

ALASKA LEGISLATURE COMMITTEE FILES 1999-2000 8672

9783 HOUSE COMMUNITY & REGIONAL AFFAIRS

HB

25

Alaska State Legislature



Legislative Committees:
Resources
Legislative Budget & Audit
Administration Regulation Review
Military & Veteran Affairs

Legislative Budget Subcommittees:
University of Alaska
Department of Natural Resources
Department of Law

119 N. Cushman Street Suite 207
Fairbanks, Alaska 99701
(907) 456-8172
FAX (907) 451-9293

While in Session
State Capitol
Juneau, Alaska 99801-1182
(907) 465-4457
FAX (907) 465-3519

Representative John Davies
District 29

Sponsor Statement

House Bill 25

“An act relating to a municipal river habitat protection credit.”

This bill, recognizing the need for habitat protection along rivers within a municipality, is a land management tool that provides the option of protecting fish habitat along the rivers by offering a tax credit to property owners along those waterways. Note that this is not an unfunded mandate. It is entirely optional at the local government level.

In 1995 the nineteenth legislature recognized the importance of this kind of protection by granting similar legislation along the Kenai River; this bill would simply extend that option to municipalities along other rivers. There are few, if any, other rivers in the state with the fishing pressure that exist along the Kenai. However as state population and tourism continue to grow, many other circumstances will arise where a municipality may wish to encourage habitat protection. This bill will provide one more option for them to consider.



FISCAL NOTE

Revision Date: _____ Dept. Affected: Community & Regional Affairs
 Title: An Act relating to a municipal river BRU: none
habitat protection tax credit Component: none
 Sponsor: Rep. DAVIES
 Requestor: House C&RA Committee COMPONENT SERIAL NO. _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE FUND SOURCE:						

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

Estimate of current (FY99) impact \$ none

ANALYSIS: (Attach a separate page if necessary)

This legislation provides for an optional municipal tax credit. It would have neither programmatic nor fiscal impact on this department.

Prepared by: Remond Henderson, Director *Remond Henderson* Phone: 465-4708
 Division: Division of Administrative Services Date: 1/26/99
 Approved by Commissioner: *Mike Durin* Date: 1/26/99
 Agency: Community & Regional Affairs

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Questions regarding HB 25

- Do we have any history from the Kenai borough as to how well this is working, if it has been funded, etc.
- Have any other municipalities requested to be included in this program?
- Have any specific rivers, public use areas, degraded riverbanks, etc., been identified?

HB

40

ALASKA STATE LEGISLATURE



Interim:

600 East Railroad Avenue
Wasilla, Alaska 99654
(907) 373-1842
Fax - (907) 373-4729

Session:

State Capitol Building, Room 421
Juneau, Alaska 99801-1132
(907) 465-2136
Fax - (907) 465-3815

REPRESENTATIVE VIC KOHRING DISTRICT 26

Sponsor Statement for HB 40

Focusing on economic development while reducing the budget will result when two departments are merged into a new Department of Commerce and Rural Development. The proposed structure will ensure local government assistance continues, infrastructure planning is enhanced, and the State's economic development strategy and project funding is centralized.

The missions of the departments of Commerce and Economic Development and Community and Regional Affairs are similar, to promote economic development of Alaskan communities. Two separate management structures and goals result in a scattered development strategy. Having a unified development vision and funding resources under one department will better serve rural communities and Alaska as a whole.

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

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

HB 40

Benefits to Rural Alaska

Effective economic development in rural Alaska is the goal of HB 40. Merging the two departments that provide economic development programs will benefit rural Alaska.

◆ Focus on Economic Development and Commerce

Programs unrelated to economic development and commerce activities will be transferred to other departments. The new department will be able to focus on economic development and commerce in rural areas and become more effective.

◆ Scoping and Planning

This merger unifies community scoping and planning assistance into one department. Expert staff in both departments will be joined under one management structure. With effective scoping and planning, successful economic development projects can be identified and matched with the community's resources and talents. Common sense says planning will be far more effective under one department.

◆ Infrastructure Construction

Once the community has identified development projects through scoping, infrastructure can be planned and constructed. The new department will assist the community in obtaining financing for the construction phase.

◆ Centralized Financial Assistance

Applying for funds can be a difficult and daunting task for small rural communities. The traditional approach of obtaining financing from public agencies has been the "shotgun" approach. This merger would centralize expert staff who knows details of funding programs and possibilities. One primary goal is to create a "one-stop financial assistance" for funding projects.

House Bill 40

DCRA/DCED Merger

Cost Savings

Commissioner Office Consolidation

Commissioner	110
Deputy Commissioner	110
Special Assistant	70
Executive Secretary	50
Administrative Clerk	<u>35</u>

Subtotal: 375

Administrative Services

Division Director	110
Administrative Manager	75
Internal Auditor	75
Program Budget Analyst	65
Administrative Assistant	45
Grant Administrator	<u>45</u>

Subtotal: 415

Division of Community & Regional Development

Director	105
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Miscellaneous:

Travel	35
Contractual	30
Supplies	<u>10</u>

Subtotal: 75

TOTAL SAVINGS \$970,000

ALASKA STATE LEGISLATURE



Interim:
600 East Railroad Avenue
Wasilla, Alaska 99654
(907) 373-1842
Fax - (907) 373-4729

Session:
State Capitol Building, Room 421
Juneau, Alaska 99801-1182
(907) 465-2186
Fax - (907) 465-3818

REPRESENTATIVE VIC KOHRING
DISTRICT 26

Date: March 15, 1999

To: House Community & Regional Affairs Committee

Re: House Bill 40; Proposed Department of Commerce & Flural Development

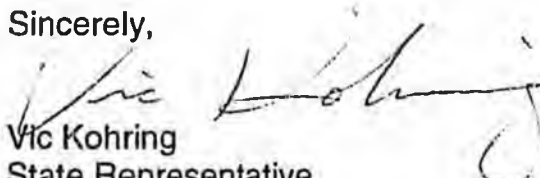
Committee Members:

Please accept the enclosed documents as evidence for the March 18, 1999 hearing on House Bill 40.

House Bill 40 is virtually identical to House Bill 400, heard last year in the Labor & Commerce and Finance Committees. These documents are the evidence that these committees used in passing the bill out of committee. Therefore, these documents are relevant to House Bil' 40.

I am eager to present the bill to the committee later this week.

Sincerely,


Vic Kohring
State Representative

House Bill 40

DCRA/DCED Merger

List of Hearing Packet Documents

1. Sponsor Statement
2. Sectional Analysis
3. HB 40 Cost Savings
4. Organization chart for new Department of Commerce & Rural Development:
5. Benefits to Rural Alaska
6. HB 400 Fiscal Note
7. Overlapping missions of DCED & DCRA
8. Overlapping Economic Development related activities of DCED & DCRA
9. Rebuttal to DCED hearing presentations
10. List of office locations in DCED
11. Rebuttal to DCRA hearing presentations
12. Benefits to moving Child Care and Headstart Programs into Department of Health & Social Services
13. Benefits of moving Job Training Programs into Department of Labor
14. Evaluation of staff levels in new department
15. Boards & Commissions for new department
16. Letters of support (8)
17. Letter of support from former DCRA deputy commissioner

LEGAL SERVICES

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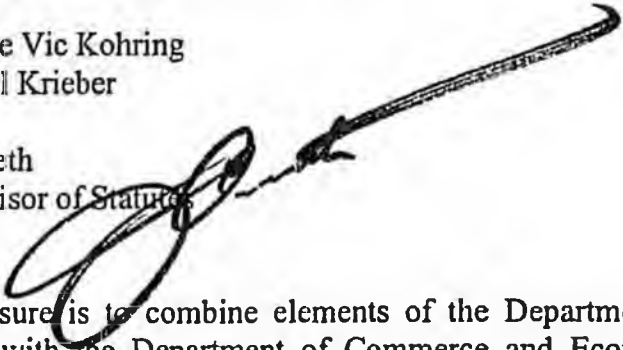
MEMORANDUM

March 15, 1999

SUBJECT: House Bill 40: Sectional analysis (revised)

TO: Representative Vic Kohring
Attn: Michael Kriebler

FROM: Jack Chenoweth
Assistant Revisor of Statutes



The principal purpose of this measure is to combine elements of the Department of Community and Regional Affairs with the Department of Commerce and Economic Development; the single successor agency, replacing the two combined departments, would be known as the "Department of Commerce and Rural Development." Other parts of each of the two departments are transferred to other agencies or eliminated. The bill also makes a series of conforming changes to reflect the transfers of duties and elimination of the two departments.

This memo revises, in a reference set out in bill section 70 only, the information set out in my January 27 sectional analysis.

