SB

393

HFIN

FILE

IOUSE COMMITTEE REPOI

(11)
Date Referred to Committee: May 8, 2004 FURTHER REFERRALS:

Date of Committee Action: 5/10/04

The FINANCE Committee considered: CSSB 393(FIN)

CS FOR SENATE BILL NO. 393(FIN) TAKE PERM FUND DIVIDEND FOR UNIV FEES

"An Act relating to default on tuition, fees, and other charges of the University of Alaska and to claims on permanent fund dividends for tuition, fees, and other charges of the University of Alaska that are in default."

Recommends it be replaced with [ ] HCS *or* [ ] CS for _____(_____)
*For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR*_____ [ ] Same Title [ ] New Title

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
HSS
LEG
LAW
LWF
MVA
DNR
DPS
REV
DOT
UA

NEW FISCAL NOTES *Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero

PREVIOUS FISCAL NOTES				
List by Dept(s):	FN#	Fiscal	Indet.	Zero
UA	1	✓		
REV	2	✓		

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
K. Meyer	Meyer			X	
M Hawkins	Hawkins	X			
[illegible]	STOLTZE			X	
[illegible]	Joule			X	
[illegible]	CREFT			✓	
Carl E. Moses	MOSES	X			
[illegible]	Chenault	X			
[illegible] Foster	Foster	✓			
[illegible]	FOSTER	X			
Chair: [illegible] Harris	HARRIS	X			
Chair: [illegible] Williams	Williams	X			

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSB 393(FIN)
(S) Publish Date: 5/1/04

Revision Date/Time (Note if correction):
Title: TAKE PERM FUND DIVIDEND FOR U
Sponsor: FINANCE
Requester:

Dept. Affected: UA
BRU: UA
Component:
Component No.

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	75.0	25.0	25.0	25.0	25.0	25.0
Travel	5.0					
Contractual	15.0					
Supplies	5.0	5.0	5.0	5.0	5.0	5.0
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	100.0	30.0	30.0	30.0	30.0	30.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES (1048)	400.0	350.0	300.0	250.0	180.0	130.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1048 University Receipts	100.0	30.0	30.0	30.0	30.0	30.0
TOTAL	100.0	30.0	30.0	30.0	30.0	30.0

Estimate of any current year (FY2004) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time		1	1	1	1	1
Temporary	1					

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

Currently, UA has a very aggressive process to collect unpaid tuition, fees and other charges such as dorm fees, parking tickets, lost library books, etc. The process includes notices at 30, 60, 90, 120 and 180 days, administering deferred payment plans, and employing collection agencies. However, even with these collection efforts there is currently over $1M owed to the university that is at least 180 days past due. Given the number of Alaska resident students, we estimate that $800K of the $1M, that is over 180 days old, is attributed to students receiving a PFD. For appropriate protection of each citizen, this legislation provides for extensive notification, warning and appeals processes in advance of being able to garnish a permanent fund dividend. Therefore, of the $800K, we estimate about $400K would be collectible via this mechanism in the first year. Thereafter, that amount will likely decline each year to a minimum of $100K annually in 5 to 10 years.

Prepared by: Pat Pitney — Phone 474-5889
Division: University of Alaska — Date/Time 4/28/04 8:57 AM
Approved by: Pat Pitney — Date 4/28/2004
Agency: University of Alaska

(Revised 9/2003 OMB)

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSSB 393(FIN)
(S) Publish Date: 5/1/04

Revision Date/Time (Note if correction):
Title: Take Perm Fund Dividend for University Fees
Sponsor: Senate Finance Committee
Requester: Senate Finance Committee

Dept. Affected: Revenue
RDU: Revenue Programs & Services
Component: Permanent Fund Dividend
Component No. 981

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual	15.0					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	15.0	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						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Permanent Fund Dividend Fund	15.0					
TOTAL	15.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						0
Part-time						
Temporary						

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

This bill would authorize the university to claim up to 100% of an individual's Permanent Fund Dividend for payment of defaulted tuition, fees and other charges of the University of Alaska. The university estimates approximately 1,700 garnishments in the first year and something less in subsequent years.

