

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 8672

10517 SENATE ○ COMMUNITY & REGIONAL AFFAIRS ○ 302

HB

455

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 455(CRA)
 (H) Publish Date: 4/3/02
 Dept. Affected: Natural Resources
 BRU: Agricultural Development
 Component: Agricultural Development
 Component Number: 455

Revision Date/Time (Note if correction): _____
 Title: The assessment of farm or agricultural land for the purpose of municipal taxation.
 Sponsor: Rep. Harris
 Requester: (H) CRA

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
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 ()						
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FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: none
 Check this box (X) if funding for this bill is included in the Governor's FY2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*
 Lands affected by this legislation are already identified by Borough government. The Department of Natural Resources would therefore not have any costs associated with this legislation. Revenues are not a factor.

Prepared by: Robert Wells Phone 907-761-3867
 Division: Agriculture Date/Time 26-Mar-02
 Approved by: Pat Pourchot Date 27-Mar-02
 Agency: Natural Resources



ALASKA STATE LEGISLATURE
REPRESENTATIVE JOHN HARRIS
STATE CAPITOL 513, JUNEAU, ALASKA 99801-1182 (907) 465-4859

Sponsor Statement
HB 455

“An act relating to the assessment of farm or agricultural land for purposes of municipal taxation; and providing for an effective date.”

The State of Alaska has been careful to recognize that there is a public purpose served when land used for farming and other agricultural activities is classified and restricted for agricultural use. One key element of restricting land for agricultural use is that, so long as it is so classified and restricted, the land should be assessed and taxed at a rate that is based on farm value, rather than on land sales that are often higher than farm value.

The State recognized the need for assessing fee simple land, used for agriculture, on its farm value and provided a farm exemption under AS 29.45.060. The statute did not specifically include state restricted agricultural use lands, since these lands, by definition, could only be used for agriculture. Unfortunately, the assessment of state restricted agricultural lands is subject to rising taxes as local assessors increasingly use comparable sales to assess these lands while ignoring the agricultural value of these restricted use lands.

Often state restricted agricultural use land cannot meet the requirements of AS 29.45.060. Yet, land sold by the State and restricted to agricultural use can only be used for agricultural purposes, therefore precluding other uses of the land. Thus, assessments should be based on the value of the crops that can be produced, not on other perceived values or land sales.

HB 455 re-affirms the public purposes of the state's designation of certain lands for agricultural purposes only. It removes the requirement that owners of agricultural land apply for and receive a determination of agricultural use before receiving the farm exemption assessment provided by AS 29.45.060.

Subject: HB 455

Date: Sun, 10 Mar 2002 12:02:29 -0900

From: "Paul" <paul@summitlogisticsalaska.com>

To: <Representative_John_Harris@legis.state.ak.us>

Representative Harris, I urge your support of HB 455. The FNSB recently appraised my AG. interst only farm at 350 percent above last years assessment. As urban sprawl eats away at AG lands and open spaces, land values quickly exceed the value of land for AG purposes. If AG is going to continue as a viable industry we need astable tax policy in the organized boroughs. We hope that HB 455 will help to that end. Thank you: Paul Quist

03/14/02

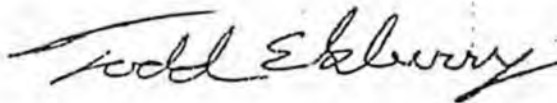
To: Representative John Harris Fax # 907-465-3799

Attn : Pete Fellman

From: Todd Elsberry
5400 Eielson Farm Road
P.O. Box 55772 North Pole Ak, 99705

Subject: H.B 455

Dear Mr. Harris I am a farmer located in the Eielson Farm Project, which is located in the Fairbanks North Star Borough. I am writing you to show my support for House Bill 455. In the last two years the taxes on my property have gone up way to much for the restrictions that are on our property. Our farm was purchased from the State Of Alaska as Ag use land. With the passage of H.B 455 this would force the Borough to value are property at Ag land value without having to file for an exemption.



**AGRICULTURAL COMMISSION
FAIRBANKS NORTH STAR BOROUGH
809 Pioneer Rd., Fairbanks, Alaska 99701**

**RESOLUTION FOR THE STATE OF ALASKA HOUSE OF
REPRESENTATIVES:**

March 7, 2002

SUBJECT: Correct Taxation Rate of Agricultural Land in the Fairbanks North Star Borough (FNSB).

At a regular meeting of the Agricultural Commission of the Fairbanks North Star Borough on Mar 7, 2002 in the Salcha Room of the Fairbanks North Star Borough Office, the following Resolution was adopted regarding HB 455, "An Act relating to the assessment of farm or agricultural land for the purposes of municipal taxation; and providing for an effective date."

RESOLUTION:

The Agricultural Commission of the FNSB strongly supports the HB 455 in specifying that agricultural land shall be taxed upon the use of these lands as agricultural lands only. This Agricultural taxation rate shall not be based upon an evaluation of these lands for non-Agricultural purposes even if those other purposes may be presumed to result in greater land use value at some undetermined future time.

**VOTED AFFIRMATIVE AND UNANIMOUSLY BY ALL BOARD MEMBERS
PRESENT:**

Bob Franklin
John Papp
Hollis Hall
Henry Cole

Respectfully Submitted,


Henry Cole, Chairman
Fairbanks North Star Borough Agricultural Commission

Rep John Harris
State Capital Room 513
Juneau, Alaska 99801-1182

Hi John,

I just wanted to thank you for House Bill -455. As you know, I left Valdez a few years ago, but I still have my farm near North Pole. Pam passed away so I've been busy raising kids. I am currently renting my farm to a neighbor to try to pay the taxes. I plan to start farming again myself, if I can hang onto the place. Property tax relief is important for the agricultural community to be able to keep agricultural land for future generations. This land was intended for agricultural use and will be difficult to keep for agriculture, if the property tax continues to escalate. Once land is gone for other uses it will never come back. It is a valuable resource.

I hear your cousin James got married. I never thought that would happen, but that is great.

Keep up the good work.

