

ALASKA LEGISLATURE COMMITTEE FILES 1995-1996 8672

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LEVERAGING THE CLEAN WATER FUND

The upper part of the accompanying chart demonstrates how the Alaska Clean Water Fund (ACWF) currently operates:

- Federal capitalization grants & State appropriations (20% of federal grant amount) are deposited into the ACWF.
- ADEC administers the ACWF, providing loans to fund sanitation projects.
- Repayment of loan principal and interest is deposited into the ACWF to provide the basis for funding more community projects.
- Department of Revenue maintains the ACWF account and invests the unobligated balance, with the earnings also deposited into the ACWF.

The bottom portion of the chart illustrates the effects of leveraging on management of the ACWF:

- The ACWF balance will be pledged as collateral for revenue bonds. Costs of bond issuance are moved from the ACWF to the Bond Redemption Fund (BRF).
- The BRF will pass these funds to the State Bond Committee (SBC) who will then issue the bonds and sell them to investors.
- Bond proceeds from investors will be deposited into the ACWF. The proceeds will fund additional loans for projects. The loan repayments will produce the bond principle and interest payments.
- The SBC and the Trustee will make bond principle and interest payments from the ACWF and the BRF.

LOAN SPECIFIC INFORMATION

Community Served	Project Name	Project Number	Loan Amount	Agreement Date	Interest Rate	Amortization Period
Loans made during FY 90						
Anchorage	Eagle River	127011	\$7,759,380	10/31/89	4.65%	20 years
Homer	STP	409011	\$4,750,000	9/5/89	4.80%	20 years
Kachemak City	STP	451011	\$450,000	7/25/89	4.54%	20 years
Loans made during FY 91						
Anchorage	Campbell Creek	12702	\$2,238,607	12/17/90	4.84%	20 years
Nome	STP	627011	\$788,421	4/19/91	4.56%	20 years
Loans made during FY 92						
Anchorage	Eagle River Inc.	127011	\$3,000,000	9/6/91	4.65%	20 years
Cordova	Sewer Rehab	261011	\$735,310	9/24/91	4.42%	20 years
Anchorage	Campbell Creek II	127031	\$453,141	6/30/92	4.31%	20 years
Nome	Icy View	627021	\$2,000,000	6/30/92	4.31%	20 years
Seward	Lowell Point	769011	\$924,000	6/30/92	4.31%	20 years
Loans made during FY 93						
Seward	Dairy Hill	769021	\$40,000	11/23/92	4.75%	20 years
Juneau	Belt Press	445011	\$255,501	10/9/92	4.64%	15 years
Juneau	Back Loop Sewer	445021	\$1,620,500	2/2/93	4.56%	10 years
Anchorage	Pt. Woronzof	127041	\$2,443,128	4/26/93	4.24%	20 years
Juneau	Channel Drive	445031	\$536,000	6/7/93	4.23%	10 years
Loans made during FY 94						
Sitka	I&I	783011	\$2,000,000	8/17/93	4.04%	20 years
Juneau	Goat Hill	445041	\$166,000	12/23/93	4.05%	10 years
Bristol Bay	Leader Creek	183011	\$2,235,321	3/1/94	4.11%	20 years
Loans made during FY 95						
Craig	Wastewater	265011	\$1,000,000	9/14/94	4.45%	20 years
Anchorage	Regional Landfill	127051	\$10,062,000	12/2/94	4.74%	20 years
Anchorage	Girdwood Wastewater	127061	\$2,500,000	4/24/95	4.17%	20 years
Loans made during FY 96						
Nome	Solid Waste	627031	\$2,000,000	7/19/95	3.99%	20 years
Anchorage	Eagle River TID	127071	\$2,500,000	10/30/95	3.86%	20 years
Anchorage	Miscellaneous Projects	127081	\$3,015,000	1/12/96	3.74%	20 years

**Alaska Clean Water Fund
Project List**

July 6, 1995

Municipality	Project Title	Score	Amount	Cumulative
Projects to be Funded from Existing EPA Capitalization Grant				
Statewide	Planning and Design		\$614,287	\$614,287
Anchorage	Merrill Field Leachate Collection System		\$4,875,000	\$5,489,287
Yakutat	Wastewater Treatment Plant	85	\$200,000	\$5,689,287
Bristol Bay	King Salmon, Phase II	67	\$4,769,413	\$10,458,700
Klawock	STP Upgrade and Int.	46	\$1,500,000	\$11,958,700

**Alaska Clean Water Fund
Project List**

July 6, 1995

Municipality	Project Title	Score	Amount	Cumulative
Projects Seeking Funding from FFY 96/97 Capitalization Grant				
DEC	Administrative Costs		\$578,240	\$578,240
Juneau	Goat Hill Sewer Phase II	73	\$770,000	\$1,348,240
Kodiak	Wastewater Treatment Plant Project	70	\$4,880,500	\$6,228,740
Bristol Bay Borough	Borough Landfill Expansion	69	\$285,000	\$6,513,740
Homer	East Trunk-STP to Lake Street	67	\$626,000	\$7,139,740
Bristol Bay Borough	King Salmon Sewer Phase III	67	\$1,576,265	\$8,716,005
Anchorage	Middle Fish Creek Trunk	65	\$3,000,000	\$11,716,005

**Alaska Clean Water Fund
Project Planning List
July 6, 1995**

Municipality	Project Title	Score	Amount	Cumulative
Craig	Wastewater Plant Reconstruction	66	\$4,000,000	\$4,000,000
Unalaska	Solid Waste Facility, Phase I	66	\$3,500,000	\$7,500,000
Anchorage	C-5-7 Trunk R&R	65	\$3,000,000	\$10,500,000
Nome Joint Utility	Wooden Utilidor Upgrade	63	\$2,000,000	\$12,500,000
Valdez	Robe River Subdivision Sewer Interceptor	54	\$5,024,900	\$17,524,900
Petersburg	Scow Bay Sewer Extension, Final Phase	54	\$2,064,000	\$19,588,900
Petersburg	Sludge De-watering Facility	53	\$1,115,000	\$20,703,900
Fairbanks	Wastewater Sludge Disposal	47	\$9,500,000	\$30,203,900
North Slope	Anaktuvuk Pass Sewer	47	\$3,000,000	\$33,203,900
North Slope	Point Hope Sewer Project	47	\$3,000,000	\$36,203,900
North Slope	Point Lay Sewer Project	47	\$3,000,000	\$39,203,900
North Slope	Wainwright Sewer Project	47	\$3,000,000	\$42,203,900
Fairbanks	Ft. Wainwright Interceptor Rehabilitation	47	\$800,000	\$43,003,900
Unalaska	Wastewater Secondary Treatment	46	\$9,000,000	\$52,003,900
Unalaska	Primary Wastewater Treatment Facility	46	\$7,500,000	\$59,503,900
Anchorage	Pt. Woronzof Incinerator	42	\$6,000,000	\$65,503,900
Dillingham	Northeastern Townsite Sewer	37	\$898,976	\$66,402,876
Dillingham	Area 5 Phase I & II	37	\$1,390,505	\$67,793,381
Dillingham	Area 4 Phase I & II	34	\$2,011,280	\$69,804,661
Sand Point	Harbor Sewer Extension	34	\$300,000	\$70,104,661
Fairbanks	Van Horn & South Cushman Sewer	33	\$900,000	\$71,004,661
North Pole	Highway Park/Badger-Hurst Sewer	29	\$2,850,000	\$73,854,661
Fairbanks	International Industrial Ave. Sewer, Ext.	29	\$850,000	\$74,704,661
Fairbanks	E.M. Jones Sewer Extension, Phase I	29	\$2,600,000	\$77,304,661
Fairbanks	Industrial Park Sewer Ext.	29	\$850,000	\$78,154,661

STATE REVOLVING FUNDS

Issuer	RATINGS			State Intercept
	Moody's	S & P	Fitch	
Alabama Water Pollution Control Authority	NR	NR	NR	No
Wastewater Management Authority of Arizona	Aa	AA+	NR	No
Arkansas Development Finance Authority	NR	AA	NR	No
Colorado Water Resources and Power Development Authority	Aa	AA/AA+	NR	No
State of Connecticut	Aa	AA+	AA	Yes
Indiana Bond Bank	NR	A	NR	Yes
Iowa Finance Authority	NR	A	NR	No
Kansas Development Finance Authority	Aa1	AA+	NR	Yes
Kentucky Infrastructure Authority	A	A	NR	No
Maine Municipal Bond Bank	NR	A+	NR	No
Maryland Water Quality Financing Administration	Aa	AA	AA-	Yes
Massachusetts Water Pollution Abatement Trust	Aa1/Aa	AAA/AA-/A+	AA+/AA	Yes
Michigan Municipal Bond Authority	Aa	AA	NR	Yes
Minnesota Public Facilities Authority	Aa	AAA	NR	No
Missouri State Environmental Improvement And Resources Authority	Aa1/Aa	NR	NR	No
New Jersey Wastewater Treatment Trust	Aa	AA	NR	Yes
State of Nevada	Aa	AA	NR	No
New York State Environmental Facilities Corporation	Aaa/Aa	AAA/A/A-	AAA/AA	Yes
North Dakota Municipal Bond Bank	A1	NR	NR	No
Ohio Water Development Authority	A	A	NR	No
Pennsylvania Infrastructure Investment Authority	NR	AA	NR	No
Rhode Island Clean Water Finance Agency	NR	NR	NR	No
South Dakota Conservancy District	A	NR	NR	No
Texas Water Development Board	Aa	AAA	NR	No
State of Wisconsin	Aa	AA	AA+	Yes

STATES THAT HAVE NO STATE INTERCEPT

Alabama	No uninsured ratings.
Arizona	Uninsured ratings are only for Phoenix, whose double-A general obligation ratings flow to the ratings on Arizona's SRF bonds.
Arkansas	Double-A Standard and Poor's rating; without state intercept, State is required to use supplemental reserve fund, which is utilized if earnings fall below required coverage.
Colorado	Double-A from both Mood's Investors Service and Standard & Poor's; without state intercept, State is required to use supplemental reserve fund, which is utilized if earnings fall below required coverage.
Iowa	Rated only single-A by Standard & Poor's.
Kentucky	Rated only single-A by both Moody's Investors Service and Standard & Poor's.
Maine	Rated only "A+" by Standard & Poor's; enjoys state moral obligation.
Minnesota	Similar to both Arkansas and Colorado, Minnesota has a supplemental reserve, but the debt is also secured by moral obligation pledge.
Missouri	Reserve fund equals 70% of outstanding loans, as opposed to lower conventional reserve fund levels for most other programs.
Nevada	Backed by State's general obligation pledge.
North Dakota	Rated "A1" by Moody's Investors Service.
Ohio	Rated only single-A by both Moody's Investors Service and Standard & Poor's.
Pennsylvania	Double-A Standard & Poor's rating; overcollateralization with over one-half of the program funds coming from the State of Pennsylvania.
Rhode Island	No uninsured ratings.
South Dakota	Rated only single-A by Moody's Investors Service.
Texas	Substantial overcollateralization; expectation that debt service coverage on pool will rise to over 8.0 times during the life of the bonds.



PRESTON GATES & ELLIS
ATTORNEYS

January 18, 1996

Ms. Michele Brown
Acting Commissioner
Department of Environmental Conservation
State of Alaska

The State Bond Committee
c/o Mr. Forrest Browne, Debt Manager
Treasury Division, Department of Revenue
State of Alaska

Re: Leveraging the Clean Water Act Revolving Fund Loan Program

Dear Ms. Brown and Members of the Committee:

We have been requested to evaluate the Alaska Clean Water Fund ("ACWF") revolving fund loan program for the purpose of making recommendations as to how the program can be structured to accommodate and provide for the sale of bonds ("Bonds"), the proceeds of which would be reinvested in the program. In so doing, we have been asked to consider the legal issues such a program may raise and to analyze the different options available for achieving such a program. We have also been requested to confirm that any format we propose complies with federal law requirements for the issuance of bonds the interest on which may be excluded from federal income tax. Concern has also been expressed that it comply with federal law relating to the federal Clean Water Act.

Finally, we were asked to assist in drafting necessary implementing legislation. Such legislation has been prepared through the efforts of the Department of Law, the Department of Environmental Conservation, the staff of the State Bond Committee, the financial advisor to the State Bond Committee and this firm. This legislation has been introduced in the Legislature as Senate Bill No. 207 and House Bill No. 401 (herein together, the "Bill").

In undertaking this task, we have reviewed the constitution and statutes of the State of Alaska relating to the ACWF (a state revolving fund or "SRF" under federal law) and have reviewed federal law relating to tax exemption of state and local governmental obligations and the Clean Water Act. We have reviewed relevant court decisions and opinions of the attorney general of the state, information relating to the operation of the revolving loan program and have met and

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had discussions with staff members of the State Bond Committee, the Department of Environmental Conservation ("DEC") and the Department of Law.

We respond as follows:

SUMMARY OF CONCLUSIONS

We believe that the Bonds may be issued by the State Bond Committee as provided in the Bill, without violation of Article IX, Section 8, of the State Constitution requiring an election approving the issuance of bonds. We also believe that under the Bill the program can be structured to allow leveraging of the ACWF by the issuance of Bonds, with the commitment of funds necessary to such a structure without violation of Article IX, Section 7, of the State Constitution restricting the dedication of revenues of the state. Finally, under the Bill, such a financing program can be structured to allow the Bonds to be issued on a tax-exempt basis. These conclusions are, of course, dependent on the final language of the legislation adopted, and the ultimate terms and provisions of the financing plan as adopted by the State Bond Committee.

LEGAL ANALYSIS

Regardless of the administrative structure chosen to implement a program of leveraging the ACWF by the issuance of bonds, there are two fundamental legal issues which must be addressed. They are the questions of (1) whether or not a vote of the people is required for the issuance of such bonds and (2) whether or not the issuance of such bonds can be structured in such a way as to comply with the constitutional prohibition against dedication or earmarking of revenues of the State.

One important point should be made before discussing the legal issues. In order for a bond counsel to be able to give an opinion approving an issue of bonds, he or she must be able to say that no reasonable argument can be made against the validity of such bonds. This is a strict standard and is sometimes difficult to meet even if one thinks that a court would be likely to uphold validity on a particular issue. The following discussion is the result of our effort to evaluate each issue in the light of the "no reasonable argument" standard.

Issuing State Bonds Without an Election

Article IX, Section 8, of the State Constitution provides as follows:

"No state debt shall be contracted unless authorized by law for capital improvements . . . and ratified by a majority of the qualified voters of the State who vote on the question."

Section 11 of Article IX provides:

"The restrictions on contracting debt do not apply to debt incurred through the issuance of revenue bonds by a public enterprise or public corporation . . . when the only security is the revenues of the enterprise or corporation."

Thus, Article IX, Section 8, requires that State bonds be issued only for capital purposes and only with an approving vote of the electorate. These restrictions are removed with respect to the issuance of revenue bonds issued by "a public enterprise or public corporation of the State . . . when the only security is the revenues of the enterprise or corporation." Although the Bill proceeds would not be used for capital facilities belonging to the state and no election is contemplated, these restrictions do not apply if one of the above exceptions can be invoked.

One approach would be to create or use a separate public corporation for the purpose of leveraging the revolving fund program. The Bonds can also be issued directly by the State, as contemplated by the Bill, through the State Bond Committee which now administers the issuance of other State debt, if to do so constitutes "the issuance of revenue bonds by a public enterprise . . . of the State . . . , when the only security is the revenues of the enterprise" There is little law on the subject of whether or not such a loan program can constitute a "public enterprise" for purposes of meeting the revenue bond exception to public vote requirements. Many cases recognize the validity of issuing such bonds for a public improvement, such as a utility system or an airport which generates revenue sufficient to secure the bonds. There is authority that the issuance of bonds primarily for reinvestment to make a profit (arbitrage bonds) is not a valid public purpose. See State v. City of Orlando, 576 So. 2d 1315, 1317 (Fla. 1991). Such arbitrage schemes are, however, quite different from the program contemplated here--the loaning of money to municipalities for clean water related public improvements. Under present federal law and DEC practice, such loans cannot bear interest at a rate greater than the Bonds so it is unlikely a profit could be made. We believe that the leveraging of the revolving fund program through the issuance of Bonds should be considered by the courts to be a public enterprise. While there seems to have been little litigation on this point, the existence of other similar State revolving fund programs financed in part by the issuance of revenue bonds, as well as the existence of a number of general purpose bond banks and industrial development authorities in Alaska and nationally, gives credence to the "public enterprise" characterization of such a program as being within the custom and practice nationally in municipal finance.

The proceedings of the Alaska Constitutional Convention further support the characterization of the Bonds as the revenue bonds of a public enterprise of the State. The minutes of the convention record the following exchange:

"HELLENTHAL: In Section 11 where the Committee deals with the non-applicability of the restrictions on debt, in the case of revenue bonds issued by public corporations of the state, first; public enterprises of the state, second; and

thirdly, any political subdivision. Does the committee mean by that language that any political subdivision can issue revenue bonds either through a public corporation or through a public enterprise, or directly, like the City of Anchorage did with its Eklutna project; and in the event that they choose to issue them directly without employing the device of the public corporation, with those bonds being exempt from the restrictions applicable to debt?

NERLAND: That was the intention of the Committee, Mr. Hellenthal."

This language makes clear the intent of the drafters that bonds to fund a public enterprise may be issued directly by the State without employing the device of a public corporation.

Case law defines "enterprise" broadly. "Enterprise" is not restricted to a scheme for making money but includes any object that is consistent with the interests of society and may engage the attention of men and invite their cooperation." under the holding in Maxwell vs. Akin, 89 F. 178, 180 C.C.C.D. Ore. 1898. Case law interpreting "enterprise," as it appears in federal statutes, does so very broadly. See Marshall v. McAlester Corp., 438 F. Supp. 1005, 1012 (E.D. Okla. 1977) ("enterprise" under the Fair Labor Standards Act).

Based on the foregoing, it appears that characterizing the revolving loan program as a public enterprise of the State should successfully bring into play the exceptions of Article IX, Section 11. Care should still be taken however in actually implementing the legislation to avoid the implication that the Bonds are, in any way, secured by the general funds or revenue of the State. To this end, it may be necessary to segregate in separate accounts the money paid into the fund out of general State funds and other ACWF moneys such as grants or loan repayments, to make clear that only federal grants, loan repayments and earnings thereon secure the Bonds, to create reserves that secure the Bonds only out of "revenues of the enterprise" and to make whatever other provisions are necessary to clarify the applicability of the revenue bond concept.

