

ALASKA LEGISLATURE COMMITTEE FILLES 1987-1988 8672

5217 SCRA SB 334 - SB 367 789

Minister of
Fisheries and Oceans



Ministre
des Pêches et Océans

Canada

The Honourable L'honorable
Tom Siddon, P.C., M.P.

Ottawa, Canada K1A 0E6
Tel: 613 992-3474
Telex: 053-3733

Oceans Policy for Canada

A Strategy to Meet
the Challenges and
Opportunities on the
Oceans Frontier



Fisheries
and Oceans

Pêches
et Océans



The oceans of Canada are a frontier which offers us challenges and opportunities in much the same way that the space frontier has stimulated economic, scientific and technological development in many countries.

The federal government has adopted as a national priority, a strategy to seize development opportunities on our oceans frontier. This federal oceans strategy has the objective of securing maximum social, economic, scientific and sovereignty benefits for Canadians from our oceans.

This strategy is the result of a process of consultation carried out throughout Canada with key players in industry, universities and the provincial/territorial governments. Their advice to the Government is based on real knowledge of conditions and challenges facing the thousands of Canadians employed in the economically important oceanic sector. I will continue this process of consultation in the future with energy and enthusiasm.

As the Minister responsible for coordinating federal oceans policies and programs and for leading the development of this oceans strategy, I am pleased to provide a summary of the overall strategy in this booklet. I invite all Canadians to share a vision of our country which extends seaward from the shorelines of the Atlantic, Arctic and Pacific oceans to the edge of the continental shelf and beyond.

A handwritten signature in black ink that reads "Tom Siddon". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Tom Siddon, P.C., M.P.

Minister of Fisheries and Oceans

CANADA NEEDS AN OCEANS STRATEGY

There are three compelling reasons why Canada needs an oceans strategy at this time in our history.

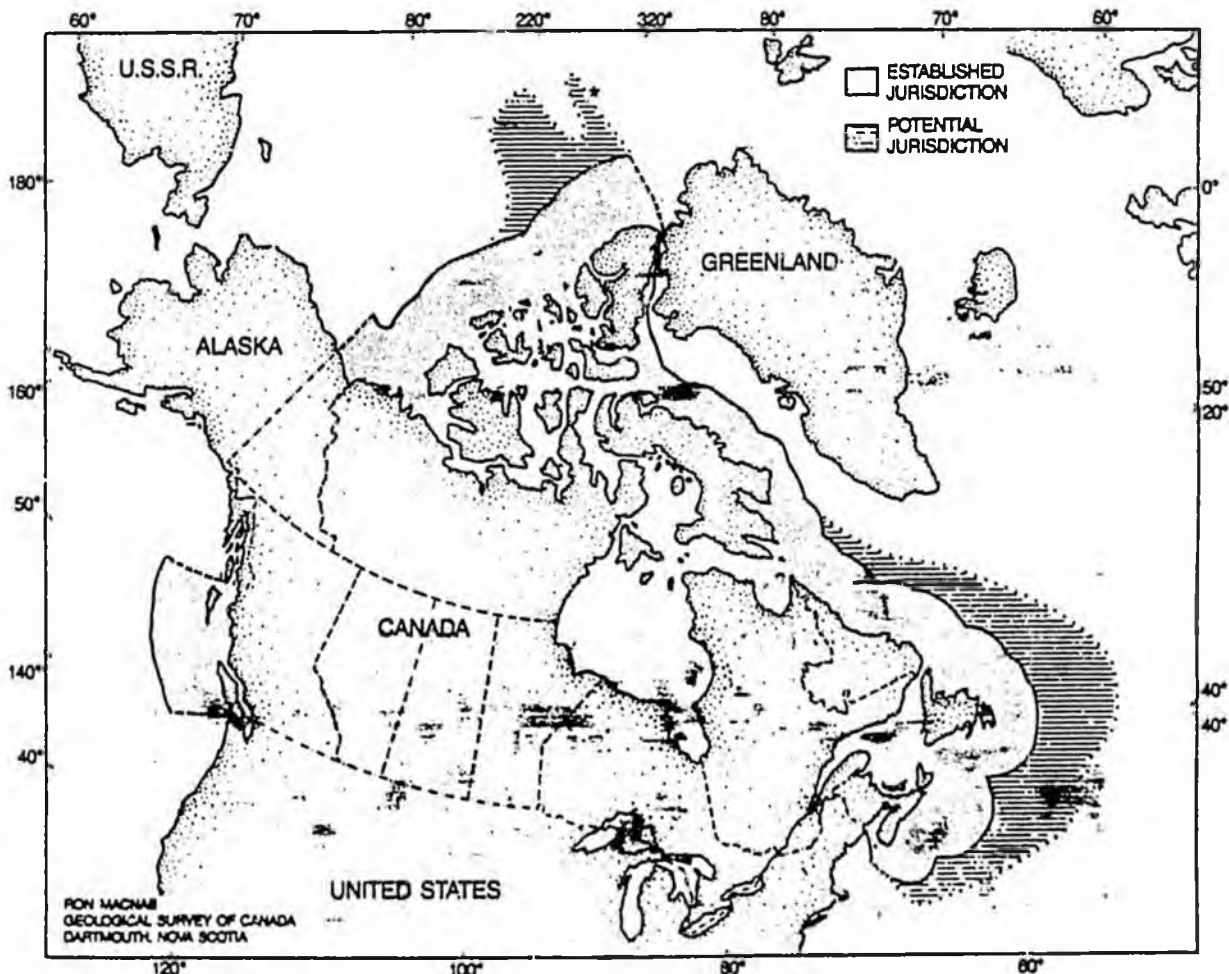
1. *Canada has extensive oceanic territories. A strategy will ensure Canadians can capitalize on the many development opportunities on this frontier, especially during the critical next five years.*

Canada is a coastal nation bordering on three oceans, with a longer coastline than any other country in the world and the second largest

continental shelf. Our huge offshore gives tremendous natural advantages. The challenge facing Canada is to build on those natural assets.

Canada's oceans sector encompasses a spectrum of industries and interests which use the oceans' resources — such as fishing, aquaculture, oil and gas exploration and development, mining, recreation, Native and Inuit traditional users. The sector also includes industries which supply ocean users with goods and services — shipping, ship-building, and a diversified range of highly specialized science and advanced technology-

Canada's 200 mile zone and continental shelf



based industries, such as coastal and ocean engineering, advanced technology manufacturing, marine systems and equipment design and fabrication, oceanographic, hydrographic and marine environmental services.

The next five years offer important development opportunities at home and particularly in export markets around the world for much of the high-tech oceanic sector.

As coastal states worldwide move to explore, identify and exploit their new Exclusive Economic Zones, an enormous market is already affecting the fortunes of those private firms with the faith to invest in export development. Export markets, however, are extremely competitive. Other nations with advanced technologies and services are selling hard too. If Canada does not capture those opportunities, other coastal countries will. Moreover, declines in recent years in domestic oil and gas exploration and development have triggered severe downturns in some segments of the oceanic sector. This strategy for sustaining development is required urgently so that Canadian industry can capture current and future export opportunities. The vital momentum of the past decade must be preserved and enhanced.

2. There is currently a broad range of federal oceans policies and programs. A framework is needed to ensure that they are coordinated, effective, and efficient.

The federal government undertakes some 75 oceans-related programs through 14 departments, involving more than 13,000 person-years and \$1.3 billion annually (excluding Maritime Command). (These programs are de-

scribed in detail in the DFO publication "Canada's Oceans: An Economic Overview and A Guide to Federal Government Activities".)

Federal oceans activities can be categorized according to seven broad functions:

- Marine transport
- Other marine services
- Resource development and management
- Sovereignty, defence, and law of the sea
- Northern development
- Industrial development, and
- Marine science and technology development.

Each program meets various departmental mandates, but coordination is required to achieve broader objectives. This strategy will enhance cooperation, promote development, and avoid fragmentation. It provides a framework for resolving conflicts and trade-offs among competing uses of our oceans, and for harmonizing activities flowing from different objectives.

3. This strategy provides a tangible means of moving forward on major federal priorities — regional development, world-class science and technology, and protection of Canadian sovereignty.

Many elements of the oceanic sector have untapped potential to apply information-age technology to the exploitation of oceanic resources, thereby generating economic wealth. The benefits will be felt not only in the Pacific and Atlantic regions, but also in other provinces whose many oceanic companies are located far from a sea-coast. Thus, regional economic development and international competitiveness will be enhanced through this strategy.

The strategy promotes science and technology as the driving force for economic activity on the oceans, and is responsive to the needs of the private sector. It is fully consistent with InnovAction, the Canadian Strategy for Science and Technology which was announced by the Government of Canada earlier this year.

Canadian sovereignty considerations are central to this strategy. Many sovereignty-related incidents occur on the oceans. This strategy signals to Canadians and foreign countries Canada's resolve to assert its sovereignty on its oceans frontier.



THE OCEANS STRATEGY FOR CANADA

Goals

The Government of Canada is committed to achieving four goals through its oceans strategy:

- prosperous, dynamic oceanic industries which offer secure, steady employment and economic development benefits, particularly for Canada's coastal regions;
- world-class expertise and capability in oceans-related science, technology, and engineering, which together form the basis for future economic development of the oceans;
- ocean resources and an ocean environment soundly managed and protected for future generations of Canadians; and
- assertion and protection of Canada's sovereignty and sovereign rights over its ocean resources.

To accomplish these goals, six overall approaches have been adopted, and these in turn involve a large number of specific initiatives. The six approaches are:

i) stimulating national awareness of Canada's oceans frontier and its importance to our sovereignty and heritage;

ii) fostering vigorous, internationally competitive oceanic industries through our industrial development, contracting-out, and procurement policies;

iii) establishing a legal framework which facilitates Canada's ability to achieve the objective and goals of this strategy;

iv) enhancing Canada's scientific and technological knowledge and capabilities relating to oceans and ocean resources;

v) conserving and managing the living resources of Canada's oceans through prudent stewardship; and

vi) promoting development and exploitation of the non-living resources of our oceans in an environmentally acceptable manner.

Taken together, the initiatives under each of these categories constitute the oceans strategy *action plan*. Several of the initiatives require joint and concerted efforts of several Ministers and departments of the Government of Canada. Carrying forward these initiatives will require ongoing consultations with industry, universities, provincial governments and other



Action Plan

- i) *Stimulating national awareness of Canada's oceans frontier and its importance to our sovereignty and heritage*



National Marine Council

In September 1986, a national conference, Oceans Forum, at the Institute of Oceanographic Sciences at Patricia Bay, B.C. had as its theme "Issues and Opportunities on the Oceans Frontier".

The interests represented at Oceans Forum included the petroleum exploration and development industry, fishing, aquaculture, shipping, advanced technology manufacturing, a wide range of science-based oceanic services, shipbuilding, oceanography and related sciences,

ocean law and federal government departments with policies and programs involving oceans. The purpose was to provide industry, academics and government an opportunity to exchange views and to begin charting a long-term plan for the development of Canada's oceans economy.

After two days of discussions, consensus was reached on the need for a review and a statement of Canadian oceans policy. While recognizing the important roles of other departments, it was concluded that the Department of Fisheries and Oceans should spearhead development of an oceans strategy. There was also a

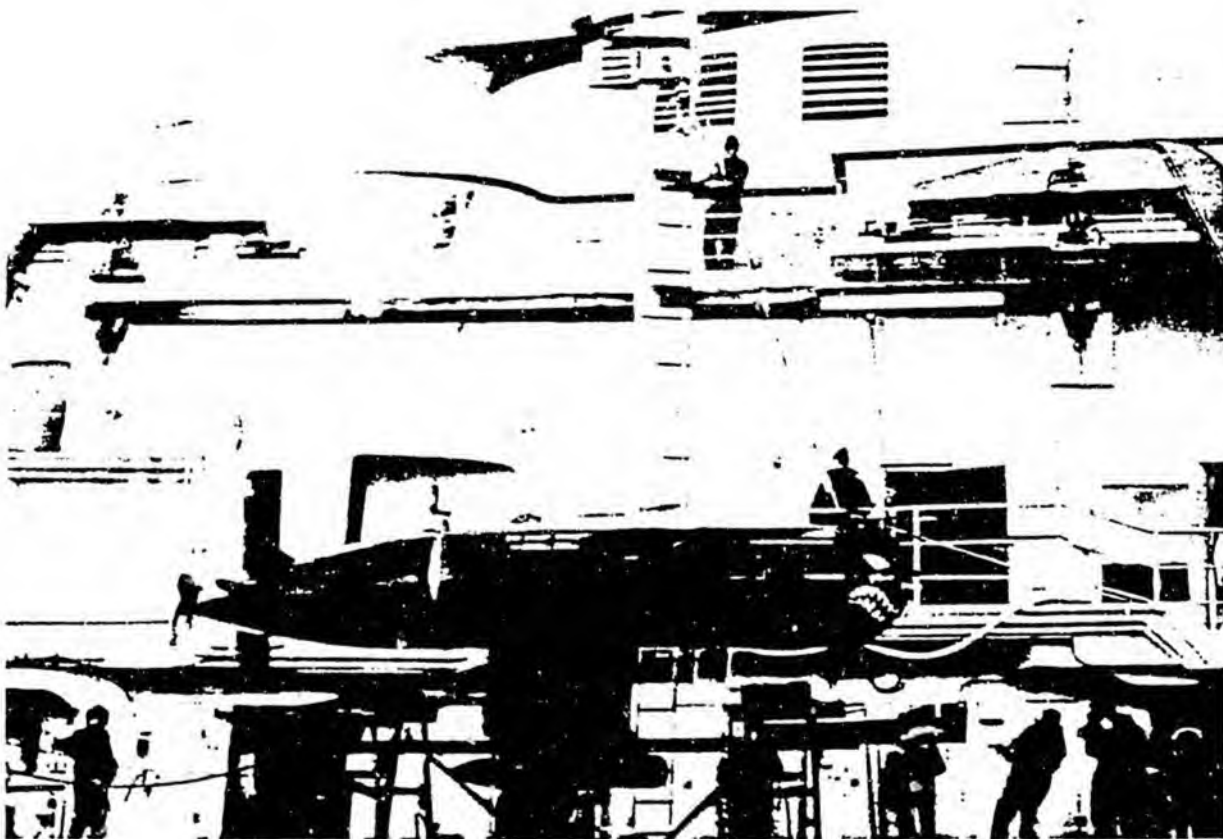
need expressed to develop a consultative mechanism to provide a voice for oceans interests to communicate with government and with each other on oceans-related policies and issues.

