

ALASKA LEGISLATURE COMMITTEE FILE 1985-1986 86/2

3214.24 HCRA HB 325 - HB 339

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

January 23, 1985

SUBJECT: Sectional Analysis of WO 14-0096  
(Town meeting home rule cities.)

TO: Representative Nilo Koponen  
Chairman, House HESS

FROM: Michael F. Ford *M.F.*  
Legislative Counsel

Here is the section by section analysis that you requested of WO 14-0096. The bill permits the incorporation of cities that are governed as direct democracies through town meetings, rather than as representative democracies through the election of a mayor and council. Because these cities would not have mayors, the bill includes a great many technical changes to various statutes referring to mayors so that the statutes can be applied to these cities, or, if appropriate, so that these cities can be excluded from application of the statute. In this analysis these sections are simply noted as containing technical changes.

Sections 1 - 4 Technical changes.

Section 5 Town meeting home rule cities are not school districts, as are representative home rule cities in the unorganized borough.

Section 6 Technical change.

Section 7 A town meeting home rule city is included within the class of home rule municipalities.

Section 8 A second class city is allowed to adopt a home rule charter. A charter for an existing municipality is framed by a charter commission. Under existing law only first class municipalities or second class boroughs may adopt home rule charters. In section 9 of this bill, unincorporated communities are allowed to adopt charters.

Section 9 A first class city that adopts a charter may become either a representative or town meeting home rule city. A second class city that adopts a charter must become a town meeting home rule city. An unincorporated community is allowed to adopt a charter and incorporated as a town meeting home rule city. The proposed charter is prepared by the petitioners and filed with the petition to incorporate a city.

Section 10 A charter commission is elected only for an existing municipality that is considering going home rule. In an unincorporated community no commission is chosen.

Section 11 If a majority favors a proposed charter in an existing municipality or if a majority favors incorporation of a town meeting home rule city, the charter is adopted. If a proposed charter for an existing municipality is rejected, the commission prepares another.

Section 12 If incorporation of a town meeting home rule city is rejected in an unincorporated community, the charter is also rejected. There is no provision for the preparation of a new charter. Instead, a new effort at incorporation would have to be made if a new charter is to be presented to the voters.

Section 13 The charter for a town meeting home rule city must contain certain items not required for other home rule charters, including procedures for town meetings, provision for the election of a moderator to preside over town council meetings, and provision for a finance committee that prepares the annual budget.

Section 14 A charter amendment for a town meeting home rule city must be approved by the voters at a town meeting, while an amendment for other home rule municipalities must be ratified by the voter.

Section 15 A community that meets the first four standards for incorporation as a first class city, whether or not it meets the population requirement, may incorporate as a town meeting home rule city.

Section 16 The requirement that an incorporation petition include information about the composition and apportionment of the assembly or council does not apply to a town meeting home rule city, since no council is elected in that type of

city. The signature requirements for an incorporation petition of a town meeting home rule city are the same as for a second class city. No designation of powers is required for a petition to incorporate a town meeting home rule city, but a proposed home rule charter must be included with the petition.

Section 17 A home rule charter included in an incorporation petition for a town meeting home rule city is considered part of the incorporation question and the charter is adopted if incorporation is approved.

Section 18 A town meeting home rule city outside a borough qualifies for the minimum organization grant now provided to first class cities.

Section 19 Provides that a town meeting home rule city shall have a council composed of all permanent resident voters within the city boundaries.

Sections 20 - 23 Technical changes.

Section 24 General rules for conducting town meeting elections are to be prescribed in the charter.

Sections 25 Technical changes.

Section 26 A representative home rule city outside a borough is a school district. All home rule cities outside boroughs are school districts under existing law.

Section 27 A town meeting home rule city is not a school district.

Section 28 A town meeting home rule city outside a first or second class borough may provide for planning, platting and zoning, but does not have to. A representative home rule city must provide this service, just as under existing law all home rule cities outside first or second class boroughs must.

Sections 29 - 34 Technical changes.

Section 35 A town meeting home rule city may exclude, exempt, or partially exempt residential property from taxation by ordinance adopted at a town meeting. In other municipalities the ordinance must be ratified by the voters.

Representative Nilo Koponen  
January 23, 1985  
page 4

Section 36 Technical change.

Section 37 A new definition is added to the municipal code so that "governing body" can be used to refer generally to an assembly, or a council.

Sections 38 - 49 Technical changes.

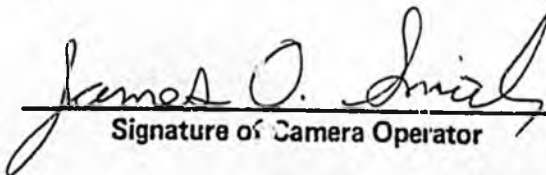
Section 50 This bill takes effect on January 1, 1986.

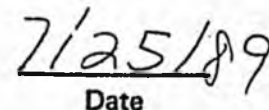
MFF:csh  
c2/189



# RECORDS CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

  
Signature of Camera Operator

  
Date

HPB

333

STATE OF ALASKA  
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY  
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

HC & RA

4-22-85 3p.m.  
4-17-85 3p.m.



Introduced: 3/27/85  
Referred: Community & Regional  
Affairs and Finance

Funding Information  
General Fund \$1,007,975  
Other Funds -0-  
\$1,007,975

1 IN THE HOUSE

BY THOMPSON

2

HOUSE BILL NO. 333

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act making a special appropriation to the  
7 Department of Community and Regional Affairs for  
8 payment as a grant to Small World, Inc.; and  
9 providing for an effective date."

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

11 \* Section 1. The sum of \$1,007,975 is appropriated from the general  
12 fund to the Department of Community and Regional Affairs for payment as a  
13 grant to Small World, Inc. for construction of a nonprofit developmental  
14 daycare and preschool center in Kodiak.

15 \* Sec. 2. The appropriation made by this Act shall be disbursed in  
16 accordance with AS 37.05.316.

17 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.-  
18 10.070(c).

# STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

April 11, 1985

BILL SHEFFIELD, GOVERNOR

POUCH B  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-4700

949 E. 36TH AVENUE, SUITE 400  
ANCHORAGE, ALASKA 99508  
PHONE: (907) 563-1073

## POSITION PAPER

RE: House Bill 333

SPONSOR: Representative Thompson

### Program Effects of Bill

The Department of Community and Regional Affairs supports the concept of providing quality child care services, especially in economically depressed areas.

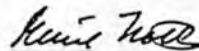
Small World, a non-profit child care enterprise in Kodiak, now operates four child care services in three locations. The Main Center is owned by the corporation and is licensed for full day child care for 49 children. The infant-toddler program is housed in rented space and is licensed to care for 25 children. The pre-school program is licensed for 27 three to five year olds. The after school program, licensed for 16 school age children, shares housing with Head Start.

These funds would permit the expansion of the Main Center to house all four programs in the same geographic place, to expand services and to administer these services more efficiently.

Because of the economic down turn in the fishing industry, more parents who have provided full-time care for their children have had to seek out of home employment. Thus, infant care and school age child care have increased demand.

### Fiscal Impact

No fiscal impact to the three programs administered by the Department, Day Care Assistance Program, Child Care Grants and Education and Training, and all used by Small World, is anticipated.



Emil Notti, Commissioner

DAY CARE IN ALASKA: A STATUS REPORT

JAN. 1983

SENATE ADVISORY COUNCIL

Prepared by:

Frank W. Seuffert  
Researcher

EXECUTIVE SUMMARY  
DAY CARE IN ALASKA: A STATUS REPORT

The following lists main concerns and points as highlighted in the study. When applicable, each concern is followed by specific recommendations. A section and page number referring back to the section and page number within the study is included.

1. Alaska has a greater than average need for day care services. (Section I, pp. 3-4)
2. A checkerboard funding pattern exists within the State. (Section III, pp. 11-26)
3. In some school districts, gifted children have a more difficult time obtaining special services than in others. (Section III, p. 21)
4. Day care (which includes preschool services) is a sound investment for the State, at least in helping the disadvantaged. Day Care Assistance can reduce welfare and the need for other social programs. Young children reap long term benefits from quality programs. (Section IV, pp. 27-35)
5. The State's role in regulation should at least concern health and safety issues. Establishing a minimum adult to child ratio and minimum space requirements both come under concerns about safety and health. (Section V, pp. 36-37)
6. The Department of Education has a poor performance record in certifying preschools and a followup audit is recommended. (Section VI, p. 44) The Department of Education has not been operating in a clear and concise fashion regarding public school preschools. (Section VI, pp. 41-49) A tighter reign on consultant contracts is recommended. (Section VI, p. 48) Minimum standards for rural school libraries are recommended (Section VI, p. 48-49) The Department of Education should determine location and funding sources of preschools within the public school system. (Section VI, p. 47)
7. Lack of credentialing for early childhood professionals has resulted in some instances in programs not hiring or in letting go local people in preference for certified individuals. (Section VII, p. 50) It is recommended that the Board of Education endorse and adopt the career ladder concept and credentialing process proposed by Marjorie Fields, Ph.D. (Section VII, p. 54)

8. Lack of articulation poses a barrier for students transferring from community college to university settings within the University of Alaska. It is recommended that the U of A address this problem. Potential liability for additional expenses and lost income in civil suits is noted. (Section VIII, pp. 58-66)
9. Quality preschool programs are important for developing language skills and literacy, and can be essential to future academic and social success. (Section VIII, pp. 68-71) Head Start has the best track record nationally. Funding is recommended for Rural CAP Head Start to collect, analyze and disseminate bilingual bicultural preschool educational material. (Section VIII, p. 74) Funding for Head Start and public school preschool program evaluation is recommended. (Section VIII, p. 75)
10. Day care is expanding although finances continue to be a problem. Infant care is most needed. (Section XI, p. 117)
11. Professional women as day care providers do not receive equitable compensation in comparison to their peers within the public school system. (Section XI, pp. 117-118)
12. Education for everyone involved with infants and young children is desirable. Further education within the Junior High School curriculum might be advisable. (Section XI, p. 118)
13. Licensing standards and funding requirements for before and after school care need to be researched and addressed. (Section XI, p. 118)
14. The Department of Education should develop and send a booklet on school law to every day care provider about the public school mandate to serve gifted and handicapped preschool children. (Section XI, p. 118)
15. Instead of providing across the board Foundation Funding for public school preschool programs, extend the bilingual bicultural program down to age zero on a Head Start model approach. Depending upon experience, several years hence consider making public school preschool programs available to all children. (Section XII, pp. 121-122).
16. Should the State be allowed to exempt itself from health and safety standards for preschool and day care centers? (Section XII, p. 122)
17. Further studies to address employer sponsored day care in addition to the proposal to include day care facilities in new state office buildings need to be done. (Section XII, p. 122)
18. The desirability of establishing and funding an Office of Child Advocacy needs to be addressed. (Section XII, p. 122)

19. Greater attention needs to be paid to information and research needs in early childhood. (Section XII, p. 122)
20. Children are worth the investment in program support. (Section XII, p. 123)

# SMALL WORLD Inc.

P.O.Box 1632, Kodiak, Alaska, 99615 - Telephones: 486-5531

March 13, 1985

Alaska State Legislature  
Representative David Thompson  
Senator Fred Zharoff  
Pouch V  
Juneau, Alaska 99811

Dear Sirs,

The Board of Directors have unanimously approved a request that your office introduce legislation to fund the construction of a consolidated Small World, Inc., a non profit developmental Day Care and Preschool Center. Detailed information will be forwarded to your office by April 1, following our annual membership meeting.

In cooperation with Paul Selberg, A.I.A., our building committee has determined the amount of funding needed to be \$1,007,975. A breakdown of costs is as follows:

Construction Costs	\$837250
4215 sq.ft. new construction @ \$150/sq.ft. or \$632250	
3000 sq. ft. remodel @ \$60/ sq. ft. or \$180000	
Playground preparation and equipment @ \$25000	
Architectural and Engineering Fees @ 8%	70000
10% Contingency fee	83725
Soil survey and topographical Map	10000
Contract administration fees	10000
Total	\$1007975

page 2

We appreciate your presentation of this project and your ongoing support of the essential services Small World provides the community of Kodiak.

Respectively yours,

*Julie Cain-Hill (cc)*

Julie Cain-Hill  
President, Board of Directors

## HISTORY & PRESENT STATUS

Small World is a non-profit developmental child care center and preschool that has been offering services to the people of Kodiak for close to 20 years. Parents of the children served have a voice in the operation of fiscal, curriculum and other policies through the elected Board of Directors. Small World is the only non-profit child care facility on Kodiak Island. During 1984, Small World provided services to 380 children. 63 of these children lived in single parent families and 46 families received Day Care Assistance funding from the State. We currently provide services to 162 children each month.

