

LEG. FINANCE - BILLS 1979 - 1980 1172

HB 776 thru HB 778

1172



# 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

3/20/90  
Date

Original

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
Bill/Resolution No. HOUSE BILL NO. 776  
Title "An Act relating to state trust funds"  
Requested by House Finance Committee Date 2/18/80

II. FISCAL DETAIL  
Agency Affected Department of Revenue  
Program Category Affected Revenue Collection and Management  
BRU, Program, or Subprogram(s) Affected Treasury Management  
(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 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

(Requires appropriation bill)

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)  
This bill allows appropriations to the Mental Health, Public School and University Funds. No fiscal impact until appropriations bill submitted.

*Anselm C. Staack*

IV. DATE March 4, 1980 PREPARED BY Anselm C. Staack, Treasury Comptroller  
AGENCY Dept. of Revenue/Treasury  
PHONE 465-2351  
Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

## BILL ANALYSIS

House Bill No. 776 (2/18/80)

This bill relates to the Mental Health, Public School and University Funds referred to collectively as Trust Funds within the Public Finance Title.

### Mental Health Fund

1. Repeals Sec. 020 and adds 021. This eliminates the Mental Health Advisory Board in the Department of Revenue and substitutes the Mental Health Advisory Council as the advisory board to the Commissioner of Revenue regarding expenditure of the income earned by the Fund.
2. Amends Sec. 030 redefining duties of the above advisory board.
3. Amends Sec. 050 to change language regarding contributions from mandatory to permissive.

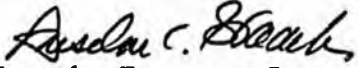
### Public School Fund

1. Repeals Sec. 120 and adds Sec. 121. This eliminates the Public School Fund Advisory Board within the Department of Revenue and substitutes the State Board of education as the advisory board to the Commissioner of Revenue regarding expenditure of the income earned by the Fund.
2. Amends Sec. 130 redefining duties of the above advisory board.
3. Repeals and reenacts Sec. 150. This changes contributions to the Fund from an automatic mandatory allocation of .5% of affected revenues to a permissive appropriation.

### University Fund

Unlike the other two, establishment of the University Fund was provisional only. Sec. 24 of Ch. 182 SLA 1978 allowed the University Board of Regents to vote on acceptance of the proposal to accept a percentage of revenues from management of State land in lieu of income from Federally designated lands and to release these lands to the State. On September 1, 1978, the Board of Regents voted to refuse this proposal and to retain these lands. To the best of our knowledge, this action has never been rescinded.

Sec. 4 of HB 776 changes the mandatory allocation of .5% of affected revenues to a permissive appropriation.

  
Anselm C. Staack, Treasury Comptroller  
Department of Revenue/Treasury Division  
465-2351  
March 4, 1980

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

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Prime Sponsor (First Legislator Named)

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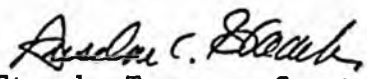
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Anselm C. Staack, Treasury Comptroller  
Department of Revenue/Treasury Division  
465-2351  
March 4, 1980

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

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*Anselm C. Staack*

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 AGENCY Dept. of Revenue/Treasury  
 Original: Legislative Finance PHONE 465-2351  
 cc: Budget and Management  
Prime Sponsor (First Legislator Named)

The goals of the Treasury Management BRU are to manage available funds for a maximum return consistent with statutory limitations; to place general bonded debt as needed for capital projects at minimum cost to the State; and to report the management of funds in accordance with current reporting standards. The Treasury Management Division works closely with the State Bond Committee in performing these functions. Fund management is centralized for the Public Employees Retirement Fund, the Teachers Retirement Fund, and the General Fund, as well as other special funds.

STATE OF ALASKA -- BUDGET UNIT SUMMARY

10:24

1/11/80

CATEGORY: GENERAL GOVERNMENT  
AGENCY: DEPARTMENT OF REVENUE

PROGRAM: REVENUE OPERATIONS

COMPONENT DESCRIPTION	79 AUTH	79 FINAL	79 ACT	80 AUTH	80 SUPL	80 RP	81 CONT.	REQUEST	GOVERNOR	HOUSE	SENATE
TREASURY MANAGEMENT	1232.3	1227.9	1120.3	1357.1			1411.8	1411.8	1436.9		
** TOTAL	1232.3	1227.9	1120.3	1357.1			1411.8	1411.8	1436.9		
** CHANGE VERSUS 80 AUTH							4.0%	4.0%	5.8%	-100.0%	-100.0%
OBJECT DESCRIPTION											
PERS. SERV.	641.7	637.3	621.1	705.5			695.5	695.5	720.6		
TRAVEL	24.2	24.2	21.1	18.2			22.4	22.4	22.4		
CONTRACTUAL	512.2	508.2	419.9	583.8			642.4	642.4	642.4		
COMMODITIES	5.1	5.1	5.6	4.3			6.2	6.2	6.2		
EQUIPMENT	3.0	7.0	6.5								
LANDS/BLDGS	46.1	46.1	46.1	45.3			45.3	45.3	45.3		
FUNDING SOURCE											
GENERAL FUND	737.3	732.9	695.3	823.1			842.6	842.6	859.7		
OTHER FUNDS	495.0	495.0	425.0	534.0			569.2	569.2	577.2		
** GENERAL FUND CHANGE VS. 80 AUTH							2.3%	2.3%	4.4%	-100.0%	-100.0%
POSITIONS											
FULL-TIME	21.0	21.0	21.0	21.0			21.0	21.0	21.0		
STAFF MONTHS	252.0	252.0	252.0	252.0			252.0	252.0	252.0		

## BILL ANALYSIS

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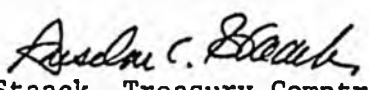
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Anselm C. Staack, Treasury Comptroller  
Department of Revenue/Treasury Division  
465-2351  
March 4, 1980

(11)

# COMMITTEE REPORT

## HOUSE

2/18/80

FURTHER:

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

Mr. Speaker:

The Committee on FINANCE has had HB 776

"An Act relating to state trust funds; and providing for an effective 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 CS for \_\_\_\_\_  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

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\_\_\_\_\_  
CHAIRMAN

7901  
Chenoweth

Introduced: 2/18/80  
Referred: Finance

1 IN THE HOUSE

BY MALONE

2 HOUSE BILL NO. 776

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state trust funds; and providing  
7 for an effective date."