This fiscal note covers the cost of programming the PFD garnishment system, warrant, and direct deposit programs as needed to accommodate a new agency with authority to claim up to 100% of an individual's dividend. Once the computer programs are in place, claims will be handled electronically and there should be no increase in cost to process the university garnishments from year to year.

Prepared by: Sharon Barton — Phone 465-4785
Division: Permanent Fund Dividend — Date/Time 4/25/04 11:45 PM
Approved by: Steve Porter, Deputy Commissioner — Date 4/25/2004
Agency: Department of Revenue

(Revised 12/2003 OMB)

ATTACHEMENT
Designated Evaluation and Treatment Program

Beginning in the late 1970s, the Designated Evaluation and Treatment Program provided funding on a fee-for-service basis to local community hospitals and specialty hospitals. This funding covered psychiatric inpatient care to certain persons, enabling them to receive care close to home and family. The population initially served by the program was anyone who did not have the means to pay the bill for hospital and related services. The budget, while limited, enabled the program to compensate hospitals for psychiatric inpatient care provided to "indigent" persons, without any further restrictions.

Growth in the program and increases in hospital rates pushed program costs beyond the available budget, and the first restriction was imposed. The program policy was changed to provide payment only for persons who were under civil commitment. A task force, appointed to resolve payment issues, recommended that the hospitals be paid at the Medicaid rate.

The Designated Evaluation and Treatment Program has become a vital part of the necessary array of community services that must be in place before the Alaska Psychiatric Institute can assume its role as the tertiary care facility for Alaska. It provides acute hospital psychiatric care treatment close to ones home community and support network.

In 1998, the federal government made funds available to assist low-income individuals in paying for evaluation and treatment services in designated mental health facilities. The funding was available through FY 01. During the 21st session of the Alaska State Legislature, Senate Bill 97 became law. It created the Mental Health Treatment Assistance Program (AS 47.31.005 – 47.31.100) and directed the department to adopt regulations to implement the program (after consulting with the Alaska Mental Health Trust Authority).

House HESS Questions 3/25/04 HB 535
Draft 3/31/04

1) If a person has been sent to a DET facility on a court order, would the DBH have any authority to question or overthrow the court order.

Attn Gen – the DBH would be obligated to follow that order

However, the treating physician can discharge a person who does not meet admission criteria.

2) How many youth are treated in DET facilities?

Seven (under 3%) admissions occurred in FY 03 out of a total 244 admissions; one youth entered the hospital twice. None exceeded the evaluation phase of up to 7 days.

3) What is the explanation for the increased length of stay at Bartlett?

See attached list of reasons for extended stays as explained by Bartlett justified by clinical reasons in the best interests of the patient

4) Why is cost of care at Mt. Edgecumbe so high compared to Bethel for example?

All IHS hospitals have a nationally determined rate that is the same for all hospitals

General answer is full cost studies are conducted every four years which include facility depreciation and are used to collect Medicaid funds.

5) What would happen if API were full?

- See # 3 – We can ask a DET facility to keep someone longer
- API is being more assertively managed to avoid being full – Current CEO has not turned anyone away

6) Could we send anyone to a correctional facility if API is full?

Attn Gen. -- DHSS will pay for another placement – we will not send to correctional facility (notwithstanding hold in jail while transportation being arranged for combative patients – leads to discussions about developing more assertive local DET and other medication options including Dr. to Dr. discussions with local physicians and API physicians.

7) Why are there different poverty levels eligibility definitions -- example between DET and Denali Kid Care.

There are at least 9 categorical programs using poverty definitions ranging from 100 – 250% of federal poverty guidelines. Each was developed at different times, under different climates and different administrations.

See attached data summary sheet.

8) What is the comparable API Daily Medicaid Rate?

I was in error reporting the daily cost at API as $669. That rate did not include depreciated facility costs. The Medicaid Rate was calculated at $757.46/day calculated with the same standardized procedure used to calculate the other Medicaid rates used for other hospitals.

A rate for the new facility has not been calculated.

9) Are the Medicaid Rates cost shifting from higher Medical Costs such as surgery?

(Note: DHSS efforts to restructure psychiatric hospital rate.)

10) How will be using First Health and MD to monitor program?

See Summary of Proposed DET Monitoring Process

11) How have other states managed DET like programs in terms of an entitlement vs. limitations of budget.