Dedicated Funds

In order to structure, in conjunction with the ACWF, a revenue bond financing vehicle, it is necessary to provide for, or authorize the issuing agency to provide for, the pledging or dedication of the revenue stream and other moneys which are to secure and pay the Bonds. The Bill does this. This is usually not a problem for a state or municipality. However, Alaska is subject to the requirements of Article IX, Section 7, of the State Constitution which provides:

"The proceeds of any state tax or license shall not be dedicated to any special purpose, except . . . when required by the federal government for state participation in federal programs."

The following questions are raised: May the State dedicate loan repayments (principal and interest) under the ACWF revolving fund program to be deposited in the ACWF? May the State pledge to the payment and security of the Bonds the loan repayments (principal and interest), federal grants received, State matching money and interest earned on ACWF money? May reserve funds or accounts be created out of funds other than revenue of the revolving fund loan program and pledged to secure and pay Bonds?

Dedications Required By Federal Law

In order to continue to qualify for participation in the federal funding program established by the Clean Water Act, implementing state legislation must be consistent with the Clean Water Act and relevant federal regulations. The proceeds of state bonds secured by the state revolving fund (the ACWF) are required to be paid into such fund. (33 U.S.C.A. Section 1383 (d)(4)) Repayment of loans out of a SRF must also be paid into the fund. (33 U.S.C.A. Section 1383(d)(1)(D)) Federal capitalization grants and state matching moneys are also required to be paid into the SRF. (33 U.S.C.A. Section 1382 (b) (1), (2)) Although there does not appear to be federal legislation specifically mandating the retention of interest earnings in the SRF, the regulations state that "SRF balances must be available in perpetuity and must be used solely to provide loans and other authorized forms of financial assistance" to assist communities in maintaining water quality. 40 CFR Section 35.3115 (1994) The Initial Guidance for State Revolving Funds contains similar language referring to "All funds within the SRF," as does 33 U.S.C.A. Section 1383 (c).

Thus it appears that federal legislation mandates that all of the major sources of money in the ACWF be deposited in that Fund and that moneys in the Fund may not be withdrawn except to be applied to provide financial assistance to local governments or state agencies for the purposes specified in the Act. One of the methods of giving financial assistance is to use such moneys to pay and secure bonds issued to provide funds for the same purposes. While federal law does not mandate that moneys in the SRF be used only for so securing bonds, as opposed to other authorized means of assisting communities, the discretion that Article IX, Section 7, intended to permanently vest in the legislature with respect to state revenues is almost totally eclipsed by these requirements of federal law which are "required . . . for state participation in" this federal program. Also, the case of State v. Alex, 646 P.2d 203, 209 (Alaska 1982) indicates that once moneys are in a given fund, Art. IX, Section 7, does not preclude their dedication to secure revenue bonds to which they relate. Thus, we believe that, as authorized by the Bill, the dedication of revenue sources in the Alaska Clean Water Act to the ACWF and the proposed dedication of money in the ACWF (other than state matching money or, possibly, the portion of loan repayments representing the loan of state matching money) to pay and secure bonds meet the requirements of Article IX, Section 7.

Tax Analysis

Under the Bill, a program may be structured in which tax-exempt bonds are issued by the State to acquire tax-exempt obligations of local governmental units. The debt obligations issued by the local governmental units must be tax-exempt governmental obligations and may not be tax-exempt private activity bonds. Care must be taken to ensure that the underlying projects do not have private business users in excess of that permitted by the Internal Revenue Code (the "Code") and that any private business management contracts for the facility meet the IRS guidelines in effect at the time the State bonds are issued.

The Code generally treats bonds as taxable "arbitrage bonds" if the bond proceeds are used to acquire "investment property" that has a yield that is materially higher than the bond yield. The term "investment property" includes securities (such as the obligations issued by local governmental units) but excludes from this treatment tax-exempt obligations that are not private activity bonds. Also, it is unlikely that any of the local obligations acquired would bear interest at a higher rate than the Bonds.

It is important that there be more projects to be financed than the non-bond resources available from the State and the federal government. Internal Revenue Service regulations generally prohibit the State from issuing more bonds, issuing bonds earlier, or allowing them to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes for which the bonds are issued. A review of the DEC projection in this regard indicates that this issue should not pose a problem. The State's goal in the program is to leverage additional borrowed money into more project financing. It is important to demonstrate that additional projects may be financed (and financed sooner) than could be financed if the State were just to use the state and federal resources available to demonstrate that the State is not issuing more bonds than are necessary or issuing them earlier than necessary.

Programs such as this usually require that debt service reserves be established to secure the bonds. If money derived from the State funds or from the federal government are pledged to secure the State bonds, that money will be subject to the Code rules relating to bonds and may be subject to the arbitrage rebate requirements if invested in excess of the bond yield.

The bond proceeds generally may be invested at yields in excess of the bond yield for a period of three years by the local governmental units. While the bond proceeds are held by the State and before they are used to acquire the local governmental unit obligations, the IRS regulations allow for a six-month investment period for State bond proceeds. This six-month temporary period is subtracted from the three-year period available to the local governmental units. In addition, there is a three-month temporary investment period for repayments that are expected to be recycled into purchase of new local obligations.

Ms. Michele Brown
The State Bond Committee
January 18, 1996
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The Code also contains specific requirements for "pooled financing bonds." In general, the State must reasonably expect that as of the close of the three-year temporary investment period, at least 95% of the net bond proceeds will have been used to acquire the local governmental unit obligations. In addition, the payment of legal and underwriting costs associated with the issuance of the bonds may not be contingent and at least 95% of such costs must be paid not later than 180 days after the State bond issuance.

We hope that the forgoing is of assistance. Please call with any questions or comments.

Very truly yours,

PRESTON GATES & ELLIS

By


Forrest W. Walls

FWW:wp

cc: Ms Marie Sansone
Mr. Butch White
Mr. Chester Johnson
Mr. Mike Burns
Mr. Lee Sharp
Mr. Bill Mantle
Ms. Cynthia Weed

FWW09F DOC

Government Finance Associates, Inc.

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January 19, 1996

TO: MIKE BURNS
BUTCH WHITE
MARIE SANSONE
FORREST BROWNE

FROM: GOVERNMENT FINANCE ASSOCIATES, INC.

SUBJECT: ELIMINATION OF STATE INTERCEPT, EFFECT ON
ALASKA'S PROPOSED SRF FINANCING PROGRAM

We have been asked to evaluate the impact of removing the state intercept from the proposed SRF leveraging and bonding structure. In this connection, it is necessary to review the effects on both the underlying credit features and the projected financing costs for the program. In order to appropriately respond to this subject, background material should be presented, as follows.

DESIRED RATING: Generally speaking, as a result primarily of (i) the large cash infusions from the Federal and state governments, (ii) provisions of the local loan repayment arrangements, and (iii) the state creation and oversight, SRF's have been highly rated. For example, as indicated in the attachment, of the 25 active leveraged state SRFs, sixteen are rated double-A or better, without taking into account bond insurance. The other nine are rated single-A, or they are assigned insured ratings. Because of the high credit standing of these structures, only a few have chosen to be insured, since any rating in the double-A or higher categories makes bond insurance unnecessary. In most cases, insured bonds trade no better than a weak double-A. Additionally, double-A ratings, on an uninsured basis, give a borrower substantially greater flexibility, as a result of the lower cost of capital that the rating affords and the reduced number of restrictions that apply to uninsured debt. Taking these factors into consideration, combined with the inherent strengths of the Alaska SRF, we recommend that the State establish a goal of achieving no less than an uninsured rating of double-A.

USE OF STATE INTERCEPT: As shown in the attachment, of the sixteen active leveraged SRFs rated double-A or better, half of them use the state intercept of local aid to provide underlying security. The state intercept mechanism has been employed for numerous purposes over the years. In the 1970's, for example, states that created bond banks to reduce the cost of capital for localities often applied the state intercept to help secure the bonds that were sold by the respective state bond banks. As a policy matter, the rating agencies have concerns about the pooling of local credits, with disparate credit

Government Finance Associates, Inc.

standing, in the absence of some generic, extra credit support. State intercepts have often been used to address these rating agency misgivings about local credit pools and to "homogenize" the various credits within the pools. On occasion, state "moral obligation" pledges have been invoked for this purpose, but Moody's, in particular, gives little weight to the concept after "moral obligation" agencies in New York State had very serious credit problems in the 1970's, including a default on certain notes by one "moral obligation" agency. The state intercept is a well-established and favorably accepted credit device.

DIFFERENCE IN COST OF CAPITAL BETWEEN "A" AND DOUBLE "A" SRFs:

In our opinion, if the State does not make special arrangements, as discussed further below, to compensate for the loss of the state intercept, it is highly likely that a rating of single-A will be given to the State's SRF, as opposed to the more desirable double-A. If this development occurs, then the Alaska SRF will experience a more costly interest expense on the bonds it sells in the credit markets. We estimate that the current difference in interest costs between a single-A and double-A credit, over twenty years, on \$10 million is equal to \$271,000 in gross dollars. Compounding this difference over several years of SRF issuances, for \$100 million, it would amount to \$2.8 million over twenty years.

It should be noted that we are currently experiencing low interest rates. In a higher interest rate environment, this difference between single-A and double-A credits could be (and has been) as great as 50 basis points. In that situation, the difference in capital costs between a single A and double A could aggregate as much as \$7.0 million over twenty years. One could argue that the difference could be reduced through bond insurance, which is correct, but it is relevant to emphasize the following in this respect. First, bond insurance is rather expensive, often as much as one-half of one percent of total debt service. Second, bond insurers frequently require programmatic restrictions that even the rating agencies do not mandate.

ALTERNATIVES TO STATE INTERCEPT: As discussed above and as more fully exhibited in the enclosures, there are options for Alaska in achieving a double-A rating for the leveraged SRF over and above the use of the state intercept. The alternatives tend to fall into three categories. First, as demonstrated by the Arkansas, Colorado, and Minnesota programs, a supplemental reserve could be created that further secures the cash flow through excess revenues and unreleased fund balance. Second, overcollateralization of financed loans could also be accomplished through lower ratios of SRF debt to the program's fund balance and other unreserved monies; Missouri, Pennsylvania and Texas have followed this course. Third, other programs, such as Arizona and Nevada, have applied high general obligation bond ratings to secure the SRF debt; Arizona apparently issues uninsured debt only for high rated localities, such as Phoenix, and Nevada SRF debt is further secured by the State's general obligation pledge. Based on our understanding of the desire for flexibility in the Alaska program, we do not think that the third option is realistic for the Alaska context.

Government Finance Associates, Inc.

CONCLUSION: The state intercept mechanism is a common feature for many, highly rated SRF structures. If the State wishes to eliminate the state intercept but still achieve a double-A rating, on an uninsured basis, for its leveraged SRF program, it will be necessary for operational adjustments to be made by the State. These adjustments could include, but would not necessarily be limited to, the establishment of supplemental reserve funds and significant overcollateralization of assets (lower debt to equity ratios). In effect, the Alaska program would be required to limit its flexibility in certain respects. The State will need to balance these additional restrictions and effect on the SRF's future programmatic flexibility against any perceived disadvantages of the use of a state intercept.

As a final comment, we would like to emphasize that in the absence of substantial reasons to the contrary, the use of the state intercept, as a result of its frequent use for other states that have received a double-A rating, will facilitate discussions with rating agencies and will be met with an historically favorable acceptance by the credit markets. These factors should result in a lower cost of capital for the Alaska SRF. We suggest that if Alaska desires to eliminate the state intercept, we should first discuss its elimination with the rating agencies to determine the replacement security feature that the agencies would possibly require in order for Alaska to achieve a double-A rating. Of course, if Alaska is satisfied with the single-A rating, then it becomes a matter of the additional cost of capital that would be incurred through the elimination of the state intercept.

Post-It® Fax Note	7671	Date	1/23	# of pages	4
To	Nancy	From	Shanna		
Co/Dept.		Co.	AWWU		
Phone #		Phone #	786-5502		
Fax #	465-2267	Fax #			

Testimony before House Community and Regional Affairs

My name is Diana Bennett. I am the Finance Manager of the Anchorage Water and Wastewater Utility, a department of the Municipality of Anchorage. I am here today to speak in favor of House Bill 401 and its companion bill in the Senate, number 207, bills authorizing the State of Alaska to issue revenue bonds for the purpose of funding wastewater and other water quality improvement projects thru the Alaska Clean Water loan fund.

Although AWWU shares a common workforce and management, it is actually two separate utilities for regulatory purposes, establishing separate rates for service and incurring separate debt for capital projects. The wastewater utility relies substantially, almost entirely, on the Alaska Clean Water loan fund to finance its comprehensive capital improvement plan. We anticipate borrowing \$4-6 million

annually from the loan program. I hope the funds will be available to do so.

The low interest loan program has been extremely popular and well received throughout the country. The Anchorage Wastewater Utility has borrowed \$8.8 million from the low interest loan program, at rates substantially lower than would be possible in the regular bond market. We estimate this has saved the ratepayers at least \$400,000 over the past four years, in addition to the flexibility the program affords us. In the years this Alaskan program has been in existence, ADEC has made loans totaling \$53 million. There is still a tremendous need for low cost funding throughout the state. ADEC received requests for \$13 million in loans for the current fiscal year.

The bill under discussion will allow what many other states have done and leverage this initial capitalization money from the federal government. Increasing the amount of funds available allows

projects to be completed sooner than if we have to wait for our projects to move above the "cut line". This is a good way to increase the pool of money available for necessary water quality projects, without putting any other programs at risk. The burden for repayment remains with the communities requiring the funds. There is a strong incentive for them (us) to make our payments.

Without increasing the availability of funds, at the current request level of \$13 million, the state will run out of money to loan in only 2 years. The loans are being repaid, but the repayment stream has not reached equilibrium yet, and when it does it will only be, I believe, \$4 - 5 million - well below the projected need. The communities around the State need this source of low interest money to help finance sorely needed water quality improvements.

The revenue bonds will be backed, not by the full faith and credit of the state, but by the revenue coming from repayment of the loans. In

the history of the low interest loan program, there has never been a default - not in the entire United States. In fact, in Alaska, there has never been a late payment! These bonds will be extremely safe. The State will not be required to "bail out" any agency over this.

You may have seen a Municipality of Anchorage memo listing some recommended changes to this bill. The Utility is substantially in favor of the bill as was originally written, however, we were asked to comment on the bill, with an eye to any proposed changes. This Utility works closely with ADEC and we have agreed among our two groups that this bill, with or without any or all of the suggested revisions, is extremely workable, and will benefit the whole state of Alaska. I urge you to pass this bill. Thank you for your time.

February 20, 1996

HB

409

HB 409
Estimated Moving Costs

Unit costs were derived from financial data from moves in 1994 and 1995. Actual moves included:

- 31 positions from the Office of Management & Budget to the Court Plaza Building,
- 12 positions from the Division of Alcohol & Drug Abuse to the Court Plaza Building,
- 16 positions from the Division of Public Assistance to the 400 Willoughby Building,
- 31 positions from the Department of Commerce within the Frontier Building in Anchorage.

<u>A. Move Property</u>	<u>Cost / Position</u>
Low	60
Average	130
High	200
<u>B. Move Phones</u>	
Low	160
Average	180
High	210
<u>C. Move Computers / Networks</u>	
Low	500
Average	560
High	590
<u>D. Move Systems Furniture</u>	
Low	380
Average	660
High	920
<u>E. Tenant Improvements</u>	
Low	1,180
Average	2,900
High	4,060
Total Average A through E	4,430
15% Estimating Contingency	660
Estimated Unit Cost	5,090

The tenant improvement costs do not include major building upgrades, such as remedies for building code deficiencies or ADA accessibility.

System furniture costs include some reconfiguration and purchase of associated parts. System furniture costs do not include new workstations. If additional or replacement workstations are required, the cost would be an additional \$4,500 to \$5,000 per position.

A more accurate estimate could be made only if space plans for each move were prepared. These space plans are requested in the fiscal note.

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HB 409

Revision Date: _____ Department: (multiple)
 Title: An Act eliminating the Departments of Commerce and BRU: (multiple)
Economic Development and Community and Regional Affairs Component: _____
 Sponsor: Representative Kelly
 Requestor: _____ COMPONENT SERIAL NO. _____

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES		(347.6)	(347.6)	(347.6)	(347.6)	(347.6)
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	(347.6)	(347.6)	(347.6)	(347.6)	(347.6)
CAPITAL EXPENDITURES	1,632.2					
CHANGE IN REVENUES						

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 General Fund	1,632.2	(311.7)	(311.7)	(311.7)	(311.7)	(311.7)
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other		(35.9)	(35.9)	(35.9)	(35.9)	(35.9)
TOTAL	1,632.2	(347.6)	(347.6)	(347.6)	(347.6)	(347.6)

Estimate of any current year (FY 96) cost: \$ _____

POSITIONS						
FULL-TIME		(5)	(5)	(5)	(5)	(5)
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

See attached analysis.

Prepared by: Guy Bell, Director Phone: 465-2506
 Division: Division of Administrative Services, DCED Date: January 31, 1996
 Approved by Commissioner: William L. Hensley Date: 1-31-96
 Agency: Commerce and Economic Development

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HB 409

ANALYSIS. (continued)

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT Fiscal Note Calculations for HB 409

HB 409 would eliminate the Department of Commerce and Economic Development and the Department of Community and Regional Affairs, and transfer their functions to a new Department of Community and Economic Development and to other state agencies, including the Departments of Labor, Revenue, Education, Health and Social Services, Transportation and Public Facilities, Natural Resources, and Administration. No existing programs are eliminated in this legislation. We estimate that it will take at least twelve months to implement this legislation, including moving staff, merging programs, etc. Quantifying fiscal impacts associated with this bill is very difficult, because of the significant movement of programs, the complexity of assigning administrative staff to specific programs, and the limited time we were given to develop our fiscal analysis. Following is our best estimate of the fiscal impacts.

