

Revenue

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y · STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

January 17, 1977

Dear Member of the Regulation Review Committee:

The Department of Revenue has amended the regulations pertaining to games of chance and skill. Salient points of these amendments are summarized, and regulations which might be out of conformity with legislative intent are discussed in greater particularity with reference to the statute(s) supposedly being interpreted or implemented.

15 AAC 05.300 is amended to state that "a certificate or letter of tax exemption issued by the Internal Revenue Service is evidence that the organization qualifies" as an organization which operates without profits to its members. Although this regulation would appear to be ambiguous on the question of whether a letter or certificate from the Internal Revenue Service is the only evidence which will serve to establish that the organization operates without profit to its members, persons at the Department of Revenue informed me that such was their intent. Therefore, any operator of a game of chance or skill would have to submit, or if not already obtained, to obtain and submit a certificate or letter testifying to his tax exempt status both at time of original application and at time of renewal. In this regard AS 05.15.140 provides as follows:

**PROOF NECESSARY TO QUALIFY FOR PERMIT.** The commissioner of revenue may not issue or renew a permit except upon proof, satisfactory to him, that the applicant is a qualified organization....Upon request of the commissioner of revenue, the applicant shall prove conclusively each of these requirements before a permit may be issued or renewed.

Did the legislature intend the only satisfactory proof that an organization operates without profit to its members to be a prior finding to that effect by the Internal Revenue Service?

15 AAC 05.400(6) sets limits on the amount of cash prizes which may be awarded in bingo, and provides that game tickets may not be paid as a part of a cash prize.

15 AAC 05.460 increases the amount of the permit fee from ten dollars to twenty dollars, in accordance with ch. 182 SLA 1976. This regulation also adds a requirement that an applicant for a permit submit a list of 25 members with his application, which would seem to be within the authority granted the commissioner to add to the definition of which is a "qualified organization", pursuant to AS 05.15.130.

15 AAC 05.500 is amended to require an applicant to designate at the time of application a single person to be in charge and primarily responsible for the conduct of the game of chance and skill, whereas before amendment, a permittee was only required to have one of its active and bonafide membership present during the conduct of the game. As amended, the regulation provides that an alternate may be designated to fill the place of the person named as being primarily responsible.

15 AAC 05.520 is amended to reflect amendments made to AS 05.15.020 and AS 05.15.080 by ch. 182 SLA 182.

X 15 AAC 05.510 is amended by adding subsections (b), (c), and (d). These subsections are addressed to the question of which expenses, including building expenses, may be deducted in the computation of the net proceeds, and also list some expenses which may not be deducted. It might be worthwhile to the members of the committee to read this regulation as it is now amended.

X 15 AAC 05.570(b) is amended by adding subsections (b) and (c) to implement amendments to AS 05.15.150(a), effected by ch. 66 SLA 1976. Subsection (b) provides definition of the language "for the promotion of the welfare and well-being of the membership within their own community", added by ch. 66 SLA 1976, stating that a member may receive assistance in the form of various charitable donations, and enumerating the form which the donations might take.

Subsection (c) of 15 AAC 05.570 incorporates the same approach in defining a non-profit organization as was used in 15 AAC 05.300 i.e. defining a non-profit organization as one which is certified as a tax exempt organization under the Internal Revenue Code, Section 501(c)(3). The same objections enumerated earlier would apply.

ARTICLE 3. AUTHORIZED GAMES OF CHANCE AND SKILL

Section

- 300. Definition of qualified organization
- 310. Civic or service organization
- 320. Religious organization
- 330. Charitable organization
- 340. Fraternal organization
- 350. Education organization
- 360. Veteran's organization
- 370. Police or fire department and company
- 380. Dog mushers' association
- 390. Fishing derby association
- 400. Bingo
- 410. Raffles and lotteries
- 420. Ice classics
- 430. Dog mushers' contests
- 440. Fish derbys
- 450. Contest of skill
- 460. Issuance of permits
- 470. Renewal of permits
- 480. Suspension and revocation of permits
- 490. Investigation
- 500. Person in charge of activities
- 510. Net proceeds
- 520. ~~Cash receipts and disbursements~~ Annual financial statement
- 530. Method of accounting
- 540. Maintenance of records
- 550. Disposition of funds
- 560. Display of permit
- 570. Use of dedicated net proceeds
- 580. Violation
- 590. ~~Cross-reference~~

Publisher:  
 Sections not set  
 out on the following  
 pages remain  
 unchanged. *[Signature]*

15 AAC 05.300. QUALIFIED ORGANIZATION. (a) "Qualified organization" means a bona fide civic or service organization or a bona fide religious, charitable, fraternal, labor, political, or educational organization, police or fire department company, dog musher's association, or fishing-derby association in the State, which operates without profits to its members, which has been in existence continually for a period of five years immediately <sup>before</sup> ~~prior to~~ the making of an application for a permit and which has at least 25 members. Qualified organizations may be firms, corporations, companies, associations or partnerships.

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15 AAC 05.410

(b) "Qualified organization which operates without profits to its members" means that no part of the net earnings of the organization shall inure to the benefit of any private shareholder or individual.

