

ALASKA LEGISLATURE COMMITTEE FILES 1993-1994 8672

7758 HOUSE • COMMUNITY & REGIONAL AFFAIRS •

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SENATOR GEORGE JACKO

STATE CAPITOL, ROOM 125 JUNEAU, ALASKA 99801-1182 (907) 465-4942 FAX: (907) 465-2997

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MEMORANDUM

TO: Representative Harley Olberg, Chair
Community and Regional Affairs

FROM: Senator George Jacko

DATE: January 18, 1994

RE: Scheduling of SB 42 - Sale of Alcohol beverages

I respectfully request the scheduling of CSSB 42 at your earliest convenience. CSSB 42 is an act enabling municipalities to vote on levying a higher sales tax on alcohol beverages beyond the rates of other sales tax items.

Local voters will have to approve the measure before the higher sales tax could be levied. The Alaska Supreme Court has ruled that no sales tax items can be taxed at a higher rate than others.

CSSB 42 will give municipalities the option of employing an additional revenue tool. For smaller communities who have a limited tax base, the option of a higher alcohol sales tax rate could produce much needed additional revenue.

Thank you for considering this request. If you need further information, please contact Bryce Edgmon at 465-4942.

GJ/be



Alaska State Legislature

Please enter into the record my testimony to the H CRA House Community Regional
committee name H Affairs

committee on SB 42 Local Sales Tax on, dated 2/3/94
bill/subject Alcohol

I strongly support the passage of legislation that would allow local communities to levy sales tax increases on the sale of all alcoholic beverages, both by the bottle and by the glass. The funds derived from such a tax could be dedicated to providing funding for alcohol treatment, intervention, & prevention programs. The short-lived alcohol tax in Sitka provided much needed funding for local organizations.

Alcohol is a luxury item. Anyone purchasing alcohol should be willing to pay the extra cost incurred by such a tax. If individuals can't afford to pay such a tax they shouldn't be buying the alcohol. In addition, the cost to society caused by alcohol abuse is astronomical - those who buy alcohol should be willing to help reduce the cost of treatment, the penal system, domestic violence, etc.

Lastly, the liquor industry has not traditionally been negatively impacted by the levy of an additional tax on alcohol. In Sitka many vendors increased their prices to cover administrative/bookkeeping costs to an extent that it not only covered these costs but increased their profits.

Signed: Heather Streatton

Testified

Representing (Optional)

PO Box 2932, Sitka AK 99835

Address

907-747-6847

Phone No.

SENATE BILL 42

Prime sponsor: Senator George Jacko, Lincoln

Senate Bill 42 - Alcohol sales tax Legislation

House Community and Regional Affairs

February 2, 1994

Senate Bill 42 will allow local governments to hold municipal elections to decide whether they want to tax the sale of alcohol beverages at a higher rate than other sales tax items.

Local voters would have to approve the measure before implementation could take place.

In Lagos v. City of Sitka, which is in your file, the Supreme Court indicated that Alaska law does not define whether the sale of alcohol beverages can be taxed at a higher rate than other sales tax commodities. The Supreme Court subsequently ruled that local governments cannot impose a higher rate on the sale of alcohol beverages.

SB 42 will create another revenue tool for small municipalities. As state and local government contributions continue to decrease, the ability to maximize local revenue-generating capability is vital. A prime example why: municipal assistance and revenue sharing monies have been reduced over 50 percent since 1986. The Governor has proposed reducing these programs by an additional 50 percent.

Available in your packets are letters of support from the Alaska Municipal League, the Southwest Alaska Municipal Conference and community members in Dillingham. Also contained is a position paper supporting SB 42 from the Department of Community and Regional Affairs. SB 42 has a zero fiscal note.

I will be happy to entertain questions committee members might have.

CPGW
Local governments
use the price greater Alaska... - the way for

PART I

TAXATION AND FINANCE

The goal of the Taxation and Finance section of the AML Policy Statement is to ensure an adequate revenue base to support the vital public health, safety, planning, transportation, education, recreation, and development services provided to Alaskans by their local governments. AML further wishes to manage public assets in an efficient and effective way by working with all government officials to enhance the predictability of intergovernmental grant funds, increase the revenue base to support the provision of services, collect and redistribute resources in a fair and logical manner, and maintain maximum control of financial prerogatives at the local level of government, which is under the highest level of scrutiny by Alaskans.

A. LONG-RANGE PLAN

The League supports creation of a long-range financial planning process for the state to allow for a rational, orderly, and timely response to reductions in state revenues and the changes in state and local governmental services that may accompany such future economic cycles.

As the production of Prudhoe Bay declines, the major source of state revenues will evaporate. It is essential that the State of Alaska make necessary adjustments to the known loss of oil revenues in a planned and timely fashion. New revenue sources must be put in place as, and not after, the oil revenues decline. Similarly, if state programs and services are to be reduced or eliminated, an orderly and timely reduction or phaseout should be implemented to avoid the traumatic effects of sudden changes in state and local services on which citizens have come to rely.

The League recognizes very major changes affecting the Alaskan economy and invites the Governor, legislature, municipalities, and private sector organizations to join in development of a long-term economic plan to minimize sudden impacts on citizens. We recognize the inter-relationship of state, municipal, and private sector concerns and realize that to be effective any long-range plan must include all sectors.

STATE OF ALASKA
DEPARTMENT OF COMMUNITY
& REGIONAL AFFAIRS

POSITION PAPER

Bill No.: SB 42
Sponsor: SENATOR JACKO

DCRA FN: Zero (attached)
Position: Support

Title: An Act relating to municipal taxation of alcoholic beverages;
and providing for and effective date.

The bill amends AS 04.21.010(c)(2) to allow municipalities to impose a sales tax "on alcoholic beverages equal to or higher than the sales tax imposed on other sales within the municipality, but may not be lower than the sales tax imposed on other sales within the municipality."

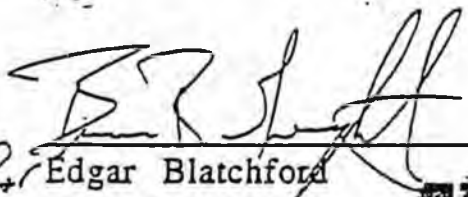
The bill also amends AS 29.45.650(b). This section AS 29.45.650 is the BOROUGH SALES AND USE TAX statute. The amendment removes this section from applying to AS 04.21.010(c). Subsection (b) reads "A borough levying a sales tax may also by ordinance levy a use tax on the storage, use, or consumption of tangible personal property in the borough. The use tax rate must equal the sales tax rate and the use tax shall be levied only on buyers."

The bill has no impact on DCRA programs.

The department supports this legislation for two primary reasons.

- 1) it allows municipalities to place a greater tax on alcoholic beverages; and
- 2) it allows a greater "use" tax to be imposed on alcoholic beverages in communities that do not allow sales of alcohol, but permit importation for personal use.

Alcohol is one of the most destructive drugs in use in rural Alaska today. This bill allows local communities to appropriately discourage its use, and stem the resultant negative impacts on rural families.


Edgar Blatchford
Commissioner

2-18-93
Date

File No.: SB 42/P

C&RA POSITION PAPER

3:48 PM

TORRISI & SNYDER

ATTORNEYS AT LAW

Box 210 DILLINGHAM, AK 99576

(907) 842-5608

FREDERICK TORRISI

September 14, 1992

DAVID B. SNYDER

George Jacko
Box 47001
Pedro Bay, Alaska 99647

Dear George:

Enclosed is a copy of a draft resolution that I prepared for SWAMC seeking amendment of AS 4.21.010(c), the issue we discussed when you were in Dillingham. Lagos v. City of Sitka was the court decision that made it plain that this statute is an obstacle to taxing the sale of booze at a rate higher than other items.

I'm sure you will be receiving the official version of this from SWAMC later. It is an issue that merits attention, and it will be interesting to see who leads the opposition. Please let me know if I can help on this.

Sincerely,
TORRISI & SNYDER



Fred Torrison
Attorney

FT:ilk
enclosure

cc: Henry E. Graper, Jr., City Manager

LETTERS OF SUPPORT

Alice J. Ruby
P.O. Box 121

Dillingham, Alaska 99576

November 11, 1992

Senator George Jacko
Alaska State Legislature
3111 C Street, Suite 200C
Anchorage, Alaska 99503-3957

Dear Senator Jacko,

I was given copies of your letters to Mr. Graper and Mr. Torrasi in my recent Council packet. I was very happy to be made aware of your willingness to work on the alcohol taxation issue during the upcoming legislative session. As you may be aware, a resolution submitted by the City of Dillingham supporting this effort was adopted by the Southwest Alaska Municipal Conference during their Fall Conference.

I would like to offer my support for the effort to amend the statute. Thank you for your time and interest.

Sincerely,



Alice Ruby

Alice Ruby Letter



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

February 18, 1993

TO: Senator Randy Phillips, Chair
and Members, Senate Community and Regional Affairs Committee

FROM: Kent E. Swisher, Executive Director

RE: SB 42 - Relating to municipal taxation of alcoholic beverages

The Alaska Municipal League supports SB 42, relating to municipal taxation of alcoholic beverages, to the extent that it would expand the authority of local governments to determine the level and type of taxes appropriate to their communities.

As a general policy, the League, which represents over 100 municipalities throughout the state, recognizes that local governments should be given the maximum amount of authority and flexibility to make use of the resources available to them. Removing artificial obstacles such as the existing limit on the municipal sales tax that can be levied on alcoholic beverages is one way to accomplish that.

The League's 1993 *Policy Statement* includes the following goal statement:

AML further wishes to manage public assets in an efficient and effective way by working with all government officials to . . . increase the revenue base to support the provision of services, collect and redistribute resources in a fair and logical manner, and maintain maximum control of financial prerogatives at the local level of government, which is under the highest level of scrutiny by Alaskans. [Part I, Taxation and Finance]

In addition, Part I, D.1, Tax-Levying Authority, in the *Policy Statement* includes the statement "The League supports broader municipal authority to consider alternatives to property taxes."

SB 42 would provide greater flexibility and autonomy to local governments, and the Alaska Municipal League supports it for that reason.

cc: Senator George Jacko

LEG933:sb42.222

Member of

ALASKA MUNICIPAL LEAGUE'S
POSITION PAPER

of Counties



Southwest Alaska Municipal Conference

Putting Resources to Work For People

3300 Arctic Blvd., Suite 203 • Anchorage, Alaska 99503 • (907) 562-7380 • FAX (907) 562-0438

RESOLUTION 92-29

A RESOLUTION OF THE SOUTHWEST ALASKA MUNICIPAL CONFERENCE SEEKING REPEAL OF THE LEGISLATIVE PROHIBITION OF HIGHER RATES OF SALES TAX ON THE SALES OF ALCOHOLIC BEVERAGES BY MUNICIPALITIES.

WHEREAS, it is well established that significant sums of money are spent by municipalities as a result of the sale of alcoholic beverages in these municipalities, and

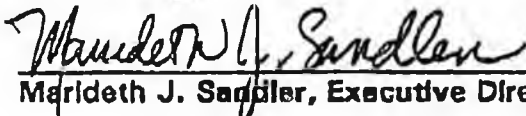
WHEREAS, the members of SWAMC believe that the liquor industry should bear more of the costs associated with such sales, and

WHEREAS, Alaska law apparently does not presently allow the imposition of a sales tax upon alcoholic beverages at a rate higher than the general sales tax rate, now therefore,

BE IT RESOLVED by the Southwest Alaska Municipal Conference that as 4.21.0010(c) be amended to allow a municipality to impose a sales tax on alcoholic beverages only and to allow a sales tax on alcoholic beverages at a higher rate than is imposed on other sales within the municipality.

PASSED this 13th day of September, 1992.


Richard G. Wilson, President


Marideth J. Sandler, Executive Director

SWAMC Resolution

Representing the Bristol Bay, Pribilof, Kodiak Island and Aleutian Island areas.

S.W. ALASKA MUNICIPAL CONFERENCE
RESOLUTION

jury instruction defining sale as requiring a transfer of title from the defendant to the consumer. *Herrera v. State*, 753 P.2d 150 (Alaska Ct. App. 1988).

Conviction and sentence affirmed. In accord with main pamphlet. *Tuckfield v. State*, 805 P.2d 982 (Alaska Ct. App. 1991).

Sentence of six months' incarceration as a condition of receiving a suspended imposition of sentence, upon conviction of one

count of selling intoxicating beverages without a license in a local option area, was not clearly mistaken, where defendant had set up a commercial enterprise, although of short duration, and sold a pint of whiskey to a man who murdered a woman shortly after buying the whiskey. *Wassillie v. State*, 790 P.2d 1385 (Alaska Ct. App. 1990).

Cited in *Cleland v. State*, 759 P.2d 553 (Alaska Ct. App. 1988).

Chapter 21. General Provisions.

Section

- 10. Municipal regulation
- 15. Private manufacture of alcoholic beverages

Section

- 65. Posting of warning signs
- 80. Definitions

Sec. 04.21.010. Municipal regulation: (a) A municipality may adopt ordinances governing the importation, barter, sale, and consumption of alcoholic beverages within the municipality and may ban possession of alcoholic beverages under AS 04.11.498(d) or (e). An ordinance adopted under this section may not be inconsistent with this title or regulations adopted under this title.

(b) If, as a result of an election held in accordance with AS 04.11.502 in a municipality, the board is prohibited from issuing, renewing, or transferring a license between holders or locations or if the importation of alcoholic beverages is prohibited in the municipality, the municipality may adopt an ordinance making the sale or importation of alcoholic beverages a misdemeanor. The ordinance may not be inconsistent with this title or the regulations adopted under this title.

(c) A municipality may not impose taxes on alcoholic beverages except a

- (1) property tax on alcoholic beverage inventories;
- (2) sales tax on alcoholic beverage sales if sales taxes are imposed on other sales within the municipality;
- (3) sales tax on alcoholic beverage sales that was in effect before July 1, 1985; and
- (4) sales and use tax on alcoholic beverages if the sale of alcoholic beverages within the municipality has been prohibited under AS 04.11.490.

