AS 29.63.065 into AS 29.53.020 (e) is inappropriate. Most important, AS 29.63.065 does not provide for an exemption, per se. It only qualifies the property for an interest free loan. The total property is presumed to be benefitted, hence a lien is generated also against the total property.

The language suggested by Mr. Chenoweth as an amendment to repeal and re-enact AS 29.53.020 (i) fails to clarify the statutory language in AS 29.53.020 (e) which says, in effect, that the portion of "real property" owned and occupied as a permanent place of abode is a required exemption.

The term "real property" includes land, structures and any other improvements installed in or on the land.

The lack of specificity as to what constitutes permanent place of abode is not made more restrictive by an attempt to redefine "real property".

AS 29.53.020 (b) (3) (relating to property for religious purposes) is specific as to land to be included with exemption and states "lots supporting and adjacent to a structure or residence mentioned in (1) or (2) of this subsection which are necessary to convenient use;" (underscore added for emphasis).

The Honorable Al Ose  
March 31, 1973  
Page two

Should the political intent of Alaska legislators be to provide exemption in the form of a total "homestead" type of tax free ownership, regardless of years of ownership or Alaska residency, for the entire legally described property on which is situated the residential structure of the Senior Citizen owner occupant, that should be stated at AS 29.53.020 (e). A prohibition against combining properties after a specific date solely to increase benefit should be included.

The need to administratively define permanent place of abode would be thereby negated and a blanket exemption which would ignore the income producing characteristics and the excess of land as a factor would prevail.

Sincerely,

LEE MCANERNEY  
COMMISSIONER

By:  Palmer McCarter  
Director

cc: Mr. John Chenoweth  
Legal Services  
Legislative Affairs Agency

PC. 4-11-78  
CC MADE

C/O Tyonek Timber  
Tyonek, Alaska 99682  
April 5, 1978

Representative Lisa Rudd  
House Community & Regional  
Affairs Committee  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Lisa Rudd:

I hope you will give House Bill no. 899, "An Act relating to the senior citizens' property tax exemption; and providing for an effective date," a do pass recommendation. Even with all of the federal and state help it is still hard for a senior citizen to get by. This bill should help lessen the burden.

Thank you,

*Richard Willson*

Richard Willson

HB

900

Veronica Clark -

Introduced: 3/21/78  
Referred: Community & Regional  
Affairs and Judiciary

1 IN THE HOUSE

BY THE COMMUNITY AND  
REGIONAL AFFAIRS COMMITTEE

2 HOUSE BILL NO. 900

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to approval and recording of sub-  
7 divisions; and providing for an effective date."

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

9 \* Section 1. AS 40.15.010 is amended to read:

10 Sec. 40.15.010. APPROVAL AND RECORDING OF SUBDIVISIONS. Before  
11 the lots or tracts of any subdivision or dedication may be sold, [OR]  
12 offered for sale, or conveyed, the subdivision or dedication shall be  
13 submitted for approval to the authority having jurisdiction, as pre-  
14 scribed in this chapter. The regular approval of the authority shall be  
15 shown on it or attached to it and the subdivision or dedication shall be  
16 filed for record in the office of the recorder. The recorder shall not  
17 accept a plat of a subdivision or dedication for filing unless it shows  
18 this approval. The recorder shall not accept a deed for filing unless  
19 it is accompanied by this approval, or by an affidavit of the grantor  
20 stating that no subdivision is created by the deed, or by a certified  
21 waliver of the requirement of plat under AS 29.33.170. If no platting  
22 authority exists as provided in secs. 70 - 130 of this chapter, lands  
23 may be sold without approval.

24 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-  
25 070(c).

*Prohibits gifts  
& leasing w/o  
approval*

29

#



# Matanuska-Susitna Borough, Inc.

BOX B, PALMER, ALASKA 99645 • PHONE 745-3246

DEPARTMENT OF ADMINISTRATION

March 6, 1978

Ms. Lisa Rudd, Chair  
Committee on Community &  
Regional Affairs  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Ms. Rudd:

Subject: Recordation of Property Splits Not Approved by Platting Authority

This is a follow up to Marilyn Miller's contact with you concerning the need for legislation to carry out the position of the Alaska Municipal League that proof of approval by the local platting authority should be required prior to the filing of an instrument affecting the boundaries of land.

A serious problem has arisen because Statutes do not prohibit the recording of property splits which have not been approved.

