

LEG. FINANCE - BILLS 1977-78 1978-79 743

CASHB 573 cont., thru HB 580 743

1 obtained under 46 U.S.C. sec. 839 for the transfer to the department of  
2 the interest in a vessel documented under the laws of the United States.  
3 In the case of a security agreement given to secure a loan made under  
4 secs. 300 - 370 of this chapter and covering a vessel documented under  
5 the laws of the United States, the first 1. requirement of this sec-  
6 tion may also be satisfied by use of a trust deed and bond issue under  
7 it, if the trustee is a citizen of the United States and obtains a first  
8 preferred ship mortgage on the vessel under the Ship Mortgage Act of  
9 1920, and the approval of the Secretary of Commerce is obtained under 46  
10 U.S.C. secs. 839 and 961 for the transfer of the bond or bonds to the  
11 department if the trustee is not a trustee approved by the Secretary of  
12 Commerce under 46 U.S.C. secs. 808, 835 and 961.

13 (c) A commercial fishing loan for the construction of a new  
14 fishing vessel or the purchase of an existing fishing vessel may be  
15 secured by a second priority lien or mortgage which is subordinate to a  
16 valid first priority lien or mortgage in favor of a private lending  
17 institution if the total financing does not exceed 75 per cent of the  
18 appraised value of the collateral used to secure the loan. A loan  
19 granted under this subsection

20 (1) shall be to an obligor who has previously obtained a  
21 commitment for a commercial fishing loan from a private lending insti-  
22 tution;

23 (2) may not exceed \$1,000,000 or 35 per cent of the total  
24 purchase price of the fishing vessel, whichever amount is less;

25 (3) may not exceed a term of 15 years;

26 (4) may not bear interest exceeding seven per cent, except  
27 that loans granted under this subsection may bear interest at a rate not  
28 to exceed eight per cent if the commissioner determines that an increase  
29 in the interest rate is necessary for the security of the loan.

1 (d) Except as provided in (e) of this section, no more than one  
2 commercial fishing loan may be made to a person for the purchase, con-  
3 struction, repair or upgrading of a fishing vessel or its gear. A loan  
4 to an associate of the borrower is considered to be a loan to the bor-  
5 rower. For the purposes of this section, "associate of the borrower"  
6 means

7 (1) a corporation or other organization of which the borrower  
8 is an officer, director or partner, or is, directly or indirectly, the  
9 beneficial owner of 10 per cent or more of any class of equity securi-  
10 ties;

11 (2) a person who is, directly or indirectly, the beneficial  
12 owner of 10 per cent or more of any class of equity securities of the  
13 borrower;

14 (3) a trust or other estate in which the borrower has a sub-  
15 stantial beneficial interest or as to which the borrower serves as  
16 trustee or in a similar fiduciary capacity;

17 (4) a relative or spouse of the borrower or a relative of the  
18 spouse, who has the same home as the borrower;

19 (5) a person directly or indirectly controlling, controlled  
20 by, or under common control with, the borrower.

21 (e) Two or more individual commercial fishermen who each satisfy  
22 the requirements specified in sec. 310(a)(1)(A) of this chapter may  
23 jointly obtain a commercial fishing loan for the construction of a  
24 fishing vessel or the purchase of an existing fishing vessel. Loans  
25 granted under this subsection

26 (1) may not exceed the amount specified in (a)(1) of this  
27 section multiplied by the number of qualified commercial fishermen  
28 applying for the loan;

29 (2) may not exceed a term of 15 years;

1 (3) shall be secured by a first priority lien and appropriate  
2 security agreement;

3 (4) may not bear interest exceeding seven per cent; and

4 (5) may not exceed 75 per cent of the appraised value of the  
5 collateral used to secure the loan.

6 \* Sec. 4. AS 16.10 is amended by adding new sections to read:

7 Sec. 16.10.333. LOANS FOR PURCHASE OF ALASKA LIMITED ENTRY PER-  
8 MITS. (a) Loans under sec. 320(a) of this chapter may be made to an  
9 individual commercial fisherman for the purchase of a limited entry  
10 permit upon certification by the commission that the fisherman is a  
11 person who qualifies as a transferee for the permit under ch. 43 of this  
12 title and the regulations adopted by the commission.

13 (b) Upon approval by the commissioner, the permit to be purchased  
14 may be pledged as security for a loan under (a) of this section, if

15 (1) the certificate for the pledged permit lists the commis-  
16 sioner as the legal owner of the permit;

17 (2) the certificate for the pledged permit lists the debtor  
18 as the equitable owner of the permit;

19 (3) all annual permit cards issued under the pledged permit  
20 list the name of the debtor;

21 (4) all obligations and responsibilities of a permit owner  
22 are assumed by the debtor;

23 (5) co-signers or other sureties for performance under the  
24 note are not vested with any rights in the pledged permit and their  
25 obligation is limited to satisfaction of the note and payment of costs  
26 directly incurred by the department in administering the loan.

27 (c) The commissioner is not liable for any act or omission re-  
28 sulting from permit ownership nor will that act or omission affect his  
29 title to the permit or his rights under it.

1 (d) Upon satisfaction of the note by the debtor, the commissioner  
2 shall certify to the commission that the note has been satisfied.

3 (e) Upon certification as provided in (d) of this section, the  
4 commission shall amend the permit certificate to list the debtor as the  
5 legal owner.

6 Sec. 16.10.335. DEFAULT AND FORECLOSURE. (a) If the debtor  
7 defaults upon a note for which a limited entry permit has been pledged  
8 as security under sec. 333 of this chapter, the commissioner shall  
9 provide the debtor, by registered or certified mail sent to his last  
10 known address on file with the commissioner, with a notice of default  
11 which includes

12 (1) a description of the security given for the note includ-  
13 ing the number assigned to the pledged permit by the commission;

14 (2) the date upon which the default occurred;

15 (3) the amount of arrearages as of the date of the notice,  
16 the total amount remaining on the note less unearned interest, and the  
17 amount of daily interest;

18 (4) a statement that the debtor may, within 15 days of the  
19 postmark date of the notice, request a hearing at which he may submit  
20 evidence showing he has not defaulted;

21 (5) a statement that the note may be reinstated if brought  
22 current within 60 days from the postmark date of the notice;

23 (6) a statement that the note may be paid in full less un-  
24 earned interest within 90 days from the postmark date of the notice;

25 (7) the place where reinstatement or payment in full may be  
26 made; and

27 (8) a notice in at least 10-point bold type stating: "IM-  
28 PORTANT: YOUR FAILURE TO REINSTATE OR PAY THIS NOTE IN FULL BY THE DATE  
29 SPECIFIED WILL RESULT IN A FORFEITURE OF ALL RIGHTS TO THE PERMIT AND

1 THE POSSIBILITY OF LEGAL ACTION BEING INSTITUTED AGAINST "YOU."

2 (b) Upon the debtor's failure to reinstate or satisfy the note  
3 within the time specified in (a) of this section, his equitable interest  
4 is terminated by operation of law without further notice. Any entry  
5 permit cards issued to him under the permit shall be cancelled immedi-  
6 ately upon receipt by the commission of a certificate of termination  
7 containing a copy of the notice required by (a) of this section issued  
8 by the commissioner.

9 Sec. 16.10.337. DEFICIENCIES AND TRANSFER OF ENTRY PERMITS AFTER  
10 FORECLOSURE. (a) Upon a foreclosure on an entry permit as provided in  
11 sec. 335 of this chapter, the commissioner shall offer the commission a  
12 right of first refusal if the permit is subject to a buy-back program  
13 under AS 16.43.290 - 16.43.330 at a price equal to the amount outstand-  
14 ing on the note plus any costs the department directly incurred in  
15 administering the loan.

16 (b) If the commission does not exercise its right of first refusal  
17 within 30 days after it receives the offer, or if the permit is not  
18 subject to a buy-back program under AS 16.43.290 - 16.43.330, the de-  
19 partment shall promptly notify the debtor of this fact. The debtor has  
20 30 days from the postmark date of the notice to nominate a person quali-  
21 fied to assume the note. The person nominated must qualify under the  
22 requirements of sec. 333(a) of this chapter. If qualified, he may  
23 assume all rights and liabilities of the original debtor.

24 (c) If the debtor is unable to nominate a qualified person to  
25 assume the note under (b) of this section, the permit must be made  
26 available to a qualified person, chosen as provided in this section, who  
27 must assume the note subject to all rights and liabilities of the ori-  
28 ginal debtor. The commission shall provide the commissioner with a list  
29 of persons chosen by lottery who qualify as transferees of entry permits

1 under ch. 43 of this title and regulations adopted by the commission and  
2 who have met the residency and commercial fishing participation require-  
3 ments of sec. 310(a) of this chapter. The commissioner then shall  
4 determine, in order of presentation, any remaining qualifications. The  
5 commissioner shall allow the first applicant meeting all qualifications  
6 to assume the note.

7 (d) Nothing in this section affects the right of the commissioner  
8 to institute legal action for a deficiency resulting from a default on a  
9 note given under sec. 333 of this chapter. In addition to any defi-  
10 ciency, the debtor is liable for the costs of administering the note and  
11 for costs and attorney fees.

12 Sec. 16.10.339. REGULATIONS. The commission, with the approval of  
13 the department, shall adopt regulations to implement secs. 333 - 337 of  
14 this chapter.

15 Sec. 16.10.342. SPECIAL ACCOUNT ESTABLISHED. (a) There is estab-  
16 lished as a special account within the commercial fishing revolving loan  
17 fund the foreclosure expense account.

18 (b) The commissioner may credit the foreclosure expense account  
19 with money earned as a result of an increased interest rate on a com-  
20 mercial fishing loan granted under sec. 320(c) of this chapter.

21 (c) The commissioner may expend money credited to the foreclosure  
22 expense account when necessary to protect the state's security interest  
23 in collateral on loans granted under secs. 300 - 370 of this chapter or  
24 to defray expenses incurred during foreclosure proceedings after a  
25 default by an obligor.

26 \* Sec. 5. AS 16.10.360 is amended by adding new paragraphs to read:

27 (3) "commission" means the Commercial Fisheries Entry Commis-  
28 sion;

29 (4) "debtor" means an individual commercial fisherman who

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either initially contracts for a loan under secs. 333 - 337 of this chapter or assumes a loan as provided in those sections.

\* Sec. 6. AS 16.43.150(g) is amended to read:

(g) Except as provided in AS 16.10.333 - 16.10.337, an [AN] entry permit may not be:

(1) pledged, mortgaged, leased, or encumbered in any way;

(2) transferred with any retained right of repossession or foreclosure; or

(3) attached, distrained, or sold on execution of judgment or under any other process or order of any court.

\* Sec. 7. AS 16.43.170(a) is amended to read:

(a) Except as provided in AS 16.10.333 - 16.10.337, entry [ENTRY] permits and interim-use permits are transferable only through the commission as provided in this section and sec. 180 of this chapter and under regulations adopted by the commission.

\* Sec. 8. This Act takes effect July 1, 1978.

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4398

*Baldwin*

Original sponsors: Osterback and Snider

Offered: 2/3/78  
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 573

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act amending the Commercial Fishing Loan Act; and  
7 providing for an effective date."

