



Am. Jur. and C.J.S. references. — 5 Am. Jur., Automobiles, § 127; 5A Am. Jur., Automobiles and Highway Traffic, §§ 127 to 135. 60 C.J.S., Motor Vehicles, § 156.

**Article 5. Driver License Violations.**

**Section**

- 281. Unlawful use of license; permitting unauthorized person to drive
- 291. Driving while license canceled, suspended, revoked or in violation of limitation

**Sec. 28.15.281. Unlawful use of license; permitting unauthorized person to drive.** (a) No person may

- (1) display, cause or permit to be displayed, or have in his possession a canceled, suspended, revoked, fictitious or unlawfully altered driver's license;
- (2) display or represent as his own a driver's license not issued to him;
- (3) display or present a driver's license other than an Alaska driver's license to a peace officer or to the department when that person has been licensed under this chapter; or
- (4) lend his driver's license to another person or knowingly permit the use of his license by another.

(b) No person may authorize or knowingly permit a motor vehicle owned by him or under his control to be driven in this state by a person who is not validly licensed. (§ 19 ch 178 SLA 1978)

**Sec. 28.15.291. Driving while license canceled, suspended, revoked or in violation of limitation.** (a) No person may drive a motor vehicle on a highway or vehicular way or area in this state at a time when his driver's license, or privilege to drive in this state if he is licensed in another jurisdiction, has been canceled, suspended or revoked or when he is driving in violation of a limitation placed upon his license, even when he is driving under a license issued in another jurisdiction. Upon conviction of a violation of this section, the court shall impose a minimum sentence of imprisonment of not less than 10 days. The execution of sentence may not be suspended nor may probation or parole be granted until the minimum imprisonment provided in this section has been served; nor may imposition of sentence be suspended, except upon the condition that the defendant be imprisoned for no less than the minimum period provided for in this section. In addition, his license or privilege to drive shall be revoked, and he may not be issued a new license nor may his privilege to drive be restored for an additional period of one year after the date that he would have been entitled to restoration of his

(b) When a person's license is canceled, limited, suspended or revoked, he shall be informed by the department or the court which takes the action at the time of the action that, upon a conviction of driving on a highway or vehicular way or area in this state at a time when his driver's license or privilege to drive in this state has been canceled, suspended or revoked, or upon a conviction of driving in violation of a limitation of his license, he will be subject to the mandatory 10-day imprisonment under (a) of this section. (§ 19 ch 178 SLA 1978)

**Ordinance not in conflict with former AS 28.15.300(a).** — Home rule ordinance which prohibited driving a motor vehicle while one's license is suspended or revoked as did former AS 28.15.300(a) but which was not limited to public highways as was former AS 28.15.300(a) was not in conflict

with former AS 28.15.300(a) and, therefore, was not invalid. *Cremer v. Anchorage*, Sup. Ct. Op. No. 1579 (File No. 3537), 675 P.2d 306 (1978).

Am. Jur. reference. — 5 Am. Jur., Automobiles, §§ 138, 777.

**Chapter 17. Commercial Driver Training Schools.**

**Section**

- 11. License required
- 21. Exemptions
- 31. Issuance and expiration of licenses; fees
- 41. Authority of commissioner to adopt regulations

**Section**

- 51. Refusal, suspension, or revocation of license
- 61. Penalties
- 71. Definitions

**Repeal of former chapter.** — Section 20, ch. 241, SLA 1976, repealed former Chapter 17, entitled "Commercial Driver Training

Schools." The former chapter consisted of §§ 28.17.010 — 28.17.080, and derived from § 1, ch. 215, SLA 1968.

**Sec. 28.17.011. License required.** No person may operate a commercial driver training school or act as an instructor of a commercial driver training school unless licensed by the department as provided in this chapter. (§ 4 ch 241 SLA 1976)

**Sec. 28.17.021. Exemptions.** A driver education course or training which is approved by the department or the Department of Education with the concurrence of the department, or is taught at an accredited college or university, is exempt from the provisions of this chapter, but an instructor employed by such a school or institution is exempt only to the extent that his activities are as an agent of the school or institution. (§ 4 ch 241 SLA 1976)

**Sec. 28.17.031. Issuance and expiration of licenses; fees.** (a) The

**Sec. 29.53.020. Required exemptions.** (a) The following property is exempt from general taxation:

(1) municipal, state or federally owned property, except that private leaseholds, contracts or other interest in the property shall be taxable to the extent of those interests;

(2) household furniture of the head of a family or a householder not exceeding \$500 in value;

(3) property used exclusively for nonprofit religious, charitable, cemetery, hospital or educational purposes;

(4) property of a nonbusiness organization composed entirely of persons with 90 days or more of active service in the armed forces of the United States whose conditions of service and separation were other than dishonorable, or the property of the auxiliary of such organization;

(5) money on deposit;

(6) the real property of certain residents of the state to the extent and subject to the conditions provided in (e) of this section.

(b) "Property used exclusively for religious purposes" includes the following property owned by a religious organization:

(1) the residence of the pastor, priest, rabbi, minister or religious order of a recognized religious organization;

(2) a structure, its furniture and its fixtures used solely for public worship, charitable purposes, religious education or a nonprofit hospital;

(3) lots supporting and adjacent to a structure or residence mentioned in (1) or (2) of this subsection which are necessary to convenient use;

(4) lots required by local ordinance for parking near a structure defined in (2) of this subsection.

(c) Property described in (a) or (b) of this section from which income is derived is exempt only if that income is solely from use of the property by nonprofit religious, charitable, hospital, or educational groups for classroom space.

(d) Laws exempting certain property from execution under the Code of Civil Procedure (AS 09) do not exempt the property from taxes levied and collected by municipalities.

(e) After January 1, 1973 the real property owned and occupied as a permanent place of abode by a resident 65 years of age or over whose gross annual income totals less than \$10,000 is exempt from taxation of the assessed value of the real property. Only one exemption may be granted with respect to the same property and, if two or more persons are eligible for an exemption with respect to the

respect to the same property, the total combined gross annual income of the parties may not exceed \$10,000. No real property may be exempted under this subsection which the assessor determines, after notice and hearing to the parties concerned, has been conveyed to the applicant primarily for the purpose of obtaining the exemption. The determination of the assessor is appealable under AS 44.62.560—44.62.570.

(f) No exemption may be granted except upon written application for the exemption on a form prescribed by the state assessor for use by local assessors. The claimant must file the application no later than January 15 of the assessment year for which the exemption is sought and must file a separate application for each assessment year in which the exemption is sought. If an application is filed within the required time and is approved by the assessor, he shall allow an exemption in accordance with the provisions of this section. The assessor may at any time require proof in the form he considers necessary of the right and amount of an exemption claimed under this section, and in that respect may as one form of proof require authorization from the taxpayer to verify gross income level by reference to gross income shown in the latest state income tax return available for all or part of the assessment year for which an exemption is sought.

(g) The state shall reimburse a borough or city, as appropriate, for the real property tax revenues lost to it by the operation of (e) of this section.

(h) Nothing in (e)—(i) of this section affects similar exemptions from property taxes granted by municipalities on September 10, 1972 or prevents municipalities from granting similar exemptions by ordinance as provided in § 25 of this chapter. However, under (e)—(i) of this section only the amount of revenue lost to the municipality by reason of the exemption authorized in those provisions may be reimbursed to the municipality by the state.

(i) In (e)—(i) of this section the term "real property" includes but is not limited to mobile homes, whether classified as real or personal property for municipal tax purposes. (§ 2 ch 118 SLA 1972)

*History of section.* — See *City of Anchorage v. Chugach Elec. Ass'n*, 17 Alaska 481, 252 F.2d 412 (9th Cir. 1959).

*This section was enacted pursuant to Alaska Const., art. IX, § 4. Harmon v. North Pac. Union Conference Ass'n of Seventh Day Adventists*, Sup. Ct. Op. No. 591 (File No. 1060), 462 P.2d 432 (1969).

*Intent of constitutional convention.*

was being used to produce income should be taxable, that such other parts should be exempt, and that a proration between taxable and nontaxable parts should be made. 1962 Op. Att'y Gen., No. 15.

*Purpose.*—The purpose of this section is to encourage the establishment of privately supported nonprofit educational institutions; the motivation for their establishment is largely

Strict construction.—Provisions exempting property from ad valorem taxation must be strictly construed against the property holder and in favor of the taxing authority. *McKee v. Evans*, Sup. Ct. Op. No. 740 (File No. 1382), 490 P.2d 1226 (1971).

The power of deciding what types of education are to be publicly supported, either under the School Foundation Act or by tax exemption, is vested with the legislature. *McKee v. Evans*, Sup. Ct. Op. No. 740 (File No. 1382), 490 P.2d 1226 (1971).

Alaska Const., art. IX, § 4, directs the legislature to define the educational exemption and encourage the exercise of that responsibility. *McKee v. Evans*, Sup. Ct. Op. No. 740 (File No. 1382), 490 P.2d 1226 (1971).

The phrase "educational purposes" as used in Alaska Const., art. IX, § 4, and subsection (a) of this section includes systematic instruction in any and all branches of learning from which a substantial public benefit is derived. *McKee v. Evans*, Sup. Ct. Op. No. 740 (File No. 1382), 490 P.2d 1226 (1971).

This section in no way delimits the term "educational purposes," and there is no justification for the supreme court to give to that term anything other than its ordinary meaning. That restrictive definition is legislative concern seems especially apparent at a time when there is increasing desire for specialized practical education, a proliferation of new kinds of educational institutions, and rapidly changing concepts of mass education. *McKee v. Evans*, Sup. Ct. Op. No. 740 (File No. 1382), 490 P.2d 1226 (1971).

The minutes of the constitutional convention reveal no indication of what was intended to constitute an "educational" purpose, the drafters stating merely that they intended to adopt a "standard" state exemption. Nor has the legislature defined the term as it has done with regard to "religious purposes." *McKee v. Evans*, Sup. Ct. Op. No. 740 (File No. 1382), 490 P.2d 1226 (1971).

When exemption attaches.—Under this section, once it is determined that the institution involved is non-profit in character and that the prop-

erties are used for the primary purposes of its charitable corporation owner, and so long as the money derived was incidental. *Sisters of Charity v. Greater Anchorage Area Borough*, 8 Alas. L.J. No. 11, p. 272 (Sept., 1970).

The Apprenticeship and Manpower Training Trust Fund is entitled to an exemption from real property taxation by the Greater Anchorage Area Borough (GAAB) on the ground that its property is "used exclusively for nonprofit . . . educational purposes" within the meaning of subsection (a) of this section. *McKee v. Evans*, Sup. Ct. Op. No. 740 (File No. 1382), 490 P.2d 1226 (1971).

The general public is clearly benefited both by the increased opportunity for Alaskans to obtain vocational training not otherwise available, and by the increased quality of service from a skilled trade. *McKee v. Evans*, Sup. Ct. Op. No. 740 (File No. 1382), 490 P.2d 1226 (1971).

"Charity" and "charitable purposes".—Neither in Alaska's Constitution nor in its general laws are the terms "charity" or "charitable purposes" defined. In such circumstances, resort to the common-law definition of these terms is appropriate. *Matanuska-Susitna Borough v. King's Lake Camp*, Sup. Ct. Op. No. 472 (File No. 857), 439 P.2d 441 (1968).

It is quite clear that what is done is a matter of good will and a desire to add to the improvement of the moral, mental, and physical welfare of the public generally comes within this meaning of the word "charity." *Matanuska-Susitna Borough v. King's Lake Camp*, Sup. Ct. Op. No. 472 (File No. 857), 439 P.2d 441 (1968).

Rentals or income not derived as result of dominant profit motive.—If it appears that rentals or income are not derived as a result of a dominant profit motive on the charity's part, but are incidental to and reasonably necessary for the accomplishment of its charitable purposes, then such rentals or income are not within the ambit of subsection (c)'s limitation upon properties which qualify for a charitable exemption. *Matanuska-Susitna Borough v. King's Lake Camp*, Sup. Ct. Op. No. 472 (File No. 857), 439 P.2d 441 (1968).

Property of a charitable institution is not deprived of its exempt charac-

tery for carrying the primary purposes of its charitable corporation owner, and so long as the money derived was incidental. *Sisters of Charity v. Greater Anchorage Area Borough*, 8 Alas. L.J. No. 11, p. 272 (Sept., 1970).

Religious property is exempt from taxation.—All religious property in the state not used for business, rent or profit, is exempt from taxation. 1962 Op. Att'y Gen., No. 15.

But property of a religious organization used for the production of income is taxable. 1962 Op. Att'y Gen., No. 15.

Even in the latter situation, however, a proration must be made with regard to the property involved, between those portions being used for business, rent or profit, and those with no such use. 1962 Op. Att'y Gen., No. 15.

The fact that a segment of religious property is used for business, rent or profit, will not result in the taxation of the whole. 1962 Op. Att'y Gen., No. 15.

The words "the residence of the pastor," etc., imply that only those residences may qualify that have some direct relationship to a structure used primarily as a house of worship. *Harmon v. North Pac. Union Conference Ass'n of Seventh Day Adventists*, Sup. Ct. Op. No. 591 (File No. 1060), 462 P.2d 432 (1969).

The parsonage of an assistant or lay pastor is exempt from an ad valorem tax under the broadened tax exemption provisions of Alaska Const., art. IX, § 4, and this section. *Evangelical Covenant Church of America v. City of Nome*, Sup. Ct. Op. No. 243 (File No. 457), 394 P.2d 882 (1964).

Residences of church administrators and teachers do not qualify for property tax exemption. *Harmon v. North Pac. Union Conference Ass'n of Seventh Day Adventists*, Sup. Ct. Op. No. 591 (File No. 1060), 462 P.2d 432 (1969).

Church-operated radio station. — Ad valorem taxes may be assessed and collected upon the facilities and property of a radio station operated

missionary work of the church. *Evangelical Covenant Church of America v. City of Nome*, Sup. Ct. Op. No. 243 (File No. 457), 394 P.2d 882 (1964), construing section prior to 1964 amendment.

To hold that a church-operated, profit-making radio station was exempt from ad valorem taxes would result in a taxed commercial business being forced to compete with the commercial activities of institutions claiming a tax exempt status under the law. *Evangelical Covenant Church of America v. City of Nome*, Sup. Ct. Op. No. 243 (File No. 457), 394 P.2d 882 (1964), construing section prior to 1964 amendment.

Property need not be used fully and continuously for exempt purposes. — Property, to be exempt from taxation because of its use for religious, charitable or educational purposes, need not be fully and continuously in use for such purposes. *Sisters of Charity v. Greater Anchorage Area Borough*, 8 Alas. L.J. No. 11, p. 272 (Sept., 1970).

Portion of property used intermittently for corporate purposes.—If a portion of the property of a charitable, religious or educational organization is used even intermittently for the corporate purposes, such portion is entitled to the exemption. *Sisters of Charity v. Greater Anchorage Area Borough*, 8 Alas. L.J. No. 11, p. 272 (Sept., 1970).

Determining portion of property devoted to purposes of organization. — Determination of what portion of property owned by a charitable, religious, or educational organization is devoted to purposes of the organization, is a factual function devolving upon the assessor and the board of equalization by law. *Sisters of Charity v. Greater Anchorage Area Borough*, 8 Alas. L.J. No. 11, p. 272 (Sept., 1970).

Nonutilization of property. — Decisions do not go so far as to hold that nonutilization of the property of a charitable, religious or educational organization continues to entitle the entirety of such property to exemption. *Sisters of Charity v. Greater*

tioned in this section, is not subject to valuation by first class cities for the purposes of AS 14.17.010 et seq., to the extent that it is exempt from taxation. 1962 Op. Att'y Gen., No. 18.

Exclusive employment of occupants of properties sought to be taxed was such as to bring these properties within the exemptions provided in subsections (b)(1) and (b)(2) for residences of ministers owned by religious organizations, or property used for "solely charitable purposes" or "religious education." North Pac. Union Conference Ass'n of Seventh Day Adventists v. Harmon, 5 Alaska L.J. No. 11, p. 228 (Nov., 1967).

The providing of recreational facilities, such as accommodations for campers, is a charitable use of the property. Matanuska-Susitna Borough v. King's Lake Camp, Sup. Ct. Op. No. 472 (File No. 857), 439 P.2d 441 (1968).

Ordinance exempting from local taxation any class of real or personal property.—A home rule city has the power to enact an ordinance exempting from local taxation any class of real or personal property, if such an exemption is not prohibited by the city's home rule charter. 1969 Op. Att'y Gen., No. 1.

**Sec. 29.53.025. Optional exemption and exclusions.** (a) Municipalities may exclude or exempt or partially exempt residential property from taxation by ordinance ratified by the voters at a regular or special election.

(b) Municipalities may by ordinance

(1) classify boats and vessels for purposes of taxation and may establish the assessed valuation of boats and vessels on the basis of their registered or certificated net tonnage; a tax based upon a tonnage valuation shall not exceed \$5 a year for a boat or vessel of less than five net tons and shall not exceed \$15 a year for a boat or vessel of more than five net tons;

(2) classify and exempt from taxation

(A) the household furniture over \$500 in value and the effects of the head of a family or a householder; and

(B) the property of an organization not organized for business or profit-making purposes and used exclusively for community purposes, provided that income derived from rental of such property

Electric cooperative operating under arrangement with federal agency is not exempt.—A nonprofit cooperative is not an agency of the United States government simply by virtue of an "arrangement" with the Rural Electrification Administration pursuant to 7 USC §§ 901—915, and therefore immune from local taxation. City of Anchorage v. Chugach Elec. Ass'n, 17 Alaska 481, 252 F.2d 412 (9th Cir. 1958).

