

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672
6768 HOUSE COMMUNITY & REGIONAL AFFAIRS

E. REDIF VENTURE FUND (\$2.0 Million)

(40 Projects with an investment of \$50.0 K average each)

An equity investment component of the REDIF would provide "seed" capital for promising projects. The REDIF venture fund would be based upon the model of the much-larger Vencap Alberta Corporation, a venture capital corporation created with endowments from Alberta's oil royalties. VenCap provides investments that are secured by capital stock in the venture. Owners of the venture will retain first right of refusal on any stock liquidation by REDIF. The REDIF may subordinate its interest in favor of that of a leveraged participant if it is determined by REDIF Board that there is a "reasonable expectation" that the leveraged capital will enhance the value of REDIF's holdings. Obviously the REDIF venture fund will be looking at "micro" and "mini" projects rather than the larger projects.

A major, but not only, target here is "technology transfer and application" in the rural marketplace. ASTF funded research, for instance, has demonstrated some practical technologies that may be applicable in the rural marketplace. Examples are the low-head hydro demonstration project and the aerobic humus toilet that have been shown to be practical for rural areas.

Each investment will seek to achieve a present value Rate of Return of 12% at the end of a specified term.

F. FUND RESERVES (\$2.5 Million)

\$2.5 Million in principal reserves will be maintained by a contract fund manager in a secure, liquidable portfolio. This reserve will function both as a loss-reserve and contingency fund. The proforma will assume a 9.5% annual earning for the reserve.

G. REDIF OPERATING COSTS (\$0.5 Million)

AS 44.47.155 authorizes the Department to establish rural Loan Information Officers (LIOs). The REDIF should be authorized to utilize no more than 5% of its fund assets for operations as prescribed by law. The LIOs would be placed within the Community Development Assistance component of the Community Development BRU to be supervised by the Statewide Economic Development Specialist.

The funds would be used to hire four LIOs who would work as Economic Development Specialists together with travel, transportation, overhead and equipment costs. These funds would also be used to provide approximately \$24,000 in financial training costs for the LIOs.

CONCLUSION

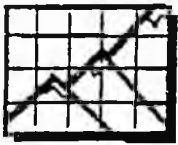
The foregoing represents a recommendation of the Department's Statewide Economic Development Specialist (SEDS) for a diversified financing tool for rural economic development. Legislation required includes the following:

1) Establish a Rural Economic Development Fund under AS 44.47.160 for the following purposes: (a) "Lending" funds to qualified rural enterprises, corporations, and non-profit organizations in conjunction with the REDIF's Rural Development Fund (RDF); (b) "Investing" funds in qualified rural ventures with a reasonable chance of paying an established rate of return to the fund in a specified term; (c) "Capitalizing" risk pools among rural corporations by providing a loss-reserve. Eligibility for such underwriting will be determined by regulation; (d) "Operating" the fund in a prudent manner while maximizing opportunities through innovations in both lending and investing such that local equity and participation is ensured. Operations shall include technical assistance in developing, packaging, financing, and incubating rural ventures.

2) Direct the Commissioner of Community and Regional Affairs to promulgate regulations which delineate the program details including definitions and criteria for qualifications.

3) Establish the Rural Development Loan program (Subsection "(a)" of AS 44.47.160) to authorize a revolving fund for the receipt and expenditure of both state and federal funds. This will permit the REDIF to receive additional funds from the new Federal Rural Investment Partnerships (FRIP) program (PL 101-624 Title XXIII Ch. 2 Sec. 2314) as well as under the current Community Development Block Grant program (CDBG).

4) Authorize the Commissioner of Community and Regional Affairs to utilize no more than five percent (5%) of the fund including principle and receipts from all sources for the administration, management, and operation of the REDIF.



April 9, 1991

George G. Jacko, Jr.
Room 414 Capitol
P.O. Box V
Juneau, Alaska 99811

RE: SUPPORT FOR HB 222 & HB 256

Dear Representative Jacko,

Recently Elsnun Lauesen of DCRA shared with me a White Paper on HB222 and I am moved to send you my heartfelt support and endorsement of the entire concept.

I am currently the director of UAF's Small Business Development Center responsible for small business advocacy and business consulting/training in the Interior, Arctic, Western, and Southwestern Alaska Regions. I observe that HB 222 offers solutions to a number of major barriers facing small business men and women in rural Alaska. The bill not only provides a desperately needed vehicle to capitalize worthwhile under-collateralized ventures, it provides the incentives and supports necessary for entrepreneurs to insure and sustain their success. I have never seen a more comprehensive and well planned program with such specific, measurable, achievable and meaningful goals. I also have tremendous confidence in Mr. Lauesen's ability to deliver on the promises noted in the White Paper based upon my participation with his office on a number of collaborative efforts over the past two years.

I offer you this support also as a 17 year resident of Alaska, graduate from the UAF School of Management's MBA program, former officer of Friendship Air Alaska with extensive rural Alaska travel and experience, and as a business professor for the School of Career and Continuing Education.

One last note, while I don't understand the funding mechanisms, I am truly impressed at the comprehensive and well planned scope of the bill and that HB 222 can be implemented by Mr. Lauesen's office with only a 5% administrative cost! Even without all of the other merit of the program, this fact alone is a real indication of future program success.

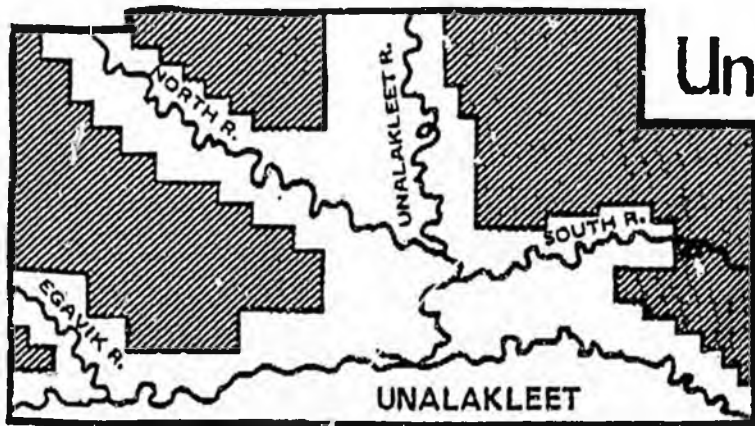
Please feel free to contact me if you so desire.

Best Regards,
UAF SMALL BUSINESS DEVELOPMENT CENTER

Charles N. Dexter,
Director

Post-It™ brand fax transmittal memo 7671 # of pages > 1

To: George Jacko	From: Charles Dexter
Co: UAF Legislative	Ca: SBDC
Dept:	Phone #: 456-1701
Fax #: 465-2997	Fax #: 456-8817



Unalakleet Native Corporation

P.O. BOX 100
 Unalakleet
 Alaska 99684
 (907) 624-3411

Representatives George G. Jacko, JR. & Ivan April 8, 1991
 Alaska State Legislature
 P.O. Box V (MS 3100)
 Juneau, Ak. 99811

Subject: House Bill No. 256;

As referred by Department of Community and Regional Affairs - Finance

Dear Representatives Jacko and Ivan;

We, of Unalakleet Native Corporation, have read House Bill No. 256, and are in support of the passage of this bill. Rural Alaska is always looking for financial aid to set-up development programs. We are unquestionably conscious you are aware of the difficulties of which rural Alaska has in dealing with financial institutions in obtaining monetary aid. We are generally required to over-collateralize or our interest rates are greater than our counterparts in the larger cities.

This House Bill No. 256 is designed for rural development only, and is very well thought out and appreciated by the residents who live in rural Alaska. The best of luck in passage of House Bill #256.

Sincerely;

R. L. Gilley
 General Manager/Controller

cc: Senator Al Adams
 Representative Richard Foster
 DCRA - Finance

Development Venture Companies

Appropriate Financial Institutions to Foster the Growth of Private, Job-Creating Companies

by Peter McDowell

Currently rural Alaska is the source of much of Alaska's economic wealth, but it only contains about 10 to 15 percent of Alaska's population and about 12 to 15 percent of the nonseasonal jobs. Those people and jobs, however, produce most of the wealth (60-80 percent depending on the export value of crude oil) enjoyed by the other 85-90 percent who live and work in urban Alaska. With the exception of Kenai and Ketchikan, most urban Alaskans do not live near any basic economic activity other than tourism, and national defense installations at Anchorage and Fairbanks.

Moreover, future expansion and diversification of the Alaskan economy's basic sectors will take place in rural areas, because much of it will depend on the fish, timber, subsurface, and scenic and recreational resource values which are concentrated there.

This concentration of basic economic activity does not appear to have led to any concentration of financial assets or services in rural Alaska. In fact, the opposite seems to be true. Most financial assets and services are in urban areas, particularly Anchorage. Rural financial services appear to consist

mainly of gathering deposits, some of which are in turn used to create financial assets (loans, leases, and securities) in urban places.

Any vision of the future of Alaska's economic growth should be solidly grounded in "fundamentalist economics," i.e., that economic activity in a specific geographic place will be limited to subsistence unless exports to nations, regions, and states outside its boundaries are produced. This also means that a secondary (service) economy cannot exist in the absence of a primary (export) economy. Since contact with the Russians, Alaska has always been an exporter--furs, whalebone, whale oil, gold, salmon, walrus ivory, other minerals, oil and gas, other fish, crab, and forest products. Alaska also exports geopolitical location (to the U.S. military), public domain (to federal civilian agencies), and scenic and recreational resource values (to tourists). Alaskan exports of manufactured goods are principally LNG and urea from the Kenai, and pulp, cants, and heavy timbers from Southeast.

Most Alaska economic activity controlled by residents is secondary (serv-

ice), which is also the principal kind of economic activity financed by Alaskan financial institutions, particularly those which have failed, or are in danger of failing. Successful Alaskan financial institutions of the future probably will not specialize in financing speculative secondary (service) businesses. They will probably specialize in either: investing deposits gathered from Alaska in a blend of federal government and other investment-grade securities, and loans to conservatively-managed Alaskan businesses in urban places; or facilitating the development and/or expansion of economic development projects in rural Alaskan places that involve the export of one or more of Alaska's natural resource values.

This export finance function is currently carried out principally by investment groups and private corporations from Canada, Japan, and the United States and some ANCSA corporations for both resident and nonresident businesses engaged in basic (export) sector activities. There is also some involvement of Canadian, Japanese, and U.S. banks and investment banks.

"The predominant emphasis would be on active lending and investment in export development projects, i.e., asset management, rather than the liability management (deposit-gathering) emphasis of most Alaskan financial institutions."

An Appropriate Financial Institution

Central to an "Alaskan economic strategy" is a vision of Alaska's economic future where a vital, market-driven basic export sector provides opportunity for individuals and businesses to take risks and to use their imagination, knowledge, skills, energy, capital, and technology (the basic stocks of wealth-creating capability) to create new products or services that markets want, or to improve on those already being provided. In other words, to compete.

One potential state economic strategy might be the creation of institutions that would foster the development of private, job-creating businesses.

Such institutions would need to be substantially different from all existing Alaskan financial services agencies, if they were to concentrate on expanding basic export sector activities. They could be structured as a blend of the venture capital fund model successfully operating elsewhere in North America, and the "development finance company" model successfully implemented in other countries by the International Finance Corporation, the private sector affiliate of the World Bank. This blend could be called a "development venture company" (DVC). The key factors for success of a DVC include, in priority order:

1. A viable expanding market for its services, consisting of individuals and

entities with entrepreneurial will, financial capital, and export resources.

2. Personnel to nurture and counsel those persons willing to engage in export sector entrepreneurship. The personnel would be able to identify business opportunities; assess entrepreneurial skills and commitment; develop pragmatic business plans with adequate data about critical success factors including skills, markets, equity, and other financing; evaluate economic development project viability; and restructure or reject nonviable proposals early.

3. A financial capital structure based on a high proportion of equity and stable, low-cost, long-term debt.

This model includes several features which are distinctly unlike any existing Alaskan financial institutions. It would have close links with state government agencies and programs that have a mandate to help promote and develop export base industries--e.g., the Alaska Industrial Development and Export Authority (AIDEA), as recently strengthened, and the Departments of Commerce and Economic Development and Community and Regional Affairs.

