

LEG. FINANCE - BILLS 1977 - 1978 813

HB 811 thru HB 820

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RECORDS CERTIFICATION

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James O. Smith
Signature of Camera Operator

2/23/90
Date

Original sponsors: Parr, Swanson
and Phillips

Offered: 3/27/76
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 811

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing an advisory vote by the qualified
7 voters of the state on the question of whether the
8 people of Alaska want multi-purpose use of the maximum
9 amount of d-2 lands; and providing for an effective
10 date."

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

12 * Section 1. There shall be placed on the ballot at the next primary
13 election the question, advisory to the governor and the legislature: "Shall
14 the governor inform the Congress of the United States that the people of
15 Alaska wish the maximum amount of d-2 lands in Alaska managed so as to allow
16 for recreational, agricultural, timber harvest, mineral exploration and
17 extraction, fishing, and all other compatible uses in the same area whenever
18 appropriate?

19 YES [] NO []".

20 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
21 070(c).

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COMMITTEE COPY

Introduced: 2/14/78
Referred: Resources and
Finance

1 IN THE HOUSE

BY PARR, SWANSON AND PHILLIPS

2 HOUSE BILL NO. 811

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COMMITTEE REPORT

HOUSE

3/27/78

FURTHER: _____

Date: _____

Mr. Speaker:

The Committee on FINANCE has had HB 811

"An Act authorizing an advisory vote by the qualified voters of the state on the question of whether the people of Alaska want multi-purpose use of the maximum amount of d-2 lands; 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)
 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:

COMMITTEE REPORT

HOUSE

2/14/78

FURTHER: FINANCE

Date: March 24, 1978

Mr. Speaker:

The Committee on RESOURCES has had HB 811
"An Act authorizing an advisory vote by the qualified voters of the state on
the question of whether the people of Alaska want multi-purpose use of the maximum
amount of d-2 lands; eff. date."
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MEMBERS SIGNING DO PASS:

J. Malone
Wm. Athens
Alvin Osterback

OTHER RECOMMENDATIONS:

() { Mede A. Smiler no Rec. too late
SO Smith no Rec
Al H. no rec
W. K. D. no rec

Alvin Osterback
Chairman

Original sponsors: Parr, Swanson
and Phillips

Offered: 3/27/78
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

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COMMITTEE COPY

Introduced: 2/14/78
Referred: Resources and
Finance

BY PARR, SWANSON AND PHILLIPS
BY PARR

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Parr

1 IN THE HOUSE

2 HOUSE BILL NO. 811

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

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29 COMMITTEE COPY

HB 811

ALASKA STATE LEGISLATURE

TENTH Legislature SECOND Session

HOUSE BILL NO. 811
By PARR, SWANSON AND PHILLIPS

"An Act authorizing an advisory vote by the qualified voters of the state on the question of whether the people of Alaska want multi-purpose use of the maximum amount of d-2 lands; and providing for an effective date."

d-2 lands multi-purpose use
Introduced in the House . 2/14/78, 1978.

HISTORY IN THE HOUSE

19 78	Read first time and referred to Committee on Resources and Finance												
Feb 14	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> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused		
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Reconsideration													
PASS	Effective Date												
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	Reported correctly engrossed Signed by Speaker 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												
	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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PASS	Effective Date												
Yeas	Yeas												
Nays	Nays												
Absent	Absent												
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.



RECORDS CERTIFICATION



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James O. Irish
Signature of Camera Operator

2/23/90
Date

COMMITTEE REPORT

HOUSE

FURTHER: _____

Date: _____

Mr. Speaker:

The Committee on Finance has had HR 815

"An Act relating to oil and gas conservation; eff. 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)
- 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:

[Handwritten signatures]

OTHER RECOMMENDATIONS:

[Handwritten signature]

Chairman

Original sponsors: Chatterton and Malone

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 815 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to oil and gas conservation; and pro-
7 viding for an effective date."

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

9 * Section 1. AS 31.05.030(d) is amended by adding a new paragraph to
10 read:

11 (8) the measuring and monitoring of oil and gas pool pres-
12 sures.

13 * Sec. 2. AS 31.05.030(e) is amended by adding a new paragraph to read:

14 (6) the quantity and rate of the production of oil and gas
15 from a well or property; this authority shall also apply to a well or
16 property in a voluntary cooperative or unit plan of development or
17 operation entered into in accordance with AS 38.05.180(m).

18 * Sec. 3. AS 31.05.035(a)(2) is amended to read:

19 (2) the filing of flow test information and all logs, except
20 experimental logs [, DIPMETER SURVEYS,] and velocity surveys run on a
21 well and not required by (1) of this subsection.

22 * Sec. 4. AS 31.05.035(c) is amended to read:

23 (c) The reports and information required in (a) of this section
24 [MARKED CONFIDENTIAL] shall be kept confidential for 24 months following
25 the 30-day filing period unless the owner of the well gives written
26 permission to release the reports and information at an earlier date.
27 If the commissioner finds that the required reports and information
28 contain significant information relating to the valuation of unleased
29 land in the same vicinity, he shall keep the reports and information

1 confidential for a reasonable time after the disposition of all affected
2 unleased land, unless the owner of the well gives written permission to
3 release the reports and information at an earlier date. Well location,
4 depth, status and production data and production reports required by the
5 department to be filed subsequent to the 30-day filing period shall be
6 considered public information and shall not be classified confidential.
7 Production data, as used in this subsection, means volume, gravity and
8 gas-oil ratio of all production of oil or gas after the well begins
9 regular production.

10 * Sec. 5. AS 31.05.035 is amended by adding a new subsection to read:

11 (d) Engineering, geological, and other information not required by
12 (a) of this section but voluntarily filed with the department shall be
13 kept confidential if the person filing the information so requests.

14 * Sec. 6. AS 31.05.060 is amended by adding a new subsection to read:

15 (b) Except as provided in this subsection, any action by the
16 department under this chapter that has statewide or general application
17 shall be performed in accordance with the Administrative Procedure Act
18 (AS 44.62). Any action by the department under this chapter that has
19 application to a single well or single field shall be performed in
20 accordance with regulations of the department designed to afford persons
21 affected by the action notice and an opportunity to be heard.

22 * Sec. 7. AS 31.05.110(b) is amended to read:

23 (b) If upon the filing of a petition by the department or a person
24 owning an interest in the tracts affected and after notice and hearing,
25 all in the form and manner and in accordance with the procedure and
26 requirements provided in this section, the department finds that (1) the
27 unitized management, operation and further development of a pool or
28 portion of a pool is reasonably necessary in order to effectively carry
29 on pressure control, pressure-maintenance or repressuring operations,

1 cycling operations, water flooding operations, or any combination of
2 these, or any other form of joint effort calculated to substantially
3 increase the ultimate recovery of oil and gas from the pool; (2) one or
4 more of the unitized methods of operation as applied to the pool or
5 portion of it is feasible, and will prevent waste and will with reason-
6 able probability result in the increased recovery of substantially more
7 oil and gas from the pool than would otherwise be recovered; (3) the
8 estimated additional cost, if any, of conducting such operations will
9 not exceed the value of the additional oil and gas so recovered; and (4)
10 the unitization and adoption of one or more of the unitized methods of
11 operation is for the common good [AND WILL RESULT IN THE GENERAL ADVAN-
12 TAGE OF THE OWNERS OF THE OIL AND GAS RIGHTS WITHIN THE POOL OR PORTION
13 OF IT DIRECTLY AFFECTED], it shall make a finding to that effect and
14 make an order creating the unit and providing for the unitization and
15 unitized operation of the pool or portion of it described in the order,
16 upon the terms and conditions, as may be shown by the evidence to be
17 fair, reasonable, equitable, and which are necessary or proper to pro-
18 tect, safeguard and adjust the respective rights and obligations of the
19 several persons affected, including royalty owner, owners of overriding
20 royalties, oil and gas payments, carried interests, mortgages, lien
21 claimants and others, as well as the lessees. The petition shall set
22 out a description of the proposed unit area with a map or plat of it
23 attached, shall allege the existence of the facts required to be found
24 by the department as provided in this paragraph and shall have attached
25 to it a recommended plan of unitization applicable to the proposed unit
26 area and which the petitioner considers to be fair, reasonable and
27 equitable.

