

ATLAS FOR THE 1967-68

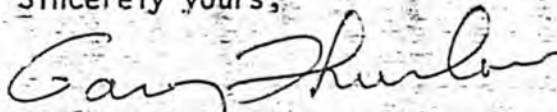
2020 HSA - HB 630  
618 - HB 630

The Honorable Ray Metcalfe  
February 18, 1982

-5-

with respect to SB 618 and will be able to respond to any particular issue that you would like to get some comment on.

Sincerely yours,



Gary Thurlow  
Borough Manager

mh  
encl.

# Kenai Peninsula 'war' rages over rich Nikiski oil tax base

by Ronnie Chappell  
for The Times

Kenai — People here have always had an understanding of the wisdom of taxing the oil industry. The 25,000 people who call the Kenai Peninsula home pay one of the lowest property tax rates in the state thanks to a \$1 billion oil industry tax base.

But the people who understand it best of all are those who live in Nikiski — where Union Chemicals operates a world-class fertilizer plant and Chevron and Tesoro operate growing refineries. The road to Nikiski is dotted with dozens of oil field service companies, and at the road's end in Captain Cook State Park, 14 Cook Inlet platforms can be seen twinkling in the distance.

By reputation, North Roaders are known as a conservative, aggressive lot that recognizes a good deal when one comes along. They were the first on the Peninsula to fund needed public services by taxing the vast oil industry tax base which surrounds them.

As a result, the 4,000 to 5,000 people who call Nikiski home enjoy first-rate fire protection and emergency medical service while those living nearby have none at all.

This contrast has been brought into sharp focus in recent weeks by the loss to fire of four homes in the Kalifornsky Beach and Funny River Road areas. All burned to the ground because they were located in areas without fire protection. They also burned because trucks from nearby fire departments refused to respond to calls for assistance.

Efforts to establish fire service areas in these locations have always met with failure. Not because people don't desire fire protection, but because the cost of obtaining it has always been too high.

Now, for the first time, other rural borough residents are eyeing

Nikiski's \$816 million dollar oil industry tax base which could make fire protection and emergency medical service available, at reasonable cost, to residents of other areas.

But the people of Nikiski are ready to do battle to keep what's theirs.

"The Nikiski nation is going to fight," warns Assemblyman Stewart Brandon who represents the area. "They've staked a homestead. I'm not saying we can stop it, but there will be scars left over from this fight that will be here for years."

When Nikiski fights, it fights hard. During the mid-1970's the City of Kenai once entertained the notion of extending its boundaries up the North Road.

Annexation was openly advocated by Kenai's city manager and considered by the Council as a way to lower skyrocketing property taxes in the city. It wasn't considered long, however, as North Road residents began boycotting Kenai merchants. The idea soon died.

The coming fight will be more difficult. This time their almost exclusive claim to the borough's oil industry tax base is being challenged by another service area — one half the tax base and twice the population of Nikiski.

The Central Peninsula Emergency Medical Service and Ambulance Service Area is less than two weeks old. Approved by voters last October, it stretches from Sterling to Ninilchik encompassing the Swanson River Oil Field and the Kenai Gas Fields.

Organizers of the service area wanted more tax base than that. They wanted the 14 drilling platforms that dot Cook Inlet, a prize that would have increased the service area's taxable wealth by a healthy \$400 million.

Angry North Roaders blocked that move by refusing to enact an ordinance establishing the new service area until the boundaries were redrawn to exclude the platforms.

There was logic in their opposition. First, Nikiski has been providing medi-vac service to the platforms on a contract basis for the past three years. Second, they argued, because of geographic proximity Nikiski is the best location from which to offer the service in the future.

At Tuesday's Assembly meeting Nikiski will take that logic one step further with the introduction of an ordinance aimed at making the platforms part of their service area.

If the ordinance is enacted the Nikiski Fire Service Area will boast a tax base of \$1.2 billion.

The importance of this move has not been lost on the directors of the fledgling Central Peninsula ambulance service area. They see it as a case of the rich getting richer and the poor continuing to make do with a minimal level of protection.

With the platforms it could have

been different. In time, directors of the new service area say, they could have adequately served the platforms. And with the tax revenues the platforms generated, they could have provided area residents with an adequate level of service.

Now, according to Board member Tom Newby, it's a close question. Accurate financial projections based on the new service area's boundaries are not available yet, Newby said, but based on the projections he's seen, doing the job will be "very difficult."

For that reason, one of the first actions taken at the board's first official meeting last week was the passage of a resolution calling for the creation of a single ambulance service area encompassing Nikiski, Sterling, Kalifornsky, Tustumena, Soldotna, and Kaslof.

The strategy is simple — while Nikiski gets the platforms, the more heavily populated Central Peninsula Ambulance Service Area will get Nikiski.

"It's eventually going to happen," Newby says. "It's only logical that the service be spread over a larger area."

A first step in that direction could be the enactment of another ordinance scheduled for introduction at next Tuesday night's Assembly meeting. It would merge the newly created ambulance service area with the Soldotna and Ridgeway fire departments.

The result would be a District II Fire and Ambulance Service Area having the same powers as the Nikiski Service Area, twice the population and half the tax base.

If this newly proposed service area is approved by District II voters at a special election April 27, attempts to merge with the industry-rich Nikiski area would intensify.

Although the tax base involved in this struggle is located almost entirely in the Central Peninsula, Assembly members from the Seward and Homer areas will play a key role in determining what shape future service areas take.

Once a single, large fire and ambulance service area evolves in the populous Central Peninsula, residents of other areas may find themselves unable to tap the Borough's sizeable oil tax base to finance needed emergency services in the future.

In short, the future residents of a yet-to-be-established super service area may be as reluctant to share their tax base with others as the residents of Nikiski are to share their tax base today.

To prevent that from happening, Assembly members from Homer and Seward may press for borough-wide fire and ambulance service or, in the absence of public demand for those services from their constituents, keep the opportunity open by working to prevent the merger of the two service areas which now exist in the Central Peninsula.



Gary Gray for The Times

## Fire destroys log cabin on Eagle River hillside

Fire destroyed an Eagle River log cabin Sunday afternoon and an Anchorage trailer early today, the Anchorage fire department reported.

Heat from a sauna ignited an Eagle River log cabin owned by Clyde Armistead shortly after 3:30 p.m. Sunday.

The log home, valued at over \$100,000, was destroyed. The occupants escaped without injury, Crossman said.

A trailer owned by Aaron Williams burned at 2:30 a.m. today after an improperly sized electrical extension cord connected to a portable

# KODIAK ISLAND BOROUGH

Telephones 486-5736 - 486-5737 — Box 1246

KODIAK, ALASKA 99615

October 8, 1981

The Honorable Ray Metcalfe, Chair  
House State Affairs Committee  
State of Alaska  
Box 4-2766  
Anchorage, Alaska 99509

Re: House Bill 618 and Public Hearing

Dear Mr. Metcalfe:

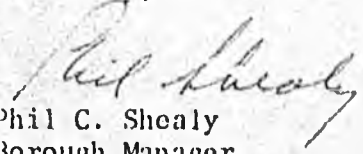
Enclosed please find a certified copy of Kodiak Island Resolution No. 81-73-R which was unanimously adopted at the Borough's meeting on October 1, 1981 indicating their support for House Bill 618 and proposed public hearings.

The Kodiak Island Borough Assembly strongly supports the proposed amendment to the constitution of the State of Alaska which would dedicate on a permanent basis, proceeds from an increase in the State's severance tax on oil or gas production to all organized boroughs and cities on an equal per capita basis for municipal purposes.

We would appreciate being notified as to the time and place of future scheduled public hearings in order that we may submit either oral or written testimony on behalf of the proposed amendment.

If I may be of any further assistance to you in this matter, please contact me at your earliest convenience.

Sincerely,

  
Phil C. Shealy  
Borough Manager

Enclosure

mdd

KODIAK ISLAND BOROUGH  
RESOLUTION NO. 81-73-R

A RESOLUTION OF THE KODIAK ISLAND BOROUGH ASSEMBLY SUPPORTING HOUSE  
BILL 618 (STATE AID TO MUNICIPALITIES FOR CAPITAL PROJECTS).

WHEREAS, the Kodiak Island Borough Assembly support the allocation of  
funds to municipalities for capital projects from the general fund by a formula,  
and

WHEREAS, these funds would be made available by the passage of HJR 66  
proposing an amendment to the constitution of the State of Alaska which would  
dedicate on a permanent basis, proceeds from an increase in the State's severance  
tax on oil or gas production to all organized boroughs and cities on an equal per  
capita basis for municipal purposes.

NOW, THEREFORE, BE IT RESOLVED by the Kodiak Island Borough Assembly  
that the Committee on State Affairs is respectfully encouraged to hold public  
hearings on House Bill 618 (State Aid to Municipalities for Capital Projects)  
and that the bill be recommended for adoption.

PASSED AND APPROVED this 1st day of October, 1981 by the  
Borough Asserbly.

KODIAK ISLAND BOROUGH

By RD [Signature]  
Borough Mayor

ATTEST:

By [Signature]  
Borough Clerk

I hereby certify that the above is a true and correct  
copy of Kodiak Island Borough Resolution No. 81-73-R.

cc [Signature]



**CITY OF KENAI**

P. O. BOX 580 - KENAI, ALASKA - PHONE 283-7535

TO: Representative Ray Metcalfe

FROM Janet Whelan, City Clerk

*Janet Whelan*

DATE 11-16-81

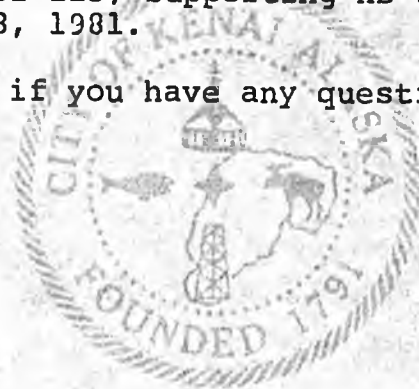
REFERENCE

**MESSAGE**

Per request from Council, I am sending you a copy of Kenai Resolution 81-115, supporting HB-613, passed by the Council Nov. 8, 1981.

Please contact me if you have any questions.

jw



**REPLY**

SIGNED \_\_\_\_\_

DATE \_\_\_\_\_

CITY OF KENAI

RESOLUTION NO. 81-115

A RESOLUTION OF THE COUNCIL OF THE CITY OF KENAI, ALASKA, EXPRESSING SUPPORT OF HOUSE BILL 618 "STATE AID TO MUNICIPALITIES FOR CAPITAL IMPROVEMENT PROJECTS" SPONSORED BY REPRESENTATIVE RAY METCALFE AND INTRODUCED ON JUNE 23, 1981, AND IS NOW IN THE HOUSE STATE AFFAIRS COMMITTEE FOR CONSIDERATION.

WHEREAS, the City of Kenai is desirous of the State of Alaska establishing a consistent and equitable method of funding capital projects for municipalities, and

WHEREAS, House Bill 618 is designed to establish funding on a per-capita basis which is an effort by Representative Metcalfe to provide equitable funding based on population, and

WHEREAS, passage of House Bill 618 would create consistent funding for each municipality and give each municipality predictability for capital improvement projects knowing in advance the amounts of money that would be provided under House Bill 618, and

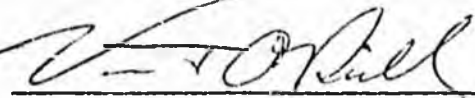
WHEREAS, under existing capital improvement requests from the State of Alaska there exist many discrepancies and inequities as to the method used in awarding grants to the various communities, and

WHEREAS, the City of Kenai is desirous of the stability of consistent funding on a perennial basis.

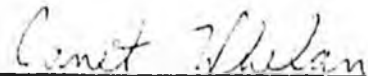
NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, that House Bill 618 receive a favorable recommendation with certain reservations from the House State Affairs Committee.

BE IT FURTHER RESOLVED that upon adoption a copy be sent to Representative Ray Metcalfe.

PASSED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, this 8th day of November, 1981.

  
\_\_\_\_\_  
VINCENT O'REILLY, MAYOR

ATTEST:

  
\_\_\_\_\_  
Janet Whelan, City Clerk



# CITY OF FAIRBANKS

410 CUSHMAN ST.

FAIRBANKS, ALASKA 99701



PIONEER  PROGRESS



November 30, 1981

Representative Ray Metcalfe  
P.O. Box 4-2766  
Anchorage, AK 99509

Dear Representative Metcalfe:

As you know, many Alaskan municipalities were outraged by the inadequate job done in 1980 by the Federal Census Bureau.

We suspect those municipalities feeling most strongly of being undercounted are those which funded recounts. The City of Fairbanks commissioned a recount, and found the population to be nearly 13% higher - 2,881 more people - than determined by the Federal census. These recounts were monitored by the State Administration, and the results of the recounts are being accepted for various revenue distribution programs.

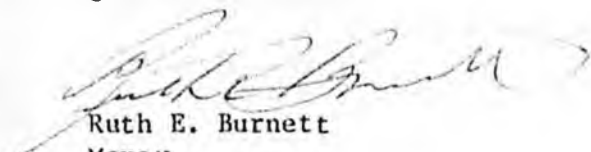
We believe the City of Fairbanks, and other Alaskan municipalities, have been done an injustice - though not intentionally - by the current per capita grants legislation (popularly known as SB 168). If the census bureau had done its work properly, the City of Fairbanks would have received substantially more from that program.

We ask, in the interest of fairness, that you work for a supplemental appropriation to the SB 168 program in the upcoming legislative session, so that each municipality in Alaska that received a deficient appropriation, can be made whole.

We have written to the Governor asking for his support. Please let us know if you will work for and support a supplemental appropriation.

Cordially,

CITY OF FAIRBANKS

  
Ruth E. Burnett  
Mayer

Hollis Henrichs, Mayor

Perry D. Lovett, Manager  
Donna M. Sherby, Clerk / Treasurer

Council Members  
Ken Van Brocklin  
Don Narrance  
Jay Hynum  
Dick Groff  
R.J. Kopchak  
Ed Maxwell



"The Friendly City"

Box 1210 602 Railroad Avenue  
Cordova, Alaska 99574  
Phone: (907) 424-3237  
or 424-3238

September 16, 1981

Representative Ray Metcalfe, Chair  
House State Affairs Committee  
600 W. 41st., Suite 201A  
Anchorage, AK 99503

Dear Representative Metcalfe:

We have had the opportunity to review proposed HB 618, and it gave rise to a couple of comments and questions.

First, Cordova strongly disagrees with basing the population figures on the "latest figures of the U.S. Bureau of Census." These figures were collected by individuals making \$5.35/hour in a bush community where the average wage is near \$12.00/hour and the results of the census, again, proves you get what you pay for.

This summer, the City conducted a census under the direction of the State Demographer using the same criteria as the U.S. Census enumerators used, and the population figures increased from 1879 to 2223. These figures do not take into account the influx of fishing-generated personnel which our community must provide services for over a 4 to 6 month period. The Alaska Municipal League will sponsor a bill, to correct this inequity, which we hope you too will sponsor. I have dwelled at length on the subject of determining population as this is the very heart of the matter of the proposed formula.

Second, why shouldn't severance tax on coal be included in Section 4? Within the next several years, coal exports may approach oil and gas.

Section 1.(3)[d] pass through to non-profits bothers me. Almost anyone can form a non-profit corporation with any benevolent sounding name including spin-off of long-recognized service organizations. These shaky non-profits could very well glean off a great deal of State dollars before they are put out of business. I suggest either much tighter language or elimination of non-profit organization from the bill.