Dan Branch, Att. Gen. Office has been asked to attend on 4/2/04

Length of Stay Extensions at Bartlett FY 03

- Difficulty in stabilizing on medications; developed many side effects to medications
- Placement, working w/ courts to get guardianship
- Difficulty in stabilizing medications, many reactions
- Placement, unable to release safely by self, not appropriate for API
- MD felt API placement inappropriate, better to stay within the southeast community
- Stabilizing on medications
- Difficulty in stabilizing on medications related to reactions/EPS
- Was off medication completely, restarted and stabilized
- Stabilizing on medications
- Co-occurring ETOH abuse, needing extra time
- Newly diagnosed, stabilizing on medication

Hospital CEO notes that most delays occurred with patients sent from across the region where resources tend to be less than in Juneau. Sixty-four percent of the delays were related to medication issues. More assertive discharge planning may be able to facilitate earlier discharges. Discharge planning should begin on Day of Admission by hospital staff and local programs. More active management by DBH/API/First Health may facilitate more timely discharges.

2004 Monthly Federal Poverty Guidelines for Alaska Effective 4/1/2004								
HOUSEHOLD SIZE	QMB Working Disabled (premium level) 100%	SLMB Base 120%	SLMB Plus 135%	Denali KidCare (limit for insured children) 150%	Denali KidCare (limit for uninsured children) and Pregnant Women	Transitional Medicaid (DET) 185%	QDWI 200%	Working Disabled (Transition Back to Work) 250%
1	$970	$1,163	$1,309	$1,454	$1,635	$1,793	$1,939	$2,423
2	$1,301	$1,561	$1,757	$1,952	$2,208	$2,407	$2,602	$3,253
3	$1,633			$2,449	$2,782	$3,021	$3,265	$4,082
4	$1,965			$2,947	$3,355	$3,634	$3,929	$4,911
5	$2,296			$3,444	$3,928	$4,248	$4,592	$5,740
6	$2,628			$3,942	$4,501	$4,861	$5,255	$6,569
7	$2,960			$4,439	$5,074	$5,475	$5,919	$7,398
8	$3,291			$4,937	$5,647	$6,089	$6,582	$8,228
Ea Addl	$332			$498	$574	$614	$664	$830

QMB – Qualified Medicare Beneficiary
SLMB Base – Special Low Income Medicare Beneficiary
SLMB Plus – Special Low Income Medicare Beneficiary with Special Circumstances
QDWI – Qualified Disabled and Working Individuals

Proposed DET Monitoring Process 4/5/04 draft

DET Admission & Review Process	Existing Practice	Administered by DBH/API/1st Health

I. Registration:
Provides ability to identify level of utilization for program management.
Type of Information obtained:
• Basic demographics
• Program Criteria:
  • Mental status
  • Level of acuity (dangerousness)
 	
(Note: Discharge Planning is to begin at Day 1)
	I. Registration:
	1. The treating physician certifies on admission that the patient meets involuntary commitment criteria. Reference AS 47.30.700-47.30.915
	
	Note: registration does not involve authorizing admission.
		I. Registration:
		All registration would be sent to DBH/API
		
		(Note: it is possible to have online data entry into AKAIMS from the provider or API)

II. Eight Day Review:
 	
It is assumed that the "evaluation" period is up to three days, and can be extended to 7 days. The "treatment" period is implemented from this point forward.
 	
Note: Updating the means for documentation to more clearly articulate that criteria for continued stay is evident.
 	
(NOTE: Discharge planning should be updated)
	II. Eight Day Review:
	1. The treating physician makes a daily notation n each patient's care chart regarding whether the patient continues to meet the involuntary commitment criteria, and recertifies every 7 days, whether the patient continues to meet criteria.*
	(Reference the Mental Health Treatment Assistance Eligibility Manual, p.3)
	
	2. "The division will reimburse a designated evaluation facility for no more than 7 days for evaluation and crisis stabilization or for transition to community-based services if the divi ion determines the amount of time is clinically appropriate"
	Reference the Mental Health Treatment Assistance Eligibility Manual, p.6)
	Reference 7 AAC 75.520(b) and (c).
		II. Eight Day Review: (est. # 60-70)
		DBH/API staff would conduct the 8 day review.
		1. Does the evaluation period exceed 7 days?
		• No.....No review is conducted
		• Yes... Medical necessity of extension is reviewed: Criteria met?
		  • Yes...extension is approved.
		  • No....provider contacted for more information. Criteria met?
		  • Yes...extension is approved.
		  • No...DBH medical director consults with provider. Criteria met?
		  • Yes...extension approved
		  • No... payment denied

