

ALASKA LEGISLATURE COMMITTEE FILES 1971-1970 00/2

9341 HOUSE LABOR & COMMERCE

Section 96: repeals statutes referring to the Department of Community and Regional Affairs (the same statutes are contained elsewhere within HB 400, having the new department's name)

Section 97: clarifies that the existing statutory repeal date of July 1, 2000 is kept

Section 98: contains transitional provisions

Section 99: contains an instruction to the editor to change the "Department of Commerce and Economic Development" to the new Department of Commerce and Rural Development wherever it appears in statute.

Section 100: shows effective date of House Bill 400 to be July 1, 1998.

ALASKA STATE LEGISLATURE

House of Representatives

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Labor and Commerce Committee

**House L&C Committee Has Not Received
Sponsor Backup Materials**

ALASKA STATE LEGISLATURE

News From The House Majority

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For Immediate Release: February 12, 1998

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Smaller, Smarter Government

Kohring Measure Would Merge Two State Government Departments

(JUNEAU) Representative Vic Kohring (R-Wasilla) Thursday introduced House Bill 400, which would consolidate the Department of Commerce and Economic Development and the Department of Community and Regional Affairs into one department.

"As part of the Republican-led Majority's continuing 'Commitment To Alaska' we have pledged to focus on how efficiently services are delivered to Alaskans," Kohring said. "This bill not only saves money, but should materially improve our efficiency of service."

The consolidated Department of Commerce and Rural Development would have responsibility for most of the programs currently run by the two existing departments. Some programs, such as Day Care Assistance and Headstart, would be shifted to the Department of Health and Social Services, while others, such as job training programs, would be shifted to the Department of Labor.

"With all rural economic development programs under one roof we would have one management team legislators can question and ultimately hold responsible for their delivery of services and their performance," said Representative Alan Austerman (R-Kodiak), a cosponsor of the measure. "The goal is to make things better for rural Alaskans," Austerman said.

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Broadcasters note: Audio actualities are available at 1-800-478-6540.

HB 400

Merger of the Department of Commerce and Economic Development
with the Department of Community and Regional Affairs
to form the proposed Department of Commerce and Rural Development

Objectives

- combines two departments that have similar economic development missions
- transfers statutory programs unrelated to economic development in job training and child care to other departments which perform similar, overlapping functions
- allows the new department to focus on economic development throughout Alaska

Features

- eliminates one commissioner's office and upper administrative division staff in one of the departments
- does not eliminate or cut programs, nor impacts service delivery
- unifies financial resources under one division to provide optimum funding for private or public projects and businesses
- infrastructure development will be coordinated and enhanced; infrastructure is inherent to economic development and community self-sufficiency
- places Child Assistance Programs into the Department of Health and Social Services
- places Job Training Partnership Act and other job training programs into the Department of Labor

Results

- **over \$1 million in savings every year** from eliminating one commissioner's office and upper administrative staff
- construction projects can receive optimum funding to minimize debt service for communities and private owners
- projects will be completed sooner due to faster project funding identification, allows for economic development to occur faster
- businesses benefit by having one-stop access to loan programs
- **over \$1 million in savings every year** to the JTPA program that can be used to train workers and benefit Alaskan businesses.

HB 400 Fact Sheet
Department of Commerce
and
Rural Development

Features

1. Four specific divisions are created:

- Rural Affairs Division

This division will contain the local government assistance functions currently in the Department of Community and Regional Affairs. Additionally, it will emphasize infrastructure development. Infrastructure development is key to developing self-sufficiency within all Alaskan communities.

- Statewide Development Division

This division will contain the programs currently in the Department of Commerce & Economic Development. It will also contain the Alaska Railroad Corporation and the Alaska Aerospace Development Corporation.

- Financial Resources Division

Currently, economic development funding programs are spread throughout various Departments. This division will bring together all of the funding programs that are within the existing departments into one, cohesive unit. With focus, worthy development projects will have one-stop assistance for funding.

- Division of Administration

This division will assume the administrative duties of the two merging departments.

2. Transfers Non-Development Related Programs into Other Departments

- Day care assistance programs will transfer to the Department of Health and Social Services.
- Job training programs, such as the Job Training Partnership Act program will transfer to the Department of Labor.

These program transfers have two benefits: a) allows new department to focus on development, and b) increases efficiencies by placing all child care and training programs into departments where similar programs are located.

HB 400

Overlapping Economic Development Related Activities of DCED and DCRA

The Departments of Commerce & Economic Development and Community and Regional Affairs both promote economic development. Overlapping activities include:

<u>ACTIVITY</u>	<u>DCRA</u>	<u>DCED</u>
• Rural Economic/ Business Development	Rural Development Initiative Fund (RDIF)	Rural Development Initiative Fund (RDIF)
	Alaska Regional Development Organizations (ARDOR)	Business Assistance Program Western Alaska Economic Development (coordinates with ARDOR)
	Alaska Rural Development Council (ARDC)	Small Business Program Evaluation Task Force Small Business Economic Development (SBED)
• Rural Tourism	Rural Development Initiative Fund	Rural Tourism Infrastructure
	Community Block Grants	Bristol Bay/Kuskokwim Area Tourism
	Rural Development Authority Loans and Mini- Grants	
	Alaska Regional Economic Assistance Program	
• Rural Sanitation & Infrastructure Projects: Planning/Funding/ Management/Operations	Capital Matching Grant/Loan Program	Alaska Industrial Development & Export Authority
	Rural Utilities Business Advisory (RUBA)	Alaska Public Utilities Commission
	Bulk Fuel Revolving Loan Fund	Alaska Energy Authority
	Bulk Fuel System Evaluation & Upgrades	

<u>ACTIVITY</u>	<u>DCRA</u>	<u>DCED</u>
<ul style="list-style-type: none"> • Energy/Electrical Development & Funding 	Rural Electric & Power Project Loans Rural Energy Program Power Cost Equalization Rebuild America Bioenergy Rural Bulk Fuel Tank Program USDOE Wind Projects Power Project Loan Fund Rural Electrification Revolving Loan Fund	Alaska Industrial Development & Export Authority Alaska Energy Authority Power Cost Equalization Alaska Science & Technology Foundation
<ul style="list-style-type: none"> • Utility Assistance 	Rural Utilities Business Advisory (RUBA) Circuit Rider Program Electrical Emergencies Program Local Government Assistance Program	Alaska Public Utilities Commission
<ul style="list-style-type: none"> • Assistance to Economically Distressed Regions 	Exxon Valdez Oil Spill Unincorporated Rural Community Grant South East Alaska Community Economic Revitalization Team	AS 44.33 Article 4, Areas Impacted By Economic Disaster
<ul style="list-style-type: none"> • Fisheries 	Community Development Quota Shared Fisheries Business Tax Program Various Economic Development Programs Listed Above	Community Development Quota Alaska Seafood Marketing Institute Various Economic Development Programs Listed Above

HB 400

DCRA/DCED Merger

Cost Savings

Commissioner Office Consolidation

Commissioner	110	
Dep Commissioner	110	
Special Assistant	87	
Special Assistant	71	
Executive Secretary	45	
Admin Clerk	<u>35</u>	
		458

Administrative Services

Division Director	117	
Admin Mgr	75	
Internal Auditor III	77	
Program Budget Analyst III	64	
Admin Asst	44	
Grant Administrator I	<u>44</u>	
		421

Division of Community and Regional Development Director	<u>102</u>	102
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Miscellaneous

Travel	35	
Contractual (moving, DP, transp, vehicle, etc)	31	
Supplies	<u>7</u>	
		<u>73</u>

TOTAL **\$1,054,000**

HB 400

Evaluation of New Department Staffing Levels

<u>Department</u>	<u>Number of Staff</u>	<u>Number of Deputy Commissioners</u>
Administration	1,413	1
DCED	348	1
DCRA	180	1
Corrections	1,294	1
Education	618	1
DEC	454	1
F&G	1,353	2
H&SS	1,971	1
Labor	603	1
Law	435	2
Military & Vet.	262	1
DNR	895	1
Public Safety	855	1
Revenue	494	2
DOT & PF	3,015	1

- After the merger, there will be 13 fewer employees and 52 employees moving from DCRA to other departments. Therefore, the total employees in the new department will be 463. It will still be the 4th smallest department.
- Only 3 departments have two deputy commissioners. The new department will still have a special assistant which could be changed to be a second deputy commissioner, if it is deemed warranted.

HB 400 Hearing

Sponsor's Rebuttals To DCED

Following are Representative Kohring's rebuttals to the February 25, 1998 testimony of the Department of Commerce & Economic Development deputy commissioner.

Item 1, Missions: The deputy commissioner stated that the Department of Commerce and Economic Development (DCED) has a fundamentally different mission than the Department of Community and Regional Affairs (DCRA). The deputy commissioner stated that DCED programs focused on the private sector businesses, and that DCRA focused on public entities.

Sponsor's Rebuttal:

1. DCED provides funding for publicly owned projects. The Governor's proposed fiscal year 99 capital budget includes \$16.8 million of AIDEA funds. These include funds for the Departments of Administration, Community & Regional Affairs, Education, Corrections, Environmental Conservation, Transportation & Public Facilities, Revenue, Natural Resources, Military & Veteran's Affairs, Public Safety, Health & Social Services, and the University of Alaska. (These include water and sewer projects, contrary to the deputy commissioner's statement.)

2. The Alaska Public Utilities Commission (APUC) oversees private and public utilities. The APUC is inherently involved in public and private infrastructure development. These include water, sewer, natural gas, refuse, cable television, and telecommunications utilities.

3. In the DCED's FY 1999 Operating Budget Overview document, it states that one of the functions of the Division of Trade and Development is

“...helping communities develop needed infrastructure.”

Summary: Both DCED and DCRA participate in planning and funding of public and private projects.

Item 2, Duplication: The DCED deputy commissioner states that there is no duplication with DCRA.

Sponsor's Rebuttal:

There are many overlapping functions of the two departments. These functions include rural tourism, infrastructure, community facilities, energy and electrical projects, and small business development, and the Rural Development Initiative Fund Loan (RDIF) program.

Summary: Both departments perform many overlapping functions.

Item 3, Relocation Costs: The DCED deputy commissioner states that many staff would have to be relocated due to the merger. This would require the need to hire two full

time "space planners." The reason stated for the office space consolidation was that department administration and management needed all staff in one location.

Sponsor's Rebuttal:

1. Presently, DCED and DCRA have staff in many locations. Exhibit 3 shows that DCED already houses its staff in several separate locations: 3 in Juneau, 7 in Anchorage, 2 in Fairbanks, 1 in Tok, and 1 in the state of Washington. Also, there are DCED staff located overseas in the Pacific Rim region. Modern telecommunications greatly decrease the need for housing all employees under one roof.
2. Few programs are being transferred to other departments. A total of 52 employees will be transferred to other departments, but 23 are in remote locations and will not be relocated.
 - There are 3 Headstart staff (DCRA) in Juneau that need to be relocated to the Department of Health and Social Services. Otherwise, all DCRA staff in Juneau can stay in the DCRA building, which is located within one block of the DCED headquarters office.
 - JTPA/STEP staff statewide (16) already share space with other departments. The 10 staff in Juneau are already co-located with the Department of Labor. At question are the 3 staff in Anchorage and 3 staff in Fairbanks.
 - Child Care Assistance program staff (10) are all located in Anchorage, in the "Post Office Mall." At question is whether they would need to be relocated to a site where other Department of Health staff are located. This could be accomplished when leases expire and offices can be consolidated.

Summary: The worse case scenario is that 19 staff would be relocated, although it would seem that only the 3 Headstart staff would need to relocate. "Space planners" obviously are not needed, especially two of them. Relocation costs will be minimal, **far below the \$1 million cost savings every year from the merger.** (Using the administration's estimate of \$5,000 per relocation, the cost will range from \$15,000 to \$95,000.)

Item 4, Deputy Commissioners: The DCED deputy commissioner states that the new department would require two deputy commissioners.

Sponsor's Rebuttal:

The new department will have a grand total of 463 employees. This includes 104 employees working in the "independent" entities (46 in APUC, 32 in AIDEA, 19 in ASMI, and 7 in ASTF). Therefore, the new commissioner will directly oversee only 359 employees, still a small department. Even with 463 employees, the new department would be the 4th smallest.

Only 3 other departments have two deputy commissioners. Additionally, there will still be a special assistant in the new department, which is currently in the DCED. This special

assistant, as well as the directors, will be able to assist the commission with duties. There is no need for two deputy commissioners.

Summary: Only one deputy commissioner is needed.

HB 400 Hearing

Sponsor's Rebuttals To DCRA

Following are Representative Kohring's rebuttals to the February 25, 1998 testimony and the February 27 memorandum of the Department of Community & Regional Affairs' deputy commissioner.

I. February 25 Testimony Rebuttal

Item 1: The DCRA deputy commissioner stated that the Department of Commerce and Economic Development programs funded (publicly and) privately owned projects, but that DCRA only funds public entities, not private parties.

Sponsor's Rebuttal:

See Exhibit 1: DCRA's Rural Development Investment Fund (RDIF) shows 34 private entity loan recipients.

DCRA's Rural Development Authority (RDA) Mini-Grants Awards list shows 6 private/public partnership grants.

Item 2: The DCRA deputy commissioner states that DCRA does not participate in rural tourism development.

Sponsor's Rebuttal:

See Exhibit 1: DCRA's Rural Development Investment Fund (RDIF) shows 13 loans for rural tourism related loans, such as charter boats, bed & breakfasts, RV parks, etc.

DCRA's Community Block Grants includes rural tourism grants to communities for salmon bakes and bed & breakfasts.

DCRA's Rural Development Authority grant applications (both funded and not funded) include rural tourism related projects, such as arts & crafts entrepreneurship and marketing, salmon bakes, bed & breakfasts, and eco-tourism guided tour development

DCRA's Rural Development Authority (RDA) Mini-Grants Awards list shows 10 rural tourism grants.

AS 44.47.900(a)(3), the Alaska Regional Economic Assistance Program clearly requires DCRA to be involved in tourism development, as well as regional economic issues and international trade.

Item 3: The DCRA deputy commissioner stated that DCRA funds mostly publicly owned infrastructure projects.

Sponsor's Rebuttal:

Exhibit 1: DCRA's Rural Development Investment Fund (RDIF) shows only 1 of 34 loans to be for infrastructure, and that one loan was for a privately owned RV parks.

DCRA's Rural Development Authority (RDA) Mini-Grants Awards list shows 0 out of 23 grants used for infrastructure.

DCRA's Community Block Grants eligible project listing includes 16 non-infrastructure projects.

Summary: DCRA and DCED both fund/administer a) private and public projects, b) rural tourism projects, and c) infrastructure/community facilities/energy and electrical projects. **Why have two separate departments perform these same tasks?**

II. February 27, 1998 DCRA Memorandum Rebuttal

Item 1: Rural Economic & Small Business Development

Stated in the deputy commissioner's memorandum was that DCRA has **limited** involvement in assisting communities develop a community strategy for a) health and safety, b) community infrastructure, and c) jobs/economic development. DCRA assists 3-10 communities in this **limited service**.

Further stated is that DCRA encourages a comprehensive approach to community development, rather than preparing only an economic development stately because **many issues affect the success of economic development efforts**.

Rebuttal Points:

If only a few communities are receiving only limited assistance from DCRA, will rural communities ever become independent? **HB 400 will provide the framework to have greater coordinated assistance for rural communities.**

I agree that a comprehensive approach to economic development is needed. However, it would seem that an effective strategy is needed **especially** because of the many factors that affect development. DCRA should be inherently involved in such strategy, otherwise DCRA never will focus on effective development. **HB 400 will provide that focus that appears to be currently lacking in DCRA.**

Item 2: DCRA states that after a development strategy is determined, they refer community officials to other agencies, including DCED.

Rebuttal Point: If DCRA is not involved with developing the strategy, and only serve as a "middle man" agency, DCRA should be merged into the DCED where such coordination

can be far more effective. This increased effectiveness supports approval of HB 400.

Item 3: DCRA states that their regional development efforts are primarily provided through funding and administrative support of the ARDOR program. DCRA "encourages" the ARDORs to concentrate on development initiatives.