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

9 \* Section 1. AS 16.10.310(a)(1)(A) is amended to read:

10 (A) individual commercial fishermen who have been state  
11 residents for a continuous period of five years immediately pre-  
12 ceding the date of application for a loan under secs. 300 - 370 of  
13 this chapter and have had a crewmember or commercial fishing  
14 license under AS 16.05.480 or a permit under ch. 43 of this title  
15 for any three of the past five years, and who actively participated  
16 in the fishery during that period, for the repair, restoration or  
17 upgrading of existing vessels and gear, for the purchase of entry  
18 permits and gear, and for the construction and purchase of vessels;  
19 and

20 \* Sec. 2. AS 16.10.310(a)(1) is amended by adding a new subparagraph to  
21 read:

22 (C) corporations, partnerships, or joint ventures, 100  
23 per cent of which are owned by individual commercial fishermen who  
24 have been state residents for a continuous period of five years  
25 immediately preceding the date of application for a loan under  
26 secs. 300 - 370 of this chapter and have had a crewmember or com-  
27 mercial fishing license under AS 16.05.480 or a permit under ch. 43  
28 of this title for any three of the past five years, and who actively  
29 participated in the fishery during that period, for the repair,

1 restoration or upgrading of existing vessels and gear, for the  
2 purchase of gear, and for the construction and purchase of vessels.

3 \* Sec. 3. AS 16.10.320 is amended to read:

4 Sec. 16.10.320. LIMITATIONS ON LOANS. A commercial fishing loan  
5 may not exceed \$500,000 [\$150,000]. A loan may not run longer than 15  
6 years or bear interest exceeding seven per cent, and it shall be secured  
7 by a first lien and appropriate security agreements, except that a lien  
8 in favor of the state is not required for loans guaranteed fully by the  
9 federal government under the Federal Ship Financing Act of 1972 (46  
10 U.S.C. secs. 1271-1279b; 86 Stat. 909), as amended. In the case of a  
11 security agreement given to secure a loan made under secs. 300 - 370 of  
12 this chapter and covering a vessel documented under the laws of the  
13 United States and so long as the Ship Mortgage Act of 1920 (46 U.S.C.  
14 secs. 911-984; 41 Stat. 1000), as amended, and the Shipping Act of 1916  
15 (46 U.S.C. secs 801-842; 39 Stat. 728), as amended, remain ambiguous  
16 with respect to whether or not a state or state agency qualifies as a  
17 citizen of the United States for purposes of those Acts, the first lien  
18 requirement of this section may be satisfied by the recordation and  
19 endorsement of a first preferred ship mortgage under the Ship Mortgage  
20 Act of 1920, and by perfection of a security interest under the Uniform  
21 Commercial Code - Secured Transactions (AS 45.05.690 - 45.05.794), if  
22 the approval of the Secretary of Commerce is obtained under 46 U.S.C.  
23 sec. 839 for the transfer to the department of the interest in a vessel  
24 documented under the laws of the United States. In the case of a secur-  
25 ity agreement given to secure a loan made under secs. 300 - 370 of this  
26 chapter and covering a vessel documented under the laws of the United  
27 States, the first lien requirement of this section may also be satisfied  
28 by use of a trust deed and bond issue under it, if the trustee is a  
29 citizen of the United States and obtains a first preferred ship mortgage

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1 on the vessel under the Ship Mortgage Act of 1920, and the approval of  
2 the Secretary of Commerce is obtained under 46 U.S.C. secs. 839 and 961  
3 for the transfer of the bond or bonds to the department if the trustee  
4 is not a trustee approved by the Secretary of Commerce under 46 U.S.C.  
5 secs. 808, 835 and 961. Loans may not exceed 75 per cent of the ap-  
6 praised value of the collateral used to secure the loan.

7 \* Sec. 4. AS 16.10.320 is amended by adding a new subsection to read:

8 (b) No more than one commercial fishing loan may be made to a  
9 person for the purchase, construction, repair or upgrading of a fishing  
10 vessel or its gear. A loan to an associate of the borrower is con-  
11 sidered to be a loan to the borrower. For the purposes of this section,  
12 "associate of the borrower" means

13 (1) a corporation or other organization of which the borrower  
14 is an officer, director or partner, or is, directly or indirectly, the  
15 beneficial owner of 10 per cent or more of any class of equity securi-  
16 ties;

17 (2) a person who is, directly or indirectly, the beneficial  
18 owner of 10 per cent or more of any class of equity securities of the  
19 borrower;

20 (3) a trust or other estate in which the borrower has a sub-  
21 stantial beneficial interest or as to which the borrower serves as  
22 trustee or in a similar fiduciary capacity;

23 (4) a relative or spouse of the borrower or a relative of the  
24 spouse, who has the same home as the borrower;

25 (5) a person directly or indirectly controlling, controlled  
26 by, or under common control with, the borrower.

27 \* Sec. 5. AS 16.10 is amended by adding new sections to read:

28 Sec. 16.10.333. LOANS FOR PURCHASE OF ALASKA LIMITED ENTRY PER-  
29 MITS. (a) Loans under secs. 300 - 370 of this chapter may be made to

1 an individual commercial fisherman for the purchase of a limited entry  
2 permit upon certification by the commission that the fisherman is a  
3 person who qualifies as a transferee for the permit under ch. 43 of this  
4 title and the regulations adopted by the commission.

5 (b) Upon approval by the commissioner, the permit to be purchased  
6 may be pledged as security for a loan under (a) of this section, if

7 (1) the certificate for the pledged permit lists the commis-  
8 sioner as the legal owner of the permit;

9 (2) the certificate for the pledged permit lists the debtor  
10 as the equitable owner of the permit;

11 (3) all annual permit cards issued under the pledged permit  
12 list the name of the debtor;

13 (4) all obligations and responsibilities of a permit owner  
14 are assumed by the debtor;

15 (5) co-signers or other sureties for performance under the  
16 note are not vested with any rights in the pledged permit and their  
17 obligation is limited to satisfaction of the note and payment of costs  
18 directly incurred by the department in administering the loan.

19 (c) The commissioner is not liable for any act or omission re-  
20 sulting from permit ownership nor will that act or omission affect his  
21 title to the permit or his rights under it.

22 (d) Upon satisfaction of the note by the debtor, the commissioner  
23 shall certify to the commission that the note has been satisfied.

24 (e) Upon certification as provided in (d) of this section, the  
25 commission shall amend the permit certificate to list the debtor as the  
26 legal owner.

27 Sec. 16.10.335. DEFAULT AND FORECLOSURE. (a) If the debtor  
28 defaults upon a note for which a limited entry permit has been pledged  
29 as security under sec. 333 of this chapter, the commissioner shall

1 provide the debtor, by registered or certified mail sent to his last  
2 known address on file with the commissioner, with a notice of default  
3 which includes

4 (1) a description of the security given for the note includ-  
5 ing the number assigned to the pledged permit by the commission;

6 (2) the date upon which the default occurred;

7 (3) the amount of arrearages as of the date of the notice,  
8 the total amount remaining on the note less unearned interest, and the  
9 amount of daily interest;

10 (4) a statement that the debtor may, within 15 days of the  
11 postmark date of the notice, request a hearing at which he may submit  
12 evidence showing he has not defaulted;

13 (5) a statement that the note may be reinstated if brought  
14 current within 60 days from the postmark date of the notice;

15 (6) a statement that the note may be paid in full less un-  
16 earned interest within 90 days from the postmark date of the notice;

17 (7) the place where reinstatement or payment in full may be  
18 made; and

19 (8) a notice in at least 10-point bold type stating: "IM-  
20 PORTANT: YOUR FAILURE TO REINSTATE OR PAY THIS NOTE IN FULL BY THE DATE  
21 SPECIFIED WILL RESULT IN A FORFEITURE OF ALL RIGHTS TO THE PERMIT AND  
22 THE POSSIBILITY OF LEGAL ACTION BEING INSTITUTED AGAINST YOU."

23 (b) Upon the debtor's failure to reinstate or satisfy the note  
24 within the time specified in (a) of this section, his equitable interest  
25 is terminated by operation of law without further notice. Any entry  
26 permit cards issued to him under the permit shall be cancelled immedi-  
27 ately upon receipt by the commission of a certificate of termination  
28 containing a copy of the notice required by (a) of this section issued  
29 by the commissioner.

1           Sec. 16.10.337. DEFICIENCIES AND TRANSFER OF ENTRY PERMITS AFTER  
2 FORECLOSURE. (a) Upon a foreclosure on an entry permit as provided in  
3 sec. 335 of this chapter, the commissioner shall offer the commission a  
4 right of first refusal if the permit is subject to a buy-back program  
5 under AS 16.43.290 - 16.43.330 at a price equal to the amount outstand-  
6 ing on the note plus any costs the department directly incurred in  
7 administering the loan.

8           (b) If the commission does not exercise its right of first refusal  
9 within 30 days after it receives the offer, or if the permit is not  
10 subject to a buy-back program under AS 16.43.290 - 16.43.330, the de-  
11 partment shall promptly notify the debtor of this fact. The debtor has  
12 30 days from the postmark date of the notice to nominate a person quali-  
13 fied to assume the note. The person nominated must qualify under the  
14 requirements of sec. 333(a) of this chapter. If qualified, he may  
15 assume all rights and liabilities of the original debtor.

16           (c) If the debtor is unable to nominate a qualified person to  
17 assume the note under (b) of this section, the permit must be made  
18 available to a qualified person, chosen as provided in this section, who  
19 must assume the note subject to all rights and liabilities of the ori-  
20 ginal debtor. The commission shall provide the commissioner with a list  
21 of persons chosen by lottery who qualify as transferees of entry permits  
22 under ch. 43 of this title and regulations adopted by the commission and  
23 who have met the residency and commercial fishing participation require-  
24 ments of sec. 310(a) of this chapter. The commissioner then shall  
25 determine, in order of presentation, any remaining qualifications. The  
26 commissioner shall allow the first applicant meeting all qualifications  
27 to assume the note.

28           (d) Nothing in this section affects the right of the commissioner  
29 to institute legal action for a deficiency resulting from a default on a

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7 \* Sec. 6. AS 16.10.360 is amended by adding new paragraphs to read:

8 (3) "commission" means the Commercial Fisheries Entry Commis-  
9 sion;

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11 either initially contracts for a loan under secs. 333 - 337 of this  
12 chapter or assumes a loan as provided in those sections.

13 \* Sec. 7. AS 16.43.150(g) is amended to read:

14 (g) Except as provided in AS 16.10.333 - 16.10.337, an [AN] entry  
15 permit may not be:

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18 foreclosure; or

19 (3) attached, distrained, or sold on execution of judgment or  
20 under any other process or order of any court.

21 \* Sec. 8. AS 16.43.170(a) is amended to read:

22 (a) Except as provided in AS 16.10.333 - 16.10.337, entry [ENTRY]  
23 permits and interim-use permits are transferable only through the com-  
24 mission as provided in this section and sec. 180 of this chapter and  
25 under regulations adopted by the commission.

26 \* Sec. 9. This Act takes effect July 1, 1978.  
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4398  
Baldwin

Introduced: 1/9/78  
Referred: Resources and  
Finance

1 IN THE HOUSE

BY OSTERBACK AND SNIDER

2 HOUSE BILL NO. 573

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act amending the Commercial Fishing Loan Act; and  
7 providing for an effective date."

