

ADAMSON, LEO L. DEPT. OF JUSTICE, 2000-2000 06/2

11658 HOUSE STATE AFFAIRS

Community Dividend Estimates @ \$150 Million
Distribution Formula: \$50,000 Base Amount for Municipalities
\$25,000 Base Amount for Unincorporated Communities
Balance of Funds Distributed on a Per Capita Basis to Municipalities

	2004 Population	Base Amount	Per Capita Payment	Community Dividend
Ekwook	127	\$50,000	\$27,888	\$77,888
Elim	318	\$50,000	\$69,829	\$119,829
Emmonak	762	\$50,000	\$167,326	\$217,326
Fairbanks	29,954	\$50,000	\$6,577,556	\$6,627,556
Fairbanks North Star Borough	53,493	\$50,000	\$11,746,451	\$11,796,451
False Pass	62	\$50,000	\$13,614	\$63,614
Fort Yukon	594	\$50,000	\$130,436	\$180,436
Galena	717	\$50,000	\$157,445	\$207,445
Gambell	648	\$50,000	\$142,293	\$192,293
Golovin	160	\$50,000	\$35,134	\$85,134
Goodnews Bay	236	\$50,000	\$51,823	\$101,823
Grayling	182	\$50,000	\$39,965	\$89,965
Gustavus	473	\$50,000	\$103,865	\$153,865
Haines Borough	2,245	\$50,000	\$492,976	\$542,976
Holy Cross	206	\$50,000	\$45,235	\$95,235
Homer	5,332	\$50,000	\$1,170,846	\$1,220,846
Hoonah	841	\$50,000	\$184,674	\$234,674
Hooper Bay	1,124	\$50,000	\$246,818	\$296,818
Houston	1,368	\$50,000	\$300,397	\$350,397
Hughes	72	\$50,000	\$15,810	\$65,810
Huslia	269	\$50,000	\$59,069	\$109,069
Hydaburg	349	\$50,000	\$76,636	\$126,636
Juneau	30,966	\$50,000	\$6,799,779	\$6,849,779
Kachemak	475	\$50,000	\$104,305	\$154,305
Kake	663	\$50,000	\$145,587	\$195,587
Kaktovik	284	\$50,000	\$62,363	\$112,363
Kaltag	211	\$50,000	\$46,333	\$96,333
Kasaan	60	\$50,000	\$13,175	\$63,175
Kenai	6,809	\$50,000	\$1,495,178	\$1,545,178
Kenai Peninsula Borough	31,794	\$50,000	\$6,981,598	\$7,031,598
Ketchikan	7,691	\$50,000	\$1,688,856	\$1,738,856
Ketchikan Gateway Borough	4,948	\$50,000	\$1,086,524	\$1,136,524
Kiana	394	\$50,000	\$86,518	\$136,518
King Cove	723	\$50,000	\$158,763	\$208,763
Kivalina	388	\$50,000	\$85,200	\$135,200
Klawock	848	\$50,000	\$186,211	\$236,211
Kobuk	128	\$50,000	\$28,107	\$78,107
Kodiak	6,199	\$50,000	\$1,361,229	\$1,411,229
Kodiak Island Borough	6,494	\$50,000	\$1,426,008	\$1,476,008
Kotlik	588	\$50,000	\$129,118	\$179,118

Community Dividend Estimates @ \$150 Million
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Balance of Funds Distributed on a Per Capita Basis to Municipalities

	2004 Population	Base Amount	Per Capita Payment	Community Dividend
Kotzebue	3,130	\$50,000	\$687,312	\$737,312
Koyuk	348	\$50,000	\$76,417	\$126,417
Koyukuk	109	\$50,000	\$23,935	\$73,935
Kupreanof	38	\$50,000	\$8,344	\$58,344
Kwethluk	695	\$50,000	\$152,614	\$202,614
Lake & Peninsula Borough	882	\$50,000	\$193,677	\$243,677
Larsen Bay	96	\$50,000	\$21,081	\$71,081
Lower Kalsag	262	\$50,000	\$57,532	\$107,532
Manokotak	405	\$50,000	\$88,933	\$138,933
Marshall	358	\$50,000	\$78,613	\$128,613
Matanuska-Susitna Borough	57,474	\$50,000	\$12,620,633	\$12,670,633
McGrath	367	\$50,000	\$80,589	\$130,589
Mekoryuk	198	\$50,000	\$43,479	\$93,479
Metiakatla	1,370	\$50,000	\$300,836	\$350,836
Mountain Village	769	\$50,000	\$168,864	\$218,864
Napakiak	360	\$50,000	\$79,052	\$129,052
Napaskiak	436	\$50,000	\$95,741	\$145,741
Nenana	394	\$50,000	\$86,518	\$136,518
New Stuyahok	477	\$50,000	\$104,744	\$154,744
Newhalen	183	\$50,000	\$40,185	\$90,185
Nightmute	232	\$50,000	\$50,945	\$100,945
Nikolai	121	\$50,000	\$26,570	\$76,570
Nome	3,473	\$50,000	\$762,631	\$812,631
Nondalton	205	\$50,000	\$45,016	\$95,016
Noorvik	609	\$50,000	\$133,729	\$183,729
North Pole	1,532	\$50,000	\$336,410	\$386,410
North Slope Borough	235	\$50,000	\$51,603	\$101,603
Northwest Arctic Borough	708	\$50,000	\$155,469	\$205,469
Nuiqsut	430	\$50,000	\$94,423	\$144,423
Nulato	320	\$50,000	\$70,268	\$120,268
Nunam Iqua	172	\$50,000	\$37,769	\$87,769
Nunapitchuk	527	\$50,000	\$115,723	\$165,723
Old Harbor	196	\$50,000	\$43,039	\$93,039
Ouzinkie	187	\$50,000	\$41,063	\$91,063
Palmer	5,197	\$50,000	\$1,141,202	\$1,191,202
Pelican	118	\$50,000	\$25,911	\$75,911
Petersburg	3,123	\$50,000	\$685,775	\$735,775
Pilot Point	75	\$50,000	\$16,469	\$66,469
Pilot Station	559	\$50,000	\$122,750	\$172,750
Platinum	39	\$50,000	\$8,564	\$58,564

Community Dividend Estimates @ \$150 Million
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\$25,000 Base Amount for Unincorporated Communities
Balance of Funds Distributed on a Per Capita Basis to Municipalities

	2004 Population	Base Amount	Per Capita Payment	Community Dividend
Point Hope	726	\$50,000	\$159,421	\$209,421
Port Alexander	69	\$50,000	\$15,152	\$65,152
Port Heiden	90	\$50,000	\$19,763	\$69,763
Port Lions	238	\$50,000	\$52,262	\$102,262
Quinhagak	612	\$50,000	\$134,388	\$184,388
Ruby	190	\$50,000	\$41,722	\$91,722
Russian Mission	351	\$50,000	\$72,684	\$122,684
Saint George	137	\$50,000	\$30,084	\$80,084
Saint Mary's	539	\$50,000	\$118,358	\$168,358
Saint Michael	409	\$50,000	\$89,812	\$139,812
Saint Paul	494	\$50,000	\$108,477	\$158,477
Sand Point	908	\$50,000	\$199,386	\$249,386
Savoonga	710	\$50,000	\$155,908	\$205,908
Saxman	391	\$50,000	\$85,859	\$135,859
Scammon Bay	486	\$50,000	\$106,720	\$156,720
Selawik	829	\$50,000	\$182,039	\$232,039
Seldovia	263	\$50,000	\$57,752	\$107,752
Seward	2,540	\$50,000	\$557,755	\$607,755
Shageluk	132	\$50,000	\$28,986	\$78,986
Shaktolik	209	\$50,000	\$45,894	\$95,894
Shishmaref	591	\$50,000	\$129,777	\$179,777
Shurgnak	264	\$50,000	\$57,971	\$107,971
Sitka	8,805	\$50,000	\$1,933,477	\$1,983,477
Skagway	870	\$50,000	\$191,042	\$241,042
Soldotna	3,767	\$50,000	\$827,190	\$877,190
Stebbins	586	\$50,000	\$128,679	\$178,679
Tanana	304	\$50,000	\$66,755	\$116,755
Teller	241	\$50,000	\$52,921	\$102,921
Tenakee Springs	105	\$50,000	\$23,057	\$73,057
Thorne Bay	497	\$50,000	\$109,136	\$159,136
Togiak	805	\$50,000	\$176,769	\$226,769
Toksook Bay	561	\$50,000	\$123,189	\$173,189
Unalakleet	728	\$50,000	\$159,860	\$209,860
Unalaska	4,366	\$50,000	\$958,724	\$1,008,724
Upper Kalskag	263	\$50,000	\$57,752	\$107,752
Valdez	3,749	\$50,000	\$823,237	\$873,237
Wainwright	531	\$50,000	\$116,602	\$166,602
Wales	152	\$50,000	\$33,377	\$83,377
Wasilla	6,109	\$50,000	\$1,341,466	\$1,391,466
White Mountain	213	\$50,000	\$46,772	\$96,772
Whittier	172	\$50,000	\$37,769	\$87,769
Wrangell	2,023	\$50,000	\$444,228	\$494,228
Yakutat	680	\$50,000	\$149,320	\$199,320
Municipal Sub Totals	637,556	\$8,150,000	\$140,000,000	\$148,150,000

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Balance of Funds Distributed on a Per Capita Basis to Municipalities

	2004 Population	Base Amount	Per Capita Payment	Community Dividend
Unincorporated Communities				
Akiachak		\$25,000		\$25,000
Alatna		\$25,000		\$25,000
Arctic Village		\$25,000		\$25,000
Atmautluak		\$25,000		\$25,000
Beaver		\$25,000		\$25,000
Birch Creek		\$25,000		\$25,000
Chenega Bay		\$25,000		\$25,000
Central		\$25,000		\$25,000
Chalkyitsik		\$25,000		\$25,000
Chistochina		\$25,000		\$25,000
Chitina		\$25,000		\$25,000
Circle		\$25,000		\$25,000
Copper Center		\$25,000		\$25,000
Crooked Creek		\$25,000		\$25,000
Deltana		\$25,000		\$25,000
Dot Lake		\$25,000		\$25,000
Dry Creek		\$25,000		\$25,000
Eagle Village		\$25,000		\$25,000
Edna Bay		\$25,000		\$25,000
Elfin Cove		\$25,000		\$25,000
Evansville		\$25,000		\$25,000
Four Mile Road		\$25,000		\$25,000
Gakona		\$25,000		\$25,000
Glennallen		\$25,000		\$25,000
Goldstream		\$25,000		\$25,000
Guikana		\$25,000		\$25,000
Healy Lake		\$25,000		\$25,000
Hollis		\$25,000		\$25,000
Hyder		\$25,000		\$25,000
Kasigluk		\$25,000		\$25,000
Kenny Lake		\$25,000		\$25,000
Kipnuk		\$25,000		\$25,000
Klukwan		\$25,000		\$25,000
Koliganek		\$25,000		\$25,000
Kongiganak		\$25,000		\$25,000
Kwigillingok		\$25,000		\$25,000
Lake Mirchumina		\$25,000		\$25,000
Lime Village		\$25,000		\$25,000
Manley Hot Springs		\$25,000		\$25,000
McCarthy		\$25,000		\$25,000

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	2004 Population	Base Amount	Per Capita Payment	Community Dividend
Mentasta		\$25,000		\$25,000
Minto		\$25,000		\$25,000
Naukati		\$25,000		\$25,000
Nelchina/Mendeltna		\$25,000		\$25,000
Newtok		\$25,000		\$25,000
Nikolski		\$25,000		\$25,000
Northway		\$25,000		\$25,000
Oscarville		\$25,000		\$25,000
Paxson		\$25,000		\$25,000
Pitka's Point		\$25,000		\$25,000
Point Baker		\$25,000		\$25,000
Port Protection		\$25,000		\$25,000
Rampart		\$25,000		\$25,000
Red Devil		\$25,000		\$25,000
Silver Springs		\$25,000		\$25,000
Slana		\$25,000		\$25,000
Sietnute		\$25,000		\$25,000
Stevens Village		\$25,000		\$25,000
Stony River		\$25,000		\$25,000
Takotna		\$25,000		\$25,000
Tanacross		\$25,000		\$25,000
Tatitlek		\$25,000		\$25,000
Tazlina		\$25,000		\$25,000
Tetlin		\$25,000		\$25,000
Tok		\$25,000		\$25,000
Tolsona		\$25,000		\$25,000
Tuluksak		\$25,000		\$25,000
Tuntutuliak		\$25,000		\$25,000
Tununak		\$25,000		\$25,000
Twin Hills		\$25,000		\$25,000
Venetie		\$25,000		\$25,000
Whale Pass		\$25,000		\$25,000
Whitestone		\$25,000		\$25,000
Wiseman		\$25,000		\$25,000
Unin. Community Sub Totals		\$1,850,000		\$1,850,000
Grand Totals		\$10,000,000	\$140,000,000	\$150,000,000

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: 14
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: OOG
 Title An Act authorizing an advisory vote RDU Elections
on use of APF income for a community dividend Component Elections
 Sponsor Representative Thomas
 Requester (H) State Affairs Component No. 21

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual		1.5				
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	1.5	0.0	0.0	0.0	0.0

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

1002 Federal Receipts						
1003 GF Match						
1004 GF		1.5				
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	1.5	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 If this question appears on the ballot, the cost of providing information about the issue in the Official Election Pamphlet, as required by AS 15.53 is \$1.5. Should the addition of the question require printing an 8 1/2 by 18 inch ballot, the cost will increase to \$22.0.