An interim, eight-member private-sector group, the Minister's Oceans Group, was established by the Minister of Fisheries and Oceans. It was given the task of consulting further and making recommendations on the scope, purpose, structure, composition and operation of a national oceans council.

In response to the recommendations of the Minister's Oceans Group, the Minister of Fisheries and Oceans has established a National

Marine Council. Its mandate is to inform and advise the Minister on marine issues and oceans policy, including economic development, science and technology, sovereignty, and the environment as they relate to Canada's oceans in the short and long term. The Council will examine oceans-related issues, comment on proposed policies and programs, and provide feedback and an outside perspective to the Government. The Council will serve as a useful forum for communicating and harmonizing the views of various interests in the use, development, management and protection of Canada's oceans.

ii) Fostering vigorous, internationally competitive oceanic industries through our industrial development, contracting-out, and procurement policies



Ocean Mapping, Ocean Information Infrastructure and Ocean R&D

A major initiative under this approach will involve the Ministers of Fisheries and Oceans and Energy, Mines and Resources. Industry has pointed to the need for a new comprehensive, contracted-out program of ocean mapping, ocean information infrastructure development, and ocean research and development, strengthening and building upon established departmental skills. Further consultation will be required with industry on the design and nature of such a program. Moving forward with such a program is subject to the availability of financial resources.

A concerted effort is needed to develop Canadian knowledge of our ocean territory and resources, to strengthen Canadian capability to operate in the oceans and to realize the economic potential of the oceans. The proposed program initiatives would directly create high-tech jobs in the Atlantic and Pacific coasts and would forge a competitive edge for Canada's oceanic industries to sustain employment through export opportunities. Small, dynamic, technologically-oriented firms would be the main beneficiaries.

The proposed program would have three components:

- An *ocean mapping and exploration* program to provide additional hydrographic and geoscientific information on Canada's continental shelves and deep ocean areas adjacent to Canada;
- An *ocean information infrastructure development* program to provide a more effective information service to offshore engineering and navigation, and to government for more efficient, targeted accomplishment of government missions;
- An *ocean research and development* program to improve the capability and competitiveness of Canadian industry while increasing Canada's capabilities in ocean resource exploitation and management.

Ocean Technology Promotion Office

Working together, the Department of Fisheries and Oceans and the private sector have developed and are developing leading-edge technologies for commercialization at home and abroad. However, to secure for Canada the industrial and economic benefits from continued development of these technologies, an improved focus and closer cooperation will be required.

To address the need for better focus and information sharing, an Oceans Technology Promotion Office will be established in the Department of Fisheries and Oceans to improve the effectiveness of existing assistance programs and to maximize their use by the oceanic sector. The major functions to be undertaken by the office include:

- providing the private sector with a new window of access to government for ocean technology assistance;
- promoting the use of existing assistance programs in order to improve their effectiveness with respect to ocean technology;
- providing information services for applicants, particularly where more than one federal assistance program needs to be accessed; and
- facilitating joint-venture arrangements involving either the private sector (industry and universities) exclusively, or including the public sector.

- iii) *Establishing a legal framework which facilitates Canada's ability to achieve the objective and goals of this strategy*

Canada Oceans Act

Implementation of a forward-looking oceans management regime to meet national needs for the rest of this century requires that the Government establish an appropriate legal foundation to facilitate oceans development. Oceans legislation, like the policies and programs which it supports, is contained in numerous Acts of Parliament. Administrative responsibilities are assigned to numerous departments and agencies.

A review of existing federal oceans legislation suggests that changes are required to strengthen the basis of a number of oceans-related activities such as marine research and hydrography.

The Minister of Fisheries and Oceans, the Secretary of State for External Affairs and the Minister of Justice, will give consideration to the establishment of a *Canada Oceans Act* to consolidate and clarify the legislative basis of this new oceans strategy. A clarified legal framework would consolidate a number of pieces of legislation relevant to the goals of the oceans strategy, and would simplify day-to-day operations and facilitate planning by industry.

The proposed *Canadian Laws Off-shore Application Act* aims to make Canadian law applicable to offshore areas under Canadian jurisdiction. It could eventually be consolidated into a *Canada Oceans Act* as an important instrument of the oceans strategy. The new *Act*

could also contain a part replacing the *Territorial Sea and Fishing Zones Act* and provide a legal basis for a Contiguous Zone or Exclusive Economic Zone, if required.

Action Within Canada's 200 Nautical Mile Zone

The 1982 United Nations Convention on the Law of the Sea (UNCLOS) was signed at Montego Bay on 10 December, 1982. When the Convention closed for signature in 1984 it had 159 signatures, including that of Canada. The Convention sets out a comprehensive regime for the regulation of the world's oceans.

Canada has been identified as a major beneficiary of the Convention. Functionally, Canada exercises the full range of sovereign rights and jurisdictions accorded to a coastal state under

the Exclusive Economic Zone regime. These include:

- Fisheries
- Continental Shelf Resources
- Marine Scientific Research
- Protection of the Marine Environment.

In fisheries, fisheries protection, customs and excise, shipping, ocean dumping, pollution protection in Arctic waters, and oil and gas, inter alia, various Canadian Acts give domestic legal effect to these rights and responsibilities.

Canada is an active participant in the work of the Preparatory Commission for the Law of the Sea, which is engaged in the complex task of elaborating international rules and regulations to govern the seabed mining regime. The process of considering the merits of Canada formally proclaiming an Exclusive Economic Zone will be led by the Secretary of State for External Affairs, the Minister of Justice, and the Minister of Fisheries and Oceans.

iv) Enhancing Canada's scientific and technological knowledge and capabilities relating to oceans and ocean resources



Strengthening The International Dimension of Canada's Ocean Sciences

Over the past century, Canada has developed substantial capability in many facets of ocean research, technology and management. Canada is in a key position, both geographically and in terms of experience, to contribute significantly to international issues dealing with coastal and offshore development. Scientific research has occupied a leading place in developing Canada's strengths and capabilities in this regard. If Canada is to obtain maximum benefits from its oceans, it must be assured that its endeavours at sea do not lack the scientific understanding, support or data services needed to be successful. A solid scientific base is needed in order to maintain a stable, prosperous fishing industry, safe and efficient shipping to and from our ports, and an offshore oil and gas industry able to exploit offshore resources.

Federal marine science and technology activities have evolved considerably over the past 15 years. During that period, scientific research undertaken by the private sector has also increased significantly.

Federal involvement in technological innovation occurs through mission-oriented scientific research in federal laboratories, funding of university research, various incentive programs aimed at private sector innovation, and through procurement.

Complementary to the direct federal role in mission-oriented research and development, universities play a key role in supplying highly qualified scientific and engineering personnel and in advancing knowledge. Strengthening

existing linkages between federal agencies and universities would ensure coordinated progress on many aspects of marine science and promote specialization in marine sciences by universities in coastal areas. The federal government, and the Department of Fisheries and Oceans in particular, recognizes the need to guide and assist basic research activity related to oceans, and to play an active role in fostering the university component of such research.

In this context, a policy will be developed on Canadian involvement in international marine science, including a mechanism to bring together federal, university, and other interests, which would sustain Canadian visibility and Canada's international reputation for scientific excellence.

North Pacific Science Organization

The International Council for the Exploration of the Sea has proved an effective forum for stimulation and international coordination of marine science in the North Atlantic. A comparable government-to-government body is needed to provide a forum to catalyze and coordinate marine science in the North Pacific. Preliminary discussions with foreign governments have revealed considerable international support for such a scientific forum, independent of existing fisheries commissions. Further discussions and consultations will be undertaken with interested governments to work towards the establishment of such an international forum.

Coordination of the Oceans Strategy with the Canadian Strategy for Science and Technology

Earlier this year, the Government adopted the Canadian Strategy for Science and Technology. It recognizes the importance of science and technology as essential to economic, social and cultural development within Canada and to international competitiveness. The action plan of the oceans strategy will be fully coordinated with the Canadian Strategy for Science and Technology which responds to international competitive challenge and demonstrates federal leadership and commitment to science and technology.

The Interdepartmental Committee on Oceans

Coordination of ocean activities of the Government of Canada is facilitated through a newly established mechanism, the Interdepartmental Committee on Oceans (ICO). The ICO is chaired by the Deputy Minister of the Department of Fisheries and Oceans, and has representation from all departments with oceans programs, as well as from those departments requiring services from such programs. The importance of ensuring the coordination of federal policies and programs involving oceans was recognized by assignment of a strong mandate to the ICO. The mandate is intended to raise the profile of the government's

oceans-related efforts and to ensure achievement of the government's objectives in the following areas:

- sovereignty and sovereign rights in the offshore;
- economic viability of the fishing industry;
- conservation of living marine resources;
- offshore resource exploration and exploitation;
- the development of a viable oceanic manufacturing and services industry which is competitive in world markets;
- the protection of aquatic environments; and
- climate and weather prediction.

Marine Science Plan

A coordinated marine science effort will improve the government's ability to anticipate future oceans-related problems before they become crises. The ICO will develop a multi-year marine science plan for the federal government. The plan will organize information on existing and proposed marine science programs and relate those programs to priorities of the government and the missions of line departments. It will also consider opportunities for cooperation in the marine science activities of foreign countries and international organizations.

v) *Conserving and managing the living resources of our oceans through prudent stewardship*



Plastic Debris and Driftnets in the Oceans

Plastic trash is one of the major marine pollution problems of the 1980s. Abandoned fish netting is a major source of the problem, but plastic packing bands, synthetic ropes and a wide variety of non-degradable plastic litter also create serious hazards, particularly degradation of habitat. Fish, marine mammals and sea birds are being killed in increasingly large numbers, either by ingestion of plastic particles or by entanglement in plastic debris such as discarded fishing nets.

There are basically two problems. One is general litter coming from a variety of sources, including municipalities and the general public. The other is plastic debris from specific sources, such as fishing nets and gear from commercial and recreational fishing boats, recreational boaters, commercial shippers, etc.

An effective solution requires that offenders know the magnitude of the problem they create so that corrective measures can be implemented.

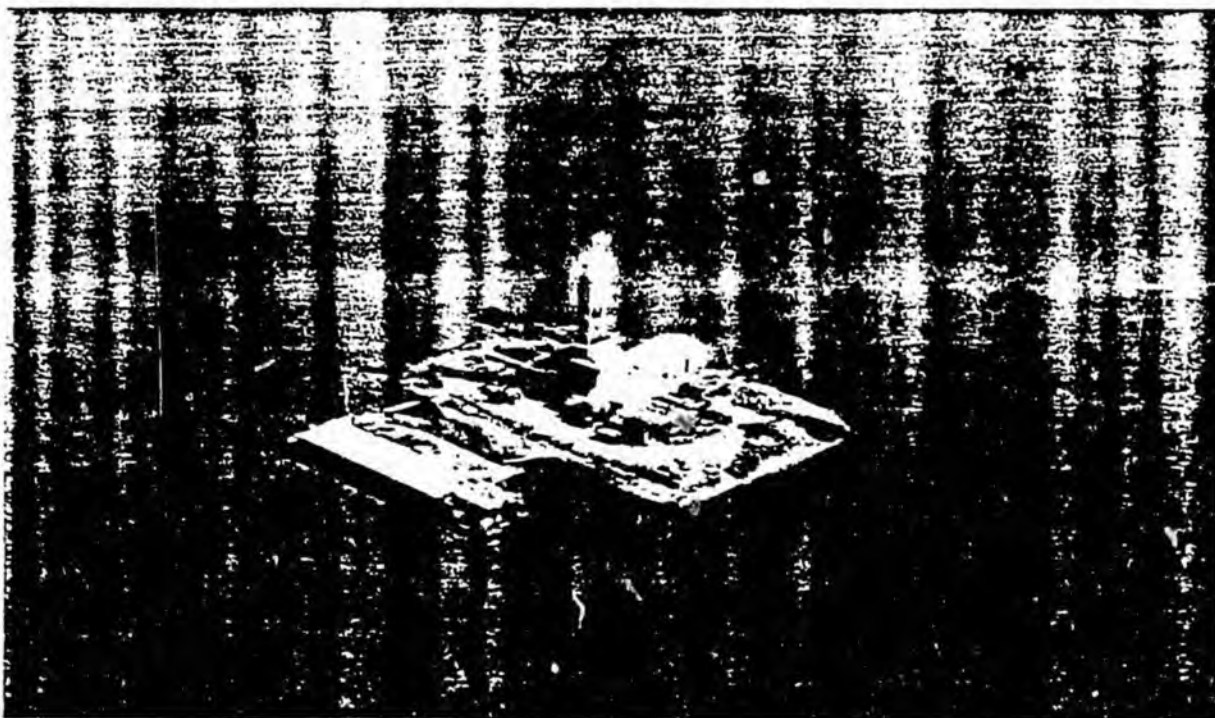
Concerted efforts led by the Ministers of Fisheries and Oceans, Transport, and the Environment, in consultation with other Ministers, will lead to the implementation of action plans to address the problem of the discard of fishing nets and gear at sea, and to deal with the more general problem of plastic debris in the oceans. Efforts may include consultations bilaterally as well as through multilateral organizations such as the International North Pacific Fisheries Commission and the London Dumping Convention.