28 * Sec. 8. AS 31.05.110(c) is amended to read:

29 (c) The order of the department shall define the boundary of the

1 area [OF THE POOL OR PORTION OF IT] to be included within the unit area
2 and prescribe with reasonable detail the plan of unitization applicable
3 to it. Each unit and unit area may [SHALL] be limited to all or a
4 portion of a single pool. Only so much of a pool or pools as has been
5 defined and determined to be productive on the basis of information
6 available to the department [OF OIL AND GAS BY ACTUAL DRILLING OPERA-
7 TIONS] may be so included within the unit area. A unit may be created
8 to embrace less than the whole of a pool only where it is shown by the
9 evidence that the area to be so included within the unit area is of a
10 size and shape as may be reasonably required for the successful and
11 efficient conduct of the unitized method of operation for which the unit
12 is created, and that the conduct of it will have no material adverse
13 effect upon the remainder of the pool. The plan of unitization for each
14 unit and unit area shall be one suited to the needs and requirements of
15 the particular unit dependent upon the facts and conditions found to
16 exist with respect to it. In addition to other terms, provisions,
17 conditions and requirements found by the department to be reasonably
18 necessary or proper to carry out the purpose of this chapter, and sub-
19 ject to the further requirements of this section, each plan of unitiza-
20 tion shall contain fair, reasonable and equitable provisions for

21 (1) the efficient unitized management or control of the
22 further development and operation of the unit area for the recovery of
23 oil and gas from the pool affected; under such a plan the actual opera-
24 tions within the unit area may be carried on in whole or in part by the
25 unit itself, or by one or more of the lessees within the unit area as
26 the unit operator subject to the supervision and direction of the unit,
27 dependent upon what is most beneficial or expedient; the designation of
28 the unit operator shall be by vote of the lessees in the unit in a
29 manner provided in the plan of unitization and not by the department;

1 (2) the division of interest or formula for the apportionment
2 and allocation of the unit production, among and to the several sepa-
3 rately owned tracts within the unit area such as will reasonably permit
4 persons otherwise entitled to share in or benefit by the production from
5 such separately owned tracts to produce and receive, instead thereof,
6 their fair, equitable and reasonable share of the unit production or
7 other benefits of it; a separately owned tract's fair, equitable, and
8 reasonable share of the unit production shall be measured by the value
9 of each such tract for oil and gas purposes and its contributing value
10 to the unit in relation to like values of other tracts in the unit,
11 taking into account acreage, the quantity of oil and gas recoverable
12 from it, location on the structure, its probable productivity of oil and
13 gas in the absence of unit operations, the burden of operations to which
14 the tract will or is likely to be subjected, or so many of these fac-
15 tors, or such other pertinent engineering, geological or operating
16 factors as may be reasonably susceptible of determination; unit produc-
17 tion as that term is used in this chapter means all oil and gas produced
18 from a unit area from the effective date of the order of the department
19 creating the unit regardless of the well or tract within the unit area
20 from which the same is produced;

21 (3) the manner in which the unit and the further development
22 and operation of the unit area shall or may be financed and the basis,
23 terms and conditions on which the cost and expense of it shall be appor-
24 tioned among and assessed against the tracts and interests made charge-
25 able with it, including a detailed accounting procedure governing all
26 charges and credits incident to such operations; upon terms and condi-
27 tions as to time and rate of interest as may be fair to all concerned,
28 reasonable provision shall be made in the plan of unitization for carry-
29 ing or otherwise financing lessees who are unable to promptly meet their

1 financial obligations in connection with the unit;

2 (4) the procedure and basis upon which wells, equipment and
3 other properties of the several lessees within the unit area are to be
4 taken over and used for unit operations, including the method of arriv-
5 ing at the compensation for it, or of otherwise proportionately equal-
6 izing or adjusting the investment of the several lessees in the project
7 as of the effective date of unit operation;

8 (5) the creation of an operating committee to have general
9 overall management and control of the unit and the conduct of its busi-
10 ness and affairs and the operations carried on by it, together with the
11 creation or designation of other subcommittees, boards or officers to
12 function under the authority of the operating committee as may be neces-
13 sary, proper or convenient in the efficient management of the unit,
14 defining the powers and duties of all the committees, boards and offi-
15 cers, and prescribing their tenure and time and method for their selec-
16 tion;

17 (6) the time when the plan of unitization becomes effective;

18 (7) the time when and the conditions under which and the
19 method by which the unit shall or may be dissolved and its affairs wound
20 up.

21 * Sec. 9. AS 31.05.110(h) is amended to read:

22 (h) Subject to such reasonable limitations as may be set out in
23 the plan of unitization, the unit has a first and prior lien upon the
24 leasehold estate and all other oil and gas rights (exclusive of a [ONE-
25 EIGHTH] landowners' royalty interest) in and to each separately owned
26 tract, the interest of the owners in and to the unit production and all
27 equipment in the possession of the unit, to secure the payment of the
28 amount of the unit expense charged to and assessed against such sepa-
29 rately owned tract. The interest of the lessee or other persons who by

1 lease, contract or otherwise are obligated or responsible for the cost
2 and expense of developing and operating a separately owned tract for oil
3 and gas in the absence of unitization shall, however, be primarily
4 responsible for and charged with any assessment for unit expense made
5 against the tract and resort may be had to overriding royalties, oil and
6 gas payments, [ROYALTY INTERESTS IN EXCESS OF ONE-EIGHTH OF THE PRODUC-
7 TION,] or other interests, except royalty interests, which otherwise are
8 not chargeable with these costs, only in the event the owner of interest
9 primarily responsible fails to pay the assessment of the production to
10 the credit thereof, or production is insufficient for that purpose. If
11 the owner of any royalty interest, overriding royalty, oil or gas pay-
12 ment, or any other interest which under the plan of unitization is not
13 primarily responsible for it pays in whole or in part the amount of an
14 assessment for unit expense for the purpose of protecting such interest,
15 or the amount of the assessment in whole or in part is deducted from the
16 unit production to the credit of such interest, the owner of it is to
17 the extent of the payment or deduction subrogated to all the rights of
18 the unit with respect to the interest or interests primarily responsible
19 for the assessment. The landowners' royalty share [A ONE-EIGHTH PART]
20 of the unit production allocated to each separately owned tract shall be
21 regarded as royalty to be distributed to and among, or the proceeds of
22 it paid to, the landowners, [THE ROYALTY OWNERS] free and clear of all
23 unit expense and free of any lien for it.

24 * Sec. 10. AS 31.05.110 is amended by adding a new subsection to read:

25 (p) An aliquot of unit production may be underlifted or overlifted
26 from a unit established under this chapter or AS 38.05.180(m) only when
27 it does not create waste, except the commissioner may permit underlift-
28 ing or overlifting for temporary periods for the purpose of accommodat-
29 ing extraordinary disruptions to an interest owner's production disposal

1 system. Underlifted oil may be recovered by an interest owner at a
2 daily rate not to exceed 10 per cent of his working or royalty interest
3 share of daily production at the time of underlift recovery. This
4 subsection applies to all units created after June 30, 1978.

5 * Sec. 11. AS 31.05.110(o) is amended to read:

6 (o) The unit area of a unit may be enlarged to include adjoining
7 portions of the same pool, including the unit area of another unit, and
8 a new unit created for the unitized management, operation and further
9 development of the enlarged unit area, or the plan of unitization may be
10 otherwise amended, or the unit area contracted, all in the same manner,
11 upon the same conditions and subject to the same limitations as provided
12 with respect to the creation of a unit in the first instance [; EXCEPT
13 THAT WHERE THE AMENDMENT TO THE PLAN OF UNITIZATION RELATES ONLY TO THE
14 RIGHTS AND OBLIGATIONS AS BETWEEN LESSEES THE REQUIREMENT THAT IT BE
15 SIGNED, RATIFIED, AND APPROVED BY ROYALTY OWNERS OF RECORD OF NOT LESS
16 THAN 62.5 PER CENT OF THE UNIT AREA DOES NOT APPLY].

17 * Sec. 12. AS 31.05.110 is amended by adding a new subsection to read:

18 (q) This section applies to all involuntary units formed in the
19 state. Subsections (a) and (g) - (p) of this section apply to all
20 voluntary units formed in the state and to a voluntary cooperative or
21 unit plan of development or operation entered into in accordance with AS
22 38.05.180(m).

23 * Sec. 13. AS 31.05.170(11) is amended by adding a new subparagraph to
24 read:

25 (J) the drilling of wells unnecessary to carry out the
26 purpose or intent of this chapter;

27 * Sec. 14. AS 31.05.170 is amended by adding a new paragraph to read:

28 (13) "landowner" means the owner of the subsurface estate of
29 the tract affected.

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* Sec. 15. AS 38.05.180 is amended by adding a new subsection to read:
(t) No leases may be issued under this section without the inclusion of the following language: "The landowners' royalty share of the unit production allocated to each separately owned tract shall be regarded as royalty to be distributed to and among, or the proceeds of it paid to, the landowners, free and clear of all unit expense and free of any lien for it." Leases issued in violation of this subsection shall, for all purposes, be construed as containing the language required by this subsection.

* Sec. 16. AS 31.05.110(d) is repealed.

* Sec. 17. This Act takes effect July 1, 1978.

Original sponsors: Chatterton and Malone

Offered: 3/6/78
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 815

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to oil and gas conservation; and pro-
7 viding for an effective date."

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

9 * Section 1. AS 31.05.030(d) is amended by adding a new paragraph to
10 read:

11 (8) the measuring and monitoring of oil and gas pool pres-
12 sures.

13 * Sec. 2. AS 31.05.030(e) is amended by adding a new paragraph to read:

14 (6) the quantity and rate of the production of oil and gas
15 from a well or property; this authority shall also apply to a well or
16 property in a voluntary cooperative or unit plan of development or
17 operation entered into in accordance with AS 38.05.180(m).

18 * Sec. 3. AS 31.05.035(a)(2) is amended to read:

19 (2) the filing of flow test information and all logs, except
20 experimental logs, dipmeter surveys, and velocity surveys run on a well
21 and not required by (1) of this subsection.

22 * Sec. 4. AS 31.05.035(c) is amended to read:

23 (c) The reports and information required in (a) of this section
24 [MARKED CONFIDENTIAL] shall be kept confidential for 24 months following
25 the 30-day filing period unless the owner of the well gives written
26 permission to release the reports and information at an earlier date.
27 Well location, depth, status and production data and production reports
28 required by the department to be filed subsequent to the 30-day filing
29 period shall be considered public information and shall not be classi-

1 filed confidential. Production data, as used in this subsection, means
2 volume, gravity and gas-oil ratio of all production of oil or gas after
3 the well begins regular production.