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

9 \* Section 1. AS 37.14 is amended by adding new sections to read:

10 Sec. 37.14.021. MENTAL HEALTH FUND ADVISORY BOARD. The state  
11 Mental Health Advisory Council serves as an advisory board to the com-  
12 missioner of revenue in the expenditure of the income earned by the  
13 mental health fund.

14 Sec. 37.14.121. PUBLIC SCHOOL FUND ADVISORY BOARD. The state  
15 Board of Education serves as an advisory board to the commissioner of  
16 revenue in the expenditure of the income earned by the public school  
17 fund.

18 \* Sec. 2. AS 37.14.030 is amended to read:

19 Sec. 37.14.030. POWERS AND DUTIES OF BOARD. The board designated  
20 by AS 37.14.021 [CREATED IN AS 37.14.020] has the following powers and  
21 duties:

22 (1) to hold regular meetings and special meetings considered  
23 necessary; and

24 (2) to have prepared an annual accounting of the total  
25 principal and income of the fund established in AS 37.14.010 [; AND

26 (3) TO PREPARE LONG-RANGE INVESTMENT PLANS FOR THE FUND  
27 ESTABLISHED IN AS 37.14.010].

28 \* Sec. 3. AS 37.14.050 is repealed and re-enacted to read:

29 Sec. 37.14.050. APPROPRIATIONS TO FUND. One and one-half percent

1 of the total revenue derived from the management of state land, in-  
2 cluding amounts paid to the state as proceeds of the sale or annual rent  
3 of surface rights, mineral lease rentals, royalties, royalty sale pro-  
4 ceeds, and federal mineral revenue sharing payments or bonuses may be  
5 appropriated by the legislature each fiscal year to the mental health  
6 fund. The commissioner of revenue shall transfer the amount appropri-  
7 ated by the legislature to the fund.

8 \* Sec. 4. AS 37.14.100 is repealed and re-enacted to read:

9 Sec. 37.14.100. APPROPRIATIONS TO FUND. One-half of one percent  
10 of the total revenue derived from the management of state land, in-  
11 cluding amounts paid to the state as proceeds of the sale or annual rent  
12 of surface rights, mineral lease rentals, royalties, royalty sale pro-  
13 ceeds, and federal mineral revenue sharing payments or bonuses may be  
14 appropriated by the legislature each fiscal year to the university fund.  
15 The commissioner of revenue shall transfer the amount appropriated by  
16 the legislature to the fund.

17 \* Sec. 5. AS 37.14.130 is amended to read:

18 Sec. 37.14.130. POWERS AND DUTIES OF BOARD. The board designated  
19 by AS 37.14.121 [CREATED IN AS 37.14.120] has the following powers and  
20 duties:

21 (1) to hold regular meetings and special meetings considered  
22 necessary; and

23 (2) to have prepared an annual accounting of the principal  
24 and income of the fund established in AS 37.14.110 [; AND

25 (3) TO PREPARE LONG-RANGE INVESTMENT PLANS FOR THE FUND  
26 ESTABLISHED IN AS 37.14.110].

27 \* Sec. 6. AS 37.14.150 is repealed and re-enacted to read:

28 Sec. 37.14.150. APPROPRIATIONS TO FUND. One-half of one percent  
29 of the total revenue derived from the management of state land, in-

1 cluding amounts paid to the state as proceeds of the sale or annual rent  
2 of surface rights, mineral lease rentals, royalties, royalty sale pro-  
3 ceeds, and federal mineral revenue sharing payments or bonuses may be  
4 appropriated by the legislature each fiscal year to the public school  
5 fund. The commissioner of revenue shall transfer the amount appropri-  
6 ated by the legislature to the fund.

7 \* Sec. 7. AS 37.14.170(a) is amended to read:

8 (a) The commissioner of revenue, with the approval of the appro-  
9 priate [EACH] advisory board designated by AS 37.14.021 [CREATED IN  
10 AS 37.14.020], 37.14.070, and 37.14.121 [37.14.120], may invest the  
11 principal of the funds created in AS 37.14.010, 37.14.060, and 37.14.110  
12 in the same manner as specified for the investment of surplus pension  
13 funds under AS 39.35.110.

14 \* Sec. 8. AS 14.07 is amended by adding a new section to read:

15 Sec. 14.07.180. BOARD TO ADVISE ON PUBLIC SCHOOL FUND. The board  
16 shall

17 (1) hold regular meetings and special meetings which it  
18 considers necessary to examine the expenditure of the income of the  
19 public school fund established in AS 37.14.110; and

20 (2) advise the governor and the commissioner of revenue with  
21 respect to expenditure of the income of the public school fund.

22 \* Sec. 9. AS 47.30.605(b) is amended by adding a new paragraph to read:

23 (7) advise the governor and the commissioner of revenue with  
24 respect to the expenditure of the income earned by the mental health  
25 fund established in AS 37.14.010.

26 \* Sec. 10. AS 37.14.020 and 37.14.120 are repealed.

27 \* Sec. 11. This Act takes effect July 1, 1980.  
28  
29

ALASKA STATE LEGISLATURE

ELEVENTH Legislature SECOND... Session

HOUSE BILL NO. 776

By MALONE

"An Act relating to state trust funds; and providing for an effective date."

State trust funds

Introduced in the House 2/18, 1980

HISTORY IN THE HOUSE

19 80	Read first time and referred to Committee on												
Feb 18	<b>Finance</b>												
	Reported back with recommendation that												
	Read second time and												
	Read third time and												
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused		
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Nays	Nays												
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Excused	Excused												
	Reported correctly engrossed												
	Signed by Speaker												
	Sent to Senate												
	CHIEF CLERK OF THE HOUSE												

HISTORY IN THE SENATE

19	Read first time and referred to Committee on												
	Reported back with recommendation that												
	Read second time and												
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Absent	Absent												
Excused	Excused												
	Reported correctly engrossed												
	Signed by President												
	Returned to House												
	SECRETARY OF THE SENATE												

HISTORY IN THE HOUSE

19	Received from Senate
	Reported correctly enrolled
	Sent to Governor
	..... By Governor
	Filed with Lt. Governor
	Chapter No. ....

TITLE: An act relating to state trust funds; and providing for an effective date.

OBJECTIVES OF LEGISLATION:

(A). Establish uniform "contribution" language for the recently created Mental Health, School, and University trust funds. Present language, pertaining to the "transfer" of funds, in both the School and University trusts, has probable constitutional problems. The proposed language would make contributions subject "to legislature appropriation of sufficient funds."