Rebuttal Point: Not surprisingly, funding for the ARDOR program comes from interagency receipts from DCED. Under HB 400, ARDOR will be directly funded through the new Department of Commerce and Rural Development, and DCRA's role as the "middle man" and "cheer leader" agency will cease, as will administrative duplication. This further supports approval of HB 400.

Item 4: DCRA operates the Rural Development Initiative Fund (RDIF) loan program. DCRA states that the RDIF loan program differs from the DCED's Small Business Economic Development Revolving Loan program in that they serve different clientele.

Rebuttal Point: As shown in Exhibit 1, DCED is also involved in the RDIF program. Obviously efficiencies in management can be achieved if the RDIF program if it was operated under one department. Further management streamlining can occur, resulting in additional savings after HB 400 is passed.

Item 5: DCRA agrees that it provides infrastructure scoping, planning, and funding. DCRA states that it also provides rural sanitation business management assistance. However, DCRA states that DCED does not perform these tasks.

Rebuttal Point: Alaska Industrial Development and Export Authority is contained within DCED. AIDEA is an important part of that department as it is an important program for economic development and international/domestic trade. According to the 1997 AIDEA annual report,

Development Finance Program

Through this program AIDEA may own and operate projects that bring economic benefits to the people of Alaska and are shown to be financially feasible. The projects typically provide infrastructure support for resource utilization and development.

In the course of funding these projects, AIDEA is inherently involved in early scoping and planning phases. Also, AIDEA is active in scoping and planning activities, as shown by their participation in the South East Alaska Community Economic Revitalization Team (SEA-CERT). Therefore, DCED is involved in infrastructure scoping, planning, and funding.

The Alaska Public Utilities Commission, within DCED, provides business management and operations technical assistance.

Obviously, both departments participate in these duties. Passage of HB 400 will provide efficiency by combining similar activities in one department.

HB 400 Hearing

Sponsor's Rebuttals To Department of Labor

Following are Representative Kohring's rebuttals to the February 27, 1998 testimony of the Department of Labor's special assistant to the commissioner.

Missions: The special assistant stated that the Department of Labor (DOL) has a fundamentally different mission than the Department of Community and Regional Affairs (DCRA) Job Training Partnership Act (JTPA) and State Training and employment program. The special assistant stated that DOL does not train people. The special assistant stated that DOL programs focused on getting jobs for unemployed people, whereas, DCRA programs focused on training.

Sponsor's Rebuttal:

1. According to statute, the DOL mission is:

AS 23.05.010, Purpose. The Department of Labor shall foster and promote the welfare of the wage earners of the state, improve their working conditions and **advance their opportunities for profitable employment.**

Whereas, according to statute, DCRA's mission is:

AS 44.47.050 Purpose of department: The purpose of the department is to render maximum state assistance to government at the community and regional level.

The transfer of the JTPA, STEP and One Stop programs from DCRA to the DOL are consistent with the statutory purpose of the departments.

2. Currently, DCRA refers JTPA and STEP program trainees to employment services and to DOL. DCRA provides funding to DOL for this service.
3. The DOL receives the federal grant for the JTPA. DOL withholds **\$1.1 million** for administration costs. This large sum are funds that are not going to train Alaskans, but to fund redundant bureaucracy.

EXHIBIT 1

DCRA
RDIF LOANS SUMMARY

LOAN No.	BUSINESS NAME/BORROWER	PURPOSE OF LOAN	COMMUNITY	LOAN AMOUNT	
93-001	Central Peninsula Lumber	Equipment for family sawmill start up	Ninichik	\$ 15,750	
93-002	The Babbling Book	Start up bookstore	Haines	2,000	
93-003	Bunnell Street Gallery	Expand/remodel art gallery	Homer	20,000	T
93-004	Copper Oar Rafting	Start up rafting operation	McCarthy	7,500	T
93-006	Sugar n' Spice Gift Store	Start up gift shop	Valdez	17,463	T
93-007	Royal Charters	Start up tourist/charter boat operation	Hoonah	7,500	T
93-008	Koskovich Jewelry	Expand jewelry design & manufacturing operation	Homer	40,000	
93-009	J & B Logging	Expand logging operation	Bethel	7,200	
94-001	A Q Electronics	Working capital (Equip & inventory) for electronics store	Nome	9,884	
94-003	City Cab Co.	Purchase/upgrade taxi cab company	Petersburg	16,830	T
94-005	Toonz Records	Expand record/CD store	Soldotna	27,000	
94-008	River Adventures	Expand jet boat tour operation	Haines	48,362	T
94-007	Health Sea, Inc.	Expand added-value salmon processing operation	Kake	60,000	
94-008	Kozy Kuspuks	Sewing machines for Kuspuks & parka maker	Dillingham	16,000	
94-009	Tenass Pass Shellfish Co.	Expand capacity of oyster aquaculture operation	Naukatu	45,000	
94-010	Siding 21	Start up restaurant	Skagway	18,750	
94-011	The Sports Page	Expand athletic supply/sporting goods store	Glennallen	8,000	
94-012	Tailor Made Pizza	Working capital/equipment, pizza parlor & scenic tour service	McCarthy	5,000	T
94-013	Hart D Ranch	Infrastructure (water, sewer, electricity) for new RV park	Siana	94,000	T
94-014	Raven Dance Espresso	Bldg, equip & working capital for espresso & health food store	Chitna	33,000	T
94-016	Kodlak Sports & Tour	Hunting & fishing charters, hiking & mountain bike tours	Port Lions	19,250	T
95-001	Chink Eskimo Community Store	Start up village store	Golovin	17,002	
95-002	Sam & Lee's Restaurant	Rebuild restaurant	Barrow	50,000	
95-003	Circle A Enterprises	Purchase upgrade laundromat	Bethel	24,000	
95-004	Sweclair Construction	Equipment for construction company	Galena	50,000	
95-005	O & N Shuttle	Shuttle bus service	Old Harbor	16,800	
95-006	Larsen Bay Mercantile	Working capital/inventory for village store	Larsen Bay	42,500	
95-007	Settlers Cove Market	Working capital/inventory for community store	Port Lions	42,400	
95-008	Krog's Camp	Start up/renovate bed & breakfast	Soldotna	60,000	T
95-009	Peterson's Hunting & Fishing	Expand hunting & fishing guide operation	Old Harbor	29,744	T
98-001	David McFadden, Shipwright	Upgrade shipwright's shop	Petersburg	84,000	
97-002	Kenneth Hughes, dba Grantley Harbor	Working capital to purchase store inventory	Teller	20,000	
97-003	Royal T. Hill Sr. dba Royal Charters	Purchase and outfit larger boat	Hoonah	45,000	T
98-001	Bill and Nancy Turner dba Bluff Park	Indoor horse arena (Loan awaiting closing)	Wasilla	176,000	
34 loans				1,175,755	

NOTE: ALL OF THE RECIPIENTS
ARE PRIVATE ENTITIES

NOTE: T = TOURISM
RELATED

2/27/98

EXHIBIT 1
Pg 1 of 5

FY 1997 RDA MINI-GRANT DCRA
 AWARDS
 (alphabetical by community)

	COMMUNITY / APPLICANT	CONTACT	PHONE	P	PROJECT	MG\$	MATCH		
1	Akathak Native Community	George Peter	825-4626		Fish processing plant equipment purchase	30,000	209,876		
2	Akiak Native Community	Sammy Jackson	785-7112		Kamp Kisaralik marketing	5,000	31,708	T	
3	Arctic Village Council	Steven Trill	587-5114		Arctic Village Visitor Center feasibility study	10,000	9,153	T	
4	Coffman Cove	Elaine Price	328-2232		Island wide tourism promotion	7,500	7,550	T	
5	Cold Bay / AEB	Sharon Boyette	274-7555		Regional economic diversification study	5,000	59,000		
6	Delta Junction / DELTANA Comm Corp	Paul Knop	895-4150		Processing plant design	25,000	16,000		
7	Glemallen / CVEDC	Donna Tollman	822-5001		Youth entrepreneurship project	18,500	7,317		
8	Hoonah Indian Association	Kenny Grant	945-3545		Bed and breakfast upgrade	15,000	15,000	T	
9	Houston / Mat-Su Conv. & Visitors Bureau	Jerre Wroble	746-5000		Borough wide tourism and impact study	10,000	40,000	T	
10	Kobuk	Joanne Sheldon	948-2217		Overall economic development plan	5,000	7,880		
11	Kwigillingok / AVCP	Esther Stauffer	543-3521		Regional arts and crafts marketing program	20,000	25,219	T	
12	Manley Village Crafters' Guild	Melanle Mulligan	672-3130		Manley Hot Springs Visitors Guide production	5,000	6,586	T	
13	Merlasta Tribal Council	Kathryn Martin	281-2319		Overall economic development plan	5,000	7,500		
14	Nelson Lagoon Village Council	Justine Gunderson	989-2205		General store start up	15,500	29,900		
15	Point Hope, Native Village of	Pinky Tooyak	368-2330		Native Arts and Crafts cooperative start up	21,000	127,500	T	
16	Ruslan Mission / Iqurmiut Trad Council	Mary Jane Jackson	584-5511		Overall economic development plan	5,000	2,500		
17	Seward	Yvette Welsh	224-4047		Convention business feasibility study	8,000	51,675		
18	Shishmaref Native Village / Shishmaref Tannery	Luci Eningowak	649-3821		Shishmaref Tannery expansion plan	11,000	3,500		
19	St. Michael Native Village	Pauling Otten	923-2304		Lodging business plan	5,000	9,175	T	
20	Stevens Village Council	David Lacey	452-7162		Koyukon Visitor Center restaurant equipment	30,000	465,577	T	
21	Tokrook Bay	Nick Thanar	427-7613		Fish plant equipment purchase	10,000	-		
22	Tunirnak Coastal Villages Investment Fund	Phillip Kusayak	652-6312		Fish plant equipment purchase	10,000	3,378		
23	Wrangel	Carol Rushmore	874-2381		Dry kiln construction	23,500	200,547		
public/private partnership						TOTAL	300,000	1,336,521	

NOTE: T = TOURISM RELATED

DCRA
CDBG FFY 96 AWARD LIST
Awarded February 10 - 11, 1997

Community	Type	Project	Amount	Score
St. Marys	CD	Dock Improvements & Expansion	199,665	96
Fairbanks	CD	Purchase Fire Equipment	200,000	94
False Pass	CD	Dock Improvements	200,000	93
Egegik	CD	Bulk Tank Farm Diking & Purchase	90,000	93
Lake & Peninsula Borough	PL	Economic Development Plan	50,000	92
Juneau	CD	Renovate Homeless Shelter	200,000	88
Marshall	CD	Consolidate Bulk Fuel Facility	200,000	87
Nenana	ED	Salmon Bake	165,000	87
Quinhagak	CD	Construct Clinic/Washeteria	200,000	86
Kobuk	PL	Design for Solid Waste	78,398	84
Aleutians East Borough	CD	Water System Improvements	34,604	78
Tanana	CD	Renovate Fire Hall/Purchase Equipment	200,000	78
Ouzinkie	CD	Construct Health Clinic	200,000	77
Kotlik	PL	Landfill Removal	113,517	75
Alakanuk	PL	Erosion/Relocation Design	54,000	69
Port Alexander	CD	Boardwalk Upgrade & Repair	61,585	69
Elm	CD	Tank Farm Relocation	200,000	69
Koyuk	PL	Relocate Tank Farm	60,000	64
Huslia	PL	Relocate Gas & Oil	200,000	61
Port Lions	CD	Renovate Community Hall	200,000	59
Ketchikan Borough	CD	ADA Pool Renovation	26,709	57
Wasilla	PL	Employment for Disabled Persons	26,775	56
Aleknagik	CD	Purchase Fire Truck	60,000	56
White Mountain	CD	Backup Generator or Transformers	83,245	55
Teller	CD	Bering Learning Center	200,000	53
Kivalina	PL	Relocation	200,000	52
Savoonga	CD	Solid Waste Garage	192,232	52
Emmonak	CD	Water/Sewer Expansion	200,000	49
Northwest Arctic Borough	CD	Construct Clinic In Noatak	200,000	49
Brevig Mission	CD	Construct Bed & Breakfast	200,000	40
Hughes	CD	Multipurpose Building	86,202	40
Saxman	PL	Boat Harbor Development Plan	80,000	39
Shaktolik	CD	Health Clinic	151,755	38
Ambler	CD	Lift Stations/Water Sewer Hookups	200,000	35

\$3,103,498 in FUNDED projects. SHADED area identifies communities that were NOT funded @ \$1,710,139.

FFY 96 ASC results released 02.21.97

NOTE: T = TOURISM
RELATED

CORRECTION

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



Rev. 6/98

Central Microfilm Services
Department of Education
State of Alaska

DCRA
 CDBG FFY 96 AWARD LIST
 Awarded February 10-11, 1997

Community	Type	Project	Amount	Score
St. Marys	CD	Dock Improvements & Expansion	199,665	96
Fairbanks	CD	Purchase Fire Equipment	200,000	94
False Pass	CD	Dock Improvements	200,000	93
Egegik	CD	Bulk Tank Farm Diking & Purchase	90,000	93
Lake & Peninsula Borough	PL	Economic Development Plan	50,000	92
Juneau	CD	Renovate Homeless Shelter	200,000	88
Marshall	CD	Consolidate Bulk Fuel Facility	200,000	87
Nenana	ED	Salmon Bake	165,000	87
Quinhagak	CD	Construct Clinic/Washeteria	200,000	86
Kobuk	PL	Design for Solid Waste	78,398	84
Aleutians East Borough	CD	Water System Improvements	34,604	78
Tanana	CD	Renovate Fire Hall/Purchase Equipment	200,000	78
Ouzinkie	CD	Construct Health Clinic	200,000	77
Kotlik	PL	Landfill Removal	113,517	75
Alakanuk	PL	Erosion/Relocation Design	54,000	69
Port Alexander	CD	Boardwalk Upgrade & Repair	61,585	69
Ellm	CD	Tank Farm Relocation	200,000	69
Koyuk	PL	Relocate Tank Farm	60,000	64
Huslia	PL	Relocate Gas & Oil	200,000	61
Port Lions	CD	Renovate Community Hall	200,000	59
Ketchikan Borough	CD	ADA Pool Renovation	26,709	57
Wasilla	PL	Employment for Disabled Persons	26,775	56
Aleknagik	CD	Purchase Fire Truck	60,000	56
White Mountain	CD	Backup Generator or Transformers	83,245	55
Teller	CD	Bering Learning Center	200,000	53
Kivalina	PL	Relocation	200,000	52
Savoonga	CD	Solid Waste Garage	192,232	52
Emmabak	CD	Water/Sewer Expansion	200,000	49
Northwest Arctic Borough	CD	Construct Clinic In Noatak	200,000	49
Brevig Mission	CD	Construct Bed & Breakfast	200,000	40
Hughes	CD	Multipurpose Building	86,202	40
Saxman	PL	Boat Harbor Development Plan	80,000	39
Shaktolik	CD	Health Clinic	151,756	38
Ambler	CD	Lift Stations/Water Sewer Hookups	200,000	35

\$3,103,498 in FUNDED projects. SHADED area identifies communities that were NOT funded @ \$1,710,189.
 FFY 96 ASC results released 02.21.97

NOTE: T = TOURISM RELATED

97 RDA GRANT APPLICATIONS - DCRA
(by score)

EXHIBIT #1
pg 4/5

COMMUNITY/APPLICANT	TYPE	PROJECT	RDA
92 Kipnuk Traditional Council	CD	bulk fuel storage area upgrade	40,000
91 Venetia Traditional Council	CD	multipurpose building log preparation	20,000
90 Sheldon Point	CD	community hall water/sewer installation	40,000
89 Edna Bay Community Association	ED	beach access to dock facility	45,000
89 Sleethute Traditional Council	CD	health clinic renovation	50,000
88 Gambell	CD	youth center renovation	25,000
88 Mountain Village	CD	arts and crafts entrepreneurship project	10,000
87 Dot Lake Village Council	CD	community wood fired boiler project	40,000
87 Eagle City Council	TC	solid waste disposal site development	15,000
87 Eek, Native Village of	CD	remove power plant environmental hazard	12,000
87 Egegik	CD	solid waste transportation equipment	18,000
86 Stabbins	CD	construct North Beach access road	20,000
85 Elim	CD	replace water transmission line	20,000
85 Pelican	TC	comprehensive plan development	10,000
85 Siana Community Corporation	CD	community well	10,000
85 Stevens Village Council	CD	renovate building for office space	35,000
84 Elin Cove Non-Profit Corp.	CD	replace bulk fuel transmission lines	8,000
84 Galena	CD	comprehensive plan	15,000
84 Naknek Village Council	TE	economic development plan	5,000
84 Teller	CD	public safety vehicle and equipment	25,000
83 Nenana	ED	salmon bake and smokery equipment	30,000
82 Ambler	CD	clinic renovation plan	5,000
82 Cantwell Native Council	CD	road upgrade	20,000
82 Hollis Community Council	CD	Canna Pass Road project	40,000
82 Minto IRA Council	CD	building renovation plan for youth center	10,000
82 New Stuyahok Traditional Council	CD	clinic expansion plan	5,000
82 Tanana	CD	fire hall renovation feasibility plan	10,000
82 Togiak	CD	complete cultural center	30,000
81 St. Mary's and Unalakleet / AFDF	CD	regional salmon marketing project	50,000
PRENEGOTIATION TOTAL:			661,000

↑ Funded

NOTE: T = TOURISM
RELATED
FUNDING

- Not funded. next page.