A principal operative provision of the measure in bill section 102 repeals "AS 44.17.005(17)," thereby eliminating the "Department of Community and Regional Affairs" as one of the principal offices and departments of the executive branch of state government. In the memo, this is referred to as the "former department."

1. The amendments made in the following bill sections replace existing references to "Community and Regional Affairs" with reference to the renamed successor department:

Bill sections 1 and 2: References relating to the former department set out in sections applicable to the licensing of electrical and mechanical administrators (AS 08.40);

Bill sections 5 and 6: References relating to the duties of the former department in the chapter relating to administration of schools in the unorganized borough under regional educational attendance areas (REAA), AS 14.08;

Bill sections 7 - 11: References relating to the duties of the former department in the chapter relating to administration of the program of state aid to public schools (formerly the public school foundation program), AS 14.17;

Bill sections 12 and 13: References relating to the duties of the former department that are set out in the State Election Code (AS 15) relating to voter registration, AS 15.07, and election campaign financing (AS 15.13);

Bill section 14: A reference to the commissioner of the former department in the section describing the membership of the board of directors of the Alaska Medical Facility Authority (AS 18.26);

Bill sections 15 and 16: References relating to the duties of the former department and its commissioner that are set out in the chapter relating to the Alaska Housing Finance Corporation (AHFC) relating to the composition of the board of directors of the corporation (AS 18.56.030(a)) and the development of program standards applicable to land offered as collateral for certain loans of the corporation (AS 18.56.097);

Bill sections 18 - 20: Cross-references to the former department bearing upon management of the local services roads and trails program by the Department of Transportation and Public Facilities (AS 19.30);

Bill section 24: A reference to the former department in the subsection assigning responsibility for the preparation of municipal fiscal notes in conjunction with legislative consideration of bills and resolutions (AS 24.08.035(e));

Bill section 25: A reference to the former department in the subsection defining the membership of the Alaska State Emergency Response Commission (AS 26.23.071);

Bill section 26: A reference to the former department in the subsection guaranteeing state assistance to local government in the development of municipal ordinances that relate to the Alaska Uniform Vehicle Code (AS 28), (AS 28.01.010(b));

Bill sections 28, 29, 31 - 34, and 36 - 38: Various references relating to the former department and its commissioner under the state's Municipal Code (AS 29);

Bill section 39: Reference to the former department under the chapter authorizing establishment of regional resource development (AS 30.13);

Bill section 42: Reference to the former department under the section prescribing the manner of making grants appropriated or allocated for unincorporated communities (AS 37.05.317);

Bill section 43: Reference to the former department under the section prescribing the authority to adopt regulations applicable to municipalities affected by activities in the National Petroleum Reserve - Alaska (AS 37.05.530);

Bill sections 44 - 48: References to the former department in the chapter establishing the capital project matching grant programs (AS 37.06);

Bill sections 51 - 54: References to the former department in the chapter prescribing protection of state forest lands (AS 41.15);

Bill sections 55 - 57: References to the former department in the chapter establishing the state power assistance program and other rural and statewide energy projects (AS 42.45);

Bill sections 58 - 60: References to the former department in chapters in AS 43 authorizing the transfer to and payment by that department of surplus fisheries taxes (AS 43.75) and surplus fishery resource landing taxes (AS 43.77) to municipalities;

Bill section 61: Reference to the former department in a provision outlining the duties of the Office of Management and Budget in the Office of the Governor (AS 44.19.145);

Bill sections 62 and 63: References to the former department in sections bearing on the establishment of the Alaska Coastal Policy Council; the amendments delete references to the former department, rename references to the successor department, and make related changes in references and cross-references (AS 44.19.155);

Bill sections 64 - 66: References to the former department in sections bearing on the establishment and work of the Alaska Human Resources Investment Council; the amendments delete references to the former department and rename references to the successor department, and make related changes in references and cross-references (AS 44.19.155);

Bill section 68: Reference to the former department in a section defining the composition of the Alaska Commission on Aging (AS 44.21.200);

Bill sections 79 and 80: References to the former department in sections establishing the Alaska Municipal Bond Bank Authority and outlining the Authority's duties (AS 44.85);

Bill sections 81, 82, and 84: Various references to the former department in sections in the title (AS 46) relating to environmental matters that offer definitions of the term "village" for purposes of program management; in the first two of three bill sections, cross-references to sections are also corrected;

Bill section 83: References to the former department in a section of the chapter setting out the Oil and Hazardous Substance Release Prevention and Response Fund (more commonly called the "470 Fund") under which response grants may be awarded to make "impact assessments" (AS 46.08.040);

Bill sections 85 - 94: References to the former department in sections in the chapter outlining provisions of the state Coastal Management Program (AS 46.40);

Bill section 96: Reference to the former department in the section prescribing development of a comprehensive statewide plan applicable to adolescent pregnancy and parenting (AS 47.18.010); and

Bill section 99: Reference to the former department in the section prescribing development and submission of an interdepartmental budget for services to disabled and gifted persons (AS 47.80.090).

2. The amendments made in the following bill section revise the name of the principal executive officer of the newly-designated department:

Bill section 72 designates the "Commissioner of Commerce and Rural Development" as the head of the department. In addition to the change, the bill section gives the commissioner general authority to designate another person to serve in the commissioner's stead on any board or commission on which the commissioner must serve.

3. The amendments made in the following bill sections eliminate existing specific duties that are now assigned to the Department of Community and Regional Affairs (under AS 44.47) and re-establish those duties under AS 44.33 in the newly-designated Department of Commerce and Rural Development:

Bill section 73: The material in the bill section prescribes the general organization of the newly-designated successor department;

Bill sections 74 - 78: The material in these bill sections add to the duties of the existing department many, but not all, of the responsibilities of the former department; the bulk of the responsibilities relating to advice and assistance to local government and to the unorganized borough are set out in the material added by bill sections 75 - 78;

Bill sections 4, 27, 30, 40 - 41, 50, and 95: The bill sections contains material substituting statutory cross-references necessitated by the transfer of responsibilities as outlined in bill sections 74 - 78; and

Bill section 102 repeals AS 44.47 (programs of the Department of Community and Regional Affairs), the chapter under which most of these program provisions are currently codified.

4. The amendments and additions made in the following bill sections reflect the transfer of existing programs of the merging departments to other state agencies:

Bill section 21: The bill section adds a provision generally authorizing the commissioner of labor to establish and collect fees for publications and services of the Department of Labor. The provision substitutes for a like provision in AS 44.47.055, repealed.

Bill section 22: The provision establishes the "Business Incentive Training Program", a supplement to the Job Training Partnership Act, in AS 23. By AS 23.05.410(a), the program is to be overseen by the Alaska Human Resources Investment Council (AS 44.19.620). These provisions substitute for the provisions of AS 44.47.750 - 44.47.772, repealed.

Bill section 67: The provision establishes the "Office of International Trade" in the office of the governor, relocating it from the existing Department of Commerce and Economic Development. The existing statutory authority (AS 44.33.800) for the office's existence in that department is repealed.

Bill section 69: The provision formally assigns responsibility for administration of the head start program to the Department of Health and Social Services. This is a new provision with no direct predecessor.

Bill section 70: The material in the bill section
-- assuming a change on page 39, line 2 and 3, to so state, transfers responsibility for administration of the day care assistance program from the Department of Community and Regional Affairs to the Department of Health and Social Services, replacing material in AS 44.47.250 - 44.47.310, repealed; and
-- transfers administration of the child care facility revolving loan fund from the Department of Commerce and Economic Development to the Department of Health and Social Services, replacing material in AS 44.33.240 - 44.33.275, repealed.

Bill section 71: The provision transfers to the Department of Labor from the Department of Community and Regional Affairs responsibility for the federally funded employment and training programs under the federal Job Training Partnership Act. The section replaces assignment of management of that program under AS 44.19.626(f)(1) (amended elsewhere by bill section 65).

Bill sections 100 and 101: The amendments have the effect of transferring the displaced homemaker program from the Department of Community and Regional Affairs to the Department of Labor.

5. Other substantive changes:

Bill section 3: This section is both a transitional provision and one that makes a technical change. It inserts language that maintains the authority of the division of banking, securities, and corporations to charge fees for services and modifies the conditions under which fees charged for services by the division may be increased to take account of the change in the name of the department of which the division is a part.

Bill section 17: The bill section drops the reference to the Department of Community and Regional Affairs and inserts the name of the newly-designated department as related to

agencies that are to receive lists of approved fire protection systems annually prepared by the Department of Public Safety.

Bill section 23: The bill section drops the reference to the Department of Community and Regional Affairs and inserts the name of the newly-designated department as related to agencies that must be solicited for comments and suggestions as to projects that may be part of the state training and employment programs.

