

ALASKA LEGISLATURE COMMITTEE FILES 1999-2000 8672

9786 HOUSE COMMUNITY & REGIONAL AFFAIRS

1 commissioner shall request an appropriation to the fund of interest and other income
2 earned on loans or investments of the fund. Money in the fund may be appropriated for
3 costs of administering AS 44.33.765 - 44.33.775.

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

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

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

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

25 **Sec. 44.33.775. Disposal of property acquired by default or foreclosure.** The
26 department shall dispose of property acquired through default or foreclosure of a loan
27 made from the rural development initiative fund. Disposal shall be made in a manner
that serves the best interests of the state, and may include the amortization of payments
over a period of years. The commissioner shall request an appropriation to the fund of
proceeds from disposal of property under this section.

30
31 **Sec. 44.33.780. Definitions.** In AS 44.33.740 - 44.33.780,

32 (1) "commissioner" means the commissioner of commerce and rural

1 development;

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

4 **Article 7B. Planning Assistance.**

5 **Sec. 44.33.781. Planning assistance for development and maintenance of**
6 **district coastal management programs.** (a) The department shall conduct a program
7 of research, training, and technical assistance to coastal resource districts necessary for
8 the development and implementation of district coastal management programs under
9 AS 46.40. The technical assistance shall include the direct granting to the coastal
10 resource districts of a portion of any funds received by the state from the federal coastal
11 zone management program, in amounts to be individually determined for each coastal
12 resource district by the commissioner of commerce and rural development. State
13 agencies shall assist the department in carrying out the purposes of this section.

14 **Sec. 44.33.782. Planning assistance to platting authorities.** To facilitate
15 planning in municipalities that exercise planning and zoning authority, the department
16 may provide planning assistance, including but not limited to surveys, land use studies,
17 urban renewal plans, technical services, model acts that include regulations designed to
18 encourage development and use of energy systems not dependent on oil or gas, and other
19 planning work to a city, borough, or other platting authority. In an area under the
20 jurisdiction, for planning purposes, of a city, borough, or other platting authority, the
21 department may not perform the planning work except at the request or with the consent
22 of the local authority.

23 **Sec. 44.33.784. Assistance by cities and platting authorities.** A city or
24 platting authority may make funds under its control available to the department for the
25 purposes of obtaining planning work or planning assistance, or both, for its area. The
26 department may contract for, accept, and expend the funds for urban planning for the
27 local jurisdiction.

28 **Sec. 44.33.786. Land use planning and state facility procurement plan.** The
29 department shall make recommendations to the Department of Transportation and Public
30 Facilities and to appropriate program agencies concerning the effect upon the
31 comprehensive plan or other land use plans or proposals of municipalities and
32 unincorporated communities with respect to the facility procurement plan required to be

1 prepared in accordance with AS 35.10.170.

2 **Sec. 44.33.788. Other planning powers.** The department may accept and
3 expend grants from the federal government and other public or private sources, may
4 contract with reference to them, and may enter into contracts and exercise all other
5 powers necessary to carry out AS 44.33.781 - 44.33.788.

6 **Sec. 44.33.790. Definition.** In AS 44.33.782 - 44.33.790, "department" means
7 the Department of Commerce and Rural Development.

8 * **Sec. 78.** AS 44.33 is amended by adding new sections to read:

9 **Article 8A. Local Boundary Commission.**

10 **Sec. 44.33.810. Local Boundary Commission.** There is in the Department of
11 Commerce and Rural Development a Local Boundary Commission. The Local
12 Boundary Commission consists of five members appointed by the governor for
13 overlapping five-year terms. One member shall be appointed from each of the four
14 judicial districts described in AS 22.10.010 and one member shall be appointed from the
15 state at large. The member appointed from the state at large is the chair of the
16 commission.

17 **Sec. 44.33.812. Powers and duties.** (a) The Local Boundary Commission shall

18 (1) make studies of local government boundary problems;

19 (2) adopt regulations providing standards and procedures for municipal
20 incorporation, annexation, detachment, merger, consolidation, reclassification, and
21 dissolution;

22 (3) consider a local government boundary change requested of it by the
23 legislature, the commissioner of commerce and rural development, or a political
24 subdivision of the state; an

25 (4) develop standards and procedures for the extension of services and
26 ordinances of incorporated cities into contiguous areas for limited purposes upon
27 majority approval of the voters of the contiguous area to be annexed and prepare
28 transition schedules and prorated tax mill levies as well as standards for participation by
29 voters of these contiguous areas in the affairs of the incorporated cities furnishing
30 services.

31 (b) The Local Boundary Commission may

32 (1) conduct meetings and hearings to consider local government

1 boundary changes and other matters related to local government boundary changes,
2 including extensions of services by incorporated cities into contiguous areas and matters
3 related to extension of services; and

4 (2) present to the legislature during the first 10 days of a regular session
5 proposed local government boundary changes, including gradual extension of services
6 of incorporated cities into contiguous areas upon a majority approval of the voters of the
7 contiguous area to be annexed and transition schedules providing for total assimilation
8 of the contiguous area and its full participation in the affairs of the incorporated city
9 within a period not to exceed five years.

10 **Sec. 44.33.814. Meetings and hearings.** The chair of the commission or the
11 commissioner of commerce and rural development with the consent of the chair may call
12 a meeting or hearing of the Local Boundary Commission. All meetings and hearings
13 shall be public.

14 **Sec. 44.33.816. Minutes and records.** The Local Boundary Commission shall
15 keep minutes of all meetings and hearings. If the proceedings are transcribed, minutes
16 shall be made from the transcription. The minutes are a public record. All votes taken
17 by the commission shall be entered in the minutes.

18 **Sec. 44.33.818. Notice of public hearings.** Public notice of a hearing of the
19 Local Boundary Commission shall be given in the area in which the hearing is to be
20 held at least 15 days before the date of the hearing. The notice of the hearing must
21 include the time, date, place, and subject of the hearing. The commissioner of
22 commerce and rural development shall give notice of the hearing at least three times in
23 the press, through other news media, or by posting in a public place, whichever is most
24 feasible.

25 **Sec. 44.33.820. Quorum.** Three members of the commission constitute a
26 quorum for the conduct of business at a meeting. Two members constitute a quorum
27 for the conduct of business at a hearing.

28 **Sec. 44.33.822. Boundary change.** A majority of the membership of the Local
29 Boundary Commission must vote in favor of a proposed boundary change before it may
30 be presented to the legislature.

31 **Sec. 44.33.824. Expenses.** Members of the Local Boundary Commission
32 receive no pay but are entitled to the travel expenses and per diem authorized for

1 members of boards and commissions under AS 39.20.180.

2 **Sec. 44.33.826. Hearings on boundary changes.** A local government boundary
3 change may not be proposed to the legislature unless a hearing on the change has been
4 held in or in the near vicinity of the area affected by the change.

5 **Sec. 44.33.828. When boundary change takes effect.** When a local
6 government boundary change is proposed to the legislature during the first 10 days of
7 any regular session, the change becomes effective 45 days after presentation or at the
8 end of the session, whichever is earlier, unless disapproved by a resolution concurred
9 in by a majority of the members of each house.

10 **Article 8B. Borough Feasibility Studies.**

11 **Sec. 44.33.840. Borough feasibility studies.** The commissioner may contract
12 for studies of the feasibility of establishing boroughs in the unorganized borough. A
13 study may be conducted under this section only if

14 (1) appropriations are available for that purpose; and

15 (2) the study is requested by a person residing in the area to be studied
16 or by a city located in the area to be studied.

17 **Sec. 44.33.842. Requests for studies.** A request for a study of the feasibility
18 of establishing a borough in the unorganized borough shall be submitted to the
19 commissioner in writing and must include

20 (1) a description of the boundaries of the area of the proposed study; and

21 (2) an indication of local interest in the proposed study consisting of

22 either

23 (A) a petition requesting the study containing the signatures and
24 addresses of five percent of the voters residing in the area of the proposed study
25 based on the number of voters who voted in the area in the last statewide
26 election; or

27 (B) resolutions requesting the study adopted by the governing
28 bodies of at least five percent of the cities within the area of the proposed study.

29 **Sec. 44.33.844. Boundaries.** The boundaries of an area studied shall conform
30 to the boundaries indicated in the request for the study under AS 44.33.842 unless the
31 commissioner, after a public hearing held in the area of the proposed study, determines
32 that the boundaries should be altered. In determining the boundaries of an area to be

1 studied, the commissioner shall consider

- 2 (1) the standards applicable to the incorporation of boroughs under
3 AS 29.05.031;
- 4 (2) boundaries of regional corporations established under 43 U.S.C. 1606;
- 5 (3) census divisions of the state used for the 1980 census;
- 6 (4) boundaries of the regional educational attendance areas established
7 under AS 14.08.031; and
- 8 (5) boundaries of coastal resource service areas organized under
9 AS 46.40.110 - 46.40.210.

10 **Sec. 44.33.846. Contracts.** (a) The commissioner shall contract for a study of
11 the feasibility of establishing a borough in the unorganized borough by following the
12 procedures under AS 36.30 (State Procurement Code). The commissioner shall include
13 terms in the contract that provide for

- 14 (1) public participation in the preparation of the study;
- 15 (2) completion of the study not later than June 30 of the third year after
16 the year the contract is executed.

17 (b) A study under this section must include

- 18 (1) a recommendation for or against incorporation of a borough
19 containing all or part of the area studied;
- 20 (2) an evaluation of the economic development potential of the area
21 studied;
- 22 (3) an evaluation of capital facility needs of the area studied;
- 23 (4) an evaluation of demographic, social, and environmental factors
24 affecting the area studied;
- 25 (5) an evaluation of the relationships among regional educational
26 attendance areas, coastal resource service areas, and other regional entities responsible
27 for providing services in the area studied;
- 28 (6) an evaluation of the relationships between the existing cities within
29 the area studied and regional entities responsible for providing services in the area; and
- 30 (7) specific recommendations for
- 31 (A) organization of a home rule or general law borough
32 government if one is recommended;

- 1 (B) changes in organization of cities in the area studied; or
2 (C) the improvement of the delivery of services to the public by
3 the state in the area studied.

4 **Sec. 44.33.849. Definition.** In AS 44.33.840 - 44.33.849, "commissioner"
5 means the commissioner of commerce and rural development.

6 **Article 8C. Alaska Regional Economic Assistance Program.**

7 **Sec. 44.33.895. Alaska regional economic assistance program.** (a) The
8 department shall

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

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

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

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

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

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

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

28 (5) assist each organization to

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

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

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

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

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

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

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

25 (e) In this section,

26 (1) "department" means the Department of Commerce and Rural
27 Development;

28 (2) "regional development organization" or "organization" means a
29 nonprofit organization or nonprofit corporation formed to encourage economic
30 development within a particular region of the state that includes the entire area of each
31 municipality within that region and that has a board of directors that represents the
32 region's economic, political, and social interests.

1 * Sec. 79. AS 44.85.030 is amended to read:

2 **Sec. 44.85.030. Membership and vacancies.** The bond bank authority consists
3 of the following five directors: the commissioner of revenue, the commissioner of
4 commerce and rural development [COMMUNITY AND REGIONAL AFFAIRS], who
5 shall each be a director ex officio with voting privileges, and three directors appointed
6 by the governor. The appointment of each director other than the commissioner of
7 revenue and the commissioner of commerce and rural development [COMMUNITY
8 AND REGIONAL AFFAIRS] is subject to confirmation by the legislature. The three
9 directors appointed by the governor serve at the governor's pleasure for four-year terms.
10 They must be residents of the state and qualified voters at the time of appointment and
11 shall comply with the requirements of AS 39.50 (conflict of interest). Each director
12 shall hold office for the term of appointment and until a successor has been appointed
13 and qualified. A director is eligible for reappointment. A vacancy in a directorship
14 occurring other than by expiration of term shall be filled in the same manner as the
15 original appointment but for the unexpired term only. Each director before entering
16 upon the duties of office shall take and subscribe to an oath to perform the duties
17 faithfully, impartially, and justly to the best of the director's ability. A record of the
18 oath shall be filed in the office of the governor.

19 * Sec. 80. AS 44.85.320(b) is amended to read:

20 (b) Before declaring the principal of notes or bonds due and payable, the trustee
21 must first give 30 days' notice in writing to the governor, the bond bank authority, the
22 commissioner of commerce and rural development [COMMUNITY AND REGIONAL
23 AFFAIRS], and the attorney general of the state.