AS 29.33.190(b) provides as follows: "No person may record a plat or seek to have a plat recorded unless it bears the approval of the platting board. A person who knowingly violates this requirement is punishable upon conviction by a fine of not more than \$500." This Borough is not anxious to prosecute persons who knowingly or unknowingly violate the State Statutes requiring platting authority approval of property splits. More importantly, such prosecution does not resolve the multitude of problems which stem from such recordation. Here's an example of what happens:

The owner of a 20 acre tract describes by aliquot parts 5 acres of the 20 acres and sells the 5 acres. The 5 acres may or may not be physically accessible or legally accessible.

A subsequent owner wants to split the 5 acres into 1 acre parcels. He cannot do so because the 5 acre parcel is illegally created and not recognized by the Platting Board. The new owner then has to retrace the proper platting procedure (or get a waiver of platting requirements under AS 29.33.170). It may or may not be possible for the original 5 acre split to be done in conformance with platting requirements.

A big hassle results.

Ms. Lisa Rudd  
Recordation of Property Splits Not Approved by Platting Authority

March 6, 1978

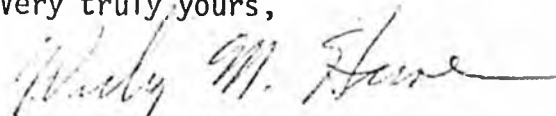
-2-

The grantee suffers. An extraordinary amount of staff time is required to clean up the mess. The grantor who violated the platting requirements has long since sold the other 15 acres and flown to Hawaii. He does not suffer. The platting statutes are circumvented.

The proposed legislation would provide an effective means of getting compliance to Statutes which require platting authority approval of all property splits. We do not now have an effective means.

I hope you will see fit to get such legislation introduced so that Boroughs can more effectively carry out their platting mandate.

Very truly yours,



Wesley M. Howe  
Borough Manager

WMH:er

cc: Alaska Municipal League



# Matanuska-Susitna Borough, Inc.

BOX B, PALMER, ALASKA 99645 • PHONE 745-3246

DEPARTMENT OF ADMINISTRATION

April 7, 1978

Ms. Lisa Rudd, Chairman  
Committee on Community &  
Regional Affairs  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Ms. Rudd:

Subject: HB 900 Approval and Recording of Subdivisions

This is to express support of the subject bill. It appears to solve the problems presented in my letter of March 6, 1978 which urged introduction of this legislation.

While present law provides that the recorder shall not accept a subdivision unless it has been processed, nothing in existing law prevents a recorder from recording a deed for a parcel of property which has been created without the approval of the platting authority through the platting process or through a waiver of platting requirements. Such recordings have created hardships on buyers of such property and have caused immense administrative problems for the Borough as well as inconvenience for the public.

We urge that the Community and Regional Affairs Committee recommend passage of this bill.

Very truly yours,

Wesley M. Howe  
Borough Manager

WMP:er

*unrecorded  
deed or conveyance  
not valid -*

*what are ways of conveying?*

Introduced: 3/21/78  
Referred: Community & Regional  
Affairs and Judiciary

1 IN THE HOUSE

BY THE COMMUNITY AND  
REGIONAL AFFAIRS COMMITTEE

2 HOUSE BILL NO. 900

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to approval and recording of sub-  
7 divisions, and providing for an effective date."

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

9 \* Section 1. AS 40.15.010 is amended to read:

10 Sec. 40.15.010. APPROVAL AND RECORDING OF SUBDIVISIONS. Before  
11 the lots or tracts of any subdivision or dedication may be sold, [OR]  
12 offered for sale, or conveyed, the subdivision or dedication shall be  
13 submitted for approval to the authority having jurisdiction, as pre-  
14 scribed in this chapter. The regular approval of the authority shall be  
15 shown on it or attached to it and the subdivision or dedication shall be  
16 filed for record in the office of the recorder. The recorder shall not  
17 accept a plat of a subdivision or dedication for filing unless it shows  
18 this approval. The recorder shall not accept a deed for filing unless  
19 (it is accompanied by this approval, or by an affidavit of the grantor  
20 stating that no subdivision is created by the deed, or by a certified  
21 waiver of the requirement of plat under AS 29.33.170. If no platting  
22 authority exists as provided in secs. 70 - 130 of this chapter, lands  
23 may be sold without approval, *affidavit or waiver.*

24 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-  
25 070(c).

26 *So what is accomplished?*  
27 *How does an UNRECORDED deed fit in?*

TO: Lisa        FROM: Annette

HB 900 includes the language recommended by Wes Howe of the Mat-Su Borough. We have two letters from him in the file explaining what he wishes to accomplish through this bill. Essentially the Mat-Su Borough would wish to strengthen the existing law so that no subdivisions will be able to slip by the platting boards.