The predominant emphasis would be on active lending and investment in export development projects, i.e., asset management, rather than the liability management (deposit-gathering) emphasis of most Alaskan financial institutions

Management Assistance to Borrowers/Investees

A DVC would provide for regular and substantial management assistance to borrowers/investees, much like the nurturing activities of venture capitalists and investment bankers.

Innovative use of technology in computing and communications would distinguish the DVC as well. All day-to-day communications between project locations and the financial institution must be conducted with maximum facility and power. This is only obtainable through leveraging human resources with communication and information technology.

The DVC would have strategic alliances with customers, federal, state, and local governments and other leading economic institutions involved with export base industries.

It would also have strategic alliances with Japanese and other foreign private financial institutions with the wherewithal to participate in the financing of, and technical assistance to, basic export sector economic development projects.

A DVC would promote the recruitment and investment of a pool of financial capital from a variety of sources depending on the organizational form selected. It would also profit from fees for services and risk-sharing, dividends, interest, and capital gains.

A DVC would employ personnel distinctly different from the typical Alaskan bank management staff of the 1980s.

"This people component . . . would open a clear opportunity for Alaskans to grow into the present and future business world of knowledge-based employment and technology-driven services . . ."

The new personnel would need to be recruited and trained to emphasize: advocacy for the ideas and business plans of their customers; export base development project design and technical assistance skills; shared Alaskan values (the "corporate culture" of our state); rural Alaskan factors for success; Alaska Native background, with special emphasis on ANCSA corporations; service and management assistance skills in application of technology, export financing, foreign financial markets and institutions, acquisitions, mergers, divestitures, seafood harvesting and processing, timber harvesting and processing, mineral exploration, extraction, and processing, tourism attractions, accommodations and access, rural construction, rural real estate development, rural governance, energy, and transportation.

This people component represents a commitment to strive for modernization and would open a clear opportunity for Alaskans to grow into the present and future business world of knowledge-based employment and technology-driven services that are already reshaping Alaska's economic opportunities.

Financial Structure

DVC's must have extreme stability of equity and debt capital.

They should rely on equity capital from investors; and long-term bond debt--perhaps issued by AIDEA--to

help capitalize the institutions in as stable a fashion as possible; core deposits from rural areas (at present only six or seven percent of total Alaskan bank deposits), depending on the entity selected; and core deposits from urban places, to the extent available (likely to be limited to public funds), depending on the entity selected.

The Market for Regional Services

A principal mission of such a financial institution would be regional services--development project services including financing and management assistance which add value--to regional and village ANCSA corporations and other entrepreneurs who are actively developing resource export projects in rural places.

For example, DVC's could specialize in regional services for companies that do business in rural Alaska--whether the Interior, North Slope, Northwest Arctic, Bering Sea, Southwest, Gulf Coast, or Southeast regions.

Regional service functions would consist primarily of: information and education about rural, state, and worldwide economics, markets and technology; management assistance for designing the financial infrastructure of development projects; recruitment of equity or long-term debt capital sources; and provision of debt for exploration, development, working capital for operations, and other shorter-term purposes.

The rendering of the services with

quality and excellence must be the foremost value of the institutions and their people.

Leveraging Existing Financial Institutions

As stated, there are no private Alaskan financial institutions currently operating on the development venture company model. In the public sector, AIDEA now has statutory authority to assist in this field, but limited prior experience.

Certain banks do operate (principally as deposit-gatherers) in rural Alaskan places. It is possible to conceive that an existing bank could form the core of an export-oriented rural Alaskan DVC. It would, however, require major management, skill, and technology transfusions to become successful in development project finance activities.

There do not appear to be any other existing domestic financial institutions designed for, or in pursuit of, Alaskan export development project finance activities. There do, however, appear to be numerous offshore institutions so engaged.

These offshore institutions may represent an opportunity for reverse leverage, by capitalizing on their interest in expansion of their DVC activities in association with Alaskan partners. Such partnerships could represent significant access to the human, financial, and technological resources necessary to this proposed expansion of the domestic

Alaskan financial infrastructure.

Entity Forms

Alaskan "development venture companies" could be structured in several ways: from a unit within an existing company, a subsidiary thereof, a joint venture corporation, an investment bank, to a state-chartered commercial bank.

Each organizational form has advantages and disadvantages, including control, economies of scale, financial risk, capital requirements, complexity, and government regulation.

There is an investment opportunity in the establishment of a kind of *private* financial institution dedicated to the strategies outlined. But whether private or public, the creation of appropriate financial institutions to help enhance the wealth-creating capability of Alaskan businesses is a compelling necessity, not a redundant luxury.

Mr. McDowell is a Visiting Associate Professor at the University of Alaska Southeast, School of Business and Public Administration.

-APAJ-



CITY OF CHIGNIK

General Delivery • Chignik, Alaska 99564 • (907) 749-2280

April 12, 1991

Honorable George G. Jacko., Jr.
House of Representatives
State of Alaska
P.O. Box V
Juneau, AK 99811

Dear Representative Jacko:

The ability to provide safe water and wastewater facilities is an absolute necessity for both present public health as well as future economic growth and development. Over the years, the Public Health movement has been able to document that one of the greatest contributors to increased life expectancy through decreased incidence and spread of communicable diseases has been the presence of safe and sanitary water and waste-water systems.

We support your efforts to secure the passage of HE 222 for capital projects expenditures for water and sewer systems. We hope other legislators join in your efforts.

Sincerely yours,

Richard Skonberg
Richard Skonberg
Mayor

cc.

Hon. Cliff Davidson
Hon. Fred Zharoff



Alaska State Legislature

Please enter into the record my testimony to the House
Comm. & Reg. Affairs
 committee name

committee on 256, dated April 10, 1991
 bill/subject

many people in the villages have left home for post secondary education, return ~~to~~ overqualified & have to leave again because of lack of work. This could certainly be a step in the right direction in insuring that rural Alaskans have the means to meet the unrealized potential out here.

I have a problem with 44,47.820 in that there may be business already in place in need of this sort of loan.

I urge passage of this bill

Signed: Enid J. Brown Enid J. Brown
 Testifier

Representing (Optional)

P.O. Box 76, White Mountain, Alaska
 Address 99784

Address

(907) 638-3431

Phone No.

BEADS AND THINGS

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"Specializing in ALASKAN NATIVE Arts & Crafts"

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Fairbanks, AK 99701

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Alaskaland

(907) 456-BEAD or 456-1487

January 14, 1991

Mr. Glenn Olds, Commissioner
Department of Commerce and Economic Development
P.O. Box D
Juneau, Alaska 99811-0800

Dear Commissioner Olds:

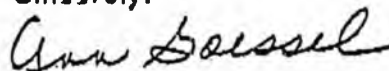
I am writing to you to let you know how valuable Entrepreneurship Training is for rural Alaskans. When I attended the program last session in Bethel, I felt that I had finally found a workshop/course that would really help me improve and expand my business.

Starting my own business in Fairbanks, has been the realization of a long held dream. Once the shop was opened I have had to continually solve problems of running a good business and providing a place for my people to market their handicrafts. I feel that I serve as a bridge between the village craftspeople and buyers, tourists coming to Alaska to experience and see quality Native Arts & Crafts.

A program like this one is invaluable for Native businesspersons, or anyone starting a business in rural Alaska. Unlike college courses this one really gives the entrepreneurs the hands on know how and assistance necessary for success.

I support Tanana Chiefs Conference, Inc. efforts to provide this kind of training for this region. Your endorsement will ensure that this kind of training will be available to others as well.

Sincerely,



Ann Goessel,
Owner



COOPERATIVE EXTENSION SERVICE

UNIVERSITY OF ALASKA FAIRBANKS

Rosa

Community Development Program
2221 E. Northern Lights Blvd., Suite 132
Anchorage, Alaska 99508-4143
Phone: (907) 276-2433
FAX: (907) 277-5242

April 10, 1991

Representative George G. Jacko, Jr.
Room 112, Capitol
P.O. Box V
Juneau, AK 99811

Dear Representative Jacko:

I am contacting your office in support of HB 222.

HB 250 -

I am very supportive of HB 222: A Rural Economic Development Initiative Fund (REDIF) for Alaska. Opportunities exist in rural Alaska. Technical assistance is available. I strongly agree with the concept of a "jump start" program for rural economic development efforts such as the proposed REDIF, and its structuring as both a debt and as an investment mechanism.

Thank you for the opportunity to comment.

Sincerely,

Anthony T. Nakazawa
Community Development and
Home Economics Program Leader

mak

cc: Edgar Blatchford, Commissioner, DCRA
Elstun Lauesen, Statewide Economic Development Specialist, DCRA





TANANA CHIEFS CONFERENCE, INC.

122 FIRST AVENUE
FAIRBANKS, ALASKA 99701-4897
PHONE (907) 452-8251 FAX (907) 451-8938

Post-It™ brand fax transmittal memo 7671		# of pages » 5
To: Rep. George Jocko	From: Dinna Scott	
Co. Arctic Slope V. Co.	Co. Tanana Chiefs	
Dept.	Phone # 452-8251	
Fax # 465-2997	Fax # 465	

April 10, 1991

Representative George Jocko
P.O. Box V
State Capitol
Juneau, Alaska 99811

Dear Representative Jocko:

As I am unable to attend today's Legislative Hearing on House Bills 222 and 256, I am writing to you in support of these two pieces of legislation. I cannot stress enough their importance in providing a much needed boost to village economies. Appropriation of these funds would provide a chance for Native people to participate in the arenas of economic development and entrepreneurship which have more often than not been closed.

Although Tanana Chiefs wholeheartedly supports both HB222 and HB256, it is with special interest that we target support of the \$1.5 million earmarked in HB222 for Rural Entrepreneurship Loans for communities of 5,000 or less. This past fall we began offering a three part Entrepreneurship Training Program. Following extensive recruitment in a number of Interior and Arctic Slope villages (Tanana Chiefs administers employment and training programs for the Arctic Slope as well as the Interior), we brought 14 students into Fairbanks for an intense four week training session.

All 14 students completed the program and are now going through the follow-up phase. With completed business plans in hand, they are in the process of "pounding the pavement" in search of small business loans.

Although we were lucky enough to have a Memorandum of Agreement in place with the National Bank of Alaska for the financing of first time small business loans, still we are only talking about a possible \$2,000 to \$5,000 outside of NBA's regular loan process. Obviously this component of the program gave our students an extra incentive; still, it is not even "in the ballpark" with the kind of money that would be available through HB222.

Tanana Chiefs hopes to continue offering our program. We have an excellent curriculum and instructors. We have the support of the BIA and NBA loan programs. We have a real need in our communities with an unemployment rate in many cases as high as 85%. We also want to offer

viable alternatives for people who would like to have the opportunity to work in their village where jobs are limited - and not have to feel they must leave family and friends behind to accept employment in Fairbanks, Anchorage or Juneau. But, the weak link is still helping our graduates to secure the necessary level of funding needed to give them a true chance to succeed.

At a time when Alaska's urban centers are finally beginning to see some economic upturns, Tanana Chiefs Conference hopes you will take this unique opportunity to assist in providing some new and much needed alternatives for our rural residents.

Thank you for your time and attention to this matter.

Sincerely,
TANANA CHIEFS CONFERENCE, INC.

Ted Charles for.

Will Mayo, President

Donna L. Scott

Donna L. Scott, Director
Employment and Training

cc: Representative Mark Boyer

attachments

Bering Strait Economic Council

Post Office Box 1008 - Nome, Alaska 99762 - (907) 443-5252

BOARD OF DIRECTORS RESOLUTION 4-10-91-3

REGARDING SUPPORT FOR HOUSE BILL 256 AND HOUSE BILL 222

WHEREAS, the Bering Strait region has great potential for the development of successful new village-based economic development projects, and

WHEREAS, the Bering Strait region is currently the most poverty-stricken region of the state and is desperately searching for alternatives to welfare programs, and

WHEREAS, economic development in the Bering Strait region is not stymied by the lack of good projects, but by the lack of debt and equity capital for good projects, and

WHEREAS, House Bill 256 sets up the Rural Development Initiative program to provide funding for good rural economic development projects, and

WHEREAS, House bill 222 provides \$10 million in funding for the Rural Development Initiative program,

WHEREAS, the Bering Strait Economic Council is the regional A.R.D.O.R. economic planning organization for the Bering Strait region,

APR 12 '91 14:21
APR-11-1991 07:08

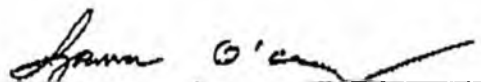
ST ALASKA DCRA FAIRBANKS 907 451 7251
FROM

296 P03
14652846

F.U.

