

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672  
7369 SENATE COMMUNITY & REGIONAL AFFAIRS

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STATE COMMITTEE REPORT

DATE: 5/7/92

FURTHER: Judiciary

DATE TURNED INTO OFFICE: 5/9/92

CRA Committee considered CS FOR HOUSE BILL NO. 435 (JUDICIARY)

"An Act relating to the involuntary dissolution of Native corporations; and providing for an effective date."

and recommends:

- replace with \_\_\_\_\_ CS \_\_\_\_\_ ( )
  - adopt previous \_\_\_\_\_ CS \_\_\_\_\_ ( )
  - attaches amendment(s)
- same title
  - new title
  - technical title change (HB only)

adopts \_\_\_\_\_ Letter of Intent

further referral to the \_\_\_\_\_

- do pass
- do not pass
- no recommendation
- individual recommendations

NEW FISCAL NOTES: Dept/Date

zero fiscal notes \_\_\_\_\_

fiscal notes \_\_\_\_\_

appropriation--no fiscal note

PREVIOUS FISCAL NOTES: Dept/Date

zero fiscal notes JCS.D / 2/21/92

fiscal notes \_\_\_\_\_

DO PASS:

OTHER RECOMMENDATIONS:

*William Stuyvesant*

*June D. ...*

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*DO PASS*

Chair Signature and Recommendation

FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. HB 435

Revision Date: \_\_\_\_\_

Department Affected: Commerce & Econ. Dev.

Title: An Act relating to involuntary dissolution  
of Native corporations

BRU: Banking, Securities & Corporations

Sponsor: Representative Foster

Component: \_\_\_\_\_

Requestor: \_\_\_\_\_

COMPONENT SERIAL NO. 

1	2	3	3
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	0	0	0	0
<b>CAPITAL</b>	0	0	0	0	0	0
<b>REVENUE FUND RESOURCE:</b>	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER FUND SOURCE:						
<b>TOTAL</b>	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: Willis F. Kirkpatrick, Director Phone: 465-2521

Division: Banking, Securities & Corporations Date: \_\_\_\_\_

Approved by Commissioner: Glenn A. Olds *Glenn A. Olds*

Agency: Department of Commerce & Economic Development Date: 2-10-92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., and Impacted Agency(ies).

# Alaska State Legislature

REPRESENTATIVE  
**RICHARD FOSTER**  
BOX 1026  
T. HOME, ALASKA 99762  
PO BOX V  
JUNEAU, AK 99811  
(907) 465-3789



## House of Representatives

### HOUSE BILL 435

HB 435 arose from a request for help from the Village of Hamilton. It's Native Corporation, Nunapiglluraq Inc., was involuntarily dissolved in 1989, due to its failure to submit a biennial report. The dissolution was not discovered until the corporation attempted to make a land transaction late last year.

Subsequent enquiries by my office discovered such dissolutions are not uncommon. In fact, at this time in the State of Alaska, 10 corporations have been involuntarily dissolved; 7 corporations have been dissolved but are still within the two year reinstatement period; and 23 are facing dissolution. In all probability, most of these are unaware of the change in status.

The problem appears to be a breakdown in communications. Sec. 10.06.633 (7) (b) states that a corporation may not be dissolved under this section unless the commissioner has given written notice by certified mail to its registered office, registered agent or secretary at the last known address. In most cases, corporations have failed to notify the State of changes to registered agents and changes in addresses. As a result, filing reminders and notices warning of dissolution have failed to reach the correct authorities.

HB435 gives the above mentioned corporations a one year "window" in which to file for reinstatement. They will be required to pay all fees and fines incurred during the lapse.

A similar bill was introduced in 1982. It was adopted as a temporary act. A copy is provided in your packages.

After advice from Legal Services, a one year window in law was elected as the best solution. This form of action would allow obligations, liabilities, privileges and rights reinstated under this bill to have an impact beyond the window period.

Backup for this legislation would be provided by the Alaska Federation of Natives. The Federation will inform all affected corporations of the window opportunity, and assist them with the reinstatement requirements. It will also oversee future corporation filings and keep an updated list of managements. A letter from Julie Kitka of AFN is included in your packets.

HB435 offers a "second chance" to native corporations who have innocently fallen foul of bureaucratic obligations. I hope you will support me, and offer these corporations this valuable opportunity, by voting favorably for HB435.

HB 435: An Act relating to the involuntary dissolution of Native corporations; and providing for an effective date.

The Department of Commerce and Economic Development, Division of Banking, Securities and Corporations, has no objection to the proposed legislation.

The department supports this legislation in recognition that corporate status for Native villages and regions is specifically called for in the terms and conditions of the Alaska Native Claims Settlement Act. The department acknowledges the unique inalienability of the ownership of Native Alaskans as shareholders in Native corporations.

The department concurs that corporations affected by HB 435 should pay the appropriate fees that would have been effective had they not allowed themselves to become delinquent, plus any penalties allowable under AS 10.06.633(e).

The department encourages the involvement of the regional corporations and other Native associations, such as the Alaskan Federation of Natives, in assisting the smaller village corporations in meeting their filing requirements.

  
\_\_\_\_\_  
Glenn A. Olds, Commissioner

Date: 2.10.92

# STATE OF ALASKA

## DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

DIVISION OF BANKING, SECURITIES AND CORPORATIONS

WALTER J. HICKEL, GOVERNOR

P.O. BOX 110807  
JUNEAU, ALASKA 99811-0807  
Banking & Securities: (907) 463-2834  
Corporation Section: (907) 463-2630

ANCHORAGE  
Corporation Information: (907) 583-2161

January 24, 1992

Post-It <sup>®</sup> brand fax transmittal memo 7871		# of pages	2
To	Martha Stewart	From	Mike Monroney
Co.	Sen Adams Off.	Co.	Corps Section
Dept.		Phone #	2570
Fax #	463-4867	Fax #	3257

Martha Stewart  
Senator Al Adams  
P.O. Box V  
Juneau, AK 99811

Dear Ms. Stewart:

RE: Reinstatement of ANSCA corporations

As conveyed by Larry Carroll, I have reviewed the proposed legislation and have no objections to the bill as drafted. As soon as a final draft is prepared we will prepare a position paper in support of the bill.

We would like to have some commentary entered into record encouraging the AFN and the regional native corporations to take a more active role in assisting the village corporations in meeting their reporting requirements.

The following native corporations would be subject to the proposed bill:

Atxam Corporation-	Involuntarily Dissolved	10/13/89
Tihteet'Aii, Inc.	" "	10/13/89
Nunapiglluraq Corporation	" "	10/13/89
Kugkaktlik, Ltd.	" "	10/13/89
Oscarville Native Corporation	" "	10/13/89
Tulkisarmute, Inc.	" "	10/13/89
Neets'ai Corporation	" "	12/02/81
Venetie Indian Corporation	" "	12/02/81
Kitoi, Inc.	" "	05/20/80
Nunivak Limited	" "	10/13/89

To illustrate the filing problem that the native corporations have, the following is a list of corporations which are either dissolved but within the reinstatement period, or active corporations not currently in compliance.

Newtok Corporation, Inc.	Involuntarily Dissolved	10/14/91
Cully Corporation	" "	10/14/91
Togiak Natives, Ltd.	" "	10/14/91
Twin Hills Native Corporation	" "	10/14/91
White Mountain Native Corp	" "	10/14/91
Ohog Incorporated	" "	10/14/91
The Grouse Creek Corporation	" "	10/14/91

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The following corporations are not dissolved, but they are not in compliance with the statutory reporting requirements. If they become six months delinquent, they too will become involuntarily dissolved.

Belkofski Corporation	Scheduled dissolution date	08/01/92
Brevig Mission Native Corp	" " "	08/01/92
Chenega Corporation	" " "	08/01/92
Eklutna, Inc.	" " "	08/01/92
Isanotski Corporation	" " "	"
Mendas Chax-aq Native Corp	" " "	"
Gana-A' Yoo, Limited	" " "	"
The King Cove Corporation	" " "	"
Palmiut Corporation	" " "	"
Pitka's Point Native Corporation	" " "	"
Seldovia Native Association, Inc.	" " "	"
Tanacross, Inc.	" " "	"
Klukwan Corporation	" " "	"
Gold Belt Incorporated	" " "	"
Shee Atika, Inc.	" " "	"
The Aleut Corporation	" " "	"
Arctic Slope Native Corporation	" " "	"
Koniag, Inc.	" " "	"
Bristol Bay Native Corporation	" " "	"
Calista Corporation	" " "	"
Chugach Corporation	" " "	"
Cook Inlet Region Inc	" " "	"
Sealaska Corporation	" " "	"

Please feel free to give me a call if you have any questions regarding this list.

Michael Monagle, Supervisor  
 Corporations Section





# Alaska Federation of Natives, Inc.

April 13, 1992

Representative Richard Foster  
Alaska State Legislature  
State Capitol  
Juneau, Alaska 99801-1182

Dear Representative Foster:

This letter is intended to reaffirm, in writing, the Alaska Federation of Natives (AFN) support for House Bill 435.

H.B. 435 provides an opportunity for those few ANCSA corporations that were involuntarily dissolved for failing to meet reporting requirements to reinstate their corporate status.

The few ANCSA corporations that would be subject to H.B. 435 are small in terms of number of shareholders. They are limited in their administrative capabilities and will undoubtedly need assistance in gaining compliance with statutory reporting requirements.

Should H.B. 435 become law, AFN, in conjunction with the Bureau of Indian Affairs, Juneau Area Office, is committed to assisting the Department of Commerce and Economic Development with bringing the subject corporations back into compliance.

I appreciate your efforts in this matter.

Sincerely,

Julie E. Kitka  
President

CHAPTER 54

AN ACT RELATING TO BUSINESS CORPORATIONS, REINSTATEMENT OF CERTAIN DISSOLVED ALASKA NATIVE CLAIMS SETTLEMENT ACT VILLAGE CORPORATIONS TO CORPORATE STATUS; AND PROVIDING FOR AN EFFECTIVE DATE.

(SCSHB 386 (RLs))

As it enacted by the Legislature of the State of Alaska:

Secs. 1, 2. Permanent laws. See Table of Disposition of Acts.

Sec. 3. (a) Notwithstanding the provisions of AS 10.05.519(d), a village corporation organized under the Alaska Native Claims Settlement Act (P.L. 92-203; 85 Stat. 688) that has been involuntarily dissolved by the commissioner under AS 10.05.519 and that has failed to apply for reinstatement during the period prescribed by AS 10.05.519(d) may be reinstated under AS 10.05.519(d) within one year of May 28, 1982. Any such reinstated corporation has all of the rights, privileges, liabilities, and obligations that would have applied to it if the corporation had never been dissolved, and all corporate actions taken during the period of dissolution are considered to be as valid as if dissolution had never occurred.

(b) A corporation formed by a Native village (as defined in P.L. 92-203) before May 28, 1982 to replace an involuntarily dissolved village corporation and having the same name as the dissolved corporation shall, upon payment of any amounts that would be required for the reinstatement of the dissolved corporation, succeed to all of the rights, privileges, liabilities, and obligations that would have applied to the dissolved corporation upon its reinstatement.

Sec. 4. This Act takes effect immediately in accordance with AS 01.10.070(c).

Approved May 27, 1982  
Effective May 28, 1982

Editor's notes. — Present subsections 3(a) and (b) were enacted as AS 10.05.005(e) and (f) but were changed by the revisor of statutes under the authority of AS 01.05.031.

winding up and dissolution of the corporation unless payment is made for the shares within the time specified by the decree. If the purchasing parties do not make payment for the shares within the time specified, judgment shall be entered against the purchasing parties and the surety or sureties on the bond for the amount of the expenses, including attorney fees, of the moving parties. A shareholder aggrieved by the action of the court may appeal.

(d) If the purchasing parties desire to prevent the winding up and dissolution, they shall pay to the moving parties the value of their shares as provided under this section less an allowance for the costs of the appraisal as the court shall determine. In the case of an appeal, the purchasing parties shall pay to the moving parties the value of the shares and costs of appraisal as fixed on appeal. On receiving payment or the tender of payment as determined by the court, the moving parties shall transfer their shares to the purchasing parties.

(e) For the purposes of this section, "shareholder" includes a beneficial owner of shares who has entered into an agreement under AS 10.06.425(a). (§ 1 ch 167 SLA 1988; am § 49 ch 82 SLA 1989)

**Cross references.** — For effect of the enactment of this section on Alaska Rule of Civil Procedure 65, see sec. 25, ch. 166, SLA 1988 in the Temporary and Special Acts.

**Effect of amendments.** — The 1989 amendment, effective July 1, 1989, substituted "AS 10.06.425(a)" for "AS 10.06.425" at the end of subsection (e).

**Sec. 10.06.633. Involuntary dissolution by the commissioner: grounds, procedure, reinstatement.** (a) A corporation may be dissolved involuntarily by the commissioner if

(1) the corporation is delinquent six months in filing its biennial report or in paying its biennial corporation tax or a penalty;

(2) the corporation has failed for 30 days to appoint and maintain a registered agent in the state;

(3) the corporation has failed for 30 days after change of its registered office or registered agent to file in the office of the commissioner a statement of the change;

(4) the corporation has failed for two years to complete dissolution under a certificate of election under AS 10.06.608 to dissolve;

(5) a vacancy on the board of the corporation is not filled within six months or the next annual meeting, whichever occurs first;

(6) a misrepresentation of material facts has been made in the application, report, affidavit, or other document submitted under this chapter; or

(7) the corporation is 90 days delinquent in filing notice of change of an officer, director, alien affiliate, or five percent shareholder, as required by this chapter.

(b) A corporation may not be dissolved under this section unless the commissioner has given the corporation written notice of its delin-

quency, failure, or noncompliance by certified mail addressed to its registered office, registered agent, president, or secretary at the last known address as shown by the records of the commissioner. If the corporation fails, within 60 days after the notice is sent by certified mail, to contest the alleged neglect, omission, delinquency, or noncompliance by a written request for a hearing before the commissioner or fails to correct the asserted neglect, omission, delinquency, or noncompliance it may be dissolved under (d) of this section.

(c) If, following a hearing, the commissioner determines the presence of neglect, omission, delinquency, or noncompliance providing grounds for involuntary dissolution under this section, the corporation may appeal to the superior court by filing with the clerk of the court a notice of appeal setting out a copy of the notice given by the commissioner under (b) of this section together with a copy of a timely demand for a hearing by the corporation, and a copy of an affirmation by the commissioner of an intention to dissolve under (d) of this section. The matter shall be tried de novo by the superior court, and the court shall either sustain the commissioner or direct the commissioner to take action the court considers proper.

(d) If a corporation has given cause for involuntary dissolution and has failed to correct the neglect, omission, delinquency, or noncompliance as provided in this section, and there has been no order of the superior court, the commissioner shall dissolve the corporation by issuing a certificate of involuntary dissolution containing a statement that the corporation has been dissolved, the date, and the reason for which it was dissolved. The original certificate of dissolution shall be placed in the department files and a copy of it mailed to the corporation at its registered office or in care of its registered agent, president, or secretary at the last known address, as shown by the records of the commissioner. Upon the issuance of the certificate of involuntary dissolution the existence of the corporation ceases, except as otherwise provided in this section, and its name shall be available to and may be adopted by another corporation no less than six months after the dissolution.