(d) At least 10 days before the date set for municipal action on an application for the issuance, renewal, relocation, or transfer of ownership of a proposed license, the municipality shall provide written notice of the proposed action and the time and place for a hearing to a community council that

- (1) is established by municipal charter or ordinance to advise the municipal governing body; and

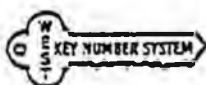
LAGOS v. CITY AND BOROUGH OF SITKA

Alaska 641

Cite as 823 P.2d 641 (Alaska 1991)

does not apply to partial indemnity claims based on implied contracts since the contribution act has never applied to implied contract cases. The majority opinion's reliance on the *Vertecs* rule is thus difficult to justify. To repeat, the *Vertecs* rule barred partial non-statutory loss shifting in tort cases because there was a partial statutory loss-shifting remedy. There has never been a partial statutory loss-shifting remedy in implied contract cases, and therefore the rationale of the *Vertecs* rule does not apply to such cases.

In summary, where two parties are at fault and are responsible for an indivisible loss, any rule that provides that one of them must bear the entire loss without the opportunity to shift part of the loss to the other is manifestly unjust. What should happen is that the loss should be shared in proportion to the fault of each party. In accord with this, the trial court should be directed on remand to instruct the jury to apportion the damages which the Borough must pay between the Borough and Roen according to the comparative degree of fault of each.



Mike LAGOS and Mei Fong Lagos, Individually, and d/b/a Marina Restaurant, House of Liquors, Inc. d/b/a House of Liquors, an Alaska corporation; and Pioneer Liquor, Inc., d/b/a Pioneer Bar, an Alaska corporation, Appellants,

v.

CITY AND BOROUGH OF SITKA, Appellees.

No. S-4136.

Supreme Court of Alaska.

Dec. 27, 1991.

Owners of business and businesses which sold alcoholic beverages filed com-

plaint for declaratory judgment and injunctive relief against ordinance of city and borough imposing additional tax on alcoholic beverages above and beyond consumer sales tax imposed on other commodities. The Superior Court, First Judicial District, Sitka, Rodger W. Peques, J., granted summary judgment for city, and owners appealed. The Supreme Court, Rabinowitz, C.J., held that statute authorizing municipalities to impose "sales tax on alcoholic beverages if sales taxes are imposed on other sales within the municipality" prohibits municipality from imposing greater tax on sales of alcoholic beverages than on sales made on other commodities.

Reversed.

1. Statutes 188

Supreme Court does not adhere to plain meaning rule in interpretation of statutes.

2. Statutes 188

In interpreting statute, Supreme Court looks first to language of statute.

3. Intoxicating Liquors 91

Statute authorizing municipalities to impose "sales tax on alcoholic beverages if sales taxes are imposed on other sales within the municipality" prohibits municipality from imposing greater tax on sales of alcoholic beverages than on sales made on other commodities. AS 04.21.010(c), (c)(2).

William G. Royce, Anchorage, for appellants.

Theron J. Cole, Sitka, for appellees.

Barbara J. Blasco, Juneau, for amicus curiae, City and Borough of Juneau.

Before RABINOWITZ, C.J., and BURKE, MATTHEWS, COMPTON and MOORE, JJ.

OPINION

RABINOWITZ, Chief Justice.

I. FACTS AND PROCEEDINGS

This appeal raises the question of the validity of 4.08.040 of the Sitka General Code. This ordinance provides,

ANCHORAGE LAW LIBRARY

LAGOS v. SITKA COURT CASE

A consumer sales tax is levied on all sales made in the City and Borough of Sitka at the rate of 4% of the selling price. An additional 4% consumer sales tax is placed upon the sale of alcoholic beverages. Normally the burden of this tax rests upon the consumer.

In 1989, the City and Borough of Sitka ("Sitka") had amended this ordinance to include the additional tax on alcoholic beverages in response to a ballot proposition passed by voters on October 3, 1989. The ballot proposition also provided for "the resulting revenue to be dedicated toward the prevention and treatment of alcohol and drug abuse in Sitka." Just prior to the election, appellants, as owners of business and businesses which sold alcoholic beverages, ("Lagos") filed a complaint for declaratory judgment and injunctive relief, seeking to have the ballot proposition invalidated.

Lagos alleged that the ballot proposition and the ordinance were unlawful on three grounds:

(1) AS 04.21.010(c) prohibits taxing alcoholic beverage sales at a rate higher than the tax on other sales;

(2) The regulation and taxation of alcohol has been preempted by state law except where such power is specifically conferred on municipalities; and

(3) A municipal tax purporting to dedicate resulting revenues violates Article IX, § 7, of the Alaska Constitution.

Lagos filed for summary judgment on the first ground, that Sitka's sales tax was illegal under AS 04.21.010(c). This statute provides,

A municipality may not impose taxes on alcoholic beverages except

(1) property taxes on alcoholic beverage inventories;

(2) sales taxes on alcoholic beverage sales if sales taxes are imposed on other sales within the municipality; and

1. The parties agree that this appeal does not raise any issues of fact, but rather concerns the interpretation of statutes. This court will employ *de novo* review to a grant of summary judgment, *Kollodge v. State*, 757 P.2d 1028, 1032

(3) sales taxes on alcoholic beverage sales that were in effect before July 1, 1985.

Lagos read subsection two of this statute to ban discriminatory sales tax rates on alcoholic beverages. In this regard he argued that the legislative history of AS 04.21.010(c) showed that the legislature intended to ban discriminatory rates when it enacted AS 04.21.010(c)(2).

Sitka filed its own motion for summary judgment, requesting the superior court to dismiss Lagos' complaint for declaratory and injunctive relief. Sitka argued that none of the contentions advanced by Lagos raised any "issue as to any material fact and that [Sitka] is entitled to judgment as a matter of law."

The superior court granted summary judgment in favor of Sitka. The court thought Lagos' legislative history argument unpersuasive, and concluded that "[h]ad uniformity in rates of taxation been intended, the language of the legislation could easily have been written to say so.... Some legislators may have opposed a requirement for uniform rates." The superior court did not address Lagos' remaining preemption and unconstitutional dedication arguments. This appeal followed.¹

II. DISCUSSION

In this appeal Lagos raises the same arguments against Sitka's differential alcoholic beverage sales tax as were urged before the superior court.

A. Does AS 04.21.010(c) prohibit taxing sales of alcoholic beverages at a higher rate than other commodities?

AS 04.21.010(c)(2) authorizes municipalities to impose a "sales tax on alcoholic beverages if sales taxes are imposed on other sales within the municipality." Lagos interprets this provision to mean "that

(Alaska 1988), and will adopt the rule of law which is "most persuasive in light of precedent, reason and policy." *Langdon v. Champion*, 745 P.2d 1371, 1372 n. 2 (Alaska 1987) (citations omitted).

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LAGOS v. CITY AND BOROUGH OF SITKA Alaska 643

Cite as 823 P.2d 641 (Alaska 1991)

sales taxes on alcoholic beverages are allowed only to the extent sales taxes are imposed on other sales.”³

on alcohol. It does not explicitly address rates of taxation.

We have stated that the goal of statutory construction is:

1. The legislative history

[T]o give effect to the legislature's intent, with due regard for the meaning the statutory language conveys to others. In this respect, we have repeatedly stated that unless the words have acquired a peculiar meaning, by virtue of statutory definition or judicial construction, they are to be construed in accordance with their common usage.

The language requiring a municipality to tax sales of other commodities before taxing sales of alcoholic beverages was added to AS 04.21.010(c) in 1985. Ch. 74, § 20, SLA 1985. Similar language had been deleted from the statute in 1980.³ Ch. 131, § 4, SLA 1980.

Tesoro Alaska Petroleum Co. v. Kenai Pipeline Co., 746 P.2d 896, 905 (Alaska 1987).

La s argues that the legislative history supports his interpretation of the 1985 amendments to AS 04.21.010(c). Senator Eliason sponsored the amendment to AS 04.21.010(c), and the Senate Finance Committee deliberated over the merits of the amendment. In proceedings before the Senate Finance Committee, Senator Eliason asked Senator Ray to “testify on the background of this particular amendment.” Proceedings of the Senate Finance Committee, May 8, 1985 (“Proceedings”) (testimony of Senator Eliason). Senator Ray testified as to his involvement with the 1980 recodification of the code dealing with alcoholic beverages. He noted that the 1980 elimination of the language in the amendment was inadvertent. He then stated, “[I]n fact, two or three years after the bill had passed when ... Juneau ... considered adding an additional tax, it surprised me immensely, and I said, ‘Well, they can’t do that.’” *Id.* Senator Ray went on to explain, “It would seem to me it would be discriminatory to have an additional tax on anything.” *Id.* Because Ju-

[1.2] We do not adhere to the plain meaning rule in interpretation of statutes. *University of Alaska v. Geistauts*, 666 P.2d 424, 428 n. 5 (Alaska 1983). However, we have stated that “where a statute’s meaning appears clear and unambiguous, ... the party asserting a different meaning has a correspondingly heavy burden of demonstrating contrary legislative intent.” *Id.* See also *State v. Alex*, 646 P.2d 203, 208 n. 4 (Alaska 1982) (under Alaska’s sliding scale approach to statutory interpretation, the plainer the language of the statute the more convincing the evidence of contrary legislative intent must be). In interpreting a statute, we look first to the language of the statute. *Ward v. State*, 758 P.2d 87, 89 n. 5 (Alaska 1988). Here, the language of the statute, on its face, proscribes imposition of a sales tax solely

2. Before the superior court Lagos argued in part:

within the municipality—thus requiring an equality of rate.

If one restricts the analysis to the language amending (c)(2), one may argue (as Sitka does) that the statute allows Sitka to tax alcoholic beverages at any rate, so long as sales taxes are imposed on some other sales within the municipality. It is true that (c)(2) contains no discussion regarding the rate of taxation on alcoholic beverage sales. Thus, so long as the analysis is restricted to (c)(2), one could argue (as Sitka does) that municipalities are free to single out sales of alcoholic beverages for taxation at a rate greater than taxes imposed on other sales. Others could argue with equal convincing force that sales taxes on alcoholic beverages are allowed only to the extent sales taxes are imposed on other sales

Thus, it is necessary to consider the meaning and intended effect of (c)(3) adopted as part of the 1985 amendment.... (Emphasis in original.)

3. The original language read, “nor shall any municipality impose taxes other than property taxes on liquor inventories and sales taxes on liquor sales when such taxes are levied on other property and sales within the community.” Ch. 86, § 1, SLA 1960. Apparently, the language requiring taxes on all commodities was inadvertently eliminated when the code was revised in 1980. See Senate Finance Comm. Proceedings, May 7, 1985 (testimony of Sen. Eliason); *id.*, May 8, 1985 (testimony of Senator Ray).

neau did in fact enact a tax which taxes sales of alcohol at a higher rate than it taxes other commodities, Lagos concludes that Senator Ray was interpreting the missing language to prohibit enactment of differential sales taxes on sales of alcohol.

After listening to Senator Ray's testimony, Senator Eliason explained:

The only limitations we're imposing on local governments is the fact that they cannot take a specific sales tax on a specific industry. What we're saying is that if you want to tax liquor and whatever else you might want to tax, that's alright. But we want to—it's keeping any specific industry—going out and point and saying, "We're going to tax you and no one else." ... They can ... impose a ten percent tax on liquor and tobacco—that wouldn't be in violation of this provision.... If the proposition read, "Shall we impose a ten percent tax on tobacco only?" they couldn't under this provision.

Id. Earlier in the proceedings, Senator Eliason had stated,

Under this language, no they can't discriminate between alcohol or food or clothing or any other commodity that's sold in the market. Its reasoning being that the state does regulate very stringently the alcoholic program in Alaska, so that's what the intent of the legislation is to treat them all equally.

Id. This history suggests that both senators intended to eliminate differential rates of taxation on sales of alcohol.

Additional support for Lagos' position is found in a comment by Senator Ferguson. At the May 7, 1985 proceedings of the Senate Finance Committee, Senator Ferguson

4. After hearing the testimony of the Acting Commissioner, the committee then questioned the drafter of the amendment, Tamara Cook (of the legislative affairs committee staff). She stated, "[a]s I read this language, if a municipality, whether it be a city or a borough, in fact imposed a sales tax on anything other than alcohol, it would be free to then also include alcohol within its sales tax structure." Proceedings, May 7, 1985.

5. The amicus, City and Borough of Juneau, argues in part as follows:

son asked, "Dillingham is thinking about raising the taxes on alcohol, and would they be allowed to continue their movement? I guess they wouldn't be able to after July 1, 1985?" *Id.* Senator Kerttula in response stated that "[a]s long as their ordinance is fully implemented prior to July 1st, they would be grandfathered in." *Id.* Apparently, both these senators believed that the amendment in question prohibited differential rates on alcohol sales tax.

Subsequently, at the same May 7, 1985 Senate Finance Committee meeting, the strongest statement concerning the subject of differential rates of taxation was made by the then Acting Commissioner of the Department of Community & Regional Affairs, in response to the comment by Senator Ferguson. The Acting Commissioner stated, "I understand then in the amendment that this refers to tax equalization and you cannot set a sales tax for alcohol higher than any other commodity within the community." *Id.*

Sitka counters by noting that

the Lagos' are relying upon the statements of individual legislators made in a single committee. There are no committee findings, no report, no journal entries, no indication that the whole legislature knew of or considered the statements or even considered anything beyond the words of the amendment that was part of a much larger bill.... Since there is no indication that the statements made in the committee were before the legislature, the legislature's intent must be presumed to be that expressed in the words of the statute.⁵

Sitka, and the amicus, also rely on an opinion from an Assistant Attorney General

Under the statute, a preexisting sales tax on alcoholic beverages was "grandfathered" regardless of whether the tax was part of a two-tiered sales tax system (such as Juneau's sales tax on alcoholic beverages) or part of a single-tiered system which imposed a tax on the sales of alcoholic beverages only. Thus the only sales tax system proscribed by the statute is one which would impose a tax on the sales of alcoholic beverages only and which was not in effect before July 1, 1985.