Sincerely,



Dennis Ulvestad
6605 Lee Road
Dane, Wisconsin 53529

Subject: HB 455

Date: Mon, 11 Mar 2002 09:41:57 -0900

From: "Stuart Davies" <rsdavies@ak.net>

To: <Representative_John_Harris@legis.state.ak.us>

March 11, 2002

Representative John Harris
State Capitol, Rm 513
Juneau, AK 99801

Dear Representative Harris:

As a farmer owning and operating agricultural land classified by the state restricted to agricultural purposes, I strongly support the passage of HB 455, as soon as possible. HB 455 will correct language in AS 29.45.060(b) to include state classified ag land. Farmers will no longer have to prove to borough assessors that they are farming by applying for a farm use exemption.

The need to pass this legislation quickly is imperative. Spring assessments are currently in the mail. The Fairbanks North Star Borough Assessor's Office increased my assessment by 93% or \$399/acre. This comes after a 278% increase in 2000. Obviously, the borough assessor is following the law and valuing the land based on comparable sales. However, for farm purposes high land assessments/taxes become an unbearable cost of doing business and will force farmers out of business. Many lower 48 states have laws that prevent high assessments/taxes on agricultural land.

Once HB455 passes, we will need additional legislation that recognizes the value of Alaska agricultural by keeping land taxes at a much lower rate so farmers can stay in business.

I strongly encourage you to move this legislation forward to passage as quickly as possible. I pledge my personal support and action in this effort. Feel free to contact me at any time.

Sincerely,

Stuart M. Davies
1606 Roosevelt
Fairbanks, AK 99709
907-479-8382
rsdavies@ak.net



The Alaska Farm Bureau



Post Office Box 55149
North Pole, AK 99705-0149

Fax (907) 488-5433

Robert Franklin, President
Fax (907) 488-3184
E-mail: akfrank@gci.net

March 19, 2002

Representative John Harris
Alaska State Legislature
State Capitol (MS 3100)
Juneau, Alaska 99801-1182

Dear Representative Harris;

On behalf of the members of the Alaska Farm Bureau, I would like to voice our strong support of H.B. 455. The Alaska Farm Bureau is solidly behind you on this issue.

This bill is vital to the preservation of agricultural lands and farms in Alaska. Without it, the land will be taxed out of the farmers' and producers' hands. Some of our members have seen their property taxes increased by 700% under the current system.

As you are well aware, farmers and producers in our great state have enough to overcome without the added burden of taxes based on a possible use of the land according to a hungry tax assessor. Land in agricultural use should be taxed as agricultural land and not as a future subdivision which may never occur.

This current trend in taxation is capable of destroying agriculture as an industry and the contributions it makes to the state's economy. We need this legislation to prevent the municipal governments from ignoring the intent of the legislature (1985) when they made agricultural land fee simple.

We must have a legislative mandate that will prevent the municipal governments from systematically shrinking agricultural lands.

Thank you for your concern and attention to this matter.

Sincerely,

Robert Franklin, President
Alaska Farm Bureau

chw

**A RESOLUTION OF THE BOARD OF AGRICULTURE AND
CONSERVATION RECOMMENDING THE 22ND ALASKA
LEGISLATURE APPROVE STATE HOUSE BILL 455**

Whereas the protection of agricultural land is in the interest of the people of the State of Alaska, and

Whereas agriculture provides an important segment to the State's economy and quality of life, and

Whereas tax policy affecting agricultural land is an important tool for protecting and preserving the important private and public investment in these agricultural lands, and

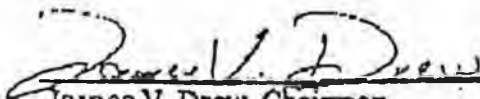
Whereas HB 455 now before the Alaska legislature will help clarify for local governments the status of agriculturally restricted lands as well, and

Whereas the Board of Agriculture further believes that all agricultural lands where sufficient restrictions prohibit any development rights exclusive of agricultural use should be protected.

Therefore Be It Resolved that the Board of Agriculture and Conservation supports the intent of House Bill 455 which is now before the Alaska Legislature and requests the state legislature to broaden the agricultural lands affected to include lands where municipalities have classified their land for agricultural use or have restricted those lands for agricultural purposes.

Therefore Be It Further Resolved that the Board of Agriculture and Conservation encourages the state legislature to consider broadening the scope of House Bill 455 to include all lands that have sufficiently restricted by deed or covenant the use of land to agricultural uses only.

Passed by the Alaska Board of Agriculture and Conservation this 19th day of March, 2002.



James V. Drew, Chairman
Alaska Board of Agriculture and Conservation

Dept. of Natural Resources
Div. of Agriculture
1800 Glenn Hwy, Suite 12
Palmer, AK 99645

Distribution:

Governor of Alaska
Commissioner, Department of Natural Resources
Commissioner, Department of Corrections
Alaska State Legislature
Alaska Congressional Delegation

Subject: HB 455

Date: Mon, 25 Mar 2002 10:14:52 -0700

From: "Ed Bostrom" <ed@northpoleacres.com>

To: Representative_John_Harris@legis.state.ak.us

CC: Representative_Jeannette_James@legis.state.ak.us, Senator_Gene_Therriault@legis.state.ak.us

Dear Representative Harris

Thank you very much for sponsoring and introducing HB 455. I am writing in support of this legislation. I was one of the first to develop a farm (North Pole Acres) in the Eielson Farm Project. At the time we purchased the land, it was our understanding that the land was agricultural, was limited by covenant to agricultural purposes, and would continue to be taxed as agricultural land. I have continued to be a full-time farmer for the past 17 years.

In the past three years, the taxes on my property have increased by 550%. I protested the increase last year and was told by the Assessor's Office that it would double again this year, and, true to their promise, it did. They indicated that I could petition for a farm exemption, but I indicated that I did not believe I was required to because my farm CAN ONLY BE USED FOR AGRICULTURAL PURPOSES. When I inquired about the projected tax benefits to me if I were to file the exemption petition, they indicated that it would result in an insignificant change due to the relatively small size (80 acres) of my farm. The assistant tax assessor and his field man in attendance at the meeting asserted over and over that we were simply hobby farmers with a "big back yard." (Another farmer was in attendance at that meeting and can testify regarding their language.)

Should this predatory taxation policy be allowed to continue, it will have a devastating effect on economic development in agriculture. Larger land owners will be taxed out of existence and others of us will no longer find it profitable to farm, especially given the lack of farm tax equity throughout the state.