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of the Bering Strait Economic Council strongly supports House Bill 256 and House Bill 322 and urges the Legislature to pass both bills.

Dated at Nome, Alaska this 10th day of April, 1990



LONNIE O'CONNOR
President

★ Fairbanks North Star Borough

809 Pioneer Road

P.O. Box 1267

Fairbanks, Alaska 99707

907/452-4761

April 17, 1991

Honorable George G. Jacko, Jr.
Alaska State Legislature
P. O. Box V
Juneau, AK 99811

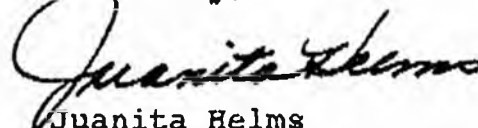
Dear Representative Jacko:

Reference the Fairbanks North Star Borough's stand on HB222, I am supportive of the need and intent of the Bill. However, I believe that if that money could be directed to using the new technology, either developed under ASTF grants, or new technology developed for climates compatible with our bush communities, something more meaningful will be accomplished.

Part of the problem with developing new technology is that the initial capitalization costs are usually higher than the old technology. Marketing is difficult for that reason. Long term savings can be proven, but the initial hurdle of the up front costs are hard to overcome. If this bill would provide the vehicle for using those new technologies which prove to be least cost and least maintenance, you will have accomplished two very noble goals

I wish you good luck in your deliberations.

Sincerely,



Juanita Helms
Borough Mayor

JH:rlf

Carla

Testimony

In Support of House Bills 222/256, To establish the Rural Development Initiative Fund

by Carl Berger, Economic Development Director, Association of Village Council Presidents, Bethel, AK.

I am testifying in support of the effort to appropriate ten million dollars to Dept. of Community & Regional Affairs for capitalization of the Rural Development Initiative fund. It is true that access to capital continues to be the greatest barrier to rural economic development. Providing access to low interest loans for rural business ventures, together with appropriate technical assistance and clear and understandable regulations and guidelines would be an appropriate role for the DCRA. Passage of this legislation will encourage and foster rural small business ventures, strengthen pride in rural people and help to combat social ills by providing viable business enterprise as an alternative. The program will also stimulate the rural economy and provide additional jobs.

Thank you for giving me the opportunity to testify on this important proposed legislation.

Post-It™ brand fax transmittal memo 7671		# of pages ▶	1
To <i>Ronn Sorenson</i>	From <i>Carl Berger</i>		
Co. <i>Rep. Geo. Jacko</i>	Co. <i>AVCP</i>		
Dept.	Phone # <i>542-3521</i>		
Fax # <i>465-2997</i>	Fax # <i>542-2096</i>		

HB

263

Alaska State Legislature

REPRESENTATIVE
MARK BOYER

VICE CHAIRMAN
HOUSE FINANCE COMMITTEE



House of Representatives

FAIRBANKS

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

JUNEAU

P.O. BOX V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3466

To: Rep. Jerry Mackie, Chair
Community and Regional Affairs Committee

From: Rep. Mark Boyer *MB*

Date: April 9, 1991

Subject: Request to schedule HB 263 for hearing

I would appreciate a committee hearing at your earliest convenience of HB 263, an act relating to human services community matching grants.

The Anchorage and Fairbanks Health and Social Services Block Grants have been included in the Department of Health and Social Services budget for many years. However, primarily due to the fact that these grants have no statutory base and require no local matching appropriation they remain subject to veto. This bill establishes a statutory basis for the grants and includes a community match requirement, beginning at 10 percent and increasing by five percent a year until a 50/50 match is reached. I believe the statutory recognition and the match requirement will allow the grants to receive the funding stability they need.

Additionally, this bill will expand the number of communities that can apply for the matching grants to include all unified municipalities and cities with a population over 20,000. Anchorage, Juneau, and Sitka are the current unified municipalities in Alaska. Fairbanks is the only additional city to meet the population requirement. In this way the block grant concept can be expanded into Southeast Alaska

FAIRBANKS 20B

HOUSE COMMITTEE REPORT

(7)

Date Referred: April 8, 1991

FURTHER REFERRALS:

HES
Finance

Date of Committee Action: 4-24-91

The COMMUNITY AND REGIONAL AFFAIRS Committee considered:

HB 263

HOUSE BILL NO. 263

HUMAN SERVICES MATCHING GRANTS FOR MUNI'S

"An Act relating to human services community matching grants; and providing for an effective date."

RECOMMENDATIONS:

be replaced with CS HB 263 (CRA) the same title

a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____

APPROVES PREVIOUS: (Dept/Date) _____

fiscal impact _____

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Foster</i> Richard [Signature]	X	[Signature]		X	
[Signature]	X	Cheri Davis		X	
[Signature] BAKER	X	J. G. [Signature]		X	
[Signature] MACKIE	X				



 CHAIRMAN'S SIGNATURE

Human Services Coalition

P.O. BOX 102052 • ANCHORAGE, ALASKA 99510 • PHONE 532-4483

April 24, 1991

Rep. Jerry Mackie
Chairman
Community & Regional Affairs Committee
Alaska State Legislature
Juneau, Alaska

Dear Chairman Mackie,

As Chair of the Anchorage Human Services Coalition, I represent 60 human service agencies in the Anchorage Area that serve Alaska Citizens from all areas of the state. I am writing on behalf of the Coalition to urge the Committee's support of HB263.

We offer our gratitude to all those legislators who have supported this bill with their cosponsorship. They have recognized the need to have some degree of predictability for these services, some way to leave the rollercoaster of this past year.

Having statutory authorization for social services block grant was a third step in our Social Services Block Grant Recovery Program. The Social Services Block Grant fulfills all the intentions of cost-effective use of state funds. Local citizens determine the needs and allocate the funds to the nonprofit community which provides them at an extremely low cost. Local determination of need and cost-effective service delivery--these two concepts satisfy a truly valuable return of state dollars to the local levels with no bureaucracy.

Preserving these two concepts with statutory language will help conserve very valuable services that reach those Alaskans least able to talk to Juneau. Block Grant funds truly help Alaskans help themselves. Thank you for this consideration.

Sincerely,

Nancy K. Scheetz-Freymler
Nancy K. Scheetz-Freymler
Chair

 FAX TRANSMITTAL MEMO
 TO: MARK KURT Parham
 DEPT: _____ FAX #: _____
 FROM: Sally Crawford
 CO: _____ FAX #: 452 5120
 Post-It brand fax transmittal memo 7871

NO. OF PAGES

April 20, 1991

The Honorable Mark Boyer
 Alaska State Legislature
 P.O. Box V
 Juneau, Alaska 99811

Dear Representative Boyer:

The Fairbanks Health and Social Service Commission has reviewed House Bill 263 on block grant funding. We are very supportive of putting these funds into law and most appreciative of all your efforts to this end. We do, however, have serious concerns over the match.

The suggested changes are attached. Most critical, as you know, is the role of the municipality. We are unanimous in support of administrative reductions and in matching efforts by local communities. We can not support cash matches by the municipality.

Matches for other grants from both federal, state and private sources all allow in-kind as part of the match. We want to be consistent, and more importantly get credit for the volunteer hours, materials and rents which clearly document community support.

Municipality match is a major problem in Fairbanks and completely at odds with the governor's position that governmental administration must be reduced. Neither the city nor the borough has a Health and Social Service Department or a HSS budget to provide a cash match. Surely we should not add a new layer of bureaucracy to qualify!

The city currently runs a very lean budget, including taking only a 1% administrative fee for the HSS block grant in order to maximize the dollars going directly to health services. They are obviously absorbing some costs in time and materials.

The match should come from the people of the community, not a government body. Each year the people of Fairbanks donate over \$1,000,000 to these agencies through the United Way. In addition, Fairbanks residents donate thousands of hours of volunteer time to support these agencies. These donations must be included in the definition of "matching funds".

The other changes are minor, but we do want to call attention to the wording for the time table. We meet in March to review proposals for a July 1 funding start. At this point agencies have a program plan and a good idea of other funding and what they require from the "last resort" block grant funds. The prior October the commission would not have this information. We can establish needs priorities in October and provide the scoring criteria for the grant as well as the prior years allocations, but actual program recommendations for nine months ahead is impossible.

In summary, thank you all (and Curt Parham who has been most diligent and a great communicator) for your efforts to continue the Health and Social Service Block Grant. We only ask that municipalities who do not have Health and Social Service Departments be able to show the level of

community support and match through all community resources, including volunteer and United Way donations.

Cordially,

Sally Crawford
Chairman
Fairbanks Health & Social
Service Commission

cc: Niilo Koponen
Bert Sharp
Tom Moyer
Wayne Nelson, Mayor of City of Fairbanks
Juanita Helms, Mayor of FNSB
Commissioner Brice
Commissioner Bartos
Commissioner Ganley
Commissioner Kingrea
Commissioner Mather
Commissioner Turkal

HOUSE COMMITTEE REPORT

(7)
Date Referred: April 8, 1991

FURTHER REFERRALS:

HES
Finance

Date of Committee Action: 4-24-91

The COMMUNITY AND REGIONAL AFFAIRS Committee considered:

HB 263

HOUSE BILL NO. 263

HUMAN SERVICES MATCHING GRANTS FOR MUNI'S

"An Act relating to human services community matching grants; and providing for an effective date."

RECOMMENDATIONS:

be replaced with CS HB 263 (CRA)

the same title
 a new title

- have attached amendments(s)
- do pass
- do not pass
- no recommendations
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): _____ (Dept)

APPROVES PREVIOUS: _____ (Dept/Date)

fiscal impact ASS

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Foster</i> Richard (Sorey)	*	Neil Phillips		X	
Betty Davis	X	Cheri Davis		✓	
Jan Baker	✓	J. G. Douglas		X	
Jan Mackie	X				



 CHAIRMAN'S SIGNATURE

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CS HB 263

Revision Date <u>April 29, 1991</u>	Dept. Affected <u>Health & Social Services</u>
Title: <u>An Act relating to human services</u>	BRU: <u>Family Services</u>
<u>community matching grants"</u>	Component: <u>Southeastern, Southcentral & Northern</u>
Sponsor: <u>Boyer, Ellis, Gruenberg, Koponen, Ulmer, Barnes & Sharp</u>	
Requestor: <u>House</u>	COMPONENT SERIAL NO. <u>0259</u>

Expenditures/Revenues

(Thousands of Dollars)

OPERATING	FY92	FY93	FY94	FY95	FY96	FY97
PERSONAL SERVICES	134.5	169.7	169.7	169.7	169.7	169.7
TRAVEL	4.8	4.8	4.8	4.8	4.8	4.8
CONTRACTUAL	12.8	12.8	12.8	12.8	12.8	12.8
SUPPLIES	3.7	1.5	1.5	1.5	1.5	1.5
EQUIPMENT	20.5	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	176.3	188.8	188.8	188.8	188.8	188.8

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

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

FUNDING:

(Thousands of Dollars)

GENERAL FUND	- 176.3	188.8	188.8	188.8	188.8	188.8
FEDERAL FUNDS						
OTHER						
TOTAL	176.3	188.8	188.8	188.8	188.8	188.8

POSITIONS:

FULL-TIME	3.0	3.0	3.0	3.0	3.0	3.0
PART-TIME						
TEMPORARY						

Estimate of current year impact: **NONE**

ANALYSIS: (Attach a separate page if necessary)

SEE ATTACHED

Prepared by: Michael L. Price, Director *Michael L. Price*
 Division: Family & Youth Services

Phone: 465.3191

Date: 4/29/91

Approved by Commissioner: Theodore A. Mala, MD, MPH *Theodore A. Mala*
 Agency: Department of Health and Social Services

Date: 4/30/91

Distribution (by preparer):

Legislative Finance	OMB
Legislative Sponsor	Impacted Agency(ies)
Requestor	

POSITION PAPER
HOUSE BILL 263

"An Act relating to human services community matching grants; and providing for an effective date."