Arctic Marine Conservation Strategy

Recognizing the uniqueness of the Arctic, and in a manner complementary to the conservation strategies currently being developed (namely, the Yukon Conservation Strategy, the NWT Conservation Strategy and the Inuit Regional Conservation Strategy), a public discussion paper with respect to an Arctic Marine Conservation Strategy will be released by the Minister of Fisheries and Oceans in the coming months.

This discussion paper will continue the extensive process of consultation with all the various interests including Native and Inuit organizations, environmental groups, industry representatives, and provincial/territorial governments which are affected by the strategy.

vi) *Promoting development and exploitation of the non-living resources of our oceans in an environmentally-acceptable manner*



The Frontier Geoscience Program

The Minister of Energy, Mines and Resources will report to Cabinet in 1989 on the accomplishments of the first five years of the long-term Frontier Geoscience Program, and review options to modify and strengthen the oceans-related components of that program.

Ocean Mining

The Minister of Energy, Mines and Resources will continue to develop, in conjunction with other Ministers and the Provinces, a regulatory framework for ocean mining.

CONCLUSION

This policy has been adopted by the Government of Canada to provide a broad framework for developing the oceans economy in an environmentally sound manner, strengthening science and technology-based oceanic industries and asserting Canadian sovereignty over our oceanic territory. This booklet has been published to inform Canadians of what the Government is doing to put such a framework in place.

The Minister of Fisheries and Oceans is charged with the responsibility of coordinating the action plan to implement the oceans strategy. The Minister will lead the process of consultation with all parties with an interest in the full development of the oceans economy.

The three oceans of Canada play a critical role in the country's economy, sovereignty, and national character. The Government is determined to work diligently with all interests to meet the boundless challenges and opportunities in Canada's oceans for the benefit of all Canadians.

S B

3 37

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of _____ 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: FINANCE

**FISCAL NOTE(S) ATTACHED _____ **
IN ACCORDANCE WITH AS 24.08.035
(see below)

1/12/88 DATE TURNED INTO OFFICE _____
Mr. President:

C&RA Committee considered SB 337

amending notice requirements relating to the municipal
assistance program; efd

and recommended:

replace with CS for SB 337 same title
 attached amendment(s) and new title

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Mr. [Signature]
Tim Kelly

Artis Stankiewicz Do Pass.
Chairman signature and recommendation

Committee Backup Attached

Original sponsor: Jones

1 IN THE SENATE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 337 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act amending notice requirements relating to the
7 municipal assistance program; and providing for an
8 effective date."

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

10 * Section 1. AS 29.60.370(b) is amended to read:

11 (b) The intent of (a) of this section is that a municipality
12 that levies property taxes reduce those levies in reasonable propor-
13 tion to the amount of increased state aid received by the municipal-
14 ity. [THE GOVERNING BODY OF EACH MUNICIPALITY SHALL FURNISH A NOTICE
15 WITH EACH TAX STATEMENT DESCRIBING ITS USE OF THIS STATE AID.]

16 * Sec. 2. AS 29.60.370 is amended by adding new subsections to read:

17 (c) The governing body of a municipality with a population of
18 20,000 or more that levies a property tax shall furnish a notice
19 describing use of the state aid provided under (a) of this section.
20 Notice under this subsection shall be provided by furnishing a copy of
21 the notice with each tax statement mailed for the fiscal year for
22 which aid is received.

23 (d) The governing body of a municipality with a population of
24 less than 20,000 that levies a property tax shall furnish a notice
25 describing use of the state aid provided under (a) of this section.
26 Notice under this subsection shall be provided

27 (1) by furnishing a copy of the notice with each tax state-
28 ment mailed for the fiscal year for which aid is received; or

29 (2) by publishing in a newspaper of general circulation in

1 the municipality a copy of the notice once each week for three succes-
2 sive weeks, with the first publication to occur not later than 45 days
3 after the final adoption of the municipality's budget.

4 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

5-1370B
Chenoweth
3/10/88

Original sponsor: Jones

1 IN THE SENATE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 337 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act amending notice requirements relating to the
7 municipal assistance program; and providing for an
8 effective date."

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

10 * Section 1. AS 29.60.370(b) is amended to read:

11 (b) The intent of (a) of this section is that a municipality
12 that levies property taxes reduce those levies in reasonable propor-
13 tion to the amount of increased state aid received by the municipal-
14 ity. [THE GOVERNING BODY OF EACH MUNICIPALITY SHALL FURNISH A NOTICE
15 WITH EACH TAX STATEMENT DESCRIBING ITS USE OF THIS STATE AID.]

16 * Sec. 2. AS 29.60.370 is amended by adding a new subsection to read:

17 (c) The governing body of a municipality that levies a property
18 tax shall furnish a notice describing use of the state aid provided
19 under (a) of this section. Notice shall be provided

20 (1) by furnishing a copy of the notice with each tax state-
21 ment mailed for the fiscal year for which aid is received; or

22 (2) by publishing in a newspaper of general circulation in
23 the municipality a copy of the notice once each week for three succes-
24 sive weeks, with the first publication to occur not later than 45 days
25 after the final adoption of the municipality's budget.

26 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

27 Munc less 20,000 have option
28 Munc ↑ 20k no option
29

Alaska State Legislature

ARLISS STURGULEWSKI, Chairman
TIM KELLY, Vice Chairman
RICK HALFCHEK
MIKE SZYMANSKI
FRED ZHAROFF



P. O. BOX V
JUNEAU, ALASKA 99811
(907) 465-4989

Senate Community and Regional Affairs Committee

March 14, 1988

TO: Senate Community and Regional Affairs Committee Members

FROM: Senate C&RA Staff *MZ*

RE: CS for SB 337 (C&RA) - "An Act amending notice requirements relating to the municipal assistance program."

At the last meeting, the committee considered this bill. Progress stalled over discussion of a population threshold below which the new language would apply. The new CS would allow the alternate use of notification to taxpayers by advertisements in newspapers in municipalities with populations under 20,000.

Municipalities with populations greater than 20,000 would continue to be required to furnish notification of the use of state aid to each taxpayer.

5-1370B
Chenoweth
3/14/88

Original sponsor: Jones

1 IN THE SENATE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 337 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act amending notice requirements relating to the
7 municipal assistance program; and providing for an
8 effective date."

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

10 * Section 1. AS 29.60.370(b) is amended to read:

11 (b) The intent of (a) of this section is that a municipality
12 that levies property taxes reduce those levies in reasonable propor-
13 tion to the amount of increased state aid received by the municipal-
14 ity. [THE GOVERNING BODY OF EACH MUNICIPALITY SHALL FURNISH A NOTICE
15 WITH EACH TAX STATEMENT DESCRIBING ITS USE OF THIS STATE AID.]

16 * Sec. 2. AS 29.60.370 is amended by adding new subsections to read:

17 (c) The governing body of a municipality with a population of
18 20,000 or more that levies a property tax shall furnish a notice
19 describing use of the state aid provided under (a) of this section.
20 Notice under this subsection shall be provided by furnishing a copy of
21 the notice with each tax statement mailed for the fiscal year for
22 which aid is received.

23 (d) The governing body of a municipality with a population of
24 less than 20,000 that levies a property tax shall furnish a notice
25 describing use of the state aid provided under (a) of this section.
26 Notice under this subsection shall be provided

27 (1) by furnishing a copy of the notice with each tax state-
28 ment mailed for the fiscal year for which aid is received; or

29 (2) by publishing in a newspaper of general circulation in

1 the municipality a copy of the notice once each week for three succes-
2 sive weeks, with the first publication to occur not later than 45 days
3 after the final adoption of the municipality's budget.

4 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An act amending notice requirements
..municipal assistance program.."
Sponsor: Jones
Requestor: _____

Agency Affected: Community & Regional Affairs
BRU: Municipal Assistance
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Jim Plasman, Deputy Director
Division: Municipal & Regional Assistance Phone: 465-4750
Date: 3/10/88
Approved by Commissioner: Walter C. Hoffmann Date: 3-10-88
Agency: Community & Regional Affairs

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Alaska State Legislature

ARLISS STURGULEWSKI, Chairman
TIM KELLY, Vice Chairman
RICK HALFORD
MIKE SZYMANSKI
FRED ZHAROFF



P. O. BOX V
JUNEAU, ALASKA 99811
(907) 465-4989

Senate Community and Regional Affairs Committee

March 10, 1988

TO: Senate Community and Regional Affairs Committee Members

FROM: Senate C&RA Staff *ME*

RE: CS for SB 337 (C&RA) - "An Act amending notice requirements relating to the municipal assistance program."

Existing law requires municipalities which levy a property tax to include a statement of how state aid is used with each tax statement. SB 337 will allow the alternative use of newspaper advertisements to give the same message. The proposed CS clarifies that this applies only to communities that levy property taxes.

The bill is supported by Community and Regional Affairs, who suggested the proposed change. The bill is also supported by the Alaska Municipal League, the City of Wrangell, and the City of Petersburg. The bill has a zero fiscal note.

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

- P.O. BOX B
JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4700
- 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

January 21, 1988

POSITION PAPER

RE: Senate Bill 337

SPONSOR: Senator Jones

Program Effects of Bill

Under existing law, municipalities which levy a property tax must furnish a notice of the use of increased state aid received under the Municipal Assistance Program by including a statement of how the aid was used with each tax statement. This bill would allow such notice to be given alternatively by publication in a newspaper of general circulation in the municipality. This amendment would not have a fiscal effect on the program.

Comments

The Department supports the bill, with one minor proposed change to make it consistent with the coverage of the existing requirement, as described below. The required notice was not a significant issue in the past because the requirement is not made a condition of receipt of municipal assistance entitlements. However, with the adoption of the state single audit regulations, failure to comply with the municipal assistance notice requirement gave rise to an audit finding of non-compliance for a municipality if it failed to meet the requirement.

The requirement in its present form has caused problems because it does not give the option of publication in a local newspaper, which is allowed for the revenue sharing taxpayer notice. Strict compliance with the municipal assistance requirement of furnishing the notice with the tax statements has created hardship for municipalities in the following ways:


- inability to determine the amounts to be reported in time to include it with the tax statement;

Senate Bill 337
January 21, 1988
Page Two

- confusion over what the tax notice should include;
- confusion between the municipal assistance and revenue sharing requirements;
- hardship from interruption of automated tax statement procedures to include municipal assistance notice by hand; and
- difficulty in reporting by a city within a borough, where the city levies a separate tax, but the tax administration (including distribution of tax statements) and collection is by the borough.

The proposed bill, which would allow giving notice through publication in a local newspaper, in the manner of the revenue sharing taxpayer notice requirements at AS 29.45.020(b), would alleviate these problems and still serve the objective of the law of giving notice to residents of the direct benefits of the state assistance that they have received.

It should be noted that the department has interpreted this requirement to apply only to those municipalities which levy a property tax, as those are the only ones which distribute a tax statement. The department suggests that the language in the bill clarify this point by adding language which would make this requirement applicable to municipalities that levy a property tax. To extend the requirement to all municipalities would greatly expand the coverage of the requirement with potential hardship to smaller municipalities which do not have ready access to a newspaper of general circulation.


David G. Hoffman, Commissioner

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An act amending notice requirements
..municipal assistance..effective date
Sponsor: Senator Jones
Requestor: _____

Agency Affected: Community & Regional Affairs
BRU: Municipal Assistance
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Jim Plasman, Deputy Director
Division: Municipal & Regional Assistance Phone: 465-4750
Date: _____

Approved by Commissioner: Remond Henderson for David Hoff
Agency: Community & Regional Affairs Date: _____

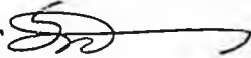
- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)

Alaska MUNICIPAL League

TELEPHONE
(907) 586-1325

105 MUNICIPAL WAY, SUITE 301
JUNEAU, ALASKA 99801

TO: Senator Arliss Sturgulewski, Chair
Members of the Senate Community and Regional Affairs Committee

FROM: Scott A. Burgess, Executive Director 

DATE: February 17, 1988

SUBJECT: SB 337 - Taxpayer Notice

On behalf of its 135 member municipalities, the Alaska Municipal League supports SB 337 allowing the options of individual notice or newspaper notice to taxpayers regarding municipal assistance program payments. This legislation will provide consistency within the Statute (Title 29) and substantial savings of time and money for the municipalities and the taxpayers while meeting the intent of adequate notice.