(B). Use existing boards to advise on the useages of the funds proceeds. Instead of creating three new boards, its more appropriate to utilize those already in existence; i. e. State Mental Health Advisory Council, State Board of Education.

(C). Amend the powers and duties of the Advisory boards; as contained in these acts. These boards should be limited to advising on the use of the proceeds, not preparing "Long-range investment plans" for the funds. Developing an investment plan should be left to financial experts within the Department of Revenue.



SECTIONAL ANALYSIS: H. B. 776

SECTION 1. 37.14.021 Mental Health Fund Advisory Board.

Present law mandates the creation of an advisory board: to be composed of the director of the division of Mental Health, Chairman of the Mental Health Advisory Board, and the commissioner of the Department of Revenue.

The proposed amendment would establish the existing Mental Health Advisory Council as the fund's advisory board.

37.14.121 Public School Fund Advisory Board.

Present law mandates the creation of an advisory board; to be composed of the commissioner of the department of Education, three board of education members, and the commissioner of the department of revenue.

The proposed amendment would establish the existing State Board of Education as the fund's advisory board.

SECTION 2. 37.14.030 Powers and Duties of Board.

Existing law grants, to the Mental Health Fund Advisory board, the power "to prepare long-range investment plans for the fund." Because members of the advisory board do not possess financial expertise, the proposed language would remove this delegated power.

SECTION 3 37.14.100 CONTRIBUTIONS.

This section was amended so to (A). establish uniform "contribution" language for all three trust

funds created under this act; and (B) to remove possible constitutional questions arising from the process of transferring funds. Since only the legislature may appropriate money, a transfer of "funds" is made "subject to legislative appropriation of sufficient funds."

SECTION 4 37.14.130 POWERS AND DUTIES.

Reason for amending delegated powers is the same as expressed in 37.14.030. Proposed language would insure uniformity among the separate trusts.

SECTION 5 37.14.150 CONTRIBUTIONS:

Reason for amending contribution language is the same as expressed in 37.14.100. Proposed <sup>language</sup> would insure uniformity among the separate trusts.

37.14.140(A).

The proposed amendment would remove the power of the advisory boards to approve the commissioner of Revenue's fund invest decisions. This power should be removed, for the reason the established Advisory Boards lack the necessary financial knowledge to make such technical decisions.

SECTION 7 37.14.020 And 37.14.120 are repealed.

These sections are repealed and re-established, with amended language, under sections 37.14.021 and 37.14.121.

SECTION 8 THIS ACT TAKES EFFECT JULY 1, 1980.

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

Original

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 776  
Title Related to state trust funds  
Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Department of Health and Social Seviles  
Program Category Affected Health  
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OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME						
PART TIME						
TEMPORARY						

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

No cost impact is foreseen to the Department of Health & Social Services as a result of this legislation.

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

Prepared by: Verner Stillner Date: \_\_\_\_\_  
Division/Office: Mental Health & DD PH: 465-3370  
Department of Health & Social Services

33-001 (Rev. 12/79)  
Modify by DHSS (11-28-79)

Approval DHSS Mgt. & Bgdt: J. Huber Date: 3-15-80

POSITION PAPER / Department of Health and Social Services

POSITION PAPER

HOUSE BILL 776

"An Act relating to state trust funds; and providing for an effective date."

The effect of this bill will be the dissolution of the existing board which oversees the Mental Health Lands fund and a reassignment of some of the powers of the existing board to the Mental Health Advisory Council. Board authority under House Bill 776 becomes substantially advisory in capacity.

Recommended amendments from the Division of Mental Health & Developmental Disabilities to House Bill 776 are:

- (1) Page 1, (line 11: Include and the Director of the Division of Mental Health & Developmental Disabilities following...Mental Health Advisory Council.

Effect of Amendment--To assure input from the operating program staff to the advisory board. The Mental Health Advisory Council does not include any State Division of Mental Health & Developmental Disabilities employees.

- (2) Page 1, line 25: Include and expenditure following...and income and preceding of the fund.

Effect of Amendment--Will provide a total accounting history of the fund rather than limit the information to only income. The board will require a history of all fund utilizations and applications to assist it in its role as required in Sec. 37.14.021.

- (3) Page 2, line 4: The word may is to be replaced with the word shall.

Effect of Amendment--This will replace the permissive language with mandatory language and will provide a Trust. The original funds (Mental Health Lands) were a Trust with mandatory language regarding the application of proceeds from these lands--generated revenue.

The Department can support the passage of House Bill 776 only if it is amended as we suggest.

H F

Recommended by:

Verner Stillner  
Verner Stillner, M.D., M.P.H.  
Director, Division of Mental & Developmental Disabilities

Date:

2/29/80

Approved by:

Helen D. Beirne  
Helen D. Beirne, Commissioner  
Department of Health & Social Services

Date:

3/12/80

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 776

Title Related to state trust funds

Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services

Program Category Affected Health

BRU, Program, or Subprogram(s) Affected \_\_\_\_\_

(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 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>-0-</b>					

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME						
PART TIME						
TEMPORARY						

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

No cost impact is foreseen to the Department of Health & Social Services as a result of this legislation.

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

Prepared by: Verner Stillner Date: \_\_\_\_\_  
 Division/Office: Mental Health & DD PH: 465-3370  
 Department of Health & Social Services

POSITION PAPER/Department of Health and Social Service

POSITION PAPER

HOUSE BILL 776

"An Act relating to state trust funds; and providing for an effective date."

The effect of this bill will be the dissolution of the existing board which oversees the Mental Health Lands fund and a reassignment of some of the powers of the existing board to the Mental Health Advisory Council. Board authority under House Bill 776 becomes substantially advisory in capacity.

Recommended amendments from the Division of Mental Health & Developmental Disabilities to House Bill 776 are:

- (1) Page 1, line 11: Include and the Director of the Division of Mental Health & Developmental Disabilities following...Mental Health Advisory Council.

Effect of Amendment--To assure input from the operating program staff to the advisory board. The Mental Health Advisory Council does not include any State Division of Mental Health & Developmental Disabilities employees.

- (2) Page 1, line 25: Include and expenditure following...and income and preceding of the fund.

Effect of Amendment--Will provide a total accounting history of the fund rather than limit the information to only income. The board will require a history of all fund utilizations and applications to assist it in its role as required in Sec. 37.14.021.

- (3) Page 2, line 4: The word may is to be replaced with the word shall.

