

LEG. FINANCE - BILLS 1979 - 1980 1202

CASHB 968 thru CASHB 969 • • 1202



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

COMMITTEE REPORT
SENATE

FURTHER: None

5/27/80

Date: 6/4/80

Mr. President:

The Committee on FINANCE has had CSHB 968 am
maximum benefits paid as aid to families with dependent children

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 SCS for CSHB 968 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

[Signature]

[Signature]

[Signature]

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]
CHAIRMAN

*Delivered Legis.
Affairs for
final drafting
6/4/80*

1 PROPOSED Senate Finance CS for CS HB 968 am

2 For an Act entitled: "An Act relating to maximum benefits paid as aid to
3 families with dependent children; and providing for an
4 effective date."

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

6 * Section 1. AS 47.25.320(a)(1) is amended to read:

7 (1) dependent child living with nonneedy relative: for a
8 child under age 18 who is living in the home of a nonneedy relative,
9 \$175 [\$150], plus an additional \$175 [\$150] for the second child, and
10 \$50 a child for the third and each additional child.

11 * Sec. 2. AS 47.25.320(a)(2)(A) is amended to read:

12 (A) for a parent and one child under 18, a maximum of
13 \$400 [\$350];

14 * Sec. 3. AS 47.25.320 is amended by adding a new subsection to read:

15 (d) If benefits under Title XVI of the Social Security Act (42
16 U.S.C. 1381 - 1385) are increased because of an increase in the cost of
17 living, the department shall increase the monetary maximums in (a) of
18 this section by a percentage equal to the percentage increase in bene-
19 fits under Title XVI.

20 * Sec. 4. AS 47.25.320(c) is repealed.

21 * Sec. 5. Sections 1 and 2 of this Act take effect January 1, 1981.

22 * Sec. 6. Section 3 of this Act takes effect July 1, 1980.

Rep. Buchholdt's Explanation of Provisions of Proposed Sen. Finance CS for CS HB 968 am

Cost of COLA increase, only, for FY '81:

$\$343$ (avg. AFDC payment for FY '81) \times 1.143 (COLA %) = $\$343 + \$49.05 = \$392.05$

$\$392.05 \times 6835$ (# of AFDC families) \times 12(months) = $\$ 32,155.9$ (TOTAL COST)

Total cost of COLA : $\$ 4023$
Federal funds: $\$ 2011.5$
State funds: $\$ 2011.5$

Cost of Base increases, plus COLA for these increases; for FY '81:

2.6 persons in avg. AFDC family, with COLA, get $\$392.05$.

With avg. increase of $\$50$ per family plus application of COLA to $\$50$, they would get $\$483.49$. Computation:

$50 \times 1.143 = \$57.15$

$50 \times .6 = 30 \times 1.143 = \34.29

$\$392.05 + 57.15 + 34.29 = \483.49 .

Cost of $\$50$ plus COLA = $\$57.15 + 34.29 = \91.44 . $\$91.44 \times 6835 \times 6$ (months) = $\$3,750$

TOTAL cost of increase with COLA: $\$ 3750$
Federal funds: $\$ 1875$
State funds: $\$ 1875$

TOTAL COST OF PROPOSED CS:

COLA $\$ 4023$
Base increase (with COLA) $\$ 3750$
 $\$ 7773$ ($\$3886.5$ state funds, $\$3886.5$ federal funds)

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Committee Substitute for House Bill 968 am
 Title Cost of Living Increase, Aid to Families with Dependent Children Program
 Requested by Health, Education, and Social Services Committee Date May 27, 1980

II. FISCAL DETAIL

Department of Health and Social Services
 Agency Affected
 Program Category Affected Social and Economic Assistance for General Population; Health;
 BRU, Program, or Subprogram(s) Affected Assistance Payments (AFDC, Medicaid, Eliq. Deter.
 (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 | | 155.0 | | | | |
| 200 TRAVEL | | 3.0 | | | | |
| 300 CONTRACTUAL | | 6.0 | | | | |
| 400 COMMODITIES | | .6 | | | | |
| 500 EQUIPMENT | | 3.0 | | | | |
| 600 LAND & STRUCTURES | | -- | | | | |
| 700 GRANTS, CLAIMS, ETC. | | 16373.0 | | | | |
| TOTAL | | 16,540.6 | | | | |

