

ALASKA LEGISLATURE COMMITTEE FILED 1977-1978 HOUSE

9340 HOUSE LABOR & COMMERCE

certificate. No recipient shall receive a **tax** deferral and a **tax exemption** for the same expenditure on eligible construction work.

4. A copy of the certificate of eligibility shall be filed by the department of finance in the manner prescribed for recording a mortgage pursuant to section two hundred ninety-one-d of the **real property** law.

5. The department of finance may provide by rule for reasonable administrative charges or fees necessary to defray expenses in administering the benefit program provided by this title.

S 489-ffff. Reporting requirement; termination of benefits. 1. Upon approval by the department of buildings of the plans submitted in connection with the building permit and any amendments to such plans, the recipient shall file with the department of finance a narrative description of such approved plans describing the industrial, commercial or renovation construction work for which such recipient seeks benefits pursuant to this title.

2. For the duration of the benefit period the recipient shall file annually with the department of finance, on or before the taxable status date, a certificate of continuing use stating the purposes for which the **property** described in the certificate of eligibility is being used and the net square footage allotted to each such purpose. Such certificate of continuing use shall be on a form prescribed by the department of finance and shall state the total number of workers employed on the **property** and the number of such workers who are city residents. The department of finance shall have authority to terminate benefits pursuant to this title upon failure of a recipient to file such certificate by the taxable status date. The burden of proof shall be on the recipient to establish continuing eligibility for benefits and the department of finance shall have the authority to require that statements made in such certificate shall be made under oath.

3. A recipient shall file an amendment to the latest certificate of continuing use prior to (a) converting square footage within **property** which is the subject of a certificate of eligibility for industrial construction work from use for the manufacturing activities described in such certificate of continuing use where such conversion results in less than sixty-five per centum of total net square footage being used or held out for use for manufacturing activities; or (b) converting any portion of **property** which is the subject of a certificate of eligibility to use for any restricted activity or as residential **property**.

4. Not later than eighteen months after the effective date of a certificate of eligibility, with an effective date of June thirtieth, nineteen hundred ninety-two or before, the recipient shall present evidence to the department of finance demonstrating that the recipient has made one-half of the minimum required expenditure. Not later than thirty-six months after the effective date of such certificate, such recipient shall present evidence to such department demonstrating that the recipient has made the minimum required expenditure. Not later than thirty months after the effective date of a certificate of eligibility with an effective date of July first, nineteen hundred ninety-two or after, the recipient shall present evidence to the department of finance demonstrating that the recipient has made one-half of the minimum required expenditure; provided, however, that a recipient of a certificate of eligibility for renovation construction work for **property** located in the renovation **exemption** area specified in subparagraph (ii) of paragraph (d) of subdivision five of section four hundred eighty-nine-cccc of this title shall present such evidence not later than eighteen months after the effective date of such certificate, or by December thirty-first, nineteen hundred ninety-four, whichever is earlier; provided, further, however, that a recipient who filed an application for a certificate of eligibility for renovation construction work for **property** located in the renovation **exemption** area specified in subparagraph (ii) of paragraph (d) of subdivision five of section four hundred eighty-nine-cccc of this title on or after July first, nineteen hundred ninety-four, but before February first, nineteen hundred ninety-five, shall present such evidence not later than eighteen months

after the effective date of such certificate, or by July thirty-first, nineteen hundred ninety-five, whichever is earlier, provided, further, however, that a recipient who filed an application for a certificate of eligibility for renovation construction work for **property** located in the renovation **exemption** area specified in subparagraph (i) or (iii) of paragraph (d) of subdivision five of section four hundred eighty-nine-cccc of this title on or after July first, nineteen hundred ninety-five, shall present such evidence not later than eighteen months after the effective date of such certificate. Not later than sixty months after the effective date of a certificate of eligibility with an effective date of July first, nineteen hundred ninety-two or after, the recipient shall present evidence to such department demonstrating that the recipient has made the minimum required expenditure; provided, however, that a recipient of a certificate of eligibility for renovation construction work for **property** located in the renovation **exemption** area specified in subparagraph (ii) of paragraph (d) of subdivision five of section four hundred eighty-nine-cccc of this title shall present such evidence not later than thirty-six months after the effective date of such certificate, or by December thirty-first, nineteen hundred ninety-five, whichever is earlier; provided, further, however, that a recipient who filed an application for a certificate of eligibility for renovation construction work for **property** located in the renovation **exemption** area specified in subparagraph (ii) of paragraph (d) of subdivision five of section four hundred eighty-nine-cccc of this title on or after July first, nineteen hundred ninety-four, but before February first, nineteen hundred ninety-five, shall present such evidence not later than thirty-six months after the effective date of such certificate, or by July thirty-first, nineteen hundred ninety-six, whichever is earlier, provided, further, however, that a recipient who filed an application for a certificate of eligibility for renovation construction work for **property** located in the renovation **exemption** area specified in subparagraph (i) or (iii) of paragraph (d) of subdivision five of section four hundred eighty-nine-cccc of this title on or after July first, nineteen hundred ninety-five, shall present such evidence not later than thirty-six months after the effective date of such certificate. Such evidence shall be presented in the form and manner prescribed by such department. The burden of proof shall be on the recipient to show by clear and convincing evidence that the required expenditures have been made. This subdivision shall not apply to the recipient of a certificate of eligibility for construction of a new building or structure that meets the requirements set forth in subdivision nine of section four hundred eighty-nine-dddd of this title in a new construction **exemption** area.

5. A recipient of a certificate of eligibility for construction of a new building or structure in a new construction **exemption** area shall present evidence to the department of finance demonstrating that the requirements of subdivision nine of section four hundred eighty-nine-dddd of this title have been met. Such evidence shall be presented in the form and manner and at the time prescribed by such department. The burden of proof shall be on the recipient to show by clear and convincing evidence that such requirements have been met.

S 489-gggg. Conversion of **property**. 1. Any recipient whose **property** is the subject of a certificate of eligibility for commercial or renovation construction work, and who, prior to the expiration of the benefit period, uses such **property** as industrial **property**, shall continue to receive benefits for commercial or renovation construction work as the case may be.

2. Any recipient whose **property** is the subject of a certificate of eligibility for industrial construction work, and who, prior to the expiration of the benefit period, uses such **property** as commercial **property**, shall cease to be eligible for further **exemption** or abatement for industrial construction work as of the last date to which such recipient proves by clear and convincing evidence that such **property** was

used as industrial **property**, and shall pay with interest any taxes for which an **exemption** or abatement was claimed after such date, except that:

(a) a recipient of a certificate of eligibility for industrial construction work in a special **exemption** area who would have been eligible to receive a certificate of eligibility for commercial construction work at the time such recipient applied for benefits shall continue to receive an **exemption** for industrial construction; and

(b) a recipient of a certificate of eligibility for industrial construction work in a regular **exemption** area who would have been eligible to receive a certificate of eligibility for commercial construction work at the time such recipient applied for benefits shall, commencing with the date of conversion to commercial **property** and continuing until the expiration of the benefit period for commercial construction work, receive any **exemption** which such recipient would have received in the corresponding **tax** year pursuant to a certificate of eligibility for commercial construction work; and

(c) a recipient of a certificate of eligibility for industrial construction work in any area of the city on whose **property** at least sixty-five per centum of the net square footage continues to be used or held out for use for manufacturing activities after conversion to commercial **property**, shall not be required to pay the pro rata share of **tax** for which an **exemption** was claimed during the **tax** year in which such conversion occurred.

3. Except as provided in subdivision four of this section, any recipient whose **property** is the subject of a certificate of eligibility for commercial, industrial or renovation construction work, and who uses such **property** as residential **property** or for any restricted activity prior to the expiration of the benefit period, shall cease to be eligible for further **exemption**, abatement or deferral as of the date such **property** was first used as residential **property** or for any restricted activity. In the case of **property** in an area that was designated as an **exemption** area at the time the certificate of eligibility was issued, such recipient shall pay with interest any taxes for which an **exemption** was claimed after such date, including the pro rata share of **tax** for which any **exemption** was claimed during the **tax** year in which such use occurred. In the case of industrial **property**, such recipient shall pay with interest any taxes for which an **exemption** or abatement was claimed after such date, including the pro rata share of **tax** for which any **exemption** or abatement was claimed during the **tax** year in which such use occurred. In the case of **property** in an area that was designated as a deferral area at the time the certificate of eligibility was issued, all deferred **tax** payments on the **property** shall become due and payable immediately.

4. Notwithstanding subdivision three of this section, any recipient whose **property** is the subject of a certificate of eligibility for commercial or renovation construction work with an effective date of July first, nineteen hundred ninety-two or after, and who, prior to the expiration of the benefit period, uses a portion of such **property** as residential **property**, shall cease to be eligible for further **exemption** for commercial or renovation construction work for that portion of such **property** used as residential **property** as of the date such portion of the **property** was first used as residential **property**. Such recipient shall pay, with interest, any taxes for which an **exemption** was claimed after such date attributable to that portion of the **property** used as residential **property**, including the pro rata share of **tax** for which such **exemption** was claimed during the **tax** year in which such use occurred. Such recipient shall continue to receive an **exemption** for commercial or renovation construction work for that portion of the **property** which continues to be used as commercial **property**.

S 489-hhhh. Administration of the benefit program. 1. The department of finance of any city enacting a local law pursuant to section four

hundred eighty-nine-bbbb of this title shall have, in addition to any other functions, powers and duties which have been or may be conferred on it by law, the following functions, powers and duties:

(a) To publicize the availability of benefits pursuant to this title for industrial, commercial and renovation construction work.

(b) To receive and review applications for certificates of eligibility, issue such certificates where authorized pursuant to section four hundred eighty-nine-eeee of this title, and record the issuance of such certificates as prescribed in such section.

(c) To receive evidence of expenditures made for construction, and where such expenditures do not equal the amount required to qualify for **exemption** from or abatement or deferral of **tax** payments to take appropriate action, including but not limited to denying, reducing, suspending, terminating or revoking benefits pursuant to this title.

(d) To enter and inspect **property** to determine whether it is industrial or commercial or mixed-use and to determine whether (i) any such **property** is being used for any restricted use, or (ii) any **property** which is the subject of a certificate of eligibility for industrial construction work is being used as commercial **property**, or (iii) any industrial or commercial **property** is being used as residential or mixed-use **property**, or (iv) all or part of the nonresidential portion of mixed-use **property** is being used as residential **property**.

(e) To collect all **real property** taxes for which payment is deferred pursuant to this title.

(f) To collect all **real property** taxes, with interest, due and owing as a result of reduction, suspension, termination or revocation of any **exemption** from or abatement or deferral of taxes granted pursuant to this title.

(g) To make and promulgate regulations to carry out the purposes of this title, including, but not limited to, regulations requiring applicants to publish notice of their applications, defining manufacturing and commercial activities and specifying the nature of work for which expenses may be included in the minimum required expenditure, provided, however, that any regulation increasing the minimum required expenditure shall not apply to any person who is a recipient on the effective date of such regulation. Such regulations shall include a requirement that with respect to the construction work recipients and their contractors shall be equal opportunity employers and may also provide that any person employed in the construction work shall implement a trainee program for economically disadvantaged persons.

S 489-iiii. Code violations; suspension or termination of benefits. A local law enacted pursuant to this title may provide that benefits pursuant to this title shall be suspended or terminated if the recipient is found to have failed to cure violations of the applicable building, fire, or air pollution control codes on the **property** which is the subject of the certificate of eligibility. Such local law shall define the circumstances under which benefits may be suspended or revoked for such violations and provide procedures whereby determinations to suspend, terminate or reinstate such benefits shall be made.

S 489-jjjj. **Tax** lien; interest rate. 1. All taxes plus interest required to be paid retroactively pursuant to this title shall constitute a **tax** lien as of the date it is determined such taxes and interest are owed. All interest shall be calculated from the date the taxes would have been due but for the **exemption**, abatement or deferral claimed pursuant to this title at three per centum above the applicable rate of interest imposed by such city generally for non-payment of **real property tax** on such date.

2. All taxes for which payment is deferred pursuant to section four hundred eighty-nine bbbb of this title shall constitute a **tax** lien as of the date they are due and payable in accordance with the provisions of

that section.

S 489-kkkk. Penalties for non-compliance, false statements and omissions. 1. The department of finance may deny, reduce, suspend, revoke or terminate any *exemption* from or abatement or deferral of *tax* payments pursuant to this title whenever (a) a recipient fails to comply with the requirements of this title or the rules promulgated by the department of finance pursuant thereto; or (b) an application, certificate, report or other document delivered by an applicant or recipient hereunder contains a false or misleading statement as to a material fact or omits to state any material fact necessary in order to make the statements therein not false or misleading, and may declare any applicant or recipient who makes such false or misleading statement or omission to be ineligible for future *exemption*, abatement or deferral pursuant to this title for the same or other *property*.

2. Notwithstanding any other law to the contrary, a recipient shall be personally liable for any taxes owed pursuant to this title whenever such recipient fails to comply with such law and rules or makes such false or misleading statement or omission, and the department of finance determines that such act was due to the recipient's willful neglect, or that under the circumstances such act constituted a fraud on the department of finance or a buyer or prospective buyer of the *property*. The remedy provided herein for an action in personam shall be in addition to any other remedy or procedure for the enforcement of collection of delinquent taxes provided by any general, special or local law. Any lease provision which obligates a tenant to pay taxes which become due because of willful neglect or fraud by the recipient, or otherwise relieve or indemnify the recipient from any personal liability arising hereunder, shall be void as against public policy except where the imposition of such taxes or liability is occasioned by actions of the tenant in violation of the lease.

S 489-llll. Participation of minority and women-owned business enterprises. A city enacting a local law pursuant to this title may provide for a program to ensure meaningful participation of minority and woman-owned business enterprises in construction work for which an applicant receives benefits. Such program may be established, and amended from time to time, by local law, or by rule of the department of finance not inconsistent with any such local law.

rec 2/20/98

Alaska State Legislature House of Representatives

COMMITTEE ASSIGNMENTS:

LABOR & COMMERCE
MILITARY & VETERANS AFFAIRS
COMMUNITY & REGIONAL AFFAIRS
OIL & GAS



Representative Joe Ryan

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MEMORANDUM

TO: Representative Norman Rokeberg, Chairman
Labor & Commerce Committee

FROM: Representative Joe Ryan *JR*

RE: HOUSE BILL NO. 399

DATE: 12 February 1998

Please schedule a hearing for House Bill No. 399 at your earliest convenience. Thank you for your consideration.

Alaska State Legislature

House of Representatives

COMMITTEE ASSIGNMENTS:

LABOR & COMMERCE
MILITARY & VETERANS AFFAIRS
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SPONSOR STATEMENT for HB 399

The intent of this bill is to authorize local municipalities to provide for tax exemption for improvements to deteriorated real property. The concept is based on other state's local economic revitalization tax programs. Local municipalities will have the flexibility of allowing renovations of real property in order to increase the value of that real property, for tax purposes.

Sec. 29.45.050. Optional exemptions and exclusions.

(a) A municipality may exclude or exempt or partially exempt residential property from taxation by ordinance ratified by the voters at an election. An exclusion or exemption authorized by this section may not exceed the assessed value of \$10,000 for any one residence.

(b) A municipality may by ordinance

(1) classify and exempt from taxation

(A) the property of an organization not organized for business or profit-making purposes and used exclusively for community purposes if the income derived from rental of that property does not exceed the actual cost to the owner of the use by the renter;

(B) historic sites, buildings, and monuments;

(C) land of a nonprofit organization used for agricultural purposes if rights to subdivide the land are conveyed to the state and the conveyance includes a covenant restricting use of the land to agricultural purposes only; rights conveyed to the state under this subparagraph may be conveyed by the state only in accordance with AS 38.05.069(c);

(D) all or any portion of private ownership interests in property that, based upon a written agreement with the University of Alaska, is used exclusively for student housing for the University of Alaska; property may be exempted from taxation under this subparagraph for no longer than 30 years unless the exemption is specifically extended by ordinance adopted within the six months before the expiration of that period;

(2) classify as to type and exempt or partially exempt some or all types of personal property from ad valorem taxes.

(c) The provisions of (a) of this section notwithstanding,

(1) a borough may, by ordinance, adjust its property tax structure in whole or in part to the property tax structure of a city in the borough, including but not limited to, excluding personal property from taxation, establishing exemptions, and extending the redemption period;

(2) a home rule or first class city has the same power to grant exemptions or exclude property from borough taxes that it has as to city taxes if

(A) the exemptions or exclusions have been adopted as to city taxes; and

(B) the city appropriates to the borough sufficient money to equal revenues lost by the borough because of the exemptions or exclusions, the amount to be determined annually by the assembly;

(3) a city in a borough may, by ordinance, adjust its property tax structure in whole or in part to the property tax structure of the borough, including but not limited to exempting or partially exempting property from taxation.

(d) Exemptions or exclusions from property tax that have been granted by a home rule municipality in addition to exemptions authorized or required by law, and that are in effect on September 10, 1972, and not later withdrawn, are not affected by this chapter.