(e) A corporation dissolved under this section may be reinstated within two years from the date of the certificate of involuntary dissolution if it is established to the satisfaction of the commissioner that in fact there was no cause for the dissolution, or if the neglect, omission, delinquency, or noncompliance resulting in dissolution has been corrected and payment made of double the amount delinquent along with the amount the corporation would have paid had it not been dissolved during the two-year period. Reinstatement may not be authorized if the same or a deceptively similar corporate, reserved, or registered name is currently on file with the commissioner, unless the corporation being reinstated amends its articles of incorporation to change its name to conform with the provisions of this chapter.

(d) Nothing in this section relieves a corporation reinstated under this section from penalty or forfeiture of its powers in a case of failure to pay subsequently accruing licenses and taxes imposed by a law of the State.

(g) An action arising out of a contract assigned by a corporation dissolved under this section may be brought in the name of the assignee. The fact of assignment and of purchase by the plaintiff shall be set out in the complaint or other process. The defense may avail itself of any defense the defense might have availed itself of in a suit upon the claim by the corporation had it not been dissolved under this section.

(h) Service of process on a corporation dissolved under this section shall be made in the same manner prescribed by law as if the corporation had not been dissolved. (§ 1 ch 166 SLA 1988; am § 50 ch 82 SLA 1989)

**Cross references.** — For effect of the enactment of this section on Alaska Rules of Appellate Procedure 204 and 609, see sec. 24 and 27, ch. 166, SLA 1988 in the Temporary and Special Acts.

**Effect of amendments.** — The 1989

amendment, effective July 1, 1989, in subsection (a), substituted "its biennial corporation tax or a penalty" for "a license filing fee or penalty" at the end of paragraph (1) and repealed former paragraph (8).

**Sec. 10.06.635. Commissioner's authority to bring action for involuntary dissolution; grounds; relief.** (a) In addition to other remedies provided by law, a corporation may be dissolved involuntarily by a decree of the superior court in an action filed by the commissioner when it is established that the corporation has

- (1) procured its certificate of incorporation through fraud;
- (2) continued to exceed or abuse the authority conferred upon it by law;
- (3) seriously violated a statute regulating corporations; or
- (4) violated a provision of law by an act or default that under the law is a ground for forfeiture of corporate existence.

(b) The court may order dissolution or other or partial relief as it considers just and expedient. The court also may appoint a receiver under AS 10.06.643 for winding up the affairs of the corporation or may order that the corporation be wound up by its board subject to the supervision of the court. (§ 1 ch 166 SLA 1988)

**Sec. 10.06.638. Jurisdiction and process for commissioner's action.** (a) An action for the involuntary dissolution of a corporation under AS 10.06.635 shall be commenced by the commissioner in the superior court.

(b) Summons shall issue and be served as in civil actions. If no registered agent or office is found to serve, the commissioner shall publish notice as in civil cases in a newspaper published in the judicial

district where the registered office of the corporation is situated, containing a notice of the pendency of the action, the title of the court, the title of the action, and the date on or after which default may be entered. The commissioner may include in such notice the names of any number of corporations against which actions are pending in the same court.

(c) The commissioner shall mail a copy of the notice to an office of the corporation, if one is known, within 10 days after the first publication of the notice.

(d) Notice shall be published at least once each week for two successive weeks, and the first publication may begin after the summons has been returned.

(e) Unless a corporation is served with summons, a default may not be taken against the corporation earlier than 30 days after the first publication of notice. (§ 1 ch 166 SLA 1988)

**Revisor's notes.** — A reference to AS 10.06.635 was substituted for a reference to AS 10.06.633 in (a) of this section in 1989 to correct a manifest error in ch. 166, SLA 1988.

**Cross references.** — For effect of the enactment of this section on Alaska Rule of Civil Procedure 4, see sec. 28, ch. 166, SLA 1988 in the Temporary and Special Acts.

**Sec. 10.06.640. Appointment of provisional director: deadlock.** (a) If the ground for the complaint for involuntary dissolution of the corporation is a deadlock in the board as set out in AS 10.06.628(b)(2), the court may appoint a provisional director.

(b) A provisional director shall be an impartial person, who is neither a shareholder nor a creditor of the corporation, nor related according to the common law by consanguinity or affinity within the third degree to a director of the corporation or to a judge of the court by which the provisional director is appointed. A provisional director has all the rights and powers of a director until the deadlock in the board is broken or until the provisional director is removed by order of the court or by approval of the outstanding shares.

(c) Unless otherwise agreed the compensation of the provisional director shall be fixed by the court. (§ 1 ch 166 SLA 1988)

**Sec. 10.06.643. Appointment of receiver: application, hearing and notice, security, qualifications, powers, compensation.** (a) If, at the time of the filing of a complaint for involuntary dissolution under AS 10.06.628 or at any time after the filing, the court has reasonable grounds to believe that unless a receiver of the corporation is appointed the interests of the corporation and its shareholders will suffer pending the hearing and determination of the complaint, upon the application of the plaintiff and after a hearing upon notice to the corporation as the court may direct, the court may appoint a receiver to take over and manage the business and affairs of the corporation

**Sec. 10.06.935. Waiver of notice.** If notice is required to be given to a shareholder or director of a corporation under the provisions of this chapter or under the provisions of the articles or bylaws of the corporation, a waiver of the notice in writing signed by the person entitled to notice, whether before or after the time stated for notice, is equivalent to the giving of notice. (§ 1 ch 166 SLA 1988)

**Article 13. General Provisions.**

Section	Section
950 Powers of commissioner	963 Severability
951 Regulations	965 Reservation of power
955 Application to existing corporations	968 Signature
958 Provisions construed as restatements and continuations	970 Rules of construction and interpretation
960 Corporations organized under Alaska Native Claims Settlement Act	990 Definitions
	995 Short title

**Sec. 10.06.950. Powers of commissioner.** The commissioner has the power and authority reasonably necessary to enable the commissioner to administer this chapter and to perform the duties imposed upon the commissioner by this chapter. (§ 1 ch 166 SLA 1988)

**Sec. 10.06.953. Regulations.** To the extent provided by explicit reference in this chapter, the department shall adopt regulations referred to in this chapter in accordance with the Administrative Procedure Act (AS 44.62). (§ 1 ch 166 SLA 1988)

**Sec. 10.06.955. Application to existing corporations.** (a) This chapter applies to a domestic corporation organized under former AS 10.05 (the Alaska Business Corporation Act), and to the extent provided in AS 10.06.010, 10.06.020, 10.06.160, 10.06.233, 10.06.433(g), 10.06.435, 10.06.450(d), and 10.06.705 — 10.06.870 to a foreign corporation authorized to do or doing business in this state.

(b) The existence of a corporation formed or existing on the date of enactment of this chapter is not affected by the enactment of this chapter or by any change in the requirements for the formation of corporations. (§ 1 ch 166 SLA 1988)

**Cross references.** — See also §§ 7 and 9, ch. 166, SLA 1988; § 10, ch. 166, SLA 1984, as amended by § 57, ch. 60, SLA 1989; and §§ 57 and 58, ch. 82, SLA 1989 in the Temporary and Special Acts.

**Sec. 10.06.958. Provisions construed as restatements and continuations.** If a provision of this chapter is substantially the same as a statutory provision in former AS 10.05 existing on the effective date of this chapter, it shall be construed as a restatement and continuation, and not as a new enactment. (§ 1 ch 166 SLA 1988)

**Sec. 10.06.960. Corporations organized under Alaska Native Claims Settlement Act.** (a) A corporation organized under 43 U.S.C. 1601 — 1629e as amended (Alaska Native Claims Settlement Act) shall be incorporated under and is subject to this chapter except

(1) each corporation shall issue without further consideration the number of shares of common stock that may be necessary to comply with the requirements of the act and all stock so issued is considered fully paid and nonassessable when issued;

(2) unless otherwise provided in the articles of incorporation, the capital

(A) is considered the consideration for the initial issuance of shares; and

(B) of a corporation organized under the act includes the

(i) land or interests in it conveyed to the corporation by the United States under the act, except that which is required to be conveyed under 43 U.S.C. 1613(c)(1), (3), and (4), entered at its fair value to the corporation upon receiving the conveyance of it; and

(ii) money, when received under 43 U.S.C. 1605 and 43 U.S.C. 1608, that is retained by the corporation and that is not immediately distributed or required to be distributed under 43 U.S.C. 1606(j).

(b) Notwithstanding the provision of AS 10.06.305 — 10.06.390, payment from the money of a corporation organized under the act that is required by the language of the act to be distributed to shareholders or to other corporations so organized is not a distribution to its shareholders as defined in AS 10.06.990.

(c) Notwithstanding the provisions of AS 10.06.546, a plan of merger, consolidation, or exchange in which each participating corporation either (1) was organized under the act, within the same one of the 12 regions of Alaska established under the act, or (2) resulted from the prior merger, consolidation, or exchange of other similarly organized corporations within the same region, is approved if it receives the affirmative vote of the holders of at least a majority of the outstanding shares of each corporation. If a class of shares of a corporation specified in this subsection is entitled to vote as a class, the plan of merger, consolidation, or exchange is approved if it receives the affirmative vote of the holders of at least a majority of the outstanding shares of each class of shares entitled to vote as a class and of the total outstanding shares. Notwithstanding AS 10.06.574 — 10.06.582, a plan of merger, consolidation, or exchange approved under this section

before December 19, 1991, may not include a right of shareholders to dissent.

(d) A director or officer of a corporation organized under the act is not personally liable to the contract creditors specified in AS 10.06.490 except as otherwise provided by law.

(e) Notwithstanding the provision of AS 10.06.502 — 10.06.510, a corporation organized under the act may amend its articles by a vote of the board of directors in order for the corporation to comply with the mandatory requirements of the act.

(f) Notwithstanding the other provisions of this chapter, a corporation organized under the act is governed by the act to the extent the act is inconsistent with this chapter, and the corporation may take any action, including amendment of its articles, authorized by the act, and the action is considered to be approved and adopted if approved under the act. An amendment approved under the act and delivered to the commissioner under AS 10.06.512 shall be filed by the commissioner under AS 10.06.910, and a certificate of amendment shall be issued.

(g) Notwithstanding AS 10.06.358, if there are no retained earnings, the directors of a corporation organized under the act may declare and pay distributions in cash or property out of its net profits for the fiscal year in which the distribution is declared and for the preceding fiscal year, except when the corporation is insolvent under AS 10.06.360. For the purposes of this subsection, a corporation's debts include the amounts it is required to distribute under 43 U.S.C. 1606(i) and 43 U.S.C. 1606(j). The directors may determine the net profits derived from the exploitation or liquidation of wasting assets without consideration of the depletion of those assets resulting from lapse of time, consumption, liquidation, or exploitation, of the assets, and a distribution declared from those net profits shall be described, concurrently with distribution of the net profits to shareholders, as a distribution from wasting assets without consideration of the depletion of the assets. In this subsection, "wasting assets" means timber resources and subsurface estates.

(h) Notwithstanding AS 10.06.358, the directors of a corporation organized under the act may, from time to time, distribute to its shareholders in partial liquidation a portion of the corporation's assets out of capital, in cash or property, except that a distribution

(1) may not be made at a time when the corporation is insolvent under AS 10.06.360;

(2) may not be made unless the articles of incorporation authorize the board to make the distribution or the distribution is authorized by the affirmative vote of the holders of at least two-thirds of the outstanding shares;

(3) when made, shall be identified as a distribution in partial liquidation and the amount per share shall be disclosed to the shareholders concurrently with the distribution.

(i) In this section, "act" means 43 U.S.C. 1601 — 1629e (Alaska Native Claims Settlement Act). (§ 1 ch 166 SLA 1988; am §§ 53, 54 ch 82 SLA 1989)

*Revisor's notes.* — In 1989, the word "and" was inserted preceding "the corporation may take" in the first sentence of subsection (f).

*Cross references.* — For other provisions relating to corporations organized under the Alaska Native Claims Settlement Act, see the editor's note under AS 10.06.504.

*Effect of amendments.* — The 1989 amendment, effective July 1, 1989, substituted "43 U.S.C. 1601 — 1629e as amended" for "43 U.S.C. 1601 — 1629a" near the beginning of subsection (a); substituted "the act" for "43 U.S.C. 1601 — 1629a" throughout subsections (a) — (d); and added subsections (e) — (i).

**Sec. 10.06.963. Severability.** If a provision of this chapter is held invalid, the invalidity does not affect other provisions of this chapter that can be given effect without the invalid provision. (§ 1 ch 166 SLA 1988)

**Sec. 10.06.965. Reservation of power.** The legislature reserves the right to alter, amend, suspend, or repeal in whole or in part this chapter at pleasure, or a certificate of incorporation or the authority to do business in this state, of a domestic or foreign corporation, whether or not existing or authorized on the effective date of this chapter. (§ 1 ch 166 SLA 1988)

**Sec. 10.06.968. Signature.** "Signature" includes a mark when the signer cannot write. The signer's name shall be written near the mark by a witness who shall write the witness' own name near the signer's name. A signature by mark can be acknowledged or can serve as a signature to a sworn statement. (§ 1 ch 166 SLA 1988)

**Sec. 10.06.970. Rules of construction and interpretation.** Unless a provision or the context otherwise requires, the following general provisions and rules of construction govern this chapter:

(1) title, chapter, article, and section headings do not affect the scope, meaning, or intent of the provisions of this chapter;

(2) when, by the provisions of this chapter, a power is granted to, or a duty imposed upon, a public officer, the power may be exercised or the duty performed by a deputy of the officer or by a person authorized, under law, by the officer, unless this chapter expressly provides otherwise;

(3) when a notice, report, statement, or record is required or authorized by this chapter, it shall be made in writing in a manner reason-

HB

451

STATE COMMITTEE REPORT

DATE: 4/6/92

FURTHER: Finance

DATE TURNED INTO OFFICE: 5/5/92

CRA Committee considered CS FOR HOUSE BILL NO. 451 (RESOURCES)

"An Act relating to state and local taxation and other state regulation as affected by the Alaska Native Claims Settlement Act, as amended, and related federal statutes; and providing for an effective date."

and recommends:

- replace with \_\_\_\_\_ CS \_\_\_\_\_ ( )
- or  adopt previous \_\_\_\_\_ CS HB 451 (RES)
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

adopts \_\_\_\_\_ Letter of Intent

further referral to the \_\_\_\_\_

do pass

do not pass

no recommendation

individual recommendations

NEW FISCAL NOTES: Dept/Date

zero fiscal notes \_\_\_\_\_

fiscal notes \_\_\_\_\_

appropriation--no fiscal note

PREVIOUS FISCAL NOTES: Dept/Date

zero fiscal notes Rev 2/28/92

fiscal notes \_\_\_\_\_

DO PASS:

*[Handwritten signatures]*

OTHER RECOMMENDATIONS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*[Handwritten signature]* DO pass  
Chair. Signature and Recommendation

# Alaska Federation of Natives, Inc.

May 6, 1992

Senator Steve Frank  
Alaska State Legislature  
State Capitol  
Room 417  
Juneau, Alaska 99801-1182

Dear Senator Frank:

Per your request, this letter is in response to the taxation of ANCSA land question raised in the C & RA Committee hearing on HB 451 by Senator Drue Pearce. At issue is the degree of tax liability assigned land and timber resources when a non-harvest moratorium is placed on the resource and the ANCSA landowner receives payment for the application of the moratorium.

