

ALASKA LEGISLATURE COMMITTEE FILES
1989-1990 JUDICIARY HOUSE

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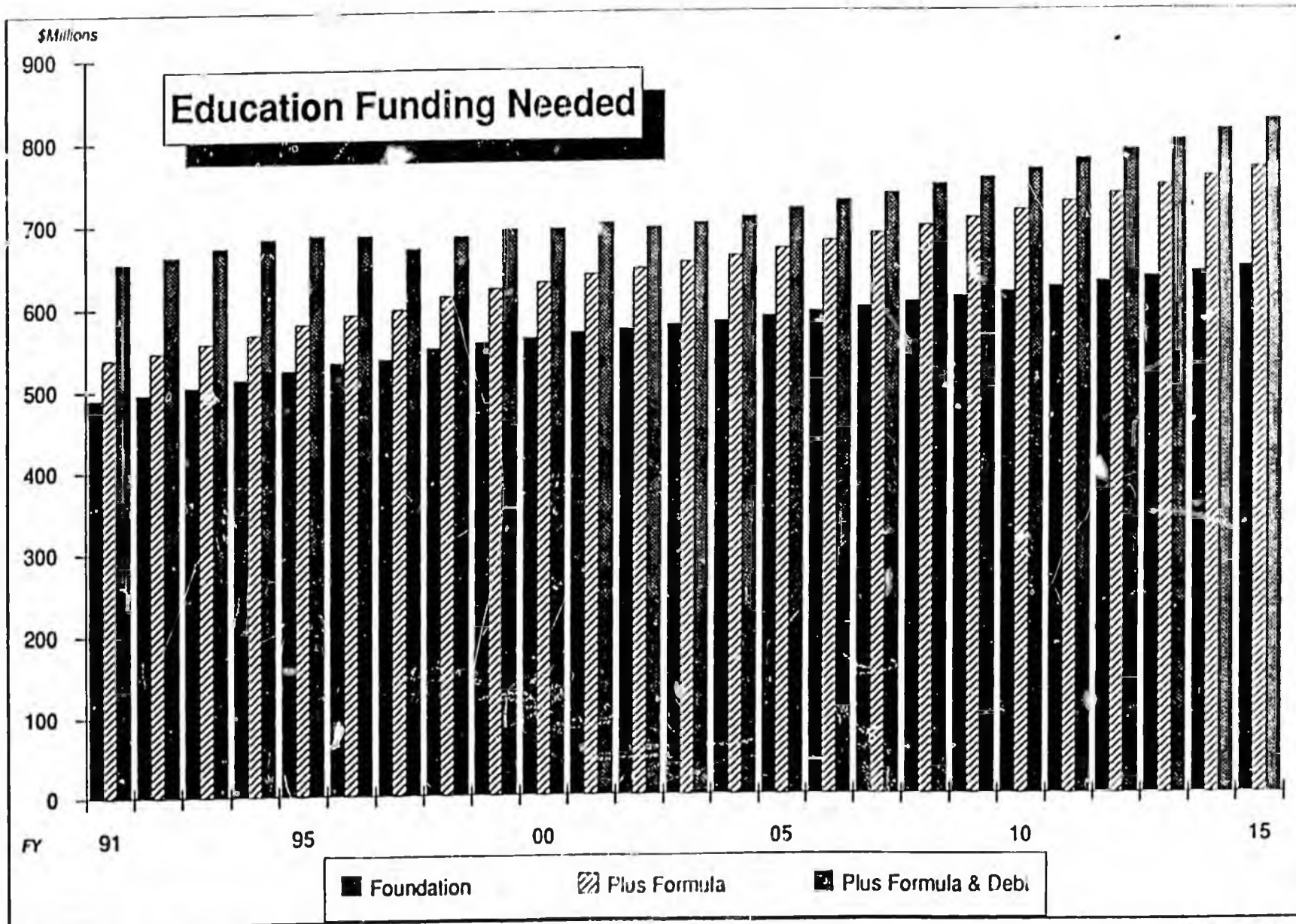
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BRIEFING UPDATE

House Joint Resolution No. 13
Education Amendment

Office of the Governor
Division of Policy

February 25, 1989



ALASKA SCHOOLS' FUNDING NEEDS

FY 1991 - FY 2015

Fiscal Year	Foundation	Plus Other Formula	Plus Formula and Debt
91	490	538	654
	496	546	662
	504	556	672
	512	566	682
95	522	578	686
	531	589	685
	535	596	669
	548	611	683
00	555	620	692
	560	628	692
	566	637	699
	570	644	693
05	575	651	698
	580	658	706
	585	667	715
	591	676	725
10	596	685	733
	602	694	743
	608	703	752
	614	712	762
15	619	722	774
	625	732	785
	631	742	797
	637	753	809
	643	763	821

RAW DATA:

	Foundation Entitlement	Transp. Entitlement	Transp. Entitlement (Adjusted)	Tuition Entitlement	Handi-capped Entitlement	Youth/ Detention Entitlement	Boarding Home Entitlement	Community Schools Entitlement	Community Schools (Adjusted)	TOTAL OTHER FORMULA
89										
90										
91	489.990	26.680	26.680	15.515	3.400	1.389	0.478	4.646	0.800	48.263
92	495.529	28.061	27.347	16.318	3.576	1.461	0.503	4.886	0.800	50.005
93	503.837	29.674	28.031	17.256	3.782	1.545	0.532	5.167	0.800	51.945
94	512.145	31.370	28.732	18.243	3.998	1.633	0.562	5.462	0.800	53.967
95	521.837	33.242	29.450	19.331	4.236	1.730	0.595	5.788	0.800	56.143
96	531.069	35.183	30.186	20.460	4.484	1.831	0.630	6.126	0.832	58.424
97	535.223	36.876	30.941	21.444	4.699	1.920	0.661	6.421	0.865	60.530
98	547.685	39.244	31.715	22.822	5.001	2.043	0.703	6.834	0.900	63.183
99	554.608	41.328	32.508	24.034	5.267	2.151	0.740	7.196	0.936	65.636
00	559.685	43.377	33.320	25.225	5.528	2.258	0.777	7.553	0.973	68.081
01	566.147	45.631	34.153	26.536	5.815	2.375	0.817	7.946	1.012	70.709
02	570.301	47.803	35.007	27.799	6.092	2.488	0.856	8.324	1.053	73.295
03	574.917	50.117	35.882	29.145	6.387	2.609	0.898	8.727	1.095	76.015
04	579.532	52.539	36.773	30.553	6.696	2.735	0.941	9.149	1.139	78.843
05	585.071	55.165	37.699	32.080	7.030	2.872	0.988	9.606	1.184	81.853
0	590.660	57.923	38.641	33.684	7.382	3.015	1.038	10.086	1.232	84.991
0	596.301	60.812	39.607	35.364	7.750	3.166	1.089	10.589	1.281	88.257
0	601.992	63.845	40.597	37.128	8.136	3.323	1.144	11.117	1.332	91.661
0	607.738	67.030	41.612	38.980	8.542	3.489	1.201	11.672	1.385	95.210
10	613.536	70.373	42.653	40.924	8.968	3.663	1.261	12.254	1.441	98.910
0	619.383	73.883	43.719	42.965	9.416	3.846	1.323	12.865	1.498	102.768
0	625.286	77.569	44.812	45.108	9.885	4.038	1.389	13.507	1.558	106.791
0	631.245	81.438	45.932	47.358	10.378	4.239	1.459	14.181	1.621	110.988
0	637.259	85.500	47.081	49.721	10.896	4.451	1.532	14.888	1.685	115.365
15	643.329	89.764	48.258	52.201	11.440	4.673	1.608	15.631	1.753	119.931

↑
average annual growth = 5.19%

(range = 4.76% to 6.42%)

↑
escalated at 2.50% per year

↑
Held at \$500K for 5 years, then inflated at 4% per year

(*) Includes two adjusted columns (omits originals)

	Existing Debt	New [*] Debt	TOTAL DEBT
89	116.104	0.000	116.104
90	112.171	3.934	116.104
91	109.255	6.850	116.104
92	106.226	9.878	116.104
93	97.945	18.159	116.104
94	84.928	31.176	116.104
95	75.896	32.111	108.007
96	62.456	73.074	95.531
97	39.436	34.067	73.503
98	37.250	35.089	72.339
99	35.696	36.141	71.838
00	27.296	37.226	64.522
01	23.446	38.342	61.789
02	10.108	39.493	49.601
03	6.461	40.677	47.138
04	5.335	41.898	47.233
05	5.268	43.155	48.423
0	4.562	44.449	49.011
0	2.579	45.783	48.362
0	2.617	47.156	49.773
0	0	48.571	48.571
10	0	50.028	50.028
0	0	51.529	51.529
0	0	53.075	53.075
0	0	54.667	54.667
0	0	56.307	56.307
15	0	57.996	57.996

inflation =
3.00%

* New debt (grants) take up slack of decline in scheduled old debt for first five years. Thereafter, grants amount is inflated at 3% per year.

ALASKA SCHOOLS' FUNDING NEEDS
VS.
EDUCATION FUND INCOME

Between fiscal year 2001 and 2005 it appears the education fund fully provides for public elementary and secondary schools, including the foundation formula, other education formula programs, and school construction. The estimates assume that appropriations begin in fiscal year 2001.

Projection assumptions

Full funding year

Mid-case oil revenues, 4% rate of return,
low population

Full funding in FY 2001

Mid-case oil revenues, 3% rate of return,
low population

Full funding in FY 2004

Low-case oil revenues, 4% rate of return,
low population

Full funding in FY 2001

Low-case oil revenues, 3% rate of return,
low population

Full funding in FY 2005

With Education Amendment

4% Real Rate Of Return - Education Appropriations Start In FY 2001
40% Dedication Through Year 2005

Forecast: DOR, 11/88
PF Status: 12/31/88

Revenue: Mid-Case
Population: Low Case

FY	Education Fund Balance	Total Permanent Fund Balance	Education Fund Net Income	Per Capita Dividends
91	217	10,701		\$863.60
92	705	11,814	22	\$870.88
93	1,259	12,709	70	\$932.28
94	1,889	13,654	126	\$998.72
95	2,599	14,646	189	\$1,070.94
96	3,399	15,718	260	\$1,098.28
97	4,298	16,883	340	\$1,120.28
98	5,304	18,149	430	\$1,140.32
99	6,430	19,525	530	\$1,158.82
0	7,688	21,024	643	\$1,176.00
1	8,321	21,890	769	\$1,192.40
2	8,967	22,758	832	\$1,207.49
3	9,625	23,631	897	\$1,221.15
4	10,296	24,507	962	\$1,231.71
5	10,978	25,383	1,030	\$1,242.35

PFD calculation is based on non-education earnings of Permanent Fund. Full PFD amount is distributed, so long as sufficient non-education earnings (including reserves) remain for it after 40 percent distribution to education account. Income distribution priorities: retention of education earnings first, then 40% distribution, then dividends, then inflation proofing.

-- Permanent Fund --

2/13/89

With Education Amendment

3% Real Rate Of Return - Education Appropriations Start In FY 2001
40% Dedication Through Year 2005

Forecast: DOR, 11/88
PF Status: 12/31/88

Revenue: Mid-Case
Population: Low Case

FY	Education Fund Balance	Total Permanent Fund Balance	Education Fund Net Income	Per Capita Dividends
91	194	10,679		\$841.63
92	623	11,606	17	\$824.78
93	1,105	12,390	56	\$860.50
94	1,647	13,219	99	\$900.30
95	2,252	14,089	148	\$945.11
96	2,926	15,022	203	\$965.49
97	3,676	16,026	263	\$982.05
98	4,508	17,107	331	\$997.47
99	5,431	18,269	406	\$1,011.79
0	6,451	19,522	489	\$1,025.38
1	6,998	20,294	581	\$1,038.10
2	7,556	21,067	630	\$1,049.94
3	8,125	21,842	680	\$1,060.58
4	8,704	22,619	731	\$1,068.51
5	9,293	23,395	783	\$1,076.70

PFD calculation is based on non-education earnings of Permanent Fund. Full PFD amount is distributed, so long as sufficient non-education earnings (including reserves) remain for it after 40 percent distribution to education account. Income distribution priorities: retention of education earnings first, then 40% distribution, then dividends, then inflation-proofing.

-- Permanent Fund --

2/24/89

With Education Amendment

4% Real Rate Of Return - Education Appropriations Start In FY 2001
40% Dedication Through Year 2005

Forecast: DOR, 11/88

Revenue: Low Case

PF Status: 12/31/88

Population: Low Case

FY	Education Fund Balance	Total Permanent Fund Balance	Education Fund Net Income	Per Capita Dividends
91	213	10,494		\$859.17
92	691	11,508	21	\$861.73
93	1,229	12,291	69	\$916.33
94	1,836	13,116	123	\$974.48
95	2,518	13,983	184	\$1,037.66
96	3,230	14,920	252	\$1,056.13
97	4,133	15,939	328	\$1,069.08
98	5,084	17,048	413	\$1,080.07
99	6,144	18,257	508	\$1,089.51
0	7,323	19,578	614	\$1,097.80
1	7,902	20,291	732	\$1,105.31
2	8,488	21,007	790	\$1,111.86
3	9,084	21,725	849	\$1,116.97
4	9,687	22,446	908	\$1,119.80
5	10,297	23,169	969	\$1,122.82

PFD calculation is based on non-education earnings of Permanent Fund. Full PFD amount is distributed, so long as sufficient non-education earnings (including reserves) remain for it after 40 percent distribution to education account. Income distribution priorities: retention of education earnings first, then 40% distribution, then dividends, then inflation-proofing.

-- Permanent Fund --

2/24/89

With Education Amendment

3% Real Rate Of Return - Education Appropriations Start In FY 2001

40% Dedication Through Year 2005

Forecast: DOR, 11/88

Revenue: Low-Case

PF Status: 12/31/88

Population: Low Case

FY	Education Fund Balance	Total Permanent Fund Balance	Education Fund Net Income	Per Capita Dividends
91	191	10,471		\$837.57
92	611	11,304	17	\$816.36
93	1,079	11,973	55	\$846.18
94	1,601	12,692	97	\$878.74
95	2,180	13,442	144	\$915.39
96	2,822	14,247	196	\$927.92
97	3,534	15,114	254	\$936.62
98	4,319	16,047	318	\$944.14
99	5,186	17,055	389	\$950.54
0	6,142	18,144	467	\$956.19
1	6,641	18,771	553	\$961.29
2	7,148	19,400	598	\$965.48
3	7,661	20,030	643	\$968.79
4	8,181	20,662	690	\$969.70
5	8,708	21,295	736	\$971.30

PFD calculation is based on non-education earnings of Permanent Fund. Full PFD amount is distributed, so long as sufficient non-education earnings (including reserves) remain for it after 40 percent distribution to education account. Income distribution priorities: retention of education earnings first, then 40% distribution, then dividends, then inflation-proofing.



