

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 8672  
11109 SENATE COMMUNITY & REGIONAL AFFAIRS



# Municipality of Anchorage

Office of the Mayor

*George P. Wuerch, Mayor*



March 28, 2003

Representative Tom Anderson  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801

Re: HB 194

Dear Representative Anderson,

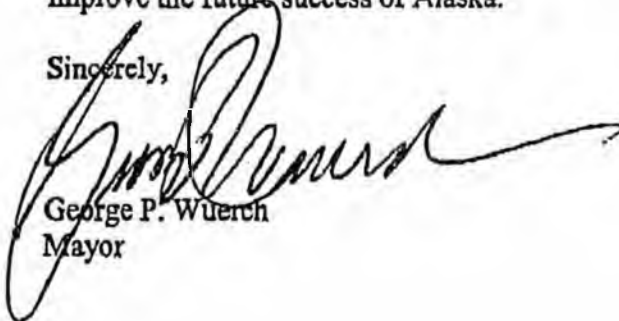
Thank you for introducing HB 194, an act creating a tax credit under the Alaska Net Income Tax Act for contributions to regional development organizations.

We all recognize that economic development is vital to the future prosperity of Alaska. Without economic development, we cannot hope to solve the State's fiscal dilemma nor can we ensure a vibrant future for the state. Key to helping realize this vision are the 13 Alaska Regional Development Organizations (ARDORS) throughout the state, funded through a combination of public and private resources. These regional organizations help stimulate economic development and produce healthy, sustainable local economies.

HB 194 will provide additional resources to Alaska's ARDORS by allowing taxpayers to make a contribution and take a tax credit equal to the amount of the contribution, not to exceed \$10,000. This tax credit will fall within the existing \$150,000 tax credit limitation thereby not impacting the State's revenues.

We support the passage of HB 194 and thank you for your commitment to helping to improve the future success of Alaska.

Sincerely,



George P. Wuerch  
Mayor



701 West Eighth Avenue  
Suite 600  
Anchorage, AK 99501

Telephone 907 265 1200  
Fax 907 265 1295

March 24, 2003

Alaska State Legislature  
State Capitol  
Juneau, AK 99801


As the chair of Anchorage Economic Development Corporation (AEDC), and a long time business owner, I encourage you to support House Bill 194, an act creating a tax credit under the Alaska Net Income Tax Act for contributions to regional development organizations.

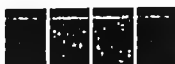
Economic development is critical for the future of our state. Alaska has several private, non-profit community development organizations working diligently on economic development initiatives aimed at bringing new investment and jobs to their communities and to the state. Over the years, these organizations have had success in contributing to the economic well being of our state. However, each is limited by its financial support and relies heavily on private contributions for funding.

HB 194 would allow taxpayers to make contributions to regional economic development organizations and take a tax credit equal to the amount of the contribution, not to exceed \$10,000, thus enhancing their ability to support economic development. This bill would not increase the \$150,000 tax credit limit. It would simply provide another option for companies to contribute to the economic future of the state.

AEDC appreciates your support for our global logistics initiatives, and I thank you for your consideration of HB 194.

Sincerely,

  
Kathleen Porterfield  
Managing Partner





# Fairbanks North Star Borough

Office of the Mayor

809 Pioneer Road

P.O. Box 71267

Fairbanks, Alaska 99707-1267

907/459-1300

Fax 907/459-1102

Email [mayor@co.fairbanks.ak.us](mailto:mayor@co.fairbanks.ak.us)

April 3, 2003

Via Facsimile 907-465-2418

The Honorable Tom Anderson  
State Capitol, Room 432  
Juneau, AK 99801

Re: HB 194

Dear Representative Anderson:

Thank you for introducing HB 194, "An Act creating a tax credit under the Alaska Net Income Tax Act for Contributions to regional development organizations."

We all recognize that economic development is vital to the future prosperity of Alaska and that the 13 ARDORS are a key part of achieving this prosperity. HB 194 will provide additional resources to Alaska's ARDOR by allowing corporate taxpayers to make a contribution and equal tax credit of \$10,000. This tax credit falls within the existing \$150,000 corporate tax credit limitation and therefore will not negatively impact the State's revenues.

We support the passage of HB 194 and thank you for your commitment to helping Alaska achieve its goal of economic prosperity.

Sincerely,

Rhonda Boyles, Mayor



Resource Conservation & Development Council

March 31, 2003

Representative Tom Anderson  
State Capitol, Room 432  
Juneau, AK 99801  
Fax (907) 465-2418

Re: HB 194

Representative Anderson:

I would like to express our support for House Bill 194 "An Act creating a tax credit under the Alaska Net Income Tax Act for Contributions to regional development organizations".

This bill will encourage economic development in all regions of the state, and will increase our ability to raise funds from the private sector. Regional development organizations benefit both the public and private sector, and this legislation will assist in their ability to leverage sufficient local funds to meet prioritized needs.

If you have any questions regarding regional economic development in the Mat-Su, please do not hesitate to contact me at (907) 373-1062, extension 108.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Parker'.

Charles Parker  
Executive Director



# KPEDD



KENAI PENINSULA  
ECONOMIC DEVELOPMENT DISTRICT, INC.

BUSINESS INNOVATION CENTER

Representative Tom Anderson  
Alaska State House of Representatives  
Alaska State Capitol  
Juneau, AK 99801

April 1<sup>st</sup>, 2003

Re: Supporting House Bill 194

Dear Honorable Representative Anderson,

The Kenai Peninsula Borough Economic Development District ("EDD") has been an Alaskan Regional Development Organization ("ARDOR") since 1988. EDD provides economic development services throughout the Kenai Peninsula Borough that are consistent with the goals and objectives of the State of Alaska's regional economic assistance program. We are doing our part to encourage the private sector to create local jobs, leveraging public and private sector investment and assisting underserved communities with strategic planning. Our ultimate goal is to enhance the quality of life of our residents.

Enacting House Bill 194 as amended would be a huge benefit to the EDD and our financial supporters. It also would improve our endeavors leveraging state funds. Even though our corporate donors are generous, HB 194 would not only assist us greatly with possible larger donations but also securing more donations as well. With a state tax credit, donors would certainly be encouraged to contribute to our cause. Although ARDORs are well known for leveraging state funds (averaging 5:1), three out of the last four years EDD has operated in the red. There is certainly a need for such legislation.

It has been a pleasure to work with such a professional staff as yours. If EDD can assist you with HB 194, we certainly will.

Again, EDD greatly appreciates your effort with HB 194, and we undoubtedly want to see it become law.

Sincerely,

KENAI PENINSULA BOROUGH ECONOMIC DEVELOPMENT DISTRICT, Inc.

James S. Carter  
Executive Director



prince william sound  
**ECONOMIC  
 DEVELOPMENT  
 DISTRICT**

Chenega Bay  
 Cordova  
 Tatitlek  
 Valdez  
 Whittier

Rep. Tom Anderson  
 Juneau, Alaska 99801

Dear Rep. Anderson:

On behalf of Prince William Sound Economic Development District, I would like to express our support for HB 194. This important legislative bill will provide tax incentives for corporate contributions to the Alaska Regional Development Organizations.

Prince William Sound Economic Development Council became a member of ARDOR in 1991. In 2001, PWSEDC became a federal Economic Development District. Funding for our projects comes from the State of Alaska, corporate contributions, and the Economic Development Administration.

ARDORs across Alaska provide a regional approach to responsible economic development. In Prince William Sound our projects since 1991 are various. Presently, with Valdez Fisheries Development Assoc., funding has been received for a state-of-the-art fish processing plant to serve the region's fishermen 12 months a year. They also received a State Mini-Grant to help provide safety training for fish processing machinery, marketing and business planning. We are currently helping the Whittier Museum Association obtain a Mini-grant to open a museum in Whittier this summer. Other projects range from spot shrimp population studies with NOAA and the Valdez Native Tribe to the Chenega Bay Residual oil clean up efforts. Ways to improve tourism in the Sound are being discussed, especially now that all ports in Alaska are National Scenic Byways.

As funding hasn't been increased at the State level for ARDORs, it would be very helpful to offer incentives for contributors with HB 194.

Sincerely,

Sue Cogswell  
 Executive Director

Post-It® Fax Note	7671	Date	# of pages
To: <i>Chenega</i>		From: <i>Sue</i>	
Co/Dept:		Co:	
Phone #		Phone #	
Fax # <i>465-2418</i>		Fax #	

LOWER KUSKOKWIM ECONOMIC DEVELOPMENT COUNCIL  
PO BOX 2021, BETHEL, ALASKA 99559 \* 907 543-5967

March 19, 2003

Rep. Tom Anderson  
Alaska State Legislature  
Juneau, AK 99801

Dear Rep. Anderson:

re: Support of House Bill 194

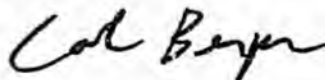
This letter is written in support of HB 194, which would provide tax credits for contributions by private entities to regional development organizations.

We are in our twelfth year of operations as the regional development body for Bethel and 26 lower Kuskokwim villages in SW Alaska. Funding received through the State of Alaska over the years has been leveraged with other sources to allow us to cover our operations expenses, the cost of doing business continues to grow each year and the outlook for funding from the state is uncertain.

Allowing private bodies to donate up to \$10,000 in cash, in exchange for a tax credit equal to the amount of the contribution, would be very helpful to us in our continuous fundraising efforts, assisting us to gain revenues to cover our increasing operating expenses.

Thank you for your efforts to assist us in promoting regional economic development by increasing the financial support options to our organization.

Very truly,



Carl Berger  
Executive Director

**SOUTHWEST ALASKA**  
MUNICIPAL  
CONFERENCE



3300 Arctic Boulevard, Suite 203  
Anchorage, Alaska 99503

Phone: (907) 562-7380

Fax: (907) 562-0438

April 10, 2003

Representative Tom Anderson  
ALASKA STATE LEGISLATURE  
State Capitol, Room 432  
Juneau, AK 99801-1182

Dear Representative Anderson:

The Board of Directors of the Southwest Alaska Municipal Conference supports House Bill 194 and urges its passage by the Alaska State Legislature.

As an Alaska Regional Development Organization (ARDOR) since 1989, SWAMC has long served as a public-private partnership by leveraging limited state and federal funds with local municipal contributions and private-sector memberships. Hopefully, the passage of HB 194 will create additional benefit and incentive for private sector participation and membership in all ARDOR organizations.

It is difficult to gauge the impact of the regional development organization tax credit. During our discussion, the Board speculated that it seems most likely to benefit urban centers and the North Slope. Nonetheless, it provides a worthwhile incentive to the private sector, and we hope it will generate broad-based benefits to all regions of the state.

Thank you for introducing and championing this bill.

Sincerely,

Alice Ruby  
President  
Board of Directors

pc: Southwest Alaska Legislative Delegation

**COPPER VALLEY ECONOMIC DEVELOPMENT COUNCIL, INC.**

**P.O. Box 9**

**Glennallen, Alaska 99588**

Representative Tom Anderson  
State Capitol  
Juneau, Alaska 99801-1182

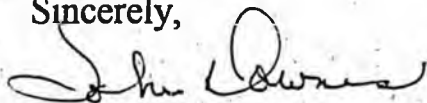
RE: HB194

Dear Representative Anderson;

I would like to take a moment to commend you in your efforts to address the needs of the ARDORS throughout the state of Alaska. As you know it is very hard to raise money to keep projects going and the doors open. With a bill such as HB194 that would enhance the fund raising abilities of the ARDORS throughout the state. There is a great need for a way to entice donations and offer an incentive to organizations that might not otherwise donate. I feel HB194 is a step in the right direction. Again I commend you in your efforts. If there is anything our office can do to help please feel free to let us know.

I have contacted Rep. Carl Morgan's office and urged them to help your efforts in getting this legislation passed this year. I will also contact Rep. Harris's office with the same request.

