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STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: February 28, 1984  
Page 1 of 2

REQUEST

Bill/Resolution No.: SSSB 350  
Title: An act creating the Alaska-US Olympic Trust Fund  
Sponsor: Ferguson, Fahrenkamp, Bennett & Faiks  
Requestor: Finance  
Date of Request:

FISCAL DETAIL

Agency Affected: Administration/Office of Gov.  
Program Category Affected: General Government Centralized Administrative Services/Finance  
BRU, Program of Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		15.0	0	0	0	0
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC		1,108.0	0	0	0	0
800 MISCELLANEOUS						
TOTAL OPERATING		1,123.0	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		1,123.0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for any Analysis.

Prepared By: Kenneth E. Bischoff *KEB* *A*  
Division: Finance

Phone: 465-2240  
Date: February 28, 1984

Approved by Commissioner: Lisa Rudd *A. B. Miller*  
Agency: DEPARTMENT OF ADMINISTRATION

Date: 3-2-84

Distribution (by Agency preparing fiscal note):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

Sponsor Substitute for Senate Bill 350  
 Fiscal Note Analysis  
 Prepared by Division of Finance  
 Department of Administration  
 February 28, 1984

We have assumed that the State will match the full \$1,000,000 private donations.

The State employee match of \$108,000 is based on the assumption that 50% of the 18,000 State employees (as of December 31, 1983) will not opt out of this program. We sense that many employees will not view with favor, monies withheld without their prior approval and will exercise their option to withdraw.

The estimated cost of producing the payroll deduction authorization forms and administering the program is \$15,000.

Private donations (Office of the Governor)	\$1,000,000	
State employee match (Office of the Governor)	108,000	A
Administrative cost (DOA)	<u>15,000</u>	
Total	<u><u>\$1,123,000</u></u>	

A:  $50\% \times 18,000 \times \$1.00 \times 12 \text{ months} = \$108,000$

Position Paper

SSSB 350

The Department of Administration is seriously concerned with the intent of Section 3 of Sponsor Substitute Senate Bill 350. As written, one dollar a month will be deducted from the salary of each State employee. The employee must take an action to avoid making a contribution.

Currently, before a contribution type deduction is made from an employee's salary, a deduction authorization form is signed by the employee and presented to the Division of Finance. Without expressed written approval the Division does not consider that authority has been granted to make a deduction of this nature from an employee's wages.

There is also a question as to whether or not section 3 of SSSB 350 violates Article I of the Alaska Constitution. The Attorney General's office has indicated that it is a possibility and they will be looking into that aspect at such time as the bill is passed by the legislature.

The mechanics of SSSB 350 would not pose a major accounting difficulty, although considerable effort will be required to set up a payroll deduction for all State employees, except those that opt out of the program. Contributions deducted from employee salaries would be accumulated in a miscellaneous deduction account and transferred to an agency trust account established for the Office of the Governor. Private donations would be deposited directly to the trust account. The Office of the Governor would periodically draw a warrant on the trust account, payable to the United States Olympic Committee in Alaska.

Although the payroll system has the ability to automatically deduct authorized contributions from employees' salaries it does have a limit as to the number of deductions that can be made for an employee. When the limit is exceeded for an employee the Payroll Section is required to manually intervene in order to properly apply the deductions.

Currently few employees have reached the deduction limit of the system. SSSB 350 will not severely increase the manual payroll effort required at this time. Caution must be used when considering additional legislation of this nature in order to assure that the automated deduction limits of the payroll system are not exceeded and the Payroll Section is not forced to a largely manual effort to properly account for and distribute the payroll deductions.

Based on our reading of this bill, its provisions are effective for FY 85 only and will cease June 30, 1985.

