

ALASKA LEGISLATURE COMMITTEE FILES 1995-1996 8672

8797 HOUSE STATE AFFAIRS

HB

443

9-LS1268M
Chenoweth
3/7/96

CS FOR HOUSE BILL NO. 443(STA)
IN THE LEGISLATURE OF THE STATE OF ALASKA
NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE LONG RANGE FINANCIAL
PLANNING COMMISSION

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the tax on transfers or consumption of motor fuel, and
2 repealing the exemption from that tax for motor fuel which is at least 10 percent
3 alcohol by volume; and providing for an effective date."

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

5 * Section 1. AS 43.40.010(a) is amended to read:

6 (a) There is levied a tax of 22 [EIGHT] cents a gallon on all motor fuel sold or
7 otherwise transferred within the state, except that

8 (1) the tax on aviation gasoline is four and seven-tenths cents a gallon;

9 (2) the tax on motor fuel used in and on watercraft of all descriptions is
10 eight [FIVE] cents a gallon; and

11 (3) the tax on all aviation fuel other than gasoline is three and two-tenths
12 cents a gallon.

13 * Sec. 2. AS 43.40.010(b) is amended to read:

14 (b) There is levied a tax of 22 [EIGHT] cents a gallon on all motor fuel

1 consumed by a user, except that

2 (1) the tax on aviation gasoline consumed is four and seven-tenths cents
3 a gallon;

4 (2) the tax on motor fuel used in and on watercraft of all descriptions is
5 eight [FIVE] cents a gallon; and

6 (3) the tax on all aviation fuel other than gasoline is three and two-tenths
7 cents a gallon.

8 * Sec. 3. AS 43.40.015(d) is amended to read:

9 (d) A certificate of use is not required

10 (1) for fuel exempted under AS 43.40.100(2)(C) [, (F),] or (K); and

11 (2) for fuel exempted under AS 43.40.100(2)(J) other than fuel sold or
12 transferred under this exemption to a person who is engaged in construction or mining
13 activity.

14 * Sec. 4. AS 43.40.030(a) is amended to read:

15 (a) Except as specified in AS 43.40.010(j), a person who uses motor fuel to
16 operate an internal combustion engine is entitled to a refund of 16 [SIX] cents a gallon
17 if

18 (1) the tax on the motor fuel has been paid;

19 (2) the motor fuel is not aviation fuel, or motor fuel used in or on
20 watercraft; and

21 (3) the internal combustion engine is not used in or in conjunction with
22 a motor vehicle licensed to be operated on public ways.

23 * Sec. 5. AS 43.40 is amended by adding a new section to read:

24 Sec. 43.40.045. TAX AND REFUND ADJUSTMENT. (a) The amounts in
25 AS 43.40.010(a) and (b) and 43.40.030(a) change, as provided in this section, according
26 to and to the extent of changes in the Consumer Price Index for all urban consumers for
27 the Anchorage Metropolitan Area compiled by the Bureau of Labor Statistics, United
28 States Department of Labor. The index for January of 1997 is the reference base index.

29 (b) The amounts change on July 1 of each even-numbered year in an amount
30 equal to the percentage of change, calculated to the nearest whole percentage point,
31 between the index for January of that year and the most recent index used to change the
32 amounts in AS 43.40.010(a) and (b) and 43.40.030(a). However, the amounts do not

1 change if the amounts required by this section are those currently in effect as a result of
2 earlier application of this section. .

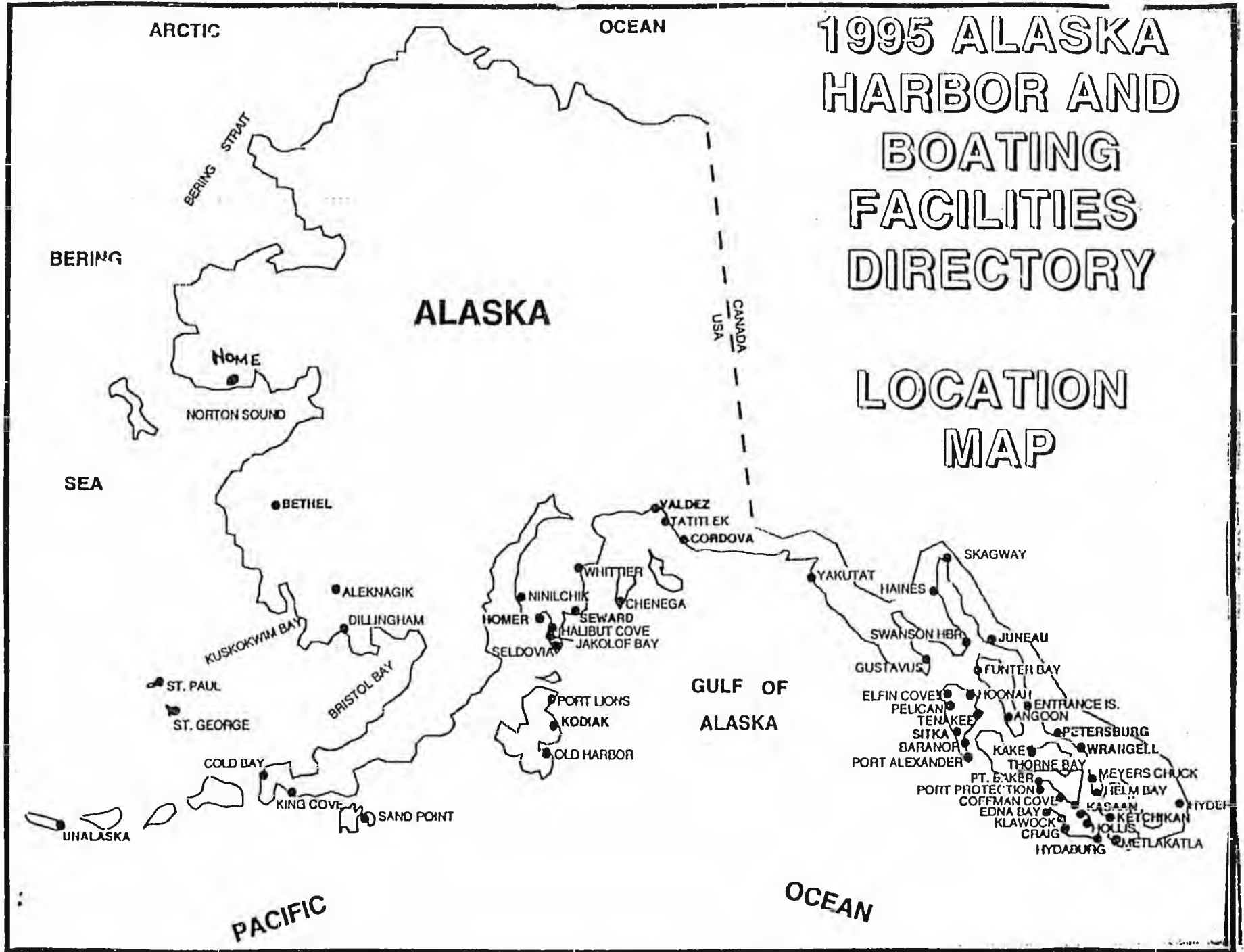
3 (c) If the index is revised, the percentage of change is calculated on the basis of
4 the revised index. If a revision of the index changes the reference base index, a revised
5 reference base index is determined by multiplying the reference base index applicable
6 by the rebasing factor furnished by the United States Bureau of Labor Statistics. If the
7 index is superseded, the index referred to in this section is the one represented by the
8 Bureau of Labor Statistics as reflecting most accurately changes in the purchasing power
9 of the dollar for Alaskan consumers.

10 (d) At the time of a change in the amount of tax required by (b) of this section,
11 the department shall promptly give public notice of the change. The department shall
12 also provide notification of a change in amounts required under (b) of this section to all
13 dealers that collect the tax levied by AS 43.40.010.

14 * Sec. 6. AS 43.40.100(2)(F) is repealed.

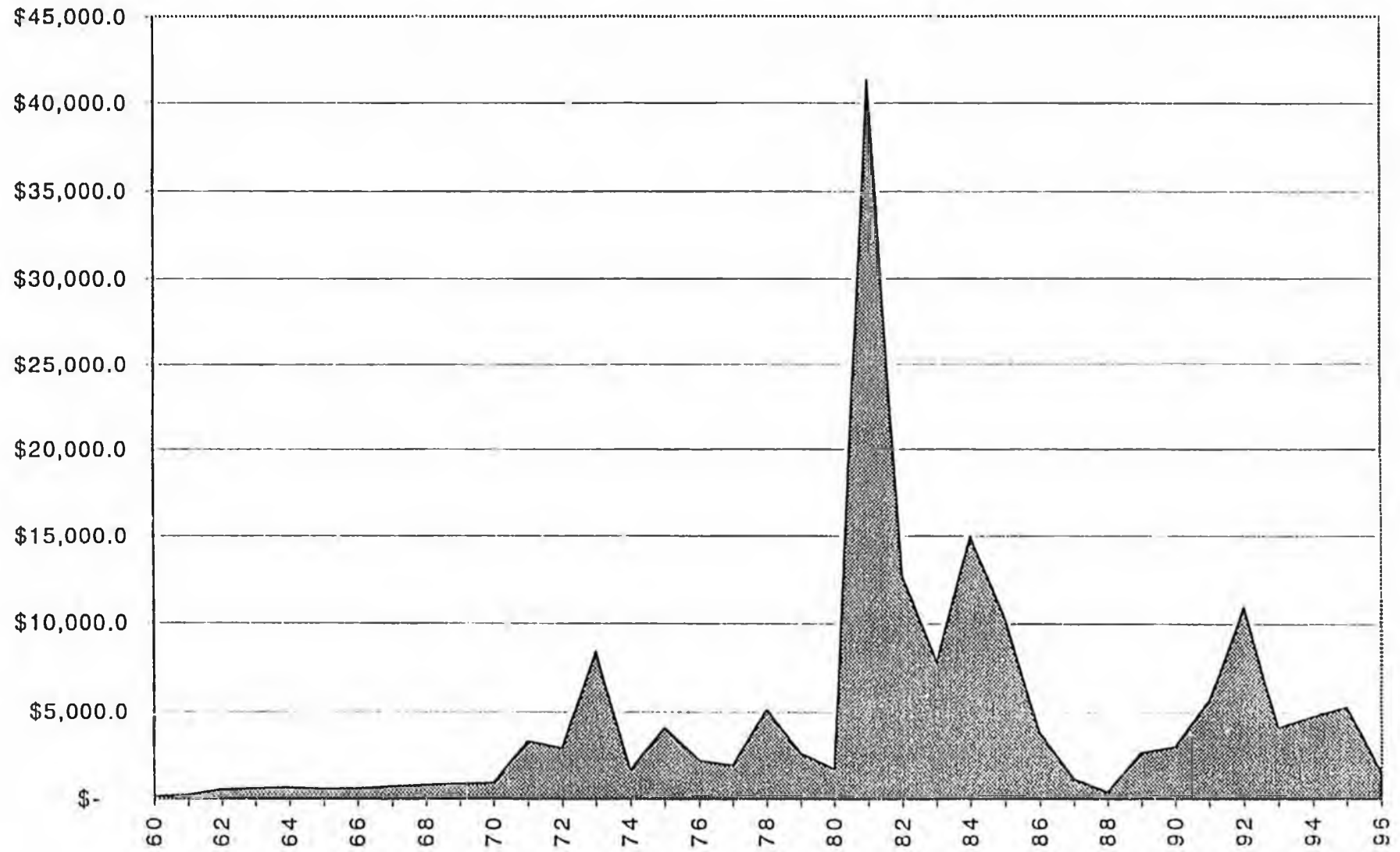
15 * Sec. 7. This Act takes effect only if, at the November 1996 general election, the voters
16 approve a constitutional amendment that establishes a special fund for the revenue derived from
17 state taxes on fuel used for the propulsion of highway or road use vehicles and limits the use
18 of money in that fund and the income earned from the fund's investment to paying the costs of
19 road and highway maintenance.

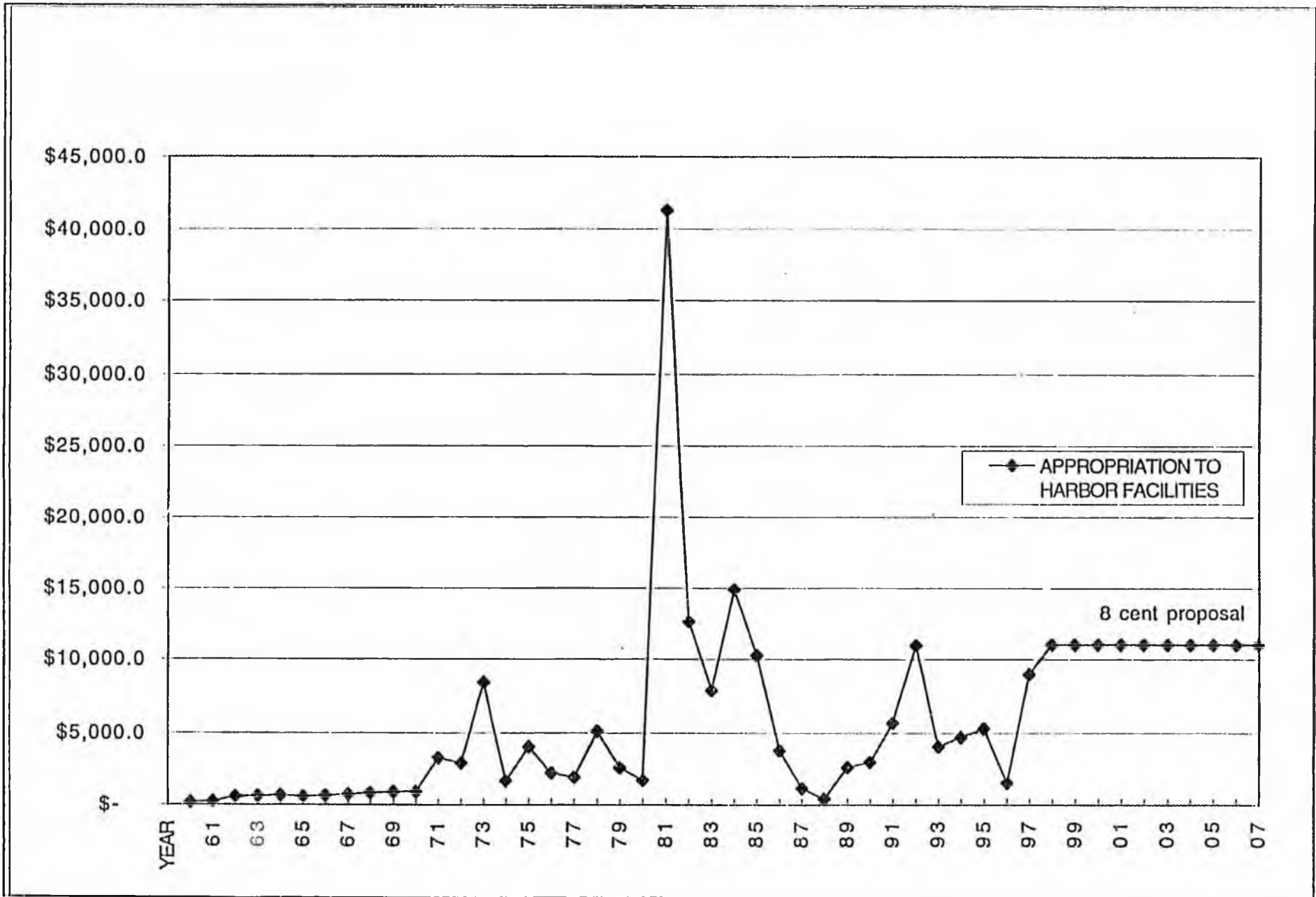
20 * Sec. 8. If this Act takes effect, it takes effect July 1, 1997.