In 1982, the Alaska State Legislature appropriated \$250,000 to Small World, for the purpose of building or purchasing a facility of its own. Prior to that time, Small World rented space in a church for its Main Center daycare program. Using \$50,000 granted by the Kodiak City Council and \$30,000 granted by the Kodiak Island Borough along with the State appropriated funds, a two-story building located on Rezanof Dr. was purchased from the LDS Church. This building now houses our Main Center and administrative office. The Main Center is licensed for 49 children and provides care for children between the ages of three and five years old. The five year old children participate in a special kindergarten program. We also operate the Toddler Center which is housed in the Masonic Temple. Our licensed

capacity at the Toddler Center is 25 children aging from one to three years old. Our After School program is currently without a facility to operate from. Until April 1, 1985, the After School program was located in the Head Start building. Our insurance company refused to provide liability insurance at that location due to environmental and fire safety hazards. The children who participate in this program are temporarily being housed at the Main Center. The Preschool is currently located in the St. Paul Lutheran Church. The Preschool runs two, 2½ hour classes per day. Three year old children attend on Tuesday and Thursday and four year old children attend on Monday, Wednesday and Friday. We can accomodate 20 children in each class for a total capacity of 80 children.

Since 1982, Small World has demonstrated its ability to maintain the new facility and to remain fiscally solvent through strict budget control and creative fund raising efforts. Our Borough and City government provides yearly support in the form of operating funds.

#### OBJECTIVES & NEED FOR ASSISTANCE

Small World recently completed a professional program assessment of its four programs. Conclusions from the assessment of Small World programs, facilities and finances presents corroborative information which supports the long demonstrated need for consolidation of the Preschool, Main Center, Toddler Center and After School programs. The

consolidation of these programs under one roof will provide for a higher quality early childhood education program and will better meet the needs of the parents of the Kodiak Community.

The greatest need identified through the assessment was the need to improve the current physical environment. Small World Toddler Center is currently housed in a basement which has no windows. Some of the problems experienced at this location include inadequate lighting and heating, an inadequate outside play area and high utility costs. The owners of the building use our space at night. This creates additional work for the Small World staff since they have to rearrange the Toddler Center to accommodate the owners. Often, the staff will also need to clean up the center the following morning and rearrange the equipment prior to the children arriving. We have had several complaints from parents regarding the smell of cigarette smoke that remains in the center after an evening meeting by the owners. These problems will be eliminated by incorporating new construction into our present facility to house the Toddler Center.

Small World Preschool is currently housed in a church. Some of the problems experienced at this location include rooms that are inadequate for preschool, the location is too far from town, the bathroom facilities were designed for adults and are not easily used by preschoolers and there is

no fenced outdoor play area. The church agreed to let Small World run the Preschool in their building for two years. Since this is the second year the preschool has operated in the church, our continued operation is currently dependent on extending our current arrangement or finding another location. It is unlikely that another location will be found. These problems will be eliminated by incorporating new construction into our present facility to house the Preschool.

Until April 1, 1985, Small World After School program was housed in the Kodiak Head Start building. Some of the problems experienced at this location included poor accessability, space that was inappropriate for older children, space that did not comply with environmental and fire safety requirements, no outdoor play area and no control over rent. Since the public school busses will not deliver the children to this location, Small World had to use the agency vehicle to pick up children at three different schools at 2:30 and 3:30 PM each day. These problems will be eliminated by incorporating new construction into our present facility to house the After School Program. This would also enable Small World to provide a before school program for these children.

Consolidation of Small World programs will also allow for better utilization of Small World staff. The Director will be able to monitor all of Small World programs at one location. The talents of other staff members will also be

used throughout all Small World programs. In the past, we have had a difficult time finding qualified substitutes to fill in when the regular staff are sick or on vacation. Consolidating all Small World programs will enable us to hire a "floater" who can be used throughout the four programs as needed. We will also be able to offer more training opportunities for Small World staff.

#### RESULTS OR EXPECTED BENEFITS

Consolidation will improve the community's image of Small World and the services we provide. Because of the present economy in Kodiak, many families find it necessary for both parents to work. Parents who use Small World's services are comprised from the following groups:

Fishermen	State Employees
Secretary/Clerical	Bank Employees
Supervisors/Managers	Kodiak Area Native Assoc.
Nurse/Aide	Airline Employees
Teachers	Hotel/Restaurant
Kodiak Electric Assoc.	Construction/Builders
Store Employees	Mechanics
Borough Employees	Attorneys
Cit. Employees	Doctors
	Misc. Self Employed

Since dependable daycare is a prerequisite in order for parents to work, consolidation of Small World facilities will meet this community's need for this service. Being a non-profit, Small World allows for and encourages parent input regarding the operation of the facility.

## APPROACH

After putting the project out to bid, new construction will be incorporated into our present facility which will enlarge the building to 6500 sq. ft. This will include the Main Center, Toddler Center, Preschool and After School program.

This new construction at our present facility will be unique in that it will contain multi-use rooms for both program and corporation use. Some of the rooms will be rented out to various groups in our community. We are currently renting space during evening hours to Weight Watchers and Alanon. We feel that we could accomodate more of these groups in an enlarged facility. This will allow us to increase our revenues and pay maintenance and operation costs.

The facility will contain a working kitchen for the nutrition staff and will be set up with a learning component so that children can participate in learning, cooking experiences. The entry way will allow parents easy access to all program components. Observation windows will be installed to allow for parent/staff observation of childrens' performance. The large dining area will also be used for a music and visual arts room. The environmental conditions in Kodiak do not allow for daily outdoor play. A large indoor play area will be included so that our children will be able to exercise, play and develop their muscles every day.

While all programs will be housed at one facility, the

new facility has been designed so that interaction between the different age groups will be kept separate. The current playground will be remodeled to facilitate all four programs. The existing rocky ground will be black-topped to protect the children from injury and for better utilization of existing space.

Some of the individuals working on this project in the areas of program, staff and facility development include Colleen Caulfield, Ph.D Educational Psychologist, Margaret Miller, RD, Julie Cain Hill, Special Educator, Gordon Gould, Grants Administrator, City of Kodiak, Roger Flanders, public relations consultant and Paul Selberg, A.I.A. We will also work closely with the appropriate State agencies to ensure that licensing, health and fire safety regulations are adhered to.

#### GEOGRAPHIC LOCATION

The project is located in Kodiak, AK, lots 13, 14, 15 and 16, block 36 east addition, plat 52-4. We are in a central location close to schools and parks, one mile from major business and work areas.

## ASSESSMENT OF SMALL WORLD PROGRAM, FACILITIES AND FINANCES

An assessment of Kodiak Small World, Inc. programatic and financial operations, and the facilities used to house those operations was conducted during the months of October and November of 1984. This assessment was conducted by members of the board of directors and staff for Small World, and the parents of children enrolled in the programs affected. The major assessment team also included local individuals with expertise in early childhood education.

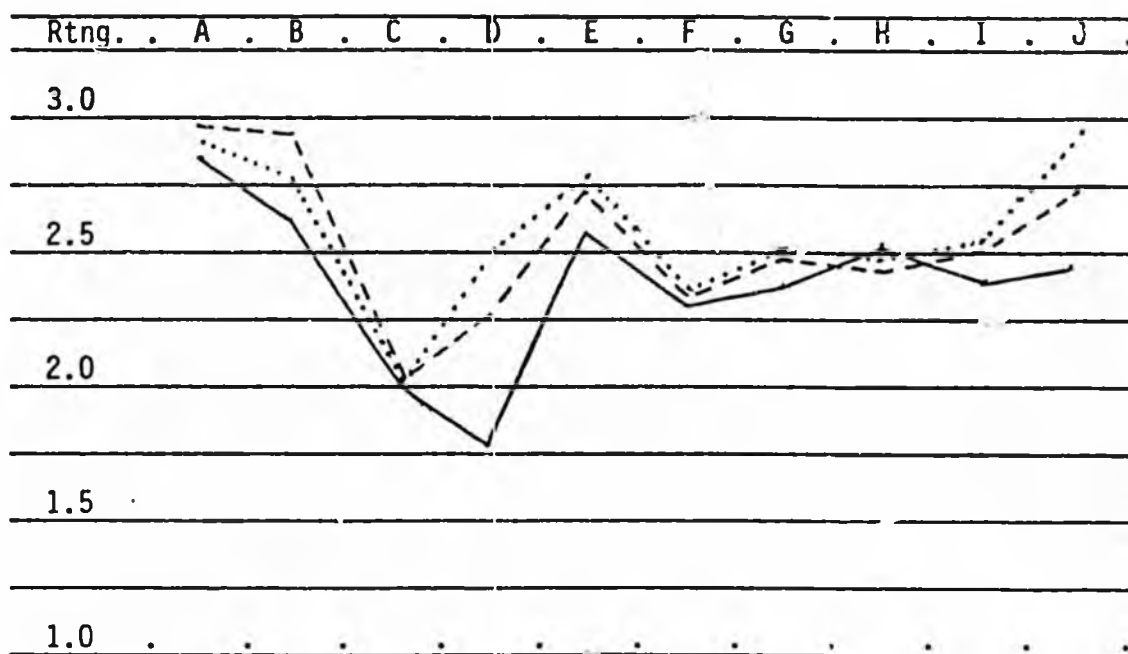
The assessment instrument used was developed by the National Association for the Education of Young Children (NAEYC) for use in accreditation of daycare programs. This assessment guide provided the framework for establishing a measurement of the point of development that Small World's programs had achieved. It provided a 'model' daycare program description to compare against. The guide contained four sections; Program Observation, Administrative Report, Staff Questionnaire, and Parent Questionnaire. Each of the sections contained questions relating to the following program components:

- A. Staff-Child Interaction
- B. Child-Child Interaction
- C. Staff-Parent Interaction
- D. Staff Qualifications and Development
- E. Administration
- F. Physical Environment
- G. Health and Safety
- H. Nutrition and Food Service
- I. Curriculum
- J. Evaluation

Each of Small World's operations- Toddler Center, Main Center (general daycare), Preschool, and Afterschool programs- were observed and rated on each of the appropriate program components by board members, supervisors, instructional staff and parents. The design of the NAEYC assessment guide provided for responses to specific items to be made by those best informed to answer each question; i.e., parents, board members and supervisors were asked to assess the Staff-Child Interaction component, instructional staff did not respond to this component.

The assessment guide contained questions relating to those key criterion found to be essential to early childhood education programs for each of the program elements listed above (A - J). Assessment team members rated the existance of, or absence of these key criterion on a scale of 1 to 3. A rating of 1 indicated that the criterion was not met, a rating of 2 indicated that the criterion was partially met, and a rating of 3 indicated that the criterion was completely met. The profile on the following page gives a composite illustration of the collated, tallied and averaged responses for the Preschool, Main Center and Toddler Center. The status of the Afterschool program resulted in an inconclusive assessment, therefore a profile for it is not included.

## PROFILE OF PROGRAM COMPONENTS



Preschool -----  
 Main Center \_\_\_\_\_  
 Toddler Center .....

This summary of assessment responses illustrated by the profiles above indicate that Small World's programs deserve commendation for achieving high ratings (2.5 to 3.0) for the following components:

- A. Staff-Child Interaction
- B. Child-Child Interaction
- E. Administration
- J. Evaluation

At the other extreme, the profile illustrates considerable agreement by the assessment team members that three program components are in need of improvement to be able to meet the developmental needs of the children enrolled. These three components are:

- C. Staff-Parent Interaction
- D. Staff Qualifications and Development
- F. Physical Environment

Of the three remaining program components assessed and receiving relatively low ratings two are directly related to "F" above:

- G. Health and Safety
- H. Nutrition and Food Service

Also receiving lower than model assessment ratings was;

- I. Curriculum.

In addition to the ten program components contained within the NAEYC model assessment guide, the Small World board of directors conducted an examination of the financial history of the corporation. This total review of Small World's operations then contained one additional assessment component:

K. Finance

Available financial reports of the corporation's activities for the past two years were examined to identify exactly which aspects of its programs were generating the necessary revenue to cover costs of operation and which were not. Total corporation and individual programs (Preschool, Main Center, Toddler Center and Afterschool) were considered in this examination. The conclusions of this review can only be discussed in general terms because of incomplete data available. This incompleteness resulted from switching bookkeeping service firms during this time span and the resulting changes in methods used by the different firms. Some conclusions can be made, however, with regard to the general financial picture of Small World:

1. Revenue generated for the operation of Small World's four programs comes from many sources. These sources include but are not limited to; Tuition, AK Child Care Grants, U.S.D.A. Grants, Fed. Revenue Sharing (KIBSD and Kodiak City), Membership Dues, Fundraisers, Donations, and R.I. Fees. Not one of these sources of revenue is fixed to the degree that budgeting for operation can be based on solid figures. Therefore, it is impossible to base an operating budget on realistic revenue projections.
2. For the past two years all programs, except the Preschool, have ended the fiscal year in the red. The Preschool would not have shown as positive of an operating margin if it were being assessed a realistic charge for facility rent. It has been renting space from a church for a nominal fee, however, there is little assurance that this space will be available on a continual basis. Therefore, all programs need to look for ways to increase revenue. Total revenue shortfalls for the past two years were; 1984, \$20,000, and 1983, \$18,000 for all programs.
3. The largest source of revenue for Small World is generated from tuition charges. Increasing income from tuition could be accomplished in two ways; raise the tuition charged to each child attending, or increase the number of enrollees paying tuition. The first option conflicts with the mission of Small World, but the second option appears to be possible. The Main Center records indicate that average enrollment rates are at about 80% of capacity, and average attendance rates are at about 70% of capacity (Jan. through Aug. plus Nov., 1984). It is not only possible to increase the number of children enrolled, but a conservative factor of overenrollment to equal 50% of expected absenteeism could also be planned to increase total tuition income. This concept could apply to all programs operated by Small World.