Bill section 35: This section, part of the municipal grant land entitlement provision, necessitates retention of reference to the commissioner of community and regional affairs based on a past act made by that official in 1978-79. The word "former" is inserted together with the full name of the department official.

Bill section 49: The bill section substitutes reference to the commissioner of revenue for the commissioner of community and regional affairs and inserts the name of the newly-designated department in the provision defining the membership of the Royalty Oil and Gas Development Advisory Board (AS 38.06).

Bill section 97: The bill section drops reference to the Department of Community and Regional Affairs and inserts the name of the newly-designated department as related to development of job training and education cooperative agreements.

Bill section 98: The bill section drops reference to the Department of Community and Regional Affairs as related to references to child care assistance under the Alaska temporary assistance program (ATAP).

6. *Uncodified transitional and implementing provisions:*

Bill section 102 repeals substantive program provisions of the Department of Community and Regional Affairs.

Bill section 103 repeals the provision transferring the Alaska regional economic assistance program (AS 44.33.895), added by bill section 78. The repeal of the section is effective July 1, 2000. This carries forward an existing provision that repeals AS 44.47.900 on July 1, 2000.

General "Transition" provisions are set out in **bill section 104** to ensure continuation of the obligations, rights, and remedies that are in effect on the date of the measure's taking effect.

A specific "Transition" provision set out in **bill section 105** changes the status of the Division of Tourism within the successor department.

Matters involving the changes not specifically dealt with in the measure are addressed in a general "Revisor's Instruction" provision appearing as **bill section 106**. By its terms, the

March 15, 1999
(revising January 27, 1999 memo)
Page 7

instruction in this bill section addresses changes that are to be made in the Alaska Statutes by the revisor of statutes and in the Alaska Administrative Code (regulations code) by the regulations attorney in the Department of Law.

Bill section 107 gives the measure a July 1, 1999, effective date.

JBC:jdr
99-122.jdr

House Bill 40

DCRA/DCED Merger

Cost Savings

Commissioner Office Consolidation

Commissioner	110
Deputy Commissioner	110
Special Assistant	70
Executive Secretary	50
Administrative Clerk	<u>35</u>

Subtotal: 375

Administrative Services

Division Director	110
Administrative Manager	75
Internal Auditor	75
Program Budget Analyst	65
Administrative Assistant	45
Grant Administrator	<u>45</u>

Subtotal: 415

Division of Community & Regional Development

Director	105
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Miscellaneous:

Travel	35
Contractual	30
Supplies	<u>10</u>

Subtotal: 75

TOTAL SAVINGS \$970,000

HB 40

Benefits to Rural Alaska

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◆ Focus on Economic Development and Commerce

Programs unrelated to economic development and commerce activities will be transferred to other departments. The new department will be able to focus on economic development and commerce in rural areas and be more effective.

◆ Scoping and Planning

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Applying for funds can be a difficult and daunting task for small rural communities. The traditional approach of obtaining financing from public agencies has been the "shotgun" approach. This merger would centralize expert staff who knows details of funding programs and possibilities. One primary goal is to create a "one-stop financial assistance" for funding projects.

STATE OF ALASKA
1998 LEGISLATIVE SESSION

Bill Version: CSHB 400 (L&C)
(H) Publish Date: 3/31/98

Revision Date: first
Title: Merger of DCED & DCRA

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

Sponsor: Kohring
Requestor: _____

Component: All _____

COMPONENT SERIAL NO:

Expenditures/Revenues: (Thousands of Dollars)

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

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

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

POSITIONS:

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

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

ANALYSIS: (Attach a separate page if necessary)

see attached

Prepared By: Mike Kriber *M. Kriber* 3/27/98 Phone: _____
Division: _____ Date: _____

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

HB 400 Fiscal Note Issue: Staff Relocations

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

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

Juneau Staff

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

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

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

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

28 staff @ .444 each = 12.4

Total Moving Cost:

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

HB 400 IMPLEMENTATION TOTAL: 191.8

Anchorage Staff

1. Child Care & Job Training Programs Staff:

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

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

b. Remaining Program Staff

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

Summary:

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

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

House Bill 400

Overlapping Missions of DCED and DCRA

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

- Rural Economic Development
- Fisheries
- Rural Tourism
- Infrastructure Planning, Funding, and Assistance
- Rural Sanitation Projects and Funding
- Energy Development
- Electrical Utility Assistance
- Assistance to Economically Distressed Regions
- Small Business Development

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	

ACTIVITY

- Energy/Electrical Development & Funding

DCRA

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

DCED

Alaska Industrial Development & Export Authority
Alaska Energy Authority
Power Cost Equalization
Alaska Science & Technology Foundation

- Utility Assistance

Rural Utilities Business Advisory (RUBA)
Circuit Rider Program
Electrical Emergencies Program
Local Government Assistance Program

Alaska Public Utilities Commission

- 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

- 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

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	Ninilchik	\$ 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
93-004	Copper Oar Rafting	Start up rafting operation	McCarthy	7,500
93-008	Sugar n' Spice Gift Store	Start up gift shop	Valdez	17,463
93-007	Royal Charters	Start up tourist/charter boat operation	Hoonah	7,500
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	16,630
94-005	Toanz Records	Expand record/CD store	Soldotna	27,000
94-008	River Adventures	Expand jet boat tour operation	Haines	48,362
94-007	Health Sea, Inc.	Expand added-value salmon processing operation	Kake	60,000
94-008	Kozy Kuspiks	Sewing machines for Kuspuk & parka maker	Dillingham	16,000
94-009	Tenass Pass Shellfish Co.	Expand capacity of oyster aquaculture operation	Naukatl	45,000
94-010	Siding 21	Start up restaurant	Skagway	11,750
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
94-013	Hart D Ranch	Infrastructure (water, sewer, electricity) for new RV park	Stana	94,000
94-014	Raven Dance Espresso	Bldg, equip & working capital for espresso & health food store	Chitna	33,000
94-016	Kodiak Sports & Tour	Hunting & fishing charters, hiking & mountain bike tours	Port Lions	19,250
95-001	Chinik 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	Sweetsir Construction	Equipment for construction company	Galena	50,000
95-005	G & N Shuttle	Shuttle bus service	Old Harbor	18,800
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
95-009	Peterson's Hunting & Fishing	Expand hunting & fishing guide operation	Old Harbor	28,784
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
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

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

	COMMUNITY / APPLICANT	CONTACT	PHONE	P	PROJECT	MG\$	MATCH	
1	Aldathak Native Community	George Pelar	825-4626		Fish processing plant equipment purchase	30,000	209,876	
2	Aldak Native Community	Sammy Jackson	765-7112	*	Kamp Kisaralik marketing	5,000	31,708	
3	Arctic Village Council	Steven Tritt	587-5114		Arctic Village Visitor Center feasibility study	10,000	9,153	
4	Coffman Cove	Elaine Price	329-2232		Island wide tourism promotion	7,500	7,550	
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 Tolman	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	
9	Houston / Mat-Su Conv. & Visitors Bureau	Jerra Wroble	746-5000		Borough wide tourism and impact study	10,000	40,000	
10	Kobuk	Joanne Sheldon	948-2217		Overall economic development plan	5,000	7,880	
11	Kwirgillingok / AYCP	Esher Stauffer	543-3521		Regional arts and crafts marketing program	20,000	25,219	
12	Maney Village Crafters' Guild	Melanie Mulligan	672-3130		Manley Hot Springs Visitors Guide production	5,000	6,566	
13	Merilasta Tribal Council	Kathryn Martin	291-2319		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	
16	Rusken 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	Lucl Eningowak	649-3821		Shishmaref Tannery expansion plan	11,000	3,500	
19	St. Michael Native Village	Pauling Ollen	923-2304		Lodging business plan	5,000	9,175	
20	Stevens Village Council	David Lacey	452-7162	*	Koyukon Visitor Center restaurant equipment	30,000	465,577	
21	Tokrook Bay	Nick Thanar	427-7613		Fish plant equipment purchase	10,000		
22	Turuknak/ Coastal Villages Investment Fund	Phillip Kusayak	652-6312		Fish plant equipment purchase	10,000	3,378	
23	Wrangell	Carol Rushmore	874-2381	*	Dry kiln construction	23,500	200,547	
public/private partnership						TOTAL	300,000	1,336,521

NOTE: T = TOURISM RELATED

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

**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
Elim	CD	Tank Farm Relocation	200,000	69
Koyuk	PL	Relocate Tank Farm	60,000	64
Huslia	PL	Relocate Gas & Oil	200,000	61
Port Lior s	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	Being Learning Center	200,000	53
Kivalina	PL	Relocation	200,000	52
Savoonga	CD	Solid Waste Garage	192,232	52
Emmbnak	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 @ \$1,710,169.
FFY 96 ASC results released 02.21.97

NOTE: T = TOURISM RELATED

(*)
97 RDA GRANT APPLICATIONS - DCRA
(by score)

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 Steelmute 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 Dol 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 Stobbins	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 Canwell Native Council	CD	road upgrade	20,000
82 Hollis Community Council	CD	Canoe 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

- unfunded - next page.