The Department of Health and Social Services generally supports House bill 263.

House Bill 263 creates a new community matching grant program to provide local social services in the largest communities in Alaska. This program replaces two designated grants which have been part of the Department of Health and Social Services budget for several years.

Creation of a local matching grant program is in keeping with the Governor's goal of reducing dependence on the State budget for services. A statutory basis for these programs will provide some certainty of funding while showing a clear State commitment for needed social programs. Using the block grant concept, as well as requiring local match, should also strengthen local involvement and commitment to these services as State dollars continue to decline.

While the Department supports the concepts in this legislation we would like to highlight some issues of interest.

1. The local match should be comprised of cash appropriated for that purpose by the municipality.
2. Requirements for Department review and oversight of the grant awards or match requirements should not be burdensome as to require significant administrative staff.
3. The allocation for proration should be simple and easy to implement.

Prepared by: Janet Clarke 4/30/91
Janet Clarke

Approved by: Theodore A. Mala 6/50
Theodore A. Mala, MD, MPH
Commissioner

HB 263 creates a community matching block grants for municipalities over 20,000. In the past the Social Services Block grants went to Anchorage and Fairbanks and in FY 91 two communities have a total of 62 grants. Under this bill the Department will be responsible for reviewing all the applications and determining if they meet the goals established under AS47.75.010, as well as being involved with each of the communities in carrying out a needs assessment to back up the communities requests for services. In order for the Department to carry out its functions under this bill it becomes imperative that the Department receive funding for three positions. These positions would be located in the three major population areas Anchorage, Juneau and Fairbanks.

The responsibilities of these positions include:

1. Working with the communities to develop a needs assessment to determine if the services requested by the non-profits is necessary to prevent or alleviate serious mental or physical hardship.
2. Develop plans for and administer the grants program which includes receiving the grant applications, sending out the notifications of grant award, and monitoring the grant program thru review of fiscal and program reports.
3. Conduct on site review of the grants.
4. Assisting the communities to make sure that they have the increased matching funds available for each succeeding year.

Some of the Department in the current version of the bill is ambiguous and it is difficult to estimate the scope and depth of our involvement. If the Department's recommendations enumerated in the Position Paper are incorporated in the bill, the Fiscal Note will be substantially reduced.

HPB

270

() USE COMMITTEE REPORT

(7)

Date Referred: April 26, 1991

FURTHER REFERRALS:

Date of Committee Action: 5-6-91

The COMMUNITY AND REGIONAL AFFAIRS Committee considered:

HB 270

HOUSE BILL NO. 270

UNPAID PARKING TICKETS/IMPOUNDMENT

"An Act relating to motor vehicle registration and impoundment of motor vehicles."

RECOMMENDATIONS:

be replaced with _____

CS HB 270 (C.R.A)

the same title

a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): _____ (Dept)

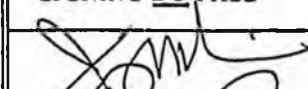
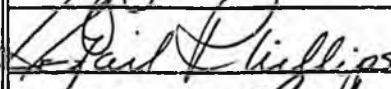
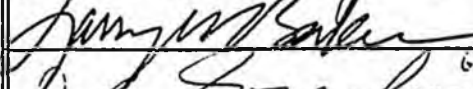
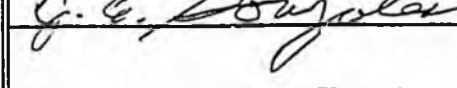
APPROVES PREVIOUS: _____ (Dept/Date)

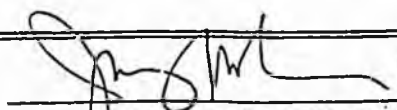
fiscal impact _____

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) Public Safety

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
 Machie	X				
 Paul Phillips	X				
 Baker	✓				
 G. E. Gonzalez	✓				

 Machie
CHAIRMAN'S SIGNATURE

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 270

Revision Date: _____ Department Affected: Public Safety
 Title: "An Act relating to motor vehicle registration and impoundment. . ." BRU: Statewide Support
 Sponsor: Representative Baker Component: AK Public Safety Info. Network
 Requestor: H. TRAN

COMPONENT SERIAL NO.

	5	0	1
--	---	---	---

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not Included)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	2.0	0	0	0	0	0
TRAVEL						
CONTRACTUAL	5.0	0	0	0	0	0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	7.0	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	7.0	0	0	0	0	0
FEDERAL FUNDS						
OTHER/PROG RCPT						
TOTAL	7.0	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact None

ANALYSIS: (Attach a separate page if necessary)

Please see attached.

Prepared by: KES Kenneth E. Bischoff Phone: 465-4336
 Division: Administrative Services Date: 4/24/91

Approved by Commissioner: Wade G. Hartschke Richard L. Burton
 Agency: Department of Public Safety Date: 4/24/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

HB NO. 270
BILL ANALYSIS
INFORMATION SYSTEMS

The existing wording of the proposed text (Section 1.(a)(12)) is unclear with regard to the triggering of the "Do Not Register" stipulation. Two possibilities can be inferred:

- the three or more infractions must be from the same issuing authority
- the three or more infractions may be from a combination of issuing authorities

For Information Systems' cost containment reasons, we suggest that the "Do Not Register" stipulation be imposed only as a result of three or more infractions being levied from a single issuing authority.

Cost calculations were made for each of the above possibilities. They are referred to as Single Issuing Authority and Multiple Issuing Authorities respectively.

Single Issuing Authority Alternative

The Alaska Public Safety Information Network's (APSIN) online system must be modified to allow the placing and removing of a "Do Not Register" indicator. The issuing authority will be responsible for placing and removing this indicator. DMV personnel would be limited to providing the name of the issuing authority and the date the indicator was set to the citizen wishing to register the vehicle.

Under this scenario, Information Systems' work effort would be relatively small. Costs would be as follows:

50 person hours @ \$40.00 per hour.....	\$2,000
Disk space to house indicator, date and issuing authority name.....	5,000

	\$7,000

Ongoing maintenance will be absorbed within the existing IS budget.

Multiple Issuing Authorities

APSIN's online and batch systems must be modified to allow the entry of each and every parking citation issued statewide by all state and municipal enforcement authorities. APSIN processing would be required to place and remove the "Do Not Register" indicator based on the number of citations issued, length of time outstanding, type of disposition, or a combination of these factors.

If the indicator must be set according to length of time outstanding, Information Systems must program for each issuing authority's specific ordinance governing when a violation becomes overdue. This is seen as a significant analysis and design issue.

Municipalities with the more sophisticated information processing systems already have applications in place to manage parking violations. We suspect these organizations will want a bulk data transfer of infraction information as opposed to using the APSIN online system, regardless of the organizations current usage of APSIN. We know Municipalities are already sensitive to double key stroking in law enforcement applications.

Under this scenario, Information Systems' work effort would be relatively large. Costs would be as follows:

	<u>Startup</u>	<u>Ongoing</u>
500 person hours @ \$40.00 per hour.....	\$20,000	
Disk space to house citations, indicator, date and issuing authority name.....	25,000	
CPU Resources	5,000	1,000
50 person hours @ \$40.00 per hour (ongoing maintenance each year for four years)	_____	<u>8,000</u>
	\$50,000	\$9,000

OTHER CONSIDERATIONS

The following items were identified in staff discussions as a result of a cursory review and analysis of the proposed HB:

On a change in vehicle ownership, it is the new owner that will be unable to register the vehicle, i.e., the "wrong" person is inconvenienced

Will rental car firms and commercial businesses be required to pay for violations incurred by their customers or employees?

Will DPS be required to issue warning notices when "Do Not Register" indicators are set? This type of change has not been included in the above cost estimates.

Will paper receipts for payment be accepted in lieu of changing the online indicator? If no, we are, in effect, mandating real time data entry on the part of issuing agencies.

Many citizens do not regularly make use of mail registration, often delaying in person registration until the last possible day. How will enforcement of expired registration be reconciled with the new legislation, i.e., will citizens claim "I was just notified that I cannot register - I need time to pay."

HOUSE COMMITTEE REPORT

(7)

Date Referred: April 10, 1991

FURTHER REFERRALS: Community & Regional Affairs

Date of Committee Action: 4/25/91

The TRANSPORTATION Committee considered:

HB 270

HOUSE BILL NO. 270

UNPAID PARKING TICKETS/IMPOUNDMENT

"An Act relating to motor vehicle registration and impoundment of motor vehicles."

RECOMMENDATIONS: [] the same title
be replaced with [] a new title

[] have attached amendments(s)

[x] do pass

[] do not pass

[] no recommendations

[] individual recommendations

[] additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

[] fiscal impact _____

[] fiscal note(s) _____

[] zero fiscal note _____

[] zero fiscal note(s) _____

SIGNING <u>DO</u> PASS	DP	<u>OTHER</u> RECOMMENDATIONS	DNP	NR	AM
<i>[Signature]</i>	X				
<i>Gail Phillips</i>	X				
<i>Gene Phillips</i>	X				
<i>Richard Storey</i>	X				

Richard Storey
CHAIRMAN'S SIGNATURE

FAK TO: Eric Musser
Office of Honorable Larry Baker

FROM: Dave Harbour

SUBJECT: Legislation

DATE: 4/22/91

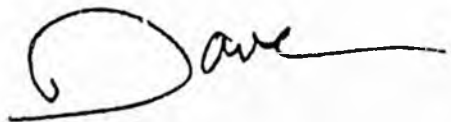
Eric:

Following is the information you requested.

In 1990, the Anchorage Parking Authority completed approximately 80,000 parking violation citations, of various types and for various amounts. Slightly over 20% of those were not paid. Most were \$10 parking violations. Some were \$50 expired tag citations and some were \$100 handicap parking violation citations. Parking violations not paid during the required time period had a \$15 penalty added. Many of those were not paid after the penalty was added.

1. At approximately \$17 each, total value of accounts.....\$1,280,000
2. Approximate value of all fines actually paid.....963,900
3. Approximate value of unpaid citations.....316,100

...hope this is what you needed.



Position Paper: Amendments to Sec. 1 AS 28.10.041(a) and
Sec. 2 AS 28.35.300

A new paragraph (12) under AS 28.10.041(a) will provide agencies with a defense against parking "scofflaws". Currently, when a citizen fails to pay parking citations, agency recourse is minimal. One Municipality, Anchorage, provides that those not paying for three or more outstanding parking citations are:

- a. subject to having their cars towed (in which case, outstanding fines need not be paid, only the tow fee and current fine).
- b. subject to having their accounts sent to a collection agency (a new program only now being implemented).

It is in the interest of all citizens that laws in effect be properly enforced. If proper enforcement does not occur, conscientious citizens who pay citations subsidize public services on behalf of those who do not.

This amendment will serve to increase voluntary compliance with the law by adding a deterrent to ignoring parking citations: namely, the person who accrues three or more unpaid citations will be subject to having the record transferred to the Division of Motor Vehicles which will deny violators the privilege of registering vehicles until such citations are paid.

Fiscal note: The amendment is constructed in such a way that additional cost to the State will be avoided. Any cost for reporting will accrue to the requesting agency; it is understood that any agency not wishing to accrue the additional cost of enforcement by this method need not request support from DMV.

* * *

A new Sec. 28.35.300 will be created under Article 6, RELEASE OF IMPOUNDED VEHICLES. This section will also increase incentive for voluntary compliance with parking laws by requiring that any vehicle which has been impounded by an agency may not be released from impoundment until such time as the owner of the vehicle has paid all outstanding parking fines and impoundment charges. It is thought that this section, when combined with the amendment above, will eliminate parking "scofflaws" in the State of Alaska, at the option of agencies wishing to employ these discretionary tools of enhanced enforcement.

Fiscal note: This section will result in no fiscal impact on the State. Fiscal impact on municipal agencies will occur only as such agencies, at their option, use the new enforcement tool.