Alaska Permanent Fund Corporation

P.O. Box 4-1000 Juneau, Alaska 99802-4100

(907) 465-2047 Telecopy (907) 586-2057

MEMORANDUM

DATE: February 9, 1989

TO: Oral E. Freeman
Chairman, Board of Trustees

FROM: David A. Rose *DR*
Executive Director

SUBJECT: Analysis of HJR 13, the Governor's Proposal to
Establish an Education Endowment Within the
Permanent Fund

Attached are two financial projections and a graphic comparison prepared by the Alaska Permanent Fund Corporation at your request.

Financial Projection #1: This is the status quo case as of December 31, 1988. It provides the benchmark against which to compare and contrast any changes to current law. Please note that included in the assumptions are the consensus revenue estimates for FY 89-90 as agreed upon by the Budget Summit on January 24, 1989.

Financial Projection #2: This projection depicts the Governor's Education Endowment as proposed in HJR 13. It is the Corporation's understanding that the Education Endowment would work as follows:

* 40% of the Fund's annual net income is transferred to the Education Endowment, an account within the principal of the Permanent Fund, each June 30, beginning in 1992 (20% of the net income is transferred on June 30, 1991);

* 100% of the Education Endowment's income is transferred to the Education Endowment from fiscal 1992-1999;

* 100% of the Education Endowment's income after 1999 is appropriated to fund elementary and secondary education in Alaska.

* Inflation-proofing is shared on a pro rata basis between the Education Endowment portion of Permanent Fund principal and the Non-Education Endowment portion of Permanent Fund principal.

* The dividend formula is changed to exclude Education Endowment income from the annual calculation.

This analysis concerns itself with the following impacts on the Permanent Fund:

1) How would the HJR 13 affect the growth of Fund principal, including the unrestricted principal of the Permanent Fund as well as the combined total unrestricted and Education Endowment principal?

Fund Unrestricted Principal Balance

	Status Quo	Projection #2
June 30, 1989:	9,120	9,120
June 30, 2000:	17,722	12,141
June 30, 2005:	22,853	12,725

Fund Combined Principal Balance

	Status Quo	Projection #2
June 30, 1989:	9,120	9,120
June 30, 2000:	17,722	17,958
June 30, 2005:	22,853	21,134

2) How would HJR 13 affect the level of Fund net income produced in the future?

Annual Net Income

	Status Quo	Projection #2
Fiscal 1989:	818	818
Fiscal 2000:	1,588	1,636
Fiscal 2005:	2,050	1,934

3) How would HJR 13 affect total dividend distributions (in millions), and the amounts of annual per capita dividends?

Dividend Distributions

	Status Quo	Projection #2
June 30, 1989:	457	457
June 30, 2000:	753	590
June 30, 2005:	975	629

Per Capita Dividend Payments

	Status Quo	Projection #2
Calendar 1989:	\$ 835.17	\$835.17
Calendar 2000:	1,245.53	968.94
Calendar 2005:	1,543.11	981.37

4) How would HJR 13 affect inflation-proofing transfers?

Inflation-Proofing Transfers

	Status Quo	Projection #2
June 30, 1989:	351	351
June 30, 2000:	836	-0-
June 30, 2005:	1,075	-0-

5) How would HJR 13 affect amounts available to fund education?

Distributions to Fund Education

	Status Quo	Projection #2
June 30, 1989:	-0-	-0-
June 30, 2000:	-0-	479
June 30, 2005:	-0-	709

Compared to the status quo, the most noticeable effects of adoption of the changes depicted in Projection #2 would be as follows:

Unrestricted Fund principal would be \$5.581 billion smaller in 2000, and \$10.128 billion smaller in 2005.

Fund combined principal would be \$236 million larger in 2000, and \$1.719 billion smaller in 2005.

Net income would be \$48 million larger in 2000, and \$116 million smaller in 2005.

The dividend distribution would be \$163 million smaller in 2000, and \$346 million smaller in 2005.

Per capita dividends would be \$276.59 smaller in 2000, and \$561.74 smaller in 2005.

The inflation-proofing transfer would be \$836 million smaller in 2000, and \$1,075 million smaller in 2005.

The distribution to fund education would be \$479 million larger in 2000, and \$709 million larger in 2005.

For Your Information: These projections are based on a certain set of basic assumptions; the numbers shown on these sheets would change if different assumptions were used. The assumptions used in the preparation of each projection are listed at the bottom of each projection sheet, and explained herein.

Oral E. Freeman
February 9, 1989
Page 4

It is the Corporation's policy to use conservative assumptions wherever possible. Thus, the Fund's long-term rate of return is projected to average 3% per year after inflation; long-term inflation is projected to average 6% per year; and the assumptions for numbers of future dividend recipients and amounts of future dedicated State oil revenues are taken from the Department of Revenue's most recent "low case" forecast.

PLEASE NOTE THAT THE CORPORATION NEITHER SUPPORTS NOR OPPOSES ANY PROPOSED CHANGES TO THE CURRENT USE OF FUND EARNINGS, EXCEPT AS THEY MAY RELATE TO THE PROPER EXERCISE OF THE TRUSTEES' FIDUCIARY RESPONSIBILITIES AS REQUIRED UNDER THE PRUDENT INVESTOR RULE.



2

Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS (in millions)

as of December 31, 1988

FY	PRINCIPAL						INCOME						
	FY Begin Balance	Appropriations	Dedicated	Inflation Proofing	FY End Balance	Inflation Proofing Shortfall	Distributions				Reserves		
			State Revenues*				Net Income	Dividends	Per Capita Dividends**	Inflation Proofing	General Fund	Add (Delete)	FY End Balance
78			54		54		2				1		
79	54		84		139		8				7		
80	139		344		483		32	12			12		
81	483	900	385		1,769		150	28			28	59	59
82	1,769	800	401		2,969		368	71	\$1,000.00		71	185	244
83	2,969	400	421	231	4,021		471	108	\$386.15	231	110	110	354
84	4,021	300	366	151	4,838		530	175	\$331.29	151		203	557
85	4,838	300	368	235	5,741		658	217	\$404.00	235		206	763
86	5,741		323	216	6,281		1,021	303	\$556.26	216		501	1,264
87	6,281	1,264	171	148	7,864		1,059	391	\$708.19	148		529	529
88	7,864		418	303	8,585		789	424	\$826.93	303		62	591
89	8,585		184	351	9,120		818	457	\$835.17	351		10	601
90	9,120		190	466	9,776		818	475	\$858.87	466		(122)	480
91	9,776		83	592	10,450		970	470	\$842.18	592		(91)	388
92	10,450		89	632	11,171		1,026	467	\$827.34	632		(74)	315
93	11,171		88	676	11,934		1,087	496	\$870.87	676		(85)	230
94	11,934		85	721	12,740		1,150	530	\$924.55	721		(101)	129
95	12,740		81	769	13,590		1,217	572	\$989.43	769		(125)	4
96	13,590		77	684	14,351	136	1,285	605	\$1,037.44	684		(4)	
97	14,351		74	716	15,142	149	1,356	640	\$1,087.43	716			
98	15,142		69	754	15,965	159	1,430	676	\$1,138.76	754			
99	15,965		65	794	16,824	168	1,508	714	\$1,191.42	794			
0	16,824		62	836	17,722	177	1,588	753	\$1,245.53	836			
1	17,722		58	880	18,660	187	1,673	793	\$1,301.55	880			
2	18,660		55	925	19,640	198	1,761	836	\$1,359.21	925			
3	19,640		51	973	20,664	208	1,853	880	\$1,418.77	973			
4	20,664		47	1,023	21,735	220	1,950	927	\$1,479.13	1,023			
5	21,735		43	1,075	22,853	232	2,050	975	\$1,543.11	1,075			

Cumulative Totals:	3,964		4,737	14,151	22,853	1,834	28,638	12,994	\$23,163.53	14,151	229		

ASSUMPTIONS:

4.00% Inflation Rate FY 89
9.01% Rate of Return FY 89

5.00% Inflation Rate FY 90
8.00% Rate of Return FY 90

* SOURCE: Alaska Department of Revenue
Revenue Low Case Forecast - November 1988
With Consensus Revenue Estimates for FY 89-90

2/7/89

6.00% Inflation Rate FY 91-05
9.00% Rate of Return FY 91-05

STATUS QUO INCLUDING
BUDGET SUMMIT CONSENSUS REVENUE ESTIMATES FOR FY 89-90

** SOURCE: Population Projections From
Revenue Low Case Forecast - November 1988

Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS
(In millions)

as of December 31, 1988

#2

PRINCIPAL

INCOME

FY	FY Begin Balance	Appropriations	Dedicated State Revenues*	-----FY Ending Balance-----				Inflation Proofing Shortfall	-----Net Income-----		Distributions				Reserves	
				Education Endowment	Inflation Proofing	Education Endowment	Non-Ed PF Total		Combined Total	PF Total	Education Endowment	Education Endowment	Per Capita Dividends**	Inflation Proofing	General Fund	Add (Delete)
78			54					54	2					1		78
79	54		84					139	8					7		79
80	139		344					483	32					12		80
81	483	900	395					1,769	150					28	59	81
82	1,769	800	401					2,960	368					71	185	82
83	2,969	400	421		231			4,021	471					108	110	83
84	4,021	300	366		151			4,838	530					175	203	84
85	4,838	300	365		235			5,741	658					217	206	85
86	5,741		323		215			6,281	1,021					303	501	86
87	6,281	1,264	171		148			7,864	1,069					391	529	87
88	7,864		418		303			8,585	789					424	62	88
89	8,585		184		351			9,120	618					457	10	89
90	9,120		190		466			9,775	818					475	(122)	90
91	9,775		83	194	592	194	10,449	10,644	970		194	470	842.18	592	(285)	91
92	10,644		89	421	334	633	10,853	11,487	1,026	17	403	465	823.86	334	(194)	92
93	11,487		88	469	130	1,114	11,059	12,173	1,087	57	412	488	856.51	130		93
94	12,173		85	521	110	1,650	11,240	12,898	1,151	100	420	512	891.69	110		94
95	12,898		81	577	104	2,244	11,415	13,659	1,219	148	428	539	929.63	104		95
96	13,659		77	638	102	2,902	11,574	14,476	1,291	202	436	551	942.03	102		96
97	14,476		74	704	103	3,630	11,727	15,356	1,368	261	443	561	950.25	103		97
98	15,356		69	776	103	4,434	11,871	16,305	1,451	327	450	571	957.47	103		98
99	16,305		65	855	104	5,321	12,008	17,329	1,540	399	456	581	963.50	104		99
0	17,329		62	963	104	5,818	12,141	17,958	1,636	479	463	590	968.94	104	479	0
1	17,958		58	1,040	104	6,322	12,268	18,589	1,695	524	469	599	973.42	104	524	1
2	18,589		55	1,174	105	6,833	12,390	19,223	1,755	569	474	607	977.00	105	569	2
3	19,223		51	1,290	105	7,351	12,507	19,859	1,814	615	480	615	979.71	105	615	3
4	19,859		47	1,435	105	7,877	12,619	20,496	1,874	662	485	622	980.19	105	662	4
5	20,496		43	1,490	106	8,408	12,725	21,134	1,934	709	490	629	981.37	106	709	5
Cumulative Totals:		3,964	4,737	8,014	4,419	8,408	12,725	21,134	11,557	78,542	5,069	6,502	11,060	\$19,924.69	4,419	3,786

ASSUMPTIONS: HUI 13 - LOW CASE REVENUE FORECAST, BUT INCLUDING BUDGET SUMMIT REVENUE CONSENSUS ESTIMATES FOR FY 89-90

20% of PF Net Income to Education Endowment in FY 91
100% of Non-Education-Endowment PF Net Income to Education Endowment FY 92-2005
100% of Education Endowment Income Transferred to Education Endowment FY 92-1999
100% of Education Endowment Income Appropriated to Fund Education FY 2000-2005
Education Endowment Income Excluded from Dividend Calculations

2/9/89

* SOURCE: Alaska Department of Revenue
Low Case Forecast - November 1988
With Consensus Revenue Estimates for FY 89-90

** SOURCE: Population Projections From
Revenue Low Case Forecast - November 1988

4.00% Inflation Rate FY 89
9.01% Rate of Return FY 89

5.00% Inflation Rate FY 90
8.00% Rate of Return FY 90

6.00% Inflation Rate FY 91-05
9.00% Rate of Return FY 91-05



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

ANCHORAGE REGIONAL OFFICE

1411 W 33RD AVENUE
ANCHORAGE, ALASKA 99503 -
(907) 274-0536

JUNEAU OFFICE

105 MUNICIPAL WAY, SUITE 302
JUNEAU, ALASKA 99801
(907) 586-3090

FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET
FAIRBANKS, ALASKA 99701
(907) 456-4435

January 20, 1989

To: Rep. Johnny Ellis, Chair
Members, House HESS Committee

Re: House Joint Resolution No. 13; "Proposing
an amendment to the Constitution of the
State of Alaska, establishing a permanent
endowment for education in Alaska."

NEA-Alaska supports and encourages the passage of HJR 13.

Public education in Alaska is such an important and vital part of our long range future that removing its funding source from the annual "competition" within the budget process is essential for the stability which is necessary if we are to improve upon the programs and services which are available to students.

HJR 13 is a sound, long range solution to public school funding needs.

More importantly, it provides the opportunity for the general public to affirm its support for the funding source.

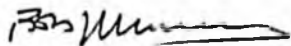
Utilization of permanent fund earnings to establish a basis for funding public education is consistent with the original intent and purpose of the permanent fund itself.

We encourage that the legislative discussion and deliberation also acknowledge that earnings from the endowment account may require periodic supplemental appropriations from other sources until the earnings from the account itself are sufficient to fully fund public education.