Note: RDA Grant program was not funded by Legislature for FY 98.

97 RDA GRANT APPLICATIONS DCRA
(by score)

EXHIBIT #1
PG 5/5

Not Funded
↓

80	Chistochina Village Council	CD	tribal offices
80	Port Alexander	CD	boardwalk upgrade
80	Port Helden	CD	multipurpose building
80	Thorne Bay	TC	power line extension study
79	Akiachak Native Community	ED	portable fish processor project
79	Huslia	CD	bulk fuel upgrade
79	Klawock	CD	longhouse completion
79	Mentasta Traditional Council	CD	road maintenance equipment
79	Mellakata Indian Community	ED	value added salmon equipment
79	Willow / Mat-Su RC & D	CD	community center repair
78	Coffman Cove	ED	ferry terminal design
78	Grayling, Organized Village of	CD	tank farm improvements
78	Kwigillingok / AVCP	ET	region arts and crafts marketing
78	Sand Point	CD	develop new water source
77	Aleknagik	CD	landfill equipment
77	Aniak	CD	fire hall completion
77	Brevig Mission	ED	furnish bed and breakfast
77	Hooper Bay	CD	washeteria equipment
77	Seldovia	CD	back hoe purchase
76	Cold Bay / AEB	TC	establish community access network
76	Houston	CD	multipurpose center
76	Shageluk	CD	landfill maintenance equipment
75	Bettles	CD	road upgrade
75	Chenega Bay IRA Council	ED	Chenega trail, phase II
75	Kivalina IRA Council	CD	child care office space
75	Kotlik	ED	seafood processing development
75	Nondalton Tribal Council	ED	economic development plan
74	Nightmute	CD	generator upgrade
74	Savoonga	CD	renovate teen center
73	Chalkyitsik Village Council	CD	multipurpose building design
73	Napaskiak / Napaskiak Electric Utility	CD	bulk fuel storage improvement
73	Newhalen	TC	landfill plan
73	Noatak IRA Council	TC	design work for bulk fuel farm
73	Nunapitchuk	TC	road bridge relocation study
73	Tenakee Springs	CD	enclose storage building
72	Ekwok	CD	city office building
72	Ester Volunteer Fire Dept.	CD	fire equipment
72	Koliganek Village Council	CD	construct public safety building
71	Akutan Traditional Council	ED	ecotourism guided tour development
70	Delta Junction / DELTANA Comm Corp	TE	feasibility of pea production
69	Allakaket Village Council	TC	multipurpose building design
68	Emmonak	CD	extend water lines
68	Kasigaluk Traditional Council	TC	reestablish independent utility
67	Crooked Creek Corp.	CD	renovate preschool facility
67	Kongiganak Traditional Council	CD	multipurpose building design
64	Golovin	CD	expand washeteria
61	Anderson	ED	lands survey and development plan

T
T

T

PROPOSED
NOTE: T = TOURISM
RELATED
PROJECTS
(ELIGIBLE BUT NOT FUND)
2 of 2

EXHIBIT 2

Article 9A. Regional Economic Assistance Program.**Section**

900. Alaska regional economic assistance program

Effective dates. — Section 8, E.C. No. 93, makes this article effective July 1, 1996.

Sec. 44.47.900. Alaska regional economic assistance program. (a) The department shall

(1) encourage the formation of regional development organizations by providing assistance in forming organizations to interested individuals, including information on how to qualify and apply for regional development grants and federal funding under 42 U.S.C. 3121 — 3246 (Public Works and Economic Development Act of 1965), as amended;

(2) assist an interested individual in establishing boundaries for a proposed organization to ensure that the region

(A) is of sufficient geographic size and contains a large enough population to form an economically viable unit with shared interests, resources, traditions, and goals;

(B) contains at least one municipality that serves as a regional center; and

(C) contains the entire area of each municipality included in the region;

→ (3) gather information about regional economic issues, international trade, and tourism from organizations;

(4) serve as liaison between organizations and other state agencies and encourage other agencies to make resources available to help accomplish goals of the organizations;

(5) assist each organization to

(A) provide services designed to encourage economic development to local communities and businesses;

(B) collect and distribute economic information relevant to the region;

(C) participate in state marketing campaigns and join state trade missions that are relevant to the region; and

(D) develop and implement strategies to attract new industry, expand international trade opportunities, and encourage tourism within the region.

(b) Subject to (c) of this section, the department may make regional development grants to organizations for projects the department determines will be of value in encouraging economic development. During a fiscal year the department may make no more than 15 grants and may only make grants to one organization from a particular region. An organization that is designated an economic development district under 42 U.S.C. 3171 qualifies for grants under this subsection. The department shall by regulation adopt procedures for applying for regional development grants, including application deadlines. The department may by regulation establish additional grant eligibility requirements.

(c) To qualify for a grant, a regional development organization must match the grant by providing an amount of money from nonstate sources. The department shall establish by regulation a formula that determines the amount of the match required under this subsection based upon the capability of each organization to generate money from nonstate sources. The amount of match required may not exceed the amount of grant money and may not be less than 20 percent of the grant. The total amount of grant money provided to an organization during a fiscal year may not exceed \$100,000.

(d) There is established in the department the regional development fund consisting of appropriations to the fund. Money from the fund may be used only for regional development grants.

EXHIBIT 3

**Department of Commerce and Economic Development
Offices by Location**

JUNEAU

State Office Building, 9th floor
Office of the Commissioner
Division of Administrative Services
Division of Banking, Securities and Corporations
Division of Occupational Licensing
Division of Insurance
Division of Tourism
Division of Trade and Development

Vintage Business Park, 3032 Vintage Boulevard
Division of Investments

Department of Labor Building, 1111 West 8th, Suite 100
AK Seafood Marketing Institute

ANCHORAGE

Frontier Building, 7th Floor
Office of the Commissioner
Division of Banking, Securities and Corporations
Division of Occupational Licensing
Division of Trade and Development
AK Tourism Marketing Council

Frontier Building, 13th Floor
Division of Insurance

AIDEA Building, 480 West Tudor (wholly owned and occupied)
AK Industrial Development and Export Authority

Alaska Energy Building, 4800 B Street, Suite 101
AK Aerospace Development Corporation

Alaska Legal Center, 1016 West 6th, Suites 300, 400 and 420
AK Public Utilities Commission

UAA Diplomacy Building, 4500 Diplomacy Drive, Suite 515
AK Science and Technology Foundation

327 Ship Creek Avenue
AK Railroad Corporation—corporate offices

Fairbanks

Fairbanks Regional Office Building
Division of Occupational Licensing-Business Licensing

7501 Old Richardson Highway, Suite 205
Division of Trade and Development-Minerals Office

Tok

Tok Civic Center
Division of Tourism (Tok APLIC and Visitors Center)

Bellevue, Washington

1200 112th Avenue NE, Suite 226
AK Seafood Marketing Institute

LETTERS

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

March 5, 1998

Dear Rep. Kohring:

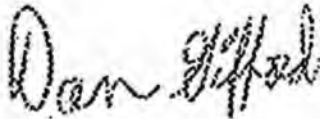
I wish to state my full support for House Bill 400, which merges the Departments of Community & Regional Affairs and Commerce & Economic Development. The concept of this legislation to essentially restructure government is something that is long overdue.

As the Legislature continues to reduce spending, it's important that you look at ways to achieve efficiencies in the delivery of services to the public. No longer should you simply cut across the board but rather you should prioritize spending and focus our resources on the essentials. Your legislation helps us to do just that, because it cuts out wasteful bureaucracy instead of programs. It also is geared toward infrastructure development-the foundation of a strong economy which is a more appropriate expenditure of state funds instead of expensive Salaries for government employees.

Most important in my mind however, is the fact that FIB 400 saves the taxpayers, like me, dollars. The estimated one million dollars a year in savings by cutting out high paid upper management positions is precisely what we need to be doing. As a small businessman, I expect my elected officials to be careful with how they spend the public's money.

Thanks for filing this important legislation.

Sincerely,



Dan Gifford
P.O. Box 874803
Wasilla, Alaska 99687
907-373-5606

March 5, 1998

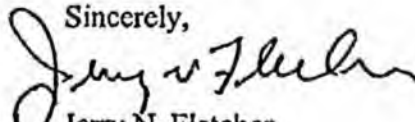
Representative Vic Khoring
Alaska State Legislature
State Capitol Building RM. #421
Juneau, AK 99801

Re: Bill HB 400

Dear Mr. Khoring,

We are in total support of overlapping the functions of the DCED and the DCRA. I support Bill HB 400 in order to help bring government spending under control.

Sincerely,



Jerry N. Fletcher

Letters to the Editor
Anchorage Daily News
1001 Northway Drive
Anchorage, Alaska 99508
FAX (907)258-2157

February 23, 1998

Dear Editor;

I noted with interest the other day in the Anchorage 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 heirarchies and deliver the same services and deliver the same services for far less cost. This should be music to all of 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." But of course it's "broke." If you are in private business and are spending \$100 to do something that you could do for \$10, it is efficient to rote the difference and to 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 \$1.00 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.. staffing..). Who do they think they are hood-winking? Idiots!

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

Regards,

Jim Van Doren
Palmer, Alaska
(907)745-7427 Ph. and FAX

March 5, 1998

Representative Vic Khoring
Alaska State Legislature
State Capitol Building RM. #421
Juneau, AK 99801

Re: Bill HB 400

Dear Mr. Khoring,

We are in total support of overlapping the functions of the DCED and the DCRA. I support Bill HB 400 in order to help bring government spending under control.

Sincerely,



Pierrette T. Fletcher

March 5, 1998

Representative Vic Khorng
Alaska State Legislature
State Capitol Building RM. #421
Juneau, AK 99801

Re: Bill HB 400

Dear Mr. Khorng,

We are in total support of overlapping the functions of the DCED and the DCRA. I support Bill HB 400 in order to help bring government spending under control.

Sincerely,

A handwritten signature in cursive script that reads "Sherri R. Mulhoney". The signature is written in black ink and is positioned to the right of the typed name.

Sherri R. Mulhoney

LEGAL SERVICES

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

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

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

MEMORANDUM

March 16, 1998

SUBJECT: Department of Community and Rural Development
(CSHB 400(L&C))

TO: Representative John Cowdery
Attn: Peter Torkelson

FROM: Terri Lauterbach
Legislative Counsel *T. Lauterbach*

Enclosed is the draft CS you requested for HB 400. Most of the new material is in secs. 63, 65, 68, 69, and 100(f). Also, AS 44.33.800 has been added to the repealer in sec. 98.

As you probably already know, because of the drafting deadlines that have been imposed with this bill, no drafts of it have been reviewed by the revisor of statutes, so there may be technical or legal flaws we have not yet caught. We urge your careful review of the bill.

One other caution: the new subsection (f) in sec. 100 probably violates the separation of powers doctrine. Once the legislature charges the executive branch with carrying out a function or a program, it is within the executive authority, subject to available appropriations, how to do so. The details of sec. 100(f) that attempt to limit staff relocation and the planning process that may be required to implement the bill probably go beyond the legislature's constitutional power.

Please let me know if I can be of further assistance.

TML:glc:jr
98-169.glc

Enclosure

0-LS1375VB
Lauterbach
3/16/98

CS FOR HOUSE BILL NO. 400(L&C)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVES KOHRING, Austerman, Barnes, Cowdery, Hodgins, Kelly, Mulder, Ogan, Ryan, Therriault, Vezey

A BILL

FOR AN ACT ENTITLED

1 "An Act combining parts of the Department of Commerce and Economic
2 Development and parts of the Department of Community and Regional Affairs by
3 transferring some of their duties to a new Department of Commerce and Rural
4 Development; transferring some of the duties of the Department of Commerce and
5 Economic Development and the Department of Community and Regional Affairs
6 to other existing agencies; eliminating the Department of Commerce and Economic
7 Development and the Department of Community and Regional Affairs; relating to
8 the Department of Commerce and Rural Development and the commissioner of
9 commerce and rural development; adjusting the membership of certain multi-
10 member bodies to reflect the transfer of duties among departments and the
11 elimination of departments; creating the office of international trade and relating
12 to its duties; and providing for an effective date."

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

2 * Section 1. AS 08.40.190(b) is amended to read:

3 (b) AS 08.40.005 - 08.40.200 do not apply to a person engaged in

4 (1) the manufacture, maintenance, or repair of electrical apparatus or
5 equipment;

6 (2) electrical work, the cost of which does not exceed \$5,000, involving
7 residences or small commercial establishments in communities that

8 (A) have a population of under 500 according to the latest
9 available federal or state census or other census approved by the Department
10 of Commerce and Rural Development [COMMUNITY AND REGIONAL
11 AFFAIRS]; or

12 (B) are over 50 miles by air or water transportation from the
13 business place of an electrical administrator licensed under AS 08.40.010 -
14 08.40.200;

15 (3) electrical installation on residential property that is owned by the
16 installer or a member of the installer's immediate family and not intended for sale at
17 the time of making the installation;

18 (4) the operation, maintenance, or repair of a television or radio
19 broadcasting system and the installation of a radio broadcasting system under 500
20 watts input power except for A.C. power supply and wiring;

21 (5) the installation, maintenance, and repair of elevators so long as the
22 work is performed by an agent or employee of the elevator industry and is confined
23 to the elevator control system, which system does not include the power supply,
24 wiring, and motor connection;

25 (6) the operation, maintenance, and repair of telephone, telegraph, and
26 intercommunication facilities;

27 (7) the installation, maintenance, and repair of fire alarm, intrusion
28 alarm, or other low voltage signaling systems of 48 volts to ground or less;

29 (8) the maintenance or repair of diesel electric engines installed on
30 heavy construction equipment, either in a shop or on a job site;

1 (9) the installation in a commercial water well of the submersible pump
2 motor and the wiring to the well pump system controls if the controls are outside a
3 building or a structure;

4 (10) the installation in a noncommercial water well of the submersible
5 pump motor and the wiring to the well pump system controls;

6 (11) electrical maintenance or repair work if the work is performed by
7 the person as an employee of an owner or tenant of commercial property as part of the
8 employee's work duties with respect to the property but is not offered or performed
9 as a service to the public.

