

ALASKA LEGISLATURE COMMITTEE FILES 1999-2000 8672

10097 SENATE LABOR & COMMERCE

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SB 51

Revision Date/Time (Note if correction) _____ Dept. Affected DEC
 Title Relating to barbers, hairdressers, manicurists, BRU EH
and cosmetologists Component Food Safety and Sanitation
 Sponsor (S) CRA
 Requester (S) Labor and Commerce Component Serial No. 2343

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	3.8					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	3.8	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	3.8					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	3.8	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY99) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

SEE ATTACHED

Prepared by Janice Adair, Director Phone 269-7645
 Division Environmental Health Date/Time 2/16/99 10:45 AM
 Approved by Commissioner [Signature] Date 2/16/99
 Agency _____

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SB 51 relating to barbers, hairdressers, manicurists, and cosmetologists
Fiscal Note Details

The department currently has regulations adopted in 1982 relating to some of these establishments. Updating the regulations would be required under this bill. We estimate there are thousands of these types of businesses located throughout the state. Based on prior regulation packages and using a mailing of 3,500, the cost associated with that activity is:

Public Notice published once in 7 papers statewide	\$1,015.00
Copies of the Notice and explanatory letter	\$1,200.00
Postage to mail the Notice	\$1,155.00
Copies of the draft regulations to send upon request (250 copies)	\$ 400.00
TOTAL	\$3,770.00

The department does not currently inspect facilities covered by this legislation, nor are we proposing to start an inspection program. The regulations are essentially self-implementing, and time permitting, we do and would respond to complaints. However, these facilities represent a relatively low public health risk as compared to other establishments regulated by DEC.

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AMENDMENT

OFFERED IN THE SENATE

BY SENATOR MACKIE

TO: SB 52

- 1 Page 2, lines 15 - 16:
- 2 Delete "the service areas of all local exchange carriers that served"
- 3 Insert "a local exchange service area that has"

Alaska State Legislature

Senate



Official Business

State Capitol
Juneau, AK. 99801-1182

Sponsor Statement

SB 52

Telecommunications Competition

Senate Bill 52 requires the Alaska Public Utilities Commission (APUC) to adopt regulations permitting local telephone competition in areas having 5,000 or more lines by July 1, 1999. History has proven competition gives consumers lower costs, increased technology and more choices.

In 1996, Congress passed the Telecommunications Act allowing and promoting local telephone competition nationwide. The APUC exempted Fairbanks and Juneau from full local competition because of fears that competition might harm the existing phone monopoly (PTI). PTI was purchased in 1997 by Century Telephone, which has its headquarters in Louisiana. The purchase of PTI made Century the 10th largest phone company in the United States. Century has since sold its local telephone services to Alaska Communication Systems and affiliated companies (pending regulatory approval).

The fears that promoted the APUC to delay full competition in Fairbanks and Juneau are the same fears that caused the APUC to delay long distance competition in Alaska for many years. As we have all seen, those fears were unfounded and long distance competition produced better quality, new services and lower prices for consumers throughout the state.

Alaska State Legislature

SENATOR
PETER KELLY

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Senate

While in Juneau
State Capitol
Juneau, Alaska
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Senate District P

Sectional

SB 52

An Act providing for competition in local telephone service.

- Section 1.**
- (a) Finds competition in local exchange telephone service to be of benefit to consumers throughout the state.
 - (b) Requires the commission to adopt regulations to enable local competition.
 - (c) The Legislature provides the commission (APUC) with the finding that an applicant for local exchange competition is convenient and necessary for the public. The commission has 90 days to determine if the applicant is fit, willing and able to provide the service.
 - (d) A municipality may not regulate a utility competing in a local telephone exchange under this law.

★

Subscriber Access Lines

ATU (Anchorage)		155,855
PTI (Kenai, etc)	<i>Koonak, N. Pole</i>	58,738
MTA (Matanuska Valley)		45,508
PTI (Fairbanks)		37,338
PTI (Juneau)	<i>23,000</i>	30,063 <i>JMD Doug Ellis</i>
GTE		21,759
Ketchikan Utilities		10,532
<u>United Utilities</u>		<u>5,530</u>
Copper Valley Telephone		5,389
Interior Telephone co. (TeleAlaska)		4,642
Alaska Telephone co. (S.E. Alaska)		4,200
OTZ Telephone (Kotzebue)		3,036
Arctic Slope		2,277
Nushagak Telephone (Bristol Bay)		2,187
Cordova Telephone		1,868
Bristol Bay Telephone		1,852
Tele Alaska - Nukluk		1,228
Bush Tel (Kuskokum)		798
Yukon Telephone		433
Summit Telephone		135

FISCAL NOTE

No. 1
 Bill Version: SB 52
 (S) Publish Date: 3/24/99

STATE OF ALASKA
 1999 LEGISLATIVE SESSION

Revision Date/Time (Note if correction) _____ Dept. Affected Commerce
 Title Competition in local exchange telephone service BRU
 Component Ak Public Utilities Commission
 Sponsor Sen Kelley
 Requester _____ Component Serial No. 364

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	152.2	152.2	152.2	76.1	0.0	
Travel	1.9	1.9	1.9	0.9	0.0	
Contractual	14.2	14.2	14.2	7.1	0.0	
Supplies	3.4	3.4	3.4	1.7	0.0	
Equipment	0.7	0.7	0.7	0.4	0.0	
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	172.4	172.4	172.4	86.2	0.0	0.0

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

CHANGE IN REVENUES ()	172.4	172.4	172.4	86.2	0.0	0.0
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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)	172.4	172.4	172.4	86.2	0.0	0.0
TOTAL	172.4	172.4	172.4	86.2	0.0	0.0

Estimate of any current year (FY99) cost: _____

POSITIONS

Full-time	3.0	3.0	3.0	1.5		
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Please see attached narrative.

Post-It® Fax Note	7671	Date	3/26	# of pages	2
To	Mr. O'Leary	From	Sen Secin		
Co./Dept.		Co.			
Phone #		Phone #			
Fax #	X3517	Fax #	3517		

Prepared by Robert A. Lohr Phone 276-6222
 Division APUC Date/Time 3/23/99 12:56 PM
 Approved by Commissioner Sedwick J. Myrland Date 3/23/99
 Agency _____

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SB 52 - Narrative for Fiscal Analysis

SB 52 directs the commission to "provide for competition in local exchange telephone service in a timely manner" and to "adopt regulations that eliminate impediments to entry for local exchange carriers fit, willing and able to provide service."

SB 52 directs the commission to adopt by July 1, 1999, regulations on universal service and access charges that are compatible with full competition. The first phase of rulemaking proceedings (Dockets R-97-5 and R-97-6) to reform universal service and access charge issues has been completed. Rules have been adopted to remove implicit subsidies from access charges and to create an Alaska universal service fund to ensure the continued availability of services to all customers.

The Bill also directs the commission to adopt by July 1, 1999, any further regulations necessary to allow and promote local exchange competition in the service areas of all local exchange carriers that served 5,000 or more access lines on January 1, 1999. To the extent that SB 52 means that some rural incumbent local exchange telephone companies will face competition the commission expects an increase in the number of tariff filings as competitors and incumbents propose new services and rates.

SB 52 requires that the commission approve or deny applications to provide competitive local exchange telephone service within 90 days after the filing of a complete applications. If the Commission fails to approve or deny an application within 90 days after the Commission has received a complete application, the application is considered approved. To fulfill its statutory responsibility to ensure that only fit, willing and able applicants are certificated to provide service the commission will need to increase its engineering personnel to assure competent analysis and commission consideration within the ninety day period.

Personnel Costs

a) Review of Applications: Assuming an average of one new application for each local exchange telephone company, the engineering section could easily double the number of telephone applications it receives in the first year following implementation of local telephone competition. One full-time Utility Engineering Analyst II will be required to analyze the filings.

b) Review of Tariffs: In June 1998, the Commission adopted rules governing local exchange competition in the Anchorage area. Competitors have begun to introduce new services and modify existing rates which has resulted in increases in the number of tariff revisions filed with the Commission. In the first 8 and one half months in FY99 the Commission has experienced a 30 percent increase in the number of tariff filings as compared to the entire twelve months of FY98--70 percent of that increase is telecommunications related tariff filings. Even under the competitive rules which allow rate changes to go into effect automatically (after 30 days notice to the Commission), a basic review of filings is required to ensure that rates are just and reasonable and that the filings are neither discriminatory nor anti-competitive. Estimate of additional staff required: one full-time Utility Tariff Analyst II. In addition the basic record keeping responsibilities that are created by an increase in tariff filings will require a full time Administrative Clerk II.

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SENATOR JERRY MACKIE

SENATE MAJORITY LEADER

AGENDA

SB 51 LICENSING OF COSMETOLOGISTS

SB 53 EMPLOYMENT PREFERENCE FOR NATIONAL GUARD

**Testimony in support of Senate Bill 53/House Bill 80:
Acts relating to a state employment preference for
certain members of the Alaska National Guard**

Bruce Gazaway, President
Alaska National Guard Enlisted Association

I would like to thank the Chairperson (Sen. Mackie/ Rep. Murkowski) for allowing this time for a discussion of this bill and the primary sponsor (Sen. Kelly/ Rep Morgan) for introducing this beneficial legislation.

Allow me to introduce myself:

- I am the President of the Alaska National Guard Enlisted Association; a group representing the interests of 3,500 enlisted members of the Army National Guard, the Air National Guard and the Alaska Naval Militia.
- I do not, nor does my organization, represent the Department of Military and Veterans Affairs.
- I am a Technical Sergeant, a Non-Commissioned Officer, with 18 years of service in the Guard.
- I am a "Traditional" Guardsman, a part-time citizen soldier. I have a career outside of the guard.
- I have been in both the Army and Air Guard and I have belonged to units in Anchorage, Juneau, Sitka, Hoonah and Skagway.
- I am not a paid staff member, nor am I a paid lobbyist, for this Association - since we have neither.

Allow me to explain what we are asking for and what we hope to accomplish with this legislation.

The existing Employment Preference is a Veterans Preference. Members of the military who served during specifically defined periods of combat are authorized five or ten Veterans Preference Points. We seek neither modification of this system nor any participation in it. We honestly believe that those men and women deserve this extra recognition and we have no desire to diminish their reward.

What we propose is something slightly different. Our three Guard Preference Points are to be awarded to serving members with eight years of good service - this is primarily designed to be a retention tool.

We are asking for Guard Preference Points not as a reward for past service, but to encourage further service. This is an incentive to keep our trained technicians and mid-level managers on the job. We believe this is a modest and low-cost to no-cost incentive for master mechanics, shop foremen, loadmasters, pilots, squad leaders, platoon leaders and the other "worker bees" that make the military function smoothly.