(c) A certificate or letter of tax exemption issued by the Internal Revenue Service is evidence that the organization qualifies under (b) of this section. This certificate and letter may be submitted along with an application for a permit under sec. 460 of this chapter or with an application for the renewal of a permit under sec. 470 of this chapter. (Eff. 9/7/60, Reg. 2; am 11/6/76, Reg. 60).

Authority: AS 05.15.060  
AS 05.15.130

15 AAC 05.400 (6) IS REPEALED AND A NEW PARAGRAPH IS ADDED TO READ.

(6) A single prize awarded in bingo, <sup>may</sup> must not exceed \$1,000.00 and the total prizes awarded during any one bingo session shall <sup>may</sup> not exceed \$5,000.00. Prize amounts shall be stated <sup>in advance</sup> prior to the beginning of each game and prizes shall be awarded as stated. Game tickets <sup>may</sup> cannot be considered as, nor included in, a cash prize. For example, if a person wins a \$45.00 jackpot, that person must receive and sign for \$45.00 in cash. The prize cannot be divided into \$30.00 cash and \$15.00 in game tickets. (Eff. 9/7/60, Reg. 2; am 11/6/76, Reg. 60).

Authority: AS 05.15.060

15 AAC 05.410. RAFFLES AND LOTTERIES.

(4) In holding, operating and conducting raffles or lotteries, a permittee shall not raffle prizes of personal property, including cash or a negotiable instrument, the aggregate total of which is in excess of the sum or value of \$30,000 in any one calendar year and real property in excess of the sum or value of \$50,000 in any one calendar year. (Eff. 9/7/60, Reg. 2; am 11/6/76, Reg. 60).

Authority: AS 05.15.060

Publisher  
Paragraphs  
not set out  
have remained  
unchanged

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15 AAC 05.460. ISSUANCE OF PERMITS. An applicant for a permit shall submit an application on a form prescribed by the department which may be obtained from the Department of Revenue, State Office Building, Juneau, Alaska or at any local Department of Revenue Field Office. The original application shall be filed with the Department of Revenue, State Office Building, Juneau, Alaska, and two copies of the application shall be mailed to the nearest city or borough for their consideration. An applicant shall also retain a copy of the application. The original of the application filed with the department must be accompanied by a permit fee of \$20.00 in addition to certified, true copies of articles of incorporation, or, if not incorporated, by-laws and copies of national and state charters, a current list of at least 25 Alaskan members of the organization and, if applicable, an Internal Revenue Service certificate or letter of tax exemption. For 15 days after receipt by the Department of Revenue, this application is subject to protest by the city or borough nearest to the location of the proposed activity as specified in AS 05.15.150. Upon approval of the application by the department, a permit will be issued for that calendar year. Activities may not be conducted until an annual permit has been issued. The activity or activities authorized under the permit may be conducted during the calendar year, unless the permit is suspended or revoked by the department. Refunds of permit fees will not be granted. (Eff. 9/7/60, Reg. 2; am 11/6/76, Reg. 60).

Authority: AS 05.15.020  
AS 05.15.060  
AS 05.15.100  
AS 05.15.130

15 AAC 05.470. RENEWAL OF PERMITS. (a) A permit may be renewed by filing an application on the prescribed form with the department.

(b) Certified copies of the articles of incorporation or the by-laws, copies of any national and state charters, and a list of Alaskan members need not accompany the application for renewal unless amendments to these documents have been made during the preceding year.

(c) If applicable, an IRS certificate or letter of tax exemption may accompany all renewals unless it has previously been sent in. (Eff. 9/7/60, Reg. 2; am 11/6/76, Reg. 60).

Authority: AS 05.15.060  
AS 05.15.020

15 AAC 05.480. SUSPENSION, REVOCATION AND DENIAL OF PERMITS. The following are grounds which will constitute a basis for the suspension, revocation or denial of permits:

- (1) any false statement made in an application for a permit or any report required under AS 05.15 or this chapter;
- (2) failure to keep sufficient books or records to substantiate year end reports to the department;
- (3) failure to timely file any reports required by AS 05.15 or this chapter;
- (4) the conviction of a permittee or an officer or employee of a permittee of a felony or any crime involving moral turpitude, or violation of any municipal, state or federal gambling law;
- (5) knowing violation by a permittee or officer or employee of a permittee of any provision of AS 05.15 or this chapter;
- (6) failure to devote net proceeds in accordance with AS 05.15 or this chapter; ~~within one year without permission for an extension of time from the commissioner;~~
- (7) paying or incurring unreasonable or exorbitant expenses or fees by the permittee; and
- (8) <sup>allowing</sup> the use of a permit by another organization.

(Eff. 9/7/60, Reg. 2; am 11/6/76, Reg. 60).

Authority: AS 05.15.060

15 AAC 05.500. PERSON IN CHARGE OF ACTIVITIES. An organization applying for a permit shall designate on the original application a bona fide and active member to be responsible for the conduct of the activities on each occasion of holding a game of chance and skill. That member shall be responsible for maintaining all records required under this chapter. The member in charge shall be present during the conduct of each of the specific activities stated on the permit. An alternate member may be designated to conduct the authorized activities during the absence of the member in charge. (Eff. 9/7/60, Reg. 2; am 11/6/76, Reg. 60).

Authority: AS 05.15.060  
AS 05.15.130

15 AAC 05.510. NET PROCEEDS. (a) "Net proceeds" means the gross income from the sale of tickets or rights (including advance sales) to participate in an authorized activity, less the cost of prizes and authorized expenses as defined in (b) of this section.