III. Retrospective Review This review would occur within 90 days of admission, after discharge. • Same as time limit for bill submission • Note: this would involve, on average, 275 clients annually.	III. Retrospective Review 1. The division will reimburse a designated treatment facility for no more than 40 days for evaluation, treatment, and crisis stabilization or for transition to community-based services if the division determines the amount of time is clinically appropriate Reference the Mental Health Treatment Assistance Eligibility Manual, p.7) Reference 7 AAC 75.520(b) and (c).	III. Retrospective Review API staff would conduct review. Sources used: the client file Process: 1. Paperwork is filed in a timely manner 2. Admission criteria is met? 3. File contains medical necessity that matches length of stay with client need? 4. File contains discharge planning that includes referral linkage to community based programs?

SB 364 / HB 535 -- DET Bill Summary -- 3/31/04

Background/Intent

The existing statutes require the State to cover the costs of diagnosis, evaluation and treatment (DET) for financially eligible patients who need to be involuntarily committed to non-state-operated hospitals. The costs of these services and the related transportation cost have increased over the years. The intent of this bill is to:

- Establish that this is not an entitlement
- Clearly communicate that costs incurred will only be covered up to the amount appropriated by the legislature
- Require hospitals to notify the Department within 24 hours of admission of a potentially eligible individual, allowing the Department to assist in timely and appropriate discharge to community based programs
- Establish that the Department is under no obligation to pay for services a hospital delivers to a patient beyond recommended discharge date
- Funding is decreased between FY04 and FY05

Program Effects

- Contains costs on an annual basis
- 24-hour registration assists Department to determine costs at time they are incurred and thus allow for fiscal management
- Limit State responsibility to funds appropriated by legislature

Cost Progression 2000-2005

FY00	$	1,901,480	
FY01		2,055,420	
FY02		2,284,930	
FY03		3,384,430	
FY 04 Budget		3,096,800	
FY 05 Budget		1,901,480	Strategies being explored to expand federal participation via Disproportionate Share (DSH)

Cost Saving Strategies

- Update transportation polices and procedures
  - Ambulances

DET Sites	Other Sites
• Fairbanks	Palmer. Ketchikan, Cordova, Homer, Valdez, Sitka,
• Juneau	Bethel, Kodiak

Cost Comparisons between API and DET/S Facilities

• API daily rate	757.46
• Fairbanks	1,646.91
• Bartlett	1,636.04
• Ketchikan	1,800.68
• Mt. Edgecombe	2,049.00
• Bethel	2,049.00

Explanation for Cost Increases over years

100% of Hospital cost increases between 01 and 03

27% of Hospital increases in average daily Medicaid between 01 and 03

27% of Hospital increases in total beds used between 01 and 03

Management of Costs

Costs within existing budget – if retrospective reviews are changed from DBH staff to First Health the cost would be about $31,800/year based on a current charge of $111.44/review X 275 reviews (average # of admissions / last 3 years).

If we add an early review at 8th day of admission (transitioning from evaluation to treatment) we can also add discussion about eligibility and discharge planning, the cost would increase by $7,000 based on 63 admissions over 8 days in FY03. The total First Health review costs would be about $40,000/year.