In reviewing the current federal law and discussing the issue with the AFN attorney who assisted in the drafting of the 1987 ANCSA amendments, I find that the moratorium situation was never contemplated. Thus, neither the law nor the committee records serve to clarify this issue.

As a practical matter and until a court action defines it differently, the land in question would remain undeveloped under the definition of "developed" in current law and the revenue received by the ANCSA corporation for application of the moratorium would be subject to taxation under AS 43.20. (Taxation of corporations).

If and when the area is subjected to road building, storage yards, loading facilities and actual timber harvest, the land would likely be subject to an advalorem tax if a taxing jurisdiction existed. Tax protections would be reinstated once timber harvest was completed.

House Bi 451 does not expand taxation protections to ANCSA land beyond what is currently provided in federal law. However, your committee raised an interesting issue that we will likely consider clarifying in federal legislation if an opportunity to do so is forthcoming.

Sincerely,

*Lawrence H. Kimball, Jr.*

Lawrence H. Kimball, Jr.  
Land Manager

cc: Senator Drue Pearce  
Senator Arliss Sturgulewski  
Senator Lyman Hoffman

# ALASKA STATE LEGISLATURE

Representative Eileen Panigao MacLean  
Co-Chair House Finance Committee  
P.O. Box 830  
Barrow, Alaska 99723

WHILE IN JUNEAU  
State Capitol  
Juneau, Alaska 99801-1182  
465-4525  
465-4833  
463-3241 FAX

## HOUSE OF REPRESENTATIVES

District 22

North Slope  
Borough

Anaktuvuk Pass  
Atkasuk  
Barrow  
Kaktovik  
Nulqsui  
Point Hope  
Point Lay  
Wainwright

Northwest Arctic  
Borough

Ambler  
Buckland  
Deering  
Kiana  
Kivalina  
Kobuk  
Kotzebue  
Noatak  
Noorvik  
Selawik  
Shungnak

### MEMORANDUM

TO: Senator Steve Frank, Chairman  
Senate Community & Regional Affairs Committee

FROM: Representative Eileen P. MacLean  
*Rep. MacLean*

DATE: April 7, 1992

SUBJ: Scheduling HB 451

This is to request a hearing in the Senate Community & Regional Affairs Committee for HB 451, relating to state and local taxation and other regulation as affected by the Alaska Native Claims Settlement Act.

HB 451 was introduced primarily to bring state law into compliance with federal law. In 1987, federal law was changed to continue the property tax exemption on ANCSA land indefinitely, or until development occurs. The federal definition of "development" is included in the bill.

In the drafting process, the attorney noted other sections of state law which need to be updated and has included those changes in HB 451. For the most part, they represent technical or stylistic wording changes to update state law to federal law.

A question arose in the House Community & Regional Affairs Committee regarding the reference to the word "person" on page 3, line 15, of the original bill. The question was whether the application of the tax exemption should apply to persons other than Alaska Natives.

*Request for hearing*

Senator Steve Frank

page 2

Federal law uses references to "Native's or descendants of Native's". The original language of HB 451 inadvertently expanded the application to any "person". Because Congressional intent is of providing equity to descendants of Native people, the word "person" on page 3, line 15 of the Resources Committee Substitute was changed to Native, as defined in U.S.C. 1602(b), or by or on behalf of a descendant of a Native, as defined in A.S. 43 U.S.C. 1602(r). Two other technical changes were included on page 3, to bring the state statutes into conformity with federal law. On page 3, line 29, of the Resources Committee Substitute the word "individual" was deleted and replaced with as defined in 43 U.S.C. 1602(b). On page 3, line 29, after "to a" the word Native was added.

If you have any questions, or would like any additional information on HB 451, please contact Rena Bukovich of my staff at 465-4525.

## SPONSOR STATEMENT

### CS HB 451 (RES)

Representative Eileen P. MacLean

HB 451 was introduced primarily to bring state law into compliance with federal law. In 1987, federal law was changed to continue the property tax exemption on ANCSA land indefinitely, or until development occurs. The federal definition of "development" is included in the bill.

In the drafting process, the attorney noted other sections of state law which need to be updated, and has included those changes in HB 451. For the most part, they represent technical or stylistic wording changes to update state law to federal law.

A question arose in the House Community & Regional Affairs Committee regarding the reference to the word "person" on page 3, line 15, of the original bill. The question was whether the application of the tax exemption should apply to persons other than Alaska Natives.

Federal law uses references to "Natives or descendants of Natives." The original language of HB 451 inadvertently expanded the application to any "person." Because Congressional intent is of providing equity to descendants of Native people, the word "person" on page 3, line 15 of the Resources Committee Substitute was changed to Native, as defined in U.S.C. 1602(b), or by or on behalf of a descendant of a Native, as defined in A.S. 43 U.S.C. 1602(r). Two other technical changes were included on page 3, to bring the state statutes into conformity with federal law. On page 3, line 29, of the Resources Committee Substitute the word "individual" was deleted and replaced with as defined in 43 U.S.C. 1602(b). On page 3, line 29, after "to a" the word Native was added.

Sponsor Statement

FISCAL NOTE

No. 1  
 Bill Version CSHB 451(CRA)  
 (H) Publish Date: 2-28-92

STATE OF ALASKA  
 1992 LEGISLATIVE SESSION

Revision Date: February 12, 1992  
 Title: An Act relating to state and local taxation...Alaska Native Claims Settlement  
 Sponsor: Reps. MacLean, Lincoln  
 Requestor: \_\_\_\_\_

Department Affected: Department of Revenue  
 BRU: Revenue Operations  
 Component: Income and Excise Audit

COMPONENT SERIAL NO. | 1 | 1 | 3 |

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE FUND SOURCE	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: 0.0

ANALYSIS: Attach a separate page if necessary.

This bill brings Alaska statutes in conformity with ANCSA laws as amended by Congress in 1991, which extended the tax exemption of ANCSA property from 20 years to perpetuity.

Prepared By: Paul E. Dick Phone: (907) 465-2320  
 Division: Income and Excise Audit Date: February 12, 1992

Approved by Commissioner: Darrel J. Rexwinkel Date: 2/15/92  
 Agency: Department of Revenue

Distribution (by preparer): Leg. Fin., Legislative Counsel, Requester, OMB/DBR, Gov. Legis. Ofc. & Impacted Agency(ies).

# Alaska Federation of Natives, Inc.

January 23, 1991

Representative Eileen MacLean  
Alaska State Legislature  
Capitol Office Building  
Juneau, AK 99811

RE: AMENDMENTS TO AS 43.80.015

Dear Representative MacLean:

The following comments will provide you with the Alaska Federation of Natives suggested amendments to AS 43.80.015. Included within these comments is the Federation's reasoning for said amendments.

The prime reason amendments to AS 43.90.015 are being requested is to prevent an inconsistency with AS 29.45.030(m) and bring AS 43.80.015 into conformity with the Alaska Native Claims Settlement Act (ANCSA), as amended.

Initially the effort only focused on omitting the language "until December 18, 1991" from 43.80.015. Replacement language could be as simple as "to the extent provided in 43 USC 1620(d), as amended". To lessen confusion that may occur in tracking the proper reference it would be appropriate to refer to 43 USC 1636(d), as amended rather than 43 USC 1620(d). 43 USC 1636(d) is in reference to the latest amendment of 43 USC 1620(d) per the 1987 ANCSA amendments (PL 100-241).

ANCSA provisions are controlling and thus amending AS 43.80.015 would simply limit the potential for conflict and litigation expenses in the future. The problem is not one of the viability of the ANCSA provisions, but rather one of avoiding the necessity to litigate the issue due to the State's provision failing to parallel federal law.

AFN Comments

REQUESTED AMENDMENTS TO AS 43.80.015:

AS43.80.015(a)

Subsection (a), as it presently exists, limits the state exemption to the "receipt of the original issue of shares of stock" (emphasis added). Section 21(b) of ANCSA, which is the controlling federal law, provides:

"The receipt of shares of stock in the regional or village corporations by or on behalf of any Native shall not be subject to any form of federal, state or local taxation."

ANCSA does not restrict the tax exempt status only to "original issue". In keeping with the 1987 amendments to ANCSA, almost every corporation is reissuing its stock. Thus the issue of whether such an issue of stock was or was not an "original issue" may be raised if clarification is not forthcoming.

Also, the Chenoweth draft of subsection (a) creates another problem by limiting the exemption to stock issued to persons enrolled as a Native, a provision not found in ANCSA.

It is requested that the words "of the original issue" be deleted and Mr. Chenoweth's reference to "persons enrolled as a Native" not be included.

AS 43.80.015(b)

Subsection (b), as it currently exists, fails to track the amendment to ANCSA adopted by Subsection 1408 of the Alaska National Interests Lands Conservation Act (ANILCA), which expands upon the manner in which an ANCSA corporation's basis in the land is determined.

To conform with ANCSA/ANILCA, the last sentence of 43.80.015(b) should be reworded as follows:

The basis for computing gain or loss on subsequent sale or other disposition of this land or interest in land for purposes of a state or local tax imposed on or measured by income shall be determined in accordance under 43 USC 1601-1642, as amended.

AS 43.08.015(c)

Omit "until December 18, 1991" replacing it with "to the extent provided in 43 USC 1620(d), as amended".

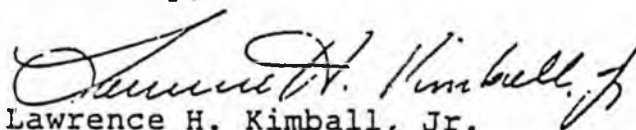
With regard to Mr. Chenoweth's comments, the draft including changes to subsections (a), (b) and (c) appears the most appropriate subject to the changes as requested by this letter.

I agree with Mr. Chenoweth's assessment that there is the potential for ensuing problems when versions drafted refer only to the two federal acts that are specifically identified. I trust language can be applied that reference these acts, as amended. Not being an attorney I suggest we leave the drafting of language that would accomplish that goal to Legislative Council.

Please contact me if you have questions or concern on this matter.

The Federation appreciates your interest and efforts in sponsoring this legislation.

Sincerely,



Lawrence H. Kimball, Jr.  
Staff to AFN Legislative Committee

✓  
**DIVISION OF LEGAL SERVICES**

**LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA**

**COPY**

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

240 Main Street, Suite 500  
Juneau, Alaska 99801-2101

**MEMORANDUM**

January 27, 1992

**SUBJECT:** Taxation of interests under Alaska Native Claims Settlement Act, as amended (Work Order No. 7-LS1722G)

**TO:** Representative Eileen MacLean

**FROM:** Jack Chenoweth  
Legislative Counsel

I have read Larry Kimball's critique of the earlier draft and have redrafted based on points made in that letter. Since Larry clearly preferred dealing with only the longer of the two earlier drafts, I have reworked only it.

You will note that I have, in several places, combined references to "43 U.S.C. 1620(d), as amended, and 43 U.S.C. 1636(d), as amended." These two code provisions were added to the United States Code in two different pieces of federal legislation. The later-enacted 43 U.S.C. 1636(d) appears by my reading to cover at least all the situations set out in the earlier-enacted 43 U.S.C. 1620(d). Despite the apparent overlap, I'm not certain that all the circumstances identified in sec. 1620(d) fit within those enumerated in sec. 1636(d). Out of an abundance of caution, I have included both references.

There are some local taxation references to these provisions that appear in AS 29.45 that I have added to this bill. In the amendment to AS 29.45.030(m), the proper reference to the federal legislation should be only to 43 U.S.C. 1636(d), for that is, in fact, where the terms are used. In addition, I modified the definitions in state law to more nearly comport with those now actually set out in the existing federal statute, replacing "property" with "land or an interest in land" and replacing "lease" with "leased."

I'd encourage further Alaska Federation of Natives review of this draft.

JBC:lmb  
92-011.lmb

Enclosure

1127192 Legal Services 1127192

**DIVISION OF LEGAL SERVICES**

**LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA**

SECTIONAL  
ANALYSIS

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

240 Main Street, Suite 500  
Juneau, Alaska 99801-2101

MEMORANDUM

February 7, 1992

**SUBJECT:** House Bill 451, relating to state and local taxation and other state regulation under the Alaska Native Claims Settlement Act, as amended; and providing for an effective date — sectional analysis (Work Order No. 7-LS1722/G)

**TO:** Representative Eileen MacLean

**FROM:** Jack Chenoweth  
Legislative Counsel

This measure amends various provisions of state law that exempt from certain forms of state and local taxation the property that is exempted from taxation by the Alaska Native Claims Settlement Act. The amendments set out in this bill generally reflect the inclusion of changes made by federal law since passage of the original Alaska Native Claims Settlement Act in December, 1971, and the adoption of the first state law exemptions shortly thereafter.

A principal change in the federal Act was the addition of 43 U.S.C. 1636(d) by the Alaska National Interest Lands Conservation Act of 1980. Sec. 1636(d) broadened the various protections for lands conveyed under the 1971 Act, but did not necessarily replace the federal tax exemption provided in the original Act. Since 43 U.S.C. 1636(d) did not supersede the exemptions and protections provided by the earlier-enacted 43 U.S.C. 1620, I have recommended that, where reference appears in state law only to sec. 1620 that it be followed by a second reference to sec. 1636(d) as well.

Throughout the measure, the words "as amended" are added. The intent is to conform the state tax exemptions to any further changes to the federal Act in the event the federal Act undergoes further revision in this subject matter area.

Bill section 1, an amendment to AS 29.45.030(a), a provision setting out mandatory municipal property tax exemptions, incorporates a reference to 43 U.S.C. 1636(d), as amended, behind the existing reference 43 U.S.C. 1620(d) for the reasons noted two paragraphs above.

2/7/92 Sectional Analysis - Legal

Representative Eileen MacLean  
February 7, 1992  
Page 3

Bill section 4, adding a new subsection (e) to AS 43.80.015, enumerates the specific federal legislation that have modified the original Alaska Native Claims Settlement Act, and further allows for changes affecting the tax treatment of property that may be made future federal amendments.

The bill is given an immediate effective date by bill section 6. Out of an abundance of caution, bill section 5 makes these changes retroactive to December 18, 1991, the 20-year anniversary date of the Alaska Native Claims Settlement Act's taking effect. In the original Act, on that date a number of safeguards initially enacted would have expired. All the safeguards that are of concern for purposes of this legislation have been expanded and extended in the two later federal Acts, especially the addition made by 43 U.S.C. 1636(d).