Also, Section 1 (c) should be revised to resolution only. Ordinances are cumbersome and must be incorporated in the codified codes of the municipalities.

With these changes, I believe the bill has considerable merit in dedicating a portion of the severance tax for the funding of capital projects. As I understand, municipalities would still be able to go to the legislature for specific capital projects.

If I can be of further assistance, please call.

Very truly yours,

  
Perry D. Lovett, City Manager

HB 618  
Backup  
file

# CITY OF ANIAK

P.O. BOX 43

ANIAK, ALASKA 99557

Phone 675-4324

25 September, 1981

Honorable Ray Metcalf Chairman  
House State Affairs Committee  
600 W41st Street Suite 201A  
Anchorage, Alaska 99503

Dear Representative Metcalf:

We have received your letter of September 7th regarding House Bill 618 State Aid to Municipalities For Capital Projects.

We are definitely interested in this bill and would welcome a public hearing here in Aniak. As you are undoubtedly aware, Aniak is the largest city in the Middle Kuskokwim River Area which includes Aniak, Chuath-baluk, Crooked Creek, Gorgetown, Lime Village, Lower Kalskag, Napaimute, Red Devil, Sleetmute, Stony River and Upper Kalskag.

Most regional hearings in our area are held in Bethel. Unfortunately, this eliminates most of the Middle Kuskokwim communities from participating because of the high costs of transportation and lodging. We, therefore, request that you schedule a hearing here in Aniak.

As a constructive comment, I believe the formula proposed in the House Bill should be changed in order that each community receive an equitable share of the total money available.

The House Bill formula is written  $\frac{TA}{TP} \times P = \text{entitlement}$  where TA is total money, TP is total population and P is the population of the community. I would alter this to read  $\frac{TA}{TAP} \times P \times CF = \text{entitlement}$  where TA is total money, TAP is total adjusted population, P is population of the community and CF is the cost of construction factor.

To explain; Assume that Anchorage has the lowest construction cost per square foot in the State. Anchorage would have a CF of 1. Assume the construction costs in Fairbanks ~~is~~ 1.3 times higher than Anchorage. Fairbanks would then have a CF of 1.3. Assume the cost of construction in Aniak is 1.9 times Anchorage. Aniak would have a CF factor of 1.9.

The CF factors could be established for every eligible community in the State. Figures can be developed by DOT/PF to determine these factors. Once all factors are assigned it then becomes a simple matter to determine the per capita dollars for each community.

This determination is made by establishing the TAP (total adjusted population) of the State. It would work this way:

Multiply the true population of each community by its CF factor as established above. Example:

Anchorage True Population	160,000 x its CF of 1 =	Adjusted pop. =	160,000
Fairbanks True Population	40,000 x its CF of 1.3 =	Adj. pop. =	52,000
Aniak True Population	400 x its CF of 1.9 =	Adj. pop. =	760

Once this is done for every community, all adjusted populations would be added together. The sum of these adjusted populations would equal the TAP (Total adjusted population).

To see how this would result in a more equitable distribution of funds we can run through two examples, one using the formula written in HB 618, the other using the proposed formula.

- First assumption: The true total population of the State is 400,000. (TP)
- Second assumption: The adjusted total population of the State is 600,000. (TAP) (derived by adding all the adjusted populations of qualifying communities)
- Third assumption: The total money available for distribution is \$400 million. (TA)
- Fourth assumption: True Anchorage population is 160,000. (P)
- Fifth assumption: True Fairbanks population is 40,000. (P)
- Sixth assumption: True Aniak population is 400. (P)

APPLY FORMULA IN HB 618:  $\frac{TA}{TP} \times P = \text{entitlement}$

For Anchorage: TA = \$400,000,000 TP = 400,000 P = 160,000

Then:  $\frac{\$400,000,000}{400,000} \times 160,000 = \$160,000,000$  Total entitlement for Anchorage

For Fairbanks: TA = \$400,000,000 TP = 400,000 P = 40,000

Then:  $\frac{\$400,000,000}{400,000} \times 40,000 = \$40,000,000$  Total entitlement for Fairbanks

For Aniak: TA = \$400,000,000 TP = 400,000 P = 400

Then:  $\frac{\$400,000,000}{400,000} \times 400 = \$400,000$  Total entitlement for Aniak

APPLY PROPOSED FORMULA:  $\frac{TA}{TAP} \times P \times CF = \text{entitlement}$ .

Assume: CF (Construction Factor) for Anch. is 1, Fair. is 1.3, Aniak is 1.9

For Anch: TA = \$400,000,000 TAP is 600,000 P = 160,000 CF = 1

Then:  $\frac{\$400,000,000}{600,000} \times 160,000 \times 1 = \$106,667,000$  Total entitlement for Anch.

For Fair: TA = \$400,000,000 TAP is 600,000 P = 40,000 CF = 1.3

Then:  $\frac{\$400,000,000}{600,000} \times 40,000 \times 1.3 = \$34,667,000$  Total entitlement for Fair.

For Aniak: TA = \$400,000,000 TAP is 600,000 P = 400 CF = 1.9

Then:  $\frac{\$400,000,000}{600,000} \times 400 \times 1.9 = \$506,667$  Total entitlement for Aniak.

Under the proposed formula, Anchorage would receive 66 2/3 % of the amount they would receive under the HB 618 formula. Fairbanks would receive 86 2/3% of the amount under HB 618 and Aniak would receive 126 2/3% of the amount under HB 618.

At first glance, it would appear that everyone in the State would benefit at Anchorage's expense. A closer look will show that this is not necessarily true.

If most bush communities are like Aniak, they depend almost entirely on either Anchorage, Fairbanks or Juneau for not only all of their construction materials and equipment but also on the cities to provide their professional and technical needs.


For the City of Aniak all of our engineering and legal services are purchased from Anchorage firms. All of our equipment purchases are made in Anchorage. All of our office furniture and paper supplies are purchased in Anchorage. All of our freight is shipped from Anchorage by air. Almost all of our long distance phone calls are placed to Anchorage. Most of the State and Federal Agencies that service our city and our native population are headquartered in Anchorage. Most of the money we spend when on vacation is spent in Anchorage. It probably could be said that without a lot of Aniaiks spread around the State there would be no Anchorage as we know it and by the same token if there were no Anchorage there would be no Aniaiks as we know them.

The saying that "The Bush is a money recycling center for Anchorage" is undoubtedly based on the generally acknowledged fact that a great deal of bush money works its way back to our cities. The loss of DIRECT grant monies to Anchorage under the proposed formula will be greatly, if not totally, offset by the increased INDIRECT monies that Anchorage would receive under the proposed formula. I'm sure that figures developed by the State Department of Labor or the State Department of Commerce and Economic Development would verify this premise.

Almost every federal program that bases its payment to States on a linear population factor has been aggressively fought by our participating State agencies and usually this has resulted in the amendment of the federal formulas to allow an adjustment factor for areas such as Alaska.

As a final observation: A fire truck delivered to Aniak costs \$12,000 more than the identical fire truck delivered to Anchorage. Based on HB 618's formula, the cities will be able to build concert halls and convention centers while the Bush will be lucky to get a basic day care center. The proposed Construction Cost Factor is not designed to penalize our cities but rather to equalize the sharing of Alaska's non-renewable resources.

Thanks for the chance to comment. Sincerely,

  
John Hale  
City Manager

HB 618  
Back up  
File

## HAINES BOROUGH

P.O. BOX H  
HAINES, ALASKA 99827

September 24, 1981

The Honorable Ray Metcalfe  
Chairman House State Affairs  
Committee  
Interim Office  
600 W. 41st, Suite 201A  
Anchorage, Ak. 99503

Dear Representative Metcalfe,

Thank you for giving me an opportunity to comment on House Bill 618.

At first reading the bill seems to be fair to everyone since the distribution of funds is based on population. However, in rethinking through this bill, together with the results I have seen with our funding of the Dankworth Bill, I see things a little differently - at least from the point of view of the small municipality.

Let me use the Haines Borough as an example. We have a population of 687 outside of the City limits. If the full Dankworth funds were to be paid, we would have received only \$687,000. This is not enough for many kinds of capital improvements. Currently we are building a swimming pool at 1.7 million and a new school at Mosquito Lake at 1.5 million. It so happened we were able to use our Dankworth funds to add a locker and shower room to the swimming pool already under construction. Otherwise, it would have been hard to find use for the approximately \$367,000 which was the Haines Borough's entitlement.

One suggestion I have for your bill would be a method to allow a municipality to accumulate several years of payments until they have enough for a major capital improvement project. Either the municipality or the State could put the yearly funds on deposit to accumulate interest, thus, speeding up the time frame for the project to begin.

Page Two  
Representative Metcalfe

September 24, 1981

Another fault I find with the bill at least as it applies to the Haines Borough, is that all of the money we collect for those who live outside the city goes for educational facilities that are used by all - both those in the city and those outside the city. However, the city spends its money for the benefit of the city residents only. This is a very difficult problem and at present I see no way to resolve it.

I believe others, especially those in small municipalities, should have an opportunity to voice their views at a public hearing.

Sincerely yours,

*R. E. Henderson* ?

R. E. Henderson  
Mayor

REH:kk

# Alaska MUNICIPAL League

TELEPHONES  
(907) 586-1325  
586-6526

204 N. FRANKLIN ST.  
JUNEAU, ALASKA 99801

## HB 618 - State Aid to Municipalities for Capital Projects

The Alaska Municipal League supports the "block grant" approach, as is provided in HB 618, to state funding for local capital projects in order to allow decisions regarding local capital project priorities to be made at the local level. Many worthwhile projects were constructed with the SB 168 funds appropriated last session. An ongoing program, such as the one proposed in HB 618, would allow municipalities to develop the basic community infrastructure that most of them lack at the present time.

We do, however, suggest a few minor amendments for your consideration:

① Change "Department of Administration" to "Department of Community and Regional Affairs" throughout the bill. Although the municipal grants program currently is in Department of Administration, there have been proposals that it be transferred to Community and Regional Affairs, because of the latter's familiarity with municipal governments. For the same reason, it seems logical that this program also be administered by Community Regional Affairs.

② Include a cost saving ~~or cost of construction~~ factor in the distribution factor.

~~change the determination of population language~~  
to something similar to that in the revenue sharing statutes to allow for adjustments between each decennial census.

④ Clarify that nothing in the bill would prohibit a municipality from accumulating funds from year to year until they have a sufficient amount for a project. This is especially important for communities with small populations.



equal to \$10 per capita for the population served by the department, as determined by the state fire marshal.

(b) A grant shall be made under (a) of this section to facilitate the organization of a volunteer fire department in an area not in an organized borough or city, upon application of the proposed fire protection group to the state fire marshal and upon approval of applications according to standards of organization and service prescribed by regulations adopted by the state fire marshal. (§ 3 ch 155 SLA 1980)

**Sec. 29.89.050. State aid to Native village governments.** The state shall pay \$25,000 to a Native village government for a village which is not incorporated as a city under AS 29.03.010 — 29.95.030. In this section, "Native village government" means

(1) a local governing body organized by authority of the Act of Congress of June 18, 1934 (25 U.S.C. § 476); or

(2) a traditional village council or, if there is no traditional village council, the paramount chief or other governing body of a Native village which meets the requirements of the Alaska Native Claims Settlement Act (43 U.S.C. §§ 1601 — 1628). (§ 3 ch 155 SLA 1980)

**Sec. 29.89.060. Population determination.** For purposes of AS 29.89.010 — 29.89.100, population shall be determined by the latest figures of the United States Bureau of the Census or other reliable population data, including but not limited to public school enrollment figures, public utility connection, registered voters or certified employment payrolls. (§ 3 ch 155 SLA 1980)

**Sec. 29.89.070. Area cost-of-living differential.** (a) Payments to a municipality or other eligible recipient under AS 29.89.020 — 29.89.030 shall reflect area cost-of-living differentials. Payments shall be based upon the sum of per capita, per mile and per bed or facility grants due each municipality or other recipient multiplied by the appropriate area cost-of-living differential. The area cost-of-living differential for each recipient shall be determined annually by election district under the provisions of AS 39.27.030. Application of the area cost-of-living differential may not result in distribution of an amount less than the amount of the payment determined without application of this section.

(b) The election districts used to establish area cost-of-living differentials under (a) of this section are those designated by the proclamation of reapportionment and redistricting of December 7, 1961, and retained for the house of representatives by proclamation of the governor September 3, 1965. (§ 3 ch 155 SLA 1980)

**Sec. 29.89.080. Miscellaneous services account.** The miscellaneous services account is established. Money to carry out the provisions of AS 29.89.010 — 29.89.100 shall be allocated by the department to the account in accordance with AS 29.95.010. If amounts in the account

Alaska State Legislature



House of Representatives

RAY METCALFE

POUCH V  
JUNEAU, ALASKA 99811

P.O. BOX 4-2766  
ANCHORAGE, ALASKA 99509

19 January 1982

Honorable Ramona Barnes  
Alaska State Legislature  
Pouch V  
State Capitol  
Juneau, Alaska 99811

Re: HB-618 and HJR-66

HB-618 and HJR-66 are companion pieces of legislation.  
HJR-66 is in your Judiciary Committee.

I have enclosed copies of the several resolutions from communities throughout the State that support the concept of HJR-66 and HB-618 and would request that you schedule a hearing on HJR-66.

If you do so, I feel that it would be appropriate to schedule a teleconference and possibly consider a joint hearing between the Judiciary Committee and State Affairs Committee to enable HB-618 to be heard simultaneously.

Sincerely,

Ray H. Metcalf  
Chairman, State Affairs Committee

RHM/emc  
Enclosures



# Alaska State Legislature

## House of Representatives

### Committee on State Affairs

Official Business

Pouch V  
State Capitol  
Juneau, Alaska 99811

PSA

February 4, 1982  
7:00 - 9:00 PM PST

THE HOUSE STATE AFFAIRS COMMITTEE, CHAIRED BY REPRESENTATIVE RAY METCALFE, WILL HOLD A PUBLIC HEARING VIA THE LEGISLATIVE TELECONFERENCE NETWORK ON THURSDAY, FEBRUARY 4, 7:00 - 9:00 PM PST. THE TOPIC OF THE HEARING WILL BE HB 618 WHICH FUNDS MUNICIPAL CAPITAL PROJECTS BY DEDICATING A PERCENTAGE OF OUR STATE'S OIL AND GAS SEVERANCE TAXES TO THE LOCAL GOVERNMENTS AND SB 129 WHICH ALLOCATES FUNDS FOR MUNICIPAL CAPITAL PROJECTS BY LEGISLATIVE APPROPRIATION. INTERESTED PERSONS MAY CALL FOR FURTHER INFORMATION AND ATTEND THE TELECONFERENCE AT THEIR LOCAL LEGISLATIVE INFORMATION OFFICE.



# Alaska State Legislature

## House of Representatives

### Committee on State Affairs

Interim Office

600 W. 41st/Suite 201A

Anchorage, Alaska 99503

Pouch V

State Capitol

Juneau, Alaska 99811

Official Business

DATE: September 7, 1981

TO: All interested parties

FROM: Rep. Ray Metcalfe, Chair  
House State Affairs Committee

SUBJ: House Bill 618 & public hearings

The attached House Bill 618 "State Aid to Municipalities for Capital Projects," sponsored by Rep. Ray Metcalfe was introduced on June 23, 1981 and is now before this Committee for consideration.

