

Leg. Finance - House & Senate Finance Comte Files (1973-74) 8879

HB 245 cont., 252, 253am, 254, 255 226<sup>6</sup>

1 knowingly fails to file a return when due or makes a false statement  
2 in a return required under this chapter with intent to evade the taxa-  
3 tion is guilty of a felony and upon conviction is punishable by a fine  
4 of not more than \$5,000, or by imprisonment for not more than five  
5 years, or by both, together with the costs of prosecution.

6 Sec. 43.56.110. DEPOSIT IN GENERAL FUND. The revenue from the  
7 tax levied under sec. 10(a) of this chapter shall be deposited in the  
8 general fund.

9 Sec. 43.56.120. REGULATIONS. The state assessor and the Depart-  
10 ment of Revenue may adopt regulations as appropriate to carry out their  
11 respective duties under this chapter.

12 Sec. 43.56.130. DEFINITIONS. In this chapter "taxable real and  
13 tangible personal property" means machinery, appliances and equipment  
14 used in the operation of wells producing oil or gas and tank farms,  
15 tanker terminals, gathering and transmission lines, and related facili-  
16 ties associated with the production and transportation of crude oil and  
17 natural gas; the term includes otherwise taxable property exempted from  
18 taxation under home rule ordinance or charter, but does not include  
19 property exempt from taxation under the constitution and laws of the  
20 state or of the United States, or any subsurface estate, including oil  
21 in the ground, or property used in a consumer distribution system.

22 \* Sec. 2. This Act takes effect on the day after its passage and approval  
23 or on the day it becomes law without approval.

Original sponsor: Fink, Banfield,  
Fischer and McVeigh

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 245

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to oil and gas revenue; and providing  
7 for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 43 is amended by adding a new chapter to read:

10 CHAPTER 56. OIL AND GAS TRANSPORTATION

11 AND PRODUCTION FACILITIES PROPERTY TAX.

12 Sec. 43.56.010. LEVY OF TAX. (a) Subject to the provisions of  
13 (b) of this section, an annual tax of 20 mills is levied each tax year  
14 beginning January 1, 1974, on the full and true value of taxable real  
15 and tangible personal property actually used or designed as intended  
16 for use in the production and transportation of unrefined oil and gas.  
17 With respect to a facility employed for part of a tax year in a manner  
18 as to render it taxable under this chapter or partly so employed for  
19 a full tax year, the value of the facility taxable under this chapter  
20 shall be proportionate to the employment. Property taxable under this  
21 chapter does not include property employed in the construction of facili-  
22 ties as distinguished from the facilities themselves; however, with  
23 respect to pipelines and other facilities taxable under this chapter  
24 which may be under construction or awaiting construction, full and true  
25 value for each tax year shall be measured by the costs incurred or  
26 accrued with respect to the facility as of the assessment date in accor-  
27 dance with the percentage of completion method. The tax imposed by this  
28 subsection shall not be applied on production facilities until these  
29 facilities are actually employed in the production of oil and gas.

1 (b) Local governmental units may levy and collect a tax not to  
2 exceed 20 mills on not more than 35 per cent, or 7 mills on not more  
3 than 100 per cent or the equivalent, of the full and true value as  
4 determined in accordance with secs. 40 - 70 of this chapter of taxable  
5 real and tangible personal property employed in the production and  
6 transportation of unrefined oil and gas. Payment of the tax levied under  
7 this subsection is in lieu of the appropriate portion of the tax levied  
8 by the state under (a) of this section.

9 Sec. 43.56.020. EXEMPTIONS. In addition to property excluded  
10 under sec. 120(2) of this chapter, the following property is exempt  
11 from the tax levied under this chapter:

12 (1) property rights attached to or inherent in the right to  
13 producing oil or gas;

14 (2) producing oil or gas leases;

15 (3) oil and gas produced in the state upon which gross pro-  
16 duction taxes are paid under AS 43.55;

17 (4) an investment in property described in this section.

18 Sec. 43.56.030. IN PLACE OF OTHER TAXES. Payment of the tax  
19 levied or authorized to be levied under this chapter is in place of all  
20 other ad valorem taxes on property subject to tax under this chapter  
21 now or hereafter imposed by the state, or by a city or a borough.

22 Sec. 43.56.040. ASSESSMENT. Assessment of property subject to  
23 the tax levied under this chapter shall be carried out by the state  
24 assessor substantially in the manner provided in AS 29.53.060 - 29.53.-  
25 160 for municipalities, except that the state assessor shall function  
26 in place of the local assessor, and the State Assessment Review Board  
27 shall function in the place of the assembly or council sitting as a  
28 board of equalization.

29 Sec. 43.56.050. STATE ASSESSMENT REVIEW BOARD. The governor shall

1 appoint at least five qualified persons to serve at his pleasure as the  
2 State Assessment Review Board.

3 Sec. 43.56.060. PER DIEM AND EXPENSES. Members of the State  
4 Assessment Review Board shall be compensated and are entitled to per  
5 diem and expenses authorized by law for boards and commissions.

6 Sec. 43.56.070. POWERS AND DUTIES. The State Assessment Review  
7 Board has the powers and duties with respect to assessment of property  
8 taxable under this chapter of an assembly or council sitting as a  
9 board of equalization.

0 Sec. 43.56.080. COLLECTION AND ENFORCEMENT. The tax levied under  
1 sec. 10(a) of this chapter is payable in full to the Department of  
2 Revenue on June 30 of the tax year, except that the Department of Revenue  
3 may by regulation provide for prepayment of taxes and payment by install-  
4 ments. A penalty of ten per cent shall be added to delinquent taxes  
5 and interest at the rate of eight per cent per annum, or four percentage  
6 points above the per annum rate charged member banks for advances by  
7 the 12th Federal Reserve District that prevailed on the first day of  
8 the month preceding the commencement of that calendar quarter, which-  
9 ever is greater, shall accrue on all unpaid taxes, excluding penalties,  
0 from the due date until paid in full. Collection of the tax levied  
1 under this chapter shall be carried out by the Department of Revenue  
2 substantially in the manner provided in AS 29.53.200 - 29.53.390 except  
3 that the state is substituted for references to cities and boroughs.

4 Sec. 43.56.090. LIEN FOR TAX. Notwithstanding any other provision  
5 of law, the tax levied under this chapter and interest and penalty set  
6 out in sec. 80 of this chapter are liens upon the property subject to  
7 tax under this chapter. The liens provided by this section are prior  
8 and paramount to all other liens or encumbrances upon the same property.

9 Sec. 43.56.100. FAILURE TO FILE; FALSE STATEMENT. A person who

1 knowingly fails to file a return when due or makes a false statement  
2 in a return required under this chapter with intent to evade the taxa-  
3 tion is guilty of a felony and upon conviction is punishable by a fine  
4 of not more than \$5,000, or by imprisonment for not more than five  
5 years, or by both, together with the costs of prosecution.

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7 tax levied under sec. 10(a) of this chapter shall be deposited in the  
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13 tangible personal property" means machinery, appliances and equipment  
14 used in the operation of wells producing oil or gas and tank farms,  
15 tanker terminals, gathering and transmission lines, and related facili-  
16 ties associated with the production and transportation of crude oil and  
17 natural gas; the term includes otherwise taxable property exempted from  
18 taxation under home rule ordinance or charter, but does not include  
19 property exempt from taxation under the constitution and laws of the  
20 state or of the United States, or any subsurface estate, including oil  
21 in the ground, or property used in a consumer distribution system.

22 \* Sec. 2. This Act takes effect on the day after its passage and approval  
23 or on the day it becomes law without approval.  
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# RECORDS CERTIFICATION



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James O. Smith  
Signature of Camera Operator

4/26/89  
Date

# COMMITTEE REPORT

3-14-73

HOUSE

Mr. Speaker:

Date March 23, 1973

The Committee on Finance has had SB 252

under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT

CS FOR \_\_\_\_\_ DO PASS

( ) "and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other" Reports back SB 252 with individual recommendations

Members signing the Majority report:

_____	do pass	_____
<u>Frank</u>	do pass	_____
<u>Harvey</u>	do pass	_____
<u>Bill</u>	do pass	_____

Members NOT concurring in the Majority report:

_____	recommends:	<u>do not pass</u>
_____	recommends:	<u>do not pass</u>
_____	recommends:	<u>do not pass</u>
_____	recommends:	<u>do not pass</u>
_____	recommends:	<u>do not pass</u>

\_\_\_\_\_ Chairman

Introduced: 2/21/73  
Referred: Labor & Management  
and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 252

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to employment security; and providing  
7 for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 23.20 is amended by adding a new section to read:

10 Sec. 23.20.022. ACTUARIAL STUDIES. On December 1, 1975 the  
11 commissioner shall submit to the governor an actuarial study of the  
12 unemployment tax and benefit structures established under this chapter.  
13 Thereafter, an actuarial study of the structures shall be submitted to  
14 the governor on December 1 of every second year.

15 \* Sec. 2. AS 23.20.165(e) is repealed and re-enacted to read:

16 (e) An employer shall maintain a record of the amount deducted  
17 from the wages of each of his employees, and shall furnish a statement  
18 of the deductions to each employee at the times and in the manner the  
19 commissioner prescribes by regulation. No deduction may be made from  
20 those wages paid to an employee during a calendar year which are in  
21 excess of the wages subject to contributions pursuant to sec. 175 of  
22 this chapter. If an employee in the employ of two or more employers  
23 earns wages in one calendar year totaling more than the wages subject  
24 to contributions, or if one employer through error makes a deduction  
25 from his wages in excess of the wages subject to contributions during  
26 a calendar year, the amount of deductions in excess of those required  
27 by this chapter shall be refunded to the employee by the commissioner  
28 upon application for them in accordance with regulations prescribed  
29 by him. Application must be made during the calendar year after the

1 calendar year in which the deductions are made.

2 \* Sec. 3. AS 23.20.170 is repealed and re-enacted to read:

3 Sec. 23.20.170. RATE OF CONTRIBUTIONS. (a) Subject to secs.  
4 175 and 280 - 310 of this chapter, beginning October 1, 1960 and con-  
5 tinuing through December 31, 1973, an employer shall pay contributions  
6 equal to 2.9 per cent and each of his employees shall pay contributions  
7 equal to 0.6 per cent of wages paid by him and received by each  
8 employee with respect to employment.

9 (b) Subject to secs. 175 and 280 - 310 of this chapter,  
10 beginning January 1, 1974, the standard rate of contributions by  
11 employers is 2.7 per cent of wages. Each employer who has not  
12 been subject to this chapter for a sufficient period of time to  
13 have his rate computed under sec. 290 of this chapter, shall pay  
14 contributions at a rate equal to the average industry tax rate  
15 as determined by the commissioner, provided that the rate shall  
16 not be less than 1.0 per cent. Assignment by the commissioner of  
17 employers to industrial classification, for the purposes of this  
18 subsection, shall be in accordance with established classification  
19 practices found in the "Standard Industrial Classification Manual"  
20 issued by the United States Department of Labor to the first digit  
21 provided in the Standard Industrial Classification code.

22 \* Sec. 4. AS 23.20.175(a) is amended to read:

23 (a) For the purposes of secs. 165 and 170 of this chapter, after  
24 December 31, 1959 and through December 31, 1973, wages do not include  
25 that part of remuneration which, after remuneration equal to \$7,200  
26 has been paid in a calendar year to an individual by an employer or his  
27 predecessor with respect to employment, is paid to the individual by  
28 the employer during the calendar year unless that part of the re-  
29 muneration is subject to a tax under a federal law imposing a tax

1 against which credit may be taken for contributions required to be  
2 paid into a state unemployment fund.

3 \* Sec. 5. AS 23.20.175 is amended by adding a new subsection to read:

4 (c) For the purposes of secs. 165 and 170 of this chapter,  
5 beginning January 1, 1974, "wages" do not include that part of remuner-  
6 ation paid with respect to employment to an individual by an employer  
7 during any calendar year which exceeds 80 percent of the statewide  
8 average annual wage, rounded to the next highest hundred dollars, for  
9 the four calendar quarter period ending on June 30 of the preceding year.  
10 The statewide average annual wage shall be computed as follows: on or  
11 before November 30 of each year the total remuneration paid by  
12 employers, as reported on contribution reports on or before such date,  
13 with respect to all employment during the four consecutive calendar  
14 quarters ending on June 30 of such year shall be divided by the  
15 average monthly number of individuals performing services in the  
16 employment during the same four calendar quarters as reported on the  
17 contribution reports.

18 \* Sec. 6. AS 23.20.280(c) is amended to read:

19 (c) Through December 31, 1973, [A] an employer who, because of  
20 failure to pay contributions or file reports timely, does not qualify  
21 for a rate determination under secs. 280 - 310 of this chapter shall  
22 pay contributions at the highest rate provided in secs. 280 - 310 of  
23 this chapter which rate is in effect on December 31, 1973, and his  
24 employees shall pay contributions at the standard rate specified in  
25 sec. 170 of this chapter.

26 \* Sec. 7. AS 23.20.280 is amended by adding a new subsection to read:

27 (d) Beginning January 1, 1974, an employer who, because of  
28 failure to pay contributions or file reports timely, does not qualify  
29 for a rate determination under secs. 280 - 310 of this chapter shall

1 pay contributions at the highest rate provided in secs. 280 - 310  
 2 of this chapter after taking into account the appropriate reserve  
 3 multiple of the fund, and his employees shall pay contributions at  
 4 the employee rate specified in 290(d) of this chapter.

5 \* Sec. 8. AS 23.20.290(b) is repealed and re-enacted to read:

6 (b) The department shall segregate the employers into groups  
 7 in accordance with cumulative ratable payroll. The limits of the  
 8 groups are those set out in column B of the table in this section.  
 9 Each of these groups shall be identified by the rate class number  
 10 in column A which is opposite the figures in column B which represents  
 11 the percentage limits of each group. An employer shall be assigned to  
 12 the rate class in which the greater part of the employer's ratable pay-  
 13 roll falls. If one-half of the employer's ratable payroll falls in one  
 14 class, and one-half in another, he shall be assigned to the lower  
 15 numbered rate class. No employer may be assigned to a higher numbered  
 16 rate class than is assigned to another employer with the same average  
 17 quarterly decline quotient.

18 \* Sec. 9. AS 23.20.290 is amended by adding new subsections to read:

19 (c) The rate of contributions payable by each eligible employer  
 20 beginning January 1, 1974 and for each succeeding calendar year there-  
 21 after shall be the rate opposite the rate class in that column of the  
 22 table in this section which is appropriate for the calendar year as  
 23 determined by the reserve multiple of the fund on September 30 of the  
 24 preceding calendar year.

