

LEG. FINANCE - BILLS 1979 - 1980 1016

CSHB 28 cont. thru SSHB 30

1 cast in that party's primary is entitled to receive a proportionate  
2 number of delegate votes equal to the proportionate number of votes the  
3 candidate received in the primary after excluding the number of votes  
4 cast for candidates of his party who each received less than 15 per cent  
5 of the votes in that party's primary. The proportions of delegate votes  
6 shall be expressed as fractional delegate votes or the nearest whole  
7 number of delegate votes as the rules of the particular national party  
8 or convention may provide.

9 Sec. 15.25.260. DELEGATES PLEDGED. A delegate selected under  
10 AS 15.25.250 must cast his vote to secure the nomination for the candi-  
11 date to whom he is pledged until that candidate is nominated by the  
12 convention, receives less than 30 per cent of the delegate votes for  
13 nomination by the convention, releases the delegates from the pledge, or  
14 until two convention nominating ballots have been taken.

15 Sec. 15.25.270. NO OTHER ELECTIONS ON THE SAME DATE. The  
16 lieutenant governor may not schedule another state election on the date  
17 scheduled for the presidential party primary election.

18 Sec. 15.25.280. PROCEDURES FOR CONDUCT OF ELECTION. The provi-  
19 sions of AS 15 regarding the conduct of a general election govern the  
20 conduct of the presidential party primary election, except to the extent  
21 that the provisions of AS 15.25.220 - 15.25.280 are inconsistent with  
22 those provisions.

23 \* Sec. 3. AS 15.13 is amended by adding a new section to read:

24 Sec. 15.13.011. INAPPLICABILITY TO PRESIDENTIAL PRIMARY. The  
25 provisions of this chapter do not apply to a presidential primary  
26 election conducted under AS 15.25.220 - 15.25.280.

27 \* Sec. 4. ADVISORY VOTE. Notwithstanding the provisions of AS 15.25.270,  
28 as enacted by this Act, the lieutenant governor shall place before the voters  
29 voting in the 1980 presidential party primary election established under

1 AS 15.25.220, the question advisory to the legislature:

2 "Shall there be a presidential party primary election held in  
3 Alaska in each presidential election year?"

4 \* Sec. 5. AS 15.25.220 - 15.25.290 are repealed on July 1, 1981.

5 \* Sec. 6. This Act takes effect immediately in accordance with AS 01.10.-  
6 070(c).

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Introduced: 1/24/79  
Referred: State Affairs and  
Judiciary

1 IN THE HOUSE

BY MILLER DUNCAN AND ROGERS

2 HOUSE BILL NO. 28

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for preferential presidential party  
7 primary elections; and providing for an effective  
8 date."

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

10 \* Section 1. AS 15.25.010 is amended to read:

11 Sec. 15.25.010. PROVISION FOR PRIMARY ELECTION. Candidates for  
12 the elective state executive and state and national legislative offices  
13 shall be nominated in a primary election by direct vote of the people in  
14 the manner prescribed by AS 15.25.010 - 15.25.200 [THIS CHAPTER].

15 \* Sec. 2. AS 15.25 is amended by adding new sections to read:

16 ARTICLE 3. PREFERENTIAL PRESIDENTIAL PARTY  
17 PRIMARY ELECTIONS.

18 Sec. 15.25.220. PREFERENTIAL PRESIDENTIAL PARTY PRIMARY ELECTION.

19 (a) The lieutenant governor shall call a preferential presidential  
20 party primary election on the second Tuesday in April of a presidential  
21 election year.

22 (b) The ballot shall be prepared and distributed by the lieutenant  
23 governor in the manner prescribed by AS 15.25.060 except that space for  
24 the writing in or pasting in of names shall be provided for on the  
25 ballot.

26 Sec. 15.25.230. PLACING RECOGNIZED NAMES ON THE BALLOT. (a) The  
27 lieutenant governor shall place the name of a candidate on the ballot  
28 when he determines in his discretion that the candidate is generally  
29 recognized throughout the United States or Alaska as a candidate for

1 nomination for President of the United States.

2 (b) No later than the last Tuesday in January of a presidential  
3 election year the lieutenant governor shall announce a list of candi-  
4 dates who will appear on the ballot. The lieutenant governor shall also  
5 notify the candidate that the candidate's name will appear on the ballot  
6 in this state.

7 (c) The lieutenant governor shall notify the candidate that he may  
8 withdraw the name from the ballot by filing with the lieutenant governor  
9 no later than the last Tuesday in February of that year a statement that  
10 he is not now a candidate for the office of President of the United  
11 States and requesting the removal of his name. The name of a candidate  
12 withdrawing under this section may not appear on the ballot.

13 Sec. 15.25.240. PETITION FOR PRESIDENTIAL CANDIDATE. (a) Sup-  
14 porters of a candidate for nomination for President of the United States  
15 may file a petition to have the name of the candidate of their choice on  
16 the ballot. Petitions under this section shall be filed no later than  
17 the last Tuesday in January of a presidential election year, shall  
18 contain the signatures of at least 1,000 qualified voters, and shall  
19 state (1) the full name of the candidate; (2) the name of the political  
20 group supporting the candidate; (3) that the subscribers are qualified  
21 voters of this state; (4) that the subscribers intend to vote for the  
22 candidate at the general election if the candidate is nominated; and (5)  
23 that the subscribers request that the candidate's name be placed on the  
24 ballot. The signature sheet shall also contain the printed name and  
25 residence address of each qualified voter whose signature appears on the  
26 petition.

27 (b) The lieutenant governor shall notify a candidate of the filing  
28 of the petition under this section and advise that he may withdraw his  
29 name from the ballot by filing with the lieutenant governor no later

1 than the last Tuesday in February of that year a statement that he is  
2 not now a candidate for the office of President of the United States and  
3 requesting the removal of his name. The name of a candidate withdrawing  
4 under this section may not appear on the ballot.

5 Sec. 15.25.250. SELECTION OF DELEGATES. (a) In the years when a  
6 President of the United States is to be nominated and elected, political  
7 parties in the state shall select delegates to their national conven-  
8 tions according to the party's plan of organization. The procedures for  
9 the selection of delegates shall be held after the preferential presi-  
10 dential party primary election.

11 (b) Each candidate receiving more than 15 per cent of the ballot  
12 votes cast in that party's primary shall be entitled to receive a pro-  
13 portionate number of delegate votes equal to the proportionate number of  
14 ballot votes the candidate received after excluding the number of ballot  
15 votes cast for candidates of his party who each received less than 15  
16 per cent of the ballot votes in that party's primary. The proportions  
17 of delegate votes shall be expressed as fractional delegate votes or the  
18 nearest whole number of delegate votes as the rules of the particular  
19 national party or convention may provide.

20 Sec. 15.25.260. DELEGATES PLEDGED. A delegate selected under  
21 AS 15.25.250 must use his best efforts to secure the nomination for the  
22 candidate to whom he is pledged until that candidate is nominated by the  
23 convention, receives less than 35 per cent of the delegate votes for  
24 nomination by the convention, releases the delegates from the pledge, or  
25 until two convention nominating ballots have been taken.

26 Sec. 15.25.270. PROCEDURES FOR CONDUCT OF ELECTION. The provi-  
27 sions of AS 15 regarding the conduct of a general election govern the  
28 conduct of a preferential presidential party primary election, including  
29 provisions for write-ins, except to the extent that the provisions of

1 AS 15.25.220 - 15.25.270 are inconsistent with those provisions.

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

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# RECORDS CERTIFICATION



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

James O. Smith  
Signature of Camera Operator

3/8/90  
Date

# COMMITTEE REPORT HOUSE

FURTHER:

March 9, 1979

Date: 3-14-79

Mr. Speaker:

The Committee on FINANCE has had HB 29

"An Act relating to the public employees' retirement system; eff. date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with <sup>State Affairs</sup> CS for HB 29  same title  
 new title
- and recommends it "do pass"
- AND attaches a "Letter of Intent"  New Fiscal Note <sup>Dated</sup> 3/12/79  
\$10.0
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

**MEMBERS SIGNING  
DO PASS**

Meekins

Freeman

Schaff

Rogers

McKinnon

**MEMBERS HAVING  
OTHER RECOMMENDATIONS:**

Mr. Rep. Montgomery

Mr. Rep. [unclear]

Mr. Rep. Smith

Meekins  
CHAIRMAN

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
Bill/Resolution No. CS for House Bill 29  
Title An Act Relating to the PERS (25 Year Service Retirement)  
Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL  
Agency Affected Administration - Division of Retirement and Benefits  
Program Category Affected Retirement and Benefits (PERS)  
BRU, Program, or Subprogram(s) Affected 02-96-8-01-01  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES		5.0				
200 TRAVEL						
300 CONTRACTUAL		5.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 TRS STATE MATCH						
100 BENEFITS						
TOTAL		10.0				

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS		10.0				
TRS						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY		3-mos.				

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

See Page 2.

IV. DATE 3/12/79 PREPARED BY Paul B. Arnoldt, Director  
AGENCY Division of Retirement & Benefits  
PHONE 465-4460

Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)  
Office of the Governor (Keith Specking)  
33-001 (Rev. 12/78)

## CS House Bill 29

1. This bill would not affect existing retirees, including early retirees.
2. The present value of the unfunded liability is \$4,361,943. The unfunded liability is the cost to provide a "25 year and out" service retirement to existing employees as opposed to future new employees only. The unfunded liability is amortized over 25 years.
3. The consulting actuary for the PERS has determined that only 1% of all employees would receive a benefit as a result of the "25 year and out" provision of this bill, even though all employees will be contributing towards this benefit.
4. Personal services - one temporary position - Retirement and Benefits Specialist I (range 13) for three (3) months to prepare for and conduct the election.
 