Staff Savings

This fiscal note shows the estimated savings in staff associated with the elimination of DCED and DCRA. This bill may result in the elimination of additional administrative support positions. However, during the twelve month transition period, no administrative support staff should be eliminated. In fact, administrative workloads will increase because of the merger and transfer of financial and computer systems, personnel issues which will arise, office relocations, and budget development and implementation. We therefore show personal services savings beginning in FY 98. In that year, one Commissioner, an Executive Secretary and a receptionist position will be eliminated in the Commissioner's Office. In addition, an Administrative Services Director and a Secretary position are deleted. All other staff eliminations or other savings will have to await implementation of this legislation and a comprehensive evaluation by all affected departments of the administrative support impacts. Specific positions which will need to be evaluated include: a Deputy Commissioner; a Special Assistant to the Commissioner II; a Human Resources Manager; an Accountant IV; a Secretary II; and a Procurement Officer. Some of the positions will likely be eliminated in FY 98; others will be reclassified to fill administrative or programmatic gaps which could result from enactment of this legislation. Following is our estimate of personal services savings:

	FY 97	FY 98	FY 99	FY 00
Commissioner	\$ 0.0	\$ (109.8)	\$ (109.8)	\$ (109.8)
Executive Secretary	0.0	(48.9)	(48.9)	(48.9)
Administrative Services Director	0.0	(109.8)	(109.8)	(109.8)
Administrative Services Secretary	0.0	(43.2)	(43.2)	(43.2)
Receptionist	0.0	(35.9)	(35.9)	(35.9)
Total Personal Services Savings	\$ 0.0	\$ (347.6)	\$ (347.6)	\$ (347.6)

Moving Costs

This fiscal note includes a total of \$955.0 for moving costs as a capital budget item. We estimate 161 positions will need to be moved to accommodate the departmental transfers that are entailed in this legislation. The Department of Administration, Division of General Services and Supply, has developed a cost per position moving factor of \$5,000. This factor was developed through an analysis of recent office moves in Juneau and Anchorage. Additional money (\$25.0 each for Juneau and Anchorage) will be needed to contract for the services of an architect to design office facilities for those employees who will be relocated. Finally, we foresee the need, at least on a short term basis, for new office space when current offices cannot accommodate transferred staff. We have included \$50.0 to cover these costs. Because employees from multiple departments will be relocated and in order to ensure appropriate management of all moving funds, we have consolidated all moving costs into this fiscal note and recommend that the appropriation for moving costs be made to the Office of Management and Budget. Following is a summary of our moving cost estimates:

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HB 409

ANALYSIS: (continued)

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT Fiscal Note Calculations for HB 409

	FY 97	FY 98	FY 99	FY 00
Moving 161 positions at \$5.0 each	\$ 805.0	\$ 0.0	\$ 0.0	\$ 0.0
Space Design Contract	50.0	0.0	0.0	0.0
New Office Space Requirement	0.0	50.0	50.0	0.0
Total Moving Cost	\$ 855.0	\$ 50.0	\$ 50.0	\$ 0.0

Computer Systems and Other One Time Costs

Money will be needed to address incompatible computer systems and computer systems conversions. We estimate that \$550.0 as a capital appropriation for FY 97-FY 00 will be needed to cover computer systems conversion costs. This figure includes additional costs associated with converting the Department of Commerce and Economic Development's licensing programs to two separate department systems. A significant portion of the above amount is the result of splitting the Divisions of Occupational Licensing, Banking, Securities and Corporations, and Insurance -- the first goes to the Department of Labor and the next two to the Department of Revenue. DCED received a \$350.0 appropriation in FY 96 to convert licensing data bases from our Wang minicomputer to open systems machinery and software. In addition to replacing aging equipment, the conversion will speed public services and improve the ability of the public to access departmental information.

Because our licensing programs would be transferred to different departments under HB 409, additional money will be needed to undertake the conversion. We are estimating the additional cost to be \$300.0, which is approximately the cost of a new computer and the requisite software. It is assumed that programming will be done by in-house staff. The remaining \$250.0 in this category is requested to meet the costs associated with incompatible microcomputer systems, network cabling, and other data processing systems needs.

Space Planning

The Department of Administration, Division of General Services will provide support to the affected agencies. This support will include: issuing ITB's/RFP's for new space requirements; enforcing space standards; negotiating lease improvements; and, coordinating building modifications with DOT/PF in State owned buildings. The work will be handled locally, that is, the Anchorage Purchasing Section will handle Anchorage requirements, and the Juneau office will handle Juneau.

It is difficult to determine staff time requirements due to the unknown number of bids, moves, building improvements, etc. that will be required. We estimate staff requirements to be at least one Purchasing Agent III per office for one year, especially when considering the amount of training involved. It would be impractical to hire a new employee that possessed the requisite training and experience to immediately handle this type of work. The work required to implement HB 409 would be performed by senior staff members. The new positions would handle other contracting assignments.

Position costs for space planning would be a capital budget item. Costs include:

	FY 97	FY 98	FY 99	FY 00
PA III, Juneau	\$ 58.6			
PA III, Anchorage	58.6			
Equipment	5.0			
Systems Furniture	5.0			
Total DGS Space Planning cost	\$ 127.2	\$ 0.0	\$ 0.0	\$ 0.0

HB 409 Space Allocation Worksheet

I. Juneau

Agency/Program	Going To	Current Office Location				11th Floor SOB
		9th Flr SOB	DCRA BLDG	Plywood Palace	Vintage Park	
Occupational Licensing	Labor	34				
Statewide Services Delivery	Labor		10			
Subtotal		34	10	0	0	0
Banking Sec & Corp	Revenue	20				
Insurance	Revenue	31				
Municipal Assistance	Revenue		1			
Subtotal		51	1	0	0	0
Head Start	Education		3			
Minerals Commission, ACMP, etc	DNR					
Commissioner's Office	C&ED	5	6			
Commissioner's Office	DOE		1			
Commissioner's Office	Deleted	(1)	(1)			
Administrative Services	C&ED	12	14			
Administrative Services	Labor	3	5			
Administrative Services	Revenue	4	1			
Administrative Services	Deleted	(1)	(1)			
Trade & Development	DCED	10				
Tourism	DCED	13				
Investments	DCED				40	
ASMI	DCED			10		
Block Grants	DCED		1			
Americorps	DCED		2			
CDQ Program	DCED		2			
Rural Dev Assistance	DCED		2			
Training and Development	DCED		2			
Local Government Assistance	DCED		4			
Subtotal		45	38	10	40	0
Total		130	52	10	40	0
Option 1						
DCRA Ec. Dev Programs to 9th Floor SOB		31	(31)			
Administrative Support to DOL/DOR		(5)	(6)	7		4
ASMI to DCRA Bldg.			10	(10)		
SW Service Delivery to Labor			(10)	10		
Occ. Licensing to DCRA Bldg.		(34)	34			
Municipal Assistance to DOR			(1)			1
Head Start to DOE			(4)			
Banking Collocated with Insurance		20				
Net change		(8)	(8)	7	0	5

Total Number of Positions Moved 115

B 409 Space Allocation Worksheet

II. Anchorage Agency/Program	Going From	Going To	Current Office Location			Post Office Mall
			7th Floor Frontier	13th Floor Frontier	14th Floor Frontier	
Occupational Licensing	DCED	Labor	26			
JTPA	DCRA	Labor				11
Statewide Services Delivery	DCRA	Labor				4
Subtotal			26	0		15
Banking Sec & Corp	DCED	Revenue	5			
Insurance	DCED	Revenue		19		
AK Public Utilities Comm	DCED	Revenue				
State Assessor	DCRA	Revenue				2
Subtotal			5	19		2
Measurement Standards	DCED	DOT/PF				
Training and Development	DCRA	DNR				5
Child Care Assistance	DCRA	DHSS				11
Commissioner's Office	DCED	C&ED	2			
Administrative Support	DCRA	C&ED				10
Administrative Support	DCRA	Labor				
Administrative Support	DCRA	H&SS				3
Data Processing	DCRA	C&ED				4
Data Processing	DCRA	H&SS				1
Trade & Development	DCED	C&ED	10			
Tourism	DCED	C&ED	2			
Investments	DCED	C&ED	5			
ATMC	DCED	C&ED	3			
ASTF	DCED	C&ED				
AADC	DCED	C&ED			4	
AIDEA	DCED	C&ED				
Local Boundary Comm	DCRA	C&ED				3
Program Administration	DCRA	C&ED				5
Economic Dev Specialists	DCRA	C&ED				
Rural Dev Assistance	DCRA	C&ED				
Energy Operations	DCRA	C&ED				32
Local Government Assistance	DCRA	C&ED				17
Subtotal			22	0	4	75
Total			53	19	4	108
Option I						
DCRA Ec. Dev.,etc. to Frontier			5			(5)
Banking, Sec. & Corps to Revenue			(5)			
Occ. Licensing to Post Office Mall (?)						
State Assessor to DOR						(2)
Training & Development to DNR						(5)
JTPA/SSD to Labor						(15)
Child Care Assistance to DHSS						(11)
Net Change			0	0	0	(27)

Total Number of Positions Moved 46

HB409SPC.XLS

Page 2 of 2

1/31/96
10:09 AM

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HB 409

Revision Date: 1/25/96 Dept. Affected: DOT&PF
 Title: "An Act combining parts of the DC&ED and DC&RA BRU: Engineering & Operations
...and providing for an effective date." Component: Design & Construction Standards
 Sponsor: Representatives Kelly, Therriault, James
 Requester: _____ COMPONENT SERIAL NO. #547

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
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	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY96) cost: \$ 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

ANALYSIS: (Attach a separate page if necessary)

Transfer of Department of Commerce & Economic Development responsibilities relating to Weights and Measures, operation of weigh stations and enforcement of size and weights at the weigh stations, and measurement standards.

See attached detail documents.

Prepared by: Loren Rasmussen, P.E., Acting Director Phone: 465-2960
 Division: Division of Engineering & Operations Date: 1/25/96
 Approved by: Joseph L. Perkins Date: 1/25/96
 Agency: Department of Transportation of Public Facilities

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HOUSE BILL 409

COMBINING COMMERCE & ECONOMIC DEVELOPMENT AND COMMUNITY & REGIONAL AFFAIRS (document dtd 1/11/96 - #9-LS0807/G)

This proposed bill simply transfers certain duties and responsibilities relating to weights and measures, weigh station operation, truck size and weight enforcement, and measurement standards from the Department of Commerce and Economic Development to the Department of Transportation and Public Facilities.

DUTIES TRANSFERRED TO DOT/PF:

- Sec. 268. AS 44.30.020 (amended to transfer duties from DCED to DOT/PF)
Pg 98, Line 6 - "Inspect Weights and Measures".
Pg 99, Line 21 - "Operate Motor Vehicle Weighing Stations, Issue Special Permits Authorizing the Operation of Overweight and Oversize Vehicles, Establish Fees for the Overweight and Oversize Vehicle Special Permits, Enforce the Size, Weight, and Load Limitations Adopted by the Department of Transportation and Public Facilities Under AS 19.10.060, and Establish Regulations Relating to Pilot Car Services and the Enforcement of the Size, Weight, and Load Limitations Adopted Under AS 19.10.060".
- Sec. 293. AS 44.42.020(a) (amendment to give DOT/PF above responsibilities)
Pg 119, Line 9 - Adds duties shown above, in Sec. 268, as (16) through (20) in list already showing other responsibilities for DOT/PF.
- Sec. 315. AS 45.75.030 (amendment)
Pg. 124, Line 9 - Specifies DOT/PF commissioner as "ex officio state director of weights and measures".
- Sec. 316. AS 45.75.050(b) (amendment)
Pg. 124, Line 26 - Allows for the implementation of provisions to govern size, weight, and load limitations.
- Sec. 317. AS 45.75.131(a) (amendment)
Pg 124, Line 30 - Allows commissioner to authorize a department employee to issue citations for violations of regulations developed under Sec. 268 items noted above.
- Sec. 318. AS 45.75.131(d) (amendment)
Pg 125, Line 12 - Allows commissioner of public safety to issue DOT/PF employees books of citations for enforcement purposes.
- Sec. 319. AS 45.75.380(a) (amendment)
Pg 126, Line 30 - Revises the statute numbers to DOT/PF from DCED.

DNR, cont'd

Dept. of Revenue

New Department

recommendations to DOT/PF and program agencies concerning effect on comprehensive plan or other land use plans or proposals of municipalities and unincorporated communities w/respect to facility procurement plan (44.37.220); DNR will conduct program of research, training, and technical assistance to coastal resource districts necessary for development and implementation of district coastal management programs (44.37.230); DNR may accept grants from feds and other sources (44.37.240)

Alaska Minerals Commission established within DNR (44.37.431)

Department of Administration

Community Legal Assistance Grant Funds (44.21);

Department of Education

DOE shall operate Head Start funding program.

Department of Transportation and Public Facilities

DOT/PF will inspect weights and measures, operate motor vehicle

enterprises touched with a public interest (44.25.020);

DOR may administer state and, as appropriate, federal programs for revenue sharing, grants, and other forms of financial assistance to community and regional governments (44.25.020);

DOR may dissolve Alaska Commercial Fishing and Agriculture Bank if state fails to repurchase nonvoting, preferred shares within 20 years (44.81.010); Commissioner may assess a fee to CFAB for expenses incurred in re: bank examinations (44.81.270); Alaska Securities Act of 1955 (45.55); Takeover Bid Disclosure Act (45.57);

DOR representative on Catastrophic Illness Committee (47.08.020)

Commissioner sits on and chairs State Bond Committee (37.15.110-130); Alaska Science and Technology Foundation within new dept. (37.17.010); Commissioner sits on Alaska Royalty Oil and Gas Development Advisory Board (38.06.025); Alaska Historical Commission will consult with new dept. re: adoption of regs for historical district loans (41.35.350); Commissioner sits on Mineral Resource Fund Board (41.98.020);

Alaska Railroad Corporation (42.40.010); Commissioner sits on and chairs power project fund loan committee (42.45.060); Rural and Statewide Energy Programs (42.45); Commissioner agent for service of process under revenue enforcement and collection laws (43.10.170);

Financing for qualified regional associations (43.76.025); Submission of annual budget by qualified regional association (43.76.030);

Commissioner sits on Alaska Coastal Policy Council (44.19.155); Commissioner sits on Alaska Commission on Aging (44.21.200);

The department shall serve as voter registration agency (44.33.020); The department may advise and assist local governments; serve as staff for LBC, conduct studies and project to develop solutions to community and regional

weighing stations; issue permits authorizing operation of overweight and oversize vehicles and establish fees for those permits; enforce size, weight and load limits; and establish regulations relating to pilot car services and enforcement of size, weight, and load limitations (44.42.020); Commissioner of DOT/PF is ex officio state director of weights and measures (45.75.030); A peace officer or employee of DOT/PF may issue a citation violators (45.75.131);

Department of Health & Social Services
DH&SS will implement and administer the day care assistance and child care grant programs (47.35); the

problems; promote cooperative solutions to problems affecting more than one community or region; serve as clearinghouse for information to solve community and regional problems; advise and assist community and regional governments on matters of finance; prepare guidelines relating to bond sale advertisements, prospectuses and other bonding matters issued by local governments; administer state funds for unorganized regions of state; carry out administrative functions in unorganized borough that legislature may prescribe; study laws and state activities that affect community and regional affairs and submit recommended changes to governor; coordinate activities of state that affect community and regional affairs; assist in development of new communities and serve as agent of state for participation in federal programs relating to new communities; supervise planning and management activities required for local eligibility for financial aid under federal and state assistance programs; apply for, receive, and use funds from federal and other sources; request resources from other state agencies; advise and assist municipalities on procedures of assessment, valuation, and taxation, and notify municipality of major errors in those procedures (44.33.020); Division of Tourism (44.33.120); Commissioner may recommend designation of economic disaster area (44.33.285); Administration of Neighborhood Revitalization and Development Program (44.33.436); Native Arts

Child Care Facility
Revolving Loan Fund is
established in DH&SS
(47.35.935);

Competitions (44.33.501);

Alaska Tourism Marketing
Council (44.33.700);
Rural Development Program
(44.33.740 - 780; note: includes
bulk fuel storage facilities grant
fund, land trust conveyances;
loan information offices for
AHFC and AIDEA loans, rural
development initiative fund;
rural development loans);
Division of International Trade
(44.33.800); Local Boundary
Commission (44.33.810-849);
DNR to file copy of each
conveyance recorded that
contains statement that property
is conveyed to nonresident alien
(44.37.025);
Commissioner will assist with
public meetings of CFAB to
explain bank functions
(44.81.050);
Alaska Energy Authority
created within department
(44.83.020);
Commissioner is ex officio
director of the Alaska Bond
Bank Authority (44.85.030);
Alaska Industrial Development
and Export Authority created
within department (44.88.020);
Competitive Practices and
Regulation of Competition
(45.50);
Handicrafts and Works of Art
(45.65); Foreign Trade Zones
(45.77); Alternative Energy
Revolving Loan Fund (45.88);
Residential Energy
Conservation Fund (45.89);
Tourism Revolving Fund
(45.90); Small Business Loans
(45.95); Historical District
Revolving Loan Fund (45.98);
Recognition of IRA village
councils under environmental
conservation, oil and hazardous
substance pollution control, and
oil and hazardous substance
release laws (46.03.900,

46.04.900, 46.08.900);
Conservation of Energy and
Materials (46.11);
Coastal Management Programs
in the Unorganized Borough
(46.40.120-180);
Department will assist Depts. of
Labor and Education in
developing statewide
comprehensive plan to prevent
adolescent pregnancy and to
provide services to adolescent
parents (47.18.010);
DH&SS will consult with
department to promote
coordination of the planning
and delivery of services under
JOBS program (47.25.421) and
will consult with department to
develop innovative public works
programs designed to meet
federal requirements related to
work activity (47.25.425);
Gov's Council on Disabilities
and Spec. Ed will submit an
annual interdepartmental
program budget to
commissioner (47.80.090);

Dept. of Labor**Dept. of Revenue****New Department**

Athletic Commission (05.05.010)
 Centralized Licensing (08.01 - 08.02)
 Accountants (08.04), Acupuncture (08.06), Audiologists (08.11), Barbers and Hairdressers (08.13), Construction Contractors (08.18)
 Collection Agencies (08.24), Dental Hygienists (08.32), Dentistry (08.36), Electrical & Mechanical Administrators (08.40), Morticians (08.42), Naturopaths (08.45), Architects, Engineers, and Land Surveyors (08.48), Guides and Related Occupations (08.54), Hearing Aid Dealers (08.55), Marine Pilots (08.62)
 Marital & Family Therapy (08.63), Medicine (08.64), Direct Entry Midwives (08.65), Nursing (08.68), Nursing Home Administrators (08.70), Dispensing Opticians (08.71), Optometrists (08.72), Pharmacists and Pharmacies (08.80), Physical & Occupational Therapists (08.84), Psychologists & Psychological Associates (08.86), Real Estate Appraisers (08.87), Real Estate Brokers & Salesmen (08.88), Concert Promoters (08.92), Clinical Social Workers (08.95), Veterinarians (08.98).

Business Incentive Training Program (23.05) Note: Alaska Human Resources Investment Council to oversee program.