(b) Authorized expenses are charges, fees and deductions which are reasonable and necessary to the operation of the activity as stated on the permit. Authorized expenses include payment for

- (1) equipment actually purchased for games;
- (2) printing of tickets or cards;
- (3) advertising for games;
- (4) non-alcoholic refreshments for games;
- (5) hall rentals, but only if the building is not owned by <sup>the</sup> permittee and only for the time actually used for operation of the games;
- (6) utility, repair and maintenance, and depreciation costs of a building owned by the permittee; <sup>these costs</sup> are allowable on a pro-rated basis for the actual hours used for the games in accordance with the provisions of subsection (c) <sup>b</sup> of this section;
- (7) repairs for damages to equipment used for the games;
- (8) wages paid to workers operating the games, which may include members of the organization; <sup>these wages</sup> shall be paid only for the number of hours the games are actually being conducted and may not exceed one dollar per hour over the state minimum hourly wage;
- (9) postage, freight or accounting actually necessary for the games;
- (10) miscellaneous expenses directly pertaining to games only.

(c) The pro-ration of building expenses shall be computed using a maximum use factor of 14 hours per day. For example, a bingo game is conducted 2 days a week at 5 hours per day for a total of 10 hours a week. Since there are 98 use hours in a week (14 use hours per day times 7 days per week equals 98 use hours per week), 10.20% (10 hours per week divided by 98 hours per week equals 10.20%) of the pro-ratable expenses for the week may be included in the authorized expenses. For depreciation purposes, the life of the building must be the guideline life provided in the Internal Revenue Code and the only approved method of depreciation shall be straight line.

(d) Unauthorized expenses are those not directly related to the operation of the games and they can not be deducted. Unauthorized expenses include, but are not limited to, payment for

- (1) expenses on buildings except as provided in (b) of this section on a pro-rata basis;
- (2) mortgage or interest payments;
- (3) purchase of furniture, fixtures or equipment, except those necessary for the operation of the games and used exclusively for the games;
- (4) payments to members as gifts, excluding authorized prizes;
- (5) travel or per diem expenses outside the state under any circumstances;
- (6) organization membership fees to national, or international, affiliated or unaffiliated, organizations;
- (7) personal or organizational vehicle expenses;
- (8) consultant fees paid to a member or paid for a member's benefit;
- (9) legal fees paid to a member for services or paid for a member's benefit;
- (10) organizational advertising or notices;
- (11) organizational entertainment (picnics, dinners, parties, etc.);
- (12) organizational accounting or other operating expenses except those directly related to the operation of the games;
- (13) taxes on real or personal property and taxes based on net income;
- (14) purchase of alcoholic beverages.

(Eff. 9/7/60, Reg. 2; am 11/6/76, Reg. 60).

Authority: AS 05.15.060  
AS 05.15.150

15 AAC 05.520. ANNUAL FINANCIAL STATEMENT. A statement accounting for all ~~profits~~ <sup>revenues</sup> generated from authorized games of chance and skill for the year must be filed by January 31 following the end of the calendar year. The permittee shall also file with the financial statement a copy of the Internal Revenue Service Form 1099 for every

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person who received prizes, awards or money of \$600.00 or more during the calendar year. A fee of one percent of the net proceeds generated from the games of chance and skill shall be paid at the time of filing the annual financial statement. (Eff. 9/7/60, Reg. 2; am 11/6/76, Reg. 60).

Authority: AS 05.15.060  
AS 05.15.080  
AS 05.15.130

15 AAC 05.530. METHOD OF ACCOUNTING. A permittee shall maintain and keep books and records necessary to substantiate the particulars of each annual financial statement. All money collected or received from games of chance and skill activity shall be deposited in a separate bank account. Where cash prizes are awarded, the recipient of the award shall sign a receipt indicating that the cash award was received, and the awarding of the cash award shall be contingent upon the recipient executing the receipt. All expenses of activities shall be paid by check only, and the check may not be drawn to "cash" or a fictitious payee. Each check drawn on the bank account required under the section shall bear two authorized signatures of the organization. (Eff. 9/7/60, Reg. 2; am 11/6/76, Reg. 60).

Authority: AS 05.15.060  
AS 05.15.130

15 AAC 05.540. MAINTENANCE OF RECORDS. All records and supporting documents pertaining to activities permitted under AS 05.15 shall be maintained for at least three years following the close of the calendar year. (Eff. 9/7/60, Reg. 2; am 11/6/76, Reg. 60).

Authority: AS 05.15.060

15 AAC 15.570. USE OF DEDICATED NET PROCEEDS. (a) The dedicated net proceeds given to a qualified organization may not be used to pay any person for services rendered in the connection with the activities from which the funds were derived. Detailed records of all disbursements must be kept for later audit review. These must be kept with the other accounting records for a period of three years.

In AS 05.15.150(a),

(b) Disbursements for the promotion of the welfare and well-being of the membership means that a member may receive assistance in the form of various charitable donations, which have been approved by the organization's board of directors. Charitable projects which an organization may sponsor include educational grants, training assistance or job counseling, food baskets, medical or health care assistance, charitable functions and dinners for the community, etc. The qualifications to receive the charitable donations must include a requirement that all members of the organization within the community may qualify and receive the assistance. These payments shall not be devoted to organizational parties, dinners or benefits, picnics, or social functions limited to members and their families.

