

# Memorandum

**Borough Manager John Moosey**



DATE: February 24, 2020 (for Public Release on March 2, 2020)  
TO: Mayor and Assembly  
FROM: John Moosey, Borough Manager  
SUBJECT: Manager's Notes to the Assembly

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**AML Winter Legislative Conference** – See my memo attached and copies of the following presentations:

- FY2021 Budget Overview, February 18, 2020, by Neil Steininger, Director of Office of Management and Budget.
- PERS/TRS 2020 Update, February 19, 2020, by Kevin Worley, CFO, Division of Retirement and Benefits
- North to Opportunity, February 2020, by John Springsteen, Deputy Commissioner of DCCED
- State Fiscal Overview, February 19, 2020
- 2020 Credit Review & State Debt Summary, Deven Mitchell, Debt Manager
- Alaska DOR Tax Programs, Tax Revenue Collections and Sharing, Brandon Spanos, Deputy Director, DOR, Tax Division
- Alaska Revenue Options, February 19, 2020, by Carl Davis, Research Director, ITEP

**Board of Fisheries Meetings** – See attached:

- Letters to Board of Fisheries from the Matanuska-Susitna Delegation dated February 5, 2020, and MBS dated February 6, 2020.
- Alaska Board of Fish Creates New Dipnet Fishery on the Susitna River, Anchorage Daily News, February 15, 2020
- Memo from Ted Eischeid dated February 18, 2020

**Visit from Senator Sullivan's Chief of Staff Larry Burton** – On February 13, 2020 Deputy Borough Manager George Hays and Borough Attorney Nick Spiropoulos met with Sen. Sullivan's Chief of Staff Larry Burton and Regional Director Margaret Sharpe. Discussions mainly centered around the Borough's federal priorities and related items. General transportation issues, impacts of a continually growing populous, recreation, and other miscellaneous items were discussed as well. Senator Sullivan's staff was also provided a brief update regarding the Assembly's ongoing strategic planning process.

**School Board Resolutions** – See attached Resolutions 20-007 and 20-009 passed by the School Board on February 5, 2020. Staff will be reviewing requests for Assembly discussion.

**Tew's Inc. Proposal** – See the attached letter from Tew's Inc. dated December 27, 2019 regarding Solid Waste Transfer-Options for Facilities Management. The Borough has not received a proposal stating a \$800,000 savings.

**Day 21 and Day 30 Legislative Reports** – See attached emails from John Harris dated February 10, 2020, and February 22, 2020.

**Cyber Attacks Daily** – IT Director Eric Wyatt highlights 1.2 Million critical cyber attacks against the Borough’s firewall in a five day period in the attached email and report from Check Point SmartEvent Report: Intrusion Prevention System (IPS), dated February 13, 2020.

**Alaska Tourism Update** – Mat-Su Convention and Visitor’s Bureau hosted an Update on Alaska Tourism Marketing Program on Friday, February 7 at Everett’s, featuring Jillian Simpson, Vice President of the Alaska Travel Industry Association. The event was well attended and very informative. Of special note, the Governor’s increased advertisement investment is quickly resulting in a large uptick in Alaska visits.

**Remote Site Network Upgrades** – Mat-Su Borough’s network upgrade is proceeding on schedule, as-planned, and 22 of the 50 affected sites (44%) have new network hardware in-place. Another 13 sites will be upgraded over the next two weeks, which will put the hardware deployment at 70% completion.

There are multiple phases of planned changes in this project. Other than expected, minor service interruptions during the days of the OIT staff visits, the network should work and behave “as normal.” New services, such as re-establishing Borough wireless connectivity and four-digit dialing between buildings, and additional security improvements will be enabled after all of the new hardware has been deployed and properly configured. The new hardware is expected to be in-place and configured in mid-March.

The following (22) sites’ initial visits have been completed (follow-up visits may be needed on some sites): Station 1-2 EMS, Capital Projects, Central Landfill Portable, Operations & Maintenance (Palmer), Station 3-9 EMS, Station 6-2, Station 1-1 Fire, Sutton Transfer Site, Sutton Library, Breeden Bldg. (Woodworth), Station 5-1, Station 5-2 Fire, Brett Ice Arena, Station 6-1, Wasilla Pool, Animal Care, Station 6-5, Station 6-2 OLD, Station 6-3 Fire, Station 6-6 Fire, Port Mackenzie, and Station 6-4 Fire.

**Solid Waste Landfill Gas Issue** – Staff continue to run blower fans to pull excess methane from the landfill cells and the ground nearby. Daily measurements continue to trend down and the only home that had methane infiltration has shown no methane since February 12. Borough contract engineers are developing measures to prevent future problems with methane migration.

**2020 U.S. Census** – Census 2020 workers are in the field going door to door in the remote areas of Alaska and the Mat-Su Borough, including Sutton, Lake Louise and Talkeetna. Those residents along the road systems, primarily within the Core Area, will receive invitations to participate with a link to the US Census online process, beginning in March.

**PILT Agreement with Interior Gas Utility** – See attached agreement dated February 18, 2020.

**House Bill 258** – See attached.

**Willow Firefighters Association Benevolent Fund** – See attached flyer for donation information.

**Override School Bond Debt Reimbursement** – See attached letter to Governor Dunleavy and Mat-Su Legislators dated February 4, 2020.



**Attachments:**

- AML Winter Legislative Conference Memo, February 18-20, 2020, John Moosey
  - FY2021 Budget Overview, February 18, 2020, by Neil Steininger, Director of Office of Management and Budget.
  - PERS/TRS 2020 Update, February 19, 2020, by Kevin Worley, CFO, Division of Retirement and Benefits
  - North to Opportunity, February 2020, by John Springsteen, Deputy Commissioner of DCCED
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  - Alaska DOR Tax Programs, Tax Revenue Collections and Sharing, Brandon Spanos, Deputy Director, DOR, Tax Division
  - Alaska Revenue Options, February 19, 2020, by Carl Davis, Research Director, ITEP
- Letter from Mat-Su Delegation to Board of Fisheries supporting the MSB Fish & Wildlife Commission, February 5, 2020
- Letter to Board of Fisheries supporting the MSB Fish & Wildlife Commission, February 6, 2020
- Alaska Board of Fish Creates New Dipnet Fishery on the Susitna River, Anchorage Daily News, February 15, 2020
- Memo from Ted Eischeid, February 18, 2020
- Mat-Su Borough School Board Resolutions 20-007 and 20-009, February 5, 2020
- Tew's Inc. letter, December 27, 2019
- Legislative Updates from John Harris, February 10, 2020 and February 22, 2020
- Email from Eric Wyatt and Check Point IPS Report, February 13, 2020
- PILT Agreement with IGU, February 18, 2020.
- House Bill 258
- Flyer for Willow Firefighters Association Benevolent Fund
- Letter to Governor and Mat-Su Delegation, February 4, 2020

**Upcoming Activities:**

- March 2, 2020 – Open House - Wasilla Creek Headwaters Trail Improvements & Habitat Restoration Project, Palmer Depot, 5pm doors open, 6pm presentation (see flyer attached)
- March 31 - April 2 – Meetings in Washington, D.C. with Federal legislators and staff

# MSB Conference Report



## AML Winter Legislative Conference

February 18-20, 2020 Juneau Alaska \* John Moosey

The conference was attended by Mayor Halter and Manager John Moosey. Also in attendance were members of the Cities of Palmer, Houston and Wasilla. The purpose of the conference was to review current and pending State Legislation and actions that would affect the operations of local government.

### Conference Takeaways

- Kevin Worley, Chief Financial Officer of PERS/TRS rated the health of the System at a solid B. This is a great improvement over where we were four years ago.
- Motor Fuels tax and Education Tax proposals are most likely to get traction with the Legislature of all increased funding options.
- Full School Bond Debt reimbursement is a major issue for AML.
- Pat Pitney, new Director of Legislative Finance, spoke about the challenges she faced during the Walker administration and what the State is facing today. Synopsis: we are running out of options without additional revenue.
- Discussion from Senator's Coghill, Micciche, Von Imhof and Begich. Each spoke about their own personal plan regarding the State budget operations. After six years of State financial crisis one would think that it is time to get a universal State plan. Unfortunately we are not at that point.
- Governor Dunleavy presented his plan to use State resources to energize Alaska's economy. "We all give a little to get a lot."

### Meetings

Mayor Halter and Manager Moosey met with our local legislators with the exception of Representative Neuman (out for health reasons). Discussion centered on serving the same constituents and the effect of the reduced reimbursement for the school bond debt reimbursement. We engaged on the proposed increase of State Troopers in which the Mat-Su Borough is excluded and moving of Talkeetna Library Bond money to the Willow Library Project.

We also got an opportunity to meet with Governor Dunleavy. The discussion centered on MSB needs and the effect of those needs on the State operations. The Governor seemed to be open to the idea of new taxes to meet those needs.







# MATANUSKA-SUSITNA DELEGATION

## 31<sup>ST</sup> ALASKA STATE LEGISLATURE

REPRESENTATIVE COLLEEN SULLIVAN-LEONARD  
WASILLA  
DELEGATION CO-CHAIR  
(907) 465-4833

SENATOR SHELLEY HUGHES  
PALMER  
DELEGATION CO-CHAIR  
(907) 465-3473

February 5, 2020

Alaska Board of Fisheries  
Mr. Reed Morisky, Chair  
Attn: Glenn Haight—Executive Director  
PO Box 115526  
Juneau, AK 99811-5526

*TRANSMITTED VIA ELECTRONIC*  
*MAIL: [dfg.bof.comments@alaska.gov](mailto:dfg.bof.comments@alaska.gov)*

SEN. SHOWER  
PALMER  
(907) 465-6601

SEN. WILSON  
WASILLA  
(907) 465-3878

REP. EASTMAN  
RURAL MAT-SU  
(907) 465-2186

REP. JOHNSON  
PALMER  
(907) 465-4958

REP. NEUMAN  
BIG LAKE  
(907) 465-2679

REP. RAUSCHER  
SUTTON  
(907) 465-4859

REP. TILTON  
CHUGIAK  
(907) 465-2199

Dear Chair Morisky and Members of the Alaska Board of Fisheries:

As the members of the Matanuska-Susitna legislative delegation, we support the recommendations of the Matanuska-Susitna Borough's (MSB) Fish and Game Commission.

As you know, this region is the second largest and fastest growing in the State of Alaska. In addition, eight of the sixteen identified "stocks of concern" are in this region.

This Mat-Su Borough Fish & Game Commission is an eight-member volunteer board that is appointed by the Borough Mayor. These citizen volunteers come from numerous and varied communities throughout our region with the common mission and dedication to the health and preservation of our salmon resources. The Commission is very experienced and diverse and which has a record of putting the resource first: the current chairman is a participant in a commercial fishery; three members are past fishery biologist/managers (two of which served as members of the Board of Fisheries); two are members of the MSB Assembly representing large sections of the Susitna drainage; another member is a MSB School District employee; and, one member is a guide.

The Commission has worked diligently holding numerous meetings and thoughtful deliberations with the public, ADFG, the MSB Fish & Game Advisory Board (including its fishery subcommittee) and other participants and make thoughtful and knowledgeable recommendations on behalf of nearly 107,000 MSB residents, but more importantly, the salmon resources.

As the elected legislators representing the MSB and all Alaskans that reside within its boundaries, listed below is a summary of essential issues or actions we hope will be addressed at the upcoming meeting:

- Enhance the conservation corridor; this is an essential item;
- Establish orderly transition from Sockeye to Coho management;
- Establish in-river optimal salmon escapement goals;
- Address stocks of concern, particularly Susitna Sockeyes;
- Personal use/dipnet fishery: Maintain or extend opportunities for Alaska residents; and
- Adopt Chinook management plan and strategies that addresses early runs in the Upper Cook Inlet.

We would like to emphasize that our continued alliance with the MSB demonstrates a long-standing, strong commitment to not only prioritizing, but securing funding for research and remediation efforts to address the challenges faced in the Susitna Drainage. Locally, the MSB has been a conservation leader through capital investments to replace culverts and other remediation efforts, at considerable expense, as part of our commitment to protect and rebuild our salmon resources.

In closing, as you embark on these important decisions, we hope you will consider our comments and especially those of the MSB Fish & Game Commission. Thank you for this opportunity to submit our comments on issues that you will be considering.

Respectfully,



Rep. Colleen Sullivan – Leonard  
Delegation Co-Chair  
House District 7



Sen. Shelley Hughes – Delegation Co-Chair  
Senate District F



Rep. Mark Neuman  
House District 8



Sen. David Wilson  
Senate District D



Rep. George Rauscher  
House District 9



Sen. Mike Shower  
Senate District E



Rep. David Eastman  
House District 10



Rep. DeLena Johnson  
House District 11



Rep. Cathy Tilton  
House District 12



# Matanuska-Susitna Borough



February 6, 2020

Alaska Board of Fisheries Members – *Transmitted Via Fax to 907-465-6094*

**Re: Matanuska-Susitna Borough Manager Comments for Consideration  
Upper Cook Inlet Finfish Meeting February 7-19, 2020**

Dear Members of the Alaska Board of Fisheries,

I am writing in support of the efforts of our Matanuska-Susitna Borough Fish and Wildlife Commission (FWC) and their five proposals before the Board of Fisheries: 133, 199, 215, 217, and 219. The MSB FWC has been dealing with the decline of salmon returns in the Mat-Su rivers of Cook Inlet for decades. The low returns of all species of salmon, particularly Chinook, Coho, and Sockeye salmon, have forced the Alaska Department of Fish and Game to declare eight northern Cook Inlet stocks as Stocks of Concern out of 16 Stocks of Concern statewide. The FWC's five proposals, especially 133 that strengthens the conservation corridor in Cook Inlet, will help restore the once vibrant fisheries that the borough has historically offered to residents and visitors.

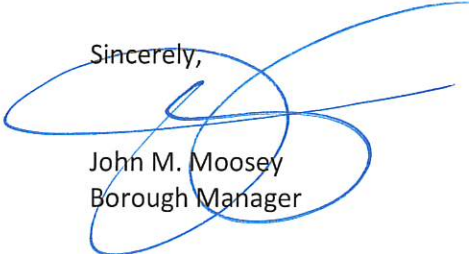
Our FWC has advocated for years to use genetic studies to guide reasonable management by ADF&G to return Chinook and Sockeye salmon to their natal streams. The economic impact of salmon returning to our Borough has been significant. We ask that the Board consider the impacts to communities in the Mat-Su where the impact of low salmon returns on livelihoods and economies have been severe. However, the source of the problem reaches beyond Northern Cook Inlet, including the interception of fish trying to return to their natal streams. The mixed stocks of salmon running up Cook Inlet requires careful management utilizing the precautionary principle, and the FWC's five proposals encourage careful, conservative management befitting the situation.

I also ask the Board of Fisheries to support RC #131, the Kodiak Salmon Workgroup RC regarding Proposal 37. The FWC has previously helped ADF&G fund critical genetic studies in Cook Inlet, and these studies have laid the foundation for their five proposals before you. But more work remains to be done on genetic research, and we hope you give RC #131 serious consideration in order to improve management of Cook Inlet salmon stocks.

On February 4, 2020 our Borough Assembly unanimously approved a resolution of support for the FWC's proposals and for RC #131. We urge Board members to look at genetics and consider the impacts on local Mat-Su fisheries and economies, and take actions that rebuild our dwindling stocks and economy in Northern Cook Inlet. Our local communities are counting on you to revitalize our historic fisheries – it takes fish to make fish.

The Matanuska-Susitna Borough thanks you for your consideration and service.

Sincerely,



John M. Moosey  
Borough Manager



February 15, 2020



Every Tuesday. Every school.  
9:30 a.m. All February.

[www.asdk12.org/visit](http://www.asdk12.org/visit)



# ANCHORAGE DAILY NEWS

Outdoors/Adventure

## Alaska Board of Fish creates new dipnet fishery on the Susitna River

Author: Matt Tunseth Updated: 20 hours ago Published 20 hours ago



*Ronnie and Rebekah Villalon line up their catch after dipnetting on the Kenai River's north shore in July 2019. (Marc Lester / ADN archive)*

[Buy This Photo](#)

Alaska's dipnetters will have a new option this summer thanks to a regulation change by the Alaska Board of Fisheries.



On Thursday the board voted to create a personal use salmon dipnet fishery on a portion of the Susitna River from 6 a.m. to 11 p.m., Wednesdays and Saturdays from July 10-31.

The new fishery will take place between a marker 1 mile downstream from Susitna Station downstream to the Alexander Creek/Bell Island cutoff. Dipnetters will be able to harvest up to 25 salmon in the new fishery, though chinook salmon (kings) are off limits.

Several groups backed the new fishery, including the Matanuska Valley Fish and Game Advisory Committee and the South Central Alaska Dipnetters Association, which both submitted proposals to the board. The Board of Fisheries is meeting to discuss Upper Cook Inlet fishing regulations through Feb. 19 at the Egan Center in Anchorage.

Personal-use salmon fisheries currently exist in Cook Inlet on the Kenai River, Kasilof River on the Kenai Peninsula and Fish Creek. There is also a popular personal use fishery at the Copper River, which empties into Prince William Sound.

Open to Alaska residents only, personal use fisheries allow permit holders to harvest up to 25 salmon per head of household each year, with an additional 10 salmon for each additional family member.

In its proposal, the Mat Valley committee said the new fishery would give area residents an opportunity to harvest salmon closer to home.

“Residents of the Mat-Su Valley would like the option of a (personal use) fishery on the Susitna River and not having to travel hundreds of miles away to the Kenai or Copper Rivers,” the committee wrote.

The sprawling, braided Susitna system empties into Cook Inlet about 20 miles east of Point Mackenzie and is home to all five species of Pacific salmon. The creation of the fishery comes on the heels of a board decision to delist Susitna River sockeye salmon as a “stock of concern,” though Department of Fish and Game biologists were neutral about the proposal.

The Susitna River drainage is managed for an escapement of 10,200 to 24,100 coho salmon, while the combined goal for Chelanta, Judd and Larson Lake -- the three main sockeye-producing lakes in the drainage -- is about 50,000 to 120,000 sockeye. The system also supports large numbers of pink and chum salmon.

The Kenai and Kasilof fisheries draw the most interest, with thousands of people utilizing the road-accessible rivers about three hours south of Anchorage. Harvests on the Kenai River fishery have ranged from as few as 165,000 to more than a half-million, while the Kasilof River typically sees a harvest of between 50,000 and 100,000. The vast majority of the fish harvested are sockeye salmon.

It's unlikely the new fishery will rival others in Southcentral for popularity. In contrast to the Kenai and Kasilof fisheries — where dipnetters from Anchorage and the Mat-Su are lured en masse by easy access to the beach — a trip to the new Susitna fishery will require an 18-mile boat ride from Deshka Landing, according to Mat-Su Borough Public Affairs Director Stefan Hinman.



# MATANUSKA-SUSITNA BOROUGH

## Fish & Wildlife Commission

### Planning and Land Use Department

#### Planning Division

350 East Dahlia Avenue • Palmer, AK 99645

Phone (907) 861-7833 • Fax (907) 861-7876

www.matsugov.us • [planning@matsugov.us](mailto:planning@matsugov.us)

**Date: February 18, 2020**

**To: John Moosey, Borough Manager**

**From: Ted Eischeid, Planner II**

**Re: Board of Fisheries meeting results**

I'm pleased to inform you that the Upper Cook Inlet meeting of the Alaska BOF went very well for the Mat-Su Borough. The MSB FWC had five proposals before the board, all with the goal of returning more salmon to the Mat-Su, and increasing opportunities for residents and visitors alike to see and harvest more fish in area streams.

#### Highlights:

1. **Enhancing the Conservation Corridor**, passed and will allow more salmon to move up Cook Inlet into Mat-Su waters (proposal 133)
2. **Susitna River Personal Use Fisheries proposal passes**. This was a historic action, the first PU fishery in the Susitna drainage, offering residents a chance for a PU fishery where they don't have to drive hundreds of miles (proposal 234 amended).
3. **Northern District King Salmon Management Plan**, creates paired restrictions so conservation burden is shared among commercial and sport fisheries (proposal 199).
4. **King Salmon Management Plans** for the Deshka, Susitna, Yentna, Little Su Rivers, creates management priorities for inriver use of these fisheries (proposal 217).

The MSB FWC partnered with many allies to advance other proposals that will also benefit local fisheries. Credit for this outstanding result can be attributed to many groups coming together. Notable are efforts from MSB FWC members, MSB staff, the Assembly, the Mat-Su Legislative delegation, Kenai River Sportfishing Association, and Governor Dunleavy and staff. All came together for the common good, and we should see positive impacts this year for MSB citizens and commerce. In short, the Mat-Su Borough, through many partners, hit a grand slam home run this BOF meeting cycle!

*Providing Outstanding Borough Services to the Matanuska-Susitna Community*  
*Ted Eischeid, Planner II*

*Supporting [Environmental Planning](#) and the MSB [Fish & Wildlife Commission](#).*  
*[Ted.Eischeid@matsugov.us](mailto:Ted.Eischeid@matsugov.us) Ph. 907.861-8606, MSB Cell 795-6281*





OFFICE OF THE SCHOOL BOARD

**MATANUSKA-SUSITNA BOROUGH SCHOOL BOARD  
RESOLUTION 20-007**

**A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH SCHOOL DISTRICT SCHOOL BOARD IN SUPPORT OF THE INITIATION OF THE FORMAL PROCESS TO IDENTIFY THE LOCATION, FUNDING, AND BUILDING OF A PERMANENT FACILITY FOR BIRCHTREE CHARTER SCHOOL.**

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**WHEREAS**, Birchtree Charter School and the Matanuska-Susitna Borough School District have leased a commercial building and property located near Trunk Road and the Palmer-Wasilla Highway from a private entity for 10 years for the purpose of a public charter school; and

**WHEREAS**, Birchtree Charter School continues to bring a unique and highly desired educational program to many families across the District, serving around 400 students annually; and

**WHEREAS**, Birchtree Charter School and its families are looking for the least expensive building options while meeting the needs of Birchtree's students through a Waldorf driven philosophy; and

**WHEREAS**, the location for Birchtree Charter School's future site needs to be centrally located between Wasilla and Palmer to provide a location allowing accessibility to our families throughout the District; and

**WHEREAS**, the Matanuska Borough has an Area School Site Selection Committee to ensure selection criteria are in place and addressed; and

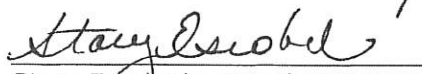
**WHEREAS**, funding sources and building types for Birchtree Charter School to move forward require a location, road, and land specifics; and

**NOW, THEREFORE BE IT RESOLVED** that the Mat-Su School Board support the initiation of the formal process to identify the location, funding, and building of a permanent facility for Birchtree Charter School.

**APPROVED** by the Mat-Su School Board this 5th day of February, 2020.

  
Mr. Thomas Bergey, Board President

  
Dr. Monica Goyette, Superintendent

ATTEST:   
Stacy Escobedo, Board Secretary



OFFICE OF THE SCHOOL BOARD

**MATANUSKA-SUSITNA BOROUGH SCHOOL BOARD  
RESOLUTION 20-009**

**A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH SCHOOL BOARD SUPPORTING INITIATION OF THE FORMAL PROCESS TO IDENTIFY THE LOCATION OF A PERMANENT FACILITY FOR MAT-SU CENTRAL SCHOOL AT 1959 N. STRINGFIELD ROAD TO BE KNOWN AS "STRINGFIELD SUBDIVISION."**

**WHEREAS**, the Matanuska-Susitna Borough School District has leased Mat-Su Central School building and property from a private entity for over 20 years for the purpose of a correspondence school; and

**WHEREAS**, the current lease agreement for Mat-Su Central School is set to expire on June 30, 2021 with the option for an additional extension; and

**WHEREAS**, Mat-Su Central School needs a permanent facility to support its growing student population and innovative programs; and

**WHEREAS**, in cooperation with the Mat-Su Borough, the District has identified 1959 N. Stringfield Road to be known as "Stringfield Subdivision" (Appendix A) as a possible location for Mat-Su Central School; and

**WHEREAS**, MSB 19.08.020 provides for a School Site Selection Committee which shall make recommendations to the Assembly on the needs for school sites.

**NOW, THEREFORE BE IT RESOLVED** that the Matanuska-Susitna Borough School Board supports the initiation of the formal process to identify the location of a permanent facility for Mat-Su Central School at 1959 N. Stringfield Road to be known as "Stringfield Subdivision."

**APPROVED** by the Matanuska-Susitna Borough School Board this 5<sup>th</sup> day of February, 2020.

Thomas Bergey, Board President

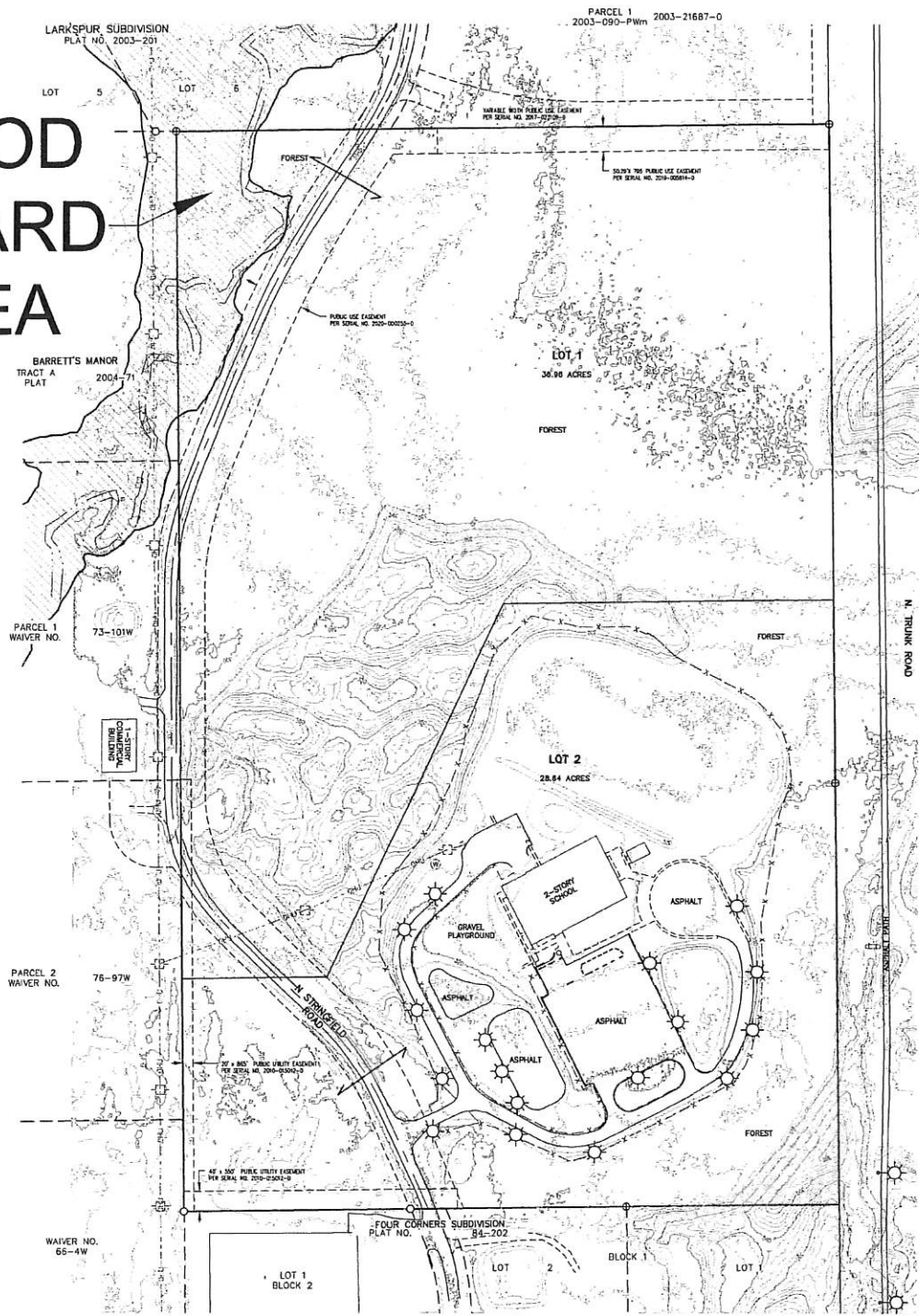
Dr. Monica Goyette, Superintendent

ATTEST:

Stacy Escobedo, Board Secretary

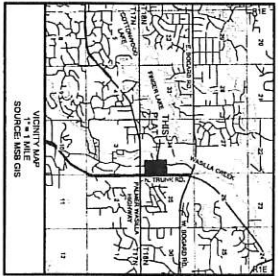


# FLOOD HAZARD AREA



I HEREBY CERTIFY THAT I HAVE PERSONALLY A SURVEY OF THE ABOVE DESCRIBED PROPERTY AND THAT THE SAME IS ACCURATELY SHOWN AS SHOWN ON THE ABOVE MAP AND THAT THE SAME IS ACCURATELY SHOWN AS SHOWN ON THE ABOVE MAP AND THAT THE SAME IS ACCURATELY SHOWN AS SHOWN ON THE ABOVE MAP.

DATE OF SURVEY	11/17/2011	DATE OF PLAN	11/17/2011
PROJECT NO.	11-111	PROJECT NO.	11-111
<b>STRINGFIELD SUBDIVISION</b>			
A SUBDIVISION OF PARCEL 1 OF WAIVER RESOLUTION NO. 21-2011, RECORDED AS PLAT NO. 2011-00111.			
SECTION 24, TOWN OF MENDON, COUNTY OF WORCESTER, STATE OF MASSACHUSETTS.			
PALMER TECHNOLOGICAL DISTRICT			
111 WEST WASHINGTON STREET, SUITE 100, MENDON, MASSACHUSETTS 01945			
COMMUNITY DEVELOPMENT DEPARTMENT			
200 WEST WASHINGTON STREET, SUITE 100, MENDON, MASSACHUSETTS 01945			
PH: 508-548-1111			
FAX: 508-548-1112			
WWW.MENDONMASS.COM			





PO Box 521314  
Big Lake, AK 99652  
(907)892-5657

December 27, 2019

Re: MSB Solid Waste Transfer-Options for Facilities Management

Mr. Butch Shapiro  
Matanuska Susitna Borough  
Public Works, Solid Waste Division  
350 E. Dahlia Ave  
Palmer, AK 99645

Dear Mr. Shapiro:

A few weeks ago, at a meeting addressing operations at the MSB waste transfer sites there was some interest expressed by the borough in contracting the operation and maintenance of these sites to a private contractor. This would include sites Big Lake, Butte, Talkeetna, Willow, and Sutton. We would like to support this idea and encourage the borough to consider issuing a RFP soliciting bids to do this work.

Having worked closely with the borough on work requirements for these sites we might suggest how some of this work could be incorporated in a contract. The following work would be the responsibility of the Contractor:

The Contractor will be responsible for the daily operation of the facility including normal and customary duties for the safe operation of the facility and interactions with the public; normal maintenance of the facilities and the transfer site grounds that would include items such as snow removal, maintenance of all driving surfaces; maintenance and upkeep of the bins and deposits that go into the bins; transfer of waste materials from the individual sites to the processing facilities; provide periodic assistance on an as-required basis to individuals and operations of the recycle efforts.



There are several activities that may occur that need to also be further addressed. These include scoping out involvement with oil wastes, batteries, other hazardous waste products, special waste disposal issues such as refrigerators and misc. waste from brush and tree removal, etc, etc.

This should give a fairly comprehensive outline of issues that need consideration. This is all work that could be accomplished under a competitively bid contract. Having been involved in much of this works over the past several years we feel this would result in a substantial cost savings to the Borough while at the same time improve the business climate in the Borough. Most of this work could be under lump sum contract items.

This approach for waste management is offered as suggestions for the Borough to consider. We are available to help with this process in any way we can.

Sincerely,

A handwritten signature in blue ink that reads "Mokie Tew". The signature is written in a cursive, flowing style.

Mokie Tew

From: John Harris <johnl.harris57@gmail.com>  
Sent: Monday, February 10, 2020 8:47 PM  
Subject: Day 21 State Legislative Report

Day 21.

February 10

As we begin the fourth week of session, the Governor has introduced the supplemental budget for the 2019 budget.

This supplemental budget includes money for Medicaid that was vetoed by the Governor.

Money for fire suppression is also included.

That makes the bulk of the appropriations.

The word around the Capitol is that this budget bill may grow considerably as items such as school bond reimbursement, oil tax credits and marine highway funding will be added.

This will set up the first of many possible clashes between the legislature and Governor on veto override and CBR votes.

Very few bills of major substance are being heard.

The motor fuel tax bill and school head tax bill are working their way through the process. If they do pass, no guarantees that the Governor will not veto them.

The Senate Finance Committee is hearing a rewrite of the alcohol statutes. This subject always gets the attention of the public and of the legislature. Maybe second only to Board of Fish appointments.

The Chief Justice of the Supreme Court will speak to a joint session Wednesday.

Judge Bolger used to be in Valdez when I represented that area.

It sure looks like this year may be a repeat of last year when it comes to the end of session.

The need for a CBR vote will be hard to get again.



From: John Harris <[johnl.harris57@gmail.com](mailto:johnl.harris57@gmail.com)>

Sent: Saturday, February 22, 2020 7:42 PM

Subject: Legislative Report

The legislative session is about 30 days old. The House is working on the Operating Budget. The Subcommittee work is over and the full Finance Committee has been having public hearings on the bill. I expect the budget will be on the House floor within the next week.

The Senate has been having Subcommittee meetings as well. I suspect it will not take them long to finish the same process.

There is a good chance the Operating Budget could be finished well before the 90 day limit. But a couple of big issues remain! What will the PFD amount be and how will they get the CBR vote with the reverse sweep provision. There looks like two revenue bills that will make it to the Governor's desk. Senator Bishop has both.

A motor fuel tax increase of double has been proposed on all fuel except aviation fuel.

A bill that would impose an annual one time school tax has also been introduced. It will have a hearing in the Senate Finance Committee next week.