24 * Sec. 81. AS 46.03.900(33) is amended to read:

25 (33) "village" means a place within the unorganized borough or within
26 a borough as to a power, function, or service that is not exercised or provided by the
27 borough on an areawide or nonareawide basis that

28 (A) has irrevocably waived, in a form approved by the
29 Department of Law, any claim of sovereign immunity that might arise under this
30 chapter; and

31 (B) has

32 (i) a council organized under 25 U.S.C. 476 (sec. 16 of

1 the Indian Reorganization Act);

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

4 (iii) a council recognized by the commissioner of
5 commerce and rural development [COMMUNITY AND REGIONAL
6 AFFAIRS] under regulations adopted by the Department of Commerce
7 and Rural Development [COMMUNITY AND REGIONAL AFFAIRS]
8 to determine and give official recognition of village entities under
9 AS 44.33.755(b) [AS 44.47.150(b)];

10 * Sec. 82. AS 46.04.900(22) is amended to read:

11 (22) "village" means a place within the unorganized borough or within
12 a borough as to a power, function, or service that is not exercised or provided by the
13 borough on an areawide or nonareawide basis that

14 (A) has irrevocably waived, in a form approved by the
15 Department of Law, any claim of sovereign immunity that might arise under this
16 chapter; and

17 (B) has

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

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

22 (iii) a council recognized by the commissioner of
23 commerce and rural development [COMMUNITY AND REGIONAL
24 AFFAIRS] under regulations adopted by the Department of Commerce
25 and Rural Development [COMMUNITY AND REGIONAL AFFAIRS]
26 to determine and give official recognition of village entities under
27 AS 44.33.755(b) [AS 44.47.150(b)];

28 * Sec. 83. AS 46.08.040(a) is amended to read:

29 (a) In addition to money in the response account of the fund that is transferred
30 to the commissioner of commerce and rural development [COMMUNITY AND
31 REGIONAL AFFAIRS] to make grants under AS 29.60.510 and to pay for impact
32 assessments under AS 29.60.560, the commissioner of environmental conservation may

1 use money

2 (1) from the response account in the fund

3 (A) when authorized by AS 46.08.045, to investigate and evaluate
4 the release or threatened release of oil or a hazardous substance, and contain,
5 clean up, and take other necessary action, such as monitoring and assessing, to
6 address a release or threatened release of oil or a hazardous substance that poses
7 an imminent and substantial threat to the public health or welfare, or to the
8 environment;

9 (B) to provide matching funds in the event of a release of oil or
10 a hazardous substance for which use of the response account is authorized by
11 AS 46.08.045 for participation

12 (i) in federal oil discharge cleanup activities; and

13 (ii) under 42 U.S.C. 9601 - 9657 (Comprehensive
14 Environmental Response, Compensation, and Liability Act of 1980); and

15 (C) to recover the costs to the state, a municipality, a village, or
16 a school district of a containment and cleanup resulting from the release or the
17 threatened release of oil or a hazardous substance for which money was
18 expended from the response account;

19 (2) from the prevention account in the fund to

20 (A) investigate and evaluate the release or threatened release of
21 oil or a hazardous substance, except a release described in AS 46.08.045(a), and
22 contain, clean up, and take other necessary action, such as monitoring and
23 assessing, to address a release or threatened release of oil or a hazardous
24 substance, except a release described in AS 46.08.045(a);

25 (B) pay all costs incurred

26 (i) to establish and maintain the oil and hazardous
27 substance response office;

28 (ii) under agreements entered into under AS 46.04.090 or
29 AS 46.09.040;

30 (iii) to review oil discharge prevention and contingency
31 plans submitted under AS 46.04.030;

32 (iv) to conduct training, response exercises, inspections,

1 and tests, in order to verify equipment inventories and ability to prevent
2 and respond to oil and hazardous substance release emergencies, and to
3 undertake other activities intended to verify or establish the preparedness
4 of the state, a municipality, or a party required by AS 46.04.030 to have
5 an approved contingency plan to act in accordance with that plan; and

6 (v) to verify or establish proof of financial responsibility
7 required by AS 46.04.040;

8 (C) pay, when presented with appropriate documentation by the
9 Department of Military and Veterans' Affairs, the expenses incurred by the
10 Department of Military and Veterans' Affairs for Alaska State Emergency
11 Response Commission activities, including staff support, when the activities and
12 staff support relate to oil or hazardous substances, and for the costs of being
13 prepared for responding to a request by the department for support in response
14 and restoration, but not including the costs of maintaining the response corps and
15 the emergency response depots under AS 26.23.045;

16 (D) pay all costs incurred to acquire, repair, or improve an asset
17 having an anticipated life of more than one year and that is acquired, repaired,
18 or improved as a preparedness measure by which the state may respond to,
19 recover from, reduce, or eliminate the effects of a release or threatened release
20 of oil or a hazardous substance;

21 (E) pay the costs, if approved by the commissioner, that were
22 incurred by local emergency planning committees to carry out the duties assigned
23 them by AS 46.13.080;

24 (F) provide matching funds in the event of the release of oil or
25 a hazardous substance, except a release of oil for the containment and cleanup
26 of which use of the response account is authorized by AS 46.08.045, for
27 participation

28 (i) in federal oil discharge cleanup activities; and

29 (ii) under 42 U.S.C. 9601 - 9657 (Comprehensive
30 Environmental Response, Compensation, and Liability Act of 1980);

31 (G) pay or reimburse the storage tank assistance fund established
32 in AS 46.03.410 for expenditures from that fund authorized by AS 46.03.410(b);

1 (H) transfer to the Department of Commerce and Rural
2 Development [COMMUNITY AND REGIONAL AFFAIRS] for payment by the
3 commissioner of commerce and rural development [COMMUNITY AND
4 REGIONAL AFFAIRS] of

5 (i) municipal impact grants when authorized under
6 AS 29.60.510(b)(2);

7 (ii) assessments of the social and economic effects of the
8 release of oil or hazardous substances as required by AS 29.60.560 when,
9 in the judgment of the commissioner, the release of oil or a hazardous
10 substance is not one that is described in AS 46.08.045; and

11 (iii) grants to repair, improve, or replace fuel storage
12 facilities under the bulk fuel system emergency repair and upgrade
13 program;

14 (I) recover the costs to the state, a municipality, a village, or a
15 school district of a containment and cleanup resulting from the release or
16 threatened release of oil or a hazardous substance for which money was
17 expended from the prevention account;

18 (J) prepare, review, and revise

19 (i) the state's master oil and hazardous substance
20 discharge prevention and contingency plan required by AS 46.04.200;
21 and

22 (ii) a regional master oil and hazardous substance
23 discharge prevention and contingency plan required by AS 46.04.210;
24 and

25 (K) restore the environment by addressing the effects of an oil
26 or hazardous substance release.

27 * Sec. 84. AS 46.08.900(16) is amended to read:

28 (16) "village" means a place within the unorganized borough or within
29 a borough if the power, function, or service for which a grant application under
30 AS 29.60.510 is submitted is not exercised or provided by the borough on an areawide
31 or nonareawide basis at the time the grant application is submitted that

32 (A) has irrevocably waived, in a form approved by the

1 Department of Law, any claim of sovereign immunity that might arise in
2 connection with the use of grant money under this chapter; and

3 (B) has

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

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

8 (iii) a council recognized by the commissioner of
9 commerce and rural development [COMMUNITY AND REGIONAL
10 AFFAIRS] under regulations adopted by the Department of Commerce
11 and Rural Development [COMMUNITY AND REGIONAL AFFAIRS]
12 to determine and give official recognition of village entities under
13 AS 44.33.755(b) [AS 44.47.150(b)].

14 * Sec. 85. AS 46.40.120(b) is amended to read:

15 (b) The commissioner of commerce and rural development [THE
16 DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS] may, after public
17 hearings held in the area affected, consolidate two or more regional educational
18 attendance areas as a single coastal resource service area

19 (1) if a substantial portion of the coastal area contains land and water
20 area owned by the federal government over which it exercises exclusive jurisdiction or
21 land held in trust by the federal government for Alaska Natives over which the state
22 would not exercise control as to use; or

23 (2) if, after giving due consideration to the standards applicable to
24 incorporation of borough governments and the likelihood that a borough will be
25 incorporated within the area, the commissioner determines that the functions to be
26 performed under this chapter could be undertaken more efficiently through the
27 combination of two or more regional educational attendance areas as a single coastal
28 resource service area.

29 * Sec. 86. AS 46.40.120(d) is amended to read:

30 (d) For purposes of coastal zone management only, the commissioner of
31 commerce and rural development [COMMUNITY AND REGIONAL AFFAIRS] may,
32 after public hearings held in the regional educational attendance area affected, divide an

1 existing regional educational attendance area into no more than three coastal resource
2 service areas according to geographic, cultural, economic, environmental, or other
3 features relevant to coastal management planning. However,

4 (1) each coastal resource service area formed by dividing an existing
5 regional educational attendance area must contain at least one first class city or home
6 rule city;

7 (2) a city within a coastal resource service area formed by dividing an
8 existing regional educational attendance area may not elect to exclude itself from the
9 coastal resource service area; and

10 (3) a coastal resource service area formed before June 1, 1980, may not
11 be divided for coastal management planning purposes.

12 * Sec. 87. AS 46.40.140(c) is amended to read:

13 (c) The commissioner of commerce and rural development [COMMUNITY
14 AND REGIONAL AFFAIRS], after consultation with residents of a coastal resource
15 service area, may divide a service area into sections only for the purpose of nominating
16 and electing board members. Division of a service area into sections for the purpose of
17 nomination and election shall be in accordance with the provisions of AS 14.08.051(a).
18 Division may be proposed in the petition submitted under AS 46.40.130(a)(1), in the
19 resolution submitted under AS 46.40.130(a)(2), at the direction of the council under
20 AS 46.40.130(a)(3), or may be proposed at any time by the members of the coastal
21 resource service area board. If proposed by the board, the division of the service area
22 into sections is subject to approval of a majority of the qualified voters voting on the
23 question in the coastal resource service area at the next regular election or at a special
24 election called for that purpose and, if approved, takes effect at the next regular election
25 of members of the coastal resource service area board.

26 * Sec. 88. AS 46.40.170(a) is amended to read:

27 (a) If residents of a coastal resource service area reject organization of the
28 service area at an election called for the purpose and the council finds, after public
29 hearing, that major economic development activity has occurred or will occur within the
30 service area, the council may direct the Department of Commerce and Rural
31 Development [COMMUNITY AND REGIONAL AFFAIRS] to prepare and recommend
32 for consideration by the council and for submission to the legislature a district coastal

1 management program for the service area.

2 * Sec. 89. AS 46.40.170(b) is amended to read:

3 (b) At the request of the council, the Department of Commerce and Rural
4 Development [COMMUNITY AND REGIONAL AFFAIRS] shall complete the district
5 coastal management program in accordance with this chapter and the guidelines and
6 standards adopted by the council for a coastal resource service area that [WHICH] has
7 been organized but that [WHICH] has failed to make substantial progress in the
8 preparation of an approvable district coastal management program within 18 months of
9 certification of the results of an organization election or that [WHICH] has not
10 submitted for approval to the council a program within 30 months of certification of the
11 results of its organization election. Preparation of the program shall be conducted in
12 consultation with the coastal resource service area and shall, to the maximum extent
13 consistent with this chapter, reflect the expressed concerns of the residents of the service
14 area.

15 * Sec. 90. AS 46.40.180(a) is amended to read:

16 (a) Before adoption by a coastal resource service area board, or by the
17 Department of Commerce and Rural Development [COMMUNITY AND REGIONAL
18 AFFAIRS] under AS 46.40.170, a district coastal management program shall be
19 submitted for review to each city or village within the coastal resource service area. The
20 council of a city or traditional village council shall consider the program submitted for
21 review. Within 60 days of submission, the council of a city or traditional village council
22 shall either approve the program or enter objections to all or any portion of the program.

23 * Sec. 91. AS 46.40.180(d) is amended to read:

24 (d) For purposes of this section, "village" means an unincorporated community
25 where at least 25 persons reside as a social unit as determined by the Department of
26 Commerce and Rural Development [COMMUNITY AND REGIONAL AFFAIRS].

27 * Sec. 92. AS 46.40.190(a) is amended to read:

28 (a) A city within the coastal area that [WHICH] is not part of a coastal resource
29 service area shall be included for purposes of this chapter within an adjacent coastal
30 resource service area unless its governing body, by resolution adopted by a majority of
31 its membership, chooses to exclude the city from an adjacent coastal resource service
32 area and a copy of the resolution is filed with the commissioner of commerce and rural

1 development [COMMUNITY AND REGIONAL AFFAIRS].

2 * Sec. 93. AS 46.40.210(2) is amended to read:

3 (2) "coastal resource district" means each of the following that
4 [WHICH] contains a portion of the coastal area of the state:

5 (A) unified municipalities;

6 (B) organized boroughs of any class that [WHICH] exercise
7 planning and zoning authority;

8 (C) home rule and first class cities of the unorganized borough
9 or within boroughs that [WHICH] do not exercise planning and zoning
10 authority;

11 (D) second class cities of the unorganized borough, or within
12 boroughs that [WHICH] do not exercise planning and zoning authority, that
13 [WHICH] have established a planning commission, and that [WHICH], in the
14 opinion of the commissioner of commerce and rural development
15 [COMMUNITY AND REGIONAL AFFAIRS], have the capability of preparing
16 and implementing a comprehensive district coastal management program under
17 AS 46.40.030;

18 (E) coastal resource service areas established and organized under
19 AS 29.03.020 and AS 46.40.110 - 46.40.180;

20 * Sec. 94. AS 46.40.210(5) is amended to read:

21 (5) "department" means the Department of Commerce and Rural
22 Development [COMMUNITY AND REGIONAL AFFAIRS];

23 * Sec. 95. AS 47.05.030(a) is amended to read:

24 (a) Except as provided in (b) of this section and for purposes directly connected
25 with the administration of general assistance, adult public assistance, the day care
26 assistance program authorized under AS 44.29.300 - 44.29.339 [AS 44.47.250 -
27 44.47.310], or the Alaska temporary assistance program, and in accordance with the
28 regulations of the department, a person may not solicit, disclose, receive, make use of,
29 or authorize, knowingly permit, participate in, or acquiesce in the use of, a list of or
30 names of, or information concerning, persons applying for or receiving the assistance
31 directly or indirectly derived from the records, papers, files, or communications of the
32 department or subdivisions or agencies of the department, or acquired in the course of

1 the performance of official duties.