(Emphasis in original.)

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2. The

Lagos' other clause permits the alcoholic beverage sales tax before July 1, 1985. The legislature's rates of amendment suggests that to the contrary. Kotzebue, in place of alcoholic beverage amendment. Lagos points to the Finance Committee's findings were by the grandfathering of the legislature to AS 04.21.010(c)(3) sales tax on alcoholic beverages. Kotzebue, 010(c)(3) was proposed for the purpose of pre-sales taxes on municipalities. The ambiguity prohibits on sales of by the pr-

The City there is no 04.21.010(c) of unequal the commu-

6. In support of its arguments, the amicus cites sources: Alaska Statutes, §§ 6 & 7 of Fisher ("Opinion on the constitutionality of the control of liquor are

7. In addition to the surrounding

al and a memorandum from the then Deputy Director of the Division of Legal Services for the Legislative Affairs Agency, both of which concluded that the 1985 amendment to AS 04.21.010(c) did not speak to the rate of taxation.⁶

2. The effect of AS 04.21.010(c)(3)

Lagos further argues that the grandfather clause of AS 04.21.010(c)(3), which permits the continuation of "sales taxes on alcoholic beverage sales that were in effect before July 1, 1985," demonstrates that the legislature intended to prohibit differential rates of taxation when it enacted its amendments to AS 04.21.010(c). Lagos asserts that this grandfather clause applied to the communities of Craig, Juneau, and Kotzebue, because those communities had in place differential taxes on the sale of alcoholic beverages at the time the 1985 amendments were enacted. Additionally, Lagos points to the discussions of the Senate Finance Committee which indicate that the committee believed these three communities were the only communities affected by the grandfather clause. From a review of the legislative history of the amendment to AS 04.21.010(c)(3), and the differential sales tax ordinances of Juneau, Craig, and Kotzebue, Lagos concludes that AS 04.21.010(c)(3) was enacted for the specific purpose of preserving the two-tiered municipal sales taxes on alcohol in these three communities. Thus, Lagos concludes that any ambiguity as to whether AS 04.21.010(c)(2) prohibits discriminatory rates of taxation on sales of alcoholic beverages is resolved by the provisions of AS 04.21.010(c)(3).

The City and Borough of Sitka reply that there is no indication in the wording of AS 04.21.010(c)(3) that it is limited to instances of unequal taxation or that it is limited to the communities of Craig, Juneau, and Kot-

6. In support of its reliance on these two documents Sitka cites *State, Dep't of Natural Resources v. City of Haines*, 627 P.2d 1047, 1049 nn. 6 & 7 (Alaska 1981) and *Carney v. State, Bd. of Fisheries*, 785 P.2d 544, 548 (Alaska 1990) ("Opinions of the Attorney General, while not controlling on matters of statutory interpretation are entitled to some deference.").

7. In addition to the text and legislative history surrounding the adoption of AS 04.21.010(c)(3),

zebue. "It could just as easily be applied to communities taxing alcohol alone prior to July 1, 1985."

III. CONCLUSION

[3] Our review of the merits leads us to the conclusion that Lagos' position is the more persuasive one. We therefore hold that the Sitka ordinance which taxes the sales of alcoholic beverages at a 4% higher rate than sales made on other commodities within the City and Borough of Sitka is violative of AS 04.21.010(c).

The text of AS 04.21.010(c)(2) is ambiguous in that it fails to clearly indicate whether it prohibits the imposition of discriminatory rates of sales taxes on sales of alcoholic beverages. On the other hand, the text of AS 04.21.010(c)(3) and the relevant legislative history concerning this 1985 amendment to AS 04.21.010(c), indicate that the legislature intended its amendments to prohibit the imposition of discriminatory sales taxes, whether in the form of sales tax rate differentials or a sales tax imposed solely on the sale of alcoholic beverages.⁷ Thus, we conclude that AS 04.21.010(c)(2) and AS 04.21.010(c)(3) when read together, bar a municipality from taxing only the sale of alcoholic beverages and further require that if sales taxes are imposed on other commodities then the rate of taxation on the sale of alcoholic beverages may not exceed the rate of taxation imposed upon such other commodities sales.

REVERSED.⁸



the legislative history of AS 04.21.010(c)(2) noted above, provides evidence that some members of the Senate Finance Committee, including the amendment's sponsor, intended that there be no discrimination in a municipality's rate of taxation concerning alcoholic beverages.

8. Our holding that the ordinance in question is unlawful makes it unnecessary to address any of the remaining issues in this appeal.

To: Bryce Edgemon
Senator Jacko's Office
Fax: 465-2997

From: Alice Ruby
Dillingham

Date: 3/10/93

Re: Alcohol Tax Information

I've obtained some information that may be useful in Senator Jacko's effort to pass the alcohol tax legislation. Following is a description of attached info.

1. Memo from Ward Jones to Christy Tilden

Ward Jones is an employee of BBAHC and provided the information in the memo to Christy Tilden at her request - probably in relationship to her grant program. Ward gave me permission to release the information to you. He advises that he will continue to tabulate this kind of information but will not have the results for a while.

The most interesting to me are paragraph's IV, VI and VII on the second page. Adding these figures brings a total of \$180,925 spent per quarter for alcohol related incidents by the Dillingham Police Department and Ambulance. This means that just the City of Dillingham spends an estimated \$723,700 per year on alcohol related incidents.

2. Estimated Alcohol Sales in Dillingham, July - December 1992

I obtained these figures from actual sales tax reports submitted by the businesses who reported in Dillingham. Note that the AhSaWan just recently opened and will be operating under the Captains Table liquor license and is not reported in this group and Ricardo's is not reported (liquor and food are not separated so I didn't count them).

Estimated sales for that six month period were \$997,382. Using this figure to estimate a years sales brings us to \$1,994,764.00. Note that this does not take April - June into account which as you probably know are part of the busiest season for the liquor sales businesses.

I did some rough calculations on sales taxes at the current 5%, 8%, 10% and 15%. You can extend it further by adding any percentage to the Tot. Tax. Sales (which is the total taxable sales for that month).

3. Effect on individual product prices

I did this just out of curiosity. I wondered what the effect of the tax would be on the consumer's price. I used the price sheet from one business in town (who shall remain anonymous). I had to break out the current 5% sales tax to determine the base prices charged for various products. Then I added 8%, 10% and 15% just to see what happened.

I'll have to admit that I was fairly surprised when I saw the price sheet. I haven't been out for a while and hadn't realized how much prices have gone up. If you want to know what some of the drink categories are let me know. (Example: a Premium is the expensive liquors like baileys, sloe gin, etc.).

4. Miscellaneous

I made the Mayor and Manager aware that I was going to send this information to you. As well I let Fred Torrisi know because he has been supportive of this legislation. I'll be passing the information on to them as well.

Please let me know if I can provide more information. Also, I will be happy to testify when appropriate and will probably use some of this info that I am passing on to you.

In case this information is helpful.....I and the City (I think) are convinced that the alcohol tax will not deter alcohol consumption, nor will it solve some of our social problems by itself. It will, however, provide funding to off-set existing alcohol related expenses and maybe allow us to develop some solutions to the problems. You can see, however, that we would have to tax pretty high before we could actually balance out expenses and income. I don't know if the citizens will allow a really high tax - I do think that they would support a moderate tax in Dillingham.

Memo:

TO: Cristy Tilden, Program Director, BBAHC Alcohol Program

FROM: Ward Jones, Injury Prevention Specialist, BBAHC
Environmental Health *WJ*

RE: Costs of alcohol and drugs to BBAHC and Dillingham
community first quarter FY 93 (10/1-12/31)

DATE: February 2, 1993

In my capacity as Injury Prevention Specialist, I have been charged with surveillance of serious injuries. The following are alcohol and drug related incidents and costs:

I.	2 Detox admits @		
	A. 72 hr. hospital stay @ \$425/da.	= \$	1275
	B. ER fee	= \$	70
	C. Physician fee	= \$	60
	D. Average lab fee	= \$	200
	E. Average medicine fee	= \$	20
	F. Average supplies	= \$	20
	Total	= \$	1,645
	Grand Total	= \$	3,290

II.	25 Title 47 admits @		
	A. 24 hr. hospital stay @ \$425/da.	= \$	425
	B. Other costs as above	= \$	370
	Total	= \$	785
	Grand Total	= \$	19,625

III. In addition to the above there were the following items that were determined to be alcohol and or drug related:

A. Two drug overdoses
 B. One alcohol and drug overdose
 C. One skull fracture
 D. One suicide attempt
 E. One loss of consciousness
 F. One undetermined trauma
 G. One hypothermia
 If we assume one nights stay and similar other expenses to the above the total for these injuries is \$6,360

IV. There were a total of five ambulance runs associated with the above @ \$125 = \$625

V. There are some expenses not documented with the above, such as xray and melevac that would add significantly to the total.

VI. The City of Dillingham Community Service Patrol is run for the sole purpose of alcohol mitigation so its yearly budget of approximately \$176,000 plus \$30,000 in kind services from the city can be divided by four for a quarterly total of \$51,500.

VII. Seventy percent of the Dillingham City Police Department calls are alcohol related. Consequently if we take seventy percent of the approximately \$736,000 and divide by four we have a quarterly total of \$128,800.

The expenses from the above are not all inclusive and can be expanded upon, however they give us a rough total of \$209,670 spent by agencies in the mitigation of alcohol problems.

The above list is rough and by no means comprehensive. Other agencies and departments that are impacted are:

1. BBAHC Alcohol Program 100%
2. BBAHC Mental Health Department
3. SAFE
4. Alaska State Troopers
5. BBAHC EMS Department
6. BBAHC Community Health Aide Program
7. Others?

Estimated
Alcohol Sales
In
City of Dillingham
July-December 1992

Taxable Income figures taken from Sales Tax Returns prepared by businesses
and submitted to City of Dillingham

FAX NO. 342-462

Current Local
Businesses

Reported Taxable Sales for July 92 to December 92

	Dec-92	Nov-92	Oct-92	Sep-92	Aug-92	Jul-92	Tot. Tax Sales	(Current) Tax@5%	Tax@8%	Tax@10%	Tax@15%
Cannery Lounge	\$3,827.49	\$8,577.81	\$1,461.54	\$7,821.37	\$12,750.73	NA	\$35,244.74	\$1,762.24	\$2,819.58	\$3,524.47	\$5,286.71
Dig. Liquor	\$55,454.32	\$52,583.30	\$51,988.29	\$82,848.54	\$80,730.31	\$105,908.19	\$418,310.95	\$20,815.55	\$33,304.88	\$41,831.10	\$62,446.64
Olson Lquor	\$21,087.14	\$18,813.72	\$20,332.98	\$19,009.30	\$28,213.33	\$42,453.18	\$149,810.15	\$7,495.51	\$11,982.61	\$14,991.02	\$22,486.52
Sea Inn	\$28,125.02	\$34,989.63	\$31,208.47	\$35,614.20	\$48,271.17	\$57,925.92	\$237,135.41	\$11,858.77	\$18,970.83	\$23,713.54	\$35,570.31
Willow Tree	\$17,589.11	\$20,500.81	\$23,730.78	\$21,179.42	\$31,200.60	\$44,580.01	\$158,780.81	\$7,939.04	\$12,702.48	\$15,878.08	\$23,817.12
Tot. Taxable Sales							\$997,382.08				
Estimated Tax								\$49,869.10	\$78,790.58	\$99,738.21	\$146,807.31

ORRINGTON LTD

MAR-10-93 WED 14:23

Estimated effect on individual product prices

Based on prices currently charged by one business in Dillingham

Mar-93

Alcohol Item	Current Price w/5% tax	Base Price	Price w/8% tax	Price w/10%	Price w/15%
House Wine/glass	\$3.50	\$3.33	\$3.60	\$3.87	\$3.83
Can Beer	\$3.00	\$2.86	\$3.09	\$3.14	\$3.29
Bottle Beer	\$3.50	\$3.33	\$3.60	\$3.67	\$3.83
Import Beer	\$4.00	\$3.81	\$4.11	\$4.19	\$4.38
Specials	\$2.50	\$2.38	\$2.57	\$2.62	\$2.74
Well Drinks	\$3.50	\$3.33	\$3.60	\$3.87	\$3.83
Cool Drinks	\$4.00	\$3.81	\$4.11	\$4.19	\$4.38
Premium	\$4.50	\$4.29	\$4.63	\$4.71	\$4.93
Super Premium	\$5.00	\$4.78	\$5.14	\$5.24	\$5.48
Mixed Liq (2 or more)	\$5.00	\$4.78	\$5.14	\$5.24	\$5.48
Blended	\$6.00	\$5.71	\$6.17	\$6.29	\$6.57
Multi Liquor	\$7.00	\$6.67	\$7.20	\$7.33	\$7.67

Note: the prices I obtained were the actual cost to consumer, which includes tax. I backed the sales tax out by dividing the price by 1.05 which gives you the base price of the product to the consumer

DISTILLED
SPIRITS
COUNCIL
OF THE
UNITED
STATES

February 4, 1993

The Honorable George Jacko
Senate Finance Committee
State of Alaska
State Capitol SBH2
Juneau, Alaska 99801

Dear Senator Jacko:

The Distilled Spirits Council of the United States (DISCUS) represents the producers and marketers of over 85 percent of the liquor sold in this country.

As a result of the nation's sluggish economy, the state of Alaska is facing difficult budget issues. You will probably hear it said that your budget problems can be solved in 1993 by increasing excise taxes on distilled spirits. The seductive argument will be that "it's easy, it's politically expedient and no one will care since it is only the liquor industry that is being taxed."

The fact is that whether one supports or opposes the liquor industry on any given social issue, excise taxes on liquor should be opposed for these fundamental public policy positions - they are regressive, hitting hardest those least able to pay; they hurt your state by costing jobs (especially in small businesses); reduce state economic activity; increase state costs and have repeatedly produced less revenue than forecast.

The National Governor's Association and the National Conference of State Legislators' draft study "Financing State Government in the 1990's" examined every avenue to help states cope with budget issues in the 90's: business taxes, individual taxes, retail sales and use taxes, value-added taxes and property taxes.