Respectfully yours

Ed Bostrom
North Pole Acres

HB

471

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 471(CRA)
 (H) Publish Date: 3/27/02

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title AIDEA Programs BRU AIDEA (125)
 Component AIDEA
 Sponsor Representative Green
 Requester House Community & Regional Affairs Component No. 1234

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
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 ()						
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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-Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

HB 471 modifies the Alaska Industrial Development and Export Authority dividend policy statutes to reflect recent changes in governmental accounting standards. The bill also clarifies eligibility for the Rural Development Initiative Fund.

HB 471 has no fiscal impact to AIDEA.

Prepared by: Sara Fisher-Goad, Financial Analyst Phone 907-269-4623
 Division Alaska Industrial Development & Export Authority Date/Time 3/22/02 2:33 PM
 Approved by: Deborah B. Sedwick, Commissioner Date 3/22/2002
 Agency Department of Community & Economic Development

Alaska State Legislature

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MEMBER, RESOURCES
MEMBER, ETHICS
MEMBER, MILITARY & VETERAN AFFAIRS

BUDGET SUBCOMMITTEES:
ALASKA COURT SYSTEM
DEPT. OF CORRECTIONS
DEPT. OF LAW

Representative Joe Green
District 10

Sponsor Statement for House Bill 471

House Bill 471 proposes changes to the Alaska Industrial Development and Export Authority (AIDEA) statutes relating to the computation of the AIDEA dividend and the eligibility requirements for AIDEA's Rural Development Initiative Fund (RDIF) program. The House C&RA committee amended House Bill 471 to include a proposal to increase the maximum loan amount for the Alaska Energy Authority's (AEA) Bulk Fuel Revolving Loan Fund.

The change to the dividend statute results in a status quo dividend formula necessitated by accounting and reporting changes. Under current state law, AIDEA pays an annual dividend to the State of Alaska's General Fund, the amount of which is based on the agency's "net income" and "unrestricted net income." Alaska Statutes define these two terms as the "net income" and "unrestricted net income" included in AIDEA's audited financial statement.

New standards adopted by the Governmental Accounting Standards Board (GASB) provide that audited financial statements, such as the one produced by AIDEA, will no longer include the terms for either "net income" or "unrestricted net income." This eliminates the reference used by current statutes to define the two terms.

In addition, the new GASB standards also require that intergovernmental transfers, capital contributions and grants be included as either a revenue or expense of the governmental entity. AIDEA's dividend payments to the state will be included as an expense, causing a further reduction of the agency's "net income," and resulting in an automatic reduction of the potential dividend.

Since its inception, AIDEA has provided \$128 million in dividends, including the dividend that will be paid to the state for fiscal year 2003. In order to preserve this important source of general fund revenue, HB 471 makes the necessary changes in response to the new accounting requirements. The bill addresses both issues by defining "net income" and "unrestricted net income" using the terms to be found in future audited financial and excluding amounts attributable to intergovernmental transfers, capital contributions and grants.

AIDEA's RDIF program was designed to make commercial loans to rural businesses that did not have other financing options because of their location. HB 471 reinserts the definition of "community" and further clarifies the definition to ensure that the loans are going to the intended recipients, those who are in truly rural communities. The amended standards specify that qualifying participants must be in communities of less than 5,000 people if they are not connected to Anchorage or Fairbanks by road, rail or the Marine Highway, and less than 2,000 people if they are connected to Anchorage or Fairbanks by road or rail.



April 29, 2002

The Honorable John Torgerson, Chair
Senate Community and Regional Affairs Committee
State Capitol - Room 427
Juneau, AK 99801-1182

Dear Senator ~~Torgerson~~ ^{JOHN}:

I respectfully request that you schedule Representative Green's House Bill 471 for a hearing in Community and Regional Affairs as soon as possible. HB 471 passed the House of Representatives unanimously on April 24 and was referred to Senate Community & Regional Affairs and Labor & Commerce. HB 471 amends three important programs for AIDEA/AEA: the AIDEA dividend calculation; the Bulk Fuel Revolving Loan Fund; and the Rural Development Initiative Fund. It is crucial to both the Alaska Industrial Development Authority (AIDEA) and the Alaska Energy Authority (AEA) that this bill becomes law this session.

HB 471 does three very important things for our organization. Section 1 increases the maximum amount of loans from the Bulk Fuel Revolving Loan Fund operated by AEA from \$100,000 to \$200,000. In rural Alaska, communities purchase their fuel in bulk quantities both because it is more economical to do so and because the window for transporting fuel is seasonal. If residents of urban Alaska had to pay for their entire winter's electricity, home heating and vehicle fuel in one lump sum, the amount would be staggering and not many of us could afford the pricetag. This is exactly what rural Alaskans face every year. This program is in high demand in rural communities. Petroleum price increases and increases in bulk fuel tank farm capacity in many communities have made the current limit of \$100,000, which was enacted in 1993, too low to accommodate the needs of many borrowers. These larger loans will be funded through a \$5.0 million grant to the Bulk Fuel Revolving Loan Fund recently received from the USDA.

Sections 2 and 3 amend definitions used in the statutory guidelines for the AIDEA dividend program to accommodate recent changes in government accounting and reporting standards. Since its inception, AIDEA has authorized \$129 million in dividends to the state general fund, including \$20,149,500 for fiscal year 2003. AS 44.88.088 provides that AIDEA's dividend is to be between 25% and 50% of net income for the base fiscal year, but may not exceed AIDEA's unrestricted net income. AS 44.88.088(b) defines "net income" and "unrestricted net income" used in the statutory guidelines for our dividend policy to be the amount of net income and unrestricted net income that are set out in our audited financial statements.

However, new Governmental Accounting Standards Board (GASB) directives provides that audited financial statements will no longer report any amount for either net income or unrestricted net income. Without those amounts reported in our audited financial statements, AS 44.88.088 would no longer provide clear instruction to the Board for determining the amount of the dividend. This ambiguity will compel the Board either to attempt to calculate what the net income and unrestricted net income would have been or to declare no dividend, as the audited financial statements will include no amount for "net income."

Further, GASB directives require that intergovernmental transfers be included as components of the Statement of Revenues, Expenses and Changes in Fund Net Assets. These accounting modifications will also alter the calculation of AIDEA's future dividends. For example, the amount appropriated from any AIDEA dividend will be an intergovernmental transfer item that will reduce net income for that fiscal year. This would result in a "double counting" of AIDEA dividends as an expense.

