

ALASKA LEGISLATURE COMMITTEE FILES 1997-1998 86/2

9094 HOUSE COMMUNITY & REGIONAL AFFAIRS

JH

P.O. Box 1
Gakona AK 99586
February 28, 1997

Representative Gene Kubina
House of Representatives
Room 406
State Capitol
Juneau AK 99801-1182

Dear Representative Kubina:

The recent vote in Gulkana Village to become dry has created, perhaps unforeseen, problems. The current statutes and regulations were written with bush communities, who wished to restrict alcohol, in mind. Gulkana Village, however, is on the road system and bordered by a sizeable non-native population. This population, including us, is also affected by the Gulkana decision and was not given an opportunity to vote.

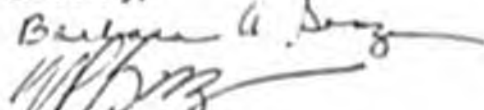
The citizens of Gakona respect the decision of Gulkana to become a dry village. We do not wish to change that. From testimony given at the February 25th meeting, it is clear that Gulkana natives had no intention of having any liquor ban imposed outside the village limit.

It seems that our communities are united in the action that must be taken. The statutes and regulations need to be rewritten to serve native and non-native communities on the road system. Please support legislation and revision of the Alcohol Beverage Control Board regulations to permit native villages the right to be dry and the enforcement area be limited to their townsite. The five mile radius circle of imposition needs to be eliminated for dry villages on the road system.

Doug Griffin, head of the State Alcohol Beverage Control Board, listened well to everyone's concerns and did a very respectable job answering questions and providing information. We feel that he now understands the complexity of the situation.

The citizens of Gulkana have requested a Village Safety Officer. We support that request without, however, giving up any authority of the Alaska State Troopers.

Sincerely,



Barbara A. Goozen
Eric P. Goozen

Gakona Junction Village, Inc.

P. O. Box 222

GAKONA, AK 99586

Phone: (907) 822-3664 FAX: (907) 822-3696 Watts: (800) 962-1933 E-mail: gakona@alaska.net

Memorandum

To: Hon. Gene Kubina, Representative - District 35

From: I. Alan LeMaster, President - Gakona Junction Village, Inc.

Subject: Local Option - Gullana Village

Date: February 26, 1997

Good Morning,

As you are aware, a meeting was held in Gullana Village last evening to discuss the recent vote for local option by the Gullana community. There were in excess of 100 souls in attendance including, from the AHD - Mr. Douglas Griffin, Director, Mr. Bert Cottle, Board Member, Mr. Bill Roach, Inspector, and Ms. Bawson, Dept. of Law; from the Alaska State Troopers, Trooper Ridling, Sgt. Maynard and Capt. Savage, members of the Gullana Village Council and about seventy-five people from this community that reside outside the village.

Some thirty persons testified and during the question and answer period the discussion was lively and continued for about 1 1/2 hours. The testimony included substantial concern over the violation of civil liberties in terms of being governed by a law wherein only a select few were able to vote. Other testimony addressed the inadequacy of the law as it is written when applied to communities other than remote villages.

A good deal of discussion was concerning several questions the AHD Director and the Board had about how we felt the issues should be handled and response from the community on those concerns.

Near the end of the meeting a lively work session was held to try to definitively determine the real boundaries of the Gullana Village. Some progress was made but there is concern that the village wishes to extend the boundary beyond the legal descriptions to include private lands adjoining their jurisdiction. That question is important and should be carefully considered in making any final determination so we do not encourage court challenges. In the final analysis the meeting was orderly, intense, and productive.

By consensus of the those in attendance, three areas of agreement became evident. First the law, as written, is not enforceable and vulnerable to legal challenge at many levels, both state and federal. Second, the regulations, as written, must also be revised and up-dated to conform to any new statutory language that might be effected by the legislature. And third, the law should be revised to allow a regulatory agency to set the boundaries of the area seeking local option, especially when the area affected is surrounded by other communities that have not vote on the issue. Which agency was left open to those of you that are better equipped to make that judgement but the Alcoholic Control Board, the Boundary Commission, and the Alaska Department of Community and Regional Affairs were three that were mentioned.

Now is the time to begin to make some sense of this law and the place to start is with your office. I would like to see the 1997 Legislature address the law with a bill revising the law this session. Being a bi-partisan issue and with everyone in agreement as to the definition of the problem, the practical solutions, and the need for change, it should help to make it relatively easy to place on the Fast-Track and get a law pushed through this session. Without an effective law, my business and that of Gakona Lodge is in jeopardy.

Director Griffin, Inspector Roach and Attorney Bruuou all agreed that this is priority one on their desk. They committed to me that they will lend full cooperation to your office in defining the law the problem and revising. There is little left to do but to get started.

I know you are fully aware of the need and willing to do your part to effect a solution. If there is any thing we constituents can do to assist you, please do not hesitate to call on us. We all stand ready to help. With diligent work of your office, the cooperation of the AHD staff and board and the support of the community, I am certain we will succeed.

I am enclosing a copy of the testimony I presented at the meeting.

Sincerely,

L. Alan LeMaster, President
Gakona Junction Village, Inc.

cc Mr. Douglas Griffin, Director - Alcoholic Control Board
Mr. Bert Conle, Board Member - Alcoholic Control Board
Mr. Jeremy Weld, Publisher - Copper River County Journal
File

FEB-26-1997 11:00

9078223696

P.02

cc:Mail for: Katrina Matheny

Subject: Gulkana Village Alcohol Law

▷ Forwarded: Representative Gene Kubina 2/26/97 2:15 PM

To: Katrina Matheny

Representative Gene Kubina
P.O. box 2463
Valdez, AK 99686

Dear Mr. Kubina,

I have recently become aware of a law that has been voted on and passed that will have a very real effect on the community in which I live. Since all the people that this law will impact, were not given the opportunity to vote on the law, I feel, very strongly that our rights, as citizens of the State of Alaska and the United States have been seriously violated.

I am referring to the law which will ban the sale and/or possession of alcohol in the Gulkana Village. I fully support Gulkana Village's right to impose such restrictions on their Village, however, the law will also affect an area outside of the perimeter of Gulkana Village. The residents of the Gakona community, which is adjacent to Gulkana Village will be effected by this law as well and had no chance to give their input on the issue or to cast their vote.

This law, as it stands at the present time, would have numerous and far-reaching results on the residents of the Gakona community and other Alaska residents as well. It is not inconceivable that property values and the tourist industry would be adversely affected.

I strongly believe that this issue should have and warrants the immediate attention of our State government. The Rights of the people of the State of Alaska are being abused and that is an unacceptable situation.

Thank you,
Steve and Linda Smythe
P.O. Box 338
Gakona, AK 99586

Robert A. Frisbie
P.O. Box 635
Glennallen
Alaska 99588
February 21, 1997

Shelly Growden, Elections Supervision
Central Region, Div. of Elections
675 7th Ave, Station H
Fairbanks, Alaska 99701-4594

Dear Ms Growden,

I feel there are some major problems regarding the recent vote taken in the village of Gulkana. While I applaud their efforts to keep alcohol out of their community, the law that permits this type of vote was written for bush communities. not areas accessible by the road system. If the five-mile radius provided in this law is observed, there are a great many more people affected than just those living in Gulkana village.

I live at Mile $\frac{1}{2}$, on the Tok Cut-off. I have always assumed I lived in the community of Gakona. If there is to be some determination of "wet" or "dry" that affects me, I feel I should be able to vote on it. I know several people who are residents of Gulkana that did not receive ballots. There are a lot of people in the five-mile radius who did not receive ballots.

I read the Draft Enforcement Plan written by Doug Griffin, the Director of the Alcoholic Beverage Control Board. He proposes the area for enforcement of the ban be the 300 acre townsite occupied by the village of Gulkana. I agree with this, since they are the only people who were allowed to vote on this issue.

The problem with this is that the law clearly provides for a five-mile radius. It is my feeling that a new election must be held, with ballots going to every legal voter in the affected area. The only other solution is for a new law to be written that will cover only the people in a village.

Yours truly,

Robert A. Frisbie

cc: Senator Lincoln
Representative Kubina
Representative Nicholia
Doug Griffin

HB

224

Alaska State Legislature



Co-Chair, House Resources
Community & Regional Affairs
Legislative Council
Special Committee on Fisheries
Special Committee on Oil and Gas

State Capitol
Room 128
Juneau, Alaska 99801
(907) 465-3878
1-800-862-3878
Fax (907) 465-3266

Representative Scott Ogan
House District 27

SPONSOR STATEMENT HB-224

This bill is to codify in law the authority for the Commissioner of Corrections to make prisoners available to communities for work. It sets out minimum criteria to provide necessary public safety in the exercise of community work release programs.

It is my intention to make clear the legislature supports such programs and the philosophy that repayment to society is a sound principle of both restitution and rehabilitation.

The need for both the prisoner and the community to feel such reparation is vital if we are to move beyond the damages caused by the commission of crimes against persons and society.

Alaska State Legislature




Co-Chair, House Resources
Community & Regional Affairs
Legislative Council
Special Committee on Fisheries
Special Committee on Oil and Gas

State Capitol
Room 128
Juneau, Alaska 99801
(907) 465-3878
1-800-862-3878
Fax (907) 465-3266

Representative Scott Ogan
House District 27

MEMORANDUM OF REQUEST

TO: REP. IVAN / CHAIR C&RA
FROM: REP. SCOTT OGAN 
DATE: APRIL 3, 1997
RE: HB- 224 / EMPLOYMENT OF PRISONERS

.....
Please schedule HB-224 at your earliest convenience.

Thank you.

FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. HB 224

Revision Date: _____ Dept. Affected: Corrections
 Title: "An Act relating to the employment of prisoners." BRU: ALL
 Component: ALL
 Sponsor: Representative Ogan
 Requester: House Community & Regional Affairs COMPONENT SERIAL NO. #0894

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
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						
1037 GF/Mental Health						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY97) cost: 0.0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The Department of Corrections is in the process of contacting all Community Residential Center providers for input on this legislation. The Dept. will revise this fiscal note if input from CRC providers indicate additional costs.

Prepared by: Bruce Richards
 Division: Commissioner's Office
 Approved by: Commissioner Margaret M. Huff
 Agency: Department of Corrections

Phone: 465-3307
 Date: 4/7/97
 Date: 4/7/97

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

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

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

REGIONAL DIRECTOR, CENTRAL REGION

TONY KNOWLES, GOVERNOR

P.O. BOX 196900
ANCHORAGE, ALASKA 99519-6900
(TDD 266-1442)
(907) 266-1440 (FAX 248-1573)

March 5, 1997

Representative Fred Dyson
Alaska State Legislature
State Capitol, Room 428
Juneau, Alaska 99801-1182

MAR 25 1997

Dear Representative Dyson:

This letter is in response to your letter of January 23, 1997 to Commissioner Perkins in which you requested information on various issues. I hope the information we provide for you will be helpful.

1. Using prisoners to clear right of ways.

It has proven difficult to coordinate the use of prisoners. Prisoners volunteer for the work details, and we never know how many will be available on any given day. Our maintenance people must meet the prison's schedule for pickup and return of prisoners, provide for lunch, provide constant on site supervision and often end up providing transportation. Because of the volunteer nature of the program, schedules, transportation and feeding requirements, the program has been difficult to operate and places demands on our personnel which take them from other activities.

We would like to see a workable prisoner work program. In our opinion it would be one supervised by Department of Corrections (DOC). DOC should provide transportation, sack lunch, security and other amenities. Agencies like Division of Parks, DOT&PF, etc. have plenty of work, not now getting done, that could be assigned. One potential problem that would require some research is possible restrictions within existing union contracts.

2. Adding guard rail on the Old Glenn Highway where a bicycle rider has already been killed.

I believe this question refers to the accident on the Glenn Highway near the weigh station last year when a driver fell asleep and drove onto the separated bike path, and hit and killed a person riding their bike. The department is working on this issue. As soon as weather permits we will survey the accident site to determine if the bike path is in the clear zone and then perform a guardrail cost effectiveness analysis to determine if guardrail should be installed. We will copy you the results.

3. Snow clearing for pedestrians along the Old Glenn Highway.

Snow on sidewalks is a problem for us throughout the Anchorage area. In virtually every location where we have curb/gutter and a sidewalk we have no property behind the sidewalk and usually there is little room between the curb and the sidewalk. In order to clear the streets, the snow is plowed onto the sidewalk. Then, when the snow event is

HB

241



REPRESENTATIVE ERIC CROFT

HB241

The Pioneers' Dignity Act of 1997 Sponsor Statement

One hundred dollars a month disposable income. That's all many residents of Alaska's Pioneer Homes have.

No current resident may be evicted from a Pioneer Home for inability to pay. However, in exchange for state assistance in paying their Home costs, some Pioneer Alaskans must forfeit virtually all their assets, spending down their savings then accepting what many proud Pioneers consider to be a form of welfare. It does not have to be this way.

The Pioneers' Dignity Act of 1997 guarantees the rights of Home residents to keep up to \$5,000 in personal property and to receive certain forms of income, such as Permanent Fund Dividends and ANCSA distributions. In addition, when one spouse lives in a Home and the other continues to live outside the Home, the house or condominium is not counted as an asset of the resident spouse.