Finally, we also encourage that the Administration, the Alaska State Legislature, and the entire education community join together in articulating the need for HJR 13 when it is on the ballot in 1990.

Thank you for your consideration of our position.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Bob Manners", with a horizontal line underneath.

Bob Manners
Executive Secretary

cc: Governor Steve Cowper

HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES



P.O. BOX V, JUNEAU 99811
(907) 465-3759

HOUSE HESS COMMITTEE LETTER OF INTENT TO HJR 13

It is the intent of the 16th Alaska State Legislature in passing HJR 13 to the voters, that future legislatures should not consider income from the endowment as the only source of funding for public elementary and secondary education, but that additional funding sources may be sought as determined by the will of future legislatures to meet future educational needs.



Rep. Johnny Ellis
Chairman

March 1, 1989
Date of Adoption

HJR 13: EDUCATION AMENDMENT

RESOLUTIONS &
LETTERS OF SUPPORT

(AS OF 2/25/89)

STEVE COWPER
GOVERNOR



Office of the Governor

P.O. Box A

Juneau, Alaska 99811

FEB 01 1989

STATE OF ALASKA

OFFICE OF THE GOVERNOR

JUNEAU

INTERIM COMMISSION ON CHILDREN AND YOUTH: EDUCATION

TO: Honorable Steve Cowper
Governor

DATE: January 31, 1989

THROUGH: Caren Robinson *CR*
Special Staff Assistant
Office of the Governor

FROM: Patty Meritt
Chair
GICCY

SUBJECT: Resolution

At a regularly scheduled meeting, held on January 26-27, 1989 in Anchorage, the Commission passed a Resolution in support of HJR13, Proposing an amendment to the Constitution of the State of Alaska, establishing a permanent endowment for education in Alaska.

The Commission passed this Resolution despite its policy of not supporting individual legislative initiatives for several reasons. The Commission strongly supports excellence in education, and shares your concern regarding the effects of declining revenues on the state's educational system.

In addition, we feel that establishing a policy related to stabilized, long-term funding for education is critical, and that the proposal outlined in HJR13 is a sound strategy for achieving that stability.

The Commission applauds your efforts, and is pleased to support you in this endeavor.

PM:CT:km

enclosure

cc: Members, Commission on Children and Youth

STEVE COWPER
GOVERNOR



Office of the Governor
P.O. Box A
Juneau, Alaska 99811
465-3155

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU
INTERIM COMMISSION ON CHILDREN AND YOUTH

RESOLUTION

WHEREAS, children are Alaska's greatest natural resource, and

WHEREAS, one of every three Alaskans is under the age of 18, giving Alaska the youngest population of any state in the nation, and

WHEREAS, the right to a free education for every child has been universally recognized and in Alaska is mandated by the state constitution, and

WHEREAS, education provides the opportunity for reaching personal fulfillment and economic self-sufficiency, and

WHEREAS, failure to provide that opportunity penalizes not only the individual child but also society as a whole, and

WHEREAS, volatile and unpredictable oil revenues have resulted in decreased state funding for education over the last few years, and

WHEREAS, future state oil revenues are projected to decline with the gradual decline of Prudhoe Bay production, making general fund support of public education more difficult and uncertain, and

WHEREAS, an education endowment from future permanent fund earnings will provide critically important long-term stable funding for public elementary and secondary schools,

NOW THEREFORE BE IT RESOLVED that the Governor's Interim Commission on Children and Youth supports and endorses an amendment to the Constitution of the State of Alaska providing for the establishment of an education endowment.

ADOPTED the 26th day of January, 1989 by the Governor's Interim Commission on Children and Youth.

Patty Meritt, Chair

Patty Meritt, Chair

Alaska Association For Community Education

P.O. Box 103302

Anchorage, Alaska 99510

RECEIVED
OCT 7 1988

BOARDS & COMMISSIONS

GOVERNOR'S OFFICE

OCT 7 1988



Governor Steve Cowper
State of Alaska
P.O. Box A
Juneau Alaska 99811-0101

Dear Governor Cowper:

I wanted to take a minute to Thank You for attending our Curriculum Cabinet meeting last Friday, sponsored by the Department of Education. I know your schedule is very busy and we all appreciated your making time to share your thoughts and encouragement.

As the President of the Alaska Association for Community Education, I will do anything and everything I can to promote your concept of the Educational Endowment Fund from earnings in the Permanent Fund. I believe your vision is crucial to the continuance of a strong public education system in Alaska, and appreciate your willingness to advance this concept to the public and hopefully help it become a reality. The Community Schools that have survived the last three year's budget cuts still interact with thousands of Alaskan adults who otherwise would not be involved and using our school facilities and we are in a great position to help make them aware of your concept and provide information. I believe we can provide you with an important support system - thousands of adults come into the schools because of our programs and therefore, we have an audience that otherwise might not be even entering a school building and/or might not notice your plan through mass media approaches. Since these people understand the importance of life-long learning and appreciate being able to use public facilities that otherwise might be locked up on evenings and weekends, we have access to a public supportive of education.

Please keep me informed of your plan and ask for the help of community educators throughout the State. While there are fewer of us these days, we still remain committed to the importance of an involved and informed public, and will do all we can to support you. And thank you again, for your support of our efforts on the Curriculum Cabinet.

Sincerely Yours,

Kim Katz

Kim Katz President
Alaska Association
for Community Education

ALASKA ASSOCIATION
SECONDARY SCHOOL PRINCIPALS
1720 Otter Street
Anchorage, Alaska 99504

ALASKA ASSOCIATION
ELEMENTARY SCHOOL PRINCIPALS
426 Rogers Road
Kenai, Alaska 99611

October 20, 1988

RECEIVED
NOV 21 1988

The Honorable Steve Cowper
Governor of Alaska
Office of the Governor
Third Floor, State Capitol
P. O. Box A
Juneau, AK 99811

GOVERNOR'S OFFICE

Dear Governor Cowper:

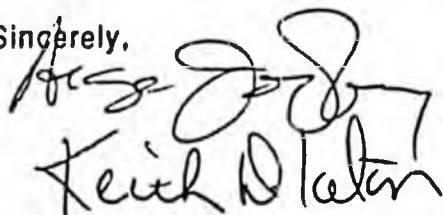
Your presentation at the 1988 Alaska Principals' Conference on October 17 was well received. We appreciate all you have done for the youth of our state and hope you will continue to put them at the forefront of your agenda.

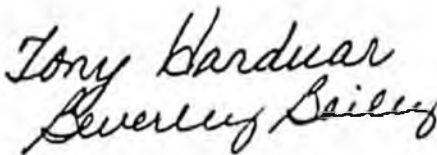
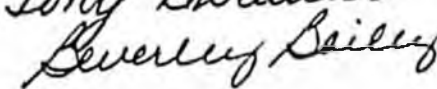
In your presentation, you asked for our support in helping to establish an endowment for education among other things. Rest assured that the principals of this state will support that issue and will continue to support your educational initiatives.

It is a pleasure to have someone of your vision heading the state government. We hope that you will continue to share your vision throughout our state.

Thanks.

Sincerely,


Keith Taton


Tony Harduar

Beverley Bailey

Tony Harduar, Co-Chair, Alaska Principals Conference Planning Committee
Keith Taton, Co-Chair, Alaska Principals Conference Planning Committee
Beverley Bailey, Co-Chair, Alaska Principals Conference Planning Committee
Arge Jeffery, Co-Chair, Alaska Principals Conference Planning Committee

SS
1.10



SETTING THE FOCUS ON LEARNING FOR LIFE



EXECUTIVE BOARD
1988-89

PRESIDENT
KANTY SWENSON
Tan River Elementary School
PO Box 1240
Northway, AK 99707
484-6000

PAST PRESIDENT
JIM STARRY
Tan Lake Elementary School
PO Box 77304
Eagle River, AK 99577
866-0294

VICE PRESIDENT
ARGE JEFFERY
Kumukuk Elementary School
PO Box 1400
Eagle River, AK 99577
866-7711

SECRETARY
LINDA CONNELLY
New Elementary School
PO Box 20
Lynn, AK 99574
871-1111

TREASURER
LYNN THOMAS
Yukon Elementary School
PO Box 800
Barrow, AK 99707
877-1111

STATE REPRESENTATIVE
MARLEEN STAFFY
Bear River Elementary School
PO Box 100000
Anchorage, AK 99501
541-2011

REGION-AT-LARGE
DAVID DICKERSON
Seward Elementary School
PO Box 10000
Seward, AK 99684
262-4000

REGION-AT-LARGE
JERRY SCHOENBERGER
Wade Elementary School
PO Box 427
Nauyas, AK 99801
761-1100

REGION-AT-LARGE
PAM WINKELMAN
Kagan Elementary School
PO Box 1027
Eggen, AK 99724
760-3000

EXECUTIVE DIRECTOR
GREG DANIELS
420 Rogers Road
Lena, AK 99611
480-478-3534

RESOLUTION PASSED AT THE 1988 CONFERENCE OF THE ALASKA ASSOCIATION OF ELEMENTARY SCHOOL PRINCIPALS

SUBJECT: GOVERNOR'S PROPOSED EDUCATION ENDOWMENT FUND

Whereas, the proposed Endowment Fund would stabilize funding for education for future years and,

Whereas, because of the fluctuating oil price, it cannot guarantee future revenues for education and,

Whereas, We must begin somewhere to insure adequate funding for education for our Alaskan Children,

Now, Therefore be it resolved the the Alaska Association of Elementary School Principals support and encourage the 1989-90 legislature to take the necessary steps to insure the creation of the Education Endowment Fund.



Alaska Association Secondary School Principals
 Educational Leadership for Alaska's Future
 1720 Otter Street • Anchorage, Alaska 99504 • [907] 333-9613

Joan Kalesh, President
 Sitka Valley Jr-Sr High
 Sitka

Robert Hahn, Pres. Elect
 Harten High School
 Anchorage

William Brannan, Past Pres.
 Retired
 Talkeetna

John Cox, NASSP Chair
 Anchorage School District
 Anchorage

DIRECTORS

A. M. Kasse, Region 1
 McQueen High School
 Kivalina

Yvonne Foster, Region 2
 Sitka Jr-Sr High School
 Sitka

Ken Wyle, Region 3
 Delta High School
 Delta

John W. Kasper, Region 4
 Delta High School
 Delta

John W. Kasper, Region 5
 Delta High School
 Delta

John W. Kasper, Region 6
 Delta High School
 Delta

Kathleen Benson
 A.P. at Large
 Fairbanks

Gautier S. Graham
 Executive Director
 Anchorage

**RESOLUTION PASSED AT THE 1988 CONFERENCE OF THE ALASKA
 ASSOCIATION OF SECONDARY SCHOOL PRINCIPALS**

SUBJECT: GOVERNOR'S PROPOSED EDUCATION ENDOWMENT FUND

Whereas, the proposed Endowment Fund would stabilize funding for education for future years and,

Whereas, because of the fluctuating oil price, it cannot guarantee future revenues for education and,

Whereas, We must begin somewhere to insure adequate funding for education for our Alaskan Children,

Now, Therefore be it resolved the the Alaska Association of Secondary School Principals support and encourage the 1989-90 legislature to take the necessary steps to insure the creation of the Education Endowment Fund.

RECEIVED

OCT 4 1988

BOARDS & COMMISSIONS

GOVERNOR'S OFFICE

OCT 6 1988

October 2, 1988

Governor Steve Cowper
P.O. Box A
Juneau, Alaska 99811

Dear Mr. Cowper,

I'd like to thank you for taking the time to meet with the members of the Curriculum Cabinet on September 30 and for sharing with us your proposal for using a portion of the permanent fund interest earnings to create an educational endowment. You asked for the support of the associations represented at the cabinet meeting, and I think I can speak for all of us that you will certainly have that support.

I'm pleased that you are willing to take steps now to assure adequate funding for education in the years to come when our state budget will most likely be further depleted and more tightly stretched.

Again, thank you for your attendance at the Curriculum Cabinet meeting and for your determination to provide for quality education in Alaska's future.

Yours truly,



Lois Petersen
Alaska Association of School Librarians, Representative
P.O. Box 7
Metlakatla, Alaska 99926



ALASKA ASCD

Association for Supervision and Curriculum Development

November 16, 1988

The Honorable Steve Cowper
Governor, State of Alaska
c/o 3601 C Street
Anchorage, AK 99503

Dear Governor Cowper:

The Board of Directors of the Alaska Association for Supervision and Curriculum Development discussed your proposed endowment for education at our recent board meeting, and voted unanimously to commend you in this effort.

AASCD is the state affiliate of a national organization with 110,000 members who represent all professional levels and jobs in education. In Alaska, we have 3 state and over 500 national members. In our recent newsletter, I reported on your speech to the Cabinet of Professional Associations, and hope that this publicity aids you in your effort to secure a sound financial future for Alaska's school districts.

Cordially,

Nancy A. Buell, Ed.D.
President, AASCD
c/o University of Alaska Anchorage
3211 Providence Drive
Anchorage, AK 99508

RECEIVED

NOV 21 1988

COGA
GOVERNOR'S OFFICE

ALASKA BLACK CAUCUS

POSITION PAPER ON PERMANENT FUND

Given current conditions, this session certainly appears to be an appropriate time to assess the effectiveness of the Permanent Fund as presently constituted.

The Caucus has been steadfast in its support for the establishment of an educational endowment fund for K-12. While the Governor now seems receptive to such a concept, our organization differs with his approach. To endow the fund through future yearly contributions from the undistributed income of the existing Permanent Fund, we support a voter's referendum on splitting the existing fund into two funds of approximately five billion dollars each. One fund would serve the same purpose it now serves. The only modification would be that a designated amount of the undistributed income would be earmarked for large scale capital projects and life/cycle maintenance costs for previously completed capital projects.

The second fund would be for the express purpose of providing a stable source of revenue from the fund for K through 12 education by using the interest earnings.