Amending AS 29.60.370 as proposed by SB 337 will bring it into conformance with AS 29.45.020. Taxpayer Notice (a). Publication in a "newspaper of general circulation" may be much more efficient than individual notices for some municipalities who choose that option and, therefore, less expensive. An added benefit of the newspaper notice is informing non-taxpayers the cost of government and the amount of state assistance.

I do not know if the inconsistency between the two sections is intentional or a result of the fact that municipal assistance use to be addressed in Title 43 under the Department of Revenue before it was brought under the Department of Community and Regional Affairs and Title 29 under the "Title 29 Rewrite" legislation in 1985. The subject section does deal with "Increased Assistance" but that does not seem to be logical to not allowing the option, and, unfortunately, municipal assistance has not increased in several years! Adequate notice, consistency and some cost savings would be achieved with the passage of SB 337.

Again, the Alaska Municipal League supports SB 337 and the taxpayer notice options it would allow or clarify.

SAB:ph1

cc: Senator Lloyd Jones



ADOPTED AUGUST 1972

CITY of WRANGELL, ALASKA

INCORPORATED JUNE 15, 1903

BOX 531, 99929 (907) 874-2381

January 20, 1988

Senator Lloyd Jones
Alaska State Legislature
P. O. Box V M/S 3100
Juneau, Alaska 99811

RE: Senate Bill No. 337, Municipal Assistance
Amending Notice Requirements

Dear Senator Jones:

The City of Wrangell supports Senate Bill No. 337 which would amend the municipal assistance notice requirements.

We do not object to providing notice to the public of the use of municipal assistance funds, however, we do object to the manner in which the notice is given. The present notice requirements in AS 29.60.370(b) provides that notice be furnished with each (property) tax statement. This requirement not only increases the costs of preparing and mailing statements, it can be next to impossible when statements are prepared on a computer in sealed mailing envelopes. In addition, this manner of reporting reaches a select group of the public (taxpayers) when it appears the notice should be given to the general public. This amendment would not only provide notice to a greater number of people, it would also reduce costs.

Your continued support of this amendment will be appreciated.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joyce Rasler".

Joyce Rasler
City Manager



City of Petersburg
P. O. Box 329
Petersburg, Alaska 99833

January 26, 1988

Senator Lloyd Jones
Room 9, Capital Building
P. O. Box V
Juneau, Ak. 99811

RE: Comments on Senate Bill 337

Dear Senator Jones,

I have recently spoken with members of your staff concerning the proposed legislation, Senate Bill 337. My staff and I strongly support the action of this bill which would allow municipalities to notify taxpayers via local newspapers of the use of Municipal Assistance revenues rather than having to enclose this notice with the tax statements.

Some of the problems encountered in complying with the current law is that these revenues are not received until mid-June. The law does not state specifically but we have assumed that current revenues are the ones that should be addressed in the notice. When these revenues aren't received until so late in the fiscal year they are usually a part of our balance forward monies and are utilized in the next fiscal year. At this point, the budget for the new year may or may not be finalized, therefore it becomes a real time crunch to assemble and have printed accurate information for the taxpayer. Then these notices have to also be enclosed with tax statements which must be mailed by July 1. The provision of being able to print this notice in a local paper and within a given amount of time following the mailing of the tax statements would give municipalities the time needed to correctly assess the information needed and to send the paper this notice.

It would be helpful if there could be some clarification as to what the content of this notice should be. There is no mention in AS29.60.350---.375 that these revenues have any special use requirements other than in Sec. 29.60.370(b) which states "the intent is to reduce tax levies". It then goes on to state that the notice should "describe the use of this increased aid". In our municipality, property tax is a part of our general fund revenues and as such are used for general government operation. If the intent of municipal assistance is to reduce tax levies then that money also becomes a part of the city's operation of general government and as such would have no specific identifiable use. The

Senator Jones
Page 2

term "increased aid" is also hard to positively interpret. Does this mean the total municipal assistance revenues received or the difference between the base amount of assistance(1978) and the current receipts?

One last comment in favor of being able to publish the notice in the newspaper. We received a lot of questions from the public on the notice that we included in the tax statements. They were confused as to what to do about or with it. Even though it was titled "Notice To Taxpayer" and mentioned that it was "to inform the taxpayer of the use of monies received from the State for municipal assistance" people still felt that there was something that they needed to do about it but didn't know what. Being able to publish the notice would certainly help this situation.

I appreciate this opportunity to comment on this legislation.

Sincerely,

A handwritten signature in cursive script that reads "Jodell Jones".

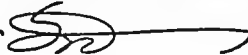
Jodell Jones, City Treasurer

Alaska MUNICIPAL League

TELEPHONE
(907) 586-1325

105 MUNICIPAL WAY, SUITE 301
JUNEAU, ALASKA 99801

TO: Senator Arliss Sturgulewski, Chair
Members of the Senate Community and Regional Affairs Committee

FROM: Scott A. Burgess, Executive Director 

DATE: February 17, 1988

SUBJECT: SB 337 - Taxpayer Notice

On behalf of its 135 member municipalities, the Alaska Municipal League supports SB 337 allowing the options of individual notice or newspaper notice to taxpayers regarding municipal assistance program payments. This legislation will provide consistency within the Statute (Title 29) and substantial savings of time and money for the municipalities and the taxpayers while meeting the intent of adequate notice.

Amending AS 29.60.370 as proposed by SB 337 will bring it into conformance with AS 29.45.020. Taxpayer Notice (a). Publication in a "newspaper of general circulation" may be much more efficient than individual notices for some municipalities who choose that option and, therefore, less expensive. An added benefit of the newspaper notice is informing non-taxpayers the cost of government and the amount of state assistance.

I do not know if the inconsistency between the two sections is intentional or a result of the fact that municipal assistance use to be addressed in Title 43 under the Department of Revenue before it was brought under the Department of Community and Regional Affairs and Title 29 under the "Title 29 Rewrite" legislation in 1985. The subject section does deal with "Increased Assistance" but that does not seem to be critical to not allowing the option, and, unfortunately, municipal assistance has not increased in several years! Adequate notice, consistency and some cost savings would be achieved with the passage of SB 337.

Again, the Alaska Municipal League supports SB 337 and the taxpayer notice options it would allow or clarify.

SAB:ph1

cc: Senator Lloyd Jones

S B

3 5 7

Alaska State Legislature

ARLISS STURGULEWSKI, Chairman
TIM KELLY, Vice Chairman
RICK HALFORD
MIKE SZYMANSKI
FRED ZHAROFF



P. O. BOX V
JUNEAU, ALASKA 99811
(907) 465-4989

Senate Community and Regional Affairs Committee

March 10, 1988

TO: Senate Community and Regional Affairs Committee Members

FROM: Senate C&RA Staff *MZ*

RE: SSSB 357 - "An Act exempting certain utilities with no more than 100 subscribers from regulation by the Alaska Public Utilities Commission or a municipality and providing that the most extensive exemption from regulation applies when more than one exemption is applicable to a utility."

This bill has a long title and short body. There are only two items to explain that the title does not address. First, the bill applies only to gas utilities and second, the bill allows the utility subscribers to petition the APUC for regulation if they desire.

The bill has a zero fiscal note. In this packet is a memo from Senator Faiks, a position paper from the APUC, the relevant statutes, a letter from the North Slope Borough, and a letter from Norgasco, the company that would be affected.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SS SR357
PUBLISH DATE: 3/01/88

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Exempting utilities with no more than 700 subscribers from regulation
Sponsor: Faiks
Requestor: _____

Agency Affected: Commerce & Economic Development
BRU: APUC
Components: Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

If enacted, this bill appears only to impact one specific gas distribution service area application currently pending and it is not anticipated to generate any long term workload reduction.

Prepared by: T.S. Moninski, II Executive Director Phone: 276-6222
Division: Alaska Public Utilities Commission Date: 2/23/88

Approved by Commissioner: Kathy Marshall for J. Anthony Smith Date: 2/25/88
Agency: Commerce & Economic Development

Distribution (by preparer):

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



Alaska State Legislature

SENATE

Office of the President

P.O. Box V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

March 3, 1988

TO: Senator Arliss Sturgulewski, Chairman
Community and Regional Affairs Committee

FROM: Senator Jan Faiks
President of the Senate

SUBJECT: SSSB 357 "An Act exempting certain utilities with no more than 100 subscribers from regulation by the Alaska Public Utilities Commission or a municipality and providing that the most extensive exemption from regulation applies when more than one exemption is applicable to a utility."

As you know, most utilities operating in the State of Alaska are subject to regulation by the Alaska Public Utilities Commission (APUC). However, AS 42.05.711 provides for various types and sizes of utilities to be exempted from regulation.

SSSB 357 extends this exemption to certain gas distribution utilities. It provides that a gas distribution utility that has no more than 100 subscribers, all of whom are commercial subscribers, is exempted from regulation by the APUC. However, a majority of the subscribers may petition the APUC for regulation if they so desire.

The purpose of this legislation is to facilitate the construction of a gas distribution system in Deadhorse. The construction of a gas distribution utility in that town has substantial public benefit. Over 40 construction workers will be required to build the system, and six to eight to operate it once it is completed. The state will receive in excess of \$20,000,000 from royalties alone over the life of the project. Pollution from the many diesel generators which currently supply power in Deadhorse will be reduced.

A problem with requiring APUC regulation of this project is financing. The project would only serve 40 to 50 customers, all of whom are in an economically distressed industry. Banks view this as a high risk project, which requires the system builders to seek venture capital. These investors do not consider the potential return on a utility regulated by the APUC to outweigh the downside risk of project failure.

In this case, as in the other situations where APUC regulation does not occur except by petition of the utility customers, the public benefits of regulation are outweighed by the benefits which would result only if regulation is waived.

Please contact my office if you have any questions or comments.

Alaska Public Utilities Commission

Comments on SS for SB357

February 22, 1988

Under SS for SB357, gas distribution utilities serving fewer than 100 commercial customers would be exempt from certification and economic regulation by the Commission unless the subscribers elected to be regulated. The Commission is not aware of any compelling reasons for exempting a special class of gas distribution utilities from regulation while fully regulating all other gas distribution utilities. The Commission also believes that commercial customers in groups of less than 100 are entitled to the same level of public protection as residential customers and as commercial customers in groups of more than 100. In addition, there are some unique safety considerations associated with natural gas service, which would not be monitored under the proposed exemption scheme. (See 3 AAC 52.010 - .080.)

The Legislature should also be aware that SS for SB357 directly affects a proceeding currently pending before the Commission. One company (Norgasco, Inc.) has filed an application to provide gas distribution service to commercial customers in the Prudhoe Bay/Deadhorse area and has requested that it be exempt from economic regulation. Three other companies (Arctic Utilities, Inc.; D.J. Moore Corp.; and North Slope Gas Cooperative, Inc.) have indicated that they intend to file applications to provide the same service in the same area. The initial applicant and potential competing applicants are currently in the process of completing or filing their certification documents, so the Commission can proceed to decide the case.

In addition, the Commission has received a letter (copy attached) from the North Slope Borough, one of the prospective customers of the proposed gas distribution utility, stating that:

There is a legitimate public interest concerning the rates, quality of service, management practices, and customer complaints associated with the operation of a natural gas utility in Deadhorse. For this reason the Borough feels that Norgasco, Incorporated should be subject to all appropriate regulations governing the certification and operation of a natural gas utility.

Thus, if this legislation is passed, the established Commission procedure of evaluating competitive applications to determine which company is the most fit and able to serve an area would be interrupted. Instead, any or all of the potential gas distribution utilities would be free to enter the market under terms, conditions, and rates that would not be subject to regulatory oversight unless the subscribers petitioned for a regulation election. The Commission does not believe that this approach is in the public interest; specifically, it cannot assure that the best company is necessarily the one which serves the area; it allows for potentially uneconomic duplication of facilities by two or more providers; and it gives commercial customers a second-class level of protection from monopoly or oligopoly pricing practices.

If, however, this bill is endorsed by the Legislature as good public policy, the Commission suggests that the reference to "subscriber petitions" be modified for clarification and for conformance with other exemptions in AS 42.05.711. Thus, the exemption would state "unless 25 percent of the subscribers petition the commission for regulation under the procedure described in AS 42.05.712."

**CHAPTER 52.
OPERATION OF PUBLIC UTILITIES**

procedures to enhance the public safety. (Eff. 2/21/69, Reg. 30; am 1/13/73, Reg. 44)

Authority: AS 42.05.141 AS 42.05.691
AS 42.05.151 AS 42.05.711
AS 42.05.541

Article

1. Gas Utilities
(3 AAC 52.010-3 AAC 52.080)
2. Allocation of Facilities and Services
Between Competing Electric Utilities
(3 AAC 52.110-3 AAC 52.150)
3. Telephone Utilities
(3 AAC 52.200-3 AAC 52.340)
4. Electric Utilities
(3 AAC 52.400-3 AAC 52.500)

3 AAC 52.020. COMPLIANCE WITH
MINIMUM FEDERAL SAFETY STANDARDS
FOR GAS LINES. Each utility shall construct

**ARTICLE 1.
GAS UTILITIES**

Section

10. Application
20. Compliance with Minimum Federal
Safety Standards for Gas Lines
30. Records, reports and inspection for
compliance
40. Pipeline locating service
50. (Repealed)
60. Record of nonscheduled interruptions
70. Accidents or incidents
80. Definitions

3 AAC 52.010. APPLICATION. (a) 3 AAC 52.010 - 3 AAC 52.080 of this chapter apply to all utilities either now or hereafter subject to the regulatory jurisdiction of the Alaska Public Utilities Commission.