We have gone a step further in the drafting of the bill by including the words "or conveyed" in the first sentence. This was included to get at a situation described by Marilyn Miller when she spoke with you about introducing the legislation; that is, a case where land is given to another party, not sold. The same hassles as Mr. Howe describes can result from such a free conveyance as with one that is sold.

However, if the committee wishes to reach these conveyances, it may be necessary to also amend the definition of subdivision in Title 40, which describes a subdivision in terms of parcels to be sold or to be used for building.

I have asked Mr. Berrier to be on hand to answer any questions about the effect of this bill on present statutes.

If the committee does not wish to reach these conveyances, then the rest of the proposed language will, in fact, strengthen the statute enough to address a good portion of the problems facing borough platting boards as a result of situations similar to those Mr. Howe described.

(2) "subdivision" means the division of a tract or parcel of land into two or more lots, sites, or other divisions for the purpose, whether immediate or future, of sale or building development, and includes resubdivision and, when appropriate to the context, relates to the process of subdividing or to the land or areas subdivided. (§ 7 (ch II) ch 115 SLA 1953; am § 3 ch 95 SLA 1955)

Quoted in Tullinen v. Gielarowski, 2 Alas. L.J. No. 11, p. 169 (Dec., 1964).

**Chapter 18. Preservation of Public Records.**

**Section**

10 - 30. [Repealed]

**Secs. 40.18.010 - 40.18.030.**

Repealed by § 3 ch 191 SLA 1970.

**Editor's note.** - The repealed chapter derived from § 1, ch. 10, SLA 1968, and § 9, ch. 40, SLA 1969.

**Chapter 20. Disposal of Public Records.**

**Section**

10 - 30. [Repealed]

**Secs. 40.20.010 - 40.20.030.**

Repealed by § 3 ch 191 SLA 1970.

**Editor's note.** - The repealed chapter derived from ch. 147, SLA 1957.

**Chapter 21. Management and Preservation of Public Records.**

**Article**

- 1. Public Records (§§ 40.21.010 - 40.21.140)
- 2. General Provisions (§ 40.21.150)

**Article 1. Public Records.**

**Section**

- 10. Purpose
- 20. Archival and records management program creation and administration
- 30. Duties of the state archivist
- 40. Gifts, bequests or endowments of money
- 50. Regulations
- 60. Duties of chief executive officers of state agencies
- 70. Records management for local records
- 80. Disposal of public records by political subdivision

**Section**

- 90. Transfer of public records of political subdivision to department
- 100. Assistance to legislative and judicial branches
- 110. Care of records
- 120. Standards of clarity, accuracy, and permanency of copies or reproductions of public records
- 130. Alteration and replacement of public records
- 140. Use of copies and replacements as evidence

**Sec. 40.21.010. Purpose.** The purpose of this chapter is to provide for

Title 39  
Public Officers  
and Employees

Title 40  
Public Records  
and Recorders

Title 11  
Public Lands

HB

913

HB 913: " An Act relating to day care programs."

PRESENT LAW

*CRA must*  
(5) provide notification to the local government body of ~~the request for a contract with a day care facility.~~ *day care assistance prog.*

HB 913

(5) deleted

According to Harvey Pitts, it is good practice to notify a locality if CRA had requests for the day care assistance program to be implemented in an area. He expects that the practice would continue regardless of this proposed change in the law.

(b) The department may

(b) deleted

(2) With the approval of the department, the municipality may subcontract with another organization in the community to perform duties;

(2)  with the approval of

Attachement: present law / HB 913

5248  
wally

Introduced: 3/29/78  
Referred: Community & Regional  
Affairs and Health, Education  
Social Services

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

1 IN THE HOUSE

2 HOUSE BILL NO. 913

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to day care programs."

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

8 \* Section 1. AS 44.47.250 is repealed and re-enacted to read:

9 Sec. 44.47.250. POWERS AND DUTIES. The department shall

10 (1) implement and administer a program to assist in provid  
11 ing day care for the children of low-income families according to the  
12 requirements of secs. 250 - 310 of this chapter;

13 (2) establish standards of eligibility for day care benefi

14 (3) contract for the care of children of eligible familie

15 (4) establish procedures to periodically review the needs  
16 families receiving day care benefits;

17 (5) contract with municipalities to perform its duties und  
18 secs. 250 - 310 of this chapter within that municipality; the munici  
19 pality may subcontract with another organization in the community to  
20 perform administrative duties;

21 (6) contract with day care facilities outside of municipal  
22 ties; to provide more effective administration of programs in the un  
23 ganized borough, the department may contract with another organizatio  
24 in the community or with an organization serving the region in which  
25 the community is located to perform administrative duties;

26 (7) adopt regulations necessary for the performance of its  
27 duties under secs. 250 - 310 of this chapter.