4 * Sec. 5. AS 31.05.035 is amended by adding a new subsection to read:

5 (d) Engineering, geological, and other information not required by
6 (a) of this section but voluntarily filed with the department shall be
7 kept confidential if the person filing the information so requests.

8 * Sec. 6. AS 31.05.060 is amended by adding a new subsection to read:

9 (b) Except as provided in this subsection, any action by the
10 department under this chapter that has statewide or general application
11 shall be performed in accordance with the Administrative Procedure Act
12 (AS 44.62). Any action by the department under this chapter that has
13 application to a single well or single field shall be performed in
14 accordance with regulations of the department designed to afford persons
15 affected by the action notice and an opportunity to be heard.

16 * Sec. 7. AS 31.05.110(b) is amended to read:

17 (b) If upon the filing of a petition by the department or a person
18 owning an interest in the tracts affected and after notice and hearing,
19 all in the form and manner and in accordance with the procedure and
20 requirements provided in this section, the department finds that (1) the
21 unitized management, operation and further development of a pool or
22 portion of a pool is reasonably necessary in order to effectively carry
23 on pressure control, pressure-maintenance or repressuring operations,
24 cycling operations, water flooding operations, or any combination of
25 these, or any other form of joint effort calculated to substantially
26 increase the ultimate recovery of oil and gas from the pool; (2) one or
27 more of the unitized methods of operation as applied to the pool or
28 portion of it is feasible, and will prevent waste and will with reason-
29 able probability result in the increased recovery of substantially more

1 oil and gas from the pool than would otherwise be recovered; (3) the
2 estimated additional cost, if any, of conducting such operations will
3 not exceed the value of the additional oil and gas so recovered; and (4)
4 the unitization and adoption of one or more of the unitized methods of
5 operation is for the common good [AND WILL RESULT IN THE GENERAL ADVAN-
6 TAGE OF THE OWNERS OF THE OIL AND GAS RIGHTS WITHIN THE POOL OR PORTION
7 OF IT DIRECTLY AFFECTED], it shall make a finding to that effect and
8 make an order creating the unit and providing for the unitization and
9 unitized operation of the pool or portion of it described in the order,
10 upon the terms and conditions, as may be shown by the evidence to be
11 fair, reasonable, equitable, and which are necessary or proper to pro-
12 tect, safeguard and adjust the respective rights and obligations of the
13 several persons affected, including royalty owner, owners of overriding
14 royalties, oil and gas payments, carried interests, mortgages, lien
15 claimants and others, as well as the lessees. The petition shall set
16 out a description of the proposed unit area with a map or plat of it
17 attached, shall allege the existence of the facts required to be found
18 by the department as provided in this paragraph and shall have attached
19 to it a recommended plan of unitization applicable to the proposed unit
20 area and which the petitioner considers to be fair, reasonable and
21 equitable.

22 * Sec. 8. AS 31.05.110(c) is amended to read:

23 (c) The order of the department may [SHALL] define the boundary of
24 the area [OF THE POOL OR PORTION OF IT] to be included within the unit
25 area and prescribe with reasonable detail the plan of unitization appli-
26 cable to it. Each unit and unit area may [SHALL] be limited to all or a
27 portion of a single pool. Only so much of a pool or pools as has been
28 defined and determined to be productive on the basis of information
29 available to the department [OF OIL AND GAS BY ACTUAL DRILLING OPERA-

1 TIONS] may be so included within the unit area. A unit may be created
2 to embrace less than the whole of a pool only where it is shown by the
3 evidence that the area to be so included within the unit area is of a
4 size and shape as may be reasonably required for the successful and
5 efficient conduct of the unitized method of operation for which the unit
6 is created, and that the conduct of it will have no material adverse
7 effect upon the remainder of the pool. The plan of unitization for each
8 unit and unit area shall be one suited to the needs and requirements of
9 the particular unit dependent upon the facts and conditions found to
10 exist with respect to it. In addition to other terms, provisions,
11 conditions and requirements found by the department to be reasonably
12 necessary or proper to carry out the purpose of this chapter, and sub-
13 ject to the further requirements of this section, each plan of unitiza-
14 tion shall contain fair, reasonable and equitable provisions for

15 (1) the efficient unitized management or control of the
16 further development and operation of the unit area for the recovery of
17 oil and gas from the pool affected; under such a plan the actual opera-
18 tions within the unit area may be carried on in whole or in part by the
19 unit itself, or by one or more of the lessees within the unit area as
20 the unit operator subject to the supervision and direction of the unit,
21 dependent upon what is most beneficial or expedient; the designation of
22 the unit operator shall be by vote of the lessees in the unit in a
23 manner provided in the plan of unitization and not by the department;

24 (2) the division of interest or formula for the apportionment
25 and allocation of the unit production, among and to the several sepa-
26 rately owned tracts within the unit area such as will reasonably permit
27 persons otherwise entitled to share in or benefit by the production from
28 such separately owned tracts to produce and receive, instead thereof,
29 their fair, equitable and reasonable share of the unit production or

1 other benefits of it; a separately owned tract's fair, equitable, and
2 reasonable share of the unit production shall be measured by the value
3 of each such tract for oil and gas purposes and its contributing value
4 to the unit in relation to like values of other tracts in the unit,
5 taking into account acreage, the quantity of oil and gas recoverable
6 from it, location on the structure, its probable productivity of oil and
7 gas in the absence of unit operations, the burden of operations to which
8 the tract will or is likely to be subjected, or so many of these fac-
9 tors, or such other pertinent engineering, geological or operating
10 factors as may be reasonably susceptible of determination; unit produc-
11 tion as that term is used in this chapter means all oil and gas produced
12 from a unit area from the effective date of the order of the department
13 creating the unit regardless of the well or tract within the unit area
14 from which the same is produced;

15 (3) the manner in which the unit and the further development
16 and operation of the unit area shall or may be financed and the basis,
17 terms and conditions on which the cost and expense of it shall be appor-
18 tioned among and assessed against the tracts and interests made charge-
19 able with it, including a detailed accounting procedure governing all
20 charges and credits incident to such operations; upon terms and condi-
21 tions as to time and rate of interest as may be fair to all concerned,
22 reasonable provision shall be made in the plan of unitization for carry-
23 ing or otherwise financing lessees who are unable to promptly meet their
24 financial obligations in connection with the unit;

25 (4) the procedure and basis upon which wells, equipment and
26 other properties of the several lessees within the unit area are to be
27 taken over and used for unit operations, including the method of arriv-
28 ing at the compensation for it, or of otherwise proportionately equal-
29 izing or adjusting the investment of the several lessees in the project

1 as of the effective date of unit operation;

2 (5) the creation of an operating committee to have general
3 overall management and control of the unit and the conduct of its busi-
4 ness and affairs and the operations carried on by it, together with the
5 creation or designation of other subcommittees, boards or officers to
6 function under the authority of the operating committee as may be neces-
7 sary, proper or convenient in the efficient management of the unit,
8 defining the powers and duties of all the committees, boards and offi-
9 cers, and prescribing their tenure and time and method for their selec-
10 tion;

11 (6) the time when the plan of unitization becomes effective;

12 (7) the time when and the conditions under which and the
13 method by which the unit shall or may be dissolved and its affairs wound
14 up.

15 * Sec. 9. AS 31.05.110(h) is amended to read:

16 (h) Subject to such reasonable limitations as may be set out in
17 the plan of unitization, the unit has a first and prior lien upon the
18 leasehold estate and all other oil and gas rights (exclusive of a [ONE-
19 EIGHTH] landowners' royalty interest) in and to each separately owned
20 tract, the interest of the owners in and to the unit production and all
21 equipment in the possession of the unit, to secure the payment of the
22 amount of the unit expense charged to and assessed against such sepa-
23 rately owned tract. The interest of the lessee or other persons who by
24 lease, contract or otherwise are obligated or responsible for the cost
25 and expense of developing and operating a separately owned tract for oil
26 and gas in the absence of unitization shall, however, be primarily
27 responsible for and charged with any assessment for unit expense made
28 against the tract and resort may be had to overriding royalties, oil and
29 gas payments, [ROYALTY INTERESTS IN EXCESS OF ONE-EIGHTH OF THE PRODUC-

1 TION,] or other interests, except royalty interests, which otherwise are
2 not chargeable with these costs, only in the event the owner of interest
3 primarily responsible fails to pay the assessment of the production to
4 the credit thereof, or production is insufficient for that purpose. If
5 the owner of any royalty interest, overriding royalty, oil or gas pay-
6 ment, or any other interest which under the plan of unitization is not
7 primarily responsible for it pays in whole or in part the amount of an
8 assessment for unit expense for the purpose of protecting such interest,
9 or the amount of the assessment in whole or in part is deducted from the
10 unit production to the credit of such interest, the owner of it is to
11 the extent of the payment or deduction subrogated to all the rights of
12 the unit with respect to the interest or interests primarily responsible
13 for the assessment. The landowners' royalty share [A ONE-EIGHTH PART]
14 of the unit production allocated to each separately owned tract shall be
15 regarded as royalty to be distributed to and among, or the proceeds of
16 it paid to, the landowners, [THE ROYALTY OWNERS] free and clear of all
17 unit expense and free of any lien for it.