Prepared by: Lauri Allred, Admin Assistant Supervisor Phone 465-5347
 Division: Elections Date/Time 3/4/05 12:32 PM
 Approved by: Laura A. Glaiser, Director Date 3/4/2005
 Agency: Office of the Lt. Governor, Division of Elections

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB177
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title: An Act relating to employee and employer RDU Centralized Administrative Services
contributions to the TRS/PERS.... Component: Retirement and Benefits
 Sponsor: Representative Kelly Component No. 64
 Requester: House State Affairs

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

Estimate of any current year (FY2005) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would change the computation of present and future employee and employer contributions to the PERS/TRS. The current flat percentage rate for employees would be changed to a percentage of base salary, determined each year by the administrator, that represents one half the cost to fund the system. The annual maximum increase in contributions for members and employers from one year to the next will not exceed more than five percent. This change in the calculation of employee and employer rates will not have financial impact to the funds.

Prepared by: Melanie Millhorn, Director Phone 465-4408
 Division: Retirement and Benefits Date/Time 3/30/05 8:42 AM
 Approved by: Mike Tibbles, Deputy Commissioner Date 3/30/2005
 Agency: Department of Administration

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 144
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
 Title: Advisory Vote on RDU: Comm Assist & Ec Dev (405)
Community Dividend Component: Community Advocacy
 Sponsor: Thomas
 Requester: House State Affairs Component No.: 2703

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation authorizes a statewide vote at the next general election on whether or not voters would approve the annual use of \$150 million from the earnings reserve account to pay a community dividend to each municipality and each unincorporated community in the unorganized borough. This legislation has no fiscal impact on the operations of the division.

Prepared by: Athena Logan, Local Government Specialist Phone 907 269 4540
 Division: Community Advocacy Date/Time 3/7/05 5 19 PM
 Approved by: Edgar Blatchford, Commissioner Date 3/7/2005
 Agency: Commerce, Community, and Economic Development



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Tel (907) 586-1325 • Fax (907) 463-5480 • www.akml.org

March 7, 2005

Representative Bill Thomas
House of Representatives
State Capitol
Juneau, AK 99811

Dear Representative Thomas,

Re: Support of a Community Dividend

Thank you for introducing a bill supporting the Community Dividend. The Alaska Municipal League has long supported the Community Dividend concept. For those who are familiar with the benefits for Alaskans of the Community Dividend, including Former Governor's Hickel and Hammond, there is growing support.

The Community Dividend is a new kind of PFD that benefits local taxpayers:

- First, the benefit to local taxpayers is the equivalent, on the average, of 4 mills of local property tax relief every year. There is also a potential for better meeting critical local needs like adequate local contribution for schools.
- Second, according to the PF Corporation, there is no cost to the PFD until 2010, and then the individual PFD is only \$10 less. In 2015 Alaskans would get a \$2100 individual PFD instead of \$2150.
- Third, unlike the individual PFD, which is subject to federal income tax, the Community Dividend is not taxable. Therefore up to 30% more money stays in Alaska compared to paying higher local taxes out of the family budget.


The bottom line is that over ten years every Alaskan will get about \$2400 in local tax relief and their individual PFD is still estimated by the PF Corporation to more than double by 2015. (Note: Per the PF Corporation, \$2400 in local tax relief through Community Dividends would cost Alaskans just \$170 over ten years in slightly lower PFD's.)


The Alaska Municipal League supports the community dividend concept and the need for the legislature to gauge public support for it. AML would like to give further consideration to the wording of the ballot question and work with more municipalities to determine the level of commitment they can give to the necessary public discussion.


Sincerely,


Kevin Ritchie
Executive Director

Community Dividend Spells Relief

 **CREATES AN ADDITIONAL PFD FOR COMMUNITIES**, similar to the individual PFD, but one that cannot be taxed by the federal government.

 **COMMUNITIES AND CITIZENS NEED HELP NOW!** - While State coffers benefit from higher oil prices, communities and citizens are being hurt by the skyrocketing costs of fuel, plus related cost increases to utilities, all transported goods, etc. Alaska is one of a few states that eliminated municipal revenue sharing.

 **AVOIDS MUCH HIGHER LOCAL TAXES TO SUPPORT SCHOOLS AND BASIC LOCAL SERVICES** - In response to years of state cuts, communities and local taxpayers must do more to ensure adequate local services. Local taxes in many Alaskan cities and boroughs are already higher than local taxes in 35 or more other states.

 **RETURNS LOCAL CONTROL ENVISIONED BY ALASKA'S CONSTITUTION** - People/voters in communities take greater charge of their future. Communities know what they need and can meet local needs most efficiently.

 **SMALLER SMARTER STATE GOVERNMENT** - A Community Dividend reduces direct State spending and administration by partnering with communities.

For more information: www.akml.org; www.dced.state.ak.us "State Fiscal Plan"



Alaska Permanent Fund Corporation
Bill Analysis - HB 144

Financial projection comparison of the Alaska Permanent Fund under current statutes versus HB 144, Community Dividend Program.
 All \$ values in millions except the per person dividend

PERMANENT FUND ANALYSIS

Current Statutes	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY05-FY15
												Totals
Total market value end of year (after payouts)	<u>29,316</u>	<u>31,169</u>	<u>32,923</u>	<u>34,541</u>	<u>36,180</u>	<u>37,942</u>	<u>39,777</u>	<u>41,682</u>	<u>43,659</u>	<u>45,710</u>	<u>47,836</u>	<u>47,836</u>
Total lump sum dividend appropriation	607	691	886	1,082	1,170	1,168	1,229	1,290	1,352	1,417	1,484	12,378
Per person dividend under current statute	\$ 950	\$ 1,080	\$ 1,380	\$ 1,680	\$ 1,800	\$ 1,780	\$ 1,860	\$ 1,930	\$ 2,000	\$ 2,070	\$ 2,150	\$ 18,680

Current Statutes & Community Dividend	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY05-FY15
												Totals
Total market value end of year (after payouts)	<u>29,316</u>	<u>31,169</u>	<u>32,773</u>	<u>34,227</u>	<u>35,686</u>	<u>37,254</u>	<u>38,879</u>	<u>40,560</u>	<u>42,297</u>	<u>44,092</u>	<u>45,946</u>	<u>45,946</u>
Total lump sum dividend appropriation	607	691	886	1,082	1,168	1,163	1,220	1,275	1,331	1,389	1,449	12,262
Per person dividend under current statute	\$ 950	\$ 1,080	\$ 1,380	\$ 1,680	\$ 1,800	\$ 1,770	\$ 1,840	\$ 1,910	\$ 1,970	\$ 2,030	\$ 2,100	\$ 18,510
Additional lump sum payout - Community Dividend*	0	0	150	154	158	162	166	171	175	180	184	1,499

Assumptions:

Callan Associates 2004 Capital Market Assumptions, APFC 2004 asset allocation, Fall 2004 revenue forecast, financial statements through 03/30/04. All payouts are assumed to happen at fiscal year end, all dollar values in millions except the per person dividend.

*Community dividend is a lump sum, beginning at \$150 million in FY07 and increasing at the annual inflation rate.



ALASKA PERMANENT FUND FUND FINANCIAL HISTORY & PROJECTIONS

as of December 31, 2004

*As of Dec. 2004, statutory net income is trending to end the fiscal year more than 25% below the mid case.

Projections will extend to 2015, and are based on best available information (\$ in millions)

Reserved Fund Balance - Principal										Unreserved Fund Balance							TOTAL FUND FY-End Balance		
FY	FY-Begin Balance	Contrib. Appropriations	Dedicated State Revenues	Inflation Proofing	FY-End Balance Contributions	Unrealized Gain (Loss)		FY-End Reserved Balance	Acct. Net Income	Statutory Net Income	Distributions of Statutory Net Income			Realized Earnings Account		FY			
						Net Change	FY-End Balance				Inflation Proofing	General Fund	Net Change	FY-End Balance					
77-99	0	6,734	6,259	5,533	18,517	3,971	3,971	22,488	20,583	18,967	7,589	5,533	258	1,389	1,389	77-99	23,877		
92	18,517	41	185	288	18,881	(430)	3,641	22,947	2,148	2,544	1,845	288	3	1,281	2,500	99	25,132		
00	18,881	264	321	423	20,014	(12)	3,529	23,843	2,248	2,222	1,172	423	3	382	2,872	00	28,515		
01	20,014	8	339	686	21,847	(2,146)	1,383	23,430	(924)	1,198	1,113	686	4	(588)	2,364	01	24,814		
02	21,847	(23)	298	802	21,884	(678)	585	22,388	(817)	257	828	802	8	(1,248)	1,138	02	23,825		
03	21,884	354	388	352	22,988	881	1,186	24,084	963	355	891	352	8	(1,835)	188	03	24,194		
04	22,988	(339)	353	521	23,528	1,959	3,815	26,541	3,434	1,582	531	178	0	788	858	04	27,468		
10%	05	23,528	19	476	824	24,848	(2,936)	19	24,864	(1,309)	1,463	582	824	0	342	1,281	05	25,965	10%
25%	05	23,528	29	478	824	24,847	(2,822)	983	25,648	(94)	1,867	548	824	8	735	1,594	05	27,333	25%
Mid	05	23,528	27	478	824	24,853	(453)	2,562	27,215	2,048	2,474	608	824	0	1,242	2,101	05	29,316	Mid
20%	05	23,528	28	478	824	24,854	1,869	4,684	28,738	4,187	3,098	672	824	0	1,794	2,853	05	31,313	20%
10%	05	23,528	31	478	824	24,857	2,128	5,148	29,798	5,755	3,808	727	824	0	2,259	3,113	05	32,811	10%
06	24,857	21	358	850	25,881	188	2,742	28,423	2,198	1,988	656	850	0	648	2,748	06	31,177		
07	25,881	23	312	878	28,081	191	2,934	28,825	2,328	2,114	885	878	0	553	3,382	07	32,827		
08	28,081	24	245	700	27,888	282	1,136	30,798	2,457	2,231	1,082	700	0	448	3,758	08	34,546		
09	27,888	26	231	725	28,843	212	3,348	31,981	2,578	2,348	1,178	725	0	445	4,195	09	38,188		
10	28,843	28	238	751	29,851	223	3,571	33,222	2,781	2,451	1,168	751	0	532	4,727	10	37,948		
11	29,851	30	231	777	30,888	234	3,885	34,884	2,834	2,578	1,229	777	0	564	5,291	11	39,785		
12	30,888	32	224	804	31,748	246	4,051	35,798	2,972	2,684	1,298	804	0	688	5,881	12	41,888		
13	31,748	34	215	831	32,829	258	4,388	37,137	3,114	2,822	1,352	831	0	638	6,531	13	43,688		
14	32,829	37	208	858	33,938	278	4,578	38,588	3,263	2,954	1,417	858	0	688	7,218	14	45,718		
15	33,938	39	195	887	35,051	284	4,862	39,914	3,417	3,084	1,484	887	0	722	7,933	15	47,846		
Cumulative Totals Proj. for 2005-2015		321	2,919	8,284		1,847			29,981	27,732	12,375	8,284	0	7,074					

Assumptions:	Total Return - Inflation	Total Real Return	Statutory Return			
10% FY 2005	-5.28%	2.60%	-7.86%	10%	5.31%	
25% FY 2005	-0.14%	2.60%	-2.74%	25%	8.90%	
Mid FY 2005	7.61%	2.60%	8.61%	Mid	8.95%	
20% FY 2005	15.35%	2.60%	12.75%	20%	11.18%	
10% FY 2005	20.58%	2.60%	17.98%	10%	13.08%	
FY 2006-2015		7.61%	2.60%	5.01%		7.04%

Income year-to-date as of December 31, 2004

FY05 Statutory net income	
Interest, dividends, real estate & other income	\$ 419.4
Realized gains on the sale of invested assets	404.8
Less operating expenses	(22.6)
Statutory net income	\$ 801.6

FY05 GAAP (accounting) net income	
Statutory net income	\$ 801.6
Adjustment for unrealized gains (losses) on invested assets	1,571.8
Accounting net income (loss)	\$ 2,373.2

Notes to financial results and projections FY77 - FY15:

(1) Special general fund and earnings reserve appropriations to principal, royalty settlement earnings transferred to principal per AS 37.13.1(c)(d), and other miscellaneous appropriations to principal.

(2) Final adjustment to principal based on reconciliation of State of AK v. Amerada Hess et al royalty case.

(3) FY03 Senate Bill 100 transferred \$354 million from realized earnings account to principal.

(4) Senate Bill 283 defines the FY03 special appropriation of \$354 as pre FY04 inflation proofing and appropriates the remaining \$170 million needed to fully inflation proof contributions and appropriations in FY04. An additional \$15 million in settlement earnings (earnings above inflation) is appropriated to principal per AS 37.13.145(d).