(b) Upon acceptable showing by a utility, the commission may waive, as to that utility, the provisions of any regulation in 3 AAC 52.010 - 3 AAC 52.080 or any provision of the Minimum Federal Safety Standards for Gas Lines with approval of the Secretary of Transportation.

(c) No utility may deviate from the regulations in 3 AAC 52.010 - 3 AAC 52.080 or the standards cited in (b) of this section without the commission's prior written approval.

(d) If nonjurisdictional entities at their discretion elect to conform to 3 AAC 52.010 - 3 AAC 52.080, the commission will cooperate with them in maintaining records and developing

and maintain gas transmission and distribution facilities in accordance with the Minimum Federal Safety Standards for Gas Lines, as defined in 3 AAC 52.080(c). (Eff. 2/21/69, Reg. 30; am 1/13/73, Reg. 44)

Authority: AS 42.05.291

3 AAC 52.030. RECORDS, REPORTS, AND INSPECTION FOR COMPLIANCE. (a) Each utility shall establish and maintain records, make reports and provide information required by the commission to enable it to determine whether the utility has acted or is acting in compliance with the Natural Gas Pipeline Safety Act of 1968 and the standards adopted in 3 AAC 52.020. The records, reports and information shall be kept in accordance with AS 42.05.491.

(b) Each utility shall file with the commission a plan for inspection and maintenance of each pipeline facility owned or operated by the utility, and any changes in the plan. If the commission finds that the plan is inadequate to achieve safe operation, the commission shall, after notice and opportunity for a hearing, require the plan to be revised. (Eff. 2/21/69, Reg. 30; am 1/13/73, Reg. 44)

Authority: AS 42.05.141
AS 42.05.461
AS 42.05.501

3 AAC 52.040. PIPELINE LOCATING SERVICE. Each utility shall offer "line locating" service to any individual or utility requiring such service. The utility shall make a reasonable effort to assure that the availability of this service is made known throughout its area of operation. If a charge is made for this service, it shall be based on the cost to the utility of the personnel required to operate the equipment and shall not afford the utility any allowance for the utilization of equipment. (Eff. 2/21/69, Reg. 30; am 1/13/73, Reg. 44)

Authority: AS 42.05.291

3 AAC 52.050. DISTRIBUTION PIPELINE MAINTENANCE. Repealed 1/13/73.

3 AAC 52.060. RECORD OF NON-SCHEDULED INTERRUPTIONS. Each gas utility shall keep a record of each nonscheduled interruption to service, showing the location, date, time, duration and cause of each interruption. This record shall be retained by the utility

for three years and may be inspected by any person after meeting the requirement of AS 42.05.440. (Eff. 2/21/69, Reg. 30; am 1/13/73, Reg. 44)

Authority: AS 42.05.141

3 AAC 52.070. ACCIDENTS OR INCIDENTS. (a) Each utility shall cooperate with the commission to promote a reduction in hazard within the industry and to the public.

(b) Each utility shall report each accident immediately by the most expeditious means available, preferably by telephone or in person, to the commission at the commission's office in Anchorage, Alaska, or to a person designated by the commission. The notification shall include the location and time of the accident, a brief description of what occurred, and names of the individual(s) in charge of the repair operation and the individual(s) to be contacted by the commission for additional information.

(c) A written report of each accident shall be filed with the commission within 20 days after each accident. The report shall be made on the commission's "Gas Distribution Pipeline Accident or Incident Report" form or the United States Department of Transportation's Form DOT-F-7100.2 for transmission and gathering systems. If the accident investigation is not completed within the 20-day period, the utility shall file an additional written report with the commission upon the completion of the investigation and a written report of the progress of the investigation every 90 days until the investigation is complete. (Eff. 2/21/69, Reg. 30; am 1/13/73, Reg. 44)

Authority: AS 42.05.141
AS 42.05.291

3 AAC 52.080. DEFINITIONS. Unless the context indicates otherwise, in 3 AAC 52.010 - 3 AAC 52.070

(1) "accident" means an accident or incident occurring in the state involving escape of gas from gas gathering, transmission or distribution facilities resulting in personal injury requiring hospitalization, fatality, or property damage exceeding \$1,000;

(2) "commission" means the Alaska Public Utilities Commission;

(3) "Minimum Federal Safety Standards for Gas Lines" or "standards" means the Minimum Federal Safety Standards for Transportation of Natural Gas and other gas by pipeline, 49 C.F.R. Part 192, revised as of January 1, 1972. A copy of these standards may be obtained from or reviewed at the commission office located in Anchorage, Alaska; and

(4) "utility" means a public utility that owns, operates, manages or controls a plant or system of facilities used for the transmission or distribution of natural or manufactured gas or other inflammable gas, to the extent such system plant or facilities are included in the term "public utility" as defined by AS 42.05.701. (Eff. 2/21/69, Reg. 30; am 1/13/73, Reg. 44)

Authority: AS 42.05.141
AS 42.05.291
AS 42.05.701

ARTICLE 2. ALLOCATION OF FACILITIES AND SERVICES BETWEEN COMPETING ELECTRIC UTILITIES

Section

- 110. Purpose
- 120. Authority to construct facilities or serve customers
- 130. Hearing
- 140. Appeals
- 150. Definitions

3 AAC 52.110. PURPOSE. The purpose of 3 AAC 52.110 - 3 AAC 52.150 is to prevent duplication of electric facilities and services in those geographical areas of the state in which two or more electric utilities compete. (Eff. 8/11/76, Reg. 59; am 6/29/84, Reg. 90)

Authority: AS 42.05.141
AS 42.05.151
AS 42.05.221

3 AAC 52.120. AUTHORITY TO CONSTRUCT FACILITIES OR SERVE CUSTOMERS. (a) No electric utility operating in direct competition with one or more electric utilities within the same geographical area may construct or install electric facilities or provide a service connection for a customer located within a disputed service area without the approval of the commission.

(b) The commission will grant approval to provide a service connection for a customer located within a disputed area if

(1) the utility requesting approval receives the concurrence of the competing utility and submits to the commission a signed "Waiver of Objection" on a form provided by the commission; or

(2) a determination is made by the commission, after hearing, that one or the other of the utilities is the appropriate one to provide the service. (Eff. 8/11/76, Reg. 59)

Authority: AS 42.05.151(a)
AS 42.05.221(d)

3 AAC 52.130. HEARING. (a) If an applicant utility is unable to obtain concurrence from a competing utility, the commission will appoint a member of its staff as an examiner to conduct a hearing.

(b) The staff examiner shall

(1) notice the hearing for a time convenient to all interested parties;

(2) hear all relevant evidence;

(3) record the testimony presented;

(4) within 24 hours after the close of the hearing, issue a decision as to which utility is the most appropriate one to serve the customers;

(5) stay the decision if, within 24 hours after the decision is announced, a party appeals the decision.

(c) The criteria to be weighed by the staff examiner in making a decision include

(1) the cost to the utility to provide the service connection;

(2) the cost to be assessed to the customer by the applicant utility;

(3) the proximity of the service connection point to each of the competing utilities' electric distribution facilities; and

NORTH SLOPE BOROUGH

Service Area #10
Pouch 340044
Prudhoe Bay, AK 90734
Telephone: (907) 659-2645

RECEIVED
A.P.U.C.

1987 DEC 22 PM 12: 21

Drig

December 16, 1987

T.S. Moninski II, Executive Director
ALASKA PUBLIC UTILITIES COMMISSION
420 L Street, Suite 100
Anchorage, Alaska 99501-1987

SUBJECT: NOTICE OF UTILITIES APPLICATION BY NORGASCO, INC.

Dear Mr. Moninski:

The North Slope Borough's Service Area Ten is encouraged to see Norgasco, Inc. continue their development of a natural gas utility for Deadhorse. All businesses operating in Deadhorse and especially our solid waste disposal, sewage treatment and water treatment operations could benefit significantly if a dependable source of competitively priced natural gas were made available to us over the long term. We appreciate the opportunity to provide comments on the Norgasco, Incorporated application for exemption from APUC regulations regarding rates, quality of service, management practices, and customer complaints.

Since the North Slope Borough's Solid Waste Facility is a public owned operation, the Borough has an obligation to its residents to operate their Deadhorse solid waste facility in a cost effective manner which includes purchasing of natural gas from a utility which is required to follow the regulatory laws established to protect the public. There is a legitimate public interest concerning the rates, quality of service, management practices, and customer complaints associated with the operation of a natural gas utility in Deadhorse. For this reason the Borough feels that Norgasco, Incorporated should be subject to all appropriate regulations governing the certification and operation of a natural gas utility.

Our Service Area Ten Plant Engineer calculates that the prices of the natural gas quoted in the Notice will provide Service Area Ten with a 20% to 25% savings over the present fuel costs for our incinerator and boilers. Since the Application suggests the rates would not be controlled by the APUC, the NSB may have little control over future rate increases. A 10% rate increase each year for two years would eliminate any cost benefit of natural gas assuming a stable price for heating oil.

December 16, 1987

Page 2

The quantity and quality of the gas provided to us can have some significant effects on our operation. If the distribution system is under designed or if the quality of gas varies significantly we may experience problems of inadequate delivery. Normal operation of our incinerator requires us to be able to immediately add heat in a specified quantity when needed. Failure to do so could result in Service Area Ten violating the Air Quality Regulations established by the State of Alaska, Department of Environmental Conservation resulting in a fine being assessed on Service Area Ten. If Norgasco was exempt from regulation by the APUC, SA #10 would have little recourse if Norgasco's service did not meet our requirements.

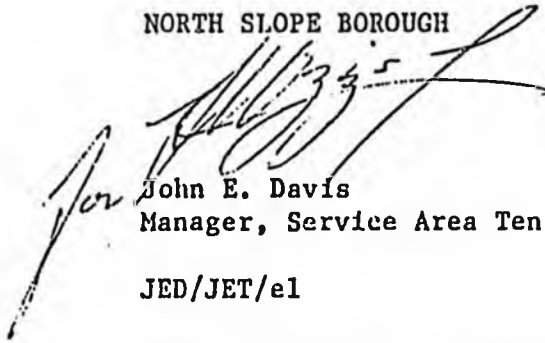
Norgasco is requesting that the APUC keep confidential for five years technical documents and other pertinent information about their design, construction and maintenance of their project. Such a request could affect SA #10's planning efforts for future energy usages and costs.

Documents relating to the gas contract with ARCO and tariffs should be made public so that the stability of the utility and its pricing structure can be evaluated. These items can directly affect our decision to become a consumer.

The North Slope Borough requests that we be kept informed on the progress of this application and the Norgasco, Incorporated project. We feel a natural gas utility will greatly enhance the Deadhorse area and all the businesses operating there.

Sincerely,

NORTH SLOPE BOROUGH

A handwritten signature in dark ink, appearing to read 'John E. Davis', is written over the typed name and title. The signature is stylized and somewhat cursive.
John E. Davis
Manager, Service Area Ten

JED/JET/el

cc: Norgasco, Incorporated
Dennis Roper, Coord., Ind. Dev.
Files



NORGASCO, INC.

8740 Hartzell Rd. Anchorage, Alaska 99507 (907)344-6742

February 24, 1988

Senator Arliss Sturgulewski
P. O. Box V
Juneau, AK 99811

Dear Senator Sturgulewski,

I would like to express my strong support of SSSB 357. Under the current statutes the APUC has jurisdiction over all utilities with ten or more customers. This legislation will exclude only natural gas utilities serving less than 100 commercial customers from their jurisdiction.

The APUC is a fine organization for larger utilities and obviously the legislature had this in mind when they exempted those utilities with less than ten customers. We believe in the check and balance system of government and industry, and SSSB 357 allows for the re-regulation of a utility under this category by a simple petition (AS 42.05.712) of the customers. This will prevent the utility from taking unfair advantage of its' customers.

As you can tell, the bill was drafted so that it would not concern any of the Bush areas, only Deadhorse.

The problem boils down to project financing. This is not a bankable project because there are only 40-50 customers, they are all in the same business, and they are all suffering financially, so the banks see the project as high risk. This leaves us looking for venture capital. After the venture capitalist has reviewed the project they all come to the same conclusion, if the project fails they lose everything and if the project succeeds, you have the APUC there to limit your return on investment. Needless to say they don't spend much time seriously reviewing the project after they understand how the APUC works.

We hear a lot of talk about less government, creating jobs, finding new sources of revenue for the State, cutting down on air pollution, and stimulating the economy, this legislation accomplishes all of these by creating construction and permanent jobs, State royalties collected on the gas sold, reduced NOx emissions from the numerous diesel generators, and will substantially reduce the overhead of the Companies operating at Deadhorse.

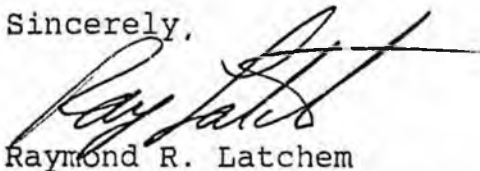
The State will receive in excess of \$20,000,000.00 from royalties alone over the life of the project. It will take over 40 construction workers to build the system and will employ 6-8 people full time once it is in operation. The State will also receive severance taxes from the producer and added corporate income taxes from ARCO Alaska and Norgasco.

The Department of Natural Resources, in issuing our land use permit, has reserved the for the State the right to use the pipeline to transport the States royalty gas to the State facilities that we intend to serve. This will also allow the State to market their gas to customers in Deadhorse, in this case Norgasco will act as a common carrier. But first the pipeline has to be built.