10 * Sec. 2. AS 08.40.390(b) is amended to read:

11 (b) AS 08.40.210 - 08.40.490 do not apply to a person engaged in

12 (1) the manufacture or repair of mechanical apparatus or equipment;

13 (2) mechanical work, the cost of which does not exceed \$50,000,
14 involving residences or small commercial establishments in communities that

15 (A) have a population of under 5,000 according to the latest
16 available federal or state census or other census approved by the Department
17 of Commerce and Rural Development [COMMUNITY AND REGIONAL
18 AFFAIRS]; or

19 (B) are over 50 miles by air or water transportation from the
20 business place of a mechanical administrator licensed under AS 08.40.210 -
21 08.40.490;

22 (3) mechanical installation on a single-family residence or a two-family
23 residence that is not intended for sale at the time of making the installation;

24 (4) installation of water lines or sanitary, storm, or drain sewer lines
25 more than five feet from a building;

26 (5) mechanical maintenance or repair work if the work is performed by
27 the person as an employee of an owner or tenant of commercial property as part of the
28 employee's work duties with respect to the property but is not offered or performed
29 as a service to the public;

30 (6) design, installation, maintenance, or repair of fire extinguishing
31 systems.

1 * Sec. 3. AS 09.25.110(e) is amended to read:

2 (e) Notwithstanding other provisions of this section to the contrary, the Bureau
3 of Vital Statistics and [,] the library archives in the Department of Education [, AND
4 THE DIVISION OF BANKING, SECURITIES, AND CORPORATIONS IN THE
5 DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT] may
6 continue to charge the same fees that they were [ARE] charging on September 25,
7 1990, for performing record searches, and may increase the fees as necessary to
8 recover agency expenses on the same basis that was [IS] used by the agency
9 immediately before September 25, 1990. Notwithstanding other provisions of this
10 section to the contrary. the division of banking, securities, and corporations in the
11 Department of Commerce and Rural Development may continue to charge the
12 same fees that the former Department of Commerce and Economic Development
13 was charging on the effective date of this bill section for performing record
14 searches and may increase the fees as necessary to recover agency expenses on the
15 same basis that was used by the former Department of Commerce and Economic
16 Development immediately before the effective date of this bill section.

17 * Sec. 4. AS 09.65.170(c)(2) is amended to read:

18 (2) "regional development organization" has the meaning given in
19 AS 44.33.895 [AS 44.47.900].

20 * Sec. 5. AS 14.08.031(a) is amended to read:

21 (a) The Department of Commerce and Rural Development [COMMUNITY
22 AND REGIONAL AFFAIRS] in consultation with the Department of Education and
23 local communities shall divide the unorganized borough into educational service areas
24 using the boundaries or sub-boundaries of the regional corporations established under
25 the Alaska Native Claims Settlement Act, unless by referendum a community votes to
26 merge with another community contiguous to it but within the boundaries or sub-
27 boundaries of another regional corporation.

28 * Sec. 6. AS 14.08.051(a) is amended to read:

29 (a) The commissioner in consultation with the Department of Commerce and
30 Rural Development [COMMUNITY AND REGIONAL AFFAIRS] and the local
31 communities may divide a regional educational attendance area into sections only for

1 the purpose of nominating and electing regional school board members. If the voters
2 in a regional educational attendance area favor election of regional school board
3 members by sections under (b) of this section, the commissioner in consultation with
4 the Department of Commerce and Rural Development [COMMUNITY AND
5 REGIONAL AFFAIRS] and the local communities shall divide the regional
6 educational attendance area into sections for the purpose of nominating and electing
7 regional school board members. If a regional educational attendance area is divided
8 into sections, each school board member shall represent, as nearly as practicable, an
9 equal number of persons. The basis for the division of a regional educational
10 attendance area into sections shall be the total population of the area as reported in the
11 most recent decennial federal census. If the census is five years old or older, then
12 other reliable population data, including but not limited to population estimates based
13 on public school enrollments, public utility connections, registered voters, or certified
14 employment payrolls, shall be used as the basis for the division of the area into
15 sections. Each section within a regional educational attendance area shall consist of
16 compact, contiguous territory and, as far as practicable, each section shall contain an
17 integrated socioeconomic, linguistically and culturally homogeneous area. In the
18 division of the regional school and attendance area into sections, consideration shall
19 be given to the transportation and communication network to facilitate the
20 administration of education and communication between communities that comprise
21 the area. Whenever possible, municipalities, other governmental or regional corporate
22 entities, drainage basins, and other identifiable geographic features shall be used in
23 describing the boundaries of the sections.

24 * Sec. 7. AS 14.17.025(a) is amended to read:

25 (a) Local contributions to a city or borough school district must include at least
26 the lesser of

27 (1) the equivalent of a four mill tax levy on the full and true value of
28 the taxable real and personal property in the district as of January 1 of the second
29 preceding fiscal year, as determined by the Department of Commerce and Rural
30 Development [COMMUNITY AND REGIONAL AFFAIRS] under AS 14.17.140 and
31 AS 29.45.110; or

1 (2) 35 percent of the district's basic need for the preceding fiscal year,
2 as determined under AS 14.17.021(c).

3 * Sec. 8. AS 14.17.025(b) is amended to read:

4 (b) In addition to the local contributions required under (a) of this section,
5 local contributions to a city or borough school district in a fiscal year may include no
6 more than the greater of

7 (1) the equivalent of a two mill tax levy on the full and true value of
8 the taxable real and personal property in the district as of January 1 of the second
9 preceding fiscal year, as determined by the Department of Commerce and Rural
10 Development [COMMUNITY AND REGIONAL AFFAIRS] under AS 14.17.140 and
11 AS 29.45.110; or

12 (2) 23 percent of the district's basic need for the fiscal year under
13 AS 14.17.021(c), as adjusted under AS 14.17.225(b).

14 * Sec. 9. AS 14.17.025(f) is amended to read:

15 (f) For the first three fiscal years in which a newly formed city or borough
16 school district operates schools, local contributions may be less than the amount that
17 would otherwise be required under (a) of this section, except that

18 (1) local contributions in the second fiscal year of operations must be
19 at least the greater of

20 (A) the local contributions, excluding federal impact aid, for the
21 previous fiscal year; or

22 (B) the sum of 10 percent of the district's eligible federal
23 impact aid for that year and the equivalent of a two mill tax levy on the full
24 and true value of the taxable real and personal property in the newly formed
25 city or borough school district as of January 1 of the second preceding fiscal
26 year, as determined by the Department of Commerce and Rural Development
27 [COMMUNITY AND REGIONAL AFFAIRS] under AS 14.17.140 and
28 AS 29.45.110; and

29 (2) in the third year of operation, local contributions must be at least
30 the greater of

31 (A) the local contributions, excluding federal impact aid, for the

1 previous fiscal year; or

2 (B) the sum of 10 percent of the district's eligible federal
3 impact aid for that year and the equivalent of a three mill tax levy on the full
4 and true value of the taxable real and personal property in the district as of
5 January 1 of the second preceding fiscal year, as determined by the Department
6 of Commerce and Rural Development [COMMUNITY AND REGIONAL
7 AFFAIRS] under AS 14.17.140 and AS 29.45.110.

8 * Sec. 10. AS 14.17.140(a) is amended to read:

9 (a) To determine the amount of local effort under AS 14.17.025 and to aid the
10 department and the legislature in planning, the Department of Commerce and Rural
11 Development [COMMUNITY AND REGIONAL AFFAIRS], in consultation with the
12 assessor for each district, shall determine the full value of the taxable real and personal
13 property in each city or borough district. If there is no local assessor or current local
14 assessment for a district, then the Department of Commerce and Rural Development
15 [COMMUNITY AND REGIONAL AFFAIRS] shall make the determination of full
16 value from information available. In making the determination, the Department of
17 Commerce and Rural Development [COMMUNITY AND REGIONAL AFFAIRS]
18 shall be guided by AS 29.45.110. The determination of full value shall be made by
19 October 1 and sent by certified mail, return receipt requested, on or before that date
20 to the president of the school board in each district. Duplicate copies shall be sent to
21 the commissioner. The governing body of a borough or city that is a school district
22 may obtain judicial review of the determination. The superior court may modify the
23 determination of the Department of Commerce and Rural Development
24 [COMMUNITY AND REGIONAL AFFAIRS] only upon a finding of abuse of
25 discretion or upon a finding that there is no substantial evidence to support the
26 determination.

27 * Sec. 11. AS 15.07.055(a) is amended to read:

28 (a) The following agencies are designated voter registration agencies:

29 (1) the administrative component of the Department of Administration
30 that administers motor vehicle and driver's license laws;

31 (2) divisions of the Department of Health and Social Services that

1 provide public assistance through the food stamp program, Medicaid program, Special
2 Supplemental Food Program for Women, Infants, and Children (WIC), and Alaska
3 temporary assistance program;

4 (3) the division of the Department of Commerce and Rural
5 Development [COMMUNITY AND REGIONAL AFFAIRS] that is responsible for
6 municipal and regional assistance programs; and

7 (4) all recruitment offices of the armed forces of the United States
8 located in Alaska.

9 * Sec. 12. AS 15.13.010(a) is amended to read:

10 (a) This chapter applies

11 (1) in every election for governor, lieutenant governor, a member of the
12 state legislature, a delegate to a constitutional convention, or judge seeking electoral
13 confirmation;

14 (2) to every candidate for election to a municipal office in a
15 municipality with a population of more than 1,000 inhabitants according to the latest
16 United States census figures or estimates of population certified as correct for
17 administrative purposes by the Department of Commerce and Rural Development
18 [COMMUNITY AND REGIONAL AFFAIRS] unless the municipality has exempted
19 itself from the provisions of this chapter; a municipality may exempt its elected
20 municipal officers from the requirements of this chapter if a majority of the voters
21 voting on the question at a regular election, as defined by AS 29.71.800(20), or a
22 special municipality-wide election called for that purpose, votes to exempt its elected
23 municipal officers from the requirements of this chapter; the question of exemption
24 from the requirements of this chapter may be submitted by the governing body by
25 ordinance or by initiative election.

26 * Sec. 13. AS 18.26.030(a) is amended to read:

27 (a) The authority shall be managed and controlled by a seven-person board of
28 directors, who serve at the pleasure of the governor, consisting of

29 (1) the commissioner of revenue, who shall also chair the board;

30 (2) the commissioner of health and social services;

31 (3) the commissioner of commerce and rural development

1 [COMMUNITY AND REGIONAL AFFAIRS];

2 (4) four public members, appointed by the governor.

3 * Sec. 14. AS 18.56.030(a) is amended to read:

4 (a) The corporation shall be governed by a board of directors consisting of

5 (1) the commissioner of revenue;

6 (2) the commissioner of commerce and rural development

7 [COMMUNITY AND REGIONAL AFFAIRS];

8 (3) the commissioner of health and social services; and

9 (4) four public members appointed by the governor, as follows:

10 (A) one member with expertise or experience in finances or real
11 estate;

12 (B) one member who is a rural resident of the state or who has
13 expertise or experience with a regional housing authority;

14 (C) one member who has expertise or experience in residential
15 energy efficient home-building or weatherization; and

16 (D) one person who has expertise or experience in the provision
17 of senior or low-income housing.

18 * Sec. 15. AS 18.56.097 is amended to read:

19 **Sec. 18.56.097. Collateral for loans.** Under procedures established by
20 regulations of the corporation adopted in accordance with AS 18.56.088 a person may
21 pledge as security for the repayment of a loan made, purchased, or insured by the
22 corporation under this chapter a preference right the person holds to receive title to
23 land the person occupies as a primary place of residence, primary place of business,
24 subsistence campsite, or as headquarters for reindeer husbandry. The preference right
25 must be conveyed to the person by the Native corporation to which the land was
26 granted under section 14 of the Alaska Native Claims Settlement Act (85 Stat. 688, 43
27 U.S.C. Sec. 1601 - 1626, as amended by P.L. 94-204) before it may be pledged as
28 security under this section. The Department of Commerce and Rural Development
29 [COMMUNITY AND REGIONAL AFFAIRS] shall prescribe procedures and standard
30 forms for establishing and appraising the value of a preference right held by a person
31 to secure the repayment of a loan made, purchased, or insured by the corporation under

1 this chapter.

2 * **Sec. 16.** AS 18.70.081 is amended to read:

3 **Sec. 18.70.081. Approval of fire protection systems.** Before October 30 of
4 each year the Department of Public Safety shall prepare and make available a list of
5 approved fire protection systems to [THE DEPARTMENT OF COMMUNITY AND
6 REGIONAL AFFAIRS,] the Department of Commerce and Rural [ECONOMIC]
7 Development [,] and the public.

8 * **Sec. 17.** AS 19.30.131(a) is amended to read:

9 (a) During each fiscal year the commissioner shall allocate sums appropriated
10 or otherwise designated for expenditure upon local service roads for that fiscal year
11 among the five allocation districts in the following manner: one-half in the ratio that
12 the area of each allocation district bears to the total area of the state and one-half in
13 the ratio that the population of each allocation district bears to the total population of
14 the state as shown by the latest available federal or state census or other census
15 approved by the Department of Commerce and Rural Development [COMMUNITY
16 AND REGIONAL AFFAIRS].

17 * **Sec. 18.** AS 19.30.131(b) is amended to read:

18 (b) The commissioner shall also further allocate the sums in each allocation
19 district to the boroughs and unified municipalities within each allocation district in the
20 following manner: one-half in the ratio that the area of each organized borough or
21 unified municipality (excluding salt water areas) within that district bears to the total
22 area of the allocation district and one-half in the ratio that the population of each
23 organized borough area or each unified municipality within that district bears to the
24 total population of the allocation district as shown by the latest available federal or
25 state census or other census approved by the Department of Commerce and Rural
26 Development [COMMUNITY AND REGIONAL AFFAIRS].

27 * **Sec. 19.** AS 19.30.131(c) is amended to read:

28 (c) The commissioner shall also further allocate portions of the sum allocated
29 to any organized borough and to any home rule city within the organized borough in
30 the following manner:

31 (1) one-half in the ratio that the area of each home rule city bears to

1 the total area of the organized borough excluding salt water areas; and

2 (2) one-half in the ratio that the population of each home rule city bears
3 to the total population of the organized borough as shown by the latest available
4 federal or state census or other census approved by the Department of Commerce and
5 Rural Development [COMMUNITY AND REGIONAL AFFAIRS].

6 * Sec. 20. AS 23.05 is amended by adding a new section to read:

7 **Sec. 23.05.065. Fees for publications, research data, and other services.**

8 The commissioner may establish by regulation and the department may charge
9 reasonable fees for department publications, research data, and other centralized
10 administrative services to cover the cost of reproduction, printing, mailing, distribution,
11 and other centralized administrative services.

12 * Sec. 21. AS 23.05 is amended by adding new sections to read:

13 **Article 6. Business Incentive Training Program.**

14 **Sec. 23.05.400. Business incentive training program established.** (a) There
15 is established in the department the business incentive training program. The incentive
16 program shall be administered as a supplement to the Job Training Partnership Act
17 (P.L. No. 97-300).

18 (b) The purpose of the incentive program is to encourage private industry to
19 provide new job opportunities by offering assistance in training the new work force
20 and in retraining existing employees to implement new technologies.

21 **Sec. 23.05.410. Administration.** (a) The Alaska Human Resources
22 Investment Council established in AS 44.19.620 shall oversee the incentive program.
23 The service delivery areas established under 29 U.S.C. 1511 and subject to
24 redesignation under 29 U.S.C. 1515 shall be used in the administration of the incentive
25 program. The private industry councils appointed under 29 U.S.C. 1512 and subject
26 to reconstitution under 29 U.S.C. 1515 shall serve as the private industry councils for
27 the incentive program.

28 (b) The council shall divide appropriations for the incentive program equally
29 among the private industry councils. If a private industry council lacks sufficient
30 money to fund a proposal, the private industry council may apply to the council for
31 additional funding. The council may approve reallocation of money from one service

1 delivery area to another to fund a particular proposal if it finds that the reallocation
2 will best serve the purposes of the program.

3 (c) The council shall adopt regulations under AS 44.62 (Administrative
4 Procedure Act) to implement AS 23.05.400 - 23.05.510.

5 **Sec. 23.05.420. Business incentive training plan.** (a) A private industry
6 council shall adopt a business incentive training plan for the service delivery area. The
7 plan must extend for two years to coincide with the term for the Job Training
8 Partnership Act (P.L. 97-300) and must contain

9 (1) identification of the entity or entities that will administer the
10 incentive program and be the grant recipient for grants from the state;

11 (2) a description of the services to be provided, including the estimated
12 duration of service and the estimated training cost per participant;

13 (3) procedures for identifying and selecting participants;

14 (4) performance goals established in accordance with standards under
15 AS 23.05.480;

16 (5) procedures for awarding grants to businesses; and

17 (6) the budget for two program years and any proposed expenditures
18 for the succeeding two program years in as much detail as required by the grant
19 administrator designated under AS 23.05.440.