Pioneers' Home costs have risen sharply in recent years and will continue to rise. A basic room currently costs a resident \$934 a month, but will cost \$2,129 by the year 2003. Of the 600 residents statewide, approximately 130 apply for and receive state assistance in paying their rates. To be eligible for payment assistance, residents must relinquish all their income—including Longevity Bonus and Permanent Fund Dividend—and keep only \$100 a month.

One hundred dollars isn't enough to pay for clothing, subscriptions, toiletries, calls to relatives and gifts for grandchildren. In the richest state in the union, to restrict Home residents to such a meager allowance is to needlessly rob them of their dignity and independence. Our Pioneers—who have contributed so much effort to building our great state—deserve better treatment.

The fiscal impact of HB241 will be minimal. Increased revenues from Home residents will more than offset the cost of disregarding certain assets and income. Some of the features of the bill will soon be incorporated in pending regulations. HB241 simply sets in statute some of the more important and basic rights.

Please join me in treating our Pioneers with the respect they deserve.





REPRESENTATIVE ERIC CROFT

MEMORANDUM

To: Rep. Ivan Ivan, Chair, House Community & Regional
Affairs Committee
From: Rep. Eric Croft *Eric Croft*
Date: April 14, 1997
Re: IIB241

Please schedule a hearing for HB241 at your earliest convenience.

Please find attached:

- A copy of the bill
- Sponsor Statement

I will submit the following to you before a hearing:

- Fiscal note
- A position paper from the Division
- Letters of support

I would like for your committee to hear teleconferenced testimony.
If you have any questions, please don't hesitate to call Tom Atkinson
of my staff at 465-2116.



FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. HB 241

Revision Date: _____ Department Affected: Administration
 Title: "An Act relating to payment assistance for costs of residing
in the Alaska Pioneers' Homes..." BRU: Senior Services _____
 Sponsor: Rep. Croft _____ Component: Pioneers' Homes _____
 Requestor: (H) C&RA _____ COMPONENT SERIAL NO. 1950 _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
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						
1037 GF/Mental Health						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 97) cost: \$ _____

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

The department anticipates no fiscal impact from this legislation. This bill affects a portion of the regulations currently proposed by department, discussed in the public hearing on April 16, 1997. The effective date of these regulations, after receiving and considering all public comment, is July 1, 1997.

Prepared by: James L. Kohn _____ Phone: 465-4400 _____
 Division: Alaska Longevity Programs _____ Date: _____
 Approved by Commissioner: Mark Boyer Alison M. Selge _____
 Agency: Department of Administration _____ Date: 4/22/97 _____

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

cc:Mail for: Tom Wright

Subject: Fiscal Notes

From: Tom Wright 4/21/97 7:57

To: Shari_Kochman@Gov.state.ak.us at CC2MHS1

Shari,

The House Committee on Community and Regional Affairs will need fiscal notes for:

HB 241: Payment of Costs of Pioneers' Homes (Administration)

HB 162: Ban Craft Buying on Liquor Premises (ABC Board-Revenue, Arts Council-Education)

HB 38: Conveyance of Land Selection to Boroughs (Community and Regional Affairs).

The hearing is scheduled for this Wednesday, April 23rd. Please call me at 3882 if you have any questions.

Tom Wright

HB

279

LEGAL SERVICES

DEPARTMENT OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

May 5 1997

SUBJECT: Municipal dividend program (Work Order 20-LS0995\A)

TO: Representative Carl Moses
Attn: Bryce Edgmon

FROM: Tamara Brandt Cook
Director *TBC*

Here is the sectional summary you requested.

Sec. 1. Establishes in the Department of Community and Regional Affairs the municipal dividend fund. Subject to appropriation, requires the department to fully distribute money in the fund each year as dividends to municipalities based on population.

Sec. 2. Directs the Alaska Permanent Fund Corporation, after transferring money to the dividend fund for permanent fund dividends and to the permanent fund principal for inflation proofing, to place the balance left in the earnings reserve account each year into the municipal dividend fund.

Sec. 3. The effective date is July 1, 1998.

TBC:pl
97-124 plm

Revision Date: _____ Dept. Affected: Community & Regional Affairs
 Title: An Act relating to the municipal dividend program, and providing ... BRU: none
 Component: none
 Sponsor: Rep. Moses
 Requestor: House CRA Committee **COMPONENT SERIAL NO.** _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
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	0.0	0.0	0.0	0.0	0.0	0.0
----------------	------------	------------	------------	------------	------------	------------

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

FUNDING: (Thousands of Dollars)

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

POSITIONS

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

Estimate of current (FY98) impact \$ none

ANALYSIS: (Attach a separate page if necessary)

This legislation establishes a new "Municipal Dividend" program in the department. As the bill is written, there is little program administration other than distributing the available funding. The department believes the additional administrative requirements resulting from this bill are not significant and can be covered by existing program staff. This legislation would have no fiscal impact on the department.

Prepared by Remond Henderson Director Phone 465-4708
 Division Division of Administrative Services Date 2/05/98
 Approved by Commissioner [Signature] Date 2/05/98
 Agency Community & Regional Affairs

February 1, 1998

Mr. Walter J. Hickel
PO Box 102280
Anchorage, AK 99510

Dear Mr. Hickel:

I am writing to you in support of your proposal to restructure the permanent fund dividend (PFD) program.

As I recall from your newspaper opinion piece in the Ketchikan Daily News last year, you propose to cap the PFD, and distribute any earnings above that amount to the state's municipalities on a per capita basis. The municipalities would then be free to use these dollars in any manner they choose. I support this idea for two reasons.

One, as you well know, the permanent fund was set up to help pay for state government when oil revenues dwindled, as they are doing now. One of the programs the state funds is the municipal assistance/revenue sharing program. Your plan to use a portion of the permanent fund's earnings to meet this obligation allows those earnings to be spent locally, rather than at the state level. Local management of these dollars gives the average citizen a greater voice into how they are used than if the legislature budgets the money at the state level. As Article X, Section 1 of our state constitution mandates, "The purpose of this article is to provide for maximum local self-government with a minimum of local government units, and to prevent duplication of tax levying jurisdictions." Ensuring local management of the funds proposed in your program is consistent with this provision, inasmuch as those dollars will be controlled locally, and not from Juneau. Because capping the PFD will be controversial, the more you can provide for local discretion over the dollars that may have otherwise gone direct to the state's residents, the more defensible a PFD cap becomes.

The proposal stands to provide a huge resource for local governments. If, for example, the PFD were capped at \$1,000, with the balance distributed to municipalities on a per capita basis, the City of Craig, in which I live, would have received approximately \$776,340 in 1997 alone. The city's operating budget is about \$2.2 million. An annual income that accounts for one-third of the city's operating expenses will provide an incredible boost to Craig and other localities. The economies of all municipalities will benefit from more stable tax bases. Increased local employment will result from the backlog of capital projects most cities face. The cost to municipalities to borrow money, through bond sales and the like, will decrease because of greater cash reserves and stable levels of municipal income.

The second reason I support your proposal is the public's increasing dependence on the PFD program. The PFD program was established to immediately benefit Alaskan residents. It was not intended to replace the permanent fund's original purpose: to fund state government when oil revenues decreased due to declining productivity at Prudhoe Bay and other sites. Now that the dividend level is at an all-time high, people tend to see the PFD program as the purpose of the permanent fund, rather than an off-shoot from it. I believe that the PFD is creating a dependence on those it was intended to benefit. As you are no doubt aware, Alaska, other states and the federal government are moving away from guaranteed government assistance to individuals, exactly for the same reason that the PFD is creating a dependence. If you encourage people to rely on the government to solve their financial problems, or provide them a guaranteed income, they will indeed come to rely on the government. It is not the state's obligation to provide me with a cash stream every year. It is the state's obligation to operate the programs assigned to it by the constitution: managing state-owned property, ensuring a minimum level of public health and safety, and so on. Capping the PFD will remind our state's residents of that.

In addition, I have always felt that the PFD was an inefficient way to distribute the state's oil wealth. Because it is subject to federal personal income tax, I estimate that 20 percent of the dividends go directly to the U.S. government. If a state newspaper headline read "\$140,000,000 of Permanent Fund Earnings to be sent to IRS," people would be outraged, but indeed that is exactly what will happen by April 15 of this year.

I might add that the IRS is considering levying a tax on the earnings of the permanent fund itself. They have claimed to the State that because the permanent fund is not clearly (at least to them) for a public purpose, it may be subject to taxation. If that came to pass, the IRS would benefit twice: once from the earnings of the fund itself, and again, when the PFD is given out. What a catastrophic loss that would be to the state and its residents.

For these two reasons, your proposal is a good one, and it has my support. I would, however, like to point out two outstanding issues that must be addressed as part of this program, that were not addressed in your proposal.

The first is at what level to cap the PFD. A dollar amount must be picked that will provide enough dollars for the municipalities to strongly support the program, but will not reduce it to a level where the public at large will not support the cap. While any cap is essentially arbitrary, a \$1,000 cap could be a level supported by the public, and still provide the municipalities a substantial and immediate benefit.


The second issue involves Alaskans living outside an organized borough and outside an organized municipality. Here on Prince of Wales Island alone, there are over a thousand people living in unincorporated areas. If the people living in municipalities will benefit from your program because they live in a municipality, those persons living outside incorporated areas should realize a benefit too. To that end, there are at least two ways to make this happen. First, some of the state subdivisions in the unorganized borough have

formed private, non-profit community corporations to oversee subdivision-wide concerns. These corporations could be the recipients of the per-capita share of their populations. They act as the best substitute for an incorporated municipality. To ensure that the dollars are properly spent, they should be subject to yearly audits, as are municipalities.

If no incorporated body exists in a given area that could receive and manage the dollars distributed through the program, that area's legislators could appropriate the money earmarked for the area's population through a given state agency or agencies. While this process is less desirable for a locality, the absence of an organized entity may make it necessary.

Again, I support your proposal and will make my feelings known to my representative and senator. Good luck to you as you press ahead on this plan. If I can help, feel free to contact me.

Sincerely,



Jon Bolling
PO Box 509
Craig, AK 99921



Alaska Permanent Fund Corporation
P.O. Box 25500 Juneau, Alaska 99802-5500
(907) 465-2047

MEMORANDUM

DATE: Tuesday, July 29, 1997

TO: Rep. Carl Moses

FROM: Jim Kelly, Director of Communications

SUBJECT: **HB 279: Municipal Dividend Program**

Per your request, the Alaska Permanent Fund Corporation (APFC) is providing you with projection sheets addressing three different scenarios which you asked us to analyze.

Financial Projection #1: This is the status quo case as of December 31, 1997. It provides the benchmark against which to compare and contrast any changes to current law.

Financial Projection #2: This is the same projection changed to reflect passage of House Bill 279. It is our understanding that HB 279 would require the transfer of the balance of the earnings reserve account – remaining after the transfers for dividends and inflation-proofing – to a newly established municipal dividend fund on the first day of each fiscal year, effective July 1, 1998.

Please note that this projection indicates an inflation-proofing shortfall for the fiscal years 1999-2001. This shortfall can be seen by comparing the difference between columns four and nine.

Financial Projection #3: This projection is identical to projection #2 except that it reduces the July 1, 1998 appropriation sufficient to allow full inflation-proofing in all subsequent years.

HB 279

February 17, 1998

Page 2

For Your Information: These financial projections are based on a certain set of basic assumptions; the numbers shown on these sheets would change if different assumptions were used. The assumptions used in the preparation of each projection are listed at the bottom of each projection sheet and explained herein.

It is the Corporation's policy to base its long-term projections on the capital market assumptions prepared annually for the APFC by Callan Associates as applied to the Fund's target asset allocation and the Department of Revenue's most recent inflation assumption.