FY 80 monthly salary	\$1,519 X 3 = \$4,557
Plus benefits @ 10.13%	= <u>462</u>
	\$5,019
5. Printing and mailing of ballots = \$5,000

February 16, 1979

Legislative Board of Retirement Benefits analysis and recommendations on:

House Bill No. 29:

The board endorses the attached fiscal note as its fiscal analysis of HB 29.

The board unanimously recommended that HB 29 do pass; one member was absent.

A majority of the members of the board feel that the requirement that the "Department of Administration remain impartial and take no position" should be removed.

SUMMARY OF HOUSE BILL NO. 29

Retirement system affected: PERS

Directs the Public Employees' Retirement Board to conduct an election among the active members of PERS to determine if both the following should occur: (1) an increase in the employee contribution rate from four and one-quarter to four and one-half percent of compensation for employees other than peace officers and firemen; and (2) a reduction from 30 to 25 years in the credited service required for normal retirement at any age for employees other than peace officers and firemen.

Provides that the above changes will take effect on January 1, 1980, if approved by a majority of the votes cast in the election.

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 29  
 Title An Act Relating to the PERS (25 Year Service Retirement)  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement and Benefits  
 Program Category Affected Retirement and Benefits  
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-01

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERV S		5.0				
200 TRAVEL						
300 CONTRACTUAL		5.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 TRS STATE MATCH						
100 BENEFITS		21.4	46.9	51.5	56.6	62.2
TOTAL		31.4	46.9	51.5	56.6	62.2

FUNDING (Thousands of Dollars)

GENERAL FUND		17.5	38.3	42.1	46.5	50.9
FEDERAL FUNDS		1.0	2.2	2.4	2.6	2.9
VETERAN'S FUND			0.1	0.1	0.1	0.1
FISH & GAME FUND		0.2	0.3	0.3	0.3	0.4
HIGHWAY FUND		0.3	0.6	0.7	0.7	0.8
AIRPORT FUND		0.6	1.4	1.5	1.6	1.8
CAPITAL FUND		1.8	4.0	4.4	4.8	5.3
PERS		10.0				
TRS						

POSITIONS

FULL TIME					
PART TIME					
TEMPORARY		3-mos.			

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

See Page 2

IV. DATE 2/15/79

PREPARED BY Paul B. Arnoldt, Director  
 AGENCY Division of Retirement & Benefits  
 PHONE 465-4460

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

*Paul B. Arnoldt*

House Bill 29

1. This bill would not affect existing retirees, including early retirees.
2. If this bill were totally funded by the employer, the cost would be .2156% of covered non police/fire payroll. Since employee contributions are worth 78% of employer contributions (employee contributions are refundable) the 25% increase in employee contributions is actually worth .1950% in terms of employer contributions (78% X .2500). The difference of .0206% (.2156% - .1950%) is the total net cost to the State.
3. The .0206% total net cost to the State is based upon an estimated FY 80 non police/fire payroll of \$207,400,000 increasing at 10% annually.
4. The present value of the unfunded liability is \$4,361,943. The unfunded liability is the cost to provide a "25 year and out" service retirement to existing employees as opposed to future new employees only. The unfunded liability is amortized over 25 years.
5. The consulting actuary for the PERS has determined that only 1% of all employees would receive a benefit as a result of the "25 year and out" provision of this bill, even though all employees will be contributing towards this benefit.
6. Personal services - one temporary position - Retirement and Benefits Specialist I (range 13) for three (3) months to prepare for and conduct the election.

FY 80 monthly salary	\$1,519 X 3 = \$4,557
Plus benefits @ 10.13%	= <u>462</u>
	\$5,019

7. Printing and mailing of ballots = \$5,000

Introduced: 1/24/79  
Referred: State Affairs and  
Finance

1 IN THE HOUSE

BY BUCHHOLDT, MEEKINS  
AND MCKINNON

2 HOUSE BILL NO. 29

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

9 \* Section 1. AS 39.35.160(a) is amended to read:

10 (a) While participating in the system each peace officer and each  
11 fireman shall contribute five per cent and every other employee shall  
12 contribute four and one-half [ONE-QUARTER] per cent of his compensation  
13 to the public employees' retirement system.

14 \* Sec. 2. AS 39.35.680(25) is amended to read:

15 (25) "normal retirement" means retirement for a member who is  
16 at least 55 years old and has a minimum of five years credited service,  
17 or who is any age and has 25 [30] years or more of credited service, or  
18 a peace officer or fireman who is any age and has 20 years or more of  
19 credited service;

20 \* Sec. 3. Sections 1 and 2 of this Act take effect January 1, 1980 if  
21 approved by a majority of the votes cast in a special election conducted by  
22 the Public Employees' Retirement Board to be held among the active members of  
23 the retirement system before January 1, 1980. During the conduct of this  
24 election, the Department of Administration shall remain impartial and take no  
25 position on the question. This section takes effect July 1, 1979.

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. House Bill 29  
 Title An Act Relating to the PERS (25 Year Service Retirement)  
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 BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-01  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)  
EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES		5.0				
200 TRAVEL						
300 CONTRACTUAL		5.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 TRS STATE MATCH						
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AIRPORT FUND	0.6	1.4	1.5	1.6	1.8
CAPITAL FUND	1.8	4.0	4.4	4.8	5.3
PERS	10.0				
TRS					

POSITIONS

FULL TIME					
PART TIME					
TEMPORARY		3-mos.			

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

See Page 2

IV. DATE 2/15/79 PREPARED BY Paul B. Arnoldt, Director  
 AGENCY Division of Retirement & Benefits  
 PHONE 465-4460  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)  
 Office of the Governor (Keith Specking)  
 33-001 (Rev. 12/78)

## House Bill 29

1. This bill would not affect existing retirees, including early retirees.
2. If this bill were totally funded by the employer, the cost would be .2156% of covered non police/fire payroll. Since employee contributions are worth 78% of employer contributions (employee contributions are refundable) the 25% increase in employee contributions is actually worth .1950% in terms of employer contributions (78% X .2500). The difference of .0206% (.2156% - .1950%) is the total net cost to the State.
3. The .0206% total net cost to the State is based upon an estimated FY 80 non police/fire payroll of \$207,400,000 increasing at 10% annually.
4. The present value of the unfunded liability is \$4,361,043. The unfunded liability is the cost to provide a "25 year and out" service retirement to existing employees as opposed to future new employees only. The unfunded liability is amortized over 25 years.
5. The consulting actuary for the PERS has determined that only 1% of all employees would receive a benefit as a result of the "25 year and out" provision of this bill, even though all employees will be contributing towards this benefit.
6. Personal services - one temporary position - Retirement and Benefits Specialist I (range 13) for three (3) months to prepare for and conduct the election.
 

FY 80 monthly salary	\$1,519 X 3 = \$4,557
Plus benefits @ 10.13%	=     462
	\$5,019
7. Printing and mailing of ballots = \$5,000

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
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Requested by \_\_\_\_\_ Date \_\_\_\_\_

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Program Category Affected Retirement and Benefits (PERS)  
BRU, Program, or Subprogram(s) Affected 02-96-8-01-01  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES		5.0				
200 TRAVEL						
300 CONTRACTUAL		5.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 TRS STATE MATCH						
100 BENEFITS						
TOTAL		10.0				

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS		10.0				
TRS						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY		3-mos.				

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

See Page 2.

IV. DATE 3/12/79 PREPARED BY Paul B. Arnoldt, Director  
AGENCY Division of Retirement & Benefits  
PHONE 465-4460

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33-001 (Rev. 12/78)

## CS House Bill 29

1. This bill would not affect existing retirees, including early retirees.
2. The present value of the unfunded liability is \$4,361,943. The unfunded liability is the cost to provide a "25 year and out" service retirement to existing employees as opposed to future new employees only. The unfunded liability is amortized over 25 years.
3. The consulting actuary for the PERS has determined that only 1% of all employees would receive a benefit as a result of the "25 year and out" provision of this bill, even though all employees will be contributing towards this benefit.
4. Personal services - one temporary position - Retirement and Benefits Specialist I (range 13) for three (3) months to prepare for and conduct the election.
 

FY 80 monthly salary	\$1,519 X 3 = \$4,557
Plus benefits @ 10.13%	=     462
	\$5,019
5. Printing and mailing of ballots = \$5,000

# ALASKA PEACE OFFICERS ASSOCIATION



Capital City Chapter  
P. O. Box 751  
Juneau, Alaska 99802  
April 11, 1979

Honorable Bill Ray  
Alaska State Senate  
Capital Building  
Juneau, Alaska 99811

RE: SUGGESTED AMENDMENT TO AS  
39.35.360 (PROVIDING FOR  
CONTRIBUTORY CREDITED SERVICE  
FOR PEACE OFFICERS SERVICE  
RENDERED TO PARTICIPATING SUB-  
DIVISIONS AFTER JANUARY 1, 1961)

Dear Senator Ray:

Last year the legislature approved 122 SLA 1978, that provided retirement credits for individuals who held various jobs with the Territorial government prior to statehood, and after statehood, up to January 1, 1961, when the Public Employees Retirement Program began.