Sheet Chart 4

APPROPRIATION TO HARBOR FACILITIES





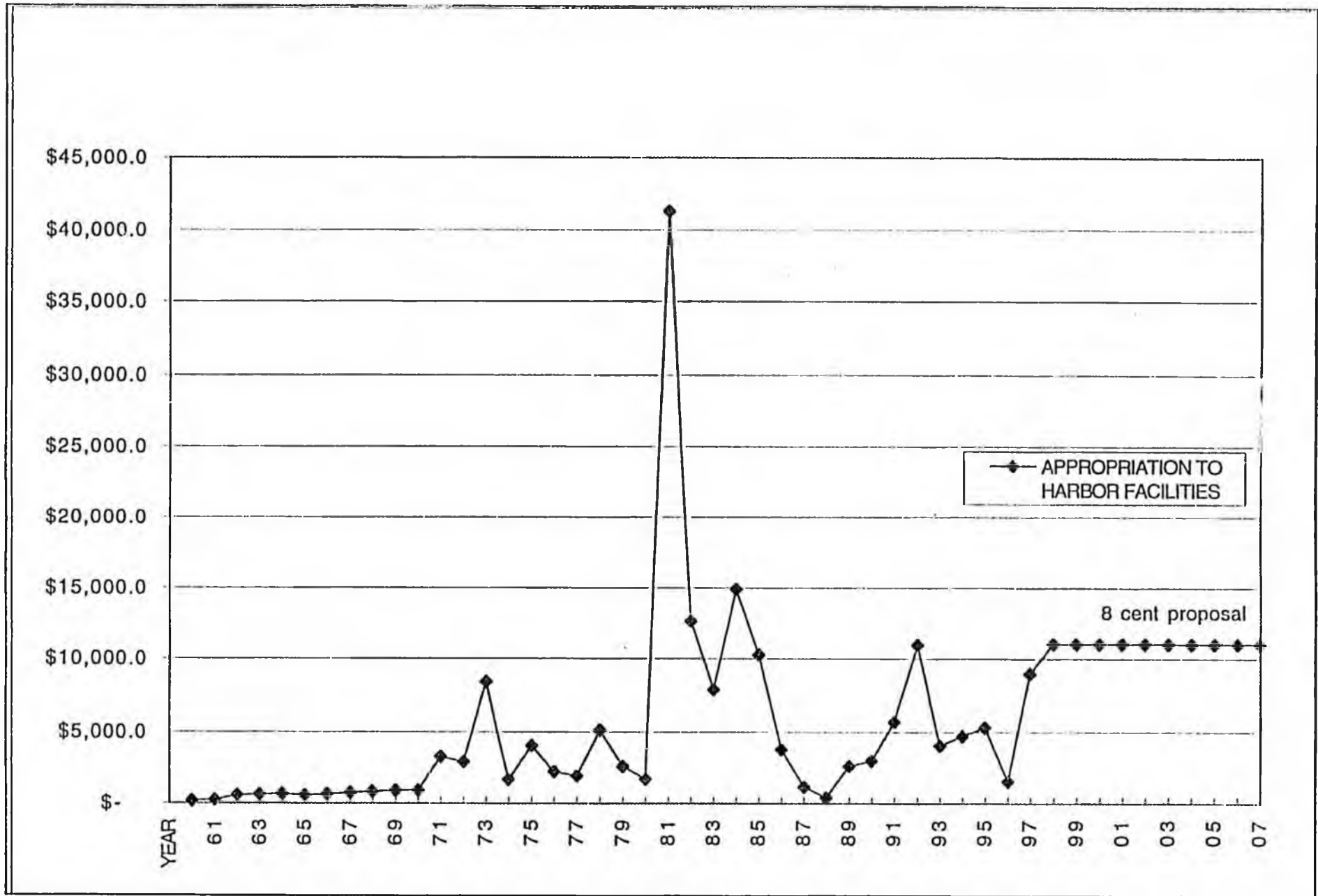
CORRECTION

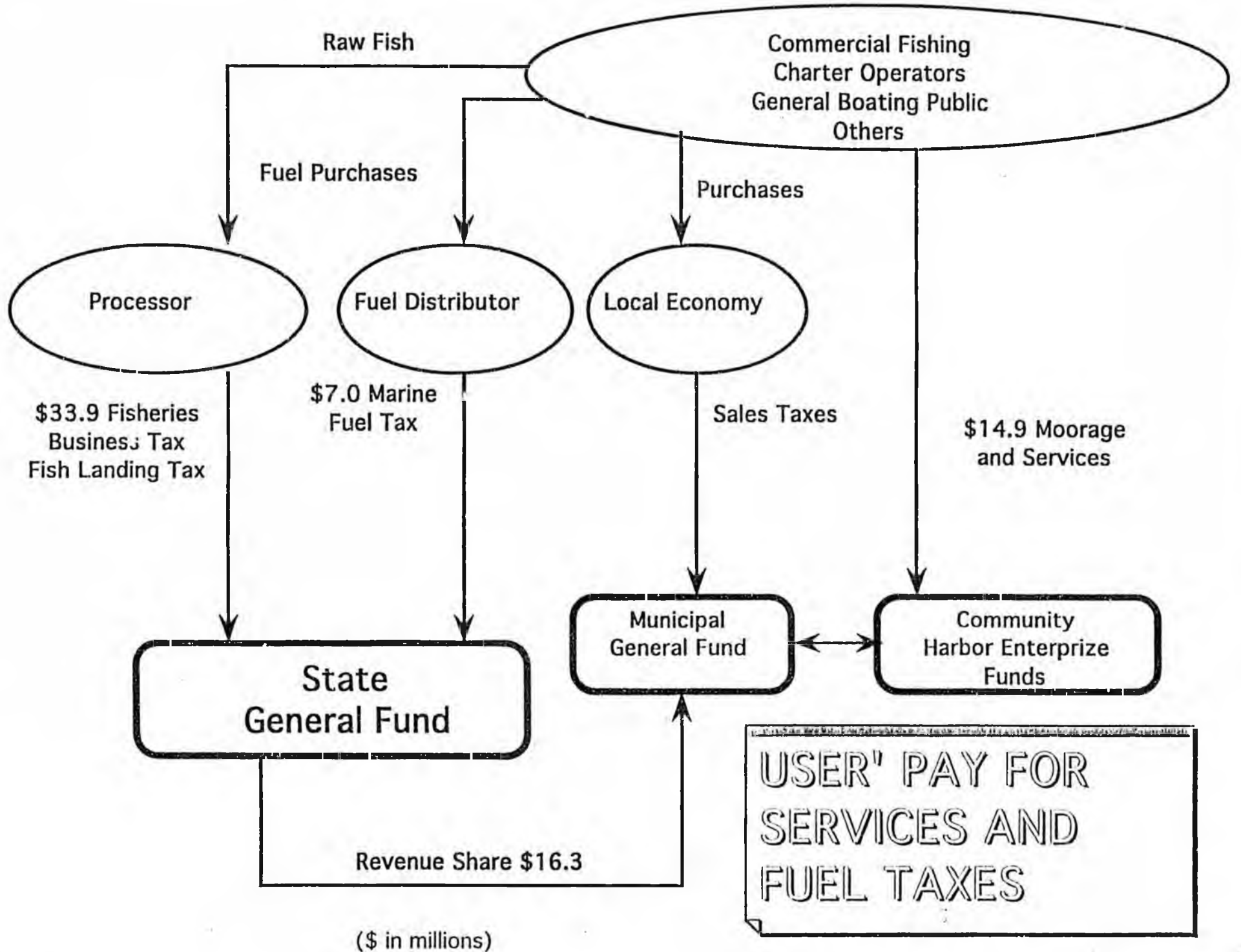
THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION




Rev. 6/98

Central Microfilm Services
Department of Education
State of Alaska









Some Facts about Public Harbor's in Alaska

- ◆ 11,000 slips and 16 million square feet of float system.
- ◆ Inventoried replacement value is \$175 million for assets including gangways, approaches and grids and small docks in 60 coastal communities or remote locations.
- ◆ Given current condition of harbors, the annualized repair and replacement cost is approximately \$4.8 million per year.
- ◆ Users are paying to local harbor departments \$13 million per year for harbor services.
- ◆ That means:
 - ▼ the average user is paying approximately \$1,200 per year for harbor services.
 - ▼ Fee increases to an annual average of at least \$1640 is needed to cover all costs, including major repair and replacement.
- ◆ Users are also paying \$7 million in marine fuel taxes annually.
 - ▼ That is an average of \$636 per slip in fuel taxes.

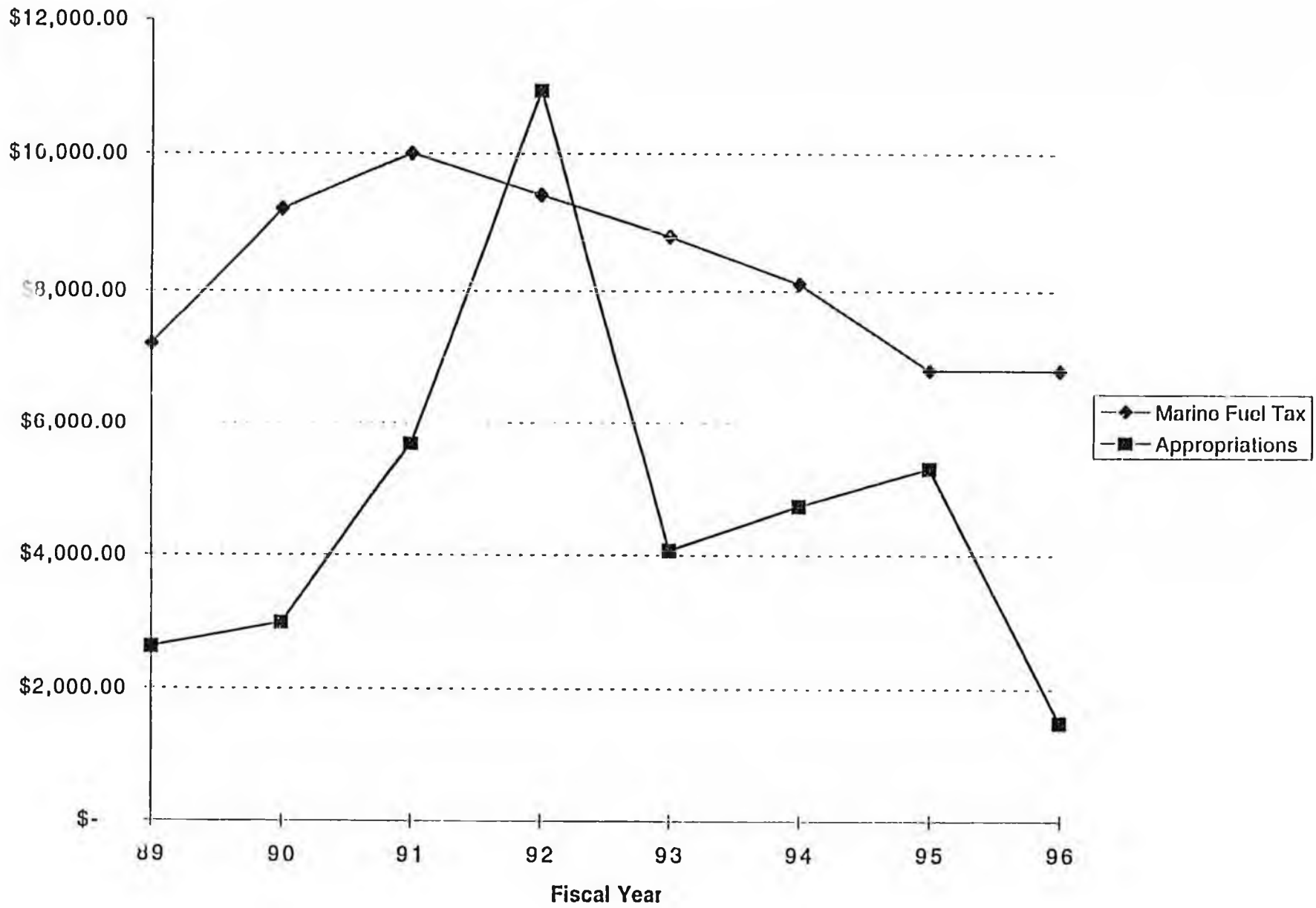




Some Facts about Public Harbor's in Alaska (Continued)

- ◆ Fuel tax increase to 8 cents would generate approximately \$10.9 million
 - ◆ Legislature appropriated \$1.5 million in FY 96 for harbor facilities.
 - ◆ In 8 years, \$66.3 million has been collected, 57% (\$37.8 million) has been appropriated to harbor facilities.
 - ◆ This tax was probably paid by as few as 15,000 vessel owner/operators.
 - ◆ 105,000 residents live in coastal communities with public harbor facilities.
 - ◆ 95 harbor facilities have been constructed with State assistance.
 - ◆ 80 facilities are owned by the State, 54 are operated under agreement.
 - ◆ \$ 8 million in failed or poor condition (5%).
 - ◆ \$ 56 million in failed, poor or fair condition.(32.4%).
 - ◆ \$117 million in good or new condition (67.6%).
 - ◆ The backlog of work needed is \$26 million in deferred maintenance, \$122 million in expansion projects. The approximately 3500 names on waiting lists.
- 

WCF; RE .NT HISTORY



Transfer Priority Worksheet

Rank	Estimated Cost To Good or Better	Target Estimate To Transfer	Cumm. Cost	Community	Facility # Count	Cumm. Count
1	\$1,894.9	\$947.5	\$947.5	HOMER	1	1
2	\$270.6	\$135.3	\$1,082.8	CRAIG	1	2
3	\$4,401.3	\$2,200.6	\$3,283.4	SITKA	3	5
4	\$750.7	\$375.3	\$3,658.7	PETERSBURG	4	9
5	\$1,681.2	\$840.6	\$4,499.4	SEWARD	1	10
6	\$3,719.2	\$1,859.6	\$6,359.0	JUNEAU	5	15
7	\$1,175.6	\$587.8	\$6,946.8	VALDEZ	1	16
8	\$603.7	\$301.8	\$7,248.6	WRANGELL	5	21
9	\$2,985.0	\$1,492.5	\$8,741.1	KETCHIKAN	7	28
10	\$6,203.8	\$3,101.9	\$11,843.0	KODIAK	3	31
11	\$21.3	\$10.7	\$11,853.7	ANGOON	2	33
12	\$40.4	\$20.2	\$11,873.9	TENAKEE	1	34
13	\$32.8	\$16.4	\$11,890.3	YAKUTAT	1	35
14	\$111.5	\$55.8	\$11,946.0	SELDOVIA	1	36
15	\$149.6	\$74.8	\$12,020.8	METLAKATLA	2	38
16	\$560.7	\$280.4	\$12,301.2	HOONAH	2	40
17	\$193.6	\$96.8	\$12,398.0	BETHEL	1	41
18	\$278.4	\$139.2	\$12,537.2	PELICAN	1	42
19	\$288.1	\$144.1	\$12,681.3	SKAGWAY	1	43
20	\$234.0	\$117.0	\$12,798.3	KLAWOCK	1	44
20	\$218.8	\$109.4	\$12,907.7	HYDABURB	1	45
21	\$0.0	\$0.0	\$12,907.7	ALEKNAGIK	1	46
23	\$22.4	\$11.2	\$12,918.9	KASAAN	1	47
24	\$2,386.3	\$1,193.1	\$14,112.0	CORDOVA	1	48
25	\$650.2	\$325.1	\$14,437.1	KAKE	2	50
26	\$6,427.9	\$3,214.0	\$17,651.0	WHITTIER	1	51
27	\$3,196.1	\$1,598.0	\$19,249.1	PORT LIONS	1	52
28	\$465.3	\$232.7	\$19,481.8	HAINES	2	54
29	\$306.4	\$153.2	\$19,634.9	PORT ALEXANDER	2	56
30	\$7.7	\$3.9	\$19,638.8	COFFMAN COVE	1	57
31	\$7.0	\$3.5	\$19,642.3	KUPRANOF	1	58
	\$39,284.6	\$19,642.3			59	

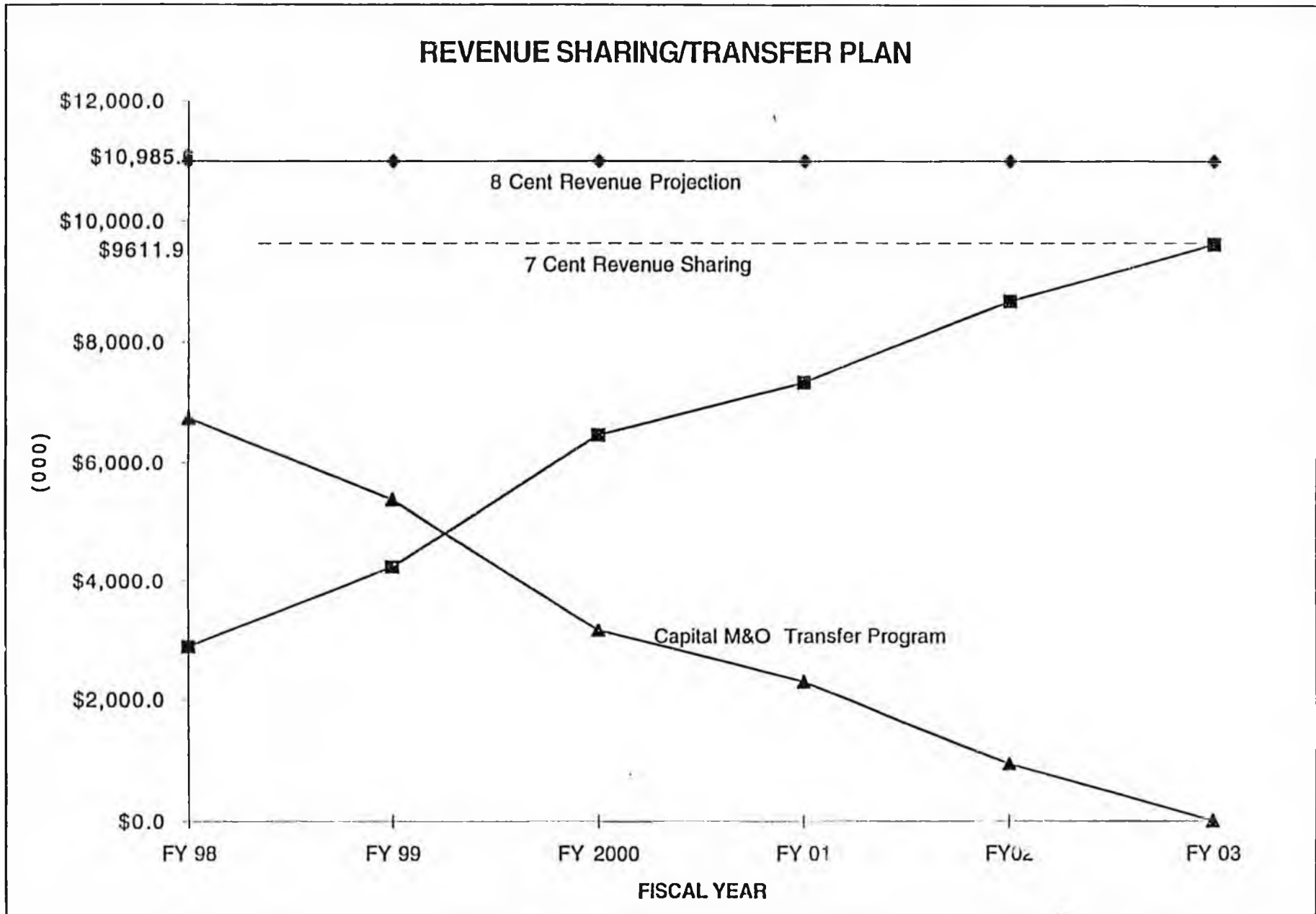
Figure 1

DRAFT

Rn.	Population	Status	Borough	Location	Count	Cumm.
S	REFUGE FLOAT	Unorganized		BARANOF	1	1
S	REFUGE FLOAT	Unorganized	(In Juneau Bor.)	TAKU HARBOR	1	2
S	REFUGE FLOAT	Unorganized		LORING	1	3
S	REFUGE FLOAT	Unorganized		FUNTER BAY	2	5
S	REFUGE FLOAT	Unorganized		SWANSON HARBOR	1	6
S	REFUGE FLOAT	Unorganized		ENTRANCE ISLAND	1	7
S	REFUGE FLOAT	Unorganized		HELM BAY	1	8
C	485	Unorganized	(In Kenai Bor.)	NINILCHIK	1	9
S	280	Unorganized		GUSTAVIS	1	10
S	151	Unorganized		HOLLIS	1	11
C	119	Unorganized		TATITLEK	1	12
C	94	Unorganized		CHENEGA	1	13
S	91	Unorganized		HYDER	1	14
S	91	Unorganized		EDNA BAY	1	15
C	68	Unorganized		HALIBUT COVE	1	16
S	57	Unorganized		ELFIN COVE	2	18
S	51	Unorganized		POINT BAKER	1	19
S	51	Unorganized		PORT PROTECTION	1	20
S	39	Unorganized		MEYERS CHUCK	1	21
C	29	Unorganized		JAKOLOF	1	22
					22	

Figure 2

DRAFT



Program C rview 98-03

HARBOR CONSTRUCTION FUND	FY 98	FY 99	FY 2000	FY 01	FY02	FY 03	6 YEAR TOTALS
8 cent Revenue Projection	\$10,985.0	\$10,985.0	\$10,985.0	\$10,985.0	\$10,985.0	\$10,985.0	\$65,910.0
Revenue Sharing	\$2,865.4	\$4,240.8	\$6,462.0	\$7,333.5	\$8,664.6	\$9,611.9	\$39,178.2
Capital M&O/Deferred Maintenance Transfer Program	\$6,746.5	\$5,371.1	\$3,149.9	\$2,278.4	\$947.3	\$0.0	\$18,493.2
7 cent Revenue Share/Transfer Program	\$9,611.9	\$9,611.9	\$9,611.9	\$9,611.9	\$9,611.9	\$9,611.9	\$57,671.4
1 cent State Program	\$1,373.1	\$1,373.1	\$1,373.1	\$1,373.1	\$1,373.1	\$1,373.1	\$8,238.6