(e) A municipality may by ordinance classify and exempt or partially exempt from taxation privately owned land, wet land and water areas for which a scenic, conservation, or public recreation use easement is granted to a governmental body. To be eligible for a tax exemption, or partial exemption, the easement must be in perpetuity. The easement is automatically terminated before an eminent domain taking of fee simple title or less than fee simple title to the property, so that the property owner is compensated at a rate that does not reflect the easement grant. The municipality may provide by ordinance that, if the area subject to the easement is sold, leased, or otherwise disposed of for uses incompatible with the easement or

if the easement is conveyed to the owner of the property, the owner must pay to the municipality all or a portion of the amount of the tax exempted, with interest.

(f) A municipality may by ordinance exempt from taxation all or part of the increase in assessed value of improvements to real property if an increase in assessed value is directly attributable to alteration of the natural features of the land, or new maintenance, repair, or renovation of an existing structure, and if the alteration, maintenance, repair, or renovation, when completed, enhances the exterior appearance or aesthetic quality of the land or structure. An exemption may not be allowed under this subsection for the construction of an improvement to a structure if the principal purpose of the improvement is to increase the amount of space for occupancy or nonresidential use in the structure or for the alteration of land as a consequence of construction activity. An exemption provided in this subsection may continue for up to four years from the date the improvement is completed, or from the date of approval for the exemption by the local assessor, whichever is later.

(g) A municipality may by ordinance exempt from taxation all or part of the increase in assessed value of improvements to a single-family dwelling if the principal purpose of the improvement is to increase the amount of space for occupancy. An exemption provided in this subsection may continue for up to two years from the date the improvement is completed, or from the date of approval of an application for the exemption by the local assessor, whichever is later.

(h) A municipality may by ordinance partially or wholly exempt land from a tax for fire protection service and fire protection facilities and may levy the tax only on improvements, including personal property affixed to the improvements.

(i) A municipality may by ordinance approved by the voters exempt from taxation the assessed value that exceeds \$150,000 of real property owned and occupied as a permanent place of abode by a resident who is

- (1) 65 years of age or older;
- (2) a disabled veteran, including a person who was disabled in the line of duty while serving in the Alaska Territorial Guard; or
- (3) at least 60 years old and a widow or widower of a person who qualified for an exemption under (1) or (2) of this subsection.

(j) A municipality may by ordinance approved by the voters exempt real or personal property in a taxing unit used in processing timber after it has been delivered to the processing site from up to 75 percent of the rate of taxes levied on other property in that taxing unit. An ordinance adopted under this subsection may not provide for an exemption that exceeds five years in duration. In this subsection "taxing unit" means a municipality and includes

- (1) a service area in a unified municipality or borough;
- (2) the entire area outside cities in a borough; and
- (3) a differential tax zone in a city.

(k) A municipality may by ordinance approved by the voters exempt from taxation pollution control facilities that meet requirements of the United States Environmental Protection Agency or the Department of Environmental Conservation. An ordinance adopted under this subsection may not provide for an exemption that exceeds five years in duration.

(l) A municipality may by ordinance exempt from taxation an interest, other than record ownership, in real property of an individual residing in the property if the property has been developed, improved, or acquired with federal funds for low-income housing and is owned or managed as low-income housing by the Alaska Housing Finance Corporation under AS 18.55.100 - 18.55.960 or by a regional housing authority formed under AS 18.55.996. However,

the corporation may make payments to the municipality or political subdivision for improvements, services, and facilities furnished by it for the benefit of a housing project, and this subsection does not prohibit a municipality from receiving those payments or any payments in lieu of taxes authorized under federal law.

(m) A municipality may by ordinance partially or totally exempt all or some types of economic development property from taxation for up to five years. The municipality may provide for renewal of the exemption under conditions established in the ordinance. However, under a renewal, a municipality that is a school district may only exempt all or a portion of the amount of taxes that exceeds the amount levied on other property for the school district. A municipality may by ordinance permit deferral of payment of taxes on all or some types of economic development property for up to five years. The municipality may provide for renewal of the deferral under conditions established in the ordinance. A municipality may adopt an ordinance under this subsection only if, before it is adopted, copies of the proposed ordinance made available at a public hearing on it contain written notice that the ordinance, if adopted, may be repealed by the voters through referendum. An ordinance adopted under this subsection must include specific eligibility requirements and require a written application for each exemption or deferral. In this subsection "economic development property" means real or personal property, including developed property conveyed under 43 U.S.C. 1601 - 1629e (Alaska Native Claims Settlement Act), that

(1) has not previously been taxed as real or personal property by the municipality;

(2) is used in a trade or business in a way that

(A) creates employment in the municipality;

(B) generates sales outside of the municipality of goods or services produced in the municipality; or

(C) materially reduces the importation of goods or services from outside the municipality; and

(3) has not been used in the same trade or business in another municipality for at least six months before the application for deferral or exemption is filed; this paragraph does not apply if the property was used in the same trade or business in an area that has been annexed to the municipality within six months before the application for deferral or exemption is filed; this paragraph does not apply to inventories.

(n) A municipality may by ordinance classify as to type inventories intended for export outside the state and partially or totally exempt all or some types of those inventories from taxation. The ordinance may provide for different levels of exemption for different classifications of inventories. An ordinance adopted under this subsection must include specific eligibility requirements and require a written application, which shall be a public document, for each exemption.

HB

400

Original

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. HB 400 | _____

Revision Date (Note if correction) _____ Dept. Affected (multiple) _____
 Title An Act combining the Departments of Commerce BRU (multiple) _____
 and Economic Development and Community and Reg Affairs Component (multiple) _____
 Sponsor Representative Kohring _____
 Requester Hs Labor & Commerce Committee Component Serial No. _____

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services	(175.7)	(175.7)	(175.7)	(175.7)	(175.7)	(175.7)
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	(175.7)	(175.7)	(175.7)	(175.7)	(175.7)	(175.7)
CAPITAL EXPENDITURES	1,849.1					
CHANGE IN REVENUES (1007)	(32.5)	(32.5)	(32.5)	(32.5)	(32.5)	(32.5)

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	1,673.4	(175.7)	(175.7)	(175.7)	(175.7)	(175.7)
1005 GF/Program Receipts						
1037 GF/Mental Health						
1007 Interagency Receipts	(32.5)	(32.5)	(32.5)	(32.5)	(32.5)	(32.5)
TOTAL	1,640.9	(208.2)	(208.2)	(208.2)	(208.2)	(208.2)

Estimate of any current year (FY98) cost: _____

POSITIONS

Full-time	(2)	(2)	(2)	(2)	(2)	(2)
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached analysis.

Prepared by Tom Lawson, Director
 Division Administrative Services
 Approved by Commissioner Deborah B. Sedwick
 Agency Commerce and Economic Development

Phone (907)465-2506
 Date 3/6/98
 Date 3/6/98

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FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. HB 400

ANALYSIS: (continued)

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT Fiscal Note Calculations for HB 400

HB 400 would combine the Departments of Commerce and Economic Development and Community and Regional Affairs, creating a new Department of Commerce and Rural Development, and would transfer a few programs to other state agencies, including the Departments of Labor and Health and Social Services. No existing programs are eliminated in this legislation. We estimate that it will take twelve to twenty-four months to implement this legislation, including moving staff, merging programs, etc. Following is our best estimate of the fiscal impacts.

Staff Savings

This fiscal note shows the estimated savings in staff associated with the merger of DCED and DCRA. This bill may result in the elimination of some administrative support positions. However, during a twenty-four month transition period, no administrative support staff should be eliminated. In fact, administrative workloads will increase because of the merger and transfer of financial and computer systems, personnel issues which will arise, office relocations, and budget development and implementation. Initially, one Commissioner and Executive Secretary will be eliminated in the Commissioner's Office. In addition, an Administrative Services Director will be downgraded to an assistant director and the Director of the Division of Community and Rural Development will be downgraded to a Program Coordinator. All other staff eliminations or other savings will have to await implementation of this legislation and a comprehensive evaluation by all affected agencies of the impacts. Specific positions which will need to be evaluated in the first 12 months include: a Deputy Commissioner; a Special Assistant to the Commissioner II; and division directors. In the second year of implementation, administrative support staff in divisions and administrative services personnel will be evaluated for possible elimination. Following is our estimate of personal services savings:

	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Commissioner	\$ (109.5)	\$ (109.5)	\$ (109.5)	\$ (109.5)	\$ (109.5)	\$ (109.5)
Secretary	(46.8)	(46.8)	(46.8)	(46.8)	(46.8)	(46.8)
Admin Services director to deputy dir.	(15.7)	(15.7)	(15.7)	(15.7)	(15.7)	(15.7)
DCRD director to Program Coord.	(36.2)	(36.2)	(36.2)	(36.2)	(36.2)	(36.2)
Total Personal Services Savings	\$ (208.2)	\$ (208.2)	\$ (208.2)	\$ (208.2)	\$ (208.2)	\$ (208.2)

Moving Costs

DCRA and DCED offices in Juneau and Anchorage are consolidated with no additional lease costs. This fiscal note includes a total of \$1,695.0 for moving costs as a capital budget item. We estimate that a total of 259 positions will need to be moved to accommodate the departmental transfers that are entailed in this legislation. The Department of Administration, Division of General Services and Supply, has developed a cost per position moving factor of \$6.1. This factor was developed through an analysis of recent office moves in Juneau and Anchorage. Additional money (\$25.0 each for Juneau and Anchorage) will be needed to contract for the services of an architect to design office facilities for those employees who will be relocated. Finally, we foresee the need, at least on a short term basis, for new office space when current offices cannot accommodate transferred staff. Space is not available in the Anchorage Department of Health and Social Services Frontier Bldg. offices for the Child Care Assistance Program. Additional space will need to be leased in the Frontier Bldg. for this program. We have included \$6,100 to cover these costs. Because employees from two departments will be relocated to multiple departments and in order to ensure appropriate management of all moving funds, we have consolidated all moving costs into this fiscal note and recommend that the appropriation for moving costs be made to the Office of Management and Budget. Following is a summary of our moving cost estimates:

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. HB 400

ANALYSIS: (continued)

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT Fiscal Note Calculations for HB 400

Moving Costs (continued)

	FY 99	FY 00	FY01	FY 02	FY03	FY 04
Moving 259 positions at \$6.1 each	\$ 1,579.9	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Space Design Contract	50.0	0.0	0.0	0.0	0.0	0.0
<u>New Office Space Requirement</u>						
Child Care Asst. DHSS/Anch.	65.1	0.0	0.0	0.0	0.0	0.0
Total Moving Cost	\$ 1,695.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0

Computer Systems One Time Costs

Money will be needed for computer systems conversions. We estimate that \$ 125.0 as a one time capital appropriation for FY 99-FY 04 period will be needed for costs to convert DCRA computers to the DCED system or vice versa. Costs include server/hub upgrades, software upgrades and license fees. In addition, costs are estimated for separate Child Care Assistance and JTPA offices. It is assumed that programming and conversion task will be undertaken with in-house staff. Cabling costs are included in the moving cost estimate. The integration of the separate DCRA and DCED computers will speed public services and improve the ability of the public to access departmental information.

Space Planning & Leasing

The Department of Administration, Division of General Services will provide support to the affected agencies. This support will include: issuing ITB's/RFP's for new space requirements; enforcing space standards; negotiating lease improvements; and, coordinating building modifications with DOT/PF in State owned buildings. It is difficult to determine staff requirements due to the unknown number of bids, moves, building improvements, etc. that will be required. It is estimated that at least one Procurement Specialist III for six months will be necessary to handle the work.

	FY 99	FY 00	FY01	FY 02	FY03	FY 04
Procurement Specialist III	\$ 29.1	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0

HB 400 Space Allocation Worksheet

I. Juneau

Agency/Program	Going To	Current Office Location			
		9th Flr SOB	DCRA BLDG	Plywood Palace	Vintage Park
Statewide Services Delivery	Labor		7		
Subtotal		0	7	0	0
Commissioner's Office	DCRD	5	6		
Commissioner's Office	Deleted	0	(2)		
Administrative Services	DCRD	19	13		
Banking, Sec., & Corp.	DCRD	20			
Insurance	DCRD	30			
Occupational Licensing	DCRD	37			
Trade & Development	DCRD	11			
Tourism	DCRD	10			
Investments	DCRD				39
ASMI	DCRD			10	
Data Processing	DCRD		1		
Training and Development	DCRD		2		
Statewide Assistance	DCRD		5		
Community & Economic Dev.	DCRD		5		
Energy Operations	DCRD		1		
Head Start	DHSS		3		
Subtotal		132	34	10	39
Total		132	41	10	39

Preferred Option

DCRA Programs to 9th Floor SOB	34	(34)		
SSD to Labor		(7)	7	
Occ. Licensing to DCRA Bldg.	(37)	37		
Net change	(3)	(4)	7	

Total Number of Positions Moved 81

HB 400 Space Allocation Worksheet

II. Anchorage Agency/Program	Going From	Going To	Current Office Location					AIDEA Bldg	APUC Bldg.	UAA Diplomacy
			7th Fir Frontier	13th Fir Frontier	Ak Energy Bldg	Post Office Mall				
JTPA	DCRA	Labor					11			
Statewide Services Delivery	DCRA	Labor					3			
Subtotal			0	0			14	0	0	0
Child Care Assistance	DCRA	DHSS					10			
Subtotal			0	0			10	0	0	0
Commissioner's Office	DCED	DCRD	1							
Banking, Sec., & Corp.	DCED	DCRD	5							
Insurance	DCED	DCRD		20						
Occupational Licensing	DCED	DCRD	26							
Trade & Development	DCED	DCRD	13							
Investments	DCED	DCRD	5						46	
APUC	DCED	DCRD								
ATMC	DCED	DCRD	3							
ASTF	DCED	DCRD								7
AADC	DCED	DCRD				4				
AIDEA	DCED	DCRD						32		
Administrative Services	DCRA	DCRD					20			
Data Processing	DCRA	DCRD					6			
Training & Development	DCRA	DCRD					21			
State Assessor	DCRA	DCRD					2			
Local Boundary Comm	DCRA	DCRD					3			
Community Dev Assistance	DCRA	DCRD					6			
Energy Operations	DCRA	DCRD					23			
Subtotal			53	20	4		81	32	46	7
Total			53	20	4		105	32	46	7

Preferred Option

DCRA to new DCRD office		81					(81)			
DCED to new DCRD office		73	(53)	(20)						
JTPA/SSD to Labor							(14)			
Child Care Assistance to DHSS							(0)			
Net Change		154	(53)	(20)	0		(105)	0	0	0

Total Number of Positions Moved 178

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

NO. HB 400
BILL VERSION: F
PUBLISH DATE: 3/25/98

Revision Date: first
Title: Merger of DCED & DCRA

Department Affected: DCRA, DCED, Labor, DH
BRU: All

Sponsor: Kohring
Requestor: _____

Component: All _____

COMPONENT SERIAL NO: _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	-981	-981	-981	-981	-981
TRAVEL	-35	-35	-35	-35	-35
CONTRACTUAL	-31	-31	-31	-31	-31
SUPPLIES	-7	-7	-7	-7	-7
EQUIPMENT	0	0	0	0	0
LAND & STRUCTURES					
GRANTS, CLAIMS					
MISCELLANEOUS					
TOTAL OPERATING	-1054	-1054	-1054	-1054	-1054

CAPITAL	192	0	0	0	0
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REVENUE FUND SOURCE	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-1054	-1054	-1054	-1054	-1054
FEDERAL FUNDS					
OTHER FUND SOURCE					
TOTAL	-1054	-1054	-1054	-1054	-1054

POSITIONS:

FULL-TIME	-13	-13	-13	-13	-13
PART-TIME	0	0	0	0	0
TEMPORARY	0	0	0	0	0

Estimate of current year impact: 1,054 - 192 = 862

ANALYSIS: (Attach a separate page if necessary)

see attached

Prepared By: Mike Kriebler *Mike Kriebler* 3/27/98 Phone: _____
Division: _____ Date: _____

Approved By: Representative Vic Kohring *Vic Kohring* 3-27-98 Date: _____
Agency: _____

Distribution (by preparer): Labor & Commerce Committee

02/25/98 16:19:21 LEGISLATIVE TELECONFERENCE NETWORK SYSTEM
MESSAGE FROM: LIOCJEN IN ANCHORAGE

LTN1120
JNU

RE TCN: 80350 SCHEDULED FOR:02/25/98 15:15 TO 17:15
SPONSOR: HOUSE LABOR & COMMERCE PURPOSE: PUBLIC HEARING

MESSAGE TEXT: MR. FRISBY & MR. POLAND AT DCRA WILL BE
AVAILABLE TO ANS ? ON HB 400 /

02/27/98 16:20:04 LEGISLATIVE TELECONFERENCE NETWORK SYSTEM
MESSAGE FROM: LIOCJEN IN ANCHORAGE

LTN1120
JNU

RE TCN: 80362 SCHEDULED FOR:02/27/98 15:15 TO 17:15
SPONSOR: HOUSE LABOR & COMMERCE PURPOSE: PUBLIC HEARING

MESSAGE TEXT: PAT POLAND IS HERE OBSERVING AND MAY BE
ABLE TO ANSWER ? FOR DCRA

03/06/98 LEGISLATIVE TELECONFERENCE NETWORK SYSTEM
15:18:23 PARTICIPANT LIST (ALL PARTICIPANTS)
TCN:80422 SCHEDULED FOR:03/06/98 15:15 TO 17:15
PUBLIC HEARING HOUSE LABOR & COMMERCE

LTN1150
BY:ANC
FOR:ANC

LOCATION:ANCHORAGE
HB 400

DAVID ALEXANDER

TESTIFY

03/06/98 LEGISLATIVE TELECONFERENCE NETWORK SYSTEM
15:52:18 PARTICIPANT LIST (ALL PARTICIPANTS)
TCN:80422 SCHEDULED FOR:03/06/98 15:15 TO 17:15
PUBLIC HEARING HOUSE LABOR & COMMERCE

LTN1150
BY:MAT
FOR:MAT

LOCATION:MATSU

HB 400 MR DAN KENNEDY
HB 400 MS JANICE TATLOW

TESTIFY
OBSERVE

HB 400 Fiscal Note Issue: Staff Relocations

- The administration uses an amount of \$6,100 per staff relocation. This total includes \$3,166 to "Construct Tenant Improvements" and \$1,834 to "Move Systems Furniture." These two items total \$5,000 per employee.
- The \$6,100 amount also includes \$656 per relocated employee for computer moving and networking. This cost is redundant to the \$125,000 amount in the Administration's fiscal note for computer system conversions.
- The merger of the two departments does not require significant tenant improvements nor furniture moving. For such position relocations, this fiscal note uses the amount of \$444 ($6,100 - 5000 - 656 = 444$).