Tuition charges result in 89% of the total revenue generated. A general enrollment increase of 10% would have provided an additional \$22,600; a 15% increase, \$33,900; in the 83-84 year.

4. Current facility expenses are averaging \$1733 per month, or \$20,790 per year (83-84). These expenses cover lights, sewer and water, heat, and rent (on facilities for the Preschool and Toddler Center). This is an extremely high budget expense largely due to tremendous heat loss expenses at the Main Center.

This brief discussion regarding conclusions from the assessment of Small World programs, facilities and finances presents corroborative information which supports the long demonstrated need for consolidation of the Preschool, Main Center, Toddler Center and Afterschool programs. The board of directors of Small World have concluded that consolidation of its programs under one roof will provide for a higher quality early childhood education program and will better meet the needs of the parents of the Kodiak community.

The long-range goal of the board of directors and staff of Small World is to provide a program that meets the early childhood developmental education needs for Kodiak. To accomplish this we will develop an accredited daycare program according to the NAEYC accreditation standards through a program of curriculum improvement and consolidation of facilities which will operate on break even basis. The following goals and objectives have been established to this end.

**ACTUAL ENROLLMENTS IN KODIAK CITY  
ATTENDANCE AREA FOR 1975-76 to 1984-85**

Year	School Year	Births* & Year	Pre- Elem.	Kinder- garten	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8	Grade 9	Grade 10	Grade 11	Grade 12	TOTAL
1975	1975-76		1	165	171	152	171	146	145	158	160	166	180	147	130	92	1984
1976	1976-77	(71) 225	1	197	195	169	135	154	142	146	150	166	176	176	143	97	2049
1977	1977-78	(72) 171	0	158	211	168	165	126	146	135	139	140	163	148	149	109	1957
1978	1978-79	(73) 168	5	149	185	182	169	157	135	146	140	121	157	171	148	138	2003
1979	1979-80	(74) 175	6	167	182	171	177	178	169	128	154	127	127	151	151	133	2021
1980	1980-81	(75) 175	7	168	174	153	157	170	160	152	138	142	125	119	140	123	1928
1981	1981-82	(76) 197	14	161	192	149	173	144	187	157	146	144	145	124	125	127	1988
1982	1982-83	(77) 189	18	179	193	184	148	165	155	176	135	120	152	149	119	117	2010
1983	1983-84	(78) 188	23	184	193	188	174	140	157	151	166	148	140	135	142	108	2049
1984	1984-85	(79) 243	17	210	193	181	193	157	137	165	135	168	156	136	130	137	2115
COHORT SURVIVAL RATE			B-K .95	K-1 1.10	1-2 .90	2-3 1.0	3-4 .93	4-5 1.0	5-6 1.0	6-7 .97	7-8 .99	8-9 1.06	9-10 .96	10-11 .96	11-12 .86		

**PROJECTED ENROLLMENTS IN KODIAK CITY  
ATTENDANCE AREA FOR 1984-85 to 2000-01**

Year	School Year	Births* & Year	Pre- Elem.	Kinder- garten	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8	Grade 9	Grade 10	Grade 11	Grade 12	TOTAL
1984	1984-85	(79) 243	17	210	193	181	193	157	137	165	135	168	156	136	130	137	2115
1985	1985-86	(80) 229	18	218	231	174	181	179	157	137	160	134	178	150	131	112	2160
1986	1986-87	(81) 242	19	230	240	208	174	168	179	157	133	158	142	171	144	113	2236
1987	1987-88	(82) 257	20	244	253	216	208	162	168	179	152	132	167	136	164	124	2325
1988	1988-89	(83) 252	21	239	268	228	216	193	162	168	174	150	140	160	131	141	2391
1989	1989-90	(84) 231	22	219	263	241	228	201	193	162	163	172	159	134	154	113	2424
1990	1990-91	(85) 240	23	228	241	237	241	212	201	193	157	161	182	153	129	133	2491
1991	1991-92	(86) 250	24	238	251	217	237	224	212	201	187	155	171	175	147	111	2550
1992	1992-93	(87) 259	25	246	262	226	217	220	224	212	195	185	164	164	168	126	2634
1993	1993-94	(88) 269	26	256	271	236	226	202	220	224	206	193	196	157	157	144	2714
1994	1994-95	(89) 280	27	266	282	244	236	210	202	220	217	204	206	188	151	135	2788
1995	1995-96	(90) 291	28	276	293	254	244	219	210	202	213	215	216	192	180	130	2872
1996	1996-97	(91) 303	29	288	304	264	254	227	219	210	196	211	228	207	184	155	2976
1997	1997-98	(92) 315	30	299	317	277	264	236	227	219	204	194	224	219	199	158	3064
1998	1998-99	(93) 328	31	312	329	277	274	246	236	227	212	202	206	215	210	171	3156
1999	1999-20	(94) 341	32	324	343	285	255	246	236	220	210	214	198	206	181		3246
2000	2000-01	(95) 355	33	337	356	296	265	255	246	229	218	223	205	190	177		3339

COMMITTEE REPORT

HOUSE

(7)

FURTHER: FINANCE

3/27/85

Date: 4-17-85

The Committee on COMMUNITY & REGIONAL AFFAIRS has had HB 333

"An Act making a special appropriation to the Department of Community and Regional Affairs for payment as a grant to Small World, Inc.; and providing for an effective date."

under consideration and recommend

do pass  do not pass

do pass with attached amendments(s)

replace with CS for HB 333 (copy)  same title  new title

and recommends \_\_\_\_\_

AND attaches a "Letter of Intent"  New Fiscal Note

reports it back without recommendation  Zero Fiscal Note Attached

referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

[Signature]  
[Signature]  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

[Signature]  
[Signature]  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Signature]  
CHAIRMAN



# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith  
Signature of Camera Operator

7/25/89  
Date

H B

3 3 9

# Alaska State Legislature

## COMMITTEES:

Committee on Community and Regional Affairs  
Committee on Transportation  
Special Committee on Oil and Gas  
Special Committee on Fisheries  
Finance Sub-committee on Fish and Game



**Andre Marrou**  
Representative February 17, 1986

## Direct

Kana	Stirling
Soldotna	Arctic Point
Homer	Port Graham
Sudovia	English Bay
Kachemak	NOVATOSE
Kashof	Halibut Cove
Naukens	Clam Gulch

## SALIENT FACTS RE: CSSH339

°Of a \$234,511,201 tax bill due the State on Prudhoe Bay oil and gas property in 1984, 92% of it was credited to the taxpayer because the local municipality siphoned it off.

°In 1984, 2.26% of the State's population took 58% of all oil and gas property tax revenue (\$215,398,538), or, approximately 10% of all State revenue.

°The North Slope Borough is \$1.2 billion(!) in debt, or, \$97,373 per capita.

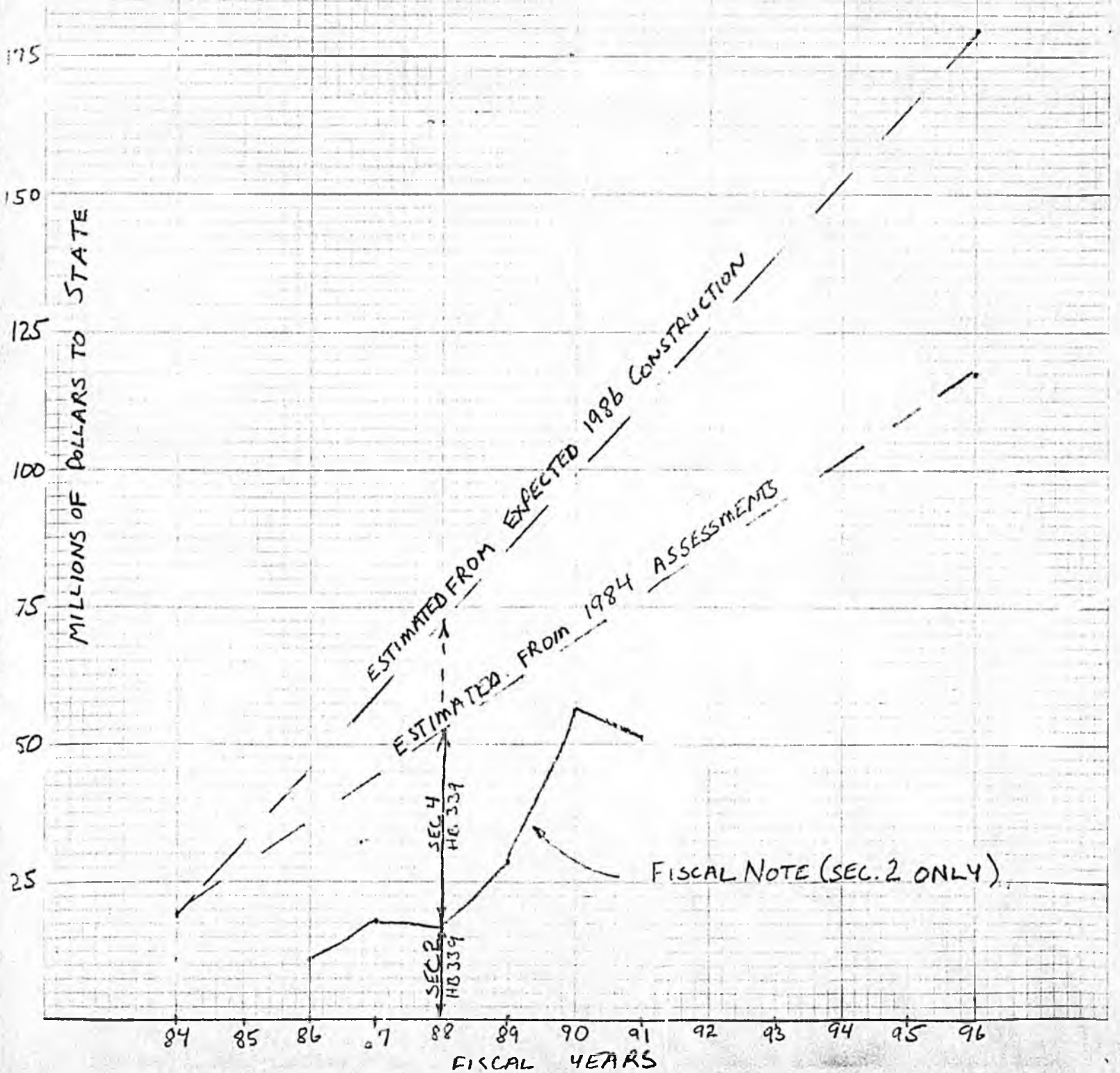
°The North Slope Borough leads the State with the highest debt to assessed valuation % ratio.

°The current situation encourages debt by municipalities.

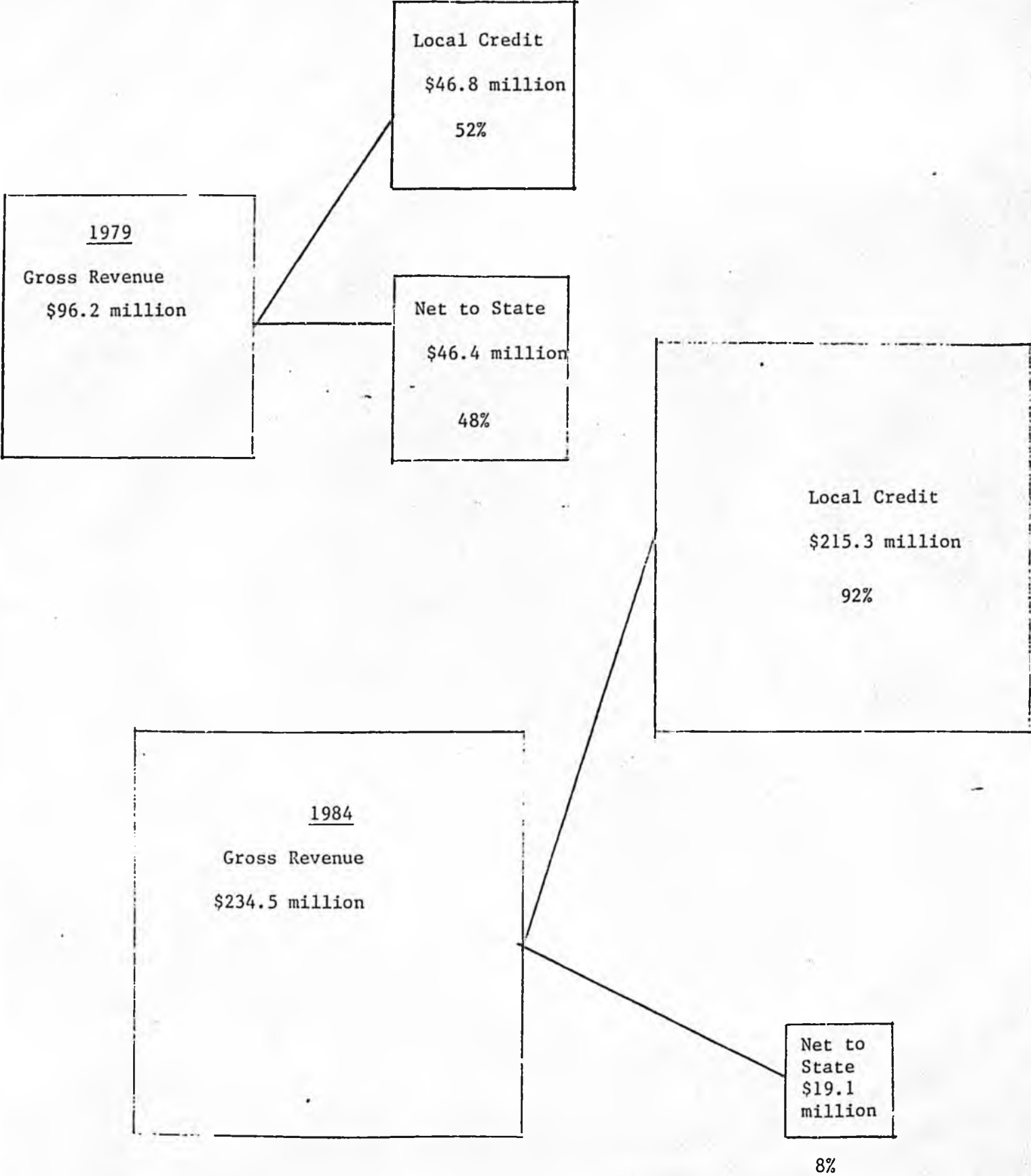
°Inaction by the Legislature will result in continued reduction of State oil and gas property tax revenue and a higher local share.

