

**HB**

**415**

TONY KNOWLES, GOVERNOR

**OFFICE OF THE GOVERNOR**

OFFICE OF MANAGEMENT AND BUDGET

P.O. BOX 110020  
JUNEAU, ALASKA 99811-0020  
PHONE: (907) 465-4660  
FAX: (907) 465-3008

February 27, 1996

The Honorable Jeannette James  
Chair, House State Affairs Committee  
State Capitol  
Juneau, Alaska 99801-1182

Dear Representative James:

By request of the Governor, HB 415 (An Act streamlining the functions of state government ...) was introduced and, subsequently, referred to your committee. On behalf of Governor Knowles, I respectfully request that this legislation be scheduled for a hearing.

As noted in the bill's transmittal letter of January 12, 1996, this measure represents the Governor's "...goal to streamline state government." This legislation deletes requirements to perform several duties that are not essential for the public health, safety, or welfare of its people. Further, it modifies various programs to increase efficiency.

This administration is committed to working with you, and your colleagues, on making government work smarter with less. The provisions in this bill address program activities that have no real benefit, are unproductive for business or are burdensome for state staff. I urge you to schedule this legislation.

Your attention to this request is greatly appreciated.

Sincerely,



Annalee McConnell  
Director

cc: Representative Tcohey  
Representative Bunde  
Representative Green  
Representative William  
Representative Hanley  
Representative Foster

## HB 415 - RELATING TO STREAMLINING STATE GOVERNMENT - SECTIONAL

Section	Department	Brief Description
1	Fish & Game	Allows the department to award grants related to the department's functions
2 - 4	Fish & Game	Allows vendors of sport fishing and hunting licenses and tags to retain the full 5% allowed for compensation for their services (see section 10)
5	Commerce & Economic Dev	Allows notices of action or legal proceedings against non-resident business owners for non-payment of taxes or fees be sent to last known address
6, 7	Health & Social Services	Allows the department granting authority for the Infant Learning Program within the Division of Public Health
8	Environmental Conservation Environmental Conservation	Repealers (AS 03.05.070) Eliminate requirements that the department report and care for animals suspected of rabies and the disposal of rabid animals (AS 17.07.010 - AS 17.07.200) Eliminates the requirements that the department regulate the vitamin and mineral content of flour and bread sold in the state
9	Commerce & Economic Dev Commerce & Economic Dev Commerce & Economic Dev Natural Resources	Repealers (AS 05.05.010 - AS 05.05.040 and AS 08.01.010(3)) Eliminates the Athletic Commission (AS 05.10.010 - AS 05.10.170) Eliminates the Boxing and Wrestling Commission (AS 08.02.011 and AS 08.01.010(32)) Eliminates the requirement that professional geologists be certified by the department (AS 46.15.190 - AS 46.15.240) Eliminates the Water Resources Board
10	Fish & Game	Repealers (AS 16.05.390(c) and (d)) Eliminates the calculation required to transmit remainder of vendor compensation for issuance of sport fishing and hunting licenses (see sections 2 - 4)

## HB 415 - RELATING TO STREAMLINING STATE GOVERNMENT - SECTIONAL

Section	Department	Brief Description
	Revenue	(AS 43.10.160, AS 43.10.180 - AS 43.10.200) Eliminates non-resident affidavit tax bond program
11		Transitional language
12 - 14		Effective dates

### Proposed Amendments

#2	New	Administration	Calculates terminal leave payments based on annualized rate of pay
#1	New	Administration	Shortens the time limit on payment of warrants 1 year
#3	New	Commerce & Economic Dev and Revenue	Allows the department to collect taxes on insurance premiums more frequently than on an annual basis

TONY KNOWLES, GOVERNOR

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As noted in the bill's transmittal letter of January 12, 1996, this measure represents the Governor's "...goal to streamline state government." This legislation deletes requirements to perform several duties that are not essential for the public health, safety, or welfare of its people. Further, it modifies various programs to increase efficiency.