The passage of various legislation over the years relative to the retirement program has closed many of the gaps, but has not altogether eliminated the inequities that are always inherent in a new and growing system.

For example:

Officer 'A' worked for the City of Sitka in 1960 and '61, and on the Juneau Police Department from 1961 to 1964. He resigned from the Juneau Police Department, effective June 30, 1964, and went to work for the State of Alaska on July 1, 1964. Shortly after he left the Juneau Police Department, they went under the State retirement system. Officer 'A' has been unable, under existing statutes, to receive credit for any of this time, after January, 1961. However, under the bill passed last year, he picked up all of his 1960 time with the City of Sitka up to January, 1961.

The above example would be considered a typical situation for most of the individuals listed on Attachment #2 that has been forwarded for your information.

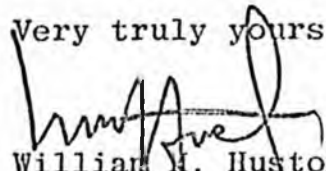
Senator Bill Ray  
April 11, 1979  
Page Two

As you can see, there is a rather insignificant number of employees who are presently longstanding members of the Alaska State Troopers, as well as several from Corrections, that are unable to obtain credit for service rendered as a peace officer for various political subdivisions during a similar period of time.

Our proposed amendment would permit these career employees to obtain the benefit of coverage on a contributory basis, provided they are still employed under the Peace Officers Retirement System, on the day the bill passes into law. This would be an equitable recognition of their continued service, and the qualifying members would be limited to no more than approximately 20 currently serving State employees, as best we can determine through our research.

We will appreciate your efforts on our behalf and should you require further information concerning this subject, please do not hesitate to contact me.

Very truly yours,



William H. Huston  
President  
Capital City Chapter  
Alaska Peace Officers Association

WHH:pv

Attachments

PROPOSED LEGISLATIVE CHANGE  
PEACE OFFICERS RETIREMENT SYSTEM

Amending Alaska Statute 39.35.360(a) An employee who completes three years of service with the State after January 1, 1961, for which he makes contributions required by this chapter is entitled to credited service rendered to the State and former Territory of Alaska before January 1, 1961, regardless of the office, department, division, or agency of the state or territory in which he was employed; or rendered service to a political subdivision of the state as a peace officer or correctional officer after January 1, 1961, provided the employee is vested in the State retirement program and is a participating member in the Peace Officers retirement system as of July 1, 1980, or if the service includes (1) service as a commissioned officer of the United States Public Health Service, (2) service with the United States District court and the United States Commissioner's court serving the Territory and State of Alaska succeeded to by the Alaska court system, (3) persons employed as United States marshals, United States deputy marshals, Civil Aeronautics Administration security guards and United States Corps of Engineers security guards, (4) employees of the Alaska Jail System of the United States Department of Justice, (5) Civil Aeronautics Administration heavy equipment operators, (6) employees of the United States Fish and Wildlife Service, (7) employees of the Alaska Road Commission and Bureau of Public Roads, (8) employees of the Alaska Communications System, and (9) those peace officers of the territory, or of a political subdivision of the territory, who are employees of the state or a participating political subdivision of the state on July 1, 1978. The retirement benefits payable to an employee under this section which are attributable to employment rendered to the State and former Territory of Alaska before January 1, 1961, shall be reduced by the amount of the retirement pension benefits paid to him by the United States government for the same period of service.

LIST OF ELIGIBLE EMPLOYEES

NAME	AGENCY	TIME WORKED AS PEACE OFFICER/POLITICAL SUB-DIV.	
CAMPBELL, Loren	AST	3/65 to 9/67	Juneau
GILMORE, Walter	"	1963 to 1964	Ketchikan
PACHECO, Al	"	5/61 to 1/66	Anchorage
HUSTON, William	Corr.	1/60 to 7/64	Juneau
KAUFMAN, William	AST	10/65 to 1/68	Fairbanks
IVERSEN, Roger	"	7/60 to 7/62	Ketchikan
MIX, Larry	"	5/63 to 12/64	Kodiak
JORDON, Terry	"	7/63 to 5/65	Juneau
BUELL, Duane	Corr.	4/72 to 6/73	Wrangel
KORHONEN, Michael	AST	5/61 to 10/64	Juneau
TEW, Harlor	"	7/60 to 7/63	Ketchikan
LAWRENCE, Don	"	1964 to 1966	Kodiak
ORMANSEN, Walter	"	1968--6-months	Ketchikan

Original sponsors: Buchholdt, Meekins  
and McKinnon

Offered: 3/9/79  
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 29

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

9 \* Section 1. AS 39.35.160(a) is amended to read:

10 (a) While participating in the system each peace officer and each  
11 fireman shall contribute five per cent and every other employee shall  
12 contribute 4.53 [FOUR AND ONE-QUARTER] per cent of his compensation to  
13 the public employees' retirement system.

14 \* Sec. 2. AS 39.35.680(25) is amended to read:

15 (25) "normal retirement" means retirement for a member who is  
16 at least 55 years old and has a minimum of five years credited service,  
17 or who is any age and has 25 [30] years or more of credited service, or  
18 a peace officer or fireman who is any age and has 20 years or more of  
19 credited service;

20 \* Sec. 3. Sections 1 and 2 of this Act take effect January 1, 1980 if  
21 approved by a majority of the votes cast in a special election conducted by  
22 the Public Employees' Retirement Board to be held among the active members of  
23 the retirement system before January 1, 1980. This section takes effect  
24 July 1, 1979.

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. House Bill 29  
 Title An Act Relating to the PERS (25 Year Service Retirement)  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL  
 Agency Affected Administration - Division of Retirement and Benefits  
 Program Category Affected Retirement and Benefits  
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-01

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES		5.0				
200 TRAVEL						
300 CONTRACTUAL		5.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 TRS STATE MATCH						
100 BENEFITS		21.4	46.9	51.5	56.6	62.2
TOTAL		31.4	46.9	51.5	56.6	62.2

FUNDING (Thousands of Dollars)

GENERAL FUND		17.5	38.3	42.1	46.5	50.9
FEDERAL FUNDS		1.0	2.2	2.4	2.6	2.9
VETERAN'S FUND			0.1	0.1	0.1	0.1
FISH & GAME FUND		0.2	0.3	0.3	0.3	0.4
HIGHWAY FUND		0.3	0.6	0.7	0.7	0.8
AIRPORT FUND		0.6	1.4	1.5	1.6	1.8
CAPITAL FUND		1.8	4.0	4.4	4.8	5.3
PERS		10.0				
TRS						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY		3-mos.				

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

See Page 2

IV. DATE 2/15/79 PREPARED BY Paul B. Arnoldt, Director  
 AGENCY Division of Retirement & Benefits  
 PHONE 465-4460  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

*Paul B. Arnoldt*

*PAV*

## House Bill 29

1. This bill would not affect existing retirees, including early retirees.
2. If this bill were totally funded by the employer, the cost would be .2156% of covered non police/fire payroll. Since employee contributions are worth 78% of employer contributions (employee contributions are refundable) the 25% increase in employee contributions is actually worth .1950% in terms of employer contributions (78% X .2500). The difference of .0206% (.2156% - .1950%) is the total net cost to the State.
3. The .0206% total net cost to the State is based upon an estimated FY 80 non police/fire payroll of \$207,400,000 increasing at 10% annually.
4. The present value of the unfunded liability is \$4,361,943. The unfunded liability is the cost to provide a "25 year and out" service retirement to existing employees as opposed to future new employees only. The unfunded liability is amortized over 25 years.
5. The consulting actuary for the PERS has determined that only 1% of all employees would receive a benefit as a result of the "25 year and out" provision of this bill, even though all employees will be contributing towards this benefit.
6. Personal services - one temporary position - Retirement and Benefits Specialist I (range 13) for three (3) months prepare for and conduct the election.

FY 80 monthly salary	\$1,519 X 3 = \$4,557
Plus benefits @ 10.13%	= <u>462</u>
	\$5,019

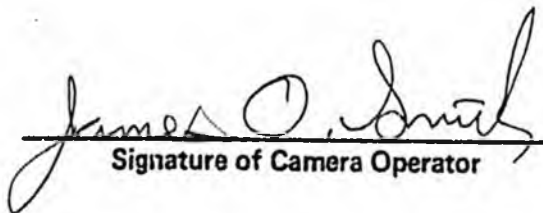
7. Printing and mailing of ballots = \$5,000

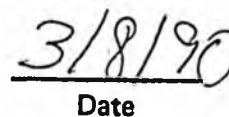


# RECORDS CERTIFICATION



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



# A M E N D M E N T

OFFERED IN THE SENATE:

BY: Finance Committee

To: CS SENATE BILL No. \_\_\_\_\_

HOUSE BILL No. 29

PAGE: 1

LINE: 20

Add new Sec. 3 to read:

Amending Alaska Statute 39.35.360(a) An employee who completes three years of service with the State after January 1, 1961, for which he makes contributions required by this chapter is entitled to credited service rendered to the State and former Territory of Alaska before January 1, 1961, regardless of the office, department, division, or agency of the state or territory in which he was employed; or rendered service to a political subdivision of the state as a peace officer or correctional officer after January 1, 1961, provided the employee is vested in the State retirement program and is a participating member in the Peace Officers retirement system as of July 1, 1980, or if the service includes (1) service as a commissioned officer of the United States Public Health Service, (2) service with the United States District court and the United States Commissioner's court serving the Territory and State of Alaska succeeded to by the Alaska court system, (3) persons employed as United States marshals, United States deputy marshals, Civil Aeronautics Administration security guards and United States Corps of Engineers security guards, (4) employees of the Alaska Jail System of the United States Department of Justice, (5) Civil Aeronautics Administration heavy equipment operators, (6) employees of the United States Fish and Wildlife Service, (7) employees of the Alaska Road Commission and Bureau of Public Roads, (8) employees of the Alaska Communications System, and (9) those peace officers of the territory, or of a political subdivision of the territory, who are employees of the state or a participating political subdivision of the state on July 1, 1978. The retirement benefits payable to an employee under this section which are attributable to employment rendered to the State and former Territory of Alaska before January 1, 1961, shall be reduced by the amount of the retirement pension benefits paid to him by the United States government for the same period of service

Change existing Sec. 3 to Sec. 4.

