

CS FOR SENATE BILL NO. 215(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 4/30/96

Referred: Rules

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the functions of state agencies; and providing for an
2 effective date."

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

4 * **Section 1.** AS 14.11.013(a) is amended to read:

5 (a) With regard to projects for which grants are requested under AS 14.11.011,
6 the department shall

7 (1) **biennially** [ANNUALLY] review the six-year plans submitted by
8 each district under AS 14.11.011(b) and recommend to the board a revised and updated
9 six-year capital improvement project grant schedule that serves the best interests of the
10 state and each district; in recommending projects for this schedule, the department
11 shall verify that each proposed project meets the criteria established under
12 AS 14.11.014(b) and qualifies as a project required to

13 (A) avert imminent danger or correct life-threatening situations;

14 (B) house students who would otherwise be unhoused; for

1 purposes of this subparagraph, students are considered unhoused if the students
2 attend school in temporary, relocatable facilities;

3 (C) protect the structure of existing school facilities;

4 (D) correct building code deficiencies that require major repair
5 or rehabilitation in order for the facility to continue to be used for the
6 educational program;

7 (E) achieve an operating cost savings;

8 (F) modify or rehabilitate facilities for the purpose of improving
9 the instructional program;

10 (G) meet an educational need not specified in (A) - (F) of this
11 paragraph, identified by the department;

12 (2) prepare an estimate of the amount of money needed to finance each
13 project;

14 (3) **after a biennial review required under (1) of this subsection**
15 provide to the governor, by November 1, and to the legislature within the first 10 days
16 of each regular legislative session, a revised and updated six-year capital improvement
17 project grant schedule, together with a proposed schedule of appropriations.

18 * **Sec. 2.** AS 14.11.013(e) is amended to read:

19 (e) By November 5 **of a biennial review year**, the department shall provide
20 public notice of the grant applications submitted under (a) of this section and the
21 priorities established under (b) of this section. After public notice has been given, the
22 department shall, not later than December 1 **of a biennial review year**, hold a public
23 hearing on the priorities established under (b) of this section. In this subsection,
24 "public notice" means notice published in a newspaper of general circulation and
25 notice to every person who has requested notice about the grant application program
26 from the department.

27 * **Sec. 3.** AS 14.40.040 is amended by adding a new subsection to read:

28 (b) Notwithstanding AS 23.10.043, the University of Alaska may require that
29 wages due or to become due or an advance on wages to be earned be deposited in an
30 account in a bank, savings and loan association, or credit union unless the employee
31 has requested an exemption from this requirement. All deposits under this subsection

1 shall be in a bank, savings and loan association, or credit union of the employee's
2 choice.

3 * **Sec. 4.** AS 16.05 is amended by adding a new section to read:

4 Sec. 16.05.085. GRANT AUTHORITY. The commissioner may award grants
5 for protecting, maintaining, improving, or extending fish, game, or aquatic plant
6 resources of the state, including making those resources available for the public.
7 Grants may be awarded only for Kenai River drainage projects and only from money
8 appropriated by the legislature under sec. 8, ch. 79, SLA 1993, or sec. 15, ch. 103,
9 SLA 1995, for specific grant purposes, and the grants must be awarded consistent with
10 those purposes. The commissioner may adopt regulations to interpret or implement
11 this section. In order to recover all or part of the department's costs of administering
12 the grants, the commissioner may charge a fee to grant applicants and may retain up
13 to 10 percent of a grant award.

14 * **Sec. 5.** AS 16.05.390(a) is amended to read:

15 (a) Except as provided in (e) of this section, an agent appointed by the
16 commissioner under AS 16.05.380 to sell licenses and tags is entitled to **retain**

17 (1) [RETAIN] five percent of the fee that is charged for a license or
18 tag or 25 cents for each license or tag sold, whichever is greater; and

19 (2) compensation of \$50 per year or \$1 for each license or tag sold
20 during the year, whichever is greater.

21 * **Sec. 6.** AS 16.05.390(b) is amended to read:

22 (b) Each agent appointed to sell licenses or tags under AS 16.05.380 shall, as
23 directed by the commissioner, transmit the proceeds from the sales of licenses and
24 tags, except the amount authorized to be retained under **(a)** [(a)(1)] of this section,
25 together with a report of the sales, to the commissioner for deposit in the fish and
26 game fund or the general fund.