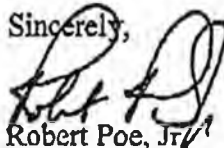
Section 4 of HB 471 modifies AIDEA's Rural Development Initiative Fund (RDIF) to make it available to applicants living in on-road communities of 2,000 or less, or off-road communities of 5,000 or less. The intent of the RDIF program is to provide commercial financing to businesses in the rural areas of Alaska that do not have access to standard commercial financing because of their remote location. This definition more clearly sets forth the intent of the program and will allow users of the program to use established references for determining eligibility.

Finally, Section 5 is a transitional provision that clarifies that the amendments to the statutory guidelines for the dividend program will first be used for the dividend to be calculated from our audited financial statement for fiscal year 2002.

AIDEA/AEA is pleased to be able to contribute to the general fund and provide Alaska with a real return on investment while continuing our mission to serve as an economic tool for future Alaskan businesses. Time is running short this legislative session, and I hope you will look favorably on scheduling this bill for a hearing in Senate C&RA at the earliest possible opportunity.

I would be happy to answer any questions you might have. Thank you in advance for your consideration.

Sincerely,



Robert Poe, Jr.
Executive Director

Alaska State Legislature



Representative Joe Green
District 10

STATE OF ALASKA
LEGISLATURE
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LEGISLATIVE COUNCIL
ANCHORAGE, ALASKA 99506
PHONE: 907-261-2000
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WWW.AKLEGIS.GOV

MEMORANDUM

To: Senator John Torgerson
Chair, Senate Community and Regional Affairs
From: Representative Joe Green
Date: April 26, 2002
RE: HB 471

Please schedule House Bill 471 before your committee for a hearing.

Attached are:

1. HB 471
2. Sponsor Statement
3. Fiscal Note
4. Background information and summary

If you have any questions, please do not hesitate to contact my aide Jessica Menendez at ext. 4920

Alaska State Legislature

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MEMBER, ETHICS
MEMBER, MILITARY & VETERAN AFFAIRS

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ALASKA COURT SYSTEM
DEPT. OF CORRECTIONS
DEPT. OF LAW

Representative Joe Green
District 10

Sponsor Statement for House Bill 471

House Bill 471 proposes changes to the Alaska Industrial Development and Export Authority (AIDEA) statutes relating to the computation of the AIDEA dividend and the eligibility requirements for AIDEA's Rural Development Initiative Fund (RDIF) program. The House C&RA committee amended House Bill 471 to include a proposal to increase the maximum loan amount for the Alaska Energy Authority's (AEA) Bulk Fuel Revolving Loan Fund.

The change to the dividend statute results in a status quo dividend formula necessitated by accounting and reporting changes. Under current state law, AIDEA pays an annual dividend to the State of Alaska's General Fund, the amount of which is based on the agency's "net income" and "unrestricted net income." Alaska Statutes define these two terms as the "net income" and "unrestricted net income" included in AIDEA's audited financial statement.

New standards adopted by the Governmental Accounting Standards Board (GASB) provide that audited financial statements, such as the one produced by AIDEA, will no longer include the terms for either "net income" or "unrestricted net income." This eliminates the reference used by current statutes to define the two terms.

In addition, the new GASB standards also require that intergovernmental transfers, capital contributions and grants be included as either a revenue or expense of the governmental entity. AIDEA's dividend payments to the state will be included as an expense, causing a further reduction of the agency's "net income," and resulting in an automatic reduction of the potential dividend.

Since its inception, AIDEA has provided \$128 million in dividends, including the dividend that will be paid to the state for fiscal year 2003. In order to preserve this important source of general fund revenue, HB 471 makes the necessary changes in response to the new accounting requirements. The bill addresses both issues by defining "net income" and "unrestricted net income" using the terms to be found in future audited financial and excluding amounts attributable to intergovernmental transfers, capital contributions and grants.

AIDEA's RDIF program was designed to make commercial loans to rural businesses that did not have other financing options because of their location. HB 471 reinserts the definition of "community" and further clarifies the definition to ensure that the loans are going to the intended recipients, those who are in truly rural communities. The amended standards specify that qualifying participants must be in communities of less than 5,000 people if they are not connected to Anchorage or Fairbanks by road, rail or the Marine Highway, and less than 2,000 people if they are connected to Anchorage or Fairbanks by road or rail.

CS FOR HOUSE BILL NO. 471(CRA)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered: 3/27/02

Referred: Labor and Commerce

Sponsor(s): REPRESENTATIVE GREEN

A BILL
FOR AN ACT ENTITLED

1 "An Act increasing the maximum amount of loans from the bulk fuel revolving loan
2 fund operated by the Alaska Energy Authority; relating to the definitions of 'net
3 income' and 'unrestricted net income' for purposes of determining the amount of the
4 Alaska Industrial Development and Export Authority's dividend to the state; relating to
5 communities within which rural development loans may be made by the Alaska
6 Industrial Development and Export Authority; and providing for an effective date."

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

8 * Section 1. AS 42.45.250(e) is amended to read:

9 (e) Loans made from the bulk fuel revolving loan fund to one borrower in any
10 fiscal year are not subject to AS 42.45.060 and

11 (1) may not exceed \$200,000 [~~\$100,000~~];

12 (2) shall be repaid in one year or less; and

13 (3) may not exceed 90 percent of the wholesale price of the fuel

1 purchased.

2 * Sec. 2. AS 44.88.088(b)(2) is amended to read:

3 (2) "net income" means the authority's change in net assets [NET
4 INCOME] as set out in the audited financial statements of the authority for the base
5 fiscal year, excluding amounts attributable to intergovernmental transfers, capital
6 contributions, or grants;

7 * Sec. 3. AS 44.88.088(b)(3) is amended to read:

8 (3) "unrestricted net income" means the authority's unrestricted change
9 in net assets [NET INCOME] as set out in the audited financial statements of the
10 authority for the base fiscal year, excluding amounts attributable to
11 intergovernmental transfers, capital contributions, or grants.

