

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672

5600 HOUSE COMMUNITY & REGIONAL AFFAIRS

HB

40

TAPE # 0044DATE: 02/14/89BILL NUMBERS: HB 40 + HJR 23MEMBERS PRESENT: Chair Rep. MacLean, Vice-Chair Rep. Foster
Rep. Cato, Rep. C. Davis, Rep. Pettyjohn

TAPE #	TIME	BILL NUMBER	METER NUMBER	HELPFUL INFORMATION (WITNESS, ACTION)
	1:04	HB40	000	Rep. MacLean explanation of HB40
	1:05	HB40	048	Rep. Mike Miller -
	1:11	HB40	161	Rep. Pettyjohn question
	1:12	HB40	197	Jim Plasman explanation
	1:14	HB40	228	Rep. Cato - const
	1:15	HB40	240	Jim Plasman balancing
		HB40	273	Rep. MacLean - amend
		HB40	278	Rep Cato adopt amendment #1
	1:18	HB40	284	Rep - Cato - move HB 40 out of committee
	1:19	HJR 23 HB 40	300	Rep Maclean explanation HJR 23
	1:20	HJR 23	324	Rep Jacko explanation HJR 23
	1:25	HJR 23	375	Rep. Cliff Davidson testified
	1:31	HJR 23	499	Rep. Cato - what do you want with it
	1:33	HJR 23	509	Rep. Davidson
	1:34	HJR 23	520	Rep Cato - for revenue

TAPE # 004ADATE: 02/14/89BILL NUMBERS: HJR-23

MEMBERS PRESENT:

TAPE #	TIME	BILL NUMBER	METER NUMBER	HELPFUL INFORMATION (WITNESS. ACTION)
	1:35	HJR 23	525	Rep - Davidson
	1:36	HJR 23	537	Rep Cato what
	1:36	HJR 23	544	Rep Davidson protecting the fishery
	1:39	HJR 23	569	Rep C Davis
	1:40	HJR 23	580	Rep - Davidson - No taken away revenues
		HJR 23	595	Rep C Davis - Kodiak annex the whole board
	1:41	HJR 23	603	Rep - Davidson - Lake + Penn ready for govt.
	1:43	HJR 23	618	Rep - Jacko - answer Rep - Cato question
	1:45	HJR 23	641	Rep - Davidson - people are residents of Kodiak
	1:46	HJR 23	659	Rep Jacko
	1:47	HJR 23	670	Rep Mackean - teleconference
	1:49	HJR 23	684	Sue - Bristol Bay
		HJR 23	691	Rep - Davidson answer
		HJR 23	705	Linda Freed stmt
		HJR 23	710	Sue

COMMUNITY AND REGIONAL AFFAIRS

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TAPE # 004A 9 004B

DATE: 02/14/89

BILL NUMBERS: HJR 23

MEMBERS PRESENT: Chair Rep. MacLean, Vice-Chair Rep. Foster
Rep. Cato, Rep. C. Davis, Rep. Pettyjohn

TAPE #	TIME	BILL NUMBER	METER NUMBER	HELPFUL INFORMATION (WITNESS, ACTION)
00 B	2:01	HJR 23	958	Frank Hill - financial responsibilities
B	2:05	HJR 23		Saul Freedom - Education
B	2:12	HJR 23	137	David Wilder
	2:15	HJR 23	158	Rep. Cato in court who involve for the court
		HJR 23	168	David Wilder
		HJR 23	179	Rep. Cato - State fighting State
	2:16	HJR 23	180	David Wilder JR 92
	2:18	HJR 23	199	Mayor Si
			265	Rep Cato - School dist - would be sue
			270	Mayor
	2:34	HJR 23	374	Linda Freed testified
#2A	2:40			Oliver Home - reject the annexation
			062	Rep Cato - Should the annex become a reality
	2:44		097	Rep. MacLean - closing comments
			142	Rep C Davis pass out w/ individual recommendations

Alaska State Legislature

REPRESENTATIVE
MIKE W MILLER
PO Box 55094
North Pole, Alaska 99705
(907) 488-2687

District 18
North Pole
Badger Road
Eielson
Moose Creek
Salcha



While in Juneau
PO Box V
Juneau, Alaska 99811
(907) 465-4976

House of Representatives

*How
retain
second*

MEMORANDUM

TO: Representative Eileen MacLean

FROM: Representative Mike Miller *M.W. Miller*

RE: CSHB 40 (C&RA)

DATE: 4/14/89

Committee Substitute for House Bill 40, an act relating to unification of municipalities, is before the full House for consideration today.

Under current law, the process to unify a borough and the cities it encompasses can be triggered by obtaining signatures from two classifications of citizens. These classifications consist of voters living within the boundary of the borough but not in a home rule or first class city, and voters living within the boundaries of all home rule and first class cities combined. By lumping all of the home rule and first class cities together, it is possible for a small city to be dissolved, against the will of its citizens, and combined with a newly unified municipal government. CSHB 40 will correct this problem by requiring unification to be approved by a majority in each first class and home rule city.

During a previous committee hearing, concern was expressed that passage of CSHB 40 would give every home rule or first class city the power to veto unification. Although CSHB 40 would allow a majority of voters in each first class or home rule city to disapprove a unification attempt, it would not prevent a borough from combining with individual cities under the merger and consolidation statutes. For example, if a unification measure was placed before the voters of the Fairbanks North Star Borough and rejected by the voters of North Pole, the Borough and city of Fairbanks could still combine their duties and powers under AS 29.06.090.

CSHB 40 would also amend our statutes to allow the question of unification to be raised every 24 months instead of the current 12 months.

MEMORANDUM

TO: Representative Mike Miller
FROM: Staff
RE: Sectional Analysis of CSHB 40 (C&RA)
DATE: 4/14/89

Sec. 1. Permits the question of unification, whether it originates as a result of petition or resolution, to be submitted to the voters not more often than once every 24 months.

Sec. 2. Requires a unification petition to be signed by voters in each home rule and first class city equal to 25% of the votes cast in each of these cities in the last regular borough election. The existing requirement as to signatures of city residents is cumulative--that is a percentage of all the voters is used without regard to the particular city the voters reside in.

Sec. 3. Like the petition signature requirement in section 2, this section requires the votes on the question of formation of a charter commission to be tabulated separately for each home rule and first class city. Votes of borough residents outside these cities is tabulated in another, single classification. Each separately tabulated classification must approve the formation of a charter commission before one can be formed.

Sec. 4. The changes reflect the fact that approval of a unification charter must be achieved in each home rule and first class city before the charter is adopted.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 15, 1989

SUBJECT: Unification of municipalities (HB 40)
TO: Representative Mike Miller
FROM: Tamara Brandt Cook *TBC*
Director
Division of Legal Services

Several questions have come up in the House Community and Regional Affairs Committee hearing on HB 40. That bill requires, among other things, that unification be approved in each first class and home rule city in a borough before it can take place. Under existing law approval is required among the voters of all first class and home rule cities, tabulated as one classification.

If a unification effort fails because voters in one or more home rule or first class cities withhold approval, may the remaining cities unite with the borough through merger and consolidation?

Existing municipalities may unite through merger and consolidation under procedures set out in AS 29.06.090 - 29.06.170. A petition for merger or consolidation would have to be accepted by the Local Boundary Commission and then the merger or consolidation would have to be approved by the voters in the area to be included in the new municipality. If a city were to merge with a borough, the city would cease to exist and the area would be incorporated into the area of the borough outside of cities. The classification of the borough would not be changed by this action. Unification, on the other hand, converts a general law borough into a home rule government.

Can a city simply dissolve in order to merge with a borough in which it is located?

This can be also done. The procedure for this is set out in AS 29.06.450 - 29.06.530. A dissolution proposal is subject

Representative Mike Miller
Page 2
March 15, 1989

to Local Boundary Commission review and acceptance and to a vote of the people in the city. But the city cannot unilaterally dissolve and force a borough to assume governing responsibility in its territory. Under AS 29.06.470(b) the borough voters must consent to assume the rights, powers, duties, assets, and liabilities of the city. Dissolving a city in a borough will not change the classification of the borough itself in the way that unification does.

TBC:kb
wkk3/009

HOUSE COMMITTEE REPORT

(5)

Date Referred: January 9, 1989

FURTHER REFERRALS: FINANCE

Date of Committee Action: _____

The COMMUNITY & REGIONAL AFFAIRS Committee recommends that:

HOUSE BILL NO. 40 [UNIFICATION OF MUNICIPALITIES]
"An Act relating to unification of municipalities."

- [] be replaced with CS HB 40 (C+RA) [] the same title
[] a new title
- [] have attached amendment(s)
- [] do pass
[] do not pass
[] no recommendation
[] individual recommendations
[] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- [] fiscal impact
[] zero fiscal note C+RA
[] zero with analysis

APPROVES PREVIOUS:

- [] fiscal note(s) published: _____
[] zero fiscal notes(s) published: _____

SIGNING DO PASS:

Bette Cook

SIGNING OTHER THAN DO PASS:

(Do Not Pass, No Recommendation, Amend)

Eileen P. Machean (No Rec)
A. P. [unclear] no rec
Chris Davis No Rec
Richard [unclear]

Eileen P. Machean
Chairman's signature

HB 40

MILLER

House Bill 40 was introduced by Representative Mike Miller. This legislation would allow unification petitions or resolutions to come before the voters every three years. Current law allows petitions or resolutions for unification to be resubmitted every 12 months.

According to this legislation, before a petition for an unification charter can be approved it must be signed by 25% of the voters in each home rule and first class.

House Bill 40 would also require that a majority of voters in each first class and home rule city as well as those residing in the area of the borough outside the cities vote for unification. Therefore, before unification can occur each first class and home rule city must approve it.

The Department of Community and Regional Affairs has prepared a zero fiscal note on this bill.

Here to speak on behalf of the legislation is Representative Mike Miller.

Jim Plasman will also testify on the bill. (the department doesn't like it.)

AMENDMENT

IN THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

TO: HB 40

BY: Rep. MacLean

Page: 1

Line: 13

Should be amended to read: than once every [36] 24
months.

HOUSE BILL 40
TABLE OF CONTENTS

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- ITEM 6: Memo - Rep. Mike Miller
- ITEM 7: Statutes

Introduced: 1/9/89
Referred: Community &
Regional Affairs and
Finance

1 IN THE HOUSE

BY MILLER

2 HOUSE BILL NO. 40

3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to unification of municipalities."

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

8 * Section 1. AS 29.06.200(a) is amended to read:

9 (a) Formation of a charter commission to prepare a unification
10 charter shall be proposed by resolution of the assembly or by peti-
11 tion. The question of [A RESOLUTION TO PROPOSE] formation of a char-
12 ter commission may be submitted to the voters [ADOPTED] not more oft:n
13 than once every 36 [12] months.

14 * Sec. 2. AS 29.06.210(b) is amended to read:

15 (b) The petition shall be signed by at least

16 (1) the number of voters residing outside all home rule and
17 first class cities in the borough equal to 25 percent of the votes
18 cast in that area in the last regular borough election; and

19 (2) the number of voters residing in each home rule and
20 [OR] first class city [CITIES] in the borough equal to 25 percent of
21 the votes cast in each of these cities [ALL HOME RULE AND FIRST CLASS
22 CITIES IN THE BOROUGH] in the last regular borough election.

23 * Sec. 3. AS 29.06.280(a) is amended to read:

24 (a) The votes on the question of formation of a charter commis-
25 sion shall be tabulated in [TWO] separate classifications. Votes [ONE
26 CLASSIFICATION CONSISTS OF ALL VOTES] cast in each first class and
27 home rule city [CITIES] in the borough shall be individually tabulated
28 into separate classifications. Votes [. THE OTHER CLASSIFICATION
29 CONSISTS OF ALL VOTES] cast in the remaining area of the borough shall

1 ~~be tabulated as one classification.~~ In order for formation of a
2 charter commission to be approved, a majority of the votes in each
3 classification must favor formation of the commission.

4 * Sec. 4. AS 29.06.360(c) is amended to read:

5 (c) If a majority of the votes in the area of the borough out-
6 side all home rule or first class cities, and a majority of the votes
7 in ~~each~~ [ALL] home rule and first class ~~city~~ [CITIES] in the borough
8 are cast in favor of the proposed charter, the charter is ratified.
9 If the charter is ratified, election results shall be certified to the
10 commission and two copies of the charter shall be filed with

- 11 (1) the lieutenant governor;
 - 12 (2) the department;
 - 13 (3) the district recorder for the area of the borough;
 - 14 (4) the clerk of the borough;
 - 15 (5) the clerk of each city in the borough.
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FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: "An Act relating to unification
 of municipalities."
 Sponsor: Miller
 Requestor: _____

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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: 2/2/89

Approved by Commissioner: [Signature] Date: 2/2/89
 Agency: Community & Regional Affairs

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

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 3, 1989

SUBJECT: Unification of municipalities (HB 40)
TO: Representative Mike Miller
FROM: Tamara Brandt Cook *TBC*
Director
Division of Legal Services

Here is a sectional analysis that you requested of HB 40.

Sec. 1. Permits the question of unification, whether it originates as a result of petition or resolution, to be submitted to the voters not more often than once every 36 months.

Sec. 2. Requires a unification petition to be signed by voters in each home rule and first class city equal to 2 percent of the votes cast in each of these cities in the last regular borough election. The existing requirement as to signatures of city residents is cumulative--that is a percentage of all the voters is used without regard to the particular city the voters reside in.

Sec. 3. Like the petition signature requirement in section 2, this requires the votes on the question of formation of a charter commission to be tabulated separately for each home rule and first class city. Votes of borough residents outside of these cities is tabulated in another, single classification. Each separately tabulated classification must approve the formation of a charter commission before one can be formed.

Sec. 4. The changes reflect the fact that approval of a unification charter must be achieved in each home rule and first class city before the charter is adopted.

TBC:gc
WKG6/019

4

STEVE COWPER, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

February 8, 1989

- P.O. BOX B
JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4700
- 949 E. 38TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 583-1073

POSITION PAPER

RE: House Bill 40

SPONSOR: Representative Miller

Program Effects

The bill makes two main changes to the unification process. First, it would limit consideration of the question to once every three years, rather than every year as at present. Second, it would provide that each home rule and first class city within the borough be treated separately, rather than together, for the purposes of required petition signatures, voting on the question of formation of a charter commission, and voting on the ratification of the home rule charter.