Sincerely,



John Downes  
Executive Director  
Copper Valley Economic Development Council



**ARDOR**

# **NORTHWEST ARCTIC BOROUGH**

**P.O. BOX 1110**

**KOTZEBUE, ALASKA 99752**

**(907) 442-2500 / FAX (907) 442-2930**

March 26, 2003

Representative Tom Anderson  
State Capitol Room 432  
Juneau, Alaska 99801

Dear Representative Anderson:

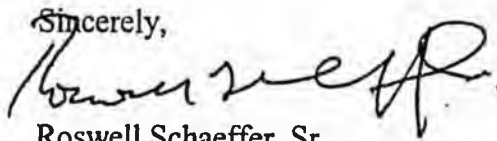
The Northwest Arctic Borough would like to convey full support for HB 194, "An Act creating a tax credit under the Alaska Net Income Tax Act for contributions to regional development organizations; and providing for an effective date." We are one of the recognized Alaska Regional Development Organizations (ARDORS) in the state and believe that this legislation would facilitate investment in those organizations from large businesses operating within Alaska.

Our ARDOR is active in creating small business opportunities and otherwise stimulating employment in an area with a 65% non full-time employment rate among working age adults. Over the last two years we have made in excess of 150 small business loans, provided over \$100,000 in small business grants, and purchased and marketed the arts and crafts of over 120 of our residents. Our economic development programs and activity can be reviewed at our website, [www.northwestarcticborough.org](http://www.northwestarcticborough.org).

In rural regions in particular, where a high percentage of the adult population lacks even a high school education, direct assistance from an ARDOR is essential if individuals are going to make a successful transition to the modern cash economy. In most cases, creation of a job or business has the direct outcome of reducing the cost of public assistance in the form of food stamps or temporary aid to families with dependent children. In all cases, jobs and businesses provide people with the opportunity to learn and grow.

The outcome of this legislation should be additional capital for ARDORS, from which all regions of the state would benefit. Thank you for your support.

Sincerely,



Roswell Schaeffer, Sr.,  
Mayor



March 28, 2003

Representative Tom Anderson  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801

Dear Legislator Anderson:

I encourage you to support House Bill 194, an act creating a tax credit under the Alaska Net Income Tax Act for contributions to regional development organizations. As a board member of the Anchorage Economic Development Corporation, I am aware of the positive impact the regional development organizations have.

Economic development is critical for the future of our state. Alaska has several private, non-profit community development organizations working diligently on economic development initiatives aimed at bringing new investment and jobs to their communities and to the state. Over the years, these organizations have had success in contributing to the economic well being of our state. However, each is limited by its financial support and relies heavily on private contributions for funding.

HB 194 would allow taxpayers to make contributions to regional economic development organizations and take a tax credit equal to the amount of the contribution, not to exceed \$10,000, thus enhancing their ability to support economic development. This bill would not increase the \$150,000 tax credit limit. It would simply provide another option for companies to contribute to the economic future of the state.

Thank you for your consideration and your ongoing commitment to the economic success of our State.

Sincerely,

Gene L. O'Hara, Pharm.D.  
Chief Executive  
Providence Alaska Medical Center



WALSH-SHEPPARD-FLYNN

GROWTH STRATEGIES  
& COMMUNICATIONS

March 26, 2003

Alaska State Legislature  
State Capitol  
Juneau, AK 99801

Dear State Legislator:

I am writing to ask your support of a bill very important to my city of Anchorage and Alaska as a whole—House Bill 194. This would create a tax credit under the Alaska Net Income Tax Act for contributions to regional development organizations.

As a woman who has built and run a business in Anchorage for the past 17 years, I understand very clearly how critical economic development is for the future of my business, this city, and our state. That's why I support and contribute my time to the Anchorage Economic Development Corporation (AEDC).

AEDC is just one of several private, non-profit community development organizations in Alaska working on initiatives to bring new investment and jobs to their communities and to the state—and many business supporters like myself contribute to this important work. Over the years, there have been many successes to celebrate. These successes could be greater, but we are handicapped by limited financial support from the State and therefore need to rely heavily on private contributions for funding.

HB 194 can help. It would allow taxpayers to make contributions to regional economic development organizations and take a tax credit equal to the amount of the contribution, not to exceed \$10,000, thus enhancing their ability to support economic development. This bill would not increase the \$150,000 tax credit limit. It would simply provide another option for companies to contribute to the economic future of the state.

Please support the passage of HB194. It's highly important to all of us.

Sincerely,

Pat Walsh  
President & CEO  
Walsh Sheppard Flynn

1410 Rudakof Circle

Anchorage, Alaska

99508

T: 907.338.3857

F: 907.338.3857



March 25, 2003

architecture  
development  
interior design  
planning

The Honorable Tom Anderson  
Alaska State Representative  
State Capitol, Room 432  
Juneau, AK 99801-1182

shaping  
tomorrow  
today

Re: House Bill 194

Dear Representative Anderson:

I encourage you to support House Bill 194, an act creating a tax credit under the Alaska Net Income Tax Act for contributions to regional development organizations.

Economic development is critical to the future of our state. Alaska has several private, non-profit community development organizations working diligently on economic development initiatives aimed at bringing new investment and jobs to their communities and to the state. Over the years, these organizations have had success in contributing to the economic well being of our state. However, each is limited by its financial support and relies heavily on private contributions for funding.

House Bill 194 would allow taxpayers to make contributions to regional economic development organizations and take a tax credit equal to the amount of the contribution, not to exceed \$10,000, thus enhancing their ability to support economic development. This bill would not increase the \$150,000 tax credit limit. It simply would provide another option for companies to contribute to the economic future of Alaska.

Thank you for your consideration and your ongoing commitment to the growth and prosperity of our state.

425 G Street  
Suite 800

Anchorage

Alaska 99501

907.274-7443 T

907.274.7407 F

[www.kpb-alaska.com](http://www.kpb-alaska.com)

Sincerely,

Mark E. Pfeffer  
President/CEO



**ANCHORAGE SAND and GRAVEL CO., INC.**

1040 O'Malley Road • Anchorage, Alaska 99515 • Phone (907) 349-3333 • FAX (907) 344-2844

April 1, 2003

Representative Tom Anderson  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801

Dear Representative Anderson:

Upon reviewing HB 194, Anchorage Sand and Gravel Co., Inc., and our 175 employees, we encourage you to support House Bill 194, an act creating a tax credit under the Alaska Net Income Tax Act for contributions to regional development organizations.

Economic development is critical for the future of our state by providing a more diverse economy. Alaska has several private, non-profit community development organizations working diligently on economic development initiatives aimed at bringing new investment and jobs to their communities and to the state. Over the years, these organizations have had success in contributing to the economic well being of our state. However, each is limited by its financial support and relies heavily on private contributions for funding.

HB 194 will have a positive impact on Economic Development. It will allow regional development organizations to more easily reach out to corporate taxpayers in their districts by suggesting that those corporate taxpayers contribute \$10,000 of their \$150,000 limit to local economic development efforts.

Thank you for your consideration and your ongoing commitment to the economic success of our State.

Sincerely,

Dale G. Morman  
President

# ASCG

INCORPORATED

March 21, 2003

Honorable Tom Anderson  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801

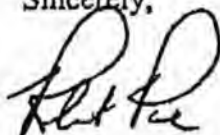
Representative Anderson:

I encourage you to support House Bill 194. This bill would allow taxpayers to make contributions to regional economic development organizations, like the Anchorage Economic Development Corporation (AEDC), and take a tax credit equal to the amount of the contribution, not to exceed \$10,000. This bill would not increase the current \$150,000 tax credit limit; it would simply provide another option for companies to contribute to the economic future of Alaska.

Economic development is critical for the future of our state. Alaska has several private, non-profit community development organizations working diligently on economic initiatives aimed at bringing new investment and jobs to their communities and to the state. Over the years, these organizations have had very real success in contributing to the economic well being of Alaska. However, each is limited by its respective financial support and each relies heavily on private contributions for funding.

This legislation is also supportive of the Governor's efforts to strengthen Alaska's economy through increased economic development of Alaska's resource base. HB 194 could contribute significantly to the ability of economic development organizations throughout Alaska to assist with Alaska's economic development. Thank you for your consideration of this bill and for your ongoing commitment to the economic success of our State.

Sincerely,



Robert Poe  
Sr. Vice President  
Alaska Operations



Joe Griffith  
General Manager

March 24, 2003

*Via fax: (907) 465-2418*

Representative Tom Anderson  
State Capitol, Room 432  
Juneau, AK 99801-1182

Dear Representative Anderson:

I am writing to express my support for HB 194. As an electric utility, Chugach has a long history of working with the Anchorage Economic Development Corporation and others striving to grow in our economy and create jobs. These organizations have important missions that help build strong communities. The legislation seems like a reasonable way to broaden the base of support for the economic development so important to the future of Alaska.

Sincerely,

A handwritten signature in black ink, appearing to read "Evan J. Griffith", is written over a horizontal line. Below the signature, the name and title are printed.

Evan J. Griffith  
General Manager

# ALASKA STATE LEGISLATURE



## SENATE COMMUNITY & REGIONAL AFFAIRS COMMITTEE

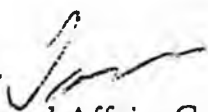
Senator Tom Wagoner, Chair

Official Business

Senator Robin Taylor, Vice-Chair  
Senator Kim Elton  
Senator Georgianna Lincoln  
Senator Gary Stevens

State Capitol, Room 427  
Juneau, AK 99801-1182  
Phone: (907) 465-4989  
Fax: (907) 465-4779

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DATE: May 2, 2003  
TO: Senate Secretary  
FROM: Senator Tom Wagoner, Chair   
Senate Community and Regional Affairs Committee  
RE: Meeting Schedule: May 7, 2003

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May 5: 1:30 – 3:30pm: Fahrenkamp, Room #203  
+ HB 194 REGIONAL DEVELOPMENT ORG TAX CREDIT

\* First Hearing  
+ Teleconferenced  
++ Testimony by invitation only

AMENDMENT #1

OFFERED IN THE SENATE  
TO: CSHB 194(L&C)

BY SENATOR WAGONER

- 1 Page 1, line 11, through page 2, line 3:
- 2 Delete all material.
- 3
- 4 Renumber the following bill sections accordingly.
- 5
- 6 Page 2, lines 12 - 19:
- 7 Delete all material.
- 8
- 9 Renumber the following bill sections accordingly.
- 10
- 11 Page 2, line 28, through page 3, line 4:
- 12 Delete all material.
- 13
- 14 Renumber the following bill sections accordingly.
- 15
- 16 Page 3, line 31, through page 4, line 5:
- 17 Delete all material.
- 18
- 19 Renumber the following bill sections accordingly.
- 20
- 21 Page 4, lines 12 - 17:
- 22 Delete all material.
- 23

*Adopted 3/2 Taylor*  
*YES: Wagoner, Stevens, B., Taylor*  
*NO: LINCOLN, ELTON*

1 Renumber the following bill sections accordingly.

2

3 Page 4, lines 24 - 29:

4 Delete all material.

5

6 Renumber the following bill sections accordingly.

7

8 Page 5, lines 5 - 10:

9 Delete all material.

10

11 Renumber the following bill sections accordingly.

12

13 Page 5, lines 17 - 23:

14 Delete all material.

15

16 Renumber the following bill sections accordingly.

17

18 Page 5, lines 29 - 30:

19 Delete all material and insert:

20 **\*\* Sec. 11. This Act takes effect July 1, 2003.**"

Sponsor and/or Committee Name			Date
SCRA- Sen. Thomas Wagoner, Chair			MAY 5, 2003
Start/End Time	Chairing site	Juneau Room	Testimony
1:30 - 3:30	Juneau	CAP 203	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Invitational <input type="checkbox"/>
Contact Person and	Phone Number	Other sites may add?	Testimony Limit
Mary Jackson	465-4989	Yes	NO
Subject of meeting and/or Bills on agenda			

