

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 8672

10729 HOUSE COMMUNITY & REGIONAL AFFAIRS

ALASKA STATE LEGISLATURE
HOUSE BILL NO. 431

HISTORY IN THE HOUSE

2004
2/4

Read first time and referred to:
CRA STA FIN

_____ RPT CS() _____ New Title
_____ DP _____ DNP _____ NR _____ AM
_____ FN _____ OFN / Prev: _____ FN _____ OFN

_____ RPT CS() _____ New Title
_____ DP _____ DNP _____ NR _____ AM
_____ FN _____ OFN / Prev: _____ FN _____ OFN

_____ RPT CS() _____ New Title
_____ DP _____ DNP _____ NR _____ AM
_____ FN _____ OFN / Prev: _____ FN _____ OFN

_____ RPT CS() _____ New Title
_____ DP _____ DNP _____ NR _____ AM
_____ FN _____ OFN / Prev: _____ FN _____ OFN

Read second time
 CS() Adopted New Title
 Amended
 _____ Advanced

Read third time
 Title Amendment
 Return to second for: _____

Passed Y _____ N _____ E _____ A _____
 EFD same or Y _____ N _____ E _____ A _____
 CRT same or Y _____ N _____ E _____ A _____
 CBR same or Y _____ N _____ E _____ A _____

Reconsideration
Reconsideration not taken up
 Title Amendment
 Return to second for: _____

Passed/Rec Y _____ N _____ E _____ A _____
 EFD same or Y _____ N _____ E _____ A _____
 CRT same or Y _____ N _____ E _____ A _____
 CBR same or Y _____ N _____ E _____ A _____

Engrossed, signed by the Speaker, and transmitted to the Senate

Chief Clerk of the House

HISTORY IN THE SENATE

20

Read first time and referred to:

_____ RPT SCS() _____ New Title
_____ DP _____ DNP _____ NR _____ AM
_____ FN _____ OFN / Prev: _____ FN _____ OFN
To: _____

_____ RPT SCS() _____ New Title
_____ DP _____ DNP _____ NR _____ AM
_____ FN _____ OFN / Prev: _____ FN _____ OFN
To: _____

_____ RPT SCS() _____ New Title
_____ DP _____ DNP _____ NR _____ A
_____ FN _____ OFN / Prev: _____ FN _____ OFN
To: _____

Read second time
 SCS() Adopted New Title
 Amended SCR No. _____
 _____ Advanced

Read third time
 Title Amendment
 Return to second for: _____

Passed Y _____ N _____ E _____ A _____
 EFD same or Y _____ N _____ E _____ A _____
 CRT same or Y _____ N _____ E _____ A _____
 CBR same or Y _____ N _____ E _____ A _____

Reconsideration
Reconsideration not taken up
 Title Amendment
 Return to second for: _____

Passed/Rec Y _____ N _____ E _____ A _____
 EFD same or Y _____ N _____ E _____ A _____
 CRT same or Y _____ N _____ E _____ A _____
 CBR same or Y _____ N _____ E _____ A _____

Engrossed, signed by the President, and to the House

Secretary of the Senate

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 431
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
Title Municipal Dividend Program RDU State Revenue Sharing (217)
Component Municipal Dividend Program
Sponsor Representative Moses
Requester House Community & Regional Affairs Component No. N/A

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	157,195.0	158,996.7	160,819.1	162,662.5	164,527.1	166,413.1
Miscellaneous						
TOTAL OPERATING	157,195.0	158,996.7	160,819.1	162,662.5	164,527.1	166,413.1

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

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Municipal Dividend Fund)	157,195.0	158,996.7	160,819.1	162,662.5	164,527.1	166,413.1
TOTAL	157,195.0	158,996.7	160,819.1	162,662.5	164,527.1	166,413.1

Estimate of any current year (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation establishes a new Municipal Dividend Fund within the Department funded from the earnings reserve account of the Permanent Fund. After transferring income from the earnings reserve account for Permanent Fund Dividends (AS 37.13.145(b)) and Inflation Proofing (AS 37.13.145(c)), the Permanent Fund Corporation shall transfer to the municipal dividend fund the amount needed to fully fund municipal dividends for the next fiscal year, or the balance of the earnings reserve account, whichever is less. The Department shall pay each municipality a dividend equal to \$250 for each person residing in the municipality, while providing for a minimum dividend of \$40,000. If the amount appropriated is not sufficient to fully fund the municipal dividends for a fiscal year, the dividends shall be reduced on a pro-rata basis. The Department estimates an annual municipal population growth of approximately 1.15%.

Prepared by: Gene Kane, Director Phone (907) 269-4578
Division Community Advocacy Date/Time 2/25/04 12:00 PM
Approved by: Edgar Blatchford, Commissioner Date 2/25/2004
Agency Department of Community and Economic Development

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 431
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Municipal Dividend Program RDU AK Permanent Fund Corporation
 Component AK Permanent Fund Corporation
 Sponsor Representative Moses
 Requester Community and Regional Affairs Component No. 109

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The proposed legislation does not increase the cost of operations for the Alaska Permanent Fund Corporation. See the attached schedule for the annual amount estimated to be available for the municipal dividend.

Prepared by: Robert D. Storer, Executive Director Phone 465-2047
 Division Alaska Permanent Fund Corporation Date/Time 2/26/04 1:34 AM
 Approved by: Steve Porter, Deputy Commissioner Date 2/6/2004
 Agency Department of Revenue



Analysis of current statutory payout versus HB 431
Alaska Permanent Fund Corporation

Based on December 2003 financial projections (\$ in millions, except per person dividend)

	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	Totals FY04 - FY15
Payout per HB 431	709	647	707	885	1,068	1,166	1,249	1,355	1,420	1,484	1,586	1,643	13,920
Municipal Dividend (\$250 per PFD application)	148	149	150	150	151	152	153	154	154	155	156	157	1,829
Distribution for PFD Fund	561	498	558	735	917	1,014	1,096	1,202	1,266	1,329	1,430	1,487	12,091
Payout - Current Dividend formula only	561	499	560	739	925	1,027	1,113	1,226	1,297	1,367	1,477	1,542	12,331
Difference in annual lump sum payout (HB 431 - Current statutes)	148	148	148	146	144	140	135	129	124	117	109	102	1,589
Retain for Inflation - HB 431	0	613	635	657	680	703	727	751	776	801	828	855	8,026
Retain for Inflation - Status Quo	0	613	635	657	680	703	727	751	776	801	828	855	8,026
AK Permanent Fund end of year value in 2015 - HB 431												45,644	45,644
Reserved assets (Principal + Unrealized appreciation)												39,988	39,988
Realized earnings reserve												5,656	5,656
AK Permanent Fund end of year value in 2015 - Current statutory formulas												48,165	48,165
Reserved assets (Principal + Unrealized appreciation)												40,223	40,223
Realized earnings reserve												7,942	7,942
Per Person Dividend HB 431	\$ 890	\$ 780	\$ 870	\$ 1,160	\$ 1,460	\$ 1,610	\$ 1,730	\$ 1,900	\$ 1,990	\$ 2,080	\$ 2,230	\$ 2,310	\$ 19,010
Per Person Dividend - current formulas	\$ 890	\$ 780	\$ 880	\$ 1,170	\$ 1,470	\$ 1,630	\$ 1,760	\$ 1,930	\$ 2,040	\$ 2,140	\$ 2,310	\$ 2,400	\$ 19,400

Assumptions:

1. Callan Associates 2003 Capital Market Assumptions, APFC 2003 asset allocation, Fall 2003 revenue forecast (including impact of HB11), financial statements
2. These projections represent only our best estimate of the median case rate of return; actual annual performance will vary with market volatility.
3. Distributions shown for the annual permanent fund dividend and the Municipal dividend program are calculated and booked as payables at
4. Slight differences due to rounding.

Kott Samuel Wolf Cassia Mnsar

8:05

Moes. Communities buying, no incentives to encourage communities to merge. In verge of bankruptcy wants no strings attached. Should be part of long range fiscal plan.

Cassia - Why can't wastewater be privatized?
Moes its not cost effective in some communities

Cassia - believes oil wealth is better directed to local government
wants more discussion

Eng. \$ could offset taxes currently being paid by community members.

Unalaska = Suppat = Communities are just going to walk away & wont go through dissolution process

Ritchie Amc mayn - adopt POMU.
all states do to some extent share \$ w/ communities
1/3 of arch. jobs are serving rural ak & are critical to economy of state.

The public will accept a dividend to communities w/ spending decisions at the local level

Municipal grants program is slated for
no funding

getting the greatest bang for buck

look at
statehood
act:

At statehood we accepted the rural nature of
Alaska - look at it

Alaska - small towns are the placeholders

Kott - \$50/person or no less / community

AMC = would agree that there may be an ability to
stair step payments.

17 communities were unable to hold elections
33 of communities were planning to cut Rd
& Police.

Insurance costs go up annually
Pensions increased annually

Bruce Solhelo & Fannie Johnson
support HB431

What Role should State government play in
supporting local govt.

Because that is where they live.

Cisneros

Warrant has 7 & sales
12 mil property tax

request rate / city
in notes

Kott-

supports concept

concerns about the math.

don't like the minimum \Rightarrow

encouragement for consolidation in the bill.

Send out which 17 communities didn't
hold election.

(2)

Fed. Constitution State is fundamental
Building - local community is Building block -
People experience govt at the local level.
At local level people look to have H₂O, Sewer
police fire protection, roads repair.

Relationship between state & local govt was never
sharing. Local govt is the surrogate for the
citizens

We have a fund.

Some local govt

taxes can't be if there isn't a fundamental
service to collect taxes.

HB431 is a part of larger picture

Samuels - Should there be some ^{financial} ~~tax~~ ^{connection} -

Bauer - believes when there is an ability to pay they
should.

panne prusa - Finance chair to CBT.

Earl Lewis - Council -

talking about the services provided by local
govt.

Kott - Should individual provide some form of payment
H₂O Sewer, fuel paid by local citizens

Alaska State Legislature

Representative Carl E. Moses

House District 37



MEMORANDUM

DATE: February 18, 2004

TO: Rep. Carl Morgan, Chairman
House Community and Regional Affairs Committee

FROM: Rep. Carl E. Moses *CEM*
House District 37

SUBJ: Request for Hearing – HB 431 (Municipal Dividend Program)

I respectfully request a committee hearing on HB 431, the measure to establish a Municipal Dividend Program. Uncertain state funding to municipalities has affected local ability to plan and budget properly, and more recently, has forced municipalities to absorb the brunt of many state budget cuts.

HB 431 would aid our beleaguered municipalities with a measure of unrestricted funds and would empower local governments by allowing them to decide how to best spend that money. Our municipalities provide the most direct critical services to the people and deserve control of a share of Alaska's funding resources.

The amount going to each municipality would be determined by population, at \$250 per PFD recipient, with a minimum of \$40,000 to each municipality. Distributions to municipalities would come only after Permanent Fund Dividends and inflation proofing are provided for.

I am attaching a copy of the bill and support material. We anticipate having letters of support or resolutions from a number of municipalities and boroughs to add to the packet within the next two weeks. Thank you for your consideration in hearing this bill.

SESSION

State Capitol Building
Juneau, AK 99801-1182
Phone: (907) 465-4451
Toll-Free: (800) 898-4451
Fax: (907) 465-3445

Alaska Peninsula
Aleutians
Bristol Bay
Pribilofs

INTERIM

716 West 4th Avenue
Anchorage, AK 99501-2133
Phone: (907) 269-0275
Toll-Free: (800) 898-4451
Fax: (907) 269-0274

Representative Carl E. Moses, House District 37
(907) 465-4451 – Adam Berg, Staff

SPONSOR STATEMENT / SECTIONAL ANALYSIS

HB431 – Municipal Dividend Program

The establishment of a Municipal Dividend program would aid municipalities with state appropriations allocated for unrestricted use by local governments in their greatest time of need. The sponsor intends to empower local officials by allowing them to decide how to best spend that money. Uncertain state funding has affected local governments ability to plan and budget properly, and more recently, to absorb the brunt of many state budget cuts.

This plan would provide approximately \$157 million annually to municipalities by accessing surplus earnings of the Permanent Fund. The distribution to municipalities would be made only after Permanent Fund Dividends and inflation proofing are provided for. Based on annual Permanent Fund earnings, if the amount appropriated were not sufficient to fully fund municipal dividends, the amount to each municipality would be reduced on a pro-rata basis.

Alaska's municipalities and local decision makers deliver the most direct and knowledgeable service, much of which is of a critical nature. Under HB 431, the amount going to each municipality would be determined by population and a per head allocation. Population criteria would be the number of local PFD recipients and the allocations would be \$250 per head, with a minimum to any municipality of \$40,000 annually.

BILL SECTION 1: Establishes the Municipal Dividend Fund. The amount of a Municipal Dividend is set at \$250 per eligible PFD recipient in each municipality. Borough populations are determined by subtracting the population of all cities within a borough from the borough's total population, thereby allowing boroughs to apply funding to their unincorporated communities. It sets a minimum dividend payment of \$40,000 to a municipality. There is a formula specified in the event the amount appropriated to the fund is insufficient to fully fund Municipal Dividends.

BILL SECTION 2: Assures that the transfer of money from the earnings reserve account to the Municipal Dividend Fund happens only after Permanent Fund Dividends have been accounted for and inflation proofing has taken place. It also assures that the lesser amount of either the dollars needed to fully fund the program or the balance of the earnings reserve account be transferred.

BILL SECTION 3: Sets the effective date at June 30, 2004.

DENALI BOROUGH

P. O. Box 480 • Healy, Alaska 99743
Phone (907) 683-1330 • Fax (907) 683-1340
dbgovt@mlaonline.net
www.denaliborough.govoffice.com



David M. Talerico, Mayor

To: Representative Morgan
Fax: 907 465-2197
Date: February 25, 2004

Re: Municipal Dividend Program, IIB 431

Representative Morgan:

Please allow this letter serve as my support for the Municipal Dividend Program, IIB 431. Municipal Dividend Funds will greatly enhance our revenue sharing opportunities. Our communities benefit significantly from these funds which are distributed throughout the borough.

We appreciate the work you do for us in the Legislature. Please feel free to contact me for any information that I might be able to provide you.

Sincerely:


Mayor David Talerico

ALEUTIANS EAST BOROUGH

SERVING THE COMMUNITIES OF

■ KING COVE ■ SAND POINT ■ AKUTAN ■ COLD BAY ■ FALSE PASS ■ NELSON LAGOON

February 19, 2004

Rep. Carl E. Moses
House District 37
State Capitol Building
Juneau, Alaska 99811-1182

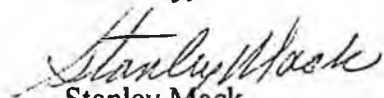
Re: Support of HB 431

Dear Rep. Moses,

The Aleutians East Borough supports HB 431. The Municipal Dividend Program would go a long way to restoring funding for municipalities to the levels of the early 1990s. I noted that under HB 431, the City of Sand Point would receive \$229,750. If my memory is correct, this is very close to the level of funding the City received under revenue sharing and municipal assistance when I was its Mayor in 1991! It is unfortunate that HB 431 does not take into consideration the inflation since then.