Coordinating note: This legislation has been coordinated with the Division of Motor Vehicles at the request of the Anchorage Parking Authority.

CITY OF PALMER



231 W. EVERGREEN AVE.
PALMER, ALASKA 99645



Phone (907) 745-3271

A HOME RULE CITY

April 17, 1991

The Honorable Jerry Mackie
Representative
State of Alaska
Box V
Juneau, Alaska 99811

RE: House Bill No. 270 - An Act Relating to Motor Vehicle
Registration and Impoundment of Motor Vehicles

Dear Representative Mackie,

The City of Palmer would like to take exception to House Bill
No. 270 - An Act Relating to Motor Vehicle Registration and
Impoundment of Motor Vehicles.

The City of Palmer feels that the proposed amendment to AS
28.10.041 and the new section of AS 28.35.300 is unworkable
and will be a nightmare for the Division of Motor Vehicles.

A case in point is that the City of Palmer has vehicles in
the Municipality of Anchorage nearly every day of the week.
Naturally the vehicle in many instances is required to pay a
parking fee which is done. However, throughout the year, we
get reminders from the Anchorage Parking Authority stating
that we have outstanding parking tickets. In many instances,
the vehicle cited was not in town nor was a member of the
department to which the vehicle is assigned. Too, in our
travels to Anchorage, the meter person can be issuing parking
tickets and a short time later someone has removed the
violation and they are blowing down the street.

Those communities which issue parking violations, which the
City of Palmer does, should utilize their own resources
rather than have the State of Alaska do their work free.

While we can sympathize with the Municipality of Anchorage,
it may take a coordination effort between the Anchorage
Police Department and the Anchorage Parking Authority in the
form of paying a fee for the services rather than imposing

The Honorable Jerry Mackie - April 17, 1991
Page 2

another task upon the State with no restitution for the service. Similarly, we in local government complain about the State mandates without compensation.

Should you have any questions, please feel free to contact me.

Yours truly,

David L. Soulak
City Manager
City of Palmer

DLS/cac

cc: Chief Ron Otte
Senator Kerttula
Senator Menard
Representative Carney
Representative Larson

RECEIVED

CITY OF KODIAK
RESOLUTION NUMBER 13-91

APR 30 1991

A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK URGING THE PASSAGE OF HOUSE BILL 270 RELATING TO MOTOR VEHICLE REGISTRATION AND IMPOUNDMENT OF MOTOR VEHICLES

WHEREAS, Representative Baker has sponsored House Bill 270 relating to motor vehicle registration and impoundment of motor vehicles; and

WHEREAS, this bill provides that the department may refuse to register a vehicle if there are three or more outstanding parking infractions against that vehicles; and

WHEREAS, the bill also provides that the vehicle would be released from impoundment once the vehicle owner had paid all fines and impoundment charges; and

WHEREAS, the City of Kodiak has approximately 2,000 outstanding parking citations,

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that the Alaska State Legislature complete its deliberations and pass House Bill 270.

BE IT FURTHER RESOLVED that copies of this resolution be sent to the House Transportation and C&RA Committeemembers, Representative Davidson, and Senator Zharoff.

PASSED AND APPROVED this 25th day of April, 1991.

CITY OF KODIAK


DEPUTY MAYOR

ATTEST:


CITY CLERK



Alaska State Legislature

HOUSE OF REPRESENTATIVES

Official Business

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

April 24, 1991

Mr. David Soulak, Manager
City of Palmer
231 W. Evergreen Ave.
Palmer, AK 99645

Dear Mr. Soulak:

Thank you for your letter of April 17 expressing the City of Palmer's exception to HB 270. I would like to share with you the nature of the legislation and to clarify our position.

Prior to introducing this legislation, the Division of Motor Vehicles (DMV) was consulted and as a result, several changes were made which enables DMV to support HB 270. As indicated on Page 2, line 16 of the Bill, this proposed legislation would only apply to agencies or municipalities that wish to participate in the program. Additionally, the Bill would target only those vehicles with 3 or more outstanding citations, not the vehicle which receives only 1 or 2 citations and perhaps loses them. The threshold of 3 was decided upon to help alleviate problems that might arise as a result of those indicated in paragraph 3 of your letter.

On paragraph 4 of your letter you express a concern that the State would be doing the work of a municipality for free. The proposed legislation is clear in that the participating agency or municipality would pay for the services obtained, they would not be received free.

David, I hope this clarifies some of your concerns and that we can obtain your support for this bill.

Sincerely,

A handwritten signature in cursive script that reads "Larry Baker".

Larry Baker

LB:elm

cc: Senator Jay Kerttula
Senator Kurt Menard
Representative Ron Larson
Representative Pat Carney
Chief Ron Otte

H B

2 7 5

HOUSE COMMITTEE REPORT

(7)

Date Referred: April 12, 1991

FURTHER REFERRALS:

Resources
Finance

Date of Committee Action: 4-25-91

The COMMUNITY AND REGIONAL AFFAIRS Committee considered:

HB 275

HOUSE BILL NO. 275

MUNICIPAL ASSISTANCE: OIL RESPONSE FUND

"An Act concerning the exercise of authority and recovery of damages by the state and its municipalities and villages in matters relating to environmental conservation, and relating to state assistance to municipalities and villages for expenses for prevention and abatement of environmental degradation; and providing for an effective date."

RECOMMENDATIONS:

be replaced with CS HB 275 (CRA) the same title
 a new title

- have attached amendments(s)
- do pass
- do not pass
- no recommendations
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____

APPROVES PREVIOUS: (Dept/Date) _____

fiscal impact _____

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Gail Phillips</i>	X				
<i>Betty [unclear]</i>	/				
<i>Cheri Davis</i>	/				
<i>J. [unclear] ^{Gonzales}</i>	/				
<i>[unclear] ^{Mackie}</i>	/				
<i>[unclear] ^{BAKER}</i>	/				

[Signature] ^{Mackie}

 CHAIRMAN'S SIGNATURE

7-LS1200G
Chenoweth
4/25/91

CS FOR HOUSE BILL NO. 275 ()
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES DAVIDSON, Kubina

A BILL

FOR AN ACT ENTITLED

1 "An Act concerning the exercise of authority by the state and its municipalities, and the
2 recovery of damages by the state and its municipalities and villages, in matters relating
3 to environmental conservation, and relating to the liability of villages for environmental
4 response actions and to state assistance to municipalities and villages for expenses for
5 prevention and abatement of environmental degradation; and providing for an effective
6 date."

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

8 * Section 1. INTENT. The provisions of AS 29.60.500 - 29.60.599, added by sec. 7 of this Act, are
9 not intended by the legislature to confirm long-term benefits on municipalities receiving financial
10 assistance under those provisions.

11 * Sec. 2. AS 29.35.020(b) is amended to read:

12 (b) A municipality may adopt an ordinance to exercise a power authorized by this
13 subsection [PROTECT ITS WATER SUPPLY AND WATERSHED,] and may enforce the

1 ordinance outside its boundaries. Before a [THIS] power authorized by this subsection may
 2 be exercised inside the boundaries of another municipality, the approval of the other municipality
 3 must be given by ordinance, and before a power authorized by this subsection may be
 4 exercised inside a village, as that term is defined by AS 46.08.900, the approval of the
 5 village must be given by resolution. A municipality intending to exercise its authority under
 6 this subsection shall act by ordinance, and may adopt an ordinance under this subsection
 7 to

8 (1) protect its water supply and watershed; or

9 (2) contain, clean up, or prevent the release or threatened release of oil or
 10 a hazardous substance that may pose an imminent or substantial threat to persons,
 11 property, or natural resources within the municipality's boundaries; however, this
 12 paragraph does not authorize a municipality to enforce an ordinance outside its boundaries
 13 to regulate exploration, development, production, or transportation of oil, gas, or minerals
 14 in a manner inconsistent with the state's management of those resources, and enforcement
 15 of the ordinance must be consistent with a regional master plan prepared by the
 16 Department of Environmental Conservation under AS 46.04.210; in this paragraph,
 17 "natural resources" has the meaning given in AS 46.03.826.

18 * Sec. 3. AS 29.35.020 is amended by adding a new subsection to read:

19 (e) In this section, "village"

20 (A) means the area within a five-mile radius of the village post office or,
 21 if there is no post office, another site designated by the commissioner;

22 (B) does not include an area described in (A) of this paragraph that is
 23 within a city or another village.

24 * Sec. 4. AS 29.35.200 is amended by adding a new subsection to read:

25 (d) A first class borough that exercises power necessary to contain, clean up, or prevent
 26 a release or threatened release of oil or a hazardous substance, and exercise a power granted to
 27 a municipality under AS 46.04, AS 46.08, or AS 46.09 shall exercise its authority in a manner
 28 that is consistent with a regional master plan for the region in which the borough is located if
 29 a plan has been prepared by the Department of Environmental Conservation under AS 46.04.210.

30 * Sec. 5. AS 29.35.210(a) is amended by adding a new paragraph to read:

31 (13) contain, clean up, or prevent a release or threatened release of oil or a

1 hazardous substance, and exercise a power granted to a municipality under AS 46.04, AS 46.08,
2 or AS 46.09; the borough shall exercise its authority under this paragraph in a manner that is
3 consistent with a regional master plan for the region in which the borough is located if a plan
4 has been prepared by the Department of Environmental Conservation under AS 46.04.210.

5 * Sec. 6. AS 29.35.220 is amended by adding a new subsection to read:

6 (e) A third class borough may by ordinance exercise power necessary to contain, clean
7 up, or prevent a release or threatened release of oil or a hazardous substance, and exercise a
8 power granted to a municipality under AS 46.04, AS 46.08, or AS 46.09, but the power
9 authorized by this subsection may be exercised only on a nonareawide basis. The borough shall
10 exercise its authority under this subsection in a manner that is consistent with a regional master
11 plan for the region in which the borough is located if a plan has been prepared by the
12 Department of Environmental Conservation under AS 46.04.210.

13 * Sec. 7. AS 29.60 is amended by adding new sections to read:

14 ARTICLE 6. OIL AND HAZARDOUS SUBSTANCE MUNICIPAL
15 IMPACT ASSISTANCE.

16 Sec. 29.60.500. PURPOSE AND POLICY. (a) The legislature finds and declares that
17 a major release of oil or hazardous substances into the environment presents a real and substantial
18 threat to the economy and public welfare of the municipalities and villages that are affected by
19 the release and the resultant activities to contain and clean up the release.

20 (b) The legislature concludes that it is in the best interest of the state and its citizens to
21 provide a readily available fund for the payment of the expenses incurred by municipalities and
22 villages to mitigate the social and economic effects that arise out of a major release of oil or
23 hazardous substances and resultant cleanup activities.

24 (c) It is the intent of the legislature and declared to be the public policy of the state that
25 money to defray the cost of social and economic effects on municipalities and villages arising
26 from a major release of oil or a hazardous substance and resultant cleanup activities and to pay
27 for efforts to abate that major release will be immediately available upon the declaration by the
28 governor of a disaster emergency relating to the release.

29 Sec. 29.60.510. MUNICIPAL IMPACT GRANTS AUTHORIZED. (a) If a release of
30 oil or a hazardous substance has been proclaimed a disaster emergency by the governor under
31 AS 26.23.020, the commissioner may use money from the oil and hazardous substance release

1 response fund to make grants to a municipality or village that is affected by the release or by the
 2 response to the release and that demonstrates that the release or response to the release involves
 3 extraordinary expenditures that are beyond the reasonable capability of the municipality or village
 4 to meet from the current revenue sources of the municipality or village.

5 (b) For each disaster emergency declared by the governor under AS 26.23.020, and
 6 subject to agreement with the commissioner of environmental conservation as to the amount of
 7 money in the fund that may be used by the department to make grants, the commissioner may
 8 expend not more than \$10,000,000 of the balance of the fund that is appropriated to the spill
 9 reserve or of the unrestricted balance of the fund for grants authorized under this section. If the
 10 commissioner and the commissioner of environmental conservation do not agree on the amount
 11 of money in the fund that may be used by the department to make grants under AS 29.60.500 -
 12 29.60.599, the governor shall make the determination.