(2) "community" means home rule cities and boroughs, cities and boroughs of any class, and unorganized boroughs and villages which are social units;

(3) "department" means the Department of Community and Regional Affairs;

(4) "region" means an area larger than a community, or including all or part of more than one community, but sufficiently integrated that it may be treated as a unit for administration of particular services. (§ 2 ch 200 SLA 1972)

Article 6. Community Legal Assistance Grants.

Section	Section
200. Community legal assistance grant fund	220. Grants
210. Eligibility	230. Regulations

Sec. 44.47.200. Community legal assistance grant fund. There is created in the Department of Community and Regional Affairs the community legal assistance grant fund. From legislative appropriations to the fund, the department shall make grants to eligible communities and regions for the purpose of enabling them to obtain legal assistance. (§ 1 ch 60 SLA 1975)

Sec. 44.47.210. Eligibility. First and second class cities and unincorporated villages, and regional associations of those communities, may apply to the department for a grant under § 200 of this chapter. Grants shall be made only to those communities or regions that would otherwise be unable to obtain legal assistance. No regional or village corporation formed under the Alaska Native Claims Settlement Act (P.L. 92-203) is eligible for a grant under § 200 of this chapter. (§ 1 ch 60 SLA 1975)

Sec. 44.47.220. Grants. Grants made under § 200 of this chapter shall be used for a single legal project and not for the provision of general legal counsel. The department shall assure that the grant is spent for necessary legal assistance and that appropriate accounting procedures are maintained. Grants may not exceed \$20,000. (§ 1 ch 60 SLA 1975)

Sec. 44.47.230. Regulations. The department shall adopt regulations to carry out the purposes of §§ 200—220 of this chapter. (§ 1 ch 60 SLA 1975)

Article 7. Day Care Assistance.

Section	Section
250. Powers and duties	260. Local participation

Section  
270. Condit  
280. Eligibil  
290. Contr

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## Section

270. Conditions of receipt of benefits  
 280. Eligibility of families for benefits  
 290. Contributions by parent or guardian

## Section

300. Child care facilities  
 310. Definitions

Editor's note. — Section 1, ch. 66, SLA 1975, provides: "Findings of fact; purpose. The legislature finds that a need exists in the state for the provision of adequate day care facilities for families with low income. Adequate child care facilities allow the parent or guardian to work outside the home and in many cases to avoid the need

for welfare and other forms of public assistance. The purpose of this Act is to establish in the Department of Community and Regional Affairs a program to aid low income families in urban and rural areas of the state in providing adequate care for their children."

Sec. 44.47.250. Powers and duties. (a) The department shall

*SAME* (1) implement and administer a program to assist in providing day care for the children of low-income families according to the requirements of §§ 250—310 of this chapter;

*SAME* (2) establish standards of eligibility for day care benefits;

*SdMst* (3) contract for the care of children of eligible families;

*SAME* (4) establish procedures to periodically review the needs of families receiving day care benefits;

X (5) provide notification to the local government body of the request for a contract with a day care facility.

— (b) The department ~~may~~ *shall*

*SAME* (1) adopt regulations necessary for the performance of its duties under §§ 250—310 of this chapter;

(2) contract with municipalities to perform its duties under §§ 250—310 of this chapter within that municipality *[with the approval of the department,]* the municipality may subcontract with another organization in the community to perform administrative duties;

(3) [deleted]

(4) contract with day care facilities outside of municipalities; to provide more effective administration of programs in the unorganized borough, the department may contract with another organization in the community or with an organization serving the region in which the community is located to perform administrative duties. (§ 2 ch 66 SLA 1975; am § 1 ch 272 SLA 1976)

Effect of amendment. — The 1976 amendment deleted "with day care facilities" following "contract" in paragraph (3) of subsection (a), and in subsection (b), substituted "municipalities" for "local agencies" in paragraph (2), added the language beginning "within that municipality" to the end of paragraph (2), deleted paragraph (3), which read "subject

recommendations from local governing bodies regarding local agencies which may provide contractual services under this section," and added paragraph (4).

Legislative committee report. — For report on ch. 66, SLA 1975 (HCS CSSB 120), see 1975 Senate Journal, p. 257; 1975 House Journal, p. 876.

Sec. 44.47.260. Local participation. When a contract is made under § 250(b)(2) of this chapter between the department and a municipality, the municipality shall pay the costs of administering the contractual duties within its jurisdiction. (§ 2 ch 66 SLA 1975; am § 2 ch 272 SLA 1976)

Effect of amendment. — The 1976 amendment substituted "municipality" for "local agency within an incorporated borough or city of the state" and for "incorporated borough or city."