Figure 4

DRAFT

Proposed Tier Plan Detail

Community/Location	Harbor Facility Name	Inventoried Replacement Value (IRV)	WVR	Annual Rebate Proportionate to Share at 0.5% of Tax	Allocation for Local Ownership Year 1	Allocation for Local Ownership Year 2	Allocation for Local Ownership Year 3	Allocation for Local Ownership Year 4	Allocation for Local Ownership Year 5	Allocation for Local Ownership Year 6	Annualized Repair and Replacement (ARR) Estimate	Alloc. Less ARR
ALEKIAGIK	ALEKIAGIK DOCK	\$390	0.23%	\$22.3					\$22.3	\$22.3	\$8.5	\$13.7
ALEKIAGIK Total		\$390		\$22.3								\$13.7
ANGOOH	ANGOOH DOCK	\$261	0.15%	\$14.9				\$14.9	\$14.9	\$14.9	\$4.9	\$8.0
ANGOOH	ANGOOH HARBOR	\$1,137	0.68%	\$64.9				\$64.9	\$64.9	\$64.9	\$14.4	\$30.5
ANGOOH Total		\$1,398		\$79.8								\$30.5
BETHEL	BETHEL BOAT HARBOR	\$411	0.24%	\$23.5					\$23.5	\$23.5	\$12.3	\$11.2
BETHEL Total		\$411		\$23.5								\$11.2
COFFMAN COVE	COFFMAN COVE FLOAT	\$236	0.14%	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$7.0	\$6.5
COFFMAN COVE Total		\$236		\$13.5								\$6.5
COLD BAY	COLD BAY DOCK	\$2,155	1.28%	\$123.0	\$123.0	\$123.0	\$123.0	\$123.0	\$123.0	\$123.0	\$58.4	\$64.6
COLD BAY Total		\$2,155		\$123.0								\$64.6
CORINIVA	CORINIVA BOAT HARBOR	\$10,159	6.01%	\$579.8				\$579.8	\$579.8	\$579.8	\$121.4	\$256.4
CORINIVA Total		\$10,159		\$579.8								\$256.4
CRAIG	CRAIG CITY FLOAT	\$578	0.34%	\$33.0		\$33.0	\$33.0	\$33.0	\$33.0	\$33.0	\$17.7	\$15.3
CRAIG	CRAIG NORTH HARBOR	\$1,326	0.79%	\$75.7	\$75.7	\$75.7	\$75.7	\$75.7	\$75.7	\$75.7	\$35.4	\$36.2
CRAIG	CRAIG SOUTH HARBOR	\$2,433	1.44%	\$138.9	\$138.9	\$138.9	\$138.9	\$138.9	\$138.9	\$138.9	\$25.3	\$113.6
CRAIG Total		\$4,337		\$247.5								\$165.1
DILLINGHAM	DILLINGHAM HARBOR	\$250	0.15%	\$14.3	\$14.3	\$14.3	\$14.3	\$14.3	\$14.3	\$14.3	\$13.1	\$1.2
DILLINGHAM Total		\$250		\$14.3								\$1.2
HAINES	HAINES HARBOR	\$1,373	0.82%	\$78.4						\$78.4	\$44.7	\$33.6
HAINES	HAINES LETNIKOF COVE	\$216	0.13%	\$12.3						\$12.3	\$8.1	\$4.2
HAINES Total		\$1,589		\$90.7								\$37.8
HOMER	HOMER BOAT HARBOR	\$10,248	6.05%	\$584.9	\$497.1	\$584.9	\$584.9	\$584.9	\$584.9	\$584.9	\$220.4	\$364.5
HOMER Total		\$10,248		\$584.9								\$364.5
HOONAH	HOONAH CITY FLOAT	\$475	0.28%	\$27.1					\$27.1	\$27.1	\$18.9	\$8.2
HOONAH	HOONAH HARBOR	\$2,167	1.29%	\$123.7					\$123.7	\$123.7	\$66.6	\$57.1
HOONAH Total		\$2,642		\$150.8								\$65.3
HYDABURG	HYDABURG HARBOR	\$1,077	0.64%	\$61.5					\$61.5	\$61.5	\$40.3	\$21.2
HYDABURG Total		\$1,077		\$61.5								\$21.2
JUNEAU	AUKE BAY HARBOR	\$3,969	2.36%	\$226.5			\$226.5	\$226.5	\$226.5	\$226.5	\$106.9	\$119.7
JUNEAU	AURORA HARBOR	\$9,027	5.36%	\$515.2			\$515.2	\$515.2	\$515.2	\$515.2	\$154.1	\$361.1
JUNEAU	DOUGLAS DOCK	\$607	0.36%	\$34.6			\$34.6	\$34.6	\$34.6	\$34.6	\$20.7	\$13.9
JUNEAU	DOUGLAS HARBOR	\$846	0.50%	\$48.3			\$48.3	\$48.3	\$48.3	\$48.3	\$35.6	\$12.7
JUNEAU	HARRIS HARBOR	\$2,292	1.36%	\$130.8			\$130.8	\$130.8	\$130.8	\$130.8	\$299.7	(\$168.9)
JUNEAU Total		\$16,741		\$955.4								\$338.5
KAKE	KAKE DOCK AND FLOAT	\$562	0.33%	\$32.1					\$32.1	\$32.1	\$19.8	\$12.2
KAKE	KAKE FOXTAGE COVE HARBOR	\$2,032	1.21%	\$116.0					\$116.0	\$116.0	\$69.2	\$46.8
KAKE Total		\$2,594		\$148.0								\$59.0
KASAAN	KASAAN HARBOR	\$328	0.19%	\$18.7					\$18.7	\$18.7	\$10.7	\$8.0
KASAAN Total		\$328		\$18.7								\$8.0
KETCHIKAN	BAR HARBOR NORTH	\$2,244	1.33%	\$128.1			\$128.1	\$128.1	\$128.1	\$128.1	\$68.5	\$59.5
KETCHIKAN	BAR HARBOR SOUTH	\$2,607	1.55%	\$148.8			\$148.8	\$148.8	\$148.8	\$148.8	\$99.8	\$49.0
KETCHIKAN	CITY FLOAT	\$459	0.27%	\$26.2			\$26.2	\$26.2	\$26.2	\$26.2	\$15.1	\$11.1
KETCHIKAN	HOLE IN THE WALL	\$581	0.34%	\$33.2			\$33.2	\$33.2	\$33.2	\$33.2	\$26.9	(\$43.7)
KETCHIKAN	MURKIN COVE FLOAT	\$530	0.31%	\$30.2			\$30.2	\$30.2	\$30.2	\$30.2	\$19.4	\$10.8
KETCHIKAN	RYUS FLOAT	\$95	0.06%	\$5.4			\$5.4	\$5.4	\$5.4	\$5.4	\$2.6	\$2.8
KETCHIKAN	THOMAS BASIN	\$1,762	1.05%	\$100.6			\$100.6	\$100.6	\$100.6	\$100.6	\$79.4	\$21.2
KETCHIKAN Total		\$8,278		\$472.4								\$110.7
KING COVE	KING COVE SHALL BOAT HARBOR	\$2,651	1.57%	\$151.3	\$151.3	\$151.3	\$151.3	\$151.3	\$151.3	\$151.3	\$82.4	\$68.9
KING COVE Total		\$2,651		\$151.3								\$68.9
KLAWOCK	KLAWOCK DOCK	\$709	0.42%	\$40.5	\$40.5	\$40.5	\$40.5	\$40.5	\$40.5	\$40.5	\$16.5	\$24.0
KLAWOCK	KLAWOCK HARBOR	\$545	0.32%	\$31.1					\$31.1	\$31.1	\$20.3	\$10.8
KLAWOCK Total		\$1,254		\$71.6								\$34.8

Figure 5

DRAFT

Proposed Tier Plan Detail

Community/Location	Harbor Facility Name	Inventoryed Replacement Value (IRV)	AVR	Annual Rebate Proportionate Share at 85% of Tax	Allocation for Local Ownership Year 1	Allocation for Local Ownership Year 2	Allocation for Local Ownership Year 3	Allocation for Local Ownership Year 4	Allocation for Local Ownership Year 5	Allocation for Local Ownership Year 6	Annualized Repair and Replacement (ARR) Estimate	Alloc. less AVR
KODIAK	CITY FLOAT	\$927	0.55%	\$52.9				\$52.9	\$52.9	\$52.9	\$28.2	\$24.7
KODIAK	SAINT HERMAN HARBOR	\$4,685	2.78%	\$267.4				\$267.4	\$267.4	\$267.4	\$216.8	\$50.6
KODIAK	SAINT PAUL BOAT HARBOR	\$4,204	2.50%	\$239.9				\$239.9	\$239.9	\$239.9	\$174.2	\$65.8
KODIAK Total		\$9,816		\$560.2								\$141.1
LORING	LORING FLOAT	\$84	0.05%	\$4.8						\$4.8	\$4.8	\$0.0
LORING Total		\$84		\$4.8								\$0.0
HETLAKATLA	HETLAKATLA CITY FLOAT	\$408	0.24%	\$23.3					\$23.3	\$23.3	\$11.2	\$12.1
HETLAKATLA	HETLAKATLA HARBOR	\$1,316	0.78%	\$75.1					\$75.1	\$75.1	\$43.5	\$31.7
HETLAKATLA Total		\$1,724		\$98.4								\$41.8
MOHE	MOHE /DOCK	\$5,407	3.21%	\$308.6	\$308.6	\$308.6	\$308.6	\$308.6	\$308.6	\$308.6	\$227.6	\$81.0
MOHE Total		\$5,407		\$308.6								\$81.0
OLD HARBOR	OLD HARBOR DOCK	\$499	0.30%	\$28.5	\$28.5	\$28.5	\$28.5	\$28.5	\$28.5	\$28.5	\$13.4	\$15.1
OLD HARBOR	OLD HARBOR FLOAT	\$426	0.25%	\$24.3	\$24.3	\$24.3	\$24.3	\$24.3	\$24.3	\$24.3	\$17.2	\$7.1
OLD HARBOR Total		\$925		\$52.8								\$22.2
VELICAN	VELICAN HARBOR	\$1,731	1.01%	\$98.8					\$98.8	\$98.8	\$60.6	\$38.2
VELICAN Total		\$1,731		\$98.8								\$38.2
PETERSBURG	MIDDLE HARBOR	\$825	0.49%	\$47.1		\$47.1	\$47.1	\$47.1	\$47.1	\$47.1	\$29.4	\$17.6
PETERSBURG	NORTH HARBOR	\$1,973	1.17%	\$112.6		\$112.6	\$112.6	\$112.6	\$112.6	\$112.6	\$37.7	\$74.9
PETERSBURG	PAPKES LANDING FLOAT	\$181	0.11%	\$10.3		\$10.3	\$10.3	\$10.3	\$10.3	\$10.3	\$5.3	\$5.1
PETERSBURG	SOUTH HARBOR	\$2,953	1.75%	\$168.5		\$168.5	\$168.5	\$168.5	\$168.5	\$168.5	\$95.7	\$72.9
PETERSBURG Total		\$5,932		\$338.5								\$170.5
PORT ALEXANDER	PORT ALEXANDER INNER HARBOR	\$172	0.10%	\$9.8						\$9.8	\$7.3	\$2.5
PORT ALEXANDER	PORT ALEXANDER OUTER HARBOR	\$291	0.17%	\$16.6						\$16.6	\$13.0	\$3.6
PORT ALEXANDER Total		\$463		\$26.4								\$6.1
PORT LIONS	PORT LIONS SMALL BOAT HARBOR	\$4,350	2.58%	\$248.3						\$248.3	\$67.8	\$180.4
PORT LIONS Total		\$4,350		\$248.3								\$180.4
SAND POINT	SAND POINT SMALL BOAT HARBOR	\$2,899	1.72%	\$165.5	\$165.5	\$165.5	\$165.5	\$165.5	\$165.5	\$165.5	\$90.9	\$74.5
SAND POINT Total		\$2,899		\$165.5								\$74.5
SELDOVIA	SELDOVIA SMALL BOAT HARBOR	\$1,872	1.11%	\$106.8				\$106.8	\$106.8	\$106.8	\$65.9	\$40.9
SELDOVIA Total		\$1,872		\$106.8								\$40.9
SEWARD	SEWARD BOAT HARBOR	\$7,821	4.64%	\$446.4		\$446.4	\$446.4	\$446.4	\$446.4	\$446.4	\$264.7	\$181.7
SEWARD Total		\$7,821		\$446.4								\$181.7
SITKA	CITY (AND) HARBOR	\$1,015	0.60%	\$57.9	\$57.9	\$57.9	\$57.9	\$57.9	\$57.9	\$57.9	\$38.9	\$19.0
SITKA	CRESCENT HARBOR	\$3,187	1.89%	\$181.9		\$181.9	\$181.9	\$181.9	\$181.9	\$181.9	\$119.4	\$62.5
SITKA	SEALING COVE	\$1,868	1.11%	\$106.6		\$106.6	\$106.6	\$106.6	\$106.6	\$106.6	\$38.8	\$67.8
SITKA	THOMSEN HARBOR	\$3,176	1.89%	\$181.3		\$181.3	\$181.3	\$181.3	\$181.3	\$181.3	\$117.5	\$63.8
SITKA Total		\$9,246		\$527.7								\$211.1
SKAGWAY	SKAGWAY SMALL BOAT HARBOR	\$1,723	1.02%	\$98.3					\$98.3	\$98.3	\$59.0	\$39.4
SKAGWAY Total		\$1,723		\$98.3								\$39.4
ST. GEORGE	SAINT GEORGE HARBOR	\$11,670	6.93%	\$666.0	\$666.0	\$666.0	\$666.0	\$666.0	\$666.0	\$666.0	\$7.8	\$658.2
ST. GEORGE Total		\$11,670		\$666.0								\$658.2
ST. PAUL	ST. PAUL HARBOR	\$7,782	4.62%	\$444.1	\$444.1	\$444.1	\$444.1	\$444.1	\$444.1	\$444.1	\$14.9	\$429.3
ST. PAUL Total		\$7,782		\$444.1								\$429.3
THORNE BAY	DAVIDSON LANDING AND DOCK	\$73	0.04%	\$4.2	\$4.2	\$4.2	\$4.2	\$4.2	\$4.2	\$4.2	\$2.5	\$1.7
THORNE BAY	THORNE BAY CITY HARBOR	\$1,265	0.75%	\$72.2	\$72.2	\$72.2	\$72.2	\$72.2	\$72.2	\$72.2	\$13.2	\$59.0
THORNE BAY Total		\$1,338		\$76.4								\$60.6
UNALASKA	UNALASKA BOAT HARBOR	\$700	0.42%	\$40.0	\$40.0	\$40.0	\$40.0	\$40.0	\$40.0	\$40.0	\$22.5	\$17.4
UNALASKA	UNALASKA MARINE CENTER	\$0	0.00%	\$0.0	tbd	tbd	tbd	tbd	tbd	\$0.0	tbd	tbd
UNALASKA Total		\$700		\$40.0								\$17.4
VALDEZ	SMALL BOAT HARBOR	\$5,114	3.04%	\$291.9			\$291.9	\$291.9	\$291.9	\$291.9	\$181.2	\$110.6
VALDEZ Total		\$5,114		\$291.9								\$110.6
WHITTIER	WHITTIER BOAT HARBOR	\$10,112	6.00%	\$577.1						\$577.1	\$162.4	\$414.7
WHITTIER Total		\$10,112		\$577.1								\$414.7

Figure 6

DRAFT

Proposed Transfer Plan Detail

Community/Location	Harbor Facility Name	Inventoried Replacement Value (IRV)	%IRV	Annual Rebate Proportions to Share at 85% of Tax	Allocation for Local Ownership Year 1	Allocation for Local Ownership Year 2	Allocation for Local Ownership Year 3	Allocation for Local Ownership Year 4	Allocation for Local Ownership Year 5	Allocation for Local Ownership Year 6	Annualized Repair and Replacement (ARRR) Estimate	Alloc. base ARAR
WRANGELL	FISH AND GAME FLOAT	\$1,825	1.08%	\$104.2			\$104.2	\$104.2	\$104.2	\$104.2	\$20.8	\$81.4
WRANGELL	INNER HARBOR	\$564	0.33%	\$32.2			\$32.2	\$32.2	\$32.2	\$32.2	\$19.8	\$12.4
WRANGELL	RELIANCE HARBOR	\$1,676	1.00%	\$95.7			\$95.7	\$95.7	\$95.7	\$95.7	\$54.0	\$41.7
WRANGELL	SHOEMAKER BAY HARBOR	\$4,477	2.66%	\$255.5			\$255.5	\$255.5	\$255.5	\$255.5	\$50.2	\$205.3
WRANGELL	STANDARD OIL FLOAT	\$245	0.15%	\$14.0			\$14.0	\$14.0	\$14.0	\$14.0	\$8.8	\$5.2
WRANGELL Total		\$8,787		\$501.5								\$348.1
YAKUTAT	YAKUTAT HARBOR	\$868	0.52%	\$49.5				\$49.5	\$49.5	\$49.5	\$26.1	\$23.3
YAKUTAT Total		\$868		\$49.5								\$23.3
TEHAKEE	TEHAKEE HARBOR	\$1,316	0.78%	\$75.1				\$75.1	\$75.1	\$75.1	\$37.3	\$37.8
TEHAKEE Total		\$1,316		\$75.1								\$37.8
Grand Total		\$168,418		\$9,611.9								\$4,998.8
		\$168,418	100.00%	\$9,611.9	\$2,865.4	\$4,240.8	\$6,462.0	\$7,333.5	\$8,664.6	\$9,611.9	\$4,613.1	\$4,998.8
CHIZEGA	CHIZEGA HARBOR	\$493	0.28%	\$0.0							\$18.5	(\$18.5)
BARANOF	BARANOF FLOAT	\$211	0.14%	\$0.0							\$18.6	(\$18.6)
EIVIA BAY	EDNA BAY FLOAT AND GRID	\$181	0.10%	\$0.0							\$5.6	(\$5.6)
ELFIN COVE	ELFIN COVE INNER HARBOR	\$360	0.21%	\$0.0							\$12.1	(\$12.1)
ENTRANCE ISLAND	ENTRANCE ISLAND FLOAT	\$43	0.02%	\$0.0							\$2.3	(\$2.3)
FURTER BAY	FURTER BAY FLOAT	\$52	0.03%	\$0.0							\$2.5	(\$2.5)
GUSTAVIS	GUSTAVIS DOCK AND FLOAT	\$1,055	0.61%	\$0.0							\$37.6	(\$37.6)
HALIBUT COVE	HALIBUT COVE FLOAT	\$244	0.14%	\$0.0							\$0.0	\$0.0
HELM BAY	HELM BAY REFUGE FLOAT	\$34	0.02%	\$0.0							\$1.0	(\$1.0)
HOLLIS	HOLLIS HARBOR	\$243	0.14%	\$0.0							\$7.1	(\$7.1)
HYDER	HYDER HARBOR	\$991	0.57%	\$0.0							\$28.9	(\$28.9)
JAKOLOF	JAKOLOF BAY FLOAT	\$102	0.06%	\$0.0							\$0.0	\$0.0
KUPREANOF	KUPREANOF FLOAT	\$224	0.13%	\$0.0							\$6.2	(\$6.2)
MEYERS CRUCK	MEYER CRUCK HARBOR	\$245	0.14%	\$0.0							\$8.2	(\$8.2)
NINILCHIK	NINILCHIK HARBOR	\$81	0.05%	\$0.0							\$4.5	(\$4.6)
POINT BAKER	POINT BAKER FLOAT	\$201	0.12%	\$0.0							\$6.8	(\$6.8)
FORT PROTECTION	FORT PROTECTION FLOAT	\$116	0.07%	\$0.0							\$0.6	(\$0.6)
SWANSON HARBOR	SWANSON HARBOR FLOAT	\$51	0.03%	\$0.0							\$6.3	(\$6.3)
TAKU HARBOR	TAKU HARBOR	\$160	0.09%	\$0.0							\$12.8	(\$12.8)
TATITLEK	TATITLEK DOCK	\$337	0.19%	\$0.0							\$9.0	(\$9.0)
ELFIN COVE	ELFIN COVE OUTER HARBOR	\$231	0.13%	\$0.0							\$7.2	(\$7.2)

DRAFT

Figure 7

Revision Date: _____ Dept. Affected: Revenue
 Title: Increase Motor Fuel Tax BRU: Revenue Operations
 Component: Income and Excise Audit
 Sponsor: (H) RLS/LRFPC
 Requestor: (H) STA COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	58.3	58.3	58.3	58.3	58.3	58.3
TRAVEL	10.0	10.0	10.0	10.0	10.0	10.0
CONTRACTUAL	3.0	3.0	8.0	3.0	8.0	3.0
SUPPLIES	1.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT	8.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	80.3	72.3	77.3	72.3	77.3	72.3

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES (GF)	41,291.5	59,578.5	65,174.2	66,247.8	75,333.2	76,534.6
---------------------------	----------	----------	----------	----------	----------	----------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	80.3	72.3	77.3	72.3	77.3	72.3
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	80.3	72.3	77.3	72.3	77.3	72.3

Estimate of any current year (FY96) cost \$ 0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

(See Attached Analysis)

Prepared by: Paul E. Dick Phone: 465-2320
 Division: Income and Excise Audit Division Date: 3/11/96
 Approved by Commissioner: Wilson L. Condon Date: 3/11/96
 Agency: Department of Revenue

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 For further distribution information call the Governor's Legislative Office

**Alaska Department of Revenue
Income and Excise Audit Division**

HB 443
Increase Motor Fuel Tax
9-LS1268\K
Page 2 of 4

Bill Analysis

Sections 1 and 2 increase motor fuel tax rates as follows:

Fuel Type	Current Tax Rate (¢ per gallon)	Proposed Tax Rate (¢ per gallon)
Highway	8.0	22.0
Marine	5.0	8.0

Section 3 deletes reference to gasohol in AS 43.40.015(d), which defines when a certificate of exemption is not required, to conform with the repeal of the tax exemption for gasohol under section 6 of this bill.

Section 4 raises the off-highway refund rate from the current 6¢ to 16¢ per gallon. Accordingly, off-highway users would pay a net 6¢ per gallon.

Section 5 provides for adjustments of tax and off-highway refund rates. Rates would be adjusted on July 1 of each even-numbered year according to changes in the Consumer Price Index (CPI) for the Anchorage Metropolitan Area with the January 1997 index as the reference base index. This section also requires that the Department give public notice of the change.