27 * **Sec. 7.** AS 16.05.390(c) is amended to read:

28 (c) On March 31, June 30, September 30, and December 31 of each year the
29 commissioner shall calculate the compensation earned by an agent under (a)(2) of this
30 section, minus the penalties assessed under (g) of this section. If the compensation due
31 exceeds \$50, the commissioner shall pay the compensation not later than 30 days after

1 the date for which the compensation was calculated. If the compensation due is \$50
2 or less, the commissioner shall pay the compensation not later than January 30 of the
3 year following the year in which the compensation was earned. The commissioner
4 shall pay compensation only for sales of licenses or tags for which the commissioner
5 has received the report and proceeds required to be transmitted under (b) of this
6 section. An agent may assign to an in-state nonprofit fish or game association all
7 of the compensation earned by the agent under (a)(2) of this section and due
8 under this subsection. Before paying the assigned compensation to the assignee
9 as directed by the agent, the commissioner shall retain 25 percent of the assigned
10 compensation for deposit into the fish and game fund.

11 * **Sec. 8.** AS 16.05.390(g) is amended to read:

12 (g) The commissioner may assess a penalty against an agent who does not
13 transmit proceeds within the time allowed under (f) of this section. The penalty is
14 equal to one and one-half percent of the amount of proceeds due. The penalty may
15 be assessed for each month or portion of a month that the proceeds are delinquent.
16 [A PENALTY UNDER THIS SUBSECTION SHALL BE WITHHELD FROM THE
17 AGENT’S COMPENSATION UNDER (a)(2) OF THIS SECTION.]

18 * **Sec. 9.** AS 21.09.210(b) is amended to read:

19 (b) Each insurer, and each formerly authorized insurer with respect to
20 premiums received while an authorized insurer in this state, shall pay a tax on the total
21 direct premium income received during the year ending on the preceding December 31
22 and paid for the insurance of property or risks resident or located in the state other
23 than wet marine and transportation insurance, after deducting from the total direct
24 premium income the applicable cancellations, returned premiums, the unabsorbed
25 portion of any deposit premium, all policy dividends, unabsorbed premiums refunded
26 to policyholders, refunds, savings, savings coupons, and other similar returns paid or
27 credited to policyholders with respect to their policies. No deductions may be made
28 of cash surrender value of policies. Considerations received on annuity contracts are
29 not included in the direct premium income and are not subject to tax. The tax shall
30 be paid to the director at least annually but not more often than once each quarter
31 on the dates specified by the director and by the electronic or other payment

1 method designated by the director. The tax [OR BEFORE MARCH 1, AND] is
2 computed at the rate of

3 (1) for domestic and foreign insurers, except hospital and medical
4 service corporations, 2.7 percent;

5 (2) for hospital and medical service corporations, six percent of their
6 gross premiums less claims paid.

7 * **Sec. 10.** AS 21.09.210(d) is amended to read:

8 (d) An authorized insurer shall, with respect to all wet marine and
9 transportation contracts written in this state during the preceding calendar year, on or
10 before March 1 of each year, pay to the director a tax of three-quarters of one percent
11 on its gross underwriting profit. The director shall specify the dates that payment
12 is due and the electronic or other method by which payment is to be made. The
13 gross underwriting profit is computed by deducting from the net premiums on wet
14 marine and transportation insurance contracts, the net losses paid during the calendar
15 year under the contracts. In the case of an insurer issuing participating contracts, the
16 gross underwriting profit may not include, for computation of the tax prescribed by
17 this section, the amounts refunded or paid as participation dividends by the insurers
18 to the holders of the contracts. In this subsection,

19 (1) "net losses" means gross losses less salvage and recoveries on
20 reinsurance ceded;

21 (2) "net premiums" means gross premiums less all return premiums and
22 premiums for reinsurance.

23 * **Sec. 11.** AS 21.34.180(b) is amended to read:

24 (b) The surplus lines tax [IS DUE ON THE SECOND DAY OF MARCH
25 FOLLOWING THE CALENDAR YEAR IN WHICH THE PREMIUM IS WRITTEN.
26 THE TAX] shall be paid by the electronic or other method and on the due dates
27 specified by the director. The tax shall be [TO AND] reported on forms prescribed
28 by the director, or upon the director's order paid to and reported on forms prescribed
29 by the surplus lines association.