Now we would not object if this bill were to be amended to extend this preference to retired guard members. That, however, is not our focus. Our goal is to keep skilled craftsmen and experienced mid-level managers in the Guard.

We feel that this Guard Preference in state hire will work as an incentive for two reasons. The first reason is tangible- those extra three points just might help a guard member stand out in the crowd of applicants. This just might be what allows a young soldier to qualify for his or her first interview. The second reason is intangible- this preference clearly demonstrates that our service is valued by our state.

You may wonder at our preoccupation with retaining people. The fact is that today the entire United States military faces a retention crisis as the most skilled service members are often lured away in mid-career. The Alaska National Guard also shares this retention problem.

I cannot provide you with the official figures for our retention losses; a spokesperson with the Department of Military and Veterans Affairs will have access to that information. However, based upon my conversations with senior members of the recruiting staff I believe the Army and Air Guard suffer a 10% to 20% dropout rate every year.

I can provide some antidotal evidence. In 1985, as a buck sergeant, I attended a Non-Commissioned Officer Training School at Fort Richardson. Of the twelve people in my squad I am the only one still in service. I was also the oldest member. Those younger could not afford to stay in.

The world, and the U.S. Military, has changed a great deal since 1985. Today, as we speak, there are Alaskan Guard

members training in Germany. In October, in Central America, our Guard members were flying supplies to the victims of Hurricane Mitch. In a matter of months my own unit will fly to Okinawa on a routine training event. The average Guard member can be, and will be, sent anywhere in the world in a matter of hours.

Not only does the Guard now have a global mission, but also we are a more important part of the nations military strength than we were a decade ago. The Guard provides 40% of the nations combat strength.

In recent years members of the Alaska National Guard have often deployed overseas on extended missions. Alaskan Guard members participated in Desert Storm. We were sent to Rwanda and Somalia on Humanitarian Missions. We have sent soldiers and airmen to support peace in Bosnia. We have been back to participate in Operation Desert Watch several times and we will be going back again.

The average Guard member today is more likely to go overseas and is more likely to be deployed for an extended period of time than was the case ten years ago.

Now, of those who go overseas on an extended mission most have to come back and look for work. There are few employers who can afford to let workers go for three to six months. Those individuals who participate in an extended deployment are considered to be volunteers and are not eligible for any of the existing veterans preference programs.

Reasonable people may question the need for this legislation. They may ask if this wouldn't open the door to other groups gaining similar preferences.

I firmly believe that National Guard members constitute a special class. We regularly and voluntarily relinquish the rights and privileges of citizenship in the service of our nation and our state. We are subject to immediate call-up by the President or the Governor. Our situation is unique, shared by no other category of employee.

There are some that may perceive that as unfair to other state employees to allow a Guard Preference in the state hiring process. I disagree. Guard members can be mobilized by both state and federal authorities. Guard members are the only state employees who can be ordered into a combat zone. Guard members are the only state employees who are subject to military discipline.

There are reasonable people who may question the administration of this program. How will the state know if a person has eight years of good service or if they are currently active in the Guard? The simplest solution is to place the burden of proof upon the individual applicant. The applicant should be required to provide a letter from his commander who can verify his service.

Others may question why we would create a program that only effects those who seek state employment. For that

there are two responses. The first is that we simply cannot burden the small businessperson with such a regulation. Secondly the Guard is a unique state asset, so it is fitting that the state government should provide appropriate recognition.

Once again I wish to express my appreciation for this opportunity to be heard. I believe that if this measure is adopted you will have pioneered a low-cost and effective measure for encouraging skilled workers and mid-level managers to stay in the National Guard. In this manner you, as a state legislator, will make a tangible contribution to National Security and the long-term welfare of Alaska.

Thank you.

neral requirement for each position within 988)

employees. (a) An action if the employee is not of a release from a modified work.

ment benefits administration, occupational rehabilitation, and certify that the provisions of this section, or defer to this section.

Occupational rehabilitation to the employee's satisfaction within 180 days after receipt of a written report, probationary or permanent employment by the agency shall cause a

his section but is able to perform the essential functions of the position to the physical and mental capacity exists. Reasonable accommodations shall be made for the tasks performed by the employee to perform the essential functions, and providing

(d) of this section and that is comparable to the essential functions of a position in another agency if the employee is able to perform the essential functions of that

employ the employee if the employee is able to perform the essential functions of a position in another agency if the employee is able to perform the essential functions of that

employment of a former employee on the operation of a position, the injured employee in a manner that would

substantial degree of risk

performed the job. (g) of this section, office, number and type of position needed, and the type,

(i) Notwithstanding any other provision of law, if an injured employee requests reemployment under (e) or (f) of this section and if the employee is able to perform the essential functions of the position, the state may not hire another person for that position except an employee in layoff status for that job class.

(j) A collective bargaining agreement under AS 23.40.070 — 23.49.260 may not include terms contrary to this section.

(k) In this section

(1) "agency" includes a department, division, office, agency, board, commission, authority, or other organizational unit of the executive branch of state government;

(2) "comparable wage" means a wage equivalent to at least the state minimum wage under AS 23.10.065 or 75 percent of the worker's gross hourly wage at the time of injury, whichever is greater;

(3) "injured employee" or "employee" means a permanent, probationary, or provisional employee of an agency in the classified service whose injury is a compensable injury or condition under AS 23.30. (§ 2 ch 86 SLA 1988)

Editor's notes. — Section 3, ch. 86, SLA 1988 terminates the terms of a collective bargaining agreement provides that nothing in ch. 86, SLA 1988 "modifies or terminates the terms of a collective bargaining agreement in existence on August 30, 1988."

Sec. 39.25.159. Employment preference for veterans and prisoners of war.

(a) A veteran or prisoner of war who possesses the necessary qualifications for a job classification applied for under this chapter is entitled to a preference under this subsection. In an examination to determine the qualification of applicants for the classified service under merit system examination, five points shall be added to the passing grade of a veteran, 10 points shall be added to the passing grade of a disabled veteran, or 10 points shall be added to the passing grade of a prisoner of war. A person may receive preference points under only one of these categories. A person may use the preference without limitation when being considered for a position for which persons who are not currently state employees are being considered. If consideration of applicants is limited to state employees, preference points under this subsection may not be counted. If a position in the classified service is eliminated, employees shall be released in accordance with rules that give due effect to all factors. If all job qualifications are equal, a veteran or prisoner of war shall be given preference over a person who was not a veteran or prisoner of war and the veteran or prisoner of war shall be kept on the job. This subsection may not be interpreted to amend the terms of a collective bargaining agreement.

(b) *[Repealed, § 2 ch 56 SLA 1993.]*

(c) In this section,

(1) "disabled veteran" means a veteran who is entitled to compensation under laws administered by the United States Department of Veterans Affairs, a person who was honorably discharged or released from active duty because of a service-connected disability, or a person who was disabled in the line of duty while serving in the Alaska Territorial Guard;

(2) "prisoner of war" means a person who has been a prisoner of war during a declared war or other conflict as determined by the Department of Defense under federal regulations;

(3) "veteran" means a person

(A) with 181 days or more active service in the armed forces of the United States who has been honorably discharged after having served during any period

(i) between April 6, 1917, and December 1, 1919, between September 16, 1940, and December 31, 1947, or between June 27, 1950, and October 14, 1976; or

(ii) in which the person was awarded a campaign badge, expedition medal, the Purple Heart, or an award or decoration for heroism or gallantry in action;

(B) who served 181 days or more in the Alaska Territorial Guard. (§ 2 ch 42 SLA 1990; am § 18 ch 93 SLA 1991; am §§ 1, 2 ch 56 SLA 1993)

Revisor's notes. — Enacted as AS 39.25.150(b)—(d). Renumbered in 1990.

Effect of amendments. — The 1991 amendment, effective September 30, 1991, in subsection (c), inserted "or a person who was disabled in the line of duty while serving in the Alaska Territorial Guard" and made a related stylistic change in paragraph (1), and, in paragraph (3), redesignated the provisions,

added subparagraph (B), and made a related stylistic change.

The 1993 amendment, effective September 5, 1993, in subsection (a), rewrote the fourth sentence, substituted the present fifth sentence for the former fifth sentence, relating to hiring preferences for permanent position recipients in the classified service; and repealed subsection (b).

NOTES TO DECISIONS

Cited in *Moore v. State, DOT & Pub. Facilities*, 875 P.2d 765 (Alaska 1994).

Article 4. Prohibitions.

Section

160. Prohibitions generally

Sec. 39.25.160. Prohibitions generally. (a) A classified employee may not take an active part in the management of a political party above the precinct level.

(b) A person may not give, render, pay, offer, solicit, or accept money, services, or other valuable thing in connection with securing or making an appointment, promotion, or advantage in a position in the classified service.

(c) A person may not require an assessment, subscription, contribution, or service for a political party from a state employee.

(d) A person may not seek or attempt to use a political party endorsement in connection with an appointment or promotion in the classified service.

(e) [See **delayed amendment note.**] An employee in the classified, partially exempt, or exempt service who seeks nomination or becomes a candidate for state or national elective political office shall immediately resign any position held in the state service. The employee's position becomes vacant on the date the employee files a declaration of candidacy for state or national elective office. This subsection applies to employees in the exempt service, except those listed below, notwithstanding AS 39.25.110. This subsection does not apply to

(1) a justice, judges, magistrates, and employees of the judicial branch, including employees of the judicial council;

(2) the governor or the lieutenant governor;

(3) a member of the legislature;

(4) an employee seeking election as a delegate to a constitutional convention;

(5) officers and employees of the University of Alaska;

(6) certificated teachers and noncertificated employees employed by a regional educational attendance area established and organized under AS 14.08.031 — 14.08.041 to teach in, administer, or operate schools under the control of a regional educational attendance area school board;

(7) certificated teachers employed by the Department of Education as correspondence teachers, teachers in skill centers operated by the Department of Education, or teachers at Mt. Edgecumbe School;

(8) members of boards and commissions and authorities if the member is not entitled to compensation other than per diem and travel for service on the board, commission, or authority;

(9) emergency fire-fighting personnel employed by the Department of Natural Resources for a fire emergency or for fire prevention and related activities conducted under AS 41.15.030;

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SB 53

Revision Date: _____
 Title: "An Act relating to a state employment preference for certain members of the Alaska National Guard."
 Sponsor: Senator Kelly
 Requestor: (S) L&C

Department Affected: Administration
 BRU: Personnel
 Component: _____
 COMPONENT SERIAL NO. 56

Expenditures/Revenues: (Thousands of Dollars)
 Note: Amounts do not include inflation unless otherwise noted below

OPERATING EXPENDITURES	FY 2000	FY 2001	FY2002	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						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE: (Thousands of Dollars)

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

Estimate of any current year (FY 99) cost: \$ _____

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

This bill creates no fiscal impact to the Department of Administration.