12 * Sec. 4. AS 44.88.610(a) is amended to read:

13 (a) The authority may use money from the rural development initiative fund to
14 make a loan of up to \$100,000 to a person, or a loan of up to \$200,000 to two or more
15 persons, to be used for working capital, equipment, construction, or other commercial
16 purposes by a business located in a community with a population of 5,000 or less that
17 is not connected by road or rail to Anchorage or Fairbanks, or with a population
18 of 2,000 or less that is connected by road or rail to Anchorage or Fairbanks. A
19 person who has received a loan under this subsection may not be granted another loan
20 until after the original loan is entirely repaid. For purposes of this subsection,

21 (1) "community" means a city as defined in AS 29.71.800 or an
22 unincorporated community as defined in AS 29.60.140; and

23 (2) "connected by road" does not include a connection by the
24 Alaska marine highway system.

25 * Sec. 5. The uncodified law of the State of Alaska is amended by adding a new section to
26 read:

27 TRANSITION. AS 44.88.088(b)(2) and (3), as amended in secs. 2 and 3 of this Act,
28 first apply to calculations made for base fiscal year 2002 and apply thereafter.

29 * Sec. 6. This Act takes effect immediately under AS 01.10.070(c).

HB 471
AIDEA Bill
Sectional Analysis

Sections 1 and 2 – AIDEA's Dividend Program. Sections 1 and 2 of the bill amend definitions used in the statutory guidelines for the AIDEA dividend program to accommodate recent changes in governmental accounting and reporting standards. Section 1 amends the definition of "net income" and section 2 amends the definition of "unrestricted net income." Additionally, Section 4 of the bill is a transitional provision that clarifies that the amendments made in section 1 and 2 will become effective for the dividend calculated from AIDEA's audited financial statements for fiscal year 2002 - - the first audited financial statements after these changes in governmental accounting standards become effective.

Background. Since its inception, AIDEA has provided \$128 million in dividends, including the dividend AIDEA in December 2001 declared available to the state for fiscal year 2003. AS 44.88.088 provides statutory guidelines for AIDEA's dividend policy. AIDEA is to provide to the state a dividend of between 25 percent and 50 percent of AIDEA's net income for the base fiscal year, but in no event may the dividend exceed AIDEA's unrestricted net income for the base fiscal year.

AS 44.88.088(b) defines "net income" and "unrestricted net income" used in the statutory guidelines for AIDEA's dividend policy to be the amount of net income and unrestricted net income that are set out in the audited financial statements of AIDEA. AIDEA's audited financial statements comply with standards adopted by the Governmental Accounting Standards Board (GASB). Two recent changes to these governmental accounting and reporting standards alter or create ambiguity regarding how the statutory guidelines for AIDEA's dividend program would be implemented.

First, GASB Statement 34 provides that audited financial statements will no longer report any amount for either "net income" or "unrestricted net income." Without those amounts reported in AIDEA's audited financial statements, AS 44.88.088 will no longer provide clear instruction to the Board for determining the amount of the AIDEA dividend. This ambiguity will compel the Board either to attempt to calculate what

the "net income" and "unrestricted net income" would have been without GASB Statement 34, or to declare no dividend as the audited financial statements will include no amount for "net income."

Second, GASB Statement 33 requires that grants be included as either revenue or expense of the governmental entity. GASB Statement 34 requires that intergovernmental transfers be included as components of the Statement of Revenues, Expenses and Changes in Fund Net Assets. These accounting modifications will alter the calculation of AIDEA's future dividends. For example, the amount appropriated from any AIDEA dividend will be an intergovernmental transfer item that will reduce "net income" for that fiscal year. This reduction of "net income" will simultaneously reduce the amount of the AIDEA dividend that will be calculated from the audited financial statement for that fiscal year. For the first time, the payment of an AIDEA dividend will automatically reduce the amount of a future dividend.

The amendments proposed in sections 1 and 2 neutralize the impact the recent changes to governmental accounting and reporting standards in GASB Statements 33 and 34 would otherwise have on the AIDEA dividend program.

Section 3 – Rural Development Initiative Fund Program. Section 3 of the bill modifies AIDEA's rural development initiative fund program (RDIF) by making RDIF available to businesses located in communities with populations of less than 5,000 if not connected by road or rail to Anchorage or Fairbanks, or to businesses in communities with populations of less than 2,000 if connected by road or rail to Anchorage or Fairbanks. Section 3 of the bill also provides definitions for terms.

Background. The intent of the RDIF program is to provide commercial financing to businesses in the rural areas of Alaska that do have access to standard commercial financing because of their location. While the statutory language refers to businesses located in a community of 5,000 or less, the definition of community was dropped over the years. This definition more clearly sets forth the intent of the program and will allow users of the program to use established references for determining eligibility.

Section 4 – AIDEA's Dividend Program. Section 4 is a transitional provision that clarifies that the amendments to the statutory guidelines for AIDEA's dividend program under sections 1 and 2 of the bill will first be used for the dividend to be calculated from AIDEA's audited financial statement for fiscal year 2002.

Background. Sections 1 and 2 of the bill amend definitions of terms used in the statutory guidelines for the AIDEA dividend program in order to neutralize the impact of changes made in governmental accounting and reporting standards under GASB Statements 33 and 34. These provisions first become effective for the audited financial statements of AIDEA that will be prepared for fiscal year 2002. The transitional provision clarifies that the amendments will be effective for dividend to be calculated from that fiscal year 2002 audited financial statement.

Section 5 – Effective Date. Section 5 of the bill provides for an immediate effective date.

HB

521

**Municipality
of
Anchorage**



P.O. Box 196650
Anchorage, Alaska 99519-6650
Telephone: (907) 343-4333
Fax: (907) 343-4526
<http://www.ci.anchorage.ak.us>

George P. Wuerch, Mayor

HERITAGE LAND BANK

April 17, 2002

Representative Kevin Meyer
Chair Community & Regional Affairs Committee
Alaska State House of Representatives

Senator Ben Stevens
Chair Labor and Commerce Committee
Alaska State Senate

Dear Representative Meyer/Senator Stevens

The existing Tax Increment Financing (TIF) laws are a current tool that municipalities can use to redevelop blighted areas. Anchorage is interested considering this tool for this purpose.


The current law would better serve this purpose if two basic concepts were incorporated into law.

The first change would remove ambiguity with regard to TIF financings in terms of whether they are done using revenue bonds versus General Obligation Bonds. The new language would allow the local government to choose the most appropriate method.

