

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672
5621 HOUSE COMMUNITY & REGIONAL AFFAIRS

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HB 253

"AN ACT MAKING A SPECIAL APPROPRIATION FOR PAYMENT AS A GRANT TO THE CITY OF FAIRBANKS FOR REPLACEMENT OF TECHITE SEWER PIPE; AND PROVIDING FOR AN EFFECTIVE DATE." - BOYER

HOUSE BILL 253 WOULD APPROPRIATE 2 MILLION DOLLARS TO THE CITY OF FAIRBANKS FOR THE REPAIR OF A TECHITE SEWER PIPE. THE PIPE RUNS PARALLEL TO THE PEGER ROAD FROM AIRPORT ROAD TO VAN HORN ROAD. THE DEPARTMENT OF TRANSPORTATION HAS PLANS TO WIDEN THIS ROAD, WHICH IS A MAJOR TRAFFIC LANE INTO THE CITY, BUT FEARS TO DO SO BEFORE THE PIPE CAN BE REPAIRED. HOWEVER, THE CITY OF FAIRBANKS DOES NOT CURRENTLY HAVE SUFFICIENT FUNDS TO DO SO.

HERE TO SPEAK ON ITS BEHALF IS THE SPONSOR REPRESENTATIVE MARK BOYER

THERE IS NO FISCAL NOTE BECAUSE IT IS AN APPROPRIATION BILL.

I DOUBT THAT THIS BILL WILL PASS DUE TO THE FISCAL IMPACT. HOWEVER, THE SPONSOR HAS ASKED THAT IT BE SCHEDULED AND IT WOULD NOT HURT US TO PASS IT OUT AS A NO REC. WE HAVE FOUR BILLS ON THE SCHEDULE NOW. I TOLD MARK'S STAFF THAT HIS WOULD BE UP LAST AND THAT WE WOULD TRY TO GET IT THROUGH, BUT WOULD OTHERWISE BRING IT BACK ON THE THURSDAY.

STATE OF ALASKA

STEVE COWPER, GOVERNOR

ALASKA PUBLIC UTILITIES COMMISSION
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

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ANCHORAGE, ALASKA 99501
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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.

(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 tariffed 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 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

CSSB 173 C&RA "AN ACT RELATING TO MUNICIPAL PETITIONS AND ELECTIONS, AND TO APPOINTMENT TO FILL CERTAIN MUNICIPAL OFFICES." - ADAMS

COMMITTEE SUBSTITUTE FOR SB 173 C&RA WOULD CLARIFY PROCEDURES RELATING TO MUNICIPAL PETITIONS AND ELECTIONS WHICH WERE MISSED WHEN TITLE 29 WAS REVISED. THIS IS ONE OF THE ALASKA MUNICIPAL LEAGUE'S LEGISLATIVE PRIORITIES AND HAS THE SUPPORT OF THE ALASKA ASSOCIATION OF MUNICIPAL CLERKS.

THERE IS A ZERO FISCAL NOTE FROM THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS.

WE WILL BE ON TELECONFERENCE FOR THIS BILL.

HERE TO SPEAK ON BEHALF OF THE LEGISLATION IS MARTHA STEWART, LEGISLATIVE AIDE, TO SENATOR AL ADAMS.

TELECONFERENCE:

GAYE VAUGHAN, ALASKA ASSOCIATION OF MUNICIPAL CLERKS.

ALSO TO TESTIFY:

SCOTT BURGESS, ALASKA MUNICIPAL LEAGUE

WE DO NOT HAVE TO MOVE TO ADOPT CSSB 173 C&RA FOR PURPOSES OF DISCUSSION. THIS IS BECAUSE IT IS THE VERSION ALREADY ADOPTED BY A BODY (THE SENATE) AND REFERRED TO US. HOWEVER, WE DO HAVE TO INCLUDE THE ENTIRE TITLE COMMITTEE SUBSTITUTE FOR SB 173 C&RA WHEN EVER IT IS REFERRED TO OR TO MOVE IT OUT OF COMMITTEE.



Alaska State Legislature

House of Representatives
Community & Regional Affairs

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IN CSSB 173 C&RA
- ITEM 8: STATUTES
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FISCAL NOTE #1

REQUEST:

Revision Date: _____
Title: "An Act..municipal petitions and elections..certain municipal offices."
Sponsor: Senator Adams
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						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Jim Plasman, Deputy Director Phone: 465-4750
Division: Municipal & Regional Assistance Date: 3/7/89
Approved by Commissioner: David G. Bell Date: 3-7-89
Agency: Community & Regional Affairs

Distribution (by preparer):

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

forthcoming
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FISCAL NOTE

#2

REQUEST:

Revision Date: _____
Title: An act relating to municipal
petitions & elections
Sponsor: Adams
Requestor: Adams

Agency Affected: Office of the Governor
BRU: Elections
Components: I - Elections

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
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OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Linda Edgeworth Phone: 465-4611
Division: Division of Elections Date: _____

Approved by Commissioner: [Signature] Date: 3/1/89
Agency: Division of Elections

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

Alaska State Legislature

Al Adams
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Anchorage, Alaska 99503
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Official Business

April 7, 1989

TO: Representative MacLean, Chairman
House Community & Regional Affairs Committee

FROM: Senator Al Adams *APA*

RE: SB 173

Thank you for scheduling SB 173, "An Act relating to municipal petitions and elections, and to appointments to fill certain municipal offices."

This bill clarifies procedures relating to municipal petitions and elections and was developed in response to concerns brought to my attention by the Alaska Municipal League.

In general, SB 173 clarifies petition procedures, requires a prime sponsor to be designated on petitions, establishes a 30 day registration requirement for voting in municipal elections, permits a municipality by ordinance to require a person whose registration has been cancelled to reregister in order to vote in municipal elections, provides special initiative or referendum requirements for ordinances or resolutions that affect only part of the municipality, and prohibits appointment of a recalled official to fill the vacancy created by the recall.

Attached is a sectional analysis and fiscal note for CSSB 173 (C & RA).

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

#4
POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

MEMORANDUM

April 5, 1989

SUBJECT: Sectional summary of CSSB 173 (C&RA)
TO: Representative Eileen MacLean
FROM: Tamara Brandt Cook *ABC*
Director
Division of Legal Services

Sec. 1. Makes municipal initiative and referendum petition requirements applicable to local option petitions (regarding regulation or prohibitions on the use and possession of alcoholic beverages).

Sec. 2. Requires a unification petition to comply with requirements for a municipal initiative and referendum petition. The clerk submits the completed petition to the assembly with a report of the number of valid signatures determined by the clerk to be on it.

Sec. 3. Requires a petition calling for election of a charter commission to be prepared under requirements applicable to an initiative and referendum petition. The completed petition is submitted by the clerk to the governing body with a report of the number of valid signatures on it.

Sec. 4. Requires a petition for adoption of a manager plan to meet the requirements applicable to an initiative and referendum petition. If the clerk certifies that the petition is sufficient, it is submitted to the governing body.

Sec. 5. Reworded slightly, but no substantive change.

Sec. 6. Repeal of a manager plan requires the same procedures as adoption. The repeal is effective within 60 days after certification of the election approving repeal.

Sec. 7. Permits a person to vote in a municipal election only if the person is registered to vote in state elections

at a residence address within the municipality at least 30 days before the municipal election.

Sec. 8. Permits a municipality to require that a person be registered to vote in state elections at the address in the municipality claimed as the residence.

Sec. 9. Permits a municipality by ordinance to require a person whose registration has been cancelled to re-register before voting in municipal elections.

Sec. 10 Requires the name and address of a prime sponsor to be included on an initiative or referendum application. Correspondence relating to the petition is sent to that prime sponsor.

Sec. 11. Copies of the petition are provided to sponsors at the clerk's office, although, special circumstances are listed under which a copy will be mailed.

Sec. 12. Adds a cross reference to an exception added in the next section.

Sec. 13. Provides special initiative or referendum requirements for ordinances or resolutions that affect only part of a municipality.

Sec. 14. The clerk need only notify the prime sponsor of an insufficient petition.

Sec. 15. A recall petition must identify a prime sponsor.

Sec. 16. Copies of a recall petition are to be made available to sponsors at the clerk's office. A copy will be mailed only in special circumstances.

Sec. 17. The clerk is required to inform only the prime sponsor of the number of signatures needed on a recall petition.

Sec. 18. The clerk is required to inform the prime sponsor if the petition is insufficient.

Sec. 19. Minor rewording.

Representative Eileen MacLean
Page 3
April 5, 1989

Sec. 20. A person who is recalled may not be appointed to the same office to fill that vacancy until a successor is elected.

Sec. 21. Deletes definition of voter and substitutes a cross-reference to the statute that sets out voter qualifications.


TBC:gc
WKG9/011

Alaska MUNICIPAL League

TELEPHONE
(907) 586-1125

217 SECOND ST., SUITE 200
JUNEAU ALASKA 99801

TO: Representative Eileen MacLean, Chair
Members of the House Community and Regional Affairs Committee

FROM: Scott A. Burgess, Executive Director 

DATE: April 10, 1989

SUBJECT: CSSB 173 (C&RA) - Municipal Petitions and Elections

The Alaska Municipal League supports CSSB 173 (C&RA). In November 1988, the AML Board identified amendments to the statutes governing municipal elections to correct inconsistencies in those statutes and, where appropriate, to allow for greater local control, efficiency and fairness as a top priority of the League for the 1989 legislative session. CSSB 173 (C&RA) addresses several of the individual issues outlined in the League's Municipal Platform.

Sections 1, 2, 3 4, 5, and 6 clarify the petition process for elections on local liquor option under Title 4, and unification, charter commission formation, and the manager plan adoption or repeal under Title 29. The language in most cases adopts the existing petition process under Title 29 (AS 29.26.100 -.190) with some amendments.

A process for initiative and referendum petitions is established in AS 29.26.100-.190. The statutes governing adoption or deletion of the manager plan (AS 29.20.460), alteration of forms of government (AS 29.06), and the local liquor option (AS 4.11.502) currently contain vague references to "by petition" but do not specify that the procedures governing such petitions should be those in AS 29.26.100-.190.