2 * Sec. 96. AS 47.18.010(c) is amended to read:

3 (c) The Department of Education, the Department of Commerce and Rural
4 Development [COMMUNITY AND REGIONAL AFFAIRS], and the Department of
5 Labor shall assist the department in developing the plan required under (a) of this
6 section. In addition, through appropriate means, the department shall solicit advice from
7 teens, parents, educators, school administrators, taxpayers, civic groups, community
8 organizations, Native organizations, officials of local governments, religious institutions,
9 and other concerned persons about how state programs can be coordinated and operated
10 in a manner that will enhance their effectiveness and efficiency in addressing the many
11 needs associated with adolescent parenting, the prevention of adolescent pregnancies, and
12 the provision of adolescent peer counseling.

13 * Sec. 97. AS 47.27.060 is amended to read:

14 **Sec. 47.27.060. Job development.** The department may establish cooperative
15 agreements with the Department of Labor, [DEPARTMENT OF COMMUNITY AND
16 REGIONAL AFFAIRS,] Department of Education, and Department of Commerce
17 [COMMUNITY] and Rural [ECONOMIC] Development, and with other public or
18 private sector organizations for the purpose of developing job, training, and educational
19 opportunities for families eligible for assistance under this chapter.

20 * Sec. 98. AS 47.27.900(2) is amended to read:

21 (2) "child care assistance" means payments made by the Department of
22 Health and Social Services [OR THE DEPARTMENT OF COMMUNITY AND
23 REGIONAL AFFAIRS] to Alaska temporary assistance program participant families or
24 to providers for the care of children of the participant families;

25 * Sec. 99. AS 47.80.090 is amended to read:

26 **Sec. 47.80.090. Responsibilities.** The council shall

27 (1) serve as a forum by which issues and benefits regarding current and
28 potential services to disabled and gifted persons may be discussed by consumer, public,
29 private, professional, and lay interests;

30 (2) advocate the needs of disabled and gifted persons before the
31 executive and legislative branches of the state government and before the public;

32 (3) advise the executive and legislative branches of the state government

1 and the private sector on programs and policies pertaining to current and potential
2 services to disabled or gifted persons and their families;

3 (4) submit periodic reports to the commissioner of health and social
4 services, the commissioner of education, and to other appropriate departments, on the
5 effects of current federal and state programs regarding services to disabled or gifted
6 persons; these reports must include program performance reports to the governor, the
7 federal government, and to state agencies as required under 20 U.S.C. 1482 and 42
8 U.S.C. 6024;

9 (5) in conjunction with the Departments of Health and Social Services
10 and Education, develop, prepare, adopt, periodically review, and revise as necessary an
11 annual state plan prescribing programs that meet the needs of persons with
12 developmental disabilities as required under 42 U.S.C. 6022;

13 (6) review and comment to commissioners of state departments on all
14 state plans and proposed regulations relating to programs for persons who are
15 experiencing disabilities before the adoption of a plan or regulation; for this purpose, the
16 appropriate departments shall submit the plans and proposed regulations to the council;

17 (7) recommend the priorities and specifications for the use of funds
18 received by the state under 20 U.S.C. 1471 - 1485 and 42 U.S.C. 6000 - 6083;

19 (8) submit annually to the commissioner of health and social services,
20 the commissioner of education, and the commissioner of commerce and rural
21 development [COMMUNITY AND REGIONAL AFFAIRS] a proposed
22 interdepartmental program budget for services to disabled or gifted persons that includes,
23 insofar as possible, projected revenues and expenditures for programs implemented by
24 state agencies, local governmental agencies, and private organizations; the
25 interdepartmental program budget is an informational supplement to the regular annual
26 budgetary submissions of the departments to the Office of the Governor;

27 (9) provide information and guidance for the development of appropriate
28 special educational programs and services for exceptional children as defined in
29 AS 14.30.350;

30 (10) monitor and evaluate budgets or other implementation plans and
31 programs for disabled and gifted persons to assure nonduplication of services and
32 encourage efficient and coordinated use of federal, state, and private resources in the

1 provision of services; members of the council, with the approval of the council, have
2 access to information in the possession of state agencies subject to disclosure restrictions
3 imposed by state or federal confidentiality or privacy laws;

4 (11) perform other duties required under applicable federal laws or
5 AS 14.30.231 and as the governor may assign; [AND]

6 (12) govern the special education service agency and may hire personnel
7 necessary to operate the agency; and [.]

8 (13) provide to the Alaska Mental Health Trust Authority for its review
9 and consideration recommendations concerning the integrated comprehensive mental
10 health program for the people of the state who are described in AS 47.30.056(b)(2) and
11 the use of the money in the mental health trust income account in a manner consistent
12 with regulations adopted under AS 47.30.031.

13 * Sec. 100. AS 47.90.040 is amended to read:

14 **Sec. 47.90.040. Consultation and coordination.** The commissioner shall
15 consult and cooperate with the Department of Health and Social Services; the
16 Department of Education, including the division of vocational rehabilitation; the
17 University of Alaska, community colleges, and other colleges as appropriate; [THE
18 DEPARTMENT OF LABOR, INCLUDING THE DIVISION OF EMPLOYMENT
19 SECURITY;] and other persons or agencies that the commissioner considers appropriate
20 in the implementation of this chapter.

21 * Sec. 101. AS 47.90.070(1) is amended to read:

22 (1) "commissioner" means the commissioner of labor [COMMUNITY
23 AND REGIONAL AFFAIRS];

24 * Sec. 102. REPEALER. AS 39.25.120(c)(21); AS 44.17.005(17); AS 44.33.240, 44.33.242,
25 44.33.245, 44.33.255, 44.33.260, 44.33.270, 44.33.272, 44.33.275, 44.33.800; and AS 44.47 are
26 repealed.

27 * Sec. 103. REPEALER. AS 44.33.895, added by sec. 78 of this Act, is repealed July 1,
28 2000.

29 * Sec. 104. TRANSITIONAL PROVISIONS. (a) Litigation, hearings, investigations, and
30 other proceedings pending under a law repealed or amended by this Act, or in connection with
31 functions transferred by this Act, continue in effect and may be completed notwithstanding a
32 transfer or repeal provided for in this Act.

1 (b) Regulations in effect on June 30, 1999, that were adopted to implement a function
2 that is transferred by this Act remain in effect and shall be enforced by the agency to which the
3 function is transferred under this Act until amended by the agency to which the function is
4 transferred.

5 (c) Wherever in Alaska Statutes affected by this Act there is a reference to regulations
6 adopted under a section of law and there are no regulations adopted under that section because
7 previous regulations adopted under another section are being enforced under (b) of this section,
8 the reference shall be construed to refer to the previously adopted regulations until they are
9 amended by the new agency.

10 (d) Contracts, rights, liabilities, and obligations created by or under a law repealed or
11 amended by this Act, and in effect on June 30, 1999, remain in effect notwithstanding this Act's
12 taking effect.

13 (e) Records, equipment, appropriations, and other property of an agency of the state
14 whose functions are transferred under this Act shall be transferred to implement the provisions
15 of this Act.

16 * Sec. 105. DIVISION OF TOURISM CONVERTED TO OFFICE. The duties of the
17 division of tourism, Department of Commerce and Economic Development, and the duties of
18 the director of that division, are transferred, respectively, to the office of tourism, in the
19 Department of Commerce and Rural Development, and to the manager of that office. This
20 section applies to duties existing on June 30, 1999, and to duties that are created after
21 June 30, 1999, under legislation passed during the Twenty-First Alaska State Legislature that
22 becomes law.

23 * Sec. 106. REVISOR'S INSTRUCTION. (a) Wherever in the Alaska Statutes and the
24 Alaska Administrative Code the terms "Department of Commerce and Economic Development"
25 and "commissioner of commerce and economic development" are used, they shall be read,
26 respectively, as "Department of Commerce and Rural Development" and "commissioner of
27 commerce and rural development" when to do so would be consistent with the changes made
28 by this Act.

29 (b) Wherever in the Alaska Statutes and the Alaska Administrative Code the terms
30 "division of tourism" and "director of tourism" are used, they shall be read, respectively, as
31 "office of tourism" and "manager of tourism" when to do so would be consistent with sec. 105
32 of this Act.

1 (c) Wherever in the Alaska Statutes and the Alaska Administrative Code the terms
2 "division of international trade" and "director of international trade" are used, they shall be read,
3 respectively, as "office of international trade" and "manager of international trade" when to do
4 so would be consistent with secs. 67 and 102 of this Act.

5 (d) Under AS 01.05.031, the revisor of statutes shall implement this section in the
6 statutes and, under AS 44.62.125(b)(6), the regulations attorney shall implement this section in
7 the administrative code.

8 * **Sec. 107.** This Act takes effect July 1, 1999.

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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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
Kaltag, Alaska 99748
(907) 534-2309

HB

71

Alaska House of Representatives

Richard Foster
P.O. Box 1630
Nome, Alaska 99762-1630
907-443-5036
Fax 907-443-2162



During Session
State Capitol
Juneau, Alaska 99801-1182
907-465-3789
1-800-478-3789
Fax 907-465-3242

Majority Whip

MEMORANDUM

To: Rep. Halcro, Co-Chair
Rep. Harris, Co-Chair
House Committee on Community & Regional Affairs

From: Rep. Richard Foster

Re: Bill Scheduling

Date: February 3, 1999

I would respectfully request that the House Committee on Community & Regional Affairs schedule HB 71 for a committee hearing.

I understand that some concern has been expressed about the breadth of the title. I have no objections to the title being made more restrictive.

Alaska House of Representatives

Richard Foster
P.O. Box 1630
Nome, Alaska 99762-1630
907-443-5036
Fax 907-443-2162



During Session
State Capitol
Juneau, Alaska 99801-1182
907-465-3789
1-800-478-3789
Fax 907-465-3242

Majority Whip

House Bill 71

"An Act relating to regional housing authorities."

Sponsors Statement

House Bill 71 makes a technical change in AS 18.55.996, changing the name of the association given authority to appoint the Board of Commissioners for the Bering Straits Regional Housing Authority.

Kawerak Inc. is the legal successor to the Bering Straits Native Association which is granted this authority under AS 18.55.996(a)(2)

The request for this legislation came from Kawerak Inc. and a letter of non-objection was received from the Bering Straits Regional Housing Authority. Both letters are available for review.

Line 7 contains the only language change in the Bill.



KAWERAK, INC.

P.O. BOX 948 • NOME, ALASKA 99762

TELEPHONE: (907) 443-5231 • FAX: (907) 443-3708

SERVING THE
VILLAGES OF

- BREVIK MISSION
- COUNCIL
- DIOMEDE
- ELIM
- GAMBELL
- GOLOVIN
- KING ISLAND
- KOYLK
- MARY S. GLOO
- NOME
- SAVOONGA
- SHAKTOOLIK
- SHISHMAREF
- SOLCMON
- STEBBINS
- ST. MICHAEL
- TELLER
- UNALAKLEET
- WALES
- WHITE MOUNTAIN

December 23, 1998

Representative Richard Foster
 Alaska House of Representatives
 State Capitol, Room 410
 Juneau, AK 99801-1182

Re: Amendment to AS 18.55.996 regarding Regional Native Housing
 Authorities

Dear Representative Foster:

Kawerak seeks your help in obtaining a housekeeping amendment to the state law governing Native Housing Authorities. As you may know, Kawerak in its guise as the "Bering Straits Native Association" appoints the Board of Commissioners of the Bering Straits Regional Housing Authority. This is because AS 18.55.996 names the "Bering Straits Association" as the appointing authority.

We request an amendment to 18.55.996(a)(2) substituting "Kawerak, Inc." for "Bering Straits Association."

Although you probably know the history better than I, by way of background AS 18.55.996 was enacted in 1971. It established the regional housing authorities "in association with" the various regional Native non-profit associations which existed at the time. The Bering Straits Association was the pre-ANCSA Native rights organization for this region. It changed its name to the "Bering Straits Native Association" (BSNA) sometime in 1971.

When Kawerak was incorporated in 1973 it took over the finances and all assets of BSNA, but no action was taken to formally dissolve BSNA. Since then, Kawerak and BSNA have always had the same board of directors. For many years BSNA's only function has been to appoint the BSRHA commissioners. When this duty is required, the Kawerak board adjourns its

Letter to Richard Foster, page two
December 23, 1998

meeting and reconvenes as BSNA. Because BSNA is not incorporated it is not clear it even exists in any meaningful sense other than as an alternative name for Kawerak's board. It's an anachronism kept alive solely because of AS 18.15.996. Kawerak has been the de facto successor in interest to BSNA for many years.