House Bill 618 would allocate funds to the municipalities for capital projects from the general fund, via the formula outlined in the bill. These funds would be made available through the passage of HJR 66 proposing an amendment to the Constitution of the State of Alaska which would dedicate on a permanent basis, proceeds from an increase in the state severance tax on oil or gas production to all organized boroughs and cities on a equal per capita basis for municipal purposes.

We would like your input on these pieces of legislation and if enough interest is generated we plan to schedule public hearings on House Bill 618 at a future date, to be announced.

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF ADMINISTRATIVE SERVICES

POUCH B  
JUNEAU, ALASKA 99811

March 16, 1982

The Honorable Ray H. Metcalfe  
Chairman  
House State Affairs Committee  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Representative Metcalfe:

As requested by the House State Affairs Committee, enclosed is a fiscal note for CS HB 618 "An Act relating to State aid to municipalities for capital projects."

Should you have any questions concerning this note please contact me at 465-4709.

Sincerely,



Rod Mourant, Director  
Division of Administrative Services

cc: Keith Specking, Legislative Assistant  
Office of the Governor

Ron Lehr, Director  
Division of Budget & Management  
Office of the Governor

Elmer Lindstrom, Fiscal Analyst  
Legislative Finance Division  
Legislative Affairs Agency

REC'D MAR 16 1982

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS House Bill 618  
Title "An Act relating to State Aid to Municipalities for Capital Projects"  
Requested by State Affairs Committee Date March 10, 1982

II. FISCAL DETAIL

Agency Affected Community and Regional Affairs  
Program Category Affected Community Development  
BRU, Program, Or Subprogram(s) Affected Local Government Assistance  
(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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		0*				
200 TRAVEL		0*				
300 CONTRACTUAL		0*				
400 COMMODITIES		0*				
500 EQUIPMENT		0*				
600 LAND & STRUCTURES		0*				
700 GRANTS, CLAIMS, ETC.		0*				
TOTAL		0*				

FUNDING (Thousands of Dollars)

GENERAL FUND		0*				
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME		0*				
PART TIME						
TEMPORARY						

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

NOTE: CS HB 618, as enabling legislation only, has no fiscal impact to the Department, assuming there is no accompanying bill of appropriation or funding through the budgetary process. However, if CS HB 618 is funded in whatever manner, in whatever State fiscal year, and regardless of funding level, the attached represents the minimum fiscal impact to the Department of Community and Regional Affairs to implement CS HB 618. If funding is authorized after the State's FY 83 budget, the amounts shown on the attached must necessarily be modified to accommodate inflation.

IV. DATE March 10, 1982

PREPARED BY W.E. "Bill" Williams

AGENCY Dept. of Community & Regional Affairs

Original: Legislative Finance

PHONE 465-4735

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

FISCAL NOTE - CS HOUSE BILL 618

<u>EXPENDITURE CATAGORY</u>	<u>Sub-total</u>	<u>Category Total</u>	<u>Program Total</u>
<u>Personal Service</u>			
Local Government Specialist III	45.1		
Local Government Specialist III	45.1		
Accounting Tech II	33.6		
Clerk Typist III	<u>23.9</u>		
		147.7	
<u>Travel</u>		17.0	
<u>Contractual Services</u>		24.1	
<u>Commodities</u>		.8	
<u>Equipment</u>		<u>4.5</u>	
			<u>\$194.1</u>

FISCAL NOTE

House Bill 618, "An Act relating to State Aid to Municipalities for Capital Projects"

Section III. Analysis (Attachments)

Two field staff positions will be necessary to assist the municipalities of the State in their participation in this program. The two field positions, Local Government Specialist III's will be required to provide technical expertise in the preparation of documentation for eligibility of applicant and capital project.

This fiscal note provides for two support positions to process the application, budget and project narrative. In addition, an increase in accounting requirements for program administration is anticipated with the passage of this bill. Progress reports and funding requests would be received, processed and payments requested by these individuals. Additionally, they would calculate the original allocation amounts communities would receive based on the formula set out in the bill.

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF ADMINISTRATIVE SERVICES

POUCH B  
JUNEAU, ALASKA 99811

March 11, 1982

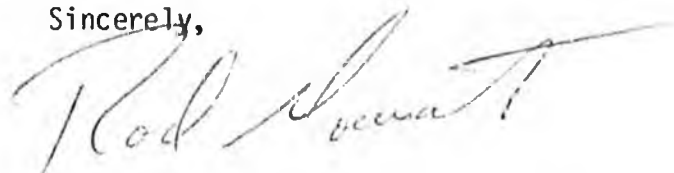
The Honorable Ray H. Metcalfe  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Representative Metcalfe:

As requested by your office, enclosed is a fiscal note for CS HB 618 "An Act relating to State Aid to Municipalities for Capital Projects."

Should you have any questions concerning this note please contact me at 465-4709.

Sincerely,



Rod Mourant, Director  
Division of Administrative Services

cc: Keith Specking, Legislative Assistant  
Office of the Governor

Ron Lehr, Director  
Division of Budget & Management  
Office of the Governor

Elmer Lindstrom, Fiscal Analyst  
Legislative Finance Division  
Legislative Affairs Agency

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS House Bill 618  
Title "An Act relating to State Aid to Municipalities for Capital Projects"  
Requested by State Affairs Committee Date March 10, 1982

II. FISCAL DETAIL

Agency Affected Community and Regional Affairs  
Program Category Affected Community Development  
BRU, Program, Or Subprogram(s) Affected Local Government Assistance  
(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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		147.7				
200 TRAVEL		17.0				
300 CONTRACTUAL		24.1				
400 COMMODITIES		8				
500 EQUIPMENT		4.5				
600 LAND & STRUCTURES		0				
700 GRANTS, CLAIMS, ITC.		-0-				
TOTAL		194.1				

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		194.1				
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		4				
PART TIME						
TEMPORARY						

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

See Attached.

IV. DATE March 10, 1982 PREPARED BY W F "Bill" Williams  
AGENCY Dept. of Community and Regional Affairs  
Original: Legislative Finance PHONE 465 4735  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)  
33-001 (Rev. 12/81)

FISCAL NOTE - HOUSE BILL 618

<u>EXPENDITURE CATAGORY</u>	<u>Sub-total</u>	<u>Catagory Total</u>	<u>Program Total</u>
<u>Personal Service</u>			
Local Government Specialist III	45.1		
Local Government Specialist III	45.1		
Accounting Tech II	33.6		
Clerk Typist III	<u>23.9</u>		
		147.7	
<u>Travel</u>		17.0	
<u>Contractual Services</u>		24.1	
<u>Commodities</u>		.8	
<u>Equipment</u>		<u>4.5</u>	
			<u>\$194.1</u>

## FISCAL NOTE

House Bill 618, "An Act relating to State Aid to Municipalities for Capital Projects"

### Section III. Analysis (Attachments)

Two field staff positions will be necessary to assist the municipalities of the State in their participation in this program. The two field positions, Local Government Specialist III's will be required to provide technical expertise in the preparation of documentation for eligibility of applicant and capital project.

This fiscal note provides for two support positions to process the application budget and project narrative. In addition, an increase in accounting requirements for program administration is anticipated with the passage of this Bill. Incremental closing of the grant is a process whereby the State may monitor the progress of the projects, this function requires a review of the use of funds already spent and a projection of funds being requested by the grantee. This incremental reporting of the grant, financial status is supported by a narrative of grantee achievements.

The Department anticipates that the four positions included in this fiscal note will be adequate staffing for the passage of this legislation, House Bill 618.

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS House Bill 618  
Title "An Act relating to State Aid to Municipalities for Capital Projects"  
Requested by State Affairs Committee Date March 10, 1982

II. FISCAL DETAIL

Agency Affected Community and Regional Affairs  
Program Category Affected Community Development  
BRU, Program, Or Subprogram(s) Affected Local Government Assistance  
(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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		0*				
200 TRAVEL		0*				
300 CONTRACTUAL		0*				
400 COMMODITIES		0*				
500 EQUIPMENT		0*				
600 LAND & STRUCTURES		0*				
700 GRANTS, CLAIMS, ETC.		0*				
TOTAL		0*				

FUNDING (Thousands of Dollars)

GENERAL FUND		0*				
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME		0*				
PART TIME						
TEMPORARY						

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

NOTE: CS HB 618, as enabling legislation only, has no fiscal impact to the Department, assuming there is no accompanying bill of appropriation or funding through the budgetary process. However, if CS HB 618 is funded in whatever manner, in whatever State fiscal year, and regardless of funding level, the attached represents the minimum fiscal impact to the Department of Community and Regional Affairs to implement CS HB 618. If funding is authorized after the State's FY 83 budget, the amounts shown on the attached must necessarily be modified to accommodate inflation.

IV. DATE March 10, 1982

PREPARED BY W.E. "Bill" Williams

AGENCY Dept. of Community & Regional Affairs

Original: Legislative Finance

PHONE 465-4735

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 455 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 25, 1982

SUBJECT: Aid to municipalities  
(CSHB 618)

TO: Representative Ray H. Metcalfe  
Chairman, House State Affairs Committee

FROM: Tamara Brandt Cook  
Legislative Counsel

TBC

Here is a draft of CSHB 618 you requested. Please be alerted to the fact that should a version of HB 170 or SB 180 (revising the municipal code) pass, the sections of this bill should be renumbered to reflect the reorganization of Title 29. There is nothing I can do with the effective date of this bill to avoid the problem, since it already contains alternative effective dates.

TBC:ljb

Enclosure

# Alaska MUNICIPAL League

TELEPHONES  
(907) 586-1325  
586-6526

204 N. FRANKLIN ST.  
JUNEAU, ALASKA 99801

1  
25 and over communities

## HB 618 - State Aid to Municipalities for Capital Projects

The Alaska Municipal League supports the "block grant" approach, as is provided in HB 618, to state funding for local capital projects in order to allow decisions regarding local capital project priorities to be made at the local level. Many worthwhile projects were constructed with the SB 168 funds appropriated last session. An ongoing program, such as the one proposed in HB 618, would allow municipalities to develop the basic community infrastructure that most of them lack at the present time.

We do, however, suggest a few minor amendments for your consideration:

1. Change "Department of Administration" to "Department of Community and Regional Affairs" throughout the bill. Although the municipal grants program currently is in Department of Administration, there have been proposals that it be transferred to Community and Regional Affairs, because of the latter's familiarity with municipal governments. For the same reason, it seems logical that this program also be administered by Community & Regional Affairs.

2. Include a cost of living or cost of construction factor in the distribution factor.

3. Change the determination of population language to something similar to that in the revenue sharing statutes to allow for adjustments between each decennial census.

4. Clarify that nothing in the bill would prohibit a municipality from accumulating funds from year to year until they have a sufficient amount for a project. This is especially important for communities with small populations.



# Matanuska-Susitna Borough

BOX B. PALMER, ALASKA 99645 • PHONE 745-4801

DEPARTMENT OF ADMINISTRATION

February 18, 1982

The Honorable Ray Metcalfe  
Representative  
State of Alaska  
Juneau, Alaska 99811

Re: House Bill 618

Dear Ray:

I wanted you to know that your labors on behalf of local government finance are not unappreciated.

We, in the Matanuska-Susitna Borough, have studied HB 618. Several of us, who are on the Legislative Policy Committee of the Alaska Municipal League, have spent quite a bit of time on it. The people on the Legislative Policy Committee are Assemblypersons Edna Armstrong, Robert Barry, and myself.

We have not seen fit to comment on HB 618 at this time, because we wanted first to see what type of position the Board of Directors of the Alaska Municipal League might take with respect to the bill. If the AML's views are close to ours, we would subscribe to the AML position.

I was surprised at the amount of consensus which was readily achieved at the Legislative Policy Committee with respect to your bill. Just about everybody, who had occasion to speak on the bill, thought that it was a good bill. There were representatives from several rural communities in our group and they had a particular interest in Senate Bill 129 introduced by Senators Sturgelewski and Stimpson. Nearly all of us who came from non-rural situations, thought that Senate Bill 129 was aimed at the unorganized borough and even with respect to unorganized boroughs was probably not an appropriate vehicle for communities like Cordova, Valdez, Dillingham, etc.

REC'D FEB 22 1982

The Honorable Ray Metcalfe  
February 18, 1962

-2-

So, basically, our committee was looking at two different approaches to revenue sharing -- one that would cover the boroughs and cities and the other which would cover native villages.

#### Per Capita Distribution of Capital Improvement Monies

Speaking for myself, and perhaps not for the Assembly of the Matanuska-Susitna Borough, I am skeptical of any revenue sharing measure approach that does not depend largely on per capita distribution. Here, in the Matanuska-Susitna Borough, we have about five percent of the State's population and, under the terms of your bill, would receive about five percent of the state revenue sharing money. I do not think that this is too far off, if roads are handled as a separate program as they have been in the past.

#### Assessed Valuation (Tax Base) Per Capita

One adjustment to your formula that was generally favored by members of the Legislative Policy Committee was an adjustment to reflect assessed valuation per capita. This adjustment would reduce revenue sharing for local governments having a very large tax base per capita generally in the form of oil wells, the Alaska pipeline, feeder lines, oil platforms, tanks, oil loading facilities, bunkhouses, refineries, etc. and would give more to the local governments with a low assessed valuation per capita, such as a local government which has very little industry or little commercial development. The Municipality of Anchorage, which has very little industry, but a substantial amount of major commercial development, would probably be right in the middle with an adjustment of this kind. The attached article from the February 15, 1982 DAILY NEWS on "Kenai Peninsula War Rages Over Rich Nikiski Oil Tax Base" highlights some of the factors that enter a tax base calculation.

#### Cost of Construction Difference

The Legislative Policy Committee also agreed that the formula for distribution of capital improvement grants should be adjusted to reflect differences in costs of construction in various parts of Alaska. This is probably in deference to some of the members present from remote areas of Alaska.

The Honorable Ray Metcalfe  
February 18, 1982

-3-

I can express some personal opinions about this type of adjustment, which may or may not express the sense of the Matanuska-Susitna Borough.

To begin with, I greatly dislike anything that complicates the basic per capita distribution formula, because, in my opinion, complications to the formula obscures the mechanics of what is actually happening in the distribution of State monies for capital improvements. Just as a matter of principle, the fewer adjustments to a per capita formula, the better.

Secondly, there are numerous measures for determining whether things are balancing out in urban and semiurban areas versus rural areas. Until this balancing out has been tested out, I would question whether there should be major differences in the amount of money distributed according to region based upon differences in construction costs.

For example, I know that locally we pay a minimum of twenty percent of the cost of constructing our school buildings (maybe this will go down to ten percent after this legislative session), while this particular burden does not fall upon second class cities or REAAs.

Similarly, I know that there are certain types of sewer and water projects which, if constructed in an area like Matanuska-Susitna Borough, would be partially paid for by local tax dollars, while the same type of facilities would be State funded in a second class city.