18 * Sec. 10. AS 31.05.110 is amended by adding a new subsection to read:

19 (p) An aliquot of unit production may be underlifted or overlifted
20 from a unit established under this chapter or AS 38.05.180(m) only when
21 it does not create waste, except the commissioner may permit underlift-
22 ing or overlifting for temporary periods for the purpose of accommodat-
23 ing extraordinary disruptions to an interest owner's production disposal
24 system. Underlifted oil may be recovered by an interest owner at a
25 daily rate not to exceed 10 per cent of his working or royalty interest
26 share of daily production at the time of underlift recovery. This
27 subsection applies to all units created after June 30, 1978.

28 * Sec. 11. AS 31.05.110(o) is amended to read:

29 (o) The unit area of a unit may be enlarged to include adjoining

1 portions of the same pool, including the unit area of another unit, and
2 a new unit created for the unitized management, operation and further
3 development of the enlarged unit area, or the plan of unitization may be
4 otherwise amended, all in the same manner, upon the same conditions and
5 subject to the same limitations as provided with respect to the creation
6 of a unit in the first instance [; EXCEPT THAT WHERE THE AMENDMENT TO
7 THE PLAN OF UNITIZATION RELATES ONLY TO THE RIGHTS AND OBLIGATIONS AS
8 BETWEEN LESSEES THE REQUIREMENT THAT IT BE SIGNED, RATIFIED, AND AP-
9 PROVED BY ROYALTY OWNERS OF RECORD OF NOT LESS THAN 62.5 PER CENT OF THE
10 UNIT AREA DOES NOT APPLY].

11 * Sec. 12. AS 31.05.110 is amended by adding a new subsection to read:

12 (q) This section applies to all involuntary units formed in the
13 state. Subsections (a) and (g) - (p) of this section apply to all
14 voluntary units formed in the state and to a voluntary cooperative or
15 unit plan of development or operation entered into in accordance with AS
16 38.05.180(m).

17 * Sec. 13. AS 31.05.170(11) is amended by adding a new subparagraph to
18 read:

19 (J) the drilling of wells unnecessary to carry out the
20 purpose or intent of this chapter;

21 * Sec. 14. AS 31.05.170 is amended by adding a new paragraph to read:

22 (13) "landowner" means the owner of the subsurface estate of
23 the tract affected.

24 * Sec. 15. AS 38.05.180 is amended by adding a new subsection to read:

25 (t) No leases may be issued under this section without the inclu-
26 sion of the following language: "The landowners' royalty share of the
27 unit production allocated to each separately owned tract shall be re-
28 garded as royalty to be distributed to and among, or the proceeds of it
29 paid to, the landowners, free and clear of all unit expense and free of

1 any lien for it." Leases issued in violation of this subsection shall,
2 for all purposes, be construed as containing the language required by
3 this subsection.

4 * Sec. 16. AS 31.05.110(d) is repealed.

5 * Sec. 17. This Act takes effect July 1, 1978.

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A M E N D M E N T

OFFERED IN THE HOUSE:

BY: Chatterton & Malone

TO: House Finance Comm HOUSE BILL No. 815

SENATE BILL No. -

PAGE: Pages 1, 3 & 8

LINE: See below

Page 1 - Line 20

Delete: (,dipmeter surveys,)

Page 1 - Between lines 26 and 28

Add a sentence: Not withstanding, should the Commissioner upon his own finding determine the required reports and information marked confidential are of significant geologic importance to the valuation of unleased acreage in the vicinity, he shall continue to keep confidential the reports and information marked confidential until 15 days after a lease sale of all affected unleased acreage, unless the owner of the well gives written permission to release the report, and information at an earlier date.

Page 3 - Line 23

Delete: (may) and add shall

Page 8 - Line 4

After the word "amended," add the phrase "or the unit area contracted,"

Page 1 - Line 24

Delete (24) and replace with 48

Introduced: 2/14/78
Referred: Resources and
Finance

1 IN THE HOUSE

BY CHATTERTON AND MALONE

2 HOUSE BILL NO. 815

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to oil and gas conservation; and pro-
7 viding for an effective date."

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

9 * Section 1. AS 31.05.030(d) is amended by adding a new paragraph to
10 read:

11 (8) the measuring and monitoring of oil and gas pool pres-
12 sures.

13 * Sec. 2. AS 31.05.030(e) is amended by adding a new paragraph to read:

14 (6) the production rate of oil and gas from a well or pro-
15 perty.

16 * Sec. 3. AS 31.05.035(a)(1) is amended to read:

17 (1) the making and filing of flow test information, reports,
18 well logs, drilling logs, electric logs, lithologic logs, directional
19 surveys, and all other subsurface information on a well drilled for oil
20 or gas, or for the discovery of oil or gas, or for geologic information;
21 and

22 * Sec. 4. AS 31.05.035(c) is amended to read:

23 (c) The reports and information marked confidential by the opera-
24 tor shall be kept confidential for 24 months following the 30-day filing
25 period unless the owner of the well gives written permission to release
26 the reports and information at an earlier date. Well location, depth,
27 status and production data and production reports required by the de-
28 partment to be filed subsequent to the 30-day filing period shall be
29 considered public information and shall not be classified confidential.

1 Production data, as used in this subsection, means volume, gravity and
2 gas-oil ratio of all production of oil or gas after the well begins
3 regular production.

4 * Sec. 5. AS 31.05.060 is amended by adding a subsection to read:

5 (b) Any action by the department under this chapter that has
6 statewide or general application shall be performed in accordance with
7 the Administrative Procedure Act (AS 44.62). Any action by the depart-
8 ment under this chapter that has application to a single well or single
9 field shall be performed in accordance with regulations of the depart-
10 ment designed to afford persons affected by the action notice and an
11 opportunity to be heard.

12 * Sec. 6. AS 31.05.110(b) is amended to read:

13 (b) If upon the filing of a petition by the department and after
14 notice and hearing, all in the form and manner and in accordance with
15 the procedure and requirements provided in this section, the department
16 finds that (1) the unitized management, operation and further develop-
17 ment of a pool or portion of a pool is reasonably necessary in order to
18 effectively carry on pressure control, pressure-maintenance or repres-
19 suring operations, cycling operations, water flooding operations, or any
20 combination of these, or any other form of joint effort calculated to
21 substantially increase the ultimate recovery of oil and gas from the
22 pool; (2) one or more of the unitized methods of operation as applied to
23 the pool or portion of it is feasible, and will prevent waste and will
24 with reasonable probability result in the increased recovery of sub-
25 stantially more oil and gas from the pool than would otherwise be re-
26 covered; (3) the estimated additional cost, if any, of conducting such
27 operations will not exceed the value of the additional oil and gas so
28 recovered; and (4) the unitization and adoption of one or more of the
29 unitized methods of operation is for the common good [AND WILL RESULT IN

1 THE GENERAL ADVANTAGE OF THE OWNERS OF THE OIL AND GAS RIGHTS WITHIN THE
2 POOL OR PORTION OF IT DIRECTLY AFFECTED], it shall make a finding to
3 that effect and make an order creating the unit and providing for the
4 unitization and unitized operation of the pool or portion of it de-
5 scribed in the order, upon the terms and conditions, as may be shown by
6 the evidence to be fair, reasonable, equitable, and which are necessary
7 or proper to protect, safeguard and adjust the respective rights and
8 obligations of the several persons affected, including royalty owner,
9 owners of overriding royalties, oil and gas payments, carried interests,
10 mortgages, lien claimants and others, as well as the lessees. The
11 petition shall set out a description of the proposed unit area with a
12 map or plat of it attached, shall allege the existence of the facts
13 required to be found by the department as provided in this paragraph and
14 shall have attached to it a recommended plan of unitization applicable
15 to the proposed unit area and which the petitioner considers to be fair,
16 reasonable and equitable.

17 * Sec. 7. AS 31.05.110(c) is amended to read:

18 (c) The order of the department may [SHALL] define the boundary of
19 the area [OF THE POOL OR PORTION OF IT] to be included within the unit
20 area and prescribe with reasonable detail the plan of unitization appli-
21 cable to it. Each unit and unit area may [SHALL] be limited to all or a
22 portion of a single pool. [ONLY SO MUCH OF A POOL AS HAS BEEN DEFINED
23 AND DETERMINED TO BE PRODUCTIVE OF OIL AND GAS BY ACTUAL DRILLING OPERA-
24 TIONS MAY BE SO INCLUDED WITHIN THE UNIT AREA.] A unit may be created
25 to embrace less than the whole of a pool only where it is shown by the
26 evidence that the area to be so included within the unit area is of a
27 size and shape as may be reasonably required for the successful and
28 efficient conduct of the unitized method of operation for which the unit
29 is created, and that the conduct of it will have no material adverse

1 effect upon the remainder of the pool. The plan of unitization for each
2 unit and unit area shall be one suited to the needs and requirements of
3 the particular unit dependent upon the facts and conditions found to
4 exist with respect to it. In addition to other terms, provisions,
5 conditions and requirements found by the department to be reasonably
6 necessary or proper to carry out the purpose of this chapter, and sub-
7 ject to the further requirements of this section, each plan of unitiza-
8 tion shall contain fair, reasonable and equitable provisions for

9 (1) the efficient unitized management or control of the
10 further development and operation of the unit area for the recovery of
11 oil and gas from the pool affected; under such a plan the actual opera-
12 tions within the unit area may be carried on in whole or in part by the
13 unit itself, or by one or more of the lessees within the unit area as
14 the unit operator subject to the supervision and direction of the unit,
15 dependent upon what is most beneficial or expedient; the designation of
16 the unit operator shall be by vote of the lessees in the unit in a
17 manner provided in the plan of unitization and not by the department;

