

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672

5606 HOUSE COMMUNITY & REGIONAL AFFAIRS

*Homestead Exemption  
or Credit*

	<u>All Ages</u>	<u>Seniors Only</u>			Deferal
Mississippi	X	X			
North Carolina		X			
South Carolina		X			
Tennessee		X			
Virginia		X			S
West Virginia		X		S	S
<hr/>					
Southwest					
Arizona	X		S		
New Mexico	X		S	A	
Oklahoma	X		S		
Texas	X	X			S
<hr/>					
Rocky Mountain					
Colorado		X	S		S
Idaho	X		S		
Montana		X	S		
Utah		X	S		S
Wyoming	X	X			
<hr/>					
Far West					
Alaska (d)	X	X		S	S (d)
California	X		S	A	S
Hawaii	X	X		A	
Nevada			S		
Oregon	X		A	A	S
Washington		X			S

*Circuit-breaker*

*Renter Credit*

*Deferal*

Source: NCSL Survey

Notes:

- X = Denotes homestead exemption or credit program.
- S = Program is for senior citizens only.
- A = Program includes persons of all ages.

- a. New Jersey: Senior citizens receive a greater renter credit benefit than do persons under age 65.
- b. Wisconsin: The Wisconsin circuitbreaker is known as the "Homestead Exemption" program. The property tax/renter credit, which reimburses taxpayers 10 percent of property taxes paid (or the property tax equivalent for renters) is the state's homestead and renter credit program. In addition, Wisconsin passed legislation in 1981 authorizing a property tax deferral program for senior citizens, but never implemented it because revenue bond financing was not feasible.
- c. Nebraska: All homeowners in Nebraska receive a homestead exemption. In addition, senior citizens receive an additional exemption that varies according to income, much like a circuitbreaker.
- d. Alaska: Senior citizens may defer special assessments. They are from exempt all property taxes.

It is appropriate at this time to provide definitions for those tax relief programs discussed throughout this section. In addition, brief information will be provided on the characteristics and benefits of each. Homestead exemptions and circuitbreakers are the most utilized and provide the greatest relief to older people. Therefore, they will be discussed first.

#### HOMESTEAD EXEMPTIONS AND CREDITS

A homestead exemption is a property tax relief program which provides financial relief to residential property taxpayers. Homestead exemptions, in their usual form, function by exempting a certain amount of the assessed value of one's property from taxation, and are granted before the property tax bill is computed. Homestead exemptions offer the same amount of financial relief to all homeowners who are eligible, regardless of their income level. Although a homeowner's income may be used to determine eligibility income is not used to compute the amount of relief received. Unlike circuitbreakers, which may include benefits to renters, homestead exemptions are for homeowner's only.

It is important to note that since states assess property in different ways, the amount of property tax relief provided will vary. Whereas one community may assess property at its full market value, another may assess it at a portion of its market value. Therefore, in comparing exemption amounts across states, it is important to know how property is assessed. If property

is assessed at some fraction of its market value, the effect of an exemption will be greater in comparison to that same exemption applied to assessments at full market value.

A homestead credit is the amount subtracted from the total property tax bill. In most states, the credit is for tax on a certain portion of the assessed property value.

As of December 1984, 37 states and the District of Columbia had homestead programs. As is shown on Table II-2, 13 states limit participation in the program to the elderly (in many of these, disabled persons are eligible). In 24 states and the District of Columbia participation is not limited by age; however 13 of these states provide greater benefits to older persons. Table II-3 describing homestead exemption and credit programs also notes how the programs are financed. If the program is state funded, localities are reimbursed by the state for the costs of providing the exemptions. If the program is financed locally, communities will be likely to increase tax rates to compensate for the costs of the exemptions.

#### CIRCUITBREAKERS

The circuitbreaker is another form of property tax relief. It contrasts with a homestead exemption or credit in that the amount of relief depends on both income and the property tax bill. It receives its name from its electrical namesake, which shuts off electric flow when the system is overloaded. When property taxes exceed a specified percentage of income, the

TABLE II-2

## Homestead Exemption and Credit Programs: 1985

<u>State</u>	<u>Description</u>	<u>Financing</u>
	No age restrictions (11 states and the District of Columbia)	
Arizona	Credit for 56 percent of school property taxes.	State
California	Credit for tax on \$7,000 of assessed valuation.	State
District of Columbia	\$9,000 exemption.	Local
Idaho	Exemption of \$50,000 or half of assessed valuation, whichever is lower.	Local
Iowa	Credit for tax on \$4,850 of assessed valuation.	State
Louisiana	Credit for tax on \$7,500 of assessed valuation (equivalent to \$75,000).	Mostly State
Minnesota	54 percent credit for tax on first \$67,000 of market value up to \$650 maximum.	State
New Mexico	\$200 exemption (equivalent to \$600).	Local
Ohio	Credit for 2-1/2 percent of tax.	State
Oklahoma	\$1,000 exemption (equivalent to \$8,333); additional exemption if income under \$8,500.	Mostly Local
Oregon	Credit for 30 percent of tax (maximum \$170 in 1934, higher in previous years).	State
Wisconsin	Credit for 10 percent of tax.	State
	Senior citizens receive a larger exemption or credit than others (13 states).	
Alabama (a)	All households: exemptions of varying amounts by different categories of local government.	Local
	Seniors: complete exemption from state tax and additional exemption if income under \$12,000	Local
Alaska	All households: varying amounts, at option of municipality.	Local
	Seniors: complete exemption.	State

Florida	All households: \$25,000 exemption.	Local
	Seniors: additional \$10,000 exemption from taxes levied by counties, cities, and special districts.	Local
Georgia	All households: \$2,000 exemption (equivalent to \$5,000).	Local
	Seniors: \$4,000 exemption (equivalent to \$10,000) for general property taxes and \$10,000 exemption (equivalent to \$25,000) for school taxes if income under \$8,000.	Local
Hawaii	All households: \$20,000 exemption.	Local
	Seniors: \$40,000 exemption if age 60 to 70; \$50,000 if age 70 or older.	Local
Illinois	All households: exemption up to \$3,500 (equivalent to \$21,000 in Cook County and \$10,500 in other counties) for increase in assessed valuation since 1977.	Local
	Seniors: additional \$2,000 exemption (equivalent to \$12,000 in Cook County and \$6,000 in other counties).	Local
Indiana	All households: credit for 4 percent of property tax liability (effective in 1986).	State
	Seniors: \$1,000 exemption (equivalent to \$3,000) if income under \$10,000 and assessed valuation under \$11,000.	Local
Massachusetts	All households: local option exemption up to 10 percent of average assessed value in locality.	Local
	Seniors: local option exemption varying according to household circumstances.	Local
Mississippi	All household: varying exemption amounts based on value of property.	State
	Seniors: additional \$7,500 exemption (equivalent to \$50,000) effective in 1986.	State
Nebraska	All households: \$3,000 exemption.	State
	Seniors: additional \$7,000 - \$35,000 exemption if income is less than \$10,400 (formula similar to a circuitbreaker).	State

New Jersey(a)	All households: credit depending on assessed valuation and tax rate.	State
	Seniors: additional \$50 credit. In addition, another \$250 credit is given to elderly households with incomes under \$10,000.	State
Texas(a)	All households: local option exemption up to 30 percent of market value.	Local
	Seniors: \$10,000 exemption for school taxes and local option additional.	Local
Wyoming	All households: credit depending on assessed valuation and tax rate.	State
	Seniors: additional refund for low-income senior citizens that varies. Payment also represents a portion of sales tax paid and a rebate of home utility costs.	State
Only for senior citizens (13 states).		
Colorado(a)	Total exemption for seniors with incomes within 150 percent of limits prescribed for occupants of nearby low-rent public housing.	Local
Delaware	\$5,000 exemption if income under \$3,000.	Local
Kentucky(a)	Exemption of \$7,500 in 1972 dollars, amount increased annually for inflation (1984 exemption was \$15,000).	Local
Montana(a)	Varying amount based on income (but different than the state's circuitbreaker program).	Local
New Hampshire	\$5,000 exemption if income under \$5,000 and assets under \$35,000; additional local option exemptions.	Local
New York	Local option to exempt up to 50 percent of assessed value if low-income senior citizen.	Local
North Carolina(a)	\$8,500 exemption if income under \$9,000.	Mostly Local
South Carolina(a)	\$20,000 exemption.	State
Tennessee(a)	\$12,000 exemption if income under \$8,500	State

Utah(a)	Local option to abate up to the lesser of 50 percent of taxes assessed or \$300 for senior citizens with incomes under \$7,500 if single or \$8,000 if married.	Local
Virginia(a)	Local option to totally exempt property of senior citizens with incomes up to \$18,000	Local
Washington(a)	Exemption from all special levies if income under \$15,000; \$20,000 exemption or 30 percent of value of residence up to \$40,000, whichever is greater, from regular levies if income under \$12,000; \$25,000 exemption or 50 percent of value of residence, whichever is greater, if income is below \$9,000.	Local
West Virginia	\$20,000 exemption.	Local

Source: NCSL Survey; and ACIR, Significant Features of Fiscal Federalism 1983-1984 Edition.

Notes:

This table does not include programs restricted to special groups, such as widows and veterans. Most states have programs for veterans.

In states where assessments are set by law at less than full market value the amount of market value exempted is shown in parentheses. Property often is assessed at less than the level prescribed by law, however, and the actual value of exemptions may be understated.

a. Disabled persons are given the same benefits as senior citizens.

circuitbreaker overrides the property tax levy, and rebates the excessive payment to the taxpayer. Benefits are structured, generally, so that as income rises, the amount of benefit falls.

In addition, circuitbreakers can be structured to provide renters with benefits, with the rationale that part of a rent payment is attributed to the landlord's property tax obligation. Renters generally have lower incomes than homeowners. This approach can help target benefits to low income persons.

As of December 1984, 30 states and the District of Columbia have in place some type of circuitbreaker program that provides relief to residential property taxpayers. Renters are eligible for relief in 25 of these programs. Most circuitbreaker programs are limited to senior citizens. Of the 31 programs, however, nine are open to the general population. While the programs in the District of Columbia, Michigan and Minnesota are applicable to persons of all ages, they provide greater relief to older people than to the general population. Additionally, 17 states and the District of Columbia have both a homestead program and a circuitbreaker program.

By design, circuitbreaker programs can target property tax relief based on some measure of need for assistance. Factors which must be considered include the extent to which benefits will be restricted to low and moderate income persons through setting an upper income limit on participation; the maximum amount of benefit available; and the relationship between benefit levels, incomes and amount of property tax due.

There are two general ways to design circuitbreaker programs. Some states have structured their programs so that a percentage of an individual's property tax payment is rebated, with the percentage decreasing as income rises. Other states define a percentage of income which will be devoted to property tax; amounts over that percentage qualify for relief.

Circuitbreaker programs are an important mechanism which states can use to target relief to older persons with below average incomes. Table II-3 summarizes key elements of each state's program.

#### RENTER CREDITS AND DEDUCTIONS

A renter credit or deduction is one means that several states have pursued in order to eliminate the gap in the tax system which favors homeowners (through the deduction of interest on home mortgages and other tax breaks, and through property tax relief programs). States generally credit renters with a percentage of rent paid. Although some programs impose a maximum income eligibility criterion to participate, renter credit programs differ from circuitbreaker programs (which can include renters) in that the amount of the credit is not a function of the taxpayer's income. Usually persons of all ages and income levels are eligible for assistance. At the end of 1983, there were nine states which offered renter credit programs. States which offer the program are: Alaska, Arizona, California, Hawaii, Indiana, Massachusetts, New Jersey, Oregon,

TABLE II-3

## Summary Statistics of State Circuitbreaker Programs: 1983 and 1985

State	Property Tax Rent Equivalent	Income Ceiling (a)	Maximum Benefit/Taxes/or Assessed Value	Average Benefit	Cost per Capita (b)
All ages, homeowners and renters					
District of Columbia (c)	15%	\$20,000	\$ 750 ben	\$275 (d)	\$16.50 (d)
Kansas (c,e)	15	12,800	400 ben	144	3.41
Michigan	17	80,000	1,200 ben	396	42.03
Minnesota (f)	Varies	40,000	1,125 ben	305	45.17
New York	25	16,000	250 (g) ben	74	1.33
Oregon (h)	17	17,500	750 (h) / 375 (r) ben	205	32.35
Vermont	20	25,000	500 ben	248	10.66
Wisconsin	25	16,500	1,200 taxes	318	17.44
All ages, homeowners; only elderly renters					
Maryland (c)	15%	None	\$1,200 (h) / 450 (r) ben	\$351	\$ 8.77
Only elderly, homeowner's and renters					
Arizona	Varies	\$ 5,500	\$ 413 ben	\$325 (d)	\$ 5.24 (d)
California (c)	i	12,000	32,640 AV	125	1.28
Colorado (c)	20%	11,200	500 ben	271	4.79
Connecticut	20	14,800	700 ben	313	4.16
Illinois (c,h)	30	12,000	700 ben	250	6.99
Iowa (c)	25	12,000	1,000 taxes	181	3.27
Maine (c)	25	7,400	400 ben	274	5.02
Missouri	20	11,500	500 taxes	138	1.21
Montana	15	None	400 ben	119	2.30
Nevada	17	14,000	500 ben	168	2.03
New Mexico	6	16,000	250 ben	74	1.48
North Dakota (c)	20	10,000	2,000 (h) / 190 (r) ben	107	3.47
Pennsylvania (c,h)	20	12,000	500 ben	215	8.16
Rhode Island	20	12,500	200 ben	159	.33
Utah	j	10,000	300 ben	106	.68
West Virginia	12	5,000	125 taxes	16	.01
Elderly homeowners only					

Arkansas	\$12,000	\$ 250 ben	\$ 81	\$1.13
Idaho(c)	12,300	400 ben	181(d)	3.24
Nebraska	10,400	35,000 AV	463	16.08
Ohio(c)	15,000	5,000 AV	153	5.01
Oklahoma(c)	8,500	200 ben	90	.06
South Dakota(c,k)	7,375	55% taxes	113	1.08

Source: NCSL Survey; and ACIR, Significant Features of Fiscal Federalism, 1983-84 Edition.

Notes:

The property tax rent equivalent and income ceiling amounts are 1985 data. Average benefit and cost per capita are 1983-84 data.

ben = Maximum benefit.

taxes = Formula uses a maximum tax amount to set the ceiling benefit.

AV = Formula uses a maximum assessed value to set the ceiling benefit.

h = Maximum benefit for homeowners.

r = Maximum benefit for renters.