Original sponsors: Buchholdt, Meekins  
and McKinnon

Offered: 3/9/79  
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 29

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

9 \* Section 1. AS 39.35.160(a) is amended to read:

10 (a) While participating in the system each peace officer and each  
11 fireman shall contribute five per cent and every other employee shall  
12 contribute 4.53 [FOUR AND ONE-QUARTER] per cent of his compensation to  
13 the public employees' retirement system.

14 \* Sec. 2. AS 39.35.680(25) is amended to read:

15 (25) "normal retirement" means retirement for a member who is  
16 at least 55 years old and has a minimum of five years credited service,  
17 or who is any age and has 25 [30] years or more of credited service, or  
18 a peace officer or fireman who is any age and has 20 years or more of  
19 credited service;

20 \* Sec. 3. Sections 1 and 2 of this Act take effect January 1, 1980 if  
21 approved by a majority of the votes cast in a special election conducted by  
22 the Public Employees' Retirement Board to be held among the active members of  
23 the retirement system before January 1, 1980. This section takes effect  
24 July 1, 1979.

25

26

27

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29

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 29  
Title Act relating to the public employees' retirement system  
Requested by Senate Finance Committee Date 4/30/79

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement and Benefits  
Program Category Affected Retirement and Benefits  
BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-01

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES		5.0				
200 TRAVEL						
300 CONTRACTUAL		5.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 TRS STATE MATCH						
100 BENEFITS		18.0	18.0	18.0	18.0	18.0
TOTAL		28.0	18.0	18.0	18.0	18.0

FUNDING (Thousands of Dollars)

GENERAL FUND		14.7	14.7	14.7	14.7	14.7
FEDERAL FUNDS		.8	.8	.8	.8	.8
VETERAN'S FUND		.1	.1	.1	.1	.1
FISH & GAME FUND		.1	.1	.1	.1	.1
HIGHWAY FUND		.3	.3	.3	.3	.3
AIRPORT FUND		.5	.5	.5	.5	.5
CAPITAL FUND		1.5	1.5	1.5	1.5	1.5
PERS		10.0				
TRS						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY		3-mos.				

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

1. See Page 2 for Sec. 1, 2 and 3.
2. It is estimated that 14 individuals will claim service under Sec. 4.
3. Estimate FY 80 covered State payroll to be \$241,000,000
4. Increase in state employer contribution rate would be .0074% of covered pay.

IV. DATE 4/30/79 PREPARED BY John C. Sackett, Chairman  
AGENCY Senate Finance Committee  
PHONE 465-3753

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

## CS House Bill 29

1. This bill would not affect existing retirees, including early retirees.
2. The present value of the unfunded liability is \$4,361,943. The unfunded liability is the cost to provide a "25 year and out" service retirement to existing employees as opposed to future new employees only. The unfunded liability is amortized over 25 years.
3. The consulting actuary for the PERS has determined that only 1% of all employees would receive a benefit as a result of the "25 year and out" provision of this bill, even though all employees will be contributing towards this benefit.
4. Personal services - one temporary position - Retirement and Benefits Specialist I (range 13) for three (3) months to prepare for and conduct the election.

FY 80 monthly salary	\$1,519 X 3 = \$4,557
Plus benefits @ 10.13%	= 462
	<u>\$5,019</u>

5. Printing and mailing of ballots = \$5,000

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 29

Title Act relating to the public employees' retirement system

Requested by Senate Finance Committee

Date 4/30/79

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement and Benefits

Program Category Affected Retirement and Benefits

BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-01

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

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	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES		5.0				
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500 EQUIPMENT						
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GENERAL FUND		14.7	14.7	14.7	14.7	14.7
FEDERAL FUNDS		.8	.8	.8	.8	.8
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FISH & GAME FUND		.1	.1	.1	.1	.1
HIGHWAY FUND		.3	.3	.3	.3	.3
AIRPORT FUND		.5	.5	.5	.5	.5
CAPITAL FUND		1.5	1.5	1.5	1.5	1.5
PERS		10.0				
TRS						

POSITIONS

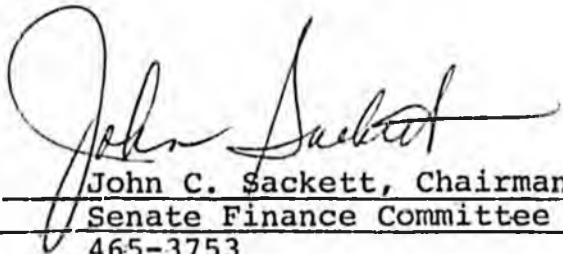
FULL TIME						
PART TIME						
TEMPORARY		3-mos.				

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

1. See Page 2 for Sec. 1, 2 and 3.
2. It is estimated that 14 individuals will claim service under Sec. 4.
3. Estimate FY 80 covered State payroll to be \$241,000,000
4. Increase in state employer contribution rate would be .0074% of covered pay.

IV. DATE 4/30/79

PREPARED BY

  
John C. Sackett, Chairman

AGENCY

Senate Finance Committee

PHONE

465-3753

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Office of the Governor (Keith Specking)

33-001 (Rev. 12/78)

## CS House Bill 29

1. This bill would not affect existing retirees, including early retirees.
2. The present value of the unfunded liability is \$4,361,943. The unfunded liability is the cost to provide a "25 year and out" service retirement to existing employees as opposed to future new employees only. The unfunded liability is amortized over 25 years.
3. The consulting actuary for the PERS has determined that only 1% of all employees would receive a benefit as a result of the "25 year and out" provision of this bill, even though all employees will be contributing towards this benefit.
4. Personal services - one temporary position - Retirement and Benefits Specialist I (range 13) for three (3) months to prepare for and conduct the election.

FY 80 monthly salary	\$1,519 X 3 = \$4,557
Plus benefits @ 10.13%	= <u>462</u>
	\$5,019

5. Printing and mailing of ballots = \$5,000

March 29, 1979

Legislative Board of Retirement Benefits analysis and recommendations on:

CS for House Bill 29:

The board endorses the attached fiscal note as its fiscal analysis of CSHB 29.

Three members of the board recommend that CSHB 29 do pass and one recommends that it do not pass; two members were absent and there is one vacancy on the board.

SUMMARY OF CS FOR HOUSE BILL NO. 29

Retirement system affected: PERS

*\*  
Change*

Directs the Public Employees' Retirement Board to conduct an election among the active members of PERS to determine if both the following should occur: (1) an increase in the employee contribution rate from 4.25 to 4.35<sup>9</sup> per cent of compensation for employees other than peace officers and firemen; and (2) a reduction from 30 to 25 years in the credited service required for normal retirement at any age for employees other than peace officers and firemen.

Provides that the above changes will take effect on January 1, 1980, if approved by a majority of the votes cast in the election.

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. CS for House Bill 29  
 Title An Act Relating to the PERS (25 Year Service Retirement)  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL  
 Agency Affected Administration - Division of Retirement and Benefits  
 Program Category Affected Retirement and Benefits (PERS)  
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-01  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)  
EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES		5.0				
200 TRAVEL						
300 CONTRACTUAL		5.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 TRS STATE MATCH						
100 BENEFITS						
TOTAL		10.0				

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS		10.0				
TRS						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY		3-mos.				

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

See Page 2.

IV. DATE 3/12/79 PREPARED BY Paul B. Arnoldt, Director  
 AGENCY Division of Retirement & Benefits  
 PHONE 465-4460

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

1. This bill would not affect existing retirees, including early retirees.
2. The present value of the unfunded liability is \$4,361,943. The unfunded liability is the cost to provide a "25 year and out" service retirement to existing employees as opposed to future new employees only. The unfunded liability is amortized over 25 years.
3. The consulting actuary for the PERS has determined that only 1% of all employees would receive a benefit as a result of the "25 year and out" provision of this bill, even though all employees will be contributing towards this benefit.
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FY 80 monthly salary	\$1,519 X 3 = \$4,557
Pius benefits @ 10.13%	= <u>462</u>
	\$5,019

Printing and mailing of ballots	= \$5,000
---------------------------------	-----------

# ALASKA PEACE OFFICERS ASSOCIATION



Capital City Chapter  
P. O. Box 751  
Juneau, Alaska 99802  
April 11, 1979

Honorable Bill Ray  
Alaska State Senate  
Capital Building  
Juneau, Alaska 99811

*Amendment*

*inst to state  
approx 18.0  
New Fiscal note*

RE: SUGGESTED AMENDMENT TO AS  
39.35.360 (PROVIDING FOR  
CONTRIBUTORY CREDITED SERVICE  
FOR PEACE OFFICERS SERVICE  
RENDERED TO PARTICIPATING SUB-  
DIVISIONS AFTER JANUARY 1, 1961)

Dear Senator Ray:

Last year the legislature approved 122 SLA 1978, that provided retirement credits for individuals who held various jobs with the Territorial government prior to statehood, and after statehood, up to January 1, 1961, when the Public Employees Retirement Program began.