A	B	C	D	E	F	G	H	I	J	K	L
Employer's Cumulative Payroll											
Rate Limit (Percent of State											
Class	Total Payroll)	Equal to or									
		More Than	.33	.67	.85	1.0	1.15	1.35	1.5	2.0	3.0

		Equal to or										
	More Than	Less Than										
1	0	10	3.0	2.6	2.3	1.9	1.6	1.3	1.1	.9	.8	.6
2	10	20	3.3	2.9	2.6	2.2	1.9	1.6	1.4	1.2	1.1	.9
3	20	30	3.6	3.2	2.9	2.5	2.2	1.9	1.7	1.5	1.4	1.2
4	30	40	3.9	3.5	3.2	2.8	2.5	2.2	2.0	1.8	1.7	1.5
5	40	50	4.4	4.0	3.7	3.3	3.0	2.7	2.5	2.3	2.2	2.0
6	50	60	4.7	4.3	4.0	3.6	3.3	3.0	2.8	2.6	2.5	2.3
7	60	70	5.0	4.6	4.3	3.9	3.6	3.3	3.1	2.9	2.8	2.6
8	70	80	5.2	4.8	4.5	4.1	3.8	3.5	3.3	3.1	3.0	2.8
9	80	90	5.3	4.9	4.6	4.2	3.9	3.5	3.4	3.2	3.1	2.9
10	90	100	5.5	5.1	4.8	4.4	4.1	3.8	3.6	3.4	3.3	3.1
	Employee Rate		.8	.8	.7	.7	.6	.6	.5	.5	.4	.3

(d) Beginning January 1, 1974 and for each succeeding calendar year the rate of contributions payable by each employee of a subject employer shall be the designated employee rate in that column of the table in (c) of this section which is appropriate for the year as determined by the reserve multiple on September 30 of the preceding calendar year.

\* Sec. 10. AS 23.20.310 is amended by adding new paragraphs to read:

(6) "reserve multiple" means the ratio of the reserve rate to the highest benefit cost rate;

(7) "reserve rate" means the percentage which the total amount available for benefits in the unemployment fund on September 30, immediately following the computation date, bears to payroll as defined in this section of subject employers for the consecutive 12 calendar-month period ending on the computation date;

(8) "benefit cost rate" means the percentage which the total

1 amount of benefits paid out of the unemployment insurance fund, for any  
2 consecutive 12 calendar-month period, bears to aggregate payroll of  
3 subject employers for the four most recently completed calendar  
4 quarters of the immediately preceding 12-month period;

5 (9) "highest benefit cost rate" means 4.33 per cent, the  
6 benefit cost rate for the 12 months ending on August 31, 1958.

7 \* Sec. 11. AS 23.20.350 is repealed and re-enacted to read:

8 Sec. 23.20.350. AMOUNT OF BENEFITS. (a) To qualify for benefits  
9 an individual shall have earned wages in his base period totaling not  
10 less than \$750 of which \$100 must have been earned in other than the  
11 calendar quarter of his base period in which he earned the highest  
12 amount of wages, and at least eight times the weekly benefit amount  
13 shall have been earned in employment whether or not covered by this  
14 chapter, subsequent to the beginning of a preceding benefit year.

15 (b) Except as provided in (a) of this section an individual's  
16 weekly benefit amount shall be the amount shown in the table set out in  
17 this subsection in the applicable column opposite the amount of his  
18 total base period wages as shown in column A. Each individual who  
19 establishes a benefit year is entitled to an augmented weekly benefit  
20 amount as shown in columns C, D and E of the table set out in this  
21 subsection. The number of dependents shall be determined as of the  
22 date he establishes his benefit year, and shall be fixed for the  
23 duration of his benefit year. Notwithstanding the foregoing provisions  
24 of this section, the maximum basic weekly benefit amount payable to an  
25 insured worker during his benefit year shall be an amount equal to 40  
26 per cent of the statewide average weekly wage effective on the first  
27 day of the benefit year for benefit years established after June 30,  
28 1973, 45 per cent of the statewide average weekly wage effective on  
29 the first day of the benefit year for benefit years established after

1 June 30, 1974, and 50 per cent of the statewide average weekly wage  
2 effective on the first day of the benefit year for benefit years  
3 established after June 30, 1975. If the maximum basic weekly benefit  
4 amount is not a multiple of \$1 it shall be rounded to the nearest  
5 multiple of \$1, except that if the computed amount ends in 50 cents,  
6 it shall be adjusted to the next higher multiple of \$1. The statewide  
7 average weekly wage shall be computed annually as of July 1 by dividing  
8 the aggregate amount of wages (irrespective of the limit as to the  
9 amount of wages subject to contributions under sec. 175 of this chapter  
10 for services in covered employment reported by employers as paid during  
11 the preceding calendar year immediately prior to July 1, by a figure  
12 representing 52 times the 12 month average of the number of employees  
13 in the pay period which includes the 12th day of each month during  
14 the same calendar year, as reported by the employers. The amount so  
15 computed, if not a multiple of one cent shall be rounded to the next  
16 higher multiple of one cent. The statewide average weekly wage shall  
17 be effective on the July 1 as of which it was computed. In the event  
18 the maximum basic weekly benefit amount as computed under this section  
19 is higher than the amount appearing in the last line in column B of  
20 the benefit table in this section, the commissioner shall extend the  
21 table up to the point where the figure in column B equals the effective  
22 maximum computed under this section. The extension shall be made by  
23 applying an appropriate modification of the table and shall be  
24 considered part of the table. In extending the table, the lower end of  
25 each base period interval in column A shall be increased by \$100 above  
26 the next preceding interval, and each benefit amount in columns B, C,  
27 D and E shall be increased by \$1 above the next preceding interval.  
28 The extension shall be effective on July 1 as of which the maximum is  
29 computed. The amount payable to any insured worker during his benefit

1 year shall be based on the table effective on the first day of the  
 2 benefit year.

3 Total	Basic	Augmented Weekly			Benefit
4 Base	Weekly	Benefit Amount with the			Duration
5 Period	Benefit	Following Dependents			Factor
6 Wages	Amount	One	Two	Three	
7 Columns (A)	(B)	(C)	(D)	(E)	(F)
8 \$0-749.99	\$00	\$00	\$00	\$00	\$00
9 750-799.99	18	30	36	36	14
10 800-899.99	19	31	38	38	16
11 900-1099.99	20	32	40	40	18
12 1100-1299.99	21	33	42	42	20
13 1300-1499.99	22	34	44	44	22
14 1500-1699.99	23	35	46	46	24
15 1700-1899.99	24	36	48	48	26
16 1900-2099.99	25	37	49	50	28
17 2100-2199.99	26	38	50	52	28
18 2200-2299.99	27	39	51	54	28
19 2300-2399.99	28	40	52	56	28
20 2400-2499.99	29	41	53	58	28
21 2500-2599.99	30	42	54	60	28
22 2600-2699.99	31	43	55	62	28
23 2700-2799.99	32	44	56	64	28
24 2800-2899.99	33	45	57	66	28
25 2900-2999.99	34	46	58	68	28
26 3000-3099.99	35	47	59	70	28
27 3100-3199.99	36	48	60	72	28
28 3200-3299.99	37	49	61	73	28
29 3300-3399.99	38	50	62	74	28

1	3400-3499.99	39	51	63	75	28
2	3500-3599.99	40	52	64	76	28
3	3600-3699.99	41	53	65	77	28
4	3700-3799.99	42	54	66	78	28
5	3800-3899.99	43	55	67	79	28
6	3900-3999.99	44	56	68	80	28
7	4000-4099.99	45	57	69	81	28
8	4100-4199.99	46	58	70	82	28
9	4200-4299.99	47	59	71	83	28
10	4300-4399.99	48	60	72	84	28
11	4400-4499.99	49	61	73	85	28
12	4500-4599.99	50	62	74	86	28
13	4600-4699.99	51	63	75	87	28
14	4700-4799.99	52	64	76	88	28
15	4800-4899.99	53	65	77	89	28
16	4900-4999.99	54	66	78	90	28
17	5000-5099.99	55	67	79	91	28
18	5100-5199.99	56	68	80	92	28
19	5200-529	57	69	81	93	28
20	5300-5399.99	58	70	82	94	28
21	5400-5499.99	59	71	83	95	28
22	5500-5599.99	60	72	84	96	28
23	5600-5699.99	61	73	85	97	28
24	5700-5799.99	62	74	86	98	28
25	5800-5899.99	63	75	87	99	28
26	5900-5999.99	64	76	88	100	28
27	6000-6099.99	65	77	89	101	28
28	6100-6199.99	66	78	90	102	28
29	6200-6299.99	67	79	91	103	28

1	6300-6399.99	68	80	92	104	28
2	6400-6499.99	69	81	93	105	28
3	6500-6599.99	70	82	94	106	28
4	6600-6699.99	71	83	95	107	28
5	6700-6799.99	72	84	96	108	28
6	6800-6899.99	73	85	97	109	28
7	6900-6999.99	73	86	98	110	28
8	7000-7099.99	75	87	99	111	28
9	7100-7199.99	76	88	100	112	28
10	7200-7299.99	77	89	101	113	28
11	7300-7399.99	78	90	102	114	28
12	7400-7499.99	79	91	103	115	28
13	7500-7599.99	80	92	104	116	28
14	7600-7699.99	81	93	105	117	28
15	7700-7799.99	82	94	106	118	28
16	7800-7899.99	83	95	107	119	28
17	7900-7999.99	84	96	108	120	28
18	8000-8099.99	85	97	109	121	28
19	8100-8199.99	86	98	110	122	28
20	8200-8299.99	87	99	111	123	28
21	8300-8399.99	88	100	112	124	28
22	8400-8499.99	89	101	113	125	28
23	8500 and Over	90	102	114	126	28

(c) The maximum potential benefits of an individual in a benefit year is the product of his weekly benefit amount, as shown in the applicable column B,C,D or E multiplied by the benefit duration factor in column F on the line on which, in column A, his total base period wages appear.

(d) "Dependent" means an individual's unmarried child, including

1 a stepchild and a legally adopted child, under 18 years of age who is  
2 principally supported by the individual. An individual's unmarried  
3 child, including a stepchild and a legally adopted child, who because  
4 of infirmity is prevented from engaging in a gainful occupation and  
5 who is principally dependent upon the individual for support, is  
6 considered a dependent for the purpose of this provision regardless of  
7 age. For the duration of a benefit year no dependent who has been  
8 claimed by a claimant and allowed as a dependent may be included as  
9 a dependent of another claimant.

10 \* Sec. 12. AS 23.20.350 as re-enacted by this Act applies to benefic  
11 years beginning after June 30, 1973.

12 \* Sec. 13. This Act takes effect January 1, 1974.  
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# Unemployment Insurance Under State Laws, Jan. 1, 1973<sup>3</sup>

Jurisdiction	Average Weekly Benefit Paid for Total Unemployment 1971 <sup>1</sup>	Maximum Weekly Benefits <sup>1</sup>	Average Weekly Wages in Covered Employment 1971 <sup>1</sup>	Basic Maximum Weekly Benefit as a Percentage of Average Weekly Wages		Regular Duration of Benefits by Weeks <sup>2</sup>	Percentage of Claimants Who Exhausted Benefits 1971 <sup>1</sup>	Estimated Average Employer Tax Rate, 1972	
				Now	1933			Percentage of Taxable Payrolls	Percentage of Total Payrolls
United States	\$54		\$149				30%	1.8%	.3%
Alabama	42	\$ 60	127	47%	87%	11-26	33	1.1	.0
Alaska	48	60-85	219	27	41	14-28	27	2.9	1.9
Arizona	46	60	148	40	61	12-26	25	1.0	.5
Arkansas	41	67	111	60*	95	10-26	30	1.6	.9
California	54	75	161	47	50	12-26	36	2.9	1.4
Colorado	60	87	145	60*	62	8-26	20	.9	.4
Connecticut	64	92-137	155	60*	56	22-26	31	2.4	1.2
Delaware	53	65	161	40	58	16-26	20	2.3	1.0
District of Columbia	59	110	159	67*	59	17-34	31	1.1	.5
Florida	40	64	136	47	81	10-26	38	.7	.5
Georgia	44	60	131	46	87	9-26	32	.9	.5
Hawaii	65	93	142	67*	85	26	35	1.7	1.2
Idaho	43	68	124	55*	82	10-26	25	1.9	1.1
Illinois	53	51-97	166	31	56	10-26	30	1.5	.8
Indiana	42	45-55	153	29	53	12-26	27	1.0	.4
Iowa	54	68	135	50*	67	11-26	34	1.0	.4
Kansas	5*	66	132	50*	66	10-26	34	1.9	.9
Kentucky	47	63	155	50*	69	15-26	25	1.3	.6
Louisiana	47	70	140	50	90	12-20	35	1.5	.7
Maine	47	63	127	50*	74	11-26	34	2.7	1.4
Maryland	57	78	140	56	65	26	25	1.1	.5
Massachusetts	57	83-125	146	57*	57	9-30	34	2.3	1.2
Michigan	59	55-92	176	32	53	11-26	31	3.2	1.4
Minnesota	51	64	147	44	62	13-26	37	1.4	.8
Mississippi	35	49	113	43	97	12-26	25	.7	.4
Missouri	50	63	148	43	61	13-26	26	1.1	.4
Montana	39	52	125	42	60	13-26	32	1.5	.8
Nebraska	44	60	128	47	66	17-26	30	1.2	.6
Nevada	51	77	152	50*	57	11-26	31	2.5	1.4
New Hampshire	48	75	128	59	70	26	10	1.1	.5
New Jersey	58	81	161	50*	55	12-26	39	2.3	1.1
New Mexico	45	64	123	52*	73	18-30	28	1.4	.8
New York	59	75	169	44	51	26	27	2.3	.9
North Carolina	40	60	120	50*	89	26	15	.6	.3
North Dakota	47	62	123	50*	69	18-26	20	2.3	1.4
Ohio	50	57-87	160	34	54	20-26	23	1.3	.6
Oklahoma	40	60	133	45*	61	10-26	45	1.4	.7
Oregon	45	62	142	44	53	11-26	24	1.7	.9
Pennsylvania	53	91-99	146	62*	60	30	19	1.8	.9
Puerto Rico	32	50	89	56*	—	29	54	2.7	1.9
Rhode Island	56	79-93	131	60*	70	12-26	34	2.4	1.3
South Carolina	42	59	118	56*	99	10-26	29	1.0	.6
South Dakota	41	55	115	48	69	11-26	29	.6	.4
Tennessee	42	57	127	45	78	12-26	28	1.4	.8
Texas	41	63	138	46	65	9-26	37	.7	.3
Utah	46	81	125	65*	70	10-36	29	1.4	.8
Vermont	55	77	135	57*	66	26	27	1.5	.8
Virginia	46	70	128	55	74	12-26	22	.6	.3
Washington	59	78	152	51*	57	8-30	49	3.0	1.4
West Virginia	33	75	150	50*	59	26	14	1.0	.5
Wisconsin	59	91	147	62*	55	14-34	20	1.5	.7
Wyoming	48	63	124	50*	78	11-26	19	1.2	.7

<sup>1</sup>Calendar Year 1971.

<sup>2</sup>Where two figures are shown, the larger includes maximum dependents' allowances.

<sup>3</sup>Includes benefit legislation enacted in 1972 with an effective date in 1973.

<sup>4</sup>Where two figures are shown, the lower represents the shortest possible duration. In most States this is the entitlement of a claimant with minimum weekly benefits and minimum qualifying wages. But in six States a higher than minimum weekly benefit amount may result in shorter duration where the distribution of earnings is concentrated in the high quarter.

<sup>5</sup>Maximum weekly benefit is determined as a specified percent of average weekly covered wages and is computed annually, or in a few States, semi-annually. The base year used for setting the maximum is not necessarily calendar 1971, which explains why the percentage figures in the fourth column may vary slightly from the statutory percentages.

AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS

815 16th STREET, N.W., WASHINGTON, D. C. 20006

GEORGE MEANY  
President

Publication No. 36-P

LANE KIRKLAND  
Secretary-Treasurer

COMMENTS BY DON DICKEY, GENERAL MANAGER-ALASKA STATE CHAMBER  
HB 252 RULES BY THE GOVERNOR

Comments by Don Dickey-Alaska State Chamber of Commerce on HB 252  
Rules by the Governor providing sweeping changes in Alaska's Employment  
Security Program.

Passage of HB 252 (Rules by the Governor) would result in Alaskan employers  
and employees being assessed an extra \$5million in the first year alone.

It would totally discard <sup>OUR</sup> ~~the~~ proven system of employment security <sup>WHERE BY 7110</sup> taxable  
wage <sup>IS</sup> based on a known taxable wage base of \$7200 (in effect since statehood)  
and replace it with an untried new program automatically tying the benefits  
to an average weekly wage.

If the bill is approved, it would set the maximum weekly benefit on July 1,  
1973 at 40% of the statewide weekly wage, 45% in 1974 and 50% by 1975.

Alaska's highly inflated wage base is by far the highest in the nation.

Nationally the average weekly wage is \$149 per week while Alaska reports  
an average weekly wage of \$220 per week. When the pipeline starts up  
and a large portion of the labor force is paid an unprecedented higher wage  
(many workers estimated to receive \$1100-\$1200 per week) the average  
weekly wage will skyrocket even further. Tying benefits to wages may  
work fine in other states but not Alaska where seasonality is a fact of  
life. It would only further inflate the cost of doing business.

The bill proposes to scrap the established \$7200 tax wage base this year.

The Labor Department has estimated that the taxable wage base would be  
about \$9500 in 1974 and \$11,800 in 1980. It calls for increasing benefits  
to all claimants and pushes Alaska's present maximum from \$60 to \$90 per  
week. This \$30 step represents twice the total increase in our maximum

PAGE (2)

Comments on HB 252 (Rules by the Governor)

benefits since statehood. Benefit increases have been <sup>PREVIOUSLY</sup> ~~presently~~ confined to a \$5 - \$10 per week. Benefits would go to \$105 per week in 1974 and to \$125 (more than double the present amount) by 1976. The legislature would forfeit its right to review and whenever necessary, revise the benefit structure. Passage of HB 252 (Rules by the Governor) would take the responsibility out of your hands as it provides an automatic triggering of the tax schedule to maintain an adequate reserve.

✓ ALTERNATES OFFERED:

We in the Alaska's business community offer alternate proposals. Alaska's present employment security program, while not perfect, has a proven positive track record. It permitted us to recover from total bankruptcy in 1955 to the point where today we enjoy a healthy fund balance of \$38 million.

We recognize the importance of Alaska's employment security program being revised to realistically keep pace with other states while reflecting Alaska's economic conditions. We agree it is timely to realistically increase benefits but we suggest changes should be done under the present program. Here is our alternative proposal.

1. Retain the present program and known taxable wage base
2. Draft a bill which would upon passage ~~would~~ immediately increase the taxable wage base from the present \$7200 to \$8000 and then up to \$9000 in two years by 1975. This would make the \$9000 figure, the same taxable wage base presently being used in Old Age and Survivors Insurance.

PAGE (3)

Comments on HB 252 (Rules by the Governor)

3. Upon passage of this bill/<sup>it would</sup> increase the maximum weekly benefits from \$60 to \$75 per week representing a 25% benefit increase and then in 1975, again increase by \$15 up to a maximum of \$90 per week.
4. Increase the allowance to claimants with dependents from the present \$5 per dependent up to 5 dependents to \$10 per dependent for up to 3 dependents. The State Labor Department had testified that they favored the reduction from 5 to 3 dependents but an increase from \$5 to \$12 per dependent.
5. We urge passage of our proposed program.



# RECORDS



# CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith  
Signature of Camera Operator

4/26/89  
Date

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

WILLIAM A. EGAN, GOVERNOR

TREASURY DIVISION

POUCH SB-JUNEAU 99801

March 7, 1974

465-2300

rec'd 3/7/74

The Honorable Clifford Groh  
Chairman, Senate Finance Committee  
Alaska State Senate  
Juneau, Alaska 99801

Dear Senator Groh:

As you requested, the following language for Sec. 4(g) of CS for House Bill No. 253 is recommended by myself and Robert Gates, Benefits Administrator of the Department of Administration:

"(g) Notwithstanding any other provisions, the pension fund may purchase, ~~at fair market value,~~ any assets of the retirement system of any participating municipality as of the effective date of participation. ~~Fair market value of assets to be purchased shall be mutually agreed upon by the participating municipality and Commissioner of Revenue.~~"

We feel it would be inappropriate to mention the actual options available to the City of Anchorage in the statute, since they would not necessarily apply in future mergers. We feel the requirement that market values be mutually agreed upon should result in fair treatment for both the municipality and pension fund.

If you have any further questions regarding the above please do not hesitate to call me.

Very truly yours,



Richard E. Alexander  
State Investment Officer

REA:ge  
cc: Robert Gates

COMMITTEE REPORT

SENATE

Mr. President:

Date March 26 1974

The Committee on FINANCE has had CSHB 253(Jud) am  
investment of surplus retirement fund money  
under consideration. A Majority of the members of the Committee

- ( ) recommends it DO PASS
- ( ) recommends it DO NOT PASS
- () recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- ( ) recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT  
CS FOR \_\_\_\_\_ DO PASS
- ( ) "and" recommends it BE REFERRED TO THE \_\_\_\_\_  
COMMITTEE
- ( ) reports it back WITHOUT RECOMMENDATION
- () "other" *to refer to committee to amend*

Members signing the Majority report:

*Walter D. Jones* \_\_\_\_\_ *Robert W. McCall* \_\_\_\_\_

*Robert W. McCall* \_\_\_\_\_

*John J. ...* \_\_\_\_\_

*...* \_\_\_\_\_

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

*Walter D. Jones* Chairman

COMMITTEE REPORT

SENATE

Mr. President:

Date March 25 1974

The Committee on FINANCE has had CSHR 253(Jud) an investment of surplus retirement fund money under consideration. A Majority of the members of the Committee

- ( ) recommends it DO PASS
- ( ) recommends it DO NOT PASS
- ( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- ( ) recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT CS FOR \_\_\_\_\_ DO PASS
- ( ) "and" recommends it BE REFERRED TO THE \_\_\_\_\_ COMMITTEE
- ( ) re, its it back WITHOUT RECOMMENDATION
- ( ) "other" Lower & Committee on Finance

Members signing the Majority report:

\_\_\_\_\_

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\_\_\_\_\_

\_\_\_\_\_

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

William J. ... Chairman



Original sponsor: Rules Committee by  
request of the Governor

Offered: 3/2/73  
Referred: Judiciary

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 253

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the investment of surplus retire-  
7 ment fund money."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 14.25.180(b) is amended to read:

10 (b) When, in the opinion of the commissioner of administration,  
11 there is on hand in the retirement fund a surplus over and above a  
12 reasonably safe amount to take care of current demands upon the fund,  
13 the surplus or so much of it as in the judgment of the commissioner  
14 of administration is considered proper may be invested by the commis-  
15 sioner of revenue in (1) bonds or other interest-bearing obligations  
16 and securities of the United States or an agency of the United States,  
17 a state of the United States, or a political subdivision of any state  
18 of the United States, if the political subdivision has a population as  
19 shown by the last federal census preceding the investment of no less  
20 than 30,000 inhabitants, except no population limitation applies to a  
21 political subdivision of this state; (2) first lien real estate mort-  
22 gage securities insured by the Federal Housing Administration under the  
23 National Housing Act of the United States, or held by the Department  
24 of Commerce, or the Department of Natural Resources; (3) corporation  
25 bonds, and preferred and common stocks as the commissioner of revenue  
26 considers proper investments for the funds; (4) shares of federally  
27 chartered savings and loan associations in Alaska, to the extent that  
28 the investment is insured by the federal government or by an agency of  
29 the federal government; (5) deposits with mutual savings banks in

1 Alaska, to the extent that the investment is insured by the federal  
2 government or an agency of the federal government; (6) deposits with  
3 state and national banks in Alaska to the extent that the investment  
4 is insured by the federal government or an agency of the federal govern-  
5 ment; (7) loans guaranteed by the division of veterans' affairs under  
6 AS 26.15.040(b); (8) [deleted] [AND] (9) the guaranteed portion of  
7 Small Business Administration loans; (10) first lien real estate mort-  
8 gages guaranteed by the federal Veterans Administration; (11) notes  
9 secured by mortgages of real estate or other security if the mortgages  
10 are insured by a corporation which is authorized to do business in  
11 Alaska and has combined capital, surplus and reserves aggregating at  
12 least \$20,000,000; (12) conventional residential mortgages if the  
13 originating financial institution retains at least 25 per cent of the  
14 mortgage. No more than 25 per cent of the surplus may be invested in  
15 mortgage securities of the Department of Commerce, and the state shall  
16 appropriate sufficient money from the general fund to reimburse the  
17 teachers' retirement system for any losses incurred as a result of  
18 failure of the obligors to pay on the notes. No more than \$400,000 of  
19 the surplus may be invested annually in the mortgage securities of the  
20 Department of Natural Resources, and the state shall appropriate suffi-  
21 cient money from the general fund to reimburse the teachers' retirement  
22 system for any losses incurred as a result of failure of the obligors  
23 to pay on the notes.

24 \* Sec. 2. AS 14.25.180 is amended by adding new subsections to read:

25 (e) To qualify as a mortgage which may be purchased under (b)(12)  
26 of this section, the mortgage must

27 (1) have as a mortgagor an Alaska resident;

28 (2) be certified by the originating financial institution

29 that the loan being sold has been made in compliance with the law and

1 that liens supporting the loan have been perfected;

2 (3) have been closed after the effective date of this Act  
3 and no loan may be eligible for purchase that is held by the originating  
4 institution for a period greater than 90 days.

5 (f) When more than one-half of one per cent of the aggregate of  
6 all loans purchased from a financial institution becomes delinquent  
7 for 60 days, the pension fund shall discontinue purchasing loans from  
8 that financial institution until the delinquency is reduced to less  
9 than one-half of one per cent.

10 \* Sec. 3. AS 39.35.110(a) is amended by adding new paragraphs to read:

11 (10) first lien real estate mortgages guaranteed by the  
12 federal Veterans Administration;

13 (11) notes secured by mortgages of real estate or other  
14 security if the mortgages are insured by a corporation which is autho-  
15 rized to do business in Alaska and which has combined capital, surplus  
16 and reserves aggregating at least \$20,000,000;

17 (12) conventional residential mortgages if the originating  
18 financial institution retains at least 25 per cent of the mortgage.

19 \* Sec. 4. AS 39.35.110 is amended by adding new subsections to read:

20 (e) To qualify as a mortgage which may be purchased under (a)(12)  
21 of this section, it must

22 (1) have as a mortgagor an Alaska resident;

23 (2) be certified by the originating financial institution  
24 that the loan being sold has been made in compliance with the law and  
25 that liens supporting the loan have been perfected;

26 (3) have been closed after the effective date of this Act  
27 and no loan may be eligible for purchase that is held by the originating  
28 institution for a period greater than 90 days.

29 (f) When more than one-half of one per cent of the aggregate of

1 all loans purchased from a financial institution becomes delinquent for  
2 60 days, the pension fund shall discontinue purchasing loans from that  
3 financial institution until the delinquency is reduced to less than  
4 one-half of one per cent.  
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Introduced: 2/21/73  
Referred: State Affairs and  
Judiciary

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 253

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the investment of surplus  
7 retirement fund money."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 14.25.180(b) is amended by adding new paragraphs to  
10 read:

11 (9) first lien real estate mortgages guaranteed by the  
12 Federal Veterans Administration;

13 (10) notes secured by mortgages of real estate or other  
14 security if the mortgages are insured by a corporation which is  
15 authorized to do business in Alaska and has combined capital, surplus  
16 and reserves aggregating at least \$20,000,000.

17 \* Sec. 2. AS 39.35.110(a) is amended by adding new paragraphs to read:

18 (10) first lien real estate mortgages guaranteed by the  
19 Federal Veterans Administration;

20 (11) notes secured by mortgages of real estate or other  
21 security if the mortgages are insured by a corporation which is  
22 authorized to do business in Alaska and which has combined capital,  
23 surplus and reserves aggregating at least \$20,000,000.

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AFTER RECESS  
AFTER RECESS  
4:07 p.m.

Present: Senators Groh, Poland, Palmer, Lewis and Butrovich.

HB 487 Senator Groh called the meeting back to order and said the committee would consider HOUSE BILL NO. 487 (\$1,191,000 to the Dept. of Administration, Alaska longevity bonus

to the Dept. of Administration, Alaska longevity bonus program; and providing for an effective date.)

After a brief discussion, Senator Butrovich moved that HB 487 pass from committee with individual recommendations. No objection, so ordered. (All members present signed "do pass")

SB 441 The committee then considered SENATE BILL NO. 441 (\$457,500 appropriation to the Legislative Affairs Agency). Senator Groh stated that Legislative Affairs had indicated they did not have enough money to pay the temporary help at the end of this month unless this supplemental is passed. Senator Poland referred to a letter from John Elliott which indicated the total supplemental needed is \$474,500. The committee agreed this amount would be changed to \$474,500 by amendment. Senator Butrovich moved that SB 441 pass from committee with individual recommendations. No objection, so ordered. (All members present signed "do pass").

Senator Groh then discussed a bill which has been prepared for introduction entitled "An Act relating to the merger and consolidation of corporations." The committee agreed to introduce this as a Finance Committee bill.

SB 440 The committee considered SENATE BILL NO. 440 (\$15,000 to Dept. of Health and Social Services to aid and assist the Seldovia health service facility) and providing for an effective date)) Senator Palmer spoke on the need for this legislation. Senator Lewis moved that SB 440 pass from committee with a "do pass" recommendations. There were no objections; however, Senator Poland signed "do pass if amended."

SB 343 There was a brief discussion on SENATE BILL NO. 343 (teachers' retirement). Senator Palmer agreed to obtain more information on this bill and it was returned to file.

