

HB

373

STATE OF ALASKA
THE LEGISLATURE

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JUNEAU, ALASKA 99811
907-465-3800

May, 1988

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Mary Van Nimwegen

House L3C

January 26, 1988



Official Business

Alaska State Legislature

House

P.O. BOX V
State Capitol
Juneau, Alaska 99811

TO: Members, House Committee on Labor and Commerce

FROM: Rep. Fandy Phillips R.E.P.

DATE: January 25, 1988

SUBJECT: HB 373 "An Act relating to wage, salary, and benefit claims having priority in certain bank liquidations."

Prompted by the recent failure in Alaska of First Interstate Bank, I have introduced HB 373 to address the needs of employees of banks which are forced to liquidate. First Interstate Bank had 14 branches and 450 employees. The number of people effected highlights the need to provide additional protections to ensure that bank employees receive adequate consideration in collecting claims due to them in the event the bank they are employed by fails.

HB 373 proposes some fairly simple changes in the Alaska Banking and Financial Institutions statute pertaining to claims which have a priority in liquidation proceedings.

HB 373 adds benefits which have accrued, which are not currently in the statutes. HB 373 also increases the amount which the employee has a priority in collecting from \$3,000 to a new level of \$12,000. The amount has been at \$3,000 for a number of years, and needs a belated adjusting for inflation. Lastly, the bill increases the time frame in which wages and benefits can be collected from a 3 month to a 12 month period.

I feel that these changes are necessary in order to update the statute to more accurately reflect today's economic realities and to provide additional employee protection when bank failures occur.

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Certain claims having priority in
certain bank liquidations
Sponsor: Phillips
Requester: _____

Agency Affected: Commerce & Econ. Dev.
BRU: Banking, Securities & Corporations
Components: _____

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Willis F. Kirkpatrick, Director
Division: Banking, Securities and Corporations
Approved by Commissioner: J. Anthony Smith, Commissioner
Agency: Department of Commerce and Economic Development

Phone: 465-2521
Date: January 21, 1988
Date: January 21, 1988

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