At its December meeting, the Kawerak Board of Directors decided to clean shop by abolishing certain organizational remnants which no longer serve a purpose. They wish to dissolve BSNA, and would prefer that AS 18.55.996 be amended to name Kawerak.

We view this as purely an in-region housekeeping matter which would not change anything substantive about the housing authority or its relationship to Kawerak. If there is some bigger picture concern with AS 18.55.996, please let us know. You or your staff may call Loretta Bullard or myself if you have any questions.

Thank you for your assistance, and good luck with the coming legislative session.

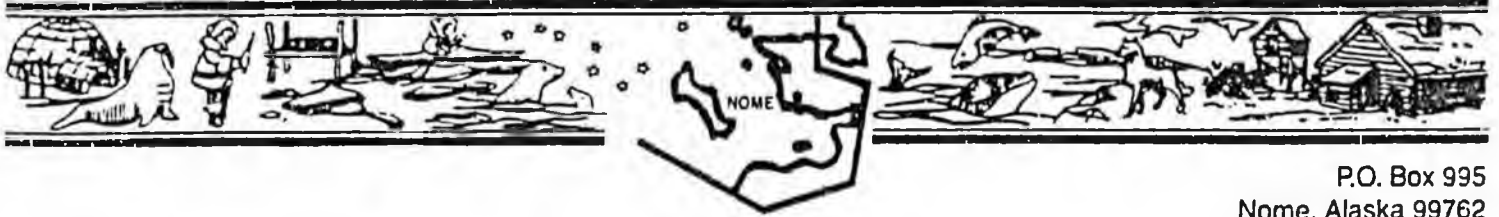
Sincerely,

KAWERAK, INC.



Bruce Baltar
Attorney

cc Richard Foster at Nome address
Bering Straits Regional Housing Authority



P.O. Box 995
Nome, Alaska 99762
443-5256 or 5257
FAX No. (907) 443-2160

BERING STRAITS REGIONAL HOUSING AUTHORITY

January 5, 1999

Representative Richard Foster
Alaska House of Representatives
State Capitol, Room 410
Juneau, AK 99801-1182

Re: Amendment to AS 18.55.996. Regarding Regional Housing Authorities

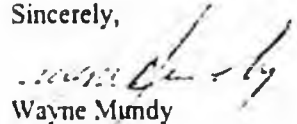
Dear Representative Foster:

You should have in your possession a letter dated December 23, 1998 from Kawerak, Inc. on the reference topic. The proposed amendment to AS 18.55.996 is to change the verbiage from the "Bering Straits Native Association" to "Kawerak, Inc." as they are the legal successor to the Bering Straits Native Association".

Bering Straits Regional Housing Authority supports this technical change. Such a change will not adversely impact the Authority or the Region as a whole.

If you have any questions regarding our support of this request, please call me. Thank you in advance for your support.

Sincerely,


Wayne Mundy
Executive Director

c: Bruce Baltar, Attorney, Kawerak, Inc.
Loretta Bullard, CEO, Kawerak, Inc.
Association of Alaska Housing Authorities.

1-LS0346D
Cook /
2/9/99

CS FOR HOUSE BILL NO. 71(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVE FOSTER

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing Kawerak, Inc., as the regional housing authority for the area
2 that includes the Seward Peninsula, Unalakleet, and St. Lawrence Island."

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

4 * Section 1. AS 18.55.996(a) is amended to read:

5 (a) The following associations are given the authority specified in (b) of this
6 section:

7 (1) Arctic Slope Native Association (Barrow and Point Hope);

8 (2) Kawerak, Inc. [BERING STRAITS ASSOCIATION] (Seward
9 Peninsula, Unalakleet, St. Lawrence Island);

10 (3) Northwest Alaska Native Association (Kotzebue);

11 (4) Association of Village Council Presidents (southwest coast of
12 Alaska including all villages in the Bethel area and all villages on the Lower Yukon
13 River and Lower Kuskokwim River);

14 (5) Tanana Chiefs Conference (Koyukuk, the middle and upper Yukon

- 1 River villages and the upper Kuskokwim and Tanana River villages);
- 2 (6) Cook Inlet Tribal Council (Kenai, Tyonek, Eklutna and Seldovia);
- 3 (7) Bristol Bay Native Association (Dillingham, Upper Alaska
- 4 Peninsula);
- 5 (8) Aleut League (Aleutian Islands, Pribilof Islands and that part of the
- 6 Alaska Peninsula that is in the Aleut League);
- 7 (9) North Pacific Rim Native Corp. (Cordova, Tatitlek, Port Graham,
- 8 English Bay, Valdez, Seward, Eyak and Chenega);
- 9 (10) Tlingit-Haida Central Council or Alaska Native Brotherhood
- 10 (Southeastern Alaska);
- 11 (11) Kodiak Area Native Association (all villages on and around
- 12 Kodiak Island);
- 13 (12) Copper River Native Association (Copper Center, Glennallen,
- 14 Chitina and Mentasta);
- 15 (13) Alaska Federation of Natives, Inc.;
- 16 (14) Sitka Community Association (Baranof and Japonski Island);
- 17 (15) Metlakatla Indian Community (Metlakatla).

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. HB 71

Revision Date: 2/11/99
 Title: An Act Relative to Regional Housing Authorities
 Sponsor: Foster
 Requester: CRA

Dept. Affected _____
 BRU _____
 Component _____
 Component Serial No. _____

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

CHANGE IN REVENUES []						
------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1091 Designated Program Receipts						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY98) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

No Fiscal Impact

Prepared by

Math Cook
JONATHAN LACK

Phone 465-4939

Phone _____

Date 2/9/99

HB

76

HOUSE BILL NO. 76

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE HALCRO

Introduced: 2/3/99

Referred: Community and Regional Affairs

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to an exemption from and deferral of payment on municipal
2 taxes on deteriorated property; and providing for an effective date."

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

4 * Section 1. AS 29.45.050(o) is amended to read:

5 (o) A municipality may by ordinance partially or totally exempt all or some
6 types of deteriorated property from taxation for up to five years beginning on or any
7 time after the day substantial rehabilitation, renovation, or replacement of any structure
8 on the property begins. A municipality may by ordinance permit deferral of payment
9 of taxes on all or some types of deteriorated property for up to five years [beginning
10 on or any time] after the day substantial rehabilitation, renovation, or replacement of
11 any structure on the property begins. However, if the ownership of property for which
12 a deferral has been granted is transferred, all tax payments deferred under this
13 subsection are immediately due and the deferral ends, or, if ownership of ^{any} only part of
14 the property is transferred, all tax payments [attributable to that part] are immediately

including interest

1 due, ~~and the deferral attributable to that part ends.~~ Only one exemption and only one
2 deferral may be granted to the same property under this subsection, and, if an
3 exemption and a deferral are granted to the same property, both may not be in
4 effect during the same time. In this subsection, "deteriorated property" means real
5 property that is commercial property not used for residential purposes or that is multi-
6 unit residential property with at least eight residential units, and that

7 (1) has been the subject of an order by a government agency requiring
8 the property to be vacated, condemned, or demolished by reason of noncompliance
9 with laws, ordinances, or regulations;

10 (2) has a structure on it not less than 15 years of age that has
11 undergone substantial rehabilitation, renovation, or replacement, subject to any
12 conditions prescribed in the ordinance; or

13 (3) is located in a deteriorating or deteriorated area with boundaries that
14 have been determined by the municipality.

15 * Sec. 2. This Act takes effect July 1, 1999.

02/25/99
08:30:05

LEGISLATIVE TELECONFERENCE NETWORK SYSTEM
PARTICIPANT LIST (ALL PARTICIPANTS)
TCN:90208 SCHEDULED FOR:02/25/99 08:00 TO 10:00
PUBLIC HEARING HOUSE COMMUNITY AND REGIONAL AFFAIRS

LTN1150
BY:FBX
FOR:FBX

LOCATION: FAIRBANKS

HB	1	MR.	MARK	DRYGAS	FBX FIRE FIGHTER	TESTIFY
HB	1	MR.	DAN	HOFFMAN	FBX POLICE DEPT	TESTIFY
HB	1	MR.	MATT	SODEN	FNX POLICE DEPT	TESTIFY
HB	1	MR.	RANDY	COFFEY	FBX POLICE DEPT	TESTIFY
HB	1	MR.	DAVE	MAITLEN	FBX POLICE DEPT	TESTIFY
HB	1	MR.	PERRY	WILLIAMSON	FBX POLICE DEPT	TESTIFY



**Anchorage
Downtown
Partnership**

...clean, safe & vital

February 10, 1999

To: House Community on Regional Affairs Committee

Att: Chairman Halcro

RE: HB76

From: Rod Pfeleiger
Executive Director

Dear Representative Halcro:

The statute embodied in SB54, AS29.45.050(o), became law last year. Subsequent to that the Anchorage Assembly passes A098-135 to amend municipal code so that the law could be utilized. The municipal attorney asked for the minor changes to AS29.15.050(o) contained in SB54 in order to make things more clear.

This fits into our mission by allowing financing for residential projects which creates an increase in cleanliness, occupancy rates, investments values and lease income, to decrease crime, and to generally stimulate economic development and improve the quality of life in downtown Anchorage.

Please pass SB54 out of your committee so it may become law.

Sincerely,

Rod Pfeleiger

ALASKA STATE LEGISLATURE

CO-CHAIR
COMMUNITY AND REGIONAL AFFAIRS

VICE-CHAIR
LABOR AND COMMERCE
TRANSPORTATION

SPECIAL COMMITTEE
ECONOMIC DEVELOPMENT AND TOURISM



REPRESENTATIVE ANDREW HALCRO

District 12

STATE CAPITOL, ROOM 418
JUNEAU, AK 99801-1182
(907) 465-4939
FAX (907) 465-2418
1-800-465-4939

INTERIM
716 WEST 4TH
ANCHORAGE, AK 99501
(907) 269-0244
FAX (907) 269-0248

Sponsor Statement HB 76

During the last session, the Legislature approved HB 399, which authorized municipal governments to exempt and defer the payment of municipal taxes on deteriorated property. This legislation is reflected in the addition of subsection (o) to AS 29.45.050.

In response to this legislation, the Anchorage Assembly adopted a Municipal Ordinance (OA-98-135) providing for the tax deferral for deteriorated property to encourage redevelopment.

However, because of ambiguities in the new statute, the Municipality of Anchorage has requested technical amendments to AS 29.45.050. These amendments include:

1. Clarifying that a Municipality may either partially or totally exempt a deteriorated property from property taxes;
2. Providing that the exemption may begin any time on or after substantial rehabilitation begins; and
3. Prohibits an exemption and deferral of property taxes to be in effect simultaneously.

These are minor changes to the statute, but are required to fully realize the intent of the legislation passed last year to encourage rehabilitation of deteriorated properties.

WRITTEN TESTIMONY OF MARGARET J. RAWITZ
IN SUPPORT OF SB 54 AND HB 76

I am an attorney and I have practiced law in Alaska since 1975. I have been closely involved with the legislation providing for municipal authority to grant tax exemptions and tax deferrals for deteriorated property. I researched laws in other states which granted tax exemptions for deteriorated property and drafted the original version of HB 399, which was introduced in the legislature in 1998, and which eventually became codified as AS 29.45.050(o).

After HB 399 was passed, I drafted an ordinance creating a tax exemption and deferral program in the Municipality of Anchorage. This ordinance was passed by the Anchorage Assembly and became codified in AMC 12.35. I have had several discussions with municipal officials regarding certain concerns they have expressed about the interpretation of AS 29.45.050(o) and practical issues relating to timing.

I have drafted SB 54/HB 76, which is now before you. The purpose of SB 54/HB 76 is to clarify language in AS 29.45.050(o) that is potentially confusing. I believe the amendments contained in SB 54/HB 76 will resolve the legal concerns expressed to me by the municipality. Three changes to subsection (o) are proposed in SB 54/HB 76:

- 1) The words "or totally" have been added at line 5, page 1. The original version of HB 399 provided for a partial or total exemption. The bill that finally emerged from committee and became law did not contain the word "totally".

I believe the change may have been the result of a typographical error. I researched the committee reports and could not find any discussion of, or explanation for, the change. It does not make sense to limit the exemption to a partial exemption because no parameters have been specified. By contrast, AS 29.45.050(j) provides for an exemption of "up to 75%". But without such parameters in subsection (o), a 99.9% exemption is permitted as a "partial" exemption. Rep. Joe Ryan, who sponsored HB 399 last year, has advised me that it was his intention to allow a partial or total exemption.

- 2) A change has been made at lines 6-7 and 9-10, page 1. It is not clear whether the statute requires that an exemption or deferral begin only at the time that renovation begins or whether it permits an exemption or deferral to begin at any time after the beginning of renovation. Since most municipalities would prefer to (or are required to) begin a period of exemption or deferral on the first day of the tax year, it is appropriate to permit an exemption to begin at any time on or after the beginning of renovation, since renovation is not likely to begin on the first day of the tax year.