HB 431 is probably more important to the Cities of Cold Bay and False Pass. The minimum entitlement of \$40,000 would make life much more livable for these two cities in the Aleutians East Borough. These small cities were heavily impacted by the end of revenue sharing and safe community funding last year.

Sincerely,


Stanley Mack
Mayor

CLERK/PLANNER
P.O. BOX 349
SAND POINT, AK 99661
(907) 383-2699
(907) 383-3496 FAX
e-mail: AEBCLERK@aol.com

BOROUGH ADMINISTRATOR
3380 C STREET, SUITE 205
ANCHORAGE, AK 99503-3952
(907) 274-7555
(907) 276-7569 FAX
e-mail: aebanc@gcl.net

FINANCE DIRECTOR
P.O. BOX 49
KING COVE, AK 99612
(907) 497-2588
(907) 497-2386 FAX
e-mail: aebfinance@aol.com



CITY OF NORTH POLE

"Where the Spirit of Christmas Lives Year Round"

125 Snowman Lane • North Pole, Alaska 99705-7708
E-mail: mayor@northpolealaska.com • Website: www.northpolealaska.com

City Hall
907-488-2281
Fax: 907-488-3002

Police
Department
907-488-6902

Fire
Department
907-488-2232

Utilities
907-488-6111

City Clerk
907-488-2281

City Engineer
907-488-2281

February 23, 2004

Honorable Representative Moses,

The City of North Pole supports HB 431 Establishing a Municipal Dividend Program. With the elimination of Municipal Assistance and Revenue Sharing a significant burden was shifted to local communities to fund services and programs at higher costs to local taxpayers or in some cases reduction or elimination of essential services.

A municipal dividend program would provide a stable revenue stream that municipalities could utilize to offset increasing operating expenses and decreasing revenues.

I thank you for your attention to this matter. Feel free to contact me if you have any questions.

Sincerely,

JEFFREY JAMES JACOBSON, Mayor



City of Point Hope
P.O. Box 169
Point Hope, Alaska 99766
(907)368-2537/2836
Fax: (907)368-2835
e-mail: akphogov@hotmail.com

TO: Carl Moses, Representative
Municipal Dividend Program

FROM: Martin Oktolik, Sr., Mayor *M.O.Sr.*
City of Point Hope
P. O. Box 169
Point Hope, Alaska 99766

DATE: February 24, 2004

SUBJ: Letter of Support

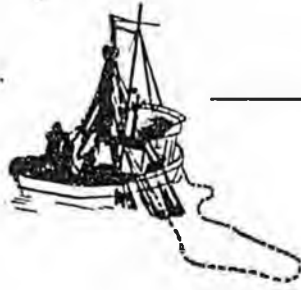
We are in support of the Municipal Dividend Program from the earnings reserve account of the Permanent Fund. Due to the Municipal hardships and low economy.

If you have any questions please do not hesitate to e-mail us at the above address or call directly at 1 (907) 368-2537.

Thank you for your time and consideration.

Cc: file
City Council

MSO/ms



City of False Pass

P.O. Box 50 • False Pass, Alaska 99583-0050
Telephone (907) 548-2319 • Fax (907) 548-2214

February 19, 2004

Representative Carl Moses
State Capitol Building
Juneau, Alaska 99801-1182

Dear Representative Moses:

I read with interest of your HB 431, which would establish a Municipal Dividend program. I understand that payouts from this program to municipalities and boroughs would be allocated for unrestricted use by local governments, and would have only a modest effect on personal dividends. This program would be helpful in light of the loss of the Revenue Sharing program last year, and I would like you to know that I support this bill. I will present a resolution to the City Council at our next meeting showing their support.

As you know the City of False Pass, like others in our region, is struggling to continue providing essential services to our residents with ever decreasing funds. In our case, we are now getting by with only about a third of the tax revenues we received a few years ago. The closure last year of a small processor in our community meant approximately 20% of the City's operating budget was gone due to the loss of sales tax, fish tax, and utilities sales. The other fish company in our community wants to sell or close down their retail sales of fuel, groceries, and hardware, which if closed will not only put our community in a difficult situation, but will also mean loss of even more sales tax. The loss of the Revenue Sharing program last year was also unfortunate.

Again, I support and appreciate your efforts on our behalf to secure this funding source for communities such as ours.

Sincerely,

A handwritten signature in cursive script that reads "John J. Nickels II". There is a small flourish at the end of the signature.

John J Nickels II
Mayor

City of Sand Point



February 23, 2004

Representative Carl Moses
State Capitol, Room 500
Juneau, Alaska 99801-1182

Re: HB 431

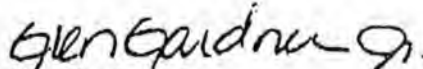
Dear Representative Moses:

The City of Sand Point fully supports your efforts to create a Municipal Dividend Program through HB 431. As you are well aware, Municipal Assistance and Revenue Sharing have been deleted from the state budget and this legislative action has been a tremendous financial blow to our community. We now struggle to maintain the minimal services that Sand Point residents deserve.

As we understand HB 431, a program would be created whereby a flat rate of \$250 per resident would be given to the City, paid from the earnings reserve account of the Permanent Fund after inflation-proofing and PFD's. This would potentially mean a \$200K infusion of state funds into our local economy to pay for local services, help match grants and loans and ease the financial burden that we now face.

We applaud your efforts and if there is anything we can do to help, please do not hesitate to ask. The future of Alaska's small, local governments depends on a fiscal plan that includes some type of financial assistance to each community in our great State.

Sincerely,


Glen Gardner, Jr.
Mayor

Sand Point City Council

City Office:
P.O. Box 249
Sand Point, Alaska 99661
(907) 383-2696
(907) 383-2698 FAX

Administrator:
3380 C Street, Suite 205
Anchorage, Alaska 99503
(907) 274-7561
(907) 274-3540 FAX
daypar72@gci.net

City of Mekoryuk
P.O. Box 29
Mekoryuk, AK 99630
Phone: (907) 827-8314 Fax: (907) 827-8626

February 23, 2004

Representative Carl Moses
State Capitol Building
Juneau, Alaska 99801-1182

Dear Representative Moses;

The City of Mekoryuk supports HB 431, which would establish a Municipal Dividend program. I also understood that payouts from this program to municipalities would be allocated for unrestricted use by local governments. This program would be helpful in light of the loss of the Revenue Sharing program last year. I will present a resolution to the City Council at our next meeting showing their support.

In our case, our city is small and sales taxes are out. Again I support and appreciate your efforts on our and many other small communities behalves to secure this funding source.

Thank you.

Sincerely,

Debra S. Olson - City Clerk
for Larson King
Mayor



Lake and Peninsula Borough

P.O. Box 495
King Salmon, Alaska 99613

Telephone: (907) 246-3421
Fax: (907) 246-6602



February 23, 2004

House Community and Regional Affairs Committee
State Capitol (MS 3100)
Juneau, AK 99801-1182

RE: HB 431, Municipal Dividend Program

To Whom It May Concern:

The Lake and Peninsula Borough is pleased to provide continued support for Representative Carl Moses' Municipal Dividend Program, HB 431. We appreciate his foresight and his diligent efforts to advance this critically important bill.

Our 17 villages are suffering economically. Residents of the southern half of the borough have been out-migrating necessitated by the dire need to find work to feed their families. During an "average" fishing season villagers have typically been able to financially sustain their lifestyles. However, "average" fishing seasons have been few and far between for about a decade now.

Loss of this local revenue source means precious little money remains available in most bush communities for governmental operations. The State of Alaska's eradication of Revenue Sharing essentially eliminated funds that remained for at least some basic services. A Municipal Dividend Program which we hope can be designed to be applicable for organized and unorganized villages alike would provide sufficient financial support for numerous villages within the State to remain financially solvent.

Without the Municipal Dividend Program it is almost a certainty many incorporated bush communities will be forced to dissolve their local municipal governments, probably in the near term. In addition, the continued absence of a funding vehicle like the Municipal Dividend Program will put off villages from ever seeking incorporation. Why would they take on the additional expense when there are fewer and fewer "returns"? The potential outcome of not passing HB 431 bodes a question that must be considered. Just how much will it cost the State of Alaska if several rural municipalities dissolve their incorporated status?

The Municipal Dividend Program is a sound proposal more pertinent now perhaps, than it was 9 years ago when first introduced by Rep. Moses. The Borough urges your support of HB 431.

Sincerely,


Glen Alsworth Sr.
Mayor

HB 431 Municipal Dividend Estimates

Distribution Formula: Municipal Population X \$250 With a Minimum Entitlement of \$40,000

Borough Populations: Borough Arcawide Population Less City Populations in Borough

Municipalities	2002 Population	Population X \$250	Minimum Entitlement Add-On	Municipal Dividend Payment
Adak	149	\$37,250	\$2,750	\$40,000
Akhiok	48	\$12,000	\$28,000	\$40,000
Akiak	346	\$86,500	\$0	\$86,500
Akutan	748	\$187,000	\$0	\$187,000
Alakanuk	659	\$164,750	\$0	\$164,750
Aleknagik	213	\$53,250	\$0	\$53,250
Aleutians East Borough	73	\$18,250	\$21,750	\$40,000
Allakaket	97	\$24,250	\$15,750	\$40,000
Ambler	295	\$73,750	\$0	\$73,750
Anaktuvuk Pass	302	\$75,500	\$0	\$75,500
Anchorage	269,070	\$67,267,500	\$0	\$67,267,500
Anderson	592	\$148,000	\$0	\$148,000
Angoon	542	\$135,500	\$0	\$135,500
Aniak	539	\$134,750	\$0	\$134,750
Anvik	109	\$27,250	\$12,750	\$40,000
Atka	102	\$25,500	\$14,500	\$40,000
Atkasuk	231	\$57,750	\$0	\$57,750
Barrow	4,434	\$1,108,500	\$0	\$1,108,500
Bethel	5,736	\$1,434,000	\$0	\$1,434,000
Bettles	36	\$9,000	\$31,000	\$40,000
Brevig Mission	307	\$76,750	\$0	\$76,750
Bristol Bay Borough	1,159	\$289,750	\$0	\$289,750
Buckland	426	\$106,500	\$0	\$106,500
Chefornak	419	\$104,750	\$0	\$104,750
Chevak	854	\$213,500	\$0	\$213,500
Chignik	77	\$19,250	\$20,750	\$40,000
Chuathbaluk	98	\$24,500	\$15,500	\$40,000
Clark's Point	65	\$16,250	\$23,750	\$40,000
Coffman Cove	161	\$40,250	\$0	\$40,250
Cold Bay	116	\$29,000	\$11,000	\$40,000
Cordova	2,434	\$608,500	\$0	\$608,500
Craig	1,227	\$306,750	\$0	\$306,750
Deering	129	\$32,250	\$7,750	\$40,000
Delta Junction	856	\$214,000	\$0	\$214,000
Denali Borough	1,294	\$323,500	\$0	\$323,500
Dillingham	2,475	\$618,750	\$0	\$618,750
Diomedede	128	\$32,000	\$8,000	\$40,000
Eagle	150	\$37,500	\$2,500	\$40,000
Eek	291	\$72,750	\$0	\$72,750
Egegik	88	\$22,000	\$18,000	\$40,000

HB 431 Municipal Dividend Estimates

Distribution Formula: Municipal Population X \$250 With a Minimum Entitlement of \$40,000

Borough Populations: Borough Areawide Population Less City Populations in Borough

Municipalities	2002 Population	Population X \$250	Minimum Entitlement Add-On	Municipal Dividend Payment
Ekwok	114	\$28,500	\$11,500	\$40,000
Elim	339	\$84,750	\$0	\$84,750
Emmonak	745	\$186,250	\$0	\$186,250
Fairbanks	29,670	\$7,417,500	\$0	\$7,417,500
Fairbanks North Star Borough	53,438	\$13,359,500	\$0	\$13,359,500
False Pass	79	\$19,750	\$20,250	\$40,000
Fort Yukon	581	\$145,250	\$0	\$145,250
Galena	713	\$178,250	\$0	\$178,250
Gambell	639	\$159,750	\$0	\$159,750
Golovin	148	\$37,000	\$3,000	\$40,000
Goodnews Bay	234	\$58,500	\$0	\$58,500
Grayling	192	\$48,000	\$0	\$48,000
Haines Borough	2,360	\$590,000	\$0	\$590,000
Holy Cross	232	\$58,000	\$0	\$58,000
Homer	4,721	\$1,180,250	\$0	\$1,180,250
Hoonah	868	\$217,000	\$0	\$217,000
Hooper Bay	1,075	\$268,750	\$0	\$268,750
Houston	1,279	\$319,750	\$0	\$319,750
Hughes	69	\$17,250	\$22,750	\$40,000
Huslia	285	\$71,250	\$0	\$71,250
Hydaburg	364	\$91,000	\$0	\$91,000
Juneau	30,981	\$7,745,250	\$0	\$7,745,250
Kachemak	419	\$104,750	\$0	\$104,750
Kake	700	\$175,000	\$0	\$175,000
Kaktovik	306	\$76,500	\$0	\$76,500
Kaltag	223	\$55,750	\$0	\$55,750
Kasaan	55	\$13,750	\$26,250	\$40,000
Kenai	7,166	\$1,791,500	\$0	\$1,791,500
Kenai Peninsula Borough	31,835	\$7,958,750	\$0	\$7,958,750
Ketchikan	7,845	\$1,961,250	\$0	\$1,961,250
Ketchikan Gateway Borough	5,431	\$1,357,750	\$0	\$1,357,750
Kiana	399	\$99,750	\$0	\$99,750
King Cove	794	\$198,500	\$0	\$198,500
Kivalina	383	\$95,750	\$0	\$95,750
Klawock	848	\$212,000	\$0	\$212,000
Kobuk	106	\$26,500	\$13,500	\$40,000
Kodiak	6,544	\$1,636,000	\$0	\$1,636,000
Kodiak Island Borough	6,484	\$1,621,000	\$0	\$1,621,000
Kotlik	633	\$158,250	\$0	\$158,250
Kotzebue	3,107	\$776,750	\$0	\$776,750

HB 431 Municipal Dividend Estimates
Distribution Formula: Municipal Population X \$250 With a Minimum Entitlement of \$40,000
Borough Populations: Borough Areawide Population Less City Populations in Borough

