

HB

84

HB 84

An act relating to the refund of the unused balance of personal leave upon termination from state employment.

McKinnon

SUMMARY

This bill amends existing statutes to allow state employees to receive unused personal leave payment upon termination of state employment in the form of a lump sum or in installments as he chooses.

This bill can be implemented at no measurable cost to the state and would allow state employees upon termination of employemnt, the option of receiving his unused personal leave payment in a lump sum or in installments over a period of time. Many employees would prefer to receive their accrued unused leave in installments rather than in one lump sum for financial reasons. The Department of Administration, Division of Finance forsees no implementation problems nor cost to their department.

(leave for State employees has been changed
(now only one category "personal leave"
rather than vacation leave - sick leave)

1. Effects State employees outside the various bargaining units
2. Now no limit to accrual of "personal leave" for these employees
3. Some "Old Timer" likely to have a lot of leave accrued
4. Lots in year - real Tax burden -

THE FOLLOWING PAGES WERE TREATED AS
A UNIT IN THE ORIGINAL FILE.

II. FISCAL DETAIL

Agency Affected All Agencies

Program Category Affected _____

BRU, Program, or Subprogram(s) Affected _____

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This bill can be implemented at no measurable cost to the State. This, however, is based on the assumption that "installments over a period of time" means the compensation that the employee would have received if he had remained in service for the normal pay period covered by each installment.

IV. DATE February 14, 1979

PREPARED BY William C. Mullin

AGENCY Department of Administration

PHONE 465-2240

Office: Legislative Finance

OFFICE OF THE CLERK
STATE OF TEXAS
LEGISLATIVE BUILDING
AUSTIN, TEXAS 78701

Chairman's Report State Affairs

HB 84

During the consideration of this legislation, the Department of Administration indicated that its interpretation of the phrase "or in installments over a period of time" would not mean that an employee has the option of mandating the amounts or installment schedule for the payment of personal leave over a period of time. It would mean instead that, at the option of the employee, the lump sum payment would be waived and instead the employee would receive monthly payments equivalent to his normal pay schedule. The consensus of the committee was that this interpretation would be recognized as consistent with legislative intent regarding this proposed statute.


Rep. Mike Miller, Chairman

copy + file
in 5084

P. O. Box 1260
Anchorage, AK 99510
November 12, 1978

Rep Joe McKinnon
3071 Lois Drive
Anchorage, AK 99503

Dear Mr. McKinnon:

Congratulations on your reelection. District 9 can certainly use your help. I hope you will lend your assistance in changing a provision of Chapter 136 SLA 1978. No significant cost is involved.

Chapter 136 affects only State employees outside of the various bargaining units. It caused 40% of their accrued sick leave to be added to their annual (now "personal") leave and the other 60% to be put in a sick leave bank. There is now no limit to the accrual of personal leave for these employees. The problem which I hope can be corrected is that the unused personal leave must be paid for in one payment at the time of termination or retirement. The Administration has followed up with regulations which include the same language, "...a lump sum payment...upon separation...".

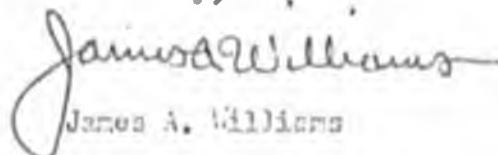
With the addition of the former sick leave and no accrual limit, some of us older-timers are likely to have a lot of leave (like 6 or 8 months) accrued. Consider the huge loss in income taxes we will suffer if it should be necessary to quit or retire late in the year. For example, we might have to terminate in the 10th month and have 6 months of leave accrued. This would force us to pay taxes on 16 months' pay in one year. We would have to pay out 54 to 60% of the lump sum in federal and state taxes, compared to perhaps half that much in later years if we could collect it when on retirement pay only.

What I am asking you to do, please, is introduce and/or help pass a bill to allow for the lump sum terminal leave payment to be delayed or made in installments at the employee's discretion to allow maximum tax savings. This will require some extra bookkeeping by the state, of course, but it should cost very little considering the few employees affected. And, too, a precedent is set by the State's institution some years ago of a program of deferred compensation to allow employees to save on taxes.

An amendment as follows to the first sentence of Sec. 7 of Chapter 136 would probably accomplish the needed change: "Terminal leave for unused personal leave shall be allowed as a lump sum payment upon separation from service or in one or more later payments as agreed upon by the employee and the Department of Administration."

May I hear from you on this? Thanks very much.

Sincerely,


James A. Williams

SENATE STATE AFFAIRS

March 21, 1979

The meeting was brought to order by chairman, Bob Mulcahy.