Sections 7 and 8 of CSSB 173 (C&RA) amend the voter qualification criteria for municipal elections under Title 29. Municipal elections are carried out under Title 29, whereas state elections are governed by Title 15. Sections 7 and 8 clarify that an individual is required to be registered within the State of Alaska and the precinct, district, service area, or municipality in which they reside not less than thirty (30) days immediately preceding the date of the municipal election.

Most municipalities have addressed this requirement by incorporating state law into local ordinances; however, the requirements should be clarified. Votes should be registered within the area, precinct, or municipality in which they seek to vote. A person must be a resident and registered in the new area 30 days prior to voting in a local election. Thirty-day residency and registration requirements are standard conditions placed on an elector's entitlement to vote and are based upon substantial public policy reasons such as ensuring that electors are informed about the candidates and issues

of the election, ensuring that an elector in the area has a stake in the election, administrative convenience, and elimination of fraud in elections. Section 9 would allow a municipality the option of passing an ordinance requiring a resident to register to vote in the municipal election if he/she has not registered in the municipality or voted for two years, or have his/her name purged from the eligible voter list. Under Title 15, a voter whose registration has been canceled for non-activity, may still vote in an election as long as they have been registered at sometime during the two previous general elections. This approach works well for state elections because of the Division of Elections immediate access to past records of canceled voters. However, for some municipalities without such easy access (e.g other than Anchorage, Fairbanks and Juneau) this is a burden. The bill would allow each municipality the discretion to determine the procedure regarding purged voters for its elections, while not interfering with the procedures utilized by the State.

Sections 10 - 12 and 14 - 18 address the initiative, referendum and recall petition by amending Title 29 to a) require the municipal clerk to notify the designated contact who submits an application for an initiative, referendum, or recall petition of the sufficiency of the application and the availability of the petition and b) require the clerk to provide petitions only to persons who request a petition in person, or in writing if located in a multi-community municipality, from the clerk's office.

The Title 29 revision of 1986 provided an entirely new format for initiative, referendum, and recall petitions. This format has been tested, and it is time for some revisions to "tighten up" some portions of it. First, it should be clarified that the burden of contacting the sponsors of applications for petitions should be on the designated contact sponsor, not on the clerk. Applications for petitions in larger municipalities may contain hundreds of names of sponsors, many of whom aren't even aware they have been listed.

Second, petitions should be given only to those who agree to circulate the petition and sign for it. This would make the initiative, referendum, and recall process more manageable for the public and the clerk.

Section 19 is a technical clarification of AS 29.26.330, the form of a recall ballot, requiring material be filed at least 20 days before the election.

Section 13 amends AS 29.26.110-.190 to make a distinction for initiative and referendum issues of non-areawide or service area powers. AS 29.26.100-.190, which outlines the standards and process associated with a referendum election, mentions only municipal voters and makes no distinction as to voters inside the city and those outside it. The statutes do not require that petitioners or voters on an initiative or referendum be within the proposed or existing service area. Repeal of a non-areawide or service

AML Testimony on CSSB 173 (C&RA)
April 10, 1989
Page 3

area power would affect residents located outside cities, but under current statutes voters within cities could have a significant, and potentially dominant, role in determining whether residents outside the city receive services.

Section 20 amends Title 29 to prohibit a recalled elected official or a recalled official appointed to an elected office from being appointed to the vacancy created by the recall. If voters recall an elected official or an official appointed to an elected office, the voters have spoken, and their decision should stand. Prohibiting a recalled official from being reappointed also avoids pressure on other elected officials. Basically, allowing a recalled person to be appointed to the vacancy created by his or her recall is contrary to the whole recall process. AS 29.26.320(c) states that a person who resigns (during a recall process) may not be appointed to fill the vacancy. To be consistent, a recalled official should not be appointed to the vacancy created by the recall.

The AML supports CSSB 173 (C&RA) and urges the Committee and the Legislature to pass the bill to bring clarity and fairness to the municipal elections process.

Resolution of the Alaska Municipal League

Resolution No. 89-6

**A RESOLUTION URGING THE AMENDMENT OF MUNICIPAL
ELECTION STATUTES TO CORRECT INCONSISTENCIES
AND ALLOW FOR GREATER LOCAL CONTROL**

WHEREAS, several inconsistencies exist in the state laws governing municipal elections and the election process which are inappropriate, and

WHEREAS, these inconsistencies and incongruities impede the efficient management of the municipal elections process and introduce inequities into the election process, the foundation of our democratic system of government, and

WHEREAS, the limitations on staff and funding for the Alaska Public Offices Commission preclude the commission from adequately enforcing state statutes at the municipal level;

NOW, THEREFORE, BE IT RESOLVED that the Alaska Municipal League urges the 16th Alaska Legislature and the Governor to pass legislation amending the statutes governing municipal elections to correct these inadequacies by adopting a package of election revisions proposed by the municipalities themselves through the Alaska Municipal League.

SUGGESTED AMENDMENTS
SENATE BILL 173

The Division of Elections has reviewed the text of this bill and supports its general intent. It is important to note, however, that the Division of Elections is not directly affected by the main text of this bill. However, the Division serves municipalities in the conduct of local elections in a support capacity, specifically in maintaining voter registration rolls, providing voter lists and precinct registers, recording local voter history and determining precinct boundaries and polling sites. We, therefore, work with and lend our support to the Municipal League and local governments on these issues whenever possible. We support the general content of this bill because we agree with local officials that current laws regarding voter qualifications and petition processing do not adequately address the needs of local officials in the administration of these functions.

The Division wishes to focus its comments specifically on the sections regarding voter qualifications. It is our understanding that the purpose of this legislation is to resolve two major issues that, under current law, are unclear.

1. Under current law a voter must be a "resident" of the municipality in which he or she wants to vote for 30 days prior to an election. The law makes no requirement that they also be "registered" in the community. As long as they are registered somewhere to vote in state elections, local officials must count their vote.
2. Under existing provisions there is no clear statement as to the deadline by which a voter qualified in state elections must be registered for local elections.

The provisions of Section 7, are intended to clarify the requirements. Having discussed this issue with the Executive Director of the Alaska Municipal League, members of the League's legislative committee, and legal counsel for the league, the Division would like to recommend a friendly amendment to the bill which we believe more clearly fulfills the intent of the legislation. The text of that amendment is attached.

AMENDMENT #1

Sec. 7. AS 29.26.050(a) is amended to read:

Sec. 29.26.050. VOTER QUALIFICATION. (a) A person may vote in a municipal election only if the person

(1) is [A UNITED STATES CITIZEN WHO IS] qualified to vote in state elections[,] under AS 15.05.010;

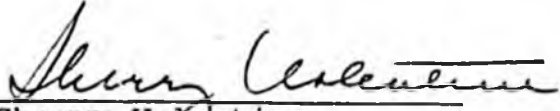
(2) has been a resident of the municipality for 30 days immediately preceding the election;

(3) is registered to vote in state elections at a residence address within the municipality at least 30 days before the municipal election in which the voter seeks to vote, and

(4) is not disqualified under art. V of the state constitution.

3/2/89

Date


Sherry Valentine
Deputy Director

Another issue that has been raised by municipal officials relates to the status of votes cast by voters who have been purged. Under Title 15, a voter whose registration has been canceled for non-activity, may still vote in an election as long as they have been registered at sometime during the 2 previous general elections. This approach works well for state elections because of the Division's immediate access to past records of cancelled voters. For some municipalities this a burden and it has been suggested that the provision be deleted. While the Division of Elections would not support such a repeal for state elections we are sensitive to the burden it puts on some municipalities.

Should the Municipal League and municipalities wish to pursue this issue, however, we offer the following suggestion which would allow each municipality the discretion to determine the procedures regarding purged voters which will be utilized for its elections, while not interfering with the procedures utilized by the State.

Add a new subsection to AS 29.26.050 to read:

(d) A municipality by ordinance may require that a person whose registration has been cancelled under AS 15.07.130 must reregister and meet the qualifications under (a) of this section to vote in the municipal election.

Article 2. Initiative and Referendum.

Section	Section
100. Reservation of powers	150. Protest
110. Application for petition	160. New petition
120. Contents of petition	170. Initiative election
130. Signature requirements	180. Referendum election
140. Sufficiency of petition	190. Effect

Effective date of article. — Section 90, ch. 74, SLA 1985 provides: "This Act takes effect January 1, 1986."

Sec. 29.26.100. Reservation of powers. The powers of initiative and referendum are reserved to the residents of municipalities, except the powers do not extend to matters restricted by art. XI, sec. 7 of the state constitution. (§ 9 ch 74 SLA 1985)

Sec. 29.26.110. Application for petition. (a) An initiative or referendum is proposed by filing an application with the municipal clerk containing the ordinance or resolution to be initiated or the ordinance or resolution to be referred and the address to which all correspondence relating to the petition may be sent. An application shall be signed by a least 10 voters who will sponsor the petition. An additional sponsor may be added at any time before the petition is filed by submitting the name of the sponsor to the clerk. Within two weeks the clerk shall certify the application if the clerk finds that it is in proper form and, for an initiative petition, that the matter

- (1) is not restricted by AS 29.26.100;
 - (2) includes only a single subject;
 - (3) relates to a legislative rather than to an administrative matter;
- and
- (4) would be enforceable as a matter of law.