JC:gc  
92-114.glc

Enclosure

# **CORRECTION**

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

**DIVISION OF LEGAL SERVICES**

**LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA**

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

240 Main Street, Suite 500  
Juneau, Alaska 99801-2101

MEMORANDUM

February 7, 1992

**SUBJECT:** House Bill 451, relating to state and local taxation and other state regulation under the Alaska Native Claims Settlement Act, as amended; and providing for an effective date — sectional analysis (Work Order No. 7-LS1722/G)

**TO:** Representative Eileen MacLean

**FROM:** Jack Chenoweth  
Legislative Counsel

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A principal change in the federal Act was the addition of 43 U.S.C. 1636(d) by the Alaska National Interest Lands Conservation Act of 1980. Sec. 1636(d) broadened the various protections for lands conveyed under the 1971 Act, but did not necessarily replace the federal tax exemption provided in the original Act. Since 43 U.S.C. 1636(d) did not supersede the exemptions and protections provided by the earlier-enacted 43 U.S.C. 1620, we have recommended that, where reference appears in state law only to sec. 1620 that reference be followed by a second reference to sec. 1636(d) as well.

Throughout the measure, the words "as amended" are added. The intent is to conform the state tax exemptions to any further changes to the federal Act in the event the federal Act undergoes further revision in this subject matter area.

Bill section 1, an amendment to AS 29.45.030(a), a provision setting out mandatory municipal property tax exemptions, incorporates a reference to 43 U.S.C. 1636(d), as amended, behind the existing reference 43 U.S.C. 1620(d) for the reasons noted two paragraphs above.

2/7/92 Sectional Analysis Legal

Representative Eileen MacLean

February 7, 1992

Page 2

Bill section 2, also an amendment to the law applicable to municipalities, makes technical corrections. In context, the terms that are being defined appear in 43 U.S.C. 1636(d), not in 43 U.S.C. 1620. The terms defined are revised to reflect the language actually used in the federal provision expressed in a manner that is consistent with Alaska's drafting style.

Bill section 3 revises AS 43.80.015, the principal provision of state law extending an exemption from state taxes to certain property. Specifically:

- the caption change at page 3, lines 11 and 12, substitutes the full proper name of the federal Act for the Public Law reference;

- deletion of reference to "the original issue" of shares in line 12 is a substantive change; all share transactions--not just the original issues--are made non-taxable events;

- in lines 13 and 14, "state" substitutes for "Alaska" and the exact cite for the federal Act is inserted for the older reference; these are technical changes to conform to the state's drafting style;

- substitution of "person" for "Native" in line 15 is a substantive change; shares, as I understand, may now be transferred to a person other than an Alaska Native; these transfers would be non-taxable transactions;

- the changes made at lines 17 and 19 replace existing references with the exact federal Act cites;

- the change made by substitution of the phrase on line 22 conforms state law to the requirement of the federal Act as to how the basis of land received for purposes of equalization (in the event of land trades) is to be computed; it will be computed as the federal Act directs;

- the changes made on lines 24 - 28 are in the nature of substitutions of accurate cites and references;

- the long addition on lines 29 - 31 and the deletion of the December, 1991, date reflect substantive changes made by 43 U.S.C. 1636(d), a provision that expands and extends the protection from taxation given Native land under the amended federal Act; and

- the changes made to the balance of bill section 3 on page 4 of the bill either substitute accurate federal law cites or make minor stylistic changes.

Representative Eileen MacLean

February 7, 1992

Page 3

Bill section 4, adding a new subsection (e) to AS 43.80.015, enumerates the specific federal legislation that have modified the original Alaska Native Claims Settlement Act, and further allows for changes affecting the tax treatment of property that may be made future federal amendments.

The bill is given an immediate effective date by bill section 6. Out of an abundance of caution, bill section 5 makes these changes retroactive to December 18, 1991, the 20-year anniversary date of the Alaska Native Claims Settlement Act's taking effect. In the original Act, on that date a number of safeguards initially enacted would have expired. All the safeguards that are of concern for purposes of this legislation have been expanded and extended in the two later federal Acts, especially the addition made by 43 U.S.C. 1636(d).

JC:gc

92-114.glc

Enclosure

# Alaska Federation of Natives, Inc.

January 23, 1991

Representative Eileen MacLean  
Alaska State Legislature  
Capitol Office Building  
Juneau, AK 99811

RE: AMENDMENTS TO AS 43.80.015

Dear Representative MacLean:

The following comments will provide you with the Alaska Federation of Natives suggested amendments to AS 43.80.015. Included within these comments is the Federation's reasoning for said amendments.

The prime reason amendments to AS 43.90.015 are being requested is to prevent an inconsistency with AS 29.45.030(m) and bring AS 43.80.015 into conformity with the Alaska Native Claims Settlement Act (ANCSA), as amended.

Initially the effort only focused on omitting the language "until December 18, 1991" from 43.80.015. Replacement language could be as simple as "to the extent provided in 43 USC 1620(d), as amended". To lessen confusion that may occur in tracking the proper reference it would be appropriate to refer to 43 USC 1636(d), as amended rather than 43 USC 1620(d). 43 USC 1636(d) is in reference to the latest amendment of 43 USC 1620(d) per the 1987 ANCSA amendments (PL 100-241).

ANCSA provisions are controlling and thus amending AS 43.80.015 would simply limit the potential for conflict and litigation expenses in the future. The problem is not one of the viability of the ANCSA provisions, but rather one of avoiding the necessity to litigate the issue due to the State's provision failing to parallel federal law.

AFN comments

REQUESTED AMENDMENTS TO AS 43.80.015:

AS43.80.015(a)

Subsection (a), as it presently exists, limits the state exemption to the "receipt of the original issue of shares of stock " (emphasis added). Section 21(b) of ANCSA, which is the controlling federal law, provides:

"The receipt of shares of stock in the regional or village corporations by or on behalf of any Native shall not be subject to any form of federal, state or local taxation."

ANCSA does not restrict the tax exempt status only to "original issue". In keeping with the 1987 amendments to ANCSA, almost every corporation is reissuing its stock. Thus the issue of whether such an issue of stock was or was not an "original issue" may be raised if clarification is not forthcoming.

Also, the Chenoweth draft of subsection (a) creates another problem by limiting the exemption to stock issued to persons enrolled as a Native, a provision not found in ANCSA.

It is requested that the words "of the original issue" be deleted and Mr. Chenoweth's reference to "persons enrolled as a Native" not be included.

AS 43.80.015(b)

Subsection (b), as it currently exists, fails to track the amendment to ANCSA adopted by Subsection 1408 of the Alaska National Interests Lands Conservation Act (ANILCA), which expands upon the manner in which an ANCSA corporation's basis in the land is determined.

To conform with ANCSA/ANILCA, the last sentence of 43.80.015(b) should be reworded as follows:

The basis for computing gain or loss on subsequent sale or other disposition of this land or interest in land for purposes of a state or local tax imposed on or measured by income shall be determined in accordance under 43 USC 1601-1642, as amended.

AS 43.08.015(c)

Omit "until December 18, 1991" replacing it with "to the extent provided in 43 USC 1620(d), as amended".

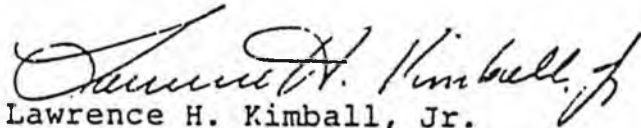
With regard to Mr. Chenoweth's comments, the draft including changes to subsections (a), (b) and (c) appears the most appropriate subject to the changes as requested by this letter.

I agree with Mr. Chenoweth's assessment that there is the potential for ensuing problems when versions drafted refer only to the two federal acts that are specifically identified. I trust language can be applied that reference these acts, as amended. Not being an attorney I suggest we leave the drafting of language that would accomplish that goal to Legislative Council.

Please contact me if you have questions or concern on this matter.

The Federation appreciates your interest and efforts in sponsoring this legislation.

Sincerely,



Lawrence H. Kimball, Jr.  
Staff to AFN Legislative Committee

HCR

17

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO: CSHCR 17(Fin)

Revision Date: \_\_\_\_\_  
Title: Establishing a Task Force on  
Governmental Roles.  
Sponsor: House Finance  
Requestor: Representative Boyer

Department Affected: Legislative Affairs Agency  
BRU: Legislative Council  
Legislative Operating Budget  
Component: Council & Subcommittees  
Session Expenses & Legislative Oper. Bud.  
COMPONENT SERIAL NO: 783

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	114.5	0	0	0	0	0
TRAVEL	66.4	0	0	0	0	0
CONTRACTUAL	116.0	0	0	0	0	0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	296.9	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	296.9	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL	296.9	0	0	0	0	0

POSITIONS:

FULL-TIME	2	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: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary)

CSHCR 17(Fin) establishes a Task Force on Governmental Roles within the Legislative Branch. The following is requested to adequately support the task force. The Task Force is terminated on June 30, 1992.

Prepared By: Pamela A. Stoops, Director  
Division: Administrative Services

*Pamela A. Stoops*

Phone: 465-3800  
Date: 4/15/91

Approved By: Warren W. Endicott, Executive Director  
Agency: Legislative Affairs Agency

*Warren W. Endicott*

Date: 4/15/91

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

## PERSONAL SERVICES

Staff is requested as follows to assist the Task Force on Governmental Roles:

Executive Director - Range 22A

\$4,442 x 12 months = \$53,304

\$53,304 x .2707 benefits + \$5070 health insurance = \$72,803

72.8

Administrative Assistant - Range 13A

\$2,405 x 12 months = \$28,860

\$28,860 x .2707 benefits + \$5070 health insurance = \$41,742

41.7

The following positions will also support the Task Force but are being funded from different sources:

OMB Research Analyst - Range 21A

12 months at \$70,000 will be absorbed within Governor's Office budget

C & RA Research Analyst - Range 21A

12 months at \$70,000 will be absorbed within C & RA's budget

Clerk Typist - Range 8A

12 months at \$32,000 will be funded by the Alaska Municipal League

## TRAVEL

Task Force Member Travel:

It is anticipated there will be 15 meetings of the 11 member Task Force on Governmental Roles.

15 meetings x 6 members requiring airfare each meeting = 90 airfares

90 airfares x \$436 = \$39,240

2 days per diem x 90 = 180

180 x \$95 = \$17,100

56.3

Staff Travel:

7 meetings x 2 staff members requiring airfare each meeting = 14 airfares

14 airfares x \$436 = \$6,104

3 days per diem x 14 = 42

42 x \$95 = \$3,990

10.1

## CONTRACTUAL

Professional services funding to contract with state and/or municipal policy expert.

\$100,000 for the duration of the project

100.0

Advertising - advertising of public notice of meetings--\$2,000.

5.0

Teleconferencing - 100 sites @ \$60.00 average site--\$6,000.

6.0

Printing and distribution of information--\$5,000

5.0

Office space will be absorbed within existing Legislative Operating Budget.

## SUPPLIES

Supplies for the task force will be absorbed within the Session Expenses and Legislative Operating Budgets.

## EQUIPMENT

Equipment for the task force will be absorbed within the Session Expenses and Legislative Operating Budgets.

**State Operating Expenditures, Municipal Assistance and  
State and Local Government Employment  
for Selected Municipalities, FY 86 - FY 91**

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91*
<b>State Operating Expenditures</b>	1,172,164.8	1,144,770.4	1,168,961.5	1,256,854.1	1,329,897.4	1,396,491.6
Percent Change from Prior Year		-2.3%	2.1%	7.5%	5.8%	5.0%
<b>State Employment</b>	20,358	19,900	20,400	20,355	21,036	21,458
Percent Change from Prior Year		-2.2%	2.5%	-0.2%	3.3%	2.0%
<b>Full-Time</b>	16,763	16,038	15,788	16,245	16,457	16,867
Percent Change from Prior Year		-4.3%	-1.6%	2.9%	1.3%	2.5%
<b>Part-Time/Temporary</b>	3,595	3,862	4,612	4,110	4,579	4,591
Percent Change from Prior Year		7.4%	19.4%	-10.9%	11.4%	0.3%
<b>Total Municipal Assistance</b>	175,735.6	140,165.8	119,209.1	115,608.0	112,009.4	104,275.6
Percent Change from Prior Year		-20.2%	-15.0%	-3.0%	-3.1%	-6.9%
<b>Municipal Assistance</b>	64,867.2	52,320.2	44,554.4	43,388.5	41,497.8	37,820.8
<b>Revenue Sharing</b>	42,251.8	32,769.2	27,429.6	26,152.6	26,117.4	25,643.0
<b>Sr. Citizens Tax Asst.</b>	3,749.4	2,756.2	2,670.7	2,678.4	2,896.4	2,991.0
<b>Total Municipal Employment</b>	6,396	6,058	5,874	5,725	5,752	5,758
Percent Change from Prior Year		-5.3%	-3.0%	-2.5%	0.5%	0.1%
<b>Full-Time</b>	5,408	5,241	4,577	4,784	4,774	4,839
Percent Change from Prior Year		-3.1%	-12.7%	4.5%	-0.2%	1.4%
<b>Part-Time/Temporary</b>	988	817	1,297	941	978	920
Percent Change from Prior Year		-17.3%	58.8%	-27.5%	3.9%	-5.9%

\*Notes on FY 91 figures. State budget figures are authorized expenditures, all previous years are actual expenditures. FY 91 part-time/temporary employment figures for the municipalities may appear low because that count is generally taken at fiscal year end, when temporary employment is at a peak. In some cases, these figures represent temporary employment as of March 1991, in other cases they represent estimates, or budgeted positions.

Notes: Employment for all municipalities and cities does not include school or hospital employees. The City and Borough of Juneau employment figures do not include Eaglecrest employees.

Senior citizen tax exemption amounts include senior citizen and disabled veteran property tax equivalency payments and senior citizen and disabled veteran property tax exemption program.

~~State operating expenditure figures are actual general fund expenditures (except FY 91, which is authorized general fund operating appropriations) minus expenditures for loan programs, debt service, municipal assistance, health grants, mental health grants, developmental disability grants, alcohol and drug abuse grants, power cost equalization grants, school foundation formula funding, school debt reimbursement and shared taxes.~~

- Sources: 1. State expenditure and employment figures - State of Alaska operating budgets, FY 87 - FY 92, Legislative Finance.  
2. Municipal employment figures - Municipal EEO reports.  
3. Municipal assistance figures - Alaska Taxable and State Revenue and Municipal Assistance, FY 86 - FY 91, Department of Community and Regional Affairs.

Prepared by the Legislative Research Agency, May 1991 (91.252S2).