Excise taxes were not mentioned as an avenue of future financial help for the states, perhaps because they do not meet the five principles of good tax policy that are consistently recognized in economics and public administration:

...they do not provide: (1) "appropriate and timely revenues"; they do not (2) "distribute burdens equitably"; they do not (3) "promote economic efficiency and growth"; and a strong case can be made that they are not (4) "easily administered"; and (5) "ensure accountability".

It has been well documented that excise taxes on distilled spirits do not produce the expected revenue. At the Federal level, the eight percent tax increase on liquor passed in 1990 was estimated to produce an additional \$104 million by the end of FY-91. In fact, for the first time ever the Federal government received no new taxes. The eight percent increase actually resulted in \$87 million less in revenues than before the tax. The point of diminishing returns has occurred. The resulting loss in revenue had to be made up by cuts in other parts of the budget, or by increasing the Federal deficit.

Clearly the 1991 excise tax increase did not provide "appropriate and timely revenue." It is not hard to picture the problems Alaska would have if it depended on such an unstable revenue base for a program like Medicaid or universal health care.

Excise taxes are unfair to Alaska residents because they do not "distribute burdens equitably." An excise tax, Federal or state, is paid equally by all regardless of income levels. The poor and middle class pay a larger percentage of their income for the excise tax than do the wealthy. In a word, excise taxes are unfair and heavily regressive since the largest burden falls on those least able to pay.

Excise taxes act as a drag on the state's economy by costing jobs, income, state revenue and increased costs through unemployment compensation.

The 1991 excise tax increase did not "promote economic efficiency and growth." It not only lost revenues for the Federal government, it lost an estimated 26,000 jobs nationwide, because of business cut-backs; it cost state government an extra \$25 million in unemployment compensation; state and local governments lost an additional \$60 million in direct and indirect revenues and state economies overall lost \$1.4 billion in economic output. 30 of those jobs and \$3 million of those dollars belonged to Alaska.

Let me close with a warning from another report by the National Governor's Association and the National Association of State Budget Officers, "The Fiscal Survey of States: October 1992":

"Alcohol taxes. Two states changed alcohol taxes. This category accounts for a net revenue reduction. After both state and Federal increases the past several years, states have reached the limit in the revenue capacity of this tax."

Sincerely,



F. A. Meister
President/CEO

FAM:bp
Attachments

ALASKA VS THE EXCISE TAX

Fact

The beverage alcohol industry in Alaska contributes \$710 million to the gross state product; generates \$5,700 in wages annually; accounts for 6,000 direct and indirect jobs and provides \$36 million in state and local revenues.

Public Policy Question

Recent facts at the Federal and state level indicate that any future excise tax increase in distilled spirits will hurt the residents of Alaska through increasing unemployment, reducing state economic activity and increasing unemployment compensation costs.

Is it good public policy, or does it make political sense, to pass a tax law with this kind of negative economic impact if experience shows it will cost the state jobs; will curtail economic activity; will not meet revenue estimates; and is very regressive by favoring the rich at the expense of low and middle income tax payers?

Excise Tax Increases

Regardless of any social issues concerning beverage alcohol, the fact is that a state hurts itself when it increases the excise tax on distilled spirits.

As the result of an 8% increase in the Federal excise tax on liquor in 1991, the Federal government collected \$87 million less in liquor excise taxes after the tax went into effect than it had in FY-90, before the increase was passed. Alaska lost 30 jobs and \$3 million in economic activity.

The same experience holds in the states as well. Numerous states have found out the hard way that increased liquor taxes are a tax failure.

Excise taxes also are regressive and unfair. They fall heaviest on low and middle income taxpayers. They favor the rich.

Excise taxes are a demonstrated unstable source of revenue and they are hidden from the public because they are paid by manufacturers.

Alaska Considerations

Any decreased revenues, lost jobs and reduced economic activity is especially critical for the State of Alaska, since the liquor tax burden in Alaska already is virtually at the point of diminishing returns and any future increase could produce substantially negative results for Alaska.

Is it good government to hurt your own low and middle income taxpayers, put your own people out of work and run the risk of having to cut other beneficial state programs because revenue estimates are not met? The answer is no, no matter how "easy" or how "popular" it seems to be to raise so-called sin taxes. Economically and politically, the "sin" is in the tax:

Alaska's liquor tax burden is exceptionally high – another increase would be counterproductive:

- Federal, state and local taxes now account for 29% of the 1992 retail price of a typical bottle of liquor (\$3.49 of the \$12.20 price for a 750 ml bottle at 80 proof).
- State and local taxes alone account for 11% of the Alaska price. Federal taxes account for 18% (\$2.15/750 ml bottle) after the 1991 federal excise tax (FET) increase.
- Liquor taxes constitute 50% of state revenues from all beverage alcohol, but liquor accounts for less than 37% of total alcohol consumed in the state. The liquor revenue burden per gallon of actual alcohol is \$14.70.
- At \$5.60 per gallon, Alaska's revenue burden on liquor is 55% higher than the U.S. license state average.

Liquor tax hikes already have caused sales to fall decreasing state revenues:

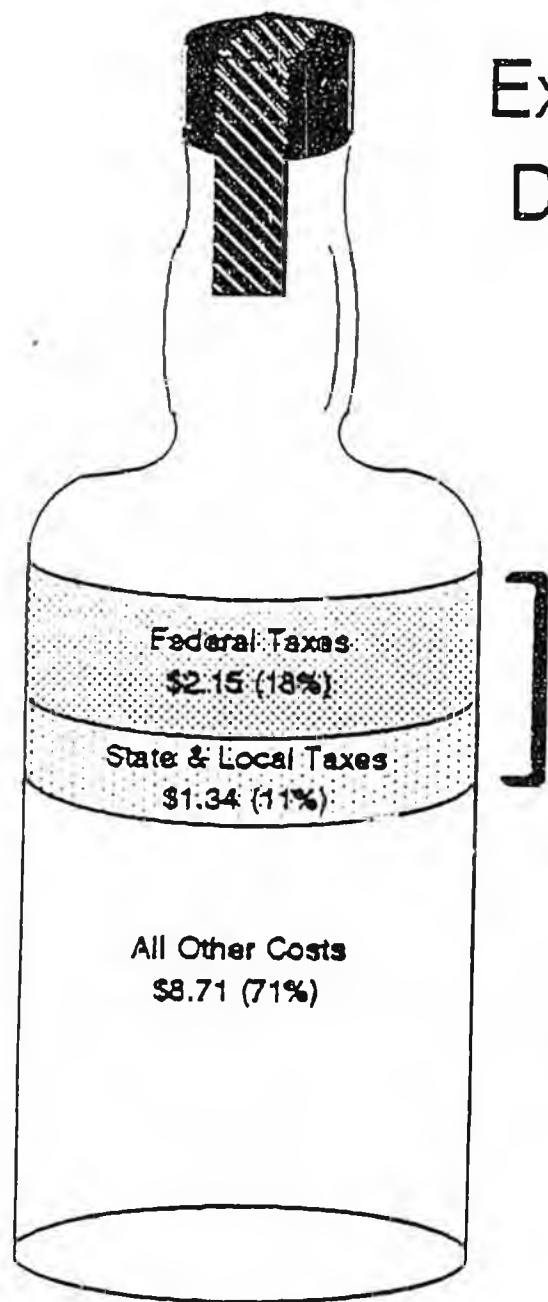
- It is estimated that the January, 1991, 8% Federal tax increase cost the state \$210,000 in state revenue and cut employment in the state by 30 jobs.
- In 1983, when Alaska raised the excise tax rates on liquor to \$5.60 per gallon, liquor consumption in the state declined 11%.
- The 19% liquor FET increase of October, 1985, was followed by a 5.6% decline in the tax base nationwide. Alaska citizens paid an additional \$1.6 million to the federal government in higher liquor taxes.

Alaska's liquor industry is in a persistent downturn – this means lost revenue:

- Apparent consumption of liquor is down 21% in Alaska since 1983, an average drop of 2.9% per year. Liquor consumption declined 5.6% in 1991 alone.
- Nationwide, liquor apparent consumption has fallen an average of 2.0% annually from 1981 to 1990.

Excessive Tax Burden Distilled Spirits, 1992

ALASKA



\$3.49 (29%) Goes
to Taxes and Fees

Retail Price of a Typical
750-ml Bottle of
80 Proof Spirits:
\$12.20

S B

1 5 4

HOUSE COMMITTEE REPORT

(7)

Date Referred: April 2, 1993

FURTHER REFERRALS:

Finance

Date of Committee Action: 4-13-93

The COMMUNITY AND REGIONAL AFFAIRS Comm. considered:

CSSB 154(L&C)(efd fld)

CS FOR SB NO. 154(L&C)(efd fld)

ECONOMIC DEVELOPMENT GRANT FUND

"An Act relating to the economic development grant program."

RECOMMENDATIONS:

be replaced with _____ the same title
 a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

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

APPROVES PREVIOUS: _____ (Dept/Date)

fiscal impact _____

fiscal note(s) _____

zero fiscal note C + EC

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Jan Sanders</i>	✓	<i>Can Bunde</i>		✓	
<i>W.P. Williams</i>	✓	<i>Ed Willis</i>		✓	
<i>[Signature]</i>	✓				
<i>Haley Olberg</i>	✓				

Haley Olberg

 CHAIRMAN'S SIGNATURE



**PORT OF
ANCHORAGE**

April 12, 1993

Senator Drue Pearce
Alaska State Legislature
Post Office Box V
Juneau, Alaska 99801-1182

Subject: Port Economic Development Grant Request

Dear Senator Pearce:

I have been asked by Mayor Fink to correspond with you directly on an important Facility Improvement to the Regional Port of Anchorage. This project is supported by both the Administration and Municipal Assembly in the 1993 Legislative Program. The Port of Anchorage requests State funds to develop 14 to 20 acres of recently-acquired tideland. As presently envisioned, this land would be used to support continuing growth in container cargo and potential export facilities for coal and forest products. The funds would pay for the initial development phase of filling, paving, lighting, and providing utilities.

We believe this Economic Development Improvement Project fits the spirit and intent of proposed Senate Bill 154. This Road, Rail, Utility and Land Improvement Project is estimated to cost \$7 million, which the Port is capable of matching on a 70/30 basis. Work could begin immediately after appropriation and Governor's approval as this project is designed and all permitting and mitigation has been completed. No State grant funds would be used for land acquisition. The following information pertains:

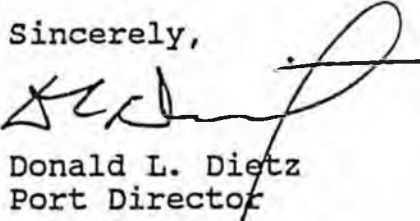
- (1) The Municipality will contribute \$2.1 million for this project from Port Revenue Funds. These private sector monies were generated from Port customers utilizing Port facilities to transport goods.
- (2) Two construction seasons will be required to complete this project utilizing up to 40 construction employees each year or 80 man years of construction employment.
- (3) Construction plans include a staging area suitable for loading and storage of wood chips or timber from potential harvests of beetle-killed spruce in the Susitna and Tanana drainages. This activity is anticipated to create over 400 jobs in the forest products industry.

Senator Drue Pearce
April 12, 1993
Page 2

- (4) There will be an increase of approximately six to fifteen new full time permanent jobs in the container transportation businesses at the Port. This increase in activity will also provide for longer Longshoreman work hours.
- (5) The Port has customers waiting now to enter long term leases for additional container storage space. It is estimated lot leases could generate up to \$512,400 per year.
- (6) The completed project would remain under the ownership of the Municipality, with management by the Port.

The Port of Anchorage is Southcentral Alaska's regional port. It handles 80% of the State's cargo, generates thousands of jobs, and, as a Foreign Trade Zone, stimulates imports and exports. Due to its vital role in the Alaskan economy, it should be appropriate for the State to provide a matching grant of \$4.9 million for this project.

Sincerely,



Donald L. Dietz
Port Director

cc: Walter J. Hickel, Governor

LEGISLATIVE\GRANTRQ2.SDP

**Potential Projects
CSSB 154
in Millions of Dollars**

Ketchikan Dock Expansion	\$3.8
St. Paul Water line Extension	1.5
Cordova Dock Project	7.5
Seward Dock Project	3.0
Seward Sea Life Center	12.5
Valdez Landfill Baler	2.0
Shell Fish Mariculture Tech. Center/Hatchery	3.4
Kodiak Inner Harbor Floats	4.2
Chenega Bay Marine Center	?
Ouzinkie Small Boat Harbor	?
Larson Bay Small Boat Harbor	?

Statewide projects

MAR 30 1993



**City of
Ketchikan**

334 Front Street
Ketchikan, Alaska 99901
907-225-3111

March 29, 1993

Senator Drue Pearce
Room 508
State Capitol
Juneau, Alaska 99801-1182

Dear  Senator Pearce,

As Mayor of Ketchikan I commend you for sponsoring Senate Bill No. 154, creating an Economic Development Grant Program.


Economic development is a high priority in Ketchikan as it is throughout Alaska. Even though ours is more diverse than many, it is important that each sector be supported.

The City of Ketchikan needs to reconstruct and expand our port facilities to accommodate the increased demand for dock space by cruise ships and other port users. It has been very difficult to keep pace with the growth within the visitor industry.

I am pleased to tell you the City of Ketchikan and representatives of the cruise ship industry have developed a funding package where the industry will be contributing approximately thirty percent of the cost of our proposed port expansion project. The City has begun the process of applying for Federal grant monies as well.

The Economic Development Grant Program proposed by the Committee substitute for Senate Bill No. 154(L&C) is a wonderful beginning by which the State and communities or regional development organizations can establish a partnership to strengthen local economies. I therefore urge passage of this important legislation.

Sincerely,



Alaire E. Stanton
Mayor

AS/kk

8-LS0732AE✓
Cook
3/18/93

CS FOR SENATE BILL NO. 154(L&C)
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - FIRST SFSSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS JACKO, Halford, Pearce, Zharoff, Kelly, Taylor

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the economic development grant program; and providing for
2 an effective date."