And, finally, I believe that you now have available to you recent statistics as to amounts of monies distributed per capita by the State in various regions of the State for capital improvements. These statistics, reflecting previous State expenditures for capital improvements, would tell you whether the State programs taken together have caused an imbalance in spending in one region versus another region. Obviously, any figures of this kind have to be taken with a grain of salt. For example, I would hate to see a 41 million dollar appropriation for a State Adult Camp at Sutton be showing up as a per capita distribution of State capital improvements monies to Matanuska-Susitna Borough residents. Nor, would I want to see a 20 million dollar appropriation for upgrading the Glenn Highway shown as a state distribution of capital improvement monies among residents of the Matanuska-Susitna Borough. I'm sure that Sitka would have similar sentiments regarding a state investment in a fish hatchery on Baranof Island. There are some numbers that simply should not be cranked into an equation applicable to local governments.

T... Honorable Ray Metcalfe  
February 18, 1982

-4-

### Census Adjustments

Everyone in the Legislative Policy Committee agreed that a municipality should get an adjustment in its population in any year using the same procedure as is currently used for revenue sharing.

### Constitutional Amendments to Dedicate State Monies for Local Government Purposes

I know that you personally attach considerable importance to the passage of a constitutional amendment authorizing dedication of State revenues to a local government capital improvement fund. I can fully understand why you attach importance to such an amendment. Ever since I was Governor Egan's Executive Assistant in the early 1960's I had thought that there was an imbalance in investment of State revenues between the type of investment typically made at the local government level and the type of investment typically made by the State. I had always thought that the State of Alaska attached too little importance to such things as local service roads, sewer systems, water systems, municipal park lands, etc. However, I do believe that, if a bill like HB 618 were passed and properly funded during the first year that it takes effect, a precedent would be set which subsequent sessions of the legislature would respect. The reason why I think that subsequent legislatures would adequately fund the local government capital improvement program is that I believe that the planning and the quality of the local government capital improvements would be such as to convince the legislature that this is a good use of State monies. I know that in this Borough we intend to be responsible in the way we determine priorities and invest our capital improvement monies. Maybe, somewhere down the road, things will get off track, in which case, the legislature would be well advised to look at the system they have established and decide to handle things on a different basis than a continued dedication of State revenues in the manner contemplated by the constitutional amendment.

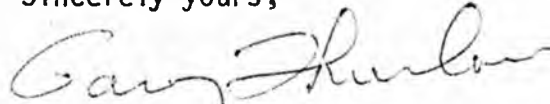
I'm pleased that you are pursuing HB 618 and are seeking comment. If, after you have received comment from the Alaska Municipal League Board of Directors, you still want some comment from the Assembly of the Matanuska-Susitna Borough, let me know, and I will submit any questions you may have to the Assembly so they can respond. They are knowledgeable

The Honorable Ray Metcalfe  
February 18, 1982

-5-

with respect to SB 612 and will be able to respond to any particular issue that you would like to get some comment on.

Sincerely yours,

A handwritten signature in cursive script that reads "Gary Thurlow". The signature is written in dark ink and is positioned above the printed name and title.

Gary Thurlow  
Borough Manager

mh  
encl.

# Kenai Peninsula 'war' rages over rich Nikiski oil tax base

by Ronale Chappell  
for The Times

Kenai — People here have always had an understanding of the wisdom of taxing the oil industry. The 25,000 people who call the Kenai Peninsula home pay one of the lowest property tax rates in the state thanks to a \$1 billion oil industry tax base.

But the people who understand it best of all are those who live in Nikiski — where Union Chemicals operates a world-class fertilizer plant and Chevron and Tesoro operate growing refineries. The road to Nikiski is dotted with dozens of oil field service companies, and at the road's end in Captain Cook State Park, 14 Cook Inlet platforms can be seen twinkling in the distance.

By reputation, North Roaders are known as a conservative, aggressive lot that recognizes a good deal when one comes along. They were the first on the Peninsula to fund needed public services by taxing the vast oil industry tax base which surrounds them.

As a result, the 4,000 to 5,000 people who call Nikiski home enjoy first-rate fire protection and emergency medical service while those living nearby have none at all.

This contrast has been brought into sharp focus in recent weeks by the loss to fire of four homes in the Kallifonsky Beach and Funny River Road areas. All burned to the ground because they were located in areas without fire protection. They also burned because trucks from nearby fire departments refused to respond to calls for assistance.

Efforts to establish fire service areas at these locations have always met with failure. Not because people don't desire fire protection, but because the cost of obtaining it has always been too high.

Now, for the first time, other rural borough residents are eyeing

Nikiski's \$816 million dollar oil industry tax base which could make fire protection and emergency medical service available, at reasonable cost, to residents of other areas.

But the people of Nikiski are ready to do battle to keep what's theirs.

"The Nikiski nation is going to fight," warns Assemblyman Stewart Brandon who represents the area. "They've stoked a hornet's nest. I'm not saying we can stop it, but there will be scars left over from this fight that will be here for years."

When Nikiski fights, it fights hard. During the mid-1970's the City of Kenai once entertained the notion of extending its boundaries up the North Road.

Annexation was openly advocated by Kenai's city manager and considered by the Council as a way to lower skyrocketing property taxes in the city. It wasn't considered long, however, as North Road residents began boycotting Kenai merchants. The idea soon died.

The coming fight will be more difficult. This time their almost exclusive claim to the borough's oil industry tax base is being challenged by another service area — one half the tax base and twice the population of Nikiski.

The Central Peninsula Emergency Medical Service and Ambulance Service Area is less than two weeks old. Approved by voters last October, it stretches from Sterling to Ninilchik encompassing the Swanson River Oil Field and the Kenai Gas Fields.

Organizers of the service area wanted more tax base than that. They wanted the 14 drilling platforms that dot Cook Inlet, a prize that would have increased the service area's taxable wealth by a healthy \$400 million.

Angry North Roaders blocked that move by refusing to enact an ordinance establishing the new service area until the boundaries were redrawn to exclude the platforms.

There was logic in their opposition. First, Nikiski has been providing medi-vac service to the platforms on a contract basis for the past three years. Second, they argued, because of geographic proximity Nikiski is the best location from which to offer the service in the future.

At Tuesday's Assembly meeting Nikiski will take that logic one step further with the introduction of an ordinance aimed at making the platforms part of their service area.

If the ordinance is enacted the Nikiski Fire Service Area will boast a tax base of \$1.2 billion.

The importance of this move has not been lost on the directors of the fledgling Central Peninsula ambulance service area. They see it as a case of the rich getting richer and the poor continuing to make do with a minimal level of protection.

With the platforms it could have

been different. In time, directors of the new service area say, they could have adequately served the platforms. And with the tax revenues the platforms generated, they could have provided area residents with an adequate level of service.

Now, according to Board member Tom Newby, it's a close question. Accurate financial projections based on the new service area's boundaries are not available yet, Newby said, but based on the projections he's seen, doing the job will be "very difficult."

For that reason, one of the first actions taken at the board's first official meeting last week was the passage of a resolution calling for the creation of a single ambulance service area encompassing Nikiski, Sterling, Kallifonsky, Tustumena, Soldotna, and Kasliof.

The strategy is simple — while Nikiski gets the platforms, the more heavily populated Central Peninsula Ambulance Service Area will get Nikiski.

"It's eventually going to happen," Newby says. "It's only logical that the service be spread out over a larger area."

A first step in that direction could be the enactment of another ordinance scheduled for introduction at next Tuesday night's Assembly meeting. It would merge the newly created ambulance service area with the Soldotna and Ridgeway fire departments.

The result would be a District II Fire and Ambulance Service Area having the same powers as the Nikiski Service Area, twice the population and half the tax base.

If this newly proposed service area is approved by District II voters at a special election April 27, attempts to merge with the industry-rich Nikiski area would intensify.

Although the tax base involved in this struggle is located almost entirely in the Central Peninsula, Assembly members from the Seward and Homer areas will play a key role in determining what shape future service areas take.

Once a single, large fire and ambulance service area evolves in the populous Central Peninsula, residents of other areas may find themselves unable to tap the borough's sizeable oil tax base to finance needed emergency services in the future.

In short, the future residents of a yet-to-be-established super service area may be as reluctant to share their tax base with others as the residents of Nikiski are to share their tax base today.

To prevent that from happening, Assembly members from Homer and Seward may press for borough wide fire and ambulance service, or, in the absence of public demand for those services from their constituents, keep the opportunity open by working to prevent the merger of the two service areas which now exist in the Central Peninsula.

## Fire destroys log cabin on Eagle River hillside

Fire destroyed an Eagle River log cabin Sunday afternoon and an Anchorage trailer early today, the Anchorage fire department reported.

Heat from a sauna ignited an Eagle River log cabin owned by Clyde Armistead shortly after 3:30 p.m. Sunday. The blaze on the East

The log home, valued at over \$100,000, was destroyed. The occupants escaped without injury, Crossman said.

A trailer owned by Aaron Williams burned at 2:30 a.m. today after an improperly sized electrical extension cord connected to a portable

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Orry Grove for The Times

AtlanticRichfieldCompany Public Affairs  
Alaska State and Local Government Relations  
Mailing Address: Box 360  
Anchorage, Alaska 99510  
Telephone 907 277 5637



Dave Harbour  
Regional Director

January 21, 1982

The Hon. Ray H. Metcalfe  
P.O. Box 4-2766  
Anchorage AK 99509

Dear Ray:

Attached is a review and commentary on House Bill 618 and House Joint Resolution 66, for your reference. As always, I would be pleased to further discuss the matter of taxation with you, at your convenience.

Sincerely yours,

  
DHF:dk

REC'D JAN 28 1982

January 21, 1982

SUBJECT: Review of House Bill 618 and House Joint Resolution  
66

FROM: Dave Harbour 

TO: The Honorable Ray H. Metcalfe

A. HB 618

1. A new chapter would be added to Title 29 and would provide for establishing a Capital Projects Aid Account, in the Department of Administration (this would require a constitutional amendment as provided by HJR 66), which would be funded by an increase, each fiscal year, of the proceeds of an increase in Oil and Gas Production taxes, after January 1, 1981.
  - (a) New AS 29.96.010 would authorize the Department of Administration to compute and pay an entitlement to each qualified municipality each fiscal year to be used for capital projects, provide a formula for computing such entitlements, regulate what a municipality must do to qualify and allow the qualified municipality to provide a grant of money from its entitlement to a non-profit organization.
  - (b) New AS 29.96.020 would establish that the municipality's population shall be determined from the latest figures of the U.S. Bureau of the Census for purposes of computing its entitlement.
  - (c) New AS 29.96.030 would establish the capital projects aid account (upon approval of HJR 66) and require the legislature to appropriate proceeds of an increase in oil and gas production taxes after January 1, 1981 for distribution to the account. Without the approval of the constitutional amendment, funding by the legislature would be discretionary.

(a) and (b) above would take effect July 1, 1982 and (c) above would take effect on the effective date of the amendment to the Constitution (HJR66).

B. HJR 66 would amend Article IX of the Alaska Constitution by adding Section 16, which would dedicate to all organized boroughs and cities, on an equal per capita basis, the proceeds of an increase, effective after January 1, 1981, in state severance tax on oil and gas production, to be used for municipal purposes. It also would provide that the proposed amendment be placed before the voters of the state at the next general election.

- Comments: (1) In order for funding of the Capital Projects Aid Account to be mandatory, the voters of the state would have to authorize a change in the Constitution.
- (2) Assuming that a constitutional amendment was approved, the recent increase in production taxes and any future production tax increases would be dedicated to organized boroughs and cities for capital projects. Apparently any production tax decreases would only affect the state share of the revenues.
- (3) This would have the effect of reducing state revenues and increasing funded municipal revenue sharing with no tax reduction for the oil and gas industry.
- (4) It may provide an incentive for "closing the door" to any possible production tax decreases in the future such as a return to the former Economic Limit Factor methodology for oil (in spite of a changing situation).
- (5) This will lead to increased dependence on oil revenues by municipalities and could open up a new era of adverse relationships between the Alaska's oil industry and state government-- especially in the event of production declines.

For these reasons, Atlantic Richfield Company opposes this legislation and considers it to be not in the public interest nor supportive of the state's attractiveness as an investment center.

*Alaska*  
**MUNICIPAL**  
*League*

TELEPHONES  
(907) 586-1325  
586-6526

204 N. FRANKLIN ST.  
JUNEAU, ALASKA 99801

*Call for  
Meeting on 1-6-82*

January 13, 1982

The Honorable Ray Metcalfe  
State House of Representatives  
Pouch V  
Juneau, Alaska 99811

*Ray*  
Dear Representative Metcalfe:

I am pleased to send to you the 1982 Alaska Municipal League Policy Statement that was adopted recently by local government officials at our annual business meeting. Also enclosed is an informational brochure about the League.

If you have any questions concerning the 1982 Policy Statement or the League, please contact any municipal official or AML staff member. We look forward to working with you during this legislative session and will be happy to be of any assistance that we can.

Sincerely,

*Ginny*

Ginny Chitwood  
Executive Director

REC'D JAN 14 1982

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5  
JUNEAU, ALASKA 99811

October 16, 1981

THE HONORABLE  
RAY H METCALFE  
ALASKA STATE HOUSE  
OF REPRESENTATIVES  
BOX 4-2766  
ANCHORAGE

AK 99509

I am enclosing a copy of a monthly report prepared by the Alaska Department of Revenue concerning tax collections and interest income.

The statement entitled "Cumulative Summary of Revenue Collected July 1, 1981 through September 30, 1981" discloses gross receipts, refunds, net receipts, estimated total year collections, and percent of estimate realized. It covers receipts of all taxes and licenses administered by the Department of Revenue and interest income accounted for on a cash basis. It does not cover all items of state revenue.

The estimated total year collections have been adjusted to coincide with FY 1982 revenue estimates appearing in the publication entitled "Revenue Sources FY 1981-1983 -- Quarterly Update - September, 1981".

The net collections of taxes and license fees, exclusive of interest income, collected by the Department of Revenue for September, 1981, was \$366,740,136.09. This is an increase of 27.20 percent as compared to \$288,322,932.48 collected in September, 1980.

For the first three months of the current fiscal year, total collections of net taxes and license fees, exclusive of interest income, amounted to \$637,045,821.83, compared to \$463,098,343.55 collected during the first three months of the previous year, an increase of 37.56 percent.