The passage of various legislation over the years relative to the retirement program has closed many of the gaps, but has not altogether eliminated the inequities that are always inherent in a new and growing system.

For example:

Officer "A" worked for the City of Sitka in 1960 and '61, and on the Juneau Police Department from 1961 to 1964. He resigned from the Juneau Police Department, effective June 30, 1964, and went to work for the State of Alaska on July 1, 1964. Shortly after he left the Juneau Police Department, they went under the State retirement system. Officer "A" has been unable, under existing statutes, to receive credit for any of this time, after January, 1961. However, under the bill passed last year, he picked up all of his 1960 time with the City of Sitka up to January, 1961.

The above example would be considered a typical situation for most of the individuals listed on Attachment #2 that has been forwarded for your information.

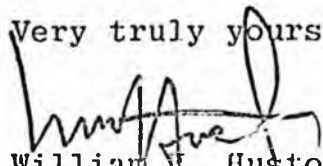
Senator Bill Ray  
April 11, 1979  
Page Two

As you can see, there is a rather insignificant number of employees who are presently longstanding members of the Alaska State Troopers, as well as several from Corrections, that are unable to obtain credit for service rendered as a peace officer for various political subdivisions during a similar period of time.

Our proposed amendment would permit these career employees to obtain the benefit of coverage on a contributory basis, provided they are still employed under the Peace Officers Retirement System, on the day the bill passes into law. This would be an equitable recognition of their continued service, and the qualifying members would be limited to no more than approximately 20 currently serving State employees, as best we can determine through our research.

We will appreciate your efforts on our behalf and should you require further information concerning this subject, please do not hesitate to contact me.

Very truly yours,



William H. Huston  
President  
Capital City Chapter  
Alaska Peace Officers Association

WHH:pv

Attachments

PROPOSED LEGISLATIVE CHANGE  
PEACE OFFICERS RETIREMENT SYSTEM

Amending Alaska Statute 39.35.360(a) An employee who completes three years of service with the State after January 1, 1961, for which he makes contributions required by this chapter is entitled to credited service rendered to the State and former Territory of Alaska before January 1, 1961, regardless of the office, department, division, or agency of the state or territory in which he was employed; or rendered service to a political subdivision of the state as a peace officer or correctional officer after January 1, 1961, provided the employee is vested in the State retirement program and is a participating member in the Peace Officers retirement system as of July 1, 1980, or if the service includes (1) service as a commissioned officer of the United States Public Health Service, (2) service with the United States District court and the United States Commissioner's court serving the Territory and State of Alaska succeeded to by the Alaska court system, (3) persons employed as United States marshals, United States deputy marshals, Civil Aeronautics Administration security guards and United States Corps of Engineers security guards, (4) employees of the Alaska Jail System of the United States Department of Justice, (5) Civil Aeronautics Administration heavy equipment operators, (6) employees of the United States Fish and Wildlife Service, (7) employees of the Alaska Road Commission and Bureau of Public Roads, (8) employees of the Alaska Communications System, and (9) those peace officers of the territory, or of a political subdivision of the territory, who are employees of the state or a participating political subdivision of the state on July 1, 1978. The retirement benefits payable to an employee under this section which are attributable to employment rendered to the State and former Territory of Alaska before January 1, 1961, shall be reduced by the amount of the retirement pension benefits paid to him by the United States government for the same period of service.

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NAME	AGENCY	TIME WORKED AS PEACE OFFICER/POLITICAL SUB-DIV.	
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PACHECO, Al	"	5/61 to 1/66	Anchorage
HUSTON, William	Corr.	1/60 to 7/64	Juneau
KAUFMAN, William	AST	10/65 to 1/68	Fairbanks
IVERSEN, Roger	"	7/60 to 7/62	Ketchikan
MIX, Larry	"	5/63 to 12/64	Kodiak
JORDON, Terry	"	7/63 to 5/65	Juneau
BUELL, Duane	Corr.	4/72 to 6/73	Wrangel
KORHONEN, Michael	AST	5/61 to 10/64	Juneau
TEW, Harkor	"	7/60 to 7/63	Ketchikan
LAWRENCE, Don	"	1964 to 1966	Kodiak
ORMANSEN, Walter	"	1968--6-months	Ketchikan



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James O. Smith  
Signature of Camera Operator

3/8/90  
Date

Date passed to Senate 3/15

To Rules  
3/13

Bill # SS HB30

SENATE FINANCE COMMITTEE  
BILL CHECKLIST

- 1. Committee Copy-Current Bill ✓
- 2. History Cover Form ✓
- 3. Printed Copies:
  - Original Bill ✓
  - Committee Substitutes or Amendments ✓
- 4. SFC Committee Report Form ✓
- 5. Fiscal Information: *No impact*
  - Note in File \_\_\_\_\_
  - Note Requested \_\_\_\_\_ Date \_\_\_\_\_
  - Other Financial Backup \_\_\_\_\_
  - (See Below) \_\_\_\_\_
- 6. Backup:
  - Handouts \_\_\_\_\_
  - Letter from Governor \_\_\_\_\_
  - Letter from Sponsor \_\_\_\_\_
  - Completed Committee Reports \_\_\_\_\_
  - Committee State Affairs ✓
  - Other \_\_\_\_\_

*Sectional Analyses*

COMMITTEE REPORT  
SENATE

FURTHER:

4/18/79

Date: April 26, 1979

Mr. President:

The Committee on FINANCE has had SSHB 30  
relating to the Commercial Fishing and Agriculture Bank

under consideration and (a majority of the committee) (the committee)  
reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back <sup>file</sup> without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

*John A. Sackitt*  
*John A. Sackitt*  
 \_\_\_\_\_  
 \_\_\_\_\_  
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 \_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

*John A. Sackitt - no rec*  
*John A. Sackitt - no rec*  
*John A. Sackitt - no rec*  
*John A. Sackitt - no rec*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

*John A. Sackitt*  
 CHAIRMAN

Introduced: 2/20/79  
Referred: Resources and  
Judiciary

1 IN THE HOUSE

BY GARDINER

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 30  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Commercial Fishing and Agri-  
7 culture Bank."

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

9 \* Section 1. AS 44.54.010(a) is amended to read:

10 (a) There is established the Alaska Commercial Fishing and Agri-  
11 culture Bank. The bank is a public corporation and government instru-  
12 mentality in the Department of Commerce and Economic Development but has  
13 a legal existence independent of and separate from the state. The  
14 exercise by the bank of the powers conferred by this chapter is con-  
15 sidered an essential governmental function of the state. Except as  
16 otherwise provided in this chapter, the bank is subject to the provi-  
17 sions of AS 10.15.005 - 10.15.600.

18 \* Sec. 2. AS 44.54.020 is amended to read:

19 Sec. 44.54.020. BOARD OF DIRECTORS. The bank shall be managed by  
20 a board of directors consisting of seven [FIVE] members. Initial  
21 appointments to the board shall be made by the governor. Thereafter,  
22 four of the board members shall be elected by the shareholders and three  
23 shall be appointed by the governor until the repurchase of all the non-  
24 voting, preferred shares initially issued by the bank and purchased by  
25 agencies of the state. The board members shall annually elect a chair-  
26 man from among themselves. The purpose of the board is to manage the  
27 assets of the bank.

28 \* Sec. 3. AS 44.54.090 is amended to read:

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1 serve [BE APPOINTED] for terms of three years, and they may serve  
2 successive terms [BE REAPPOINTED]. Terms shall be staggered. Initial  
3 terms shall be three [TWO] members serving for one year, two members  
4 serving for two years, and two members [ONE MEMBER] serving for three  
5 years.

6 \* Sec. 4. AS 44.54.210 is amended by adding a new paragraph to read:

7 (20) make loans to individual commercial fishermen who have  
8 been state residents for a continuous period of five years immediately  
9 preceding the date of application for the loan and have had a crewmember  
10 or commercial fishing license under AS 16.05.480 or a permit under  
11 AS 16.43 for any one of the past five years, and who actively partici-  
12 pated in the fishery during that period, for the purchase of entry  
13 permits; loans made under this paragraph are subject to the provisions  
14 of AS 44.54.230.

15 \* Sec. 5. AS 44.54 is amended by adding new sections to read:

16 Sec. 44.54.230. LOANS FOR PURCHASE OF ALASKA LIMITED ENTRY PER-  
17 MITS. (a) A loan under AS 44.54.210(20) for the purchase of a limited  
18 entry permit may be made only upon certification by the Alaska Commer-  
19 cial Fisheries Entry Commission (AS 16.43.020) that the fisherman is a  
20 person who qualifies as a transferee for the permit under AS 16.43 and  
21 the regulations adopted by the commission.

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

24 (1) the certificate for the pledged permit lists the execu-  
25 tive director of the bank as the legal owner of the permit;

26 (2) the certificate for the pledged permit lists the debtor  
27 as the equitable owner of the permit;

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

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

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

7 (c) Upon satisfaction of the note by the debtor, the executive  
8 director shall certify to the commission that the note has been satis-  
9 fied.

10 (d) Upon certification as provided in (c) of this section, the  
11 commission shall amend the permit certificate to list the debtor as the  
12 legal owner.