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

97 RDA GRANT APPLICATIONS DCRA
(by score)

Not Funded
↓

80	Chistochina Village Council	CD	tribal offices
80	Port Alexander	CD	boardwalk upgrade
80	Port Helden	CD	multipurpose building
80	Thome 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	Mellakalla Indian Community	ED	value added salmon equipment
79	Ilow / Mat-Su RC & D	CD	community center repair
78	Coffman Cove	ED	ferry terminal design
78	Graylin, 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	reestablish 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	establish 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 FUNDED)
2 of 2

Article 9A. Regional Economic Assistance Program.

Section

900. Alaska regional economic assistance program

Effective dates. — Section 8, E.O. 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.

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.

**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, 19th Floor
Division of Insurance

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

Alaska Energy Building, 4300 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 615
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

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 (PDIF) 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 founded) 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

Benefits to Moving Child Care & Headstart Programs into the Department of Health and Social Services

The newly established federal Child Care & Development Fund requires states to “serve families through a single, integrated child care system.” By combining the Headstart and Child Care programs into the Department of Health & Social Services (DHSS), HB 400 will provide the Administration the opportunity to gain efficiencies and provide better service to Alaska’s families.

1. Headstart

HB 400 places all child care programs and Head Start into the Department of Health & Social Services. This is consistent with the federal Child Care & Development Fund initiative to have an integrated child care system.

This federal grant initiative program is designed to develop linkages of various child and health care programs to promote comprehensive services to families:

“To remain self-sufficient, many families need other services along with child care. State and local planning should link child care to the following services:

- Health
- Family Support Services
- Head Start
- and others

This shows that Head Start is closely linked with health, child care, and other social services. DHSS provides these other services. By placing Head Start into DHSS, this desired linkage will be more efficient than by leaving Headstart in DCRA.

2. DHSS Lead Agency for Child Care Programs

According to the State of Alaska’s Child Care and Development Fund Plan (October ‘97 - September ‘99), the Department of Health & Social Services has been designated the lead agency. The two departments have entered a written agreement identifying areas of mutual cooperation regarding providing child care (including Head Start) in Alaska.

Placing the Child Care programs into DHSS will eliminate cumbersome interagency coordination.

3. Overlapping functions of the two departments

- HB 400 provides greater grant fund oversight: According to DCRA's budget documents,

"DCRA and the Department of Health and Social Services wish to streamline funding of the Child Care & Development Fund by better coordinating budgeting for the program. Therefore, grant fund management is transferred to DHSS from DCRA."

This shows that the child care programs are closely linked in both departments and there are efficiencies to be gained.

- According to the Alaska Child Care & Development Fund Plan, DHSS will provide payment to providers for parents who are required to participate in required work activities through the Division of Public Assistance. It also states that DCRA will provide funding to the parents, if the DHSS public assistance case manager makes that decision. **This shows that the two departments are doing the same task.**
- The two departments are jointly developing the Child Care Management Information System. **This also shows that the two departments are doing the same task.**
- DHSS licenses child care facilities to which DCRA provides funding.

Summary: Moving DCRA's Headstart and Child Care programs into the Department of Health & Social Services makes sense, and is consistent with the coordinating actions taken by the two departments. Getting these programs together in one department will better serve Alaska's families.

Benefits of Moving Job Training Programs into DOL

House Bill 400

Merger of Departments of Commerce & Economic Development with Community & Regional Affairs

HB 400 proposes to merge two existing departments that have overlapping economic development functions. Upper administration is proposed to be cut. This will save approximately \$1 million every year in upper management salaries and expenses. HB 400 proposes no reductions in providing job training and child care assistance, nor any other programs. This bill reduces unneeded bureaucracy while leaving programs intact.

Currently, job training programs such as JTPA, STEP and the Business Incentive Program are located within the Department of Community and Regional Affairs (DCRA). The One-Stop program is also within DCRA. Job training programs are within the Division of Community and Rural Development, a division which also oversees Head Start and Child Care programs. HB 400 will transfer the Head Start and Child Care (day care assistance) to the Department of Health & Social Services. The Job Training programs will transfer to the Department of Labor.

- DCRA currently has many varying programs from local government operations technical assistance to energy and sanitation facilities development to economic diversification projects. Having the additional burden of job training and child care assistance programs stretches this small department in many directions; hence, rural development has been slow. With a focus on economic development in the proposed merged department, job opportunities will increase in rural and urban areas.
- The Legislature is working with every department in state government to focus on the legislative intent for each department's mission and to define each department's goals to achieve the core mission. This is the first step in realigning government functions to eliminate duplication. The goal is to provide the core mission programs at the lowest cost. The transfer of the JTPA, STEP, BIP and One Stop programs from DCRA to the DOL are consistent with the statutory intent and purpose of the departments.

According to statute, the Department of Labor's mission is:

AS 23.05.010, Purpose. The Department of Labor (DOL) 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 (DCRA) is to render maximum state assistance to government at the community and regional level.

- Currently, DCRA refers JTPA and STEP program trainees to employment services and to DOL. DCRA provides funding to DOL for this service.
- Both DOL and DCRA withhold job training funds to cover administration costs. Included in those costs are redundant bureaucracy costs. If the "middle man" agency is removed, more funds would be going to training Alaskans.

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

Boards and Commissions after Merger

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

- House Bill 400 includes a provision to allowing a designee to act for the Commissioner on these Boards and Commissions.

Statutory Boards and Commissions

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

Total: 14 Statutory Boards and Commissions

Non-Statutory Boards

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

Tanana Power Company, Inc.

P.O. BOX 873509

WASILLA, ALASKA 99687

TELEPHONE 907-373-5599

OR (907) 366-7101

April 2, 1998

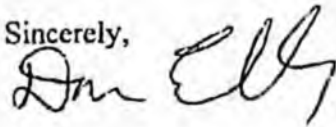
Representative Vic Kohring
State Capitol Building, Room 421
Juneau, Alaska 99801-1182

Representative Kohring:

Having operated a rural electrical utility for over 35 years and lived in rural Alaska for over 15 years, the need for a comprehensive approach to rural development has become very apparent. I support HB 400 because it promotes a unified and comprehensive system for rural development. The additional saving that would result from HB 400 is icing on the cake.

Thank you for time and effort.

Sincerely,



Don Eller

Dear Carolyn:

I appreciate your message regarding your proposal to merge DCRA into other departments. I have House Bill 40 which merges DCRA into Commerce & Economic Development. The first hearing is on March 18th in the Community & Regional Affairs Committee. If you're able to help with this legislation, I would welcome it. Thanks.

With best regards,

Rep. Vic Kohring
(800) 468-2186

Carolyn Tuovinen wrote:

Rep. Kohring:

I sent this to REp. Barnes & Senator Kelly a few weeks ago. I understand you have a bill regarding this issue. I support eliminating DCRA and moving functions to other departments as indicated below.
Carolyn Tuovinen

Rep. Barnes & Senator Kelly:

>

> There is much talk about the state budget and the need to have an
> efficiently run state government. I believe that some expenses could

> be eliminated by consolidating the functions currently within the
> Department of Community and Regional Affairs with functions in other
> departments such as Health and Social Services and Commerce & Economic

> Development. The Department of Community and Regional Affairs could
be

> eliminated and programs currently in that department moved to the
other

> departments. This would save administrative costs.

>

> DCRA is a very small department with far too many political appointees

> in it. This makes for very poor management. The programs within
DCRA

> (such as JTPA) are complex. There is a need for consistent ongoing
> management of the program. They should not be operated at the whim
of

> whatever party is in office from year to year. Additionally, there
are

> the same administrative costs for a small department as for a larger
> one.

>

- > I would also like to see far fewer political appointees in all
- > departments. They do not contribute to good government.
- >
- > While on the subject of budgets, I should add that I do not object to
- a
- > State Income Tax. This is a time honored way for governments to
- provide
- > services to the people which people cannot provide for themselves.
- >
- > Thank you for your consideration.
- > Your constituent,
- >
- > Carolyn Tuovinen
- > 5043 Mills Drive
- > Anchorage, AK 995084738
- > tuovinen@alaska.net

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

March 5, 1998

Dear Representative Kohring,

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

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

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

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

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


Robert Hall

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

March 5, 1998

Dear Rep. Kohring:

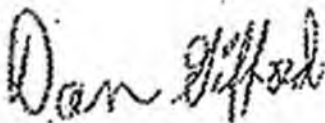
I wish to state my full support for House Bill 400, which merges the Departments of Community & Regional Affairs and Commerce & Economic Development. The concept of this legislation to essentially restructure government is something that is long overdue.