Summary of DES/T for FY00 to FY03 Hospitals Only

		Clients Served in Fiscal Year					
Region	Facility	FY00	FY01	FY02	FY03		
ARO	Providence Hospital	2	0	0	0		
ARO	North Star Hospital	0	0	2	0		
NRO	Fairbanks Memorial Hospital	127	185	207	178		
NRO	YKHC	6	6	2	0		
SCRO	Providence Kodiak Island Medical	12	9	0	1		
SCRO	Valdez Community Hospital	0	0	2	0		
SERO	Bartlett Memorial Hospital	44	68	65	57		
SERO	Ketchikan General Hospital	33	21	0	0		
SERO	Mt Edgecombe Hospital	2	1	8	8		
SERO	Petersburg General	0	1	0	0		
	Statewide	226	291	286	244		
		Days of Evaluation and Treatment Services in Fiscal Year					
Region	Facility	FY00	FY01	FY02	FY03		
ARO	Providence Hospital	6	0	0	0		
ARO	North Star Hospital	0	0	6	0		
NRO	Fairbanks Memorial Hospital	874	791	892	991		
NRO	YKHC	8	12	2	0		
SCRO	Providence Kodiak Island Medical	22	24	0	4		
SCRO	Valdez Community Hospital	0	0	6	0		
SERO	Bartlett Memorial Hospital	235	460	430	670		
SERO	Ketchikan General Hospital	59	33	0	0		
SERO	Mt Edgecombe Hospital	2	2	28	21		
SERO	Petersburg General	0	1	0	0		
	Statewide	1206	1323	1364	1686		
		Average Length of Stay in Fiscal Year					
Region	Facility	FY00	FY01	FY02	FY03		
ARO	Providence Hospital	3	0	0	0		
ARO	North Star Hospital	0	0	3	0		
NRO	Fairbanks Memorial Hospital	6.9	4.3	4.33	5.6		
NRO	YKHC	1.3	2	1	0		
SCRO	Providence Kodiak Island Medical	1.8	2.7	0	4		
SCRO	Valdez Community Hospital	0	0	3	0		
SERO	Bartlett Memorial Hospital	5.3	6.8	6.6	11.8		
SERO	Ketchikan General Hospital	1.8	1.6	0	0		
SERO	Mt Edgecombe Hospital	1	2	3.5	2.6		
SERO	Petersburg General	0	1	0	0		
	Statewide	3	2.9	3.6	6		
		Cost of Increase 01 to 03					Estimated
	Statewide		FY01	FY02	FY03		Cost Increases
	Average Daily Medicaid Rate		1178	1449	1493		
	Percentage of Increase in Rate					27%	$534,090
	Total Bed Days		1323	1364	1686		
	Percentage of Increase in Days					27%	$612,018
	Total DES/T		$1,410,745	$2,470,511	$2,831,728		
	Percentage of Increase in Cost					100%	$1,420,938

Common use of funding limitation to appropriations

Current grant regulations

7 AAC 81.220. Limitation of appropriations. (a) During each state fiscal year, **the department** [A GRANT AGENCY] may authorize the payment of costs under a provider agreement only to the extent of money allocated in the state budget for the grant program for that fiscal year.

(b) **The department** [A GRANT AGENCY] may determine the amount of money, if any, that it will keep in reserve at a particular time, based on the part of the fiscal year that remains and the demand for services of the program that the department expects during the balance of the fiscal year.

(c) If authorized financing for a grant program is less than the amount required to provide service to all individuals who meet applicable eligibility criteria and seek those services, **the department will** [A GRANT AGENCY SHALL] prioritize which individuals will receive services. (Eff. 7/21/2002, Register 163; am ____/____/2004, Register _____)

Chapter 14.09. TRANSPORTATION OF PUPILS

Sec. 14.09.010. Transportation of pupils.

(a) A school district that provides student transportation services is eligible to receive funding for operating the student transportation system. Subject to appropriation, the amount of funding provided by the state under this section is the lesser of the amount determined by multiplying the amount of the school district's ADM less the ADM for the district's correspondence programs during the current fiscal year

(1) by a per student allocation computed by dividing the amount received by the school district under this section during fiscal year 2003 by the school district's ADM less the ADM for the district's correspondence programs during fiscal year 2003; or

(2) by $1,200 per student.

(b) In this section,

(1) "ADM" has the meaning given in AS 14.17.990;

(2) "district's ADM" means the sum of the ADMs in the district.

Sec. 14.25.020. Powers of the administrator.

(a) The administrator may

(1) formulate and recommend to the Alaska Teachers' Retirement Board regulations to govern the operation of the system;

(2) make expenditures from the retirement fund necessary to administer this chapter.

(b) The administrative expenditures permitted by (a)(2) of this section shall be included in the governor's budget for each fiscal year and are subject to appropriation by the legislature.