Effect of Amendment--This will replace the permissive language with mandatory language and will provide a Trust. The original funds (Mental Health Lands) were a Trust with mandatory language regarding the application of proceeds from these lands--generated revenue.

The Department can support the passage of House Bill 776 only if it is amended as we suggest.

H F

Recommended by:

Verner Stillner  
Verner Stillner, M.D., M.P.H.  
Director, Division of Mental & Developmental Disabilities

Date:

2/29/80

Approved by:

Helen D. Beirne  
Helen D. Beirne, Commissioner  
Department of Health & Social Services

Date:

3/12/80

Introduced: 2/18/80  
Referred: Finance

1 IN THE HOUSE

BY MALONE

2 HOUSE BILL NO. 776

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state trust funds; and providing  
7 for an effective date."

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

9 \* Section 1. AS 37.14 is amended by adding new sections to read:

10 Sec. 37.14.021. MENTAL HEALTH FUND ADVISORY BOARD. The state  
11 Mental Health Advisory Council serves as an advisory board to the com-  
12 missioner of revenue in the expenditure of the income earned by the  
13 mental health fund.

14 Sec. 37.14.121. PUBLIC SCHOOL FUND ADVISORY BOARD. The state  
15 Board of Education serves as an advisory board to the commissioner of  
16 revenue in the expenditure of the income earned by the public school  
17 fund.

18 \* Sec. 2. AS 37.14.030 is amended to read:

19 Sec. 37.14.030. POWERS AND DUTIES OF BOARD. The board designated  
20 by AS 37.14.021 [CREATED IN AS 37.14.020] has the following powers and  
21 duties:

22 (1) to hold regular meetings and special meetings considered  
23 necessary; and

24 (2) to have prepared an annual accounting of the total  
25 principal and income of the fund established in AS 37.14.010 [; AND

26 (3) TO PREPARE LONG-RANGE INVESTMENT PLANS FOR THE FUND  
27 ESTABLISHED IN AS 37.14.010].

28 \* Sec. 3. AS 37.14.050 is repealed and re-enacted to read:

29 Sec. 37.14.050. APPROPRIATIONS TO FUND. One and one-half percent

1 of the total revenue derived from the management of state land, in-  
2 cluding amounts paid to the state as proceeds of the sale or annual rent  
3 of surface rights, mineral lease rentals, royalties, royalty sale pro-  
4 ceeds, and federal mineral revenue sharing payments or bonuses may be  
5 appropriated by the legislature each fiscal year to the mental health  
6 fund. The commissioner of revenue shall transfer the amount appropri-  
7 ated by the legislature to the fund.

8 \* Sec. 4. AS 37.14.100 is repealed and re-enacted to read:

9 Sec. 37.14.100. APPROPRIATIONS TO FUND. One-half of one percent  
10 of the total revenue derived from the management of state land, in-  
11 cluding amounts paid to the state as proceeds of the sale or annual rent  
12 of surface rights, mineral lease rentals, royalties, royalty sale pro-  
13 ceeds, and federal mineral revenue sharing payments or bonuses may be  
14 appropriated by the legislature each fiscal year to the university fund.  
15 The commissioner of revenue shall transfer the amount appropriated by  
16 the legislature to the fund.

17 \* Sec. 5. AS 37.14.130 is amended to read:

18 Sec. 37.14.130. POWERS AND DUTIES OF BOARD. The board designated  
19 by AS 37.14.121 [CREATED IN AS 37.14.120] has the following powers and  
20 duties:

21 (1) to hold regular meetings and special meetings considered  
22 necessary; and

23 (2) to have prepared an annual accounting of the principal  
24 and income of the fund established in AS 37.14.110 [; AND

25 (3) TO PREPARE LONG-RANGE INVESTMENT PLANS FOR THE FUND  
26 ESTABLISHED IN AS 37.14.110].

27 \* Sec. 6. AS 37.14.150 is repealed and re-enacted to read:

28 Sec. 37.14.150. APPROPRIATIONS TO FUND. One-half of one percent  
29 of the total revenue derived from the management of state land, in-

1 cluding amounts paid to the state as proceeds of the sale or annual rent  
2 of surface rights, mineral lease rentals, royalties, royalty sale pro-  
3 ceeds, and federal mineral revenue sharing payments or bonuses may be  
4 appropriated by the legislature each fiscal year to the public school  
5 fund. The commissioner of revenue shall transfer the amount appropri-  
6 ated by the legislature to the fund.

7 \* Sec. 7. AS 37.14.170(a) is amended to read:

8 (a) The commissioner of revenue, with the approval of the appro-  
9 priate [EACH] advisory board designated by AS 37.14.021 [CREATED IN  
10 AS 37.14.020], 37.14.070, and 37.14.121 [37.14.120], may invest the  
11 principal of the funds created in AS 37.14.010, 37.14.060, and 37.14.110  
12 in the same manner as specified for the investment of surplus pension  
13 funds under AS 39.35.110.

14 \* Sec. 8. AS 14.07 is amended by adding a new section to read:

15 Sec. 14.07.180. BOARD TO ADVISE ON PUBLIC SCHOOL FUND. The board  
16 shall

17 (1) hold regular meetings and special meetings which it  
18 considers necessary to examine the expenditure of the income of the  
19 public school fund established in AS 37.14.110; and

20 (2) advise the governor and the commissioner of revenue with  
21 respect to expenditure of the income of the public school fund.

22 \* Sec. 9. AS 47.30.605(b) is amended by adding a new paragraph to read:

23 (7) advise the governor and the commissioner of revenue with  
24 respect to the expenditure of the income earned by the mental health  
25 fund established in AS 37.14.010.

26 \* Sec. 10. AS 37.14.020 and 37.14.120 are repealed.

27 \* Sec. 11. This Act takes effect July 1, 1980.  
28  
29



# 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

3/20/90  
Date

(11)

# COMMITTEE REPORT

## HOUSE

2/18/80

FURTHER:

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

Mr. Speaker:

The Committee on FINANCE has had HB 777

"An Act relating to fisheries enhancement."

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 without recommendation
- referred to the \_\_\_\_\_ Committee

**MEMBERS SIGNING  
DO PASS**

**MEMBERS HAVING  
OTHER RECOMMENDATIONS:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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\_\_\_\_\_  
CHAIRMAN

7820  
Vassar

Introduced: 2/18/80  
Referred: Finance

1 IN THE HOUSE

BY MALONE

2 HOUSE BILL NO. 777

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to fisheries enhancement."