This administration is committed to working with you, and your colleagues, on making government work smarter with less. The provisions in this bill address program activities that have no real benefit, are unproductive for business or are burdensome for state staff. I urge you to schedule this legislation.

Your attention to this request is greatly appreciated.

Sincerely,



Annalee McConnell  
Director

cc: Representative Toohey  
Representative Bunde  
Representative Green  
Representative William  
Representative Hanley  
Representative Foster

# FISCAL NOTE

No. 7  
 Bill Version: HB 415  
 (H) Publish Date: 1-12-96

**STATE OF ALASKA**  
**1996 LEGISLATIVE SESSION**

Revision Date: Original Dept Affected Natural Resources  
 Title: Streamlining State Government BRU: Resource Development  
 Component: Water Development  
 Sponsor: Rules Committee  
 Requestor: Governor Knowles Component Serial No. 916

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CHANGE IN REVENUES ( )</b>	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ none

POSITIONS

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

**ANALYSIS:** (Attach a separate page if necessary)

The Alaska Water Resources Board (Board) was established by Article 3 of Alaska Statute 46.15, the Water Use Act, which was enacted in 1966. The seven-member board was created to advise the Governor on all matters relating to the use, appropriation, and protection of water. The Board is appointed by the Governor and confirmed by the Legislature. Over the past 15 years the Board has tackled a broad range of water management issues including federal reserve water rights, basin wide adjudications, critical management areas, instream flow for fish and wildlife, and water quality concerns. Funding had always been provided to the Board through the Department of Natural Resources. Three years ago, it was decided to eliminate this funding for higher priority projects within the Department. The Board has not been funded over the past three years and has not met since October 1993. It is not anticipated that this Board will be funded in the future and without the funding there is no need to preserve Article 3 of AS 46.15, that requires tasks that are not being accomplished.

Prepared by: Jules Tileston, Director Phone: 269-8625  
 Division: Mining & Water Date: 5-Jan-96  
 Approved by Commissioner: [Signature] Date: 5-Jan-96  
 Agency: Natural Resources

# FISCAL NOTE

No. 6  
 Version: HB 415  
 (H) Publish Date: 1-12-96

STATE OF ALASKA  
 1996 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Department: Commerce and Economic Development  
 Title: An Act streamlining the functions of state BRU: Occupational Licensing  
 government;.... Component: Operations  
 Sponsor: Rules Committee  
 Requestor: Governor COMPONENT SERIAL NO. 1844

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY00	FY 01	FY 02
PERSONAL SERVICES	(4.4)	(4.4)	(4.4)	(4.4)	(4.4)	(4.4)
TRAVEL	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
CONTRACTUAL	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>(5.3)</b>	<b>(5.3)</b>	<b>(5.3)</b>	<b>(5.3)</b>	<b>(5.3)</b>	<b>(5.3)</b>

CAPITAL EXPENDITURES						
CHANGE IN REVENUES	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other: 1091 Designated PR	(5.3)	(5.3)	(5.3)	(5.3)	(5.3)	(5.3)
<b>TOTAL</b>	<b>(5.3)</b>	<b>(5.3)</b>	<b>(5.3)</b>	<b>(5.3)</b>	<b>(5.3)</b>	<b>(5.3)</b>

Estimate of any current year (FY 96) cost: \$ 5.3

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS:** (Attach a separate page if necessary)

Section 8 repeals regulatory oversight statutes and statutory references under centralized licensing for the Athletic Commission (AS 05.05 and AS 05.10), and the certification of professional geologists (AS 08.02.011). The reduction identified in this fiscal note represent direct costs associated with these programs: Athletic Commission at \$3.6, and Professional Geologists at \$1.7. The reduction of revenue is based on fees generated in FY 95. Revenue of the Athletic Commission totalled \$1.4 and licenses are renewed annually. Revenue generated by certification of professional geologists totalled \$2.5 and are based on a one time charge with no expiration.