- a. When there are separate maximum income levels for single persons and married couples, the amount stated in this table is for married couples.
- b. Per capita cost was determined by dividing total benefits distributed by the total state population.
- c. Disabled persons receive the same benefits as senior citizens.
- d. 1984 data.
- e. Kansas: Persons under age 55 must have a dependent under age 18 to be eligible for circuitbreaker benefits.
- f. Minnesota: Amount shown represents net cost of circuitbreaker program. The amount of the circuitbreaker benefit is reduced by the amount of the homestead credit benefit. Data are for 1981.
- g. New York: The maximum benefit for senior citizens is \$250; the maximum benefit for all others is \$45.
- h. 1982 data.
- i. California: Property tax equivalent is \$250, regardless of amount of rent paid.
- j. Utah: For elderly renters, from 5 to 95 percent of rent paid is reimbursed, with a decreasing portion of rent paid reimbursed as income increases.
- k. South Dakota: Cost figures also include states's sales tax refund to the elderly.

and Wisconsin. Most of the renter credit programs offer credits/deductions to the general population. In Alaska, however, relief is only available to older people. Oregon's program has two parts: one for the general population and one for low income older people who pay a large percent of their income for rent. Finally, although the programs in Hawaii and New Jersey offer credits to the general population, they offer greater benefits to older people.

Table II-4 summarizes the key provisions of each of the renter credit programs.

#### PROPERTY TAX DEFERRAL PROGRAMS

Tax deferral programs permit older people to delay paying some or all of their property taxes for a certain length of time. The postponed taxes must be paid, however, either at the death of the property owner or when the property is sold. Generally, below market interest rates are charged on the amount of the debt.

Property tax deferral programs can provide significant relief to older persons at a fairly low cost since the state is eventually reimbursed for the deferred taxes. Property tax deferral programs can be particularly beneficial to elderly homeowners with limited incomes available to pay rising property taxes. Despite this advantage, participation of older people in these programs is limited. The decision to place a lien on one's home is often difficult and frightening to older persons.

TABLE II-4

Summary Statistics of State Renter  
Credit and Deduction Programs: 1985

<u>State</u>	<u>Minimum Age</u>	<u>Program Description</u>	<u>Number of Households Participating</u>	<u>Average Benefit</u>
Alaska	65	Amount representing property tax payments rebated	720	\$290
Arizona	None	5% of rent paid, up to \$100	257,000	119
California	None	Income tax credit of \$137 to married couples; \$60 to individuals	4.6 million	98
Hawaii	None(a)	\$50 tax credit per exemption on income tax	45,000	100
Indiana	None	\$1,500 income tax deduction	400,000	45
Massachusetts	None	Income tax deduction for one-half of rent, up to \$2,500	n.a.	n.a.
New Jersey	None(a)	\$65 tax credit; persons 65 and older receive additional \$35.	680,124	68
Oregon	None	Credit of 4.7 percent of rent, up to \$96 maximum	325,000	81
Wisconsin	None	Credit of 2.5 percent of rent paid if heat is not included; 2 percent if heat is included	1.3 million(b)	96

Source: NCSL survey

Notes:

n.a. = not available

Program description for 1985. Number of participants and average benefit are 1983 data.

- a. Persons 65 and older receive additional benefits, as explained in the program description.
- b. Includes homeowners who receive a homestead credit through the same program.

Table II-5 summarizes key elements of such programs in operation across the country. Seventeen states have property tax deferral programs for homeowners. With the exception of Washington, D.C., Florida, and Iowa, all of the programs are limited to older people.

#### PROPERTY TAX FREEZE

Property tax freeze programs exist in only three states, Connecticut, South Dakota and Texas. Unlike some other tax relief measures, freeze programs are only applicable to elderly homeowners.

Many elderly people live on fixed incomes. When their property taxes increase on a yearly basis, this takes away from their ability to buy other needed household goods. One of the unique benefits of property tax freeze programs is that once taxes are frozen, older homeowners know exactly how much they will have to pay for property taxes on a yearly basis.

However, unlike some other forms of property tax relief, it is difficult to target benefits to those most in need. In several states, these programs have been recently phased out.

#### PERSONAL INCOME TAX

The personal income tax is a major source of revenue for the federal government and most state governments. Like the federal tax system, most state income tax systems are progressive. In a progressive tax system, tax rates rise as income rises.

TABLE II-5

## Major features of property tax deferral programs: 1984(a)

<u>State</u>	<u>Minimum Age</u>	<u>Maximum Income</u>	<u>Amount of Tax Deferrable</u>	<u>Interest Rate</u>
Alaska (b)	65	None	All special assessments	0%
California	62	\$34,000/\$24,000	All	Yield of state investments over comparable time
Colorado	65	None	All	8%
District of Columbia	No	\$20,000	Taxes in excess of 110 percent of previous year's tax bill	Average U.S. T-bill rate in previous year
Florida	No	None	Portion of tax that exceeds 5 percent of applicant's household income. Local program.	Average yield of Florida state pension fund
Georgia (d)	62	\$15,000	Taxes levied on first \$50,000 of homestead's assessed value	Locally determined
Illinois	65	\$10,000	Up to 80 percent of taxpayer's equity interest in property	6%
Iowa (e)	No	None	All	6%
Massachusetts	65	\$20,000	Up to 50 percent of assessed value. Local program.	8%
Michigan	65	\$10,000	Summer property taxes may be deferred until February 15 of the following year without penalty	0%
New Hampshire	65	None	Up to 85 percent of assessed value. Local program.	5%
Oregon (f)	62	\$17,500	All	6%

Tennessee	65	\$12,000	Taxes on first \$60,000 of appraised value, or on first \$50,000 of appraised value in excess of 1979 value. Local option.	10%
Texas	65	None	All	6% plus one-time 8% penalty
Utah	65	\$7,500 (single) \$8,000 (married)	All	6%
Virginia	65	\$18,000-\$22,000	All. Local option.	Locally determined
Washington	61	\$15,000	Up to 80 percent of owner's equity	8%

Source: NCSL survey

Notes:

- a. Kentucky and Maryland have property tax deferral programs that are not included in this table because these programs are based on land-zoning changes. This table highlights only those programs designed to help people for whom property taxes represent a substantial burden. Generally, these programs are limited to senior citizens. In addition to the programs listed, Wisconsin passed legislation in 1981 authorizing a deferral option for senior citizens but never implemented a program because the state was unable to receive revenue bond funds to finance one.
- b. Alaska: Senior citizens do not pay any property taxes in Alaska. They are responsible for special assessments but may defer them.
- c. California: Persons with incomes up to \$24,000 may defer property taxes, if first participating in 1984. Persons who deferred property taxes prior to 1984 still may defer taxes if their incomes do not exceed \$34,000.
- d. Georgia: The deferral amount is arranged locally with a lending institution. The lending institution determines the rate of interest on the deferred amount.
- e. Iowa: This is a local program. Counties are mandated to allow all recipients of Supplemental Security Income to defer property taxes. At their option, counties also may allow the aged or infirm to defer taxes.
- f. Oregon: Prior to 1984, there was no maximum income limitation for deferral participation. Persons deferring property taxes prior to 1984 have been "grandfathered in" under the new provision and are not required to have incomes under \$17,500 to be eligible.

# C PERSONAL INCOME TAXES

States	States That Tax Personal Income	Full Social Security Exemption	State Public Pension Exemption	Federal Public Pension Exemption	Private Pension Exemption	Special Preference for Elderly	Elderly Income Credit
ALABAMA	X	X	X	X			
ALASKA							
ARIZONA	X	X	X	X		PE	
ARKANSAS	X	X	X	X	X	C	
CALIFORNIA	X	X				C	X
COLORADO	X		X	X	X	SD*	
CONNECTICUT							
DELAWARE	X	X	X	X	X	SD*	
FLORIDA							
GEORGIA	X	X	X	X	X	SD*	
HAWAII	X	X	X	X	X	PE	
IDAHO	X	X	X	X		C	
ILLINOIS	X	X	X	X			
INDIANA	X	X		X		PE	X
IOWA	X		X	X		C	
KANSAS	X		X	X		SD*	
KENTUCKY	X	X	X	X		C	
LOUISIANA	X	X	X	X	X	PE	X
MAINE	X	X				C	X
MARYLAND	X	X	X	X	X	SD*	
MASSACHUSETTS	X	X	X	X		PE	
MICHIGAN	X	X	X	X	X	PE	
MINNESOTA	X		X	X	X	SD*	
MISSISSIPPI	X	X	X	X	X	PE	
MISSOURI	X		X			SD*	
MONTANA	X		X	X	X	PE	
NEBRASKA	X					SD*	X
NEVADA							
NEW HAMPSHIRE							
NEW JERSEY	X	X	X	X	X	PE	
NEW MEXICO	X	X	X	X			
NEW YORK	X	X	X	X	X		
NORTH CAROLINA	X	X	X	X		PE	
NORTH DAKOTA	X			X		SD*	
OHIO	X	X				C	X
OKLAHOMA	X	X	X	X		PE	
OREGON	X	X	X	X		SD	X
PENNSYLVANIA	X	X	X	X	X		
RHODE ISLAND	X					SD*	X
SOUTH CAROLINA	X	X	X	X	X	SD*	
SOUTH DAKOTA							
TENNESSEE							
TEXAS							
UTAH	X		X	X	X	SD*	
VERMONT	X					SD*	X
VIRGINIA	X	X	X	X	X	PE	X
WASHINGTON							
WASHINGTON, D.C.	X	X	X	X		PE	
WEST VIRGINIA	X		X	X	X		
WISCONSIN	X					C	
WYOMING							

C = Credit  
 PE = Personal Exemption  
 SD = Standard Deduction

\*A number of states conform to federal taxable income for state income tax purposes. Since the federal government allows an additional standard deduction for people 65 years of age or older, the states that conform to federal taxable income also allow this deduction. These states are marked in the table.

Information for this chart was compiled from sources cited on page 1.

## OTHER TAXES

States	SALES TAX		Exemptions	PROPERTY TAX			ESTATE TAX		INHERITANCE TAX
	State Rate %	Combined State-Local Rate		Circuit-breaker	Homestead Exemption or Credit	Deferral Program	Pick-up Only	Pick-up and Estate	Pick-up and Inheritance
ALABAMA	4	8	D		X		X		
ALASKA	0	4			X		X		
ARIZONA	5	7	DF	X	X		X		
ARKANSAS	4	6	D	X			X		
CALIFORNIA	4.75	6.5	DF	X	X	X	X		
COLORADO	3	7.1	DF	X	X	X	X		
CONNECTICUT	7.5	7.5	DF	X				X	
DELAWARE	0	0			X			X	
FLORIDA	6	6	DF		X	X	X		
GEORGIA	3	5	D		X	X	X		
HAWAII	4	4	D				X		
IDAHO	5	5	D	X	X			X	
ILLINOIS	5	8	DF	X	X	X	X		
INDIANA	5	5	DF		X			X	
IOWA	4	5	DF	X	X	X		X	
KANSAS	4	6	D	X				X	
KENTUCKY	5	5	DF		X			X	
LOUISIANA	4	9			X			X	
MAINE	5	5	DF	X			X		
MARYLAND	5	5	DF	X				X	
MASSACHUSETTS	5	5	DF		X	X		X	
MICHIGAN	4	4	DF	X		X		X	
MINNESOTA	6	7	DF	X	X		X		
MISSISSIPPI	6	6	D		X		X		

A glossary is included to briefly explain some of the more technical tax terms. Before you make a final relocation decision, you may want to contact the state's Department of Revenue for more detailed tax information such as the state income tax rate (addresses of the state Departments of Revenue are listed on the back page).

Please use this information as a starting point. We hope it helps you understand the possible tax implications of your relocation decision — an important step on your way to making your new home a happy one.

*This information was assembled for AARP in the Summer of 1988 by the National Conference of State Legislatures (NCSL). It is based on an NCSL Survey conducted in June-July, 1988; the Commerce Clearing House State Tax Guide; and the Advisory Commission on Intergovernmental Relations' Significant Features of Fiscal Federalism, 1988 Edition, Volume I.*

amount of the deferral plus interest charges represents a lien on the property.

**DEDUCTION:** An amount that is subtracted from adjusted gross income as part of the process of determining taxable income.

**ELDERLY INCOME CREDIT:** A nonrefundable amount that is subtracted from income tax liability for persons 65 and older. (Also see CREDIT)

**ESTATE TAX:** A tax placed on the net estate of a decedent. The amount of the tax is determined solely by the size of the estate. The relationship of the heirs to the decedent has no bearing unless the heir (e.g., a surviving spouse) is exempt. There are also federal estate taxes.

**EXCLUSION:** Income not reported on the income tax return, e.g., public assistance payments.

pensions are paid by business, industry, or other private sector employers.

**PROPERTY TAX:** A tax placed on real and/or personal property.

**PUBLIC PENSION:** Income that is paid to a retiree from his/her previous employer(s) if the retiree has met certain conditions, such as length of service or other employer-imposed criteria. Public pensions are paid by federal, state, or local governments.

**SALES TAX:** A tax on the purchase of goods (and sometimes services), determined as a percentage of the sales price.

**STANDARD DEDUCTION:** An amount that is subtracted from adjusted gross income to determine taxable income when the taxpayer does not itemize deductions.

**TAXABLE INCOME:** Income minus adjustments, such as exemptions and deductions to which tax rates are applied to determine income tax liability.

# RELOCATION GUIDE

## State Tax Information for Relocation Decisions

Are you thinking about moving to a new state? The decision to relocate can be complex, taking into account family, climate, cost of living, and many other factors. One aspect of the decision may be the taxes you would owe if you moved to another state. Specifically, you may want to evaluate how that state treats retirement income like Social Security or pensions, or special state tax provisions for older taxpayers.

This brochure has been designed to provide basic state tax information. The first chart provides details about personal income taxes. It shows which states tax personal income, and then describes income that is exempt from tax in these states. Credits and other special provisions for the elderly are also listed.

The second chart lists other types of taxes which may affect older residents. It includes the state sales tax, and notes whether some counties or cities also apply a sales tax. In addition, property tax relief programs are listed and the type of estate or inheritance tax is described.

# GLOSSARY

**ADJUSTED GROSS INCOME (AGI):** The sum of all wages, interest, rent, and other income adjusted by subtracting certain expenses, such as employee business expenses and the penalty on early withdrawal of savings.

**CIRCUITBREAKER:** A property tax credit in which benefits depend on both income and property tax payments. There are two types of circuitbreakers - sliding scale and threshold. Sliding scale programs rebate a percentage of property tax liability, with the rebate being larger for low income people. Threshold programs rebate the amount of property tax that exceeds a certain percentage of income; for example, a threshold program might provide for the rebate of property tax that exceeds three percent of income.

**CREDIT:** tax credit reduces the amount of tax owed. A nonrefundable tax credit can reduce the amount of tax due to zero. A refundable credit can result in a payment to the taxpayer if the credit exceeds the amount of tax that was owed.