PLEASE NOTE THAT THE CORPORATION NEITHER SUPPORTS NOR OPPOSES ANY PROPOSED CHANGES TO THE CURRENT USE OF FUND EARNINGS, EXCEPT AS THEY MAY RELATE TO THE PROPER EXERCISE OF THE TRUSTEES' FIDUCIARY RESPONSIBILITIES AS REQUIRED UNDER THE PRUDENT INVESTOR RULE.

c: Byron I. Mallott, Executive Director
Board of Trustees



ALASKA PERMANENT FUND FINANCIAL PROJECTIONS 1998 - 2015

as of December 31, 1997
(in millions)

PRINCIPAL (AT COST)					
			Dedicated		
FY	FY Begin Balance	Appro- riations	State Revenues ⁽²⁾	Inflation- Proofing	FY End Balance
77-96	0	5,807	5,711	4,624	16,176
97	16,176	824 ⁽³⁾	308	486	17,795
99	18,406	20	232	525	19,273
00	19,273	22	245	547	20,087
01	20,087	23	258	570	20,939
02	20,939	25	263	594	21,821
03	21,821	27	260	619	22,727
04	22,727	29	254	644	23,654
05	23,654	31	236	670	24,592
06	24,592	33	226	696	25,546
07	25,546	35	216	722	26,520
08	26,520	37	207	749	27,513
09	27,513	40	199	777	28,529
10	28,529	43	193	805	29,570
11	29,570	46	187	834	30,638
12	30,638	49	188	864	31,739
13	31,739	52	182	895	32,868
14	32,868	56	178	927	34,029
15	34,029	60	172	959	35,219

INCOME						
GASB Net Income ⁽¹⁾	Distributions of Statutory Income				Earnings Reserve	
	Statutory Net Income	Dividends	Inflation- Proofing	General Fund	Add (Delete)	FY End Balance
16,184	14,034	5,993	4,624	223	3,211	104
3,167	2,036	747	486	1		104
1,750	1,350	875	525		(50)	932
1,837	1,399	916	547		(64)	868
1,929	1,451	883	570		(2)	866
2,031	1,509	828	594		87	952
2,145	1,574	765	619		191	1,143
2,273	1,649	796	644		208	1,351
2,408	1,726	830	670		225	1,577
2,549	1,805	868	696		241	1,818
2,698	1,886	907	722		256	2,074
2,854	1,970	949	749		272	2,346
3,019	2,055	991	777		286	2,632
3,193	2,142	1,035	805		302	2,934
3,376	2,233	1,080	834		319	3,253
3,570	2,327	1,126	864		336	3,589
3,776	2,424	1,174	895		355	3,944
3,993	2,524	1,223	927		374	4,318
4,223	2,627	1,274	959		393	4,711

UNREALIZED GAINS	
Net Change	FY End Balance
2,125	2,125
1,106	3,231
380	3,184
416	3,600
454	4,054
497	4,551
544	5,095
595	5,690
651	6,341
711	7,052
777	7,829
848	8,677
924	9,601
1,007	10,608
1,097	11,705
1,194	12,899
1,299	14,199
1,413	15,612
1,536	17,148

TOTAL FUND At Market	
(4)	FY
18,405	77-96
21,130	97
23,389	99
24,554	00
25,858	01
27,324	02
28,965	03
30,696	04
32,509	05
34,417	06
36,423	07
38,536	08
40,762	09
43,113	10
45,596	11
48,228	12
51,011	13
53,958	14
57,078	15

Rate of Return Assumptions				
	Total	- Inflation =	Real	Realized
FY 98	9.86%	2.48%	7.38%	7.16%
FY 98-2015 ⁽⁵⁾	7.52%	2.80%	4.72%	6.76%

⁽¹⁾ GASB net income is statutory net income plus the net change in unrealized gains and settlement earnings.

⁽²⁾ Per Department of Revenue's Fall 1997 Revenue Forecast.

⁽³⁾ Includes \$803 million of earnings reserve appropriated to principal.

⁽⁴⁾ Settlement earnings transferred to principal per AS 37.13.145(d).

⁽⁵⁾ Based on 1997 Callan capital market and DOR inflation assumptions.

⁽⁶⁾ Total Fund (at market) equals Principal (at cost) plus the Earnings Reserve plus Unrealized Gains

STATUS QUO

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



ALASKA PERMANENT FUND

FINANCIAL PROJECTIONS 1998 - 2015

as of December 31, 1997

(In millions)

PRINCIPAL (AT COST)					
FY	FY Begin Balance	Approprations	Dedicated State Revenues ⁽²⁾	Inflation-Proofing	FY End Balance
77-96	0	6,807	5,711	4,624	16,176
97	16,176	824 ⁽³⁾	308	486	17,795
99	18,496	20	232	525	19,273
00	19,273	22	245	547	20,087
01	20,087	23	258	570	20,939
02	20,939	25	263	594	21,821
03	21,821	27	260	619	22,727
04	22,727	29	254	644	23,654
05	23,654	31	236	670	24,592
06	24,592	33	226	696	25,546
07	25,546	35	216	722	26,520
08	26,520	37	207	749	27,513
09	27,513	40	199	777	28,529
10	28,529	43	193	805	29,570
11	29,570	46	187	834	30,638
12	30,638	49	180	864	31,739
13	31,739	52	182	895	32,868
14	32,868	56	178	927	34,029
15	34,029	60	172	959	35,219

INCOME						
GASB Net Income ⁽¹⁾	Statutory Net Income	Distributions of Statutory Income			Earnings Reserve	
		Dividends	Inflation-Proofing	General Fund	Add (Delete)	FY End Balance
16,194	14,034	5,993	4,624	223	3,211	104
3,167	2,036	747	486	1		104
1,750	1,350	875	525		(50)	932
1,837	1,399	916	547		(64)	868
1,929	1,451	883	570		(2)	866
2,031	1,509	828	594		87	952
2,115	1,574	765	619		191	1,143
2,273	1,649	796	644		208	1,351
2,408	1,726	830	670		225	1,577
2,549	1,805	868	696		241	1,818
2,698	1,886	907	722		256	2,074
2,854	1,970	949	749		272	2,346
3,019	2,055	991	777		286	2,632
3,193	2,142	1,035	805		302	2,934
3,376	2,233	1,080	834		319	3,253
3,570	2,327	1,126	864		336	3,589
3,776	2,424	1,174	895		355	3,941
3,993	2,524	1,223	927		374	4,318
4,223	2,627	1,274	959		393	4,711

UNREALIZED GAINS	
Net Change	FY End Balance
2,125	2,125
1,106	3,231
380	3,184
416	3,600
454	4,054
497	4,551
544	5,095
595	5,690
651	6,341
711	7,052
777	7,829
848	8,677
924	9,601
1,007	10,608
1,097	11,705
1,194	12,699
1,299	14,199
1,413	15,612
1,516	17,148

TOTAL FUND At Market	
(4)	FY
18,405	77-96
21,130	97
22,282	98
23,389	99
24,554	00
25,858	01
27,324	02
28,965	03
30,696	04
32,509	05
34,417	06
36,423	07
38,536	08
40,762	09
43,113	10
45,596	11
48,228	12
51,011	13
53,958	14
57,078	15

Rate of Return Assumptions				
	Total	- Inflation	= Real	Realized
FY 98	9.86%	2.48%	7.38%	7.16%
FY 99-2015 ⁽⁵⁾	7.52%	2.80%	4.72%	8.76%

⁽¹⁾ GASB net income is statutory net income plus the net change in unrealized gains and settlement earnings.

⁽²⁾ Per Department of Revenue's Fall 1997 Revenue Forecast.

⁽³⁾ Includes \$803 million of earnings reserve appropriated to principal.

⁽⁴⁾ Settlement earnings transferred to principal per AS 37.13.145(d).

⁽⁵⁾ Based on 1997 Callan capital market and DOR inflation assumptions.

⁽⁶⁾ Total Fund (at market) equals Principal (at cost) plus the Earnings Reserve plus Unrealized Gains. STATUS QVO



ALASKA PERMANENT FUND FINANCIAL PROJECTIONS 1998 - 2015

as of December 31, 1997

(in millions)

PRINCIPAL (AT COST)					
FY	FY Begin Balance	Appropriations	Dedicated State Revenue ⁽¹⁾	Inflation-Proofing	FY End Balance
77-96	0	6,807	5,711	4,624	16,176
97	16,176	824 ⁽²⁾	308	486	17,796
99	18,496	20	232	504	19,252
00	19,252	22	245	409	19,927
01	19,927	23	258	495	20,704
02	20,704	25	263	588	21,579
03	21,579	27	260	612	22,479
04	22,479	29	254	637	23,399
05	23,399	31	236	663	24,329
06	24,329	33	226	688	25,277
07	25,277	35	216	715	26,242
08	26,242	37	207	742	27,228
09	27,228	40	199	769	28,236
10	28,236	43	193	797	29,269
11	29,269	46	187	826	30,328
12	30,328	49	188	856	31,421
13	31,421	52	182	886	32,541
14	32,541	56	178	918	33,692
15	33,692	60	172	950	34,873

GASB Net Income ⁽¹⁾	INCOME				Add (Dedute)	FY End Balance
	Statutory Net Income	Distributions of Statutory Income		Earnings Reserve		
		Dividends	Inflation-Proofing			
16,194	14,034	5,993	4,624	223	3,211	104
3,167	2,036	747	486	1		104
1,682	1,289	862	525		(104)	
1,762	1,333	903	547			
1,847	1,379	862	566			
1,943	1,432	799	588	20		
2,049	1,491	727	612	125		
2,161	1,552	755	637	131		
2,277	1,613	784	663	136		
2,399	1,676	815	688	139		
2,526	1,740	848	715	143		
2,660	1,805	880	742	146		
2,801	1,871	914	769	147		
2,949	1,938	948	797	149		
3,105	2,007	983	826	152		
3,270	2,078	1,018	856	155		
3,445	2,151	1,055	886	158		
3,629	2,225	1,092	918	159		
3,824	2,301	1,130	950	161		

UNREALIZED GAINS	
Net Change	FY End Balance
2,125	2,125
1,106	3,231
	2,304
373	3,177
407	3,684
445	4,029
486	4,515
531	5,046
580	5,626
633	6,259
690	6,949
752	7,701
818	8,519
890	9,409
968	10,378
1,052	11,430
1,143	12,574
1,242	13,815
1,348	15,164
1,463	16,627

TOTAL FUND At Market	
⁽⁴⁾	FY
18,405	77-96
21,130	97
	99
	00
	01
	02
	03
	04
	05
	06
	07
	08
	09
	10
	11
	12
	13
	14
	15

Rate of Return Assumptions				
	Total	- Inflation	= Real	Realized
FY 98	9.85%	2.48%	7.38%	7.16%
FY 99-2015 ⁽⁵⁾	7.52%	2.80%	4.72%	6.76%

⁽¹⁾ GASB net income is statutory net income plus the net change in unrealized gains and settlement earnings.
⁽²⁾ Per Department of Revenue's Fall 1997 Revenue Forecast.
⁽³⁾ Includes \$803 million of earnings reserve appropriated to principal.
⁽⁴⁾ Settlement earnings transferred to principal per AS 37.13.145(d).
⁽⁵⁾ Based on 1997 Callan capital market and DOR inflation assumptions.
⁽⁶⁾ Total Fund (at market) equals Principal (at cost) plus the Earnings Reserve plus Unrealized Gains.

HE 778: MUNICIPAL DIVIDEND FUND

#2



ALASKA PERMANENT FUND FINANCIAL PROJECTIONS 1998 - 2015

as of December 31, 1997

(in millions)

PRINCIPAL (AT COST)					
FY	FY Begin Balance	Appro- rations	Dedicated State Revenues ⁽²⁾	Inflation- Proofing	FY End Balance
77-08	0	5,007	5,711	4,624	16,176
97	16,176	824 ⁽³⁾	308	486	17,785
99	18,495	20	232	525	19,273
00	19,273	22	245	547	20,087
01	20,087	23	258	570	20,939
02	20,939	25	263	594	21,821
03	21,821	27	260	619	22,727
04	22,727	29	254	644	23,654
05	23,654	31	236	670	24,592
06	24,592	33	226	696	25,546
07	25,546	35	216	722	26,520
08	26,520	37	207	749	27,513
09	27,513	40	199	777	28,529
10	28,529	43	193	805	29,570
11	29,570	46	187	834	30,638
12	30,638	49	188	864	31,739
13	31,739	52	182	895	32,868
14	32,868	56	178	927	34,029
15	34,029	60	172	959	35,219

INCOME						
GASB Net Income ⁽¹⁾	Distributions of Statutory Income				Earnings Reserve	
	Statutory Net Income	Dividends	Inflation- Proofing	General Fund	Add (Dedate)	FY End Balance
16,194	14,034	5,993	4,624	223	3,211	104
3,167	2,036	747	486	1		104
1,697	1,303	870	525		(112)	194
1,779	1,348	906	547		(127)	87
1,865	1,395	867	570		(65)	2
1,962	1,448	805	594	24		2
2,069	1,508	735	619	127		2
2,181	1,569	763	644	133		2
2,298	1,631	793	670	138		2
2,421	1,694	824	696	141		2
2,549	1,759	857	722	145		2
2,684	1,825	890	749	148		2
2,826	1,891	924	777	150		2
2,975	1,958	958	805	152		2
3,132	2,028	993	834	154		2
3,298	2,100	1,029	864	157		2
3,474	2,173	1,066	895	160		2
3,659	2,248	1,103	927	162		2
3,856	2,325	1,142	959	164		2

UNREALIZED GAINS	
Net Change	FY End Balance
2,125	2,125
1,106	3,231
	3,231
374	3,178
409	3,588
447	4,035
488	4,523
534	5,057
583	5,640
636	6,276
693	6,969
755	7,725
823	8,547
895	9,442
973	10,415
1,058	11,473
1,149	12,623
1,248	13,871
1,355	15,226
1,471	16,697

TOTAL FUND At Market	
(9)	FY
18,405	77-08
21,130	97
21,407	
22,646	99
23,742	00
24,975	01
26,346	02
27,786	03
29,296	04
30,870	05
32,518	06
34,247	07
36,063	08
37,973	09
39,988	10
42,114	11
44,364	12
46,741	13
49,257	14
51,919	15

Rate of Return Assumptions				
	Total	- Inflation =	Real	Realized
FY 98	9.86%	2.48%	7.38%	7.16%
FY 99-2015 ⁽¹⁰⁾	7.52%	2.80%	4.72%	6.76%

⁽¹⁾ GASB net income is statutory net income plus the net change in unrealized gains and settlement earnings.