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

8 \* Section 1. AS 16.10.500 is amended to read:

9 Sec. 16.10.500. DECLARATION OF POLICY. It is the policy of the  
10 state, under AS 16.10.500 - 16.10.550, to promote the enhancement of the  
11 state's fisheries by means of grants for organizational and planning  
12 purposes to regional associations described in AS 16.10.510 which have  
13 qualified under AS 16.10.380, and by means of long-term, low interest  
14 loans for hatchery planning, construction, and operation and for plan-  
15 ning and implementation of enhancement and rehabilitation activities  
16 including, but not limited to, lake fertilization and habitat improve-  
17 ment.

18 \* Sec. 2. AS 16.10.510 is amended by adding a new paragraph to read:

19 (10) make loans to qualified regional associations which have  
20 formed a nonprofit corporation or to local nonprofit corporations ap-  
21 proved by qualified regional associations for planning and implementa-  
22 tion of fisheries enhancement and rehabilitation activities including,  
23 but not limited to, lake fertilization and habitat improvement.  
24  
25  
26  
27  
28  
29

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 777

Title An Act relating to fisheries enhancement

Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Dept. of Commerce & Economic Development

Program Category Affected Development

BRU, Program, or Subprogram(s) Affected Division of Business Loans

(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 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE 2-20-80

PREPARED BY Sharon R. Traylor, Director  
AGENCY Div. of Business Loans, Dept. Commerce & Eco. De  
PHONE 465-2510

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

ALASKA STATE LEGISLATURE

ELEVENTH Legislature SECOND. Session

HOUSE .... BILL ..... NO. 777 ....

By ... MALONE .....

"An Act relating to fisheries enhancement."

Introduced in the House ....., 19....

HISTORY IN THE HOUSE

19 80

Feb. 18

Read first time and referred to Committee on

Finance

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed  
Signed by Speaker  
Sent to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absen.	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed  
Signed by President  
Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Reported correctly enrolled

Sent to Governor

..... By Governor

Filed with Lt. Governor

Chapter No. ....

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 777

Title An Act relating to fisheries enhancement

Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Dept. of Commerce & Economic Development

Program Category Affected Development

BRU, Program, or Subprogram(s) Affected Division of Business Loans

(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 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE 2-20-80

PREPARED BY Sharon R. Traylor, Director  
AGENCY Div. of Business Loans, Dept. Commerce & Eco. D  
PHONE 465-2510

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

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. HB 777  
 Title "An Act relating to fisheries enhancement"  
 Requested by Legislative Finance Date 2/20/80

II. FISCAL DETAIL  
 Agency Affected Department of Fish and Game  
 Program Category Affected Natural Resources Management  
 BRU, Program, or Subprogram(s) Affected F.R.F.D. Division  
 (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 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						

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

This bill has no fiscal impact, but speaks to activities which could have major fiscal impact.

IV. DATE 2/24/80 PREPARED BY Russell H. Clark  
 AGENCY Department of Fish and Game  
 PHONE 465-4120

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)  
 Office of the Governor - Keith Specking  
 33-001 (Rev. 12/79)

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 777

Title An Act relating to fisheries enhancement

Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Dept. of Commerce & Economic Development

Program Category Affected Development

BRU, Program, or Subprogram(s) Affected Division of Business Loans

(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 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENL. AL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE 2-20-80

PREPARED BY Sharon R. Traylor, Director  
AGENCY Div. of Business Loans, Dept. Commerce & Eco. D  
PHONE 465-2510

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

**CATEGORY:** DEVELOPMENT

**AGENCY:** COMMERCE AND ECONOMIC DEVELOPMENT

**PROGRAM:** ECONOMIC DEVELOPMENT

**BRU (s):** BUSINESS LOANS

The Business Loans BRU provides Alaskan businesses and residents with long term, low interest financing which is usually not available from private lending institutions. Specific loan programs include:

Small Business Loans These loans are generally too risky or too small to interest private lending institutions.

Commercial Fishing Loans provide commercial fishermen with capital for purchase or upgrade of vessels needed to remain competitive. Due to high risk and unpredictable fish seasons, local banks have been reluctant to make these loans.

Tourism Loans provide capital for the expansion of tourist facilities.

Fisheries Enhancement Loans provide long-term, low interest loans for hatchery planning and construction, in support of private ownership of hatcheries by qualified nonprofit corporations.

Child Care Facilities Loans provide financing for the development of licensed child care facilities which helps stabilize that portion of the work force dependent on these services.

Water Resources Loans provide funds for hydroelectric and water supply projects. With the exception of certain previously conceived projects, this program has been replaced by the Power Project Loan Fund.

Historical Districts The intent of these loans is to foster an awareness of the need to preserve our historical past.

Residential Care Facilities provides residential care facilities with financing needed for renovation or equipment needed to comply with licensing standards. Loans are often not available from private lending institutions.

Alternative Technology and Power Resource Loans This loan fund assists in the development of energy production utilizing sources other than fossil fuel.

The Division has decentralized it's operations with the opening of offices in Anchorage and Fairbanks. As a result, the number of applicants has doubled. This outreach effort will continue in FY 81.

COMPONENT DESCRIPTION	79 AUTH	79 FINAL	79 ACT	80 AUTH	80 SUPL	80 RP	GOVERNOR
LOAN FUND ADM	882.6	916.8	836.6	860.4			916.5
** TOTAL	882.6	916.8	836.6	860.4			916.5
** CHANGE VERSUS 80 AUTH							6.5%
OBJECT DESCRIPTION							
PERS. SERV.	646.9	675.2	652.9	675.7			712.8
TRAVEL	121.0	121.0	42.5	90.8			70.9
CONTRACTUAL	71.0	76.9	90.7	60.4			90.7
COMMODITIES	7.0	7.0	6.9	6.0			7.5
EQUIPMENT	13.3	13.3	10.2				
LANDS/BLDGS	23.4	23.4	33.4	27.5			34.6
FUNDING SOURCE							
GENERAL FUND	882.6	916.8	836.6	860.4			916.5
** GENERAL FUND CHANGE VS. 80 AUTH							6.5%
POSITIONS							
FULL-TIME	23.0	23.0	23.0	23.0			23.0
STAFF MONTHS	276.0	276.0	276.0	276.0			276.0

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. HB 777  
 Title "An Act relating to fisheries enhancement"  
 Requested by Legislative Finance Date 2/20/80

II. FISCAL DETAIL  
 Agency Affected Department of Fish and Game  
 Program Category Affected Natural Resources Management  
 BRU, Program, or Subprogram(s) Affected F.R.F.D. Division  
 (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 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						

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

This bill has no fiscal impact, but speaks to activities which could have major fiscal impact.