Sec. 44.47.270. Conditions of receipt of benefits. Benefits may be paid for the care of children of a low income family only if a parent or guardian, because of the day care, is freed to work or to attend school. In no event shall benefits be paid for the care of children of a family where one parent or guardian is not working or attending school and is physically and mentally capable of caring for the children. (§ 2 ch 66 SLA 1975)

Sec. 44.47.280. Eligibility of families for benefits. The department shall determine the eligibility of families for day care benefits on the basis of the following factors:

- (1) net income of the family including salary, alimony, child support, retirement benefits, social security, and any other source of income;
- (2) number of children in the family;
- (3) whether there is one parent or guardian solely responsible for the care of the family;
- (4) whether the family receives aid to families with dependent children and is eligible for day care service under aid to families with dependent children;
- (5) other factors found relevant by the department. (§ 2 ch 66 SLA 1975)

Repealed 1977

Sec. 44.47.290. Contributions by parent or guardian. The department shall develop a sliding fee scale based on the factors listed in § 280 of this chapter for purposes of determining the amount to be contributed by the parent or guardian for child care. The contribution of the parent or guardian shall be paid to the day care facility. (§ 2 ch 66 SLA 1975)

Sec. 44.47.300. Child care facilities. (a) Parents or guardians shall select the day care facility for the care of their children. (b) Benefits shall be paid by the department directly to the municipality contracting with the day care facility or, outside of a municipality, to the facility upon receipt of a billing from a municipality or facility. (§ 2 ch 66 SLA 1975; am § 3 ch 272 SLA 1976)

Effect of amendment. — The 1976 amendment rewrote this section.

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Sec 10. 20. 30. 40. 50. 60. 70. 80. 90. 100

Sec. 44.47.310. Definitions. In §§ 250—310 of this chapter

(1) "day care facility" means a center or home licensed in accordance with the provisions of AS 47.35.010—47.35.030 or recognized by the federal government for the care of children;

(2) "department" means the Department of Community and Regional Affairs;

*1977*  
 (3) "child" means <sup>and below 11 years of age</sup> a person who has not reached the age of 7;

(4) "day care" means the care, supervision, and guidance of a child or children unaccompanied by a parent or legal guardian on a regular basis for periods of less than 24 hours a day.

(5) "municipality" includes a home rule, general law and unified municipality, as defined in AS 20. (§ 2 ch 66 SLA 1975; am §§ 6—8 ch 253 SLA 1976; am §§ 4, 5 ch 272 SLA 1976)

Revisor's note (1976). — Paragraph (3) of AS 44.47.310 was amended by both § 7, ch. 253, SLA 1976, and § 4, ch. 272, SLA 1976. Since the two amendments appear to be inconsistent, and ch. 253 is superseded by ch. 272, only the later enactment has been given effect here.

Effect of amendments. — The first 1976 amendment rewrote paragraphs (1) and (3) and added paragraph (4).

The second 1976 amendment substituted "who has not reached the age of 7" for "up to the mandatory school age" in paragraph (3) and added paragraph (5).

### Part 3. Administrative Officers.

#### Chapter

50. Notaries Public (§§ 44.50.010 — 44.50.190)

53. Foreign Commissioners for Acknowledgments (§§ 44.53.010 — 44.53.020)

Cross reference. — As to public administrator, see AS 22.15.310 — AS 22.15.350.

### Chapter 50. Notaries Public.

Section

- 10. Appointment and commission
- 20. Qualifications
- 30. Term of office
- 40. Fees
- 50. Chapter not a limitation on postmasters
- 60. Duties
- 70. Presence and identification required
- 80. Seal
- 90. Protest of bill or note
- 100. Return of papers to lieutenant governor

Section

- 110. Application of Administrative Procedure Act to revocation of notary commission
- 120. Bond
- 130. Filing oath and bond
- 140. Disposition of bond
- 150. Copy of bond as evidence
- 160. Misconduct or neglect
- 170. State employees as notaries
- 180. Postmasters as notaries
- 190. Savings clause

To July 31

CHAPTER 50.  
DAY CARE ASSISTANCE PROGRAM

Section

- 10. Day Care Assistance Program Authority
- 20. Conditions of Contracting
- 30. Computation of Grant Funds
- 40. Responsibilities of Contractors
- 50. Power and Duties of the Department in Administering the State Day Care Assistance Program
- 60. Definitions

19 ACC 50.010. DAY CARE ASSISTANCE PROGRAM AUTHORITY. The authority of the department under AS 44.47.250-44.47.310 has been delegated by the Commissioner of Community and Regional Affairs to the Division of Community and Rural Development within the department.