There is no statutory authority exempting the property of Chugach Electric Association from taxation by the city of Anchorage and the Anchorage Independent school district. City of Anchorage v. Chugach Elec. Ass'n, 17 Alaska 481, 252 F.2d 412 (9th Cir. 1958).

Exemption of property on federal land inapplicable to Railroad Reserve. — The doctrine that property located upon federally owned land is immune from local taxation is inapposite where it is not shown that the Railroad Reserve is "federal property" or under the exclusive jurisdiction of the federal government. City of Anchorage v. Chugach Elec. Ass'n, 17 Alaska 481, 252 F.2d 412 (9th Cir. 1958).

(C) historic sites, buildings and monuments.

(c) The provisions of (a) of this section notwithstanding,

(1) a home rule or first or second class borough may, by ordinance adopted without weighted voting, adjust its property tax structure in whole or in part to the property tax structure of a city within it, including but not limited to, excluding personal property from taxation, establishing exemptions and extending the redemption period;

(2) a home rule or first class city shall have the same power to grant exemptions or exclude property from borough taxes that it has as to city taxes, provided that the exemptions or exclusions have been adopted as to city taxes and further provided that the city appropriate to the borough sufficient money to equal revenues lost by the borough because of the exemptions or exclusions, the amount to be determined annually by the assembly without weighted voting.

(d) Exemptions or exclusions from property tax which have been granted by home rule municipalities in addition to exemptions authorized or required by law, and which are in effect on September 10, 1972 and not later withdrawn, are not affected by this Act. (§ 2 ch 118 SLA 1972)

City may not exempt property without express authority.—The authority of a municipal corporation to allow exceptions of particular property from taxation, unless expressly conferred by law, has very generally been denied. Valentine v. City of Junenu, 36 F.2d 904 (9th Cir. 1929).

Ordinance exempting from local taxation any class of real or personal property.—A home rule city has the power to enact an ordinance exempting from local taxation any class of real or personal property, if such an exemption is not prohibited by the city's home rule charter. 1969 Op. Att'y Gen., No. 1.

Valuation of full and true value not precluded. — The fact that first

class cities may choose the tonnage valuation of ships for the purposes of taxation does not preclude them from making a valuation of full and true value for the purposes of taxation. It necessarily follows that boats and vessels should be valued at full and true value for the purpose of AS 14.17.010 et seq. 1962 Op. Att'y Gen., No. 18.

Rules applicable to second class cities.—The rules applicable to boats and vessels in first class cities apply equally to those under the jurisdiction of second class cities. 1962 Op. Att'y Gen., No. 18.

**Sec. 29.53.030. Mining claims.** The assessed value of an unimproved unpatented mining claim which is not producing, and a non-producing patented mining claim upon which the improvements originally required for patent have become useless and valueless through depreciation, removal or otherwise, is fixed at \$200 for each 20 acres or fraction of 20 acres. If the surface ground of a

dealer, and there was no evidence that he undertook to serve the public generally — that within the limits of his operations he was available to everyone who desired his service, the trial judge did not err in finding that he was not a common carrier. *Echenderline v. Robertson*, Sup. Ct. Op. No. 232 (File No. 459), 394 P.2d 395 (1964).

This section as evidence of legislative intent with respect to AS 42.10.130(d), (e)

and (f). — See *Lynden Transp., Inc. v. State*, Sup. Ct. Op. No. 1120 (File No. 2100), 532 P.2d 700 (1975).

Am. Jur. and C.J.S. references. — 9 Am. Jur., Carriers, § 1 et seq.; 37 Am. Jur., Motor Transportation, § 1 et seq.; 43 Am. Jur., Public Utilities and Services, §§ 192 to 223.

13 C.J.S. Carriers §§ 2 to 14.

**Sec. 42.10.020. Exempt vehicles.** This chapter shall apply to all vehicles unless specifically exempted by this section. This chapter, except when specifically otherwise provided, does not apply to

(1) motor vehicles operated exclusively in the transportation of United States mail or in the transportation of newspapers or periodicals alone or in conjunction with an express service delivering packages not to exceed 100 pounds to any one receiver;

(2) motor vehicles owned and operated by the United States, the state, or a borough, city, town, or municipality in the state, or by a department of any of them, except when the vehicles are used to transport property of the general public for compensation in competition with other common carriers subject to this chapter, and to the extent regulation of vehicles operated by the United States is permitted by the laws of the United States;

(3) motor vehicles not exceeding a total gross weight of 12,000 pounds, owned and operated by a rancher, farmer, or dairyman in the transportation of his own ranch, farm, or dairy products from the point of production to market or to the point of transportation to market, or of supplies, commodities, or equipment used on his own ranch, farm, or dairy. Motor vehicles operating under this classification shall be identified as farm vehicles in accordance with regulations prescribed by the commissioner of revenue;

(4) vehicles operated by a construction contractor while performing such a business as defined in § 420(12) of this chapter except that weight fees in an amount as provided by § 240 of this chapter shall be paid for each vehicle designed to be operated on a public highway. (§ 5 ch 166 SLA 1960; am § 4 ch 121 SLA 1961; am § 1 ch 103 SLA 1963; am § 1 ch 107 SLA 1970)

**Legislative committee report.** — For report on ch. 107, SLA 1970 (HCSCSSB 271 am H), see 1970 House Journal, p. 902. Also refer to 1970 House Journal, p. 1244 (re HCSSB 543).

Quoted in *Alaska Transp. Comm'n v. Hancock*, Sup. Ct. Op. No. 578 (File No. 1044), 458 P.2d 1012 (1969).

Am. Jur. reference. — 37 Am. Jur., Motor Transportation, §§ 53 to 65.

**Sec. 42.10.030. Compliance enjoined.** It is unlawful for any person to operate as a motor carrier on a public highway of this state except in accordance with this chapter. (§ 6 ch 166 SLA 1960)

Scope. Freight section. 1

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Sec. 42 otherwise combinati others up commissio transporta so. Every the transp what porti service, an in writing, agreement a combinat commissio

Effect of amendment in

Sec. 42.10

Repealed

Cross refere AS 42.07.121.

Section 70. Regulatory common

AN ACT

Amending the motor vehicle code; and providing for an effective date.

Section 1. AS 28.10.011 is amended to read:

Sec. 28.10.011. VEHICLES SUBJECT TO REGISTRATION. Every vehicle driven, moved, or parked upon a highway or other public parking place in the state shall be registered under this chapter except when the vehicle is

- (1) driven or moved on a highway only for the purpose of crossing the highway from one private property to another, including an implement of husbandry as defined by regulation;
- (2) driven or moved on a highway under a dealer's plate or temporary permit as provided for in AS 28.10.031 and 28.10.181(j);
- (3) special mobile equipment as defined by regulation;
- (4) owned by the United States;
- (5) moved by human or animal power;
- (6) exempt under the Soldier's and Sailor's Civil Relief Act (50 U.S.C. App. [U.S.C.A. APPR. 1 501 et seq.);
- (7) driven or parked only on private property;
- (8) the vehicle of a nonresident as provided under AS 28.10.121;
- (9) a commercial interstate vehicle under AS 28.10.141, [OR]
- (10) transported under a special permit under AS 28.10.151;
- (11) driven or moved on a highway or vehicular way not

AN ACT

Relating to parking permits for disabled persons.

Section 1. AS 28.10.495 is amended to read:

Sec. 28.10.495. PARKING PERMIT FOR VEHICLE TRANSPORTING DISABLED PERSON. (a) Upon application by [WHEN THE OWNER OR PERSON IN LAWFUL POSSESSION OF A VEHICLE PRESENTS TO THE DEPARTMENT WRITTEN PROOF, IN THE FORM OF AN AFFIDAVIT, THAT HE IS PRIMARILY RESPONSIBLE FOR THE TRANSPORTATION OF] a disabled or medically handicapped person, the department shall issue to the applicant, without charge, a special permit bearing the control number of the applicant [APPLICANT'S NAME, ADDRESS, DRIVER'S LICENSE NUMBER, AND THE REGISTRATION PLATE NUMBERS OF THE VEHICLES TO BE USED FOR THAT TRANSPORTATION]. The permit issued under this section, when displayed in the front windshield of a parked or standing vehicle, shall provide for special consideration by the public with respect to the parking or standing in designated spaces of a vehicle [WHICH IS NOT REGISTERED IN THE NAME OF THE DISABLED OR MEDICALLY HANDICAPPED PERSON, BUT] which is being used for the [PRIMARY] transportation of the disabled or medically handicapped [THAT] person.

(b) No person is entitled to use the special permit provided for in (a) of this section except

- (1) THE DRIVER NAME ON THE PERMIT;
- (2) WHEN IN A VEHICLE HAVING ITS REGISTRATION NUMBER ON THE PERMIT; AND

AN ACT

relating to the availability of an abstract of a driver's record; and providing for an effective date.

~~Section 1.~~ AS 28.15.151(d) is amended to read:

(d) The department shall, upon request and payment of a fee determined by the commissioner, furnish a driver or a person designated by the driver with an abstract or the original copy of the computer record of the driver's record as provided in (c) of this section.

~~Sec. 2.~~ AS 28.15.151(e) is repealed.

~~Sec. 3.~~ This Act takes effect immediately in accordance with AS 01.10.-

## II. FISCAL DETAIL

Agency Affected Department of Public SafetyProgram Category Affected Public ProtectionBRU, Program, or Subprogram(s) Affected Driver/Vehicle Services

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	Ø	Ø	Ø	Ø	Ø	Ø

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	Ø	Ø	Ø	Ø	Ø	Ø
PART TIME						
TEMPORARY						

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

No fiscal impact.

IV. DATE 5-18-81

PREPARED BY

*Bill Brown*  
Bill BROWN

AGENCY

Motor Vehicles - Driver Services

PHONE

465-4335

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

S

B

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# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5  
JUNEAU, ALASKA 99811

April 8, 1981

The Honorable Bob Mulcahy  
Chairman  
Senate Labor and Commerce Committee  
Room 207 - Capitol Building  
Juneau, Alaska

Dear Senator Mulcahy:

Re: Senate Bill No. 349

Senate Bill No. 349, an Act establishing an office of cottage industries in the Office of the Governor, was introduced in the Senate on March 31, 1981 and was referred to the Senate Labor and Commerce and Finance Committees.

For the consideration of the Senate Labor and Commerce Committee. I am enclosing copies of Fiscal Notes prepared by Mr. Anselm Staack, Treasury Comptroller, Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson  
Special Assistant

RDS/rdh

cc: The Honorable Don Bennett  
The Honorable M. E. Dankworth  
Co-Chairmen  
Senate Finance Committee

Joseph K. Donohue  
Deputy Commissioner  
Department of Revenue

Anselm Staack  
Treasury Comptroller  
Department of Revenue



FISCAL NOTE

(ADMINISTRATIVE COSTS)

I. REQUEST

Bill/Resolution No. SENATE BILL NO. 349

Title Establishing an office of cottage industries and revolving loan fund

Requested by Senate Labor & Commerce Committee Date 3/31/81

II. FISCAL DETAIL

Agency Affected Office of the Governor, Dept. of Revenue

Program Category Affected \_\_\_\_\_

BRU, Program, or Subprogram(s) Affected \_\_\_\_\_

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		154.6	170.1	187.1	205.8	226.4
200 TRAVEL		5.0	5.5	6.1	6.7	7.3
300 CONTRACTUAL		20.0	22.0	24.2	26.6	29.3
400 COMMODITIES		1.0	1.0	1.2	1.2	1.3
500 EQUIPMENT		12.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>192.6</b>	<b>198.6</b>	<b>218.6</b>	<b>240.3</b>	<b>264.3</b>

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND		192.6	198.6	218.6	240.3	264.3
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME		4	4	4	4	4
PART TIME						
TEMPORARY						

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

This bill establishes an Office of Cottage Industries in the Office of the Governor and a Cottage Industries Revolving Loan Fund over which the Dept. of Revenue has custody. Loans up to \$250,000 can be made.

See separate fiscal note for revolving loan fund requirements.

Above includes costs of personnel to administer the program. See attached sheet for breakdown of staffing component. Equipment is for new positions. Contractual costs for necessary consulting and possible legal work on agreements. Attached sheet shows allocation of personnel between Office of the Governor and the Dept. of Revenue. Travel, contractual and commodities all to the Office of the Governor.

*Anselm C. Staack*

IV. DATE April 8, 1981

PREPARED BY Anselm C. Staack, Treasury Comptroller  
AGENCY Dept. of Revenue/Treasury Division  
PHONE 465-2351

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

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

SB 349

FISCAL NOTE (LOAN FUND APPROPRIATION)

I. REQUEST

Bill/Resolution No. SENATE BILL NO. 349

Title Establishing an office of cottage industries and revolving loan fund

Requested by Senate Labor & Commerce Committee

Date 3/31/81

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected General Fund

BRU, Program, or Subprogram(s) Affected \_\_\_\_\_

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND		10,000.0				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

This fiscal note shows the \$10,000,000 appropriation to the Cottage Industries Revolving Loan Fund necessary so that the fund can start making loans. -

*Anselm C. Staack*

IV. DATE April 8, 1981

PREPARED BY Anselm C. Staack, Treasury Comptroller

AGENCY Dept. of Revenue/Treasury Division

PHONE 465-2351

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)



Official Business

# Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

## SUMMARY SB 349:

The office of cottage industries shall be established in the Office of the Governor; the purpose of the Act is to provide venture capital & technical assistance to participants.

Section 2 outlines the duties of the executive director, appointed by the governor, and charges him with the establishment of eligibility standards for loans, and the administration or supervision of loans made under AS 44.19.192. The executive director is further responsible for coordinating activities, publishing and evaluating material dealing with cottage industries in the State, and keeping records of the activities of cottage industries. The director shall assist individuals by developing a training program, assist in the establishment of markets for goods produced by cottage industries, submit an annual report to the Legislature on the activities of the office, and maintain an administrative relationship with the Dept. of Revenue to facilitate lending activities.

A cottage industries revolving loan fund is established in the Office. Loans granted under this section may not exceed \$250,000, with an interest rate of 3% or more, for a term not to exceed 10 years (except with permission of the Exec. Dir.) and must be used for venture capital. The initial loan may not be made until there are 10 million dollars or more in the fund.

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 349

Title An act establishing an office of cottage industries in the Office of the Governor

Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Commerce and Economic Development

Program Category Affected Development

BRU, Program, or Subprogram(s) Affected Division of Business Loans

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	-0-	240.1	264.1	290.5	319.6	351.5
200 TRAVEL		15.8	17.4	19.1	21.0	22.1
300 CONTRACTUAL		42.3	46.5	51.2	56.3	61.9
400 COMMODITIES		2.1	2.3	2.5	2.8	20.5
500 EQUIPMENT		14.0	15.4	16.9	18.6	20.5
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>-0-</b>	<b>314.3</b>	<b>345.7</b>	<b>380.2</b>	<b>418.3</b>	<b>460.10</b>

FUNDING (Thousands of Dollars)

	-0-	314.3	345.7	380.2	418.3	460.10
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	-0-	7	7	7	7	7
FULL TIME						
PART TIME		-0-	-0-	-0-	-0-	-0-
TEMPORARY		-0-	-0-	-0-	-0-	-0-

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

This fiscal note assumes that the Office of the Governor will request that the Division of Business Loans administers the Cottage Industries loan program.

Staffing related costs for processing and servicing loans.  
(Fiscal Detail attached).

IV. DATE 4/9/81

PREPARED BY David Massey, Deputy Director  
 AGENCY Div. of Business Loans, Dept. of Commerce & Economic Development  
 PHONE 465-2910

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

Fiscal Note Detail  
SB 349 - Office of Cottage Industries

100 -	2 Loan Examiner III's @ \$2,837/mo. each	68.1	
	1 Loan Examiner III @ #3,260/mo.	39.1	
	2 Documents Processing Clerk III's @ \$1,564/mo. each	37.5	
	1 Document Processing Clerk III @ 1,761/mo.	21.1	
	1 Accounting Technician I @ \$1,761/mo.	<u>21.1</u>	
	Total Wages	186.9	
	Standard Benefits (Wages x .1555)	29.1	
	Supplemental Benefits (Wages x .0613)	11.5	
	Health Insurance (Man Months x \$150)	<u>12.6</u>	
		53.2	
	Total Personal Services		<u>240.1</u>
200 -	Travel to Close Loans:		
	36 Trips @ \$500	10.8	
	72 Days @ \$72/day	5.0	
			<u>15.8</u>
300 -	Telephone and Postage	23.1	
	Printing of Applications and Advertising	7.7	
	Office Space, Anchorage (2 x \$2,700)	5.4	
	Office Space, Fairbanks (2 x \$3,067)	6.1	
			<u>42.3</u>
400 -	Office Supplies		<u>2.1</u>
500 -	Equipment		
	7 Desk @ \$330	2.3	
	4 Credenzas @ \$470	1.9	
	3 Typists Extensions @ \$455	1.4	
	3 Executive Chairs @ \$190	.1	
	4 Secretarial Chairs @ \$150	.6	
	7 Sidechairs @ \$100	.7	
	7 File Cabinets @ \$325	2.3	
	3 Typewriters @ \$1,000	3.0	
	3 Calculators @ \$200	1.4	
	7 Wastebaskets @ \$25	.2	
	1 Coat Rack @ \$70	<u>.1</u>	
			<u>14.0</u>
			<u>314.3</u>

10% Inflation for Succeeding Years

Editor's note. — This section derives from AS 44.20.070 and was renumbered by the revisor under 01.05.031.