(c) Permittees <sup>may</sup> shall not be allowed to erect, buy or lease buildings or land for their organization with the net proceeds unless these buildings are area

(1) used exclusively for educational, civic, public, or religious purposes (such as hospitals, churches, schools, government buildings, or community centers); or

(2) turned over to an appropriate non-profit organization, <sup>to a local,</sup> or state or federal government;

<sup>which qualifies</sup> ~~(3) the non-profit organization must qualify as a tax exempt organization under the Internal Revenue Code, Section 501 (C) (3).~~

(Eff. 3/7/60, Reg. 2; am 11/6/76, Reg. 60).

Authority: AS 05.15.060  
AS 05.15.150

15 AAC 05.580. <sup>9</sup> VIOLATION <sup>(INELIGIBILITY)</sup> A revocation of a permit based on a violation of AS 05.15 or this chapter shall <sup>make</sup> cause the person, association, corporation, or other organization to be ineligible to apply for a permit for a period of one year from the date of that revocation. (Eff. 9/7/60, Reg. 2; am 11/6/76, Reg. 60).

Authority: AS 05.15.060  
AS 05.15.040

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ARRC  
Attachment G

Register 61, APRIL 1977 Commerce and 12 AAC 38.020  
Economic Development 12 AAC 38.050

PROFESSIONAL AND VOCATIONAL REGULATIONS

CHAPTER 38. GUIDE LICENSING & CONTROL BOARD

Section 1. 12 AAC 38.020 is amended <sup>by adding a new subsection</sup> to read:

~~12 AAC 38.020 GUIDE REGISTER. (a) On December 31 of the register year, the names of all persons holding a master or registered guide license shall be entered by the board on a register maintained by the board and shall be published for distribution to the public.~~

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subsec. (a).

(b) All guides shall advise the board of their current address and all changes ~~thereof~~ <sup>of address.</sup> (Eff. 6/28/74, Reg. 50; am. ~~0~~ 2/25/77, Reg. 61)

Authority: AS 08.54.040 (a) (4)  
and (5)  
AS 08.54.050

Section 2. 12 AAC 38.040 (b) is amended to read:

(b) Twenty-six ~~(26)~~ guide districts are established and defined as being identical to those areas described as game management units by the Board of Fish and Game in 5 AAC 90.010 as of January 1, 1974 with the addition of two sub-districts

(1) 18A - Nunivak Island and all waters within one mile of that island;

(2) 22A - St. Lawrence, King and Little Diomed Island and all waters subject to the jurisdiction of Alaska between 62n. lat. and 67n. lat., except ~~those~~ <sup>that</sup> waters within one mile of the mainland of Alaska. (Eff. 6/28/74, Reg. 50; am. ~~0~~ 2/25/77, Reg. 61)

Authority: AS 08.54.040 (a) (3)  
and (6)  
AS 08.54.050

Section 3. 12 AAC 38.050 (a) is amended to read:

(a) Registration of camps by guides will be allowed based on occupancy, use, financial value and other considerations that must be substantiated to the board's satisfaction. (Eff. 6/28/74, Reg. 50; am. ~~0~~ 8/29/75, Reg. 55; am. 2/25/77, Reg. 61)

Authority: AS 08.54.040 (a) (3)  
AS 08.54.050

Section 4. 12 AAC 38.050 (c) is amended to read:

(c) Petitions will be accepted for all guide districts. Hearings on the granting of petitions ~~shall~~ <sup>will</sup> be scheduled by guide area on dates to be determined by the board but in no event earlier than six months after filing. (Eff. 2/25/77, Reg. 61)

Authority: AS 08.54.040 (a) (6)  
AS 08.54.050

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TITLE 20.  
MISCELLANEOUS BOARDS AND COMMISSIONS

Chapter

15

Student Financial Aid

MISCELLANEOUS BOARDS, COMMISSIONS  
CHAPTER 15.  
STUDENT FINANCIAL AID

Article

1. Scholarship Loans

MISCELLANEOUS BOARDS, COMMISSIONS

ARTICLE 1.  
SCHOLARSHIP LOANS

Section

- 10. Purpose of scholarship loan program
- 15. Administration
- 20. Filing dates
- 25. Priority ranking of applicants
- 30. Computation of authorized loan awards
- 35. Limitations on granting authorized loan awards
- 40. Conditions of loans
- 45. Disbursement of loan awards
- 50. Repayment of loans
- 55. Deferment of payments
- 60. Grants
- 65. Default
- 70. Appeals to the executive secretary
- 75. Appeals to the committee
- 80. Complaint file
- 85. Definitions

20 AAC 15.010 PURPOSE OF SCHOLARSHIP LOAN PROGRAM. The scholarship loan program provides low cost educational loans to Alaskan students enrolled in undergraduate, graduate, or career degree programs. (Eff. 2/3/77, Register . . .)

Authority: AS 14.40.757

20 AAC 15.020. ADMINISTRATION. The executive secretary of the student financial aid committee shall appoint, subject to approval of the committee, a director of student financial aid. The director reviews all applications for scholarship loans and determines an applicant's eligibility and amount of award, subject to review by the executive secretary and the committee. (Eff. 2/3/77, Register . . .)