**DEFERRAL PROGRAM:** A program that allows certain people, usually the elderly and disabled, to postpone paying property taxes until death or sale of their property. Generally, below market interest rates are charged on the deferred taxes. The

**HOMESTEAD PROGRAM:** A program that reduces the property taxes on a homeowner's primary residence. The program usually reduces the assessed value of the property or provides a tax credit, thereby reducing the amount of tax owed.

**INHERITANCE TAX:** A tax placed on the amount that an heir receives from a decedent. The tax applies to all transfers at death and to transfers made in contemplation of death (transfers made within two years prior to death).

**PERSONAL EXEMPTION:** A fixed amount per person subtracted from adjusted gross income in the process of determining taxable income.

**PERSONAL INCOME TAX:** A tax placed on an individual's income.

**PICK-UP TAX:** This tax applies only to estates which are required to pay a federal estate tax, i.e. estates exceeding \$600,000. This tax allows the state to "pick up" a portion of the revenue paid for federal estate tax without increasing the total tax owed by the estate.

**PRIVATE PENSION:** Income that is paid to a retiree from his/her previous employer(s) if the retiree has met certain conditions, such as length of service or other employer imposed criteria. Private

State	4.225	6.225	D	X			X	
MISSOURI	4.225	6.225	D	X			X	
MONTANA	0	0		X	X			X*
NEBRASKA	4	5.5	DF		X			X*
NEVADA	6.75	8.25	DF	X			X	
NEW HAMPSHIRE	0	0			X	X		X*
NEW JERSEY	6	8	DF		X			X*
NEW MEXICO	4.75	5.375		X	X		X	
NEW YORK	4	8.25	DF	X	X		X	
NORTH CAROLINA	3	5	D		X			X*
NORTH DAKOTA	6.5	6.5	DF	X	X	X	X	
OHIO	5	6.5	DF	X	X			X
OKLAHOMA	4.5	8.5	D	X	X			X*
OREGON	0	0		X		X	X	
PENNSYLVANIA	6	8	DF	X				X
RHODE ISLAND	6	6	DF	X				X
SOUTH CAROLINA	5	5	D		X			X
SOUTH DAKOTA	4	6	D	X				X*
TENNESSEE	5.5	7.75	D	X				X
TEXAS	6	8	DF		X	X	X	
UTAH	6.004	6.253	D	X	X		X	
VERMONT	4	4	DF	X			X	
VIRGINIA	3.5	4.5	D	X			X	
WASHINGTON	6.5	7.9	DF		X	X	X	
WASHINGTON, D.C.	0	6	DF	X	X		X	
WEST VIRGINIA	6	6	DF	X	X		X	
WISCONSIN	5	5.5	DF	X	X	X		
WYOMING	3	5	D		X		X	

- D = Prescription Drugs
- F = Food
- \* = Transfers to Spouse are Exempt

Note: The combined state-local sales tax rate indicates the maximum rate currently imposed in some jurisdictions; the combined state-local rate may be lower depending on the locally levied rate.



H B

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# Alaska State Legislature

House of Representatives  
Community & Regional Affairs

## TABLE OF CONTENTS

### HOUSE BILL 253

\*\*\*\*\*

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- ITEM 2: CORRESPONDENCE - CITY OF FAIRBANKS & DOT&PF
- ITEM 3: EXECUTIVE SUMMARY - DOT
- ITEM 4: HB 253

# Alaska State Legislature

REPRESENTATIVE  
MARK BOYER

VICE-CHAIRMAN, HOUSE  
HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

MEMBER, HOUSE LABOR AND  
COMMERCE COMMITTEE

CHAIR, CHILDREN'S CAUCUS

FAIRBANKS

1098 LAKEVIEW TERRACE  
FAIRBANKS, ALASKA 99701  
(907) 456-6473

JUNEAU

P.O. BOX V  
STATE CAPITOL  
JUNEAU, ALASKA 99811  
(907) 485-3486

## House of Representatives

April 4, 1989

### MEMORANDUM

TO: Representative Eileen MacLean, chair  
House Committee on Community and Regional Affairs

FROM: Representative Mark Boyer *MB*

RE: HB 253

I have introduced legislation that would appropriate \$2 million from the general fund for the replacement of techite sewer pipe to the city of Fairbanks. Federal matching monies have been sought for this badly needed project, however, awards are unlikely due to termination of the 50% matching grants program next year.

As can be seen from the attached back-up information, the DOT is pursuing a major widening project for Peger Road, a major north/south traffic lane in our city. However, until a funding source can be found to remedy the sewer pipe problem, delays in the badly needed widening project will occur. The pipe is in a state of disrepair and is damaged in over a dozen places. This pipe system, located under Peger Road, handles a large volume of Fairbanks' sewage. Pipe failure is expected in the future and the cost of repair then will be more than double the cost of replacement in its existing condition. The replacement of this pipe is the highest capital project request of our city. I would appreciate your scheduling this bill as soon as is practical. Thank you for your consideration.

CITY OF FAIRBANKS

PROGRAMS FOR PROGRESS - 1989

GROUP I - UP TO \$150,000

\$	PROJECT	PRIORITY
\$116,000	FIRE & POLICE TACTICAL FREQUENCY REPEATER	1
\$80,000	WATER MAIN FREEZE PROTECTION - WASTE HEAT PRELIM	2
\$80,000	AMBULANCE REPLACEMENT	3
\$225,500	POLICE EMERGENCY VEHICLE PURCHASE	4
\$150,000	FROTATING SCREENS - CHENA #5 INTAKE	5
\$34,500	EMERGENCY SCENE COMMUNICATIONS	6
\$230,000	PUBLIC WORKS EQUIPMENT	7
\$42,000	INTERACTIVE VIDEO FIREARMS TRAINING SYSTEM	8
\$145,000	SEWAGE INFILTRATION REDUCTION PROGRAM, PH II	9
\$250,000	CITY WIDE SIDEWALK & CURB IMPROVEMENTS	10
\$175,000	WATER PUMP STATION UPGRADE, STATIONS #1, #2, #3	11
\$50,000	WATER PUMP STATION #5 UPGRADE	12
\$42,000	UNINTERRUPTED POWER SOURCE - POLICE/FIRE COMPUTER	13
\$62,500	SOUTH FBKS WATER EXTENSION PRELIM DESIGN	14
\$25,000	STEAM DISTRIBUTION SYSTEM CORROSION STUDY	15
\$75,000	THIRD AVE. STEAM FEEDER UPGRADE PRELIM DESIGN	16
\$32,500	CLAY/WENDELL ST. WATER PRELIM DESIGN	17
\$100,000	FBKS INDUSTRIAL PARK WATER & SEWER FINAL DESIGN	18

GROUP II - OVER \$250,000

\$	PROJECT	PRIORITY
\$2,000,000	TECHITE SEWER PIPE REPLACEMENT - PEGER ROAD	1
\$250,000	EAST SIDE WOOD STAVE WATER MAIN REPLACEMENT	2
\$300,000	BOROUGH WIDE E911 DISPATCH CENTER	3
\$1,511,300	CITY WIDE STREET IMPROVEMENTS (1989)	4
\$375,000	AERIAL FIRE TRUCK REPLACEMENT	5
\$8,400,000	POLICE DEPT. HEADQUARTERS CONSTRUCTION	6
\$300,000	CITY WIDE STREET LIGHTING IMPROVEMENTS	7
\$800,000	DAVIS ROAD SEWER & WATER EXTENSION	8
\$400,000	EM JONES SUBD WATER & SEWER FINAL DESIGN	9
\$440,000	SEWER MAIN INSULATION & REHAB	10
\$390,000	CHENA ELECTRIC SUBSTATION IMPROVEMENTS	11
\$750,000	SEWAGE SYSTEM INFILTRATION & INFLOW REDUCTION	12
\$420,000	SEPTAGE RECEIVING STATION	13
\$1,500,000	FT. WAINWRIGHT SEWER INTERCEPTOR REHAB	14
\$520,000	HANSON ROAD IMPROVEMENTS	15
\$490,000	CONVERSION OF 4 KV ELECTRIC DISTRIBUTION TO 12 KV	16
\$750,000	THIRTIETH AVE STREET/DRAINAGE/UTILITY UPGRADE	17
\$1,250,000	INTERNATIONAL/INDUSTRIAL STREETS SEWER EXTENSION	18
\$9,000,000	EM JONES SUBD WATER & SEWER CONSTRUCTION	19
\$800,000	LOWER SECOND AVE. SEWER INTERCEPTOR REHAB	20
\$1,650,000	NE FBKS STORM DRAINAGE IMPROVEMENTS	21
\$650,000	VAN HORN INDUSTRIAL AREA WATER & SEWER DIST.	22
\$900,000	VAN HORN ROAD & SO. CUSHMAN STREET SEWER CROSSING	23
\$500,000	SALCO & VANHORN INDUSTRIAL PARKS ROAD IMPROVEMENTS	24

# STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

NORTHERN REGION, DESIGN AND CONSTRUCTION

STEVE COWPER, GOVERNOR

#2

2301 PEGER ROAD  
FAIRBANKS, ALASKA 99709-5316  
PHONE: (907) 451-2200

October 28, 1988

RE: Project No. 63219/RF-M-0625(4)  
Peger Road Widening

Federal Highway Administration  
P. O. Box 21648  
Juneau, AK 99802-1648

ATTN: Phill Smith

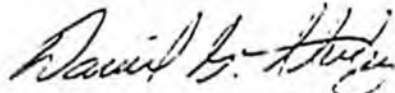
Gentlemen:

Enclosed is a package of correspondence between the City of Fairbanks and the DOT&PF regarding the City's techite sewer interceptor along Peger Road. The gist of the package is that the sewer is in extremely poor condition and needs replacement as soon as possible. Our Peger Road project offers an excellent opportunity to perform this work in an efficient manner normally handled thru execution of a Reciprocal Service Agreement with the City. However, since the City does not presently have funds for this work they have asked me to investigate the possibility of FHWA participation.

The information provided by the City indicates a strong possibility of sewer failure during the construction phase of our project. If the City cannot secure funding for their sewer such that it can be upgraded either prior to or in conjunction with our project, then we are reluctant to go to construction assuming responsibility for a facility in such poor condition. What this means is an indefinite delay in our Peger Road Widening project until such time as the City can fund their sewer reconstruction.

Please advise as to the possibility of FHWA participation in the upgrade of the City's sewer in conjunction with our project.

Sincerely,



Daniel G. Sterley, P.E.  
Project Manager  
Northern Region

cc

Enclosure



# CITY OF FAIRBANKS

410 CUSHMAN ST.

FAIRBANKS, ALASKA 99701



October 10, 1988

State of Alaska  
Department of Transportation & Public Facilities  
2301 Peger Road  
Fairbanks, Alaska 99709

Attention: Elizabeth Engle, Director, Design and Construction

Reference: Peger Road Widening Project

Dear Mrs. Engle:

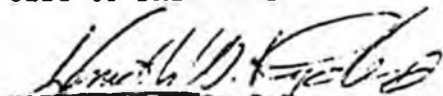
The City of Fairbanks strongly recommends that the Techite sections of the Peger Road interceptor be replaced prior to or concurrently with the Peger Road Widening Project. Attached are the following for your information and use:

- 1) Peger Road Techite Replacement Executive Summary dated 10-10-88.
- 2) FHPM 6-6-3-1-h(3) Utility Relocations, Adjustments, Reimbursement, Credits.
- 3) Construction Guidelines from the City of Fairbanks Wastewater Collection System Section 626 - 2.01 B. Material Standards, Pipe, Revised 1-31-86.
- 4) City letter to DOT/PF January 7, 1987.
- 5) DOT/PF letter to City February 4, 1987.
- 6) City letter to DOT/PF February 20, 1987.
- 7) City letter to DOT/PF September 21, 1988.

Presently, the City does not have funding for either the design or construction of this project, but is pursuing all possible sources. Your help in investigating the Techite replacement's eligibility for federal funding and your assistance in securing this funding is greatly appreciated.

Sincerely,

CITY OF FAIRBANKS

  
K. W. RYDBERG, P.E.  
City Engineer

KWR/JSH/ljg  
Attachment

- xc: Dan Sterley, Project Manager, AK DOT/PF  
Homer Doty, Utilities Engineer, AK DOT/PF  
B. C. Phillips, City Manager  
V. M. Gillespie, Deputy City Manager  
J. Miko, Water/Wastewater Superintendent  
G. S. Colp, Engineer III

The Golden Heart City



October 11, 1988

RE: Project No. 63219  
Peger Road Widening

City of Fairbanks  
410 Cushman Street  
Fairbanks, AK 99701

ATTN: K. W. Rydberg, P.E.  
City Engineer

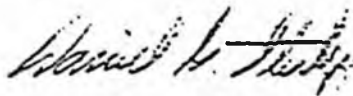
Dear Mr. Rydberg:

I read with interest your letter dated September 21, 1988 regarding our Peger Road Widening Project and your point as to the fragile condition of the City's primary sewer interceptor is well taken. Based on the evidence submitted, I concur with your "strong recommendation that the Techite sections of the Peger Road interceptor be replaced prior to or concurrently with the Peger Road Widening Project".

If the City proposes to accomplish this work prior to the widening of Peger Road, please be advised that our schedule shows advertising in August of 1989. This leaves only the summer of 1989 for the work to be done. If the work is to be done as a part of our project then plans, specifications and estimates must be submitted as soon as possible for incorporation into our contract. Also, a Reimbursable Service Agreement must be executed such that the State of Alaska may receive funds from the City of Fairbanks for the construction of these betterments.

Please call me at 451-2292 if you have any questions.

Sincerely,



Daniel G. Sterley, P.E.  
Project Manager  
Northern Region

dc

(WAS NOT INCLUDED IN PACKAGE  
TO FHWA) DJ



U.S. Department  
of Transportation  
  
Federal Highway  
Administration

INTERIOR REGION  
DIRECTOR D & C  
Alaska Division

P. 3: E C  
P.O. Box 21648  
Juneau, Alaska 99802-1648

Nov 14 10 09 AM '88

November 9, 1988

Elizabeth Engle, Director  
Design and Construction  
Alaska DOT&PF  
Northern Region

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		Return

Dear Ms. Engle:

Re: Project RS-M-0625(4),  
Peger Road Widening

We have received Dan Sterley's letter of October 28, 1988 concerning the City's Techite sewer interceptor along Peger Road. Federal funds are not eligible to participate in costs for utility adjustments that are not required by the highway project. Since adjustment of the City's Techite interceptor is not required for construction of the Peger Road widening project, Federal funds cannot participate in these costs.