Monday is the last day for individual legislation to be introduced. After that a Committee must introduce any bill. The omnibus alcohol bill is on the schedule Monday.

It will be interesting to see if the Governor gets engaged with the legislative process relating to Constitutional Amendments (CA). He has been insisting on a spending limit CA. He has also been trying to get a CA relating to the Permanent Fund dividend formula.

More to come next week!

**From:** Eric Wyatt <[Eric.Wyatt@matsugov.us](mailto:Eric.Wyatt@matsugov.us)>

**Sent:** Thursday, February 13, 2020 11:23 AM

**To:** John Moosey <[John.Moosey@matsugov.us](mailto:John.Moosey@matsugov.us)>; George Hays <[George.Hays@matsugov.us](mailto:George.Hays@matsugov.us)>

**Subject:** FW: Check Point SmartEvent Report: Intrusion Prevention System (IPS)

John,

This report is 1 of 21 reports I get from our primary firewall.

This Intrusion Prevention System (IPS) report show attempts from players on the outside to directly attack our external facing systems, i.e. Website, eCommerce, myProperty, Parcel Viewer, email server, Domain Name System (DNS), etc

This shows over 1.2 million **CRITICAL** attacks in the last 5 days. This is the norm.

We have to stop every attack, they have to get in once.

Their methods and attack vectors are changing all the time. This firewall represents one layer of cyber security defense we have.

Layers include:

1. Cloud based, email filter (filters hundreds of thousands of Spam and Malware emails, daily)
2. Network traffic analysis, watching everything to and from the Internet
3. Firewall (this report)
4. SandBox, opens all email attachments that do get through and checks for Malware
5. Network Segmentation, so an infection to one workstation or server doesn't get spread as easily to other systems.
6. Network Access Control, prevents unauthorized connection of hardware to our internal network, implementation currently underway.
7. Multi-Factor authentication, protects VPN access, GIS systems access, and access to protected servers.
8. User Training, helps users not click on bad email, go to bad web sites, or respond to bad text messages.
9. End Point protection on every server and workstation:
  - a. Anti-Malware, know threat definitions, I get 5 to 100 alerts from this every day
  - b. Advanced Malware Protection , spots suspicious behavior and protect critical system processes, I get 50 to 100 alerts per day

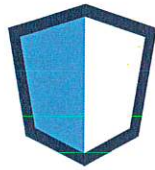
I also get alerts of vulnerabilities discovered in our software and systems, and new or emerging threats from the Department of Homeland Security (DHS) - MS-ISAC and the FBI. 2 to 10 per day.

As part of my Cyber Security briefing I have a picture of these layers of protection and discussion of how data flows through our network and what protection comes into play. In the latest Manager's Report, I have a list of the events where I gave this briefing since Oct 2019. I think we should present this briefing to our Assembly soon.

Please let me know if you would like anything more on this.

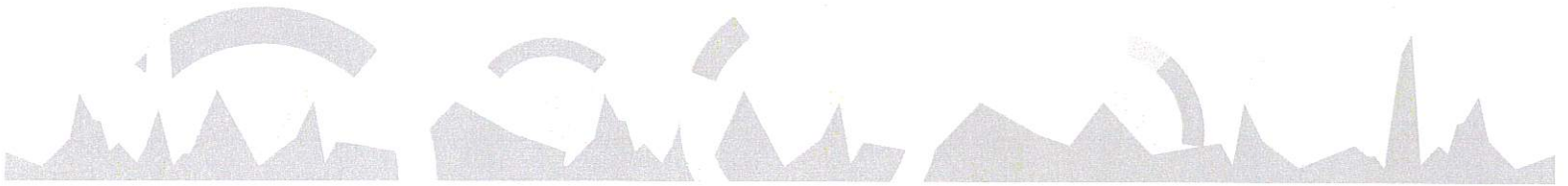
Eric Wyatt, IT Director  
Matanuska-Susitna Borough  
350 E Dahlia  
Palmer, AK 99645  
Desk: 907-861-8570





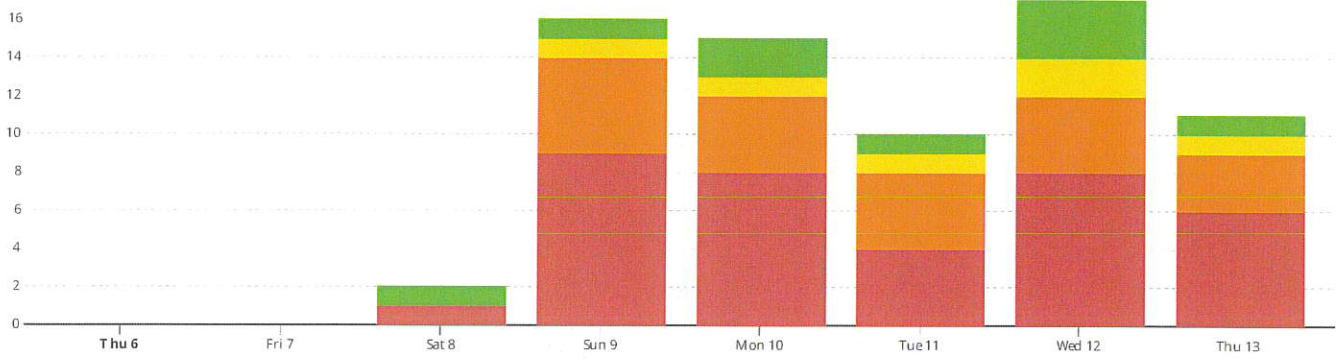
**IPS**  
*Report*

**Feb 6, 2020 12:00 AM - Feb 13, 2020 7:00 AM**

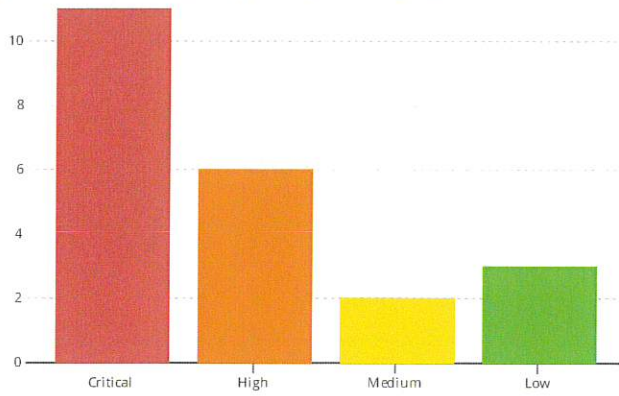


Protections By Severity Timeline

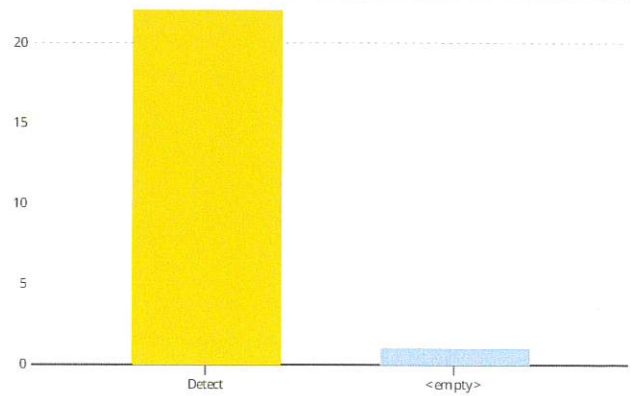
● Critical ● High ● Medium ● Low



Protections By Severity



Protections By Action

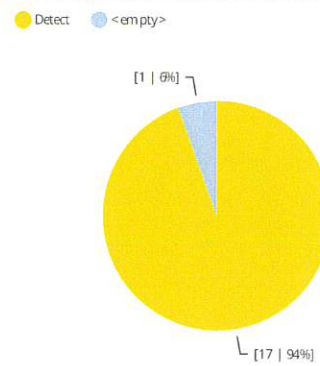


## Severe Attacks

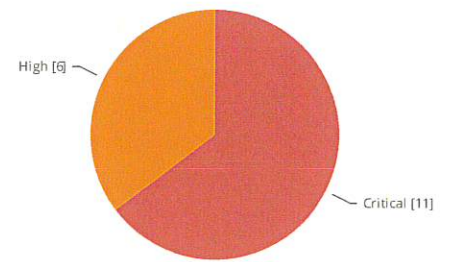
### Most Severe Attacks

Protection Name	Severity	Action	Origin	Logs
DNS Data Overflow	Critical	Detect 1 more Action	DSJCPGW5600B	1.2M
Web Servers Malicious URL Directory Traversal	Critical	Detect	DSJCPGW5600B	16
Command Injection Over HTTP	Critical	Detect	DSJCPGW5600B	9
Joomla ofc_upload_image.php Unrestricted File Upload	Critical	Detect	DSJCPGW5600B	8
Web Servers Suspicious File Upload	Critical	Detect	DSJCPGW5600B	8
PHP Web Shell Generic Backdoor	Critical	Detect	DSJCPGW5600B	7
Dasan GPON Router Authentication Bypass	Critical	Detect	DSJCPGW5600B	7
Sqlmap Automated SQL Injection tool	Critical	Detect	DSJCPGW5600B	7
Adobe Flash Player External MP4 Buffer Overflow (APSB11-21)	Critical	Detect	DSJCPGW5600B	4
NoneCMS ThinkPHP Remote Code Execution (CVE-2018-20062)	Critical	Detect	DSJCPGW5600B	4
SQL Servers SQL Injection Evasion Techniques - ver 2	Critical	Detect	DSJCPGW5600A	1
NTP Servers Monlist Command Denial of Service	High	Detect	DSJCPGW5600B	59
Cisco Multiple Products Denial of Service (CVE-2018-15454)	High	Detect	DSJCPGW5600B	14
PHP DIESCAN information disclosure	High	Detect	DSJCPGW560.. DSJCPGW560..	9

### Severe Attacks Action



### Attacks Severity





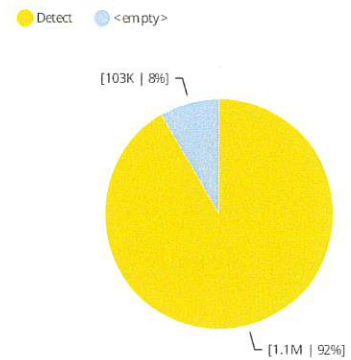
## Common Attacks

14

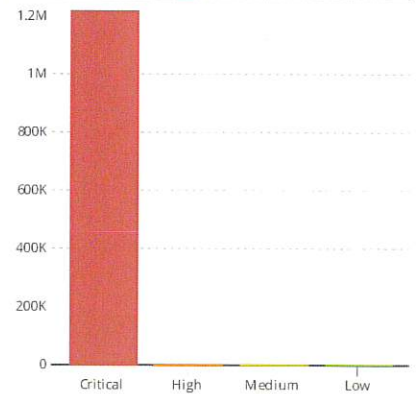
### Top Attacks

Logs	Protection Name	Severity	Action	Origin
1.2M	DNS Data Overflow	Critical	Detect 1 more Action	1 Origin
1.3K	Sweep Scan	Low	Detect	1 Origin
59	NTP Servers Monlist Command Denial of Service	High	Detect	1 Origin
16	Web Servers Malicious URL Directory Traversal	Critical	Detect	1 Origin
14	Cisco Multiple Products Denial of Service (CVE-2018-15454)	High	Detect	1 Origin
9	PHP DIESCAN information disclosure	High	Detect	2 Origins
9	Command Injection Over HTTP	Critical	Detect	1 Origin
8	Web Login Form Password Brute Force Attempts	Medium	Detect	1 Origin
8	Joomla ofc_upload_image.php Unrestricted File Upload	Critical	Detect	1 Origin
8	Web Servers Suspicious File Upload	Critical	Detect	1 Origin
7	PHP Web Shell Generic Backdoor	Critical	Detect	1 Origin
7	Dasan GPON Router Authentication Bypass	Critical	Detect	1 Origin
7	SQL Injection Scanning Attempt	High	Detect	1 Origin
7	Sqlmap Automated SQL Injection tool	Critical	Detect	1 Origin
5	WordPress portable-phpMyAdmin Plugin Authentication Bypass	High	Detect	2 Origins
4	Adobe Flash Player External MP4 Buffer Overflow (APSB11-21)	Critical	Detect	1 Origin
4	NoneCMS ThinkPHP Remote Code Execution (CVE-2018-20062)	Critical	Detect	1 Origin

### Attacks by Action



### Attacks by Severity



Feb 6, 2020 12:00 AM - Feb 13, 2020 7:00 AM

## Top Origins

### Top Origins And Top Protections

Origin	Protection	Severity	Action	Logs
DSJCPGW5600B	DNS Data Overflow	Critical	Detect 1 more Action	1.2M
	Sweep Scan	Low	Detect	1.3K
	NTP Servers Monlist Command Denial of Service	High	Detect	59
	Web Servers Malicious URL Directory Traversal	Critical	Detect	16
	Cisco Multiple Products Denial of Service (CVE-2018-15454)	High	Detect	14
	<b>Total: 21 Protections</b>	Critical	<b>2 Actions</b>	<b>1.2M</b>
DSJCPGW5600A	SQL Servers SQL Injection Evasion Techniques - ver 2	Critical	Detect	1
	WordPress portable-phpMyAdmin Plugin Authentication Bypass	High	Detect	1
	PHP DIESCAN information disclosure	High	Detect	1
	<b>Total: 3 Protections</b>	Critical	<b>1 Action</b>	<b>3</b>
<b>Total: 2 Origins</b>	<b>22 Protections</b>	Critical	<b>2 Actions</b>	<b>1.2M</b>

## Top Services

16






### Top Services And Top Protections

Service	Protection Name	Severity	Action	Origin	Logs
domain-udp	DNS Data Overflow	Critical	Detect 1 more Action	1 Origin	1.2M
	Sweep Scan	Low	Detect	1 Origin	61
	DNS Maximum Reply Length	Low	Detect	1 Origin	4
	<b>Total: 3 Protections</b>	Critical	<b>2 Actions</b>	<b>1 Origin</b>	<b>1.2M</b>
ICMP	Sweep Scan	Low	Detect	1 Origin	859
	<b>Total: 1 Protection</b>	Low	<b>1 Action</b>	<b>1 Origin</b>	<b>859</b>
snmp	Sweep Scan	Low	Detect	1 Origin	310
	<b>Total: 1 Protection</b>	Low	<b>1 Action</b>	<b>1 Origin</b>	<b>310</b>
http	Sweep Scan	Low	Detect	1 Origin	17
	Web Servers Malicious URL Directory Traversal	Critical	Detect	1 Origin	16
	PHP DIESCAN information disclosure	High	Detect	2 Origins	9
	Command Injection Over HTTP	Critical	Detect	1 Origin	9
	Web Login Form Password Brute Force Attempts	Medium	Detect	1 Origin	8
	<b>Total: 17 Protections</b>	Critical	<b>1 Action</b>	<b>2 Origins</b>	<b>120</b>
ntp-udp	NTP Servers Monlist Command Denial of Service	High	Detect	1 Origin	59
	Sweep Scan	Low	Detect	1 Origin	9
	<b>Total: 2 Protections</b>	High	<b>1 Action</b>	<b>1 Origin</b>	<b>68</b>
sip_any	Cisco Multiple Products Denial of Service (CVE-2018-15454)	High	Detect	1 Origin	14
	<b>Total: 1 Protection</b>	High	<b>1 Action</b>	<b>1 Origin</b>	<b>14</b>
quic	Sweep Scan	Low	Detect	1 Origin	9
	<b>Total: 1 Protection</b>	Low	<b>1 Action</b>	<b>1 Origin</b>	<b>9</b>
UDP_47808	Sweep Scan	Low	Detect	1 Origin	9
	<b>Total: 1 Protection</b>	Low	<b>1 Action</b>	<b>1 Origin</b>	<b>9</b>

























































## Top Services

17

Service	Protection Name	Severity	Action	Origin	Logs
TCP-135	Sweep Scan	 Low	 Detect	1 Origin	9
	Total: 1 Protection	 Low	1 Action	1 Origin	9
https	Sweep Scan	 Low	 Detect	1 Origin	9
	Total: 1 Protection	 Low	1 Action	1 Origin	9

## Not Prevented

### Not Prevented Severe Attacks

Protection	Severity	Action	Origin	Logs
DNS Data Overflow	 Critical	 Detect 1 more Action	 DSJCPGW5600B	1.2M
Web Servers Malicious URL Directory Traversal	 Critical	 Detect	 DSJCPGW5600B	16
Command Injection Over HTTP	 Critical	 Detect	 DSJCPGW5600B	9
Joomla ofc_upload_image.php Unrestricted File Upload	 Critical	 Detect	 DSJCPGW5600B	8
Web Servers Suspicious File Upload	 Critical	 Detect	 DSJCPGW5600B	8
PHP Web Shell Generic Backdoor	 Critical	 Detect	 DSJCPGW5600B	7
Dasan GPON Router Authentication Bypass	 Critical	 Detect	 DSJCPGW5600B	7
Sqlmap Automated SQL Injection tool	 Critical	 Detect	 DSJCPGW5600B	7
NoneCMS ThinkPHP Remote Code Execution (CVE-2018-20062)	 Critical	 Detect	 DSJCPGW5600B	4
Adobe Flash Player External MP4 Buffer Overflow (APSB11-21)	 Critical	 Detect	 DSJCPGW5600B	4
SQL Servers SQL Injection Evasion Techniques - ver 2	 Critical	 Detect	 DSJCPGW5600A	1
NTP Servers Monlist Command Denial of Service	 High	 Detect	 DSJCPGW5600B	59
Cisco Multiple Products Denial of Service (CVE-2018-15454)	 High	 Detect	 DSJCPGW5600B	14
PHP DIESCAN information disclosure	 High	 Detect	 DSJCPGW5600A  DSJCPGW5600B	9
SQL Injection Scanning Attempt	 High	 Detect	 DSJCPGW5600B	7
WordPress portable-phpMyAdmin Plugin Authentication Bypass	 High	 Detect	 DSJCPGW5600A  DSJCPGW5600B	5
Linux System Files Information Disclosure	 High	 Detect	 DSJCPGW5600B	1
<b>Total: 17 Protections</b>	 <b>Critical</b>	<b>2 Actions</b>	<b>2 Origins</b>	<b>1.2M</b>

## AGREEMENT

This Agreement entered into this 7th day of February 2020, by and between the Interior Gas Utility (“IGU”), and the Matanuska-Susitna Borough (“MSB”).

In consideration of the recitals and of the mutual covenants set forth, the parties do hereby agree as follows:

1. The Alaska Industrial Development and Export Authority (the “Authority”) proposes to issue conduit revenue bonds in a principal amount in excess of \$10,000,000 to provide funds to IGU to finance a portion of the costs of the acquisition, expansion, renovation, furnishing, and equipping of certain liquefied natural gas facilities and/or expansion of storage facilities located at or near 25849 West Ayrshire Road, Big Lake, Alaska, (collectively, the “Project”). The Project is within the boundaries of the MSB.
2. Under AS 44.88.095(c), the Authority must obtain a certified copy of a resolution of the governing body of the political subdivision of the state in which the Project is located consenting to the location of the Project.
3. The IGU has requested that the MSB adopt a resolution meeting the requirements of AS 44.88.095(c).
4. In evaluating the impacts of the Project upon the community in which it is located, the MSB Administration has concerns over the provisions of public services and the burden the Project will place upon those services.
5. The IGU has applied for an exemption of real property taxes which would otherwise be applicable to the Project.
6. The IGU has maintained that their Project is charitable in nature to provide a much needed benefit to the residents of the Fairbanks North Star Borough (“FNSB”) by providing natural gas for the betterment of the community.
7. The Project will place additional burden on the MSB local road infrastructure in the area, and the Project may also have impacts on the provision of services such as ambulance, permitting, and planning services.
8. If the property is tax exempt, these burdens will be borne by the local residents of the MSB who will be paying taxes to support the local governmental services delivered to the Project, while the Project itself will not contribute to the provision of local governmental services.
9. Even if IGU property is found to be taxable at the present time, IGU may amend its ownership, bylaws, or operations to become tax exempt in the future, or changes to law may make it tax exempt in the future.



10. The MSB Administration is not willing to support a project location which results in financial burdens and impacts to local MSB residents when the Project is tax exempt because it alleviates cost for the FNSB residents.

11. The IGU is requesting that the MSB consent to the location of the Project in February 2020 and there is not enough time for the MSB Administration to fully analyze the issues surrounding impacts and taxability.

12. To alleviate these concerns and ensure the Project assists in defraying the impact it will have in its location and on the community, the MSB and the IGU agree that a Payment in Lieu of Taxes ("PILT") is appropriate.

13. With this PILT Agreement in place, the MSB Administration will advocate for full approval of the project by the MSB Assembly in February 2020 even though full impacts to the community may not be known.

14. This Agreement will apply only to the property owned by IGU at 25849 West Ayrshire Road to the extent that it receives approval by the MSB Assessor as being tax exempt under federal, state, or local law after following the applicable application procedures of the MSB. Tax exemption decisions are subject to appeal to the state superior court pursuant to AS 29.45.200 and MSB 3.15.030 and are not affected by this Agreement. In addition, nothing in this Agreement affects or is intended to affect any rights of IGU to challenge the MSB Assessor's determination of value of the property at 25849 West Ayrshire Road.

15. During such period in which the property at 25849 West Ayrshire Road is exempt from property taxes levied or imposed by the MSB, the IGU shall make annual payments of Payments in Lieu of Taxes ("PILT") to the MSB instead of real property taxes in payment for public services and facilities furnished from time to time without other cost or charge.

16. If the ownership or use of the Project property changes, the IGU agrees to immediately advise the MSB of the change so that MSB can reassess the Project property tax status.

17. Each such annual payment of PILT shall be made at the time when real property taxes on such Project property would be paid if it were subject to taxation and shall be in an amount equal to the following:

- A) \$12,500 in 2020, 2021, 2022, and 2023; and
- B) \$25,000 in 2024 and every year thereafter so long as construction of the Project has commenced before 2024.

18. If the annual PILT is not received by the MSB as of the due date as specified herein, interest will accrue at the rate of 10% per annum from the date due until paid.

19. IGU agrees that to enforce payment, the MSB may file a civil suit for any remedy available to collect the delinquent PILT payments and interest and/or an action for specific performance of this Agreement. In the event the MSB prevails in any such enforcement action, MSB shall be entitled to full attorneys' fees and costs regardless of remedy obtained or amount recovered.

20. During the period commencing with the tax exemption of the property at 25849 West Ayrshire Road, and continuing so long as such property is exempt, the MSB, without additional cost or charge to the IGU shall furnish or cause to be furnished to the property at 25849 West Ayrshire Road and the tenants of such property any and all public services, facilities, and infrastructure of the same character and to the same extent as are furnished from time to time as would be as a consequence of property tax payments by the owners without additional cost or charge. As with all public services, the provision of services by the MSB is subject to legislative appropriation.

21. In the event the property at 25849 West Ayrshire Road becomes taxable, in whole or in part, and the resulting tax liability exceeds the PILT amounts in Section 6 of this Agreement, the resulting tax liability is due.

22. Should the Project facilities be destroyed or otherwise rendered inoperable for a period in excess of 12 continuous months, the parties agree to equitably reduce the PILT payment by the pro rata share of the lost LNG production capacity, unless and until such LNG production capacity is restored.

23. The IGU shall acquire and maintain in good standing all permits, licenses, and other entitlements necessary to its performance and operation of its business at 25849 West Ayrshire Road. All actions taken by the IGU shall comply with all applicable statutes, ordinances, rules, and regulations.

24. The IGU may, consistent with state law and borough code and in the same manner as other land owners, petition the MSB for creation of local improvement districts ("LIDS") for the purpose of constructing capital improvements for the benefit of the Project property at 25849 West Ayrshire Road.

25. Aside from the consent resolution regarding the location of the Project and this Agreement itself, no other agreement entered into between the MSB and the IGU shall be construed to apply to this Agreement.

26. The failure of the MSB or the IGU at anytime to enforce a provision of this Agreement shall in no way constitute a waiver of the provision, nor in any way affect the validity of this contract or any part hereof, or the right of the aggrieved party thereafter to enforce each and every provision hereof.

27. This Agreement shall not be abrogated, changed, or modified without the written consent of authorized individuals of both the MSB and the IGU.







**HOUSE BILL NO. 258**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 2/19/20

Referred: Resources, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to state lands; relating to the authority of the Department of Natural  
2 Resources over state owned lands; relating to the disposal of state land; relating to the  
3 leasing and sale of state land for commercial or industrial development; repealing  
4 establishment of recreation rivers and recreation river corridors; and providing for an  
5 effective date."

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

7 \* **Section 1.** AS 19.30.080 is amended to read:

8 **Sec. 19.30.080. Construction standards and maintenance.** An access road  
9 constructed under AS 19.30.060 - 19.30.100 may [SHALL] be of low standard, not  
10 necessarily suitable for all weather use and is exempt from municipal or local  
11 platting authority or related land use regulation. The state is not required  
12 [UNDER OBLIGATION] to maintain an access road constructed under AS 19.30.060  
13 - 19.30.100. If an access road is constructed outside a municipality that has the power

1        **of land use regulation** [ZONING ORDINANCES], the right-of-way width for the  
 2        road shall be determined by the division of lands and the Department of  
 3        Transportation and Public Facilities. If an access road is constructed within the  
 4        boundaries of a municipality that has **the power of land use regulation** [ZONING  
 5        ORDINANCES], the right-of-way width shall **be decided by the division of lands**  
 6        [CONFORM TO THE SUBDIVISION CONTROL ORDINANCES OF THE  
 7        MUNICIPALITY]. Contracts for the work on an access road are governed by  
 8        AS 36.30 (State Procurement Code).

9        \* **Sec. 2.** AS 29.03.030 is repealed and reenacted to read:

10        **Sec. 29.03.030. Platting authority.** The Department of Natural Resources is  
 11        the platting authority for the unorganized borough and as otherwise provided by law.

12        \* **Sec. 3.** AS 29.35.180 is amended to read:

13        **Sec. 29.35.180. Land use regulation.** (a) **Except as provided in**  
 14        **AS 40.15.070, a** [A] first or second class borough shall provide for planning, platting,  
 15        and land use regulation in accordance with AS 29.40.

16        (b) **Except as provided in AS 40.15.070, a** [A] home rule borough shall  
 17        provide for planning, platting, and land use regulation.

18        \* **Sec. 4.** AS 29.35.180 is amended by adding a new subsection to read:

19        (c) The Department of Natural Resources is the platting authority for state  
 20        lands as provided in AS 40.15.070. When the Department of Natural Resources  
 21        exercises the department's platting authority for state lands located within a borough  
 22        that has the power of land use regulation and is exercising the borough's platting  
 23        authority, the Department of Natural Resources is exempt from borough platting  
 24        authority and related land use regulation.

25        \* **Sec. 5.** AS 29.40.010 is amended to read:

26        **Sec. 29.40.010. Planning, platting, and land use regulation.** (a) **Except as**  
 27        **provided in AS 40.15.070, a** [A] first or second class borough shall provide for  
 28        planning, platting, and land use regulation on an areawide basis.

29        (b) **Subject to (c) of this section, if** [IF] a city in a borough consents by  
 30        ordinance, the assembly may by ordinance delegate any of its powers and duties under  
 31        this chapter to the city. The assembly may by ordinance, without first obtaining the



1 consent of the city, revoke any power or duty delegated under this section.

2 \* **Sec. 6.** AS 29.40.010 is amended by adding a new subsection to read:

3 (c) The Department of Natural Resources is the platting authority for state  
4 lands as provided in AS 40.15.070. When the Department of Natural Resources  
5 exercises the department's platting authority for state lands located within a borough  
6 that has the power of land use regulation and is exercising the borough's platting  
7 authority, the Department of Natural Resources is exempt from borough platting  
8 authority and related land use regulation. Where a Department of Natural Resources'  
9 plat or subdivision of state land does not comply with borough planning, platting, or  
10 land use regulation, the state is deemed to have received for the affected land an  
11 approved variance from that planning, platting, or land use regulation. Any variance  
12 allowed under this section is appurtenant to and runs with the land.

13 \* **Sec. 7.** AS 29.40.040(a) is amended to read:

14 (a) Subject to (c) of this section, in [IN] accordance with a comprehensive  
15 plan adopted under AS 29.40.030 and in order to implement the plan, the assembly by  
16 ordinance shall adopt or amend provisions governing the use and occupancy of land  
17 that may include, but are not limited to,

18 (1) zoning regulations restricting the use of land and improvements by  
19 geographic districts;

20 (2) land use permit requirements designed to encourage or discourage  
21 specified uses and construction of specified structures, or to minimize unfavorable  
22 effects of uses and the construction of structures;

23 (3) measures to further the goals and objectives of the comprehensive  
24 plan.

25 \* **Sec. 8.** AS 29.40.040 is amended by adding a new subsection to read:

26 (c) The Department of Natural Resources is the platting authority for state  
27 lands as provided in AS 40.15.070. When the Department of Natural Resources  
28 exercises the department's platting authority for state lands located within a  
29 municipality that has the power of land use regulation and is exercising the  
30 municipality's platting authority, the Department of Natural Resources is exempt from  
31 municipal platting authority and related land use regulation. Where a Department of

1 Natural Resources' plat or subdivision of state land does not comply with a municipal  
 2 planning, platting, or land use regulation, the state is deemed to have received for the  
 3 affected land an approved variance from that planning, platting, or land use regulation.

4 Any variance allowed under this section is appurtenant to and runs with the land.

5 \* **Sec. 9.** AS 29.40.190(a) is amended to read:

6 (a) **Except as provided in (c) of this section, the** [THE] municipality or an  
 7 aggrieved person may institute a civil action against a person who violates a provision  
 8 of this chapter, a subdivision regulation adopted under this chapter, or a term,  
 9 condition, or limitation imposed by a platting authority. In addition to other relief, a  
 10 civil penalty not to exceed \$1,000 may be imposed for each violation. An action to  
 11 enjoin a violation may be brought notwithstanding the availability of any other  
 12 remedy. Upon application for injunctive relief and a finding of a violation or  
 13 threatened violation, the superior court shall grant the injunction.

14 \* **Sec. 10.** AS 29.40.190 is amended by adding a new subsection to read:

15 (c) A civil action may not be brought against or penalty imposed under (a) of  
 16 this section for a violation of municipal planning, platting, or land use regulation as to  
 17 a Department of Natural Resources' plat or subdivision of state lands where the  
 18 department is exercising its platting authority under AS 40.15.070 and where a  
 19 variance has been approved under AS 29.40.010(c) or 29.40.040(c). Nothing in this  
 20 section exempts the purchaser or owner of Department of Natural Resources' managed  
 21 lands from compliance with an environmental requirement under AS 46.03 - AS 46.14  
 22 or other state law from liability for noncompliance with that requirement.

23 \* **Sec. 11.** AS 38.04.020(e) is amended to read:

24 (e) The commissioner shall annually submit to the governor an appropriation  
 25 request for funding estimated to be necessary for the next two years to allow

26 (1) survey and disposal of land proposed to be made available for  
 27 homestead staking, with the general location of the land;

28 (2) survey and disposal of land to be offered as agricultural,  
 29 commercial, industrial, or other uses under AS 38.05.055 or 38.05.057, with the  
 30 general location of the land;

31 (3) the survey and disposal of land proposed to be offered as

1 subdivisions, with the general location of the land;

2 (4) preliminary feasibility studies, engineering design work, right-of-  
3 way acquisition, and construction of access roads and capital improvements required  
4 by the department [MUNICIPAL SUBDIVISION ORDINANCE OR  
5 REGULATION OF THE PLATTING AUTHORITY];

6 (5) identification of land that will be proposed for disposal under this  
7 subsection in future fiscal years.

8 \* **Sec. 12.** AS 38.04.022 is amended to read:

9 **Sec. 38.04.022. State land disposal income fund.** (a) The revenue from the  
10 state land disposal program shall be deposited in the state land disposal income fund in  
11 the state treasury. On June 30 of each fiscal year, the portion of that fund that exceeds  
12 \$7,500,000 [\$5,000,000] shall be deposited in the state general fund. The legislature  
13 may appropriate money from the state land disposal income fund for expenditure by  
14 the Department of Natural Resources for necessary costs incurred by the  
15 commissioner in the implementation of state land disposal programs authorized under  
16 this title or for any other public purpose.

17 (b) Within five days after the legislature convenes in regular session, the  
18 Department of Natural Resources shall notify the legislature that a report reflecting all  
19 money deposited in the fund established under (a) of this section during the prior fiscal  
20 year is available. The report may include a recommendation to amend the deposit  
21 limit established in (a) of this section.

22 \* **Sec. 13.** AS 38.04.045(b) is amended to read:

23 (b) Before the issuance of a long-term lease under AS 38.05.070 or of a patent  
24 for state land, an official cadastral survey shall be accomplished, unless a comparable,  
25 approved survey exists that has been conducted by the federal Bureau of Land  
26 Management. Before land may be offered under AS 38.08 or AS 38.09, or before land  
27 may be offered under AS 38.05.055 or 38.05.057, except land that is classified for  
28 agricultural uses, an official rectangular survey grid shall be established. The  
29 rectangular survey section corner positions shall be monumented and shown on a  
30 cadastral survey plat approved by the state. For those areas where the state may wish  
31 to convey surface estate outside of an official rectangular survey grid, the



1 commissioner may waive monumentation of individual section corner positions and  
2 substitute an official control survey with control points being monumented and shown  
3 on control survey plats approved by the state. The commissioner may not issue more  
4 than one conveyance for each section within a township outside of an official  
5 rectangular survey grid. Land to be conveyed may not be located more than two miles  
6 from an official survey control monument except that the commissioner may waive  
7 this requirement on a determination that a single purpose use does not justify the  
8 requirement if the existing status of the land is known with reasonable certainty. The  
9 lots and tracts in state subdivisions shall be monumented and the cadastral survey and  
10 plats for the subdivision shall be approved by the state. [WHERE LAND IS  
11 LOCATED WITHIN A MUNICIPALITY WITH PLANNING, PLATTING, AND  
12 ZONING POWERS, PLATS FOR STATE SUBDIVISIONS SHALL COMPLY  
13 WITH LOCAL ORDINANCES AND REGULATIONS IN THE SAME MANNER  
14 AND TO THE SAME EXTENT AS PLATS FOR SUBDIVISIONS BY OTHER  
15 LANDOWNERS. STATE SUBDIVISIONS SHALL BE FILED AND RECORDED  
16 IN THE DISTRICT RECORDER'S OFFICE. THE REQUIREMENTS OF THIS  
17 SECTION DO NOT APPLY TO LAND MADE AVAILABLE FOR MATERIAL  
18 SALES, FOR SHORT-TERM LEASES, FOR PARCELS ADJOINING A  
19 SURVEYED RIGHT-OF-WAY, OR FOR LAND THAT HAS BEEN OPEN TO  
20 RANDOM STAKING UNDER THE HOMESTEAD PROGRAM IN THE PAST;  
21 HOWEVER, FOR SHORT-TERM LEASES, THE LESSEE SHALL COMPLY  
22 WITH LOCAL SUBDIVISION ORDINANCES UNLESS WAIVED BY THE  
23 MUNICIPALITY UNDER PROCEDURES SPECIFIED BY ORDINANCE.] In this  
24 subsection, "a single purpose use" includes a communication site, an aid to navigation,  
25 and a park site.