⁽²⁾ Per Department of Revenue's Fall 1997 Revenue Forecast.

⁽³⁾ Includes \$803 million of earnings reserve appropriated to principal.

⁽⁴⁾ Settlement earnings transferred to principal per AS 37.13.145(d).

⁽⁵⁾ Based on 1997 Callan capital market and DOR inflation assumptions.

⁽⁶⁾ Total Fund (at market) equals Principal (at cost) plus the Earnings Reserve plus Unrealized Gains.

HB 279: MUNICIPAL DIVIDEND FUND EXCEPT APPROPRIATION IN FY 97 IS REDUCED TO ALLOW FULL INFLATION-PROOFING IN LATER YEARS

#3



ALASKA PERMANENT FUND FINANCIAL PROJECTIONS 1998 - 2015

as of December 31, 1997

(in millions)

PRINCIPAL (AT COST)					
FY	FY Begin Balance	Appropriations	Dedicated State Revenues ⁽²⁾	Inflation-Proofing	FY End Balance
77-96	0	5,807	5,711	4,624	16,176
97	16,176	824 ⁽³⁾	308	486	17,795
99	18,496	20	232	526	19,273
00	19,273	22	245	547	20,087
01	20,087	23	258	570	20,939
02	20,939	25	263	594	21,821
03	21,821	27	260	619	22,727
04	22,727	29	254	644	23,654
05	23,654	31	236	670	24,592
06	24,592	33	226	696	25,546
07	25,546	35	216	722	26,520
08	26,520	37	207	749	27,513
09	27,513	40	199	777	28,529
10	28,529	43	193	805	29,570
11	29,570	46	187	834	30,638
12	30,638	49	188	864	31,739
13	31,739	52	182	895	32,868
14	32,868	56	178	927	34,029
15	34,029	60	172	958	35,219

INCOME						
GASB Net Income ⁽¹⁾	Statutory Net Income	Distributions of Statutory Income			Earnings Reserve	
		Dividends	Inflation-Proofing	General Fund	Add (Delete)	FY End Balance
16,194	14,034	5,993	4,624	223	3,211	104
3,167	2,036	747	486	1		104
1,750	1,350	875	525		(50)	932
1,837	1,399	916	547		(64)	868
1,929	1,451	883	570		(2)	866
2,031	1,509	828	594		87	952
2,145	1,574	765	619		191	1,143
2,273	1,649	796	644		206	1,351
2,408	1,726	830	670		225	1,577
2,549	1,806	868	696		241	1,818
2,688	1,886	907	722		256	2,074
2,854	1,970	949	749		272	2,346
3,019	2,055	991	777		286	2,632
3,193	2,142	1,035	805		302	2,934
3,376	2,233	1,080	834		319	3,253
3,570	2,327	1,126	864		336	3,589
3,776	2,424	1,174	895		355	3,944
3,993	2,524	1,223	927		374	4,318
4,223	2,627	1,274	959		393	4,711

UNREALIZED GAINS	
Net Change	FY End Balance
2,125	2,125
1,106	3,231
380	3,184
416	3,600
454	4,054
497	4,551
544	5,095
595	5,690
651	6,341
711	7,052
777	7,829
848	8,677
924	9,601
1,007	10,608
1,097	11,705
1,194	12,899
1,299	14,199
1,413	15,612
1,536	17,148

TOTAL FUND At Market	
(9)	FY
18,405	77-96
21,130	97
22,282	98
23,369	99
24,554	00
25,858	01
27,324	02
28,965	03
30,696	04
32,509	05
34,417	06
36,423	07
38,536	08
40,762	09
43,113	10
45,596	11
48,228	12
51,011	13
53,958	14
57,078	15

Rate of Return Assumptions				
	Total	- Inflation =	Real	Realized
FY 98	9.86%	2.48%	7.38%	7.16%
FY 99-2015 ⁽⁴⁾	7.52%	2.80%	4.72%	6.78%

⁽¹⁾ GASB net income is statutory net income plus the net change in unrealized gains and settlement earnings.

⁽²⁾ Per Department of Revenue's Fall 1997 Revenue Forecast.

⁽³⁾ Includes \$803 million of earnings reserve appropriated to principal.

⁽⁴⁾ Settlement earnings transferred to principal per AS 37.13.145(d).

⁽⁵⁾ Based on 1997 Cagan capital market and DOR inflation assumptions.

⁽⁶⁾ Total Fund (at market) equals Principal (at cost) plus the Earnings Reserve plus Unrealized Gains.

STATUS QUO



ALASKA PERMANENT FUND FINANCIAL PROJECTIONS 1998 - 2015

as of December 31, 1997

(in millions)

PRINCIPAL (AT COST)					
FY	FY Begin Balance	Appropriations	Dedicated State Revenue ^(a)	Inflation-Proofing	FY End Balance
77-96	0	5,807	5,711	4,624	16,176
97	16,176	824 ^(b)	308	486	17,796
99	18,486	20	232	504	19,252
00	19,252	22	245	409	19,927
01	19,927	23	258	495	20,704
02	20,704	25	263	588	21,579
03	21,579	27	260	612	22,479
04	22,479	29	254	637	23,399
05	23,399	31	236	663	24,329
06	24,329	33	226	688	25,277
07	25,277	35	218	715	26,242
08	26,242	37	207	742	27,228
09	27,228	40	199	769	28,236
10	28,236	43	193	797	29,269
11	29,269	46	187	826	30,328
12	30,328	49	188	856	31,421
13	31,421	52	182	886	32,541
14	32,541	56	178	916	33,692
15	33,692	60	172	950	34,873

INCOME						
GASB Net Income ⁽¹⁾	Distributions of Statutory Income				Earnings Reserve	
	Statutory Net Income	Dividends	Inflation-Proofing	General Fund	Add (Delete)	FY End Balance
16,194	14,034	5,993	4,624	223	3,211	104
3,167	2,036	747	486	1		104
1,682	1,289	889	525		(104)	
1,762	1,333	903	547			
1,847	1,379	862	566			
1,943	1,432	799	588	20		
2,049	1,491	727	612	125		
2,161	1,552	755	637	131		
2,277	1,613	784	663	136		
2,399	1,676	815	688	139		
2,526	1,740	848	715	143		
2,660	1,805	880	742	146		
2,801	1,871	914	769	147		
2,949	1,938	948	797	149		
3,105	2,007	983	826	152		
3,270	2,078	1,018	856	155		
3,445	2,151	1,056	886	158		
3,629	2,225	1,092	916	159		
3,824	2,301	1,130	950	161		

UNREALIZED GAINS	
Net Change	FY End Balance
2,125	2,125
1,106	3,231
27	2,804
373	3,177
407	3,584
445	4,029
486	4,515
531	5,046
580	5,626
633	6,259
690	6,949
762	7,701
818	8,519
890	9,409
968	10,378
1,052	11,430
1,143	12,574
1,242	13,816
1,348	15,164
1,463	16,627

TOTAL FUND At Market	
96	FY
18,406	77-96
21,130	97
21,404	98
22,429	99
23,511	00
24,732	01
26,094	02
27,525	03
29,025	04
30,588	05
32,225	06
33,943	07
35,747	08
37,645	09
39,646	10
41,768	11
43,994	12
46,356	13
48,855	14
51,500	15

Rate of Return Assumptions				
	Total	- Inflation	= Real	Realized
FY 98	9.86%	2.68%	7.38%	7.18%
FY 99-2015 ^(a)	7.52%	2.80%	4.72%	6.78%

⁽¹⁾ GASB net income is statutory net income plus the net change in unrealized gains and settlement earnings.

⁽²⁾ Per Department of Revenue's Fall 1997 Revenue Forecast.

⁽³⁾ Includes \$800 million of earnings reserve appropriated to principal.

⁽⁴⁾ Settlement earnings transferred to principal per AS 37.13.145(d).

⁽⁵⁾ Based on 1997 Callen capital market and DOR inflation assumptions.

⁽⁶⁾ Total Fund (at market) equals Principal (at cost) plus the Earnings Reserve plus Unrealized Gains.

HB 279: MUNICIPAL DIVIDEND FUND



ALASKA PERMANENT FUND FINANCIAL PROJECTIONS 1998 - 2015

as of December 31, 1997

(in millions)

PRINCIPAL (AT COST)					
FY	FY Begin Balance	Appropriations	Dedicated State Revenues ^(a)	Inflation-Proofing	FY End Balance
77-96	0	5,807	5,711	4,824	15,176
97	16,176	824 ^(a)	308	486	17,795
99	18,496	20	232	525	19,273
00	19,273	22	245	547	20,087
01	20,087	23	258	570	20,939
02	20,939	25	263	594	21,821
03	21,821	27	260	619	22,727
04	22,727	29	254	644	23,654
05	23,654	31	236	670	24,592
06	24,592	33	226	696	25,546
07	25,546	35	216	722	26,520
08	26,520	37	207	749	27,513
09	27,513	40	199	777	28,529
10	28,529	43	193	805	29,570
11	29,570	46	187	834	30,638
12	30,638	49	186	864	31,739
13	31,739	52	182	895	32,868
14	32,868	56	178	927	34,029
15	34,029	60	172	959	35,219

GASB Net Income ⁽¹⁾	Distributions of Statutory Income				Earnings Reserve	
	Statutory Net Income	Dividends	Inflation-Proofing	General Fund	Add (Delete)	FY End Balance
16,194	14,034	5,993	4,624	223	3,211	104
3,167	2,036	747	486	1		104
1,697	1,303	870	525		(112)	194
1,779	1,348	906	547		(127)	67
1,865	1,395	867	570		(65)	2
1,962	1,448	805	594	24		2
2,069	1,508	735	619	127		2
2,181	1,569	763	644	133		2
2,298	1,631	793	670	138		2
2,421	1,694	824	696	141		2
2,549	1,759	857	722	145		2
2,684	1,825	890	749	148		2
2,826	1,891	924	777	150		2
2,975	1,958	958	805	152		2
3,132	2,028	993	834	154		2
3,298	2,100	1,029	864	157		2
3,474	2,173	1,066	895	160		2
3,659	2,248	1,103	927	162		2
3,856	2,325	1,142	959	164		2

UNREALIZED GAINS	
Net Change	FY End Balance
2,125	2,125
1,106	3,231
374	3,178
409	3,588
447	4,035
488	4,523
534	5,057
583	5,640
636	6,276
693	6,969
755	7,725
823	8,547
895	9,442
973	10,415
1,058	11,473
1,149	12,623
1,248	13,971
1,355	15,226
1,471	16,687

TOTAL FUND At Market	
(a)	FY
18,405	77-96
21,130	97
21,497	98
22,846	99
23,742	00
24,975	01
26,346	02
27,786	03
29,296	04
30,870	05
32,518	06
34,247	07
36,063	08
37,973	09
39,968	10
42,114	11
44,364	12
46,741	13
49,257	14
51,919	15

Rate of Return Assumptions				
	Total	- Inflation =	Real	Realized
FY 98	9.86%	2.48%	7.38%	7.18%
FY 99-2015 ^(b)	7.52%	2.80%	4.72%	6.76%

⁽¹⁾ GASB net income is statutory net income plus the net change in unrealized gains and settlement earnings.

⁽²⁾ Per Department of Revenue's Fall 1997 Revenue Forecast.

⁽³⁾ Includes \$803 million of earnings reserve appropriated to principal.

⁽⁴⁾ Settlement earnings transferred to principal per AS 37.13.145(d).

⁽⁵⁾ Based on 1997 Callan capital market and DOR inflation assumptions.

⁽⁶⁾ Total Fund (at market) equals Principal (at cost) plus the Earnings Reserve plus Unrealized Gains.

HB 279: MUNICIPAL DIVIDEND FUND EXCEPT APPROPRIATION IN FY 97 IS REDUCED TO ALLOW FULL INFLATION-PROOFING IN LATER YEARS

#3



Alaska Permanent Fund Corporation
P.O. Box 25500 Juneau, Alaska 99802-5500
(907) 465-2047

MEMORANDUM

DATE: February 26, 1998

TO: Rep. Carl Moses

FROM: *JK*
Jim Kelly, Director of Communications

SUBJECT: **HB 279: Municipal Dividend Program (REVISED)**

Per your request, the Alaska Permanent Fund Corporation (APFC) is providing you with projection sheets addressing three different scenarios which you asked us to analyze.

Financial Projection #1: This is the status quo case as of December 31, 1997. It provides the benchmark against which to compare and contrast any changes to current law.

Financial Projection #2: This is the same projection changed to reflect passage of House Bill 279. It is our understanding that HB 279 would require the transfer of the balance of the earnings reserve account -- remaining after the transfers for dividends and inflation-proofing -- to a newly established municipal dividend fund on the first day of each fiscal year, effective July 1, 1998.

HB 279 would appropriate the balance remaining in the earnings reserve to Fund principal *after* the 1998 dividend calculation. Consequently, there would be no negative impact on dividends in fiscal 1998. However, please note that future dividends would be diminished relative to the status quo in any year in which the balance in the earnings reserve account plus the amount of net income earned that year is less than the net income for the last five years multiplied by 21 percent.