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

Representative Vic Kohring
Stater Capitol Building
Juneau, Alaska 99801

March 2, 1998

Dear Vic,

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

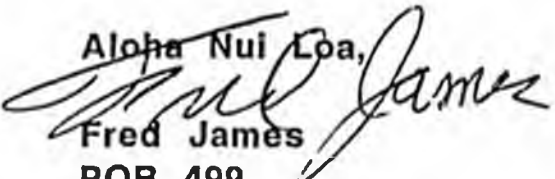
As I understand the bill, it would deliver the same services while deleting entire sections of upper management and their entourage, the secretaries, offices and other amenities of upper management.

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

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

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

Aloha Nui Loa,


Fred James

POB 499

Palmer, AK 99645

March 5, 1998

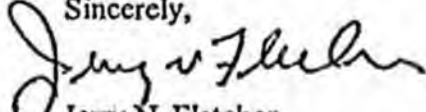
Representative Vic Khoring
Alaska State Legislature
State Capitol Building RM. #421
Juneau, AK 99801

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

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,

A handwritten signature in cursive script that reads "Sherri R. Mulhoney". The signature is written in black ink and is positioned above the printed name.

Sherri R. Mulhoney

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 note 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

MAR 10 1990

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

Dear Representative Kohring:

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

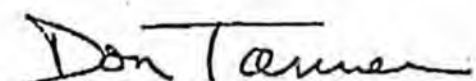
As a small businessman, providing service is important to my customers. I take every effort to minimize my overhead. State government should do the same. This merger bill is the first step in cutting unnecessary overhead.

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

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

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

Sincerely,


Don Tanner

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. HB40

Revision Date/Time (Note if correction) 03/04/99 Dept. Affected Revenue
 Title Department of Community and Economic Development BRU Revenue Operations
 Component Alaska Housing Finance Corporation
 Sponsor Rep. Kohring
 Requester Community and Regional Affairs Committee Component Serial No. 110

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
-------------------------------	------------	------------	------------	------------	------------	------------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF Program Receipts						
1037 GF Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year (FY99) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Sections 15 and 16 update AHFC statutes to reflect the creation of the new Department of Commerce and Rural Development. No fiscal impact or budgetary changes at AHFC are anticipated.

Section 77 describes loan information officers to serve persons who reside outside the major population centers of the state. The loan officers shall be trained in a program administered by the department and approved by AHFC. The aspects of this program are unknown right now, but AHFC anticipates approval can be done with existing staff and budget resources.

Prepared by John Bitney
 Division AHFC
 Approved by Wilson L. Condon
 Commissioner
 Agency Department of Revenue

Phone 465-2301

Date/Time

Date 3/4/99

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PAUL FUHS

P.O. Box 20664
Juneau, Alaska 99802
(907) 790-3030
fuhs@ptialaska.net

March 17, 1999

Representative Vic Kohring
Alaska State Legislature

Dear Representative Kohring,

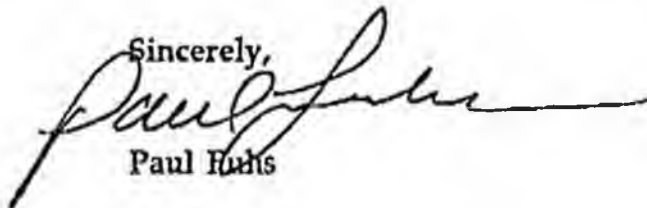
You have asked me to comment on your bill HB 40 as former Commissioner of Commerce and Economic Development. My comments will also relate to my recent experiences as an economic development consultant in rural and urban Alaska.

From my experience, I can tell you that there would be many advantages to combining the state's economic development programs. I don't know how much money you would save doing this, but you would certainly have a much more effective program. While I was in the Hickel administration, I heard many people, especially in rural Alaska, complain about being bounced back and forth between the various agencies and it confusing and frustrating for them. Given the fact that Alaska's economic development and international trade programs have been reduced to their bare minimums due to the need for budget cuts, it is even more imperative that they be coordinated for maximum advantage for Alaska's people.

I would urge you to contact and work with the Alaska Municipal League on issues they may have with HB40 concerning municipal programs in DCRA. I also understand that discussions are underway concerning the possibility of consolidating regulatory functions of Labor with Commerce also. I am not supporting one concept over the other, but I wish you well in finding funding and program efficiencies within the departments.

These comments are mine alone and do not reflect the position of any of my clients.

Sincerely,



Paul Fuhs

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

January 27, 1999

SUBJECT: Necessary corrective amendments to House Bill 40

TO: Representative Vic Kohring

FROM: Jack Chenoweth
Assistant Revisor of Statutes



Terri Lauterbach is away from the office. In her absence, per your request I am preparing a sectional analysis for House Bill 40.

Please note the following corrections that should be made to the bill as introduced:

Page 33, line 4:

Delete "Community and Regional Affairs";

Insert "Department of ~~Commerce~~ [COMMUNITY] and ~~Rural Development~~ [REGIONAL AFFAIRS]";

Page 39, lines 2 and 3:

Delete "department of Community and Economic Development";

Insert: "Department of Commerce and Rural Development" or "Department of Health and Social Services", depending on which of these agencies you intend to have responsibility for the day care assistance/child care grant program. (I cannot tell which agency was intended but the name of the agency that appears on lines 2 and 3 is incorrect.)

JBC:glc
99-030.glc

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE HALCRO

TO: HB 40

1 Page 1, line 9, following "development":

2 Insert "; establishing in the Office of the Governor the position of rural affairs
3 advocate"

4 Page 26, following line 4:

5 Insert a new bill section to read:

6 **** Sec. 50.** AS 39.20 is amended by adding a new section to read:

7 **Sec. 39.20.085. Salary of rural affairs advocate.** The monthly salary of the
8 rural affairs advocate appointed under AS 44.19.012 is equal to Step E, Range 28, of
9 the salary schedule in AS 39.27.011(a) for Juneau, Alaska."

10 Renumber the following bill sections accordingly.

11 Page 26, following line 6:

12 Insert new bill sections to read:

13 **** Sec. 52.** AS 39.52.170(c) is amended to read:

14 (c) The head of a principal executive department of the state may not accept
15 employment for compensation outside the agency that the executive head serves. The
16 rural affairs advocate may not accept employment for compensation outside the
17 Office of the Governor.

18 *** Sec. 53.** AS 39.52.180(d) is amended to read:

19 (d) A former governor, lieutenant governor, rural affairs advocate, or head
20 of a principal department in the executive branch may not engage in activity as a
21 lobbyist under AS 24.45 for a period of one year after leaving service as the governor,
22 lieutenant governor, rural affairs advocate, or department head, as appropriate. This

1 subsection does not prohibit service as a volunteer lobbyist described in
2 AS 24.45.161(a)(1) or a representational lobbyist as defined under regulations of the
3 Alaska Public Offices Commission."

4 Renumber the following bill sections accordingly.

5 Page 28, following line 16:

6 Insert new bill sections to read:

7 **** Sec. 64.** AS 44.19.010 is amended to read:

8 **Sec. 44.19.010. Office of the Governor.** The Office of the Governor
9 includes the lieutenant governor, the budget officer, the rural affairs advocate, and
10 the staff that the governor finds necessary to administer the executive powers of the
11 state.

12 *** Sec. 65.** AS 44.19 is amended by adding a new section to read:

13 **Sec. 44.19.012. Rural affairs advocate.** (a) The governor shall appoint a
14 rural affairs advocate whose duties are to

15 (1) advise the governor and the heads of each principal executive
16 department about the role of rural governments;

17 (2) monitor and advance recommendations about proposed policy
18 changes that would affect rural governments and rural affairs;

19 (3) monitor and advance recommendations about delivery of
20 government services to rural areas, including services relating to public safety, justice,
21 economic development, natural resource management, education, and public health;

22 (4) assist in coordinating efforts of state agencies in providing services
23 to and in the rural areas of the state;

24 (5) advocate within state government for maximization of local
25 autonomy and local control; and

26 (6) encourage respect for differing aspirations, traditions, and cultures
27 in the state.

28 (b) The rural affairs advocate may not employ staff or adopt regulations."