Alaska Banking Code (06.01)
 Model Foreign Bank Loan Act (06.10)
 Mutual Savings Bank Act (06.15)
 Alaska Small Loans Act (06.20)
 Trust Companies (06.25)
 Premium Financing Act (06.40)
 Alaska Credit Union Act (06.45)
 Record Searches for Vital Stats & Library Archives (09.25.110(e))
 Alaska Corporations Code (10.06), Alaska BIDCO Act (10.13), Alaska Cooperative Corporation Act (10.15)
 Nonprofit Corporations (10.20), Electric and Telephone Cooperative Act (10.25), Business Names (10.35), Religious Corporations (10.40)
 Alaska Professional Corporation Act (10.45), Limited Liability Companies (10.50),

Designated voter registration agency (15.07.055), Will certify census figures/population estimates for elections (15.13.010)
 Make recommendations for proposal of laws and/or regs re: hazards to insurance of life and property re: atomic development (18.45.030);

Amateur Sports Fund (05.35.150)
 Sports Facilities Grants (05.35.070)
 Requires public records to be provided w/o charge (09.25.121);
 Business & Industrial Development Corp. Act (10.10)

Division of unorg'd boro into educ. svc. areas (14.08.031)

Division of REAAs into sections (14.08.051)

Determination of FTV for local contributions to city or boro school district (14.17.025)
 Determination of local effort/FTV for planning purposes (14.17.140)

Commissioner will hold seat on and will be vice chair of Alaska Aerospace Corporation (14.40.821)
 Commissioner will hold seat on Alaska Commission on Postsecondary Education (14.42)

Designated voter registration agency (15.07.055)

Commercial Fishing Loan Act (16.10); Financial reports re: salmon hatcheries submitted to (16.10.470);

Fisheries Enhancement Loan Program (15.10); Alaska Seafood Marketing Institute (16.51); Fisheries Industrial Technology Center will be required to consult with Dept. (16.52.060);

Dept. of Labor**Dept. of Revenue****New Department**

Alaska Business License Act (43.70);

Dept. of Labor shall furnish budgeting, clerical, and admin services for regulatory agencies and professional and occupational licensing boards; provide admin and budgetary services to Real Estate Commission; administer state laws re: issuance of business licenses; operate federally funded employment and training programs under JTPA (44.31.020);

Administrative Procedure Act applies to licensing of embalmers and funeral directors, audiologists, hearing aid dealers (AS 44.62.330)

Certification of underground petroleum storage tank workers (46.03.375);

Displaced Homemaker Program (47.90)

Dept. may authorize company to insure against loss from boiler explosions (18.60.240); Dept. will authorize companies to insure boilers or unfired pressure vessels (18.60.340);

Illegal to carry a concealed handgun into financial institution regulated by Dept. of Revenue (18.65.755)

DOR will supply latest available federal or state census figures for appropriations for local service roads and trails (AS 19.30.131)

Commissioner of Revenue will appoint director of division of insurance (21.06.010); Division of Insurance within Dept. of Revenue (21.06.020, 900); Corporations file articles of incorporation with commissioner of revenue (21.06.020);

Articles of incorporation of Automobile Service Corporation (21.59.020), domestic and domestic stock insurers (21.69.040 - 050) and hospital and medical service corporations (21.87.050) submitted to DOR;

An applicant for an assigned risk policy, insured person, and insurance company affected may appeal to commissioner of revenue (28.20.580); State aid to municipalities and other eligible recipients for health facilities and hospitals (29.60.120); certification of

Commissioner will sit on Alaska Medical Facility Authority (18.26.030);

Commissioner may contract with Alaska Housing Finance Corporation to provide state aid for urban renewal (18.55.934); Commissioner will sit on AHFC board (18.55.030);

Commissioner may enter into agreements to use money in mortgage insurance fund, and may determine amount on deposit in mortgage insurance fund (18.56.095); Department shall prescribe procedures and forms for establishing value of preference right to secure repayment of loan under AHFC (18.56.097);

Dept. of Public Safety to make approved fire protection list available to Department of Community & Ec. Dev. (18.70.081);

Municipal fiscal notes to be prepared by new department (24.08.035);

Will administer laws and regs re: veterans' loans (26.15.020 - 160);

Commissioner sits on Alaska State Emergency Response Commission (26.23.071);

Mining Loan Fund established in department (27.09.010-055);

population for assistance (29.60.370);
 Determination of population for Human Services Community Match Program (29.60.620 - 650); State Programs (29.60, Note: includes state aid, municipal assistance, shared fisheries business taxes, etc);
 Uniform Limited Partnership Act (32.11); designation of agent for filings under Uniform Residential Landlord and Tenant Act (34.03.340);

Determination of population for capital project matching grant programs (37.06.010, 030)
 Commissioner receives and distributes national forest income (41.15.180);

Alaska Public Utilities Commission (42.05.010);

Department will disburse 50 percent of tax revenue collected from fisheries business tax (43.75.137);
 Elections by qualified regional associations under Salmon Enhancement Act elections (43.76.015-020);
 Annual reports of qualified regional associations submitted to DOR (43.76.030); Approval and disbursement of tax credit under fishery resource landing tax (43.77.040);

Duties of department include registration of corporations, collection of corporate franchise taxes, enforcement of state laws regulating public utilities and other public service enterprises, banking and securities, insurance, and other businesses and

Will assist communities in drafting model ordinances for adoption under Alaska Uniform Traffic Laws Act (28.01.010);

Title 29: Classification of Municipalities (29.04);
 Incorporation (29.05);
 Alteration of Municipalities (29.06); Home Rule Municipalities (29.10);
 Municipal Officers and Employees (29.20); Municipal Powers and Duties (29.35)
 Matching grants for community facilities (29.60.400); Oil and Hazardous Substance Municipal Impact Assistance (29.60.599);
 General Grant Land (29.65, entitlements for boroughs, cities, incorporated municipalities, etc);
 Regional Resource Development Authorities (30.13.010);
 State Procurement Code, Preference for Alaska Products (36.30.322-338);

Grants to Unincorporated Communities (37.05.317);

Adoption of regulations for unincorporated community capital project matching grant program (37.06.030);

Natural Resources

Uniform Land Sales Practices Act (34.55);

Will adopt regulations under which municipalities impacted by National Petroleum Reserve - Alaska oil and gas development may apply for and be eligible to receive grants to alleviate the impact (37.05.530);

DNR, cont'd:
 Planning Assistance to Platting Authorities (44.37.200), City or platting authority can make funds available to DNR to obtain planning work or assistance (44.37.210); DNR to make

REPRESENTATIVE

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House District 31

House Of Representatives

Sponsor Statement for HB 409

Representative Pete Kelly

House Bill 409 consolidates Alaska's economic development programs currently located in the Dept. of Community & Regional Affairs (DCRA) and the Dept. of Commerce & Economic Development (DCED). It combines the two agencies into one focused entirely on development. Under HB 409, this new department is called the Department of Community and Economic Development. Non-development functions currently housed within DCED and DCRA are assigned to other existing agencies. HB 409 does not seek to eliminate or reduce services; it merely re-organizes them.

The mission's of DCED and DCRA are similar--to promote economic development for Alaska as a whole as well as for our local communities. The two complement each other and are designed to coordinate their activities. However, coordination can be difficult across agency lines, and could be better facilitated by having these development programs housed under one roof. This type of streamlining has been discussed for years, throughout the course of several administrations.

Economic development and jobs for our families is a top priority. As we continue in the current environment of budget cutting, these services become more threatened each year. As budget chairman for DCRA and DCED, Representative Kelly sees HB 409 as a vehicle to take some of the pressure off cutting these services or their delivery, whether they are urban or rural, by reducing the bureaucracy associated with them and improving their operations through efficiency.

Alaska's fiscal crisis has made consolidation and streamlining necessary to achieve savings. Our economic dependence on a single industry emphasizes our need for efficient and effective development programs. The Governor has taken a first step by transferring the ARDORS from Commerce to C&RA and combining the Divisions of International Trade and Economic Development in Commerce into one unit. A joint task force on international trade is focusing on ways to consolidate Alaska's trade efforts. These are important first steps. HB 409 is another part of the process. HB 409 will create budget savings, but just as importantly, better coordinated and more effective programs. HB 409 will help protect these services and their delivery in the long run.

Alaska State Legislature

REPRESENTATIVE
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House District 31

House Of Representatives

MEMORANDUM

DATE: January 18, 1996

TO: Representative Ivan, Co-Chair
Representative Austerman, Co-Chair
House Committee on Community & Regional Affairs

FROM: Representative Pete Kelly *PK*

RE: House Bill 409

This memorandum is to respectfully request that House Bill 409 be scheduled for hearing on February 1, 1996. Back-up material will follow this request. Thank you.



LEGAL SERVICES



DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
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130 Seward Street, Suite 409
Juneau, Alaska 99801-2105


MEMORANDUM

January 24, 1996

SUBJECT: Summary of HB 409 (Work Order No. 9-LS0807\G)

TO: Representative Pete Kelly
Attn: Paula Conru

FROM: Terri Lauterbach
Legislative Counsel



This memorandum contains a description of the effect HB 409 would have on the re-distribution of the duties now performed by the Department of Community and Regional Affairs and the Department of Commerce and Economic Development.

Please let me know if you have questions about any particular section of HB 409 or if I can be of other assistance.

DESCRIPTION OF THE EFFECT OF HB 409

Statutes that involve the transfer of duties from DCED to other existing agencies:

To DOT/PF:

Weights and measures (AS 45.75)
Motor vehicle weighing stations (AS 44.42.020(a)(17) in the bill)

To Labor:

Occupational licensing (AS 08)
Athletic Commission (AS 05.05)
Business licenses (AS 43.70)
Underground storage tank worker certifications (AS 46.03.375)

To DNR:

Land Sales Practices Act (AS 34.55)
Alaska Minerals Commission (AS 44.33.431 in bill)

To DHSS:

Child Care Facility Revolving Loan Fund (AS 47.35.935 in bill)

To Revenue:

Salmon enhancement tax (AS 43.76)
Insurance (AS 21)
Banking (AS 06)
Examination of CFAB (AS 44.81.270(c))
Securities, including broker-dealers (AS 45.55)
Takeover Bid Disclosure Act (AS 45.57)
Corporations (AS 10)
Limited Partnerships (AS 32.11)
Alaska Public Utilities Commission (AS 42.05)
Safety and financial responsibility requirements for air carriers
(AS 42.30.380)

Statutes that involve the transfer of duties from C&RA to other existing agencies:

To DNR:

Land Management & Planning Assistance (was AS 44.47.050 - 44.47.100;
is at AS 44.37.200 in the bill)
National Petroleum Reserve (AS 37.05.530, AS 37.14.110)

To Administration:

Legal assistance grants (was AS 44.47.200 - 44.47.230; is at AS 44.21.475
in the bill)

To Education:

Head Start (AS 44.27.020(4) in the bill)

To Labor:

Displaced Homemakers' Program (AS 47.90.070)
Alaska craftsman home program (AS 08.18.025(b))
Business Incentive Training Program (was AS 44.47.750; is AS 23.05.400
in the bill)
JTPA (job training) (AS 44.31.020(8) in the bill)
STEP (job training) (uncodified law in sec. 374 of the bill)

To DHSS:

Day care assistance to families (was AS 44.47.250 -44.47.290; is
AS 47.35.910 - 47.35.920 in bill)
Child care grants to providers (was AS 44.47.305 - 44.47.310; is
AS 47.35.922 in the bill)

To Revenue:

Homeowners' Property Tax Exemption (AS 29.45.030)

Renters' Equivalency Rebate (AS 29.45.040)
Municipal Revenue Sharing and Municipal Assistance (AS 29.60)
Allocation of fisheries business tax (AS 29.60.450)
Human Services Community Match Program (AS 29.60.600)
National Forest Receipts (AS 41.15.180)
Fish Tax (AS 43.75.137)
Population Determinations (misc. sections)
Assessment functions (AS 29.45 and elsewhere)

Statutes that involve the duties of the new agency (Community and Economic Development):

From DCED:

Amateur Sports Facilities Fund (AS 05.35)
Alaska Aerospace Development Corporation (AS 14.40.821)
Commercial fishing loans (AS 16.10.300 - 16.10.360)
Fisheries Enhancement Revolving Loan Fund (AS 16.10.505)
Alaska Seafood Marketing Institute (AS 16.51)
AHFC-related duties (AS 18.56.095)
Veterans' loans (AS 26.15)
Mining Loan Fund (AS 27.09)
Community Facilities Grants (AS 29.60.400 - 29.60.449)
Bidder listings under AS 36.30 (State Procurement Code)
State Bond Committee (AS 37.15.110)
Alaska Science and Technology Foundation (AS 37.17)
Alaska Railroad Corporation (AS 42.40)
Alaska regional economic assistance program (AS 44.33.026)
Division of tourism (AS 44.33.119)
Neighborhood revitalization and development program (AS 44.33.436)
Native art competitions (AS 44.33.501)
Alaska Tourism Marketing Council (AS 44.33.700)
Division of international trade (AS 44.33.800)
Staff assistance to CFAB (AS 44.81.050)
Alaska Energy Authority (AS 44.83)
Alaska Industrial Development and Export Authority (AS 44.88)
Registration of trademarks (AS 45.50.200)
Enforcement of Native handicraft emblem (AS 45.65)
Foreign trade zones (AS 45.77)
Alternative energy revolving loan fund (AS 45.88)
Residential energy conservation fund (AS 45.89)
Tourism revolving fund (AS 45.90)
Small business loans (AS 45.95)
Historical district loans (AS 45.98)

From C&RA:

Divide unorganized borough into educational service areas (AS 14.08.031)
Evaluate Native preference rights for loan collateral (AS 18.56.097)
Prepare municipal fiscal notes for legislation (AS 24.08.035(e))
Assist municipalities with model ordinances (AS 28.01.010(b))
Classification of municipalities (AS 29.04)
Incorporation of municipalities (AS 29.05)
Alteration of municipalities (AS 29.06)
Local Boundary Commission (was AS 44.47.565; is AS 44.33.810 in the bill)
Home rule municipalities (AS 29.10)
Municipal officers and employees (AS 29.20)
Municipal powers and duties (AS 29.35)
Oil and hazardous substance municipal impact assistance (AS 29.60.500)
General grant land entitlements (AS 29.65)
Administrations of grants to unincorporated communities (AS 37.05.317)
Unincorporated community capital project matching grants (AS 37.06.020)
Power project fund (AS 42.45.010)
Rural electrification revolving loan fund (AS 42.45.020)
Southeast energy fund (AS 42.45.040)
Four-dam-pool transfer fund (AS 42.45.050)
Power cost equalization and rural electric capitalization fund (AS 42.45.100)
Power cost equalization program (AS 42.45)
Electrical service extension fund (AS 42.45.200)
Bulk fuel revolving loan fund (AS 42.45.250)
Bulk fuel facilities grant fund (was AS 44.47.145; is AS 44.33.750 in bill)
Rural development program (was AS 44.47.130; is AS 44.33.740 in bill)
Rural development initiative fund (was AS 44.47.800; is AS 44.33.765 in bill)
Borough feasibility studies (was AS 44.47.700; is AS 44.33.840 in bill)
Municipal Bond Bank Authority (AS 44.85)
Coastal management in the unorganized borough (AS 46.40.120 - 46.40 210)

HB 409 Sectional Analysis

<u>Section</u>	<u>Statute Amended</u>	<u>Item/Program</u>	<u>Departmental Change</u>
Section 1	AS 05.05.010(a)	Athletic Commission	Labor
Section 2	AS 05.35.070(1)	Sports Facilities Grants	Community & Economic Development
Section 3	AS 05.35.150	Alaska Amateur Sports Fund	Community & Economic Development
Section 4	AS 06.01.050(1)	Administration of Banks & Financial Institutions	Revenue
Section 5	AS 06.01.050(2)	Administration of Banks & Financial Institutions	Revenue
Section 6	AS 06.05.540(7)	Alaska Banking Code	Revenue
Section 7	AS 06.05.540(9)	Alaska Banking Code	Revenue
Section 8	AS 06.10.030	Model Foreign Bank Loan Act	Revenue
Section 9	AS 06.15.010	Mutual Savings Bank Act	Revenue
Section 10	AS 06.15.370(2)	Mutual Savings Bank Act	Revenue
Section 11	AS 06.20.900(1)	Alaska Small Loans Act	Revenue
Section 12	AS 06.20.900(2)	Alaska Small Loans Act	Revenue
Section 13	AS 06.25.050(a)	Trust Companies	Revenue
Section 14	AS 06.25.200(a)	Trust Companies	Revenue
Section 15	AS 06.25.230	Trust Companies	Revenue
Section 16	AS 06.25.350	Trust Companies	Revenue
Section 17	AS 06.40.190(1)	Premium Financing Act	Revenue
Section 18	AS 06.40.190(2)	Premium Financing Act	Revenue
Section 19	AS 06.45.400(1)	Alaska Credit Union Act	Revenue
Section 20	AS 08.01.110(3)	Centralized Licensing	Labor
Section 21	AS 08.01.110(3)	Centralized Licensing	Labor
Section 22	AS 08.02.011	Professional Geologists	Labor
Section 23	AS 08.02.025	Licensees in Compliance w/Student Loan Requirements	Labor
Section 24	AS 08.02.030(a)	Temporary Courtesy Occupational Licensing	Labor
Section 25	AS 08.04.070(e)	Board of Public Accountancy	Labor
Section 26	AS 08.04.495	Regulation of Public Accountants	Labor
Section 27	AS 08.06.190(2)	Acupuncture Licensing & Regulations	Labor
Section 28	AS 08.11.200(3)	Audiologist Licensing & Regulations	Labor
Section 29	AS 08.13.130(c)	Barbers & Hairdressers Licensing & Regulations	Labor
Section 30	AS 08.13.150	Barbers & Hairdressers Licensing & Regulations	Labor
Section 31	AS 08.13.185(a)	Barbers & Hairdressers Licensing & Regulations	Labor
Section 32	AS 08.18.011(a)	Construction Contractors Registration	Labor
Section 33	AS 08.18.025(b)	AK Craftsman Home Prog./Res. Contractor Endorse.	Labor
Section 34	AS 08.18.116	Construction Contractors Investigations	Labor
Section 35	AS 08.18.117	Construction Contractors - Citations	Labor
Section 36	AS 08.18.118(c)	Construction Contractors - Citations	Labor
Section 37	AS 08.18.121(f)	Construction Contractors - Violations	Labor
Section 38	AS 08.18.121(g)	Construction Contractors - Suspensions & Revocations	Labor
Section 39	AS 08.18.131	Construction Contractors - Injunctions Against	Labor
Section 40	AS 08.18.141(b)	Construction Contractors - Criminal Prosecutions	Labor
Section 41	AS 08.18.171(3)	Construction Contractors	Labor
Section 42	AS 08.18.171(5)	Construction Contractors	Labor
Section 43	AS 08.24.160	Collection Agencies	Labor
Section 44	AS 08.24.210	Collection Agencies	Labor
Section 45	AS 08.24.380(3)	Collection Agencies	Labor
Section 46	AS 08.32.097	Dental Hygienists - Licensing	Labor
Section 47	AS 08.36.370(2)	Dentistry	Labor

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services
Department of Education
State of Alaska

