



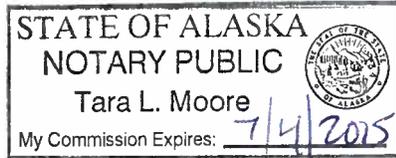
2. I have personal knowledge of the facts contained herein, and am competent to testify thereto.
3. At the March 13, 2015 scheduling conference presided over by the Clerk of the Court (“Clerk”), the Clerk explained that the Court had directed her to establish a briefing schedule that would result in oral argument in mid-September.
4. The Clerk further explained that she did not know when the Court would issue its decision following oral argument.
5. I explained to the Clerk that certain statutory deadlines required the property tax levy to be made by the Ketchikan Gateway Borough (“KGB”) before June 15.
6. I stated that, in light of the stay granted by the Court in the March 11, 2015 Order, Appellees would be further harmed if a ruling from the Court was not received before June 15.
7. I suggested a briefing, oral argument and decision schedule that would accommodate the statutory deadlines and result in a decision by the Court before June 15.
8. Counsel for Appellants/Cross Appellees (“Appellants”) objected to the schedule I proposed.
9. Additionally, the Clerk indicated that there would not be enough time for the Court to rule in accordance with the schedule I proposed.

FURTHER YOUR AFFIANT SAYETH NAUGHT.

Lou Cutler

Louisiana W. Cutler

SUBSCRIBED AND SWORN to before me this 16<sup>th</sup> day of March, 2015.



Tara L. Moore  
Notary Public in and for the State of Alaska  
My commission expires: 7/4/2015

**CERTIFICATE OF FONT AND SERVICE**

I hereby certify that the font used herein is Point 13, Times New Roman.

I further certify that on March 16, 2015, a copy of the foregoing was served on:

by:  hand  mail  fax

Kathryn R. Vogel  
Assistant Attorneys General  
1031 W. 4th Avenue, Suite 200  
Anchorage, AK. 99501

By: Tara L. Moore  
Tara L. Moore



3. The Ketchikan Gateway Borough School District budget is required, by AS 14.14.060(c) and KGB Code 2.35.050, to be submitted to the Borough Assembly by May 1 of each year.
4. The Borough Assembly must, under AS 14.14.060(c) and KGB Code 2.35.050, either approve the school budget as to total amount within 30 days, or the budget as submitted is approved automatically. The Borough Assembly is required to appropriate the amount to be made available from local sources by June 30th.
5. The Borough is statutorily required, by AS 29.45.240 and KGB Code 4.45.340(b), to levy taxes once annually before June 15 of each year. The Borough cannot modify that levy after June 14. Tax bills are sent out July 1 of each year.
6. The Required Local Contribution regularly amounts to more than 50% of the Ketchikan Gateway Borough's annual areawide property tax levy.
7. Further your affiant sayeth naught.

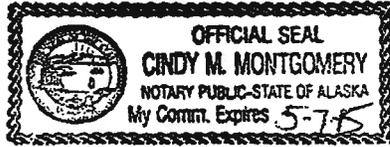
EXECUTED at Ketchikan, Alaska, this 11<sup>th</sup> day of March, 2015.

**KETCHIKAN GATEWAY BOROUGH**

By:   
Dan Bockhorst  
Borough Manager

SUBSCRIBED AND SWORN to before me this 16<sup>th</sup> day of March, 2015.

(Seal)



Cindy M. Montgomery  
Notary Public for Alaska  
My commission expires: 5-7-15

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IN THE SUPERIOR COURT FOR THE STATE OF ALASKA  
FIRST JUDICIAL DISTRICT AT KETCHIKAN

KETCHIKAN GATEWAY BOROUGH, an Alaska municipal corporation and political subdivision; AGNES MORAN, an individual, on her own behalf and on behalf of her minor son; JOHN COSS, a minor; JOHN HARRINGTON, an individual; and DAVID SPOKELY, an individual;

Plaintiffs,

v.

STATE OF ALASKA; MICHAEL HANLEY, COMMISSIONER OF ALASKA DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, in his official capacity;

Defendants.