30 * **Sec. 12.** AS 21.34.190(a) is amended to read:

31 (a) The fee for filing the statement under AS 21.34.180(b) is an amount equal

1 to one percent on gross premium charged less any return premiums **as reported on the**
2 **statement** [DURING THE PRECEDING CALENDAR YEAR]. The surplus lines
3 broker shall pay the fee at the time of filing of the statement.

4 * **Sec. 13.** AS 21.66.110(a) is amended to read:

5 (a) **Each** [ANNUALLY EACH] title insurance company shall pay [ON OR
6 BEFORE MARCH 1,] a tax of one percent of the amount of gross title insurance
7 premiums received by it including as premium income received from guaranteed
8 certificates of title and other guarantees of title [DURING THE PRECEDING
9 CALENDAR YEAR] covering property in this state, as shown by its **electronic or**
10 **other** [ANNUAL] statement to the director. **The director shall specify the due dates**
11 **and the electronic or other method of payment.**

12 * **Sec. 14.** AS 27.30.020 is amended to read:

13 Sec. 27.30.020. PROCEDURE FOR REQUESTING AND TAKING THE
14 CREDIT. To obtain the credit authorized by this chapter,

15 (1) a person shall submit a request for the credit as follows:

16 (A) the person **may** [SHALL] submit a request and a statement
17 of expenditures

18 (i) **whenever the amount of credit certified in the**
19 **request totals at least \$250,000 and the period covered is at least**
20 **one year; or**

21 (ii) **when the person is ready to take the entire**
22 **balance of the credit, regardless of the total amount of the credit**
23 [FOR THE PREVIOUS CALENDAR YEAR NOT LATER THAN 60
24 DAYS AFTER THE CLOSE OF THAT CALENDAR YEAR];

25 (B) the request must **be on a form provided by the**
26 **commissioner and**

27 (i) describe the work accomplished during **each year of**
28 the **period covered by the request** [PREVIOUS YEAR], the number
29 of employees, and the names and number of consultants; [AND]

30 (ii) provide a detailed list or ledger of expenditures of
31 the accomplishments described in (i) of this subparagraph and a list of

1 exploration activity data that in the future will be made available to the
2 commissioner under (2)(A) of this section; **and**

3 **(iii) provide certification by a certified public**
4 **accountant to support a claim for annual credit that exceeds**
5 **\$40,000;**

6 (C) the person submitting the request is not required to transmit
7 copies of receipts with the request, but the statement of expenditures is subject
8 to audit in the discretion of the commissioner;

9 (D) if the commissioner determines to audit the statement of
10 expenditures, the commissioner may require the person submitting the request
11 to justify claims of expenditures with receipts and other reliable information;

12 (E) the commissioner shall respond to the request **within six**
13 **months after receiving it** [BY SEPTEMBER 30] by certifying or not
14 certifying the person's expenditures; if the commissioner

15 (i) does not certify expenditures, the commissioner shall
16 state the reasons for denial of certification and give the person making
17 the request an opportunity to correct any problems or to provide
18 additional information;

19 (ii) certifies expenditures, the commissioner shall specify
20 the exploration activity data requirements for that year that must be
21 presented to the department at the time of the taking of the credit;

22 (F) if the commissioner neither certifies nor denies certification
23 of expenditures **within six months after the request for credit** [BY
24 SEPTEMBER 30], the expenditures are certified as submitted;

25 (2) the person whose expenditures have been certified under (1) of this
26 **section** [SUBSECTION] may thereafter request the taking of the credit for the certified
27 expenditures as follows:

28 (A) the person shall deliver to the commissioner the exploration
29 activity data identified by the commissioner under (1)(E)(ii) of this section, and
30 shall request the commissioner's approval of the taking of the credit;

31 (B) the commissioner shall approve or disapprove the taking of

1 the credit within six months after receipt of the request for taking of the credit;
2 if the

3 (i) exploration activity data complies with the
4 requirements identified by the commissioner under (1)(E)(ii) of this
5 section, the commissioner shall approve the taking of the credit;

6 (ii) request is disapproved, the commissioner shall state
7 the reasons for disapproval and offer the person seeking to take the
8 credit an opportunity to correct any problems or to provide additional
9 exploration activity data or other information;

10 (C) if the commissioner neither approves nor disapproves the
11 request to take the credit within six months after submission of the request, the
12 taking of the credit is approved.