The first person to testify was Jay Hogan, Director of the Legislative Finance on SB 120.

He said several years ago the leadership of the legislature went to Denver to see the joint budget structure of the General Assembly in that state. The delegation was quite impressed with the concept.

Basically, what the bill would do is to create a joint subcommittee of the joint budget committee. Many legislatures have a similarly-fashioned structure.

This year the House finance committee is using the members-as-a-whole approach and the Senate Finance Committee is using the subcommittee approach. There are different methods at arriving at the budget figures and those figures differ depending on the approach. This bill would standardize the approach of creating the budget.

According to Hogan there are many advantages to the joint budget subcommittee.

- 1) It gets rid of duplicated effort
- 2) The budget would be better researched
- 3) Legislative budget would be more coherent since the legislature would follow certain guidelines
- 4) The staff would have more direction and more time to prepare recommendations for review
- 5) Because there would be more interest on the part of the members working with the budget there would be a greater possibility of adhering to the legislative intent. As the committee would be closely watched by a group of legislators they would comply more with the intent
- 6) The legislative budget currently produced is produced by six people - although they incorporate a great deal of input and numbers, they also put in a lot of new programs that were not included in either budget - especially in the capital budget

Hogan said with the subcommittee there would be a streamlined approach throughout the budget process not just in the last few days.

Mulcahy said with an ongoing committee wouldn't it become a rather powerful arm.

Hogan said that was true and that that was the most strenuously objected aspect of the committee.

The thing has to be looked at in a trade off manner. If the body selects people with care they must keep tabs on what it is doing. My expertise with the free conference committee is that the members bend over backwards to select a wide legislative body.

Better members on the committee are able to defend and hold against vetoes if they have a better knowledge of the budget.

Because the committee would be ongoing and would have better equipment a better job would be done than if the budget goes to a large committee. That is what was found in Colorado.

Mulcahy wanted to know as far as detail how the budget could be better than now with the red-lining - what are the advantages.

Hogan said there were two advantages.

1) Budget and Audit could argue over the use of line-item vetoes. Since the budget and audit committee is not composed of the majority of the finance committee they haven't been involved in the thinking of the finance members. Under the existing system people haven't followed the budget all the way through so they don't have the same concerns for the items.

2) The other concern is the small committee. If the governor feels subjected to a tremendous amount of hassle over a veto he won't veto. In Colorado the committee has had a more persuasive force over vetoes.

Kelly wanted to know what happens to the rest of the members of the house and senate finance committees if they should ever bother to go to the finance meetings.

Hogan said this concept only deals with the budget and supplements. All other bills would still be heard by the finance committee. It's not apparent but that's what is said on page 2, line 4 - so the authority of the committee is limited. The full-standing finance committee would hear the bulk of the bills, bond bills, special appropriations and bills with fiscal impact. The division of labor would mean that those on the finance committee would have more time to devote to the different bills assigned to them.

There would be a difference at the way the house and senate would look at this since the chairman on the senate side is often on other committees at present and there are often new members in the house on the finance committee.

Kelly said it appears that the joint budget committee would lighten the load for three finance committee members on each side but double it for the other three members.

Hogan said yes, there is no doubt about it - it does take a good deal of time.

Kelly wanted to know what the status was of the house version.

Hogan said it was an identical bill, currently in the House finance committee.

Mulcahy said he wanted more time to look at the bill.

Bert Wagon with the Department of Commerce and Economic Development testified first on SB 139.

He said he had reviewed the bill with the commissioner and they felt good with the bill - no problems with it.

They would prefer the original working on Page 1, line 19 after the word "facilities".

"The rest of the bill is in fine form. No problems."

The Alaska Industrial Development Authority is used primarily for tax exempt financing. I would not want to build false hopes. Section 103-C allows tax exempt financing for convention facilities.

No credit of the state is involved and there is no fiscal note. Each applicant comes through with his own financing.

Kelly said he wanted to see if he understood - does the private outfit come in to ask to borrow money.

Yes, said Wagon, but if they have no credit they get not money. WE say we will issue bonds = they have to provide the people to purchase the bonds. The successful financing so far has been for larger firms. We have not been successful with smaller firms. By smaller firms I mean the smallest project we've dealt with is \$3 million. We will be doing one with Alaska Airlines but overall the authority does not lend itself to smaller firms.

Kelly asked if convention facilities are better if indirect or built directly as a convention center.

Wagon said directly - the IRS is very specific in saying "convention facility" - such as, if a hotel with a convention room were to build they must allocate the costs.