(a) The purpose of the state day care assistance program is to assist low income parents or guardians who are working or training to pay the cost of licensed day care.

(b) The state day care assistance program will encourage day care in licensed facilities for those children previously left unattended or without adequate supervision while their parents are working or training.

19 ACC 50.020. CONDITIONS OF CONTRACTING. (a) Local communities interested in the state day care assistance program may apply to the Department demonstrating the need for a local day care assistance program, the existence of licensed day care facilities and a local commitment and administrative capability to operate the program. Upon approval of the grant application, contracts will be established delineating local and departmental responsibilities for program administration.

(b) A participating government may chose to administer the program directly, or communities whose grant is less than

restrictive for option to subcontract in  
only smaller participating gov'ts.

\$100,000 may seek approval from the department to sub-  
contract for another appropriate local agency to perform the  
administrative functions. If a local government is approved  
to subcontract, it shall: who decides to approve & based on what?

- seems to be a lack of criteria for approval of subcontractor  
by department

(1) ensure that all interested persons are made aware that proposals for subcontracts are being accepted for the day care assistance program administration; and

(2) ensure that the subcontractor meets the subcontractor requirements of:

(A) Formal training or experience totalling at least four years in one of the helping professions.

(B) Demonstrated capability to interpret and apply written instructions.

(C) Demonstrated administrative ability to compute gross income and adjusted net income.

(D) Administrative experience in program operation.

(E) Experience or training in office organization or management.

(F) Experience in administering a Social Service Program.

(G) Must devote a minimum of 6 hours per day Monday through Friday to the day care assistance program. This item does not apply to communities receiving grants of less than \$100,000.

(c) Technical assistance in application development, in program planning and in all aspects of program administration is available from the Department upon request.

(d) In order to qualify for participation in the state day care assistance program a local government shall agree to assume financial responsibility for the administration of the program.

(e) A local program shall be funded in an incorporated area only with the consent of the appropriate local government.

(f) If the responsible local government is a first class or home rule city or borough, it shall ensure that its accounting system for the day care assistance program be set up as follows:

(1) Separate funds and accounting codes shall be established for receipt and disbursement of state day care funds.

(2) Expenditures from this fund shall be audited under regular Borough or City program and financial auditing procedures.

(3) The Division of Community and Rural Development Child Care Programs Coordinator shall receive a report of municipal or borough audits of the day care account at least once yearly.

(g) If the responsible local government is a second class city or unorganized borough, the accounting system for the day care assistance program shall be set up as follows:

(1) Separate funds and accounting codes shall be established for receipt and disbursement of state day care funds.

(2) A yearly statement of income and expenditures shall be required by the Department in connection with program and financial audits conducted by visiting day care program staff members.

19 ACC 50.030 COMPUTATION OF GRANT FUNDS. (a) The total grant to be received by any community will be computed by taking the ratio of a community's licensed day care spaces to the number of licensed day care spaces statewide and awarding that percentage of the total state funds to the community applying for a day care assistance grant. Additional grant funds may be made available when other communities having licensed day care spaces chose not to participate in the day care assistance program.

(b) A waiver from the requirements of this rule will be given for good cause shown.

19 ACC 50.040. RESPONSIBILITIES OF CONTRACTORS. (a) It is the responsibility of the Contractor to administer the Alaska day care assistance program on a community-wide basis.

(b) The contractor shall be accountable for state funds which it receives to subsidize day care services in the community. The accountability shall include the maintenance of program and financial records of the program including records concerning: applications, determination of client eligibility, payments to child care facilities, local administrative expenses, and program operating statistics as required by the Department.

(1) Unless otherwise agreed upon, the contractor's program and financial accounting system must utilize standard application, authorization billing, and reporting forms provided by the Department.

(2) The contractor must make all program and financial records available to the Department or its designated representative upon request.

(c) The contractor shall utilize the differential subsidy scale established by the Department for that community as a basis for determination of client eligibility for state day care assistance funds. This scale shall be applied to the adjusted net income of the client to determine a range of subsidy for which he or she is eligible.

(1) The adjusted net income of the client shall be arrived at by taking the projected gross income per year and subtracting the following:

DRAFT

- (A) federal income tax,
- (B) state income tax,
- (C) state education tax,
- (D) social security taxes (FICA)
- (E) retirement,
- (F) unemployment insurance contributions, and
- (G) mandatory union dues or agency fee.

In addition, for the number of eligible children in the family greater than one, deduct the allowable child deduction from the income figure.