°Oil prices will stabilize and increase eventually; hence, so will the assessed oil and gas property tax base..

# EFFECTS OF HB 339 ON STATE REVENUES



Distribution of State Property Tax for the North Slope Borough



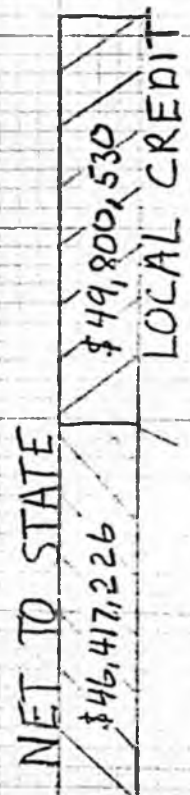
# DISTRIBUTION OF OIL & GAS PROPERTY TAX FOR NORTH SLOPE BOROUGH

\$ MILLIONS OF DOLLARS \$

NOTE: PROJECTION BASED UPON 1984 ASSESSMENTS

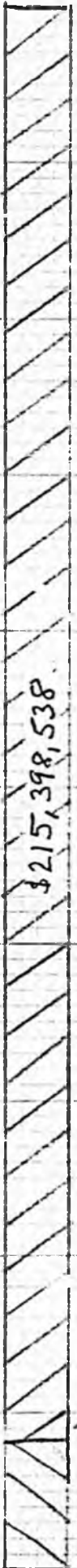
88  
64  
40  
17

94  
70  
47  
23



1979

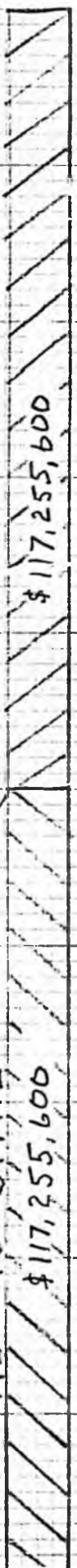
NET TO STATE



1984

LOCAL CREDIT

NET TO STATE



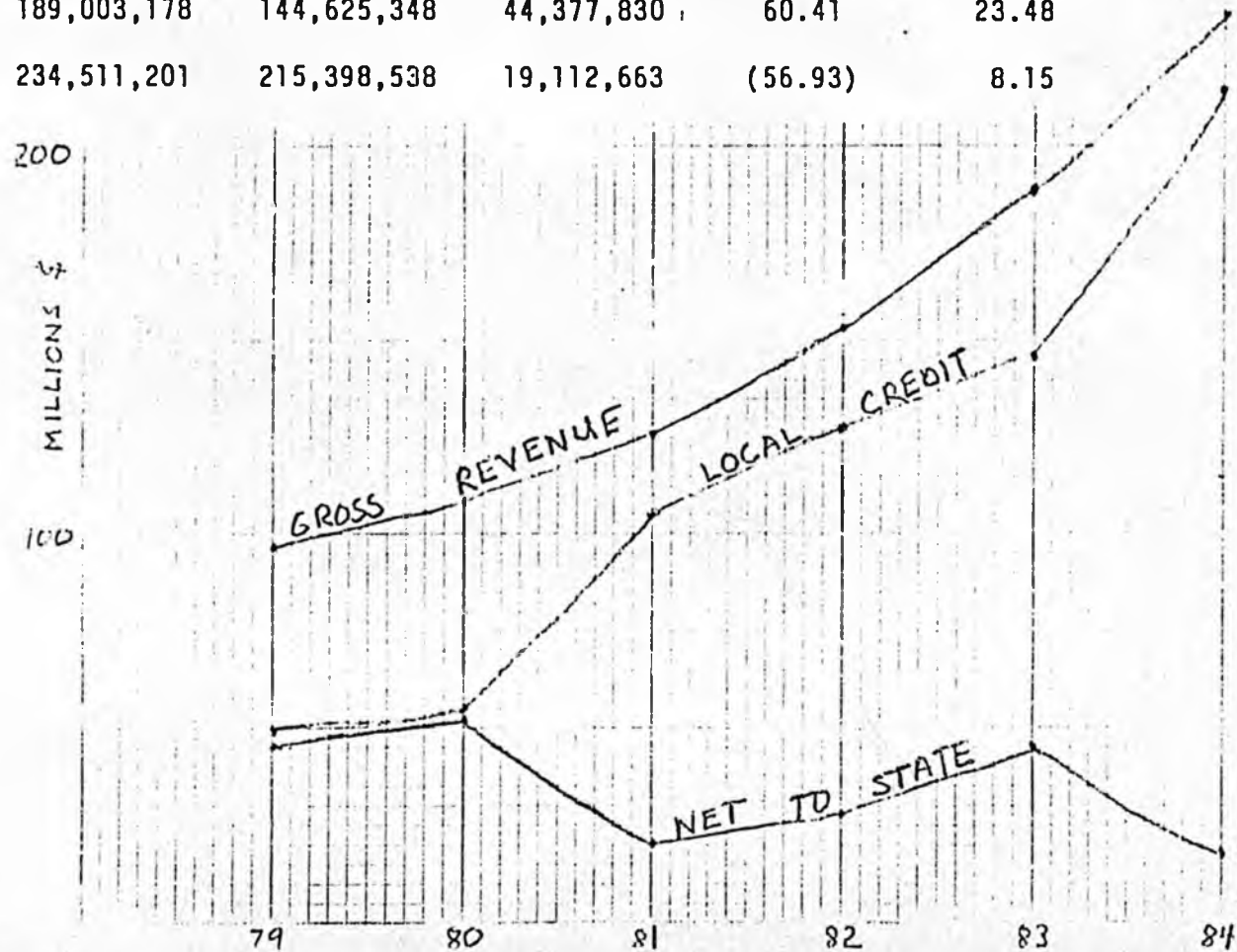
1990-1995

HB 3:9 PROJECTION

LOCAL CREDIT

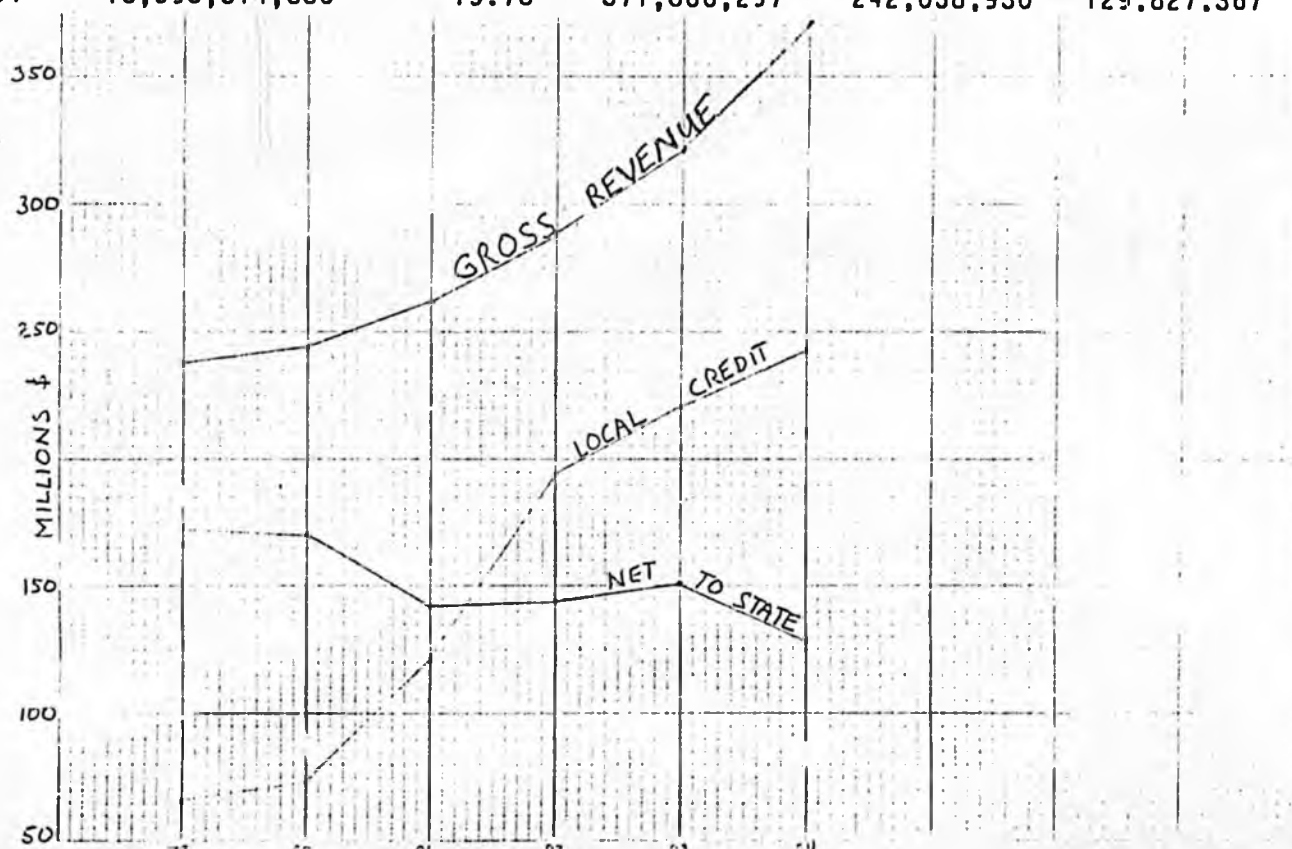
Distribution of State Property Tax For the North Slope Borough

<u>Year</u>	<u>State Assessed Value</u>	<u>Gross Revenue</u>	<u>Local Credit</u>	<u>Net to State</u>	<u>Percent Increase</u>	<u>Percent of Gross to State</u>
1979	4,810,887,800	96,217,756	49,800,530	46,417,226		48.24
1980	5,450,597,290	109,011,946	55,974,326	53,037,620	14.26	48.65
1981	6,297,616,550	125,952,331	105,150,647	20,801,684	(60.78)	16.52
1982	7,722,386,820	154,447,776	126,781,999	27,665,777	33.00	17.91
1983	9,450,158,880	189,003,178	144,625,348	44,377,830	60.41	23.48
1984	11,725,560,030	234,511,201	215,398,538	19,112,663	(56.93)	8.15