20 (b) If changes in labor market conditions, funding, or other factors require
21 substantial deviation from an approved business incentive training plan, the private
22 industry council and the appropriate elected municipal official or officials shall submit
23 a modification of the plan and the budget for review under AS 23.05.430.

24 **Sec. 23.05.430. Review and approval of business incentive training plan.**
25 The business incentive training plan shall be published and made available for review
26 and comment as an attachment to the job training plan as set out in 29 U.S.C. 1515.
27 The business incentive training plan is subject to review and approval by the governor.

28 **Sec. 23.05.440. Business incentive training grants.** (a) Each private industry
29 council shall designate an administrative entity to be the grant recipient and
30 administrator for the region. An employer may apply to the grant administrator for a
31 business incentive grant if the employer is a private for-profit or nonprofit corporation,

1 partnership, or sole proprietor business. The grant administrator shall review
2 applications and award grants.

3 (b) Each grant administrator is responsible for the allocation of funds and the
4 eligibility of those enrolled in its programs. The grant administrator is responsible for
5 taking action against its subcontractors, subgrantees, and other recipients to eliminate
6 abuses in the programs they are carrying out, and to prevent misuse of funds. If the
7 arrangement is included in an approved job training plan, a grant administrator may
8 delegate the responsibility for determining eligibility under reasonable safeguards,
9 including provisions for reimbursement of costs incurred because of erroneous
10 determinations made with insufficient care.

11 (c) A business incentive training grant shall be used to recruit and train eligible
12 employees for newly created permanent or permanent seasonal positions or to enable
13 existing employees to acquire the skills necessary to qualify the employee to
14 implement new technologies. A business incentive training grant may be used for
15 occupations for which there is a demand in the area served or in another area to which
16 the participant is willing to relocate and for emerging technologies in the state. In
17 selecting recruiting and training programs, the private industry councils and the grant
18 administrators may consider whether the occupation in which recruiting or training is
19 sought is in a sector of the economy that has a high potential for sustained demand or
20 growth.

21 (d) Only individuals eligible under the business incentive training plan and
22 residing in the service delivery area may be participants in employment and training
23 activities funded under the business incentive training program. To be eligible for
24 training or education services under AS 23.05.400 - 23.05.510, immediately before
25 beginning training or education under the program a person shall

26 (1) have been unemployed and

27 (A) receiving unemployment insurance benefits; or

28 (B) have exhausted the right to unemployment insurance
29 benefits within the past three years;

30 (2) be liable to be displaced from work within the next six months
31 because of

- 1 (A) reductions in overall employment within the business;
2 (B) elimination of the person's current job; or
3 (C) a change in the conditions of the employee's job requiring
4 that, to remain employed, the employee must have substantially different skills
5 that the employee does not now possess; or

6 (3) have worked in a position covered by AS 23.20 at any time during
7 the last three years and be ineligible for unemployment insurance benefits because the
8 person

9 (A) was working in a seasonal, temporary, part-time, or other
10 marginal employment;

11 (B) has insufficient qualifying wages because of limited job
12 opportunities; or

13 (C) is employed, but, because the person is underemployed, the
14 person needs employment assistance and training to obtain full employment.

15 (e) Payments to employers for on-the-job training of participants who
16 experience multiple barriers to employment or are eligible under the Job Training
17 Partnership Act (P.L. 97-300) may not average more than 80 percent of the wages paid
18 by the employer to the participant. Payments to employers for on-the-job training of
19 other participants may not average more than 50 percent of the wages paid by the
20 employer to participants. The payments shall be considered to be in compensation for
21 the extraordinary costs associated with training employees for new positions and the
22 lower productivity of the participants.

23 (f) A grant made under the business incentive training program may not be
24 used to duplicate facilities or services available in the area from federal, state, or local
25 sources unless the business incentive training plan establishes that services or facilities
26 under the program would be more effective or more likely to achieve performance
27 goals.

28 (g) A fee may not be charged for placing an individual in or referring an
29 individual to a training program under AS 23.05.400 - 23.05.510.

30 (h) A business incentive training grant may not be awarded to a program that
31 involves political activities.

1 (i) An employer at whose request a participant is offered training shall fulfill
2 the obligation to offer a successful participant in the business incentive training
3 program a position or promotion, as applicable. A participant is considered successful
4 if the participant satisfactorily completes the training program in which the participant
5 was enrolled.

6 **Sec. 23.05.450. Compensation for participants.** (a) A trainee may not
7 receive a payment for training activities in which the trainee fails to participate.

8 (b) An individual in on-the-job training shall be compensated by the employer
9 at the same rates, including periodic increases, as similarly situated employees or
10 trainees and in accordance with applicable law. However, an individual may not be
11 paid less than the state minimum wage under AS 23.10.065 whether or not the
12 individual is exempt under AS 23.10.055 or 23.10.070.

13 (c) An individual employed in activities authorized under the business
14 incentive training program other than on-the-job training shall be paid wages that are
15 not less than the highest of

16 (1) the state minimum wage under AS 23.10.065;

17 (2) the prevailing rate of pay for individuals employed in similar
18 occupations by the same employer; or

19 (3) the prevailing rate of wages under AS 36.05 or 40 U.S.C. 276a -
20 276a-5, if applicable.

21 (d) Allowances, earnings, and payments to individuals participating in
22 programs under the business incentive training program may not be considered as
23 income in determining eligibility for and the amount of income transfer and in-kind
24 aid furnished under a state program based on need, other than programs under the
25 Social Security Act.

26 (e) Conditions of employment and training must be appropriate and reasonable
27 in light of factors including the type of work, geographical region, and proficiency of
28 the participant.

29 (f) An individual employed in a subsidized job under the business incentive
30 training program shall be provided benefits and working conditions at the same level
31 and to the same extent as other employees working a similar length of time and doing

1 the same type of work.

2 (g) Money from a grant under the business incentive training program may not
3 be used for contributions on behalf of a participant to retirement systems or plans.

4 **Sec. 23.05.460. Reporting and recordkeeping.** (a) A grant administrator
5 shall maintain records of each participant's enrollment in a business incentive training
6 program in sufficient detail to demonstrate compliance with AS 23.05.400 - 23.05.510.

7 (b) The council shall adopt regulations concerning retention of records.

8 (c) The council shall, no later than February 1 of each year, prepare a report
9 concerning the incentive program and notify the legislature that the report is available.

10 **Sec. 23.05.470. Allowable costs.** (a) To be allowable, a cost must be
11 necessary and reasonable for proper and efficient administration of the program. The
12 following costs are not allowable:

13 (1) costs resulting from violations of or failure to comply with federal,
14 state, or local laws and regulations;

15 (2) entertainment costs; and

16 (3) insurance policies offering protection against debts established by
17 the federal government.

18 (b) Personal liability insurance for members of the private industry council is
19 an allowable cost.

20 **Sec. 23.05.480. Performance standards.** (a) The basic measure of
21 performance for training programs under AS 23.05.400 - 23.05.510 is the increase in
22 jobs in the area and in employment and earnings for participants resulting from
23 participation in the program. In order to determine whether these standards are
24 achieved, the governor shall adopt standards based on appropriate factors.

25 (b) The governor shall provide technical assistance to programs that do not
26 meet performance criteria. If a program fails to meet performance standards for two
27 consecutive years, the governor shall withdraw unencumbered funds from the program.

28 (c) An interested party who is harmed by a change made under this section is
29 entitled to a hearing under AS 44.62 (Administrative Procedure Act).

30 **Sec. 23.05.490. Limitation on certain costs.** No more than 15 percent of the
31 money available to a service delivery area for a fiscal year may be expended for the

1 cost of administration. For purposes of this section, costs of program support,
2 including counseling, that are directly related to the provision of education or training
3 to participants may not be counted as part of the cost of administration.

4 **Sec. 23.05.500. Selection of service providers.** (a) The primary
5 consideration in selecting agencies or organizations to deliver services within a service
6 delivery area is the effectiveness of the agency or organization in delivering
7 comparable or related services based on demonstrated performance, in terms of the
8 likelihood of meeting performance goals, cost, quality of training, and characteristics
9 of participants. In complying with this subsection, proper consideration shall be given
10 to community based organizations as service providers.

11 (b) Appropriate education agencies in the service delivery area shall be given
12 the opportunity to provide educational services, unless the grant administrator
13 determines that alternative agencies or organizations would be more effective or would
14 have greater potential to enhance the participants' continued occupational and career
15 growth.

16 (c) The grant administrator may not fund an occupational skills training
17 program unless the level of skills provided in the program is in accordance with
18 guidelines established by the private industry council.

19 **Sec. 23.05.510. Definitions.** In 23.05.400 - 23.05.510,

20 (1) "council" means the Alaska Human Resources Investment Council
21 established in AS 44.19.620;

22 (2) "incentive program" means the business incentive training program
23 established under AS 23.05.400;

24 (3) "participant" means an individual receiving education or training,
25 including on-the-job training, under an incentive program grant.

26 * **Sec. 22.** AS 23.15.645(b) is amended to read:

27 (b) When a grant is awarded to the council, the department shall annually
28 provide to the council a priority list of targeted projects or services, based on
29 unemployment statistics, unemployment insurance claims, occupational and industrial
30 projections, availability of other training and employment programs, and other relevant
31 data. The department shall also provide annually to the council a priority list of

1 criteria for eligibility to maximize services to those people most in need of training
2 under AS 23.15.620 - 23.15.660. In developing the priority list for targeted projects
3 and services, the department shall solicit comments from the [DEPARTMENT OF
4 COMMUNITY AND REGIONAL AFFAIRS,] Department of Education, Department
5 of Commerce and Rural [ECONOMIC] Development, University of Alaska, organized
6 labor, the council, and the administrative entities of the substate service delivery areas
7 established for the council. The department shall give preference to projects and
8 services that train individuals in industries identified in the resident hire report required
9 under AS 36.10.130 as employing a disproportionate percentage of nonresident
10 individuals.

11 * Sec. 23. AS 24.08.035(e) is amended to read:

12 (e) If a bill or resolution, except an appropriation bill, significantly increases
13 costs to a municipality, there shall be attached to the measure a municipal fiscal note
14 containing an estimate for the current fiscal year and five succeeding fiscal years of
15 the cost to municipalities that would result from enactment of the measure. The last
16 committee to which the bill is referred on the day it is introduced in the house of
17 origin shall request the municipal fiscal note. It shall be prepared by the Department
18 of Commerce and Rural Development [COMMUNITY AND REGIONAL
19 AFFAIRS]. It shall be delivered in accordance with (d) of this section within five
20 days of the request, or within two days if the request is made after the 90th day of a
21 regular session or during a special session. The municipal fiscal note must contain
22 information that substantially complies with (c)(1), (2), and (6) - (9) of this section to
23 the extent the information is available to the department.

24 * Sec. 24. AS 26.23.071(b) is amended to read:

25 (b) The commission consists of the commissioners of commerce and rural
26 development [COMMUNITY AND REGIONAL AFFAIRS], environmental
27 conservation, fish and game, health and social services, labor, natural resources, public
28 safety, and transportation and public facilities, or the designees of the commissioners,
29 the adjutant general of the Department of Military and Veterans' Affairs or a designee,
30 and seven members of the public appointed by the governor, two of whom must be
31 members of a local emergency planning committee for an emergency planning district

1 that is predominantly rural in character and two of whom must be members of a local
2 emergency planning committee for an emergency planning district that is
3 predominantly urban in character. Two of the other three members of the public who
4 are appointed to the commission must be members of the governing body of, or the
5 mayor of, a political subdivision that has a local emergency planning committee or a
6 person who, in the opinion of the governor, is otherwise appropriate to represent the
7 political subdivision. The United States Department of Defense - Alaska Command,
8 the Federal Emergency Management Agency, the United States Environmental
9 Protection Agency, and the United States Coast Guard may each appoint a
10 representative to serve on the commission in an ex-officio, nonvoting capacity. To the
11 extent practicable, the commission must include members with expertise in the
12 emergency response field.

13 * Sec. 25. AS 28.01.010(b) is amended to read:

14 (b) A municipality may adopt by reference all or a part of this title and
15 regulations adopted under this title, and may request and shall receive from the
16 Department of Commerce and Rural Development [COMMUNITY AND
17 REGIONAL AFFAIRS] and, as appropriate, either the Department of Administration
18 or the Department of Public Safety, assistance in the drafting of model ordinances for
19 adoption by reference. Notwithstanding (a) of this section, a municipality may enact
20 necessary ordinances to meet specific local requirements.

21 * Sec. 26. AS 29.06.040(c) is amended to read:

22 (c) In addition to the regulations governing annexation by local action adopted
23 under AS 44.33.812 [AS 44.47.567], the Local Boundary Commission shall establish
24 procedures for annexation and detachment of territory by municipalities by local
25 action. The procedures established under this subsection must include a provision that

26 (1) a proposed annexation and detachment must be approved by a
27 majority of votes on the question cast by voters residing in the area proposed to be
28 annexed or detached;

29 (2) municipally owned property adjoining the municipality may be
30 annexed by ordinance without voter approval; and

31 (3) an area adjoining the municipality may be annexed by ordinance

1 without an election if all property owners and voters in the area petition the governing
2 body.

3 * Sec. 27. AS 29.60.120(d) is amended to read:

4 (d) Before money may be distributed under this section, the commissioner of
5 health and social services shall certify to the commissioner of commerce and rural
6 development [COMMUNITY AND REGIONAL AFFAIRS] that any accumulation of
7 assets by nonprofit corporations or other recipients under this section is dedicated
8 irrevocably to a public purpose.

9 * Sec. 28. AS 29.60.370(a) is amended to read:

10 (a) The amount allocated to the per capita account in the safe communities
11 program shall be distributed to each municipality on the basis of population.
12 Population for the purpose of this section shall be as certified by the commissioner of
13 commerce and rural development [COMMUNITY AND REGIONAL AFFAIRS].
14 In determining the population of a borough, the population of all cities in the borough
15 shall be deducted from the total population of the borough.

16 * Sec. 29. AS 29.60.599(9) is amended to read:

17 (9) "village" means a place within the unorganized borough or within
18 a borough if the power, function, or service for which a grant application is submitted
19 under AS 29.60.500 - 29.60.599 is not exercised or provided by the borough on an
20 areawide or nonareawide basis at the time the grant application is submitted, that

21 (A) has irrevocably waived, in a form approved by the
22 Department of Law, any claim of sovereign immunity that might arise in
23 connection with the use of grant money under this chapter; and

24 (B) has

25 (i) a council organized under 25 U.S.C. 476 (sec. 16 of
26 the Indian Reorganization Act);

27 (ii) a traditional village council recognized by the United
28 States as eligible for federal aid to Indians; or

29 (iii) a council recognized by the commissioner under
30 regulations adopted by the department to determine and give official
31 recognition of village entities under AS 44.33.755(b) [AS 44.47.150(b)].

1 * Sec. 30. AS 29.60.620(b) is amended to read:

2 (b) For purposes of (a) of this section, population shall be determined by the
3 Department of Commerce and Rural Development [COMMUNITY AND
4 REGIONAL AFFAIRS] based on the latest figures of the United States Bureau of the
5 Census or other reliable population data. If a city within a borough has an approved
6 grant for a service to be provided on an areawide basis, the allocation under (a) of this
7 section shall be based on the population of the borough.

8 * Sec. 31. AS 29.60.650(2) is amended to read:

9 (2) "municipality" means a (A) city whose population is over 20,000;
10 (B) unified municipality whose population is over 100,000; or (C) second class
11 borough whose population is over 65,000; population for purposes of this paragraph
12 shall be determined by the Department of Commerce and Rural Development
13 [COMMUNITY AND REGIONAL AFFAIRS].