*Harvey Pitts sole discretion for all factors to be taken into consideration.* (2) Consideration of other factors the contractor or applicant deems to be relevant in eligibility determination shall require written approval by the Division of Community and Rural Development Child Care Programs Coordinator.

(d) Eligibility determination shall be made prior to delivery of services.

(e) Applicants or recipients may appeal denial or termination of eligibility for day care subsidy to the Director, Division of Community and Rural Development, Department of Community and Regional Affairs for initial hearing, and thereafter according to applicable provisions in the Alaska Administrative Code.

(f) The contractor shall review the day care needs and the eligibility of each program recipient at least every three months. A minimum of two (2) weeks notice must be given to any recipient prior to termination of day care assistance when the recipient continues to meet eligibility criteria.

*fairly broad* (g) Local agencies shall establish procedures to verify applicant's statements regarding eligibility certification.

DRAFT

Copies of current pay stubs should be retained to verify applicant's income.

(h) Subsidy payments shall be authorized only for day care services to individuals:

(1) who have obtained care in a licensed facility for their child and,

(2) who are determined "eligible" under the provisions of the Act and Departmental and local guidelines.

(i) The contractor shall provide assistance to day care centers or family day care homes as needed to insure proper completion of the standard Community and Regional Affairs billing and reporting forms.

(j) It is the responsibility of the contractor to make prompt payment to licensed day care facilities within 15 working days of receipt of properly completed Day Care Facility Billing and Reporting Forms.

(k) Day care payment shall be made to licensed day care facilities only for authorized hours and on an attendance basis only.

(1) The contractor shall inform the appropriate licensed day care facility immediately of any change in the status of terms of subsidy of a client.

(2) The contractor shall assure that a new authorization form is filled out and signed by all parties every time that there is a change in authorized hours for day care or a change in the percentage to be paid by the parent and the state.

(3) It is the responsibility of the contractor to report any instance of day care facilities making extra charges to program clients to the Division of Community and Rural Development, Child Care Programs Coordinator.

DRAFT

what pieces of info are required of the contractor in order to

(1) The Contractor shall maintain a current file of licensed day care facilities and the current rates charged by licensed day care facilities.

(1) It is the contractor's responsibility to remove all references to a day care facility from the provider file two weeks after the date that the license expired if that agency has not been notified by the appropriate licensing authority of a renewal of the license or issuance of an interim provisional license.

(2) It is the contractor's responsibility not to authorize payment for day care services in a facility beyond two weeks after the expiration date on the license. Before subsidy is suspended for children in that facility at the end of the two week period, the contractor shall contact the appropriate licensing authority to ascertain that notification of a renewal or provisional license for such facilities has not been lost in the mail.

(3) Should a day care facility fail to maintain its license, the contractor shall then inform parents or guardians of State assisted children in that facility that they must place their child in another licensed home or center or cease to receive state assistance. Every effort shall be made to secure satisfactory and timely alternative day care facilities in such cases.

(m) The contractor shall submit monthly statistical reports to the Department in such form and containing such information as the Director of the Division of Community and Rural Development may require, and shall comply with such provisions as the Director finds necessary to assure the correctness and verification

monitor spending program admin.

what info was that no

how admin. is carrying out elig. determination

- check onsite  
- child support statement

of such reports.

(n) A waiver from the requirements of this rule will be given for good cause shown.

19 ACC 50.050. POWERS AND DUTIES OF THE DEPARTMENT IN ADMINISTERING THE STATE DAY CARE ASSISTANCE PROGRAM. (a)

It is not the intention of the day care assistance program to guarantee the availability of day care services to all those individuals who would qualify for subsidy on the basis of income and other criteria defined herein. The Department cannot guarantee that licensed day care facilities will be available for a particular child whose parents or guardians meet eligibility requirements.

(b) Department officials shall have access to financial and other records pertaining to administration of the program at all times.

(c) The Division of Community and Rural Development staff shall conduct periodic on-site monitoring visits to determine how the contractor is meeting both its program and financial management responsibilities as defined in the Act and in contractual agreements.

(d) When the Director finds that the contractor is not in compliance with the work program and contract, <sup>or she</sup> he shall notify the local government <sup>who specifically?</sup> of the problem and <sup>by letter preferably</sup> the requirement for compliance. If after a reasonable period satisfactory adjustments are not made, <sup>she</sup> he shall notify the local government that further payments shall be withheld until the deficiencies are corrected.

(e) State funding for day care assistance is made available by the Department to the contractor only for direct subsidy payments to licensed facilities for child care services delivered.