OFFICE OF
MANAGEMENT & BUDGET
FEB 22 1989
LEGISLATIVE PLANNING

ALASKA CONFERENCE OF MAYORS

217 SECOND STREET, SUITE 200
JUNEAU, ALASKA 99801
586-1325
Fax 463-5480

PRESIDENT 1989
John J. Williams
Mayor City of Kenai
283-7539

VICE PRESIDENT
Willie Goodwin Jr.
Mayor City of Kotzebue
442-3401

February 23, 1989

SECRETARY/TREASURER
Harry E. Gieseler
Mayor City of Seward
224-3331

MEMORANDUM

TO: The Honorable Lyman Hoffman, Co-Chair, House Finance Committee
The Honorable Ron Larson, Co-Chair, House Finance Committee
Members of the House Finance Committee
and
The Honorable John Binkley, Co-Chair, Senate Finance Committee
The Honorable Rick Uehling, Co-Chair, Senate Finance Committee
Members of the Senate Finance Committee

FROM: Alaska Conference of Mayors

SUBJECT: Presentation before a Joint Session of the House and Senate
Finance Committees of the State of Alaska by the Alaska Conference
of Mayors.

The Alaska Conference of Mayors is pleased to offer for your consideration the following programs that we hope will help to enhance revenue to the State, create a more stable situation within the government in future years, and help to promote a balanced budget within the very near future. In addition, some programs will help develop infrastructure and insure quality education for generations to come. The results presented comprise the efforts of the Mayors over the last three months as they have studied the issues and are the result of a statewide survey conducted during the last 21 days. Sources of information were obtained from the Office of the Governor, members of the legislature and their staff, the Departments of Revenue, Labor, and Commerce. We wish to thank all of those who responded with time, information, and assistance in helping to complete this work. Included in our response is a compilation of the data and results of the survey. The Alaska Conference of Mayors, during their regularly scheduled meeting February 23, 1989, concurred in the findings and have declared it to be their official position regarding these issues.

(Attach. 1)

- 1....Recommend that a management audit should be performed to indicate the appropriateness of state services and the most effective method of delivering them.
- 2....Modify the Economic Limit Factor according to House Bill No. 118 now before the First Session of the Sixteenth Legislature.
- 3....Reinstate the State Income Tax allowing for maximum capture of revenue from non-resident employees working within the State.
- 4....Increase the motor fuels tax from eight (8) cents to sixteen (16) cents a gallon with appropriate rebates for boating and off road fuel use as recommended by the Governor's Task Force on Transportation Facilities.
- 5....EDUCATION SHORT-TERM

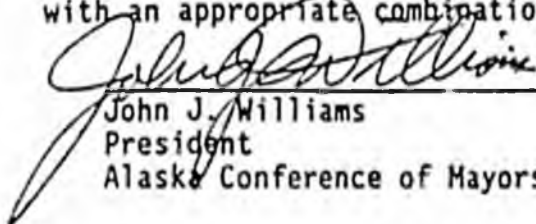
Reinstate the state school tax at a rate of \$50.00 per year per Alaska wage earner.

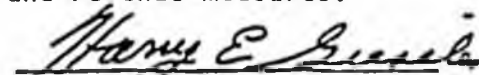
EDUCATION LONG-TERM

Support of the Governor's proposal to identify a portion of the surplus earnings of the Permanent Fund to establish an account within the Permanent Fund which would totally fund the school funding formula. (Requires placement on the ballot.)

- 6....Use a portion of the surplus earnings account of the Permanent Fund to establish a Revolving Loan Fund with guaranteed pay back provisions for capital projects that benefit local governments and which will have a long-term economic development component. Local government shall assist in an appropriate maximum input when establishing program criteria.
- 7....Maintain the Railbelt Energy Fund for use in the railbelt area, with priority given to energy-related projects.

In making these revenue enhancement recommendations, the Alaska Conference of Mayors requests that the Governor and the Legislature recognize the importance of municipalities to the health of the state, and the disproportionate cuts to state aid to municipalities since FY 1986. The Governor and the Legislature should address the budget imbalance this year with an appropriate combination of fair cuts and revenue measures.


John J. Williams
President
Alaska Conference of Mayors


Harry E. Geseler
Secretary/Treasurer
Alaska Conference of Mayors



Grand Camp
Alaska Native Brotherhood

ALASKA NATIVE SISTERHOOD AND BROTHERHOOD
76TH ANNUAL CONVENTION
JUNEAU, ALASKA
NOVEMBER 14-19, 1988

*Rec'd
2/6/89*

RESOLUTION NO. 34

TITLE: THE ESTABLISHMENT OF A PERMANENT EDUCATION FUND

WHEREAS, the highest priority for the Alaska Native Brotherhood and Sisterhood Grand Camp is education, and

WHEREAS, one in three of Alaska's people is under the age of 18, giving the state the youngest population in the nation, and

WHEREAS, the right to a free education for every child has been universally recognized, and in Alaska mandated by the State Constitution, and

WHEREAS, education provides the opportunity for reaching personal fulfillment and economic self-sufficiency, and

WHEREAS, to fail to provide that opportunity penalizes not only the individual child, but also the society as a whole, and

WHEREAS, volatile and unpredictable oil revenues have resulted in decreased state funding for education over the last few years, and

WHEREAS, future state oil revenues are projected to decline with the gradual decline of Prudhoe Bay production, making general fund support of public education more difficult and uncertain, and

WHEREAS, fluctuating local property values have also contributed to educational funding uncertainty, and

WHEREAS, federal funding for education has also become increasingly more unpredictable, now

THEREFORE BE IT RESOLVED that the Grand Camp of the Alaska Native Brotherhood and Sisterhood assembled in Juneau during the week of November 14-19, 1988 supports and endorses the establishment of an education fund that guarantees adequate financial support for elementary and secondary schools in the state: and

BE IT FURTHER RESOLVED that this resolution be directed to the Governor, the State's Commissioner of Education and the State Legislature.

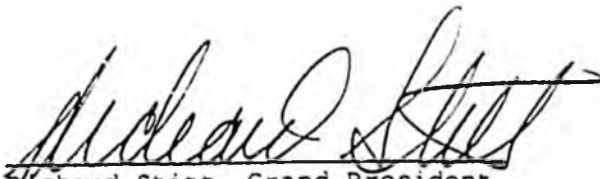
FEB 06 1989

STRATEGIC PLANNING

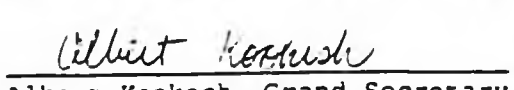
RESOLUTION NO. 34
Page 2 of 2

ATTEST:

I certify that this resolution
was adopted by the ANB-ANS
Grand Camp in Convention at
Juneau, Alaska during the week
of November 14-19, 1988.



Richard Stitt, Grand President



Albert Kookesh, Grand Secretary

ASSOCIATION OF ALASKA SCHOOL BOARDS

316 W 11th St • Juneau, Alaska 99801-1510 • (907) 586-1083

POSITION PAPER

HJR 13 EDUCATION ENDOWMENT

The Association of Alaska School Boards actively supports the efforts of Governor Cowper to secure a constitutional amendment to create an Educational Endowment.

The opportunity and the need to solidify the future of Alaska's public education system is upon us. In terms of resources, Alaska has the opportunity and ability to provide a long term commitment to the education of its people with nominal effort. The need, in view of Alaska's economic situation, requires foresight and a bold approach if we are to insure a quality educational program for future generations of Alaskans.

The use of Permanent Fund earnings will continue to provide the security of a rainy day account while providing a sound foundation for the future cost of education.

CITY OF KAKTOVIK

RESOLUTION NUMBER 89-01

A RESOLUTION OF THE CITY OF KAKTOVIK, ALASKA SUPPORTING
THE PLACEMENT OF GOVERNOR COWPER'S EDUCATION FUNDING
AMENDMENT ON THE NEXT BALLOT.

WHEREAS, education is of the highest priority to the City of
Kaktovik, and

WHEREAS, uncertain education funding has been a continuing
source of anxiety for the City of Kaktovik, and

WHEREAS, the proposed account within the Permanent Fund
would totally fund the school funding formula in Alaska,

NOW, THEREFORE BE IT RESOLVED, that the City of Kaktovik
supports the placement of the Education Funding Amendment upon
the next State ballot.

PASSED AND APPROVED BY THE CITY COUNCIL OF KAKTOVIK,
ALASKA THIS 17th day of January, 1989.

George T. Tagarook
George Tagarook, Mayor

ATTEST:

Mary Soplu
Mary Soplu, City Clerk



KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Resolution No.216
Ketchikan Gateway Borough School District

GOVERNOR'S EDUCATIONAL ENDOWMENT PLAN

WHEREAS, the school districts of the State have had to cope with the rising and falling price of oil and its impact upon the State's revenues and ultimately upon the foundation formula; and,

WHEREAS, the school districts of the State in 1986 endured revenue shortfalls after approval of their respective budget; and,

WHEREAS, the Governor of the State of Alaska has, with vision and foresight, proposed an amendment to the State's Constitution that would create an educational endowment fund; and,

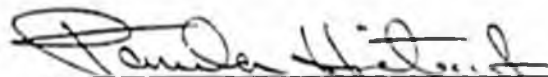
WHEREAS, the 10/6/88 draft of the proposed amendment with suspension provision added would be in the best interest of the students of the State; and,

WHEREAS, the endowment would begin payment to the school district of the state in the year 2000; and

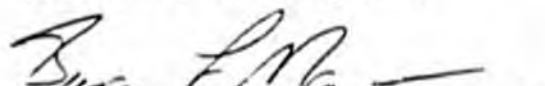
WHEREAS, the suspension provision would protect the state in a time of serious revenue decline by not requiring payment to the fund;

THEREFORE BE IT RESOLVED, that the Ketchikan Gateway Borough School District Board of Education lends its full support to the concept of an educational endowment fund to be used for Public Elementary and Secondary Education and urges the passage of this amendment.

PASSED, APPROVED, AND ADOPTED BY THE BOARD OF EDUCATION OF THE KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT OF KETCHIKAN, ALASKA THIS 15 DAY OF February, 1989.



PRESIDENT OF THE BOARD



CLERK-TREASURER OF THE BOARD



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

Handwritten: *Hall/Cox*
Stamp: **RECEIVED**
Date: **JAN 27 1989**

ANCHORAGE REGIONAL OFFICE

1411 W 33RD AVENUE
ANCHORAGE, ALASKA 99503
(907) 274-0536

JUNEAU OFFICE

105 MUNICIPAL WAY, SUITE 302
JUNEAU, ALASKA 99801
(907) 586-3090

FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET
FAIRBANKS, ALASKA 99701
(907) 456-4435

January 20, 1989

To: Rep. Johnny Ellis, Chair
Members, House HESS Committee

Re: House Joint Resolution No. 13; "Proposing
an amendment to the Constitution of the
State of Alaska, establishing a permanent
endowment for education in Alaska."

NEA-Alaska supports and encourages the passage of HJR 13.

Public education in Alaska is such an important and vital part of our long range future that removing its funding source from the annual "competition" within the budget process is essential for the stability which is necessary if we are to improve upon the programs and services which are available to students.

HJR 13 is a sound, long range solution to public school funding needs.

More importantly, it provides the opportunity for the general public to affirm its support for the funding source.

Utilization of permanent fund earnings to establish a basis for funding public education is consistent with the original intent and purpose of the permanent fund itself.

We encourage that the legislative discussion and deliberation also acknowledge that earnings from the endowment account may require periodic supplemental appropriations from other sources until the earnings from the account itself are sufficient to fully fund public education.

Finally, we also encourage that the Administration, the Alaska State Legislature, and the entire education community join together in articulating the need for HJR 13 when it is on the ballot in 1990.

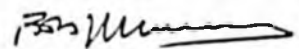
Thank you for your consideration of our position.

JAN 30 1989

STRATEGIC PLANNING



Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Bob Manners", with a horizontal line underneath it.

Bob Manners
Executive Secretary

cc: Governor Steve Cowper

NEWS CLIPPINGS IN
Fairbanks
Daily News Miner

Date: 1-23-1998

Editorial Opinion and Comment of

FAIRBANKS
Daily News - Miner

"Independent in All Things... Neutral in None"

Other opinions expressed on this page do not necessarily reflect those of the Daily News-Miner.

Education endowment deserves close look

One of the most interesting proposals from Gov. Steve Cowper this session is one for a constitutional amendment to set aside up to 40 percent of future permanent fund earnings for savings in a special education endowment account.

The governor has assigned it his No. 1 priority for the Legislature to pass, which means we are likely to hear a lot about it this year, and probably next year as well, before it goes on the ballot.

Problems may arise as the proposal is debated, but for the moment, at least, it seems to make a great deal of sense.

About 25 percent of the state's budget—nearly \$100 million—goes to costs of elementary and secondary education. Under the governor's proposal, earnings from the permanent fund would be placed in an account dedicated to education and invested with the rest of the fund. In the year 2001, when earnings in the education account are projected to reach \$167 million, they could be withdrawn to pay for costs of education.

The chief debate is likely to be over how the education endowment would affect dividends. In the short term, however, it's hard to see how it would affect dividends at all.

At present dividends are figured on a base of the fund's earnings over the previous five years. Half the earnings are used for dividends and the rest is added to the principal as inflation-proofing or placed in the undistributed income account, which is also invested in the fund. Gov. Cowper would like to use the earnings placed in the education account as inflation-proofing, cut dividends to 40 percent, and use the other 20 percent for operation of state government.

Until earnings are withdrawn from the education account in the year 2001, dividend projections with the account and without it are the same. The governor's proposals to use 20 percent of the fund's earnings and the \$575 million undistributed income account for state operating expenses have a much more immediate impact on dividends.

The education endowment would have the effect of forcing the state to reinvest 40 percent of the permanent fund's earnings into the fund. The principal thereby created, and its earnings, would not be available for dividends, but would be money saved by the state. The proposed constitutional amendment would allow the Legislature to extend, revise or cancel the account in the year 2010.

Some people argue that no use should be made of the permanent fund except to have it grow larger and pay dividends. This is not the purpose for which the fund was created, however. The education endowment would guarantee that the fund will grow larger and could eventually remove a major cost of state government from current operating expenses.

The governor's proposal to create an education endowment has many long-term ramifications, and some of them may not yet be clear. The principle seems sound, however, and we urge the Legislature to give it a sympathetic hearing.

Office of the Governor

Fairbanks, Alaska

Fund for education

When you get right down to it, there aren't all that many jobs a state has to do. Public safety and transportation come to mind, but the most important is education.