FUNDING (Thousands of Dollars)

| | | | | | | |
|-----------------------------|--|--------|--|--|--|--|
| GENERAL FUND | | 8287.9 | | | | |
| FEDERAL FUNDS | | 8252.7 | | | | |
| OTHER (Specify Fund Source) | | | | | | |
| | | | | | | |

POSITIONS

| | | | | | | |
|-----------|--|---|--|--|--|--|
| FULL TIME | | 6 | | | | |
| PART TIME | | | | | | |
| TEMPORARY | | | | | | |

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

The FY81 Aid to Families with Dependent Children (AFDC) revised budget anticipates that a monthly average of 6835 families will each receive an average monthly grant of \$343.00, for a total anticipated AFDC expenditure of 28,133.1 (6835 x \$343.00 x 12 months).

(1) Assistance Payments BRU, AFDC Program:

- (a) The "average" AFDC family, those with a non-needy or a needy relative, consists of 2.60 persons. CSHB 968 am increases the payment by \$100 for the first 2 persons and by \$25 for the full third person. Thus the \$343.00 anticipated average payment would increase by \$115.00 (\$100 + (.60 x 25), to a total average grant of \$458.00. The FY81 cost of this provision would be 9,432.3 (\$115 average monthly payment increase per family, times 6835 families, times 12 months). 50% or 4,716.1, would be state general funds, 4716.2 would be federal

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

Prepared by: [Signature] Date: 5/25/80
 Division/Office: Public Assistance PII: 3347
 Department of Health & Social Services

matching funds.

- (b) CSHB 968 am also calls for granting all families an automatic annual percentage increase equal to the annual cost of living percentage increase in the Social Security and Supplemental Security Income Programs. For FY81, this increase has been set at 14.3%. This provision would increase the new average payment per family by \$65.49, from \$458.00 to \$523.49. The cost of this provision would be 5,371.5 (\$65.49 x 6835 x 12), 2685.7 in state general funds, 2685.8 in federal matching funds.
- (c) New Cases: In the AFDC program the statutory maximum payment levels are also the qualifying standards for entry into the program. CSHB 968 am would increase these standards. For example, the maximum countable income a needy applicant with two children can have and still qualify for AFDC assistance is currently \$400. (This would also be the recipient's AFDC payment if he or she had no other countable income.) The provision of CSHB 968 am would establish a new qualifying limit of \$600.00 for this 3-person family.

It is reasonable to assume that there are Alaskan families who have countable incomes over the current standards but under the higher proposed standards, and to assume that some of these families would choose to apply and would meet all other eligibility factors. However, there is no data, either within the past ten years of AFDC program utilization or from any other source, that indicates whether new families would enter the program, or if they would, in what numbers.

Nevertheless, the Department believes a growth in families served will occur. Though it is nothing but an unsubstantiated guess, we believe the large increase in standards may attract as many as an additional 800 families in FY81. It is reasonable to assume that these new families will have countable non-AFDC income mid-way between the current and the proposed new standards. The needy adult-included cases, 3/4 of the 800, or 600 cases, will thus qualify for an average monthly payment of \$96.65, for a total cost for this type of case of \$695.9. (2.81 persons per household: $350 + (.81 \times \$50) = 390.50$ current, versus $\$583.79 (\$450 + (.81 \times \$75) = \$510.75. 510.75 \times 1.143 \text{ COLA} = 583.79, \$583.79 - \$390.50 = \$192.29 \div 2 = \$96.65 \text{ Av. Pmt.} \times 600 \text{ cases} \times 12 \text{ months} = \$695.9.)$