Municipalities	2002 Population	Population X \$250	Minimum Entitlement Add-On	Municipal Dividend Payment
Koyuk	329	\$82,250	\$0	\$82,250
Kcyukuk	101	\$25,250	\$14,750	\$40,000
Kupreanof	23	\$5,750	\$34,250	\$40,000
Kwethluk	730	\$182,500	\$0	\$182,500
Lake & Peninsula Borough	929	\$232,250	\$0	\$232,250
Larsen Bay	107	\$26,750	\$13,250	\$40,000
Lower Kalskag	260	\$65,000	\$0	\$65,000
Manokotak	404	\$101,000	\$0	\$101,000
Marshall	364	\$91,000	\$0	\$91,000
Matanuska-Susitna Borough	52,460	\$13,115,000	\$0	\$13,115,000
McGrath	407	\$101,750	\$0	\$101,750
Mekoryuk	204	\$51,000	\$0	\$51,000
Mountain Village	757	\$189,250	\$0	\$189,250
Napakiak	351	\$87,750	\$0	\$87,750
Napaskiak	408	\$102,000	\$0	\$102,000
Nenana	519	\$129,750	\$0	\$129,750
New Stuyahok	479	\$119,750	\$0	\$119,750
Newhalen	156	\$39,000	\$1,000	\$40,000
Nightmute	224	\$56,000	\$0	\$56,000
Nikolai	120	\$30,000	\$10,000	\$40,000
Nome	3,493	\$873,250	\$0	\$873,250
Nondalton	207	\$51,750	\$0	\$51,750
Noorvik	677	\$169,250	\$0	\$169,250
North Pole	1,683	\$420,750	\$0	\$420,750
North Slope Borough	2,434	\$608,500	\$0	\$608,500
Northwest Arctic Borough	717	\$179,250	\$0	\$179,250
Nuiqsut	443	\$110,750	\$0	\$110,750
Nulato	345	\$86,250	\$0	\$86,250
Nunam Iqua	204	\$51,000	\$0	\$51,000
Nunapitchuk	512	\$128,000	\$0	\$128,000
Old Harbor	229	\$57,250	\$0	\$57,250
Ouzinkie	189	\$47,250	\$0	\$47,250
Palmer	5,159	\$1,289,750	\$0	\$1,289,750
Pelican	115	\$28,750	\$11,250	\$40,000
Petersburg	3,146	\$786,500	\$0	\$786,500
Pilot Point	76	\$19,000	\$21,000	\$40,000
Pilot Station	546	\$136,500	\$0	\$136,500
Platinum	37	\$9,250	\$30,750	\$40,000
Point Hope	709	\$177,250	\$0	\$177,250
Port Alexander	72	\$18,000	\$22,000	\$40,000

HB 431 Municipal Dividend Estimates

Distribution Formula: Municipal Population X \$250 With a Minimum Entitlement of \$40,000

Borough Populations: Borough Areawide Population Less City Populations in Borough

Municipalities	2002 Population	Population X \$250	Minimum Entitlement Add-On	Municipal Dividend Payment
Port Heiden	108	\$27,000	\$13,000	\$40,000
Port Lions	251	\$62,750	\$0	\$62,750
Quinhagak	572	\$143,000	\$0	\$143,000
Ruby	195	\$48,750	\$0	\$48,750
Russian Mission	328	\$82,000	\$0	\$82,000
Saint George	147	\$36,750	\$3,250	\$40,000
Saint Mary's	549	\$137,250	\$0	\$137,250
Saint Michael	390	\$97,500	\$0	\$97,500
Saint Paul	533	\$133,250	\$0	\$133,250
Sand Point	919	\$229,750	\$0	\$229,750
Savoonga	686	\$171,500	\$0	\$171,500
Saxman	394	\$98,500	\$0	\$98,500
Scammon Bay	491	\$122,750	\$0	\$122,750
Selawik	778	\$194,500	\$0	\$194,500
Seldovia	308	\$77,000	\$0	\$77,000
Seward	2,794	\$698,500	\$0	\$698,500
Shageluk	145	\$36,250	\$3,750	\$40,000
Shaktoolik	218	\$54,500	\$0	\$54,500
Shishmaref	589	\$147,250	\$0	\$147,250
Shungnak	249	\$62,250	\$0	\$62,250
Sitka	8,894	\$2,223,500	\$0	\$2,223,500
Skagway	841	\$210,250	\$0	\$210,250
Soldotna	3,944	\$986,000	\$0	\$986,000
Stebbins	586	\$146,500	\$0	\$146,500
Tanana	278	\$69,500	\$0	\$69,500
Teller	247	\$61,750	\$0	\$61,750
Tenakee Springs	98	\$24,500	\$15,500	\$40,000
Thorne Bay	503	\$125,750	\$0	\$125,750
Togiak	804	\$201,000	\$0	\$201,000
Toksook Bay	549	\$137,250	\$0	\$137,250
Unalakleet	725	\$181,250	\$0	\$181,250
Unalaska	4,051	\$1,012,750	\$0	\$1,012,750
Upper Kalskag	248	\$62,000	\$0	\$62,000
Valdez	4,171	\$1,042,750	\$0	\$1,042,750
Wainwright	543	\$135,750	\$0	\$135,750
Wales	159	\$39,750	\$250	\$40,000
Wasilla	6,343	\$1,585,750	\$0	\$1,585,750
White Mountain	210	\$52,500	\$0	\$52,500
Whittier	170	\$42,500	\$0	\$42,500
Wrangell	2,144	\$536,000	\$0	\$536,000

HB 431 Municipal Dividend Estimates

Distribution Formula: Municipal Population X \$250 With a Minimum Entitlement of \$40,000

Borough Populations: Borough Arcawide Population Less City Populations in Borough

Municipalities	2002 Population	Population X \$250	Minimum Entitlement Add-On	Municipal Dividend Payment
Yakutat	724	\$181,000	\$0	\$181,000
Totals	626,680	\$156,670,000	\$525,000	\$157,195,000



Analysis of current statutory payout versus HB 431
Alaska Permanent Fund Corporation

Based on December 2003 financial projections (\$ in millions, except per person dividend)

	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	Totals FY04 - FY15
Payout per HB 431	709	647	707	885	1,068	1,166	1,249	1,355	1,420	1,484	1,586	1,643	13,920
Municipal Dividend (\$250 per PFD application)	148	149	150	150	151	152	153	154	154	155	156	157	1,829
Distribution for PFD Fund	561	498	558	735	917	1,014	1,096	1,202	1,266	1,329	1,430	1,487	12,091
Payout - Current Dividend formula only	561	498	560	739	925	1,027	1,113	1,226	1,297	1,367	1,477	1,542	12,331
Difference in annual lump sum payout (HB 431 - Current statutes)	148	148	148	146	144	140	135	129	124	117	109	102	1,529
Retain for Inflation - HB 431	0	613	635	657	680	703	727	751	776	801	828	855	8,026
Retain for Inflation - Status Quo	0	613	635	657	680	703	727	751	776	801	828	855	8,025
AK Permanent Fund end of year value in 2015 - HB 431												45,644	45,644
Reserved assets (Principal + Unrealized appreciation)												39,988	39,988
Realized earnings reserve												5,656	5,656
AK Permanent Fund end of year value in 2015 - Current statutory formulas												48,165	48,165
Reserved assets (Principal + Unrealized appreciation)												40,223	40,223
Realized earnings reserve												7,942	7,942
Per Person Dividend HB 431	\$ 890	\$ 780	\$ 870	\$ 1,160	\$ 1,460	\$ 1,610	\$ 1,730	\$ 1,900	\$ 1,990	\$ 2,080	\$ 2,230	\$ 2,310	\$ 19,010
Per Person Dividend - current formulas	\$890	\$780	\$880	\$1,170	\$1,470	\$1,630	\$1,760	\$1,930	\$2,040	\$2,140	\$2,310	\$2,400	\$ 19,400

Assumptions:

1. Callan Associates 2003 Capital Market Assumptions, APFC 2003 asset allocation, Fall 2003 revenue forecast (including impact of HB11), financial statements
2. These projections represent only our best estimate of the median case rate of return; actual annual performance will vary with market volatility.
3. Distributions shown for the annual permanent fund dividend and the Municipal dividend program are calculated and booked as payables at
4. Slight differences due to rounding.

Provided by municipal league.

Revenue Sharing makes up over a 25% of the operating budget for a Quarter of our Municipalities, it Averages 16% of all Municipal Operating Budgets.
(Data from DCED, Missions and Measures, 2003)

Revenue sharing is so large a percent of municipal budgets that large cuts will result in many small municipalities becoming dysfunctional and the state will have to directly provide services, if tribal governments cannot afford to take a more prominent role. Legislative constituents/taxpayers in larger municipalities suffer as well. Anchorage local taxpayers, for example, face an additional \$10.4 million shortfall on top of the loss of capital matching grants, a huge new PERS/TRS debt, new DOT highway

Municipality	FY 03 Budget	FY 03 Revenue	
		Sharing Total	% of Oper Budget
City of Manokotak	\$35,200	\$33,175	94.25%
City of Bettles	\$41,533	\$30,239	72.81%
City of Atkasuk	\$64,267	\$40,565	63.12%
City of White Mountain	\$55,982	\$30,982	55.34%
City of Kupreanof	\$41,400	\$22,821	55.12%
City of Port Heiden	\$59,992	\$30,383	50.65%
City of Napakiak	\$78,751	\$32,804	41.66%
City of Napaskiak	\$80,585	\$32,941	40.88%
City of Chefornak	\$83,560	\$33,320	39.88%
City of Ekwok	\$75,061	\$28,229	37.61%
City of Kasaan	\$65,781	\$22,821	34.69%
City of Chuathbaluk	\$87,046	\$29,829	34.27%
City of Selawik	\$275,036	\$93,963	34.16%
City of Newhalen	\$85,800	\$28,741	33.50%
City of Kivalina	\$167,493	\$52,466	31.32%
City of Tenakee Springs	\$73,875	\$22,821	30.89%
City of Teller	\$103,731	\$31,813	30.67%
City of Anderson	\$126,633	\$38,394	30.32%
City of Aniak	\$147,680	\$43,541	29.48%
City of Koyukuk	\$99,201	\$29,115	29.35%
City of Grayling	\$108,770	\$31,537	28.99%
City of Buckland	\$132,102	\$37,864	28.66%
City of Hughes	\$101,945	\$29,174	28.62%
City of Point Hope	\$246,223	\$70,085	28.46%
City of Fort Yukon	\$151,500	\$42,954	28.35%
City of Eagle	\$89,900	\$25,461	28.32%
City of Akhiok	\$80,610	\$22,821	28.31%
City of Holy Cross	\$119,026	\$32,990	27.72%
City of Allakaket	\$109,319	\$30,211	27.64%
City of Upper Kalskag	\$132,756	\$36,332	27.37%

Municipality	FY 03 Budget	Sharing Total	% of Oper Budget
City of Quinhagak	\$136,511	\$37,349	27.36%
City of Noorvik	\$260,622	\$66,852	25.65%
City of Anaktuvuk Pass	\$124,342	\$31,704	25.50%
City of Huslia	\$137,665	\$34,730	25.23%
City of Russian Mission	\$130,893	\$31,539	24.10%
City of Mekoryuk	\$129,985	\$30,292	23.30%
City of Ambler	\$161,531	\$35,964	22.26%
City of Ruby	\$142,044	\$31,522	22.19%
City of Nunam Iqua	\$132,992	\$29,358	22.08%
City of Nunapitchuk	\$176,981	\$39,061	22.07%
City of Shageluk	\$132,948	\$29,063	21.86%
City of Goodnews Bay	\$136,643	\$29,806	21.81%
City of Nulato	\$160,648	\$34,776	21.65%
City of Nondalton	\$150,944	\$32,113	21.27%
City of Egegik	\$147,300	\$31,321	21.26%
City of McGrath	\$183,413	\$38,968	21.25%
City of Nightmute	\$141,685	\$29,396	20.75%
City of Anvik	\$144,065	\$29,879	20.74%
City of Houston	\$220,204	\$45,501	20.66%
City of Eek	\$155,049	\$31,378	20.24%
City of Larsen Bay	\$113,130	\$22,821	20.17%
City of New Stuyahok	\$168,340	\$33,545	19.93%
City of Deering	\$176,812	\$34,243	19.37%
City of Savoonga	\$204,700	\$39,297	19.20%
City of Akiak	\$172,171	\$31,593	18.35%
City of Kachemak	\$155,600	\$28,465	18.29%
City of Port Lions	\$142,686	\$25,701	18.01%
City of Scammon Bay	\$195,319	\$34,911	17.87%
City of Shishmaref	\$212,461	\$37,676	17.73%
City of Kobuk	\$173,422	\$30,635	17.67%
City of Ouzinkie	\$142,373	\$25,096	17.63%
City of Wales	\$172,768	\$29,748	17.22%
City of Shaktoolik	\$189,030	\$31,586	16.71%
City of Port Alexander	\$138,257	\$22,820	16.51%
City of Marshall	\$201,672	\$32,512	16.12%
City of Emmonak	\$390,459	\$62,861	16.10%
City of Tanana	\$234,975	\$37,237	15.85%
City of Kaltag	\$205,840	\$32,452	15.77%
City of Brevig Mission	\$205,303	\$32,251	15.71%
City of Koyuk	\$213,927	\$32,932	15.39%
City of Chignik	\$176,656	\$26,998	15.28%
City of Hydaburg	\$184,063	\$27,743	15.07%
City of Kwethluk	\$268,773	\$39,612	14.74%

Municipality	FY 03 Budget	Sharing Total	% of Oper Budget
City of Nikolai	\$198,000	\$29,129	14.71%
City of Kiana	\$254,221	\$37,340	14.69%
City of Alakanuk	\$288,850	\$42,151	14.59%
City of Pilot Point	\$198,692	\$28,350	14.27%
City of Shungnak	\$241,561	\$34,318	14.21%
City of Pilot Station	\$258,826	\$36,449	14.08%
City of Stebbins	\$270,782	\$37,803	13.96%
City of Chevak	\$295,728	\$40,330	13.64%
City of Diomede	\$216,587	\$29,316	13.54%
City of Old Harbor	\$194,801	\$25,448	13.06%
City of Saint Michael	\$290,646	\$36,789	12.66%
City of Clark's Point	\$210,079	\$26,537	12.63%
City of Kake	\$286,395	\$35,223	12.30%
City of Toksook Bay	\$293,572	\$35,567	12.12%
City of Atka	\$239,696	\$28,508	11.89%
City of Aleknagik	\$246,099	\$28,943	11.76%
City of Wainwright	\$313,515	\$36,491	11.64%
City of Cold Bay	\$284,364	\$32,418	11.40%
City of Elim	\$301,668	\$34,334	11.38%
City of Lower Kalskag	\$42,892	\$4,791	11.17%
City of Kotlik	\$334,400	\$37,075	11.09%
City of Angoon	\$291,671	\$32,014	10.98%
City of Delta Junction	\$518,950	\$56,504	10.89%
City of Saxman	\$259,287	\$27,723	10.69%
City of Hooper Bay	\$515,643	\$54,426	10.55%
City of Gambell	\$415,930	\$40,262	9.68%
City of Mountain Village	\$444,758	\$41,835	9.41%
City of Nuiqsut	\$365,168	\$34,304	9.39%
City of False Pass	\$294,409	\$26,947	9.15%
City of Thorne Bay	\$368,940	\$32,716	8.87%
City of Unalakleet	\$499,200	\$44,044	8.82%
City of Seldovia	\$353,168	\$30,207	8.55%
City of Fairbanks	\$16,794,096	\$1,391,861	8.29%
City of Barrow	\$1,573,133	\$120,578	7.66%
City of Saint Mary's	\$564,779	\$42,651	7.55%
City of Nenana	\$596,850	\$44,188	7.40%
City of Hoonah	\$755,600	\$54,026	7.15%
City of Galena	\$670,600	\$44,829	6.68%
City of Pelican	\$431,776	\$25,523	5.91%
City of Kaktovik	\$557,400	\$32,456	5.82%
City of Togiak	\$800,289	\$42,206	5.27%
City of Golovin	\$614,394	\$31,650	5.15%
City of Bethel	\$5,900,000	\$302,836	5.13%