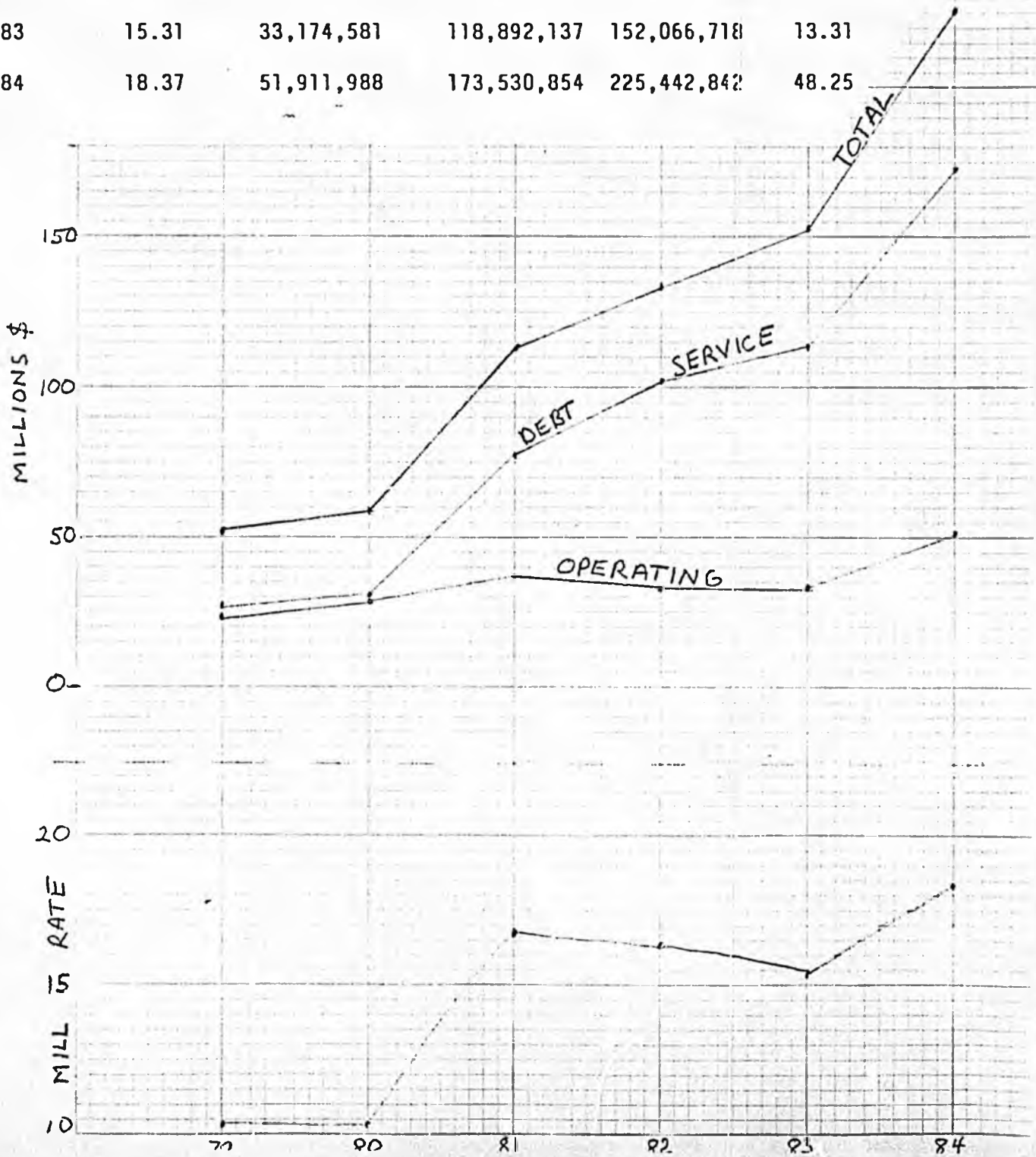
Six Year State Property Tax History

<u>Year</u>	<u>State Assessed Value</u>	<u>Percent Increase</u>	<u>Gross Revenue</u>	<u>Local Credit</u>	<u>Net to State</u>	<u>Percent Increase</u>	<u>Percent of Gross to State</u>
1979	11,946,447,380	7.85	238,928,947	66,609,309	172,319,637	(0.69)	72.1
1980	12,165,633,950	1.83	243,312,679	72,900,166	170,412,512	(1.11)	70.0
1981	13,170,633,280	8.26	263,412,665	121,116,160	142,296,505	(16.50)	54.0
1982	14,410,443,680	9.41	288,208,973	144,171,544	144,037,429	1.22	50.0
1983	16,059,836,120	11.45	321,196,722	170,818,425	150,378,297	4.40	46.8
1984	18,593,314,880	15.78	371,866,297	242,038,930	129,827,367	(13.67)	34.9



North Slope Borough Budget From All Property Taxes

<u>Year</u>	<u>Mill Rate</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>	<u>% Increase</u>
1979	10.35	24,360,827	26,625,145	50,985,972	
1980	10.33	28,997,204	30,154,114	59,151,318	16.01
1981	16.70	36,142,391	77,846,541	113,988,932	92.71
1982	16.42	33,833,656	100,370,000	134,203,656	17.73
1983	15.31	33,174,581	118,892,137	152,066,718	13.31
1984	18.37	51,911,988	173,530,854	225,442,842	48.25



Representative Andre Marrou  
April 8, 1985

The following chart describes the current 1984 municipal oil and gas property tax mill rates in Alaska \* :

<u>Municipality</u>	<u>Mill Rate</u>	<u>Oil &amp; Gas State Property Assessed Value</u>	<u>Municipal Credit</u>
Unorganized	0	4,030,427,300	0
North Slope	18.4	11,728,126,470	215,800,000
North Star	7.0	627,613,530	4,393,295
Anchorage	9.0	82,976,730	746,791
Kenai	5.0	577,777,800	2,888,889
Valdez	11.745	1,545,541,000	18,152,379
Mat-Su	8.0	1,626,460	13,012
Yakutat	13.0	1,900,360	24,705

\*Jerry Heir (HTRE)  
State Petroleum Property Assessor  
Dept. of Revenue, May 2, 1984.

0\*\*

RJM:ojb  
J13/069

276-1363

215800000.+  
4393295.+  
746791.+  
2888889.+  
18152379.+  
13012.+  
+ 24705.=  
TOTAL 242,019,071.0\*

# Alaska State Legislature

## COMMITTEES:

Committee on Community and Regional Affairs  
Committee on Transportation  
Special Committee on Oil and Gas  
Special Committee on Fisheries  
Finance Sub-committee on Fish and Game



**Andre Marrou**  
Representative

## District 5

Kenai	Sterling
Soldotna	Anchor Point
Homer	Port Graham
Seldovia	English Bay
Kachemak	Nikolaevsk
Kasilof	Halibut Cove
Ninilchik	Clam Gulch

March 24, 1986

To: Chairman Peter Goll and Members of House C & RA Committee  
From: Andre Marrou, Representative  
Subject: CSSSHB 339 (O&G), Limiting Municipal Oil & Gas Property Taxes

Current State law allows an oil and gas property owner/taxpayer to credit against their state obligation of 20 mills (AS 43.56.010a) all applicable local taxes (AS 43.56.010d). This results in shifting a State-imposed property tax to municipal coffers.

The current municipal property tax rate in the North Slope Borough is 18.4 mills, which appears excessive. Certainly, it costs the State HUNDREDS OF MILLIONS OF DOLLARS YEARLY (see attached chart). For example, the State's property tax share has fallen drastically from 48% to 8% in five years, while the North Slope Borough's share has skyrocketed from 52% to 92%.

The original legislative intent was that the revenues from the 20-mill tax belong to all residents of the State, not just a few in a privileged location. It was not the intent to allow the North Slope Borough to finance an astronomical debt (\$93,637 per capita), thereby possibly jeopardizing the State's bond rating if they default in these times of decreasing oil revenues.

Allowing the oil companies to credit their local tax against the State 20-mill tax was so the municipalities could finance local services to the oil and gas properties being taxed. However, the idea that Prudhoe Bay is receiving over \$200,000,000 annually in local services is not believable. It would, in fact, be interesting to know just what services are provided, if any.

The residents of the North Slope Borough appear indifferent to their high tax rate, perhaps because of various exemptions available to them.

HB 339 proposes to split the State's 20-mill tax 50/50 between the State and the municipalities. If this bill were fully in effect in 1984, it would have increased State revenues by \$98,142,937 WITH NO INCREASE IN TAXES.

The current law has caused a lopsided distribution of revenues to some municipalities at the expense of hundreds of millions of dollars of lost revenue to the State. It also compounds this inequity by encouraging municipalities to incur large amounts of debt. The resultant debt payments are indirectly adjusted dangerously close to the price of oil.

The most important section of this bill is the effective date clause. A municipality's taxing authority to pay off current debt obligations will not be impaired! HB 339 deals only with a municipality's authority to tax for bonded indebtedness after the effective date.

\* ANCSA sec. 21D; Indian Reorganization Act, 25 USC 465; Federal Supremacy Clause for Native Trust Lands; AS 18.55.250; \$10,000 Exemption per Assesment, AS 29.45.050(a)

TABLE OF CONTENTS

THIS PACKET CONTAINS:

°The Oil & Gas Committee's CS for SSHB 339

°Sectional Analysis

°Position Paper by DCRA

°Fiscal Note by DOR

°Fiscal analysis by DOR

°Memo on Fiscal Note

°Constitutional Support of CSSHB 339

°Salient Facts

°Page 17 and 18 of 1985 "Alaska Taxable"

°Copies of Pertinent Statutes (2 pages)

°Charts and Tables of:

Line Graph: Effects of CSSHB 339 on State Revenues

Box Graph: Distribution of State Property Tax for the N S Borough

Bar Graph: Distribution of Oil & Gas Property Tax for the N S Borough

Table & Graph: Six Year State Property Tax History

Table & Graph: Distribution of State Property Tax for the NSB

Table & Graph: North Slope Borough Budget from All Property Taxes

Table: 1984 Mill Rates of affected Municipalities

SECTIONAL ANALYSIS CSSH 339 (Oil & Gas)

\*Section 1.

This section makes this bill applicable to home rule municipalities.

\*Section 2.

This section restricts a municipality's ability to tax to pay for bonds, only if it taxes oil and gas properties under AS 29.45.080. The 1% figure will allow municipalities to collect up to half of the 20 mill oil and gas property tax under AS 43.56.

\*Section 3.

This section conforms the statutes to the limitation in section 2.

\*Section 4.

This section clarifies that the taxing authority to pay off current existing debt will not be impaired.

This section is also a debt limiter that prevents municipalities from issuing more bonds after the effective date, if the taxes to pay those bonds exceed the limit in section 2.

1        FAULT].

2        \* Sec. 4. The amendments to AS 29.45.100 and AS 29.47.200(a) made by  
3 secs. 2 and 3 of this Act apply only to taxes levied or pledged to pay  
4 general obligation bonds sold by a municipality on or after the effective  
5 date of this Act. However, notwithstanding any other provision of law, a  
6 municipality may not sell general obligation bonds after the effective date  
7 of this Act until the municipality is in compliance with AS 29.45.100 and  
8 AS 29.47.200(a) as amended by secs. 2 and 3 of this Act with respect to  
9 taxes levied or pledged to pay all general obligation bonds without regard  
10 to the dates of sale.

11       \* Sec. 5. This Act takes effect July 1, 1986.

# STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

## DEPT. OF COMMUNITY & REGIONAL AFFAIRS

### OFFICE OF THE COMMISSIONER

March 5, 1985

POUCH B  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-4700

949 E. 36TH AVENUE, SUITE 400  
ANCHORAGE, ALASKA 99508  
PHONE: (907) 563-1073

### POSITION PAPER

RE: SSBH 339

SPONSOR: Representative Andre Marrou

#### Program Effects of Bill

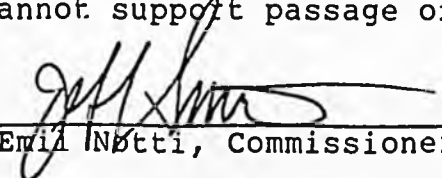
#### Comments

Sponsor Substitute for House Bill 339 provides for the State to be guaranteed at least 50 per cent of all property taxes levied against AS 43.56 property. Municipalities would be allowed a property tax levy against that property which would not exceed ten mills.

The Department understands and appreciates the concept that all the people of the State should be guaranteed an equal share of revenues derived from this resource, as compared with the current system of taxation which allows some municipalities to benefit in excess of 50 per cent. We do not necessarily oppose that concept.

We do however, have concerns regarding the effect of implementing that concept at the municipal level. At the present time, there is no limit on taxes to pay bonds. The language in SSBH 339 would allow taxes for the payment of bonds to be levied at any level against homes and local businesses, while limiting the levy against AS 43.56 property to ten mills. At the same time, AS 43.56 property would enjoy a full level of municipal services such as education, fire protection, police protection, etc. which would be provided through issuance of the bonds.

Although the Department does not necessarily oppose the concept proposed in the bill, we must recognize the implementation of that concept would allow unequal taxation at the municipal level. For that reason, we cannot support passage of SSBH 339.