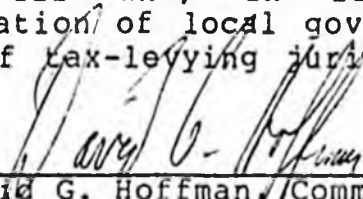
Comments

Article X, Section 1 of the Alaska State Constitution provides: "The purpose of this article is to provide for maximum self-government with a minimum of local government units, and to prevent duplication of tax-levying jurisdictions. A liberal construction shall be given to the powers of local government units." The unification process, whereby the cities within a borough are unified with the borough to form a single unified municipality governed by a home rule charter, provides a means of accomplishing the constitutional goals of minimization of local government units and prevention of duplication of tax-levying jurisdictions.

Determining the appropriate limitation on consideration of the formation of a charter commission requires striking a balance between the interest in reasonably allowing the people to consider the question and the interest in not allowing frivolous requests which will dilute interest and resources devoted to discussion of the issue. The department feels a one year limitation is appropriate.

House Bill 40
February 8, 1989
Page Two

Treatment of first class and home rule cities separately, rather than as a class, for the purpose of petitioning for and voting on the charter commission and charter has the effect of giving each city a veto power over the question. Such effect could result even though an area-wide total vote favors a particular course of action by a wide margin. The existing structure, treating the cities as a separate class, may be justified as a reasonable exercise of self-government. However, the department feels the proposed treatment of each first class and home rule city separately is an unreasonable inhibition of the popular will and, in light of the constitutional goals of minimization of local government units and prevention of duplication of tax-levying jurisdictions, is not warranted.



David G. Hoffman, Commissioner

P.O. BOX 55109
NORTH POLE, ALASKA
99705

TOP OF THE WORLD
PHONE: 907-488-2281
AT YOUR SERVICE



January 16, 1989

RECEIVED JAN 19 1989

The Honorable Senator Jack Coghill
P. O. Box V
Juneau, Alaska 99811

Re: Proposed Title 29 Amendments

Dear Jack:

The City of North Pole is in receipt of SB105 and the corresponding house bill, HB40. The city council is in unanimous support of the legislation.

As you are aware, recent changes in Title 29 legislation failed to protect small cities from unification proceedings. It is the hope of the City of North Pole that passage of these bills as drafted will help remedy that inequity.

Your colleague, Representative Mike Miller, has introduced the house version (HB40) and also supports our endeavors. In addition, we are requesting assistance from the Alaska Municipal League through its Director, Scott Burgess.

The people in the North Pole area overwhelmingly support this legislation. The city will encourage as many of them to correspond with you as possible.

Thank you for your support. Please keep the city posted as to the progress of the bills. We stand ready to do anything within our powers to ensure passage.

Sincerely,

Carleta Lewis
Mayor

CL/k1

cc: The Honorable Representative, Mike Miller
Alaska Municipal League, Scott Burgess, Director

MEMORANDUM

TO: Representative Mike Miller

FROM: Staff

RE: Boroughs and Cities affected by sections 2 - 4 of HB 40

DATE: 2/7/89

The proposed statutory changes in sections two, three and four of House Bill 40 would affect any organized borough that encompasses two or more Home Rule or First Class cities. Based on information contained in the 1989 Alaska Municipal Officials Directory, four boroughs fit this description. These boroughs and their accompanying cities are as follows:

	<u>Reg.</u> <u>Voters**</u>
Aleutians East Borough	
Akutan.....Second Class	
Cold Bay.....Second Class	
King Cove.....First Class	235
Sand Point.....First Class	394
Fairbanks North Star Borough	
Fairbanks.....Home Rule	16,493
North Pole.....Home Rule	835
Kenai Peninsula Borough	
Homer.....First Class	2,053
Kachemak.....Second Class	
Kenai.....Home Rule	3,045
Seldovia.....First Class	373
Seward.....Home Rule	1,277
Soldo a.....First Class	1,772
Matanuska-Susitna Borough	
Houston.....Second Class	
Palmer.....Home Rule	1,478
Wasilla.....First Class	1,955

** Registered Voter totals were secured from the Division of Elections.

Sec. 29.06.140. Election. (a) The Local Boundary Commission shall immediately notify the director of elections of its acceptance of a merger or consolidation petition. Within 30 days after notification, the director of elections shall order an election in the area to be included in the new municipality to determine whether the voters desire merger or consolidation. The election must be held not less than 30 or more than 90 days after the election order. A voter who is a resident of the area to be included in the proposed municipality may vote.

(b) The director of elections shall supervise the election in the general manner prescribed by the Alaska Election Code (AS 15). The state shall pay all election costs.

(c) The director of elections shall certify the election results. If merger or consolidation is approved, the director of elections shall, within 10 days, set a date for election of officials of the new municipality. The election date must be not less than 60 or more than 90 days after the election order and it is the effective date for the merger or consolidation. (§ 5 ch 74 SLA 1985)

Sec. 29.06.150. Assets and liabilities. (a) When two or more municipalities merge, one succeeds to the rights, powers, duties, assets, and liabilities of the others.

(b) When two or more municipalities consolidate, the newly incorporated municipality succeeds to the rights, powers, duties, assets, and liabilities of the consolidated municipalities. (§ 5 ch 74 SLA 1985)

Sec. 29.06.160. Transition. After merger or consolidation, the ordinances, resolutions, regulations, procedures, and orders of the former municipalities remain in force in their respective territories until superseded by the action of the new municipality. (§ 5 ch 74 SLA 1985)

Sec. 29.06.170. Application. AS 29.06.090 — 29.06.170 apply to home rule and general law municipalities. (§ 5 ch 74 SLA 1985)

Article 4. Unification of Municipalities.

<p>Section 190. Unification of municipalities authorized 200. Unification proposed 210. Petition requirements 220. Review of petition 230. Duties of charter commission 240. Composition of charter commission 250. Charter commission nominations 260. Qualifications of candidates 270. Election of charter commission 280. Requirements for approval of forma-</p>	<p>Section tion and election of charter commission 290. Charter commission organization and procedure 300. Vacancies 310. Per diem 320. Charter provisions 330. Public hearings 340. Filing of proposed charter 350. Publication and posting of proposed charter</p>
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Section

- 360. Election on charter
- 370. Effect of the charter after ratification
- 380. Assets and liabilities

Section

- 390. Transition
- 400. Right to state and federal aid
- 410. Powers of a unified municipality
- 420. Application

Sec. 29.06.190. Unification of municipalities authorized. A borough and all cities in the borough may unite to form a single unit of home rule government by complying with AS 29.06.190 — 29.06.410. (§ 5 ch 74 SLA 1985)

NOTES TO DECISIONS

Unification is consistent with the purpose expressed in Alaska Const., art. X, § 1, of minimizing the number of local government units. *City of Douglas v. City & Borough of Juneau*, Sup. Ct. Op. No. 672 (File No. 1379), 484 P.2d 1040 (1971), decided under former, similar law. Coexistence of cities and boroughs

not required. — Alaska Const., art. X, § 2, merely authorizes but does not require the coexistence of cities and boroughs. *City of Douglas v. City & Borough of Juneau*, Sup. Ct. Op. No. 672 (File No. 1379), 484 P.2d 1040 (1971), decided under former, similar law.

Sec. 29.06.200. Unification proposed. (a) Formation of a charter commission to prepare a unification charter shall be proposed by resolution of the assembly or by petition. A resolution to propose formation of a charter commission may be adopted not more often than once every 12 months.

(b) An assembly, a council, or a person living in the area proposed for unification may initiate a unification petition. (§ 5 ch 74 SLA 1985)

Sec. 29.06.210. Petition requirements. (a) A unification petition shall read:

"PETITION FOR ELECTION OF CHARTER COMMISSION TO PROPOSE UNIFICATION CHARTER. We, the undersigned, qualified voters of the borough do hereby petition that the following proposition be placed before the voters as provided by law: 'Shall a charter commission be formed (and charter commission members be elected as elsewhere provided on this ballot) to prepare, adopt and submit to the voters for their approval or rejection a proposed charter uniting the borough and all cities within it as a single unit of home rule government having the powers, duties and functions of a unified municipality as authorized by law? Yes [] No []'

		Inside First	Outside First
		Class or	Class or
Signature	Address	Home Rule City []	Home Rule City []"

(b) The petition shall be signed by at least

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Sec. 29.
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(1) the number of voters residing outside all home rule and first class cities in the borough equal to 25 percent of the votes cast in that area in the last regular borough election; and

(2) the number of voters residing in home rule or first class cities in the borough equal to 25 percent of the votes cast in all home rule and first class cities in the borough in the last regular borough election. (§ 5 ch 74 SLA 1985)

Sec. 29.06.220. Review of petition. The assembly shall review a unification petition within 15 days to determine whether it complies with AS 29.06.210. If the petition does not meet the designated requirements, it shall be immediately returned to the person who initiated the petition with a statement indicating which requirements have not been satisfied. (§ 5 ch 74 SLA 1985)

Sec. 29.06.230. Duties of charter commission. The charter commission shall prepare, adopt, and submit to the voters for approval or rejection a proposed home rule charter for the area to be unified. (§ 5 ch 74 SLA 1985)

Sec. 29.06.240. Composition of charter commission. The charter commission shall consist of 11 voters, three of whom are residents elected at large from the borough and eight of whom, proportionate to the population as determined by the department, are

(1) residents of and elected from the area outside all home rule and first class cities in the borough; or,

(2) residents of and elected from home rule or first class cities in the borough. (§ 5 ch 74 SLA 1985)

Sec. 29.06.250. Charter commission nominations. (a) If the assembly determines that a unification petition meets the requirements of AS 29.06.210, or the assembly by its resolution proposes an election on formation of a charter commission, the assembly shall issue a call for the nomination of commission candidates, specifying the filing deadline and the procedure for making nominations.

(b) Charter commission candidates shall be nominated by petition signed by at least 50 voters of the area from which the candidate seeks election, or by a number of voters from that area equal to at least 10 percent of the number of votes cast from that area in the last regular borough election, whichever is less.

(c) Nomination petitions shall be filed with the borough clerk at least 30 days after notice of the call for nominations has been given and on or before a date fixed by the assembly.

(d) If at least one nomination of a qualified charter commission candidate for each available seat is not filed, the unification petition

or resolution to propose formation of a charter commission is void and no election on the question shall be held. (§ 5 ch 74 SLA 1985)

Sec. 29.06.260. Qualifications of candidates. A person is eligible to be nominated as a candidate for the charter commission if that person is a voter of the area from which election is sought and has been a voter of the area for at least one year immediately preceding the date the nomination petition is filed. (§ 5 ch 74 SLA 1985)

Sec. 29.06.270. Election of charter commission. (a) After receipt of a valid unification petition or adoption of an assembly resolution to propose formation of a charter commission, the assembly shall submit to the voters the question of whether a charter commission shall be formed to prepare a proposed unification charter. The vote shall be held at the next regular borough election scheduled at least 90 days after receipt of the petition or adoption of the resolution. The ballot shall be worded exactly as in AS 29.06.210(a).

(b) The election of charter commission members shall take place at the same time as the election on the question of formation of the commission.

(c) All costs incurred in conducting an election under AS 29.06.190 — 29.06.410 shall be paid by the borough. (§ 5 ch 74 SLA 1985)

Sec. 29.06.280. Requirements for approval of formation and election of charter commission. (a) The votes on the question of formation of a charter commission shall be tabulated in two separate classifications. One classification consists of all votes cast in first class and home rule cities in the borough. The other classification consists of all votes cast in the remaining area of the borough. In order for formation of a charter commission to be approved, a majority of the votes in each classification must favor formation of the commission.

(b) If formation of a charter commission is approved, the candidates who received the highest number of votes from their respective areas shall serve as members of the commission. (§ 5 ch 74 SLA 1985)

Sec. 29.06.290. Charter commission organization and procedure. (a) The charter commission shall hold its first meeting within 30 days after certification of its election. The commission shall elect from among its members a chairman and a deputy chairman.

(b) A majority of the total membership of the charter commission constitutes a quorum. A decision of the commission is not valid or binding unless approved by the number of members necessary to constitute a quorum.

(c) The charter commission may elect other officials from among its membership, adopt rules governing its procedures that are consistent with AS 29.06.190 — 29.06.410 and hire and discharge employees.

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(d) Meetings of the charter commission shall be open to the public at all times. A journal of commission proceedings shall be kept and made available for public inspection at the borough office. (§ 5 ch 74 SLA 1985)

Sec. 29.06.300. Vacancies. (a) Vacancies on the charter commission shall be filled by a majority vote of the commission, except the assembly shall appoint members to fill vacancies if, after a proposed charter is rejected by the voters, more than one-half of the members resign.

(b) A person who fills a vacancy on the charter commission must be a voter of the same area as the person succeeded and must have been a voter of that area for at least one year immediately preceding the date the vacancy is filled. (§ 5 ch 74 SLA 1985)

Sec. 29.06.310. Per diem. The assembly may grant a per diem allowance to members of the charter commission and may reimburse the members for travel expenses incurred in carrying out the duties prescribed by AS 29.06.190 — 29.06.410. Costs, fees, and other expenses incurred by the commission are a debt of the borough and shall be paid upon proper verification. (§ 5 ch 74 SLA 1985)

Sec. 29.06.320. Charter provisions. The charter shall include

(1) provision for

(A) the adjustment of existing bonded indebtedness and other obligations in a manner that will assure a fair and equitable burden of taxation for debt service, subject to AS 29.06.380;

(B) the establishment of service areas;

(C) if election of members of the governing body is not areawide, the establishment of districts for the election of members of the governing body of the proposed unified municipality and procedures by which to reapportion the election districts;

(D) the reapportionment of districts if they are established;

(E) nonpartisan government, and the selection, organization, authority, and responsibilities of the governing body and its executive and administrator;

(F) the transfer or other disposition of property and other rights, claims, assets, and franchises of the municipalities to be unified under the charter;

(G) the exercise of the rights of initiative and referendum in accordance with AS 29.10.030;

(H) amending the charter in accordance with AS 29.10.100;

(2) the date on which the charter, if approved at the charter election, is effective:

(3) designation of the proposed unified municipality's official name; and

(4) other charter provisions that may be included in a home rule charter. (§ 5 ch 74 SLA 1985)

NOTES TO DECISIONS

This section requires a home rule charter to provide for apportionment. Municipality of Anchorage v. Frohne, Sup. Ct. Op. No. 1477 (File Nos. 3050-3104), 568 P.2d 3 (1977), decided under former, similar law.