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12 cent of which are owned by individual commercial fishermen who have  
13 been state residents for a continuous period of five years and have  
14 had a commercial fishing license for three years for the purchase,  
15 construction, repair or upgrading of fishing vessels or gear;

16 \* Sec. 2. AS 16.10.320 is amended to read:

17 Sec. 16.10.320. LIMITATIONS ON LOANS. A commercial fishing loan  
18 may not exceed \$150,000. A loan may not run longer than 15 years or  
19 bear interest exceeding seven per cent, and, except as provided under  
20 (b) of this section, it shall be secured by a first lien and appropriate  
21 security agreements, except that a lien in favor of the state is not  
22 required for loans guaranteed fully by the federal government under the  
23 Federal Ship Financing Act of 1972 (46 U.S.C. secs. 1271-1279b; 86 Stat.  
24 909), as amended. In the case of a security agreement given to secure a  
25 loan made under secs. 300 - 370 of this chapter and covering a vessel  
26 documented under the laws of the United States and so long as the Ship  
27 Mortgage Act of 1920 (46 U.S.C. secs. 911-984; 41 Stat. 1000), as  
28 amended, and the Shipping Act of 1916 (46 U.S.C. secs 801-842; 39 Stat.  
29 728), as amended, remain ambiguous with respect to whether or not a

1 state or state agency qualifies as a citizen of the United States for  
2 purposes of those Acts, the first lien requirement of this section may  
3 be satisfied by the recordation and endorsement of a first preferred  
4 ship mortgage under the Ship Mortgage Act of 1920, and by perfection of  
5 a security interest under the Uniform Commercial Code - Secured Trans-  
6 actions (AS 45.05.690 - 45.05.794), if the approval of the Secretary of  
7 Commerce is obtained under 46 U.S.C. sec. 839 for the transfer to the  
8 department of the interest in a vessel documented under the laws of the  
9 United States. In the case of a security agreement given to secure a  
10 loan made under secs. 300 - 370 of this chapter and covering a vessel  
11 documented under the laws of the United States, the first lien require-  
12 ment of this section may also be satisfied by use of a trust deed and  
13 bond issue under it, if the trustee is a citizen of the United States  
14 and obtains a first preferred ship mortgage on the vessel under the Ship  
15 Mortgage Act of 1920, and the approval of the Secretary of Commerce is  
16 obtained under 46 U.S.C. secs. 839 and 961 for the transfer of the bond  
17 or bonds to the department if the trustee is not a trustee approved by  
18 the Secretary of Commerce under 46 U.S.C. secs. 808, 835 and 961. Loans  
19 granted under this subsection may not exceed 75 per cent of the ap-  
20 praised value of the collateral used to secure the loan.

21 \* Sec. 3. AS 16.10.320 is amended by adding a new subsection to read:

22 (b) A commercial fishing loan for the repair, restoration, or  
23 upgrading of existing vessels and gear or for the purchase of gear and  
24 the construction and purchase of fishing vessels may be secured by a  
25 lien subordinate to a valid first lien and security agreement granted to  
26 a private lending institution. A loan granted under this subsection

27 (1) shall be to an obligor approved by the commissioner as  
28 responsible and possessing the ability, experience, financial resources,  
29 and other qualifications necessary to the adequate operation and mainte-

1 nance of the fishing vessel;

2 (2) may not exceed \$150,000 or 15 per cent of the appraised  
3 value of the fishing vessel, whichever amount is less, when a fishing  
4 vessel is to be constructed or an existing fishing vessel is to be  
5 purchased;

6 (3) may not exceed \$150,000 when a fishing vessel or gear is  
7 to be repaired, restored, or upgraded;

8 (4) may not exceed a term of 15 years;

9 (5) may not bear interest exceeding seven per cent.

10 \* Sec. 4. This Act takes effect July 1, 1978.

THE LEGISLATURE OF THE STATE OF ALASKA  
 TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 573

Title An Act amending the Commercial Fishing Loan Act

Requested by \_\_\_\_\_ Date 1-17-78

II. FISCAL DETAIL

Agency Affected Commerce & Economic Development

Program Category Affected Development

Budget Request Unit(s) Affected Division of Business Loans

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES		NONE				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

No fiscal impact.

IV. DATE 1-17-78

PREPARED BY *[Signature]*

AGENCY Business Loans

PHONE 465-2570

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

ALASKA STATE LEGISLATURE

TENTH... Legislature SECOND. Session

HOUSE BILL..... NO. 573....

By OSTERBACK AND SNIDER.....

"An Act amending the Commercial Fishing Loan Act; and providing for an effective date."

Commercial Fishing Loan Act

Introduced in the House ..... 1-9-, 19.78

HISTORY IN THE HOUSE

1978	Read first time and referred to Committee on Resources and Finance																												
Jan. 9	Reported back with recommendation that																												
	Read second time and																												
	Read third time and																												
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> <tr> <td colspan="2">Reconsideration</td> </tr> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> <tr> <td colspan="2">Reported correctly engrossed</td> </tr> <tr> <td colspan="2">Signed by Speaker</td> </tr> <tr> <td colspan="2">Sent to Senate</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused	Reconsideration		PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused	Reported correctly engrossed		Signed by Speaker		Sent to Senate	
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Sent to Senate																													
CHIEF CLERK OF THE HOUSE																													

HISTORY IN THE SENATE

19	Read first time and referred to Committee on																												
	Reported back with recommendation that																												
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Returned to House																													
SECRETARY OF THE SENATE																													

HISTORY IN THE HOUSE

19	Received from Senate
	Concurred in Senate amendment thus adopting:
	Failed to concur in Senate amendment; asked Sen. to recede
	Senate receded from amendment
	Senate failed to recede from amendment
	FCC appointed by House
	FCC appointed by Senate
	FCC adopted
	To enrolling
	Reported correctly enrolled
	Sent to Governor
	..... by Governor
	Filed with Lt. Governor
	Chapter No. ....

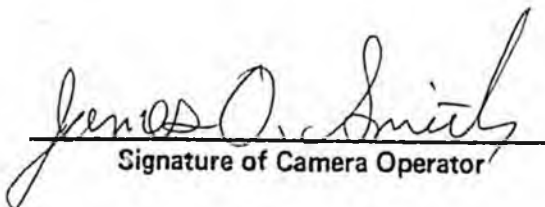
fiscal note # 8  
page 2 . . . 2/3/78

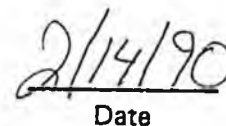


# RECORDS CERTIFICATION



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.

  
Signature of Camera Operator

  
Date

To \_\_\_\_\_

Date 3/13/78 Time 12:40

WHILE YOU WERE OUT

M Mrs. Ward

of Anchorage

Phone 752-3926

TELEPHONED	<input type="checkbox"/>	PLEASE CALL	<input type="checkbox"/>
CALLED TO SEE YOU	<input type="checkbox"/>	WILL CALL AGAIN	<input type="checkbox"/>
WANTS TO SEE YOU	<input type="checkbox"/>	RUSH	<input type="checkbox"/>

RETURNED YOUR CALL

Message Re: HB 672

4/3 HB 577 Title

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Operator

attempt to prevent a situation in which a bill passes the Legislature with a definite appropriation, only to have the Dept. say it doesn't have adequate funds to do what the Legislature requested. He advised committee members that it had been over a month since the Dept. was initially contacted, and it has not yet responded.

Senator Tillion moved that HB 577 (Special appropriation to Dept. of Education for Broadcasting Arctic Winter Games) be brought up for discussion. He advised that the bill appropriates \$8,200 for one hour of televised highlights and three hours of radio broadcast of the Arctic Winter Games by Armed Forces and Public Communications. Funds break down to \$2,200 for travel, and \$3,600 for contractual, adding that the Legislature has funded a grant for contestants to participate in the Winter Games. No motion on the bill was forthcoming from committee members, and the bill was returned to the file.

HB 577

NO MOTION  
HB 577

Senator Meland moved that SSSB 473 (Special appropriation to Dept. of Natural Resources for Skagway-Carcross campground) be brought on for discussion. He advised that the appropriated funds would provide for state participation in the planning, engineering, and construction of campground accommodations on the new Skagway campground. Senator Tillion stated that he believed the appropriation should be placed in the FY 79 capital budget. Chairman Sackett agreed, stating that the bill even carries an effective date of July 1, 1978. Senator Meland stated that it was his understanding that the project was to be completed during the summer of 1978, and Chairman Sackett added that under those circumstances, the bill should seek a special appropriation so the work could be commenced immediately. Senator Meland advised that he would discuss the bill with Senator Ray and bring it up for discussion at a subsequent meeting.

SSSB 473

MELAND TO  
SEEK  
CLARIFICA-  
TION FROM  
RAY

(Senator Orsini entered the meeting at this time, 8:35 a.m.)

Senator Tillion moved that SB 281 (Relating to agricultural loans under the Alaska Agricultural Loan Act) be brought up for discussion, advising committee members that he had talked with those working on permanent fund matters and decided it would not be proper to deal with the permanent fund at this time. He was, therefore, proposing

SB 281

John -

Bradley's office wants  
to have this put into  
Finance schedule for tomorrow  
The Arctic Winter Games  
are coming up soon -  
around March 6, I  
believe.

Jim

John / Jim

**COMMITTEE REPORT**  
**SENATE**

FURTHER: \_\_\_\_\_

2/24/78

Date: \_\_\_\_\_

Mr. President:

The Committee on FINANCE has had CSHB 577 special appropriation to the Dept. of Education for costs of broadcasting the Arctic Winter Games

under consideration and (a majority of the committee) (the committee reports it back as follows)

- 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 \_\_\_\_\_  new title                       same title
- AND attaches a Letter of Intent                       New Fiscal Note
- reports it back without recommendation
- and recommends it be referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

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\_\_\_\_\_  
Chairman

COMMITTEE REPORT

SENATE

2/9/78

FURTHER: FINANCE

Date: Feb 23, 1978

Mr. President:

The Committee on STATE AFFAIRS has had CSHB 577 special appropriation to Dept. of Ed for costs of broadcasting the Arctic Winter Games

under consideration and (a majority of the committee) (the committee reports it back as follows)

- ( ) 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 \_\_\_\_\_ ( ) new title ( ) same title

- ( ) AND attaches a Letter of Intent ( ) New Fiscal Note
- ( ) reports it back without <sup>individual</sup> recommendation
- ( ) and recommends it be referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

1 [Signature] Do pass

1 [Signature] Do pass

1 Brad Bradley Do Pass

[Signature] No REC

[Signature] No REC

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[Signature]  
Chairman

4473  
Vassar

Original sponsors: Bradley and Gruening

Offered: 2/6/78  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 577

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Department  
7 of Education for costs of broadcasting the Arctic  
8 Winter Games; and providing for an effective date."

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

10 \* Section 1. The sum of \$8,200 is appropriated from the general fund to  
11 the Department of Education for the Alaska Public Broadcasting Commission to  
12 pay the costs of broadcasting the Arctic Winter Games being held in March  
13 in the Northwest Territory of Canada.

14 \* Sec. 2. The unexpended and unobligated portion of this appropriation  
15 lapses into the general fund June 30, 1978.

16 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
17 070(c).

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 577  
 Title Broadcast Costs of the Arctic Winter Games  
 Requested by Legislative Finance Date 1-27-78

II. FISCAL DETAIL

Agency Affected Department of Education  
 Program Category Affected Education  
 Budget Request Unit(s) Affected Alaska Public Broadcasting Commission

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES		2.0				
200 TRAVEL		2.2				
300 CONTRACTUAL		3.6				
400 COMMODITIES		.4				
500 EQUIPMENT		-0-				
600 LAND & STRUCTURES		-0-				
700 GRANTS, CLAIMS, ETC.		-0-				
<b>TOTAL</b>		<b>8.2</b>				

FUNDING (Thousands of Dollars)

GENERAL FUND		8.2				
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME		-0-				
PART TIME		-0-				
TEMPORARY						

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

Tapes of the Arctic Winter Games from the Canadian Broadcasting Co. will be air-freighted to Anchorage on a 12 to 14 hour delay. The tapes will consist of one hour per day of TV highlights plus three hours per day live radio feed-backs of basketball and hockey events.

The service will be available to the Armed Forces NET, Public Broadcasting, Bush TV demonstration stations and commercial stations free of charge.

IV. DATE January 31, 1978 PREPARED BY *Janet B. Green* Mike Porcaro  
 AGENCY AK Public Broadcasting Commission  
 Original: Legislative Finance PHONE \_\_\_\_\_  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

N. Supp. # 9  
Page 3. 2/6/78

F.Y. Note

ALASKA STATE LEGISLATURE

TENTH... Legislature SECOND.. Session

HOUSE BILL..... NO. 577....  
By BRADLEY AND GRUENING.....