Prepared by: David Koivuniemi
 Division: Personnel

Phone: (907) 465-2200
 Date: _____

Approved by Commissioner: Robert Poe Jr.
 Agency: Department of Administration

Date: 2/16/99

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MEMBER

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TWENTY-FIRST ALASKA LEGISLATURE

ALASKA STATE SENATE



SENATOR TIM KELLY

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SENATE BILL NO. 53
SPONSOR'S STATEMENT

This bill creates a valuable retention incentive for the Alaska National Guard by establishing a state employment hiring preference for our active Guard members who have served for eight years or more.

Leaders of both the Alaska National Guard Officers Association and the Alaska National Guard Enlisted Association suggested this measure because they are concerned that we are losing many valuable and experienced Guard members following their first enlistment or initial period of service. By adding three points to the passing grade of qualified National Guard members on the state's merit system examination, we can recognize and reward their dedication to our state and encourage their continued service.

We will also be providing state agencies with a talent pool of motivated, mature, disciplined, and drug free team players with a proven dedication to Alaska.

02/10/1999 11:00 1001790000

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PAGE 01

CITIZEN SOLDIERS

Alaska National Guard Enlisted Association

P.O. Box 5302, Fort Richardson, AK 99505-5302

Senator Tim Kelly (SB 53)
State Capitol Building, Suite 101
Juneau, Alaska 99801-1182

February 15, 1999

Dear Senator Kelly:

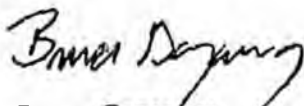
The Alaska National Guard Enlisted Association strongly urges the members of the House Military and Veterans Committee to support Senate Bill 53. This bill will have an important impact on retention of Guard members with eight or more years of service. Retention of these experienced soldiers is critical to the Guard's growing role in our nation's defense.

Senate Bill 53, if passed, will also serve as an important symbol of the state Legislature's recognition of the sacrifice Alaska Guard families make for their nation's defense. Each year, Guard members spend 40 to 45 training days away from their families.

Over the last decade, hundreds of Alaska Guard members have volunteered to support peacekeeping operations in such places as Bosnia and Iraq. When these soldiers return home they face unemployment because as volunteers they have no re-employment rights. SB53 will help rectify this situation.

Although benefits such as state veterans preference points are an important retention and recruitment tools, yet what really drives men and women to volunteer for the armed forces is a desire to serve. Service in United States armed forces requires subordination of individual rights and common privileges of citizenship. No other group in this country sacrifices more in these terms than the enlisted ranks of our armed forces. Anything the legislature does to acknowledge this kind of service will be appreciated by the Enlisted Association, which represents the political interests of the 3,500 enlisted soldiers of the Alaska National Guard.

Sincerely,



Bruce Gazaway
President
Alaska National Guard Enlisted Association



ALASKA NATIONAL GUARD OFFICER'S ASSOCIATION

200 West 34th Avenue, Suite 727 Anchorage, Alaska 99503

February 11, 1999

Honorable Tim Kelly
State Capitol Building, Room 101
Juneau, AK 99801-1182

Dear Senator Kelly,

On behalf of the Alaska National Guard Officer's Association (ANGOA) I am writing today in support of **Senate Bill No. 53**, an act relating to a state employment preference for certain members of the Alaska National Guard.

The three point preference recognizes the service that the Alaska National Guard provides to the people of Alaska and the nation. National Guard members are called upon on an increasing frequency to assist in time of state emergency and federal service. This bill will provide an additional incentive for the retention of mid-career service men and women who have received a great deal of training and are critical to the success of the National Guard.

When state employees are also members of the Alaska National Guard, synergistic efficiency results. In time of state emergency, this cross-pollination of skills facilitates interdepartmental coordination and the speed and efficiency of disaster response.

The choice of providing a three point preference is appropriate. It recognizes the contributions of National Guard service without diminishing or placing it on par with the contributions of veterans who served during a time of war and/or were disabled or a prisoner of war.

The Alaska National Guard Officer's Association (ANGOA) represents the leadership of the 4,000 Army and Air Guard men and women in Alaska. If I may be of further assistance please contact me at (907) 694-3874 or by fax at (907) 694-3832.

Sincerely,

A handwritten signature in black ink that reads "Bruce J. Gabrys". The signature is written in a cursive, flowing style.

Bruce J. Gabrys
President

S B

54

FISCAL NOTE

Revision Date: _____ Dept. Affected: Community & Regional Affairs
 Title: An Act relating to an exemption from and BRU: _____
deferral of payment on municipal taxes ... Component: _____
 Sponsor: SENATE CRA COMMITTEE
 Requestor: Senate Labor and Commerce 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
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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)

This legislation provides for an optional municipal tax exemption by municipalities. 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: 2/5/99
 Approved by Commissioner: *RA for m.c. Leann* Date: 2/5/99
 Agency: Community & Regional Affairs

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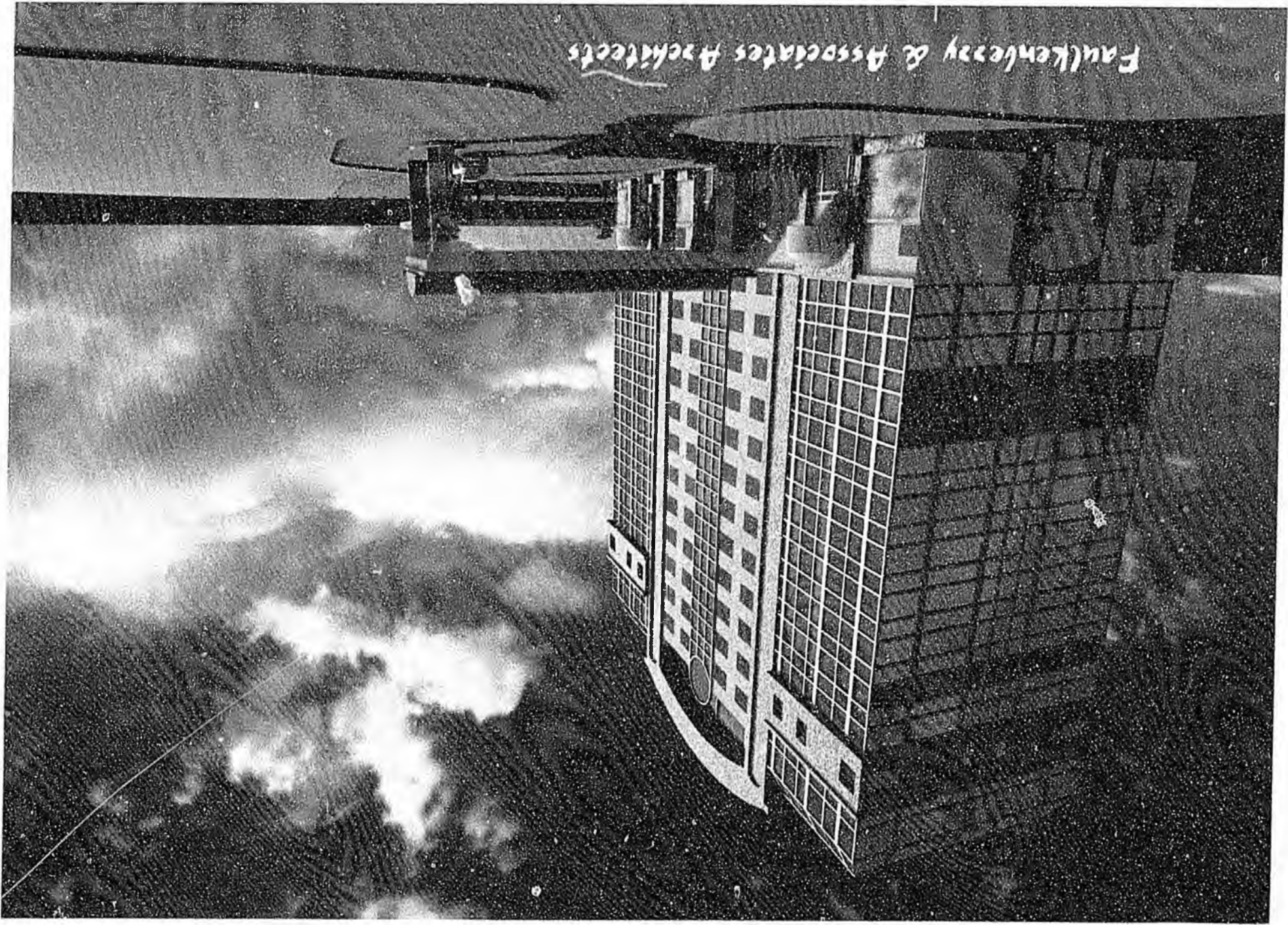
Faulkenberry & Associates Architects





Faulkenberry & Associates Architects

Faulkner & Associates Architects



**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.



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 1073-98

Meeting Date: November 17, 1998

From: Mayor

Subject: Application for Tax Exemption and Tax Deferral for Deteriorated Property

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6 In September the Assembly approved changes to the Anchorage Municipal Code that allowed for
7 consecutive partial exemption and partial deferral of real property taxes for property designated
8 as deteriorated (AO 98-135[S-1]). The Assembly also designated as Deteriorated Area all the
9 property between Cordova and Eagle Streets and 3rd and 4th Avenues (AO 98-136[S]). Mr. Marc
10 Marlow, in accordance with AMC 12.35, applied to the Chief Fiscal Officer for an exemption for
11 99% of the property taxes due for a period of five years and a tax deferral for a period of five
12 years commencing upon the exhaustion of the tax exemption for all property between Cordova
13 and Eagle Streets and 3rd and 4th Avenues. The Administration has reviewed Mr. Marlow's
14 application, discussed it with him and now recommends the Assembly approve his application
15 for exemption and deferral subject to the following conditions precedent to the effectiveness of
16 the exemption and deferral:
17

- 18
19
20 ■ That Mr. Marlow secure title to all the property between Cordova and Eagle Streets and 3rd
21 and 4th Avenues. Mr. Marlow currently owns or has options to buy all the property identified
22 above. If he cannot get title to all the property, he will be unable to renovate the structure
23 known as the McKay Building.
24
25
26 ■ That substantial renovation on the structure known as the McKay Building begin by July 1,
27 1999. Mr. Marlow has stated he needs the exemption and deferral to secure the financing to
28 renovate the McKay Building into quality apartments. Mr. Marlow has indicated substantial
29 renovation will begin in the summer of 1999.
30
31
32 ■ That the McKay Building be converted into quality apartments. AO 98-136(S) indicated that
33 the substantial renovation on the McKay Building would end up with quality apartments.
34 The feasibility report prepared by O'Connor Consulting Group, LLC evaluated the feasibility
35 of a high rise apartment complex. They concluded the project of quality apartments was
36 feasible if the MOA granted both a five-year tax exemption and a five-year tax deferral. If
37 something other than a quality high-rise apartment is constructed, the feasibility is in
38 question.
39
40
41 ■ That the property between Cordova and Eagle Streets and 3rd and 4th Avenues be replatted
42 into three lots as stated in Mr. Marlow's application for tax exemption and deferral. In Mr.
43 Marlow's application he indicated he was going to replat the area into three lots. Since State
44 law has restrictions on what can qualify for exemption and that a piece of property can be
45 granted only one exemption, this replatting must occur first to allow the granting of the
46 exemption and deferral.
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- That AMC 12.35 comply with State law.
- That the Municipal Attorney issue a written opinion that AMC 12.35 is in compliance with State law. The Municipal Attorney has advised the Administration that AMC 12.35 currently does not comply with State law. Mr. Marlow has indicated he will attempt to have the State law changed in the next session.