Sec. 29.06.330. Public hearings. Both before and after drafting the proposed home rule charter, the charter commission shall hold a public hearing in each area represented on the assembly. Other public hearings may be held by the commission as it considers necessary. (§ 5 ch 74 SLA 1985)

Sec. 29.06.340. Filing of proposed charter. Upon the adoption of a proposed home rule charter by the charter commission, the charter shall be signed by at least a majority of the total membership of the commission and shall be filed with the borough clerk. A copy of the charter with signatures affixed shall also be filed with the clerk of each city in the borough. (§ 5 ch 74 SLA 1985)

Sec. 29.06.350. Publication and posting of proposed charter. Within 10 days after filing the proposed home rule charter, the borough clerk shall have it published. In addition, the clerk shall have a copy of the proposed charter posted in at least three public places in each city and each unincorporated community in the borough. Copies of the proposed charter shall be made available by the assembly to the public at both the office of the borough clerk and the office of the clerk of each city in the borough. The clerk shall have notice of the publication, posting, and availability of the proposed charter published. (§ 5 ch 74 SLA 1985)

Sec. 29.06.360. Election on charter. (a) The proposed home rule charter adopted by the charter commission shall be submitted to the voters at a borough election held within 60 days of the date of publication and posting of the proposed charter. The borough clerk shall prepare the ballots for use in the election and shall give notice of the election by radio and television in a manner intended to apprise the entire borough population of the election. The election shall be conducted under procedures applicable to regular elections.

(b) A person who is a voter of the borough may vote in the election on the proposed charter.

(c) If a home rule and proposed charter results shall (1) the (2) the (3) the (4) the (5) the (d) If a prepare, borough enter electric commissi treated as 1985)

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(c) If a majority of the votes in the area of the borough outside all home rule or first class cities, and a majority of the votes in all home rule and first class cities in the borough are cast in favor of the proposed charter, the charter is ratified. If the charter is ratified, election results shall be certified to the commission and two copies of the charter shall be filed with

- (1) the lieutenant governor;
- (2) the department;
- (3) the district recorder for the area of the borough;
- (4) the clerk of the borough;
- (5) the clerk of each city in the borough.

(d) If a proposed charter is rejected, the charter commission shall prepare, adopt, and submit another proposed charter to the voters at a borough election held within one year after the date of the first charter election. If the second proposed charter is also rejected, the charter commission shall be dissolved and the question of unification shall be treated as if it had never been proposed or approved. (§ 5 ch 74 SLA 1985)

NOTES TO DECISIONS

Subsection (c) constitutional. — In light of the authorization provided by Alaska Const., art. X, § 7, for legislative enactment of a statutory system for the merger and consolidation, as well as the dissolution of cities, subsection (c) is con-

stitutional and does not violate the provisions of Alaska Const., art. X, § 9. *City of Douglas v. City & Borough of Juneau*, Sup. Ct. Op. No. 672 (File No. 1379), 484 P.2d 1040 (1971), decided under former, similar law.

Sec. 29.06.370. Effect of the charter after ratification. Upon ratification, the home rule charter of a unified municipality operates to dissolve all municipalities in the area unified in accordance with the charter. (§ 5 ch 74 SLA 1985)

Sec. 29.06.380. Assets and liabilities. A unified municipality shall succeed to all the assets and liabilities of the municipalities it unified. A bonded indebtedness or other debt incurred before unification remains the tax obligation of the area that contracted the debt, except that by ordinance the tax obligation may be assumed by a larger area if the governing body determines that the asset for which the bonded indebtedness or other debt was incurred benefited the larger area before unification, or benefits the larger area after unification. However, bonded indebtedness or other debt for sewage collection systems, water distribution systems, and streets, even if determined to be benefiting a larger area than that which incurred the debt, remains the tax obligation of the area that incurred the debt. (§ 5 ch 74 SLA 1985)

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Alaska State Legislature

HOUSE OF REPRESENTATIVES

Official Business

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

A G E N D A

HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
JANUARY 19, 1989

HB 58

"AN ACT RELATING TO FIRE PROTECTION; AND
PROVIDING FOR AN EFFECTIVE DATE," - GOVERNOR

HOUSE COMMITTEE REPORT

(5)

Date Referred: January 9, 1989

FURTHER REFERRALS: JUDICIARY

Date of Committee Action: 1/19/89

The COMMUNITY & REGIONAL AFFAIRS Committee recommends that:

HOUSE BILL NO. 58 [FIRE PROTECTION]

"An Act relating to fire protection; and providing for an effective date."

[X] be replaced with CS HB 58 C+RA [] the same title
[] a new title

[] have attached amendment(s)

- do pass
- [] do not pass
- [] no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- [] fiscal impact
- [] zero fiscal note
- [] zero with analysis

APPROVES PREVIOUS:

- [] fiscal note(s) published: _____
- [] zero fiscal notes(s) published: 1/9/89

SIGNING DO PASS:

Bette [unclear]

Richard [unclear]

Chris H. Davis

Eileen P. Mullan

SIGNING OTHER THAN DO PASS:
(Do Not Pass, No Recommendation, Amend)

[Signature] no rec

Eileen P. Mullan

 Chairman's signature

STATE OF ALASKA
THE LEGISLATURE

POUCHY - STATE CAPITOL
BUREAU ALASKA 99511
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 19, 1989

SUBJECT: CSHB 58 (C&RA)

TO: Representative Eileen MacLean, Chair
Community and Regional Affairs Committee

FROM: Theresa Bannister *TB*
Legislative Council

This memo accompanies CSHB 58 (C&RA). I have made the amendments that the committee approved.

I have two comments about the the definition of "department" that has been added to the bill as sec. 3. Since the bill has passed out of the committee you may wish to pass these comments along for the review of the next committee of referral.

The first comment is that the phrase "that is enforcing fire safety regulations under AS 18.70.090" could be interpreted to modify "Department of Public Safety". I presume this isn't what was intended. The definition could be rewritten to avoid this possibility.

The second is that the definition appears to be mildly inconsistent with the context of AS 18.70.100(a)(1) and (2). The definition limits the fire departments to those enforcing "fire safety" regulations. However, in the context of AS 18.70.100(a)(1) and (2) the department order can deal with hazardous substances that are not ignitable and that might not be included under "fire safety" regulations.

I would be happy to assist with any redrafting that you or the next committee would like done with regard to the above.

If I may be of further assistance, please advise.

TB:kb
wkk1/055

Enclosure

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 58 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the enforcement and penalty
7 provisions of certain laws on fire protection, fire-
8 works, and warning placards for hazardous substances;
9 and providing for an effective date."

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

11 * Section 1. AS 18.70.090 is amended to read:

12 Sec. 18.70.090. ENFORCEMENT AUTHORITY [OF REGULATIONS]. The
13 Department of Public Safety and the chief of each [CITY] fire depart-
14 ment recognized under regulations adopted by the Department of Public
15 Safety, and their authorized representatives in their respective
16 areas, may enforce the regulations adopted by the Department of Public
17 Safety for the prevention of fire or for the protection of life and
18 property against fire or panic. All state peace officers may assist
19 the Department of Public Safety in the enforcement of AS 18.70.010 -
20 18.70.100, 18.70.300 - 18.70.310, and the regulations adopted under
21 those sections [IT]. The authority conferred in AS 18.70.010 - 18.-
22 70.100 and 18.70.300 - 18.70.310 extends to the enforcement of the
23 provisions of AS 11.46.400 - 11.46.430.

24 * Sec. 2. AS 18.70.100 is amended to read:

25 Sec. 18.70.100. VIOLATION. (a) A person is [WHO VIOLATES ANY
26 PROVISION OF AS 18.70.010 - 18.70.100 OR THE PUBLISHED REGULATIONS OR
27 ORDERS ADOPTED UNDER IT FROM WHICH NO APPEAL HAS BEEN TAKEN WITHIN 30
28 DAYS AFTER THE ISSUANCE OF A FINAL ORDER IS, SEVERALLY, FOR EACH
29 VIOLATION,] guilty of a misdemeanor, and is punishable by a fine of

not more than \$500, or by imprisonment for not more than six months, or by both, if the person (1) violates or otherwise fails to comply with a provision of AS 18.70.010 - 18.70.100, 18.70.300 - 18.70.310, or a regulation adopted under those sections; (2) fails to comply with a department order issued under AS 18.70.010 - 18.70.100 or 18.70.300 - 18.70.310, unless a motion for a stay is filed with the superior court within 10 days after issuance of the order; or (3) fails to comply with a department order issued under AS 18.70.010 - 18.70.100 or 18.70.300 - 18.70.310, within 10 days after a motion for stay has been denied by the superior court. A person aggrieved by a final order of the department may appeal to the superior court within 30 days after the issuance of the order. The imposition of one penalty for a violation does not excuse the violation. A [AND A] person guilty of a violation shall correct the violation within a reasonable time. When not otherwise specified, each 10 days that a prohibited condition is maintained is a separate offense.

(b) The application of the penalty prescribed in (a) of this section does not prevent the department [DEPARTMENT OF PUBLIC SAFETY] from enforcing the removal of the prohibited conditions.

* Sec. 3. AS 18.70.100 is amended by adding a new subsection to read:

(c) In this section, "department" means the Department of Public Safety or a fire department that is enforcing fire safety regulations under AS 18.70.090.

* Sec. 4. AS 18.72.040 is amended to read:

Sec. 18.72.040. VIOLATION. A person who recklessly [KNOWINGLY AND WILFULLY] fails to comply with a provision of this chapter or fireworks regulations adopted in the fire safety code is guilty of a misdemeanor and upon conviction is punishable by a fine of not more than \$500, or by imprisonment for not more than six months, or by

1 both. Each day of noncompliance constitutes a separate offense. In
2 this section, "recklessly" has the meaning given in AS 11.81.900.

3 * Sec. 5. Section 1 of this Act takes effect immediately under AS 01.-
4 10.070(c).
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STATE OF ALASKA THE LEGISLATURE

POUCHY - STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January, 18, 1989

SUBJECT: CSHB 58 (C&RA)

TO: Representative Eileen MacLean, Chair
Community and Regional Affairs Committee

FROM: Theresa Bannister *TB*
Legislative Counsel

This memo accompanies the committee substitute that you requested for HB 58. The draft contains the title change made in the prior draft as well as two other changes.

1. TITLE CHANGE. The title is different from HB 58. The main purpose of the title change is to give notice that the bill covers fireworks and hazardous substances that are not ignitable.

2. SUBSTITUTION FOR "THIS CHAPTER". "This chapter" in secs. 1 and 2 of HB 58 has been replaced by citations for AS 18.70.010 - 18.70.100 and 18.70.300 - 18.70.310 (articles 1 and 3 of the chapter). A reference to "this chapter" pulls in article 2, relating to mutual fire aid agreements. Since the purpose of using the chapter reference was to include hazardous substances under AS 18.70.310, there is no need to reference article 2. Limiting the reference to articles 1 and 3 also avoids any possible confusion that the enforcement and penalty provisions apply in some way to mutual fire aid agreements. The new reference does include AS 18.70.300 since that section contains a definition that is used in the first article of the chapter.

3. DELETION OF FORMER SEC. 3. The present draft does not include sec. 3 of HB 58. Section 3 adds a subsection to AS 18.70.310 that indicates that a violation of the section or a regulation adopted under the section is punishable under AS 18.70.100. Since AS 18.70.100 already accomplishes what sec. 3 states, the cross-reference is unnecessary, and there is a slight possibility that the proposed subsection could be interpreted to limit the application of

Representative Eileen MacLean
Page 2
January 18, 1989

AS 18.70.100.

If I may be of further assistance, please advise.

TB:kb
wkk1/049

Attachment

7

#4

No. 1

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: HB 58
PUBLISH DATE: HOUSE 1/9/89

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An act relating to fire protection
Sponsor: Rules Committee
Requestor: Governor

Agency Affected: Public Safety
BRU: Fire Prevention
Component: Fire Prevention Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
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)
No fiscal impact.

Prepared by: Gordon E. Brunton
Division: Fire Prevention

Phone: 465-4331
Date: 10/28/88

Approved by Commissioner: Arthur English
Agency: Department of Public Safety

Date: 11-14-88

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQFST OF THE GOVERNOR

2

HOUSE BILL NO. 58

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to fire protection; and providing
7 for an effective date."

8

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

9

* Section 1. AS 18.70.090 is amended to read:

10

Sec. 18.70.090. ENFORCEMENT OF REGULATIONS. The Department of

11

Public Safety and the chief of each [CITY] fire department recognized

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under regulations adopted by the Department of Public Safety, and

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their authorized representative in their respective areas, may enforce

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the regulations adopted by the Department of Public Safety for the

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prevention of fire or for the protection of life and property against

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fire or panic. All state peace officers may assist the Department of

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Public Safety in the enforcement of this chapter [AS 18.70.010 --

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18.70.100] and the regulations adopted under it. The authority con-

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ferred in this chapter [AS 18.70.010 -- 18.70.100] extends to the

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enforcement of the provisions of AS 11.46.400 -- AS 11.46.430.

21

* Sec. 2. AS 18.70.100(a) is amended to read:

22

(a) A person is [WHO VIOLATES ANY PROVISION OF AS 18.70.010 --

23

18.70.100 OR THE PUBLISHED REGULATIONS OR ORDERS ADOPTED UNDER IT FROM

24

WHICH NO APPEAL HAS BEEN TAKEN WITHIN 30 DAYS AFTER THE ISSUANCE OF A

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FINAL ORDER IS, SEVERALLY, FOR EACH VIOLATION,] guilty of a misdemean-

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or, and is punishable by a fine of not more than \$500, or by imprison-

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ment for not more than six months, or by both, if the person (1)

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violates or otherwise fails to comply with a provision of this chapter

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or a regulation adopted under it; (2) fails to comply with a de-

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 9, 1989

The Honorable Sam Cotten
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Cotten:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to fire protection laws.