13 * **Sec. 15.** AS 36.30.015(e) is amended to read:

14 (e) The board of directors of the Alaska Railroad Corporation and the board
15 of directors of the Alaska Aerospace Development Corporation shall adopt procedures
16 to govern the procurement of supplies, services, professional services, and construction.
17 The procedures must be substantially equivalent to the procedures prescribed in this
18 chapter and in regulations adopted under this chapter. **However, when procuring**
19 **supplies, services, professional services, or construction contracts that are over**
20 **\$25,000 and that are related to construction work that the Department of**
21 **Transportation and Public Facilities authorizes the Alaska Railroad Corporation**
22 **to perform instead of the Department of Transportation and Public Facilities, the**
23 **Alaska Railroad Corporation shall use competitive sealed bidding or competitive**
24 **sealed proposals under AS 36.30.100 - 36.30.270.**

25 * **Sec. 16.** AS 37.05.180 is repealed and reenacted to read:

26 Sec. 37.05.180. TIME LIMITATION ON PAYMENT OF WARRANTS. A
27 warrant upon the state treasury may not be paid unless presented to the Department of
28 Revenue within one year after the date of its issuance. Money that was not paid
29 because a warrant for its payment was not timely presented may not be transferred to
30 another fund except as otherwise specifically provided by law.

31 * **Sec. 17.** AS 39.20.250(a) is amended to read:

1 (a) Terminal leave for unused personal leave shall be allowed upon separation
2 from service. The payment equals the personal leave balance at the time of
3 separation multiplied by the officer's or employee's annualized hourly rate of pay
4 [COMPENSATION THAT THE OFFICER OR EMPLOYEE WOULD HAVE
5 RECEIVED IF THE OFFICER OR EMPLOYEE HAD REMAINED IN THE
6 SERVICE UNTIL THE EXPIRATION OF THE PERIOD OF UNUSED PERSONAL
7 LEAVE]. A payment of terminal leave to an employee shall be made as a lump sum
8 payment [OR IN INSTALLMENTS OVER A PERIOD OF TIME, AS THE
9 EMPLOYEE ELECTS].

10 * **Sec. 18.** AS 43.10.170(b) is amended to read:

11 (b) The service of process shall be made by leaving a copy with the
12 commissioner of commerce and economic development. If legal action is instituted
13 against the nonresident taxpayer, the commissioner of commerce and economic
14 development shall immediately notify the nonresident by sending a copy of the process
15 by registered letter to the [POST OFFICE ADDRESS STATED IN THE AFFIDAVIT
16 ON FILE WITH THE COMMISSIONER OF REVENUE, OR, IF NO ADDRESS IS
17 STATED IN THE AFFIDAVIT, TO THE] last known address of the taxpayer.

18 * **Sec. 19.** AS 47.20 is amended by adding a new section to read:

19 Sec. 47.20.075. GRANT AUTHORITY. The department may award grants
20 for covered services to children eligible under this chapter.

21 * **Sec. 20.** AS 47.20.110(a) is amended to read:

22 (a) The department shall adopt regulations necessary to implement this chapter,
23 including regulations

24 (1) for personnel development, including preservice and in-service
25 training programs for providers of early intervention services;

26 (2) to govern resolution of intraagency and interagency disputes about
27 the provision of services under this chapter and the financial responsibility of the
28 respective parties for those services;

29 (3) that ensure that services are provided to children and their families
30 in a timely manner pending the resolution of disputes among public agencies or service
31 providers;

1 (4) providing for due process with respect to the rights of children and
2 parents who are eligible for services under this chapter; the regulations must provide
3 that during the pendency of a complaint about a change in services, the child and
4 family shall continue to receive the prior services unless the state and the family
5 otherwise agree, or, if the complaint relates to an application for initial services, the
6 child and family shall receive the services that are not in dispute; and

7 (5) for the award of grants under this chapter.