(b) A decision by the clerk on an application for petition is subject to judicial review. (§ 9 ch 74 SLA 1985)

Sec. 29.26.120. Contents of petition. (a) Within two weeks after certification of an application for an initiative or referendum petition, a petition shall be prepared by the municipal clerk. Each copy of the petition shall contain

- (1) a summary of the ordinance or resolution to be initiated or the ordinance or resolution to be referred;
- (2) the complete ordinance or resolution sought to be initiated or referred as submitted by the sponsors;

- (3) the date on which the petition is issued by the clerk;
 - (4) notice that signatures must be secured within 90 days after the date the petition is issued;
 - (5) spaces for each signature, the printed name of each signer, the date each signature is affixed, and the residence and mailing addresses of each signer;
 - (6) a statement, with space for the sponsor's sworn signature and date of signing, that the sponsor personally circulated the petition, that all signatures were affixed in the presence of the sponsor, and that the sponsor believes the signatures to be those of the persons whose names they purport to be; and
 - (7) space for indicating the total number of signatures on the petition.
- (b) If a petition consists of more than one page, each page shall contain the summary of the ordinance or resolution to be initiated or the ordinance or resolution to be referred.
- (c) Copies of the petition shall be provided to each sponsor by the clerk. (§ 9 ch 74 SLA 1985)

Sec. 29.26.130. Signature requirements. (a) The signatures on an initiative or referendum petition shall be secured within 90 days after the clerk issues the petition. The statement provided under AS 29.26.120(a)(6) shall be signed and dated by the sponsor. Signatures shall be in ink or indelible pencil.

(b) The clerk shall determine the number of signatures required on a petition and inform each sponsor. A petition shall be signed by a number of voters based on the number of votes cast at the last regular election held before the date the petition was issued equal to

- (1) 25 percent of the votes cast if a municipality has fewer than 7,500 persons; or
- (2) 15 percent of the votes cast if a municipality has 7,500 persons or more.

(c) Illegible signatures shall be rejected by the clerk unless accompanied by a legible printed name. Signatures not accompanied by a legible residence address shall be rejected.

(d) A petition signer may withdraw the signer's signature on written application to the clerk before certification of the petition. (§ 9 ch 74 SLA 1985)

Sec. 29.26.140. Sufficiency of petition. (a) All copies of an initiative or referendum petition shall be assembled and filed as a single instrument. Within 10 days after the date the petition is filed, the municipal clerk shall

(1) certify on the petition whether it is sufficient; and

(2) if the petition is insufficient, identify the insufficiency and notify the sponsors at the address provided under AS 29.26.110(a) by certified mail.

(b) A petition that is insufficient may be supplemented with additional signatures obtained and filed before the 11th day after the date on which the petition is rejected.

(c) A petition that is insufficient shall be rejected and filed as a public record unless it is supplemented under (b) of this section. Within 10 days after a supplementary filing the clerk shall recertify the petition. If it is still insufficient, the petition is rejected and filed as a public record. (§ 9 ch 74 SLA 1985)

Sec. 29.26.150. Protest. If the municipal clerk certifies an initiative or referendum petition is insufficient, a signer of the petition may file a protest with the mayor within seven days after the certification. The mayor shall present the protest at the next regular meeting of the governing body. The governing body shall hear and decide the protest. (§ 9 ch 74 SLA 1985)

Sec. 29.26.160. New petition. Failure to secure sufficient signatures does not preclude the filing of a new initiative or referendum petition. However, a new petition on substantially the same matter may not be filed sooner than six months after a petition is rejected as insufficient. (§ 9 ch 74 SLA 1985)

Sec. 29.26.170. Initiative election. (a) Unless substantially the same measure is adopted, when a petition seeks an initiative vote the clerk shall submit the matter to the voters at the next regular election occurring no sooner than 45 days after certification of the petition. If no regular election occurs within 75 days after the certification of a petition, the governing body shall hold a special election within 75 days, but not sooner than 45 days after certification.

(b) If the governing body adopts substantially the same measure, the petition is void and matter initiated may not be placed before the voters.

(c) The ordinance or resolution initiated shall be published in full in the notice of the election, but may be summarized on the ballot to indicate clearly the proposal submitted.

(d) If a majority vote favors the ordinance or resolution, it becomes effective upon certification of the election, unless a different effective date is provided in the ordinance or resolution (§ 9 ch 74 SLA 1985)

Sec. 29.26.180. Referendum election. (a) Unless the ordinance or resolution is repealed, when a petition seeks a referendum vote the clerk shall submit the matter to the voters at the next election occurring no sooner than 45 days after certification of the petition. If no election occurs within 75 days of certification of a petition, the governing body shall hold a special election within 75 days, but not sooner than 45 days after certification.

(b) If a petition is certified before the effective date of the matter referred, the ordinance or resolution against which the petition is filed shall be suspended pending the referendum vote. During the period of suspension, the governing body may not enact an ordinance or resolution substantially similar to the suspended measure.

(c) If the governing body repeals the ordinance or resolution before the referendum election, the petition is void and the matter referred shall not be placed before the voters.

(d) If a majority vote favors the repeal of the matter referred, it is repealed. Otherwise, the matter referred remains in effect or, if it has been suspended, becomes effective on certification of the election. (§ 9 ch 74 SLA 1985)

Sec. 29.26.190. Effect. (a) The effect of an ordinance or resolution may not be modified or negated within two years after its effective date if adopted in an initiative election or if adopted after a petition that contains substantially the same measure has been filed.

(b) If an ordinance or resolution is repealed in a referendum election or by the governing body after a petition that contains substantially the same measure has been filed, substantially similar legislation may not be enacted by the governing body for a period of two years.

(c) If an initiative or referendum measure fails to receive voter approval, a new petition application for substantially the same measure may not be filed sooner than six months after the election results are certified. (§ 9 ch 74 SLA 1985)

CSSB 173 C&RA "AN ACT RELATING TO MUNICIPAL PETITIONS AND ELECTIONS, AND TO APPOINTMENT TO FILL CERTAIN MUNICIPAL OFFICES." - ADAMS

COMMITTEE SUBSTITUTE FOR SB 173 C&RA WOULD CLARIFY PROCEDURES RELATING TO MUNICIPAL PETITIONS AND ELECTIONS WHICH WERE MISSED WHEN TITLE 29 WAS REVISED. THIS IS ONE OF THE ALASKA MUNICIPAL LEAGUE'S LEGISLATIVE PRIORITIES AND HAS THE SUPPORT OF THE ALASKA ASSOCIATION OF MUNICIPAL CLERKS.

THERE IS A ZERO FISCAL NOTE FROM THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS.

WE WILL BE ON TELECONFERENCE FOR THIS BILL.

HERE TO SPEAK ON BEHALF OF THE LEGISLATION IS THE SPONSOR
~~REPRESENTATIVE~~ ^{Senator} AL ADAMS.

TELECONFERENCE:

GAYE VAUGHAN, ALASKA ASSOCIATION OF MUNICIPAL CLERKS.
ALSO TO TESTIFY:
SCOTT BURGESS, ALASKA MUNICIPAL LEAGUE

WE DO NOT HAVE TO MOVE TO ADOPT CSSB 173 C&RA FOR PURPOSES OF DISCUSSION. THIS IS BECAUSE IT IS THE VERSION ALREADY ADOPTED BY A BODY (THE SENATE) AND REFERRED TO US. HOWEVER, WE DO HAVE TO INCLUDE THE ENTIRE TITLE COMMITTEE SUBSTITUTE FOR SB 173 C&RA WHENEVER IT IS REFERRED TO OR TO MOVE IT OUT OF COMMITTEE.

SB

207

HOUSE COMMITTEE REPORT

(5)

Date Referred: April 18, 1989

FURTHER REFERRALS: JUDICIARY

Date of Committee Action: 4/18/89

The COMMUNITY & REGIONAL AFFAIRS Committee considered: CSSB 207(C&RA)

CS FOR SENATE BILL NO. 207 (C&RA)

[LIENS BY MUNICIPALITY FOR UTILITY SERVICE]

"An Act relating to liens on real property to secure payment for services provided by a utility owned by a municipality."

RECOMMENDATIONS:

- be replaced with House CS for CSSB 207 C+RA [] the same title
- [] a new title
- [] have attached amendment(s)
- do pass
- [] do not pass
- [] no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):
(Dept)

APPROVES PREVIOUS: (Date/Dept)

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

- [] fiscal note(s) _____
- zero fiscal note(s) CRA
- [] zero fn/analysis _____

SIGNING DO PASS:

Richard J. [Signature]

Eileen P. MacLean

SIGNING: (Check approp. column)

	Do Not Pass	No Rec	Amend
<u>Cheri Davis</u>		X	

Eileen P. MacLean
Chairman's Signature

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: "An Act..liens on real property to
 secure payment..services..utility.."
 Sponsor: Senate C&RA Committee
 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						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Jim Plasman, Deputy Director Phone: 465-4750
 Division: Municipal & Regional Assistance Date: 3/29/89
 Approved by Commissioner: David C. Hoffman Date: 3-30-89
 Agency: Community & Regional Affairs

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



Alaska State Legislature

House of Representatives
Community & Regional Affairs

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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
DRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

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
THE LEGISLATURE

POUCHY STATE CAPITOL
JUNEAU ALASKA 99801
907 465 1800

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
Division of Legal Services *TBC*

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



#3

Office of the City Clerk
832-5441
Incorporated November 17, 1921

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.

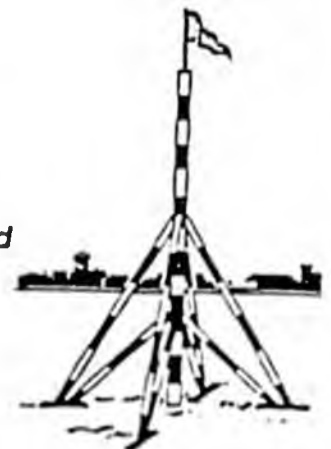
The State supreme court has never decided whether a home rule municipality, such as Nenana, has the authority to create liens without statutory authority. There is no provision in Alaska law which specifically prohibits Nenana from creating these liens, and under the state constitution a home rule municipality 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



by ordinance and shall be reasonable and permit a fair return on invested capital.

(d) A municipality may provide for the creation, recording, notice, and foreclosure of a lien on real property to secure the payment of charges for water, sewer, electric, and other utilities provided to the property by the municipality, and the interest, penalties, and administration costs in the event of delinquency. When recorded the utility lien has priority over all other liens except (1) liens for property taxes and special assessments; (2) liens that were perfected before the recording of the utility lien for amounts actually advanced before the recording of the utility lien; (3) mechanic's and materialman's liens for which claims of lien under AS 34.35.070 or notices of right of lien under AS 34.35.060 have been recorded before the recording of the utility lien; and (4) sales and use tax liens created under AS 29.45.650 (e).

