



Alaska Municipal League

Bulletin #28-20

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In This Issue

[Bill Schedule](#)

[Bills On the Move](#)

[Bills Introduced This Week](#)

Quick Links

[AML Priorities](#)

[AML Resolutions](#)

[Alaska Legislative Site](#)

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House Bills

[HB19](#) [HB275](#)

[HB71](#) [HB278](#)

[HB116](#) [HB317](#)

[HB122](#) [HB331](#)

[HB123](#) [HB334](#)

[HB152](#) [HB337](#)

[HB199](#) [HB349](#)

[HB216](#) [HB350](#)

[HB223](#) [HB371](#)

[HB234](#) [HB379](#)

[HB245](#) [HB379](#)

[HB247](#) [HJR10](#)

[HB266](#) [HJR24](#)

[HB270](#) [HJR26](#)

Senate Bills

[SB98](#) [SB177](#) [SB220](#)

[SB116](#) [SB205](#) [SB219](#)

[SB138](#) [SB208](#) [SJR5](#)

[SB139](#) [SB211](#) [SJR17](#)

[SB147](#) [SB213](#)

[SB157](#) [SB218](#)

Legislative Bulletin

This weekly e-Bulletin will hopefully help each and every one of you keep up with the legislation that could potentially have a positive or negative impact on your municipality. If you have questions about any bills, please call us at the office and we will try to help you. If you hear about legislation that we have missed, please let us know. Sometimes, with the huge flurry of issues, we might miss something.

Legislative Committee Meeting Schedules

The following list of committee meetings address issues and bills important to municipalities for the upcoming week. For a complete list of bills visit the [BASIS](#) web site. Most of these meetings are teleconferenced.

They also started to video stream all committee meetings in the state capitol. Check it out at <http://akl.tv>.

It is best if you go through your local LIO office. If you are unable to go through your local LIO office, you must call the Chair of the Committee in which the bill is being heard for "authorization" and the new off-net call in number.

PLEASE NOTE: The Legislature is now on a 24 hour rule which means committee meetings can be held with 24 hours of advanced notice instead of the few days notice usually given. AML will be checking the schedule on a daily basis for committee meetings and bill hearings and will keep you posted.

Saturday, April 12th, 2014 Tomorrow—PLEASE TESTIFY!!!!

[SB220](#) – PERS/TRS Contributions – 10:00 A.M. (S) Finance

[HB385](#) – PERS/TRS State Contributions – 2:00 P.M. (H) Finance

Bills on the Move

HB19 - TITLE: *"An Act relating to permanent motor vehicle registration in the unorganized borough and in a municipality that has elected to allow permanent registration; relating to the registration fee for noncommercial trailers and to the motor vehicle tax for trailers; and providing for an effective date."*

This bill intends to allow owners of vehicles, 8 years old or older, to be permanently registered. As this bill moved through various committees an opt-in amendment was offered and passed allowing a community, by passing ordinance, to implement this permanent registration. This bill was heard and held in Senate Finance.

HB371 - TITLE: *"An Act providing for the Department of Transportation and Public Facilities to hold the surface estate of certain state land; relating to the transfer of certain state land and materials from the Department of Natural Resources to the Department of Transportation and Public Facilities for the construction or maintenance of the state highway system, state airports, and state public buildings and facilities; relating to the lease or sale of certain marine or harbor facilities; relating to the lease or disposal by the Department of Transportation and Public Facilities of rights-of-way, property interests, or improvements that are no longer required; relating to the grant of certain easements over submerged state land to the federal government; relating to the transfer of certain maintenance stations on the James Dalton Highway to the Department of Transportation and Public Facilities; relating to the conveyance of land for right-of-way purposes from the Alaska Railroad Corporation to the Department of Transportation and Public Facilities; and providing for an effective date."*

This bill allows Department of Natural Resources to transfer land or materials for public purposes or airports, highways, harbors, and public buildings to the Department of Transportation and Public Facilities that are categorized as 'disposal' under the Alaska Lands Act. Concerns were raised that because DOT is very project oriented they are not set up to address the multiple use resource issues that DNR is constitutionally required to address. Another concern would be that if land and materials are just handed over to DOT then DNR's current management that allows sites to be used by other agencies, individuals, municipalities and industry will no longer be allowed. This bill was heard and held in House Resources.