26 \* **Sec. 14.** AS 38.04.045 is amended by adding new subsections to read:

27 (c) Where state land managed by the Department of Natural Resources is  
28 located within a municipality with planning, platting, and zoning powers, plats or  
29 subdivisions of that state land under the platting authority of the Department of  
30 Natural Resources under AS 40.15.070 shall comply with local platting and related  
31 land use ordinances and regulations to the maximum extent the commissioner of

1 natural resources determines to be consistent with the state's interests. If the  
 2 commissioner of natural resources determines that compliance with a municipality's  
 3 platting or related land use ordinance is not consistent with the state's interests, a plat  
 4 or subdivision shall comply with state platting requirements.

5 (d) Except as provided in (c) of this section, state land located within a  
 6 municipality with planning, platting, and zoning powers and that is exercising the  
 7 municipality's platting authority and land use regulation, state subdivisions shall  
 8 comply with local ordinances and regulations in the same manner and to the same  
 9 extent as subdivisions by other landowners within that municipality.

10 (e) All state subdivisions must be filed and recorded in the district recorder's  
 11 office.

12 (f) The requirements of this section do not apply to land made available for  
 13 material sales, short-term leases, parcels adjoining a surveyed right-of-way, or land  
 14 that has been open to random staking under the homestead program in the past. Except  
 15 for state lands under the platting authority of the Department of Natural Resources as  
 16 provided in AS 40.15.070, for short-term leases, the lessee shall comply with local  
 17 subdivision ordinances unless waived by the municipality under procedures specified  
 18 by ordinance.

19 \* **Sec. 15.** AS 38.04.050 is amended to read:

20 **Sec. 38.04.050. Access to private use areas.** Wherever state land is surveyed  
 21 for purposes of private use, legal rights-of-way and easements shall be reserved for  
 22 access and, where appropriate, for utility services to each parcel of land. A right-of-  
 23 way or easement shall be located to assure adequate and feasible access for the  
 24 purposes for which the right-of-way or easement was intended. Where necessary and  
 25 appropriate for the use intended [OR WHERE REQUIRED BY LOCAL  
 26 SUBDIVISION ORDINANCES], the director may [SHALL] arrange for the  
 27 development of surface access as part of the state land disposal [AVAILABILITY]  
 28 program. The direct cost of local access development shall be borne by the recipient of  
 29 the land unless otherwise provided by state statutes or regulations.

30 \* **Sec. 16.** AS 38.05.035(b) is amended to read:

31 (b) The director may

1 (1) delegate the administrative duties, functions, or powers imposed  
2 upon the director to a responsible employee in the division;

3 (2) grant preference rights for the lease or purchase of state land  
4 without competitive bid in order to correct errors or omissions of a state or federal  
5 administrative agency when inequitable detriment would otherwise result to a diligent  
6 claimant or applicant due to situations over which the claimant or applicant had no  
7 control; the exercise of this discretionary power operates only to divest the state of its  
8 title to or interests in land and may be exercised only

9 (A) with the express approval of the commissioner; and

10 (B) if the application for the preference right is filed with the  
11 director within three years from

12 (i) the occurrence of the error or omission;

13 (ii) the date of acquisition by the state of the land; or

14 (iii) the date of a court decision or settlement nullifying  
15 a disposal of state land;

16 (3) grant a preference right to a claimant who shows bona fide  
17 improvement of state land or of federal land subsequently acquired by the state and  
18 who has in good faith sought to obtain title to the land but who, through error or  
19 omission of others occurring within the three years before (A) the application for the  
20 preference right, (B) the date of acquisition by the state of the land, or (C) the date of a  
21 court decision or settlement nullifying a disposal of state land, has been denied title to  
22 it; upon a showing satisfactory to the commissioner, the claimant may lease or  
23 purchase the land at the price set on the date of original entry on the land or, if a price  
24 was not set at that time at a price determined by the director to fairly represent the  
25 value of unimproved land at the time the claim was established, but in no event less  
26 than the cost of administration including survey; the error or omission of a predecessor  
27 in interest or an agent, administrator, or executor that has clearly prejudiced the  
28 claimant may be the basis for granting a preference right;

29 (4) sell land by lottery for less than the appraised value when, in the  
30 judgment of the director, past scarcity of land suitable for private ownership in any  
31 particular area has resulted in unrealistic land values;



1 (5) when the director determines it is in the best interest of the state  
 2 and will avoid injustice to a person or the heirs or devisees of a person, dispose of  
 3 land, by direct negotiation to that person who presently uses and who used and made  
 4 improvements to that land before January 3, 1959, or to the heirs or devisees of the  
 5 person; the amount paid for the land shall be its fair market value on the date that the  
 6 person first entered the land, as determined by the director; a parcel of land disposed  
 7 of under this paragraph shall be of a size consistent with the person's prior use, but  
 8 may not exceed five acres;

9 (6) after consulting with the Board of Agriculture and Conservation  
 10 (AS 03.09.010), dispose of an interest in land limited to use for agricultural purposes  
 11 by lottery;

12 (7) convey to an adjoining landowner for its fair market value a  
 13 remnant of land that the director considers unmanageable, [OR] a parcel of land  
 14 created by a highway right-of-way alignment or realignment, or a parcel created by the  
 15 vacation of a state-owned right-of-way if

16 (A) the director determines that it is in the best interests of the  
 17 state; **and**

18 (B) the parcel

19 (i) does not exceed the minimum lot size **established**  
 20 **by either regulation or, where the parcel is located within a**  
 21 **municipality that has exercised its platting authority, a municipal**  
 22 [UNDER AN APPLICABLE] zoning **ordinance, for the area**  
 23 [CODE]; or

24 (ii) is smaller than 20 acres and is completely enclosed  
 25 by property owned by the adjacent landowner; [AND

26 (C) THE DIRECTOR AND THE PLATTING AUTHORITY  
 27 HAVING LAND USE PLANNING JURISDICTION AGREE THAT  
 28 CONVEYANCE OF THE PARCEL TO THE ADJOINING LANDOWNER  
 29 WILL RESULT IN BOUNDARIES THAT ARE CONVENIENT FOR THE  
 30 USE OF THE LAND BY THE LANDOWNER AND COMPATIBLE WITH  
 31 MUNICIPAL LAND USE PLANS;]

1 (8) for good cause extend for up to 90 days the time for rental or  
 2 installment payments by a lessee or purchaser of state land under this chapter if  
 3 reasonable penalties and interest set by the director are paid;

4 (9) quitclaim land or an interest in land to the federal government on a  
 5 determination that the land or the interest in land was wrongfully or erroneously  
 6 conveyed by the federal government to the state;

7 (10) negotiate the sale or lease of state land at fair market value to a  
 8 person who acquired by contract, purchase, or lease rights to improvements on the  
 9 land from another state agency or who leased the land from another state agency.

10 \* **Sec. 17.** AS 38.05.055 is amended to read:

11 **Sec. 38.05.055. Auction sale or sealed bid procedures.** **(a)** Unless another  
 12 method of sale is allowed [REQUIRED] under this chapter, AS 38.08, or AS 38.09,  
 13 the sale of state land shall be made at public auction or by sealed bid, at the discretion  
 14 of the director, to the highest qualified bidder as determined by the director. The  
 15 director may accept bids and sell state land under this section at not less than 70  
 16 percent of the appraised fair market value of the land.

17 **(b)** To qualify to participate under this section in a public auction or sale by  
 18 sealed bid of state land that is other than commercial, industrial, or agricultural land, a  
 19 bidder shall have been a resident of the state for at least one year immediately  
 20 preceding the date of the sale and submit proof of that fact, as the commissioner  
 21 requires by regulation. A bidder may be represented by an attorney or agent at a public  
 22 auction.

23 **(c)** An aggrieved bidder may appeal to the commissioner within five days after  
 24 the sale for a review of the director's determination [. THE SALE SHALL BE  
 25 CONDUCTED BY THE DIRECTOR, AND, AT THE TIME OF SALE, THE  
 26 SUCCESSFUL BIDDER SHALL DEPOSIT AN AMOUNT EQUAL TO FIVE  
 27 PERCENT OF THE PURCHASE PRICE. THE DIRECTOR SHALL  
 28 IMMEDIATELY ISSUE A RECEIPT CONTAINING A DESCRIPTION OF THE  
 29 LAND OR PROPERTY PURCHASED, THE PRICE BID, AND THE AMOUNT  
 30 DEPOSITED. THE RECEIPT SHALL BE ACKNOWLEDGED IN WRITING BY  
 31 THE BIDDER].

1 \* **Sec. 18.** AS 38.05.055 is amended by adding a new subsection to read:

2 (d) The sale shall be conducted by the director. The successful bidder at a  
3 public action or all bidders at the time they submit their sealed bid, shall provide an  
4 earnest money deposit in the amount of at least five percent of the bid amount. Not  
5 later than 10 days after the public auction or sale by sealed bid, the director shall issue  
6 a receipt to the successful bidder. The director's receipt shall contain a description of  
7 the land or property purchased, the bid price, and the amount deposited. If the bidder  
8 fails to enter into a contract to purchase or defaults in the payment of the bid amount,  
9 five percent of the bid amount shall be forfeited to the state.

10 \* **Sec. 19.** AS 38.05.065(a) is amended to read:

11 (a) A [THE] contract of sale for land, an interest in land, or property sold  
12 under this chapter may be issued for [AT PUBLIC AUCTION OR BY SEALED  
13 BID UNDER AS 38.05.055 SHALL REQUIRE] the remainder of the purchase price  
14 to be paid in monthly, quarterly, or annual installments over a period of not more than  
15 30 [20] years, with interest at the rate provided in (i) of this section. Installment  
16 payments plus interest shall be set on the level-payment basis.

17 \* **Sec. 20.** AS 38.05.065(b) is amended to read:

18 (b) The contract of sale for land sold under AS 38.05.057 or under former  
19 AS 38.05.078 shall require the remainder of the purchase price to be paid in monthly,  
20 quarterly, or annual installments over a period of not more than 30 [20] years.  
21 Installment payments plus interest shall be set on the level-payment basis. The interest  
22 rate to be charged on installment payments is the rate provided in (i) of this section.

23 \* **Sec. 21.** AS 38.05.065(c) is amended to read:

24 (c) The director shall, for contracts under (a), (b), or (h) of this section, set out  
25 in the contract for each sale the period for the payment of installments and the total  
26 purchase price plus interest. The director, with the consent of the commissioner, may  
27 also include in contracts under this section conditions, limitations, and terms  
28 considered necessary and proper to protect the interest of the state. Violations of any  
29 provision of this chapter or the terms of the contract of sale subject the purchaser to  
30 appropriate administrative and legal action, including but not limited to specific  
31 performance, termination [FORECLOSURE], ejectment, or other legal remedies in



1 accordance with applicable state law.

2 \* **Sec. 22.** AS 38.05.065(d) is amended to read:

3 (d) If a contract for a sale of state land has been breached, the director may  
4 issue a decision to [FORECLOSE AND] terminate the contract at any time 31 days  
5 after delivering by certified mail a written notice of the breach to the address of record  
6 of the purchaser. A breach caused by the failure to make payments required by the  
7 contract may be cured within 30 days after the notice of the breach has been received  
8 by the purchaser by payment of the sum in default together with the larger of a fee of  
9 \$50 or five percent of the sum in default. If there are material facts in dispute between  
10 the state and the purchaser, the purchaser may submit a written request for a public  
11 hearing for the review of the facts within 30 days after the notice of the breach has  
12 been received.

13 \* **Sec. 23.** AS 38.05.065(e) is amended to read:

14 (e) On a determination that there has been a breach of the contract based on  
15 the administrative record and the evidence presented at a hearing, the director shall  
16 issue a decision [FORECLOSING THE INTEREST OF THE PURCHASER AND]  
17 terminating the contract. The obligation to make payments under the contract  
18 continues through the date of the director's decision to terminate the contract  
19 [FORECLOSE BY THE DIRECTOR].

20 \* **Sec. 24.** AS 38.05.065(f) is amended to read:

21 (f) The director shall deliver the decision to [FORECLOSE AND] terminate  
22 the contract personally to the purchaser or send it certified mail, return receipt  
23 requested, to the address of record of the purchaser. If the breach is a failure to make  
24 payments required by the contract, the decision shall include a notice to the purchaser  
25 that if within 30 days the purchaser pays to the state the full amount of the unpaid  
26 contract price, including all accrued interest, and any fees assessed under (d) of this  
27 section, the department shall issue to the purchaser a deed to the land. If full payment  
28 is not made within 30 days or the breach is for other than failure to make payment, the  
29 decision [FORECLOSES AND] terminates all legal and equitable rights the purchaser  
30 has in the land.

31 \* **Sec. 25.** AS 38.05.065 is amended by adding a new subsection to read:

1 (j) If a sale of state land is to be made by means other than a means prescribed  
 2 by AS 38.05.055, the director shall require a person applying to purchase land, an  
 3 interest in land, or property, to submit an earnest money deposit of at least five percent  
 4 of the purchase price with the application for a contract to purchase land, an interest in  
 5 land, or property. This earnest money deposit shall be applied towards the purchase  
 6 price. If the applicant fails to enter into a contract to purchase or defaults in the  
 7 payment of the purchase price, five percent of the purchase price shall be forfeited to  
 8 the state.

9 \* **Sec. 26.** AS 38.05 is amended by adding a new section to read:

10 **Sec. 38.05.086. Leases and sales of land for commercial development. (a)**

11 For purposes of stimulating economic development in the state, the commissioner may  
 12 lease and sell lands that are identified in this section as appropriate for commercial  
 13 development. As provided in this section, if the lease is in good standing and the  
 14 development requirements of the lease have been satisfied, the lessee may purchase  
 15 the leased land.

16 (b) The department may identify lands appropriate for commercial  
 17 development from any or all of the following categories:

18 (1) state land identified or nominated as Qualified Opportunity Zones  
 19 under 26 U.S.C. 45D, 26 U.S.C. 1400Z-1 and 1400Z-2, and 26 C.F.R. 601.601;

20 (2) state land nominated by the public; public nominations under this  
 21 paragraph are limited to one for each person and may not exceed 640 acres in size;

22 (3) any other state land the department deems appropriate for  
 23 commercial development.

24 (c) If land identified in (b) of this section is classified in a manner that does  
 25 not allow disposal of the land, the commissioner may classify or reclassify the land  
 26 through a classification order under AS 38.05.300 and a written decision by the  
 27 director under AS 38.05.035(e).

28 (d) The commissioner may, from time to time, open certain areas of lands  
 29 identified in (b) of this section for leasing and sale, and issue a request for proposals to  
 30 develop land within the areas. Before proposals may be requested, the commissioner  
 31 shall issue a decision under AS 38.05.035(e) that the lease and sale of the land within

1 the areas opened is in the state's best interest. The commissioner's request for  
2 proposals must be in writing.

3 (e) A person may apply to develop land within the areas by responding to the  
4 commissioner's request for proposals and paying an application fee as provided by  
5 regulation. In addition to any information requested by the commissioner in the  
6 request for proposals, a response to the request for proposals must include

7 (1) the specific type of commercial development proposed; and

8 (2) the specific location and description, including amount, of land  
9 requested for the proposed commercial development; the amount of land requested in  
10 a response to request for proposals may not exceed 20 acres and must be reasonably  
11 compact.

12 (f) The commissioner's request for proposals must be posted on the Alaska  
13 Online Public Notice System (AS 44.62.175) for at least 30 consecutive days, and  
14 must be sent, by mail or email, to anyone that received notice of the decision issued  
15 under (d) of this section.

16 (g) Responses to the commissioner's request for proposals must be in writing  
17 and submitted to the commissioner by the deadline set by the commissioner. The  
18 commissioner may reject any proposal that does not meet the requirements of this  
19 section or that the commissioner determines, in writing, is not in the best interests of  
20 the state. The commissioner's decision to reject a proposal is subject to appeal or a  
21 petition for reconsideration under AS 44.37.011.

22 (h) If the commissioner determines that only one suitable proposal for a  
23 specific area of land exists, the commissioner may issue a lease to that person as  
24 provided in this section. If the commissioner determines that there are two or more  
25 suitable proposals for the same land or overlapping land, the commissioner shall  
26 award the lease to the highest bidder as determined by the commissioner at a public  
27 auction or by sealed bid. Participation in the public auction or sealed bid under this  
28 subsection is limited to the persons who submitted proposals for the same land or  
29 overlapping land.

30 (i) The annual fee for a commercial land lease under this section shall be set  
31 by the commissioner so as to ensure that the state receives a fair return for the use

1 granted by the lease for the term of the lease and shall be a form of compensation set  
2 out in AS 38.05.073(m). A lease must be for a term of not more than five years. A  
3 lease in good standing may be renewed for one additional five-year period. The lease  
4 may not be assigned by the original lessee during the term of the lease or any renewal.

5 (j) A commercial land lease under this section may be terminated by the  
6 commissioner before the expiration of the term of the lease for a breach of the terms of  
7 the lease, including a failure to use the land in a manner required by the terms of the  
8 lease. After expiration of the lease term or termination of the lease before it expires,  
9 improvements or personal property on the land subject to the lease shall be managed  
10 in the manner required by AS 38.05.090.

11 (k) At any time during the lease, a lessee in good standing may apply to  
12 purchase all or a portion of the land leased under this section for its fair market value  
13 at the time of purchase, if the lessee

14 (1) has completed the development requirements of the land leased  
15 consistent with the proposal submitted under (g) of this section and as provided by the  
16 terms of the lease;

17 (2) has appraised and surveyed the site in a manner acceptable to the  
18 department, at the lessee's expense; and

19 (3) pays an application fee as provided by regulation.

20 (l) A lessee who purchases the land under (k) of this section may apply the  
21 amount of the lease payments made under the lease to the purchase price of the land.  
22 Other amounts paid, including fees, penalties, survey costs, and appraisal costs, may  
23 not be applied to the purchase price of the land.

24 (m) If an application to purchase land is denied, the lessee may continue to  
25 hold the lease according to the terms of the lease, and may apply again to purchase the  
26 land. Any subsequent application must address the reasons the previous application  
27 was denied.

28 (n) The commissioner shall adopt regulations under AS 44.62 (Administrative  
29 Procedure Act) to implement this section. Regulations adopted under this subsection  
30 shall, at a minimum, address

31 (1) the application procedures for a commercial land lease or sale



1 under this section;

2 (2) the auction or sealed bid process, if necessary, under (h) of this  
3 section;

4 (3) the terms and conditions that may be included in a commercial land  
5 lease under this section;

6 (4) resolving any and all competitive bidding disputes and issues;

7 (5) the procedure for requesting proposals;

8 (6) the criteria for assessing proposals; and

9 (7) any administrative fees.

10 \* **Sec. 27.** AS 38.05.965 is amended by adding a new paragraph to read:

11 (29) "public auction" means a public oral outcry auction or a public  
12 online auction.

13 \* **Sec. 28.** AS 38.09.080(b) is amended to read:

14 (b) The disposal of homestead entry land is subject to state [LOCAL] platting,  
15 recording, or subdivision requirements established under [AS 29.35.180 AND]  
16 AS 40.15.

17 \* **Sec. 29.** AS 40.15.020 is amended to read:

18 **Sec. 40.15.020. Plats to be acknowledged and contain certificate that taxes**  
19 **and assessments are paid.** Every plat shall be acknowledged before an officer  
20 authorized to take acknowledgment of deeds. A certificate of acknowledgment shall  
21 be endorsed on or annexed to the plat and recorded with it. Except for the  
22 Department of Natural Resources when exercising the department's platting  
23 authority under AS 40.15.070, a [A] person filing and recording a plat, map,  
24 subdivision, or replat of property, or vacating the whole or any portion of an existing  
25 plat, map, subdivision, or replat shall file and record with it a certificate from the tax-  
26 collecting official or officials of the area in which the land is located that all taxes  
27 levied against the property at that date are paid.

28 \* **Sec. 30.** AS 40.15.070 is repealed and reenacted to read:

29 **Sec. 40.15.070. Platting authority.** (a) The Department of Natural Resources  
30 is the platting authority for

31 (1) the unorganized borough;

1 (2) a municipality that does not have or is not exercising the power of  
2 land use regulation or platting authority; and

3 (3) all state land, regardless of location, that is managed by the  
4 Department of Natural Resources under AS 16.20, AS 27, AS 37.14.001 - 37.14.099,  
5 AS 38, AS 41.15.010 - 41.15.960, AS 41.17.010 - 41.17.955, AS 41.21.010 -  
6 41.21.990, and AS 41.23.010 - 41.23.630.

7 (b) When the Department of Natural Resources exercises the department's  
8 platting authority within a municipality that has the power of land use regulation and  
9 that is exercising the municipality's platting authority, the Department of Natural  
10 Resources is exempt from that municipal platting authority and related land use  
11 regulation, but shall comply with municipal platting and related land use ordinances to  
12 the maximum extent the commissioner of natural resources determines to be consistent  
13 with the state's interests. If the commissioner of natural resources determines that  
14 compliance with a municipal platting or related land use ordinance is not consistent  
15 with the state's interests, the plat must comply with state platting requirements. Where  
16 a Department of Natural Resources' plat or subdivision does not comply with a  
17 municipal planning, platting, or land use regulation, the state is deemed to have  
18 received for the affected land a variance from that planning, platting, or land use  
19 regulation. Any variance allowed under this section is appurtenant to and runs with the  
20 land.

21 (c) Except as provided in (b) of this section and otherwise by law, a  
22 municipality that has planning, platting, and zoning powers and is exercising platting  
23 authority and land use regulation is the platting authority as provided in AS 29.40.

24 (d) A subdivision or plat shall be submitted to the appropriate platting  
25 authority for approval. The subdivision or plat may not be filed and recorded until the  
26 subdivision or plat is approved.

27 \* **Sec. 31.** AS 40.15.200 is amended to read:

28 **Sec. 40.15.200. Application [TO STATE AND POLITICAL**  
29 **SUBDIVISIONS]. Except as provided in (b) of this section, all [ALL] subdivisions**  
30 **of land made by the state, its agencies, instrumentalities, and political subdivisions are**  
31 **subject to the provisions of AS 40.15.010 - 40.15.200 and AS 29.40.070 - 29.40.160,**

1 or home rule ordinances or regulations governing subdivisions, and shall comply with  
2 ordinances and other local regulations adopted under AS 40.15.010 - 40.15.200 and  
3 AS 29.40.070 - 29.40.160 or former AS 29.33.150 - 29.33.240, or under home rule  
4 authority, in the same manner and to the same extent as subdivisions made by other  
5 landowners.

6 \* **Sec. 32.** AS 40.15.200 is amended by adding a new subsection to read:

7 (b) All subdivisions of state land managed by the Department of Natural  
8 Resources and where the Department of Natural Resources is exercising the  
9 department's platting authority under AS 40.15.070 are subject to the provisions of  
10 AS 40.15.010 - 40.15.070.

11 \* **Sec. 33.** AS 40.15.305(a) is amended to read:

12 (a) The commissioner shall exercise the platting authority for the state **and all**  
13 **state land as provided in AS 40.15.070** [EXCEPT WITHIN A MUNICIPALITY  
14 THAT HAS THE POWER OF LAND USE REGULATION AND THAT IS  
15 EXERCISING PLATTING AUTHORITY].

16 \* **Sec. 34.** AS 29.10.200(54); AS 29.40.200; AS 38.08.010(b)(1); AS 41.23.400, 41.23.410,  
17 41.23.420, 41.23.430, 41.23.440, 41.23.450, 41.23.460, 41.23.470, 41.23.480, 41.23.490,  
18 41.23.500, and 41.23.510 are repealed.

19 \* **Sec. 35.** Section 1, ch. 122, SLA 1988 is repealed.

20 \* **Sec. 36.** The uncodified law of the State of Alaska is amended by adding a new section to  
21 read:

22 TRANSITION: REGULATIONS. The commissioner of natural resources may adopt  
23 or amend regulations as necessary to implement the changes made by this Act. The  
24 regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the  
25 effective date of the law implemented by the regulations.

26 \* **Sec. 37.** This Act takes effect immediately under AS 01.10.070(c).

Donations benefit the community through:

# WILLOW FIREFIGHTERS ASSOC. BENEVOLENT FUND

## #167557WI

### Mat-Valley Credit Union

Or Call 745-4891

*THANK YOU  
FOR YOUR GENEROSITY*

**Willow & Caswell Fire Departments**







# MATANUSKA-SUSITNA BOROUGH

## Office of the Mayor

350 East Dahlia Avenue • Palmer, AK 99645

Phone (907) 861-8682 • Fax (907) 861-8669

[Vern.Halter@matsugov.us](mailto:Vern.Halter@matsugov.us)

February 4, 2020

The Honorable Michael J. Dunleavy  
The Honorable David Wilson, District D  
The Honorable Mike Shower, District E  
The Honorable Shelley Hughes, District F  
The Honorable Colleen Sullivan-Leonard, District 7

The Honorable Mark Neuman, District 8  
The Honorable George Rauscher, District 9  
The Honorable David Eastman, District 10  
The Honorable DeLena Johnson, District 11  
The Honorable Cathy Tilton, District 12

Dear Governor Dunleavy and Mat-Su Valley Senators and Representatives,

On Friday, January 24, 2020 the State Legislature took a vote to override the reduction of \$9 million in school bond debt reimbursement. This vote failed.

The stated reason for the vote from the Legislators that represent the interests of the Matanuska-Susitna Borough and its residents was a confirmation that this funding was not needed. Let this additional letter assure you that this is false.

Education is a required service for the State of Alaska which we happily partner. To fulfill our responsibility in this partnership we are requesting funding for the School Bond construction reimbursement program as presented to our voters in 2012. This 70/30 split is what our voters agreed. Thus far our residents have had to shoulder an additional \$15 million outside of this agreement. It is imperative for you to honor the Matanuska-Susitna Borough voters and honor the agreement.

The loss of \$18 million has been critical to the services that we provide. Let us remind you on November 30, 2018 catastrophe struck and greatly damaged Houston Middle School. Unlike others, the Matanuska-Susitna Borough proactively acquired insurance resulting in payments of \$15 million. The building correction will need additional funds to provide for quality education for our Houston students. In the summer of 2019 we faced devastating fires in Willow, and then came the distressing flooding this winter in the Deneki area of Willow. Without the needed resources our communities are negatively affected. To say we don't need the reimbursement is categorically false.

Our frustration is that without throwing a convulsion, we are not being heard by you. In opening discussions 2019 we were told that the State planned to cost shift State expenses to local government, and that local government would be able to easily take care of their own because each member would receive a \$3000 PFD check. The checks did not arrive but the bills did.

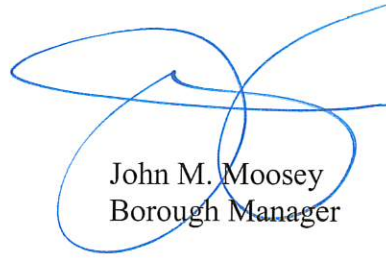
*Providing Outstanding Borough Services to the Matanuska-Susitna Community.*

Please honor the residents of the Matanuska-Susitna Borough's agreement for the 70/30 funding match. They are the ones who are harmed by the lack of funding not a bureaucracy.

Sincerely,



Vern Halter  
Mayor



John M. Moosey  
Borough Manager

cc: Assembly  
Todd Smoldon  
John Harris



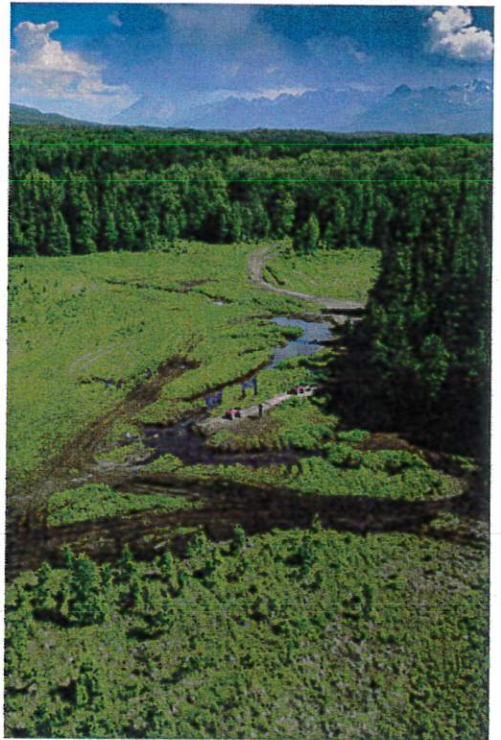


***Wasilla Creek Headwaters Trail  
Improvements and Habitat Restoration  
Project Open House***

**MARCH 2ND, 2020  
5 PM DOORS OPEN  
6 PM PROJECT PRESENTATION  
AT THE PALMER DEPOT**



Come learn how the Matanuska-Susitna Borough, Alaska Department of Fish and Game, and the Alaska Division of Natural Resources plan to work together to make trail improvements at key stream crossings, restore salmon habitat and install wayfinding markers and trailhead signage in the western portion of the Moose Range.