13 Sec. 44.54.240. DEFAULT AND FORECLOSURE OF LOANS FOR LIMITED ENTRY  
14 PERMITS. (a) If the debtor defaults upon a note for which a limited  
15 entry permit has been pledged as security under AS 44.54.230, the execu-  
16 tive director of the bank shall provide the debtor, by registered or  
17 certified mail sent to his last known address on file with the bank,  
18 with a notice of default which includes

19 (1) a description of the security given for the note includ-  
20 ing the number assigned to the pledged permit by the Alaska Commercial  
21 Fisheries Entry Commission;

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

23 (3) the amount of arrearages as of the date of the notice,  
24 the total amount remaining on the note less unearned interest, and the  
25 amount of daily interest;

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

29 (5) a statement that the note may be reinstated if brought

1 current within 60 days from the postmark date of the notice;

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

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

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

10 (b) Upon the debtor's failure to reinstate or satisfy the note  
11 within the time specified in (a) of this section, his equitable interest  
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13 permit cards issued to him under the permit shall be cancelled immedi-  
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15 containing a copy of the notice required by (a) of this section issued  
16 by the executive director of the bank.

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18 FORECLOSURE. (a) Upon a foreclosure on an entry permit as provided in  
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20 Commercial Fisheries Entry Commission a right of first refusal if the  
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22 at a price equal to the amount outstanding on the note plus any costs  
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24 (b) If the commission does not exercise its right of first refusal  
25 within 30 days after it receives the offer, or if the permit is not  
26 subject to a buy-back program under AS 16.43.290 - 16.43.330, the bank  
27 shall promptly notify the debtor of this fact. The debtor has 30 days  
28 from the postmark date of the notice to nominate a person qualified to  
29 assume the note. The person nominated must qualify under the require-

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2 liabilities of the original debtor.

3 (c) If the debtor is unable to nominate a qualified person to  
4 assume the note under (b) of this section, the permit must be made  
5 available to a qualified person, chosen as provided in this section, who  
6 shall assume the note subject to all rights and liabilities of the  
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8 provide the bank with a list of persons chosen by lottery who qualify  
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10 by the commission and who have met the residency and commercial fishing  
11 participation requirements of AS 44.54.210(20). The executive director  
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15 (d) Nothing in this section affects the right of the executive  
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Put in file O.K.

State Affairs  
& Finance

Introduced: 2/20/79  
Referred: Resources and  
Judiciary

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BY GARDINER

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3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
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24 (b) If the commission does not exercise its right of first refusal  
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∴ SSHB 30

AK Commercial Fishing + Agriculture Bank

1. # of Board members increased from 5 to 7.
2. Allows loans on limited Entry Permits by banks with State option to buyback permit on default of loan.
3. If state does not buyback permit - act states order of preference for selection of permit buyer.

# Impact: Travel + Per Diem for extra board members

*Sponsor* - REPRESENTATIVE TERRY GARDINER

SECTIONAL ANALYSIS - SSHB 30

"An Act relating to the  
Commercial Fishing and Agriculture Bank."

\* Section 1. AS 44.54.010 (a).

Section 1 is simply a technical amendment, adding the word Alaska to the Commercial Fishing and Agriculture Bank to be consistent with the rest of the statute.

\* Section 2. AS 44.54.020.

This section expands the board of directors from five members to seven members. It also requires that three of the members continue to be appointed by the governor until the bank has repurchased all of the non-voting preferred shares that were purchased by the state with start-up capital.

This change is necessary because the statute now provides that the board of directors be elected from amongst the borrowing members of the bank in the future. This could cause problems in the future as during the start-up phases the state will be the major shareholder. To provide continuity, it would be desirable to maintain some input by the state until the bank has bought out the state's share.

\* Section 3. AS 44.54.090.

These changes are necessitated by the expansion of the board from five to seven members.

\* Section 4. AS 44.54.210.

Section 4 adds an additional power to the bank to allow them to make loans for the purchase of limited entry permits.

\* Section 5. AS 44.54.230.

This section of the bill outlines how the loan making ability and default and foreclosure provisions will operate when the bank makes loans for limited entry permits. This language parallels the existing law that allows the state division of loans to make limited entry permit loans. This law was introduced last year by the governor and passed overwhelmingly by the last legislature. The purpose of this section is to expand the banks power to provide for limited entry permit loans to Alaskans. Since the bank provides for loans only to resident Alaskans this additional capital source will be an advantage to Alaskans who want to get into the fishery in the future. At least one-third of Alaska's salmon fishermen are still non-residents. Great benefits from taxes and other items can accrue to Alaska if these permits which are now held by non-residents become held by resident Alaskans in the future. This expansion of loan authority to the Commercial Fishing and Agriculture Bank will provide another source of capital to Alaskans who want to move into the salmon fisheries in the state.



Official Business

# Alaska State Legislature

Senate

Committee on Judiciary

*Keeler  
signed*

Pouch V  
State Capitol  
Juneau, Alaska 99811

March 12, 1979

The Honorable Clem Tillion  
President of the Senate  
Alaska State Legislature

Re: CSSB 132

Dear Mr. President:

On March 9, 1979, you requested me, in my capacity as chairman of the Senate Judiciary committee, to review the captioned bill and to report to the Senate as to its constitutionality.

At the outset, I should state that the following comments are mine and mine alone; I do not profess to speak for the other members of the Judiciary committee. It should likewise be noted that I do not claim any special expertise in the field of constitutional law, nor have I had sufficient time to devote to the research which would ordinarily be entailed in analyzing this bill.

A close reading of CSSB 132 indicates two sections of the bill would run afoul of the Alaska Constitution. Those two are 43.75.136, providing for payments to the Commercial Fishing and Agriculture Bank, and 43.75.131, making increased refunds to local government.

Article IX, sec. 7 of the Alaska Constitution provides as follows:

"The proceeds of any state tax or license shall not be dedicated to any special purpose except when required by the federal government for state participation in federal programs. This provision shall not prohibit the continuance of any dedication for special purposes existing upon the date of ratification of the constitution by the people of Alaska."

I was assisted in my efforts to check the constitutionality of the questioned sections of the bill by the opinions of two Attorneys General dated, respectively, April 4, 1969 and May 2, 1975. Both opinions not only considered the case law of this and other jurisdictions, sparse as it is, but they also reviewed the minutes of the Alaska Constitutional Convention and committees thereof. It is evident, in both these opinions, that the framers of our constitution did not want to have additional taxes earmarked or dedicated to special purposes.

The Honorable Clem Tillion  
March 12, 1979  
Page Two

*CSS*  
*174*

A dedication of ten per cent of the fish tax existed at the time of the ratification of the Constitution, and the dedication clearly falls within the exemption. Problems arise when that ten per cent is increased, as in the instant bill, to thirty-three and one-third per cent. The issue of the constitutionality of increasing the percentage of an existing dedicated fund was not specifically addressed by either of the opinions reviewed. However, material contained in these opinions strongly suggests that increasing an existing dedicated fund was not intended by the Constitution.

It is equally clear that payments to the Commercial Fishing and Agriculture Bank and earmarking state tax revenue for the construction of docks, etc. by local governmental units would do violence to the Constitution of the State of Alaska.

The Attorney General's opinion of April 4, 1969 holds:

\* "The proceeds of any state tax or license which must be shared with local governmental units are dedicated to a special purpose and are in violation of Article IX, sec. 7 of the Alaska Constitution."

The Attorney General's opinion of May 2, 1975 states:

\* "Accordingly, it is our conclusion that the dedication of any source of public revenue: tax, license, rental, sale, bonus-royalty, royalty, or whatever is limited by the state Constitution to those existing when the Constitution was ratified or required for participation in federal programs."

Conclusion: CSSB 132, as written, is patently unconstitutional.

Respectfully submitted,

*3*  
*Ziegler*  
Robert H. Ziegler, Sr.  
Chairman  
Senate Judiciary Committee

RHZ/pkz

*Commercial Fisheries & Agriculture Bank Board*

*Make up file*

March 8, 1979

Mr. Larry Butterfield  
Spokane Bank for Cooperatives  
Farm Credit Banks Building  
N. 705 First Avenue  
Spokane, Washington 99204

Dear Larry:

This is to confirm our discussion in Seattle on the appointment of the Board of Directors for the Alaska Commercial Fisheries and Agriculture Bank (CFAB). A list of the board appointments is enclosed for your information.

The board's first meeting will be on March 27 at 1:30 p.m.

An invitation is extended to the officers of the Spokane Bank of Cooperatives and other federal lending banks to attend. It is suggested that a presentation be made to acquaint the board on the functioning of the banking system and how it can relate to CFAB.

If this is agreeable to you, I would appreciate confirmation and if equipment is necessary that you inform me. Also, the amount of time you feel is needed for your presentation.

If I can be of further help, please let me know.

Very truly yours,

Richard H. Eakins  
Director

RHE/sa4/3

Enclosure

cc: John Williams  
Representative Alvin Osterback

*Letter send to all member*

March 8, 1979

Mr. Byron Mallott  
c/o Alaska Federation of Natives  
550 West 8th Avenue  
Anchorage, Alaska 99501

Dear Mr. Mallott:

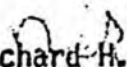
Enclosed for your information and study is preliminary work done for your consideration when organizing the fisheries/agriculture bank.

1. Suggested Articles of Incorporation and Bylaws with comments as drafted by Eric Wohlforth.
2. Copy of contract entered into with Earl Combs' Company to do a capital analysis study.
3. Copy of the bank legislation CS for HB 763.