HB 409 Sectional Analysis

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Section 5	AS 06.01.050(2)	Administration of Banks & Financial Institutions	Revenue
Section 6	AS 06.05.540(7)	Alaska Banking Code	Revenue
Section 7	AS 06.05.540(9)	Alaska Banking Code	Revenue
Section 8	AS 06.10.030	Model Foreign Bank Loan Act	Revenue
Section 9	AS 06.15.010	Mutual Savings Bank Act	Revenue
Section 10	AS 06.15.370(2)	Mutual Savings Bank Act	Revenue
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Section 25	AS 08.04.070(e)	Board of Public Accountancy	Labor
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Section 29	AS 08.13.130(c)	Barbers & Hairdressers Licensing & Regulations	Labor
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Section 34	AS 08.18.116	Construction Contractors Investigations	Labor
Section 35	AS 08.18.117	Construction Contractors - Citations	Labor
Section 36	AS 08.18.118(c)	Construction Contractors - Citations	Labor
Section 37	AS 08.18.121(f)	Construction Contractors - Violations	Labor
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Section 41	AS 08.18.171(3)	Construction Contractors	Labor
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Section 44	AS 08.24.210	Collection Agencies	Labor
Section 45	AS 08.24.380(3)	Collection Agencies	Labor
Section 46	AS 08.32.097	Dental Hygienists - Licensing	Labor
Section 47	AS 08.36.370(2)	Dentistry	Labor

Section 48	AS 08.40.190(b)	Electrical and Mechanical Administrators	Labor
Section 49	AS 08.40.200(2)	Electrical Administrators	Labor
Section 50	AS 08.40.360	Mechanical Administrators	Labor
Section 51	AS 08.40.370	Mechanical Administrators	Labor
Section 52	AS 08.40.390(b)	Mechanical Administrators	Labor
Section 53	AS 08.40.490(1)	Mechanical Administrators	Labor
Section 54	AS 08.42.200(1)	Morticians	Labor
Section 55	AS 08.45.020	Naturopaths	Labor
Section 56	AS 08.45.100	Naturopaths	Labor
Section 57	AS 08.45.200(2)	Naturopaths	Labor
Section 58	AS 08.48.071(a)	Architects, Engineers, and Land Surveyors	Labor
Section 59	AS 08.48.071(e)	Architects, Engineers, and Land Surveyors	Labor
Section 60	AS 08.48.071(f)	Architects, Engineers, and Land Surveyors	Labor
Section 61	AS 08.48.265	Architects, Engineers, and Land Surveyors	Labor
Section 62	AS 08.54.300(a)	Guides and Related Occupations	Labor
Section 63	AS 08.54.393(b)	Guides and Related Occupations	Labor
Section 64	AS 08.54.410	Guides and Related Occupations	Labor
Section 65	AS 08.54.590(7)	Guides and Related Occupations	Labor
Section 66	AS 08.55.200(3)	Hearing Aid Dealers	Labor
Section 67	AS 08.62.900(2)	Marine Pilots	Labor
Section 68	AS 08.62.900(3)	Marine Pilots	Labor
Section 69	AS 08.63.900(4)	Marital and Family Therapy Board	Labor
Section 70	AS 08.64.380(2)	Medicine	Labor
Section 71	AS 08.65.190(2)	Direct-Entry Midwives	Labor
Section 72	AS 08.68.111(a)	Nursing	Labor
Section 73	AS 08.68.220	Nursing	Labor
Section 74	AS 08.70.090	Nursing Home Administrators	Labor
Section 75	AS 08.70.180(2)	Nursing Home Administrators	Labor
Section 76	AS 08.71.240(2)	Dispensing Opticians	Labor
Section 77	AS 08.72.300(2)	Optometrists	Labor
Section 78	AS 08.80.158(l)	Board of Pharmacy	Labor
Section 79	AS 08.80.160	Board of Pharmacy	Labor
Section 80	AS 08.84.050	Physical Therapists and Occupational Therapists	Labor
Section 81	AS 08.86.230(2)	Psychologists and Psychological Associates	Labor
Section 82	AS 08.87.010	Board of Certified Real Estate Appraisers	Labor
Section 83	AS 08.87.900(6)	Board of Certified Real Estate Appraisers	Labor
Section 84	AS 08.88.221	Real Estate Brokers and Salesmen	Labor
Section 85	AS 08.92.090(2)	Concert Promoters	Labor
Section 86	AS 08.95.990(4)	Board of Clinical Social Work Examiners	Labor
Section 87	AS 08.98.250(4)	Veterinarians	Labor
Section 88	AS 09.25.110(e)	Public Records/Vital Statistics in reference to relocation of Banking, Securities, & Corporations	Revenue
Section 89	AS 09.25.121	Reference change relating to public records for veterans	Community & Economic Development
Section 90	AS 09.38.025(b)	Reference to Division of Insurance	Revenue
Section 91	AS 10.06.990(10)	Corporations	Revenue
Section 92	AS 10.06.990(15)	Corporations	Revenue
Section 93	AS 10.10.040	Business and Industrial Development Corporations	Revenue
Section 94	AS 10.10.150	Corporation Examinations	Revenue
Section 95	AS 10.10.210(2)	Corporations	Revenue
Section 96	AS 10.13.990(8)	Alaska BIDCO Act	Revenue
Section 97	AS 10.15.595(3)	Alaska Cooperative Corporation Act	Revenue
Section 98	AS 10.15.595(7)	Alaska Cooperative Corporation Act	Revenue
Section 99	AS 10.20.720(4)	Nonprofit Corporations	Revenue

Section 100	AS 10.20.720(6)	Nonprofit Corporations	Revenue
Section 101	AS 10.25.640(1)	Electric and Telephone Cooperative Act	Revenue
Section 102	AS 10.35.500(2)	Business Names Application and Registration	Revenue
Section 103	AS 10.40.030	Religious Corporations	Revenue
Section 104	AS 10.40.090	Religious Corporations	Revenue
Section 105	AS 10.40.100	Religious Corporations	Revenue
Section 106	AS 10.40.105	Religious Corporations	Revenue
Section 107	AS 10.45.010(a)	Alaska Professional Corporation Act	Revenue
Section 108	AS 10.50.990(2)	Limited Liability Companies	Revenue
Section 109	AS 10.50.990(4)	Limited Liability Companies	Revenue
Section 110	AS 11.76.100(e)	Reference to Business Licensing under Dept. of Commerce	Labor
Section 111	AS 14.08.031(a)	Regional Educational Attendance Areas-ability to divide REAA's into educational service areas	Community & Economic Development
Section 112	AS 14.08.051(a)	Regional Educational Attendance Areas-ability to divide REAA's into educational service areas	Community & Economic Development
Section 113	AS 14.17.025(a)	Local Contributions as related to the Public School Foundation Program	Revenue
Section 114	AS 14.17.025(b)	Local Contributions as related to the Public School Foundation Program	Revenue
Section 115	AS 14.17.025(f)	Local Contributions as related to the Public School Foundation Program	Revenue
Section 116	AS 14.17.140(a)	Determination of full & true value of taxable real & personal property as related to public school foundation program	Revenue
Section 117	AS 14.40.821(a)	Alaska Aerospace Development Corporation	Community & Economic Development
Section 118	AS 14.40.826(a)	New Commissioner to sit on Board of AK Aerospace	Community & Economic Development
Section 119	AS 14.40.831	New Commissioner as Vice-Chair of the Board	Community & Economic Development
Section 120	AS 14.42.120(a)	New Commissioner as member of AK Comm. on Postsecondary Education	Community & Economic Development
Section 121	AS 14.43.120(l)	Notice of student loan default in relation to loan recipient holding an occupational or business license	Labor
Section 122	AS 15.07.055(a)	Dept. to serve as voter registration agency as related to being responsible for Municipal & Regional Assistance	Revenue, Comm. & Economic Development
Section 123	AS 15.13.010(a)	Certification by dept. of United States census figures for administrative purposes	Revenue
Section 124	AS 16.10.265(d)	Dept. ability to revoke business license as related to processing or buying raw fish if licensee convicted of 3 offenses	Labor
Section 125	AS 16.10.360(2)	Alaska Commercial Fisheries Entry Commission & Loans	Community & Economic Development
Section 126	AS 16.10.360(4)	Alaska Commercial Fisheries Entry Commission & Loans	Community & Economic Development
Section 127	AS 16.10.470(b)	Salmon Hatchery Permit Holders - submission of financial reports to department	Community & Economic Development
Section 128	AS 16.10.505(a)	Fisheries Enhancement Revolving Loan Fund	Community & Economic Development
Section 129	AS 16.10.555	Dept. disposal of property acquired by default or foreclosure of a fisheries enhancement loan	Community & Economic Development
Section 130	AS 16.10.560(1)	Fisheries Enhancement Loan Program	Community & Economic Development
Section 131	AS 16.51.010	Alaska Seafood Marketing Institute (ASMI)	Community & Economic Development
Section 132	AS 16.52.060	Fishery Industrial Technology Policy Council in cooperation with new department	Community & Economic Development
Section 133	AS 18.26.030(a)	New Commissioner to sit on Board of Directors for AK Medical Facility Authority	Community & Economic Development
Section 134	AS 18.45.030	Atomic Energy - dept. to conduct studies as related to insurance of persons & property from hazards to life and property resulting from atomic development	Revenue
Section 135	AS 18.55.934(a)	Commissioner to contract with Alaska Housing Finance Corporation in connection with project in disaster area	Community & Economic Development
Section 136	AS 18.56.030(a)	New Commissioner to sit on Board of Directors of AHFC	Community & Economic Development
Section 137	AS 18.56.095(a)	AHFC - Commissioner has power to enter into agreements with respect to use of money in mortgage insurance fund	Community & Economic Development
Section 138	AS 18.56.095(e)	AHFC - Mortgage Insurance fund subject to power of new commissioner	Community & Economic Development
Section 139	AS 18.56.095(f)	AHFC - New commissioner shall determine deposit to mortgage insurance fund	Community & Economic Development
Section 140	AS 18.56.095(h)	AHFC - Mortgage Insurance Fund	Community & Economic Development
Section 141	AS 18.56.096(a)	AHFC - Mortgage Loans - in reference to former DCRA	
Section 142	AS 18.56.097	AHFC - Mortgage Loans - new dept. to prescribe procedures for establishing & appraising value of preference rights	Community & Economic Development
Section 143	AS 18.60.240	Reference to Insurance for special inspectors	Revenue
Section 144	AS 18.60.340(b)	Reference to Insurance for boilers	Revenue
Section 145	AS 18.65.755(a)	Reference to regulation of financial institutions	Revenue
Section 146	AS 18.70.081	Make list of fire protections systems available to new dept.	Community & Economic Development
Section 147	AS 19.30.131(a)	Reference to state census data	Revenue
Section 148	AS 19.30.131(b)	Reference to state census data	Revenue
Section 149	AS 19.30.131(c)	Reference to state census data	Revenue
Section 150	AS 21.06.010	Division of Insurance Director in new department	Revenue

Section 151	AS 21.06.020	Division of Insurance in new department	Revenue
Section 152	AS 21.59.020(b)	Insurance, as related to Automobile Service Corporations	Revenue
Section 153	AS 21.69.040(b)	Insurance, as related to corporate procedures	Revenue
Section 154	AS 21.69.050(c)	Insurance, as related to corporate procedures	Revenue
Section 155	AS 21.87.050(b)	Articles of incorporation to be filed under new department	Revenue
Section 156	AS 21.90.900(7)	Definitions for Insurance	Revenue
Section 157	AS 21.90.900(10)	Definitions for Insurance	Revenue
Section 158	AS 23.05	Authorizes Dept. of Labor to charge fees for publications, research data, and other services	Labor
Section 159	AS 23.05	Establishes Business Incentive Training Program as a supplement to JTPA	Labor
Section 160	AS 23.30.265(18)	Reference to Insurance Commissioner under new dept.	Revenue
Section 161	AS 24.08.035(e)	Preparation of Municipal Fiscal Notes under new dept.	Community & Economic Development
Section 162	AS 26.15.101(a)	Veterans loan program administration under new department	Community & Economic Development
Section 163	AS 26.15.030(a)	Veterans loan program administration under new department	Community & Economic Development
Section 164	AS 26.15.040	Veterans loan program administration under new department	Community & Economic Development
Section 165	AS 26.15.070(a)	Veterans loan program administration under new department	Community & Economic Development
Section 166	AS 26.15.085	Veterans loan program administration under new department	Community & Economic Development
Section 167	AS 26.15.095(b)	Veterans loan program administration under new department	Community & Economic Development
Section 168	AS 26.15.160	Veterans loan program administration under new department	Community & Economic Development
Section 169	AS 26.23.071(b)	New Comm. to sit on AK State Emergency Response Commission established in Dept. of Military & Veterans Affairs	Community & Economic Development
Section 170	AS 27.09.010(a)	Mining Loan Fund established in new department	Community & Economic Development
Section 171	AS 27.09.015(b)	Mining Loan Fund	Community & Economic Development
Section 172	AS 27.09.050	Mining Loan Fund	Community & Economic Development
Section 173	AS 27.09.060(3)	Mining Loan Fund	Community & Economic Development
Section 174	AS 28.01.010(b)	AK Uniform Traffic Laws Act-New Dept. to assist in drafting model ordinances for adoption by reference	Community & Economic Development
Section 175	AS 28.20.580	Motor Vehicle Safety Resp. Act-as it relates to insurance, now under Dept. of Revenue	Revenue
Section 176	AS 29.04.040	Classification of Municipalities-refers to new dept., as it relates to reclassification of second class cities	Community & Economic Development
Section 177	AS 29.05	Classification of Municipalities-refers to new dept., as it relates to incorporation	Community & Economic Development
Section 178	AS 29.06.040(c)	Changes statutory reference for regs. governing annexation by local adoption	Community & Economic Development
Section 179	AS 29.06	Alteration of Municipalities-refers to new dept.	Community & Economic Development
Section 180	AS 29.10	Home Rule Municipalities-refers to new dept.	Community & Economic Development
Section 181	AS 29.20	Municipal Officers & Employees-refers to new Comm. & dept.	Community & Economic Development
Section 182	AS 29.35	Municipal Powers & Duties-refers to new dept.	Community & Economic Development
Section 183	AS 29.45.080(b)	Municipal Gov. as relate to levying & collecting tax on full & true taxable property value as valued by Dept. of Revenue	Revenue
Section 184	AS 29.45.080(c)	Municipal Gov. as relate to levying & collecting tax on full & true taxable property value as valued by Dept. of Revenue	Revenue
Section 185	AS 29.45.080(d)	Municipal Gov. as relate to levying & collecting tax on full & true taxable property value as valued by Dept. of Revenue	Revenue
Section 186	AS 29.45	same as above, defining "Comm." & "Dept." as Revenue	Revenue
Section 187	AS 29.60.120(d)	State aid to municipalities for health facil. & hospitals	Revenue
Section 188	AS 29.60.370(a)	Municipal assistance fund as it relates to population determination certified by the commissioner	Revenue
Section 189	AS 29.60.400(a)	Grants for community facilities-new dept. to make grants	Community & Economic Development
Section 190	AS 29.60.410	Grants for community facilities-new dept. to make grants	Community & Economic Development
Section 191	AS 29.60.420(b)	Grants for community facilities-new dept. to make grants	Community & Economic Development
Section 192	AS 29.60.430	Grants for community facilities-new dept. to make grants	Community & Economic Development
Section 193	AS 29.60	Grants for community facilities-adds new section for definitions	Community & Economic Development
Section 194	AS 29.60.599(9)	Oil & Hazardous Substance Municipal Impact Assistance as it relates to new commissioner giving official recognition of village entities for limited purposes if not already recognized under federal law	Community & Economic Development
Section 195	AS 29.60.599	Definitions for Oil & Hazardous Subs. Muni. Impact Assist.	Community & Economic Development
Section 196	AS 29.60.620(b)	Population determination for Human Services Community Match Program	Revenue
Section 197	AS 29.60.650(2)	Population determination for Human Services Community Match Program	Revenue
Section 198	AS 29.60	Revenue Sharing and Municipal Assistance	Revenue
Section 199	AS 29.65.050(c)	General grant land-fulfillment of entitlements-new dept. to recommend approval or disapproval of patent selection by a municipality	Community & Economic Development
Section 200	AS 29.65.050(d)	General grant land-fulfillment of entitlements	Community & Economic Development