# State of Alaska Office of Management and Budget

Alaska Municipal League FY2021 Budget Overview

February 18, 2020

Neil Steininger, Director



Office of Governor  
**MIKE DUNLEAVY**

1 of 17



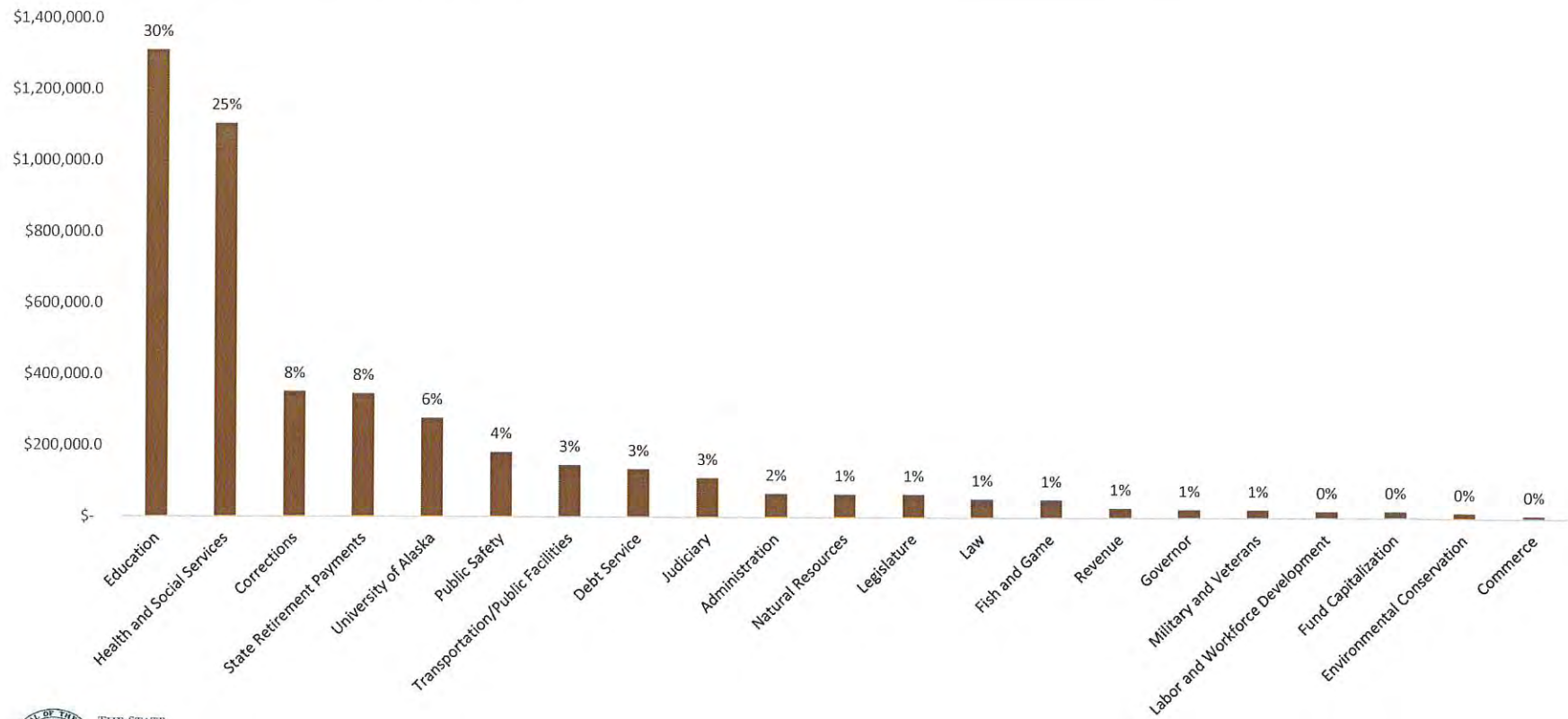
## Annual Budget Cycle

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- Late summer/early fall: Departments develop preliminary budgets for the next fiscal year
- September/October: Departments meet with OMB to present their budgets
- November/December: Governor and advisors make decisions
- December 15<sup>th</sup>: Governor's budget released
- Mid-January: Legislature convenes
- Regular session (and special sessions if necessary): Legislature reviews and adjusts Governor's proposed budget
- After budget passes: Governor has opportunity to veto



# FY2021 Budget by Agency (UGF)



Dollars in thousands

3817

# FY2021 Budget Position

February 5, 2020

FY2020 Management Plan plus Governor's  
Supplementals

FY2021 Governor Amended

FY2020 to FY2021

Revenues	UGF	DGF	Other	Federal	FY2020 Total	UGF	DGF	Other	Federal	FY2021 Total	UGF Change	UGF %	Total Change
Annual Revenue	2,116.3	994.9	799.4	4,024.8	7,935.4	1,967.5	972.8	760.5	3,917.8	7,618.6	(148.8)	-7%	(316.8)
POMV ERA Draw to the General Fund	2,036.6	-	-	-	2,036.6	1,086.4	-	-	-	1,086.4	(950.2)	-47%	(950.2)
Carryforward and Adjustments	38.2	30.4	2.0	0.5	71.1	-	-	-	-	-	(38.2)	-100%	(71.1)
<b>Total Revenue</b>	<b>4,191.1</b>	<b>994.9</b>	<b>799.4</b>	<b>4,024.8</b>	<b>10,010.2</b>	<b>3,053.9</b>	<b>972.8</b>	<b>760.5</b>	<b>3,917.8</b>	<b>8,705.0</b>	<b>(1,137.2)</b>	<b>-27%</b>	<b>(1,305.2)</b>
Expenditures	UGF	DGF	Other	Federal	FY2020 Total	UGF	DGF	Other	Federal	FY2021 Total	UGF Change	UGF %	Total Change
Total Operating	4,525.0	950.1	728.0	2,955.1	9,158.3	4,465.7	897.4	707.8	2,865.9	8,936.8	(59.3)	-1%	(221.5)
Agency Operations	4,003.2	830.6	622.0	2,873.8	8,329.5	3,897.5	801.3	609.0	2,833.8	8,141.6	(105.7)	-3%	(188.0)
Statewide Operations	521.8	119.5	106.1	81.3	828.7	568.1	96.1	98.9	32.2	795.2	46.3	9%	(33.5)
Total Capital	145.6	44.8	71.3	1,069.7	1,331.4	135.6	75.5	52.7	1,051.8	1,315.6	(9.9)	-7%	(15.8)
<b>Total Appropriations</b>	<b>4,670.6</b>	<b>994.9</b>	<b>799.4</b>	<b>4,024.8</b>	<b>10,489.7</b>	<b>4,601.3</b>	<b>972.8</b>	<b>760.5</b>	<b>3,917.8</b>	<b>10,252.4</b>	<b>(69.3)</b>	<b>-1%</b>	<b>(237.2)</b>
<b>Surplus/(Deficit)</b>	<b>(479.5)</b>					<b>(1,547.4)</b>					<b>(1,068.0) 223% (1,068.0)</b>		



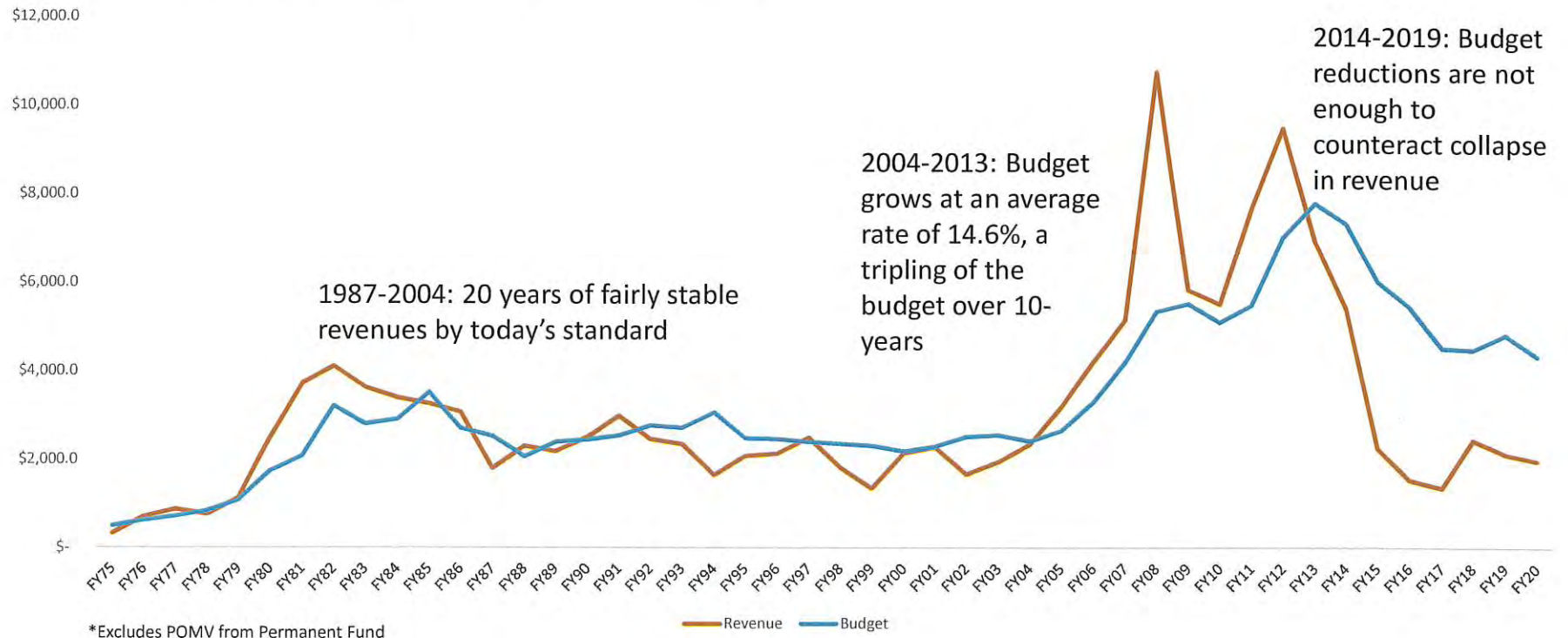
Dollars in millions

4 of 17



# Alaska's Revenue & Expenditures: Look Back

Alaska Revenue and Spending History - FY1975-FY2020



Dollars in millions

5817



## FY2021 Revenue Outlook - \$Millions

FY2021-FY2025 Projected Unrestricted General Fund Revenue (Source: Revenue Sources Book)					
Revenue Source	2021	2022	2023	2024	2025
Unrestricted General Fund Revenue	\$ 1,967.5	\$ 1,976.4	\$ 1,944.9	\$ 1,957.5	\$ 2,021.0
Gross POMV Transfer	\$ 3,091.5	\$ 3,095.0	\$ 3,262.0	\$ 3,378.0	\$ 3,460.0
Less Projected Payments of Permanent Fund Dividends	\$ (2,005.1)	\$ (2,247.7)	\$ (2,396.2)	\$ (2,231.3)	\$ (2,396.2)
Net POMV Transfer	\$ 1,086.4	\$ 847.3	\$ 865.8	\$ 1,146.7	\$ 1,063.8
<b>Total Unrestricted General Fund</b>	<b>\$ 5,059.0</b>	<b>\$ 5,071.4</b>	<b>\$ 5,206.9</b>	<b>\$ 5,335.5</b>	<b>\$ 5,481.0</b>
<b>Total Unrestricted General Fund Statutorily Available for Government Use</b>	<b>\$ 3,053.9</b>	<b>\$ 2,823.7</b>	<b>\$ 2,810.7</b>	<b>\$ 3,104.2</b>	<b>\$ 3,084.8</b>

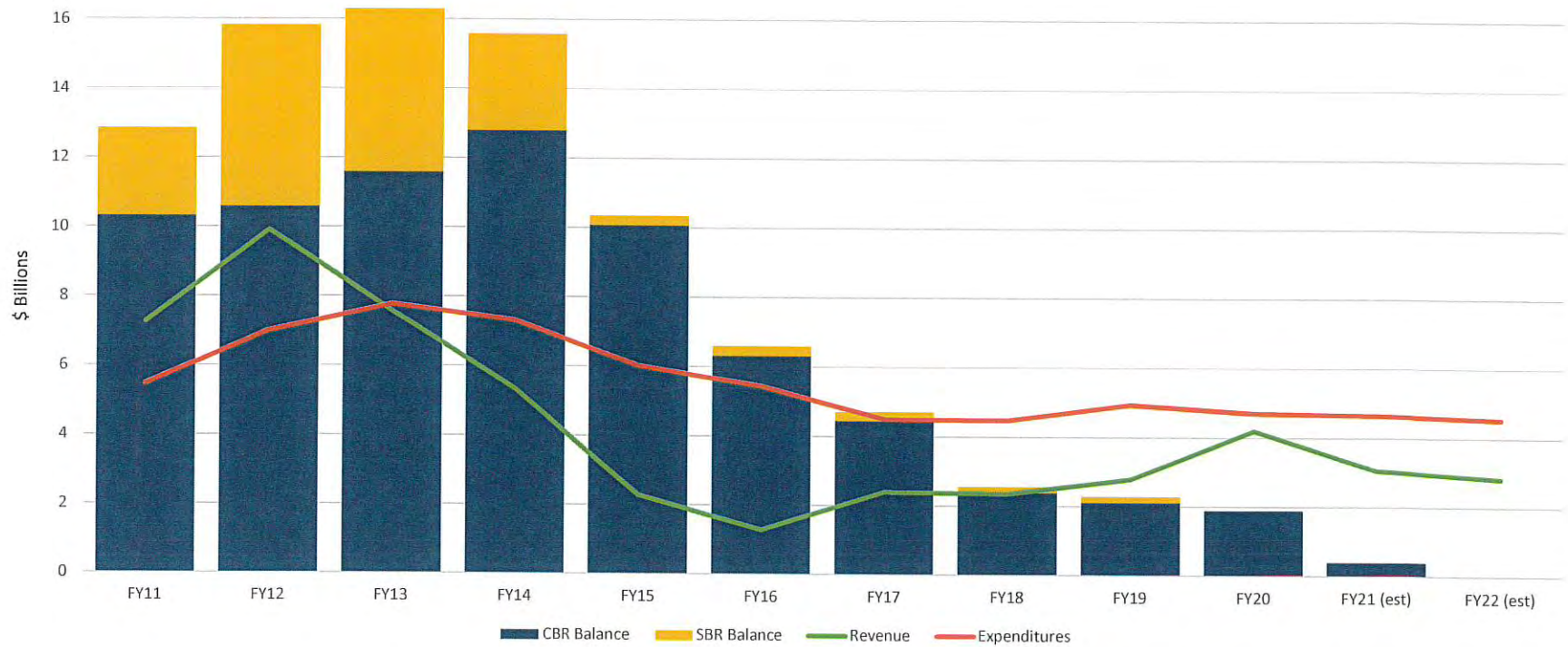
### FY2021 Revenue Sources

- ANS West Coast FY2021 Projection: \$59.00/Barrel
- Petroleum Revenue: \$1,410.0, 28%
- POMV Revenue: \$3,091.5, 61%
- Non-Petroleum and Non-Permanent Fund Investment Revenues: \$557.5, 11%



6817

## Historical CBR/SBR Balances



Over \$16 Billion in budget reserves have been spent  
 \$0.5 billion estimated remaining in the CBR at the end of FY2021, empty in FY22



Dollars in billions

7.817

## Significant Highlights

---

- Public safety investment: \$84,566.7 UGF
- Alaska Development Team: \$2,843.6 DGF
  - Pilot program through FY2023
- K-12 and retirement payment for communities are fully funded
  - K-12 formula payments: \$1.3B (\$19,817.4 UGF increase)
- School bond debt and REAA funding is proposed at the same level as FY2020
- Estimated PFD: \$2,005,100.0 UGF
  - Full Statutory Amount (Estimate: \$3,074 per Alaskan)
- Capital spending: \$135,639.2 UGF
  - Leveraging available federal funds (\$1.1B)









## Alaska Marine Highway System

- Facing challenges related to aging terminals and vessels, gaps in service, collective bargaining agreements, and turnover and recruiting challenges
- Difference between FY2019 actuals and FY2021 proposed is \$37.6 million

	FY2019 Management Plan	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor's Proposed	Difference FY19 Actuals and FY21
UGF	\$86,005.5	\$85,991.3	\$46,002.2	\$49,905.4	(\$36,085.9)
DGF	\$52,070.0	\$51,430.7	\$48,442.6	\$49,949.6	(\$1,481.1)
Other	\$1,893.7	\$907.7	\$1,921.9	\$849.2	(\$58.5)
Federal	-	-	-	-	-
<b>Total</b>	<b>\$139,969.2</b>	<b>\$138,329.7</b>	<b>\$96,366.7</b>	<b>\$100,704.2</b>	<b>(\$37,625.5)</b>

- Proposed \$12.1 million in supplemental budget (\$5.0 million repairs, \$7.1 million operations)
- FY2021 adds 8.8 weeks of service



Dollars in thousands

10/18/17

## Budget Drivers

- K-12 Formula
  - \$1,310,883.4 UGF total (28% of all state UGF spending)
  - \$19,817.4 UGF increase
- Retirement
  - \$345,567.4 UGF total (8% of all state UGF spending)
  - \$37,631.3 UGF increase
- Debt
  - \$134,987.0 UGF total (3% of all state UGF spending)
  - \$12,233.7 UGF increase
- Medicaid
  - \$644,304.0 UGF total (14% of all state UGF spending)
- State Employee Costs (Cost of Living Adjustments and Health Insurance)
  - \$799,761.1 UGF total (18% of all state UGF spending)
  - \$9,661.5 UGF increase

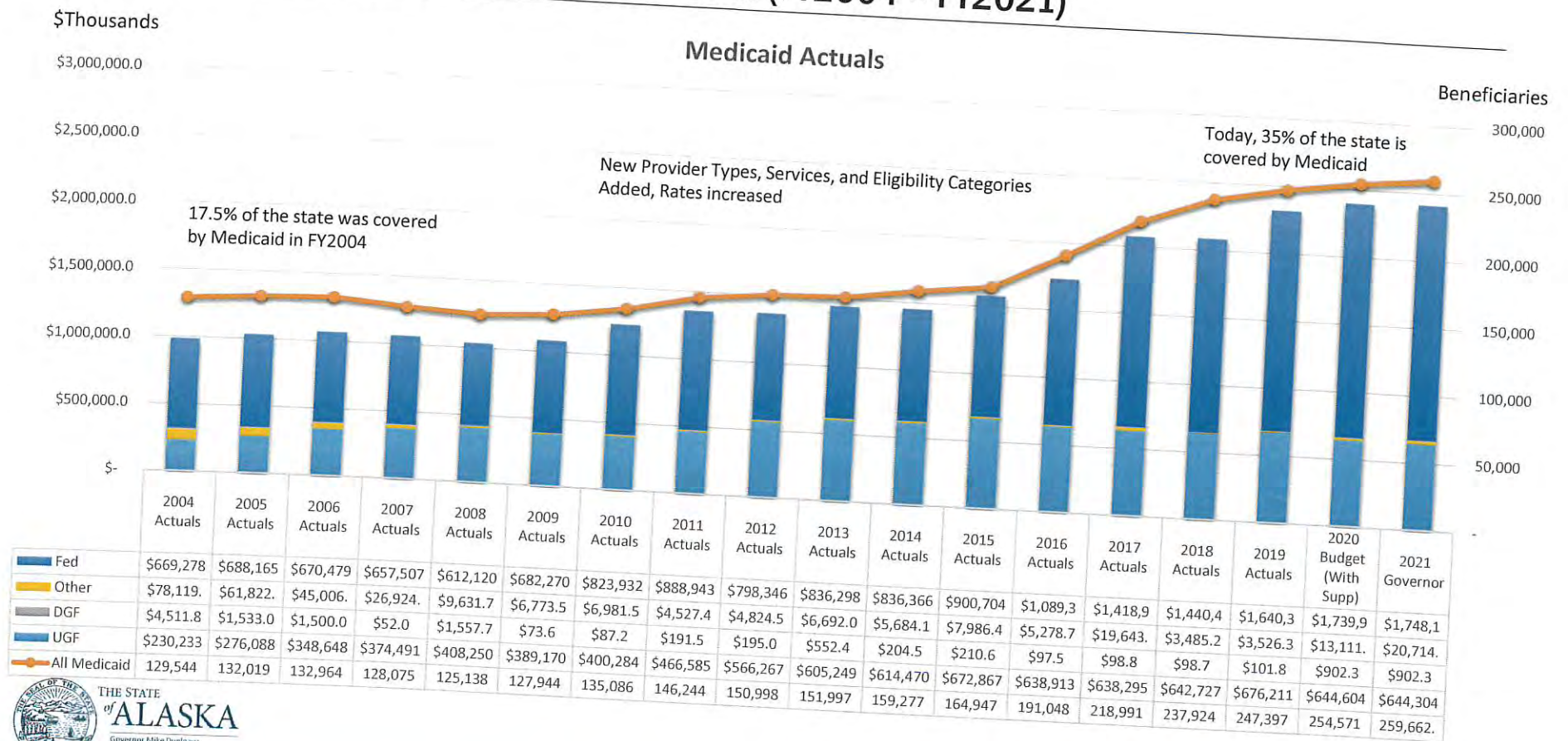


THE STATE  
of ALASKA  
Governor Mike Dunleavy

Dollars in thousands

11 08 17

# Budget Drivers: Formula Programs – Medicaid (FY2004 – FY2021)

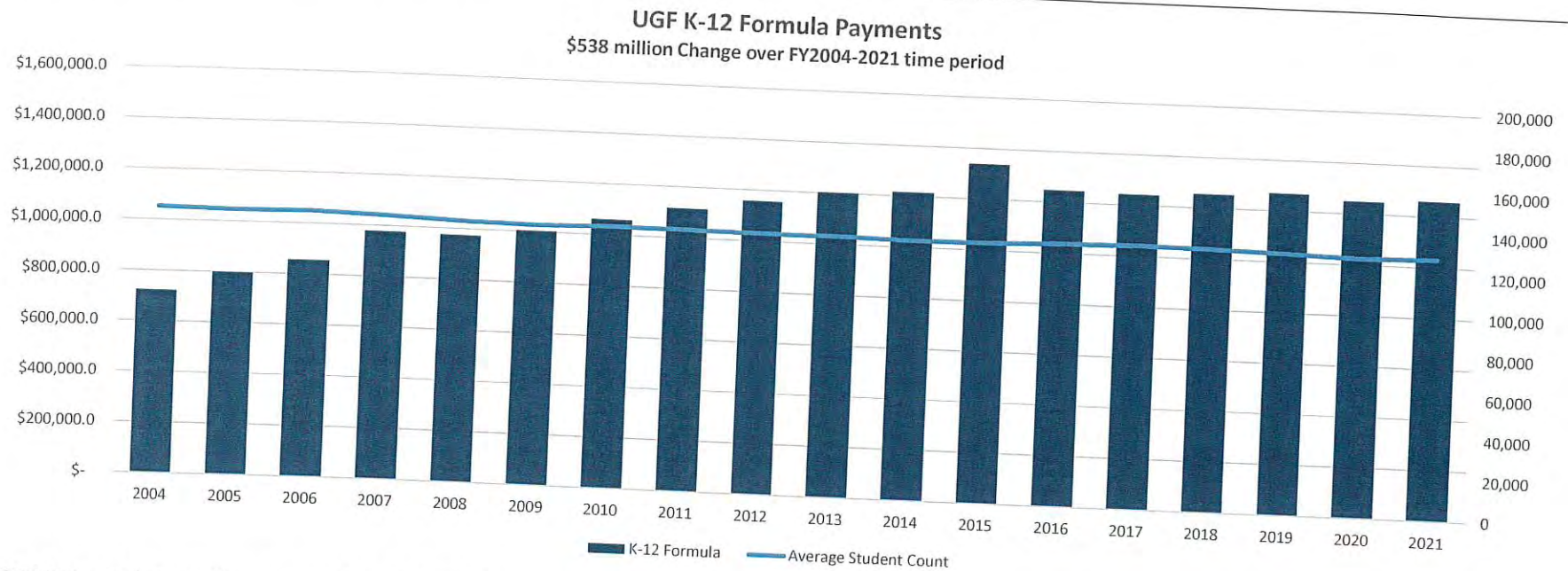


Dollars in thousands

12/8/17



## Budget Drivers: Formula Programs - K-12



2012: Legislature Decreases local contribution from 4.0 mills to 2.65 mills.  
 Base Student Allocation increases from \$4,169 to \$5,930 per student, 42%  
 When considering all costs, including indirect, Alaska pays 75% of the non-federal cost of K-12. In other states, the average is 49% local, 51% state.

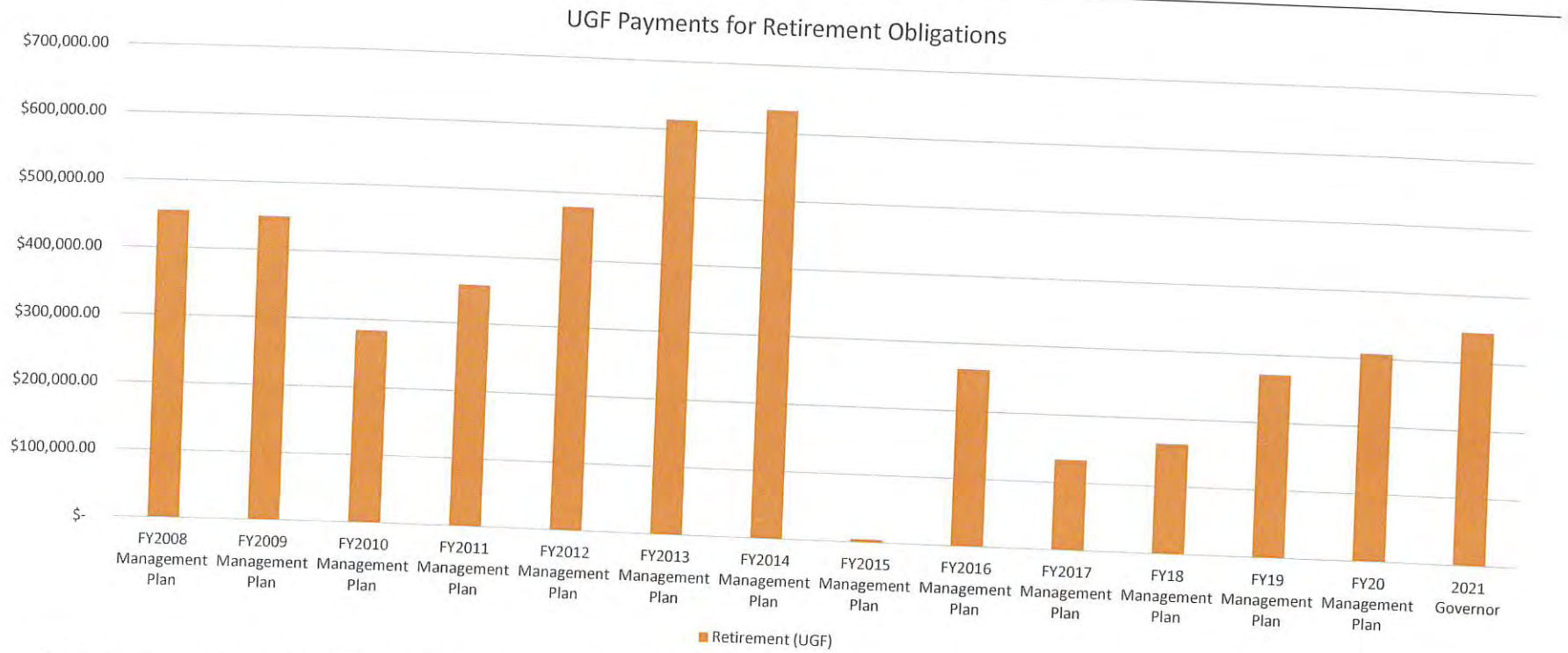


Dollars in thousands

13 of 17



# Budget Drivers: Pension Liabilities



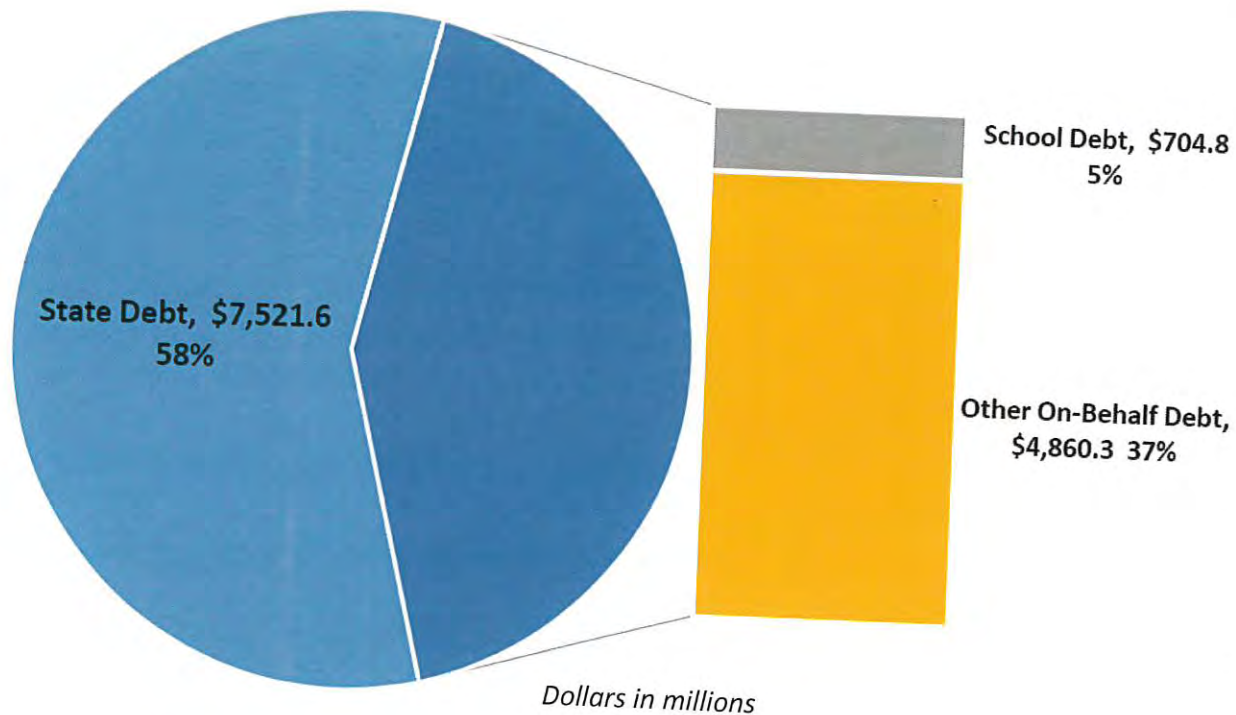
\*Table excludes \$3.0 billion retirement refinancing in FY2015



Dollars in thousands

14 of 17

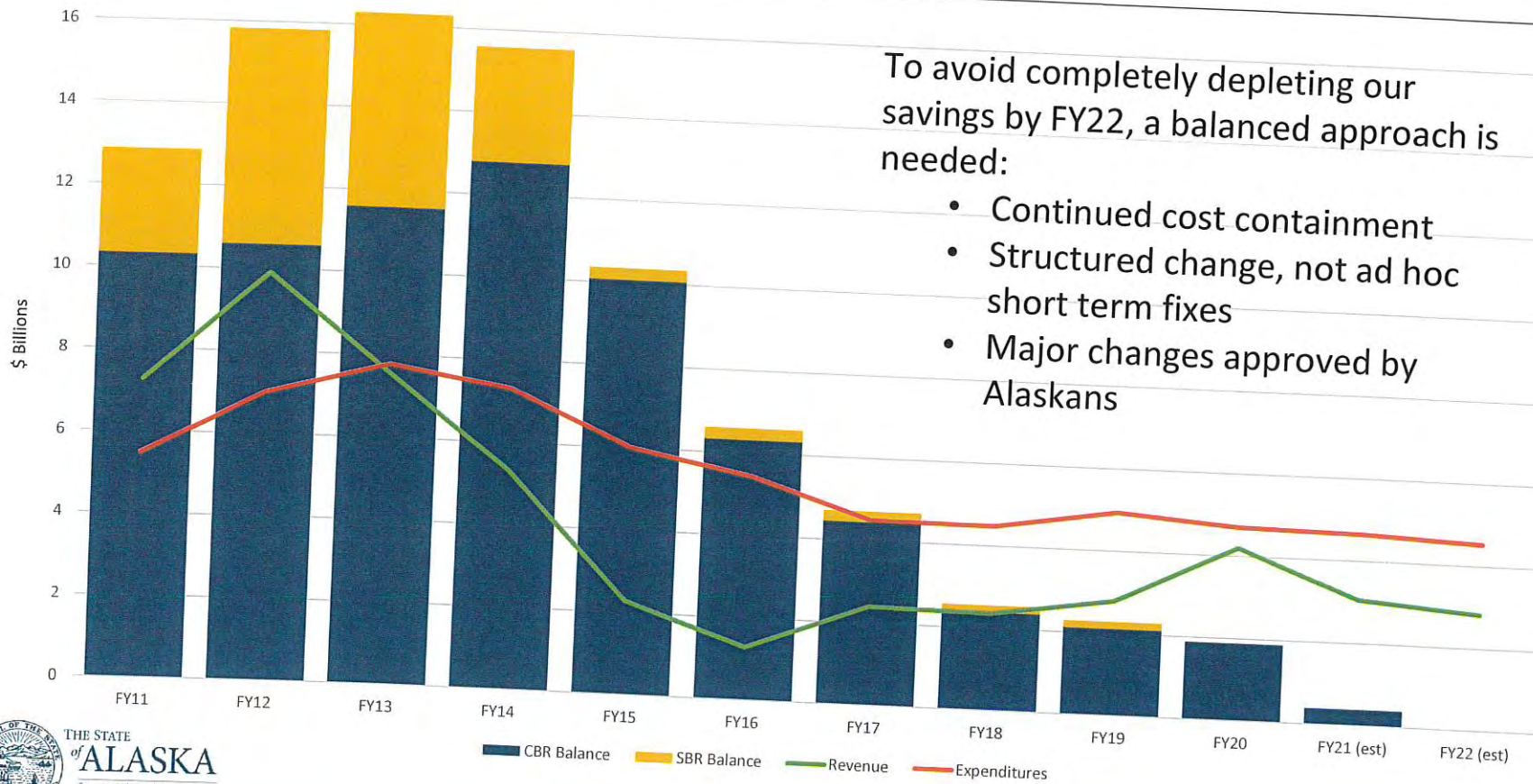
## Total State Debt Principal



- State debt falls into two categories:
  - Debt accrued by the state such as for capital projects and defined benefit retirement programs.
  - Debt payments the state has agreed to make on behalf of other entities such as school construction bonds and municipal retirement plans.
- The state owes \$7.5 billion for debt it has accrued \$5.5 billion for debt “on behalf.”
- The annual servicing cost of this debt is \$551.3 million.



# Balanced Solutions



To avoid completely depleting our savings by FY22, a balanced approach is needed:

- Continued cost containment
- Structured change, not ad hoc short term fixes
- Major changes approved by Alaskans



Dollars in billions

16 of 17



# Questions

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Office of Governor  
**MIKE DUNLEAVY**

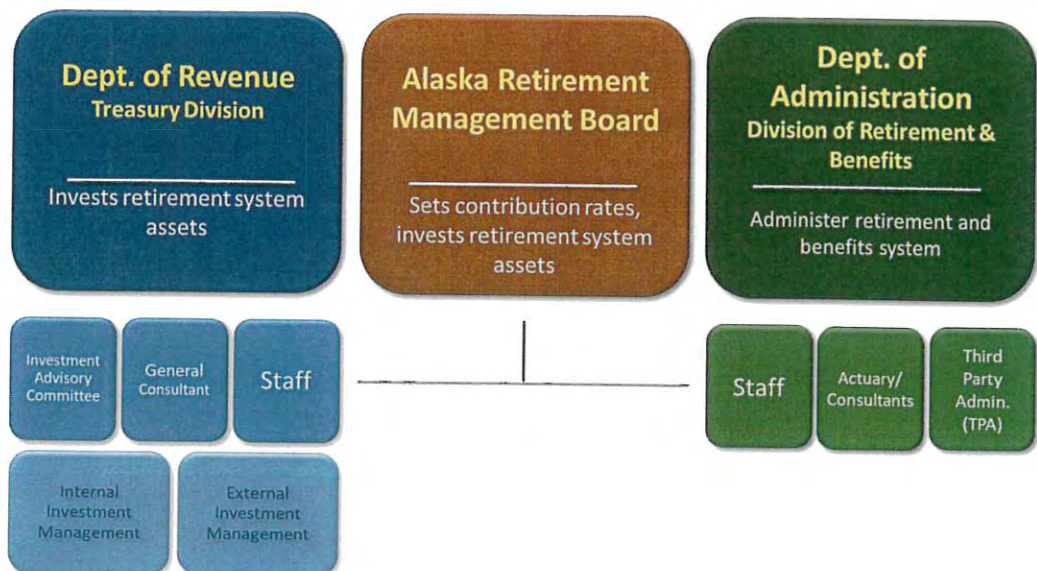


# State of Alaska Department of Administration

- PERS / TRS 2020 Update
- Presentation to the Alaska Municipal League
- Kevin Worley, CFO, Division of Retirement and Benefits
- February 19, 2020



## Organization – PERS / TRS





## Membership (as of June 30, 2019)

DB and DC Plans	PERS			TRS		%
Employers	157			57		
<b>DB Plans</b>	Tier I	Tier II	Tier III	Tier I	Tier II	
Actives	1,003	3,059	8,254	265	3,822	37%
Inactive – Vested	331	1,938	3,154	47	752	75%
Retired	23,481	8,319	4,259	10,546	2,693	99%
<b>Total</b>	<b>24,815</b>	<b>13,316</b>	<b>15,667</b>	<b>10,858</b>	<b>7,267</b>	
<b>DC Plans</b>						
Actives	22,311			5,218		63%
Inactive – Vested	1,412			706		25%
Retired	87			23		1%
<b>Total</b>	<b>23,810</b>			<b>5,947</b>		



Source: Division of Retirement and Benefits. June 30, 2019 Audited Financial Statements

3

## AlaskaCare Employer Group Waiver Plan Update

- An Employer Group Waiver Plan (EGWP) is a group Medicare Part D prescription drug plan option.
- EGWP provides a direct subsidy which allows it to be considered when calculating the Other Post-Employment Benefits (OPEB) liability under both GASB & FASB accounting schemes.
- The implementation of EGWP reduced 6/30/18 healthcare liabilities by **\$959M**, which resulted in lower projected liabilities, lower projected contribution rates, and lower projected Additional State Contributions (\$711M for PERS, \$248M for TRS).