Section 6 repeals the current tax exemption for gasohol.

Section 7 provides for an effective date of October 1, 1996 for the tax rate increases.

Operating Costs

The Department is requesting funding for a Revenue Auditor III who would be located in Anchorage. The Department believes that the increased rate would increase tax avoidance, and also, the increased differential between highway and other fuel types would result in taxpayers reporting sales as other fuel to avoid the higher highway fuel tax rate. This position would be responsible for insuring that taxpayers are in compliance with reporting requirements and that the proper amount of tax is paid. Total revenue collections will be in excess of \$100 million a year. Efforts to increase compliance is prudent and warranted.

The Department is requesting additional contractual funding of \$5.0 every odd-numbered fiscal year beginning in FY 99 to cover costs of public notice, forms revisions and postage resulting from tax rate changes.

Revenue

The attached spreadsheet summarizes revenue projections from tax and off-highway refund rate increases and the repeal of the exemption for gasohol as provided in this bill.

**Department of Revenue
Income and Excise Audit Division**

Fiscal Note Analysis

HB 443
Increase Motor Fuel Tax
9-LS1268K
Page 3 of 4

(Amounts in 'Revenue' columns are the product of FY 96 projected gallons and respective rates.)

Highway	FY 96 Projected Gallons	FY 97 Rate	Revenue	FY 98 Rate	Revenue	FY 99 Rate	Revenue	FY 00 Rate	Revenue	FY 01 Rate	Revenue	FY 02 Rate	Revenue
Taxable Gallons													
July - September	125,035,633	0.08	\$ 10,002,851	0.22	\$ 27,507,839	0.23	\$ 28,758,106	0.23	\$ 28,758,196	0.25	\$ 31,258,908	0.25	\$ 31,258,908
October - June	<u>250,071,267</u>	0.22	<u>55,015,679</u>	0.22	<u>55,015,679</u>	0.23	<u>57,516,391</u>	0.23	<u>57,516,391</u>	0.25	<u>62,517,817</u>	0.25	<u>62,517,817</u>
Total	375,106,900		65,018,529		82,523,518		86,274,587		86,274,587		93,776,725		93,776,725
Gasohol													
July - September	14,547,800	0.08	1,163,824	0.22	3,200,516	0.23	3,345,994	0.23	3,345,994	0.25	3,636,950	0.25	3,636,950
October - June	<u>60,452,200</u>	0.22	<u>13,299,484</u>	0.22	<u>13,299,484</u>	0.23	<u>13,904,006</u>	0.23	<u>13,904,006</u>	0.25	<u>15,113,050</u>	0.25	<u>15,113,050</u>
Total	75,000,000		14,463,308		16,500,000		17,250,000		17,250,000		18,750,000		18,750,000
Off-Highway Gallons													
July - September	40,116,875	-0.06	(2,407,013)	-0.16	(6,418,700)	-0.17	(6,819,869)	-0.17	(6,819,869)	-0.18	(7,221,038)	-0.18	(7,221,038)
October - June	<u>120,350,625</u>	-0.16	<u>(19,256,100)</u>	-0.16	<u>(19,256,100)</u>	-0.17	<u>(20,459,606)</u>	-0.17	<u>(20,459,606)</u>	-0.18	<u>(21,663,113)</u>	-0.18	<u>(21,663,113)</u>
Total	160,467,500		(21,663,113)		(25,674,800)		(27,279,475)		(27,279,475)		(28,884,150)		(28,884,150)
Total Taxable and Gasohol Less Off-Highway			57,818,725		73,340,718		76,245,112		76,245,112		83,642,575		83,642,575
Projected FY 96 Revenue			20,356,800		20,356,800		20,356,800		20,356,800		20,356,800		20,356,800
Increase			37,461,925		52,991,918		55,888,312		55,888,312		63,285,775		63,285,775
Population Growth Adjustment			1.016		1.032		1.049		1.066		1.083		1.100
Adjusted Increase			\$ 38,061,316		\$ 54,701,225		\$ 58,599,566		\$ 59,564,069		\$ 68,542,038		\$ 69,635,110
Marine													
Taxable Gallons													
July - September	51,518,500	0.05	\$ 2,575,925	0.08	\$ 4,121,480	0.09	\$ 4,636,665	0.09	\$ 4,636,665	0.09	\$ 4,636,665	0.09	\$ 4,636,665
October - June	<u>103,037,000</u>	0.08	<u>8,242,960</u>	0.08	<u>8,242,960</u>	0.09	<u>9,273,330</u>	0.09	<u>9,273,330</u>	0.09	<u>9,273,330</u>	0.09	<u>9,273,330</u>
Total	154,555,500		10,818,885		12,364,440		13,909,995		13,909,995		13,909,985		13,909,995
FY 96 Projected Revenue			7,639,600		7,639,600		7,639,600		7,639,600		7,639,600		7,639,600
Increase			3,179,285		4,724,840		6,270,395		6,270,395		6,270,395		6,270,395
Population Growth Adjustment			1.016		1.032		1.049		1.066		1.083		1.100
Adjusted Increase			\$ 3,230,154		\$ 4,877,244		\$ 6,574,584		\$ 6,682,887		\$ 6,791,189		\$ 6,899,491
Total Adjusted Increase - Highway and Marine			\$ 41,291,469		\$ 59,578,470		\$ 65,174,150		\$ 66,247,755		\$ 75,333,227		\$ 76,534,601

**Department of Revenue
Income and Excise Audit Division**

Fiscal Note Analysis

HB 443
Increase Motor Fuel Tax
9-LS1268\K
Page 4 of 4

Following are calculations of increases in motor fuel tax rates based on changes in Anchorage CPI.

Fiscal Year	CPI Change*	Cumulative Change	Tax Rate		
			Highway	Off-Highway	Marine
97	2.99%	2.99%			
Proposed Base Rate			0.22	0.16	0.08
New Rate Calculation			0.226578	0.164784	0.08239
7/1/97 New Rate (Rounded)			0.23	0.16	0.08
97	2.99%				
98	2.99%	5.98%			
Proposed Base Rate			0.22	0.16	0.08
New Rate Calculation			0.233156	0.169568	0.08478
7/1/98 New Rate (Rounded)			0.23	0.17	0.08
97	2.99%				
98	2.99%				
99	3.18%	9.16%			
Proposed Base Rate			0.22	0.16	0.08
New Rate Calculation			0.240152	0.174656	0.08733
7/1/99 New Rate (Rounded)			0.24	0.17	0.09
97	2.99%				
98	2.99%				
99	3.18%				
00	3.18%	12.34%			
Proposed Base Rate			0.22	0.16	0.08
New Rate Calculation			0.247148	0.179744	0.08987
7/1/00 New Rate (Rounded)			0.25	0.18	0.09
97	2.99%				
98	2.99%				
99	3.18%				
00	3.18%				
01	3.18%	15.52%			
Proposed Base Rate			0.22	0.16	0.08
New Rate Calculation			0.254144	0.184832	0.09242
7/1/01 New Rate (Rounded)			0.25	0.18	0.09

*Source: Office of Management and Budget

**DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES**

Testimony for House State Affairs Committee on HB 443
3/12/96

The Department of Transportation and Public Facilities supports HB 443, more specifically, the department supports an increase in highway and marine motor fuel taxes if the taxes will be dedicated to the mode from which the taxes were collected.

HB 443 was introduced at the request of the Long Range Financial Planning Commission as a component of an overall long-range fiscal plan. The bill proposes an increase in the highway motor fuel tax from the current eight cents per gallon to twenty two cents per gallon and an increase in the marine motor fuel tax from the current five cents per gallon to eight cents per gallon. The bill also repeals the exemption currently in place for the use of Gasohol. The Department of Revenue estimates that even without the increase in motor fuel tax, the lost revenue from use of Gasohol will be in excess of six million dollars for FY 1997.

The highway fuel tax increase will provide the department with revenue which will enable the department to increase maintenance on state owned roads and highways. An increase in maintenance will extend the life of our roads and highways. This will make Federal construction funds available for other important highway projects in the state.

There are other factors which make increasing the motor fuel tax an important issue for this legislature to address. In January, the US General Accounting Office released a report entitled "HIGHWAY FUNDING, Alternatives for Distributing Federal Funds". The report did not make specific recommendations, however, the GAO did layout seven alternatives for distribution of the nation's Federal Highway funds. In four of the alternatives, Alaska's overall share goes from \$231 million FY 1995 dollars to approximately \$40 million FY 1995 dollars. In only one alternative, Alaska's best case in this report, the state share goes from \$231 million to \$89 million.

If Congress decided to adopt even the best GAO alternative, Alaska could stand to lose \$191 million dollars. For this reason, the department believes it is prudent to indicate to other states, and to Congress that we are doing all we can to maintain the transportation system we have, and to show a commitment to maintain our transportation system in the future. Fortunately, the state has a strong advocate in Senator Stevens who sits on the Senate Appropriations committee. But the potential for losing valuable Federal Highway funds is still there, and even if we do manage to maintain the current level of funding through the next Federal Highway spending authorization, we can eventually expect a decline in Federal Highway funds for Alaska.

The marine fuel tax increase coupled with the dedicated fund, will provide the department with funding for a harbor transfer program. The program would involve funding capital projects for state owned harbors to upgrade the facilities to a condition where the department could turn the facilities over to the local municipality. The department estimates that all but twenty-two of the facilities currently owned by the state could reasonably be transferred in five years. The proposed program would basically get the state out of the harbor business.

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HB 443

Revision Date: 3/13/96 Dept. Affected: DOT&PF
Title: Increase Motor Fuel Tax BRU: Office of the Commissioner
Component: various

Sponsor: Rules by request of Long Range Fiscal Plan Comm
Requester: House State Affairs COMPONENT SERIAL NO. N/A-530

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES		2,575.0	4,075.0	4,375.0	5,575.0	5,775.0
TRAVEL						
CONTRACTUAL		3,500.0	5,525.0	5,925.0	12,000.0	12,775.0
SUPPLIES		725.0	1,300.0	1,400.0	3,025.0	3,150.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	6,800.0	10,900.0	11,700.0	20,600.0	21,700.0

CAPITAL EXPENDITURES		4,900.0	6,600.0	6,700.0	6,800.0	6,900.0
-----------------------------	--	----------------	----------------	----------------	----------------	----------------

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF		(47,900.0)	(47,900.0)	(47,900.0)	(47,900.0)	(47,900.0)
1005 GF/Program Receipts						
Transportation Fund - Highways		54,700.0	58,600.0	59,600.0	68,500.0	69,600.0
Transportation Fund - Harbors		4,900.0	6,600.0	6,700.0	6,800.0	6,900.0
TOTAL	0.0	11,700.0	17,300.0	18,400.0	27,400.0	28,600.0

Estimate of any current year (FY96) cost: \$ 0.0

POSITIONS

FULL-TIME	0	26	40	40	50	50
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

This fiscal note assumes amendments to make the bill dependent on passage of a constitutional amendment to create a dedicated transportation fund and an amended effective date of July 1, 1997. It is assumed expenditures from the dedicated fund will begin on the first day of FY98 (July 1, 1997), which is the same day that the dedicated fund comes into existence. Revenue deposited to the dedicated fund will lag behind the start of the fiscal year. Funding is included to establish an Accountant position to design and implement dedicated fund accounting mechanisms. Increased funding based on increased revenues is assumed to be made available for increased operating (Highways M&O) or increased capital (Harbors) expenditures. New positions for FY98-2002 are assumed to be equipment operators and maintenance leaders (or similar maintenance job class) and the accountant position for performing the separate fund accounting. Additional personal services funding would decrease the existing vacancy factor for maintenance units, increase the months budgeted for existing seasonal maintenance positions and increase budgeted overtime for maintenance positions. Existing DOT&PF Administrative functions including Planning and Design and Construction functions as well as fiscal, personnel, supply, management and other services provided to the maintenance program will be partially funded by the Transportation (Highway) fund. Costs will be distributed on the basis of a cost allocation plan between the different modes of transportation, public facilities, and capital project oversight.

Prepared by: Sam Klo III Phone: 465-3900
Special Assistant

Division: Office of the Commissioner Date: _____

Approved by: *Jack L. Williams* Date: 3/13/96
Commissioner

Agency: Department of Transportation and Public Facilities

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information, call the Governor's Legislative Office

Fiscal Note HB 443
Increased Motor Fuel Tax
Dept of Transportation & Public Facilities

Increased Revenue from Fuel Taxes						
	FY97	FY98	FY99	FY00	FY01	FY02
Motor Fuel Tax Increase - Highways						
Total Motor Fuel Tax Collections minus Off-Highway Rebate *		73,300.0	76,200.0	76,200.0	83,600.0	83,600.0
Minus FY96 Revenue (This amount of highway maintenance funding switched to dedicated fund in fiscal note for HJR49)		(20,400.0)	(20,400.0)	(20,400.0)	(20,400.0)	(20,400.0)
Increased Revenue from HB 443 - Highways		52,900.0	55,800.0	55,800.0	63,200.0	63,200.0
Increase with Population Growth Adjustment - Highways *		54,700.0	58,600.0	59,600.0	68,500.0	69,600.0
Marine Fuel Tax Increase - Harbors						
Total Marine Fuel Tax Collections *		12,400.0	13,900.0	13,900.0	13,900.0	13,900.0
Minus FY96 Revenue (This amount of harbor capital improvements shown as funded by the dedicated fund in fiscal note for HJR49)		(7,600.0)	(7,600.0)	(7,600.0)	(7,600.0)	(7,600.0)
Increased Revenue from HB 443 - Harbors		4,800.0	6,300.0	6,300.0	6,300.0	6,300.0
Increase with Population Growth Adjustment - Harbors *		4,900.0	6,600.0	6,700.0	6,800.0	6,900.0
Total Increased Revenue		59,600.0	65,200.0	66,300.0	75,300.0	76,500.0
* Revenues Based on Department of Revenue Calculations (dated 3/11/96)						

Fiscal Note HB 443
 Increased Motor Fuel Tax
 Dept of Transportation & Public Facilities

	FY97	FY98	FY99	FY00	FY01	FY02
Highway Increased Revenue *		54,700.0	58,600.0	59,600.0	68,500.0	69,600.0
Items in Current Budget to be Switched from General Funds to Dedicated Fund - Highways						
Remaining M&O Highways Operating Budget		36,200.0	36,200.0	36,200.0	36,200.0	36,200.0
M&O Facilities - Highways Maintenance Station Bldgs		3,000.0	3,000.0	3,000.0	3,000.0	3,000.0
Administrative Functions related to Highways Function		7,700.0	7,700.0	7,700.0	7,700.0	7,700.0
Capital Budget - Non Routine Maintenance		1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
New Cost Separate Accounting for Highway Fund		75.0	75.0	75.0	75.0	75.0
Increased Funding Available for Highways Maintenance & Operations		6,725.0	10,625.0	11,625.0	20,525.0	21,625.0
Marine Increased Revenue *		4,900.0	6,600.0	6,700.0	6,800.0	6,900.0
New Cost Separate Accounting for Harbor Fund		30.0	30.0	30.0	30.0	30.0
Increased funding available for Capital Harbors Program		4,870.0	6,570.0	6,670.0	6,770.0	6,870.0
Total Department Increased Funding Available (after accounting costs)		11,595.0	17,195.0	18,295.0	27,295.0	28,495.0
* Revenues Based on Department of Revenue Calculations (dated 3/11/96)						

Fiscal Note HB 443
 Increased Motor Fuel Tax
 Dept of Transportation & Public Facilities

FY98 Expenditure Authorization by Funding Sources			
	General	Dedicated	
	Funds	Transport Fund	Total
Highways			
M&O - Highways	(36,200.0)	42,925.0	6,725.0
M&O Facilities - Highways Bldgs	(3,000.0)	3,000.0	0.0
Administrative Functions	(7,700.0)	7,700.0	0.0
New Cost Separate Accounting		75.0	75.0
Capital Deferred/Emergency Repairs	(1,000.0)	1,000.0	0.0
Total Highways	(47,900.0)	54,700.0	6,800.0
Harbors			
Capital Maintenance, Emergency Repair and New Harbor Capitalization Program		4,870.0	4,870.0
New Cost Separate Accounting		30.0	30.0
Total Harbors	0.0	4,900.0	4,900.0
TOTAL DEPARTMENT	(47,900.0)	59,600.0	11,700.0
All other years equal to FY98 plus additional revenue from population growth adjustment to fuel tax rates.			
Additional funding from this increased revenue assumed to be made available for highway maintenance program and for capital harbor program.			

HB

452

SMALL SINGLE SITE SCHOOL DISTRICTS

Who are they?

Districts with:

- enrollment of 800 or fewer average daily membership (ADM)
- funding limited to one funding community

How many districts?

- 39% of Alaska's 51 districts

What kind of districts?

- Geographically small
- Rural
- Small city
- REAA

Where are these districts?

Aleutian Region	Annette Islands
Cordova	Craig
Dillingham	Galena
Hoonah	Hydaburg
Kake	Kashunamiut
Klawock	Nenana
Nome	Pelican
Petersburg	Skagway
St. Mary's	Tanana
Unalaska	Wrangell
Yakutat	

Are all small schools in small single site school districts?

No. There are school districts covering large geographical areas that have several small schools within the area/district.

What makes small single site school districts different?

A small district, with only one (single) funding community according to the foundation formula, is funded at a substantially lower level per student than is a district of the same enrollment with multiple funding communities.

How many students are affected by this funding situation?

Approximately 6,000.

How can this situation be remedied?

The state law can be amended to add a supplemental funding formula for those small schools that are also a small district.

What would this amendment do for the overall cost of education?

- It would increase the foundation entitlement by approximately \$3.2 million.
- This increase is about .5% of the overall K-12 foundation appropriation.

How long has this situation existed?

Since the foundation formula was amended in 1987.

Has this difference of funding just been discovered?

No. Debate at the time the funding law was changed showed concern for these small school districts.

How have these schools operated since 1987?

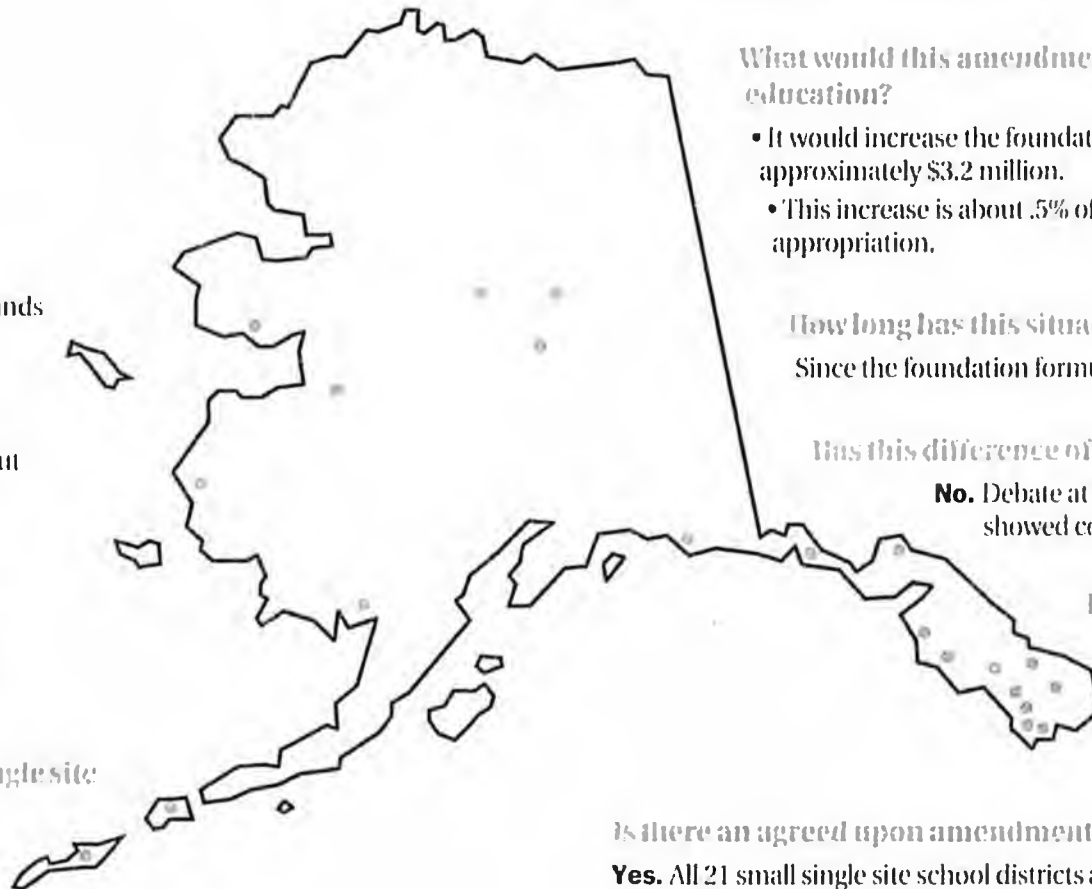
Separate legislative appropriations have been made to provide additional district support.