[(d)] (e) This section applies to home rule and general law municipalities.

Subsection (d) which is added above is copied verbatim from the language enacted by the legislature last session to establish the priority of liens for delinquent sales and use taxes. The statute which was copied is AS 29.45.650(e).

Please call should you have any questions, but basically all we are trying to do here is make everyone responsible for their own bills. There are always some utility customers who don't feel obligated to pay, and this effort would help in collecting past due accounts.

Sincerely,



Steve Bainbridge
City Administrator

cc Representative Richard Shultz

P.O. BOX 55109
NORTH POLE, ALASKA
99705



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

March 21, 1989

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

Re: SB 207, Municipal Utility Liens

Dear Jack:

Just a short note to let you know that we are in receipt of and support Senate Bill 207. As you are well aware, collection of utility charges has posed a major problem for small municipalities. Often, the only remedy is Small Claims Court. In instances where the delinquent party has left the area, there is little recourse.

The provisions of SB 207 would take tremendous strides toward alleviating this problem. You have the full support of The City of North Pole. Please let us know to whom we may make further contacts to aid in passage.

Sincerely,

A handwritten signature in black ink, appearing to read "Carleta Lewis". The signature is fluid and cursive, with a long horizontal line extending to the right.

Carleta Lewis
Mayor, City of North Pole

CL/kl

NOME JOINT UTILITY SYSTEM

RESOLUTION 89-09

A RESOLUTION SUPPORTING SENATE BILL NO. 207,
AN ACT RELATING TO LIENS ON REAL PROPERTY TO SECURE PAYMENT
FOR SERVICES PROVIDED BY A UTILITY OWNED BY A MUNICIPALITY

WHEREAS, there is a Senate Bill No. 207 in the Legislature of the State of Alaska Sixteenth Legislature - First Session, and

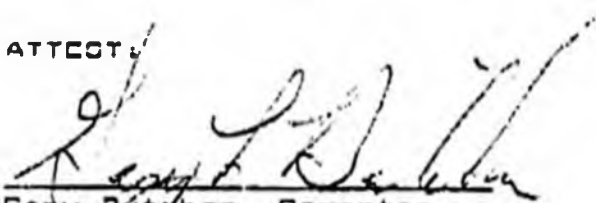
WHEREAS, this Bill is "An Act relating to liens of real property to secure payment for services provided by a utility owned by a municipality.", and

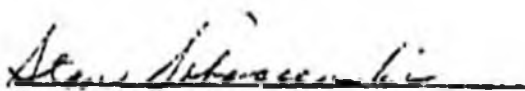
WHEREAS, the Nome Joint Utility Board would like to go on record as being in support of this Bill,

NOW THEREFORE BE IT RESOLVED that the Nome Joint Utility Board, sitting in Regular Session on March 21, 1989, supports Senate Bill No. 207, An Act Relating to Liens on Real Property to Secure Payment for Services Provided by a Utility Owned by a Municipality.

SIGNED THIS 21 DAY OF MARCH, 1989 AT NOME, ALASKA.

ATTEST:


Gary Butcher, Secretary
NOME JOINT UTILITY SYSTEM


Stan Sobocienski, Chairman
NOME JOINT UTILITY BOARD

NOME JOINT UTILITY SYSTEM

Box 70
NOME, ALASKA 99762
(907) 443-5288
TELEFAX (907) 443-3028

March 22, 1989

Senator Al Adams
Alaska State Legislature
Juneau, Alaska
FAX 465-3700

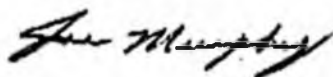
Dear Senator Adams:

Please find attached a copy of Nome Joint Utility System Resolution 89-09, A Resolution Supporting Senate Bill No. 207, "An Act Relating to Liens on Real Property to Secure Payment for Services Provided by a Utility Owned by a Municipality."

Resolution 89-09 was passed by the Nome Joint Utility Board on March 21, 1989, to establish a record of the Board's support of Senate Bill No. 207.

Thank you for your time.

Sincerely,



Joe Murphy, General Manager
NOME JOINT UTILITY SYSTEM

JM/mt

4

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 48.120 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 tariffed 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;

MOTIONS

HOUSE CS FOR CSSB 207 C&RA

ADOPT THE COMMITTEE SUBSTITUTE

Committee Chairman:

I would like to entertain a motion that House CS for CSSB 207 C&RA be adopted for purposes of discussion.

PASS THE COMMITTEE SUBSTITUTE

Committee Chairman:

I would like to entertain a motion to pass House CS for CSSB 207 C&RA from committee.

HB 272, CSSB 123 JUD, & CSSB 256 C&RA

Committee Chairman:

I would like to entertain a motion to pass HB 272 from committee with individual recommendations.

I would like to entertain a motion to pass CSSB 123 JUD. from committee with individual recommendations.

II. AMENDMENTS

1. Amendments need to be adopted

Committee Chairman:

a. We have before us amendments #1 which reads:-----, is there a motion?

Member Response

a. I move and ask unanimous consent that amendment #1 be adopted.

b. I move the amendment before the committee be adopted by Committee.

Chairman answers

- a. Hearing no objection so ordered.
- b. Hearing objection Roll call vote.

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)

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- (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;

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

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

FURTHER

JUD

**FISCAL NOTE(S) MUST BE ATTACHED
IN ACCORDANCE WITH AS 24.08.035

3/7/89

DATE TURNED INTO OFFICE 3-23-89

Mr. President:

C&RA

Committee considered

SB 207

liens on real property to secure payment for services provided by a utility owned by a municipality

and recommended:

replace with CS

SB 207 (C&RA)

same title

new title

attached amendment(s) and

_____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

FISCAL NOTE(S) attached zero

appropriation no FN attached

fiscal impact

Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]
Pat Fouchot
Dorel

[Signature] - DO PASS

Chairman signature and recommendation

Committee backup attached

6-0949H ✓
Cook
4/18/89

Original sponsors: Adams and Coghill

1 IN THE SENATE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 207 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to liens on real property to secure
7 payment for services provided by a utility owned by a
8 municipality."

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

10 * Section 1. AS 29.35.070 is amended by adding a new subsection to
11 read:

12 (e) A municipality may by ordinance provide for creation, re-
13 cording, and notice of a lien on real property to secure payment for
14 ~~sewer and water services~~ provided by a utility owned by the munici-
15 pality and for the interest, penalties, and administration costs
16 charged in the event of delinquency. The lien may be enforced as
17 provided in AS 29.45.320 - 29.45.490 for enforcement of a property tax
18 lien.

Foreclosure list

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HOUSE COMMITTEE REPORT

(5)

Date Referred: April 13, 1989

FURTHER REFERRALS: FINANCE

Date of Committee Action: 4/18/89

The COMMUNITY & REGIONAL AFFAIRS Committee considers: CSSB 256 (C&RA)

CS FOR SENATE BILL NO. 256 (C&RA)

[REIMBURSEMENT FOR COSTS/HAZARDOUS SUB.]

"An Act relating to reimbursement for costs incurred and recovery of money expended as a result of a released hazardous substance; and providing for an effective date."

RECOMMENDATIONS:

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

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

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

- [] fiscal note(s) _____
- [] zero fiscal note(s) Environmental Conservation
- [] zero fn/analysis _____

SIGNING DO PASS:

Eileen P. McLean

SIGNING:

(Check approp. column)

Do Not Pass No Rec Amend

	Do Not Pass	No Rec	Amend
<i>Richard J. Gage</i>		X	
<i>Chris Davis</i>		X	

Eileen P. McLean
 Chairman's Signature



Alaska State Legislature

House of Representatives
Community & Regional Affairs

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SENATE BILL 256

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- ITEM 2: 0 Fiscal Note - Department of Environmental Conservation
- ITEM 3: Position Paper - Department of Environmental Conservation
- ITEM 4: SB 256



Alaska State Legislature

Senator Mike Szymanski

While In Session:
P.O. Box V
State Capitol, Room 11
Juneau, Alaska 99811
(907) 465-4978/4979
FAX (907) 465-2652

During Interim:
3111 C Street, Suite 510
Anchorage, Alaska 99503
(907) 561-7617

165 E. Parks Highway
Legislative Information Office
Wasilla, Alaska 99687
(907) 376-MIKE

MEMORANDUM

TO: Representative Eileen Maclean, Chairperson
House Community and Regional Affairs Committee

FROM: *Mike Szymanski* Senator Mike Szymanski

RE: *Mike Szymanski* Senate Bill 256

The purpose of this legislation is to clarify the authority given the Commissioner of the Department of Environmental Conservation to enter into agreements with municipalities. This clarification is necessary in order to allow the DEC to provide reimbursements from the oil and hazardous substance fund to municipalities for expenses related to oil containment and cleanup activities.

Under current law (AS 46.08.070[c]), the DEC Commissioner must first enter into an agreement with a municipality before any payments can be made from the oil and hazardous substance fund. SB 256 will amend current statute by allowing the Commissioner to reimburse communities for expenses dating from March 24, 1989.

Senate District E

Mat-Su • So. Anchorage • Bird/Indian • Cirdwood • Whittier • Nikiski • Cooper Landing • Hope • Seward • Cordova • Valdez

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Environmental Conservation
 Title: An Act relating to reimbursement to persons and municipalities for costs incurred as a result of a released hazardous substance BRU: 10
 Sponsor: Senator Szymanski sub: _____ Components: _____
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS: None

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Mark Thorson Phone: 765-2621
 Division: Administrative Services Date: 4/5/89

Approved by Commission: Mark O. Thorson for 2004 Date: 4/5/89
 Agency: Environmental Conservation /

Distribution (by preparer):

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

4092652. # 2
3

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

OFFICE OF THE COMMISSIONER
PO BOX O, JUNEAU, ALASKA 99811-1800

(907) 465-2600

April 4, 1989

Senator Mike Szymanski
Alaska State Senate
PO Box V
Juneau, AK 99811

Dear Senator Szymanski:

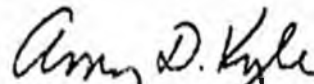
I am writing to state our support for the intent of SB 256. This bill would allow the Department to reimburse the City of Seward for legitimate expenditures for response to the oil spill in Prince William Sound.