14 * Sec. 32. AS 29.65.050(c) is amended to read:

15 (c) The director shall approve or disapprove each selection for patent within
16 nine months of its selection by a municipality. Before a decision is issued, the
17 Department of Commerce and Rural Development [COMMUNITY AND
18 REGIONAL AFFAIRS] shall review the selection and recommend approval or
19 disapproval of it. The director may disapprove a selection only upon a finding that the
20 public interest in retaining state ownership of the land outweighs the municipality's
21 interest in obtaining the land. A patent shall be issued to the municipality for land
22 selected in satisfaction of a general grant land entitlement vested under AS 29.65.010 -
23 29.65.030 within three months after approval by the director of a plat of survey.

24 * Sec. 33. AS 29.65.050(d) is amended to read:

25 (d) Before disapproving a selection, the director shall notify the municipality
26 in writing of the decision and set out reasons for it. The municipality may submit a
27 written response within 30 days after receipt of the notice. Within 30 days after the
28 period for responding has expired, the director shall affirm, modify, or reverse the
29 decision and supply the municipality with written notice of that action. If the selection
30 is disapproved, the municipality may file notice of an appeal with the director. The
31 appeal shall be heard under procedures adopted by regulation of the Department of

1 Natural Resources. Before reaching a decision on an appeal the Department of Natural
2 Resources shall request the Department of Commerce and Rural Development
3 [COMMUNITY AND REGIONAL AFFAIRS] to review the matter and submit a
4 recommendation. After reviewing the recommendation, a decision on the appeal shall
5 be submitted by the Department of Natural Resources to the municipality in writing
6 within 30 days after the notice of appeal was filed with the director. A municipality
7 may appeal an adverse decision to the superior court under AS 44.62.560 - 44.62.570.

8 * Sec. 34. AS 29.65.060(r) is amended to read:

9 (f) For purposes of determining the per capita entitlement under (a) of this
10 section, the population of a municipality shall be the population determined by the
11 former commissioner of community and regional affairs under former AS 43.18.010
12 for the program year beginning July 1, 1978, for a municipality whose entitlement was
13 determined under former AS 29.18.201 or 29.18.202.

14 * Sec. 35. AS 29.65.120 is amended to read:

15 Sec. 29.65.120. Regulations. The commissioner of natural resources may,
16 after consultation with the Department of Commerce and Rural Development
17 [COMMUNITY AND REGIONAL AFFAIRS], adopt regulations in accordance with
18 AS 44.62 (Administrative Procedure Act) necessary to carry out the purposes of this
19 chapter.

20 * Sec. 36. AS 29.71.800(5) is amended to read:

21 (5) "commissioner" means the commissioner of commerce and rural
22 development [COMMUNITY AND REGIONAL AFFAIRS];

23 * Sec. 37. AS 29.71.800(8) is amended to read:

24 (8) "department" means the Department of Commerce and Rural
25 Development [COMMUNITY AND REGIONAL AFFAIRS];

26 * Sec. 38. AS 30.13.010(a) is amended to read:

27 (a) The residents of each area of the state within the boundaries of a regional
28 housing authority established under AS 18.55.996 that [WHICH] is located in whole
29 or in part in the unorganized borough of the state may create a public body corporate
30 and politic under the name and style of the "Resource Development Authority" with
31 all or any significant part of the name of the region of the state inserted. The

1 boundaries of the authority created shall be coterminous with the portion of the
2 applicable regional housing authority that lies in the unorganized borough. Creation
3 of an authority is initiated by a petition filed with the Department of Commerce and
4 Rural Development [COMMUNITY AND REGIONAL AFFAIRS] and a statement
5 submitted to the governor. The petition must include the proposed name of the
6 authority, its boundaries, and a statement of the facilities proposed to be provided by
7 the authority. The petition must be signed by 15 percent of the total number of
8 residents in the portion of the applicable regional housing authority that lies in the
9 unorganized borough who cast votes in the preceding general election. The
10 Department of Commerce and Rural Development [COMMUNITY AND
11 REGIONAL AFFAIRS] shall review petitions for content and signatures. If the
12 department determines that the petition is adequate, it shall transmit the petition to the
13 director of elections.

14 * Sec. 39. AS 36.30.850(b)(11) is amended to read:

15 (11) agreements with providers of services under AS 44.29.300
16 [AS 44.47.250]; AS 47.07; AS 47.08; AS 47.10; 47.17; AS 47.24; and AS 47.27,
17 including contractors under AS 47.27.050;

18 * Sec. 40. AS 36.30.850(b)(30) is amended to read:

19 (30) contracts entered into with a regional development organization;
20 in this paragraph, "regional development organization" has the meaning given in
21 AS 44.33.895 [AS 44.47.900];

22 * Sec. 41. AS 37.05.317 is amended to read:

23 **Sec. 37.05.317. Grants to unincorporated communities.** (a) When an
24 amount is appropriated or allocated as a grant under this section to an unincorporated
25 community, it shall be disbursed as follows:

26 (1) Within 45 days after the effective date of the appropriation or
27 allocation, the Department of Commerce and Rural Development [COMMUNITY
28 AND REGIONAL AFFAIRS] shall notify the governing body of the unincorporated
29 community, if any, that a grant is available.

30 (2) The Department of Commerce and Rural Development
31 [COMMUNITY AND REGIONAL AFFAIRS] shall determine if there is a qualified

1 incorporated entity in the community area that will agree to receive the grant and
2 administer it, subject to terms generally applicable to private grantees. If there is more
3 than one such entity, the Department of Commerce and Rural Development
4 [COMMUNITY AND REGIONAL AFFAIRS] shall select the most qualified and the
5 grant shall be awarded to that incorporated entity for the purposes specified in the
6 appropriation act. However, the Department of Commerce and Rural Development
7 [COMMUNITY AND REGIONAL AFFAIRS] shall give preference to a nonprofit
8 corporation organized by a community for receipt of the grant.

9 (3) If there is no incorporated entity qualified to receive the grant, the
10 Department of Commerce and Rural Development [COMMUNITY AND
11 REGIONAL AFFAIRS] shall administer the program as specified in the appropriation
12 act directly or through agents or contractors with whom it may contract in the
13 community area.

14 (b) The Department of Labor shall require the qualified incorporated entity
15 awarded a grant or agents or contractors with whom the Department of Commerce
16 and Rural Development [COMMUNITY AND REGIONAL AFFAIRS] contracts
17 under (a) of this section to comply with the requirements of AS 36.10.150 - 36.10.175
18 for employment generated by the grant or contract if the grant or contract is for a
19 public works project.

20 * Sec. 42. AS 37.05.530(c) is amended to read:

21 (c) The Department of Commerce and Rural Development [COMMUNITY
22 AND REGIONAL AFFAIRS] shall adopt regulations under which municipalities
23 impacted by National Petroleum Reserve - Alaska oil and gas development under 42
24 U.S.C. 6508 may apply for and be eligible to receive grants to alleviate the impact.
25 The department shall give priority in the allocation of grants to municipalities that are
26 experiencing or will experience the most direct or severe impact from oil and gas
27 development under 42 U.S.C. 6508 within the National Petroleum Reserve - Alaska.
28 The department shall fund all meritorious grant applications out of the money
29 appropriated to it each year. Within 10 days after the convening of each regular
30 session of the legislature, the department shall submit to the legislature a list of all
31 municipalities that have received grants, a list of all municipalities determined by the

1 department to be eligible for further grants, a recommendation of the amount of money
2 to be granted for those additional applications, and written justification of each past
3 and potential grant.

4 * **Sec. 43.** AS 37.06.010(g) is amended to read:

5 (g) For purposes of this section, in calculating the population of a borough the
6 population of each city in the borough is excluded. The determination of population
7 shall be based upon data used by the Department of Commerce and Rural
8 Development [COMMUNITY AND REGIONAL AFFAIRS] under AS 29.60.020.

9 * **Sec. 44.** AS 37.06.020(i) is amended to read:

10 (i) The limitations of AS 44.33.745 [AS 44.47.140] do not apply to a grant
11 made under this section.

12 * **Sec. 45.** AS 37.06.020(k) is amended to read:

13 (k) In this section, unless specified otherwise, "department" means the
14 Department of Commerce and Rural Development [COMMUNITY AND
15 REGIONAL AFFAIRS].

16 * **Sec. 46.** AS 37.06.030(c) is amended to read:

17 (c) For purposes of (a) of this section, in calculating the population of a
18 borough the population of each city in the borough is excluded. The determination of
19 population shall be based upon data used by the Department of Commerce and Rural
20 Development [COMMUNITY AND REGIONAL AFFAIRS] under AS 29.60.020.

21 * **Sec. 47.** AS 37.06.080 is amended to read:

22 **Sec. 37.06.080. Adoption of regulations.** The Department of Administration
23 for grants under AS 37.06.010 and the Department of Commerce and Rural
24 Development [COMMUNITY AND REGIONAL AFFAIRS] for grants under
25 AS 37.06.020

26 (1) may adopt regulations that impose additional requirements or
27 procedures to implement, interpret, make specific, or otherwise carry out the applicable
28 provisions of this chapter for grants administered by the department;

29 (2) shall adopt regulations providing for periodic audits of the use of
30 money for grants administered by the department under this chapter, including audit
31 of the department's determination of the value of, and adequacy of the verification of

1 the actual use of, locally funded or contributed labor on projects funded by a grant
2 under this chapter.

3 * Sec. 48. AS 39.50.200(b)(18) is amended to read:

4 (18) Local Boundary Commission (AS 44.33.810 [AS 44.47.565]);

5 * Sec. 49. AS 41.15.180(a) is amended to read:

6 (a) When the commissioner of commerce and rural development
7 [COMMUNITY AND REGIONAL AFFAIRS] receives national forest income under
8 16 U.S.C. 500, the commissioner shall immediately pay to each organized borough in
9 which national forest land is located a share of the income from that forest; an
10 organized borough's share of income from a national forest shall be proportional to the
11 area of the national forest located within its boundaries.

12 * Sec. 50. AS 41.15.180(b) is amended to read:

13 (b) There is created as a separate account in the general fund the unorganized
14 borough national forest receipts fund. The fund consists of national forest income
15 received by the Department of Commerce and Rural Development [COMMUNITY
16 AND REGIONAL AFFAIRS] under 16 U.S.C. 500 for the percentage of a national
17 forest located within the unorganized borough. Seventy-five percent of the fund shall
18 be allocated for public schools and 25 percent for public roads.

19 * Sec. 51. AS 41.15.180(f) is amended to read:

20 (f) For the purpose of making distributions from the fund, the commissioner
21 of commerce and rural development [COMMUNITY AND REGIONAL AFFAIRS]
22 shall consult with the commissioner of education, for purposes of determining the
23 number of children in average daily membership in the public schools affected by this
24 section, and the commissioner of transportation and public facilities, to determine the
25 total number of road miles in the unorganized borough affected by this section.

26 * Sec. 52. AS 41.15.180(g) is amended to read:

27 (g) An organized borough, home rule city, first class city, second class city,
28 regional educational attendance area, or a municipality organized under federal law that
29 receives a national forest income payment or distribution under 16 U.S.C. 500 or this
30 section shall annually report and account to the commissioner of commerce and rural
31 development [COMMUNITY AND REGIONAL AFFAIRS] its use of the payment

1 or distribution for the purposes provided in (a) - (e) of this section. The commissioner
2 of commerce and rural development [COMMUNITY AND REGIONAL AFFAIRS]
3 may not distribute national forest income under this section to an entity in the
4 unorganized borough that has previously failed to report and account as required under
5 this subsection.

6 * Sec. 53. AS 42.45.060(a) is amended to read:

7 (a) A loan committee consisting of six [SEVEN] members is established. The
8 committee is composed of [THE COMMISSIONER OF COMMUNITY AND
9 REGIONAL AFFAIRS,] the commissioner of commerce and rural [ECONOMIC]
10 development, the director of management and budget, or the designees of the
11 commissioners or the director, and four public members.

12 * Sec. 54. AS 42.45.060(c) is amended to read:

13 (c) The commissioner of commerce and rural development [COMMUNITY
14 AND REGIONAL AFFAIRS] serves as chair of the committee. The committee may
15 elect other officers as necessary. A majority of the members of the committee
16 constitute a quorum and may exercise the powers of the committee.

17 * Sec. 55. AS 42.45.990(1) is amended to read:

18 (1) "department" means the Department of Commerce and Rural
19 Development [COMMUNITY AND REGIONAL AFFAIRS];

20 * Sec. 56. AS 43.75.137 is amended to read:

21 **Sec. 43.75.137. Additional refund.** To the extent that appropriations are
22 available for the purpose, and notwithstanding the requirement of AS 37.07.080(e) that
23 approval of the office of management and budget is required, an amount equal to 50
24 percent of the tax revenue that is collected under this chapter from fisheries businesses
25 and is not subject to division with a municipality under AS 43.75.130 shall be
26 transmitted each fiscal year, without the approval of the office of management and
27 budget, by the department to the department of Commerce and Rural Development
28 [COMMUNITY AND REGIONAL AFFAIRS] for disbursal to eligible municipalities
29 under AS 29.60.450.

30 * Sec. 57. AS 43.77.040(b) is amended to read:

31 (b) A taxpayer who makes a contribution that qualifies for the credit

1 authorized by (a) of this section must apply to obtain the credit. The taxpayer shall
2 apply to the department in the manner provided by the department by regulation, and
3 shall provide to the commissioner all information relating to the contribution that may
4 be required by the department. Upon receipt of a complete application, the
5 department, in consultation with the Department of Commerce and Rural
6 Development [COMMUNITY AND REGIONAL AFFAIRS], shall approve or
7 disapprove the application for the credit within 60 days.

8 * Sec. 58. AS 43.77.060(d) is amended to read:

9 (d) To the extent that appropriations are available for the purpose, and
10 notwithstanding the requirement of AS 37.07.080(e) that approval of the office of
11 management and budget is required, an amount equal to 50 percent of the tax revenue
12 that is collected under this chapter and is not subject to division with a municipality
13 under (a) - (c) of this section shall be transmitted each fiscal year, without the approval
14 of the office of management and budget, by the department to the Department of
15 Commerce and Rural Development [COMMUNITY AND REGIONAL AFFAIRS]
16 for disbursement to eligible municipalities under AS 29.60.450.

17 * Sec. 59. AS 44.19.145(a) is amended to read:

18 (a) The office shall

- 19 (1) provide technical assistance to the governor and the legislature in
20 identifying long range goals and objectives for the state and its political subdivisions;
21 (2) prepare and maintain a state comprehensive development plan;
22 (3) provide information and assistance to state agencies to aid in
23 governmental coordination and unity in the preparation of agency plans and programs;
24 (4) review planning within state government as may be necessary for
25 receipt of federal, state, or other funds;
26 (5) participate with other countries, provinces, states, or subdivisions
27 of them in international or interstate planning, and assist the state's local governments,
28 governmental conferences, and councils in planning and coordinating their activities;
29 (6) encourage educational and research programs that further state
30 planning and development, and provide administrative and technical services for them;
31 (7) publish [SUCH] statistical information or other documentary

1 material that [AS] will further the provisions and intent of AS 44.19.141 - 44.19.152;

2 (8) assist the governor and the Department of Commerce and Rural
3 Development [COMMUNITY AND REGIONAL AFFAIRS] in coordinating state
4 agency activities that have an effect on the solution of local and regional development
5 problems;

6 (9) serve as a clearinghouse for information, data, and other materials
7 that may be helpful or necessary to federal, state, or local governmental agencies in
8 discharging their respective responsibilities or in obtaining federal or state financial or
9 technical assistance;

10 (10) review all proposals for the location of capital improvements by
11 any state agency and advise and make recommendations concerning location of these
12 capital improvements;

13 (11) render, on behalf of the state, all federal consistency
14 determinations and certifications authorized by 16 U.S.C. 1456 (Sec. 307, Coastal Zone
15 Management Act of 1972), and each conclusive state consistency determination when
16 a project requires a permit, lease, or authorization from two or more state resource
17 agencies.