29 Renumber the following bill sections accordingly.

1 Renumber internal references to bill sections in accordance with this amendment. Below are
2 all internal bill section references in this bill:

3 Page 69, line 26

4 Page 70, line 30

5 Page 71, line 3

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. HB40

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

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services	(189.0)	(189.0)	(221.1)	(221.1)	(221.1)	(221.1)
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	(189.0)	(189.0)	(221.1)	(221.1)	(221.1)	(221.1)

CAPITAL EXPENDITURES	907.7					
CHANGE IN REVENUES (1007)	(42.0)	(42.0)	(42.0)	(42.0)	(42.0)	(42.0)

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	760.7	(147.0)	(179.1)	(179.1)	(179.1)	(179.1)
1005 GF/Program Receipts						
1037 GF/Mental Health						
1007 Interagency Receipts	(42.0)	(42.0)	(42.0)	(42.0)	(42.0)	(42.0)
TOTAL	718.7	(189.0)	(221.1)	(221.1)	(221.1)	(221.1)

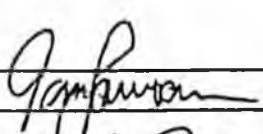
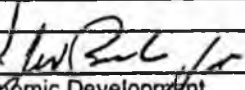
Estimate of any current year (FY99) cost: _____

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

See attached analysis.

Prepared by Tom Lawson, Director  Phone 465-2506
 Division Administrative Services Date/Time 3/24/99 12:42 PM
 Approved by Commissioner Deborah B. Sedwick  Date 3/24/99
 Agency Commerce and Economic Development

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FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION
ANALYSIS: (continued)

BILL NO. HB 40

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT Fiscal Note Calculations for HB 40

HB 40 would combine the Departments of Commerce and Economic Development and Community and Regional Affairs, creating a new Department of Commerce and Rural Development, and would transfer a few programs to other state agencies, including the Departments of Labor and Health and Social Services. No existing programs are eliminated in this legislation. We estimate that it will take twelve to twenty-four months to implement this legislation, including moving staff, merging programs, etc. Following is our best estimate of the fiscal impacts.

Personal Services Savings

This fiscal note shows the estimated savings in staff associated with the merger of DCED and DCRA. This bill may result in the elimination of some administrative support positions. However, during a twenty-four month transition period, no administrative support staff should be eliminated. In fact, administrative workloads will increase because of the merger and transfer of financial and computer systems, personnel issues which will arise, office relocations, and budget development and implementation. Initially, one Commissioner and Executive Secretary will be eliminated in the Commissioner's Office. In addition, the vacant Administrative Services Director will be downgraded to an assistant director, the vacant Tourism Director will be downgraded to a manager, and the Director of the Division of Community and Rural Development (DCRD) will be downgraded to a program coordinator. All DCED and DCRA directors are partially exempt and therefore subject to the State's Personnel Rules. One of the personnel rules requires that when a downgrade occurs, salaries must be matched and if this is not possible, salaries are to be frozen for two years. Consequently, savings on the downgrade of the DCRD director to program coordinator are not shown until FY02. All other staff eliminations or other savings will have to await implementation of this legislation and a comprehensive evaluation by all affected agencies of the impacts. Specific positions which will need to be evaluated in the first 12 months include: a Deputy Commissioner and a Special Assistant to the Commissioner II. In the second year of implementation, administrative support staff in divisions and administrative services personnel will be evaluated for possible elimination. Following is our estimate of personal services savings:

		FY 00		FY 01		FY 02		FY 03		FY 04		FY 05
Eliminate commissioner	\$	(111.2)	\$	(111.2)	\$	(111.2)	\$	(111.2)	\$	(111.2)	\$	(111.2)
Eliminate secretary	\$	(50.2)	\$	(50.2)	\$	(50.2)	\$	(50.2)	\$	(50.2)	\$	(50.2)
Downgrade admin services director	\$	(13.8)	\$	(13.8)	\$	(13.8)	\$	(13.8)	\$	(13.8)	\$	(13.8)
Downgrade tourism director	\$	(13.8)	\$	(13.8)	\$	(13.8)	\$	(13.8)	\$	(13.8)	\$	(13.8)
DCRD director to Program Coord.	\$	-	\$	-	\$	(32.1)	\$	(32.1)	\$	(32.1)	\$	(32.1)
Total Personal Services Savings	\$	(189.0)	\$	(189.0)	\$	(221.1)	\$	(221.1)	\$	(221.1)	\$	(221.1)

Capital Costs

This fiscal note includes a total of \$907.7 for moving/computer/space planning costs as a capital budget item. DCRA and DCED offices in Juneau and Anchorage are consolidated over a period of time with no additional lease costs. Because employees from two departments will be relocated to multiple departments and in order to ensure appropriate management of all moving funds, we have consolidated all moving costs into this fiscal note and recommend that the appropriation for moving costs be made to the Office of Management and Budget.

Moving Costs. While more than 250 employees will ultimately be moved as a result of this legislation, we estimate that funding to cover moving expenses for a total of 125 positions is necessary to accommodate the departmental transfers. Over a period of several years, a total of 147 positions will be moved to the Atwood Building. However, moving costs for the Atwood Bldg were previously appropriated, so no expenses for Atwood Building moves are included in this fiscal note. The Department of Administration, Division of General Services and Supply, has developed a cost per position moving factor of \$6.1. This factor was developed through an analysis of recent office moves in Juneau and Anchorage. Total moving costs for the 125 positions are \$762.5.

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. HB 40

ANALYSIS: (continued)

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
Fiscal Note Calculations for HB 40

Capital Costs cont'd.

Computer Systems One Time Costs. Money will be needed for computer systems conversions. We estimate that \$120.2 as a one time capital appropriation for FY00-FY05 period will be needed for costs to convert DCRA computers to the DCED system. Costs include server/hub upgrades, software upgrades and license fees. In addition, costs are estimated for separate Child Care Assistance and JTPA offices. It is assumed that programming and conversion tasks will be undertaken with in-house staff. Cabling costs are included in the moving cost estimate. The integration of the separate DCRA and DCED computers will speed public services and improve the ability of the public to access departmental information.

Space Planning & Leasing. The Department of Administration, Division of General Services will provide support to the affected agencies. This support will include: enforcing space standards; negotiating lease improvements; and coordinating building modifications with DOT/PF in State owned buildings. \$25.0 for Juneau will be needed to contract for the services of an architect to design office facilities for those employees who will be relocated.

	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
Move 96 Jno positions at \$6.1 each	\$ 585.6	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Move 29 Anc positions at \$6.1 each	176.9	0.0	0.0	0.0	0.0	0.0
Move subtotal	762.5	0.0	0.0	0.0	0.0	0.0
Computer Systems	120.2	0.0	0.0	0.0	0.0	0.0
Space Design Contract	25.0	0.0	0.0	0.0	0.0	0.0
Total Capital Cost	\$ 907.7	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0

HB 40 Space Allocation Worksheet

II. Anchorage	Going From	Going To	Current Office Location							
			DCED 7th Flr Frontier	DCED 13th Flr Frontier	AADC Ak Energy Bldg	DCRA Post Office Mall	AIDEA Bldg	APUC Bldg.	ASTF UAA Diplomacy	
JTPA State Office	DCRA	Labor					11			
Statewide Services Delivery	DCRA	Labor					3			
Administrative Services	DCRA	Labor					1			
Subtotal			0	0			15	0	0	0
Child Care Assistance	DCRA	DHSS					9			
Administrative Services	DCRA	DHSS					5			
Subtotal			0	0			14	0	0	0
Commissioner's Office	DCED	DCRD	2							
Administrative Services	DCED	DCRD	1							
Banking, Sec., & Corp.	DCED	DCRD	5							
Insurance	DCED	DCRD		20						
Occupational Licensing	DCED	DCRD	28							
Trade	DCED	Gov	4							
Development	DCED	DCRD	9							
Investments	DCED	DCRD	5						46	
APUC	DCED	DCRD								
ATMC	DCED	DCRD	3							
ASTF	DCED	DCRD								7
AADC	DCED	DCRD			4					
AIDEA	DCED	DCRD						31		
Administrative Services	DCRA	DCRD					7			
Data Processing	DCRA	DCRD					6			
Training & Development	DCRA	DCRD					21			
State Assessor	DCRA	DCRD					2			
Local Boundary Comm	DCRA	DCRD					3			
Community Dev Assistance	DCRA	DCRD					6			
Energy Operations	DCRA	DCRD					25			
Subtotal			57	20	4		70	31	46	7
Total			57	20	4		99	31	46	7

Preferred Option Moves

Atwood Bldg in FY00

Trade staff to Gov's Office	4	(4)							
DCED Comm.'s Office, Admin Services, BSC, Occ. Lic., Development, Investments	53	(53)							
DCRA Community Dev. Assist	6						(6)		

Atwood Bldg in FY02

Insurance	20		(20)						
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Atwood Bldg in FY06

DCRA Admin Services, DP, Train. & Dev., State Assess., Local Bound. Comm., Energy Operations	64						(64)		
--	----	--	--	--	--	--	------	--	--

Atwood Bldg. position move total	147	(57)	(20)				(70)		
----------------------------------	-----	------	------	--	--	--	------	--	--

JTPA/SSD/Admin to Labor in FY00	15						(15)		
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Child Care Assist/Admin to DHSS in FY00	14						(14)		
---	----	--	--	--	--	--	------	--	--

Position move total (non Atwood Bldg)	29						(29)		
---------------------------------------	----	--	--	--	--	--	------	--	--

Net Change	176	(57)	(20)	0		(99)	0	0	0
------------	-----	------	------	---	--	------	---	---	---

Note: Move totals for the Atwood Bldg. and other offices are separated because moving costs for the Atwood Bldg were previously appropriated.