**State Operating Expenditures, Municipal Assistance and  
State and Local Government Employment  
for Selected Municipalities, FY 86 - FY 91 (\$000)**

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91*
<b>State Operating Expenditures</b>	1,172,164.8	1,144,770.4	1,168,961.5	1,256,854.1	1,329,897.4	1,396,491.6
<b>State Employment</b>	20,358	19,900	20,400	20,355	21,036	21,458
Full-Time	16,763	16,038	15,788	16,245	16,457	16,867
Part-Time/Temporary	3,595	3,862	4,612	4,110	4,579	4,591
<b>Total Municipal Assistance</b>	175,735.6	140,165.8	119,209.1	115,608.0	112,009.4	104,275.6
Municipal Assistance	64,867.2	52,320.2	44,554.4	43,388.5	41,497.8	37,820.8
Revenue Sharing	42,251.8	32,769.2	27,429.6	26,152.6	26,117.4	25,643.0
Sr. Citizens Tax Asst.	3,749.4	2,756.2	2,670.7	2,678.4	2,896.4	2,991.0
<b>Total Municipal Employment</b>	6,396	6,058	5,874	5,725	5,752	5,758
Full-Time	5,408	5,241	4,577	4,784	4,774	4,839
Part-Time/Temporary	988	817	1,297	941	978	920
<b>BOROUGHS:</b>						
<b>Municipality of Anchorage</b>	59,144.5	45,880.9	39,362.3	39,865.9	37,833.9	35,264.1
Municipal Assistance	37,025.7	29,509.4	25,205.6	25,162.3	23,486.0	21,121.3
Revenue Sharing	19,957.2	14,783.2	12,617.0	13,108.2	12,632.7	12,338.2
Sr. Citizens Tax Asst.	2,161.6	1,588.3	1,539.7	1,595.4	1,715.2	1,804.6
<b>Employment</b>	3,923	3,680	3,332	3,224	3,202	3,328
Full-Time	3,560	3,391	2,738	2,926	2,943	2,972
Part-Time/Temporary	363	289	594	298	259	356
<b>Fairbanks North Star Borough</b>	10,333.5	8,420.5	7,119.8	4,672.1	6,707.7	6,412.2
Municipal Assistance	6,559.7	5,156.7	4,353.4	3,257.5	3,942.5	3,655.3
Revenue Sharing	3,237.0	2,880.9	2,363.4	1,026.7	2,334.0	2,355.0
Sr. Citizens Tax Asst.	536.8	382.9	403.0	387.9	431.2	401.9
<b>Employment</b>	450	372	502	417	429	366
Full-Time	286	254	286	235	255	263
Part-Time/Temporary	164	118	216	182	174	103
<b>City &amp; Borough of Juneau</b>	10,491.9	7,976.6	6,337.8	6,286.8	6,015.4	5,843.3
Municipal Assistance	4,170.7	3,281.5	2,772.3	2,767.2	2,631.3	2,548.6
Revenue Sharing	5,889.5	4,419.6	3,307.9	3,263.5	3,107.2	3,003.3
Sr. Citizens Tax Asst.	431.7	275.5	257.6	256.1	276.9	291.4
<b>Employment</b>	541	525	525	495	530	542
Full-Time	346	384	369	374	357	367
Part-Time/Temporary	195	141	156	121	173	175
<b>Kenai Peninsula Borough</b>	7,136.7	6,169.7	5,862.7	5,503.4	5,123.9	4,455.3
Municipal Assistance	3,191.9	2,939.1	2,489.8	2,485.3	2,307.3	1,937.7
Revenue Sharing	3,728.5	2,985.8	3,121.2	2,803.6	2,615.1	2,331.7
Sr. Citizens Tax Asst.	216.3	244.8	251.7	214.5	201.5	185.9
<b>Employment</b>	196	227	258	274	314	311
Full-Time	128	134	151	175	178	188
Part-Time/Temporary	68	93	107	99	136	123
<b>Matanuska-Susitna Borough</b>	8,993.4	6,958.2	5,519.8	5,507.5	5,216.4	4,682.5
Municipal Assistance	4,447.3	3,692.9	3,062.4	3,056.1	2,834.0	2,337.6
Revenue Sharing	4,174.3	3,028.1	2,269.1	2,257.4	2,145.9	2,071.3
Sr. Citizens Tax Asst.	371.8	237.2	188.3	194.0	236.5	273.6
<b>Employment</b>	125	118	116	122	128	132
Full-Time	117	110	108	114	119	123
Part-Time/Temporary	8	8	8	8	9	9

**State Operating Expenditures, Municipal Assistance and  
State and Local Government Employment  
for Selected Municipalities, FY 86 - FY 91 (\$000)**

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91*
<b>City &amp; Borough of Sitka</b>	2,141.2	1,705.7	1,624.1	1,613.7	1,414.4	1,389.5
Municipal Assistance	1,194.8	945.9	798.4	797.0	742.8	731.7
Revenue Sharing	915.2	732.3	795.3	786.2	636.5	624.2
Sr. Citizens Tax Asst.	31.2	27.5	30.4	30.5	35.1	33.6
Employment	110	109	114	130	141	138
Full-Time	89	89	90	107	109	114
Part-Time/Temporary	21	20	24	23	32	24
<b>CITIES:</b>						
<b>Fairbanks (Fairbanks Borough)</b>	6,031.8	5,164.2	4,312.9	4,284.2	3,982.4	4,126.5
Municipal Assistance	4,552.4	3,731.9	3,262.2	3,257.5	3,095.1	3,100.9
Revenue Sharing	1,479.4	1,432.3	1,050.7	1,026.7	887.3	1,025.6
Sr. Citizens Tax Asst.						
Employment	555	546	492	496	446	464
Full-Time	528	530	476	481	429	446
Part-Time/Temporary	27	16	16	15	17	19
<b>North Pole (Fairbanks Borough)</b>	316.6	254.0	215.5	217.5	209.3	193.8
Municipal Assistance	243.4	193.8	165.4	165.1	155.6	148.3
Revenue Sharing	73.2	60.2	50.1	52.4	53.7	45.5
Sr. Citizens Tax Asst.						
Employment	26	26	26	27	27	27
Full-Time	26	26	26	27	27	27
Part-Time/Temporary	0	0	0	0	0	0
<b>Homer (Kenai Pen. Borough)</b>	976.5	806.7	653.0	662.9	596.3	696.6
Municipal Assistance	555.7	460.2	390.5	389.8	365.3	377.3
Revenue Sharing	420.8	346.5	262.5	273.1	231	319.3
Sr. Citizens Tax Asst.						
Employment	98	94	97	95	91	84
Full-Time	69	62	66	66	66	66
Part-Time/Temporary	29	32	31	29	25	18
<b>Kenai (Kenai Pen. Borough)</b>	1,591.6	1,247.6	1,034.0	1,029.4	988.2	967.1
Municipal Assistance	978.0	794.3	680.9	679.7	639.8	621.5
Revenue Sharing	613.6	453.3	353.1	349.7	348.4	345.6
Sr. Citizens Tax Asst.						
Employment	131	128	130	131	137	108
Full-Time	78	81	88	89	89	83
Part-Time/Temporary	53	47	42	42	48	25
<b>Seldovia (Kenai Pen. Borough)</b>	153.8	121.3	69.5	69.2	85.3	88.1
Municipal Assistance	93.1	72.6	38.4	38.3	48.1	46.5
Revenue Sharing	60.7	48.7	31.1	30.9	37.2	41.6
Sr. Citizens Tax Asst.						
Employment	37	37	37	80	70	33
Full-Time**	12	14	13	10	10	9
Part-Time/Temporary	25	23	24	70	60	24
<b>Seward (Kenai Pen. Borough)</b>	967.3	867.0	654.0	651.6	615.9	630.4
Municipal Assistance	313.6	271.4	231.9	231.5	226.7	251.2
Revenue Sharing	653.7	595.6	422.1	420.1	389.2	439.2
Sr. Citizens Tax Asst.						
Employment	79	71	93	98	103	96
Full-Time	63	63	64	77	83	78
Part-Time/Temporary	16	8	29	21	20	18

**State Operating Expenditures, Municipal Assistance and  
State and Local Government Employment  
for Selected Municipalities, FY 86 - FY 91 (\$000)**

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91*
<b>Soldotna (Kenai Pen. Borough)</b>	894.3	830.0	720.1	716.4	653.6	638.3
Municipal Assistance	568.2	459.3	415.0	414.3	379.7	374.3
Revenue Sharing	326.1	370.7	305.1	302.1	273.9	264.0
Sr. Citizens Tax Asst.						
Employment	40	40	46	40	40	40
Full-Time	38	38	38	38	38	38
Part-Time/Temporary	2	2	8	2	2	2
<b>Palmer (Mat-Su Borough)</b>	999.8	859.4	687.1	655.9	611.6	603.2
Municipal Assistance	444.1	362.7	308.7	308.1	289.1	271.2
Revenue Sharing	555.7	496.7	378.4	347.8	322.5	332.0
Sr. Citizens Tax Asst.						
Employment	52	50	49	51	60	52
Full-Time	50	47	44	45	50	43
Part-Time/Temporary	2	3	5	6	10	9
<b>Wasilla (Mat-Su Borough)</b>	695.5	583.8	482.1	483.0	457.3	403.9
Municipal Assistance	528.6	448.5	379.5	378.8	354.5	297.4
Revenue Sharing	166.9	135.3	102.6	104.2	102.8	106.5
Sr. Citizens Tax Asst.						
Employment	33	35	57	45	34	37
Full-Time	18	18	20	20	21	22
Part-Time/Temporary	15	17	37	25	13	15

\*Notes on FY 91 figures. State budget figures are authorized expenditures, all previous years are actual expenditures. FY 91 part-time/temporary employment figures for the municipalities may appear low because that count is generally taken at fiscal year end, when temporary employment is at a peak. In some cases, these figures represent temporary employment as of March of 1991, in other cases they represent estimates, or budgeted positions.

\*\*The Seldovia City Manager is included as a full-time employee. Generally city managers are considered contract employees.

Notes: Employment for all municipalities and cities does not include school or hospital employees. The City and Borough of Juneau employment figures do not include Eaglecrest employees. FY 89 part-time/temporary employment for Juneau reflects a swimming pool closure during that year. Employment figures for the Anchorage Municipality were taken in December, except FY 91, which was taken in April. Part-time/temporary employment is about 100 to 150 positions higher in June. Senior citizen tax exemption amounts include senior citizen and disabled veteran property tax equivalency payments and senior citizen and disabled veteran property tax exemption program. State operating expenditure figures are actual general fund expenditures (except FY 91, which is authorized general fund operating appropriations) minus expenditures for loan programs, debt service, municipal assistance, health grants, mental health grants, developmental disability grants, alcohol and drug abuse grants, power cost equalization grants, school foundation formula funding, school debt reimbursement and shared taxes.

Sources: 1. State expenditure and employment figures - State of Alaska operating budgets, FY 87 - FY 92, Legislative Finance.

2. Municipal employment figures - Municipal EEO reports.

3. Municipal assistance figures - Alaska Taxable and State Revenue and Municipal Assistance, FY 86 - FY 91, Department of Community and Regional Affairs.

Prepared by the Legislative Research Agency, May 1991 (91.252S1).

**SENATE CS FOR CS FOR HOUSE CONCURRENT RESOLUTION NO. 17 (CRA)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**SEVENTEENTH LEGISLATURE - FIRST SESSION**

**BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE**

**Offered:**

**Referred:**

**Sponsor(s): HOUSE FINANCE COMMITTEE**

**A RESOLUTION**

**1 Establishing a Task Force on Governmental Roles.**

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

**3 WHEREAS both the federal and state governments have reduced assistance to municipalities and**  
**4 shifted responsibilities to municipalities; and**

**5 WHEREAS state agency operating funds appropriated by the legislature have increased by 19**  
**6 percent over the past five years; and**

**7 WHEREAS state funds appropriated by the legislature to municipalities have been reduced by**  
**8 40 percent over the last five years; and**

**9 WHEREAS during the last five years the number of state employees has increased and the**  
**10 number of municipal employees has decreased; and**

**11 WHEREAS an effort is needed to sort out responsibilities for providing governmental services**  
**12 in the most efficient and effective manner; and**

**13 WHEREAS the idea of undertaking a review of the roles of federal, state, and municipal**  
**14 government in providing services is not new, but a system for providing the review has not been**  
**15 instituted; and**

**16 WHEREAS the legislature needs information on the relationship between the federal, state, and**  
**17 municipal government to ensure that residents of the state have necessary services at reasonable costs;**

1           **BE IT RESOLVED** by the Alaska State Legislature that the Task Force on Governmental Roles  
2 is established with the following primary purposes:

3           (1) to define local, state, and federal governmental roles taking into account differences  
4 between urban and rural areas and differences between organized boroughs, the unorganized borough,  
5 and regional educational attendance areas;

6           (2) to examine the roles of the federal, state, and municipal governments in providing  
7 services and to determine whether changes ought to be made in those roles and recommend legislation  
8 needed to accomplish those changes;

9           (3) to consider methods of providing funding for governmental services, including the  
10 existing revenue sharing program and municipal assistance program, and make recommendations for  
11 improved funding mechanisms;

12           (4) to identify needed governmental services and consider methods to ensure those  
13 services are efficiently provided;

14           (5) to compare the relationship between local, state, and federal governments in Alaska  
15 with that in other states and make suggestions regarding implementation of successful models and  
16 innovative ideas;

17           (6) to classify various public services by appropriate levels of government responsibility  
18 and evaluate the classification for efficient service delivery, local control, constitutional responsibilities,  
19 ability of government to pay for the services, and other pertinent criteria;

20           (7) to recommend corrections for existing inconsistencies, overlap, or duplication of  
21 governmental functions, and establish a proposed time frame for implementing the corrections;

22           (8) to recommend alternatives for providing services and evaluate cost and funding  
23 options;

24           (9) to recommend changes to local government structures and mandatory powers; and  
25 be it

26           **FURTHER RESOLVED** that the task force shall consist of eleven members as follows:

27           (1) two members of the Senate appointed by the President of the Senate;

28           (2) two members of the House of Representatives appointed by the Speaker of the House;

29           (3) two persons representing the executive branch, appointed by the Governor;

30           (4) two persons representing different areas of the state and different municipalities,  
31 appointed by the Alaska Municipal League;

32           (5) one person representing an unincorporated community in the unorganized borough,

1 appointed by the Alaska Federation of Natives;

2 (6) two public members appointed by the Governor; and be it

3 **FURTHER RESOLVED** that members of the task force shall elect from among themselves a  
4 chair and a vice-chair and that, within funds made available for the purpose, the task force may hire staff  
5 and, subject to approval by the Legislative Council, contract for services to perform its duties under the  
6 procurement procedures adopted by the council; and be it

7 **FURTHER RESOLVED** that each member of the task force appointed by the Alaska Municipal  
8 League should receive per diem and travel expenses from the municipality the member represents, except  
9 that the task force may, in cases of necessity and within funds made available for the purpose, approve  
10 the payment to a member of per diem and travel expenses authorized for boards and commissions under  
11 AS 39.20.180; and be it

12 **FURTHER RESOLVED** that the task force shall report its findings and recommendations to  
13 the Governor and the Legislature by June 30, 1992; and be it

14 **FURTHER RESOLVED** that the task force report include recommendations that ensure budget  
15 reductions be shared equitably between the state and the municipal governments; and be it

16 **FURTHER RESOLVED** that the task force is terminated on June 30, 1992.