18 * Sec. 60. AS 44.19.155(a) is amended to read:

19 (a) There is created in the Office of the Governor the Alaska Coastal Policy
20 Council. The council consists of the following:

21 (1) nine public members appointed by the governor from a list
22 comprised of at least three names from each region, nominated by the municipalities
23 of each region; the nominees shall be the mayor or member of the assembly or council
24 of a municipality; one public member shall be appointed from each of the following
25 general regions:

26 (A) northwest Alaska, including, generally, the area of the North
27 Slope Borough and the Northwest Arctic regional educational attendance area;

28 (B) Bering Straits, including, generally, the area of the Bering
29 Straits regional educational attendance area;

30 (C) southwest Alaska, including, generally, the area within the
31 Lower Yukon, Lower Kuskokwim, Southwest, and Lake and [&] Peninsula

1 regional educational attendance areas and the Bristol Bay Borough;

2 (D) Kodiak-Aleutians, including the area of the Kodiak Island
3 Borough and the Aleutian, Adak and Pribilof regional educational attendance
4 areas;

5 (E) Upper Cook Inlet, including the Municipality of Anchorage
6 and the Matanuska-Susitna Borough;

7 (F) Lower Cook Inlet, including, generally, the area within the
8 Kenai Peninsula Borough;

9 (G) Prince William Sound, including, generally, the area east
10 of the Kenai Peninsula Borough to 141 W. longitude;

11 (H) northern Southeast Alaska, including the area southeast of
12 141 W. longitude and north of 57 N. latitude, including the entirety of the City
13 and Borough of Sitka; and

14 (I) southern Southeast Alaska, including that portion of
15 southeastern Alaska not contained within the area described in (H) of this
16 paragraph;

17 (2) each of the following:

18 (A) the director of the office of management and budget;

19 (B) the commissioner of commerce and rural [ECONOMIC]
20 development;

21 (C) [THE COMMISSIONER OF COMMUNITY AND
22 REGIONAL AFFAIRS;

23 (D)] the commissioner of environmental conservation;

24 (D) [(E)] the commissioner of fish and game;

25 (E) [(F)] the commissioner of natural resources; and

26 (F) [(G)] the commissioner of transportation and public
27 facilities.

28 * Sec. 61. AS 44.19.155(d) is amended to read:

29 (d) Each member of the council shall select one person to serve as a
30 permanent alternate at meetings of the council. If a member of the council is unable
31 to attend, the member shall advise the alternate who may attend and act in the place

1 of the member. The alternate for a public member appointed under (a)(1) of this
2 section shall, at the time of the alternate's designation and throughout the period of
3 service as a permanent alternate, be the mayor or member of the assembly or council
4 of a municipality within the region from which the permanent member is appointed.
5 The alternate for the director of the office of management and budget, serving under
6 (a)(2)(A) of this section, shall be the director's designee within that office. The
7 alternate for a designated member serving under (a)(2)(B) - (F) [(a)(2)(B) - (G)] of this
8 section shall be a deputy commissioner of the department or the director of a division
9 in the department. The names of alternates shall be filed with the council.

10 * Sec. 62. AS 44.19.620(a) is amended to read:

11 (a) The Alaska Human Resource Investment Council is established in the
12 Office of the Governor. The council consists of the following voting members, not to
13 exceed 26:

14 (1) the lieutenant governor or the lieutenant governor's designee;

15 (2) the commissioners of commerce and rural [ECONOMIC]
16 development, [COMMUNITY AND REGIONAL AFFAIRS,] education, health and
17 social services, and labor, or each respective commissioner's designee;

18 (3) one representative from the University of Alaska;

19 (4) four additional representatives of education, with one from local
20 public education, one from secondary vocational education, one from a postsecondary
21 vocational education institution, and one from adult basic education;

22 (5) four representatives of business and industry, with at least one
23 representative from the private industry councils appointed under 29 U.S.C. 1512 and
24 subject to reconstitution under 29 U.S.C. 1515;

25 (6) four representatives of organized labor that the governor shall
26 appoint from lists of nominees submitted by recognized state labor organizations; the
27 governor may reject a list submitted under this paragraph and request that another list
28 be submitted;

29 (7) at least one representative from an organization representing
30 employment and training needs of Alaska Natives;

31 (8) at least one representative of a community-based service

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organization;

(9) at least one representative who has personal or professional experience with developmental disabilities; and

(10) at least one and up to four additional members of the private sector to ensure a private sector majority and regional and local representation on the council.

* Sec. 63. AS 44.19 is amended by adding a new section to read:

Article 13. Office of International Trade.

Sec. 44.19.630. International trade. (a) The office of international trade is established in the office of the governor. The purpose of the office is to foster the growth of trade between Alaska and foreign countries.

(b) The governor 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 governor shall staff the foreign offices with persons the governor selects based on their experience, training, and linguistic ability. The governor shall solicit ideas from the legislature regarding desirable staff qualifications and its recommendations of persons to staff the foreign offices. The 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 office with necessary reports, brochures, and information requested by the office.

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

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

(g) Employees of the office, including personnel in its foreign offices, are in

1 the partially exempt service.

2 (h) In this section, "office" means the office of international trade.

3 * Sec. 64. AS 44.21.200(a) is amended to read:

4 (a) The Alaska Commission on Aging is established in the Department of
5 Administration. The members of the commission include

6 (1) the commissioner of administration or the commissioner's designee;

7 (2) the commissioner of commerce and rural development
8 [COMMUNITY AND REGIONAL AFFAIRS] or the commissioner's designee;

9 (3) the commissioner of health and social services or the
10 commissioner's designee;

11 (4) the chair of the Pioneers' Homes Advisory Board under
12 AS 44.21.120; and

13 (5) seven persons selected on the basis of their knowledge and
14 demonstrated interest in the concerns of older Alaskans, appointed by the governor in
15 accordance with (b) of this section.

16 * Sec. 65. AS 44.29.020 is amended by adding a new subsection to read:

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

19 * Sec. 66. AS 44.29 is amended by adding new sections to read:

20 **Article 4. Day Care Assistance; Child Care Grants.**

21 **Sec. 44.29.300. Powers and duties.** (a) The department shall

22 (1) implement and administer a program to assist in providing day care
23 for the children of low and moderate income families according to the requirements
24 of AS 44.29.300 - 44.29.339;

25 (2) establish standards of eligibility for day care benefits;

26 (3) contract for the care of children of eligible families;

27 (4) establish procedures to periodically review the needs of families
28 receiving day care benefits;

29 (5) provide notification to the local government body of the request for
30 a contract with a day care facility.

31 (b) The department may

1 (1) adopt regulations necessary for the performance of its duties under
2 AS 44.29.300 - 44.29.339;

3 (2) contract with other entities to perform duties of the department
4 under AS 44.29.300 - 44.29.339 within an area specified by the department; within an
5 area, the department shall give higher priority to contracting with municipalities than
6 with other organizations.

7 **Sec. 44.29.305. Administrative costs of program contractors.** To defray
8 administrative expenses, a contractor under AS 44.29.300(b) may only retain \$1,000
9 or 12 percent, whichever is greater, of the day care assistance program funds it
10 receives from the department under the contract.

11 **Sec. 44.29.310. Conditions of receipt of benefits.** Benefits may be paid for
12 the care of children of a low or moderate income family only if a parent or guardian,
13 because of the day care, is freed to work or to seek work or to attend school. Benefits
14 may not be paid for the care of children of a family where one parent or guardian is
15 not working, actively seeking work, or attending school and is physically and mentally
16 capable of caring for the children.

17 **Sec. 44.29.315. Eligibility of families for benefits.** The department shall
18 determine the eligibility of families for day care benefits on the basis of the following
19 factors:

20 (1) income of the family including salary, alimony, child support,
21 retirement benefits, social security, and any other source of income;

22 (2) number of children in the family;

23 (3) whether there is one parent or guardian solely responsible for the
24 care of the family.

25 **Sec. 44.29.320. Contributions by parent or guardian.** The department shall
26 develop a sliding fee scale based on the factors listed in AS 44.29.315 for purposes of
27 determining the amount to be contributed by the parent or guardian for child care. The
28 contribution of the parent or guardian shall be paid to the day care facility.

29 **Sec. 44.29.325. Placement; payment by state.** (a) Parents or guardians shall
30 select the day care facility for the care of their children.

31 (b) Benefits shall be paid by the department directly to the municipality or

1 organization contracting with the day care facility.

2 **Sec. 44.29.330. Child care grant program.** (a) A child care grant program
3 is established in the department to provide state assistance in the operation of child
4 care facilities. The department shall provide grants for the operation of child care
5 facilities, including private nonprofit child care facilities. Participation in the program
6 is optional.

7 (b) To qualify for a grant under (a) or (d) of this section, the child care facility
8 must

9 (1) be currently licensed under AS 47.35 and applicable municipal
10 licensing requirements;

11 (2) participate in the day care assistance program under AS 44.29.300 -
12 44.29.339; and

13 (3) provide care under a payment system as provided in (g) of this
14 section.

15 (c) A grant under (a) of this section may not exceed \$50 per month for each
16 child the child care facility cares for, or for each full-time equivalent, as determined
17 by the department. The grant shall be adjusted on a geographic basis by the same
18 percentages as instructional unit allotments are adjusted under AS 14.17.051.

19 (d) In addition to the grants provided in (a) of this section, the department
20 may, subject to appropriations for that purpose, provide by grant or contract for the
21 education and training of child care employees or administrators. To receive a grant
22 or contract under this subsection or to participate in a training program under this
23 subsection, the child care facility must meet all the requirements of (b) of this section.

24 (e) An application for a grant under this section shall be made in the form
25 established by the department.

26 (f) A grant under (a) of this section shall be made monthly or quarterly and
27 shall be based on the monthly average daily full-time equivalent enrollment in the
28 child care facility. If the method of payment for the grant is other than monthly, it
29 shall be at the request of the child care facility with the approval of the department.
30 Based on criteria established by the department, the department may make quarterly
31 advance payments.

1 (g) Each child care facility receiving a grant under (a) or (d) of this section
2 shall assure that at least 15 percent or one of its child care spaces receiving subsidy
3 under this section, whichever is greater, will be made available, if requested, to
4 children eligible for day care assistance under AS 44.29.300 - 44.29.339, whose
5 parents or guardians wish to pay for care based on attendance only.

6 (h) The commissioner shall, in consultation with interested child care providers
7 and parents, adopt regulations to carry out the purposes of this section.

8 **Sec. 44.29.339. Definitions.** In AS 44.29.300 - 44.29.339,

9 (1) "child" means a person below 13 years of age, or a minor who has
10 a developmental disability;

11 (2) "child care facility" means an establishment licensed under
12 AS 47.35 including but not limited to day care centers, family day care homes, and
13 schools for preschool age children, which provides care for children not related by
14 blood, marriage, or legal adoption to the owner, operator, or manager of the facility;

15 (3) "day care" means the care, supervision, and guidance of a child or
16 children unaccompanied by a parent or legal guardian on a regular basis for periods
17 of less than 24 hours a day;

18 (4) "day care facility" means a center or home licensed in accordance
19 with the provisions of AS 47.35 or recognized by the federal government for the care
20 of children;

21 (5) "department" means the department of Community and Economic
22 Development;

23 (6) "developmental disability" means a disability under which a person
24 is incapable of self-care, as verified by a physician or licensed or certified psychologist
25 who has examined the person.

26 **Article 5. Child Care Facility Revolving Loan Fund.**

27 **Sec. 44.29.350. Child care facility revolving loan fund.** (a) There is created
28 in the Department of Health and Social Services the child care facility revolving loan
29 fund to carry out the purposes of AS 44.29.350 - 44.29.389. Except as provided in (b)
30 and (c) of this section, the fund may not be used for any other purpose.

31 (b) The department may use money in the fund for costs of administering

1 AS 44.29.350 - 44.29.389.

2 (c) On June 30 of each fiscal year, the unexpended and unobligated cash
3 balance of the fund that is attributable to loans owned by the fund lapses into the
4 general fund.

5 **Sec. 44.29.355. Special account established.**

6 (a) There is established as a special account within the child care facility
7 revolving loan fund the foreclosure expense account. This account is established as
8 a reserve from fund equity.

9 (b) The commissioner of health and social services may expend money
10 credited to the foreclosure expense account when necessary to protect the state's
11 security interest in collateral on loans made under AS 44.29.360 or to defray expenses
12 incurred during foreclosure proceedings after a default by an obligor.

13 **Sec. 44.29.360. Powers and duties of the department in administering the**
14 **fund.** (a) The department may

15 (1) make loans for the construction, renovation, and equipping of child
16 care facilities, including private nonprofit child care facilities;

17 (2) adopt regulations necessary to carry out the provisions of
18 AS 44.29.350 - 44.29.389, including regulations to establish reasonable fees for
19 services provided and charges for collecting the fee; and

20 (3) collect the fees and charges established under this subsection.

21 (b) The department shall

22 (1) develop eligibility standards for loans to child care facilities;

23 (2) adopt guidelines for the determination of loan terms.

24 **Sec. 44.29.365. Loan terms.** (a) A loan to a child care facility under
25 AS 44.29.350 - 44.29.389 may not exceed \$50,000.

26 (b) The rate of interest charged shall be seven percent a year on the unpaid
27 balance of the loan.

28 (c) The duration for repayment of a loan may not exceed 20 years.

29 (d) All principal and interest payments, and any money chargeable to principal
30 or interest that is collected through liquidation by foreclosure or other process on loans
31 made under AS 44.29.350 - 44.29.389, shall be paid into the child care facility

1 revolving loan fund.

2 (e) If a child care facility ceases operation, any loan to the facility from the
3 fund is due on the date the facility ceases operation.

4 **Sec. 44.29.370. Eligibility for loans.** A child care facility is eligible for a
5 loan under AS 44.29.350 - 44.29.389 if the applicant

6 (1) submits to the department a plan for the use of the loan funds that
7 is approved by the commissioner; and

8 (2) meets additional eligibility standards established by the department
9 under AS 44.29.360(b)(1).

10 **Sec. 44.29.375. Sale or transfer of mortgages and notes.** The commissioner
11 of health and social services may sell or transfer at par value or at a premium to a
12 bank or other private purchaser for cash or other consideration the mortgages and notes
13 held by the department as security for loans made under AS 44.29.350 - 44.29.389.

14 **Sec. 44.29.380. Disposal of property acquired by default or foreclosure.**
15 The department shall dispose of property acquired through default or foreclosure of a
16 loan made under AS 44.29.350 - 44.29.389. Disposal shall be made in a manner that
17 serves the best interests of the state and may include the amortization of payments over
18 a period of years.

19 **Sec. 44.29.389. Definitions.** In AS 44.29.350 - 44.29.389,

20 (1) "child care facility" means an establishment the principal purpose
21 of which is to provide care for children not related by blood, marriage, or legal
22 adoption, including but not limited to day care centers, family day care homes, and
23 schools for preschool age children;

24 (2) "department" means the Department of Health and Social Services.

25 * **Sec. 67.** AS 44.31.020 is amended to read:

26 **Sec. 44.31.020. Duties of department.** The Department of Labor shall

27 (1) enforce the laws, and adopt regulations under them concerning
28 employer-employee relationships, including the safety, hours of work, wages, and
29 conditions of workers, including children;

30 (2) accumulate, analyze, and report labor statistics;

31 (3) operate systems of workers' compensation and unemployment

1 insurance; and

2 (4) gather data reflecting the cost of living in the various election
3 districts of the state upon request of the director of personnel under AS 39.27.030; and

4 (5) operate the federally funded employment and training programs
5 under 29 U.S.C. 1501 - 1792b (Job Training Partnership Act).

6 * Sec. 68. AS 44.33.010 is amended to read:

7 Sec. 44.33.010. Commissioner of commerce and rural [ECONOMIC]
8 development. The principal executive officer of the Department of Commerce and
9 Rural [ECONOMIC] Development is the commissioner of commerce and rural
10 [ECONOMIC] development. Whenever a statute provides that the commissioner
11 is a member of a board, council, or other similar entity, the commissioner may
12 designate another person to act in the commissioner's place.