18 (2) the division of interest or formula for the apportionment
19 and allocation of the unit production, among and to the several sepa-
20 rately owned tracts within the unit area such as will reasonably permit
21 persons otherwise entitled to share in or benefit by the production from
22 such separately owned tracts to produce and receive, instead thereof,
23 their fair, equitable and reasonable share of the unit production or
24 other benefits of it; a separately owned tract's fair, equitable, and
25 reasonable share of the unit production shall be measured by the value
26 of each such tract for oil and gas purposes and its contributing value
27 to the unit in relation to like values of other tracts in the unit,
28 taking into account acreage, the quantity of oil and gas recoverable
29 from it, location on the structure, its probable productivity of oil and

1 gas in the absence of unit operations, the burden of operations to which
2 the tract will or is likely to be subjected, or so many of these fac-
3 tors, or such other pertinent engineering, geological or operating
4 factors as may be reasonably susceptible of determination; unit produc-
5 tion as that term is used in this chapter means all oil and gas produced
6 from a unit area from the effective date of the order of the department
7 creating the unit regardless of the well or tract within the unit area
8 from which the same is produced;

9 (3) the manner in which the unit and the further development
10 and operation of the unit area shall or may be financed and the basis,
11 terms and conditions on which the cost and expense of it shall be appor-
12 tioned among and assessed against the tracts and interests made charge-
13 able with it, including a detailed accounting procedure governing all
14 charges and credits incident to such operations; upon terms and condi-
15 tions as to time and rate of interest as may be fair to all concerned,
16 reasonable provision shall be made in the plan of unitization for
17 carrying or otherwise financing lessees who are unable to promptly meet
18 their financial obligations in connection with the unit;

19 (4) the procedure and basis upon which wells, equipment and
20 other properties of the several lessees within the unit area are to be
21 taken over and used for unit operations, including the method of arriv-
22 ing at the compensation for it, or of otherwise proportionately equal-
23 izing or adjusting the investment of the several lussues in the project
24 as of the effective date of unit operation;

25 (5) the creation of an operating committee to have general
26 overall management and control of the unit and the conduct of its busi-
27 ness and affairs and the operations carried on by it, together with the
28 creation or designation of other subcommittees, boards or officers to
29 function under the authority of the operating committee as may be neces-

1 sary, proper or convenient in the efficient management of the unit,
2 defining the powers and duties of all the committees, boards and offi-
3 cers, and prescribing their tenure and time and method for their selec-
4 tion;

5 (6) the time when the plan of unitization becomes effective;

6 (7) the time when and the conditions under which and the
7 method by which the unit shall or may be dissolved and its affairs wound
8 up.

9 * Sec. 8. AS 31.05.110(h) is amended to read:

10 (h) Subject to such reasonable limitations as may be set out in
11 the plan of unitization, the unit has a first and prior lien upon the
12 leasehold estate and all other oil and gas rights (exclusive of a [ONE-
13 EIGHTH] landowners' royalty interest) in and to each separately owned
14 tract, the interest of the owners in and to the unit production and all
15 equipment in the possession of the unit, to secure the payment of the
16 amount of the unit expense charged to and assessed against such sepa-
17 rately owned tract. The interest of the lessee or other persons who by
18 lease, contract or otherwise are obligated or responsible for the cost
19 and expense of developing and operating a separately owned tract for oil
20 and gas in the absence of unitization shall, however, be primarily
21 responsible for and charged with any assessment for unit expense made
22 against the tract and resort may be had to overriding royalties, oil and
23 gas payments, [ROYALTY INTERESTS IN EXCESS OF ONE-EIGHTH OF THE PRODUC-
24 TION,] or other interests which otherwise are not chargeable with these
25 costs, only in the event the owner of interest primarily responsible
26 fails to pay the assessment of the production to the credit thereof, or
27 production is insufficient for that purpose. If the owner of any royal-
28 ty interest, overriding royalty, oil or gas payment, or any other in-
29 terest which under the plan of unitization is not primarily responsible

1 for it pays in whole or in part the amount of an assessment for unit
2 expense for the purpose of protecting such interest, or the amount of
3 the assessment in whole or in part is deducted from the unit production
4 to the credit of such interest, the owner of it is to the extent of the
5 payment or deduction subrogated to all the rights of the unit with
6 respect to the interest or interests primarily responsible for the
7 assessment. The landowners' share [A ONE-EIGHTH PART] of the unit
8 production allocated to each separately owned tract shall be regarded as
9 royalty to be distributed to and among, or the proceeds of it paid to,
10 them, [THE ROYALTY OWNERS] free and clear of all unit expense and free
11 of any lien for it.

12 * Sec. 9. AS 31.05.110(i) is amended to read:

13 (i) Property rights, leases, contracts and all other rights and
14 obligations shall be regarded as amended and modified to the extent
15 necessary to conform to the provisions and requirements of this chapter
16 and to any valid and applicable plan of unitization or order of the
17 department made and adopted under this chapter, but otherwise remain in
18 effect. No unitized operation may permit the underlifting or overlift-
19 ing of an aliquot of unit production unless an emergency order is
20 approved by the department.

21 * Sec. 10. AS 31.05.170(11) is amended by adding a new subparagraph to
22 read:

23 (J) the drilling of wells unnecessary to carry out the
24 purpose or intent of this chapter;

25 * Sec. 11. AS 31.05.170(12) is amended to read:

26 (12) "cubic foot["] of natural gas" means the volume of gas
27 contained in one cubic foot of space measured at a pressure base of
28 14.73 [14.65] pounds per square inch absolute and a temperature base of
29 60 degrees Fahrenheit.

1 * Sec. 12. AS 38.05.180 is amended by adding a new subsection to read:

2 (t) No leases may be issued under this section without the inclu-
3 sion of the language of AS 31.05.110(h) as part of the lease. Leases
4 issued in violation of this subsection shall, for all purposes, be con-
5 strued as containing the language of AS 31.05.110(h).

6 * Sec. 13. AS 43.55.140(2) is amended to read:

7 (2) "cubic foot of gas" means the volume of gas contained in
8 one cubic foot of space measured at a pressure base of 14.73 [14.65]
9 pounds per square inch absolute and a temperature base of 60 degrees
10 Fahrenheit;

11 * Sec. 14. This Act takes effect July 1, 1978.
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THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

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FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 815
 Title An act relating to oil and gas conservation; and providing for an effective date.
 Requested by Commissioner LeResche Date 3/6/78

II. FISCAL DETAIL

Agency Affected Division of Oil and Gas Conservation
 Program Category Affected _____
 Budget Request Unit(s) Affected Oil and Gas Conservation

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES		0				
200 TRAVEL		0				
300 CONTRACTUAL		0				
400 COMMODITIES		0				
500 EQUIPMENT		0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		0	-0-	-0-	-0-	-0-

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)

IV. DATE 3/6/78 PREPARED BY O. K. Gilbreth, Jr.
 AGENCY Division of Oil and Gas Conservation
 PHONE 279-1433
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

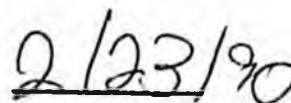


RECORDS CERTIFICATION



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

4/28/78

FURTHER: _____

Date: _____

Mr. Speaker:

The Committee on FINANCE has had HB 820

"An Act relating to the teachers' retirement system; 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)
- 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:

T. Buckholt

OTHER RECOMMENDATIONS:

Chairman

Introduced: 2/14/78
Referred: Health, Education &
Social Services and Finance

BY COWPER, BRADLEY, DUNCAN,
MILES, MILLER AND PARR

1 IN THE HOUSE

2 HOUSE BILL NO. 820

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

9 * Section 1. AS 14.25.035 is amended by adding a new subsection to read:

10 (h) The teachers' retirement board may authorize the payment of a
11 post-retirement bonus under sec. 144 of this chapter.

12 * Sec. 2. AS 14.25.070 is repealed and re-enacted to read:

13 Sec. 14.25.070. CONTRIBUTIONS BY EMPLOYER. An employer shall
14 contribute an amount equal to the greater of

15 (1) one-half the percentage of the sum total of the base
16 salaries of all teachers that is required in addition to teacher contri-
17 butions to provide the benefits of this chapter, excluding a bonus which
18 may be paid under sec. 144 of this chapter, times the sum total of the
19 base salaries paid to teachers by the employer; or

20 (2) the amount of teacher contributions required under sec.
21 50 of this chapter.

22 * Sec. 3. AS 14.25.080 is repealed and re-enacted to read:

23 Sec. 14.25.080. CONTRIBUTIONS BY THE STATE. The state legislature
24 may appropriate annually and deposit in the retirement fund monthly an
25 amount equal to the greater of

26 (1) one-half the percentage of the sum total of the base
27 salaries of all teachers that is required in addition to teacher contri-
28 butions to provide the benefits of this chapter, excluding a bonus which
29 may be paid under sec. 144 of this chapter, times the sum total of the

1 base salaries paid to teachers by the employer; or

2 (2) the amount of teacher contributions required under sec.
3 50 of this chapter.

4 * Sec. 4. AS 14.25 is amended by adding a new section to read:

5 Sec. 14.25.144. POST-RETIREMENT BONUS. (a) When the teachers'
6 retirement board determines that the cost of living has increased and
7 there are sufficient funds credited to the post-retirement bonus account
8 created under sec. 146 of this chapter, the administrator shall pay a
9 bonus for that year to teachers currently receiving retirement benefi':
10 to reflect this cost-of-living increase.