13 (c) Notwithstanding the limitation of AS 37.07.080(e) against the transfer of money
 14 between appropriations, when the commissioner and the commissioner of environmental
 15 conservation have agreed to the amount of money in the fund that may be used by the
 16 department to make grants, or when that determination has been made by the governor, the
 17 commissioner of environmental conservation shall promptly transfer that amount to the
 18 department for use under AS 29.60.500 - 29.60.599.

19 (d) For money that has been transferred under (c) of this section, if within any one-year
 20 period thereafter the commissioner does not use the money to make a grant under AS 29.60.500 -
 21 29.60.599, the commissioner shall, at the direction of the governor or the request of the
 22 commissioner of environmental conservation, return the unexpended amount transferred under
 23 (c) of this section to the fund.

24 Sec. 29.60.520. PURPOSES OF MUNICIPAL IMPACT GRANTS. (a) A grant made
 25 under AS 29.60.510 may be made only

26 (1) for a service, including all incidental administrative costs related to the
 27 service, that is directly or indirectly affected by efforts associated with prevention, abatement,
 28 containment, or removal of oil or a hazardous substance and that relates to

29 (A) subsistence resource protection to ensure the continued viability of
 30 fish, wildlife, and other resources on which the residents of the municipality or village
 31 rely for subsistence needs;

- 1 (B) alleviation or mitigation of adverse social or cultural effects;
- 2 (C) public health and welfare needs, including hospital, clinic, and
3 emergency medical services; alcohol, drug abuse, and mental health services; family
4 support services; and the operation of waste disposal systems and water quality
5 improvement systems;
- 6 (D) public safety needs, including police protection, search and rescue, and
7 fire protection;
- 8 (E) public utility needs, including the operation of electric generating
9 plants and distribution systems, water supply systems, telephone systems, and fuel
10 distribution systems;
- 11 (F) housing and office needs;
- 12 (G) transportation needs;
- 13 (H) public administration needs, including the value of the time of staff
14 and administrative personnel necessary to direct efforts to prevent, abate, contain, and
15 remove oil or a hazardous substance; and
- 16 (I) planning needs, including the value of the time of staff and
17 administrative personnel necessary to coordinate efforts with other governments to
18 prevent, abate, contain, and remove oil or a hazardous substance; and
- 19 (2) to compensate the municipality or village for
- 20 (A) the reduction of revenue attributable to the release of the oil or
21 hazardous substance; and
- 22 (B) the costs of projects or activities that are delayed or lost because of
23 the efforts of the municipality or village responding to the release or associated with the
24 containment or cleanup of oil or the hazardous substance.
- 25 (b) Money received by a municipality or village under AS 29.60.500 - 29.60.599 may
26 not be used for
- 27 (1) a capital improvement, as that term is defined by AS 46.08.900(1); or
- 28 (2) a capital expenditure, unless the capital expenditure is necessary for a spill
29 response; if money is used for a capital expenditure under this paragraph, the commissioner may
30 require the municipality or village that acquired the item as a capital expenditure to transfer it
31 to the state at the end of the period during which the item is actually used for spill response if

1 the commissioner finds that retention of the item would confer an inappropriate benefit on the
2 municipality or village.

3 Sec. 29.60.530. CRITERIA TO EVALUATE GRANT APPLICATIONS. (a) In
4 determining whether an expenditure or proposed expenditure by a municipality or village is
5 eligible for a grant under AS 29.60.510, the department shall consider

6 (1) the degree to which the effect on the municipality or village is directly caused
7 by the oil or hazardous substance release or the response to the release;

8 (2) the availability of money to the recipient from other sources that can meet the
9 costs of providing the functions or services; and

10 (3) the severity of the effect addressed in the grant application.

11 (b) The department may reject an application for a grant under AS 29.60.510 or approve
12 an application for a grant in an amount that is less than the amount requested by a municipality
13 or village if the department determines that payment of the amount requested is not warranted
14 under (a) of this section.

15 (c) The department shall adopt, by regulation, criteria by which to rank all or a portion
16 of applications for the purpose of establishing the priority order of awarding grants if money
17 requested by eligible municipalities and villages under this section exceeds the amount available.
18 The criteria must be based on the elements set out in (a) of this section. If the total amount of
19 money requested by eligible municipalities and villages under this section exceeds the amount
20 available, the department shall rank applications for the purpose of establishing the priority order
21 of awarding grants in accordance with the regulations.

22 Sec. 29.60.540. LIMITATIONS ON USES OF GRANTS BY MUNICIPALITIES. A
23 municipality may not use a grant made under AS 29.60.510 to reduce current municipal tax rates
24 or to retire its existing bonded indebtedness.

25 Sec. 29.60.550. RECORDS. The department shall maintain records showing the income
26 and expenses of grants made under AS 29.60.510, and shall develop procedures governing the
27 expenditure of, and accounting for, money expended.

28 Sec. 29.60.560. IMPACT ASSESSMENT AND REMEDIAL PLANS. (a) For each
29 disaster emergency declared by the governor under AS 26.23.020 based on a release of oil or a
30 hazardous substance, the commissioner, after consulting with and securing the written approval
31 of the attorney general and after consulting with other state agencies, shall

1 (1) make an assessment of the social and economic effects of the release of the
2 oil or hazardous substance;

3 (2) develop a plan to

4 (A) recover the cost of release-related expenditures; and

5 (B) mitigate the social and economic effects of the release of the oil or
6 hazardous substance on the municipalities, the villages, and the region in which the
7 discharge occurs;

8 (b) The commissioner may make the assessment and plans required by (a) of this section
9 by

10 (1) using staff of the department;

11 (2) contracting with a municipality or other entity; or

12 (3) authorizing a municipality or other entity to perform that work and supporting
13 that effort by a grant.

14 (c) Only one assessment and one plan may be completed under this section for each
15 declaration of a disaster emergency.

16 (d) The commissioner may pay the costs of the assessment, the plan, and the recovery
17 of the cost of release-related expenditures from money available in the fund.

18 (e) Expenditures made under this section may be made only from the amount transferred
19 to the commissioner under AS 29.60.510(c), unless

20 (1) the commissioner and the commissioner of environmental conservation
21 mutually agree that payment may be made from money in the oil and hazardous substance release
22 response fund not transferred under AS 29.60.510(c); or

23 (2) the commissioner pays them from another source.

24 Sec. 29.60.590. REGULATIONS. The commissioner and the commissioner of
25 environmental conservation shall jointly develop and adopt regulations that are necessary to
26 implement the purposes of AS 29.60.500 - 29.60.599.

27 Sec. 29.60.599. DEFINITIONS. In AS 29.60.500 - 29.60.599,

28 (1) "containment and cleanup" has the meaning given in AS 46.08.900;

29 (2) "disaster emergency" means a disaster declared by the governor under
30 AS 26.23.020;

31 (3) "fund" means the oil and hazardous substance release response fund

1 established by AS 46.08.010;

2 (4) "hazardous substance," "oil," and "release" have the meanings given in
3 AS 46.08.900;

4 (5) "service"

5 (A) means a function performed or service provided by a municipality
6 under a duty or power authorized by this title or by another provision of law authorizing
7 a municipality to perform functions or provide services, or a comparable function
8 performed or service provided by a village;

9 (B) includes functions not previously performed and services not
10 previously provided by the municipality or village;

11 (6) "village" means a place within the unorganized borough or within a borough
12 if the power, function, or service for which a grant application is submitted under AS 29.60.500 -
13 29.60.599 is not exercised or provided by the borough on an areawide or nonareawide basis at
14 the time the grant application is submitted, that

15 (A) has irrevocably waived, in a form approved by the Department of
16 Law, any claim of sovereign immunity that might arise in connection with the use of
17 grant money under this chapter; and

18 (B) has

19 (i) a council organized under 25 U.S.C. 476 (sec. 16 of the Indian
20 Reorganization Act);

21 (ii) a traditional village council recognized by the United States as
22 eligible for federal aid to Indians; or

23 (iii) a council recognized by the commissioner under regulations
24 adopted by the department to determine and give official recognition of village
25 entities under AS 44.47.150(b).

26 * Sec. 8. AS 46.03.760(e) is amended to read:

27 (e) In addition to liability under (a) - (d) of this section, a person who violates or causes
28 or permits to be violated a provision of AS 46.03.740 - 46.03.750 is liable to the state, in a civil
29 action brought under AS 46.03.822, for the full amount of actual damages caused to the state by
30 the violation, including

31 (1) direct and indirect costs associated with the abatement, containment, or

- 1 removal of the pollutant;
- 2 (2) [,] restoration of the environment to its former state;
- 3 (3) amounts paid as grants under AS 29.60.510 - 29.60.599 and as emergency
- 4 first response advances and reimbursements under AS 46.08.070(c); [,] and
- 5 (4) all incidental administrative costs.

6 * Sec. 9. AS 46.03.822(a) is amended to read:

7 (a) Notwithstanding any other provision or rule of law and subject only to the defenses
 8 set out in (b) of this section and the exception set out in (i) of this section, the following persons
 9 are strictly liable, jointly and severally, for damages to persons or property, whether public or
 10 private, including damage to the natural resources of the state or municipality, [AND] for the
 11 costs of response, containment, removal, or remedial action incurred by the state, [OR] a munic-
 12 ipality, or a village, and for the additional costs of a function or service, including
 13 administrative expenses for the incremental costs of providing the function or service, that
 14 are incurred by the state, a municipality, or a village, and the costs of projects or activities
 15 that are delayed or lost because of the efforts of the state, the municipality, or the village,
 16 resulting from an unpermitted release of a hazardous substance or, with respect to response costs,
 17 the substantial threat of an unpermitted release of a hazardous substance:

18 (1) the owner of, and the person having control over, the hazardous substance at
 19 the time of the release or threatened release; this paragraph does not apply to a consumer product
 20 in consumer use;

21 (2) the owner and the operator of a vessel or facility, from which there is a
 22 release, or a threatened release that causes the incurrence of response costs, of a hazardous
 23 substance;

24 (3) any person who at the time of disposal of any hazardous substance owned or
 25 operated any facility or vessel at which the hazardous substances were disposed of, from which
 26 there is a release, or a threatened release that causes the incurrence of response costs, of a
 27 hazardous substance;

28 (4) any person who by contract, agreement, or otherwise arranged for disposal or
 29 treatment, or arranged with a transporter for transport for disposal or treatment, of hazardous
 30 substances owned or possessed by the person, other than domestic sewage, or by any other party
 31 or entity, at any facility or vessel owned or operated by another party or entity and containing

1 hazardous substances, from which there is a release, or a threatened release that causes the
2 incurrence of response costs, of a hazardous substance;

3 (5) any person who accepts or accepted any hazardous substances, other than
4 refined oil, for transport to disposal or treatment facilities, vessels or sites selected by the person,
5 from which there is a release, or a threatened release that causes the incurrence of response costs,
6 of a hazardous substance.

7 * Sec. 10. AS 46.03.822(h) is amended to read:

8 (h) The state, [OR] a municipality, or a village is not liable under this section for costs
9 or damages as a result of actions taken in response to an emergency created by a release or
10 threatened release of a hazardous substance generated by or from a facility or vessel owned by
11 another person unless the actions taken by the state, the [OR] municipality, or the village
12 constitute gross negligence or intentional misconduct.

13 * Sec. 11. AS 46.03.900 is amended by adding new paragraphs to read:

14 (35) "service" means a function performed or service provided by the state or by
15 a municipality under a duty or power authorized by AS 29 or other provision of law authorizing
16 a municipality to perform functions or provide services, or a comparable function performed or
17 service provided by a village; "service" includes functions not previously performed and services
18 not previously provided;

19 (36) "village" means a place within the unorganized borough or within a borough
20 as to a power, function, or service that is not exercised or provided by the borough on an
21 areawide or nonareawide basis that

22 (A) has irrevocably waived, in a form approved by the Department of
23 Law, any claim of sovereign immunity that might arise under this chapter; and

24 (B) has

25 (i) a council organized under 25 U.S.C. 476 (sec. 16 of the Indian
26 Reorganization Act);

27 (ii) a traditional village council recognized by the United States as
28 eligible for federal aid to Indians; or

29 (iii) a council recognized by the commissioner of community and
30 regional affairs under regulations adopted by the Department of Community and
31 Regional Affairs to determine and give official recognition of village entities

1 under AS 44.47.150(b).