Recently I learned that you had requested a referral of the bill to your Committee. I am a novice at politics in Juneau, however, I understand there is a time limit on the session and we've got a long way to go with this bill and a short time to get there. With this in mind we ask that you waive referral so the bill may be voted on in the Senate and sent to the House.

Myself and several other Board Members of The Alliance are planning a trip to Juneau on March 21, 1988. I look forward to visiting with you then. If you have any questions please feel free to call.

Sincerely,



Raymond R. Latchem
Vice President, Operations

S B


358

Alaska MUNICIPAL League

TELEPHONE
(907) 586-1325

217 SECOND STREET, SUITE 200
JUNEAU, ALASKA 99801

TO: Senator Arliss Sturgulewski, Chair
Members of the Senate Community and Regional Affairs Committee

FROM: Scott A. Burgess, Executive Director 

DATE: January 28, 1988

SUBJECT: SB 358 - Municipal Procurement of Architectural, Engineering and
Land Surveying Services

On behalf of its 135 municipal members, the Alaska Municipal League supports the selection of design professionals through a qualifications-based process, and, therefore, supports SB 358. I have attached a copy of AML Resolution No. 88-37* passed at the AML Annual Conference in November 1987.

HB 358 requires municipalities to comply with the State's professional services procurement practices laid out in AS 36.30.270 while providing for local option for those municipalities which choose to adopt their own ordinance establishing a selection process. While the AML has resisted similar legislation mandating procurement practices on municipalities for professional services as well as other procurement practices such as competitive bidding as an unnecessary and unjustified restriction on local control, the AML does not oppose SB 358 for the following reasons:

- 1) the AML membership adopted Resolution No. 88-37 in November 1987 supporting selection of design professionals through a qualification-based process; and,
- 2) SB 358 provides municipalities the option of exempting themselves from the state standards by adopting their own ordinance establishing a selection process that better meets their individual needs, resources and situations.

The AML supports SB 358. Thank you.

* The reference to AS 36.908.043 is presumably a typo and a reference to AS 36.98 repealed by Chapter 106 SLA 1986, now AS 36.30.270.

Attachment

Alaska State Legislature



SENATOR
ARLISS STURGULEWSKI

Chairman, Senate Community and Regional Affairs Committee
Vice Chairman, Senate Judiciary Committee
Member, Senate Resources Committee

2957 SHELDON JACKSON STREET
ANCHORAGE, ALASKA 99508

While in Juneau
P. O. BOX V
JUNEAU, ALASKA 99511
(907) 465-3818

Senate

M E M O R A D U M

26 January 1988

TO: Community & Regional Affairs Committee

FROM: Melissa Aber Fouse
Staff to Senator Arliss Sturgulewski *MAF*

RE: Senate Bill 358 - "An Act relating to municipal procurement of architectural, engineering, and land surveying services."

Current state statutes do not require municipalities to follow any particular procedure when contracting for architectural, engineering, or land surveying services. Senate Bill 358 adds a section to Title 29 outlining procedures for municipalities to follow in order to comply with AS 36.30.270 - that section of the procurement code outlining the process by which state agencies must select architects, engineers, and land surveyors.

That process includes negotiating a contract with the most qualified firm or individual and awarding the contract for fair and reasonable compensation after determining the value of the services, the scope and the complexity of the project. Also included in the section are procedures to follow when negotiations with the most qualified firm or person are not successful and when price may be included as an added factor.

Under the proposed statute, a municipality may exempt itself, or part of itself, from the requirements of AS 36.30.279 by adopting an ordinance that establishes a selection process.

Also attached is Resolution 88-37 of the Alaska Municipal League adopted in November during the Municipal League convention as well as a copy of AS 36.30.270.

This legislation is substantially similar in concept to SB 204, passed in 1986, which placed the same requirements on state agencies. It was also known as the "mini-Brooks bill".

A committee substitute is required in order to incorporate language stating specifically that this legislation applies to home rule municipalities. The fiscal note is zero.

Sec. 36.30.270. Architectural, engineering, and land surveying contracts. (a) Notwithstanding conflicting provisions of AS 36.30.100 — 36.30.260, a procurement officer shall negotiate a contract for an agency with the most qualified and suitable firm or person of demonstrated competence for architectural, engineering, or land surveying services. The procurement officer shall award a contract for those services at fair and reasonable compensation as determined by the procurement officer, after consideration of the estimated value of the services to be rendered, and the scope, complexity, and professional nature of the services. When determining the most qualified and suitable firm or person, the procurement officer shall consider the

(1) proximity to the project site of the office of the firm or person unless federal law prohibits this factor from being considered in the awarding of the contract; and

(2) employment practices of the firm or person with regard to women and minorities.

(b) If negotiations with the most qualified and suitable firm or person under (a) of this section are not successful, the procurement officer shall negotiate a contract with other qualified firms or persons of demonstrated competence, in order of public ranking. The procurement officer may reject all or part of a proposal.

(c) This section does not apply to contracts awarded in a situation of public necessity if the procurement officer certifies in writing that a situation of public necessity exists.

(d) Notwithstanding the other provisions of this section, a procurement officer may include price as an added factor in selecting architectural, engineering, and land surveying services when, in the judgment of the procurement officer, the services required are repetitious in nature, and the scope, nature, and amount of services required are thoroughly defined by measurable and objective standards to reasonably enable firms or persons making proposals to compete with a clear understanding and interpretation of the services required. In order to include price as a factor in selection, a majority of the persons involved by the procurement officer in evaluation of the proposals must be registered in the state to perform architectural, engineering, or land surveying services.

(e) This section does not apply to a contract that incorporates both design services and construction. (§ 2 ch 106 SLA 1986)

Cross references. — For professional registration requirements for contracts under this section, see AS 36.90.100.

RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE

RESOLUTION NO. 88-37

A RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE SUPPORTING
SELECTION OF DESIGN PROFESSIONALS THROUGH
A QUALIFICATION-BASED PROCESS.

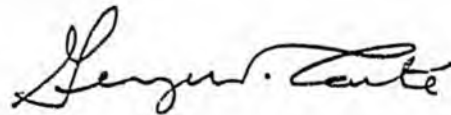
WHEREAS, this process attempts to assure that selection of design professionals based on qualifications (while providing for negotiation of fair and reasonable compensation) will obtain the best professional services for the most equitable fee, and

WHEREAS, the federal government implemented a procedure for selection of design professionals on the basis of qualifications, as set forth in Public Law 92-582, and

WHEREAS, the State of Alaska adopted a procedure for selection of design professionals based on qualifications, as set forth in A.S. 36.908.043;

NOW, THEREFORE, BE IT RESOLVED that the Alaska Municipal League supports the selection of design professionals through a qualification-based process as expressed in federal and state law and urges its members to support state legislation adopting this process for municipalities while at the same time providing for local option for those municipalities which choose to adopt their own ordinance addressing this selection process.

Adopted this 13th day of November 1987.



George W. Carte', President

ATTEST:



Scott A. Burgess, Executive Director

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An Act..municipal procurement..
engineering..land surveying services."
Sponsor: Sturgulewski, Hensley etc
Requestor: _____

Agency Affected: Community & Regional Affairs
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Jim Plasman
Prepared by: Jim Plasman, Deputy Director Phone: 465-4750
Division: Municipal & Regional Assistance Date: 1-27-88

Approved by Commissioner: *Ruth Hensley* Date: 1-27-88
Agency: Community & Regional Affairs

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

- P.O. BOX B
JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4700
- 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

January 28, 1988

POSITION PAPER

RE: Senate Bill 358


SPONSOR: Senator Sturgulewski, et. al.

Program Effects of Bill

This bill would make the provisions of AS 36.30.270, regarding the procurement of architectural, engineering and land surveying services applicable to municipalities and their administrative units, unless they choose to exempt themselves from coverage by ordinance.

Comments

Generally, the thrust of Title 29, as recodified in 1985, was to increase local determination of standards and requirements of this nature and to reduce reliance upon state standards. However, this bill provides that municipalities may choose to exempt themselves from the coverage of AS 36.30.270 by passage of an ordinance establishing a selection process. The department does not oppose this bill.



David G. Hoffman, Commissioner

Original sponsors: Sturgulewski, Hensley,
Coghill, et al.

1 IN THE SENATE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 358 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to municipal procurement of archi-
7 tectural, engineering, and land surveying services."

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

9 * Section 1. AS 29.10.200 is amended by adding a new paragraph to read:

10 (49) AS 29.71.040 (procurement requirement).

11 * Sec. 2. AS 29.71 is amended by adding a new section to read:

12 Sec. 29.71.040. PROCUREMENT REQUIREMENT. (a) A municipality
13 and its administrative units shall comply with AS 36.30.270 unless the
14 municipality specifically exempts itself or an administrative unit
15 from AS 36.30.270 by adopting an ordinance establishing a selection
16 process for the municipality or for the unit. In this section,

17 (1) "administrative unit" includes a department, institu-
18 tion, board, commission, division, authority, public corporation,
19 utility, or other administrative unit of a municipality;

20 (2) "selection process" means a selection process for the
21 procurement of architectural, engineering, and land surveying ser-
22 vices.

23 (b) This section applies to home rule and general law munici-
24 palities.
25
26
27
28
29

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

- P.O. BOX B
JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4700
- 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

January 28, 1988

POSITION PAPER

RE: Senate Bill 358

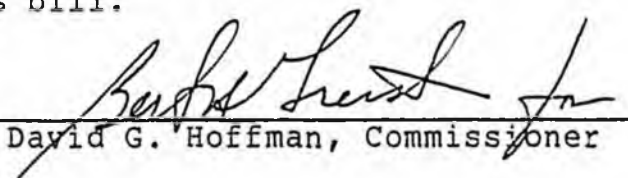
SPONSOR: Senator Sturgulewski, et. al.

Program Effects of Bill

This bill would make the provisions of AS 36.30.270, regarding the procurement of architectural, engineering and land surveying services applicable to municipalities and their administrative units, unless they choose to exempt themselves from coverage by ordinance.

Comments

Generally, the thrust of Title 29, as recodified in 1985, was to increase local determination of standards and requirements of this nature and to reduce reliance upon state standards. However, this bill provides that municipalities may choose to exempt themselves from the coverage of AS 36.30.270 by passage of an ordinance establishing a selection process. The department does not oppose this bill.



David G. Hoffman, Commissioner

OK
a)

AS
CRA CHECK ONE

26 January 1988

MEMORANDUM

Regional Affairs Committee

TO:
FROM:
RE:
proc
serv

Sec. 36.30.270. Architectural, engineering, and land surveying contracts. (a) Notwithstanding conflicting provisions of AS 36.30.100 — 36.30.260, a procurement officer shall negotiate a contract for an agency with the most qualified and suitable firm or person of demonstrated competence for architectural, engineering, or land surveying services. The procurement officer shall award a contract for those services at fair and reasonable compensation as determined by the procurement officer, after consideration of the estimated value of the services to be rendered, and the scope, complexity, and professional nature of the services. When determining the most qualified and suitable firm or person, the procurement officer shall consider the

(1) proximity to the project site of the office of the firm or person unless federal law prohibits this factor from being considered in the awarding of the contract; and

(2) employment practices of the firm or person with regard to women and minorities.

(b) If negotiations with the most qualified and suitable firm or person under (a) of this section are not successful, the procurement officer shall negotiate a contract with other qualified firms or persons of demonstrated competence, in order of public ranking. The procurement officer may reject all or part of a proposal.

(c) This section does not apply to contracts awarded in a situation of public necessity if the procurement officer certifies in writing that a situation of public necessity exists.

(d) Notwithstanding the other provisions of this section, a procurement officer may include price as an added factor in selecting architectural, engineering, and land surveying services when, in the judgment of the procurement officer, the services required are repetitious in nature, and the scope, nature, and amount of services required are thoroughly defined by measurable and objective standards to reasonably enable firms or persons making proposals to compete with a clear understanding and interpretation of the services required. In order to include price as a factor in selection, a majority of the persons involved by the procurement officer in evaluation of the proposals must be registered in the state to perform architectural, engineering, or land surveying services.

(e) This section does not apply to a contract that incorporates both design services and construction. (§ 2 ch 106 SLA 1986)

Cross references. — For professional registration requirements for contracts under this section, see AS 36.90.100.

Cur
any
enc
a
to
of
ag
st
T
q
f
c
;

al
urveying

to follow
ctural,
358 adds
palities
section
h state

e most
ct for
he value
project.
ow when
are not
ed factor.

apt itself,
30.279 by
process.

municipal
eague

CORRECTION

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

Sec. 36.30.270. Architectural, engineering, and land surveying contracts. (a) Notwithstanding conflicting provisions of AS 36.30.100 — 36.30.260, a procurement officer shall negotiate a contract for an agency with the most qualified and suitable firm or person of demonstrated competence for architectural, engineering, or land surveying services. The procurement officer shall award a contract for those services at fair and reasonable compensation as determined by the procurement officer, after consideration of the estimated value of the services to be rendered, and the scope, complexity, and professional nature of the services. When determining the most qualified and suitable firm or person, the procurement officer shall consider the

(1) proximity to the project site of the office of the firm or person unless federal law prohibits this factor from being considered in the awarding of the contract; and

(2) employment practices of the firm or person with regard to women and minorities.