CSHB 253(Judiciary) am The committee considered CSHB 253 (Jud)am (An Act relating to the investment of surplus retirement fund money). Senator Groh read the following proposed

COMMITTEE REPORT

SENATE

2/15/74

Mr. President:

Date March 1, 1974

The Committee on FINANCE has had CSHB 253 (Tud) an investment of surplus retirement fund money under consideration. A Majority of the members of the Committee

- recommends it DO PASS
- recommends it DO NOT PASS
- recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT  
CS FOR \_\_\_\_\_ DO PASS
- "and" recommends it BE REFERRED TO THE \_\_\_\_\_  
COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

[Signature] \_\_\_\_\_

[Signature] \_\_\_\_\_

[Signature] \_\_\_\_\_

[Signature] \_\_\_\_\_

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

[Signature] Chairman

The Legislature of the State of Alaska  
 FISCAL NOTE  
 Second Session - Eighth Legislature

I. REQUEST

Bill Identification: CSHB 253  
 Title: "An Act relating to the investment of surplus retirement fund money"  
 Requested by: Judiciary Committee Date: \_\_\_\_\_  
 Return Date Requested: \_\_\_\_\_  
 Agency: \_\_\_\_\_ Program: \_\_\_\_\_

II. FISCAL DETAIL

Budget Request Unit(s) Affected: None  
 A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 74	FY 75	FY 76	FY 77	FY 78	FY 79
100 PERSONAL SERVICES	00	00	00	00	00	00
200 TRAVEL	00	00	00	00	00	00
300 CONTRACTUAL	00	00	00	00	00	00
400 COMMODITIES	00	00	00	00	00	00
500 EQUIPMENT	00	00	00	00	00	00
600 LAND & STRUCTURES	00	00	00	00	00	00
700 GRANTS, CLAIMS, ETC.	00	00	00	00	00	00
TOTAL						

B. FUNDING: (Thousands of dollars)

GENERAL FUND	00	00	00	00	00	00
FEDERAL FUNDS	00	00	00	00	00	00
OTHER	00	00	00	00	00	00

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See Attachments

IV. ATTACHMENTS

See Attachments

V. DATE: February 22, 1974


PREPARED BY: Lawrence Eppelbach

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

# MEMORANDUM

TO:  Ralph Kimlinger  
Deputy Commissioner  
Department of Revenue

DATE : February 22, 1974

FROM:  L. C. Eppenbach  
Deputy Commissioner, Treasury  
Department of Revenue

SUBJECT: Fiscal Note Request - CSHB 253 amended

The Treasury Division actively supports CSHB 253 (Jud.) Am. We helped draft the original bill and suggested the later committee substitutes.

The expected costs of administering the increased mortgage investments in the retirement funds are uncertain at present. We believe that the existing investment staff can handle this additional workload, therefore, no budget items are displayed in Section II of the Fiscal Note.

Of greater importance is the expected investment return impact on the retirement funds. This is outlined in an attached memorandum from Richard Alexander to Representative Tillion. No one can project the investment return impact with certainty. However, it appears that the returns will be high compared to available alternatives. On balance there is an opportunity to invest the retirement funds at high return for the members of the system and at the same time help the Alaska economy by assisting private institutions meet credit demands.

LCE:ge  
Enclosure

# STATE OF ALASKA

WILLIAMA EGAN, GOVERNOR

## DEPARTMENT OF REVENUE

TREASURY DIVISION

POUCH SB-JUNEAU 99901

February 1, 1974

The Honorable Clem V. Tillion  
Chairman, House Judiciary Committee  
Assembly Apartments  
Juneau, Alaska 99801

Dear Representative Tillion:

The Committee Substitute to House Bill 253 increases the eligible investments for the Public Employees and Teachers Retirement systems to include Federal Veterans Administration guaranteed mortgages, commercial and residential mortgages insured by private mortgage insurance companies, conventional residential mortgages made in Alaska when originating financial institution retains at least 25 per cent of the mortgage for a minimum of two years, commercial mortgages secured by real estate if original financial institution retains 25 per cent of the mortgage, FHA guaranteed business and industrial loans, and guaranteed loans made under the Federal Ship Financing Act of 1972.

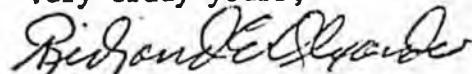
At the present time, the retirement funds can purchase FHA mortgages, State Veterans mortgages, and guaranteed portions of Small Business Administration loans. The new permission will round out the types of mortgages that will qualify for purchase, increase the likelihood that there will always be mortgages available for purchase, create needed secondary markets within the State for some of these mortgages, and provide a high rate of return for the retirement funds. For example, we have purchased over \$12 million of SBA loans since adding them as permissible investments a little over a year ago. Very few SBA loans were being made by the banks prior to our entering the market. Interest rates on these loans range from 8 per cent to 11 per cent, providing an excellent return for the retirement funds.

All of the requested additions are either guaranteed or insured with the exception of conventional residential and commercial real estate loans with bank participation. However, in both of these cases we require that the loans be closed after the effective date of this Act, and that the financial institutions retain a minimum of 25 per cent of the loan for two years in the case of residential and permanently in the case of commercial. As an added protection, no loan is eligible for purchase that is held by the institution for a period greater than 90 days.

By assuming this slight additional risk the funds will receive at least 1/2 to 1 per cent greater return depending on market conditions. For example, the present yield available on FHA and VA is around 8.40%, conventional residential rates are averaging 9.50%, and commercial 10% to 11%.

Each retirement fund has over \$1 million available for investment each month. A great portion of these funds can be placed in long term investments without concern for having to generate cash for drawdowns. Alaska mortgages are ideal investments for these funds and with this added authority can be purchased in increasing numbers.

Very truly yours,



Richard E. Alexander  
State Investment Officer

STATE OF ALASKA  
DEPARTMENT OF REVENUE  
TREASURY DIVISION  
Pouch SB  
Juneau, Alaska 99801  
(907) 465-2350

RETIREMENT FUNDS  
SEMI-ANNUAL INVESTMENT REPORT SUPPLEMENT  
December 31, 1973

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## STATE OF ALASKA

DEPARTMENT OF REVENUE  
TREASURY DIVISIONCOMPARATIVE INVESTMENT PORTFOLIO  
At Cost  
RETIREMENT FUNDS

	December 31, 1973	December 31, 1972	Increase (Decrease)
<b>Teachers' Retirement Fund:</b>			
Cash	\$ 80,709.65	\$ (15,980.71)	\$ 96,690.36
U.S. Bills, Repos, Acceptances	2,685,602.49	2,749,000.00	(63,397.51)
Savings Certificates	4,150,000.00	4,850,000.00	(700,000.00)
Commercial Paper	1,566,000.00	1,393,000.00	173,000.00
Convertible Issues	40,187.50	40,187.50	-0-
U. S. Agencies	19,479,121.46	18,476,608.66	1,002,512.80
Corporate Notes and Bonds	20,207,851.14	9,258,046.50	10,949,804.64
Municipal Bonds	65,416.65	65,416.65	-0-
FHA Mortgages	14,106,197.71	14,223,392.37	(115,194.66)
Veterans' Loans	476,432.04	646,744.44	(170,312.40)
Small Business Loans	6,181,506.91	1,187,000.00	5,994,506.91
Common Stocks	9,588,681.21	10,319,212.82	(730,531.61)
Other Private Placements	1,000,000.00	1,522,226.95	(522,226.95)
<b>Total - Teachers'</b>			
<b>Retirement Fund</b>	<u>\$79,629,706.76</u>	<u>\$63,714,855.18</u>	<u>\$15,914,851.58</u>
<b>Public Employees' Retirement Fund:</b>			
Cash	\$ 27,164.14	\$ 33,741.59	\$ (6,577.45)
U.S. Bills, Repos, Acceptances	2,700,000.00	1,889,000.00	811,000.00
Savings Certificates	2,025,000.00	1,825,000.00	200,000.00
Commercial Paper	2,275,752.70	3,416,151.23	(1,140,398.53)
Convertible Issues	404,292.45	731,637.46	(327,345.01)
U. S. Agencies	17,105,250.26	19,306,015.95	(2,200,765.69)
Corporate Notes and Bonds	19,342,774.19	6,999,120.07	12,343,654.12
Municipal Bonds	35,224.35	35,224.35	-0-
FHA Mortgages	15,400,897.43	14,789,129.29	611,768.14
Veterans' Loans	651,929.04	834,105.48	(182,176.44)
Small Business Loans	6,141,430.09	1,016,399.17	5,125,030.92
Common Stocks	14,363,272.28	14,076,910.50	286,361.78
Other Private Placements	1,000,000.00	1,000,000.00	-0-
<b>Total - Public Employees'</b>			
<b>Retirement Fund</b>	<u>\$81,472,986.93</u>	<u>\$65,952,435.09</u>	<u>\$15,520,551.84</u>

## STATE OF ALASKA

DEPARTMENT OF REVENUE  
TREASURY DIVISIONCOMPARATIVE STATEMENT OF CONDITION  
COST AND MARKET VALUATION  
as of December 31, 1973

	<u>Cost</u>	<u>Market</u>	<u>Market Above (Below) Cost</u>
<u>Teachers' Retirement Fund:</u>			
Cash	\$ 80,709.65	\$ 80,709.65	\$ -0-
U.S. Bills, Repos, Acceptances	2,685,602.49	2,685,602.49	-0-
Savings Certificates	4,150,000.00	4,150,000.00	-0-
Commercial Paper	1,566,000.00	1,566,000.00	-0-
Convertible Issues	40,187.50	28,500.00	(11,687.50)
U. S. Agencies	19,479,121.46	19,051,321.12	(427,800.34)
Corporate Notes and Bonds	20,207,851.14	19,648,650.75	(559,200.39)
Municipal Bonds	65,416.65	60,283.00	(5,133.65)
FHA Mortgages	14,108,197.71	13,042,646.88	(1,065,550.83)
Veterans' Loans	476,432.04	392,178.89	(84,253.15)
Small Business Loans	6,181,506.91	6,039,309.80	(142,197.11)
Common Stocks	9,588,681.21	7,588,810.00	(1,999,871.21)
Other Private Placements	1,000,000.00	990,000.00	(10,000.00)
 Total - Teachers' Retirement Fund	 <u>\$79,629,706.76</u>	 <u>\$75,324,012.58</u>	 <u>\$(4,305,694.18)</u>
<u>Public Employees' Retirement Fund:</u>			
Cash	\$ 27,164.14	\$ 27,164.14	\$ -0-
U.S. Bills, Repos, Acceptances	2,700,000.00	2,700,000.00	-0-
Savings Certificates	2,025,000.00	2,025,000.00	-0-
Commercial Paper	2,275,752.70	2,275,752.70	-0-
Convertible Issues	404,292.45	205,000.00	(199,292.45)
U. S. Agencies	17,105,250.26	16,709,625.00	(395,625.26)
Corporate Notes and Bonds	19,342,774.19	18,735,820.00	(606,954.19)
Municipal Bonds	25,224.35	32,460.00	(2,764.35)
FHA Mortgages	15,400,897.43	14,274,178.21	(1,126,719.22)
Veterans' Loans	651,929.04	553,780.34	(98,148.70)
Small Business Loans	6,141,430.09	5,969,894.37	(171,535.72)
Common Stocks	14,363,272.28	12,783,835.00	(1,579,437.28)
Other Private Placements	1,000,000.00	990,000.00	(10,000.00)
 Total - Public Employees' Retirement Fund	 <u>\$81,472,986.93</u>	 <u>\$77,282,509.76</u>	 <u>\$(4,190,477.17)</u>

## STATE OF ALASKA

DEPARTMENT OF REVENUE  
TREASURY DIVISIONTEACHERS' RETIREMENT FUND  
as of December 31, 1973

	<u>First Purchase Date</u>	<u>Maturity Date</u>	<u>Coupon</u>	<u>Par Value</u>	<u>Dollar Cost Including Prepaid Int.</u>	<u>Purchase Yield</u>
<u>CASH</u>					\$ 80,709.65	
<u>U.S. BILLS, REPOS, ACCEPTANCES</u>						
Repurchase Agreements Franklin National Bank Acceptance	12/31/73	1/2/74	9.75	\$ 1,700,000.00	\$ 1,700,000.00	9.75%
U. S. Treasury Bills	12/20/73	2/27/74	--	349,553.69	343,691.38	9.03%
	11/15/73	1/10/74	--	650,000.00	641,911.11	8.21%
					<u>\$ 2,685,602.49</u>	
<u>SAVINGS CERTIFICATES</u>						
Alaska Fed. Savings & Loan, Juneau	10/12/71	10/12/74			\$ 500,000.00	6.00%
Alaska Fed. Savings & Loan, Juneau	7/1/73	7/1/74			300,000.00	6.00%
Alaska Fed. Savings & Loan, Juneau	7/1/73	7/1/74			300,000.00	6.00%
Alaska Fed. Savings & Loan, Juneau	10/15/73	10/15/74			100,000.00	7.50%
First Fed. Savings & Loan, Fairbanks	1/2/70	8/1/74			600,000.00	6.00%
First Fed. Savings & Loan, Fairbanks	10/12/73	10/12/74			500,000.00	7.50%
First Fed. Savings & Loan, Fairbanks	12/5/72	12/5/74			150,000.00	7.50%
First Fed. Savings & Loan, Anchorage	1/1/70	1/1/75			550,000.00	6.00%
First Fed. Savings & Loan, Anchorage	1/1/70	7/1/74			550,000.00	6.00%
First Fed. Savings & Loan, Anchorage	10/15/73	10/14/74			200,000.00	7.50%
Mt. McKinley Mutual Savings & Loan	2/25/72	2/25/74			400,000.00	6.00%
					<u>\$ 4,150,000.00</u>	
<u>COMMERCIAL PAPER</u>						
General Electric Credit Company	12/5/73	1/11/74	9.58	\$ 400,000.00	\$ 400,000.00	9.58%
General Electric Credit Company	12/27/73	1/25/74	9.57	770,000.00	770,000.00	9.57%
General Telephone of the Northwest	7/2/73	--	8.42	243,000.00	396,000.00	8.42%
					<u>\$ 1,566,000.00</u>	

## STATE OF ALASKA

DEPARTMENT OF REVENUE  
TREASURY DIVISIONTEACHERS' RETIREMENT FUND  
as of December 31, 1973

	<u>First Purchase Date</u>	<u>Maturity Date</u>	<u>Coupon</u>	<u>Par Value</u>	<u>Dollar Cost Including Prepaid Int.</u>	<u>Purchase Yield</u>
<u>CONVERTIBLE ISSUES</u>						
Ogden Corporation	5/20/69	6/1/93	5.00	\$ 50,000.00	\$ 40,187.50	6.47%
<u>U. S. AGENCIES</u>						
Farmers Home Admin.	9/26/72	8/31/77	6.87	\$ 500,839.00	\$ 500,839.37	6.87%
Federal Home Loan Bank	4/12/73	5/25/83	7.30	1,000,000.00	1,000,000.00	7.30%
Federal Home Loan Bank	5/5/73	11/25/74	7.05	1,000,000.00	1,000,000.00	7.05%
Federal Home Loan Bank	10/25/73	11/26/93	7.37	1,500,000.00	1,500,000.00	7.37%
Federal National Mortgage Association	2/28/73	12/10/80	6.60	250,000.00	244,531.25	6.96%
Federal National Mortgage Association	6/5/73	12/10/97	7.10	1,800,000.00	1,714,750.00	7.60%
Federal National Mortgage Association	9/7/73	3/10/92	7.00	2,000,000.00	1,872,500.00	7.65%
Federal National Mortgage Assn. Debentures	12/22/72	10/1/97	7.40	1,000,000.00	1,007,187.50	7.46%
Federal National Mortgage Assn. Notes	9/12/73	5/15/74	9.00	1,000,000.00	938,750.00	9.60%
Federal Land Bank Bonds	10/24/72	11/23/79	6.80	500,000.00	500,000.00	6.80%
Federal Land Bank Bonds	10/23/73	10/20/83	7.30	1,000,000.00	1,000,000.00	7.30%
GNMA Mortgage Backed Securities:						
Pool # 1250	4/14/72	10/15/11	8.10	512,547.71	548,428.03	7.57%
Pool # 1599	4/17/72	7/15/12	7.00	521,304.27	521,304.27	7.00%
Pool # 2365	6/8/73	11/15/98	5.50	4,730,276.55	4,103,747.71	7.68%
General Services Admin.	12/22/73	12/15/02	7.15	1,500,000.00	1,474,583.33	7.29%
International Bank	5/16/73	8/1/95	8.62	500,000.00	552,500.00	7.81%
Washington Mets	7/20/73	7/1/13	7.75	1,000,000.00	1,000,000.00	7.75%
					<u>\$19,479,121.46</u>	
<u>CORPORATE NOTES AND BONDS</u>						
Unionamerica	3/26/71	1/8/75	9.50	\$ 500,000.00	\$ 511,340.29	7.00%
The Singer Company	10/20/70	4/15/76	8.25	175,000.00	175,000.00	8.25%
Skelly Oil Company	10/22/70	5/1/76	8.15	100,000.00	100,000.00	8.15%
Detroit Edison Company	2/15/70	6/15/76	7.00	220,000.00	223,540.00	6.46%
Clark Equipment Credit	10/15/70	10/1/76	8.80	100,000.00	100,000.00	8.80%
Ford Motor Credit Co.	11/15/70	11/1/76	8.37	100,000.00	100,375.00	8.29%
Beneficial Corporation	11/11/70	11/15/76	8.50	200,000.00	200,000.00	8.50%
Macy Credit Company	1/14/71	1/1/77	7.37	350,000.00	356,187.50	6.87%
Commercial Credit Co.	2/18/71	2/15/77	6.87	620,000.00	620,050.00	6.87%
Associates Corp. of North America	1/14/71	4/1/77	8.50	200,000.00	200,000.00	8.50%