Under the Alaska Constitution, the state has the responsibility for seeing to it that young Alaskans get a proper education. That requirement is not contingent upon whether the state has enough money, nor does it matter where a child lives. An Aniak child has the same rights to an education as an Anchorage child.

Doing that is not easy – or cheap. Each year, a huge portion of the state operating budget – more than \$400 million – goes to school districts around the state.

The abrupt end of plentiful oil money has shaken awake many state leaders, who now realize Prudhoe Bay oil wealth is a finite and not very reliable source of income. By the end of the century, it won't be a major source of income at all.

Keeping that in mind, the state's leaders would be wise to establish some sort of mechanism to pay for education.

That's exactly what Gov. Steve Cowper is proposing. He is asking legislators to forward to voters a constitutional amendment to set aside 40 percent of the earnings of the state's oil wealth savings account, the Alaska Permanent Fund. That money would be allowed to grow until the year 2000, when it would be worth \$6.3 billion and produce \$500 million in interest annually. The fund would have a 20-year lifespan but could be extended.

Either through Gov. Cowper's plan or taxes, Alaskans will have to pay for education during the years to come. Aside from a reduction in their permanent fund dividends, this plan is as painless as any to pay our obligation to the children of Alaska.

Weigh that against the positive effect of reducing the state's budget requirements by more than \$400 million each year, and the argument in favor of Gov. Cowper's plan quickly gains favor.

It may not be perfect, but until we hear a better idea, we're for Gov. Cowper's education fund.

ISSUE: Governor offers plan for funding schools

STATE OF ALASKA
THE LEGISLATURE

POUCHY - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

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

Mary Van Nimwegen

HOUSE HESS

February 1, 1989 8:30 AM
HJR 13

HJR

19

HOUSE COMMITTEE REPORT

(7)

Date Referred: April 11, 1989

FURTHER REFERRALS:

Date of Committee Action: 4/24/89

The JUDICIARY Committee considered:

HJR 19

HOUSE JOINT RESOLUTION NO. 19

[COMPENSATION FOR MEMBERS OF U.S. CONGRESS]

Ratifying an amendment to the Constitution of the United States concerning the compensation of members of the United States Congress.

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) 4/11/89 House STA
[] zero fn/analysis _____

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Do Not
Pass
No Rec
Amend

Michael D...
...
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	Do Not Pass	No Rec	Amend
<u>...</u>		<input checked="" type="checkbox"/>	

...
Chairman's Signature

HOUSE COMMITTEE REPORT

(7)

Date Referred: February 3, 1989

FURTHER REFERRALS: JUDICIARY

Date of Committee Action: _____

The STATE AFFAIRS Committee recommends that:

HOUSE JOINT RESOLUTION NO. 19

[COMPENSATION FOR MEMBERS OF U.S. CONGRESS]

Ratifying an amendment to the Constitution of the United States concerning the compensation of members of the United States Congress.

[] be replaced with _____ [] the same title
[] a new title

[] have attached amendment(s)

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

ADOPTS: _____ letter of intent


ATTACHES NEW FISCAL NOTE(S):

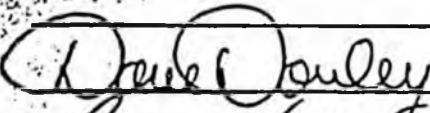
- [] fiscal impact
- zero fiscal note ^{HSA}
- [] zero with analysis

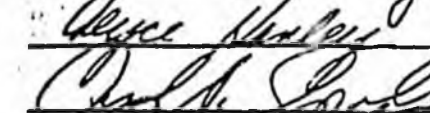
APPROVES PREVIOUS:

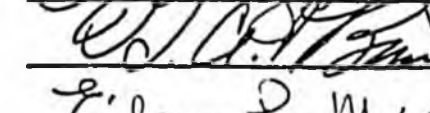
- [] fiscal note(s) published: _____
- [] zero fiscal notes(s) published: _____

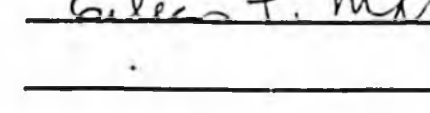
SIGNING DO PASS:



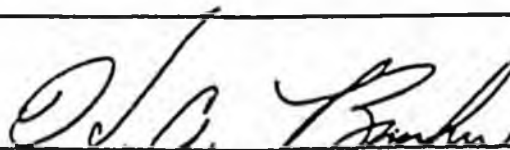








SIGNING OTHER THAN DO PASS:
(Do Not Pass, No Recommendation, Amend)


Chairman's signature

REP. TERRY MARTIN

ELECTIVE DISTRICT 13
MOUNTAIN VIEW
RUSSIAN JACK SPRINGS
NUNAKA VALLEY
ELMENDORF A.F.B.
CREEKSIDE
EAST ANCHORAGE



HOME
3960 REKA DRIVE B6
ANCHORAGE, AK 99508
PHONE 333-6990

DURING SESSION
P. O. BOX V
STATE CAPITOL BUILDING
JUNEAU, AK 99811
PHONE 465-3783

Alaska House of Representatives

April 11, 1989

Rep. Peter Goll, Co-Chair
Rep. Max Gruenberg, Co-Chair
House Judiciary Committee
P.O. Box V
Juneau, Alaska 99811

Dear Reps. Goll and Gruenberg:

I am pleased to inform you that HJR 19, relating to pay raises in the U.S. Congress, was reported out of the State Affairs Committee this morning (a copy of the committee report is attached for your information).

Although this issue has died down in the wake of the vociferous public disapproval of the Congress's attempt to raise their compensation earlier this year, it is safe to say that the issue will return. Alaska should go on record now, by ratifying the Madison amendment.

I hope you will schedule the resolution for a committee hearing at the earliest possible date. I have prepared and attached a packet of basic background materials for use by the committee staff; however, if you would like more information, please contact my office at 465-3782.

Sincerely yours,

A handwritten signature in cursive script that reads "Terry Martin".

Rep. Terry Martin

/jwm
attachment



CURRENT STATUS OF CONGRESSIONAL PAY AMENDMENT
OF 1789

"Article the second...No law, varying the compensation for the services of the Senators and Representatives, shall take effect, until an election of Representatives shall have intervened."

In order to become the 27th Amendment, the proposal must be ratified by three-fourths (3/4) of the legislatures of the several states. With fifty (50) states currently in the Union, this means that thirty-eight (38) must approve the measure.

Thus far, here is the progress:

1. Maryland on December 19, 1789;
2. North Carolina on December 22, 1789;
3. South Carolina on January 19, 1790;
4. Delaware on January 28, 1790;
5. Vermont on November 3, 1791;
6. Virginia on December 15, 1791;
7. Ohio on May 6, 1873;
8. Wyoming on March 3, 1978;
9. Maine on April 27, 1983;
10. Colorado on April 18, 1984;
11. South Dakota on February 21, 1985;
12. New Hampshire on March 7, 1985;
13. Arizona on April 3, 1985;
14. Tennessee on May 23, 1985;
15. Oklahoma on July 10, 1985;
16. New Mexico on February 13, 1986;
17. Indiana on February 19, 1986;
18. Utah on February 25, 1986;
19. Arkansas on March 5, 1987;
20. Montana on March 11, 1987;
21. Connecticut on May 13, 1987;
22. Wisconsin on June 30, 1987;
23. Georgia on February 2, 1988;
24. West Virginia on March 10, 1988; and
25. Louisiana on July 6, 1988.

In the following states, ratifying resolutions passed one (1) chamber of the legislature:

1. Idaho (passed Senate in 1987);
2. Illinois (passed House of Representatives in 1988);
3. North Dakota (passed House of Representatives in 1987); and
4. Texas (passed House of Representatives in 1987).

REP. TERRY MARTIN

ELECTIVE DISTRICT 13
MOUNTAIN VIEW
RUSSIAN JACK SPRINGS
NUNAKA VALLEY
ELMENDORF A.F.B.
CREEKSIDE
EAST ANCHORAGE



HOME
3960 REKA DRIVE-B6
ANCHORAGE, AK 99508
PHONE 333-6990

DURING SESSION
P. O. BOX V
STATE CAPITOL BUILDING
JUNEAU, AK 99811
PHONE 465-3783

Alaska House of Representatives

February 20, 1989

Rep. Red Boucher, Chairman
House Committee on State Affairs
P.O. Box V
Juneau, Alaska 99811

COPY

Dear Chairman Boucher:

I have attached a copy of a James J. Kilpatrick column from yesterday's Anchorage Times, in which he urges the adoption by the state legislatures of a 200 year-old amendment to the U.S. Constitution. The amendment was proposed by James Madison, and would disallow any congressional pay raises from taking effect until after an intervening election. It needs ratification by only 12 more states before it would become part of the Constitution.

Ratification of this amendment is the subject of HJR 19, which now rests in your committee, and on which I hope you will take expeditious action.

We in Alaska are given the opportunity - the honor, really - of participating in an historical moment: the completion of the U.S. Constitution, as it was proposed by our founding fathers. I suspect that, as the eldest member of the legislature, you would have a keen sense of the significance of this proposed amendment. While the most recent pay raise for Congress has been squelched by wide public outcry, I think we would do well to take Madison's advice and install this provision in the Constitution.

I would request that you schedule HJR 19 for a hearing as soon as it may be done. Thank you, and if you have any questions about the resolution, please contact me or my staff at 465-3782.

Sincerely yours,

Handwritten signature of Terry Martin in cursive script.

Rep. Terry Martin

TM/jwm
enclosure



Congressional pay has been hot topic for 200 years

By LAWRENCE L. KNUTSON
Associated Press

WASHINGTON — The public outcry over the proposed 51 percent pay increase for members of Congress should hardly be surprising.

Americans have been objecting to congressional pay raises for nearly all of the 200-year history of the Senate and House of Representatives.

Alexis de Tocqueville, a close observer of American life, offered an explanation in his 1835 study, "Democracy in America."

His conclusion: Democracies are far more stingy than other forms of government when it comes to paying high-ranking officials.

Part of the reason, de Tocqueville wrote, is that a salary level which seems inadequate to the official receive

Analysis

ing it "appears enormous to him whose wants do not extend beyond the necessities of life."

"When he reflects on own humble dwelling and the small earnings of his hard toil, he remembers all he could do with a salary which you judge insufficient, and he is startled and almost frightened at the view of so much wealth," he said.

More than 150 years later, little has changed.

"We have never had a satisfactory method for setting compensation for high government officials," says Senate Majority Leader George Mitchell, D-Maine. "We still do not.

"If contemporary public opinion

were the sole determinant, the pay of members of Congress today would be the same as it was in 1789."

The root of the problem is in the Constitution.

Article I, Section 6 provides: "Senators and Representatives shall receive a compensation for their services, to be ascertained by law, and paid out of the Treasury of the United States."

That sounds well enough in theory.

But in practice it leaves the question of congressional pay levels up to Congress itself, posing an always sensitive, uncomfortable and sometimes politically explosive problem.

Some of the framers of the Constitution thought it would give members of Congress a license to steal. Others argued that pressure from incensed constituents would rein in greedy impulses.

The issue has always been approached gingerly at best.

"Bringing up the pay raise issue is about as welcome in a legislative body as a skunk is at a Sunday school picnic," says Sen. Charles E. Grassley, R-Iowa.

The first major American squabble over a proposal to raise the pay of members of Congress arose in 1816 and it set back the early political career of Daniel Webster, who later was to become a famous orator, senator, and secretary of state.

From the convening of the 1st Congress in 1789 until 1816, a 27-year span, members of Congress were paid at the rate of \$6 a day — with attempts made from time to time to dock the pay of absentees.

In 1816 Congress ended the day-by-day payments and adopted an annual

salary of \$1,500 a year.

The result: public outrage.

Nine members of Congress resigned and several were defeated in the 1816 elections.

Webster was one of those ousted in the pay-raise revolt.

It took him until 1822 to persuade the voters to send him back to Capitol Hill.

The present congressional salary \$89,500.

The proposal by an independent commission: Increase it to \$135,000 to more nearly approach the compensation offered in the private sector to lawyers, corporate executives and others with similar responsibilities.

The Senate has already rejected the raise, 95-0.

The prospects — as usual — are highly uncertain.

Distribution

To: All members of the State Affairs Committee
From: Representative Terry Martin
Date: February 8, 1989
Subject: HJR 19 - Ratifying an amendment to the United States Constitution concerning compensation to members of the United States Congress



James Madison

James Madison (1751-1836) was the eldest son of a Virginia planter who had a large plantation now known as Montpelier in Orange County, Virginia. Madison's educational advantages were excellent, both in depth and in breadth. He entered Princeton in 1769 and came under the discipline of its president, the Reverend John Witherspoon, who primed the scholarly mind of Madison much as George Wythe had done to Jefferson. Unfortunately, however, he was frail in health, and the long and intensive studies left their mark. In addition to the usual classics of Greek and Latin, Madison spent a year studying Hebrew in order to better understand the Old Testament. For a while he seriously considered the possibility of entering the ministry, but changed his mind and began preparing for the legal profession and public life.

By this time, the conflict with England began to loom large on the horizon and Madison applied for membership in the state militia. However, he was rejected because of his physical disabilities and therefore took no active part in the Revolutionary War. Nevertheless, in 1774 he

was appointed a member of the Committee of Public Safety for Orange County, and in 1776 he was elected a delegate to the convention which framed the constitution of Virginia. He succeeded in providing a clause in the Virginia Bill of Rights guaranteeing the "free exercise of religion."

Jefferson considered James Madison and James Monroe the two young intellectuals who had the greatest promise in promoting the principles of the new American republic. Probably no Virginian was more helpful to Jefferson in getting his reforms of the civil and criminal law implemented than James Madison.

While still under 30, he was chosen as a delegate to the Continental Congress, and gained the reputation of being the most able political leader in attendance at that time. He opposed the issuance of paper money by the states, argued mightily for the right of Congress to tax imports, and supported the right of the states to navigate the Mississippi. He argued for a stronger central government that could enforce its decrees and raise the funds to maintain itself. Because a delegate could serve only one term, he returned to Virginia in 1784 and was immediately elected to the state assembly. With Washington's support, he succeeded in arranging a conference between Virginia and Maryland to settle disputes over fishing rights and ports of entry. This led to the Annapolis Convention in 1786. Thereafter Madison joined with Hamilton to get Congress to authorize the Constitutional Convention in 1787.