Municipality	FY 03 Budget	Sharing Total	% of Oper Budget
City of Kotzebue	\$4,187,861	\$199,688	4.77%
Lake and Peninsula Bor	\$2,271,084	\$106,854	4.70%
City of Akutan	\$821,979	\$38,226	4.65%
City of Klawock	\$814,390	\$35,871	4.40%
City of Haines	\$1,508,391	\$65,526	4.34%
City of Palmer	\$5,291,041	\$226,676	4.28%
Muni of Anchorage	\$248,390,990	\$10,403,815	4.19%
City of Saint George	\$744,519	\$29,685	3.99%
City of King Cove	\$1,055,000	\$40,930	3.88%
City of Kenai	\$7,980,423	\$302,982	3.80%
City of Sand Point	\$1,271,670	\$47,658	3.75%
City of Adak	\$991,000	\$35,853	3.62%
City of Coffman Cove	\$850,991	\$30,283	3.56%
City of Platinum	\$29,675	\$1,012	3.41%
City of Soldotna	\$5,874,850	\$190,413	3.24%
City of Cordova	\$5,450,311	\$175,465	3.22%
City of Homer	\$5,287,239	\$168,493	3.19%
Kenai Peninsula Bor	\$50,258,850	\$1,598,729	3.18%
City of Nome	\$7,065,869	\$218,051	3.09%
City of Whittier	\$910,010	\$27,493	3.02%
Denali Borough	\$2,053,700	\$61,389	2.99%
Matanuska-Susitna Bor	\$57,181,644	\$1,690,792	2.96%
City of Wrangell	\$5,716,151	\$166,553	2.91%
Kodiak Island Borough	\$10,818,950	\$291,868	2.70%
City of Petersburg	\$7,194,963	\$187,235	2.60%
Fairbanks North Star Bor	\$78,318,560	\$1,970,270	2.52%
City/Bor of Yakutat	\$1,784,375	\$44,556	2.50%
City of North Pole	\$2,799,058	\$69,062	2.47%
City of Seward	\$6,848,620	\$159,193	2.32%
City and Bor of Sitka	\$18,470,340	\$424,845	2.30%
City of Kodiak	\$11,926,675	\$267,018	2.24%
City of Craig	\$2,470,908	\$53,286	2.16%
City of Dillingham	\$5,158,448	\$106,959	2.07%
City of Wasilla	\$9,689,941	\$192,226	1.98%
Northwest Arctic Borough	\$8,031,921	\$158,084	1.97%
City of Saint Paul	\$2,200,873	\$39,100	1.78%
City of Skagway	\$2,818,195	\$49,423	1.75%
City of Valdez	\$22,425,096	\$381,529	1.70%
City of Ketchikan	\$27,957,840	\$425,618	1.52%
Ketchikan Gateway Bor	\$14,867,222	\$202,908	1.36%
Bristol Bay Borough	\$4,504,954	\$58,003	1.29%
Haines Borough	\$3,191,250	\$39,679	1.24%
City of Unalaska	\$20,193,196	\$185,314	0.92%

Municipality	FY 03 Budget	Sharing Total	% of Oper Budget
Aleutians East Borough	\$4,161,070	\$35,301	0.85%
City/Borough of Juneau	\$188,848,100	\$1,482,129	0.78%
North Slope Borough	\$289,420,015	\$902,462	0.31%
Average Percent			15.80%
Highest Percent			94.25%
Lowest Percent			0.31%
# > 20%			51

HB

461

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46

By: Bonnie Williams
Randy Frank
Garry Hutchison
Introduced: 03/11/04
Adopted: 03/11/04

FAIRBANKS NORTH STAR BOROUGH

RESOLUTION NO. 2004 - 23

A RESOLUTION SUPPORTING HB 461 AN ACT RELATING TO ENHANCED 911 SURCHARGES AND TO EMERGENCY SERVICES DISPATCH SYSTEMS OF MUNICIPALITIES, CERTAIN VILLAGES, AND PUBLIC CORPORATIONS ESTABLISHED BY MUNICIPALITIES

WHEREAS, 911 is the official national emergency number in the United States and Canada; and

WHEREAS, the 911 network is a vital part of our nation's emergency response and disaster preparedness system. Enhanced 911 (E911) systems now automatically report the telephone number and location of 911 calls made from wireline phones; and

WHEREAS, the Federal Communications Commission (FCC) has established a program requiring wireless telephone carriers to provide E911 capability. When implemented, wireless E911 will provide the precise location of 911 calls from wireless phones; and

WHEREAS, municipalities have no way to fully cover the costs of this essential dispatch service. Currently AS 29.35 gives a municipality the ability to cover the cost of the E911 equipment through a surcharge of only sixty-five cents; and

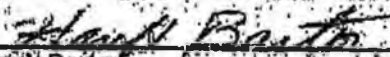
WHEREAS, HB 461 will shift some of the costs to the users of this service and provide substantial relief to stretched municipal budgets. Municipalities will have the option to charge phone users through a surcharge on their phone bill allowing them to respond to the needs of their communities; and

NOW, THEREFORE, BE IT RESOLVED that the Assembly of the Fairbanks North Star Borough supports HB 461.

BE IT FURTHER RESOLVED of copies of this resolution shall be sent to the Alaska Interior Delegation.

46
47

PASSED AND APPROVED THIS 11th DAY OF MARCH 2004.


Hank Bartos
Presiding Officer

ATTEST:


Mona Lisa Drexler, CMC
Municipal Borough Clerk

48
49
50
51
52

Ayes: Romans, Hutchison, Sattley, Rex, Henry, Williams, Beck, Frank, Aldridge, Cummings,
Bartos
Noss: None

FAX

Fairbanks North Star Borough Assembly
clerks@co.fairbanks.ak.us

Date 3/12/04

Number of pages including cover sheet 3

To: Interior Delegation Members

From: Hank Bartos, Presiding Officer,
FNSB Assembly
c/o Mona Lisa Drexler, Clerk's Office

Phone (907) 459-1402

Fax Phone (907) 459-1224

CC:

REMARKS

Urgent For your review Reply ASAP Please comment

The Fairbanks North Star Borough Assembly recently adopted the following resolution(s). A copy is attached to this fax for your information.

RESOLUTION NO. 2004 - 23

A RESOLUTION SUPPORTING HB 461 AN ACT RELATING TO ENHANCED 911 SURCHARGES AND TO EMERGENCY SERVICES DISPATCH SYSTEMS OF MUNICIPALITIES, CERTAIN VILLAGES, AND PUBLIC CORPORATIONS ESTABLISHED BY MUNICIPALITIES

Amendments to 461

Sec. ⁵ 29.35.131

(c) A local exchange telephone company or wireless telephone company shall include the appropriate enhanced 911 surcharge, stated separately and include in the total amount owed, in the bills delivered to its customers. The Regulatory Commission of Alaska may not consider the enhanced 911 surcharge as revenue of the telephone company **[AND HAS NO JURISDICTION OVER AN ENHANCED 911 SYSTEM]**.

A customer is liable for payment of the enhanced 911 surcharge in the amounts billed by the telephone company until the amounts have been paid to the telephone company.

Sec. 4 AS 29.35.131 (b)

Line 31 Delete **[A CUSTOMER THAT HAS MORE THAN 100 LOCAL EXCHANGE ACCESSLINES FROM LOCAL EXCHANGE TELEPHONE COMPANY IN THE MUNICIPALITY IS LIABLE FO THE ENHANCED 911 SURCHARGE ONLY ON 100 EXCHANGE ACCESS LINES]**.

Sec. 7 AS 42.05 is amended by adding a new section to read

Sec. 42.05.295 Routing 911 calls. Notwithstanding as 42.05.711, to ensure statewide access by all residents to 911 wireline services, traditional or enhanced, each local exchange telephone company that provides wireline service to an area outside a municipality must route all 911 calls originating from within its customer service base to a public safety answering point. In this section, "municipality" has the meaning given in as 29.35.137

UB 461 - New Changes

SI Wolf's office

LEGAL SERVICES

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

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

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

April 5, 2004

SUBJECT: Sectional summary (CSHB 461()); Draft Version "Q")

TO: Representative Kelly Wolf
Attn: Rex Weimer

FROM: Tamara Brandt Cook
Director

TBC

Sec. 1. Adds to list of judicial actions that may not be brought against a municipality an action based on the exercise of a duty in connection with an emergency services dispatch system.

Sec. 2. Permits a municipality to provide an emergency services dispatch system. Existing law permits enhanced 911 systems. Increases the enhanced 911 surcharge maximum to \$1 per month for each wireless telephone billing statement or \$1 per month for each local exchange access line for wireline telephones. Deletes the distinction in surcharges that is in existing law based on municipal population. Permits the surcharge to be used for labor and equipment used to provided emergency services dispatch, but not for cost of providing the emergency service.

Sec. 4. Provides that a wireless telephone customer may not be subject to more than one enhanced 911 surcharge for each billing statement. The existing provision applies to telephone numbers rather than billing statements.

Sec. 5. Permits a municipality to impose a point-of-purchase 911 surcharge from prepaid wireless telephone accounts, limited to one percent of the purchase value. Makes the governor responsible for certifying the collection and use of 911 surcharges.

Sec. 6. Adds emergency services dispatch to the existing immunity provision applicable to enhanced 911 systems.

TBC:lmb
04-102.lmb

CS FOR HOUSE BILL NO. 461()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY

Offered:

Referred:

Sponsor(s): REPRESENTATIVE HOLM

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to enhanced 911 surcharges and to emergency services dispatch**
2 **systems of municipalities, certain villages, and public corporations established by**
3 **municipalities."**

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

5 *** Section 1. AS 09.65.070(d) is amended to read:**

6 (d) An action for damages may not be brought against a municipality or any of
7 its agents, officers, or employees if the claim is based on

8 (1) [IS BASED ON] a failure of the municipality, or its agents,
9 officers, or employees, when the municipality is neither owner nor lessee of the
10 property involved, to

11 (A) [TO] inspect property for a violation of any statute,
12 regulation, or ordinance, or a hazard to health or safety;

13 (B) [TO] discover a violation of any statute, regulation, or
14 ordinance, or a hazard to health or safety if an inspection of property is made;

1 or

2 (C) [TO] abate a violation of any statute, regulation, or
3 ordinance, or a hazard to health or safety discovered on property inspected;

4 (2) [IS BASED UPON] the exercise or performance or the failure to
5 exercise or perform a discretionary function or duty by a municipality or its agents,
6 officers, or employees, whether or not the discretion involved is abused;

7 (3) [IS BASED UPON] the grant, issuance, refusal, suspension, delay,
8 or denial of a license, permit, appeal, approval, exception, variance, or other
9 entitlement, or a rezoning;

10 (4) [IS BASED ON] the exercise or performance during the course of
11 gratuitous extension of municipal services on an extraterritorial basis;

12 (5) [IS BASED UPON] the exercise or performance of a duty or
13 function upon the request of, or by the terms of an agreement or contract with, the
14 state to meet emergency public safety requirements; or

15 (6) [IS BASED ON] the exercise or performance of a duty in
16 connection with an emergency services dispatch system or enhanced 911 emergency
17 system and is not based on an intentional act of misconduct or on an act of gross
18 negligence.

19 * Sec. 2. AS 29.10.200(37) is amended to read:

20 (37) AS 29.35.131 (emergency services dispatch system and
21 enhanced 911 system);

22 * Sec. 3. AS 29.35.131(a) is amended to read:

23 (a) A municipality may, by resolution or ordinance, elect to provide an
24 emergency services dispatch system or an enhanced 911 system at public safety
25 answering points, may purchase or lease the enhanced 911 equipment or service
26 required to establish or maintain an enhanced 911 system at public safety answering
27 points from a local exchange telephone company or other qualified vendor, and may
28 impose an enhanced 911 surcharge, in an amount to be determined by the
29 municipality, on all local exchange access lines that provide telephone service to
30 wireline telephones in the area to be served by the enhanced 911 system. A
31 municipality that provides services under an enhanced 911 system may also by

1 resolution or ordinance impose an enhanced 911 surcharge on each wireless telephone
2 number that is billed to an address within the enhanced 911 service area. An [FOR A
3 MUNICIPALITY WITH A POPULATION OF 100,000 OR MORE, AN] enhanced
4 911 surcharge may not exceed \$1 a [50 CENTS PER] month for each wireless
5 telephone billing statement [NUMBER] or \$1 a [50 CENTS PER] month for each
6 local exchange access line for wireline telephones. [FOR A MUNICIPALITY WITH
7 FEWER THAN 100,000 PEOPLE, AN ENHANCED 911 SURCHARGE MAY NOT
8 EXCEED 75 CENTS PER MONTH FOR EACH WIRELESS TELEPHONE
9 NUMBER OR 75 CENTS PER MONTH FOR EACH LOCAL EXCHANGE
10 ACCESS LINE FOR WIRELINE TELEPHONES.] An enhanced service area may be
11 all of a city, all of a unified municipality, or all or part of the area within a borough
12 and may include the extraterritorial jurisdiction of a municipality in accordance with
13 AS 29.35.020. The governing body of a municipality shall review an enhanced 911
14 surcharge annually to determine whether the current level of the surcharge is adequate,
15 excessive, or insufficient to meet anticipated enhanced 911 system needs. The
16 municipality may [ONLY] use the enhanced 911 surcharge for the enhanced 911
17 system and for the actual labor and equipment used to provide emergency
18 services dispatch, but not for costs of providing the medical, police, fire, rescue,
19 or other emergency service, or for any other purpose.