IV. DATE 2/24/80 PREPARED BY Russell H. Clark  
 AGENCY Department of Fish and Game  
 PHONE 465-4120

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)  
 Office of the Governor - Keith Specking  
 33-001 (Rev. 12/79)

Introduced: 2/18/80  
Referred: Finance

1 IN THE HOUSE

BY MALONE

2 HOUSE BILL NO. 777

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to fisheries enhancement."

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

8 \* Section 1. AS 16.10.500 is amended to read:

9 Sec. 16.10.500. DECLARATION OF POLICY. It is the policy of the  
10 state, under AS 16.10.500 - 16.10.550, to promote the enhancement of the  
11 state's fisheries by means of grants for organizational and planning  
12 purposes to regional associations described in AS 16.10.510 which have  
13 qualified under AS 16.10.380, and by means of long-term, low interest  
14 loans for hatchery planning, construction, and operation and for plan-  
15 ning and implementation of enhancement and rehabilitation activities  
16 including, but not limited to, lake fertilization and habitat improve-  
17 ment.

18 \* Sec. 2. AS 16.10.510 is amended by adding a new paragraph to read:

19 (10) make loans to qualified regional associations which have  
20 formed a nonprofit corporation or to local nonprofit corporations ap-  
21 proved by qualified regional associations for planning and implementa-  
22 tion of fisheries enhancement and rehabilitation activities including,  
23 but not limited to, lake fertilization and habitat improvement.  
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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

3/20/90  
Date

(11)

# COMMITTEE REPORT

## HOUSE

4/21/80

FURTHER:

Date: 4/21/80

Mr. Speaker: (Taken from Rules 4/21/80)

The Committee on FINANCE has had HB 778

"An Act relating to the taxation of electric cooperatives; and providing for an effective 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>commerce</sup> CS for HB 778  same title  
 new title
- and recommends that it do pass
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

**MEMBERS SIGNING  
DO PASS**

Freeman

Smith

Rosen

[Signature]

Haugen

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**MEMBERS HAVING  
OTHER RECOMMENDATIONS:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Freeman  
Vice CHAIRMAN

Original sponsor: Moss

Offered: 4/9/80  
Referred: Rules

1 IN THE HOUSE

BY THE COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 778

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the taxation of electric coopera-  
7 tives; and providing for an effective date."

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

9 \* Section 1. AS 10.25.540 is amended to read:

10 Sec. 10.25.540. TAXATION OF COOPERATIVES. (a) Cooperatives under  
11 this chapter shall apply for a business license and pay the initial  
12 license fee as provided by the Alaska Business License Act (AS 43.70),  
13 as amended.

14 (b) Before [MARCH 1, 1961, AND BEFORE] March 1 of each year  
15 [THEREAFTER],

16 (1) each telephone cooperative shall pay to the state, in-  
17 stead of state and local ad valorem, income and excise taxes which may  
18 be assessed or levied [ON OR AFTER JANUARY 1, 1960], a percentage of its  
19 gross revenue earned during the preceding calendar year;

20 (2) each electric cooperative shall pay to the state, instead  
21 of state and local ad valorem, income and excise taxes which may be as-  
22 essed or levied, a tax on the number of kilowatt hours of electricity  
23 sold at retail by the cooperative during the preceding calendar year.

24 \* Sec. 2. AS 10.25.550 is amended to read:

25 Sec. 10.25.550. AMOUNT OF TELEPHONE COOPERATIVE GROSS REVENUE TAX.  
26 The telephone cooperative gross revenue tax shall be computed as  
27 follows:

28 (1) one percent of gross revenue for cooperatives which have  
29 furnished [ELECTRIC ENERGY AND POWER, OR] telephone service [,] to

1 consumers for less than five years as of December 31 of the preceding  
2 calendar year;

3 (2) two percent of gross revenue for cooperatives which have  
4 furnished [ELECTRIC ENERGY AND POWER, OR] telephone service [,] to  
5 consumers for five years or longer as of December 31 of the preceding  
6 calendar year.

7 \* Sec. 3. AS 10.25 is amended by adding a new section to read:

8 Sec. 10.25.555. AMOUNT OF ELECTRIC COOPERATIVE TAX. (a) The  
9 electric cooperative tax shall be computed as follows:

10 (1) one-fourth mill per kilowatt hour for cooperatives which  
11 have furnished electric energy and power to consumers for less than five  
12 years as of December 31 of the preceding calendar year;

13 (2) one-half mill per kilowatt hour for cooperatives which  
14 have furnished electric energy and power to consumers for five years or  
15 longer as of December 31 of the preceding calendar year.

16 (b) In this section, "mill" means one-tenth of one cent.

17 \* Sec. 4. AS 10.25.560 is amended to read:

18 Sec. 10.25.560. MANNER OF COMPUTING TELEPHONE COOPERATIVE GROSS  
19 REVENUE. [FOR THE PURPOSE OF COMPUTING GROSS REVENUE, AN ELECTRIC  
20 COOPERATIVE SHALL INCLUDE ONLY THAT REVENUE WHICH HAS BEEN DERIVED FROM  
21 ELECTRIC ENERGY WHICH IT DISTRIBUTES TO ITS CONSUMERS. IT SHALL NOT  
22 INCLUDE REVENUE DERIVED FROM THE SALE OR TRANSMISSION OF ELECTRIC ENERGY  
23 AND POWER TO, OR ON BEHALF OF, ANOTHER DISTRIBUTOR.] Gross revenue of a  
24 telephone cooperative includes all revenues earned from local and toll  
25 services.

26 \* Sec. 5. AS 10.25.570 is amended to read:

27 Sec. 10.25.570. REFUND [OF GROSS REVENUE TAX] TO LOCAL GOVERN-  
28 MENTS. The proceeds of the telephone cooperative gross revenue tax  
29 and the electric cooperative tax, less the amount expended by the state

1 in their [ITS] collection, shall be refunded to an organized borough or  
2 a city of any class incorporated under state law, in the proportion that  
3 the revenue was earned within the city or the borough area outside the  
4 city. However, taxes collected on gross revenue earned by a telephone  
5 cooperative or on the sale of electricity by an electric cooperative  
6 outside a city or organized borough shall be retained by the state and  
7 deposited into its general fund.