The bill does four things: (1) it assists the division of fire prevention by allowing fire code enforcement to be handled by fire departments "recognized" by the Department of Public Safety, rather than just "city" fire departments; (2) it corrects an oversight that has left violations of hazardous materials laws unenforceable; (3) it requires compliance with a department order unless a motion for a stay has been filed with the court (current law permits noncompliance simply by filing a notice of appeal); and (4) makes enforcement of fireworks regulations more feasible.

Section 1 of the bill amends AS 18.70.090 to allow fire departments that are not city fire departments to be "recognized" under regulations adopted by the Department of Public Safety which provide standards and qualifications for that recognition. Non-city fire departments would then be able to enforce state fire safety regulations. Given the limited resources of the division of fire prevention, this change is needed to provide meaningful enforcement in many areas of the state. City fire departments would, of course, be "recognized" under those regulations and would continue to enforce state fire safety regulations.

Section 1's amendments to AS 18.70.090 also change two section-specific citations to include instead all of AS 18.70. This change will make certain provisions in AS 18.70.090 applicable to AS 18.70.310, regarding hazardous materials and wastes placards.

CORRECTION

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

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 58

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to fire protection; and providing
7 for an effective date."

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

9 * Section 1. AS 18.70.090 is amended to read:

10 Sec. 18.70.090. ENFORCEMENT OF REGULATIONS. The Department of
11 Public Safety and the chief of each [CITY] fire department recognized
12 under regulations adopted by the Department of Public Safety, and
13 their authorized representative in their respective areas, may enforce
14 the regulations adopted by the Department of Public Safety for the
15 prevention of fire or for the protection of life and property against
16 fire or panic. All state peace officers may assist the Department of
17 Public Safety in the enforcement of this chapter [AS 18.70.010 --
18 18.70.100] and the regulations adopted under it. The authority con-
19 ferred in this chapter [AS 18.70.010 -- 18.70.100] extends to the
20 enforcement of the provisions of AS 11.46.400 -- AS 11.46.430.

21 * Sec. 2. AS 18.70.100(a) is amended to read:

22 (a) A person is [WHO VIOLATES ANY PROVISION OF AS 18.70.010 --
23 18.70.100 OR THE PUBLISHED REGULATIONS OR ORDERS ADOPTED UNDER IT FROM
24 WHICH NO APPEAL HAS BEEN TAKEN WITHIN 30 DAYS AFTER THE ISSUANCE OF A
25 FINAL ORDER IS, SEVERALLY, FOR EACH VIOLATION,] guilty of a misdemean-
26 or, and is punishable by a fine of not more than \$500, or by imprison-
27 ment for not more than six months, or by both, if the person (1)
28 violates or otherwise fails to comply with a provision of this chapter
29 or a regulation adopted under it; (2) fails to comply with a de-

1 partment order issued under it, unless a motion for stay is filed with
2 the superior court within 10 days after issuance of the order; or (3)
3 fails to comply with a department order issued under it, within 10
4 days after a motion for stay has been denied by the superior court. A
5 person aggrieved by the final order of the Department of Public Safety
6 may appeal to the superior court within 30 days after the issuance of
7 the order. The imposition of one penalty for a violation does not
8 excuse the violation and a person guilty of a violation shall correct
9 the violation within a reasonable time. When not otherwise specified,
10 each 10 days that a prohibited condition is maintained is a separate
11 offense.

12 * Sec. 3. AS 18.70.310 is amended by adding a new subsection to read:

13 (f) A violation of this section or a regulation adopted under
14 this section is punishable under AS 18.70.100.

15 * Sec. 4. AS 18.72.040 is amended to read:

16 Sec. 18.72.040. VIOLATION. A person who recklessly [KNOWINGLY
17 AND WILLFULLY] fails to comply with a provision of this chapter or
18 fireworks regulations adopted in the fire safety code is guilty of a
19 misdemeanor and upon conviction is punishable by a fine of not more
20 than \$500, or by imprisonment for not more than six months, or by
21 both. Each day of noncompliance constitutes a separate offense. As
22 used in this section, "recklessly" has the meaning given in
23 AS 11.81.900.

24 * Sec. 5. Section 1 of this Act takes effect immediately under
25 AS 01.10.070(c).

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 9, 1989

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Speaker of the House
Alaska State Legislature
P.O. Box V
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Dear Representative Cotten:

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The bill does four things: (1) it assists the division of fire prevention by allowing fire code enforcement to be handled by fire departments "recognized" by the Department of Public Safety, rather than just "city" fire departments; (2) it corrects an oversight that has left violations of hazardous materials laws unenforceable; (3) it requires compliance with a department order unless a motion for a stay has been filed with the court (current law permits noncompliance simply by filing a notice of appeal); and (4) makes enforcement of fireworks regulations more feasible.

Section 1 of the bill amends AS 18.70.090 to allow fire departments that are not city fire departments to be "recognized" under regulations adopted by the Department of Public Safety which provide standards and qualifications for that recognition. Non-city fire departments would then be able to enforce state fire safety regulations. Given the limited resources of the division of fire prevention, this change is needed to provide meaningful enforcement in many areas of the state. City fire departments would, of course, be "recognized" under those regulations and would continue to enforce state fire safety regulations.

Section 1's amendments to AS 18.70.090 also change two section-specific citations to include instead all of AS 18.70. This change will make certain provisions in AS 18.70.090 applicable to AS 18.70.310, regarding hazardous materials and wastes placards.

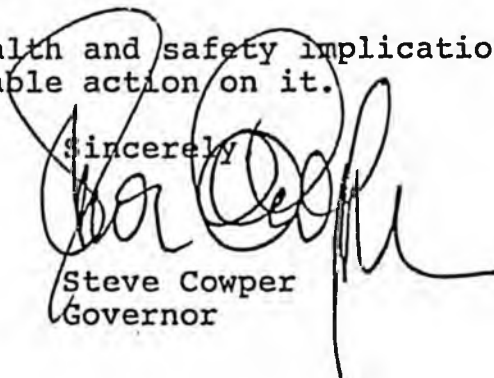
Sections 2 and 3 amend AS 18.70.100(a) and AS 18.70.310, respectively, to apply penalty provisions to violations of AS 18.70.310, regarding hazardous materials and wastes placards. Current law provides no penalty, leaving AS 18.70.310 essentially unenforceable.

Section 2 also amends AS 18.70.100(a) to make it a misdemeanor to be in noncompliance with a department order relating to fire protection, unless a motion for stay has been filed with the court. The existing language of AS 18.70.100(a) permits noncompliance with an order by merely filing a notice of appeal, thus unnecessarily delaying correction of life-threatening situations.

Finally, sec. 4 amends AS 18.72.040 to make prosecution of fireworks violations more feasible by allowing a conviction if the person "recklessly" fails to comply with fireworks laws. This change is consistent with other provisions of law which prohibit reckless creation of risks of injury and which provide that ignorance of the law is no excuse. See AS 11.41.250 (reckless endangerment) and AS 11.81.620(a). The current language of AS 18.72.040 requires proof that the person knew what the law was, and "willfully" violated it, which is often impossible to prove.

This bill has important health and safety implications and I urge your prompt and favorable action on it.

Sincerely



Steve Cowper
Governor

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 13, 1989

SUBJECT: Draft CSHB 58 (C&RA)

TO: Representative Eileen MacLean, Chair
Community and Regional Affairs Committee

FROM: Theresa L. Bannister *TB*
Legislative Counsel

This memo accompanies the committee substitute that you requested for HB 58. I have adjusted the title because I did not feel that "fire protection" gave adequate notice that the bill covered either fireworks or hazardous substances that were not ignitable. I do not believe that having all of these items in the same bill violates the single subject requirement for the bill. The subjects fit easily under the single subject of public safety. In addition, there are three other questions that you might wish to consider.

The first is the expansion in sec. 1 and sec. 2 of the references to "AS 18.70.010 - 18.70.100" to "this chapter". The Governor's transmittal letter indicated that the purpose of these changes is to make the hazardous materials and wastes placards provisions (AS 18.70.300 - 18.70.310) enforceable. However, the use of "this chapter" will also pull in the sections in Article 2 that relate to Mutual Fire Aid Agreements. The Mutual Fire Aid Agreement provisions appear to be limited to mutual aid, not to enforcement. Therefore, there does not appear to be a reason to include the mutual aid agreement provisions under secs. 1 or 2.

The second question is whether sec. 3 of the bill is needed. Sec. 2, as amended, already applies to AS 18.70.310. Therefore, the new language proposed in sec. 3 does not appear to be necessary.

Third, under the present language in sec. 3 of the bill, a person can obtain a stay of the order if the person appeals the order, because Alaska Rule of Appellate Procedure 603 allows a stay when an appeal has been filed. However, if it

Dept. Reply NO.

Representative Eileen MacLean
Page 2
January 13, 1989

is your intention that the person have the right to obtain a stay (1) from an order that is not final (and therefore not eligible for appeal) or (2) without filing an appeal, we should add language allowing the person to apply for a stay under those circumstances.

You may wish to discuss these matters with the Governor's Office. They may have reasons that I am not aware of for retaining the items above as they are presently in the bill. If I can assist you with these items or be of other assistance, please advise.

TB:kb
wkk1/024

Enclosure

Passed #1

AMENDMENT
HOUSE BILL 58

Under Section 2, add a new section (c) to read

(c) In this section

"department" means the Department of Public Safety or a fire department that is enforcing fire safety regulations under AS 18.70.090.

Revise AS 18.70.100 (b) as follows:

(b) The application of the penalty prescribed in (a) of this section does not prevent the ~~department~~ [DEPARTMENT OF PUBLIC SAFETY] from enforcing the removal of the prohibited conditions.

#0 Adopted
Pg 2 -
related
10-11
of Public Safety

Always
BEGIN ON
LINE 7

STANDING

COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
January 19, 1989

1:00 p.m.

Members Present:

- Rep. Eileen P. MacLean, Chairperson
- Rep. Bette Cato
- Rep. Richard Foster
- Rep. Fritz Pettyjohn
- Rep. C. Davis

Members Absent:

None

COMMITTEE CALENDAR

~~HB 58:~~
~~HOUSE BILL NO. 58~~
~~(FIRE PROTECTION)~~

Full bill title typed out here.

WITNESS REGISTER

Gordon Brunton
 Department of Public Safety
 Division of Fire Prevention
 P.O. Box N
 Juneau, Alaska 99811
 Phone: 465-4331

Position Statement: ^{gave} information ^{and answered} questions.

PREVIOUS ACTION

ACTION NARRATIVE

TAPE ONE, SIDE A

Number 000

standing

The first meeting of the House Community and Regional Affairs Committee was called to order at 1:05 p.m. on January 19, 1989, by Chairperson MacLean.

Members present were Rep.s MacLean, Cato, Foster and Pettyjohn.

Representative

~~Member~~ C. Davis arrived late.

Rep. MacLean welcome^d the gues^s, Jim Plasman^x and

interns?

Gordon Brunton, intern from Rep. Cato ⁵ hometown.

The agenda before us, you'll see the table of contents, HB 58 and all the correspondence relating to HB 58.

HB 58 was introduced by Governor, on request from the Department of Public Safety.

? This bill would expand the enforcement of fire code from City Fire Departments to Fire Departments recognize by the Department of Public Safety. This would give to Boroughs and unorganized Boroughs the ability to enforce State Fire Safety Regulation.

? As the Governor's transmittal letter stated that this legislation would also help the Department's ability to enforce hazardous materials laws and require compliance with a Department Order unless a stay has been filed with the court.

We have prepared a Committee substitute incorporating technical changes to the bill suggested by Legal Counsel with the consultation of the Departments of Law and Public Safety. This memo is in your packet from Theresa Bannister which explains these changes.

What legislation? This legislation carries no fiscal impact.

Rep. MacLean introduced Gordon Brunton from the Department of Public Safety, Division of Fire Prevention.

Number 055
Gordon Brunton, explained that this is a housekeeper bill, and stated it cleans up some statutes that have been on the books for a long time. What HB 58? had

Mr. that

Section 1 which amendments A.S.18.70.09.9 expands the authority to enforce State Fire Safety Regulations to those areas outside of City. Example: Village Public Safety Officers saying there's an exit door that does not shut at the gymnasium. Technically we have to send in an officer out to that community to issue the order and gain compliance. By changing the one word there from City to the phrase Fire Department recognized under regulation adopted by Department. That allows us or local Fire Department that is not within a City to enforce those regulations.

Also a change to include two specific section A.S.18.70.010 thru A.S. 18.70.100 and order to accommodate the penalty provisions the we feel that are necessary under the hazardous material statutes which are in A.S. 18.70.300 and 18.70.310 that is one of the suggested amendments from the Legal Services.

Section 3, provided a cross reference to the hazardous material statutes.

Section 4, essential lower the level of proof for violation of fireworks statutes. Currently the proof required as if the person knowingly and willful violated those laws. And that's very difficult proof. By changing that to recklessly a person can fight ignorance with the law but can proof anything.

The changes that Ms. Bannister has recommended, we're essential in concurrences with. She would prefer rather than saying as in Section 1 line 20 and 22, instead of saying this chapter she wants leave to in A.S. 18.70.010 thru 18.70.100 and 18.70.300 to 310. We don't really have any problem with it. Either way it's acceptable to us.

Number 119

Rep. Cato, asked Mr. Brunton, do they mean the same thing, this chapter and that statute number?

Number 125

Mr Brunton, replied yes. There are 2 section in 18.70.150 and 160 which views mutual aid provisions, here one by Fire Department can agree with another that will help in out off it.

Mr. Brunton stated that Ms. Bannister primary concern was as if we're pulling that section in by saying this chapter as oppose to the specific citation.

Rep. Cato, replied, I see.

There's no problems with that. By leaving it as this chapter in the future, if additional section are added to the chapter , that would have penalty provision then we would have to come back an amended to specifically put those site in.

Number 137

Rep. MacLean recognized Rep. C. Davis. There was a misunderstanding. Rep. Davis came into the room early but was informed that the meeting would not start until 1:30 p.m. so she went back to her office.