Is there an agreed upon amendment to the foundation formula?

Yes. All 21 small single site school districts agree on a formula that will resolve this issue.

The formula has also received support from the State Board of Education, the Alaska Association of School Administrators, the Association of Alaska School Boards, and NEA-Alaska.

See reverse side for proposed legislative wording.



A:

See
Inside.



Proposed Formula-Legislative Wording

*Sec. __AS 14.17.041 is amended by adding a new subsection to read:

(e) In a district that consists of a single funding community with an average daily membership of 800 or fewer students, the elementary and secondary instructional units received under (a) or (b) of this section shall be multiplied by the factor determined under the following table:

District ADM	Factor
1-250	1.12
251-525	1.08
526-800	1.06

*Sec. __ This Act takes effect _____.

For more information on the single site funding issue, contact:

Al Weinberg, Chairperson

Single Site School District Consortium

Phone: 858-7713 Fax: 858-7328

Wanda J. Cooksey, Consultant

Single Site School District Consortium

Phone: 586-9073 Fax: 586-5772

Q:

How can
you help
6,000
Students
in the
State of
Alaska?



Printed on recycled paper

SINGLE SITE SCHOOL DISTRICT CONSORTIUM

985 KSD WAY
CHEVAK, ALASKA 99563

(907) 858-7713
FAX 858-7328

POSITION PAPER

The Single Site School District Consortium consists of twenty-one single-funding-community school districts with 800 or fewer students in average daily membership (ADM). The Consortium seeks an amendment to the Foundation Formula that adjusts for what we believe to be an inherent inequity.

When the current Foundation Formula was adopted in 1987, the Legislature recognized that certain unintended adverse impacts may result. Almost every year since that time, adjustments have been made to accommodate for these impacts. Most commonly, and almost exclusively for the past five years, these adjustments have taken the form of supplemental noncategorical funds in specific Legislative appropriations directed to single site districts. For the past three years, the following formula (proposed by the Consortium) has been used to generate these supplemental appropriations:

ADM	FACTOR
1 - 250	1.12
251 - 525	1.08
526 - 800	1.06.

Although this formula has been used to determine supplemental funding, it has not yet been enacted into law as an amendment to the Foundation Program. The Consortium supports such an amendment as has the State Board of Education, the Association of Alaska School Boards, the Alaska Association of School Administrators, and NEA-Alaska.

The problem with the present Foundation Formula, as it affects single site school districts, is what is referred to as the *front-end load*. Up to the first ten students in a funding community produce two K - 12 instructional units (\$122,000 exclusive of the area cost differential). As ADM increases, more and more students are required to produce a K - 12 instructional unit. Single site districts benefit from this *front-end load* only once, while multiple site districts take advantage of it for each funding community. Admittedly, there are incremental additional costs associated with the operation of multiple sites. However, the Consortium contends that the funding disparity between single and multiple site districts under the present Foundation Formula is unwarranted.

A graphic example of this disparity is seen in the table at right comparing two districts with similar FY '96 ADM— Alaska Gateway, a multiple site district on the highway system, and Wrangell, a single site district. Notably, the single site district, with 19 more students, accrues *substantially* less revenue from K - 12 instructional units than does the multiple site district. (The area cost differential is not included, as it is intended to equalize dollars across the state.) Even with the FY '96 single site supplemental of \$159,820, Wrangell still receives \$1,050,420 (37.7%) less than Alaska Gateway. The Consortium believes that this difference is more than ample to accommodate for Alaska Gateway's additional costs necessitated by multiple site operations.

Ak. Gateway	536 ADM	\$3,834,460
Wrangell	555 ADM	<u>2,624,220</u>
Difference		(\$1,210,240)
		(46.0%)

In conclusion, it is clear that for several years the Legislature has recognized an inequity in the Foundation Formula impacting small single site school districts. To address this inequity, supplemental funds have been appropriated for these districts. Given the years of supplemental funding, these additional noncategorical revenues have become institutionalized in the budgets of small single site districts. If the supplements are discontinued, the adverse impacts on these districts' operations and programs will be severe. As can be noted in the example discussed above, Wrangell's FY '96 single site supplement amounts to approximately 6% of that district's noncategorical state aid. Obviously, a revenue reduction of 6% would have a very serious impact on any school district.

Signed:



B. A. Weinberg, Chairperson
SINGLE SITE SCHOOL DISTRICT CONSORTIUM
February 27, 1996

SB 244/HB 452

Sec. 4

Small Single Site School District Formula

HISTORY: How Did We Get Here?

The issue of funding for a group of small single site school districts has been with Alaska since the 1987 revision of the foundation formula. At the time Title 14 Chapter 17 was amended a special appropriation was made to mitigate the effect of the new formula on small single site school districts. Additional funding for small single site school districts has been appropriated every year thereafter.

In 1992, Dr. Nat Cole, the author of the current foundation formula, found that, as a group, small single site school districts with 800 or fewer ADM had been adversely impacted by the 1987 revisions. He recommended a formula that would remedy the inequities he found and maintain the integrity of the existing foundation formula.

STATUS: What Is The Situation?

The formula in SB 244/HB 452 is the adjustment recommended by Dr. Cole. Dr. Cole acknowledges an oversight in the legislative drafting that led to the present situation.

The group of 21 school districts known as small single site school districts has received grants annually. These grants have been appropriated by the legislature to the Department of Education. In recent years they have been classified in the budget as Additional District Support. Since 1992 these grant amounts have been based on the formula you find in SB 244/HB 452. These funds, although paid outside the foundation formula, have been institutionalized as state funding in the school districts' budgets. The funding, around \$3 million, represents approximately 6%-12% over foundation payments for these districts. Any district would be seriously harmed with a 6% - 12% budget reduction.

REMEDY: What Will Fix It?

Section 4 of SB 244/HB 452 places the recommended formula **INTO** the foundation formula. Enactment of Section 4 will eliminate the need to appropriate grants annually, outside the formula, for 39% of Alaska school districts.

No fiscal note accompanies Section 4 of SB 244/HB 452 as the appropriation is in SB 213/HB 412 the Operating Budget for 1997. The request is in the Department of Education budget at maintenance levels as it is not new funding.

This formula known as the "single site fix" is supported by the Alaska Association of School Administrators, the Association of Alaska School Boards, NEA-Alaska, The State Board of Education, and **ALL** 21 of the small single site school districts.

Respectfully, I request your consideration and passage of the recommended remedy as set forth in Section 4.

FISCAL NOTE

STATE OF ALASKA

BILL NO. SB 244/HB 452

1996 LEGISLATIVE SESSION

Revision Date: _____

Department Affected: Education

Title: An act relating to state foundation aid and supplementary state aid for education

BRU: K-12

Sponsor: Rules Committee

Component: Foundation Program

Requester: Governor

COMPONENT SERIAL NO. 141

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	223.8	223.8	223.8	223.8	223.8	223.8
MISCELLANEOUS						
TOTAL OPERATING	223.8	223.8	223.8	223.8	223.8	223.8

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES						
---------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	223.8	223.8	223.8	223.8	223.8	223.8
1005 GF/Program Receipts						
Other						
TOTAL	223.8	223.8	223.8	223.8	223.8	223.8

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY96) impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary.)

Refer to attached spreadsheet for fiscal impact of sections 1 and 2 of the legislation. Section 3 has no fiscal impact. Section 4 allocates funds to single-site school districts. An allocation equal to the cost to implement Section 4 is requested in DOE's FY97 budget and is identified as "additional district support."

Prepared by: Eddy Jeans

Phone: 465-8685

Division: School Finance

Date: January 19, 1996

Approved by Commissioner: 

Shirley Holloway, Ph. D.

Agency: Education

Date: January 19, 1996

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information call the Governor's Legislative Office

	A	B	C	D
1	ALASKA DEPARTMENT OF EDUCATION			
2	PROJECTED FY97 FOUNDATION PROGRAM			
3	Attachment to Governor's proposed education legislation.			
4	"An Act relating to state foundation aid and supplementary state aid for education; and providing for an effective date."			
5		Section 1	Section 2	
6				
7		5% Impact Aid	9500 per Adj. Unit	Column C less Column B
8				
9	ADAK	\$0	\$0	\$0
10	ALASKA GATEWAY	19,027	44,245	25,218
11	ALEUTIAN REGION	2,850	4,670	1,820
12	ALEUTIANS EAST	0	0	0
13	ANCHORAGE	0	0	0
14	ANNETTE ISLANDS	50,816	22,525	(28,291)
15	BERING STRAIT	172,756	164,585	(8,171)
16	BRISTOL BAY	0	0	0
17	CHATHAM	32,579	27,360	(5,219)
18	CHUGACH	6,260	15,100	8,840
19	COPPER RIVER	4,029	44,615	40,586
20	CORDOVA	0	0	0
21	CRAIG	0	0	0
22	DELTA/GREELY	44,809	44,085	(724)
23	DENALI	0	0	0
24	DILLINGHAM	0	0	0
25	FAIRBANKS	0	0	0
26	GALENA	0	0	0
27	HAINES	0	0	0
28	HOONAH	0	0	0
29	HYDABURG	0	0	0
30	IDITAROD	29,036	49,335	20,299
31	JUNEAU	0	0	0
32	KAKE	0	0	0
33	KASHUNAMIUT	13,578	18,235	4,657
34	KENAI	0	0	0
35	KETCHIKAN	0	0	0
36	KLA.WOCK	0	0	0
37	KODIAK	0	0	0
38	KUSPUK	27,784	48,580	20,796
39	LAKE AND PENN.	0	0	0
40	LOWER KUSKOKWIM	230,818	348,085	117,467
41	LOWER YUKON	163,867	137,715	(26,152)
42	MAT-SU	0	0	0
43	NENANA	0	0	0
44	NOME	0	0	0
45	NORTH SLOPE	0	0	0
46	NORTHWEST ARCTIC	0	0	0
47	PELICAN	0	0	0
48	PETERSBURG	0	0	0
49	PRIBILOF	18,621	19,235	614
50	SITKA	0	0	0
51	SKAGWAY	0	0	0
52	SOUTHEAST	23,047	34,035	10,988
53	SOUTHWEST	53,822	63,340	9,518
54	ST. MARY'S	0	0	0
55	TANANA	0	0	0
56	UNALASKA	0	0	0
57	VALDEZ	0	0	0
58	WRANGELL	0	0	0
59	YAKUTAT	0	0	0
60	YUKON FLATS	31,599	49,875	18,276
61	YUKON/KOYUKUK	50,001	65,200	15,199
62	YUPIIT	43,249	41,355	(1,894)
63				
64	TOTALS	\$1,018,348	\$1,242,175	\$223,827



NEA-ALASKA

Affiliate of NEA-NATIONAL Education Association

POSITION PAPER

HB 452

NEA-Alaska supports passage of HB 452. The bill provides for the calculation of state foundation aid and supplementary state aid for education. As originally introduced, the bill makes single site school districts a funding community within the formula and fixes the federal disparity problem, so that the state can continue to receive PL 81-874 funds.

PL-874 funding is provided to local school districts where the federal government owns property, thereby reducing local property tax revenues that could be used for public education. Military bases, Indian lands, national forests and wildlife preserves include slightly under 30,000 children that are federally connected through the impact program.

The bill creates a supplemental equalization program for REAAs to deal with the disparity problem and increases the deduct for federal impact aid for REAAs from 90% to 95%.

The bill is needed to ensure that Alaska continues to receive up to \$35 million in federal aid - if lost the impact would negatively prorate the instructional unit by approximately \$2,800

Passage of the bill will ensure that Alaska meets the new federal 20%, instead of 25%, disparity test for this year.

The bill provides a short term fix but provides time to continue to work on the problem.



NEA-ALASKA Position Paper

SCHOOL FUNDING

Facts you can use

Knowing how to sort truth from nonsense is tough when you hear politicians talk about state funding for public education. Armed with the facts in this publication, you can feel more confident judging what you hear.

THE SCHOOL FORMULA

There's been a lot of talk about changing the formula for funding Alaska's public schools. The Governor has set up a special committee to recommend changes. Here are facts about how the formula works now.

Alaska's system for funding K-12 public schools is called the **Public School Foundation Program (PSFP)**. The PSFP is designed to guarantee a certain level of funding to each school district. This guaranteed level is called the school district's **basic need**. Local governments may provide additional funds in support of their schools beyond the basic need but subject to certain statutory limits. Some of the district's basic

need as well as additional support is provided by federal funds.

Basic need

A school district's basic need is the amount of money minimally guaranteed to the district to provide a basic education to its students. The amount of a district's basic need is arbitrarily defined in the statute as being equal to the product of a district's number of instructional units times its regional differential times the value of one instructional unit.

The current value of an **instructional unit** is established in statute as \$61,000.

A district's basic need is determined by the number of students in a given community, their grade level, and their special programmatic needs, if any. These factors are translated into a certain **number of instructional units** by means of a variety of formulas.

$$\text{BASIC NEED} = \text{(Number of Instructional Units)} \times \text{(Regional Differential)} \times \text{(Value of Instructional Unit)}$$

Anchorage Regional Office * 1840 S. Bragaw Street, Suite 103 * Anchorage, Alaska 99508 * (907) 274-0536 * Fax: (907) 274-0551

Juneau Office * 114 Second Street * Juneau, Alaska 99801 * (907) 586-3090 * Fax: (907) 586-2744

Fairbanks Regional Office * 2118 Cushman Street * Fairbanks, Alaska 99701 * (907) 456-4435 * Fax: (907) 456-2159

www.ak.nea.org * info@ak.nea.org

In general, more instructional units are generated by secondary students (one per 13 students in a large secondary school) than elementary (one per 17 students in a large elementary school). Also, in general, more instructional units are generated by the same number of students in a small school than in a large school.

The amount of a district's basic need is adjusted by a **regional differential**. The regional differential is intended to reflect the additional cost of operating a school in a more expensive part of the state.

Local effort

In city and borough school districts the local government is required to minimally provide part of the basic need. That **minimal requirement** is equal to the lesser of

- 4 mills of the full and true assessed value within the city or borough or
- 35% of the basic need of the district.

The local governmental unit may contribute an **additional local amount**, beyond the basic need, up to an additional

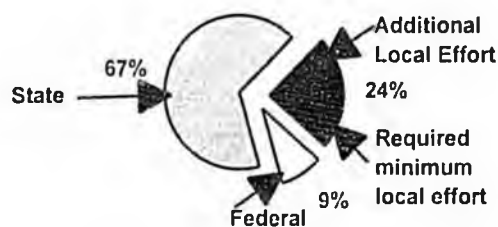
- 2 mills of the full and true assessed value within the city or borough or
- 23% of the school district's basic need,

whichever is greater.

Federal impact money

Depending on the number of students within a district whose parents work and/or live on federal property (including "Indian land," such as land claims corporation property), a district receives a certain amount of federal impact money. Ninety percent of the appropriate proportion of the federal impact money which a district receives must be used toward meeting a district's basic need.

State Averages BASIC NEED



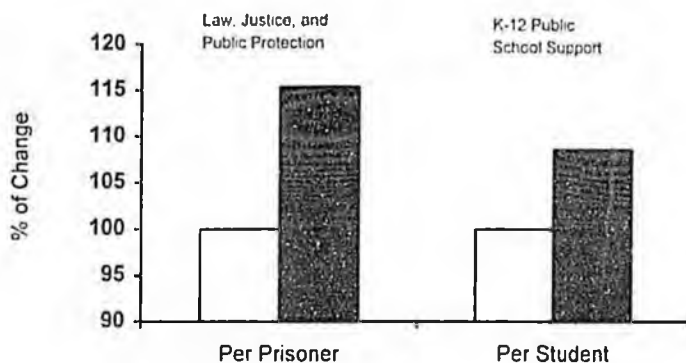
You know the needs better than anyone

While this publication gives you some facts to use in talking about school funding, you already know the best arguments in favor of more money for public education.

You know what services students are not receiving because there isn't enough money. You know what's not getting done that should be done to provide an excellent education for every Alaskan child. Speak with confidence about what Alaska's students deserve.

Prisoner increases outstrip student increases

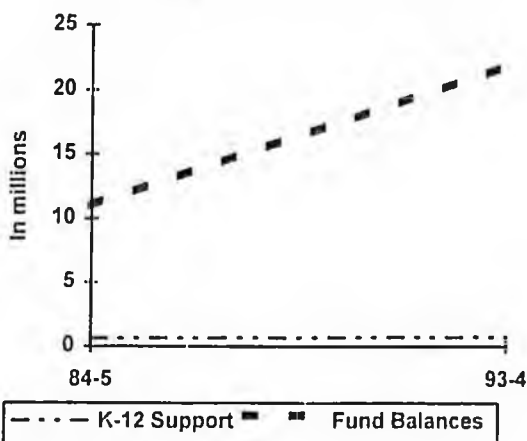
Changes in State Expenditures FY88 to FY94



Alaska has increased its expenditures on law, justice, and public protection, on a per prisoner basis, by almost twice as much as it has increased its funding for public schools on a per student basis since 1987-88. Per prisoner expenditures are up 15.4% during that time while per student spending is up only 8.6%.

Alaska has enough in the bank today to buy 33 years of public education

K-12 State Support as a Proportion of the State's Fund Balances

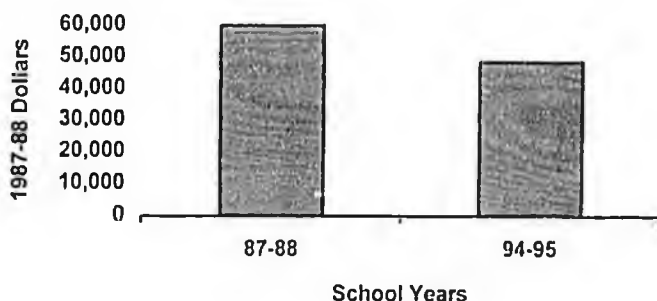


Alaska has in the bank today—in the Permanent Fund and other fund balances—enough money to fund public schools for 33 years at the current amount.

While inflation squeezed public education during the past decade, Alaska's savings accounts grew. Public school funding as a proportion of fund balances fell from 5% (20 years of public education) to only 3%.

Schools receive 24% less

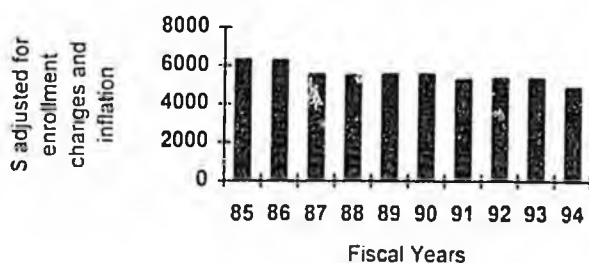
Value of Instructional Unit, Adjusted for Inflation



In 1994-95 the \$61,000 instructional unit was worth \$48,557 in 1987-88 dollars, a drop of 24% due to inflation. Schools have lost almost a quarter of their state funding to inflation in less than a decade. Today, the unit value should be \$74,400 to account for inflation.

Per student funding down \$1,448

Declining Level of State Support for K-12 Public Schools



During the last 10 years, the amount the state of Alaska spends on each public school student has dropped 23% when you take inflation and enrollment increases into account.