(b) If negotiations with the most qualified and suitable firm or person under (a) of this section are not successful, the procurement officer shall negotiate a contract with other qualified firms or persons of demonstrated competence, in order of public ranking. The procurement officer may reject all or part of a proposal.

(c) This section does not apply to contracts awarded in a situation of public necessity if the procurement officer certifies in writing that a situation of public necessity exists.

(d) Notwithstanding the other provisions of this section, a procurement officer may include price as an added factor in selecting architectural, engineering, and land surveying services when, in the judgment of the procurement officer, the services required are repetitious in nature, and the scope, nature, and amount of services required are thoroughly defined by measurable and objective standards to reasonably enable firms or persons making proposals to compete with a clear understanding and interpretation of the services required. In order to include price as a factor in selection, a majority of the persons involved by the procurement officer in evaluation of the proposals must be registered in the state to perform architectural, engineering, or land surveying services.

(e) This section does not apply to a contract that incorporates both design services and construction. (§ 2 ch 106 SLA 1986)

Cross references. — For professional registration requirements for contracts under this section, see AS 36.90.100.

OK
a)

AS
CRA CHECK ONE

M E M O R A D U M

26 January 1988

TO: Community & Regional Affairs Committee
FROM: Melissa Aber Fouse
Staff to Senator Arliss Sturgulewski *MA*
RE: Senate Bill 358 - "An Act relating to municipal procurement of architectural, engineering, and land surveying services."

Current state statutes do not require municipalities to follow any particular procedure when contracting for architectural, engineering, or land surveying services. Senate Bill 358 adds a section to Title 29 outlining procedures for municipalities to follow in order to comply with AS 36.30.270 - that section of the procurement code outlining the process by which state agencies must select architects, engineers, and land surveyors.

That process includes negotiating a contract with the most qualified firm or individual and awarding the contract for fair and reasonable compensation after determining the value of the services, the scope, and the complexity of the project. Also included in the section are procedures to follow when negotiations with the most qualified firm or person are not successful and when price may be included as an added factor.

Under the proposed statute, a municipality may exempt itself, or part of itself, from the requirements of AS 36.30.279 by adopting an ordinance that establishes a selection process.

Also attached is Resolution 88-37 of the Alaska Municipal League adopted in November during the Municipal League convention as well as a copy of AS 36.30.270.

This legislation is substantially similar in concept to SB 204, passed in 1986, which placed the same requirements on state agencies. It was also known as the "mini-Brooks bill".

A committee substitute is required in order to incorporate language stating specifically that this legislation applies to home rule municipalities. The fiscal note is zero.

*Rich Butler
US Reg for
Design Professionals
mal menszies
R+M Eng.
Sturm-macklin
A-E + LS
-o- [Signature]*

5-1504B
Bannister
01/27/88

Original sponsors: Sturgulewski, Hensley,
Coghill, et al.

1 IN THE SENATE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 358 (C&RA)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to municipal procurement of archi-
7 tectural, engineering, and land surveying services."

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

9 * Section 1. AS 29.10.200 is amended by adding a new paragraph to read:

10 (49) AS 29.71.040 (procurement requirement).

11 * Sec. 2. AS 29.71 is amended by adding a new section to read:

12 Sec. 29.71.040. PROCUREMENT REQUIREMENT. (a) A municipality
13 and its administrative units shall comply with AS 36.30.270 unless the
14 municipality specifically exempts itself or an administrative unit
15 from AS 36.30.270 by adopting an ordinance establishing a selection
16 process for the municipality or for the unit. In this section,

17 (1) "administrative unit" includes a department, institu-
18 tion, board, commission, division, authority, public corporation,
19 utility, or other administrative unit of a municipality;

20 (2) "selection process" means a selection process for the
21 procurement of architectural, engineering, and land surveying ser-
22 vices.

23 (b) This section applies to home rule and general law munici-
24 palities.

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

- P.O. BOX B
JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4700
- 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

January 28, 1988

POSITION PAPER

RE: Senate Bill 358

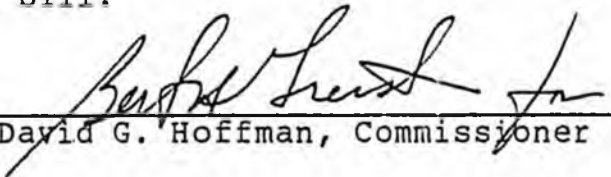
SPONSOR: Senator Sturgulewski, et. al.

Program Effects of Bill

This bill would make the provisions of AS 36.30.270, regarding the procurement of architectural, engineering and land surveying services applicable to municipalities and their administrative units, unless they choose to exempt themselves from coverage by ordinance.

Comments

Generally, the thrust of Title 29, as recodified in 1985, was to increase local determination of standards and requirements of this nature and to reduce reliance upon state standards. However, this bill provides that municipalities may choose to exempt themselves from the coverage of AS 36.30.270 by passage of an ordinance establishing a selection process. The department does not oppose this bill.



David G. Hoffman, Commissioner

S B

367

FIRST COMMITTEE OF REFERRAL

Date of _____ 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: Finance

**FISCAL NOTE(S) ATTACHED _____ **
IN ACCORDANCE WITH AS 24.08.035
(see below)

1/25/88 DATE TURNED INTO OFFICE _____
Mr. President:

C&RA _____ Committee considered SB 367

optional exemptions from municipal taxes

and recommended:

- replace with CS for SB 367 same title
- attached amendment(s) and new title

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Alvin Stangulinski - Do Not Pass

Tim Kelly - Do Not Pass

Alvin Stangulinski Do Pass

Chairman signature and recommendation

Committee Backup Attached

Alaska State Legislature

ARLISS STURGULEWSKI, Chairman
TIM KELLY, Vice Chairman
RICK HALFORD
MIKE SZYMANSKI
FRED ZHAROFF



P. O. BOX V
JUNEAU, ALASKA 99811
(907) 465-4989

Senate Community and Regional Affairs Committee

TO: Senate C&RA Committee

February 3, 1988

FROM: Senate C&RA Staff

A handwritten signature in dark ink, appearing to be "MEL", is written over the "FROM" line.

RE: SB 367 "An Act relating to optional exemptions from municipal taxes."

In this packet is a sectional analysis by Senator Duncan, a position paper and fiscal note by the Department of Community and Regional Affairs, a position paper by the Alaska Municipal League, and some background information from the Juneau Economic Development Council.

DC&RA and the AML both support the bill but suggest amendments in their position papers.

BY SENATOR DUNCAN

Senate Bill 367

"An Act relating to optional exemptions from municipal taxes."

Section 1.

Sub-paragraph (6) provides that a municipality may by ordinance grant a total or partial exemption from inventory taxation any type of inventory that is created from the processing or manufacturing in Alaska of natural resources originating in Alaska.

Sub-paragraph (7) provides that a municipality may by ordinance grant up to a 100 percent tax exemption to real or personal property that is used in the processing or manufacture of fisheries resources this includes all aquatic plants and animals.

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

- P.O. BOX B
JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4700
- 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

February 3, 1988

POSITION PAPER

RE: Senate Bill 367: "An Act relating to optional exemptions from municipal taxes."

SPONSOR: Senator Duncan

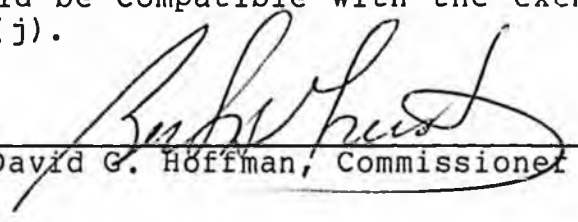
Program Summary

This bill relates to property taxes and adds two sections to the optional exemptions that municipalities may adopt under AS 29.45.050. Under current law, municipalities may exempt all business inventories from taxation. Paragraph (6) of this bill would allow municipalities to classify and exempt certain inventories from taxation, specifically, those inventories made in Alaska from Alaska resources.

Paragraph (7) of the bill would allow municipalities to exempt real and personal property used in the processing of marine resources. This is similar to existing language which currently allows municipalities to exempt up to 75% of timber processing property [AS 29.45.050 (j)].

Comments

The Department supports passage of this bill with two amendments. We recommend that the percentage of exemption currently allowed under AS 19.45.050(j) (see attached) be changed from 75% to 100% to be consistent with paragraph (7) of this bill. In addition, we suggest the bill be amended to provide for an exemption which would not exceed five years in duration. That amendment would be compatible with the exemption allowance under AS 29.45.050 (j).



David G. Hoffman, Commissioner

ATTACHMENT

Section 1.(7) amend by adding:

An ordinance adopted under this subsection may not provide for an exemption that exceeds five years in duration.

Section 2. AS 29.45.050(j) is amended to read:

A municipality may by ordinance approved by the voters exempt real or personal property in a taxing unit used in processing timber after it has been delivered to the processing site from up to 100 [75] percent of the rate of taxes levied on other property in that taxing unit. An ordinance adopted under this subsection may not provide for an exemption that exceeds five years in duration.

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An Act relating to optional exemptions from municipal taxes."
Sponsor: Duncan
Requestor: _____

Agency Affected: Community & Regional Affairs
BRU: Local Government Assistance

Components: State Assessor

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Jim Plasman, Deputy Director
Division: Municipal & Regional Assistance

Phone: 465-4750
Date: 1-27-88

Approved by Commissioner: [Signature]
Agency: Community & Regional Affairs

Date: 1-27-88

Distribution (by preparer):


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

Alaska MUNICIPAL League

TELEPHONE
(907) 586-1325

105 MUNICIPAL WAY, SUITE 301
JUNEAU, ALASKA 99801

TO: The Honorable Jim Duncan, Senator

FROM: Scott A. Burgess, Executive Director 

DATE: February 2, 1988

SUBJECT: SB 367 - Optional exemptions from municipal taxes

On behalf of its 135 municipal members, the Alaska Municipal League supports SB 367, allowing municipalities to exempt inventory and property taxes on certain natural resources industries. In addition, I would like to offer the following comments.

The AML's support is based on the 1988 AML Policy Statement language below:

PART X - ECONOMIC DEVELOPMENT, B. INCENTIVES:

1. Local Incentives: The League urges the Legislature to adopt legislation which would allow local municipalities greater flexibility through the use of local options in offering property tax incentives to new and expanding industry and business.

The bill would accomplish this in the area of optional exemptions on "inventories produced from the processing or manufacturing in the state of a natural resource originating in the state" and optional exemptions on "real and personal property used in the processing or manufacturing of fisheries resources". A similar provision is provided in AS 29.45.050(j), allowing a more limited exemption for timber processing.

The AML would request that you or the Senate Community and Regional Affairs Committee broaden the language to allow municipalities the option of exempting taxes on any business or industry. Many municipalities do not enjoy the wealth of natural resources available to Juneau and, therefore, cannot attract resource-related industries or businesses. However, once a municipality identifies the type of industry or business it wishes to attract or support, it should have similar "tools" available such as offering tax incentives.

Again, the AML supports SB 367 but asks that it be broadened to allow all municipalities to benefit from flexibility in the statutes dealing with local taxing powers. Allowing optional tax exemptions for all businesses and industries will provide municipalities another option in developing community development strategies to fit their unique circumstances.

cc: Senator Sturgulewski, Chair, Senate Community and Regional Affairs Committee

JUNEAU ECONOMIC DEVELOPMENT COUNCIL

907 463-3002
463-3662

P.O. Box 21227 • 1107 West 8th St.

Juneau, Alaska 99802



MEMBERS

Greg O. Claras, Chairperson
Deborah Bates, Vice-Chairperson

William Brock, Treasurer
Patrick Anderson
William M. Howe

Peter Hilde
John B. Sisk

CHI REPRESENTATIVES
Mayor Ernest E. Polley
Kevin Ritchie

MEMORANDUM

TO: Kevin Ritchie
FROM: James M. Kohler
DATE: November 5, 1987
SUBJ: AML Policy Proposals

I have attached a draft of two proposed additions to the AML Policies which could be introduced during the upcoming AML Conference.

The first addresses the need to change existing state statute to allow a local exemption from property tax on inventory that is needed in the manufacture of product within the community. This is something that Mayor Polley tried to enact locally but couldn't because of conflicting state law.

The second would embed into AML policy the preference for state economic development support at the local and regional level to come in the form of financial assistance to execute local and regional plans -- not to have them created at the state level and passed down. The specific resolution supporting the regional entity funding by the Department of Commerce and Economic Development, enacted by the Assembly on November 2, is one example of this type of program or legislation.

I will be happy to review these proposed policy insertions with you and the Juneau delegation at your convenience.

JUNEAU ECONOMIC DEVELOPMENT COUNCIL

907 463 3662

P.O. Box 21227 • 1107 West 5th St

Juneau, Alaska 99802



MEMBERS

Gregory J. Jara, Chairperson
Deborah Bates, Vice Chairperson

William Brock, Treasurer
Patrick Anderson
William M. Howe

Peter Hildre
John B. Sisk

CBI REPRESENTATIVES

Mayor Ernest E. Pulley
Kevin Ritchie

DRAFT
PROPOSED POLICY STATEMENTS
AML CONFERENCE
NOVEMBER 11-13, 1987

PART I: TAXATION AND FINANCE

D. LOCAL TAXES

6. Local Taxes: The League endorses legislation that would amend AS 29.45.050(j), permitting a local option exemption from property taxes for inventory used in the in-state manufacture of product *DERIVED FROM ALASKA RESOURCES.*

PART X: ECONOMIC DEVELOPMENT

B. INCENTIVES

2. The League urges state programs be implemented and/or legislation be enacted that encourages, through direct financial assistance, economic development efforts to be developed and implemented at the local and regional levels.