Section 201	AS 29.65.060(f)	Population determination under Commissioner of DCRA as it relates to school & mental health land entitlements under former statutes	
Section 202	AS 29.65.120	DNR to consult with new Commr. to adopt regs. for General Grant Land Chapter	Community & Economic Development
Section 203	AS 30.13.010(a)	Regional Resource Dev. Authorities-Creation of Authority initiated by petition to new filed with now dept.	Community & Economic Development
Section 204	AS 32.11.010(a)	Uniform Limited Partnership Act-Certificate of limited partnership execution and filing	Revenue
Section 205	AS 32.11.900(2)	Definition section for Uniform Limited Partnership Act	Revenue
Section 206	AS 32.11.900(4)	Definition section for Uniform Limited Partnership Act	Revenue
Section 207	AS 34.03.340	Uniform Residential Landlord & Tenant Act-filing of designated agent upon whom service of process may be made	Revenue
Section 208	AS 34.55.044(1)	Uniform Land Sales Practices Act	Natural Resources
Section 209	AS 36.30.322(a)	State Procurement Code-use of local forest products as it relates to notification of new Commissioner	Community & Economic Development
Section 210	AS 36.30.322(c)	State Procurement Code-use of local forest products as it relates to notification of new Commissioner	Community & Economic Development
Section 211	AS 36.30.330(c)	" " " " - penalty for failing to use designated products	Community & Economic Development
Section 212	AS 36.30.332(a)	" " " " - New Commissioner to publish list of products	Community & Economic Development
Section 213	AS 36.30.850(b)	State Procurement Code-in reference to Day Care Assistance program	Community & Economic Development
Section 214	AS 37.05.317	Grants to Unincorporated Communities-new department to disburse grants	Community & Economic Development
Section 215	AS 37.05.530(c)	National Petroleum Reserve- Natural Resources to adopt regulations	Natural Resources
Section 216	AS 37.06.010(g)	Capital Project Matching Grant Programs-in reference to population, as determined by data under Dept. of Revenue	Revenue
Section 217	AS 37.06.020(i)	Statutory change to refer to new department for unincorporated community capital project matching grant program	Community & Economic Development
Section 218	AS 37.06.020(k)	Unincorporated Community Capital Project Matching Grant Programs-under new department	Community & Economic Development
Section 219	AS 37.06.030(c)	Unincorporated Community Capital Project Matching Grant Programs-in reference to population, as determined by data under Dept. of Revenue	Revenue
Section 220	AS 37.06.080	Capital Project Matching Grant Programs-Dept. of Administration and new department to adopt regulations	Community & Economic Development
Section 221	AS 37.15.110	Public Finance-Bonding-New Commissioner is member of State Bond Committee	Community & Economic Development
Section 222	AS 37.15.130	Bonding-New Commissioner is member of State Bond Committee	Community & Economic Development
Section 223	AS 37.17.010(a)	Alaska Science & Technology Foundation established as public corporation in new department	Community & Economic Development
Section 224	AS 38.06.025(a)	AK Royalty Oil and Gas Development Advisory Board-New Commissioner to sit on board	Community & Economic Development
Section 225	AS 39.05.120(c)	State Personnel Act-statute cleanup and renumbering for partially exempt state service positions	
Section 226	AS 39.50.200(b)	Statutory change for Local Boundary Commission	Community & Economic Development
Section 227	AS 41.15.180(a)	National Forest Receipts	Revenue
Section 228	AS 41.15.180(b)	National Forest Receipts	Revenue
Section 229	AS 41.15.180(f)	National Forest Receipts	Revenue
Section 230	AS 41.15.180(g)	National Forest Receipts	Revenue
Section 231	AS 41.35.350(a)	Historic Preservation-new dept. in relation to adoption of regulations for historical district loans	Community & Economic Development
Section 232	AS 41.98.020(a)	New Commissioner as member of Mineral Resource Fund Board	Community & Economic Development
Section 233	AS 42.05.010	Alaska Public Utilities Commission	Revenue
Section 234	AS 42.05.351	Alaska Public Utilities Commission	Revenue
Section 235	AS 42.30.380(5)	Definition section for miscellaneous regulations governing public utilities and carriers	Revenue
Section 236	AS 42.40.010	Alaska Railroad Corporation established in new department	Community & Economic Development
Section 237	AS 42.40.020(a)	Alaska Railroad Corporation- new Commissioner to sit on board	Community & Economic Development
Section 238	AS 42.40.030	Alaska Railroad Corporation- board membership	Community & Economic Development
Section 239	AS 42.40.040(a)	Alaska Railroad Corporation- board membership	Community & Economic Development
Section 240	AS 42.45.060(a)	Rural and Statewide Energy Programs-loan committee membership	Community & Economic Development
Section 241	AS 42.45.060(c)	Rural and Statewide Energy Programs-New Commissioner as chair of loan committee	Community & Economic Development
Section 242	AS 42.45.990(1)	Rural and Statewide Energy Programs-definitions section for loan committee	Community & Economic Development
Section 243	AS 42.05.230(g)	Admin. of Revenue Laws/Disclosure of tax returns and reports-statutory reference change for occupational licenses	Labor
Section 244	AS 43.10.170	Enforcement & Collection of Taxes- New Commissioner as agent for service of process against non-resident taxpayer	Community & Economic Development
Section 245	AS 43.70.110(2)	AK Business License Act-transfers business licensing to Dept. of Labor	Labor
Section 246	AS 43.70.110(3)	AK Business License Act-transfers business licensing to Dept. of Labor	Labor
Section 247	AS 43.75.137	Fisheries Taxes-disbursement of tax revenue	Revenue
Section 248	AS 43.76.015(a)	Salmon Enhancement Tax-Election to approve or terminate in reference to Commissioner of Revenue	Revenue
Section 249	AS 43.76.015(b)	Salmon Enhancement Tax-Election to approve or terminate in reference to Commissioner of Revenue	Revenue
Section 250	AS 43.76.015(c)	Salmon Enhancement Tax-Election to approve or terminate in reference to Commissioner of Revenue	Revenue
Section 251	AS 43.76.015(d)	Salmon Enhancement Tax-Election to approve or terminate in reference to Commissioner of Revenue	Revenue

Section 252	AS 43.76.020(b)	Salmon Enhancement Tax-Termination of, now in reference to Commissioner of Revenue	Revenue
Section 253	AS 43.76.025(c)	Salmon Enhancement Tax-Collection of tax and disbursement of proceeds; appropriations made to new department	Community & Economic Development
Section 254	AS 43.76.030	Salmon Enhancement Tax-Accounting of financing received as result of tax	Revenue
Section 255	AS 43.77.040(b)	Fishery Resource Landing Tax-application for credit for approved contributions-approval/disapproval by new dept.	Community & Economic Development
Section 256	AS 43.77.060(d)	Fishery Resource Landing Tax-revenue sharing	Revenue
Section 257	AS 44.17.005(8)	Organ. & Admin. of departments in state government- new department established in statute	Community & Economic Development
Section 258	AS 44.19.145(a)	Office of the Governor-In reference to relationship with new department	Community & Economic Development
Section 259	AS 44.19.155(a)	Alaska Coastal Policy Council-new commissioner as member of council	Community & Economic Development
Section 260	AS 44.19.155(d)	Alaska Coastal Policy Council-renumbering of reference sections for new commissioner as member of council	
Section 261	AS 44.21.200(a)	Alaska Commission on Aging-new commissioner as member of commission	Community & Economic Development
Section 262	AS 44.21	Dept. of Administration-Community Legal Assistance Grants established in the department	Administration
Section 263	AS 44.25.020	Dept. of Revenue-Banking, Sec. & Corps., Insurance, and regulation of public utilities responsibilities transferred to dept.	Revenue
Section 264	AS 44.25.020	Dept. of Revenue-Revenue sharing, other forms of financial assistance to community & regional gov., and procedures of municipal assessment, valuation, and taxation transferred to department	Revenue
Section 265	AS 44.27.020	Dept. of Education-Head Start program operation transferred to department	Education
Section 266	AS 44.31.020	Dept. of Labor-Occupational Licensing, business licensing, Real Estate Commission, & JTPA operations transferred to dept.	Labor
Section 267	AS 44.33.010	Establishes new commissioner as head of new department	Community & Economic Development
Section 268	AS 44.33.020	Establishes duties of new department	Community & Economic Development
Section 269	AS 44.33.020	Establishes duties of new department	Community & Economic Development
Section 270	AS 44.33.026(e)	AK Regional Economic Assistance Program-transferred to new department	Community & Economic Development
Section 271	AS 44.33	New dept. allowed to charge fees for publications, research data, and other services	Community & Economic Development
Section 272	AS 44.33.120(a)	Division of Tourism transferred to new department	Community & Economic Development
Section 273	AS 44.33.135(b)	Div. of Tourism-grants for promotion or development of visitor travel-new commissioner to adopt regs. to carry out	Community & Economic Development
Section 274	AS 44.33.285	Economic disaster areas-New commissioner to recommend designation	Community & Economic Development
Section 275	AS 44.33.310(2)	Economic disaster areas-definitions-refers to new department	Community & Economic Development
Section 276	AS 44.33.438(1)	Neighborhood Revitalization & Dev. Prgm.-transferred to new department	Community & Economic Development
Section 277	AS 44.33.438(3)	Neighborhood Revitalization & Dev. Prgm.-transferred to new department	Community & Economic Development
Section 278	AS 44.33.501	Native Art Competitions-new department to direct program of competitions	Community & Economic Development
Section 279	AS 44.33.503	Native Art Competitions-new department to select location of regional competitions	Community & Economic Development
Section 280	AS 44.33.504	Native Art Competitions-new department to select judges	Community & Economic Development
Section 281	AS 44.33.506	Native Art Competitions-new department to display entries	Community & Economic Development
Section 282	AS 44.33.507	Native Art Competitions-new department to accept grants and assistance	Community & Economic Development
Section 283	AS 44.33.700	AK Tourism Marketing Council (ATMC) established as instrumentality of the state in new department	Community & Economic Development
Section 284	AS 44.33.705(a)	ATMC	Community & Economic Development
Section 285	AS 44.33.720(a)	ATMC	Community & Economic Development
Section 286	AS 44.33.735(2)	ATMC	Community & Economic Development
Section 287	AS 44.33	Rural development-adds rural development activities, currently in statute under DCRA, to new department	Community & Economic Development
Section 288	AS 44.33.800(a)	Division of International Trade established in new department	Community & Economic Development
Section 289	AS 44.33.800(f)	Division of International Trade	Community & Economic Development
Section 290	AS 44.33	Local Boundary Commission established in new department	Community & Economic Development
Section 291	AS 44.37.025(d)	DNR to file copies of conveyances recorded with new department that contain statement of property conveyance to non-	Community & Economic Development
Section 292	AS 44.37	Planning Assistance, land use planning district coastal mgmnt. programs, AK Minerals Commission established in DNR	Natural Resources
Section 293	AS 44.42.020(a)	Weights and Measures transferred to Dept. of Transportation	Transportation & Public Facilities
Section 294	AS 44.42.055(d)	DOT-state public facilities plan-technical reference change to new department	Community & Economic Development
Section 295	AS 44.62.330(a)	Admin. Procedure Act-in reference to certain occupational licenses, now under Dept. of Labor	Labor
Section 296	AS 44.62.330(a)	Admin. Procedure Act-in reference to certain occupational licenses, now under Dept. of Labor	Labor
Section 297	AS 44.62.330(a)	Admin. Procedure Act-in reference to certain occupational licenses, now under Dept. of Labor	Labor
Section 298	AS 44.81.010(b)	Commercial Fishing & Agriculture Bank-Commissioner's ability to dissolve bank, if bank fails to repurchase shares	Revenue
Section 299	AS 44.81.050	Commercial Fishing & Agriculture Bank-New Commissioner may hold public meetings	Community & Economic Development
Section 300	AS 44.81.270(c)	Commercial Fishing & Agriculture Bank-Audit of Bank-Revenue Commissioner to assess fees incurred for examination	Revenue
Section 301	AS 44.83.020	AK Energy Authority-established as public corporation in new department	Community & Economic Development
Section 302	AS 44.85.030	AK Municipal Bond Bank Authority-new commissioner to serve on bond bank authority	Community & Economic Development

Section 303	AS 44.85.320(b)	AK Municipal Bond Bank Auth.-trustee must notify new commissioner before declaring principal of notes or bonds due	Community & Economic Development
Section 304	AS 44.88.020	AK Industrial Development and Export Authority-established as public corporation in new department	Community & Economic Development
Section 305	AS 44.88.030(a)	AK Industrial Development and Export Authority-new commissioner as member of authority	Community & Economic Development
Section 306	AS 45.50.040	Registration of trademarks-application and filing fee submitted to new department	Community & Economic Development
Section 307	AS 45.50.200(2)	Registration of trademarks-definition section-refers to new commissioner	Community & Economic Development
Section 308	AS 45.50.200(3)	Registration of trademarks-definition section-refers to new department	Community & Economic Development
Section 309	AS 45.55.905(a)	AK Securities Act-registration of securities-Department of Revenue to administer	Revenue
Section 310	AS 45.55.990(1)	AK Securities Act-registration of securities-Commissioner of Revenue as administrator	Revenue
Section 311	AS 45.57.090	Takeover Bid Disclosure Act-Commissioner of Revenue appointed as offerer's agent upon whom process may be served	Revenue
Section 312	AS 45.57.110(2)	Takeover Bid Disclosure Act-definition section in reference to department of Revenue	Revenue
Section 313	AS 45.65.020	Handicrafts & Works of Art-new Commissioner to administer this section	Community & Economic Development
Section 314	AS 45.65.070(3)	Handicrafts & Works of Art-new Commissioner to administer this section	Community & Economic Development
Section 315	AS 45.75.030	Weights & Measures Act-DOT Commissioner as ex officio state director of weights and measures	Transportation & Public Facilities
Section 316	AS 45.75.050(b)	Weights & Measures Act-DOT to administer regulations	Transportation & Public Facilities
Section 317	AS 45.75.131(a)	Weights & Measures Act-DOT Commissioner to authorize DOT peace officer to issue weights & measures citations	Transportation & Public Facilities
Section 318	AS 45.75.131(d)	Weights & Measures Act-citation books issued to DOT employees	Transportation & Public Facilities
Section 319	AS 45.75.380(a)	Weights & Measures Act-offenses & penalties-statutory reference change to Dept. of Transportation	Transportation & Public Facilities
Section 320	AS 45.77.010(b)	Foreign Trade Zones-private corporations may apply with approval of new commissioner	Community & Economic Development
Section 321	AS 45.88.010(a)	Alternative Energy Revolving loan fund-fund established in new department	Community & Economic Development
Section 322	AS 45.88.015(b)	Alternative Energy Revolving loan fund	Community & Economic Development
Section 323	AS 45.88.040(a)	Alternative Energy Revolving loan fund	Community & Economic Development
Section 324	AS 45.88.050	Alternative Energy Revolving loan fund-disposal of property	Community & Economic Development
Section 325	AS 45.89.010(a)	Residential Energy Conservation fund established in new department	Community & Economic Development
Section 326	AS 45.89.500(1)	Residential Energy Conservation fund-definitions-refers to new department	Community & Economic Development
Section 327	AS 45.89.500(2)	Residential Energy Conservation fund-definitions-refers to new department	Community & Economic Development
Section 328	AS 45.90.010(a)	Tourism Revolving loan fund-established in new department	Community & Economic Development
Section 329	AS 45.90.015(b)	Tourism Revolving loan fund	Community & Economic Development
Section 330	AS 45.90.020(b)	Tourism Revolving loan fund	Community & Economic Development
Section 331	AS 45.90.040(a)	Tourism Revolving loan fund	Community & Economic Development
Section 332	AS 45.90.050	Tourism Revolving loan fund	Community & Economic Development
Section 333	AS 45.95.010(a)	Small Business Loans-new department to formulate policies and adopt regulations to carry out	Community & Economic Development
Section 334	AS 45.95.040(a)	Small Business Loans	Community & Economic Development
Section 335	AS 45.95.055	Small Business Loans	Community & Economic Development
Section 336	AS 45.95.070	Small Business Loans	Community & Economic Development
Section 337	AS 45.95.080	Small Business Loans	Community & Economic Development
Section 338	AS 45.98.010(a)	Historical District Revolving loan fund-established in new department	Community & Economic Development
Section 339	AS 45.98.015(b)	Historical District Revolving loan fund	Community & Economic Development
Section 340	AS 45.98.020	Historical District Revolving loan fund	Community & Economic Development
Section 341	AS 45.98.030	Historical District Revolving loan fund	Community & Economic Development
Section 342	AS 45.98.050(a)	Historical District Revolving loan fund	Community & Economic Development
Section 343	AS 45.98.055	Historical District Revolving loan fund	Community & Economic Development
Section 344	AS 45.98.060	Historical District Revolving loan fund	Community & Economic Development
Section 345	AS 46.03.110(c)	Env. Conservation-waste disposal permit procedure-DEC to send application copy to new commissioner	Community & Economic Development
Section 346	AS 46.03.375(a)	Env. Conservation-underground storage tank systems-certification program administered by Occ. Licensing, Dept. of Labor	Labor
Section 347	AS 46.03.375(g)	Env. Conservation-underground storage tank systems-certification program administered by Occ. Licensing, Dept. of Labor	Labor
Section 348	AS 46.03.900(32)	Env. Conservation-definitions-new department to determine & give official recognition of village entities	Community & Economic Development
Section 349	AS 46.04.040(a)	Oil & Haz. Substance Pollution Control-reference to insurance companies, now regulated by Dept. of Revenue	Revenue
Section 350	AS 46.04.900(22)	Oil & Haz. Substance Pollution Control-reference to village council recognition by new department	Community & Economic Development
Section 351	AS 46.08.040(a)	Oil & Haz. Substance Releases-money in response & prevention account of fund may be transferred to new commissioner	Community & Economic Development
Section 352	AS 46.08.900(16)	Oil & Haz. Substance Releases-definitions-reference to village council recognition by new department	Community & Economic Development
Section 353	AS 46.11.900(2)	Conservation of Energy & Materials-standards-reference to new department	Community & Economic Development
Section 354	AS 46.40.120(b)	AK Coastal Management Program-new commissioner may consolidate 2 or more regional educational attendance areas as	Community & Economic Development

MEMORANDUM OF AGREEMENT
BETWEEN THE
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
AND THE
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

DCED / ECONOMIC
DEVELOPMENT

APR 20 1992

RECEIVED

I. PURPOSE

An important goal of Governor Hickel's administration is to increase the economic opportunities available to all Alaskans. The Department of Commerce and Economic Development (DCED) and the Department of Community and Regional Affairs (DCRA) have cooperated to promote economic development in Alaska. This Memorandum of Agreement provides a framework for the cooperative environment in which the departments can work even more closely to advance Governor Hickel's economic development goals.

There are significant areas of mutual concern and opportunities for cooperation within the respective duties of these departments. This is particularly true in rural Alaska where local governments and economies are under great stress.

In March, 1991, Governor Hickel formed the Rural Development Sub-Cabinet charged with coordinating state policy and programs focused on rural development issues. This Memorandum of Agreement is an important building block in this coordinated approach to promoting rural development.

II. THE ROLE OF STATE GOVERNMENT IN ECONOMIC DEVELOPMENT

The administration believes that state agencies must play an aggressive role in promoting economic development. Agencies must act as advocates for local and regional economic development initiatives. Examples of appropriate actions the state can take include:

- A. Development and dissemination of information about economic development activities and opportunities;
- B. Promotion of Alaska resources and products;
- C. Assistance in solving business development problems through research and technical assistance;
- D. Identification and assistance in reducing barriers which impede economic development and small business opportunities;
- E. Clarification and simplification of regulatory requirements impacting business development and promotion of a better understanding of these requirements;

- F. Provision of educational opportunities for the development of business skills;
- G. Provision of training opportunities to prepare a workforce matched to the needs of business development;
- H. Provision of access to financing for feasible projects;
- I. Promotion of a business climate that supports existing businesses and attracts new businesses; and,
- J. Support of regional and local economic development organizations' efforts to address development issues and opportunities.

DCED's basic responsibility is to strengthen and diversify Alaska's economic base in ways that offer long-term benefits to Alaskans. Its primary focus is on large-scale infrastructure, industrial, and service sector development. DCED has expertise in basic resource development and marketing, in general business development, and in the impact of these forces and opportunities on economic development in Alaska.

DCRA is responsible for providing state assistance to strengthen local governments at the community and regional levels. DCRA also has a responsibility to address issues and projects which promote rural economic development at the community level.

III. COOPERATIVE WORK EFFORTS

A. General Interagency Relationships

Both departments offer a variety of programs and services. This Memorandum of Agreement addresses coordination between DCRA and DCED related to business assistance and small-scale economic development. The independent boards, commissions, and agencies of DCED are excluded from this Memorandum of Agreement and are not bound or obligated by its provisions.

The coordination of economic development assistance between the two departments will be formulated along the lines of their current functions and expertise. In general, DCRA responsibilities will focus at the community level while DCED responsibilities will focus on the regional, statewide and international levels. It is acknowledged that many economic development activities can involve significant agency interaction. DCRA and DCED will coordinate their efforts to maximize economic development opportunities at the local and regional levels.