(5) Statutory inflation proofing for FY04 is based on the inflation rate of 2.28%, or \$524 million (\$354 million pre inflation proofing plus \$170 million FY04 appropriation).

(6) Accounting net income is statutory net income plus the net change in unrealized gains (losses) and settlement earnings. Statutory net income is realized earnings less settlement earnings and is used to calculate the annual dividend transfer.

(7) Total Fund equals reserved fund balance plus the realized earnings account.

(8) Based on 2004 Callan capital market assumptions and a range of expected returns based on the probability of the return outcomes.

(9) Based on 2004 Callan capital market assumptions and median expected returns (the mid case). Actual results will vary from projections.

PERFORMANCE SUMMARY

(preliminary as of December 31, 2004)

	Current Month	Last 3 Months	Fiscal Y-T-D	Calendar Y-T-D	Last 12 Months	Last 3 Years	Last 5 Years
Alaska CDs	0.18%	0.48%	0.85%	1.55%	1.55%	1.87%	3.12%
Domestic Fixed Income	8.84%	1.01%	4.15%	4.27%	4.27%	8.11%	7.56%
Non-Domestic Fixed Income	1.23%	8.74%	10.89%	9.98%	8.98%	12.55%	8.09%
Domestic Equities	3.57%	10.50%	7.87%	12.12%	12.12%	5.18%	-0.58%
Non-Domestic Equities	4.25%	14.54%	15.22%	17.81%	17.81%	11.55%	-0.74%
Real Estate	3.03%	8.82%	14.12%	20.74%	20.74%	15.87%	14.42%
Absolute Return	N/A	1.90%					
Total Fund	2.77%	8.05%	8.76%	11.39%	11.38%	8.32%	4.58%
Total Fund Return Benchmark	2.67%	7.90%	8.76%	11.64%	11.64%	8.15%	-0.93%

For more information see www.apfc.org

Community Dividend Estimates @ \$150 Million
Distribution Formula: \$50,000 Base Amount for Municipalities
\$25,000 Base Amount for Unincorporated Communities
Balance of Funds Distributed on a Per Capita Basis to Municipalities

Municipalities	2004 Population	Base Amount	Per Capita Payment	Community Dividend
Adak	69	\$50,000	\$15,151.61	\$65,152
Akhiok	56	\$50,000	\$12,297	\$62,297
Akiak	367	\$50,000	\$80,589	\$171,589
Akutan	771	\$50,000	\$169,303	\$219,303
Alakanuk	667	\$50,000	\$146,466	\$196,466
Aleknagik	219	\$50,000	\$48,090	\$98,090
Aleutians East Borough	76	\$50,000	\$16,689	\$66,689
Allakaket	90	\$50,000	\$19,763	\$69,763
Ambler	274	\$50,000	\$60,167	\$110,167
Anaktuvuk Pass	300	\$50,000	\$65,877	\$115,877
Anchorage	277,498	\$50,000	\$60,935,384	\$60,985,384
Anderson	344	\$50,000	\$75,538	\$125,538
Angoon	481	\$50,000	\$105,622	\$155,622
Aniak	532	\$50,000	\$116,821	\$166,821
Anvik	101	\$50,000	\$22,178	\$72,178
Atka	92	\$50,000	\$20,202	\$70,202
Atkasuk	247	\$50,000	\$54,238	\$104,238
Barrow	4,351	\$50,000	\$955,430	\$1,005,430
Bethel	5,888	\$50,000	\$1,292,937	\$1,342,937
Bettles	31	\$50,000	\$6,807	\$56,807
Brevig Mission	319	\$50,000	\$70,049	\$120,049
Bristol Bay Borough	1,096	\$50,000	\$240,669	\$290,669
Buckland	437	\$50,000	\$95,960	\$145,960
Chefornak	439	\$50,000	\$96,399	\$146,399
Chevak	899	\$50,000	\$197,410	\$247,410
Chignik	92	\$50,000	\$20,202	\$70,202
Chuathbaluk	105	\$50,000	\$23,057	\$73,057
Clark's Point	62	\$50,000	\$13,614	\$63,614
Coffman Cove	177	\$50,000	\$38,867	\$88,867
Cold Bay	89	\$50,000	\$19,543	\$69,543
Cordova	2,209	\$50,000	\$504,614	\$554,614
Craig	1,127	\$50,000	\$247,476	\$297,476
Deering	145	\$50,000	\$31,840	\$81,840
Delta Junction	984	\$50,000	\$216,075	\$266,075
Denali Borough	1,498	\$50,000	\$328,944	\$378,944
Dillingham	2,422	\$50,000	\$531,843	\$581,843
Diomede	141	\$50,000	\$30,962	\$80,962
Eagle	115	\$50,000	\$25,253	\$75,253
Eek	292	\$50,000	\$64,120	\$114,120
Egegik	76	\$50,000	\$16,689	\$66,689

Community Dividend Estimates @ \$150 Million
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\$25,000 Base Amount for Unincorporated Communities
Balance of Funds Distributed on a Per Capita Basis to Municipalities

	2004 Population	Base Amount	Per Capita Payment	Community Dividend
Ekwok	127	\$50,000	\$27,888	\$77,888
Elim	318	\$50,000	\$69,829	\$119,829
Emmenak	762	\$50,000	\$167,326	\$217,326
Fairbanks	29,954	\$50,000	\$6,577,556	\$6,627,556
Fairbanks North Star Borough	53,493	\$50,000	\$11,746,451	\$11,796,451
False Pass	62	\$50,000	\$13,614	\$63,614
Fort Yukon	594	\$50,000	\$130,436	\$180,436
Gulena	717	\$50,000	\$157,445	\$207,445
Gambell	648	\$50,000	\$142,293	\$192,293
Golovin	160	\$50,000	\$35,134	\$85,134
Goodnews Bay	256	\$50,000	\$51,823	\$101,823
Grayling	182	\$50,000	\$39,965	\$89,965
Gustavus	473	\$50,000	\$103,865	\$153,865
Haines Borough	2,245	\$50,000	\$492,976	\$542,976
Holy Cross	206	\$50,000	\$45,235	\$95,235
Homer	5,332	\$50,000	\$1,170,846	\$1,220,846
Hoonah	841	\$50,000	\$184,674	\$234,674
Hooper Bay	1,124	\$50,000	\$246,818	\$296,818
Houston	1,368	\$50,000	\$300,397	\$350,397
Hughes	72	\$50,000	\$15,810	\$65,810
Huslia	269	\$50,000	\$59,069	\$109,069
Hydaburg	349	\$50,000	\$76,636	\$126,636
Juneau	30,966	\$50,000	\$6,799,779	\$6,849,779
Kachemak	475	\$50,000	\$104,305	\$154,305
Kake	663	\$50,000	\$145,587	\$195,587
Kaktovik	284	\$50,000	\$62,363	\$112,363
Kaltag	211	\$50,000	\$46,333	\$96,333
Kasaan	60	\$50,000	\$13,175	\$63,175
Kenai	6,809	\$50,000	\$1,495,178	\$1,545,178
Kenai Peninsula Borough	31,794	\$50,000	\$6,981,598	\$7,031,598
Ketchikan	7,691	\$50,000	\$1,688,856	\$1,738,856
Ketchikan Gateway Borough	4,948	\$50,000	\$1,086,524	\$1,136,524
Kiana	394	\$50,000	\$86,518	\$136,518
King Cove	723	\$50,000	\$158,763	\$208,763
Kivalina	388	\$50,000	\$85,200	\$135,200
Klawock	848	\$50,000	\$186,211	\$236,211
Kobuk	128	\$50,000	\$28,107	\$78,107
Kodiak	6,199	\$50,000	\$1,361,229	\$1,411,229
Kodiak Island Borough	6,494	\$50,000	\$1,426,008	\$1,476,008
Kotlik	588	\$50,000	\$129,118	\$179,118

Community Dividend Estimates @ \$150 Million
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\$25,000 Base Amount for Unincorporated Communities
Balance of Funds Distributed on a Per Capita Basis to Municipalities

	2004 Population	Base Amount	Per Capita Payment	Community Dividend
Kotzebue	3,130	\$50,000	\$687,312	\$737,312
Koyuk	348	\$50,000	\$76,417	\$126,417
Koyukuk	109	\$50,000	\$23,935	\$73,935
Kupreanof	38	\$50,000	\$8,344	\$58,344
Kwethluk	695	\$50,000	\$152,614	\$202,614
Lake & Peninsula Borough	882	\$50,000	\$193,677	\$243,677
Larsen Bay	96	\$50,000	\$21,081	\$71,081
Lower Kalskag	262	\$50,000	\$57,532	\$107,532
Manokotak	405	\$50,000	\$88,933	\$138,933
Marshall	358	\$50,000	\$78,613	\$128,613
Matanuska-Susitna Borough	57,474	\$50,000	\$12,620,633	\$12,670,633
McGrath	367	\$50,000	\$80,589	\$130,589
Mekoryuk	198	\$50,000	\$43,479	\$93,479
Metlakatla	1,370	\$50,000	\$300,836	\$350,836
Mountain Village	769	\$50,000	\$168,864	\$218,864
Napakiaik	360	\$50,000	\$79,052	\$129,052
Napaskiak	436	\$50,000	\$95,741	\$145,741
Nenana	394	\$50,000	\$86,518	\$136,518
New Stuyahok	477	\$50,000	\$104,744	\$154,744
Newhalen	183	\$50,000	\$40,185	\$90,185
Nightmute	232	\$50,000	\$50,945	\$100,945
Nikolai	121	\$50,000	\$26,570	\$76,570
Nome	3,473	\$50,000	\$762,631	\$812,631
Nondalton	205	\$50,000	\$45,016	\$95,016
Noorvik	609	\$50,000	\$133,729	\$183,729
North Pole	1,532	\$50,000	\$336,410	\$386,410
North Slope Borough	235	\$50,000	\$51,603	\$101,603
Northwest Arctic Borough	708	\$50,000	\$155,469	\$205,469
Nuiqsut	430	\$50,000	\$94,423	\$144,423
Nulato	320	\$50,000	\$70,268	\$120,268
Nunam Iqua	172	\$50,000	\$37,769	\$87,769
Nunapitchuk	527	\$50,000	\$115,723	\$165,723
Old Harbor	196	\$50,000	\$43,039	\$93,039
Ouzinkie	187	\$50,000	\$41,063	\$91,063
Palmer	5,197	\$50,000	\$1,141,202	\$1,191,202
Pelican	118	\$50,000	\$25,911	\$75,911
Petersburg	3,123	\$50,000	\$685,775	\$735,775
Pilot Point	75	\$50,000	\$16,469	\$66,469
Pilot Station	559	\$50,000	\$122,750	\$172,750
Platinum	39	\$50,000	\$8,564	\$58,564

Community Dividend Estimates @ \$150 Million
Distribution Formula: \$50,000 Base Amount for Municipalities
\$25,000 Base Amount for Unincorporated Communities
Balance of Funds Distributed on a Per Capita Basis to Municipalities

	2004 Population	Base Amount	Per Capita Payment	Community Dividend
Point Hope	726	\$50,000	\$159,421	\$209,421
Port Alexander	69	\$50,000	\$15,152	\$65,152
Port Heiden	90	\$50,000	\$19,763	\$69,763
Port Lions	238	\$50,000	\$52,262	\$102,262
Quinhagak	612	\$50,000	\$134,388	\$184,388
Ruby	190	\$50,000	\$41,722	\$91,722
Russian Mission	331	\$50,000	\$72,684	\$122,684
Saint George	137	\$50,000	\$30,084	\$80,084
Saint Mary's	539	\$50,000	\$118,358	\$168,358
Saint Michael	409	\$50,000	\$89,812	\$139,812
Saint Paul	494	\$50,000	\$108,477	\$158,477
Sand Point	908	\$50,000	\$199,386	\$249,386
Savoonga	710	\$50,000	\$155,908	\$205,908
Saxman	391	\$50,000	\$85,859	\$135,859
Scammon Bay	486	\$50,000	\$106,720	\$156,720
Selawik	829	\$50,000	\$182,039	\$232,039
Seldovia	263	\$50,000	\$57,752	\$107,752
Seward	2,540	\$50,000	\$557,755	\$607,755
Shageluk	132	\$50,000	\$28,986	\$78,986
Shaktoolik	209	\$50,000	\$45,894	\$95,894
Shishmaref	591	\$50,000	\$129,777	\$179,777
Shungnak	264	\$50,000	\$57,971	\$107,971
Sitka	8,805	\$50,000	\$1,933,477	\$1,983,477
Skagway	870	\$50,000	\$191,042	\$241,042
Soldotna	3,767	\$50,000	\$827,190	\$877,190
Stebbins	586	\$50,000	\$128,679	\$178,679
Tanana	304	\$50,000	\$66,755	\$116,755
Teller	241	\$50,000	\$52,921	\$102,921
Tenakee Springs	105	\$50,000	\$23,057	\$73,057
Thorne Bay	497	\$50,000	\$109,136	\$159,136
Togiak	805	\$50,000	\$176,769	\$226,769
Toksook Bay	561	\$50,000	\$123,189	\$173,189
Unalakleet	728	\$50,000	\$159,860	\$209,860
Unalaska	4,366	\$50,000	\$958,724	\$1,008,724
Upper Kalskag	263	\$50,000	\$57,752	\$107,752
Valdez	3,749	\$50,000	\$823,237	\$873,237
Wainwright	531	\$50,000	\$116,602	\$166,602
Wales	152	\$50,000	\$33,377	\$83,377
Wasilla	6,109	\$50,000	\$1,341,466	\$1,391,466
White Mountain	213	\$50,000	\$46,772	\$96,772
Whittier	172	\$50,000	\$37,769	\$87,769
Wrangell	2,023	\$50,000	\$444,228	\$494,228
Yakutat	680	\$50,000	\$149,320	\$199,320
Municipal Sub Totals	637,556	\$8,150,000	\$140,000,000	\$148,150,000