HB 194 - REG. NEW ORG TAX CREDIT

Sites - LIOs		Sites - Offnets	Phone #
Anchorage	<input checked="" type="checkbox"/>		
Barrow	<input type="checkbox"/>		
Bethel	<input type="checkbox"/>		
Cordova	<input type="checkbox"/>		
Delta Junction	<input type="checkbox"/>		
Dillingham	<input type="checkbox"/>		
Fairbanks	<input checked="" type="checkbox"/>		
Glennallen	<input type="checkbox"/>		
Homer	<input type="checkbox"/>		
Juneau	<input type="checkbox"/>		
Kenai	<input type="checkbox"/>		
Ketchikan	<input type="checkbox"/>		
Kodiak	<input type="checkbox"/>		
Kotzebue	<input type="checkbox"/>		
Matsu	<input type="checkbox"/>		
Nome	<input type="checkbox"/>		
Petersburg	<input type="checkbox"/>		
Seward	<input type="checkbox"/>		
Sitka	<input type="checkbox"/>		
Tok	<input type="checkbox"/>		
Valdez	<input type="checkbox"/>		
Wrangell	<input type="checkbox"/>		

Notes


# FISCAL NOTE

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

Fiscal Note Number: 3  
Bill Version: CSHB 194(L&C)  
(H) Publish Date: 4/8/03

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
Title Regional Development BRU Revenue Operations  
Organization Tax Credit Component Tax Division  
Sponsor Representative Anderson  
Requester House Labor and Commerce Component No. 2476

**Expenditures/Revenues (Thousands of Dollars)**

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE (Thousands of Dollars)**

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

Estimate of any current year (FY2003) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation allows taxpayers to take a credit against their Alaska corporate income taxes of up to \$10,000 per year for cash contributions to a Regional Development Organization.

This legislation would not significantly reduce state revenues, in that any tax credits claimed under this new program would have to fall within the existing statutory \$150,000 limit on corporate income tax credits per year per taxpayer. It is possible, however, that a taxpayer could choose to contribute to this program and therefore reduce its contribution under an existing tax credit program to stay within the limit.

The Tax Division does not expect any significant increase in its operational expenses from the new tax credit in this legislation.

Prepared by: Mark Graber, Tax Division  
Division Tax Division  
Approved by: Larry Persily, Deputy Commissioner  
Agency Department of Revenue

Phone 269-6620  
Date/Time 4/3/03 2:46 PM  
Date 4/3/2003

# FISCAL NOTE

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: HB 194  
H() Publish Date: 4/2/03

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
Title Regional Development BRU Revenue Operations  
Organization Tax Credit Component Tax Division  
Sponsor Representative Anderson  
Requester H. Community & Regional Affairs Component No. 2476

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

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

Estimate of any current year (FY2003) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation allows taxpayers to take a credit against their Alaska corporate income taxes of up to \$10,000 per year for cash contributions to a Regional Development Organization.

This legislation would not likely significantly reduce state revenues, in that any tax credits claimed under this new program would have to fall within the existing statutory \$150,000 limit on corporate income tax credits per year per taxpayer. It is possible, however, that a taxpayer could choose to contribute to this program and therefore reduce its contribution under an existing tax credit program.

The Tax Division does not expect any significant increase in its operational expenses from the new tax credit in this legislation.

However, the Division would need to adopt regulations because as drafted, the statute is very broad and ambiguous as to what would constitute a Regional Development Organization under this tax credit program. The regulations would need to answer such questions as what qualifies as a Regional Development Organization, does the purpose of the organization meet the intent of the legislation, and does the organization meet the "economic, political and social interests" as required in this bill? For example, would contributions to an organization dedicated to legalized casino gambling qualify under this legislation?

Prepared by: Mark Graber, Tax Division Phone 269-6620  
Division Tax Division Date/Time 3/28/03 4:03 PM  
Approved by: Larry Persily, Deputy Commissioner Date 3/28/2003  
Agency Department of Revenue

# FISCAL NOTE

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: HB 194  
(H) Publish Date: 4/2/03

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: DCED  
Title Regional Development Org Tax Credit BRU 405  
Component Comm Assistance & Economic Dev  
Sponsor Representative Anderson et al Community & Business Development  
Requester House Community & Regional Affairs Component No. 2486

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

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

Estimate of any current year (FY2003) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation would allow for a tax credit under the Alaska Net Income Tax Act not to exceed \$10,000 for taxpayers making cash contributions to regional economic development organizations. This legislation does not impact the fiscal operations of the department.

Prepared by: Gene Kane, Acting Director Phone 907.269.4578  
Division Community & Business Development Date/Time 3/28/03 5:19 PM  
Approved by: Edgar Blatchford, Commissioner Date 3/28/2003  
Agency Department of Community & Economic Development

**HB**

**2009**

# Alaska State Legislature

*Interim*

145 Main Street Loop, Suite 223  
Kenai, Alaska 99611  
Phone: (907) 283-7223  
Fax: (907) 283-7184



*Session*

Capitol Room 502  
Juneau, Alaska 99801-1182  
Phone: (907) 465-6890 or 465-3779  
Fax: (907) 465-2833

## House Finance Committee

Representative Mike Chenault

### Memorandum

**Date:** May 7, 2003

**To:** Senator Tom Wagoner, Chair  
Senate Community & Regional Affairs Committee

**From:** Representative Mike Chenault

**Re:** Hearing Request for CS HB 209

A handwritten signature in black ink, appearing to be "Mike Chenault", enclosed in a circular scribble.

Please schedule CSHB 209 in the Senate Community and Regional Affairs Committee at your earliest convenience. Included in this packet are the Sponsor Statement, Fiscal Note and copy of CS HB 209 (RLS).

If you have any questions, please contact my staff, Leona Oberts at #6890.

# STATE OF ALASKA

**REPRESENTATIVE  
MIKE CHENAULT**

Official Business

Interim:  
145 Main St. Loop, Second Floor  
Kenai, Alaska 99611  
(907) 283-7223  
Fax: (907) 283-3075



**HOUSE OF REPRESENTATIVES**

Session:  
Capitol Building, Room 432  
Juneau, Alaska 99801-1182  
(907) 465-3779  
Toll Free: (800) 465-3779  
Fax: (907) 465-2833

## **SPONSOR STATEMENT HB 209**

HB 209 will allow municipalities to provide for a tax reduction for property destroyed, damaged or otherwise reduced in value as a result of a disaster. A municipality can adopt by ordinance criteria for assessment or reassessment of property values.

This legislation broadens the municipalities' authority to define "disaster" to include for example, a fire or flood that occurs within a home. It repeals Section 29.45.230: (e) In this section "disaster" means a major disaster declared by the President of the United States under federal law or a disaster declared by the governor under AS 26.23.010-26.23.110.

Arizona, California, Idaho, Mississippi, Pennsylvania, and South Dakota are states that currently provide pro-ratio of taxes for casualty loss. Many other states are currently considering similar legislation.

# FISCAL NOTE

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: CSHB 209(CRA)  
(H) Publish Date: 4/9/03

Revision Date/Time (Note if correction):  
Title Muni Tax: Property Affected by Disaster

Dept. Affected: DCED  
BRU Comm Assist & Ec Dev (405)  
Component Community & Business  
Development

Sponsor Representative Chenault  
Requester House Community & Regional Affairs

Component No. 2486

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

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

Estimate of any current year (FY2003) cost: \_\_\_\_\_

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This Legislation removes current statutory language requiring a disaster declaration from the governor or president in order to have a reassessment of an area which suffered a natural disaster. This is a local tax issue and would have no fiscal impact on this department.

Prepared by: Gene Kane, Acting Director  
Division Community and Business Development  
Approved by: Edgar Blatchford, Commissioner  
Agency Department of Community and Economic Development

Phone 269-4580  
Date/Time 4/7/03 4:04 PM  
Date 4/7/2003

**HB**

**561**

**Draft Amendment #1  
to CSHB 561 (FIN)**

<b>Delete</b> Page 2, Line 16-17 Anchorage – Abbott Loop Road Upgrade (68 <sup>th</sup> Avenue to Abbott Road)	15,000,000
<b>Insert</b> Page 2, Line 16 Anchorage – Abbott Loop Road Upgrade (68 <sup>th</sup> Avenue to Abbott Road)	11,000,000
<b>Delete</b> Page 3, Line 25 Jewel Lake Road and Strawberry Road signalization	1,100,000
<b>Insert</b> Page 3, Line 25 Anchorage - Jewel Lake Road and Strawberry Road signalization	2,000,000
<b>Insert</b> After Line 27 Anchorage – Dowling Road Upgrade (Laurel Street to Abbott Loop Road)	3,100,000
<b>Delete</b> Page 2, Line 31 Fairbanks – Steese Highway corridor safety and capacity	7,500,000
<b>Insert</b> Page 2, Line 31 Fairbanks – Parks Highway rehabilitation (Ester to Fairbanks)	7,500,000
<b>Delete</b> Page 3, Line 18 Wrangell – Heritage Harbor renovation	1,400,000
<b>Insert</b> Page 3, Line 18 Wrangell – Heritage Harbor construction	1,400,000

**Alaska State Legislature**  
**House Finance Committee**

REPRESENTATIVE  
**BILL WILLIAMS**

Co-Chair

(907) 465-3424

Fax: (907) 465-3793

INTERIM ADDRESS

50 Front Street, Suite 203

Ketchikan, Alaska 99901

(907) 247-4627

Fax: (907) 225-7157



State Capitol, Juneau, Alaska 99801-1182

REPRESENTATIVE  
**JOHN HARRIS**

Co-Chair

(907) 465-4859

Fax: (907) 465-3799

INTERIM ADDRESS

State Capitol, Room 507

Juneau, AK 99801-1132

**Sponsor Statement**  
**for**  
**House Finance**  
**Committee Substitute for**  
**House Bill 561**

House Bill 561 would authorize a vote of the people on general obligation bonds issued by the State of Alaska for statewide transportation projects.

The proposal, totaling \$93,280,000 million for major transportation projects around the state, would provide additional funding for Alaska's transportation infrastructure.

House Bill 561 is similar to legislation unanimously adopted by the legislature two years ago that authorized \$123,914,500 in general obligation bond authority. That proposal was adopted by 67.75% of the voters at the November 2002 general election.

Supplementing federal funding with state general obligation bonds is the right step in addressing our transportation infrastructure backlog by accelerating the completion of many statewide projects.

Alaskans in every area of the state have unmet transportation needs and passage of this measure will start meeting these needs now, so we can all enjoy the benefits sooner.

If adopted, this proposal would be placed on the ballot at this November's general election.

23-LS1960\Q  
Cook  
5/6/04

**SENATE CS FOR CS FOR HOUSE BILL NO. 561(CRA)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-THIRD LEGISLATURE - SECOND SESSION**

**BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE**

**Offered:  
Referred:**

**Sponsor(s): HOUSE FINANCE COMMITTEE**

**A BILL  
FOR AN ACT ENTITLED**

1 **"An Act providing for and relating to the issuance of general obligation bonds in a**  
2 **principal amount of not more than \$88,555,000 for the purpose of paying the cost of**  
3 **state transportation projects; and providing for an effective date."**

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

5 **\* Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
6 to read:

7 **GENERAL OBLIGATION BONDS.** For the purpose of paying the cost of state  
8 transportation projects, general obligation bonds of the state in the principal amount of not  
9 more than \$88,555,000, if ratified by a majority of the qualified voters of the state who vote  
10 on the question, shall be issued and sold. The full faith, credit, and resources of the state are  
11 pledged to the payment of the principal of and interest and redemption premium, if any, on  
12 the bonds. The bonds shall be issued under the provisions of AS 37.15 as those provisions  
13 read at the time of issuance.