Each department will retain responsibility for those programs funded in or through their respective agency budgets. The departments will develop procedures for coordinating the delivery of their respective economic development programs. Program coordination should lead to the development of shared data bases, compatible funding cycles, efficient project identification and implementation, and improved methods of program evaluation and monitoring.

B. Cooperation Regarding Local and Regional Economic Development

1. Local Economic Development. Successful economic development in rural Alaska requires leadership and direction from the local community. Communities will be encouraged to prepare local development plans with participation by the city, IRA, village corporation, and other community entities and interests concerned with economic development. These local development plans will direct and stimulate local development activity by serving as consensus building mechanisms regarding the community's development vision; by documenting a local economic development strategy; by promoting specific local economic development projects; and, by providing a coordinated source of information flowing out from the community. These local development plans will also provide input to the regional development strategies of the Alaska Regional Development Organizations (ARDORs). DCRA and ARDOR staff will provide technical assistance in support of the formulation of these local development plans.

DCRA will be the lead agency for economic development at the community level. DCRA will provide technical assistance to local governments to prepare for and support overall development, including planning and zoning, capital improvements and infrastructure. In addition, technical assistance will be provided to stimulate economic development and insure that development activities are structured to maximize benefits to local communities and to mitigate any socio-economic impacts. DCRA will coordinate the reconnaissance of rural communities to assess potential economic development opportunities with ARDOR staff. DCED will provide their professional expertise and technical resources to DCRA staff in support of development efforts at the community level.

2. Regional Economic Development. The ARDORs will facilitate the flow of economic development information from local communities, develop and implement regional strategies and, as they deem appropriate, help facilitate the formulation of regional priorities. ARDORs are comprised of representatives of local governments and the principal economic interests of the region including Native organizations, business, the service industry, transportation, utilities and labor; the professions and educational institutions within its boundaries.

DCED will be the lead agency for economic development at the regional level. The Division of Economic Development administers the Alaska Regional Development Organizations (ARDOR) Program. Among its many features, the program provides a mechanism for coordinating state and local economic development efforts.

DCRA planners in the Municipal and Regional Assistance Division (MRAD) will coordinate their activities in the area of economic development with DCED's Division of Economic Development. In consultation with DCED, DCRA Local Government Specialists will be available to provide technical assistance in support of training efforts for ARDOR board members and staff on a limited basis.

3. To help protect state, federal and private investments in economic development projects, MRAD Land Management Program staff will have an opportunity to review the land ownership status of all DCRA, DCED or ARDOR economic development projects to determine if there is adequate site control. Land Management Program staff will provide assistance with the research, documentation and procedures to acquire adequate site control to protect investments in projects.
4. DCED and DCRA will cooperate to provide training to appropriate agency and ARDOR staff in appropriate techniques and methods of small business assistance referrals and economic development planning implementation, and practices which pertain to community and regional development.

C. Economic Development Funding Programs

DCRA and DCED will sit on one another's grant review and loan committees to the maximum extent practical to ensure coordination of funding and expertise. Examples of programs appropriate for this coordination include:

1. DCED administered grant and loan programs in support of economic development, including the Economic Development Matching Grants Program which provides funding to communities and eligible non-profit entities that qualify for federal and certain other non-state grants, and the Economic Development Funding Forum.
2. DCRA administered financial assistance programs which support community-based economic development activities. These programs are coordinated under the Rural Economic Development Initiative (REDI) Program. The REDI Program is supported through the resources of the federal Community Development Block Grant (CDBG) Program and the state's Rural Development Assistance Program.

DCRA will consult with appropriate technical staff in DCED's Division of Economic Development and the appropriate ARDOR executive directors, when evaluating and selecting projects under its community economic development programs.

D. Business Assistance

DCED will be the lead agency for coordinating the delivery of the state's business assistance programs. DCED maintains entrepreneur and business assistance programs that support existing business and industry and foster the establishment of new business and industry in Alaska.

1. DCRA rural regional office and ARDOR staff will be contact points for business assistance in rural Alaska. DCRA staff may assist rural clients determine what kinds of technical assistance they require and refer them to appropriate agencies or resources.
2. DCED will provide training opportunities for DCRA rural regional office personnel in business referral counseling and will provide the necessary forms, brochures, and program information. DCED will coordinate these DCRA training activities with the appropriate business assistance entities.
3. DCRA will provide DCED, ARDOR staff, and staff of appropriate small business assistance programs information about grants and assistance programs operated by DCRA.

IV. ADDITIONAL COOPERATIVE EFFORTS

In addition to the areas of cooperation identified above:

- A. DCRA and DCED will cooperate in workshops and in the production and dissemination of publications and documents concerning regional and community economic development and rural business assistance. In rural Alaska, ARDOR and DCRA regional offices will serve as distribution points.
- B. DCRA will consult with DCED, as appropriate, when reviewing draft plans or local ordinances concerning economic development.
- C. DCED will consult with DCRA, as appropriate, when reviewing plans, programs or projects which may impact community economic development.
- D. DCED Development Specialists are available on a limited basis to assist the economic development efforts of non-profit entities and for-profit businesses statewide. DCRA will cooperate in making these entities, communities and boroughs aware of the minerals, fisheries, forest products, tourism, energy, international trade, general and regional business technical expertise housed within DCED.
- E. Once adopted, DCED and DCRA will jointly support the implementation of the Rural Alaska Project Implementation and Delivery System (RAPIDS), a model for interagency relations, under the direction of the Rural Development Sub-Cabinet.

V. INTERDEPARTMENT INFORMATION EXCHANGE

The departments agree to exchange information regarding their respective economic development assistance activities. Each department will identify a contact person who will facilitate this information exchange and coordinate department resources to be brought to bear on specific projects, and who will further ensure this Memorandum of Agreement is executed in an effective manner. The following will be exchanged on a regular basis:

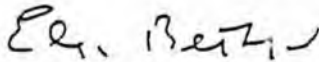
- A. Monthly meetings will be held between appropriate department directors and staff to monitor the implementation of this agreement.
- B. On a timely basis, DCRA and DCED will exchange the following information:
 1. Monthly reports to the Governor;
 2. Public communications and announcements such as agency newsletters, press releases, articles, speeches, news conferences and media interviews, if possible, at least two days in advance of presentation to the public; and,
 3. Lists of scheduled events and travel plans.
- C. Each department will invite the other to participate in teleconferences, staff meetings, and other departmental events as appropriate. DCED may participate in DCRA monthly Regional Office teleconferences. DCRA may participate in DCED quarterly ARDOR staff meetings and teleconferences.
- D. The departments will work together to develop the capacity for efficient "electronic" information exchange between department staff.

VI. DURATION

This Memorandum of Agreement provides the general terms of agreement between the departments regarding the delivery of state economic development assistance. It is the intent of the departments that appropriate staff will further refine the various cooperative efforts outlined in this agreement. As refinements in project and program coordination are agreed on, they will be attached to this agreement as formal addenda.

This agreement takes effect upon the date of signature and shall remain in effect until amended or terminated.

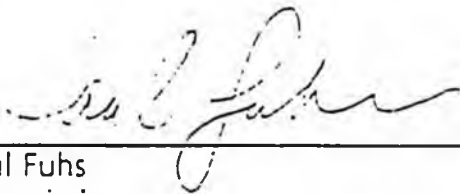
Approved:



Edgar Blatchford
Commissioner
Department of Community and Regional Affairs

Nov. 10 - 92 /

Date



Paul Fuhs
Commissioner
Department of Commerce and Economic Development

11-10-92

Date

FEB 02 1996 16:57 No.003 F.01

Post-It Fax Note	7671	Date	2/2/96	# of pages	1
To	REP. NICHOLIA	From	ISAAC JUNEBY		
Cn. Dept.	REP.	Co.	EVC		
Phone #	465-4527	Phone #	907-2-281		
Fax #	465-2197	Fax #	907-2-318		

Eagle Village Council
 Box 19
 Eagle, Alaska 99738
 February 2, 1996

Representative Irene Nicholia
 Alaska State House of Representatives
 State Capital
 Juneau, Alaska 99801

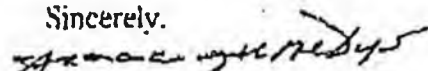
Dear Representative Nicholia:

The Eagle Village Council unanimously oppose HB 409 sponsored by Representative Kelly. The Eagle Village Council strongly recommends that the Department of Community and Regional Affairs (DCRA) be maintained as a separate department and not merged with the Department of Commerce and Economic Development.

The Department of Community and Regional Affairs (DCRA) not only serves the rural communities, but has provided sufficient assistance to the entire population of the state. We urge that you take a firm position on maintaining the separation of the two departments.

If you have any questions, call me at (907) 547-2281

Sincerely,


 Isaac Juneby, 2nd Chief
 Eagle Village Council



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

February 5, 1996

Representative Ivan Ivan, Chairman
House Community and Regional Affairs Committee
State Capitol
Juneau, Alaska 99811

Dear Representative Ivan:

The purpose of this letter is to express the Alaska Municipal League's concern about HB 409. The Alaska Constitution states, "An agency shall be established by law in the executive branch of the state government to advise and assist local governments." The League is concerned that if components of DCRA are assigned to other state departments, the strong direction of the Alaska Constitution will not be met and that services to local government will suffer.

Over the years, the Department of Community and Regional Affairs (DCRA) has been of immeasurable assistance in providing communities with the training and tools they need to operate local government effectively and efficiently, and to help solve local problems. The League has a very close working relationship with DCRA and supports their goal of building the capacity of local governments to solve their own problems and strengthen local economies.

While we understand the need for exploring the way government delivers services, we urge you and the members of the Committee to consider the many ramifications involved in undertaking a change of this magnitude with no clear savings to the state and possibly to the detriment of many Alaskan communities.

Thank you for your consideration.

Sincerely,

Kevin Ritchie
Executive Director

cc: House Community & Regional Affairs Committee
AML Legislative Committee

C:\legcomm:296dcra.doc

**Tanana Chiefs Conference, Inc.
Testimony for House Community
and Regional Affairs Committee Meeting
February 3, 1996**

Mr. Co-Chairs, Members of the Committee, my name is Eileen Newman. I am here to testify on behalf of Tanana Chiefs Conference in opposition to HB409. I would like to thank you for this opportunity.

I sat in on the C&RA Committee Meeting on Thursday and heard the Sponsor, Representative Kelly speak about HB409. He stated that his reason for merging the Department of Community and Regional Affairs and Department of Commerce and Economic Development is to protect the numerous services being provided to rural and urban communities. Representative Kelly also stated that another reason for the bill is to avoid any further cuts to the Rural Grants that he found to be his "biggest and most tempting targets" when he was chairing the DCRA and DCED sub-committees.

I have to applaud the Representative for wanting to spare Rural Alaska of any further cuts, it is a sign that there maybe some understanding that Rural Alaska cannot continue to be the Urban Legislators target. However, I find it hard to believe that if Representative Kelly's Bill passes Rural dollars will suddenly become any less of a target. Representative Kelly also made the statement that he is willing to accept amendments to make the bill effective and to serve its intended purpose. Is he willing to add an amendment to HB409 stating that in future years there will be no additional cuts to any rural programs?

I cannot stress to you enough how crucial it is to Rural Alaska that DCRA remains intact. This is the one Department within state government that Rural Communities can turn to find help anywhere within the Department. To spit DCRA up will mean severing one of the very few communication links that we have with our state government and eliminating the Rural voice.

If HB409 passes, the Revenue Sharing and Municipal Assistance Programs will be transferred from DCRA to the Department of Revenue separating it from the Municipal and Regional Assistance Program. This action will definitely mean a cut in services to the villages. The State Revenue Sharing and Municipal Assistance Programs are more than just dollars being shuffled out to the villages. Currently, the staff within the Municipal and Regional Assistance Program work with the villages to obtain their revenue sharing and municipal assistance funding and in addition train them to use it effectively. If the villages lose these staff services the remaining staff in the newly created Department of Community and Economic Development will be stretched far too thin to be effective in providing the services that are desperately needed, not to mention the lack of understanding that will come along with their new responsibility.

Another concern of TCC's is that we feel the Head Start Program, currently housed within DCRA, does not belong in the Department of Education (DOE). Head Start was placed in DCRA because of the focus on family and community and the fact that the majority of children in the Head Start program are based in Rural communities. This program is more than an education program. It includes health, social services, family resources, disability services and career development. The philosophy of Head Start is to promote social competence in children through relationships with parents/family and community. The Head Start programs are local programs, with parents and community members making the decisions and recommendations of how, what, and when their children will be involved in experiences of growth and development. Doe's orientation is different than that of the Head Start Program. The Head Start program takes a more holistic approach.

These are just a few of the areas in which we feel Rural Alaska will suffer from the repercussions of HB409. If DCRA is eliminated, and the programs are split apart, we will be losing the only link that the majority of our villages have with our State Government. As it is right now communication systems for residents to get involved in state government are more geared toward urban areas. Rural areas have limited gavel to gavel television coverage and legislative information office services. We cannot afford to have our support services within State Government disenfranchised any further. Even if we have the guarantee of more funding what purpose would it serve without adequate and effective support within the programs set up to serve us?

Is it really necessary to go as far as eliminating whole Departments to achieve efficiency? Have other options been evaluated?

Again, thank you for your time.

Patty Meritt, MAT
4581 Drake St
Fairbanks, AK 99709
(907) 474-0841 FAX 479-6487
email: pmeritt@polarnet.com

2/3/96

To: CRA Committee
From: Patty Meritt
Re: Recommendations for dropping CRA

First I need to say I don't think there was adequate notice given about this hearing. I only stumbled on the information at the last minute and did not have time to spread the word to others who would probably want to comment. While I want to thank you for taking testimony, I hope you will give the public further opportunities to comment and provide more notice in the future.

I am an early childhood educator and administrator for a large non-profit child care corporation with 10 programs in Fairbanks and Juneau. We have a \$2 M budget and provided over 720,000 hours of care for children and their families last year. From that perspective, I have some thoughts and recommendations for you.

I applaud your effort to reduce state government even further by exploring the idea of reducing the number of departments. However, I am concerned eliminating this department will limit the voice of rural Alaskans.

I do support moving the child care programs out of CRA. I have been recommending they be moved since Governor Cowper's campaign 10 years ago. Child care is used far more extensively in urban areas than in rural areas and I have often felt it was misunderstood and even manipulated by the powers in CRA. However, in restructuring there are several complicated issues to be considered.

First, child care and Head Start programs need to remain together. Some families use both programs and should only deal with one group of people not two. Similar considerations exist around staff issues such as training & administration. These units need to stay together; separating them should not even be a consideration.

When I looked at the options for relocation, I considered HSS, DOE, Commerce and Economic Development and Labor.

HSS & DOE are both poor choice. HSS is the regulatory agency for child care and should not also be the funding source. Historically there has also been conflicts with how federal money has been "grabbed" by certain forces in HSS for abuse and neglect programs to the detriment of child care programs. Likewise, there is an on-going conflict with the funding for schools and the lack of funding for child care. Educationally, the teaching approach and style

of programs for very young children needs to be significantly different from traditional education. Administrators in DOE seldom understand these differences.

Finally, and most importantly, **neither Headstart nor child care are primarily social services**. HSS and DOE administrators do not understand child care as a means of achieving independence. If child care is forced into this arena, it will become a weak, dependent child who constantly demands government support and is unprepared to make it's way in the world independently. The future of child care cannot be as a social service in either HSS or DOE.

Either Commerce & Economic Development or Labor would be good choices as far as I can see. Between the two I favor labor. **The purpose behind Child care is economic development by enabling people to work.** Likewise, while Headstart has certainly proven itself as program for children, it is equally about empowering low income parents, and channeling them into the mainstream.

An important distinction between Headstart and child care is the funding source. Headstart is primarily funded by government. Child care is primarily funded through parents. Consequently Headstart is able to provide high quality services for families while child care struggles just to maintain the minimum levels of health and safety for children. **In order to provide what children in child care need there has got to be increased revenues.** Parents will have to continue to pay what they do now and it will remain a large portion, government needs to contribute a little more and **employers need to step up to the plate in a big way.** This is beginning to happen. The momentum is building. Individual large employers and consortiums of small employers are beginning to see the advantages. Government has begun to be a model for other employers.

In order to encourage employers it is important child care is seen as the economic development tool that it is, not as a social service. Employers who sponsor child care do so for their own self interest, not as a part of their charitable contributions. Statistics must be garnered and shared with employers. It is cost effective for employers to make major contributions to child care because it reduces employee turnover, hiring and training costs. It also increases productivity significantly. Employers in Alaska need to understand these issues.

In summary, to meet your goal to reduce the State's budget and future obligations, it is important to promote the interest of employers in child care. In order to do so, you need to move the child care and Headstart programs into a department that is ready to work with employers and where statistics can be gathered that help show the inter-relationship between child care and a healthy economy.

For these reasons I believe, **regardless of the fate of CRA,** that the department of labor is the best place to relocate these programs.

HUGHES CITY COUNCIL
 P.O. Box 45010
 Hughes, AK 99745-0010
 Phone: (907) 889-2206
 Mayor's work no: 889-2239
 Fax: (907) 889-2252

 TO: Legislative Teleconference
 FROM: *Margaret O. Beetus*
 Margaret I. Beetus,
 Mayor, City of Hughes

DATE: February 3, 1996

I would like to express my sincere appreciation to be included in this teleconference. And I fully oppose HB 409!!

Hughes is a village of approximately eighty people and we rely on DCRA for our City government with Municipal Assistance and Revenue Sharing.

Having listened to Thursday's Session it sounds as if not enough research been done with a plan that will have massive affects on "us" rural people. This does not make sense to our people, when for years we have been living with the bare minimum. It is definately not fair when other alternatives have not been exercised. Why not? State Tax so that all Alaskans (and out of state workers) are targeted equally and why not? a State Freeze of jobs there are many other departments in State Government that should come under the axe as well. The way I view this, is there are many people in State Government that have no idea of who they are working with or for. An insight of the people you affect have to be down to geographics. If you have no idea of who you affect then there are governmental conflicts. You are not affectively serving people but yet "mega" governmental dollars are being mis-spent!

I have lived all my 40 years in Hughes and for 20 years we have been cut from programs and we stood by and

Page Two: 2/3/96 Legislative Teleconference: Opposition of HR 409:

watched this affect our ways of life, and we now would like the Legislature to start asserting their powers to be fair to all of "us" people, rural or urban, rich or poor!

There are many families that will be hugely affected by this merge of two different departments. To be the Mayor of this City, an to explain to these people, why there is now another change, is not achievable. The people feel as if "I" did not do enough to protect services they rely on.