Sec. 44.19.188. Reports. The commission shall report annually to the state legislature and the governor concerning the work of the commission and shall recommend legislation by Congress and the state to carry out the purposes of AS 44.19.181 — 44.19.188. (§ 1 ch 85 SLA 1967)

Editor's note. — This section derives from AS 44.20.080 and was renumbered by the revisor under 01.05.031.

Chapter 21. Department of Administration.

Article

- 1. Department Functions (§§ 44.21.010 — 44.21.060)
- 2. Pioneers' Homes (§§ 44.21.100 — 44.21.130)
- 3. Automatic Data Processing (§§ 44.21.150 — 44.21.170)

Article 1. Department Functions.

Section	Section
10. Commissioner of administration.	40. Records or accounts of claims and warrants
20. Duties of department	50. Penalty for allowance of false, unjust or illegal claims
25. Contracts to operate vending facilities in state buildings	60. [Repealed]
30. Contracting with United States	

Sec. 44.21.010. Commissioner of Administration. The principal executive officer of the Department of Administration is the commissioner of administration. (§ 8 ch 64 SLA 1959)

Am. Jur. 2d references. — 1 and 2 Am. Jur. 2d, Administrative Law, § 1 et seq.

Sec. 44.21.020. Duties of department. The Department of Administration shall

- (1) Repealed by § 4 ch 97 SLA 1976.
- (2) make surveys and studies to improve administrative procedures, methods, and organization;
- (3) keep general accounts;
- (4) approve vouchers and disburse funds for all purposes;
- (5) operate centralized purchasing and supply services, and necessary storerooms and warehouses;
- (6) allot space in state buildings to the various departments according to need and available space;
- (7) supervi telephone, mailing, messenger, duplicating, and similar services adaptable to centralized management;

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404

COMMITTEE REPORT  
SENATE

FURTHER: Finance

4/8/81

Date: 20 April, 1981

Mr. President:

The Committee on LABOR & COMMERCE has had SB 404

Alaska Industrial Development Authority

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for SB 404  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

*Byrtice Eberhartson*  
*Robert D. ...*  
*Z ...*  
*Bob Mulcahy*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
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MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

*Bob Mulcahy*  
 CHAIRMAN



Official Business

# Alaska State Legislature

## Senate

### Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

#### SECTIONAL ANALYSIS of CSSB 404

Section 1: Amends section defining the purpose of AIDA and expands the enterprises to whom AIDA may make loans; new language includes timber, agricultural, multi-family dwelling, and in (4) "the establishment, and expansion of industrial..." Elaboration of the declared policy of the State to create new economic growth.

Section 2: Establishes that a majority of the members constitute a quorum and provides for the transaction of business by conference phone (electronic media); further states that the authority conducting a meeting by electronic media has the same legal effect as a meeting in person if the public has the same right to participation. In the case of a tie vote, the motion or resolution shall be decided by the Governor, and if approved by him, shall be considered adopted by the Authority.

Section 3: Elaborates on the purpose of the Authority including the new language timber, agriculture, multi-family dwelling, which expands the enterprises covered by AIDA.

(12)

Section 4: AS 44.88.080 is amended by including the language timber, agriculture, multi-family dwellings as projects which AIDA may purchase or insure loans to finance the costs for.

Section 5: AS 44.86 05 is amended by adding a subsection (f): Allows the Authority to secure revenue bonds by creating a reserve fund. The reserve fund would receive a deposit of assets from the Authority which secures the indebtedness owed to bondholders. The Authority is not obligated to bondholders to request appropriations to replenish the reserve fund if it should become depleted.

Section 6: Permits the Authority to embark on a major program to

buy interests in loans made by private financial institutions. This would mitigate the restricted market that would result if the tax exempt status of industrial development bonds is withdrawn or severely limited by congress.

Section 7: AS 44.88.157 (a) is amended to establish a loan insurance account providing insurance of loans made or purchased by the Authority for projects. Without limitation, the Authority may enter into agreements as to the use of money in the account, the terms and conditions for payments from the account, separate subaccounts in the account for different categories of loans, and the payment and security for bonds issued by the authority.

Section 8: Establishes a project enterprises Loan Account composed of money or assets of the Authority, interest on investments and loans of the account. Further provides that the Authority may use these assets (loan account) to purchase loans made by others to project enterprises to pay for the costs of those projects. (refinancing provision)

Section 9: Loans purchased thru the loan account may not exceed:

- A. \$6 million for tourism, timber, agricultural, multi-family dwelling, and commercial fishing enterprises;
- B. \$1 million for a loan made to a mining or small business enterprise
- C. \$500,000 for each commercial fisherman in a commercial fishing enterprise if the loan is made to a commercial fishing enterprise.

Unless the loan is Federally insured, guaranteed, or insured by a qualified mortgage insuror, the loan may not exceed 75% of the cost of the project or, 75% of the appraised value of the project.

(3) The loan may not be made for a term longer than 3/4's of the Authority's estimate of the project life, or 25 years from the date the loan is made, which ever is earlier;

(4), (5), and (6) contain technical provisions presently in the statutes describing current provisions.

(7) New subsection requiring 10% participation from private lending sources.

Section 10: AS 44.88.158 (d) is amended to read: Authority may adopt

regulations for the administration of the loan account including provisions for application fees, loan commitments, servicing, and the origination of loans made by other lenders.

Section 11: Provides the Authority may enter into agreements for the use of the money in the loan account, and pledge, assign, or grant agreements necessary to provide for payment and security of the Authority bonds.

Section 12: The Authority may purchase agricultural enterprise loans made by the Alaska Rural Rehabilitation Corporation, with an interest rate not to exceed 8% to the borrower. Loans purchased may be secured by substitute collateral providing the loan does not exceed 75% of the value of the total collateral for the loan.

Section 13: The interest for loans purchased by AIDA with money from the loan account or proceeds from taxable bonds is set at one half of one percent more than the interest rate for a bond issue of the Authority which does not exceed \$1,000,000 in principal amount.

Section 14: If more than 2% of loans purchased from financial institutions become delinquent for 90 days or more, the Authority must discontinue purchasing loans from that institution until the delinquency is reduced to less than 2%.

Section 15: Defines business enterprise including new language for any purpose, other than on a non-profit basis.

Section 16: Defines project substituting the word means for (INCLUDES) and elaborates on commercial activity by the approved enterprises as defined in (12), (13), (14), (15), (16), (17), and (18) of AS44.88.220.

Section 17: Defines small business enterprise as a project applicant with annual profits before the payment of Taxes (GROSS INCOME) of \$10 million or less for its annual reporting period which ended immediately before the application to the Authority for a loan;

Section 18: Defines tourism enterprise

Section 19: Defines commercial fishing enterprise

Section 20: Defines mining enterprise

Section 21: Defines Agricultural enterprise, timber enterprise, and multi-family dwelling enterprise;

Section 22: Authorizes the Authority to issue up to \$400,000,000 in revenue bonds to provide financing for eligible projects.

Section 23: Repeals AS 44.88.158 (b) and (f) and Sec 9 (c), ch 120, SLA 1980.

Section 24: Act takes effect immediately



Official Business

# Alaska State Legislature

## Senate

### Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

#### COMMITTEE MINUTES:

21 April, 1981

The Senate Committee on Labor and Commerce held a committee meeting on 20 April, 1981. The meeting was called to order by Senator Mulcahy and began with a background description of the origin of SB 404. Senator Mulcahy entertained a motion to address a proposed committee substitute for SB 404, which was seconded by Senator Fahrenkamp. Senator Mulcahy asked Buzz Hoffman, Executive Director of AIDA to provide the committee with a section by section analysis of CSSB 404.

Mr. Hoffman prefaced his analysis by saying that CSSB 404 closely approximates a bill drafted by the board of directors of AIDA, submitted to the Governor, which emerged as SB 404.

Mr. Hoffman began his sectional analysis, and Senator Mulcahy asked if Section 1 would grant AIDA the ability to refinance. Mr. Hoffman replied in the affirmative and Senator Fahrenkamp posed a question about the teleconference references in the bill and whether they would save money. Mr. Hoffman replied that they would both save money and facilitate the transaction of business.

The sectional analysis continued and in Section 9 Senator Ziegler asked if the amounts could be increased to 10 million dollars. Mr. Hoffman elaborated on the increases, and Senator Ziegler suggested, rather than by a motion, that we should increase the amount to 10 Million dollars. Senator Mulcahy asked why mining should be limited to 1 million, and Mr. Hoffman answered that maybe all programs should be treated equally. Senator Mulcahy asked if the loan ceilings were increased to 10 million dollars, how quickly would the fund be depleted and what fiscal impacts would there be to the State. Mr. Hoffman answered that AIDA could function with that ceiling, but again reminded the Committee on the "moral obligation" of the State. Senator asked what the pleasure of the committee was? Senator Ziegler mentioned that it would be necessary rewrite changes in language in the bill.

Senator Mulcahy addressed the deleted language on page 6, line 8; which was in turn clarified by Mr. Hoffman.

In Section 12, Mr. Hoffman explained the provisions which applied to the Alaska Rural Rehabilitation Corporation, and Senator Mulcahy asked if that section would require a separate appropriation to subsidize the interest. Senator Fahrenkamp asked whether they might be better to address their financial needs thru CFAE. Mr. Hoffman discussed AIDA interest rates and Senator Mulcahy asked what AIDA's present interest rates are.

Mr. Hoffman continued with a definition of small business, to which Senator Hohman asked if Co-ops (profit) would qualify for loans under that definition. Mr. Hoffman replied that Co-ops would come under the small business enterprise projects, and Senator Mulcahy commented that this would open up financing to many more people. Buzz Hoffman agreed and said that many more people would be eligible. Senator Hohman posed a question about tank farms and the problem at Aniak, asked about fish processing financing, hunting lodges, fishing camps and general tourism financing. Mr. Hoffman said they would be acceptable projects. Both Senator Ziegler and Senator Fahrenkamp commended Buzz Hoffman on a very fine presentation.

The next testimony came from John Fullenwilder who spoke about fire protection systems, relating to a House Bill and Senate Bill of last year which inadvertently prevented financing for prospective installation of these systems. Senator Mulcahy referred Mr. Fullenwilder (Deputy Fire Marshall, Municipality of Anchorage) to address Mr. Hoffman as to the specifics of the financing, and Mr. Fullenwilder thanked the committee for their assistance.

Sterling Gallagher testified next; addressing the issue of multi-family dwellings, changes in loan criteria if the ceiling on AIDA loans was increased to 10 million dollars, and the capital requirements for the bill. Mr. Gallagher entertained questions about multi-family dwellings, which were further elaborated on by Mr. Hoffman. He specifically addressed the 20% low to moderate income requirement explaining the ASHA subsidy for the rent.

Mr. Jim Clark testified in support of the bill, expounding on the perspective of the timber industry for whom he is employed as a lobbyist. The Chair entertained a motion to pass the CS from committee with individual recommendations. The meeting was adjourned.

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

*our file*

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K - STATE CAPITAL  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3600

April 6, 1981

RECEIVED  
ALASKA DEPARTMENT OF REVENUE

APR 7 1981

THE COMMISSIONER

### M E M O R A N D U M

To: Honorable Jay S. Hammond  
Governor

From: Wilson L. Condon  
Attorney General

Re: Attached bill relating to A.I.D.A.  
Our file: J-77-135-81

Attached is a bill requested by the members of the Alaska Industrial Development Authority. The bill was originally drafted by the law firm of Wohlforth and Flint, and has been redrafted by this department. The bill has been prepared for introduction in both houses.

The amount authorized for the issuance of revenue bonds was increased to \$400,000,000 from the original amount of \$250,000,000 contained in the draft submitted to this department by A.I.D.A. This was done at the request of Commissioner Williams of the Department of Revenue.

WLC:bjl:JLB

cc w/enc.: Honorable Thomas K. Williams  
Commissioner  
Department of Revenue

Buz Hoffman, Executive Director  
Alaska Industrial Development  
Authority  
601 W. 5th Ave.  
Suite 430  
Anchorage, Alaska 99501

Lee Coffman, Chairman  
Alaska Industrial Development  
Authority  
601 W. 5th Ave.  
Suite 430  
Anchorage, Alaska 99501

D R A F T

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which relates to the Alaska Industrial Development Authority (the authority).

Section 1 of the bill authorizes the authority to issue up to \$400,000,000 in revenue bonds to provide financing for projects which are eligible for assistance from the authority.

Section 2 of the bill repeals a condition enacted in ch. 120, SLA 1980, which requires the reversion to the general fund of \$166,000,000 in loans appropriated to the enterprise development fund administered by the authority if the loans aren't pledged as security for revenue bonds. Under amendments made in sec. 6 of the bill, money earned from these loans may be used by the authority to buy interests in loans made by private financial institutions to finance industrial development projects or for tourism, mining, commercial fishing or small business loans.

Section 4 of the bill allows the authority to meet and transact business by conference telephone. The authority meets each week to take action on loan applications. It is essential that the consistent participation of all members of the authority be assured without the inconvenience and loss of time resulting from constant travel from one meeting location to the next.

Section 5 of the bill allows the authority to secure revenue bonds by creating a reserve fund. The reserve fund would receive a deposit of assets from the authority which secures the indebtedness owed to bondholders. The authority is not obligated to bondholders to request appropriations to replenish the reserve fund if it should become depleted.

Section 6 of the bill permits the authority to embark on a major program to buy interests in loans made by private financial institutions. This would mitigate the restricted market that would result if the tax exempt status of industrial development bonds is withdrawn or severely limited by Congress.

Sections 7 -- 10 of the bill amend statutes relating to the small business, tourism, mining, and commercial fishing loan program. These amendments authorize the authority to buy interests in loans made by private financial institutions even if those loans are not financed with the proceeds earned from the sale of revenue bonds of the authority.

Section 11 of the bill requires the authority to stop purchasing loans from a financial institution if more than two percent of the loans purchased from the institution become delinquent for 90 days or more. This section expands existing law which imposes the same requirement but only for tourism, small business, commercial fishing, or mining loans purchased by the authority.

Section 12 of the bill specifies the interest rate for loans purchased by the authority with money in the small business, tourism, commercial fishing, and mining enterprise loan account or with proceeds of bonds with taxable interest. The rate of interest is set at one-half of one percent more than the interest rate set for a bond issue of the authority which does not exceed \$1,000,000 in principal amount.

Sections 13 -- 18 make technical amendments to the definitions in existing law.

The repeal of AS 44.88.158(b) and (f), contained in sec. 19 of the bill, is included to remove provisions in existing law which would be superseded if secs. 11 and 12 become law.

Sincerely,

Jay S. Hammond  
Governor

(8) "revenues" means all fees, charges, money, profits, payments of principal of or interest on municipal bonds and other investments, gifts, grants, contributions, appropriations and all other income derived or to be derived by the bond bank authority under this chapter. (§ 1 ch 79 SLA 1975; am § 2 ch 48 SLA 1978; am §§ 1, 2 ch 23 SLA 1980)

Effect of amendments. — The 1978 amendment in paragraph (3), designated the former provisions of that paragraph as subparagraph (A), added "a general obligation bond which is" to the beginning of that subparagraph, inserted "to the extent permitted by law" in that paragraph, added "or" to the end of that subparagraph, and added subparagraphs (B) and (C).

The 1980 amendment in subparagraph (B) of paragraph (3), inserted "other than

diesel-powered generation" following "generation purposes," substituted "pledges" for "is a pledge of" following "a municipality which," inserted "and which is" following "capital improvement," substituted "the revenue of the revenue-producing capital improvement" for "unpledged revenue of the public facility for which the obligations are issued" at the end of the subparagraph; and added subparagraph (D) in paragraph (3).

Sec. 44.85.420. Short title. This chapter may be cited as the Alaska Municipal Bond Bank Authority Act or the Alaska Municipal Bond Bank Act. In transactions involving general obligation bonds of municipalities, the Alaska Municipal Bond Bank Authority created by this chapter may be referred to as the Alaska Municipal Bond Bank with the same legal effect as if the reference were to Alaska Municipal Bond Bank Authority. (§ 1 ch 79 SLA 1975; am § 3 ch 48 SLA 1978)

Effect of amendment. — The 1978 amendment added "or the Alaska Municipal Bond Bank Act" to the end of the first sentence and added the second sentence.