8 \* Sec. 6. The tax levied under AS 10.25.555, enacted by sec. 3 of this  
9 Act, applies to the tax payable by an electric cooperative after December 31,  
10 1979.

11 \* Sec. 7. This Act takes effect January 1, 1981.  
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Introduced: 2/18/80  
Referred: Commerce

1 IN THE HOUSE

BY MOSS

2 HOUSE BILL NO. 778

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

5 A BILL

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Introduced: 2/18/80  
Referred: Commerce

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BY MOSS

2 HOUSE BILL NO. 778

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4 ELEVENTH LEGISLATURE - SECOND SESSION

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THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

HB 778

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 778  
 Title An Act relating to the taxation of electric cooperatives.  
 Requested by House Commerce Committee Date 3/11/80

II. FISCAL DETAIL

Agency Affected \_\_\_\_\_ Revenue \_\_\_\_\_  
 Program Category Affected \_\_\_\_\_ Fiscal Services \_\_\_\_\_  
 BRU, Program, or Subprogram(s) Affected \_\_\_\_\_ Audit Division \_\_\_\_\_

(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 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS None

FULL TIME						
PART TIME						
TEMPORARY						

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

See attached memorandum to R. D. Stevenson dated 3/11/80.

IV. DATE March 11, 1980 PREPARED BY *Gay Clark*  
 AGENCY Department of Revenue, Audit Division  
 PHONE 465-2320  
 Original: Legislative Finance  
 cc: Budget and Management  
Prime Sponsor (First Legislator Named)

STATE  
of ALASKA

## MEMORANDUM

TO:  R. D. Stevenson  
Special Assistant  
Department of Revenue

DATE: March 11, 1980

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins  
Director  
Audit Division

SUBJECT: House Bill No. 778

This proposed legislation would amend the provisions of Chapter 25 of Title 10 which deals with the taxation of electric cooperatives. The proposed amendments to the current law are clearly stated and there do not appear to be any administrative problems or costs.

The Legislature may wish to consider one factor with regard to the taxation of cooperatives which in recent years has been of concern to local municipalities. That issue is the fact that cooperatives have substantial other income from pole rentals and providing other services besides the direct telephone or electric service and they are not taxed at all on these receipts. This issue was originally raised by the Matanuska - Susitna Borough and has been of concern to other boroughs. The boroughs are concerned because of the fact that the majority of the money received from this tax is shared back to the local municipalities. We did pursue the issue in depth and it was determined that we could not tax this other income under the provisions in Title 10 and further, Title 10 also exempted this income from taxation under Title 43.

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 778  
 Title Taxation of Electric Cooperatives  
 Requested by House Commerce Committee Date 2-19-80

II. FISCAL DETAIL

Agency Affected Revenue  
 Program Category Affected General Government  
 BRU, Program, or Subprogram(s) Affected Administration & Support, Management Services  
 (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 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)


GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The Bill can be administered with existing resources.

IV. DATE March 3, 1980 PREPARED BY  P. A. Wall  
 AGENCY Revenue  
 PHONE 465-2313  
 Original: Legislative Finance  
 cc: Budget and Management  
Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 778  
 Title An Act relating to the taxation of electric cooperatives  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected \_\_\_\_\_  
 Program Category Affected \_\_\_\_\_  
 BRU, Program, or Subprogram(s) Affected \_\_\_\_\_  
 (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 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTINGENT ACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						

TOTAL

FUNDING (Thousands of Dollars)

GENERAL FUND	-----approx. ( 50.0) annually-----					
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The bill proposes to replace the present gross receipt tax for electric cooperatives with a flat amount per kwh charge. The proposed charge would vary with the length of service.

The proposed change would have a very minor impact on the general fund revenues because most of the receipts of this tax are shared with local governments.

IV. DATE 2/26/80 PREPARED BY Barbara Louie  
 AGENCY REVENUE  
 Original: Legislative Finance PHONE \* 2,74  
 cc: Budget and Management  
Prime Sponsor (First Legislator Named)

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 778  
 Title An Act relating to the taxation of electric cooperatives  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected \_\_\_\_\_  
 Program Category Affected \_\_\_\_\_  
 BRU, Program, or Subprogram(s) Affected \_\_\_\_\_

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EXPENDITURES (Thousands of Dollars)

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FUNDING (Thousands of Dollars)

GENERAL FUND	-----	approx. ( 50.0) annually	-----
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POSITIONS

FULL TIME					
PART TIME					
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IV. DATE 2/26/80 PREPARED BY Barbara [Signature]  
 AGENCY REVENUE  
 PHONE \* 2174  
 Original: Legislative Finance  
 cc: Budget and Management  
Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

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FEDERAL FUNDS						
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FULL TIME						
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IV. DATE March 11, 1980 PREPARED BY [Signature]  
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FUNDING (Thousands of Dollars)


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 AGENCY Revenue  
 PHONE 465-2313  
 Original: Legislative Finance  
 cc: Budget and Management  
Prime Sponsor (First Legislator Named)

Original sponsor: Moss

Offered: 4/9/80  
Referred: Rules

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Original sponsor: Moss

Offered: 4/9/80  
Referred: Rules

1 IN THE HOUSE

BY THE COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 778

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

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Introduced: 2/18/80  
Referred: Commerce

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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

*3/20/90*  
Date



Original sponsor: Moss

Offered: 4/9/80  
Referred: Rules

1 IN THE HOUSE

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H. B. 778 - request to take up.

New basis for taxing electric coops. --  
based on kilowatt hours.

Said (by lobbyists) to benefit A. V. E. C.

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. CS HB 778 No. 1  
 Title An Act relating to the taxation of electric cooperatives  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL  
 Agency Affected \_\_\_\_\_  
 Program Category Affected \_\_\_\_\_  
 BRU, Program, or Subprogram(s) Affected \_\_\_\_\_  
 (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 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND	-----	approx. ( 50.0 ) annually	-----			
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The bill proposes to replace the present gross receipt tax for electric cooperatives with a flat amount per kwh charge. The proposed charge would vary with the length of service.

The proposed change would have a very minor impact on the general fund revenues because most of the receipts of this tax are shared with local governments.

IV. DATE 2/26/80 PREPARED BY Richard [unclear]  
 AGENCY Revenue  
 PHONE 5274  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

02127 NL ANCHORAGE ALASKA 123 85-09 955A ADT

PMS SEN JOHN SACKETT

JUNEAU AK 1428

TWO BILLS CONCERNING ELECTRIC ENERGY VERY IMPORTANT TO VILLAGE  
ALASKANS NEED PASSAGE THIS SESSION.