FILED in the Trial Courts  
State of Alaska First District  
at Ketchikan

FEB 09 2015

Clerk of the Trial Courts

By \_\_\_\_\_ Deputy

Case No. 1KE-14-0016 CI

AFFIDAVIT OF DAN BOCKHORST

STATE OF ALASKA )  
 ) ss.  
FIRST JUDICIAL DISTRICT )

I, Dan Bockhorst, being first duly sworn, state as follows:

1. I am the Borough Manager for Plaintiff Ketchikan Gateway Borough (Borough) in the above-entitled action. I have

KGB et al. v. SOA et al.  
1KE-14-0016 CI  
AFFIDAVIT OF DAN BOCKHORST.

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held that position for more than seven years.

2. I have personal knowledge of and am competent to testify as to the information in this affidavit.

3. If the RLC is in effect for the fiscal year beginning July 1, 2015, then the Borough will be required to make an RLC payment in an amount equal to 2.65 mills on the full and true value of all taxable property in the Borough as determined by the Department of Commerce, Community and Economic Development under AS 14.17.510. Based on the 2015 preliminary assessment roll prepared by the Borough Assessor, it would be necessary for the Borough Assembly to levy an areawide property tax of 3.5 mills to generate sufficient funds to pay the 2.65-mill RLC calculated under AS 14.17.510. The Borough Taxpayer Plaintiffs will be required to pay an allocated portion of the taxes levied by the Borough to generate the funds to make this payment. The Borough levies these taxes by June 15 of each year to comply with AS 29.45.240.

4. Additionally, the Borough does not have a record database which would facilitate refund of the taxes levied and collected to make the RLC payment to the persons who paid them. Some property owners will likely die, or sell their

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3 property to other persons in the interim. To the extent the  
4 funds are derived from sales taxes, the taxes are remitted  
5 by the merchants with no tracking of the individual  
6 taxpayers. Thus, it is not possible to refund taxes to the  
7 parties who paid them.

8 5. During the current fiscal year the Borough appropriated  
9 \$4,438,076 in taxpayer funds to pay the RLC under AS  
10 14.17.410(b)(2). In addition the Borough appropriated  
11 \$3,460,924 in voluntary local contributions to education  
12 under AS 14.17.410(c)(2). The total of local cash  
13 contributions under AS 14.17.410 authorized by the Assembly  
14 for FY 2015 was \$7,899,000. The voluntary local  
15 contributions by the Borough totaled \$2,751,086 less than  
16 the maximum limit of 23% of basic need.  
17

18 6. Under the limitations in AS 14.17.410(c), the Borough can  
19 make a maximum voluntary local contribution to the District  
20 of 23% of the District basic need, or \$ 6,212,010 in FY 2015  
21 for example. The \$7,899,000 paid was \$1,686,990 more than  
22 the maximum voluntary contribution.

23 7. Taking the FY 2015 numbers as an example, if the Borough  
24 were compelled by a stay to pay its normal RLC and voluntary  
25 contribution, and subsequently the State were compelled to  
26

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eliminate the deduction for the RLC because Plaintiffs prevailed at the Supreme Court, the Borough would have provided \$ 4,438,076 more to the district than the total amount it had intended. The district might retain \$2,751,086 of this as additional voluntary contributions, and the remaining \$1,686,990 of this amount would be in excess of voluntary contributions. Under existing policies the DEED would deduct these "excessive" contributions from the State Aid under AS 14.17.410. Thus, the Borough would never receive a refund.

8. Even if the State were to make adjustments to underpayment to the district for prior years under AS 14.17.610(b) - effectively paying the amount of the improperly deducted RLC to the district, this same mechanism would divert a large portion of these funds back to the State such that the Borough would never see them.

9. The Borough would be harmed by being compelled to make RLC payments during the life of the stay. This harm would continue each fiscal year until the stay is dissolved.

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EXECUTED at Ketchikan, Alaska, this 6<sup>th</sup> day of February, 2015.

KETCHIKAN GATEWAY BOROUGH

By: *Dan Bockhorst*  
Dan Bockhorst  
Borough Manager

SUBSCRIBED AND SWORN to before me this 6<sup>th</sup> day of February, 2015.



*Cindy M. Montgomery*  
Notary Public for Alaska  
My commission expires: 5-7-15

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KGB et al. v. SOA et al.  
LKE-14-0016 CI  
AFFIDAVIT OF DAN BOCKHORST.  
Page 5 of 5

I hereby certify that the annexed instrument  
is a true and correct copy of the original on  
file in my office.  
TEST: *J. Wilson*  
CLERK-TRIAL COURTS  
State of Alaska  
at Ketchikan