Number 147

Mr. Brunton stated that section 2 provides for the change in the motion for stay, when a person has been cited for a fire code violation. Current language permits

noncompliance with fire code violation, simply by filing appeal with the court. That stops all criminal remedies, we have to civilly go from there. By making this change, it would be a misdemeanor to be in noncompliance with the Department Order unless the motion for stay has been filed.

Section 4 which now become her Section 3, remain the same.

Based on a call from the Chairs staff and also Ms. Bannister, this morning Section 2, page 2 of the proposed amendment line 4, says fails to comply with a Department Order. Question as to what the definition of Department was there. Based on that he brought a suggested amendment for the committee consideration. Add a definition C, which would define Department, as meaning the Department of Public Safety or a Fire Department that is enforcing Fire Safety Regulation

A.S. 18.70.090. Line 10 page 2 the sentences that the person aggrieved by a final order of the department of public safety should also be revised to a department.

Number 201

Rep. Cato moved to adopt the committee substitute HB 58 C&RA, "Fire Protection". Hearing no objection, motion carried.

Rep. Cato moved to adopt amendment no. 1: Amendment No. 1 Under Section 2, add a new section (c) to read section

(c) In this section
"department" means the Department of Public Safety or a fire department that is enforcing fire safety regulations under AS 18.70.090.

Revise AS 18.70.100 (b) as follows:

(b) The application of the penalty prescribed in (a) of this section does not prevent the department (DEPARTMENT OF PUBLIC SAFETY) from enforcing the removal of the prohibited conditions.

Hearing no objection, motion carried.

Number 222

Mr. Brunton, asked if amendment no. 1 also contain the second portion of what he brought in.

Rep. MacLean stated that it includes the revision of the Alaska Statutes.

Number 226

Rep. C. Davis asked if line 10 and 11 the word "of public safety", does that word need to be changed to the department?

Number 230

Mr. Brunton stated that he did not have a copy the draft of the committee substitute until now. In reading it, those changes need to be made.

Number 231

Rep. C. Davis, moved to adopt amendment no. 2: page 2 line 10 and 11 to delete the wording "of public safety"

Number 245

Rep. Foster, asked Mr. Brunton if this was going to make it easier for the bush to comply with the regulation?

Number 258

Mr. Brunton, stated yes.

Number 265

Rep. Foster, asked Mr. Brunton if he had been to the bush, meaning the little village?

Mr. Brunton, stated yes.

Number 281

Rep. Foster, asked Mr. Brunton if he knows what it's like for them to comply with some of these things? If they have a little building, such as rec. center or city hall?

Number 300

Mr. Brunton, stated yes.

Number 309

Rep. Foster, stated that you're adding in enforcement and penalties and he does not want to burden the bush with alot of things that apply to urban areas. He also understand that there health and safety is involve but alot of these cities, do not have the moneys to pay for their own staff, much less pay for penalties for not having an exit sign over the door.

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Number 312

Mr. Brunton stated by the time a fire code violation gets to the extent, where a final order has been issued and the violator would have those abilities to get the motion to stay, appeals and so forth.

Number 315

Rep. Foster, stated for example the of Village of Savoonga their furnace is not in compliance with the fire code, here you're saying that one of the provision is it requires compliance with the department order, unless a motion for stay has been issued.

(Tape mechanical failure.)

Rep. Foster continued to express his concerns that this legislation not place extra burdens on rural areas, where there may be an inability to comply with regulations.

Mr. Brunton, replied that if anything giving local control to the municipalities would make enforcement more sympathetic to the problems of the rural areas.

Rep. Cato state that she thought this legislation would benefit the rural areas.

Rep. MacLean agreed with Representative Cato.

Rep. Cato moved that CS HB58 C&RA as amended be passed out of committee with individual recommendations. Hearing no objections it was so ordered.

Rep. MacLean adjourned the committee at 1:23 p.m.

go0279hE
Bannister
- 1/18/89

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 58 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the enforcement and penalty
7 provisions of certain laws on fire protection, fire-
8 works, and warning placards for hazardous substances;
9 and providing for an effective date."

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

11 * Section 1. AS 18.70.090 is amended to read:

12 Sec. 18.70.090. ENFORCEMENT AUTHORITY [OF REGULATIONS]. The
13 Department of Public Safety and the chief of each [CITY] fire depart-
14 ment recognized under regulations adopted by the Department of Public
15 Safety, and their authorized representatives in their respective
16 areas, may enforce the regulations adopted by the Department of Public
17 Safety for the prevention of fire or for the protection of life and
18 property against fire or panic. All state peace officers may assist
19 the Department of Public Safety in the enforcement of AS 18.70.010 -
20 18.70.100, 18.70.300 - 18.70.310, and the regulations adopted under
21 those sections [IT]. The authority conferred in AS 18.70.010 - 18.-
22 70.100 and 18.70.300 - 18.70.310 extends to the enforcement of the
23 provisions of AS 11.46.400 - 11.46.430.

24 * Sec. 2. AS 18.70.100(a) is amended to read:

25 (a) A person is [WHO VIOLATES ANY PROVISION OF AS 18.70.010 -
26 18.70.100 OR THE PUBLISHED REGULATIONS OR ORDERS ADOPTED UNDER IT FROM
27 WHICH NO APPEAL HAS BEEN TAKEN WITHIN 30 DAYS AFTER THE ISSUANCE OF A
28 FINAL ORDER IS, SEVERALLY, FOR EACH VIOLATION,] guilty of a misde-
29 meanor, and is punishable by a fine of not more than \$500, or by

1 imprisonment for not more than six months, or by both, if the person
2 (1) violates or otherwise fails to comply with a provision of AS 18.-
3 70.010 - 18.70.100, 18.70.300 - 18.70.310, or a regulation adopted
4 under those sections; (2) fails to comply with a department order
5 issued under AS 18.70.010 - 18.70.100 or 18.70.300 - 18.70.310, unless
6 a motion for a stay is filed with the superior court within 10 days
7 after issuance of the order; or (3) fails to comply with a department
8 order issued under AS 18.70.010 - 18.70.100 or 18.70.300 - 18.70.310,
9 within 10 days after a motion for stay has been denied by the superior
10 court. A person aggrieved by a final order of the Department of
11 Public Safety may appeal to the superior court within 30 days after
12 the issuance of the order. The imposition of one penalty for a vio-
13 lation does not excuse the violation. A [AND A] person guilty of a
14 violation shall correct the violation within a reasonable time. When
15 not otherwise specified, each 10 days that a prohibited condition is
16 maintained is a separate offense.

17 * Sec. 3. AS 18.72.040 is amended to read:

18 Sec. 18.72.040. VIOLATION. A person who recklessly [KNOWINGLY
19 AND WILFULLY] fails to comply with a provision of this chapter or
20 fireworks regulations adopted in the fire safety code is guilty of a
21 misdemeanor and upon conviction is punishable by a fine of not more
22 than \$500, or by imprisonment for not more than six months, or by
23 both. Each day of noncompliance constitutes a separate offense. In
24 this section, "recklessly" has the meaning given in AS 11.81.900.

25 * Sec. 4. Section 1 of this Act takes effect ~~immediately~~ under AS 01.-
26 10.070(c).

Alaska State Legislature

MAIL ROOM
PO BOX 1
KENAI ALASKA 99511
907 262 9356



HOME ADDRESS
PO BOX 169
KENAI ALASKA 99511
907 262 9356

Representative Mike Navarre

MEMORANDUM

TO: All House Members
FROM: Rep. *Mike Navarre*, Majority Leader
DATE: January 18, 1989
RE: Swearing in of Ann Spohnholz

On Thursday, January 19th at 10:00am in the House Chambers,
Lt. Governor Steve McAlpine will be swearing in Ann
Spohnholz to the District 13 House seat.

There will be a reception immediately following the ceremony
in the House Speaker's Office.

Mr. Brunton stated by the time a fire code violation gets to the extent, where a final order has been issued and the violator would have those abilities to get the motion to stay, appeals and so forth.

Number 315

Rep. Foster, stated for example the of Village of Savoonga their furnace is not in compliance with the fire code, here you're saying that one of the provision is it requires compliance with the department order, unless a motion for stay has been issued.

(Tape mechanical failure.)

Rep. Foster continued to express his concerns that this legislation not place extra burdens on rural areas, where there may be an inability to comply with regulations.

Mr. Brunton, replied that if anything giving local control to the municipalities would make enforcement more sympathetic to the problems of the rural areas.

Rep. Cato state that she thought this legislation would benefit the rural areas.

Rep. MacLean agreed with Representative Cato.

Rep. Cato moved that CS HB58 C&RA as amended be passed out of committee with individual recommendations. Hearing no objections it was so ordered.

Rep. MacLean adjourned the committee at 1:23 p.m.

CORRECTION

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

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Rep. MacLean agreed with Representative Cato.

Rep. Cato moved that CS HB58 C&RA as amended be passed out of committee with individual recommendations. Hearing no objections it was so ordered.

Rep. MacLean adjourned the committee at 1:23 p.m.

HB

101



TELEPHONE
(907) 586-1325
FAX 463-5480

217 SECOND STREET, SUITE 200
JUNEAU, ALASKA 99801

Increase in Minimum Entitlements under the State Revenue Sharing Program

The Alaska Municipal League supports an increase in the minimum entitlement level under the State Revenue Sharing Program from \$25,000 to \$50,000 to benefit Alaska's smallest, and most needy, communities and an increase in the FY 90 appropriation for the State Revenue Sharing Program to fully fund this increase without penalizing other communities.

Background

The 1980 revision of the State Revenue Sharing Program included a provision that each incorporated community would receive a minimum entitlement of \$25,000, to be adjusted by an area differential for the cost of living. Each unincorporated community is also entitled to a minimum entitlement of \$25,000, to be used for a public purpose. The intent of this legislation was to ensure a sharing of the State's resource wealth by all its residents, no matter how small the area in which they lived. Over time the buying power of these dollars has declined, and many of the State's smallest communities are not able to operate with the minimum entitlement grants they receive. As a result, these communities have been forced to cut back on basic life, health, and safety services.

In FY 88, 83 municipalities received the minimum grant of \$25,000 (with adjustments for geographic differentials) under the minimum municipal entitlement program. It was estimated that an increase in the base level to \$50,000 would add an additional 25 municipalities to the group receiving the minimum grant.

The 74 unincorporated communities eligible for the minimum entitlement would benefit from an increase in the minimum entitlement level as well as full funding of the Miscellaneous Municipal Services Account. The payments to unincorporated communities come from that account, and they have been prorated because of continuing underfunding of the account. In FY 88, the entitlements to the unincorporated communities eligible for these payments were prorated at about 55.52 percent, so that they received only \$13,898 of the \$25,000 to which they were entitled.

Inflation is not the only factor affecting the communities' ability to survive financially: Alaska's smallest cities have been hurt the most by the decreases in federal and state funds, and the cities with small populations and tax bases have the most trouble raising local revenues. An increase in the minimum entitlement will benefit both small municipalities and unincorporated communities and enable the State to protect its investment in rural Alaska by helping the small communities maintain their infrastructure.

It is important to note that increasing the base amount will require an increase in the total appropriation for the State Revenue Sharing Program so that existing municipalities are not penalized. It is estimated that \$3.51 million will be necessary to hold communities harmless given current funding levels of other parts of the program.



Official Business

Alaska State Legislature

Al Adams
District L

February 16, 1989

WHILE IN SESSION
P.O. Box V
State Capitol
Juneau, Alaska 99811
(907) 465-3707

OUT OF SESSION
P.O. Box 333
Kotzebue, Alaska 99752
(907) 442-3245

3111 C Street
Anchorage, Alaska 99503
(907) 561-7622

TO: Senate Community and Regional Affairs Committee

FROM: Senator Al Adams
District L

RE: SB 31: An Act relating to entitlements for municipalities and unincorporated communities; and providing for an effective date.

This is a very simple bill that raises the minimum entitlements for both incorporated and unincorporated communities from \$25,000 to \$50,000 under the state revenue sharing program.

Because of a relative lack of resources, many small communities in our state are in serious financial trouble. The costs of managing a municipality have increased greatly over the years, but the amount of state assistance to these particular communities under the revenue sharing program has not increased since 1981. All communities in Alaska rely on state funding to provide basic services to their residents. However, it is increasingly difficult for our cash poorest communities to provide this basic, minimal level of service.

I have no intention of creating a hardship for any community as a result of this legislation. Therefore, the effective date clause specifies a level of funding which would effectively hold harmless any community receiving more than the minimum entitlement.



Alaska State Legislature

House of Representatives Community & Regional Affairs

TABLE OF CONTENTS

HOUSE BILL 101

- ITEM 1: Fiscal Note - Department of Community & Regional Affairs
- ITEM 2: Position Paper - Department of Community & Regional Affairs
- ITEM 3: Alaska Municipal League - State Aid to Municipalities
- ITEM 4: Alaska Municipal League Resolution
- ITEM 5: News Articles
- ITEM 6: Impacts of Declining Revenues On Alaska's Smaller Communities
- ITEM 7: HB 101

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An Act relating to entitlements for municipalities..."
Sponsor: Reps MacLean, Foster & Jacko
Requestor: _____

Agency Affected: Community & Regional Affairs
BRU: Municipal Revenue Sharing
Components: State Revenue Sharing

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	-0-	3,510	-0-	-0-	-0-	-0-
MISCELLANEOUS						
TOTAL OPERATING	-0-	3,510	-0-*	-0-*	-0-*	-0-*

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	3,510	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	3,510	-0-*	-0-*	-0-*	-0-*

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

*It is assumed that the amount of funds identified in Section 3 of this bill would become the new base amount for the State Revenue Sharing Program for subsequent fiscal years.

SEE ATTACHMENT *Jim Plasman*

Prepared by: Jim Plasman, Deputy Director

Division: Municipal & Regional Assistance

Phone: 465-4750

Date: 3/5/89

Approved by Commissioner: *George H. Kellum*

Agency: Community & Regional Affairs

Date: 3-9-89

Distribution (by preparer):

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

FISCAL NOTE ATTACHMENT
HB 101

This bill would increase the amount of funds issued to recipients under the State Revenue Sharing Program by increasing minimum entitlements for unincorporated communities and municipalities from \$25,000 to \$50,000. Since this would affect the allocation of funds under the revenue sharing formula, the reallocation of funds would result in a decrease in entitlements to other revenue sharing recipients in the absence of additional funds for the program. This bill would take effect only if additional funds are made available to "hold harmless" those other recipients.