We do not recommend proceeding to construction knowing that the City's Techite interceptor is in imminent danger of catastrophic failure, especially since activities on the highway project could conceivably precipitate the failure. If the City is successful in securing funding, we would suggest that they proceed with upgrading their sewer prior to or concurrently with construction of the Peger Road Widening project.

If you have any further questions concerning this matter, please contact me.

Sincerely yours,

Barry F. Morehead  
Division Administrator

By: Phillip A. Smith  
Area Engineer

Handwritten routing slip with fields for 'TO:', 'DATE:', and 'BY:'. Includes a signature and a date stamp.

# STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES  
 NORTHERN REGION, REGIONAL DIRECTOR

STEVE COWPER, GOVERNOR

NOV 16 01:14  
 2301 PEGER ROAD  
 FAIRBANKS, ALASKA 99709-5316  
 PHONE (907) 451-2210

November 14, 1988

Re: Peger Road Widening

Mr. Brian Phillips  
 City Manager  
 City of Fairbanks  
 410 Cushman  
 Fairbanks, AK 99701

Dear Brian:

As per our telephone conversation of last Thursday, the Department of Transportation and Public Facilities (DOT&PF) will not advertise the Peger Road Widening project until such time that the Techite sanitary sewer pipe has been replaced. As you are aware the Peger Road interceptor parallels the road within the Peger Road right-of-way. Due to the fragile condition of the pipe, we are unwilling to progress with our project for fear of damaging the interceptor.

Our project will continue to be delayed until such time that your pipe has been replaced. Should you have any questions, please do not hesitate to contact me at 451-2210.

Sincerely,

*Lynn J. Harnisch*  
 Lynn J. Harnisch, P.E.

cc: Betsy Engle, Director of Design and Construction  
 W. Keith Gerken, Deputy Commissioner for Operations  
 John Horn, Director of Maintenance and Operations  
 John Martin, Chief of Planning and Research

*File*

HIGHWAY	
SPEAR	
CIPRA	
PLATZ	
SWARTHOUT	
ELIFF	
T. JOHNSON	
P. MILLER	
BLOOM	
STERBY	
TANNER	
D. JOHNSON	

NOV 28 AM '88

*File*

CONSTRUCTION	
DESIGN	
PLANNING	
OPERATIONS	
MAINTENANCE	
RIGHT OF WAY	
PROJECT CONTROL	
LAND USE	
ADMIN	

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NORTHERN REGION	
R C O U P Y E	Director
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INTEIOR REGION  
 DIRECTOR D&C  
 D.O.T.P.F.

# MEMORANDUM

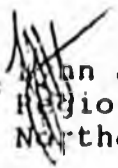
State of Alaska  
Department of Transportation & Public Facilities

TO: Betsy Engle, P.E.  
Director of Design & Construction  
Northern Region

DATE: January 13, 1989

FILE NO:

TELEPHONE NO:

FROM:  John J. Harnisch, P.E.  
Regional Director  
Northern Region

SUBJECT: City of Fairbanks Sewer  
Work, Airport Road

I had a meeting with Brian Phillips, City Manager; Ken Ryberg, City Engineer and Virgil Gillespie, MUS Manager on December 14, 1988. The topics of discussion were as follows:

1. Peger Road Widening: The indication from Mr. Phillips was that the City would be willing to give the Department a "Hold Harmless Agreement" if the City is not successful obtaining funding for the replacement of the Techite pipe. If the City is successful obtaining the funding they will probably want to replace the pipe under the Peger Road Widening contract.
2. Airport Road Resurfacing: The City would like to install a utility sleeve across Airport Road in the vicinity of Conrad Street in conjunction with the resurfacing project. I told the City that the work would have to be done overnight, one side at a time to reduce the amount of time that Airport Road would be closed to the public.
3. Airport Road and Market Street Intersection: The City would like to add two catch basins near this intersection and hook into the storm drain system. I told them that the severity of the ponding problem would have to be observed in the Spring by Department personnel prior to allowance of a hook up. The current policy is no additional hook ups to the Airport Road storm drain system.

The City representatives were asked to work with you and Steve Sisk on all three of these items.

LJH/ljh

cc: John Horn, Director of Maintenance and Operations, Interior  
District



P 5: 06

# CITY OF FAIRBANKS

Office of City Manager  
410 CUSHMAN STREET  
FAIRBANKS, ALASKA 99701  
907-452-1881

89 FEB 23

Regional Director	
DAC Director	bl
Planning & Research Chief	
Adm. Serv. Officer	
M&C Director	
Legal Officer	
Specialist Dir. Valdez	
Western C. Name	
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DATE

INITIALS

REMARKS

February 15, 1989

Mr. John Horn, Acting Regional Director  
State of Alaska's Department of Transportation  
and Public Facilities  
2301 Peger Road  
Fairbanks, Alaska 99709-5316

Subject: State and City Thoroughfares

Dear Mr. Horn:

In response to your letter of January 18, which requests clarification and comment on Mr. Harnisch's January 13 memo of our meeting with him on December 14, 1988, I offer the following comments.

1. Peger Road Widening: A "Hold Harmless Agreement" for damages to the Techite pipe below Peger Road would be impractical since we agree that the Techite pipe is extremely suspect and should be replaced before or concurrently with the Peger Road Widening project. Doing the utilities work (some of which is federally reimbursable and some of which is not) concurrently with the road widening project will obviously save money but it may be difficult to prevent conflicts between two different contractors working in the same area under separate contracts. Hopefully, some of our discussions concerning non-federally reimbursable utility work on the Barnette Street Widening project may be applicable to the Peger Road project also.

\* (2) Airport Road Resurfacing: The City of Fairbanks would like to replace approximately 200 feet of 36 inch Techite pipe crossing Airport Road at Conrad Street. Our cost estimates indicate that replacing this pipe by jacking or tunneling would cost more than available funding. We are hopeful that we can work with you to develop a approved traffic and temporary detour plan and install the new Techite pipe immediately before your resurfacing project using conventional open trenching methods. If we cannot agree on a construction schedule, method, traffic plan, the City will be in jeopardy of subsequent pipe failure on a sewer line that carries in excess of fifty (50) of the City's wastewater flows. This pipe replacement is a critical concern to the City.

3. Market Street at Airport Road Intersection: We have a state grant for improvements to our sewer lift station #4 on Market Street. There is sufficient funding in this grant to improve the surface drainage at the Airport Frontage Road and Market Street Intersection which floods badly

\* (2)

CLARIFY

RESPONSE BEING DRAFTED BOB TILLY WAITING WILLIAM

MORE DETAIL

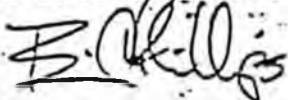
during Spring breakup and also during heavy summer rains. Mr. Harnish wanted to observe the intersection this Spring and I was planning to show him pictures we have of last Fall's flooding. Hopefully, we will be able to work with you to use some of our available funding to eliminate this problem, rather than leaving the drainage in its present hazardous condition. The City requests your concurrence in including storm sewer corrections in the overall lift station rehabilitation project.

*BACK HAND*

Lynn's leaving DOT/PF was a disappointment for all of us here at the City. We worked well together and I sensed that cooperation and understanding between DOT/PF and the City has been continually improving. I hope the transition has been smooth for you and wish you success in your new position. We should plan on meeting soon to discuss these and other issues important to both the City and the State.

Sincerely,

CITY OF FAIRBANKS



BRIAN C. PHILLIPS,  
 City Manager

BCP/KWR/pm  
 DOT1/BCP

- cc: V. M. Gillespie, Deputy City Manager - Utilities  
 K. W. Rycberg, City Engineer  
 J. Miko Jr., Water Resources Superintendent

*Send  
 3/2 - prepare  
 response -  
 He.*

C O P Y	D & C DIRECTOR NORTHERN REGION
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Return	

INTERNAL  
 DIRECTOR  
 FEB 71 8 39 AM '89



# MEMORANDUM

State of Alaska  
Department of Transportation and Public Facilities

To: Rod Platzke  
Design Group Chief  
Northern Region

Date: March 23, 1989

Telephone No:

From: Dan Sterley   
Project Manager  
Northern Region

Subject: Project 63219  
Peger Road Widening

The City of Fairbanks has a major sewer line running parallel to Peger Road from Airport Road to Van Horn Road. Several sections of this line, totaling nearly 2,000 linear feet, are constructed of Techite Pipe and are, according to the City, on the brink of catastrophic failure. Consequently, we have informed the City (with FHWA's concurrence) that rather than risk our construction activity precipitating failure of their sewer we would not advertise the Peger Road Widening project until such time as the City has the funds to replace those sections of questionable pipe. We have also informed the City that we are unwilling to include their sewer work in our contract due to the size and scope of sewer work involved estimated at \$2,000,000. The upshot is that our \$4,500,000 construction and \$1,000,000 utility relocation project is on hold until the City upgrades their sewer line.

The City has also been informed that we will write our specifications to insure cooperation between two contractors and will attempt to minimize any conflicts in the work zones assuming that both the City and the Department are attempting to accomplish their work simultaneously.

dc

63219D01.DOC

Peger Road Techite Replacement

Executive Summary

1. In our letters to DOT/PF dated January 7 and February 20, 1987, and September 21, 1988, we addressed the issue of Techite portions of the sewer interceptor along Peger Road and advised that the Techite should be replaced prior to or as part of the Peger Road Widening Project.

2. The DOT/PF has replaced Techite on other State projects per FHPM 6-6-3-1-h(3) where the Techite was within their construction limits. In their February 4, 1987, letter to the City, the DOT/PF requested an estimated service life of the Peger Road interceptor and a budget estimate for replacement.

3. If not replaced, it is likely the Techite will suffer catastrophic failure during the construction or design life of the Peger Road Widening Project. The following points support this conclusion:

- a) Large diameter (30 inch) Techite has failed elsewhere in the City.
- b) A TV inspection of the Techite along Peger Road indicates that the conduit suffers breaks, leaks, cracking, and excessive deflections in a number of locations. Eighteen likely collapse sites have been identified.

4. The Peger Road Widening Project may accelerate failure of the interceptor by increasing loading on the buried pipe. Construction loads will include heavy equipment and vibration devices. The embankment will be widened and will also shift traffic loads closer to the buried conduit. Traffic loading will increase as a result of upgrading Peger Road.

5. The Peger Road interceptor carries 75% of the City's wastewater load. Its failure will constitute a city-wide emergency and will require immediate rehabilitation action.

Collapse of the Techite will undercut the new Peger Road sidewalk, curb and road surface, compromise the structural integrity and design life of the road and disrupt traffic flow during repairs. It could cause ground water flooding of the biological Wastewater Treatment Plant and damage to downstream pumps. It could result in backup of the interceptor and mains, upstream flooding, and the filing of property damage claims. It could also result in the contamination of the ground water in an area where there are private wells and the contamination of the City water supply in the event damage occurs to water lines which cross the interceptor and then connect to the water transmission line on the east side of Peger Road.

6. The Peger Road Widening Project will encroach upon the interceptor in such a manner that later excavation for repair or replacement will result in extra costs.

7. It is most cost effective to replace the existing Techite before or concurrently with the Peger Road Widening Project. Each of three alternative approaches is significantly more costly. These alternatives are, a) to repair the interceptor as it fails, b) slipline the existing Techite conduit, and c) replace existing Techite after the Peger Road Widening Project.

<i>Project</i>
<i>Capital Request</i>
<i>Estimated Annual M &amp; O Cost</i>
<i>Project Description &amp; Public Benefit</i>

Techite Sewer Pipe Replacement - Phase II (Peger Road)

\$2,000,000

\$500,000/Year Savings

This project would replace the existing 36", 42" and 48" diameter Techite sanitary sewer interceptor that parallels Peger Road within the limits of the planned Peger Road Widening Project being performed by the State Department of Transportation and Public Facilities. Investigation of the condition of this fiberglass reinforced plastic mortar pipe has indicated that major failure of the pipe is likely to occur in the near future. If the pipe is not replaced prior to construction of the DOT Peger Road Widening Project, it is highly likely that construction activity on the project will accelerate the on-set of failure. Additionally a failure after the widening project has been constructed will cause significant damage and disruption to what will be a brand new roadway.

Collapse of the interceptor would constitute a city-wide emergency and will require immediate rehabilitation. Potential health hazards, public inconvenience and property damage would result. It is estimated that construction costs to repair breaks as they occur would be three to four times as great as the cost to replace the sewer pipe now, prior to failure.

A total replacement of the pipe is the only alternative available which will provide the necessary integrity of the system and preservation of the capacity of this line which transports the majority of sewage from the City of Fairbanks to the Wastewater Treatment Plant. It is imperative that project funds be made available to construct this project in concert with the DOT Peger Road Widening Project. Neither the Federal Highway Administration nor the State DOT will fund the interceptor replacement.

The DOT is currently delaying design and construction of the Peger Road Widening Project until the City has identified funds for Techite sewer pipe replacement. Delay of this priority highway project postpones the vital cross link between the new Geist Road Extension (Johansen Expressway) and the Parks Highway. Construction of lower priority projects outside the City are taking

**City of Fairbanks**

**Program for Progress**

<i>Contact Person</i>
<i>Title</i>
<i>Phone</i>

K. W. Rydberg

City Engineer

(907) 459-6740

# STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES  
NORTHERN REGION, REGIONAL DIRECTOR

STEVE COWPER, GOVERNOR

2301 PEGER ROAD  
FAIRBANKS, ALASKA 99709-5318  
PHONE: (907) 451-2210

November 11, 1988

NOV 1988

CITY MANAGER

Re: Peger Road Widening

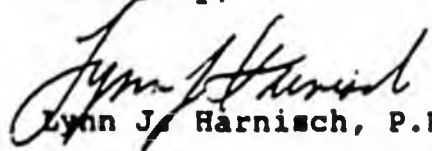
Mr. Brian Phillips  
City Manager  
City of Fairbanks  
410 Cushman  
Fairbanks, AK 99701

Dear Brian:

As per our telephone conversation of last Thursday, the Department of Transportation and Public Facilities (DOT&PF) will not advertise the Peger Road Widening project until such time that the Techite sanitary sewer pipe has been replaced. As you are aware the Peger Road interceptor parallels the road within the Peger Road right-of-way. Due to the fragile condition of the pipe, we are unwilling to progress with our project for fear of damaging the interceptor.

Our project will continue to be delayed until such time that your pipe has been replaced. Should you have any questions, please do not hesitate to contact me at 451-2210.

