

HB

437

HFIN

FILE

BY: Brown & Parnell

A M E N D M E N T (1)

TO: CSHB 437 (Jud)

Page 2, line 23-25:

IA Adopted
no/obj

Delete sentence beginning "Commission membership shall include.."

Insert: "Commission membership shall include at least one person with experience in business, one person with experience in economics, one person with experience in personnel management, one representative of a nonpartisan voters' organization, and one attorney licensed to practice law in this state."

Page 3, lines 30-31

IB

Delete: "within 60 days after "

Insert: "on or before the last day of the legislative session in which"

AMENDMENT

2

Adopted

TO: CSHB 437 (JUD)

Page 3, line 29 through page 4, line 3 is amended to read:

(c) An order changing the compensation of a justice or judge takes effect unless a bill disapproving the order in its entirety is enacted into law ~~within 30 days after~~ the order is submitted to the legislature. Unless disapproved, an order increasing the compensation of a justice or judge is subject to funding through legislative appropriation and takes effect on the effective date of the first separate appropriation to fund the increase.

↓ on or before the last day of the
Legislative session in which

(11)

HOUSE COMMITTEE REPORT

Date Referred to Committee: January 30, 1996

FURTHER REFERRALS:

Date of Committee Action: 2/22/96

The FINANCE Committee considered:

HB 437

HOUSE BILL NO. 437

JUDICIAL OFFICERS COMPENSATION COMMISSION

"An Act establishing the Judicial Officers Compensation Commission; relating to the compensation of supreme court justices, judges of the court of appeals, judges of the superior court, and district court judges; and providing for an effective date."

recommends it be replaced with the following committee substitute (SHB 437 (Fin)) [X] the same title [] a new title

[] additional referral to _____ Committee [] attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Dept/Date)
[X] fiscal note(s) GOV [] fiscal note(s)

[] zero fiscal note(s) [X] zero fiscal note(s) Court, 1/30/96

Table with columns: SIGNING WITH RECOMMENDATIONS, DP, DNP, NR, AM. Rows include signatures and names: Hanley, Mulder, Martin, Parnell, Kahring, Navarre, Brown, Kelly, Therriault.

CHAIR'S SIGNATURE Mark Hanley Hanley

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. CSHB 437 (JUD)

Revision Date:	Dept. Affected: <u>Office of the Governor</u>
Title: <u>"An Act establishing the Judicial Officers</u>	SRU: <u>Commissions/Special Offices</u>
Compensation Commission: <u>"..."</u>	Component: <u>Judicial Officers Compensation</u>
Sponsor: <u>House Judiciary</u>	<u>Commission</u>
Requester: <u>House Judiciary</u>	COMPONENT SERIAL NO. _____

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 100	FY 01	FY 02
PERSONAL SERVICES	0.0		0.0		0.0	
TRAVEL	10.6		2.3		2.3	
CONTRACTUAL	31.9		28.6		28.6	
SUPPLIES	1.5		1.0		1.0	
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	44.0	0.0	31.9	0.0	31.9	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	44.0	0.0	31.9	0.0	31.9	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	44.0	0.0	31.9	0.0	31.9	0.0

Estimate of any current year (FY96) cost: \$ 0.0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Fiscal note reflects every other year activity with report to legislature in January of odd-numbered years.
Analysis attached.

Prepared by: <u>Michael A. Nizich, Director</u>	Phone: <u>465-3876</u>
Division: <u>Division of Administrative Services</u>	Date: <u>2/2/96</u>
Approved by Commissioner: <u>Jim Ayers, Chief of Staff</u>	Date: <u>2/2/96</u>
Agency: <u>Office of the Governor</u>	

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Fiscal note assumptions are based on the activity of the State Officer Compensation Commission which held four meetings in first fiscal year for organizational and first report purposes.

PERSONAL SERVICES

- 0 -

Staff will be provided by the Alaska Court System per sec. 7 (39.23.530)

TRAVEL

10.6

Fiscal note assumes 4 meetings and two teleconferences for public comment prior to Commission's first report, and one face-to-face and one teleconference meetings with two teleconference public hearings in subsequent even-numbered years to present required reports to Legislature by January of each odd-numbered year.