Prepared by: Jennifer Strickler, Administrative Officer  
 Division: Occupational Licensing  
 Approved by Commissioner: William L. Hensley  
 Agency: Commerce and Economic Development

Phone: 465-2144  
 Date: January 9, 1996  
 Date: 1-9-96

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# FISCAL NOTE

J. 5  
 Bill Version: HB 415  
 (H) Publish Date: 1-1296

STATE OF ALASKA  
 1996 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Dept. Affected: Fish and Game  
 Title: An Act streamlining the functions of state BRU: Administration and Support  
government. Component: Administrative Services  
 Sponsor: Rules Committee  
 Requester: Governor COMPONENT SERIAL NO. 479

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	(720.0)	(720.0)	(720.0)	(720.0)	(720.0)	(720.0)
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>(720.0)</b>	<b>(720.0)</b>	<b>(720.0)</b>	<b>(720.0)</b>	<b>(720.0)</b>	<b>(720.0)</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )	(720.0)	(720.0)	(720.0)	(720.0)	(720.0)	(720.0)
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
1024 Fish and Game Fund	(720.0)	(720.0)	(720.0)	(720.0)	(720.0)	(720.0)
<b>TOTAL</b>	<b>(720.0)</b>	<b>(720.0)</b>	<b>(720.0)</b>	<b>(720.0)</b>	<b>(720.0)</b>	<b>(720.0)</b>

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

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS:** (Attach a separate page if necessary)

This bill will alter the way in which fish and game license vendor compensation is paid. Currently, the vendor withholds 5% of revenue generated from the sale of sport licenses as commission. The department also pays each vendor an additional \$1 per item sold on a quarterly basis. The amount of additional vendor compensation has been increasing for several years, requiring the department to request increases to its budget. This bill will allow vendors to withhold their additional vendor compensation along with their 5% commission. This will result in a reduction of revenue to the fish and game fund and an equal reduction in expenditures to be charged against the fund. This change will streamline the process for paying vendor compensation while having a net zero affect on the fish and game fund. This bill will affect approximately 1000 of the department's 1400 license vendors. It will still be necessary to make manual payments of up to \$50 to approximately 400 vendors that sell less than 50 licenses per year. The department will continue to report all compensation in the state accounting system and to vendors and the Internal Revenue Service on a form 1099.

Prepared by: Kevin Brooks *Kevin Brooks* Phone: 465-5999  
 Division: Administrative Services Date: 1/9/96  
 Approved by Commissioner: Frank Rue *Frank Rue* Date: 1/9/96  
 Agency: Fish and Game

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FISCAL NOTE

No. 4  
 Bill Version: HB 415  
 (H) Publish Date: 1-12-96

STATE OF ALASKA  
 1996 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
 Title: Streamlining Bill  
 Sponsor: Rules Committee  
 Requestor: Governor

Department Affected: Environmental Conservation  
 BRU: Environmental Health  
 Component: Seafood and Sanitation Inspections

COMPONENT SERIAL NO. 1936

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 01
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
UTILITIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE

General Receipts	0.0	0.0	0.0	0.0	0.0	0.0
Match	0.0	0.0	0.0	0.0	0.0	0.0
GRANT	0.0	0.0	0.0	0.0	0.0	0.0
005 CF/Program Receipt	0.0	0.0	0.0	0.0	0.0	0.0
005 CF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)  
 No fiscal impact.

Bill repeals statutory requirement that department regulate rabies reporting and animal constraint with no threat to the public health and safety. The Department of Health and Social Services and local governments will continue rabies control efforts.

Bill also repeals the department's authority to administer flour and bread standards. The federal government sets standards for flour and bread which makes state standards unnecessary.