December 15, 1995, Governor's FY97 Budget Request
 ALASKA DEPARTMENT OF EDUCATION
 PROJECTED FY97 FOUNDATION PROGRAM

12/15/95 File: Single

	PROJ. FY97 ADM	K-12 UNITS	Single Site	AREA DIFF.	Adj. Single Site Units	FY97 Projected Single Site Allocation
ADAK	-	-	-	1.27	-	0
ALASKA GATEWAY	546.00	63.88	-	1.19	-	0
ALEUTIAN REGION	21.00	4.13	0.50	1.31	0.66	40,260
ALEUTIANS EAST	363.00	46.89	-	1.31	-	0
ANCHORAGE	46,601.00	3,121.56	-	1.00	-	0
ANNETTE ISLANDS	441.00	35.40	2.83	1.03	2.91	177,510
BERING STRAIT	1,786.00	202.29	-	1.39	-	0
BRISTOL BAY	294.00	27.73	-	1.27	-	0
CHATHAM	345.00	46.48	-	1.03	-	0
CHUGACH	137.00	23.03	-	1.14	-	0
COPPER RIVER	635.00	68.43	-	1.14	-	0
CORDOVA	536.00	41.42	2.49	1.11	2.76	168,360
CRAIG	424.00	34.27	2.74	1.03	2.82	172,020
DELTA/GREELY	852.00	63.97	-	1.16	-	0
DENALI	383.00	40.50	-	1.23	-	0
DILLINGHAM	598.00	45.87	2.75	1.27	3.49	212,890
FAIRBANKS	16,091.00	1,100.46	-	1.04	-	0
GALENA	160.00	16.67	2.00	1.30	2.60	158,600
HAINES	443.00	36.87	-	1.05	-	0
HOONAH	270.00	24.00	1.92	1.08	2.07	126,270
HYDABURG	107.50	12.96	1.56	1.03	1.61	98,210
IDITAROD	443.00	64.10	-	1.33	-	0
JUNEAU	5,552.00	376.82	-	1.00	-	0
KAKE	182.00	18.13	2.18	1.03	2.25	137,250
KASHUNAMIUT	252.00	22.80	1.82	1.33	2.42	147,620
KENAI	10,401.00	816.98	-	1.00	-	0
KETCHIKAN	2,850.00	197.46	-	1.00	-	0
KLAWOCK	230.00	21.33	2.56	1.03	2.64	161,040
KODIAK	2,897.21	230.35	-	1.09	-	0
KUSPUK	498.00	65.52	-	1.33	-	0
LAKE AND PENN.	506.00	83.00	-	1.31	-	0
LOWER KUSKOKWIM	3,537.50	354.76	-	1.42	-	0
LOWER YUKON	1,761.39	181.37	-	1.35	-	0
MAT-SU	12,115.00	905.02	-	1.00	-	0
NENANA	170.00	17.33	2.08	1.20	2.50	152,500
NOME	701.75	52.45	3.15	1.34	4.22	257,420
NORTH SLOPE	1,889.68	167.99	-	1.45	-	0
NORTHWEST ARCTIC	1,998.00	193.16	-	1.45	-	0
PELICAN	40.00	6.50	0.78	1.08	0.84	51,240
PETERSBURG	774.00	57.43	3.45	1.00	3.45	210,450
PRIBILOF	207.00	24.22	-	1.30	-	0
SITKA	1,803.00	128.33	-	1.00	-	0
SKAGWAY	140.00	15.67	1.88	1.05	1.97	120,170
SOUTHEAST	364.00	58.44	-	1.04	-	0
SOUTHWEST	689.00	79.91	-	1.31	-	0
ST. MARYS	140.00	15.33	1.84	1.30	2.39	145,790
TANANA	100.00	12.33	1.48	1.30	1.92	117,120
UNALASKA	360.00	30.00	2.40	1.27	3.05	186,050
VALDEZ	910.00	66.26	-	1.11	-	0
WRANGELL	565.00	43.58	2.61	1.00	2.61	159,210
YAKUTAT	173.00	18.91	2.27	1.08	2.45	149,450
YUKON FLATS	402.00	60.45	-	1.46	-	0
YUKON/KOYUKUK	624.00	83.49	-	1.34	-	0
YUPIIT	383.00	43.35	-	1.41	-	0
STATE CCS	1,624.86	98.82	-	1.00	-	0
Mt. EDGE CUMBE	275.00	23.76	-	1.00	-	0
TOTALS	126,591.89	9,692.16	45.29		51.63	\$3,149,430

Department of Education
Briefing Paper
PL81-874 Impact Aid: Disparity Requirement
January 30, 1996

Summary of Issue

Alaska's total receipt of federal Impact Aid is in excess of \$70,000,000 annually. The Alaska Public School Foundation Formula reduces the amount of state aid and limits local aid which a district can receive in accordance with a federally certified system of equalized support. The recognition of federal aid in the foundation formula reduced the FY95 state general fund requirement by over \$43,000,000. The estimated FY96 reduction in general fund obligation as result of recognition of Impact Aid received by districts is \$35,000,000.

Statement of Why the Issue is Timely or Important

The Impact Aid Program was reauthorized by Congress in 1994. The new statutes require calculation of current year disparity utilizing revenue data from two years prior. Because Alaska uses an instructional unit as the method of determining districts' foundation entitlements, disparity is a measure of relative value of each adjusted unit, ignoring the top and bottom 5%. In FY98 the maximum disparity allowed will be reduced from 25% to 20% and will rely on FY96 data. The Department's preliminary disparity test calculation for FY96 is over the maximum 20% allowed by federal law. Unless the federal statutorily required disparity test is met in FY98, it will take a general fund increment of about \$35,000,000 to replace the eligible Impact Aid recognized currently in the school foundation formula.

Alternative Ways of Addressing Issue

1. Seek Congressional relief from the FY98 disparity standard.
2. Prorate the instructional unit value in FY98 by \$2,850 under the existing statute due to state's failure to meet disparity test for FY96.
3. Devise method of increasing unit value of REAA districts to reduce disparity. The method recommended by the State Board of Education Task Force on School Funding and approved by the State Board is the proposed supplemental aid of \$500 per instructional unit to the REAAs for FY96 and the legislation proposed by Governor Knowles for subsequent fiscal years that changes the foundation formula by: (a) raising the Impact Aid deduct from present 90% to 95% for REAAs and (b) ensuring the state meets federal disparity requirements in the future by giving the Department of Education statutory authority to increase the amount of supplementary aid to these same districts *through the foundation formula*, an important federal criterion.

FISCAL NOTE

STATE OF ALASKA

BILL NO. SB 244/HB 452

1996 LEGISLATIVE SESSION

Revision Date: _____

Department Affected: Education

Title: An act relating to state foundation aid and supplementary state aid for education

BRU: K-12

Sponsor: Rules Committee

Component: Foundation Program

Requester: Governor

COMPONENT SERIAL NO. 141

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	223.8	223.8	223.8	223.8	223.8	223.8
MISCELLANEOUS						
TOTAL OPERATING	223.8	223.8	223.8	223.8	223.8	223.8

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES						
---------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF March						
1004 GF	223.8	223.8	223.8	223.8	223.8	223.8
1005 GF/Program Receipts						
Other						
TOTAL	223.8	223.8	223.8	223.8	223.8	223.8

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY96) impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary.)

Refer to attached spreadsheet for fiscal impact of sections 1 and 2 of the legislation. Section 3 has no fiscal impact. Section 4 allocates funds to single-site school districts. An allocation equal to the cost to implement Section 4 is requested in DOE's FY97 budget and is identified as "additional district support."

Prepared by: Eddy Jeans

Phone: 465-8685

Division: School Finance

Date: January 19, 1996

Approved by Commissioner: *Shirley Holloway*

Shirley Holloway, Ph. D.

Agency: Education

Date: January 19, 1996

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information call the Governor's Legislative Office

	A	B	C	D
1	ALASKA DEPARTMENT OF EDUCATION			
2	PROJECTED FY97 FOUNDATION PROGRAM			
3	Attachment to Governor's proposed education legislation.			
4	"An Act relating to state foundation aid and supplementary state aid for education; and providing for an effective date."			
5		Section 1	Section 2	
6			\$500 per	Column C less
7		3% Impact Aid	Adj. Unit	Column B
8				
9	ADAK	\$0	\$0	\$0
10	ALASKA GATEWAY	19,027	44,245	25,218
11	ALEUTIAN REGION	2,850	4,670	1,820
12	ALEUTIANS EAST	0	0	0
13	ANCHORAGE	0	0	0
14	ANNETTE ISLANDS	50,816	22,525	(28,291)
15	BERING STRAIT	172,756	164,585	(8,171)
16	BRISTOL BAY	0	0	0
17	CHATHAM	32,579	27,360	(5,219)
18	CHUGACH	6,260	15,100	8,840
19	COPPER RIVER	4,029	42,615	40,586
20	CORDOVA	0	0	0
21	CRAIG	0	0	0
22	DELTA/GREELY	44,809	44,085	(724)
23	DENALI	0	0	0
24	DILLINGHAM	0	0	0
25	FAIRBANKS	0	0	0
26	GALENA	0	0	0
27	HAINES	0	0	0
28	HOONAH	0	0	0
29	HYDABURG	0	0	0
30	IDITAROD	29,036	49,335	20,299
31	JUNEAU	0	0	0
32	KAKE	0	0	0
33	KASHUNAMIUT	13,578	18,235	4,657
34	KENAI	0	0	0
35	KETCHIKAN	0	0	0
36	KLAWOCK	0	0	0
37	KODIAK	0	0	0
38	KUSPUK	27,784	48,580	20,796
39	LAKE AND PENN.	0	0	0
40	LOWER KUSKOKWIM	230,618	348,085	117,467
41	LOWER YUKON	163,867	137,715	(26,152)
42	MAT-SU	0	0	0
43	NENANA	0	0	0
44	NOME	0	0	0
45	NORTH SLOPE	0	0	0
46	NORTHWEST ARCTIC	0	0	0
47	PELICAN	0	0	0
48	PETERSBURG	0	0	0
49	PRIBILOF	18,621	19,235	614
50	SITKA	0	0	0
51	SKAGWAY	0	0	0
52	SOUTHEAST	23,047	34,035	10,988
53	SOUTHWEST	53,822	63,340	9,518
54	ST. MARY'S	0	0	0
55	TANANA	0	0	0
56	UNALASKA	0	0	0
57	VALDEZ	0	0	0
58	WRANGELL	0	0	0
59	YAKUTAT	0	0	0
60	YUKON FLATS	31,599	49,875	18,276
61	YUKON/KOYUKUK	50,001	65,200	15,199
62	YUPIIT	43,249	41,355	(1,894)
63				
64	TOTALS	\$1,018,348	\$1,242,175	\$223,827

December 15, 1995, Governor's FY97 Budget Request
 ALASKA DEPARTMENT OF EDUCATION
 PROJECTED FY97 FOUNDATION PROGRAM

12/15/95 File: Single

	PROJ. FY97 ADM	K-12 UNITS	Single Site	AREA DIFF.	Adj. Single Site Units	FY97 Projected Single Site Allocation
ADAK	-	-	-	1.27	-	0
ALASKA GATEWAY	546.00	63.88	-	1.19	-	0
ALEUTIAN REGION	21.00	4.13	0.50	1.31	0.66	40,260
ALEUTIANS EAST	363.00	46.89	-	1.31	-	0
ANCHORAGE	46,601.00	3,121.56	-	1.00	-	0
ANNETTE ISLANDS	441.00	35.40	2.83	1.03	2.91	177,510
BERING STRAIT	1,786.00	202.29	-	1.39	-	0
BRISTOL BAY	294.00	27.73	-	1.27	-	0
CHATHAM	345.00	46.48	-	1.03	-	0
CHUGACH	137.00	23.03	-	1.14	-	0
COPPER RIVER	635.00	68.43	-	1.14	-	0
CORDOVA	536.00	41.42	2.49	1.11	2.76	168,360
CRAIG	424.00	34.27	2.74	1.03	2.82	172,020
DELTA/GREELY	852.00	63.97	-	1.16	-	0
DENALI	383.00	40.50	-	1.23	-	0
DILLINGHAM	598.00	45.87	2.75	1.27	3.49	212,890
FAIRBANKS	16,091.00	1,100.46	-	1.04	-	0
GALENA	160.00	16.67	2.00	1.30	2.60	158,600
HAINES	443.00	36.87	-	1.05	-	0
HOONAH	270.00	24.00	1.92	1.08	2.07	126,270
HYDABURG	107.50	12.96	1.56	1.03	1.61	98,210
IDITAROD	443.00	64.10	-	1.33	-	0
JUNEAU	5,552.00	376.82	-	1.00	-	0
KAKE	182.00	18.13	2.18	1.03	2.25	137,250
KASHUNAMIUT	252.00	22.80	1.82	1.33	2.42	147,620
KENAI	10,401.00	816.98	-	1.00	-	0
KETCHIKAN	2,850.00	197.46	-	1.00	-	0
KLAWOCK	230.00	21.33	2.56	1.03	2.64	161,040
KODIAK	2,897.21	230.35	-	1.09	-	0
KUSPUK	498.00	65.52	-	1.33	-	0
LAKE AND PENN.	506.00	83.00	-	1.31	-	0
LOWER KUSKOKWIM	3,537.50	354.76	-	1.42	-	0
LOWER YUKON	1,761.39	181.37	-	1.35	-	0
MAT-SU	12,115.00	905.02	-	1.00	-	0
NENANA	170.00	17.33	2.08	1.20	2.50	152,500
NOME	701.75	52.45	3.15	1.34	4.22	257,420
NORTH SLOPE	1,889.68	167.99	-	1.45	-	0
NORTHWEST ARCTIC	1,998.00	193.16	-	1.45	-	0
PELICAN	40.00	6.50	0.78	1.08	0.84	51,240
PETERSBURG	774.00	57.43	3.45	1.00	3.45	210,450
PRIBILOF	207.00	24.22	-	1.30	-	0
SITKA	1,803.00	128.33	-	1.00	-	0
SKAGWAY	140.00	15.67	1.88	1.05	1.97	120,170
SOUTHEAST	364.00	58.44	-	1.04	-	0
SOUTHWEST	689.00	79.91	-	1.31	-	0
ST. MARY'S	140.00	15.33	1.84	1.30	2.39	145,790
TANANA	100.00	12.33	1.48	1.30	1.92	117,120
UNALASKA	360.00	30.00	2.40	1.27	3.05	186,050
VALDEZ	910.00	66.26	-	1.11	-	0
WRANGELL	565.00	43.58	2.61	1.00	2.61	159,210
YAKUTAT	173.00	18.91	2.27	1.08	2.45	149,450
YUKON FLATS	402.00	60.45	-	1.46	-	0
YUKON/KOYUKUK	624.00	83.49	-	1.34	-	0
YUPIIT	383.00	43.35	-	1.41	-	0
STATE CCS	1,624.86	98.82	-	1.00	-	0
Mt. EDGE CUMBE	275.00	23.76	-	1.00	-	0
TOTALS	126,591.89	9,692.16	45.29		51.63	\$3,149,430

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 26, 1996

The Honorable Gail Phillips
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Speaker Phillips:

Under the authority of article III, sec. 18 of the Alaska Constitution, I am transmitting a bill relating to state aid for education. This bill ensures the continued receipt of approximately \$35 million in federal dollars for public schools and fixes the long-standing problem of funding for single site school districts.

I promised Alaskans I would build a school funding program that is better than what we have today. I envision a foundation program that is fair, equitable, and accountable. At the same time it must have funding levels that are affordable, both now and in the future, and it must protect the partnership between state, federal and local dollars. While we continue to make progress toward this goal, this bill takes a substantial first step in addressing the immediate funding issues.

This fiscal year, the state has allocated approximately \$640 million through the foundation program. Almost all of this is from the state general fund, with \$5 million from the Public School Trust Fund, and \$35 million from the federal impact aid program (the so-called P.L. 81-874 funds).

In order to consider the impact aid when calculating the state's portion of school funding, the federal government requires the state to pass a "disparity test" which measures the variation in revenues between our richest and poorest school districts. The federal government recently lowered the maximum allowable disparity in revenues between the districts from 25 percent to 20 percent. The program will also be based on two-year prior data. Thus, in order to consider impact aid dollars in the state's FY 1998 school funding, we must have no more than a 20 percent disparity in FY 1996. Under our current formula, the state cannot meet this new disparity test.

This bill will fix the disparity test problem beginning with fiscal year 1997 by providing supplemental state aid of \$500 per instructional unit value for regional educational attendance areas (REAs), the districts that receive the least revenue because of their inability to levy taxes for a local contribution to their schools. This essentially "raises the floor" of our school district funding levels -- bringing it closer to the ceiling of the wealthier districts.

This supplemental funding will not mean a substantial cost to the state because we will also consider more of the federal funding to REAs as an offset to state funding. Currently, only 90 percent of federal aid to REAs is considered in determining the amount of state aid. This bill increases that to 95 percent -- for REAs only. This will not affect the school districts that make larger local contributions.

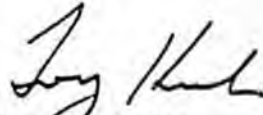
Unfortunately, this bill cannot help us achieve 20 percent disparity for FY 1996. To accomplish that, I will be requesting reallocating \$1.2 million in expected lapse money in this year's foundation formula program. That will provide additional funding to the REAs, mirroring what section 2 of this bill will accomplish through supplemental state aid in FY 1997. This bill, together with my reappropriation request, will ensure that Alaska meets the federal 20 percent disparity test this year and in future years, protecting the state's ability to consider federal impact aid when allocating state aid.

This bill also provides full funding for districts that have come to be known as "single site school districts." These districts have lobbied for years for a change in the foundation formula that would adequately fund their schools. While permanent funding changes have not been affected in statute, the legislature has annually included special grants in the budget for single site districts. It is time to fix this problem once and for all.

To that end, this bill increases the instructional units of a qualifying district by multiplying its units by a percentage between six and 12. The smaller the district, the higher the percentage multiplier. More instruction units translates into more state aid. This simple revision corrects a longstanding problem, and obviates the need for the annual battle for single site appropriations. It is time to let the single site districts go home and redirect their efforts to where they are needed most, to children in the classroom.

This bill is the result of many hours of work by the public, including those citizens who served on the Task Force on School Funding, and the State Board of Education. As my administration continues to explore better ways to fund our schools, this legislation represents a favorable step toward addressing two immediate concerns. I urge your prompt and favorable action on this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Tony Knowles". The signature is written in a cursive style with a large initial "T".

Tony Knowles
Governor

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF EDUCATION

OFFICE OF THE COMMISSIONER

GOLDBELT PLACE
801 WEST 10TH STREET, SUITE 200
JUNEAU, ALASKA 99801-1894

(907) 465-2800
FAX (907) 465-4156

March 19, 1996

The Honorable Jeannette James, Chair
State Affairs Committee
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

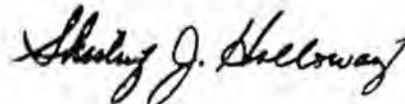
Dear Representative James:

I respectfully request that you schedule House Bill 452 for a hearing in the State Affairs Committee at your earliest possible convenience.

As you know, HB 452 is a measure relating to state aid for education. This bill protects the ability of the Legislature to use approximately \$35 million in federal Impact Aid as a source of funding for the operations of public schools through the public school foundation program. The Health, Education, & Social Services Committee Substitute for HB 452 removed the provision that fixed the long-standing problem of funding for single site school districts. A packet of back-up information is enclosed.

Thank you for your consideration.

Sincerely,



Shirley J. Holloway, Ph. D.
Commissioner

Enclosures

cc: Representative Scott Ogan, Vice-Chair
Representative Joe Green
Representative Ivan Ivan
Representative Brian Porter
Representative Caren Robinson
Representative Ed Willis

SB 244/HB 452: "An Act relating to state foundation aid and supplementary state aid for education; and providing for an effective date."

Sectional Analysis

Section 1. Section one of the bill would amend AS 14.17.021 by adding a new subsection applicable only to regional educational attendance areas (REAs). In calculating state foundation aid for REAs, 95% of eligible federal impact aid will be deducted from basic need. Calculation of foundation aid for city and borough school districts will remain unchanged, with only 90% of eligible impact aid deducted. The 95% deduction for REAs recognizes that no required local contribution is deducted from REAs' basic need. The savings to the state, which results from the increased impact aid deduction, will cover the majority of the cost to implement the supplementary aid to REAs set out in section 2 of this bill.

