

CS FOR SENATE BILL NO. 215(FIN) am

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Amended: 5/4/96

Offered: 4/30/96

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, including functions relating
2 to certain state grants, the payment of state money, certain wages, warrants,
3 and terminal leave, the selling of fish and game licenses and tags, certain taxes,
4 royalties, and penalties, certain documents and bonds filed with and records of
5 state agencies, certain public contracts, the service of process, the control of
6 rabies, flour and bread standards, the athletic commission and regulation of
7 boxing and wrestling, the regulation of professional geologists, and the water
8 resources board; and providing for an effective date."

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

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

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

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

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

8 (B) house students who would otherwise be unhoused; for
9 purposes of this subparagraph, students are considered unhoused if the students
10 attend school in temporary, relocatable facilities;

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

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

15 (E) achieve an operating cost savings;

16 (F) modify or rehabilitate facilities for the purpose of improving
17 the instructional program;

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

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

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

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

27 (e) By November 5 **of a biennial review year**, the department shall provide
28 public notice of the grant applications submitted under (a) of this section and the
29 priorities established under (b) of this section. After public notice has been given, the
30 department shall, not later than December 1 **of a biennial review year**, hold a public
31 hearing on the priorities established under (b) of this section. In this subsection,

1 "public notice" means notice published in a newspaper of general circulation and
2 notice to every person who has requested notice about the grant application program
3 from the department.

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

5 (b) Notwithstanding AS 23.10.043, the University of Alaska may require that
6 wages due or to become due or an advance on wages to be earned be deposited in an
7 account in a bank, savings and loan association, or credit union unless the employee
8 has requested an exemption from this requirement. All deposits under this subsection
9 shall be in a bank, savings and loan association, or credit union of the employee's
10 choice.

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

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

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

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

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

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

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

30 (b) Each agent appointed to sell licenses or tags under AS 16.05.380 shall, as
31 directed by the commissioner, transmit the proceeds from the sales of licenses and

1 tags, except the amount authorized to be retained under **(a)** [(a)(1)] of this section,
2 together with a report of the sales, to the commissioner for deposit in the fish and
3 game fund or the general fund.

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

5 (c) On March 31, June 30, September 30, and December 31 of each year the
6 commissioner shall calculate the compensation earned by an agent under (a)(2) of this
7 section, minus the penalties assessed under (g) of this section. If the compensation due
8 exceeds \$50, the commissioner shall pay the compensation not later than 30 days after
9 the date for which the compensation was calculated. If the compensation due is \$50
10 or less, the commissioner shall pay the compensation not later than January 30 of the
11 year following the year in which the compensation was earned. The commissioner
12 shall pay compensation only for sales of licenses or tags for which the commissioner
13 has received the report and proceeds required to be transmitted under (b) of this
14 section. **An agent may assign to an in-state nonprofit fish or game association all**
15 **of the compensation earned by the agent under (a)(2) of this section and due**
16 **under this subsection. Before paying the assigned compensation to the assignee**
17 **as directed by the agent, the commissioner shall retain 25 percent of the assigned**
18 **compensation for deposit into the fish and game fund.**

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

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

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

27 (b) Each insurer, and each formerly authorized insurer with respect to
28 premiums received while an authorized insurer in this state, shall pay a tax on the total
29 direct premium income received during the year ending on the preceding December 31
30 and paid for the insurance of property or risks resident or located in the state other
31 than wet marine and transportation insurance, after deducting from the total direct

1 premium income the applicable cancellations, returned premiums, the unabsorbed
2 portion of any deposit premium, all policy dividends, unabsorbed premiums refunded
3 to policyholders, refunds, savings, savings coupons, and other similar returns paid or
4 credited to policyholders with respect to their policies. No deductions may be made
5 of cash surrender value of policies. Considerations received on annuity contracts are
6 not included in the direct premium income and are not subject to tax. The tax shall
7 be paid to the director **at least** annually **but not more often than once each quarter**
8 **on the dates specified by the director and by the electronic or other payment**
9 **method designated by the director. The tax** [OR BEFORE MARCH 1, AND] is
10 computed at the rate of

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

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

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

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

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

29 (2) "net premiums" means gross premiums less all return premiums and
30 premiums for reinsurance.

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

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

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

8 (a) The fee for filing the statement under AS 21.34.180(b) is an amount equal
9 to one percent on gross premium charged less any return premiums **as reported on the**
10 **statement** [DURING THE PRECEDING CALENDAR YEAR]. The surplus lines
11 broker shall pay the fee at the time of filing of the statement.