Sincerely,



Thomas K. Williams  
Commissioner

Enclosures

## STATEMENT OF LICENSES AND TAXES COLLECTED

by the

Department of Revenue of the State of Alaska  
For the Period July 1, 1980, to June 30, 1981

Sec. 43.05.090 of the Alaska Statutes requires the Department of Revenue to prepare and annually publish a statement of the revenues collected under the tax laws administered by it. In keeping with this requirement, the following is submitted for publication:

Net Revenues-Taxes Collected	Total Net Collection	% of Total	Total Net Collections	% of Total	Increase or Decrease
Account Classification	7/1/79 to 6/30/80		7/1/80 to 6/30/81		
Alaska Business License Tax	\$ 4,180,985.57	0.30	\$ 5,465,984.97	0.24	\$ 1,284,999.40
Alcoholic Beverage Excise Tax	7,365,893.01	0.52	8,326,371.83	0.36	960,478.82
Amusement Device Tax	67,861.25	0.01	75,432.69	0.00	7,571.44
Cigarette Tax	4,282,555.57	0.30	4,539,344.03	0.02	256,788.46
Cold Storage & Other Processors	7,612,682.92	0.54	10,963,564.26	0.48	3,350,881.34
Corporation Income Tax	17,864,446.39	1.27	34,762,421.78	1.52	16,897,975.39
Electric & Telephone Cooperative Tax	1,981,443.52	0.14	1,176,109.86	0.05	(845,333.66)
Estate Tax	197,592.09	0.01	453,492.36	0.02	255,900.27
Fiduciary Income Tax	69,285.23	0.01	(66,009.12)	0.00	(135,294.35)
Freezer Ship Tax	2,709,826.23	0.19	3,840,126.12	0.17	1,130,299.89
Gas Flaring Penalty	1,333.49	0.00	(37.28)	0.00	(1,370.77)
Individual Income Tax	100,479,005.31	7.13	7,237,934.01	0.32	(93,241,071.30)
Liquor License Application Fees	76,050.00	0.01	83,250.00	0.00	7,200.00
Liquor Licenses:					
Beverage Dispensary	501,850.00	0.04	771,050.00	0.03	269,200.00
Brewery	0.00	0.00	0.00	0.00	0.00
Club	24,650.00	0.00	39,500.00	0.00	14,850.00
Common Carrier Dispensary	14,150.00	0.00	25,800.00	0.00	11,650.00
Distillery	0.00	0.00	0.00	0.00	0.00
General Wholesaler	79,500.00	0.01	138,500.00	0.01	59,000.00
Miscellaneous License	21,138.19	0.00	31,639.35	0.00	10,501.16
Pub License	494.00	0.00	100.00	0.00	(394.00)
Restaurant	44,250.00	0.00	60,750.00	0.00	16,500.00
Retail	248,350.00	0.02	330,700.00	0.02	82,350.00
Retail Stock Sale	0.00	0.00	0.00	0.00	0.00
Roadhouse	3,250.00	0.00	0.00	0.00	(3,250.00)
Wholesale Malt Beverage & Wine	15,300.00	0.00	13,200.00	0.00	(2,100.00)
Lottery Permit Fee	35,126.71	0.00	41,590.54	0.00	6,463.83
Miscellaneous Revenue	12,372.91	0.00	7,247.01	0.00	(5,125.90)
Mines & Mining Tax	138,299.90	0.01	56,005.23	0.00	(82,294.67)
Motor Fuel:					
Aviation Fuel	4,016,550.85	0.29	4,078,197.26	0.18	61,646.41
Highway Fuel	18,916,350.10	1.34	15,591,826.15	0.68	(3,324,523.95)
Marine Fuel	3,241,874.35	0.23	3,554,711.41	0.16	312,837.06
Oil & Gas Conservation Tax	306,213.92	0.02	295,191.53	0.01	(11,022.39)
Oil & Gas Corporate Income Tax	547,464,821.47	38.86	860,080,298.10	37.60	312,615,476.63
Oil & Gas Production Tax	506,161,635.19	35.93	1,169,877,739.86	51.14	663,716,104.67
Propaid Tax	(374,000.90)	(0.03)	16,585.23	0.00	390,586.13
Property Tax	168,923,198.73	11.99	143,006,353.90	6.25	(25,916,844.83)
Raw Fish Tax	4,322,917.25	0.31	5,917,781.78	0.26	1,594,864.53
Redistributed Revenue	0.00	0.00	555.64	0.00	555.64
School Tax	2,555,921.96	0.18	970,079.62	0.04	(1,585,842.34)
SUB-TOTAL	\$1,403,563,175.21	99.63	\$2,281,723,388.12	99.74	\$878,160,212.91
Fish & Game Licenses:					
Comm. Fish, Vessel, & Gear	0.00	0.00	0.00	0.00	0.00
Comm. Fisherman's License, Res.	133,162.43	.01	139,683.74	0.01	6,521.31
Comm. Fisherman's License, Nonres.	210,865.95	0.02	241,166.47	0.01	30,300.52
Comm. Fish Extensions Fees	1,125.00	0.00	2,250.00	0.00	1,125.00
Sport Fish, Hunt Licenses	4,855,861.76	0.34	5,456,287.56	2.24	600,425.80
GRAND TOTAL	\$1,408,764,190.35	100.00	\$2,287,562,775.89	100.00	\$879,798,585.54

STATE OF ALASKA, FIRST JUDICIAL DIVISION

I, Thomas K. Williams, COMMISSIONER OF REVENUE, Department of Revenue of the State of Alaska, do hereby affirm, to the best of my knowledge and belief, that the above statement is true and correct.

Thomas K. Williams  
Commissioner of Revenue

CUMULATIVE SUMMARY OF REVENUE  
COLLECTED 7/1/81 THRU 9/30/81  
3/12 CR 25A

CODE NO.	TYPE OF TAX	GROSS RECEIPTS	REFUNDS	NET RECEIPTS	ESTIMATE	NET RECEIPTS & OF ESTIMATE
001	Pr perty	\$ 1,949,504.98	\$ 602,566.14	\$ 1,346,938.84	\$ 155,000,000.00	0.87
016	Alcohol	2,420,698.94	0.00	2,420,698.94	8,800,000.00	27.51
017	Cigarette (GF)	498,603.70	13.64	498,589.86	1,800,000.00	27.70
018	Cigarette (SF)	831,006.11	0.00	831,006.11	3,000,000.00	27.70
020	Electric & Telephone	2,485.00	0.00	2,485.00	1,100,000.00	0.23
021	Highway Fuel	7,756,918.19	1,981,456.31	5,775,461.88	18,000,000.00	32.09
022	Aviation Fuel	1,256,990.53	0.00	1,256,990.53	4,300,000.00	29.23
023	Marine Fuel	1,280,794.73	0.00	1,280,794.73	3,600,000.00	35.58
036	Individual Income	490,277.54	218,494.17	271,783.37	C.00	0.00
037	Fiduciary Income	0.00	4,332.00	(4,332.00)	0.00	0.00
038	Corporation Income	9,789,926.14	5,494,820.00	4,295,106.14	36,300,000.00	11.83
039	Oil & Gas Corp Income	214,508,705.00	725,114.00	213,783,591.00	820,000,000.00	26.07
046	Business License	479,755.90	217.10	479,538.80	5,500,000.00	8.72
052	Estate	29,018.58	732.00	28,286.58	400,000.00	0.70
057	School	1,334.99	0.00	1,334.99	0.00	0.00
060	Salmon Enhancement	933,532.82	0.00	933,532.82	1,800,000.00	51.86
062	Raw Fish	629,921.08	0.00	629,921.08	6,000,000.00	10.50
063	Cold Storage	791,825.18	3,742.00	788,083.18	11,500,000.00	6.85
064	Freezer Ship	931,333.28	1,401.00	929,932.28	4,000,000.00	23.25
065	Oil Production	393,166,099.90	5,605.84	392,160,494.06	1,668,100,000.00	23.57
066	Oil & Gas Conservation	914,442.39	0.00	914,442.39	700,000.00	130.63
067	Gas Flaring	0.00	0.00	0.00	1,000.00	0.00
068	Gas Production	4,667,982.39	0.00	4,667,982.39	8,800,000.00	53.05
096	Prepaid Tax (102)	5,042.00	0.00	5,042.00	0.00	0.00
106	Liquor Lic. App.	4,200.00	0.00	4,200.00	150,000.00	2.80
107	Pub Liquor License	0.00	0.00	0.00	600.00	0.00
108	Brewery	0.00	0.00	0.00	0.00	0.00
109	Distillery	0.00	0.00	0.00	0.00	0.00
110	Beverage Dispensary	8,975.00	1,200.00	7,775.00	775,000.00	1.00
111	Club License	0.00	0.00	0.00	34,200.00	0.00
112	Common Carrier	1,750.00	0.00	1,750.00	28,000.00	6.25
113	Restau..nt	5,400.00	400.00	5,000.00	65,000.00	7.70
114	Roadhouse	0.00	0.00	0.00	0.00	0.00
115	Retail	6,750.00	950.00	5,800.00	330,000.00	1.76
116	Retail Stock Sale	0.00	0.00	0.00	0.00	0.00
117	Wholesale General	1,000.00	0.00	1,000.00	145,000.00	0.69
118	Wholesale Malt Beverage	200.00	0.00	200.00	14,000.00	1.43
119	Misc. Liquor	9,290.00	8,288.00	1,002.00	32,000.00	3.13
145	Amusement & Gaming	11,838.16	0.00	11,838.16	75,000.00	15.79
146	Lottery Permits	1,544.28	0.00	1,544.28	42,000.00	3.68
402	Misc. Revenues	1,845.00	89.00	1,756.00	0.00	0.00
692	Redistributed Revenue	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>		<b>5643,400,247.81</b>	<b>59,049,421.40</b>	<b>5634,350,826.41</b>	<b>52,760,591,300.00</b>	<b>22.98</b>
126	Vessels & Gear	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	0.00
137-844	Comm Fish Pen	76,466.03	10.00	76,456.03	161,000.00	47.49
138-845	Comm Fish Non Pen	147,889.20	330.00	147,559.20	257,000.00	57.42
140	Comm Fish Ext Fee	2,610.00	0.00	2,610.00	2,500.00	104.40
120-218	Sport Fish & Hunt	2,471,349.65	2,979.46	2,468,370.19	5,095,600.00	48.44
<b>SUB-TOTAL</b>		<b>\$ 2,698,314.88</b>	<b>\$ 3,319.46</b>	<b>\$ 2,694,995.42</b>	<b>\$ 5,516,100.00</b>	<b>48.06</b>
<b>TOTAL TAXES</b>		<b>5646,098,562.69</b>	<b>59,052,740.86</b>	<b>5637,045,821.83</b>	<b>52,766,107,900.00</b>	<b>23.03</b>
<b>INTEREST</b>						
575	Interest on Loans	\$ 631,864.11	\$ 0.00	\$ 631,864.11	\$ 1,000,000.00	21.07
576	Interest on Invest	60,543,266.54	0.00	60,543,266.54	200,000,000.00	30.27
<b>TOTAL INTEREST</b>		<b>\$ 61,175,130.65</b>	<b>\$ 0.00</b>	<b>\$ 61,175,130.65</b>	<b>\$ 203,000,000.00</b>	<b>30.14</b>
<b>TOTAL REVENUE</b>		<b>5707,273,693.34</b>	<b>59,052,740.86</b>	<b>5698,220,952.48</b>	<b>52,969,107,900.00</b>	<b>23.52</b>

File

Alaska State Legislature



House of Representatives

RAY METCALFE

POUCH V  
JUNEAU, ALASKA 99811

P O BOX 4-2768  
ANCHORAGE, ALASKA 99509

19 January 1982

Honorable Ramona Barnes  
Alaska State Legislature  
Pouch V  
State Capitol  
Juneau, Alaska 99811

Re: HB-618 and HJR-66

HB-618 and HJR-66 are companion pieces of legislation.  
HJR-66 is in your Judiciary Committee.

I have enclosed copies of the several resolutions from communities throughout the State that support the concept of HJR-66 and HB-618 and would request that you schedule a hearing on HJR-66.

If you do so, I feel that it would be appropriate to schedule a teleconference and possibly consider a joint hearing between the Judiciary Committee and State Affairs Committee to enable HB-618 to be heard simultaneously.

Sincerely,

Ray H. Metcalfe  
Chairman, State Affairs Committee

RHM/emc  
Enclosures

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Joint Resolution No. 66  
 Title Proposing Constitutional Amendment-Dedication of Oil & Gas Sever-  
 Requested by House Judiciary Committee Date 2/1/82 ance Tax  
Revenues

II. FISCAL DETAIL

Agency Affected \_\_\_\_\_  
 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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)  
Millions

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	(327.2)	(336.3)	(404.0)	(471.5)	(538.1)	(610.2)
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME						
TEMPORARY						

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

The above projections are shown as a reduction in general fund revenues as the amounts indicated would be dedicated to organized boroughs and cities in the State for municipal purposes.

The projections indicate the amount of oil and gas severance tax which would be collected during the FY 82 to FY 87 period in excess of 12% of gross value at the point of production. During the period only oil production from the Sadlerochit reservoir at Prudhoe Bay would be taxed at an effective rate significantly in excess of 12% of gross value at the point of production.

IV. DATE Feb. 1, 1982 PREPARED BY John Larson  
 AGENCY Department of Revenue, Research Section  
 Original: Legislative Finance PHONE 465-2174  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)  
 33-001 (Rev. 12/81)



# Alaska State Legislature

## House of Representatives

### Committee on State Affairs

Official Business

Pouch V  
State Capitol  
Juneau, Alaska 99811

TO: Rep. Randy Phillips, Coalition Liason to  
Legislative Council

FROM: Rep. Ray Metcalfe, <sup>for</sup> Chair  
House State Affairs Committee

SUBJ: Committee report

DATE: November 16, 1981

The period between the last report and now has been spent preparing for hearings to be held in Anchorage November 23rd on Uniform Rules (HCR 17 & 18 & HCR 46) and Judicial Review of Administrative Regulations (HB 339 & 340 & HJR 28).

Much time has been spent receiving and reviewing input in regard to HB 618 which will be scheduled for public hearings in January. Many municipal leaders have contacted us in regard to this piece of legislation and while all have been supportive, there do seem to be problems in regard to this piece of legislation. One of these problems is the total inaccuracy of the last census, which, is a portion of the formula used in this bill to dedicate revenue to municipalities. Another problem from the municipal point of view is that smaller communities will not get sufficient revenue, with the population as a base factor, to accomplish anything of significance. Also, Anchorage, Juneau and Fairbanks are staging areas for the outlying communities and much of what the smaller communities receive in revenue will flow back to the larger communities because of the unique geographic situation which exists in our State. It appears, at this point, that the addition of a "weighting factor" to the formula might be a solution. We are hopeful that other solutions may present themselves at the public hearings in January. It is a unique problem and will require some in-depth research and a creative solution.

We are presently laying the groundwork for a tourism symposium to be held in January. This will be directly related to the tourism bill which is now in this committee, HB 582. This will serve as a framework for analysis of where the State's tourism budget dollars are going and what can be done by the State to enhance the tourist industry, which either directly or indirectly benefits all citizens. We plan to coordinate this effort with the Division of Tourism and have spoken with Don Dickey in this regard. After receiving comments from people in the industry attending the symposium the committee will make specific recommendations.

REC'D JAN 19 1982

Staff has compiled a newsletter mail-out of approximately 10,000 letters. This was done in conjunction with Rep. Bylsma's staff and while it contained information pertinent to the district, it also gave an overview of the committee activities and bills in committee and invited participation from the recipients.

Additionally, staff has prepared a very comprehensive and timely report on every capital improvement project in the district. This was compiled from the Municipality of Anchorage, the Department of Transportation and the Division of Parks. We get many constituent inquiries in regard to the status of projects.

Other activities include answering constituent mail, helping constituents with district problems, providing information on statewide issues and explaining the mechanics of legislation in committee.