SENATE CS FOR CS FOR HOUSE CONCURRENT RESOLUTION NO. 17 (CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered:  
Referred:

Sponsor(s): HOUSE FINANCE COMMITTEE

A RESOLUTION

1 Establishing a Task Force on Governmental Roles.

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

3 WHEREAS both the federal and state governments have reduced assistance to municipalities and  
4 shifted responsibilities to municipalities; and

5 WHEREAS state agency operating funds appropriated by the legislature have increased by 19  
6 percent over the past five years; and

7 WHEREAS state funds appropriated by the legislature to municipalities have been reduced by  
8 40 percent over the last five years; and

9 WHEREAS <sup>state employment has increased over the past 5 years</sup> an effort is needed to sort out responsibilities for providing governmental services  
10 in the most efficient and effective manner; and

11 WHEREAS the idea of undertaking a review of the roles of federal, state, and municipal  
12 government in providing services is not new, but a system for providing the review has not been  
13 instituted; and

14 WHEREAS the legislature needs information on the relationship between the federal, state, and  
15 municipal government to ensure that residents of the state have necessary services at reasonable costs;

16 BE IT RESOLVED by the Alaska State Legislature that the Task Force on Governmental Roles  
17 is established with the following primary purposes:

1 (1) to define local, state, and federal governmental roles taking into account differences  
2 between urban and rural areas and differences between organized boroughs, the unorganized borough,  
3 and regional educational attendance areas;

4 (2) to examine the roles of the federal, state, and municipal governments in providing  
5 services and to determine whether changes ought to be made in those roles and recommend legislation  
6 needed to accomplish those changes;

7 (3) to consider methods of providing funding for governmental services, including the  
8 existing revenue sharing program and municipal assistance program, and make recommendations for  
9 improved funding mechanisms;

10 (4) to identify needed governmental services and consider methods to ensure those  
11 services are efficiently provided;

12 (5) to compare the relationship between local, state, and federal governments in Alaska  
13 with that in other states and make suggestions regarding implementation of successful models and  
14 innovative ideas;

15 (6) to classify various public services by appropriate levels of government responsibility  
16 and evaluate the classification for efficient service delivery, local control, constitutional responsibilities,  
17 ability of government to pay for the services, and other pertinent criteria;

18 (7) to recommend corrections for existing inconsistencies, overlap, or duplication of  
19 governmental functions, and establish a proposed time frame for implementing the corrections;

20 (8) to recommend alternatives for providing services and evaluate cost and funding  
21 options;

22 (9) to recommend changes to local government structures and mandatory powers; and  
23 be it

24 **FURTHER RESOLVED** that the task force shall consist of nine members as follows:

25 (1) one member of the Senate appointed by the President of the Senate;

26 (2) one member of the House of Representatives appointed by the Speaker of the House;

27 (3) two persons representing the executive branch, appointed by the Governor;

28 (4) two persons representing different areas of the state and different municipalities,  
29 appointed by the Alaska Municipal League;

30 (5) one person representing an unincorporated community in the unorganized borough,  
31 appointed by the Alaska Federation of Natives;

32 (6) two public members appointed by the Governor; and be it

1           **FURTHER RESOLVED** that members of the task force shall elect from among themselves a  
2 chair and a vice-chair and that, within funds made available for the purpose, the task force may hire staff  
3 and, subject to approval by the Legislative Council, contract for services to perform its duties under the  
4 procurement procedures adopted by the council; and be it

5           **FURTHER RESOLVED** that each member of the task force appointed by the Alaska Municipal  
6 League should receive per diem and travel expenses from the municipality the member represents, except  
7 that the task force may, in cases of necessity and within funds made available for the purpose, approve  
8 the payment to a member of per diem and travel expenses authorized for boards and commissions under  
9 AS 39.20.180; and be it

10          **FURTHER RESOLVED** that the task force shall report its findings and recommendations to  
11 the Governor and the Legislature by June 30, 1992; and be it

12          **FURTHER RESOLVED** that the task force report include recommendations that ensure budget  
13 reductions be shared equitably between the state and the municipal governments; and be it

14          **FURTHER RESOLVED** that the task force is terminated on June 30, 1992.

SENATE CS FOR CS FOR HOUSE CONCURRENT RESOLUTION NO. 17 (CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered:  
Referred:

Sponsor(s): HOUSE FINANCE COMMITTEE

A RESOLUTION

1 Establishing a Task Force on Governmental Roles.

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

3 ~~WHEREAS the days of ample federal funding and state oil wealth are over, and~~

4 WHEREAS both the federal and state governments have reduced assistance to municipalities and  
5 shifted responsibilities to municipalities <sup>to</sup> avoid increasing taxes; and

6 WHEREAS the state employment rolls have increased by 1,100 employees over the last five  
7 years from 20,358 in fiscal year 1986 to 21,458 in fiscal year 1991; and

8 ~~WHEREAS state agency operating funds appropriated by the legislature have increased by~~  
9 ~~\$224,300,000 over the past five years~~ from \$1,172,164,000 in fiscal year 1986 to \$1,396,491,000 in  
10 fiscal year 1991; and

11 WHEREAS municipal employment rolls in the state's largest communities have been reduced  
12 by 3,966 municipal employees from at least 6,396 in fiscal year 1986 to 2,991 in fiscal year 1991; and

13 WHEREAS state funds appropriated by the legislature to municipalities have been reduced by  
14 \$71,460,000 from fiscal year 1986 to fiscal year 1991; <sup>over the last 5 years</sup> and

15 WHEREAS an effort is needed to sort out responsibilities for providing governmental services  
16 in the most efficient and effective manner; and

17 WHEREAS the idea of undertaking a review of the roles of federal, state, and municipal

1 government in providing services is not new, but a system for providing the review has not been  
2 instituted; and

3       **WHEREAS** the legislature needs information on the relationship between the federal, state, and  
4 municipal government to ensure that residents of the state have ~~the best services possible at~~ reasonable  
5 ~~costs~~

6       **BE IT RESOLVED** by the Alaska State Legislature that the Task Force on Governmental Roles  
7 is established with the following primary purposes:

8           (1) to define local, state, and federal governmental roles taking into account differences  
9 between urban and rural areas and differences between organized boroughs, the unorganized borough,  
10 and regional educational attendance areas;

11           (2) to examine the roles of the federal, state, and municipal governments in providing  
12 services and to determine whether changes ought to be made in those roles and recommend legislation  
13 needed to accomplish those changes;

14           (3) to consider methods of providing funding for governmental services, including the  
15 existing revenue sharing program and municipal assistance program, and make recommendations for  
16 improved funding mechanisms;

17           (4) to identify needed governmental services and consider methods to ensure those  
18 services are efficiently provided;

19           (5) to compare the relationship between local, state, and federal governments in Alaska  
20 with that in other states and make suggestions regarding implementation of successful models and  
21 innovative ideas;

22           (6) to classify various public services by appropriate levels of government responsibility  
23 and evaluate the classification for efficient service delivery, local control, constitutional responsibilities,  
24 ability of government to pay for the services, and other pertinent criteria;

25           (7) to recommend corrections for existing inconsistencies, overlap, or duplication of  
26 governmental functions, and establish a proposed time frame for implementing the corrections;

27           (8) to recommend alternatives for providing services and evaluate cost and funding  
28 options;

29           (9) to recommend changes to local government structures and mandatory powers; and  
30 be it

31       **FURTHER RESOLVED** that the task force shall consist of nine members as follows:

32           (1) one member of the Senate appointed by the President of the Senate;

- 1 (2) one member of the House of Representatives appointed by the Speaker of the House;  
2 (3) two persons representing the executive branch, appointed by the Governor;  
3 (4) two persons representing different areas of the state and different municipalities,  
4 appointed by the Alaska Municipal League; <sup>draft</sup>  
5 (5) one person representing an unincorporated community in the unorganized borough,  
6 appointed by the Alaska Federation of Natives;  
7 (6) two public members appointed by the Governor; and be it

8 **FURTHER RESOLVED** that members of the task force shall elect from among themselves a  
9 chair and a vice-chair and that, within funds made available for the purpose, the task force may hire staff  
10 and, subject to approval by the Legislative Council, contract for services to perform its duties under the  
11 procurement procedures adopted by the council; and be it

12 **FURTHER RESOLVED** that each member of the task force appointed by the Alaska Municipal  
13 League should receive per diem and travel expenses from the municipality the member represents, except  
14 that the task force may, in cases of necessity and within funds made available for the purpose, approve  
15 the payment to a member of per diem and travel expenses authorized for boards and commissions under  
16 AS 39.20.180; and be it

17 **FURTHER RESOLVED** that the task force shall report its findings and recommendations to  
18 the Governor and the Legislature by June 30, 1992; and be it

19 **FURTHER RESOLVED** that the task force report include recommendations that ensure budget  
20 reductions be shared ~~equally~~ <sup>equally</sup> between the state and the municipal governments; and be it

21 **FURTHER RESOLVED** that the task force is terminated on June 30, 1992.



Official Business

# Alaska State Legislature

HOUSE OF REPRESENTATIVES

House State Affairs Committee

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

LETTER TO THE  
HOUSE FINANCE COMMITTEE  
For  
HCR 17

The House State Affairs Committee requests that the House Finance Committee review the attached fiscal note for HJR 17 and take into consideration the following:

(1) The budget can be reduced by approximately \$210. by utilizing existing staff and technical expertise in the Department of Community and Regional Affairs and the Office of Management and Budget. The State Affairs Committee anticipates DCRA and OMB to work closely with organizations representing local government interests such as the Alaska Municipal League, the Association of Municipal Finance Officers, as well as municipal managers and attorneys.

(2) It is anticipated that local governments will assist with soliciting public and local government input. We hope that municipal finance officers, municipal managers and attorneys will take on this project and provide technical support. We believe that the state should be prepared to pay travel and per diem for officials from communities that cannot otherwise afford to participate in task force meetings. It is the expectation of the committee that most communities will be able to bear their own travel and per diem expenses.

A handwritten signature in cursive script, appearing to read "Tom Meyer", written over a horizontal line.

House State Affairs Committee  
April 5, 1991

WALTER J. HICKEL, GOVERNOR

**DEPT. OF COMMUNITY & REGIONAL AFFAIRS**

OFFICE OF THE COMMISSIONER

May 3, 1991

- 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

POSITION PAPER

RE: CS for House Concurrent Resolution 17

REFERRED: State Affairs, Community & Regional Affairs,  
Finance

Program Effects

Committee Substitute for House Concurrent Resolution 17 proposes the creation of a task force to examine the roles of local, state, and federal governments in the funding and provision of services for the people of Alaska. The task force would compare Alaska's current practices with those of other states and return by April 30, 1993 with a report of its findings and, where appropriate, with recommendations for the Legislature.

Comments

The Department believes the time is right to embark on this important undertaking. During the past few years it has become evident to the Department that Alaska is in need of a thorough examination and subsequent understanding of the many problems which now exist, and which we are likely to be facing in both the short and the long term. CS for HCR 17 provides the mechanism for accomplishing that.

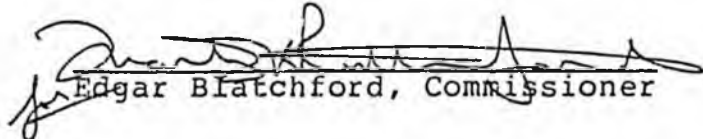
The Department is engaged, on an ongoing basis, in working to overcome problems relating to education funding, borough formation, provision of services, enhancement of revenue streams, and many other problems. Each of these problems is identified within the scope of the goal of CS for HCR 17. The bill provides for a proactive approach toward accomplishing an honest and candid assessment of our current situation, and provide for a policy umbrella under which we can work jointly to address immediate and future difficulties in Alaska. The Department's substantial efforts over the past few years have addressed only parts of the economic puzzle with which the State is dealing. CS for HCR 17 provides the catalyst for framing the entire puzzle, and the mechanisms for correctly assembling it.

Position Paper - CS for HCR 17  
May 3, 1991  
Page Two

We believe it is important for Alaskans to revisit the Home Rule Doctrine, the foundation of Alaska's governmental structure, and carefully and systematically examine the roles and powers of different levels of government in Alaska under that concept. As a matter of course, we believe that undertaking will be accomplished within the scope of CS for HCR 17.

In summary, the Department believes Alaska's public sector has, for too many years, served in a reactionary role in attempting to deal with individual problems as they arise. These problems are inextricably connected, and addressing only those which happen to be at the immediate forefront and without the benefit of the larger picture, sometimes causes undesirable complications or creates additional problems in other areas. The goal set out in CS for HCR 17, is intended to provide the larger picture necessary to overcome this situation, and the Department strongly supports its passage.

The fiscal details for funding this measure are being considered at this time. Depending on the results of those discussions, we may or may not have concerns with the fiscal impact to the state budget.

  
Edgar Blatchford, Commissioner

# ALASKA MUNICIPAL MANAGEMENT ASSOCIATION

217 Second Street, Suite 200, Juneau, Alaska 99801, (907) 586-1325

May 1, 1991

The Honorable Steve Frank, Chair  
and Members  
Senate Community & Regional Affairs Committee  
Post Office Box V - Room 417 Capitol Building  
Juneau, Alaska 99811

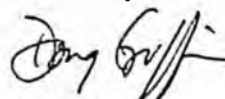
Dear Senator Frank and Committee Members:

The Alaska Municipal Management Association (AMMA) voted at its business meeting yesterday, April 30, 1991, to support Legislative approval of House Concurrent Resolution 17, Establishing a Task Force on Governmental Roles.

The AMMA believes that the fiscal note attached to Resolution 17 should receive funding at no less than \$300,000. This is a modest amount considering the scope of work necessary to adequately address the compelling need to determine the roles of local, state, and federal governments in providing services.

The AMMA requests your favorable consideration on House Concurrent Resolution 17.

Sincerely,



for Tom Healey  
President

cc: Representative Mike Navarre  
Representative Mark Boyer



## GOVERNMENT AND FOUNDATIONS: A NEW KIND OF ALLIANCE

The days of "model" programs and federal funding are over. Now, the foundations are looking to states and cities to generate ideas—and money.

*By Kathleen Sylvester*

There is a man in Columbus, Ohio, now in his early 50s, who spent the past 16 years in a state mental hospital. He is a schizophrenic. But earlier this year, local mental health officials boldly moved him out of the hospital and into an apartment of his own.

Philip Cass, president of the Franklin County mental health board, says the man is now "thriving." He is so stable he has not needed either hospitalization or emergency room treatment.

This small miracle was accomplished in part because of new communications technologies, including a beeper and a cellular phone. The electronic umbilical cord that links this man with a support team of caseworkers 24 hours a day makes it possible for him to live in the real world. In practical terms, it means there is someone to make sure he takes his medication; someone to make sure he remembers to eat and someone for him to call in the middle of the night. While the idea for the support teams came from local mental health officials, the money and political momentum that made it happen came from the Robert Wood Johnson Foundation. That collaboration, too, is a "new technology" of sorts: a foundation working within the structure of government to change the way government does business.

From time to time, foundations redefine their agendas and their strategies. This newest kind of collaboration reflects some changes in both.