14 **\* Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to

1 read:

2 TRANSPORTATION PROJECT FUND. If the issuance of the bonds described in  
3 sec. 1 of this Act is ratified by a majority of the qualified voters of the state who vote on the  
4 question, a special fund of the state to be known as the "transportation project fund" shall be  
5 established, to which shall be credited the proceeds of the sale of the bonds described in sec. 1  
6 of this Act except for the accrued interest and premiums.

7 \* Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to  
8 read:

9 TRANSPORTATION PROJECT ALLOCATION. The amount of \$88,555,000 is  
10 appropriated from the transportation project fund to the Department of Transportation and  
11 Public Facilities to be allocated among the following transportation projects in the amounts  
12 listed subject to reallocation between projects in accordance with AS 37.07.080(e):

13 PROJECT	ALLOCATION
14 Federal earmark match for state highway system	\$5,000,000
15 projects	
16 Anchorage - Abbott Loop Road upgrade (68th Avenue	15,000,000
17 to Abbott Road)	
18 Anchorage - Lake Otis and Tudor intersection	8,500,000
19 improvements	
20 Chugiak Birchwood Eagle River rural road service	700,000
21 area - road and drainage	
22 rehabilitation	
23 Glenn Highway lighting - Artillery Road overpass -	330,000
24 South Birchwood	
25 Matanuska - Susitna - Bogard Road extension East	6,600,000
26 Matanuska - Susitna - Trunk Road hospital access	1,000,000
27 Kenai - Sterling Highway Kasilof River safety area	4,000,000
28 improvements	
29 Kenai Borough - road improvements	2,000,000
30 City of Kenai - road improvements	1,000,000
31 Fairbanks - Steese Highway corridor safety and capacity	7,500,000

1	improvements	
2	Fairbanks - Cowles Road upgrade	1,200,000
3	Sitka - Old Thomsen Harbor renovation	2,500,000
4	Juneau - areawide transportation improvements	2,300,000
5	Ketchikan - Thomas Basin Harbor, Ryus float. Bar	2,650,000
6	Harbor North, Hole-in-the-Wall Harbor, Knudson Cove	
7	harbor renovations	
8	Ketchikan Gateway Borough - road and pedestrian	500,000
9	improvements	
10	City of Ketchikan - road and pedestrian improvements	500,000
11	Kodiak Island Borough - airport terminal acquisition and	1,000,000
12	reconstruction	
13	Port Lions - public dock replacement	500,000
14	Nome - city streets improvements	1,650,000
15	Kotzebue and Noatak - road and facility	1,400,000
16	maintenance and equipment	
17	Petersburg - Middle Harbor renovation	2,200,000
18	Wrangell - Heritage Harbor construction	1,400,000
19	Valdez - harbor deferred maintenance	1,000,000
20	Homer - deep water dock corrosion	450,000
21	Chignik - public dock project	1,000,000
22	Adak - small boat harbor expansion	3,000,000
23	Whittier - harbor renovation	1,500,000
24	Statewide harbor deferred maintenance	4,800,000
25	Jewel Lake Road and Strawberry Road signalization	1,100,000
26	Donlin Creek - Crooked Creek/Donlin Creek	2,000,000
27	access road	
28	City of Seward - travel lift replacement	275,000
29	and dock rebuild	
30	City of Soldotna - road improvements	500,000
31	Wrangell - Bradfield Canal Road planning and design	500,000

1	Sitka - Overlay Halibut Point Road	1,000,000
2	Southeast regional freight consolidation and	2,000,000
3	cold storage construction	
4	Total	\$88,555,000

5 \* Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to  
6 read:

7 STATE BOND COMMITTEE. If the issuance of the bonds under sec. 1 of this Act is  
8 ratified by a majority of the qualified voters of the state who vote on the question, the amount  
9 of \$442,775 or as much of that amount as is found necessary is appropriated from the general  
10 fund of the state to the state bond committee to carry out the provisions of this Act and to pay  
11 expenses incident to the sale and issuance of the bonds authorized in sec. 1 of this Act. The  
12 amounts expended from the appropriation authorized by this section shall be reimbursed to  
13 the general fund from the proceeds of the sale of the bonds authorized by sec. 1 of this Act.

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

16 ADVANCE PLANNING. The amount withdrawn from the public facility planning  
17 fund (AS 35.10.135) for the purpose of advance planning for the capital improvements  
18 financed under sec. 3 of this Act shall be reimbursed to the fund from the proceeds of the sale  
19 of bonds authorized by sec. 1 of this Act.

20 \* Sec. 6. The uncodified law of the State of Alaska is amended by adding a new section to  
21 read:

22 LAPSE; REDEMPTION; REIMBURSEMENT. The unexpended and unobligated  
23 balance of the appropriation made in sec. 3 of this Act lapses under AS 37.25.020 and is  
24 appropriated to the state bond committee to redeem bonds sold under sec. 1 of this Act. The  
25 amounts expended from the general fund to pay the principal, interest and redemption  
26 premium on bonds issued under sec. 1 of this Act shall be reimbursed to the general fund  
27 from the appropriation made under this section to the extent that the money is not needed to  
28 redeem the bonds.

29 \* Sec. 7. The uncodified law of the State of Alaska is amended by adding a new section to  
30 read:

31 BALLOT PROPOSITION. The question whether the bonds authorized in this Act are

1 to be issued shall be submitted to the qualified voters of the state at the next general election  
2 and shall read substantially as follows:

3 PROPOSITION

4 State General Obligation State Transportation Project Bonds \$88,555,000

5 Total Bond Authorization \$88,555,000

6 Shall the State of Alaska issue general obligation bonds in the principal  
7 amount of not more than \$88,555,000 for the purpose of paying the cost of  
8 state transportation projects?

9 Bonds Yes [ ]

10 Bonds No [ ]

11 \* Sec. 8. This Act takes effect immediately under AS 01.10.070(c).



# ALASKA STATE LEGISLATURE

## SENATE COMMITTEE ON COMMUNITY & REGIONAL AFFAIRS

Senator Bert K. Stedman, Chair

Official Business

Senator Tom Wagoner, Vice-Chair  
Senator Kim Elton  
Senator Georgianna Lincoln  
Senator Gary Stevens

State Capitol, Room 30  
Juneau, AK 99801-1182  
Phone: (907) 465-4989  
Fax: (907) 465-3922

---

### Amendment #2 CS HB 561 (FIN)

#### Modifications

Page 2, Line 14:

Federal earmark match lowered from \$15 million to \$5 million

Page 3, Line 17:

Petersburg Middle Harbor renovation increased from \$1.2 million to \$2.2 million to fully fund this requirement

#### Additions:

The following projects have been added beginning on Page 3, Line 28 and continuing to Page 4, Line 3:

City of Seward – travel lift replacement and dock rebuild	275,000
City of Soldotna – road improvements	500,000
Wrangell – Bradfield Canal Road planning and design	500,000
Sitka – Overlay Halibut Point Road	1,000,000
Southeast regional freight consolidation/cold storage construction	2,000,000

#### Result:

These changes lower the total bonding authority of the bill by \$4,725,000 to \$88,555,000 and lower the amount allocated to the state bond committee for expenses from \$466,400 to \$442,775.



# ALASKA STATE LEGISLATURE

## SENATE COMMITTEE ON COMMUNITY & REGIONAL AFFAIRS

Senator Bert K. Stedman, Chair

Official Business

Senator Tom Wagoner, Vice-Chair  
Senator Kim Elton  
Senator Georgianna Lincoln  
Senator Gary Stevens

State Capitol, Room 30  
Juneau, AK 99801-1182  
Phone: (907) 465-4989  
Fax: (907) 465-3922

TO: Tam Cook  
LAA, Legal Services

FROM: Senator Bert K. Stedman *463*  
*per*

DATE: May 6, 2004

SUBJECT: REVISED CS for CS HB 561 (FIN)

Senate CRA will be hearing HB 561 tomorrow afternoon. Please draft a new CS with the following changes:

Modifications:

- Page 1, Line 2: reduce \$93,280,000 to **\$88,555,000**
- Page 1, Line 9: reduce \$93,280,000 to **\$88,555,000**
- Page 2, Line 14: reduce 15,000,000 to 5,000,000
- Page 3, Line 17: increase 1,200,00 to 2,200,00
- Page 3, Line 18: replace "renovation" with "construction"

Additions:

Please add the following projects to the bill

City of Seward – travel <del>lift</del> replacement and dock rebuild	275,000
City of Soldotna – road improvements	500,000
Wrangell – Bradfield Canal Road planning and design	500,000
Sitka – Overlay Halibut Point Road	1,000,000
Southeast regional freight consolidation/cold storage construction	2,000,000

Thank you for your prompt attention to this request. Please call the committee aide, Miles Baker if you have questions x4906

# SENATE COMMITTEE REPORT

DATE: 5/5/04

FURTHER: Finance

DATE TURNED  
IN TO OFFICE: 5/7/04

Community and Regional Affairs Committee considered CS FOR HOUSE BILL NO. 561(FIN)

## HB 561 G.O. BONDS FOR TRANSPORTATION PROJECTS

"An Act providing for and relating to the issuance of general obligation bonds in a principal amount of not more than \$93,280,000 for the purpose of paying the cost of state transportation projects; and providing for an effective date."

and recommends:

- be replaced with SCS CS HB 561 (CRA)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

<b>Senate Bill:</b>	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
<b>House Bill:</b>	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title
	Change
<input checked="" type="checkbox"/>	New Title w/ SCR # <u>forthcoming</u>

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
<i>Fiscal info forthcoming</i>					

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>		<input checked="" type="checkbox"/>		
<i>[Signature]</i>	<input checked="" type="checkbox"/>			
CHAIR: <i>[Signature]</i>			<input checked="" type="checkbox"/>	

**CS FOR HOUSE BILL NO. 561(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-THIRD LEGISLATURE - SECOND SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

Offered: 5/4/04

Referred: 1st Supplemental Calendar

Sponsor(s): HOUSE FINANCE COMMITTEE

525.1

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act providing for and relating to the issuance of general obligation bonds in a  
2 principal amount of not more than \$93,280,000 for the purpose of paying the cost of  
3 state transportation projects; and providing for an effective date."

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

5 \* Section 1. The uncodified law of the State of Alaska is amended by adding a new section  
6 to read:

7 GENERAL OBLIGATION BONDS. For the purpose of paying the cost of state  
8 transportation projects, general obligation bonds of the state in the principal amount of not  
9 more than \$93,280,000, if ratified by a majority of the qualified voters of the state who vote  
10 on the question, shall be issued and sold. The full faith, credit, and resources of the state are  
11 pledged to the payment of the principal of and interest and redemption premium, if any, on  
12 the bonds. The bonds shall be issued under the provisions of AS 37.15 as those provisions  
13 read at the time of issuance.

14 \* Sec. 2. The uncodified law of the State of Alaska is amended by adding a new section to

1 read:

2 TRANSPORTATION PROJECT FUND. If the issuance of the bonds described in  
3 sec. 1 of this Act is ratified by a majority of the qualified voters of the state who vote on the  
4 question, a special fund of the state to be known as the "transportation project fund" shall be  
5 established, to which shall be credited the proceeds of the sale of the bonds described in sec. 1  
6 of this Act except for the accrued interest and premiums.