FIRST IS HB778 NOW IN FINANCE COMMITTEE. THIS BILL EQUALIZES STATE  
GROSS RECEIPTS TAX ON ELECTRIC COOPERATIVE TO SAME AMOUNT PER KWH.  
AS EXAMPLES AVEC, THREAA, AND KOTZEBUE PAY MORE THAN FIVE TIMES AS  
MUCH GROSS RECEIPTS TAX PER KWH AS CHUSACK. THIS BILL CORRECTS  
THE INEQUITY.

SECOND IS HB758 POWER PRODUCTIONS ASSISTANCE AND IS NOW TO BE  
INCORPORATED INTO SB433 IN THE HOUSE. THIS BILL HELPS CONSUMERS IN  
MORE THAN 75 SMALLER COMMUNITIES OFFSET HIGH ELECTRIC COSTS  
CAUSED BY OIL PRICE INCREASES APPROACHING 400 PERCENT SINCE 1973.  
PASSAGE OF BOTH WILL HELP 15,000 VILLAGERS SERVED BY AVEC LOWER  
AT LEAST FIFTEEN CENTS PER KWH IN LOWERED ELECTRIC RATES.

LOYD HODSON, GENERAL MANAGER

ALASKA VILLAGE ELECTRIC COOPERATIVE

08.  
TELEGRAM  
ALASCOM, INC.  
PHONE: 586-6442  
JUNEAU, AK 99802

BILL FILES  
HB 778 ✓  
SB 438

FROM DAVE HUTCHINS  
\*

WED.  
FINANCE

HOUSE BILL NO. 778

THE PROBLEM

Since 1960, electric and telephone cooperatives have been paying 2% of gross receipts as a tax in lieu of ad valorem. This worked well through the years until the price of diesel fuel began to skyrocket after the 1973 Arab oil embargo. As the cost of diesel increased, the rates for diesel generated electricity increased. As the rates went up, the taxes went up with them.

The result of all this is that the consumers served by highest cost electric cooperative (AVEC) pay about ten times more tax than those served by the cooperative with the lowest rates (Chugach). It simply is not fair for rural consumers to have to pay disproportionately more tax than their urban neighbors just because their electricity costs more.

EFFECT OF THE BILL

This bill separates the taxing procedure used for electric cooperatives from that used for telephone cooperatives. It leaves the present procedure alone for telephone cooperatives -- they would still pay 2% of gross receipts in taxes.

Electric cooperatives would now pay 1/2 mill per kilowatt hour of electricity sold at retail. This is approximately the same tax per kilowatt hour that is now being paid by the electric cooperative with the lowest rates. It simply equalizes the taxes paid in the rest of the state to this level.



# ALASKA RURAL ELECTRIC COOPERATIVE ASSOCIATION, INC.

801 W. FIREWEED LANE • SUITE 101 • ANCHORAGE, ALASKA 99503 • (907) 276-3235

## COMPARISON OF GROSS RECEIPTS TAX WITH PROPOSED ELECTRIC COOPERATIVE TAX FOR 1977 (Source: REA Bulletin 1-1, 1977)

COOP	2% GROSS RECEIPTS TAX	G.R. TAX EXPRESSED IN MILLS/KWH	ELECTRIC COOP TAX @ 1/2 MILL/KWH
MEA	\$ 130,758	.76	\$ 87,979
KEA	81,994	1.62	25,279
HEA	121,455	.63	96,993
GVEA	350,736	1.06	166,224
GHEA	10,036	1.41	3,558
CEA	418,521	.58	363,105
NEA	12,664	2.47	2,567
KtzEA	22,779	2.97	3,838
CVEA	76,568	1.81	21,186
NEC	12,495	2.62	2,384
AVEC	84,845	5.52	7,685
TOTALS	\$1,322,851		\$ 780,798

NOTE: REA Bulletin 1-1, 1977 did not contain figures for the following cooperatives which would also be affected by the proposed tax change: Barrow Utilites & Electric Cooperative and Cordova Electric Cooperative.



# ALASKA RURAL ELECTRIC COOPERATIVE ASSOCIATION, INC.

6000 C STREET • SUITE C • ANCHORAGE, ALASKA 99502 • (907) 278-3235

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WITH PROPOSED  
ELECTRIC COOPERATIVE <sup>TAX</sup> FOR 1978  
(Calculated from REA Bulletin 1-1, 1978)

COOP	2% GROSS RECEIPTS TAX	G.R. TAX EXPRESSED IN MILLS/KWH	ELECTRIC COOP TAX @ 1/2 MILL/KWH
MEA	\$ 178,287	.80	\$ 111,834
KEA	95,362	1.77	26,870
HEA	140,546	.63	112,296
GVEA	388,858	1.26	154,564
GHEA	11,365	1.43	3,964
CEA	495,952	.64	390,085
NEA	15,980	2.86	2,794
KtzEA	26,551	3.10	4,281
CVEA	82,766	2.16	19,118
NEC	14,568	2.63	2,764
AVEC	109,506	6.85	7,992
*CEC	(@ 1%) 3,733	(@ 1%) 1.18	(@ 1/2 mill) 785
TOTALS	\$1,563,474		\$ 837,347

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\* Cordova Electric Cooperative qualifies for the new coop reduced rate.

DEMOCRACY IN ACTION

Introduced: 2/18/80  
Referred: Commerce

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27 Sec. 10.25.570. REFUND [OF GROSS REVENUE TAX] TO LOCAL GOVERN-  
28 MENTS. The proceeds of the telephone cooperative gross revenue tax  
29 and the electric cooperative tax, less the amount expended by the state

1 in their [ITS] collection, shall be refunded to an organized borough or  
2 a city of any class incorporated under state law, in the proportion that  
3 the revenue was earned within the city or the borough area outside the  
4 city. However, taxes collected on gross revenue of a telephone coopera-  
5 tive or on the sale of electricity by an electric cooperative earned  
6 outside a city or organized borough shall be retained by the state and  
7 deposited into its general fund.

8 \* Sec. 6. The tax levied under AS 10.25.555, enacted by sec. 3 of this  
9 Act, applies to the tax payable by an electric cooperative after December 31,  
10 1979.

11 \* Sec. 7. This Act takes effect January 1, 1981.  
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