Community Dividend Estimates @ \$150 Million
Distribution Formula: \$50,000 Base Amount for Municipalities
\$25,000 Base Amount for Unincorporated Communities
Balance of Funds Distributed on a Per Capita Basis to Municipalities

	2004 Population	Base Amount	Per Capita Payment	Community Dividend
Unincorporated Communities				
Akiachak		\$25,000		\$25,000
Alatna		\$25,000		\$25,000
Arctic Village		\$25,000		\$25,000
Atmautluak		\$25,000		\$25,000
Beaver		\$25,000		\$25,000
Birch Creek		\$25,000		\$25,000
Chenega Bay		\$25,000		\$25,000
Central		\$25,000		\$25,000
Chalkyitsik		\$25,000		\$25,000
Chistochina		\$25,000		\$25,000
Chitina		\$25,000		\$25,000
Circle		\$25,000		\$25,000
Copper Center		\$25,000		\$25,000
Crooked Creek		\$25,000		\$25,000
Deltana		\$25,000		\$25,000
Dot Lake		\$25,000		\$25,000
Dry Creek		\$25,000		\$25,000
Eagle Village		\$25,000		\$25,000
Edna Bay		\$25,000		\$25,000
Elfin Cove		\$25,000		\$25,000
Evansville		\$25,000		\$25,000
Four Mile Road		\$25,000		\$25,000
Gakona		\$25,000		\$25,000
Glennallen		\$25,000		\$25,000
Goldstream		\$25,000		\$25,000
Gulkana		\$25,000		\$25,000
Healy Lake		\$25,000		\$25,000
Hollis		\$25,000		\$25,000
Hyder		\$25,000		\$25,000
Kasigluk		\$25,000		\$25,000
Kenny Lake		\$25,000		\$25,000
Kipnuk		\$25,000		\$25,000
Klukwan		\$25,000		\$25,000
Koliganek		\$25,000		\$25,000
Kongiganak		\$25,000		\$25,000
Kwigillingok		\$25,000		\$25,000
Lake Minchumina		\$25,000		\$25,000
Lime Village		\$25,000		\$25,000
Manley Hot Springs		\$25,000		\$25,000
McCarthy		\$25,000		\$25,000

Community Dividend Estimates @ \$150 Million
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\$25,000 Base Amount for Unincorporated Communities
Balance of Funds Distributed on a Per Capita Basis to Municipalities

	2004 Population	Base Amount	Per Capita Payment	Community Dividend
Mentasta		\$25,000		\$25,000
Minto		\$25,000		\$25,000
Naukati		\$25,000		\$25,000
Nelchina/Mendeltna		\$25,000		\$25,000
Newtok		\$25,000		\$25,000
Nikolski		\$25,000		\$25,000
Northway		\$25,000		\$25,000
Oscarville		\$25,000		\$25,000
Paxson		\$25,000		\$25,000
Pitka's Point		\$25,000		\$25,000
Point Baker		\$25,000		\$25,000
Port Protection		\$25,000		\$25,000
Rampart		\$25,000		\$25,000
Red Devil		\$25,000		\$25,000
Silver Springs		\$25,000		\$25,000
Slana		\$25,000		\$25,000
Sleetmute		\$25,000		\$25,000
Stevens Village		\$25,000		\$25,000
Stony River		\$25,000		\$25,000
Takotna		\$25,000		\$25,000
Tanaecross		\$25,000		\$25,000
Tatitlek		\$25,000		\$25,000
Tazlina		\$25,000		\$25,000
Tetlin		\$25,000		\$25,000
Tok		\$25,000		\$25,000
Tolsona		\$25,000		\$25,000
Tuluksak		\$25,000		\$25,000
Tuntutuliak		\$25,000		\$25,000
Tununak		\$25,000		\$25,000
Twin Hills		\$25,000		\$25,000
Venetie		\$25,000		\$25,000
Whale Pass		\$25,000		\$25,000
Whitestone		\$25,000		\$25,000
Wiseman		\$25,000		\$25,000
Unin. Community Sub Totals		\$1,850,000		\$1,850,000
Grand Totals		\$10,000,000	\$140,000,000	\$150,000,000

LEGAL SERVICES

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

(907) 485-2867 or 485-2450
FAX (907) 485-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 12th St., Rm. 329

kyr... 1/1/05

MEMORANDUM

April 6, 2005

SUBJECT: Service areas in second class boroughs (SB 114)

TO: Senator Gary Stevens, Chair
Senate Community and Regional Affairs Committee
Attn: Melanie Lesh

FROM: Tamara Brandt Cook
Director

TOC

You have shared with me a memorandum dated March 9, 2005 from Marjorie Vandor, Assistant Attorney General, expressing concerns over the constitutionality of SB 112 and asked for my opinion. Although the bill could be attacked based on the two points made in the memorandum, it has a reasonably good chance of being upheld.

(1) Exempting only second class boroughs from the majority vote requirement of AS 29.35.450(c) and not home rule boroughs is contrary to the state constitution framers intent to grant home rule municipalities liberal powers. Ms. Vandor cites in support of this position Lien v. City of Ketchikan, 383 P.2d 721 (Alaska 1963). The court in that case simply held that a statute involving lease procedure that preexisted statehood and was adopted before home rule municipalities were established did not apply to home rule municipalities. The court in a later case, Jefferson v. State, 527 P.2d 37 (Alaska 1974), carefully considered the relationship between a statute and home rule powers in the context of Art. X, sec. 11 of the state constitution. The court concluded that the constitution explicitly rejects the test of statewide versus local concern in determining the scope of municipal power. Instead the question is to be resolved based upon whether a particular power or procedure has been prohibited to municipalities by statute. The statutory prohibition must be "either by express terms or by implication such as where the statute and ordinance are so substantially irreconcilable that one cannot be given its substantive effect if the other is to be accorded the weight of law. (Id, at page 43; see also Simpson v. Municipality of Anchorage, 635 P.2d 1197 (Alaska Ct App. 1981) Obviously, SB 114 contains an express limitation on home rule municipalities.

(2) Limiting the exemption to second class boroughs raises concerns as to local and special legislation. Article II, sec. 19 provides in part: "The legislature shall pass no local or special act if a general act can be made applicable. Whether a general act can be made applicable shall be subject to judicial determination."

The test employed by the Alaska Supreme Court under Article II, section 19 is substantially the same as that applied to equal protection analysis. Upon examining the legislative goals and the means used to advance them, the court determines whether the legislation bears a fair and substantial relationship to a legitimate state purpose. State v. Lewis, 559 P.2d 630, 643 (Alaska 1977), cert. denied, 432 US 901 (1977). To satisfy the fair and substantial relationship standard, the classification established by the legislation must be tailored to the purpose of the legislation. The classification must be neither overinclusive nor underinclusive. Isakson v. Rickey, 550 P.2d 350, 362 (Alaska 1976). If the "fair and substantial relationship" standard is met, the bill will not be invalidated because of incidental local or private advantages. Lewis, 559 P.2d at 643. In Lewis, the court agreed that an Act of statewide significance need not have an effect in all parts of the state; legislation does not become "local" merely because it operates only on a limited number of geographical areas rather than on a statewide geographical basis. The Lewis case involved the Cook Inlet land exchange and the court accepted the premise that the application, while only affecting land in Southcentral Alaska, required legislation to be accomplished and was of statewide significance. The court relied heavily on the record developed by the legislature in support of the need for the land exchange and the decision to resolve serious issues surrounding Native land selections under the Alaska Native Claim Settlement Act through legislation authorizing the Cook Inlet land exchange.

In a case where a violation of sec. 19 was found, the court said that legislation establishing the Eagle River Borough was special and peculiar to the locality where the borough was established. Since there was nothing in the nature of the Eagle River-Chugiak area that justified a departure from the general law scheme for the establishment of boroughs, the Act violated sec. 19. Abrams v. State, 534 P.2d 91 (Alaska 1975).

SB 112 does not apply in a purely local or special manner to only one borough or place in the state. Rather, it is of general applicability to all second class boroughs that now exist and, potentially, to second class boroughs that are formed in the future. Many statutes that deal with municipal powers make distinctions between boroughs based on classification. (See for example AS 29.35.160 - 29.35.350) Indeed, Art. X, sec. 3 specifically states: "The legislature shall classify boroughs and prescribe their powers and functions."

TBC:mb

05-110:mb

MEMORANDUM**State of Alaska**

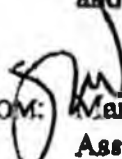
Department of Law

TO: Sally Saddler
Legislative Liaison
Department of Commerce, Community
and Economic Development

DATE: March 9, 2005

OUR FILE:

TELEPHONE NO: 465-3600

FROM:  Marjorie Vander
Assistant Attorney General
Labor & State Affairs Section - Juneau
Department of Law

SUBJECT: Senate Bill¹ 114

On behalf of Commissioner Blatchford, you have asked for our legal opinion as to certain constitutional concerns that have been raised by your department with respect to Senate Bill 114,¹ a bill relating to consolidating or abolishing certain service areas in second class boroughs. The bill amends AS 29.35.450(c), by inserting language that exempts second class boroughs from the requirement that a service area may be abolished or consolidated only if approved by majority vote. The exemption will apply if a second class borough assembly determines that abelishment or consolidation is necessary to protect the finances of the borough, to resolve financial or legal problems of a service area, or to ensure that adequate service is provided to the residents of a service area.

In brief, the concerns that have been raised by the department in earlier legislative committee hearings on a similar bill (HB 121) are:

1. by exempting only second class boroughs from the majority vote requirement of AS 29.35.450(c), and not extending it to home rule boroughs (in particular), is incongruous with article X, section 11 of the Alaska Constitution and contrary to the framers intent to grant home rule municipalities liberal powers; and
2. by limiting the exemption to second class boroughs in AS 29.35.450(c) as proposed in this bill raises concerns as to local and special legislation.

With respect to the first issue, the limitations as to how a borough can abolish or consolidate its service areas per AS 29.35.450(c), limitations imposed on home rule boroughs as well as general law boroughs through AS 29.35.450(d), is arguably contrary

¹ There is an identical bill that was introduced in the House, HB 121.

Sally Saddler

March 9, 2005

Page 2

to the constitutional grant of authority to home rule municipalities to have liberal control over matters purely of local concern. How service areas are established, governed, altered, abolished, and combined are local matters historically dealt with in home rule charters as part of the organic law of a particular home rule municipality. As stated by the Alaska Supreme Court in *Lien v. City of Ketchikan*, 383 P.2d 271 (Alaska 1963) where a home rule municipality is concerned with a matter of purely local concern, the charter and not a legislative act is looked to in order to determine whether a particular power has been conferred upon the municipality. It would be incongruous to recognize the constitutional provision stating that a home rule [city] municipality "may exercise all legislative powers not prohibited by law or by charter" (Alaska Const. art. X, sec. 11), and then to say the power of a home rule city is measured by a legislative act. *Id.* at 723.²

And, with respect to the amendment proposed in this bill, which further impinges on the constitutional authority of home rule boroughs by not providing them with at least as much discretion in altering or consolidating its services areas as being allowed to second class boroughs, could also be deemed by a court to be incongruous with article X, section 5 and the framers' intent to grant home rule boroughs liberal powers.

As to the issue of local and special legislation (i.e., exempting only second class boroughs from the majority vote requirements in certain situations), this limitation may violate the constitutional prohibition against special and local legislation under the Alaska Constitution. Such a specific classification of borough raises issues of whether this provision in the bill violates the prohibition in article II, section 19 of the Alaska Constitution against local and special acts. Article II, section 19 states, in pertinent part:

The legislature shall pass no local or special act if a general act can be made applicable. Whether a general act can be made applicable shall be subject to judicial determination.

There are 16 boroughs in the state. Borough make-up in the state is as follows: three (3) Unified Home Rule boroughs³, six (6) Home Rule boroughs⁴, and seven (7)

² In *Lien*, the issue concerned the leasing of city property. The charter provision allowing the lease of city property was ruled to be controlling over a statute that prohibited the lease because the court found the lease of city property was an issue of local, not statewide, concern. *Id.*

³ Municipality of Anchorage, City and Borough of Juneau, and City and Borough of Sitka.