First Year

Four face-to-face meetings for five public members and one staff

Airfare	\$6830
Per Diem/trans.	3727

Subsequent Years

One face-to-face meeting for five public members and one staff

Airfare	\$1276
Per Diem/trans.	1009

CONTRACTUAL

31.9

First Year

Communication:

Teleconference costs	\$5760
Phones/fax toll charges	2400
Postage	1800

Transportation:

Transportation/express charges	1200
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Contractual - continued

Advertising/Printing	
Subscriptions	250
Advertising (6 meetings)	12000
Annual report	7500
Forms/misc.	1000

Subsequent years changes

Teleconferences	\$7200
Advertising	8000
Forms, misc.	250

Supplies

1.5

Miscellaneous supplies for Commission's activities

FISCAL NOTE

No. 1

Bill Version: CS&B 437 (JUD)

(H) Publish Date: 1/30/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Revision Date: _____	Dept. Affected: <u>Alaska Court System</u>
Title: <u>Judicial Officers Compensation</u>	BRU: <u>Trial Courts</u>
<u>Commission</u>	Component: _____
Sponsor: <u>Judiciary by Request</u>	
Requestor: _____	COMPONENT SERIAL NO. <u>768</u>

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

Fund Source	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1007 GF/Mental Health						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 96) cost: None

Positions						
Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact.

Prepared by: <u>C. S. Christensen III, Staff Counsel</u>	Phone: <u>264-8228</u>
Agency: <u>Alaska Court System</u>	Date: <u>01/22/96</u>
Approved by: <u>Arthur H. Snowden, II, Administrative Director</u>	Date: <u>01/22/96</u>
Agency: <u>Alaska Court System</u>	

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COMMITTEE COPY

Amendment to CS HB 437(Jud)

by Brown

page 2, line 23-25

Delete sentence beginning "Commission membership shall include...." and insert

"Commission membership shall include at least one person with experience in business, one person with experience in economics, one person with experience in personnel management, one representative of a nonpartisan voters' organization, and one lawyer."

page 3, line 30

Delete "60"

Insert "90"



Alaska Court System
State of Alaska

OFFICE OF ADMINISTRATIVE DIRECTOR

CHARLES S. CHRISTENSEN III
Staff Counsel

303 K Street
Anchorage, AK 99501
(907) 264-8228

January 31, 1996

The Honorable Mark Hanley, Co-Chair
The Honorable Richard Foster, Co-Chair
House Finance Committee
P.O. Box V
Juneau, Alaska 99811

Dear Representatives Hanley and Foster:

I am writing to request a hearing on House Bill 437, establishing a Judicial Officers Compensation Commission. This bill was introduced by the Judiciary Committee at the request of the Alaska Supreme Court.

HB 437 creates a new Judicial Officers Compensation Commission to assume the judicial salary functions of the existing State Officers Compensation Commission. As you know, the existing commission recommends compensation levels for judges and other state officers to the legislature; its proposals frequently go unheeded for reasons unrelated to their merits.

In contrast, the commission created by HB 437 would have the authority to actually establish compensation levels for supreme court justices, judges of the court of appeals, judges of the superior court and district court judges. This commission, appointed by the governor, could submit proposed salary and per diem for those officers to the legislature every two years. These compensation levels would take effect on the effective date of the first appropriation to fund the increase, unless disapproved by a bill that was enacted into law within 60 days of submission.

The Honorable Mark Hanley
The Honorable Richard Foster
January 31, 1996
Page 2

Eight states, as well as the federal government, currently operate compensation commissions with the authority to establish compensation amounts. The purpose behind the existence of these commissions is simple: to see that fair decisions are made regarding the compensation of certain government officials, and to reduce the political battles that inevitably surround such salary decisions.

An essential goal of the State of Alaska must be to attract and retain highly qualified jurists. Achieving this goal requires salaries that are commensurate with the qualifications and responsibilities of the office, which has proven problematic. Alaska's judges last received a cost-of-living adjustment in 1991, and the effects on the system of this real-dollar salary reduction are already evident.