Kenneth E Bischoff <sup>A</sup>

Kenneth E. Bischoff  
Director  
Division of Finance  
Department of Administration

2/28/84  
Date

Bruce I. Ludwig for

Bruce I. Ludwig  
Acting Director  
Division of Labor Relations  
Department of Administration

2/22/84  
Date

A. Blum for

Commissioner Lisa Rudd  
Department of Administration

3-2-84  
Date

Position Paper

SB 350

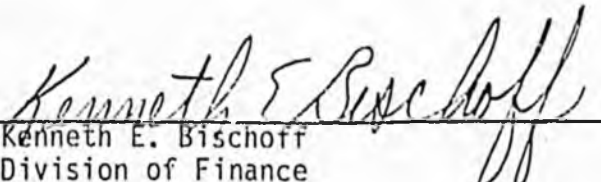
The Department of Administration supports the bill in its intent, however, caution is advised concerning the open-ended appropriation to match all contributions. The salary deduction contribution from State employees, assuming a 20% participation, is estimated at \$45,000. The real concern, however, is that the potential amount of private donations is unlimited. Large donations from multi-national corporations could conceivably require the State to match millions of dollars. For this reason it is recommended that a "not-to-exceed" amount be inserted in Section 2(c).

The intent of Senate Bill 350 would not pose a major accounting difficulty. Contributions deducted from employee salaries would be accumulated in a miscellaneous deduction account and transferred to an agency trust account established for the Office of the Governor. Private donations would be deposited directly to the trust account. The Office of the Governor would periodically draw a warrant on the trust account, payable to the United States Olympic Committee in Alaska.

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\_\_\_\_\_  
Kenneth E. Bischoff  
Division of Finance

2/15/84  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Commissioner Lisa Rudd  
Department of Administration

2/16/84  
\_\_\_\_\_  
Date

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_, 1984  
Page 1 of 2

<b>REQUEST</b> Bill/Resolution No.: <u>SB 350</u> Title: <u>An act creating the Alaska-US Olympic Trust Fund</u> Sponsor: <u>Ferguson</u> Requestor: <u>Finance</u> Date of Request: _____	<b>FISCAL DETAIL</b> Agency Affected: <u>Administration</u> Program Category Affected: <u>General Government Centralized Administrative Services/Finance</u> BRU, Program of Subprogram(s) Affected: _____
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100 PERSONAL SERVICES						
200 TRAVEL						
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700 GRANTS, CLAIMS, ETC						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	10.0	0	0	0	0
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING: (Thousands of Dollars)**

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FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS:**

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
FULL-TIME		0				
PART-TIME		0				
TEMPORARY		0				

**SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:**

ANALYSIS: Attach a separate page for any Analysis.

Prepared By: Kenneth E. Bischoff *KES*  
 Division: Finance

Phone: 465-2240  
 Date: February 15, 1984

Approved by Commissioner: Lisa Rudd *LRR*  
 Agency: DEPARTMENT OF ADMINISTRATION

Date: 2/16/84

Distribution (by Agency preparing fiscal note):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

SB 350  
Fiscal Note Analysis  
Prepared by Division of Finance  
Department of Administration  
February 15, 1984

This analysis does not attempt to address the cost of matching private donations or contribution of State employees.

The estimated cost of producing the payroll deduction authorization forms and administering the program is \$10,000.



this talent is also available in the state, and we would look for it here. If the program succeeds, presumably the school districts will continue the same with local support and the gradual build-up of Olympic sports in our school systems would start.

In addition to the above type of pilot programs, the State portion of the funds will be utilized to promote the Junior Olympic movement in Alaska. Talented athletes with Olympic potential throughout Alaska will be recruited and sought out for future development and training. Under these scenarios, it would be expected Alaska would then even excel beyond its current high participation in adding Olympic sports. Emphasis would be placed in Olympic-type sports that are not currently popular in American schools. Under these programs, incentives would be provided to smaller statutory athletes, both male and female, as hope that Alaska would become a 'hotbed' of Olympic athletic talent known throughout the United States and the world.