Sincerely,

  
Lynn J. Harnisch, P.E.

cc: Betsy Engle, Director of Design and Construction  
W. Keith Gerken, Deputy Commissioner for Operations  
John Horn, Director of Maintenance and Operations  
John Martin, Chief of Planning and Research





# CITY OF FAIRBANKS

Office of City Manager  
410 CUSHMAN STREET  
FAIRBANKS, ALASKA 99701  
907-452-1881

November 28, 1988

State of Alaska  
Department of Environmental Conservation  
P.O. Box 0  
Juneau, Alaska 99811-1800

Attn: Gary L. Hayden, Director  
Facility Construction & Operation

Subject: FY90 Capital Budget Request For Information

Dear Mr. Hayden:

A revised list has been compiled of wastewater and drinking water projects for funding consideration during the State's FY90 Capital Budget process. Two projects have been added to the top of this list. The Techite Sewer Pipe Replacement - Phase II (Peger Road) Project is rated by the City as its top priority project. The Davis Road Sewer and Water Extension Project is the City's second priority project. Completed questionnaires addressing these projects are attached. In accordance with the revised summary list, funding is hereby requested for both your Department's 50 percent matching grant and the State funded account of the Alaska Clean Water Fund (revolving loan fund) programs.

Catastrophic failure of the Techite interceptor along Peger Road is likely in the near future. The Peger Road interceptor carries 75 to 100 percent of the City's sewage load to the Wastewater Treatment Plant. Collapse of the interceptor will constitute a city-wide emergency and will require immediate rehabilitation. Potential health hazards, public inconvenience and property damage will result. It is estimated construction costs to repair breaks as they occur would be three to four times as great as the cost to replace the sewer pipe now, prior to failure.

Additionally, the State Department of Transportation and Public Facilities (DOT/PF) will not proceed further with its planned Peger Road Widening Project until the existing Techite is replaced. The Peger Road interceptor is within the limits of the project and the DOT/PF fears construction activity will damage the interceptor. Unfortunately neither the DOT/PF nor the Federal Highway Administration will fund the interceptor replacement. Delay of the priority Peger Road Widening Project postpones the vital cross link between the new Geist Road Extension (Johansen Expressway) and the Parks Highway. Construction of lower priority projects outside the City will take precedence.

The Davis Road Sewer and Water Extension Project became a priority when the DOT/PF elected to proceed with its Davis Road Upgrade Project ahead of the Peger Road project. Protection and/or reconstruction of the upgraded Davis Road will be avoided and significant cost savings will be realized if the Davis Road portions of the E.M. Jones Sewer and Water Extension Project are completed prior to or concurrently with the DOT/PF Davis Road highway project.

The Techite Replacement project was not included as part of our September 14, 1988 submittal because we assumed that the State DOT/PF and the Federal Highway Administration would fund this work as part of the Peger Road highway project. It also was mistakenly assumed that proposed State grant funds could be applied only toward new construction.

Your favorable evaluation of these projects is appreciated.

Sincerely,

CITY OF FAIRBANKS



BRIAN C. PHILLIPS  
City Manager

ATTACHMENTS

xc: Interior Delegation  
V. M. Gillespie, Deputy City Manager - Utilities  
J. Miko, Wastewater Superintendent  
M. M. Lanum, Utility Superintendent  
K. W. Rydberg, City Engineer

CITY OF FAIRBANKS

FY 90 CAPITAL BUDGET QUESTIONAIRES FOR THE  
ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION

<u>Project Title By Project</u>	<u>Project Cost</u>	<u>Request</u>	
		<u>50% Grant</u>	<u>Loan Fund*</u>
1. Techite Sewer Pipe Replacement - Phase II (Peger Road)	\$2,000,000	X	X
2. Davis Road Sewer & Water Extension	\$ 800,000	X	X
3. East Side Wood Stave Water - Phase III	\$1,000,000	X	X
4. Old Steese Sewer Extension	600,000	X	
5. Water System Heat Tempering/ Waste Heat Recovery	800,000	X	X
6. Septage Receiving Station	420,000	X	X
7. E.M. Jones Sewer & Water Ext.	9,000,000	X	X
8. Van Horn & S. Cushman Sewer Crossings	900,000	X	X
9. Fairbanks Industrial Park Sewer & Water Extension	1,700,000	X	X
10. Infiltration/Inflow Reduction	750,000	X	X
11. Ft. Wainwright Interceptor Rehabilitation - Phase II	1,500,000	X	X
12. International/Industrial Street Sewer Extension	1,250,000	X	X

\* State funded account.

GSC/bc  
9-8-88  
REV. 9-12-88  
REV. 11-22-88

Number \_\_\_\_\_  
(for ADEC use only)

ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION

FY90 CAPITAL BUDGET QUESTIONNAIRE

Please complete a copy of this questionnaire for each capital project you anticipate requesting water, sewerage, or solid waste grant assistance from the Alaska Department of Environmental Conservation (ADEC). Please indicate from which program you would like to receive funding; either the 50 Percent Matching Grants program or the Alaska Clean Water Fund (the State funded account). This will give us an indication of the potential use of the new Revolving Loan Fund. The loan fund can be used for either wastewater or drinking water projects. You should be aware that any municipal grant project constructed with grant funding available from this program will require you to provide half of the funding from local sources (you can include direct legislative funding or a loan as your half of the funding). Federal funding cannot usually be used as your match money. The information you provide will be used to justify a funding request to the legislature for your project. You should provide all the important information about a project that you can. If you need more space, please use a separate piece of paper.

GENERAL INFORMATION

1. Date: November 22, 1988
2. Your Name: Brian C. Phillips
3. Position or Title: City Manager
4. Phone Number: 459-6772
5. Municipality Represented: City of Fairbanks
6. Address: 410 Cushman Street
7. City: Fairbanks
8. Zip: 99701

GENERAL PROJECT DESCRIPTION

9. Project Title: Techite Sewer Pipe Replacement - Phase II (Peger Road)
10. Project Type: (please check in front of the correct category)  
       water only   x   sewer only        water and sewer        solid waste
11. What priority does this project have among all of your requests for water, sewer, or solid waste grants and/or loans from ADEC?   #1
12. What priority does this project have among the City's capital budget request from the State for FY90?   #1

Number  
(for AISC use only)

13. Description of Project:

This project would replace 2400 lineal feet of existing 36", 42", and 48" diameter Techite sewer interceptor.

This interceptor parallels Peger Road within the limits of the planned Peger Road Widening Project to be performed by the State Department of Transportation and Public Facilities (DOT/PP). A portion of the interceptor

is within the limits of the planned DOT/PP Davis Road. (over)

14. Why project is needed: Please include a description of what the project will accomplish, how the project will benefit the public, and what needs will be addressed. If a health hazard exists which the project will correct, state that a hazard exists, describe it, and include a letter or memo from a health authority that confirms that a hazard does exist. What would be the consequences of not doing this project?

Investigation of the condition of the Techite pipe has indicated that major failure of the pipe is likely to occur in the near future:

1) Large diameter (30 inch) Techite has failed catastrophically a dozen times elsewhere in the City.

b) A closed circuit television inspection of the Techite along Peger Road indicates that the conduit suffers (over)

**Specific Project Information**

15. Please estimate the existing population which will benefit from this project? 56,000 people.

16. Please describe the planning which has taken place, to date, for this project by checking one of the following statements:

- a. Engineering plans and specifications have been prepared.  
  x   b. A feasibility study which addresses the need for this project has been prepared.  
       c. A comprehensive study which addresses the need for this project has been prepared.  
       d. None of the above have been prepared.

13. Continued:

**Upgrade Project.**

The interceptor to be replaced is a fiberglass plastic mortar pipe (RPMP); Techite is the manufacturer's brand name for the RPMP installed along Peger Road.

14. Continued:

breaks, leaks, cracking, and excessive deflections in a number of locations. Eighteen likely collapse sites have been identified.

Total replacement of the pipe is the only alternative available which will provide the necessary integrity of the system and preservation of the capacity of this line.

The 36" and 42" sections of Techite interceptor carry 75 percent of the City's wastewater load; the 48" section carries 100 percent of the load. Interceptor failure will constitute a city-wide emergency and will require immediate rehabilitation action.

Potential health hazards exist. Failure of the interceptor could cause ground water flooding of the biological Wastewater Treatment Plant and damage to downstream pumps. It could result in backup of the interceptor and mains, upstream flooding, and property damage. It could also result in the contamination of the City water supply in the event damage occurs to water lines which cross the interceptor and then connect to the water transmission line on the east side of Peger Road. This water transmission line circulates water for city-wide distribution.

The DOT/FF will not proceed further with the Peger Road Widening Project until the existing Techite is replaced (see DOT/FF letter to the City dated November 14, 1988). Neither the DOT/FF nor the Federal Highway Administration will fund the interceptor replacement. Delay of the priority Peger Road Widening Project postpones the vital cross link between the new Geist Road Extension (Johansen Expressway) and the Parks Highway. Construction of lower priority projects outside the City will take precedence.

The DOT/FF is proceeding with the Davis Road Upgrade Project. It is imperative that interceptor replacement project funds be made available to construct this project in concert with the Davis Road Upgrade Project. If the pipe is not replaced prior to construction of the DOT/FF Davis Road Project, it is highly likely that Davis Road construction activity could accelerate the on-set of interceptor failure in that area.

It is estimated that to repair breaks as they occur will result in costs three to four times as great as the cost to replace the sewer pipe now, prior to failure.

Number \_\_\_\_\_  
(for ADHC use only)

Comments: Preliminary engineering, survey, and preparation  
of plans is under way.

17. If funds were available through this program, when do you estimate construction would begin on this project?
18. Please check which program(s) you would like to receive funding from:
- 50 Percent Matching Grants
- Alaska Clean Water Fund (a revolving loan fund)
19. For 50 percent matching grants projects, please check the item that applies regarding matching funding, then provide the source and the amounts of money:

a. 50 percent matching funds from the local government are not available at this point and are not expected to be.

b. 50 percent matching funds are not currently available to do this project but are expected to be:

From where do you expect to receive matching funds? State Legislatur  
Amount \$1,000,000  
Date Expected May 89

c. The City currently has on hand 50 percent matching funds to do this project

Source \_\_\_\_\_  
Amount \_\_\_\_\_

d. The City would like to borrow from the Alaska Clean Water Fund the 50 percent matching funds for the project.

20. Please list the source and amount of any federal funding you expect to use in this project:

a. No federal funds will be used

b. Federal funds are expected to be used

Source \_\_\_\_\_  
Amount \_\_\_\_\_  
Date Received \_\_\_\_\_

21. How much will your grant request to ADHC be for this project? (No more than 50 percent of the total nonfederal part of the project costs.)

\$ 1,000,000

Number \_\_\_\_\_  
(for ADHC use only)

22. How much will your loan request to ADHC be for this project? (May be up to 100 percent of the total project costs.)

\$ 2,000,000 Max.

23. How much do you estimate the total project costs to be?

\$ 2,000,000

24. Your project may be composed of more than one segment or phase. If so, please check one of the following statements and explain:

a. At least one phase of the project has already been started and this phase is needed to make the project functional. Explain the relationship of this phase to the whole project.

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b. This segment is needed to ultimately accomplish the overall project. Explain the relationship of this segment to the whole project.

The entire length of Techite (2.5 miles) on South Cushman Street and Van Horn Road was "sliplined" with ductile iron pipe in 1986 or replaced along with the Parks Highway Project in 1987. Phase I

(over

25. Other projects such as paving or other utility relocations may affect the timing of your project. Please list any other projects that may affect this project and include the construction schedule for such projects.

(over

26. Please check the item that best describes the effect this project will have on annual operation and maintenance costs.

a. The project will not have operational or maintenance costs.

b. The annual operation and maintenance costs have not been estimated.

24.(b) Continued:

addresses 200 lineal feet of 36" diameter Techite which crosses Airport Way at Conrad Street; it is planned to replace this section concurrently with the State DOT/PF Airport Way Resurfacing Project, scheduled to be advertised May, 1989. Phase II would replace the Techite along Peger Road.

25. Continued:

Peger Road Widening Project, State DOT/PF, scheduled to advertise August, 1989 (delayed until Techite interceptor is replaced).

Davis Road Upgrade Project, State DOT/PF, scheduled to advertise August, 1989.

Number \_\_\_\_\_  
(for ADIC use only)

   y c. The annual costs have been estimated as \$ \_\_\_\_\_ and the  
source of funding will be: reduced by up to \$500,000/yr.

<u>  </u> y	1. User Fees	- amount	_____
_____	2. City revenues	- amount	_____
_____	3. Sales taxes	- amount	_____
_____	4. Other	- amount	_____

27. Total project costs are estimated as follows:

Administration	\$	<u>  </u> 150,000
Engineering and Inspection		<u>  </u> 150,000
Construction		<u>  </u> 1,400,000
Equipment		<u>  </u> _____
Other		<u>  </u> 300,000
Total	\$	<u>  </u> 2,000,000

Cost estimated by    City of Fairbanks     
Name    Gerald S. Colp     
Title or position    Engineer III     
Phone    459-6745

Number \_\_\_\_\_  
(for ADEC use only)

ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION

FY90 CAPITAL BUDGET QUESTIONNAIRE

Please complete a copy of this questionnaire for each capital project you anticipate requesting water, sewerage, or solid waste grant assistance from the Alaska Department of Environmental Conservation (ADEC). Please indicate from which program you would like to receive funding; either the 50 Percent Matching Grants program or the Alaska Clean Water Fund (the State funded account). This will give us an indication of the potential use of the new Revolving Loan Fund. The loan fund can be used for either wastewater or drinking water projects. You should be aware that any municipal grant project constructed with grant funding available from this program will require you to provide half of the funding from local sources (you can include direct legislative funding or a loan as your half of the funding). Federal funding cannot usually be used as your match money. The information you provide will be used to justify a funding request to the legislature for your project. You should provide all the important information about a project that you can. If you need more space, please use a separate piece of paper.

GENERAL INFORMATION

1. Date: November 22, 1988
2. Your Name: Brian C. Phillips
3. Position or Title: City Manager
4. Phone Number: 459-6772
5. Municipality Represented: City of Fairbanks
6. Address: 410 Cushman Street
7. City: Fairbanks
8. Zip: 99701

GENERAL PROJECT INFORMATION

9. Project Title: Davis Road Sewer & Water Extension
10. Project Type: (please check in front of the correct category)  
 water only     sewer only     water and sewer     solid waste
11. What priority does this project have among all of your requests for water, sewer, or solid waste grants and/or loans from ADEC? 12
12. What priority does this project have among the City's capital budget request from the State for FY90? 12

13. Description of Project:

Install approximately 1500 LF of sanitary sewer main and approximately 1500 LF of water distribution main, with associated road crossings, manholes, fire hydrants and appurtenances, along Davis Road between Peger Road and Kiana Street. The project constitutes the first phase of the E.M. Jones Sewer & Water Extension Project.