Sec. 14.57.100. Acquisitions.
Subject to appropriation by the legislature under AS 37.14.530, the director may use the balance of the net income account of the Alaska heritage endowment fund to acquire culturally or historically significant artifacts, natural history specimens, art objects, collections, and other items, materials, or properties that represent and document Alaska's land, natural history, and people for

(1) the Alaska State Museum; and
(2) the Sheldon Jackson Museum.

Sec. 18.56.410. Alaska energy efficient home grant fund.

(a) There is established in the corporation the Alaska energy efficient home grant fund consisting of money appropriated to it by the legislature and deposited in it by the corporation. The corporation shall administer the Alaska energy efficient home grant fund under the provisions of this section.

(b) Subject to appropriation, the corporation may grant funds from the Alaska energy efficient home grant fund to agencies of the state or federal government, individuals, or businesses that retrofit existing single family dwellings or build new single family dwellings that meet criteria adopted by the corporation.

(c) The corporation shall adopt guidelines and procedures for the fund after consultation with the board of directors of the Alaska Craftsman Home Program.

Sec. 18.56.420. Housing assistance loan fund.

(a) There is created in the corporation, as a revolving loan fund, the housing assistance loan fund consisting of money appropriated to it by the legislature and deposited in it by the corporation, and repayments of principal and interest on loans made or purchased from the assets of the fund. The corporation shall

(1) adopt regulations to administer the housing assistance loan fund under AS 18.56.400 - 18.56.600; and

(2) subject to appropriation, provide money for a rural assistance loan program to originate, purchase, participate in the purchase of, or refinance

(A) small community housing mortgage loans;

(B) loans made for building materials for small community housing;

(C) loans made for renovations or improvements to small community housing;

(D) loans made for the construction of owner-occupied small community housing other than loans to builders or contractors or loans that compensate an owner for the owner's labor or services in constructing the owner's own housing.

(b) Money in the fund may be used by the legislature to make appropriations for costs of administering the housing assistance program.

Sec. 18.56.650. Low cost and low income multiple family housing development fund and grants.

(a) There is created in the corporation a low cost and low income multiple family housing development fund. Subject to appropriation the corporation shall make grants to municipalities or public or private nonprofit corporations designated as tax exempt under 26 U.S.C. 501(c)(3) and (4) (Internal Revenue Code of 1954) for the purpose of developing low cost, low income multiple family housing.

(b) Application for a grant under (a) of this section shall be in the form prescribed by the corporation. The application

(1) shall demonstrate the need for low cost, low income multiple family housing in the area to be served, the feasibility of the proposed project; and

(2) must include an adequate management plan that shall demonstrate the ability of the eligible recipient to sustain the proposed project.

(c) A low cost and low income multiple family housing project developed under this section

(1) shall be prepared in accordance with facility procurement policies developed by the Department of Transportation and Public Facilities under AS 35.10.160 - 35.10.200; and

(2) is a public facility under AS 35.10.160 - 35.10.200.

(d) The corporation shall adopt regulations under AS 18.56.088 to carry out the purposes of this section.

(e) In this section, "low cost and low income multiple family housing"

(1) means a specific work or improvement undertaken primarily to provide multiple family dwelling accommodations for low income persons;

(2) includes the acquisition, construction, or rehabilitation of land, buildings, improvements, and other nonhousing facilities that are incidental or appurtenant to the housing.

Sec. 29.25.074. Surcharge.

(a) A municipality may not enforce a penalty for violation of an ordinance for which a surcharge is required to be imposed under AS 12.55.039 unless the municipality authorizes the imposition of and provides for the collection of the surcharge. The surcharge shall be deposited into the general fund of the state and accounted for under AS 37.05.142. Subject to appropriation, the legislature may reimburse a municipality that collects a surcharge required to be imposed under AS 12.55.039 for the cost to the municipality in collecting the surcharge and transmitting the surcharge to the state. The reimbursement may not exceed 10 percent of the surcharge collected and transmitted to the state.

(b) This section applies to home rule and general law municipalities.

Sec. 36.30.695. Other rules of procedure.

(a) The commissioner may adopt by regulation additional rules of procedure providing for the expeditious arbitration, hearing, and other administrative review of all contract claims, both before the contracting agency and through an appeal heard de novo.