These conditions were developed with Mr. Marlow's input and concurrence per the Brian R. O'Conner, MAI and Scott A. Wilson, *Market & Feasibility Study of the Proposed: McKay Building Renovation Project, East Fourth Avenue and Denali Street, Anchorage, Alaska, May 22, 1998, Ref. No. 98-075* attached hereto as Exhibit A. and incorporated herein by reference.

The Administration recommends approval of AR No. 98- 363 .

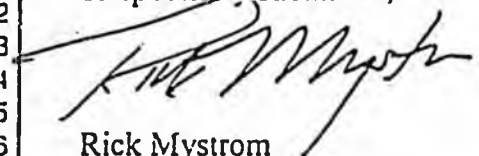
Concurrence:


George Vakalis
Municipal Manager


Prepared by:


Soren Orley
Chief Fiscal Officer

Respectfully submitted,


Rick Mystrom
Mayor

Concurrence:


Elaine Christian
Executive Manager



O'CONNOR
CONSULTING
GROUP, LLC

500 UNION STREET
SUITE 650
SEATTLE, WA 98101

June 25, 1998
Ref. No. 98-075

Mr. John G. Henkle
SEATTLE MORTGAGE
1800 - 112th Avenue NE, Suite 300
Bellevue, Washington 98006

RE: Market and Feasibility Study of the Proposed McKay Building Renovation Project
in Anchorage, Alaska.

Dear Mr. Henkle:

In accordance with your request, we have performed a review of the subject's immediate market area and have provided a detailed market and feasibility study for the proposed development scenario. This study provides an analysis of current and anticipated market conditions for the proposed use of the subject property as a high-rise apartment building.

Please understand that this report is not intended to serve as an appraisal of the subject property's site or proposed improvements. While a range of investment values are estimated within this analysis, these are intended to serve as a basis for determining a likely range of investment yields produced by the development process. We believe that the range of investment values estimated has a high probability of encompassing the market value of the proposed development at completion of construction and would, therefore, provide a reasonable basis of reviewing the investment potential of the development.

Specifically, it should be noted that the range of investment values and performance statistics have been based on a review of preliminary plans, specifications, and costs for the proposed improvements as provided by the developer. A variety of economic, demographic, and market data has also been reviewed for the purposes of estimating the market rents and operating expenses of the completed development, as well as a range of capitalization rates, absorption rates, and other investment criteria. The reliability of the analyses undertaken are limited by the preliminary nature of the improvement plans, appropriate comparable data, and the lack of correlating analyses (i.e., Cost and Sales Comparison Approach) which are typically included in a self-contained appraisal report. Please note specific assumptions and limiting conditions that are referenced within the body and addenda of the attached feasibility report.

In regards to market balance and effective demand for the subject, our review of current and anticipated apartment market conditions suggests that there will be sufficient demand for the subject units to provide reasonable absorption at the time of completion.

Mr. John G. Henkle

June 25, 1998

Page Two

A number of factors contribute to this conclusion. These include a forecast for continued stability in the regional economy and housing markets, favorable demographic demand factors, and long-term downtown housing needs. These factors are expected to produce a climate that is favorable for new development.

A number of specific marketability issues have been raised in this analysis. A high-rise apartment building, such as the subject, represents a significant departure from the vast majority of this market's inventory. Development of this kind is generally produced at that point in a city's life cycle where land development pressures and "cosmopolitan" urban energy begins to emerge. The process of such "in-fill" development necessarily begins in marginal neighborhoods where vacant, well depreciated, low intensity improvements are found. These transitional neighborhoods give rise to concerns over market appeal; however, it is our belief that appropriate marketing, design, and management solutions exist that can easily mitigate these issues. A number of these solutions are highlighted in the body of the report.

In terms of financial feasibility, our analysis of the project's investment potential leads to a general, if conditional, assessment. Three particular factors play a significant role in this judgement. First, we have undertaken to work with the developer in order to optimize the unit mix and efficiency of the architectural plan. It is our belief that the average unit size of the project must stay at or below approximately 650 square feet and that corresponding building efficiency ratios must remain near or above 80% in order to produce the highest possible income. Naturally, the buildout of the units and common areas should be commensurate with these rent levels and have been assumed to exceed the standard for the market.

Of the two remaining factors that will help ensure the project's success, the most critical would appear to be the tax abatement program that has been approved for use in developments such as the subject. While specific approval for its application in the subject's case has not been made as of completion of this analysis, it is considered likely. In terms of significance, we believe that the benefit of the ten-year program, whether calculated as a net present value or as an annual boost to equity cash flow, comprises between 50% and 100% of the venture's investment returns. Finally, to a lesser extent, the advantageous HUD financing plays a secondary, but contributory role to the improvements as well.

Mr. John G. Henkle
June 25, 1998
Page Three

We hope the report that follows will provide an appropriate foundation for your underwriting process. Please call if we can be of further assistance or clarify any questions you may have.

Sincerely,

O'CONNOR CONSULTING GROUP, LLC



Brian R. O'Connor, MAI



Scott A. Wilson, Associate

Greg Moyer
Director
(907) 343-4755

Elvi Gray-Jackson
Assembly Analyst
(907) 343-4751

Joy Paraleon
Admin. Assistant
(907) 343-4750



Date: February 10, 1999

To: Senate Labor & Commerce Committee
Attn: Senator Mackie, Chairman

From: Charles Wohlforth, Assembly Member

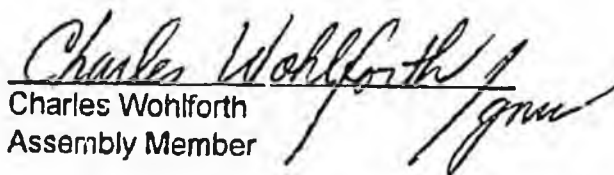
Subject: **SB54**

Senator Mackie:

As you know, the statute embodied in SB54 - 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 SB54 - 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

632 W. 6th Avenue, Suite 160 • Anchorage, Alaska 99501 • FAX: (907) 343-4780
www.ci.anchorage.ak.us/Assembly

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Co./Dept.		Co.	

Alaska State Legislature

Senator Tim Kelly, Chairman
Senator Gary Wilken, Vice-Chairman
Senator Randy Phillips
Senator Jerry Ward
Senator Lyman Hoffman



Session:
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Juneau, AK 99801
(907) 465-4823

Interim:
716 W. 4th Avenue
Suite 400
Anchorage, AK 99501-2133
(907) 269-0146

Senate Community & Regional Affairs Committee

Monday, Wednesday, & Friday
1:30 PM Fahrenkamp Room

Sponsor Statement

Senate Bill 54

Senate Bill 54, clarifies the Alaska Statute we passed last year to allow an exemption from the payment of municipal taxes on deteriorated property. Senate Bill 54 also permits a deferral of payment of these taxes in order to allow the owners of such property the fiscal capability to renovate, rehabilitate or replace the structure that they own. This property includes some qualifying multi-unit residential property and commercial property that is not used for residential purposes. However, the tax exemption, on this property, begins on the day or any time after the day, that substantial renovation, rehabilitation or replacement begins, and may continue for up to five years.

However, Senate Bill 54 does not allow for a tax deferral to carry over to new owners once the rehabilitation is completed. Therefore, this bill does not allow the owner of tax deferred property to elude paying taxes on their deteriorating property after an ownership change. Lastly, this bill does not allow both a deferral and an exemption to be granted to the same property at the same time.

There is no known opposition to this clarification, as both the Anchorage Mayor and the Assembly support it.

A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE SUPPORTING CERTAIN AMENDMENTS TO AS 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) 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 proposed in the amendment would benefit the Municipality by stimulating the redevelopment by private enterprise of blighted property within the Municipality;

NOW, THEREFORE, THE ANCHORAGE ASSEMBLY RESOLVES:

That it supports the proposed amendments to AS 29.45.050(o); and

That the Municipal Clerk shall forward this resolution to the Alaska Legislature.

1 CLERK'S OFFICE
2 AMENDED AND APPROVED

3 Date: 9-15-98

Submitted by: Assembly Member Wohlforth
Prepared by: Margaret J. Rawitz,
Hoge & Lekisch
For reading: September 15, 1998

4 ANCHORAGE, ALASKA
5 AO NO. 98-135(S-1)

6 AN ORDINANCE AMENDING AMC SECTIONS 12.35.005, 12.35.010 AND
7 12.35.025 AND PROVIDING FOR TAX EXEMPTION AND TAX DEFERRAL FOR
8 DETERIORATED PROPERTY.

9 THE ANCHORAGE ASSEMBLY ORDAINS:

10 Section 1: AMC 12.35.005 is amended by adding the following new definitions to
11 read:

12 *Deteriorated area* means an area which meets one or more of the
13 following criteria: unsafe, unsanitary or overcrowded buildings; vacant,
14 overgrown and unsightly lots of ground; a disproportionate number of tax
15 delinquent properties; excessive land coverage; ~~defective design or~~
16 ~~arrangement of buildings, street or lot layouts;~~ economically or socially
17 undesirable land uses. Property adjacent to areas meeting these criteria, but
18 which would not otherwise qualify, may be included within the deteriorated
19 area designated if the Assembly determines that new construction on such
20 property would encourage, enhance or accelerate improvement of the
21 adjacent deteriorated properties.