SB138 - TITLE: *"An Act relating to the purposes of the Alaska Gasline Development Corporation to advance to develop a large-diameter natural gas pipeline project, including treatment and liquefaction facilities; establishing the large-diameter natural gas pipeline project fund; creating a subsidiary related to a large-diameter natural gas pipeline project, including treatment and liquefaction facilities; relating to the authority of the commissioner of natural resources to negotiate contracts related to North Slope natural gas projects, to enter into confidentiality agreements in support of contract negotiations and implementation, and to take custody of gas delivered to the state under an election to pay the oil and gas production tax in kind; relating to the sale, exchange, or disposal of gas delivered to the state under an election to pay the oil and gas production tax in kind; relating to the duties of the commissioner of revenue to direct the disposition of revenues received from gas delivered to the state in kind and to consult with the commissioner of natural resources on the custody and disposition of gas delivered to the state in kind; relating to the authority of the commissioner of natural resources to propose modifications to existing state oil and gas leases; making certain information provided to the Department of Natural Resources and the Department of Revenue exempt from inspection as a public record; making certain tax information related to an election to pay the oil and gas production tax in kind exempt from tax confidentiality provisions; relating to establishing under the oil and gas production tax a gross tax rate for gas after 2021; making the alternate minimum tax on oil and gas produced north of 68 degrees North latitude after 2021 apply only to oil; relating to apportionment factors of the Alaska Net Income Tax Act; authorizing a producer's election to pay the oil and gas production tax in kind for certain gas and relating to the authorization; relating to monthly installment payments of the oil and gas production tax; relating to interest payments on monthly installment payments of the oil and gas production tax; relating to settlements between producers and royalty owners for oil and gas production tax; relating to annual statements by producers and explorers; relating to annual production tax values; relating to lease expenditures; amending the definition of gross value at the 'point of production' for gas for purposes of the oil and gas production tax; adding definitions related to natural gas terms; clarifying that credit may not be taken against the in-kind levy of the oil and gas production tax for gas for purposes of the exploration incentive credit, the oil or gas producer education credit, and the film production tax credit; making conforming amendments; and providing for an effective date."*

This bill lays out all of the "workings" between the partners in the advancement of a large-diameter natural gas pipeline. It deals with: what funding may be used for this pipeline; the creation of subsidiaries for the pipeline project; the creation of a public corporation; defines a subsidiary board for the pipeline; allocates certain powers to those board members; allowing for the share of royalty gas leases; the confidentiality of tax information; the authority of the Revenue Commissioner and the DNR Commissioner. This bill was moved out of House Resources with a number of amendments and is currently being heard in House Finance.

[HB278](#) - **TITLE:** "An Act increasing the base student allocation used in the formula for state funding of public education; repealing the secondary student competency examination and related requirements; relating to high school course credit earned through assessment; relating to a college and career readiness assessment for secondary students; relating to charter school application appeals and program budgets; relating to residential school applications; increasing the stipend for boarding school students; extending unemployment contributions for the Alaska technical and vocational education program; relating to earning high school credit for completion of vocational education courses offered by institutions receiving technical and vocational education program funding; relating to education tax credits; making conforming amendments; and providing for an effective date."

The Committee Substitute that was developed by and moved out from House Finance last week, made the following changes to the bill:

- Increases the BSA \$185 for FY15 and \$58 for FY16 and FY17.
- Eliminates the top two population tiers of the education funding formula, allowing urban schools to receive increased funding per pupil under the formula.
- Deposits \$1.4 billion toward TRS and \$100 million toward a reserve fund, calling for smaller annual payments stretched over a longer period of time. This could lead to exhausting the trust fund over a period of decades and a reliance on contributions to pay future payments. This proposal analyzed by the Administration showed the costs of \$20.7 billion with the liability being paid off by 2073 compared to the Governor's plan which would cost around \$8.1 billion with the liability being paid off by 2038.
- Includes an adjustment to how charter schools are funded. This will offering municipalities the option to give property tax exemptions to property owners who lease or rent space to charter schools and make charter schools equal in terms of formula funding. It also changes the charter school formula to state that districts cannot take a portion of a charter student's funding for administrative costs.

This bill was heard on the House Floor and after debate **a motion was offered and passed to remove the \$1.4 billion deposit toward the TRS and \$100 million toward a reserve fund from the bill.** The bill was moved from the House Floor and is currently being heard in Senate Finance.

[HB317](#) - **TITLE:** "An Act relating to official traffic-control devices at schools and in school zones."

This Bill will require all municipalities to post signs for all school zones to include public, private and religious schools. This bill will also require all municipalities to post a sign indicating each school zone is a drug free school as well. This bill was heard and held in House Transportation.

[HB379](#) - **TITLE:** "An Act relating to the limitation on the value of property taxable by a municipality; and providing for an effective date."