This fiscal note is based upon the difference between the FY 89 State Revenue Sharing appropriation and the amount in Section 3 of the bill. Based upon our most recent data, it is estimated that it would cost approximately \$3,441,000 to "hold harmless" recipients. However, we anticipate changes to our FY 90 data which would increase the costs closer to the \$3,510,000 assumed by the bill.

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

March 9, 1989

- P.O. BOX B
JUNEAU, ALASKA 99811-2100
PHONE: (907) 485-4700
- 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

POSITION PAPER

RE: HB 101

SPONSORS: Representatives MacLean, Foster and Jacko

EFFECTS OF BILL

This bill would increase the State Revenue Sharing Program entitlement for unincorporated communities from \$25,000 to \$50,000 and the minimum municipal entitlement \$25,000 to \$50,000.

Based upon FY 90 data that has not yet been finalized, it is estimated that 61 unincorporated communities will receive State Aid to Unincorporated Communities under the State Revenue Sharing Program. Unincorporated community entitlements are paid out of the Miscellaneous Services Account, along with entitlements to municipalities for roads, health facilities and hospitals, and entitlements to volunteer fire departments in the unorganized borough. The revenue sharing entitlements from this account will be prorated at about 55 percent in FY 90, so that unincorporated communities will receive about \$14,171 rather than \$25,000. Assuming FY 90 funding variables, raising the unincorporated community entitlement to \$50,000 and including the prorata share of additional funds provided for in Section 3 of the proposed legislation, the entitlement would increase the actual payment to unincorporated communities to about \$28,297 through a reallocation of funds within the Miscellaneous Services Account. Without the additional funds, the payment to unincorporated communities would increase to about \$26,695. Other payments from this account would be reduced by about 5.7 percent.

In FY 90, we project that about 81 municipalities will receive funds under the minimum municipal entitlement provision. The amount of money used to fund the existing minimum municipal entitlement (\$25,000 plus a cost-of-living-allowance geographic differential) will be about \$1.4 million, which comes from the tax equalization account of the state revenue sharing program. Assuming FY 90 funding variables, this bill will include an additional 27 communities under the minimum municipal entitlement provision. Actual payments will vary, based upon differing COLA'S and the impact of the prorating of the tax equalization account.

RE: HB 101 POSITION PAPER
March 9, 1989
Page Two

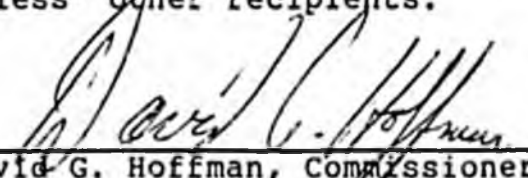
Including the prorata share of additional funds provided for in Section 3, the proration factor for other payments from the tax equalization account would fall from about 94.8 percent to about 66.4 percent.

Without the additional funds, the proration factor for other payments from the tax equalization account would fall from about 94.8 percent to about 84.9 percent.

COMMENTS

The department supports the concept of this bill, which is designed to give a greater measure of financial support to those smallest municipalities and communities in the state. Recent events have shown that these small municipalities are suffering tremendous hardship. Those municipalities which will be affected by this provision will be those with relatively small local revenue raising capacities because of the lack of a local tax base. Consequently, the bill would focus assistance on those areas with the greatest need and the least resources to respond to the need. A continuing problem for these municipalities is to attract and retain qualified municipal personnel because of their inability to pay adequate, stable wages. Raising the minimum entitlement will enhance their ability to do this, leading to greater continuity of services at the local level, and a better ability to maintain proper fiscal controls over local finances.

This bill would take effect providing that additional funds in the amount of approximately \$3.5 million are made available to the State Revenue Sharing Program. Without additional funds, the reallocation of funds will result in a decrease in entitlements to other revenue sharing recipients. In light of the state's revenue situation at this point, the Administration is unable to support a request for additional funds to the program necessary to "hold harmless" other recipients.



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February 27, 1989

Justifications for State Aid to Municipalities
and
for Fairness in Balancing the FY 90 and Future State Budgets

A Healthy State Depends on Healthy Municipalities - A healthy state depends on healthy municipalities where Alaskans live, work, and play.

Constitutional Mandate - Local government is protected by the Alaska Constitution. Article X provides for maximum local self-government.

Local Service Delivery - State services and programs are delivered to Alaskans at the local level. State aid to municipalities is not expendable because of tough financial times, especially in a state as large, remote, and diverse as Alaska.

Revenue Redistribution - Oil resources and the revenues derived from them belong to all the people of Alaska. The revenues are collected by the State and must be redistributed back to Alaskans where the services are provided, which is mainly in municipalities. In state spending-reduction and revenue-raising discussions, the implication seems to be that state revenues should somehow be reserved to run state government; that state government exists for some reason other than to provide services to the people of the State; that the State has no responsibility to municipalities, which serve the same people; and, that the municipalities should raise their own revenues from other sources.

Essential Services - State aid to municipalities provides services to Alaskans. State funds are used by local governments to provide essential services such as fire, police, roads, water, sewer, health, telephone, garbage collection, schools, airports, docks and harbors, transit, planning, libraries, recreation, laundry facilities, and administration. Which of these should be cut to compensate for the loss of state dollars?

Justification for Fairness

February 27, 1989

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State Cuts Increase Taxes - Cutting funds to local government to balance the state budget in lieu of raising revenues is politically convenient for state officials, but it merely shifts the burden to local officials to again raise taxes or reduce services. The citizen pays either way. Scott Goldsmith's study for the Office of Management and Budget on the impacts of state budget cuts (Working Paper 89.1) found that a 15 percent cut in state spending (an average of \$651 per capita) would reduce support to local governments an average of \$215 per capita, with per capita decreases in support to local governments in 10 election districts of over \$250. Any such decrease in state funding will have to be made up at the local level.

A logical guideline for cutting the budget to avoid raising taxes would be to not approve any cuts that would result in local tax increases to provide services.

Municipal Programs Already Cut Disproportionately - The State has cut municipal aid programs significantly, in some cases by over 30 percent, in the last four years. Cuts in municipal aid have been disproportionate to cuts in other portions of the budget. During the same period, the overall state operating budget has declined less than 7 percent (See Exhibit 1) and agency operating budgets have been cut only 9 percent (House Research Report 88-171). At this point, making equal cuts in state agency and formula program budgets from the Governor's proposed FY 90 budget, as is being suggested, will impact municipal programs and local taxpayers more severely because of the large cuts local governments have already suffered in the last four years.

Municipal Programs Small Portion of State Budget - Formula programs, which make up approximately 43 percent of the state operating budget, are incorrectly equated solely with aid to local governments. Municipal assistance and revenue sharing together represent only 4.5 percent of the total state budget. Funds for education, a constitutionally-mandated state responsibility, make up 21.3 percent of the total budget. See Exhibit #2. State general fund expenditures for formula funded and entitlement programs as a percentage of operating expenditures have remained relatively constant since statehood, varying between 42 and 48 percent (House Research Report 88.171).

Justification for Fairness

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Local Governments Paying More For Education - Even though education is a state responsibility according to the Alaska Constitution, the State has reduced state funding for education by 14 percent over the last four years. In addition, municipalities are now statutorily required to contribute an increasing amount of local funds to education: local contributions are currently 26 percent of the total federal, state, and local education operating funds. As an added burden, municipalities have been required to make up the shortfalls in state education funding (debt reimbursement, foundation, and pupil transportation) of over \$75 million in the last four years. See Exhibits 1, 3, and 4.

Municipalities Pay For Underfunded Entitlements - The State has not met its funding obligations to municipal entitlement programs. Underfunding of state entitlement programs for municipalities has cost local governments over \$121 million over four years. See Exhibit 4.

Double Burden from Certain Shortfalls - The underfunding of certain state-mandated programs (e.g., the senior citizens property tax exemption program) causes a double burden on municipalities. The State restricts the municipalities' ability to raise revenues to provide local-priority programs, while at the same time requiring local governments to raise taxes to meet state funding shortfalls. Municipalities currently pay for over 62 percent of the state-mandated senior citizens tax exemption program.

Municipalities Save State Money - Reductions in state assistance to local governments and the increasing disincentives of mandated but unfunded responsibilities may well force municipalities to disincorporate and discourage new incorporations, thus increasing the State's costs of providing services to citizens in those areas.

Shared Taxes Not State Funds - Shared taxes, which are included in the formula programs as pass-throughs, should not be viewed as state funds. The taxes on fish, utilities, liquor, aviation, and amusements are intended to compensate for the costs of regulation and the impacts of those activities on local communities. The taxes are collected by the State for efficiency, but are shared with the municipalities that regulate and are affected by the activities.

Municipal Cuts Politically Expedient - State aid to local governments in areas such as municipal assistance, revenue sharing, senior citizens property tax exemption reimbursement, school debt reimbursement, and pupil

transportation is vulnerable in the budget-balancing debate not because of the relative value of these programs to Alaska's citizens, but because constitutional amendments or statutory changes are not necessary to reduce funding for these programs. The vulnerability of these programs is increased when they are grouped with other formula programs for proportionate cuts. Good public policy and fairness should prevail over political expediency in considering these programs during the budget process.

State and Local Responsibilities Unclear - Oil wealth has resulted in irrational growth in the state budget to a level that is unsustainable with current revenues. During this period, the distinctions between needs and wants, and among state, local, and individual responsibilities, have become blurred. Cuts in the absence of a clarification of these relationships will be unfair, unproductive, and potentially damaging to the State.

State Mandates Have Increased Local Costs - The State has shifted additional responsibilities to municipalities without compensation, and, at the same time, it has reduced state aid to local governments. This was done in the absence of a clear division of state and local responsibilities. In addition, the Legislature has instituted new programs in the absence of legislation requiring fiscal notes on local impacts and in the absence of legislation preventing additional state mandates without reimbursements for costs to local governments of implementing them.

Municipal Assistance Not Overfunded - Legislators point to municipal assistance saying that FY 89 funding (\$56 million) was in excess of the funding floor (i.e. 30 percent or greater of the prior year's corporate income tax - or \$54 million at a minimum in FY 89). Although funding for the program did grow in wealthier times along with the overall state budget, the State did not fund the municipal assistance program at the 30 percent floor as recently as FY 84 and FY 85, when funding fell short of that minimum level by over \$9 million and \$10 million, respectively.

Equity - Taxpayers in municipalities pay for services locally that are provided by the State at no local cost to residents of the unincorporated areas. Also, taxpayers in municipalities bear responsibilities imposed by the State that are not required by the State of residents in the unincorporated areas. This raises serious questions of equity.

SAB2:budjus

Exhibit 1

Funding for State Aid to Municipalities In Relation to State Operating Budget¹

(prepared by Alaska Municipal League)
(numbers in thousands)

	Municipal Assistance	Revenue Sharing	Senior Citizen Property Tax	School Construction Debt Reimbursement	Education Foundation Funding	State Operating Budget
FY 86	\$ 81,306.8	\$ 59,632.2	\$ 4,008.6	\$106,315.6	\$491,159.2	\$2,287,590.1
FY 87	65,858.5	47,879.1	2,770.3	115,875.0	414,729.4	2,181,505.0
FY 88	56,084.4	40,773.4	2,663.0	109,472.7	[437,438.4] 412,438.4 ²	1,971,977.5
FY 89	56,084.4	40,773.4	2,782.3	109,472.7	[447,500.9] 422,500.9 ²	2,129,734.7
% Change FY 86 - FY 89	-31.0	-31.6	-30.6 ³	+3.0 ⁴	-14.0 ⁵	- 6.9

¹ All amounts except for Foundation Funding are General Fund appropriation levels. Foundation Funding is actual amount for FY 85 - FY 88 and includes approximately \$20 million in federal funds each year.

² Beginning in FY 88, the Foundation Formula required school districts to pick up the State's match of Teachers' Retirement System (TRS) contributions from the amount the district received for Foundation funding. This TRS match had formerly been a separate budget line item and grant to school districts. The new Foundation Formula was based on an estimate of an annual TRS match of \$25 million. Since this amount now has to be picked up by school districts, this table has included both the actual Foundation grants and these amounts minus \$25 million to show the impact of reduced funding on Alaska's school districts.

³ The 30.6 percent decrease in state funding for this state-mandated program has come at the same time as the value of property eligible for this tax exemption has increased nearly 50 percent (the entitlement was \$4,977,451 in FY 86 and \$7,430,000 in FY 88). During these four years alone, municipalities have been forced to pick up \$13,302,708 in property tax exemptions mandated but not paid for by the State.

⁴ Although funding for school construction debt reimbursement has increased slightly during this period, municipalities' entitlement to reimbursement has increased at a much higher rate, thus imposing an additional burden on local governments. Entitlement has exceeded appropriations to the program by \$29,360,746 from FY 86 through FY 88. Municipalities have had to make up this shortfall by cutting other municipal programs.