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Compensation for Members
of US Congress
Sponsor: Martin Gruenberg
Requestor: _____

Agency Affected: _____
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	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact.

Prepared by: House State Affairs Committee
Division: _____
Approved by Commissioner: Rep. E.A. "Red" Foucher
Agency: _____

Phone: 465-4963
Date: April 7, 1989
Date: April 7, 1989

Distribution (by preparer):

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

HJR

26

HOUSE COMMITTEE REPORT

3/17

(5)
Date Referred: February 13, 1989

FURTHER REFERRALS: JUDICIARY

Date of Committee Action: _____

added 3/17
fin

The COMMUNITY & REGIONAL AFFAIRS Committee considered: HJR 26

HOUSE JOINT RESOLUTION NO. 26 [POWERS OF LOCAL BOUNDARY COMMISSION]
Proposing an amendment to the Constitution of the State of Alaska relating to powers of the local boundary commission.

RECOMMENDS:

- replacing with CS HJR 26 C-RA the same title
- the attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the Finance Committee

ADOPTS: _____ letter of intent

- ATTACHES NEW FISCAL NOTE(S):
- fiscal impact Electrons
 - zero fiscal note
 - zero with analysis C+RA

- APPROVES PREVIOUS:
- fiscal note(s) published: _____
 - zero fiscal notes(s) published: _____

SIGNING DO PASS:

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

Richard Storey FOSTER
Michael Davis DAVIS
Eileen P. MacLean MACLEAN

Wanda WANDA
Bette Cato CATO
John Petty PETTY JOHN
Wanda WANDA

Eileen P. MacLean
 Chairman's signature



Alaska State Legislature

REPRESENTATIVE DICK SHULTZ

Member
Finance Committee

P.O. Box V
Juneau, Alaska 99811
(907) 465-4940
Home: P.O. Box 487
Tok, Alaska 99780

MEMORANDUM

TO: ALL MEMBERS OF THE LEGISLATURE
FROM: REP. DICK SHULTZ DS
DATE: FEBRUARY 14, 1989
RE: POWERS OF THE LOCAL BOUNDARY COMMISSION

I have just now introduced HJR 26 to require a public vote when unfriendly annexations are attempted by organized governments.

Prior to HJR 26, I introduced HB 131 to beef up our statutes and give the Local Boundary Commission more guidance in their activities. It is presently being heard in the House C&RA committee. In researching HB 131, I found that the LBC has been given broad constitutional authority which can not be substantially changed by the Legislature, so a normal bill can not be used to give voting rights to the people.

If in our ambitions, we go to far in HB 131, the courts may invalidate our actions or the Governor may veto the bill.

What we can do, is to move HJR 26 along and let the public speak. Since the changes to the constitution would only apply under limited conditions, I feel there should be few arguments against it.

In summary, HJR 26 would apply only if an organized government proposes to annex an area which has a different social and economic character. If that is the case, the people in the area proposed for annexation, would have to approve it by majority vote.

Together, we can give citizens a larger say in their future. I am anxious to work toward this goal with each and every one of you.

1 IN THE HOUS_

BY SHULTZ

2

HOUSE JOINT RESOLUTION NO. 26

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

Proposing an amendment to the Constitu-

6

tion of the State of Alaska relating to

7

powers of the local boundary commission.

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

9 * Section 1. Article X, sec. 12, Constitution of the State of Alaska,
10 is amended to read:

11 SECTION 12. BOUNDARIES. A local boundary commission [OR BOARD]
12 shall be established by law in the executive branch of the State
13 government. The commission [OR BOARD] may consider any proposed local
14 government boundary change. The commission may recommend the annexa-
15 tion of land to a municipality only with the approval of a majority of
16 the residents of the area to be annexed if the land is not within a
17 relatively integrated socioeconomic unit of the municipality. The
18 commission [IT] may present proposed changes to the legislature during
19 the first ten days of any regular session. The change shall become
20 effective forty-five days after presentation or at the end of the
21 session, whichever is earlier, unless disapproved by a resolution
22 concurring in by a majority of the members of each house. The commis-
23 sion [OR BOARD], subject to law, may establish procedures whereby
24 boundaries may be adjusted by local action.

25 * Sec. 2. The amendment proposed by this resolution shall be placed
26 before the voters of the state at the next general election in conformity
27 with art. XIII, sec. 1, Constitution of the State of Alaska, and the elec-
28 tion laws of the state.

I have attached two items for your information. They are both pages from the Alaska Constitution.

Item "A" shows where the phrase " Relatively integrated socioeconomic " already occurs in the Constitution.

Briefly this is the language the Courts used to determine that Cordova did not fit an election District where it was originally placed under an apportionment determination.

Item "B" is the section of the Constitution that would be amended. HJR 26 would allow people living in an area proposed for annexation (that is different in terms of socioeconomic) to determine by vote whether they wish to be annexed.

**** Note

It is important to keep in mind that while the phrase "Relatively integrated socioeconomic" seems awkward, it has the strength of prior interpretation by the courts and therefore is probably the best choice for describing social and economic differences.

ARTICLE VI

LEGISLATIVE APPORTIONMENT

Election Districts

SECTION 1. Members of the house of representatives shall be elected by the qualified voters of the respective election districts. Until reapportionment, election districts and the number of representatives to be elected from each district shall be as set forth in Section 1 of Article XIV.

Senate Districts

SECTION 2. Members of the senate shall be elected by the qualified voters of the respective senate districts. Senate districts shall be as set forth in Section 2 of Article XIV, subject to changes authorized in this article.

Reapportionment of House

SECTION 3. The governor shall reapportion the house of representatives immediately following the official reporting of each decennial census of the United States. Reapportionment shall be based upon civilian population within each election district as reported by the census.

Method

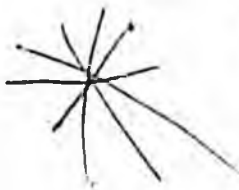
SECTION 4. Reapportionment shall be by the methods of equal proportions, except that each election district having the major fraction of the quotient obtained by dividing total civilian population by forty shall have one representative.

Combining Districts

SECTION 5. Should the total civilian population within any election district fall below one-half of the quotient, the district shall be attached to an election district within its senate district, and the reapportionment for the new district shall be determined as provided in Section 4 of this article.

Redistricting

SECTION 6. The governor may further redistrict by changing the size and area of election districts, subject to the limitations of this article. Each new district so created shall be formed of contiguous and compact territory containing as nearly as practicable a relatively integrated socio-economic area.



A

Each shall contain a population at least equal to the quotient obtained by dividing the total civilian population by forty. Consideration may be given to local government boundaries. Drainage and other geographic features shall be used in describing boundaries wherever possible.

Modification of Senate Districts

SECTION 7. The senate districts, described in Section 2 of Article XIV, may be modified to reflect changes in election districts. A district, although modified, shall retain its total number of senators and its approximate perimeter.

Reapportionment Board

SECTION 8. The governor shall appoint a reapportionment board to act in an advisory capacity to him. It shall consist of five members, none of whom may be public employees or officials. At least one member each shall be appointed from the Southeastern, Southcentral, Central and Northwestern Senate Districts. Appointments shall be made without regard to political affiliation. Board members shall be compensated.

Organization

SECTION 9. The board shall elect one of its members chairman and may employ temporary assistants. Concurrence of three members is required for a ruling or determination, but a lesser number may conduct hearings or otherwise act for the board.

Reapportionment Plan and Proclamation

SECTION 10. Within ninety days following the official reporting of each decennial census, the board shall submit to the governor a plan for reapportionment and redistricting as provided in this article. Within ninety days after receipt of the plan, the governor shall issue a proclamation of reapportionment and redistricting. An accompanying statement shall explain any change from the plan of the board. The reapportionment and redistricting shall be effective for the election of members of the legislature until after the official reporting of the next decennial census.

ject to the provisions of law or charter. A new service area shall not be established if, consistent with the purposes of this article, the new service can be provided by an existing service area, by incorporation as a city, or by annexation to a city. The assembly may authorize the levying of taxes, charges, or assessments within a service area to finance the special services.

Unorganized
Boroughs

SECTION 6. The legislature shall provide for the performance of services it deems necessary or advisable in unorganized boroughs, allowing for maximum local participation and responsibility. It may exercise any power or function in an unorganized borough which the assembly may exercise in an organized borough.

Cities

SECTION 7. Cities shall be incorporated in a manner prescribed by law, and shall be a part of the borough in which they are located. Cities shall have the powers and functions conferred by law or charter. They may be merged, consolidated, classified, reclassified, or dissolved in the manner provided by law.

Council

SECTION 8. The governing body of a city shall be the council.

Charters

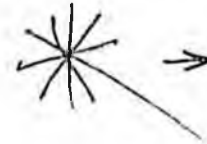
SECTION 9. The qualified voters of any borough of the first class or city of the first class may adopt, amend, or repeal a home rule charter in a manner provided by law. In the absence of such legislation, the governing body of a borough or city of the first class shall provide the procedure for the preparation and adoption or rejection of the charter. All charters, or parts or amendments of charters, shall be submitted to the qualified voters of the borough or city, and shall become effective if approved by a majority of those who vote on the specific question.

Extended
Home Rule
Powers

SECTION 10. The legislature may extend home rule to other boroughs and cities.

Boundaries

SECTION 11. A home rule borough or city may exercise all legislative powers not prohibited by law or by charter.



SECTION 12. A local boundary commission or board shall be established by law in the executive branch of the state government. The commission or board may consider any proposed local government boundary change. It may present proposed changes to the legislature during the first ten days of any regular session. The change shall become effective forty-five days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house. The commission or board, subject to law, may establish procedures whereby boundaries may be adjusted by local action.

Agreements:
Transfer of
Powers

SECTION 13. Agreements, including those for cooperative or joint administration of any functions or powers, may be made by any local government with any other local government, with the State, or with the United States, unless otherwise provided by law or charter. A city may transfer to the borough in which it is located any of its powers or functions unless prohibited by law or charter, and may in like manner revoke the transfer.

Local
Government
Agency

SECTION 14. An agency shall be established by law in the executive branch of the state government to advise and assist local governments. It shall review their activities; collect and publish local government information, and perform other duties prescribed by law.

Special
Service
Districts

SECTION 15. Special service districts existing at the time a borough is organized shall be integrated with the government of the borough as provided by law.

#3

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800


LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 3, 1989

SUBJECT: Prohibited recommendations from the
Local Boundary Commission
(CSHB 131(C&RA) and CSHJR 26(C&RA))

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

FROM: Richard A. Bradley
Legislative Counsel 

Louann Christian has requested a new version of CSHB 131(C&RA). We have provided the committee with that request.

Louann asked that we delete from the request a new section that would prohibit the commission from recommending annexations in unpopulated areas except on certain determinations; the request would prohibit the Local Boundary Commission from considering annexations of the type represented by the recent Fairbanks recommendation.

I suggest the following amendment to CSHB 131(C&RA) to achieve this request:

"Sec. 2. AS 44.47 is amended by adding a new section to read:

Sec. 44.47.568. PROHIBITED CHANGES. The commission may not propose to the legislature the annexation to an existing municipality of an unpopulated area unless the commission determines that

(1) the unpopulated area requires services not provided by the state that the municipality would be able to provide; or

(2) the health, welfare, or safety of the residents of the municipality is endangered by conditions existing or developing in the area being considered for annexation and the annexation will enable the municipality to relieve the conditions."

Representative Eileen P. MacLean
Page 2
March 3, 1989

As a matter of style, I modified the language within the section and deleted the concept of a prohibited "consideration" and rather prohibited "proposed . . . changes", tracking the language of the Alaska Constitution. See art. X, sec. 12.

Louann also asked whether I believed that the change was constitutional. In my opinion, it may not be.

The language of the constitution is quite clear. It provides:

SECTION 12. BOUNDARIES. A local boundary commission or board shall be established by law in the executive branch of the state government. The commission or board may consider any proposed local government boundary change. It may present proposed changes to the legislature during the first ten days of any regular session. The change shall become effective forty-five days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house. The commission or board, subject to law, may establish procedures whereby boundaries may be adjusted by local action.

The language permits the commission to consider "any" change. The legislature may reject the change by a majority vote.

I do not believe that this amendment is a legislative implementation of the constitution; rather, it is inconsistent with the constitution.

And this being the case, I do not believe it is possible to redraft the language within the scope of the request to make the request constitutional.

Note that the United States Smelting, Ref. & Mining Co. v. Local Boundary Comm'n case, 489 P.2d 140 (1971) agreed that the legislature could require the commission (under AS 44.47.567(a)(2)) to establish "standards" for boundary changes and, on the failure of the commission to establish the standards, the annexation was void. But see Port Valdez Co. v. City of Valdez, 522 P.2d 1147 (1974) where the court employed the "de facto municipal incorporation" doctrine to

Representative Eileen P. MacLean
Page 3
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approve an annexation where the commission had still not developed "standards" three years later.

In our view, the commission has adopted standards for its review of petitions for annexation to, for example, boroughs. See 19 AAC 10.190 - 10.220.

Finally, while we believe the court has implicitly approved (in the USSR&M case) the legislative requirement that the commission establish standards to guide its review of boundary changes, we do not believe that the legislature may itself establish the standards that would prevent the commission from making specified recommendations to the legislature on boundary changes. As we suggested above, this result occurs because of the language of art. X, sec. 12 that the commission may consider "any . . . boundary change."

At Louann's request, I have revised CSHJR 26(C&RA) to permit the legislature to establish standards for boundary changes. I believe this will resolve the empowerment question.

If I may be of further assistance, please advise.

RAB:gc
WKG7/085



Alaska State Legislature

House of Representatives Community & Regional Affairs

MEMORANDUM

TO: ALL MEMBERS
HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

FROM: REPRESENTATIVE EILEEN P. MACLEAN, CHAIRMAN
HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

DATE: March 14, 1989

RE: Sectional Analysis of CS HJR 26 C&RA

Sec. 1 New language in CS HJR 26 C&RA would give constitutional authority to the legislature to establish standards to guide the commission in its review of boundary changes.

The date the recommendation would become effective is changed from 45 to 60 days after the Local Boundary Commission presents the recommendation to the legislature.

Se. 2 Requires that upon passage of the resolutions that the question be placed before the voters at the next general election.