1. HB 400 transfers job training programs and the child care programs to other Departments. The Juneau based staff for these programs are located in the DCRA building. The physical relocation of staff would include:

Juneau Staff

- 3 Head Start staff from DCRA building to Department of Health & Social Services building
- 7 Statewide Service Delivery (job training programs) staff from DCRA building to Department of Labor building

10 staff at \$5,455 ($6,100 - 656 = 5,455$) totals \$54,550. This assumes that \$3,166 per employee is needed to "construct tenant improvements."

2. The following amounts are to relocate some Juneau based staff to consolidate the administrative services staff together, although there is considerable rationale for this move to not occur: a) Relocation should not be done before any evaluation is performed by the administration on reducing administrative support since there will be 39 fewer employees and fewer programs having associated administrative overhead, and, b) Administrative functions of the staff would not be significantly changed, only management oversight would be changed. Regardless, the following scenario is presented:

- Relocate 13 DCRA administrative staff to 9th floor State Office Building
- Relocate 11 Trade and Development to DCRA building
- If needed for sufficient space on the 9th floor (SOB), relocate the Commissioner, Deputy Commissioner and 2 Administrative Assistants to the DCRA building (space available due to DCRA Commissioner Office reduction)

28 staff @ .444 each = 12.4

Total Moving Cost:

Scenario 1	Move 10 staff	54.4
Scenario 2 (if needed)	Move 28 staff	12.4
Computer (assumes fiscal note would remain the same for this item although original fiscal note moves 259 employees)	lump sum	<u>125.0</u>

HB 400 IMPLEMENTATION TOTAL: 191.8

Anchorage Staff

1. Child Care & Job Training Programs Staff:

The Administration's fiscal note included moving Anchorage based Child Care and Job Training staff from the Post Office Mall to other locations. Anchorage based staff are located in their own suites at the Post Office Mall. They currently report to a director located in Anchorage, who in turn reports to the Commissioner's Office in Juneau. The merger would just change the management person being reported to.

The Post Office Mall lease has 3, 1-year options that extends through December 31, 2002. When the departments consolidate their offices at the Bank of America/Robert Attwood Building, the employees will be relocated there. It would be poor fiscal management to move the employees twice within a short period. Therefore, there is no need to relocate these employees until the new State Office building is available when they can be located with their respective departments.

b. Remaining Program Staff

The merged department will have 173 staff in Anchorage, not including the independent authorities such as AIDEA , APUC, etc. The Administration's fiscal note shows a cost of 1,055. to relocate these staff in one unspecified location. They concluded that it was necessary to immediately relocate all staff, regardless of the pending move to the Bank of America/Robert Attwood Building. As stated above, this would be poor fiscal management.

Summary:

1. Policy development needs to come from the upper management. Upper management is charged with providing focus and direction to staff. Staff do not need to be relocated in order for management to meet to discuss goals and to relay the needed tasks to staff.
2. As staff will be relocating to the Bank of America/Robert Attwood Building in a short time, it is fiscally imprudent to move staff, especially with modern telecommunications and computer networking.
3. Therefore, there is 0 cost for implementation of HB 400 for the Anchorage based staff.

HOUSE COMMITTEE REPORT

(7)

Date Referred to Committee: February 12, 1998

FURTHER REFERRALS:

Finance

Date of Committee Action: 3/30/98

The LABOR AND COMMERCE Committee considered:

HB 400

HOUSE BILL NO. 400

DEPT OF COMMUNITY & ECONOMIC DEVELOPMENT

"An Act combining parts of the Department of Commerce and Economic Development and parts of the Department of Community and Regional Affairs by transferring some of their duties to a new Department of Commerce and Rural Development; transferring some of the duties of the Department of Commerce and Economic Development and the Department of Community and Regional Affairs to other existing agencies; eliminating the Department of Commerce and Economic Development and the Department of Community and Regional Affairs; relating to the Department of Commerce and Rural Development; adjusting the membership of certain multi-member bodies to reflect the transfer of duties among departments and the elimination of departments; and providing for an effective date."

recommends it be replaced with the following committee substitute CSHB 400 (240) the same title a new title

additional referral to _____ Committee

attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal note(s) Spencer, DORA, DCFED, DCL, DHSS

fiscal note(s) _____

zero fiscal note(s) _____

zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>[Signature]</i>	<input checked="" type="checkbox"/>			
<i>[Signature]</i>			<input checked="" type="checkbox"/>	
<i>[Signature]</i>				<input checked="" type="checkbox"/>
<i>[Signature]</i>		<input checked="" type="checkbox"/>		
<i>[Signature]</i>	<input checked="" type="checkbox"/>			
<i>[Signature]</i>			<input checked="" type="checkbox"/>	

CHAIR'S SIGNATURE

[Signature]

3.30.98



The Miami Herald MORIM

something that you could do for \$10, it is efficient to note the difference and make the necessary changes. If you are the average government man, apparently you do not care, because (to you) the taxpayers (i.e., the peasants) will always be forced to pay for it. Thank God Mr. Kohring is not the "average government man."

Mr. Kohring is right on the mark with this bill. If I lived in his district, I'd have voted for him many times by now. He has campaigned and voted to get government off our backs, something a bunch of our socialist politicians forgot last spring when they voted to extort \$1 a pack from our smokers. I was appalled — and I do not smoke. Did we not predict smugglers? And did I not read the other day in the ADN that a company in Wasilla is being attacked by the state for selling cigarettes and not paying the tax? Ha! Those are the tips of (fast-growing) new icebergs. And the socialists are always glad to use such results as stalking horses for ever-further meddling (and spending and hiring and staffing). Who do they think they are hoodwinking? Idiots!

Thanks, Rep. Kohring, and keep 'em coming. I think that you will make a fine governor in another two or three years.

— Jim Van Doren Palmer

Imagine praying for Saddam

As the buildup of armaments in the Persian Gulf continues and the rhetoric of war escalates from both sides in this dangerous game of oneupmanship, perhaps it is time all of us listened to the voice of truth. Our nation, despite its multicultural and religious diversity, still considers itself Christian. The majority of us claim to adhere to the words of Jesus Christ. Let us now heed his most difficult and prophetic words to "love your enemies." Most of us consider Saddam Hussein an "enemy" despite the fact he is a far greater threat to his Middle East neighbors than he is to the United States, and they do not support a U.S. military strike in Iraq.

Imagine what might happen if those of us who call ourselves Christian were to take the words of Christ seriously and not only try to love this man our government is trying to make us hate, but to pray for this "enemy" as well. Imagine if we were joined in that prayer by Muslims and Jews and all who believe that bombing Iraq, killing innocent lives and destroying property is morally wrong, politically unwise and decidedly un-Christian. Imagine ...

— Annette Alleva Anchorage

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In support of fairness, Feb. 12 was declared National Freedom to Marry Day. As members of Parents Families and Friends of Lesbians and Gays, we encourage everyone to recognize marriage as a fundamental right that should be available to all of our children

Regarding
HB 400.

— Elliott Dennis
Mary Parker
Norman Schlittler
Members of PFLAG Anchorage

Kohring right on the mark

I noted with interest the other day in the Daily News that our valley Rep. Vic Kohring is at it again. His latest bill, House Bill 400, will consolidate two fat state government departments, get rid of their upper-management hierarchies and deliver the same services for far less cost. This should be music to our ears.

But not to Democrat parasites who need to control Alaskans' lives with taxes and new "programs." Already, the governor's man, Bob King, was quoted as saying that Mr. Kohring's bill is not needed, because "if it ain't broke, don't fix it" ("Kohring calls for merger of state departments," Metro, Feb. 13). But, of course, it's "broke." If you are in private business and are spending \$100 to do

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
Office of the Commissioner

TO: Representative Norman Rokeberg
Chairman
House Labor and Commerce Committee

DATE: February 27, 1998

FROM: Lamar Cotten
Deputy Commissioner

SUBJECT: Alleged Duplication
Between DCRA and DCED

The following is in response to allegations of duplicity in service delivery between DCRA and DCED. If you would like additional information or have more questions I would be glad to respond to them.

Rural Economic & Small Business Development: On a limited basis, DCRA staff help local governments identify the major components of a community development strategy. The components of community development strategies typically include:

health and safety,
community infrastructure, and
jobs/economic development.

We encourage a comprehensive approach to community development rather than preparing only an economic development strategy because there are many issues which may affect the success of economic development efforts. We assist between 3 and 10 communities per year.

Once a development strategy is arrived at, we assist local officials with obtaining expertise, funding and other information from agencies who have specific responsibilities related to each component of the development strategy. For example, to complete and implement the economic development component, we might refer local officials to:

industry or market experts in the Department of Commerce,
to Small Business Development Center for business plan assistance, and to
Rural Tourism Center or Division of Tourism to pursue this area.

Thus DCRA helps rural local governments obtain the expertise and services provided by other agencies including the Department of Commerce and Economic Development.

Our assistance for regional economic development efforts is primarily provided through funding and administrative support of the ARDOR program. ARDORS concentrate on regional economic development initiatives. We encourage ARDORS to pursue economic development initiatives which are consistent with the development strategies of communities within the region.

Representative Rokeberg
House Labor and Commerce Committee
February 27, 1998

DCRA operates one program that provides specific economic development assistance: the Rural Development Initiative Fund Loan (RDIF) program. The goal of this program is to create or retain jobs in communities with a population less than 5,000 by providing loans, in partnership with a lender which also takes responsibility for all of the paperwork and loan servicing requirements.

Department of Commerce and Economic Development does have Small Business Economic Development Revolving Loan program, but generally speaking, they service a different clientele than DCRA's RDIF program.

Rural Tourism: DCRA does not have a rural tourism development program. When ever a community identifies pursuit of tourism as part of a community development strategy, we refer them to the Rural Tourism Center, Division of Tourism or the ARDOR if it is actively working on tourism in the region.

Infrastructure Scoping, Planning and Funding: DCRA helps local governments prepare comprehensive community development strategies. When these strategies identify needs for specific infrastructure, we help communities acquire assistance and funding from the appropriate agencies. The DCRA does manage the federal Community Development Block Grant program which is a competitive grant program that makes grants to municipalities for community infrastructure.

The Department of Commerce and Economic Development does not provide these services.

Rural Sanitation Projects and Funding: DCRA has a technical assistance and training program that helps small communities manage the business aspects of operate a sanitation systems. DCRA staff conduct assessments of a local entities management capacity prior to construction of a system. If a community fails to bring its utility management up to a minimum standard the funding agency, typically ADEC or PHS, will with hold construction funding.

DCED provides no programs similar to this function.

Representative Norman Rokeberg
House Labor and Commerce Committee
February 27, 1998

Assistance to Economically Distressed Regions: DCRA serves as the lead agency in Community Response Partnership actions - the Knowles administration's model for responding to community crises that do not qualify as a traditional natural disaster. This is a coordination function where DCRA coordinates the activities of a number of state agencies in responding to a community crisis. Typically these are economic "disasters" such as the Wrangell and Ketchikan mill closures, the Fort Greely base closure and, more recently, the Bristol Bay and Yukon-Kuskokwim fish disaster. A variety of state agencies work together in responding to the crisis. For example, in the recent fish disaster, DCRA is working with DCED, ADF&G, DOL, DHSS, and several federal agencies.

DCED's role in responding to these issues is totally different from that of DCRA's. More specifically, DCED delivers particular programs - typically loans, while DCRA acts as a communication/coordination resource, linking the client with the service provider.

Energy Development: AIDEA is involved in the financing and administration of large-scale energy projects including: the Four Dam Pool, Bradley Lake hydro, the Anchorage-Fairbanks intertie, the proposed financing of new Railbelt interties, the proposed purchase of Snettisham hydro in Juneau, and development of the Healy Clean Coal Project. DCRA has no involvement in any of these projects.

Every major energy program administered by DCRA is focused on rural Alaska: rural bulk fuel storage upgrade and consolidation, rural power systems upgrade, power cost equalization, rural utility operator training, emergency response, and alternative energy development. AIDEA has no involvement in any of these programs or projects.

Electric Utility Assistance: The electric utility assistance function of DCED is provided by the Alaska Public Utilities Commission. APUC has an important role in the Power Cost Equalization program: setting the PCE subsidy rate for each participating utility based on review of the utility's reported costs. The rationale for placing this function with APUC is that approving fair and reasonable utility rates is what they are best qualified to do as a regulatory agency.

DCRA administers all other aspects of the PCE program. Each agency's function is clearly defined, there is continuing coordination and no overlap of tasks.



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

February 25, 1998

The Honorable Norman Rokeberg, Chairman
House Labor and Commerce Committee
Room 24, State Capitol
Alaska State House of Representatives
Juneau, Alaska 99801-1182

Re: HB 400

Dear Representative Rokeberg:

The intent of our Alaska Constitution is of great importance in considering merging the Department of Community and Regional Affairs with other departments. A **“local government agency”** is specifically mandated by the Alaska Constitution. That only one agency is mandated indicates that **the framers of our constitution believed that strong municipalities and a strong “local government agency” would always be critical to the success of Alaska.**

The constitution mandates that the local government agency **“advise and assist local governments”** (Article X, Section 14). The Department of Community and Regional Affairs fulfills that requirement by providing direct hands-on assistance to local governments in utilities management and operation, training of elected officials and administrative staff, scheduling and conducting council/assembly meetings, long and short-term planning, grant application and administration, elections, personnel management, organizing and restructuring of borough and city governments, and all other aspects of city and village administration. These services do fall directly under economic development and, therefore, would not be best provided under the auspices of the Department of Commerce and Rural Development.

While creating operational efficiencies (such as consolidating some administrative functions or streamlining services) is an appropriate goal, making the Department of Community and Regional Affairs a subsidiary of a larger state agency with broader goals and focus does not appear to meet the intent of the constitution.

Representative Norman Rokeberg
February 25, 1998
Page two

For the above described reasons, the Alaska Municipal League opposes the disbanding of the Department of Community and Regional Affairs.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin Ritchie", with a long horizontal line extending to the right from the top of the signature.

Kevin Ritchie
Executive Director

cc: Representative Vic Kohring

Representative Vic Kohring
Stater Capitol Building
Juneau, Alaska 99801

March 2, 1998

Dear Vic,

It came as no surprise to me when I read about your "Merger Bill", HB 400. I was delighted to read that you are still attempting to bring some fiscal sanity to the Rapacious Ones of Juneau.

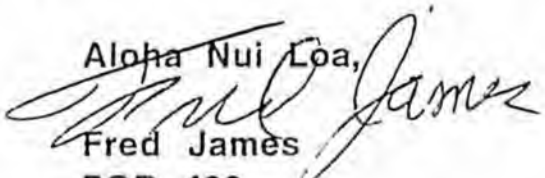
As I understand the bill, it would deliver the same services while deleting entire sections of upper management and their entourage, the secretaries, offices and other amenities of upper management.

I think this is a wonderful, even inspired approach. If two large departments have sections that do like functions, it makes good sense to merge them under one management. If you place Headstart under HSS, that will eliminate the potential complaint that one commissioner could not handle *all* of the efforts of both departments.

My only problem is that it seems to give the impression that the efforts of these two department are wholesome and necessary to the people of Alaska. I doubt it. If one were to carefully go through the functions of each subsection with the notion that government is to be a limited force, designed to educate and protect the citizenry, then most, if not all could be abolished.

I hope some day a majority in the Legislature will realize this and let us be free to live our own lives.

Aloha Nui Loa,


Fred James

POB 499

Palmer, AK 99645

MAR 06 1998

Representative Vic Kohring
Alaska State Capitol, Room 421
Juneau, Alaska 99801

Dear Representative Kohring:

I urge you to pass House Bill 400. Merging two departments that are involved in economic development throughout Alaska is a smart way to cut government. Having one department responsible for improving our economy will help all communities and businesses.

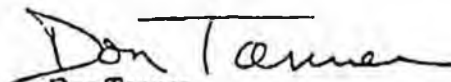
As a small businessman, providing service is important to my customers. I take every effort to minimize my overhead. State government should do the same. This merger bill is the first step in cutting unnecessary overhead.

As a former Deputy Commissioner for the Department of Community and Regional Affairs, I am aware of the economic problems faced in rural Alaska. This merger bill will increase efficiencies and greatly enhance economic growth in rural areas.