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

4 * Section 1. AS 29.60 is amended by adding new sections to read:

5 ARTICLE 9. ECONOMIC DEVELOPMENT GRANT PROGRAM.

6 Sec. 29.60.670. ECONOMIC DEVELOPMENT GRANT FUND. The
7 economic development grant fund consisting of appropriations to the fund is
8 established in the Department of Administration. Except as otherwise provided in an
9 appropriation act, money appropriated to the fund does not lapse but is retained in the
10 fund.

11 Sec. 29.60.675. ECONOMIC DEVELOPMENT GRANTS. (a) A municipality
12 or a regional development organization may apply for an economic development grant
13 for a fiscal year by submitting an application to the Office of the Governor before
14 October 1 of the preceding fiscal year. The application shall be on a form prescribed

CSSB 154(L&C)

1 by the office of management and budget after consulting with the Department of
2 Commerce and Economic Development and the Department of Community and
3 Regional Affairs. The grant money may only be used for construction of a capital
4 project that will increase economic opportunity within the municipality or region that
5 the organization represents. The grant application must include the following
6 information:

7 (1) the amount of money available to the municipality or the
8 organization from nonstate sources that the municipality or the organization proposes
9 to use to match grant funds for the project;

10 (2) the amount of money available from private, nongovernmental
11 sources that has been committed to or as a result of investment in the project;

12 (3) an estimate of the number and duration of construction jobs within
13 the municipality or region that will result from the project;

14 (4) an estimate of the number of new permanent jobs within the
15 municipality or region that will result directly or indirectly from the project;

16 (5) an estimate of the amount of state taxes, municipal taxes, and other
17 fees or payments to the state or applicant that will be generated as a result of the
18 project during the 10 years following its completion; and

19 (6) a description of the ownership of the completed project and how
20 the project will be operated and maintained after it is constructed.

21 (b) All grant applications received for a fiscal year shall be evaluated by a
22 committee composed of representatives of the office of management and budget, the
23 Department of Commerce and Economic Development, the Department of Community
24 and Regional Affairs, and other agencies. Committee members shall be selected by
25 the director of the office of management and budget and shall be chaired by the
26 director or the director's designee. The committee may request from a municipality
27 or organization additional information needed to evaluate a proposed capital project.
28 As part of the annual capital improvements program presented to the legislature under
29 AS 37.07.060, the governor shall submit to the finance committees of each house of
30 the legislature a prioritized list of projects for which the evaluation committee
31 recommends funding based on the degree to which each project has the potential to

1 improve the economy of the state and of the municipality that has applied for the grant
2 or the region represented by the organization that has applied for the grant.

3 (c) The legislature may appropriate or allocate from the economic development
4 fund or allocate in an appropriation to the fund all or a portion of the money requested
5 by a municipality or organization for a project identified in the prioritized list.

6 Sec. 29.60.680. GRANTS. The Department of Administration, after consulting
7 with the Department of Commerce and Economic Development and the Department
8 of Community and Regional Affairs, shall by regulation establish requirements for
9 economic development grants under AS 29.60.670 - 29.60.685 and shall administer the
10 grants. The regulations are subject to approval by the office of management and
11 budget. A grant may not be awarded by the department unless money for the project
12 is appropriated or allocated under AS 29.60.675(c) and the municipality or organization
13 meets or exceeds the amount of matching money identified in its grant application.

14 Sec. 29.60.685. DEFINITIONS. In AS 29.60.670 - 29.60.680, "regional
15 development organization" and "organization" have the meanings given in
16 AS 44.33.026(e).

17 * Sec. 2. This Act takes effect July 1, 1993.

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. CS 154 (L&C)

Revision Date: _____
 Title: An Act relating to the economic development grant program; and providing for an effective date.
 Sponsor: Sen Jacko
 Requestor: Sen L&C

Department Affected: Administration
 BRU: Administrative Services
 Component: Administrative Services

COMPONENT SERIAL NO. 46

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	62.3	62.3	62.3	62.3	62.3	62.3
TRAVEL	1.2	1.2	1.2	1.2	1.2	1.2
CONTRACTUAL	1.0	1.0	1.0	1.0	1.0	1.0
SUPPLIES	.2	.2	.2	.2	.2	.2
EQUIPMENT	3.0	3.0	3.0	3.0	3.0	3.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	67.7	67.7	67.7	67.7	67.7	67.7

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

REVENUE FUND SOURCE:						
----------------------	--	--	--	--	--	--

FUNDING:

1002 Federal Receipts						
1003 GF Match						
1004 GF	67.7	67.7	67.7	67.7	67.7	67.7
1005 GF/Program Receipts						
1006 GF/MHTIA						
OTHER						
TOTAL	67.7	67.7	67.7	67.7	67.7	67.7

POSITIONS:

FULL-TIME	1	1	1	1	1	1
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary.)
 See attached

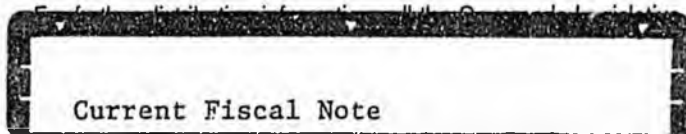
Prepared by: Sharon Barton, Director
 Division: Administrative Services

Phone: 465-2277
 Date: _____

Approved by Commissioner: Nancy Bear Userra
 Agency: Administration

Date: 5/8/93

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CONTINUATION of FISCAL NOTE ANALYSIS
CSSB 154 (L&C)

The requested position is a Grant Administrator III. The position will be responsible for taking the lead in establishing regulations, evaluating grant applications as a member of the application committee, administering the grant program and performing some audit work. In addition, there will likely be some accounting structure preparation work as well as some fund accounting made necessary by the economic development grants program, that will be performed by the Grant Administrator.

The non-personnel services items are for minimal travel, the purchase of a computer and other associated costs.

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. CSSB 154

Office of Management and Budget
 Department of Comm. & Reg. Affairs

Revision Date: 3/22/93
 Title: An Act relating to the Economic Development Grant Program:
and providing for an effective date.
 Sponsor: Senators Jacko, Halford, Pearce, Zharoff, Kelly, Taylor
 Requestor: Senate Finance

Department Affected: Commerce and Economic Development
 BRU: _____
 Component: _____
 COMPONENT SERIAL NO. _____

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
-----------------------------	----------	----------	----------	----------	----------	----------

FUNDING:

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year (FY 93) impact: 0

ANALYSIS: (Attach a separate page if necessary.)

This CS establishes the Economic Development Grant Program under the Department of Administration with involvement from Office of Management and Budget, Department of Commerce and Economic Development and Department of Community and Regional Affairs. Due to the team administration, no fiscal impact is anticipated.

Prepared by: Wendy Mulder, Legislative Liaison
 Division: Office of the Commissioner

Phone: 465-2500
 Date: _____

Approved by Commissioner: Paul Fuhs
 Agency: Commerce and Economic Development

Date: 3-22-93

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 For further distribution information call the Governor's Legislative Office

Dept. of Commerce - Zero fiscal note

FISCAL NOTE
STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. SB 154

Revision Date: _____
 Title: An Act relating to the economic development grant program:
and providing for an effective date
 Sponsor: Senators Jacko, Halford, Pearce, Zharoff, Kelly
 Requestor: _____

Department Affected: Commerce and Economic Development
 BRU: Economic Development
 Component: _____
 COMPONENT SERIAL NO. _____

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	76.4	76.4	76.4	76.4	76.4	76.4
TRAVEL	12.0	12.0	12.0	12.0	12.0	12.0
CONTRACTUAL	15.0	15.0	15.0	15.0	15.0	15.0
SUPPLIES	2.5	2.5	2.5	2.5	2.5	2.5
EQUIPMENT	4.1	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	110.0	105.9	105.9	105.9	105.9	105.9

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
----------------------	---	---	---	---	---	---

FUNDING:

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	110.0	110.0	110.0	110.0	110.0	110.0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	2	2	2	2	2	2
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY 93) impact: 0

ANALYSIS: (Attach a separate page if necessary.)

This will necessitate hiring a Grants Administrator I (R13B) and a Clerk III (R8B) positions to assist existing staff with the administration of the expected 55 annual grant requests this program will generate. The other expenses are all expenses related to this function. There will be an application fee of \$2,000 for each applicant which will generate program receipts of at least \$110,00 annually.

Prepared by: Bonnie Jo Borchick-Savland
 Division: Economic Development

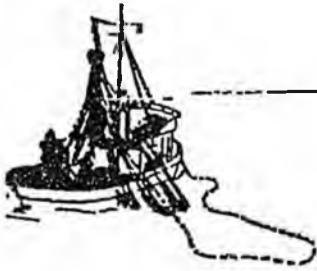
Phone: 465-2017
 Date: 3/12/93

Approved by Commissioner: Paul Fuhs
 Agency: Commerce and Economic Development

Date: 3-16-93

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Office
 Original Fiscal Note - Commerce



City of False Pass

P.O. Box 50 • False Pass, Alaska 99533-2350
Telephone (907) 548-2319 • Fax (907) 548-2214

March 30, 1993

TO: Members of Senate Finance
FROM: Borge Larsen, Mayor
RE: Support State Funding to SWAMC

The City of False Pass supports the bill SB 142 which will be considered by the Senate Finance Committee on Saturday, April 3 at 2:00 PM. This bill concerns SWAMC and others ARDORS.

SWAMC and additional regional development organizations are not State agencies. They are essential non-profit organizations which provide a link between private, state and federal economic development resources and local residents and small businesses to facilitate economic development. Small communities like False Pass rely on these non-profit organizations to provide economic growth information unavailable otherwise. We would not be able to afford that research on our own.

SB 154 should also be considered as it allows state agencies to directly contract with SWAMC and ARDORS for assistance. SWAMC is more cost-efficient in obtaining local input and local data.

Thank you.

CITY OF UNALASKA

P.O. BOX 89
UNALASKA, ALASKA 99685
(907) 581-1251
FAX (907) 581-1417

RECEIVED



UNALASKA, ALASKA

March 31, 1993

Senator George Jacko
Alaska State Legislature
State Capitol
Juneau, Ak 99801-1182

Dear Senator Jacko:

Enclosed for your information is a copy of Resolution No. 93-31 which was passed by the Unalaska City Council on March 30, 1993. This resolution supports the passage of Senate Bill #154: An Act relating to the Economic Development Grant Program.

Sincerely,

A handwritten signature in cursive script that reads "Debra K. Dushkin".

DEBRA K. DUSHKIN
City Clerk

enclosure

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION NO. 93-31

A RESOLUTION OF THE UNALASKA CITY COUNCIL SUPPORTING SENATE BILL 154: AN ACT RELATING TO THE ECONOMIC DEVELOPMENT GRANT PROGRAM.


WHEREAS, legislation has been introduced in the Alaska State Legislature that would establish the Economic Development Grant Fund; and

WHEREAS, the Economic Development Grant Fund will allow municipalities or regional development organizations to apply for economic development grants to be utilized for construction of capital projects that will increase economic opportunity within a municipality or region.

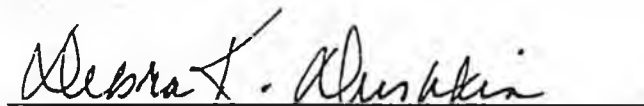
NOW THEREFORE BE IT RESOLVED that the Unalaska City Council supports Senate Bill 154: An Act Relating to the Economic Development Grant Program and urges passage by the Alaska State Legislature.

BE IT FURTHER RESOLVED that copies of Resolution No. 93-31 will be forwarded to Governor Hickel and members of the Alaska State Legislature.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL THIS 30 DAY OF March, 1993.


MAYOR

ATTEST:


CITY CLERK

RECEIVED

S

St. George Office:



Anchorage Office:

P.O. Box 880
St. George, Alaska 99591-0880
Tel: (907) 859-2263
Fax: (907) 859-2212

4000 Old Seward Hwy., Suite 301
Anchorage, Alaska 99503
Tel: 501-2124
Fax: (907) 561-4674

Hon. George G. Jacko, Jr.
Alaska Senate
State Capital
Juneau, AK 99801

RE: SB 154

Dear Sen. Jacko:

In support of Senate Bill 154 the City of St. George would like to offer the following comments:

1. The concept of providing substantial matching funds for worthy projects which meet objective statewide economic development criteria is sound and is in fact long overdue.
2. The concern we have is how best can the State maximize short and long term benefits in a timely manner.

For example, St. George is ready to go and can achieve the desired results quickly. That is, two private processing concerns have indicated readiness to initiate \$5 to \$10 million investments each on shore. This represents converting 150 of the 350 seasonal jobs in crab season to year round jobs. Dredging is the only obstacle they face. Engineering is ready, permitting is done.

Neither processors can afford to wait until late 1993 to begin a six month construction project prior to the next January crab season--construction must begin by July 15.

Normally new grant programs take several months to get started. St. George therefore requests the Legislature and Administration to consider ways in which those projects that are truly ready for a "jump start" can proceed in July.

Some mechanisms that have worked well are:

- a. Department of Administration Municipal Grant program and
- b. DOT/PF Transfer of Responsibilities Agreement (TORA)

We have utilized both and recommend them in the case of ready-to-begin projects. Our main concern is timely processing of funding so that the mixture of private and public funds can be achieved in time for the benefits to be realized in early 1994. Thank you for the opportunity to offer comment.

Sincerely yours,

Max Malavansky
Max Malavansky
Mayor

Support letters



Southwest Alaska Municipal Conference

Putting Resources to Work For People

3300 Arctic Blvd., Suite 203 • Anchorage, Alaska 99503 • (907) 562-7380 • FAX (907) 562-0438

March 15, 1993

Senator George Jacko, Chairman
Senate Rules Committee
Alaska State Legislature
State Capitol
Juneau, AK 99801

Dear Senator Jacko:

At its March 15 meeting, the Executive Committee of the Board of Directors of the Southwest Alaska Municipal Conference (SWAMC) voted to give its unanimous support to SB 154, establishing a fund for municipal economic development projects.