22 *Deteriorated property* means real property that is commercial property
23 not used for residential purposes or that is multi-unit residential property with
24 at least eight residential units, that is located in a deteriorated area with
25 boundaries that have been determined by the municipality after a public
26 hearing and findings of fact by the Assembly establishing the deteriorated
27 condition, and that

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

2) has a structure on it not less than 15 years of age that has
undergone substantial rehabilitation, renovation, or replacement.

Rehabilitation means repair, replacement, construction or
reconstruction, including alterations and additions, having the effect of
rehabilitating a deteriorated property so that it becomes habitable or attains
higher standards of safety, health, economic use or amenity, or is brought
into compliance with laws, ordinances or regulations governing such
standards. Ordinary upkeep and maintenance shall not be deemed

1 rehabilitation.

2
3 Section 2: AMC 12.35.010 is amended by adding the following new subsections
4 to read:

5 C. Deteriorated property shall be partially exempt from taxation under
6 chapter 12.15 for up to five years starting in the year beginning January 1
7 after

8 1) an application for exemption has been approved in accordance with
9 section 12.35.025, and

10 2) substantial completion or beneficial occupancy of the rehabilitation,
11 renovation or replacement.

12 D. Deteriorated property shall be subject to a deferral of payment of
13 taxes under chapter 12.15 for up to five years starting in the year beginning
14 January 1 after -expiration of any exemption in accordance with AMC
15 12.35.010(C).

16 E. Deferred taxes shall be assessed in the year of deferral in
17 accordance with chapter 12.15 and any appeal of an assessment of deferred
18 taxes shall be filed in accordance with AMC 12.05.055 within 30 days from
19 the date the assessment notice was mailed.

20 F. The deferral shall be effective until the ownership of the property
21 for which a deferral has been granted is transferred. Upon transfer of title,
22 all tax payments deferred under this subsection are immediately due and the
23 deferral ends, or, if ownership of only part of the property is transferred, all
24 tax payments attributable to that part are immediately due and the deferral
25 attributable to that part ends. This section does not apply to a lease of all or
26 part of the property.

27 G. Only one exemption and only one deferral may be granted to the
28 same property.

29 Section 3: AMC 12.35.025 is amended by deleting the bracketed portions and
30 adding the portions that are underlined, as follows:

31 A. Application to establish real or personal property as economic
32 development property or qualified inventory under this chapter shall be made
33 in writing to the chief fiscal officer or his designee. The application shall
34 contain:

- 35 1. A description of the property for which the application is made
36 and the business in which it is to be used;
37 2. A description of the employment and eligible jobs created or
38 sustained by the property;

- 1 3. Demonstration that the property meets the requirements of this
- 2 chapter;
- 3 4. Evidence that an exemption is necessary to the operation of the
- 4 business and the creation of employment or eligible jobs;
- 5 5. Financial statement of the applicant; and
- 6 6. Other information as may be required by the finance

7 B. Application for a tax exemption and tax deferral for deteriorated
8 property under this chapter shall be made in writing to the chief fiscal officer
9 or his designee. The application for tax exemption and deferral may be
10 submitted and approved prior to the commencement of rehabilitation work.
11 The application shall contain:

- 12 1. A description of the property for which the application is made;
- 13 2. Demonstration that the property meets the requirements of this
- 14 chapter;
- 15 3. Other information as may be required by the finance
- 16 department.

17 C[B]. The designee of the chief fiscal officer, which may be a
18 contractor of the municipality, shall verify the eligibility for the application
19 and shall submit it to the chief fiscal officer. The chief fiscal officer shall
20 advise the mayor and the assembly as to the eligibility of the proposed
21 exemption and deferral within 30 days after receiving the application from
22 his designee or contractor. If the application is recommended for approval
23 by the chief fiscal officer, a resolution may be submitted by the mayor to the
24 assembly for action. If the application is denied by the chief fiscal officer or
25 a resolution is not submitted by the mayor, the applicant may appeal directly
26 to the assembly.

27 D[C]. The assembly may set a public hearing on an application
28 recommended for approval by the mayor. The assembly may grant an
29 exemption to the extent that the property is determined to be deteriorated
30 property, economic development property or qualified inventory. The
31 assembly shall make an effort to treat similarly situated deteriorated
32 property, economic development property and qualified inventory in a
33 reasonable and equitable manner as practicable.

34 E[D]. The grant or denial of an exemption and deferral by the
35 assembly is a discretionary act which will not give rise to any claim against
36 the municipality or its agents.

37 F[E]. The owner of economic development property or qualified
38 inventory shall certify annually to the chief fiscal officer or his designee that
39 the employment and number of eligible jobs upon which approval was
40 granted, if any, remain in existence and that the property remains eligible for

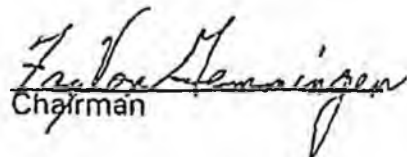
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exemption pursuant to this chapter. All books and records of the owner shall be subject to the inspection of the chief fiscal officer for a period of three years after the annual certification is made. If the property is determined to be wholly or partially ineligible, the exemption or deferral shall terminate to the extent of the deficiency, whether in eligible jobs or other failed conditions, and all sums that would have been levied in that year shall be due and payable to the municipality with interest, if any is due, as if such property has been subject to regular taxation. Deficiencies in number of eligible jobs shall be calculated on the basis of the exemption granted for each eligible job. Other deficiencies shall be calculated based on that portion of the tax year for which exemption was granted remaining at the time the deficiency arose.

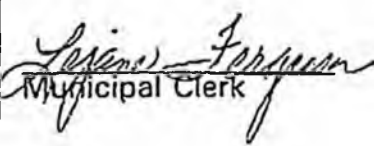
G[F]. The chief fiscal officer may, consistent with title 7, contract with an entity to receive and review applications for tax exemption and deferral and to verify annual certifications that economic development property or qualified inventory remains eligible for exemption, pursuant to this section. If such a contract is entered into, the chief fiscal officer shall be deemed to have received the application for the purposes of subsection C[B] of this section when he receives it from the contractor.

Section 4: This ordinance shall become effective immediately upon passage and approval by the Anchorage Assembly.

PASSED AND APPROVED by the Anchorage Assembly this 15th day of September, 1998.


Chairman

ATTEST:


Municipal Clerk



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 1073-98

Meeting Date: November 17, 1998

From: Mayor

Subject: Application for Tax Exemption and Tax Deferral for Deteriorated Property

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In September the Assembly approved changes to the Anchorage Municipal Code that allowed for consecutive partial exemption and partial deferral of real property taxes for property designated as deteriorated (AO 98-135[S-1]). The Assembly also designated as Deteriorated Area all the property between Cordova and Eagle Streets and 3rd and 4th Avenues (AO 98-136[S]). Mr. Marc Marlow, in accordance with AMC 12.35, applied to the Chief Fiscal Officer for an exemption for 99% of the property taxes due for a period of five years and a tax deferral for a period of five years commencing upon the exhaustion of the tax exemption for all property between Cordova and Eagle Streets and 3rd and 4th Avenues. The Administration has reviewed Mr. Marlow's application, discussed it with him and now recommends the Assembly approve his application for exemption and deferral subject to the following conditions precedent to the effectiveness of the exemption and deferral:


- That Mr. Marlow secure title to all the property between Cordova and Eagle Streets and 3rd and 4th Avenues. Mr. Marlow currently owns or has options to buy all the property identified above. If he cannot get title to all the property, he will be unable to renovate the structure known as the McKay Building.
- That substantial renovation on the structure known as the McKay Building begin by July 1, 1999. Mr. Marlow has stated he needs the exemption and deferral to secure the financing to renovate the McKay Building into quality apartments. Mr. Marlow has indicated substantial renovation will begin in the summer of 1999.
- That the McKay Building be converted into quality apartments. AO 98-136(S) indicated that the substantial renovation on the McKay Building would end up with quality apartments. The feasibility report prepared by O'Connor Consulting Group, LLC evaluated the feasibility of a high rise apartment complex. They concluded the project of quality apartments was feasible if the MOA granted both a five-year tax exemption and a five-year tax deferral. If something other than a quality high-rise apartment is constructed, the feasibility is in question.
- That the property between Cordova and Eagle Streets and 3rd and 4th Avenues be replatted into three lots as stated in Mr. Marlow's application for tax exemption and deferral. In Mr. Marlow's application he indicated he was going to replat the area into three lots. Since State law has restrictions on what can qualify for exemption and that a piece of property can be granted only one exemption, this replatting must occur first to allow the granting of the exemption and deferral.

- That AMC 12.35 comply with State law.
- That the Municipal Attorney issue a written opinion that AMC 12.35 is in compliance with State law. The Municipal Attorney has advised the Administration that AMC 12.35 currently does not comply with State law. Mr. Marlow has indicated he will attempt to have the State law changed in the next session.

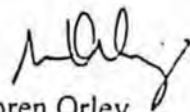
These conditions were developed with Mr. Marlow's input and concurrence per the Brian R. O'Conner, MAI and Scott A. Wilson, *Market & Feasibility Study of the Proposed: McKay Building Renovation Project, East Fourth Avenue and Denali Street, Anchorage, Alaska*, May 22, 1998, Ref. No. 98-075 attached hereto as Exhibit A. and incorporated herein by reference.

The Administration recommends approval of AR No. 98- 363.

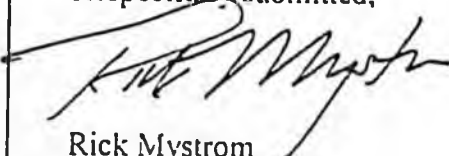
Concurrence:


George Vakalis
Municipal Manager

Prepared by:


Soren Orley
Chief Fiscal Officer

Respectfully submitted,


Rick Mystrom
Mayor

Concurrence:


Elaine Christian
Executive Manager



O'CONNOR
CONSULTING
GROUP, LLC

500 UNION STREET
SUITE 650
SEATTLE, WA 98101

June 25, 1998
Ref. No. 98-075

Mr. John G. Henkle
SEATTLE MORTGAGE
1800 - 112th Avenue NE, Suite 300
Bellevue, Washington 98006

RE: Market and Feasibility Study of the Proposed McKay Building Renovation Project
in Anchorage, Alaska.

Dear Mr. Henkle:

In accordance with your request, we have performed a review of the subject's immediate market area and have provided a detailed market and feasibility study for the proposed development scenario. This study provides an analysis of current and anticipated market conditions for the proposed use of the subject property as a high-rise apartment building.