Authority: AS 14.40.757

EDITOR'S NOTE: Applications for scholarship loans are available from the Alaska Commission on Postsecondary Education, Director of Student Financial Aid, Pouch F, Juneau, Alaska 99811.

20 AAC 15.020. FILING DATES. (a) In each school year the application deadline for each of the priority categories set out in sec. 25(a) of this chapter is as follows:

(1) renewal applications from students who received loans for the prior school year - the third Monday in April;

(2) students, other than entering freshmen or first year graduate students, who did not receive a scholarship loan in the prior school year - the first Monday in May;

(3) entering freshmen - the third Monday in May;

(4) first year graduate students who did not receive a loan for the prior school year - the first Monday in June.

(b) An application will be considered timely filed only if it is postmarked on or before the applicable deadline and contains all information required to make a determination of the applicant's eligibility and the amount of the loan award.

(c) An incomplete application will be returned to the applicant with a request for further information. No further action will be taken on an incomplete application until it is resubmitted. An application which is resubmitted within 30 days after being returned to the applicant will be processed as if filed when originally submitted. Applications resubmitted later than 30 days after they are returned to the applicant will be processed as if filed on the date the resubmission is postmarked.

(d) Applications postmarked after the deadlines established in (a) of this section will be processed in the order they are postmarked. Loans will be awarded to late applicants only if funds are available after loans have been awarded to all applicants who submitted completed applications before the deadlines.

(e) Except in unusual situations and for good cause shown, an application will not be accepted from a person who has attended one-half or more of the school term for which the loan is requested. (Eff. . / . / ., Register . . .)

Authority: AS 14.40.757

20 AAC 15.025. PRIORITY RANKING OF APPLICANTS. (a) Upon receipt of a completed application before the relevant deadline set out in sec. 20 of this chapter, the application will be placed in one of the following categories and processed in a descending order of preference:

(1) renewal applications from students receiving loans for the prior school year;

(2) students, other than entering freshmen or first year graduate students, who did not receive a scholarship loan in the prior school year;

(3) entering freshmen;

(4) first year graduate students who did not receive a loan for the prior school year.

(b) Within each priority category, applicants will be ranked based on an evaluation of the following factors:

(1) financial need;

(2) personal recommendations from the applicant's instructors, counselors, employers, or other persons familiar with the applicant's abilities;

(3) the applicant's record of achievement, as indicated by his educational history, past employment, community service, or any other activities which the applicant feels exemplify his abilities and which are capable of being independently verified and assessed; and

(4) whether an entering freshman, or other applicant, is a graduate of an Alaskan high school or a graduate of a high school outside the state which he attended after establishing residency in Alaska, if he continued to maintain his Alaska residency after attendance at that high school. (Eff. . / . / ., Register . . .)

Authority: AS 14.40.757

AS 14.40.767

20 AAC 15.030. COMPUTATION OF AUTHORIZED LOAN AWARDS. (a) As provided in AS 14.40.759 and AS 14.40.761, respectively, the maximum amount of an authorized loan award in any one school year is \$2500 for applicants enrolled in an undergraduate or career degree program and \$5000 for applicants enrolled in a graduate degree program. A loan recipient's maximum indebtedness under the scholarship loan program may not exceed \$10,000, excluding accrued interest payable on prior loans.

(b) The maximum authorized loan for an applicant enrolled for less than a full school year, as defined by the enrolling institution and as approved by the director, is determined by prorating the maximum authorized loan award under (a) of this section based on the actual period of attendance.

(c) Subject to the limitations of (a) and (b) of this section, an applicant's authorized loan award will be based on the director's computation of the applicant's financial need. Financial need will be computed as the difference between the required fees, tuition and room and board, as applicable, charged by the institution for the course of study for which the applicant has been accepted or is enrolled in full-time status, plus expenses normally considered as educational costs, plus any ongoing expenses the applicant may have that are demonstrably at a reasonable and necessary level, less the amount of funds available to the applicant from other sources to meet those expenses. The amount of the authorized loan award will be the next lower multiple of \$50 below the computed financial need.

(d) Married students applying for separate loans may apportion those expenses listed on their applications which are for common use or commonly held property as they see fit. However, the total of commonly shared expenses listed on both applications may not exceed 100% of the actual expense.

(e) An applicant who elects to live off campus when room or board is available from the institution may list as an expense only the cost of the room or board available from the institution, unless it can be demonstrated that any additional expense for living off campus is reasonable and necessary.

(f) The director may require an applicant to furnish copies of financial records and other relevant information to verify statements on his application.

(g) An applicant who has been awarded a loan based on his admission to a particular institution must notify the director immediately if he elects to attend a different institution. The applicant must then resubmit a loan application based on his admission at the new institution. The applicant will not lose his priority category status, as determined under sec. 20(a) of this chapter, but must give 60 days notice of the change in institutions to insure the timely receipt of funds. (Eff. 1/1/77, Register . . .)

Authority: AS 14.40.757  
AS 14.40.759  
AS 14.40.761

April 1977

Register, MISCELLANEOUS BOARDS, COMMISSIONS

20 AAC 15.035  
20 AAC 15.040

20 AAC 15.035. LIMITATIONS ON GRANTING AUTHORIZED LOAN AWARDS. (a) Subject to (b) of this section, loan awards will be made to applicants in the amount determined by the provisions of sec. 30 of this chapter.