A suggested agenda is included. If you have items you wish added, please inform me.

If I can be of service or information to you, please do not hesitate to call on me.

Very truly yours,

  
Richard H. Eakins  
Director

RHE/sa3/7

- Enclosures

FOR THE FISHING AND AGRICULTURE BANK - BOARD OF DIRECTORS

44.54.010 - The bank is a public corporation and government instrumentality in the Department of Commerce and Economic Development but has a legal existence independent of and separate from the state. Except as otherwise provided in the chapter, bank is subject to the provisions of AS 10.15.005 - 10.15.600. The bank shall be managed by a board of directors consisting of five members. Initial appointments to the board shall be made by the governor. Thereafter, board members shall be elected by the shareholders. The board members shall annually elect a chairman from among themselves.

MEMBERS	REPLACING	APPT.	TERM
✓ Mr. Robert M. Thorstenson Icicle Seafoods 4215 - 21st Ave. W., Suite 206 Seattle, Wash. 98199		79/02/19	
✓ Mr. Byron Mallott c/o Ak. Federation of Natives 550 West 8th Avenue Anchorage, Alaska 99501		79/02/19	
✓ Mr. Dale R. Pihlman Box 7814 Ketchikan, Alaska 99901		79/02/19	
Mr. Paul Huppert Box 858 Palmer, Alaska 99645		79/02/19	
✓ Mr. Frank Homan 523 Harris Street Juneau, Alaska 99801		79/02/19	

CONTACT AGENCY:  
Department of Commerce and  
Economic Development  
ID #11

SS  
HB 30

by the Department of Community and Regional Affairs as security for loans made under this chapter.

(b) The commissioner of community and regional affairs may sell or transfer at par value to the Department of Revenue the mortgages and notes held by the Department of Community and Regional Affairs as security for loans made under this chapter. The Department of Revenue shall purchase all of these mortgages and notes offered, allowing the Department of Community and Regional Affairs a one-half of one per cent service fee. (§ 5 ch 152 SLA 1978)

### Part 4. Independent State Boards, Associations, Commissions, and Corporations.

#### Chapter

- 54. Commercial Fishing and Agriculture Bank (§§ 44.54.010 — 44.54.220)
- 55. Alaska Gas Pipeline Financing Authority (§§ 44.55.010 — 44.55.200)

#### Chapter 54. Commercial Fishing and Agriculture Bank.

Section	Section
10. Commercial Fishing and Agriculture Bank	130. Trust indentures and trust agreements
20. Board of directors	140. Validity of pledge
30. Articles of incorporation	150. Nonliability on bonds
40. Bylaws	160. Pledge of the state
50. Membership meetings	170. Exemption from taxation
60. Membership stock	180. Bonds legal investments for fiduciaries
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Editor's note. — As to legislative findings and the purposes of the enabling act, see §§ 1 and 2, ch. 159, SLA 1978, respectively, in the 1978 Temporary and Special Acts and Resolutions in Binder 9.

**Sec. 44.54.010. Commercial Fishing and Agriculture Bank.** (a) There is established the Commercial Fishing and Agriculture Bank. The bank is a public corporation and government instrumentality in the Department of Commerce and Economic Development but has a legal existence independent of and separate from the state. The exercise by the bank of the powers conferred by this chapter is considered an essential governmental function of the state. Except as otherwise provided in this chapter, the bank is subject to the provisions of AS 10.15.005 — 10.15.600.

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(b) For the purpose of the initial funding of the bank's operations, the board of directors shall issue nonvoting, preferred shares of stock in the bank and shall determine the value of each share. The State of Alaska, through appropriate agencies, shall purchase the nonvoting, preferred shares initially issued by the bank. Shares purchased by the state shall be repurchased by the bank within 20 years after their purchase. If the bank fails to repurchase the shares within 20 years, the commissioner of commerce and economic development may dissolve the bank.

(c) After the board of directors has completed the necessary organizational matters described in §§ 30 and 40 of this chapter, the commissioner of revenue may purchase with funds from the general fund up to \$2,000,000 of preferred stock of the bank during fiscal year 1979 at such time and with terms agreed upon by the commissioner and the board. (§ 3 ch 159 SLA 1978)

**Sec. 44.54.020. Board of directors.** The bank shall be managed by a board of directors consisting of five members. Initial appointments to the board shall be made by the governor. Thereafter, board members shall be elected by the shareholders. The board members shall annually elect a chairman from among themselves. The purpose of the board is to manage the assets of the bank. (§ 3 ch 159 SLA 1978)

**Sec. 44.54.030. Articles of incorporation.** Not later than November 1, 1978, the board of directors shall file with the commissioner of commerce and economic development articles of incorporation as provided in AS 10.15.340 — 10.15.355 except that any filing fees shall be waived. (§ 3 ch 159 SLA 1978)

**Sec. 44.54.040. Bylaws.** The board of directors shall adopt the initial bylaws of the bank. The power to alter, amend or repeal the bylaws is vested in the board of directors. The bylaws may contain provisions for the regulation and management of the affairs of the bank not inconsistent with this chapter or other provisions of law. (§ 3 ch 159 SLA 1978)

**Sec. 44.54.050. Membership meetings.** Upon filing the articles of incorporation, the board of directors, with the assistance of the commissioner of commerce and economic development or his designee, may hold public meetings throughout the state for the purpose of explaining to members of the commercial fishing and farming industries the functions of the bank and to encourage membership in the bank. (§ 3 ch 159 SLA 1978)

**Sec. 44.54.060. Membership stock.** (a) The board of directors shall issue shares of membership stock in the bank in the amounts and with the value determined by the board and stated in the articles of incorporation.

(b) Loans made to shareholders of the bank under the provisions of

this chapter shall be in accordance with a schedule of maximum amounts adopted by the board of directors based upon proportional ownership of shares. (§ 3 ch 159 SLA 1978)

**Sec. 44.54.070. Executive director; staff.** (a) The board of directors may hire and determine the salary of an executive director. The executive director shall be responsible for the ordinary business of the bank.

(b) The executive director, with the approval of the board of directors, may hire and determine the salary of staff reasonably necessary for the efficient performance of the duties of the bank. (§ 3 ch 159 SLA 1978)

**Sec. 44.54.080. Exempt status.** Employees of the bank are in the exempt service under AS 39.25. (§ 3 ch 159 SLA 1978)

**Sec. 44.54.090. Term of office.** The members of the board shall be appointed for terms of three years, and they may be reappointed. Terms shall be staggered. Initial terms shall be two members serving for one year, two members serving for two years, and one member serving for three years. (§ 3 ch 159 SLA 1978)

**Sec. 44.54.100. Quorum.** A majority of the members of the board constitutes a quorum for the transaction of business and the exercise of the powers and duties of the board. (§ 3 ch 159 SLA 1978)

**Sec. 44.54.110. Compensation of board members.** Members receive compensation at a rate determined by the board for each day the board meets if they attend the meeting and are entitled to per diem and travel allowances as provided by law for members of state boards and commissions. (§ 3 ch 159 SLA 1978)

**Sec. 44.54.120. Bonds of the bank.** (a) The bank may borrow money and may issue bonds for that purpose, including but not limited to bonds on which the principal and interest are payable

(1) exclusively from the income and receipts or other money derived from the project financed with the proceeds of the bonds;

(2) exclusively from the income and receipts or other money derived from designated projects whether or not they are financed in whole or in part with the proceeds of the bonds; or

(3) from its income and receipts or other assets generally, or a designated part or parts of them.

(b) Bonds shall be authorized by resolution of the board of directors, and be dated and shall mature as the resolution may provide, except that no bond may mature more than 30 years from the date of its issue. Bonds shall bear interest at the rate or rates, be in the denominations, be in the form, either coupon or registered, carry the registration privileges, be executed in the manner, be payable in the medium of payment, at the place or places, and be subject to the terms of redemption which the resolution or a subsequent resolution may provide.

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(c) All bonds, regardless of form or character, shall be negotiable instruments for all the purposes of the Uniform Commercial Code.

(d) All bonds may be sold at public or private sale in the manner, for the price or prices, and at the time or times which the board of directors may determine.

(e) The superior court shall have jurisdiction to hear and determine suits, actions or proceedings relating to the bank, including suits, actions or proceedings brought to foreclose or otherwise enforce a mortgage, pledge, assignment or security of a holder of its bonds or by a trustee for or other representative of the holders. (§ 3 ch 159 SLA 1978)

Sec. 44.54.130. Trust indentures and trust agreements. In the discretion of the board of directors an issue of bonds may be secured by a trust indenture or trust agreement between the bank and a corporate trustee (which may be a trust company, bank, or national banking association, with corporate trust powers, located inside or outside the state) or by a secured loan agreement or other instrument or under a resolution giving powers to a corporate trustee by means of which the bank may

(1) make and enter into any and all the covenants and agreements with the trustee or the holders of the bonds which the board of directors may determine to be necessary or desirable, including, without limitation, covenants, provisions, limitations and agreements as to

(A) the application, investment, deposit, use and disposition of the proceeds of bonds of the bank or of money or other property of the bank or in which it has an interest;

(B) the terms and conditions upon which additional bonds of the bank may be issued;

(2) pledge, mortgage or assign money, leases, agreements, property or other assets of the bank either presently in hand or to be received in the future, or both; and

(3) provide for any other matters of like or different character which in any way affect the security or protection of the bonds. (§ 3 ch 159 SLA 1978)

Sec. 44.54.140. Validity of pledge. It is the intention of the legislature that a pledge made in respect of bonds shall be valid and binding from the time the pledge is made; that the money or property so pledged and thereafter received by the bank shall immediately be subject to the lien of the pledge without physical delivery or further act; and that the lien of the pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the bank irrespective of whether the parties have notice. Neither the resolution, trust agreement nor any other instrument by which a pledge is created need be recorded or filed under the provisions of the Uniform Commercial Code to be valid, binding or effective against the parties. (§ 3 ch 159 SLA 1978)

Sec. 44.54.150. Nonliability on bonds. (a) Neither the members of the board of directors, the executive director, staff, nor a person executing the bonds is liable personally on the bonds or subject to personal liability or accountability by reason of the issuance of the bonds.