"An Act making a special appropriation to the Office of the Governor for costs of broadcasting the Arctic Winter Games and providing for an effective date."

Spec. approp. Arctic Winter Games

Introduced in the House ..... 1-9-1978

HISTORY IN THE HOUSE

19 78	Read first time and referred to Committee on										
Jan. 9	State Affairs and Finance										
Jan 24	Reported back with recommendation that <i>State Affairs dropped to Finance</i>										
Feb 6	<i>Finance replaced with title - dropped to Rules</i>										
Feb 8	Read second time and										
Feb 8	Read third time and										
Feb 8	<table border="0"> <tr> <td>PASS <i>ed</i></td> <td>Effective Date</td> </tr> <tr> <td>Yeas 25</td> <td>Yeas</td> </tr> <tr> <td>Nays 3</td> <td>Nays <i>same</i></td> </tr> <tr> <td>Absent —</td> <td>Absent</td> </tr> <tr> <td>Excused 2</td> <td>Excused</td> </tr> </table>	PASS <i>ed</i>	Effective Date	Yeas 25	Yeas	Nays 3	Nays <i>same</i>	Absent —	Absent	Excused 2	Excused
PASS <i>ed</i>	Effective Date										
Yeas 25	Yeas										
Nays 3	Nays <i>same</i>										
Absent —	Absent										
Excused 2	Excused										
	Reconsideration										
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PASS	Effective Date										
Yeas	Yeas										
Nays	Nays										
Absent	Absent										
Excused	Excused										
Feb 8	Reported correctly engrossed										
Feb 8	Signed by Speaker										
Feb 8	Sent to Senate										

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

1978	Read first time and referred to Committee on <i>S.A., Finance</i>										
2 9											
2 26	Reported back with recommendation that <i>S. 9. 3 to 2nd 2 no rec, to Finance</i>										
	Read second time and										
	Read third time and										
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
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Excused	Excused										
	Reported correctly engrossed										
	Signed by President										
	Returned to House										

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19	Received from Senate
	Concurred in Senate amendment thus adopting:
	Failed to concur in Senate amendment; asked Sen. to recede
	Senate receded from amendment
	Senate failed to recede from amendment
	FCC appointed by House
	FCC appointed by Senate
	FCC adopted
	To enrolling
	Reported correctly enrolled
	Sent to Governor
	..... by Governor
	Filed with Lt. Governor
	Chapter No. ....

Introduced: 1/9/78  
Referred: State Affairs and  
Finance

1 IN THE HOUSE

BY BRADLEY AND GRUENING

2 HOUSE BILL NO. 577

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Office of  
7 the Governor for costs of broadcasting the Arctic  
8 Winter Games; and providing for an effective date."

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

10 \* Section 1. The sum of \$10,000 is appropriated from the general fund to  
11 the Office of the Governor to pay the costs of broadcasting the Arctic Winter  
12 Games being held in March in the Northwest Territory of Canada.

13 \* Sec. 2. The unexpended and unobligated portion of this appropriation  
14 lapses into the general fund June 30, 1978.

15 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
16 070(c).

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Original sponsors: Bradley and Gruening

Offered: 2/6/78  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 577

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act making a special appropriation to the Department  
of Education for costs of broadcasting the Arctic  
Winter Games; and providing for an effective date."

7

8

9

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

10

\* Section 1. The sum of \$8,200 is appropriated from the general fund to  
the Department of Education for the Alaska Public Broadcasting Commission to  
pay the costs of broadcasting the Arctic Winter Games being held in March  
in the Northwest Territory of Canada.

11

12

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14

\* Sec. 2. The unexpended and unobligated portion of this appropriation  
lapses into the general fund June 30, 1978.

15

16

\* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
070(c).

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ARCTIC WINTER GAMES BUDGET

100 - PERSONNEL		\$ 2,000.00
4 Reporter/Play-by-play persons @ \$50.00/day		
1 Engineer @ \$50.00/day		
Eight days total per diem		
200 - TRAVEL		2,245.00
5 Airfares on charter @ \$300/each	\$ 1500.00	
Tape shipment @ \$45. per 25 lbs.	245.00	
Broadcast equipment transportation	500.00	
300 - COMMUNICATIONS		3,535.72
Hay River, N.W.T. audio to border:		
Installation	22.00	
use @ 3 hr/day	351.96	
Total use - 7 days	= 2485.72	
(Canadian)		
Border to Anchorage:		
Use @ 3 hr/day	150.00	
Total use - 7 days	= 1050.00	
(United States)		
400 - COMMODITIES		410.00
10 Video cassettes - 1 hr. ea.	225.00	
12 Audio Cassettes - 1½ hr. each	85.00	
Assorted cable and hardware	100.00	
TOTAL		<u>\$8,190.72</u>

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 577  
 Title Broadcast Costs of the Arctic Winter Games  
 Requested by Legislative Finance Date 1-27-78

II. FISCAL DETAIL

Agency Affected Department of Education  
 Program Category Affected education  
 Budget Request Unit(s) Affected Alaska Public Broadcasting Commission

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES		2.0				
200 TRAVEL		2.2				
300 CONTRACTUAL		3.6				
400 COMMODITIES		.4				
500 EQUIPMENT		-0-				
600 LAND & STRUCTURES		-0-				
700 GRANTS, CLAIMS, ETC.		-0-				
<b>TOTAL</b>		<b>8.2</b>				

FUNDING (Thousands of Dollars)

GENERAL FUND		8.2				
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME		-0-				
PART TIME		-0-				
TEMPORARY						

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

Tapes of the Arctic Winter Games from the Canadian Broadcasting Co. will be air-freighted to Anchorage on a 12 to 14 hour delay. The tapes will consist of one hour per day of TV highlights plus three hours per day live radio feed-backs of basketball and hockey events.

The service will be available to the Armed Forces NET, Public Broadcasting, Bush TV demonstration stations and commercial stations free of charge.

IV. DATE January 31, 1978 PREPARED BY *Janet B. Green*  
Mike Porcuro  
 AGENCY Alaska Public Broadcasting Commission  
 Original: Legislative Finance PHONE \_\_\_\_\_  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

# MEMORANDUM

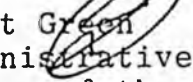
DATE February 1, 1978

TO: Jay Hogan, Director  
Legislative Finance

TELEPHONE NO.:

FILE NO.:

FROM:

  
Janet Green  
Administrative Officer  
Office of the Governor

SUBJECT: Fiscal Note HB 577

The attached fiscal note relating to broadcasting the Arctic Winter Games was requested of the Office of the Governor, and prepared by me based upon the tentative budget from the Public Broadcasting Commission, Dept. of Education, who had originally requested this appropriation.

The backup form is the work of Mr. Mike Porcaro, of the Public Broadcasting Commission, and is identical to that submitted to Representative Bradley earlier this year.

If these funds are appropriated to the Office of the Governor, we intend to contract with the Public Broadcasting Commission to do the work.



# Alaska State Legislature

## House of Representatives

### Committee on State Affairs

Pouch V  
State Capitol  
Juneau, Alaska 99811

Official Business

#### MEMORANDUM

30 January 1978

SUBJECT: HB 577

TO: Rep. Steve Cowper, Chairman  
Committee Members  
House Finance Committee

FROM: Rep. Bob Bradley, Chairman *RB.*  
House State Affairs Committee

The Arctic Winter Games are the "Olympics" of the North Country. Alaskan amateur and military athletes have competed with athletes from the Yukon Territory and the Northwest Territory in the Games since 1970. This year there will be over 50 military participants from Alaska.

The Alaska Forces Radio Network reaches 82 rural Alaskan communities with radio and some communities with television. Although the U.S. Air Force is the Network's mother agency, it broadcasts radio to all military bases in Alaska as well. The Network broadcasted the '76 election returns all over rural Alaska and proved very successful.

This will be the first time in history that rural Alaskans will be able to see and hear the games at home.

Major Leo Vrana of the Alaska Forces Radio Network says they can transport their equipment to and from the games, do all the filming, production, and broadcasting for \$10,000. In this day and age of appropriations I think we would be getting more than our moneys work for \$10,000.

The money will be appropriated to the Governor's Office, specifically to the Alaska Public Broadcasting Commission. The Commission will then contract with the Alaska Forces Radio Network for the Broadcasting.

If any of you would like to contact any of the people involved I am sure they will be glad to talk to you. Those people are:

Major Leo Vrana, Alaska Forces Radio Network	752-3926
Michael Porcaro, Executive Director Alaska Public Broadcasting Commission	272-9418
Cliff Fuglestad, Director Arctic Winter Games for Alaska	265-2456
Don Cather, Chairman Arctic Winter Games	276-6576



# Alaska State Legislature

## House of Representatives

Committee on State Affairs

Pouch V  
State Capitol  
Juneau, Alaska 99811

Official Business

M E M O R A N D U M

February 27, 1978

SUBJECT: HB 577

TO: Senator John Sackett, Chairman  
and Committee Members  
Senate Finance Committee

FROM: Representative Bob Bradley, Chairman  
House State Affairs Committee

A handwritten signature in dark ink, appearing to be "B. Bradley", written over the typed name of the representative.

I am the original sponsor of this bill and the accompanying resolution, HJR 45. I introduced the bill with the round figure of \$10,000, which was given to me by Michael Porcaro. He later sent me a budget for \$8,200. The effect of the CS is simply changing \$10,000 to \$8,200.

The Arctic Winter Games are the "Olympics" of the North Country. Alaskan amateur and military athletes have competed with athletes from the Yukon and Northwest Territories in the Games since 1970. This year there will be over 50 military participants from Alaska.

The Alaska Forces Radio Network reaches 82 rural Alaskan communities with radio and some communities with television. Although the U.S. Air Force is the Network's mother agency, it broadcasts radio to all military bases in Alaska as well as public rural Alaska. The Network broadcasted the '76 election returns all over rural Alaska and proved very successful.

This will be the first time in history that rural Alaskans will be able to see and hear the games at home.

Major Leo Vrana of the Alaska Forces Radio Network says they can transport their equipment to and from the games, do all the filming, production, and broadcasting for \$8,200. In this day and age of appropriations I think we would be getting more than our money's worth for \$8,200.

The money will be appropriated to the Governor's Office, specifically to the Alaska Public Broadcasting Commission. The Commission will then contract with the Network for the broadcasting.

Time is of the essence since the games will be held in March at Hay River, Northwest Territory.

MEMORANDUM  
February 27, 1978  
Page 2

If any of you have questions please contact one of the following people:

Michael Porcaro, Executive Director 272-9418  
Alaska Public Broadcasting Commission

Major Leo Vrana 752-3926  
Alaska Forces Radio Network

Attached you will find:

Letter and budget from Michael Porcaro  
Original HB 577  
HJR 45 (went through Senate Commerce, waiting in Rules  
for HB 577)

Thank you.

# STATE OF ALASKA

JAY HAMMOND, GOVERNOR

## DEPARTMENT OF EDUCATION

ALASKA PUBLIC BROADCASTING COMMISSION

308 G STREET - ANCHORAGE, ALASKA 99501  
272-9418 - 277-1636

January 16, 1978

The Honorable Bob Bradley  
State House of Representatives  
Pouch V  
Juneau, AK 99811

Dear Bob:

Reference our breakfast meeting in December, please find enclosed a budget for coverage of the Arctic Winter Games, March, 1978 in Hay River, N. W. Territories, Canada.

Since our meeting, I have explored both TV and audio distribution. The cost of television coverage and distribution of the games, I felt, was prohibitive on a 'live' basis. I have, therefore, arranged with the CEC to tape their daily hourly wrap-up of the day's activities and air-ship the tape to Anchorage for delayed broadcast. Live coverage of the Arctic Winter Games will have to be accompanied via radio.