GASB = Governmental Accounting Standards Board  
FASB = Financial Accounting Standards Board

4



## EGWP Projected Subsidy for 2019

\$52.9 million in subsidies = \$32.9 million in net savings

Types of Funding	\$ (Millions)
Direct Subsidy	\$ 1.3
Coverage Gap Discount*	32.2
Catastrophic Reinsurance*	18.2
Low Income Premiums Subsidy	0.2
Low Income Cost Sharing Subsidy*	1.0
<b>TOTAL</b>	<b>\$52.9</b>

\*Projected amounts described above are rough estimates due to the dynamic nature of claims.



## Additional State Contributions – Projected (6/30/2018)

Fiscal Year	PERS	TRS	Total
2021	\$ 196,914,000	\$ 131,811,000	\$ 328,725,000
2022	185,911,000	131,161,000	317,072,000
2023	185,255,000	133,419,000	318,674,000
2024	186,254,000	136,141,000	322,395,000
2025	187,212,000	139,126,000	326,338,000
2026	189,573,000	142,166,000	331,739,000
2027	191,637,000	145,533,000	337,170,000
2028	195,856,000	148,935,000	344,791,000
2029	199,585,000	152,802,000	352,387,000
2030	204,346,000	156,619,000	360,965,000
2031	209,331,000	160,719,000	370,050,000
2032	215,330,000	164,769,000	380,099,000
2033	221,322,000	169,208,000	390,530,000
2034	228,140,000	173,778,000	401,918,000
2035	235,774,000	178,449,000	414,223,000
2036	243,599,000	183,196,000	426,795,000
2037	251,692,000	188,136,000	439,828,000
2038	260,777,000	193,169,000	453,946,000
2039	269,649,000	198,704,000	468,353,000
	<b>\$4,058,157,000</b>	<b>\$3,027,841,000</b>	<b>\$7,085,998,000</b>



Source: Buck, Actuarial Valuation Reports as of June 30, 2018 for PERS and TRS DB



## Additional State Contributions - History

FY	Legislation	PERS	TRS	Total
2006	Chapter 3, FSSLA 05 (SB 46), Sec 59(b)	18,426,923	0	18,426,923
2007	Chapter 82, SLA 06 (SB 231), Sec 60(b)	18,581,921	0	18,581,921
2008	Chapter 30, SLA 07 (SB 53), Sec 55(e) Chapter 28, SLA 07 (HB95), Sec 15(a)	185,000,000	269,992,300	454,992,300
2009	Chapter 27, SLA 08 (HB 310), Sec 13(b) & (a)	241,600,000	206,300,000	447,900,000
2010	Chapter 12, SLA 09 (HB 81), Sec 23(b) & (a)	107,953,000	173,462,000	281,415,000
2011	Chapter 41, SLA 10 (HB 300), Sec 29(b) & (a)	165,841,171	190,850,258	356,691,429
2012	Chapter 3, FSSLA 11 (HB 108), Sec 29(b) & (a)	242,609,397	234,517,333	477,126,730
2013	Chapter 15, SLA 12 (HB 284), Sec 27(a) & (b)	307,302,392	302,777,153	610,079,545
2014	Chapter 14, SLA 13 (HB 65), Sec 29(a) & (b)	312,472,952	316,847,291	629,320,243
2015	Chapter 18, SLA 14 (HB 119), Sec 48(a) & (b)	1,000,000,000	2,000,000,000	3,000,000,000
2016	Chapter 1, SSSLA 15 (HB 2001), Sec 10(a) & (b)	126,520,764	130,108,327	256,629,091
2017	Chapter 3, 4SSLA 16 (HB 256), Sec 28(a) & (b)	99,166,576	116,699,959	215,866,535
2018	Chapter 1, SSSLA 17 (HB 57), Sec 41(a) & (b) Chapter 17, SLA 18 (HB 286), Sec 25(a)	72,719,000	111,757,000	184,476,000
2019	Chapter 17, SLA 18 (HB 286), Sec 25(b) & (c)	135,219,000	128,174,000	263,393,000
2020	Chapter 1, FSSLA 19 (HB 39), Sec 35(a) & (b)	159,055,000	141,129,000	300,184,000
	<b>Total:</b>	<b>3,192,468,096</b>	<b>4,322,614,621</b>	<b>7,515,082,717</b>



Source: Legislative Bills for the respective year

7

## Investment Experience

The actuarial value of assets was reinitialized to equal fair value as of June 30, 2014. Beginning in FY15, the valuation method recognizes 20% of the investment gain or loss each year, for a period of five years ("*Smoothing*").

	2018		2019	
	PERS	TRS	PERS	TRS
Assumed Actuarial Earnings Rate	8.00%	8.00%	7.38%	7.38%
Based on Fair Value of Assets	8.20%	8.20%	6.00%	5.90%
Based on Actuarial Value of Assets (Smoothing over 5-Year Period)	6.10%	6.20%	5.50%	5.50%



Source: Buck, Actuarial Valuation Reports as of June 30, 2018 and Draft report 2019 for PERS and TRS DB

8



## Funded Status – Valuation Results (\$'000's)

Defined Benefit Total	PERS			TRS		
	2017	2018	2019 (DRAFT)	2017	2018	2019 (DRAFT)
a. Actuarial Accrued Liability	\$21,881,395	\$22,264,137	\$22,190,874	\$10,144,618	\$9,960,440	\$9,906,664
b. Valuation of Assets	\$16,786,771	\$17,116,701	\$17,387,184	\$8,313,637	\$8,440,309	\$8,511,493
c. Actuarial Funded Ratio	76.7%	76.9%	78.4%	82.0%	84.7%	85.9%
d. Fair Value of Assets	\$16,282,079	\$16,918,676	\$17,257,097	\$8,069,926	\$8,342,861	\$8,441,248
e. Fair Value Funded Ratio	74.4%	76.0%	77.8%	79.5%	83.8%	85.2%



Source: Buck, Actuarial Valuation Reports as of June 30, 2017 and 2018 and Draft report 2019 for PERS and TRS DB

9

## Funded Status – Valuation Results (\$'000's)

Defined Benefit Pension	PERS			TRS		
	2017	2018	2019 (DRAFT)	2017	2018	2019 (DRAFT)
a. Actuarial Accrued Liability	\$13,832,130	\$14,606,033	\$15,039,180	\$7,217,525	\$7,276,290	\$7,388,020
b. Valuation of Assets	\$9,229,703	\$9,430,192	\$9,576,693	\$5,476,835	\$5,541,600	\$5,563,931
c. Actuarial Funded Ratio	66.7%	64.6%	63.7%	75.9%	76.2%	75.3%
d. Fair Value of Assets	\$8,943,127	\$9,306,675	\$9,489,405	\$5,312,295	\$5,472,727	\$5,511,929
e. Fair Value Funded Ratio	64.7%	63.7%	63.1%	73.6%	75.2%	74.6%



Source: Buck, Actuarial Valuation Reports as of June 30, 2017 and 2018 and Draft report 2019 for PERS and TRS DB

10



## Funded Status – Valuation Results (\$'000's)

Defined Benefit Health Care	PERS			TRS		
	2017	2018	2019 (DRAFT)	2017	2018	2019 (DRAFT)
a. Actuarial Accrued Liability	\$8,049,265	\$7,658,104	\$7,151,694	\$2,927,093	\$2,684,150	\$2,518,644
b. Valuation of Assets	\$7,557,068	\$7,686,509	\$7,810,491	\$2,836,802	\$2,898,709	\$2,947,562
c. Actuarial Funded Ratio	93.9%	100.4%	109.2%	96.9%	108.0%	117.0%
d. Fair Value of Assets	\$7,338,952	\$7,612,001	\$7,767,692	\$2,757,631	\$2,870,134	\$2,929,319
e. Fair Value Funded Ratio	91.2%	99.4%	108.6%	94.2%	106.9%	116.3%



Source: Buck, Actuarial Valuation Reports as of June 30, 2017 and 2018 and Draft report as of June 30, 2019 for PERS and TRS DB

11

## Historical Rate of Return and Funded Ratio

Fiscal Year End 30-Jun	Assumed Actuarial Earnings Rate	Actual Rate of Return	Actuarially	Actual Rate of	Actuarially
			Funded Ratio	Return	Funded Ratio
		PERS		TRS	
1996	8.00%	13.79%	105.8%	14.35%	97.2%
1997	8.25%	18.18%	106.3%	18.12%	94.0%
1998	8.25%	14.73%	105.9%	14.83%	97.7%
1999	8.25%	10.59%	105.5%	10.67%	102.5%
2000	8.25%	10.07%	101.1%	10.15%	99.6%
2001	8.25%	-5.25%	100.9%	-5.35%	95.0%
2002	8.25%	-5.48%	75.2%	-5.49%	68.2%
2003	8.25%	3.67%	72.8%	3.68%	64.3%
2004	8.25%	15.08%	70.2%	15.09%	62.8%
2005	8.25%	8.95%	65.7%	9.01%	60.9%
2006	8.25%	11.74%	62.8%	11.78%	57.3%
2007	8.25%	18.87%	66.2%	18.92%	60.1%
2008	8.25%	-3.06%	69.5%	-3.05%	64.8%
2009	8.25%	-20.49%	61.8%	-20.62%	57.0%
2010	8.25%	11.39%	52.8%	11.58%	53.6%
2011	8.00%	21.22%	60.8%	21.40%	54.1%
2012	8.00%	0.46%	61.3%	0.51%	52.1%
2013	8.00%	12.50%	60.8%	12.59%	51.9%
2014	8.00%	18.56%	70.1%	18.56%	61.2%
2015	8.00%	3.29%	75.4%	3.30%	83.3%
2016	8.00%	-0.36%	77.1%	-0.36%	82.8%
2017	8.00%	13.35%	76.7%	13.36%	82.0%
2018	8.00%	9.61%	76.9%	9.62%	84.7%
2019	7.38%	6.40%	78.4%	6.39%	85.8%

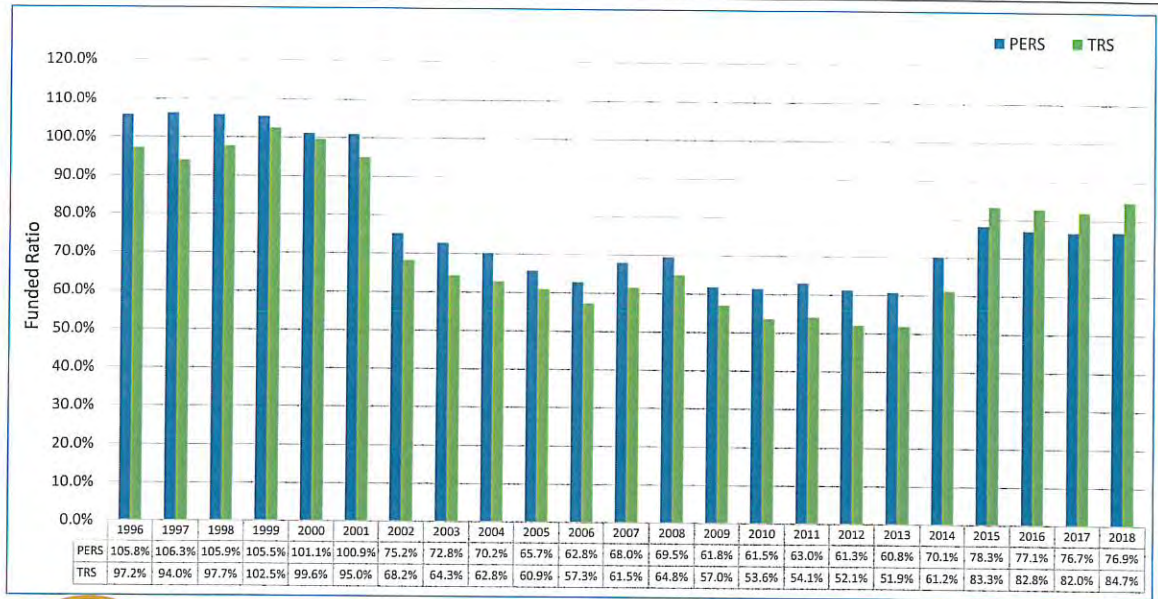


Source: Funded Ratio - Actuarial Reports; Actual Rate of Returns - Department of Revenue, Investment Performance

12



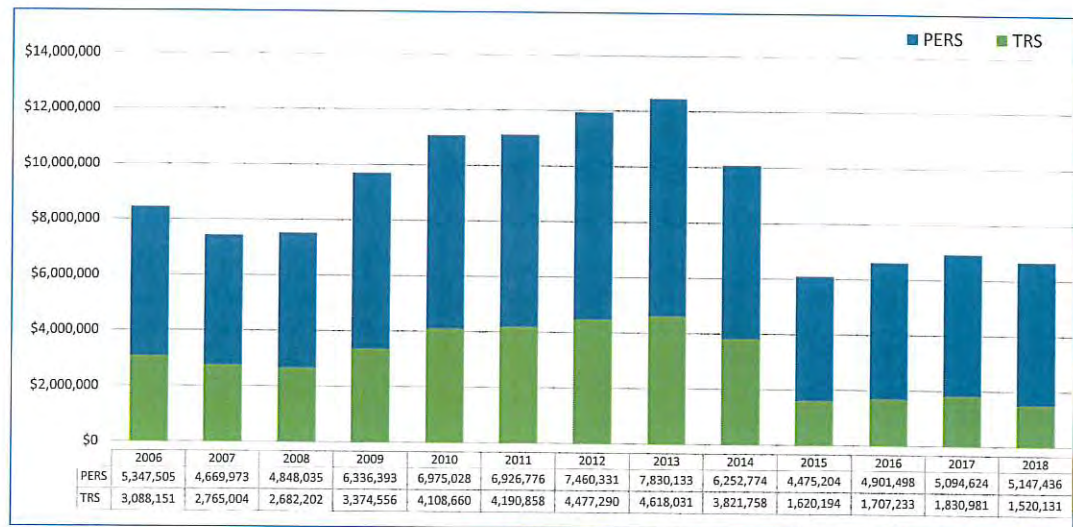
## Funded Ratio – History (Based on Actuarial Valuation Reports)



Source: Buck, Actuarial Valuation Reports as of June 30, 2018 for PERS and TRS DB

13

## Unfunded Liability – PERS / TRS (\$000's)



Source: Buck, Actuarial Valuation Reports as of June 30, 2018 for PERS and TRS DB

14



## Employers and Additional State Contributions Projection

Allocation of Projected Employer and Additional State Contributions with Liabilities "Rolled Forward" Two Years, Assets "Rolled Forward" One Year and Smoothed



15

## FY2021 Contribution Rates – DB Plans

DB Plans	PERS	TRS
Employee		
• All Other Employees	6.75%	
• Peace Officer/Firefighter	7.50%	8.65%
• School District Alternate Option	9.60%	
Employer	22.00%	12.56%
Additional State Contribution	8.85%	17.91%
Total Required Contributions for the Fiscal Year *	30.85%	30.47%

\* The total contribution rates of 30.85% (PERS) and 30.47% (TRS) include the DCR contribution rates.



Source: Buck, Actuarial Valuation Reports as of June 30, 2018 for PERS and TRS DB and DCR

16



## FY2021 Contribution Rates – DC Plans

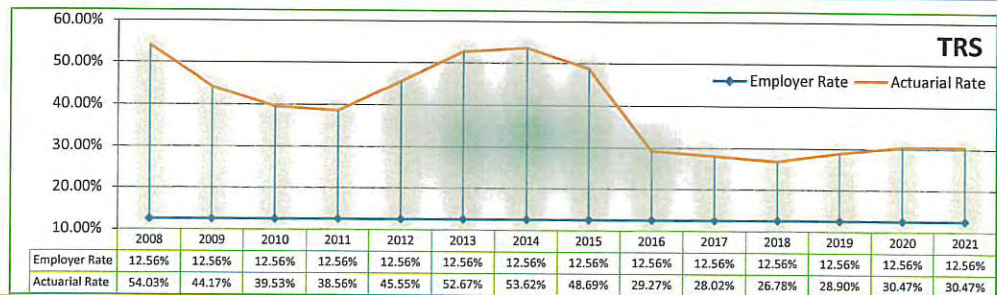
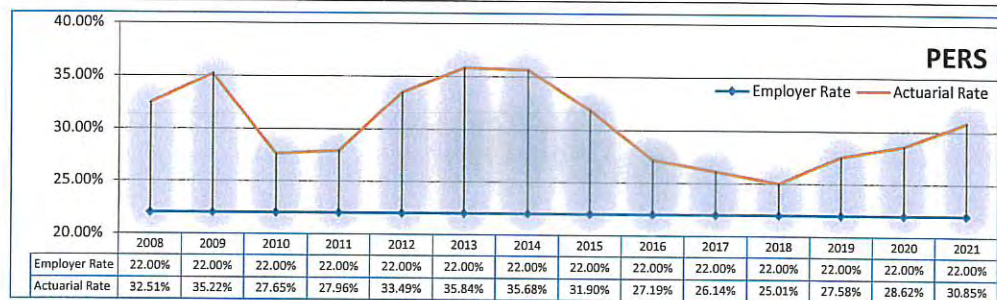
DC Plans	PERS	TRS
Employee	8.00%	8.00%
Employer		
Investment Account	5.00%	7.00%
Health Care	1.27%	0.93%
Occupational Death & Disability		
• All Others	0.31%	0.08%
• Peace Officer/Firefighter	0.70%	N/A
Health Reimbursement Account (HRA) <i>(3% of all PERS/TRS average annual compensation)</i>	Flat dollar	Flat dollar
Excess from Employers' Contributions (22% / 12.56%)	To DB Plans – Unfunded Liability	



Source: Buck, Actuarial Valuation Reports as of June 30, 2018 for PERS and TRS DCR

17

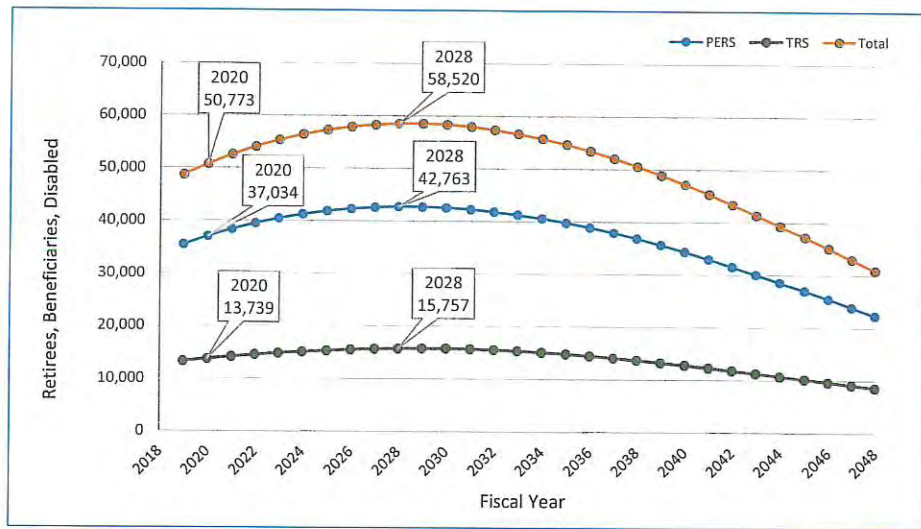
## Contribution Rates – History



Source: June 30, 2018 - Board Adopted Rates Report (BUCK)

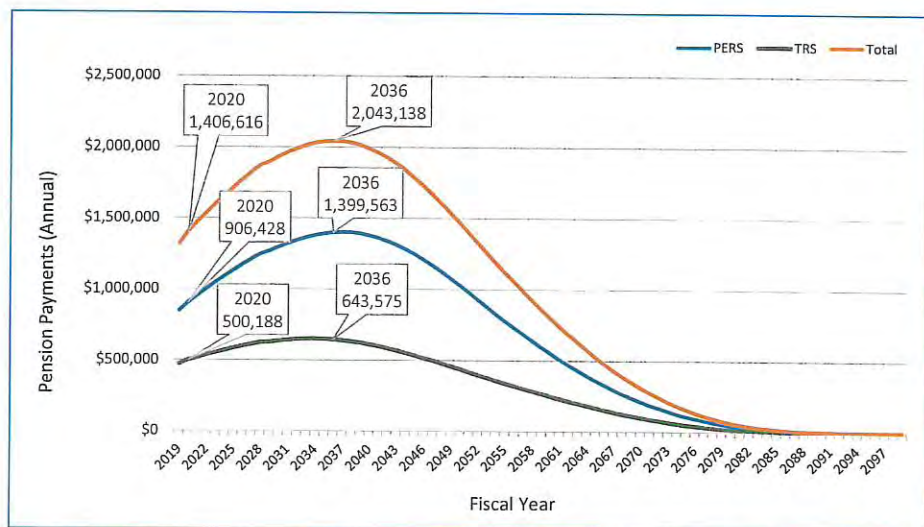
18

# Projected Pension Benefit Recipients



Source: Buck - Supplemental Data

# Projected Pension Benefits Payment (\$'000's)



Source: Buck - Supplemental Data



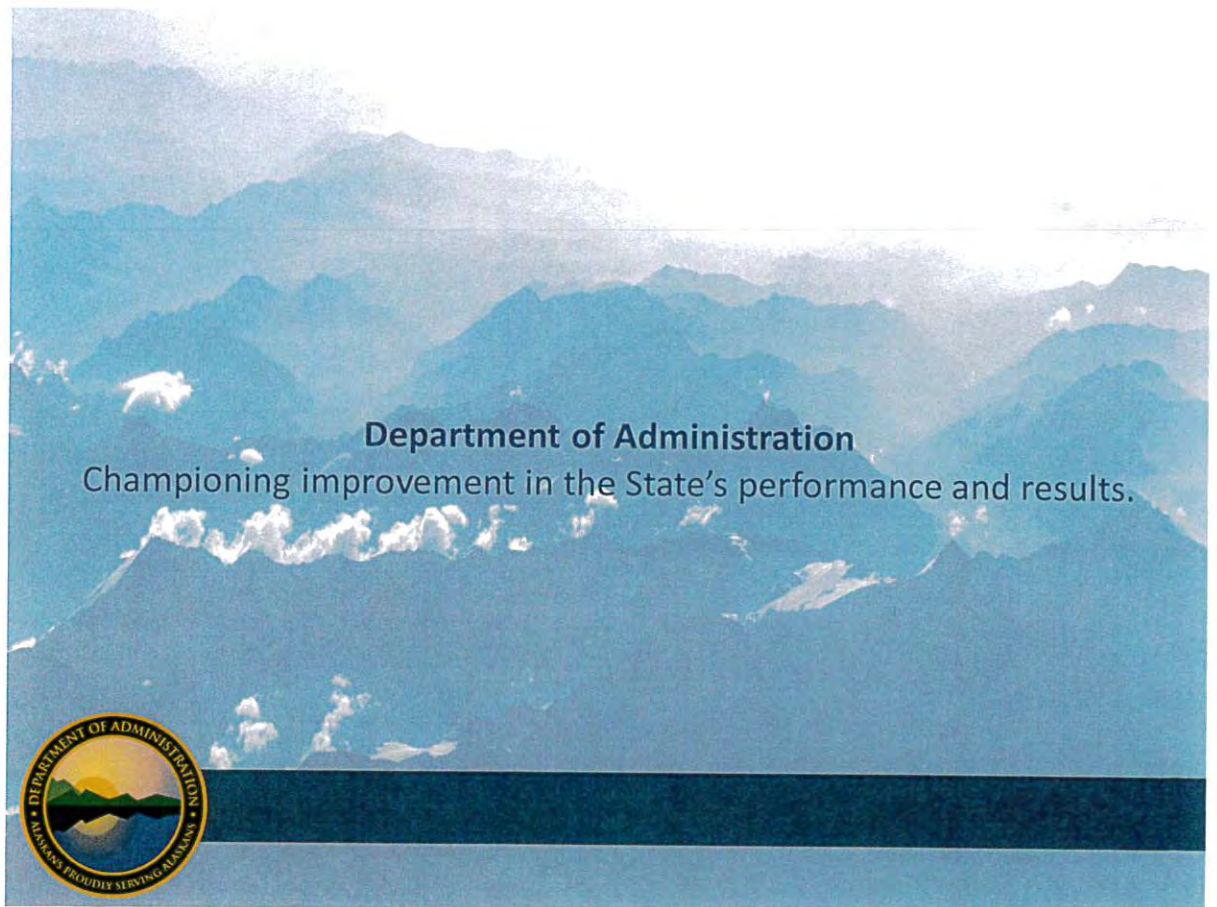
# Health Care Cost Trend Rates

Fiscal Year	Medical Pre-65	Medical Post-65
2019	7.50%	5.50%
2020	7.00%	5.40%
2021	6.50%	5.40%
2025	5.80%	5.40%
2040	5.40%	5.40%
2045	5.00%	5.00%
2050+	4.50%	4.50%

Rates were unchanged through fiscal 2040. Beginning in fiscal 2041, trend rates were revised to reach an ultimate rate of 4.5% in fiscal 2050 instead of the previously assumed ultimate rate of 4.0%.



Source: Buck - Trend rates used in the 6/30/18 valuation were updated from the 6/30/17 assumption







THE STATE  
*of* ALASKA  
GOVERNOR MIKE DUNLEAVY

DEPARTMENT OF COMMERCE, COMMUNITY AND  
ECONOMIC DEVELOPMENT

ALASKA

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NORTH TO OPPORTUNITY

John Springsteen, Deputy Commissioner  
February 2020





# Alaska's Economic Development Strategy

Need for “Statewide Coordination” recognized in State’s Comprehensive Economic Development Strategy (CEDS) as informed by industry, business, and government leaders.

Northern Opportunity  
*Alaska's Economic  
Development Strategy*

**ALASKA**  
NORTH TO OPPORTUNITY

## Economic Development Capacity Building



GOAL: Strengthen the ability of Alaska organizations to execute economic development initiatives that create jobs and investment

Objective: Improve the resiliency and health of existing business

Objective: Create new statewide coordination mechanisms for economic and business development





# Alaska CEDS Committee (2016/2017)

## Strategy Committee: Northern Opportunity: Alaska's Economic Strategy

- Joe Beedle, Northrim Bank
- Larry Cash, RIM Architects
- Sue Cogswell, Prince William Sound Economic Development District
- Deantha Crockett, Alaska Miners Association
- Tim Dillon, Kenai Peninsula Economic Development District
- Kathryn Dodge, University of Alaska Cooperative Extension Small Business & Economic Development
- Jim Dodson, Fairbanks Economic Development Corporation
- Doug Griffin, Southwest Alaska Municipal Conference
- Representative David Guttenberg, Alaska State Legislature
- Scott Habberstad, Alaska Airlines
- Marleanna Hall, Resource Development Council
- Jason Hoke, Copper Valley Development Association
- Senator Shelley Hughes, Alaska State Legislature
- David Karp, Northern Air Cargo
- Brian Kleinhenz, Sealaska Corporation
- Brent Latham, Yukon Kuskokwim Economic Development Council
- John MacKinnon, Associated General Contractors of Alaska
- Kara Moriarty, Alaska Oil and Gas Association
- Kris Norosz, Icicle Seafoods
- Crystal Nygard, Mat-Su Business Alliance
- Christine O'Connor, Alaska Telephone Association
- Lisa Parker, Parker Horn Company
- Bill Popp, Anchorage Economic Development Corporation
- Kim Reitmeier, ANCSA Regional Association
- Meilani Schijvens, Rain Coast Data
- Hugh Short, Pt Capital
- John Springsteen, Alaska Industrial Development and Export Authority (AIDEA)
- Andy Teuber, Alaska Native Tribal Health Consortium (ANTHC)
- Curtis Thayer, The Alaska Chamber of Commerce
- Rick Thomas, The Chariot Group
- Norman Van Vactor, Bristol Bay Economic Development Corporation
- John Wanamaker, Alaska Venture Partners
- Doug Ward, Vigor Alaska / Alaska Workforce Investment Board
- Laurie Wolf, The Foraker Group
- Shelly Wright, Southeast Conference





# The Alaska Development Team (AKDT)

### Mission

To promote growth of existing Alaskan businesses, encourage new businesses to invest in Alaska, and help create an economic environment that is favorable for business development.

### Vision

To enable a flourishing private sector economy that brings job opportunities to the state and increases prosperity and self-sufficiency for Alaskan families.

### Fundamental Question

What can Alaska do today, with what we have in our regions and communities, to grow and attract commerce, industry, and investment?



## What Does the AKDT Do?

We work with Alaskan businesses, governmental entities, economic development organizations, industry groups, and chambers of commerce to identify and facilitate ways to make doing business in Alaska easier.

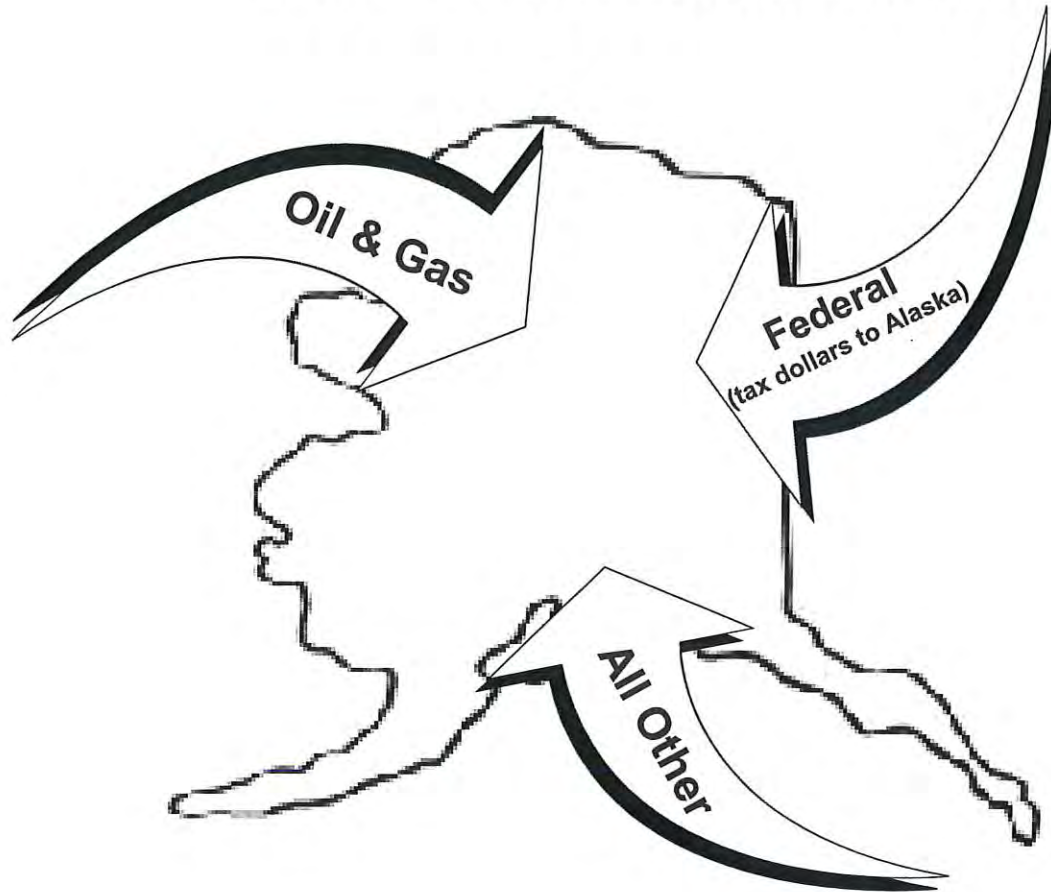
### How are we doing this?

- Promoting the advantages of doing business in Alaska to prospective investors
- Serving as a facilitator to connect interested parties and move investment ready commercial and industrial projects forward
- Interacting with economic development organizations, industry groups, and business owners and participating in trade events to share information and ideas for promoting business growth
- Identifying barriers to business development in Alaska and developing approaches to resolve impediments





## “What drives the Alaska economy?” 2008 Scott Goldsmith article is still relevant today



UA Research Summary No. 13 • December 2008  
Institute of Social and Economic Research • University of Alaska Anchorage

### WHAT DRIVES THE ALASKA ECONOMY?

By Scott Goldsmith



What drives Alaska's economy is new money: money coming in from outside the state. How big the economy is, and how much it grows, depends on how much new money comes in.

New money comes from "basic" sectors—the sectors that are the basis for all jobs and income across Alaska. They are, in effect, the gears driving the economy.

Alaska has eight main basic sectors, but the number of Alaskans they employ directly is small, compared with the number of jobs they support indirectly. Figure 1 shows numbers and shares of jobs for Alaskans that the federal government, the petroleum sector, and the other basic sectors generated on average between 2004 and 2006. The numbers for any specific period aren't as important as the percentages, which don't change much from year to year.

• If the flow of federal and petroleum money disappeared overnight, two-thirds of the jobs for Alaskans would also disappear, because each of them supports a third of those jobs.