The second change addresses the physical areas, which can be improved through the TIF law. The new language would allow the TIF law to apply to those areas within a specific geographic area that include blighted areas as well as adjacent areas that are currently undeveloped or poorly developed. This would allow for a comprehensive development of a given generally blighted area.

The Municipality is in support of these changes as they allow greater flexibility in utilizing the TIF tool for neighborhood redevelopment.

Sincerely,


George Canelos,
Executive Director, Heritage Land Bank

ALASKA STATE LEGISLATURE

Representative Lisa Murkowski Chair
Representative Andrew Halcro Vice-Chair
Representative Pete Kott
Representative Kevin Meyer
Representative Norman Rokeberg
Representative Harry Crawford
Representative Joe Hayes



Alaska State Capitol
Juneau, AK 99801-1182
Telephone: (907) 465-4954
Fax: (907) 465-2293
Representative_Lisa_Murkowski@legis.state.ak.us

HOUSE LABOR AND COMMERCE COMMITTEE

Memorandum

Date: April 25, 2002
To: Senator John Torgerson
Community & Regional Affairs Chair
From: Representative Lisa Murkowski
Subject: Scheduling Request

House Bill 521 clarifies certain ambiguities in current statute relating to municipal improvement areas. HB 521 makes it clear that municipalities may use tax increment financing (TIF) with general obligation bonds and revenue bonds, and that both methods may be used, and may be used in combination with the other. The current provision is silent, leaving the matter to judicial interpretation.

House Bill 521 also enhances the definition of "improvement area" for redevelopment of blighted areas. The new language includes blighted areas and adjacent areas currently undeveloped or poorly developed—those areas capable of being improved based on property value in the area. This enhancement in statute will allow and encourage municipalities to shape development of town centers as outlined in Anchorage's 2020 Comprehensive Plan.

Attached you will find a copy of House Bill 521, sponsor statement, current Alaska statute, and fiscal note. Please schedule House Bill 521 the earliest your schedule will allow. Thank you for your accommodation.

ALASKA STATE LEGISLATURE

Representative Lisa Murkowski Chair
Representative Andrew Halero Vice-Chair
Representative Pete Kott
Representative Kevin Meyer
Representative Norman Rokeberg
Representative Harry Crawford
Representative Joe Hayes



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HOUSE LABOR AND COMMERCE COMMITTEE

Sponsor Statement House Bill 521 Municipal Improvement Areas

Tax increment financing (TIF) is a commonly accepted municipal planning and financial tool used to facilitate revitalization of blighted areas. Alaska adopted this tool for municipalities in 1988 with the adoption of AS 29.47.460. Essentially, the statute allows municipalities to issue bonds for improvement of blighted areas funded only by the tax revenues generated by the increased tax base that occurs as a result of the development. Consequently, other portions of the tax base are not called upon to subsidize such improvement, and the risk that the tax base will not increase is passed on to bondholders rather than to taxpayers when the bond is issued as a revenue bond.

House Bill 521 fine tunes current Alaska statute and makes it more useful under real life Alaska conditions. The new language clarifies whether TIF can be used only with general obligation bonds or with revenue bonds. The current provision is silent, leaving the matter to judicial interpretation. House Bill 521 makes clear that both methods can be used, and can be used in combination with the other.

House Bill 521 also newly defines "improvement area" to broaden the earlier restriction that TIF be used only with blighted areas. Blighted areas, as defined in existing law, are more of a "Rust Belt" concept of abandoned and vacant buildings, substandard structures, and tax delinquencies. In Alaska, some municipalities, like Anchorage, with its 2020 Comprehensive Plan, wish to shape development of town centers. The current definition of improvement area is too restrictive for such use. Anchorage's blighted areas are often areas of substandard improvement surrounded by vacant land or inappropriate grandfathered development. The new definition gives municipalities a much improved and more flexible financial tool to guide positive development into the future.

ALASKA STATE LEGISLATURE

Representative Lisa Murkowski Chair
Representative Andrew Halero Vice-Chair
Representative Pete Kott
Representative Kevin Meyer
Representative Norman Rokeberg
Representative Harry Crawford
Representative Joe Hayes



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HOUSE LABOR AND COMMERCE COMMITTEE

Current Statute Municipal Programs

Sec. 29.47.460. Debt for development and redevelopment projects. (a) In undertaking a development or redevelopment project, a municipality may issue bonds to finance public improvements for the project, including bonds for development or redevelopment purposes in blighted areas. In this subsection

(1) "blighted area" means an area that the municipality determines to be a blighted area on the basis of the substantial presence of factors such as excessive vacant land on which structures were previously located, abandoned or vacant buildings, substandard structures, and delinquencies in payment of real property taxes;

(2) "redevelopment purposes" means the

(A) acquisition by the municipality of real property located in a blighted area;

(B) clearing and preparation for redevelopment of land acquired under (A) of this paragraph;

(C) rehabilitation of real property acquired under (A) of this paragraph; in this subparagraph, "rehabilitation" does not include construction, other than rehabilitation, of property or the enlargement of an existing building; and

(D) relocation of occupants of the real property acquired under (A) of this paragraph.

(b) A municipality may provide by ordinance that the tax increment from the taxes levied each year by or on behalf of the municipality on the property in an area described in the ordinance shall be used to repay the principal and interest on bonds, notes, or other indebtedness that is incurred for a development or redevelopment project, and may irrevocably pledge the tax increment from the area for that purpose. The area described in the ordinance may be a service area. In this subsection "tax increment" means the portion of the tax that is attributable to the difference between the value of the property shown on the taxing agency's assessment roll for the year when the taxes are levied and the value of the property shown on the taxing agency's last assessment roll that was equalized before the project was authorized.

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 521(CRA)
 (H) Publish Date: 4/23/02

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title An Act relating to municipal improvement areas BRU Community Asst & Econ.Dev (405)
 Component Community & Business Development
 Sponsor House Labor & Commerce
 Requester House Community & Regional Affairs Component No. 2486

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
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 ()						
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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--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation would have no fiscal impact c. this division.