7 \* Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to  
8 read:

9 TRANSPORTATION PROJECT ALLOCATION. The amount of \$93,280,000 is  
10 appropriated from the transportation project fund to the Department of Transportation and  
11 Public Facilities to be allocated among the following transportation projects in the amounts  
12 listed subject to reallocation between projects in accordance with AS 37.07.080(e):

PROJECT	ALLOCATION
Federal earmark match for state highway system projects	\$15,000,000 <i>5,000,000</i>
Anchorage - Abbott Loop Road upgrade (68th Avenue to Abbott Road)	<del>15,000,000</del> <i>11,000,000</i>
Anchorage - Lake Otis and Tudor intersection improvements	8,500,000
Chugiak Birchwood Eagle River rural road service area - road and drainage rehabilitation	700,000
Glenn Highway lighting - Artillery Road overpass - South Birchwood	330,000
Matanuska - Susitna - Bogard Road extension East	6,600,000
Matanuska - Susitna - Trunk Road hospital access	1,000,000
Kenai - Sterling Highway Kasilof River safety area improvements	4,000,000
Kenai Borough - road improvements	2,000,000
City of Kenai - road improvements	1,000,000
Fairbanks - Steese Highway corridor safety and capacity	7,500,000

1	improvements	
2	Fairbanks - Cowles Road upgrade	1,200,000
3	Sitka - Old Thomsen Harbor renovation	2,500,000
4	Juneau - areawide transportation improvements	2,300,000
5	Ketchikan - Thomas Basin Harbor, Ryus float, Bar	2,650,000
6	Harbor North, Hole-in-the-Wall Harbor, Knudson Cove	
7	harbor renovations	
8	Ketchikan Gateway Borough - road and pedestrian	500,000
9	improvements	
10	City of Ketchikan - road and pedestrian improvements	500,000
11	Kodiak Island Borough - airport terminal acquisition and	1,000,000
12	reconstruction	
13	Port Lions - public dock replacement	500,000
14	Nome - city streets improvements	1,650,000
15	Kotzebue and Noatak - road and facility	1,400,000
16	maintenance and equipment	
17	Petersburg - Middle Harbor renovation	<del>1,200,000</del> 2,200,000
18	Wrangell - Heritage Harbor renovation <i>CONSTRUCTION</i>	1,400,000
19	Valdez - harbor deferred maintenance	1,000,000
20	Homer - deep water dock corrosion	450,000
21	Chignik - public dock project	1,000,000
22	Adak - small boat harbor expansion	3,000,000
23	Whittier - harbor renovation	1,500,000
24	Statewide harbor deferred maintenance	4,800,000
25	Jewel Lake Road and Strawberry Road signalization	<del>1,100,000</del> 2,000,000
26	Donlin Creek - Crooked Creek/Donlin Creek	2,000,000
27	access road	
28	Total	\$93,280,000

→ 29 \* Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to  
30 read:

31 STATE BOND COMMITTEE. If the issuance of the bonds under sec. 1 of this Act is

1 ratified by a majority of the qualified voters of the state who vote on the question, the amount  
 2 of \$466,400 or as much of that amount as is found necessary is appropriated from the general  
 3 fund of the state to the state bond committee to carry out the provisions of this Act and to pay  
 4 expenses incident to the sale and issuance of the bonds authorized in sec. 1 of this Act. The  
 5 amounts expended from the appropriation authorized by this section shall be reimbursed to  
 6 the general fund from the proceeds of the sale of the bonds authorized by sec. 1 of this Act.

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

9 ADVANCE PLANNING. The amount withdrawn from the public facility planning  
 10 fund (AS 35.10.135) for the purpose of advance planning for the capital improvements  
 11 financed under sec. 3 of this Act shall be reimbursed to the fund from the proceeds of the sale  
 12 of bonds authorized by sec. 1 of this Act.

13 \* Sec. 6. The uncodified law of the State of Alaska is amended by adding a new section to  
 14 read:

15 LAPSE; REDEMPTION; REIMBURSEMENT. The unexpended and unobligated  
 16 balance of the appropriation made in sec. 3 of this Act lapses under AS 37.25.020 and is  
 17 appropriated to the state bond committee to redeem bonds sold under sec. 1 of this Act. The  
 18 amounts expended from the general fund to pay the principal, interest and redemption  
 19 premium on bonds issued under sec. 1 of this Act shall be reimbursed to the general fund  
 20 from the appropriation made under this section to the extent that the money is not needed to  
 21 redeem the bonds.

22 \* Sec. 7. The uncodified law of the State of Alaska is amended by adding a new section to  
 23 read:

24 BALLOT PROPOSITION. The question whether the bonds authorized in this Act are  
 25 to be issued shall be submitted to the qualified voters of the state at the next general election  
 26 and shall read substantially as follows:

27 PROPOSITION

28 State General Obligation State Transportation Project Bonds	\$93,280,000
29 Total Bond Authorization	\$93,280,000

30 Shall the State of Alaska issue general obligation bonds in the principal  
 31 amount of not more than \$93,280,000 for the purpose of paying the cost of

1 state transportation projects?

2 Bonds Yes [ ]

3 Bonds No [ ]

4 \* Sec. 8. This Act takes effect immediately under AS 01.10.070(c).

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSHB 561(FIN)  
 (H) Publish Date: 5/4/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title G.O. Bonds for Transportation RDU Revenue Programs & Services  
Projects Component Treasury Management  
 Sponsor House Finance  
 Requester House Finance Component No. 121

**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	0.0	0.0	0.0	0.0	0.0	0.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Debt Service	5.0	72.0	72.0	72.0	72.0	72.0
<b>TOTAL OPERATING</b>	<b>5.0</b>	<b>72.0</b>	<b>72.0</b>	<b>72.0</b>	<b>72.0</b>	<b>72.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	72.0	72.0	72.0	72.0	72.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
GO Bond Proceeds	5.0					
<b>TOTAL</b>	<b>5.0</b>	<b>72.0</b>	<b>72.0</b>	<b>72.0</b>	<b>72.0</b>	<b>72.0</b>

Estimate of any current year (FY2004) cost: 0.0  
 Check 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)

Authorizes the issuance of \$1 million in general obligation bonds to pay for state transportation projects.

If the bill is passed by the legislature the proposal would be included on the ballot for voter authorization in the fall of 2004. Assuming voter approval the entire authorization of bonds would be issued in the spring of 2005. However, the State Bond Committee would determine the actual timing, amount, and term of the bond sales based on project demand, market conditions and the state fiscal outlook. HB561 provides that \$5.0 will be appropriated from the general fund of the state to pay the costs of issuing the bonds including rating agency, printing, public notice, travel, financial advisor, and bond counsel fees. Therefore that amount is shown in this fiscal note. Fiscal notes for GO bonds typically

Prepared by: Tom Boutin, Deputy Commissioner Phone 465-3750  
 Division Treasury Division Date/Time 4/29/04, 5 PM  
 Approved by: Steve Porter, Deputy Commissioner Date 4/29/2004  
 Agency Department of Revenue

FISCAL NOTE # 1

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL NO. CSHB 561(FIN)

ANALYSIS CONTINUATION

provide for issuance costs of 2% of the amount of bonds to be issued. Issuance costs can be significantly less than that percentage depending on the amount issued. However, GO bond issuance does have fixed costs such as the costs of purchasing ratings from 3 rating agencies and the cost of the Internet service that provides the auction.

This fiscal note assumes level debt service, a 20-year final maturity, and a true interest cost of 3.75%. Interest rates will change between the date of this fiscal note and any date that bonds might be issued. In order to illustrate sensitivity to interest rates; if the true interest cost increased to 4.00%, the annual debt service would increase to \$73.6 from the \$72.0 shown.

These bonds would be sold on a competitive basis with the bonds being awarded to the bidder offering the lowest true interest cost. The bidder would be given the option of purchasing bond insurance.

The interest rates in this fiscal note require the maintenance of the State's credit ratings through this additional bonds issuance, a possible but perhaps unlikely scenario absent a demonstrable additional revenue source in place prior to issuance. The State is currently on negative outlook from Moody's Investors Service. Standard and Poor's and Fitch Services have indicated mid-term concern related to the disparity between ongoing recurring revenues and expenditures, and the continuing and projected depletion of the State's short term reserves. If no steps had been taken to balance recurring revenues with expenditures by the time these bonds were issued, it is likely that the cost of capital would increase for all issuers of Alaska public debt when the state credit ratings were downgraded by at least one of the agencies.

**HCR**

**2**

# Alaska State Legislature



*Chair*  
Military and Veterans Affairs Committee

*Vice-Chair*  
Labor and Commerce Committee

*Member*  
Resources Committee  
State Affairs Committee  
Joint Armed Services Committee

*Finance Subcommittees*  
House Environmental Conservation  
House Military & Veterans' Affairs  
House Court System

*A Communication From*  
**REPRESENTATIVE BOB LYNN**  
District 31 Anchorage

Session:  
Alaska State Capitol  
Juneau, AK 99801-1182

Phone: (907) 465-4931  
Fax: (907) 465-4316  
Toll Free: (800)-870-4391

Interim:  
716 W. 4th Ave., #330  
Anchorage, AK 99501-2133

Phone: (907) 269-0205  
Fax: (907) 269-0207  
Representative\_Bob\_Lynn@legis.state.ak.us

March 3, 2003

To: Mary Jackson  
Senator Wagoner

Fr: Nancy Manly *Nmanly*  
Representative Lynn

Re: HCR 2 - Teleconferencing  
Senate CRA Meeting for Wednesday 3/05/2003

**Testifying:**

Wendy Lindskoog  
Alaska Railroad

Commissioner Barton (still trying to confirm)

Nancy Manly  
Rep. Lynn's Office (Only if I have to!)

**Offnet:**

① { Other Railroad Staff (mostly to answer questions)

Pat Gamble (**testifying**)

James Kubitz

James Blasingame

Bill O'Leary

① = Adjutant General Craig Campbell (**testifying**)

*265-2419*

*428-6006*

*4648*

23-LS0157\Q  
Utermohle  
3/3/03

**SENATE CS FOR CS FOR HOUSE CONCURRENT RESOLUTION NO. 2(CRA)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-THIRD LEGISLATURE - FIRST SESSION**

**BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE**

**Offered:**

**Referred:**

**Sponsor(s): REPRESENTATIVES LYNN, Chenault, Coghill, Foster, Gatto, Harris, Hawker, Kohring, Kott, Morgan, Rokeberg, Seaton, Stoltze, Whitaker, Wolf, Dahlstrom, Guttenberg, Fate, Gruenberg, Holm, Masek, Anderson, Meyer, Wilson**

**A RESOLUTION**

1 **Relating to the extension of the Alaska Railroad to Delta Junction and Fort Greely to**  
2 **support expanding resource development, agricultural, and military activities.**

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

4 **WHEREAS** the United States Department of Defense has begun to construct an anti-  
5 ballistic missile testing and launch facility at Fort Greely, Alaska; and

6 **WHEREAS** United States Army Alaska is developing new range areas at Fort Greely  
7 to support the training of the new Stryker Brigade; and

8 **WHEREAS** the world-class mining operation at Pogo located near Delta Junction is  
9 projected to commence construction in the fall of 2003 and operate for at least 11 years, and a  
10 more cost-efficient transportation system would assist such a mining venture; and

11 **WHEREAS** the agricultural industry in the Delta Junction area would become more  
12 cost efficient, competitive, and able to expand if access to markets were less expensive; and

13 **WHEREAS** a railroad is well suited to provide the transportation support required to  
14 sustain military operations as well as provide a cost-efficient method of transporting goods  
15 and services for both mining and agricultural activities in the region; and

16 **WHEREAS** the Alaska Railroad already has rail lines extending to Eielson Air Force

1 Base, which is within 70 miles of Delta Junction and Fort Greely; and

2 **WHEREAS** the Alaska Railroad can efficiently provide transportation services for  
3 heavy cargo and large quantities of supplies to the region from the ports of Seward, Whittier,  
4 and Anchorage while economically delivering the region's mining and agricultural products to  
5 market; and

6 **WHEREAS** the extension of the Alaska Railroad to Delta Junction and Fort Greely is  
7 consistent with the long-term goals of the Alaska Railroad Corporation and the State of  
8 Alaska to extend rail service through Canada to the lower 48 states;

9 **BE IT RESOLVED** that the Alaska State Legislature respectfully requests Governor  
10 Frank Murkowski to encourage the Alaska Railroad Corporation to undertake the extension of  
11 the Alaska Railroad to Delta Junction and Fort Greely in order to support the region's  
12 expanding resource development, agricultural, and military activities.