20 * Sec. 4. AS 29.35.131(b) is amended to read:

21 (b) A local exchange telephone company providing service in a municipality
22 that has imposed an enhanced 911 surcharge shall bill each month and collect the
23 surcharge from customers in the enhanced 911 service area. A wireless telephone
24 company that provides telephone service to wireless telephone customers with billing
25 addresses within the enhanced 911 service area shall impose the [AN ENHANCED
26 911] surcharge each month and collect the surcharge from customers in the enhanced
27 911 service area. A local exchange telephone customer may not be subject to more
28 than one enhanced 911 surcharge on a local exchange access line for a wireline
29 telephone. A wireless telephone customer may not be subject to more than one
30 enhanced 911 surcharge for each billing statement [FOR EACH WIRELESS
31 TELEPHONE NUMBER]. A customer that has more than 100 local exchange access

1 lines from a local exchange telephone company in the municipality is liable for the
2 enhanced 911 surcharge only on 100 local exchange access lines.

3 * Sec. 5. AS 29.35.131 is amended by adding new subsections to read:

4 (i) A municipality may by ordinance elect to impose a point-of-purchase 911
5 surcharge from prepaid wireless telephone accounts not to exceed one percent of the
6 purchase value. The surcharge must apply to initial purchases and to subsequent
7 purchases of air time. The retailer of the wireless account is responsible for remitting
8 the surcharge to the municipality.

9 (j) To enable each municipality to qualify for grant funding, the governor is
10 responsible for certifying the collection and use of all 911 surcharges.

11 * Sec. 6. AS 29.35.133(a) is amended to read:

12 (a) The establishment, funding, use, operation, or maintenance of enhanced
13 911 or emergency services dispatch systems and all activities associated with those
14 actions are specifically found to be within the ambit of AS 09.50.250(1) and
15 AS 09.65.070(d)(6). Except for intentional acts of misconduct or gross negligence, a
16 service supplier, local exchange telephone company, or wireless telephone company
17 and their employees and agents are also immune from tort liability that might
18 otherwise be incurred in the course of installing, training, maintaining, or providing
19 enhanced 911 systems or transmitting or receiving calls on the system.



ANCHORAGE POLICE DEPARTMENT



4501 Bragaw Street • Anchorage, Alaska 99507-1599

Telephone (907) 786-8500

<http://www.muni.org>

Mark Begich
Mayor

March 16, 2004

Representative Carl Morgan
State Capitol, Room 408
Juneau, AK 99801-1182

Dear Representative Morgan:

The Anchorage Police Department (APD) and the Municipality of Anchorage are endorsing House Bill 499 ("An Act Relating to 911 Systems") and are asking for your support of this legislation. APD and our neighboring public safety agencies have worked consistently with the Alaska Chapter of the National Emergency Number Association (NENA) to assist in drafting the language before you.

HB 499 provides for an increase in the allowable 9-1-1 surcharge, removes a prohibition from the Regulatory Commission of Alaska to assist local agencies in negotiating with telecommunications carriers in the deployment of 9-1-1 services, and implements increased accountability for the provision of wireless 9-1-1 location capability by wireless carriers.

The need for these changes is based primarily on the inability of local agencies to fully fund 9-1-1 services. The costs of these services include twenty-four hour staffing, call taker training, technology and database contracts with local carriers, and the effort required to provide accurate address information. The deployment of wireless 9-1-1 location capability is likewise an expensive undertaking with significant benefits for the public in improving our ability to find callers in distress.

The Municipality of Anchorage's recent 9-1-1 system contract with Alaska Communications Systems reflects the increasing cost of these services. Although diligently negotiated, the current contract represents a three-fold increase in our recurring costs of 9-1-1 infrastructure. Without the ability to collect additional 9-1-1 surcharges, we face a significant shortfall in funding the operational costs of call taking and database maintenance.

Other provisions of this bill enable local jurisdictions to adopt rules for the owners of Multi-Line Telecommunications Systems (i.e., PBXs) to provide location information with 9-1-1 calls. Currently, many of these calls do not provide a call-back number or location information that would enable first responders to find the caller. We are severely impacted due to the significant number of these installations within the Municipality.

The benefits to the residents and visitors of Alaska of this legislation include the adequate funding of effective 9-1-1 call taking services, the ability to find 9-1-1 callers using cellular telephones, and the consistent application of 9-1-1 to summon public safety assistance.

We would appreciate your support and vote on this matter. If you have any questions, please call me or Deputy Chief Rob Heun at (907) 786-8553.

Sincerely,

Walt Monegan
Chief of Police

cc: Representative Heinze

Subject: HB461

Date: Tue, 6 Apr 2004 16:49:07 -0800

From: "Jim Rowe" <jrowe@arctic.net>

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

Rex,

Thanks for forwarding the drafts to me earlier today. Sorry it has taken me so long to reply.


Here is the excerpt on Section that went to the Speaker's office and some others. I'll attach a draft (see attachment) that I think addresses it better.

We would like to address the concerns of rural communities where there is no local PSAP and where there is not even a distant PSAP designated to accept an emergency call. Section 7 of HB499 attempts to address this by providing that "each local exchange company that provides wire service to an area outside a municipality must route all 911 calls originating from within its customer service base to a public safety answering point." A local wireline telephone company can only provide local service. If the PSAP is not local – which is the case in most rural communities – the call can only be delivered to a long distance carrier. Technically and legally, we cannot deliver a 911 call to a non-local PSAP.

Following is an excerpt from the Federal Communications Commission (FCC 01-351, paragraph 27, released <?xml:namespace prefix = st1 ns = "urn:schemas-microsoft-com:office:smarttags" />12/11/01):

While we fully expect States and localities to designate appropriate local emergency authorities to

Rural phone companies and rural Alaskans need a manned default PSAP to which 911 calls can be routed when there is no local or regional PSAP. A 911 call – a notification of an emergency situation – should not go unreported. None of these three bills addresses that or its costs.

 HB499AmendDraftv1.doc	<p>Name: HB499AmendDraftv1.doc Type: WINWORD File (application/msword) Encoding: base64 Download Status: Not downloaded with message</p>
---	---

Alaska Telephone Association

Greg Berberich
President

201 E. 56th, Suite 114
Anchorage, AK 99518
(907) 563-4000
FAX (907) 562-3776
www.alaskatel.org

James Rowe
Executive Director
jrowe@arctic.net

March 25, 2004

Hon. Carl Morgan
Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

RE: E911 Proposed Legislation

Dear Rep. Morgan:

The Alaska Telephone Association represents fourteen rural, essentially wireline, local exchange telephone companies, each of which is absolutely dedicated to providing high quality service to all of its customers. We support emergency services, but are very concerned with legislation introduced this session; HB499 and HB461 and its companion, SB335.

Of foremost concern to local telephone companies is the customer perception that local telephone rates are increasing by up to \$2.25 (HB461) or \$1.25 (HB499); this at a time when the Regulatory Commission of Alaska is considering changes that will add to each end-user's bill and interstate assessment increases are also likely to impact the end user. These combined increases have a real impact on the customer least able to afford a higher monthly phone bill.

Although uncomfortable with any increase in charges to the local telephone customer, we cannot tell if the proposed amounts are excessive or even sufficient to accomplish their stated tasks. We are curious why the most urban community needs a 400 percent increase in assessment while communities with lesser populations need "only" a 167 percent increase (HB499). Such disparity is not the case in the alternative bill, HB461, where the Anchorage surcharge cap would be \$1.85 and other municipal caps would be \$3.00. Additionally, HB499 seeks an E911 (PSAP) increase of \$1.50 in

Anchorage while HB461 leaves the E911 (PSAP) charge in Anchorage at 50 cents while seeking an increase from 75 to 85 cents in the rest of the state.

ATA would be interested to know the potential revenues to be collected for each municipality and see a breakdown of the amounts anticipated to be collected by each of the companies. We believe that our customers who will see this on their bills each month also deserve some assurance that a new assessment is necessary.

Is the contribution scheme equitable when a single residential customer contributes more per telephone number to emergency services than a business or state agency with more than 100 lines (HB461)? That seems like regressive taxation. How much less would the individual surcharge be if every line contributed equally?

Perhaps not immediately recognized is that the "nominal" per month increase of \$1.50 (Anchorage, HB499) or \$1.25 (municipalities with a population less than 100,000, HB499) or \$2.25 (municipalities with a population with less than 100,000, HB461) escalates rapidly in homes with a wireline phone, fax and two or three cell phones in the family.

In their titles, HB461 and SB335 include "certain villages" as entities to which the legislation would apply, yet no villages are identified in the proposed legislation. More varied input at an earlier stage of this effort would surely have brought greater clarity to the proposed legislation and perhaps more support for additional financing of emergency services.

We would like to address the concerns of rural communities where there is no local PSAP and where there is not even a distant PSAP designated to accept an emergency call. Section 7 of HB499 attempts to address this by providing that "each local exchange company that provides wire service to an area outside a municipality must route all 911 calls originating from within its customer service base to a public safety answering point." A local wireline telephone company can only provide local service. If the PSAP is not local – which is the case in most rural communities – the call can only be delivered to a long distance carrier. Technically and legally, we cannot deliver a 911 call to a non-local PSAP.

Following is an excerpt from the Federal Communications Commission (FCC 01-351, paragraph 27, released 12/11/01):

While we fully expect States and localities to designate appropriate local emergency authorities to receive 911 calls in virtually all areas in accordance with one of the above procedures, we cannot preclude the possibility of areas where there is no PSAP, no statewide default answering point, and the State or local authorities have not selected an appropriate local emergency authority. As a last resort, in order to avoid the blocking of 911 calls in those areas, we require carriers to make a reasonable judgment as where to deliver 911 calls, and complete all translation and routing necessary to deliver 911 calls to such authority no later than nine months from the release date of this Order. We find that this requirement is consistent with section 3(a) of the 911 Act, which requires us to provide an appropriate period for transition to the use of 911 in those areas where it is not in use as an emergency number on the date of enactment of the 911 Act, and with the concerns expressed by Congress concerning the ability of emergency services personnel to respond quickly and effectively, particularly in rural areas. To assist carriers in this determination, we require them to initiate contact with the entity to be designated by the State's Governor pursuant to section 3(b) of the 911 Act. We also encourage carriers to notify the Governor's designated entity as soon as practicable once they are aware that no appropriate local emergency authority has been selected and to allow at least 15 days for a response before proceeding to select an answering point. Discussions with public safety organizations such as NENA and APCO also may be appropriate. Finally, Commission staff will assist carriers in resolving unanticipated difficulties, to the extent proper and necessary. Thus, due to the overriding public interest for all emergency calls to be completed and not dropped for any reason, this requirement will ensure that there is a destination to which emergency calls can be delivered.

Rural phone companies and rural Alaskans need a manned default PSAP to which 911 calls can be routed when there is no local or regional PSAP. A 911 call – a notification of an emergency situation – should not go unreported. None of these three bills addresses that or its costs.

Proposal

These 911, enhanced 911, public safety answering point and dispatch issues are important and complex. These issues should be addressed comprehensively, but likely differently in various parts of the state. We propose a 10 cent increase in the surcharge on each wireline and wireless local access line to be used to fund a statewide 911 coordinator. Additionally, a task force including emergency services personnel and industry representatives should be established to determine the resources, needs and funding opportunities available to best serve both urban and rural Alaskans. The task force report should be presented to the Twenty Fourth Alaska State Legislature no later than January 31, 2005.

The members of the Alaska Telephone Association look forward to working with the legislature, emergency services personnel and all Alaskans to determine these needs and facilitate the solutions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jim Rowe", with a long horizontal flourish extending to the right.

Jim Rowe

~~House~~
~~Bill~~
~~461~~
approved to go w/ bill

CS FOR HOUSE BILL 461 (STA)

Letter of Intent

It is the intent of the Alaska State Legislature that a Statewide "911" Coordinator be established ~~within the Division of Homeland Security, in the Department of Military and Veterans Affairs~~ to coordinate and facilitate the implementation and operation of enhanced 911 emergency communications systems throughout the state and enable the receipt of federal funds.

panel

AMENDMENT 1

Offered in the House

By Representative Holm

TO: CSHB 461(CRA) Version "Z"

- 1 Page 3, Line 22
- 2 Delete "resolution or"
- 3 Page 3, Line 31
Delete "resolution or"

pernel

AMENDMENT 2

Offered in the House

By Representative Holm

TO: CSHB 461(CRA) Version "Z"

- 1 Page 3, Line 26
- 2 Insert after company ", competitive local exchange company"
- 3 Page 4, Line 21
- 4 Insert after company ", or a competitive local exchange company"

passed

AMENDMENT 3

Offered in the House

By Representative Holm

TO: CSHB 461(CRA) Version "Z"

- 1 Page 5, Line 26
- 2 Insert after company "competitive local exchange company, wireless reseller,

passed

AMENDMENT 7

Offered in the House

By Representative Holm

TO: CSHB 461(CRA) Version "Z"

- 1 Page 5, Line 24
- 2 Delete "(1)"
- 3 Insert "(6)"

James

AMENDMENT 5

Offered in the House

By Representative Holm

TO: CSHB 461(CRA) Version "Z"

- 1 Page 4, Line 28
- 2 Delete "address"
- 3 Insert "statement" — *and make it consistent throughout bill*

passed

AMENDMENT 6

Offered in the House

By Representative Holm

TO: CSHB 461(CRA) Version "Z"

- 1 Page 4, Line 24
- 2 Insert after company "or wireless reseller,"

Conceptual Amend. passed.

#7 define term emergency service dispatch



CITY OF FAIRBANKS

Steve M. Thompson, Mayor

800 CUSHMAN STREET
FAIRBANKS, ALASKA 99701-4615

OFFICE: 907-459-6793

FAX: 907-459-6787

smthompson@ci.fairbanks.ak.us

April 30, 2004

Interior Delegation
Alaska Legislature
State Capitol, Room 102
Juneau, AK 99801-1182

RE: House Bill 461, E911 Emergency Services Dispatch

Dear Senators and Representatives:

The City of Fairbanks supports House Bill 461 as passed out of the State Affairs Committee.

Our city was hard hit by the elimination of municipal funding. HB 461 will authorize (not require) local governments to provide for a surcharge on wire line telephone and wireless cell phones to provide enhanced 911 service and to pay the direct costs of maintaining an emergency dispatch center.

As passed out of State Affairs, each community may enact an ordinance (after public hearing) to set the surcharge. I urge you to support local control. If you must set a "cap" on the surcharge, set the cap high enough to give each community the tools to meet local needs.

In addition, please let each municipality set the appropriate surcharge for wire lines and wireless. The cost of wire less (cell phone) E-911 may be higher than the cost for wire lines.

Thank you all for your hard work for our community and state.

Sincerely,

A handwritten signature in cursive script that reads "Steve M. Thompson".