Furthermore, municipalities have an interest in assuring that the renovation is completed. The new language would allow a municipality to delay the exemption and/or deferral until the renovation work has been substantially completed.

- 3) It is not clear whether AS 29.45.050(o) permits a five-year exemption to be followed by a five-year deferral. The addition at lines 2-4 on page 2 makes it clear that a five-year exemption may be followed by a five-year deferral. Again, this was what Representative Ryan intended.

FISCAL NOTE

Revision Date: _____ Dept. Affected: Community & Regional Affairs
 Title: An Act relating to an exemption from and BRU: _____
deferral of payment on municipal ... Component: _____
 Sponsor: REPRESENTATIVES HALCRO, Dyson
 Requestor: House CRA 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:						
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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						
PART-TIME						
TEMPORARY						

Estimate of current (FY99) impact \$ none

ANALYSIS: (Attach a separate page if necessary)

Enactment of this legislation would not have significant fiscal impact on the department

Prepared by: Remond Henderson, Director Phone: 465-4709
 Division: Division of Administrative Services Date: 2/22/99
 Approved by Commissioner: Dale Miller Date: 2/22/99
 Agency: Community & Regional Affairs

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Submitted by: Assemblymember Wohlforth
Prepared by: Assembly Office
For reading: February 2, 1999

CLERK'S OFFICE

APPROVED

Date: 2-2-99

ANCHORAGE, ALASKA
AR NO. 99- 29

A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY SUPPORTING CERTAIN AMENDMENTS TO ALASKA STATUTE 29.45.050(o) REGARDING TAX EXEMPTION AND DEFERRAL FOR DETERIORATED PROPERTY

WHEREAS, in May, 1998, the Alaska Legislature approved HB 399, an act authorizing municipalities to permit, by ordinance, the exemption from, and deferral of payment of, municipal taxes on deteriorated property, and defining 'deteriorated property' for purposes of the exemption or deferral; and HB 399 became law on July 1, 1998 and resulted in the addition of subsection (o) to AS 29.45.050; and

WHEREAS, in September, 1998, pursuant to AS 29.45.050(o), the Assembly adopted AO 98-135, providing for tax exemption and tax deferral for deteriorated property; and

WHEREAS, it has come to the attention of the Municipality that certain ambiguities exist in the state law, AS 29.45.050(o), relating to (1) the intent of the legislature to permit a total exemption, (2) the date when the exemption shall begin, and (3) whether the exemption and deferral are permitted to run consecutively; and

WHEREAS, a bill amending AS 29.45.050(o) has been drafted (see attached) and will be introduced in the state legislature which will clarify the language of AS 29.45.050(o) and will allow partial or total tax exemption for deteriorated property, will permit the exemption to begin on or after the day of substantial rehabilitation, renovation, or replacement of a structure on deteriorated property, and will permit the exemption and deferral to run consecutively for a total of up to ten years; and

WHEREAS, the Assembly finds that the changes to AS 29.45.050(o), as proposed in the draft bill, would benefit the Municipality by stimulating the redevelopment by private enterprise of blighted property within the Municipality.

NOW, THEREFORE, the Anchorage Assembly resolves:

Section 1 That the Assembly supports the proposed amendments to AS 29.45.050(o).

Section 2 That, upon passage and approval, the Municipal Clerk shall forward this resolution to the Alaska Legislature.

PASSED AND APPROVED by the Anchorage Assembly this 2nd day of February, 1999.

[Signature]
Municipal Clerk

ATTEST

[Signature]
Municipal Clerk



UNITED BROTHERHOOD OF
Carpenters and Joiners of America

LOCAL UNION NO. 1281

407 DENALI
SUITE 100
PHONE 275 3833
ANCHORAGE, ALASKA 99501
Fax : 276-7962



February 17, 1999

TO: House Community on Regional Affairs Committee

ATTN: Chairman Halcro

RE: HB76

Dear Representative Halcro:

The statute embodied in HB76, AS29.45.050(o), became law last year. Subsequent to that the Anchorage Assembly passed AO98-135 to amend municipal code so that the law could be utilized. The municipal attorney asked for the minor changes to AS29.45.050(o) contained in HB76 in order to make things more clear.

Please pass HB76 out of your committee so it may become law.

Very truly yours,

Royce R. Rock
Business Manager

Greg Meyer
Director
(907) 343-4755

Elly Gray Jackson
Assembly Analyst
(907) 343-4751

Jay Poutanen
Admin. Assistant
(907) 343-4750



Date: February 10, 1999

To: House Community & Regional Affairs Committee
Attn: Rep. Halcro, Chairman

From: Charles Wohlforth, Assembly Member

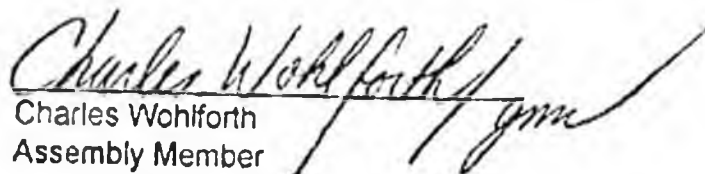
Subject: HB76

Rep. Halcro:

As you know, the statute embodied in HB76 - AS29 45.050(o) - became law last year. Then, the Anchorage Assembly passed AO 98-135 which amended Municipal code so that the law could be utilized. The Municipal Attorney has requested minor changes to AS29 45 050(o) - which are contained in HB76 - in order to make things more clear

I respectfully request that, upon your Committee's review, that this bill be passed out of Committee. I hope you agree with me that this bill should become law.

Sincerely,


Charles Wohlforth
Assembly Member

Tel: 274-2271

Post-It* Fax Note	Date	# of Pages
To Rep. Halcro	7671	
City/Dept	From	
Phone #	Co	
	Phone #	

MARC A. MARLOW

2600 Railroad Avenue
Anchorage, Alaska 99501
Phone: (907) 258-9662 • Fax: (907) 277-0623

February 10, 1999

To: House Community on Regional Affairs Committee

Att: Chairman Halcro

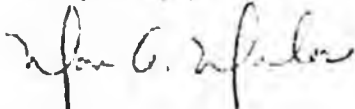
RE: **HB76**

Dear Representative Halcro:

The statute embodied in HB76, AS29.45.050(o), became law last year. Subsequent to that the Anchorage Assembly passed AO98-135 to amend municipal code so that the law could be utilized. The municipal attorney asked for the minor changes to AS29.45.050(o) contained in HB76 in order to make things more clear.

Please pass HB76 out of your committee so it may become law.

Very truly yours,



Marc A. Marlow

HB

92

FISCAL NOTE

Revision Date: _____ Dept. Affected: Community & Regional Affairs
 Title: An Act relating to municipal taxation BRU: _____
of alcoholic beverages Component: _____
 Sponsor: REPRESENTATIVE DAVIS
 Requestor: House CRA Committee COMPONENT SERIAL NO. _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 00	FY 01	FY 02	FY 03	FY04	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						
PART-TIME						
TEMPORARY						

Estimate of current (FY99) impact \$ none

ANALYSIS: (Attach a separate page if necessary)

Enactment of this legislation would not have significant fiscal impact on the department.

Prepared by: Remond Henderson Director *Remond Henderson* Phone: 465-4709

Division: Division of Administrative Services Date: 2.22.99

Approved by Commissioner *Travis Miller* Date: 2.22.99

Agency: Community & Regional Affairs

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FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. HB 92

Revision Date/Time (Note if correction) _____ Dept. Affected Revenue
 Title Municipal taxation of alcoholic beverages BRU ABC Board
 Component ABC Board
 Sponsor Rep. Davis
 Requester House 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						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES

CHANGE IN REVENUES ()

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (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)

Prepared by Dorg Griffin, Director
 Division ABC Board
 Approved by Wilson L. Condon
 Commissioner
 Agency Department of Revenue

Phone 465-2301
 Date/Time February 22, 1999 10:15 AM
 Date 2/22/99

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FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. HB 92

Revision Date/Time (Note if correction) March 3, 1999
Title Municipal Taxation of Alcohol

Dept. Affected Revenue
BRU
Component Revenue Operations
Income and Excise Audit

Sponsor Representative Davies
Requester CRA

Component Serial No. 113

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	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005

CHANGE IN REVENUES (decrease)	**	**	**	**	**	**
-------------------------------	----	----	----	----	----	----

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)

** The proposed legislation may cause the state to lose a small amount of state alcohol tax revenues. This revenue loss would be due to the decrease in consumption because of an increase in price. The percentage change in quantity consumed as a result of a percentage change in price is called the price elasticity of demand. If we assume that some municipalities that currently have no sales tax on alcohol enact one, prices would most likely increase. There are many different estimates of the price elasticity demand for alcohol. They usually differ by the type of alcohol with the lowest elasticity being for beer. I have seen elasticity's that range from -.05 to -1.07 for beer, from -.13 to -1.8 for liquor and from -.27 to -2.37 for wine. One publication suggests the use of -.35 for all alcohol types. This would imply that for a 1% increase in price consumption would decrease by 1/3 of 1%. Given the uncertainties involved and not knowing which if any municipalities will increase their alcohol tax, DOR cannot estimate the loss of revenue.

Prepared by Brett Fried, Economist

Phone 465-3682

Division Income and Excise Audit

Date/Time March 3, 1999

Approved by Wilson L. Condon

Date March 3, 1999

Agency Department of Revenue

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ALASKA STATE LEGISLATURE

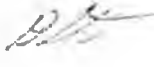
REPRESENTATIVE GARY DAVIS

MEMORANDUM

March 2, 1999

TO: Representative Andrew Halco, Co-Chair
House Community and Regional Affairs Committee

ATTN: Jonathon Lack, Committee Aide

FROM: Deb Davidson, Legislative Aide 
Representative Gary Davis

RE: Backup Material for House Bill 92

Attached are additional back-up materials for inclusion with the committee packets for House Bill 92 scheduled for March 4, 1999. Also, if it is possible, please arrange for the Sitka, Ketchikan, and Fairbanks LIOs to be included with the teleconference sites. I have received requests from individuals in those three places to either listen in or testify.

Thank you for your cooperation.



MAYOR AND CITY COUNCIL
POST OFFICE BOX 1397, KODIAK, ALASKA 99615

TELEPHONE (907) 486-8635
FAX (907) 486-8600

February 28, 1999

Representative Gary Davis
State Capitol
Juneau, Alaska 99811

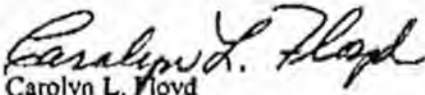
Dear Representative Davis:

Thank you for the foresight to sponsor legislation to address alcohol related social and law enforcement costs incurred by local government. The City of Kodiak supports HB 92. Although some may view this as a revenue source the City of Kodiak views it as one alternative to address costs of alcohol abuse and misuse now absorbed by the general taxpayer. The provision requiring a vote of the people is prudent and a reasonable protection to the liquor industry.

The statistics on alcohol related crime and social problems more than justify a method to tax the cause.

Sincerely,

CITY OF KODIAK


Carolyn L. Floyd
Mayor

cc: City Council
Senator Jerry Mackle
Representative Alan Austerman



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

February 19, 1999

Representative Gary Davis
State Capitol
Juneau, AK 99811

Dear Representative Gary Davis:

Thank you for your introduction of HB 92, "An Act relating to municipal taxation of alcoholic beverages." This issue has been a top priority for the Alaska Municipal League and the Alaska Conference of Mayors for several years, and given the current state budget situation, it is even more important than ever. As pressure increases more and more on local sales and property taxes, municipalities need additional tools to pay for public services.

Under state statute adopted years ago, a special exemption on alcohol sales was granted which prohibited local voters from establishing a higher level on sales tax on alcohol in their community. We would like to stress that **this is not a new tax**, but only removes that restriction, and could only be done with the **approval of local voters**. Alcohol abuse is the number one health and public safety problem in Alaska and alcohol sales should not receive a special exemption.

As you are aware, costs to local taxpayers related to the use of alcohol are stunning. Some of the alcohol-related costs include:

- Police costs for alcohol-related felonies and misdemeanors
- Police costs to transport public inebriates
- Emergency medical services
- Hospital emergency care costs
- Prosecutions
- Direct treatment and rehabilitation of alcohol abusers
- Increase costs of youth and family services related to alcohol use
- Repair to property damage to public facilities
- Health insurance costs paid by local governments and school districts to treat alcohol-related health problems

According to a fact sheet provided by Anchorage's Community Health Promotion Program last year, alcohol is involved in:

- 60 percent of motor vehicle crash fatalities
- 65 percent of suicide attempts
- 56 percent of total assaults
- 56 percent of domestic violence
- 53 percent of sexual assaults
- 34 to 50 percent of homicides
- 83 percent of child abuse.

We recognize the state may continue reducing support for services because of revenue shortfalls. As that burden increases on local tax payers, it is critical they be given the proper tools to take on those burdens. Passage of HB 92 will provide an option to the voters of a community who are best able to decide how they want to allocate their taxes to provide critical local services.