(b) Except as provided by (c) of this section, an arbitrator shall issue a final decision, and a hearing officer shall issue a recommended decision, within the following time limits after the date the record on the claim is closed:

(1) 30 calendar days for a claim of less than $100,000;

(2) 45 calendar days for a claim of $100,000 or more but less than $1,000,000; or

(3) 60 calendar days for a claim of $1,000,000 or more.

(c) The commissioner of administration or the commissioner of transportation and public facilities may, for good cause shown, grant an arbitrator or a hearing officer additional time to issue a decision.

(d) If an arbitrator or hearing officer fails to issue a decision within the time allowed for a decision under (b) or (c) of this section, the arbitrator or hearing officer is disqualified from acting as an arbitrator or hearing officer in another proceeding under this chapter for one year after the decision is issued.

(e) The venue for an arbitration or hearing under this chapter is the judicial district where the office of the contracting agency is located, unless the agency and the contractor agree on another location.

(f) If a party fails to appear at a proceeding under this chapter, the arbitrator or hearing officer may proceed in the party's absence.

(g) Subject to appropriation, any money awarded by an arbitrator's decision shall be paid within 45 days after the date that the arbitrator's decision is final. Subject to appropriation, any money awarded by a hearing officer's recommended decision that is approved by the commissioner of transportation and public facilities shall be paid within 45 days after the date that the commissioner's decision is delivered to the contractor and the agency, unless the commissioner's decision is appealed under AS 36.30.685.

Sec. 37.14.300. Investment loss trust fund.

(a) There is established as a separate fund in the state treasury the investment loss trust fund. The trust fund consists of money appropriated to it by the legislature. The Department of Revenue is the custodian of the trust fund and shall invest the trust fund in accordance with AS 37.10.071. Subject to appropriation, the amount earned on money in the trust fund shall be retained in the trust fund. The trust fund shall be held in trust for the benefit of participants in the supplemental annuity plan established under AS 39.30.150 - 39.30.180 and for other purposes authorized by this section, subject to the conditions set out in this section.

(b) The Department of Administration shall spend money from the trust fund as necessary to

(1) hold participants in the plan and annuity holders harmless from a loss on investments in guaranteed investment and annuity contracts issued by Executive Life Insurance Company of California;

(2) pursue a right to recover amounts from persons who may have unlawfully caused or contributed to the loss on investments; and

(3) protect the interest of participants in the plan and annuity holders during proceedings to conserve or liquidate the assets of Executive Life Insurance Company of California.

(c) If the plan or an annuity holder does not incur a loss on investments, or, if after compensating the plan and annuity holders for the loss on investments, a balance remains in the trust fund, the trust fund created in (a) of this section is terminated and the balance of the trust fund lapses pro rata into the funds from which the appropriations to the trust fund were made. The state is subrogated to a right of claim held by participants in the plan and annuity holders to the extent of amounts spent from the trust fund.

(d) In this section,

(1) "annuity holder" means

(A) a plan participant who elects to receive an annuity contract acquired by the Department of Administration and issued by Executive Life Insurance Company of California; and

(B) members of the Unlicensed Vessel Personnel Annuity Retirement Plan who receive an annuity contract acquired by the Department of Administration and issued by Executive Life Insurance Company of California;

(2) "loss on investments" means

(A) the difference between the principal amount plus accrued interest earned through May 3, 1991, on the guaranteed investment contracts issued by Executive Life Insurance Company of California, according to the terms of the contracts, and a lesser amount received by the plan upon maturity, sale, or other termination of the contracts; plus

(B) accrued earnings on the amount described in (A) of this subsection, beginning May 4, 1991, and continuing until the earlier of a participant's benefit commencement date or the maturity, sale, or other termination of the contracts, at a rate equal to the rate, less one percent to be used for the purposes of (b)(2) - (3) of this section, earned each month on the investment loss trust fund; or

(C) any unpaid annuity amounts due to annuity holders under an annuity contract issued by Executive Life Insurance Company of California;

(3) "plan" means the supplemental annuity plan established under AS 39.30.150 - 39.30.180;

(4) "trust fund" means the investment loss trust fund established under this section.

Sec. 38.35.145. Agreement to provide for payment of preapplication costs.

(a) To accommodate preliminary work in advance of the receipt of an application for a lease under this chapter, the department may enter into an agreement with a prospective lessee desiring to own an oil or natural gas pipeline that is proposed to be located in whole or in part on state land. The agreement must provide that the prospective lessee reimburse the department for the reasonable costs of work incurred in preparing for activities before receipt of an application.