Sally Saddler

March 9, 2005

Page 3

Second Class boroughs³. The ultimate question to be asked is whether the legislature's special treatment of one class of borough is "reasonably related to a matter of common interest to the whole state." *Abrams v. State*, 534 P.2d 91, 94 (Alaska 1975) citing *Boucher v. Engstrom*, 528 P.2d 456, 463 (Alaska 1974).⁶

In *State v. Lewis*, 559 P.2d 630 (Alaska 1977), *cert. denied*, 432 U.S. 901 (1977), the court found the statute authorizing a trade of land between the federal government, the state and a Native regional corporation did not violate article II, section 19 of the Alaska Constitution. The court found that the land trade was unique, was of statewide concern, and that the legislation was "as broad as the conditions to which it respond[ed]" could allow. *Lewis*, 559 P.2d at 644. Applying the *Lewis* standards to this bill, it is questionable that there is a rational basis to exempt one class of general law borough from the requirements of a majority vote, while continuing to impose it on other boroughs that may need the exemption for the identical reasons as allowed in this bill (i.e., finances of the borough, etc.). Thus, it is questionable whether providing the exemption to only one class of borough (i.e. second class) is "as broad as the conditions to which it [this bill] responded" could allow.

Finally, under *Lewis*, the legislature must show a rational basis, a good reason, to justify the special treatment.⁷ And, in the end, it will be the province of a court to determine if this proposed statute violates the prohibition against special and local legislation Alaska Const. art. II, sec. 19.

In summary, this bill raises complex policy and legal concerns.

MV/ba

⁴ Denali Borough, Haines Borough, Lake and Peninsula Borough, North Slope Borough, Northwest Arctic Borough, and City and Borough of Yakutat.

⁵ Aleutians East, Bristol Bay, Fairbanks North Star, Kenai Peninsula, Kotchikan Gateway, Kodiak Island, and Matanuska-Susitna.

⁶ In *Abrams*, the statute was found to violate article II, section 19 of the Alaska Constitution because it created a borough in a manner different from that for incorporating other boroughs and no evidence was presented indicating any valid reason for special incorporation procedures applicable only to the one proposed borough.

⁷ In 1978, the court articulated a unified equal protection analysis that utilizes a sliding scale to weigh the interests involved in any classification that avoids distinguishing between suspect and nonsuspect classifications. *State v. Erickson*, 574 P.2d 1 (Alaska 1978). We note that there has not been a case involving the local and special legislation prohibition since the unified equal protection test was adopted in *Erickson*.



DIVISION OF COMMUNITY ADVOCACY

Frank H. Murkowski, Governor

March 8, 2005

The Honorable Paul Seaton, Chair
House State Affairs Committee
Alaska State Capitol
Room 102
Juneau, AK 99801-1182

Dear Representative Seaton:

This is to follow up the House State Affairs Committee meeting of Saturday, March 5, 2005. During the Committee's review of CSHB 121(CRA), several references were made to testimony on the bill provided by Dan Bockhorst of this agency on March 1. A copy of that testimony is attached for your ease of reference.

During the hearing, statements were made that Mr. Bockhorst's analysis of HB 121 with regard to home-rule boroughs was in error and that home-rule boroughs already have the power through charter amendments to abolish service areas.

Upon further review, i believe that Mr. Bockhorst's testimony was accurate and reflected legitimate concerns regarding principles of local government.

If HB 121 takes effect, it will to make it easier for a select group of boroughs (second-class boroughs) to abolish and consolidate certain types of service areas. However, home rule boroughs would not have the same authority. We are basing our opinion on AS 29.35.450(d), which states that the service area provisions apply to a home rule or general law municipality, and AS 29.10.200(46) which lists the limitations on home rule powers. This list includes voter approval of alteration or abolishment of service areas as a limitation.

To my knowledge, it would be the first time that State law imposes greater restrictions on home-rule boroughs compared to some general-law boroughs.

The Honorable Paul Seaton
Page 2
March 8, 2005

While I believe that the testimony previously provided by Mr. Bockhorst, is accurate, we have asked the Department of Law to review our analysis of the matter and provide you with a statement to that effect or to clarify points on which we might have erred. I appreciate the opportunity to clarify concerns raised regarding information this agency has provided.

Sincerely,

DIVISION OF COMMUNITY ADVOCACY



Michael Black
Director

Enclosures: DCCED Testimony of March 1, 2005

cc/enc:

Representative Bill Thomas
Representative Carl Gatto
Representative Jim Elkins
Representative Bob Lynn
Representative Jay Ramras
Representative Berta Gardner
Representative Max Gruenberg
Marjorie Vandor, Assistant Attorney General
Department of Law

HB

152

ALASKA STATE HOUSE OF REPRESENTATIVES



Interim Address:
345 W. Sterling Hwy
Suite 102B
Home: AK 99603
(907)-235-2921
Fax# (907)-235-4008

Session:
(907)-465-2689
FAX# (907) 465-3472
State Capital
Room 102

HOUSE STATE AFFAIRS COMMITTEE Representative Paul Seaton, Chairman

Sponsor Statement HB 152

“An Act amending the definition of the term ‘state agencies’ as it presently applies to the provisions of law that establish the Telecommunications Information Council and as it applies under Executive Order No. 113; relating to information systems in the legislative branch and to the Telecommunications Information Council; and providing for an effective date”

EO 113, which took effect on March 14th, 2005, transferred functions of the Telecommunications Information Council to the Department of Administration. EO 113 gives the Commissioner of Administration the ability to direct state agencies in preparing agency information system plans.

The definition of “state agencies” in EO 113 includes the legislative branch, effectively placing the legislature under the jurisdiction of the Executive branch.

HB 152 takes the legislature out of the definition of “state agencies” and puts the function of establishing legislative information systems guidelines under the jurisdiction of the executive director of the Legislative Affairs Agency.

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 152
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title State Info System Plan: Legislature RDU Enterprise Technology Services
 Component Enterprise Technology Services
 Sponsor (H) STA
 Requester _____ Component No. 2082

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill will have no fiscal impact upon the agency.

Prepared by: Stan Herrera, Director Phone 465-5735
 Division: Enterprise Technology Services Date/Time 3/11/05 9:02 AM
 Approved by: Michael Tibbles, Deputy Commissioner Date 3/11/2005
 Agency: Department of Administration

HB

160

ALASKA STATE LEGISLATURE

Vice Chair:
House Finance Committee

Chair:
House Finance Subcommittee for,
Department of Public Safety
Department of Law



Session:
Alaska State Capitol
Juneau, AK 99801-1182
Phone: (907) 465-4958
Fax: (907) 465-4928

Interim:
PO Box 464
Chugiak, AK 99567

BILL STOLTZE

State Representative

Representative_Bill_Stoltze@legis.state.ak.us

House Bill 160

Public Funds & Ballot Props/Candidates

"An Act limiting the use of money of the state and its political subdivisions to affect an election."

Under the current statutes, public money can be used to influence the outcome of an election concerning a ballot proposition or question. Residents of the state and municipalities within the state do not have a say in whether or not their government should use public funds to sway the outcome of a vote.

HB 160 will prevent the state and local governments from using public funds to influence the outcome of a ballot proposition.

The provisions of HB 160:

- Prevents the State of Alaska, the University of Alaska, municipalities, school districts, and other political subdivisions of the state from using public funds to influence the outcome of a ballot proposition.
- Limits the Division of Elections and municipal election officials to only: disseminate information about the time and place of an election and to hold an election, and provide the public with the information already in statute for election pamphlets (AS 15.58.020).

I ask for your consideration and support of HB 160 to pass this modest piece of campaign finance reform.

DISTRICT 16

BIRCHWOOD • BUTTE • CHUGIAK • EKLUTNA • FAIRVIEW LOOP
KNIK RIVER ROAD • LAZY MOUNTAIN • PALMER • PETERS CREEK

24-LS0586X
Kurtz
1/30/06

CS FOR HOUSE BILL NO. 160(STA)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES STOLTZE, Neuman

A BILL
FOR AN ACT ENTITLED

1 **"An Act limiting the use of money of the state and its political subdivisions to affect a**
2 **state election."**

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

4 *** Section 1. AS 15.13.145(a) is amended to read:**

5 (a) Except as provided in (b) and (c) of this section, each of the following may
6 not use money held by the entity to influence the outcome of the election of a
7 candidate to a state or municipal office or the outcome of an election concerning a
8 state ballot proposition:

- 9 (1) the state, its agencies, and its corporations;
- 10 (2) the University of Alaska and its Board of Regents;
- 11 (3) municipalities, school districts, and regional educational attendance
- 12 areas, or another political subdivision of the state; and
- 13 (4) an officer or employee of an entity identified in (1) - (3) of this
- 14 subsection.

1 * Sec. 2. AS 15.13.145(b) is amended to read:

2 (b) Money held by an entity identified in ~~(a)(3)~~ [(a)(1) - (3)] of this section
3 may be used to influence the outcome of a municipal [AN] election concerning a
4 ballot proposition or question, but only if the funds have been specifically
5 appropriated for that purpose by [A STATE LAW OR] a municipal ordinance.

6 * Sec. 3. AS 15.13.145(c) is amended to read:

7 (c) Money held by

8 (1) the division of elections or a municipal election official [AN
9 ENTITY IDENTIFIED IN (a)(1) - (3) OF THIS SECTION] may be used

10 (A) [(1)] to disseminate information about the time and place of
11 an election and to hold an election; or

12 (B) [(2)] to provide the public with the information described
13 in AS 15.58.020;

14 (2) a municipality, school district, regional educational attendance
15 area, or another political subdivision of the state may be used to provide the
16 public with nonpartisan information about a ballot proposition or question other than
17 a state ballot proposition or question or about all the candidates seeking election to
18 a particular [PUBLIC] office.

State School bonds for maintenance etc ?

AMENDMENT

OFFERED IN THE HOUSE

TO: CSHB 160(CRA)

1 Page 1, line 1:

2 Delete "an"

3 Insert "a state"

4

5 Page 2 line 1 - 17:

6 Delete all material and insert:

7 **** Sec. 2. AS 15.13.145(b) is amended to read:**

8 (b) Money held by an entity identified in (a)(3) [(a)(1) - (3)] of this section
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16 (A) [(1)] to disseminate information about the time and place of
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18 (B) [(2)] to provide the public with the information described
19 in AS 15.58.020;

20 (2) a municipality, school district, regional educational attendance
21 area, or another political subdivision of the state may be used to provide the
22 public with nonpartisan information about a ballot proposition or question other than
23 a state ballot proposition or question or about all the candidates seeking election to

1 a particular [PUBLIC] office."

24-LS0586S

Kurtz

1/27/06

CS FOR HOUSE BILL NO. 160()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY

Offered:

Referred:

Sponsor(s): REPRESENTATIVES STOLTZE, Neuman

A BILL

FOR AN ACT ENTITLED

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- 11 (3) municipalities, school districts, and regional educational attendance
- 12 areas, or another political subdivision of the state; and
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5 appropriated for that purpose by [A STATE LAW OR] a municipal ordinance.

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7 (c) Money held by

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11 an election and to hold an election; or

12 (B) [(2)] to provide the public with the information described
13 in AS 15.58.020;

14 (2) a municipality, school district, regional educational attendance
15 area, or another political subdivision of the state may be used to provide the
16 public with nonpartisan information about a ballot proposition or question other than
17 a state ballot proposition or question or about all the candidates seeking election to
18 a particular [PUBLIC] office.

CS FOR HOUSE BILL NO. 160(STA)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES STCLTZE, Neuman

A BILL
FOR AN ACT ENTITLED

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15 area, or another political subdivision of the state may be used to provide the
16 public with nonpartisan information about a ballot proposition or question other than
17 a state ballot proposition or question or about all the candidates seeking election to
18 a particular [PUBLIC] office.

AMENDMENT

OFFERED IN THE HOUSE

TO: HB 160

- 1 Page i, line 7, following "concerning a":
- 2 Insert "state"

LEGAL SERVICES

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

(907) 485-3887 or 485-2450
FAX (907) 485-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-7182
Delivery to: 129 6th St., Rm. 329

MEMORANDUM

January 30, 2006

SUBJECT: Constitutionality of CSHB 160(CRA)
(Work Order No. 24-LS0586\Y)

TO: Representative Max Gruenberg
Attn: Mike Bucy

FROM: Kathryn L. Kurtz *KK*
Assistant Revisor

You asked for a review of the constitutionality of HB 160.

Freedom of Speech

One possible constitutional concern would involve the right to free speech. There is a series of cases that establish the right of corporations to make contributions and expenditures to influence the outcome of ballot initiatives. However, I do not think this line of cases would extend to invalidate the restrictions proposed in HB 160 on the state and its political subdivisions.

The first amendment of the Constitution of the United States protects freedom of speech and freedom of association. The freedom of speech is not absolute, Messerli v. State, 626 P.2d 81, 86 (Alaska 1981), but any content-based restriction on speech must serve a "compelling" state interest. Mickens v. City of Kodiak, 640 P.2d 818, 821 (Alaska 1982). Political campaign contributions and expenditures fall within the protections of the first amendment. Buckley v. Valeo, 424 U.S. 1 (1976).

At least two states have enacted statutes prohibiting corporations from making contributions or expenditures to influence the outcome of ballot initiatives, but they have been defeated in the courts. In First National Bank of Boston v. Bellotti, 435 U.S. 765, 786 (1978), a Massachusetts statute prohibiting corporations from making contributions or expenditures to influence the outcome of certain ballot initiatives was held to be unconstitutional. The Supreme Court of the United States held:

[T]he legislature is constitutionally disqualified from dictating the subjects about which persons may speak and the speakers who may address a public issue. ... Such power in government to channel the expression of views is unacceptable under the First Amendment.