Here is a sample of the Olympic type sports that will be discussed for implementation:

- Archery
- Shooting (and Air Pistol)
- Cycling
- Equestria
- Table Tennis
- Biathalon
- Team Hand Ball
- Hockey (Men and Women)
- Canoe-Kayak
- Cross Country Skiing

Also, if possible to be involved in the purchase of snow-making equipment for the making of trails in various areas throughout the state to become a national training center for Olympic athletes.

Under the current provisions of the bills where State employees and officers have to take the initiative confirmatively and affirmatively authorize a one dollar per month for a twelve month donation, it is estimated that only twenty percent of the estimated 15,000 State employees will be involved to participate. This is caused by inertia and red tape. A rough calculation would therefore produce these gross revenues for the state and U.S. Olympic cause.

15,000 people x 20% = 3,000

3,000 x \$12 = \$36,000 From the Private Sector

With a state dollar-for-dollar matching formula, the net of the Olympic cause would be \$72,000, \$36,000 being sent to

the Olympic Committee in Colorado Springs, and \$36,000 remaining in Alaska for implementation of the above programs to encourage Olympic sports in our schools.

If, on the other hand, the Legislature, with the cooperation of APEA, would reverse the procedure in the legislation, and by legislative amendment authorize the deduction of \$12 a year for the Olympic cause for the Olympic year 1984 only from the pay of each employee (with the right of any employee to opt out on ten days notice--it is estimated that virtually 99% of the sum of state employees would not exercise their obligation of objection of a \$1 per month Olympic donation for 1984. Under this scenario, the revenues would be \$180,000 in private donations from the state employees and a \$180,000 dollar-for-dollar matching appropriation which would be used for the State of Alaska.

The State Olympic Committee consists of these persons:

Ed Merdes, Co-Chairman

Chuck Sasara, Co-Chairman

Other members of the official state Olympic Committee are: Lou Williams, owner of the Ketchikan Daily News; Glen Olan, President of Alaska Pacific University in Anchorage; Lauren Lounsberry, Anchorage, and Charity Kadow of the Legislative Affairs Agency Office.

The State Olympic Committee has been active and will continue to be active in continuing to accept private sector donations from all over the state to augment the Olympic programs in Alaska.

FEB 23 1984



# BOYS' CLUBS OF FAIRBANKS, INC.

P.O. BOX 1154  
FAIRBANKS, ALASKA 99707



February 23, 1984

**DON DENNIS**  
Executive Director

**BOB HARDIN**  
President

**ELMER "CHUCK" SMITH**  
Vice President

**CARROLL BARBER**  
Secretary-Treasurer

Hon. Bob Bettisworth  
Vice Chairman, House Finance Committee  
and Chairman, Budget & Audit Committee  
Pouch V  
Juneau, Ak. 99811

Re: Alaska-United States Olympic Trust Fund

Dear Bob:

This will confirm and constitute a follow-through to Steve Frank's Feb. 21st call to me re: the above. Steve requested me as State Olympic Chairman to provide back-up information for the legislature re: passage of HB488 and SB350. As you know the original form of these bills were identical. Basically they provide the opportunity for state officers and employees to contribute \$1 a month for FY '84-'85 only from their salaries to further the Olympic cause both nationally and in-state. When legislation passes and the governor signs the same Alaska and the state employees will get national recognition from all persons who respect and support the Olympic cause. The bill provides that each dollar of contribution by state employees and those from the private sector will be matched dollar-for-dollar by the state legislature.

Since last contacting you Sen. Ferguson called me and advised that Sponsor Substitute for Senate Bill 350 cleared the Senate Finance Committee unanimously. Frank advised me that he feels the bill will pass the Senate shortly. Please note that in SB350, as revised, a copy of which is enclosed, the Senate changed it to an "opt-out" rather than keeping the "opt-in" language that was in the original bill. As you know HB488 is an "opt-out" bill. Bob, it would seem to me, having some legislative experience myself, that since the Senate version will pass first and be sent over to the House in the "opt-out" form that it would be advisable for the House to take action on SB350 rather than acting on HB488 and duplicating legislative work.