• Alaska's other basic sectors combined support about a third of jobs for Alaskans. The seafood, mining, and timber sectors produce commodities that are exported. The tourism and international air cargo sectors sell services to people from outside Alaska. Federal retirement checks and investment income Alaskans collect from outside sources also generate jobs.

How is it that the federal government and the petroleum sector support most jobs for residents, and several other sectors support the rest? This summary, based on a longer paper (see back page), is a unique analysis of how the basic sectors drive the economy. Instead of looking just at jobs

in a specific activity—seafood processing, for instance—we allocate all the jobs throughout the economy to the basic sectors that support them. This method gives a clearer picture of the structure of the economy, but it may produce different numbers than other methods.

Here we use jobs for residents to measure economic contributions—a reasonable measure but not the only one, as we discuss in the full paper.

We analyze just jobs for Alaska residents, even though many non-residents also work here. They don't typically spend their paychecks in Alaska, so they don't add as much to the economy.

To compare across sectors, we've converted all jobs to an annual average number. That means for industries like commercial fishing and tourism, which have a lot of seasonal jobs, we've translated the larger number of seasonal jobs into a smaller number of year-round jobs. Still, keep in mind that not all jobs are equal; some pay much more than others.

#### WHY DOES ALASKA'S ECONOMY LOOK LIKE THIS?

Before we talk more about how the basic sectors generate jobs, it's useful to look at the big picture. Why does the federal government play such a big role in Alaska, and why are most basic sectors ones that produce natural resources? Why don't we have, say, more in-state manufacturing or large high-tech businesses?

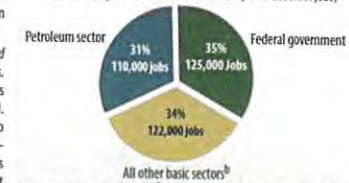
Federal spending in Alaska is high, relative to the population, for several reasons—including a large military presence; huge federal land holdings; federal health-care and other programs for Alaska Natives; and continuing construction of basic infrastructure that the federal government helps pay for.

Alaska's economy has also historically been shaped by characteristics that increase the costs of doing business and make development difficult—including huge size, harsh climate, and distance from markets and suppliers. Economic growth and technological advances have reduced but not eliminated such disadvantages, especially in remote areas.

#### WHY IS NEW MONEY IMPORTANT?

Why is it important for new money to come into the state? That's because no economy—in Alaska or anywhere—is self-sufficient. All economies have to buy goods and services that aren't produced locally, which means money flows out of the local economy to economies somewhere else. That loss has to be offset by new money flowing in, or the local economy would eventually go broke.

Figure 1. What Generates Jobs for Alaska Residents?<sup>a</sup>  
(Annual Average Number of Jobs for Residents, 2004-2006: 357,000)



<sup>a</sup>Excludes jobs held by non-residents. <sup>b</sup>Seafood, tourism, mining, timber, international air cargo, and personal services from outside Alaska (primarily federal retirement benefits).

Note: This analysis shows that the petroleum sector reaches across Alaska's economy, supporting jobs in almost every industry. But petroleum's effects go even deeper, as a follow-up ISER study will show. Without the support and stability petroleum has provided since the 1960s, Alaska's economy might be only half the size it is today. Look for the new study in early 2009.





# How Can AKDT Help Alaska's Economy?

By focusing on Alaska's economic engines and potential growth sectors, we drive the Alaskan economy.

Grow Existing Economic Engines	
Oil & Gas	
Mining	
Seafood	
Tourism	
Alaska Native Corporation Businesses	
International Air Cargo	
Manufacturing & Export	
Investment Management	
Federal (Tax Dollars):	
Defense & Security	Healthcare
Infrastructure	ANCSA 8(a)

Encourage New Growth Sectors
Product Exports <ul style="list-style-type: none"> <li>- Mariculture</li> <li>- Agriculture</li> <li>- Timber</li> <li>- Critical Minerals</li> </ul>
Service Enhancement <ul style="list-style-type: none"> <li>- Additional Tourism Destinations</li> <li>- Secure Storage for Air Cargo</li> <li>- Cold Storage for Air Cargo</li> </ul>
Export Services / Knowledge <ul style="list-style-type: none"> <li>- IT / Secure Data Centers</li> <li>- R&amp;D / Intellectual Property</li> </ul>
Other ?

Create Favorable Environment for Induced Sectors
Logistics and Supply Chain
Construction
Professional Services
Consumer Goods and Services
Healthcare
Education
State Government

**Economic Engines + Potential Growth Sectors → Induced Sectors**





## Economic Sectors

AKDT “front-line” members are assigned to focus on individual sectors of the economy to engage and encourage growth.

AKDT Member	Sector
John Springsteen	Mining
	Oil and Gas
	Infrastructure
	Energy
Matthew Fagnani	Fishing, Seafood, and Mariculture
	Timber
	DoD and Defense Contracting

AKDT Member	Sector
Keith Comstock	Agriculture
	Aerospace, Aviation, and Air Cargo
	Broadband and Telecommunications
	Engineering and Manufacturing
	Technology and R&D
	Tourism
Greg Samorajski	Gaming
	P3 / Finance
	Real Estate



## Highlights of Recent AKDT Activities

### AKDT and Mining

- Making it easier to do business
- Alaska mining, U.S. Critical Minerals, and eligibility for “high priority infrastructure project” designation to streamline permitting

### AKDT and Mariculture

- Interacting with industry to promote business growth
- Alaska Mariculture Task Force, Alaskan grown shellfish & seaweed, overcoming statutory and regulatory hurdles, and consultation with the seafood industry

### AKDT and Broadband

- Identifying barriers and resolving impediments
- Alaska broadband, sensible standards for satellite performance, and OneWeb collaboration with Pacific Dataport to improve rural connectivity





## Other AKDT Initiatives

- Expanding gaming opportunities in Alaska
- Attracting investors for cold storage and secure storage facilities for international air cargo
- Pursuing initial funding to extend broadband fiber connectivity from Kodiak to Dutch Harbor
- Assisting Alaska Aerospace Corporation to attract commercial rocket launches and to market their skills and techniques around the world
- Capitalizing on University of Alaska research and development capabilities
- Providing long-term supplies of timber to global markets
- Exploring potential for multi-user infrastructure funded primarily by and for industry (similar to Delong Mountain Transportation System)
- Pursuing public-private partnerships for tourism opportunities
- Ongoing work with Alaska Regional Development Organizations (ARDORs), Alaska Municipal League members, industry groups, and chambers of commerce on driving local and regional economic engines



# AKDT and Mining

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**MINING NEWS**

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## Mining eligible for permit streamlining

Federal permitting council votes to include sector for Fa

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Graphite One Inc.

Core from drilling through a graphite-rich lens at Graphite Creek. This world-class deposit, which could provide a domestic source for the graphite needed for the lithium-ion batteries used to store wind- and solar-generated electricity, is among the Alaska mining projects that could benefit from more efficient permitting under Fast-41.

On Jan. 15, FPISC voted in favor of including mining among the sectors eligible for the coordination and permit streamlining under Fast-41.

Getting mining included as an eligible sector under Fast-41 was prompted by Alaska Gov. Michael Dunleavy, who nominated Graphite One Inc.'s Graphite Creek deposit in western Alaska as a high-priority infrastructure project

now be considered for more efficient permitting under Title 41 of the Fixing America's Surface Transportation Act, or Fast-41, a program established in 2015 to improve the timeliness, predictability, and transparency of the federal environmental review and authorization process for eligible infrastructure projects.

This Obama-era Fast-41 program established the Federal Permitting Improvement Steering Council (FPISC), a federal entity meant to provide a one-stop-shop capable of coordinating permits across different federal agencies, thereby streamlining and shortening the overall process for some large projects.

## AKDT

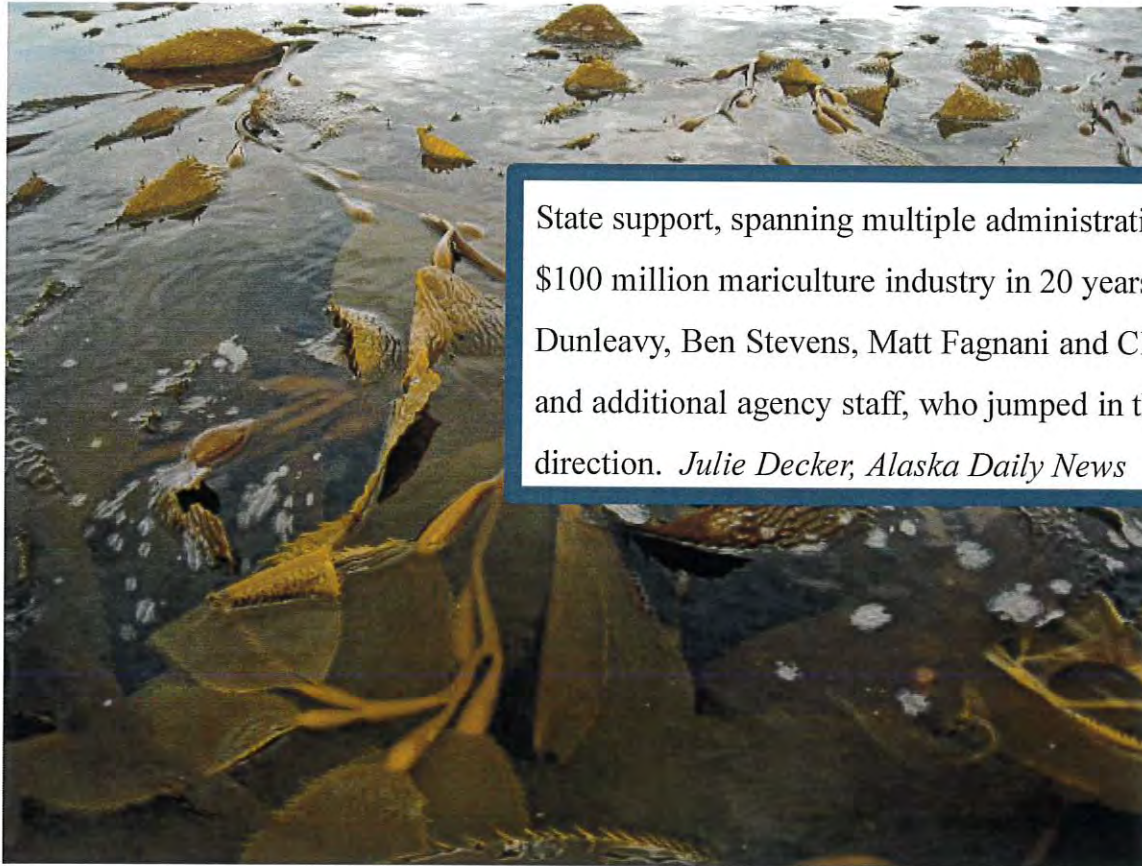
Facilitated meetings with Graphite One and federal entities.





# Mariculture a growing opportunity for Alaska industry

✍ Author: Julie Decker | Opinion ⌚ Updated: 3 days ago 📅 Published 3 days ago



State support, spanning multiple administrations, is critical to reach the goal of growing a \$100 million mariculture industry in 20 years. We are thankful for the support of Gov. Dunleavy, Ben Stevens, Matt Fagnani and Clark Penney of the Alaska Development Team and additional agency staff, who jumped in the boat with us and helped row in the same direction. *Julie Decker, Alaska Daily News*

*Alaska seaweed harvesting could turn into a growing segment of the mariculture industry.*





## A Blueprint for Alaska's Broadband Future

Updated and Revised 2019

### AKDT

Advice prompts inclusion of satellite standard for Alaska Broadband (critical for rural access and federal funding eligibility)

In cooperation with the Denali Commission

#### Performance Measures that Will Define Success (by 2024)

MEASURES	TARGETS
Download Speed (end-user)	100 Mbps
Upload Speed (end-user)	100 Mbps
Latency (terrestrial, within Alaska)	20 Milliseconds
Latency (satellite, covering Alaska)	NGSO: 100 milliseconds   GEO: 670 milliseconds
Reach (market serviceability)	100% of Alaska homes and businesses
User Cost	Monthly rates at or below 2019 rates in Anchorage
Reliability	99.99% uptime (with backup systems)
Adoption (subscription to service)	90% of adult population; 100% of homes with students
Progress	100% of 2019 recommendations achieved





# AKDT and Alaska Broadband

## OneWeb Collaborates with PDI, Aims to Improve Arctic Connectivity

OneWeb, a global communications company, has lately made an announcement about a new distributor partnership with Pacific communication system: services all over Alaska.

On this occasion, Presid been an amazing experi areas of the Arctic regio PDI recognized the abili in varied markets."



This partnership will allow the delivery of OneWeb's high speed internet services all over Alaska. *Chuck Schumann, CEO, Pacific Dataport, Inc.*

### Customers to Enjoy OneWeb Services as Early as Q4 2020

This agreement ensures that the customers in the Arctic region will have the benefit of OneWeb connectivity as early as Q4 2020. The unique qualities of Alaska suggest that it is a hub for economic growth and the seamless global communication system of OneWeb will be a key booster for regional initiatives, including growth of a digital economy and collection of climate data.

CEO at PDI, Chuck Schumann, said, "PDI is pleased to sign the agreement with OneWeb, which will be Alaska's important LEO service agreement. PDI is a frontrunner in the satellite industry, continuously planning and implementing modern technologies existing in the market for the customers. We are happy to team up with OneWeb, who will offer high-speed connectivity to serve our customers in Alaska and the Arctic."

### PDI to Display OneWeb's Service across Arctic

Schumann further added saying that PDI has the benefit of being one of the firsts to get the opportunity to display OneWeb's service in Alaska and eventually in the Arctic region from the year's end. Also, the enthusiasm from their customers to test and try-out the services of OneWeb has been important.

## AKDT

Introductions of the group to providers of capital



# ALASKA

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**NORTH TO OPPORTUNITY**



# State Fiscal Overview

Alaska Municipal League  
February 19, 2020



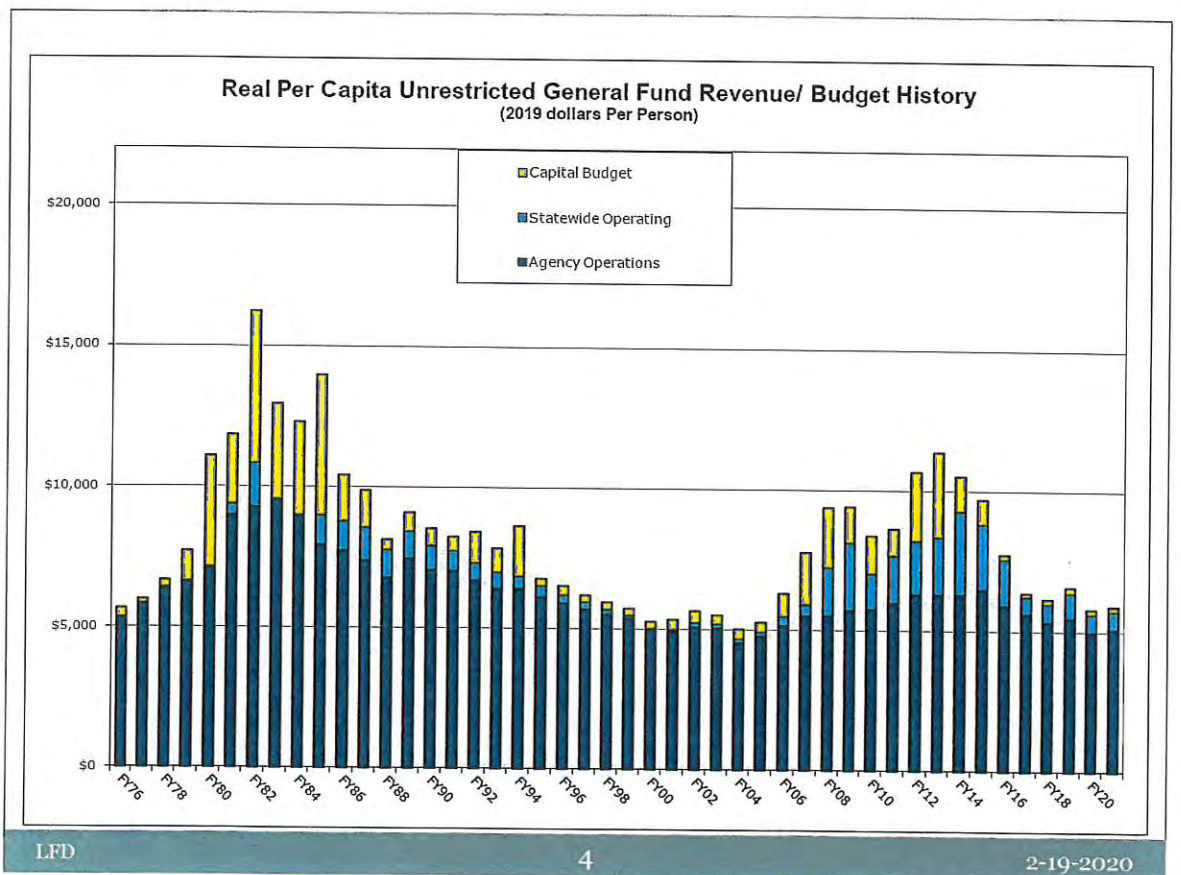
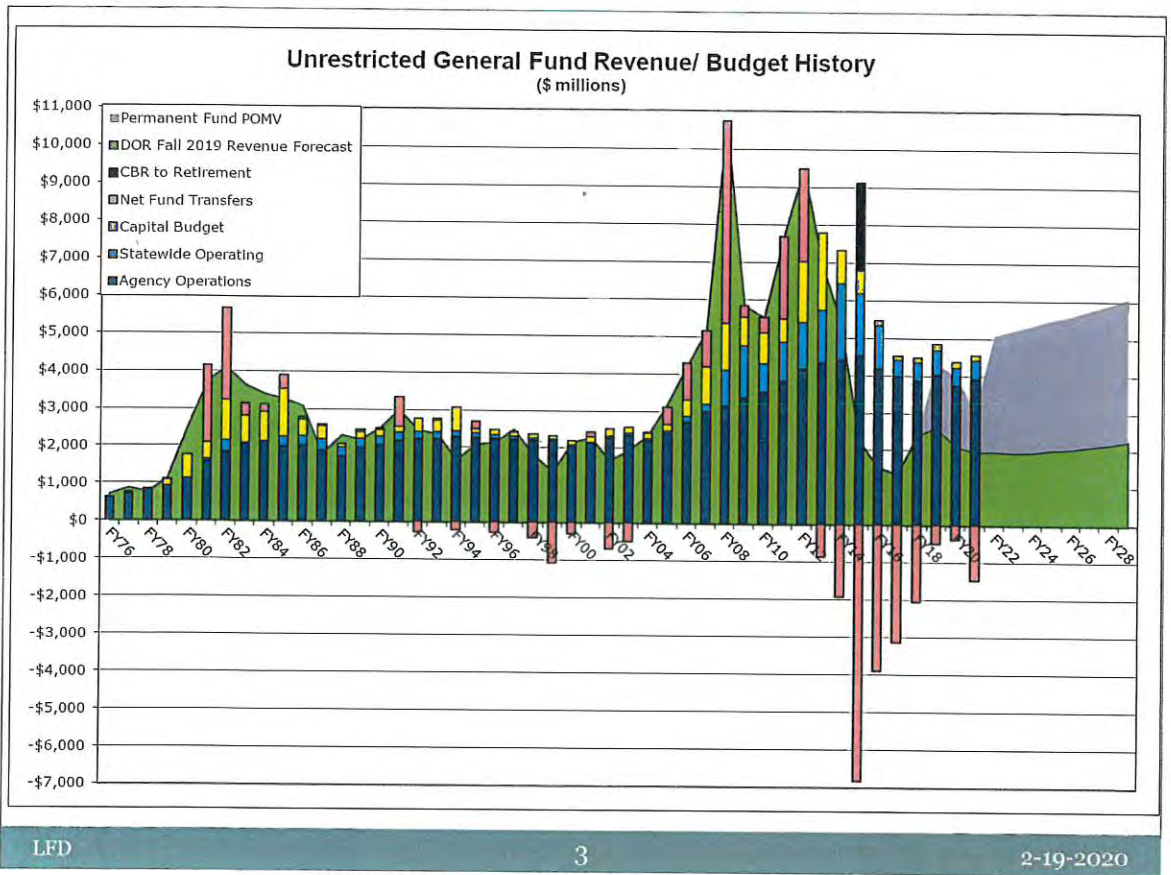
*Legislative Finance Division*

[www.legfin.akleg.gov](http://www.legfin.akleg.gov)

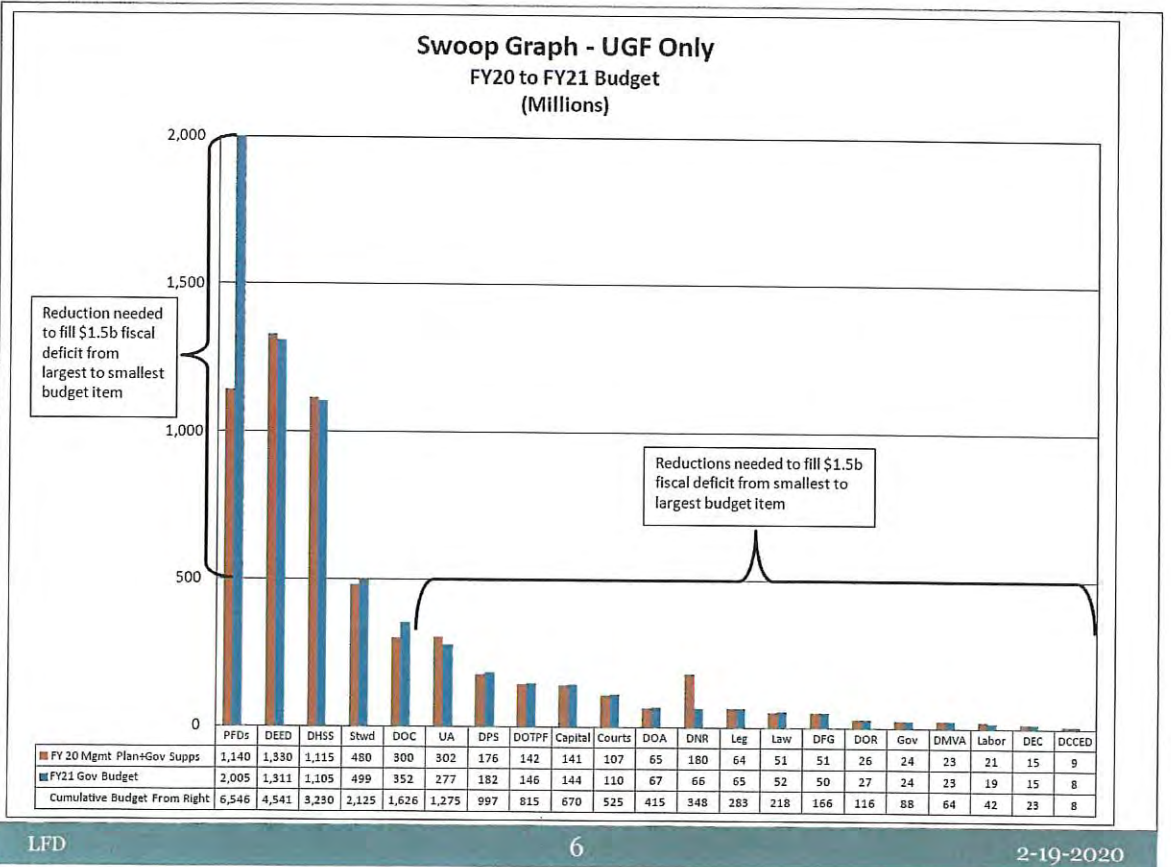
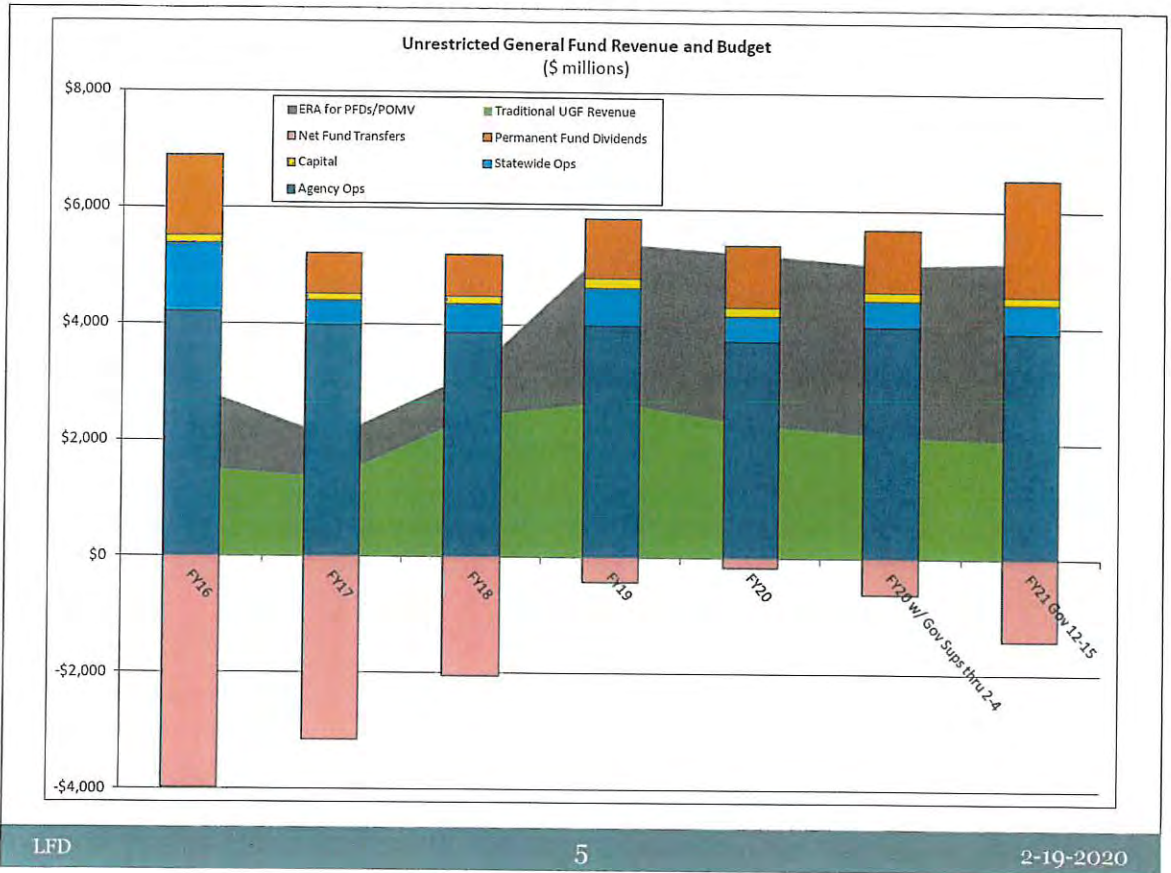
## Where have we been?

2

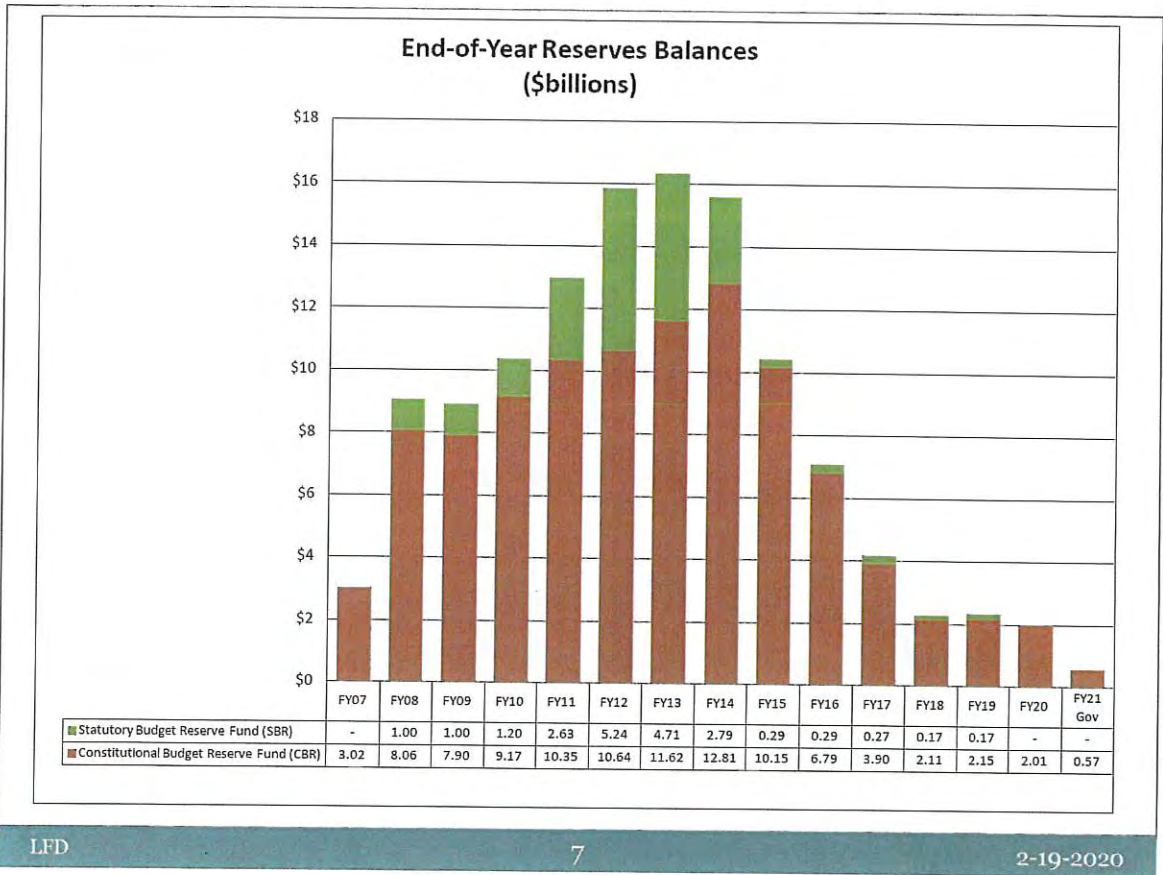
- Oil prices and UGF revenue began declining in FY13 and plummeted by FY15
- Traditional UGF revenue has declined from \$9.5B in FY12 to \$1.5B by FY16
- UGF budget has declined 44% - \$7.8B to \$4.4B
- Budget deficits have averaged \$2.6B
  - Nearly half (44%) of the UGF Budget each year











## Budget Activity for FY20

### Last Session

- Governor proposed \$980 million UGF Operating budget reduction for FY20
- Governor proposed \$992 million increase to PFDs
- Legislature accepted \$146 million of Governor’s proposed Operating budget reductions
- Governor vetoed an additional \$205 million from the Operating budget

### This Session

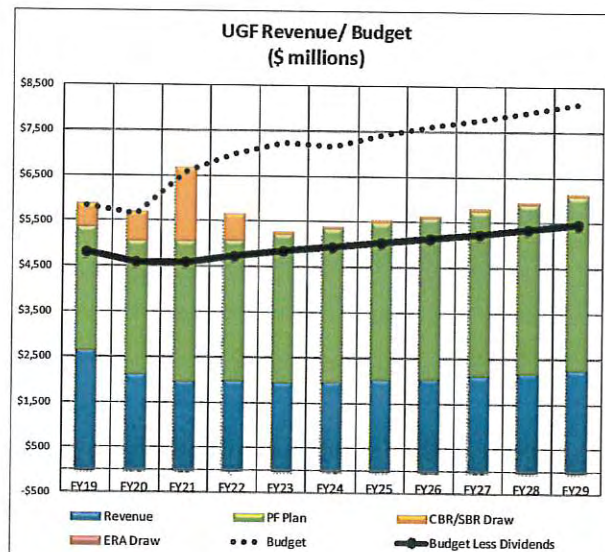
- Governor proposed \$270 million of supplemental UGF budget additions to the FY20 budget (\$264 million operating, \$5.7 million capital)
- Assuming Governor’s supplemental requests the FY20 agency operations 0.1% below FY19, statewide items down nearly 30%

# FY21

9

- Governor proposed \$178 million increase to the original FY20 Operating budget but after the FY20 supplemental requests the Governor's proposed FY21 budget would be a \$48 million decrease
- Governor proposed increase of \$865 million to PFDs over FY20

## LFD Fiscal Model and Status Quo





## Governor's FY21 Proposal as Status Quo

11

- Status quo scenario presented to show the magnitude of the fiscal problem. LFD is policy neutral regarding method of addressing
- CBR empty in FY22
- Out-year deficits range from \$1.8 - \$2 billion each year

Assuming Permanent Fund POMV draw limit is followed spending reductions and/or new revenue are required

Assuming Permanent Fund Earnings Reserve Account (ERA) is used to fill the deficit, for every \$1 billion used the annual POMV revenue stream drops \$50 million forever.