Alaska State Legislature

ARLISS STURGULEWSKI, Chairman
TIM KELLY, Vice Chairman
RICK HALFORD
MIKE SZYMANSKI
FRED ZHAROFF



P. O. BOX V
JUNEAU, ALASKA 99811
(907) 465-4989

March 10, 1988

Senate Community and Regional Affairs Committee

SCHEDULE

Tuesday, March 15, 1988

CS for SB 337 - "An Act relating to taxpayer notice of use of state aid."

SB 308 - "An Act relating to the energy efficient home equity fund."

SB 404 - "An Act relating to the transportation and municipal regulation of alcohol."

SB 367 - "An Act relating to optional exemptions from municipal taxes."

Thursday, March 17, 1988


SB 447 - "An Act relating to liability for damage or injury resulting from hazardous recreational activities."

SB 448 - "An Act relating to civil liability of certain volunteers."

SB 454 - "An Act relating to the allocation of the fisheries business tax to municipalities by the Department of Community and Regional Affairs." - postponed until 3/22/88 at sponsor's request

SB 166 - "An Act relating to regulations affecting small entities."

All meetings in the Butrovich Room, 3:30pm - 5:00 pm

 All bills on Tuesday have been heard previously. Please bring your files for SB 404 and SB 367.

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

MUNICIPAL & REGIONAL ASSISTANCE DIVISION

949 E. 36th AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 561-8586

P.O. BOX 348
BETHEL, ALASKA 99559-0348
PHONE: (907) 543-3475

P.O. BOX 10041
DILLINGHAM, ALASKA 99576-1041
PHONE: (907) 842-5135

1514 CUSHMAN STREET, ROOM 210
FAIRBANKS, ALASKA 99701-6286
PHONE: (907) 452-7126

P.O. BOX BH
JUNEAU, ALASKA 99811-2110
PHONE: (907) 465-4750

710 MILL BAY RD.
KODIAK, ALASKA 99615-6340
PHONE: (907) 486-5736

P.O. BOX 350
KOTZEBUE, ALASKA 99752-0350
PHONE: (907) 442-3696

P.O. BOX 41
NOME, ALASKA 99762-0041
PHONE: (907) 443-5457

February 18, 1988

Mr. McKie Campbell
Aide to Senate Committee
on Community and Regional Affairs
Capitol, Room 427
Juneau, AK, 99811

Dear Mr. *McKie* Campbell:

The "Formula Funding Demonstration" (copy enclosed) presented to the Senate Community and Regional Affairs Committee on February 9, 1988 during testimony by the Alaska Municipal League (AML) pointed to several examples which supposedly showed the relationship between optional property tax exemptions and their effect on total revenues of a municipality. We believe each of these examples was presented incorrectly. Following are the same examples as we believe they would actually occur.

The "demonstration" assumes \$70,000,000 to be optionally exempted for purposes of illustration. The municipality used as the model for this exercise was Matanuska-Susitna Borough. Mat-Su presently exempts \$4,708,8000 of assessed value under AS 29.45.050 as certified to our office in last year's Annual Report from the Borough (see copy attached). At a millage rate of 5.30, the revenues "lost" from those exemptions amount to \$24,957, or about \$.56 per capita annually. That loss of revenues is about 15 times lower than the \$371,000 used in the example.

It is important to remember that passing legislation to allow municipalities the option of exempting property does not create a loss in revenues. Municipal assemblies and councils bear the responsibility of deciding whether or not optional exemptions will be adopted into law. We do not believe it is realistic to think the assembly of a borough such as Mat-Su would exempt \$70,000,000 in assessed values to benefit commerce or industry, considering the current amount of assessed value actually exempted there. The \$70,000,000 used in the example appears to us to have been arbitrarily and inappropriately selected.

Mr. McKie Campbell
February 18, 1988
Page Two

In order for revenue sharing entitlements to be affected by property tax exemptions, one must assume the loss in revenues created by the exemptions would not be offset by shifting the tax burden to other taxable properties. In fact, municipal budgets usually stay the same or increase each year, which necessarily causes such a shift in the tax burden to occur.

For that reason, we believe the granting of an optional exemption would have no impact on the level of revenue sharing funds received by municipalities. The amount of local effort required by municipalities is based on the Full Value Determination which is developed by our office. The granting of optional exemptions does not influence the Full Value Determination. Therefore, it is not possible for the level of local education funding to change due to the granting of such an exemption.

Summary:

We believe the \$70,000,000 hypothetical level of exemption in the "demonstration" is unrealistic. We further believe the shift of the tax burden to other taxable property would cause no negative impact to the municipality in the state revenue sharing program. In any event, granting exemptions would have no impact on local effort for education funding. Instead of the \$1,248,072 of fiscal loss alleged by the AML document, the total fiscal impact which actually exists in the borough due to the granting of local option exemptions is \$24,957.

Our Position on SB 367:

Proposals to exempt property from taxation are usually met with little resistance from the general taxpaying public. We believe one reason for this is that many people do not fully understand the concept of shifting the tax burden. But even if there were a widespread understanding of that concept, the impact to individual taxpayers resulting from such a shift is normally so minimal as to go almost unnoticed. That argument is often used by those who speak against bills which provide for optional exemptions. We do not believe, however, that argument is a valid one when dealing with a bill which intends to provide long term economic benefits for the good of the community by granting a short term exemption.

We believe the answer to this issue is not to deny municipalities choices by defeating proposals such as those contained in SB 367. The proper way to address the problem is for municipal assessing offices and offices like ours to be

Mr. McKie Campbell
February 18, 1988
Page Three

certain municipal governing bodies understand all the ramifications of granting optional property tax exemptions to certain sectors of the taxpaying public. If the benefits accruing to a community as a result of granting an exemption are greater than the cost to the taxpaying public of shifting the tax burden, we believe the exemption should be granted.

Sincerely



Michael W. Worley
State Assessor

Enclosures

cc: Scott Burgess, AML
Gary Lewis

FORMULA FUNDING DEMONSTRATION

	SMART BOROUGH	NOTSO BOROUGH	LOCAL REVENUE LOSS
locally assessed			
REAL PROPERTY	\$2,365,476,800	\$2,539,851,700	
PERSONAL PROP.	\$169,156,760	\$358,626,570	
OIL & GAS	\$4,119,140	\$4,199,140	
	2,538,752,700	2,902,677,410	
MILLRATE SET	5.30	5.30	
DCIRA full value	2,902,677,410	2,902,677,410	
LESS optional exempt			
WHATEVER	0	60,000,000	
INCENTIVES	0	10,000,000	
TOTAL EXEMPT AS 29 45 050		70,000,000	\$371,000 TAX EXEMPT (2.4%)
full value determina	2,902,677,410	2,972,677,410	
TAX REVENUE 89XB11	13,455,389	13,084,389	
MILLAGE RATE EQUIVAL	4.64	4.40	
POPULATION	44,200	44,200	
REVENUE SHARING			
POPULATION	44,200	44,200	
MILLRATE EQUIV	0.00464	0.00440	
ENTITLEMENT	205	195	
APPLIED TO POPULATIO	9,056,117	8,599,045	\$457,072 REVENUE SHARING
			\$1.23
			PER \$ EXEMPT
SCHOOL FOUNDATION FUNDING			
INSTRUCT UNITS	539	539	
VALUE PER UNIT	60,000	60,000	
BASIC NEED	32,340,000	32,340,000	
LOCAL CONTRIBUTION			
max 6 mills CURREN	17,416,064	17,836,064	
ENTITLEMENT	\$14,923,936	\$14,503,936	\$420,000 FNDATION FUNDING
			\$1.13
			PER \$ EXEMPT
TOTAL FISCAL LOSS			\$1,248,072
			LOCAL COST PER TAX DOLLAR EXEMPTED \$3.36

THIS IS A DEMONSTRATION OF THE RELATIONSHIP BETWEEN OPTIONAL PROPERTY TAX EXEMPTION (AS29.45.050) AND AFFECT ON TOTAL REVENUES OF A MUNICIPALITY. IT SHOWS THAT THE INCREASED REVENUE BURDEN ON OTHER TAXPAYERS IS FAR GREATER THAN JUST THE AMOUNT OF TAX DOLLARS EXEMPTED. THE RESULTS OF EXERCISE WILL VARY IN DIFFERENT MUNICIPALITIES AND DIFFERENT LEVELS OF LOCAL CONTRIBUTION TO EDUCATION HOWEVER IN ALL CASES THERE ARE HIDDEN COSTS TO BE CONSIDERED IN DECISION TO OPTIONALLY EXEMPT PROPERTY FROM LOCAL LEVY.

ANNUAL REPORT
OF
ASSESSMENT AND TAXATION

The information published in Alaska Taxable, and in other documents, is based upon the annual reporting of full and true assessment and taxation from each municipality. Your cooperation in completing this report is essential to the accuracy of the publications and information distributed by the Department of Community and Regional Affairs. This report is also a requirement under AS 29.20.640(a)(3) as a prerequisite for receipt of state shared revenue under AS 29.60, and will be used to develop the Full Value Determination for that and other state programs, including education funding under AS 14.17.140.

It is required that the report be certified -- both by the Assessor, who has chief responsibility for values, and the Chief Administrator, who has a large degree of responsibility for rates and overall administration.

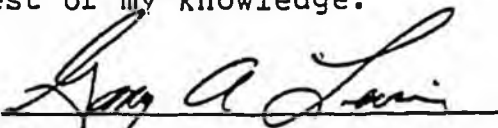
CERTIFICATION

I, Gary A. Lewis, Assessor for the
(type or print name)

Matanuska-Susitna Borough, hereby certify
(municipality)

the information contained in the attached forms is complete and correct according to the best of my knowledge.

Signed



Dated

7-23-87

I, John Hale, Chief Administrator
(type or print name)

for the Matanuska-Susitna Borough, hereby certify
(municipality)

the information contained in the attached forms is complete and correct according to the best of my knowledge.

Signed



Dated

7/23/87

AS 29.45.050
OPTIONAL EXEMPTIONS AND EXCLUSIONS

(do not include property required to be exempt under state statutes.)

Please break down your optional exemptions and exclusions into three categories as follows:

- 1) a \$10,000 residential exemption;
- 2) an exemption for Seniors/Disabled Veterans, adopted by ordinance, for assessed value that exceeds \$150,000; and
- 3) any other optional exemptions adopted by the municipality.

AS 29.45.050(a) Residential Property Exemption

This exemption is up to the first \$10,000 of residential property.

Has your municipality adopted this exemption? _____ yes X no

° Total Amount Exempted: \$ _____

AS 29.45.050(i) states:

(i) A municipality may by ordinance approved by the voters exempt from taxation the assessed value that exceeds \$150,000 of real property owned and occupied as a permanent place of abode by a resident who is

(1) 65 years of age or older;

(2) a disabled veteran; or

(3) at least 60 years old and a widow or widower of a person who qualified for an exemption under (1) or (2) of this subsection.

Has your municipality passed such an ordinance? _____ yes X no

° Total Estimated Value
Exempt Beyond \$150,000: \$ _____

AS 29.45.050 Remainder of Optional Exemptions

Real Property Exempt

° No. of Properties Tax Exempt: 43

° Estimated Value of Properties: \$ 4,708,800

Citation of Statute(s) Authorizing Exemption(s):

AS 29. 45.050(b)(2)(A)

AS 29. _____

AS 29. _____

Dept of Revenue

~~bill~~
~~gas~~

all personal properties

1 or all types of motor vehicles from taxation;

2 (6) classify as to type and exempt or partially exempt any

3 or all inventories produced from the processing or manufacturing in

4 the state of a natural resource originating in the state;

5 (7) exempt real or personal property used in the processing

6 or manufacturing of fisheries resources from up to 100 percent of the

7 rate of taxes levied on other property; for purposes of this paragraph

8 "fisheries resources" includes all aquatic plants and animals.

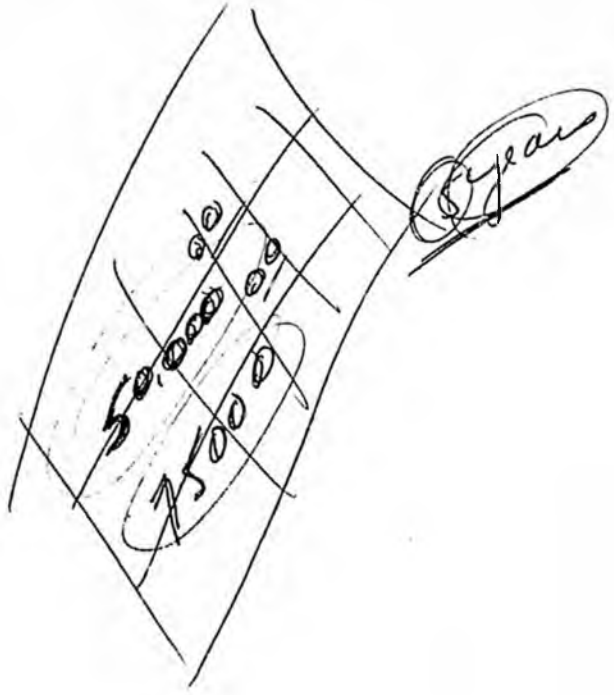
mining

→

}

Wholesale

→ 5 yr time limit ←



43.5B.210