During our phone conversation Steve advised me that Mitch Abood's State Affairs Committee wanted basic back-up information on the anticipated manner in which the revenues in the fund will be expended to further the Olympic cause in Alaska. As you know all private donations the committee raises--state employee contributions under the bill are in this category--are sent to the USOC Training Center in Colorado Springs for the direct support to our Olympic athletes.

**CHARLES CLUTTS**  
Coordinator of Officials

**DON KLEPPER**  
Legion Baseball Liaison

**BOB HINMAN**  
Base Ruth Baseball Liaison

**KEN RANKIN**  
Little League Baseball Liaison

**DICK ENGBREYTON**  
Youth Football Liaison

**JIM WILLIAMS**  
Little Drubblers Liaison



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Page 2

**DON DENNIS**  
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Secretary-Treasurer

The legislative matching contributions on the other hand are "public funds". Under USOC rules these can remain in the state of origin for promoting the Olympic cause in that state. It is these matching funds and their proposed use for Olympic purposes in Alaska which will be discussed hereafter.

Since the Olympic Trust Fund concept is a creative approach to encouraging participation in the Olympic sports by Alaskans and the first time it has been used in any state, it is apparent that the committee's projected use of the same must be flexible enough to meet the reality of Alaska's arctic and coastal conditions in the promotion of Olympic sports. In that context and spirit here is our initial plan to utilize the revenues in the Trust Fund.

1. To encourage local cross-country skiing enthusiasts and groups to build new and up-grade existing cross-country skiing trails in communities, both rural and urban, throughout the state. Trust Fund monies will be used as "seed" money to encourage such groups and communities to undertake the expansion and awareness of the sport at the earliest possible age for Alaskan youth. Working with such groups and individuals our goal is to have Alaska excel in excellence and over-all public participation in this sport even beyond that experienced in the Scandavian countries.....20%
2. The same encouragement and upgrading for alpine skiing..20%
3. Encourage local community groups both within and without the public and private school systems to start new Olympic sports in their communities, which they locally select. We have in mind here such official Olympic sports as: archery; air pistol shooting; biathlon; fencing; handball, and similar Olympic sports. The Trust Fund will provide "seed" money to start such programs and thereby encourage local groups to provide "sweat equity" and in-kind donations.....50%
4. The remaining 10% will be preserved in the fund as a contingency for unexpected occurrences and to encourage other Olympic programs. The committee has no intention of hiring any full-time staff. Everything will be volunteer. Private donations of the in-kind variety will be used in the state in furtherance of the above programs.

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**JIM WILLIAMS**  
Little Dribblers Liaison

Finally, Steve asked who appointed the state Olympic chairman. It is a US Olympic Committee in Colorado Springs who appoints the 50 state chairman for indefinite terms. The state chairman then appoints his own committee.

Sincerely yours,

Edward A. Herdes, USOC State Chairman  
"Striving To Help Mold The Future Of Fairbanks Through It's Youth"

INTRODUCTION OF BILLS (Senate)(cont'd)

SB 347 (cont'd)

residence of an applicant for, or a recipient of, a monthly bonus ...." If Commissioner receives confidential information, he could only use it to confirm or rebut an applicant's declaration of length of residence. If a person discloses information obtained under the new provision for a purpose other than determining residency for the Longevity Bonus Program, that person would be subject to the penalty that applies to unauthorized disclosure of that information by the agency or person that has primary custody and control.

Repeals sec. 2, ch. 205, SLA 1972: AS 01.10.030 does not apply to this Act [establishing the Longevity Bonus Program]. If any provisions of this Act, or the application of a provision of this Act to any person or circumstance is held invalid, this entire Act shall be considered invalid."

Effective July 1, 1984.

Introduced January 11 and referred to Judiciary and Finance.