14. Why project is needed: Please include a description of what the project will accomplish, how the project will benefit the public, and what needs will be addressed. If a health hazard exists which the project will correct, state that a hazard exists, describe it, and include a letter or memo from a health authority that confirms that a hazard does exist. What would be the consequences of not doing this project?

The State Department of Transportation and Public Facilities DOT/PP is proceeding with the Davis Road Upgrade Project.

Significant cost savings will be realized if the Davis Road portions of the E.M. Jones Sewer & Water Extension Project are completed prior to or concurrently with the DOT/PP highway project. Excavation, backfill, and traffic control efforts will not be duplicated, and protection (over)

Specific Project Information

15. Please estimate the existing population which will benefit from this project? 1,000 people.
16. Please describe the planning which has taken place, to date, for this project by checking one of the following statements:
- |               |   |
|---------------|---|
| <u>      </u> | a. Engineering plans and specifications have been prepared.                           |
| <u>  y  </u>  | b. A feasibility study which addresses the need for this project has been prepared.   |
| <u>      </u> | c. A comprehensive study which addresses the need for this project has been prepared. |
| <u>      </u> | d. None of the above have been prepared.  |

14. Continued:

and/or reconstruction of the upgraded Davis Road will be avoided.

The project will provide sewer service and will prepare for water service to an established residential and commercial area that was recently annexed into the City. The area is presently served by private on-site septic disposal systems and individual wells. The project will prevent contamination of the individual wells. The project will prevent contamination of the shallow ground water and drinking water supply. If the project is not accomplished, public health hazards would be increased from contamination and potential for disease event exists. The area also lacks adequate water for fire suppression without hydrants.

Number \_\_\_\_\_  
(for ADEC use only)

Comments: Preliminary engineering work is under way.

Surveying is completed. A study level computer network (over)

17. If funds were available through this program, when do you estimate construction would begin on this project? As early as 1989.

18. Please check which program(s) you would like to receive funding from:

   X 50 Percent Matching Grants

   X Alaska Clean Water Fund (a revolving loan fund)

19. For 50 percent matching grants projects, please check the item that applies regarding matching funding, then provide the source and the amounts of money:

   a. 50 percent matching funds from the local government are not available at this point and are not expected to be.

   X b. 50 percent matching funds are not currently available to do this project but are expected to be:

From where do you expect to receive matching funds? State Legislature

Amount \$400,000

Date Expected May 1989

   c. The City currently has on hand 50 percent matching funds to do this project

Source \_\_\_\_\_

Amount \_\_\_\_\_

   X d. The City would like to borrow from the Alaska Clean Water Fund the 50 percent matching funds for the project.

20. Please list the source and amount of any federal funding you expect to use in this project:

   X a. No federal funds will be used

   b. Federal funds are expected to be used

Source \_\_\_\_\_

Amount \_\_\_\_\_

Date Received \_\_\_\_\_

21. How much will your grant request to ADEC be for this project? (No more than 50 percent of the total nonfederal part of the project costs.)

\$ 400,000

Comments (Continued):

analysis of the proposed water system has been completed.

Number \_\_\_\_\_  
(for ADHC use only)

22. How much will your loan request to ADHC be for this project? (May be up to 100 percent of the total project costs.)

\$ 800,000 Max.

23. How much do you estimate the total project costs to be?

\$ 800,000

24. Your project may be composed of more than one segment or phase. If so, please check one of the following statements and explain:

  X   a. At least one phase of the project has already been started and this phase is needed to make the project functional. Explain the relationship of this phase to the whole project.

The sewer will be extended from the Peger Road

Interceptor sewer that was constructed in 1975.

The ultimate water layout will be extended from

the water transmission line that was constructed (over)

  X   b. This segment is needed to ultimately accomplish the overall project. Explain the relationship of this segment to the whole project.

This project will extend City sewer service and prepare

for water service in this vicinity to the limits

of the City's service area according to the APUC

certificate of public convenience and necessity (over)

25. Other projects such as paving or other utility relocations may affect the timing of your project. Please list any other projects that may affect this project and include the construction schedule for such projects. (over)

26. Please check the item that best describes the effect this project will have on annual operation and maintenance costs.

       a. The project will not have operational or maintenance costs.

  X   b. The annual operation and maintenance costs have not been estimated.

24.(a) Continued:

also along Peger Road in 1981. The 1988 College Utilities Corporation force main relocation through this area has been incorporated into the design.

24.(b) Continued:

(\$290 and \$118 respectively).

25. (Continued:

Davis Road Upgrade Project, State DOT/PF, scheduled to advertise August, 1989.

Peger Road Widening Project, State DOT/PF, scheduled to advertise August, 1989 (delayed until Techite interceptor is replaced).

3 10/89

Peger Road Interceptor - Techite Replacement  
Infiltration/Inflow. EPA Funds

1. It is important to replace the Techite interceptor along Peger Road. *Total project cost \$ 2.1M. Unrequested from State*
2. The primary funding avenues are the City's Programs for Progress and the State grant programs. These should be pursued with vigor.
3. The Engineering Department had hoped the EPA grant funds (maximum of \$550,000) might help to fund the Techite replacement.
4. Even if the EPA grant funds are obtained, it will still be necessary to secure \$450,000 in matching funds prior to June 1, 1989. Funds obtained through Item 2, above, could be used for this purpose.
5. The EPA funds are less attractive at this point, due to a number of newly discovered restrictions and requirements. While the opportunity to obtain \$550,000 should not be neglected, recent developments indicate a) it may be difficult if not impossible to obtain the funds, b) sizable nonreimbursable expenditures will be required just to attempt to comply with the EPA application process and c) the apparent grant conditions are such that it may be advisable not to accept the grant at all, and d) it is possible these funds cannot be applied toward Techite replacement anyway.
6. If the EPA grant funds cannot be obtained, it is even more important to obtain full funding through the primary funding programs (Item 2).

*REQUEST \$2M - area wide sewer & water.*

# STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION  
FACILITY CONSTRUCTION & OPERATION  
P.O. BOX 0, JUNEAU 99811-1800

(907) 465-2611

January 4, 1989

Brian Phillips  
City Manager  
410 Cushman Street  
Fairbanks, AK 99701

*Copy to Vicil 1 1989  
J. Miko  
K Pyrkov*

Dear Mr. Phillips:

Good News! Your Interceptor I/I Reduction project has been placed on the fundable portion of the 1989 Federal Wastewater Construction Program Priority List.

To receive an EPA grant of up to 55 percent of the eligible construction costs, your completed application must be submitted to us by June 1, 1989. The maximum funding currently available for this project is \$550,000. If the project costs exceed the current estimate, the municipality must provide the additional funding for project completion.

Your facility plan must be completed and approved and the appropriate environmental reviews published prior to completing your application. Please contact Dan Garner in the next few weeks for assistance in completing all the necessary requirements to receive your grant this year.

There is only one more year for this federal grants program. Sufficient funding is not available for all projects on the priority list. Therefore, if your project does not get funded this year, it may never get funding. For that reason I encourage you to contact Mr. Garner soon to enable you to complete the grant application process.

If you have questions about this process, please call Mr. Garner in Juneau at 465-2614, or me.

Sincerely,

*Dick Marcum*

Dick Marcum, Chief  
Municipal Grants

*Priority Kan*

H B

2 5 7



# Alaska State Legislature

House of Representatives  
Community & Regional Affairs

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### HOUSE BILL 257

\*\*\*\*\*

- ITEM 1: 0 FISCAL NOTE - DEPT. OF COMMUNITY & REGIONAL AFFAIRS
- ITEM 2: POSITION PAPER - DEPT. OF COMMUNITY & REGIONAL AFFAIRS
- ITEM 3: SECTIONAL ANALYSIS
- ITEM 4: HB 257

## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
 Title: "An Act relating to fourth class boroughs."  
 Sponsor: Representative Shultz  
 Requestor: \_\_\_\_\_

Agency Affected: Community & Regional Affairs  
 BRU: \_\_\_\_\_  
 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						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-

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

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	-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)

See attachment.

*Jim Plasman*

Prepared by: Jim Plasman, Deputy Director Phone: 465-4750

Division: Municipal & Regional Assistance Date: 4/24/89

Approved by Commissioner: *Yvonne G. Johnson* Date: 4-25-89

Agency: Community & Regional Affairs

Distribution (by preparer):

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

FISCAL NOTE CONTINUATION

House Bill 257

The department has taken the position of zero fiscal impact from this bill because this bill does not mandate the creation of any new boroughs. However, it should be noted that any fourth class boroughs that are created pursuant to this legislation would be entitled to receive financial assistance from the state through a number of different programs. As any other new borough, a fourth class borough would be entitled to organizational grants under AS 29.05.190 in the amounts of \$300,000 the first year, \$200,000 the second year, and \$100,000 the third year. The borough would be entitled to participate in various tax sharing programs, such as the fish tax revenue sharing program. These impacts would fall upon the state. Any new borough would also be entitled to participate in the state revenue sharing and municipal assistance programs. The financial impact in these programs would fall predominately on other recipients (mainly municipalities) unless the state put in additional funds to compensate for the new participants.

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

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

April 24, 1989

POSITION PAPER

RE: House Bill 257

SPONSOR: Representative Shultz

Program Effects of the Bill

This legislation would create a new form of borough which would have only one areawide power, the power to assess taxes. The fourth class borough could exercise other powers on a service area basis, except that it would be prohibited from the exercise of education powers.

Comments

The department does not support this legislation in its present form. While the department supports the voluntary creation of regional local governments, it is also concerned that the overall structure of local government be consistent with the constitutional framework and be fair and equitable both to new and existing local governments. The department feels the limitations on the exercise of powers by the fourth class borough are too extreme to warrant the recognition of such an institution as a form of local government in Alaska. This is especially true of the failure to provide for either assumption of education powers or a formal transition to such assumption.

While education is a responsibility of the state at large, the department feels that education should also be viewed as a function of general local government in that a borough assembly should have oversight of all borough needs and functions, including education, and should be able to decide how funds should be allocated among these needs. By removing education from the borough's powers, this legislation would separate out an essential function of local governance from borough government.

Clearly, education is the largest responsibility undertaken by most boroughs. We believe that every borough in the state, with the exception of the North Slope Borough, spends the majority of its funds in support of education. In the current fiscal year, boroughs will contribute in excess of \$120,000,000 under the public school foundation formula in support of education. They will contribute many more millions of dollars in support of other educational efforts (e.g., debt service for capital construction).

Regional Education Attendance Areas are, however, not required to provide any financial support for local education. Allowing the incorporation of new boroughs without assumption of education powers would have the effect of continuing this dichotomy. By allowing one class of borough to escape the local contribution requirement, this legislation will further call into question the justification for such preferential treatment, and may well lead to the demand from other regional governments to either be similarly treated or to be allowed to "down-class" to fourth class borough status to avoid the financial burdens associated with other classes of boroughs.

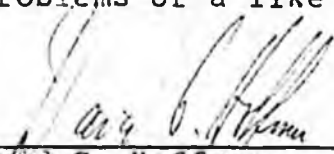
Additionally, while escaping any responsibility for education, it appears that a fourth class borough would be entitled to most types of municipal aid from the State and Federal governments. Examples of such aid include municipal land entitlements, municipal assistance, state revenue sharing, state shared raw fish taxes and federal payments in lieu of taxes (PL 97-258). With no mandatory powers, fourth class boroughs could potentially generate considerable revenue without imposing any tax burden. These areas would drain far greater financial resources from the State than they do presently as regional educational attendance areas.

In addition, consideration of the third class form of borough government can shed light on other potential problems. A third class borough differs from the fourth class borough only in that it is required to provide areawide education. Like the proposed fourth class borough it is neither obligated nor permitted to provide any other municipal power on an areawide or non-areawide (outside of cities) basis. Additional powers may only be exercised on a service area basis.

This unique limitation has the potential to cause difficulty in the coordination and delivery of services. By having severe limitations on areawide and non-areawide powers, a third class borough structure would, in many instances, result in a plethora of service areas. For example, rather than having one planning commission to address planning issues throughout the borough, a third class borough could conceivably have dozens of planning commissions, each serving its own service area. Needs and desires of one service area may conflict with the needs and desires of an adjacent area, and there would be no overall coordination.

Advocates of third class boroughs have, in the past, pointed to that structure as a means to limit the size and growth of the government. They note that any power other than education and taxation must be specifically authorized by the voters. Yet, the one existing third class borough in the state has in the past or is presently providing a museum, cultural facility center and community library; all under the guise of education. Historically, it has also constructed recreational trails. Further, while the one existing third class borough receives raw fish taxes from the State (arguably, to offset impacts from the local commercial fishing industry), it lacks the authority to use those funds for any direct expense concerning the fishing industry. These facts demonstrate some of the more practical problems of a third class borough.

While proponents of the existing third class borough in the State feel comfortable with that form of government, it should be noted that the legislature, in the extensive 1985 Municipal Code revision, repealed provisions for incorporation of new third class boroughs and for the formation of new third class boroughs through merger or consolidation. We believe that such action was taken in recognition of the limitations inherent in that form of government as discussed above. Creation of a fourth class borough along the lines contemplated in this legislation would only create problems of a like nature.

  
\_\_\_\_\_  
David G. Hoffman  
Commissioner

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 13, 1989

SUBJECT: Fourth class boroughs  
(Work Order No. 6-0229A)

TO: Senator Jack Coghill

FROM: Tamara Brandt Cook <sup>TPC</sup>  
Director  
Division of Legal Services

Here is the sectional analysis that you requested of the draft bill relating to fourth class boroughs.

Sec. 1. Fourth class boroughs are to be included into educational service areas.

Sec. 2. Deletes a reference to the unorganized borough, since service areas will include fourth class boroughs under this legislation.

Sec. 3. First class and home rule cities in a fourth class borough are city school districts, as is the case now with those types of cities located in the unorganized borough. Makes some technical, but not substantive changes, to properly identify all classifications of municipalities and their powers with respect to education.

Sec. 4. Adds the fourth class borough as a class of general law municipality.

Sec. 5. Permits a fourth class borough to reclassify as a first or second class borough in the manner that reclassification is currently permitted for other types of boroughs.

Sec. 6. Establishes standards for incorporation of a fourth class borough that are identical to those for other boroughs.

Sec. 7. Identifies boroughs that are school districts. A fourth class borough is not included. Under existing law all boroughs are school districts.

Sec. 8. Sets out powers of a fourth class borough which are similar to those of the third class borough, except a fourth class borough may not function as a school district.

Sec. 9. Requires a home rule city and first class city in a fourth class borough to provide for planning, platting and land use regulation, as is the case for those types of cities in the third class borough. Permits a second class city to do so.

Sec. 10. Provides that a home rule or first class city in a fourth class borough is a school district, as is the case for such cities located in the unorganized borough.