Steve M. Thompson
City Mayor

Cc: Honorable Jim Whittaker, Borough Mayor

Jeff Jacobson, North Pole Mayor
Fairbanks City Council Members

CITY OF FAIRBANKS



WARREN B. CUMMINGS

Fire Chief

656 7th Avenue
Fairbanks, Alaska 99701-4578
wcummings@ci.fairbanks.ak.us

Office (907) 450-6604
Fax: (907) 450-6666

ALASKA
FIRE STANDARDS COUCNIL
Full One Year Budget Estimate

Budget Line Items	Phase I	Phase II	Phase III	TOTAL
PERSONNEL				
Administrative Clerk III, Range 10		\$42,000.00	\$0.00	\$42,000.00
Progrm Administrator, Range 21	\$94,000.00		\$0.00	\$94,000.00
TOTAL PERSONNEL				\$136,000.00
TRAVEL				
Meeting Expense	\$24,000.00	\$0.00	\$4,000.00	\$28,000.00
Certifying Officer Program	\$10,000.00	\$0.00	\$10,000.00	\$20,000.00
Administrative Travel	\$6,000.00	\$3,000.00	\$4,200.00	\$13,200.00
TOTAL TRAVEL				\$61,200.00
CONTRACTUAL				
Curriculum Development	\$10,000.00	\$10,000.00	\$20,000.00	\$40,000.00
Rentals Leases	\$20,000.00	\$0.00	\$0.00	\$20,000.00
Communications	\$7,400.00	\$0.00	\$0.00	\$7,400.00
Other Contractual	\$5,000.00	\$0.00	\$6,900.00	\$11,900.00
TOTAL CONTRACTUAL				\$79,300.00
SUPPLIES				
Supplies	\$2,000.00	\$2,000.00	\$1,600.00	\$5,600.00
TOTAL SUPPLIES				\$5,600.00
EQUIPMENT				
Computers/Equipment	\$2,500.00	\$2,500.00	\$2,000.00	\$7,000.00
Furniture	\$2,500.00	\$2,500.00	\$0.00	\$5,000.00
TOTAL EQUIPMENT				\$12,000.00
PHASE TOTALS	\$183,400.00	\$62,000.00	\$48,700.00	\$294,100.00

PHASE I \$183,400.00
 PHASE I & II \$245,400.00
 PHASE I, II & III \$294,100.00

STATE OF ALASKA
Boards and Commissions

FIRE STANDARDS COUNCIL

BOARD: Alaska Fire Standards Council

BOARD IDENTIFICATION NUMBER: 202

DEPARTMENT: Department of Public Safety

AUTHORITY: AS 18.70.320

STATUS: Active

SUNSET DATE:

REQUIREMENTS: No Legislative Confirmation or Financial Disclosure required

PROHIBITIONS: Members may not serve beyond the time the member holds the office that established eligibility for appointment.

TERM: 4 years

DESCRIPTION: 11 members - 10 appointed by the Governor: 2 chief administrative officers or fire chiefs of local governments (only one of these may be from a local government where the fire department consists entirely of paid employees); 4 representatives of fire fighters, including at least one fire fighter administrative officer from the Alaska State Fire Fighters Association (these members may not, while serving on the council, be a fire chief); 2 volunteer fire fighters, one from a community with a population of 2,500 or less and one from a community with a population greater than 2,500; and 2 members of the public at large with at least one member from a community with a population of 2,500 or less. In addition, the state fire marshal or a designee of the state fire marshal shall serve on the council during his or her continuance in office.

FUNCTION: The council may adopt regulations for the administration of AS 18.70.320-18.70.369 including establishing minimum training and performance standards for certification of fire services personnel; establish minimum fire training curriculum requirements for certification of training programs that are designed to enable trainees to meet these standards; govern the procedure for certification of fire services training programs that meet the minimum curriculum requirements; govern the procedure for certification of individuals who satisfy the minimum training and performance standards; govern the procedure for revocation of the certificate of a person or program; consult and cooperate with municipalities, agencies of the state, other governmental agencies, universities, colleges, and other institutions concerning the development of fire services training schools and programs offered in the state; employ an administrator and other persons necessary to carry out its duties and charge and collect fees determined by the council to be necessary.

CHAIR: Council selects.

SPECIAL FACTS:

COMPENSATION: Standard Travel and Per Diem.

MEETINGS: At least two meetings per year.

FOR FURTHER INFORMATION CONTACT:

Mr. Mark Barker
Fire Service Training Supervisor
DPS; Division of Fire Prevention
5700 East Tudor Road
Anchorage, AK 99507-1225
Phone: (907) 269-5491, FAX: (907) 338-4375
E-MAIL ADDRESS: mark_barker@dps.state.ak.us

**ALASKA FIRE CHIEFS ASSOCIATION
04-01**

**RESOLUTION IN SUPPORT OF AMENDMENT OF THE ALASKA STATUTES TO
AUTHORIZE MUNICIPALITIES TO INCREASE THE PHONE SURCHARGE TO PAY
THE COSTS OF EMERGENCY SERVICES DISPATCH**

WHEREAS, dispatch centers are an essential part of providing emergency police, fire, and emergency medical services; and

WHEREAS, Alaska Statutes section 29.35.131 authorizes smaller Alaskan municipalities to enact a surcharge of up to \$0.75 per month upon telephone lines to pay for the expense of enhanced 911 services; and


WHEREAS, as currently written, AS 29.35.131 does not authorize a surcharge for the operating costs of emergency dispatch centers; and

WHEREAS, authorization for municipalities to increase the phone surcharge to pay the cost of dispatch centers in an appropriate amount will provide desperately needed revenue to operate dispatch centers.


NOW, THEREFORE, BE IT RESOLVED THAT THE ALASKA FIRE CHIEFS ASSOCIATION SUPPORTS AMENDMENT OF STATE LAW TO AUTHORIZE A COMMUNITY OPTION FOR LOCAL INCREASE OF THE TELEPHONE SURCHARGE TO PAY THE COST OF OPERATION OF DISPATCH CENTERS UP TO THE AMOUNT ALLOWED BY STATE LAW.

BE IT FURTHER RESOLVED, THAT THE ALASKA FIRE CHIEFS SUPPORTS HOUSE BILL 461 AS PROPOSED BY REPRESENTATIVE JIM HOLM, WHICH WOULD AUTHORIZE AN INCREASED SURCHARGE.

ADOPTED, THIS 10TH DAY OF FEBRUARY, 2004



**Dave Tyler, President
Alaska Fire Chiefs Association**



**Warren B. Cummings,
Attest, First Vice-President**

STATE OF ALASKA

Interim:

119 North Cushman, Rm. 205
Fairbanks, Alaska 99701
(907) 456-7423
Fax: (907) 451-9293

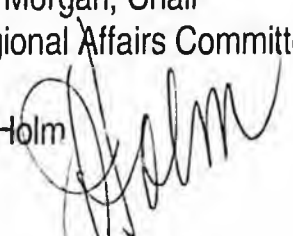
Session:

State Capitol Building
Juneau, Alaska 99801
(907) 465-3466
Fax: (907) 465-2937

REPRESENTATIVE JIM HOLM DISTRICT 9

DATE: February 20th, 2004

TO: Representative Carl Morgan, Chair
Community and Regional Affairs Committee

FROM: Representative Jim Holm 

RE: HB 461

Please schedule HB 461, EMERGENCY SERVICES DISPATCH/911 SURCHARGE, for hearing in the Community and Regional Affairs Committee at your earliest convenience. Back-up material is attached.

Thank you very much for your help with this bill.

STATE OF ALASKA

Interim:

119 North Cushman, Rm. 205
Fairbanks, Alaska 99701
(907) 456-7423
Fax: (907) 451-9293

Session:

State Capitol Building
Juneau, Alaska 99801
(907) 465-3466
Fax: (907) 465-2937

REPRESENTATIVE JIM HOLM DISTRICT 9

HB 461

"EMERGENCY SERVICES DISPATCH/911 SURCHARGE"

Sponsor Statement

19 February

Enhanced 9-1-1 technology is sweeping the nation. This enhanced emergency service provides a faster, more efficient means of rescue to the citizens of Alaska. Enhanced 9-1-1 immediately provides the dispatcher with the identity and physical location of a caller. Bottom line: Enhanced 9-1-1 can save lives.

Municipalities have no way to fully cover the costs of this essential dispatch service. Currently AS 29.35 gives a municipality the ability to cover the cost of the Enhanced 9-1-1 equipment through a surcharge of only sixty-five cents. This does not cover the cost of the dispatch or the labor. The burden of the cost for this service is borne by local property taxes and state revenues.

This bill will shift some of the costs to the users of this service and provide substantial relief to stretched municipal budgets. Municipalities will have the option to charge phone users through a surcharge on their phone bill. Local governments are more capable of responding to the specific needs of their community. These adjustments will be a great stride toward the goal of local control for city and borough governments.

LEGAL SERVICES

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

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

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

February 18, 2004

SUBJECT: Sectional summary (HB 461)

TO: Representative Jim Holm
Attn: Matthew Rudig

FROM: Tamara Brandt Cook
Director *TBC*

Sec. 1. Prevents an action from being brought against a municipality based on the exercise of a duty in connection with an emergency services dispatch system unless the action is also based on an intentional act of misconduct or on an act of gross negligence. Note that under existing law "municipality" is defined to include a public corporation established by a municipality and a village.

Sec. 2. Technical change to list of home rule limitations to accommodate changes made in bill sections 3 - 8.

Sec. 3. Permits a municipality to provide an emergency services dispatch system and impose a surcharge for that service. Increases enhanced 911 surcharges that a municipality may impose.

Secs. 4 - 9. Treats emergency services dispatch service areas, surcharges, and collections in the way the existing provisions cover enhanced 911 service areas, surcharges, and collections. Permits a telephone company to retain an amount of the collected emergency services dispatch surcharge for costs of the collection under the same terms that now apply to enhanced 911 collections.

Sec. 10. Adds a definition of "emergency services dispatch."

TBC:med
04-204.med

Proposed Telephone Surcharge Amendment		
January 28, 2004		
	Current Fairbanks E-911 Surcharge:	Proposed Current E-911 Surcharge plus Dispatch Surcharge
Surcharge Income		
E-911 monthly surcharge per line	\$ 0.65	\$ 0.75
Proposed new Dispatch surcharge		\$ 1.45
Total	0.65	\$ 2.20
ACS Lines	47,000	
GCI Lines	9,500	
Cell Phones	28,500	
Total Lines	85,000	
Monthly Income	\$ 55,250.00	\$ 187,000.00
less rebate to providers	\$ 552.50	\$ 1,870.00
Net per month	\$ 54,697.50	\$ 185,130.00
Net per year	\$ 656,370.00	\$ 2,221,560.00
Total Income	\$ 656,370.00	\$ 2,221,560.00
Expenses		
<i>E-911 System Expenses</i>		
Annual E-911 tech & system costs	\$ (350,000)	\$ (350,000)
Annual set aside for equipment replacement	\$ (250,000)	\$ (250,000)
<i>Dispatch Centers Expense</i>		
City of Fairbanks Center	\$ (1,200,000)	\$ (1,200,000)
AST (est)	\$ (1,100,000)	\$ (1,100,000)
UAF	\$ (600,000)	\$ (600,000)
North Pole*	\$ (175,000)	\$ (175,000)
Fairbanks Int'l Airport	\$ (175,000)	\$ (175,000)
Local Annual set-aside for equipment**	\$ (830,000)	\$ (830,000)
Total Expense***	\$ (4,680,000)	\$ (4,680,000)
Net Local Share of Costs	\$ (4,023,630)	\$ (2,458,440)
*North Pole and Fairbanks considering contractual arrangement		
**Grants have in the past covered this cost, no guarantee of future funding.		
***Includes state funds used at Fairbanks AST and Fairbanks Int'l Airport		
Note: Interior Agencies are considering a combined Regional Dispatch Center to reduce expenses.		

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 461
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Emergency Services Dispatch/911 RDU Regulatory Commission of Alaska (399)
Surcharge Component Regulatory Commission of Alaska
 Sponsor Representative Holm
 Requester House Community & Regional Affairs Component No. 2417

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation would allow municipalities, certain villages and public corporations established by municipalities to expand an enhanced 911 system to also provide and charge for an emergency dispatch system.

This legislation has no impact on the operations of the Regulatory Commission of Alaska.

Prepared by: Mark K. Johnson, Commissioner, Chair Phone (907) 276-6222
 Division Regulatory Commission of Alaska Date/Time 3/1/04 3:01 PM
 Approved by: Edgar Blatchford, Commissioner Date 3/1/2004
 Agency Department of Community & Economic Development

ALASKA FIRE CHIEFS ASSOCIATION

04-01

**RESOLUTION IN SUPPORT OF AMENDMENT OF THE ALASKA STATUTES TO
AUTHORIZE MUNICIPALITIES TO INCREASE THE PHONE SURCHARGE TO PAY
THE COSTS OF EMERGENCY SERVICES DISPATCH**

WHEREAS, dispatch centers are an essential part of providing emergency police, fire, and emergency medical services; and

WHEREAS, Alaska Statutes section 29.35.131 authorizes smaller Alaskan municipalities to enact a surcharge of up to \$0.75 per month upon telephone lines to pay for the expense of enhanced 911 services; and

WHEREAS, as currently written, AS 29.35.131 does not authorize a surcharge for the operating costs of emergency dispatch centers; and

WHEREAS, authorization for municipalities to increase the phone surcharge to pay the cost of dispatch centers in an appropriate amount will provide desperately needed revenue to operate dispatch centers.

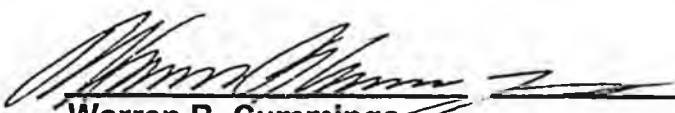
NOW, THEREFORE, BE IT RESOLVED THAT THE ALASKA FIRE CHIEFS ASSOCIATION SUPPORTS AMENDMENT OF STATE LAW TO AUTHORIZE A COMMUNITY OPTION FOR LOCAL INCREASE OF THE TELEPHONE SURCHARGE TO PAY THE COST OF OPERATION OF DISPATCH CENTERS UP TO THE AMOUNT ALLOWED BY STATE LAW.

BE IT FURTHER RESOLVED, THAT THE ALASKA FIRE CHIEFS SUPPORTS HOUSE BILL 461 AS PROPOSED BY REPRESENTATIVE JIM HOLM, WHICH WOULD AUTHORIZE AN INCREASED SURCHARGE.