We, the rural people always feel we are under attack because we see the urban people have very comfortable lives. We need water & sewer in our homes. We need elders to reside in our villages and to keep our network family together. Our elders worked in the 1950's very, very hard and they of all people know that they deserve the Longevity Bonus what they had worked so hard for. DO NOT take this away from them!

The young children need the programs to better the educational start in this life! They will be our future voices! DO NOT AFFECT these people!

In rural Alaska our cost of living far exceeds anywhere yet when it comes to "cutting dollars" we are always first targets. This is where "wc" view Legislature as very ineffective in our lives!

VALLEY WOMEN'S RESOURCE CENTER * 403 South Alaska Street * Palmer, Alaska 99645-6339

*Domestic Violence/Sexual Assault *Crisis Intervention/Safe Shelter *Education/Referral *WIC Nutrition Program
*Child Care Assistance Programs *Services To Young Pregnant Women *Child Care Food Program *Emergency Food Bank

745-6098

Faxed to: Rep's Austerman & Ivan

MEMORANDUM

TO: HOUSE COMMUNITY & REGIONAL AFFAIRS
COMMITTEE

FROM: JEAN E. STRAATMEYER
PO BOX 876711
WASILLA, AK 99687

RE: PUBLIC HEARING: TELECONFERENCE FEB. 3, 1996
HOUSE BILL 409

IT IS IMPORTANT FOR THE COMMITTEE TO REASSESS THE PLAN TO MOVE THE CHILD CARE ASSISTANCE PROGRAM FROM THE "NEW" DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT TO THE DEPARTMENT OF HEALTH AND SOCIAL SERVICES!

- THE CHILD CARE ASSISTANCE PROGRAM IS NOT A WELFARE PROGRAM!
- THE CHILD CARE ASSISTANCE PROGRAM IS AN ECONOMIC DEVELOPMENT PROGRAM!
- IT ASSISTS WORKING PARENTS TO CONTINUE TO BE TAXPAYERS. IT ASSISTS PARENTS IN TRAINING TO BECOME TAXPAYERS!
- IN THE MAT-SU VALLEY, AT LEAST 209 INDIVIDUALS RELY ON THE CHILD CARE ASSISTANCE PROGRAM FOR FULL OR PART TIME EMPLOYMENT.
- IN THE VALLEY, NEARLY 200 FAMILIES ARE EITHER TAX-PAYING WORKERS OR ARE IN TRAINING TO BECOME TAX PAYERS.



Office: (907) 899-4313
 Telefax: (907) 899-4826

February 01, 1996

Rep. Ivan M. Ivan
 Room 503, State Capitol
 Juneau, Alaska 99811

RE: House Bill No. 409

Dear Representative Ivan M. Ivan;

This is concerning House Bill No. 409 which seeks to eliminate the Dept. of Community and Regional Affairs (DCRA). I am afraid that we may lose many of our priorities such as our headstart for our children that attend the school, RDA Grants, and etc., that we benefit from DCRA. We may suffer from lack of attention to our many priorities.

Mr. Ivan, I ask for your support to vote against House Bill 409.

Thank You
 Sincerely,

Victor Tonuchuk Sr.

Victor Tonuchuk Sr.
 Council Member

cc: file

CITY OF ALEKNAGIK
P.O. BOX 33
ALEKNAGIK, ALASKA 99655
(907) 842-6853

January 31, 1986

Representative Ivan M. Ivan
House of Representatives
State Capital Building
Juneau, AK 99801-1182

Dear Representative Ivan:

Whaka, kuyana for informing the City of Aleknagik about the proposed HB 409-An act combining parts of the Department of Commerce & Economic Development, and parts of the Department of Community & Regional Affairs and eliminating some parts, and transferring some parts to either department. On behalf of the City of Aleknagik, the City does not object to the combining parts of the Department of Commerce & Economic Development, and the Department of Community & Regional Affairs as the new Department of Community & Economic Development.

There are some concerns, suggestions to portions of this bill. In referring to the section on Department of Labor-contractor requirements/procedures section. I do not know if the City's concern of any contractor being awarded rural capital improvement construction projects to hire at least 35% local village laborers applies to the section on Contractors requirements.

As you are well aware, when major road, building, or bridge construction begins in most rural Alaskan villages, a majority of the contractors' have already "pre-planned" their construction employees, who are usually from out-of-state, or out-of-town persons. For example, last summer, Quality Asphalt did road improvement on the 23 mile Dillingham-Aleknagik road, and not one person from Aleknagik was hired, although some local resident's had applied, or inquired to get in on the road rehabilitation construction project.

You wonder why there is an increase in alcohol, drug abuse, suicide problems in some Alaska rural communities. The main problem is, there is no jobs, no economy, except for seasonal salmon commercial gillnet or setnet fishing, if the local people own a fishing permit. So, if there is nothing to do, some people resort to alcohol, drugs, or other substances to "cope" with the piling bills they cannot pay, because of no job availability to help meet their living expenses. The City feels that if construction contractors hire local rural residents, there is a possibility that some elimination of alcohol and substance abuse will alleviate some of these socioeconomic problems in rural communities. The local Aleknagik Native persons that wanted to work on the road construction project should have had the opportunity to use their skills. I feel that these people were discriminated, because they were Natives.

Representative Ivan M. Ivan
House of Representatives
January 31, 1996
Page Two

The main point of this issue is that in all types of contractors-i.e. building, road, bridge and/or other rural capital improvement construction projects, contractor(s) and/or sub-contractor(s) shall at least hire 40% skilled local laborers for employment during the duration of the construction project, or as stipulated in local city government code of ordinances, and/or in City bid award contract agreement. The State of Alaska's Equal Employment Opportunity Policy and the local municipal governing bodies Equal Employment Opportunity policies shall be enforced, and adhered to, in terms of hiring rural community local employees who have applied for construction employment. Contractors shall not discriminate individuals due to race, national origin, sex, religion, age, physical handicap, et al.

We hope your department seriously consider including the above recommendation for the Department of Labor to enforce in hiring local rural resident's for contractor construction project employment.

Another issue of concern is, in the draft organizational chart under the Department of Revenue, will the Alaska Permanent Fund Dividend Corporation continue under this agency?

A major concern is local match for State municipal matching grants in small communities who cannot meet huge local match percentages. In Section 189. AS. 29.60.400(a) "matching grants". Most small rural Alaskan communities cannot afford to pay 50% cash match, but, we can use non-cash in-kind contribution local match, as well as a cash match between 10 - 25% percentage range. If your department can get the local rural village cash match percentage modified to a lower percent that would realistically meet the small rural community grant budget "local cash match" grant expenditure needs, that would be appreciated.

Other additional comments are minor in detail, but they affect rural Alaskan communities. In Section 209. AS 36.322(a) regarding use of State of Alaska forests, would the users of forest tree woods, such as Alaska Native carvers be included in this section? Some Alaska Natives do make a living carving Native cultural implements, face masks, dancing accessories, and other Alaska Native arts and crafts to supplement their livelihood.

A suggestion in Section 231. AS 41.35.350(a) (14) add, "After consulting with local villages, rural municipal government and village corporations,"...(continued as said). (15). [] = insert: Cooperate with local subdivisions of government [, local village/city governing councils, local village corporations] and, with their approval, change the names of lakes, streams, places, and other geographical features to eliminate duplication of names in the state;

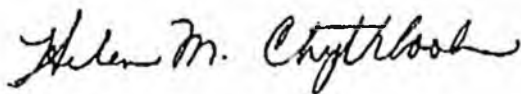
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Page Three

I believe these are the main issues that the City feel will affect rural local government entities. We are confident that your office will continue to assist rural local governments in enhancing their way of life.

We will be looking forward in hearing from you.

Sincerely,

CITY OF ALEKNAGIK



Helen M. Chythlook
Administrator

cc: Mayor Wassillie Ilutsik

February 21, 1996

House Committee on Community and Regional Affairs:
Attention: Representative Ivan M. Ivan
Fax # 465-4589

I was unable to testify last week due to illness and wanted to express my concerns and recommendations about HB 409 for consideration by the Committee. I have lived in rural Alaska since I became a state resident in 1977. I have been the manager of a home-based Head Start program in western Alaska for sixteen years. I am the President of the Alaska Head Start Association. I have also attached a position statement on HB 409 by the Association.

I believe that BOTH the Department of Commerce and Economic Development and the Department of Community and Regional Affairs are needed in Alaska state government. The state needs a focus on trade and commerce, as well as local communities and their needs. Combining these departments would not insure that there would be sufficient attention given to Alaskan trade/commerce as well as local community development. The Departments of Community and Regional Affairs and Commerce and Economic Development really have two different missions. DCRA is more focused on local communities and their development. DCED is more focused on trade, commerce and the overall state of Alaska. One commissioner of a department that involves what is currently within the DCED as well as what's in DCRA would result in either the local communities losing the attention, or trade and commerce losing attention. Trying to find a commissioner that knows both would be very difficult. HB 409 would cost the state money in the future by an inadequate focus on interior as well as exterior Alaska. Keeping the two departments as they are would be the best for communities, for Head Start programs, and for Alaska.

The Head Start program would be very vulnerable under HB 409 even if it is placed in the new department. Head Start programs, if kept in the proposed new department, would not necessarily "fit" because the new department appears to focus heavily on commerce, trade and marketing and it doesn't appear to be community-based, a home for Head Start. This concerns many people across the state. It seems everybody "supports" Head Start. Yet Head Start faces potential budget cuts as well as changes to its Department, both actions which would negatively affect its effectiveness as a successful community-based program which helps Alaska's most needy families. A community-based, family-focused program within a department focused on large scale trade/commercial

Page 2 HB 409 Commentary - Sharon Trish

development would find itself vulnerable not only to the inability to adapt to departmental philosophies but also to not being a priority program, which would subject it to future budget cuts. If committee members support Head Start, they should seriously consider the impact of HB 409 on Head Start.

The Department of Commerce and Economic Development is currently located in urban areas, with no rural focus. HB 409 proposes to combine the DCED with the Department of Community and Regional Affairs which has offices throughout rural Alaska, and focuses mostly on the local communities. How can this committee claim that this bill would save funds when it would cost additional state funds to move offices as well as state workers' time trying to meld two very different departments together, and attempting to keep both departments' focus and purpose intact? While a cost savings of one less commissioner and his staff might look good for Juneau and the "bureaucracy" I believe it would result in an increase in costs on the state and local levels.

There is no apparent duplication of services within these two departments, nor is there evidence that HB 409 would result in cost savings towards the budget deficit. HB 409 is a bill that obviously took a tremendous amount of time and energy to develop. Despite its attempt to save government funding, it does not appear to save any funds, nor will it make state government more efficient. The Speaker of the House has been quoted as stating "Let's just get rid of that agency. There's a lot of duplication between the Department of Community and Regional Affairs and other departments." We have not heard what areas of duplication there are, and why this Department should be gotten "rid of." It is most difficult for people in the rural areas to understand why there is such disdain for DCRA by some members of the legislature. DCRA has been a strong communicator with local communities, and has been an advocate for rural Alaska, in particular. Perhaps that is the overall intent of this bill - to do away with an agency that focuses on the rural people? I certainly hope not, and urge this committee to speak out on behalf of ALL the people in Alaska, including those in the smallest communities - by voting to not pass HB 409 from this committee. If the concern is more efficient government, perhaps this committee would propose that both Departments regularly report what efficiency methods they employ as well as cross-department communication efforts and collaboration activities. These reports would promote efficient government that works together for the people of Alaska, a much better use of government than HB 409 proposes.

Page 3 HB 409 Commentary - Sharon Trish

I urge the committee to find other mechanisms for cost savings rather than HB 409. The reduction of one commissioner and his staff would be a short-sighted move that would result in long term losses for Alaska. Please reconsider HB 409 and do not pass from this committee.

Thank you for your consideration of my concerns and recommendations.

Sincerely,



Sharon Trish
P. O. Box 686
Bethel, AK 99559
543-3401



attachment

POSITION STATEMENT - HB 409
Alaska Head Start Association
February 8, 1996

The Alaska Head Start Association (AHSA) is in strong opposition to HB 409. The Department of Community and Regional Affairs (DCRA) needs to remain intact. The DCRA represents a united voice for Alaska.

The division or elimination of the DCRA as a department would pit rural against urban. Changes would result in an estimated increase of \$1.6 million in moving costs (fiscal note, Departments of Commerce and CRA), and result in lack of guidance and priority to essential programs such as Head Start and childcare in departments that are already overburdened. HB 409 would dissolve the communication bridge that has been established between communities and the government.

DCRA helps communities as a resource and epicenter of communications and coordination. DCRA supports parts of the state where employment is low and where economic development and opportunities are difficult due to geographic distances. DCRA provides parents and staff with alternatives to welfare through training, support, resources, jobs and family building, which will help turn goals into long-term financial stability. DCRA allows Head Start to meet the design of their own mission statement which includes children, family and communities. DCRA has a long history of development encouraging local control and parent involvement. AHSA sees no duplication of services within the department as it currently exists.

A budget is a moral statement about what we value. The unity of families and communities are our strength and future. We urge the defeat of HB 409.

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

P.O. BOX 110800
JUNEAU, ALASKA 99811-0800
PHONE: (907) 465-2500
FAX: (907) 465-5442
TDD: (907) 465-5437

February 6, 1996

The Honorable Pete Kelly
House of Representatives
State Capitol
Juneau, AK 99801-1182

Dear Representative Kelly:

Re: HB 409

This is in response to your letter to me dated January 24. I apologize for the delay in getting back to you, but I was not aware of this letter until I was called by Paula yesterday morning. I will try to answer each of your specific questions:

1. Should the Commissioner of the Department of Revenue (Revenue) or the new Commissioner of the Department of Community and Economic Development serve as chair of the State Bond Committee?

In my opinion, this committee could be chaired by either commissioner. Each have an interest and expertise in bond issues. I do not believe the transfer of the regulation of financial institutions is an important consideration in this regard.

2. Under the bill as proposed, should the Revenue or the new department control the regulation of CFAB?

I believe that all issues dealing with the regulation of CFAB should be retained within the purview of the Division of Banking, Securities and Corporations (BS&C). Although I disagree with the proposal to transfer that division to the Revenue, if the decision is made to retain that change in the legislation, I would encourage an amendment to the bill to require Revenue (through BS&C), rather than the Department of Commerce and Economic Development (DCED), to hold public meetings with respect to CFAB.

3. Should the Veterans' loan program remain in DCED?

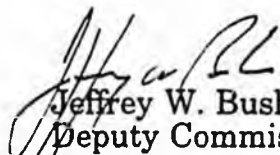
Yes. The Veteran's loan program was a housing loan program for veterans. Although not necessarily development oriented, no loans have been made under this program since 1978. At present, there are 671 outstanding loans, all of which are serviced by the Division of Investments, which has serviced these loans since the program's inception. However, more than 95 percent of these loans are currently owned by AIDEA, which has a servicing agreement with the division. It would not serve any purpose to move these loans to another agency; in fact, we believe that the greatest efficiency can be achieved by consolidating the servicing of all state loans within a single agency, the Division of Investments.

4. Should the new department's commissioner be the agent for Service of Process for nonresident taxpayers?

At the present time, the Division of Banking, Securities and Corporations (Corporations Section) is the agent for service of process for all foreign corporations, regardless of the subject of the underlying litigation. We strongly recommend that all service of process functions remain with that agency. We have had discussions with private companies who utilize this service extensively, and they agree that it would be very confusing for them if this program is split between different departments based on the subject of the underlying case.

I hope this answers your questions.

Sincerely,


Jeffrey W. Bush
Deputy Commissioner

JWB/go139.co

020696a

cc: William L. Hensley, Commissioner
DCED
Pat Pourchot, Legislative Director
Office of the Governor

#1

Explanation- technical correction

This amendment corrects 2 drafting errors in the bill.

First, it corrects section 159, which was drafted using an out of date version of the statute which establishes the Business Incentive Training Program. Those corrections occur on page 53 of the bill.

Second, it corrects an error in section 262, which relates to legal assistance grants. In 1995, this program was amended to include juvenile justice grants for youth courts. The bill was drafted without including this change. This amendment makes sure juvenile justice grants are not inadvertently eliminated.

Not passed -
killed in
committee

7/BB

A M E N D M E N T

OFFERED IN THE HOUSE
TO: HB 409

BY REPRESENTATIVE IVAN

1 Page 53, line 28:

2 After "shall"

3 Insert "prepare a"

4 Delete "to the legislature"

5 Page 53, line 29, after "1":

6 Insert "and notify the legislature that the report is available"

7 Page 94, line 30, through page 95, line 13:

8 Delete all material and insert:

9 "ARTICLE 7A. LEGAL ASSISTANCE AND JUVENILE JUSTICE GRANTS.

10 Sec. 44.21.475. LEGAL ASSISTANCE AND JUVENILE JUSTICE GRANT
11 FUND. There is created in the department the legal assistance and juvenile justice
12 grant fund. From legislative appropriations to the fund, the department shall make
13 grants

14 (1) to eligible communities and regions for the purpose of enabling
15 them to obtain legal assistance; and

16 (2) to a nonprofit corporation established under AS 47.10.265 to
17 operate as a youth court.

18 Sec. 44.21.480. ELIGIBILITY. (a) First and second class cities and
19 unincorporated villages, and regional associations of those communities, may apply
20 to the department for a grant under AS 44.21.475(1). Grants shall be made only to
21 those communities or regions that would otherwise be unable to obtain legal
22 assistance. A regional or village corporation formed under 43 U.S.C. 1601 - 1608
23 (Alaska Native Claims Settlement Act) is not eligible for a grant under

1 AS 44.21.475(1).

2 (b) Nonprofit corporations proposing to establish and operate youth courts
3 under AS 47.10.265 may apply to the department for an organizational grant under
4 AS 44.21.475(2). A grant under this subsection must be matched on a dollar-for-
5 dollar basis by the grantee in cash or in kind. The commissioner may waive the
6 match required under this subsection on a showing satisfactory to the commissioner
7 by the prospective applicant that matching funds are not available.

8 Sec. 44.21.485. GRANTS. (a) Grants made under AS 44.21.475(1) shall be
9 used for a single legal project and not for the provision of general legal counsel. The
10 department shall assure that the grant is spent for necessary legal assistance and that
11 appropriate accounting procedures are maintained. Grants made under
12 AS 44.21.475(1) and this subsection may not exceed \$20,000.

13 (b) Grants made under AS 44.21.475(2) shall be used to defray the costs of
14 organization of youth courts under AS 47.10.275. The department shall assure that
15 the grant is spent for necessary organizational assistance and that appropriate
16 accounting procedures are maintained. Grants made under AS 44.21.475(2) and this
17 subsection may not exceed \$5,000. Only one grant may be made to a grantee under
18 authority of this subsection."