This program is badly needed in Southwest Alaska. Many communities will benefit from this proposed approach, and we applaud your inclusion of ARDORs as eligible to receive funding for economic development endeavors.

We urge you to consider making funds available in FY 94, as there are projects now ready to begin construction and could mobilize immediately at the start of the new fiscal year. These projects include dredging in St. George, utility extensions to the new dock in False Pass, water line and storage upgrades to serve dock facilities in St. Paul, construction of the only public dock in Egegik, water lines in Unalaska, expansion of the boat harbor in Kodiak, a boat harbor in Chignik, and the hydroelectric project in King Cove.

Thank you again for introducing SB 154 and we look forward to working with you toward its passage.

Sincerely,

Marideth Sandler AICP
Executive Director



CITY OF
DILLINGHAM
A L A S K A

RECEIVED MAR 12 1993

March 10, 1993

Senator George Jacko
State Capital, Room 125
Juneau, AK 99801-1182

Subject: Economic Development Legislation, Senate Bill #154

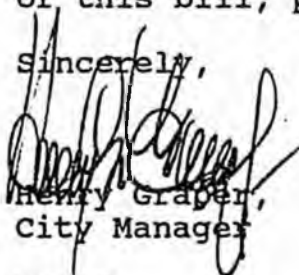
Dear Senator Jacko;

I have had an opportunity to review the material which was faxed to my office concerning Senate Bill #154. I believe that the Mayor and City Council and myself would wholeheartedly endorse your efforts to have this bill become a reality. We need all of the support that we can get from the legislature when it comes to Economic Development Grants. We have a number of projects but the one which is most brought to my mind at this time is the renovation and reconstruction of the cold storage dock facility. The cold storage dock facility which is leased by Peter Pan Seafoods needs approximately \$700,000 worth of work done to it. In the event that this work is not done we will not be able to use the dock during the 1994/95 fishing season. We would then lose our lease with Peter Pan and would find ourselves in the position where approximately 300 jobs would be lost to the City of Dillingham.

We realize that a number of these jobs which would be lost are not jobs which are filled by Dillingham people, but they do have an adverse effect upon the economy of the City of Dillingham. Therefore this project is very important to us and possibly could be addressed in Senate Bill #154 where it becomes a state law.

In the event that we can be of any further help to you in support of this bill, please don't hesitate to contact us.

Sincerely,



Henry Graper,
City Manager

HG:ad

NEWS RELEASE

SENATOR GEORGE JACKO
State Capitol, Room 125
Juneau, Alaska 99801-1182



FOR INFORMATION CONTACT:

Bryce Edgmon
(907) 465-4942
FAX (907) 465-2997

FOR IMMEDIATE RELEASE

93-04

March 8, 1993

Economic Development Legislation introduced

Senator George Jacko introduced legislation today that would establish a substantial program for funding municipal economic development projects.

"The Economic Development Program is unique because for the first time state funds will be available based strictly on economic potential. I am excited about the prospects. This legislation will set in state statutes specific criteria that must be met," Jacko emphasized.

"Municipalities and ARDORS (Alaska Regional Development Organizations) will now be able to acquire badly needed funds to get economic projects underway," Jacko said.

"Coastal fishing communities in my district such as Unalaska, St. Paul, St. George, Bethel, and Dillingham are prime examples. These are among many communities that have promising economic projects at their fingertips. But adequate funding is difficult to obtain – especially when considering the increasing competition for the state's capital dollars.

"Senate Bill 154 will authorize a separate source of funds within the capital budget and will emphasize leveraging other sources of capital such as private and federal monies.

Press Release

March 8, 1993

The number of jobs, the amount of state and municipal taxes generated, and the level of local maintenance provided will be large factors in deciding what projects get funded," Jacko added.

Senator Jacko is Vice-Chair of the Senate Finance Committee and is Chair of the Rules committee. He represents western Alaska, including Bristol Bay, the Aleutian Islands, and the Bethel region.

####



HOUSE COMMUNITY AND REGIONAL AFFAIRS

DATE: 4/13/93

PLACE: Rm. 124

SUBJECT OF MEETING:
HJR 22
CSSB 154

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
Anne Williams	Muni of Anchorage	3001 C st #40 Anchorage	99503		343-4467	(Y) N	SB 154
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	

SENATOR GEORGE JACKO

STATE CAPITOL, ROOM 125 JUNEAU, ALASKA 99801-1182 (907) 465-4942 FAX: (907) 465-2997

COMMITTEE CHAIRMANSHIPS

Rules, Chair

Finance, Vice-Chair

Finance Subcommittees

DC&RA, Chair

DM&VA, Chair

Revenue, Chair



COMMITTEE MEMBERSHIPS

Judiciary

Legislative Council

Finance Subcommittees

Public Safety

Fish & Game

University

MEMORANDUM

TO: Representative *Harley* Olberg, Chair
House Community and Regional Affairs Committee

FROM: Senator *George* Jacko

DATE: April 7, 1993

RE: Sponsor Statement

Thank you for scheduling CSSB 154 for a hearing in the Community and Regional Affairs Committee.

CSSB 154 establishes the Economic Development Grant Program and places directly in statute specific economic criteria that municipalities and Regional Development Organizations (ARDOR's) must meet in order to be eligible.

The Office of Management and Budget will form an evaluation committee with the Departments of Commerce and Economic Development, Community and Regional Affairs and other agencies to prioritize the projects.

The amended version of SB 154 replaces the Department of Commerce and Economic Development as the administering agency with the Department of Administration.

Page Two
Representative Harley Olberg
April 7, 1993

The Economic Development Program is unique because for the first time state funds will be available based strictly on economic development standards. SB 154 sets in statute six specific criteria that communities must meet to be eligible.

The criteria include the number of permanent jobs, the amount of state and municipal taxes generated, the level of local maintenance provided and the amount of money contributed from nonstate sources.

The grant money may only be used for construction of a capital project that will increase economic opportunity within the municipality or the region that the organizations represent.

Thank you for considering this request. If you need further information please contact Bryce Edgmon of my staff at 4942.

GJ/be

SB

164

SUMMARY OF PRINCIPAL PROVISIONS OF CSSB 164(RLS)

*Prepared April 25, 1994 by Local Boundary Commission Staff
Department of Community and Regional Affairs*

"An Act providing that home rule cities in the unorganized borough are school districts; permitting the Local Boundary Commission to amend petitions for incorporation or proposing municipal boundary changes; applying existing standards of incorporation for boroughs to unified municipalities; applying existing standards of incorporation for first class cities to incorporation of a home rule city; and relating to reclassification of first class or home rule cities to second class cities, to municipal reclassification and to public hearings on reclassification, to formation of home rule cities and unified municipalities through incorporation, merger, or consolidation, to organization grants and transitional assistance for unified municipalities, to adoption of a home rule charter by a second class city, to dissolution of municipalities, to filing copies of an amended home rule charter, and to regulations of the local boundary commission dealing with standards and procedures for municipal incorporation, annexation, detachment, merger, consolidation, reclassification and dissolution."

In general terms, the bill has the following effects:

- ❖ Permits first class and home rule cities to reclassify as second class cities; provides oversight of city reclassification, addresses standards and procedures for city reclassification. (Sections 2, 3, 4, 5, 30 and 31)
- ❖ Permits incorporation of home rule cities and unified municipalities; establishes standards for incorporation of home rule cities and unified municipalities; and affirms that home rule cities and home rule boroughs may be created through merger and consolidation. (Sections 6, 7, 8, 10, 11, 12, 13, 15, 16, 18, 19, 23, 24, 25, 26, 27 and 28)
- ❖ Affirms the Local Boundary Commission's authority to approve or amend petitions for municipal incorporation, annexation, detachment, merger, consolidation, and dissolution and to adopt regulations for such. (Sections 9, 14, 17, 21, and 30)
- ❖ Makes certain amendments regarding city school districts, dissolution, and home rule municipal governments. (Section 1 concerns city school districts; Sections 20 and 22 deal with dissolution; Section 29 concerns home rule charter amendments and Section 31 addresses home rule cities)

SECTIONAL ANALYSIS CSSB 164(RLS)

*Prepared April 25, 1994 by Local Boundary Commission Staff
Department of Community and Regional Affairs*

"An Act providing that home rule cities in the unorganized borough are school districts; permitting the Local Boundary Commission to amend petitions for incorporation or proposing municipal boundary changes; applying existing standards of incorporation for boroughs to unified municipalities; applying existing standards of incorporation for first class cities to incorporation of a home rule city; and relating to reclassification of first class or home rule cities to second class cities, to municipal reclassification and to public hearings on reclassification, to formation of home rule cities and unified municipalities through incorporation, merger, or consolidation, to organization grants and transitional assistance for unified municipalities, to adoption of a home rule charter by a second class city, to dissolution of municipalities, to filing copies of an amended home rule charter, and to regulations of the local boundary commission dealing with standards and procedures for municipal incorporation, annexation, detachment, merger, consolidation, reclassification and dissolution."

Section 1 recognizes that a home rule city in the Unorganized Borough is a city school district. Such is already recognized under AS 29.35.260(b). *[Amends AS 14.12.010, entitled, "Districts of state public school system".]*

Section 2 permits a first class or home rule city to reclassify as a second class city. It also revises procedures and establishes standards for reclassification of cities. Under the new procedures, the Department of Community & Regional Affairs reviews the reclassification proposal and the Local Boundary Commission conducts a hearing on the matter. If the Commission determines that the city proposed for reclassification meets standards set out in existing law for incorporation of the class of city proposed by the petition, and that reclassification is in the best interests of the state, it will approve the petition. *[Amends AS 29.04.040(a), a subsection of the section entitled, "Reclassification of second class cities".]*

Section 3 stipulates that voters or a city council may initiate a petition for reclassification. *[Amends AS 29.04.040(b), a subsection of the section entitled, "Reclassification of second class cities".]*

Section 4 provides that the council of a city proposed for reclassification shall order an election on the proposed reclassification within 30 days of the receipt of notice from the Local Boundary Commission that it has approved a reclassification petition for that city. *[Amends AS 29.04.040(d), a subsection of the section entitled, "Reclassification of second class cities".]*

Section 5 deletes the reference concerning reclassification only "to first class status," thereby acknowledging that home rule or first class cities may also reclassify to second class status. It also states provisions concerning the reclassification in clearer terms (i.e., "is reclassified" instead of "shall be considered reclassified"). *[Amends AS 29.04.040(e), a subsection of the section entitled, "Reclassification of second class cities".]*

Section 6 permits incorporation of a home rule city. It also applies existing standards for incorporation of a first class city to incorporation of a home rule city. *[Amends AS 29.05.011(a), a subsection of the section entitled, "Incorporation of a city".]*

Section 7 allows incorporation of a unified municipality. It applies existing standards for incorporation of a borough to the incorporation of a unified municipality. *[Amends AS 29.05.031(a), a subsection of the section entitled, "Incorporation of a borough".]*

Section 8 requires that a petition to incorporate a unified municipality be signed by the same number of voters required under existing law for incorporation of a borough. It also requires that a petition to incorporate a home rule city be signed by the same number of voters required under existing law for incorporation of a first class city.

Further, this section of the bill requires that a petition to incorporate a unified municipality designate areawide powers to be exercised. It also requires that a petition to incorporate a home rule city designate the powers to be exercised. Lastly, it requires that a petition to incorporate a home rule city or a unified municipality include a proposed home rule charter. *[Amends AS 29.05.060 entitled, "Petition" (for incorporation).]*

Section 9 affirms the Local Boundary Commission's authority to approve or amend a petition for incorporation of a municipal government. *[Amends AS 29.05.100(a), a subsection of the section entitled, "Decision" (of the Local Boundary Commission regarding incorporation).]*

Section 10 recognizes that the home rule charter included with a petition to incorporate a home rule city or a unified municipality is adopted if the voters approve incorporation. *[Amends AS 29.05.110(d), a subsection of the section entitled, "Incorporation election".]*

Section 11 adds a new subsection that provides that incorporation of a unified municipality dissolves all other municipalities within the boundaries of the unified municipality. *[Amends AS 29.05.140 entitled, "Transition".]*

Section 12 extends organization grants to newly incorporated unified municipalities at the same level currently provided to newly incorporated boroughs. Current law does not extend organization grants to boroughs formed through merger or consolidation or to a unified municipality formed by unifying an existing borough and cities within it. Section 12 of this bill maintains that principle by not extending organization grants to a newly incorporated unified municipality "that occupies the area formerly occupied by a borough." *[Amends AS 29.05.190 entitled, "Organization grants to boroughs".]* Note: the question has been raised whether the bill repeals provisions for organizational grants to boroughs. It does not. This is clear from lines 7 -11, page 6, CSSB 164(RLS). The question apparently stems from Lines 12 ? 16, page 6 in which the word "municipality's" is substituted for the word "borough's" when stating the amount of the entitlement. In that context, the word "municipality" is defined by AS 29.71.800 (13) to include both boroughs and unified municipalities.