Prepared by: Larry Jones *Lawrence Jones*  
 Division: Director, Division of Administrative Services

Phone: 465-5010  
 Date: 1/9/96

Approved by Commissioner: *Lawrence Jones for*  
 Agency: Department of Environmental Conservation

Date: 1/9/96

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STATE OF ALASKA  
1996 LEGISLATIVE SESSION

No. 3  
Bill Version: HB 415  
(H) Publish Date: 1-12-96

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
Title: Streamlining Bill BRU: State Health Services  
Sponsor: Rules Committee Component: Maternal, Child, & Family Hlth  
Requestor: Tony Knowles, Governor COMPONENT SERIAL NO. 290  
See also (SN#): \_\_\_\_\_

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY97	FY96	FY99	FY00	FY01	FY02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ( )						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

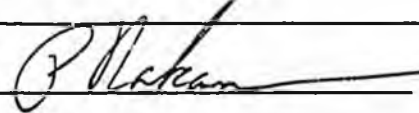
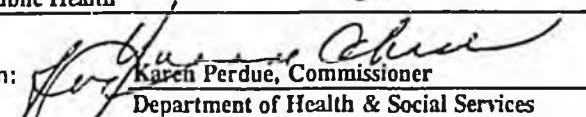
Estimate of any current year (FY96) cost: \$0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

There will be zero fiscal impact with these changes. Without the changes the department will need to develop a contracting mechanism which would involve extensive amounts of time and effort by program staff and providers.

Prepared by: Peter M. Nakamura, MD, MPH   
Division: Public Health  
Approved by Com: Karen Perdue, Commissioner   
Agency: Department of Health & Social Services

Phone: 465-3090  
Date: 01/09/96

Date: 1/9/96

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STATE OF ALASKA  
1996 LEGISLATIVE SESSION

No. 2  
Bill Version: HB 415  
(H) Publish Date: 1-12-96

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
Title: Streamlining Bill BRU: State Health Services  
Component: Epidemiology  
Sponsor: Rules Committee COMPONENT SERIAL NO. 296  
Requestor: Tony Knowles, Governor See also (SN#): \_\_\_\_\_

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ( )						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

No Fiscal Impact.

Prepared by: Peter M. Nakamura, MD, MPH *Peter Nakamura*  
Division: Public Health

Phone: 465-3090  
Date: 01/09/96

Approved by Com: *Karen Perdue*  
Agency: Karen Perdue, Commissioner  
Department of Health & Social Services

Date: 1/9/96

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Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
Title: Streamlining State Government BRU: Audit Operations  
Component: Income and Excise Audit  
Sponsor: Rules Committee  
Requestor: Governor COMPONENT SERIAL NO. 113

Expenditures/Revenues:

(Thousands of Dollars)

	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
<b>OPERATING EXPENDITURES</b>						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CAPITAL EXPENDITURES</b>						
<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY96) cost \$ 0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Section 9 of this bill repeals the Non-Resident Affidavit Tax Bond program. This will eliminate staff time spent on processing non-essential sworn affidavits and tax bonds required to be filed by non-resident corporations. Staff time freed up will be used to enhance our tax compliance programs (i.e. corporation, motor fuel and fisheries). The state will no longer receive interest earned on the cash bonds paid to the state. This loss of approximately \$100,000 will be more than offset by increased revenues from our compliance unit.

Prepared by: Robert N. Bartholomew *Robert Bartholomew*  
Division: Income & Excise Audit  
Approved by Commissioner: *[Signature]*  
Agency: Department of Revenue

Phone: 465-2320  
Date: 1/9/96  
Date: 1/9/96

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HB 415

TONY KNOWLES  
GOVERNOR



P.O. Box 110001  
Juneau, Alaska 99811-0001  
(907) 465-3500  
Fax (907) 465-3532

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 12, 1996

The Honorable Gail Phillips  
Speaker of the House  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear Speaker Phillips:

I am offering this bill as part of my administration's goal to streamline state government. This legislation deletes requirements to perform several duties that are not essential for the public health, safety, or welfare and modifies some programs to increase efficiency.