11 (b) The amount of a bonus granted in a year under this section may
12 not be more than four per cent of the sum of a retired teacher's retire-
13 ment salary and the amount of all previous bonuses granted under this
14 section, and shall be paid annually if there are sufficient funds in the
15 post-retirement bonus account. A bonus accrues from the July 1 next
16 following the effective date of retirement and shall be paid beginning
17 July 1 of each year.

18 (c) If there are insufficient funds in the post-retirement bonus
19 account to pay all bonuses granted under (b) of this section, the admin-
20 istrator shall pay bonuses according to the year in which they were
21 granted, paying the earliest year's bonuses first. When there are in-
22 sufficient funds to pay in full the bonuses granted in a given year, the
23 administrator shall prorate the payment of bonuses granted in that
24 year. Nothing in this section may be interpreted to create a vested
25 right to receive a post-retirement bonus.

26 * Sec. 5. AS 14.25 is amended by adding a new section to read:

27 Sec. 14.25.146. POST-RETIREMENT BONUS ACCOUNT. The administrator
28 shall establish within the teachers' retirement fund the post-retirement
29 bonus account. The account shall be credited with the amount, if any,

1 by which the sum of contributions by the teachers, employer and state
2 under secs. 50, 70 and 80 of this chapter exceeds the amount required to
3 provide the benefits of this chapter, excluding benefits payable under
4 sec. 144 of this chapter. Funds credited to the account shall be
5 reserved in a reasonably safe amount to pay the current demands upon the
6 account resulting from a determination by the teachers' retirement board
7 that a post-retirement bonus is payable under sec. 144 of this chapter.

8 * Sec. 6. An increase in retirement benefits which may result from opera-
9 tion of AS 14.25.144, enacted in sec. 4 of this Act, is applicable to teachers
10 *these persons receiving disability or survival benefits and to any other member age 60 or older*
retired before July 1, 1978.

11 * Sec. 7. This Act takes effect July 1, 1978.

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#

AMENDMENT #1

OFFERED IN THE HOUSE:

BY: Wesley Combs

To: _____ HOUSE BILL No. 820

SENATE BILL No. _____

PAGE: 2

LINE: 9

Delete the word " teachers " and insert the words " those persons receiving disability or survivor benefits and to any other member age 60 or older "

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HB 820
 Title An Act Relating to the Teachers Retirement System
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected Administration - Division of Retirement and Benefits
 Program Category Affected Retirement and Benefits (TRS)
 Budget Request Unit(s) Affected Teachers' Retirement System

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES		10.2				
200 TRAVEL						
300 CONTRACTUAL		17.5				
400 COMMODITIES						
500 EQUIPMENT		0.8				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		192.6	211.9	233.1	256.4	282.0
100 BENEFITS		44.4	48.8	53.7	59.1	65.0
TOTAL	-0-	265.5	260.7	286.8	315.5	347.0

FUNDING (Thousands of Dollars)

GENERAL FUND		237.0	260.7	286.8	315.5	347.0
FEDERAL FUNDS						
OTHER (Specify)						
TRS		28.5				

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY		6 mos.				

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

1. Estimate FY 79 covered TRS payroll to be \$214,000,000, with estimated annual increase of 10%.
2. Combined employer contribution rate and State Match now at 13.82% of payroll based on new actuarial assumption adopted by TRS Board.
3. Increase in combined TRS State Match and employer contribution rate would be .18%.
4. Administrative costs as attached.

IV. DATE 4/04/78 PREPARED BY Paul B. Arnoldt
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460 *DB*

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Representative Cowper
 Office of the Governor (Keith Specking)

ATTACHMENT

Bill/Resolution No. HB 820ASSUMPTIONS:

1. Estimated FY79 Payroll (Total System)	=	\$214,000,000
2. State Contribution Rate to Fund Bill	=	.09 %
3. State TRS Matching Rate to Fund Bill	=	.09 %
4. School District Rate to Fund Bill	=	.09 %

COST ANALYSIS:

<u>Employer</u>	<u>Payroll</u>		<u>Rate</u>	<u>Cost</u>	<u>Appropriation</u>
1. Department of Education	\$ 5,800,000	X	.09 %	\$ 5,220	To Their Budget
2. University of Alaska	\$ 43,500,000	X	.09 %	\$ 39,150	To Their Budget
				<u>\$ 44,370</u>	
3. State TRS Matching	\$214,000,000	X	.09 %	\$192,600	To TRS Match
4. State TRS Regular Budget:					
Personal Services				\$ 10,190	To Personal Services
Travel				\$	To Travel
Contractual				\$ 17,500	To Contractual
Commodities				\$	To Commodities
Equipment				<u>\$ 800</u>	To Equipment
				<u>\$265,460</u>	
5. All School Districts	\$164,700,000	X	.09 %	<u>\$148,230</u>	
				<u>\$413,690</u>	

REMARKS:

- Personal Services - one temporary Retirement & Benefits Specialist - 6 man months.
Monthly Salary - \$1,551 x 6 = \$ 9,306
Benefits at 9.5% = \$ 884
\$10,190
- Contractual Services - \$17,500 for initial EDP systems design and development of PRPA analysis and calculation programs.
- Equipment - Desk, chair, calculator, etc. = \$ 800

R/O
Hess
amendment

April 6, 1978

Legislative Board of Retirement Benefits analysis and recommendations
on:

House Bill No. 820

The board endorses the attached fiscal note as its fiscal analysis
of HB 820.

The board's previous recommendation, by a majority vote, that HB 820
do pass remains unchanged.

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HB 820
 Title An Act Relating to the Teachers Retirement System
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected Administration - Division of Retirement and Benefits
 Program Category Affected Retirement and Benefits (TRS)
 Budget Request Unit(s) Affected Teachers' Retirement System

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES		10.2				
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100 BENEFITS		44.4	48.8	53.7	59.1	65.0
TOTAL	-0-	265.5	260.7	286.8	315.5	347.0

FUNDING (Thousands of Dollars)

GENERAL FUND		237.0	260.7	285.8	315.5	347.0
FEDERAL FUNDS						
OTHER (Specify)						
TRS		28.5				

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY		6 mos.				

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

1. Estimate FY 79 covered TRS payroll to be \$214,000,000, with estimated annual increase of 10%.
2. Combined employer contribution rate and State Match now at 13.82% of payroll based on new actuarial assumption adopted by TRS Board.
3. Increase in combined TRS State Match and employer contribution rate would be .18%.
4. Administrative costs as attached.

Paul B. Arnoldt

IV. DATE 4/04/78 PREPARED BY Paul B. Arnoldt
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Representative Cowper
 Office of the Governor (Keith Specking)

ATTACHMENT

Bill/Resolution No. HB 820ASSUMPTIONS:

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COST ANALYSIS:

<u>Employer</u>	<u>Payroll</u>		<u>Rate</u>	<u>Cost</u>	<u>Appropriation</u>
1. Department of Education	\$ 5,800,000	X	.09 %	\$ 5,220	To Their Budget
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Contractual				\$ 17,500	To Contractual
Commodities				\$	To Commodities
Equipment				\$ 800	To Equipment
				\$265,460	
5. All School Districts	\$164,700,000	X	.09 %	\$148,230	
				\$413,690	

REMARKS:

- Personal Services - one temporary Retirement & Benefits Specialist - 6 man months.
Monthly Salary - \$1,551 x 6 = \$ 9,306
Benefits at 9.5% = \$ 884
\$10,190
- Contractual Services - \$17,500 for initial EDP systems design and development of PRPA analysis and calculation programs.
- Equipment - Desk, chair, calculator, etc. = \$ 800

March 8, 1978

Legislative Board of Retirement Benefits analysis and recommendations
on:

House Bill No. 820

It is not possible to accurately assess the fiscal impact of this bill on the basis of data currently available. The impact would be felt when, under favorable conditions, the state's contribution rate would not be allowed to fall below 7 percent as it would otherwise. In addition, at some point in the not-too-distant future, funds in the account which is created will no longer be available, and either another source of funding will have to be found or the cost-of-living increases will have to be rolled back.

A majority of the board recommends that HB 820 do pass; two members recommend that it do not pass; and one member was absent.

The board recognizes that this bill is an interim measure which does not take the place of a permanent, funded, automatic post-retirement pension adjustment. The board considers this to be a top priority and recommends that the administration and the legislature act upon it in the near future. It is recognized that the costs are considerable but that the benefit warrants the expenditure.

SUMMARY OF HOUSE BILL NO. 820

Retirement system affected: TRS

Designates a floor for the state and employer contributions to the fund. The floor amount for employer and state contributions is seven per cent of teacher salaries for each. Any surplus generated when the amount of employee, employer and state contributions exceed the amount necessary to provide TRS benefits is reserved in a bonus payment account. The Teacher's Retirement Board is given authority to declare the payment of bonuses to retired teachers when the cost of living index increases. A bonus may not exceed four per cent of the recipient's retirement salary. The amount of the bonuses is to be paid from the account and the administrator of the system is required to maintain a reasonable amount of money available for payment of bonuses. A formula is provided for the payment of bonuses in a year when the account is not funded adequately to pay all bonuses.

The Act would be effective July 1, 1978.