Foundations, even those heavily focused on innovation, respond to what is happening in society. "Traditionally," says foundation critic Waldemar Nielsen, "foundations have had a significant role to play in the great social movements of the times—racial equality, the environment, consumerism, the women's movement—but not until

grass-roots support had put those movements into the mainstream."

Whatever concerns society, adds Elizabeth Boris of the Council on Foundations, "inevitably gets translated into grant making." In the 1980s, concern focused on welfare and employment issues; then it began shifting to education. Peter Goldmark, president of the Rockefeller Foundation, sees the 1990s as a time when foundations will necessarily become more interested in other social problems "because so much isn't working—drugs, crime, homelessness, housing."

And as those issues become part of their agenda for the 1990s, foundations are devising a new strategy to implement that agenda. As it is emerging, that strategy has two elements: The first is that, increasingly, state and local policy makers will be the foundations' partners. That makes sense because they are the people most directly involved in trying to solve these problems. The second is that these new partnerships are premised on the reality that there is no "new money" to spend on social problems; instead, the old systems must be made to work better.

The collaboration of Franklin County, the state of Ohio and the Robert Wood Johnson Foundation is a prime example. While it is not the way large private foundations have generally operated in the past, it is the way many are likely to operate in the future.

Until the 1980s, says President Margaret Mahoney of the Commonwealth Fund, one of the chief ways that philanthropy leveraged change was by creating "model" programs outside of government. Then, if those programs proved successful, the federal government would come in and replicate them. Most often cited as an example are the Ford Foundation's poverty programs of the 1960s, on



Many fortunes made in the 1980s will find their way into community foundations, which pool the money of smaller donors, Waldemar Nielsen predicts.

which major elements of Lyndon Johnson's War on Poverty were modeled. But now, says Mahoney, "government has a lot less money to spend, so the old idea of coming up with hothouse models" doesn't work any more.

Susan V. Berresford, a vice president of the Ford Foundation, says there is another reason to abandon that approach: "Even when there was a very activist federal presence and a lot of money behind that federal presence, it was challenging to get those programs pushed into the lifeblood of governmental institutions." While Ford supported many interesting model development efforts, she says, "some of them found their way into that lifeblood and a lot of the others didn't." As time went on, "it became clear to us that an alternate approach was to try to develop something different within the existing system rather than something apart from the existing system."

Berresford gives this example. If the Ford Foundation had been trying to figure out how to add a work component to welfare programs in the early 1970s, it probably would have created a model program outside of government. But in the 1980s, the foundation decided instead to fund experiments in 10 existing state programs through the Manpower Demonstration Research Corporation. The states designed their own programs and, for the first time, contributed substantial funding of their own. "That was a different way of going about it," says Berresford.

Simple math also dictates a new approach. There are more than 30,000 grant-making foundations in this country. They range from tiny mom-and-pop operations to community foundations to the giant Ford Foundation with an endowment of \$5.25 billion. There are about 125 with endowments of \$100 million or more. All of these

foundations together give away about \$6.7 billion a year, and corporate foundations give away another \$5 billion. Compared with state budgets, which average about \$10 billion, that's not a huge sum.

If that foundation money is going to be used to create any lasting impact, it has to leverage the larger pot of state and local money.

The people at the Robert Wood Johnson Foundation are working hard at creating a model to do just that. When the foundation, which devotes most of its \$2.8 billion resources to health issues, wanted to find new ways to deal with the enormous

wave of mentally ill persons released from institutions in the late 1970s and early 1980s, it sought proposals from the country's 60 largest cities.

Martin Cohen, deputy director of the foundation's \$29 million program on chronic mental illness, says the foundation began by insisting on only one proposal per city: "It forced them to decide who would be running the program and what the proposal would say," Cohen notes. And after the grant proposals were in hand, the foundation sought evidence that "the mayor and the county commissioners and the state officials [were] all signed on."

Ohio was a big winner in the competition. In 1985, when it became apparent that three Ohio sites—Columbus, Cincinnati and Toledo—were all contenders for grants and that Robert Wood Johnson was not likely to pick three of its eight sites from a single state, the state offered to put up \$1.25 million, or the cost of funding one city for the five-year project, if the foundation agreed to include all three cities in the experiment. State officials also agreed to provide funding for a housing component for the program, and to try to get the legislature to revise the structure of mental health funding in the state.

Michael Schroeder, director of policy planning for the state's mental health department, says the foundation's presence in Ohio is making a real difference because it came at a time when the state was already rethinking its mental health policy. Schroeder says officials realized that one central authority should oversee state mental hospitals as well as the 53 local community mental health centers. In 1988, two years into the project, the legislature enacted the changes.

The presence of the models in the three cities had created a focal point for the debate. A broad coalition—

including the families of the mentally ill along with state officials, local mental health boards, a Democratic sponsor in the Democrat-controlled House, a Republican sponsor in the Republican-controlled Senate and Democratic Governor Richard F. Celeste—delivered the same message: The state needs this legislation. The foundation had not contributed a lot of money—just \$250,000 per city per year.

Philip Cass, who oversees the Franklin County program in Columbus, says the foundation's presence also neutralized local opposition. When local agencies resisted change, the plan's backers "were able to fall back on the line that 'We promised this to the foundation' so we have to deliver."

The program has another year to run, and while Cohen says it's too soon to discern any long-term outcomes, there are some marked improvements in the lives of the mentally ill clients served: "We know they have better access to affordable and safe housing; they get better treatment because they have access to 24-hour teams; they have more treatment choices; we're seeing reductions in inpatient services; there is intervention before hospitalization is necessary."

Most of those changes will be lasting. One reason is that the ideas came from the people who run the programs. "When you work with the public manager and educate that public manager," says Ford's Berresford, "what happens when the foundation leaves becomes a much less important question." The other is that they won't require "new money." The foundation insisted, and the grantees agreed, that there was no point in creating a program that could not become self-sustaining when the foundation support runs out. While the 24-hour treatment teams are expensive, they are expected to pay for themselves eventually by saving money that would have been spent on emergency and inpatient care.

"The level at which change has been made is so fundamental, the change is so great," says Cass, "that we won't ever be able to go back."

Cohen, who calls this "constructive meddling," admits it was not always welcome. Some grant recipients wanted foundation money, but no advice to go with it. He recalls one official in a city that received a grant becoming quite hostile when he was asked for more information about his program in the early days. He told Cohen: "Look, you'll get the same information the state gets, no more." Cohen bluntly suggested that if that were the case, the foundation



Mental health workers in Columbus, Ohio, help a patient leave the hospital for a relatively independent life at home.

would consider pulling out. Four years later, things are very different. "Last week," says Cohen, "that same guy called and said, 'We haven't heard from you in a while. When are you coming out?'"

In an odd way, the new constructive meddling model now used by such giant national foundations as Ford and Robert Wood Johnson replicates what the best of the community foundations have been doing for a long time.

Director Steven A. Minter of the Cleveland Foundation, the nation's oldest and second-largest, says that since its founding in 1914, his organization has maintained a close relationship with government. In addition to making direct grants

to city government, the foundation also plays an active role in planning for the city's future. "We've never had a big hangup about getting involved with government," says Minter. "We simply asked what's the issue and who's best to deal with it?"

When Republican George Voinovich became mayor in 1980, for example, he asked for help and the foundation contributed \$800,000 to create a task force to look at the organization of every city department. When it became clear how badly the city's infrastructure had deteriorated, the foundation brought in experts to study the problem; then it helped galvanize public support for raising taxes to make the necessary improvements. And while the foundation doesn't have resources to compare with the \$400 million the city spends on its schools each year, Minter says the foundation can help the schools rethink how they spend that money: "It's clear when you look at the school system that less than 1 percent is spent on staff development, and we can say to them, 'You've got to invest more in your teachers.'"

The Cleveland Foundation, like others of its type, was designed as a conduit to funnel smaller donors' funds into their communities. Its \$579 million endowment makes it one of only 12 community foundations with resources of more than \$100 million, and it has the added advantage that relatively few of its donors have specified the uses to which their money may be put. Eighty percent of its funds are unrestricted or minimally restricted. It is regarded as the model for community foundations across the country at a time when they are the fastest-growing segment of the philanthropic sector.

Waldemar Nielsen, a former Ford Foundation officer who has written several books about foundations, says the growth of community foundations is "the most important

## Can foundations work with governments and still fund those who criticize it? Yes, if both sides keep the two actions separate.

recent development in the foundation world. In the last 20 years, they have grown not only in numbers and resources, but in influence." There now are 256 community foundations, accounting for 5.5 percent of total grants. And according to the Foundation Center, their giving increased a dramatic 29 percent, or \$92 million, from 1987 to 1988. Nielsen predicts that many of the fortunes accumulated in the 1980s will go to community foundations in the next decade.

**I**nterest in constructive meddling is growing beyond community foundations, however, and taking on many other forms.

In the Midwest, a small pot of money from a collection of foundations provided an incentive for a novel experiment in regional government by eight states: the Great Lakes Protection Fund.

"Everyone knows that pollution doesn't stop at state boundaries," says director Judith Stockdale. But transforming that acknowledgment into a genuine cooperative venture—and getting the states to put up money for it—could be accomplished only with the kind of neutral pressure outside organizations could create.

In this case, the pressure came from the Mott, Joyce and Gund foundations. They gave money for the organization, development and planning of the protection fund. The idea was to get the legislatures of all the states bordering on the Great Lakes to agree to abide by the same toxic substances control standards, and also to contribute state funds to create a regional endowment. "At the beginning," says Maureen Smyth of the Mott Foundation, "we said, 'Boy, is this high risk'—to get eight Great Lakes governors to sign and also agree to pay for it." But with foundation dollars supporting the research and planning, and resolving the issues of how the fund would be governed, eventually all eight governors got bills through their legislatures and signed on.

Craig Kennedy, president of the Joyce Foundation, says the foundations were adamant about playing a limited financial role: providing seed money and getting out. "We shouldn't be in the business of creating false economies. If it's a strong idea, it's worth spending taxes on."

Today, the Great Lakes Protection Fund is up and running, making its own grants for the protection and cleanup of the lakes. While the foundations contributed less than \$1 million, their contribution has leveraged \$45 million from the eight Great Lakes states, and the endowment is expected to reach \$100 million.

Even social research—long a favored pursuit of private foundations—is taking on a more result-oriented focus when it comes to public policy.

Commonwealth Fund Vice President Thomas Moloney says the strategy of his foundation, with an endowment of \$330 million and just \$10 million to give away each year, is to do what its staff calls "shining a light on a problem"

through the process they call "disaggregation." For example, Moloney explains, Commonwealth can't solve the enormous problem of black male high school dropouts. But "that is not a seamless group," he says. By studying the group intensively, Commonwealth expects to discover at least five different profiles of young men

within it. Moloney suggests that the process may reveal that two of the groups within the larger one may be immediately salvageable—that there are strategies schools could use right now to keep them in school. Such research, foundation president Mahoney says, is presented to policy makers to help them make more informed choices, and made available to larger foundations that might take on experiments to try those strategies.

John Riggan, a Philadelphia-based consultant to foundations, says this marks a change from the days when foundations used to "prize knowledge for its own sake. The value of the idea used to be the bottom line."

Rockefeller's Goldmark, whose foundation has an endowment of \$1.85 billion and uses a variety of strategies to influence government, suggests that there is still another way to conceive of partnership: foundations funding the activists who put continuing institutionalized pressure on government. Those outside groups, such as the Children's Defense Fund at the national level and its growing number of state affiliates at the local level, play an important role in the public policy debate, he says. "Remember what kind of animal government is. It often responds to the squeaky wheel and a little outside pressure."

But can a foundation give money to activists who lobby a government and work collaboratively with that same government? Kennedy, of the Chicago-based Joyce Foundation, which has an endowment of \$340 million and plays an active role in environmental and education issues in the Midwest, says yes. The key is that foundations and government both have to understand that the area in which they're collaborating must be kept isolated from everything else. "If we collaborate with the governor's office on a project, the governor [shouldn't] call up to say... I'm upset to hear that you're giving to Group Y. There is nothing that will chill our relationship faster," says Kennedy. As a case in point, Kennedy suggests that Wisconsin's Republican governor, Tommy G. Thompson, "probably finds a lot of the things the Joyce Foundation does not to his liking, but that doesn't mean we don't have an excellent working relationship on the Great Lakes Protection Fund." By the same token, he says, his foundation has no business trying to influence governors in policy areas unrelated to their Joyce grants.

As they are learning when it is appropriate to keep their distance, foundations and government are also learning when they need to stick together. In the past, many foundations have found it attractive to work on public policy until it became controversial in the community, the legislature or elsewhere. That reticence is slowly beginning

Foundations have learned  
the best way to get  
support for new ideas  
is to show they  
can pay for themselves  
in the long run.

to change. Kennedy says one question he now asks himself before funding a project with government is: "Are we willing to stand up there with them and take flak if it doesn't work out?" For example, his foundation is deeply involved in the effort to decentralize the management of the Chicago public schools. "It's a very radical idea, and it's not all that clear that it's going to work," says Kennedy, "but we're not going to head off into the mountains and claim we never supported it if it fails."

If foundations are going to take more risks, however, they want a parallel commitment from government. That means money. Says Kennedy: "I always get concerned if they say, 'We can't go to the state legislature for any money.' That means it's a low priority or doesn't have credibility."

Foundations also try to insist that what they do will lead to real and permanent change. The Northwest Area Foundation, based in St. Paul, Minnesota, devotes its \$218 million resources to economic revitalization in an eight-state area. And vice president Karl N. Stauber says that as state budgets have gotten leaner, he's seen a dramatic increase in grant requests from those eight states. A large percentage were inappropriate: "If a governor comes to us and says, 'Look, I'm a new governor and I need to hire a couple of policy jocks,' we know that won't lead to any structural change because when that governor moves on, those people will have moved on too, and there's nothing left. We say no."

The foundation will say yes, as will other foundations, when it foresees a reasonable prospect of sustained results and permanent change. The best way for new ideas to win support from the politicians and the public, says Stauber, is to show that they can pay for themselves in the long run. That is a lesson of politics that foundations have come to understand.

There is another lesson, however, that many find harder to grasp: the necessary tedium of the political process. Lloyd Omdahl, lieutenant governor of North Dakota, says his state's ongoing tensions with the Annie E. Casey Foundation are illustrative. The state is in the third year of a five-year program aimed at coordinating services for high-risk children. Everyone agrees on goals. But Omdahl says frankly: "The foundation's expectations are higher than it's possible for us to deliver." Integrating service delivery for at-risk children involves concessions and changes from all three branches of government and both elected and appointed state and local officials. The program is designed to get all these people on board, says Omdahl, by creating a non-profit board of directors that includes all the people affected by the changes. Still, he says, "there are invariably turf problems when you introduce a new political entity, and some agencies are threatened." Omdahl says the foundation and state and local officials are now in the process of reviewing "what's achievable and what's not."

While it is clear that philanthropy today is increasingly a more willing partner of government, it is also clear that governments must take the lead, must more and more be the source of the visions of change that foundations will help to create and fund. There are many foundations, big and small, that don't

have the staff or resources to come up with innovations on their own. "For those foundations, the staff has little choice but to find out what the *New York Times* thinks are the burning issues, and chase them," says Thomas Moloney of the Commonwealth Fund.