This bill will provide a municipality more efficient flexibility to manage its own budget by providing a sliding scale to lower taxes on oil and gas properties. Currently, State law restricts the mill rate for the municipal operating budget for communities with oil and gas properties subject to property taxation under AS 43.56, basing the formula on assessed values, population, and a multiplier of 225%. This formula affects both how a municipality establishes their operating budget revenue picture and the amount or revenue necessary to meet its annual bond debt payments. Any municipality that taxes above 19.0 mills would continue to have the same limitation formula with a multiplier of 225%, the change would be for a municipality that levies a tax between 18.0 and 19.0 mills changing its multiplier to 300% and the multiplier would increase to 375% if taxes went below 18.0 mills. This bill was heard and moved out of House Finance with a committee substitute.

[HB234](#) - **TITLE:** "An Act extending the termination date of the Regulatory Commission of Alaska; and providing for an effective date."

This bill would extend the termination date of the Regulatory Commission of Alaska until June 30, 2022, in accordance with the recommendation of the Legislative Auditor. This bill was heard and moved out of Senate Labor & Commerce.

[SB218](#) - **TITLE:** "An Act relating to the Alaska Municipal Bond Bank Authority; and providing for an effective date."

This bill allows for the continued operation of the Alaska Municipal Bond Bank by increasing the borrowing limit from \$1 Billion to \$1.5 billion. This bill was heard and moved out of Senate Finance with a committee substitute. It was then sent to the Senate Floor and passed the Senate Floor.

[HB116](#) - **TITLE:** "An Act relating to the use of credited military service by retired peace officers and firefighters to meet certain requirements for major medical insurance coverage; and providing for an effective date."

This bill would allow retired peace officers and firefighters, that have served in the military and that are allowed currently to purchase qualifying time in the PERS system for previous military service, be allowed to use that time purchased as normal retirement (that which includes health care benefits). This bill was heard and passed out of House Labor & Commerce with a committee substitute.

[SB213](#) - **TITLE:** "An Act relating to the appointment of municipal election boards."

This bill would clarify in Statute that election boards are only required for elections and precincts in which cast ballots in person. This bill was heard and moved out of Senate Community and Regional Affairs. This bill was heard and passed the Senate Floor.

Bills Introduced this Week

[HB385](#) - **TITLE:** "An Act relating to additional state contributions to the teachers' defined benefit retirement plan and the public employees' defined benefit retirement plan; and providing for an effective date."

We are asking that everyone please call in and testify in support of the PERS/TRS Contribution bill introduced by the Governor. **Please begin by thanking the Legislators for keeping our PERS rate at 22%.**

The Governor's proposal would allow municipalities:

- The ability to plan their budgets (by being able to maintain the 22% rate of pay).
- Affordability (as the 24% rate would require most municipalities to either decrease services or raise property taxes).
- Would substantially lower the amount municipalities will have to claim on their balance sheets as "their" portion of the unfunded PERS liability.
- To see a serious solution and payoff plan begin on the unfunded liability rather than put this pain off when there will be an unidentified amount of savings.

If you have an LIO, please try to go there first. If you cannot, the bridge number is 1 (855) 463-5009. When you call in, they will put you in a queue and keep you on mute until it is your time to talk. This bill, unlike the capitol budget bill, will probably not have quite as many callers (but, we can't be sure). So, hopefully you will not have to wait for a long time. As said above, this bill should be heard TOMORROW(Saturday) at 2:00 p.m. in House Finance.

[SB219](#) - **TITLE:** "An Act relating to the limitation on the value of property taxable by a municipality; and providing for an effective date."

[SB220](#) - **TITLE:** "An Act relating to additional state contributions to the teachers' defined benefit retirement plan and the public employees' defined benefit retirement plan; and providing for an effective date."

We are also asking that everyone please call in and testify in support of the Senate side of the PERS/TRS Contribution bill introduced by the Governor. **Please begin by thanking the Legislators for keeping our PERS rate at 22%.**

The Governor's proposal would allow municipalities:

- The ability to plan their budgets (by being able to maintain the 22% rate of pay).
- Affordability (as the 24% rate would require most municipalities to either decrease services or raise property taxes).
- Would substantially lower the amount municipalities will have to claim on their balance sheets as "their" portion of the unfunded PERS liability.
- To see a serious solution and payoff plan begin on the unfunded liability rather than put this pain off when there will be an unidentified amount of savings.

If you have an LIO, please try to go there first. If you cannot, the bridge number is 1 (855) 463-5009. When you call in, they will put you in a queue and keep you on mute until it is your time to talk. This bill, unlike the capitol budget bill, will probably not have quite as many callers (but, we can't be sure). So, hopefully you will not have to wait for a long time. As said above, this bill should be heard TOMORROW(Saturday) at 10:00 a.m. in House Finance.