At present, the oil and hazardous substance fund may be used for reimbursement to a municipality only if the Department has signed an agreement with the municipality before the expenditure is made. In this case, the City of Seward made expenditures to prepare to keep product away from sensitive areas before an agreement could be signed with the Department.

The Department believes that the City should not be precluded from reimbursement for these expenses simply because an agreement had not been signed. The expenditures will be reviewed by the Department according to procedures established for all municipalities participating in this response. Expenditures will be submitted for payment by EXXON before state funds are used.

Please let me know if there are any additional questions.

Sincerely,



Amy D. Kyle
Deputy Commissioner



Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

907-586-2345

AEL ISSUE PAPER-SB 256: REIMBURSEMENT FOR COSTS INCURRED AS A RESULT OF OIL/HAZARDOUS SUBSTANCE RELEASE

The Alaska Environmental Lobby supports the Senate Community And Regional Affairs CS for SB 256. It is absolutely necessary that the money spent on the Prince William Sound cleanup by the Department of Environmental Conservation, municipalities, and other entities be recovered from the responsible parties.

The Exxon Valdez oil spill disaster has had tragic consequences for the environment and the communities of Prince William Sound, and beyond. This crisis required an immediate, emergency response. **Substantial costs have been incurred both by DEC and the communities of Prince William Sound in this large-scale cleanup and containment effort.** It is essential that this money be recovered from those responsible for this grave environmental, social, and economic catastrophe.

The Alaska Environmental Lobby commends the Senate in this effort to create a framework for containment and clean up expenditure reimbursement. With this assurance of reimbursement, local entities and municipalities will be more likely to participate in future oil and hazardous substance release prevention and cleanup.

Karen Brewster
April 11, 1989

ALASKA CENTER FOR THE ENVIRONMENT • ALASKA CHAPTER SIERRA CLUB • JUNEAU GROUP SIERRA CLUB • SITKA GROUP SIERRA CLUB
KNIK GROUP SIERRA CLUB • DENALI GROUP SIERRA CLUB • ANCHORAGE AUDUBON SOCIETY • ARCTIC AUDUBON SOCIETY
DENALI CITIZENS' COUNCIL • ALASKA FRIENDS OF THE EARTH • JUNEAU AUDUBON SOCIETY • KACHEMAK BAY CONSERVATION SOCIETY
KENAI PENINSULA AUDUBON SOCIETY • KODIAK AUDUBON SOCIETY • LYNN CANAL CONSERVATION • ALASKA WILDLIFE ALLIANCE
SITKA CONSERVATION SOCIETY • NORTHERN ALASKA ENVIRONMENTAL CENTER • SOUTHEAST ALASKA CONSERVATION COUNCIL
KNIK KANOERS AND KAYAKERS

S B

2 6 8



Alaska State Legislature

House of Representatives
Community & Regional Affairs

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SENATE BILL 268

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- ITEM 4: RESOLUTION - ALASKA MUNICIPAL LEAGUE
- ITEM 5: BOND-FINANCED SELF-INSURANCE FOR PUBLIC ENTITIES
- ITEM 6: SB 268

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: CS SB 268 (Finance)
PUBLISH DATE: 4/22/89

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Economic Dev.
 Title: An Act relating to municipal BRU: Insurance
financing and municipal joint arrangements
 Sponsor: Frank, Sturoulewski, et al. Components: _____
 Requester: Senate C&RA

EXPENDITURES / REVENUES : (Thousands of Dollars)

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

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

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

FUNDING: (Thousands of dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

Changes in the CS (Fin) have no fiscal effect. This fiscal note is appropriate. SFC: 4/22/89

Prepared by: Joan Brown, Administrative Officer
 Division: Insurance

Phone: 465-2515
 Date: 4-11-89

Approved by Commissioner: Larry Merculieff
 Agency: Department of Commerce & Economic Development

Phone: 465-2500
 Date: 4/12/89

Distribution (by preparer):

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

STATE OF ALASKA
THE LEGISLATURE

POUCH STATE CENTER
JUNEAU ALASKA 99801
207 465 1000

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 27, 1989

SUBJECT: Municipal debt financing - CSSB 268(Finance)
TO: Representative Eileen MacLean
FROM: Michael F. Ford *M.F.*
Legislative Counsel

The following is a sectional analysis of CSSB 268(Fin):

Section 1 - Finding and purpose.

Section 2 - Specifies that a joint insurance arrangement is not considered insurance, and is not subject to regulations adopted by the director of the division of insurance. Also requires each administrator of a joint insurance arrangement to file an annual financial report with the Legislative Budget and Audit Committee.

Section 3 - Allows expenditures from a joint insurance fund to pay contractual obligations to certain lenders, and for the purchase of insurance.

Section 4 - Allows a municipality or a municipal joint insurance arrangement to contract debt for the purpose of self-insuring against liability. Provides that the municipality or joint insurance arrangement may enter into contracts concerning the debt, and may sell bonds, notes, or certificates of participation at public or private sale as provided by the participants.

Section 5 - Excludes debt issued by a municipality or a municipal joint insurance arrangement from the provisions of AS 37.10.085, concerning prohibited debt issued to a corporation.

Section 6 - Adds a provision that assisting municipalities to provide insurance coverage through bonds or other debt issued by the Alaska Municipal Bond Bank Authority, is included as the policy of the state.

Representative Eileen MacLean

Page 2

April 27, 1989

Section 7 - Authorizes the Alaska Municipal Bond Bank Authority to create by regulation a new entity for the purpose of financing a self-insurance program for municipalities or municipal joint insurance arrangements.

Section 8 - Authorizes the Alaska Municipal Bond Bank Authority to lend money to municipalities, or municipal joint insurance arrangements for the purpose of financing a self-insurance program.

Section 9 - Authorizes the Alaska Municipal Bond Bank Authority to make loans by purchasing notes or certificates of participation from a municipality or a municipal joint insurance arrangement.

Section 10 - Effective date.

MF:kb

wkk4/052

STEVE FRANK
DISTRICT K
SEAT A

119 N. Cushman, Rm 213
Fairbanks, Alaska 99701

While in Juneau
P.O. Box 5

Juneau, Alaska 99811
(907) 465-1709

Capitol Rm 514

Alaska State Legislature




Senate

MEMBER
Finance Committee
Resources Committee
Legislative Council
Special Committee on Banking &
Economic Development

VICE-CHAIR
Community & Regional
Affairs Committee

MEMORANDUM

DATE: April 12, 1989

TO:  Senator Al Adams, Chairman
Community and Regional Affairs Committee

FROM: Senator Steve Frank

SUBJECT: SB 268, An Act relating to municipal financing and municipal joint insurance arrangements; the Alaska Municipal Bond Bank Authority; and providing for an effective date.

SB 268, legislation developed and endorsed by the Alaska Municipal League will allow municipalities and municipal joint insurance associations to utilize debt financing to establish reserves to self-insure against liability when the cost of reinsurance is too high.

Recognizing that insurance costs were reaching levels beyond the reach of many individual municipalities, the Fourteenth Legislature passed legislation establishing joint insurance pools. The proposed bill will provide a back-up tool that municipalities and municipal joint insurance associations can use in instances where excessively high premiums predominate in the reinsurance market.

Drafts of the bill were reviewed by Eric Wohlforth, bond counsel for the Alaska Municipal League Joint Insurance Association, and John Havelock. Both attorneys have endorsed the proposed bill and are of the opinion that the proposed legislation, as phrased, is constitutional.

The Alaska Municipal League Joint Insurance Association has offered to have staff available to answer any questions the committee might have regarding provisions of the legislation.

AML JIA

Alaska Municipal League Joint Insurance Association, Inc.

217 Second Street, Suite 200

Juneau, Alaska 99801

(907) 586-3222

FAX: (907) 463-5480

April 12, 1989

The Honorable Steve Frank
Alaska State Senate
State of Alaska
P. O. Box V
Juneau, Alaska 99811-3100

Re: AN ACT RELATING TO MUNICIPAL FINANCING
 AND MUNICIPAL JOINT INSURANCE ARRANGEMENTS,
 THE ALASKA MUNICIPAL BANK

Dear Senator Frank:

In 1986 the Alaska Legislature, under AS 21.76, gave Alaskan municipalities, city and school borough school districts authority to form joint insurance arrangements as an alternative to commercial property, liability and workers compensation insurances. This legislation was enacted to enable municipalities to cope with the adverse effects of constantly fluctuating insurance markets. Availability and cost of needed insurance coverages has been subject to wild swings which place a strain on the municipal budgeting process. These wild swings are best illustrated by the enclosed study published recently by the Insurance Services offices. These severe swings in profitability have caused large rate increases and restrictions of coverage for municipalities countrywide..

In recent years, many states including, California, New York, Texas, Louisiana, A.kansas, Michigan, Washington, Maryland, South Dakota, Montana, Kentucky and Illinois have passed enabling legislation allowing their public entities, municipalities, school districts, special districts, etc, to use alternative methods of financing the costs of their insurance risks. Such capital market financing methods as Bonds, Certificates of Participation and Letters of Credit, are now being used to augment, supplement, or replace commercial insurance. These alternative financing methods are also being used in private industry. Self insurance, risk retention groups and risk purchase groups are indications of the continuing trend towards alternative approaches to insurance in the financing of risk (costs of loss). It is estimated that by 1990, 35 to 40 per cent of commercial organizations, both public and private, will be using such alternative risk finance techniques. In the public sector there are currently over 200 public pools such as ours. In addition, most major cities, counties and states are

self insured to some extent.