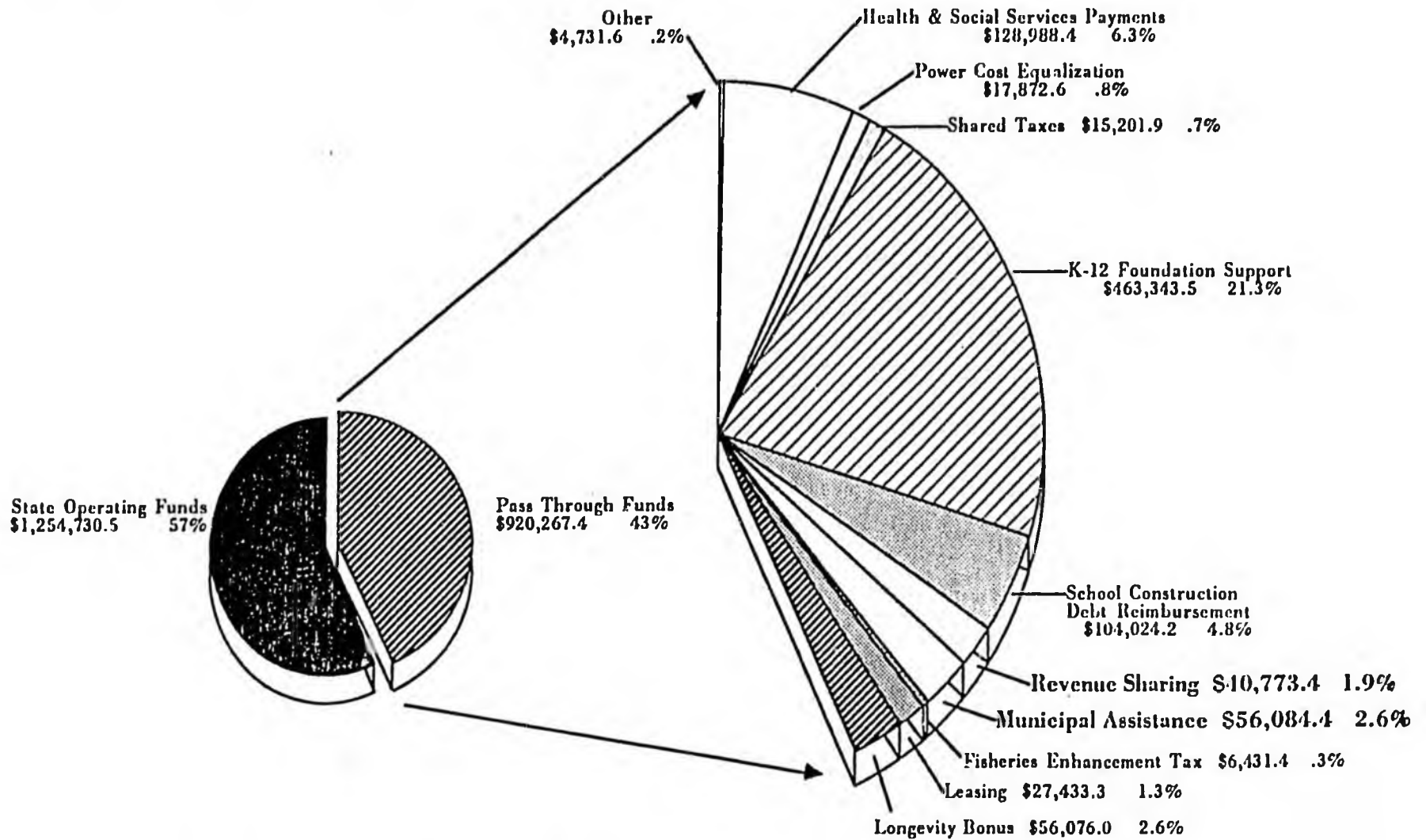
⁵ Decrease in assistance to municipalities, taking into the account the additional responsibility for TRS match they were required to absorb by the 1987 revision of the Foundation Formula (see Footnote 2). During this period the cost to municipalities because of underfunding of the Foundation Formula and the transfer of responsibility for TRS funding from the State to school districts was \$92,600,800.

Source: Columns 1-5: *Municipal Platform*, AML; statistics from Department of Community and Regional Affairs and Department of Education. Column 6: *Alaska State Appropriation Digest*, 1984-1987, OMB, with FY 89 figures calculated from Governor's FY 90 Budget document, prepared by OMB.

Exhibit 2

Pass Through Funds as a Percentage of Total FY 90 Governor's Budget

(All Figures in Thousands of Dollars)



Resolution of the Alaska Municipal League

Resolution No. 89-5

**A RESOLUTION URGING AN INCREASE IN
MINIMUM ENTITLEMENTS UNDER THE STATE
REVENUE SHARING PROGRAM**

WHEREAS, Alaska's smallest cities have been severely impacted by decreases in federal and state funds, forcing them to cut back on basic life, health, and safety services, and

WHEREAS, these small cities, due to small populations and tax bases, are limited in their ability to raise significant local revenues, and

WHEREAS, the 1980 revision of the State Revenue Sharing Program included a provision that each incorporated community and unincorporated community would receive a minimum entitlement of \$25,000 to ensure that Alaska's resource wealth was shared by all its citizens, no matter how sparsely populated the area in which they lived, and that this entitlement was to be adjusted for the cost of living, and

WHEREAS, due to underfunding, some municipalities do not receive even the \$25,000 minimum entitlement, and

WHEREAS, the cost of living since the inception of the program has increased and the Miscellaneous Municipal Services Account, from which the payments to unincorporated communities come, has been prorated by nearly 50 percent in recent years with the result that small communities have not received the minimum entitlements, and

WHEREAS, this inability to operate with the minimum entitlements they receive jeopardizes the State's investment in Alaskan municipalities, and

WHEREAS, in order to increase the minimum entitlement for some municipalities without penalizing other municipalities, the FY89 funding level would have to be increased by at least \$3.51 million;

NOW, THEREFORE, BE IT RESOLVED that the Alaska Municipal League urges the Governor and 16th Alaska State Legislature to:

1. Increase the minimum entitlement level under the State Revenue Sharing Program from \$25,000 to \$50,000, and
2. Provide an increase of \$3.51 million to hold harmless larger municipalities.

Adopted at Annual Business Meeting o November 18, 1988 o Fairbanks, Alaska

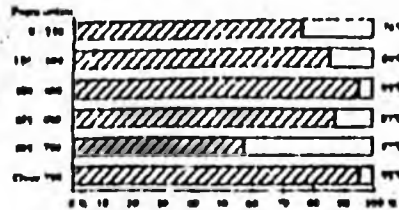
Rural Alaska Feels The Pinch

The downturn has left some rural areas struggling to provide basic services to a dwindling population less able to pay

Percent Of Municipalities That Buffered Cuts (By Community Size)

Budget Cuts

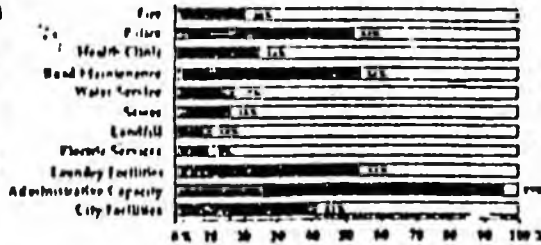
The worsening state economy has meant a cut in municipal revenues and trimmed down local budgets.



Less Money Means Fewer Services

Dwindling revenue-sharing and municipal-assistance money has led to a cut in services. Some 95% of the 128 cities surveyed have had to reduce at least one service.

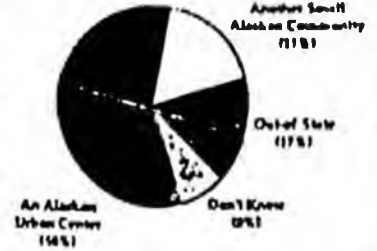
Percent of Municipalities That Reduced Services (By Type Of Service)



Exodus To Urban Centers

With fewer jobs available and diminished local services, residents of Alaska's smaller cities are migrating out of state or to Anchorage, Fairbanks or other urban centers.

Where Rural Residents Who Leave Are Headed



Source: Alaska Department of Community and Regional Affairs

Strapped Bush villages scratch for cash

By HAL SPENCER
Daily News reporter

At least one rural Alaska village is about to drain and shut off part of its water system for the winter because it lacks the money to keep it operating.

Some villages are so desperate for money that they have sought disaster relief from the state Department of Military and Veterans Affairs — the agency that delivers help only in life-threatening emergencies such as floods and fires.

Eight Bush villages and five Na-

tive village corporations apparently lost a total of \$1.5 million in uninsured deposits when Alaska Bank of the North failed a few weeks ago.

Forty-two percent of 128 Alaska towns and villages recently surveyed by the Alaska Department of Community and Regional Affairs said their residents are economically worse off this year than last year, and 95 percent said they have reduced at least one municipal service.

Fourteen percent of those surveyed said they are so strapped for cash that they're having trouble pay-

ing even federal withholding taxes.

These facts, and plenty more just as grim, fell like bricks Friday on a roomful of village and small-town officials who attended a presentation by Gov. Steve Cowper's Cabinet Committee on Economic Dislocation.

Many in the room at the Egan Convention Center came to hear what Cowper intended to do for them as they scratch for cash to heat buildings and meet payrolls in the aftermath of state budget cuts brought by the oil bust of 1986.

What they heard from Lt. Gov.

Steve McAlpine and other top officials was this: The state wants to help with financial and technical advice, but can offer no immediate financial relief. Cowper himself put it more succinctly earlier this week when he told an Alaska Municipal League luncheon crowd that unless legislators find new sources of revenue, he foresees no increases in state aide to cities and villages.

"I guess I'm a little bit disappointed," said Walton Smith, the city manager of Mountain Village, a community of 700 on the Yukon

River in western Alaska.

That had to be the understatement of the week.

Smith, who waited anxiously all week for McAlpine's committee to unveil a rumored relief package, is looking at a 1250,000 deficit in the village budget after cutting his staff from four people to two.

The committee's relief package, which was said to contain provisions for loans, and for advance payment of 1988 municipal assistance among

See Page C-3, VILLAGES



Familiar names dot Fink team

the 800 numbers, divides the regions. Alaska formerly belonged to region No. 5 which also includes Hawaii and Puerto Rico. It's quite expensive for companies to "buy" that region, that is, to buy the right to have residents in that region call for free. Smirnoff said Alascom convinced AT&T to include Alaska in region No. 5, the West Coast region.

VILLAGES: Feel economic pinch

Continued from Page C-1

other things, is parked in Copper's Office of Management and Budget for study, McAlpine said.

"You talk about bankruptcy. I don't know what that means. But I can tell you we're broke," Smith said.

He drew one of the few laughs of the session when he said: "There are some advantages to being broke. You don't get many bill collectors on the Yukon River."

Smith said those who think Mountain Village is in tough shape haven't looked closely at scores of other villages around the state.

"If you look, you're going to find that we're a long ways from being in the worst shape. There are a lot of villages in the (Yukon-Kuskokwim) Delta right now. ... Their books are so bad that they don't even know they're in trouble yet. They're going to start wondering when the checks start bouncing," he said.

David Hoffman, a committee member and the commissioner of Community and Regional Affairs, said there are four obvious reasons that so many Alaska villages are deeply in the red. At last count, 18 fit the description and 20 more will by year's end, his department has said.

The first reason, Hoffman said, was a 79-percent reduction in state public works outlays in the past two fiscal years. At the same time, he said, the state cut cash assistance to local communities by 32 percent.

Then, Hoffman said, several regions suffered extremely poor commercial fishing seasons this year.

"And to add insult to injury," he said, the Alaska Bank of the North failed a few weeks ago. Eight villages and five Native regional corporations stand to lose about \$1.5 million in uninsured deposits in the bank, a huge amount for entities of this size, one of Hoffman's department heads said.

If village officials at Friday's meeting needed more convincing that the state isn't about to bail them out anytime soon, it came from another committee member, Department of Environmental Conservation Commissioner Dennis Kelso.

"It's no secret that some towns are going broke, and with it, their water and sewer systems," he said.

Financially ailing villages that want to save their systems from freeze-up and ruin essentially have two choices at this point: Cut operating costs or temporarily shut them down. Whatever the choice, the state stands ready to help with advice and technical assistance, he said.

A team of DEC officials plans next week to travel to one north central village to give instructions on how to mothball part of an expensive water system, Kelso said. He and his staff declined to name the village until officials had met with the council there.

Other villages also are considering shutting down their systems, one of Kelso's aides said.

SNOW: Motorists slow down

Continued from Page C-1

a year to re-educate the summer drivers," said Sgt. Greg Stewart.

"I think the people had a little more control today than yesterday," said Art Repp, a driver for ABC Towing. Repp said his company probably pulled 25 or so cars from ditches during the snowfall.

"I think a lot of it is speed. Then they run across someone going slow," he said. "Then someone hits their brakes and everybody panics. I would probably panic, too."

Pool's said the weekend would bring only light flurries as the low pressure system which brought the snow weakened.

The Murkowski-Proxmire accord, however, would require the Nuclear Regulatory Commission — the agency must approve a final task — to test surplus with casks and then crash aircraft to see if the containers maintain their integrity.

Because the Japanese are considering use of a new-generation Boeing 747 to carry the radioactive material, the assumption is that an aircraft of that type would be used in the crash test.

The Murkowski-Proxmire accord also would require that a cask dropped from the aircraft at cruise altitude.

The crash-test program would be governed by the National Environmental Policy Act involving full public hearing.

"This action puts the Senate on track early in the negotiations and gives it an opportunity to direct the agenda of the plutonium issue," Murkowski said in a statement.

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An Alaska Railroad passenger shuttle rounds a bend near Potter en route to Whittier along Turnagain Arm. A special issue of *We Alaskans* focuses today on the beauty and history of the area.

Hard times put Alaska villages on the brink

Combination of oil bust, cuts in federal aid leave Native communities in bad financial shape

By HAL SPENCER
Daily News reporter

The bitter wind of hard times is battering village Alaska harder and more suddenly than many people expected. Eighteen western Alaska villages are in critical financial condition and another 20 are expected to be in similar straits by year's end, state officials say.

A sharp drop in state spending sparked by the 1986 oil bust has combined with shrunken federal aid to leave these Native communities with payrolls they can't meet, buildings they can't heat, and utilities they can't afford to operate.

"We've got buildings all over this damn village we can't afford to take care of,"

said Walton Smith, the city manager of Mountain Village, a Yupik Eskimo community of 665 people about 100 miles northwest of Bethel on the Yukon River.

"We've got a teen center, a community hall that needs thousands of dollars of foundation work, a clinic that we're losing because it really needs foundation work, a

brand new Head Start building."

"We've got these projects that were given to us. They brought us jobs, but now we can't afford to maintain them so we're letting them go," Smith said.

Recently, Gov. Steve Cooper hastily convened a task force headed by Lt. Gov. Steve McAlpine to look into

just what can be done for Mountain Village and other troubled hamlets dotting the tundra from the Arctic Circle to Kodiak Island.

"The problem is that many villages are on the financial brink. They're at the point where they have got very serious financial problems, in some instances irreversible problems," McAlpine said.