HOUSE STATE AFFAIRS INTERIM COMMITTEE

BUDGET

Through November 15, 1981

100	PERSONAL SERVICES		
	Kay Mitchell, 21-A x 1 month	\$ 3,260.00	
	Beverly Powers, 19-A x 3 months	8,511.00	
	Barbara Reither, 15-A x 4 months	<u>8,540.00</u>	
			\$28,822.00
200	TRAVEL		
	Metcalf, Round trip to Juneau		\$ 286.00
300	CONTRACTUAL		
	Telephone (Estimated)	\$ 845.08	
	Yukon Office Supply (Savin Copier)	557.60	
	Arctic Business Park (Rent)	<u>3,354.00</u>	
			\$ 4,756.08
400	COMMODITIES (See Attached)		\$ 797.42
500	EQUIPMENT (See Attached)		\$ 2,014.80
	PETTY CASH		\$ 60.11
			<u><u>          </u></u>
		TOTAL	\$36,736.71

# HOUSE STATE AFFAIRS COMMITTEE

## YUKON OFFICE - SUPPLIES

DATE	DESCRIPTION	DEBIT	BALANCE
			1500.00
8/11	FILE FOLDERS, SPARE, LINE PAPERS, LABEL GUN, STATIONERY TRAY, BANKERS BOXES, WASTE CANS, NOTE BOOKS PENS, PENCILS, 2 RIBBONS, CALENDAR - MISC. ETC. #A 578985	94.60	
8/11	MISC - STAPLE PULLER, INDEX DIVIDERS, BINDER. #A 584520	6.48	
8/11	RIBBONS, LET OFF TAPE, TYPEWRITER ELEMENTS LOCK ORGANIZER, DICTIONARY, STICKING TRAYS #A 584728	119.52	
8/21	ENVELOPES, STAPLER, REVERLY'S OFFICE SUPPLIES TAP DISPENSER. #A 596051	81.71	
8/21	LEGAL PAPER, TAPE, PENS, ETC #A 596056	22.70	
8/26	INDEX FOLDERS + LABELS #A 598335	24.65	
8/21	BINDERS, HANGERS, LOCK STAPLE PULLER, INDEX DIVIDERS, PAPER #A 599489	75.22	
9/3	FILE FOLDERS, LABELS, BULLETIN BOARDS #A 600915	59.97	
			1015.14
9/14	LETTER, PAPER, INDEX CARDS, PINS, ETC #A 604146	41.30	
9/15	SAID T-D PACK <sup>40.50</sup> + PAPER <sup>56.00</sup> O1246120 1E	96.50	
	THROUGH 9-15-81 SUB TOTAL		
9/22	DIVIDERS, PAPER, BINDER, FOLDERS #A 606675	17.68	
10/14	MISC. LABELS #55847	5.85	
10/22	MISC. #A 616295	5.04	
11/5	MISC - LABELS, PAPER, PENS, FOLDERS #A 620623	105.69	
11/13	T-D PACK FOR COPIER	40.50	
	THROUGH 11-15-81	797.42	702.58

STATE AFFAIRS COMMITTEE

500 EQUIPMENT		DEBIT	BALANCE
			\$2,200.00
1	7/31 EX CHAIR	YUKON	95.60
2	7/31 SEC. CHAIR	"	73.73
3	7/31 4 DRAWER FILE CABINET	"	209.10
4	8/3 TYPEWRITER STAND	"	91.96
5	7/27 BOOKCASE	"	109.41
6	7/28 BOOKCASE	"	109.41
7	7/31 LARGE FOLDING TABLE	"	79.14
8	8/12 2 SIDE CHAIRS	59 ea.	118.00
9	8/11 ANSWERING MACHINE	"	289.95
10	8/11 ADAPTER	"	5.50
11	7/21 2 DESKS	287.00 ea. BARRETS	574.00
13	8/28 TYPEWRITER STAND #91743	(ARCTIC/BUDGET)	89.00
15	9/5 TABLE + COAT RACK #92618	(ARCTIC/BUDGET)	170.00
17	THROUGH +	11-15-81	2,014.80

	0%	25	50	75	100%		
100						38,121	12,812
PERSONAL SRVC.						25,309	033%
200						15,134	14,848
TRAVEL						286	098%
300						6,175	1,695
CONTRACTUAL						4,480	027%
400						3,700	1,052
COM 500 EQUIP						2,648	028%
000						10,870	10,870
UNALLOCATED						0	100%
999						74,000	41,277
TOTALS						32,723	055%

(BLUE=EXPENDITURES AND ENCUMBRANCES) (RED=AUTHORIZED BUDGET) THROUGH 1081

PR102481		360	31921056	111		26		5,395.00
PR102481		360	31921056	181		26		330.72
PR102481		360	31921056	182		26		684.62
PR102481		360	31921056	184		26		59.35
PR102481		360	31921056	185		26		305.98
PR102481		360	31921056	186		26		30.22
PR103181		362	31921056	189		30		43.16
FW248349	092281MUNICIPALITY OF AN	362	31921056	311		06		104.67
V3102700	100181JUNEAU & DOUGLAS	361	31921056	311	823070	15		199.04
FW243849	092281MUNICIPALITY OF AN	362	31921056	312		06		241.37
V3102741	102381ARCTIC BUSINESS PA	361	31921056	331	828309	26		625.00
D0733631	SAVIN CORP	250	31921056	367		23	557.60	
FW248762	091181RAY E METCALFE	362	31921056	489		05		100.00
V3102675	092981ARCTIC OFFICE MACH	361	31921056	552	817468	06		170.00

Account: House State Affairs (056)  
 Account Chair: Metcalfe  
 Account Authorization: Hayes

Funding Source/Amount: Ch 82, SLA 1981 \$ 74,000

Lapsing date: 06/30/82

Items	Budget	Expenditures	Encumbrances & Adjustments	Balance Available	%
PERSONAL SERVICES	38,121	21,884	3,425	12,812	
TRAVEL & PER DIEM	15,134	286		14,848	
CONTRACTUAL	6,175	3,922	558	1,695	
COMMODITIES/EQUIPMENT	3,700	2,648		1,052	
UNALLOCATED	10,870			10,870	
TOTAL	74,000	28,710	3,983	41,277	56

1981



Official Business

# Alaska State Legislature

## House of Representatives

### Committee on State Affairs

Interim Office  
600 W. 41st/Suite 201A  
Anchorage, Alaska 99503

Pouch V  
State Capitol  
Juneau, Alaska 99811

DATE: September 7, 1981  
TO: All interested parties  
FROM: Rep. Ray Metcalfe, Chair  
House State Affairs Committee  
SUBJ: House Bill 618 & public hearings

The attached House Bill 618 "State Aid to Municipalities for Capital Projects," sponsored by Rep. Ray Metcalfe was introduced on June 23, 1981 and is now before this Committee for consideration.

House Bill 618 would allocate funds to the municipalities for capital projects from the general fund, via the formula outlined in the bill. These funds would be made available through the passage of HJR 66 proposing an amendment to the Constitution of the State of Alaska which would dedicate on a permanent basis, proceeds from an increase in the state severance tax on oil or gas production to all organized boroughs and cities on a equal per capita basis for municipal purposes.

We would like your input on these pieces of legislation and if enough interest is generated we plan to schedule public hearings on House Bill 618 at a future date, to be announced.

# CHARLIE PARR

## ALASKA LEGISLATURE

Fairbanks Interim Office  
545 Third Avenue, Suite D  
Fairbanks, Alaska 99701  
(907)456-8925

S.R. Box 50599  
Fairbanks, Alaska 99701  
(907) 456-5029

Pouch V  
Juneau, Alaska 99811  
(907) 465-4907

DATE: August 18, 1981

TO: All interested parties

FROM: Senator Charlie Parr, Chairman *CP*  
Senate Health, Education and Social Services Committee

SUBJ: Forthcoming public hearings

\* \* \* \* \*

The Senate Health, Education and Social Services Committee will conduct public hearings in the following communities during the interim to consider aspects of health care and health care delivery systems within Alaska.

All interested parties are invited to attend and present testimony.

For further information, please contact Sandra Stringer in Fairbanks at 456-8925 or Nancy Deitrick in Juneau at 465-4907.

<u>FAIRBANKS</u>	Saturday, September 12, 1981 9:00 a.m. - 5:00 p.m.	Borough Assembly Chambers 520 Fifth Avenue
<u>KENAI</u>	Saturday, September 26, 1981 9:00 a.m. - 5:00 p.m.	Borough Building
<u>NOME</u>	Saturday, November 7, 1981 9:00 a.m. - 5:00 p.m.	City Hall
<u>BETHEL</u>	Saturday, November 14, 1981 9:00 a.m. - 5:00 p.m.	Legislative Information Office
<u>ANCHORAGE</u>	Thurs., Friday, December 9-10, 1981 9:00 a.m. - 5:00 p.m.	Committee work sessions only Legislative Information Office
	Saturday, December 11, 1981 9:00 a.m. - 5:00 p.m.	Public hearing Legislative Information Office 1024 W. 6th Avenue

CHP:dm

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST HB 618  
 Bill/Resolution No. \_\_\_\_\_  
 Title State Aid to Municipalities for Capital Projects  
 Requested by House State Affairs Committee Date February 2, 1982

II. FISCAL DETAIL  
 Agency Affected Department of Administration - Administrative Services  
 Program Category Affected Centralized Administrative Services  
 BRU, Program, Or Subprogram(s) Affected Fiscal/Personnel  
 (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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

	0	0	0	0	0	0
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)  
 HB 618 would have no fiscal impact on the Department of Administration



# Alaska State Legislature

## House of Representatives

*Check whether  
Amiak*

Committee on State Affairs

Pouch V  
State Capitol  
Juneau, Alaska 99811

Official Business

NOTIFICATION SHEET  
BILL NO. HB 600

NAME	ORGANIZATION	PHONE NO.
<i>✓</i> George Weiss <sup><i>check this one</i></sup> <sub><i>no con</i></sub>	<i>Whittier City Men</i>	<i>722 237</i> <i>472 2327</i>
<i>✓</i> Ron Larson	<i>Mat-Su Men</i>	<i>745-4801</i>
<i>✓</i> Phil Shealy <sup><i>will walton</i></sup> <sub><i>1-22</i></sub>	<i>Kodiak Board Men</i> <sup><i>Deputy City</i></sup> <sub><i>Mayor Howard</i></sub>	<i>486 3224</i> <i>486 5736</i>
<i>✓</i> Skip Elliot <sub><i>1-22</i></sub>	<i>Shagwon City Men</i> <sup><i>is not</i></sup> <sub><i>will not testify</i></sub>	<i>983 2297</i>
<i>✓</i> John Hale <sub><i>1-25</i></sub> <sub><i>1-26</i></sub>	<i>Amiak City Men</i> <i>✓</i>	<i>675-4324</i>
<i>✓</i> R.E. Henderson <sub><i>1-25</i></sub>	<i>Haines Mayor</i> <sup><i>called</i></sup>	<i>766 2111 99827</i> <i>PO Box H</i>
<i>✓</i> Percy D. Lovett <sub><i>1-25</i></sub>	<i>Cordova City Men</i> <sup><i>will attend daughter's meeting</i></sup>	<i>424-3237</i>
<i>✓</i> Ivan Widom <sub><i>1-25</i></sub>	<i>Nome City Men</i>	<i>443-5242</i>
<i>✓</i> William E. Birri <sub><i>1-22</i></sub>	<i>Kodiak City Men</i>	<i>486 3224</i>
<i>✓</i> Jimmy Mikoyan	<i>Ex Div Ale Men League</i>	<i>586 1325</i>
<i>✓</i> Tony Knowles <sup><i>Ken</i></sup> <sub><i>Lythgoe</i></sub>	<i>Mayor, Anch</i>	<i>2644419</i>

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Joint Resolution No. 66

Title Proposing Constitutional Amendment-Dedication of Oil & Gas Sever-

Requested by House Judiciary Committee Date 2/1/82 ance Tax  
Revenues

II. FISCAL DETAIL

Agency Affected \_\_\_\_\_

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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>						

FUNDING (Thousands of Dollars)  
Millions

GENERAL FUND	(327.2)	(336.3)	(404.0)	(471.5)	(538.1)	(610.2)
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME



Official Business

# Alaska State Legislature

## House of Representatives

Committee on State Affairs  
Interim Office  
600 W. 41st/Suite 201A  
Anchorage, Alaska 99503

Pouch V  
State Capitol  
Juneau, Alaska 99811

DATE: September 7, 1981

TO: All interested parties

FROM: Rep. Ray Metcalfe, Chair  
House State Affairs Committee

SUBJ: House Bill 618 & public hearings

The attached House Bill 618 "State Aid to Municipalities for Capital Projects," sponsored by Rep. Ray Metcalfe was introduced on June 23, 1981 and is now before this Committee for consideration.

House Bill 618 would allocate funds to the municipalities for capital projects from the general fund, via the formula outlined in the bill. These funds would be made available through the passage of HJR 66 proposing an amendment to the Constitution of the State of Alaska which would dedicate on a permanent basis, proceeds from an increase in the state severance tax on oil or gas production to all organized boroughs and cities on a equal per capita basis for municipal purposes.

We would like your input on these pieces of legislation and if enough interest is generated we plan to schedule public hearings on House Bill 618 at a future date, to be announced.

SWD

DARRYL SCHAFFER MYER

HOMER

HNS

ROBERT HENDERSON (MAYOR) 6

Dis-likes city vs burrow split

SAND PT.

VLDZ

NOME

TUAN

WHITAM (CITY  
MNGR)

H wants adjustment up for  
small ~~high~~ high exp const.

SITKA

ANC

FAIRBANKS

SOLDOTNA ~~(N.A.)~~

BAR

KETCHIKAN  
1<sup>OK</sup> MICHAEL TAVOLIERO

5. JAMES SINNET

BET (N.A.)

KODIAK  
2<sup>OK</sup> WILL WALTON  
KOD. ISLAND BOURGAIN

DELTA JUNCTION  
DJT (N.A.)

KOTZEBUE

DILLINGHAM

LORA SCHROEDER - CITY 3<sup>OK</sup>  
MANAGER

MAT-SU

Tape Copy of teleconference

Kodiak - Will Walton  
Kodiak Island Borough  
P.O. Box 1246  
Kodiak, AK. 99615

Ketchikan - Mike Tavo liero (Saxman)  
P.O. Box 8676  
Ketchikan, AK

~~Suppl. Leo Wheeler, 90 min.~~

DNV 2-9-88

Gary Shulow-

HB 670

# CITY OF ANIAK

P.O. BOX 43  
ANIAK, ALASKA 99557  
Phone 675-4324

6754323  
6754324

25 September, 1981

Honorable Ray Metcalf Chairman  
House State Affairs Committee  
600 W41st Street Suite 201A  
Anchorage, Alaska 99503

Dear Representative Metcalf:

We have received your letter of September 7th regarding House Bill 618 State Aid to Municipalities For Capital Projects.

We are definitely interested in this bill and would welcome a public hearing here in Aniak. As you are undoubtedly aware, Aniak is the largest city in the Middle Kuskokwim River Area which includes Aniak, Chuath-baluk, Crooked Creek, Georgetown, Lime Village, Lower Kalskag, Napaimute, Red Devil, Sleetmute, Stony River and Upper Kalskag.

Most regional hearings in our area are held in Bethel. Unfortunately, this eliminates most of the Middle Kuskokwim communities from participating because of the high costs of transportation and lodging. We, therefore, request that you schedule a hearing here in Aniak.

As a constructive comment, I believe the formula proposed in the House Bill should be changed in order that each community receive an equitable share of the total money available.

The House Bill formula is written  $\frac{TA}{TP} \times P = \text{entitlement}$  where TA is total money, TP is total population and P is the population of the community. I would alter this to read  $\frac{TA}{TAP} \times P \times CF = \text{entitlement}$  where TA is total money, TAP is total adjusted population, P is population of the community and CF is the cost of construction factor.

To explain; Assume that Anchorage has the lowest construction cost per square foot in the State. Anchorage would have a CF of 1. Assume the construction costs in Fairbanks are 1.3 times higher than Anchorage. Fairbanks would then have a CF of 1.3. Assume the cost of construction in Aniak is 1.9 times Anchorage. Aniak would have a CF factor of 1.9.