(b) Funds available for scholarship loans may be less than the amount necessary to grant the full amount of all authorized loan awards. Should this occur, loans will be awarded to applicants based on the priority categories established under sec. 25 of this chapter. Loan awards will then be made in the full authorized amount to all applicants in a priority category until that category is reached for which the remaining available funds are insufficient to award loans in the full authorized amount to all students in that category. Loans to students in that category will be awarded to applicants in the full authorized amount based on the rankings made by the director using the criteria in sec. 25(b) of this chapter until all funds have been awarded.

(c) When the director has determined an applicant's eligibility and amount of loan award he will forward the application to the executive secretary for presentation to the student financial aid committee.

(d) If more funds become available for scholarship loans after the procedures in (b) of this section have been utilized, loan awards will be made to the remaining applicants in the order they are ranked by the director using the factors in sec. 25(b) of this chapter. (Eff. 1/1/77, Register.)

Authority: AS 14.40.757

20 AAC 15.040. CONDITIONS OF LOANS. (a) The recipient of a scholarship loan shall report to the director any changes which would affect the conditions of his loan or his repayment schedule, including any change of address, marital status, withdrawal or dismissal from his full-time course of study, change in schools or college residency status.

(b) Funds received for a scholarship loan may be used only for books, tuition, required fees, and room and board.

(c) A promissory note in the full amount of the loan award must be signed by the recipient, or by the recipient's parent or legal guardian in the case of a recipient under sixteen years of age. However, liability for the loan is limited to the actual amount of the loan funds disbursed to the recipient, plus interest.

(d) The provisions of this chapter will be incorporated by reference into each promissory note.

(e) Loans will not be granted for more than a total of six full school years.

(f) The costs incurred in the collection of a defaulted loan, including attorney fees and court costs, shall be borne by the recipient.

(g) Interest on a loan begins to accrue on the first day of the month following the termination of the recipient's full-time course of study.

(h) Interest shall be computed at the annual rate of 5% of the outstanding balance of the loan.

(i) At the time the promissory note is mailed to the recipient, the director will provide him with an anticipated repayment schedule for the total amount of the current loan and any loans received in prior consecutive years. The repayment schedule will be computed from the date ~~of the~~ recipient anticipates the completion of his full-time course of study. The schedule will include: a 12-month optional deferment period, the number and amount of payments, including interest, over the six succeeding years, and the annual percentage rate of interest. (Eff. 3/3/77, Register 61)

Authority: AS 14.40.757  
 AS 14.40.763(a)  
 AS 14.40.763(d-h)  
 AS 14.40.771

20 AAC 15.045. DISBURSEMENT OF LOAN AWARDS. (a) The loan will be disbursed in equal installments, with each installment issued before a school term the recipient has indicated he will attend.

(b) A warrant for the appropriate amount of the loan disbursement and a record of disbursement and receipt form will be mailed to the recipient in care of the financial aid officer of the institution which the recipient is attending.

(c) Before delivering the warrant to the recipient, the financial aid officer will be requested to certify on the record of disbursement and receipt form that the recipient is a full-time student at the institution.

(d) At the time the warrant is delivered to him, the recipient must certify its receipt on the record of disbursement and receipt form.

(e) The recipient is responsible for the return of the record of disbursement receipt form to the director. Failure to return a completed form will result in no further warrants being issued to the recipient. (Eff. / / , Register . )

Authority: AS 14.40.757

20 AAC 15.050. REPAYMENT OF LOANS. (a) Subject to sec. 55 of this chapter, repayment of a loan must begin on the date the recipient first terminates his full-time course of study, with the first payment becoming due on the first day of the month following the date the recipient first terminates his full-time course of study.

(b) At the time the recipient first terminates his full-time course of study he must contact the director and establish a repayment schedule satisfactory to the director.

(c) Payments for loans granted to a recipient in consecutive years during which the recipient continued to be a full-time student will be consolidated into single monthly or quarterly payments.

(d) Subject to the deferment provisions of sec. 55 of this chapter and the hardship provisions of (e) and (f) of this section, a loan must be fully repaid within six years from the date first payment is due.

(e) In cases of hardship and based on such factors as the seriousness of the hardship, its anticipated duration and the expectation of increased earnings in later years, the director may, in his discretion, alter the repayment schedule by extending the period of repayment, subject to the deferment provisions of sec. 55 of this chapter, to a maximum-term of 11 years, or weight the regular payments to ease payment in the first years and require larger payments in later years, or both.

(f) A recipient whose repayment schedule has been modified as a result of hardship must certify annually to the director the continued existence of the conditions under which the hardship determination was made. At the time the conditions no longer exist, the recipient must notify the director and renegotiate his payment schedule, based on the loan's outstanding balance and accrued interest, over a term acceptable to the director.

(g) If a recipient chooses to make a payment in an amount larger than that required by the repayment schedule, the difference will be applied to the remaining principal of the loan unless otherwise specified by the recipient. (Eff. 1/1/77, Register . . .)