Section 2. Subsection (a) creates a new sections of statute to provide supplementary aid to REAs based on a flat rate per adjusted instructional unit. The flat rate is referred to as the unit allotment. Initially the unit allotment is set at \$500.00 per adjusted unit. This amount will increase the value of the adjusted units in REAs so that disparity of revenues between the 5% and 95% percentiles of districts will be 20%, the maximum allowable under the new federal impact aid statutes. Subsection (b) would allow the department to increase the unit allotment by regulation if necessary for the state to maintain a disparity of no more than 20%.

Section 3. This section amends AS 14.17.031(a)(1) by deleting the reference AS 14.17.041 (a) or (b) and restates the reference as AS 14.17.041. This change is necessary because the bill amends AS 14.17.041 to add a new subsection that provides additional instructional units for certain district.

Section 4. Section four amends AS 14.17.041 by creating a new subsection that would provide additional funding for single site school districts. The percentage increases in elementary and secondary units set out in the bill will generate approximately the same amounts that the various single site school districts have received in appropriation bills passed in recent fiscal years.

Section 5. Establishes a July 1, 1996 effective date.

HB

457

CS FOR HOUSE BILL NO. 457(STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVE JAMES

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the unlicensed practice of certain occupations for which
2 licenses are required."

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

4 * Section 1. AS 08.01 is amended by adding a new section to read:

5 Sec. 08.01.089. CIVIL PENALTY FOR UNLICENSED PRACTICE. (a) In
6 addition to any other provision of law, if a person practices or offers to practice an
7 occupation in this state that is regulated under this title by a board or by the
8 department without being licensed in accordance with the provisions of this title, the
9 department may enter an order imposing a civil penalty.

10 (b) A civil penalty imposed under this section may not exceed \$5,000 for each
11 offense. The department shall set the amount of the penalty after taking into account
12 appropriate factors, including the seriousness of the violation, the economic benefit
13 resulting from the violation, the history of violations, and other matters the department
14 considers appropriate.

1 (c) Before issuing an order under this section, the department shall provide the
2 person written notice and the opportunity to request, within 30 days of issuance of
3 notice by the department, a hearing on the record.

4 (d) In connection with proceedings under (a) - (c) of this section, the
5 department may issue subpoenas to compel the attendance and testimony of witnesses
6 and the disclosure of evidence, and may request the attorney general to bring an action
7 to enforce a subpoena.

8 (e) A person aggrieved by the imposing of a civil penalty under this section
9 may file an appeal with the superior court for judicial review of the penalty under
10 AS 44.62.560.

11 (f) If a person fails to pay a civil penalty within 30 days after entry of an order
12 under (a) of this section, or if the order is stayed pending an appeal, within 10 days
13 after the court enters a final judgment in favor of the department of an order appealed
14 under (e) of this section, the department shall notify the attorney general. The attorney
15 general may commence a civil action to recover the amount of the penalty.

16 (g) An action to enforce an order under this section may be combined with an
17 action for an injunction under AS 08.01.087.

18 (h) The department may not impose a fine under this section for an act for
19 which a fine has already been imposed by a board under this title.

20 (i) Notwithstanding other provisions of this section and the definition of
21 "license" in AS 08.01.110, the department may not impose a civil penalty under this
22 section based solely on a person's failure to have a business license required under
23 AS 43.70.

24 * Sec. 2. APPLICABILITY. This Act applies to violations of AS 08 that occur on or after
25 the effective date of this Act.

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HB 457

Revision Date: _____
 Title: An Act relating to the unlicensed practice of
certain occupations for which licenses are required.
 Sponsor: Representative James
 Requestor: House State Affairs

Department: Commerce and Economic Development
 BRU: Occupational Licensing
 Component: Operations
 COMPONENT SERIAL NO. 1844

Expenditures/Revenues

(Thousands of Dollars)

	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
OPERATING EXPENDITURES						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES						
---------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other 1091 Designated PR						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 96) cost: \$ 0.0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

HB 457 authorizes the department to establish a civil penalty for unlicensed practice of a regulated occupation in an amount not to exceed \$5,000.00. The bill expands the department's current enforcement powers for unlicensed activity by providing the civil fine option. New funds are not required to implement this bill.

Prepared by: Jennifer Strickler, Administrative Officer
 Division: Occupational Licensing
 Approved by Commissioner: William L. Hensley
 Agency: Commerce and Economic Development

Phone: 465-2144
 Date: February 5, 1996
 Date: 2-5-96

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 For further distribution information, call the Governor's Legislative Office



STATE OF ALASKA

THE ALASKA STATE LEGISLATURE

House of Representatives

Representative Jeannette James

Chair of House State Affairs Committee

Capitol Building

Juneau, AK 99801-2197

(907) 465-3743 ph

(907) 465-2381 fax

SPONSOR STATEMENT

HB 457 Fines: unlicensed practice of occupation

Rep. Jeannette James

February 6, 1995

This legislation was requested by LB&A as part of the sunset audits on various boards.

Current law allows enforcement of practicing certain occupations without a license only through the courts. This Bill allows the Department to impose a civil penalty if a person practices or offers to practice an occupation in this State that is regulated under Title Sec.08.01.

The civil penalty may not exceed \$5,000.00 for each offense. The Bill also provides for enforcement mechanisms.

HB

472

schd 2/20/96

REPRESENTATIVE CON BUNDE
CO-CHAIR HEALTH, EDUCATION
& SOCIAL SERVICES
VICE-CHAIR RULES

Alaska State Legislature
House of Representatives

DURING SESSION:
STATE CAPITOL, ROOM 108
JUNEAU, ALASKA 99801-1182
1 (907) 465-4843

DURING INTERIM:
716 WEST 4th AVENUE
ANCHORAGE, ALASKA 99501-2133
1 (907) 258-8168

MEMORANDUM

DATE: February 15, 1996
TO: Representative Jeanette James
Chair House State Affairs
FROM: Representative Con Bunde
Co-Chair House HESS
RE: HB 472

This memo is a request to hear HB 472, "An Act relating to release before trial for cases involving controlled substances." in the House State Affairs Committee.

HB 472 revises AS 12.30 by adding a new subsection that will make it more difficult for drug dealers to pay their bail, get out of jail, and quickly return to drug dealing.

I have attached a letter from the Anchorage Police Dept. that will help explain the need for this legislation. If you have any questions or concerns please do not hesitate to contact my office.



*Rick Mjstrom,
Mayor*

ANCHORAGE POLICE DEPARTMENT

4501 South Bragaw Street • Anchorage, Alaska 99507-1599
Telephone (907) 786-8500



Service since 1921

February 6, 1996

Representative Con Bunde
Alaska State Legislature
State Capitol (MS 3100)
Juneau, Alaska 99801-1182

Re: "Catch and Release" of Repeat Drug Offenders

Dear Representative Bunde:

The Anchorage Police Department supports a revision of the statutes relating to release conditions for those arrested for the sale, possession, or consumption of controlled substances. Each year, a substantial number of defendants in drug cases are arrested again, even before adjudication of the original offense. Most have ready cash available for bail, and once free, continue their trade in violation of the few additional conditions of release. Some examples include:

- One street corner cocaine dealer was arrested, bailed out, and shortly thereafter, arrested again while selling cocaine just a short distance away from the original arrest.
- Another person operating a crack house was arrested and released after promptly posting bail, only to re-open the business in the same house immediately upon release.
- A third dealer, an obviously pregnant woman, was arrested for selling cocaine to passing motorists. She, too, was arrested again shortly after being released.
- On a larger scale, the National Guard set up surveillance on a group of marijuana dealers after their release on bail. Within one week, the same individuals were seen buying new marijuana growing equipment and other hydroponics supplies from a local greenhouse.

These are not isolated cases; in fact, they are the norm. By virtue of large amounts of unreported income from the sale of drugs, and the comparatively low amounts of bail set on defendants, immediate release is a near-certainty.

Page 2
Repeat Drug Offenders
February 6, 1996

The Municipality of Anchorage has a greater share of offenders due to its population density and availability of various contraband. As such, both the Anchorage Police Department and the entire criminal justice system must deal with the same criminals time and again. Also at issue is the safety and concern of the public. When the same dealers are seen selling drugs day after day, even after having been arrested, confidence in our judicial system is surely eroded.

We would therefore encourage you to support amendments to AS 12.30.020 regarding the determination of release conditions for cases involving controlled substances.

Sincerely,

A handwritten signature in cursive script, appearing to read "Duane S. Udland".

Duane S. Udland
Deputy Chief of Police

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HB 472

Revision Date: _____
 Title: "An Act relating to release before trial for cases involving controlled substances."
 Sponsor: Rep. Bunde
 Requestor: (H) STA

Dept. Affected: Administration
 BRU: Office of Public Advocacy
 Component: Office of Public Advocacy
 COMPONENT SERIAL NO. 43

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0	0	0	0	0	0
CHANGE IN REVENUES ()	0	0	0	0	0	0

FUND SOURCE: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 96) cost: \$ -0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

There is no fiscal impact to the Office of Public Advocacy.

Prepared by: Brant McGee, Public Advocate
 Division: Office of Public Advocacy

Phone: 274-1684
 Date: _____

Approved by Commissioner: Mark Boyer
 Agency: Department of Administration

Date: 2/20/96

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 or further distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HB 472

Revision Date: _____
 Title: "An Act relating to release before trial for cases involving controlled substances."
 Sponsor: Rep. Bunde
 Requestor: (H) STA

Dept. Affected: Administration
 BRU: Public Defender Agency
 Component: Public Defender Agency
 COMPONENT SERIAL NO. 1631

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0	0	0	0	0	0
-----------------------------	---	---	---	---	---	---

CHANGE IN REVENUES ()	0	0	0	0	0	0
-------------------------------	---	---	---	---	---	---

FUND SOURCE: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 96) cost: \$ -0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

There is no fiscal impact to the Public Defender Agency.

Prepared by: John Salemi, Director
 Division: Public Defender Agency

Phone: 264-4400
 Date: _____

Approved by Commissioner: Mark Boyer
 Agency: Department of Administration

Date: 2/20/96

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 For further distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HB 472

Revision Date: _____ Dept. Affected: Corrections
 Title: "An Act relating to release before trial..." BRU: _____
 Component: _____
 Sponsor: Rep. Bunde
 Requester: House State Affairs COMPONENT SERIAL NO. _____

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY96) cost: \$ 0.0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This bill specifies a list of conditions the court is to consider imposing before pre-trial release in certain cases. No additional defendants are expected to remain in custody as a result of this legislation nor are any additional defendants expected to be returned to jail for violation of conditions imposed.

Prepared by: Jerry Shriner Phone: 465-4652
 Division: Office of the Commissioner Date: 2/18/96
 Approved by Commissioner: Margaret M. Puc Date: 2/18/96
 Agency: Department of Corrections

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 For further distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HB 472

Revision Date: _____ Dept. Affected: Department of Law
 Title: "An Act relating to release before trial for cases BRU: Criminal Division
involving controlled substances." Component: Criminal Division
 Sponsor: Representative Bunde
 Requester: Representative Bunde COMPONENT SERIAL NO. 2085

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

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

Estimate of any current year (FY96) cost: \$ 0.0

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

This bill adds a new section to Alaska's release before trial statute, AS 12.30, to provide that a court shall, in considering conditions of release in cases involving controlled substances, consider several specified conditions and impose one or more conditions it considers reasonably necessary to protect the public safety and security. This includes ordering the defendant: (1) not to violate the controlled substance and other laws of the state; (2) to attend or continue to attend controlled substance counseling or treatment; (3) to be subject to a curfew and be in the defendant's residence during certain time periods; (4) not to associate with certain persons; (5) not to possess or use cellular telephones, pagers, or other portable communicative devices; (6) to engage in drug screening at the defendant's expense with results of the screening supplied to the defendant, the court, and the prosecution; or (7) not to be present, or within a designated area near certain locations. The conditions proposed in the bill are very similar to the conditions that, as a matter of departmental policy, state prosecutors already request courts to impose when defendants in cases involving controlled substances are released on bail. Consequently, there will not be a fiscal impact on the Department of Law.

Prepared by: Richard I. Peques, Director Phone: 465-3672
 Division: Administrative Services Division Date: 2/16/96
 Approved by Commissioner: Bruce M. Botelho, Attorney General Date: 2/16/96
 Agency: Department of Law

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information, call the Governor's Legislative Office

HB

482

**PROCUREMENT BILL
SECTION ANALYSIS
CSHB 482 (L&C)**

Section 1 revises the references to the commissioner's authority to adopt regulations governing sole-source procurements to single source procurements consistent with the amendment in Section 15.

Section 2 revises the reference to the commissioner's authority to adopt regulations governing the listing of subcontractors consistent with the amendment in Sections 8 and 12.

Section 3 clarifies AS 36.30.050(a) by allowing the commissioner of administration to exclude the names of persons debarred or suspended from the list of contractors that is maintained by the department.

Section 4 adds a new subsection to AS 36.30.080, which will allow the department of administration (department), at its option, to procure lease space of 3,000 square feet or less utilizing the more simplified procedures for small procurement under AS 36.30.320 with public notice. It is the experience of the department that smaller office leases may be acquired more efficiently without the use of formal competitive bidding processes.

Section 5 adds new section AS 36.30.083, authorizing negotiated lease extensions with current lessors, if the lease has in excess of six months remaining on its term, without utilizing the competitive procedures of AS 36.30, provided the extension is not longer than 10 years and the state receives, at a minimum, a cost savings of a) 15 percent over the term of the extension, or b) 10 percent over the term of the extension and the lessor agrees to make modifications to the lease space to bring it into compliance with applicable requirements of the Americans with Disabilities Act of 1990. This section also requires the department, the University of Alaska, the Alaska Court System and the Legislative Affairs Agency to submit an annual report to the Legislative Budget and Audit committee detailing the leases extended under this provision and the cost savings achieved. A similar provision in statute resulted in a rent savings of \$1,790,400.00 in FY 95.

Sections 6 and 7 of the bill amend AS 36.30.085, to allow the department, Board of Regents, legislative council, or supreme court to enter into or renew lease purchase agreements of real estate, without the need for legislative notice and approval, if it is anticipated that the annual rent will not exceed \$500,000 or the total lease-purchase price will not exceed \$2,500,000. These are the same threshold lease rate values as set out in AS 36.30.080, for which no legislative notice or approval is required.

Section 8 amends AS 36.30.115 by deleting reference to the subcontractor notification requirements of AS 36.30.115 for purposes of supply and services, but retains this requirement for construction bids.

Section 9 amends AS 36.30.130(a) by allowing a procurement officer, rather than only the chief procurement officer, to determine, in writing, when a shorter period than 21 days notice may be shortened, taking into account whether shorter notice is advantageous and still provides for

adequate competition. This section improves efficiency by permitting the procurement officer making the purchase to exercise the discretion to reduce the circulation period.

Section 10 tightens the requirements for a bidder to qualify for the Alaska bidder's preference by requiring in addition to the existing standards in AS 36.30.170(b), that the bidder has, for a period of six months immediately preceding the date of the bid, maintained a place of business within the state that in the normal course of business regularly provides the supplies, services, or construction of the general nature solicited by the agency and that is staffed by the bidder or an employee of the bidder. This should eliminate a current practice of a person brokering his or her bidder preference by bidding on a contract for which they do not normally do such business, receiving the preference, then assigning the contract to an entity that would not qualify for the preference.

Section 11 amends AS 36.30.200, to expand the authorized use of competitive sealed proposals. The amendment empowers the procurement officer actually making the purchase to determine, in writing, when use of a competitive sealed proposal to procure a good or service is more advantageous to the state than use of the more restrictive competitive sealed bid. Use of the comparison is often a better method for obtaining best value and incorporating past vendor performance in award criteria. In subsection (c), the chief procurement officer is replaced with the commissioner of transportation and public facilities, as the person who may determine when it is advantageous to the state to issue a request for proposals for sub- " of offers to provide construction in accordance with a design provided by the offeror (i.e., a design/build offer). Because construction bids and proposals are under the authority of the department of transportation and public facilities, it makes little sense to have the chief procurement officer in the department of administration make such a determination.

Section 12 repeals and reenacts 36.30.210. The reenacted statute deletes the reference to the subcontractor notification requirements of AS 36.30.115, for competitive sealed proposal acquisitions of supplies, services, and professional services, but retains this requirement for construction competitive sealed proposals.

Section 13 amends AS 36.30.230 to require that the procurement officer not disclose the content of competing offers after proposals are opened until after the notice of intent to award has been issued. By keeping such proposals confidential until a notice of intent is issued, the state is able to utilize its negotiation powers under AS 36.30.240, to obtain best and final offers without jeopardizing the integrity of the competitive process if the proposals were allowed to be made public immediately upon opening as in the case of competitive bids.

Section 14 adds a new subsection to AS 36.30.230, to allow that proposals received in response to a request for proposals be returned to the offeror, without public disclosure, when a solicitation is canceled before a notice of intent to award is issued and no protest of the solicitation or cancellation has been filed within the time allowed. The procurement officer must keep a list of returned proposals. Under current law, the procurement officer is required to keep all proposals received and there is no exception for canceled solicitations. This new subsection will allow a new solicitation to occur without competitors' prices having been revealed, thus increasing the competitiveness and fairness of the process.

Section 15 is a housekeeping measure that deletes the administrative requirement that the amount of the contract must be stated on the first page of the contract. While it may be administratively convenient to have the amount noted on the first page of a contract, there is no legal reason to mandate it in law. This matter is more appropriately handled through the state Administrative Manual.

Section 16 repeals and reenacts AS 36.30.300, dealing with single source procurements. The new provision allows use of the single source procurement when it is determined by the chief procurement officer or, for construction contracts or procurements for the state equipment fleet, the commissioner of transportation and public facilities makes a written determination that it is not practicable to award a contract by one of the competitive methods in AS 36.30 and the award of the contract to a single source is in the state's best interest. This section will make use of the single source provision in the code a more useful tool for procurement units and more workable than the current law.

Section 17 makes use of limited competition consistent with other sections of AS 36.30, namely, noting the attorney general's authority to procure legal services for the state is applicable under limited competition methods. Further, the amendment deletes the nondelegation of a decision to use limited competition so that the chief procurement officer is able to delegate this determination, similar to other delegations.

Section 18 revises limited competition procurements to reflect that single source procurements may not be entered into under this section.

Section 19 is a new section, AS 36.30.308, authorizing the use of innovative procurement methods in the procurement of new or unique requirements to the state, new technologies, or to achieve best value when determined by the chief procurement officer, or commissioner of transportation and public facilities for construction, that an innovative procurement method is to the state's best advantage. This creates an avenue to develop improved approaches that may achieve savings, improve results, and permits "outside the box" thinking when appropriate. The section also permits the continuation of the existing preference bonus program permitted in statute for construction.

Section 20 relates to the repeal of AS 36.30.100(1), to permit the purchase of products or services manufactured by an employment program without the use of competitive sealed bidding. This new section, placed in Article 4 (Other Procurement Methods), clarifies that purchases from an employment program are not subject to either competitive sealed bidding or competitive sealed proposal processes, but that the commissioner may adopt regulations governing agencies' purchases from an employment program.

Section 20 also relates to the repeal of AS 36.30.100(b)(3) to permit the purchase of services provided by correctional industries to be made without competitive sealed bidding. The new statute AS 36.30.313, placed in Article 4 (Other Procurement Methods), clarifies that purchases from Alaska Correctional Industries (ACI) are not subject to either competitive sealed bidding or competitive sealed proposal processes, but that the commissioner may adopt regulations governing agencies' purchases from ACI.

Section 21 expands the impact of the criminal penalty for false statements in determinations from just the chief procurement officer to any "state official" acting under authority of a provision of the code. All state officials should be accountable under the code for knowingly making a false statement in a determination. This expands responsibility to coincide with expanded authority.

Section 22 increases the amount for use of small procurement procedures to procurement of supplies or professional services that do not exceed the aggregate dollar amount of \$50,000 and for construction that does not exceed an aggregate dollar amount of \$100,000, and for lease space that does not exceed 3,000 square feet (as noted in section 2 of the bill). This section efficiently expands the use of simplified procurement procedures consistent with the Federal Acquisition Streamlining Act of 1994.