Again, our sincere thanks for recognizing the importance of this issue and if you need any additional information, please let us know.

Sincerely,

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

Kevin C. Ritchie
Executive Director

ALASKA STATE

HOSPITAL & NURSING HOME

ASSOCIATION

February 25, 1999

Representative Carl Morgan
Capitol Building, Room 409
Juneau, AK 99801-1182

Dear Representative Morgan:

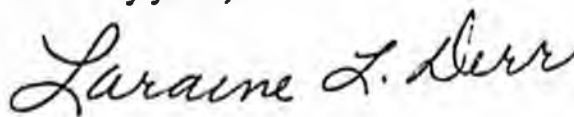
On March 4, 1999, the Community and Regional Affairs Committee will be hearing HB92 that lifts the restriction on municipal taxation of alcoholic beverages.

On behalf of the Alaska Association of Hospitals and Nursing Homes, I am writing in support of HB92. The cost of public inebriation in most of our cities and villages comes in several forms for hospitals. There is the issue of unreimbursed costs of direct care, the supplies and services that are provided in treating the individual. Second, there is the indirect cost of damaged equipment, linen, furniture, etc. as individuals get into or out of hospitals. Third is the cost for security staffing. There are many anecdotal stories that could highlight any one of these areas - which I am sure will be defined in testimony. I will not detail them here but would ask for your support of this bill.

HB 92 would give municipalities the opportunity to put the issue before the voters and let them decide whether the added revenue from a tax on alcoholic products would be beneficial in dealing with the costs of the results of alcohol consumption.

Thank you for your consideration of our letter of support.

Sincerely yours,



Laraine L. Derr
President/CEO

426 Main Street

~~XXXXXX~~ • JUNEAU, AK 99801 • (907) 586-1790 • FAX (907) 463-3573

Chapter 43.60. EXCISE TAX ON ALCOHOLIC BEVERAGES

Sec. 43.60.010. Alcoholic beverage tax.

(a) Every brewer, distiller, bottler, jobber, retailer, wholesaler, or manufacturer who sells alcoholic beverages in the state or who consigns shipments of alcoholic beverages into the state, whether or not the alcoholic beverages are brewed, distilled, bottled, or manufactured in the state, shall pay on all malt beverages (alcoholic content of one percent or more by volume), wines, and hard or distilled alcoholic beverages, the following taxes:

(1) malt beverages at the rate of 35 cents a gallon or fraction of a gallon; (*federal tax is \$.58 a gallon*)

(2) wine or other beverages of 21 percent alcohol by volume or less, at the rate of 85 cents a gallon or fraction of a gallon; and (*federal tax is \$1.07 a gallon*)

(3) other beverages having a content of more than 21 percent alcohol by volume at the rate of \$5.60 a gallon. (*federal tax is \$13.50 a gallon*)

Alaska Department of Revenue, Income and Excise Tax Division
Report of Alcoholic Beverages Distributed or Sold
1998 Taxable Gallons

	Liquor				
	District 1	District 2	District 3	District 4	Total
January	15,517	1,222	91,412	20,560	128,711
February	5,786	568	35,620	7,065	49,039
March	10,593	1,247	42,737	9,100	63,677
April	13,022	1,133	58,744	11,894	84,793
May	11,562	2,072	60,243	12,497	86,374
June	14,666	1,290	51,342	11,418	78,716
July	16,590	1,007	80,769	18,472	116,838
August	16,011	750	56,444	14,751	87,956
September	14,056	4,257	59,031	14,325	91,669
October	13,389	937	56,464	12,732	83,522
November	11,467	1,208	57,775	14,260	84,710
December	13,769	920	67,953	14,239	96,881
Total	156,428	16,611	718,534	161,313	1,052,886

	Wine				
	District 1	District 2	District 3	District 4	Total
January	17,826	553	101,517	19,160	139,056
February	9,710	168	46,150	9,243	65,271
March	13,972	1,057	63,956	12,615	91,600
April	14,766	674	75,675	12,852	103,967
May	17,704	1,442	79,382	13,896	112,424
June	18,651	764	72,525	14,792	106,732
July	23,511	883	89,593	18,971	132,958
August	23,344	545	93,988	17,845	135,722
September	21,156	2,547	80,159	17,109	120,971
October	15,976	761	78,420	15,037	110,194
November	14,477	542	73,643	14,357	103,019
December	18,951	642	92,516	16,416	128,525
Total	210,044	10,578	947,524	182,293	1,350,439

	Beer				
	District 1	District 2	District 3	District 4	Total
January	151,125	1,576	808,011	177,799	1,138,511
February	120,913	895	603,567	147,601	872,976
March	125,953	2,035	552,167	133,583	813,738
April	167,526	2,904	716,563	152,105	1,039,098
May	175,425	26,002	774,168	178,355	1,153,950
June	232,925	23,535	847,940	217,029	1,321,429
July	260,913	535	1,051,676	249,857	1,562,981
August	264,396	1,275	960,478	254,130	1,480,279
September	206,566	54,367	842,844	237,695	1,341,472
October	170,208	6,221	776,194	171,201	1,123,824
November	154,733	898	735,918	181,973	1,073,522
December	131,242	1,867	682,092	155,246	970,447
Total	2,030,683	120,243	8,669,526	2,101,328	12,921,780

	Total Alcohol				
	District 1	District 2	District 3	District 4	Total
January	184,468	3,351	1,000,940	217,519	1,406,278
February	136,409	1,631	685,337	163,909	987,286
March	150,518	4,339	658,860	155,298	969,015
April	195,314	4,711	850,982	176,851	1,227,858
May	204,691	29,516	913,793	204,748	1,352,748
June	266,242	25,589	971,807	243,239	1,506,877
July	301,014	2,425	1,222,038	287,300	1,812,777
August	303,751	2,570	1,110,910	286,726	1,703,957
September	241,778	61,171	982,034	269,129	1,554,112
October	199,573	7,919	911,078	198,970	1,317,540
November	180,677	2,648	867,336	210,590	1,261,251
December	163,962	3,429	842,561	185,901	1,195,853
Total	2,364,435	145,870	10,175,115	2,414,279	15,099,659

Source: State of Alaska, Department of Revenue, Division of Income and Excise Tax Division (www.revenue.state.ak.us/iea/alcohol/)

Alaska Communities by Judicial District: 1998 Population

Community/Borough	Statewide Population = 621,400	
	1998 Pop.	Incorporation Type
Judicial District 1		
Angoon	587	2nd Class City
Coffman Cove	255	2nd Class City
Covenant Life	56	Unincorporated
Craig	2,145	1st Class City
Cube Cove	132	Unincorporated
Edna Bay	56	Unincorporated
Elfin Cove	50	Unincorporated
Game Creek	65	Unincorporated
Gustavus	368	Unincorporated
Haines	1,463	1st Class City
Haines Borough	2,476	3rd Class Borough
Hobart Bay	94	Unincorporated
Hollis	196	Unincorporated
Hoonah	896	1st Class City
Hydaburg	405	1st Class City
Hyder	133	Unincorporated
Juneau	30,684	Unified Home Rule Municipality
Kake	783	1st Class City
Kasaan	41	2nd Class City
Ketchikan	8,460	Home Rule City
Ketchikan Gateway Borough	14,231	2nd Class Borough
Klawock	659	1st Class City
Klukwan	141	Unincorporated
Kupreanof	24	2nd Class City
Lutak	53	Unincorporated
Metlakatla	1,502	Federal Law (Indian Reservation)
Meyers Chuck	31	Unincorporated
Mosquito Lake	95	Unincorporated
Naukatli Bay	168	Unincorporated
Pellcan	149	1st Class City
Petersburg	3,398	Home Rule City
Point Baker	53	Unincorporated
Polk Inlet	19	Unincorporated
Port Alexander	90	2nd Class City
Port Protection	54	Unincorporated
Rowan Bay	2	Unincorporated
Saxman	379	2nd Class City
Sitka	8,779	Unified Home Rule Municipality
Skagway	814	1st Class City
Tenakee Springs	101	2nd Class City
Thorne Bay	597	2nd Class City
Whale Pass	75	Unincorporated
Whitestone Logging Camp	153	Unincorporated
Wrangell	2,589	Home Rule City
Yakutat	810	Home Rule Borough
Total Judicial District 1	84,331	

Alaska Communities by Judicial District: 1998 Population

Community/Borough	Statewide Population = 621,400	
	1998 Pop.	Incorporation Type
Judicial District 2		
Alakanuk	671	2nd Class City
Ambler	315	2nd Class City
Anaktuvuk Pass	308	2nd Class City
Andreafsky	459	<i>Located in City of St. Mary's</i>
Atkasuk	259	2nd Class City
Barrow	4,397	1st Class City
Brevig Mission	274	2nd Class City
Buckland	408	2nd Class City
Chevak	741	2nd Class City
Deadhorse	25	Unincorporated
Deering	156	2nd Class City
Diomedes	176	2nd Class City
Elim	306	2nd Class City
Emmonak	838	2nd Class City
Gambell	670	2nd Class City
Golovin	142	2nd Class City
Hooper Bay	1,039	2nd Class City
Kaktovik	255	2nd Class City
Kiana	402	2nd Class City
Kivalina	349	2nd Class City
Kobuk	102	2nd Class City
Kotlik	552	2nd Class City
Kotzebue	2,964	2nd Class City
Koyuk	296	2nd Class City
Marshall	300	2nd Class City
Mountain Village	793	2nd Class City
Noatak	410	Unincorporated
Nome	3,706	1st Class City
Noorvik	598	2nd Class City
North Slope Borough	9,389	Home Rule Borough
Northwest Arctic Borough	6,844	Home Rule Borough
Nulqsut	459	2nd Class City
Pilot Station	558	2nd Class City
Pitka's Point	151	Unincorporated
Point Hope	787	2nd Class City
Point Lay	209	Unincorporated
Port Clarence	23	Unincorporated
Prudhoe Bay	47	Unincorporated
Russiar Mission	295	2nd Class City
Saint Mary's	494	1st Class City
Saint Michael	362	2nd Class City
Savoonga	632	2nd Class City
Scammon Bay	450	2nd Class City
Selawik	746	2nd Class City
Shaktolik	226	2nd Class City
Sheldon Point	161	2nd Class City
Shishmaref	538	2nd Class City
Shungnak	257	2nd Class City
Stebbins	548	2nd Class City
Teller	262	2nd Class City
Unalakleet	784	2nd Class City
Wainwright	543	2nd Class City
Wales	177	2nd Class City
White Mountain	188	2nd Class City

Total Judicial District 2

47,041

Alaska Communities by Judicial District: 1998 Population

Community/Borough	Statewide Population = 621,400 1998 Pop.	Incorporation Type
Judicial District 3		
Adak	7	Unincorporated
Akhlok	109	2nd Class City
Akutan	408	2nd Class City
Aleknaglk	259	2nd Class City
Aleutians East Borough	2,199	2nd Class Borough
Alexander Creek	36	Unincorporated
Anchor Point	1,188	Unincorporated
Anchorage	258,782	Unified Home Rule Municipality
Atka	115	2nd Class City
Big Lake	2,228	Unincorporated
Bristol Bay Borough	1,297	2nd Class Borough
Butte	2,654	Unincorporated
Chase	56	Unincorporated
Chenega Bay	35	Unincorporated
Chickaloon	208	Unincorporated
Chignik	121	2nd Class City
Chignik Lagoon	70	Unincorporated
Chignik Lake	138	Unincorporated
Chiniak	75	Unincorporated
Chistochina	56	Unincorporated
Clam Gulch	108	Unincorporated
Clark's Point	63	2nd Class City
Cohoe	602	Unincorporated
Cold Bay	103	2nd Class City
Cooper Landing	283	Unincorporated
Copper Center	525	Unincorporated
Copperville	185	Unincorporated
Cordova	2,571	Home Rule City
Crown Point	102	Unincorporated
Dillingham	2,332	1st Class City
Egegik	132	2nd Class City
Eklutna	436	<i>Located in Municipality of Anchorage</i>
Eruk	2	Unincorporated
Ekwok	120	2nd Class City
Eyak	169	<i>Located in City of Cordova</i>
False Pass	58	2nd Class City
Fox River	439	Unincorporated
Fritz Creek	1,998	Unincorporated
Gakona	24	Unincorporated
Glennallen	488	Unincorporated
Hallbut Cove	74	Unincorporated
Happy Valley	400	Unincorporated
Homer	4,155	1st Class City
Hope	135	Unincorporated
Houston	939	2nd Class City
Iglugig	51	Unincorporated
Illamna	102	Unincorporated
Ivanof Bay	30	Unincorporated
Jakolof Bay	51	Unincorporated
Kachemak	419	2nd Class City
Kalifornsky	338	Unincorporated
Karluk	48	Unincorporated
Kasilof	558	Unincorporated
Kenai	7,058	Home Rule City
Kenai Peninsula Borough	48,815	2nd Class Borough
Kenny Lake	490	Unincorporated