Being the Deputy Commissioner I also know that the two departments perform similar tasks. Only one commissioner and administration is needed for the activities of the two departments.

I encourage the Legislature to pass this bill. It will be good for rural Alaska, good for business, and good for the State budget.

Sincerely,


Don Tanner

Representative Vic Kohring
Alaska State Legislature
State Capitol Building, Room 421
Juneau, Alaska 88901

March 5, 1998

Dear Representative Kohring,

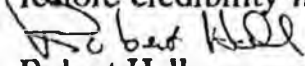
HB 400 represents a wonderful opportunity for the legislature to make a statement that good cost efficient government is important to the people of Alaska. In these days of diminishing oil revenues the legislature has two clear options 1) protect big , inefficient government and cut funding for programs that impact citizens to pay for this bureaucracy or 2) reduce upper level bureaucracy and rearrange government so that it more efficiently delivers services and programs which will, in this case, result in saving one million dollars worth of programs from the budget knife.

It sounds like a simple choice cut bureaucracy or cut programs. The Department of Commerce and DCRA are ideal candidates for a merger. In the Days of excess revenues this was a luxury the State chose.

No longer can any state funded activity stand on its own merit of whether or not it is a nice idea. Today, with budget shortfalls, legislators must make tough comparative decisions. How does protecting an entrenched bureaucracy compare to cutting funding for the actual programs that department is suppose to deliver.

When any legislative effort suggests reducing funding there is always opposition from those effected. In this case the upper level bureaucracy may make an pleas to protect their empire. Let 'em squeal. The sky is not falling. Your duty as a legislator is to compare those arguments with the benefits the state could accomplish with the dollar savings.

Good government is not glamorous. The viewpoint of "if it is not broke don't fix it" ignores the benefits of efficient , effective government. Not only does HB 400 deliver better services but allows programs the financial freedom not to be cut. In some small way this bill allows the legislature to restore credibility in state government.


Robert Hall

Questions relating to HB 400:

05-06-98P12:03 RCVD

1. Coordination v. Duplication. Similar titles are not necessarily duplication, and few if any complicated projects are done without cross agency coordination. In the case of these two departments, where exactly do duplicate services occur?
2. Where does the Division of Energy (DOE) go in the new department? The old Alaska Energy Authority was split between DOE-rural projects and AIDEA (Four Dam Pool). AIDEA is not in favor of assuming traditional line agency responsibilities. Under the proposal, does DOE go into AIDEA and if so, why, or is DOE simply moved into the new agency?
3. Daycare and presumably Headstart are expected to be moved to HESS. (Note: As drafted, Headstart goes to the new department, though the sponsor has indicated this may be a mistake.) How are the clients served better by this move to a larger agency, particularly in light of the lack of support for such a change by those clients?
4. The merger of Administrative Services divisions assumes cost savings through elimination of several non-management personnel. How can the combining of two divisions save funds if no programs or staff are scheduled for elimination? For example, the proposal calls for the elimination of the Anchorage fiscal office supervisor? Who is to take on these responsibilities? The same question would be asked about the elimination of the budget analyst and the JTPA/STEP oversight position. If these latter programs are to be transferred to Labor, who currently in Labor will perform the federally required oversight tasks?
5. The Commissioner of DCRA serves on the following boards and commissions:

Alaska Commission on Aging
Alaska Coastal Policy Council
Alaska Community Service Commission
Alaska Housing Finance Corporation
Alaska State Emergency Response Commission Alaska Municipal Bond Bank Authority
Power Project Loan Committee
Telecommunications Information Council Alaska Human Resource Investment Council
Rural Alaska Community Action Program (RurAL CAP) Coordinated Response Partnership
(chair)

The Commissioner of Commerce serves on:

Alaska Aerospace Development Corporation Alaska Coastal Policy Council
Alaska Industrial Development and Export Authority Alaska Energy Authority
Alaska Railroad Corporation
Alaska Royalty Oil and Gas Development Advisory Board Alaska Student Loan Corporation
Board of Marine Pilots
Oil and Gas Policy Council
Power Project Loan Committee
Prince William Sound Oil Spill Recovery Institute Advisory Board State Bond Committee
Telecommunications Information Council Coordinated Response Partnership

This means that the proposed new commissioner would serve on at least 21 boards with one deputy commissioner. Does this reflect good public policy to have one commissioner to serve on

such a wide variety of boards and commissions and be expected to adequately address the variety of complex issues that such boards address?

6. How does the placement of independent public corporations and agencies such as the Alaska Railroad, AIDEA and ASTF better serve their mission by placing them under a division within this new department?

7. The bill suggests the placement of grant programs such as PCE, municipal assistance and revenue sharing in with other "financial services" such as AIDEA and ASTF to provide a "one stop" service for client. How does the mixture of non-competitive municipal and utility revenue sharing with AIDEA and ASTF's loan programs to non-government clients provide a better service?

8. In light of the Department of Labor's comments of not providing job training as part of their department mission, how and why do you think the attachment of JTPA/STEP to Labor better serves their clients?

9. If the merger plan does not call for any relocation of staff, then how does such a merger in fact provide for better coordination and efficiency of services?

10. What happens to the Statewide Assessor (not addressed in the bill)?

11. While the sponsor claims the new department will have only 4 divisions, several existing divisions are created by statute (Banking, Insurance, Tourism). How will these inconsistencies be reconciled, if at all?

12. The commissioners of DCED and DCRA both serve on the Coastal Policy Council. By reducing the number of state representatives on the council by one, the state's standing on the CPC is weakened. How will this situation be neutralized?

13. If new Commissioner will have all these new responsibilities as compared to the existing DCED commissioner, such as municipal assistance and grant administration, how will small business, trade, and economic development be better served?

14. The bill does not change the management structure of independent agencies such as AADC, AIDEA, ARRC, APUC, and ASTF. Without elimination of the governing boards of these entities, how will coordination between them be improved through the proposed consolidation?

LEGAL SERVICES

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Juneau, Alaska 99801-2105

MEMORANDUM

March 5, 1998

SUBJECT: Amendment E.2 for HB 400 (Divisions to become offices)

TO: Representative Vic Kohring
Attn: Mike

FROM: Terri Lauterbach
Legislative Counsel *TLauterbach*

Enclosed is the amendment you requested that would restrict the Department of Commerce and Rural Development to four divisions and convert current divisions to offices.

As we have discussed before, the governor could, by executive order, establish new divisions or change the duties of these divisions. The legislature would be able to disapprove these executive orders.

I understand that Tam Cook has already alerted you to the fact that a revisor's instruction could result in some garbled statutes since you have directed that we prepare this amendment in a time frame that does not allow for review of each of the references that would be affected by the instruction.

One type of awkward result will occur in statutes like AS 21.06.020 which, under the revisor's instruction, would read as follows:

Sec. 21.06.020. Office of insurance. (a) There is created within the Department of Commerce and Economic Development an office of insurance, which shall be located in or convenient to the office occupied by the commissioner of commerce and economic development.

(b) The office of insurance shall be under the administrative control of the commissioner of commerce and economic development and the supervision of the manager of the office of insurance.

As you may note, after implementation of the revisor's instruction in the above statute, there will be no reference to the fact that the office is actually in the division of statewide development or that there might be a supervisory relationship with the director of that division.

Representative Vic Kohring

March 5, 1998

Page 2

Another awkwardness will appear in statutes that refer to deputy directors and chief deputies, for instance AS 21.06.030 and AS 39.25.120(c)(5) and (21). After implementation of the revisor's instruction in AS 21.06.030, the manager will be appointing a chief deputy director. After implementation of the revisor's instruction in AS 39.25.120(c), paragraph (15) will refer to deputy directors of the office of tourism and paragraph (21) will refer to the manager and deputy director of international trade.

As to your question about other divisions, I did come across a reference to a division of economic development in AS 16.52.060(4). Having not been given time to review all of the references to divisions, I cannot say whether this is the only one.

TML:lmb:glc

98-028.lmb

Enclosure

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 400

1 Page 32, following line 16:

2 Insert a new bill section to read:

3 **** Sec. 64.** AS 44.29.020 is amended by adding a new subsection to read:

4 (c) The Department of Health and Social Services shall operate the headstart
5 funding program governed by 42 U.S.C. 9835."

6 Renumber the following bill sections accordingly.

7 Page 40, lines 26 - 28:

8 Delete "; and

9 (24) operate the headstart funding program governed by 42 U.S.C. 9835"

10

11 Page 67, line 18:

12 Delete "sec. 72"

13 Insert "sec. 73"

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 400

1 Page 38, line 10:

2 Following "divisions":

3 Insert "and offices"

4 Following "directors":

5 Insert "and managers"

6 Page 38, following line 18:

7 Insert new subsections to read:

8 "(c) Within the division of statewide development, there are created the
9 following six offices, each of which shall be headed by a manager appointed by the
10 commissioner:

11 (1) the office of tourism;

12 (2) the office of international trade;

13 (3) the office of occupational licensing;

14 (4) the office of banking, securities, and corporations;

15 (5) the office of insurance;

16 (6) the office of investments.

17 (d) The governor and the commissioner may not create a division within the
18 department that is not authorized under (a) of this section."

19 Page 67, following line 19:

20 Insert a new bill section to read:

21 **** Sec. 98. DIVISIONS CONVERTED TO OFFICES.** The duties of the division of
22 tourism, division of international trade, division of occupational licensing, division of
23 insurance, division of investments, and division of banking, securities, and corporations of

1 the Department of Commerce and Economic Development, and the duties of the directors of
2 those divisions, are transferred, respectively, to the office of tourism, office of international
3 trade, office of occupational licensing, office of insurance, office of investment, and office
4 of banking, securities, and corporations of the Department of Commerce and Rural
5 Development, as established under AS 44.33.015(c), enacted by sec. 67 of this Act, and to
6 the managers of those offices. This section applies to duties existing on June 30, 1998, and
7 to duties that are created after June 30, 1998, under legislation passed during the Twentieth
8 Alaska State Legislature that becomes law."

9 Renumber the following bill sections accordingly.

10 Page 68, line 8:

11 Delete "INSTRUCTION."

12 Insert "INSTRUCTIONS. (a)"

13 Page 68, line 13, following "Act.":

14 Insert new subsections to read:

15 "(b) Wherever in the Alaska Statutes and the Alaska Administrative Code the
16 terms "division of tourism" and "director of tourism" are used, they shall be read,
17 respectively, as "office of tourism" and "manager of tourism" when to do so would
18 be consistent with sec. 98 of this Act.

19 "(c) Wherever in the Alaska Statutes and the Alaska Administrative Code the
20 terms "division of international trade" and "director of international trade" are used,
21 they shall be read, respectively, as "office of international trade" and "manager of
22 international trade" when to do so would be consistent with sec. 98 of this Act.

23 "(d) Wherever in the Alaska Statutes and the Alaska Administrative Code the
24 terms "division of occupational licensing" and "director of occupational licensing" are
25 used, they shall be read, respectively, as "office of occupational licensing" and
26 "manager of occupational licensing" when to do so would be consistent with sec. 98
27 of this Act.

28 "(e) Wherever in the Alaska Statutes and the Alaska Administrative Code the
29 terms "division of insurance" and "director of insurance" are used, they shall be read,

1 respectively, as "office of insurance" and "manager of insurance" when to do so would
2 be consistent with sec. 98 of this Act.

3 (f) Wherever in the Alaska Statutes and the Alaska Administrative Code the
4 terms "division of investments" and "director of investments" are used, they shall be
5 read, respectively, as "office of investments" and "manager of investments" when to
6 do so would be consistent with sec. 98 of this Act.

7 (g) Wherever in the Alaska Statutes and the Alaska Administrative Code the
8 terms "division of banking, securities, and corporations" and "director of banking,
9 securities, and corporations" are used, they shall be read, respectively, as "office of
10 banking, securities, and corporations" and "manager of banking, securities, and
11 corporations" when to do so would be consistent with sec. 98 of this Act.

12 (h)"

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 400

1 Page 41, following line 31:

2 Insert a new paragraph to read:

3 "(14) advise and assist municipalities on procedures of assessment,
4 valuation, and taxation, and notify municipalities of major errors in those procedures;"

5 Renumber the following paragraphs accordingly.

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 400

1 Page 38, following line 18:

2 Insert a new subsection to read:

3 "(c) The governor and the commissioner may not create a division within the
4 department that is not authorized under (a) of this section."

5 Page 67, following line 19:

6 Insert a new bill section to read:

7 "* Sec. 98. DIVISIONS CONVERTED TO OFFICES. The duties of the division of
8 tourism, division of international trade, division of occupational licensing, division of
9 insurance, division of investments, and division of banking, securities, and corporations of
10 the Department of Commerce and Economic Development, and the duties of the directors of
11 those divisions, are transferred, respectively, to the office of tourism, office of international
12 trade, office of occupational licensing, office of insurance, office of investment, and office
13 of banking, securities, and corporations of the Department of Commerce and Rural
14 Development, and to the managers of those offices. This section applies to duties existing
15 on June 30, 1998, and to duties that are created after June 30, 1998, under legislation passed
16 during the Twentieth Alaska State Legislature that becomes law."

17 Renumber the following bill sections accordingly.

18 Page 68, line 8:

19 Delete "INSTRUCTION."

20 Insert "INSTRUCTIONS. (a)"

21 Page 68, line .3, following "Act.":

1 Insert new subsections to read:

2 "(b) Wherever in the Alaska Statutes and the Alaska Administrative Code the terms
3 "division of tourism" and "director of tourism" are used, they shall be read, respectively, as
4 "office of tourism" and "manager of tourism" when to do so would be consistent with sec.
5 98 of this Act.

6 (c) Wherever in the Alaska Statutes and the Alaska Administrative Code the terms
7 "division of international trade" and "director of international trade" are used, they shall be
8 read, respectively, as "office of international trade" and "manager of international trade" when
9 to do so would be consistent with sec. 98 of this Act.

10 (d) Wherever in the Alaska Statutes and the Alaska Administrative Code the terms
11 "division of occupational licensing" and "director of occupational licensing" are used, they
12 shall be read, respectively, as "office of occupational licensing" and "manager of occupational
13 licensing" when to do so would be consistent with sec. 98 of this Act.

14 (e) Wherever in the Alaska Statutes and the Alaska Administrative Code the terms
15 "division of insurance" and "director of insurance" are used, they shall be read, respectively,
16 as "office of insurance" and "manager of insurance" when to do so would be consistent with
17 sec. 98 of this Act.

18 (f) Wherever in the Alaska Statutes and the Alaska Administrative Code the terms
19 "division of investments" and "director of investments" are used, they shall be read,
20 respectively, as "office of investments" and "manager of investments" when to do so would
21 be consistent with sec. 98 of this Act.

22 (g) Wherever in the Alaska Statutes and the Alaska Administrative Code the terms
23 "division of banking, securities, and corporations" and "director of banking, securities, and
24 corporations" are used, they shall be read, respectively, as "office of banking, securities, and
25 corporations" and "manager of banking, securities, and corporations" when to do so would
26 be consistent with sec. 98 of this Act.

27 (h)"

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MEMORANDUM

March 5, 1998

SUBJECT: Amendment E.4 (HB 400)

TO: Representative Vic Kohring
Attn: Mike Krieber

FROM: Terri Lauterbach *TLauterbach*
Legislative Counsel

Enclosed is an amendment intended to respond to item 3c. of your memorandum.

I assumed you meant that sec. 69 did not seem to contain paragraphs (14) and (18) of AS 44.47.050(a). Perhaps there was a typo in your memorandum, but it looks to me like paragraph (17) on page 42 of HB 400 does correspond to AS 44.47.050(a)(14). Good catch on the other one, however. The attached amendment would add current AS 44.47.050(a)(18) to the new department's duties.

As for the items 3a. and 3b. of your memorandum, no additions to the bill are necessary just to change catch lines. The revisor of statutes will change catch lines, as appropriate, if the bill becomes law.

The amendment responding to item 2 of your memorandum will follow later, maybe tomorrow. Please let me know if I can be of further assistance.

TML:jdr
98-132.jdr

Enclosure

**Request for
House Labor & Commerce Committee
Substitute House Bill 400**

Revisions to HB 400:

1. Rename new department to "Department of Commerce and Regional Development"
 2. Section 67: This section defines the four specific divisions for the new department. It needs to be revised to show new names and the number of divisions:
 - a. Existing divisions to keep in statute:
 - Occupational Licensing
 - Investments
 - Insurance
 - Banking, Securities, and Corporations
 - b. Divisions to change to Offices
 - Tourism
 - International Trade (see #3 below which will move the Office of International Trade to the Governor's office).
- Note: These changes would also require changing the directors to managers. (changes made in draft amendment O-LS1375\E.2 for these divisions to offices and directors to managers).
- c. New divisions to create:
 - Rural Affairs
 - Statewide Economic Development
 - Administration
 - d. Limit the department to only these seven (7) divisions listed in 2(a) and 2(c).
(see draft amendment O-LS1375\E.2 for language for this limitation)

3. The Division of International Trade will be renamed to the "Office" of International Trade (per 2b above) and moved to the Governor's Office. See attached marked up version of existing statute 44.33.800. Changes consist of:

- renaming "division" to "office"
- "commissioner" to "governor"
- "shall" to "may"
- delete paragraph (g)

4. Transitional Provisions are needed:

a. Limit on relocating staff.