2 * Sec. 12. AS 46.04.020 is amended by adding a new subsection to read:

3 (f) In fulfilling its responsibilities under (e) of this section, the department shall consult
4 with the governing bodies of municipalities and villages.

5 * Sec. 13. AS 46.04.900(5) is amended to read:

6 (5) "containment and cleanup" includes all direct and indirect efforts associated
7 with the prevention, abatement, containment, or removal of a pollutant, and the restoration of the
8 environment to its former state; when applied to expenses, the term includes the additional
9 costs of providing a reasonable and appropriate function or service incurred in response to
10 the discharge of a pollutant, including [, AND ALL INCIDENTAL] administrative expenses
11 for the incremental costs of providing the function or service;

12 * Sec. 14. AS 46.04.900 is amended by adding new paragraphs to read:

13 (20) "service" means a function performed or service provided by the state,
14 including functions not previously performed and services not previously provided by the state;

15 (21) "village" means a place within the unorganized borough or within a borough
16 as to a power, function, or service that is not exercised or provided by the borough on an
17 areawide or nonareawide basis that

18 (A) has irrevocably waived, in a form approved by the Department of
19 Law, any claim of sovereign immunity that might arise under this chapter; and

20 (B) has

21 (i) a council organized under 25 U.S.C. 476 (sec. 16 of the Indian
22 Reorganization Act);

23 (ii) a traditional village council recognized by the United States as
24 eligible for federal aid to Indians; or

25 (iii) a council recognized by the commissioner of community and
26 regional affairs under regulations adopted by the Department of Community and
27 Regional Affairs to determined and give official recognition of village entities
28 under AS 44.47.150(b).

29 * Sec. 15. AS 46.08.040(a) is amended to read:

30 (a) In addition to money in the fund that is transferred to the commissioner of
31 community and regional affairs to make grants under AS 29.60.510 and to pay for impact

1 assessments under AS 29.60.560, the [THE] commissioner of environmental conservation may
2 use money from the fund to

3 (1) investigate and evaluate the release or threatened release of oil or a hazardous
4 substance, and contain, clean up, and take other necessary action, such as monitoring and
5 assessing, to address a release or threatened release of oil or a hazardous substance that poses
6 an imminent and substantial threat to the public health or welfare, or to the environment;

7 (2) pay all costs incurred to

8 (A) establish and maintain the oil and hazardous substance response office;

9 (B) review oil discharge prevention and contingency plans submitted under
10 AS 46.04.030;

11 (C) conduct training, response exercises, inspections, and tests, in order
12 to verify equipment inventories and ability to prevent and respond to oil and hazardous
13 substance release emergencies, and to undertake other activities intended to verify or
14 establish the preparedness of the state, a municipality, or a party required by
15 AS 46.04.030 to have an approved contingency plan to act in accordance with that plan;
16 and

17 (D) verify or establish proof of financial responsibility required by
18 AS 46.04.040;

19 (3) pay the expenses incurred by the Alaska division of emergency services for
20 the oil and hazardous substance response corps and the oil and hazardous substance response
21 depots when presented with appropriate documentation by the division;

22 (4) provide matching funds for participation in federal oil discharge cleanup
23 activities and under 42 U.S.C. 9601 - 9657 (Comprehensive Environmental Response,
24 Compensation, and Liability Act of 1980);

25 (5) recover the costs [COST] to the state, [OR TO] a municipality, or a village
26 of a containment and cleanup resulting from the release or the threatened release of oil or a
27 hazardous substance;

28 (6) prepare, review, and revise

29 (A) the state's master oil and hazardous substance discharge prevention
30 and contingency plan required by AS 46.04.200; and

31 (B) a regional master oil and hazardous substance discharge prevention

1 and contingency plan required by AS 46.04.210; and

2 (7) restore the environment by addressing the effects of an oil or hazardous
3 substance release.

4 * Sec. 16. AS 46.08.070(c) is amended to read:

5 (c) The department shall [MAY] reimburse a municipality or village for actual expenses,
6 other than normal operating expenses, incurred in the abatement of a release or threatened release
7 and may advance money to a municipality or village to carry out an emergency first
8 response to a release or threatened release of oil or a hazardous substance if

9 (1) the municipality or village has entered into an agreement with the
10 commissioner under AS 46.04.020(e) or AS 46.09.020(e); and

11 (2) the commissioner determines that

12 (A) the expenses to be reimbursed were for a necessary emergency first
13 response to a release or threatened release that, at the time of the release or threatened
14 release, posed an imminent and substantial threat to the public health or welfare, or to
15 the environment;

16 (B) the municipality or village has demonstrated a need for financial
17 assistance, and the money to be advanced is necessary to enable the municipality or
18 village to carry out an emergency first response to a release or threatened release
19 that, at the time of the release or threatened release, poses an imminent and
20 substantial threat to the public health or welfare, or to the environment; and

21 (C) containment and cleanup efforts paid for in whole or in part by
22 a reimbursement or an advance made under this section were consistent with the
23 regional master plan for the region in which the municipality or village is located if
24 a plan has been prepared by the department under AS 46.04.210.

25 * Sec. 17. AS 46.08.900(3) is amended to read:

26 (3) "containment and cleanup" includes the direct and indirect efforts associated
27 with the prevention, abatement, containment, or removal of oil or a hazardous substance, and the
28 restoration of the environment; when applied to expenses, the term includes the additional
29 costs of providing a reasonable and appropriate function or service incurred in response to
30 the release of the oil or hazardous substance, including [, AND INCIDENTAL] administrative
31 expenses for the incremental costs of providing the function or service;

1 * Sec. 18. AS 46.08.900 is amended by adding new paragraphs to read:

2 (11) "service"

3 (A) means a function performed or service provided by a municipality
4 under a duty or power authorized by AS 29 or by another provision of law authorizing
5 a municipality to perform functions or provide services, or a comparable function
6 performed or service provided by a village;

7 (B) includes functions not previously performed and services not
8 previously provided by the municipality or village;

9 (12) "village" means a place within the unorganized borough or within a borough
10 if the power, function, or service for which a grant application under AS 29.60.510 is submitted
11 is not exercised or provided by the borough on an areawide or nonareawide basis at the time the
12 grant application is submitted that

13 (A) has irrevocably waived, in a form approved by the Department of
14 Law, any claim of sovereign immunity that might arise in connection with the use of
15 grant money under this chapter; and

16 (B) has

17 (i) a council organized under 25 U.S.C. 476 (sec. 16 of the Indian
18 Reorganization Act);

19 (ii) a traditional village council recognized by the United States as
20 eligible for federal aid to Indians; or

21 (iii) a council recognized by the commissioner of community and
22 regional affairs under regulations adopted by the Department of Community and
23 Regional Affairs to determine and give official recognition of village entities
24 under AS 44.47.150(b).

25 * Sec. 19. AS 46.09.060(b) is amended to read:

26 (b) Authority to contain, clean up, or prevent a release or threatened release of oil or of
27 a hazardous substance, and to exercise other powers necessary to implement this chapter,
28 AS 46.04, and AS 46.08, are granted to municipalities that do not otherwise have that authority.
29 Except as provided in (a) of this section, a municipality may exercise its police power within the
30 area of the municipality.

31 * Sec. 20. AS 46.09.900(2) is amended to read:

1 (2) "containment and cleanup" includes the direct and indirect efforts associated
2 with the prevention, abatement, containment, or removal of a hazardous substance, and the
3 restoration of the environment; when applied to expenses, the term includes the additional
4 costs of providing a reasonable and appropriate function or service incurred in response to
5 the release of the hazardous substance, including [, AND INCIDENTAL] administrative
6 expenses for the incremental costs of providing the function or service:

7 * Sec. 21. AS 46.09.900 is amended by adding a new paragraph to read:

8 (8) "service" means a function performed or service provided by the state,
9 including functions not previously performed and services not previously provided by the state.

10 * Sec. 22. Sections 9 and 11 of this Act are retroactive to March 24, 1989.

11 * Sec. 23. APPLICABILITY. The amendments made by secs. 7, 8, 15, and 16 of this Act do not
12 apply to a release of oil or a hazardous substance and resultant cleanup activities or to efforts to respond
13 to or abate that release if the release occurred before the effective date of this Act.

14 * Sec. 24. This Act takes effect immediately under AS 01.10.070(c).

STATE OF ALASKA
House of Representatives
District 27

Representative Cliff Davidson
Chairman
House Resources Committee



Box V, Juneau, AK 99811
(907) 465-2487
Box 746, Kodiak, AK 99615
(907) 486-8250

TO: Representative Jerry Mackie, Chair
House Community and Regional Affairs Committee

FROM: Representative Cliff Davidson

DATE: 17 April 1991

SUBJECT: Scheduling HB 275 - Municipal Assistance for Oil Spills

House Bill 275 was recently referred to your committee. I would like to request a hearing at your earliest convenience.

After the Exxon Valdez oil spill, the affected communities faced massive social and economic problems with limited financial resources. Legislation was introduced in the 16th Alaska Legislature to allow access to emergency funds through the "Oil Spill Response Fund," (the 470 Fund). That bill failed to advance to 3rd reading on the last night of the session in 1990.

House Bill 275 is very similar to last year's legislation. Again, I would appreciate an early hearing.

STATE OF ALASKA
House of Representatives
District 27

Representative Cliff Davidson
Chairman
House Resources Committee



Box V, Juneau, AK 99811
(907) 465-2487
Box 746, Kodiak, AK 99615
(907) 486-8250

TO: Representative Jerry Mackie, Chair
House Community & Regional Affairs Committee

FROM: Representative Cliff Davidson

DATE: 24 April 1991

SUBJECT: House Bill 275 - Municipal Reimbursement for Cleanup of
Oil Spill and Other Hazardous Substances Discharges

Although most spills are not as dramatic as that of the Exxon Valdez, our municipal governments are increasingly being required to respond to accidents involving oil and other hazardous substances. Municipal governments are willing and able to respond to these environmental disasters, but frequently lack the financial resources to absorb the increased costs.

Under Alaska law, the spiller ultimately pays the costs associated with oil and hazardous substance discharges. Until they do, those costs are borne by local (as well as the state) governments. HB 275 will allow municipal governments access to the Oil and Hazardous Substance Response Release Fund (470 Fund) to help offset the immediate and increased costs of spill response.

Legislation similar to House Bill 275 was introduced in the 16th Legislature but died before a final vote could be taken. The current bill is very similar to that legislation.

This legislation was originally proposed by the communities that were impacted by the spill of the Exxon Valdez, but I believe that all municipalities will benefit from this legislation.

House Bill 275 will give municipalities the statutory tools and financial resources to respond rapidly and effectively to discharges of oil and other hazardous substances. This legislation will benefit the health and welfare of Alaskan citizens as well as the environment.

I thank you for your favorable consideration.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 275

Revision Date: _____ Department Affected: DEC
 Title: Recovery of damages... state BRU: Environmental Quality
assistance..for prevention & abatement of environmental degradation
 Sponsor: Representative Davidson Component: EQ Projects
 Requestor: _____

COMPONENT SERIAL NO.

1	1	0	1	1	6
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

Estimate of current year impact: NONE

ANALYSIS: (Attach a separate page if necessary.)
 Under normal operating situations, DEC should need no additional resources to implement the legislation.
 However, should a significant oil spill occur, approximately 2 additional positions may be necessary.

Prepared by: Janice Adair Phone: 465-2600
 Division: Commissioner's Office Date: 4/15/91

Approved by Commissioner: *David R. Cook*
 Agency: Department of Environmental Conservation Date: 4/16/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).



217 Second Street, Suite 200 ■ Juneau, Alaska 99801 ■ Tel (907) 586-1325, Fax (907) 463-5480

In Support of HB 275

The Alaska Municipal League seeks passage of legislation to establish a program to reimburse municipalities for cleanup of oil spills and discharges of other hazardous substances.