This bill involves several state agencies and a wide variety of programs. The following is a brief description of the legislation. Departments will offer more complete analyses during the committee hearings.

Section 1 of the bill would add a new provision authorizing the commissioner of Fish and Game to directly award grants that serve some of that department's core missions-- protecting, maintaining, improving, and extending public access to fish, game, and aquatic plant resources of Alaska. Currently, the department does not have authority to award grants and must channel money through other agencies. This causes delay and adds administrative cost.

Sections 2 - 4, and part of sec. 10 of the bill, would simplify the procedures regarding compensation for vendors who sell sport fishing and hunting licenses and tags on behalf of the state. Currently vendors keep some of the fees they collect as partial payment for their services and pass the balance on to the state. The state then reimburses the vendors for the rest of the compensation due to them. This proposal eliminates that last step by letting vendors calculate total payment due them up front and passing only the balance of the fees to the state.

The Honorable Gail Phillips

January 12, 1996

Page 2

Sections 6 and 7 of the bill would allow the Department of Health and Social Services to award grants rather than contracts for its infant learning program which provides services for developmentally delayed or disabled children. The grant process should increase efficiencies within the department.

Section 8 of the bill repeals the Department of Environmental Conservation's requirement to regulate rabies reporting and animal constraint. This can be done with no threat to the public health and safety because of continued rabies control efforts by the Department of Health and Social Services coupled with local governments, which routinely exercise animal control powers. In the unorganized borough, the Indian Health Service and village public safety officers fill this local role.

Section 8 also repeals DEC's authority to administer flour and bread standards, which have not been substantially revised since 1949. The federal government sets standards for flour and bread, making state standards unnecessary. Moreover, DEC already has authority to establish certain standards for food.

Section 9 of the bill would repeal a number of statutes. It would first abolish the Athletic Commission and the Department of Commerce and Economic Development's regulatory oversight of professional boxing and wrestling. Professional boxing and wrestling matches are very infrequent in Alaska. Therefore, the license fees which are set in statute would have to be raised significantly in order to cover the cost of adequate oversight. Currently, the fees are much too low to allow the board and department to comply with their statutory responsibility.

Section 9 would also repeal a requirement that the commissioner of commerce and economic development certify an applicant as a professional geologist if the applicant is already certified by the American Institute of Professional Geologists. This state certification requirement merely places a duty on the commissioner without providing an additional benefit to the public safety or welfare.

Finally, sec. 9 would abolish the Water Resources Board. The board has not convened or conducted any business in the last few years for lack of legislative financing. Although the Department of Natural Resources will not assume all of the board's functions, it can and will advise the governor on major water policy issues when the need arises. Thus, the elimination of the board will not unreasonably diminish the ability of the state to address matters relating to water appropriations and use.

The Honorable Gail Phillips

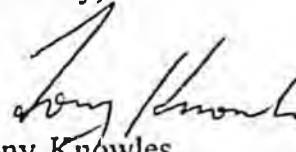
January 12, 1996

Page 3

A part of sec. 10 of the bill would repeal a requirement that nonresident businesses annually file information on sworn affidavits and tax bonds before conducting business in the state. This requirement was placed on nonresident businesses in 1955 when few of them had offices or property in the state. That made it difficult to enforce payment of taxes and license fees. But that is no longer the case. The bonding requirement, unique to Alaska, creates an unfriendly business environment in the state. The program provides no benefit, is unproductive for business, and burdensome for state staff. I recommend that it be repealed.

I urge your prompt consideration and passage of this bill that streamlines and improves the operations of state government.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tony Knowles".