13 * Sec. 69. AS 44.33 is amended by adding a new section to read:

14 Sec. 44.33.015. Establishment of divisions; directors. (a) The following
15 divisions are created within the department:

- 16 (1) the division of rural affairs;
17 (2) the division of statewide development;
18 (3) the division of occupational licensing;
19 (4) the division of investments;
20 (5) the division of insurance;
21 (6) the division of banking, securities, and corporations; and
22 (7) the division of administration.

23 (b) Each division designated in this section is under the administrative control
24 of the commissioner and under the supervision of a director who may be appointed by
25 the commissioner.

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

28 * Sec. 70. AS 44.33.020 is amended to read:

29 Sec. 44.33.020. Duties of department. The Department of Commerce and
30 Rural [ECONOMIC] Development shall

- 31 (1) administer the state programs relating to commerce, enforce the

- 1 laws relating to these programs, and adopt regulations under these laws; -
- 2 (2) register corporations;
- 3 (3) collect corporation franchise taxes;
- 4 (4) enforce state laws regulating public utilities and other public service
- 5 enterprises, banking and securities, insurance, and other businesses and enterprises
- 6 touched with a public interest;
- 7 (5) make veterans' loans;
- 8 (6) ~~REPEALED~~
- 9 (7)] promote and develop civil aviation;
- 10 (7) [(8)] furnish the budgeting, clerical, and administrative services for
- 11 regulatory agencies and professional and occupational licensing boards not otherwise
- 12 provided for;
- 13 (8) [(9) REPEALED
- 14 (10) REPEALED
- 15 (11) REPEALED
- 16 (12)] conduct studies, enter into contracts and agreements, and make
- 17 surveys relating to the economic development of the state and, when appropriate,
- 18 assemble, analyze, and disseminate the findings obtained;
- 19 (9) [(13)] provide factual information and technical assistance for
- 20 potential industrial and commercial investors;
- 21 (10) [(14)] receive gifts, grants, and other aid that facilitate the powers
- 22 and duties of the department from agencies and instrumentalities of the United States
- 23 or other public or private sources;
- 24 (11) [(15)] establish and activate programs to achieve balanced
- 25 economic development in the state and advise the governor on economic development
- 26 policy matters;
- 27 (12) [(16)] formulate a continuing program for basic economic
- 28 development and for the necessary promotion, planning and research that will advance
- 29 the economic development of the state;
- 30 (13) [(17)] cooperate with private, governmental, and other public
- 31 institutions and agencies in the execution of economic development programs;

1 (14) [(18)] review the programs and annual reports of other departments
2 and agencies as they are related to economic development and prepare an annual report
3 on the economic growth of the state;

4 (15) [(19)] administer the economic development programs of the state;

5 (16) [(20)] perform all other duties and powers necessary or proper in
6 relation to economic development and planning for the state;

7 (17) [(21)] request tourism-related businesses in the state to provide
8 data regarding occupancy levels, traffic flow and gross receipts and to participate in
9 visitor surveys conducted by the department; data collected under this paragraph that
10 [WHICH] discloses the particulars of an individual business is not a matter of public
11 record and shall be kept confidential; however, this restriction does not prevent the
12 department from using the data to formulate tourism economic impact information
13 including expenditure patterns, tax receipts and fees, employment and income
14 attributable to tourism, and other information considered relevant to the planning,
15 evaluation and policy direction of tourism in the state;

16 (18) [(22)] REPEALED

17 (23) REPEALED

18 (24)] provide administrative and budgetary services to the real estate
19 commission under as 08.88 as requested by the commission;

20 (19) [(25)] REPEALED

21 (26) REPEALED

22 (27) REPEALED

23 (28)] sell at cost, to the extent possible, publications and promotional
24 materials developed by the department;

25 (20) [(29)] as delegated by the governor, administer under 16 U.S.C.
26 1856 the internal waters foreign processing permit procedures and collect related fees;

27 (21) [(30)] administer state laws relating to the issuance of business
28 licenses;

29 (22) comply with AS 15.07.055 to serve as a voter registration
30 agency to the extent required by state and federal law, including 42 U.S.C. 1973gg
31 (National Voter Registration Act of 1993);

- 1 [(31) REPEALED
2 (32) REPEALED
3 (33) FOSTER THE GROWTH OF INTERNATIONAL TRADE
4 WITHIN THE STATE AND ADMINISTER ALASKA FOREIGN OFFICES].

5 * Sec. 71. AS 44.33.020 is amended by adding a new subsection to read:

6 (b) The department may

- 7 (1) advise and assist local governments;
8 (2) serve as staff for the Local Boundary Commission;
9 (3) conduct studies and carry out experimental and pilot projects for the
10 purpose of developing solutions to community and regional problems;
11 (4) promote cooperative solutions to problems affecting more than one
12 community or region, including joint service agreements, regional compacts, and other
13 forms of cooperation;
14 (5) serve as a clearinghouse for information useful in solution of
15 community and regional problems, and channel to the appropriate authority requests
16 for information and services;
17 (6) advise and assist community and regional governments on matters
18 of finance, including but not limited to bond marketing and procurement of federal
19 funds;
20 (7) prepare suggested guidelines relating to the content of notice of
21 bond sale advertisements, prospectuses, and other bonding matters issued by local
22 governments;
23 (8) administer state funds appropriated for the benefit of unorganized
24 regions within the state, allowing for maximum participation by local advisory councils
25 and similar bodies;
26 (9) carry out those administrative functions in the unorganized borough
27 that the legislature may prescribe;
28 (10) study existing and proposed laws and state activities that affect
29 community and regional affairs and submit to the governor recommended changes in
30 those laws and activities;
31 (11) coordinate activities of the state that affect community and

1 regional affairs;

2 (12) assist in the development of new communities and serve as the
3 agent of the state for purposes of participation in federal programs relating to new
4 communities;

5 (13) supervise planning, management, and other activities required for
6 local eligibility for financial aid under those federal and state programs that provide
7 assistance to community and regional governments;

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

10 (15) apply for, receive, and use funds from federal and other sources,
11 public or private, for use in carrying out the powers and duties of the department;

12 (16) request and utilize the resources of other agencies of state
13 government in carrying out the purposes of this chapter to the extent such utilization
14 is more efficient than maintaining departmental staff, reimbursing the other agencies
15 when appropriate;

16 (17) carry out the powers and duties assigned it under AS 42.45;

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

20 (19) carry out other functions and duties, consistent with law, necessary
21 or appropriate to accomplish the purpose of this chapter.

22 * Sec. 72. AS 44.33 is amended by adding new sections to article 1 to read:

23 **Sec. 44.33.112. Fees for publications, research data, and other services.**

24 The commissioner may establish by regulation and the department may charge
25 reasonable fees for department publications, research data, and other centralized
26 administrative services to cover the cost of reproduction, printing, mailing, distribution,
27 and other centralized administrative services.

28 **Sec. 44.33.115. Exxon Valdez oil spill unincorporated rural community**
29 **grant fund.** There is created in the department the Exxon Valdez oil spill
30 unincorporated rural community grant fund. The fund consists of money appropriated
31 to the fund from the Exxon Valdez oil spill restoration fund, the Alyeska settlement

1 fund, and other sources. Appropriations to the fund do not lapse unless otherwise
2 provided by the legislature in the bill making the appropriation to the fund. The
3 department may use the fund to make grants to unincorporated rural communities in
4 the area affected by the Exxon Valdez oil spill for capital projects for purposes of
5 restoring, replacing, or enhancing subsistence resources or services or other services
6 damaged or lost as the result of the Exxon Valdez oil spill. In this section,

7 (1) "Alyeska settlement fund" means the trust fund established in the
8 state treasury for the purpose of receiving, holding, and disbursing the settlement
9 proceeds received by the state under the Agreement and Consent Decree in re: The
10 Exxon Valdez, United States District Court, District of Alaska, Case No. A92-175
11 Civil, decree entered November 25, 1992;

12 (2) "Exxon Valdez oil spill restoration fund" means the fund established
13 by the Department of Revenue to implement the judgment entered by the United States
14 District Court for Alaska in the criminal case United States of America v. Exxon
15 Shipping Company and Exxon Corporation, No. A90-015 CR.

16 **Sec. 44.33.118. Definitions.** In AS 44.33.010 - 44.33.118,

17 (1) "commissioner" means the commissioner of commerce and rural
18 development;

19 (2) "department" means the Department of Commerce and Rural
20 Development.

21 * **Sec. 73.** AS 44.33 is amended by adding new sections to read:

22 **Article 8A. Rural Development.**

23 **Sec. 44.33.740. Powers and duties.** To promote development of rural areas
24 of the state, the department is authorized to

25 (1) investigate social and economic conditions of rural areas to
26 determine the need to expand economic opportunities and improve living conditions;

27 (2) formulate a coordinated program to broaden and diversify the
28 economic base of rural areas;

29 (3) coordinate administration of emergency relief, surplus food
30 distribution, or other public assistance programs, except the regular relief and
31 assistance programs of the federal government in rural areas;

1 (4) formulate and conduct a program of construction of basic facilities
2 to improve health, welfare, and economic security and provide employment and
3 income in the rural areas;

4 (5) promote training and educational programs designed to expand
5 employment opportunities for residents of rural areas;

6 (6) enter into agreements with other state agencies and departments to
7 provide for the distribution in rural communities of surplus electrical power from state-
8 owned power sources located in those communities and to expend funds for this
9 purpose;

10 (7) make grants to communities for bulk fuel storage facilities;

11 (8) cooperate with the Department of Environmental Conservation and
12 other agencies to provide technical assistance to communities in the installation,
13 operation, and management of bulk fuel storage facilities.

14 **Sec. 44.33.745. Limitations.** A program of the department under
15 AS 44.33.740 in a rural area may not exceed \$100,000 in cost a year.

16 **Sec. 44.33.750. Bulk fuel storage facilities grant fund.** (a) There is
17 established in the department the bulk fuel storage facilities grant fund. Grants may
18 be made by the department from this fund to a community to acquire and install
19 community bulk storage facilities.

20 (b) Grants made under this section for the acquisition and installation of a bulk
21 fuel storage facility may not exceed \$100,000 per community.

22 (c) If the governing body of two or more communities determine that their fuel
23 requirements may be served by a single bulk fuel storage facility, the communities
24 may jointly apply for grants to acquire and install a single bulk fuel storage facility.
25 When communities apply jointly under this subsection, the limitation in (b) of this
26 section is multiplied by the number of communities that submit the joint application.

27 (d) Before a grant is made under this section, the city council or, if the
28 community is not incorporated, a reasonable representative body in the community
29 shall agree in writing to maintain and operate the bulk storage facility to be
30 constructed with the proceeds of the grant.

31 **Sec. 44.33.755. Land conveyed in trust.** (a) The commissioner

1 (1) shall accept, administer, and dispose of land conveyed to the state
2 in trust by village corporations under 43 U.S.C. 1613(c)(3) (Sec. 14(c)(3) of the Alaska
3 Native Claims Settlement Act) for the purposes specified in that section;

4 (2) may, with the concurrence of an appropriate village entity
5 recognized by the commissioner under (b) of this section or, in the absence of an
6 appropriate village entity, under procedures prescribed by regulations of the
7 commissioner, accept, administer, and dispose of land conveyed in trust by a state or
8 federal agency and by the dissolution of a municipality under AS 29.06.450 -
9 29.06.530.

10 (b) Transfer of land by sale, lease, right-of-way, easement, or permit, including
11 transfer of surface resources, may be made by the commissioner only after approval
12 of an appropriate village entity such as the traditional council, a village meeting, or a
13 village referendum. This approval shall be by resolution filed with the department.

14 (c) Within one complete state fiscal year after the incorporation of a
15 municipality in the village or of a municipality that includes all or part of the village,
16 land acquired under this section shall be conveyed without cost to the municipality,
17 and the municipality shall succeed to all the entrusted interest in the land.

18 (d) Separate accounts shall be maintained in the name of each village for the
19 land, including the revenue from the land, acquired from each village corporation
20 under this section, and every two years within 90 days of the close of the second state
21 fiscal year a statement of the account for each municipality shall be prepared by the
22 commissioner and be made available to the village and to the public upon request.

23 (e) Upon the conveyance of land to a municipality under this section, the
24 commissioner shall account to the municipality for all profits including interest
25 generated from the land. The municipality may then request the governor to submit
26 a request to the legislature for an appropriation for the amount due the municipality.

27 (f) Title to or an interest in land acquired by the department under this section
28 may not be acquired by adverse possession or prescription. Notwithstanding (a) - (e)
29 of this section, on the dissolution of a municipality under AS 29.06.450 - 29.06.530,
30 unimproved land that was owned by the municipality on the date of its dissolution and
31 received by the municipality from the state under a municipal land grant entitlement

1 program is transferred to the commissioner of natural resources.

2 (g) For the purposes of this section, "municipality" includes only first and
3 second class cities incorporated under the laws of the state.

4 **Sec. 44.33.760. Loan information officers.** (a) The department may provide
5 itinerant loan information officers to serve persons who reside outside the major
6 population centers of the state.

7 (b) The loan information officers shall be trained, to the extent that the
8 department considers necessary, in a program administered by the department and
9 approved by the Alaska Housing Finance Corporation, the Alaska Industrial
10 Development and Export Authority, and the principal departments of the executive
11 branch that administer loan programs.

12 (c) A majority of the loan information officers shall be persons who are
13 conversant in Alaska Native languages that are spoken by a significant number of
14 Alaska Natives. The department shall provide brochures and other printed materials,
15 written in easily understandable English and in the Alaska Native languages that are
16 spoken by a significant number of Alaska Natives, for distribution by the loan
17 information officers. The brochures and printed materials must explain the purposes
18 of the various state loan programs, the minimum qualifications under the programs, the
19 method for obtaining assistance in the completion of applications for the programs, and
20 other information the department determines will improve the access of persons in
21 rural areas to the state's loan programs.

22 (d) The department shall coordinate its efforts under this section with local
23 financial institutions and community groups to determine the proper itinerary and travel
24 schedule of the loan information officers and to provide adequate notice to persons in
25 rural areas of the itinerary and travel schedule of the loan information officers.

26 (e) The department shall assign the loan information officers to rural areas
27 based on the current and potential future demands for loans in those areas and shall
28 establish offices for the loan information officers in rural areas if the department
29 determines it is necessary to provide familiarity with the area served by the loan
30 information officers and to reduce travel costs.

31 **Sec. 44.33.765. Rural development initiative fund.** (a) The rural

1 development initiative fund is created in the department. Unless provided otherwise
2 in the appropriation act, an appropriation to the fund is retained in the fund for use
3 under AS 44.33.765 - 44.33.775 and does not lapse at the end of a fiscal year. Each
4 year the commissioner shall request an appropriation to the fund of interest and other
5 income earned on loans or investments of the fund. Money in the fund may be
6 appropriated for costs of administering AS 44.33.765 - 44.33.775.

7 (b) The commissioner may place money from the fund into a special reserve
8 account as necessary. The commissioner may use money in the account to protect the
9 state's security interest in collateral on loans made from the fund, to protect the state's
10 interests in investments made from the fund, or to defray expenses incurred during
11 foreclosure or other legal proceedings involving loans or investments made from the
12 fund.

13 (c) The commissioner may use money from the fund to provide for loan
14 information officers under AS 44.33.760.

15 **Sec. 44.33.770. Rural development loans.** (a) The department may use
16 money from the rural development initiative fund to make a loan of up to \$100,000
17 to a person, or a loan of up to \$200,000 to two or more persons, to be used for
18 working capital, equipment, construction, or other commercial purposes by a business
19 located in a community with a population of 5,000 or less. A person who has received
20 a loan under this subsection may not be granted another loan until after the original
21 loan is entirely repaid.

22 (b) The department shall require collateral for each loan made under this
23 section and shall require that a reasonable amount of money from other nonstate
24 sources be committed for use on any project or enterprise for which money from a
25 loan will be used. The department by regulation may establish other conditions for
26 loans. The department shall by regulation establish rates of interest that are not less
27 than six percent a year and terms of repayment for loans made under this section.

28 **Sec. 44.33.775. Disposal of property acquired by default or foreclosure.**
29 The department shall dispose of property acquired through default or foreclosure of a
30 loan made from the rural development initiative fund. Disposal shall be made in a
31 manner that serves the best interests of the state, and may include the amortization of