Section 13 extends transitional assistance to newly incorporated unified municipalities at the same level currently provided to newly incorporated boroughs. The assistance includes: determining the population; helping to establish the initial sales and use tax assessment and collection department, if the unified municipality has adopted such a tax; and helping to determine the

initial property tax assessment roll if the unified municipality has adopted a property tax. Current law does not extend transitional assistance to boroughs formed through merger or consolidation or to a unified municipality formed by unifying an existing borough and cities within it. Section 13 of this bill maintains that principle by not extending transitional assistance to a unified municipality "that occupies the area formerly occupied by a borough." *[Amends AS 29.05.210 entitled, "Transitional assistance to boroughs".]*

Section 14 affirms the Local Boundary Commission's authority to amend a petition for municipal annexation or detachment. *[Amends AS 29.06.040(a), a subsection of the section entitled, "Local Boundary Commission" (review of annexation and detachment petitions).]*

Section 15 affirms that a home rule city or a home rule borough may be formed through merger or consolidation. *[Amends AS 29.06.090(a), a subsection of the section entitled, "Merger and consolidation".]*

Section 16 requires that a petition to form a home rule city or borough through merger or consolidation include a proposed home rule charter. *[Amends AS 29.06.100(b), a subsection of the section entitled, "Petition" (for merger and consolidation).]*

Section 17 affirms the Local Boundary Commission's authority to approve or amend a petition for municipal merger or consolidation. *[Amends AS 29.06.130(a), a subsection of the section entitled, "Decision" (of the Local Boundary Commission regarding merger or consolidation petitions).]*

Section 18 provides that the home rule charter included with a petition to merge or consolidate a home rule city or borough is adopted if the voters approve merger or consolidation. *[Amends AS 29.05.140(b), a subsection of the section entitled, "Election" (for merger or consolidation).]*

Section 19 permits an area that has neither a city government nor an organized borough; or an area that has one or more city governments but no organized borough, to form a unified municipality. *[Amends AS 29.06.190 entitled, "Unification of municipalities authorized".]*

Section 20 modifies the standard for dissolution of cities under AS 29.06.470(a)(3) to provide that the number of petition signatures required to meet the standard be based upon the last regular election in that municipality, as opposed to the last general election. The change makes the statutes consistent in the use of the last regular election of a municipality. *[Amends AS 29.06.470(a), a subsection of the section entitled, "Standards" (for dissolution).]*

Section 21 affirms the Local Boundary Commission's authority to amend a petition for municipal dissolution. It also affirms that the dissolution standard in AS 29.06.470(a)(3) concerning the best interest of the state also applies under AS 29.06.470(a)(1) and (2). *[Amends AS 29.06.500(a), a subsection of the section entitled, "Decision" (of the Local Boundary Commission regarding dissolution petitions).]*

Section 22 adds provisions concerning succession to a dissolved municipality by another municipal government or the State. Current law provides that a municipal successor or the State succeeds to all assets and liabilities of the dissolved municipality. Section 22 provides that a municipal successor or the State also succeeds to the rights, powers, and duties of the dissolved municipality. That provision is identical to existing law concerning succession to rights, powers, duties, assets and liabilities of municipalities as a result of municipal merger or consolidation [respectively, AS 29.06.150 (a) and (b)]. *[Amends AS 29.06.520 entitled, "Succession to assets and liabilities".]*

Section 23 affirms that a home rule charter may be adopted through merger or consolidation, or as a result of the incorporation of a home rule city or unified municipality. *[Amends AS 29.10.010(c), a subsection of the section entitled, "Municipal charter adoption".]*

Section 24 provides that a proposed charter for a home rule municipal government is prepared by the petitioners and is filed with the petition for incorporation, merger or consolidation. *[Amends AS 29.10.010(f), a subsection of the section entitled, "Municipal charter adoption".]*

Section 25 requires the Department of Community & Regional Affairs to prepare a model charter for a home rule city and a unified municipality. [*Amends AS 29.10.020 entitled, "Model charters"]*

Section 26 provides that the proposed charter for a home rule municipal government that is to be formed by incorporation, merger or consolidation must be submitted to the voters for approval at the election held to incorporate, merge or consolidate. [*Amends AS 29.10.070 entitled, "Charter election".*]

Section 27 provides that upon certification of voter approval at an election for the incorporation, merger or consolidation of a home rule municipal government, the charter becomes the organic law of a home rule municipal government. The municipality must file the charter with certain state and municipal officials. [*Amends AS 29.10.080(a), a subsection of the section entitled, "Charter adoption".*]

Section 28 provides that if the voters reject a proposal to incorporate, merge or consolidate as a home rule municipal government, the charter is rejected. [*Amends AS 29.10.090(b), a subsection of the section entitled, "Charter rejection".*]

Section 29 requires a home rule municipality to file a copy of amendments to its charter in the same manner that it was required to file its initial charter. [*Amends AS 29.10.100 entitled, "Charter amendment".*]

Section 30 affirms the Local Boundary Commission's authority to adopt regulations for municipal incorporation, annexation, detachment, merger consolidation and dissolution. It also adds authority for the Commission to adopt regulations concerning municipal reclassification. [*Amends AS 44.47.567(a), a subsection of the section entitled, "Powers and duties" (of the Local Boundary Commission) !*]

Section 31 eliminates the requirement that a city council hold a public hearing on a proposed reclassification of the city. As noted previously, Section 2 of CSSB 164(RLS) requires that the Local Boundary Commission hold a hearing on reclassification. A city council would not be prohibited from holding a hearing on the proposal in the course of preparing its petition for reclassification. Section 31 also repeals the provision that allows a second class city to adopt a home rule charter only if it has a population of at least 3,500 permanent residents and jurisdictional boundaries encompassing at least 35 square miles. *[Repeals AS 29.04.040(c), a subsection of the section entitled, "Reclassification of second class cities"] and repeals AS 29.10.010(b), a subsection of the section entitled, "Municipal charter adoption."]*

Title Change in Sen(RLS)

No. 2

Bill Version: CSSB 164 (Jud)

STATE OF ALASKA
1994 LEGISLATIVE SESSION

FISCAL NOTE

(S) Publish Date: 3-2-94

Revision Date: 3/1/94

Dept. Affected: Community & Regional Affairs

Title: *An Act relating to municipal incorporation,
reclassification and dissolution . . .*

BRU: _____

Component: _____

Sponsor: Senate Community & Regional Affairs Com.

Requestor: _____

COMPONENT SERIAL NO. _____

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

REVENUE FUND SOURCE:						
----------------------	--	--	--	--	--	--

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

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

Estimate of current (FY94) Impact \$ none

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Remond Henderson Director Phone: 465-4708

Division: Administrative Services Date: 3/1/94

Approved by Commissioner: [Signature] Deputy Commissioner Date: 3/1/94

Agency: Community & Regional Affairs

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Alaska State Legislature

House of Representatives

Official Business



State Capitol
Juneau, Alaska 99801-1182
(907) 465-3718

House Majority Leader

PURPOSE OF AMENDMENT TO CSSB217(FIN)am

The University of Alaska currently holds title to almost 200,000 acres of land. Of those lands approximately 109,000 acres are under what the University Office of Land Management classifies as "active management." This classification of active management however, does not solely represent revenue generating lands. A very small percentage of those lands are actually generating revenue (approx. 13,000 acres). The purpose of this amendment is to insure that the University is actively managing and generating revenue from the lands they select under this Act. If after ten years from the execution of an interim conveyance, the University is not generating revenue from the lands, title would remain in the Department of Natural Resources.


REPRESENTATIVE GAIL PHILLIPS

May 4, 1994

TO: House Community & Regional Affairs Committee Via Fax 465-3799

Attn: Harley Olberg, Chair
Larry Sanders, Vice Chair


William Williams
Con Bunde
Edward Willis
Cynthia Toohey
John Davies

SUBJ: Pass the University Land Grant Bill

As a UAF alumnus and 15 year resident, I am disappointed over the delays and amendments to SB 217. The Legislature should create policy and not procedures and move on to pass this bill as is without any further delay.

Considering the size of our state and the University's existing entitlement, the University is an embarrassment when compared to other land grant institutions. Fix this, and allow the University to expand its revenue base by granting income producing land to the University.

FROM: Pete Rutledge
P.O. Box 83743
Fairbanks, AK 99708



A M E N D M E N T

OFFERED IN THE HOUSE

TO: CSSB 217(FIN) am

Page 9, line 12, after "LAND.":

Insert new material to read:

"(a) The Board of Regents shall, by rule or regulation, establish procedures for mineral entry or location and mineral leasing on university land selections made under AS 14.40.365 that are substantially similar to mineral entry, location, and leasing procedures for state land under AS 38.05.185 - 38.05.275.

(b)"

(7)
Date Referred: April 15, 1994

HOUSE COMMITTEE REPORT
FURTHER REFERRALS:

Resources
Finance

Date of Committee Action: 5-8-94

The COMMUNITY AND REGIONAL AFFAIRS Committee considered: CSSB 217(FIN) am

SENATE BILL NO. 217 INCREASE LAND GRANT TO UNIV. OF ALASKA

"An Act relating to land of the University of Alaska and authorizing the University of Alaska to select additional state public domain land."

- RECOMMENDATIONS: the same title
 be replaced with House RS For CS For SB 217 a new title
 have attached amendments(s)
 do pass
 do not pass
 no recommendations
 individual recommendations
 additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____
 fiscal impact _____
 zero fiscal note _____

APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) DNR, U of A, F+G
 zero fiscal note(s) Revenue

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<u>Don Brewer</u>		<u>Jim Davis</u>		<input checked="" type="checkbox"/>	
<u>W.K. Williams</u>	<input checked="" type="checkbox"/>	<u>Ed Willis</u>		<input checked="" type="checkbox"/>	
<u>SOO... ..</u>	<input checked="" type="checkbox"/>	<u>Harley Olberg</u>		<input checked="" type="checkbox"/>	

Harley Olberg
CHAIRMAN'S SIGNATURE

STEVE FRANK

119 N. Cushman, Rm. 213
Fairbanks, Alaska 99701
(907) 452-3421

Alaska State Legislature



While in Juneau
P.O. Box V
Juneau, Alaska 99811
(907) 465-3709
Capitol Rm. 417

Senate

Sponsor Statement - Senate Bill No. 217

"An Act relating to land of the University of Alaska and authorizing the University of Alaska to select additional state public domain land."

SB 217 would allow the University of Alaska to select 500,000 acres of unencumbered land from the State of Alaska.

In this era of declining state funds, endowing the university with additional lands will allow it to develop those lands to produce income for university programs.

Under the Congressional Morrill Act of 1862, each state was entitled to receive a grant for public lands, the income from which would provide the financial base of operation for at least one college or university. The University of Alaska received about 112,000 acres of land, less than any other western public land state and less than the national average entitlement of over 300,000 acres with New Mexico and Oklahoma receiving about one million.

I believe that an additional grant of land would bring Alaska up to the level of other western states and follows through with the original purpose of land grant colleges.

Thank you for your consideration.

AMENDMENT # 1

BY REP. G. PHILLIPS

OFFERED IN THE HOUSE
COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

TO: CSSB 217(FIN)am

Page 5, line 11, after "convey":

Delete all material and insert:

" , subject to divestiture under (n) of this section, a document of interim conveyance under (k) of this section or a patent to land."

Page 8, following line 3:

Insert a new subsection to read:

"(n) When the commissioner of natural resources issues a document of interim conveyance under (k) of this section or a patent for land selected and held by the University of Alaska, the commissioner of natural resources shall retain the right to reenter the land conveyed and recover title to it if on the tenth anniversary of the execution of the conveyance the commissioner of natural resources finds that the University of Alaska is not actively managing the land to provide income for the support of its education programs. For purposes of this subsection, "actively managing the land to provide income" means that the University of Alaska is deriving revenue from the land selection."

TO: Mr. Dave Kamrath
Staff, Hs. Comm. Community & Regional Affairs

FROM: *JP* Jeff Parker FH: 272-9377(w); 272-9319(f)
Anchorage Fish and Game Advisory Committee, Legislative
Subcommittee Chair; Board of Directors, Alaska
Sportfishing Assn.; Vice Pres., State Council Trout
Unlimited

RE: S.B. 217 (University Lands Bill) (OPPOSED)

4/27/94

The Anchorage Fish and Game Advisory Committee, the Alaska Sportfishing Association and Trout Unlimited oppose S.B. 217. Because I thought this bill was dead and had no notice that it was to be heard today, I am sending this memo in behalf of all three entities, though I would have preferred to use separate letterheads and run a draft of this past the executive officers of each. Nevertheless, you should have prior opposition from each in your files.

I'll start with matters of public policy and then turn to fish and game interests.

1. There is no reason why the University should be able to select land ahead of any yet-unformed borough in the unorganized borough. This bill accomplishes that. It puts the university ahead of local interests that may evolve into local governmental interests and municipal land entitlements and selections. Any representative who supports this bill should be prepared to answer to rural residents why the University should come ahead of their interests.

2. Similarly, there is no reason why the University should come ahead of borough governments that have not fully selected and received their entitlements, or that may receive expanded entitlements under H.B. 259 (Lake and Peninsula Borough land entitlement) or S.B. 375 (expands all borough land entitlements). (Anch. F&G AC, ASA and TU oppose H.B. 259 and S.B. 375 also, but that is a different question than the issue of priority of selection we raise here.)

3. There is no reason to consider S.B. 217 until the mental health litigation is fully settled. ASA and TU intervened and have remained parties to that litigation out of concern for protection of important habitats and public use on public lands. One of the lessons of the mental health litigation is that there is little if any nonmineral land that has economic value that is not in the current settlement proposal. Why should we recreate in the context of University lands the same conflicts over loss of public lands that have arisen in the settlement discussions of the mental

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To	KAMRATH	From	PARKE R
Co.	465-3799	Co.	

health litigation?

4. Because the mental health litigation is going to consume much of the State's nonmineral land that has economic value, the likely result of University selections will be that they will settle upon riparian lands in two locations. One is upon riparian lands in the Susitna Valley, where timber and recreational value will drive the selection. The other is upon riparian lands in the central Bristol Bay drainages of the Nushagak River, Mulchnatna River, and Iliamna Lake, where perceived recreational value will drive the selection. It was in part the Susitna Valley lands that resulted in the environmental/sport intervention in the mental health litigation. This bill invites the same opposition.

5. Land disposals, sales and leases for additional recreational development in the central Bristol Bay drainages only invites increased conflicts between user groups. We have already created separate resident and nonresident moose hunting seasons and separate harvest regulations in Game Units 17B, 17C and 9B that comprise the Nushagak, Mulchatna and Iliamna Lake drainages. Those measures reflect for all practical purposes the nearness of triggering the subsistence priority and existing concern about too much pressure from the combination of local and nonlocal demand. The same is true on Nushagak chinook and coho, where biological concerns have resulted in restrictions on the commercial chinook harvest and closure last year of subsistence harvest of coho. If the University selects lands, as we suspect it will, in the southwest Alaska drainages, for purposes of recreational sales or leases, then the result could be further conflict between user groups and further restrictions on various user groups. Such results, to the extent they are predictable, will undermine state efforts to regain management of fisheries (which was seriously undermined by Judge Holland's recent decision) and regain subsistence management of game.