Representative Max Gruenberg
January 30, 2006
Page 2

Id. More recently, the Ninth Circuit court of appeals found a Montana initiative prohibiting direct corporate expenditures in ballot initiative campaigns to be unconstitutional. Montana Chamber of Commerce v. Argenbright, 226 F.3d 1049 (9th Cir. 2000).

However, municipalities are creations of the state, and the state prescribes their powers and functions. Art. X, secs. 3 and 7, Constitution of the State of Alaska. The state already imposes limitations on the power of municipalities to spend money to influence the outcome of an election of a candidate; this bill simply extends those limits to cover ballot propositions. Courts in Colorado have upheld state statutory restrictions on use of public funds to advocate or oppose state ballot measures, despite free speech arguments. See *Campbell v. City of Aurora*, 704 F.2d 501, 503 - 504 (10th Cir. 1983); *Coffman v. Colorado Common Cause*, 102 P.3d 999, 1005 (Co. 2004). But see *Alabama Libertarian Party v. City of Birmingham*, 694 F.Supp. 814 (D. Ala. S.D. 1988) (Court upheld use of city funds for promotional campaign encouraging passage of city ballot propositions: "[w]hile defendants might be forbidden to spend funds to support candidates, oppose initiative proposals, etc., they are not forbidden to publicize and seek public support for their own governmental proposals.")

KLK:lmb
06-032.lmb

24-LS0586\F
Kurtz
4/6/05

CS FOR HOUSE BILL NO. 160()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES STOLTZE, Neuman

A BILL

FOR AN ACT ENTITLED

1 **"An Act limiting the use of money of the state and its political subdivisions to affect an**
2 **election."**

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

4 *** Section 1.** AS 15.13.145(a) is amended to read:

5 (a) Except as provided in (b) and (c) of this section, each of the following may
6 not use money held by the entity to influence the outcome of the election of a
7 candidate to a state or municipal office or the outcome of an election concerning a
8 state ballot proposition:

- 9 (1) the state, its agencies, and its corporations;
- 10 (2) the University of Alaska and its Board of Regents;
- 11 (3) municipalities, school districts, and regional educational attendance
- 12 areas, or another political subdivision of the state; and
- 13 (4) an officer or employee of an entity identified in (1) - (3) of this
- 14 subsection.

1 * Sec. 2. AS 15.13.145(b) is amended to read:

2 (b) Money held by an entity identified in (a)(1) - (3) of this section may be
3 used to disseminate information about the time and place of an election
4 [INFLUENCE THE OUTCOME OF AN ELECTION CONCERNING A BALLOT
5 PROPOSITION OR QUESTION, BUT ONLY IF THE FUNDS HAVE BEEN
6 SPECIFICALLY APPROPRIATED FOR THAT PURPOSE BY A STATE LAW OR
7 A MUNICIPAL ORDINANCE].

8 * Sec. 3. AS 15.13.145(c) is amended to read:

9 (c) Money held by the division of elections or a municipal election official
10 [AN ENTITY IDENTIFIED IN (a)(1) - (3) OF THIS SECTION] may be used

11 (1) to disseminate information about the time and place of an election
12 and to hold an election;

13 (2) to provide the public with the information described in
14 AS 15.58.020 [NONPARTISAN INFORMATION ABOUT A BALLOT
15 PROPOSITION OR QUESTION OR ABOUT ALL THE CANDIDATES SEEKING
16 ELECTION TO A PARTICULAR PUBLIC OFFICE].

17 * Sec. 4. AS 15.13.145(d) is repealed.



Alaska Association of Municipal Clerks (AAMC)
Jamie Newman, CMC, Deputy City Clerk
City of Wasilla
290 E. Herning Avenue
Wasilla, AK 99654
Phone: 907-373-9090 / Fax: 907-373-9092
jnewman@ci.wasilla.ak.us

March 3, 2006

Representative Paul Seaton, Chair
House State Affairs Committee
Mailstop 3100
Alaska State Capitol
Juneau, AK 99801-1182

RE: HB 160


Dear Chairman Seaton and Committee Members:

On behalf of the Alaska Association of Municipal Clerks, I wish to express our opposition to House Bill 160, An Act limiting the use of money of the state and its political subdivisions to affect an election.

We strongly oppose restrictions on local municipalities that prohibit their involvement in statewide ballot propositions and we are particularly concerned with legislation that limits the dissemination of election information to the public.

Respectfully submitted,

ALASKA ASSOCIATION OF MUNICIPAL CLERKS


JAMIE NEWMAN, CMC
President

pc: Representative Bill Stoltze, Sponsor
Representative Mark Neuman, Co-Sponsor
Alaska Municipal League

Louie Flora

From: Milli Martin [millimom@xyz.net]
Sent: Wednesday, April 13, 2005 6:17 AM
To: Rep. Paul Seaton; Louie Flora
Subject: Re: HB 160

Good Morning Paul and Louie,

Please oppose HB160. The intent is certainly well meaning, but it would seriously hamper municipal efforts to get the proper information to the public on ballot issues, and the Kenai Peninsula may have several coming that we need desperately to be able to inform the public about. The current law as it stands prohibits us from taking a stand, pro or con, but enables us to properly inform the public. That is part of our obligation to the public, in my humble view.

Please, please oppose this legislation.

Thank you,

Milli Martin
P.O. Box 2652
Homer, AK 99603

Rep. Paul Seaton

From: Jim Colver [surveyor@pobox.alaska.net]
Sent: Wednesday, April 13, 2005 4:47 PM
To: Rep. Paul Seaton
Cc: Rep. Carl Gatto; Rep. Jim Holm; Rep. Jay Ramras; Rep. Berta Gardner; Rep. Jim Elkins; Rep. Max Gruenberg
Subject: HB 160 Bad for School Bonds

Members of State Affairs Committee:

Prohibiting a municipality from providing information on ballot initiatives is unwise. Were the Mat-Su Borough unable to provide information on the port improvement bond in 2003, we would not have passed a \$10m bond for our new port.

As the fastest growing community in Alaska, we have a great demand for new schools and roads - likely to be paid for by voter approved bonds, and information will need to be provided to the public. Coupled with a local tax cap, this bill may doom our future school bonds and school appropriations.

Please consider the impacts to our kids and community before moving this bill. I urge you to hold it in committee.

Jim Colver
Deputy Mayor
Mat-Su Borough

Louie Flora

From: Rep. Paul Seaton
Sent: Wednesday, April 13, 2005 4:28 PM
To: Louie Flora
Subject: FW: HB 160

Ian Laing
Rep. Paul Seaton
Legislative Staff
(907) 465-2689

-----Original Message-----

From: Linda Swarner [mailto:lswarner@acsalaska.net]
Sent: Wednesday, April 13, 2005 7:14 AM
To: Rep. Paul Seaton
Subject: HB 160

Thank you for considering my thoughts as I oppose HB 160 because it prevents government from providing information to the public necessary for them to make good policy decisions on public initiatives such as Proposition 4, the statewide sales tax cap, in 2000.

As you know the current law balances the need for government to provide information about the impact of initiatives to the public with a provision that any public money used for this purpose must stand the public scrutiny of a specific public appropriation process by local ordinance.

Please help us, the local government and elected officials, provide accurate and correct information to the voters. As a 17 year veteran of public service on the Council I view this as an unfunded mandate.

Linda Swarner
City of Kenai Council

Louie Flora

From: Rep. Paul Seaton
Sent: Wednesday, April 13, 2005 2:37 PM
To: Louie Flora
Subject: FW: HB 160

Ian Laing
Rep. Paul Seaton
Legislative Staff
(907) 465-2689

From: City Clerk [mailto:cityhall@mtaonline.net]
Sent: Wednesday, April 13, 2005 12:07 PM
To: Rep. Paul Seaton
Cc: Rep. Bill Stoltze; Rep. Vic Kohring; Rep. Mark Neuman; Sen. Lyda Green;
Senator.Chalie.Huggins@legis.state.ak.us
Subject: HB 160

Dear Representative Seaton,

I am requesting that the House State Affairs Committee reconsider supporting HB160. I do not feel that it is in the best interest of our citizens. To not allow municipalities and school districts to spend money so that we may provide residents with all of the facts on any given issue is wrong. These residents pay your salaries and trust that you will vote for what is in their best interest. Clearly not allowing communities, as well as school districts the freedom to pass along information to them is not in their best interest.

Dale Adams, Mayor
City of Houston
P.O. Box 940027
Houston, Ak.99697
907-892-6869

4/13/2005



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

April 12, 2005

Representative Paul Seaton, Chair
House State Affairs Committee
State Capitol
Juneau, AK 99811

Dear Representative Seaton and Committee,

AML opposes HB 160 because it prevents government from providing information to the public necessary for them to make good policy decisions on public initiatives.


The current law balances the need for government to provide information about the impact of initiatives to the public with a provision that any public money used for this purpose must stand the public scrutiny of a specific public appropriation process by local ordinance.

A recent example is "Prop 4 – the statewide tax cap initiative" which the public overwhelmingly defeated in 2000. Initially, public polling showed 70% support for the initiative. However, local governments and school districts across the state worked to provide information on the impact of a mandatory statewide property tax cap on schools, public safety, road maintenance, etc. With good information on impacts, this initiative was defeated in every election district in the state by a statewide average of 70% against.

If local governments and school districts had not been able to participate by developing information and distributing it, many of your communities today would essentially be wards of the state without the ability to use local property taxes to meet school needs, etc.

There have been similar initiatives proposed since Prop 4, but we feel the landslide defeat of Prop 4 has discouraged other attempts to mandate statewide policy to communities. HB 160 would essentially leave communities without a real ability to respond in the future and would likely open a floodgate for future initiatives that weaken your communities.

Thank you,
Sincerely,



Kevin Ritchie
Executive Director

Louie Flora

From: Rep. Paul Seaton
Sent: Monday, April 11, 2005 12:56 PM
To: Louie Flora
Subject: FW: CS for House Bill 160

Ian Laing
Rep. Paul Seaton
Legislative Staff
(907) 465-2689

From: Ronald W Erickson [mailto:rerickson@craigschools.com]
Sent: Monday, April 11, 2005 11:24 AM
To: Rep. Paul Seaton
Subject: CS for House Bill 160

Representative Seaton, I am writing to express my concerns with the CS for HB160. The language in this bill flies in the face of what we champion in our democracy, which is an informed citizenry who has the right to freely discuss both sides of an issue on which they are asked to vote. If an agency or subdivision of government can only give the date, place and time of an election, the citizens of the state will be voting without being informed. It also puts agencies and school districts at a distinct disadvantage not to be able to let the voters know what the issues are in the ballot measure. Only one side of the story will be heard. That of those not wishing the measure to pass. One of the best examples is the GO Bonds that were passed which helped many school districts and the University attend to major maintenance issues and facility needs that had gone unaddressed for some time. People need to know what the money is for and be able to hear both sides of any issues surrounding the measure. Had the CS for HB160 been in effect during the time the GO bonds were placed on the ballot, only those wishing to see the measure fail would have been able to provide any information. The schools and university would have been gagged by this bill and unable to answer any questions or allegations made by those not supporting the bond. This is a bad bill and needs to be defeated. It undermines the very core of our democracy.

Ronald W Erickson
Superintendent
Craig City School District
PO Box 800
Craig, AK 99921
work phone: (907) 826-3274
fax: (907) 826-3322
e-mail: rerickson@craigschools.com

City of North Pole
Office of the Mayor

Fax Memo

To: House State Affairs Fax: 488-3348
From: Mayor Jeff Jacobson Fax: 488-3002
Date: April 13, 2005
Re: HB 160 Pages sent: 2

I am expressing my opposition to House Bill 160, which I believe unnecessarily restricts the abilities of local governments and school boards to disseminate information about the impacts of statewide initiatives on local communities. I am including Resolution 05-08 which I will introduce at the North Pole City Council on Monday, April 18th. I am very assured that it will pass. I am curious why there is an interest on the behalf of the state legislature to dictate to local municipalities and boards how they can spend their own revenues and on what they may comment. Municipalities and boards have more direct accountability to the public on such matters.

I find it quite a paradox that the House is expanding the job description of the Commissioner of the Department of Fish & Game to promote fish and wildlife management policies to combat efforts by outside interests proposing statewide initiatives on wolf control and trapping, while on the other hand HB 160 will restrict local governments' voice on matters of self governance regarding statewide initiatives affecting local communities.



Jeff Jacobson, Mayor

125 Snowman Lane
North Pole, Alaska 99705
488-2281 office
488-5755 home
mayor@northpolealaska.com

Sponsored by: Mayor Jacobson
Introduced and Adopted: April, 18, 2005

CITY OF NORTH POLE

RESOLUTION 05-06

A RESOLUTION OPPOSING STATE OF ALASKA HOUSE BILL 160

**"An Act Limiting the Use of Money of the State of Alaska
and its Political Subdivisions to Effect an Election"**

WHEREAS, current state law regulates how the state and its political subdivisions may effect an election, requiring such entities to pass a law or ordinance appropriating and designating funds to influence the outcome of an election concerning a ballot proposition or question; and

WHEREAS, currently the public may testify before the state and its political subdivisions considering legislation to spend funds to influence the outcome of an election, which public process balances the need for government to provide information to the public with a provision that any public money used for this purpose must stand the public scrutiny of a specific local appropriation ordinance; and

WHEREAS, over the years there have been proposed initiatives mandating statewide policies to communities such as "Prop 4- the statewide property tax cap initiative", reducing and restricting local control; and

WHEREAS, the City of North Pole vigorously defends its right to provide information to the public necessary for them to make good policy decisions on public initiatives such as a statewide sales tax, which if enacted would dismantle the City's ability to generate local revenues to pay for local services; and

WHEREAS, passage of HB 160, would prevent the City of North Pole and other communities across Alaska from providing information about the impact of such initiatives on our communities.