Original sponsors: Shultz and Foster

IN THE HOUSE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

CS FOR HOUSE JOINT RESOLUTION NO. 26 (C&RA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - FIRST SESSION

Proposing an amendment to the Constitution of the State of Alaska relating to the local boundary commission.

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

* Section 1. Article X, sec. 12, Constitution of the State of Alaska, is amended to read:

SECTION 12. BOUNDARIES. A local boundary commission [OR BOARD] shall be established by law in the executive branch of the State government. The commission [OR BOARD] may consider any proposed local government boundary change. The legislature may establish standards to guide the commission in its review of a local government boundary change. The commission [IT] may present proposed changes to the legislature during the first ten days of any regular session. The change shall become effective sixty [FORTY-FIVE] days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house. The commission [OR BOARD], subject to law, may establish procedures whereby boundaries may be adjusted by local action.

* Sec. 2. The amendment proposed by this resolution shall be placed before the voters of the state at the next general election in conformity with art. XIII, sec. 1, Constitution of the State of Alaska, and the election laws of the state.

STATE OF ALASKA

LOCAL BOUNDARY COMMISSION

STEVE COWPER, GOVERNOR

949 EAST 36TH AVENUE, SUITE 404
ANCHORAGE, ALASKA 99508
PHONE: (907) 561-855

April 7, 1989

The Honorable Peter Goll, Co-Chairman
The Honorable Max F. Gruenberg, Jr., Co-Chairman
House Judiciary Committee
Pouch V
Juneau, Alaska 99811

Dear Representatives Goll and Gruenberg:

RE: COMMITTEE SUBSTITUTE FOR HOUSE JOINT RESOLUTION NUMBER 26

This is to provide comments of the Local Boundary Commission (LBC) regarding CSHJR 26 (C&RA), which is presently before your committee. This measure proposes to amend the Constitution of the State of Alaska to permit limitations on the types of municipal boundary changes which could be approved by the LBC.

The LBC opposes the proposed change to the State Constitution because it would allow the imposition of inappropriate standards to govern the types of municipal boundary changes which may be approved by the LBC. Indeed, a measure has already been introduced which would have precisely this effect [Sec. 2, CSHB 131 (C&RA)]. A separate letter has been prepared offering comments regarding CSHB 131 (C&RA).

Presently, the Constitution allows the LBC to "consider any proposed local government boundary change" (Art. X, Sec. 12). Diminishing that authority would severely weaken an important aspect of the framework for municipal government in Alaska.

Thirty-three years ago, the delegates to the State Constitutional Convention concluded, after considerable study and debate, that establishment and revision of local government boundaries should be the responsibility of the Local Boundary Commission. Shortly after statehood, the Alaska Supreme Court summed up the extensive considerations which led the delegates to this position (Fairview Public Utility District No. 1 v. City of Anchorage 368 P.2d 540):

An examination of the relevant minutes of [a series of 31 meetings held by the Committee on Local Government at the Constitutional Convention] shows clearly the concept that was in mind when the local boundary commission section was being considered: that local political decisions do not

The Honorable Peter Goll
The Honorable Max F. Gruenberg, Jr.
April 7, 1989
Page Two

usually create proper boundaries and that boundaries should be established at the state level. The advantage of the method proposed, in the words of the committee -- "lies in placing the process at a level where area-wide or statewide needs can be taken into account. By placing authority in this third-party, arguments for and against boundary change can be analyzed objectively."

The Supreme Court went on to state that it must be assumed that the Constitutional Convention delegates were aware of obstacles faced by Alaska cities in attempting to annex territory. The Court referred specifically to a related Territorial District Court case heard just prior to the convening of the Constitutional Convention. In the referenced case the judge remarked:

Every impediment and dilatory tactic has been employed by the opponents of annexation, except the homesteaders, to obstruct and harass the city in every move in connection with its efforts to extend its boundaries in the traditional manner to include the adjacent areas. Such opposition does not appear to be in the public interest or in good faith.

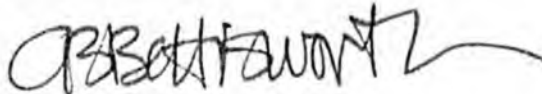
The Supreme Court went on to conclude that the Constitutional Convention delegates were sensitive to the inadequacies inherent in a system where needed municipal expansion could be frustrated. It is the Commission's opinion that the Constitutional amendment proposed by House Joint Resolution No. 26 would permit obstruction of warranted extensions of municipal boundaries of the nature which the delegates so purposefully wished to avoid.

The current system works well. Decisions of the LBC concerning boundary changes initiated under Art. X, Sec. 12 of the Constitution are subject to legislative review. If the legislature determines that an annexation proposal is unwarranted, it may reject that proposal. This process, which has been in place for thirty years, has proven to be effective, yet simple.

The Honorable Peter Goll
The Honorable Max F. Gruenberg, Jr.
April 7, 1989
Page Three

Thank you for considering these comments. If possible, I will be present when your committee takes up this measure to answer any questions or provide additional information.

Sincerely,



C. B. Bettisworth
Chairman

cc:

The Honorable Richard Shultz, Sponsor, HJR 26 and HB 131
The Honorable Eileen MacLean, Chairman, House C&RA Committee
The Honorable Ron Larson, Sponsor, HB 1
Scott Burgess, Executive Director, Alaska Municipal League
David Hoffman, Commissioner, DCRA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POSITION PAPER

RE: House Joint Resolution No. 26

SPONSOR: Representative Shultz

Program Effects of Proposed Resolution:

This proposed resolution would, upon voter approval, amend the State Constitution concerning annexations to municipal governments which are subject to review by the legislature. In cases where the "land" proposed for annexation is "not within a relatively integrated socioeconomic unit of the municipality", it would be necessary to obtain the "approval of a majority of the residents of the area to be annexed".

Comments:

The department does not support the amendment proposed by the resolution.

The theme of local control is a pervasive and powerful element of the local government article of the Constitution of the State of Alaska. However, 33 years ago, the delegates to the State Constitutional Convention concluded, after considerable study and debate, that establishment and revision of local government boundaries should be primarily the responsibility of the State. Shortly after statehood, the Alaska Supreme Court articulated the considerations which led the delegates to this conclusion, (Fairview Public Utility District No. 1 v. City of Anchorage, 368 P.2d 540):

An examination of the relevant minutes of [a series of 31 meetings held by the Committee on Local Government at the Constitutional Convention] shows clearly the concept that was in mind when the local boundary commission section was being considered: that local political decisions do not usually create proper boundaries and that boundaries should be established at the state level. The advantage of the method proposed, in the words of the committee -- "lies in placing the process at a level where area-wide or statewide needs can be taken into account. By placing authority in this third-party, arguments for and against boundary change can be analyzed objectively."

- P.O. BOX B
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RE: House Joint Resolution No. 26
February 21, 1989
Page Two

The Supreme Court went on to state that it must be assumed that the Constitutional Convention delegates were aware of obstacles faced by Alaska cities in attempting to annex territory. The Court referred specifically to a related Territorial District Court case heard just prior to the convening of the Constitutional Convention. In the referenced case the judge remarked:

Every impediment and dilatory tactic has been employed by the opponents of annexation, except the homesteaders, to obstruct and harass the city in every move in connection with its efforts to extend its boundaries in the traditional manner to include the adjacent areas. Such opposition does not appear to be in the public interest or in good faith.

The Supreme Court went on to conclude that the Constitutional Convention delegates were sensitive to the inadequacies inherent in a system where needed municipal expansion could be frustrated if the electors in a single urban area outside of municipal boundaries did not agree to annexation.

The procedure proposed by House Joint Resolution No. 26 would be subject to the very problems the constitutional founders attempted to avoid in creating the existing legal structure. While there is opportunity for public input, the final decision appropriately lies with the legislature. Currently, residents of an area proposed for annexation are permitted to express their position on proposed boundary changes by testifying at hearings conducted by the Commission. Further, decisions of the Local Boundary Commission concerning boundary changes initiated under Article X, Section 12 of the Constitution are subject to legislative veto. Since its inception, the Local Boundary Commission has submitted more than 90 recommendations for municipal boundary changes to the legislature. The department is aware of only eight instances where Commission recommendations were rejected by the legislature. In some of these eight cases, the legislature later approved an identical or substantially similar recommended annexation.

By requiring local approval in the local boundary determination process as provided by this amendment, the process would revert to one dominated by local politics which does not give a proper role to statewide concerns.

RE: House Joint Resolution No. 26
February 21, 1989
Page Three

The department additionally has a number of technical concerns with the wording of the proposed amendment. These are as follows:

- A. The provisions of the proposed amendment would apply "if the land is not within a relatively integrated socioeconomic unit of the municipality." While it is believed that the intent of the sponsor is that this language should be interpreted as though it reads "if the land is not within a relatively integrated socioeconomic unit of which the municipality is a part", the language used raises a possibility of misinterpretation. Because the existing language refers to the unit "of the municipality," there may be a danger of interpreting this to mean the unit must be within the municipality. Since any area proposed for annexation must be outside the municipality, under this interpretation, the resident approval requirement would be applied to every annexation to be submitted to the legislature.
- B. Typically, the will of the people in important measures such as these is represented by the voters. The proposed amendment would require "approval of a majority of the residents of the area to be annexed." While it is believed that the intent of the sponsor is that an election be the mechanism used, it may be possible to interpret this language to require a broader mechanism of determination of resident, rather than voter, approval.
- C. The term "land" is used twice in the proposed amendment. While it is assumed that the term is intended to apply to areas of water (submerged lands) and tidelands, this may require some clarification.



David G. Hoffman Commissioner

BYLAWS

ALASKA LOCAL BOUNDARY COMMISSION

ARTICLE I - NAME

The name of this body is the Alaska Local Boundary Commission. Common usage and abbreviation may be "Commission" or "LBC." (Eff. / /89)

ARTICLE II - MISSION AND OBJECTIVES

Section 1. The Constitution of the State of Alaska recognizes that the establishment and revision of boundaries of cities and boroughs are primarily the responsibilities of the State. Article X, Section 12 of the Constitution provides the constitutional authority under which the Commission carries out these responsibilities. Shortly after statehood, the Alaska Supreme Court articulated the considerations which led to the creation of the Commission. (Fairview Public Utility District No. 1 v. City of Anchorage 368 P.2d 540).

An examination of the relevant minutes of [a series of 31 meetings held by the Committee on Local Government at the Constitutional Convention] shows clearly the concept that was in mind when the local boundary commission section was being considered: that local political decisions do not usually create proper boundaries and that boundaries should be established at the state level. The advantage of the method proposed, in the words of the committee -- "lies in placing the process at a level where area-wide or statewide needs can be taken into account. By placing authority in this third-party, arguments for and against boundary change can be analyzed objectively." (Eff. / /89)

Section 2. The courts have consistently recognized that the Commission enjoys considerable discretion and broad authority in the exercise of its powers and duties. The Commission hereby acknowledges that such powers and duties carry with them the responsibility to act in a judicious fashion. (Eff. / /89)

Section 3. The powers and duties of the Commission include:

(a) considering proposals for the incorporation of cities and boroughs;

(b) considering proposals for the annexation of territory to cities, boroughs and unified municipalities;

(c) considering proposals for the detachment of territory from cities, boroughs and unified municipalities;

(d) considering proposals for the dissolution of cities, boroughs and unified municipalities;

(e) considering proposals for the merger or consolidation of cities, boroughs and/or unified municipalities; and

(f) making studies of local government boundary problems. (Eff. / /89)

ARTICLE III - AUTONOMY

The Commission is an autonomous body. While the Commission receives administrative and technical support from the Department of Community and Regional Affairs, it is independent of the Department and all other State organizations. (Eff. / /89)

ARTICLE IV - MEMBERSHIP AND TERMS OF OFFICE

Section 1. Commission Composition: the Commission consists of five individuals appointed by the Governor. One member is appointed from each of the four judicial districts in the state; the fifth member is appointed from the state at-large. (Eff. / /89)

Section 2. Term of Office: (a) Commission members serve staggered terms of five years.

(b) A vacancy occurring in the membership of the Commission will be filled by appointment of the Governor for the unexpired portion of the vacated term.

(c) A member whose term has expired remains on the Commission until a successor has been appointed by the Governor.

(d) The Commission may, by a vote of three or more members, recommend to the Governor the removal of a member for cause, provided that notice shall be given to the member proposed to be recommended for removal at least 10 days prior to the meeting at which the resolution is to be considered. (Eff. / /89)

ARTICLE V - OFFICERS AND DUTIES

Section 1. Officers consist of a Chairman and a Vice Chairman. (Eff. / /89)

BYLAWS
ALASKA LOCAL BOUNDARY COMMISSION
PAGE THREE

Section 2. By statute, the member appointed from the state at large is the Chairman. The Vice Chairman is elected by a majority of the Commission members for a term of three years. (Eff. / /89)

Section 3. The duties of the officers shall be as follows:

(a) Chairman

(i) Call all meetings (except that three members of the Commission may also call a meeting). Preside at all meetings.

(ii) Appoint special committees and chairpersons of special committees.

(iii) Serve as ex-officio member of all committees.

(iv) Serve as the Commission's official representative.

(v) Operate and conduct the business and affairs of the Commission according to the orders and resolutions of the Commission.

(vi) Perform other duties described in these bylaws or assigned by resolution of the Commission.

(b) Vice Chairman

(i) Assist the Chairman in the discharge of his/her duties.

(ii) Assume the duties of the Chairman in the absence of the Chairman.

(iii) Act as the parliamentarian for the Commission.