The CF factors could be established for every eligible community in the State. Figures can be developed by DOT/PF to determine these factors. Once all factors are assigned it then becomes a simple matter to determine the per capita dollars for each community.

This determination is made by establishing the TAP (total adjusted population) of the State. It would work this way:

Multiply the true population of each community by its CF factor as established above. Example:

Anchorage True Population	160,000	x its CF of 1	= Adjusted pop. =	160,000
Fairbanks True Population	40,000	x its CF of 1.3	= Adj. pop. =	52,000
Aniak True Population	400	x its CF of 1.9	= Adj. pop =	760

Once this is done for every community, all adjusted populations would be added together. The sum of these adjusted populations would equal the TAP (Total adjusted population).

To see how this would result in a more equitable distribution of funds we can run through two examples, one using the formula written in HB 618, the other using the proposed formula.

- First assumption: The true total population of the State is 400,000. (TP)
- Second assumption: The adjusted total population of the State is 600,000. (TAP) (derived by adding all the adjusted populations of qualifying communities)
- Third assumption: The total money available for distribution is \$400 million. (TA)
- Fourth assumption: True Anchorage population is 160,000. (P)
- Fifth assumption: True Fairbanks population is 40,000. (P)
- Sixth assumption: True Aniak population is 400. (P)

APPLY FORMULA IN HB 618:  $\frac{TA}{TP} \times P = \text{entitlement}$

For Anchorage: TA = \$400,000,000 TP = 400,000 P= 160,000

Then:  $\frac{\$400,000,000}{400,000} \times 160,000 = \$160,000,000$  Total entitlement for Anchorage

For Fairbanks: TA = \$400,000,000 TP = 400,000 P= 40,000

Then:  $\frac{\$400,000,000}{400,000} \times 40,000 = \$40,000,000$  Total entitlement for Fairbanks

For Aniak: TA = \$400,000,000 TP = 400,000 P= 400

Then:  $\frac{\$400,000,000}{400,000} \times 400 = \$400,000$  Total entitlement for Aniak

APPLY PROPOSED FORMULA:  $\frac{TA}{TAP} \times P \times CF = \text{entitlement}$ .

Assume: CF (Construction Factor) for Anch. is 1, Fair. is 1.3, Aniak is 1.9

For Anch: TA = \$400,000,000 TAP is 600,000 P = 160,000 CF = 1

Then:  $\frac{\$400,000,000}{600,000} \times 160,000 \times 1 = \$106,666,667$  Total entitlement for Anch.

For Fair: TA = \$400,000,000 TAP is 600,000 P = 40,000 CF = 1.3

Then:  $\frac{\$400,000,000}{600,000} \times 40,000 \times 1.3 = \$34,666,667$  Total entitlement for Fair.

For Aniak: TA = \$400,000,000 TAP is 600,000 P = 400 CF = 1.9

Then:  $\frac{\$400,000,000}{600,000} \times 400 \times 1.9 = \$506,666,667$  Total entitlement for Aniak.

Under the proposed formula, Anchorage would receive 66 2/3 % of the amount they would receive under the HB 618 formula. Fairbanks would receive 86 2/3% of the amount under HB 618 and Aniak would receive 126 2/3% of the amount under HB 618.

At first glance, it would appear that everyone in the State would benefit at Anchorage's expense. A closer look will show that this is not necessarily true.

If most bush communities are like Aniak, they depend almost entirely on either Anchorage, Fairbanks or Juneau for not only all of their construction materials and equipment but also on the cities to provide their professional and technical needs.


For the City of Aniak all of our engineering and legal services are purchased from Anchorage firms. All of our equipment purchases are made in Anchorage. All of our office furniture and paper supplies are purchased in Anchorage. All of our freight is shipped from Anchorage by air. Almost all of our long distance phone calls are placed to Anchorage. Most of the State and Federal Agencies that service our city and our native population are headquartered in Anchorage. Most of the money we spend when on vacation is spent in Anchorage. It probably could be said that without a lot of Aniaiks spread around the State there would be no Anchorage as we know it and by the same token if there were no Anchorage there would be no Aniaiks as we know them.

The saying that "The Bush is a money recycling center for Anchorage" is undoubtedly based on the generally acknowledged fact that a great deal of bush money works its way back to our cities. The loss of DIRECT money to Anchorage under the proposed formula will be greatly, if not totally, offset by the increased INDIRECT monies that Anchorage would receive under the proposed formula. I'm sure that figures developed by the State Department of Labor or the State Department of Commerce and Economic Development would verify this premise.

Almost every federal program that bases its payment to States on a linear population factor has been aggressively fought by our participating State agencies and usually this has resulted in the amendment of the federal formulas to allow an adjustment factor for areas such as Alaska.

As a final observation: A fire truck delivered to Aniak costs \$12,000 more than the identical fire truck delivered to Anchorage. Based on HB 618's formula, the cities will be able to build concert halls and convention centers while the Bush will be lucky to get a basic day care center. The proposed Construction Cost Factor is not designed to penalize our cities but rather to equalize the sharing of Alaska's non-renewable resources.

Thanks for the chance to comment. Sincerely,

  
John Hale  
City Manager

25 September 1981

Aniak, AK.

Dear Ray -

Hope this letter does not sound too critical. I would like to express my personal thanks for your bill which allows all of Alaska's citizens to share in its largesse. I hope you will be able to arrange a hearing for Aniak. If you've never been here before, I'm sure you will pleasantly surprised.

Good luck in the wars at Juneau.

Thank you for your interest in our state

John H. H.

3/15/82

Called Bill Williams  
re CS HB-618 and  
said Ray wanted  
a "zero" fiscal  
note so that we could  
request waiving of  
Finance Committee  
Referral.

ask Cuddy to

~~to [unclear]~~  
~~[unclear]~~  
~~[unclear]~~

Marla / Prof Act ~~3/15/82~~

① Al will announce  
it on the Floor if  
it is waived and  
She will call me  
back.

3/17/82

② call Cuddy and  
request that the  
bill be waived because  
it has a zero  
fiscal note (rec'd  
in their office 3/16/82)

3/19 Called Al Adams' Ofc  
(Marla).

HB-618 - Cuddy Subcommittee  
Finance

Jeon It has been assigned  
to him and it must go  
thru. 3 P.M. Monday

(Sheryl Frasca Info Finance)

3/17/82 - Notice to those  
concerned. Cuddy contacted  
Metcalf, etc, and gave  
him notice. did not  
get in the mail.

3/15 <sup>called</sup> Bill Cook on  
CS HB-618 and  
~~HB~~ HJR-66 =  
In order for a hearing  
~~to be~~ to be  
scheduled on a  
specific bill,  
Ray will need  
to talk to Rep.  
Barnes, personally.

Possibly Next  
week.

1. Call Bill Cook & Julia

Has to go thru Ruben press  
to March 27

has to be next week or  
the next "

Then Call Bill Cook

Get it scheduled  
for Bradley  
Constitutional Amendments - need to find out  
place to call 465 of + legal  
council

If any bills =  
not scheduled by  
Wednesday tell Ray

heard <sup>17th</sup> no firm commitments by Tuesday  
tell Ray wed

Have you written any opinions  
on constitutionality of the bill.

#1 Then - if no backup =>  
~~Call Committee~~ <sup>Emergency</sup>  
No backup in File.

Companion Bill to

Constitutional Amendments w/ HB/618

HB/1018 = passed out of committee

Get Copy of Bill =  
after out of committee

Rec'd Fiscal Note =

Call Bill Williams =  
Ray wants a zero  
fiscal note

Prepared

4735 =

Then given message =

Ann's gone = I - that  
Lamil but Ray want a  
zero fiscal note so it can be window  
any prof? let me know  
and I'll let Ray know

3/9  
to  
Ray  
Bill  
Williams  
fiscal  
note

Funding vehicle for 1018 (distribution  
G.V.D. Package.)

Wed Thuis

Week of 8<sup>th</sup>  
gone =  
Same week

1st part Bill  
15 ———— Good

HR = 67  
85726  
12/24/11

HB-339 - Judiciary ✓ Bill Cook  
3718

HB-428 - Judiciary ✓ Bill Cook  
3718

HB-618 - State Affairs - (OK)

HB-630 - Loans "Sp. Committee  
Chair = Rep. Meekin (on Banking) ~~Anna~~  
Halford - on Loans  
Bettisworth  
Miller Buckholdt

HB-769 - Transportation Steve  
4858

HB-770 - State Affairs (OK)

HCR-46 - Rules

HJR-66 - Judiciary ✓

HJR-67 am - Judiciary ✓

High  
HB-618 - State Affairs  
Ann:

Scheduled for March 2,  
Tuesday

MAR 3 1982 -

Alph  
APB-618 Re/Stat and Munis Report; E. S. ~~Section~~  
~~to Finance~~

~~to Finance~~

still in Committee. Hearing

Was to be next Monday.

Cancelled for later scheduling

REC'D MAR 4 1982

Rescheduled to 3/5/82.

~~REC'D~~ MAR 5 1982

to Finance

Reported out of Committee

Waiting for Committee  
substitute to be drafted.

APB-618 - passed out of  
Committee.

MAR 9 1982

I called Paul Maurant  
(4709) he a "pro" fiscal note  
He will lead the bill &  
will decide determine whether  
or not to give up the fiscal  
note.

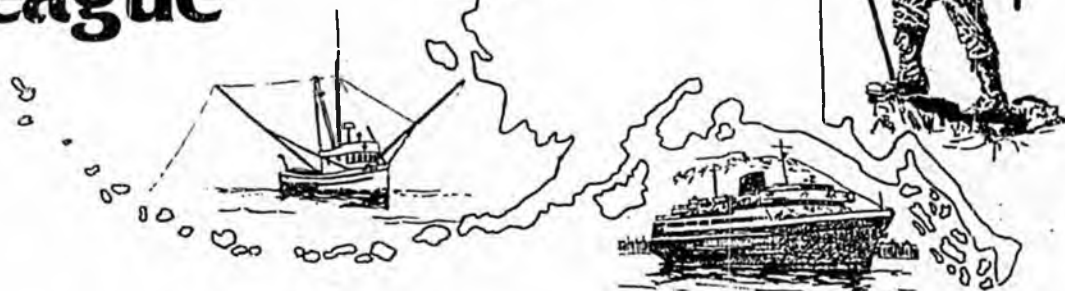
He will then send copies  
to the putters interested people  
and the original will  
come to me.

When I receive the  
final note, I will contact  
Al Adams of Finance  
and request wording of  
final Report (because it  
is a "pro" fiscal note.  
(When this has been  
accomplished,



# Alaska Municipal League

204 N. Franklin  
Juneau, Alaska 99801  
(907) 586-1325



## LEGISLATIVE BULLETIN

#28

January 22, 1982

### PUBLIC HEARINGS - PLEASE RESPOND!!!

HB 618 - State Aid for Capital Projects: Introduced at the end of last session by Representative Metcalfe, this bill establishes an entitlement program for municipal capital projects. Subject to legislative appropriation, the account would contain the difference between the 12.25% severance tax that used to be in effect and the current 15%. Distribution would be on a per capital basis. Preliminary projects indicate the total appropriation could be in the \$300,000,000 range. The House State Affairs Committee has scheduled hearings on this bill at its February 4 & 5 meetings at 1:30 pm in Room 102 of the Capitol Building. In addition, there will be a teleconferenced hearing on February 4 at 7:00 pm, PST. If a constitutional amendment, called for in HJR 66, is adopted by the voters, then the amount in the fund would be automatic, not subject to legislative appropriation.

### ITEMS OF INTEREST

The League Legislative Committee will meet February 3-4, in the Juneau City and Borough Assembly Chambers, beginning 1:30 pm Wednesday. The League Board of Directors will meet February 4-5, in the Baranof Hotel Governor's Suite, beginning at 1:30 pm Thursday. Thursday evening, from 4:30 to 6:30, AML will host the annual legislative reception at the American Legion "Dugout", 339 Franklin.

### IN COMMITTEE

The joint CRA Committees met Thursday afternoon and considered the following provisions of Title 29: Third Class Borough: Staff was asked to draw up language which would add "third class boroughs" under "Classes of General Law" on the first page of the bill; include all provisions of the 3rd class borough in the powers section, thereby not changing the status quo; allow 3rd class boroughs to go directly to home rule if they so desire. It was the committees decision that no provision be made for the incorporation of new 3rd class boroughs or for the reclassification downward to 3rd class borough.

-more-

-Title 29-

Commercial Agriculture Purposes: Greenhouses (all types) will be included in agriculture exceptions the joint committee agreed.

Definition of Publish: No action was taken. The existing definition will be retained.

The bill has a Finance Committee referral because of a section on organizational grants for boroughs. The committee agreed to delete this section therefore making it unnecessary for the bill to go to Finance. All old organizational grant provisions will go back in the bill (limited to first and second class boroughs). The joint CRA Committees will meet again Tuesday, January 26 to take action on the proposed language for 3rd class boroughs which will be in the form of amendments to the committee substitute. The committee is expected to have a final committee substitute drawn up and passed out of committee.

FLOOR ACTION

HB 121 - PERS: On Monday the House failed to reverse its action the previous Friday to postpone indefinitely this bill. The effect is to kill the bill.

SENATE BILLS INTRODUCED

SB 649 - PSFP: SB 23, which passed last year, erroneously repealed current years funding formula. This bill, introduced at the request of the Governor, reaffirms what the intent was and what is being done now by replacing the base instructional unit value for the fiscal year beginning July 1, 1981 at \$38,590. The bill contains items of clarification and gives the Department of Education the authority to move on audit figures opposed to budget figures. Referred to HESS and Finance Committees.

SB 668 - Public Employee Collective Bargaining: Introduced at the request of the Governor, this bill provides for public participation in the process of impasse resolution through an arbitration board which includes four members of the public who reside in various areas of the state, see Governor's letter in the Senate Journal, page 85, 1/19/82. Referred to HESS and Labor & Commerce Committees.

HOUSE BILLS INTRODUCED

HB 665 - Smoking in Public Places: Introduced by Rogers and Miller, this bill would include political subdivisions in the prohibition on smoking. Referred to HESS and Judiciary.

HB 666 - Budget: For your information the bill number for the Governor's budget is HB 666, and the bill was referred to the Finance Committee.