ADOPTED, THIS 10TH DAY OF FEBRUARY, 2004



Dave Tyler, President
Alaska Fire Chiefs Association



Warren B. Cummings,
Attest, First Vice President

Introduced by:

Mayor Thompson
Council Member Johnson
Date: February 23, 2004

RESOLUTION NO. 4112

**A RESOLUTION IN SUPPORT OF HOUSE BILL 461 AND
SENATE BILL 335, WHICH WOULD ALLOW MUNICIPALITIES
TO LEVY A MONTHLY SURCHARGE ON TELEPHONE
SERVICES TO PAY FOR GENERAL EMERGENCY SERVICES
DISPATCHING AND FOR ENHANCED 911 SERVICE**

WHEREAS, public safety is one of the mandates in the state; and

WHEREAS, an enhanced 911 automatically provides dispatchers with the identity and location of callers; and

WHEREAS, local dispatch centers are now paid mostly through local taxes; and

WHEREAS, it is common around the Country for 911 dispatch centers to be funded by telephone surcharges.

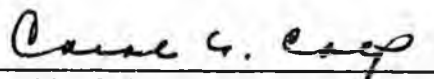
NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Fairbanks that the City Council supports passage of House Bill 461 and Senate Bill 335.

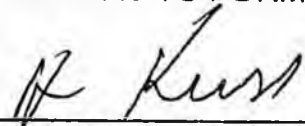
Passed, Approved and Effective this 23rd day of February, 2004


Steve M. Thompson, City Mayor

ATTEST:

APPROVED AS TO FORM


Carol L. Colp, City Clerk


Herbert P. Kuss, City Attorney

HB

499

List Of Testifiers In House Community And Regional Affairs
March 2, 2004

Mark Johnson , Chief, Section of Community Health & Emergency Medical Services
(465-8635)

Jim Rowe, Anchorage Telephone Association

Robert Griffiths , National Emergency Number Asssociation (NENA), Palmer

Jim Harpring, NENA, Fort Richardson

Bill Doolittle, NENA/Municipality of Anchorage

Mark Mew, NENA, Anchorage

Ed Oberts, Kenai Penninsula Borough

Steve Thompson, Fairbanks Mayor

Al Storey, Alaska State Troopers

Kevin Ritchie, Alaska Municipal League (586-1325)

Alex von Widman (sp?) GCI (523-3200) signed up but did not testify



Range of 9-1-1 Surcharges

Exact amounts may be adjusted locally
 (* as of July, 2003. Remaining states are being verified)

State	Wireline	Wireless
Alabama*	\$2.00 (max)	\$0.70
Alaska*	\$0.50 - 0.75	\$0.50-0.75
Arizona*	\$0.37	\$0.37
Arkansas*	\$0.77	\$0.50
California	Based on Access fees	Based on Access fees
Colorado	\$0.70	\$0.70
Connecticut*	\$0.20	\$0.20
Delaware*	\$0.50	\$0.60
District of Columbia	None	\$0.56
Florida	\$0.50	\$0.50
Georgia*	\$1.50	\$1.00
Hawaii*	\$0.27	None
Idaho*	\$1.00 (max)	\$1.00 (max)
Illinois	\$1.25	\$0.75
Indiana	3-5% of monthly access	\$0.65
Iowa*	\$0.25-\$2.50	\$0.50
Kansas*	\$0.75 (max)	None
Kentucky*	\$1.75	\$0.70
Louisiana*	\$1.00 Res \$2.00 Bus	\$0.85
Maine*	\$0.50	\$0.50
Maryland*	\$0.60 (will be \$1.00 10/1/03)	\$0.60 (will be \$1.00 10/1/03)
Massachusetts	funded by directory assistance	\$0.30
Michigan*	\$0.19-\$3.00	\$0.52
Minnesota*	\$0.55	\$0.50
Mississippi*	\$1.00 Res \$1.00 Bus	\$1.00
Missouri	\$1.50 (max)	None
Montana	\$0.50	\$0.50
Nebraska*	\$0.25 - \$1.00	\$0.50
Nevada	Tax based	\$0.25
New Hampshire*	\$0.42	\$0.42
New Jersey	General Fund	General Fund
New Mexico	\$0.51	\$0.51
New York*	\$0.35	\$1.20 - \$1.50
North Carolina*	Local ordinance \$0.25 - \$4.00	\$0.80
North Dakota	\$1.00	\$1.00
Ohio*	\$0.50 (max) (limited to a few Counties, no general surcharge)	None (\$0.65 proposed)
Oklahoma*	3-5% of monthly recurring charges (up to 15%)	\$0.50
Oregon*	\$0.75	\$0.75
Pennsylvania*	\$0.74-\$1.50	\$1.00
Rhode Island	\$0.60	\$0.60
South Carolina*	\$0.50-\$1.50	\$0.59
South Dakota	\$0.75	\$0.75
Tennessee	\$0.65-\$2.00 / \$1.50-\$3 special	\$1.00
Texas	\$0.50	\$0.50
Utah	\$0.53	\$0.53
Vermont	Universal Service Funding	Universal Service Funding
Virginia*	\$3.00 (max)	\$0.75
Washington*	\$0.20 statewide \$0.35-50 by counties	\$0.25
West Virginia*	\$0.55 - \$3.75 by County	\$1.43
Wisconsin	\$1.00	None
Wyoming	\$0.50	None

Executive Summary

The purpose of this report is to convey the results of an independent inquiry into the technical and operational issues affecting the deployment of wireless Enhanced 911 ("E911") services in the United States. The inquiry was carried out by the author on behalf of the Federal Communications Commission ("Commission") over a six month period beginning on April 15, 2002.

Before turning to my principal findings and recommendations, I would like to offer three preliminary comments:

First, the importance of 911 as the Nation's universal emergency assistance number has long been recognized. That importance was acknowledged with the passage of the Wireless Communications and Public Safety Act of 1999. Subsequent developments, e.g., the tragic events of September 11, 2001 and growing dependence on wireless networks, serve to further emphasize the importance of E911 in general, and wireless E911 in particular, to the safety of life and property and homeland security. The automatic provision of location information with wireline and wireless 911 calls – i.e., E911 – is critical to those emergency services.

Second, over the past several years, the center of attention of the industry has clearly shifted from discovering, developing, evaluating and selecting the ways of locating mobile units in wireless systems to integrating the location information into the existing E911 system. I regard this as very good news as it indicates that there is no longer any real disagreement regarding the technical feasibility of providing wireless E911 to the approximately 130 million wireless subscribers in the United States. The challenge now is to successfully complete the implementation of wireless E911, a process that has really just begun.

Third, one over-arching issue that immediately emerged in my inquiry is that the existing wireline E911 infrastructure, while generally reliable, is seriously antiquated. Indeed, it turns out that the existing wireline E911 infrastructure is built upon not only an outdated technology, but one that was originally designed for an entirely different purpose. It is an analog technology in an overwhelmingly digital world. Yet it is a critical building block in the implementation of wireless E911.

From a national policy perspective, this latter observation is troubling for a number of reasons. It is troubling because it means that the additional network elements and functionalities necessary to handle the increasing volume of wireless E911 calls are being built upon a platform or foundation that has serious limitations in terms of speed, scalability, and adaptability. Additionally, it is troubling because these limitations not only burden the development of wireless E911 services, but they will also constrain our ability to extend E911 access to a rapidly growing number of non-traditional devices (e.g., PDAs), systems (e.g., telematics) and networks (e.g., voice networks that employ Voice-over-the-Internet Protocol -- VoIP). Finally, it is troubling because of uncertainty surrounding the willingness and ability of Public Safety Answering Points ("PSAPs") to

pay for wireless E911, let alone the other, long term upgrades to the local exchange carriers' networks and their own customer premises equipment necessary to provide E911 access to these emerging devices, systems, and networks.

With respect to the specific technical and operational issues relating to the implementation of wireless E911 services, I have reached six principal findings or conclusions.

- *First*, I find that there is a strong Federal interest in the implementation of wireless E911 and that that interest has increased as a result of the tragic events of September 11, 2001. I further conclude that existing Federal programs to encourage the implementation are fragmented and that the most visible program, while very commendable, does not totally reflect the broader implications of wireless E911 for the safety of life and property and homeland security. My concern about this issue is compounded by the fact that a number of states have failed to establish a state-wide coordination body and/or appropriate cost recovery mechanisms.
- *Second*, I find that the deployment of wireless E911 in the U.S. is an extremely complex undertaking and that a variety of critical technical and operational choices – including critical decisions relating to network architectures – must be made to ensure the reliable and seamless E911 system contemplated by Congress when it passed the 911 Act. Because of the total number of stakeholders involved, the complexity of the inter-relationships among the stakeholders, and the incentives and constraints on those stakeholders, I conclude that an unusually high degree of coordination and cooperation among public and private entities will be required if that vision is to be realized.
- *Third*, in light of my second finding, I conclude that for the efficient, timely, and cost-effective deployment of wireless E911, there is a need for increased coordination among stakeholder groups in three areas: overall systems engineering, implementation/project management and the development and adoption of standards.
- *Fourth*, unless corrective steps are taken, I find that the rollout of wireless E911 services will continue to be constrained by what I refer to in shorthand as PSAP “fatigue,” the lack of cost recovery and other funding mechanisms, and the lack of a “champion” within the Federal government. I also conclude that, even when good faith efforts are made on all sides, PSAP awareness and readiness remains a potential detriment to the rapid and efficient rollout of wireless E911 services.
- *Fifth*, I find that the incumbent local exchange carriers (“ILECs”) play a critical role in the deployment of wireless E911 service in the reliable and seamless manner contemplated by Congress when it passed 911 Act. I also find that, in the past, the ILECs were not fully included in the development of wireless E911 and that their responsibilities for supporting wireless E911 deployment were not well defined. I further conclude that the prices charged by the ILECs for the cost of upgrading their existing wireline E911 system to support wireless E911 may impede the rollout of the

emergency service, especially in those states that do not have a cost recovery mechanism in place.

- *Sixth*, I find that (a) the lack of well-accepted, standardized tests for determining whether the various position location systems selected by the wireless carriers comply with the accuracy requirements set forth in the Commission's rules, (b) uncertainty over the interaction between delay and accuracy in obtaining position location information, and (c) uncertainty as to the area over which the test results can be averaged may cause delay in the deployment, acceptance and certification of wireless E911 systems.

In order to resolve some of the issues and concerns raised during the course of my inquiry, I have included a number of recommendations. These recommendations include suggestions that:

- The Commission should work more closely with other Federal agencies to ensure that accurate location information for emergency calls is gathered, delivered, accepted and made available for use in the dispatching of first responders. I further recommend that the Commission suggest to the Administration that a "National 911 Program Office" be established within the proposed Department of Homeland Security to coordinate with, and be a resource for, local and state public safety first responders and other stakeholders.
- Because of the importance of E911 to the safety of life and property and to homeland security and the critical nature of the network architecture and industry structure choices being made, and because of the overall complexity of the situation, I recommend that the Commission maintain or even increase its oversight of the rollout of wireless E911 services in the U.S. over the next several years.
- In order to respond to the need for increased coordination in the rollout of wireless E911 and the evolution of E911 more generally, I recommend that the Commission (a) establish, or cause to have established, an advisory committee that would address the technical framework for the further development and evolution of E911 systems and services, (b) continue to urge the creation of organizations at the state, regional and local levels of government that can act as a coordinating body in the rollout of wireless E911 services, (c) encourage the creation of a national level clearinghouse to collect, store, and disseminate status information on the rollout of wireless E911, and (d) charge the advisory committee recommended above with conducting an overall review of the standards situation as related to wireless E911 while continuing to encourage industry-based voluntary standards activities.
- Because PSAPs are on the frontlines in the Nation's defense against the threat of terrorism as well as in responding to more conventional emergencies, I recommend that the Commission actively coordinate with and support the U.S. Department of Transportation's Wireless E911 Initiative and other formal and informal efforts at all levels of government to educate state and local governments and PSAPs on the

benefits and importance of wireless E911 services. On a longer term basis, I would recommend that the National E911 Program Office (whose creation I urged above) take on the role of educating and advocating for PSAPs at the Federal level of government. I also recommend that the Commission continue to support the efforts of the Emergency Services Interconnection Forum (jointly sponsored by the National Emergency Number Association and the Alliance for Telecommunications Industry Solutions) to address the issue of PSAP readiness. In the text of the full report, I also suggest the possibility of some form of an independent third party process for certifying PSAP readiness.

- During the period of my inquiry, the Commission requested that the largest ILECs provide certain critical information regarding their readiness to carry out their role in wireless E911 deployment and committed itself to monitoring the situation to see whether additional obligations are necessary. This action is consistent with my recommendation concerning the creation of national clearinghouse of such information. I further recommend that the Commission work closely with individual state regulatory commissions and their association, the National Association of Regulatory Utility Commissioners, in resolving issues relating to ILEC cost recovery and pricing.
- The Commission should urge the stakeholders to cooperatively develop industry-wide procedures for testing and certification (and recertification) of wireless E911 to ensure that they meet (and continue to meet) the accuracy requirements specified in the Commission's rules.

Certain other issues were raised during the course of my inquiry. These other issues included concerns about the need for end-to-end testing of wireless E911 systems, conveying confidence/uncertainty information associated with position determination and routing choices, accommodating new requirements and requirement "creep," the impact of future technological developments, consumer expectations, the implications of commercial location based services, and the need for a more adaptable regulatory approach. Recommendations concerning these issues and more details regarding the recommendations recorded above are contained in the main body of the report.

2 History and Overall Status

2.1 History of Wireline 911/E911 Systems

It is widely agreed that the first-ever 911 call was placed in Haleyville, Alabama in 1968. In the early implementations of wireline 911, the processor associated with the switching machine in the local telephone company Central Office or End Office interpreted or translated the dialed 9-1-1 sequence and routed the call to a single Public Safety Answering Point ("PSAP").³ A PSAP is a facility equipped and staffed to receive 911 calls.⁴

While this arrangement assured that a subscriber dialing the easily remembered abbreviated dialing sequence 9-1-1 would be connected to a PSAP and had the advantage of requiring little modification or additions to the LEC's network, it suffered from a number of limitations. *First*, it provided no automatic means of identifying the origin of the call (e.g., the calling number) and thus no way for the PSAP operator to identify the caller or a way to reach the caller in the event the call was disconnected (callback). Without knowing the origin of the call, there was also no way of knowing the location of the caller. This meant that the PSAP operator had to waste valuable time eliciting this information from the caller with no assurance that the caller would, in fact, be able to convey the information accurately. *Second*, the geographic area served by a telephone company End Office was (and is) unlikely to match the relevant political boundaries. For example, in some cases, there may be several political jurisdictions within the area served by the switching machines in a single End Office and, in other cases, one large jurisdiction may encompass the geographic areas served by multiple End Offices. These two situations complicate the problem of correctly and efficiently delivering the call to the proper PSAP.