### Chapter 88. Alaska Industrial Development Authority.

#### Article

- 1. Creation and Organization (§§ 44.88.010 — 44.88.050)
- 2. Purpose and Powers (§§ 44.88.070 — 44.88.080)
- 3. Financial Provisions (§§ 44.88.090 — 44.88.158)
- 4. General Provisions (§§ 44.88.160 — 44.88.220)

#### Article 1. Creation and Organization.

##### Section

- 10. Legislative finding and policy
- 20. Creation of authority
- 30. Membership of authority

##### Section

- 40. Chairman and vice-chairman
- 50. Meetings, compensation, officers and employees

Sec. 44.88.010. Legislative finding and policy. (a) The legislature finds, determines and declares that

(1) there exist areas of the state in which seasonal and nonseasonal unemployment exists

(2) this unemployment is a serious menace to the health, safety and general welfare, not only to the people in those areas, but also to the people of the entire state;

(3) the state lacks the basic manufacturing, industrial, small business, tourism, mining, and commercial fishing enterprises and other facilities referred to in AS 44.88.010(a)(5) necessary to permit adequate development of its natural resources and the balanced growth of its economy;

(4) the establishment of industrial, manufacturing, small business, tourism, mining, and commercial fishing enterprises in Alaska, including facilities for air and water transportation, facilities for pollution control and waste disposal, facilities for the local furnishing of gas, facilities for water, and facilities for industrial parks, is essential to the development of the natural resources and the long-term economic growth of the state, and will directly and indirectly alleviate unemployment in the state;

(5) the achievement of the goal of full employment, and of establishment and continuing operation and development of industrial, manufacturing, small business, tourism, mining, and commercial fishing enterprises in the state, including facilities for air and water transportation, facilities for pollution control and waste disposal, facilities for the local furnishing of gas, facilities for water, and facilities for industrial parks, will be accelerated and facilitated by the creation of an instrumentality of the state with powers to incur debt and to make and insure loans to finance, and to assist private lenders to make loans to finance, the establishment, operation, and development of industrial, manufacturing, small business, tourism, mining, and commercial fishing enterprises, including facilities for air and water transportation, facilities for pollution control and waste disposal, facilities for the local furnishing of gas, facilities for water, and facilities for industrial parks, for private operation;

(6) it is in the public interest to promote the prosperity and general welfare of all citizens of the state by stimulating commercial and industrial growth and expansion by encouraging an increase of private investment by banks, investment houses, insurance companies, and other financial institutions, including pension and retirement funds, to help satisfy the need for economic expansion;

(7) it is in the state's interest to import private capital to create new economic activity which would not otherwise take place in the state.

(b) It is declared to be the policy of the state, in the interests of promoting the health, security and general welfare of all the people of the state, and a public purpose, to increase job opportunities and otherwise to encourage the economic growth of the state, including the development of its natural resources, through the establishment of manufacturing, industrial, small business, tourism, mining, and com-

44.88.010(a)(5) by creating the public corporation with power, duties and functions as provided in this chapter. (§ 1 ch 64 SLA 1967; am § 1 ch 64 SLA 1977; am §§ 44 — 48 ch 106 SLA 1980)

**Effect of amendments.** — The 1977 amendment inserted the language beginning "including facilities for air and water transportation" and ending "furnishing of electric energy or gas" in paragraph (4) and in two places in paragraph (5).

The 1980 amendment deleted "and" following "manufacturing" near the beginning of paragraph (3) of subsection (a), inserted "small business, tourism, mining, and commercial fishing" preceding "enterprises" near the middle of paragraph (3) of subsection (a), inserted "and other facilities referred to in AS 44.88.010(a)(5)" following "enterprises" near the middle of paragraph (3) of subsection (a), deleted "and" preceding "manufacturing" near the beginning of paragraph (4) of subsection (a), substituted "small business, tourism, mining, and commercial fishing enterprises" for "plants" preceding "in Alaska" near the beginning of paragraph (4) of subsection (a), inserted "facilities for" following "transportation" near the middle of paragraph (4) of subsection (a), substituted "facilities" for "and" following "water

disposal" near the middle of paragraph (4) of subsection (a), deleted "electric energy or" following "local furnishing of" near the middle of paragraph (4) of subsection (a), inserted "facilities for water, and facilities for industrial parks" preceding "is essential to" near the middle of paragraph (4) of subsection (a); rewrote paragraph (5) of subsection (a); added paragraphs (6) and (7) of subsection (a); deleted "and" preceding "industrial" near the middle of subsection (b), inserted "small business, tourism, mining, and commercial fishing" preceding "enterprises" near the middle of subsection (b), and inserted "and the other facilities referred to in AS 44.88.010(a)(5)" following "enterprises" near the end of subsection (b).

**Former state development corporation law construed.** — See *DeArmond v. Alaska State Dev. Corp.*, Sup. Ct. Op. No. 116 (File No. 285), 376 P.2d 717 (1962); *Walker v. Alaska State Mtg. Ass'n*, Sup. Ct. Op. No. 353 (File No. 669), 416 P.2d 245 (1966); *City of Nome v. Block, No. 11, Lots 5, 6 & 7*, Sup. Ct. Op. No. 830 (File No. 1652), 502 P.2d 124 (1972).

**Sec. 44.88.020. Creation of authority.** There is created the Alaska Industrial Development Authority. The authority is a public corporation of the state and a body corporate and politic constituting a political subdivision within the Department of Commerce and Economic Development, but with separate and independent legal existence. (§ 1 ch 64 SLA 1967; am § 104 ch 218 SLA 1976)

**Effect of amendment.** — The 1976 amendment substituted "Department of Commerce and Economic Development" for "Department of Economic Development" in the second sentence.

**Editor's note.** — Section 42, ch. 106, SLA 1980 provides: "On the effective date of this section the Alaska State Development Corporation (AS 44.86.010) shall transfer its assets and liabilities to the Alaska Industrial Development Authority (AS 44.88.020). On the effective date of this section the Small Business

Development Corporation (AS 44.87.020) shall transfer its assets and liabilities to the Alaska Industrial Development Authority (AS 44.88.020). On the effective date of this section the Alaska Toll Bridge Authority (AS 44.84.010) shall transfer its assets and liabilities to the Alaska Industrial Development Authority (AS 44.88.020). The Alaska Industrial Development Authority is responsible for the management of the assets and liabilities transferred to it under this section."

**Sec. 44.88.030. Membership of authority.** (a) The membership of the authority consists of

(1) the commissioner of revenue and the commissioner of commerce and economic development;

(2) one other person appointed by the governor who serves as the head of a principal department of the executive branch; and

(3) two public members appointed by the governor.

(b) If a member described in (a)(1) or (a)(2) of this section is unable to attend a meeting of the authority, he may by an instrument in writing filed with the authority, designate his deputy or assistant to act in his place as a member at the meeting. For all purposes of this chapter, the designee is a member of the authority at the meeting.

(c) Members of the authority described in (a)(2) and (a)(3) of this section serve two-year terms. However, the initial appointment of one member described in (a)(3) of this section shall be for a one-year term.

(d) If a vacancy occurs in the membership of the authority, the governor shall immediately appoint a member for the unexpired portion of the term.

(e) [Effective on the effective date of the amendment to the Constitution proposed in 1980 Legislative Resolve No. 43] The appointment or reappointment of a member of the authority under (a)(2) or (a)(3) of this section is subject to confirmation by a majority vote of the members of the legislature in joint session. If the legislature fails to confirm the appointment of the head of a principal department of the executive branch as a member, the governor shall appoint the head of another principal department of the executive branch to serve as a member subject to confirmation under this subsection. A member appointed to fill a vacancy under (d) of this section is subject to confirmation under this subsection. (§ 1 ch 64 SLA 1967; am § 7 ch 207 SLA 1975; am § 2 ch 64 SLA 1977; am §§ 49, 50 ch 106 SLA 1980)

**Effect of amendments.** — The 1977 amendment added the third sentence of subsection (b) as it existed prior to the 1980 amendment.

Section 40, ch. 106, SLA 1980, rewrote the section. Section 50, ch. 106, SLA 1980, effective on the effective date of an amendment to the Alaska Constitution

which provides for confirmation by the legislature of appointments as provided in §§ 14 and 50 of ch. 106, added subsection (e). The amendment to the Constitution mentioned above is proposed in 1980 Legislative Resolve No. 43 to be submitted to the voters at the 1980 general election.

**Sec. 44.88.040. Chairman and vice-chairman.** The members of the authority shall elect a chairman from among themselves. A vice-chairman may be elected by the authority from among its other members. The vice-chairman presides over all meetings in the absence of the chairman and has other duties which the authority may direct. (§ 1 ch 64 SLA 1967; am § 105 ch 218 SLA 1976; am § 51 ch 106 SLA 1980)

**Effect of amendments.** — The 1976 amendment substituted "commissioner of commerce and economic development" for "commissioner of economic development"

in two places in this section as it existed prior to the 1980 amendment.

The 1980 amendment rewrote the section.

**Sec. 44.88.050. Meetings, compensation, officers and employees.** (a) A majority of the members of the authority constitutes a quorum for the transaction of business or the exercise of a power or function at a meeting of the authority. In case of a tie vote on a motion or resolution pending before the authority the motion or resolution shall be presented to the governor and if approved by him, is considered adopted by the authority.

(b) The public members of the authority receive \$100 compensation for each day spent on official business of the authority and may be reimbursed by the authority for actual and necessary expenses at the same rate paid to members of state boards under AS 39.20.180.

(c) The authority may appoint persons as officers it considers advisable, including an executive director, and may employ professional advisors, counsel, technical experts, agents, and other employees it considers advisable. The executive director and employees of the authority are in the exempt service under AS 39.25. (§ 1 ch 64 SLA 1967; am §§ 52, 53 ch 106 SLA 1980)

**Effect of amendment.** — The 1980 amendment rewrote subsection (b), and in subsection (c), deleted "or executive vice-president" following "executive director" in the first sentence and added the second sentence.

## Article 2. Purpose and Powers.

### Section

70. Purpose of the authority

80. Powers of the authority

**Sec. 44.88.070. Purpose of the authority.** The purpose of the authority is to promote, develop and advance the general prosperity and economic welfare of the people of Alaska, to relieve problems of unemployment and to create additional employment by providing various means of financing and means of facilitating the financing of industrial, manufacturing, small business, tourism, mining, and commercial fishing enterprises and the other facilities referred to in AS 44.88.010(a)(5) within the state. (§ 1 ch 64 SLA 1967; am § 54 ch 106 SLA 1980)

**Effect of amendment.** — The 1980 amendment substituted "various" for "a" preceding "means of financing" near the middle of the section, inserted "means of facilitating the financing of" near the middle of the section, and substituted "small business, tourism, mining, and commercial fishing enterprises and the other facilities referred to in AS 44.88.010(a)(5) within the state" for "plant construction, conversion or expansion within the state, including the acquisition of real property, for lease or sale to business enterprises for industrial or manufacturing purposes" at the end of the section.

**Sec. 44.88.080. Powers of the authority.** In furtherance of its corporate purposes, the authority has the following powers in addition to its other powers:

(1) to sue and be sued;

(2) to have a seal and alter it at pleasure;

(3) to make and alter bylaws for its organization and internal management;

(4) to adopt regulations governing the exercise of its corporate powers;

(5) to acquire an interest in a project as necessary or appropriate to provide financing for the project, whether by purchase, gift or lease;

(6) to lease to others a project acquired by it for the rentals and upon the terms and conditions the authority may consider advisable, including, without limitation, provisions for options to purchase or renew;

(7) to issue bonds, in accordance with AS 44.88.090, to pay the cost of a project and to secure payment of the bonds as provided in this chapter;

(8) to sell, by installment sale or otherwise, exchange, donate, convey or encumber in any manner by mortgage or by creation of any other security interest, real or personal property owned by it, or in which it has an interest, including a project, when, in the judgment of the authority, the action is in furtherance of its corporate purposes;

(9) to accept gifts, grants or loans from, and enter into contracts or other transactions regarding them, with a federal agency or an agency or instrumentality of the state, a municipality, private organization or other source;

(10) to deposit or invest its funds, subject to agreements with bondholders;

(11) to enter into contracts or agreements with respect to the exercise of any of its powers, and do all things necessary or convenient to carry out its corporate purposes and exercise the powers granted in this chapter;

(12) to purchase or insure loans to finance the costs of manufacturing, industrial, small business, tourism, mining, and commercial fishing enterprise projects;

(13) to enter into loan agreements with respect to one or more projects upon the terms and conditions the authority considers advisable;

(14) to acquire, manage, and operate a project when it becomes necessary or desirable to do so to safeguard the authority from losses;

(15) to assist private lenders to make loans to finance the costs of projects through loan commitments, short-term financing, or otherwise;

(16) to accept gifts, grants, or loans from a federal agency, from an agency or instrumentality of the state or of a municipality, or from any other source;

(17) to enter into contracts or other transactions with a federal agency, with an agency or instrumentality of the state or of a municipality, or with a private organization or other entity consistent with the exercise of any power under this chapter;

(18) to facilitate the expansion of a secondary market for the resale of federally or commercially insured loans held by commercial banks in Alaska. (§ 1 ch 64 SLA 1967; am §§ 55 — 59 ch 106 SLA 1980)

Effect of amendment. — The 1980 amendment substituted "adopt" for "make rules and" at the beginning of paragraph 41, rewrote paragraph (6), inserted "in accordance with AS 44.88.090" following "to issue bonds" near the beginning of paragraph (7), deleted "acquiring by construction, purchase or lease or improving and equipping" following "the cost of" near the middle of paragraph (7), inserted "by installment sale or otherwise" following "to sell" at the beginning of paragraph (8), inserted "including a project" following "has an interest" near the middle of paragraph (8), and added paragraphs (12) through (18).

Article 3. Financial Provisions.

Section	Section
90. Bonds of the authority	150. Bonds legal investments for fiduciaries
100. Trust indentures and trust agreements	155. Enterprise development fund
105. Capital reserve funds and capital reserve fund requirement	157. Loan insurance and loan insurance account
110. Validity of pledge	158. Small business, tourism, mining, and commercial fishing enterprises loan account
120. Nonliability on bonds	
130. Pledge of the state	
140. Exemption from taxation	

Sec. 44.88.090. Bonds of the authority. (a) Subject to (g) of this section, the authority may borrow money and may issue bonds, including but not limited to bonds on which the principal and interest are payable, (1) exclusively from the income and receipts or other money derived from the project financed with the proceeds of the bonds, (2) exclusively from the income and receipts or other money derived from designated projects whether or not they are financed in whole or in part with the proceeds of the bonds, or (3) from its income and receipts or other assets generally, or a designated part or parts of them.

(b) Bonds shall be authorized by resolution of the authority, and be dated and shall mature as the resolution may provide, except that no bond may mature more than 40 years from the date of its issue. Bonds shall bear interest at the rate or rates, be in the denominations, be in the form, either coupon or registered, carry the registration privileges, be executed in the manner, be payable in the medium of payment, at the place or places, and be subject to the terms of redemption which the resolution or a subsequent resolution may provide.

(c) All bonds, regardless of form or character, shall be negotiable instruments for all the purposes of the Uniform Commercial Code.

(d) All bonds may be sold at public or private sale in the manner, for the price or prices, and at the time or times which the authority may determine.

(e) Before the issuance of any bonds, the authority shall make provision by lease or other agreement regarding the project or projects being financed by the issue of the bonds for rentals or other considerations at least sufficient, in the judgment of the authority, to pay the principal of and interest on the bonds as they become due and to create and maintain the reserves therefor as the authority considers necessary or desirable and to meet all obligations in connection with the lease or other agreement and all costs necessary to service the bonds unless the lease or agreement provides that the obligations are to be met or costs are to be paid by a party other than the authority.

(f) The superior court shall have jurisdiction to hear and determine suits, actions or proceedings relating to the authority, including suits, actions or proceedings brought to foreclose or otherwise enforce a mortgage, pledge, assignment or security interest or brought by or for the benefit or security of a holder of its bonds or by a trustee for or other representative of the holders.

(g) The authority may not

(1) issue bonds other than refunding bonds during any 12-month period beginning after June 30, 1981, in an amount that exceeds the amount approved by law for that 12-month period; or

(2) issue revenue bonds other than refunding bonds for a project under this chapter in an amount greater than \$50,000,000 during any 12-month period beginning after June 30, 1981, unless the issuance is included separately in the estimates required in the report of the authority under AS 44.88.210(b) and unless the legislature, by law, approves the issuance.

(h) The authority may combine, for the purposes of a single offering, bonds financing more than one project under this chapter. (§ 1 ch 64 SLA 1967; am §§ 60, 61 ch 106 SLA 1980)

Effect of amendment. — The 1980 amendment substituted "Subject to (g) of this section, the" for "The" at the beginning of subsection (a), deleted "therefor" following "may issue bonds" near the beginning of subsection (a), and added subsections (g) and (h).

Sec. 44.88.100. Trust indentures and trust agreements. In the discretion of the authority, an issue of bonds may be secured by a trust indenture or trust agreement between the authority and a corporate trustee (which may be a trust company, bank, or national banking association, with corporate trust powers, located inside or outside the state) or by a secured loan agreement or other instrument or under a resolution giving powers to a corporate trustee (hereinafter in this section referred to as "trust agreement") by means of which the authority may:

(1) make and enter into any and all the covenants and agreements with the trustee or the holders of the bonds which the authority may determine to be necessary or desirable, including, without limitation, covenants, provisions, limitations, and agreements...