## QUESTIONS?

12

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## 2020 Credit Review & State Debt Summary

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Deven Mitchell  
Debt Manager  
(907) 465-3750  
[deven.mitchell@alaska.gov](mailto:deven.mitchell@alaska.gov)



## 1. State Debt and General Fund Obligations

---

# Total Debt in Alaska at June 30, 2019 (\$millions)

	Principal Outstanding	Interest to Maturity	Total Debt Service to Maturity
<b>State Debt</b>			
State of Alaska General Obligation Bonds	670.1	278.5	948.6
<b>State Guaranteed Debt</b>			
Alaska Housing Finance Corporation State Guaranteed Bonds (Veterans' Mortgage Program)	106.8	54.9	161.7
<b>State Supported Debt</b>			
Certificates of Participation	22.4	6.5	28.9
Lease Revenue Bonds with State Credit Pledge and Payment	192.8	73.6	266.4
<b>Total State Supported Debt</b>	215.2	80.1	295.3
<b>State Supported Municipal Debt<sup>1</sup></b>			
State Reimbursement of Municipal School Debt Service	704.8	201.4	906.2
State Reimbursement of capital projects	22.5	9.7	32.2
<b>Total State Supported Municipal Debt</b>	727.3	211.1	938.4
<b>Pension System Unfunded Actuarial Accrued Liability (UAAL)<sup>3</sup></b>			
Public Employees' Retirement System UAAL	5,147.0	N/A	5,147.0
Teachers' Retirement System UAAL	1,520.0	N/A	1,520.0
<b>Total UAAL</b>	6,667.0	N/A	6,667.0
<b>State Moral Obligation Debt</b>			
Alaska Municipal Bond Bank:			
2005, 2010, & 2016 General Resolution General Obligation Bonds	1,111.1	539.4	1,650.5
Alaska Energy Authority:			
Power Revenue Bonds #1 through #8	74.7	32.4	107.1
Alaska Student Loan Corporation			
Education Loan Backed Notes	43.7	2.9	46.6
<b>Total State Moral Obligation Debt</b>	1,229.5	574.7	1,804.2
<b>State Revenue Debt</b>			
Sportfish Revenue Bonds	13.9	1.8	15.7
International Airports Revenue Bonds	346.5	160.0	506.5





# Total Debt in Alaska at June 30, 2019 (\$millions)

	Principal Outstanding	Interest to Maturity	Total Debt Service to Maturity
<b>University of Alaska Debt</b>			
University of Alaska Revenue Bonds	271.3	144.4	415.7
University Lease Liability and Notes Payable	15.4	3.7	19.1
Installment Contracts	0.7	0.1	0.8
<b>Total University of Alaska Debt</b>	<b>287.4</b>	<b>148.2</b>	<b>435.6</b>
<b>Total State Revenue and University Debt</b>	<b>647.8</b>	<b>310.0</b>	<b>957.8</b>
<b>State Agency Debt</b>			
Alaska Housing Finance Corporation:			
Commercial Paper	49.6	N/A	49.6
Alaska Municipal Bond Bank Coastal Energy Loan Bonds	9.9	2.1	12.0
Alaska Railroad	78.7	10.2	88.9
Northern Tobacco Securitization Corporation			
2006 Tobacco Settlement Asset-Backed Bonds <sup>5</sup>	302.2	387.2	689.4
<b>Total State Agency Debt</b>	<b>440.4</b>	<b>399.5</b>	<b>839.9</b>
<b>State Agency Collateralized or Insured Debt</b>			
Alaska Housing Finance Corporation:			
Collateralized Home Mortgage Revenue Bonds & Mortgage Revenue Bonds:			
2002 Through 2011 (First Time Homebuyer Program)	694.1	312.6	1,006.7
General Mortgage Revenue Bonds II -2012 & 2016	346.4	164.3	510.7
Government Purpose Bonds 1997 & 2001	105.2	22.0	127.2
State Capital Project Bonds, 2002-2011 <sup>2</sup>	27.7	2.3	30.0
State Capital Project Bonds, II 2012-2018 <sup>2</sup>	1,112.3	451.0	1,563.3
Alaska Industrial Development and Export Authority:			
Revolving Fund Bonds	39.7	11.1	50.8
Power Revenue Bonds, 2015 Series (Snettisham Hydro Project)	57.2	24.7	81.9
<b>Total State Agency Collateralized or Insured Debt</b>	<b>2,382.6</b>	<b>988.0</b>	<b>3,370.6</b>
<b>Total State and State Agency Debt</b>	<b>13,086.7</b>		

## NOTES

1. In the Enacted FY2020 Budget, and Proposed FY2021 Budget, School Debt and Capital Project Reimbursements were funded at 50% and 0%, respectively. See description in Section 1(E) above, and Table 5.0 for outstanding debt levels
2. Does not include defeased bonds

3. From most recent 6/30/2018 actuarial valuation. See table 5.3 for a summary of the Retirement System's Funding Levels

4. 'Other G.O. Debt' includes certain information directly from municipal CAFRs, and Alaska Taxable January 2020

5. "Interest to Maturity" and "Total Debt Service to Maturity" includes accreted interest due at maturity of \$125.2 million

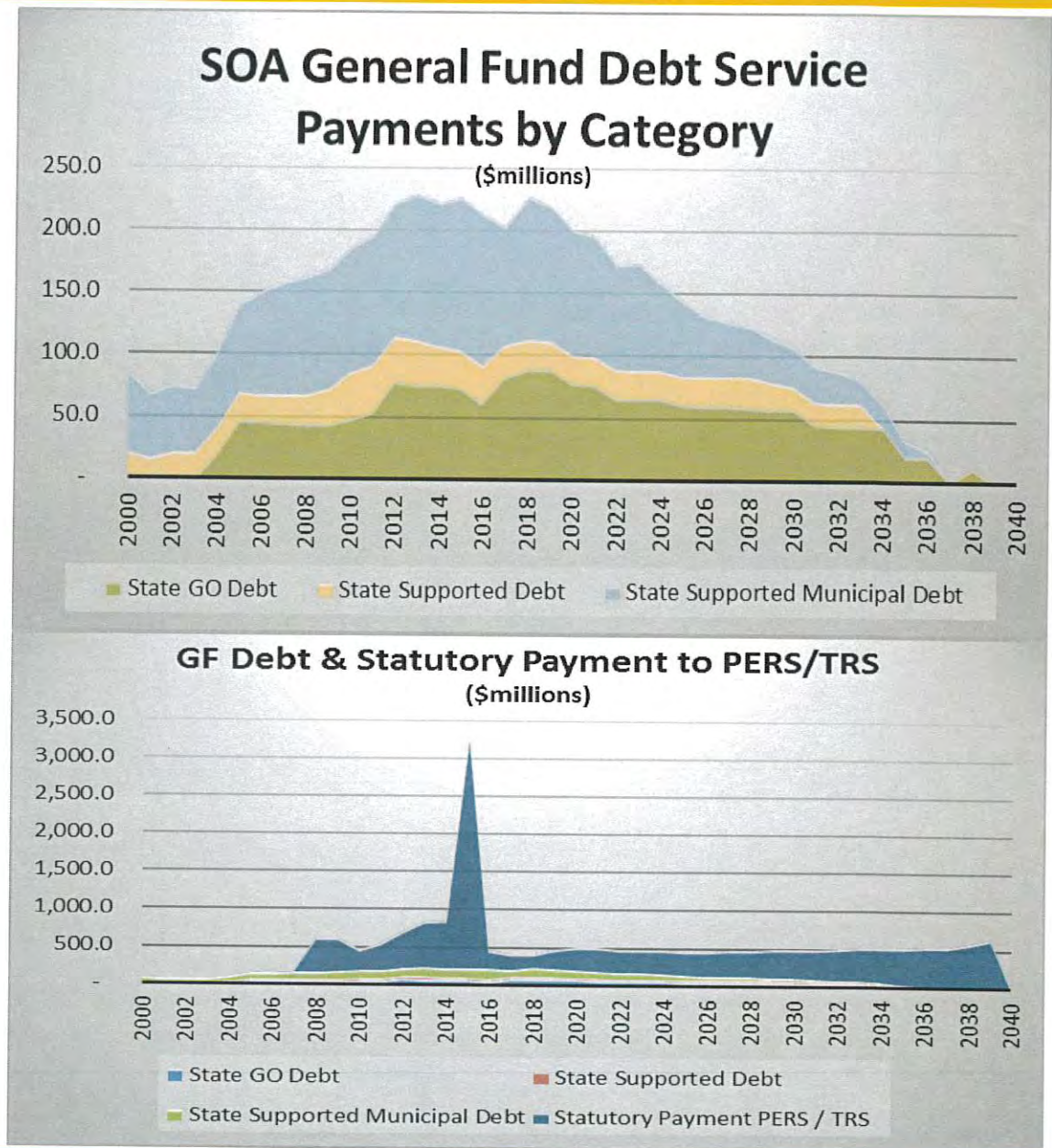
Sources: Annual reports and financial statements of AHFC, AMBBA, AIDEA, AEA, UofA, AKRR, AIAS, and directly from State Agencies





# Current General Fund Annual Payment Obligation

- GF Payment peaked in 2018 at \$225.2 million
- Declining payment in every year (50% of peak in 2029)
- PERS/TRS special funding payments grow, but less dramatically
- PERS/TRS special funding is many times all other state commitments
- Existing Authorizations for \$300 million for Knik Arm Crossing, \$110 million GO bonds, \$1.5 billion POB Corporation, \$1 billion Tax Credit bonds





## 2. State Debt Capacity

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# Debt Affordability Analysis

- Annual analysis required by AS 37.07.045 to be delivered by January 31
- Discusses credit ratings, current debt levels, history and projections
- Relies upon debt ratios, limit of 4% for directly paid state debt, and 7% when combined with municipal debt that the state supports
  - Beginning in FY 2019 UGF revenue increased significantly due to reclassification of certain Permanent Fund earnings. Uncertainty about this revenue in future years warranted reductions of 1% to debt ratios.
- Identifies currently authorized, but unissued debt
- Establishes refinancing parameters
- Determines a long term debt capacity at current rating level
- Discusses, but doesn't define a capacity for short term debt



# January 2020 Debt Affordability Analysis

## Payments on General Fund Paid Debt as of June 30, 2019

Fiscal Year	GO	Lease Purchase	Capital Leases	School Debt Reimbursements	Capital Projects Reimbursements	State expected payments on behalf to PERS / TRS
2020	77,800,000	2,900,000	19,700,000	97,600,000	4,500,000	300,200,000
2021	77,000,000	2,900,000	19,500,000	95,400,000	3,600,000	338,600,000
2022	66,500,000	2,900,000	19,500,000	82,600,000	3,600,000	317,100,000
2023	66,400,000	2,900,000	19,500,000	83,000,000	3,600,000	318,700,000
2024	66,200,000	2,900,000	19,500,000	67,600,000	3,600,000	322,400,000
2025	61,300,000	2,900,000	19,500,000	57,900,000	3,600,000	326,300,000
2026	61,100,000	2,900,000	19,500,000	48,000,000	2,800,000	331,700,000
2027	60,600,000	2,900,000	20,900,000	43,300,000	2,600,000	337,200,000
2028	59,700,000	2,900,000	20,900,000	40,600,000	2,200,000	344,800,000
2029	58,800,000	2,900,000	17,600,000	35,800,000	900,000	352,400,000

FISCAL YEAR	Fall 2019 UGF Revenue Forecast (Most Recent RSB)	% of Total UGF Revenue Committed to State Debt (4% Cap)	% of Total UGF Revenue Committed to State Supported Debt (7% Cap)	% of UGF Revenue Committed to Expected Special Payment On Behalf of PERS / TRS	% of UGF Revenue Committed to State Supported Debt & PERS / TRS
2020	5,049,400,000	1.99%	4.01%	5.95%	9.96%
2021	5,059,000,000	1.96%	3.92%	6.69%	10.61%
2022	5,071,400,000	1.75%	3.45%	6.25%	9.71%
2023	5,206,900,000	1.71%	3.37%	6.12%	9.49%
2024	5,335,500,000	1.66%	3.00%	6.04%	9.04%
2025	5,481,000,000	1.53%	2.65%	5.95%	8.60%
2026	5,588,000,000	1.49%	2.40%	5.94%	8.34%
2027	5,749,000,000	1.47%	2.27%	5.87%	8.13%
2028	5,893,400,000	1.42%	2.14%	5.85%	7.99%
2029	6,071,700,000	1.31%	1.91%	5.80%	7.71%





# Authorized Bonding Authority

As of June 30, 2019, the State had authorized but unissued general fund obligations of:

	<b>Authority</b>	<b>Estimated Debt Service</b>	<b>Term</b>
General Obligation	\$110,348,242	\$8,000,000	20 years
Subject to Appropriation			
Knik Arm Crossing	\$300,000,000	N/A	N/A
Pension Obligation Bonds	1,500,000,000	N/A	N/A
Tax Credit Certificate Bond Corporation	\$1,000,000,000	Uncertain up to \$105 million	Uncertain 10 to 15 years
School Debt Reimbursement	Limited	Limited	
<b>TOTAL</b>	<b>2,910,348,242</b>	<b>113,000,000</b>	







### 3. State Debt Rating Overview

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# STATE OF ALASKA AND OTHER 49 STATES' RATINGS

**MOODY'S**

Aa3 (NEGATIVE)

**S&P Global**  
Ratings

AA (STABLE)

**FitchRatings**

AA- (STABLE)

Alabama Aa1/AA/AA+ Sta/Sta/Sta	Kansas* Aa2/AA-/NR Sta/Sta/NR N/A	North Carolina Aaa/AAA/AAA Sta/Sta/Sta 3
Alaska Aa3/AA/AA- Neg/Sta/Sta	Kentucky* Aa3/A/AA- Sta/Sta/Sta	North Dakota* Aa1/AA+/NR Sta/Sta/NR N/A
Arizona* Aa2/AA/NR Sta/Sta/NR N/A	Louisiana Aa3/AA-/AA- Sta/Sta/Sta	Ohio Aa1/AA+/AA+ Sta/Sta/Sta
Arkansas Aa1/AA/NR Sta/Sta/NR N/A	Maine Aa2/AA/AA* Sta/Sta/Sta	Oklahoma Aa2/AA/AA Sta/Sta/Sta
California Aa3/AA-/AA Pos/Sta/Sta	Maryland Aaa/AAA/AAA Sta/Sta/Sta	Oregon Aa1/AA+/AA+ Sta/Sta/Sta
Colorado* Aa1/AA/NR Sta/Sta/NR N/A	Massachusetts Aa1/AA/AA+ Sta/Sta/Sta	Pennsylvania Aa3/A+/AA- Sta/Sta/Sta
Connecticut A1/A/A+/AA Sta/Pos/Sta/Neg	Michigan Aa1/AA/AA Sta/Sta/Sta	Rhode Island Aa2/AA/AA Sta/Sta/Sta
Delaware Aaa/AAA/AAA/AAA Sta/Sta/Sta/Sta	Minnesota Aa1/AAA/AAA Sta/Sta/Sta	South Carolina Aaa/AA+/AAA Sta/Sta/Sta
Florida Aaa/AAA/AAA Sta/Sta/Sta	Mississippi Aa2/AA/AA Sta/Neg/Sta	South Dakota* Aaa/AAA/AAA Sta/Sta/Sta
Georgia Aaa/AAA/AAA Sta/Sta/Sta	Missouri Aaa/AAA/AAA Sta/Sta/Sta	Tennessee Aaa/AAA/AAA Sta/Sta/Sta
Hawaii Aa1/AA+/AA Sta/Sta/Pos	Montana Aa1/AA/AA+ Sta/Sta/Sta	Texas Aaa/AAA/AAA/AAA Sta/Sta/Sta/Sta
Idaho* Aa1/AA+/AA+ Sta/Sta/Sta	Nebraska* Aaa/AAA/NR Sta/Sta/NR N/A	Utah Aaa/AAA/AAA Sta/Sta/Sta
Illinois Baa3/BBB-/BBB Sta/Sta/Sta	Nevada Aa2/AA/AA+ Sta/Sta/Sta	Vermont Aa1/AA+/AAA Sta/Sta/Sta
Indiana* Aaa/AAA/AAA Sta/Sta/Sta	New Hampshire Aa1/AA/AA+ Sta/Sta/Sta	Virginia Aaa/AAA/AAA Sta/Sta/Sta
Iowa* Aaa/AAA/AAA Sta/Sta/Sta	New Jersey A3/A-/A/A Sta/Sta/Sta/Sta	Washington Aaa/AA+/AA+ Sta/Sta/
	New Mexico Aa2/AA/NR Sta/Sta/NR N/A	Wisconsin Aa1/AA/AA+/AA+ Sta/Sta/Sta/Sta
	New York Aa1/AA+/AA+/AA+ Sta/Sta/Sta/Sta	Wyoming* NR/AA+/NR NR/Sta/NR N/A





# Recent Financial Market/Credit Rating Challenges

## 2018 INVESTORS PERCEPTIONS ON THE STATE OF ALASKA:

### Perception

### Response

#### Alaska's Economy Totally Reliant On Oil & Is In Free Fall

- In 2016 the oil and gas sector represents about 13% of Alaska's GDP (\$6.75 billion of \$50.7 billion GDP) and represented approximately 4% of employment <http://labor.alaska.gov/trends/jul17.pdf>
- Oil and gas is the only industry in Alaska whose GDP is less in 2016 than in 2012 while other sectors have experienced moderate declines, stability or growth <http://labor.alaska.gov/trends/jul17.pdf>
- The State of Alaska does not rely on the broader economy for revenue as there is no broad based tax in Alaska
- The State benefits from the national and international economy through the investments of the Permanent Fund

#### Reserves Are Dwindling

- The reserve position of Alaska at 6/30/2017 is above the 6/30/2015 position
- Permanent Fund Earnings Reserve increased \$4.2 billion from FY 2016 to FY 2017
- Often discussed draws on reserves (SBR and CBRF) have been offset by deposits into the Earnings Reserve
  - The Net Position of Alaska increased as a result of FY 2017 activity
  - The Net Position of Alaska is projected to increase in each of the next nine years

#### The State Won't Be Able To Balance It's Budget

- SB26 was passed
- Expenditures have been significantly reduced and may be reduced further
- In 2017 and 2018 the Governor and Legislature didn't follow the statutory formula for determining the Permanent Fund Dividend and inflation proofing appropriations
- Just like the CBRF the Earnings Reserve of the Permanent Fund may be appropriated without statutory change
  - Alaska's oil and gas tax credit structure has been changed
  - Considering available revenues to the State, the budget has been in balance





# RATING AGENCY CHALLENGES IN 2019/2020

## Political Paralysis

- Extended session and two special legislative sessions in 2019
- Four highly contentious issues comprised of operating and capital budgets, the permanent fund dividend amount and reversing the sweep (CBRF) appropriation
- All parties recognize the eventual need to change financial behavior, but significant difference between the House, Senate, and Governor combined with financial strengths have resulted in decisions being deferred.
- Moody's placed the State on negative outlook during second special session, implying probability of negative ratings action

## Deterioration in the Advancement of Financial Policies

- Fitch Ratings declarations in September 2019 state credit downgrade
- Fitch Analysts made extrapolations on potential outcomes from fiscal year 2020 budget debate and implementation
- Fitch opined that fiscal 2020 budget includes deep cuts to core state services that could have implications for future growth of the state's already limited economy

## Recurring Historical Concerns

- Comparatively large net pension liability
- Ongoing structural UGF imbalance and reliance on one-time (financial) resources
- Narrow economy that is relatively small
- Outsized proportion of operating revenues related to petroleum development



# Recent Financial Market/Credit Rating Challenges

Demonstrates the limits of Alaska's recurring fiscal shortfall challenge:

Fiscal Year	General Purpose UGF Revenue	Recurring & Discretionary GF Expenditures	Unrestricted Surplus / (Deficit)	SOA Total Primary Government Net Position	SOA Change in Net Position (YOY)
2010	5,515	4,995	520	56,434	4,762
2011	7,673	6,355	1,318	66,273	9,839
2012	8,485	7,252	1,233	70,123	3,850
2013	6,929	7,455	(526)	76,005	5,882
2014	5,394	7,314	(1,920)	82,103	6,098
2015	2,257	4,760	(2,503)	73,540	(8,563)
2016	1,533	5,213	(3,680)	68,078	(5,462)
2017	1,354	4,498	(3,144)	71,997	3,919
2018	2,414	4,489	(2,075)	74,203	2,206





# Revenue Forecast & Budget Outlook

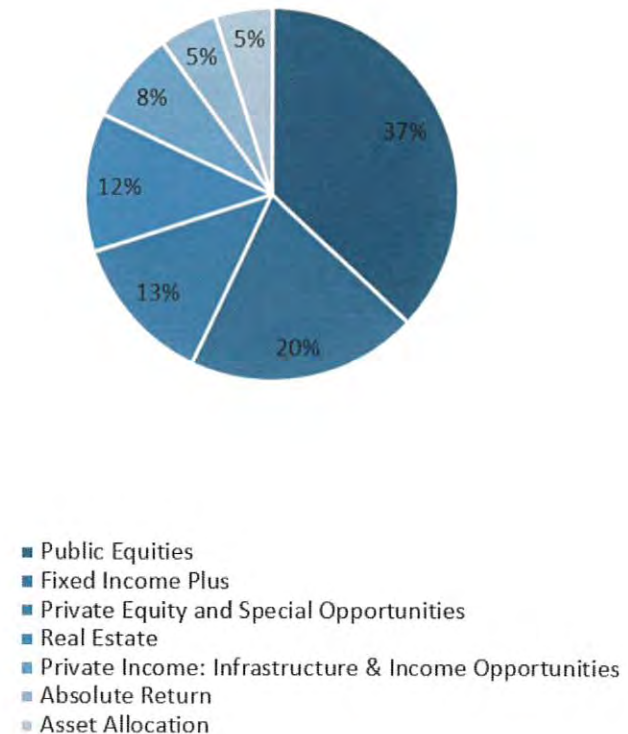
Highlighting that unlike other States, the State of Alaska's revenue generation is not limited to Alaska's economy

- **The Alaska Permanent Fund Provides Alaska Unparalleled Revenue Source Diversification**
- **As of November 30, 2019, Alaska's Permanent Fund endowment had an unaudited total fund balance of approximately \$65.8 billion.**
  - The State's Permanent Fund Revenue is generated from the national and world economies
  - The Permanent Fund does not rely on Alaska's economy for revenue generation – prohibited investment
  - The APFC Board independently directs investments and has established a 10-year total return projection of approximately 6.50%
  - The Permanent Fund owns shares in more than 3,000 corporations around the world
  - Fixed Income holdings include both US and International securities
  - The Real Estate allocation provides inflation protection and enhanced diversification worldwide
- **Investment income has tended to be countercyclical to oil, the source of the State's other largest revenue stream**



ALASKA PERMANENT  
FUND CORPORATION

## FY 20 Target Asset Allocation





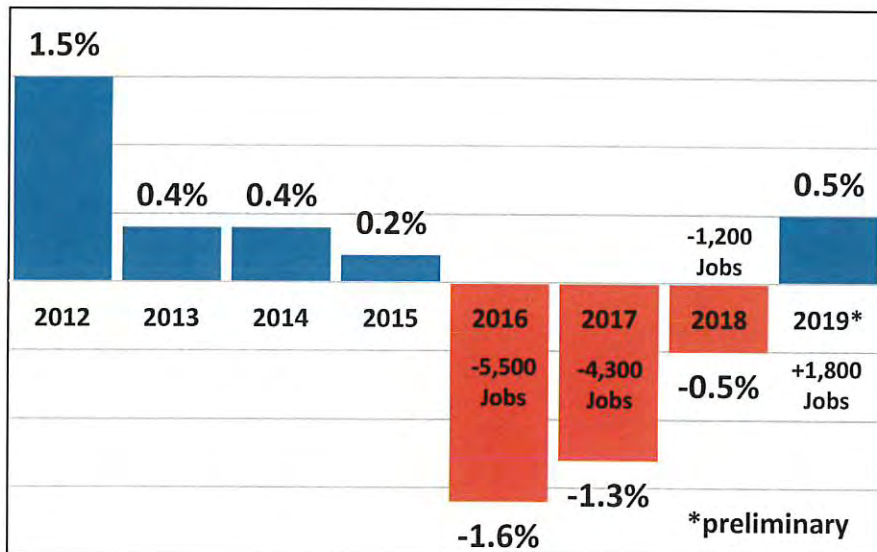
# Alaska's Economy

## Demonstrates that Alaska's economy is more than just oil

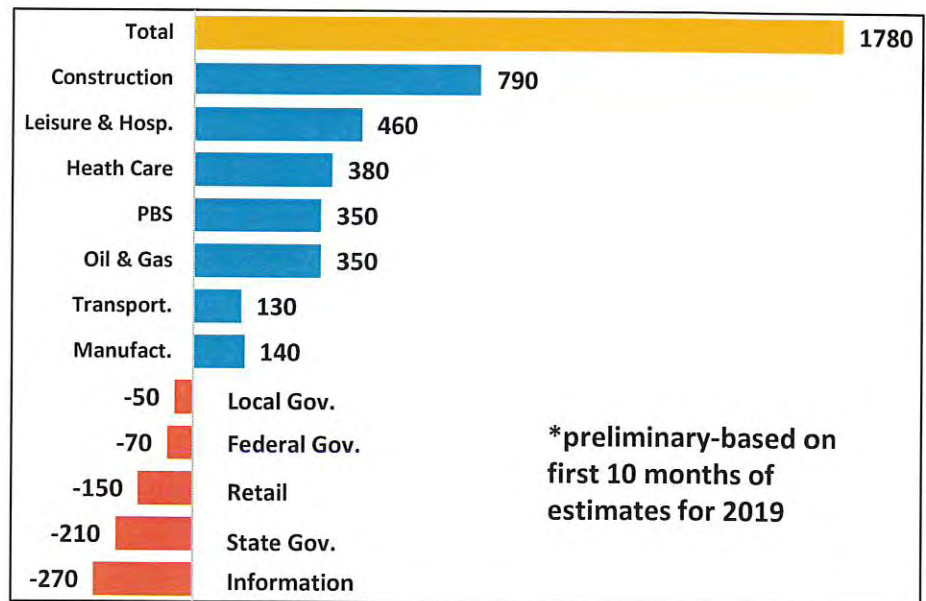
### Alaska's Economy Has Been Stable

- From 1961 to 2016 Alaska's economy added jobs 89% of the time (3<sup>rd</sup> best State ranking)
- Since 2010, Alaska's overall unemployment rate has ranged from 8% to 6.2% (the US rate has a much broader range from approximately 10% to 3.5%)
- Housing prices have remained stable, with average prices for single family homes ranging from \$282,000 in 2011 to \$327,000 in 2019 (preliminary)
- Alaska doesn't currently rely on the broader economy for revenue as there is no broad based tax

### AK Employment Begins To Recover

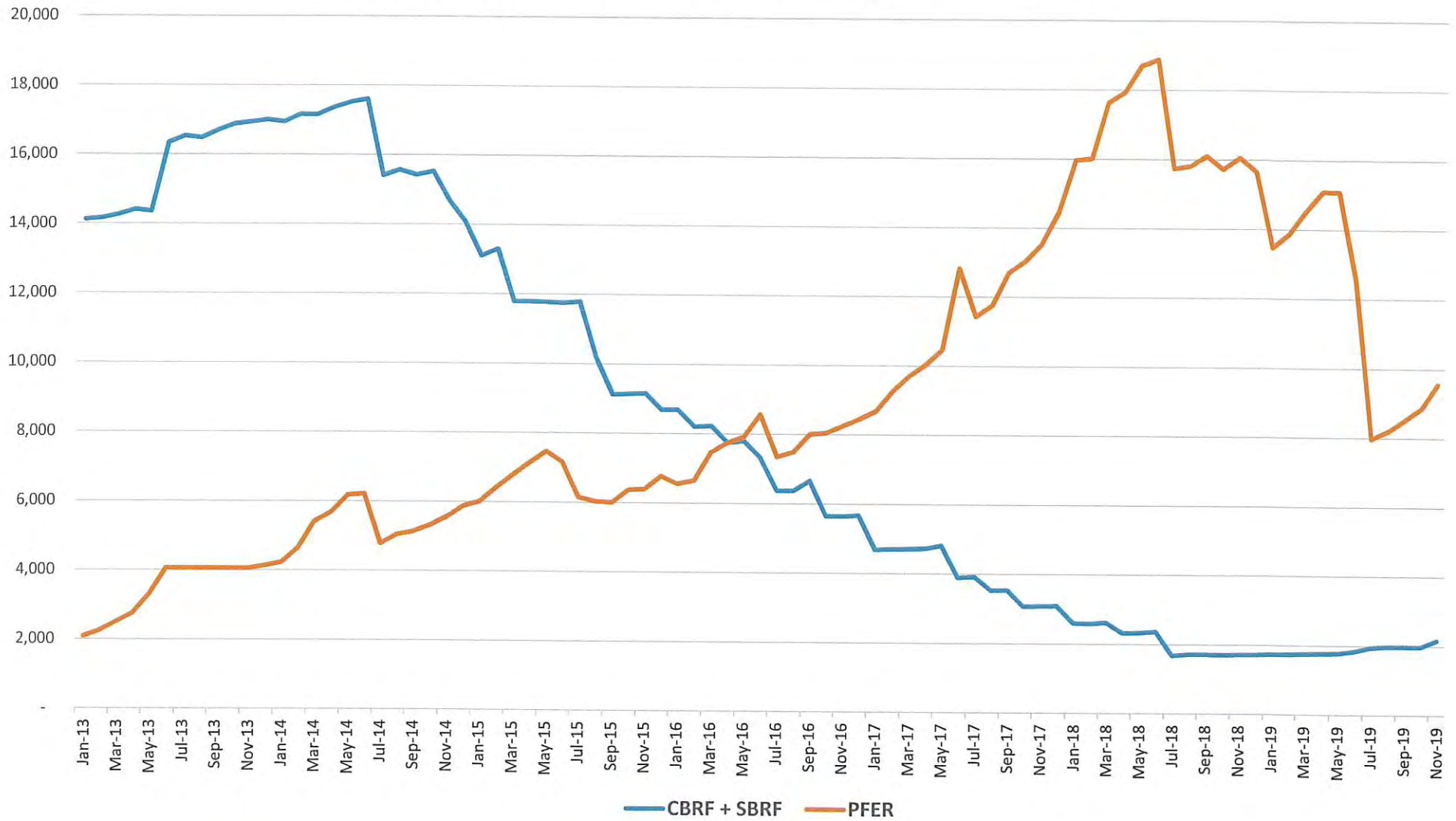


### Detailed Employment Record Thus Far For AK in 2019\*



# CBRF/SBRF And PF Earnings Reserve Balances - Timeline

State savings accounts include PFER not just the CBRF+SBRF

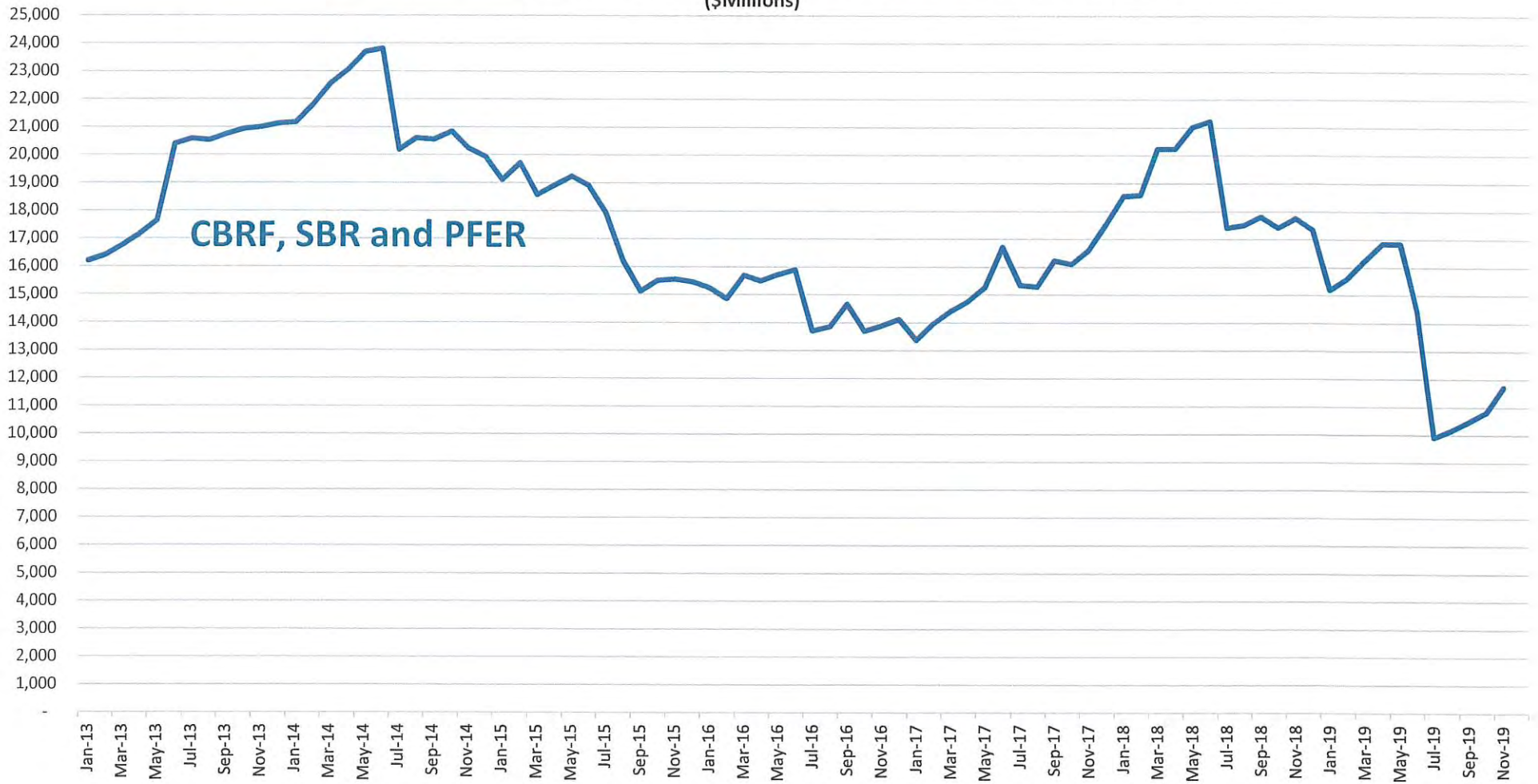




# State of Alaska Available Reserves - Balance Timeline

When combined, balances of CBRF, SBR and PFER are more stable

(\$Millions)





#### 4. Questions

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# Alaska DOR Tax Programs Tax Revenue Collections and Sharing

Presentation to the Alaska Municipal League

February 19, 2020

Presented by Brandon Spanos, DOR, Tax Division  
Deputy Director



1

## Alaska, DOR, Tax Division - Overview

- The Tax Division administers 25 different tax programs
- Total revenue collections in FY 2019 was \$1,571,123,127
- Total number of tax returns processed in FY 2019 was 35,231
- Tax programs administered by 5 separate groups within Division
  - Oil & Gas Production Tax
  - Oil & Gas Property Tax
  - Corporate Income Tax
  - Excise Taxes
  - Charitable Gaming



2

## Introduction to Revenue Sharing – Excise Group Programs

- Alcoholic Beverages
- Commercial Passenger Vessel
- Electric Cooperative
- Fisheries Business
- Fishery Resource Landing
- Fisheries - Other
- Large Passenger Vessel Gambling
- Marijuana
- Mining License
- Motor Fuel – Highway & Marine
- Motor Fuel - Aviation
- Telephone Cooperative
- Tire Fees
- Tobacco
- Vehicle Rental



*RED denotes revenue shared with municipalities*



## Introduction to Revenue Sharing

- Alaska statutes provide that a percentage of revenue collected from certain taxes and license fees shall be shared with local governments (*cities, boroughs, municipalities*) in Alaska
- The Department of Revenue, Tax Division accounts for taxes and fees subject to sharing and distributes shared amounts to respective local governments
- The Tax Division also distributes the Liquor License Fee administered by AMCO.