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

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

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

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

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

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

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

29 (ii) **when the person is ready to take the entire**
30 **balance of the credit, regardless of the total amount of the credit**
31 [FOR THE PREVIOUS CALENDAR YEAR NOT LATER THAN 60

1 DAYS AFTER THE CLOSE OF THAT CALENDAR YEAR];

2 (B) the request must be on a form provided by the
3 commissioner and

4 (i) describe the work accomplished during each year of
5 the period covered by the request [PREVIOUS YEAR], the number
6 of employees, and the names and number of consultants; [AND]

7 (ii) provide a detailed list or ledger of expenditures of
8 the accomplishments described in (i) of this subparagraph and a list of
9 exploration activity data that in the future will be made available to the
10 commissioner under (2)(A) of this section; and

11 (iii) provide certification by a certified public
12 accountant to support a claim for annual credit that exceeds
13 \$40,000;

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

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

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

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

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

30 (F) if the commissioner neither certifies nor denies certification
31 of expenditures within six months after the request for credit [BY

1 SEPTEMBER 30], the expenditures are certified as submitted;

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

5 (A) the person shall deliver to the commissioner the exploration
6 activity data identified by the commissioner under (1)(E)(ii) of this section, and
7 shall request the commissioner’s approval of the taking of the credit;

8 (B) the commissioner shall approve or disapprove the taking of
9 the credit within six months after receipt of the request for taking of the credit;
10 if the

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

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

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

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

22 (e) The board of directors of the Alaska Railroad Corporation and the board
23 of directors of the Alaska Aerospace Development Corporation shall adopt procedures
24 to govern the procurement of supplies, services, professional services, and construction.
25 The procedures must be substantially equivalent to the procedures prescribed in this
26 chapter and in regulations adopted under this chapter. **However, when procuring**
27 **supplies, services, professional services, or construction contracts that are over**
28 **\$25,000 and that are related to construction work that the Department of**
29 **Transportation and Public Facilities authorizes the Alaska Railroad Corporation**
30 **to perform instead of the Department of Transportation and Public Facilities, the**
31 **Alaska Railroad Corporation shall use competitive sealed bidding or competitive**

1 sealed proposals under AS 36.30.100 - 36.30.270.

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

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

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

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

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

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

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

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

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

30 (a) The department shall adopt regulations necessary to implement this chapter,
31 including regulations

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

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

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

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

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

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

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

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

21 (1) Alaska Aerospace Development Corporation;

22 (2) Alaska Commercial Fishing and Agriculture Bank;

23 (3) Alaska Energy Authority;

24 (4) Alaska Housing Finance Corporation;

25 (5) Alaska Industrial Development and Export Authority;

26 (6) Alaska Medical Facility Authority;

27 (7) Alaska Mental Health Trust Authority;

28 (8) Alaska Municipal Bond Bank Authority;

29 (9) Alaska Permanent Fund Corporation;

30 (10) Alaska Railroad Corporation;

31 (11) Alaska Science and Technology Foundation;

- 1 (12) Alaska Seafood Marketing Institute;
- 2 (13) Alaska Student Loan Corporation;
- 3 (14) Alaska Tourism Marketing Council.

4 (b) In this section,

5 (1) “lobby a municipality” means engage in an activity for the purpose
6 of influencing municipal legislative or administrative action if the activity is
7 substantially the same as activity that would have required registration under AS
8 24.45.121 if the activity was for the purpose of influencing state legislative or
9 administrative action;

10 (2) “lobby the state” means to engage in an activity for which
11 registration is required under AS 24.45.121.

12 * **Sec. 22.** AS 03.05.070; AS 17.07.010, 17.07.020, 17.07.030, 17.07.040, 17.07.050,
13 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
14 repealed.

15 * **Sec. 23.** AS 05.05.010, 05.05.020, 05.05.030, 05.05.040; AS 05.10.010, 05.10.020,
16 05.10.030, 05.10.040, 05.10.050, 05.10.060, 05.10.070, 05.10.080, 05.10.090, 05.10.100,
17 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),
18 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
19 46.15.240 are repealed.

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

22 * **Sec. 25.** TRANSITION: PAYMENT AND REPORTING FOR TAXES ON
23 INSURANCE PREMIUMS FOR CALENDAR YEAR 1996. Notwithstanding the amendments
24 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
25 secs. 9 - 13 of this Act, payment of and reporting for fees and taxes for calendar year 1996
26 shall be made as required under those statutes, and regulations adopted under those statutes,
27 as they read on the day before the effective date of secs. 9 - 13 of this Act.

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

1 law in this Act.

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

5 * **Sec. 28.** LIMITATION ON ENTITIES TO WHICH THE STATE MAY DISBURSE
6 MONEY. Notwithstanding any other provision of law, the state may not disburse state money
7 to an entity that is not incorporated under or subject to the laws of the state. This limitation
8 does not apply to the Annette Island Indian Reserve. This section applies only until July 1,
9 1998.

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

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

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