6. Disposals, sales or leases by the University for recreational development in the Bristol Bay drainages will likely erode the economic productivity of the existing recreational industry. In 1988, I authored a study of the economics and marketing practices of wilderness based recreation industry for the Alaska Hotel and Motel Association, the Alaska Professional Sport Fishing Association, and the Alaska Sportfishing Association. One of its conclusions is that when the wilderness based sport fishing industry overgrows it surpasses its economic carrying capacity and "tips over" so that it produces fewer dollars off of more users as the users shift from being predominated by high-dollar recreational fishers after world class trout plus salmon in a wilderness setting to low-dollar users after salmon in a more crowded setting. I can give you many statistics on commerce, job productivity, resident and nonresident composition of the recreational users in the Bristol Bay drainages compared to the west side of the Susitna and the Kenai Peninsula, but suffice it to say that the recreation industry in the Bristol Bay drainages is likely to be hurt, not helped, by letting University selections settle in those drainages.

7. Attached is a press release that reflects a recent call -- by delegates from the Iliamna, Nushagak, Naknek/Kvichak and Anchorage Fish and Game Advisory Committees -- for creation of a Central Bristol Bay Drainages Fish and Game Reserve. Those committees represent 20 villages (though the release says "approximately 15") plus Anchorage. The release is self-explanatory. Suffice it to say that concern for retention of public lands, protection of existing uses and avoidance of increased conflicts are the purposes of the proposal. It arises in large measure out of bills like S.B. 217, H.B. 259, mental health land litigation, and S.B. 375.

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STATE OF ALASKA
 Lake Iliamna Fish & Game Advisory
 Committee; Nushagak Fish & Game
 Advisory Committee; Naknek/Kvichak
 Fish & Game Advisory Committee, and
 Anchorage Fish & Game Advisory
 Committee

Contact: Joe Chythlook
 Alaska Department
 of Fish & Game,
 Boards Support
 Section
 Dillingham, Ak.
 (907) 842-5142

NEWS RELEASE

IMMEDIATE RELEASE
 April 26, 1994

FOUR FISH AND GAME ADVISORY COMMITTEES CALL FOR
 ESTABLISHMENT OF A FISH AND GAME RESERVE
 TO PROTECT PUBLIC LANDS AND EXISTING USES

On April 24, 1994, representatives of the Iliamna, Nushagak, Naknek/Kvichak and Anchorage Fish and Game Advisory Committees met in Dillingham and unanimously agreed in concept to jointly recommend the establishment of a Central Bristol Bay Drainages Fish and Game Reserve. The proposed reserve would include much of the state lands in the drainages of the Nushagak River, Mulchatna River, Kvichak River and Iliamna Lake. Private lands, including Native lands, would not be included. The purposes of the new reserve would be to protect and conserve valuable fish and wildlife habitat on public lands and protect existing and future uses of the fish and wildlife.

More than twenty representatives of the four committees attended as delegates to the joint meeting in the Dillingham City Hall. The four committees also established a task force of three from each committee to conduct further work and language on the final draft of the proposed reserve.

The Central Bristol Bay drainages are the most productive salmon habitat in the world and are also home to the world class rainbow trout. They contain the third largest caribou herd in Alaska as well as some of the highest brown bear populations in the world. The region is also noted for significant populations of moose, furbearers, raptors, and even unique, inland populations of marine birds and seals that frequent Iliamna Lake. These drainages support a tremendous amount of commercial, subsistence and recreational use.

Fish and Game Advisory Committees serve the function of advising State of Alaska Fisheries and Game Boards. They also deal with the Federal Subsistence Board on fish and game related matters. Approximately 15 villages in Southwest Alaska as well as Anchorage were represented by the advisory committee members present in Sunday's meeting. Fish and Game Advisory Committees were established pursuant to State and Federal law and are designed to provide local input and recommendations on the management of fish and wildlife, protection of habitat, and its various uses.

*** BND**

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To Dave Karmath	From Parker	
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Alaska Forest Association, Inc.



111 STEDMAN SUITE 200
KETCHIKAN, ALASKA 99501-6599
Phone 907-226-6114
FAX 907-226-5920

POSITION IN FAVOR OF SB217
BY THE ALASKA FOREST ASSOCIATION

MARCH 15, 1994

The Alaska Forest Association supports SB217 which would provide additional lands to the University of Alaska as part of their land grant. This additional grant will give the University a more solid revenue generating base from which to operate.

AFA appreciates the manner in which the University of Alaska now manages the lands it holds. They have been aggressive in utilizing these lands for the generation of revenue in a professional and environmentally prudent manner. Not only have these management activities generated revenues for the University, but also a large number of jobs for the communities in and around their holdings.

AFA supports SB217 as a method of further supporting the University of Alaska and managing the natural resources of the State.

FISCAL NOTE

No. 5
 Bill Version: CSSB 217 (FIN)
 (S) Publish Date: 3-16-94

**STATE OF ALASKA
 1994 LEGISLATIVE SESSION**

Revision Date: Feb. 22, 1994
 Title: An Act relating to land of the University of Alaska and authorizing the University of Alaska to select additional...
 Sponsor: Senator Frank
 Requestor: Senate Finance

Dept. Affected: Natural Resources
 BRU: Resource Development
 Component: Land Development

COMPONENT SERIAL NO. 431

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	60.0	60.0	60.0	60.0	60.0	60.0
TRAVEL	5.0	5.0	5.0	5.0	5.0	5.0
CONTRACTUAL	5.0	5.0	5.0	5.0	5.0	5.0
SUPPLIES	1.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	71.0	71.0	71.0	71.0	71.0	71.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE:

(Thousands of Dollars)

1002 FEDERAL RECEIPTS						
1003 GF MATCH						
1004 GF						
1005 GF/PROG RECEIPTS						
1006 GF/MHTIA						
OTHER I/A Receipts	71.0	71.0	71.0	71.0	71.0	71.0
TOTAL	71.0	71.0	71.0	71.0	71.0	71.0

Estimate of any current year (FY 93) cost: \$ 0

POSITIONS

FULL-TIME	1	1	1	1	1	1
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

This fiscal note is for the minimum necessary for DNR to process land conveyances to the University of Alaska. All costs for the conveyance work will be paid by the University to DNR using Interagency Receipts. It is impossible to project the amount of revenue these conveyances will generate for the University without knowing what lands will be transferred.

Prepared By: Ron Swanson
 Division: Land

Phone: 762-2692
 Date: February 22, 1994

Approved by Commissioner: [Signature]
 Agency: Natural Resources

Date: _____

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FISCAL NOTE

No. 4
 Bill Version: SSB 217 (FIN)
 (S) Publish Date: 2-10-94

STATE OF ALASKA
 1994 LEGISLATIVE SESSION

BILI

Revision Date:	Dept. Affected: <u>Revenue</u>
Title: <u>An Act relating to land of the University of Alaska</u>	BRU: <u>Revenue Operations</u>
<u>authorizing selection of state public domain land</u>	Component: <u>Treasury Management</u>
Sponsor: <u>Senator Frank</u>	
Requestor: <u>Senate Resources Committee</u>	COMPONENT SERIAL NO. <u>121</u>

Expenditures/Revenues: (Thousands of Dollars)

	FY95	FY96	FY97	FY98	FY99	FY00
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE FUND SOURCE:	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ 0

ANALYSIS: (Attach a separate page if necessary.)

This legislation would not affect operating costs. However, potential General Fund revenues resulting from development of land granted to the University would accrue to the benefit of the University of Alaska Trust Fund rather than the General Fund.

Prepared by:	<u>Laraine L. Derr, Deputy Commissioner</u>	Phone:	<u>465-4880</u>
Division:	<u>Treasury</u>	Date:	<u>2/16/94</u>
Approved by Commissioner:	<u>Darrel J. Rexwinkel</u>	Date:	<u>2/16/94</u>
Agency:	<u>Department of Revenue</u>		

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STATE OF ALASKA
1994 LEGISLATIVE SESSION

FISCAL NOTE

No. 3

Bill Version: CSSB 217 (FIN)

(S) Publish Date: 3-10-94

Revision Date:

Title: Land grant to the University

Department Affected: University of Alaska

BRU: Statewide Programs and Services

Component: Statewide Services

Sponsor: Frank

Requester: COMPONENT SERIAL NO.

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	100.0	100.0	100.0	100.0	100.0	100.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	100.0	100.0	100.0	100.0	100.0	100.0

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

REVENUE FD SOURCE						
-------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 FEDERAL FUNDS						
1003 GF MATCH						
1004 GENERAL FUND						
1006 GF/MHTLA						
1048 University Receipts	100.0	100.0	100.0	100.0	100.0	100.0
TOTAL FUNDING	100.0	100.0	100.0	100.0	100.0	100.0

POSITIONS:						
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.) The costs identified are for a contract with the Department of Natural Resources for land conveyance costs. Costs could exceed those identified if land conveyance can be done more quickly than is currently anticipated. Any additional expenses will be covered from the land grant trust fund, identified as University Receipts. Additional receipt and expenditure authority would be requested at that time. Additional land will generate additional revenue. However, without specific identification of land we are unable to quantify the potential for revenue generation.

Prepared by: Wendy Matheny, Budget Analyst Phone: 463-3086
Division: Statewide Budget Office Date: _____

Approved by: Alison Elgee, Associate Director Date: 3/19/94
Agency: Statewide Budget Office

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

FISCAL NOTE

No. 2

Bill Version: CSSB 217 (FIN)

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL N

(S) Publish Date: 3-10-94

Revision Date: _____
Title: University Land Selection
Sponsor: Senator Frank
Requestor: Senate Finance

Dept. Affected: Fish and Game
BRU: Habitat and Restoration Division
Component: Natural Resources
COMPONENT SERIAL NO. 486

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	30.0	30.0	30.0	30.0	30.0	30.0
TRAVEL	1.5	1.5	1.5	1.5	1.5	1.5
CONTRACTUAL	1.0	1.0	1.0	1.0	1.0	1.0
SUPPLIES	0.5	0.5	0.5	0.5	0.5	0.5
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	33.0	33.0	33.0	33.0	33.0	33.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	33.0	33.0	33.0	33.0	33.0	33.0
1005 CF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	33.0	33.0	33.0	33.0	33.0	33.0

Estimate of any current year (FY 94) cost: \$ 0.0

POSITIONS

FULL-TIME						
PART-TIME	1	1	1	1	1	1
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary) The Department of Fish and Game will require approximately one half-time habitat biologist to review university land selections and advise the Department of Natural Resources on the effects of conveyance to fish and wildlife resources, public uses of fish and wildlife and, potentially for management and use of legislatively designated state game refuges, critical habitat areas, and game sanctuaries. Additionally, as university land selections are made, existing state land management and Special Area plans the habitat biologist requested will have to be revised to reflect the changes in land management. This function would also be performed by habitat biologist, who would advise the Department of Natural Resources on their revised land management plans and revise the Department of Fish and Game's Special Area plans as needed.

As there are no deadlines in the bill on the university selections or the appeals that are likely to occur, it is anticipated that these additional personnel costs will recur annually, for the foreseeable future.

Prepared By: Frank Rue *Submitted for FR* Phone: 465-4105
 Division: Habitat and Restoration Date: 03/02/94
 Approved by Commissioner: *[Signature]*
 Agency: Alaska Department of Fish and Game Date: 03/02/94

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University of Alaska

Statewide System

SB 217 EXPANDING UNIVERSITY OF ALASKA LAND GRANT

By Senators Frank, Kerttula, Müller, Rieger, Taylor, Sharp

The University of Alaska is called a "Land Grant University" in the tradition of American land grant universities, providing teaching, research and public service to the people of Alaska. While the University has attempted to mold itself in the land grant tradition, one piece of that tradition is lacking – a sufficient land grant.

In 1915, Congress provided a land grant of approximately 250,000 acres – every section 33 in the Tanana Valley – to support the Territorial Agricultural College and School of Mines, together with a site for the institution itself. In 1929 Congress granted an additional 100,000 acres of public lands for the use and benefit of the Agricultural College and School of Mines.

In 1959, the Alaska Statehood act extinguished the University's right to receive the unsurveyed sections 33 of the Tanana Valley, leaving the University with 100,000 acres. Congress so acted because its land grant to the state was by far the most generous of all state land grants. Supporters of the extinguishment said the state clearly was receiving enough land that it could provide necessary land to support the University. The State of Alaska has never kept this moral obligation to the University of Alaska.

Forty-nine of the states received land grants to support their universities. In all but one, the universities received more land than the University of Alaska, notwithstanding the fact that Alaska's state land grant is 16 times the size of the average state land grant. In eighteen of the lower 48 states, the entire federal land grants – 100% – went to support the universities. In Alaska, less than one percent – 0.11% – went to the University.

The State of Alaska did not manage what land the University received well. In 1978, following legislative appropriation of the University's most valuable acreage, the University sued, eventually winning a legislative settlement that reconstituted the University land trust. Later litigation brought replacement land for the legislatively-appropriated acreage. The University's total land grant holdings today total 140,000 acres. Still, nearly 50,000 acres of limited timber cutting rights west of Icy Bay remains tied up in litigation.

Alaskans look to the University of Alaska to provide for some of its financial needs by earning income from the federal land grant, yet Alaskans do not realize the paucity of lands managed by the university.

If the University of Alaska received the average percentage of the total federal grant to the state -- 42.01% of the State of Alaska grant -- the University would be managing 43 million acres, and would probably need no further state support. If the University of Alaska received a proportional share of the total federal grant to universities -- 5.09% of the State of Alaska grant -- the University would be managing 5.3 million acres. Even bringing the University of Alaska's federal grant up to the average of the smaller states -- 340,000 -- would triple the size of the University's federal grant.

Passage of this legislation will allow expansion of the University of Alaska land grant, and allow the University to generate additional revenue in support of its programs. The lands would be responsibly managed to generate income. The University is currently involved in a wide range of projects including commercial leasing, development and sale of residential and remote subdivisions, oil and gas lease sales, timber and gravel sales and mineral leasing.

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