"Only the following staff may be relocated upon enactment of this bill:

- Juneau based Head Start program staff (3)
- Juneau based Statewide Services Delivery program (7)"

b. For Anchorage based staff going to the Department of Labor and the Department of Health & Social Services they shall not be relocated until such time that current office leases expire. At that time the Administration may:

- (1) relocate such staff, or any part thereof, to the appropriate department location, or;
- (2) may renew the current lease space until the recently purchased building located at ADDRESS 550 West 7th Avenue (??) is available for occupancy.

c. No employees nor contractors may be hired to perform tasks associated with planning the relocation of staff both within the new department or to other affected departments.

d. No staff within the new Department of Commerce and Regional Development shall be relocated during the first twenty-four months after enactment unless there is a finding that cost savings will be achieved.

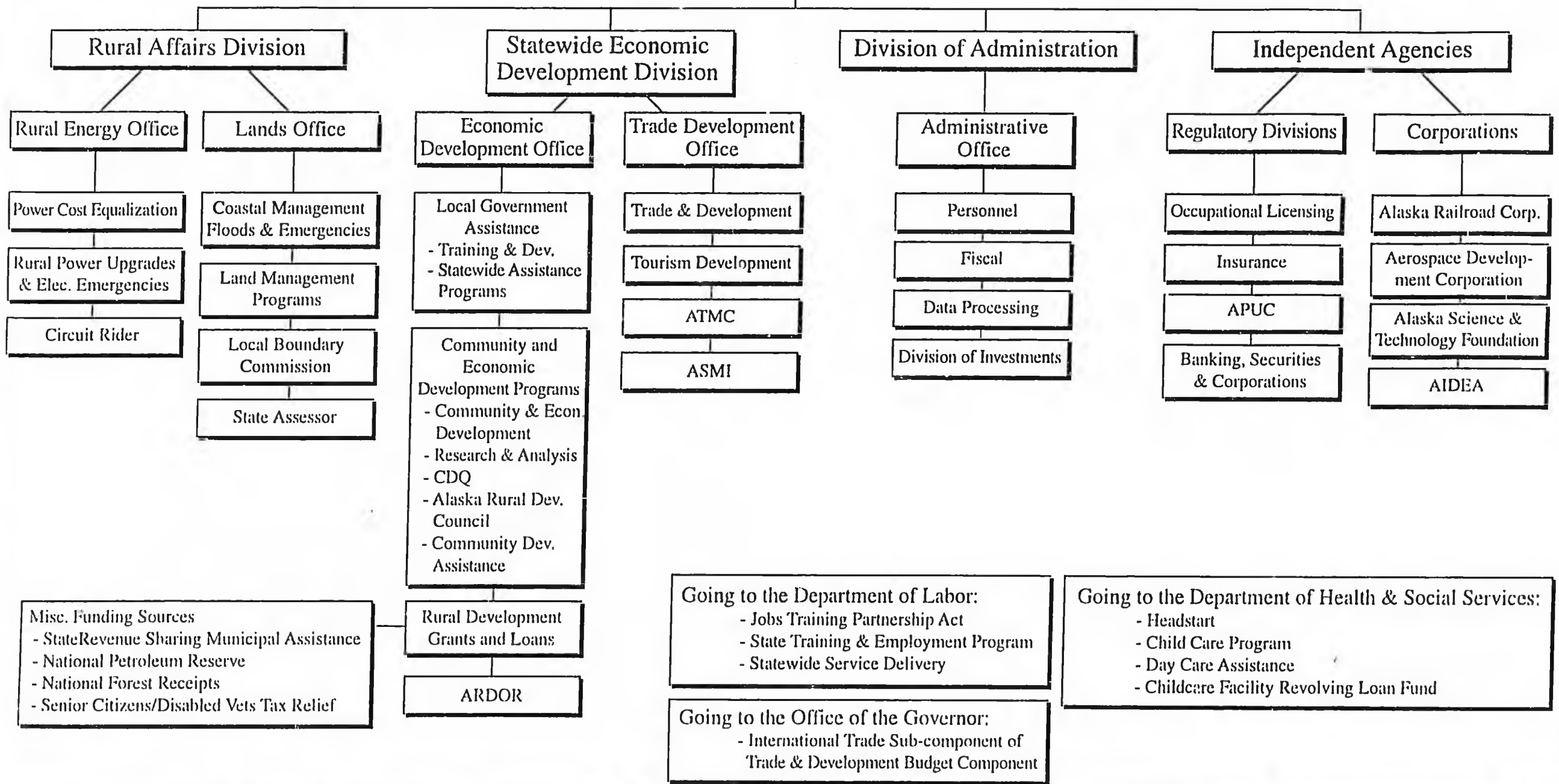
e. Stipulate the particular employees that will be eliminated. ????

5. The Head Start program needs to be placed into the Department of Health & Social Services, as shown in draft amendment O-LS1375\E.1 (section 64)

6. Page 41, line 31 needs to be revised to show the current statute in its entirety. See draft amendment O-LS1375\E.4

RURAL

DEPARTMENT OF COMMERCE AND REGIONAL DEVELOPMENT



Misc. Funding Sources

- State Revenue Sharing Municipal Assistance
- National Petroleum Reserve
- National Forest Receipts
- Senior Citizens/Disabled Vets Tax Relief

Going to the Department of Labor:

- Jobs Training Partnership Act
- State Training & Employment Program
- Statewide Service Delivery

Going to the Office of the Governor:

- International Trade Sub-component of Trade & Development Budget Component

Going to the Department of Health & Social Services:

- Headstart
- Child Care Program
- Day Care Assistance
- Childcare Facility Revolving Loan Fund

Article 9. Division of International Trade.

Section

800. Division of international trade

office
 Sec. 44.33.800. ~~Division~~ of international trade. (a) The Department of Commerce and Economic Development is authorized to foster the growth of trade between Alaska and foreign countries. *governor*

(b) The ~~department~~ *governor may* shall maintain foreign offices, including an office located in Tokyo, Japan and Seoul, Republic of Korea. The foreign offices shall serve as outlets for information related to economic development, resources, and trade and as contact points for government and private industry of Alaska and for the Pacific Rim nations of Asia and other foreign countries to promote and maintain trade between the state and those countries.

(c) The ~~commissioner~~ *governor may* shall staff the foreign offices with persons the ~~commissioner~~ *governor* selects based on their experience, training, and linguistic ability. The ~~commissioner~~ *governor* shall solicit ideas from the legislature regarding desirable staff qualifications and its recommendations of persons to staff the offices. The ~~commissioner~~ *governor* may hire additional personnel as necessary.

(d) The governor shall direct all state agencies, and request the federal government and private industry, to provide the department with necessary reports, brochures, and information requested by the department.

(e) The ~~commissioner~~ shall prepare a report annually on the activities and accomplishments of the department under this section and notify the legislature that the report is available.

(f) The expenses of operating the department's activities under this section, including its foreign offices, shall be included in appropriations made to the department. *governor's office*

(g) In this section, "department" means the Department of Commerce and Economic Development. (E.O. No. 79 § 4 (1991); am § 94 ch 21 SLA 1995; am E.O. No. 94 §§ 3-8 (1996))

Cross references. — For transitional provisions relating to the 1996 transfer of functions and duties of the division of international trade to the Department of Commerce and Economic Development, see § 9, E.O. 94, in the Executive Orders pamphlet.

Effect of amendments. — The 1995 amendment, effective August 8, 1995, substituted the present provisions of subsection (e) for the former provisions, which read "The commissioner shall report annually to the legislature on the activities and accomplishments of the division of international trade."

The 1996 amendment, effective July 1, 1996, in subsection (a), substituted "The Department of Com-

merce and Economic Development is authorized" for "There is established within the Department of Commerce and Economic Development the division of international trade"; in subsections (b) and (d), substituted "department" for "division of international trade"; also in subsection (d), substituted "the department" for "division staff"; in subsection (e), substituted "department under this section" for "division of international trade"; in subsection (f), substituted "department's activities under this section, including" for "division of international trade and" and "department" for "department of commerce and economic development"; and added subsection (g).

**Request for
House Labor & Commerce Committee
Substitute House Bill 400**

Revisions to HB 400:

1. Rename new department to "Department of Commerce and Regional Development"
2. Section 67: This section defines the four specific divisions for the new department. It needs to be revised to show new names and the number of divisions:
 - a. Existing divisions to keep in statute:
 - Occupational Licensing
 - Investments
 - Insurance
 - Banking, Securities, and Corporations

b. Divisions to change to Offices

- Tourism
- International Trade (see #3 below which will move the Office of International Trade to the Governor's office).

Note: These changes would also require changing the directors to managers. (changes made in draft amendment O-LS1375\E.2 for these divisions to offices and directors to managers).

Note to Committee members: The Division of International Trade is not a separate division within the Department of Commerce and Economic Development. It is contained within the Trade and Development sub-component in the Division of Trade and Tourism. Only those positions associated with the International Trade Office will be moved to the Governor's Office. Funding will be moved during the Finance Subcommittee work and House budget bill.

c. New divisions to create:

- Rural Affairs
- Statewide Economic Development
- Administration

d. Limit the department to only these seven (7) divisions listed in 2(a) and 2(c).
(see draft amendment O-LS1375\E.2 for language for this limitation)

3. The Division of International Trade will be renamed to the "Office" of International Trade (per 2b above) and moved to the Governor's Office. See attached marked up version of existing statute 44.33.800. Changes consist of:

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(1) relocate such staff, or any part thereof, to the appropriate department location, or;

(2) may renew the current lease space until the recently purchased building located at ADDRESS 550 West 7th Avenue (??) is available for occupancy.

c. No employees nor contractors may be hired to perform tasks associated with planning the relocation of staff both within the new department or to other affected departments.

d. No staff within the new Department of Commerce and Regional Development shall be relocated during the first twenty-four months after enactment unless there is a finding that cost savings will be achieved.

e. Stipulate the particular employees that will be eliminated. ????

5. The Head Start program needs to be placed into the Department of Health & Social Services, as shown in draft amendment O-LS1375\E.1 (section 64)

6. Page 41, line 31 needs to be revised to show the current statute in its entirety. See draft amendment O-LS1375\E.4

7. For every board and commission that the new department's commissioner is on, the statutes need to be amended to allow for a designee (unless there is already some other mechanism to allow for the designee, such as an executive order or court ruling). Attached is a chart showing the statutes and whether a designee is already included in the statute.

HB 400

Boards and Commissions after Merger

Currently: DCED Commissioner sits on 12 Boards and Commissions
DCRA Commissioner sits on 15 Boards and Commissions

Statutory Boards and Commissions

Alaska Aerospace Development Corp. (AS 14.40.826)	
Alaska Coastal Policy Council (AS 44.19.155)	
Alaska Housing Finance Corporation (AS 18.56.030)	Designee
Alaska Industrial Dev. & Export Authority (AS 44.88.030)	Designee
Alaska Energy Authority (AS 44.83.030)	Designee
Alaska Municipal Bond Bank (AS 44.85.030)	
Alaska Railroad Corporation (AS 42.40.020)	
Alaska Royalty Oil & Gas Dev. Advisory Board (AS 38.06.025)	
Alaska State Emergency Response Commission (AS 26.23.071)	Designee
Alaska Student Loan Corporation (AS 14.42.120)	
Board of Marine Pilots (AS 08.62.010)	Designee
Power Project Loan Committee (AS 42.45.060)	Designee
State Bond Committee (AS 37.15.110)	Designee
Telecommunications Information Council (AS 44.19.502)	

Total: 14 Statutory Boards and Commissions

Non-Statutory Boards

Rural Alaska Community Action Program (RurAL CAP)
Community Development Quota
Oil & Gas Council

Statutory Boards and Commissions Recommended to be Deleted

Alaska Commission on Aging (AS 44.21.200)
Alaska Human Resource Investment Council (AS 44.19.620)

Non-Statutory Boards and Commissions Recommended to be Deleted

Children's Cabinet
Jobs Cabinet
Youth and Justice Conference

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF ADMINISTRATION

DIVISION OF GENERAL SERVICES

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

March 17, 1998

The Honorable Norman Rokeberg
Alaska State Legislature
State Capitol
Juneau, Alaska 99801

RE: HB400

Dear Representative Rokeberg,

At your March 6, 1998 meeting you asked for additional information concerning HB400. In response to those questions I offer the following.

1. Lease information

There are two current Anchorage leases which are proposed in the fiscal note to be combined into a single lease in the future. We have assumed that the lease cost of a combined single lease would be approximately the same cost as the two current leases.

Lease #	Dept.	Location	Property	SF	\$ / year	\$/SF/Mo.	expires	options	Total current pos.
2360	DCRA	Anchorage	Ship Creek Center	26,515	471,893	1.48	31-Dec-98	3 - 1 year	105
2011D	Commerce	Anchorage	Frontier	16,390	426,717	2.17	31-Jan-00	none	73

In addition there are three Anchorage leases occupied by these two departments that are not proposed to change under the fiscal note.

Lease #	Dept.	Location	Property	SF	\$ / year	\$/SF/Mo.	expires	options	Total current pos.
2308 A-D	Commerce	Anchorage	6th & K (APUC)	15,667	238,684	1.27	31-Mar-99	4 - 1 year	46
2389B	Commerce	Anchorage	Diplomacy Building	2,850	65,994	1.93	5-Oct-00	1 - 2 yea.	7
N/A	Commerce	Anchorage	Ak Energy Bldg. (AE)	2,323	44,602	1.60	31-Aug-00	none	4.0

In Juneau 7 positions would be moved to the Dept. of Labor lease and no change is proposed in the ASMI lease space.

Lease #	Dept.	Location	Property	SF	\$ / year	\$/SF/Mo.	expires	options	Total current pos.
1607 &									
1632B	Labor	Juneau	West 8th St	64,478	1,835,701	2.37	30-Jun-02	none	
1632C	DCED (ASMI)	Juneau	West 8th St	2,520	250,965	2.37	30-Jun-02	none	10

2. State owned facilities

The following state owned facilities are used by the two agencies:

Dept.	Location	Property	SF	Total current positions
DCED	Juneau	JSOB 9 th Floor	28,368	132
DCRA	Juneau	Community Bldg.	22,400	34

3. Bank of America status

The Department of Commerce leased space in the Frontier Building had been anticipated to be moved to the Bank of America Center prior to their lease expiring in the year 2000. The proposed consolidation of DCED with DCRD would create an organization which, based on our current projections, would not be able to be housed in the BofA within the time frame anticipated by the agencies.

Our current projection for available space in the BofA Building at the end of 1999 is 124,502 square feet. Frontier Building leases total 175,000 square feet. Adding the DCRA space to the Frontier leases would compound this problem. The Department of Natural Resources at over 100,000 useable square feet is our first priority for occupancy in the BofA Building.

Projected Occupancy	1-Dec-97	1-Dec-98	1-Dec-99	1-Dec-00
Private Tenants	143,372	80,499	63,423	43,421
State Tenants				
Revenue	55,161	55,161	55,161	55,161
ITG	4,000	4,000	4,000	4,000
DGS	2,800	2,800	2,800	2,800
Committed Occupants	205,333	142,460	125,384	105,382
Available Space	44,553	107,426	124,502	144,504

These projections are based on current negotiations with the BofA private tenants.

4. Calculation of moving costs

The average of \$6,100 is based on costs of Juneau and Anchorage moves of state agencies over the last several years. We have portrayed the costs in terms of both cost per position and costs per square feet.

The following cost categories are typically encountered.

	Average Cost / Position	Average Cost / Sq Ft
A.Move Property	198	1.06
B.Move Phones	239	1.38
C.Move Computers / Networks	656	3.55
D.Move Systems Furniture	1,834	9.94
E.Construct Tenant Improvements	3,166	15.71
Total Estimated Cost	6,093	31.65

Costs are averages based on moves of 10 to 75 positions. Smaller moves will be at a higher unit costs and larger moves at a lower unit cost.

System furniture costs include minor re-configuration and parts purchase. If additional workstations are required costs range from \$4,500 to \$5,000 per workstation.

The Tenant Improvement costs assume only minor building renovations to accommodate new tenants. These costs vary widely depending on the nature of the facility and the needs of the agency.

No costs are included for ADA or other building code requirements. Computer costs include wiring and terminations. No costs are included for hardware or software network compatibility problems.

Sincerely,

A handwritten signature in black ink, appearing to read "W. Keith Gerken". The signature is fluid and cursive, with a large loop at the end.