The enclosed budget will illustrate the costs. Should you have questions or suggestions they are most welcome.

Best wishes for a productive Session.

Best regards,



Michael F. Porcaro,  
Executive Director  
APBC

MFP:blh

cc: Leo Vrana

ARCTIC WINTER GAMES BUDGET

100	- PERSONNEL	\$ 2,000.00
	4 Reporter/Play-by-play persons @ \$50.00/day	
	1 Engineer @ \$50.00/day	
	Eight days total per diem	
200	- TRAVEL	2,245.00
	5 Airfares on charter @ \$300/each	\$ 1500.00
	Tape shipment @ \$45. per 25 lbs.	245.00
	Broadcast equipment transportation	500.00
300	- COMMUNICATIONS	3,535.72
	Hay River, N.W.T. audio to border:	
	Installation	22.00
	use @ 3 hr/day	351.96
	Total use - 7 days	= 2485.72
	(Canadian)	
	Border to Anchorage:	
	Use @ 3 hr/day	150.00
	Total use - 7 days	= 1050.00
	(United States)	
400	- COMMODITIES	410.00
	10 Video cassettes - 1 hr. ea.	225.00
	12 Audio Cassettes - 1½ hr. each	85.00
	Assorted cable and hardware	100.00
	 TOTAL	 <u>\$8,190.72</u>

Introduced: 1/9/78  
Referred: State Affairs and  
Finance

1 IN THE HOUSE

BY BRADLEY AND GRUENING

2 HOUSE BILL NO. 577

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Office of  
7 the Governor for costs of broadcasting the Arctic  
8 Winter Games; and providing for an effective date."

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

10 \* Section 1. The sum of \$10,000 is appropriated from the general fund to  
11 the Office of the Governor to pay the costs of broadcasting the Arctic Winter  
12 Games being held in March in the Northwest Territory of Canada.

13 \* Sec. 2. The unexpended and unobligated portion of this appropriation  
14 lapses into the general fund June 30, 1978.

15 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
16 070(c).

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Introduced: 1/9/78  
Referred: State Affairs

1 IN THE HOUSE

BY BRADLEY

2 HOUSE JOINT RESOLUTION NO. 45

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 Requesting assistance from the Alaska  
6 Forces Radio Network in covering the  
7 Arctic Winter Games.

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

9 WHEREAS the 1978 Arctic Winter Games will be held in Hay River and in  
10 Mine Point in the Northwest Territory of Canada this March; and

11 WHEREAS Alaskan amateur and military athletes have competed with ath-  
12 letes from the Northwest Territory and the Yukon Territory in the Arctic  
13 Winter Games since 1970; and

14 WHEREAS the games offer opportunities and encouragement to amateur and  
15 military athletes in Alaska to develop their skills in fourteen sporting  
16 events, including native Alaskan events; and

17 WHEREAS the games have never received radio or television coverage  
18 before; and

19 WHEREAS Alaskan participants in the games include members of the United  
20 States armed services stationed in Alaska; and

21 WHEREAS the Alaska Forces Radio Network is the sole source of news in  
22 parts of Alaska; and

23 WHEREAS the assistance of the Alaska Forces Radio Network in covering  
24 the games would allow Alaskans in all parts of the state to follow closely  
25 the progress of our athletes and make Alaskans more aware and proud of the  
26 achievements of all Alaskans;

27 BE IT RESOLVED that the Alaska State Legislature respectfully requests  
28 the Alaska Forces Radio Network to work in cooperation with the Alaska Public  
29 Broadcasting Commission to provide coverage of the Arctic Winter Games to be

1 held in the Northwest Territory of Canada in March, 1978.

2 COPIES of this resolution shall be sent to Major Leo Vrana, Alaska  
3 Forces Radio Network; Mr. Don Cather, Chairman of the Arctic Winter Games;  
4 Mr. Cliff Fuglestad, Director of the Arctic Winter Games for Alaska; and  
5 Mr. Michael Porcaro, Executive Director of the Alaska Public Broadcasting  
6 Commission.  
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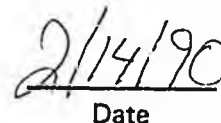


# RECORDS CERTIFICATION



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.

  
Signature of Camera Operator

  
Date

# MEMORANDUM

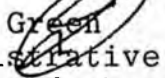
DATE February 1, 1978

TO: Jay Hogan, Director  
Legislative Finance

TELEPHONE NO.:

FILE NO.:

FROM:

  
Janet Green  
Administrative Officer  
Office of the Governor

SUBJECT: Fiscal Note HB 577

The attached fiscal note relating to broadcasting the Arctic Winter Games was requested of the Office of the Governor, and prepared by me based upon the tentative budget from the Public Broadcasting Commission, Dept. of Education, who had originally requested this appropriation.

The backup form is the work of Mr. Mike Porcaro, of the Public Broadcasting Commission, and is identical to that submitted to Representative Bradley earlier this year.

If these funds are appropriated to the Office of the Governor, we intend to contract with the Public Broadcasting Commission to do the work.

COMMITTEE REPORT  
HOUSE

1/24/76

FURTHER: \_\_\_\_\_

Date: 1/27

Mr. Speaker:

The Committee on FINANCE has had HR 577

"An Act making a special appropriation to the Office of the Governor for costs of broadcasting the Arctic Winter Games; effective date."

under consideration and (a majority of the committee) (the committee reports it back as follows)

( ) recommends it do pass ( ) recommends it do not pass

( ) recommends it do pass with attached amendment(s)

(X) recommends it be replaced with CS for HR 577

and \_\_\_\_\_ ( ) new title ( ) same title

( ) AND attaches a Letter of Intent ( ) New Fiscal Note

( ) reports it back without recommendation

( ) and recommends it be referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

[Handwritten Signature]  
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[Handwritten Signature]  
\_\_\_\_\_  
Chairman

Vassar

Original sponsors: Bradley and Gruening

IN THE HOUSE

BY THE FINANCE COMMITTEE

CS FOR HOUSE BILL NO. 577

IN THE LEGISLATURE OF THE STATE OF ALASKA

TENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act making a special appropriation to the Department of Education for costs of broadcasting the Arctic Winter Games; and providing for an effective date."

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

\* Section 1. The sum of \$8,200 is appropriated from the general fund to the Department of Education for the Alaska Public Broadcasting Commission to pay the costs of broadcasting the Arctic Winter Games being held in March in the Northwest Territory of Canada.

\* Sec. 2. The unexpended and unobligated portion of this appropriation lapses into the general fund June 30, 1978.

\* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-070(c).

HB 577

STATE OF ALASKA

JAY HAMMOND, GOVERNOR

DEPARTMENT OF EDUCATION

ALASKA PUBLIC BROADCASTING COMMISSION

308 G STREET - ANCHORAGE, ALASKA 99501  
272-9413 - 277-1636

January 16, 1978

The Honorable Bob Bradley  
State House of Representatives  
Pouch V  
Juneau, AK 99811

Dear Bob:

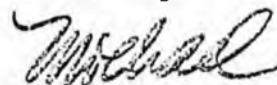
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Since our meeting, I have explored both TV and audio distribution. The cost of television coverage and distribution of the games, I felt, was prohibitive on a 'live' basis. I have, therefore, arranged with the CBC to tape their daily hourly wrap-up of the day's activities and air-ship the tape to Anchorage for delayed broadcast. Live coverage of the Arctic Winter Games will have to be accompanied via radio.

The enclosed budget will illustrate the costs. Should you have questions or suggestions they are most welcome.

Best wishes for a productive Session.

Best regards,



Michael F. Porcaro,  
Executive Director  
APBC

MFP:blh

cc: Leo Vrana

ARCTIC WINTER GAMES BUDGET

100 - PERSONNEL		\$ 2,000.00
4 Reporter/Play-by-play persons @ \$50.00/day		
1 Engineer @ \$50.00/day		
Eight days total per diem		
200 - TRAVEL		2,245.00
5 Airfares on charter @ \$300/each	\$ 1500.00	
Tape shipment @ \$45. per 25 lbs.	245.00	
Broadcast equipment transportation	500.00	
300 - COMMUNICATIONS		3,535.72
Hay River, N.W.T. audio to border:		
Installation	22.00	
use @ 3 hr/day	351.96	
Total use - 7 days	= 2485.72	
(Canadian)		
Border to Anchorage:		
Use @ 3 hr/day	150.00	
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(United States)		
400 -- COMMODITIES		410.00
10 Video cassettes - 1 hr. ea.	225.00	
12 Audio Cassettes 1½ hr. each	85.00	
Assorted cable and hardware	100.00	
 TOTAL		 <u>\$8,190.72</u>

3,535.72  
2,200  
1,335.72

*Rep. Cowper*



Official Business

# Alaska State Legislature

## House of Representatives

### Committee on Labor & Management

January 23, 1978

Pouch V  
State Capitol  
Juneau, Alaska 99811

#### MEMORANDUM

TO: Chairman Steve Cowper and all Members  
House Finance Committee

FROM: Representative Fred Brown *FB*

RE: HB-577 and HJR 45, Involving Assistance for Broadcasting  
the Arctic Winter Games

I was on my way to the House State Affairs Committee to testify on these matters, when I determined that they had already adjourned and signed these bills out, and had not continued their meeting because of an absence of other members.

The event that is described in these proposals is one which occurs in March of 1978, therefore if the Legislature is to look kindly on them it should act quickly.

However, it is my view that, either through amendment of this resolution and bill, or through other means, the Legislature should also address the broadcasting or televising of the Annual World Eskimo-Indian Olympics, usually held in Fairbanks, at the Patty Gymnasium on the University of Alaska campus in the last week of July or first week of August.

As many of you know, participants from all over Alaska and from the Northwest Territories attend these competitions, which extend for many hours for three competitive days. It may be that continuous broadcasting is not appropriate but broadcasting of highlights on the hour through the Alaska Public Radio Network (and, if possible, through the Alaska Forces Radio Network in the manner described in the current resolution) would be appropriate. Also, although live televising might be very awkward because of the lengthy nature of the events (three to five hours per night for each of three nights), the preparation of a well prepared and edited television program summarizing the event seems very practical. The staff and facilities of KUAC-TV, as well as associated personnel and perhaps the Alaska Review group would seem competent to handle it with existing facilities, but perhaps with only some additional monies. Without asking him or determining his availability, one person who has shown an extensive amount of competence in this area would be Moses Wassilie.

Chairman Steve Cowper and all Members -2- January 23, 1978

This is only a preliminary suggestion inspired by the legislation originally addressed by this memorandum. I have not extensively costed out the subject, nor contacted the principals who might be involved.

It would seem appropriate to consider this question at the time this resolution and this bill are before the Finance Committee; or, alternatively, considering funding for such a project during the Committee's consideration of the budget for the Alaska Public Broadcasting Commission (public radio network) and the University of Alaska (KUAC and KUAC-TV).

Thank you very much for any consideration you may give to this suggestion.

FB:kfm

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 577  
 Title Broadcast Costs of the Arctic Winter Games  
 Requested by Legislative Finance Date 1-27-78

II. FISCAL DETAIL

Agency Affected Department of Education  
 Program Category Affected Education  
 Budget Request Unit(s) Affected Alaska Public Broadcasting Commission

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES		2.0				
200 TRAVEL		2.2				
300 CONTRACTUAL		3.6				
400 COMMODITIES		.4				
500 EQUIPMENT		-0-				
600 LAND & STRUCTURES		-0-				
700 GRANTS, CLAIMS, ETC.		-0-				
<b>TOTAL</b>		<b>8.2</b>				

FUNDING (Thousands of Dollars)

GENERAL FUND		8.2				
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME		-0-				
PART TIME		-0-				
TEMPORARY						

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

Tapes of the Arctic Winter Games from the Canadian Broadcasting Co. will be air-freighted to Anchorage on a 12 to 14 hour delay. The tapes will consist of one hour per day of TV highlights plus three hours per day live radio feed-backs of basketball and hockey events.