AMENDMENT #1

*Also Hess
amendment*

OFFERED IN THE HOUSE:

BY: *Y. Less Com.* ^H

TO: _____ HOUSE BILL No. 820

SENATE BILL No. _____

PAGE: 2

LINE: 9

Delete the word " teachers " and insert the words " those persons receiving
disability or survivor benefits and to any other member age 60 or older "

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HB 820
 Title An Act Relating to the Teachers Retirement System
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected Administration - Division of Retirement and Benefits
 Program Category Affected Retirement and Benefits (TRS)
 Budget Request Unit(s) Affected Teachers' Retirement System

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES		10.2				
200 TRAVEL						
300 CONTRACTUAL		17.5				
400 COMMODITIES						
500 EQUIPMENT		0.8				
600 LAND & STRUCTURES						
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100 BENEFACTS		44.4	48.3	53.7	59.1	65.0
TOTAL	-0-	265.5	260.7	286.8	315.5	347.0

FUNDING (Thousands of Dollars)

GENERAL FUND		237.0	260.7	286.8	315.5	347.0
FEDERAL FUNDS						
OTHER (Specify)						
TRS		28.5				

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY		6 mos.				

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

1. Estimate FY 79 covered TRS payroll to be \$214,000,000, with estimated annual increase of 10%.
2. Combined employer contribution rate and State Match now at 13.82% of payroll based on new actuarial assumption adopted by TRS Board.
3. Increase in combined TRS State Match and employer contribution rate would be .18%.
4. Administrative costs as attached.

IV. DATE 4/04/78 PREPARED BY Paul B. Arnoldt
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Representative Cowper
 Office of the Governor (Keith Specking)
 33-001 (Rev. 12/77)

ATTACHMENT

Bill/Resolution No. HB 820ASSUMPTIONS:

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5. All School Districts	\$164,700,000	X	.09 %	<u>\$148,230</u>	
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REMARKS:

- Personal Services - one temporary Retirement & Benefits Specialist - 6 man months.
Monthly Salary - \$1,551 x 6 = \$ 9,306
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THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 820
Title An Act Relating to the Teachers Retirement System
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Paul B. Arnoldt

IV. DATE 4/04/78 PREPARED BY Paul B. Arnoldt
AGENCY Division of Retirement & Benefits
PHONE 465-4460 *WB*

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named) Representative Cowper
Office of the Governor (Keith Specking)

FIS 830

ATTACHMENT

Bill/Resolution No. HB 820ASSUMPTIONS:

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Introduced: 2/14/78
Referred: Health, Education &
Social Services and Finance

BY COWPER, BRADLEY, DUNCAN,
MILES, MILLER AND PARR

1 IN THE HOUSE

2 HOUSE BILL NO. 820

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

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15 (1) one-half the percentage of the sum total of the base
16 salaries of all teachers that is required in addition to teacher contri-
17 butions to provide the benefits of this chapter, excluding a bonus which
18 may be paid under sec. 144 of this chapter, times the sum total of the
19 base salaries paid to teachers by the employer; or

20 (2) the amount of teacher contributions required under sec.
21 50 of this chapter.

22 * Sec. 3. AS 14.25.080 is repealed and re-enacted to read:

23 Sec. 14.25.080. CONTRIBUTIONS BY THE STATE. The state legislature
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25 amount equal to the greater of

26 (1) one-half the percentage of the sum total of the base
27 salaries of all teachers that is required in addition to teacher contri-
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5 Sec. 14.25.144. POST-RETIREMENT BONUS. (a) When the teachers'
6 retirement board determines that the cost of living has increased and
7 there are sufficient funds credited to the post-retirement bonus account
8 created under sec. 146 of this chapter, the administrator shall pay a
9 bonus for that year to teachers currently receiving retirement benefits
10 to reflect this cost-of-living increase.

11 (b) The amount of a bonus granted in a year under this section may
12 not be more than four per cent of the sum of a retired teacher's retire-
13 ment salary and the amount of all previous bonuses granted under this
14 section, and shall be paid annually if there are sufficient funds in the
15 post-retirement bonus account. A bonus accrues from the July 1 next
16 following the effective date of retirement and shall be paid beginning
17 July 1 of each year.

18 (c) If there are insufficient funds in the post-retirement bonus
19 account to pay all bonuses granted under (b) of this section, the admin-
20 istrator shall pay bonuses according to the year in which they were
21 granted, paying the earliest year's bonuses first. When there are in-
22 sufficient funds to pay in full the bonuses granted in a given year, the
23 administrator shall prorate the payment of bonuses granted in that
24 year. Nothing in this section may be interpreted to create a vested
25 right to receive a post-retirement bonus.

26 * Sec. 5. AS 14.25 is amended by adding a new section to read:

27 Sec. 14.25.146. POST-RETIREMENT BONUS ACCOUNT. The administrator
28 shall establish within the teachers' retirement fund the post-retirement
29 bonus account. The account shall be credited with the amount, if any,

1 by which the sum of contributions by the teachers, employer and state
2 under secs. 50, 70 and 80 of this chapter exceeds the amount required to
3 provide the benefits of this chapter, excluding benefits payable under
4 sec. 144 of this chapter. Funds credited to the account shall be
5 reserved in a reasonably safe amount to pay the current demands upon the
6 account resulting from a determination by the teachers' retirement board
7 that a post-retirement bonus is payable under sec. 144 of this chapter.

8 * Sec. 6. An increase in retirement benefits which may result from opera-
9 tion of AS 14.25.144, enacted in sec. 4 of this Act, is applicable to teachers
10 retired before July 1, 1978.

11 * Sec. 7. This Act takes effect July 1, 1978.
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AMENDMENT #1

OFFERED IN THE HOUSE:

By: Y. Less Comi.

To: _____ HOUSE BILL No. 820

SENATE BILL No. _____

PAGE: 2

LINE: 9

Delete the word " teachers " and insert the words " those persons receiving disability or survivor benefits and to any other member age 60 or older "

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HB 920
 Title An Act Relating to the Teachers Retirement System
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected Administration - Division of Retirement and Benefits
 Program Category Affected Retirement and Benefits (TRS)
 Budget Request Unit(s) Affected Teachers' Retirement System

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES		10.2				
200 TRAVEL						
300 CONTRACTUAL		17.5				
400 COMMODITIES						
500 EQUIPMENT		0.8				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		192.6	211.9	233.1	256.4	282.0
100 BENEFITS		44.4	48.8	53.7	59.1	65.0
TOTAL	-0-	265.5	260.7	286.8	315.5	347.0

FUNDING (Thousands of Dollars)

GENERAL FUND		237.0	260.7	286.8	315.5	347.0
FEDERAL FUNDS						
OTHER (Specify)						
TRS		28.5				

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY		6 mos.				

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

1. Estimate FY 79 covered TRS payroll to be \$214,000,000, with estimated annual increase of 10%.
2. Combined employer contribution rate and State Match now at 13.82% of payroll based on new actuarial assumption adopted by TRS Board.
3. Increase in combined TRS State Match and employer contribution rate would be .18%.
4. Administrative costs as attached.

IV. DATE 4/04/78 PREPARED BY Paul B. Arnoldt
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Representative Cowper
 Office of the Governor (Keith Specking)

HIS 830

ATTACHMENT

Bill/Resolution No. HB 820ASSUMPTIONS:

1. Estimated FY79 Payroll (Total System)	=	\$214,000,000
2. State Contribution Rate to Fund Bill	=	.09 %
3. State TRS Matching Rate to Fund Bill	=	.09 %
4. School District Rate to Fund Bill	=	.09 %

COST ANALYSIS:

<u>Employer</u>	<u>Payroll</u>		<u>Rate</u>	<u>Cost</u>	<u>Appropriation</u>
1. Department of Education	\$ 5,800,000	X	.09 %	\$ 5,220	To Their Budget
2. University of Alaska	\$ 43,500,000	X	.09 %	\$ 39,150	To Their Budget
				<u>\$ 44,370</u>	
3. State TRS Matching	\$214,000,000	X	.09 %	\$192,600	To TRS Match
4. State TRS Regular Budget:					
Personal Services				\$ 10,190	To Personal Services
Travel				\$	To Travel
Contractual				\$ 17,500	To Contractual
Commodities				\$	To Commodities
Equipment				<u>\$ 800</u>	To Equipment
				<u>\$265,460</u>	
5. All School Districts	\$164,700,000	X	.09 %	<u>\$148,230</u>	
				<u>\$413,690</u>	

REMARKS:

- Personal Services - one temporary Retirement & Benefits Specialist - 6 man months.
Monthly Salary - \$1,551 x 6 = \$ 9,306
Benefits at 9.5% = \$ 884
\$10,190
- Contractual Services - \$17,500 for initial EDP systems design and development of PRPA analysis and calculation programs.
- Equipment - Desk, chair, calculator, etc. = \$ 800



RECORDS CERTIFICATION



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

James O. Irish
Signature of Camera Operator

2/23/90
Date

April 6, 1978

Legislative Board of Retirement Benefits analysis and recommendations
on:

House Bill No. 820

The board endorses the attached fiscal note as its fiscal analysis
of HB 820.

The board's previous recommendation, by a majority vote, that HB 820
do pass remains unchanged.

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HB 820
 Title An Act Relating to the Teachers Retirement System
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected Administration - Division of Retirement and Benefits
 Program Category Affected Retirement and Benefits (TRS)
 Budget Request Unit(s) Affected Teachers' Retirement System

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3. Increase in combined TRS State Match and employer contribution rate would be .18%.
4. Administrative costs as attached.