## STATE OF ALASKA

DEPARTMENT OF REVENUE  
TREASURY DIVISIONTEACHERS' RETIREMENT FUND  
as of December 31, 1973

	<u>First Purchase Date</u>	<u>Maturity Date</u>	<u>Coupon</u>	<u>Par Value</u>	<u>Dollar Cost Including Prepaid Int.</u>	<u>Purchase Yield</u>
<b>CORPORATE NOTES AND BONDS -</b>						
<b>Continued</b>						
International Investment						
Credit	11/4/71	5/1/77	7.00	\$ 400,000.00	\$ 402,750.00	6.82%
Fruehauf Finance Co.	3/4/71	1/1/78	7.50	520,000.00	526,040.00	7.27%
Swift & Company	3/11/71	3/1/78	7.37	100,000.00	100,000.00	7.37%
Southern Natural Gas	4/18/72	4/1/79	6.87	100,000.00	99,600.00	6.94%
First National Bank of Oregon	3/16/72	2/15/80	6.75	100,000.00	99,500.00	6.86%
Manufacturer's Hanover Trust Notes	10/29/73	4/1/79	6.50	500,000.00	480,125.00	7.40%
B. F. Soul Debentures	3/27/73	2/1/80	8.50	500,000.00	500,000.00	8.50%
Citizens Mortgage Investors Trust	5/4/73	4/15/80	8.50	500,000.00	494,375.00	8.74%
RCA Corporation	3/27/73	6/1/90	9.25	250,000.00	280,937.50	7.92%
General Motors Accept- ance Corporation	8/22/73	5/1/93	8.00	500,000.00	495,620.85	8.08%
Travelers Corporation	4/6/73	8/1/95	8.70	250,000.00	271,250.00	7.88%
International Harvester	5/14/73	9/1/95	8.62	750,000.00	806,250.00	8.00%
International Tel & Tel	4/10/73	10/1/95	8.90	500,000.00	553,750.00	7.87%
Avco Financial	5/18/73	12/1/97	7.62	250,000.00	245,237.50	7.77%
Union Oil of Calif.	11/30/72	6/1/98	6.62	750,000.00	708,232.50	7.10%
Wisconsin Power & Light	2/16/73	8/1/98	6.25	1,000,000.00	871,490.00	7.38%
General Motors Accept- ance Corporation	11/8/73	11/1/98	7.85	500,000.00	500,000.00	7.85%
Corning Glass Works	12/10/73	11/15/98	7.75	500,000.00	506,875.00	7.62%
Household Finance Debentures	10/9/73	10/1/99	7.75	1,000,000.00	1,013,750.00	7.63%
Beneficial Finance	10/31/72	2/1/00	7.45	500,000.00	501,250.00	7.43%
Crown Zellerbach	3/1/73	3/15/00	8.87	500,000.00	560,000.00	7.80%
Bethlehem Steel Corp.	3/1/73	5/15/00	9.00	750,000.00	820,312.50	8.14%
Virginia Electric	3/15/73	9/1/00	8.87	492,000.00	539,970.00	7.99%
Shell Oil Company	2/22/73	9/15/00	8.50	500,000.00	548,750.00	7.74%
American Can Company	10/5/73	3/15/01	7.75	250,000.00	253,750.00	7.63%
Owens-Illinois	10/15/73	4/1/01	7.62	250,000.00	251,250.00	7.58%
Texaco	6/27/73	6/1/01	7.75	500,000.00	505,312.50	7.66%
Shell Oil Company	6/5/73	2/15/02	7.25	500,000.00	487,730.00	7.45%
Ohio Edison	8/14/72	8/1/02	7.50	500,000.00	505,000.00	7.42%
Baltimore Gas & Electric	7/14/72	7/1/02	7.50	500,000.00	501,250.00	7.48%
Commonwealth Edison	6/21/73	6/1/03	7.37	750,000.00	783,300.00	7.80%
Bankamerica Corporation	12/17/73	12/1/03	7.87	500,000.00	495,750.00	7.95%

## STATE OF ALASKA

DEPARTMENT OF REVENUE  
TREASURY DIVISIONTEACHERS' RETIREMENT FUND  
as of December 31, 1973

	<u>First Purchase Date</u>	<u>Maturity Date</u>	<u>Coupon</u>	<u>Par Value</u>	<u>Dollar Cost Including Prepaid Int.</u>	<u>Purchase Yield</u>	
<b>CORPORATE NOTES AND BONDS -</b>							
Continued							
Atlantic Richfield	12/20/73	12/15/03	7.75	\$ 200,000.00	\$ 200,000.00	7.75%	
Pacific Gas & Electric	4/12/73	6/1/04	7.50	500,000.00	496,950.00	7.55%	
Pacific Gas & Electric	7/10/73	6/1/05	7.75	1,000,000.00	965,000.00	7.81%	
Mountain States Tel.	7/2/73	6/1/13	7.75	250,000.00	250,000.00	7.75%	
					<u>\$20,207,851.14</u>		
<b>MUNICIPAL BONDS</b>							
Alaska State Develop- ment Corporation	8/14/63	8/1/83	4.80	\$ 65,000.00	\$ 65,416.65	4.75%	
				<u>Balance at Submission</u>	<u>Interest Rate</u>	<u>Balance Due</u>	<u>Net Interest Yield</u>
<b>FHA MORTGAGES</b>							
Alaska Mutual Savings Bank				\$ 692,062.78	6.00%	\$ 633,528.67	6.39%
Alaska Mutual Savings Bank				420,403.40	6.75%	300,313.79	7.07%
Alaska Mutual Savings Bank				863,626.38	7.50%	656,544.23	7.84%
Alaska Mutual Savings Bank				233,710.52	8.00%	163,941.85	7.92%
Alaska Mutual Savings Bank				839,776.42	8.50%	754,852.66	8.00%
Alaska National Bank				194,094.35	5.75%	112,522.81	5.43%
Alaska State Bank				547,037.89	5.25%	379,755.85	5.19%
Alaska State Bank				783,090.39	6.00%	612,870.88	5.94%
Alaska State Bank				485,184.42	7.00%	425,559.23	7.30%
Alaska State Bank				73,436.04	7.50%	73,405.78	7.30%
Alaska State Bank				611,472.52	8.50%	544,603.98	8.76%
Alaska State bank				136,779.81	8.50%	128,238.96	7.30%
Coast Mortgage Company				206,450.20	5.25%	187,354.40	5.21%
Coast Mortgage Company				331,291.14	6.00%	226,447.40	5.94%
Coast Mortgage Company				470,859.35	7.50%	368,148.93	7.55%
Coast Mortgage Company				492,585.69	8.50%	474,611.14	8.64%
First National Bank of Anchorage				576,357.81	5.25%	250,090.70	4.88%
First National Bank of Anchorage				68,675.04	5.50%	38,776.17	5.17%
First National Bank of Anchorage				511,871.03	5.75%	317,969.77	5.01%
First National Bank of Anchorage				1,936,656.26	7.50%	1,756,878.49	8.03%
First National Bank of Anchorage				1,957,275.67	8.50%	1,584,239.01	8.53%
First National Bank of Ketchikan				36,742.67	5.25%	32,785.39	5.12%
National Bank of Alaska				100,496.04	5.25%	52,394.50	5.30%
National Bank of Alaska				229,905.00	6.00%	155,394.16	6.12%
National Bank of Alaska				3,552,827.25	7.00%	3,454,173.69	7.30%

## STATE OF ALASKA

DEPARTMENT OF REVENUE  
TREASURY DIVISIONTEACHERS' RETIREMENT FUND  
as of December 31, 1973

	Balance at Submission	Interest Rate	Balance Due	Net Interest Yield
<u>FHA MORTGAGES - Continued</u>				
National Bank of Alaska	\$ 154,864.77	7.50%	\$ 152,809.49	7.18%
National Bank of Alaska	296,481.48	8.00%	210,267.68	7.18%
Peoples Bank & Trus	59,477.27	7.50%	59,718.10	7.50%
			<u>\$14,108,197.71</u>	
<u>VETERANS' LOANS</u>				
Veterans' Loans	\$ 2,417,443.37	5.00%	\$ 137,693.08	4.50%
Veterans' Loans	181,047.17	5.00%	69,419.73	5.00%
Veterans' Loans	63,216.17	5.00%	9,603.02	7.04%
Veterans' Loans	137,592.19	5.00%	64,948.48	7.11%
Veterans' Loans	90,570.98	5.00%	54,915.32	7.06%
Veterans' Loans	239,689.63	7.50%	139,852.41	8.76%
			<u>\$ 476,432.04</u>	
<u>SMALL BUSINESS LOANS</u>				
Alaska National Bank	\$ 944,161.98	8.00%	\$ 867,401.46	7.50%
Alaska National Bank	219,434.04	9.00%	212,945.51	8.50%
Alaska National Bank	45,000.00	9.50%	44,161.05	9.00%
Alaska National Bank	204,300.00	10.00%	204,057.00	9.50%
B. M. Behrends Bank	134,047.67	8.75%	311,124.07	8.25%
National Bank of Alaska	2,200,371.04	8.00%	2,797,183.61	8.50%
National Bank of Alaska	503,861.73	9.00%	679,161.36	8.50%
National Bank of Alaska	412,183.23	8.75%	431,798.26	8.25%
National Bank of Alaska	187,082.54	8.50%	183,661.88	8.00%
National Bank of Alaska	281,164.75	0.25%	276,189.50	8.75%
National Bank of Alaska	173,823.21	9.50%	173,823.21	9.00%
			<u>\$ 6,181,506.91</u>	

	First Purchase Date	Dividend Rate	Shares	Dollar Cost Including Prepaid Int.	Purchase Yield
<u>COMMON STOCKS</u>					
American Electric Power	4/29/71	1.90	10,000	\$ 295,951.37	6.42%
American Tel & Tel	3/11/68	2.80	15,000	673,000.73	6.24%
Armco Steel Corp.	6/9/72	1.20	20,000	443,662.45	5.41%
Carrier Corporation	11/22/72	.52	5,000	128,999.50	2.01%
Crown Zellerbach Corporation	3/11/68	1.60	10,000	329,426.37	4.85%
Eastman Kodak Company	4/29/71	1.28	3,000	259,907.47	1.47%
Federated Department Stores	10/10/73	1.08	5,000	218,916.80	2.46%

## STATE OF ALASKA

DEPARTMENT OF REVENUE  
TREASURY DIVISIONTEACHERS' RETIREMENT FUND  
as of December 31, 1973

	<u>First Purchase Date</u>	<u>Dividend Rate</u>	<u>Shares</u>	<u>Dollar Cost Including Prepaid Int.</u>	<u>Purchase Yield</u>
<u>COMMON STOCKS - Continued:</u>					
Firestone Tire & Rubber	3/11/68	1.00	20,000	\$ 480,216.68	4.16%
Ford Motor Company	6/15/72	3.20	10,000	581,366.18	5.50%
General Cable Company	6/9/72	.50	15,000	250,607.00	2.99%
General Electric Company	3/11/68	1.60	10,000	630,609.52	2.53%
General Motors Corporation	3/11/68	4.55	15,000	1,201,447.79	5.68%
General Public Utilities	2/2/71	1.60	15,000	323,945.60	7.41%
General Telephone & Electric	3/11/68	1.72	3,500	145,711.60	4.13%
Goodyear Tire & Rubber	3/11/69	1.00	10,000	271,694.38	3.68%
Gulf Oil Corporation	3/11/68	1.50	4,200	147,798.31	4.26%
Kraftco Corporation	11/24/72	1.77	5,000	226,262.00	3.91%
Mellon National Bank	10/10/73	2.40	2,000	93,619.70	5.12%
Penney (J.C.) Company	10/10/73	1.12	5,000	408,775.24	1.37%
Public Service Electric & Gas	3/11/68	1.72	3,700	138,358.62	4.60%
Republic Steel Corporation	6/9/72	1.20	5,000	118,231.60	5.07%
St. Regis Paper Company	3/21/69	1.20	7,500	188,649.69	4.77%
Southern California Edison	3/11/68	1.56	3,500	121,219.76	4.50%
Standard Oil Co. of California	9/20/73	1.70	6,000	185,143.50	5.50%
Texaco Corporation	9/20/73	1.76	5,000	149,707.00	5.87%
U. S. Freight Company	4/27/71	1.40	15,000	451,901.64	4.64%
U. S. Gypsum Company	3/11/68	1.60	3,520	133,540.07	4.21%
Western Bancorporation	3/7/73	1.40	20,000	603,750.00	4.63%
Westinghouse Electric	3/11/68	.97	10,000	386,260.64	2.51%
				<u>\$ 9,588,681.21</u>	

	<u>First Purchase Date</u>	<u>Maturity Date</u>	<u>Coupon</u>	<u>Par Value</u>	<u>Dollar Cost Including Prepaid Int.</u>	<u>Purchase Yield</u>
<u>OTHER PRIVATE PLACEMENTS</u>						
MGIC Mortgage Corporation	12/29/72	12/15/77	7.75%	\$ 1,000,000.00	\$ 1,000,000.00	7.75%
Grand Total					<u>\$79,629,706.76</u>	