## Sharing Overview

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<i>Tax Type</i>	<i>Reference</i>	<i>Statutory Share</i>
Aviation Motor Fuel	43.40.010	60%
Commercial Passenger Vessel	43.52.230	\$5/passenger/port
Electric Cooperative	10.25.570	100%
Fisheries Business	43.75.130	50%
Fishery Resource Landing	43.77.060	50%
Telephone Cooperative	10.25.570	100%
<i>License Fee Type</i>		
Liquor	04.11.610	100%



## Distribution

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- In FY 2019, the Tax Division distributed taxes and fees to 132 communities
- Timing of sharing varies by program – driven by payment deadlines
- DOR also transferred fisheries taxes to DCCED – funds originating from the unorganized borough are apportioned among fisheries management areas (AS 29.60.450(b))
- In FY 2019, \$52.5 million was distributed to communities and another \$1.45 million to DCCED
- Some programs have designated funds to deposit revenue - for education, schools, addiction recover, recidivism reduction, smoking cessation, and other programs/projects
- Tire Fees only Excise program without sharing or special fund accounts



## Distribution by Location – FY 2019 Numbers



Unalaska	8,383,238
City & Borough of Juneau	5,774,854
Bristol Bay Borough	5,020,858
Skagway	4,735,565
Ketchikan	2,802,901
Subtotal	26,717,416
Other Municipalities	25,850,267
<b>Total</b>	<b><u>52,567,683</u></b>

## Distribution by Tax Program – FY 2019 Numbers

<i>Tax Type</i>	<i>Share Amount</i>	<i>% of Total</i>
Fisheries Business	\$23,619,878	44.9%
Commercial Passenger Vessel	18,658,815	35.5%
Fishery Resource Landing	4,997,344	9.5%
Telephone Cooperative	2,397,009	4.6%
Electric Cooperative	1,925,269	3.7%
Liquor License Fees	869,400	1.7%
Aviation Motor Fuel	99,968	0.2%
<b>Grand Total</b>	<b><u>\$52,567,683</u></b>	<b><u>100%</u></b>





## Distribution by Tax Program – Prior Year Comparison

Tax Type	FY 2019		FY 2018		FY 2017	
	Share	% of	Share	% of	Share	% of
	Amount	Total	Amount	Total	Amount	Total
Fisheries Business	\$23,619,878	44.9%	\$23,710,558	46.0%	\$21,245,657	46.8%
Commercial Passenger Vessel	18,658,815	35.5%	16,762,020	32.6%	16,023,756	35.3%
Fishery Resource Landing	4,997,344	9.5%	5,367,754	10.4%	4,518,891	10.0%
Telephone Cooperative	2,397,009	4.6%	2,610,280	5.1%	1,936,837	4.3%
Electric Cooperative	1,925,269	3.7%	1,993,464	3.9%	2,239,172	4.9%
Liquor License Fees	869,400	1.7%	948,450	1.8%	865,400	1.9%
Aviation Motor Fuel	99,968	0.2%	98,704	0.2%	124,379	0.3%
<b>Grand Total</b>	<b>\$52,567,683</b>	<b>100%</b>	<b>\$51,491,230</b>	<b>100%</b>	<b>\$45,406,089</b>	<b>100%</b>



## Revenue Sharing with Municipalities Tax Programs

Department of Revenue  
Excise Tax Group



## Tax Program: Electric Cooperative Tax

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- Levied on kilowatt hours furnished by qualified electric cooperatives recognized under AS 10.25
- Rate per kilowatt hour (kWh) is based on the length of time the cooperative has furnished electricity to consumers. If less than 5 years, the rate is 0.00025 per kWh and over 5 years is 0.0005 per kWh
- Revenue goes to the GF
- Revenues from cooperatives located in **municipalities** are shared 100% with municipalities. Small amount of revenue from coops outside municipalities is retained by state
- FY 2019 tax collections \$2 million with \$50,000 to GF and \$1.9M to municipalities



## Tax Program: Commercial Passenger Vessel Tax

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- Levied on commercial passenger vessels that have at least 250 berths, provide overnight accommodations and spend more than 72 hours in Alaska waters. Rate is \$34.50 per passenger, per voyage.
- All tax revenue is deposited into the Commercial Passenger Vessel Tax account (subfund of GF)
- Subject to appropriation by the Legislature, \$5 per passenger is distributed to each of the **first seven ports of call** in Alaska
- Legislature may appropriate money from the account to improve port facilities and harbor infrastructure
- FY 2019 total tax collections was \$23 million
- Of the \$23 million, \$4.3M to GF and \$18.7M shared with **municipalities**





## Tax Program: Fisheries Business Tax

- Levied on businesses that process fisheries resources, or export unprocessed fishery resources from Alaska
- Rates for established processors are 5.0% for floating processors, 4.5% for salmon canneries, and 3.0% for shore-based processors. Rates for processors of developing fishery resources are 3.0% for floating processors, and 1.0% for shore-based processors
- Tax revenue is deposited into the GF and may be appropriated by the Legislature
- Tax Division shares 50% of tax with the **incorporated city or organized borough** where the processing took place. If city is within borough, 50% is divided equally with both
- Tax Division shares 50% of tax on processing outside of city or borough (unorganized borough) through allocation program administered by DCCED
- FY 2019 tax collections \$45.4 million with \$21.3 to GF
- Shared \$23.6M with municipalities and \$472,000 to DCCED for allocation



## Tax Program: Fisheries Resource Landing Tax

- Levied on fishery resources processed outside of Alaska, but first landed in Alaska
- The rate for established fisheries is 3% and the rate for developing fisheries is 1%
- Tax revenue is deposited into the GF and may be appropriated by the Legislature
- The revenue is shared similar to the FBT - 50% goes to the **municipality** where landings occurred or split equally if also within a borough
- 50% goes to DCCED if landing occurred in unorganized borough
- FY 2019 collections \$12.5 million with \$6.5 into the GF
- \$5M shared with municipalities and \$1M to DCCED for allocation



## Tax Program: Fisheries- Other

- Common Property Fishery Assessment
- Dive Fishery Management Assessment
- Regional Seafood Development Tax
- Salmon Enhancement Tax
- Seafood Marketing Assessment



With all of these programs, the division deposits the revenue into the General Fund and the Legislature may appropriate funds to specific accounts or causes (unlike Fish Business and Fish Landing)



## Tax Program: Motor Fuel Tax (Aviation)

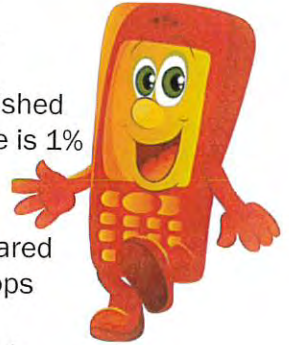
- Levied on purchases of avgas and jet fuel
- Rates: Avgas = \$0.047/Gal, Jet Fuel = \$0.032/Gal
- All tax revenue is deposited into a specific revenue account for that fuel type in the GF
- The Legislature may appropriate that money for a use related to the specific fuel type
- For aviation fuel, tax division shares with the respective **municipalities** 60% of taxes attributable to aviation fuel sales at municipally owned airports
- FY 2019 \$100,000 aviation tax shared with municipalities





## Tax Program: Telephone Cooperative Tax

- Levied on gross revenue of qualified telephone cooperatives recognized under AS 10.25
- Rate is based on the length of time the cooperative has furnished telephone service to consumers. If less than 5 years, the rate is 1% of revenue and over 5 years is 2% of revenue
- Tax revenue goes to the GF
- Revenues from cooperatives located in **municipalities** are shared 100% with municipalities. Small amount of revenue from coops outside municipalities is retained by state
- FY 2019 tax collections \$2.5 million with \$150,000 to GF and \$2.4M to municipalities



## Non Revenue Sharing Tax Programs

Department of Revenue  
Excise Tax Group



## Tax Program: Alcoholic Beverage Tax

- Levied on wholesale distributors. Per-gallon tax with four levels based on different products: distilled spirits, wine, beer, and beer brewed in-state from small breweries
- Distilled spirits are taxed at \$12.80/gallon, wine at \$2.50/gallon, beer at \$1.07/gallon and beer from small breweries at \$0.35/gallon
- All tax revenue deposited into General Fund (License fees shared)
- 50% is transferred to the Alcohol and Other Drug Abuse Treatment and Prevention Fund (subfund of GF)
- FY 2019 total tax collections \$40.8 million, \$20.4M to GF



19

## Tax Program: Marijuana Tax

- Levied on sales by the cultivator to the retail store or manufacturer
- The tax rate is \$50/oz on marijuana bud/flower, \$25/oz on immature, seedy or failed bud/flower, and \$15/oz on other parts of the plant, also known as "trim"
- Fifty percent of marijuana tax revenue is deposited into the Recidivism Reduction Fund and treated as designated restricted revenue
- As of October 2018, an additional 25% of marijuana tax deposited into the Marijuana Education and Treatment Fund, bringing the total designated general fund share of the marijuana tax to 75%
- FY 2019 total tax collections \$19 million –with \$5.5M to GF
- \$9.4 to recidivism fund and \$4.2M to education fund



20



## Tax Program: Large Passenger Vessel Gambling Tax

- Levied on operators of gaming or gambling activities on large passenger vessels while in State waters
- The tax rate is 33% of the adjusted gross income from the gaming and gambling activities
- Revenue deposited into LPV gaming and gambling subfund of the commercial vessel tax account in the GF
- FY 2019 tax collections \$10 million



## Tax Program: Mining License Tax

- Levied on mining net income and royalties received in connection with mining properties and activities within Alaska, primarily collected from business engaged in hard rock and coal in the state
- Tax based on income with rates based on net income brackets ranging from 3% to 7%. There is no tax on net income of \$40,000 or less
- Most revenue deposited into the GF. "Settlement" revenue deposited into the Constitutional Budget Reserve Fund (CBRF)
- FY 2019 tax collections \$48 million with \$45M to GF and \$3M to CBRF



## Tax Program: Motor Fuel Tax (Highway and Marine)

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- Levied on purchases of highway and marine diesel and gas fuel.
- Tax rates: Highway = \$0.08/Gal, Marine = \$0.05/Gal.
- All refined fuels sales are also subject to a \$0.0095/Gal Surcharge (SPAR)
- All tax revenue from each fuel type is deposited into a specific revenue account for that fuel type in the GF
- The Legislature may appropriate that money for a use related to the specific fuel type. Marine fuel tax goes to special watercraft revenue account, highway tax to special highway account
- FY 2019 total tax collections \$45.7 million (includes Aviation Fuel taxes)



## Tax Program: Tire Fee

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- Levied on tires sold in Alaska for motor vehicles intended for highway use
- Rates: \$2.50/each new tire, and an additional \$5.00 for each new studded tire or the installation of studs onto new or used tires
- All tax revenue is deposited into the GF
- No sharing and no designated special fund
- FY 2019 tax collections \$1.3 million





## Tax Program: Cigarette and Other Tobacco Products Tax

- Levied on cigarettes imported into Alaska for sale or personal consumption and on tobacco products other than cigarettes imported into Alaska for sale. The tax is primarily collected from wholesalers, distributors, and retailers. Rate is \$2/pack of 20 cigarettes, and 75% of the wholesale price of other tobacco products
- Does not apply to e-cigarettes and other electronic smoking devices.
- Cigarette tax revenue from the base rate is deposited in the School Fund. Revenue from additional tax goes into the GF. Of the GF deposits, 8.9% goes to Tobacco Use Education and Cessation Fund (subfund of GF)
- License fees go into the School Fund to be used for rehabilitation, construction, repair costs of state school facilities
- OTP tax collections goes to the GF
- FY 2019 total tax collections \$59.7 million with \$40M staying in GF
- School Fund \$17.1M and Tobacco Use Education and Cessation Fund \$2.5M



## Tax Program: Vehicle Rental Tax

- Levied on fees and costs charged for the rental or lease of a passenger or recreational vehicle for fewer than 90 days
- Rate is 10% of the total cost for passenger vehicle, and 3% of total cost of renting a recreational vehicle.
- Individual Renter pays the tax. The tax is collected by the rental company, who then remits the tax to the Tax Division.
- All tax revenue is deposited into the GF
- The Legislature may appropriate the funds for tourism development and marketing
- FY 2019 tax collections \$11.4 million



## Resources

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Annual Report FY 2019

<http://www.tax.alaska.gov/programs/programs/reports/AnnualReport.aspx?Year=2019>

Shared Taxes Report FY 2019

<http://tax.alaska.gov/programs/documentviewer/viewer.aspx?1571r>

Revenue Sources Book - Fall 2019 Forecast

<http://tax.alaska.gov/programs/documentviewer/viewer.aspx?1573r>

Tax Division

<http://tax.alaska.gov/>



## Questions?



Brandon Spanos, Deputy Director  
Department of Revenue

Tax Division

[Brandon.Spanos@Alaska.gov](mailto:Brandon.Spanos@Alaska.gov)

907-269-6736





# Alaska Revenue Options

Presented at the Alaska Municipal League's Winter Meeting  
February 19, 2020

Carl Davis  
Research Director, Institute on Taxation and Economic Policy  
carl@itep.org • @carlpdavis



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1 of 23

## About ITEP

### The Institute on Taxation and Economic Policy (ITEP)

- Non-profit, non-partisan research organization
- Federal, state, and local tax policy issues

### Mission:

- Ensure elected officials, media, and general public have access to accurate, timely, and straightforward information that allows them to understand the effects of current and proposed tax policies with an emphasis on tax incidence analysis.



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2 of 23

# ITEP's Recent Work in Alaska (2016-2017)

## Distributional Analyses of Revenue Options for Alaska

Institute on Taxation & Economic Policy  
April 2016

Aidan Russell Davis  
Carl Davis  
Matthew Gardner

## Assessing the Distributional Consequences of Alaska's House Bill 115 (Version L)

Institute on Taxation & Economic Policy  
March 2017

Carl Davis

## Comparing the Distributional Impact of Revenue Options in Alaska

Institute on Taxation & Economic Policy  
April 2017

Carl Davis  
Aidan Russell Davis

### About The Institute on Taxation & Economic Policy

The Institute on Taxation and Economic Policy (ITEP) is a non-profit, non-partisan research organization that works on federal, state, and local tax policy issues. ITEP's mission is to ensure that elected officials, the media, and the general public have access to accurate, timely, and unbiased information that allows them to understand the effects of current and proposed tax policies. ITEP's work focuses particularly on issues of tax fairness and sustainability.

This study was made possible by a grant from the Ramsey Foundation.

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3 of 23

## What I'll be talking about today:

### Two ideas for now

1. Motor fuel tax increase
2. Gambling

### Two ideas for later(?)

1. Statewide general sales tax
2. Personal income tax



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4 of 23



# Alaska's 8-cent motor fuel tax rate is turning 50!

Save the date:  
May 28, 2020

*last increased:  
May 28, 1970*

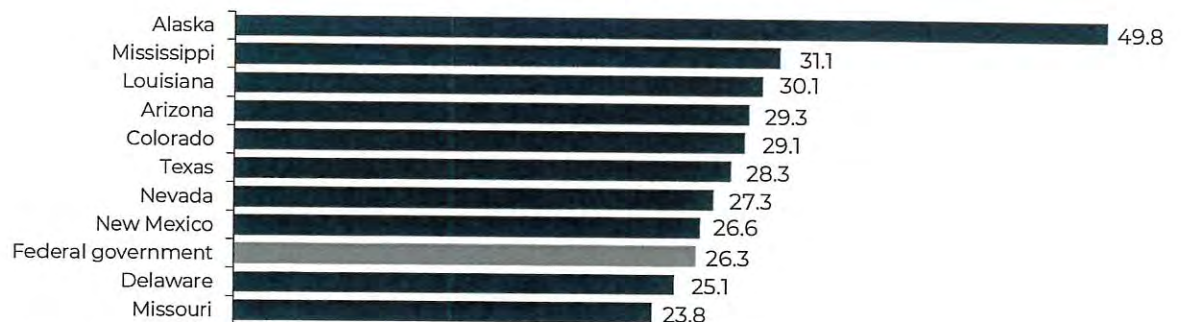


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## Years Since Last Gasoline Tax Increase

As of February 19, 2020



Source: Institute on Taxation and Economic Policy (ITEP)

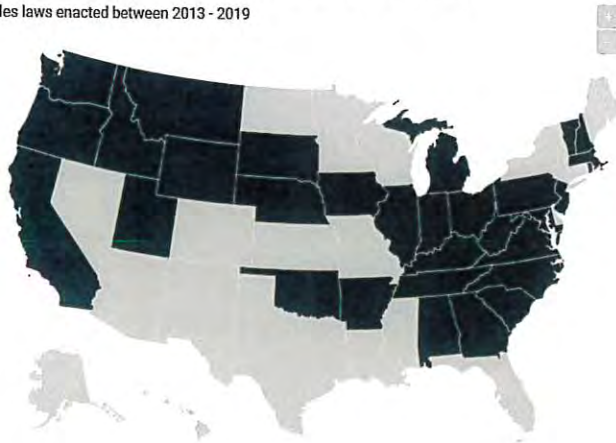


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## Recent State Gasoline Tax Increases or Reforms

Includes laws enacted between 2013 - 2019



Reformed or Raised Taxes

Reflects laws enacted through June 25, 2019

Source: Institute on Taxation and Economic Policy (ITEP), June 2019 • Created with Datawrapper

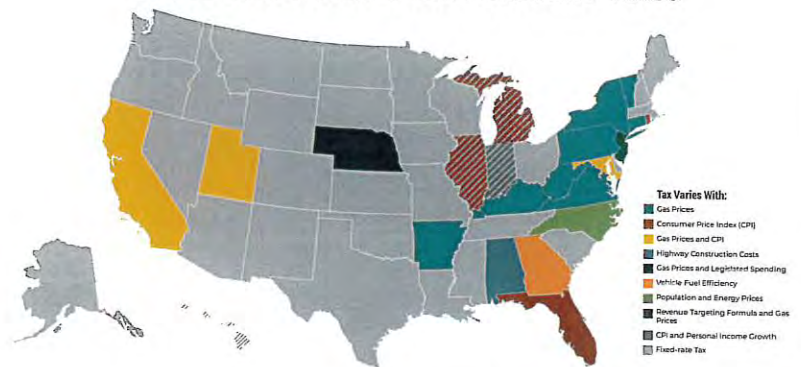
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## Motor fuel tax reform

- Update the rate.
  - As background: 8 cents in 1970 = 53 cents today, inflation-adjusted.
- Rethink the tax structure.
  - Inflation indexing
  - Fuel economy indexing
  - Hybrid/electric vehicle fees

### States with Variable-Rate Gasoline Taxes



Source: Institute on Taxation and Economic Policy, June 2019.  
Striped states (HI, IL, IN, and MI) apply their general sales taxes to gasoline, which results in variations in the tax paid per gallon based on the price of fuel.

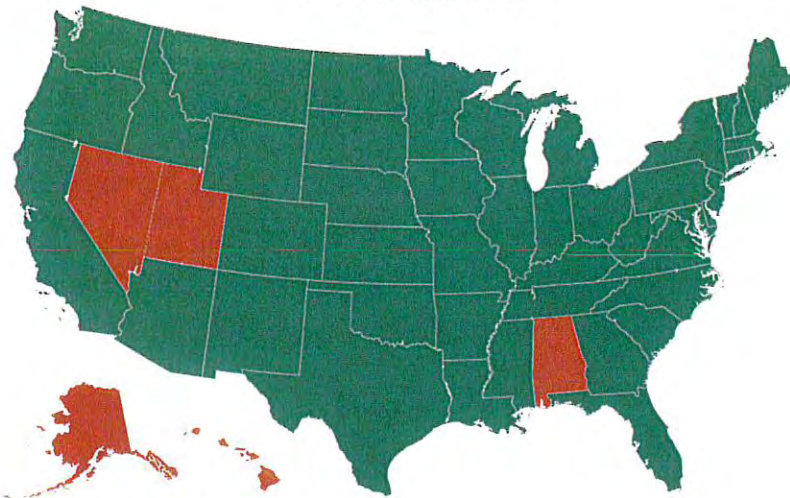
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### States with Lotteries



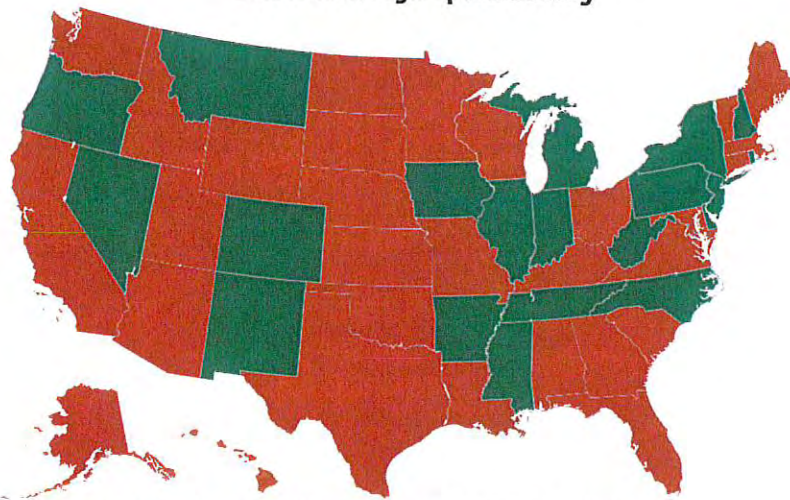
■ Yes  
■ No

Source: Institute on Taxation and Economic Policy, February 2020.

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9 of 23

### States with Legal Sports Betting



■ Yes  
■ No

Source: Institute on Taxation and Economic Policy review of information reported on ESPN.com, December 2019

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10 of 23

TABLE 3

## Sports Betting Tax Revenue Millions of dollars



State	Months of reported collections	Tax revenue collected	Annual projection
Delaware	10	\$6.0	\$5
Mississippi	8	\$3.1	\$5-10
Nevada	12	\$20.3	NA
New Jersey	10	\$20.0	\$12-17
Pennsylvania	5	\$4.5	\$5
Rhode Island	5	\$0.7	\$23.5
West Virginia	6	\$0.9	\$5

Sources: State gaming and lottery reports and the University of Nevada Las Vegas Center for Gaming Research. See appendix A for each state's regulatory agency. Representatives from Delaware and Rhode Island provided additional information.

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## Statewide general sales tax considerations

- Tax base
- Distribution by income level
- Distribution by geography
- Revenue growth
- Interaction with existing local sales taxes
- Economic effects



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## National trend: slow march toward sales tax modernization

- Personal services (car repairs, taxi rides, lawn service, snowplowing)
- Gig economy (Airbnb, Uber, Lyft)
- Digital downloads / streaming
- Online shopping (direct v. marketplace)



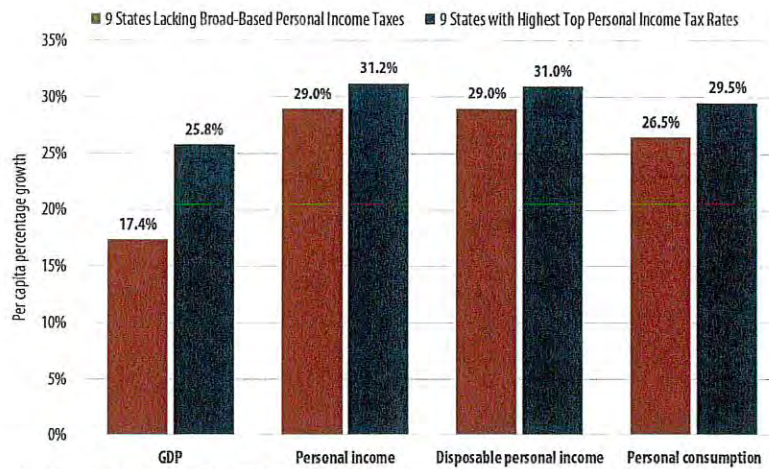
## State personal income tax considerations

- Tax base (incl. interaction with existing federal tax)
- Tax bracket structure
- Distribution by income level
- Distribution by geography
- Revenue growth
- Economic effects





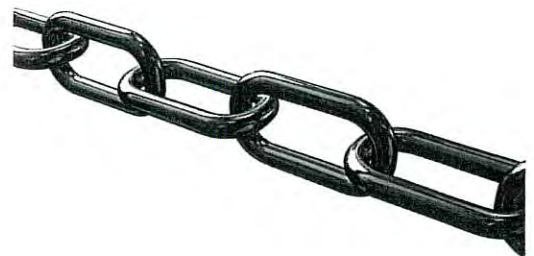
**Figure 3: Economic Growth in the States, Per Capita  
2006-2016**



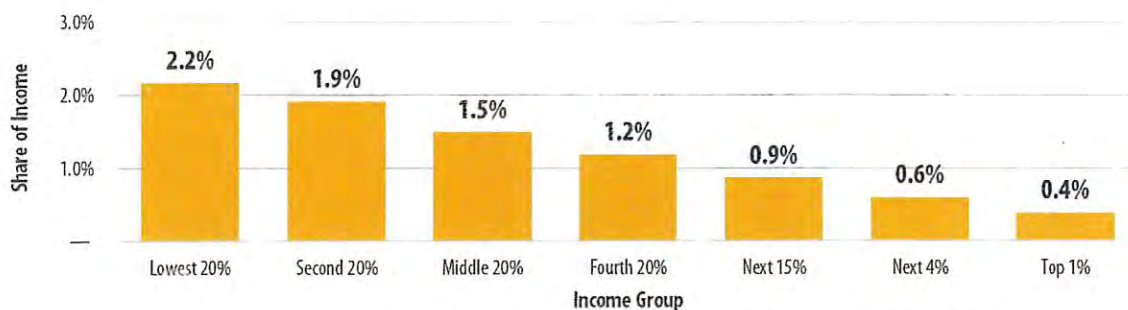
## National trend: rethinking linkages to federal income tax law in the wake of Jan. 1, 2018 changes

Do states want to follow federal government in implementing...

- Tax cuts for business income, Opportunity Zones, private K-12 tuition, high-income itemizers, standard deduction claimants
- Tax hikes through reduced personal exemption, mortgage interest deduction, property tax deduction



## Modeling a 3% Alaska statewide sales tax on most goods and services



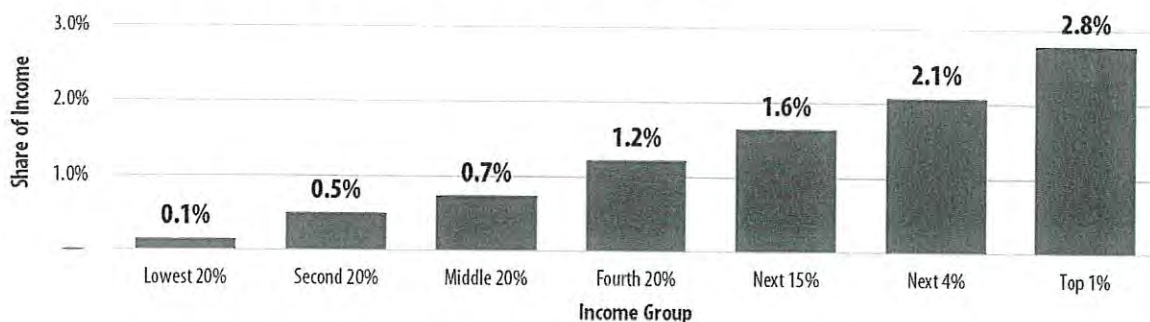
Source: Institute on Taxation and Economic Policy, April 2017. Modeled in a Tax Year 2016 economy, modified to assume a baseline Permanent Fund Dividend payout of \$2,200 per person. This tax includes exemptions for purchases of groceries, health care, prescription drugs, shelter, and child care.

From: ITEP, "Comparing the Distributional Impact of Revenue Options in Alaska," April 2017

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17 of 23

## Modeling an Alaska personal income tax with rates ranging from 0% to 5.06%



Source: Institute on Taxation and Economic Policy, April 2017. Modeled in a Tax Year 2016 economy, modified to assume a baseline Permanent Fund Dividend payout of \$2,200 per person. This tax is very similar to House Bill 115 of Alaska's 2017 legislative session, though its rates have been reduced by 27.75% across the board to reduce its yield to \$500 million per year.

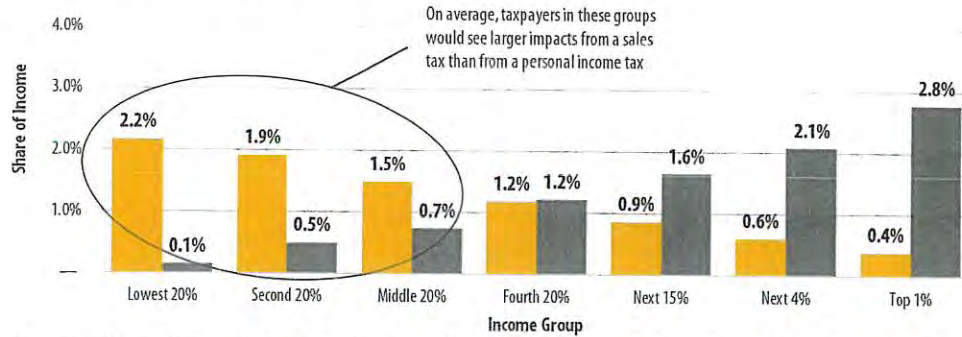
From: ITEP, "Comparing the Distributional Impact of Revenue Options in Alaska," April 2017

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18 of 23



# Comparing a \$500m Alaska sales tax to a \$500m Alaska personal income tax

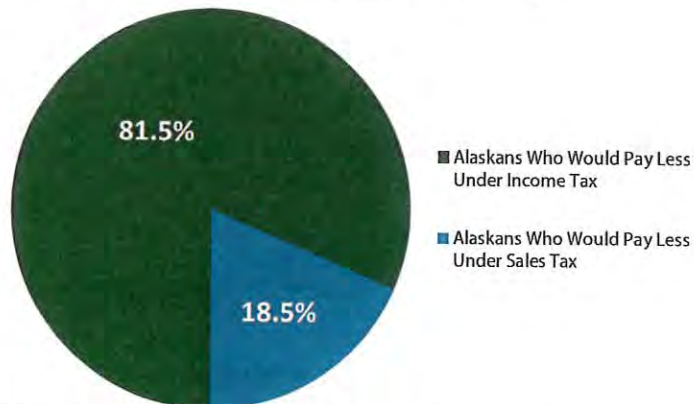


Source: Institute on Taxation and Economic Policy, April 2017. Modeled in a Tax Year 2016 economy, modified to assume a baseline Permanent Fund Dividend payout of \$2,200 per person. In the sales tax scenario the rate is 3% and includes exemptions for purchases of groceries, health care, prescription drugs, shelter, and child care. In the personal income tax scenario, the tax is assumed to be very similar to House Bill 115 of Alaska's 2017 legislative session, though its rates have been reduced by 27.75% across the board to reduce its yield to \$500 million per year.

From: ITEP, "Comparing the Distributional Impact of Revenue Options in Alaska," April 2017

19 of 23

## Most Alaskans Would Pay Less Under an Income Tax Comparing Two Taxes Designed to Generate Identical Levels of Revenue



Note: Analysis by researchers at the Institute of Social and Economic Research (ISER), University of Alaska Anchorage as of June 2016. Precise share paying less under the income tax falls somewhere between 77 and 86 percent of the state's population, with 81.5 percent representing the midpoint. Chart compares the hypothetical impact of income and sales taxes designed to generate identical levels of revenue. Income tax is calculated as a percentage of federal tax liability (e.g., Gov. Bill Walker's proposal). Sales tax is assumed to apply to all retail expenditures except food at home, health care, education, and shelter.

20 of 23



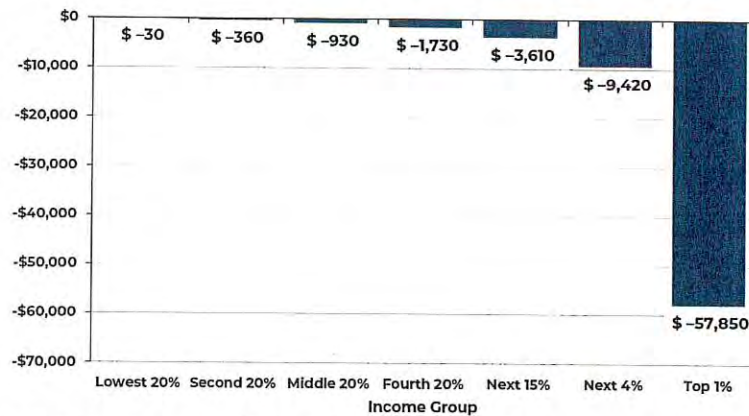
# \$753 million



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21 of 23

## Federal Tax Cuts for Alaska Residents in 2020 Under the Tax Cuts and Jobs Act (TCJA)



Source: Institute on Taxation and Economic Policy (ITEP), August 2019



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22 of 23

Read more:  
[www.itep.org](http://www.itep.org)

Or let's talk about it:  
[carl@itep.org](mailto:carl@itep.org)



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23 of 23