(1) The Department shall make State funds available for expenditure for day care services only where the rates of payment for services do not exceed an amount reasonable and necessary to assure the quality of service, are in accord with costs reasonably assigned to such services, and records are available which describe and support the rates.

(2) The Community and Regional Affairs day care subsidy funds shall be paid on a daily attendance basis. The rates paid shall be set by the Director at an equitable level and shall be reviewed each fiscal year. Attendance shall be figured on the basis of five hour blocks of time. Up to five hours of attendance in a twenty-four hour period is considered part time. Attendance exceeding five hours and up to ten hours is considered full time. Attendance exceeding ten hours in a twenty-four period is considered more than full time for payment purposes.

(3) The Department shall not reimburse communities for day care subsidies beyond the maximum daily rate for part time, full time, and more than full time care except in the case of exceptional children.

(4) The Department shall not reimburse local communities for payments made to a licensed day care facility services performed more than two weeks after status as a licensed day care facility has expired.

(f) The Department shall release funds on a timely basis

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each month after receipt of the contractor's billing to the State and properly completed Monthly Local Agency Statistical Report. When it is necessary for program operation, arrangements may be made for advance payment by the Department.

(g) The "differential subsidy scale" (DDS) has been established as the basis for eligibility and fee determination.

(1) The Department shall establish a series of subsidy levels in the form of a sliding fee schedule indicating the percentage of day care costs to be paid by the parent according to family size.

(2) The highest child care subsidy shall be provided to those clients with the lowest income.

(3) Each Community's sliding fee schedule (Community DSS) shall be established by the Department and shall incorporate within it adjustments for cost of living within that community.

(4) The cost of living factor applied will be that utilized by the State in its revenue sharing program.

(5) Those communities wishing to dispute the accuracy of this factor shall provide the Director of the Division of Community and Rural Development with data prescribed by the Department to substantiate their claim.

(h) The Department shall design and distribute standardized application, authorization, billing and reporting forms to contractors for their use in program operation.

(i) The Department is responsible for providing technical assistance to local communities engaged in either planning or operating a local day care program under this Act. Training will also be provided in eligibility determination, financial counseling and other program areas as requested and as staff is available.

(j) The Department shall report yearly to the Legislature

on the impact of this legislation on the Alaska communities receiving assistance.

(k) The Department shall initially provide participating local communities who have not assumed day care licensing authority, with a computer list detailing information on currently licensed local day care facilities. In communities where municipalities have assumed day care licensing authority, the contractor should coordinate with the appropriate municipal licensing agency.

(l) The Department shall, with the cooperation of the contractor, be responsible for implementation of billing procedures and monitoring of the rate licensed facilities charge the State and State assisted families for the care of children to assure that:

(1) All services offered by the licensed day care facilities to the general public are provided to State funded children and the rate charged for care is both inclusive of such services and equivalent to the rate charged to the general public. The Department shall not pay any charges in addition to the licensed day care facilities established daily rate.

(2) The State is charged by a licensed day care facility at the same rate that the public is charged for second, third or additional family children. The Department shall share information relating to noncompliance with the contractor.

(m) A waiver from the requirements of this rule will be given for good cause shown.

19 ACC 50.060. DEFINITIONS. (a) Contractor means the local governing unit or other community agency subcontracted by the local governing unit to receive, either directly or in-

directly, state funds for day care assistance, and to administer the Department of Community and Regional Affairs day care assistance locally.

(b) Department means the Department of Community and Regional Affairs.

(c) Division means the Department of Community and Regional Affairs, Division of Community and Rural Development.

(d) Director means the Director of the Division of Community and Rural Development.

(e) Child Care Program Coordinator means the coordinator for the Alaska State Day Care Assistance Program.

(f) Licensed day care facility means a day care facility currently holding an active license for the care of children issued by the Division of Social Services Department of Health and Social Services, or an appropriated municipality who has assumed the power to license day care providers under AS 29.48.035.

(g) Licensed day care spaces means the total number of infants and children a licensed day care facility is currently allowed to have on the premises at any one time.

(h) Day care services means activity providing direct care and protection of infants and children outside of their own home during a period of less than 24 hours per day.

(i) Part time care means day care up to five hours in a twenty-four hour period.

(j) Full time care means day care for more than five hours through ten hours in a twenty-four hour period.

(k) More than full time care means day care for more than the hours but less than twenty-four in a twenty-four hour period.

(l) Eligible child means a child who is under 18 years of age and who is living in the home of either a natural parent or legal guardian.

(m) Infant means a child ages birth through 24 months.

(n) Child means a child ages 25 months through 10 years.

(o) A waiver from the definition of this . . . will be given for good cause shown.