This consequence is due to language in the two sections of Permanent Fund law which determine the dividend calculation. The first section is AS 37.13.140, which reads

Income available for distribution equals 21 percent of the net income of the fund for the last five fiscal years, including the fiscal year just ended, but may not exceed net income of the fund for the fiscal year just ended plus the balance in the earnings reserve account described in AS 37.13.145 (emphasis added).

The second section is AS 37.13.145(b) which reads

(b) At the end of each fiscal year, the corporation shall transfer to the dividend fund established under AS 43.23.045 50 percent of the income available for distribution under AS 37.13.140 (emphasis added).

Based on current APFC earnings assumptions, this negative impact on dividends would occur in each of the next four fiscal years. You can see by comparing the dividend columns in Financial Projections #1 and #2, that dividends would be reduced by \$179 million in fiscal 1999, \$193 million in fiscal 2000, \$132 million in fiscal 2001, \$48 million in fiscal 2002, etc. (Note: The differences in future years are due, not to the statutory language limitation, but rather to the fact that the larger amount of income paid out in every year under HB 279 in this scenario, means less income is earned in future years, which in turn leads to slightly smaller dividends.)

Here is an illustrative example for fiscal 99 (in millions):

Net income for the past five years x 21%		\$1,738
Net income for fiscal 1999 + balance in the era	\$1,289 + \$104 =	\$1,393
PFDs = 1/2 of \$1,393 (\$696), instead of 1/2 of \$1,738 (\$869) =		
		PFDs reduced by \$173

Financial Projection #3: This projection is identical to projection #2 except that it reduces the June 30, 1998 appropriation sufficient to allow full dividends and inflation-proofing in all subsequent years.

For Your Information: These financial projections are based on a certain set of basic assumptions; the numbers shown on these sheets would change if different assumptions were used. The assumptions used in the preparation of each projection are listed at the bottom of each projection sheet and explained herein.

It is the Corporation's policy to base its long-term projections on the capital market assumptions prepared annually for the APFC by Callan Associates as applied to the Fund's target asset allocation and the Department of Revenue's most recent inflation assumption.

PLEASE NOTE THAT THE CORPORATION NEITHER SUPPORTS NOR OPPOSES ANY PROPOSED CHANGES TO THE CURRENT USE OF FUND EARNINGS, EXCEPT AS THEY MAY RELATE TO THE PROPER EXERCISE OF THE TRUSTEES' FIDUCIARY RESPONSIBILITIES AS REQUIRED UNDER THE PRUDENT INVESTOR RULE.

c: Byron I. Mallott, Executive Director
Board of Trustees



ALASKA PERMANENT FUND FINANCIAL PROJECTIONS 1998 - 2015

as of December 31, 1997

(in millions)

PRINCIPAL (AT COST)					
FY	FY Begin Balance	Appropriations	Dedicated State Revenues ⁽¹⁾	Inflation-Proofing	FY End Balance
77-96	0	5,807	5,711	4,624	16,176
97	16,176	824 ⁽²⁾	308	486	17,795
98	17,795	26 ⁽³⁾	231	447	18,496
99	18,496	20	232	525	19,273
00	19,273	22	245	547	20,087
01	20,087	23	258	570	20,939
02	20,939	25	263	594	21,821
03	21,821	27	260	619	22,727
04	22,727	29	254	644	23,654
05	23,654	31	236	670	24,592
06	24,592	33	226	696	25,546
07	25,546	35	216	722	26,520
08	26,520	37	207	749	27,513
09	27,513	40	199	777	28,529
10	28,529	43	193	805	29,570
11	29,570	46	187	834	30,638
12	30,638	49	180	864	31,739
13	31,739	52	182	895	32,868
14	32,868	56	178	927	34,029
15	34,029	60	172	959	35,219
Cumulative Totals					
Projected for 1998 - 2015:			3,927	12,847	35,219

INCOME						
GASB Net Income ⁽¹⁾	Statutory Net Income	Distributions of Statutory Income			Earnings Reserve	
		Dividends	Inflation-Proofing	General Fund	Add (Delete)	FY End Balance
16,194	14,034	5,993	4,624	223	3,211	104
3,167	2,036	747	486	1		104
1,772	2,173	848	447		878	982
1,750	1,350	875	525		(50)	932
1,837	1,399	916	547		(64)	868
1,929	1,451	883	570		(2)	866
2,031	1,509	828	594		87	952
2,145	1,574	765	619		191	1,143
2,273	1,649	796	644		208	1,351
2,408	1,726	830	670		225	1,577
2,549	1,805	868	696		241	1,818
2,698	1,886	907	722		256	2,074
2,854	1,970	949	749		272	2,346
3,019	2,055	991	777		286	2,632
3,193	2,142	1,035	805		302	2,934
3,376	2,233	1,080	834		319	3,253
3,570	2,327	1,126	864		336	3,589
3,776	2,424	1,174	895		355	3,944
3,993	2,524	1,223	927		374	4,318
4,223	2,627	1,274	959		393	4,711
49,395	34,824	17,369	12,847			4,711

UNREALIZED GAINS	
Net Change	FY End Balance
2,125	2,125
1,106	3,231
(427)	2,804
380	3,184
416	3,600
454	4,054
497	4,551
544	5,095
595	5,690
651	6,341
711	7,052
777	7,829
848	8,677
924	9,601
1,007	10,608
1,097	11,705
1,194	12,899
1,299	14,199
1,413	15,612
1,536	17,148
13,917	17,148

TOTAL FUND At Market	
⁽⁴⁾	FY
18,405	77-96
21,130	97
22,282	98
23,389	99
24,554	00
25,858	01
27,324	02
28,965	03
30,696	04
32,509	05
34,417	06
36,423	07
38,536	08
40,762	09
43,113	10
45,596	11
48,228	12
51,011	13
53,958	14
57,078	15
57,078	

Rate of Return Assumptions				
	Total	- Inflation =	Real	Realized
FY 98	9.86%	2.48%	7.38%	7.16%
FY 99-2015 ⁽⁵⁾	7.52%	2.80%	4.72%	6.76%

⁽¹⁾ GASB net income is statutory net income plus the net change in unrealized gains and settlement earnings.

⁽²⁾ Per Department of Revenue's Fall 1997 Revenue Forecast

⁽³⁾ Includes \$803 million of earnings reserve appropriated to principal.

⁽⁴⁾ Settlement earnings transferred to principal per AS 37.13.145(d)

⁽⁵⁾ Based on 1997 Callan capital market and DOR inflation assumptions.

⁽⁶⁾ Total Fund (at market) equals Principal (at cost) plus the Earnings Reserve plus Unrealized Gains. STATUS QUO



ALASKA PERMANENT FUND

FINANCIAL PROJECTIONS 1998 - 2015

as of December 31, 1997

(in millions)

#2

PRINCIPAL (AT COST)					
FY	FY Begin Balance	Appropriations	Dedicated State Revenues ⁽¹⁾	Inflation-Proofing	FY End Balance
77-96	0	5,807	5,711	4,624	16,176
97	16,176	824 ⁽²⁾	308	486	17,795
98	17,795	26	231	447	18,496
99	18,496	20	232	525	19,273
00	19,273	22	245	547	20,087
01	20,087	23	258	570	20,939
02	20,939	25	263	594	21,821
03	21,821	27	260	619	22,727
04	22,727	29	254	644	23,654
05	23,654	31	236	670	24,592
06	24,592	33	226	696	25,546
07	25,546	35	216	722	26,520
08	26,520	37	207	749	27,513
09	27,513	40	199	777	28,529
10	28,529	43	193	805	29,570
11	29,570	46	187	834	30,638
12	30,638	49	180	864	31,739
13	31,739	52	182	895	32,868
14	32,868	56	178	927	34,029
15	34,029	60	172	959	35,219
Cumulative Totals Projected for 1998 - 2015:			3,927	12,847	35,219

INCOME						
GASB Net Income ⁽¹⁾	Distributions of Statutory Income			Earnings Reserve		
	Statutory Net Income	Dividends	Inflation-Proofing	General Fund	Add (Delete)	FY End Balance
16,194	14,034	5,993	4,624	223	3,211	104
3,167	2,036	747	486	1		104
1,772	2,173	848	447	852		104
1,682	1,289	696	525	67		104
1,772	1,342	723	547	72		104
1,868	1,398	751	570	77		104
1,970	1,456	780	594	81		104
2,077	1,515	735	619	161		104
2,189	1,576	765	644	167		104
2,306	1,638	796	670	172		104
2,429	1,702	828	696	178		104
2,557	1,766	861	722	183		104
2,692	1,832	894	749	188		104
2,834	1,898	928	777	193		104
2,983	1,966	962	805	198		104
3,140	2,035	997	834	204		104
3,306	2,107	1,033	864	209		104
3,482	2,180	1,069	895	216		104
3,668	2,255	1,107	927	221		104
3,864	2,332	1,145	959	227		104
46,591	32,458	15,919	12,847	3,687		104

UNREALIZED GAINS	
Net Change	FY End Balance
2,125	2,125
1,106	3,231
(427)	2,804
373	3,177
408	3,585
447	4,032
489	4,521
534	5,056
584	5,639
637	6,276
694	6,971
756	7,727
824	8,550
896	9,447
974	10,421
1,059	11,480
1,151	12,631
1,250	13,881
1,357	15,237
1,472	16,710
13,479	16,710

TOTAL FUND At Market	
⁽³⁾	FY
18,405	77-96
21,130	97
21,404	98
22,554	99
23,776	00
25,075	01
26,446	02
27,887	03
29,398	04
30,972	05
32,621	06
34,351	07
36,168	08
38,079	09
40,095	10
42,222	11
44,474	12
46,853	13
49,370	14
52,033	15
52,033	

Rate of Return Assumptions				
	Total	Inflation	Real	Realized
FY 98	9.86%	2.48%	7.38%	7.16%
FY 99-2015 ⁽⁴⁾	7.52%	2.80%	4.72%	6.76%

⁽¹⁾ GASB net income is statutory net income plus the net change in unrealized gains and settlement earnings.

⁽²⁾ Per Department of Revenue's Fall 1997 Revenue Forecast.

⁽³⁾ Includes \$803 million of earnings reserve appropriated to principal.

⁽⁴⁾ Settlement earnings transferred to principal per AS 37.13.145(d).

⁽⁵⁾ Based on 1997 Callan capital market and DOR inflation assumptions.

⁽⁶⁾ Total Fund (at market) equals Principal (at cost) plus the Earnings Reserve plus Unrealized Gains.



ALASKA PERMANENT FUND FINANCIAL PROJECTIONS 1998 - 2015

as of December 31, 1997

(In millions)

PRINCIPAL (AT COST)					
FY	FY Begin Balance	Appro- riations	Dedicated State Revenues ⁽¹⁾	Inflation- Proofing	FY End Balance
77-96	0	5,807	5,711	4,624	16,178
97	16,176	824 ⁽²⁾	308	486	17,795
98	17,795	26 *	231	447	18,496
99	18,496	20	232	525	19,273
00	19,273	22	245	547	20,087
01	20,087	23	258	570	20,939
02	20,939	25	263	594	21,821
03	21,821	27	260	619	22,727
04	22,727	29	254	644	23,654
05	23,654	31	236	670	24,592
06	24,592	33	226	696	25,546
07	25,546	35	216	722	26,520
08	26,520	37	207	749	27,513
09	27,513	40	199	777	28,529
10	28,529	43	193	805	29,570
11	29,570	46	187	834	30,638
12	30,638	49	188	864	31,739
13	31,739	52	182	895	32,868
14	32,868	56	178	927	34,029
15	34,029	60	172	959	35,219
Cumulative Totals					
Projected for 1998 - 2015:			3,927	12,847	35,219

INCOME						
GASB Net Income ⁽¹⁾	Statutory Net Income	Distributions of Statutory Income			Earnings Reserve	
		Dividends	Inflation- Proofing	General Fund	Add (Delete)	FY End Balance
16,194	14,034	5,993	4,624	223	3,211	104
3,167	2,036	747	486	1		104
1,772	2,173	848	447	331	521	625
1,722	1,325	873	525		(72)	552
1,807	1,373	911	547		(85)	467
1,897	1,423	875	570		(22)	445
1,997	1,479	816	594	69		445
2,105	1,539	750	619	170		445
2,217	1,600	779	644	177		445
2,335	1,662	809	670	184		445
2,458	1,725	841	696	189		445
2,587	1,790	873	722	194		445
2,722	1,856	906	749	200		445
2,864	1,922	940	777	204		445
3,014	1,989	975	805	209		445
3,171	2,059	1,016	834	215		445
3,338	2,131	1,045	864	221		445
3,515	2,204	1,082	895	227		445
3,701	2,279	1,120	927	233		445
3,898	2,356	1,158	959	239		445
47,120	32,886	16,610	12,847	3,062		445

UNREALIZED GAINS	
Net Change	FY End Balance
2,125	2,125
1,106	3,231
(427)	2,804
377	3,181
412	3,593
451	4,044
493	4,537
538	5,075
588	5,663
642	6,305
699	7,004
762	7,766
829	8,595
902	9,498
981	10,479
1,066	11,545
1,159	12,704
1,258	13,962
1,366	15,328
1,482	16,811
13,580	16,811

TOTAL FUND At Market	
⁽³⁾	FY
18,405	77-96
21,130	97
21,925	98
23,007	99
24,147	00
25,428	01
26,803	02
28,248	03
29,763	04
31,342	05
32,996	06
34,731	07
36,554	08
38,472	09
40,495	10
42,629	11
44,888	12
47,276	13
49,802	14
52,475	15
52,475	

Rate of Return Assumptions				
	Total	Inflation	Real	Realized
FY 98	9.86%	2.48%	7.38%	7.16%
FY 99-2015 ⁽⁴⁾	7.52%	2.80%	4.72%	6.76%

⁽¹⁾ GASB net income is statutory net income plus the net change in unrealized gains and settlement earnings.
⁽²⁾ Per Department of Revenue's Fall 1997 Revenue Forecast.
⁽³⁾ Includes \$803 million of earnings reserve appropriated to principal.
⁽⁴⁾ Settlement earnings transferred to principal per AS 37.13.145(d).
⁽⁵⁾ Based on 1997 Callan capital market and DOR inflation assumptions.
⁽⁶⁾ Total Fund (at market) equals Principal (at cost) plus the Earnings Reserve plus Unrealized Gains.
 HB 279 AMENDED TO ALLOW FULL PFDs AND INFLATION-PROOFING IN ALL YEARS



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

February 10, 1998

Representative Carl Moses
Alaska State Legislature
Juneau, AK 99801

Dear Representative Moses:

We are writing in support of HB 279 - Municipal Fund Dividend. As you can see from the enclosed 1998 Alaska Municipal League/Alaska Conference of Mayors Legislative Platform, we have placed a high priority in creating a community dividend program to assist cities and boroughs in Alaska.