Authority: AS 14.40.757  
AS 14.40.763(g)

20 AAC 15.055. DEFERMENT OF PAYMENTS. (a) Loan repayments may be deferred by the director upon request of the recipient under the following conditions:

(1) for up to 12 months following the date the recipient terminates his full-time course of study, or completes required military service, or alternative required service as is approved by the selective service system, if the service began upon the termination of his full-time course of study;

(2) during any period a recipient is a full-time student;

(3) during any period a recipient is serving a required tour of duty in the military or alternative required service as is approved by the selective service system; or

(4) when a recipient has suffered partial or total disability and when that condition is certified by a doctor to continue in excess of 90 days.

(b) A recipient who desires a deferment of payments under this section must inform the director of his request to be considered for a deferment. Upon receipt of this notification, the director will send the recipient a form by certified mail, return receipt requested, which must be completed by the recipient describing the conditions under which he requests the deferment. Except for good cause shown, failure to return the form within 30 days of the date it is received will result in the continuation of interest accrual and required payments, if applicable.

(c) Interest does not accrue on a recipient's loan while payments have been deferred under paragraphs (a) (2) or (3) of this section.

(d) A recipient who has received a payment deferment must notify the director immediately when the conditions under which the deferment was granted no longer exist. When the director receives this notification, he will redetermine the recipient's payment schedule and notify the recipient of the number and amount of the payments required to retire the loan.

(Eff. 2/1/77, Register 6.)

Authority: AS 14.40.757  
AS 14.40.763(c)  
AS 14.40.763(e)  
AS 14.40.763(g)

20 AAC 15.060. GRANTS. (a) Under AS 14.40.763(j), a recipient is eligible to have up to 40% of his total loans and accrued interest treated as a grant if he continues his Alaska residency upon the successful completion of his course of study, is awarded an appropriate degree, diploma or certificate, and has been continuously employed, except for brief periods, in the state during the period for which he claims the grant.

(b) Computation of the period of employment for the purposes of the grant will begin on the first day the recipient becomes employed after he successfully completes his course of study. However, the employment must begin within one year of the last day of the school term in which the recipient successfully completed his course of study.

(c) Grants under this section will be computed as follows:

(1) if the recipient satisfies the requirements of (a) and (b) of this section for at least two, but less than three consecutive years, he will be eligible for a first grant in the amount equal to 10% of his total loan, plus 10% of the total interest accrued as of the second anniversary of the date he first became employed;

(2) if the recipient satisfies the requirements of (a) and (b) of this section for at least three, but less than four consecutive years, he will be eligible for a second grant in an amount equal to 10% of his total loan, plus 10% of the interest accrued as of the third anniversary of the date he first became employed;

(3) if the recipient satisfies the requirements of (a) and (b) of this section for at least four, but less than five consecutive years, he will be eligible for a third grant in an amount equal to 10% of his total loan, plus 10% of the interest accrued as of the fourth anniversary of the date he first became employed;

(4) if the recipient satisfies the requirements of (a) and (b) of this section for at least five consecutive years, he will be eligible for a fourth grant in an amount equal to 10% of his total loan, plus 10% of the interest accrued as of the fifth anniversary of the date he first became employed.

(d) Subject to (g) of this section, that portion of the grant based on the total loan will be credited against principal and that portion of the grant based on accrued interest will be credited against interest.

(e) In order to receive a grant, the recipient must notify the director of his eligibility and complete a form available from the director certifying that the recipient has satisfied the appropriate residency and employment requirements.

(f) A recipient who ceases to be a resident of Alaska during the period he is eligible for a grant loses his eligibility for any further grants under this section.

(g) A recipient whose loan is completely repaid before becoming entitled to the maximum grant available to him may notify the director of his eligibility for a grant in the manner provided in (e) of this section each time he qualifies for a recomputation of his grant. Upon verification of the recipient's eligibility, the director will issue a warrant payable to the recipient in the amount to which he is entitled. (Eff. 2/3/77, Register . . )

Authority: AS 14.40.757  
AS 14.40.763(j)

20 AAC 15.065. DEFAULT. (a) A recipient's loan will be considered in default if he fails to make three consecutive monthly payments or two consecutive quarterly payments, fails to comply with the reporting requirements of sec. 40 (a) of this chapter, or is determined by the director to have falsified any document required by this chapter.

(b) When a loan is found to be in default by the director, the recipient will be notified of that fact by certified mail, return receipt requested. The recipient has 30 days from the receipt of the notification to cure the default or otherwise respond in writing to the director's finding. Failure to cure the default or otherwise respond to the default notification within this time period will result in the director forwarding the recipient's file to the executive secretary for appropriate action. (Eff. ./. /., Register . . )

Authority: AS 14.40.757  
AS 14.40.763(i)

20 AAC 15.070. APPEALS TO THE EXECUTIVE SECRETARY. (a) A decision or other determination of the director under this chapter may be appealed in writing to the executive secretary of the committee, Alaska Commission on Postsecondary Education, Pouch F, Juneau, 99811. The appeal must be postmarked within 30 days of the date the decision or determination being appealed was mailed, must clearly state the objections to that decision or determination, and must set out justification for any alternative action sought.

(b) The executive secretary shall acknowledge receipt of an appeal by certified mail, return receipt requested, within 30 days. The executive secretary shall render his decision, in writing, as expeditiously as possible after receipt of the appeal and send it to the appellant by certified mail, return receipt requested.

(c) At the appellant's request, the executive secretary <sup>shall</sup> will afford the appellant or his designated representative the opportunity to present his appeal in-person. (Eff. 2/3/77, Register . . ).