(iv) Perform other duties in accordance with the orders and resolutions of the Commission. (Eff. / /89)

ARTICLE VI - MEETINGS

Section 1. Meetings of the Commission may be held at such time and place as the Chairman or a majority of the Commission members may order. (Eff. / /89)

Section 2. Reasonable public notice of Commission and committee meetings shall be provided in accordance with the requirements of law. (Eff. / /89)

Section 3. Three members of the Commission constitute a quorum for the conduct of business at a meeting. Two members constitute a quorum for the conduct of a hearing. (Eff. / /89)

Section 4. Meetings of the Commission and its committees are subject to the Open Meetings Act, AS 44.62.310 and 44.62.312. (Eff. / /89)

Section 5. The Local Boundary Commission will schedule at least one period for general public comment during each Commission meeting. The purpose for having public comment is to allow persons the opportunity to provide information to the Commission and to advise the Commission about problems and issues. (Eff. / /89)

Section 6. It is the Commission's policy that, to the extent which is practical, all public hearings and decisional sessions of the Commission will be conducted in person and that all members of the Commission will be present. However, it is recognized that financial constraints and other limitations may sometimes prevent this level of participation. Members who are unable to participate in person are encouraged to participate by teleconference as permitted by AS 44.62.312(a)(6). (Eff. / /89)

ARTICLE VII - COMMITTEES

The Commission Chairman may designate ad hoc committees or task forces to accomplish special purposes. Persons other than Commission members may serve on the Commission's ad hoc committees and task forces. (Eff. / /89)

ARTICLE VIII - PARLIAMENTARY AUTHORITY

Section 1. Unless otherwise provided by law or these bylaws, the Commission's procedures shall be governed by Robert's Rules of Order, Revised. (Eff. / /89)

Section 2. The purpose of parliamentary rules is to assist the LBC in transacting business. Whenever the rules fail to serve this purpose, and are not required by law, they may be suspended expressly or by contrary action. A failure by the LBC to conform to procedural rules does not invalidate its official actions. Departures from parliamentary rules do not form the basis for a dispute which is subject to jurisdiction of the courts. (Eff. / /89)

ARTICLE IX - ETHICS

Section 1. Commission members are required to comply with AS 39.52.010 - 39.52.960, the Alaska Executive Branch Ethics Act. As provided by AS 39.52.960(8), the Chairman shall act as the designated supervisor for the Commission members.

Section 2. In addition to the ethics standards established by the Executive Branch Ethics Act, the following apply to members of the Commission:

(a) A member of the Commission is prohibited from having ex parte contacts (i.e., any contact outside a formal proceeding of the Commission with another party) concerning a matter for which a petition has formally been submitted to the Department of Community and Regional Affairs. The prohibition shall take effect once the Commission member has been advised by the Department that a petition has been received. The prohibition shall remain in effect until the Commission's power to order reconsideration of its decision on the petition expires.

(b) Except as provided in (f) of this Section, a member of the Commission shall not participate in matters before the Commission in which the Commission member has been employed by a petitioner or respondent during the 180 days preceding the submission of the petition or response brief. The 180 days will be measured from the date that the Commission member has been advised by the Department of Community and Regional Affairs that a petition or response brief has been received.

(c) Except as provided in (f) of this Section, if a member of the Commission acted upon a proposal before the Commission, that member shall not accept employment with a petitioner or respondent in any action brought before the Commission for a period of at least 180 days following Commission action on the matter.

(d) Except as provided in (f) of this Section, a member of the Commission shall not participate in the consideration of a proposal before the Commission where that proposal would affect the territory in which the residence of the Commission member is located. Such territory may consist of: a) an area proposed for annexation to or incorporation of a municipality; or b) a municipality subject to a proposal for annexation, detachment, merger, consolidation or dissolution.

BYLAWS
ALASKA LOCAL BOUNDARY COMMISSION
PAGE SIX

(e) Except as provided in (f) of this Section, a member of the Commission shall not participate in the consideration of a proposal before the Commission where that Commission member is affiliated with the petitioner, a respondent, or a group or organization which has advocated a position concerning the matter before the Commission.

(f) Exceptions to the prohibitions governing the participation of a Commission members may be granted if a majority of the other Commission members present at the meeting at which the question is raised conclude that

(1) granting the exception would not result in a violation of the Alaska Executive Branch Ethics Act,

(2) the general public will perceive the Commission member whose participation is at issue as being able to be fair and objective in the proceedings, and

(3) there is no other reason based upon ethics as to why the Commission member whose participation is at issue should not participate in the proceedings.

(g) In determining whether to grant an exception under (f), the Commission will, in its discretion, consider the the following

(1) the size and population of the area encompassed by the petition pending before the Commission,

(2) the nature of the petition pending before the Commission (i.e., petition initiated by 100% of the owners/voters of an area; petition involving only municipally owned lands; petition involving an election or petition involving legislative review),

(3) for exceptions from (d) of this Section, the proximity of the area encompassed by the petition to the residence of the Commission member,

(4) for exceptions from (e) of this Section, the nature of the affiliation of the Commission member to the petitioner, respondent, or party which has advocated a position concerning the matter pending before the Commission. (Eff. / /89) [Editor's note: supplemental ethics standards were first established by resolution of the Commission on May 24, 1988.]

ARTICLE X - AMENDMENT OF BYLAWS

These bylaws may be amended at any meeting of the Commission by adoption of a motion for approval of the amendment by three or more Commission members. Amendments to "Article IX, Ethics" become effective upon approval of the Department of Law. (Eff. / /89)

ARTICLE 17
MISCELLANEOUS PROVISIONS

19 AAC 10 is amended by adding new sections to read:

19 AAC 10.850. SCHEDULING OF PROCEEDINGS. (a) The chairman of the local boundary commission shall issue an order setting or amending a formal schedule for action on petitions for municipal incorporation, boundary changes pursuant to AS 29.06.040(b), dissolution, merger and consolidation.

(b) A schedule established under (a) of this section must allow at least

(1) forty-nine days from the date of initial publication or posting of the notice of the filing of the petition, whichever occurs first, for the receipt of answering briefs and written comments in support of or in opposition to the petition;

(2) fourteen days from the date established under (b)(1) of this section for the receipt of a reply brief from the representative of the petitioner(s);

(3) twenty-eight days from the date of distribution of the draft report and recommendation of the department regarding the petition for the receipt of comments on the draft report and recommendation;

(4) thirty days from the date of initial publication or posting of the notice of a hearing, whichever occurs first, for an initial hearing on the petition by the local boundary commission;

(5) twenty-one days between the date of distribution of the final report and recommendation of the department regarding the petition and the conduct of an initial hearing on the petition by the Commission. (Eff. / / , Register)

Authority: Art. X, Sec. 12,
Alaska Const.
AS 44.47.567

19 AAC 10.860. EFFECTIVE DATE OF DECISION. Approval by the commission of a petition for incorporation, boundary change, dissolution, merger or consolidation becomes effective upon the adoption of a motion for approval by three or more commission members. The need or intention to issue a written decision following the approval of a petition by the commission does not delay the effective date of such approval. The issuance of a written decision governs the opportunity for reconsideration by the commission under 19 AAC 10.870. (Eff. / / , Register)

Authority: Art. X, Sec. 12,
Alaska Const.
AS 44.47.567

19 AAC 10.870. RECONSIDERATION. (a) Within twenty days after a written decision has been approved by the commission, any individual may file a request for reconsideration of that decision setting out specifically the grounds upon which the decision is believed to be unreasonable, erroneous, unlawful or otherwise defective. At the same time that the request for

the representative of the petitioner(s) for the matter to which the decision relates. The request for reconsideration filed with the commission shall be accompanied by an affidavit stating that a copy of the request for reconsideration was served to the representative of the petitioner(s).

(b) Any individual opposing the request for reconsideration has ten days after the date on which the request is filed to respond.

(c) The commission may order reconsideration upon the adoption of a motion for reconsideration by three or more commission members. The commission's power to order reconsideration expires thirty days after the date on which the request for reconsideration is filed with the commission. If the commission takes no action on a request for reconsideration within the time allowed, the request is automatically denied. (Eff. / / , Register)

Authority: Art. X, Sec. 12,
Alaska Const.
AS 44.47.567

19 AAC 10.880. PURPOSE OF RULES. Regulations governing the procedures of the commission are designed to facilitate the business of the commission, and shall be construed to secure the reasonable, speedy and inexpensive determination of every action and proceeding. Procedural regulations of the commission may be relaxed or dispensed with by the commission in any case where it shall be manifest to the commission that a strict adherence to them will work injustice or result in a substantially uninformed decision. (Eff. / / , Register)

Authority: Art. X, Sec. 12,
Alaska Const.
AS 44.47.567

ARTICLE 5.
STANDARDS FOR DISSOLUTION OF CITIES.

19 AAC 10.130 is amended by modifying (a) and (b) and adding (f) to read as follows:

19 AAC 10.130 DISSOLUTION. (a) The commission will, in its discretion, approve a petition for dissolution of a city under AS 29.06.450(a) if the commission determines that

(1) dissolution is in the best interests of the state based on (e) of this section;

(2) the city is free of debt or has satisfied its creditors with a method of repayment, as evidenced, to the extent possible, by an audit prepared by an independent certified public accountant or a written report prepared by or on behalf of the department which identifies the assets and liabilities of the city, as required by (f) of this section; and

(3) at least one of the following standards is met:

(A) the city no longer meets the standards established by law for the incorporation of a city;

(B) the city has ceased for at least 730 consecutive days to exercise each of its mandatory powers; or

(C) the petition for dissolution was signed by a number of voters of the city greater than 50 percent of the number of votes cast in the last general election of that city.

(b) The commission will, in its discretion, submit a recommendation for dissolution of a city to the state legislature under AS 29.06.450(b) if the commission determines that

(1) the city has ceased to exercise its mandatory municipal powers for at least 730 consecutive days,

(2) dissolution is in the best interests of the state, and

(3) the city is free of debt or its creditors are satisfied with a method of repayment, as evidenced, to the extent possible, by an audit prepared by an independent certified public accountant or a written report prepared by or on behalf of the department which identifies the assets and liabilities of the city, as required by (f) of this section. In determining whether dissolution is in the best interests of the state, the commission will, in its discretion, consider the factors in (e) of this section.

(f) An audit identifying assets and liabilities must be submitted for the proposed dissolution of a home rule or first class city and for the proposed dissolution of a second class city which has undergone an audit in each of the three years immediately preceding the petition for dissolution. In lieu of an audit for a second class city proposed for dissolution which has not undergone an audit in each of three years immediately preceding the petition for dissolution, the department may submit a written report which identifies the assets and liabilities of the city proposed for dissolution. (Eff. 2/21/82, Register 81; am 4/1/89, Register ; am / / /, Register)

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Community & Regional Affairs
 Title: "Proposing..amendment..Constitution
..powers..local boundary commission." BRU: _____
 Sponsor: Shultz 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						
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)

SEE ATTACHED

Jim Plasmann

Prepared by: Jim Plasmann, Deputy Director Phone: 465-4750
 Division: Municipal & Regional Assistance Date: _____
 Approved by Commissioner: [Signature] Date: 2-21-89
 Agency: Community & Regional Affairs

Distribution (by preparer):

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

House Joint Resolution No. 26
Fiscal Note Attachment

While the Department has reflected a zero fiscal note, it should be noted there will be fiscal impacts from this legislation in terms of the cost of putting the matter on the ballot. Division of Elections should be contacted on this. If the constitutional amendment is adopted there would be additional costs for the cost of elections in annexations where the area to be annexed is not within a relatively integrated socioeconomic unit of the municipality. It is assumed the state will bear the cost of those elections. By adopting a standard for determining when such elections should or should not be held, a certain potential for additional litigation based upon that standard is raised, although such costs must be regarded as speculative.

FISCAL NOTE

REQUEST:

Revision Date: 12/8/89
Title: Const. Amend. Relating to powers of the Local Boundary Commission
Sponsor: Shultz
Requestor: Shultz

Agency Affected: Office of the Governor
BRU: Division of Elections

Components: II Elections

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	2.2*	**	**	**	**	**
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	2.2*	**	**	**	**	**
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	2.2*	**	**	**	**	**
FEDERAL FUNDS						
OTHER						
TOTAL	2.2*	**	**	**	**	**

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

* Costs included cover 2 to 3 pages in each Official Elections Pamphlet, for printing and typesetting, and costs estimated to cover computer programming requirements for vote counting purposes. (Continued)

Prepared by: Linda Edgeworth Phone: 465-4611
Division: Division of Elections Date: 12/8/89

Approved by Commissioner: [Signature] (Acting) Date: 12-11-89
Agency: Division of Elections

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

CONTINUATION OF FISCAL NOTE ANALYSIS

For Bill/Resolution No. HJR 26

However, these costs are based on the assumption that all candidates and issues will fit on three ballot cards, which is the norm. It should be noted, however that should the inclusion of this issue require a 4th ballot to be printed, the cost increase would have to be calculated at 16 cents per ballot x approximately 320,000 voters. The total cost of printing the additional ballot card would be \$51.2

Under these circumstances the fiscal note would be:

53.4

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Const. Amend. relating to powers
of the local boundary commission
Sponsor: Shultz
Requestor: Shultz

Agency Affected: Office of the Governor
BRU: Division of 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	-0-	-0-	2.2*	**	**	**
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	2.2*	**	**	**

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

REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	2.2*	**	**	**
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	2.2*	**	**	**

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

* Costs included cover 2 to 3 pages in each Official Elections Pamphlet, for printing and typesetting, and costs estimated to cover computer programing requirements for vote (Continued)

Prepared by: Linda Edgeworth Phone: 465-4611
Division: Elections Date: 2/21/89

Approved by Commissioner: [Signature] Date: 2/22/89
Agency: Division of Elections

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

CONTINUATION OF FISCAL NOTE ANALYSIS

For Bill/Resolution No. _____

* Continued

counting purposes. However, these costs are based on the assumption that all candidates and issues will fit on three ballot cards, which is the norm. It should be noted, however, that should the inclusion of this issue require a 4th ballot to be printed, the cost increase would have to be calculated at 16 cents per box x approximately 320,000 voters. The total cost of printing the additional ballot card would be \$51.2.

Under these circumstances the fiscal impact would be:

53.4

** While not directly stated in the text of the resolution, there is an assumption that an election would have to be conducted to determine if a majority of the residents of the area to be annexed, actually approve of the annexation. Because the actual frequency with which these types of elections would be required can only be speculated, and because there is no way to know the number of voters or precincts which might be involved at any given time, it is difficult to anticipate the total fiscal impact on the Division of Elections. However, as a rough estimate, elections of this type would generally run from 3.5 to 8.0.

It should also be pointed out, that if the area is part of a Rural Educational Attendance Area (REAA) or Coastal Resource Service Area (CRSA), and if it is ultimately annexed into an incorporated community, it might be necessary to reapportion the REAA or CRSA involved. Often such reapportionments require a special election to elect new board members based on the new apportionment plan. These types of elections could be costly because they often involve several precincts and lots of voters. An election of this type generally costs from 5.5 to 9.0.