Prepared by: Pat Poland, Director Phone 907-269-4580
 Division Community & Business Development Date/Time 4/22/02 11:33 AM
 Approved by: Deborah B. Sedwick, Commissioner Date 4/22/2002
 Agency Department of Community & Economic Development

ALASKA STATE LEGISLATURE

Representative Lisa Murkowski Chair
Representative Andrew Halcro Vice-Chair
Representative Pete Kott
Representative Kevin Meyer
Representative Norman Rokeberg
Representative Harry Crawford
Representative Joe Hayes



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HOUSE LABOR AND COMMERCE COMMITTEE

Sponsor Statement House Bill 521 Municipal Improvement Areas

Tax increment financing (TIF) is a commonly accepted municipal planning and financial tool used to facilitate revitalization of blighted areas. Alaska adopted this tool for municipalities in 1988 with the adoption of AS 29.47.460. Essentially, the statute allows municipalities to issue bonds for improvement of blighted areas funded only by the tax revenues generated by the increased tax base that occurs as a result of the development. Consequently, other portions of the tax base are not called upon to subsidize such improvement, and the risk that the tax base will not increase is passed on to bondholders rather than to taxpayers when the bond is issued as a revenue bond.

House Bill 521 fine tunes current Alaska statute and makes it more useful under real life Alaska conditions. The new language clarifies whether TIF can be used only with general obligation bonds or with revenue bonds. The current provision is silent, leaving the matter to judicial interpretation. House Bill 521 makes clear that both methods can be used, and can be used in combination with the other.

House Bill 521 also newly defines "improvement area" to broaden the earlier restriction that TIF be used only with blighted areas. Blighted areas, as defined in existing law, are more of a "Rust Belt" concept of abandoned and vacant buildings, substandard structures, and tax delinquencies. In Alaska, some municipalities, like Anchorage, with its 2020 Comprehensive Plan, wish to shape development of town centers. The current definition of improvement area is too restrictive for such use. Anchorage's blighted areas are often areas of substandard improvement surrounded by vacant land or inappropriate grandfathered development. The new definition gives municipalities a much improved and more flexible financial tool to guide positive development into the future.

HOUSE BILL NO. 521(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered: 4/23/02

Referred: Rules

Sponsor(s): HOUSE LABOR AND COMMERCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to municipal improvement areas."

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

3 * Section 1. AS 29.47.460 is repealed and reenacted to read:

4 Sec. 29.47.460. Debt for improvement area projects. (a) A municipality
5 may issue bonds to finance or to make loans to finance the acquisition, construction,
6 rehabilitation, or development of public improvements in improvement areas. The
7 municipality may issue the bonds as general obligation bonds or as revenue bonds or
8 as a combination of revenue bonds and general obligation bonds. The municipality
9 may pledge revenues described in (b) of this section, payments to be made by users
10 and owners of the improvements, payments to be made by borrowers of the proceeds
11 of the bonds, and any other revenues available to the municipality to the payment of
12 bonds issued under this subsection. To the extent that the municipality issues general
13 obligation bonds under this subsection, the provisions of AS 29.47.180 - 29.47.200
14 apply to the bonds. To the extent that the municipality issues revenue bonds under
15 this subsection, the provisions of AS 29.47.250 and 29.47.260 apply to the bonds.

1 (b) A municipality may provide by ordinance that the tax increment from the
 2 taxes levied each year by or on behalf of the municipality on the property in an
 3 improvement area shall be issued to pay the principal and interest on bonds issued
 4 under (a) of this section for improvements in that improvement area, and may
 5 irrevocably pledge the tax increment from the area for that purpose. The area
 6 described in the ordinance may be a service area. Nothing in this section obligates a
 7 municipality that has issued bonds under (a) of this section and pledged a tax
 8 increment to the payment of those bonds under this subsection to levy any tax in the
 9 improvement area or any other area or to levy a tax at any particular rate within the
 10 improvement area or any other area.

11 (c) The power granted by this section is in addition to other powers granted to
 12 municipalities and does not restrict or limit the powers municipalities may have under
 13 other provisions of law.

14 (d) In this section,

15 (1) "bonds" means bonds, notes, and other forms of indebtedness;

16 (2) "improvement area" means an area that a municipality determines
 17 to be

18 (A) a blighted area on the basis of the substantial presence of
 19 factors such as excessive vacant land on which structures were previously
 20 located, abandoned or vacant buildings, substandard structures, and
 21 delinquencies in payment of real property taxes; or

22 (B) an area that is capable of being substantially improved
 23 based on the property value within the area;

24 (3) "tax increment" means the portion of a tax that is attributable to the
 25 difference between the value of property within an improvement area shown on the
 26 taxing agency's assessment roll for the year when the taxes are levied and the value of
 27 the property shown on the taxing agency's last assessment roll that was equalized
 28 before the improvements in the improvement area were authorized.

ALASKA STATE LEGISLATURE

Representative Lisa Murkowski Chair
Representative Andrew Halero Vice-Chair
Representative Pete Kott
Representative Kevin Meyer
Representative Norman Rokeberg
Representative Harry Crawford
Representative Joe Hayes



Alaska State Capitol
Juneau, AK 99801-1182
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Representative_Lisa_Murkowski@legis.state.ak.us

HOUSE LABOR AND COMMERCE COMMITTEE

Current Statute Municipal Programs

Sec. 29.47.460. Debt for development and redevelopment projects. (a) In undertaking a development or redevelopment project, a municipality may issue bonds to finance public improvements for the project, including bonds for development or redevelopment purposes in blighted areas. In this subsection

(1) "blighted area" means an area that the municipality determines to be a blighted area on the basis of the substantial presence of factors such as excessive vacant land on which structures were previously located, abandoned or vacant buildings, substandard structures, and delinquencies in payment of real property taxes;

(2) "redevelopment purposes" means the

(A) acquisition by the municipality of real property located in a blighted area;

(B) clearing and preparation for redevelopment of land acquired under (A) of this paragraph;

(C) rehabilitation of real property acquired under (A) of this paragraph; in this subparagraph, "rehabilitation" does not include construction, other than rehabilitation, of property or the enlargement of an existing building; and

(D) relocation of occupants of the real property acquired under (A) of this paragraph.