Authority: AS 14.40.757

20 AAC 15.075. APPEALS TO THE COMMITTEE. (a) A decision of the executive secretary may be appealed to the chairman of the committee. The appeal must be made within 30 days of the receipt of the executive secretary's decision, must clearly state the objections to that decision, and must set out justification for any alternative action sought.

(b) The chairman of the committee will place an appeal on the agenda for the committee's next meeting and notify the appellant of the time and location of the meeting and that he or his designated representative may present his appeal in person to the committee at that time.

(c) The committee's decision on an appeal is final. (Eff. 1/1/77, Register . . .)

Authority: AS 14.40.757

20 AAC 15.080. COMPLAINT FILE. (a) A written complaint regarding the administration of the scholarship loan program will be answered within 30 days of its receipt.

(b) The director <sup>shall</sup> will maintain a separate complaint file.

(c) At the committee's first meeting of the calendar year the director will provide the committee with a synopsis of all written complaints received during the prior 12 months and a description of the action taken on each complaint. (Eff. 1/1/77, Register . . .)

Authority: AS 14.40.757

20 AAC 15.085. DEFINITIONS. In this chapter and AS 14.40.751-14.40.771, unless the context requires otherwise,

(1) "accredited school" means an institution which:

(A) is accredited by a national accreditation association, or the regional accreditation association for the area in which the school is located; or

(B) offers a career education degree approved by the Department of Education;

(2) "career education degree program" means a full-time course of study in a recognized occupation leading to a degree, diploma or comparable certificate of completion;

(3) "commission" means the Alaska Commission on Postsecondary Education;

(4) "committee" means the student financial aid committee of the commission;

(5) "director" means the director of student financial aid;

(6) "employed" means full-time employment in an occupation, as determined by the number of hours in a day, days in a week, weeks in a month, or months in a year which are usual to that occupation;

## (7) "employed in the state" means;

(A) employed physically within the geographic boundaries of Alaska; or

but: (B) employed outside the geographic boundaries of Alaska

(i) subject to Alaska state income tax laws and regulations; and

(ii) files a resident Alaska state income tax return for that outside employment;

## (8) "full-time course of study" means:

(A) a course of study which consists of the completion of a minimum of 24 semester or 36 quarter hours within one school year by an undergraduate student or, when enrollment commences after the first term, the completion of that portion of the hourly requirements which equals the portion remaining of the school year;

(B) a course of study which consists of the completion of a minimum of 18 semester or 27 quarter hours within one school year by a graduate student or, when enrollment commences after the first term, the completion of that portion of the hourly requirements which equals the portion remaining of the school year;

(C) a course of study by a career education student which:

(i) consists of the completion of a minimum of 1080 clock hours, as clock hours is defined in subparagraph (9) (c) of this section, within one school year;

(ii) consists of the completion of that portion of the hourly requirements of (i) of this subparagraph which equals the portion remaining of the school year when enrollment commences after the first term of the school year; or

(iii) consists of the completion of that portion of the hourly requirements of (i) of this subparagraph which equals the portion of the school year represented by the length of the career education program when the career education program does not last for the entire school year.

## (9) "full-time student" means:

(A) an undergraduate student, not on academic or other probation, who is enrolled in any combination of courses, work experience, research, or special studies which the school requires of the student to consider him as being engaged in full-time study and which amount to the equivalent of 12 semester or 12 quarter hour systems;

(B) a graduate student, not on academic or other probation, who is enrolled in any combination of courses, work experience, research, or special studies which the school requires of the student to consider him as being engaged in full-time study and which amount to the equivalent of nine semester or nine quarter hours per academic term for institutions utilizing trimester, semester, or quarter hour system; or

(C) a student enrolled in a career education program for at least 30 clock hours per week, a clock hour being a period of time which is equivalent of

(i) a 50- to 60- minute class, lecture, or recitation;

(ii) two hours of laboratory, shop training or internship requiring outside preparation;

(iii) two hours of outside preparation related to the activities specified in (i) and (ii) of this subparagraph; or

(iv) three hours of laboratory, shop training, or internship not requiring outside preparation;

(10) "graduate degree program" means an educational program for which a master's degree, doctorate, or other degree requiring study beyond that necessary for a bachelor's degree is awarded;

(11) "hardship" means being unable to meet the obligation to repay a scholarship loan over the term or in the amount determined by the director;

(12) "prospective graduate" means a high school student who will graduate within six months of the submission date of his application for a scholarship loan;

(13) "resident" means a person who, except for brief intervals, military service, attendance at an educational or training institution, or for absences for good cause shown, has resided in Alaska and who has maintained his domicile in Alaska for at least the period required under AS 14.40.806(4) immediately before the date of submission of his application for a scholarship loan; domicile is the true and permanent home of a person from which he has no present intention of moving and to which he intends to return whenever he is away;

(14) "total loan" means the total amount of all loans received by a recipient in consecutive school years;

(15) "undergraduate degree program" means:

(A) an educational program for which a bachelor's degree is awarded; or

(B) an educational program for which an associate degree, or comparable certificate is awarded, and which is acceptable, upon transfer, for full credit towards a bachelor's degree. (Eff. 1/1/77, Register . . .)

Authority: AS 14.40.757