Alaska Communities by Judicial District: 1998 Population

Community/Borough	Statewide Population = 621,400 1998 Pop.	Incorporation Type
King Cove	703	1st Class City
King Salmon	480	Unincorporated
Knik	461	Unincorporated
Kodiak	6,859	Home Rule City
Kodiak Island Borough	13,848	2nd Class Borough
Kodiak Station	1,703	Unincorporated
Kokhanok	175	Unincorporated
Koilganek	202	Unincorporated
Lake & Peninsula Borough	1,867	Home Rule Borough
Larsen Bay	127	2nd Class City
Lazy Mountain	1,091	Unincorporated
Levelock	128	Unincorporated
Manokotak	396	2nd Class City
Matanuska-Susitna Borough	55,747	2nd Class Borough
Meadow Lakes	4,823	Unincorporated
Mendeltna	59	Unincorporated
Mentasta Lake	102	Unincorporated
Moose Pass	134	Unincorporated
Naknek	666	Unincorporated
Nanwalek	180	Unincorporated
Nelson Lagoon	80	Unincorporated
New Stuyahok	435	2nd Class City
Newhalen	191	2nd Class City
Nikiski	3,060	Unincorporated
Nikolaevsk	467	Unincorporated
Nikolski	35	Unincorporated
Ninilchik	675	Unincorporated
Nondalton	227	2nd Class City
Old Harbor	297	2nd Class City
Ouzinkie	252	2nd Class City
Palmer	4,318	Home Rule City
Paxson	32	Unincorporated
Pedro Bay	45	Unincorporated
Perryville	107	Unincorporated
Pilot Point	102	2nd Class City
Port Alsworth	63	Unincorporated
Port Graham	190	Unincorporated
Port Helden	126	2nd Class City
Port Lions	242	2nd Class City
Port William	9	Unincorporated
Portage Creek	14	Unincorporated
Primrose	62	Unincorporated
Ridgeway	2,381	Unincorporated
Saint George	173	2nd Class City
Saint Paul	761	2nd Class City
Salamatof	1,135	Unincorporated
Sand Point	830	1st Class City
Seldovia	281	1st Class City
Seward	3,040	Home Rule City
Skwentna	80	Unincorporated
Soldotna	4,134	1st Class City
South Naknek	148	Unincorporated
Sterling	5,888	Unincorporated
Sutton	473	Unincorporated
Talkeetna	366	Unincorporated
Tatitlek	110	Unincorporated
Tazlina	280	Unincorporated
Togalak	801	2nd Class City

Alaska Communities by Judicial District: 1998 Population

Community/Borough	Statewide Population = 621,400	
	1998 Pop.	Incorporation Type
Tonsina	44	Unincorporated
Trapper Creek	353	Unincorporated
Twin Hills	81	Unincorporated
Tyonek	152	Unincorporated
Ugashik	2	Unincorporated
Unalaska	4,285	1st Class City
Valdez	4,155	Home Rule City
Wasilla	5,134	1st Class City
Whittier	306	2nd Class City
Willow	430	Unincorporated
Womens Bay	674	Unincorporated
Total Judicial District 3	481,721	

Alaska Communities by Judicial District: 1998 Population

Community/Borough	Statewide Population = 621,400 1998 Pop.	Incorporation Type
Judicial District 4		
Akiachak	569	Unincorporated
Akiak	316	2nd Class City
Alatna	32	<i>Located in City of Allakaket</i>
Alcan	11	Unincorporated
Allakaket	192	2nd Class City
Anderson	524	2nd Class City
Aniak	576	2nd Class City
Anvik	100	2nd Class City
Arctic Village	117	Unincorporated
Atmautluak	286	Unincorporated
Beaver	125	Unincorporated
Bethel	5,463	2nd Class City
Bettles	25	2nd Class City
Big Delta	519	Unincorporated
Birch Creek	35	Unincorporated
Cantwell	166	Unincorporated
Central	61	Unincorporated
Chalkyitsik	100	Unincorporated
Chefornak	423	2nd Class City
Chitina	91	Unincorporated
Chuathbaluk	112	2nd Class City
Circle	86	Unincorporated
Circle Hot Springs	33	Unincorporated
Coldfoot	17	Unincorporated
College	12,407	Unincorporated
Crooked Creek	144	Unincorporated
Delta Junction	884	2nd Class City
Denali Borough	1,864	Home Rule Borough
Dot Lake	66	Unincorporated
Dry Creek	134	Unincorporated
Eagle	168	2nd Class City
Eagle Village	35	Unincorporated
EEK	309	2nd Class City
Elelson AFB	4,947	Unincorporated
Ester	236	Unincorporated
Evansville	23	Unincorporated
Fairbanks	31,601	Home Rule City
Fairbanks North Star Borough	83,928	2nd Class Borough
Ferry	74	Unincorporated
Fort Greely	686	Unincorporated
Fort Yukon	553	2nd Class City
Fox	326	Unincorporated
Galena	544	1st Class City
Goodnews Bay	256	2nd Class City
Grayling	195	2nd Class City
Gulkana	96	Unincorporated
Harding Lake	30	Unincorporated
Healy	641	Unincorporated
Healy Lake	62	Unincorporated
Holy Cross	277	2nd Class City
Hughes	72	2nd Class City
Huslia	248	2nd Class City
Kaltag	250	2nd Class City
Kasigluk	524	Unincorporated
Kipnuk	556	Unincorporated
Kongiganak	348	Unincorporated

Alaska Communities by Judicial District: 1998 Population

Community/Borough	Statewide Population = 621,400	
	1998 Pop.	Incorporation Type
Koyukuk	130	2nd Class City
Kwethluk	667	2nd Class City
Kwigillingok	324	Unincorporated
Lake Minchumina	46	Unincorporated
Lignite	130	Unincorporated
Ume Village	56	Unincorporated
Lower Kalskag	286	2nd Class City
Manley Hot Springs	94	Unincorporated
McCarthy	33	Unincorporated
McGrath	441	2nd Class City
McKinley Park	184	Unincorporated
Mekoryuk	192	2nd Class City
Minto	251	Unincorporated
Moose Creek	677	Unincorporated
Napaimute	3	Unincorporated
Napaklak	373	2nd Class City
Napasklak	391	2nd Class City
Nenana	435	Home Rule City
Newtok	267	Unincorporated
Nightmute	222	2nd Class City
Nikolai	103	2nd Class City
North Pole	1,619	Home Rule City
Northway	124	Unincorporated
Northway Junction	114	Unincorporated
Northway Village	113	Unincorporated
Nulato	353	2nd Class City
Nunapit'chuk	479	2nd Class City
Oscarville	60	Unincorporated
Platinum	41	2nd Class City
Pleasant Valley	542	Unincorporated
Quinhagak	612	2nd Class City
Rampart	64	Unincorporated
Red Devil	39	Unincorporated
Ruby	204	2nd Class City
Salcha	390	Unincorporated
Shageluk	152	2nd Class City
Siana	59	Unincorporated
Sleetmute	105	Unincorporated
Stevens Village	100	Unincorporated
Stony River	36	Unincorporated
Takotna	58	Unincorporated
Tanacross	88	Unincorporated
Tanana	317	1st Class City
Tellida	2	Unincorporated
Tetlin	73	Unincorporated
Tok	1,214	Unincorporated
Toksook Bay	515	2nd Class City
Tuluksak	421	Unincorporated
Tuntutullak	357	Unincorporated
Tununak	330	Unincorporated
Two Rivers	612	Unincorporated
Upper Kalskag	268	2nd Class City
Venette	245	Unincorporated
Wisemari	19	Unincorporated
Total Judicial District 4	167,493	



ALASKA STATE LEGISLATURE

REPRESENTATIVE GARY DAVIS

HOUSE BILL 92

SPONSOR STATEMENT

"An Act relating to municipal taxation of alcoholic beverages"

In these days of declining revenues and increasing costs, local governments are looking for different avenues to pay for local services. House Bill provides a new option to do this, but only if approved by a majority vote of the local citizenship.

House Bill 92 amends the statutes to allow--NOT require--municipalities to impose a sales tax on alcoholic beverages regardless of whether there is a tax on other kinds of sales. The interpretation of current statutes is that only municipalities with a sales tax on other sales may impose a sales tax on alcohol and then only at the general sales tax rate. This legislation would allow municipalities to impose a sales tax that is equal to, lower than, or higher than, the general sales tax rate.

Local voters would have to decide whether to impose a sales tax on alcohol. As with other municipal taxes, the sales tax on alcoholic beverages and its rate cannot be imposed without approval of the voters in the municipality.

Laws are continually passed that have a direct financial impact on municipalities. For example, state and federal laws require municipalities to care for and protect public inebriates; however, sufficient funding is not always provided for these activities. Such costly services can include public safety, care for inebriates, and alcohol-related social and health problems. This legislation enables municipalities to address these budgeting problems along with others. It provides them with a new option.

HR92/SS/2/10/99

ALASKA STATE

HOSPITAL & NURSING HOME

ASSOCIATION

February 25, 1999

Representative Andrew Halero
Capitol Building, Room 418
Juneau, AK 99801-1182

Dear Representative Halero:

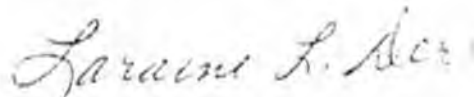
On March 4, 1999, the Community and Regional Affairs Committee will be hearing HB92 that lifts the restriction on municipal taxation of alcoholic beverages.

On behalf of the Alaska Association of Hospitals and Nursing Homes, I am writing in support of HB92. The cost of public inebriation in most of our cities and villages comes in several forms for hospitals. There is the issue of unreimbursed costs of direct care, the supplies and services that are provided in treating the individual. Second, there is the indirect cost of damaged equipment, linen, furniture, etc. as individuals get into or out of hospitals. Third is the cost for security staffing. There are many anecdotal stories that could highlight any one of these areas - which I am sure will be defined in testimony. I will not detail them here but would ask for your support of this bill.

HB92 would give municipalities the opportunity to put the issue before the voters and let them decide whether the added revenue from a tax on alcoholic products would be beneficial in dealing with the costs of the results of alcohol consumption.

Thank you for your consideration of our letter of support.

Sincerely yours,



Laraine L. Derr
President/CEO

426 Main Street

XXXXXXXXXXXXXXXXX • JUNEAU, AK 99801 • (907) 586-1790 • FAX (907) 463-3573



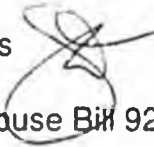
ALASKA STATE LEGISLATURE

REPRESENTATIVE GARY DAVIS

February 17, 1999

MEMORANDUM

TO: Representative Andrew Halcro, Co-Chair
Representative John Harris, Co-Chair
House Community and Regional Affairs Committee

FROM: Representative Gary Davis 

RE: Request for Hearing on House Bill 92 *"An act relating to municipal taxation of alcoholic beverages"*

Please schedule a committee hearing on the House Bill 92 at your earliest convenience. Attached are the following materials for inclusion in the committee packet:

- Sponsor Statement
- Sectional Analysis
- Affected Statutes

Once a hearing has been scheduled, I will forward background information and support material to your staff.

Thank you for your consideration of this request. If you have any questions or would like additional information, please contact Deb Davidson of my staff.



ALASKA STATE LEGISLATURE

REPRESENTATIVE GARY DAVIS

SECTIONAL ANALYSIS

House Bill 92

"An Act relating to municipal taxation of alcoholic beverages"

Section 1: Amends **AS 04.21.010(c)(2)**, regarding municipal regulation, to allow municipalities to impose a sales tax on alcoholic beverages regardless of whether they have a sales tax on other sales. Current statute allows a sales tax on alcoholic beverages only if a sales tax exists on other sales. It also allows the municipality to set the sales tax on alcoholic beverages at a rate equal to, higher or lower than, the sales tax on other sales.

Deletes **AS 04.21.010(c)(3)**, which allows municipalities having sales taxes on alcoholic beverages prior to July 1, 1985, to continue to tax alcoholic beverage sales. This section is no longer needed as all municipalities may impose a sales tax on alcoholic beverages.

Section 2: Amends **AS 29.45.650(a)**, regarding borough sales and use tax, by removing the reference to **AS 04.21.010(c)** in the exceptions. Because municipalities would no longer be restricted in placing a sales tax on alcoholic beverages, this exception is no longer needed.

HB92/SA2/10/99

HB

93

Alaska State Legislature

SESSION

State Capitol Building, Suite 409
Juneau, Alaska 99801-1182
Phone 907-465-4527
Fax 907-465-2197
Toll Free 800-491-4527
E-mail Representative_Carl_Morgan@legis.state.ak.us



MEMBER

Community & Regional Affairs Committee
Health, Education & Social Services Committee
House Resources Committee
Special Committee on Fisheries

INTERIM

P.O. Box 243
Aniak, Alaska 99557
Phone 907-675-4413

Representative Carl M. Morgan, Jr. District 36

MEMORANDUM

To: Representative Andrew Halcro, Co-Chair
Representative John Harris, Co-Chair
Community and Regional Affairs Committee

From: Representative Carl Morgan 

Date: February 10, 1999

Re: Scheduling HB 93

Please accept this memorandum as a formal request in order that HB93 be considered before the Community and Regional Affairs Committee at your earliest convenience.