Sec. 11. Permits a fourth class borough to exercise in a service area any power not otherwise prohibited, as is the case for the third class borough.

Sec. 12. Treats fourth class boroughs the same as second and third class boroughs with respect to service areas containing only vacant land.

Sec. 13. Provides that in areas of the unorganized borough where no city exercises the power of land use regulation the division of land shall exercise the zoning power. This provision treats fourth class and third class boroughs alike, but neither type can provide land use regulation except on a service area basis. Perhaps the provision should be modified to allow the division of lands to zone in any area where no municipal land use regulation is being exercised, including within third class and fourth class boroughs and certain second class cities. This, however, would go beyond the scope of this bill.

Sec. 14. Fourth class boroughs are treated like the third class borough with respect to the power of the division of lands to exercise zoning power in areas covered by the Alaska coastal management program.

Sec. 15. Fourth class boroughs are treated like the third class borough with respect to subdivisions of state land. Like the provision dealt with in Section 13, this provision does not now appear to adequately recognize the existing scheme for municipal exercise of land use regulation, but to correct the provision would be beyond the scope of this bill.

Sec. 16. Fourth class boroughs are treated like the third class borough with respect to the platting authority of the

Senator Jack Coghill  
Page 3  
January 13, 1989

Department of Natural Resources. Like the provision dealt with in Sections 13 and 15, this provision does not now appear to adequately recognize the existing scheme for municipal exercise of land use regulation, but to correct the matter would be beyond the scope of this bill.

TBC:kb  
wkk1/033

RAYMOND R. MENAKER

POST OFFICE BOX 118

HAINES, ALASKA 99827

25 February 1988

Rep. Henry Springer, Chairman  
House Committee on Community & Regional Affairs  
P.O. Box V  
Juneau, AK 99811

Re: 2nd SSHB 1:

Dear Rep. Springer:

I am serving my ninth year as a member of the Haines Borough Assembly/School Board, and have lived in Alaska since territorial days. I have watched municipal government in the state change in that time, and am prompted to comment on the proposed changes in the Unorganized Borough in HB 1 and its substitutes. I have read the minutes of the teleconferences of 29 January and 17 February, as well as House CRA staff report of 12 December and the DCRA Regional Government Study of January 1988.

It seems anomalous to me that no further consideration is being given to using the third class borough as the vehicle for change in the unorganized borough. The third class borough has been in existence since 1968, has operated successfully since then, and is financially solvent. The Haines Borough is the only third class borough; its origin is unique; its existence has disturbed the folks in DCRA (and its predecessor Local Affairs Agency) since its inception; it has provided what the local people have wanted since its inception; and it has been relegated to remaining unique by being grandfathered when the Legislature in its wisdom declared no further third class boroughs would be formed.

Because the Haines Independent School District was the only such district that was eliminated from the original mandatory borough act of the 1960s (by some legislative horse-trading), the Haines area was the only one with an independent school district that was not forced to become a borough. A local committee (of which I was a member) advocated creating a first class borough by local option, which was overwhelmingly defeated at the polls. Two further attempts to create a second class borough were also defeated. The local people, particularly those who lived outside the first class City of Haines, did not want mandatory planning and zoning, but were more than willing to pay taxes to maintain the schools of the area. The Haines Independent School District disappeared 1 July 1964 to be replaced by the Haines-Port Chilkoot Special School District authorized under a 1930s law that was still on the books from territorial days. When the education laws were recodified, Haines lost its statutory power to tax as a special school district, the schools closed for a week, and confusion reigned. A short period of city school operation followed, and the Legislature came to the rescue by passing a third class borough law which the local folks requested. Haines became a third class borough with the support and

*Handwritten notes:*  
H. CRA  
12/12/87  
3/10/88  
last account

EB 26 1988

active participation of those who had been most vehemently opposed to borough status because of the mandatory requirement for areawide planning, platting and zoning.

Many people in this borough have long advocated borough power to plan, plat and zone, and the law governing third class boroughs was eventually changed to permit using that power only after approval by vote of the entire borough electorate, and only in service areas created for that purpose. One such service area is in the process of formation now.

The third class borough is the simplest form of municipal government. It ought to be the ideal form with which to begin organizing an unorganized community. People with no experience in municipal government will have had experience operating schools through REAAs. Areas with widely separated communities will well understand an areawide school district. In a third class borough, residents will easily understand taxation that applies to the school district. Assessment for taxation will be new, but should not be difficult to understand. These are the only areawide powers that the newly organized third class borough has, and probably needs. If there is need for planning, platting and zoning, the provision exists for its exercise (though not areawide), and if the area includes a first class city, that city already has the planning, platting and zoning power which need not necessarily be applied to more rural areas until the need is expressed.

There is much to be said for home rule boroughs, but for areas where there has been no community organization, it seems to me that a relatively simple, cut-and-dried general law borough organization--the third class borough--would be more desirable than a home rule arrangement which requires mandatory planning, platting and zoning. Any borough can upgrade when the need is felt. Starting off with a third class borough should be inexpensive: the school board and borough assembly are combined, office staff can consist of a clerk and perhaps an assessor, although for starters an outside assessor can be contracted to do the initial and even yearly follow-up work.

In some respects, having the state write the home rule charter for the local people to accept is not the same as having the local people write the charter, which is the main value of the home rule charter. What you are really doing is re-inventing the wheel. The requirements of the state mandated charter are the requirements set down in Title 29 for third class boroughs except that the state is mandating planning, platting and zoning in the home rule charter while the third class borough makes that power available in service areas when people want it.

It is true that with a home rule charter one can set up special requirements regarding taxation and other matters, but I suspect that deciding on such special aspects will be better handled after an area has had some experience in municipal government.

I think your committee would be wise to look more carefully again at the third class borough, even though many planners look aghast at it. It works.

I appreciate your having taken enough time to read these remarks and hope they will help in your committee's deliberations. I should be happy to respond at greater length if there are questions about the operation of the Haines Borough.

Sincerely yours,

  
Raymond R. Menaker

- copies to:
- Rep. Peter Goll
  - Sen. Dick Eliason
  - Rep. Ron Larson
  - Rep. Curt Menard
  - Rep. Dave Donley
  - Rep. Bette Cato
  - Rep. Virginia Collins
  - Rep. Adelheid Herrmann
  - Rep. Jim Zawacki

HB

266



# Alaska State Legislature

House of Representatives  
Community & Regional Affairs

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### HOUSE BILL 266

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- ITEM 4: LETTER - ALASKA PUBLIC UTILITIES COMMISSION
- ITEM 5: REGULATIONS - APUC
- ITEM 6: STATUTES
- ITEM 7: HB 266

## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
 Title: "An Act.. liens.. real property to  
 secure payment for services.."  
 Sponsor: Rep Shultz  
 Requestor: \_\_\_\_\_

Agency Affected: Community & Regional Affairs  
 BRU: \_\_\_\_\_  
 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						
<b>TOTAL OPERATING</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

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

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

**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: 4/10/89

Approved by Commissioner: *[Signature]* Date: 10 APR 89  
 Agency: Community & Regional Affairs

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

# STATE OF ALASKA

STEVE COWPER, GOVERNOR

ALASKA PUBLIC UTILITIES COMMISSION  
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

420 "L" STREET  
SUITE 100  
ANCHORAGE, ALASKA 99501  
(907) 276-6222

## ALASKA PUBLIC UTILITIES COMMISSION

### COMMENTS ON CSSB 207

April 11, 1989

CSSB 207 authorizes a municipality to create a lien on real property to secure payment for services provided by a municipally-owned utility. The bill further provides that the lien may be enforced in the same manner as a property tax lien.

The public policy issue of what authority should be given to governmental entities, such as municipalities, to collect money from its citizens is appropriately resolved by the Legislature. The Commission would point out, however, that CSSB 207 provides municipalities, in their role as utilities, with significantly greater recourse against consumer/citizens than is generally allowed public utilities by regulatory commissions, courts, and legislatures.

The Commission has adopted specific rules and regulations regarding the billing and collection practices of electric and telephone public utilities, and those rules and regulations are applicable to those municipally-owned utilities which are subject to economic regulation by the Commission. CSSB 207 creates the potential that the billing and collection practices adopted by municipalities for certain utilities will conflict with the regulations established by the Commission.

The problem raised by the City of Nenana which resulted in this legislation was limited to collection of charges for water and sewer service. The Commission notes that payment and collection of rates for sewer and water service has traditionally been handled somewhat differently than for other utilities. For example, landlords generally remain responsible for water and sewer service, while tenants generally obtain and pay for other utility services. In addition, it may not be practical to use discontinuance of service as a means to secure against loss for non-payment. Thus, the Commission believes that it might be preferable if any legislation on this subject were limited to the problem raised by the City of Nenana involving water and sewer service.

#5

(b) A utility shall inform customers applying for levelized billing as to how the levelized billing estimate was developed; how levelized billing will impact a customer's monthly utility bill; and that the utility may adjust the customer's monthly levelized bill under (c) of this section.

(c) A utility shall adjust a customer's levelized billing annually, or more frequently if the utility's estimate of the customer's usage or cost varies significantly from the customer's actual usage or cost. The utility or the customer may initiate the adjustment for causes including weather and rate changes.

(d) In the case of an overcollection determined at the time of the annual adjustment required by (c) of this section, a termination of service, or a termination of the levelized billing plan, a utility shall immediately refund or credit the excess payment to the customer account, as appropriate.

(e) A utility may not refuse enrollment in levelized billing to a customer whose current bill at the time of enrollment is past due or delinquent if the customer enters into a deferred payment agreement, as described in 3 AAC 52.445. (Eff. 1/1/87, Register 100)

Authority: AS 42.05.141  
AS 42.05.151  
AS 42.05.291

**3 AAC 52.445. DEFERRED PAYMENT AGREEMENTS.** (a) For a residential customer who demonstrates that economic hardship prevents payment in full of a delinquent bill, a utility may not refuse to restore or continue service unless the customer refuses to agree to or comply with a deferred payment plan meeting the requirements of this section.

(b) A deferred payment agreement between a utility and a residential customer must provide that service will continue if the customer meets all of the following conditions:

- (1) the customer agrees to pay one-third, or less at the option of the utility, of the outstanding bill at the time the parties enter into the deferred payment agreement;
- (2) the customer agrees to pay all future bills for utility service in accordance with the effective billing and collection tariffs of the utility; and
- (3) the customer agrees to pay the remaining outstanding balance in installments over a period not to exceed 12 months.

(c) The duration of a deferred payment agreement must be at least three months unless the customer agrees to a shorter period.

(d) A utility may include provisions for deferred payment agreements with non-residential customers in its tariff, or may negotiate them by special contract.

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(e) In determining a reasonable deferred payment schedule, a utility and customer shall consider the following conditions, a list of which must be presented to the customer:

- (1) size of the delinquent account;
- (2) customer's ability to pay;
- (3) customer's payment history;
- (4) length of time the debt has been outstanding;
- (5) circumstances that resulted in the outstanding debt; and
- (6) any other relevant factors related to the circumstances of the customer.

(f) A deferred payment agreement must be in writing and must be signed by the customer and an authorized utility representative. A deferred payment agreement may include a finance charge as specified in the utility's effective tariff, but the charge may not exceed that allowed by AS 45.45.010(a).

(g) A utility shall offer comparable terms and conditions to customers with similar payment problems.

(h) If a customer fails to fulfill the terms of a deferred payment agreement, the utility may disconnect service under 3 AAC 52.450(d). The utility may offer a subsequent deferred payment agreement before disconnecting the customer's service. (Eff. 1/1/87, Register 100)

Authority: AS 42.05.141  
AS 42.05.151  
AS 42.05.291

**3 AAC 52.450. DISCONNECTION OF SERVICE.** (a) A utility may disconnect service to a customer without advance written notice under the following conditions:

- (1) an immediate hazard exists which threatens the safety or health of the customer or the general population or the utility's personnel or facilities;
- (2) the utility has evidence of meter tampering or fraud by the customer; or
- (3) a customer has failed to comply with the curtailment procedures imposed by a utility during emergency supply shortages.

(b) A utility may commence disconnection procedures in accordance with the notice requirements of (c) of this section for any of the following reasons:

- (1) failure of the customer to pay for utility service within 55 days after initial rendering of the bill unless the customer has entered into a deferred payment agreement;
- (2) failure of the customer to meet or maintain the utility's deposit requirements;
- (3) knowing and continued failure of the customer to provide the utility with reasonable access to its meter, equipment, or property;

(4) customer breach of a special contract between the utility and customer for utility service; or

(5) necessity of the utility to comply with an order or regulation of any governmental agency with proper jurisdiction.

(c) The following notice requirements apply to service disconnections permissible under (b) of this section:

(1) Except as provided in (2) of this subsection and in (d) of this section, a utility shall, at least 15 days before the scheduled date of disconnection, mail or deliver to the customer a written notice of its intent to disconnect service. A copy of the termination notice must be simultaneously forwarded to any third party designated by the customer on a service application. The notice must contain, at a minimum, the following information:

(A) the name and address of the customer whose service is to be disconnected and the service address, if different;

(B) the date on or after which service will be disconnected unless the customer takes appropriate action;

(C) an explanation of the reason for the proposed disconnection, including, if appropriate, a statement of the amount of the delinquent bill which the customer has failed to pay in accordance with the payment policy of the utility;

(D) if disconnection is premised on payment delinquency,

(i) a statement advising the customer to contact the utility for information regarding deferred payment and other procedures that the utility may offer to avoid disconnection of the customer's service; and

(ii) a list of any governmental or social assistance agencies, of which the utility is aware, that may offer energy assistance to qualified needy customers;

(E) a specific request that if a customer's residence is occupied by a person seriously ill, elderly, handicapped, or dependent on life support systems, the customer should notify the utility immediately of that circumstance for consideration in avoiding disconnection;

(F) a statement advising the customer that the utility's stated reason for the termination of service may be disputed and potentially resolved by contacting the utility at a specific address or telephone number;

(G) a statement that the utility retains the right to terminate service, after allowing a customer who disputes a bill the opportunity for a meeting, if the utility continues to find that the reason for the disconnection is just;

(H) the telephone number and address of the commission and a statement that the customer may file a complaint with the commission under 3 AAC 48.120 or 3 AAC 48.130 if not satisfied

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with the utility's response or resolution of a contested bill or tariff provision; and

(1) the amount of the utility's tarified charges for disconnection and reconnection of service.

(2) If a utility has been informed that a residence is occupied by a person seriously ill, elderly, handicapped, or dependent on life support systems, the utility shall provide the notice required by (1) of this subsection at least 30 days before the scheduled date of disconnection. In any case in which a utility is notified after issuance of a termination notice that a customer's residence is occupied by a person seriously ill, elderly, handicapped, or dependent on life support systems, the utility shall extend the disconnection date by 15 days and notify the customer of the extension.