Paul B. Arnoldt

IV. DATE 4/04/78 PREPARED BY Paul B. Arnoldt
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Representative Cooper
 Office of the Governor (Keith Specking)

ATTACHMENT

Bill/Resolution No. HB 820

ASSUMPTIONS:

- 1. Estimated FY79 Payroll (Total System) = \$214,000,000
- 2. State Contribution Rate to Fund Bill = .09 %
- 3. State TRS Matching Rate to Fund Bill = .09 %
- 4. School District Rate to Fund Bill = .09 %

COST ANALYSIS:

<u>Employer</u>	<u>Payroll</u>		<u>Rate</u>	<u>Cost</u>	<u>Appropriation</u>
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				<u>\$265,460</u>	
5. All School Districts	\$164,700,000	X	.09 %	<u>\$148,230</u>	
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REMARKS:

- 1. Personal Services - one temporary Retirement & Benefits Specialist - 6 man months.
 Monthly Salary - \$1,551 x 6 = \$ 9,306
 Benefits at 9.5% = \$ 884
\$10,190
- 2. Contractual Services - \$17,500 for initial EDP systems design and development of PRPA analysis and calculation programs.
- 3. Equipment - Desk, chair, calculator, etc. = \$ 800

March 8, 1978

Legislative Board of Retirement Benefits analysis and recommendations on:

House Bill No. 820

It is not possible to accurately assess the fiscal impact of this bill on the basis of data currently available. The impact would be felt when, under favorable conditions, the state's contribution rate would not be allowed to fall below 7 percent as it would otherwise. In addition, at some point in the not-too-distant future, funds in the account which is created will no longer be available, and either another source of funding will have to be found or the cost-of-living increases will have to be rolled back.

A majority of the board recommends that HB 820 do pass; two members recommend that it do not pass; and one member was absent.

The board recognizes that this bill is an interim measure which does not take the place of a permanent, funded, automatic post-retirement pension adjustment. The board considers this to be a top priority and recommends that the administration and the legislature act upon it in the near future. It is recognized that the costs are considerable but that the benefit warrants the expenditure.

SUMMARY OF HOUSE BILL NO. 820

Retirement system affected: TRS

Designates a floor for the state and employer contributions to the fund. The floor amount for employer and state contributions is seven per cent of teacher salaries for each. Any surplus generated when the amount of employee, employer and state contributions exceed the amount necessary to provide TRS benefits is reserved in a bonus payment account. The Teacher's Retirement Board is given authority to declare the payment of bonuses to retired teachers when the cost of living index increases. A bonus may not exceed four per cent of the recipient's retirement salary. The amount of the bonuses is to be paid from the account and the administrator of the system is required to maintain a reasonable amount of money available for payment of bonuses. A formula is provided for the payment of bonuses in a year when the account is not funded adequately to pay all bonuses.

The Act would be effective July 1, 1978.

Introduced: 2/14/78
Referred: Health, Education &
Social Services and Finance

1 IN THE HOUSE

BY COWPER, BRADLEY, DUNCAN,
MILES, MILLER AND PARR

2 HOUSE BILL NO. 820 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

9 * Section 1. AS 14.25.035 is amended by adding a new subsection to read:

10 (h) The teachers' retirement board may authorize the payment of a
11 post-retirement bonus under sec. 144 of this chapter.

12 * Sec. 2. AS 14.25.070 is repealed and re-enacted to read:

13 Sec. 14.25.070. CONTRIBUTIONS BY EMPLOYER. An employer shall
14 contribute an amount equal to the greater of

15 (1) one-half the percentage of the sum total of the base
16 salaries of all teachers that is required in addition to teacher contri-
17 butions to provide the benefits of this chapter, excluding a bonus which
18 may be paid under sec. 144 of this chapter, times the sum total of the
19 base salaries paid to teachers by the employer; or

20 (2) the amount of teacher contributions required under sec.
21 50 of this chapter.

22 * Sec. 3. AS 14.25.080 is repealed and re-enacted to read:

23 Sec. 14.25.080. CONTRIBUTIONS BY THE STATE. The state legislature
24 may appropriate annually and deposit in the retirement fund monthly an
25 amount equal to the greater of

26 (1) one-half the percentage of the sum total of the base
27 salaries of all teachers that is required in addition to teacher contri-
28 butions to provide the benefits of this chapter, excluding a bonus which
29 may be paid under sec. 144 of this chapter, times the sum total of the

1 base salaries paid to teachers by the employer; or

2 (2) the amount of teacher contributions required under sec.
3 50 of this chapter.

4 * Sec. 4. AS 14.25 is amended by adding a new section to read:

5 Sec. 14.25.144. POST-RETIREMENT BONUS. (a) When the teachers'
6 retirement board determines that the cost of living has increased and
7 there are sufficient funds credited to the post-retirement bonus account
8 created under sec. 146 of this chapter, the administrator shall pay a
9 bonus for that year to those persons receiving disability or survivor
10 benefits and to any other member age 60 or older currently receiving
11 retirement benefits to reflect this cost-of-living increase.

12 (b) The amount of a bonus granted in a year under this section may
13 not be more than four per cent of the sum of a retired teacher's retire-
14 ment salary and the amount of all previous bonuses granted under this
15 section, and shall be paid annually if there are sufficient funds in the
16 post-retirement bonus account. A bonus accrues from the July 1 next
17 following the effective date of retirement and shall be paid beginning
18 July 1 of each year.

19 (c) If there are insufficient funds in the post-retirement bonus
20 account to pay all bonuses granted under (b) of this section, the admin-
21 istrator shall pay bonuses according to the year in which they were
22 granted, paying the earliest year's bonuses first. When there are in-
23 sufficient funds to pay in full the bonuses granted in a given year, the
24 administrator shall prorate the payment of bonuses granted in that
25 year. Nothing in this section may be interpreted to create a vested
26 right to receive a post-retirement bonus.

27 * Sec. 5. AS 14.25 is amended by adding a new section to read:

28 Sec. 14.25.146. POST-RETIREMENT BONUS ACCOUNT. The administrator
29 shall establish within the teachers' retirement fund the post-retirement

1 bonus account. The account shall be credited with the amount, if any,
2 by which the sum of contributions by the teachers, employer and state
3 under secs. 50, 70 and 80 of this chapter exceeds the amount required to
4 provide the benefits of this chapter, excluding benefits payable under
5 sec. 144 of this chapter. Funds credited to the account shall be
6 reserved in a reasonably safe amount to pay the current demands upon the
7 account resulting from a determination by the teachers' retirement board
8 that a post-retirement bonus is payable under sec. 144 of this chapter.

9 * Sec. 6. An increase in retirement benefits which may result from opera-
10 tion of AS 14.25.144, enacted in sec. 4 of this Act, is applicable to teacher
11 retired before July 1, 1978.

12 * Sec. 7. This Act takes effect July 1, 1978.
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Introduced: 2/14/78
Referred: Health, Education &
Social Services and Finance

BY COWPER, BRADLEY, DUNCAN,
MILES, MILLER AND PARR

1 IN THE HOUSE

2 HOUSE BILL NO. 820

3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 TENTH LEGISLATURE - SECOND SESSION

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COMMITTEE REPORT
SENATE

5/23/78

FURTHER: NONE

Date: _____

Mr. President:

The Committee on FINANCE has had HB 820 am
teachers' retirement system

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:

COMMITTEE REPORT
SENATE

5/11/78

FURTHER: FINANCE

Date: 5-22-78

Mr. President:

The Committee on HEALTH, EDUCATION AND SOCIAL SERVICES has had HR 820 am teachers' retirement system

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 ^{INDIVIDUAL} without recommendation ^{as follows}
- () and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

1 Ed Wallis Do Pass

2 3 incls: No Rec.

1 Sten Hackney
Chairman
DO PASS

Introduced: 2/14/78
Referred: Health, Education &
Social Services and Finance

4892
Baldwin

BY COWPER, BRADLEY, DUNCAN,
MILES, MILLER AND PARR

1 IN THE HOUSE

2 HOUSE BILL NO. 820 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

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ALASKA STATE LEGISLATURE

TENTH Legislature SECOND Session

HOUSE BILL NO. 820

By COWPER, BRADLEY, DUNCAN, MILES, MILLER AND PARR

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

Teachers' retirement

Introduced in the House ... 2/14/78, 1978

HISTORY IN THE HOUSE

19 78	Feb 14	Read first time and referred to Committee on HESS and Finance												
	Apr 28	Reported back with recommendation that <i>new deposit upon do Finance</i>												
	May 8	<i>Finance deposit upon new am to Rules</i>												
	May 10	Read second time and amended <i>order</i>												
	May 10	Read third time and												
	May 10	<table border="0"> <tr><td>PASS <i>ed</i></td><td>Effective Date</td></tr> <tr><td>Yeas 38</td><td>Yeas</td></tr> <tr><td>Nays 1</td><td>Nays <i>same</i></td></tr> <tr><td>Absent</td><td>Absent</td></tr> <tr><td>Excused 1</td><td>Excused</td></tr> </table>	PASS <i>ed</i>	Effective Date	Yeas 38	Yeas	Nays 1	Nays <i>same</i>	Absent	Absent	Excused 1	Excused		
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Excused 1	Excused													
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PASS	Effective Date													
Yeas	Yeas													
Nays	Nays													
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Excused	Excused													
	May 10	Reported correctly engrossed												
	May 10	Signed by Speaker												
	May 10	Sent to Senate												
		<i>Gene Caston</i>												
		CHIEF CLERK OF THE HOUSE												

HISTORY IN THE SENATE

19 78	5 11	Read first time and referred to Committee on <i>F.C.C.</i>												
	5 23	Reported back with <i>W.S.S.</i> recommendation that <i>2 de pass, 1 no rec, 1 Finance.</i>												
		Read second time and												
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		<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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Nays	Nays													
Absent	Absent													
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.