Kelly asked if the amendment on page 3 was major.

Wagon said no - it was suggested by council for clarification. If he would like he could get the written reason but it was just a minor oversight in drafting.

Bradley made a motion to move the bill out of committee for individual recommendations.

Representative Joe McKinnon testified on HB 84.

He said it was introduced at the request of a constituent. Since the leave for state employees had been changed there was now only one category of leave called "personal leave" rather than sick leave and vacation leave. Under the new leave system a person could accumulate an unlimited amount of leave with a large income upon leaving the government which is taxed as a whole. This would allow the leave to be paid in installments.

Mulcahy said he understood some departments were already distributing the leave income in installments.

McKinnon said yes this would just give all departments the freedom.

Mulcahy asked if there was a fiscal note.

McKinnon said no since all of the information was already on the computer.

Bradley made a motion to move the bill out of committee with individual recommendation.

Mr. Mullin from the Dept. of Administration said the department had no problems with the bill.

• The meeting was adjourned.

THE PRECEDING PAGES WERE TREATED AS
A UNIT IN THE ORIGINAL FILE.

STATE AFFAIRS COMMITTEE

March 21, 1979

HB 84 An Act Relating to the refund of the unused balance of personal leave upon termination from state employment.

By Representative McKinnon

SUMMARY

This legislation amends existing statutes to allow a state employee upon termination of employment the option of receiving his unused personal leave payment in the form of a lump sum or in installments over a period of time.

FISCAL

This bill can be implemented at no measurable cost to the state.
See attached fiscal.

STATE AFFAIRS COMMITTEE

March 21, 1979

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FISCAL

This bill can be implemented at no measurable cost to the state. See attached fiscal.

Yours only

NOTE: Bill Mullin, Department of Administration, Division of Finance said that they support this bill. Some agencies already pay personal leave in installments. Mr. Mullin said he foresees no administrative problems in implementing its intent.

STATE AFFAIRS

March 21, 1979

SB 139 An Act relating to the Alaska Industrial Development Authority
By Ray

SUMMARY

This bill amends Chapter 61, Alaska Industrial Development Authority to include development of facilities for tourism or the tourist industry, industrial parks and parking facilities. It also includes tourism or the tourist industry, industrial parks and parking facilities in the group of projects for which the local governing body in which a project is to be located, cannot appoint members to the Alaska Industrial Development Authority.

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in 5089

P. O. Box 1260
Anchorage, AK 99510
November 12, 1978

Rep Joe McKinnon
3071 Lois Drive
Anchorage, AK 99503

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May I hear from you on this? Thanks very much.

Sincerely,

James A. Williams
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ALASKA INDUSTRIAL DEVELOPMENT AUTHORITY

The Alaska Industrial Development Authority is a public corporation of the state and a subdivision within the Department of Commerce and Economic Development, with a separate and independent legal existence.

Membership includes the Commissioner of Commerce and Economic Development (Chairman), the Commissioner of Revenue and the Commissioner of Natural Resources (ex-officio). The local government of an area in which an authority project is located may appoint three members to the authority only for that project with the following exceptions: projects having to do with tourism, industrial parks, parking facilities, air pollution, waste control, air or water transportation or local furnishing of electric energy or gas.

The states purpose of the authority is to promote, develop and advance the general prosperity and economic welfare of the people of Alaska, to relieve problems of unemployment and to create additional employment by providing a means of financing industrial and manufacturing plant construction, conversion or expansion within the state, including the acquisition of real property for lease or sale to business enterprises for industrial or manufacturing purposes.

POWERS: Usual corporate powers

May acquire, improve and equip projects in the state

May lease acquired projects upon their own terms with provisions for options to purchase or renew

May issue bonds to pay the cost of acquiring or improving and equipping projects

May sell, exchange, donate, convey, encumber real or personal property owned by it if in best interest of corporation

May accept gifts, loans, federal grants or state or municipal agencies or private concerns

May deposit or invest funds subject to agreement of bondholders

May enter into contracts or agreements and do all things necessary to carry out corporate purpose

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 139

Title "An Act relating to the Alaska Industrial Development Authority"

Requested by Senator Ray Date March 12, 1979

II. FISCAL DETAIL

Agency Affected Commerce & Economic Development

Program Category Affected _____

Budget Request Unit(s) Affected _____

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER (Specify)	0	0	0	0	0	0

POSITIONS

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
FULL TIME	0	0	0	0	0	0
PART TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. DATE March 12, 1979 PREPARED BY Bert Wagon, Deputy Commissioner

AGENCY Commerce & Economic Development

PHONE 465-2500

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)