(3) Not less than three working days prior to disconnection, the utility shall attempt personal contact with the customer either by telephone or by visit of an authorized utility representative to the premises. If by telephone, the utility shall attempt to make contact no less than three times at various periods in the day. A utility shall keep records of all attempted and completed telephone contacts, showing at least the time, the person making the attempt, and the outcome. If by visit to the premises, the utility's authorized representative shall hand-deliver a "Shut-Off Notice" to the customer or, if no personal contact is possible, leave the notice in a prominent place. The "Shut-Off Notice" or completed telephone call must provide the customer with the following information:

(A) the name and address of the customer and the service address, if different;

(B) a concise statement of the reasons for the impending disconnection of service;

(C) the date on or after which service will be disconnected;

(D) the business office telephone number, after-business-hours telephone number if applicable, and the address of the utility where the customer may pay the delinquent bill, enter into a deferred payment agreement, or file a bill dispute complaint; and

(E) the amount of the charges for disconnection and reconnection of service.

(4) If a utility knows that a landlord/tenant relationship exists, the following additional provisions apply:

(A) For individually metered premises where the landlord is the customer and the notice period provided for in (1) — (3) of this subsection has expired, the utility shall notify the tenant in writing of the option of subscribing for service in the tenant's own name. However, the utility may not attempt to recover from the tenant or condition service to the tenant on the payment of any outstanding bills or other charges due from the outstanding account of the landlord. If, however, the tenant has a previously

outstanding balance at the same service address, the utility may condition service to that tenant on terms acceptable to the utility for repayment of the outstanding balance plus a deposit in compliance with the utility's tariff. If the tenant declines to subscribe for individual service, or arrange for payment of the delinquency if applicable, within 10 days after written notice by the utility is mailed or delivered to the tenant, the utility may disconnect service without further notice.

(B) For master-metered premises where the landlord is the customer and the notice period provided for in (1) — (3) of this subsection has expired, the utility shall give individual notice of the pending disconnection to each tenant served through the master meter at least 14 days before disconnection.

(C) If the tenant is the customer and the notice period provided for in (1) — (3) of this subsection has expired, the utility shall notify the landlord in writing of the option of subscribing for the service provided at the tenant's premises. However, the utility may not attempt to recover from the landlord or condition service to the landlord on the payment of any outstanding bills or other charges due from the outstanding account of the tenant. If, however, the landlord has a previously outstanding balance at the same service address, the utility may condition service to that landlord on terms acceptable to the utility for repayment of the outstanding balance plus a deposit in compliance with the utility's tariff. If the landlord declines to subscribe for service, or arrange for payment of the delinquency if applicable, within 10 days after written notice by the utility is mailed to the landlord, then the utility may disconnect service without further notice.

(d) At least three working days before disconnection, a utility shall give written or telephone notice of disconnection, in accordance with (C)(3) of this section to a customer who has failed to comply with a deferred payment agreement.

(e) Within 10 days after the date specified on a "Shut-Off Notice", a utility may, without further notice, disconnect service to a customer between the daily business hours of 8:00 a.m. on Monday to 5:00 p.m. on Thursday. Service may not be disconnected on a Friday or a day preceding a holiday.

(f) A utility may not disconnect service to a customer for any of the following reasons:

(1) delinquency in payment for services rendered to a prior customer at the premises where service is being provided, except in the instance where the prior customer continues to reside on the premises;

(2) failure of the customer to pay for services or equipment not regulated by the commission;

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(3) nonpayment of a bill related to another class of service at a different service location;

(4) the customer disputes the amount due on the delinquent account, complies with the utility's tariffed rules on customer bill disputes, and the dispute remains under investigation by the utility or by the commission; however, a customer shall pay any undisputed amount, and the utility may proceed to disconnect service in accordance with this section for failure to pay any undisputed amounts; or

(5) the customer is unable to pay the full delinquent amount due, qualifies under the utility's tariffed eligibility requirements for deferred payment agreements, and is in compliance with a signed, or is in the process of timely negotiating a, deferred payment agreement.

(g) A utility may remove any or all of its property installed on a customer's premises upon disconnection of service.

(h) A utility shall restore service within three working days after correction of the conditions that resulted in the disconnection. Correction includes execution of a deferred payment agreement. If service is restored during a period other than regular working hours at the customer's request, the utility may impose an after-hours charge for reconnection.

(i) Each utility shall maintain a record of each disconnection of service, including the reason for the disconnection. This record must be maintained for two years and must be available for commission inspection. (Eff. 1/1/87, Register 100)

Authority: AS 42.05.141  
AS 42.05.151  
AS 42.05.291

**3 AAC 52.455. LINE EXTENSIONS AND SERVICE CONNECTIONS.** (a) A utility's tariff for line extensions and service connections, or, if appropriate, special contracts under 3 AAC 48.390, must include the following:

(1) the amount of the costs, maximum footage, or equipment allowance for a line extension and a service connection, to be provided by the utility at no charge; the utility may specify different allowances for different customer classes;

(2) a requirement, subject to the provisions of (3) and (4) of this subsection and to (c) and (d) of this section, that a customer requesting a line extension or service connection must pay all costs which exceed the amount for which the utility is responsible under (a)(1) of this section;

(3) a statement that the customer is not responsible for the cost of system upgrade that is incidentally the result of the customer's

## Chapter 35. Municipal Powers and Duties.

### Article

1. General Powers (§ 29.35.070)
3. Additional Powers (§ 29.35.210)
8. Hazardous Chemicals, Materials, and Wastes (§§ 29.35.500, 29.35.520, 29.35.530, 29.35.560, 29.35.590)

### Article 1. General Powers.

#### Section

##### 70. Public utilities

**Sec. 29.35.070. Public utilities.** (a) The assembly acting for the area outside all cities in the borough and the council acting for the area in a city may regulate, fix, establish, and change the rates and charges imposed for a utility service provided to the municipality or its inhabitants by a utility that is not subject to regulation under AS 42.05 unless that utility is exempted from regulation under AS 42.05.711(a) or (d) — (k).

(b) A municipality may provide for a reasonable deposit for meters and service to be given if interest is paid on the deposit.

(c) Unless the utility is owned by the municipality, all rates, charges, and regulations established under this section shall be established by ordinance and shall be reasonable and permit a fair return on invested capital.

(d) This section applies to home rule and general law municipalities. (§ 10 ch 74 SLA 1985)

**Editor's notes.** — This section is set out to correct an error in enactment.

### Article 3. Additional Powers.

#### Section

##### 210. Second class borough powers

**Sec. 29.35.210. Second class borough powers.** (a) A second class borough may by ordinance exercise the following powers on a nonareawide basis:

- (1) provide transportation systems;
- (2) regulate the offering for sale, exposure for sale, sale, use, or explosion of fireworks;
- (3) license, impound, and dispose of animals;
- (4) provide garbage, solid waste, and septic waste collection and disposal;
- (5) provide air pollution control in accordance with AS 46.03.140 — 46.03.230;
- (6) provide water pollution control;

STATE OF ALASKA  
THE LEGISLATURE

POUCHY STATE CAPITOL  
BUREAU ALASKA 99511  
907 465 3100

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 2, 1989

SUBJECT: Liens for Utility Services  
(Work Order No. 16-0949)

TO: Senator Al Adams

FROM: Tamara Brandt Cook  
Director *TBC*  
Division of Legal Services

You have asked whether a municipality has the power to impose a lien on real property to secure payment for utility services provided by a utility owned by the municipality. A municipality probably does have that power under its general authority to exercise by ordinance any power not prohibited by law. (See AS 29.35.200 - 29.35.220) However, it does not have specific authority to establish liens for these purposes as is granted under AS 29.45.300 for property taxes, AS 29.45.650(e) for sales and use taxes, and AS 29.46.-080(c) for special assessments.

The enclosed draft would provide specific authority for a municipality to provide for liens for these utility services by ordinance. In addition, the enforcement provision now in place for foreclosure of property tax liens is made applicable to utility liens under this draft.

TBC:gc:kb  
WKG7/083

Enclosure

# STATE OF ALASKA

STEVE COWPER, GOVERNOR

## ALASKA PUBLIC UTILITIES COMMISSION DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

420 "L" STREET  
SUITE 100  
ANCHORAGE, ALASKA 99501  
(907) 276-6222

April 19, 1989

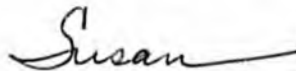
Representative Eileen MacLean  
State of Alaska  
House of Representatives  
P. O. Box V  
Juneau, Alaska 99811

Dear Representative <sup>Eileen</sup> MacLean:

Thank you for the opportunity to participate in the discussion on CSSB 207. Per your request, I am enclosing the pages of the Commission's most recent Annual Report which lists the water and sewer utilities currently operating in the state. The utilities marked with an asterisk (with a few exceptions) are all owned by municipalities and would be subject to the bill which passed your Committee.

If I can be of further assistance, please do not hesitate to contact me.

Sincerely yours,



Susan M. Knowles  
Chairman

Enclosure

CERTIFICATED SEWER (WASTEWATER) UTILITIES

Anchorage Water and Wastewater Utility,  
Municipality of Anchorage d/b/a  
Barrow Utilities and Electric  
Cooperative, Inc.

College Utilities Corp.

\*Copper Valley Construction Company

\*Cordova, City of

\*Craig, City of

\*Dillingham, City of

\*Fairbanks Municipal Utilities System,  
City of Fairbanks d/b/a

\*Galena, City of

\*Haines, City of

\*Homer, City of

\*Hoonah, City of

\*Juneau, City and Borough of

\*Kake, City of

\*Kenai, City of

\*Ketchikan, City of

\*Ketchikan Gateway Borough

\*Kodiak, City of

\*Kotzebue Municipal Utilities,  
City of Kotzebue d/b/a

\*Kenana, City of

\*Nome Joint Utility Systems

\*North Pole Utility, City of  
North Pole d/b/a

\*North Slope Borough Utilities

\*Palmer, City of

\*Petersburg, City of

\*Rangeview Utilities

Salmantof Utilities, Inc.

\*Saxman, City of

\*Seldovia, City of

Settlers Bay Properties, Inc.

\*Seward, City of

\*Sitka, City and Borough of

\*Skagway, City of

\*Soldotna, City of

\*Thorne Bay, City of

\*Unalaska, City of

\*Valdez, City of

\*Wasilla, City of

\*Whittier, City of

\*Wrangell, City of

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\*Not regulated by Alaska Public Utilities Commission as to rates and services.

CERTIFICATED WATER UTILITIES

Alpat Water Utility Company  
Alyeska Utilities, Inc.  
Anchorage Water and Wastewater Utility,  
Municipality of Anchorage d/b/a  
Barrow Utilities and Electric  
Cooperativa, Inc.  
Chugiak Utilities  
Collego Utilities Corp.  
\*Copper Valley Construction Company  
\*Cordova, City of  
\*Craig, City of  
Dawn Development Corporation  
\*Dillingham, City of  
Eagle Utilities, Inc.  
Eklutna Utilities, Inc.  
ERU, Inc.  
\*Fairbanks Municipal Utilities System,  
City of Fairbanks d/b/a  
\*Fort Yukon, City of  
\*Galena, City of  
\*Haines, City of  
\*Homer, City of  
\*Hoonah, City of  
\*Hydaburg, City of  
\*Juneau, City and Borough of  
\*Kake, City of  
\*Kenai, City of  
\*Ketchikan, City of  
\*Klawock, City of  
\*Kodiak, City of  
\*Kotzebue Municipal Utilities,  
City of Kotzebue d/b/a  
Kwik Log Water System,  
Myron Allon Newton d/b/a  
Matanuska Utility Company, Inc.  
McGahan Utilities, Inc.  
\*McGrath, City of  
McMurray Utilities, Inc.  
\*Mountain Point Service Area of the  
Ketchikan Gateway Borough  
\*Nenana, City of  
\*N.I.T. Water Company, Inc.

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\*Not regulated by Alaska Public Utilities Commission as to rates and services.

CERTIFICATED WATER UTILITIES (CONT.)

- \*Nome Joint Utility Systems  
Norfolk Utilities, Inc.
- \*North Pole Utility, City of  
North Pole d/b/a
- \*North Slope Borough  
Omlin Water Utility,  
Paul Omlin d/b/a
- \*Palmer, City of  
Pelican Utility Company
- \*Petersburg, City of  
Potter Creek Water Company
- \*Rangeview Utilities  
Romig Park Improvement Company  
Sandlake Services,  
R. J. & Clara Rhodes d/b/a
- \*Saxman, City of
- \*Seldovia, City of  
Settlers Bay Properties, Inc.
- \*Seward, City of
- \*Sitka, City and Borough of
- \*Skagway, City of
- \*Soldotna, City of  
South Central Utilities, Inc.  
Southeast Utilities Company,  
Robert M. Scott, Evelyn V.  
Scott, Charles J. Schneider  
and Marlene C. Schneider, S & S  
Development Company d/b/a  
Spenard Heights Water System,  
Wayne Cates d/b/a
- \*Thorne Bay, City of
- \*Unalaska, City of
- \*Valdez, City of  
Valley Water Company, Inc.
- \*Wasilla, City of
- \*Whittier, City of
- \*Wrangell, City of
- \*Yakutat, City of

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\*Not regulated by Alaska Public Utilities Commission as to rates and services.



# City of Nenana

State of Alaska

February 14, 1989

Senator John B. Coghill  
Alaska State Legislature  
Pouch V (MS 3100)  
Juneau, AK 99811

Dear Senator Coghill,

The City has introduced an ordinance which creates a lien against real property if the charges for water and sewer services provided to the property are not paid.

The State supreme court has never decided whether a home rule municipality, such as Nenana, has the authority to create liens without statutory authority. There is no provision in Alaska law which specifically prohibits Nenana from creating these liens, and under the state constitution a home rule municipality can do anything which is not prohibited by law.

The legislature could easily resolve the question as to the City's authority by simply making a small change in Title 29 - specifically 29.35.070. To this end I would suggest the following addition to Section 29.35.070. Public Utilities: [additions underlined, deletions bracketed]

**Sec. 29.35.070. Public Utilities. [a] The assembly acting for the area outside all cities in the borough and the council acting for the area in a city may regulate, fix, establish, and change the rates and charges imposed for a utility service provided to the municipality or its inhabitants by a utility that is not subject to regulation under AS 42.05 unless that utility is exempted from regulation under AS 42.05.711[a] or [d] - [k].**

**[b] A municipality may provide for a reasonable deposit for meters and service to be given if interest is paid on the deposit.**

**[c] Unless the utility is owned by the municipality, all rates, charges, and regulations established under this section shall be established**