Please understand that this report is not intended to serve as an appraisal of the subject property's site or proposed improvements. While a range of investment values are estimated within this analysis, these are intended to serve as a basis for determining a likely range of investment yields produced by the development process. We believe that the range of investment values estimated has a high probability of encompassing the market value of the proposed development at completion of construction and would, therefore, provide a reasonable basis of reviewing the investment potential of the development.

Specifically, it should be noted that the range of investment values and performance statistics have been based on a review of preliminary plans, specifications, and costs for the proposed improvements as provided by the developer. A variety of economic, demographic, and market data has also been reviewed for the purposes of estimating the market rents and operating expenses of the completed development, as well as a range of capitalization rates, absorption rates, and other investment criteria. The reliability of the analyses undertaken are limited by the preliminary nature of the improvement plans, appropriate comparable data, and the lack of correlating analyses (i.e., Cost and Sales Comparison Approach) which are typically included in a self-contained appraisal report. Please note specific assumptions and limiting conditions that are referenced within the body and addenda of the attached feasibility report.

In regards to market balance and effective demand for the subject, our review of current and anticipated apartment market conditions suggests that there will be sufficient demand for the subject units to provide reasonable absorption at the time of completion.

Mr. John G. Henkle
June 25, 1998
Page Two

A number of factors contribute to this conclusion. These include a forecast for continued stability in the regional economy and housing markets, favorable demographic demand factors, and long-term downtown housing needs. These factors are expected to produce a climate that is favorable for new development.

A number of specific marketability issues have been raised in this analysis. A high-rise apartment building, such as the subject, represents a significant departure from the vast majority of this market's inventory. Development of this kind is generally produced at that point in a city's life cycle where land development pressures and "cosmopolitan" urban energy begins to emerge. The process of such "in-fill" development necessarily begins in marginal neighborhoods where vacant, well depreciated, low intensity improvements are found. These transitional neighborhoods give rise to concerns over market appeal; however, it is our belief that appropriate marketing, design, and management solutions exist that can easily mitigate these issues. A number of these solutions are highlighted in the body of the report.

In terms of financial feasibility, our analysis of the project's investment potential leads to a general, if conditional, assessment. Three particular factors play a significant role in this judgement. First, we have undertaken to work with the developer in order to optimize the unit mix and efficiency of the architectural plan. It is our belief that the average unit size of the project must stay at or below approximately 650 square feet and that corresponding building efficiency ratios must remain near or above 80% in order to produce the highest possible income. Naturally, the buildout of the units and common areas should be commensurate with these rent levels and have been assumed to exceed the standard for the market.

Of the two remaining factors that will help ensure the project's success, the most critical would appear to be the tax abatement program that has been approved for use in developments such as the subject. While specific approval for its application in the subject's case has not been made as of completion of this analysis, it is considered likely. In terms of significance, we believe that the benefit of the ten-year program, whether calculated as a net present value or as an annual boost to equity cash flow, comprises between 50% and 100% of the venture's investment returns. Finally, to a lesser extent, the advantageous HUD financing plays a secondary, but contributory role to the improvements as well.

Mr. John G. Henkle
June 25, 1998
Page Three

We hope the report that follows will provide an appropriate foundation for your underwriting process. Please call if we can be of further assistance or clarify any questions you may have.

Sincerely,

O'CONNOR CONSULTING GROUP, LLC



Brian R. O'Connor, MAI



Seett A. Wilson, Associate

Amendment #1
Offered by : Senator Tim Kelly

SB 54

Page 1, Line 13
Delete "only" replace with "any"

Page 1, Line 14
Delete "attributable to that part"

Page 2, Line 1
Delete "and the deferral attributed to that part ends"

SENATOR
MACKIE

Senator WARD is
CHAIR OF TRANSPORTATION
& is conducting
meeting next door -
That's why he
WAS unable to
MAKE PRESENTATION
ON CSSB-29

Thank you
MANK
HODGINS



February 10, 1999

To: Senate Labor & Commerce Committee

Att: Chairman Mackie

RE: SB54

From: Rod Pfeifer
Executive Director

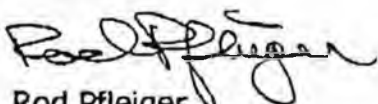
Dear Senator Mackie:

The statute embodied in SB54, AS29.45.050 (o), became law last year. Subsequent to that the Anchorage Assembly passed A098-135 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 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 Pfeifer

As I look at my notes, Mr Carlson wanted the liability to stay with the property owner(s) who applied for the deferral, regardless of who owns it, wants to sell it or new owners.

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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.

Foy Wohlforth
Chair

ATTEST:

L. [Signature]
Municipal Clerk

11-0

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FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. CS SB 56(HES)

Revision Date/Time (Note if correction): 3/18/99 10:22 AM
 Title: Licensing Home Health Agencies and Disclosure of Licensing Reports
 Sponsor: Senate (HES)
 Requestor: Senate Labor & Commerce

Dept. Affected: Health and Social Services
 BRU: Medical Assistance Admin
 Component: Certification & Licensing
 COMPONENT SERIAL NO. 245
 See also (SN#): _____

Expenditures/Revenues: (Thousands of Dollars)

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

OPERATING	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
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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CHANGES IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (please specify)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY1999) 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)

The Department supports this bill, both for the Disclosure of Licensing Reports and Licensing Home Health Agencies sections.

Section 1 - Disclosure of Licensing Reports (HOSPICE) - Analysis: The disclosure of licensing reports would affect all hospice organizations licensed by the Department under AS18.18. It is in the interest of the public to have access to licensure reports to assist in making decisions about their health care needs. There is no FY2000 fiscal impact to this section of the bill.

Section 2 - Home Health Agencies - Analysis: The Department has, since the early 80s, licensed home health agencies. It was only recently that the Department of Law questioned the authority to do so. Currently the department has regulations (7 AAC 12.500-12.590) under the broad statutory authority of AS 18.05. for regulating home health agencies. This bill would provide unquestionable, clear and specific statutory authority to license and regulate the quality of care provided by these agencies. It is felt this bill is justified in order for the Department to have statutory authority for oversight of home health agencies to assure minimum standards in quality of care are being provided to clients. Because the Department is currently surveying home health agencies, there would be no increased funding necessary for this bill anticipated for FY2000.

Prepared by: Shelbert Larsen
 Division: Medical Assistance

Phone: (907)561-8081
 Date/Time: 3/18/99 11:25 AM

Approved by Commissioner: Karen Perdue, Commissioner
 Agency: Department of Health & Social Services

Date: 3/22/99

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ANALYSIS (cont.):

Section 3 - Disclosure of Licensing Reports - Analysis: The disclosure of licensing reports would affect all health facilities licensed by the Department under AS18.20. This would include hospitals, nursing homes, ambulatory surgical centers and free standing birth centers. It is in the interest of the public to have access to licensure reports to assist in making decisions about their health care needs. There is no FY2000 fiscal impact to this section of the bill.

Section 4 - Disclosure of Assisted Living Home Licensing Reports - Analysis: The disclosure of licensing reports would affect all assisted living homes licensed by the Department under AS47.33. We believe it is in the interest of the public to have access to licensure reports to assist in making decisions about their health care needs. There is no FY2000 fiscal impact to this section of the bill.

Section 5 - TRANSITION - Analysis: This section establishes authority for each department affected by the bill to adopt regulations necessary to implement the act. Since regulations are currently used in licensure of home health agencies, revision would be minimal, requiring only to revise the regulations to include the authority. One or two sections will have to be added for the licensure regulations of home health agencies. There is no FY2000 fiscal impact to this section of the bill.

Section 6 - REVISOR'S INSTRUCTION - Analysis: This section provides instruction to the revisor. There is no FY2000 fiscal impact to this section of the bill.

Section 7 - EFFECTIVE DATE - Analysis: This section establishes the effective date for the statute. There is no FY2000 fiscal impact to this section of the bill.

Marked Up

CS FOR SENATE BILL NO. 56()

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act allowing the disclosure of reports with regard to inspection and
2 investigations of certain health care facilities, home health agencies, hospice
3 programs, and assisted living homes; authorizing the Department of Health and
4 Social Services to license home health agencies; and providing for an effective
5 date."

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

7 * Section 1. AS 18.18 is amended by adding a new section to read:

8 Sec. 18.18.350. Disclosure of information. (a) A final report on deficiencies
9 and approved plans of correction that is prepared by the department after a licensure
10 inspection or investigation of a hospice program it licenses under this chapter shall be
11 made available by the department to the public within 14 calendar days after the final
12 report is made available to the hospice program being reviewed.

13 (b) The department may not publicly disclose information that identifies clients

This sentence was reworded to clarify that the FINAL REPORT is available to the public. The sentence previously mentioned that the "information" was available. This change clarifies this ambiguity.

1 of the program under review.

2 * Sec. 2. AS 18.18 is amended by adding new sections to read:

3 **Article 4. Home Health Agencies.**

4 **Sec. 18.18.410. Purpose; applicability.** (a) The purpose of AS 18.18.410 -
5 18.18.490 is to promote safe and adequate home health services for individuals by
6 setting standards for home health agencies that will ensure quality of care, safeguard
7 patient's rights, and otherwise protect public health, safety, and welfare.

8 (b) AS 18.18.410 - 18.18.490 and the regulations adopted under those sections
9 apply to agencies for which licensure is required under AS 18.18.430.

10 **Sec. 18.18.420. Powers of department.** The department may

11 (1) license home health agencies;

12 (2) inspect applicants and licensees, including subunits and branches
13 of the licensee, and persons that the department reasonably believes are operating an
14 agency without a license in violation of this chapter;

15 (3) consistent with the purposes identified in AS 18.18.410, adopt
16 regulations to implement AS 18.18.410 - 18.18.490, including regulations establishing
17 licensure and renewal procedures, inspection procedures, standards, fees, and
18 requirements for operation of home health agencies;

19 (4) accept accreditation by the Joint Commission on the Accreditation
20 of Health Organizations or another national accreditation organization recognized by
21 the department in lieu of an inspection of a home health agency by the department for
22 the year in which the accreditation was granted if the accreditation standards are
23 substantially similar to the inspection standards of the department.

24 **Sec. 18.18.430. License required.** (a) An entity that establishes, conducts,
25 or represents itself to the public as a home health agency must have a license from the
26 department authorizing it to be a home health agency under AS 18.18.410 - 18.18.490.

27 (b) A parent agency or subunit of a home health agency must be located in the
28 state. Each subunit must independently meet the requirements of this section and be
29 issued a separate license. A branch office of the parent agency or of one of its
30 subunits is not required to independently meet the requirements for licensure.