## STATE OF ALASKA

DEPARTMENT OF REVENUE  
TREASURY DIVISIONPUBLIC EMPLOYEES' RETIREMENT FUND  
as of December 31, 1973

	<u>First Purchase Date</u>	<u>Maturity Date</u>	<u>Coupon</u>	<u>Par Value</u>	<u>Dollar Cost Including Prepaid Int.</u>	<u>Purchase Yield</u>
<u>CASH</u>					\$ 27,164.14	
<u>U.S. BILLS, REPOS, ACCEPTANCES</u>						
Repurchase Agreements	12/31/73	1/2/74	9.75	\$ 2,700,000.00	\$ 2,700,000.00	9.75%
<u>SAVINGS CERTIFICATES</u>						
Alaska Fed. Savings & Loan, Juneau	1/1/70	7/1/74			\$ 325,000.00	6.00%
First Fed. Savings & Loan, Fairbanks	1/2/70	5/1/74			325,000.00	6.00%
First Fed. Savings & Loan, Fairbanks	12/21/72	12/21/74			250,000.00	7.50%
First Fed. Savings & Loan, Fairbanks	2/8/73	2/8/75			300,000.00	6.00%
First Fed. Savings & Loan, Fairbanks	2/8/73	2/8/75			100,000.00	7.50%
First Fed. Savings & Loan, Fairbanks	10/24/72	10/25/74			100,000.00	7.50%
First Fed. Savings & Loan, Anchorage	7/10/73	7/9/74			425,000.00	6.50%
First Fed. Savings & Loan, Anchorage	3/29/73	3/29/75			200,000.00	7.50%
					<u>\$ 2,025,000.00</u>	
<u>COMMERCIAL PAPER</u>						
American General Inv. Corporation	12/31/73	1/30/74	10.00	\$ 170,000.00	\$ 168,588.34	10.00%
American General Leasing	12/27/73	1/17/74	9.75	200,000.00	198,862.50	9.75%
First Pennsylvania Manufacturers Trust	12/5/73	1/7/74	9.87	146,000.00	144,758.49	9.87%
First Pennsylvania Manufacturers Trust	12/14/73	1/14/74	9.87	99,000.00	98,158.16	9.87%
Pennsylvania Mfg. Inv. Philadelphia National Capital Corp.	12/24/73	1/17/74	10.00	200,000.00	198,666.67	10.00%
Tenneco Inc.	12/27/73	1/29/74	9.87	241,000.00	238,818.45	9.87%
Valley Bank	12/27/73	1/7/74	9.75	200,000.00	199,404.17	9.75%
Virginia Electric Power	11/30/73	1/3/74	9.75	988,000.00	978,902.17	9.75%
	12/5/73	1/4/74	9.75	50,000.00	49,593.75	9.75%
					<u>\$ 2,275,752.70</u>	

## STATE OF ALASKA

DEPARTMENT OF REVENUE  
TREASURY DIVISIONPUBLIC EMPLOYEES' RETIREMENT FUND  
as of December 31, 1973

	<u>First Purchase Date</u>	<u>Maturity Date</u>	<u>Coupon</u>	<u>Par Value</u>	<u>Dollar Cost Including Prepaid Int.</u>	<u>Purchase Yield</u>
<u>CONVERTIBLE ISSUES</u>						
Baltimore Gas & Electric	9/4/68	Cum.pref.	6.50	\$ 11,000.00	\$ 116,906.40	5.60%
Zayre Corp. Deb.	5/12/71	12/15/94	5.75	250,000.00	287,386.05	5.00%
					<u>\$ 404,292.45</u>	
<u>U. S. AGENCIES</u>						
Federal National Mortgage Association	9/7/73	3/10/92	7.00	\$ 1,000,000.00	\$ 936,250.00	7.65%
Federal National Mortgage Association	6/5/73	12/10/97	7.10	1,700,000.00	1,604,625.00	7.61%
Federal National Mortgage Assn. Capital Deb.	1/4/73	10/1/97	7.40	1,000,000.00	1,009,375.00	7.33%
Federal National Mortgage Association Notes	9/12/73	5/15/74	9.00	1,000,000.00	938,750.00	9.60%
Federal Home Loan Bank	4/12/73	5/25/83	7.30	1,000,000.00	1,002,130.68	7.28%
Federal Home Loan Bank	10/25/73	11/26/93	7.87	2,500,000.00	2,500,000.00	7.37%
Federal Land Banks	10/23/73	10/20/83	7.30	1,000,000.00	1,000,000.00	7.30%
GNMA Mortgage Backed Securities						
Pool # 2366	6/8/73	9/15/98	5.50	4,721,486.25	4,095,994.58	7.68%
General Services Admin.	12/22/72	12/15/02	7.15	2,000,000.00	1,965,625.00	7.29%
International Bank	5/16/73	8/1/95	8.00	500,000.00	552,500.00	7.63%
Washington Mets	7/26/73	7/1/13	7.75	1,500,000.00	1,500,000.00	7.75%
					<u>\$17,105,250.26</u>	
<u>CORPORATE NOTES AND BONDS</u>						
Citizens Mortgage Trust	5/3/73	4/15/80	8.50	\$ 500,000.00	\$ 494,375.00	8.74%
Great American Mortgage Trust	5/10/73	4/1/83	8.75	500,000.00	500,000.00	8.75%
Union Tank Car RCA Corporation	11/8/72	6/1/87	6.00	1,160,000.00	1,034,604.67	7.20%
	3/27/73	6/1/90	9.25	250,000.00	280,937.50	7.92%
General Motors Accept- ance Corporation	8/22/73	5/1/93	8.00	500,000.00	495,620.85	8.09%
Travelers Corp.	4/6/73	8/1/95	8.70	250,000.00	270,416.67	7.88%
International Harvester	7/24/73	9/1/95	8.00	750,000.00	790,000.00	8.10%
International Tel & Tel	3/6/73	10/1/95	8.90	1,500,000.00	1,683,750.00	7.75%
Avco Financial	5/18/73	12/1/97	7.00	250,000.00	245,237.50	7.77%
General Motors Accept- ance Corporation	11/13/73	11/1/98	7.85	500,000.00	500,000.00	7.85%

## STATE OF ALASKA

DEPARTMENT OF REVENUE  
TREASURY DIVISIONPUBLIC EMPLOYEES' RETIREMENT FUND  
as of December 31, 1973

	<u>First Purchase Date</u>	<u>Maturity Date</u>	<u>Coupon</u>	<u>Par Value</u>	<u>Dollar Cost Including Prepaid Int.</u>	<u>Purchase Yield</u>
<b>CORPORATE NOTES AND BONDS -</b>						
Continued						
Avco Financial	11/30/73	11/15/98	8.35	\$ 500,000.00	\$ 500,000.00	8.35%
Corning Glass Works Household Finance Debentures	12/10/73	11/15/98	7.75	500,000.00	506,875.00	7.62%
Crown Zellerbach	10/9/73	10/1/99	7.75	1,000,000.00	1,013,750.00	7.63%
Bethlehem Steel Corp.	3/1/73	3/15/00	8.87	500,000.00	560,000.00	7.80%
Virginia Electric	3/1/73	5/15/00	9.00	750,000.00	820,312.50	8.14%
Shell Oil Company	3/15/73	9/1/00	8.87	495,000.00	543,262.50	7.99%
Texaco	2/22/73	9/15/00	8.50	500,000.00	548,750.00	7.74%
American Can Company	6/27/73	1/1/01	7.75	500,000.00	505,312.50	7.66%
Owens-Illinois Co.	10/5/73	3/15/01	7.75	250,000.00	253,750.00	7.63%
American Cyanamid Beneficial Corp.	10/15/73	4/1/01	7.62	750,000.00	753,750.00	7.58%
Shell Oil Company	5/11/73	4/15/01	7.37	500,000.00	502,500.00	7.30%
Ohio Edison	11/10/72	2/1/02	7.45	500,000.00	501,875.00	7.42%
Baltimore Gas & Electric	6/6/73	2/15/02	7.25	500,000.00	487,417.50	7.46%
Commonwealth Edison	8/14/72	6/1/02	7.50	250,000.00	252,500.00	7.42%
Nabisco Inc.	7/13/72	7/1/02	7.50	500,000.00	501,250.00	7.48%
Eaton Corporation	6/21/73	6/1/03	7.62	1,000,000.00	994,000.00	7.68%
Bankamerica Corporation	11/15/73	11/1/03	7.75	1,025,000.00	1,024,375.00	7.76%
Pacific Gas & Electric	12/10/73	12/1/03	7.87	490,000.00	490,000.00	7.87%
Illinois Bell Tel.	12/19/73	12/1/03	7.87	500,000.00	495,750.00	7.95%
Pacific Gas & Electric	4/12/73	6/1/04	7.50	500,000.00	496,950.00	7.55%
Illinois Bell Telephone	12/20/73	12/10/04	8.00	500,000.00	500,000.00	8.00%
Mountain States Tel.	7/10/73	6/1/05	7.75	250,000.00	248,125.00	7.81%
	10/9/73	4/1/06	7.62	300,000.00	297,327.00	7.70%
	7/2/73	6/1/13	7.75	250,000.00	250,000.00	7.75%
					<u>\$19,342,774.19</u>	

MUNICIPAL BONDS

Alaska State Develop- ment Corporation	8/14/63	8/1/83	4.80	\$ 35,000.00	\$ 35,224.35	4.77%
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FHA MORTGAGES

	<u>Balance at Submission</u>	<u>Interest Rate</u>	<u>Balance Due</u>	<u>Net Interest Yield</u>
Alaska Mutual Savings Bank	\$ 202,129.25	6.75	\$ 124,965.95	7.07%
Alaska Mutual Savings Bank	771,998.31	7.50	707,337.19	7.77%
Alaska Mutual Savings Bank	310,971.44	8.50	228,595.96	8.00%
Alaska National Bank	172,037.02	7.50	170,286.22	7.13%

## STATE OF ALASKA

DEPARTMENT OF REVENUE  
TREASURY DIVISIONPUBLIC EMPLOYEES' RETIREMENT FUND  
as of December 31, 1973

	<u>Balance at Submission</u>	<u>Interest Rate</u>	<u>Balance Due</u>	<u>Net Interest Yield</u>
<b>FHA MORTGAGES - Continued:</b>				
Alaska National Bank	\$ 454,114.45	8.00	\$ 449,202.09	7.63%
Alaska National Bank	389,620.96	8.50	384,724.97	8.13%
Alaska State Bank	408,537.72	5.25	309,173.68	5.20%
Alaska State Bank	678,085.85	6.00	472,065.77	6.00%
Alaska State Bank	167,494.90	6.75	110,725.37	7.07%
Alaska State Bank	2,616,839.22	7.00	2,498,554.39	7.35%
Alaska State Bank	975,382.55	7.50	731,545.61	7.65%
Alaska State Bank	120,543.29	7.50	13,045.57	7.40%
Alaska State Bank	201,415.70	8.00	194,563.53	7.40%
Alaska State Bank	609,023.14	9.50	461,681.61	8.69%
Alaska State Bank	367,002.19	8.50	282,164.28	7.40%
Coast Mortgage Company	100,473.72	5.25	29,706.65	5.21%
Coast Mortgage Company	243,015.81	5.75	217,801.17	5.63%
Coast Mortgage Company	408,488.25	6.00	285,833.98	6.00%
Coast Mortgage Company	1,015,173.20	7.00	1,053,421.18	7.30%
Coast Mortgage Company	464,760.66	7.50	321,131.12	7.92%
First National Bank of Anchorage	713,753.33	5.25	625,780.48	5.16%
First National Bank of Anchorage	72,747.56	5.50	56,044.68	5.28%
First National Bank of Anchorage	132,303.13	5.75	81,157.93	5.11%
First National Bank of Anchorage	485,344.67	7.00	510,951.41	7.40%
First National Bank of Anchorage	1,632,683.60	7.50	1,225,669.19	7.92%
First National Bank of Anchorage	1,322,131.67	8.50	946,455.51	8.39%
National Bank of Alaska	64,774.81	5.25	61,369.58	5.61%
National Bank of Alaska	1,188,196.65	6.00	809,735.39	6.24%
National Bank of Alaska	981,081.39	8.50	946,701.34	8.25%
National Bank of Alaska	996,278.27	7.00	59,687.64	7.30%
National Bank of Alaska	60,320.07	7.50	1,009,832.16	7.31%
National Bank of Alaska	26,700.00	5.25	20,985.83	4.75%
			<u>\$15,400,897.43</u>	
<b>VETERANS' LOANS</b>				
Veterans' Loans	\$ 2,003,956.26	5.00	\$ 136,171.72	4.50%
Veterans' Loans	179,470.81	5.00	43,471.50	5.00%
Veterans' Loans	109,705.17	6.00	35,304.61	5.50%
Veterans' Loans	68,095.31	6.00	29,653.87	5.50%
Veterans' Loans	81,156.43	6.00	46,927.81	7.04%
Veterans' Loans	269,535.70	6.00	154,952.39	7.61%
Veterans' Loans	98,572.88	5.00	4,838.38	8.65%
Veterans' Loans	255,819.81	7.50	200,608.76	8.76%
			<u>\$ 651,929.04</u>	

## STATE OF ALASKA

DEPARTMENT OF REVENUE  
TREASURY DIVISIONPUBLIC EMPLOYEES' RETIREMENT FUND  
as of December 31, 1973

	Balance at <u>Submission</u>	Interest <u>Rate</u>	Balance <u>Due</u>	Net Interest <u>Yield</u>
<u>SMALL BUSINESS LOANS</u>				
Alaska State Bank	\$ 380,806.68	8.75	\$ 267,808.08	8.25%
Alaska State Bank	691,520.26	8.00	590,478.79	7.50%
National Bank of Alaska	2,623,278.27	8.00	2,535,854.43	7.50%
National Bank of Alaska	336,721.02	9.50	311,564.19	9.00%
National Bank of Alaska	225,000.00	8.75	223,515.97	8.25%
National Bank of Alaska	310,324.50	9.00	310,324.50	8.50%
Peoples Bank & Trust	1,285,171.54	8.00	1,213,129.35	7.50%
Peoples Bank & Trust	8,381.78	8.25	7,317.88	7.75%
Peoples Bank & Trust	215,168.59	9.00	209,817.79	8.50%
Peoples Bank & Trust	324,942.55	9.25	322,273.62	8.75%
Peoples Bank & Trust	184,278.68	8.75	149,345.49	8.25%
			<u>\$ 6,141,430.09</u>	

	First Purchase <u>Date</u>	Dividend <u>Rate</u>	<u>Shares</u>	Dollar Cost Including <u>Prepaid Int.</u>	Purchase <u>Yield</u>
<u>COMMON STOCKS</u>					
Aetna Life & Casualty	2/28/73	2.00	10,000	\$ 624,274.48	3.20%
Allegheny Power System	12/10/71	1.44	17,000	361,865.68	6.76%
American Home Products	11/14/73	.64	8,000	339,112.00	1.51%
American Tel & Tel	4/28/71	2.80	10,000	487,865.10	5.74%
Baltimore Gas & Electric	12/17/71	1.96	12,000	365,477.24	6.44%
Bank of America	3/25/68	1.32	20,000	742,244.29	3.56%
Campbell Soup Company	3/1/71	1.18	18,000	604,120.69	3.51%
Central Illinois Public Service	3/25/68	1.20	15,000	302,445.12	5.95%
Coca Cola Company	12/17/73	1.90	800	100,981.33	1.50%
Continental Can Company	3/25/78	1.60	23,000	722,513.61	5.09%
Continental Corporation	8/15/68	2.40	11,360	441,012.40	6.18%
Continental Telephone Corp.	4/24/70	.92	30,000	628,332.81	4.39%
Dresser Industries	12/17/73	1.40	4,000	250,360.85	2.24%
Eastman Kodak Corp.	12/17/73	1.28	1,000	115,029.47	1.11%
Evans Products	12/13/72	.40	26,000	554,116.50	1.88%
Exxon Corporation	3/25/68	5.00	7,000	509,745.17	6.87%
First National City Corp.	12/17/73	.72	8,000	341,031.51	1.69%
General Motors Corporation	3/25/68	9.40	9,000	705,113.03	6.25%
Greyhound Corporation	1/26/71	1.04	20,000	383,531.01	5.43%
Grolier, Inc.	4/22/71	.90	14,000	316,146.20	3.98%
Illinois Central Industries	3/29/69	1.30	17,000	563,907.10	3.91%
Indiana Power & Light	3/25/68	1.82	23,000	601,701.95	6.96%