The service will be available to the Armed Forces NET, Public Broadcasting, Bush TV demonstration stations and commercial stations free of charge.

IV. DATE January 31, 1978 PREPARED BY Janet B Green  
 AGENCY Alaska Public Broadcasting Commission

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

ARCTIC WINTER GAMES BUDGET

100	- PERSONNEL		\$ 2,000.00
	4 Reporter/Play-by-play persons @ \$50.00/day		
	1 Engineer @ \$50.00/day		
	Eight days total per diem		
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	5 Airfares on charter @ \$300/each	\$ 1500.00	
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	(Canadian)		
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400	- COMMODITIES		410.00
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	12 Audio Cassettes - 1½ hr. each	85.00	
	Assorted cable and hardware	100.00	
	TOTAL		<u>\$8,190.72</u>

FORM 02-0018C

FOR BRIEF COMMUNICATIONS

MAY BE HANDWRITTEN

# MEMORANDUM

## State of Alaska

TO:  Legislative Affairs

DEPT. \_\_\_\_\_

DIV. \_\_\_\_\_

SEC. \_\_\_\_\_

DATE : 2/2/78

FROM: *Becky Fritz*  
Becky Fritz  
House Finance Committee

SUBJECT:

Would you please prepare a House Finance Committee Substitute for HB 577, with the changes indicated on the attached sheet on pages 10 and 11. Return to me as soon as possible.

Thanks.

Introduced: 1/9/78  
Referred: State Affairs and  
Finance

1 IN THE HOUSE

BY BRADLEY AND GRUENING

2 HOUSE BILL NO. 577

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Office of  
7 the Governor for costs of broadcasting the Arctic  
8 Winter Games; and providing for an effective date."

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

10 \* Section 1. The sum of <sup>8,200</sup> ~~\$10,000~~ is appropriated from the general fund to  
11 ~~the Office of the Governor to pay the costs of broadcasting the Arctic Winter~~  
12 ~~Games being held in March in the Northwest Territory of Canada.~~  
*AK. Public Broadcasting Dept. of Education*

13 \* Sec. 2. The unexpended and unobligated portion of this appropriation  
14 lapses into the general fund June 30, 1978.

15 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
16 070(c).



# Alaska State Legislature

## House of Representatives

### Committee on State Affairs

Pouch V  
State Capitol  
Juneau, Alaska 99811

Official Business

#### MEMORANDUM

30 January 1978

SUBJECT: HB 577

TO: Rep. Steve Cowper, Chairman  
Committee Members  
House Finance Committee

FROM: Rep. Bob Bradley, Chairman  
House State Affairs Committee

The Arctic Winter Games are the "Olympics" of the North Country. Alaskan amateur and military athletes have competed with athletes from the Yukon Territory and the Northwest Territory in the Games since 1970. This year there will be over 50 military participants from Alaska.

The Alaska Forces Radio Network reaches 82 rural Alaskan communities with radio and some communities with television. Although the U.S. Air Force is the Network's mother agency, it broadcasts radio to all military bases in Alaska as well. The Network broadcasted the '76 election returns all over rural Alaska and proved very successful.

This will be the first time in history that rural Alaskans will be able to see and hear the games at home.

Major Leo Vrana of the Alaska Forces Radio Network says they can transport their equipment to and from the games, do all the filming, production, and broadcasting for \$10,000. In this day and age of appropriations I think we would be getting more than our moneys work for \$10,000.

The money will be appropriated to the Governor's Office, specifically to the Alaska Public Broadcasting Commission. The Commission will then contract with the Alaska Forces Radio Network for the Broadcasting.

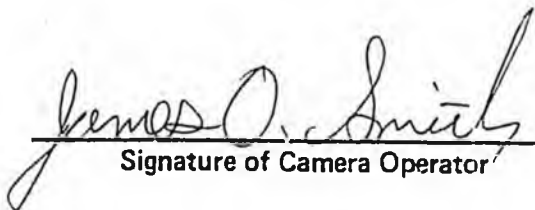
If any of you would like to contact any of the people involved I am sure they will be glad to talk to you. Those people are:

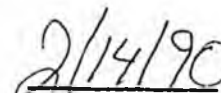
Major Leo Vrana, Alaska Forces Radio Network	752-3926
Michael Porcaro, Executive Director Alaska Public Broadcasting Commission	272-9418
Cliff Fuglestad, Director Arctic Winter Games for Alaska	265-2456
Don Cather, Chairman Arctic Winter Games	276-6576



# 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.

  
Signature of Camera Operator

  
Date

# COMMITTEE REPORT

## HOUSE

FURTHER: \_\_\_\_\_

1-10-78

Date: Jan 10, 1978

Mr. Speaker:

The Committee on FINANCE has had HB 580  
"An Act making supplemental appropriations to the Department of Health and Social Services, Medicaid; e.d."

under consideration and (a majority of the committee) (the committee reports it back as follows)

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 \_\_\_\_\_ ( ) new title              ( ) same title

( ) AND attaches a Letter of Intent              ( ) New Fiscal Note

( ) reports it back without recommendation

( ) and recommends it be referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

F. Bennett  
\_\_\_\_\_  
Lee  
\_\_\_\_\_  
W. J. ...  
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\_\_\_\_\_  
Chairman

Introduced: 1/10/78  
Referred: Finance

IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

HOUSE BILL NO. 580

IN THE LEGISLATURE OF THE STATE OF ALASKA

TENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: An Act making supplemental appropriations to the Department of Health and Social Services, Medicaid; and providing for an effective date."

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

\* Section 1. The sum of \$522,298 is appropriated to the Department of Health and Social Services, for Medicaid hospital cost settling. Sources of this appropriation are as follows:

Federal Antirecession Funds	\$266,149	GF match
Title XIX - Medicaid Federal Funds	266,149	Fed match

\* Sec. 2. The sum of \$532,300 is appropriated to the Department of Health and Social Services, for Medicaid nursing home services. Sources of this appropriation are as follows:

Federal Antirecession Funds	\$266,150	G.F. Match
Titl. XIX - Medicaid Federal Funds	266,150	Fed Match

\* Sec. 3. This Act takes effect immediately in accordance with AS 01.-10.070(c) and is retroactive to January 1, 1978.

Medicaid Nursing 04 06 21 06 00  
Medicaid Hospitals 04 06 21 02 00 } grants

Introduced: 1/10/78  
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 580

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

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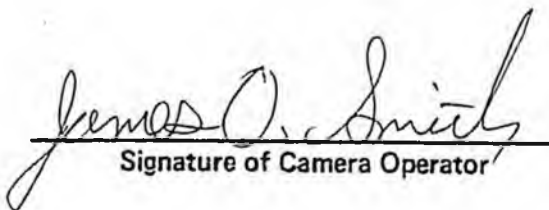
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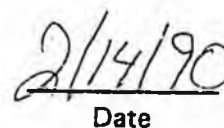


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Signature of Camera Operator

  
Date

**COMMITTEE REPORT**  
**SENATE**

FURTHER: \_\_\_\_\_

1/12/78

Date: January 12, 1978

Mr. President:

The Committee on FINANCE has had HR 980

Supplemental appropriation to the Dept. of Health & Social Services, Medicaid

under consideration and (a majority of the committee) (the committee reports it back as follows)

- 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 \_\_\_\_\_  new title               same title
- AND attaches a Letter of Intent               New Fiscal Note
- reports it back without recommendation
- and recommends it be referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

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\_\_\_\_\_  
Chairman

Introduced: 1/10/78  
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 580

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: An Act making supplemental appropriations to the  
7 Department of Health and Social Services, Medicaid;  
8 and providing for an effective date."

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

10 \* Section 1. The sum of \$532,298 is appropriated to the Department of  
11 Health and Social Services, for Medicaid hospital cost settling. Sources  
12 of this appropriation are as follows:

13	Federal Antirecession Funds	\$266,149
14	Title XIX - Medicaid Federal Funds	266,149

15 \* Sec. 2. The sum of \$532,300 is appropriated to the Department of  
16 Health and Social Services, for Medicaid nursing home services. Sources  
17 of this appropriation are as follows:

18	Federal Antirecession Funds	\$266,150
19	Title XIX - Medicaid Federal Funds	266,150

20 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.-  
21 10.070(c) and is retroactive to January 1, 1978.

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# STATE OF ALASKA

## OFFICE OF THE GOVERNOR

BUDGET & MANAGEMENT

POUCH AM — JUNEAG 99811  
PHONE 465-2213

JAY S. HAMMOND, GOVERNOR

January 12, 1978

The Honorable John Sackett, Chairman  
Senate Finance Committee  
Alaska State Senate  
Pouch V  
Juneau, AK 99811

Dear Senator Sackett:

It appears that the necessary date for appropriation of the Counter Cyclical funds may be considered January 13 instead of January 12.

Federal regulations concerning the appropriation of Counter Cyclical funds require that they be made before the end of the six month period which begins the day following receipt of a payment. Our original reading of this regulation was that the word receipt referred to delivery by the postal system to the State of Alaska. Other interpretations of the regulation could be:

1. in hand by responsible official - July 12, 1977;
2. recorded on official revenue transmittal document - July 12, 1977;
3. delivered to treasurer - unknown (estimate July 13);
4. deposited in State bank account - unknown;
5. deposit recorded on State accounting records - July 18, 1977.

The reason that I have gone into such detail is to show the range of possible times that may be used to judge the compliance with the regulations. Use of the date, July 12, 1977, that the document was in the hand of a responsible official and recorded on an official revenue transmittal would be a reasonable date from which to start counting the six months.

I have discussed the possibility of the appropriation with a retroactive effective date with the Department of Law. Their feeling was that if this were appropriated shortly after the deadline with a retroactive date and the purpose was to allow expenditures to continue, it would be in line with the spirit, of not the letter, of the federal program. They also stated that since a federal official would make the final determination they could not provide any assurances to the outcome.

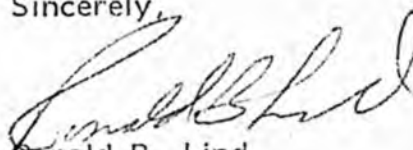
Senator Sackett

-2-

January 12, 1978

I feel that the earlier the funds are appropriated, the less risk of trouble with this regulation is possible. Any assistance you could give in obtaining passage of this on January 13 would be greatly appreciated.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ronald B. Lind".

Ronald B. Lind

Director

ance with § 52.44 of this part. Such request must set forth:

(1) The facts and circumstances which would make compliance with both the requirements of paragraph (a) of this section and § 52.44 not possible;

(2) An explanation of the alternative budgetary process which would be utilized for the payment if the waiver is granted. The alternative budgetary process shall be modeled to the maximum extent on the process applicable to the recipient government's own source revenues, and shall be developed by the chief executive officer.

(3) An assurance that the recipient government has published, unless a waiver of this publication requirement is approved in accordance with § 52.11(d) of this part, a public notice of this waiver, required in a newspaper of general circulation within its geographic area. The newspaper used for such publication shall conform with the requirements in § 52.11 of this part. The notice shall be published not less than 10 calendar days before the waiver request is mailed to the Director, and shall state the following:

(i) The requirements of paragraph (a) of this section and § 52.44;

(ii) The legal or practical circumstances that prevent the recipient government from complying with such requirements;

(iii) That the chief executive officer of the recipient government intends to request the Director of the Office of Revenue Sharing to waive the requirement that payments must be spent in accordance with the budgetary procedures applicable to the expenditure of such government's own source revenues within six months of the day after receipt, as required by paragraph (a) of this section, and § 52.44;

(iv) The alternative budgetary process which would be utilized if the Director grants the requested waiver for the appropriation or obligation of the payments; and

(v) That interested persons are encouraged to provide written comments on this waiver request to the chief executive officer of the recipient government and the Director of the Office of Revenue Sharing. The address of the Office of Revenue Sharing shall also be stated in the public notice.