W. Keith Gerken
Architect

- c: Dugan Petty, Director, Division of General Services
- Mark Boyer, Commissioner of Administration
- Tom Lawson, Department of Commerce & Economic Development
- Remond Henderson, Department of Community & Regional Affairs
- Pat Pourchot, Office of the Governor

HB 400

Boards and Commissions after Merger

Currently: DCED Commissioner sits on 12 Boards and Commissions
DCRA Commissioner sits on 15 Boards and Commissions

Statutory Boards and Commissions

Alaska Aerospace Development Corp. (AS 14.40.826)		
Alaska Coastal Policy Council (AS 44.19.155)	(d)	Designee
Alaska Housing Finance Corporation (AS 18.56.030)		Designee
Alaska Industrial Dev. & Export Authority (AS 44.88.030)		Designee
Alaska Energy Authority (AS 44.83.030)		Designee
Alaska Municipal Bond Bank (AS 44.85.030)		
Alaska Railroad Corporation (AS 42.40.020)		
Alaska Royalty Oil & Gas Dev. Advisory Board (AS 38.06.025)		
Alaska State Emergency Response Commission (AS 26.23.071)		Designee
Alaska Student Loan Corporation (AS 14.42.120)		
Board of Marine Pilots (AS 08.62.010)		Designee
Power Project Loan Committee (AS 42.45.060)		Designee
State Bond Committee (AS 37.15.110)		Designee
Telecommunications Information Council (AS 44.19.502)		

Total: 14 Statutory Boards and Commissions

Non-Statutory Boards

Rural Alaska Community Action Program (RurAL CAP)

Community Development Quota

Oil & Gas Council

Statutory Boards and Commissions Recommended to be Deleted *

Alaska Commission on Aging (AS 44.21.200) delete (AZ)

Alaska Human Resource Investment Council (AS 44.19.620) delete (AZ)

Non-Statutory Boards and Commissions Recommended to be Deleted

Children's Cabinet

Jobs Cabinet

Youth and Justice Conference

ALASKANS FOR A JUST SOCIETY**SYLVIA SULLIVAN, PRESIDENT****P.O. BOX 2684****VALDEZ, ALASKA 99686****907-835-3729 (ALSO FAX #)**

**(THE BLINDFOLD ON THE FIGURE OF JUSTICE,
IS A SHIELD FROM PARTIALITY, NOT FROM REALITY)
(JUSTICE ECCLMIIK-1988)**

TO:

HOUSE LABOR & COMMERCE

COMMITTEE MEMBERS:

NORMAN ROKEBERG-CHAIR:465-2040

JOHN COWDERY:-465-2069

BILL HUDSON:-465-2273

JOE RYAN:-465-4588

JERRY SANDERS:-465-3476

TOM BRICE:-465-2837

GENE KUBINA:-465-3799

February 23 1998

RE: HOUSE BILL 400 &
NOTICE OF CORRUPTION

Our Association was watching Gavel-to-Gavel today when this bill came up. We did not have a copy of the Bill to research, but several issues came up that must be addressed "BY THE PEOPLE"

Representative Brice felt that "Corporations, such as AIDEA should not be under the new re-organization plan. Gentlemen, do you KNOW that AIDEA has ONE BILLION DOLLARS OF THE PEOPLE'S MONEY which has been given to mostly OUT-OF-STATE CORPORATIONS, INSTEAD OF FOR THE DEVELOPMENT OF BUSINESSES BY ALASKANS; FOR ALASKANS; WITH ALASKAN HIRE; AND THE MONEY TO STAY IN ALASKA?

Did you KNOW, THAT AIDEA IS SUPPOSE TO BE LOANING MONEY TO ALASKANS WHO HAVE NO COLLATERAL, BUT A WEALTH OF EXPERIENCE TO START SMALL COMMUNITY BUSINESSES AND "NOT ONE SUCH LOAN HAS BEEN GIVEN TO "THE ALASKAN PEOPLE".

Gentlemen, this is NOT ONLY A SHAM, BUT UNCONSTITUTIONAL AND ILLEGAL AND WE ARE IN THE PROCESS OF FILING A "CIVIL RIGHTS SUIT" ABOUT THIS CORRUPTION, WHICH IS EXACTLY WHAT IT IS

WE WROTE, FOR THE LAST TIME, TO THE SENATE FINANCE COMMITTEE REGARDING ANOTHER STATE GOVERNMENT CORRUPT SCHEME, WHICH IS LINKED WITH THIS, AND IS BEING IMPLEMENTED UNDER THE GUISE OF "WELFARE REFORM". BOTH OF THESE PROGRAMS ARE FOR ONE PURPOSE ONLY, "GREED OF PRIVATE SECTOR EMPLOYERS, WITH POLITICAL COLLUSION.

WE DEMAND THAT YOU SHUT DOWN AIDEA; CALL IN THE BAD DEBTS (of which Millions of Dollars has been "written off", AND "THE PEOPLE'S MONEY" BE PUT IN A SEPARATE ACCOUNT TO BE USED FOR THE PEOPLE, FOR RURAL BUSINESS DEVELOPMENT, WHICH WAS THE "ORIGINAL PURPOSE" OF THIS

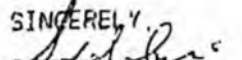
PAGE 2

AFJS

SHAM.

PLEASE READ THE ENCLOSED MATERIAL, "WHICH IS NOT "OUR OPINION" IT IS FACT ABOUT THIS MASSIVE CORRUPTION. THIS LETTER WILL SERVE AS "NOTICE" OF THIS ILLEGAL ACTIVITY, IN AS MUCH AS WE HAVE FILED FORMAL COMPLAINTS WITH THE CIVIL RIGHTS AND CRIMINAL DIVISIONS WITH THE U S. DEPARTMENT OF JUSTICE, OF WHICH YOU EACH "HAVE NO IMMUNITY OF SUIT", AFTER THIS NOTICE HAS BEEN GIVEN TO YOU.

SINCERELY,


SYLVIA SULLIVAN,
PRESIDENT. AFJS

ALASKANS FOR A JUST SOCIETY

SYLVIA SULLIVAN, PRESIDENT

P.O. BOX 2884

VALDEZ, ALASKA 99686

907-835-3729 (ALSO FAX #)

(THE BLINDFOLD ON THE FIGURE OF JUSTICE,
IS A SHIELD FROM PARTIALITY, NOT FROM REALITY;

(JUSTICE SCOLMK-1988)

TO: REPRESENTATIVES OF
HOUSE LABOR & COMMERCE COMMITTEE:
NORMAN ROYBERG-CHAIR-465-2040 ✓
JOHN COWDERY-465-2069-#A SPONSOR ✓
BILL HUDSON-465-2273 ✓
JOE RYAN-465-4588-#A SPONSOR ✓
JERRY SANDERS-465-3476
TOM BRICE-465-2937 ✓
GENE KURTINA-465-3799 ✓

RE: HOUSE BILL 400:

FEBRUARY 27, 1998

Dear Representatives,

According to our local LIO, this Bill was "possibly" heard for the first time on February 23rd. We know, that it "was heard yesterday", because we saw you on Gavel-to-Gavel. It is again to be heard, February 27th at 3:15 PM.

Are you aware of the fact that there is a Manual that the Legislative Affairs Agency publishes called "MANUAL OF LEGISLATIVE DRAFTING"? This Manual MUST be used to "draft" legislation and is MANDATED to be used by the Alaska Supreme Court. You may call, Asst Attorney General, Deborah Behr to verify this. I have enclosed the first page of this Manual, so you can see that "Adherence to it" is required by AS 24.08 060(a) AND the Uniform Rules (the Legislature's own Rules).

One of the mandates is that EVERY BILL, MUST PASS "CONSTITUTIONAL MUSTER", ie. "Be in conformance with the Constitution. THIS BILL IS NOT INCONFORMANCE, AND IF PASSED, IS VOID

(SEE PG. 10-"TITLE":

There are many requirements it must meet. "IF THEY ARE NOT MET, THE ENTIRE BILL MAY BE INVALID".

"(A) EXPRESSION REQUIREMENT:

"ARTICLE II, SEC. 13, CONSTITUTION OF THE STATE OF ALASKA, REQUIRES THAT "THE SUBJECT OF EACH BILL "SHALL" BE EXPRESSED IN THE TITLE

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PAGE 2

THE PURPOSE OF THE REQUIREMENT IF "TO PREVENT SURREPTITIOUS INTRODUCTION OF LEGISLATION NOT INDICATED BY THE TITLE"

SEE: PAGE 12: (B) SINGLE SUBJECT REQUIREMENT:

"The State Constitution also REQUIRES THAT "EVERY BILL SHALL BE CONFINED TO ONE SUBJECT." THE PURPOSE OF THIS RULES IS TO:

"PREVENT THE INCLUSION OF INCONGRUOUS AND UNRELATED MATTER IN THE SAME BILL, IN ORDER TO GET SUPPORT FOR IT, WHICH, THE "SEPARATE SUBJECTS MIGHT NOT SEPARATELY COMMAND, AND TO: "GUARD AGAINST inadvertence, stealth, AND FRAUD IN LEGISLATION."

"It is important to realize, moreover, that even though a one-or two-word label might describe as bill in a popular name sense, a terse title WILL NOT "SAVE" A BILL THAT ENCOMPASSES MORE THAN ONE SUBJECT IN A LEGAL SENSE

"For example, NEITHER "tort reform" NOR "Civil actions", would save a bill that INCLUDED INSURANCE PROVISIONS UNRELATED to tort or civil actions. EVEN THOUGH MANY PEOPLE "MIGHT CONSIDER ALL THE PROVISIONS TO BE RELATED."

THIS ASSOCIATION IS SAYING THAT "THIS IS "INTENTIONAL FRAUD", BECAUSE "ANY ATTORNEY" COULD CLEARLY SEE THAT THIS BILL IS IN VIOLATION OF THE STATE CONSTITUTION, JUST AS "I", A MERE PARALEGAL-CITIZEN HAS, AND THIS DRAFTING MANUAL BY THE ILLEGAL INCLUSION IN THIS BILL OF THE FOLLOWING:

H. B. 400 IS IN VIOLATION OF THE CONSTITUTION, BECAUSE:

- (A) THIS BILL IS "NOT" CONFINED TO ONE SUBJECT";
- (B) THIS BILL IS "NOT" "CODIFYING, REVISING, OR REARRANGING "EXISTING LAW", IN MAY AREAS THIS BILL IS "CREATING "NEW LAWS";
- (C) THE "TITLE OF THE BILL" DOESN'T EVEN STATE THAT THIS BILL IS "CREATING NEW LAWS", I.E.
 - (1) ON PAGE 11, LINES 4-8, UNDER SECTION 20-IT ADDS "A NEW SECTION TO EXISTING LAW "SECTION 23.05.065-FEES FOR PUBLICATIONS, ETC.;
 - (2) ON PAGE 11-LINES: (9-31) (NEW LAW)-ARTICLE 6-"BUSINESS INCENTIVE TRAINING PROGRAM"-23.05.400-"BUSINESS INCENTIVE TRAINING PROGRAM ESTABLISHED";
 - (3) ON PAGE 12-LINES: (2-20)-(NEW LAW)-SEC. 23.05.420-BUSINESS INCENTIVE TRAINING PLAN;
 - (4) ON PAGE 12-LINES: (21-24)-(NEW LAW)-SEC. 23.05.430-REVIEW AND APPROVAL OF BUSINESS INCENTIVE TRAINING PLAN;
 - (5) ON PAGE 12-LINES: (25-31)-(NEW LAW)-SEC. 23.05.440-"BUSINESS INCENTIVE TRAINING GRANTS
 - (6) ON PAGES 13-14 & 15 (still Business incentive training grants);
 - (7) ON PAGE 15-LINE 3-31: (NEW LAW)-SEC. 23.05.450-"COMPENSATION FOR PARTICIPANTS";
 - (8) ON PAGE 16-LINES 1-6: (NEW LAW)-SEC. 23.05.460-"REPORTING AND RECORD KEEPING";
 - (9) ON PAGE 16-LINES 7-16: (NEW LAW)-SEC. 23.05.470-"ALLOWABLE COSTS";
 - (10) ON PAGE 16-LINES 17-26(NEW LAW)-SEC. 23.05.480-"PERFORMANCE STANDARDS";
 - (11) ON PAGE 16-LINES 27-31(NEW LAW)-SEC. 23.05.490-"LIMITATION ON CERTAIN COSTS";
 - (12) ON PAGE 17-LINES 1-15 (NEW LAW)-SEC. 23.05.500-"SELECTION OF SERVICE PROVIDERS";
 - (13) ON PAGE 17-LINES 16-22(NEW LAW)-SEC. 23.05.510-"DEFINITIONS"

*** HERE ARE 8 PAGES TOTALLY DEVOTED TO "SETTING UP AN ENTIRE "NEW STATE PROGRAM", CALLED

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PAGE 3

"BUSINESS INCENTIVE TRAINING PROGRAM, YET NOT ONE WORD OF "THIS NEW PROGRAM IS INCLUDED IN THE TITLE OF THIS BILL. WHY? BECAUSE THIS STATE IS CURRENTLY "VIOLATING THE FEDERAL LAW" AND NO ONE AS YET HAS STOPPED YOU, BUT THIS ASSOCIATION HAS FILED "CIVIL AND CRIMINAL COMPLAINTS WITH THE U.S. DEPT. OF JUSTICE, AND THE CONGRESSIONAL SELECT COMMITTEE ON CIVIL RIGHTS, TO STOP YOU

THIS ENTIRE "NEW PROGRAM" IS FOR THE ENTIRE BENEFIT OF "ONE SELECT GROUP OF PEOPLE" PRIVATE BUSINESS OWNERS. TO THE HARM OF THOUSANDS OF ALASKA WORKERS.

THIS PROGRAM WILL BE TAKING MULTI-MILLIONS, AND EVENTUALLY BILLIONS OF FEDERAL AND STATE MONEY TO PROVIDE "FREE SLAVE LABOR" TO THE "PRIVATE SECTOR BUSINESS OWNERS", UNDER THE GUISE OF "TRAINING ALASKANS".

ALASKA "DOES NOT NEED "TRAINING PROGRAMS", ALASKANS "NEED JOBS". WE HAVE OVER 84,000 "UNEMPLOYED ALASKANS" IN THIS STATE.

YOU KNOW WHAT THE WORD "UNEMPLOYED MEANS", A PERSON "WHO HAD A JOB AND THAT JOB DOESN'T EXIST ANY LONGER CALL THE DEPT OF LABOR, AND ASK THEM. ALASKANS, "HAVE BEEN TRAINED FOR WORK; HAS, IN MOST CASES, YEARS OF EXPERIENCE "ON THE JOB", BUT THE "PRIVATE SECTOR EMPLOYER" HAS EITHER "LAID OFF THIS EMPLOYEE, OR CLOSED THEIR BUSINESS DOWN (temporarily or permanently). IN EITHER CASE, THIS EMPLOYER "DOESN'T NEED ANY MORE EMPLOYEES, UNTIL SUMMER WHEN THE TOURISTS GET HERE OR THE FISHING SEASON STARTS, OR CONSTRUCTION BEGINS

EMPLOYERS ARE INUNDATED WITH JOB APPLICANTS WHEN THEY ADVERTISE A JOB

See Page 11 of this Bill-line 13, "This PROGRAM is to Supplement the Federal Job Training Partnership Act. WHY? The JTPA IS A FLOP BECAUSE THERE ARE "NOT ENOUGH JOBS". INVESTIGATE THE NITTY-GRITTY OF JTPA AS TO YOUR "RESULTS BASED BUDGETING" and prove to yourselves that this NEW SO-CALLED "TRAINING PROGRAM" ISN'T NEEDED.

See Page 13-Line 18 "ONLY INDIVIDUALS WHO:

- (1) HAVE BEEN UNEMPLOYED;
- (2) RECEIVING UNEMPLOYMENT INSURANCE BENEFITS;
- (3) HAVE EXHAUSTED THEIR UI BENEFITS;
- (4) WILL BE DISPLACED FROM THEIR WORK;
- (5) REDUCTIONS IN OVERALL EMPLOYMENT, ETC

ARE GOING TO BE ELIGIBLE UNDER THE "BUSINESS INCENTIVE TRAINING PLAN" IT IS CLEAR, THESE PEOPLE "DON'T NEED JOB TRAINING", THEY NEED JOBS AND THIS IS A FRAUD!

THIS BILL IS A FRAUD AND THIS ACTIVITY IS "ILLEGAL":

Legislators, WHAT YOU DON'T KNOW AND HAVE TO KNOW, IS, THE FEDERAL GOVERNMENT BELIEVED THAT A STATE MIGHT TRY TO PUT TOGETHER THIS KIND OF FRAUDULENT SCHEME, USING FEDERAL MONEY FOR THE SOLE BENEFIT OF PRIVATE SECTOR EMPLOYERS, SO THEY PASSED A LAW, WHICH I HAVE ENCLOSED HERE WHICH STATES:

NO FILLING OF CERTAIN VACANCIES:

"NO ADULT IN A "WORK ACTIVITY" (State Work/Training Program-LIKE THE ABOVE), WHICH IS FUNDED, IN WHOLE OR IN PART, BY FUNDS PROVIDED BY THE FEDERAL GOVERNMENT SHALL BE EMPLOYED OR "ASSIGNED":

- (A) WHEN ANY OTHER INDIVIDUAL IS ON LAYOFF FROM THE SAME OR ANY SUBSTANTIALLY EQUIVALENT

AFJS

PAGE 4

JOB; OR

- (B) IF THE EMPLOYER HAS TERMINATED THE EMPLOYMENT OF ANY "REGULAR EMPLOYEE"; OR
(C) OTHERWISE CAUSED AN INVOLUNTARY REDUCTION OF IT'S WORKFORCE.

IN ORDER TO FILL THE VACANCY SO CREATED WITH "AN ADULT" DESCRIBED IN PARAGRAPH (1) (STATE WORK/TRAINING PROGRAM)

In other words Legislators:

- (1) H B 400 IS ATTEMPTING TO FORCE "SKILLED LABORS", WHO ARE UNEMPLOYED, INTO PHONY "TRAINING PROGRAMS", WHICH ARE ACTUALLY JOBS, THAT THE STATE IS CALLING "ON-THE-JOB-TRAINING;
- (2) THE FEDS SAY THIS STATE CANNOT DO THIS IT IS INVIOLATION OF FEDERAL LAW, AND IF THIS IS DONE, THE FEDS WILL REFUSE TO SEND THE MULTI-MILLIONS OF DOLLARS HERE, IF THIS IS BEING DONE WHY?