NOW THEREFORE BE IT RESOLVED, that the North Pole City Council joins the Alaska Municipal League in its opposition to House Bill 160.

Passed and approved by a duly constituted quorum of the North Pole City Council on April 18, 2005.

ATTEST:

JEFFREY JAMES JACOBSON, Mayor

KATHRYN WEBER, CMC, City Clerk

Sarah Hook

Opposed HB 160

From: kashby@alaska.net
Sent: Wednesday, April 13, 2005 4:33 PM
To: Rep. Jim Holm; Rep. Jim Elkins; Rep. Max Gruenberg
Subject: Right to Know and HB 160

Public money should not be used for improper purposes but this bill may be ridiculous. The public has to know what is being addressed. Municipalities and school districts must have the same right as any other affected entity to present facts and figures relating to ballot propositions or community issues.

Thank you for supporting the public's right to know and defeating House Bill 160.

Kathy Ashby
City of Nuiqsut City Administrator
Nuiqsut, Alaska



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

April 12, 2005

Representative Paul Seaton, Chair
House State Affairs Committee
State Capitol
Juneau, AK 99811

Dear Representative Seaton and Committee,

AML opposes HB 160 because it prevents government from providing information to the public necessary for them to make good policy decisions on public initiatives.


The current law balances the need for government to provide information about the impact of initiatives to the public with a provision that any public money used for this purpose must stand the public scrutiny of a specific public appropriation process by local ordinance.

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If local governments and school districts had not been able to participate by developing information and distributing it, many of your communities today would essentially be wards of the state without the ability to use local property taxes to meet school needs, etc.

There have been similar initiatives proposed since Prop 4, but we feel the landslide defeat of Prop 4 has discouraged other attempts to mandate statewide policy to communities. HB 160 would essentially leave communities without a real ability to respond in the future and would likely open a floodgate for future initiatives that weaken your communities.

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Please, please oppose this legislation.

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Please consider the impacts to our kids and community before moving this bill. I urge you to hold it in committee.

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Deputy Mayor
Mat-Su Borough

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Rep. Paul Seaton
Legislative Staff
(907) 465-2689

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City of Kenai Council

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April 12, 2005

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House State Affairs Committee
State Capitol
Juneau, AK 99811

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Kevin Ritchie
Executive Director

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Revisor's notes. — Enacted as AS 15.56.111(c).
Renumbered in 1980. Renumbered again in 1982.

Sec. 15.56.120. Election defined. [Repealed, § 4 ch 87 SLA 1996.]

Sec. 15.56.130. Time limitation. A prosecution for an offense described in AS 15.05 — AS 15.60 (Alaska Election Code) may not be maintained unless it is begun within one year after the date of the election in connection with which the offense is alleged to have been committed. (§ 205 ch 100 SLA 1980)

Revisor's notes. — Enacted as AS 15.56.131. Re-
numbered in 1980.

Sec. 15.56.199. Definitions. In this chapter,

(1) "election" includes a local election as defined in AS 15.60.010 in addition to a state election;

(2) "knowingly" has the meaning given in AS 11.01.900(a). (§ 3 ch 87 SLA 1996)

Effective dates. — Section 3, ch 87, SLA 1996,
which enacted this section, took effect on September
18, 1996.

Chapter 57. Election Pamphlet.

[Repealed, § 232 ch 100 SLA 1980. For current law, see AS 15.58.]

Chapter 58. Election Pamphlet.

Section

- 10. Election pamphlet
- 20. Contents of pamphlet
- 30. Material to be filed by candidate
- 40. Material to be filed by political parties
- 50. Information and recommendations on judicial officers

Section

- 60. Charges for space in pamphlet
- 80. Distribution
- 90. Delegation by lieutenant governor

Collateral references. — 26 Am. Jur. 2d, Elec-
tions, § 1 et seq. 29 C.J.S., Elections, §§ 117, 118(1).

Sec. 15.58.010. Election pamphlet. Before each state general election, the lieutenant governor shall prepare, publish, and mail at least one election pamphlet to each household identified from the official registration list. The pamphlet shall be prepared on a regional basis as determined by the lieutenant governor. (§ 206 ch 100 SLA 1980; am § 38 ch 85 SLA 1986)

Sec. 15.58.020. Contents of pamphlet. Each election pamphlet must contain

- (1) photographs and campaign statements submitted by eligible candidates for elective office in the region;
- (2) information and recommendations filed under AS 15.58.050 on judicial officers subject to a retention election in the region;
- (3) a map of the house district or districts of the region;
- (4) sample ballots for house districts of the region;
- (5) an absentee ballot application;
- (6) for each ballot proposition submitted to the voters by initiative or referendum petition or by the legislature,

METRO

ANCHORAGE DAILY NEWS • www.adn.com

SECTION B



Tax cap was one big flop

Voters across state rejected proposition

By RICHARD MAUER
Daily News reporter

The landslide defeat of the property tax initiative was so thorough that it was approved in only seven small, rural settlements among the state's 451 precincts. And of the seven, only one was in an area where property taxes are actually levied.

Precinct-by-precinct results from Tuesday's election

show the measure failed in each of the state's 40 House districts, getting no more than 38 percent of the vote in Ketchikan and Kodiak and losing by as much as 87 percent in the North Slope Borough.

Among Anchorage precincts, the closest it came was 34.7 percent in an Eagle River precinct, while its biggest loss was by 85 percent in a downtown precinct adjacent to the Park Strip. In only one of Anchorage's 16 House districts did the no vote drop below 70 percent, and that was 69.7 percent in House District 25, Eagle River-Chugiak.

Statewide, voters rejected the cap 161,803 to 64,507, or 71.5 percent to 28.5 percent.

Only last May, Uwe Kalenka, the original sponsor of the initiative, was predicting a huge victory, with only a "remote possibility" it wouldn't be approved.

"It's just a question of how close it will come to the Permanent Fund vote," he said then, referring to the 1999 advisory vote in which 83 percent of voters supported leaving the dividend program alone vs. spending some earn-

■ **HOW THEY VOTED:** To see a chart showing how each State House district voted on the property tax initiative, open this story at www.adn.com.

Property tax voted for cap

NO EXCUSES

"I'm not going to sit here and make excuses," he said. "In politics, they stick you in your coffin and nail it shut and send you home. Well, I'm home."

Still the campaign raised issues of taxation fairness and government efficiencies that will remain on the table, Burke and Hall said.

The initiative failed in even the traditionally anti-tax, anti-government areas of the Matanuska-Susitna and Kenai Peninsula boroughs. The closest margins were in Houson, where it lost 53.8 percent to 46.2 percent, and Ninilchik, where it lost 51.1 percent to 48.9 percent.

It was approved only in the tiny communities of Chatanika, Livengood, Stony River, Manley Hot Springs, Central, Eagle and Clear, which are also mostly strongholds of the Alaskan Independence Party, which endorsed the cap. Of those, only unincorporated Chatanika, which voted 15-13 for the cap, has property taxes from the Fairbanks-North Star Borough. Eagle, where it was approved 51-39, last levied a 1-mill tax in 1997.

Results were most lopsided in Valdez and the North Slope Borough, which depend heavily on taxes

levied on oil-producing property and which year after year tax at or close to the current limits. One Valdez precinct voted 85.8 percent against the cap. Two Barrow precincts lined up at 92.1 and 91.5 percent in opposition. But the biggest margin in the state was in Atmautluak, a tax-free, unincorporated Kuskokwim Delta village that divided 2-81 — 2.4 percent to 97.6 percent — against the cap.

Rural leaders had warned that if the cap was approved, big-city politicians would go looking for money at the Legislature and that would spell doom for the Bush with its limited political clout.

Jim Ayers, chief of staff for Gov. Tony Knowles and a longtime observer of Alaska politics, said the vote disproved the notion "that all that Alaskans want is their government cut — to get out of their lives — and to get their Permanent Fund dividend check. I think this shows that Alaskans are thinking people and that they care about their community and what happens to other people."

Reporter Richard Mauer can be reached at rmauer@adn.com.

TAX CAP: Only one community with a pro

Continued from Page B-1

said his main job was to sway the early support for the measure. "The first number I ever saw on this campaign, it was more than 70 percent in support," Hall said.

The opponents organized their effort over the summer and began engaging the other side in debates that continued through the week before Tuesday's election.

A 'NO-WIN SITUATION'

"As soon as people had time to sit down and see the impact it would have across the state, it was just a no-win situation for everybody," Hall said.

The initiative would have capped property taxes at 10 mills — an 8-mill reduction for most of Anchorage — and prevented assessments from rising more than 2 percent a year. It didn't provide any alternative revenues to make up for the estimated \$160 million that would have been lost statewide.

At first, Kalenka said it wasn't his job to solve the problems his initiative created. But Tax Cap Yes spokesman Eddie Burke said proponents concluded that such a course was politically unfeasible, so they

'I'm not going to sit here and make excuses. In politics, they stick you in your coffin and nail it shut and send you home. Well, I'm home.'

— Eddie Burke, Tax Cap Yes spokesman

made suggestions like merging government agencies or adopting new taxes.

Most of their ideas were dismissed by the opposition as too little or too speculative to work.

"You can't take all this money out without there being an effect," Hall said.

FUND-RAISING DISPARITY

Another Tax Cap Yes spokesman, former Anchorage Assemblyman Bob Bell, attributed the lopsided defeat to the lopsided fund-raising contest between the sides.

"They had \$300,000, and we had \$15,000," Bell said. Commercials produced by Hall's Alaskans United Against the Cap went unanswered, Bell said, and that led to the defeat.

But public opinion surveys by Anchorage pollster David Dittman show the initiative was in trouble

long before the commercials began airing in mid-October. While support for the initiative held steady around 55 percent during the first six months of the year, it began falling in mid-summer. By September, it was losing statewide, 46 percent against to 42 percent for, and falling fast, Dittman said.

On Friday, Bell was distancing himself from the initiative, though he had been one of its leading advocates in public debates.

"I wasn't in on drafting this thing. I came in after the fact," he said. "The 'doing surgery with a chain saw' was my quote," he said of an oft-repeated criticism of the cap. The cap should have been higher than 10 mills and its implementation more gradual, Bell said. Still, he voted for it as the 'lesser of two evils,' he said.

Burke was willing to accept defeat.

"I'm make e they st it shut home."

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FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 160
 () Publish Date: 2/18/2005

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title An Act limiting the use of money of RDU AK Public Offices Commission
the state and its political... Component AK Public Offices Commission
 Sponsor Stolze
 Requester House Community & Regional Affair Component No. 70

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2005) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This measure will prohibit the state and its political subdivisions from expending funds in support of or opposition to ballot questions. Current law prohibits the expenditure of public money to support or oppose a candidate, but permits the state and its political subdivisions to expend money in support of or opposition to a ballot question, if the funds are specifically appropriated for that purpose. Municipalities and school districts will be most affected by this change. This bill will have no fiscal impact.

Prepared by: Brooke Miles, Director Phone 907-276-4176
 Division: Alaska Public Offices Commission Date/Time 3/14/05 1:45 PM
 Approved by: Mike Tibbles, Deputy Commissioner Date 3/14/2005

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB160
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: OOG
 Title "An Act limiting the use of money of RDU Elections
the state and its political subdivisions..." Component Elections
 Sponsor Representative Stoltze
 Requester H(C&RA) Component No. 21

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

Estimate of any current year (FY2005) cost: 00
 Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 This legislation has no fiscal impact on the division.

Prepared by: Laura Glaiser, Director Phone 465-4611
 Division: Division of Elections Date/Time 3/7/05 11:55 AM
 Approved by: Laura A. Glaiser, Director Date 3/7/2005
 Agency: Office of the Lt. Governor, Division of Elections

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CSHB 160(STA)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: OOG
 Title "An Act limiting the use of money of the state and its political subdivisions to affect..." RDU Elections
 Component Elections
 Sponsor Representative Stoltze
 Requester House State Affairs Component No. 21

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2006) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 This legislation has no fiscal impact on the division.