(A) the application, investment, deposit, use and disposition of the proceeds of bonds of the authority or of money or other property of the authority or in which it has an interest;

(B) the fixing and collection of rents or other consideration for, and the other terms to be incorporated in a lease or contract of sale of a project;

(C) the assignment by the authority of its rights in the lease or contract of sale of a project or in a mortgage or other security interest created with respect to a project to a trustee for the benefit of bondholders;

(D) the terms and conditions upon which additional bonds of the authority may be issued;

(E) the vesting in a trustee of rights, powers, duties, funds or property in trust for the benefit of bondholders, including, without limitation, the right to enforce payment, performance and all other rights of the authority or of the bondholders, under a lease, contract of sale, mortgage, security agreement, or trust agreement with respect to a project by mandamus or other proceeding or by taking possession of by agent or otherwise and operating a project and collecting rents or other consideration and applying the same in accordance with the trust agreement;

(2) pledge, mortgage or assign money, leases, agreements, property or other assets of the authority either presently in hand or to be received in the future, or both; and

(3) provide for any other matters of like or different character which in any way affect the security or protection of the bonds. (§ 1 ch 64 SLA 1967)

Sec. 44.88.105. Capital reserve funds and capital reserve fund requirement. (a) For the purpose of securing one or more issues of its bonds, the authority may establish one or more special funds, called "capital reserve funds", and shall pay into those capital reserve funds the proceeds of the sale of its bonds and other money which may be made available to the authority from other sources for the purposes of the capital reserve funds. A capital reserve fund may be established only if the authority determines that the establishment of the fund would enhance the marketability of the bonds. Money in a capital reserve fund, except as provided in this section, may be used as required only for (1) the payment of the principal of, and interest on, bonds or of the sinking fund payments with respect to those bonds; (2) the purchase or redemption of the bonds; or (3) the payment of a redemption premium required to be paid when the bonds are redeemed before maturity. However, money in a capital reserve fund may not be withdrawn if the withdrawal would reduce the amount in the capital reserve fund to less than the capital reserve requirement, except for the purpose of making payment, when due, of principal, interest, redemption premiums on the bonds, and sinking fund payments when

other money of the authority is not available for the payments. Income or interest earned by, or increment to, a capital reserve fund, from the investment of all or part of the fund, may be transferred by the authority to other funds or accounts of the authority if the transfer does not reduce the amount of the capital reserve fund below the capital reserve fund requirement.

(b) If the authority decides to issue bonds secured by a capital reserve fund, the bonds may not be issued if the amount in the capital reserve fund is less than the capital reserve fund requirement, unless the authority, at the time of issuance of the bonds, deposits in the capital reserve fund from the proceeds of the bonds to be issued or from other sources, an amount which, together with the amount then in the fund, is not less than the capital reserve fund requirement.

(c) In computing the amount of a capital reserve fund for the purpose of this section, securities in which all or a portion of the fund is invested shall be valued by a reasonable method established by the authority by resolution. Valuation shall include the amount of interest earned or accrued as of the date of the valuation.

(d) The chairman of the authority shall annually, no later than January 2, certify in writing to the governor and the legislature the amount, if any, required to restore a capital reserve fund to the capital reserve fund requirement. The legislature may appropriate to the authority the amount certified by the chairman of the authority. The authority shall deposit the amounts appropriated under this subsection during a fiscal year in the proper capital reserve fund. Nothing in this section creates a debt or liability of the state.

(e) In this section, "capital reserve fund requirement" means the amount required to be on deposit in the capital reserve fund as of the date of computation as determined by resolution of the authority. (§ 62 ch 106 SLA 1980)

Sec. 44.88.110. Validity of pledge. It is the intention of the legislature that a pledge made in respect of bonds shall be valid and binding from the time the pledge is made; that the money or property so pledged and thereafter received by the authority shall immediately be subject to the lien of the pledge without physical delivery or further act; and that the lien of the pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the authority irrespective of whether the parties have notice. Neither the resolution, trust agreement nor any other instrument by which a pledge is created need be recorded or filed under the provisions of the Uniform Commercial Code to be valid, binding or effective against the parties. (§ 1 ch 64 SLA 1967)

Sec. 44.88.120. Nonliability on bonds. (a) Neither the members of the authority nor a person executing the bonds are liable personally on the bonds or are subject to personal liability or accountability by reason of the issuance of the bonds.

(b) The bonds issued by the authority do not constitute an indebtedness or other liability of the state or of a political subdivision of the state, except the authority, but shall be payable solely from the income and receipts or other funds or property of the authority. The authority may not pledge the faith or credit of the state or of a political subdivision of the state (except the authority) to the payment of a bond and the issuance of a bond by the authority does not directly or indirectly or contingently obligate the state or a political subdivision of the state to apply money from, or levy or pledge any form of taxation whatever to the payment of the bond. (§ 1 ch 64 SLA 1967)

**Sec. 44.88.130. Pledge of the state.** The state pledges to and agrees with the holders of bonds issued under this chapter and with the federal agency which loans or contributes funds in respect to a project, that the state will not limit or alter the rights and powers vested in the authority by this chapter to fulfill the terms of a contract made by the authority with the holders or federal agency, or in any way impair the rights and remedies of the holders until the bonds, together with the interest on them with interest on unpaid installments of interest, and all costs and expenses in connection with an action or proceeding by or on behalf of the holders, are fully met and discharged. The authority is authorized to include this pledge and agreement of the state, insofar as it refers to holders of bonds of the authority, in a contract with the holders, and insofar as it relates to a federal agency, in a contract with the federal agency. (§ 1 ch 64 SLA 1967)

**Sec. 44.88.140. Exemption from taxation.** (a) The real and personal property of the authority and its assets, income and receipts are declared to be the property of a political subdivision of the state and, together with any project financed under this chapter and a household interest created in a project applicant or other person under this chapter, devoted to an essential public and governmental function and purpose, and the property, assets, income, receipts, project and household interests shall be exempt from all taxes and special assessments of the state or a political subdivision of the state, including, without limitation, all boroughs, cities, municipalities, school districts, public utility districts and other taxing units. All bonds of the authority are declared to be issued by a political subdivision of the state and for an essential public and governmental purpose and to be a public instrumentality and the bonds, and the interest on them, the income from them and the transfer of the bonds, and all assets, income and receipts pledged to pay or secure the payment of the bonds, or interest on them, shall at all times be exempt from taxation by or under the authority of the state, except for inheritance and estate taxes and taxes on transfers by or in contemplation of death. Nothing in this section affects or limits an exemption from license fees, property taxes, or excise, income or any other taxes, provided under any other law, nor

does it create a tax exemption with respect to the interest of any business enterprise or other person, other than the authority, in any property, assets, income, receipts, project or lease whether or not financed under this chapter.

(b) The authority may enter into agreements with a proposed project applicant or project applicant providing for payments, computed on a formula basis or otherwise, in lieu of taxes, which the authority may consider appropriate. The agreement may provide that the payments be made to the political subdivision of the state in which a project is or is to be located or to any other taxing unit of the state including, without limitation, a borough, city, municipality, school district or public utility district, the area of which is coterminous in whole or in part with that of the political subdivision.

(c) For the purposes of AS 14.17 relating to the computation of the required local effort by a district as defined in AS 14.17.250(3), all property exempted from taxation by this chapter shall be considered taxable real and personal property. (§ 1 ch 64 SLA 1967; am § 3 ch 64 SLA 1977; am §§ 63, 64 ch 106 SLA 1980)

**Effect of amendments.** -- The 1977 amendment in the third sentence of subsection (a), substituted "affects or limits" for "shall affect or limit" and added the language beginning "nor does it create a tax exemption" to the end. The 1980 amendment substituted "applicant" for "occupant" following "project" near the middle of the first sentence in subsection (a) and twice near the beginning of subsection (b). Cited in *City of Nome v. Block No. 11, Lots 5, 6 & 7*, Sup. Ct. Op. No. 839 (File No. 1652), 502 P.2d 124 (1972).

**Sec. 44.88.150. Bonds legal investments for fiduciaries.** The bonds of the authority are securities in which all public officers and bodies of the state and all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks, savings associations, including savings and loan associations and building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or other obligations of the state, may properly and legally invest funds including capital in their control or belonging to them. Notwithstanding any other provisions of law, the bonds of the authority are also securities which may be deposited with and may be received by all public officers and bodies of this state and all municipalities and municipal subdivisions for any purpose for which the deposit of bonds or other obligations of the state is now or may hereafter be authorized. (§ 1 ch 64 SLA 1967)

**Sec. 44.88.155. Enterprise development fund.** (a) There is established in the authority the enterprise development fund. The en-

enterprise development fund is a trust fund for the uses and purposes of this chapter. Money may be paid into and out of the enterprise development fund only as provided in this chapter. The enterprise development fund may be composed of money or assets appropriated or transferred to the authority, interest on investments and loans of the enterprise development fund, and other money deposited in it by the authority.

(b) The authority shall establish within the enterprise development fund a loan insurance account, a small business, tourism, mining, and commercial fishing enterprises loan account and other accounts it considers appropriate. Amounts in the enterprise development fund including, without limitation, repayments of loan principal and interest, may be pledged to the payment of bonds of the authority and shall be held and invested by the authority in investments authorized under AS 37.10.070(a) or as may be authorized in agreements with bondholders respecting amounts in the loan insurance account, the small business, tourism, mining, and commercial fishing enterprises loan account, and other accounts within the enterprise development fund.

(c) Repayments of loan principal and interest may be deposited in the accounts of the enterprise development fund. The amount in the enterprise development fund at the end of each fiscal year beginning after June 30, 1981, including, but not limited to, repayments of loan principal and interest, which, in the opinion of the authority, is in excess of the amount required to be held in the enterprise development fund under agreements with bondholders and the amount necessary for loan commitments, lapses into the general fund. (§ 65 ch 106 SLA 1980)

**Sec. 44.88.157. Loan insurance and loan insurance account.**

(a) The purpose of the loan insurance account is to provide insurance of mortgage loans and other loans made or purchased by the authority, or made by others and approved for insurance by the authority, for a project. The authority may enter into agreements as to the use of money in the loan insurance account and may pledge, assign, or grant interests in the loan insurance account as provided in this section. The authority may adopt regulations and enter into agreements with respect to the exercise of any power or approval relating to the loan insurance account under this section, including, without limitation, agreements as to the use of money in the loan insurance account, agreements with respect to the terms and conditions upon which payments from the loan insurance account will be made with respect to a loan insured under this section, agreements as to separate subaccounts in the loan insurance account for different categories of loans or as to loans made by the authority or any other person, and agreements regarding the payment of and security for bonds issued by the authority. An agreement, the rights of the authority under an

agreement, or payments received or to be received under an agreement may be pledged or assigned by the authority for the benefit of the holders of bonds issued by the authority.

(b) The authority may, upon application of a borrower or proposed borrower, insure and make advance commitments to insure loan repayments required under the terms of a loan made by it or by another lender with respect to a project, upon the terms and conditions the authority prescribes. To be eligible for insurance under this chapter, a loan for a project

(1) shall be held by the authority or by a lender approved by the authority as responsible and able to service the loan;

(2) may not exceed \$10,000,000 for a project, or 90 percent of the cost of the project or 90 percent of the appraised value of the project, whichever is less;

(3) may not be made for a term longer than three-quarters of the authority's estimate of the life of the project or 25 years from the date of issuance of the insurance, whichever is earlier;

(4) shall contain complete amortization provisions satisfactory to the authority requiring periodic payments by the borrower; and

(5) shall be in the form and contain the terms with respect to insurance, repairs, alterations, payment of taxes and assessments, default reserves, delinquency charges, default remedies, acceleration of maturity, additional and secondary liens, and other matters that the authority prescribes.

(c) In addition to other fees which the authority may charge on loans, the authority may collect or cause to be collected on loans insured under this section, either a loan insurance commitment fee or a loan insurance premium or both. Loan insurance fees and loan insurance premiums are not required to be uniform among the various loans insured. Loan insurance commitment fees and loan insurance premiums shall be deposited in the insurance account by the loan servicer, trustee, or agent designated by the authority to receive them.

(d) If, at any time after receipt by the authority of a payment from the loan insurance account with respect to a loan, the authority recovers an amount on the loan or portion of it from a source other than the loan insurance account, the authority shall apply the amount recovered in the following order: first, to repay the general fund of the state for appropriations made under (g) of this section, and second, to repay the loan insurance account.

(e) Loans may be insured only when the amount either in the loan insurance account insuring the loans or a subaccount in the loan insurance account insuring the loans, as a percentage of the sum of the loans to be insured and all unpaid principal on loans insured by the loan insurance account or the subaccount, equals or exceeds the fund requirement. The fund requirement is calculated as a percentage which the authority determines is actuarially sound for amortization of

(f) When the authority determines what is actuarially sound with respect to the operation of the loan insurance account or a subaccount in the loan insurance account, it shall consider means of providing sufficient revenue for the operation of the account or subaccount, without regard to amounts which may have been or may, after the date of determination of actuarial soundness, be appropriated under (g) of this section. The authority shall also consider factors including, without limitation, estimates of future defaults and losses of loans insured under this section based on actual default and loss experience on those loans or on similar loans in the state or elsewhere, estimates of recoveries on defaulted or foreclosed loans based on actual default and foreclosure experience on those loans or similar loans in the state or elsewhere, the terms and conditions of the loans insured under this section, estimates of earnings and income of amounts on deposit in the loan insurance account, and other appropriate factors.

(g) On December 1 of each year the authority shall determine the amount on deposit in the loan insurance account and in each subaccount in the loan insurance account. If the amount in the loan insurance account or the amount in a subaccount in the loan insurance account is less than the fund requirement for the account or for the subaccount, the authority shall transfer the amount necessary to restore the loan insurance account or the subaccount to the fund requirement. The transfer shall be made from available money which is not encumbered or restricted for other use under the terms of contracts with bondholders or others. If sufficient money is not available for transfer, the chairman of the authority shall, no later than January 2 of the following year, certify in writing to the governor and to the legislature the amount, if any, required to restore the account or subaccount to the fund requirement. The legislature may appropriate the amount certified and the authority shall deposit in the account or proper subaccount the amounts appropriated by the legislature for the purposes of this subsection during the then current state fiscal year. Nothing in this subsection creates a debt or liability of the state.

(h) A contract of insurance executed by the authority under this section is conclusive evidence of eligibility for the insurance. The validity of a contract of insurance executed by the authority or of an advance commitment to insure is incontestable from the date of the execution of the contract or commitment, except for fraud or misrepresentation on the part of the insured or, as to commitments to insure, noncompliance with the terms of the advance commitment or authority regulations in force at the time of issuance of the advance commitment.

(i) In this section:

(1) "loan insurance commitment fee" means a fee which is a percentage of the principal amount of a loan to be insured under this section determined by the authority to be actuarially sound for the

(2) "loan insurance premium" means an annual insurance premium which is a percentage of the portion of the unpaid principal amount of a loan insured under this section determined by the authority to be actuarially sound for the operation of the loan insurance account or any subaccount. (§ 65 ch 106 SLA 1980)

**Sec. 44.88.158. Small business, tourism, mining, and commercial fishing enterprises loan account.** (a) The authority may use the assets of the small business, tourism, mining, and commercial fishing enterprises loan account to purchase loans made by others to small business enterprises, tourism enterprises, mining enterprises, and commercial fishing enterprises to pay the costs of projects, as defined in AS 44.88.220, which have been or which the authority anticipates will be financed with the proceeds of bonds.

(b) The interest rate on a loan purchased with money in the small business, tourism, mining, and commercial fishing enterprises loan account must equal the interest rate which the authority estimates would be payable on bonds issued by the authority to provide money to make the loan.

(c) A loan purchased with money in the small business, tourism, mining, and commercial fishing enterprises loan account

(1) may not exceed

(A) \$6,000,000 if the loan is made to a tourism enterprise;

(B) \$1,000,000 if the loan is made to a mining enterprise or to a small business enterprise that is not a tourism enterprise or a commercial fishing enterprise; or

(C) \$500,000 for each individual commercial fisherman in the commercial fishing enterprise if the loan is made to a commercial fishing enterprise;

(2) may not exceed 75 percent of the cost of the project or 75 percent of the appraised value of the project, whichever is less, unless the amount of the loan in excess of those limits is federally insured or guaranteed or is insured by a qualified mortgage insurance company;

(3) may not be made for a term longer than three-quarters of the authority's estimate of the life of the project or 25 years from the date the loan is made, whichever is earlier;

(4) shall contain complete amortization provisions satisfactory to the authority requiring periodic payments by the borrower;

(5) shall be in the form and contain the terms and provisions with respect to insurance, repairs, alterations, payment of taxes and assessments, default reserves, delinquency charges, default remedies, acceleration of maturity, secondary liens and other matters the authority prescribes; and

(6) shall be secured as to repayment by a mortgage or other security instrument in the manner the authority determines is feasible to assure timely repayment under a loan agreement entered into with the

(d) The authority may adopt regulations for the administration of the small business, tourism, mining, and commercial fishing enterprises loan account which may include, without limitation, provisions for fees and agreements relating to application, loan commitment, servicing, and origination of loans by other lenders.

(e) The authority may enter into agreements as to the use of the money in the small business, tourism, mining, and commercial fishing enterprises loan account, including without limitation, trust or custody arrangements with banks or trust companies. It may also pledge, assign, or grant the agreement, interests under an agreement, or interests in the small business, tourism, mining, and commercial fishing enterprises loan account as may be necessary or appropriate to provide for payment and security for bonds of the authority.

(f) If more than two percent of the total amount of the loans purchased from a financial institution under this section becomes delinquent for 90 days or more, the authority shall discontinue purchasing loans from that financial institution until the delinquency is reduced to less than two percent. (§ 65 ch 106 SLA 1980)

Article 4. General Provisions.