(b) A municipality may provide by ordinance that the tax increment from the taxes levied each year by or on behalf of the municipality on the property in an area described in the ordinance shall be used to repay the principal and interest on bonds, notes, or other indebtedness that is incurred for a development or redevelopment project, and may irrevocably pledge the tax increment from the area for that purpose. The area described in the ordinance may be a service area. In this subsection "tax increment" means the portion of the tax that is attributable to the difference between the value of the property shown on the taxing agency's assessment roll for the year when the taxes are levied and the value of the property shown on the taxing agency's last assessment roll that was equalized before the project was authorized.

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 521(CRA)
(H) Publish Date: 4/23/02

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
Title An Act relating to municipal improvement areas BRU Community Asst & Econ.Dev (405)
Component Community & Business Development
Sponsor House Labor & Commerce
Requester House Community & Regional Affairs Component No. 2486

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
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 ()						
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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--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation would have no fiscal impact on this division.

Prepared by: Pat Poland, Director Phone 907-269-4580
Division Community & Business Development Date/Time 4/22/02 11:33 AM
Approved by: Deborah B. Sedwick, Commissioner Date 4/22/2002
Agency Department of Community & Economic Development

HCR

27

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HCR 27
(H) Publish Date: 2/27/02

Revision Date/Time (Note if correction): _____ Dept. Affected: _____
Title Local Boundary Commission Procedur BRU _____
Sponsor HCRA Component _____
Requester _____ Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
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 ()						
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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--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Bill Lawrence Committee Aide Phone 465-3882
Division HCRA Date/Time 2/26/02 4:58 PM
Approved by: Representative Morgan, Co-chair Date 2/26/02
Agency HCRA

Tony Knowles, Governor



State of Alaska
Local Boundary Commission

550 West Seventh Avenue, Suite 1770 • Anchorage, AK 99501
Telephone: 907-269-4560 • Fax: 907-269-4539

April 22, 2002

The Honorable John Torgerson
Chairman
Senate Community and Regional Affairs Committee
State Capitol, Room 427
Juneau, AK 99801-1182

RE: *HOUSE CONCURRENT RESOLUTION NO. 27 am*

Dear Senator Torgerson:

The Local Boundary Commission endorses *House Concurrent Resolution No. 27 am*, ". . . urging the Local Boundary Commission to adopt standards and procedures to enable the commission to return a petition for a local boundary change to the petitioner when the commission determines the petition is substantively deficient, in need of substantial amendment or supplementation, or the procedure used in preparing the petition was deficient."

The House of Representatives recently adopted HCR 27 by a vote of 29 to 0. The Commission shares concerns expressed by members of the House that current procedures governing action by the Commission do not provide a means to deal expeditiously with petitions that clearly lack merit from a public policy standpoint. Therefore, the Commission urges favorable consideration of *House Concurrent Resolution No. 27 am*.

Cordially,

A handwritten signature in black ink, appearing to read "Kevin Waring".

Kevin Waring
Chairman

cc: The Honorable Alan Austerman, Senate CRA Committee
The Honorable Randy Phillips, Senate CRA Committee
The Honorable Pete Kelly, Senate CRA Committee
The Honorable Georgianna Lincoln, Senate CRA Committee

Members: Kevin Waring, Chairperson; _____, First Judicial District;
_____, Second Judicial District; Allan Tesche, Third Judicial District; Ardith Lynch, Fourth Judicial District



Alaska State Legislature

Official Business

REPRESENTATIVE DREW SCALZI
State Capitol
Juneau, Alaska 99801-1182

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FAX: (907) 465-3472

Representative_Drew_Scalzi@legis.state.ak.us

SPONSOR STATEMENT

HCR 27

RE: LOCAL BOUNDARY COMMISSION PROCEDURES

The Local Boundary Commission (LBC) is charged with the review of petitions seeking local boundary changes, approval or denial of those petitions as submitted or as the LBC sees fit to modify them.

At times in the past, the petitions for boundary changes sent to the LBC have involved procedures that have been substantively deficient and have resulted in considerable opposition from individuals in the areas involved in the annexation proposal.

This resolution urges the adoption of standards and procedures by the LBC that would allow the commission to return petitions early in the process that don't meet those standards or procedures. Doing so would avoid a great deal of concern on the part of and objections by those individuals who live in the area proposed for annexation.

HOUSE CONCURRENT RESOLUTION NO. 27 am
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Amended: 4/16/02
Introduced: 2/22/02

A RESOLUTION

1 **Relating to urging the Local Boundary Commission to adopt standards and procedures**
2 **to enable the commission to return a petition for a local boundary change to the**
3 **petitioner when the commission determines the petition is substantively deficient, in**
4 **need of substantial amendment or supplementation, or the procedure used in preparing**
5 **the petition was deficient.**

6 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 **WHEREAS** it is in the best interests of the state, petitioners, and affected local
8 governments and citizens to resolve proposed local boundary changes expeditiously and in
9 accord with art. X, sec. 12, Constitution of the State of Alaska, and implementing statutes and
10 regulations; and

11 **WHEREAS**, from time to time, petitions for boundary changes filed with the Local
12 Boundary Commission may be substantively deficient or in need of substantial amendment or
13 supplementation to conform with constitutional, statutory, and regulatory provisions; and

14 **WHEREAS** lengthy consideration of deficient petitions by the Local Boundary
15 Commission may result in unnecessary expenditures of money, time, and other resources on

1 the part of the state, local governments, and citizens of the state, and may also result in
2 needless public discord and strife; and

3 **WHEREAS** the Local Boundary Commission has discretion under art. X, sec. 12,
4 Constitution of the State of Alaska, to consider any proposed local government boundary
5 change and also has a duty under AS 44.33.812 to establish standards and procedures for
6 matters that come before the commission; and

7 **WHEREAS** the Local Boundary Commission has not established standards and
8 procedures by which the commission may return petitions if the procedures used in preparing
9 them were deficient or petitions that are substantively deficient or in need of substantial
10 amendment or supplementation to petitioners for amendment or reconsideration by the
11 petitioners;

12 **BE IT RESOLVED** that the Alaska State Legislature urges the Local Boundary
13 Commission to adopt standards and procedures that will enable the commission to return a
14 petition to the petitioner in a summary fashion if the commission determines the petition is
15 substantively deficient or in need of substantial amendment or supplementation to conform
16 with applicable constitutional, statutory, or regulatory provisions, or the procedure used in
17 preparing the petition was deficient.

18 **COPIES** of this resolution shall be sent to each member of the Local Boundary
19 Commission.