Personal Services worksheet

FY00/FY01	GF	IA	Total
Eliminate commissioner	82.3	28.9	111.2
Eliminate secretary	37.1	13.1	50.2
Downgrade admin services director	13.8		13.8
Downgrade tourism director	13.8		13.8
Total savings	147.0	42.0	189.0

FY02+			
Downgrade DCRD director	32.1		32.1
Eliminate commissioner	82.3	28.9	111.2
Eliminate secretary	37.1	13.1	50.2
Downgrade admin services director	13.8		13.8
Downgrade tourism director	13.8		13.8
Total savings	179.1	42.0	221.1

Calculation of moving costs

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

The following cost categories are typically encountered.

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

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

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

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

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

Computer Networking Costs

	Cost Est.	Qty	Total
New Child Care office:			
New server for CC, software, etc.	15000	1 \$	15,000
Cabling and wire centers (covered in move costs)	500	10 \$	-
State WAN connection (startup costs)	7000	1 \$	7,000
Intranetware licenses	50	9 \$	450
Subtotal		\$	<u>22,450</u>

	Cost Est.	Qty	Total
New JTPO office:			
New server, software, etc.	15000	1 \$	15,000
Cabling and wire centers (covered in move costs)	500	14 \$	-
State WAN connection (startup costs)	7000	1 \$	7,000
Netscape Communicator Pro	60	14 \$	840
Intranetware licenses	50	14 \$	700
Subtotal		\$	<u>23,540</u>

	Cost Est.	Qty	Total
DCRA switches to Netware			
Cabling in Anchorage (covered in move costs)	350	76 \$	-
Intranetware licenses	45	176 \$	7,920
new server for Juneau	9000	1 \$	9,000
new NTV: licenses for RAS	100	10 \$	1,000
Netscape Communicator Pro	50	426 \$	21,300
Additional costs for upgrading hubs, etc.		\$	35,000
Subtotal		\$	<u>74,220</u>

Total expenses: \$ 120,210

COMMENTS ON HOUSE BILL 40

"An Act combining parts of the Department of Commerce and Economic Development and parts of the Department of Community and Regional Affairs."

In times of financial shortfall, budget savings, and continued delivery of services are on everyone's mind. The monumental task of finding the right course of action requires a comprehensive review of "what will happen, when we have made a significant change in the status quo?"

In rural Alaska, small communities are faced with mountains of paper work, and a small skilled labor force, often working on a volunteer basis to keep their communities in compliance.

- * If DCRA were to be combined into a new Department of Commerce & Rural Development, would the same or improved State/City big brother mentor relationship continue?
- * The advancement of skills of the unemployed rural labor force is directly related to the creation of jobs. Will the transfer of this local knowledge and state response to economic development, be timely through inter-agency shift of responsibility?
- * Many, if not most, rural village commercial activity is directly related to the development of infrastructure. Will the newly created Department become an active member of the team or passive, to unique rural needs and conditions?
- * To some, pure loans for economic development may be the only solution; while others advocated continued bootstrapping economic depressed rural villages, unable to meet minimum loan requirements. If a pure loan scenario for rural economic development be the direction of the newly created Department, what will happen to the villages that do not have a strong voice in the decision making process?

I humbly offer these comments, that the wisdom of the Honorable Members of the Alaska Legislature will address the many complicated issues in the consolidation process. Funding, directed to either DCRA or DCED has often over-lapped; but most often, it has been the response of DCRA that have kept rural villages solvent. Perhaps a focus on the need of the individual

communities, their abilities, and potential to become economic self-sufficient should accompany the consolidation process.

Representative Vic Kohring's Bill has some tantalizing objectives that will help the economic stability of rural Alaska. It is also broad and sweeping change, that may cause some unexpected undesirable results. Thought should be given to the reception of federal agencies and the programs that are federally funded, that even these meager moneys are not lost in the shift of the state's new Department focus.

Thank you for the opportunity to comment of this most important legislation.

Respectfully,



Doug Sweat
P.O. Box 125
Kaktag, Alaska 99748
(907) 534-2309

CS FOR HOUSE BILL NO. 40()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES KOHRING, Cowdery

A BILL

FOR AN ACT ENTITLED

1 "An Act combiring 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 of
10 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 the
17 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 watts
20 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 to
23 the elevator control system, which system does not include the power supply, wiring,
24 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 alarm,
28 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 heavy
30 construction equipment, either in a shop or on a job site;

31 (9) the installation in a commercial water well of the submersible pump

1 motor and the wiring to the well pump system controls if the controls are outside a
2 building or a structure;

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

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

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

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

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

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

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

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

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

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

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

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

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

32 (e) Notwithstanding other provisions of this section to the contrary, the Bureau

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

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

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

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

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

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

27 (a) The commissioner in consultation with the Department of Commerce and
28 Rural Development [COMMUNITY AND REGIONAL AFFAIRS] and the local
29 communities may divide a regional educational attendance area into sections only for the
30 purpose of nominating and electing regional school board members. If the voters in a
31 regional educational attendance area favor election of regional school board members by
32 sections under (b) of this section, the commissioner in consultation with the Department

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

20 * Sec. 7. AS 14.17.410(b) is amended to read:

21 (b) Public school funding consists of state aid, a required local contribution, and
22 eligible federal impact aid determined as follows:

23 (1) state aid equals basic need minus a required local contribution and
24 90 percent of eligible federal impact aid for that fiscal year; basic need equals the sum
25 obtained under (D) of this paragraph, multiplied by the base student allocation set out
26 in AS 14.17.470; district adjusted ADM is calculated as follows:

27 (A) the ADM of each school in the district is calculated by
28 applying the school size factor to the student count as set out in AS 14.17.450;

29 (B) the number obtained under (A) of this paragraph is multiplied
30 by the district cost factor described in AS 14.17.460;

31 (C) the ADMs of each school in a district, as adjusted according
32 to (A) and (B) of this paragraph, are added; the sum is then multiplied by the

1 special needs factor set out in AS 14.17.420(a)(1);

2 (D) the number obtained for intensive services under
3 AS 14.17.420(a)(2) and the number obtained for correspondence study under
4 AS 14.17.430 are added to the number obtained under (C) of this paragraph;

5 (2) the required local contribution of a city or borough school district is
6 the equivalent of a four mill tax levy on the full and true value of the taxable real and
7 personal property in the district as of January 1 of the second preceding fiscal year, as
8 determined by the Department of Commerce and Rural Development [COMMUNITY
9 AND REGIONAL AFFAIRS] under AS 14.17.510 and AS 29.45.110, not to exceed 45
10 percent of a district's basic need for the preceding fiscal year as determined under (1)
11 of this subsection.

12 * Sec. 8. AS 14.17.410(c) is amended to read:

13 (c) In addition to the local contribution required under (b)(2) of this section, a
14 city or borough school district in a fiscal year may make a local contribution of not
15 more than the greater of

16 (1) the equivalent of a two mill tax levy on the full and true value of the
17 taxable real and personal property in the district as of January 1 of the second preceding
18 fiscal year, as determined by the Department of Commerce and Rural Development
19 [COMMUNITY AND REGIONAL AFFAIRS] under AS 14.17.510 and AS 29.45.110;
20 or

21 (2) 23 percent of the district's basic need for the fiscal year under (b)(1)
22 of this section.