HOUSE STANDING COMMITTEES

COMMUNITY & REGIONAL AFFAIRS

Chair: Patrick O'Connell  
Vice-Chair: Charles Anderson  
Members: Bernard Bylsma  
Donald Clocksin  
Ben Grussendorf  
465-3870/3875/4894

HEALTH, EDUCATION & SOCIAL SERVICES

Chair: Michael Beirne  
Vice-Chair: Terry Martin  
Betty Cato  
Members: Hugh Malone  
Sally Smith  
465-3777

LABOR & COMMERCE

Chair: Terry Martin  
Vice-Chair: Bernard Bylsma  
Members: Terry Gardiner  
Richard Randolph  
Brian Rogers  
465-3873

RESOURCES

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Co-Chair: Kenneth Fanning  
Vice-Chair: Richard Halford  
Members: Patrick Carney  
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Anthony Vaska  
465-3715

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Vice-Chair: Mitchell Abood  
Members: Jim Duncan  
Ray Metcalfe  
Pappy Moss  
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Fred Zharoff  
465-4858

FINANCE

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Vice-Chair: Joe Montgomery  
Members: Robert Bettisworth  
Patrick Carney  
Joseph Chuckwuk  
Samuel Cotten  
David Cuddy  
John Fuller  
E.J. Haugen  
Vern Hurlbert  
Russ Meekins  
465-3706/3707/3724

JUDICIARY

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Vice-Chair: Charles Anderson  
Members: Thelma Buchholdt  
Oral Freeman  
Russ Meekins  
Randy Phillips  
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465-3718

RULES

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Sally Smith  
465-3789

STATE AFFAIRS

Chair: Ray Metcalfe  
Vice-Chair: Mitchell Abood  
Members: Fred Brown  
Kenneth Fanning  
Mike Miller  
465-4947/4963

SENATE STANDING COMMITTEES

COMMUNITY & REGIONAL AFFAIRS

Chair: Donald Gilman  
Vice-Chair: Robert Ziegler  
Members: Mike Colletta  
Frank Ferguson  
Arliss Sturgulewski

465-4934

HEALTH, EDUCATION & SOCIAL SERVICES

Chair: Charles Parr  
Vice-Chair: Terry Stimson  
Members: Mike Colletta  
Vic Fischer  
Tim Kelly

465-4907/4908

LABOR & COMMERCE

Chair: Bob Mulcahy  
Vice-Chair: George Hohman  
Members: Bettye Fahrenkamp  
Patrick Rodey  
Robert Ziegler

465-3716/3844

RULES

Chair: Tim Kelly  
Vice-Chair: M.E. Dankworth  
Members: Frank Ferguson  
Jalmar Kerttula  
Robert Ziegler

465-3770

TRANSPORTATION

Chair: Bill Ray  
Vice-Chair: Donald Gilman  
Members: M.E. Dankworth  
Jalmar Kerttula  
John Sackett

465-4921/4922

FINANCE

Co-Chair: Don Bennett  
Co-Chair: M.E. Dankworth  
Members: Richard Eliason  
Frank Ferguson  
John Sackett  
Terry Stimson  
Arliss Sturgulewski

465-3714/3719/3753/3756

JUDICIARY

Chair: Patrick Rodey  
Vice-Chair: Don Bennett  
Members: George Hohman  
Charles Parr  
Bill Ray

465-3717

RESOURCES

Chair: Bettye Fahrenkamp  
Vice-Chair: Vic Fischer  
Members: Brad Bradley  
Richard Eliason  
Donald Gilman  
Bob Mulcahy  
Arliss Sturgulewski

465-3835/3834

STATE AFFAIRS

Chair: Vic Fischer  
Vice-Chair: Mike Colletta  
Members: Brad Bradley  
Richard Eliason  
Terry Stimson

465-4954/4955

## WHO...are the officers?

- President:** Jack Foster  
 Mayor, City of Sand Point  
**Imm. Past President:** Ted Lehne  
 Council Member, City of Fairbanks  
**First Vice President:** Harry Aase  
 Assembly Member, City and Borough of Juneau  
**Second Vice President:** Betty Glick  
 Council Member, City of Kenai  
**Directors:** Jon Halliwell  
 Mayor, City of Haines  
 Ron Larson  
 Mayor, Matanuska-Susitna Borough  
 Stephen McAlpine  
 Mayor, City of Valdez  
 Nate Olemaun, Jr.  
 Mayor, City of Barrow  
 Leo Rasmussen  
 Mayor, City of Nome  
 Mike Ribar  
 Assembly Member, Fairbanks North Star Borough  
 Don Smith  
 Assembly Member, Municipality of Anchorage  
**Past Presidents:** John Carlson  
 Mayor, Fairbanks North Star Borough  
 Carroll Fader  
 Mayor, Ketchikan Gateway Borough  
 George Sullivan  
 Mayor, Municipality of Anchorage  
 Dave Walsh  
 Assembly Member, Municipality of Anchorage  
**Staff:** Ginny Chilwood  
 Executive Director  
 Marilyn Miller  
 Director, Program Services  
 Susan King  
 Administrative Assistant



204 N. Franklin  
Juneau, Alaska  
99801

586-1325

586-6526

# Alaska MUNICIPAL League

## 1982 Alaska Municipal League Members



*Members to these!*

- |                              |            |                 |
|------------------------------|------------|-----------------|
| Municipality of Anchorage    | Fairbanks  | Petersburg      |
| Bristol Bay Borough          | Fort Yukon | Port Lions      |
| Fairbanks North Star Borough | Galena     | St. Mary's      |
| Haines Borough               | Haines     | Sand Point      |
| City and Borough of Juneau   | Homer      | Saxman          |
| Kenai Peninsula Borough      | Houston    | Seldovia        |
| Ketchikan Gateway Borough    | Kenai      | Seward          |
| Kodiak Island Borough        | Ketchikan  | Skagway         |
| Matanuska-Susitna Borough    | King Cove  | Soldotna        |
| City and Borough of Sitka    | Kodiak     | Tanana          |
| Akiachak                     | Kotzebue   | Tonakee Springs |
| Akhlok                       | Larson Bay | Unalakleet      |
| Akutan                       | McGrath    | Unalaska        |
| Angoon                       | Napaklak   | Va'dez          |
| Barrow                       | Nome       | Wasilla         |
| Bethel                       | North Pole | Whittier        |
| Cordova                      | Old Harbor | Wrangell        |
| Dillingham                   | Ouzinkie   | Yakutat         |
|                              | Palmer     |                 |
|                              | Pericaw    |                 |

## Associate Members

- |  |   |   |
|--|---|---|
| Alascom<br>Alaska Airlines, Inc.<br>Alaska USA Federal Credit Union<br>Alaska Video Productions<br>Arthur Young & Company<br>Atlantic Richfield Company<br>Bell Herring & Associates<br>Chevron Company, USA<br>Corroon & Black/Dawson & Co., Inc.<br>Dept. of Community & Regional Affairs<br>Dept. of Environmental Conservation<br>Dupere and Associates<br>Equitable Life Assurance Society<br>Exxon Company, USA<br>First Southwest Company | Foster and Marshall<br>Holden & Associates<br>IFG Leasing<br>John Nuveen & Company<br>Kramer, Chin and Mayo<br>National Bank of Alaska<br>Office of Coastal Management<br>Peat, Marwick, Mitchell & Co.<br>Preston, Thorgrimson, Ellis & Holman<br>Rainier National Bank<br>Real Estate Services Corporation<br>Rollins, Burdick, Hunter of Alaska<br>Sohio Alaska Petroleum<br>Specialized Professional Services<br>Thomas Bay Power Authority | Tippetts-Abbett-McCarthy-Stratton<br>URS Company<br>Van Kampen, Filkin & Merritt, Inc.<br>Wohlforth and Flint<br>Alaska Association of Assessing Officers<br>Alaska Association of Chiefs of Police<br>Alaska Association of Harbormasters<br>Alaska Association of Municipal Clerks<br>Alaska Conference of Mayors<br>Alaska Municipal Attorneys Association<br>Alaska Municipal Management Association<br>Alaska Parks & Recreation Association<br>Alaska Transit Operators Association<br>Municipal Finance Officers Association<br>Planning Association of Alaska |
|--|---|---|

# WHAT.....is the Alaska Municipal League?

Organized in 1950 when nine cities met in Anchorage to form the League of Alaska Cities, the Alaska Municipal League has now grown to a membership of forty-six cities, seven boroughs and three unified governments. The boroughs were given a particular incentive to join the League in 1962 when the League amended its constitution to offer the full rights and privileges of membership to the boroughs and changed its name to the Alaska Municipal League. This construction of the League has created the only forum in the state where all forms of local government can jointly discuss mutual problems and seek mutual solutions.



## WHY.....does the League exist?

There is not a problem today from energy to crime to transportation which does not require an intergovernmental solution-federal, state, borough and city. The primary function of the League is to help local officials conduct the intergovernmental relations of local governments with the state and federal governments. The executive and legislative policies and programs of the state and national governments invariably affect the policies and programs of local government. The League represents a highly organized statewide effort to make sure municipal interests are considered in decisions made by other levels of government.



Technological and social changes have pointed up the need for a cooperative training effort by and for all levels of government. The constantly rising costs of government dictate the establishment of joint programs mutually beneficial to all the municipalities in Alaska. The League has taken the lead in developing such programs for its statewide membership.



## HOW.....can the League help you?

The League can assist each of its members by providing a host of services from a central office in the capital city. Programs now available, or being implemented, include:

- 1) Daily, on-the-spot liaison with the state administration
- 2) Constant representation before the state legislature
- 3) Recognition as spokesman for local government by the federal government
- 4) Staff assistance in securing state and federal aid funds
- 5) Statewide training programs for municipal personnel
- 6) Legal assistance
- 7) Clearing house for personnel placement
- 8) Publication of information of vital concern to municipal officials.
- 9) Preparation and implementation of municipal policy in Alaska
- 10) Communications center
- 11) Personalized representation for municipalities in Washington, D.C.
- 12) Annual conference and interim committee meetings
- 13) Service to associate member organizations
- 14) Membership in national public interest organizations



## PUBLICATIONS AVAILABLE

- Quarterly newsletter
- Weekly legislative bulletin
- AAMC Handbook
- Elected Officials Handbook
- Municipal Officials Directory
- State Aid Catalog
- Municipal Risk Management Manual
- Salary Survey
- Video Tape on "Parliamentary Procedure"



AN 17 JAN 82 H8618 See Back Page 17

# Railbelt towns seek energy, state funds

BY ROBERTA GRAHAM  
Daily News Reporter

Municipal leaders from the 13 Alaska Railbelt communities said Saturday their highest legislative priorities this year will be continued funding of state revenue-sharing programs and other state aid to

their local communities.

The Railbelt Conference, representing those towns along the Alaska Railroad from Seward to Fairbanks as well as those west to Kenai and east to Cordova, met in Anchorage over the weekend to draft its 1982 legislative list.

"It was really a very good meet-

ing," said Dave Walsh, who was re-elected chairman of the conference. "We were most concerned with not losing what we've already gained as far as revenue sharing and municipal assistance goes. All the communities along the Railbelt are committed to property-tax relief."

He said conference leaders will

lobby the Alaska Legislature for more construction money for the Susitna River hydroelectric project and for continued funding of the Anchorage-Fairbanks power tie-in, an electrical transmission line that would connect the two population centers.

See Back Page, RAILBELT

## Railbelt sets its priorities

Continued from Page A-1

"The whole question of power — energy — is one of the most important concerns of the Railbelt communities," Walsh said.

The six priorities adopted at the conference were:

- Continued full funding for state assistance to local governments and a 25 percent increase in state funds to help retire a portion of municipal debts.
- Increased funding of the Susitna hydroelectric project.
- Continuation of the block-grant approach to state funding of local capital projects, as well as direct-grant funding.
- Improvements to municipal roads and highways.

- Continued funding for the Anchorage to Fairbanks power tie-in.

- Representation of local governments at the federal and state level regarding state takeover of the Alaska Railroad.

The priorities parallel those recommended in November by the Alaska Municipal League. Representatives of that body listed state spending and financial aid to local governments as their top legislative priorities.

While there is overlap between the two, Walsh said, Railbelt officials will lobby to ensure that statewide concerns do not override local concerns.

"We're going to start right away and each community will work on them."

A

B

6

30



# Alaska State Legislature

## House of Representatives

Pouch V  
State Capitol  
Juneau, Alaska 99811

Official Business

DATE: February 24, 1982

TO: Cathy Hesser

FROM: Ann Krekelberg, Staffperson  
House State Affairs  
Representative Metcalfe Chairman

RE: HB 630

Dear Cathy:

I have gone over Representative Metcalfe's file on HB 630 and have copied some of the information I think will be useful to you. I'm also sending along a copy of the tape of his hearing in Labor and Commerce on February 8.

David Chatfield, Chairman of the Loan Committee of Commonwealth North, is also working on ironing out some of the problems with HB 630. You may want to get in touch with him. His number is 264-2757. Give me a call if you have any questions or want to talk things over. My phone number is 465-4947.

Alaska State Legislature



House of Representatives

RAY METCALFE

POUCH V  
JUNEAU, ALASKA 99811

P.O. BOX 4-2766  
ANCHORAGE, ALASKA 99509

February 12, 1982

David Chatfield, Chairman  
Loan Committee  
Common Wealth North  
935 W 3rd Ave.  
Anchorage, Alaska 99501

Dear Mr. Chatfield:

Enclosed please find four taped copies of the February 8 Labor and Commerce meeting on Representative Metcalfe's HB 630.

Representative Metcalfe requests that you review the testimony and address the concerns in the next meeting.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ann Krekelberg".

Ann Krekelberg, Staff person  
House State Affairs Committee

STATE OF ALASKA  
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

December 10, 1981

SUBJECT: Restructuring state loan programs  
(Work Order No. 12-1921)

TO: Representative Ray H. Metcalfe

FROM: Thomas A. Sofo *AS*  
Legislative Counsel

The enclosed draft incorporates many of the points raised in the May, 1981, report prepared by Commonwealth North concerning Alaska's state loan programs. That report contained nine conclusions of which six were found to be appropriate subjects of legislation [Conclusion Nos. 1, 8, and 9 were statements of philosophy or recommended no action]. Conclusion Nos. 2 - 7 of that report are summarized below.

No. 2. Need for an independent audit of all loan programs.

No. 3. Repeal of twelve state loan programs which are inactive.

No. 4. Consolidation of existing loan programs into three loan authorities:

- (a) Alaska Housing Loan Authority;
- (b) Alaska Business Loan Authority;
- (c) Alaska Social Loan Authority;

No. 5. State loan activity to be confined to secondary market.

No. 6. Abolish the Alaska Renewable Resource Corporation (ARRC) and the Commercial Fishing and Agricultural Bank (CFAB).

No. 7. Permit the refinancing of real estate loans if the original interest rate of the loan exceeds the present rate of interest by more than one-half percent.

The work draft includes statutory language designed to implement Conclusion Nos. 3, 4, 5, and 6 above. If an independent audit of all loan programs is required as a preliminary matter before substantive legislation addressing those programs is to be drafted, a separate resolution should probably call for such an audit rather than tagging that request onto the enclosed legislation.

In dealing with those programs which the Commonwealth North report stated were inactive, there are two different approaches taken in the bill. For those programs which were never funded or have absolutely no outstanding loans, we have simply repealed the statutory sections establishing the program. For those programs which were funded and have outstanding loans, it was felt that there was a continuing need to have the statutory material on the books for purposes of winding up the program or administering loans already made under those programs. In such cases the language used was "after July 1, 1982, no further loans may be made under AS \_\_\_\_\_". As to Conclusion No. 5, the language necessary to withdraw the state from the primary loan market is scattered throughout the draft, e.g., secs. 7 - 16. In that regard I would like to draw your attention to sec. 17 of the draft. On page 15, line 6, I have deleted the words "make and" from AS 44.88.010(a)(5). Although the Alaska Industrial Development Authority (AS 44.88) is not widely believed to have the authority to make direct loans, and is apparently operating at present only in a secondary market support capacity, the deleted language arguably granted the authority to make such direct loans. A similar deletion is made in AS 18.56.090(2) in sec. 5 of the draft concerning AHFC authority for making mortgages.

Most importantly, the findings and purpose language which I have attempted to synthesize from the Commonwealth North report raises one or two philosophical points which should given serious consideration at this early stage. Those particular considerations are reflected in the differing organizational schemes behind the Alaska Housing Loan Authority and the Alaska Business Loan and Industrial Development Authority. In trying to bring the various