13 **COPIES** of this resolution shall be sent to the Honorable George W. Bush, President  
14 of the United States; the Honorable Donald Rumsfeld, United States Secretary of Defense;  
15 Patrick Gamble, President and Chief Executive Officer, Alaska Railroad Corporation; and to  
16 the Honorable Ted Stevens and the Honorable Lisa Murkowski, U.S. Senators, and the  
17 Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

1 Base, which is within 70 miles of Delta Junction and Fort Greely; and

2       **WHEREAS** the Alaska Railroad can efficiently provide transportation services for  
3 heavy cargo and large quantities of supplies to the region from the ports of Seward, Whittier,  
4 and Anchorage while economically delivering the region's mining and agricultural products to  
5 market; and

6       **WHEREAS** the extension of the Alaska Railroad to Delta Junction and Fort Greely is  
7 consistent with the long-term goals of the Alaska Railroad Corporation and the State of  
8 Alaska to extend rail service through Canada to the lower 48 states;

9       **BE IT RESOLVED** that the Alaska State Legislature respectfully requests Governor  
10 Frank Murkowski to encourage the Alaska Railroad Corporation to undertake the extension of  
11 the Alaska Railroad to Delta Junction and Fort Greely in order to support the region's  
12 expanding resource development, agricultural, and military activities.

13       **COPIES** of this resolution shall be sent to the Honorable George W. Bush, President  
14 of the United States; the Honorable Donald Rumsfeld, United States Secretary of Defense;  
15 Patrick Gamble, President and Chief Executive Officer, Alaska Railroad Corporation; and to  
16 the Honorable Ted Stevens and the Honorable Lisa Murkowski, U.S. Senators, and the  
17 Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

# Alaska State Legislature



*Chair*  
Military and Veterans Affairs Committee

*Vice-Chair*  
Labor and Commerce Committee

*Member*  
Resources Committee  
State Affairs Committee  
Joint Armed Services Committee

*Finance Subcommittees*  
House Environmental Conservation  
House Military & Veterans' Affairs  
House Court System

*A Communication From*  
**REPRESENTATIVE BOB LYNN**  
District 31 Anchorage

**Session:**  
Alaska State Capitol  
Juneau, AK 99801-1182

Phone: (907) 465-4931  
Fax: (907) 465-4316  
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**Interim:**  
716 W. 4th Ave., #330  
Anchorage, AK 99501-2133

Phone: (907) 269-0205  
Fax: (907) 269-0207  
Representative\_Bob\_Lynn@legis.state.ak.us

February 26, 2003

To: Senator Tom Wagoner, Chairman  
Community and Regional Affairs Committee

Fr: Representative Bob Lynn 

Re: Scheduling of Resolution - HCR 2  
Extend Alaska Railroad to Fort Greely

---

Please reschedule HCR 2 to be heard again before the Community and Regional Affairs Committee as soon as your calendar allows it. The attached draft amendment from the Adjutant General Craig Campbell certainly has my approval. Thank you.

*Nancy will let you know if  
they need any offnets*

# Alaska State Legislature

## House of Representatives



State Capitol  
Juneau, AK 99801-1182

Official Business

February 10, 2003

To: Senator Tom Wagoner, Chairman  
Committee and Regional Affairs Committee

Fr: Representative Bob Lynn

Re: Requesting Waiver - HCR 2

---

I would appreciate your consideration in waiving this Resolution from your committee.

Thanks  
Bob Lynn

# Alaska State Legislature

## House of Representatives



Official Business

State Capitol  
Juneau, AK 99801-1182

February 11, 2003

To: Senator Tom Wagoner, Chairman  
Community and Regional Affairs Committee

Fr: Representative Bob Lynn *BL*

Re: Scheduling of Resolution – HCR 2  
Extend Alaska Railroad to Fort Greely

---

Please schedule HCR 2 to be heard before the Community and Regional Affairs Committee as soon as your calendar allows it. Thank you.

23-LS0157U  
Utermohle  
2/27/03

**SENATE CS FOR CS FOR HOUSE CONCURRENT RESOLUTION NO. 2(CRA)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-THIRD LEGISLATURE - FIRST SESSION**

**BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE**

**Offered:**

**Referred:**

**Sponsor(s): REPRESENTATIVES LYNN, Chenault, Coghill, Foster, Gatto, Harris, Hawker, Kohring, Kott, Morgan, Rokeberg, Seaton, Stoltze, Whitaker, Wolf, Dahlstrom, Guttenberg, Fate, Gruenberg, Holm, Masek, Anderson, Meyer, Wilson**

**A RESOLUTION**

1 **Relating to the extension of the Alaska Railroad to Fort Greely to serve the anti-ballistic**  
2 **missile launch facility.**

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

4 **WHEREAS** the United States Department of Defense has begun to construct an anti-  
5 ballistic missile testing and launch facility at Fort Greely, Alaska; and

6 **WHEREAS** United States Army Alaska is developing new range areas at Fort Greely  
7 to support the training of the new Stryker Brigade; and

8 **WHEREAS** the world-class mining operation at Pogo located near Delta Junction is  
9 projected to commence construction in the fall of 2003 and operate for at least 11 years, and a  
10 more cost-efficient transportation system would assist such a mining venture; and

11 **WHEREAS** the agricultural industry in the Delta Junction area would become more  
12 cost efficient, competitive, and able to expand if access to markets were less expensive; and

13 **WHEREAS** a railroad is well suited to provide the transportation support required to  
14 sustain military operations as well as provide a cost-efficient method of transporting goods  
15 and services for both mining and agricultural activities in the region; and

16 **WHEREAS** the Alaska Railroad already has rail lines extending to Eielson Air Force

**VIA FAX**

25 February 2003

TO: Mary Jackson, Senator Waggoner's Office, (907) 465-4779

FROM: Chris Nelson, State Coordinator, Missile Defense, Department of  
Military and Veterans' Affairs (907) 428-6049

SUBJECT: Draft Committee Substitute, HCR 2 (3 pages including this  
cover)

Good morning Mary. Here is a draft for a suggested committee replacement for HCR 2 which is more broadly based than the original which focused exclusively on missile defense. An extension of the Alaska Railroad to Delta Junction/Fort Greely will support expansion of other vital military missions in addition to missile defense as well as important economic developments in the region. Please call me if you have any questions.

## DRAFT

CS FOR HOUSE CONCURRENT RESOLUTION NO. 2 (Military and Veterans Affairs)

**Relating to the extension of the Alaska Railroad to Delta Junction and Fort Greely to support expanding military operations, resource development, and regional agriculture.**

BE IT RESOLVED BY THE LEGISLAUTE OF THE STATE OF ALASKA:

**WHEREAS** the United States Department of Defense has begun to construct an anti-ballistic missile testing and launch facility at Fort Greely, Alaska; and

**WHEREAS** United States Army Alaska is developing new range areas at Fort Greely to support the training of the new Stryker Brigade; and

**WHEREAS** the world class mining operation at Pogo located near Delta Junction is projected to commence construction in the fall of 2003 and operate for at least 11 years; and a more cost efficient transportation system would assist such a mining venture; and

**WHEREAS** the agricultural industry in the Delta area would become more cost efficient, competitive, and able to expand if access to markets was less expensive; and

**WHEREAS** a railroad is well suited to provide the transportation support required to sustain military operations as well as provide a cost efficient method to transporting goods and services for both the mining and agricultural activities in the region; and

**WHEREAS** the Alaska Railroad already has rail lines extending to Eielson Air Force Base, which is within 70 miles of Delta Junction and Fort Greely; and

**WHEREAS** the Alaska Railroad can efficiently provide transportation services for heavy cargo and large quantities of supplies to the region from

the ports of Seward, Whittier, and Anchorage while economically delivering the region's mining and agricultural products to market; and

**WHEREAS** the extension of the Alaska Railroad to Delta Junction and Fort Greely is consistent with the long-term goals of the Alaska Railroad Corporation and the State of Alaska to extend rail service through Canada to the lower 48 states;

**BE IT RESOLVED** that the Alaska State Legislature respectfully requests Governor Frank Murkowski to encourage the Alaska Railroad Corporation to undertake the extension of the Alaska Railroad to Delta Junction and Fort Greely in order to support the region's expanding resource development, agricultural, and military activities.

COPIES of this resolution shall be sent to the Honorable George W. Bush, President of the United States; the Honorable Donald Rumsfeld, United States Secretary of Defense; Patrick Gamble, President and Chief Executive Officer, Alaska Railroad Corporation; and to the Honorable Ted Stevens and the Honorable Lisa Murkowski, U.S. Senators, and the Honorable Don Young, U. S. Representative, members of the Alaska delegation in Congress.

# ALASKA STATE LEGISLATURE

## SENATE COMMUNITY & REGIONAL AFFAIRS COMMITTEE

Senator Tom Wagoner, Chair



Official Business

Senator Robin Taylor, Vice-Chair  
Senator Kim Elton  
Senator Georgianna Lincoln  
Senator Gary Stevens

State Capitol, Room 427  
Juneau, AK 99801-1182  
Phone: (907) 465-4989  
Fax: (907) 465-4779

---

### Senate CRA Committee

March 3, 2003

March 3: No meeting scheduled.

March 5: 1:30 – 3:30pm: Fahrenkamp, Room #203

Bills Previously Heard:

+ SB 38 ADOPTION OF SAFETY CODES

+ HCR 2 EXTEND ALASKA RAILROAD TO FT. GREELY

March 7: No meeting scheduled.

**PLEASE REFER TO PREVIOUSLY DISTRIBUTED PACKETS  
FOR SB 38 AND HCR 2.**

- SB 38 –
  - Distributed this date is undated Position paper from Alaska Professional Design Council
- HCR 2
  - DISTRIBUTED THIS DATE IS NEW CS ON HCR 2 – work draft \Q

+ Teleconferenced  
\* First Hearing

# Alaska State Legislature

## House of Representatives



Official Business

State Capitol  
Juneau, AK 99801-1182

Representative Bob Lynn

### SPONSOR STATEMENT

#### HCR 2

HCR 2 supports extension of the Alaska Railroad from the vicinity of Eielson AFB near North Pole. This is approximately 70 miles to the Fort Greely anti-ballistic missile launch facility near Delta Junction.

This extension supports: a) expansion of Alaska's transportation corridors; b) the critical national defense mission of the missile launch facility; c) improved homeland security and d) being consistent with the long-term goal of linking the Alaska Railroad with the Canadian rail system and the "Lower 48" states.

# FISCAL NOTE

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: HCR2  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Alaska Railroad Corp.  
Title Extend the Railroad to Fort Greely BRU \_\_\_\_\_  
Component \_\_\_\_\_  
Sponsor Representative Lynn  
Requester House Military & Veterans' Affairs Component No. \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**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)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2003) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

The Alaska Railroad Corporation (ARRC) is a public corporation supported by revenues generated through freight, passenger and real estate services. ARRC does not receive state subsidies for operations or capital improvements but does receive federal grants used for capital projects. At this point, ARRC matches all federal grant appropriations with its internal funds. Should this be the case regarding federal funding appropriated for construction of a rail extension to Fort Greely, there will not be a fiscal impact to the State's general fund. There would be a fiscal impact if the State helps ARRC match federal dollars. ARRC estimates that new rail construction could cost between \$3 and \$8 million per mile, depending upon terrain, environment, and social impact, etc.

Prepared by: Wendy Lindskoog, Director of External Affairs Phone 907-265-2498  
Division: Alaska Railroad Corporation Date/Time 1/28/03 8:02 AM  
Approved by: Edgar Blatchford, Commissioner Date 1/28/2003  
Agency: Department of Community & Economic Development

THE  
FOLLOWING  
DOCUMENT(S)  
ARE  
POOR  
ORIGINAL  
COPIES

907-465-4316

February 6, 2002

To: Representative Bob Lynn

From: Jeannette James

Re: HCR2

Thank you for sponsoring HCR2, supporting the railroad extension from Eielson Air Force Base to Fort Greeley. I understand this resolution will be on the House Floor tomorrow. I appreciate the opportunity to make a few positive comments.