#### § 52.11 Expenditure time limitation.

Each recipient government shall appropriate or obligate payments for basic

services before the end of the six-month period which begins the day following receipt of a payment.

#### § 52.15 Applicability of other Federal laws.

Except as otherwise provided in the Act or this part, payments are not subject to Federal civil laws applicable only to Federally assisted programs or to Federal grants, loans or contracts. The Criminal Code of the United States (title 18, U.S.C.) shall be applicable to all criminal offenses relating to the expenditure, accounting or reporting of payments by a recipient government receiving such payments under the Act or this part.

#### § 52.16 Interest bearing accounts.

Recipient governments may temporarily deposit their payments in interest bearing accounts. Where payments are held in an interest bearing account, the interest earned on those funds is subject to the expenditure restrictions and prohibitions of the Act and this part.

#### Subpart E—Nondiscrimination by Recipient Governments

#### § 52.60 Purpose.

The purpose of this subpart is to implement § 207 of the Act which provides that no person in the United States shall, on the ground of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity of a State, territorial or local government, which government receives payments. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual as provided in § 504 of the Rehabilitation Act of 1973 shall also apply to any such program or activity. Any prohibition against discrimination on the basis of religion, or any exemption from such prohibition, as provided in the Civil Rights Act of 1964 or Title VIII of the Act of April 11, 1968, commonly referred to as the Civil Rights Act of 1968, shall also apply to any such program or activity.

#### § 52.61 Incorporation of general revenue sharing nondiscrimination regulations.

The nondiscrimination provisions of § 207 of the Act are substantively identical to the corresponding nondiscrimination requirements in §§ 122, 124, and 125



31 Code of Federal Regulations,  
Part 52 Antirecession Fiscal Assistance  
Payments to State, Local and  
Territorial Governments

## Interim Regulations Governing Payments Under Title II of the Public Works Employment Act of 1976, As Amended by Pub. L. 95-30

Department of the Treasury  
Office of Revenue Sharing

# STATE OF ALASKA

## OFFICE OF THE GOVERNOR

BUDGET & MANAGEMENT

POUCH AM — JUNEAU 99811  
PHONE 465-2213

JAY S. HAMMOND, GOVERNOR

January 3, 1978

The Honorable John Sackett  
Chairman  
Senate Finance Committee  
Alaska State Senate  
Pouch V  
Juneau, AK 99811



Dear Senator Sackett:

I am writing to inform you of a problem which we are encountering in complying with the federal statutes governing the use of "Counter Cyclical Funding." Basically, Section 207(7) of the Anti-Recessional Funding Assistance Act requires that every state assure the federal government that it will spend, appropriate or otherwise obligate funds within six months of receipt. Unless we are able to obtain very quick action on a supplemental appropriation, we will not be able to provide this assurance.

Due to changes in the federal law on the subject, the state received far more than was expected from this source. July 12, 1977, we received \$908,497, of which only \$376,198 was appropriated. Therefore, under the applicable regulations, we have until January 12 to spend, appropriate or otherwise obligate \$532,299, or be in the position of possibly turning these funds back to the federal government.

We are introducing two supplemental appropriations for Medicaid, one of which would allow the appropriation of these funds yet not be the total supplemental required for Medicaid. I would hope that early action could be obtained on the Counter Cyclical Appropriation and that the incremental supplemental would receive the Legislature's full review.

I would appreciate meeting with you prior to the session to provide you additional information of this problem.

Sincerely,



Ronald B. Lind  
Director

Attachment

cc: Jay Hogan  
Alison Elgee

STATE  
of ALASKA

## MEMORANDUM

TO:  Ron Lind, Director  
Division of Budget & Management  
Office of the Governor

DATE: December 21, 1977

FILE NO:

TELEPHONE NO:

FROM:

*Mike Orelove*

Mike Orelove, Budget Analyst

SUBJECT: General Revenue Sharing and  
Counter Cyclical Funding Recap

The attached chart is a recap of the General Revenue Sharing and Counter Cyclical Funding to show which funding was used in FY 77, the planned use in FY 78 and Governor's Budget for FY 79.

The following items of explanation are lettered to correspond with letters on the chart.

## Part 1 General Revenue Sharing

The amount of General Revenue Sharing requested and appropriated for FY 78 was based on estimates from Senator Gravel's office as follows:

Federal Period #8 estimate was \$3,536,316 (A), however the actual amount was \$3,543,385 (B) leaving a balance of \$7,069 (C) unappropriated.

Federal Period #9 estimate was \$4,859,427. Since only 3 quarters of the Federal Fiscal year coincide with the State Fiscal year, 3/4 of this estimate was used for the FY 78 budget in the amount of \$3,644,484 (D). The actual amount to be earned in this time period is \$6,005,656 (E) leaving a balance of \$2,361,172 (F) unappropriated.

The state will be receiving payments during FY 79, however the exact amount of funding is unknown at this time. For budget purposes we are projecting that for federal period #10 the state will receive the same amount as in period #9 - \$6,005,656 (G). Since only 3 quarters of this period coincides with state FY 79, only 3/4 of this amount is projected in the FY 79 budget in the amount of \$4504242.

In summary, the FY 79 budget contains a total estimated amount of General Revenue Sharing of \$6,872,483 (I) which is made up of the balance from federal period #8 (C), the balance of federal period #9 (F) and 3/4 of the estimated amount of federal period #10 (H).

## Part 2 Counter Cyclical Funding

When the FY 78 budget estimate for counter cyclical funding was made, the state was in receipt of the 1st three quarters payments which averaged \$207,409 per quarter (A).

Of the total 1st three quarter payments of \$622,316, the amount of \$528,627 (B) was appropriated in a FY 77 supplemental request leaving a balance of \$93,689 (C) unappropriated from the 1st three quarters.

This balance of \$93,689 (C) plus an estimate of \$622,311 (D) (\$207,439 average for 1st three quarters X 3 additional quarters) equaled \$716,600 (E) which was the amount requested and appropriated for FY 78.

The Legislature was still in session when the state received the 4th quarter payment of \$246,113 (F). Although this was \$38,674 higher than the monthly average, the difference was not significant enough to warrant revising the FY 78 estimate.

As can be seen on the summary, the 5th (G) and 6th (H) payments were far in excess of the budget estimates. This was caused mainly by action on the federal level which authorized more funding to the states and extended the program through federal FY 78 (Sept. 30, 1978) (I).

When we received the 5th (G) payment on July 12, 1977 the state was in receipt of a balance of \$532,299 (J) which was not appropriated.

Federal regulations require that these funds be appropriated within 6 months from the date the funds are received in the same manner as state general funds are appropriated, i.e., by the full Legislature. It is necessary to have the amount of \$532,299 (J) appropriated by January 12, 1978 or the funds may lapse back to the federal government. The 6th payment of \$1,327,135 (K) must also be appropriated within 6 months from the date received or the funds may lapse. These funds were received on October 13, 1977 and must be appropriated by April 13, 1978.

These unappropriated amounts (J) & (K) are being requested as funding for a portion of the FY 78 supplemental appropriation request for Medicaid.

The state will be receiving payments for three additional quarters (L), however the exact amount of funding is unknown until actually received. For budget purposes we are projecting receiving the same amounts in each of the last 3 quarters as our last payment of \$1,327,135.



Dick Wilson  
Dave Davidson

## Medicaid:

- ① - Used '76 actual for projection for '78
- ②. All held except for a in no of clients  
"Cost Settlement" - pay a portion of fixed  
day cost - then balance up.
- ③. Not audited every year
- ④. Know increase every year but don't know  
how much. National ↑ 25% but
- ⑤. \$20m. -  $\frac{1}{2}$  state.
- ⑥. "Cost Settlement" was not budgeted



**Gov's Request + LEVEL**

FY 79 BUDGET REQUEST  
MEDICAID - NURSING HOME COMPONENT  
INTERMEDIATE NURSING HOMES

*Gov's Request*  
*Level*

Intermediate Nursing Homes	1 XIX Certified Capacity	2 FTE FY 78 Authorized	3 FTE FY 78 Current	4 Difference FY 78 Auth - Cur	5 FTE FY 79 Request	6 Daily Rate FY 78 Authorized	7 Daily Rate FY 78 Current	8 Difference FY 78 Auth - Cur	9* Daily Rate FY 78 Projected	10* Daily Rate FY 79 Request	11* Total Cost FY 79 Request	Total/Cost FY 79 Projected
Aurora	N.A.	0.9	1.00	(.10)	1.00	20.90	14.88	6.02	20.90	21.52	7,551.80	7,628.50
Careage House	101.0	84.7	92.50	(7.80)	92.50	66.87	62.50	4.37	66.87	83.58	2,426,848.50	2,110,156.35
Careage North	88.0	54.6	61.30	(6.70)	61.30	86.18	77.00	9.18	86.18	107.72	1,981,261.97	1,720,836.50
Cordova	8.0	3.3	5.68	(2.38)	5.68	90.90	72.72	18.18	90.90	115.62	199,379.64	173,311.71
Ketchikan (Is. View)	48.0	36.3	36.20	0.10	36.20	57.71	46.17	11.54	57.71	72.15	806,917.91	701,610.90
Petersburg	10.0	5.9	8.00	(2.10)	8.00	51.75	51.30	0.45	51.75	64.68	175,200.00	149,196.00
Valley Hospital	6.0	-0-	1.77	(1.77)	1.77	71.87	57.50	14.37	71.87	89.83	49,125.64	42,123.28
Wesleyan	64.0	53.7	57.53	(3.83)	57.53	42.50	34.00	8.50	42.50	53.12	944,300.65	821,037.59
Krangell	12.0	9.9	9.00	0.90	9.00	52.87	42.30	10.57	52.87	66.08	183,762.90	159,815.25
St. Ann's, Juneau	45.0	-0-	P 12.00	P (18.00)	P 30.00	-0-	75.00	(75.00)	75.00	93.75	944,437.50	328,500.00
South Peninsula	4.0	-0-	1.00	(1.00)	1.00	-0-	108.00	(108.00)	108.00	135.00	45,333.00	34,420.00
Macieria	N.A.	0.8	1.00	(0.20)	1.00	18.40	16.07	2.33	18.40	18.95	6,916.75	6,716.00
Virginia Manor	N.A.	0.6	1.00	(0.40)	1.00	17.08	13.67	3.41	17.08	17.59	6,420.35	6,234.20
Norton Sound	6.0	2.9	3.94	(1.04)	3.94	119.41	144.70	(25.29)	144.70	180.87	239,299.84	202,930.01
Glenmore	100.0	-0-	-0-	P (60.00)	P 60.00	-0-	P 112.50	P (112.50)	P 112.50	P 140.63	2,333,432.00	
Centralia	N.A.	-0-	-0-	-0-	-0-	-0-	13.67	(13.67)	13.67	14.08	-0-	
Interlake Manor	N.A.	-0-	1.00	(1.00)	1.00	-0-	13.08	(13.08)	13.08	13.47	4,916.55	4,774.20
Modern Care	N.A.	-0-	-0-	-0-	-0-	-0-	15.69	(15.69)	15.69	19.61	-0-	
<b>TOTAL*</b>	<b>492.0</b>	<b>253.60</b>	<b>292.92</b>	<b>(105.32)</b>	<b>370.92</b>	<b>\$696.44</b>	<b>\$970.75</b>	<b>\$(274.31)</b>	<b>\$1,059.67</b>	<b>\$1,306.23</b>	<b>10,855,398.00</b> <b>10,855,398.00</b>	<b>6,482,724.65</b>

\* 9. Due to the fact that there has been to date little or no cost settling for FY 77, the FY 78 Projected Rate is in most cases the FY 78 Authorized Rate except where the Current Rate is already higher.