## STATE OF ALASKA

DEPARTMENT OF REVENUE  
TREASURY DIVISIONPUBLIC EMPLOYEES' RETIREMENT FUND  
as of December 31, 1973

	<u>First Purchase Date</u>	<u>Dividend Rate</u>	<u>Shares</u>	<u>Dollar Cost Including Prepaid Int.</u>	<u>Purchase Yield</u>	
<u>COMMON STOCKS - Continued</u>						
IBM Corporation	12/17/73	4.48	500	\$ 132,477.83	1.69%	
International Paper	1/21/72	1.50	16,000	569,072.35	4.22%	
Mead Corporation	1/24/72	.80	25,000	463,515.52	4.31%	
Pacific Gas & Electric	3/25/68	1.78	16,000	505,927.15	5.63%	
Raytheon Company	11/14/73	.70	10,000	322,518.08	2.17%	
Richmond Corporation	5/6/70	.60		406,949.50	2.95%	
Safeco Corporation	3/25/68	.90	10,000	407,316.60	2.21%	
Southern California Edison	3/25/68	1.56	25,000	729,786.52	5.34%	
United Telecommunications	10/14/70	1.04	36,000	664,810.07	5.63%	
Western Airlines	7/24/73	.40	10,000	99,971.12	4.00%	
				<u>\$14,363,272.28</u>		
	<u>First Purchase Date</u>	<u>Maturity Date</u>	<u>Coupon</u>	<u>Par Value</u>	<u>Dollar Cost Including Prepaid Int.</u>	<u>Purchase Yield</u>
<u>OTHER PRIVATE PLACEMENTS</u>						
MGIC Mortgage Corporation Notes	12/29/72	12/15/77	7.75	\$ 1,000,000.00	<u>\$ 1,000,000.00</u>	7.75%
Grand Total					<u>\$81,472,986.93</u>	

# STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

## DEPARTMENT OF REVENUE

TREASURY DIVISION  
POUCH SB-JUNEAU 99801  
February 1, 1974

The Honorable Clem V. Tillion  
Chairman, House Judiciary Committee  
Assembly Apartments  
Juneau, Alaska 99801

Dear Representative Tillion:

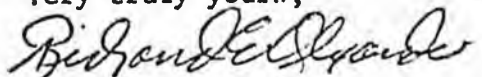
The Committee Substitute to House Bill 253 increases the eligible investments for the Public Employees and Teachers Retirement systems to include Federal Veterans Administration guaranteed mortgages, commercial and residential mortgages insured by private mortgage insurance companies, conventional residential mortgages made in Alaska when originating financial institution retains at least 25 per cent of the mortgage for a minimum of two years, commercial mortgages secured by real estate if original financial institution retains 25 per cent of the mortgage, FHA guaranteed business and industrial loans, and guaranteed loans made under the Federal Ship Financing Act of 1972.

At the present time, the retirement funds can purchase FHA mortgages, State Veterans mortgages, and guaranteed portions of Small Business Administration loans. The new permission will round out the types of mortgages that will qualify for purchase, increase the likelihood that there will always be mortgages available for purchase, create needed secondary markets within the State for some of these mortgages, and provide a high rate of return for the retirement funds. For example, we have purchased over \$12 million of SBA loans since adding them as permissible investments a little over a year ago. Very few SBA loans were being made by the banks prior to our entering the market. Interest rates on these loans range from 8 per cent to 11 per cent, providing an excellent return for the retirement funds.

All of the requested additions are either guaranteed or insured with the exception of conventional residential and commercial real estate loans with bank participation. However, in both of these cases we require that the loans be closed after the effective date of this Act, and that the financial institutions retain a minimum of 25 per cent of the loan for two years in the case of residential and permanently in the case of commercial. As an added protection, no loan is eligible for purchase that is held by the institution for a period greater than 90 days.

By assuming this slight additional risk the funds will receive at least 1/2 to 1 per cent greater return depending on market conditions. For example, the present yield available on FHA and VA is around 8.40%, conventional residential rates are averaging 9.50%, and commercial 10% to 11%.

Each retirement fund has over \$1 million available for investment each month. A great portion of these funds can be placed in long term investments without concern for having to generate cash for drawdowns. Alaska mortgages are ideal investments for these funds and with this added authority can be purchased in increasing numbers.

Very truly yours,  
  
Richard E. Alexander

STATE  
of ALASKA

# MEMORANDUM

TO: [ Ralph Kimlinger  
Deputy Commissioner  
Department of Revenue

DATE : February 22, 1974

FROM: L. C. Eppenbach *LE*  
Deputy Commissioner, Treasury  
Department of Revenue

SUBJECT: Fiscal Note Request - CSHB 253 amended

The Treasury Division actively supports CSHB 253 (Jud.) Am. We helped draft the original bill and suggested the later committee substitutes.

The expected costs of administering the increased mortgage investments in the retirement funds are uncertain at present. We believe that the existing investment staff can handle this additional workload, therefore, no budget items are displayed in Section II of the Fiscal Note.

Of greater importance is the expected investment return impact on the retirement funds. This is outlined in an attached memorandum from Richard Alexander to Representative Tillion. No one can project the investment return impact with certainty. However, it appears that the returns will be high compared to available alternatives. On balance there is an opportunity to invest the retirement funds at high return for the members of the system and at the same time help the Alaska economy by assisting private institutions meet credit demands.

LCE:ge  
Enclosure

# STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

## DEPARTMENT OF REVENUE

TREASURY DIVISION

POUCH SB-JUNEAU 99801

February 1, 1974

The Honorable Clem V. Tillion  
Chairman, House Judiciary Committee  
Assembly Apartments  
Juneau, Alaska 99801

Dear Representative Tillion:

The Committee Substitute to House Bill 253 increases the eligible investments for the Public Employees and Teachers Retirement systems to include Federal Veterans Administration guaranteed mortgages, commercial and residential mortgages insured by private mortgage insurance companies, conventional residential mortgages made in Alaska when originating financial institution retains at least 25 per cent of the mortgage for a minimum of two years, commercial mortgages secured by real estate if original financial institution retains 25 per cent of the mortgage, FHA guaranteed business and industrial loans, and guaranteed loans made under the Federal Ship Financing Act of 1972.

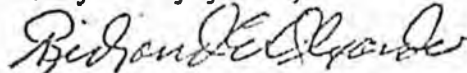
At the present time, the retirement funds can purchase FHA mortgages, State Veterans mortgages, and guaranteed portions of Small Business Administration loans. The new permission will round out the types of mortgages that will qualify for purchase, increase the likelihood that there will always be mortgages available for purchase, create needed secondary markets within the State for some of these mortgages, and provide a high rate of return for the retirement funds. For example, we have purchased over \$12 million of SBA loans since adding them as permissible investments a little over a year ago. Very few SBA loans were being made by the banks prior to our entering the market. Interest rates on these loans range from 8 per cent to 11 per cent, providing an excellent return for the retirement funds.

All of the requested additions are either guaranteed or insured with the exception of conventional residential and commercial real estate loans with bank participation. However, in both of these cases we require that the loans be closed after the effective date of this Act, and that the financial institutions retain a minimum of 25 per cent of the loan for two years in the case of residential and permanently in the case of commercial. As an added protection, no loan is eligible for purchase that is held by the institution for a period greater than 90 days.

By assuming this slight additional risk the funds will receive at least 1/2 to 1 per cent greater return depending on market conditions. For example, the present yield available on FHA and VA is around 8.40%, conventional residential rates are averaging 9.50%, and commercial 10% to 11%.

Each retirement fund has over \$1 million available for investment each month. A great portion of these funds can be placed in long term investments without concern for having to generate cash for drawdowns. Alaska mortgages are ideal investments for these funds and with this added authority can be purchased in increasing numbers.

Very truly yours,



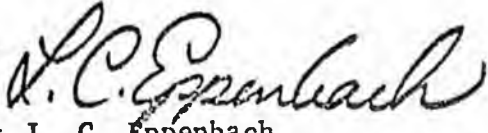
Richard E. Alexander  
State Investment Officer

STATE  
of ALASKA

## MEMORANDUM

TO: Robert D. Stevenson, Commissioner  
Department of Revenue

DATE : January 15, 1974

FROM:   
L. C. Eppenbach  
Deputy Commissioner, Treasury  
Department of RevenueSUBJECT: Retirement Fund Investment Review  
Committee Findings

This memorandum presents in summary form the significant findings of the Retirement Fund Investment Review Committee. Events leading up to the decision to review management proposals and a recommended timetable of action are also included.

## 1. Background events leading to review.

a. For the four years from 1969 to 1972 an accurate performance measurement was made for the portion of each retirement fund managed by the Alaskan banks. The results showed that although each manager performed reasonably well in the down market years of 1969 and 1970 there was a less than satisfactory performance turned in during the up market years of 1971 and 1972. No one year's performance alone is significant. However, when measured over a period of four years containing a full up and down market cycle the results were significant.

	<u>Annual Cumulative</u> <u>1969-1972 Return</u>	<u>Comparative Rank of</u> <u>Other Pension Funds</u>
National Bank of Alaska (Public Employees Retirement Fund)	3.25	Bottom 2%
First National Bank of Anchorage (Teachers Retirement Fund)	3.65	Bottom 12%

The results for all of 1973 are not in. For the nine months through September, National Bank of Alaska achieved a -4.17% and First National Bank a -2.27%. These returns, although negative, compare favorably with similar funds during 1973 and rank in the top 20% and 10% respectively. However, a strong relative performance in 1973 will not cause the rankings for the five year period to be above the bottom quarter. Again, stronger relative performance in down market cycles alone is not sufficient to achieve satisfactory returns.

b. Beginning in 1971 the results each year of the portfolio evaluation were discussed in detail with the portfolio managers. Following receipt of the four year analysis last spring an extensive review took place here during June. At that time the managers were made completely aware of the dissatisfaction of their client.

c. At the June meeting the National Bank of Alaska described a potential shift in portfolio management expected during the summer. The First National Bank indicated that a more streamlined buy list procedure was being proposed to the trust committee that would allow Tom Duff, the investment officer, to move with greater flexibility.

d. By the end of last summer when a new investment officer was hired by the National Bank of Alaska and when little change in activity was noted in the First National Bank management, a more extensive review was recommended by the Treasury Division. Even though less than 20% of the retirement funds are presently invested in common stocks and the overall performance of the funds have been adequate, all portions of the fund must perform well to achieve long term total return. The entire purpose of having a small amount of the retirement funds invested in the stock market is to hedge against inflation. When the economy and the market moves higher the stocks should perform well, merely holding their own in poor markets does not satisfy the objective. Therefore, we recommended a review of additional management proposals.

2. Firms presenting management proposals.

a. On September 11, 1973 proposal requests were sent to the following:

1. Aetna Capital Management, Inc.
2. Alliance Capital Management Corp.
3. IDS Advisory Corporation
4. Lionel D. Edie & Company
5. Loomis and Kennedy
6. Loomis, Sayles and Company
7. Scudder, Stevens, and Clark
8. Intercapital Inc/Standard & Poor

In addition, Seattle First National Bank Trust Department and the two present Alaska bank managers were also asked to make presentations. All these firms have either presented management proposals to the State in the past, are presently employed by the State, or are major public pension fund specialists.

The decision to limit the number of proposals was based on the need to give each firm a realistic hearing. With hundreds of firms interested in managing institutional funds and willing to come to Alaska to make presentations, the chances for their statements to overlap and overwhelm a committee are all too likely. If you recall, the hearing on management of the North Slope Bonus Account suffered this critical problem.

b. During October written proposals were received and an investment review committee was proposed. Such a committee needs to be widely representative of the investment needs of these retirement funds. The proposed committee included representatives of the Departments of Administration and Revenue, the two retirement boards, and the Office of the Governor. Following a review of this proposal by the Governor's Office the following committee was nominated:

R. D. Stevenson, Commissioner of Revenue  
L. C. Eppenbach, Deputy Commissioner, Treasury  
Joseph R. Henri, Commissioner of Administration  
Robert Gates, Retirement Administrator  
Jerry Norum, Chairman, Teachers Retirement Board  
Robert Anderson, Member, Public Employees Retirement Board

The Committee was authorized to determine if a new investment agent should be secured and if so under what terms. The Committee would have the Com-

missioner of Revenue as its chairman and meet quarterly to review performance.

3. Investment review presentation.

a. Beginning Monday, January 7 and continuing through Saturday, January 12, this investment review committee reviewed investment management proposals. On the first day the two present managers made their presentations. Thereafter, every day approximately two presentations were heard, one in the morning and one in the afternoon. In all, over twenty hours of formal testimony was taken. The Committee deliberated many hours. It became apparent that no one firm was superior in all respects. It also became apparent to the committee during the course of the week that there was a likely chance of a new management being able to perform better than the present managers.

b. Following the final presentation Saturday afternoon four members of the committee met and unanimously selected two new firms to manage the common stock portion of the retirement funds. Although in the end three or four firms were in the running, the selected firms combined the best balance of research, portfolio management, and decision making abilities. The recommendation of the four committee members were:

1. For the Teachers Retirement Fund:

Retain Alliance Capital Management Corporation as  
Investment Manager.  
Retain First National Bank of Anchorage as custodian agent.

2. For the Public Employees Retirement Fund:

Retain Lionel D. Edie Company as Investment Manager.  
Retain National Bank of Alaska as custodian agent.

c. The initial size of each account should be approximately twenty million dollars. This would limit the amount of funds that could be invested in common stocks to not more than 25% of the total investment portfolio.

d. Since the fee schedule for the Alliance Capital Management Corporation at approximately \$67,000 is higher than the schedule for Lionel D. Edie at \$43,000 and since Alliance will provide retirement system advice of value to both plans, it was decided that each fund should pay a like amount for management, averaging \$55,000.

4. Recommended course of action.

a. An individual review of the decision of the Investment Review Committee by the Office of the Governor is necessary and should commence right away.

b. Notification of management selection to the new and present manager together with a determination of just and equitable custodian fees would be the second step.

Robert D. Stevenson

..-4-

January 15, 1974

c. Formal review by the Attorney General's Office of appropriate contracts for management services and custody would be the third step.

As I am traveling to Anchorage tomorrow a review by the Governor's Office is desirable at this time.