Section	Section
160. Findings of the authority	200. Annual audit
170. Purchase of project and leases	205. Operating budget
185. Conflicts of interest	210. Reports and publications
190. Operation of certain statutes excepted	220. Definitions

Sec. 44.88.100. Findings of the authority. Before entering into a lease or other agreement as provided in AS 44.88.090(e) regarding a project for which bonds are agreed to be issued by the authority in an amount in excess of \$6,000,000, or before approving insurance or a commitment to insure a loan as provided in AS 44.88.157(b) with a principal amount in excess of \$6,000,000, there must have been filed with the authority a certified copy of a resolution of the governing body of the political subdivision of the state, if any, in which the project is to be located, consenting to the location (which consent need only refer to the general nature of the project ultimately to be acquired as set out in a request of the proposed project applicant). Before entering into a lease or other agreement as provided in AS 44.88.090(e) regarding a project, the authority must find, on the basis of all information reasonably available to it, that

(1) the project and its development under this chapter will be economically advantageous to the state and the general public welfare and will contribute to the economic growth of the state;

- (2) the project applicant is financially responsible;
- (3) provision to meet increased demand upon public facilities that might result from the project is reasonably assured;
- (4) the project will provide or retain employment reasonably related to the amount of the financing by the authority considering the amount of investment per employee for comparable facilities and other relevant factors; and
- (5) the scope of the project is sufficient to provide a reasonable expectation of a benefit to the economy of the state. (§ 1 ch 64 SLA 1967; am § 66 ch 106 SLA 1980)

Effect of amendment. — The 1980 amendment divided the former section into two sentences by deleting "and"; in the present first sentence, inserted "as provided in AS 44.88.090(e)" near the beginning, substituted the language beginning "for which bonds are agreed to be issued" and ending "principal amount in excess of \$6,000,000" for "as mentioned in AS 44.88.090(e)" near the middle, and substituted "applicant" for "occupant" at the end; and in the second sentence, added "Before entering into a lease or other agreement as provided in AS 44.88.090(e) regarding a project" to the beginning, substituted "applicant" for "occupant" in paragraph (2), deleted "and" from the end of paragraph (2), and added paragraphs (4) and (5).

Sec. 44.88.170. Purchase of project and leases. (a) No provision of this chapter may prevent the inclusion in a lease or other agreement relating to a project of a provision granting the right to purchase the project, or to renew or extend the lease or agreement, upon the terms and conditions which may be provided for in the lease or agreement. (b) A lease with respect to a project may provide for two or more lessees with the legal relationship between themselves and the authority which the authority may approve, including without limitation, provisions to the effect that the obligations of the lessees under the lease for payment of rental or otherwise between themselves and the authority are several, joint, or joint and several and that the lessees lease the project as tenants-in-common, or otherwise. (§ 1 ch 64 SLA 1967)

Sec. 44.88.180. Conflicts of interest. (a) No member of the authority may vote on a resolution of the authority relating to a lease or contract to be entered into by the authority under this chapter if he is a party to the lease or contract or has a direct ownership or equity interest in a firm, partnership, corporation or association which may be a party to the contract or lease. If a person may not vote because of this prohibition, for all purposes regarding action of the authority relating to adoption of the resolution, the position of the persons as a member shall be transferred to the first one of the following state officers who is not then acting as a member and would not be prohibited from voting on the resolution because of the same prohibition: commissioner of administration, attorney general, commissioner of revenue, commissioner of health and welfare, commissioner of labor, commissioner of public works, commissioner of public safety.

erty is attached to or connected with real property, if the owner has agreed not to remove the tangible personal property permanently from the state for the period the authority sets; "plant" or "facility" does not include work in process or stock in trade;

(7) Deleted;

(8) "project cost" or "cost of a project" means all or any part of the aggregate costs determined by the authority to be necessary to finance the construction or acquisition of a project, including without limitation the cost of acquiring real or tangible personal property, and, in connection with real property, the cost of constructing buildings and improvements, the cost of constructing means of access to and from the project, the cost of constructing extensions of utility systems to the site of the project; the cost of a project includes, without limitation, the cost of financing the project, interest charges before, during or after construction or acquisition of the project, costs related to the determination of the feasibility, planning, design or engineering of the project and, to the extent determined necessary by the authority, administrative expenses, the cost of machinery or equipment to be used in the operation of the project and expenses of installation, replacement or rehabilitation, and all other costs, charges, fees and expenses which may be determined by the authority to be necessary to finance the construction or acquisition;

(9) "project applicant" means a business enterprise or enterprises proposing to

- (A) use or occupy a project; or
- (B) agree to permit others to use or occupy a project;

(10) "real property" means land and rights and interests in land, including, without limitation, interests less than full title such as easements, uses, leases, and licenses;

(11) "lease" includes, when used as a noun, an interest in, or when used as a verb, the transfer of an interest in, property less than fee simple title, including, without limitation, when used as a noun, agreements to use or occupy property;

(12) "small business enterprise" means a business enterprise with annual gross income of \$10,000,000 or less;

(13) "tourism enterprise" means a business enterprise which is directly involved in the tourist industry;

(14) "commercial fishing enterprise" means one or more individual commercial fishermen who are residents of the state who jointly apply for and receive a commercial fishing loan from a private financial institution in the state or from a state or federal loan program;

(15) "mining enterprise" means a business enterprise which is directly involved in the mining industry. (§ 1 ch 64 SLA 1967; am §§ 4, 5 ch 64 SLA 1977; am § 70 ch 106 SLA 1980)

Effect of amendments. — The 1977 amendment added the language beginning "any plant or facility used or intended for use" to the end of paragraph (5) and deleted "and the reasonable aggregate project cost of which to be financed by the authority under this chapter will exceed, in the opinion of the authority, \$500,000" from the end of paragraph (7).

The 1980 amendment, in paragraph (2), inserted "single proprietorship" and substituted "which is not organized on a nonprofit basis" for "or a single proprietorship"; in paragraph (4), deleted "borough" preceding "assembly" and

added "or a unified municipality" to the end; so changed paragraphs (5), (6), and (9) as to make a detailed comparison impracticable; deleted former paragraph (7), which defined "project"; in paragraph (8), substituted "or tangible personal property, and, in connection with real property" for "property" and "the cost of a project includes, without limitation, the cost of financing the project" for "the cost of financing the project, including, without limitation"; in paragraph (11), deleted "real" preceding "property" in two places; and added paragraphs (12)-(15).

## Part 9. Miscellaneous Provisions.

### Chapter

99. Miscellaneous Provisions (§§ 44.99.001 — 44.99.010)

### Chapter 99. Miscellaneous Provisions.

Section	Section
1. Administration of highway safety program	6. Agreement for an Alaska Maritime Academy
2. Employment of radio stations	7. Emergency transfer of seat of government
3. Qualifications of radio station	8. Validity of official action
4. Prescribing proof of capacity and suitability of station and of service and allotment of radio time	9. Governor as prime sponsor
5. Cost of radio service	10. Alaska Manpower Services Council

**Sec. 44.99.001. Administration of highway safety program.** The governor may contract and do all other things necessary on behalf of this state under the Federal Highway Safety Act of 1966, and may cooperate with federal and state agencies, private and corporate agencies, interested corporations, and individuals, to effectuate the purposes of that Act. The governor is the official in this state having the ultimate responsibility for dealing with the federal government with respect to programs and activities under the Federal Highway Safety Act of 1966. He shall coordinate the activities of state departments, agencies and subdivisions. (§ 1 ch 19 SLA 1967)

*Editor's note.* — This section derives from AS 44.19.025 and was renumbered by the revisor under AS 01.06.031.

**Sec. 44.99.002. Employment of radio stations.** The governor may employ one or more radio stations, located south of the Gulf of Alaska and suitable for distribution of news, executive proclamations and inquiries, information concerning the state, general information and other matters suitable for broadcasting which the governor prescribes

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Official Business

# Alaska State Legislature

## Senate

### Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

#### SUMMARY SB 406:

Establishes a film and Television Section in the Office of the Commissioner of the Dept. of Commerce and Economic Development, with the purpose of promoting the use of locations in Alaska by the film and T.V. industry. Directs the new section to submit a report and recommendations for review by the 12th Alaska Legislature by April 1, 1982.

*Talk to Gov.*

ALASKA FILM COMMISSION  
Background Information  
Submitted to the  
ALASKA STATE LEGISLATURE

ALASKA FILM COMMISSION

INFORMATION

Submitted by: Steve R. Smirnoff  
3581 Kachemak Circle  
Anchorage, Alaska  
99502

(907) 264-7729

## SUGGESTED FUNCTIONS AND OBJECTIVES

1. Advise the Governor or appropriate designate on suggested policy relating to the state's development, coordination, and implementation of a program for the purpose of encouraging a viable motion picture and television industry in Alaska. Such program shall embrace all phases of production of motion pictures for theatres, film for television, and commercials;
2. Assist in identifying opportunities for more activities related to this industry for the state to actively pursue;
3. Recommend both long-range and short-term programs that will result in specific economic gain to the state and its citizens;
4. To assist Alaskan motion picture, multi-media, television and related industries in securing contacts and coordinating efforts with counter-parts in the lower 48, and to encourage the use of these mediums of communication within the State of Alaska whenever appropriate;
5. Assist in educating local, state, and private sectors regarding the desirable benefits and rewards that can result from increased development of the motion picture industry;
6. Propose an appropriate budget and subsequent allocation of said funds according to categories and propose changes where required;
7. Provide an annual review of goals, projects and accomplishments along with a detailed program for subsequent calendar/fiscal year;
8. Maintain an in-house information library dealing with the state's vast geographic location sites, climatological conditions, and other appropriate data to include a video-taped site sequences, still photographs, slides, and community profiles;
9. Maintain an active liaison with the motion picture industries on a world-wide basis with an emphasis on promoting Alaska as a destination point for on-location production;

and to perform any and all other tasks required to develop Alaska's image as a desirable state in which to produce motion picture and television programs.

THE NATIONAL CENTER FOR SURVEY RESEARCH, INC.

7048 HOLLYWOOD BOULEVARD  
LOS ANGELES, CALIFORNIA 90028

213-464-0533

Attracting the Film Industry to Washington

A Report on A Survey of Key Decision-Makers'

Attitudes in Determining

Locations for Films

And the Image of Washington

In Their Minds

Conducted for

The State of Washington

by

The National Center for Survey Research, Inc.

August 1979

## Method

To obtain this information, 50 film/TV industry executives were interviewed by appointment by specially-trained executive interviewers. The interviews were conducted in late 1978 through early 1979, an excellent time to obtain the important decision-makers for on-location shooting. Each interview took 45 minutes to 1 hour, using a questionnaire developed by NCSR senior staff in consultation with each of the participating states.

The survey was designed to include 50 executives who had participated in the decision on where to shoot a feature film or a television production that was shot on location outside Los Angeles or New York City within the past 3 years. These individuals were selected at random from a master list of over 100 individuals representing both feature film and television and both studios as well as independent productions. Each state had the opportunity to review the list of organizations represented and to suggest additional ones, as desired.

Among the 50 executives interviewed from this list, 15 were associated with feature films, 17 with television and 18 with both, equally, and they represented the following studios and production companies:

ABC Circle Films	George Litto Productions
American International Films	Lobell Productions
Bob Banner Associates, Inc.	Lorimar Productions
Dave Bell Associates, Inc.	Marble Arch Productions
CBS	Metro-Goldwyn-Mayer
Cinema Features	Orion Pictures
Columbia Pictures, Inc.	Paramount Pictures Corporation
Disney Productions	Martin Ransohoff Productions, Inc.
EMI	Spelling-Goldberg Productions
Barry Enright Productions	Stonehenge Productions
Filmways, Inc.	Time-Life Productions
Charles Fries Productions	Twentieth Century-Fox Film Corporation
David Gerber Productions	United Artists
Green & Epstein	Universal City Studios, Inc.
Denny Harris, Inc.	Viacom Productions
Jerome Helman Films, Inc.	Warner Brothers
Alan Landsburg Productions	

## Summary of the Major Findings

1. The image of and interest in your state are discussed in detail in the special color-keyed section of this report.
2. There is a definite trend toward an increase in on-location shooting, both for feature films as well as television productions.

Decision makers for on-location shooting definitely see an upward trend in the amount of shooting over the next 2 or 3 years. Each state participating in this survey was mentioned at least once as being thought of for productions on the present agenda, so the time is opportune for the states to take full advantage of this survey and to prepare themselves for this increase in shooting on location. Q

3. There are usually 2 to 3 key decision-makers among those scouting for locations, although the titles can sometimes be confusing.

The powers behind the decisions on shooting locations, regardless of the numbers and types who seem to be involved scouting, are the Director and/or the Producer and the Production Manager, and they share fairly equally in the final decision.

The Production Manager is sometimes known by a myriad of titles and is most often found in a major studio or a large independent production company and is usually the most important contact between these companies and a film commission. In some cases, the important link between these larger organizations and a film commission would be, more specifically, a Location Manager. Some of these decision-makers have years of experience in scouting and choosing locations and their opinions are sought out and relied upon heavily. It is important for a film commission to identify the decision-makers through conversations with members of a scouting party, not only because their opinions carry so much weight, but because much can be learned from them.

4. The existence of a film commission is essential for a state to be considered seriously for on-location shooting.

The presence of a film commission and its reputation for having knowledge, experience and willingness to handle the needs of a production company on location is of vital importance. It was crystal clear that a state thought to have a good film commission and to have the governor's support has a distinct advantage that can mean its being chosen over another state as a shooting location. Therefore, it would behoove each state and each film commission participating in this survey to note carefully what the decision-makers have said about how they look for and decide upon locations and what they have said specifically about film commissions. In this way, the states and film commissions can evaluate their own services and then position themselves accordingly.

5. It is not enough just to have a film commission. The commission must interject itself into the community of the key decision-makers.

The most highly involved decision-makers for shooting locations are a tightly-knit group of individuals who talk often and share experiences and make recommendations to each other. They have favorite states they like to go to and seek out these states as much as possible, most often because they have grown to know and like and, above all, respect an individual in the film commission.

A film commission must establish itself within this network and build relationships that will further the state's interests.

6. Information used to decide upon a location for shooting comes from a variety of identifiable sources.

Once the decision-makers are called upon to find and to choose locations based on a story or script, the ensuing search leads these executives to gather information from a variety of sources, each of which carries certain implications for a film commission.

## Sources of Information

A. They most often contact state film commissions, and clearly want a single agency or person to turn to for information and services.

B. They reflect on their past experiences and on what they have heard from their compatriots in the business of finding locations.

C. They consult the studio reference files or location department, deciding to proceed further with a state on that basis alone.

## Implications

A. The film commission must be easy to reach, be able to understand what constitutes the described "look", and be prepared to respond promptly to requests for photographs and detailed logistical information directed at the specific locations and related services sought.

B. States that have been used often will tend to be considered first. Up-and-coming states must try harder through advertising and promotion, by establishing contacts among the decision-makers, and by sending a continuing supply of new, useful photographs and information.

All contacts between the industry and the film commission and other state or local officials, or private citizens must make the decision-makers feel welcome and confident that their needs can be met.

Any shooting experience must go so smoothly and be so pleasant that the decision-makers want to come back.

C. It is critically important that a film commission insure that its materials in these files position the state to its best advantage. Some states provide a comprehensive, indexed, loose-leaf notebook with colored photographs, lists of important information, services, contacts, and then send out up-to-date or new materials periodically, and this was a key reference work for the decision-makers.

## Sources of Information

D. They refer to published directories and also recall advertising they have seen.

(E) They scout locations and call upon a film commission to scout with them.

(7) Several key factors stand out as part of the decision-making process.

When scouting locations and deciding between them, the primary consideration, of course, is the site itself -- its authenticity and/or its specific look relative to script requirements -- but there are several important, specific considerations, each of which is a function of two vital concerns: potential costs and time involved in shooting. Cost and timing are particularly important to television and independent productions. Briefly, the types of specific considerations that enter into the decision and the implications of each to a film commission are:

## Key Factors in the Decision-Making Process

(A) The location itself or locations themselves were the most significant considerations.

## Implications

D. A film commission must insure that its coverage in the important directories and periodicals is prominent and is focused toward presenting the most impressive positioning, considering the state's current image, its competition, the important factors in deciding on locations, and the publication itself -- who uses it and how.

(E) A film commission must be prepared to make arrangements for such trips, and accompany the scouting party, fill them in on each sites' pros and cons. Introductions to influential state or local citizens and the use of a state plane for scouting are big pluses.

## Implications

(A) A film commission must know its state well, all its different and unique looks in order to suggest the right locations for a script and then give alternate locations in order to increase the state's chances of being chosen.

Key Factors in the  
Decision-Making Process

B. The presence, attitude and efficiency of a film commission very often makes the difference between a state's being sought out or avoided.

C. Cooperation of other state and local residents and officials, including unions, is among the most important considerations.

D. Availability of services and logistics are also extremely important, for example: convenience and cost of accommodations, food, services, extras, special properties, technicians, additional union crews, etc.; the proximity of these to a number of locations that could be used in the shooting (i.e., a "good location package"); easy access to airports with regular, timely connections to Los Angeles; the weather.

8. Overall, the need to control the time and money spent in finding a location and shooting at a location was the common denominator of the survey findings.

Taking an overview and putting all the findings in perspective, the primary and critical concerns are meeting the budget and keeping the schedule requirements of a production.