Sections 23 through 25 are provisions in current law which have been reorganized and given new section numbers.

Section 26 modifies the existing recordkeeping requirements to include single source procurements in accordance with the amendment in Section 14.

Section 27 is a new section requiring that records of innovative procurements be kept and opened for inspection. The items which must be maintained in the file are identified. Successful innovative procurements should be shared with procurement officers if they achieve savings and improve results.

Section 28 adds a new section to allow for the commissioner to adopt regulations to govern protests and appeals of small procurements made under AS 36.30.320. This section permits the development of a simplified protest procedure for small procurements that should reduce time and cost for the vendor and the state.

Section 29 repeals and reenacts AS 36.30.565 requiring a protest of a solicitation to be filed within 10 days of bid opening or less if specified in the bid or RFP. In circumstances where the bid or RFP public notice has been shortened, or a pre-bid or pre-proposal conference schedule could limit the bidder's time to protest, the protest must be filed just prior to bid opening. A procurement officer is allowed to accept a late filed protest provided there is a showing of good cause.

Sections 30, 31, 33, and 34 amend the time provisions for the filing of decisions, appeals, protest reports and responses by making them more uniform to court rules, i.e., 7 days, 10 days, 15 days.

Section 32 adds a new subsection to AS 36.30.585 that limits a successful protest to damages of reasonable bid or proposal preparation costs.

Sections 35 and 36 amend AS 36.30.620, regarding contract claims, by requiring a claim to be filed within 90 days after the contractor becomes aware of the basis of the claim or should have known the basis of the claim, whichever is earlier. Lessors must bring CPI adjustments for rent within the term of the lease. Under present law, no time limitation for bringing a contract claim is stated. This amendment will force contractors to bring claims expeditiously so that they may be resolved in a timely fashion and the evidence and issues do not become stale, with

unnecessary expenses accruing. The time limitation is not applicable to payment disputes governed by AS 37.05.285.

Section 37 amends AS 36.30.655, to require the commissioner to remove the names of persons debarred or suspended from the list of contractors maintained by the department during the period of debarment or suspension.

Sections 38 and 39 amend AS 36.30.850(b), by exempting from the code 1) purchases of livestock for correctional industries, and 2) operation and protection of assets or disposals of equipment and supplies acquired through foreclosure, or other legal proceedings, of agricultural loans under AS 03.10.

Section 40 amends AS 36.30.910 to make clear that purchasing through the federal general services administration or from "General Services Administration, Federal Supply Schedules," may be made by an agency without competitive process provided such purchases are made in accordance with regulations to be adopted by the commissioner and as provided for in federal law.

Section 41 defines "state official," to mean a public employee or public officer or official.

Section 42 preserves the repealer provision in existing statute.

Section 43 contains sections of the current code to be repealed, many of which were the result of renumbering as noted herein, including:

AS 36.30.015(c) is repealed, resolving a conflict in statute that charges the Chief Procurement Officer with responsibility for disposals of surplus property. While AS 36.30.015(c) prohibits the Commissioner of Administration from delegating surplus property disposals. Under this revision, the Commissioner can delegate preparation of regulations and disposal of surplus property.

AS 36.30.090, Delivery of Supplies, is repealed to move to Section 23 in the new preferences.

AS 36.30.095, Procurement of Paper, is repealed to move to Section 24 of the new preferences article.

AS 36.30.100(b) repeals exemption of competitive bidding for food, clothing, and medical supplies, as well as exemptions for purchases from employment programs and Correctional Industries, which are re-enacted in Sections 20 and 21 of the bill.

AS 36.30.850(b)(14) repeals the exemption for purchases by state boarding schools.

AS 36.30.900 repeals the product preferences references. It is reenacted in the preferences section.

Section 44 requests the revision to retitle Article 5 from "Preference for Alaska Products" to "Article 5 Preferences." The new article will include other preferences such as the "Recycled Product Preference." The revision is also requested to renumber appropriate sections.

Section 45 permits adoption of regulations to implement revisions to statute, but the regulation may not be effective before the effective date of the law.

Section 46 permits continuation of existing procurement actions begun under the law prior to the effective date of revisions.

Section 47 establishes that the first lease report is due on August 31, 1997.

Sections 48 through 51 provide for effective dates.

CSHB 482 (L&C)
Comparison of Substantive Changes

BILL SECTION	CURRENT LAW	HB 482
3 and 37	A bidders' list of all parties who wish to receive bids or proposals is maintained.	A bidders' list of all parties who wish to receive bids or proposals is maintained, but will not include persons debarred or suspended under procedures that exist in current law.
4 and 22	Office leases are acquired through formal ITB or RFP regardless of size.	Small office leases of 3,000 s.f. or less may be acquired by DGS with simplified small purchase procedures with public notice provided to prospective offerors.
5	Unable to negotiate rent concessions for lease extensions, unless the lease has an extension option remaining.	Authorizes the extension of existing leases that have at least 6 months remaining on their term for up to 10 years in return for rent concessions of at least 15% or 10% with ADA compliance. Similar to a provision of law authorized by the 18th legislature in SB 129.
6 and 7	A lease purchase of real property must be noticed to the legislature and receive approval in law.	A lease purchase of real property with an annual rent of \$500,000 or less or with a total rent of up to \$2,500,000 could be entered into without notice or law. Transactions with a higher amount require legislative notice and approval in law.
8 and 12	Bidders must identify all subcontractors for all bid and RFP awards within 5 days of award, subcontractors must have business license, certificate of registration, and contractors are restricted from changing subcontractors except under specified circumstances.	Subcontractors for only construction bids or RFPs must be identified within 5 days of award, must have a business license, certificate of registration and the subcontractor may not be changed except under the current specified circumstance in the law. The change deletes this requirement for non-construction procurements.
9	The chief procurement officer must make a determination in writing to shorten formal notice of a bid or RFP to less than 21 days if necessary.	The procurement officer issuing the bid or RFP may make a determination in writing to shorten formal notice of a bid or RFP to less than 21 days if it is advantageous to the state and adequate competition is anticipated.
10	A bidder may receive the Alaska bidders' preference and other preferences in the award of a bid and then assign the purchase to another lower bidder or supplier. The result can and has been that the state pays as much as 10% more to a bidder receiving the preference than what would have been paid to the second low bidder from whom the state actually receives the goods. The bidder receiving the preference provides no added value because they are not in the line of business. They simply broker their preference to others who supply the state.	To qualify for the Alaska bidders' preference or any other preferences dependent upon the application of the Alaska bidders' preference, the bidder must have maintained a place of business for 6 months that regularly provides the supplies, services, or construction of the general nature solicited by the agency. If a prospective bidder can't meet the requirement, they can bid but would not receive the award evaluation preference. A similar provision was included in HB 288 passed by the 19th legislature last session, but vetoed by the Governor for reasons unrelated to this provision.
11	The use of an RFP instead of a bid for purchases including construction may be used when the chief procurement officer determines in writing that a bid is either not practicable or advantageous to the state.	The use of an RFP instead of a bid for services and supplies may be used when the procurement officer determines in writing that use of an RFP is more advantageous to the state. For construction the written determination is made by the commissioner of DOT/PF.

BILL SECTION	CURRENT LAW	HB 482
13	Procurement officer must not disclose proposal contents to competing offerors during negotiations.	Procurement officer must not disclose proposal contents to competing offerors prior to Notice of Intent to Award. This will avoid exposure of proposal contents until after an award decision is made and will uphold the integrity of the process.
14	When an RFP is canceled prior to notice of intent to award, proposals must be retained by the state. After cancellation, the state is obliged to provide copies of the proposals under Freedom of Information and thereby exposes competitors proposals to one another, making future RFPs problematic.	When an RFP is canceled prior to notice of intent to award, the state will maintain a list of proposals received, but will return the proposals to the proposers.
15	Contracts entered into through competitive sealed proposal must have the amount of the contract on the first page.	Contracts entered into through competitive sealed proposals may state the amount of the contract on any page.
16	A contract with a sole source provider may be entered into only after a written determination by the chief procurement officer based on independently verified and clear and convincing evidence that only one source exists for the purchase. A sole source may not be awarded if a reasonable alternative source exists. Except for small procurements, this determination may not be delegated.	A single source contract may be entered into when the chief procurement office, or for construction the commissioner of transportation and public facilities, determines in writing that award through a bid or RFP is not practical, and award to a single source is in the state's best interest. The chief procurement officer or commissioner of transportation is not barred from delegating the determination.
17	Determinations to use the limited competition procurement process require a written determination by the chief procurement officer and the determination may not be delegated.	Limited competition procurements may be delegated. The attorney general would make limited competition determinations for legal services contracts.
19	No innovative purchasing method exists. Purchases may only be made through a formal bid, RFP, small procurement procedures, sole source, limited competition or emergency procedures.	Permits the use of an innovative procurement as method of source selection for new, unique requirements, new technology, or to achieve best value only after: 1. the chief procurement officer, or commissioner of DOT/PF for construction, determines the innovative method is advantageous to the state, 2. the department of law approves the procurement plan as to form. The procurement is subject to the public notice requirements and subject to all protest requirements, but not bound by the formal bid or RFP requirements of statute.
21	Requires the chief procurement officer to independently examine material facts when making a determination for an alternate procurement (sole source, limited competition, or emergency). If the chief procurement officer knowingly makes a false statement, he or she would be guilty of a class A misdemeanor.	Expands the requirement to independently examine the material facts to any state official making a determination for an alternate procurement (single source, limited competition, or emergency). If the state official knowingly makes a false statement, he or she would be guilty of a class A misdemeanor.
22	Formal bids or RFPs are required for all purchases and construction over \$25,000. Under this threshold, more simplified small procurement procedures may be used.	Formal bids or RFPs are required for all purchases over \$50,000, \$100,000 for construction, and 3,000 s.f. for office space. Under this threshold more simplified small procurement procedures may be used.
27	Records of innovative procurements not required.	Records of innovative procurements shall be kept by the department of administration.
28	The two tiered protest process applies to all procurements regardless of dollar amount.	The two tiered protest process applies to all procurements except small procurements. The commissioner of administration is permitted to establish simplified procedures for protests of small procurements.

BILL SECTION	CURRENT LAW	HB 482
29	A protest of an award of a contract must be filed within 10 days of the notice of intent to award. Statute is silent on protest of a solicitation.	<p>A protest of a solicitation must be filed 10 days before bid or RFP opening unless the bid or RFP provides for a shorter period. If the public notice period has been shortened, the protest must be filed only prior to bid opening.</p> <p>If a pre-bid or pre-proposal conference is held within 12 days of bid opening, a protest of a solicitation must be filed only prior to bid opening.</p> <p>A protest of an award remains unchanged.</p>
30 31 33 34	<p>Procurement officer response to a protest -- 14 days.</p> <p>A procurement officer's decision on a protest may be extended up to -- 26 days.</p> <p>The procurement officer's report to the commissioner of administration is due within -- 7 days.</p> <p>The protester's report to the commissioner of administration is due within -- 7 days.</p>	<p>Procurement officer response to a protest -- 15 days.</p> <p>A procurement officer's decision on a protest may be extended up to -- 30 days.</p> <p>The procurement officer's report to the commissioner of administration is due within -- 10 days.</p> <p>The protester's report to the commissioner of administration is due within -- 10 days.</p>
32	No limitation of a protester's damages if a protest is sustained in whole or in part.	Limits a protester's damages to reasonable bid or proposal preparation costs.
35 and 36	No statute of limitations exists for bringing a contract claim against the state.	A contract claim must be brought within 90 days after the contractor becomes aware of the claim or should have known the basis of the claim. Lessors must bring a claim regarding CPI rent adjustments within the term of the lease. The restriction does not limit a contractor's rights under a disputed billing timely payment rule of AS 36.05.285
38	Operations and protection of assets or disposals of equipment/supplies acquired by DNR through foreclosure or other legal proceedings of agricultural loans are technically subject to the Procurement Code. An example is Matanuska Maid Dairy.	Exempts operations and protection of assets or disposals of equipment/supplies acquired by DNR through foreclosure or other legal proceedings of agricultural loans from the Procurement Code. An example is Matanuska Maid Dairy.
39	Livestock purchased by Alaska Correctional Industries are subject to the provisions of the Procurement Code.	Exempts livestock purchased by Alaska Correctional Industries from the provisions of the Procurement Code.
40	The Procurement Code does not prevent purchases through the General Services Administration as provided by law.	Clarifies that it is specifically permissible to purchase from federal GSA supply schedules in accordance with regulations established by the commissioner of administration and as provided by federal law.

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF ADMINISTRATION

DIVISION OF GENERAL SERVICES

P.O. BOX 110210
JUNEAU, ALASKA 99811-0210
PHONE: (907) 465-2250
FAX: (907) 465-2189

April 12, 1996

The Honorable Jeannette James
Alaska State Legislature
State Capitol Room 102
Juneau, Alaska 99801

Dear Representative James:

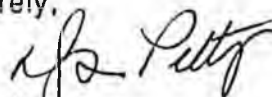
The purpose of this letter is to clarify a section of CSHB 482 (L&C) that was discussed in the House State Affairs Committee April 11. Section 38 of the bill contains a change to the Procurement Code which would exempt the operation and protection of assets or disposals of equipment and supplies acquired through foreclosure or other proceedings relating to loans under AS 03.10.

You voiced concerns over Section 38 regarding the exemption of liquidation of assets such as the Matanuska Maid Creamery. AS 03.10.050 and 11 AAC 39.700-790 govern disposals of property of the agricultural revolving loan fund (copies enclosed). These statutes and regulations are very specific regarding the disposal process, including method of disposal, minimum price, public notice and payment.

Since these statutes and regulations specifically govern disposal of these assets, it is clearly understood that the exemption to the state Procurement Code contained in Section 38 of the bill only governs disposals necessary in the routine operation of the assets. For example, if Mat Maid needed to sell a piece of equipment such as a milker or a delivery van in order to trade it in on replacement equipment, this section would ensure that such disposals and purchases would not be subject to the Procurement Code. If the State makes a decision to dispose of or liquidate the entire business asset, AS 03.10.050 and 11 AAC 39.700-790 would govern, not the Procurement Code.

I hope this satisfies any concerns you may have had with this section. If I can provide any further information or answer any other questions regarding this or other sections of the bill, please don't hesitate to contact me.

Sincerely,



Dugan Petty
Director

DP/VJ

Enclosure

cc: Mark Boyer
Commissioner
Department of Administration

Nico Bus
Finance Officer
Department of Natural Resources

(1) the applicant's written release of the state, including the Alaska Agriculture Action Council, the agricultural revolving loan fund, and the University of Alaska, from all potential liability for actions and omissions occurring before the date of restructuring that relate in any way to a state farm project, land sale, land sale relinquishment, farm loan, or loan application or loan modification application, whether granted or denied by the state; and

(2) assignment by the applicant to the board of the proceeds from the federal government under 7 U.S.C. 1442 (Conservation Reserve Program) and P.L. 88-26 (Feed Grain Act of 1963), as amended.

(d) If the board receives proceeds under (c)(2) of this section that exceed the amount owed and credited to the loan during the year, the board shall refund the extra proceeds to the applicant. (§ 2 ch 117 SLA 1988)

Revisor's notes. — Enacted as uncodified law. Codified in 1988.

Editor's notes. — Section 4, ch. 117, SLA 1988 makes AS 03.10.033 retroactive to January 1, 1987.

Legislative history reports. — For

legislative letter of intent relating to the enactment of this section by sec. 2, ch. 117, SLA 1988 (CCS SB 484), see either 1988 House Journal 3731 or 1988 Senate Journal 3716.

Sec. 03.10.040. Creation of fund. (a) There is an agricultural revolving loan fund which shall not exceed \$75,000,000 to carry out the purpose of this chapter.

(b) Money in the fund may be used by the legislature to make appropriations for costs of administering this chapter. (§ 5 ch 122 SLA 1953; am § 2 ch 41 SLA 1961; am § 1 ch 81 SLA 1970; am § 6 ch 50 SLA 1979; am § 4 ch 7 SLA 1982; am § 7 ch 36 SLA 1990)

Effect of amendments. — The 1990 amendment, effective May 12, 1990, added subsection (b).

Sec. 03.10.050. Administration of fund. (a) The commissioner shall administer the loan fund in conjunction with the agricultural revolving loan fund board. No loan in excess of \$25,000 may be made by the commissioner without the approval of a majority of the board.

(b) The board is composed of seven members appointed by the governor and confirmed by the legislature in joint session. Five members shall be persons with background and experience in Alaska agriculture, two of whom shall be farmers who are residents in the state, operate producing farms in the state, and have operated the producing farms in the state for at least five years. Members of the board serve at the pleasure of the governor for overlapping three-year terms. Members of the board are not entitled to receive compensation for their services, but shall receive the same travel pay and per diem as provided by law for board and commissions.

(c) A meeting of applications for loans of AS 44.62.310.

(d) Subject to the execution of its duties, may appoint, supervise

(e) To encourage and establish a program of agricultural revolving. The credits may points a year of the loans.

(f) A credit may interest due on a default, has a loan or otherwise had it a land payment of

(g) The director of the Agricultural Revolving through foreclosure loans or the sale of under regulations shall ensure that they return to the state composed primarily and disposed of only 122 SLA 1953; am § 1 ch 91 SLA 1990

Cross references. — Appointees to the two by the first 1988 amendment, ch. 91, SLA 1988 in the Special Acts.

Effect of amendment. 1988 amendment, effective 1989, in subsection "seven" for "five" in the first wrote the second sentence "Three members shall

Sec. 03.10.052. L the agricultural revolving member's term of office of the board, obtain a loan under AS 03.1

(b) A person may on payments on a l

(c) A meeting of the agricultural revolving loan fund board to act on applications for loans is exempt from the public meeting requirements of AS 44.62.310.

(d) Subject to an appropriation for the position and to facilitate execution of its duties, the Agricultural Revolving Loan Fund Board may appoint, supervise, and remove a financial analyst.

(e) To encourage the prompt payment of loans, the department may establish a program of credits for persons who have a loan from the agricultural revolving loan fund and maintain good financial standing. The credits may be applied against no more than two percentage points a year of the interest due on agricultural revolving loan fund loans.

(f) A credit may not be granted under (e) of this section to reduce interest due on a loan if the borrower has an agricultural loan in default, has a loan that has been rewritten, restructured, rolled over, or otherwise had its term extended or interest rate reduced, or has had a land payment or land clearing loan restructured.

→ (g) The director of agriculture may dispose of property acquired by the Agricultural Revolving Loan Fund Board or by the commissioner through foreclosure, default, or other action arising out of agricultural loans or the sale of agricultural land. Disposals shall be conducted under regulations approved by the commissioner. The regulations shall ensure that the property is disposed of so as to maximize the return to the state and shall require that the parcels of land that are composed primarily of cropland soils be restricted to agricultural uses and disposed of only to persons who are residents of the state. (§ 6 ch 122 SLA 1953; am § 1 ch 119 SLA 1976; am § 6 ch 113 SLA 1982; am § 1 ch 91 SLA 1988; am § 1 ch 117 SLA 1988)

Cross references. — For terms of initial appointees to the two positions added by the first 1988 amendment, see sec. 3, ch. 91, SLA 1988 in the Temporary and Special Acts.

Effect of amendments. — The first 1988 amendment, effective January 1, 1989, in subsection (b), substituted "seven" for "five" in the first sentence, rewrote the second sentence, which read "Three members shall be persons with

background and experience in Alaska agriculture," and inserted "at the pleasure of the governor" in the third sentence.

The second 1988 amendment, effective June 8, 1988, added subsections (d)-(g).

Legislative history reports. — For legislative letter of intent relating to the enactment of (g) of this section by sec. 1, ch. 117, SLA 1988 (CCS SB 484), see either 1988 House Journal 3731 or 1988 Senate Journal 3716.

Sec. 03.10.052. Limitation on board members. (a) A member of the agricultural revolving loan fund board may not, during the member's term of office or within one year after ceasing to be a member of the board, obtain a loan under this chapter other than a short-term loan under AS 03.10.030(c).

(b) A person may not serve on the board if the person is delinquent on payments on a loan obtained under this chapter. The governor