(b) The bonds issued by the bank may not constitute an indebtedness or other liability of the state or of a political subdivision of the state, except the bank, but shall be payable solely from the income and receipts or other funds or property of the bank. The bank may not pledge the faith or credit of the state or of a political subdivision of the state, except the bank, to the payment of a bond, and the issuance of a bond by the bank shall not directly or indirectly or contingently obligate the state or a political subdivision of the state to apply money from, or levy or pledge any form of taxation whatever to the payment of the bond. (§ 3 ch 159 SLA 1978)

Sec. 44.54.160. Pledge of the state. The state pledges to and agrees with the holders of the bonds issued under this chapter and with the federal agency or regional institution of the federal farm credit system which loans or contributes funds in respect of a project, that the state will not limit or alter the rights and powers vested in the bank by this chapter to fulfill the terms of any contract made by the bank with the holders or federal agency or regional institution of the federal farm credit system, or in any way impair the rights and remedies of the holders until the bonds, together with interest on them, with interest on unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the holders, are fully met and discharged. The bank is authorized to include this pledge and agreement of the state, insofar as it refers to holders of bonds of the bank in a contract with the holders, and insofar as it relates to a federal agency or regional institution of the federal farm credit system, in a contract with a federal agency or regional institution of the federal farm credit system. (§ 3 ch 159 SLA 1978)

Sec. 44.54.170. Exemption from taxation. The real and personal property of the bank and its assets, income and receipts are declared to be property of a political subdivision of the state and shall be exempt from all taxes and special assessments of the state or a political subdivision of the state, including, without limitation, all boroughs, cities, municipalities, school districts, public utility districts, and other taxing units. All bonds of the bank are declared to be issued by a political subdivision of the state, to be for an essential public and governmental purpose, and to be a public instrumentality, and the bonds, and the interest on them, the income from them, the transfer of the bonds, and all assets, income and receipts pledged to pay or secure the payment of the bonds, or interest on them, shall at all times be exempt from taxation by or under the authority of the state, except for inheritance and estate

taxes and taxes on transfers by or in contemplation of death. (§ 3 ch 159 SLA 1978)

**Sec. 44.54.180. Bonds legal investments for fiduciaries.** The bonds of the bank are securities in which all public officers and bodies of the state and all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks, savings associations, including savings and loan associations and building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons who are now or may hereafter be authorized to invest in bonds or other obligations of the state, may properly and legally invest funds including capital in their control or belonging to them. Notwithstanding any other provisions of law, the bonds of the bank are also securities which may be deposited with and may be received by all public officers and bodies of this state and all municipalities and municipal subdivisions for any purpose for which the deposit of bonds or other obligations of the state is now or may hereafter be authorized. (§ 3 ch 159 SLA 1978)

**Sec. 44.54.190. Conflicts of interest.** No member of the board of directors may vote on a transaction of the bank under this chapter if he is a party to the transaction. (§ 3 ch 159 SLA 1978)

**Sec. 44.54.200. Reports and publications.** The board of directors shall publish an annual report to the bank's shareholders. The report shall be made available to the public and shall include financial statements audited by independent outside auditors, a statement of the amount of money received by the bank from each source during the period covered, a statement of the bank's investments, a description of the bank's investment activity during the period covered by the report, an analysis of economic and other effects of investment decisions on the state's commercial fishing and agriculture industries, and any other information the board believes would be of interest to the governor, the legislature and the public. The board may also publish such other reports as it considers desirable to carry out its purposes. (§ 3 ch 159 SLA 1978)

**Sec. 44.54.210. Powers of the bank.** The bank may

- (1) make variable rate or fixed rate loans to individuals who are residents and who are engaged in commercial agriculture or fishing, including harvesters, processors and marketers, or to corporations, partnerships or joint ventures primarily engaged in commercial agriculture or fishing, the majority interest of which is beneficially owned by residents of the state and a majority of the owners of which are residents of the state, if the recipient of the loan is a shareholder of the bank; however, the bank may make a loan under this paragraph to a corporation, partnership, or joint venture for the purchase of a new

or existing fishing vessel or for the repair or renovation of an existing fishing vessel, the primary purpose of which is to commercially harvest fishery resources, only if the corporation, partnership, or joint venture is wholly owned and controlled by residents of the state and if the recipient of the loan is a shareholder of the bank;

(2) make and alter bylaws necessary or desirable to carry out its corporate functions;

(3) establish amortization plans for repayment of loans, which may include extensions for poor fishing or farming seasons;

(4) enter into agreements with regional institutions of the federal farm credit system, private lending institutions, and other state agencies or agencies of the federal government, to carry out the purposes of this chapter;

(5) adopt, alter, and use a corporate seal;

(6) sue and be sued in the name of the bank;

(7) issue bonds to carry out any of its corporate purposes and powers;

(8) sell, lease as lessor or lessee, exchange, donate, convey or encumber in any manner by mortgage or by creation of any other security interest, real or personal property owned by it, or in which it has an interest, when, in the judgment of the board of directors, the action is in furtherance of its corporate purposes;

(9) incur secondary liability by guaranty or endorsement of the obligations of another corporation or legal entity when, in the judgment of the board of directors, the action is in furtherance of its corporate purposes;

(10) make loans as provided in (1) of this section in participation with financial institutions, and establish and regulate the terms of the loans;

(11) make contracts and execute instruments necessary or convenient in the exercise of its corporate powers;

(12) acquire by purchase, lease, bequest, devise, gift, the satisfaction of debts, or the foreclosure of mortgages, and hold, maintain, use, operate, and convey real or personal property;

(13) borrow money and issue secured and unsecured evidence of indebtedness for a corporate purpose or to fund, refund, pay, or discharge outstanding obligations, and enter agreements and contracts concerning these obligations;

(14) secure the payment of its obligations by pledge or mortgage or other lien on its contracts, revenues, income, or property;

(15) appoint officers, employees, trustees for certificate holders, and agents, and prescribe their powers and duties;

(16) provide technical services to shareholders; for the purposes of this paragraph, "technical services" includes services that will enhance the ability of the shareholder to obtain financial assistance from the bank;

(17) make loans, as provided in (1) of this section, secured by liens subordinate to valid first liens and security agreements granted to a private lending institution;

(18) participate with state departments and agencies in formulating policy and in planning for the development of commercial fishing and agriculture in the state;

(19) do what is necessary or desirable to carry out the corporate purposes and powers expressed or implied in this chapter. (§ 3 ch 159 SLA 1978)

Sec. 44.54.220. Transition. Upon the repurchase of all the nonvoting, preferred shares initially issued by the bank and purchased by agencies of the state, the provisions of this chapter lapse and the bank may proceed to operate as a private cooperative corporation under the terms of its bylaws and subject to the provisions of AS 10.15.005 — 10.15.600. (§ 3 ch 159 SLA 1978)

**Chapter 55. Alaska Gas Pipeline Financing Authority.**

<p>Section</p> <p>10. Creation of authority</p> <p>20. Membership</p> <p>30. Officers and quorum</p> <p>40. Compensation</p> <p>50. Staff</p> <p>60. Legal counsel</p> <p>70. Purpose of authority</p> <p>80. General powers</p> <p>90. Bonds of the authority</p> <p>100. Submission of financial and Alaska impact plan</p> <p>110. Legislative approval</p>	<p>Section</p> <p>115. Nomination of a member of the board</p> <p>120. Trust indentures and trust agreements</p> <p>130. Nonliability on bonds</p> <p>140. Pledge of the state</p> <p>150. Exemption from taxation</p> <p>160. Bonds legal investments for fiduciaries</p> <p>170. Regulations</p> <p>180. Annual audit</p> <p>190. Annual report</p> <p>200. Definitions</p>
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Cross reference. — As to exemption of employees of the Alaska Gas Pipeline Financing Authority from the provisions of the State Personnel Act, see AS 39.25.110(21).

Effective date of chapter. — Section 4 ch. 90, SLA 1978, makes this chapter

effective June 30, 1978, in accordance with AS 01.10.070(c).

Editor's note. — As to legislative findings relating to the passage of AS 44.55, see § 1, ch. 50, SLA 1978 in the 1978 Temporary and Special Acts and Resolutions in Binder 9.

Sec. 44.55.010. Creation of authority. There is created the Alaska Gas Pipeline Financing Authority. The authority is a public corporation of the state. It is an instrumentality of the state within the Department of Revenue, but has a legal existence independent of and separate from the state. Exercise by the authority of the powers conferred by this chapter is an essential governmental function of the state. (§ 2 ch 90 SLA 1978)

Sec. 44.55.020. Membership. The membership of the authority consists of the commissioner of revenue, the commissioner of commerce