We believe this is the appropriate time to begin the discussion of using the surplus of undistributed earnings of the Permanent Fund, which would not affect the current Permanent Fund Dividend. The public needs to know how much of their dividends are being eroded by federal income taxes (approximately 30 percent) and that money could be better spent right in their own communities on schools, roads, sewer and water improvements, etc.

While we understand the political risks involved in discussing all of Alaska's assets, including the Permanent Fund, we believe that once the public understands that money spent in their own communities is more beneficial than sending it to Washington DC, they will support a community dividend program.

Thank you for your continued interest in the municipalities of Alaska and if we can provide you with any assistance, please let me know.

Sincerely,

Kevin C. Ritchie
Executive Director

cc AML Board of Directors
Alaska Conference of Mayors
AML Revenue & Finance Subcommittee

cc Alaska Legislative Committee

**Recommendations of the Alaska Conference of Mayors,
Alaska Municipal League, Alaska School Administrators Association,
and Association of Alaska School Boards**

Education Funding

The emphasis of any education bill should be to fix and improve the current formula as specified by the consensus points:

1. Add a new "purpose" statement defining the state's constitutional mandate for education.
2. Support conversion of the "unit" into a per student base allocation while retaining the current formula. The least understandable part of the formula is the concept of the "unit" which relates to a number of students, rather than one.
3. Support the school Area Cost Differential Study, a broad salary study, and a study of the impact of enrollment growth, funding of mandates, new technology, and other influences on education in Alaska.
4. Add a biannual process for updating the Area Cost Differential. Area Cost Differentials should be based on:
 - Community level, i.e. individual school, rather than the district level;
 - recognition of unique needs related to size and location of schools; and
 - recognition of the impacts of growth.
5. Instead of annual appropriations for single site school districts, add the adjustment to the formula.
6. Oppose increasing the current four mill minimum or 35% of previous year's basic need local contribution for municipal school districts.
7. Maintain the current local funding cap to avoid further transfers of state education funding responsibility to local taxpayers and further discrepancies to educational opportunities for children in Alaska.
8. Continue to reimburse pupil transportation under a separate program.
9. Maintain bilingual and vocational categorical funding.
10. Reduce special education regulations and "over-identification" by combining specific categories of special education (resource and self-contained), and implementing a process by which districts can request additional funding based on supporting justification and documentation.
11. Provide for a hold-harmless to avoid injury to students.
12. Amend current Alaska Statute 14.17.031(1)(b) to change the 10% student loss threshold to 5%.
13. Support a long-term school construction program with at least a 70/30 match for large municipalities with a sliding scale for small municipalities similar to the Municipal Capital Matching Grant Program.
14. For FY 99, increase education funding by at least 3% per student, plus continue to adjust education funding for any changes in enrollment.
15. The formula should include a process to annually adjust the per student allocation so that it actually reflects increases or decreases in the cost of education, including funding for new mandates.

JEFFREY D. CURRIER
BOROUGH MANAGER

P.O. Box 189
NAKNEK, ALASKA 99633



TELEPHONE
(907) 246-4224
FAX
(907) 246-6633

Bristol Bay Borough

NAKNEK, SOUTH NAKNEK, AND KING SALMON, ALASKA

February 12, 1998

Representative Carl Moses
State Capitol, Rm 204
Juneau, Alaska 99801-1182

**SUBJECT: HOUSE BILL NO. 279 "AN ACT RELATING TO THE MUNICIPAL
DIVIDEND PROGRAM"**

Dear Rep. Moses:

House Bill No. 279 puts forth a vision welcomed in Bristol Bay Borough. For years now rural municipal government has been "taking a financial beating" in Juneau. The state legislature has continued to cut budgets and appropriations to local governments. Municipal operations and maintenance needs, capital improvements needs, and municipal infrastructure in general, have all been severely affected.

House Bill No. 279 provides at least a bit of light at the end of the tunnel. The passage of this bill will provide a bit of sorely needed revenue to boroughs and municipalities, revenue that will be put back into the local economy.

House Bill No. 279 will provide a means for municipalities to initiate repair of the damage that has occurred to their respective infrastructure due to several years of budget deficits. The population based calculation to determine each municipalities dividend, appears to be a fair and equitable approach.

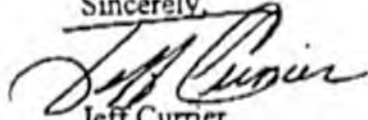
Putting \$1.9 billion from excess interest earnings into the corpus of the Permanent Fund when many (most?) communities in Alaska are having serious financial difficulties, was a decision difficult to comprehend. The Permanent Fund was established to help provide for Alaska's future needs when revenues declined. That time has come.

Our thanks to you Carl, for the effort you have put forth on House Bill No. 279. Rest assured that you have the full support of the Bristol Bay Borough for this piece of legislation.

Financial relief is long overdue!! We believe that passage of House Bill No. 279 will improve the overall "well-being" of all Alaskan communities.

If Bristol Bay Borough can assist with your efforts to have Bill No. 279 passed, please let me know.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jeff Currier".

Jeff Currier
Borough Manager



Lake and Peninsula Borough

P.O. Box 495
King Salmon, Alaska 99613

Telephone: (907) 246-3421
Fax: (907) 246-6602



February 16, 1998

Representative Ivan M. Ivan / Chair
House Community and Regional
Affairs Committee
State Capitol Building / Mailstop 3100
Juneau, AK. 99801-1182

SUBJ: HB 279 / Municipal Fund Dividend

Dear Representative Ivan:

It has come to the Borough's attention that the House Community and Regional Affairs Committee has scheduled a hearing for HB 279 on February 18th at 8 AM. We are writing to provide you and the other members of the Committee with written testimony from the Lake and Peninsula Borough on HB 279. The Borough is pleased to be able to testify on HB 279 and it strongly supports this bill for the reasons described below.

HB 279 would create a municipal dividend from the surplus undistributed earnings of the Permanent Fund. The dividend would be allocated each year to communities based upon population. The bill as written would have no impact upon Permanent Fund Dividends, the Corpus of the Permanent Fund, the required annual contribution to the Fund, or inflation proofing. Therefore, this bill should not be considered to be a "raid on the Permanent Fund". The bill would simply use undistributed earnings of the Fund to provide basic public services necessary to expand the economy and provide for a desirable quality of life in Alaska communities. We believe this bill is consistent with the original intent of the Permanent Fund, to help pay for basic public services and investments in our economy when oil revenues decline. It is time that the public in Alaska is provided with an honest assessment of the State's true revenue picture.

The Borough believes that Municipalities should share directly in the wealth generated by the State's natural resources. The earnings of the Permanent Fund certainly fall within that category. Municipalities are subdivisions of the State and they provide the most basic public services that Alaska residents expect and deserve. These services include, but are not limited to, schools, roads, docks, harbors, airports, solid waste, water, sewer and other utilities, police, fire, hospitals, and so on. Recent budget cuts by the Legislature have

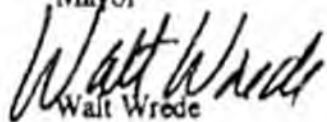
forced municipalities to reduce the level of services they provide and delay investments in their economy and infrastructure. More importantly, these cuts have forced municipalities to raise local taxes. We believe HB 279 is a good solution to this problem because it would provide for basic public services without increasing the size of State government or forcing local governments to raise taxes. Keeping the size of regional government down and providing funding for basic services directly to local communities is a model that has worked well for the Lake and Peninsula Borough.

We appreciate the opportunity to comment on HB 279. Please do not hesitate to contact us if you need any more information or would like to discuss this bill further. Thanks for your time and attention.

Sincerely,



Glen Alsworth Sr.
Mayor



Walt Wrede
Borough Manager

c.

Governor Tony Knowles
Representative Carl Moses
Senator Lyman Hoffman

Feb 5, 1110

WORLDWIDE BATH

END HOLST

THE JUNEAU EMPIRE
They'd had a life raft, all of Conte's five crew members have survived when their boat went down, according to an investigator with the Coast Guard's Juneau Marine Safety

Officer Bryan Johnson said the fishing boat that sank 100 miles southeast of Yakutat Friday night didn't have a life raft when it sank. He said the survival suits of the boatman, Mark Morley, and the Coast Guard continue to search for, Dave Hanlon, have been leaking.

It's one of the most important findings," Johnson said. "If they had a life raft on board, they would have survived."

Johnson interviewed the survivors of the accident over the weekend. He said the crew knew the boat was taking on water about 45 minutes before abandoning ship at about 7:15 p.m. Friday. One of the crew members, on a half-hour inspection, found 6 to 8 inches of water covering the engine room deck, he said.

"They had a leak," Johnson said. "They don't know where the leak came from. I don't think we'll ever know. They caught the problem early."

He said there were 40- to 50-foot seas in the Gulf of Alaska and that a formal hearing

They're going to be searching for most of the day.

Lt. Cmdr. Ray Massey

ing will be scheduled in Sitka or Juneau in an effort to find out more about the circumstances that lead to the Le Conte's sinking. A time and place for the hearing has yet to be determined.

Johnson interviewed the survivors of the accident over the weekend. He said the crew knew the boat was taking on water about 45 minutes before abandoning ship at about 7:15 p.m. Friday. One of the crew members, on a half-hour inspection, found 6 to 8 inches of water covering the engine room deck, he said.

"They had a leak," Johnson said. "They don't know where the leak came from. I don't think we'll ever know. They caught the problem early."

He said there were 40- to 50-foot seas in the Gulf of Alaska and

Please see Life raft, Page 8

their benefits electronically

By JEANINE POHL SMITH

THE JUNEAU EMPIRE

Southeast Alaskans on welfare now have a debit card to use at the store instead of food stamps.

They're participating in a trial program the state Division of Public Assistance started Sunday that puts food stamp benefits and welfare cash assistance on cards that can be used at automatic teller machines and in grocery stores with debit machines.

It's a system that's seeing increasing use nationally, said Jim Dalman, a public assistance program officer with the state.

around Juneau on Sunday - the first day cards could be used - to check on how things went for both clients and store merchants.

"It looks pretty promising," he said today. "Merchants like the notion of not having to handle food stamps."

The program, called Alaska Quest, was started under contract with five other states to develop the electronic benefit program. The federal government covered most of the nearly \$2 million administrative cost, Dalman said.

Electronic benefits are required of all states by the year 2002 under federal welfare reform laws.

An additional feature added by the state is direct deposit to

welfare payments at the first of each month.

Participating clients now don't have to wait for checks to arrive in the mail, at times delayed by bad weather.

Dalman said the Quest card should help reduce fraud, theft and mail loss, especially of food stamps. He said Anchorage has had problems over the years with food stamps being stolen from mailboxes.

Other benefits include less stigma of redeeming food stamps in public. Talking to recipients at stores Sunday, Dalman said several cited that as an advantage with the new system.

While all major grocery stores Please see Food stamps, Page 8

Permanent Fund outlook strong

Fund managers change investment portfolio

By MARK SABBATINI

THE JUNEAU EMPIRE

Alaska Permanent Fund dividend checks could top \$1,400 this year, despite a sluggish stock market.

Officials are projecting \$848 million will be available for dividends, compared to \$747 million last year. Last year's dividend of \$1,296.54 was paid to each of about 553,014 people.

Peter Bushre, chief finance officer for the Alaska Permanent Fund Corp., said it's too early to know what this year's dividend might be.

"We have no idea what the population base will be," he said today. "If it stayed the same then yes, the dividend would go up."

A dividend exceeding \$1,400

would theoretically occur if \$800 million were split among 570,000 people.