31 **Sec. 18.18.440. Application for license.** Application for a license to operate

1 a home health agency shall be made to the department on a form provided by the
2 department and shall be accompanied by applicable fees established by the department
3 under AS 18.18.420.

4 **Sec. 18.18.450. Issuance and renewal of license.** (a) Upon receipt of an
5 application for license and the license fee, the department shall issue a license if the
6 applicant meets the requirements established under AS 18.18.410 - 18.18.490. If the
7 applicant does not meet the requirements established under AS 18.18.410 - 18.18.490
8 but makes continued efforts to comply with them, the department may grant a
9 temporary or provisional license for a limited period of time.

10 (b) Each license issued is for the person, agency, corporation, partnership,
11 association, or other form of organization named on the application and is not
12 transferable or assignable except with the written approval of the department.

13 (c) The department shall establish the standards for license renewal and
14 determine the renewal period by regulation.

15 (d) A license is not renewable if it has been suspended or revoked under
16 AS 18.18.460.

17 **Sec. 18.18.460. Denial, suspension, or revocation of license.** (a) The
18 department may deny, change to a provisional license, or revoke a home health agency
19 application or license if the department finds that the agency

20 (1) has endangered or would endanger the health, safety, or welfare of
21 a patient;

22 (2) has a history of deficiencies in quality of care;

23 (3) has had a license to operate a home health agency revoked in any
24 licensing jurisdiction;

25 (4) has been convicted of operating a home health agency without a
26 license in any licensing jurisdiction;

27 (5) lacks a sufficient number of personnel who have the training,
28 experience, or judgment to provide adequate patient care;

29 (6) has committed fraud, deceit, misrepresentation, or dishonesty
30 associated with the application for or operation of a home health agency in any
31 licensing jurisdiction; or

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(7) has violated regulations adopted under AS 18.18.410 - 18.18.490.

(b) The department may, without a hearing, summarily suspend a home health agency license if it finds that the actions or deficiencies of the agency cause an immediate and serious threat to the public health, safety, or welfare. A summary suspension remains in effect until the department finds that the actions or deficiencies are corrected or the license is revoked.

(c) The department may, without a hearing, change a home health agency license to a provisional license for a period of time established by the department if the department finds that an agency is temporarily unable to comply with AS 18.18.410 - 18.18.490 or is in the Medicare decertification process, but is taking the appropriate steps necessary to bring the agency into compliance. An agency holding a provisional license may not accept new patients. If the agency fails to correct its deficiencies within the provisional license period, the department shall revoke that agency's license.

(d) Application denial and revocation actions by the department shall be conducted under AS 44.62 (Administrative Procedure Act).

Sec. 18.18.470. Disclosure of information. (a) A final report on deficiencies and approved plans of correction that is prepared by the department after a licensure inspection or investigation of a home health agency it licenses under this chapter shall be made available by the department to the public within 14 calendar days after the final report is made available to the home health agency being reviewed.

(b) The department may not publicly disclose information that identifies patients or clients of the home health agency under review.

Sec. 18.18.490. Definitions. In AS 18.18.410 - 18.18.490,

(1) "branch" means an office location from which a home health agency provides service within a portion of the total geographic area served by the parent home health agency and that is sufficiently close in geographic proximity to the parent home health agency that it shares administration, supervision, and services on a daily basis;

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

(3) "geographic area" means the location, site, or address of the clients

Same change as on pg 1

1 served by the parent home health agency or its parents or subunits;

2 (4) "home health agency" means a public agency or private
3 organization, or a subdivision of a public agency or private organization, that primarily
4 engages in providing skilled nursing services in combination with physical therapy,
5 occupational therapy, speech therapy, or services provided by a home health aide to
6 individuals in the individual's home, an assisted living home, or another residential
7 setting;

8 (5) "parent home health agency" means a licensed home health agency,
9 which may have branches or subunits;

10 (6) "subdivision" means a component of a multi-function home health
11 agency, such as the home care division of a hospital or the nursing division of a health
12 agency, that independently meets the requirements for a licensure as a home health
13 agency;

14 (7) "subunit" means a home health agency that provides services
15 beyond the geographic area served by the parent home health agency and is unable to
16 share administration, supervision, and services on a daily basis with the parent home
17 health agency.

18 * Sec. 3. AS 18.20.090 is repealed and reenacted to read:

19 Sec. 18.20.090. Disclosure of information. (a) A final report on deficiencies
20 and approved plans of correction that is prepared by the department after a licensure
21 inspection or investigation of a facility or entity it licenses under this chapter shall be
22 made available by the department to the public within 14 calendar days after the final
23 report is made available to the facility or entity being reviewed.

24 (b) The department may not publicly disclose information that identifies
25 patients or clients of the facility or entity under review.

26 * Sec. 4. AS 47.33.520(e) is amended to read:

27 (e) Except as otherwise provided in AS 47.33.500(c),

28 (1) a completed investigation report [REPORTS] and a response
29 [RESPONSES] from a home [HOMES] are public records; and

30 (2) a final report on deficiencies and approved plans of correction
31 that is prepared by a licensing agency after a licensure inspection or investigation

Same change as on pg 1
Same change as on pg 1

1 of a home it licenses under this chapter shall be made available by the licensing
2 agency to the public within 14 calendar days after the final report is made
3 available to the home being reviewed.

4 * Sec. 5. TRANSITION. A department affected by this Act may proceed to adopt
5 regulations necessary to implement this Act. Regulations to implement a provision of this Act
6 take effect under AS 44.62 (Administrative Procedure Act), but not before the effective date
7 of secs. 1 - 4 of this Act.

8 * Sec. 6. REVISOR'S INSTRUCTION. In AS 18.18.005 - 18.18.390, the revisor of
9 statutes shall substitute "AS 18.18.005 - 18.18.390" for "this chapter."

10 * Sec. 7. Section 5 of this Act takes effect immediately under AS 01.10.070(c).

Alaska State Legislature



State Capitol
Juneau AK
99801-1182

Official Business

Long-Term Care Task Force

Senate Bill No. 56

An Act allowing the disclosure of reports with regard to inspection and investigations of certain health care facilities, home health agencies, hospice programs, and assisted living homes; authorizing the Department of Health and Social Services to license home health agencies; and providing for an effective date.

Under current law, the Departments of Health and Social Services and Administration cannot make available to the public the annual inspection and investigation reports of hospitals, nursing homes, or assisted living homes licensed by the departments. Full public disclosure of licensing reports would benefit the public and help individuals make appropriate decisions regarding their health care needs.

This legislation will make the departments' licensing reports available to the public within 14 calendar days after the information is made available to the health care facility being reviewed. Public scrutiny encourages facilities to maintain a safe environment and provide a high quality of care. Any information that identifies patients or clients remains confidential.

This legislation also addresses the actual licensing process for home health agencies. A home health agency, either public or private, is an entity that provides primarily skilled nursing care and therapeutic services to people in their own homes, an assisted living home, or another residential setting.

The Department of Health and Social Services has, since the early 1980s, licensed home health agencies. Regulations (7AAC 12.500-12.590) were adopted under the department's broad regulatory authority. Recently the Department of Law questioned that authority. This legislation provides the Department of Health and Social Services the necessary and specific statutory authority to license and regulate the quality of care provided by home health agencies. The continued oversight of home health agencies will assure the public that the quality of care being provided to clients meets minimum standards.

LTC **TASK FORCE**
Long-Term Care Task Force



FINAL REPORT
January 1999

Representative Con Bunde, Co-chairman
Senator Gary Wilken, Co-chairman

State Capitol Building
Juneau, Alaska 99801-1182

ativity and the active engagement of all interested individuals, agencies, long-term care providers and other professional boards. The Task Force challenges everyone to participate in the decision-making process. ❖

HOME HEALTH AGENCIES/LICENSING REPORTS

RECOMMENDATION

3

The Task Force recommends that legislation be drafted and introduced relating to the disclosure of licensing reports and licensing of home health agencies.

The Task Force was presented draft legislation that covered two specific areas of concern. The first subject dealt with the disclosure of licensing reports. Under current law, AS 18.20.090, the Department of Health and Social Services cannot make available to the public the annual inspection and investigation reports of the hospitals or nursing homes licensed by the department. As noted in testimony before the Task Force, full public disclosure of licensing reports would benefit the public and help individuals make appropriate decisions regarding their health care needs.

“Full public disclosure of licensing reports would benefit the public.”

The proposed legislation under consideration will make the department's licensing reports available to the public within 14 calendar days after the information is made available to the health care facility being reviewed. Any information that identifies patients or clients remains confidential.

The second area of discussion centered on the actual licensing process for home health agencies. A home health agency, either public or private, is an entity that provides primarily skilled nursing care and therapeutic services to people in their own homes, an assisted living home, or another residential setting.

“A home health agency is an entity that provides primarily skilled nursing care.”

The Department of Health and Social Services has, since the early 1980s, licensed home health agencies. Regulations (7AAC 12.500-12.590) were adopted under the department's broad regulatory authority. Only recently did the Department of Law question that authority. The draft legislation presented to the Task Force provides the Department of Health and Social Services with the necessary and specific statutory authority to license and regulate the quality of care provided by

these agencies. The continued oversight of home health agencies will assure the public that the quality of care being provided to clients meets minimum standards.

The Task Force acknowledges the importance of the concepts included in the proposed legislation and recommends the legislation be introduced for further consideration. (Please see Appendix B, page 69, for further detail.)

SMALL BUSINESS TRAINING



The Task Force supports an increased effort to train Assisted Living Home administrators in proven small business practices and urges collaboration between the Department of Administration and the University of Alaska to provide this education.

On January 14, 1994 Governor Wally Hickel introduced legislation that developed a system of long-term care "by encouraging the establishment of assisted living homes that provide a homelike environment for elderly persons and persons with a mental or physical disability who need assistance with the activities of daily living." (Chapter 130, SLA 1994) Assisted living homes promote and sustain the independence of Alaskans through a social model of community-based long-term care.¹³

"Eighty-five assisted living homes have been licensed by the Department of Administration."

Assisted living homes provide a home-like setting as well as certain health-related services or assistance with certain personal activities. Such services allow the elderly to age in place, rather than having to be transferred to a more institutionalized nursing-home setting, and allow adults with a physical or mental disability to become integrated into their community.¹⁴ Eighty-five assisted living homes have been licensed by the Department of Administration to serve the elderly. In addition, the Department of Health and Social Services has licensed 134 assisted living homes to provide care primarily to individuals with a mental or developmental disability.