  
Emil Notti, Commissioner

Offered: 3/7/86  
Referred: Community & Regional  
Affairs and Finance

Original sponsor: Marrou and Pignalberi

1 IN THE HOUSE BY THE HOUSE SPECIAL COMMITTEE  
ON OIL AND GAS  
2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 339 (Oil & Gas)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FOURTEENTH LEGISLATURE - SECOND SESSION  
5 A BILL  
6 For an Act entitled: "An Act relating to the limitation on municipal  
7 property taxation for the payment of bonds; and  
8 ~ providing for an effective date."  
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
10 \* Section 1. AS 29.10.200 is amended by adding a new paragraph to read:  
11 (47) AS 29.47.200(a) - (general obligation bonds)  
12 \* Sec. 2. AS 29.45.100 is amended to read:  
13 Sec. 29.45.100. [NO] LIMITATIONS ON TAXES TO PAY BONDS. The  
14 limitations provided for in AS 29.45.080 - 29.45.090 do not apply to  
15 taxes levied or pledged to pay or secure the payment of the principal  
16 and interest on bonds. However, taxes levied under AS 29.45.080  
17 [TAXES] to pay or secure the payment of principal and interest on  
18 bonds may only be levied in an amount that does not exceed one percent  
19 of the assessed value of property within the municipality taxed under  
20 AS 29.45.080 [WITHOUT LIMITATION AS TO RATE OR AMOUNT], regardless of  
21 whether the bonds are in default or in danger of default.  
22 \* Sec. 3. AS 29.47.200(a) is amended to read:  
23 (a) The full faith and credit of a municipality are pledged for  
24 the payment of principal and interest on general obligation bonds.  
25 Subject to AS 29.45.100, the [TAXE] municipality may levy ad valorem  
26 taxes for payment [WITHOUT LIMITATION OF RATE OR AMOUNT TO PAY OR  
27 SECURE THE PAYMENT] of the principal and interest on the bonds. This  
28 subsection applies to home rule and general law municipalities [,  
29 REGARDLESS OF WHETHER THE BONDS ARE IN DEFAULT OR IN DANGER OF DE-

1        FAULT].

2        \* Sec. 4. The amendments to AS 29.45.100 and AS 29.47.200(a) made by  
3        secs. 2 and 3 of this Act apply only to taxes levied or pledged to pay  
4        general obligation bonds sold by a municipality on or after the effective  
5        date of this Act. However, notwithstanding any other provision of law, a  
6        municipality may not sell general obligation bonds after the effective date  
7        of this Act until the municipality is in compliance with AS 29.45.100 and  
8        AS 29.47.200(a) as amended by secs. 2 and 3 of this Act with respect to  
9        taxes levied or pledged to pay all general obligation bonds without regard  
10       to the dates of sale.

11       \* Sec. 5. This Act takes effect July 1, 1986.

# STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

## DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

March 5, 1985

POUCH B  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-4700

949 E. 36TH AVENUE, SUITE 400  
ANCHORAGE, ALASKA 99508  
PHONE: (907) 563-1073

### POSITION PAPER

RE: SSHB 339

SPONSOR: Representative Andre Marrou

#### Program Effects of Bill

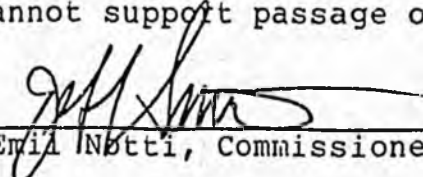
#### Comments

Sponsor Substitute for House Bill 339 provides for the State to be guaranteed at least 50 per cent of all property taxes levied against AS 43.56 property. Municipalities would be allowed a property tax levy against that property which would not exceed ten mills.

The Department understands and appreciates the concept that all the people of the State should be guaranteed an equal share of revenues derived from this resource, as compared with the current system of taxation which allows some municipalities to benefit in excess of 50 per cent. We do not necessarily oppose that concept.

We do however, have concerns regarding the effect of implementing that concept at the municipal level. At the present time, there is no limit on taxes to pay bonds. The language in SSHB 339 would allow taxes for the payment of bonds to be levied at any level against homes and local businesses, while limiting the levy against AS 43.56 property to ten mills. At the same time, AS 43.56 property would enjoy a full level of municipal services such as education, fire protection, police protection, etc. which would be provided through issuance of the bonds.

Although the Department does not necessarily oppose the concept proposed in the bill, we must recognize the implementation of that concept would allow unequal taxation at the municipal level. For that reason, we cannot support passage of SSHB 339.

  
Emilia Notti, Commissioner

STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

**REQUEST**  
Bill/Resolution No: CS SS HB 339  
Title: Limitation of oil and gas  
municipal property taxes to pay for  
bonds  
Sponsor: Marrou  
Requestor: House Oil & Gas  
Date of Request: February 17, 1986

**FISCAL DETAIL**  
Agency Affected: \_\_\_\_\_  
BRU: \_\_\_\_\_  
Components: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
<b>OPERATING</b>						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
<b>TOTAL OPERATING</b>	-	-	-	-	-	-
<b>CAPITAL</b>	-	-	-	-	-	-
<b>REVENUE</b>	10,500	17,700	17,100	28,100	55,600	51,100

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	10,500	17,700	17,100	28,100	55,600	51,100
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<b>TOTAL</b>	10,500	17,700	17,100	28,000	55,600	51,100

**POSITIONS:**

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

**ANALYSIS:** See attached analysis.

Prepared By: Milt Barker MB  
 Division: Treasury

Phone: 465-2350  
 Date: February 20, 1986

Approved by Commissioner: Henry H. Stundak  
 Agency: Department of Revenue

Date: 2/21/86

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

CS SS HB 339  
Fiscal Note Analysis

The only municipality possibly affected by CS SS HB 339 is the North Slope Borough as detailed in the attached table. However, there are two major loopholes in the CS that could mean the State would receive no additional revenue from property in the North Slope Borough.

First, the exemption for refunding bonds means that potentially no levies for existing debt would count toward the limit and therefore the second sentence of section 4 of the bill would not operate to limit issuance of new debt. This is because refunded debt is paid from the proceeds of refunding debt, not tax levies, and tax levies for the refunding debt are exempt. Thus, a municipality could wipe the slate clean as far as the limit is concerned by refunding all its debt. Technically, this could be fixed in the bill by putting the refunding exemption in a separate section and amending section 4.

The second loophole, to the extent the bill is meant to control debt issuance, is school debt. Since the State may pay 80 percent, 90 percent, or 100 percent of school debt service the major portion of such debt can be exempt from the limit in this bill. However, passage of HB 520 would limit State payments in the future for school debt.

CS SS HB 339 should not affect Valdez since the only new debt planned for issuance by Valdez is \$24 million of bonds to redeem bond anticipation notes maturing March 1, 1988. These bonds would be exempt from the 10 mill limit of SS HB 339 by virtue of the bill's exemption for refunding bonds.

The limit would not affect other communities with oil and gas property because 10 mills would support far more debt than is outstanding, or at least more than is outstanding excluding school debt.

Additional State Revenue  
Due to  
Limitation of CS SS HB 339 on North Slope Borough  
(\$ Millions)

	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>
Full Property Value						
(1) State Assessed	12,563.3	13,000.0	13,500.0	13,500.0	13,500.0	13,500.0
(2) Local Assessed	<u>313.5</u>	<u>313.5</u>	<u>313.5</u>	<u>313.5</u>	<u>313.5</u>	<u>313.5</u>
(3) Total Full Value	12,876.8	13,313.5	13,813.5	13,813.5	13,813.5	13,913.5
(4) Limit on Taxable Value	2,397.1	2,397.1	2,397.1	2,397.1	2,397.1	2,397.1
(5) 10 Mill Limit on Debt Service	23.4	23.4	23.4	23.4	23.4	23.4
(6) Debt Service on Outstanding Debt (as to be partially refunded)	202.3	212.1	219.7	211.7	192.5	188.6
(7) New Debt to be Issued	52.9	28.0	28.0	154.0	-	-
(8) Debt Service on New Debt	10.5	17.7	17.1	28.1	55.6	51.1
(9) Additional State Revenue	10.5	17.7	17.1	28.1	55.6	51.1

Notes:

- (1 & 2) January 1, 1985 values from Alaska Taxable 1985, Department of Community and Regional Affairs
- (3) Rows (1) and (2)
- (4) 1985 statewide average full value of \$86,322 multiplied by 225% multiplied by 12,342 1985 North Slope Borough population
- (5) 1% of row ((4) + Row (3)) x Row (1)
- (6) From North Slope Borough Capital Improvements Program FY 1986 - FY 1991, Table 15, Column G minus Row 8 of this table.
- (7 & 8) From North Slope Borough Capital Improvements Program FY 1986 - FY 1991, Table 14 Row 8
- (9) Row 8

# Alaska State Legislature

## COMMITTEES:

Committee on Community and Regional Affairs  
Committee on Transportation  
Special Committee on Oil and Gas  
Special Committee on Fisheries  
Finance Sub-committee on Fish and Game



Andre Marrou  
Representative

District 5

Kenai	Sterling
Soldotna	Anchor Point
Homer	Port Graham
Seldovia	English Bay
Kachemak	Nikolai
Kasilof	Halibut Cove
Sitilchik	Clam Gulch

February 28, 1986

To: Mike Davis, Chairman House Oil & Gas  
From: Andre Marrou, Representative

Subject: HB 339 Fiscal Note

Here is the fiscal note for work draft of HB 339 dated Feb. 7.

I would like to point out that the revenue projections here, in my opinion, are severely under valued.

The preparer of the fiscal note took the position that the only increased revenue realized from HB 339 would come from section 4 of the bill which would limit new debt and new debt service by the North Slope Borough. Absent from the note are the increased revenues that would go to the State as the North Slope Borough retires its huge debt burden. This would be a direct result of section 2 of the bill.

According to the preparer of the fiscal note, if the North Slope Borough did not have plans to issue any new debt, there wouldn't be any fiscal implication at all. This is simply not true. If HB 339 were in effect today, the State would take in one half of a \$234,511,201 assessment --or \$117,225,600-- instead of \$19,112,663.<sup>1</sup> The rest --or \$215,398,538-- went to pay for North Slope Borough debt service.

The preparer of the fiscal note also assumed the North Slope Borough's new debt issue forecast to be credible.<sup>2</sup> However, experience shows that, as far as the North Slope Borough is concerned, the sky is the limit.

The property tax payers plan to invest another \$6,000,000,000 into Prudhoe Bay this summer. This should approximately increase the assessed value of Prudhoe Bay \$12,000,000,000 to \$18,000,000,000. That's 18 billion dollars of value that we are going to assess a 20 mill tax! This equals \$360 million dollars of potential State revenue that the North Slope Borough can siphon off, as it has done in the past, by issuing new debt. Therefore, the modest new debt forecasts for the North Slope Borough, outlined in line 7 of the 3rd page of this fiscal note, do not seem credible.

This bill has the potential of bringing in HUNDREDS OF MILLIONS of dollars in increased State revenue as the North Slope Borough pays off its current debt sometime between 1991 and 1996. This will be done with no increase in taxes on the oil and gas industry

<sup>1</sup> Based upon 1984 assessments.

<sup>2</sup> From the North Slope Borough's Capital Improvement Program FY 1986-1991, Table 14

# Alaska State Legislature

## COMMITTEES:

Committee on Community and Regional Affairs  
Committee on Transportation  
Special Committee on Oil and Gas  
Special Committee on Fisheries  
Finance Sub-committee on Fish and Game



Andre Marrou  
Representative

February 17, 1986

## ALASKA CONSTITUTION SUPPORTS CSSHB 339 (O&G)

Current State law allows for an inequitable share of the State's natural resources (about 58% of total oil & gas property taxes) to go to a relatively small number (about 2.2%) of our population. This is contrary to the intent of Alaska's Constitution.

From Article VIII of the Constitution, entitled "Natural Resources" (emphasis added):

### Section 1, Statement of Policy

"It is the policy of the State to encourage... the development of its resources... for maximum use consistent with the public interest".

### Section 2, General Authority

"The Legislature shall provide for the utilization, development, and conservation of all natural resources belonging to the State...for the maximum benefit of its people".

### Section 6, State Public Domain

"Lands and interests therein, possessed or acquired by the State...constitute the State public domain."

### Section 17, Uniform Application

"Laws and regulations governing the use and disposal of natural resources shall apply equally to all persons..."

Therefore, it seems clear that the Constitution intended for the State's natural resources to accrue to the benefit of all the State's citizens, not to a few privileged by sheer chance.