Prepared by: Whitney Brewster, Director Phone 465-2644
 Division: Division of Elections Date/Time 1/27/2006, 8:51am
 Approved by: Whitney Brewster, Director Date 1/27/2006
 Agency: Office of the Lt. Governor, Division of Elections

HB

161

50 Front St.
Suite #203
Ketchikan, Alaska 99901
Phone: (907) 247-4672
Fax: (907) 225-8546



State Capitol Building
Suite # 416
Juneau, Alaska 99801
Phone: (907) 465-3424
Fax: (907) 465-3793

REPRESENTATIVE ELKINS Sponsor Statement

House Bill 161 extends the sunset date of legislation enacted by HB 242 (2001) and SB 94 (2003) to **July 1, 2009**. This legislation allows certain PERS and TRS members who retired with a normal retirement to return to work, continue to receive normal retirement benefits, and waive participation in the retirement systems if the employee

- Is a retired teacher hired under the "teacher shortage" program (AS 14.20.135)
- Is a retired public employee who retired under normal retirement.
- Is an individual who retired under the Retirement Incentive Program and is subsequently re-employed as a commissioner
 - Relieves commissioners of the requirement to refund incentive credit and re-employment indebtedness

During this period of employment, no contributions are required from the employer or the employee. The current legislation under HB 242 (2001) and SB 94 (2003) is scheduled to sunset on July 1, 2005.

According to a report issued on February 10th by the Department of Administration, Division of Retirement and Benefits entitled **Results of the Retiree Return Program**, the following information was noted:

Testimony in 2001 on HB 242 in the House State Affairs Committee, stated that in the years 2008-2009, a large portion of the "baby boomers" were scheduled to retire en masse, creating a large void in the state work force. Some of the shortages would be critical, such as in education and law enforcement. Other testimony indicated:

- Alaska has needed to recruit 12,000 to 13,000 new teachers each year but at the largest job fair that year there were less than 300 applicants.
- Employers would have the opportunity to offer less salary to returning retirees
- HB 242 was a component of a workforce development initiative that the state and a number of other employers undertook to address workforce shortages already being experienced.

An analysis of the TRS Rehire Program contained in the report shows that between July 1, 2001 and November 30, 2004 a total of 187 waivers were received, 56% of all TRS employers participated in the program and as of November 30, 2004 a total of 124 retirees were still working.

On the PERS side, between July 1, 2001 and November 30, 2004 a total of 297 waivers were received, 21% of all PERS employers participated in the program and as of November 30, 2004 211 retirees were still working.

Mr. Chairman, as of November 30, 2004 a total of 335 retirees were employed statewide under the current legislation. It provides Human Resources managers with an excellent tool to retain workers for hard to fill positions and we urge passage of this extension.

24-LS0211X
Craver
4/30/05

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

Offered:
Referred:

Sponsor(s):

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to reemployment of and benefits for retired teachers and public
2 employees and to teachers or employees who participated in retirement incentive
3 programs and are subsequently reemployed as a commissioner; repealing secs. 5, 7, and
4 9, ch. 58, SLA 2001; providing for an effective date by amending the delayed effective
5 date for secs. 3, 5, 9, and 12, ch. 57, SLA 2001, and repealing sec. 13, ch. 58, SLA 2001,
6 which is the delayed effective date for secs. 5, 7, and 9, ch. 58, SLA 2001; and providing
7 for an effective date."

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

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

11 FINDINGS AND INTENT. (a) The legislature finds that provisions of ch. 57, SLA
12 2001, ch. 58, SLA 2001, and ch. 15, SLA 2003, that provide for the reemployment of certain
13 retired members of the teachers' and public employees' retirement systems provide a valuable

1 tool for school districts and public employers to manage workforce shortages, especially in
2 teaching positions and job classes that require specialized knowledge and skills.

3 (b) The legislature also finds that school districts and public employers must plan to
4 meet their future workforce needs without reliance on retired workers. In extending the
5 termination date of the reemployment provisions, it is the intent of the legislature to allow
6 school districts and public employers to continue to use this management tool, while
7 developing plans that address the knowledge, skills, and abilities that need to be transferred or
8 developed to assure the work can be accomplished when the reemployment provisions
9 terminate. It is the intent of the legislature that all participation in the retiree reemployment
10 provisions by employers and reemployed retirees will end on July 1, 2009, unless that date is
11 extended by law.

12 (c) The legislature also finds that there have been unintended consequences resulting
13 from implementation of the retiree reemployment provisions, including an increase in the
14 unfunded liability of the retirement systems and the failure to realize savings in the health
15 expenses of the retirement systems as a result of the practice of some employers of
16 withdrawing health and medical coverage for reemployed retirees. It is the intent of the
17 legislature that employers that benefit from the provisions of the retiree reemployment
18 provisions pay any increase in unfunded liability that results to the retirement systems and
19 that employers provide reemployed retirees with the same health and medical benefits
20 provided to other active employees.

21 * Sec. 2. AS 14.20.135 is amended by adding a new subsection to read:

22 (e) If a school district or regional educational attendance area hires a retired
23 teacher under this section and the retired teacher who has been rehired elects to
24 continue receiving benefit payments during the period of reemployment under
25 AS 14.25.043(b), the employer of a retired teacher who has been rehired under this
26 section shall provide health and medical benefits to the retired teacher who has been
27 rehired. If the retired teacher has been rehired as a full-time teacher, the teacher's
28 employer shall provide the same health and medical benefits to that teacher as the
29 employer provides to other full-time teachers, and the teacher may not receive
30 retirement medical benefits during the period of reemployment.

31 * Sec. 3. AS 14.25.043(a) is amended to read:

1 (a) If a retired member again becomes an active member, benefit payments
2 may not be made during the period of reemployment [UNLESS THE TEACHER
3 MAKES AN ELECTION UNDER (b) OR (e) OF THIS SECTION]. The retirement
4 benefit must be suspended for the entire school year if the teacher is reemployed as an
5 active teacher for a period equivalent to a year of service. During the period of
6 reemployment, [THE MEMBER IS SUBJECT TO AS 14.25.050, AND] deductions
7 from the member's salary will be made in accordance with AS 14.25.050.

8 * Sec. 4. AS 14.25.043(b) is amended to read:

9 (b) A school district or regional educational attendance area that has adopted a
10 policy that permits the employment of retired teachers in accordance with
11 AS 14.20.135 shall notify the administrator that it is hiring retired teachers under
12 AS 14.20.135. A teacher who retired under AS 14.25.110(a) and subsequently
13 becomes an active member under a policy adopted in accordance with AS 14.20.135
14 may, within 30 days after the date of reemployment, elect to continue receiving benefit
15 payments during the period of reemployment by filing a waiver of coverage with the
16 administrator on a form provided by the administrator. An election under this
17 subsection waives coverage for the period of reemployment and is irrevocable during
18 the period of reemployment. The period of reemployment is considered to end
19 when this subsection is repealed or the person stops working, whichever occurs
20 first. A teacher hired to work as a full-time teacher who makes the election to
21 continue to receive benefit payments may not receive retirement medical benefits
22 during reemployment but, instead, shall be covered under the medical coverage
23 provided by the employer to active teachers. A teacher hired to work as a less
24 than full-time teacher who makes the election to continue to receive benefit
25 payments may continue to receive retirement medical benefits. Deductions from
26 the member's salary may not be made under AS 14.25.050 during the period of
27 reemployment, and the member may not receive credited service for the period of
28 reemployment. A member who participated in a retirement incentive program under
29 ch. 26, SLA 1986; ch. 89, SLA 1989; ch. 65, SLA 1996; ch. 4, FSSLA 1996; or ch.
30 92, SLA 1997, is not eligible to make an election under this subsection.

31 * Sec. 5. AS 14.25.043(e) is amended to read:

1 (e) A member who retired under AS 14.25.110(a) and participated in a
2 retirement incentive program under ch. 26, SLA 1986; ch. 89, SLA 1989; ch. 65, SLA
3 1996; ch. 4, FSSLA 1996; or ch. 92, SLA 1997, who is subsequently reemployed as a
4 commissioner and becomes an active member may, within 30 days of the date of
5 reemployment, elect to continue receiving benefit payments during the period of
6 reemployment by filing a waiver of coverage with the administrator on a form
7 provided by the administrator. An election under this subsection waives coverage for
8 the period of reemployment and is irrevocable during the period of reemployment.

9 The period of reemployment is considered to end when this subsection is repealed
10 or the person stops working, whichever occurs first. A commissioner hired to
11 work as a full-time employee who makes the election to continue to receive
12 benefit payments may not receive retirement medical benefits during
13 reemployment but, instead, shall be covered under the medical coverage
14 provided by the employer to active employees. A commissioner hired to work as
15 a less than full-time employee who makes the election to continue to receive
16 benefit payments may continue to receive retirement medical benefits.

17 Deductions from the member's salary may not be made under AS 14.25.050 during the
18 period of reemployment, and the member may not receive credited service for the
19 period of reemployment. A member who makes an election under this subsection
20 does not lose the incentive credit provided under the applicable retirement incentive
21 plan and is not subject to any related reemployment indebtedness.

22 * Sec. 6. AS 14.25.070 is amended by adding a new subsection to read:

23 (b) Each employer of a retired teacher rehired under the authority of
24 AS 14.20.135 shall make contributions to the unfunded liability of the system on
25 behalf of that retired teacher at the rate that the employer is making contributions to
26 the unfunded liability of the system for other teachers.

27 * Sec. 7. AS 39.35.150(b) is amended to read:

28 (b) A member who retired under AS 39.35.370(a) and subsequently becomes
29 an active member may, within 30 days of the date of reemployment, elect to continue
30 receiving benefit payments during the period of reemployment by filing an election
31 with the administrator on a form provided by the administrator. An election under this

1 subsection waives coverage for the period of reemployment and is irrevocable during
2 the period of reemployment. The period of reemployment is considered to end
3 when this subsection is repealed or the person stops working, whichever occurs
4 first. A member hired to work as a full-time employee who makes the election to
5 continue to receive benefit payments may not receive retirement medical benefits
6 during reemployment but, instead, shall be covered under the medical coverage
7 provided by the employer to active employees. A member hired to work as a less
8 than full-time employee who makes the election to continue to receive benefit
9 payments may continue to receive retirement medical benefits. During the period
10 of reemployment, deductions from the member's salary may not be made under
11 A, 39.35.160 and the member may not receive credited service. A member who
12 participated in a retirement incentive program under ch. 26, SLA 1986; ch. 89, SLA
13 1989; ch. 65, SLA 1996; ch. 4, FSSLA 1996; or ch. 92, SLA 1997, is not eligible to
14 make an election under this subsection unless the member is reemployed as a
15 commissioner.

16 * Sec. 8. AS 39.35.150 is amended by adding new subsections to read:

17 (f) Notwithstanding (b) of this section, a member employed by a political
18 subdivision or a public organization may not make the election provided in (b) of this
19 section unless the member's employer has adopted a policy that permits the
20 employment of retired employees in accordance with (g) of this section. The
21 administrator shall accept the election of a member subject to this subsection if the
22 governing body or the person with hiring authority for the political subdivision or
23 public organization certifies that the appointment to the position being filled by the
24 retired member was the result of the competitive hiring process required under (g) of
25 this section.

26 (g) In accordance with this section, a political subdivision or a public
27 organization that has or anticipates having a shortage of employees qualified for
28 particular job classes may, by resolution, adopt a policy that permits the employment
29 of employees who retired under AS 39.35.370(a), who have been separated from
30 employment for at least 30 days, and who are qualified for particular job classes. The
31 policy adopted by resolution must describe the circumstances that constitute the

1 shortage. The policy must require recruitment procedures similar to the procedure
2 described in (h) of this section for any position filled by a retired employee under (f)
3 of this section. If a shortage of qualified employees exists as described in the policy,
4 the political subdivision or the public organization shall notify the administrator that it
5 is hiring retired members under (f) of this section and shall provide a copy of the
6 resolution and policy adopted by the resolution to the administrator of the public
7 employees' retirement system (AS 39.35).

8 (h) Notwithstanding (b) of this section, an employer in the executive branch of
9 state government may not allow a member hired to fill a position that requires
10 recruitment to make the election provided in (b) of this section unless

11 (1) the employer conducted an initial recruitment for at least 15 days
12 for the position to be filled by the member making an election under (b) of this section
13 that resulted in fewer than five qualified, eligible, and available applicants, including
14 the retired member; and

15 (2) the employer then conducted an additional recruitment and the
16 additional recruitment resulted in fewer than five qualified, eligible, and available
17 applicants, including the retired member; this additional recruitment period added to
18 the initial recruitment period must be at least 30 days total.

19 * Sec. 9. AS 39.35.270 is amended by adding a new subsection to read:

20 (b) Each employer of a retired member rehired under the authority of
21 AS 39.35.150(b) shall make contributions to the unfunded liability of the system on
22 behalf of that retired member at the rate that the employer is making contributions to
23 the unfunded liability of the system for that employer's other members.

24 * Sec. 10. Section 12, ch. 57, SLA 2001, as amended by sec. 6, ch. 15, SLA 2003, is
25 amended to read:

26 Sec. 12. AS 14.20.135, as amended by sec. 2 of this Act; AS 14.25.043(b),
27 as amended by sec. 4 of this Act, 14.25.043(e), added by sec. 3, ch. 15, SLA 2003,
28 and as amended by sec. 5 of this Act [OF THIS 2003 ACT]; AS 39.35.120(b)(2),
29 39.35.150(b), as amended by sec. 4, ch. 15, SLA 2003, and by sec. 7 of this Act [OF
30 THIS 2003 ACT], and 39.35.150(c) are repealed July 1, 2009 [2005 ← last version

31 * Sec. 11. The uncoded law of the State of Alaska enacted in sec. 13 was July 1, 2008.

Your call - I testified
that the extension
would be 2-3 years
post grandfather
date of Dec. 2006.