Assisted living homes have become a reality in many, but not all, areas of Alaska.¹⁵ In some instances, it is difficult to establish an assisted living home and provide the necessary care. Interested care providers must first have an adequate, safe facility and then must obtain the required licensure, insurance coverage, and per-



Alaska Commission on Aging

Resolution 99-2

In support of SB 56: Timely disclosure of inspection and investigation reports concerning health care facilities, home health agencies, hospice programs, and assisted living facilities; and licensing of home health agencies

Whereas SB 56 provides for the timely disclosure of inspection and investigation reports concerning facilities and home care services upon which frail and disabled Alaskans rely for their care; and

Whereas SB 56 also provides for the State of Alaska to license home health agencies, thus reinforcing the standards of care these agencies must meet; and

Whereas the Legislative Long Term Task Force Report of January, 1999, recommended the introduction of this legislation in its Recommendation #3;

Now therefore the Alaska Commission on Aging strongly encourages the Twenty-First Alaska Legislature to pass SB 56.

Adopted this 9th day of March, 1999.

A handwritten signature in cursive script that reads "Alaire E. Stanton".

Alaire Stanton
Chair

SB

59

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

No. _____
Bill Version: SB59
(S) Publish Date: 3/16/99

Revision Date: _____
Title: An Act relating to certificates of need for nursing home beds and providing an effective date
Sponsor: IIES Committee
Requestor: SENATE (HES)

Dept. Affected: Health and Social Services
BRU: Administrative Services
Component: Health Planning and Facilities Management
COMPONENT SERIAL NO. 2020
See also (SN#): _____

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY00	FY01	FY02	FY03	FY04	FY05
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	1.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	25.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.5	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS						
TOTAL OPERATING	26.5	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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CHANGES IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts	13.3	0.0	0.0	0.0	0.0	0.0
1003 GF Match	13.3	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (please specify)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	26.5	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	none	none	none	none	none	none
PART-TIME	none	none	none	none	none	none
TEMPORARY	none	none	none	none	none	none

Estimate of any current year (FY99) cost: \$0.0

ANALYSIS: (Attach a separate page if necessary)

This bill is a cost saving measure designed to avoid potential future costs to the state general fund of up to \$9.8 million annually due to construction of up to 234 new nursing home beds in the next 5 to 15 years. Chapter 84, SLA 96 placed a moratorium on nursing home beds and established a working group on long-term care. The Legislative Working Group on Long-Term Care (established by Chapter 84, SLA 96) recommended development of a State long-term care facility plan that outlines the existing and future desired number of nursing home beds by region. Certificate of need applicants would be required to demonstrate that their proposals for new nursing home beds fit into these plans. This plan would also outline trends in nursing home use, senior population growth by community, define service areas, identify barriers to the use of home and community based services; develop nursing bed need projections, by service area and develop plans for better distribution of nursing home beds. The plan would ideally be an appendix to the Division of Senior Services annual plan.

Most of the plan can be written in house at no cost, however, a study needs to be completed to determine the amount of less costly and less restrictive, home and community based services and assisted living beds that need to be in place before new nursing beds are approved. Currently, there are no data available on the inter-relationship between these services. The \$26,500 would go for contractual research, travel and supplies to develop a standard for construction of new nursing beds.

Prepared by: Janet Clarke
Division: Administrative Services

Phone: 465-1630
Date: 02/18/99

Approved by Commissioner: Karen Perdue, Commissioner
Agency: Department of Health & Social Services

Date: 2/19/99

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Long-Term Care Task Force

Senate Bill No. 59

Ar. Act relating to the certificate of need program for nursing care facilities and other facilities; and providing for an effective date.

Alaska has had a Certificate of Need (CON) law since 1976. The purpose of this law is to insure the development of an accessible, cost-effective health care system with quality service. Currently the Department of Health and Social Services reviews all nursing home expansion projects that cost over \$1 million. However, the review of each request is limited to the factors of *accessibility* and *quality*, that is whether the service is currently available and can be provided in a quality manner.

Under this proposed legislation, a new standard of need is adopted for nursing home certificate of need requests. The revised standard allows decisions to be made based on additional criteria such as need, financial feasibility and availability of alternatives. Under this change, a new nursing home project will need to demonstrate the cost-effectiveness of each request and the appropriateness of the service.

The Department of Health and Social Services estimates that on average, ten new nursing home beds increase the Medicaid budget by about \$1 million annually. The decision to expand existing nursing home facilities has long-term implications to both the state treasury and our seniors and persons with disabilities. This legislation will give the Department of Health and Social Services the needed tools in which to make a more informed decision.



Alaska Commission on Aging

Resolution 99-5

In support of SB 59: An act relating to the certificate of need program for nursing care facilities and other facilities

Whereas Alaska's rapidly growing statewide senior citizen community is part of a national and international trend of increased longevity due to better nutrition, health care, and increased standards of living, and

Whereas the statewide community of older Alaskans age 65+ is projected to grow from 22,095 in 1990 to 80,927 by 2015, and

Whereas the availability of appropriate long-term care is vital to the well-being of disabled, chronically ill and frail Alaskans of all ages now, and in the future, and

Whereas developing the capacity to meet present and projected long-term care needs challenges us to plan strategically and allocate long-term care resources accordingly; and

Whereas SB 59 will amend Alaska's Certificate of Need Program to improve the State's ability to assure that future long-term care development is strategic, responsive to public need and preference, and cost-effective, and

Whereas the Legislative Long Term Task Force Report of January, 1999, recommended the introduction of this legislation in its Recommendation #21;

Now therefore the Alaska Commission on Aging strongly encourages the Twenty-First Alaska Legislature to pass SB 59.

Adopted this 9th day of March, 1999.

A handwritten signature in cursive script that reads "Alaire E. Stanton". The signature is written in black ink and is positioned above a horizontal line.

Alaire Stanton
Chair

LTC **TASK FORCE**
Long-Term Care Task Force



FINAL REPORT
January 1999

Representative Con Bunde, Co-chairman
Senator Gary Wilken, Co-chairman

State Capitol Building
Juneau, Alaska 99801-1182

CERTIFICATE OF NEED



The Task Force recommends that legislation be drafted and introduced to adopt the nursing home certificate of need recommendations developed by the *Legislative Working Group on Long-Term Care (1997)*.

“The certificate of need review process is required of any health facility planning to spend a million dollars or more for construction.”

Under AS 18.07, the Department of Health and Social Services administers the Certificate of Need Program. This program was created as a tool to control health care costs and prevent unnecessary or duplicative facilities or services. A certificate of need is required of any health facility planning to spend one million or more for construction, expansion or remodeling.

The certificate of need review is initiated when a health care facility submits a letter of intent to the Department of Health and Social Services. This letter of intent provides the project description, estimated cost, and starting and completion dates for the project. Based on the letter of intent, the department determines whether a detailed certificate of need application is needed. Once the application is received and declared complete, department staff analyzes the request and makes a recommendation to the Commissioner of Health and Social Services, who decides to approve or deny the application. The decision to grant or deny a certificate of need may be appealed.

In June 1996, HB 528 was signed into law (Chapter 84, SLA 96). This placed a two-year moratorium on the issuance of certificates of need or licenses for any new nursing home beds in Alaska effectively preventing any nursing home beds from being added until the moratorium expired. This two-year moratorium expired May 1, 1998. The law was passed due to concerns over the potential rapid growth of nursing home beds that became imminent as the result of the planned addition of 147 new nursing beds costing \$11 million annually. The moratorium allowed time to develop alternatives to nursing home beds and assess what could be done to promote cost containment.⁴⁶

The six-member working group established under HB 528 thoroughly analyzed the current procedure to grant certificates of need to long-term care health facilities and determined several weaknesses in existing law. As currently written, AS 18.07.041 requires the Department of Health and Social Services to grant a certificate of need if “the availability and quality of existing health care resources or the

accessibility to those resources is less than the current or projected requirement for health services to maintain the good health of citizens of this state.” In other words, the Department must grant a certificate of need for new construction, expansion or remodeling of a nursing home facility if the service is not available or sufficiently accessible, and the applicant can demonstrate that the proposed service will be provided in a quality manner.

In its report the *Legislative Working Group* stated the following:

While availability, accessibility and quality are important, they are insufficient for assessing a current or projected requirement for health services. Meeting a current requirement does not mean that there is a long-term need for the service or facility or there will be the resources necessary to sustain the service or facility throughout its life cycle. Similarly, meeting a current or projected need does not mean that it is the most cost-effective method for doing so; nor does it mean that the State, facing declining resources, should encourage and support a low priority service in the face of more pressing priorities. The certificate of need program requires more explicit statutory and regulatory definition in these areas to better control costs and better target the health care priorities of Alaskans.⁴⁷

Currently there is a potential in Alaska for many new nursing beds to be built and, if built, these beds will cost the state a great deal. Using a medium growth projection, it is estimated that the senior population in Alaska will grow from 31,398 in 1997 to 80,927 by 2015.⁴⁸ In FY97, the Alaska Medicaid program spent \$43.8 million for 720 licensed nursing home beds. If the need for beds remains constant in the future, the number of beds could grow to 1,861 by 2015, a 250 percent growth at the annual cost to Medicaid of an additional \$109.5 million. “Proposed projects need to be compared against feasible alternatives to determine if the proposal is the most cost effective way of achieving comparable results.”⁴⁹

Under the legislation proposed by the *Legislative Working Group on Long-Term Care*, new nursing home projects will need to demonstrate the cost-effectiveness of each request. Proposed projects will be compared against feasible alternatives to determine if the proposal is the most effective way to achieve comparable results. The Task Force recognizes that this issue needs more discussion and recommends that legislation be introduced for further consideration. (Please see Appendix B, page 69, for further detail. ❖

“The Legislative Working Group states that the certificate of need program requires more explicit statutory definition.”

“Under the legislation, new nursing home projects will need to demonstrate cost effectiveness.”

AMENDMENT

OFFERED IN THE SENATE

NO: SB 59

BY SENATOR WILKEN

Page 2, line 26:

After "foster"

Insert "unnecessary"

Alaska State Legislature



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Long-Term Care Task Force

Senate Bill No. 59

An Act relating to the certificate of need program for nursing care facilities and other facilities; and providing for an effective date.

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Chair

LTC **TASK FORCE**
Long-Term Care Task Force



FINAL REPORT
January 1999

Representative Con Bunde, Co-chairman
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State Capitol Building
Juneau, Alaska 99801-1182

CERTIFICATE OF NEED

RECOMMENDATION

21

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Under AS 18.07, the Department of Health and Social Services administers the Certificate of Need Program. This program was created as a tool to control health care costs and prevent unnecessary or duplicative facilities or services. A certificate of need is required of any health facility planning to spend one million or more for construction, expansion or remodeling.

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