TABLE I

BOROUGH	R/P TOTAL FULL VALUE	STATE ASSESSED	TOTAL FULL VALUE	G.O. DEBT	POPULATION	PER CAP/DEBT	PER CAP/VALUE
ANCHORAGE	\$15,675,303,800	\$80,107,200	\$15,755,411,000	\$358,799,900	248,263	\$1,445	\$63,462
BRISTOL BAY	\$101,798,800	\$0	\$101,798,800	\$3,535,000	1,271	\$2,781	\$80,086
FAIRBANKS (CITY)	\$1,458,574,300	\$0		\$9,010,000	27,099	\$332	\$53,823
North Pole	\$187,457,100	\$0		\$1,218,500	1,640	\$742	\$114,303
Other	\$1,934,409,900	\$0		\$80,700,000	46,340	\$1,741	\$41,743
TOTAL	\$3,580,441,300	\$630,556,400	\$4,210,997,700	\$90,928,500	75,079	\$1,211	\$56,087
HAINES (CITY)	\$44,916,300	\$0		\$745,000	1,079	\$690	\$41,627
Other	\$49,029,200	\$0		\$555,000	768	\$722	63,840
TOTAL	\$93,945,500	\$0	\$93,945,500	\$1,300,000	1,847	\$703	\$50,863
JUNEAU (CITY)	\$436,658,900	\$0		\$0			
Douglas	\$76,111,100	\$0		\$0			
Other	\$1,100,618,900	\$0		\$47,651,000			
TOTAL	\$1,613,388,900	\$0	\$1,613,388,900	\$47,651,000	29,370	\$1,622	\$54,935
KENAI (HOMER)	\$215,845,000	\$0		\$2,113,000	3,817	\$553	\$56,548
Kenai	\$282,950,800	\$0		\$5,835,000	6,434	\$906	\$43,977
Seldovia	\$16,451,300	\$0		\$378,000	678	\$557	\$24,264
Seward	\$142,170,600	\$0		\$7,479,000	2,072	\$3,609	\$68,615
Soldotna	\$215,425,400	\$0		\$2,800,000	3,597	\$778	\$59,890
Other	\$1,871,875,200	\$0		\$119,324,000	22,321	\$5,345	\$83,061
TOTAL	\$2,744,718,300	\$545,500,900	\$3,290,219,200	\$137,929,000	38,919	\$3,544	\$84,540
KETCHIKAN (CITY)	\$391,440,000	\$0		\$10,840,000	8,414	\$1,288	\$46,522
Other	\$284,545,100	\$0		\$21,090,000	5,900	\$3,574	\$48,227
TOTAL	\$675,985,100	\$0	\$675,985,100	\$31,930,000	14,314	\$2,230	\$47,225
KODIAK (CITY)	\$391,834,100	\$0		\$2,455,000	6,602	\$371	59,350
Other	\$180,536,600	\$0		\$25,815,000	7,146	\$3,612	\$25,264
TOTAL	\$572,370,700	\$0	\$572,370,700	\$28,270,000	13,748	\$2,056	\$41,633
MAT-SU (PALMER)	\$141,412,400	\$0		\$2,048,000	3,016	\$679	\$46,887
Huston	\$50,971,300	\$0		\$0	725	\$0	\$70,305
Wasilla	\$309,314,700	\$0		\$0	3,666	\$0	\$84,373
Other	\$1,864,081,300	\$0		\$110,160,000	33,686	\$3,270	\$55,336
TOTAL	\$2,365,779,700	\$1,626,500	\$2,367,406,200	\$112,208,000	41,093	\$2,730	\$57,571
NORTH SLOPE	\$511,643,200	\$12,365,143,700	\$12,876,786,900	\$1,155,680,000	12,342	\$93,637	\$1,043,330
SITKA	\$396,227,900	\$0	\$396,227,900	\$12,400,000	8,221	\$1,508	\$48,197

142

CITIES	R/P TOTAL FULL VALUE	STATE ASSESSED	TOTAL FULL VALUE	G.O. DEBT	POPULATION	PER CAP/DEBT	PER CAP/VALUE
DE THEL	\$182,296,900	\$0	\$182,296,900	\$556,500	3,681	\$151	\$49,523
CORDOVA	\$120,673,000	\$0	\$120,673,000	\$0	2,520	\$0	\$47,886
CRAIG	\$34,707,400	\$0	\$34,707,400	\$0	1,167	\$0	\$29,740
DELTA JUNCTION	\$30,870,500	\$0	\$30,870,500	\$0	1,207	\$0	\$25,576
DILLINGHAM	\$94,669,900	\$0	\$94,669,900	\$0	2,100	\$0	\$45,000
EAGLE	\$9,104,500	\$0	\$9,104,500	\$0	194	\$0	\$46,930
GALENA	\$19,149,500	\$0	\$19,149,500	\$900,000	942	\$955	\$20,328
HOGNAH	\$27,845,200	\$0	\$27,845,200	\$0	906	\$0	\$30,734
HYDABURG	\$12,688,900	\$0	\$12,688,900	\$0	463	\$0	\$27,405
KAKE	\$11,608,000	\$0	\$11,608,000	\$0	633	\$0	\$18,338
KING COVE	\$23,230,800	\$0	\$23,230,800	\$0	547	\$0	\$42,469
KLAWOCK	\$5,563,000	\$0	\$5,563,000	\$0	600	\$0	\$9,271
KOTZEBUE	\$93,245,100	\$0	\$93,245,100	\$0	2,981	\$0	\$31,279
NENANA	\$12,881,500	\$0	\$12,881,500	\$2,717,300	542	\$5,013	\$23,766
NOME	\$116,712,900	\$0	\$116,712,900	\$2,161,200	3,876	\$557	\$30,111
PELICAN	\$10,155,400	\$0	\$10,155,400	\$0	213	\$0	\$47,677
PETERSBURG	\$161,219,300	\$0	\$161,219,300	\$6,195,000	3,137	\$1,974	\$51,392
ST. MARY'S	\$4,239,400	\$0	\$4,239,400	\$0	563	\$0	\$7,530
SAND POINT	\$71,086,800	\$0	\$71,086,800	\$0	900	\$0	\$78,985
SKAGWAY	\$58,447,100	\$0	\$58,447,100	\$820,000	700	\$1,037	\$74,021
TANANA	\$11,195,400	\$0	\$11,195,400	\$0	425	\$0	\$26,342
UNALASKA	\$102,367,800	\$2,941,600	\$105,309,400	\$3,299,000	1,922	\$1,716	\$54,791
UNAL/KLEET	\$19,714,500	\$0	\$19,714,500	\$0	787	\$0	\$25,050
VALDEZ	\$172,493,900	\$1,567,938,000	\$1,740,431,900	\$75,833,000	3,687	\$20,567	\$472,045
WHITTIER	\$19,419,200	\$0	\$19,419,200	\$0	338	\$0	\$57,453
WRANGELL	\$111,757,000	\$0	\$111,757,000	\$10,750,000	2,376	\$4,524	\$47,035
YAKUTAT	\$15,500,400	\$1,719,000	\$17,679,400	\$235,200	462	\$509	\$38,267
<hr/>							
TOTAL CITIES	\$1,553,303,300	\$1,572,598,600	\$3,125,901,900	\$103,467,200	37,959	\$2,725	\$82,349
<hr/>							
STATE	\$29,884,906,500	\$19,030,331,400	\$48,915,237,900	\$816,100,000	566,657	\$1,440	\$86,322
<hr/>							
TOTAL BOROUGH	\$28,331,603,200	\$13,622,934,700	\$41,954,537,900	\$1,980,631,400	484,467	\$4,088	\$86,599
<hr/>							
STATEWIDE TOTAL	\$29,884,906,500	\$19,030,331,400	\$48,915,237,900	\$2,900,198,600	566,657	\$5,118	\$86,322

CITATION SEC. 43.56.010.

CATCH LINE

LEVY OF TAX.

TEXT

(A) AN ANNUAL TAX OF 20 MILLS IS LEVIED EACH TAX YEAR BEGINNING JANUARY 1, 1974, ON THE FULL AND TRUE VALUE OF TAXABLE PROPERTY TAXABLE UNDER THIS CHAPTER.

(B) A MUNICIPALITY MAY LEVY AND COLLECT A TAX UNDER AS 29.45.080 AT THE RATE OF TAXATION THAT APPLIES TO OTHER PROPERTY TAXED BY THE MUNICIPALITY. THE TAX SHALL BE LEVIED AT A RATE NO HIGHER THAN THE RATE APPLICABLE TO OTHER PROPERTY TAXABLE BY THE MUNICIPALITY. NO MUNICIPALITY MAY EXEMPT FROM TAXATION PROPERTY AUTHORIZED TO BE TAXED UNDER THIS CHAPTER. EXEMPTIONS SHALL BE LIMITED TO THOSE IN AS 29.45.030, 29.45.050, AND AS 43.56.020.

(C) IF THE TOTAL VALUE OF ASSESSED PROPERTY OF A MUNICIPALITY TAXING UNDER AS 29.45.080(C) EXCEEDS THE PRODUCT OF 225 PERCENT OF THE AVERAGE PER CAPITA ASSESSED FULL AND TRUE VALUE OF PROPERTY IN THE STATE (TO BE DETERMINED BY THE DEPARTMENT AND REPORTED TO EACH MUNICIPALITY BY JANUARY 15 OF EACH YEAR) MULTIPLIED BY THE NUMBER OF RESIDENTS OF THE TAXING MUNICIPALITY, THE DEPARTMENT SHALL DESIGNATE THE PORTION OF THE TAX BASE AGAINST WHICH THE LOCAL TAX MAY BE APPLIED.

(D) A TAX PAID TO A MUNICIPALITY UNDER AS 29.45.080 OR FORMER AS 29.53.045 ON OR BEFORE JUNE 30 OF THE TAX YEAR SHALL BE CREDITED AGAINST THE TAX LEVIED UNDER (A) OF THIS SECTION FOR THAT TAX YEAR. IF, HOWEVER, A TAX IS NOT PAID TO A MUNICIPALITY UNTIL AFTER JUNE 30 OF THE TAXABLE YEAR, THE DEPARTMENT UPON APPLICATION SHALL REFUND TO THE TAXPAYER THE AMOUNT OF TAX PAID TO THE MUNICIPALITY UNDER AS 29.45.080 OR FORMER AS 29.53.045. THE CREDIT OR REFUND OF TAXES PAID TO A MUNICIPALITY MAY NOT EXCEED THE TOTAL AMOUNT OF TAX LEVIED BY THE DEPARTMENT UPON THE TAXPAYER FOR THE TAX YEAR, UNDER (A) OF THIS SECTION.

CITATION SEC. 29.45.080.

CATCH LINE

TAX ON OIL AND GAS PRODUCTION AND PIPELINE PROPERTY.

TEXT

(A) A MUNICIPALITY MAY LEVY AND COLLECT TAXES ON TAXABLE PROPERTY TAXABLE UNDER AS 43.56 ONLY BY USING ONE OF THE METHODS SET OUT IN (B) OR (C) OF THIS SECTION.

(B) A MUNICIPALITY MAY LEVY AND COLLECT A TAX ON THE FULL AND TRUE VALUE OF TAXABLE PROPERTY TAXABLE UNDER AS 43.56 AS VALUED BY THE DEPARTMENT OF REVENUE AT A RATE NOT TO EXCEED THAT WHICH PRODUCES AN AMOUNT OF REVENUE FROM THE TOTAL MUNICIPAL PROPERTY TAX EQUIVALENT TO \$1,500 A YEAR FOR EACH PERSON RESIDING IN ITS BOUNDARIES.

(C) A MUNICIPALITY MAY LEVY AND COLLECT A TAX ON THE FULL AND TRUE VALUE OF THAT PORTION OF TAXABLE PROPERTY TAXABLE UNDER AS 43.56 AS ASSESSED BY THE DEPARTMENT OF REVENUE WHICH VALUE, WHEN COMBINED WITH THE VALUE OF PROPERTY OTHERWISE TAXABLE BY THE MUNICIPALITY, DOES NOT EXCEED THE PRODUCT OF 225 PERCENT OF THE AVERAGE PER CAPITA ASSESSED FULL AND TRUE VALUE OF PROPERTY IN THE STATE MULTIPLIED BY THE NUMBER OF RESIDENTS OF THE TAXING MUNICIPALITY.

(D) BY FEBRUARY 1 OF EACH ASSESSMENT YEAR A TAXING MUNICIPALITY MUST INFORM THE DEPARTMENT OF REVENUE WHICH METHOD OF TAXATION THE MUNICIPALITY WILL USE.

(E) FOR PURPOSES OF THIS SECTION, POPULATION SHALL BE DETERMINED BY THE COMMISSIONER BASED ON THE LATEST STATISTICS OF THE UNITED STATES BUREAU OF THE CENSUS OR ON OTHER RELIABLE POPULATION DATA, AND THE COMMISSIONER SHALL ADVISE EACH MUNICIPALITY OF ITS POPULATION BY JANUARY 15 OF EACH YEAR.

CITATION SEC. 29.45.090.

CATCH LINE

TAX LIMITATION.

TEXT

(A) A MUNICIPALITY MAY NOT, DURING A YEAR, LEVY AND TAX FOR ANY PURPOSE IN EXCESS OF THREE PERCENT OF THE ASSESSED VALUE OF PROPERTY IN THE MUNICIPALITY. ALL PROPERTY ON WHICH A TAX IS LEVIED SHALL BE TAXED AT THE SAME RATE DURING THE YEAR.

(B) A MUNICIPALITY, OR COMBINATION OF MUNICIPALITIES OCCUPYING THE SAME GEOGRAPHICAL AREA, IN WHOLE OR IN PART, MAY NOT LEVY TAXES

(1) THAT WILL RESULT IN TAX REVENUES FROM ALL SOURCES EXCEEDING \$1,500 A YEAR FOR EACH PERSON RESIDING WITHIN THE MUNICIPAL BOUNDARIES; OR

(2) UPON VALUE THAT, WHEN COMBINED WITH THE VALUE OF PROPERTY OTHERWISE TAXABLE BY THE MUNICIPALITY, EXCEEDS THE PRODUCT OF 225 PERCENT OF THE AVERAGE PER CAPITA ASSESSED FULL AND TRUE VALUE OF PROPERTY IN THE STATE MULTIPLIED BY THE NUMBER OF RESIDENTS OF THE TAXING MUNICIPALITY.

(C) THE COMMISSIONER SHALL APPORTION THE LAWFUL LEVY AND EQUITABLY DIVIDE THE TAX REVENUES ON THE BASIS OF NEED, SERVICES PERFORMED, AND OTHER CONSIDERATIONS IN THE PUBLIC INTEREST IF TWO OR MORE MUNICIPALITIES OCCUPYING THE SAME GEOGRAPHICAL AREA, IN WHOLE OR IN PART, ATTEMPT TO LEVY A TAX

(1) THE COMBINED LEVY OF WHICH WOULD RESULT IN TAX REVENUES FROM ALL SOURCES EXCEEDING \$1,500 A YEAR FOR EACH PERSON RESIDING WITHIN THE MUNICIPAL BOUNDARIES; OR

(2) UPON VALUE THAT, WHEN COMBINED WITH THE VALUE OF PROPERTY OTHERWISE TAXABLE BY THE MUNICIPALITY, EXCEEDS THE PRODUCT OF 225 PERCENT OF THE AVERAGE PER CAPITA ASSESSED FULL AND TRUE VALUE OF PROPERTY IN THE STATE MULTIPLIED BY THE NUMBER OF RESIDENTS OF THE TAXING MUNICIPALITY.