The first limitation was overcome by introduction of Automatic Number Identification ("ANI"). It allowed the delivery of the calling party's telephone number along with the emergency call itself. The calling number is an example of control information and it can be carried on the signaling network (rather than the associated "conversation" or information network) if it is capable of doing so.⁵ At the time basic 911 services were

³ The discussion which follows draws directly from an undated hardcopy of a presentation entitled "9-1-1 Tutorial" and presented by Billy Ragsdale, Bob Gojanovich, Barb Thornburg, and Roger Hixson at a NENA Technical Development Conference.

⁴ National Emergency Number Association (NENA), *NENA Master Glossary of 9-1-1 Terminology*, NENA-01-002, March 1998. http://www.nena.org/9-1-1/TechStandards/Standards_PDF/NENA_01-002.pdf. (NENA Glossary)

⁵ Besides conveying the subscriber's actual telephone message or conversation, a telephone network must also convey other information associated with setting up, disconnecting, and otherwise controlling the call itself. The transmission and reception of such control information between the customer and the network or between elements (e.g., switching machines) interior to the network is called signaling. Signaling is

introduced, the Public Switched Telephone Network ("PSTN") did not typically carry the calling number in interoffice signaling and Caller Identification services were not offered. However, the calling number was needed to properly bill for long distance toll calls and a special signaling system known as Centralized Automatic Message Accounting ("CAMA") was devised for this (billing) purpose. This system, CAMA, was adapted to deliver the calling party's telephone number to the PSAP. CAMA uses in-band, analog MF signaling and, as a consequence, suffers from significant limitations. The limitations of these legacy systems continue to hinder the provision of efficient wireline 911 services and, as we will see later, to haunt the rollout of wireless E911 systems, the subject of this report.

Since the local telephone company must, by necessity, be able to associate a particular telephone line and telephone number with the subscriber's name and address, it is possible for the network to deliver this information to the PSAP as well. The database that contains the necessary information is known as the Automatic Location Identification ("ALI") database. If the necessary modernization has occurred, it is easy to see that the processor in the End Office could query the ALI database and have delivered back the name and address to the PSAP using modern digital, common channel signaling techniques. Because of constraints imposed by the legacy analog CAMA system and legacy equipment employed in the equipment at the PSAP, this technique has apparently not been widely used. Instead, the equipment at the PSAP – known as Customer Premises Equipment or "CPE" – is connected to the ALI database over a separate data circuit.⁶ When an incoming call is received at the PSAP, the CPE uses the calling number delivered over the CAMA network to compose and send a query to the ALI database over this data circuit. The software in the ALI database then returns the name and address of the caller thus greatly facilitating the handling of the emergency call.

Recall that the second limitation of the original basic 911 service is that a single PSAP may be responsible for a geographic area that encompasses the areas served by multiple telephone company End Offices or a single End Office may serve an area that encompasses multiple political jurisdictions. With regard to the former, just as it is often uneconomical to directly connect every End Office to every other End Office or Interexchange Carrier ("IXC") Point-of-Presence ("POP") for the carriage of ordinary telephone calls, it is often uneconomical to directly connect all end offices in a large jurisdiction to a single PSAP. Instead, the emergency calls from a number of End Offices are concentrated at a Tandem Office and then delivered over a single group of trunks to

necessary for the establishment and control of connections – including 911 calls – through the network (e.g., the PSTN) or collection of networks (e.g., a wireless cellular network and the PSTN). It is separate and distinct from the telephone message or conversation itself. An example of signaling information would be the telephone number (network address) of the called party or an indication that the called party has "gone off hook" or answered the call. Control information is needed, for example, to route the call and to properly bill for it. The signaling network is sometimes referred to as the nervous system of the telephone network for the critical role it plays in its functioning.

⁶ Customer Premises Equipment or CPE is a general term for the terminal equipment installed on the customer's premises that is connected to the telephone network. In the context of 911, the term CPE normally refers to the equipment used by the PSAP to receive and process 911 calls.

the PSAP. If, as in the case of the latter, there are multiple PSAPs in areas served by the End Offices subtending the Tandem Office, then some means must be provided to route the 911 calls to the proper PSAP. This additional functionality performed at the Tandem Office – referred to as Selective Routing – routes the 911 call to the proper PSAP based upon the caller's location.

The Selective Routing functionality is what distinguishes Enhanced 911 ("E911") from Basic 911. In other words, Basic 911 may or may not involve the delivery of number (ANI) and name and location (ALI) information. E911 includes the necessary network switching, database and CPE elements for delivering the voice call to the proper PSAP along with the associated ANI and ALI information. The switching machine that provides the tandem switching of 911 calls is known as the E911 Control Office.⁷ Note that two things must happen in E911: the voice call must be routed to the correct PSAP – the one serving the geographic area where the caller is located – and the location (i.e., ALI) information must be delivered to the PSAP. In order to accomplish the first, the E911 Control Office must have access to a database, referred to as the Selective Router Data Base. The data base and associated logic maps the telephone numbers served by its subtending End Offices to the proper PSAP. This, in turn, requires the creation of a database called the Master Street Address Guide that links the street address associated with a telephone number to a particular PSAP. So to summarize, with E911, the emergency call – the conversation – is delivered via the End Office and E911 Control (Tandem) Office to the proper PSAP along with the ANI information. The proper PSAP is determined by the Selective Router through a query to the Selective Router Data Base. The CPE at the PSAP then utilizes the data link to the ALI database to retrieve the name and address information associated with the telephone number. Note that, as before, these functions could be performed more efficiently with modern digital, common channel signaling techniques that, among other things, eliminate many of the constraints associated with CAMA signaling on the trunks between the E911 Control Office/Selective Router and the PSAP.

According to the NENA Report Card to the Nation, there are approximately 190 million calls to 911 each year.⁸ According to the same report, wireline 911 service is available to 97.9 percent of the U.S. population. However, the report goes on to note that there are over 200 counties in the United States that are without even basic 911 services. Among the population currently receiving service, the report does not distinguish between Basic 911 and Enhanced 911 services.

⁷ *NENA Glossary.*

⁸ National Emergency Number Association, "NENA Report Card to the Nation: The Effectiveness, Accessibility and Future of America's 9-1-1 Service," 2001, p. 18 (available at http://www.nena9-1-1.org/initiatives/RCN/rcn_final.pdf) (NENA Report Card to the Nation).

2.2 History of Wireless E911

2.2.1 Early Regulatory Developments⁹

The regulatory interest in extending E911 services to wireless mobile subscribers started when the Commission began developing rules for the broadband Personal Communications Service ("PCS") in 1993. In that proceeding, the Commission urged the industry and standards setting bodies to direct their attention to E911 access, including the automatic location of callers. In 1994, the Association of Public-Safety Communications Officials ("APCO"), the National Emergency Number Association ("NENA"), the National Association of State Nine One One Administrators ("NASNA"), and the Personal Communications Industry Association issued an "Emergency Access Position Paper" which they filed as an *ex parte* filing in the PCS proceeding. Later in 1994, representatives of the wireless telecommunications community and emergency service and public safety community convened a Joint Experts Meeting (JEM) which included representatives from various affected groups including vendors.

The outcome of this meeting was a JEM Report that included a prioritized list of PSAP service requirements, the mapping of emergency service features to evolutionary paths showing which features need to be upgraded, identification of information elements transferred between the wireless system and the emergency service system, and the identification of radio location techniques that might provide wireless ALI. According to the Commission, the JEM meeting and report did not, however, produce wireless E911 standards or any firm plan or schedule for implementing wireless E911.

Subsequently, on October 19, 1994, the Commission issued a Notice of Proposed Rulemaking¹⁰ in which it proposed to require that mobile radio transmitters supplied to wireless customers provide the same level of access to 911 as available to wireline customers. Although the proceeding dealt with a wide range of issues, much of the focus was on the most crucial E911 feature; namely, the ability to report the caller's location to the PSAP. While there was general support for the goals set forth in the wireless E911 Notice of Proposed Rulemaking, the wireless industry and public safety groups differed with regard to the schedule for E911 deployment and the need for Federal regulation. Early in 1996, after the closing of the formal comment cycle, the CTIA and three national public safety organizations filed a Consensus Agreement with the Commission. The Consensus Agreement proposed a two-step implementation schedule for wireless E911. The Commission ultimately adopted rules reflecting such a phased approach for the introduction of wireless E911. Also during this period, subcommittee TR-45.2 of the

⁹ The initial part of this subsection draws directly from *Revision of the Commission's Rules to Ensure Compatibility with Enhanced 911 Emergency Calling Systems*, CC Docket No. 94-102, Report and Order and Further Notice of Proposed Rulemaking, 11 FCC Rcd. 18676 (1996) ("First E911 Report and Order and FNPRM").

¹⁰ *Revision of the Commission's Rules to Ensure Compatibility with Enhanced 911 Emergency Calling Systems*, CC Docket 94-102, RM-8143, Notice of Proposed Rulemaking, 9 FCC Rcd. 6170 (1994) (E911 NPRM).

Telecommunications Industry Association ("TIA") and Committee TIPI, sponsored by the Alliance for Telecommunications Industry Solutions ("ATIS"), began developing technical solutions for wireless E911. These activities eventually led to the publication of joint TIA/TI standards J-STD-034 and J-STD-036.

In 1996 the Commission adopted the wireless E911 rules.¹¹ The rules established schedules for wireless carriers to provide both basic and enhanced 911 services. As explained by the Commission in the Public Notice establishing this inquiry, under those rules, PSAPs that are able to utilize E911 information must request wireless carriers to implement Phase I and Phase II E911 in order for those carriers' E911 obligations to be triggered. Under Phase I, which PSAPs could request beginning April 1, 1998, wireless carriers must provide PSAPs with a callback number and the location of the cell site/sector receiving a 911 call. Under Phase II, the wireless carriers were required to provide to PSAPs the location of all 911 calls by longitude and latitude beginning October 1, 2001. At the time the Commission adopted its original rules, it was anticipated that the wireless carriers would use network-based location technologies for meeting the Phase II ALI requirement. It established a location accuracy requirement of 100 meters for 67 percent of the calls and 300 meters for 95 percent of the calls.

Subsequently, technological advances allowed for the development of handset-based solutions. On October 6, 1999, the Commission revised its rules to accommodate these developments but, in doing so, imposed a more stringent accuracy requirement for handset-based solutions; namely, 50 meters for 67 percent of calls and 150 meters for 95 percent of calls.¹² It also established separate deployment schedules for network-based and handset-based solutions. Generally speaking, once a wireless carrier has received a request for Phase II service, it has six months to install the necessary equipment and begin delivering the service to the requesting PSAP. In the case of network-based solutions, the wireless carrier must provide Phase II service for at least 50 percent of the PSAP's coverage area or population with the six month period and for 100 percent of the PSAP's coverage area or population within 18 months.

2.2.2 Wireless Communications and Public Safety Act of 1999

On October 26, 1999, the Wireless Communications and Public Safety Act of 1999 ("911 Act") was enacted into law.¹³ The law was enacted "to promote and enhance public safety through the use of 9-1-1 as the universal emergency assistance number, further deployment of wireless 9-1-1 service, support of States in upgrading 9-1-1 capabilities and related functions, encouragement of construction and operation of seamless, ubiquitous, and reliable networks for personal wireless services and for other purposes."

¹¹ *E911 First Report and Order and FNPRM.*

¹² *Revision of the Commission's Rules to Ensure Compatibility with Enhanced 911 Emergency Calling Systems*, CC Docket No. 94-102, Third Report and Order, 14 FCC Rcd 17388 (1999).

¹³ Wireless Communications and Public Safety Act of 1999, Pub. L. No. 106-81, enacted Oct. 26, 1999, 113 Stat. 1286.

Subsequently, the Commission initiated a proceeding to implement the Act. On August 24, 2000, the Commission adopted an order that, among other things, designated 911 as the universal emergency telephone number in the U.S., sought comments relating to the rollout of 911 services in which 911 service is not available, and sought comments on the steps the Commission might take to encourage and support States in their efforts to extend and improve their emergency communications infrastructure.¹⁴

2.2.3 Subsequent Commission Actions

Since the Commission adopted its original wireless E911 rules in 1996 and revised them in 1999 to accommodate the development of handset-based solutions, it has taken a number of further actions – including enforcement actions – to achieve the agency's fundamental goal of seeing wireless E911 deployed throughout the country. In a set of Orders adopted in September 2000 and October 2001, the Commission granted waivers to six major national carriers of certain of the initial Phase II deadlines, based on carrier specific Phase II compliance plans.¹⁵ As part of its efforts to ensure compliance with the revised schedules, the Commission imposed detailed reporting requirements on the nationwide carriers regarding their implementation of both Phase I and Phase II services.

Also in October 2001, in response to a petition filed by the City of Richardson, Texas, the Commission amended its rules to clarify what steps need to be taken by PSAPs in order to make a valid request for Phase I and II E911 service.¹⁶ In May 2001, the Chief of the Commission's Wireless Telecommunications Bureau, in response to an earlier letter from the King County (Washington) E911 Program Office, clarified the responsibility for certain network and data base costs associated with the provision of Phase I service.¹⁷ In November 2001, the Commission took further steps to implement the 911 Act and, among other things, it adopted rules governing the transition to 911 as the universal emergency telephone number in those areas of the country where the 911 abbreviated

¹⁴ Implementation of the 911 Act, The Use of N11 Codes and other Abbreviated Dialing Arrangements, CC Docket No. 92-105 and WT Docket No. 00-110, *Fourth Report and Order and Third Notice of Proposed Rulemaking, and Notice of Proposed Rulemaking*, 15 FCC Rcd 17079 (2000).

¹⁵ See *Revision of the Commission's Rules to Ensure Compatibility with Enhanced 911 Emergency Calling Systems*, CC Docket No. 94-102, Fourth Memorandum Opinion and Order, 15 FCC Rcd 17442 (2000) (*E911 Fourth Memorandum Opinion and Order*). See also e.g., *In the matter of Revision of the Commission's Rules To Ensure Compatibility with Enhanced 911 Emergency Calling Systems Request for Waiver by AT&T Wireless Services, Inc.*, Order, 16 FCC Rcd. 18253.

¹⁶ *Revision of the Commission's Rules to Ensure Compatibility with Enhanced 911 Emergency Calling Systems, Petition of City of Richardson, Texas*, CC Docket No. 94-102, Order, FCC 01-293 (rel. Oct 17, 2001). (*City of Richardson Order*).

¹⁷ See Letter from Thomas J. Sugrue, Chief, Wireless Telecommunications Bureau, to Marlys R. Davis, E911 Program Manager, Department of Information and Administrative Services, King County, Washington (May 7, 2001). See also, *Revision of the Commission's Rules to Ensure Compatibility with Enhanced 911 Emergency Calling Systems Request of King County, Washington*, CC Docket No. 94-102, Order on Reconsideration, FCC 02-146, rel. July 24, 2002.