Implications

B. A film commission must be known to the film industry and develop a reputation for being available, prompt and honest, knowing the industry's needs, wanting to help the industry in any way possible and having the capability and authority to deliver.

C. A film commission must enlist a cooperative attitude from all local individuals that the industry would be dealing with, and intervene with authority in any troubles or conflicts.

D. A film commission must inform itself of the specific requirements of the production company and be prepared to provide details about these and to make necessary arrangements for these services or equipment.

After California, which came up most with 11 individuals presently considering it, other states with 5 or more considering them were: Colorado, Hawaii, Nevada, New York, Texas, Arizona, Utah, Georgia, New Mexico, Idaho and Oregon. States or areas with 2 or 3 mentions were Kentucky, Ohio, Louisiana, Montana, Alabama, Illinois, Mississippi, New England, Canada/British Columbia and North or South Carolina. States or areas with 1 mention each were Alaska, Florida, Kansas, Massachusetts, New Jersey, Oklahoma, Washington, Arkansas, Tennessee, Virginia or West Virginia and Pennsylvania.

So at the threshold of this report, the findings are that all of the states participating in this survey are in the running for on location shooting, though some are in a better position than others. Each state participating in this research is in an eminent position to make use of the findings and guidelines established in this report in order to enhance its image and reputation among members of the film industry.

### III. How Information About Locations is Obtained

We asked the decision-makers, "How do you normally know about or find out about states you might consider as a location for shooting a feature film or TV production?" This is what they said:

	<u>Total</u> #
Film commission/state or local sources	41
Contact film commissions to request photos and information	25
Commissions send brochures/information/catalogues	12
From film commission	11
Check local organizations	10
Know film commissions personally	4
Check with governor/governor's contact (not specified)	3
Word-of-mouth/ask friends	17
Past experience	16
Studio reference file/location department	16
Scout locations	12
Script/story dictates	10
Advertising/published directories	7

Each source of information has its own set of implications that relate to a state's image and to the work of the film commission, therefore, each will be discussed in turn.

to shoot particular scenes in order to complete the film or television production on time -- must be met.<sup>1</sup> Consequently, the key factors that the decision-makers consider along with the location itself are really outgrowths of these two broader concerns of cost and timing. Overall, the most important specific considerations are:

- ✓-- The location itself -- its authenticity, its specific "look" cannot be found elsewhere.
- ✓-- The film commission -- efficient, authoritative, cooperative, available for information, to arrange things, to scout locations.
- ✓-- Local residents, businessmen, officials -- *AL, members & just* cooperative, good attitude.
- ✓-- A history of few problems with excessive shooting fees, no governmental shooting fees.
- ✓-- A history of few problems with local unions. *AL, members*
- ✓-- Hotel accommodations -- availability, proximity *AL, members* to location and services, cost.
- ✓-- Food -- availability and quality of restaurants/*AL, members* caterers.
- ✓-- Availability of equipment, crews, extras. *AL, members*
- ✓-- Wide variety of locations/good location *AL, members* package available.
- ✓-- Access to Los Angeles -- relatively close to *AL, members* Los Angeles and/or adequate air transportation.
- ✓-- In-state transportation/ground transportation -- *AL, members* available, reliable.

1. It should be kept in mind when dealing with decision-makers for various types of productions that, as a rule, the general concerns of cost and timing are even more important for television or independent productions because the budgets for these are most often less than they are for feature films with studio backing. Also, decision-makers for television productions are especially conscious of the time element, and of any factor that might affect time, since the date a program will be aired is usually fixed.

Although a glance at the above table might indicate the daily trades to be more important than, say, On Location Magazine, such is not the case, because the trades stand out for the frequency of publication but are not looked at deeply for on-location information, whereas the On Location Magazine is. Actually the two types serve different purposes and both are valuable. The daily trades reach the most people and keep the state name in the foreground, and the special interest magazines are read with more involvement by some of the key decision-makers.

In addition to probing the issue of advertising and promotion generally, with an emphasis on advertising, we also addressed some specific promotional techniques among 31 of the 50 executives interviewed:

	<u>Agree</u> #	<u>Dis- Agree</u> #
<u>Total</u>	<u>31</u>	<u>31</u>
<u>Generally, I find the photographs and descriptions of services sent out by the states to be very useful in the process of deciding on locations</u>	<u>24</u>	7
A state has an advantage if it has a representative in Hollywood or who comes to Hollywood frequently to deal with me personally in discussing the requirements of on-location shooting for specific upcoming projects	13	13
Personal calls from state representatives to check on upcoming projects under consideration are more helpful than they are a nuisance	13	18
A party or reception given here by state representatives is helpful in learning more about a state and the people there you might be dealing with in the future	13	18

Overall, the respondents were satisfied with materials they received from the states, although some, even those who agreed with the statement, took the opportunity here to ask again for more honest weather information, up-to-date information on contacts, facilities and services, and to otherwise reiterate what has been covered under "Important Considerations" and "The Role of the Film Commission".

With respect to the other issues raised, there was no clear-cut opinion one way or the other. Although comments made during the questioning and answers to survey questions led to the following added information:

-- A party or reception in Los Angeles gains substantial importance if the governor is in attendance.

-- Such a visit should be followed by a more work-oriented than a socially-oriented session. One executive requested a slide presentation of locations, services, all the information that was considered important.

-- A state does have an advantage by having a contact in Los Angeles, but especially if that contact is knowledgeable about the state as well as the industry.

-- Follow-up calls are helpful if they serve a purpose and the executives do not feel they are being "hustled". There seems to be a fine line here because in two instances respondents mentioned that the commission had "not pushed very hard" when asked about reasons for considering and not shooting in a state.

## THE FILM INDUSTRY - MOTION PICTURE AND TELEVISION PRODUCTION IN HAWAII

In response to the growing importance of the motion picture and television film production industry in Hawaii, Governor George R. Ariyoshi authorized the establishment in July 1978 of a State Film Office in the Department of Planning and Economic Development. The State Legislature also has strongly supported this industry as appropriate for Hawaii. It is non-polluting to Hawaii's physical environment; it brings millions of dollars into Hawaii's economy each year; it provides employment for many of the State's residents; and, as a side effect, it helps promote Hawaii for the tourism industry.

The State Film Office follows developments in the film industry and assists film and television producers, helping them in finding suitable shooting locations and in obtaining permits when needed, helping find local talent and supporting services, and acting generally as liaison between the industry and State and local government agencies. The Film Office also provides leadership in supporting University of Hawaii and Community College classes in dramatics and other film-related subjects, and encourages such activities as national and international sporting events in Hawaii, which provide valuable promotion for the Islands.

Film production activities in the Islands showed a decline in 1980 for the first time since the establishment of the Hawaii Film Office. Two factors were primarily responsible for the downturn: a lengthy strike by the Screen Actors Guild, which brought major production to a virtual halt nationwide for almost for almost three months, and a change in the interpretation of U. S. immigration regulations pertaining to temporary entrance visas for filming crews and supporting casts. The latter had the effect of eliminating production of

foreign TV commercials in Hawaii for some months. Only near the end of 1980 was the difficulty ameliorated and gradual resumption of foreign commercials begun.

There was little that the Film Office could do to help resolve the national SAG strike. But it did take a very active role in talks with the U. S. Immigration and Naturalization service, both in Honolulu and in California, in efforts to show that the tighter interpretation of the regulations, which had been intended to provide more employment for U. S. citizens, was actually having the opposite effect, causing undue hardship for a significant number of persons in filmmaking activities in Hawaii. The Film Office also arranged for representatives of Japanese filming companies to attend meetings with INS officials, including the California meeting.

Despite the strike and the slowdown of foreign TV commercials, the Film Office had a busy year. Among productions filmed in Hawaii during 1980 were a number of television series, including Hart to Hart, Vegas, Eight is Enough, five episodes of Charlie's Angels, and four episodes of The Jeffersons. The Mike Douglas Show also filmed five 90-minute shows during the latter part of the year. Pilots included Universal's Battles featuring William Conrad, and two Spelling-Goldberg productions, Aloha Paradise with Debbie Reynolds, and Waikiki. Major features were Walt Disney Productions' The Last Flight of Noah's Ark, Kirk Douglas' Final Countdown, and a number of foreign features, including one starring Toshiro Mifune. There was also TV coverage of numerous sporting events such as the Hula Bowl, the Hawaiian Open, surfing championship meets, and the Women's High Dive.

The year 1980 was also the first year since the "retirement" of the long-running Hawaii Five-0 series. Its star, Jack Lord, was honored by the

1980 Legislature and by Governor Ariyoshi. The Film Office was naturally concerned with helping to find a Hawaii-based replacement series to mitigate the loss of income following the demise of Five-0. A tentative replacement was found in Magnum, which is currently filming in the old Five-0 studios. Early industry reaction indicates that the new series will be well received, and that it has the potential to continue as a series for some time.

Magnum got off to a late start because of the SAG strike, but by the end of 1980 had filmed some eight episodes of the 12 planned for the initial phase. The premiere broadcast was aired in December and rated among the top 10 most-watched shows for that week. The Film Office has been working with the series from its inception, in efforts to smooth the transition to the new series, to find a suitable studio location, and in negotiating with the Community College system and other agencies to enable the series to continue use of the Five-0 studio facilities until Kapiolani Community College is ready to begin construction in the area.

During 1980, gross budgets for Hawaii productions totaled about \$47.5 million. Direct local spending for motion picture and TV production was estimated at about \$21.2 million. Taking into account multiplier effects, it is estimated that during 1980, the film industry contributed more than \$56 million in spending, generated some 1,550 jobs, and produced an estimated \$1.9 million in State and local taxes. While these figures are below 1979 levels because of factors over which the State had little or no control, they yet represent a highly significant contribution to the overall economy of Hawaii.

The following table shows the dramatic increase in activities of the film industry over the past five years. Basic figures are from the 1980 State of Hawaii Data Book and estimates from the Hawaii Film Office.

## Film Activity in Hawaii: 1976-1980

Activity	1976	1977	1978	1979	1980	Percent Increase over 1976
No. motion pictures and TV features filmed in Hawaii	31	63	58	54	58	87%
Gross budgets (in \$Millions) <sup>1</sup>	26	39	45	78.5	47.5	83%
Feature Films	20	30	36	63.5	36.5	82%
TV Commercials	6	9	9	15	11	83%
Expenditures in Hawaii for feature films (in \$Millions)	11	16	22	34.8	21.2	93%
Tax revenues generated (\$Millions)	1	1.5	2	3.1	1.9	90%
Employment: Total	918	1265	1610	2543	1551	69%
Direct	622	856	1091	1723	1051	69%
Spending effect on the economy (in \$Millions)	29.2	42.4	58.2	91.1	56.1	92%
<sup>1</sup> Includes post-production costs out of the State						

At this point, if no unforeseen difficulties develop, the Film Office anticipates an increase of some 20 percent per year in the listed indicators. The best evidence indicates a bright future for entertainment filmmaking, as more and more of the new generation of producers, writers, and directors are "discovering" Hawaii as an ideal location. Also, the trend in recent years has been for the industry to decentralize from California, with sound stages being built in many localities, and film commissions or offices being initiated by many states and even a number of cities. There is now an active national Association of Film Commissioners, and it is an indication of Hawaii's activity that the Manager of the Hawaii Film Office was elected president of the association for the 1980-1981 term.

Several factors account for the more widespread, competitive growth of filming: breakthroughs in technology such as improved films; more portable

cameras with greatly improved lenses; the ability to transfer color film to videotape; and special effects utilizing computer graphics. Pay television and cable TV are on the increase, as are sales of videotape recording/playback equipment. Two-way communication via cable TV has been a subject of experiments in Great Britain, Japan, and elsewhere, and this is a likely area for new directions. Thus there is ample evidence for continued industry growth coming years.

This is not to say that the industry is without problems; two of these have been discussed. There is optimism that the immigration problem can be solved, though recovery may not be immediate. There may well be strikes and other unpredictable difficulties as time goes on. There are still agreements to be reached between the State DPED and other agencies before its Hawaii State Film Office becomes cooperatively a "one-stop" office for approving most permits for location filming. A suitable long-term studio location for the Magnum series is still to be found. Additional facilities in Hawaii are needed for the processing of 35mm motion picture film. Tentative plans are being made for sound studio facilities on Oahu and Maui for the use of visiting producers as well as for local productions. All of these problem and planning areas are under active scrutiny or negotiation by the Hawaii Film Office.

Hawaii Public Television is rapidly becoming a major influence among Public Television stations. It has originated a number of programs which have been broadcast on the PBS network, including the popular "International Kitchen" series whose genial host, Nino Martin, recently filmed a mini-series of two programs in Hong Kong and Singapore. According to Executive Director James Young of Hawaii Public Television, given continuing cooperation of independent producers and the HPT staff, plus a strong fund-raising and grant acquisition program, the continuation and growth of innovative program

production in Hawaii, both for local and network distribution, should increase.

In a recent talk at the tenth anniversary dinner of the Hawaii Film Board, Dr. Young said, "I see increased local production as a means of better serving the needs of Hawaii's people and as a means of informing our Mainland neighbors about our unique Hawaiian culture and history and our scientific and intellectual achievements.... I see no reason why Hawaii can't produce its own programs on a par with the 'big boys' at WGBH in Boston, WNET in New York, and KCET in Los Angeles."

In summary, the motion picture and television industry is one which is eminently suitable for the economy of the State of Hawaii. While the industry has much to offer, the Island State also has a great deal to offer to the industry in terms of scenery, a highly varied population with rich cultural heritages, and many skills. Prospects for growth and expansion appear to be excellent, and innovative technologies are constantly widening the industry's horizons. With incomparable climate and a broad spectrum of scenic beauty, Hawaii is well able to offer the best in competing for the film industry's attention. Thus it is safe to say that the future looks bright for motion pictures and television in the Fiftieth State.

# Washington Works To Attract Movies

SEATTLE, Wash.—Hollywood filmmakers and television production companies shooting on-location in California must contend with restrictions, bureaucracy, rising costs and often irate, uncooperative citizens. As a result, more and more productions are straying to other cities and states.

In response to this dissatisfaction the State of Washington is moving to make filming in the state more attractive and economical to the California motion picture and television industry. The Department of Commerce and Economic Development has moved its Motion Picture and Television Bureau from Olympia to new offices in Seattle and has installed Art Kulman as director.

The major function of the Washington State Motion Picture and Television Bureau is to stimulate local and state economies by attracting out-of-state film and television production companies to come to Washington for on-location shooting and to encourage local producers to stay and spend their dollars in-state.

A Warner Brothers location auditor recently estimated that a low budget film production leaves about \$25,000 to \$30,000 per week on location and high budget features leave \$50,000 to \$75,000 per week for such things as hiring extras, bit players, food and lodging for the cast and crew, equipment rental, miscellaneous supplies and services.

Additionally, when Washington State locales are featured in motion pictures and television commercials it is an important plus in the encouragement of tourism and travel within the state. The benefits of this kind of exposure to theatre audiences and television viewers cannot be measured in dollars.

The Washington State Motion Picture Bureau was established in 1974 under the Department of Commerce as part of the Travel and Tourism Division. It provides a one-stop comprehensive information and

location coordination service for filmmakers and TV producers. Among the services offered are location scouting, coordination of in-state transportation for visiting production personnel prior to shooting; liaison between the production company and local businesses, government agencies and labor unions; logistical support and coordination; and assistance with press coverage and communications.

The Motion Picture and Television Bureau also publishes a Producers Location Directory, profiles on 116 cities and towns throughout the state, and maintains a photo library of some 5,000 pictures of places and things of interest to filmmakers.

Unlike many states, permits or fees for filming are not required by Washington State cities, towns or rural areas. While this is a boon to filmmakers, it does represent a problem to the Motion Picture Bureau in their attempt to document the magnitude of the film and television industry in Washington and its impact on the economy of the state. The Bureau's budgets for trade magazine and direct mail advertising directed at Hollywood, New York, and Chicago film and TV producers to lure them to Washington is related to the filming activity of these people and their expenditures for goods and services while on-location in Washington.

"We need better documentation. We need to know about those out-of-state film and TV production companies who come to Washington but have no need to contact our Bureau for assistance unless they require specific help," Kulman pointed out.

The Washington State Motion Picture and Television Bureau asks that local companies, agencies and production people help in keeping them advised of activity by out of state producers primarily in the areas of television commercials, industrial films and documentaries.

"We generally are aware far in advance of when major features are being considered or are about to go into production on location in the state. These projects require a lot of help from the Bureau and we are attempting to be a shining example of what real cooperation can mean to cost conscious producers," said Kulman.

The Washington State Motion Picture and Television Bureau is located at 712 First Avenue North in Seattle. Their telephone number is (206) 464-7148.



UNIVERSITY OF ARKANSAS · Industrial Research and Extension Center

Post Office Box 6017 · Little Rock, Arkansas 72203

(501) 371-1971

December 12, 1980

Ms. Beverly Vandertrim  
On Location Magazine  
6464 Sunset Boulevard  
Suite 570  
Los Angeles, California 90028

Dear Ms. Vandertrim:

In reference to our telephone conversation on December 11, I appreciate the opportunity to briefly discuss some of our work supporting Arkansas' film office efforts.

My organization has recently completed development and implementation of the first state economic simulation model. The effort was funded by the Economic Development Administration of the U.S. Department of Commerce for the purpose of creating a prototype for implementation in other states as they prepare to embark on their own work in economic simulation. The model was developed in cooperation with Data Resources Incorporated and is compatible with and "driven" by that organization's national econometric model.