23 * Sec. 9. AS 14.17.410(e) is amended to read:

24 (e) If a city or borough school district is established after July 1, 1998, for the
25 first three fiscal years in which the city or borough school district operates schools, local
26 contributions may be less than the amount that would otherwise be required under (b)(2)
27 of this section, except that

28 (1) in the second fiscal year of operations, local contributions must be
29 at least the greater of

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

32 (B) the sum of 10 percent of the district's eligible federal impact

1 aid for that year and the equivalent of a two mill tax levy on the full and true
2 value of the taxable real and personal property in the city or borough school
3 district as of January 1 of the second preceding fiscal year, as determined by the
4 Department of Commerce and Rural Development [COMMUNITY AND
5 REGIONAL AFFAIRS] under AS 14.17.510 and AS 29.45.110; and

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

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

10 (B) the sum of 10 percent of the district's eligible federal impact
11 aid for that year and the equivalent of a three mill tax levy on the full and true
12 value of the taxable real and personal property in the district as of January 1 of
13 the second preceding fiscal year, as determined by the Department of Commerce
14 and Rural Development [COMMUNITY AND REGIONAL AFFAIRS] under
15 AS 14.17.510 and AS 29.45.110.

16 * Sec. 10. AS 14.17.490(b) is amended to read:

17 (b) A city or borough school district is not eligible for additional funding
18 authorized under (a) of this section unless, during the fiscal year in which the district
19 receives funding under (a) of this section, the district received a local contribution
20 equal to at least the equivalent of a four mill tax levy on the full and true value of the
21 taxable real and personal property in the district as of January 1 of the second
22 preceding fiscal year as determined by the Department of Commerce and Rural
23 Development [COMMUNITY AND REGIONAL AFFAIRS] under AS 14.17.510 and
24 AS 29.45.110.

25 * Sec. 11. AS 14.17.510(a) is amended to read:

26 (a) To determine the amount of required local contribution under
27 AS 14.17.410(b)(2) and to aid the department and the legislature in planning, the
28 Department of Commerce and Rural Development [COMMUNITY AND
29 REGIONAL AFFAIRS], in consultation with the assessor for each district in a city or
30 borough, shall determine the full and true value of the taxable real and personal
31 property in each district in a city or borough. If there is no local assessor or current
32 local assessment for a city or borough school district, then the Department of

1 Commerce and Rural Development [COMMUNITY AND REGIONAL AFFAIRS]
2 shall make the determination of full and true value from information available. In
3 making the determination, the Department of Commerce and Rural Development
4 [COMMUNITY AND REGIONAL AFFAIRS] shall be guided by AS 29.45.110. The
5 determination of full and true value shall be made by October 1 and sent by certified
6 mail, return receipt requested, on or before that date to the president of the school
7 board in each city or borough school district. Duplicate copies shall be sent to the
8 commissioner. The governing body of a city or borough that is a school district may
9 obtain judicial review of the determination. The superior court may modify the
10 determination of the Department of Commerce and Rural Development
11 [COMMUNITY AND REGIONAL AFFAIRS] only upon a finding of abuse of
12 discretion or upon a finding that there is no substantial evidence to support the
13 determination.

14 * Sec. 12. AS 15.07.055(a) is amended to read:

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

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

18 (2) divisions of the Department of Health and Social Services that
19 provide public assistance through the food stamp program, Medicaid program, Special
20 Supplemental Food Program for Women, Infants, and Children (WIC), and Alaska
21 temporary assistance program,

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

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

27 * Sec. 13. AS 15.13.010(a) is amended to read:

28 (a) This chapter applies

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

32 (2) to every candidate for election to a municipal office in a municipality

1 with a population of more than 1,000 inhabitants according to the latest United States
2 census figures or estimates of population certified as correct for administrative purposes
3 by the Department of Commerce and Rural Development [COMMUNITY AND
4 REGIONAL AFFAIRS] unless the municipality has exempted itself from the provisions
5 of this chapter; a municipality may exempt its elected municipal officers from the
6 requirements of this chapter if a majority of the voters voting on the question at a
7 regular election, as defined by AS 29.71.800(20), or a special municipality-wide election
8 called for that purpose, votes to exempt its elected municipal officers from the
9 requirements of this chapter; the question of exemption from the requirements of this
10 chapter may be submitted by the governing body by ordinance or by initiative election.

11 * Sec. 14. AS 18.26.030(a) is amended to read:

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

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

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

16 (3) the commissioner of commerce and rural development
17 [COMMUNITY AND REGIONAL AFFAIRS];

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

19 * Sec. 15. AS 18.56.030(a) is amended to read:

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

21 (1) the commissioner of revenue;

22 (2) the commissioner of commerce and rural development
23 [COMMUNITY AND REGIONAL AFFAIRS];

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

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

26 (A) one member with expertise or experience in finances or real
27 estate;

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

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

32 (D) one person who has expertise or experience in the provision

1 of senior or low-income housing.

2 * Sec. 16. AS 18.56.097 is amended to read:

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

17 * Sec. 17. AS 18.70.081 is amended to read:

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

23 * Sec. 18. AS 19.30.131(a) is amended to read:

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

32 * Sec. 19. AS 19.30.131(b) is amended to read:

1 (b) The commissioner shall also further allocate the sums in each allocation
2 district to the boroughs and unified municipalities within each allocation district in the
3 following manner: one-half in the ratio that the area of each organized borough or
4 unified municipality (excluding salt water areas) within that district bears to the total
5 area of the allocation district and one-half in the ratio that the population of each
6 organized borough area or each unified municipality within that district bears to the total
7 population of the allocation district as shown by the latest available federal or state
8 census or other census approved by the Department of Commerce and Rural
9 Development [COMMUNITY AND REGIONAL AFFAIRS].

10 * Sec. 20. AS 19.30.131(c) is amended to read:

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

14 (1) one-half in the ratio that the area of each home rule city bears to the
15 total area of the organized borough excluding salt water areas; and

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

20 * Sec. 21. AS 23.05 is amended by adding a new section to read:

21 **Sec. 23.05.065. Fees for publications, research data, and other services.** The
22 commissioner may establish by regulation and the department may charge reasonable
23 fees for department publications, research data, and other centralized administrative
24 services to cover the cost of reproduction, printing, mailing, distribution, and other
25 centralized administrative services.

26 * Sec. 22. AS 23.05 is amended by adding new sections to read:

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

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

32 (b) The purpose of the incentive program is to encourage private industry to

1 provide new job opportunities by offering assistance in training the new work force and
2 in retraining existing employees to implement new technologies.

3 **Sec. 23.05.410. Administration.** (a) The Alaska Human Resources Investment
4 Council established in AS 44.19.620 shall oversee the incentive program. The service
5 delivery areas established under 29 U.S.C. 1511 and subject to redesignation under 29
6 U.S.C. 1515 shall be used in the administration of the incentive program. The private
7 industry councils appointed under 29 U.S.C. 1512 and subject to reconstitution under 29
8 U.S.C. 1515 shall serve as the private industry councils for the incentive program.

9 (b) The council shall divide appropriations for the incentive program equally
10 among the private industry councils. If a private industry council lacks sufficient money
11 to fund a proposal, the private industry council may apply to the council for additional
12 funding. The council may approve reallocation of money from one service delivery area
13 to another to fund a particular proposal if it finds that the reallocation will best serve the
14 purposes of the program.

15 (c) The council shall adopt regulations under A.S 44.62 (Administrative
16 Procedure Act) to implement AS 23.05.400 - 23.05.510.

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

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

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

25 (3) procedures for identifying and selecting participants;

26 (4) performance goals established in accordance with standards under
27 AS 23.05.480;

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

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

32 (b) If changes in labor market conditions, funding, or other factors require

1 substantial deviation from an approved business incentive training plan, the private
2 industry council and the appropriate elected municipal official or officials shall submit
3 a modification of the plan and the budget for review under AS 23.05.430.

4 **Sec. 23.05.430. Review and approval of business incentive training plan.**

5 The business incentive training plan shall be published and made available for review
6 and comment as an attachment to the job training plan as set out in 29 U.S.C. 1515.
7 The business incentive training plan is subject to review and approval by the governor.

8 **Sec. 23.05.440. Business incentive training grants.** (a) Each private industry
9 council shall designate an administrative entity to be the grant recipient and
10 administrator for the region. An employer may apply to the grant administrator for a
11 business incentive grant if the employer is a private for-profit or nonprofit corporation,
12 partnership, or sole proprietor business. The grant administrator shall review
13 applications and award grants.

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

22 (c) A business incentive training grant shall be used to recruit and train eligible
23 employees for newly created permanent or permanent seasonal positions or to enable
24 existing employees to acquire the skills necessary to qualify the employee to implement
25 new technologies. A business incentive training grant may be used for occupations for
26 which there is a demand in the area served or in another area to which the participant
27 is willing to relocate and for emerging technologies in the state. In selecting recruiting
28 and training programs, the private industry councils and the grant administrators may
29 consider whether the occupation in which recruiting or training is sought is in a sector
30 of the economy that has a high potential for sustained demand or growth.

31 (d) Only individuals eligible under the business incentive training plan and
32 residing in the service delivery area may be participants in employment and training