The purpose of this Act, then, is to allow municipalities and municipal joint insurance arrangements organized under AS 21.76 to utilize such alternative methods to finance the costs of establishing self funded reserves to cover their liabilities. Such funds would be used:

- * to create capital surplus on a pre-loss basis to fund to aggregate retention levels for multiple losses requiring payments in excess of retention level.
- * to fund large losses in excess of aggregate retentions on a post loss basis in lieu of assessments.
- * to augment, supplement or replace reinsurance or excess insurance.

The amount of funds needed to accomplish these goals would be determined by actuaries certified by the American Academy of Actuaries. The Alaska Bond Bank or other lender would have right of approval. They could either accept or reject our proposal based on their underwriting criteria.

Currently, the AML Joint Insurance Association self funds the first \$250,000 of its Property and Liability losses. The first \$350,000 of Workers Compensation loss is also self funded. This self funding is accomplished on a pooled basis using a portion of the member's premium contributions. This pooled loss fund is actuarially determined by certified actuaries, and along with reinsurance and administrative costs is reflected in the rates charged our members. Our reinsurance includes both an occurrence limit and aggregate retention limits as required by AS 21.76.

The requested legislation would provide us with a "tool" to use in better managing the financing of our risks. It could be used to reduce or replace reinsurance when its cost is expensive and to supplement our program with coverages not offered by commercial insurers. The fund could also be used to provide coverages for our members at more favorable costs than is now provided by insurers. Municipalities in other states have used this approach to provide necessary funds at substantially less cost than those of insurers when the market is "hard." The cost of insurance premiums can be likened to the cost of debt service on a capital instrument. If the cost of debt service is less than the cost of conventional insurance then certainly debt financing serves a legitimate public purpose. Financing of its costs of risk also gives municipalities greater control of their own destinies. These alternative financing arrangements would give us flexibility and clout when dealing with insurers. Flexibility in that we would purchase

Honorable Steve Frank
April 12, 1989

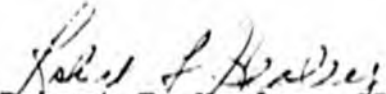
Page three

reinsurance in greater amounts when prices and coverage are The inexpensive, and lesser amounts when prices increase and coverage decreases. The clout comes from reinsurers knowing that we have an alternative to purchasing our coverage from them.

In summary, the requested legislation would give Alaskan municipalities and the AML Joint Insurance Association greater protection against the cyclical swings of the insurance industry. It would enable us to increase our financial strength while broadening our coverages and would give us a stronger bargaining position with reinsurers.

Your support is earnestly requested and will be deeply appreciated.

Sincerely,


Robert F. Healey, CPCU, ARM, ALCM
Administrator

Enclosure

Copies to: Phil Younker, Chairman, Board of Trustees, AML/JIA
Members, Board of Trustees, AML/JIA

CURRENT PARTICIPATING MEMBERS OF THE AML/JIA

PARTICIPANTS	AUTHORIZED REPRESENTATIVES	RISK MANAGERS
Akutan	Jacob Stephin, Mayor	Erika Tritremmel, Administrator
Angoon	Cynthia Paul, City Clerk	Cynthia Paul, City Clerk
Barrow	Eben Hopson, Jr., Mayor	Eben Hopson, Jr., Mayor
Chuathbaluk	Terry Hoellerle, City Manager	Terry Hoellerle, City Manager
Cordova	Jack Ferrence, Finance Director	Jack Ferrence, Finance Director
Craig	Dave Palmer, Administrator	Dave Palmer, Administrator
Dillingham	Lyle Larson, City Manager	Lyle Larson, City Manager
Eagle	Jean Boona, City Clerk/Treasurer	Oscar Ingoid
Elim	Luther Nagaruk, City Clerk	Luther Nagaruk, City Clerk
Emmonak	John Alder, City Manager	John Alder, City Manager
Golovin	Thomas Punguk, Mayor	Thomas Punguk, Mayor
Hooper Bay	Susie DeGrace, Administrative Assistant	Susie DeGrace
Huslia	Elsie Vent, Administrator	Elsie Vent, Administrator
King Cove	Wayne Marshall, City Manager	Wayne Marshall, City Manager
Kotlik	Peter F. Elachik, Sr.	Peter F. Elachik, Sr.
Kotzebue	Allen Jessup, Finance Director	Allen Jessup, Finance Director
Mountain Village	Joyce A. Brown, City Clerk	Robert H. Hall, VPSO
Nenana	Steve Bainbridge, City Manager	Steve Bainbridge, City Manager
Nikolai	Roger Jenkins, City Manager	Roger Jenkins, City Manager
Nome	Polly Prchal, City Manager	Polly Prchal, City Manager
Nunapitchuk	Eli J. Wassillie, Administrator	Eli J. Wassillie, Administrator
Ouzinkie	Debra Garner, City Clerk	Debra Garner, City Clerk
Palmer	David L. Soulak, City Manager	David L. Soulak, City Manager
Petersburg	Patricia Curtiss, Acting City Manager	Patricia Curtiss, City Clerk
Port Lions	David Wakefield, City Clerk	David Wakefield, City Clerk
Quinhagak	Larry Strunk, Administrator	Larry Strunk, Administrator
St. Mary's	Francis Thompson, Administrator	Francis Thompson, Administrator
Sand Point	Bob Juettner, Administrator	Bob Juettner, Administrator
Seward	Max Royle, City Manager	Max Royle, City Manager
Shishmaref	Morris Klyutelluk, Administrator	Morris Klyutelluk, Administrator
Skagway	Tom Healy, City Manager	Tom Healy, City Manager
Soldotna	Richard Underkoller, City Manager	Richard Underkoller, City Manager
Tenakee Springs	Janice Eagle, City Clerk	Janice Eagle, City Clerk
Thorne Bay	Ruth Anne Taylor	Ruth Anne Taylor
Unalakleet	Steve Kniseley, Administrator	Steve Kniseley, Administrator
Wainwright	Frances Hopson, Mayor	Frances Hopson, Mayor
Whittier	Cecil DePedro, Finance Director	Cecil DePedro, Finance Director

November 7, 1988

AML JIA

Alaska Municipal League Joint Insurance Association, Inc.

217 Second Street, Suite 200

Juneau, Alaska 99801

(907) 586-3222

FAX: (907) 463-5480

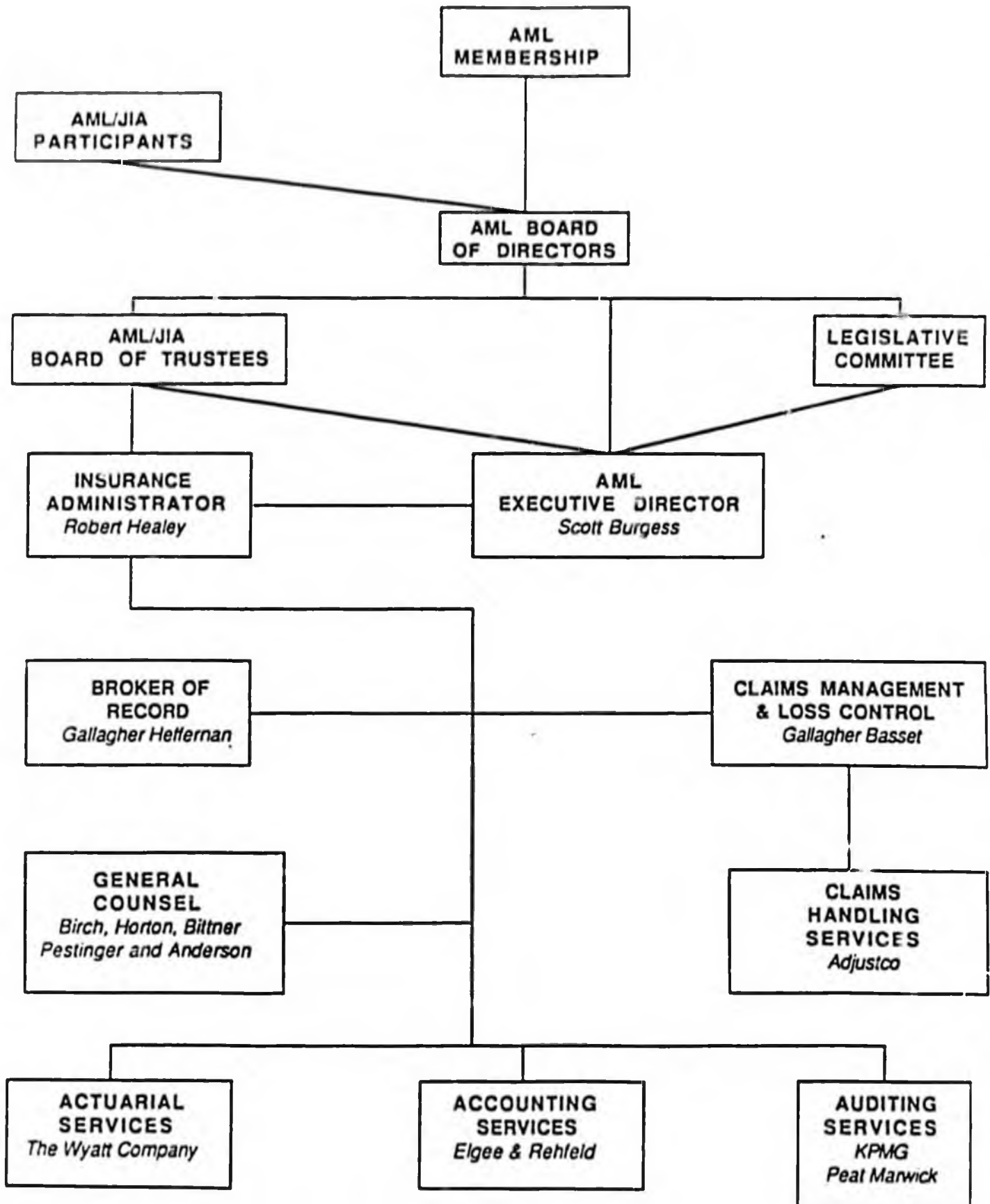
April 12, 1989

AML/JIA ACTIVE PROSPECTS

Aleutians East Borough
Atka
Atkasuk
Brevig Mission
Haines
Houston
Homer
Koyukuk
Hughes
Kake
Ketchikan Gateway Borough
Kenai
Kenai Peninsula Borough
Mat-Su Borough
Napakiak
New Halen
Northwest Arctic Borough
Nightmute
Nondalton
Old Harbor
Pelican
Pilot Station
Point Hope
St. Michaels
Shaktoolik
Sitka
Unalaska
Upper Kalskag
Wasilla

ALASKA MUNICIPAL LEAGUE
JOINT INSURANCE ASSOCIATION, INC.