BECAUSE IT MAKES "SKILLED WORKERS" INTO "WELFARE RECIPIENTS" BECAUSE THEY WON'T BE MAKING "REGULAR PAYCHECKS". THEY WILL ONLY BE MAKING MINIMUM WAGE AND AS JIM NORDLUND (DIRECTOR OF AK. PUBLIC ASSISTANCE) STATED BEFORE THE SENATE FINANCE DEPT. ANY PERSON WHO IS ONLY MAKING MINIMUM WAGE IN ALASKA, QUALIFIES FOR PUBLIC ASSISTANCE

THE GOVERNOR'S POLICY OF "GOVERNMENT PARTNERING WITH BUSINESS" HAS BEEN "INTENTIONALLY" SETTING UP MANY SUCH CORRUPT AND ILLEGAL PROGRAMS UNDER THE GUISE OF "WELFARE REFORM", SO HE CAN HAND OVER TO "PRIVATE SECTOR" EMPLOYERS MILLIONS OF FEDERAL DOLLARS, WHILE DRIVING THE ALASKAN FAMILIES INTO POVERTY. IT IS PURE GREED; CORRUPT; AND ILLEGAL.

THERE ISN'T ONE PRIVATE EMPLOYER WHO DOESN'T LAY OFF IT'S EMPLOYEES IN THE FALL AND WINTER. UNDER FEDERAL LAW, THESE EMPLOYERS "CANNOT HIRE A PERSON FROM THE "STATE'S WORK/TRAINING PROGRAMS" WHEN THERE ARE THOUSANDS OF UNEMPLOYED ALASKANS WHO, BY LAW, ARE TO BE GETTING THESE JOBS

WE HAVE FILED FORMAL COMPLAINTS WITH THE U.S. DEPT OF JUSTICE IN BOTH CRIMINAL AND CIVIL DIVISIONS. INCLUDING THE CONGRESSIONAL SELECT COMMITTEE ON CIVIL RIGHTS, AGAINST THIS ACTION

THIS LETTER SERVES AS NOTICE, THAT IF YOU VOTE TO PASS THIS ILLEGAL BILL, YOU WILL BE "ON RECORD" AS "SUPPORTING THIS CORRUPTION", WHICH MAKES YOU LIABLE FOR CRIMINAL AND CIVIL ACTION

BESIDES THE "ILLEGALITY" OF THE SETTING UP OF THIS "BUSINESS INCENTIVE PROGRAM", AS WE HAVE STATED, THE BILL "ON IT'S FACE IS ILLEGAL" BECAUSE THIS "NEW LAW" IS NOT EVEN MENTIONED IN THE TITLE OF THE BILL AND DOES NOT PASS CONSTITUTIONAL MUSTER AND THE ENTIRE BILL CAN BE MADE "VOID"

ALL OF THE SECTIONS IN THIS BILL THAT "ADD NEW SECTIONS", ARE NOT LEGAL. ONLY "ONE SUBJECT" CAN BE IN "ONE BILL", WHICH MEANS THIS "NEW PROGRAM" MUST BE REMOVED FROM THIS BILL

I CONTACTED THE LEGISLATIVE LEGAL SERVICE DIRECTOR, TAMARA LOOK, TO GET A COPY OF THE "LEGAL OPINION" THAT MUST BE WRITTEN BY THE "DRAFTING ATTORNEY", IN ORDER TO FIND OUT "WHAT STATE ATTORNEY" APPROVED THIS OBVIOUSLY "UNCONSTITUTIONAL BILL" SHE HAS CALLED BACK AND STATES "THIS IS CONFIDENTIAL". IT IS "NOT CONFIDENTIAL" A "LEGAL OPINION" IS MANDATED BY THE ENCLOSED "DRAFTING MANUAL" THE "REFUSAL TO TURN OVER A "PUBLIC RECORD" BY A STATE EMPLOYEE COMES WITH CRIMINAL PENALTIES

AJFS

PAGE. 5

WE WANT A COPY OF THE "LEGAL OPINION" ON THIS BILL, WITH THE NAME/S OF THE STATE ATTORNEYS WHO APPARENTLY IS SO INCOMPETENT, OR AS WE SUSPECT, INTENTIONALLY DRAFTED THIS LANGUAGE IN THIS BILL, KNOWING THAT IT WAS ILLEGAL, FOR THE BENEFIT OF "THE SPONSORS" OF THIS BILL.

OTHER ILLEGAL SECTION OF THIS BILL:
DAY CARE ASSISTANCE; CHILD CARE GRANTS

BEGINNING ON PAGE 32-LINES 17-32: THIS IS A "NEW LAW" AND "NEW PROGRAM" AND NOT EVEN MENTIONED IN THE TITLE OF THIS BILL. AGAIN THIS IS UNCONSTITUTIONAL AND ILLEGAL. THIS AGAIN HAD TO BE "INTENTIONALLY" DONE BY THE STATE ATTORNEYS WHO DRAFTED AND APPROVED THIS BILL AND YOU LEGISLATORS SHOULD IMMEDIATELY FIRE THESE LAWYERS AND ALL THOSE WHO ALLOWED THIS TO TAKE PLACE.

THE FOLLOWING PAGES DEAL WITH "ILLEGAL SECTION":

- (1) PAGE 17;
- (2) PAGE 33;
- (3) PAGE 34;
- (4) PAGE 35;
- (5) PAGE 36;
- (6) PAGE 37:-LINES 1-22

OTHER ILLEGAL SECTION OF THE BILL:
EXXON VALDEZ OIL SPILL UNINCORPORATED RURAL COMMUNITY GRANT FUND

BEGINNING ON PAGE 42-SEC 70 -SECTIONS 44.33.112 AND SECTION 44.33.115-LINES 19-31 (THERE IS "NOTHING IN THE TITLE OF THIS BILL" INDICATING THE SETTING UP OF A "NEW GRANT FUND", PLUS IT IS "ANOTHER SUBJECT" AND THIS BILL CAN ONLY CONTAIN ONE SUBJECT:

PAGES 42 AND LINES 1-11 "MUST BE ELIMINATED":

OTHER ILLEGAL SECTION OF THE BILL:
ARTICLE 8A-RURAL DEVELOPMENT

PAGE 43-LINE 13-31 (A NEW LAW)-THERE IS NOTHING IN THE "TITLE OF THIS BILL" STATING THE "ESTABLISHMENT OF A RURAL DEVELOPMENT PROGRAM". THIS IS AGAIN "ANOTHER SUBJECT" AND ILLEGAL.

THESE PAGES MUST BE ELIMINATED:

- (1) PAGE 43;
- (2) PAGE 44:-----A NEW "BULK FUEL STORAGE FACILITIES GRANT FUND)-NEW SUBJECT
- (3) PAGE 45:-----"NEW LOAN INFORMATION OFFICERS":-NEW SUBJECT
- (4) PAGE 46:-----"NEW "RURAL DEVELOPMENT INITIATIVE FUND:-NEW SUBJECT
- (5) PAGE 47:-----"NEW RURAL DEVELOPMENT LOANS"----"ONLY FOR PRIVATE BUSINESS"
- (6) PAGE 47:-----"DISPOSAL OF PROPERTY"-NO STATE AGENCY SHOULD HAVE THIS AUTHORITY"
- (7) PAGE 47:-----"NEW PLANNING ASSISTANCE PROGRAM"-NEW SUBJECT
- (8) PAGE 48:-----"NEW PLANNING AUTHORITIES"-NEW SUBJECT
- (9) PAGE 48:-----"NEW CITY PLATTING AUTHORITIES"-NEW SUBJECT
- (10) PAGE 48:-----"NEW STATE FACILITY PROCUREMENT PLAN- NEW SUBJECT

OTHER ILLEGAL SECTION OF BILL:
LOCAL BOUNDARY COMMISSION-ARTICLE 9A
PAGES 49, 50, 51, 52 & 53 (LINES 1-7)

AJFS

PAGE. 6

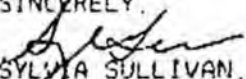
THIS IS "A NEW LAW" AND ANOTHER "NEW SUBJECT"-WHERE IN THE TITLE DOES IT REFER TO THIS "NEW LAW"? NO WHERE-ILLEGAL

OTHER ILLEGAL SECTION OF BILL:
"ALASKA REGIONAL ASSISTANCE PROGRAM"
PAGES 53-54, & 55 (LINES 1-5).

THIS IS A "NEW PROGRAM" AND A "NEW SUBJECT" AND IS NOT LISTED IN THE TITLE OF THE BILL.
THIS IS ILLEGAL

WE DEMAND THIS BILL BE KILLED BASED ON IT'S UNCONSTITUTIONALITY AT THE FEBRUARY 27TH HEARING. THERE ALSO IS NO FISCAL NOTE ON THIS BILL.

SINCERELY,


SYLVIA SULLIVAN,
PRESIDENT AFJS

Under AS 24.08.060(a) and Rule 10 of the Uniform Rules of the Alaska State Legislature, this manual must be followed when preparing, processing, and disposing of legislative documents.

Bills and resolutions shall be prepared and introduced in the manner and form prescribed in the uniform rules and the legislative style manual.
(AS 24.08.060(a))

The legislative drafting manual prepared by the enrolling secretary of the legislature and the revisor of statutes and adopted by the Legislative Council is to be followed by all officers and employees of the legislature in the preparation, processing, and disposition of all legislative documents and records. (Rule 10, Uniform Rules)

Therefore, persons drafting bills, resolutions, or amendments must follow this manual as required by law and rule to ensure that their documents will be accepted for introduction in the House or Senate, and other legislative documents must be prepared and processed as provided in this manual.

THE DIVISION OF LEGAL AND RESEARCH SERVICES

The division of legal and research services is part of the Legislative Affairs Agency (LAA). The division of legal and research services provides drafting, editing, legal, research, and reference library services to the legislature.

REQUESTS FOR BILLS AND RESOLUTIONS

The division prepares a bill or resolution after a written or oral request from a legislator, a legislator-elect, a legislative committee, or a person authorized by one of them. Requests should be as detailed as possible to avoid confusion or delay. It is usually more helpful to accurately describe the goal and purpose of the proposed legislation than to merely provide specific language without a clear statement of the desired result. Along with the substantive details of the request, the requestor should tell the staff member whether a draft or final version is to be delivered, whether there are any special circumstances concerning timing; with whom, if anyone, the drafter may consult; and any other relevant information that may affect the drafting of the request.

The staff member receiving a request records it on a prepared form that is completed by noting the name of the person making the request, the name of the legislator for whom the request is made, the date, and the subject matter of the request. The legislator receives a copy of this form indicating the bill drafter's name and the file number of the request. Errors in the information in the form should be promptly reported to the division.

CHAPTER 1. PARTS OF A BILL.

OFFICIAL HEADING: SPONSORS

The first part of every bill is the official heading, which includes the designation of the house in which the bill is to be introduced, a listing of the sponsor(s), a designation of the legislature and the session of that legislature, and the bill number. Each of these items, except that of sponsorship, is essentially a routine, clerical task.

Sponsorship of bills is governed by statute and the Uniform Rules. AS 24.08.060(a) provides:

(a) A member of the legislature or a committee chairman, with the concurrence of a majority of the active members of the committee and on behalf of the committee, may introduce a bill or resolution. Bills and resolutions shall be prepared and introduced in the manner and form prescribed in the uniform rules and the legislative style manual.

The statutory provision has been implemented by the adoption of Rule 37(a), which provides in part:

Any member, group of members, standing, special, or joint committee may introduce a bill, subject to the provisions of these Uniform Rules.

Upon the consent of the prime sponsor, members of the house in which a measure is introduced may be included as sponsors of that measure. When a measure that was introduced by a member or group of members is in the possession of the second house and the prime sponsor of the measure consents, members of the second house may be added as co-sponsors of the measure. (Addendum, Manual of Legislative Drafting, approved by Legislative Council December 8, 1989)

Under an amendment approved by Legislative Council on February 19, 1993, if "two or more members of the same house prefile identical bills or joint resolutions and wish to jointly sponsor one of them, they may do so." All members so joining must agree. This amendment provides that they would become joint prime sponsors of the first measure prefiled. The other measure or measures would then be withdrawn. In addition, two or more members of the same house may jointly request a measure for prefile.

Rule 37(a) also provides:

Bills may be introduced through the Rules Committees by the governor and the permanent interim committees pursuant to provisions of law.

This part of the rule has been implemented by AS 24.08.060(b), which provides, in part:

(b) Bills introduced by the legislative council shall be delivered with a letter of explanation to the rules committee of either house and bear the

Legislators and legislators-elect may request a bill or resolution for pre-filing during the period before each regular session as specified in AS 24.08.050 and Uniform Rule 36. A legislator may request a draft bill or resolution at any time. After the cut-off date for personal measures during a second session (only a standing committee may request a final version of a bill or resolution for introduction.) (Rule 44, Uniform Rules)

REQUESTS FOR REVISIONS OR NEW VERSIONS OF MEASURES

After a draft bill or resolution has been prepared and delivered to the requestor, changes to or entirely new versions of the measure are frequently needed. Requests for changes should always clearly identify the document that is to be modified. All legislative documents prepared by the division or the Department of Law have an identifying number on the upper right margin of the first page. This number must always be used. The date, which appears on draft documents, is also helpful.

In all other respects, the request is similar to the original work order request. It is important that the request be as detailed and complete as possible. When a "marked up" copy of the document accompanies the request, and that copy includes new material taken from other documents, the source should be identified if that document was prepared by the division or the Department of Law. That allows the electronically stored text to be incorporated in the new version without having to retype material previously prepared.

LEGAL OPINIONS

A legislator may also request the division of legal and research services to prepare an opinion related to a specific legal aspect of a bill or resolution, a statute already in effect, or a matter of legislative procedure. The division (will also) advise a requestor about possible legal problems related to a work order even without being specifically asked to do so.

A legal opinion expresses a well-considered opinion that may or may not be agreed with by a court faced with the same issue at a later date.

EDITING OF ALASKA STATUTES AND SESSION LAWS

The division, through the revisor of statutes, also edits the Alaska Statutes and prepares the session laws for publishing. (See AS 01.05.031) Each title of the statutes is updated on a regular basis and notes referring to sources of legislative history or related statutes are added to aid in interpreting laws. The importance of these notes has been indicated by court decision, (George Williams College v. Village of Williams Bay, 7 N.W.2d 891 (Wis. 1943), cited with approval in Stiegele v. State, 685 P.2d 1255, 1260 (Alaska App. 1984).)

A legislator or (any other interested person) should contact the revisor about errors in the statutes, notes, or the published tables or with questions about the coding or arrangement of statutes.

inscription "Rules Committee by Request of the Legislative Council"; bills introduced by the Administrative Regulation Review Committee shall be delivered with a letter of explanation to the rules committee of either house and bear the inscription "Rules Committee by Request of the Administrative Regulation Review Committee"; bills introduced by the Legislative Budget and Audit Committee shall be delivered with a letter of explanation to the rules committee of either house and bear the inscription "Rules Committee by Request of the Legislative Budget and Audit Committee." Bills presented by the governor shall be delivered with a letter to the rules committee of either house and bear the inscription "Rules Committee by Request of the Governor";

In addition to the provisions of Rule 37(a) and AS 24.08.060(b), it has been the custom of the legislature to allow a sponsor to show "BY REQUEST" following the sponsor's name. However, the requestor is not identified on the face of the bill unless it is an entity or official described in the statute or another formally established legislative entity.

★ TITLE

After the official heading, the first part of a bill is its title. The title looks like a simple label. It is not, however, an inconsequential part of the draft. There are many requirements it must meet. If they are not met, the entire bill may be invalid. A drafter, therefore, must be familiar with the following requirements arising from the state constitution and the Uniform Rules.

★ (a) Expression requirement

Article II, sec. 13, Constitution of the State of Alaska, requires that "the subject of each bill shall be expressed in the title." The purpose of the requirement is "to prevent surreptitious introduction of legislation not indicated by the title." (*State v. First Nat'l Bank of Anchorage*, 660 P.2d 406 (Alaska 1982)) In other words, the title should give reasonable notice of the subject of the bill.

A drafter must be very careful to provide this reasonable notice when drafting a title. The title must be broad enough to cover everything in the bill, but it must not be so broad as to lose its function of giving notice of the bill's contents. Conversely, a title that tries to describe each major element of a bill must not be so specific that it fails to cover the minor elements of the bill.

Three doctrines of interpretation used by courts are relevant to fashioning acceptable bill titles. The first of these, expressio unius est exclusio alterius (2A Sutherland, *Statutory Construction*, sec. 47.23, 4th ed. 1972), states in essence that if a detailed list is made by the legislature, it probably wants to include only the items on that list, and that by specifying these certain things it intends that others should be left out. The second doctrine, ejusdem generis (2A Sutherland, sec. 47.17), involves the concept that a general word following a list is probably intended to be restricted to other things of the kind listed. (For example, if the word "animals" in the phrase "horses, sheep, cows, pigs, and other animals" were called into question, it would by this doctrine be likely to be interpreted as "farm animals," not wolves, although the word "animals" is normally broad enough to include wolves.) The third doctrine, nosceitur a sociis (2A Sutherland, sec. 47.16), declares that a general word of broad

(b) Single-subject requirement

The state constitution also requires that "every bill shall be confined to one subject . . ." (art. II, sec. 13, Constitution of the State of Alaska). The purpose of this rule is to

. . . prevent the inclusion of incongruous and unrelated matter in the same bill in order to get support for it which the separate subjects might not separately command, and to guard against inadvertence, stealth, and fraud in legislation. (Suber v. Alaska State Bond Committee, 414 P.2d 546 (Alaska 1966).)