Tony Knowles  
Governor

AMENDMENT

# 1

OFFERED IN THE HOUSE

TO: HB 415

Page 1, line 9, following "Water Resources Board;":

Insert "relating to the time limitation on payment of state warrants;"

Page 2, following line 28:

Insert a new bill section to read:

"\* Sec. 5. AS 37.05.180 is repealed and reenacted to read:

Sec. 37.05.180. TIME LIMITATION ON PAYMENT OF WARRANTS. A warrant upon the state treasury may not be paid unless presented to the Department of Revenue within one year after the date of its issuance. Money that was not paid because a warrant for its payment was not timely presented may not be transferred to another fund except as otherwise specifically provided by law."

Renumber the following bill sections accordingly.

Page 4, line 5:

Delete "secs. 13 and 14"

Insert "secs. 15 and 16"

Page 4, following line 9:

Insert a new bill section to read:

"\* **Sec. 13. APPLICABILITY.** The provisions of AS 37.05.180, as repealed and reenacted by sec. 5 of this Act, apply to a state warrant issued on or after the effective date of sec. 5 of this Act."

Renumber the following bill sections accordingly.

Page 4, line 10:

Delete "Sections 8 and 11"

Insert "Sections 9 and 12"

Page 4, line 11:

Delete "Sections 1, 6, 7, and 9"

Insert "Sections 1, 5, 7, 8, 10, and 13"

Page 4, line 12:

Delete "Sections 2, 3, 4, 5, and 10"

Insert "Sections 2, 3, 4, 6, and 11"

AMENDMENT # 2

OFFERED IN THE HOUSE

TO: HB 415

Page 1, line 4:

Following "compensation;";

Insert "simplifying calculations of terminal leave payments for a state officer or employee;"

Page 2, following line 28:

Insert a new bill section to read:

\*\* Sec. 5. AS 39.20.250(a) is amended to read:

(a) Terminal leave for unused personal leave shall be allowed upon separation from service. The payment equals the personal leave balance at the time of separation multiplied by the officer's or employee's annualized hourly rate of pay [COMPENSATION THAT THE OFFICER OR EMPLOYEE WOULD HAVE RECEIVED IF THE OFFICER OR EMPLOYEE HAD REMAINED IN THE SERVICE UNTIL THE EXPIRATION OF THE PERIOD OF UNUSED PERSONAL LEAVE]. A payment of terminal leave to an employee shall be made as a lump sum payment [OR IN INSTALLMENTS OVER A PERIOD OF TIME, AS THE EMPLOYEE ELECTS]."

Renumber the following bill sections accordingly.

Page 3, line 28:

Delete "and 17.07.200"

Insert "17.07.200; and AS 39.20.250(b)"

Page 4, line 5:

Delete "secs. 13 and 14"

Insert "secs. 14 and 15"

Page 4, line 10:

Delete "Sections 8 and 11"

Insert "Sections 5, 9, and 12"

Page 4, line 11:

Delete "Sections 1, 6, 7, and 9"

Insert "Sections 1, 7, 8, and 10"

Page 4, line 12:

Delete "Sections 2, 3, 4, 5, and 10"

Insert "Sections, 2, 3, 4, 6, and 11"

OFFERED IN THE HOUSE

TO: HB 415

Page 1, line 9, following "Water Resources Board;":

Insert "relating to the timing and method of payment and reporting for certain taxes on insurance premiums;"

Page 2, following line 28:

Insert new bill sections to read:

"\* Sec. 5. AS 21.09.210(b) is amended to read:

(b) Each insurer, and each formerly authorized insurer with respect to premiums received while an authorized insurer in this state, shall pay a tax on the total direct premium income received during the year ending on the preceding December 31 and paid for the insurance of property or risks resident or located in the state other than wet marine and transportation insurance, after deducting from the total direct premium income the applicable cancellations, returned premiums, the unabsorbed portion of any deposit premium, all policy dividends, unabsorbed premiums refunded to policyholders, refunds, savings, savings coupons, and other similar returns paid or credited to policyholders with respect to their policies. No deductions may be made of cash surrender value of policies. Considerations received on annuity contracts are not included in the direct premium income and are not subject to tax. The tax shall be paid to the director at least annually

on the dates specified by the director and by the electronic or other payment method designated by the director. The tax [OR BEFORE MARCH 1, AND] is computed at the rate of

(1) for domestic and foreign insurers, except hospital and medical service corporations, 2.7 percent;

(2) for hospital and medical service corporations, six percent of their gross premiums less claims paid.