ORGANIZATION CHART



Summary Of Coverages And Limits Of Liability

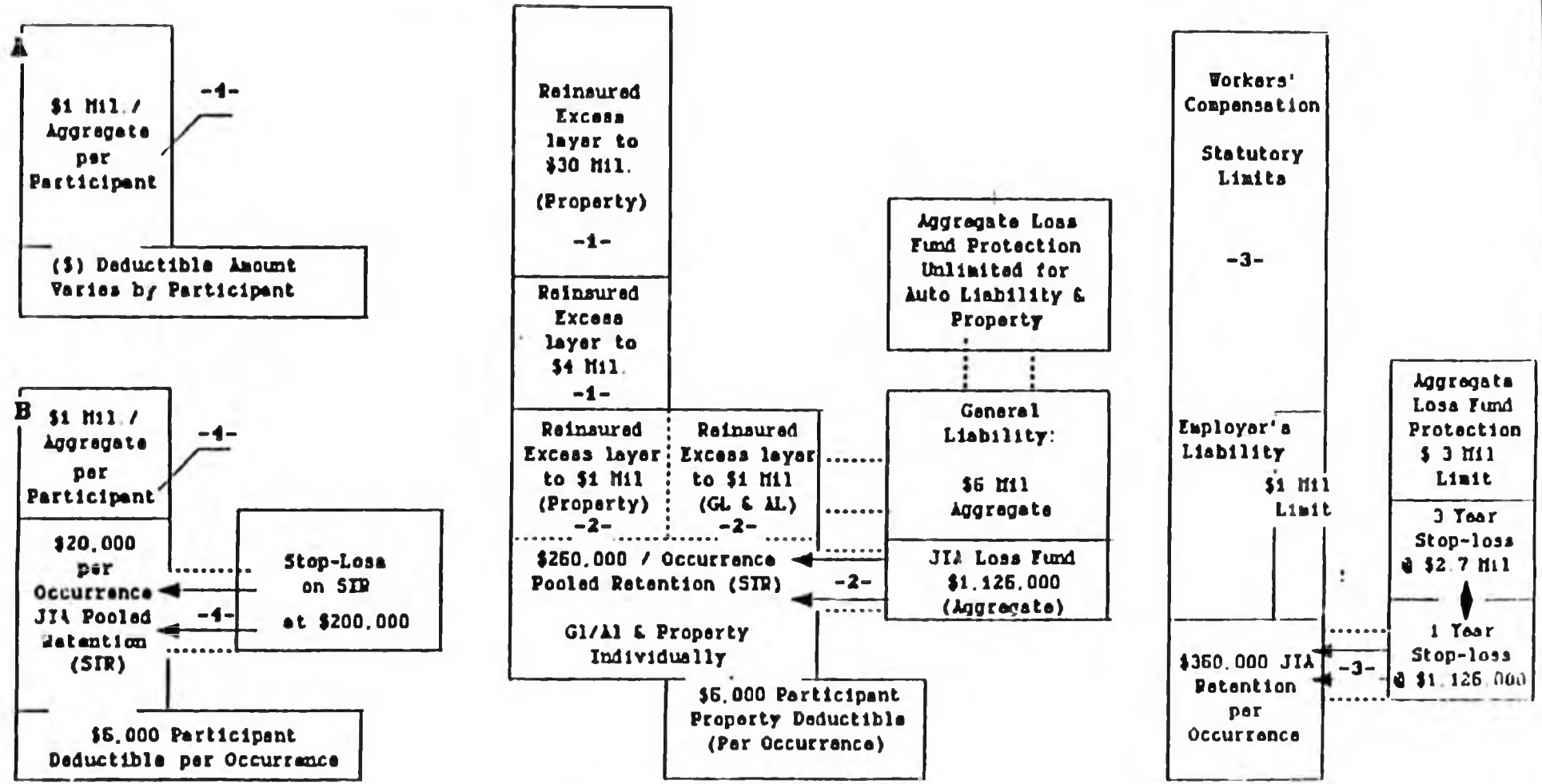
(AHL-JIA)

FY 1989 Structure

**A - PUBLIC OFFICIALS and
B - POLICE PROFESSIONAL
LIABILITY**

**GENERAL & AUTOMOBILE LIABILITY
and PROPERTY**

**WORKERS' COMPENSATION &
EMPLOYER'S LIABILITY**



-1-, -2-, -3-, -4- References Specific To Carriers
(Refer To Section On "Reinsurance & Excess Insurance Coverages" For Detail)

**THIRTY THREE & ONE-HALF YEAR STUDY
ALL STOCK PROPERTY/ CASUALTY COMPANIES IN U.S.A.**

(UNDERWRITING PROFIT/LOSS IN MILLIONS)

Derived from data in: "BEST'S INSURANCE MANAGEMENT REPORTS" of A.M. BEST CO.

	PLUS (+)		MINUS (-)		
	Billions	\$1-99 Millions	\$1-99 Millions	\$97-999 Millions	Billions
1953		335			
1954		387			
1955		258			
1956				134	
1957				358	
1958			87		
1959		73			
1960		70			
1961		35			
1962		9			
1963				210	
1964				341	
1965				419	
1966		109			
1967		27			
1968				186	
1969				386	
1970				143	
1971		854			
1972		919			
1973		219			
1974					1,763
1975					2,899
1976					1,399
1977		793			
1978	1,284				
1979					1,000
1980					2,770
1981					4,573
1982					8,440
1983					11,091
1984					19,371
1985					22,567
1986					13,844
1987-1/2					3,272
1988					?

STEVE FRANK
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SEAT A

119 N. Cushman, Rm. 213
Fairbanks, Alaska 99701

While in Juneau
P.O. Box V
Juneau, Alaska 99811
(907) 465-3709
Capitol Rm. 514

Alaska State Legislature



Senate

MEMBER
Finance Committee
Resources Committee
Legislative Council
Special Committee on Banking &
Economic Development

VICE-CHAIR
Community & Regional
Affairs Committee

April 12, 1989

RE: Joint Insurance Association
Debt Financing

attached letters:

March 24, 1989	John Havelock
March 24, 1989	Eric Wohlforth
February 15, 1989	Mike Ford
January 31, 1989	Jim Baldwin

WOHLFORTH, ARGETSINGER, JOHNSON & BRECHT

A PROFESSIONAL CORPORATION

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JUNEAU
GRUENING & SPITZFADEN
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(907) 586-8110 TELECOPY (907) 586-8088

PETER ARGETSINGER
JULIUS J. BRECHT
ROBERT M. JOHNSON
THOMAS P. ALINAKER
ROGER A. LUDOVICH
BRADLEY E. MEYER
DAN L. PATRICK O'TIERNEY
JAMES A. SARAFIN
JAMES W. BEENDER
HELEN E. VASSAR
ERIC E. WOHLFORTH

OF COUNSEL
ROGER D. CONNOR
SEATTLE OFFICE

March 24, 1989

The Honorable Steve Frank
Member, House of Representatives
State of Alaska Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Representative Frank:

I have been asked by the Alaska Municipal League to give you my opinion as to the constitutionality of the proposed draft legislative bill relating to municipal insurance arrangements. This letter will refer to the work draft of that bill dated 02/20/89 with amendments suggested by my letter of February 28, 1989 to Robert Healy.

In my opinion, the draft legislative bill with the changes indicated in my letter of February 28, 1989 would if enacted constitute a valid legislative enactment. Further, in my opinion such a legislative bill if enacted would not be in violation of any provision of the Alaska State Constitution. Specifically, the apprehension that indebtedness might be authorized pursuant to the legislative enactment which would violate the Alaska State Constitution does not make the enactment unconstitutional. We would assume that action be taken pursuant to the legislative authority which is constitutional at the local government level. I suggested that the particular means of authorizing constitutionally permitted indebtedness be specified in the bill if it was deemed to be the only means that was permitted under our Constitution. This suggestion which I had hoped would satisfy the apprehension on the bill did not find favor.

Very truly yours,

Eric E. Wohlforth
Eric E. Wohlforth

EEW:dc

LAW OFFICES
JOHN E. HAVELOCK
788 WEST 16TH AVENUE
ANCHORAGE ALASKA 99501

(907) 278-1010

March 24, 1989

Representative Steve Frank
119 N. Cushman, Suite 211
Fairbanks, Alaska 99701
Fax Number 458-3348

Dear Representative Frank,

Alaska's smaller towns and villages need affordable insurance. The only way they can get it is through systems like the nonprofit, Municipal League JIA, creating their own insurance pool arrangement. The pool needs the backing of a capital reserve. I am pleased to hear that you will be a principal backer of legislation allowing the creation of the fund through the Bond Bank.

I have reviewed draft legislation on this subject which is before you. As an attorney formerly specializing in bond work and now devoting much of my time to constitutional law, I believe the proposed legislation is constitutional.

I realize that an attorney with the Attorney General's Office has voiced concerns on this subject. To a degree, I share his concern. However, the distinction must be made between "facial" constitutionality and constitutionality "in execution".

This distinction might be illustrated better by a bill to allow health officials to conduct searches. On its face, such a bill is not unconstitutional though it signals many constitutional issues. The administrative practices which determine when, how, and by whom such searches are conducted may well be unconstitutional but such issues are not ripe until the plan of execution is established.