Certainly, the plans for Fort Greeley and the Missile Defense Program could be much improved if this rail connection were already built. It will take time. However, the anticipated ongoing activities indicate a growing need for a better transportation connection. Large amounts of construction materials and heavy equipment will to be transported into the Delta Junction area. The agricultural community in Delta Junction could enjoy a benefit as well particularly for fertilizer and equipment.

It is wise to put the support for this project on the Legislative record, in the event funding becomes available through the Department of Defense or Homeland Security. This could take us seventy miles closer to the goal of connecting Alaska's railroad with that of British Columbia and the rest of the North American rail system.

Thanks again for your efforts.

Phone 907-488-9339

Fax 907-488-9669



FRANK H. MURKOWSKI, GOVERNOR

DEPARTMENT OF MILITARY & VETERANS AFFAIRS  
OFFICE OF THE COMMISSIONER

P.O. BOX 5800

FT. RICHARDSON, AK 99505-5800

PH: (907) 428-6003

January 28, 2003

The Honorable Bob Lynn  
State House  
Alaska State Capital, Room 415  
Juneau, Alaska 99801-1182

Dear Representative Lynn:

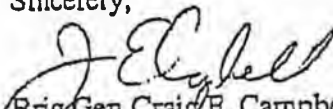
The Department of Military and Veterans Affairs (DMVA) supports House Concurrent Resolution No. 2 pertaining to the extension of the Alaska Railroad from Fairbanks to Fort Greely.

Fort Greely is currently being converted into the primary anti-ballistic missile launch facility as part of our nations decision to employ a national missile defense system. Missile defense of the United States is a national priority. The DMVA has been assigned the responsibility to provide both operational and security personnel for the facility.

This Administration is interested in expanding the Alaska's transportation infrastructure to provide greater access and cost effective alternatives to areas of the state with limited access. The extended operation of Fort Greely will require substantial quantities of supplies and materials. To meet this projected demand, we support the extension of rail service from Fairbanks to Fort Greely. This would provide a significant ability to support the long-term operations at Fort Greely.

We appreciate the opportunity to submit our position on this important transportation issue and would be available to participate in a committee meeting, if so requested.

Sincerely,

  
Brig Gen Craig E. Campbell  
Commissioner

---

Consistent with these actions is our policy for making selections to the Board of Fisheries.

The Board of Fisheries began its meeting earlier this week in Sitka, so I expedited the selection of new members. This allowed them to take their seats at the meeting.

I requested each board member, as a consideration of appointment, adhere to representing the best interests of all Alaska fisheries and affected communities. I want not only a balanced but also an objective Board of Fisheries. This means:

- That they not side with one gear group, or one fishing group.
- That they not commit to vote for the interests of, solely commercial... versus subsistence... versus sport fish interests,
- But that they act in the interest of what is best for all Alaskans.
- And in the best interest of the renewability of our vast fisheries resources.

I intend to apply these same criteria of objectivity and fairness to all board appointees so they do what's best for Alaska and the resource as their priority.

#### Mining Industry.

Now to Alaska's mining industry:

Mining holds the potential to provide thousands of high-paying jobs to Alaskans – but that potential is not being realized.

- Permitting problems, lack of infrastructure, and environmental litigation delay development and increase costs.
- Other parts of the world do a better job of attracting investment because their costs are lower.

We have begun to turn this around by:

- eliminating redundant permitting requirements;
- coordinating permits through the large project team concept;
- and developing infrastructure in our important mining regions.

One example of the latter is the potential for infrastructure support for the Donlin Creek project in Western Alaska.

We are seeking the support of the Bush administration for rail extension to Fort Greely to access the new missile defense system.

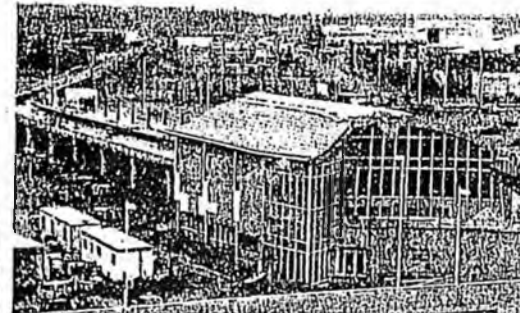
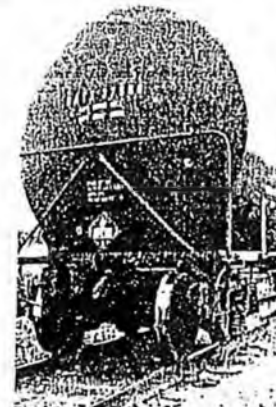
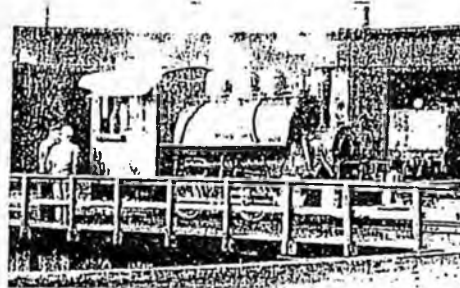
The rail extension would not only benefit the military, but the mining and agricultural sectors, as well.

Taken from Gov. Murkowski's  
State of the State Speech 2003



# Alaska Railroad Corporation

## Special Report to the Legislature and Administration State of Alaska



January 2003

①  
JAN 29 2003

## Regional Transportation Planning

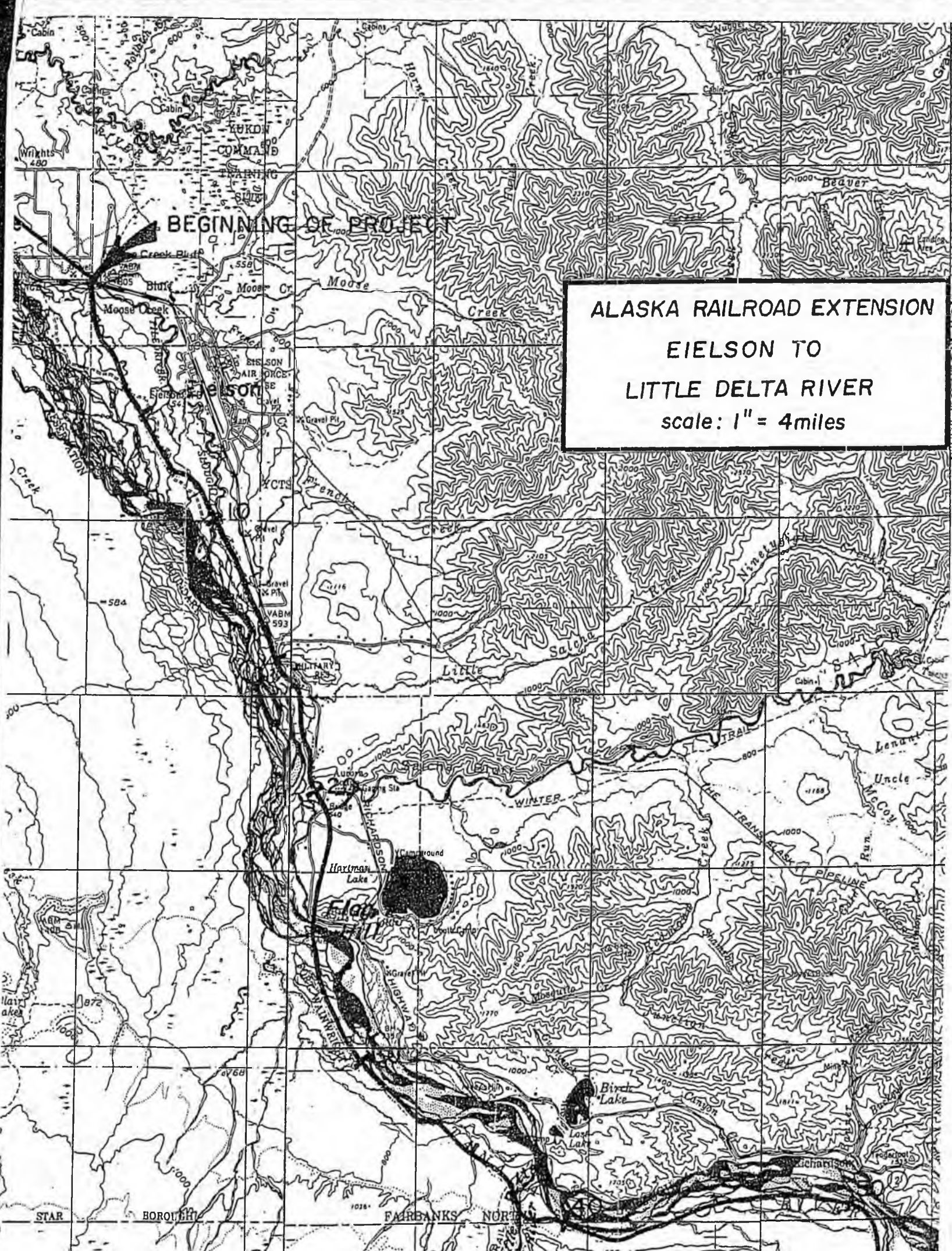
- **Position:** ARRC fully supports local regional transportation planning and serves on a number of planning groups including AMATS, FMATS, the Regional Transportation Planning Organization (Mat-Su and MOA), and the Fairbanks-North Star Borough Rail Task Force. The Railroad believes that local officials need to have a broader perspective on state transportation – one that extends beyond just their local region. ARRC believes projects sell better when they are discussed in the context of a regional plan. Accordingly, we advocate transportation analysis focused on transportation node linkages, and the intermodal transition points between them. ARRC methodology promotes more rigorous examination of the effect and unintended consequences of state transportation projects.

## Rail Extensions

- **Position:** ARRC will take its lead from state and federal policy makers regarding rail extension initiatives. ARRC supports extending or building new railroad lines and believes this falls under its mission to foster state and community economic development. ARRC does not generate the capital funding necessary to proceed with some of the proposed rail extension projects (\$3-\$8 million/mile), but stands ready to provide technical, engineering and operational expertise should funding be identified. Once constructed, the ARRC must generate sufficient revenues to pay the operating expenses.
  - Canadian Rail Extension: To reach the Alaska/Canadian border, approximately 270 miles of track would need to be constructed. ARRC has been supportive of recent legislative and congressional efforts to study such an initiative and will continue to lend its planning expertise to the process.
  - Rail Extension to Fort Greely: We believe it is appropriate to extend the railroad to Fort Greely to support national defense objectives. This extension conveniently aligns with proposed legislation to extend the rail to Canada.
  - Northwest Arctic Rail: Hugely expensive, this initiative nonetheless opens up previously inaccessible resources to developers. Should such an initiative take root, ARRC would be pleased to be a member of the planning group.

## Rail Realignment

- **Position:** ARRC supports realigning its main track around Alaska communities that have developed closely along the rail line. The issue is one of enhancing both safety and efficiency. Fairbanks and Wasilla realignments would each eliminate numerous dangerous at-grade crossings and reduce the running time of our trains. Both realignments are significant undertakings, and the Railroad does not yet have internal or federal funding to proceed with these projects on its own. We will continue working to integrate with community planning efforts, the Alaska Department of Transportation and Public Facilities (ADOT/PF) and be ready with plans when federal funding becomes available.
  - Fairbanks Realignment: Eliminates 48 crossings
  - Wasilla Realignment: Eliminates 11 crossings
  - Nenana Realignment: Reduces potential for crossing accidents at six grade crossings when the main line becomes a spur.