\* Sec. 6. AS 21.09.210(d) is amended to read:

(d) An authorized insurer shall, with respect to all wet marine and transportation contracts written in this state during the preceding calendar year, on or before March 1 of each year, pay to the director a tax of three-quarters of one percent on its gross underwriting profit. The director shall specify the dates that payment is due and the electronic or other method by which payment is to be made. The gross underwriting profit is computed by deducting from the net premiums on wet marine and transportation insurance contracts, the net losses paid during the calendar year under the contracts. In the case of an insurer issuing participating contracts, the gross underwriting profit may not include, for computation of the tax prescribed by this section, the amounts refunded or paid as participation dividends by the insurers to the holders of the contracts. In this subsection,

(1) "net losses" means gross losses less salvage and recoveries on reinsurance ceded;

(2) "net premiums" means gross premiums less all return premiums and

premiums for reinsurance.

\* Sec. 7. AS 21.34.180(b) is amended to read:

(b) The surplus lines tax [IS DUE ON THE SECOND DAY OF MARCH FOLLOWING THE CALENDAR YEAR IN WHICH THE PREMIUM IS WRITTEN. THE TAX] shall be paid by the electronic or other method and on the due dates specified by the director. The tax shall be [TO AND] reported on forms prescribed by the director, or upon the director's order paid to and reported on forms prescribed by the surplus lines association.

\* Sec. 8. AS 21.34.190(a) is amended to read:

(a) The fee for filing the statement under AS 21.34.180(b) is an amount equal to one percent on gross premium charged less any return premiums as reported on the statement [DURING THE PRECEDING CALENDAR YEAR]. The surplus lines broker shall pay the fee at the time of filing of the statement.

\* Sec. 9. AS 21.66.110(a) is amended to read:

(a) Each [ANNUALLY EACH] title insurance company shall pay [ON OR BEFORE MARCH 1,] a tax of one percent of the amount of gross title insurance premiums received by it including as premium income received from guaranteed certificates of title and other guarantees of title [DURING THE PRECEDING CALENDAR YEAR] covering property in this state, as shown by its electronic or other [ANNUAL] statement to the director. The director shall specify the due dates and the electronic or other method of payment."

Renumber the following bill sections accordingly.

Page 4, following line 4:

Insert a new bill section to read:

"\* Sec. 16. TRANSITION: PAYMENT AND REPORTING FOR TAXES ON INSURANCE PREMIUMS FOR CALENDAR YEAR 1996. Notwithstanding the amendments made by secs. 5 - 9 of this Act, payment of and reporting for fees and taxes for calendar year 1996 as required under AS 21.09.210(b), 21.09.210(d), AS 21.34.180(b), 21.34.190(a), and AS 21.66.110(a) as those statutes read on the day before the effective date of secs. 5 - 9 of this Act, shall be made as required under those statutes, and regulations adopted under those statutes, as they read on the day before the effective date of secs. 5 - 9 of this Act."

Renumber the following bill sections accordingly.

Page 4, line 5:

Delete "secs. 13 and 14"

Insert "secs. 19 and 20"

Page 4, line 10:

Delete "Sections 8 and 11"

Insert "Sections 13 and 17"

Page 4, line 11:

Delete "Sections 1, 6, 7, and 9"

Insert "Sections 1, 11, 12, and 14"

Page 4, line 12:

Delete "Sections 2, 3, 4, 5, and 10"

Insert "Sections 2 - 10, 15, and 16"

Amendment

#4  
~~Repeal~~  
passed

HB 415

Page 4, Line 6

After "adopt"

Insert "or repeal"

Rep James