(D) FOR THE PURPOSE OF (B) AND (C) OF THIS SECTION, POPULATION SHALL BE DETERMINED BY THE COMMISSIONER BASED ON THE LATEST STATISTICS OF THE UNITED STATES BUREAU OF THE CENSUS OR ON OTHER RELIABLE POPULATION DATA.

CITATION SEC. 29.45.100.

CATCH LINE

TEXT

NO LIMITATIONS ON TAXES TO PAY BONDS.

THE LIMITATIONS PROVIDED FOR IN AS 29.45.080 29.45.090 DO NOT APPLY TO TAXES LEVIED OR PLEDGED TO PAY OR SECURE THE PAYMENT OF THE PRINCIPAL AND INTEREST ON BONDS. TAXES TO PAY OR SECURE THE PAYMENT OF PRINCIPAL AND INTEREST ON BONDS MAY BE LEVIED WITHOUT LIMITATION AS TO RATE OR AMOUNT, REGARDLESS OF WHETHER THE BONDS ARE IN DEFAULT OR IN DANGER OF DEFAULT.



1        FAULT].

2        \* Sec. 4. The amendments to AS 29.45.100 and AS 29.47.200(a) made by  
3 secs. 2 and 3 of this Act apply only to taxes levied or pledged to pay  
4 general obligation bonds sold by a municipality on or after the effective  
5 date of this Act. However, notwithstanding any other provision of law, a  
6 municipality may not sell general obligation bonds after the effective date  
7 of this Act until the municipality is in compliance with AS 29.45.100 and  
8 AS 29.47.200(a) as amended by secs. 2 and 3 of this Act with respect to  
9 taxes levied or pledged to pay all general obligation bonds without regard  
10 to the dates of sale.


11       \* Sec. 5. This Act takes effect July 1, 1986.

# Alaska MUNICIPAL League

TELEPHONE  
(907) 586-1325

105 MUNICIPAL WAY, SUITE 301  
JUNEAU, ALASKA 99801

TO: Representative Peter Goll, Chairman  
Members of the House Community and Regional Affairs Committee

FROM: Scott A. Burgess, Executive Director 

DATE: March 25, 1986

SUBJECT: SSHE 339 - Limitation on Municipal Oil and Gas Property Taxes

While the Alaska Municipal League shares the concern of the sponsor that tax policy be fair, and the concern that municipalities not burden their taxpayers beyond their ability to pay, the League cannot support legislation which reduces the tax base of a community, its tax-levying authority, or its ability to market bonds to provide needed services. Municipalities must be given the right to levy the same rate of tax as levied on other property within the taxing jurisdiction. For these reasons, the League agrees with the position paper provided by the Department of Community and Regional Affairs, dated March 5, 1986, to the degree it points out the potential of unequal taxation.

In this period of declining oil revenues, the League stands ready to work with the administration and the Legislature to develop good and workable debt management approaches and criteria which protect the financial ratings of the State and the municipalities, and which protect the ability of State and local governments to raise revenue and provide needed services. This legislation and others dealing with debt management have not been adequately discussed with those it affects including municipal officials and the financial community to address both these concerns.

Thank you.

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

Offered: 3/7/86  
Referred: Community & Regional  
Affairs and Finance

Original sponsor: Marrou and Pignalberi

1 IN THE HOUSE  
2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 339 (Oil & Gas)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FOURTEENTH LEGISLATURE - SECOND SESSION  
5 A BILL  
6 For an Act entitled: "An Act relating to the limitation on municipal  
7 property taxation for the payment of bonds; and  
8 providing for an effective date."  
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
10 \* Section 1. AS 29.10.200 is amended by adding a new paragraph to read:  
11 (47) AS 29.47.200(a) - (general obligation bonds)  
12 \* Sec. 2. AS 29.45.100 is amended to read:  
13 Sec. 29.45.100. [NO] LIMITATIONS ON TAXES TO PAY BONDS. The  
14 limitations provided for in AS 29.45.080 - 29.45.090 do not apply to  
15 taxes levied or pledged to pay or secure the payment of the principal  
16 and interest on bonds. However, taxes levied under AS 29.45.080  
17 [TAXES] to pay or secure the payment of principal and interest on  
18 bonds may only be levied in an amount that does not exceed one percent  
19 of the assessed value of property within the municipality taxed under  
20 AS 29.45.080 [WITHOUT LIMITATION AS TO RATE OR AMOUNT], regardless of  
21 whether the bonds are in default or in danger of default.  
22 \* Sec. 3. AS 29.47.200(a) is amended to read:  
23 (a) The full faith and credit of a municipality are pledged for  
24 the payment of principal and interest on general obligation bonds.  
25 Subject to AS 29.45.100, the [THE] municipality may levy ad valorem  
26 taxes for payment [WITHOUT LIMITATION OF RATE OR AMOUNT TO PAY OR  
27 SECURE THE PAYMENT] of the principal and interest on the bonds. This  
28 subsection applies to home rule and general law municipalities [,  
29 REGARDLESS OF WHETHER THE BONDS ARE IN DEFAULT OR IN DANGER OF DE-

1        FAULT].

2        \* Sec. 4. The amendments to AS 29.45.100 and AS 29.47.200(a) made by  
3        secs. 2 and 3 of this Act apply only to taxes levied or pledged to pay  
4        general obligation bonds sold by a municipality on or after the effective  
5        date of this Act. However, notwithstanding any other provision of law, a  
6        municipality may not sell general obligation bonds after the effective date  
7        of this Act until the municipality is in compliance with AS 29.45.100 and  
8        AS 29.47.200(a) as amended by secs. 2 and 3 of this Act with respect to  
9        taxes levied or pledged to pay all general obligation bonds without regard  
10       to the dates of sale.


11       \* Sec. 5. This Act takes effect July 1, 1986.

*Alaska*  
**MUNICIPAL**  
*League*

TELEPHONE  
(907) 586-1325

105 MUNICIPAL WAY, SUITE 301  
JUNEAU, ALASKA 99801

TO: Representative Peter Goll, Chairman  
Members of the House Community and Regional Affairs Committee

FROM: Scott A. Burgess, Executive Director 

DATE: March 25, 1986

SUBJECT: SSHB 339 - Limitation on Municipal Oil and Gas Property Taxes

While the Alaska Municipal League shares the concern of the sponsor that tax policy be fair, and the concern that municipalities not burden their taxpayers beyond their ability to pay, the League cannot support legislation which reduces the tax base of a community, its tax-levying authority, or its ability to market bonds to provide needed services. Municipalities must be given the right to levy the same rate of tax as levied on other property within the taxing jurisdiction. For these reasons, the League agrees with the position paper provided by the Department of Community and Regional Affairs, dated March 5, 1986, to the degree it points out the potential of unequal taxation.

In this period of declining oil revenues, the League stands ready to work with the administration and the Legislature to develop good and workable debt management approaches and criteria which protect the financial ratings of the State and the municipalities, and which protect the ability of State and local governments to raise revenue and provide needed services. This legislation and others dealing with debt management have not been adequately discussed with those it affects including municipal officials and the financial community to address both these concerns.

Thank you.

Introduced: 5/11/85  
Referred: House Special Committee  
on Oil & Gas, Community & Regional  
Affairs and Finance

1 IN THE HOUSE

BY MARROU

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 339  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: " An Act relating to the limitation of municipal oil  
7 and gas production and pipeline property taxes to pay  
8 for bonds; and providing for an effective date."

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

10 \* Section 1. AS 29.53.055 is amended to read:

11 Sec. 29.53.055. [NO] LIMITATION ON TAXES TO PAY BONDS. The  
12 limitations provided for in AS 29.53.045 or 29.53.050 do not apply to  
13 taxes levied or pledged to pay or secure the payment of the principal  
14 and interest on bonds. Taxes to pay or secure the payment of princi-  
15 pal and interest on bonds may be levied up to one percent of the  
16 assessed valuation within the municipality in any year [WITHOUT  
17 LIMITATION AS TO RATE OR AMOUNT], regardless of whether the bonds are  
18 in default or in danger of default.

19 \* Sec. 2. AS 29.58.180(a) is amended to read:

20 (a) The full faith and credit of a municipality are pledged for  
21 the payment of principal and interest on general obligation bonds.  
22 Except for the limitation under AS 29.53.055, the [THE] municipality  
23 may levy ad valorem taxes for payment without limitation of rate or  
24 amount to pay or secure the payment of the principal and interest on  
25 bonds, regardless of whether the bonds are in default or in danger of  
26 default.

27 \* Sec. 3. The amendments to AS 29.53.055 and AS 29.58.180(a) made by  
28 secs. 1 and 2 of this Act apply only to general obligation bonds, other  
29 than general obligation refunding bonds under AS 29.58.180 - 29.58.280 sold

1 by a municipality on or after the effective date of this Act.

2 \* Sec. 4. This Act takes effect July 1, 1985.

# Alaska State Legislature

## COMMITTEES:

Committee on Community and Regional Affairs  
Committee on Transportation  
Special Committee on Oil and Gas  
Special Committee on Fisheries  
Finance Sub-committee on Fish and Game



**Andre Marrou**  
Representative

## District 5

Kenai	Sterling
Soldotna	Anchor Point
Homer	Port Graham
Seldovia	English Bay
Kachemak	Nikolaevsk
Kasilof	Halibut Cove
Ninilchik	Clam Gulch

March 24, 1986

To: Chairman Peter Goll and Members of House C & RA Committee  
From: Andre Marrou, Representative  
Subject: CSSSHB 339 (O&G), Limiting Municipal Oil & Gas Property Taxes

Current State law allows an oil and gas property owner/taxpayer to credit against their state obligation of 20 mills (AS 43.56.010a) all applicable local taxes (AS 43.56.010d). This results in shifting a State-imposed property tax to municipal coffers.

The current municipal property tax rate in the North Slope Borough is 18.4 mills, which appears excessive. Certainly, it costs the State HUNDREDS OF MILLIONS OF DOLLARS YEARLY (see attached chart). For example, the State's property tax share has fallen drastically from 48% to 8% in five years, while the North Slope Borough's share has skyrocketed from 52% to 92%.

The original legislative intent was that the revenues from the 20-mill tax belong to all residents of the State, not just a few in a privileged location. It was not the intent to allow the North Slope Borough to finance an astronomical debt (\$93,637 per capita), thereby possibly jeopardizing the State's bond rating if they default in these times of decreasing oil revenues.

Allowing the oil companies to credit their local tax against the State 20-mill tax was so the municipalities could finance local services to the oil and gas properties being taxed. However, the idea that Prudhoe Bay is receiving over \$200,000,000 annually in local services is not believable. It would, in fact, be interesting to know just what services are provided, if any.

The residents of the North Slope Borough appear indifferent to their high tax rate, perhaps because of various exemptions available to them.

HB 339 proposes to split the State's 20-mill tax 50/50 between the State and the municipalities. If this bill were fully in effect in 1984, it would have increased State revenues by \$98,142,937 WITH NO INCREASE IN TAXES.

The current law has caused a lopsided distribution of revenues to some municipalities at the expense of hundreds of millions of dollars of lost revenue to the State. It also compounds this inequity by encouraging municipalities to incur large amounts of debt. The resultant debt payments are indirectly adjusted dangerously close to the price of oil.

The most important section of this bill is the effective date clause. A municipality's taxing authority to pay off current debt obligations will not be impaired! HB 339 deals only with a municipality's authority to tax for bonded indebtedness after the effective date.

\* ANCSA sec. 21D; Indian Reorganization Act, 25 USC 465; Federal Supremacy Clause for Native Trust Lands; AS 18.55.250; \$10,000 Exemption per Assesment, AS 29.45.050(a).

**HOUSE  
COMMITTEE REPORT**

(7)

Date referred: 3/7/86

FURTHER REFERRALS: FINANCE

DATE: \_\_\_\_\_  
The COMMUNITY AND REGIONAL AFFAIRS Committee has considered SSHB 339

"An Act relating to the limitation of municipal oil and gas production and pipeline property taxes to pay for bonds; and providing for an effective date."

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with \_\_\_\_\_  same title
- replace with \_\_\_\_\_  new title

and recommends \_\_\_\_\_

- further referral to the \_\_\_\_\_ Committee

- and attaches:
- letter of intent
  - first fiscal note
  - new fiscal note
  - zero fiscal note

SIGNING DO PASS:

A.V.M. MARROU  
Walt Furnace  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

SIGNING OTHER RECOMMENDATIONS:

Alto Kopas no rec.  
ROD & GILL No Rec.  
Walt Gumbey No rec.  
F. Kaywall do not pass  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Chairman