BEGINNING OF PROJECT

ALASKA RAILROAD EXTENSION  
EIELSON TO  
LITTLE DELTA RIVER  
scale: 1" = 4miles

STAR BOROUGH FAIRBANKS NORTH



**HCR**

**5**



OFFICIAL BUSINESS

Alaska State Legislature  
Senate  
Office of the Secretary

STATE CAPITOL, ROOM 213  
JUNEAU, ALASKA 99801-1182  
(907) 465-3701  
FAX: 465-2832  
EMAIL: senate\_secretary@legis.state.ak.us

**FOR YOUR IMMEDIATE ATTENTION**

DATE: 5/15/03  
TO: Community and Regional Affairs Committee  
(Mary, Room 427)  
FROM: Office of the Senate Secretary  
SUBJ: Referral Change

The Chair of the Committee noted above has waived the referral(s) on the following bills(s):

**RETRIEVE**

HCR 5 LEGIS. TASK FORCE ON DESIGN OF STATE SEAL

Please give the bill file(s) to the page delivering this message for forwarding to the next Committee of referral.

Thank you.

*Returned 5/16 8:00 AM JK*

Under special orders:

Mr. President, I move and ask unanimous consent that HCR 5 -  
LEGIS. TASK FORCE ON DESIGN OF STATE SEAL, be  
waived from the Senate Community & Regional Affairs  
Committee.

It has further referral to STA and then to FIN.

No committee members objected.

# ALASKA STATE LEGISLATURE



## SENATE COMMUNITY & REGIONAL AFFAIRS COMMITTEE

Senator Tom Wagoner, Chair

Official Business

Senator Robin Taylor, Vice-Chair  
Senator Kim Elton  
Senator Georgianna Lincoln  
Senator Gary Stevens

State Capitol, Room 427  
Juneau, AK 99801-1182  
Phone: (907) 465-4989  
Fax: (907) 465-4779

---

DATE: May 15, 2003

TO: Senate C&RA Committee Members

FROM: Senator Wagoner, Chair

RE: ~~HR~~ 5 LEGIS. TASK FORCE ON DESIGN OF STATE SEAL

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I have been asked to hear this joint resolution, but I do not intend to have any more C&RA Committee meetings this year.

If there are no concerns or objections from the members of this committee, I will agree to waive it to the next committee – State Affairs.

Please indicate accordingly below.

 Senator Elton

 Senator Lincoln

 Senator Gary Stevens

 Senator Taylor

**HCR**

**28**

THE  
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POOR  
ORIGINAL  
COPIES

# ALASKA STATE LEGISLATURE

*Chair*  
FISHERIES

*Vice-Chair*  
EDUCATION

*Member*  
HEALTH, EDUCATION AND SOCIAL SERVICES

*Member*  
STATE AFFAIRS



**REPRESENTATIVE PAUL SEATON**  
House District 35

*Session:*  
State Capitol Building  
Juneau, Alaska 99801  
Phone 907-465-2689  
Fax 907-465-3472  
1-800-665-2689  
Rep.Paul.Seaton@legis.state.ak.us

*Interim:*  
345 W. Sterling Highway  
Suite 102B  
Homer, Alaska 99603  
Phone 907-235-2921  
Fax 907-235-4008

## Sponsor Statement

### HOUSE CONCURRENT RESOLUTION NO. 28

**"Relating to the socioeconomic impacts of salmon harvesting cooperatives."**

The purpose of this resolution is to request the University of Alaska to further study the broader socioeconomic effects of allocative salmon harvesting cooperatives.

In early 2002, the Alaska Board of Fisheries passed regulations that provided a means for the Commercial Fisheries Entry Commission (CFEC) permit holders in the Chignik salmon purse seine fishery to form a harvesting cooperative. 77% of the Chignik permit holders then formed the harvesting cooperative that has operated for the past two years.

The formation of the Chignik harvesting cooperative represents a clear departure from the current structure and management of Alaska's salmon industry. For the first time, limited entry permit holders were allocated a percentage of a fisheries total allowable catch. Everywhere else in the state, limited entry permits only authorize the ability to competitively fish for a part of the total allowable catch.

Chignik is, in many respects, the ideal place to conduct this structural experiment. It is isolated from other fisheries, has only one hundred permit holders with only one gear class, and has relatively simple biological and management conditions. Yet, this isolated coastal community and the salmon cooperative have become the center of a statewide controversy.



Proponents of the cooperative point toward the benefits of efficiency, decreased costs, and improved quality. Opponents argue that harvesting cooperatives unfairly disadvantage processors, allow non-participants to benefit from the fishery, decrease the number of jobs in the industry, and decrease the number of dollars circulating through communities.

As the Joint Legislative Salmon Industry Task Force (JLSITF) considered these opposing viewpoints, and considered potential legislation to address policy issues, it became clear that there was very little definitive information on the broader social and economic effects of harvesting cooperatives. The JLSITF did not forward any bills to the Legislature related to harvesting cooperatives, but did form a sub-committee on the issue and also supported this resolution requesting the University of Alaska to research this complicated question.



# UNITED FISHERMEN OF ALASKA

March 31, 2004

211 Fourth Street, Suite 110  
Juneau, Alaska 99801-1172  
(907) 586-2820  
(907) 463-2545 Fax  
E-Mail: [ufa@ufa-fish.org](mailto:ufa@ufa-fish.org)  
[www.ufa-fish.org](http://www.ufa-fish.org)

Representative Bill Williams, Chair  
House Finance Committee  
State Capitol (Mail stop 3100)  
Juneau, AK 99801

Dear Representative Williams,

United Fishermen of Alaska supports HCR 28 relating to socio-economic impacts of Salmon harvesting cooperatives. UFA has discussed the matter of salmon harvesting cooperatives in many fisheries in the State of Alaska. Harvesting cooperatives represent a significant policy change and have the potential to change the complex long-standing structure of fisheries and communities.

UFA believes there are few places where cooperatives can be established due to local differences in fisheries and factors such as geography, infrastructure, number of latent and fished permits, and the local economy. The existing harvesting cooperative in Chignik is a unique situation, and the results of a study based on this cooperative may result in findings specific to the local situation. UFA appreciates that HCR 28 calls for a study on cooperatives. We request that the study look beyond the existing Chignik cooperative, and offers that the Legislature may also want to include in the resolution that a study be performed before new salmon harvesting cooperatives are considered in different areas.

United Fishermen of Alaska represents 33 Alaska Commercial fishing organizations and hundreds of individual fishermen and fishing related businesses, altogether representing over 10,000 Alaska fishermen. We support HCR 28 and thank you for your attention to this matter.

Sincerely,

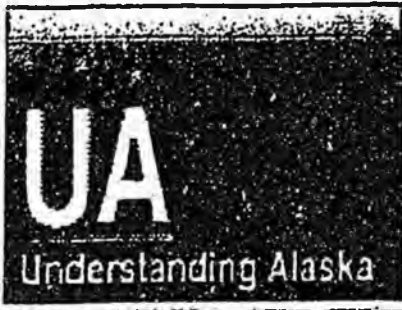
Mark D. Vinsel  
Executive Director

CC: Representative Paul Seaton

#### MEMBER ORGANIZATIONS

Alaska Crab Coalition • Alaska Druggers Association • Alaska Longline Fishermen's Association • Alaska Trollers Association • Armstrong KUSA • At-sea Processors Association  
Bristol Bay Reserve • Chignik Regional Aquaculture Association • Chignik Sealers Association • Concerned Arctic "MF" Fishermen • Cordova District Fishermen United  
Crab Rationalization and Buyback Group • Douglas Island Pink and Chum • Groundfish Forum • Kani Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association  
Kodiak Sealers Association • North Pacific Fisheries Association • Northern Pacific Scallop Cooperative • Northern Inuvialuit Regional Aquaculture Association  
Old Harbor Fishermen's Association • Petersburg Vessel Owners Association • Prince William Sound Aquaculture Corporation • Pures Seine Vessel Owners Association  
Seafood Producers Cooperative • Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Fishermen's Association • Southern Inuvialuit Regional Aquaculture Association  
United Catcher Boats • United Salmon Association • United Southeastern • Western Gulf of Alaska Fishermen

Supporting  
Documentation



# Effects of the Chignik Salmon Cooperative: What the Permit Holders Say

June 2003

By Gunnar Knapp  
and Lexi Hill

UA Research Summary No 1.

Institute of Social and Economic Research • University of Alaska Anchorage

Three quarters of the permit holders fishing for salmon in Chignik are in their second season of an experiment: fishing cooperatively. By reducing the number of fishing boats, they hope to cut costs, improve quality, and keep their fishery profitable at a time when much of the Alaska salmon industry is in trouble.

Figure 1 summarizes how the Chignik fishery was structured in 2002. The Alaska Board of Fisheries gave the 100 permit holders the option of joining a co-op or fishing independently; 77 permit holders joined and 23 didn't. The Board allocated 69 percent of the catch to the co-op and 31 percent to independent permit holders, who fished in separate openings. The co-op paid 22 members to catch its allocation, and shared the remaining catch value with all of the co-op members, including those who didn't fish.

ISER is studying the effects of the Chignik co-op as part of our "Understanding Alaska" research on Alaska's salmon industry. As part of that study, in late 2002 we surveyed Chignik permit holders. As shown in Figure 2, most of those who joined the co-op said they were better off financially as a result of the management change, and almost all those who didn't join said they were worse off.

### AN IMPORTANT EXPERIMENT

The value to fishermen of the 2002 Alaska salmon harvest was \$141 million—less than one-third of the \$481-million average value of catches in the first half of the 1990s. Many factors contributed to this decline, including not only competition from farmed

salmon, but also lower sockeye salmon harvests, changes in consumer demand, and a worldwide economic slowdown.

These changes have created discussions throughout the salmon industry—among fishermen, processors, fishery managers, and government officials—about how to restore profitability to the salmon industry. Part of the discussion has been about options for "restructuring" the management of salmon fisheries to lower costs, increase value, or steer more of the benefits to Alaskans and their communities.

Several federally-managed fisheries, including halibut and Bering Sea pollock, have seen dramatic restructuring in recent years. But in Alaska's salmon fisheries, the Chignik cooperative is the first significant experiment in restructuring. Within the industry, many people are interested in learning how the co-op has worked, and whether it could be a model for changes in other salmon fisheries.

Figure 1. Chignik Purse Seine Permit Holders in 2002 (100 Permit Holders)

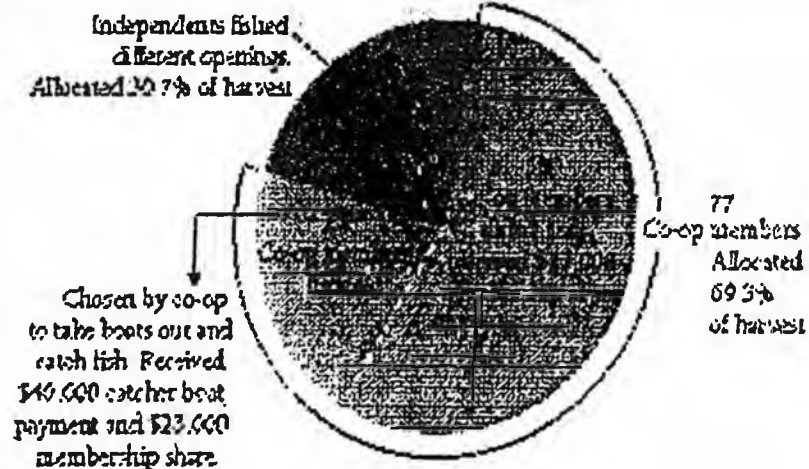


Figure 2. How Did Having a Co-op in 2002 Affect You Financially?



Understanding Alaska (UA) is a special series of ISER research studies examining Alaska economic development issues. The studies are funded by the University of Alaska Foundation. This is the first in a series of summaries reporting UA findings. Full reports and other UA products are on the project Web site—[www.alaskanconomy.uaa.alaska.edu](http://www.alaskanconomy.uaa.alaska.edu)