The permanent fund is expecting to earn a record \$2.173 billion for the fiscal year ending June 30, breaking last year's record of \$2.036 billion, Bushre said. He said the fund earned \$1.5 billion during the first half of the year.

"We are being very conservative in our estimate for the remaining six months," he said.

The value of the permanent fund will exceed \$24 billion by the end of the fiscal year if the projections hold up.

Another \$982 million is expected to be in an account containing surplus fund earnings. The money can be spent by lawmakers on general state expenses, but in-

stead has generally been redeposited into the principal of the fund.

Much of the fund's gain is profits from the sale of stocks and other holdings as fund managers restructure the permanent fund's portfolio, Bushre said.

He said managers are shifting from active to passive management in some stock holdings by purchasing more index funds, which represent the broad market. Investing in emerging foreign markets is also planned this spring, although such investments - considered more risky than domestic stocks - are limited to 2 percent of the fund's worth.

Plunging oil markets are expected to hurt the state's treasury, but are actually helping the fund because industry stock prices are rising, Bushre said.

Execution slated



ALASKA

Plays golf over gavel

...aws, and that's been a
And she said, "There
alternatives for people
and alcohol problems."
...n was one of about 50
...n in the state who deal
...n minor offenses, or-
...ants and summonses,
...ver arraignments and
...ntences.
...tes in Alaska have
...der jurisdiction than
...temporaries in other
...said.

...n's eclectic work ex-
...ade her well-suited for
...n and raised in a log-
...in northern Minnesota,
...cabins, worked in a
...e, attended nursing
...even sold Avon prod-

...to Alaska in 1971 and
...job a year later.
...ou have to have a lot
...sense, be willing and
...n, and have some life
...she said of being a
...That brings out em-

...n saw a lot in her
...including marrying
...100 couples. She's had

to dissolve far fewer, she said.
One of her more memorable
cases happened about 15 years
ago, involving loose and
nonlicensed canines.

"A 'dog-at-large' is one of the
most interesting and emotional
types of trials," she said.

One case in particular turned
and bit Hartshorn when a man on
trial pointed out that the magis-
trate's dogs were not licensed ei-
ther. He had city records on-hand
to prove it.

Hartshorn fined herself for her
unlicensed dogs.

Wrangell residents figured if
the judge came down hard on her-
self, they better get their pets le-
gal, too.

There was a run on city hall
for dog licenses after that, she
said.

After all her time on the job,
Hartshorn has some advice for
anyone facing a judge.

Be a straight-shooter, she
said. Be honest with the court. If
you're not guilty, tell them you're
not guilty.

This article first ran in the
Southeast Empire, mid-January
edition.

17-year-old enters plea dozens of charges

PHOLST

Thompson pleaded not
guilty to charges - of burgla-
ry and criminal mischief -

17-year-old man was in-
dicted by a Juneau grand jury
on 12 felony counts and

prove," Svobidny told Juneau Su-
perior Court Judge Larry Weeks.
"I think there are a substantial
number of crimes out there."

According to court records,
Thompson told police he commit-
ted several of the burglaries he's
charged with, and he carried a po-
lice badge and a gun while com-

Mayors decry cuts in Capitol address

■ *Deferred
maintenance,
subsistence also
among concerns*

By MARK SABBATINI

THE JUNEAU EMPIRE

Thanks for the help, but we
need more of it.

That was the message from
Alaska's mayors who collectively
delivered a "State of the Municip-
alities" address Wednesday.
Most made sure they credited
state legislators for providing vari-
ous forms of assistance, but said
too many cuts in those programs
have been made.

During the past 10 years of
budget cutting, local municipal-
ities have had to learn to do much
more with much less financial sup-
port, said Denali Borough Mayor
John Gonzales, president of the
Alaska Conference of Mayors,
which is meeting in Juneau this
week.

Taxes at the municipal level
have doubled during the past 10
years to offset state cuts, Gonzales
said. But he said the trend may be
changing as local officials plead
with those at the state level.

For the first time in 10 years
local taxpayers have begun to see
a stabilization in the amount of lo-
cal taxes they have to pay, he
said.

More than 20 other city and bor-
ough mayors delivered short
speeches, mostly focusing on areas
of concern. Many asked the Legis-

lature to make no further reduc-
tions in direct financial payment
to the municipalities and that law-
makers pursue a \$1.5 billion de-
ferred maintenance plan, which
some legislators say may have to
be scaled back due to lower-than-
expected oil prices.

"We feel (this) is a project that
needs to stay intact and we would
urge the Legislature not to break it
up out of concern oil prices are go-
ing to be low," said Kodiak Island
Borough Mayor Jerome Selby.

Juneau Mayor Dennis Egar
said the city has seen a 77 percent
decline in general financial assis-
tance payments and also is being
forced to pay a greater percentage
of school-related expenses. He said
the cost to Juneau is the equivalent
of more than a five-mill increase
in the local property tax.

In Hoonah, people have been
hurt falling from a state debt-
needing maintenance work, said
Mayor Albert Dick. He said budge-
t-cutbacks, Individual Fishing Qu-
otas and uncertainty about the sub-
sistence issue are also hurting the
small community.

"We certainly at this stage in
the game need help, and subsis-
tence is very important to us," he
said.



Empire Classifieds
as close as your
telephone 586-3740

DR. BOB WHITE
Dentistry and
Orthodontics for

HB

336

FISCAL NOTE

STATE OF ALASKA

BILL NO:

CS HB 336

1998 LEGISLATIVE SESSION

Revision Date: _____
 Title: An Act relating to eligibility for power cost equalization
 Sponsor: Representative Kubina
 Requestor: House CRA

Dept. Affected: Community & Regional Affairs
 BRU: Rural Energy Programs
 Component: Energy Operations
Power Cost Equalization
 COMPONENT SERIAL NO. 1985

EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)

OPERATING	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS		1347.11	1708.01	1722.21	1735.61	1751.41
MISCELLANEOUS						
TOTAL OPERATING						

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

CHANGE IN REVENUES ()						
Revenue Code						

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GE Match						
1004 GE		1347.11	1708.01	1722.21	1735.61	1751.41
1005 GE Program Receipts						
1006 GE/M-TIA						
Other						
TOTAL						

Estimate of current year (FY 98) impact: \$ -0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: CS HB 336 is associated with a companion bill (CS HB 337) which would provide for an appropriation for the construction of a hydroelectric project in Cordova. If the proposed companion bills are passed, the annual demand on the General Fund for Power Cost Equalization (PCE) will decrease effective January 2000 (six months after the completion of the Power Creek Hydroelectric project), as Cordova Electric Cooperative would no longer participate in the PCE program. The proposed appropriation of \$7.5 million in CS HB 337 will be recovered by the State in about 11 years (by FY 2010) and general fund savings will continue to accrue in the following years.

The basis and assumptions used in arriving at the PCE projected savings calculations are:

FY97 PCE disbursements to Cordova Electric Cooperative, Inc. at the 85% level: \$654.1

2% annual increased disbursements;

Continue PCE disbursements at the 85% level and no other changes to the PCE program.

Completion of the Power Creek Hydroelectric project: June 30, 1999;

General Fund appropriations will be needed to support the PCE program effective FY2000.

Prepared By: Remond Henderson, Director *Remond Henderson* Phone: 465-4708
 Division: Administration Date: 2/5/98
 Approved by Commissioner: *Mike Irwin* Date: 2/5/98
 Agency: Mike Irwin, Dept. of Community & Reg. Affairs

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

For further distribution information call the Governor's Legislative Office

0-LS1132B
Cramer
2/5/98

CS FOR HOUSE BILL NO. 336(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVE KUBINA

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to eligibility for power cost equalization."

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

3 • Section 1. AS 42.45 is amended by adding a new section to read:

4 Sec. 42.45.145. Ineligibility for power cost equalization after certain
5 construction. An electric utility that is otherwise determined to be an eligible electric
6 utility under AS 42.45.150 becomes ineligible to receive power cost equalization on
7 the day that is six months after the day on which an electric generation facility
8 described in this section first provides electricity to customers served by the electric
9 utility. An electric utility loses its eligibility under AS 42.45.100 - 42.45.150 if, on
10 or after January 1, 1998, it constructs a hydroelectric generation facility, or other
11 electric generation facility that is not powered by diesel fuel, that is financed in whole
12 or in part by a grant from the state and that supplies more than 75 percent of the total
13 electrical load of that utility.

14 • Sec. 2. AS 42.45.150(2) is amended to read:

15 (2) "eligible electric utility" or "electric utility" means a public,

1 cooperative, or other corporation, company, individual, or association of individuals,
2 and includes the lessees, trustees, or receivers appointed by a court, that has not
3 become ineligible under AS 42.45.145 and that

4 (A) owns, operates, manages, or controls a plant or system for
5 the furnishing, by generation, transmission, or distribution, of electric service
6 to the public for compensation;

7 (B) during calendar year 1983, had a residential consumption
8 level of power eligible for power cost equalization under former AS 44.83 of
9 less than 7,500 megawatt hours or had a residential consumption level of power
10 eligible for power cost equalization under former AS 44.83 of less than 15,000
11 megawatt hours if the utility served two or more municipalities or
12 unincorporated communities; and

13 (C) during calendar year 1984, used diesel fired generators to
14 produce more than 75 percent of the electrical consumption of the utility; an
15 electric utility that is a subsidiary of another electric utility is an "eligible
16 electric utility" if the operations of the subsidiary, considered separately, meet
17 the eligibility requirements of AS 42.45.100 - 42.45.150; if an electric utility
18 did not receive power cost assistance in 1983 but is otherwise eligible for
19 power cost equalization under AS 42.45.100 - 42.45.150, the utility is an
20 "eligible electric utility";

Alaska State Legislature



Committees
Labor & Commerce
Legislative Council
World Trade
Trade & Tourism
Special Committee
on Fisheries

Representative Eugene Kubina
House Minority Leader

During Session:
Alaska State Capitol
Juneau, Alaska 99801-1182

During Interim:
P.O. Box 2463
Valdez, Alaska 99686

Sponsor Statement

During the '80s, the state of Alaska developed a two-pronged approach to developing affordable electric power throughout Alaska: hydroelectric plants and interties for the Railbelt communities, and Power Cost Equalization (PCE) for the smaller, rural towns and villages.

The result was dramatic. The Railbelt communities, including Anchorage, the Kenai, and the Mat-Su, saw their electrical rates drop as hydroelectric projects came on line and interties connected the various communities within cost effective electric grids. In rural Alaska, the PCE program was created to reduce electrical energy costs for the smaller communities by subsidizing rates.

However, just as the state of Alaska is determined to wean as many of its people as possible off state and federally funded social programs, so too is there a need for the state to look for ways to replace the Power Cost Equalization (PCE) Program as a financial supplement to high electrical costs in our rural communities.

H B. 336 proposes such a program. In exchange for grant funds to upgrade current electrical generation systems (through new technologies and improvement), communities would relinquish PCE payments. The incentive is twofold:

- 1) PCE has a questionable future; and
- 2) Improved technologies could feasibly reduce electrical costs to the subsidized level

H B. 336 seeks to ultimately reduce the state budget while assisting rural communities in finding more cost-effective ways to produce needed electrical energy. It is a program and a concept that speaks to the future.

Alaska State Legislature



Committees
Labor & Commerce
Legislative Council
World Trade
Trade & Tourism
Special Committee
on Fisheries


Representative Eugene Kubina
House Minority Leader

During Session:
Alaska State Capitol
Juneau, Alaska 99801-1182

During Interim:
P.O. Box 2463
Valdez, Alaska 99686

MEMO

To: Representative Ivan Ivan, Chairman
House Community & Regional Affairs Committee

From: Representative Gene Kubina 

Date: 27 January 1998

Re: House Bill 336, "Eligibility for Power Cost Equalization"
House Bill 337, "Power Creek Hydroelectric facility"

Power Cost Equalization (PCE) and its future remains a daunting problem for rural/bush Alaska. The question is, what can the state of Alaska do to help reduce electrical costs for many rural families and businesses in a way that is long term, and ultimately, self-sustaining?

I believe that my bill addresses this issue in a proactive way. Instead of using PCE funds as a yearly subsidization of electrical rates, we need to turn this revenue into a vehicle to provide the capital to create "mini-railbelts" throughout Bush and rural Alaska.

Hydroelectric, wind generation, co-generation, interties---the technology is there, and in a few instances, has been utilized across rural Alaska. House Bill 336 will help create a more comprehensive focus on such a long term approach.

HB 337 is an appropriation bill that would tie directly into this program. Because of the linkage, I am requesting a hearing for both HB 336 and HB 337.

HB

337

Alaska State Legislature

Committees

Labor & Commerce
Legislative Council
World Trade
Trade & Tourism
Special Committee
on Fisheries



Representative Eugene Kubina
House Minority Leader

During Session:
Alaska State Capitol
Juneau, Alaska 99801-1182

During Interim:
P.O. Box 2463
Valdez, Alaska 99686

Sponsor Statement

The City of Cordova, like many Alaskan, coastal communities, is finding itself in an economic slump as the result of declining commercial salmon prices. Study after study has indicated that a key to making this industry more competitive in global markets is to reduce the cost of electrical energy.