I hope that you will agree with the supreme court on the need for HB 437. Please feel free to contact my office if you require any additional information on this piece of legislation.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'C. S. Christensen III', with a horizontal line extending to the right.

C. S. Christensen III
Staff Counsel

CSHB 437(JUD) "An Act establishing the Judicial Officers Compensation Commission; relating to the compensation of supreme court justices, judges of the court of appeals, judges of the superior court, and district court judges; and providing for an effective date."

- Eight states and the federal government operate a compensation commission which actually sets the salary of certain public officials, rather than merely offering recommendations to the legislature.
- The existing State Officers Compensation Commission does not have the power to establish salaries, only to make recommendations to the legislature. The legislature has generally not acted on its recommendations.
- The commission created by HB 437 is modeled very closely on the existing commission. There are two major differences: the new commission will have the power to establish compensation for justices and judges, not make recommendations, and the new commission will have a list of specific factors it must consider in determining fair compensation for justices and judges.
- The commission has five members appointed by the governor to four-year terms. Among the members must be a business executive, a person with experience in personnel management, a representative of a nonpartisan voters' organization, an economist, and a lawyer. (section 7)
- The commission meets every other year. It must hold public hearings. (section 7)
- The commission may consider the compensation of justices of the supreme court, judges of the court of appeals, judges of the superior court, and district court judges. (section 7)
- "Compensation" is defined as salary and per diem. (section 7)
- No later than the 10th day of the regular session in each odd-numbered year, the commission must submit a report on its findings to the legislature. It may also submit an order changing the compensation of justices and judges. (section 7)
- The legislature has 60 days in which to reject the order by enacting a law. This rejection must be done by law, since the legislature may not overturn an administrative order by resolution. State v. A.L.I.V.E. Voluntary, 606 P.2d 769 (Alaska 1980). If an order is not rejected within 60 days, and if the legislature

has appropriated the money to fund it, the order becomes effective on the effective date of the appropriation. If the order is rejected, it must be rejected in its entirety. (section 7)

- The standards for setting salaries which the commission must follow are modeled on Illinois law, with modifications to reflect Alaska conditions. These standards have been upheld by the Illinois Supreme Court.
- Two jurisdictions operating a statutory compensation commission similar to that proposed by HB 437 have had their law challenged (Illinois and the federal government). This delegation of legislative power to set salaries has been upheld three separate times by the federal courts, as well as by the Illinois Supreme Court.
- A legislative body may delegate its power to set the salaries of public officials, even when the constitution provides that such salaries must be set "by law," as long as the legislature retains the ultimate control over the salaries. This control exists if the following conditions are met:
 1. There should be specific standards to guide the commission in its determination of salaries. HB 437 contains such standards in section 7.
 2. There should be a holdover period in which the legislature can reject the salaries proposed by the commission. In section 7, HB 437 provides for a 60-day period in which the legislature may reject compensation proposed by the commission.
 3. The legislature must retain control over the appropriation process. This control is affirmed in section 7.
 4. The legislature must retain the power to pass overriding legislation at a later date if it wishes to change salaries. Since one legislature cannot bind another, this power cannot be taken away by HB 437.

10

1/30/96

HOUSE COMMITTEE REPORT

(7)
Date Referred to Committee: January 19, 1996

FURTHER REFERRALS:

Finance

Date of Committee Action: 1/29/96

The JUDICIARY Committee considered:

HB 437

HOUSE BILL NO. 437

JUDICIAL OFFICERS COMPENSATION COMMISSION

"An Act establishing the Judicial Officers Compensation Commission; relating to the compensation of supreme court justices, judges of the court of appeals, judges of the superior court, and district court judges; and providing for an effective date."

recommends it be replaced with the following committee substitute CSHB 437 (Jud) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) _____ fiscal note(s) _____

zero fiscal note(s) Court System zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<u>Brian Porter</u> Porter		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
<u>David Finkelstein</u> FINKELSTEIN	<input checked="" type="checkbox"/>			
<u>Joe Green</u> Green			<input checked="" type="checkbox"/>	
<u>Con Bunde</u> Bunde				<input checked="" type="checkbox"/>
	(1)		(2)	(1)

CHAIR'S SIGNATURE Brian Porter