LCE:ge

Original sponsor: Rules Committee by  
Request of the Governor

Offered: 2/4/74  
Referred: Rules

1 IN THE HOUSE

BY JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 253

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the investment of surplus retirement  
7 and money; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 14.25.180(b) is amended to read:

10 (b) When, in the opinion of the commissioner of administration,  
11 there is on hand in the retirement fund a surplus over and above a  
12 reasonably safe amount to take care of current demands upon the fund,  
13 the surplus or so much of it as in the judgment of the commissioner of  
14 administration is considered proper may be invested by the commissioner  
15 of revenue in (1) bonds or other interest-bearing obligations and  
16 securities of the United States or an agency of the United States, a  
17 state of the United States, or a political subdivision of any state of  
18 the United States, if the political subdivision has a population as  
19 shown by the last federal census preceding the investment of no less  
20 than 30,000 inhabitants, except no population limitation applies to a  
21 political subdivision of this state; (2) first lien real estate  
22 mortgage securities insured by the Federal Housing Administration  
23 under the National Housing Act of the United States, or held by the  
24 Department of Commerce, or the Department of Natural Resources; (3)  
25 corporation bonds, and preferred and common stocks as the commissioner  
26 of revenue considers proper investments for the funds; (4) shares of  
27 federally chartered savings and loan associations in Alaska, to the  
28 extent that the investment is insured by the federal government or by  
29 an agency of the federal government; (5) deposits with mutual savings

1 banks in Alaska, to the extent that the investment is insured by the  
2 federal government or an agency of the federal government; (6) deposits  
3 with state and national banks in Alaska to the extent that the invest-  
4 ment is insured by the federal government or an agency of the federal  
5 government; (7) loans guaranteed by the division of veterans' affairs  
6 under AS 26.15.040(b); (8) [deleted] [AND] (9) the guaranteed portion  
7 of Small Business Administration loans; (10) first lien real estate  
8 mortgages guaranteed by the federal Veterans Administration; (11)  
9 notes secured by mortgages of commercial or residential real estate or  
10 other security if the mortgages are insured by a corporation which is  
11 authorized to do business in Alaska and has combined capital, surplus  
12 and reserves aggregating at least \$20,000,000; (12) conventional  
13 residential mortgages if the originating financial institution retains  
14 at least 25 per cent of the mortgage for a minimum of two years; (13)  
15 notes secured by mortgages of commercial real estate if the originating  
16 financial institution retains at least 25 per cent of the mortgage;  
17 (14) FHA guaranteed portion of business and industrial loans made  
18 under the Rural Development Act of 1972; (15) guaranteed portion of  
19 loans made under the Federal Ship Financing Act of 1972. No more than  
20 25 per cent of the surplus may be invested in mortgage securities of  
21 the Department of Commerce, and the state shall appropriate sufficient  
22 money from the general fund to reimburse the teachers' retirement  
23 system for any losses incurred as a result of failure of the obligors  
24 to pay on the notes. No more than \$400,000 of the surplus may be  
25 invested annually in the mortgage securities of the Department of  
26 Natural Resources, and the state shall appropriate sufficient money  
27 from the general fund to reimburse the teachers' retirement system for  
28 any losses incurred as a result of failure of the obligors to pay on  
29 the notes.

1 \* Sec. 2. AS 14.25.180 is amended by adding new subsections to read:

2 (e) To qualify as a mortgage which may be purchased under (b)(12)  
3 and (13) of this section, the mortgage must

4 (1) have as a mortgagor an Alaska resident;

5 (2) be certified by the originating financial institution  
6 that the loan being sold has been made in compliance with the law and  
7 that liens supporting the loan have been perfected:

8 (3) have been closed after the effective date of this Act  
9 and no loan may be eligible for purchase that is held by the originating  
10 institution for a period greater than 90 days.

11 (f) When more than one-half of one per cent of the aggregate of  
12 all loans purchased from a financial institution becomes delinquent  
13 for 60 days, the pension fund shall discontinue purchasing loans from  
14 that financial institution until the delinquency is reduced to less  
15 than one-half of one per cent.

16 \* Sec. 3. AS 39.35.110(a) is amended by adding new paragraphs to read:

17 (10) first lien real estate mortgages guaranteed by the  
18 federal Veterans Administration;

19 (11) notes secured by mortgages of commercial or residential  
20 real estate or other security if the mortgages are insured by a corpo-  
21 ration which is authorized to do business in Alaska and has combined  
22 capital, surplus and reserves aggregating at least \$20,000,000;

23 (12) conventional residential mortgages if the originating  
24 financial institution retains at least 25 per cent of the mortgage for  
25 a minimum of two years;

26 (13) notes secured by mortgages of commercial real estate  
27 if the originating financial institution retains at least 25 per cent  
28 of the mortgage;

29 (14) FHA guaranteed portion of business and industrial

1 loans made under the Rural Development Act of 1972;

2 (15) guaranteed portion of loans made under the Federal  
3 Ship Financing Act of 1972.

4 \* Sec. 4. AS 39.35.110 is amended by adding new subsections to read:

5 (e) To qualify as a mortgage which may be purchased under (a)(12)  
6 and (13) of this section, it must

7 (1) have as a mortgagor an Alaska resident;

8 (2) be certified by the originating financial institution  
9 that the loan being sold has been made in compliance with the law and  
10 that liens supporting the loan have been perfected;

11 (3) have been closed after the effective date of this Act  
12 and no loan may be eligible for purchase that is held by the originating  
13 institution for a period greater than 90 days.

14 (f) When more than one-half of one per cent of the aggregate of  
15 all loans purchased from a financial institution becomes delinquent  
16 for 60 days, the pension fund shall discontinue purchasing loans from  
17 that financial institution until the delinquency is reduced to less  
18 than one-half of one per cent.

19 (g) Notwithstanding any other provisions, the pension fund may  
20 purchase, at fair market value, any assets of the retirement system of  
21 any participating municipality as of the effective date of participation.

22 \* Sec. 5. This Act takes effect on the day after its passage and approval  
23 or on the day it becomes law without approval.



# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith  
Signature of Camera Operator

4/26/89  
Date

Introduced: 2/21/73  
Referred: Health, Education  
& Social Services and  
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 254

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to administration of the program of  
7 aid for exceptional children; and providing for an  
8 effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. AS 14 is amended by adding new sections to read:

11 Sec. 14.30.360. ASSISTANCE AUTHORIZED. The Department of  
12 Education may provide professional guidance and financial assistance  
13 to organized groups of parents according to standards and regulations  
14 devised by the department for providing special services, evaluation  
15 and special training required by exceptional children who are educable  
16 or trainable but physically or mentally retarded.

17 Sec. 14.30.365. STANDARDS FOR ASSISTANCE. The department shall  
18 assist organized parental groups which have requested assistance and  
19 have arranged for the necessary facilities and equipment for training  
20 centers for five or more exceptional children. The department shall  
21 restrict its assistance to evaluation, professional guidance and re-  
22 cruitment and payment of specialized teachers.

23 Sec. 14.30.370. APPROPRIATIONS. Appropriations to carry out the  
24 purposes of this chapter shall be made to the Department of Education.

25 Sec. 14.30.375. PURPOSE. The purpose of this chapter is to pro-  
26 vide assistance to groups of parents organized to accomplish the eval-  
27 uation and special training for the exceptional children of the state  
28 who do not come within laws relating to education or training because  
29 of their age or severity of handicap.

1           Sec. 14.30.380. DEFINITIONS. In this chapter

2           (1) "exceptional children" includes physically handicapped  
3 children and mentally retarded educable and trainable children;

4           (2) "evaluation" means the physical and mental examinations  
5 necessary to determine the extent of the handicap;

6           (3) "educable mentally retarded children" includes children  
7 who are capable of some academic learning over an extended period of  
8 time;

9           (4) "special service" means evaluation and special training;

10          (5) "special training" means (A) nursery or pre-school  
11 training to compensate for the special handicaps of exceptional  
12 children in order to prepare them, when possible, for admission to  
13 special classes in a regular school at the age determined by law, or  
14 (B) training in self-help skills, safety, social and simple occupational  
15 skills for trainable mentally retarded children of school age who are  
16 incapable of academic subjects;

17          (6) "trainable mentally retarded children" includes children  
18 who are not capable of academic learning but can be taught self-help  
19 skills, safety, handicrafts, household tasks and simple occupational  
20 skills.

21 \* Sec. 2. AS 47.20.010 - 050 are repealed.

22 \* Sec. 3. This Act takes effect July 1, 1973.

Original sponsor: Rules Committee by  
request of the Governor

Offered: 3/17/73  
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 254

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to administration of the program of  
7 aid for preschool exceptional children; and providing  
8 for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. AS 14.30 is amended by adding new sections to read:

11 Sec. 14.30.360. PURPOSE. The purpose of secs. 360 - 400 of this  
12 chapter is to provide assistance to groups of persons organized to  
13 accomplish the evaluation and special training for preschool exceptional  
14 children of the state who do not come within laws relating to education  
15 or training because of their age or severity of handicap.

16 Sec. 14.30.370. ASSISTANCE AUTHORIZED. The Department of Educa-  
17 tion shall provide professional guidance and direct financial assistance  
18 to organized groups of persons offering special services to preschool  
19 exceptional children according to standards and regulations established  
20 by the Department of Education.

21 Sec. 14.30.380. STANDARDS FOR ASSISTANCE. The department shall  
22 assist organized groups of persons which have requested assistance and  
23 have arranged for the necessary facilities and equipment for training  
24 centers for five or more preschool exceptional children.

25 Sec. 14.30.390. TRANSFER OF APPROPRIATE FUNDS. Funds appropriated  
26 to the Department of Health and Social Services for the purpose of  
27 assisting preschool exceptional education programs in Anchorage, Fair-  
28 banks, and Juneau, that are unexpended as of the effective date of this  
29 Act, shall be transferred to the Department of Education for the

1 purposes of secs. 360 - 400 of this chapter.

2 Sec. 14.30.400. DEFINITIONS. In secs. 360 - 400 of this chapter

3 (1) "preschool exceptional children" includes physically,  
4 mentally, or emotionally handicapped preschool children;

5 (2) "evaluation" means the physical and mental examinations  
6 necessary to determine the extent of the handicap;

7 (3) "special training" means

8 (A) nursery or preschool training to compensate for the  
9 special handicaps of exceptional children in order to prepare them,  
10 when possible, for admission to special classes in a regular school  
11 at the age determined by law, or

12 (B) training in self-help skills, safety, social and  
13 simple occupational skills for exceptional children.

14 \* Sec. 2. AS 47.20.010 - 47.20.050 are repealed.

15 \* Sec. 3. This Act takes effect July 1, 1973.  
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The Legislature of the State of Alaska  
 FISCAL NOTE  
 First Session - Eighth Legislature

I. REQUEST

Bill Identification: HB 254, CS HB 254, and HB 370  
 Title: Educational Services for Preschool Exceptional Children  
 Requested by: Legislative Finance Date: 3/20/73  
 Return Date Requested: ASAP  
 Agency: Education Program: Pre-school, Elem.-Secondary

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Financial Support program and Instructional Serv

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 73	FY 74	FY 75	FY 76	FY 77	FY 78
100 PERSONAL SERVICES						
200 TRAVEL		2.0	2.1	2.2	2.3	2.4
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		117.0	116.0	121.0	126.0	131.0
TOTAL		113.0	118.1	123.2	128.3	133.4

B. FUNDING: (Thousands of dollars)

GENERAL FUND		113.0	118.1	123.2	128.3	133.4
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

200: Department assistance - 10 trips @ \$125/trip + 25 days @ \$30/day = \$2,000.

700: Est. 130 students @ \$2,000 ea. = \$260,000 of which \$149,000 is in the Health and Social Services Department budget (CS HB 254 would transfer that appropriation to the Department of Education).

IV. ATTACHMENTS

V. DATE: 3/23/73

PREPARED BY: D. William N. Cole

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)



JUNEAU ALASKA

Alaska State Legislature  
House

FINANCE COMMITTEE BILL ASSIGNMENT

TO: Representative Ose                      DATE: March 30, 1973

FROM: Earl D. Hillstrand  
Chairman  
House Finance Committee

BILL NO.: HOUSE BILL 254

TITLE: "An Act relating to administration of the program of aid for exceptional children; and providing for an effective date."

COMMENTS: This bill has been referred to you for your review and research and eventual presentation to the committee for their consideration.

April 6, 1973

TO: The Honorable Tom Fink  
Speaker of the House

FROM: Jay Hogan, Director  
Division of Legislative Finance

SUBJ: CSHB 254

The fiscal notes for HB 254 and 370 are not properly tied together. HB 370 would appropriate \$111,000 from the General Fund to the Department of Education for the purpose of providing pre-school educational services for exceptional children. The committee substitute for HB 254 would simply authorize the Department of Education to provide professional guidance and financial assistance to organized groups of persons offering special services to pre-school exceptional children. Later in the bill it authorizes the transfer of certain "loose change" in Health & Social Services to Education for the purpose of assisting pre-school educational programs in certain cities.

I think it is fair to say that 254 by itself does not cost money; however, it is also fair to assume that the authorization to engage in these activities might lead to expenditures by the Department of Education in future years.



# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

*James O Smith*  
Signature of Camera Operator

*4/26/89*  
Date

"An Act relating to teachers' retirement salaries; and providing for an effective date."

### COMMITTEE REPORT

2-7-73

HOUSE

Mr. Speaker:

Date 2-7-73

The Committee on RETIREMENT has had SB 255

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT

CS FOR \_\_\_\_\_ DO PASS

"and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

_____	_____	_____
<i>W. A. ...</i>	<i>...</i>	
<i>...</i>	<i>...</i>	
<i>...</i>	<i>...</i>	

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ Chairman

Introduced: 2/21/73  
Referred: Health, Education &  
Social Services and Finance

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 HOUSE BILL NO. 255

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to teachers' retirement salaries; and  
7 providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 14.25.120(g) is amended to read:

10 (g) A teacher who retires before July 1, 1971, with at least 25  
11 years of creditable service, at least 15 of which were membership service,  
12 and who is entitled to a retirement salary under either this retirement  
13 fund or the retirement fund of 1945, shall receive a service retirement  
14 salary [OF NOT LESS THAN \$375 A MONTH,] based on a minimum sum of \$15 a  
15 month for each year of creditable service, not including adjustments  
16 made under sec. 142 or sec. 143 of this chapter. A teacher who retired  
17 before July 1, 1971, with less than 25 years of creditable service, and  
18 who is entitled to a retirement salary under either this retirement fund  
19 or the retirement fund of 1945, shall receive a service retirement  
20 salary of at least \$15 a month for each year of credited service. If on  
21 the date the teacher originally applied for retirement salary, the  
22 teacher elected option two as provided by sec. 120(c)(2)(B) of this  
23 chapter as payment of his indebtedness or a reduced benefit in accordance  
24 with sec. 120(c)(4) of this chapter, the amount of the dollar reduction  
25 shall remain in effect.

26 \* Sec. 2. This Act takes effect on the day after its passage and approval  
27 or on the day it becomes law without approval.



# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith  
Signature of Camera Operator

4/26/89  
Date

COMMITTEE REPORT

3/22/73

SENATE

Mr. President:

Date 4/3/73

The Committee on Finance has had HB 295  
*(teachers retirement salary)*  
under consideration. A Majority of the members of the Committee

- recommends it DO PASS
- recommends it DO NOT PASS
- recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT  
CS FOR \_\_\_\_\_ DO PASS
- "and" recommends it BE REFERRED TO THE \_\_\_\_\_  
COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

[Signature] Chairman

Introduced: 2/21/73  
Referred: Health, Education &  
Social Services and Finance

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