Consultant Riggan is frequently asked by governors whether they should assign a staff member to act as a liaison to foundations. He tells them yes, pointing out that most foundations are too small to afford a staffer who pays attention to the states. Robert Blendon, former senior vice president of the Robert Wood Johnson Foundation, adds that once a foundation decides it's interested in public policy, the state is one of the major actors. But he says the state must do two things to make foundation partnerships more feasible. In the past, he notes, "most states didn't want to do single-site demonstration programs, and foundations can't always afford to do more than one." Says Blendon, governors must be willing to make some tough choices.

More important, the states need to be initiators of innovation. Even in a foundation as large as Robert Wood Johnson, says Blendon, "we found it non-productive to roam the country talking to states to see if they were interested in working with us. We'd go to the National Governors' Association or the National Conference of State Legislatures and ask: 'Who's thinking about this?'"

Even though the Ford Foundation does a great deal of outreach, says Berresford, what it welcomes is the public official who comes to the foundation and asks for help solving a specific problem. "That's the kind of creative, aggressive, problem-solving public manager and innovator that you want to work with—one who sees what things work well and wants to do more. Not someone saying, 'I need something, give it to me.'"

This new coming together of philanthropy and state and local government is part of a larger process, says Berresford: "We started sometime in the 1970s, and we're not entirely through yet." The process, she says, involves the rethinking of the appropriate roles for federal, state and local governments and for philanthropy.

And although the change is not finished, the Cleveland Foundation's Minter thinks that like the changes his foundation seeks to foster in Cleveland, the new partnership between foundations and government will be lasting too: "I think that these new relationships are going to become a permanent fixture. There will be refinements in the process, but there will never be a time when we say, 'Now we've got a federal budget to deal with these issues and everyone can step back.'" □

# STATES ARE RUNNING OUT OF SINS TO TAX

Over the past couple of years, a lot of states have turned to excise taxes to close revenue gaps. It won't be that easy in 1991. Tax on services, anyone?

By Penelope Lemov

Cars took it on the chin last year. So did the gasoline to run them. And so did ciga-  
rettes, alcoholic beverages, and hotel and motel rooms.

During the 1990 legislative season, state legislators, as they had in 1989, tried to fill in all or part of their revenue disappointments the easy way: by raising their rates on so-called "sin taxes" and similar excise taxes that put the tax pain on people's pleasures.

But that's not the likely scenario in 1991. Given the level of state activity in 1989 and 1990 and the federal government's full-court press on excise taxes this fall, many state legislatures will find that this revenue vein is just about played out.

There are other reasons why most legislatures won't be able to depend on the comparatively painless application of excise taxes to keep budgets in balance. Slowing economies in 1991 will mean flagging revenues just as federal and state mandates, court orders and political pressures spell rising expenditures, especially for education, Medicaid and prisons. Excise taxes on motor fuel, tobacco products and alcoholic beverages, which accounted for 9 percent of state tax revenue in 1989, won't be able to handle the

increases. That means more states are going to be looking once again at the more controversial income and sales taxes, with the most likely target for serious consideration new or expanded sales taxes on services.

The situation was simpler in 1990, and there was action aplenty on sin and other excise taxes. Sixteen states passed excise tax legislation that is expected to raise \$2.1 billion in fiscal 1991; more than half the legislatures raised rates on two or more types of these taxes.

In many states, excise taxes at-

tracted the attention of legislators because they had been ignored for a long time and were seen as ripe for the picking. Rhode Island was typical. "Many of those we changed this year were fees and excise provisions that hadn't been looked at for 10 years and weren't keeping up with inflation," notes Senator Richard Patterson, a Democrat who chairs the Senate Finance Committee.

Florida legislators, facing a \$700 million bill to balance the state's \$27 billion 1991 budget, "went to every sin tax and piddled around," says Florida Representative Anne Mackenzie, a Democrat who chairs the House Finance and Taxation Committee. The piddles alone should raise nearly half of the shortfall. Gasoline taxes went up more than a penny per gallon; alcoholic beverages were slapped with surcharges of from 4 cents to 10 cents on drinks served in bars and restaurants. The tax on cigarettes was raised a hefty 10 cents a pack, to 33.9 cents, proving once



Nine states raised taxes on tobacco products this year. Increases in tobacco and other excise taxes are expected to boost state revenues by \$2.1 billion in fiscal 1991.

again that the seven out of ten adults who don't smoke don't mind when legislators sock it to the three out of ten who do.

In addition to adjusting the sin and gasoline taxes, many states looked around for other easy targets. Hotel and motel rooms were one: Four states raised or enacted room or meal tax rates on the theory that it was easier to load a little of the tax burden on the shoulders of out-of-towners.

Florida found an easy-to-hit target in a tax that falls most heavily on newcomers to the state. Those who register cars that add to the total volume of automobiles already on the road now pay dearly for the privilege: \$295 per car. The tax does not apply to Florida families who replace a car they already own; only those who add an additional car to their fleet must pay it. But that exclusion doesn't apply to new arrivals and their cars. "When you move to Florida and add another set of wheels to our public roads, we consider that an impact on our clogged roads," says Mackenzie. The tax will not go into a kitty for road improvements but directly into the general fund.

But excise taxes have probably had it for now on the state level. For starters, the sin tax base is dwindling as people smoke and drink less. The taxes also tend to be relatively unproductive, points out Steven D. Gold, director of the Center for Study of the States at the Rockefeller Institute, because they're usually based on quantity rather than value—that is, an excise tax on beer may be 5 cents per bottle rather than a percentage of the price. Therefore, excise tax revenues don't rise with inflation, only with a legislative increase in the tax.

No matter how much of a boost the tax is given, excise taxes have their revenue-raising limits, especially in troubled times. "If the economy continues to soften and we see budget numbers like we're seeing in states like Virginia and Florida," says Har-

## TAXING THIS AND THAT

Projected fiscal 1991 revenue changes from selected state excise taxes enacted in 1990 legislative sessions

(Millions of dollars)

State	Tobacco	Alcohol	Motor fuels
Ariz.	9.5		
Calif.			760.0
Del.	5.5	5.7	6.0
Fla.	118.2	132.2	187.6
La.	14.0		
Maine	3.4		
Mass.			177.4
N.H.	2.0	0.5	10.0
N.J.	103.0	-25.0	
N.Y.	78.0	49.0	
Ohio			116.0
Tenn.			12.0
Texas	178.6	25.7	
Vt.			10.2
Va.		1.0	
Wash.			130.0

Source: National Association of State Budget Officers

ley Duncan, executive director of the Federation of Tax Administrators, "then it's not likely that budget holes of that magnitude are going to be solved by painless sin tax increases."

Legislators in the Northeast and in parts of the Sun Belt are already feeling the impact of Duncan's point. In Rhode Island, gasoline, cigarette and alcohol levies were increased in 1989; in 1990, a motor vehicle tax was increased and a one-year, 1 percent rise in the sales tax was passed. But that won't do for 1991, says Patterson. "We're facing some serious times and a big deficit in Rhode Island. We will have to look to other sources of revenue."

In Texas, where the 1990 hikes in tax rates on alcohol and cigarettes are projected to raise \$204 million for fiscal 1991, the revenue shortfall for fiscal 1992 is expected to be somewhere around \$3.2 billion. "I'm already getting a headache," says Sena-

tor John Montford, a Democrat who recently took over as chairman of the Senate Finance Committee. Another increase in excise taxes is, he points out, out of the question. "If they become too high, the [yield] curve takes a downward turn and you trash yourself out of revenue." Not only might there be a decrease in consumption, but in much of Texas, he notes, there is always the problem of bootleg operations out of Mexico.

Then there is the complication of the federal government's budget-deficit agreement. "Who knows how much the traffic will bear with the federal government coming in with new gas, liquor, cigarette and luxury taxes," Rhode Island's Patterson says. "How much can we tack on if the feds are going to do it?"

From Arizona Senator Doug Todd's point of view, the federal government's gasoline tax increase means that it will be that much harder for Western states to raise revenue to maintain and finish state highways. "Our ability to raise additional gas taxes now will be a major fight," says the Republican chairman of the Arizona Senate Finance Committee. Some states, like California, saw the writing on the wall and acted quickly to raise their gasoline taxes last summer, he notes. "Many of us tried that in Arizona, but we were set in a corner and stomped on."

**I**f excise taxes won't play a starring or even supporting role in the revenue-raising picture this coming year, where will legislators in revenue-pinched states find additional funds?

States such as Texas and Florida that raised general sales taxes to and beyond the 6 percent mark this past year probably won't be able to take that route again. With the Texas sales tax at 6.25 percent and local options raising those taxes to as much as 8.25 percent in many areas of the state, Montford believes the sales tax in his

state is maxed out. "It's at a point where if it goes any higher, nobody is going to buy anything."

States with a sales tax closer to 4 percent have more room to maneuver, but the alternative to raising sales tax rates is broadening the base. For many states, that could mean taxing services.

In today's service-oriented economy, it's not surprising that a sales tax limited to commodities isn't producing the kinds of revenues state and local governments need. The revenue productivity of the sales tax has eroded: In 1960, each penny of the sales tax in the median state produced \$0.69 of revenue per \$100 of personal income; by 1988, that figure had fallen to \$0.56. Part of that erosion, Gold explains, stems from expanded exemptions from the tax, but it is also caused in increasingly large measure by faster growth in the consumption of services rather than goods.

What makes economic and fiscal sense doesn't necessarily play well politically, however. Whenever the subject of a sales tax on services comes up, state legislators point to the very public bloody nose Florida got three years ago when it implemented a tax on services and then rescinded it six months later in the face of a storm of protest and controversy.

Despite the publicity surrounding the Florida fiasco, which made other states wary of taking on powerful lawyers, accountants, advertising agencies and the like, several other states have quietly been reaping revenue from sales taxes on services. Three states—Hawaii, New Mexico and South Dakota—have long had a service tax on just about every kind of business that does business in their states. In New Mexico, for instance, the law has been in place since the 1930s, and there are few exemptions from the tax, which is imposed on a business's gross receipts.

Three other states—Iowa, Washington and West Virginia—also have long taxed many services but ex-

## Even the legislature in Florida, where the subject is more than a little touchy, may look into taxing services in 1991.

empted professional services.

Among the other 39 states with sales taxes, 19 tax a few services; at the far end of the spectrum, 20 tax virtually no services. A good number of legislators in these states are advocating the extension or inauguration of a services tax. Few are suggesting that all services, including advertising and legal work, be taxed, but Gold has compiled a short list of services most likely to be taxed. His list includes less controversial services such as home video rentals, country club memberships, car washing, barber shops, cable TV, carpentry, photocopying and lawn care.

Massachusetts' legislature moved on the issue in July and broadened the sales tax to encompass nearly 600 services, including work done by engineers, architects, accountants and lawyers. Two bar associations are suing over the application of the tax to legal services, and other opponents of the tax, which was to go into effect on December 1, successfully petitioned to put the issue on the ballot in November. Voters elected to keep the tax, but Governor-elect William F. Weld, a Republican, has pledged to rescind it.

Meanwhile, in Maryland, the Commission on State Taxes and Tax Structure, appointed by Democratic Governor William Donald Schaefer, recommended in its report released this fall that the state expand the sales tax to include services. And even the legislature in Florida, where the topic is more than a little touchy, is among those that may look into service taxes in 1991. Mackenzie, the House Finance and Taxation Committee chairwoman, says businesses in her Fort

Lauderdale district are more unsettled by constant changes in excise taxes than they are about proposals for service taxes. "We're losing our ranking in terms of providing a stable tax climate to companies and major businesses. A lot of them are in favor [of the service tax] because otherwise, with excise taxes, we're just nickel and diming them to death."

If the legislature does revisit service taxes, it will do things a little differently than it did last time, Mackenzie predicts. "We'll take more time to explain to the public how the taxes will be implemented, and we'll give it more time to be implemented."

Legislators in some other states say they are reluctant to go the service tax route. In Arizona last year, a state commission set up to recommend reforms in Arizona's tax structure recommended reducing the sales tax rate but broadening the base with taxes on services. "It met with high disfavor in the legislature," Todd reports, adding that his state, along with several others in the Sun Belt, is struggling with flattening economic growth.

Based on the commission's recommendations, Arizona did revamp its income tax code last year, simplifying it and making it more progressive, and in the process raising an additional \$110 million. It was one of 17 states that revised personal or corporate income tax codes, or both, with an eye to increasing revenues.

Restructuring of income tax systems along Arizona's line, in addition to broadening sales tax systems, is what Gold predicts as the wave of the future for states that will be revenue-starved in the 1990s. It's better politically, he suggests, for money to come in automatically without legislatures having to raise rates every other year. "If they're smart, states won't just raise their rates, but they'll reform their tax systems and make those systems more responsive to economic growth." □

# Alaska State Legislature

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## House of Representatives

### MEMORANDUM

DATE: April 25, 1991

TO: Senator Steve Frank *JSB*  
Senate Community and *JSB* Affairs Committee

FROM: Representative Mark Boyer *JSB*

RE: Scheduling of CSHCR 17 (Fin)am

I would like to request that you schedule CSHCR 17 (Fin)am, establishing a task force on governmental roles, at your earliest convenience. Attached is a copy of the resolution, which was introduced by the House Finance Committee at my request. CSHCR 17 (Fin)am passed the House April 25 on reconsideration by a vote of 23-16.

I've also attached information from the Alaska Municipal League (AML) on this topic. The AML has actively pursued this type of legislation for many years and I've come to believe that it is time to focus on the roles and responsibilities of local and state governments.

With the decline in oil revenues, it is imperative for municipalities, school boards, and other political subdivisions of the state to look to their own resources as a means of continuing or expanding many programs and services, which have been provided by the state. Both federal and state governments have reduced assistance to municipalities and shifted responsibilities to avoid increasing taxes.

The primary purpose of the task force is to define local and state governmental roles and responsibilities. The task force will examine these roles as they relate to the services provided by the different levels of government. Another area to examine will be the methods of funding for governmental services and the task force will be required to make recommendations for appropriate funding sources or elimination of mandates as appropriate.

The task force will consist of 12 members, two from the Senate, two from the House, two from the executive branch and five persons representing different areas of the state and different municipalities appointed by the Alaska Municipal League and one appointed by the Alaska Federation of Natives.

FAIRBANKS 20B

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CSHCR 17 (Fin)am

The Finance CS changed the time period of the task force from 18 months to 12 months. With additional impending budget cuts, it is believed that an accelerated time line should be adhered to and recommendations will be made to the Legislature by the end of the next legislative session. The task force is terminated on June 30, 1992.

The Finance CS also required the municipal representatives on the task force to cover their own travel costs. If a municipal official will not be able to afford the cost then the task force may cover travel expenses. The bill was amended on the floor to add a task force member appointed by the Alaska Federation of Natives and to require that one member appointed by AML be from a rural community.

If you have additional questions please contact me or Alexis Miller of my staff at 465-3467. Thanks for your attention and early scheduling of CSHCR 17 (Fin)am.