Appropriation  
(supplemental)  
(operation of  
Legislature)

SENATE BILL NO. 348, by Senator Kerttula. Makes a supplemental appropriation in the amount of \$250,000 to the Legislative Affairs Agency for operation of the Thirteenth Legislature, Second Session. Lapses June 30, 1984. Effective immediately.

Introduced January 11 and referred to Finance.

Recreational  
Activities in  
State Parks

SENATE BILL NO. 349, by Senators Faiks, Kerttula, Bennett, Halford and Pettyjohn. Amends law on the administration of state parks and recreational facilities. AS 41.21.020(a)(6) directs the Dept. of Natural Resources to adopt regulations "governing the use and designating incompatible uses within the boundaries of state park and recreational areas to protect property and to preserve the peace." The bill would add: "In adopting regulations under (a)(6) ..., the department shall consider whether the use of dogs, horses, and other animals for packing gear, pulling sleds, or for other recreational use is compatible within a state park or recreational area."

Does not provide for an effective date (effective 90 days after Governor's signature).

Introduced January 12 and referred to Resources.

AK-US Olympic  
Trust Fund

SENATE BILL NO. 350, by Senators Ferguson & Faiks. Would create the "Alaska-United States Olympic Trust Fund" in the Office of the Governor, consisting of money obtained from salary deduction contributions of officers and employees of the state, from private donations, and from state matching contributions. The fund would be made available to the official U.S. Olympic Committee in Alaska.

During fiscal year 1984-1985, one dollar a month would be deducted

INTRODUCTION OF BILLS (Senate)(cont'd)

SB 350 (cont'd)

from the salary of each state employee who requests involvement in the program. The state would match these salary deductions as well as all private donations received.

Effective June 30, 1984 and repealed June 30, 1985. Identical to HB 488.

Introduced January 12 and referred to Finance.

Art Works in  
Public  
Buildings

SENATE BILL NO. 351, by Senator Ferguson. Eliminates requirement that works of art be included in all public buildings or facilities constructed, remodeled or renovated after June 30, 1975: "A building or facility constructed after June 30, 1975, or remodeled or renovated after June 30, 1975, may [SHALL] include works of art, including but not limited to sculptures, paintings, murals or objects relating to Native art." (Underlined material added, bracketed material deleted.)

Changes law that requires 1% of construction cost on public buildings (.5% for rural school facilities) be reserved for works of art. Changes wording to make it optional: "At least one percent ... may [WILL] be reserved ...." Does not provide for an effective date (effective 90 days after Governor's signature.)

Introduced January 13 and referred to State Affairs.

Alaska Rail-  
road Corp.  
(establishing)

SENATE BILL NO. 352, by Senators Kerttula, Faiks & Halford. Establishes the Alaska Railroad Corporation as a public corporation with a separate legal existence from the state. The corporation will operate and manage the Alaska Railroad after its eventual transfer to the state. Legislative "Findings & Purpose" state that it is in the best interests of the state to accept the railroad under the terms and conditions offered by the U.S. government. Cites Alaska's vast natural resource potential and the possibility of extending the Railroad into natural resource areas, thereby lowering freight costs and stimulating long-term economic growth.

Declares that it is in the best interests of Alaskans for the corporation to be created in such a way that "(A) [it] ... will be exclusively responsible for the management of the financial and legal obligations of the Alaska Railroad; (B) the corporation, and not the state, will constitute a common carrier subject to the jurisdiction of the United States Interstate Commerce Commission; (C) [it] ... will have the ability to raise capital by issuing obligations exempt from federal and state taxation; (D) [it] ... may carry out its responsibilities on a self-sustaining basis; (E) the best possible combination of types and levels of safe, efficient, and economical transportation can be provided that is necessary to meet the overall needs of the state, supported when necessary by state investment; (F) the railroad may be operated prudently and according to sound business management practices; and (G) borrowing by the corporation does not directly or indirectly endanger the state's own borrowing capacity."



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Juneau, Ak. 99811

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**CHARLES CLUTTS**  
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