8 * **Sec. 21.** AS 44.99 is amended by adding a new section to article 1 to read:

9 Sec. 44.99.030. LOBBYING CONTRACTS PROHIBITED. (a)

10 Notwithstanding other provisions of law, the following public entities may not contract
11 with a person to pay the person money or other thing of value to lobby the state, a
12 municipality of the state, or an agency of the state or municipality:

- 13 (1) Alaska Aerospace Development Corporation;
- 14 (2) Alaska Commercial Fishing and Agriculture Bank;
- 15 (3) Alaska Energy Authority;
- 16 (4) Alaska Housing Finance Corporation;
- 17 (5) Alaska Industrial Development and Export Authority;
- 18 (6) Alaska Medical Facility Authority;
- 19 (7) Alaska Mental Health Trust Authority;
- 20 (8) Alaska Municipal Bond Bank Authority;
- 21 (9) Alaska Permanent Fund Corporation;
- 22 (10) Alaska Railroad Corporation;
- 23 (11) Alaska Science and Technology Foundation;
- 24 (12) Alaska Seafood Marketing Institute;
- 25 (13) Alaska Student Loan Corporation;
- 26 (14) Alaska Tourism Marketing Council.

27 (b) In this section,

- 28 (1) "contract with" does not include regular employment;
- 29 (2) "lobby" means to communicate directly or through agents with a
30 public official for the purpose of influencing legislative or administrative action if a
31 substantial or regular portion of the activities for which the communicating person

1 receives payment is performed for the purpose of influencing legislative or
2 administrative action.

3 * **Sec. 22.** AS 03.05.070; AS 17.07.010, 17.07.020, 17.07.030, 17.07.040, 17.07.050,
4 17.07.060, 17.07.070, 17.07.080, 17.07.090, 17.07.100, 17.07.200; and AS 39.20.250(b) are
5 repealed.

6 * **Sec. 23.** AS 05.05.010, 05.05.020, 05.05.030, 05.05.040; AS 05.10.010, 05.10.020,
7 05.10.030, 05.10.040, 05.10.050, 05.10.060, 05.10.070, 05.10.080, 05.10.090, 05.10.100,
8 05.10.110, 05.10.120, 05.10.130, 05.10.140, 05.10.150, 05.10.160, 05.10.170; AS 08.01.010(3),
9 08.01.010(32); AS 08.02.011; AS 46.15.190, 46.15.200, 46.15.210, 46.15.220, 46.15.230, and
10 46.15.240 are repealed.

11 * **Sec. 24.** AS 16.05.390(d); AS 43.10.160, 43.10.180, 43.10.190, and 43.10.200 are
12 repealed.

13 * **Sec. 25.** TRANSITION: PAYMENT AND REPORTING FOR TAXES ON
14 INSURANCE PREMIUMS FOR CALENDAR YEAR 1996. Notwithstanding the amendments
15 to AS 21.09.210(b) and (d), AS 21.34.180(b), 21.34.190(a), and AS 21.66.110(a) made by
16 secs. 9 - 13 of this Act, payment of and reporting for fees and taxes for calendar year 1996
17 shall be made as required under those statutes, and regulations adopted under those statutes,
18 as they read on the day before the effective date of secs. 9 - 13 of this Act.

19 * **Sec. 26.** TRANSITION: REGULATIONS. Notwithstanding secs. 30 and 31 of this Act,
20 the state agencies affected by this Act may proceed to adopt regulations necessary to
21 implement changes in law enacted by this Act. The regulations take effect under AS 44.62
22 (Administrative Procedure Act), but not before the respective effective date of the change in
23 law in this Act.

24 * **Sec. 27.** APPLICABILITY. The provisions of AS 37.05.180, as repealed and reenacted
25 by sec. 16 of this Act, apply to a state warrant issued on or after the effective date of sec. 16
26 of this Act.

27 * **Sec. 28.** LIMITATION ON ENTITIES TO WHICH THE STATE MAY DISBURSE
28 MONEY. Notwithstanding any other provision of law, the state may not disburse state money
29 to an entity that is not incorporated under or subject to the laws of the state. This limitation
30 does not apply to the Annette Island Indian Reserve. This section applies only until July 1,
31 1998.

1 * **Sec. 29.** Sections 4, 17, 21, 22, and 26 of this Act take effect immediately under
2 AS 01.10.070(c).

3 * **Sec. 30.** Sections 3, 14, 16, 19, 20, 23, 27, and 28 of this Act take effect July 1, 1996.

4 * **Sec. 31.** Sections 1, 2, 5 - 13, 18, 24, and 25 of this Act take effect January 1, 1997.