\*10. (a) FY 78 Projected Daily Rate + 16% = FY 79 Daily Rate for in-state nursing homes.  
(b) FY 78 Projected Daily Rate + 3% = FY 79 Daily Rate for out-of-state nursing homes.

\*11. FY 79 Request FTE x FY 79 Request Daily Rate x 365 days = FY 79 Request dollar amount.

\* TOTALS: Due to the distribution of FTE's at various nursing homes, the FY 79 Request FTE's TOTAL x the FY 79 Projected Rate TOTAL x 365 days would be in excess of required request, therefore, the need was determined on a nursing home by nursing home basis which is the sum of Column 11.

6482.6

# GOV'S REQUEST LEVEL

## FY 79 BUDGET REQUEST MEDICAID - NURSING HOME COMPONENT SKILLED NURSING HOMES

	1	2	3	4	5	6	7	8	9*	10*	11*	Total Cost FY 79 Projected
Skilled Nursing Homes	XIX Certified Capacity	FTE FY 78 Authorized	FTE FY 78 Current	Difference FY 78 Auth - Cur	FTE FY 79 Request	Daily Rate FY 78 Authorized	Daily Rate FY 78 Current	Difference FY 78 Auth - Cur	Daily Rate FY 78 Projected	Daily Rate FY 79 Request	Total Cost FY 79 Request	
Careage North	88.0	9.3	12.47	(3.17)	12.47	95.75	85.50	10.25	95.75	119.68	447,501.39	389,157.52
Cordova Community	8.0	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Glenore	100.0	56.2	72.67	(16.47)	72.67	122.50	125.00	(2.50)	125.00	156.25	3,812,404.06	3,315,563.75
Is. View (Ketchikan)	48.0	0.2	0.63	(0.43)	0.63	64.12	51.30	12.82	64.12	80.15	13,579.81	13,564.75
Petersburg General	10.0	0.6	1.00	(0.20)	1.00	57.50	57.00	0.50	57.50	71.87	33,925.76	20,705.00
Valley Hospital	6.0	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Hesleyan	64.0	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Wrangell General	12.0	-0-	0.81	(0.81)	0.81	58.75	47.00	11.75	58.75	73.43	16,319.88	15,979.99
Kodiak	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
South Peninsula	4.0	-0-	-0-	-0-	-0-	-0-	120.00	(120.00)	120.00	150.00	138.00	-0-
Interlake	N.A.	0.6	-0-	0.60	-0-	25.52	-0-	25.52	25.52	26.28	-0-	-0-
Olympia	N.A.	0.9	1.00	(0.10)	1.00	22.60	19.62	2.98	22.60	25.27	8,483.33	8,249.00
Pinehurst	N.A.	0.6	1.00	(0.40)	1.00	24.95	20.24	4.71	24.95	25.69	9,576.85	9,106.75
South Haven	N.A.	0.8	2.00	(1.20)	2.00	22.07	17.66	4.41	22.07	22.73	16,592.90	16,111.10
Winslow	N.A.	0.8	1.00	(0.20)	1.00	22.05	17.64	4.41	22.05	22.71	8,289.15	8,043.25
Gateway	N.A.	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Khidby Island	N.A.	1.4	2.00	(0.60)	2.00	20.37	16.30	4.07	20.37	20.98	15,315.40	14,170.10
Restorative C	N.A.	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL*</b>	<b>340.0</b>	<b>71.60</b>	<b>94.58</b>	<b>(22.98)</b>	<b>94.58</b>	<b>\$536.18</b>	<b>\$577.26</b>	<b>\$(41.08)</b>	<b>\$658.68</b>	<b>\$793.04</b>	<b>4,374,325.74</b>	<b>3,811,461.10</b>

\* 9. Due to the fact that there has been to date little or no cost settling for FY 77, the FY 78 Projected Rate is in most cases the FY 78 Authorized Rate except where the Current Rate is already higher.

\*10. (a) FY 78 Projected Daily Rate + 15% = FY 79 Daily Rate for in-state nursing homes.  
(b) FY 78 Projected Daily Rate + 3% = FY 79 Daily Rate for out-of-state nursing homes.

\*11. FY 79 Request FTE x FY 79 Request Daily Rate x 365 days = FY 79 Request dollar amount.

\* TOTALS: Due to the distribution of FTE's at various nursing homes, the FY 79 Request FTE's TOTAL x the FY 79 Projected Rate TOTAL x 365 days would be in excess of required request, therefore, the need was determined on a nursing home by nursing home basis which is the sum of Column 11.

\$ 3,811.5

GOVERNOR'S REQUEST LEVEL  
 FY 79 BUDGET REQUEST  
 MEDICAID BNL

December 16, 1977

Hope Cottage Only of Nursing Homes Component

282	Hope ICF NR	Collocation Code	Type of Service
931.9	A	FY 77 Final Authorization	
992.8	B	FY 77 Actuals to Date (9/30/77)	
-0-	C	FY 77 Encumbrances	
-0-	D	FY 77 Known Outstanding Bills	
992.8	E	FY 77 Total Expenditures (10/28/77)	
30x\$88.00 x 365	F	FY 78 Inflation Factor	
936.6	G	Projected FY 78 Total Expenditures	
1,742.2	H	FY 78 Authorization	
805.6	I	Difference Btw. FY 78 Expend. & Auth.	
30x10.00 x 365	J	FY 79 Inflation Factor	
1,204.5	K	Total FY 79 Request (FY 79 Inflation x FY 78 Expend.)	

SENATE FINANCE COMMITTEE

January 12, 1978

1:10 p.m.

Chairman Sackett convened the meeting at approximately 1:10 p.m. In attendance were Senators Tillion, Croft, Orsini, and Meland. Senators Hohman and Butrovich were absent. Also in attendance were Helen D. Beirne, Commissioner, Department of Health & Social Services; Catherine M. Lloyd, Deputy Commissioner, Health & Social Services; Richard R. Wilson, Director, Division of Public Assistance; D. M. Davidson, Administrative Officer, Department of Health and Social Services; Marsha Hubbard, Budget Analyst, Health and Social Services; and members of the press, Elaine Mitchell, A.I.S.; and Cheryl Probst, Anchorage Times.

Chairman Sackett advised committee members that the purpose of the meeting was to consider House Bill 580 (An Act making supplemental appropriations to the Department of Health and Social Services, Medicaid; and providing for an effective date.) He further advised that it would be necessary for the committee to take action on the bill today due to the time limitation placed upon available federal funds.

Ron Lind, Director of the Division of Budget and Management appeared before the committee to testify regarding utilization of Counter Cyclical funding, and stated that representatives from Health and Social Services would testify regarding use of these funds within the Department.

Mr. Lind referred to his letter of 1/12/78 (distributed to committee members and attached to these minutes) setting forth possible dates for calculating the six months plus one day time period for obligating the relevant federal funds. He stated that Russ Phillips, the State Accountant, had received the funds on July 12, 1978, and the funds were subsequently deposited in a State banking account July 18, 1978. He added that the State had until tomorrow, January 13, 1978, in terms of time in which to obligate the funds. He also stated that possibly an argument could be made in favor of obligation by the 18th of January and the State would still remain within the spirit (if not the explicit intent) of the federal law, but he believed that if the funds were appropriated by the 13th, there should be no problem.

Mr. Lind further advised that the funds were to be spent for ongoing obligations, and that the state had received more money than expected during 1977. He stated that the state had received an average of \$200,000 during the first three quarters of 1976-1977. The department assumed that this quarterly average would continue. On July 12, 1977, the state received a quarterly payment of \$908,000, resulting in an excess of \$532,000 in the current appropriation for Medicaid. Mr. Lind attributed the increased quarterly payment to changes in the federal law and the manner in which funds were calculated and distributed. He added that Alaska's unemployment rate had also gone up (unemployment is a key factor at the federal level).

Mr. Lind next advised that \$1,327,000 received in October will need to be appropriated within three months from this date, but added that that appropriation would be taken up at another time.

Mr. Lind advised that the Medicaid program was in need of the additional funds included within HB 580 and advised that the Department of Health and Social Services would demonstrate the need.

Commissioner Beirne briefly addressed the committee offering department assistance on all matters within its jurisdiction and introduced her Deputy Commissioner and Marsha Hubbard.

Marsha Hubbard advised that in preparing its '79 budget, the department used a projection system based on analysis of '76 expenditures for Medicaid, application of inflation figures, and costs for '78. She added that the Federal Government had supplied figures which it believed to be increases for Medicaid.

Increases in the Medicaid program are due to additional nursing home clients and failure to budget for cost settlements to hospitals. Replying to a question from Chairman Sackett requesting clarification of "cost settlements," Marsha Hubbard advised that cost settlements are reimbursements to hospitals for the actual cost of taking care of Medicaid patients. The settlement amount is determined on the basis that a client is sent to a hospital and cared for at a fixed bed day cost. Health and Social Services will reimburse the hospital if it spends more than the fixed rate. She

added that the department has no system for determining how much a hospital is spending in process, that the department must receive a bill from the hospital in order to establish the cost settlement reimbursement figure or upgrade the daily hospital rate. She further advised that nursing rates are going up 25% and that the hospitals and nursing homes have not been fully audited. She stated that the department has no system to project increases in costs, so it has had to come in and ask for a supplemental for cost settlements.

Ms. Hubbard distributed a cost sheet (copy attached) advising that figures indicate \$1,000,000 in hospital services and \$1,000,000 in nursing homes. Since the time of preparation, the department has added \$600,000 in cost settlements, and has experienced an increase in patients in nursing homes from 253 to 292, adding that it costs the department \$35,000 to \$40,000 a year per patient. Patients in skilled nursing homes have risen from 71 to 94.

She added that the cost sheet shows figures against the '79 budget, and that column two contains the full-time equivalency of patients budgeted last year. At this point in time, the department is still using projected '77 expenditures to determine '78 expenditures because of the severe time lag in billing. She added that the whole budget system for Medicaid is simply the use of compounded inflations against prior year expenditures. She stated that the department has a \$22,000,000 appropriation, and as of November <sup>all time</sup> only \$4,000,000 has been expended, but the department would be paying bills through December on that budget. She added that the department is now asking for half of what it now knows it will need.

Responding to a question from Senator Orsini regarding what portion of the \$22,000,000 was federal money, Ron Lind replied that the state was responsible for one-half (\$11,000,000).

Responding to a question from Chairman Sackett regarding the facilities at Glenwood, Ms. Hubbard advised that a new facility would be opening at Glenwood. She added that this fact also has some impact on department expenditures in that when new facilities open and more beds are available, the number of patients increases.

Mr. Hogan advised committee members that there was an alternate route available for handling the appropriation. He advised that it could have been processed through the Budget and Audit Committee as an RP anytime after receipt in July. He added that the attorney general has determined that some funds are trust funds and some funds are not, and it was decided not to seek the necessary waiver for appropriation of the funds. Mr. Hogan simply wished to advise the committee that this method was available but was decided against.

Responding to a question raised by Senator Orsini regarding home care services for the elderly, Ms. Hubbard advised that the department was seeking a supplemental in this program also in order to make more home care available.

(Senator Croft left the meeting at this time, 1:40 p.m.)

Chairman Sackett asked if there were further questions concerning the bill. Senator Tillion moved that the bill be passed from committee with a "do pass" recommendation. There being no objections, House Bill 580 passed from committee.

The meeting adjourned at approximately 1:45 p.m.