The *Exxon Valdez* oil spill, discharges of chemicals from railroad cars, trucks, and cruise ships, and a variety of other recent incidents involving the release of hazardous substances have emphasized the need for a quick response to cut down on the risk of extensive environmental damage. Municipalities near the release site often have the best chance to respond quickly and thus minimize the spread of the spill, the environmental damage done by it, and the ultimate cost to the state. However, local governments usually are not responsible or liable for such cleanups, nor do they have the budgets or resources to pay for them.

During the 1990 session, legislators considered and nearly passed SB 359, which would have given municipalities authority to undertake cleanups of hazardous substance spills within and near their jurisdictions and established a fund to reimburse them for the cost of such cleanups. The need for legislation that would guarantee full reimbursement for costs of municipal responses to oil and other hazardous materials spills and to authorize the state to advance money to a municipality to carry out an emergency first response has not lessened, and the Alaska Municipal League seeks passage of such a bill during 1991.

A number of changes in the statutes relating to oil spills and other hazardous substance discharges and to municipal powers will be required to reach the League's objective. These changes would:

- extend the authority of municipalities to exercise containment and cleanup of spilled oil and other hazardous substances if the spill occurs outside municipal boundaries. Unified, home rule, and first class boroughs already have such power, but all municipalities need it.
- establish a fund that could be readily accessible by municipalities and villages in the event of a hazardous spill. Grants could be made to meet extraordinary expenditures that are beyond the reasonable capability of the municipality or village to meet given their current revenue sources.

CORRECTION

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

- clarify existing law that permits state reimbursement of municipal expenditures to make it clear that the full costs of the discharge of oil or another hazardous substance can be reimbursed.
- permit the state to advance money to municipalities and villages to carry out an emergency first response.
- permit assessments of the social and economic effects of the release of oil or other hazardous substances on municipalities, villages, and affected regions of the state.
- make it clear that villages as well as the state and municipalities may recover against an entity responsible for a spill for the damage to their natural resources.
- modify existing legislation regarding the strict liability of a spiller to make it clear that all additional costs of services, and all losses of revenue, to a municipality or village brought about by such a spill are recoverable.
- make the recommended changes to the strict liability statute retroactive to March 23, 1989.

4/22/91

H B

2 7 8

HOUSE COMMITTEE REPORT

(7)

Date Referred: May 1, 1991

FURTHER REFERRALS:

Finance

Date of Committee Action: 5-3-91

The COMMUNITY AND REGIONAL AFFAIRS Committee considered:

SSHB 278

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 278

CLASSIFICATION OF BOATS FOR MUNICIPAL TAX

"An Act relating to the classification of boats for purposes of municipal taxation."

RECOMMENDATIONS:

be replaced with _____ the same title

have attached amendments(s) a new title

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____

APPROVES PREVIOUS: (Dept/Date) _____

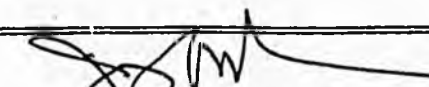
fiscal impact _____

fiscal note(s) _____

zero fiscal note DCRA

zero fiscal note(s) _____

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Richard Foster</i> FOSTER	*				
<i>Betty Davis</i>	X				
<i>Tom Mackie</i> MACKIE	X				
<i>Cheri Davis</i>	✓				
<i>J. C. Douglas</i>	✓				



 CHAIRMAN'S SIGNATURE

Alaska State Legislature

COMMITTEES

MEMBER

RULES

INTERNATIONAL TRADES & TOURISM

LABOR & COMMERCE

ETHICS

WESTERN STATES LEGISLATIVE
FORESTRY TASK FORCE



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White of Juneau
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JUNEAU, ALASKA 99811
(907) 465-4905

House of Representatives

ROBIN L. TAYLOR
MINORITY LEADER

SPONSOR STATEMENT

SS HB 278

HB 278 was introduced to correct a long standing ambiguity in State law regarding the municipal taxation of boats and vessels.

Since its introduction, I have had further consultations with administrators in several communities and the State Assessor. Those talks led to the drafting of this Sponsor Substitute.

As now proposed, HB 278 would greatly simplify the state law regarding the municipal taxation of boats and vessels. Essentially, HB 278 puts boats in the same category as motor vehicles. The bill does away with language referring to specific exemptions and would allow the local governing body to decide how to classify boats for the purposes of taxation. It was also allow for partial or complete exemptions.

HB 278 provides for greater flexibility at the local level. I believe that in itself is the most important aspect of this legislation. Our local communities are facing a reduction in state support and should be allowed every avenue to make up for ever decreasing state revenue.

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

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

April 30, 1991

POSITION PAPER

RE: Sponsor Substitute for House Bill 278

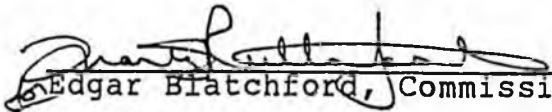
SPONSORS: Representatives Taylor, Baker & Choquette

Program Effects

The Sponsor Substitute for House Bill 278 clears up some interpretation problems which have existed for years with regard to current statutory language. It additionally broadens municipal authority to deal with the troublesome and difficult task of assessing and taxing boats and vessels.

Comments

The Department supports passage of SS HB 278. For many years we have supported changes in the existing statutory language because interpretational problems under that language have incessantly frustrated the efforts of municipal attorneys, assessors, and boat owners in dealing with the tax treatment of boats and vessels. This proposed language makes it clear that municipalities have the broader authority needed to successfully address this issue locally.


Edgar Blatchford, Commissioner

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 278

Revision Date: _____ Department Affected: Community & Regional Affairs
 Title: Classification of boats for BRU: _____
municipal taxation Component: _____
 Sponsor: Reps Taylor, Baker & Choquette
 Requestor: _____ COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
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						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Remond Henderson, Director *Remond Henderson* Phone: 465-4708
 Division: Administrative Services Date: 4/30/91
 Approved by Commissioner: Edgar Blatchford *Edgar Blatchford*
 Agency: Community & Regional Affairs Date: 4/30/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

M E M O R A N D U M

TO: David G. Crow
Borough Manager

FROM: Sandra L. Isley *SLI*
Director of Revenue

DATE: April 9, 1991

SUBJECT: Boat/Vessel Tax Classification Legislation

Attached please find a copy of the memorandum from Joe Ambrose of Representative Robin Taylor's Office regarding the amendment I requested for classifying boats and vessels by their length rather than by certified net tonnage.

For many years I have attempted to amend the Alaska Statutes so that boats and vessels are assessed for taxation purposes on the basis of their length rather than certified net tonnage.

Apparently, net tonnage is what a boat can hold rather than what it weighs. According to the Coast Guard, to find the net tonnage we would need to hire an admeasurer. At the time I discussed this with the Coast Guard, there was only one admeasurer in Alaska. It is my understanding that admeasurers are used to check foreign vessels to be sure bulkheads have not been removed so that they can carry more cargo.

In the past, when it came to billing for tax purposes we used a rule of thumb and billed all boats/vessels which were over 31 feet at \$75.00 and all those less than 31 feet at \$25.00. We got many complaints from boat owners who said their boats were under 5 tons even though they were over 31 feet. We would change our records but never were absolutely sure if they didn't have written proof.

If this amendment passes, we could think about charging the tax at a lower rate for a 12-15 foot boat and graduate by 5 feet up to 70 feet. Billing would be on the centerline length of boats.

<u>Length of Boat/Vessel</u>	<u>Tax Bill</u>
12'1" to 15 foot boat/vessel	\$10.00
15'1" to 20 foot boat/vessel	25.00
20'1" to 25 foot boat/vessel	50.00
25'1" to 30 foot boat/vessel	75.00
30'1" to 35 foot boat/vessel	100.00
35'1" to 40 foot boat/vessel	125.00
40'1" to 45 foot boat/vessel	150.00



KETCHIKAN GATEWAY BOROUGH

Revenue Department

344 Front Street

Ketchikan, Alaska 99901

(907) 228-6620 • 228-6608 • 228-6640

228-6609 • 228-6612

May 1, 1991

State of Alaska
House of Representatives
Representative Robin Taylor
P. O. Box V
Juneau, Alaska 99811

Re: HB 276 - Boat/Vessel Taxation

Attention: Joe Ambrose

Dear Joe:

We received your fax of the suggested substitute for HB 276 which will address Ketchikan and Petersburg problems. Ketchikan wants to tax boats/vessels by overall length and Petersburg would like to exempt boats but not their gear.

The suggested substitute has our complete approval as it will give greater flexibility at the local level, especially as we face declining State revenues. I have discussed the substitute with Borough Manager Dave Crow and Borough Attorney Teresa Williams who are in agreement.

HB 276 will relieve a problem which has been with my department for many years. Arguments over net tonnage and threats of law suits have been a constant every July after the annual tax billings are sent out.

We really appreciate the effort you and Robin and Cheri have made in helping us solve our problems. I'm sure there will be other cities in Southeast who will find this amendment helpful to them in the future.

Cordially,

Sandra L. Isley
Director of Revenue

CC: David G. Crow, Borough Manager
Teresa Williams, Borough Attorney

Post-It™ brand fax transmittal memo 7671		# of pages	1
TO	Joe Ambrose	From	Sandra Isley
CC	Robin Taylor's Office House of Representative	City	Ketchikan Gateway Borough
Phone #	465-2294	Phone #	228-6612
Fax #	465-2294	Fax #	225-7282

HB

286

HOUSE COMMITTEE REPORT

(7)

Date Referred: April 17, 1991

FURTHER REFERRALS:

Labor & Commerce
Finance

Date of Committee Action: 4-29-91

The COMMUNITY AND REGIONAL AFFAIRS Committee considered:

HB 286

HOUSE BILL NO. 286

LOCAL EXCHANGE TELEPHONE CO. REGULATION

"An Act relating to regulation of local exchange telephone utilities; and providing for an effective date."

RECOMMENDATIONS:

be replaced with CS HB 286 (CRA) the same title
 a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): _____ (Dept)

APPROVES PREVIOUS: _____ (Dept/Date)

fiscal impact _____

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Richard J. Jones</i>	X				
<i>Gail Phillips</i>	X				
<i>Bette Davis</i>	X				
<i>Samuel Baker</i>	✓				
<i>Sam Miller</i>	X				
<i>Cheri Davis</i>	X				
<i>John C. Samples</i>	✓				

Sam Miller

 CHAIRMAN'S SIGNATURE

Alaska State Legislature
House of Representatives

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DURING SESSION
PO. BOX V
JUNEAU, AK 99811
(907) 465-4527



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LABOR & COMMERCE
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MILITARY & VETERANS AFFAIRS
PUBLIC SAFETY

Representative Juan M. Ivan

M E M O R A N D U M

TO: Representative Jerry Mackie, Chair
House Community and Regional Affairs Committee

FROM: Representative Ivan M. Ivan *JMI*

DATE: April 16, 1991 *JMI*

RE: Request for Hearing

Please consider this request to hear (pending referral) House Bill 286, an Act relating to regulation of local exchange telephone utilities; and providing for an effective date. In order to get this bill through the Legislature in a timely manner, I would respectfully request a hearing at your earliest possible convenience, preferably the week of April 22.

The main parts of the bill are as follows:

- * Allows phone utilities serving fewer than 2,500 customers to become economically deregulated and have the ability to adjust local rates and cost variations without the added expense of a full blown rate case. However, language is included that provides customers the opportunity to bring a company back under full regulation. A company does remain under the APUC's authority for quality of service standards and territorial assignment.
- * Allows telephone utilities to adjust rates in compliance with regulatory orders issued by the Federal Communications Commission or the APUC. Under current procedures whenever a shift in cost allocation among the interstate toll, intrastate toll and local jurisdictions, companies must go through rate case procedures just to comply with required adjustments. The language in the bill allows the shifts to take place without the expense of a rate case.

DISTRICT 25

AKIACHAK, AKIAK, ATMAUTLUAK, BETHEL, CHEFORNAK, EEK, GOODNEWS BAY, KASIGLUK, KIPNUK, KONGIGANAK, KWETHLUK, KWILLINGOK, MEKOYAK, NAPAIAK, NAPASKIAK, NEWTOK, NIGHTMUTE, NUNAPITCHUK, OSCARVILLE, PLATINUM, QUINHAGAK, TOOKSOOK BAY, TUNTUTULIAK, TUNUNAK