For nearly fifty years, the City of Cordova and the Cordova Electric Cooperative have sought the construction of a hydroelectric plant on the Power Creek River near the community. New technologies have made this project a viable reality in recent years, and with this hydroelectric system on line, competitively priced electricity will be available for the community and its local seafood processors.

House Bill 337, an Act making a special appropriation for the Power Creek hydroelectric facility, will provide matching funds to the federal funds for this project.

CS FOR HOUSE BILL NO. 337()
 IN THE LEGISLATURE OF THE STATE OF ALASKA
 TWENTIETH LEGISLATURE - SECOND SESSION

BY

Offered:

Referred:

Funding Information:	General Fund	\$7,500,000
	Other Funds	<u> -0- </u>
		\$7,500,000

Sponsor(s): REPRESENTATIVE KUBINA

A BILL

FOR AN ACT ENTITLED

1 "An Act making a special appropriation for the Power Creek hydroelectric
 2 facility; and providing for an effective date."

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

4 * Section 1. The sum of \$7,500,000 is appropriated from the general fund to the
 5 Department of Community and Regional Affairs, division of energy, for payment as a grant
 6 under AS 37.05.316 to the Cordova Electric Cooperative for the design and construction of
 7 a hydroelectric facility on Power Creek in Cordova.

8 * Sec. 2. CAPITAL LAPSE. The appropriation made by sec. 1 of this Act is for a capital
 9 project and lapses under AS 37.25.020.

10 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

HB

365

Alaska State Legislature

CHAIR
HOUSE HEALTH, EDUCATION
& SOCIAL SERVICES COMMITTEE

VICE-CHAIR
HOUSE JUDICIARY COMMITTEE

MEMBER
LEGISLATIVE BUDGET & AUDIT COMMITTEE
HOUSE SPECIAL COMMITTEE ON OIL & GAS
SELECT COMMITTEE ON LEGISLATIVE ETHICS

REPRESENTATIVE CON BUNDE

District 18

DURING SESSION
STATE CAPITOL, ROOM 104
JUNEAU, AK 99801-1182
(907) 465-4843 (800) 892-4843

DURING INTERIM
716 V. FOURTH AVE.
ANCHORAGE, AK 99501-2133
(907) 258-8168

E-MAIL
Representative_Con_Bunde@legis.state.ak.us

SPONSOR STATEMENT

House Bill 365

" An Act relating to municipal service areas and providing for voter approval of the formation, alteration, or abolishment of certain service areas."

HB 365 provides a means of strengthening local control of service areas. This legislation prohibits a borough or municipality from absorbing or abolishing a service area without first requiring a vote of the people covered by the service area.

Typically, local service areas enable residents to assess themselves for the services they require without the overhead that exists if services were provided by a larger governmental entity. HB 365 preserves the right of residents in local service area to control both necessary services and their cost.

FISCAL NOTE

Revision Date: _____ Dept. Affected: Community & Regional Affairs
 Title: An Act relating to municipal service BRU: none
areas and providing for voter ... Component: none
 Sponsor: Rep. BUNDE
 Requestor: House C & RA COMPONENT SERIAL NO. _____

Expenditures/Revenues: (Thousands of Dollars)

	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
OPERATING						
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	0.0	0.0	0.0	0.0	0.0	0.0

REVENUE FUND SOURCE:

--	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

Estimate of current (FY98) impact \$ none

ANALYSIS: (Attach a separate page if necessary)
 This bill provides for changes in the way in which service areas within a borough may be offered (abolished, expanded, etc.). Such alterations would be subject to a vote of residents within the service area. This change would not place significant new administrative responsibilities on the department. This legislation would have no fiscal impact on the department.

Prepared by Remond Henderson, Director *Remond Henderson* Phone: 465-1708
 Division: Division of Administrative Services Date: 2/19/98
 Approved by Commissioner: Nike Sturin *Nike Sturin* Date: 2/19/98
 Agency: Community & Regional Affairs

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



Fairbanks North Star Borough

Office of the Mayor

809 Pioneer Road

P.O. Box 71267

Fairbanks, Alaska 99707-1267

907/459-1300

Fax 907/459-1102

Email mayor@co.fairbanks.ak.us

March 7, 1998

Representative Ivan
Chair, House CRA Committee
State Capitol
Juneau, AK 99801-1182

Dear Representative Ivan,

HB365, An Act relating to municipal service areas and providing for voter approval of the formation, alteration, or abolishment of certain service areas causes the Fairbanks North Star Borough many problems. Of the 250 service areas statewide, approximately 110 are in the Fairbanks North Star Borough. It has been our policy to attempt to curb the proliferation of service areas in the Borough. We do so in order to make service delivery more efficient. Fewer service areas provide economies of scale for limited road dollars. There are also increased administrative efficiencies.

Judging from the recent activity of HB365's companion bill, SB208, it is very popular. It is my understanding the legislation stems from recent policing issues in Anchorage. I request that HB365 be amended to exempt second class boroughs. I feel strongly that our current course of action in regards to service areas is in the best interests of borough government, while not infringing on the rights of our residents. Let the administration and Assembly make service area decisions in conjunction with local residents. I appreciate your consideration.

Sincerely,

Hank Hove
Borough Mayor

cc. Representative Tom Brice
Representative John Davies
Representative Jeanette James
Representative Pete Kelly
Representative Gene Thernault

0-LS1614E
Bannister
3/10/98

**CS FOR HOUSE JOINT RESOLUTION NO. 62(CRA)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTIETH LEGISLATURE - SECOND SESSION**

BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVE OGAN

A RESOLUTION

1 Relating to bringing Balto back to Alaska.

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

3 **WHEREAS** Balto was the lead dog in the final leg of the serum run to Nome in 1925,
4 in which he helped to save the lives of many Alaskans, and, for his efforts, Balto became
5 famous and a part of the state's history; and

6 **WHEREAS** Balto was later sold to a side show in the lower 48 states where he spent
7 two years and was poorly treated; and

8 **WHEREAS** business persons and children from a school raised money to buy Balto,
9 and he was housed in a zoo in Cleveland until he passed away in 1933; and

10 **WHEREAS** Balto was preserved by a taxidermist and donated to the Cleveland
11 Museum of Natural History where he is only exhibited every other year, and, when not being
12 exhibited, is stored in the archives of the museum; and

13 **WHEREAS** Balto and the serum run to Nome inspired the Iditarod Race, and the
14 Wasilla Iditarod Headquarters Museum would like to house Balto, at least on a part-time
15 basis;

16 **BE IT RESOLVED** that the Alaska State Legislature believes that Balto should be
17 allowed to come home to Alaska to be housed at the Iditarod Headquarters Museum in

1 Wasilla, Alaska.

2 **COPIES** of this resolution shall be sent to the director of the Museum of Natural
3 History in Cleveland, Ohio; and to the Honorable Ted Stevens and the Honorable Frank
4 Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of
5 the Alaska delegation in Congress.

Alaska State Legislature

CHAIR
HOUSE HEALTH, EDUCATION
& SOCIAL SERVICES COMMITTEE

VICE-CHAIR
HOUSE JUDICIARY COMMITTEE

MEMBER
LEGISLATIVE BUDGET & AUDIT COMMITTEE
HOUSE SPECIAL COMMITTEE ON OIL & GAS
SELECT COMMITTEE ON LEGISLATIVE ETHICS

REPRESENTATIVE CON BUNDE

District 18

DURING SESSION
STATE CAPITOL, ROOM 104
JUNEAU, AK 99801-1182
(907) 485-4843 (800) 892-4843

DURING INTERIM
716 W. FOURTH AVE.
ANCHORAGE, AK 99501-2133
(907) 258-8188

E-MAIL
Representative_Con_Bunde@legis.state.ak.us

MEMORANDUM

DATE: February 18, 1998

TO: Representative Ivan Ivan
Chairman House Community and Regional Affairs

FROM: Representative Con Bunde

RE: HB 365

The purpose of this memo is to request a committee hearing for HB 365 as soon as possible.

HB 365 will provide a means of strengthening local control of service areas by prohibiting a borough or municipality from absorbing or abolishing a service area without first requiring a vote of the people covered by the service area.

If you have any questions or concerns please contact my office at your convenience. Thank you for your cooperation with this request.

Board of Supervisors
R.S.A. #25 Bogard
P.O. Box 2274
Palmer, AK. 99645

January 24, 1998

TO: Senator Sean Parnell
State Capitol Room 504
Juneau, AK. 99801

Dear Senator Parnell,

The board of supervisors for R.S.A. # 25 Bogard has discussed ^{House Bill 365} Senate Bill 208 and we enthusiastically support it. We believe it is still important to allow taxpayers to have a voice in the spending of their tax monies. Local control is important to the residents of this road service area. Thank you for your assistance in maintaining it.

Sincerely Yours,

Valen C. Bair
Primary R.S.A. # 25

Valen C. Bair

William Larkin
Board R.S.A. # 25

William Larkin

Wrex Diem
Board R.S.A. # 25

Wrex R Diem

Law Offices of
Douglas L. Blankenship
406 Cushman Street, Suite 2
Fairbanks, Alaska 99701
907-452-4300 fax 456-2523
E-Mail Address: 104576.2433@compuserve.com

Via Facsimile -- 465-6592

January 26, 1998

JAN 26 1998

Senator Sean Parnell
State Capitol Room 504
Juneau, AK 99801

SB208
HB365

Dear Senator Parnell:

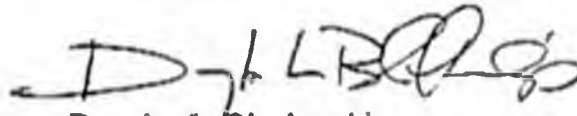
I am chairman of the Scenic Heights Service Area located in the Fairbanks North Star Borough. I support the amendments contained in Senate Bill 208. Several years ago, the Fairbanks North Star Borough mandated that the Scenic Heights Service Area include a noncontiguous subdivision located at approximately one-half mile from the border of the Scenic Heights Service Area. Although our service area objected, we were required to accept the Borough's decision.

The amendments requested in your bill are reasonable because, as you know, the members of the Service Area Commission volunteer their time to assist their community. It is inappropriate for a municipality to impose additional responsibility and time commitments upon the Service Area Commissioners who volunteer their time when the majority of the service area members object to a proposed action.

Thank you for your efforts.

Very truly yours,

LAW OFFICES OF DOUGLAS L. BLANKENSHIP


Douglas L. Blankenship

DLB/clm

cc: Senator Gary Wilken via facsimile 465-4714
Representative John Davies via facsimile 465-3519

cc:Mail for: Senator Sean Parnell

Subject: SB208

From: vhoefler@mosquitonet.com (Vaughan Hoefler) at CC2MHS1 1/28/98 11:18 AM

To: Senator Sean Parnell at LAA_TRANS

Dear Senator Parnell,

On behalf of the road service area commissioners for the Ester Lump Service Area located near Fairbanks, we support your effort to implement SB 208.

Voter approval for the formation, alteration, or abolishment of certain service areas would allow residents to more fairly decide on such changes. Our service area recently faced an annexation issue in which the Borough sought to add non-contiguous roads several miles distant to our road system. The condition of the roads proposed for annexation were significantly different than our own, built at different times, and subject to

slightly different weather conditions. Nevertheless, the North Star Borough

Rural Services Division presented this annexation issue as the only option to the residents of both areas. Many of our area's residents vented their frustration for not having any "say" in the ability to direct the future of our roads.

After two Assembly meetings, and following the testimony of many residents, the assembly moved for the creation of a separate service area.

Had AS 29.35.450 (voter approval of alteration or abolishment of service areas)

been in effect, our concerns would have been brought forth long before the Borough expended considerable time and funds developing this plan.

Thank you for taking the effort to make these changes, as they will provide service area residents the opportunity to more effectively govern the growth or change of their areas.

Please feel free to call me at 907-452-7955 if you have any questions.

Carol Hoefler

SB208 HB365

cc:Mail for: Senator Sean Parnell

Subject: SB208

From: vhoeller@mosquitonet.com (Vaughan Hoeller) at CC2MHS1 1/28/98 11:18 AM

To: Senator Sean Parnell at LAA_TRANS

Dear Senator Parnell,

On behalf of the road service area commissioners for the Ester Lump Service Area located near Fairbanks, we support your effort to implement SB 208.

Voter approval for the formation, alteration, or abolishment of certain service areas would allow residents to more fairly decide on such changes. Our service area recently faced an annexation issue in which the Borough sought to add non-contiguous roads several miles distant to our road system. The condition of the roads proposed for annexation were significantly different than our own, built at different times, and subject to

slightly different weather conditions. Nevertheless, the North Star Borough

Rural Services Division presented this annexation issue as the only option to the residents of both areas. Many of our area's residents vented their frustration for not having any "say" in the ability to direct the future of our roads.

After two Assembly meetings, and following the testimony of many residents, the assembly moved for the creation of a separate service area.

Had AS 29.35.450 (voter approval of alteration or abolishment of service areas)

been in effect, our concerns would have been brought forth long before the Borough expended considerable time and funds developing this plan.

Thank you for taking the effort to make these changes, as they will provide service area residents the opportunity to more effectively govern the growth or change of their areas.

Please feel free to call me at 907-452-7955 if you have any questions.

Carol Hoefler

SB208 HB365