"We recognize that the legislature left no appropriation to deal with it. We're trying to figure out what we can do in this situation."

Direct financial relief is not likely this year, said Bethel Republican Sen. John Binkley, co-chairman of the Senate Finance Committee.

See Back Page VILLAGES

Business is brisk but risky on the Soviet black market

By LEW FREEDMAN
Daily News reporter

LENINGRAD, U.S.S.R. — The men materialized from the crowd filling the sidewalks on Nevsky Prospekt, the main street of this bustling and historic city of 5 million people.

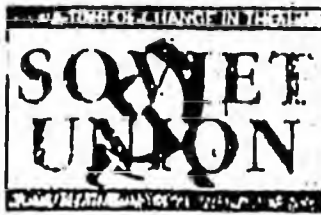
"Change money?" he whispered. "Change money?"

In the early days of the 19th century, when Leningrad was still St. Petersburg, citizens dressed in their Sunday finery and came to this long, straight boulevard to see and be seen.

In modern-day Leningrad, the crowds still flock to the heart of the city founded by Peter the Great in 1703 to shop, dine and admire the baroque buildings. But the aim of many is not to be seen. Nevsky Prospekt is where the illegal black market flourishes. These days, many of those who walk along the three-mile main section of the street talk out of the sides of their mouths and move their eyes furtively, on the lookout for police.

The dark-haired man was in his 20s. His offer of three rubles for a dollar was against the law. The official exchange rate is one

See Page A-9, BLACK MARKET



Daily News sports editor Lew Freedman visited the Soviet Union for 18 days in August as a delegate to the 15th conference of The Forum for U.S.-Soviet Dialogue.

More stories on Soviet life in Forum, Page F-1

Rare, nice store eases pain of Soviet shopping

By BILL KELLER
The New York Times

MINSK, U.S.S.R. — At the corner of Partisan Avenue and Zhdanov Street in this city, the Byelorussian capital is a place that would seem utterly mystifying to most Soviet consumers. It is a nice department store.

In this store, sales clerks do not sneer when a customer approaches, as they do in most Soviet stores during those infrequent periods when they are not on cigarette breaks.

The women's underwear section here does not look like the usual unisex truss department, and the shoes

See Page A-9, NICE STORE

VILLAGES: They're running out of money

Continued from Page A-1

There's nothing in the law that permits the Cooper administration to just write a check to cover village deficits. ... means you can't just sit down and write a check to the Mountain Village administration," he said.

Binkley said that for now state officials can continue to offer management advice and technical assistance, such as suggestions on where to cut budgets and help in recouping debt.

McAlpine said the crisis has been compounded in some villages by mismanagement and reluctance to accept that the days of easy money are over.

The state Department of Community and Regional Affairs, the agency that funnels legislative appropriations and technical advice to village Alaska, has been quietly wrestling with the problem for a year. "What had been a smattering of problems last year is now pervasive," said Marty Rutherford, the department's director of municipal and regional assistance.

It's extremely serious. The difference between now and years past is that state money isn't flowing as easily: the capital projects, revenue sharing, and municipal assistance, she said.

Several far western villages suffered even more this summer due to poor salmon runs, McAlpine said.

Rutherford's department has prepared a list of 18 communities with immediate and significant financial problems. They include Mountain Village, Teller, Kotlik, Stebbins, Unalakleet, Ambler, Buckland, Deering, Nostak, Noorvik, Scrammon Bay, Hooper Bay, Tulukssak, Kasigluk, Akhiok, New Stuyabok, Ekwox, and Twin Hills.

Mountain Village is among the hardest hit. City manager Smith said the community has an annual budget of about \$450,000, with a deficit expected to be about \$250,000 this year.

Smith said one 20th Century comfort enjoyed by the village has become a particular albatross: its \$6 million water system.

The water is heated and circulated nine months of the year at a minimum operating cost of \$120,000. "You can't cut down on the heating cost. If you do, the water freezes and then you've got a million dollar repair job," Smith said.

The growing scarcity of personal income in village Alaska, also partly the result of state cutbacks, is making the situation even worse, Smith said.

About half of the village water users are in arrears of their bills, and collecting is a very hard task, he said. The system was designed without shutoff valves, so the only way to cut off delinquent customers is by digging up the lines to their houses. Smith intends to ... the monthly water ...

LOCATION OF VILLAGES



sewer rate of \$50 to \$75 and go after those who won't pay. "We've taken the backhoe out and dug up lines before. People tend to pay when they see the backhoe in front of their houses," he said.

Smith, who became city manager only four months ago, said he cut his own salary by \$4,000 to \$38,000. He has a full-time and part-time police officer, a clerk and a bookkeeper. He's thinking about cutting employee hours and eliminating the part-time police officer.

McAlpine said village financial problems have been aggravated in some cases by poor management. It isn't that village leaders were derelict in their duties, said Margaret Hansen, a community and regional affairs official in Kotzebue. Instead, money was often dropped on village officials who had only vague notions about the need for bookkeeping and auditing.

Perhaps the most severe case of mismanagement occurred in Buckland, an Inupiat Eskimo village of 260 people about 70 miles southeast of Kotzebue.

In 1984, a previous village administrator, without telling anyone, stopped withholding federal taxes for village employees, Hansen said.

Hansen, who is helping Buckland and several other villages bring their budgets under control, discovered the problem only recently. "The administrator was intercepting warning letters from the Internal Revenue Service," Hansen said. "The city council didn't even know the problem existed."

The village, with an annual budget of \$228,519, now has begun the painful task of paying the IRS a \$100,000 debt, Hansen said.

We've cut back the budget

a lot," she said. "The clerk and administrator both work part-time, we've sold some equipment" to raise cash.

Still, said Mayor Jimmy Geary Sr., "without help from the state, there's no way we can survive."

Among services that are suffering is the village-owned laundry, which is open only half-time now, he said.

McAlpine said many villages made the same mistake committed by some urban communities: They failed to accept the fact that state funding was declining, and spent money they didn't have.

Now, many are taking drastic steps to reduce spending. "Noorvik cut their budget in half," Hansen said. "A new administration came in not too long ago, and the new administrator is getting \$23,000 a year." The predecessor got \$40,000, Hansen said. "The new administrator is getting half the pay and is doing twice the work."

The sudden severity of the problem in Bush Alaska seemed to take some top Cooper officials by surprise.

But it was no surprise to Lee Gorsuch, the head of the University of Alaska's Institute of Social and Economic Research. He said two events contributed to the development.

The first was the quiet shrinkage of federal assistance since 1980, a trend virtually unnoticed in the state because oil dollars poured in to fill the gap.

"It's clear that the whole period of the 1980s began to witness a withdrawal of the federal government. (Bureau of Indian Affairs) schools pulled out. The BIA discontinued its General Relief Program to buy fuel and other things, and other programs lost federal assistance," he said.

Now the state is no longer able to pick up the slack, he said.

The biggest source of state money for municipalities, including village governments, is state municipal assistance and revenue sharing funds. But budget figures show that total funding from this source fell dramatically in the past two years. Three years ago, it was \$140 million. Last year, it fell to \$113.7 million, and this year, the total is \$98.8 million.

In addition, billion-dollar capital construction budgets in the mid-1980s have fallen to an \$80 million budget this year.

State municipal assistance chief Rutherford said there is hope on the horizon for some villages.

Her department and the Department of Commerce and Economic Development are searching for ways to put cash into villages from sources other than the government.

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... killing of another leftist leader, ... man of a radical labor union. The killing of ... shortly before a coup attempt by the same officers ... staged the rebellion ... month.

Some supporters of the month's uprising have suggested that its leaders, who are now in hiding, may adopt urban warfare as the next step.

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MISSILES: D

Continued from Page A-1

... and nuclear warheads contain materials that are poisonous, explosive, radioactive, or all three. These among the more dangerous materials:

• Missile fuel. Different missiles carry different fuels, but all are dangerous to varying degrees. Solid fuel, similar to the fuel used in space shuttle's booster rockets, contains an explosive blend of aluminum powder and ammonium perchlorate. Another type of propellant, called hypergolic, consists of two ingredients: monomethyl hydrazine and nitrogen tetroxide — that react violently when combined even in the absence of external spark. These substances are also lethal to sea life.

• Plutonium. One of the principal ingredients in nuclear warheads, plutonium in small quantities enters the body through the air or via the substance concentrates in bones. Radiation causes cancer and other diseases as a result.

• Uranium. Both uranium 235 and 238 are used in nuclear warheads. A few pounds of both forms, called isotopes — of this element can cause permanent kidney damage and arteriosclerosis. Radiation from particles of uranium lodged in the lungs poses long-term cancer hazard.

• Beryllium. This metal is used in nuclear warheads as a mirror to focus internal energy and increase the power of nuclear detonations. It is extremely poisonous. Even short exposure to beryllium and its compounds can cause dermatitis, corns, and pneumonia and death.

• Tritium. A radioactive isotope of hydrogen, tritium is one of the most powerful sources in a thermonuclear explosion. When combined with oxygen to form water, it enters the body as a gas, liquid, or a dust. It is especially compounded with carbon, and tritium tritide, combined with water, has a chemical property similar to that of household lye.

• Chemical explosives. Nuclear warheads incorporate conventional explosives as triggers. They are designed to be extremely insensitive to shock and to

CORRECTION

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

VILLAGES: They're running out of money

Continued from Page A-1

"There's nothing in the law that permits the (Cooper) administration to just write a check to cover village deficits. I mean, you can't just sit down and write a check to the Mountain Village administration," he said.

Binkley said that for now state officials can continue to offer management advice and technical assistance, such as suggestions on where to cut budgets and help in rescheduling debt.

McAlpine said the crisis has been compounded in some villages by mismanagement and reluctance to accept that the days of easy money are over.

The state Department of Community and Regional Affairs, the agency that funnels legislative appropriations and technical advice to village Alaska, has been quietly wrestling with the problem for a year. "What had been a smattering of problems last year is now pervasive," said Marty Rutherford, the department's director of municipal and regional assistance.

"It's extremely serious. The difference between now and years past is that state money isn't flowing as easily: the capital projects, revenue sharing, and municipal assistance," she said.

Several far western villages suffered even more this summer due to poor salmon runs, McAlpine said.

Rutherford's department has prepared a list of 18 communities with immediate and significant financial problems. They include Mountain Village, Teeter, Kotlik, Stebbins, Unalakleet, Ambler, Buckland, Deering, Nostak, Noorvik, Scammon Bay, Hooper Bay, Tulukssak, Kasiglik, Akhiok, New Stuyabok, Ekwox, and Twin Hills.

Mountain Village is among the hardest hit. City manager Smith said the community has an annual budget of about \$450,000, with a deficit expected to be about \$250,000 this year.

Smith said one 20th Century comfort enjoyed by the village has become a particular albatross: its \$6 million water system.

The water is heated and circulated nine months of the year at a minimum operating cost of \$120,000. "You can't cut down on the heating cost. If you do, the water freezes and then you've got a million dollar repair job," Smith said.

The growing scarcity of personal income in village Alaska also partly the result of state cutbacks, is making the situation even worse, Smith said.

About half of the village sewer users are in arrears of \$100 bills, and collecting is a many loss, he said. The system was designed without staff valves so the only way to cut off delinquent users is by digging up the lines to their houses. "We've cut down on the staff valves to make the sewer water...



sewer rate of \$30 to \$75 and go after those who won't pay. "We've taken the backhoe out and dug up lines before. People tend to pay when they see the backhoe in front of their houses," he said.

Smith, who became city manager only four months ago, said he cut his own salary by \$4,000 to \$38,000. He has a fulltime and part-time police officer, a clerk and a bookkeeper. He's thinking about cutting employee hours and eliminating the part-time police officer.

McAlpine said village financial problems have been aggravated in some cases by poor management. It isn't that village leaders were derelict in their duties, said Margaret Hansen, a community and regional affairs official in Kotzebue. Instead, money was often dropped on village officials who had only vague notions about the need for bookkeeping and auditing.

Perhaps the most severe case of mismanagement occurred in Buckland, an Inupiat Eskimo village of 260 people about 70 miles southwest of Kotzebue.

In 1984, a previous village administrator, without telling anyone, stopped withholding federal taxes for village employees, Hansen said.

Hansen, who is helping Buckland and several other villages bring their budgets under control discovered the problem only recently. "The administrator was intercepting warning letters from the Internal Revenue Service," Hansen said. "The city official didn't even know the problem existed."

The village, with an annual budget of \$228,500, now has to pay the principal and interest on the \$7.5 million debt, Hansen said.

Have cut back the budget

a lot," she said. "The clerk and administrator both work part-time, we've sold some equipment" to raise cash.

Sull, said Mayor Jimmy Geary Sr., "without help from the state, there's no way we can survive."

Among services that are suffering is the village-owned laundry, which is open only half-time now, he said.

McAlpine said many villages made the same mistake committed by some urban communities: They failed to accept the fact that state funding was declining, and spent money they didn't have.

Now, many are taking drastic steps to reduce spending. "Noorvik cut their budget in half," Hansen said. "A new administration came in not too long ago, and the new administrator is getting \$23,000 a year." The predecessor got \$40,000, Hansen said. "The new administrator is getting half the pay and is doing twice the work."

The sudden severity of the problem in Bush Alaska seemed to take some top Cooper officials by surprise.

But it was no surprise to Lee Gorsuch, the head of the University of Alaska's Institute of Social and Economic Research. He said two events contributed to the development.

The first was the quiet shrinkage of federal assistance since 1980, a trend virtually unnoticed in the state because oil dollars poured in to fill the gap.

"It's clear that the whole period of the 1980s began to witness a withdrawal of the federal government (Bureau of Indian Affairs) schools pulled out. The BIA discontinued its General Relief Program to buy fuel and other things, and other programs lost federal assistance," he said.

Now the state is no longer able to pick up the slack, he said.

The biggest source of state money for municipalities, including village governments, is state municipal assistance and revenue sharing funds. But budget figures show that total funding from this source fell dramatically in the past two years. Three years ago, it was \$140.8 million. Last year, it fell to \$113.7 million, and this year, the total is \$96.8 million.

In addition, billion-dollar capital construction budgets in the mid-1980s have fallen to an \$80 million budget this year.

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