Attached is a copy of the bill, An Act relating to the Alaska Housing Finance Corporation's rural assistance loan program and to the definition of "housing" for purposes of the corporation's housing assistance loan program; and providing for an effective date. Additionally, a sponsor statement is provided for the committee's information and bill file.

Thank you for your consideration. If you have any questions, please contact me or my staff regarding this bill.

Alaska State Legislature

SESSION

State Capitol Building, Suite 400
Juneau, Alaska 99801-1182
Phone 907-465-4527
Fax 907-465-2197
Toll Free 800-491-4527
E-mail Representative_Carl_Morgan@legis.state.ak.us

MEMBER

Community & Regional Affairs Committee
Health, Education & Social Services Committee
House Resources Committee
Special Committee on Fisheries



INTERIM

PO Box 243
Anchorage, Alaska 99557
Phone 907-675-4413

Representative Carl M. Morgan, Jr. District 36

Sponsor Statement HB 93

“An Act relating to the Alaska Housing Finance Corporation’s rural assistance loan program and to the definition of ‘housing’ for purposes of the corporation’s housing assistance loan program; and providing for an effective date.”

This legislation would modify AHFC’s Rural Mortgage to allow two simple changes:

1. The Rural Mortgage program would allow for refinancing of home loans in the same manner any conventional mortgage allows. While many people across Alaska and the United States have taken advantage of low interest rates to refinance their home mortgages, state law simply does not provide this as an option under the rural lending program.
2. The current definition in state law limits the term “housing” to either single-family and owner-occupied duplexes. This legislation would bring this term into compliance with current industry standards for lending by allowing owner-occupied housing up to four units. Simply, the Rural Mortgage program would be allowed to finance up to four-plexes. This is the same standard that is used by the VA, FHA, Fannie Mae, Freddie Mac and AHFC’s conventional urban loan program.

It is important to note that this bill does not allow the Rural Mortgage loan program to make any kinds of loans that are not allowed under conventional lending practices or industry standards. Simply, the bill attempts to allow the Rural Mortgage loan program to make the same kind of loans allowed for any conventional urban loan program.

For example, in February of 1998, AHFC established a Streamline Refinance program that allowed borrowers with an AHFC urban mortgage to refinance their home loans with minimal transaction costs. By allowing homeowners to take advantage of current low interest rates, AHFC reports that over 1,100 loans were refinanced in 1998. This bill would amend state law to simply allow the same kind of opportunity for rural borrowers.

AHFC’s rural loan portfolio has over 1,100 loans with interest rates over 8% totaling approximately \$115 million. Of these loans, just over 500 have a rate higher than 9%. The current interest rate for the Rural Mortgage loan program is 6.125% for a 30 year loan. Lowering home loans by whole percentage points can lower monthly payments by hundreds of dollars – essentially putting this buying power back into the homeowners pocket and the state economy.

This is not in any sense a “give-away” program. The Rural Mortgage loan program is a revolving fund. AHFC reports that default rates in the Rural Mortgage loan program are generally the same or often less than the rate of defaults on conventional urban loans.

In short, this legislation attempts to make two simple changes that will allow a lending program to make the same kind of loans considered standard practice under convention lending. Not only is it an issue of fairness for rural borrowers, but it is also good business for AHFC. These are good loans, and will also provide financing opportunity to assist the rural housing market.



Headquarters
4300 Boniface Parkway
Anchorage, Alaska
907-358-6100

Mailing Address
PO Box 101020
Anchorage, AK 99510-1020
Internet Web Site
<http://www.ahfc.state.ak.us>

February 18, 1999

The Honorable Carl Morgan
Alaska House of Representatives
State Capitol Building
Juneau, Alaska

Dear Representative Morgan:

This letter is intended to provide comments regarding AHFC's review and analysis of HB 93.

It is the mission of AHFC "to provide Alaskans access to safe, quality, affordable housing." This legislation, as introduced, will allow the corporation to better accomplish its mission and goals for all residents who qualify for this program.

Sectional Analysis

Section 1 of the legislation would allow for refinancing of loans made under AHFC's Rural Mortgage program (page 1, line 13). Current statute allows for the origination and purchase of loans, but does not authorize refinancing of existing loans.

Section 2 amends the definition of "housing" under AHFC's Rural Mortgage program to allow lending for owner-occupied homes of up to four units (page 2, lines 10 & 11). Current statute limits the program to single family homes or duplexes.

Section 3 provides an immediate effective date.

Background Information

The Rural Mortgage program was merged into AHFC in 1992 from the Department of Community & Regional Affairs. Loans are made from the housing assistance loan fund (AS 18.56.420). The following is some general information about the loan program:

- The maximum loan term is 30 years or the remaining economic life of the property.
- Interest rates are established in statute as one percent less than the taxable bond rate.
- Loans made under this program are assumable by qualified borrowers.
- Conventional loans require a minimum down payment of 5 percent on a single-family residence and 10 percent on a duplex. For new construction built by the owner, the maximum financing is 100 percent of allowable cost, not to exceed 95 percent of appraised value on a single family residence, and 90% on a duplex. Loans in excess of 90% financing require mortgage insurance. Higher loan-to-values are available on certain federally insured or guaranteed loans.
- Currently, only single-family homes and duplexes are eligible for this program.
- Loans may only be made for homes located in small communities. "Small community" is defined as a community with a population of 6,500 or less that is not connected by road or rail to Anchorage or Fairbanks, or a community with a population of 1,600 or less that is connected by road or rail to Anchorage or Fairbanks.



"HOUSING FOR ALL ALASKANS"



FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. HB 93

Revision Date/Time (Note if correction) 2/17/99 Dept. Affected Revenue
 Title AHFC Rural Mortgages BRU Revenue Operations
 Component AHFC Operations
 Sponsor Rep. Carl Morgan
 Requester (H) C&RA 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 ()	na	na	na	na	na	na
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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	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

This legislation amends AHFC's Rural Mortgage program to both allow refinancing of existing loans and to amend the definition of "housing" to allow loans for owner-occupied dwellings of up to four units. Existing staff and budget resources will be adequate to handle changes in loan demands that will result from this legislation. AHFC currently has rural mortgage offices in Bethel, Nome, Dillingham, and in its Anchorage headquarters.

Any changes to the net income of AHFC are expected to be minimal. Refinancing of existing loans to lower interest rates will reduce revenues to the corporation by providing savings to the borrowers. However, this reduction in revenues is expected to be offset by revenues from increased loan activity for borrowers interested in financing 3 plexes and 4 plexes. (Additional comments and information is available in AHFC's Bill Analysis.)

Prepared by John W. Bitney, Legislative Liaison
 Division Alaska Housing Finance Corporation
 Approved by Wilson L. Condon
 Commissioner
 Agency Department of Revenue

Phone 465-2301
 Date/Time 2/17/99
 Date 2/19/99

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CORRECTION

THE FOLLOWING DOCUMENT(S)
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Rev. 6/98

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State of Alaska



Headquarters
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907-338-6100

Mailing Address
PO Box 101020
Anchorage, AK 99510-1020
Internet Web Site
<http://www.ahfc.state.ak.us>

February 18, 1999

The Honorable Carl Morgan
Alaska House of Representatives
State Capitol Building
Juneau, Alaska

Dear Representative Morgan:

This letter is intended to provide comments regarding AHFC's review and analysis of HB 93.

It is the mission of AHFC "to provide Alaskans access to safe, quality, affordable housing." This legislation, as introduced, will allow the corporation to better accomplish its mission and goals for all residents who qualify for this program.

Sectional Analysis

Section 1 of the legislation would allow for refinancing of loans made under AHFC's Rural Mortgage program (page 1, line 13). Current statute allows for the origination and purchase of loans, but does not authorize refinancing of existing loans.

Section 2 amends the definition of "housing" under AHFC's Rural Mortgage program to allow lending for owner-occupied homes of up to four units (page 2, lines 10 & 11). Current statute limits the program to single family homes or duplexes.

Section 3 provides an immediate effective date.

Background Information

The Rural Mortgage program was merged into AHFC in 1992 from the Department of Community & Regional Affairs. Loans are made from the housing assistance loan fund (AS 18.56.420). The following is some general information about the loan program:

- The maximum loan term is 30 years or the remaining economic life of the property.
- Interest rates are established in statute as one percent less than the taxable bond rate.
- Loans made under this program are assumable by qualified borrowers.
- Conventional loans require a minimum down payment of 5 percent on a single-family residence and 10 percent on a duplex. For new construction built by the owner, the maximum financing is 100 percent of allowable cost, not to exceed 95 percent of appraised value on a single family residence, and 90% on a duplex. Loans in excess of 90% financing require mortgage insurance. Higher loan-to-values are available on certain federally insured or guaranteed loans.
- Currently, only single-family homes and duplexes are eligible for this program.
- Loans may only be made for homes located in small communities. "Small community" is defined as a community with a population of 6,500 or less that is not connected by road or rail to Anchorage or Fairbanks, or a community with a population of 1,600 or less that is connected by road or rail to Anchorage or Fairbanks.



"HOUSING FOR ALL ALASKANS"



HB 93 letter
February 18, 1999
Page 2

As of February 18, 1999, there are 2,571 Rural Mortgage loans at a value of \$323,825,093.

AHFC believes that allowing the opportunity to refinance existing loans will provide better affordability for many residents. As of February 18, 1999, there are 515 loans at a value of \$48,026,786 with an interest rate of 8% or higher. By allowing these borrowers to take advantage of current interest rates, monthly savings to these borrowers is estimated to range between \$130 and \$200 per month.

As an example, AHFC established a Streamline Refinance program that allowed borrowers with an AHFC urban mortgage to refinance their home loans with minimal transaction costs in February of 1998. To date, 1,499 loans worth over \$128 million have refinanced under the program. While some of these loans resulted in small payment increases for people who refinanced from a 30 to a 15 year loan, nearly 75% of the refinanced loans created average savings of \$193 per month. Put another way - close to \$2 million in buying power was put back into the annual Alaskan economy. HB 93 would allow the same kind of opportunity for borrowers under the Rural Mortgage program.

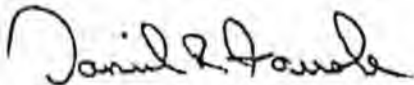
The current definition (AS 18.56.600) limits the term "housing" to either owner-occupied single-family or duplexes for the Rural Mortgage program. HB 93 would bring this term into compliance with current industry standards for lending by allowing owner-occupied housing up to four units. This is the same standard that is used by the VA, FHA, Fannie Mae, Freddie Mac, and AHFC's conventional urban loan programs.

Conclusion

This legislation attempts to make two changes that will allow the Rural Mortgage program to make the same kind of loans considered standard practice under conventional lending. Because the results of this legislation fit within the mission of AHFC to provide affordable and safe housing opportunities for Alaskans, the corporation supports passage of the bill.

Thank you for sponsoring HB 93 and the cooperative efforts you have extended to us in putting this bill together. AHFC staff will be available through the legislative committee process to testify and assist in the discussions. Please do not hesitate to refer anyone with questions or the need for information to contact my office.

Sincerely,



Daniel R. Fauske, CEO/Executive Director
Alaska Housing Finance Corporation

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. HB 93

Revision Date/Time (Note if correction) 2/17/99 Dept. Affected Revenue
 Title AHFC Rural Mortgages BRU Revenue Operations
 Component AHFC Operations
 Sponsor Rep. Carl Morgan
 Requester (H) C&RA Committee Component Serial No. 110

Expenditures/Revenues (Thousands of Dollars)

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

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

FUND SOURCE (Thousands of Dollars)

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POSITIONS

Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
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ANALYSIS: *(Attach a separate page if necessary)*

This legislation amends AHFC's Rural Mortgage program to both allow refinancing of existing loans and to amend the definition of "housing" to allow loans for owner-occupied dwellings of up to four units. Existing staff and budget resources will be adequate to handle changes in loan demands that will result from this legislation. AHFC currently has rural mortgage offices in Bethel, Nome, Dillingham, and in its Anchorage headquarters.

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Prepared by John W. Bitnev, Legislative Liaison
 Division Alaska Housing Finance Corporation
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 Commissioner
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 Date 2/19/99

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**ALASKA HOUSING FINANCE CORPORATION
RURAL LOAN PORTFOLIO**

COMMUNITY	NUMBER OF LOANS	DOLLAR AMOUNT
Anchor Point	27	\$ 3,241,863
Anderson	1	67,500
Aniak	8	880,014
Barrow	131	19,465,492
Beluga	2	196,500
Bethel	207	26,556,379
Bettles Field	1	37,200
Chevak	1	27,000
Chignik	1	65,000
Clam Gulch	2	159,200
Cold Bay	1	120,000
Cooper Landing	2	292,000
Copper Center	11	1,232,147
Cordova	106	11,737,100
Craig	55	7,698,901
Delta Junction	22	1,754,772
Denali Park	1	92,000
Dillingham	70	8,475,057
Dutch Harbor	1	200,000
Eagle	1	54,000
Elfin Cove	1	73,800
Emmonak	1	49,500
Fort Yukon	3	118,275
Gakona	1	118,619