(b) Expenditure of amounts received by the department under (a) of this section is subject to appropriation by the legislature. Appropriations made to satisfy the requirement of (a) of this section may be made by general appropriations of program receipts conditioned on compliance with the program review provisions of AS 37.07.080(h).

(c) The department may not exercise authority to enter into an agreement under (a) of this section after December 31, 2003, but an agreement entered into before January 1, 2004, is valid and enforceable on and after that date.

Sec. 39.30.050. Administrative costs.
The department shall collect from each participating political subdivision its respective pro rata share of the expenses incurred in the administration of AS 39.30.010 - 39.30.080. The amounts collected from participating political subdivisions, together with money appropriated by the state for covering the state's share of administrative costs, shall be deposited in an FICA administration fund and are not allocable to any other purpose. Expenditures from the FICA administration fund shall be included in the governor's budget for each fiscal year and are subject to appropriation by the legislature. At the time of preparation of the governor's annual budget the department shall review the FICA administration fund and adjust the rate of assessment on political subdivisions so as to prevent the accumulation of more money than is needed to administer AS 39.30.010 - 39.30.080.

Sec. 43.77.060. Revenue sharing.

(a) Subject to appropriation by the legislature and except as provided in (b) of this section, the commissioner shall pay to each

(1) unified municipality and to each city located in the unorganized borough, 50 percent of the amount of tax revenue collected from taxes levied under this chapter on the fishery resource landed in the municipality and accounted for under AS 43.77.050(b);

(2) city located within a borough, 25 percent of the amount of the tax revenue collected from taxes levied under this chapter on fishery resources landed in the city and accounted for under AS 43.77.050(b); and

(3) borough

(A) 50 percent of the amount of the tax revenue collected from taxes levied under this chapter on fishery resources landed in the area of the borough outside cities and accounted for under AS 43.77.050(b); and

(B) 25 percent of the amount of the tax revenue collected from taxes levied under this chapter on fishery resources landed in cities located within the borough and accounted for under AS 43.77.050(b).

(b) Notwithstanding the provisions of (a)(2) and (a)(3)(B) of this section, and subject to appropriation by the legislature, the commissioner shall pay to each

(1) city that is located in a borough incorporated after the effective date of this Act, the following percentages of the tax revenue collected from taxes levied under this chapter on fishery resources landed in the city and accounted for under AS 43.77.050(b):

(A) 45 percent of the tax revenue collected during the calendar year in which the borough is incorporated;

(B) 40 percent of the tax revenue collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) 35 percent of the tax revenue collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) 30 percent of the tax revenue collected during the third calendar year after the calendar year in which the borough is incorporated; and

(2) borough that is incorporated after the effective date of this Act, the following percentages of the tax revenue collected from taxes levied under this chapter on fishery resources landed in the cities located within the borough and accounted for under AS 43.77.050(b):

(A) five percent of the tax revenue collected during the calendar year in which the borough is incorporated;

(B) 10 percent of the tax revenue collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) 15 percent of the tax revenue collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) 20 percent of the tax revenue collected during the third calendar year after the calendar year in which the borough is incorporated.

(c) Notwithstanding the provisions of (b) of this section, a city may adopt an ordinance to transfer a portion of the funds received under (b)(1) of this section to the borough in which the city is located.

(d) To the extent that appropriations are available for the purpose, and notwithstanding the requirement of AS 37.07.080(c) that approval of the office of management and budget is required, an amount equal to 50 percent of the tax revenue that is collected under this chapter and

is not subject to division with a municipality under (a) - (c) of this section shall be transmitted each fiscal year, without the approval of the office of management and budget, by the department to the Department of Community and Economic Development for disbursal to eligible municipalities under AS 29.60.450.

(e) For purposes of this section, tax revenue collected under AS 43.77.010 from a person entitled to a credit under AS 43.77.035 or 43.77.045 shall be calculated as if the person's tax had been collected without applying the credits.

Sec. 47.37.125. Payment for services.
Subject to appropriation by the legislature, money in the mental health trust settlement income account established in AS 37.14.036 may be used to support a service provided under the authority given in this chapter.