The Arkansas model was recently employed to assess the economic impact of expenditures by location filming companies visiting the state. Hypothetical expenditures by production companies, based on reports from other states and on interviews with production company executives, were used as data input. It was first determined that approximately 40 percent of expenditures are lost from the income stream as cost of goods purchased by filming companies (supplied to Arkansas businesses by out-of-state sources) and allowances for depreciation of machinery, equipment and other property imputed to the various categories of expenditures.

It was then determined, through use of the model, that \$1 million in expenditures, after first deducting the 40 percent leakage, generates an additional \$400 thousand in personal income for Arkansans, \$12,000 in direct tax revenues, and an equivalent of 24 new employment opportunities. This additional personal income generated may be expressed as equivalent to a multiplier of 1.67. We emphasize that

Ms. Beverly Vandertrim

- 2 -

December 12, 1980

this result applies to those expenditures occurring in Arkansas; the result is likely to be different in other states.

I hope this information will be useful in the preparation of your article and that you will let us know if we can be of further service.

Yours truly,



Billy Williamson  
Senior Research Specialist

BW:ry

Enclosure



# ACADEMY OF MOTION PICTURE ARTS AND SCIENCES

8949 Wilshire Boulevard • Beverly Hills, California 90211 • (213) 278-8990

Cable Address: AMPASHOLLY

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December 1, 1980

Mr. Steve R. Smirnoff  
Transmark Company  
3581 Kachemak Circle  
Anchorage, Alaska 99502

Dear Steve:

It was a pleasure to make your acquaintance last week during your oft-delayed trip to Los Angeles. I hope you will not be a stranger to the land of glitter and tinsel and that we'll have the chance to see you often.

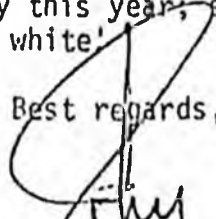
I wish you the best of success with your efforts to establish a film production commission in Alaska. While you may be later in making such a move than most states, you still have sites to offer filmmakers that are not available anywhere else in the world, and I should think an organized film promotion effort would be quite successful in Alaska.

I'd urge you again to attend the annual meeting of film commissioners, no matter where it may be held. You'll have a chance there for one-on-one talks with film promotion executives from all over the country, who will give you a lot of invaluable information about the pitfalls and rosebeds of the film promotion business.

If there is any way I can be of help to you, please don't hesitate to get in touch. And I'm looking forward to breaking bread the next time you're in Los Angeles.

I hope your holidays are merry this year; somehow I have a feeling they'll definitely be white!

Best regards,

  
John M. Pavlik  
Executive Administrator

JMP:bg



August 20, 1980

Mr. Steve R. Smirnoff  
9421 Dundee Circle  
Anchorage, Alaska 99502

Dear Steve:

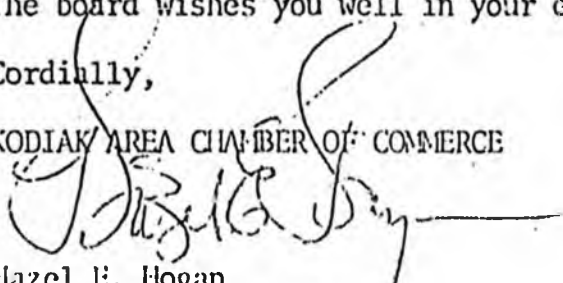
At its August 18 meeting, the Kodiak Area Chamber of Commerce Board of Directors voted to endorse and support the creation of an Alaskan Film Commission.

The development of a film industry will certainly create new jobs, bring production companies to the state, call world wide attention to the beauty of our state and generally add to Alaska's economic base.

The board wishes you well in your efforts.

Cordially,

KODIAK AREA CHAMBER OF COMMERCE

  
Hazel E. Hogan  
President

HEH:fp

*Hi Steve!  
Good luck on  
your film!*



# CITY OF KETCHIKAN

334 FRONT STREET

P. O. BOX 7300

TELEPHONE 907 225-3111

September 23, 1980

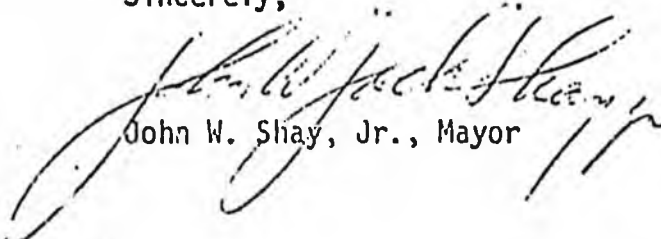
Honorable Jay S. Hammond  
Governor, State of Alaska  
Pouch A  
Juneau, Alaska 99811

Dear Governor Hammond:

The establishment of a state-wide Alaska Film Commission has been proposed in order to help establish another economic base in our state. We understand that Bob Clark of your office is familiar with the proposal and can furnish any details which you may desire. There has, of course, already been some cinematic production here, but it appears that there is a considerable potential, especially if we can organize our resources on a statewide basis.

Realizing the opportunities that such a plan presents, the Council of the City of Ketchikan has unanimously endorsed the proposal by motion. Also, it has been suggested that the Commission be organized under the aegis of the Council on the Arts or, perhaps even more appropriately, within a new "Department of Cultural Affairs", an idea which has had some endorsement throughout the state.

Sincerely,

  
John W. Shay, Jr., Mayor

cc: Steve R. Smirnoff  
9421 Dundee Circle  
Anchorage, Ak. 99502

Mrs. Virginia Klepser  
Box 5500  
Ketchikan, Ak. 99901

# fairbanks north star borough

p.o. box 1267 520 fifth ave. fairbanks, alaska 99707 907-452-4761



October 7, 1980

Steve Smirnoff  
9421 Dundee Circle  
Anchorage AK 99502

Dear Mr. Smirnoff:

Thank you for your letter regarding the conference planned on the formation of the Alaska Film Commission. I regret that I will be unable to attend this meeting, but the Fairbanks North Star Borough offers its support of your efforts.

The Fairbanks area has many features that should be of interest to the film industry. These include outstanding scenery, such as the Alaska Range, the Tanana Valley, the Brooks Range to the north and Mt. McKinley National Park to the south, a short two-hour drive from Fairbanks. Other attractions that can be found in this area include the only operating sternwheeler riverboat in the state, the Trans-Alaska Pipeline, the North Slope Haul Road, gold dredges, fishing wheels, an oil refinery, and Native villages.

As you are probably aware, much of the footage used in the film entitled "Spirit of the Wind" was shot in and around Fairbanks. I believe this is a strong indication of the ability of our community to provide services and settings desired by the film industry.

Finally, the Borough also has comprehensive social and economic data available to provide information on housing and other material about the local economy.

The Borough has a long-standing policy of promoting economic development plans that will diversify the economy of this area. The creation of the Alaska Film Commission appears to have significant potential for helping us achieve that goal.

Sincerely,

JOHN A. CARLSON  
Borough Mayor

JAC/sek

Mr. Steve R. Smirnoff  
9421 Dundee Circle  
Anchorage, Alaska 99502

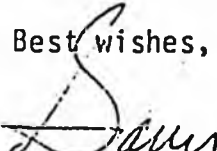
September 9, 1980

Dear Steve:

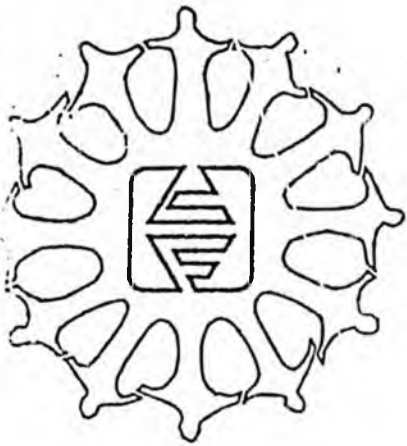
The idea of an Alaska Film Commission seems like a good one. The Alaska Humanities Forum has often been involved, in a small way, in the making of documentary films about Alaskan issues. Through the process we have come to realize the potential for much larger efforts of both commercial and non-profit kinds. I think an Alaskan Film Commission would be invaluable in attracting the film industry to use Alaska for location productions and in the development of the viable segment of our Alaskan economy.

Good luck on the venture. It should be a valuable one for the whole state.

Best wishes,

  
Gary H. Holthaus  
Executive Director

GHH;mt



ALASKA  
HUMANITIES  
FORUM



P.O. BOX 249

GIRDWOOD, ALASKA 99587

August 8, 1980

ALASCOM, INC.  
Attn: Steve Smirnoff  
949 E. 36th Avenue  
Anchorage, AK 9950

Dear Steve:

I note in the Chamber News Brief #3, that you are going to be the chairman of an Alaskan film commission. Personally, I think it is an excellent idea. I recall several years ago reading about a similar organization in New York to get more film teams and movies made in the state of New York. It was extremely successful to get more business and generate more revenues for various communities in that state.

I just want to let you know that Alyeska Resort, being a member of the chamber, would be pleased to be included in any of your considerations for a site for film teams. We have an excellent location near town, but far enough away to be in the countryside with mountains, glaciers, hotel accommodations and many restaurants, bar, etc. So I think we could provide good summer and winter scenery backdrop for movies.

Enclosed is some general information and folders on Alyeska Resort. If you need specifics in the future, please don't hesitate to contact our office. Good luck and best wishes. Let me know if I can help.

Sincerely,

  
Chris von Imhof  
Executive Vice President/General Manager

Enclosures

CVI:bjb

ALASKA'S LARGEST YEAR-ROUND RESORT & SKI FACILITY

(907) 783-2222

JA

July 1, 1980

Mayor George Sullivan  
Pouch 6-650  
Anchorage, AK 99502

Dear Mayor Sullivan, *George*

There is currently an effort by PRSA member Steve Smirnoff and others to establish an Alaskan Film Commission in the state.

The objective of the group is to attract more film makers to use Alaskan settings for motion pictures.

This strikes me as an excellent way to bring added dollars to Alaska. But more to the point of PRSA, it is also an excellent way to get a truer picture of Alaska to the rest of the U.S.

I wish you would consider lending your support to the idea.

Cordially,

  
Len McLean

dc

bcc

SELLER'S LOGO



# Pictures Inc.



Alaska 16mm. Distributor of Hollywood's Finest Films

811 W. 8th Avenue  
Anchorage,  
Alaska 99501  
Phone: 279-1515

July 1, 1980

Mr. Steve Smirnoff  
9421 Dundee Circle  
Anchorage, Alaska 99502

Dear Steve:

I certainly appreciate you calling and asking my opinion of a film commission for the State of Alaska. Naturally, with my contacts with the producers and also the requirements of the theaters, I do find that there are a lot of people who would like to shoot footage and features in the State of Alaska. We certainly have the beauty, and variety of locations that lends itself for a good movie! It is very difficult for most people outside the State to find out where they need to go to get the kind of footage they need and also how to contact people regarding flights, accommodations and what supplies we have locally within the State. I think the State needs a coordinating agency very badly, such as a film commission.

I certainly hope that your efforts do pay off and that this becomes a reality.

Best regards,

Dick Norman  
General Manager

DN:md



# ARTS ALASKA, INC.

Alaska's not-for profit arts service corporation

430 West 7th Avenue • Suite 2  
Anchorage, Alaska 99501 • (907) 272-3428

August 8, 1980

Steve Smirnoff  
9421 Dundee Circle  
Anchorage, Alaska 99501

Dear Steve:

I thoroughly enjoyed discussing your far-sighted thoughts on the development of a film and television-production industry in Alaska. Many of the ideas you expressed have run through my mind over the past year.

I strongly endorse your effort to further the development of this potentially dynamic, job producing industry. Again, let me offer my personal assistance and Arts Alaska's applicable expertise in assisting you and others who recognize this industry's viability and desirability.

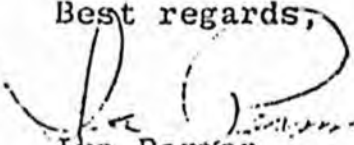
As Alaska enters a new economic era fueled by its vast petrochemical wealth, the state, primarily through the actions of its government, will hopefully recognize the need to diversify its economic base. Some of the state's wealth would be wisely invested in a limited financial endorsement of an active policy to develop this clean, profitable and infinitely renewable business.

Outside film and television interests have, for years, flirted with the visual attractiveness and contagious frontier spirit of our state. A small, but important, commitment of government support, both political and financial, would easily provide a healthy economic offspring to our state.

The benefits to Alaskans in increased local jobs and greater tourism incurred by vastly higher levels of outside exposure provide powerful incentive for a cooperative drive by state government and the state's fledgling film and television businesses for this industry.

I am very interested in joining the work of your committee. Please keep me informed on developments produced by your efforts.

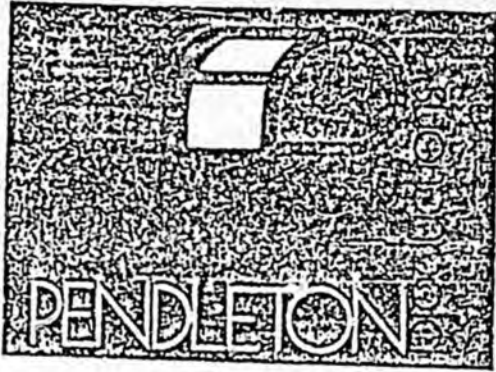
Best regards,



Ira Perelman  
Executive Director  
ARTS ALASKA, INC.

Enclosure

IP/bn



Mr. Steve R. Smirnoff  
9421 Dundee Circle  
Anchorage, Alaska 99502

July 30, 1980

Dear Steve,

As we discussed, Pendleton Productions believes that the formation of a Film Commission could be of great benefit to the State, the local talent pool of Audio and Film Services, and the people and businesses involved in production logistics for an on-location shoot.

A properly organized effort could provide needed location expertise and make available to the out-of-state production co. the multitude of scenic possibilities as well as facilitating native cooperation where needed.

Pendleton Productions has aided in location and 2nd unit work for several theatrical productions and people are always amazed to see that wilderness in it's most pristine forms is available just a few minutes from the comforts of modern urban civilization.

We heartily support you in your efforts and look forward to this idea reaching early fruition.

Cordially yours,

George E. Luken, Jr. President

Box 10-249 / South Station / Anchorage, Alaska 99502 / Phone 907-349-3592 & 349-3593

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ESP. F. C. WIFE, MISS.  
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PAUL LAXALT, NEV.  
JOHN C. DANFORTH, MO.

# United States Senate

COMMITTEE ON FINANCE  
WASHINGTON, D.C. 20510

MICHAEL STERN, STAFF DIRECTOR  
GORDON S. GILMAN, CHIEF MINDRITY COUNSEL

July 11, 1980

Steve R. Smirnoff  
9421 Dundee Circle  
Anchorage, Alaska 99502

Dear Steve:

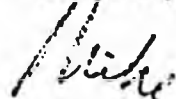
It is my understanding that you are spearheading a program to establish an Alaskan film commission for the purpose of promoting our state as an on-location site for the production of feature films, television features and commercials. In view of the tremendous potential that lies in the areas of economic and cultural benefits that Alaska and her people can derive from such an enterprise, I offer my support without hesitation.

As you may know, for a number of years I have been personally instrumental in assisting film makers by providing information about Alaska through my office and have consistently encouraged filming in Alaska. It is a pleasure to learn that an organized effort is being made by the Chamber of Commerce through your committee to attract this exciting and profitable industry to our state.

As an initial step, I have instructed my staff to provide you with a list of friends in the film industry who may be in a position to assist you with your efforts in bringing production crews to Alaska. I have also requested that my office contact these individuals to set up appointments for you during your visit to Los Angeles next month.

Best wishes for a successful program and should you require additional support from this office, I hope you will not hesitate to contact me.

Sincerely,

  
Mike Gravel

Municipality  
of  
Anchorage



POUCH 6-6  
ANCHORAGE, ALASKA 99502  
(907) 264-4431

GEORGE M. SULLIVAN,  
MAYOR

OFFICE OF THE MAYOR  
July 11, 1980

Mr. Steve Smirnoff  
9421 Dundee Circle  
Anchorage, Alaska 99502

Dear Mr. Smirnoff:

Your suggestion that the film industry should be actively encouraged in Anchorage and Alaska is certainly beyond question. I am enthusiastic about bringing such a "clean" industry to the Municipality, which would contribute to our economy without "cost" to our environment. The future of Anchorage depends upon the establishment of new industries, and domestic and international film production is one we welcome.

Chuck Becker has advised me of your outstanding research and organizational activities to date, and I wish to commend you for this valuable service in the public interest.

Under the Anchorage Municipal Charter, a commission must be established by ordinance enacted by the Assembly. Such an ordinance requires extensive background on the duties and responsibilities of the proposed commission.

I understand that you will soon be traveling to Los Angeles for additional research into the needs of the industry, and to establish contacts with major motion picture and commercial producers. Upon your return, I suggest you again meet with Chuck and my press officer Kathy Madison, to develop a detailed information packet we can present to the Assembly. With proper preparation, I am confident the Assembly would consider favorably the creation of an Anchorage Film Commission.

I would also encourage you to continue to work with the State and other cities in Alaska to develop comparable programs, each of which would be mutually beneficial to the other and maximize our opportunities for success.

Again, I commend you for your efforts and look forward to your continued interest.

Sincerely,

George M. Sullivan  
Mayor

GMS/mc