There are many issues to be addressed beyond the legislation itself, in determining in how this bond fund should be created and administered. Mr. Wohlforth and other draftsmen of this bill (which is similar to legislation adopted in other jurisdictions on this subject and which have similar constitutional restrictions) have wisely chosen in this draft to leave open specific choices in execution until a more detailed exploration of interrelated marketing and legal strategies is undertaken with this legislation in place.

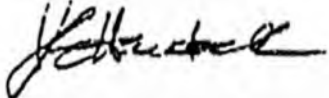
Unlike some other legislations, this statute is neither mandatory nor automatic but requires specific implementation, always under the eye of cautious attorneys.
In the extreme ---

Representative Steve Frank
March 24, 1989
Page 2

counsel require that a test case be brought to test the legality of a particular strategy. Some years ago I represented the taxpayers in such a case on the earthquake mortgage relief bonds, which paved the way for that successful program.

Thus, while there are many constitutional pitfalls to be avoided in execution, the legislation, as now phrased, is not unconstitutional on its face and should not be tabled or otherwise defeated on constitutional grounds. I urge the legislature to adopt the bill so we can get on with the plan.

Sincerely,



John Havelock

cc: Alaska Municipal League
Eric Wolforth

STATE OF ALASKA
THE LEGISLATURE

HOUGHV STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 15, 1989

SUBJECT: Joint insurance arrangements
(Work Order No. 6-0814)

TO: Senator Steve Frank
Attn: Paul Pesika

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

You have asked for our review of legislation to allow municipalities involved in joint insurance arrangements to finance debt through the Alaska Municipal Bond Bank. As explained in this memo, it is our opinion that the legislation would violate Article IX, section 9, of the Alaska Constitution.

Under Article IX, section 9, municipalities are prohibited from contracting debt, unless the debt is authorized by the governing body for capital improvements and ratified by the voters. A "debt" in the context of this constitutional limitation, means an obligation secured by the full faith and credit of the municipality; it does not include an obligation payable from funds on hand or current revenue. 81A C.J.S. §§219,220. The proposed legislation would authorize a contractual pledge of money by a municipality through a joint insurance arrangement. This pledge of money is the type of "debt" that is prohibited by Article IX, section 9, unless the debt is for a capital improvement and is ratified by the voters. The use of notes, certificates of participation, or bonds to establish insurance reserves would clearly not constitute a "capital improvement." See City of Juneau v. Hixson, 373 P.2d 743 (Alaska 1962).

Under Sec. 21.76.120(c) of the proposed legislation, the debt incurred would "not be a general obligation of a municipality." This language is clearly an attempt to avoid the prohibition against debt contained in Article IX, section 9. I do not think that this language will effectly remove the constitutional problem. If a court considered this issue,

Senator Steve Frank
Page 2
February 15, 1989

it would certainly look at the substance of the pledge. Unless the pledge is limited to current revenues, the pledge amounts to creation of a prohibited obligation on future revenues of the municipal treasury. This same section also provides that a pledge may "not include revenues derived from taxes." Again this is an effort to avoid creating the kind of "debt" prohibited by the constitution. However the debt will still be payable from whatever other general revenues are available, probably state funding. So, by eliminating tax revenues in securing the pledge, the state may be faced with an increased "moral obligation" to make payments on these bonds as a practical matter. This is precisely the kind of future obligation that Article IX, section 9 was designed to avoid.

I should also mention that there is an exception to Article IX, section 9, contained in Article IX, section 11. But this exception does not apply to the suggested legislation as I interpret it. The only bonds mentioned in this proposal are those issued by the Alaska Municipal Bond Bank. The exception would not apply to debt undertaken by a municipality, to repay revenue bonds issued by the Alaska Municipal Bond Bank.

For the above reasons, it is our opinion that a municipality could not finance it's joint insurance arrangement in this manner, without serious risk of violating the state constitution. Because bond financing is a specialized area of the law it would be wise to have bond counsel review this proposal before introducing legislation on the subject. This kind of financing arrangement may also create marketing or other practical bonding problems that bond counsel could provide advice on.

MFF:kb
WKK2/007

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

STEVE COWPER, GOVERNOR

REPLY TO:

1031 W 4th AVENUE
SUITE 200
ANCHORAGE, ALASKA 99501-1994
PHONE: (907) 278-3550

131 NATIONAL CENTER
100 CUSHMAN ST.
SUITE 400
FAIRBANKS, ALASKA 99701-4679

P.O. BOX K—STATE CAPITOL
JUNEAU, ALASKA 99811-0300
PHONE: (907) 465-3600

January 31, 1989

Hon. Ronald L. Larson
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Re: Debt financing for municipal
joint insurance pool

Dear Representative Larson:

At the request of Jay Hogan of your staff, I have reviewed a memorandum dated February 12, 1988 of the Alaska Municipal League relating to "debt financing for municipal liability exposures." I have also reviewed a draft bill dated January 24, 1989 attached to the memorandum. You ask our opinion whether it would be lawful under art. IX of the Alaska Constitution for an association of municipalities to finance an insurance pool through the issuance of revenue bonds. I believe that it is possible to finance an insurance enterprise through the issuance of revenue bonds. Of course, my opinion is conditioned on the financial feasibility of the enterprise and possible federal tax consequences which would affect the marketability of the bonds.

It must be made clear at the outset that we are not giving an opinion concerning the adequacy of the draft bill to accomplish the purpose of the municipal league. We believe that providing insurance coverage for municipal activities is a public purpose for which municipal funds may be expended. Under art. IX, sec. 11 of the Alaska Constitution, the prohibition against incurring debt does not apply to a public enterprise financed solely by revenues generated by the enterprise. The provision of insurance to an association of municipalities probably qualifies as an enterprise under sec. 11. Presently, the municipalities are presumably purchasing insurance from private carriers and we all know that they are not charitable institutions. Insurance premiums paid by municipalities would serve as the source of rev-

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enue to support the issuance of revenue bonds. These periodic premiums could be pledged by the public corporation operating the insurance enterprise to secure the repayment of the bonds.

Subject to authorization being granted by law, the Municipal Bond Bank Authority could operate the enterprise or it could be authorized to spin off a subsidiary public corporation for this purpose. It is also possible for municipalities to form an entity by cooperative agreement to jointly exercise the implied power to insure against risks without using the Municipal Bond Bank Authority. See Alaska Const. art. X, sec. 13 and AS 36.30.700 -- 36.30.790. However, it may be desirable to use the authority as the conduit for the financing because it is recognized by potential investors and, by virtue of that recognition, enjoys a favorable bond rating. Section 13 also allows cooperative agreements between municipalities and state agencies.

I have reviewed the memorandum dated January 30 prepared by legislative counsel on this matter and must respectfully disagree with his conclusions. Legislative counsel argues that a municipality would be barred from this financing technique because the municipality is not financing capital improvements. In support of his conclusion, counsel cites City of Juneau v. Hixson, 773 P.2d 743 (Alaska 1962). This financing arrangement could be distinguished from the method used in Hixson if the premiums paid by the municipalities are subject to annual appropriation. For this financing to work, there would need to be agreements between each municipality and the financing entity in which the payment of premiums is conditioned on the adoption of municipal appropriations. It is also likely that each municipality would need to acknowledge a moral obligation to make premium payments until the bonded indebtedness is retired. Because the debt incurred under this proposal is not for capital improvements, a municipality cannot unconditionally pledge general tax revenues. However, we believe there is no problem making premium payments from tax revenues generated by a municipality if, as explained above, the governing body of the municipality retains the discretion to appropriate amounts to pay the premiums.

I agree with legislative counsel that the committee should seek the advice of a qualified bond counsel before this bill is prepared for introduction. For example, without the concurrence of bond counsel, I would be hesitant to recommend that the bill allow the issuing entity to use negotiable or nonnegotiable instruments or certificates of participation.

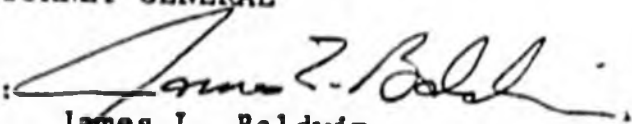
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I hope this memorandum will serve your purposes.

Sincerely yours,

GRACE BERG SCHAIBLE
ATTORNEY GENERAL

By: 
James L. Baldwin
Assistant Attorney General

JLB/pjg

cc: Michael Ford
Legislative Affairs Agency

Arthur H. Peterson
Department of Law

Resolution of the Alaska Municipal League

Resolution No. 89-10

**A RESOLUTION SEEKING ENABLING LEGISLATION
ALLOWING MUNICIPALITIES AND JOINT INSURANCE
ARRANGEMENTS TO USE DEBT FINANCING**

WHEREAS, AS 21.76 allows municipalities to form joint insurance arrangements in order to mitigate the effect of wide fluctuations in the availability and price of coverage for local governments, and

WHEREAS, beginning July 1, 1988, 38 Alaska municipalities created such a joint insurance arrangement through the Alaska Municipal League by retaining a certain amount of expected losses and purchasing reinsurance and stop loss coverage to limit their exposures, and

WHEREAS, reinsurance and stop loss coverage are subject to the same cyclical market conditions that cause costs to escalate and limited availability from commercial insurance carriers, and

WHEREAS, elsewhere in the United States municipalities have found that the cost of debt financing for building a self-insurance reserve can be substantially lower than the cost of premiums from commercial insurance companies, while at the same time providing potentially broader coverage, and

WHEREAS, through the sales of bonds to develop a reserve fund and the use of premium payments to pay off the loan, the municipalities will be better able to provide coverage at the lowest possible cost to protect communities and the taxpayers, and

WHEREAS, the Board of Directors of the Alaska Municipal Bond Bank have approved the concept of backing financially sound bonds through the Bond Bank, an insignificant risk compared to the potential costs to the State of a major loss suffered by an inadequately insured community;

NOW, THEREFORE, BE IT RESOLVED that the Alaska Municipal League urges the passage of legislation by the 16th Alaska Legislature and the Governor that would give joint insurance arrangements or municipalities the explicit authority to incur debt to establish reserves and self-insure liability