An Alaska Supreme Court case construing this constitutional requirement reiterated with favor the following general principle:

All that is necessary is that the act should embrace some one general subject, and by this is meant, merely, that all matters treated of should fall under some one general idea, be so connected with or related to each other, either logically or in popular understanding, as to be part of, or germane to, one general subject. (State v. First Nat'l Bank of Anchorage, 660 P.2d 406 (Alaska 1982).)

Under this principle, courts have upheld bills relating to "development of water resources" (Gellert v. State, 522 P.2d 1120 (Alaska 1974)), "taxation" (North Slope Borough v. Sohio Petroleum Corp., 585 P.2d 534, 545 (Alaska 1978)), "land" (State v. First Nat'l Bank of Anchorage, 660 P.2d 406 (Alaska 1982)) ; "intoxicating liquor" (Van Brunt v. State, 646 P.2d 872 (Alaska App. 1982)), and "criminal law" (Galbraith v. State, 693 P.2d 880 (Alaska App. 1985)).

As illustrated by these examples, a drafter has wide latitude to fashion a bill to cover what, at first glance, may appear to be several different topics. Nevertheless, the drafter should note that the court in State v. First Nat'l Bank of Anchorage approved the general bill at issue there only reluctantly and will probably not go so far as to "sanction . . . legislation embracing 'the whole body of law'" (Id., at 415). A strongly worded dissent in a 3 - 2 decision in Yute Air Alaska, Inc., et al. v. Stephen A. McAlpine, et al., 698 P.2d 1173 (Alaska 1985), is a more recent example of how deeply divided the court is on this matter.

It is important to realize, moreover, that even though a one- or two-word label might describe a bill in a popular name sense, a terse title will not "save" a bill that encompasses more than one subject in a legal sense. For example, neither "tort reform" nor "civil actions" would save a bill that included insurance provisions unrelated to torts or civil actions even though many people might consider all the provisions to be related.

(c) Bills amending court rules

Article IV, sec. 15, of the state constitution allows the legislature to change rules of court governing practice and procedure, but requires a two-thirds vote in each house to effect the change. Rule 39(e) of the Uniform Rules provides of the Alaska State Legislature that "the fact that a bill contains a section which changes a court rule shall . . . be noted in the title of the bill." This will alert the legislature to the fact that a two thirds vote of the membership of each house will be necessary.

NEUTRALITY AND CONFIDENTIALITY

In the performance of its duties, the division of legal and research services assists all members of the legislature in a neutral capacity. As required by AS 24.20.050, "members of the professional staff shall maintain the integrity of the (legislative) council's function and services . . . by refraining from joining or supporting any partisan or political organization, faction or activity which would tend to undermine the essential nonpartisan nature of their functions and services." In addition to this nonpartisanship in the public arena, the staff is neutral with regard to the policies involved in legislative work requests. A work request is processed without regard to the political leanings of its requestor.

As with neutrality, confidentiality in relation to work requests is required by statute. (See AS 24.20.100) The division staff treats all work requests as confidential unless the legislator requesting the work directs or permits disclosure to others. *

EXH. 22

2134

PUBLIC LAW 104-193—AUG. 22, 1996

110 STAT. 2134

Government may fill a vacant employment position in order to engage in a work activity described in subsection (d).

~~(2) NO FILLING OF CERTAIN VACANCIES.—No adult in a work activity described in subsection (d) which is funded, in whole or in part, by funds provided by the Federal Government shall be employed or assigned—~~

~~(A) when any other individual is on layoff from the same or any substantially equivalent job; or~~

~~(B) if the employer has terminated the employment of any regular employee or otherwise caused an involuntary reduction of its workforce in order to fill the vacancy so created with an adult described in paragraph (1).~~

~~(3) GRIEVANCE PROCEDURE.—A State with a program funded under this part shall establish and maintain a grievance procedure for resolving complaints of alleged violations of paragraph (2).~~

~~(4) NO PREEMPTION.—Nothing in this subsection shall preempt or supersede any provision of State or local law that provides greater protection for employees from displacement.~~

~~(g) SENSE OF THE CONGRESS.—It is the sense of the Congress that in complying with this section, each State that operates a program funded under this part is encouraged to assign the highest priority to requiring adults in 2-parent families and adults in single-parent families that include older preschool or school-age children to be engaged in work activities.~~

~~(h) SENSE OF THE CONGRESS THAT STATES SHOULD IMPOSE CERTAIN REQUIREMENTS ON NONCUSTODIAL, NONSUPPORTING MINOR PARENTS.—It is the sense of the Congress that the States should require noncustodial, nonsupporting parents who have not attained 18 years of age to fulfill community work obligations and attend appropriate parenting or money management classes after school.~~

~~(i) REVIEW OF IMPLEMENTATION OF STATE WORK PROGRAMS.—During fiscal year 1999, the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate shall hold hearings and engage in other appropriate activities to review the implementation of this section by the States, and shall invite the Governors of the States to testify before them regarding such implementation. Based on such hearings, such Committees may introduce such legislation as may be appropriate to remedy any problems with the State programs operated pursuant to this section.~~

SEC. 409. PROHIBITIONS; REQUIREMENTS.

~~(a) IN GENERAL.—~~

~~(1) NO ASSISTANCE FOR FAMILIES WITHOUT A MINOR CHILD.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to a family—~~

~~(A) unless the family includes—~~

~~(i) a minor child who resides with a custodial parent or other adult caretaker relative of the child; or~~

~~(ii) a pregnant individual; and~~

~~(B) if the family includes an adult who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government, for 60 months whether or not consecutively after~~

per capita income still ranked second lowest in the state in 1994.

In 1990, the U.S. census found that 4,022 residents of the Bethel census area, or 30% of the population, lived on incomes below the poverty level. In the city of Bethel, however, poverty was recorded for 12.2% of the population. This reflects a lack of economic opportunity in the villages.

Income from wages and salaries contributes about 53 percent to the region's earnings. (See Figure 2.) This

compares to a statewide average of 64%. Rent and investment income added 3.5% to Bethel's earnings, lagging behind the state's average of 10.6%. Transfer payments, which are government payments to individuals, nonprofit organizations, and businesses, play a more important role in the regional economy. Over 32 percent of all income generated in the area comes from government sources, compared to about 17 percent statewide.

Included in transfer payments is the state's distribution of Alaska Per-

manent Fund earnings which, in Bethel, represented about 17 percent of the 1994 transfer payments. The bulk of transfer payments comes from the Bureau of Indian Affairs for health care and social services. However, individual income supplements, which are all forms of public assistance, are also an important portion of transfer payments. In 1989, over 22 percent of all households in the Bethel census area received public assistance.

Wage and salary earnings data further confirm government as an important industry because its employees earn 48% of the region's payroll. In 1995, the average annual wage and salary earnings for Bethel were about 25 percent below the statewide average. This does not mean that jobs pay less in Bethel than elsewhere; it shows that there are more jobs in lower paying industries, such as services and trade, and also that part-time and seasonal employment plays a larger role in the economy.

Table 3

EYA-3

**A Snapshot of the Bethel Census Area
Current Statistics and Census Information**

	Alaska	Bethel
Population 1995	615,900	15,367
The population is younger with more persons per household		
Median age (1995)	30	25.4
Persons per household	2.79	3.65
... and there are more children and fewer seniors (1995)		
Percent under 5 years old	9.0%	13.1%
Percent school-age population (5 to 17)	21.6%	26.2%
Percent adult workforce population (18 to 64)	64.8%	55.9%
Percent Seniors (65 years & over)	4.6%	4.9%
and there are a few more women ...		
Percent Female	48.0%	48.1%
Demographics of the region (1995)		
Percent Native American	15.7%	83.7%
Percent White	75.7%	15.2%
Percent Black	4.4%	0.4%
Percent Asian/Pacific Islander	4.2%	0.7%
Percent Hispanic	4.0%	0.6%
More workers are unemployed (1995)		
*Percent of all 16 years + in labor force	68.1%	54.0%
Percent unemployed	7.3%	8.6%
Income measured		
Personal per capita income (1994)	\$23,437	\$15,379
Wage and Salary employment (annual average 1995)	\$32,286	\$24,452
Educational Attainment (1990)		
Percent high school graduate or higher	86.6%	62.3%
Percent bachelor's degree or higher	23.0%	13.1%

The most recent developments in the Bethel region

More services are on the way for Bethel residents, including an Internet connection linking local residents to the World Wide Web, cellular telephone service, and an extra airline flight to Anchorage.

Brigitta Windisch-Colo is a labor economist with the Research and Analysis Section, Administrative Services Division, Alaska Department of Labor. She is located in Anchorage.

Source: 1994 Economic Estimates

Sources: Alaska Department of Labor, Research and Analysis Section, U.S. Department of Commerce, Bureau of Economic Analysis

While the legislature is thus given the veto power over boundary revisions and is also required to prescribe standards and methods for establishment of boroughs, the constitution does not grant it authority over Boundary Commission activities⁵⁶ or over the manner in which boundary changes are effected. The Boundary Commission in addition has the authority, subject to law, to "establish procedures whereby boundaries may be adjusted by local action."⁵⁷

The Local Government Agency

The prominence that the convention gave to the state role in local affairs is evidenced by the fact that the "local government agency" is the only administrative agency specifically required under the constitution. Delegates generally subscribed to the principle that, unless a grave need existed, no agency, department, commission, or other body be specified in the constitution. As one delegate stated in regard to the local government agency, "Unless there is some very, very compelling reasons given for including such an agency as proposed in Section 14 in the constitution, I think we're violating the principles and policies we've already adopted here."⁵⁸ However, in view of the general belief that success of the local government plan was dependent upon existence of an effective agency at the state level, provision for a mandatory agency was included in the constitution.

Thus, Section 14 of Article X, establishing the local government agency, provides:

⁵⁶*Proceedings*, p. 2750.

⁵⁷*Constitution*, Article X, Section 12. It would appear questionable, therefore, whether the legislature has any direct or implied constitutional power to authorize annexation or other boundary changes by local action, since this power rests in the boundary commission.

⁵⁸*Proceedings*, p. 2670.

An agency shall be established by law in the executive branch of the state government to advise and assist local governments. It shall review their activities, collect and publish local government information, and perform other duties prescribed by law.

The general intent was to establish an administrative agency that would help assure that the new local government system became operative and that state responsibility for local affairs was properly discharged. The final language was carefully drawn to be as broad and open-ended as possible. The convention specifically avoided designating the organizational location of the agency. While at various times references were made to it being a state department,⁵⁹ this question was left to legislative determination.

The convention also did not stipulate the functions of the agency, but the record is replete with references to the types of activities that might properly fall within its scope:

—help the people and local officials in various parts of the state obtain by their own efforts the kind of local self-government they need and can afford;⁶⁰

—assist in establishing and organizing local government and in changing of classifications;⁶¹

—provide assistance and advice to cities, boroughs, service areas, etc.;⁶²

—provide assistance in home rule charter drafting to boroughs and cities;⁶³

⁵⁹*Minutes*, 12th, 18th, 19th Meetings.

⁶⁰*Commentary*, p. 3.

⁶¹*Proceedings*, pp. 2670, 2758.

⁶²*Proceedings*, p. 2758; *Minutes*, 9th Meeting.

⁶³*Minutes*, 12th Meeting; *Proceedings*, pp. 2671-73; 3614-15.

—provide assistance and overview with respect to local debt and obligations, particularly since no debt ceiling was established in the constitution;⁶⁴

—provide assistance and advice to unorganized boroughs, other unorganized areas, and small communities;⁶⁵

—represent the state in local government affairs; provide coordination between state and local government; and assist in reconciling conflicts between local home rule and state control;⁶⁶

—collect and supply data that would help the local boundary commission in the formulation of boundaries;⁶⁷

—collect and publish information relating to local government;⁶⁸
and

—carry on continuing studies to assist the people and the legislature in determining what changes may be necessary from time to time in the interests of better local government.⁶⁹

While suggesting several kinds of activities for the local government agency, the constitutional record is totally silent about the manner in which it was to discharge its responsibilities. The same is true generally of the agency's relationship to local government units. Several references are made to state services being provided along local unit (i.e., borough) lines,⁷⁰ but there is no explanation of the purpose of this intent nor of the manner in which it is to be accomplished. The convention assumed that the purposes of such an agency were sufficiently self-evident.

⁶⁴*Proceedings*, pp. 2757-58.

⁶⁵*Proceedings*, p. 3621; *Minutes*, 23rd Meeting.

⁶⁶*Proceedings*, p. 2757; *Minutes*, 16th Meeting.

⁶⁷*Minutes*, 24th Meeting.

⁶⁸*Proceedings*, p. 2757; *Committee Proposal/6a/Enrolled*.

⁶⁹*Commentary*, p. 3.

⁷⁰For example, *Minutes*, 9th Meeting.

ALASKA STATE LEGISLATURE



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REPRESENTATIVE VIC KOHRING DISTRICT 26

Sponsor Statement for HB 400

Representative Vic Kohring

Focusing on economic development is the main purpose for merging two existing departments into the new Department of Commerce and Rural Development. The proposed divisional structure will ensure local government assistance continues, infrastructure planning is enhanced, and that economic development strategy and project funding is centralized and optimized.

The missions of the departments of Commerce and Economic Development and the Community and Regional Affairs are similar, to promote economic development of Alaskan communities. The two departments compliment one another, however cross department coordination can be difficult. Two separate management structures and goals result in a scattered development strategy. Having a unified development vision and placing funding resources under one department will better serve all Alaskan communities, and Alaska as a whole.

Currently, the departments of Commerce and Economic Development and the Community and Regional Affairs have economic development programs, along with job training and child care programs. These non-development, non-commerce related programs will be moved to the departments of Labor and Health & Social Services, respectively. Under the new departments, these important programs can be integrated with existing programs in those departments while providing better service to Alaskans. This reorganization frees the new Department of Commerce and Rural Development to focus on economic development activities.

Alaska's fiscal crisis necessitates reengineering government. This merger will eliminate one commissioner's office, but does not eliminate services. While creating budget savings, program delivery and economic development will be enhanced and streamlined in the new Department of Commerce and Rural Development.

Sectional Analysis HB 400

Merger of the Departments of Community and Regional Affairs and Commerce and Economic Development

Overview: This bill consists of 68 pages, containing 100 sections. Many of the sections merely change the name presently shown in statutes as the Department of Community and Regional Affairs to the new Department of Commerce and Rural Development. Four divisions are created by statute: Rural Affairs, Statewide Development, Financial Resources, and Administration. Only a few non-commerce, non-development statutory programs are transferred away from the new department and placed into other existing departments.

Sections 1- 15: name change only

Section 16: reflects decreasing the Department of Public Safety's reporting requirement for fire protection systems to the new department rather than to both former departments

Sections 17-19: name changes only

Section 20: fee authority

Section 21: reflects transfer of Business Incentive Program to the Department of Labor from Community and Regional Affairs

Section 22: reflects decreased reporting requirement to the new department rather than to both former departments

Sections 23-25: name change only

Section 26: citation changed to statute numbers of new department

Sections 27 -28: name change only

Section 29: citation changed to statute numbers of new department

Sections 30-35: name change only

Section 36: defines new department's commissioner

Section 37: defines the new department

Section 38: name change only

Sections 39-40: citation changed to statute numbers of new department

Section 41-43: name change only

Section 44: citation changed to statute numbers of new department

Section 45-47: name change only

Section 48: citation changed to statute numbers of new department

Section 49-52: name change only

Section 53: decreases the number of board membership to reflect the decrease to one commissioner instead of the current two department's commissioners

Sections 54-59: name change only

Sections 60-62: decreases the number of board memberships to reflect the decrease to one commissioner instead of the current two department's commissioners

Section 63: name change only

Section 64: reflects child care facility revolving loan and child care grants/day care assistance programs moving to the Department of Health and Social Services

Section 65: redefines the duties of the Department of Labor to include administration of the Job Training Partnership Act

Section 66: defines the new commissioner

Section 67: establishes four new divisions within the new department: Rural Affairs, Statewide Development, Financial Resources, and Administration

Section 68: name change only

Section 69: defines duties of new department

Section 70: clarifies fee authority for new department, and clarifies that the new department will administer the Exxon Valdez oil spill unincorporated rural community grant fund

Section 71: establishes that the new department will promote rural development through adoption of existing DCRA statutes

Section 72: establishes that the new department will address Local Boundary Commission issues by adopting the existing DCRA statutes

Section 73-88: reflects name change and statute numbering

Section 89: reflects personal record privacy protection with the transfer of child care assistance programs to the Department of Health and Social Services

Section 90: name change only

Section 91: refers to the new department rather than both presently existing departments

Section 92: addresses child care assistance program payments transfer to the Department of Health and Social Services

Section 93: name change only

Sections 94-95: reflects job training programs transfer to the Department of Labor