The new family cost of the projected 200 new families with a non-needy adult relative will be 150.9 (1.60 children per case: $\$150 + (.60 \times \$150) = \$240$ current, versus $\$365.76 (\$200.00 + (.60 \times \$200 = \$120) = \$320 \times 1.143 = \$365.76. \$365.76 \text{ minus } \$240 = 125.76 \div 2 = \$62.88. \$62.88 \text{ payment per month} \times 200 \text{ cases} \times 12 \text{ months} = 150.9).$

The total cost of all new cases will be 846.8 (423.4 federal, 423.4 state general funds).

(d) AFDC BRU Summary:

| | | | | |
|-------------|-----------------------|---|----------|------------------------------|
| 700 Grants: | Base Payment Increase | = | 9,432.3 | |
| | COLA Increase | = | 5,371.5 | |
| | New Cases | = | 846.8 | |
| | Total | | 15,650.6 | 7825.3 State, 7825.3 Federal |

(2) Medicaid BRU

If 800 new families enter the AFDC program, they will be automatically eligible for Medicaid services. Approximately 60%, or 1204, of these 2006 persons (2.81 persons/family x 600 families plus 1.60 persons/family x 200 families) will use Medicaid services. Each of these 1204 persons will average \$600 in services in FY81. Total cost to the Medicaid BRU will be 722.4 (1204 x \$600); 361.2 federal funds, 361.2 state general fund match; 700, Grants and Claims.

H. Allen 5/28/80

(3) Eligibility Determination BRU

The addition of 800 new AFDC and Medicaid cases will require additional eligibility staff and services. Additional staff required will be four Eligibility Worker IIs, one Eligibility Worker III supervisor, and one Clerk Typist III. The cost to the Eligibility Determination BRU will be:

| | | | |
|-----|-------------------|--------------|-------------------------|
| 100 | Personal Services | 155.0 | |
| 200 | Travel | 3.0 | |
| 300 | Contractual | 6.0 | |
| 400 | Commodities | .6 | |
| 500 | Equipment | 3.0 | |
| | Total | <u>167.6</u> | |
| | | | 66.2 Federal Match |
| | | | 66.2 General Fund Match |
| | | | 35.2 General Fund |

Original sponsor: Rules/Governor

Offered: 5/1/80 --
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 968 am

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 maximum benefits paid as aid to
7 families with dependent children; and providing for an
8 effective date."

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

10 * Section 1. AS 47.25.320(a)(1) is amended to read:

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12 child under age 18 who is living in the home of a nonneedy relative,
13 \$200 [\$150], plus an additional \$200 [\$150] for the second child, and
14 \$75 [\$50] a child for the third and each additional child.

15 * Sec. 2. AS 47.25.320(a)(2)(A) is amended to read:

16 (A) for a parent and one child under 18, a maximum of
17 \$450 [\$350];

18 * Sec. 3. AS 47.25.320(a)(2)(C) is amended to read:

19 (C) for each additional child under age 18, \$75 [\$50] a
20 month per child.

21 * Sec. 4. AS 47.25.320 is amended by adding a new subsection to read:

22 (d) If benefits under Title XVI of the Social Security Act (42
23 U.S.C. 1381 - 1385) are increased because of an increase in the cost of
24 living, the department shall increase the monetary maximums in (a) of
25 this section by a percentage equal to the percentage increase in bene-
26 fits under Title XVI.

27 * Sec. 5. AS 47.25.320(c) is repealed.

28 * Sec. 6. This Act takes effect July 1, 1980.
29

JAY S. HAMMOND
GOVERNOR



PHONE
(907) 276-3003

HB 968

STATE OF ALASKA
OFFICE OF THE GOVERNOR

ALASKA COMMISSION ON THE STATUS OF WOMEN
338 DENALI STREET, SUITE 850
ANCHORAGE, ALASKA 99501

May 27, 1980

Senate Finance Committee:
Senator John C. Sackett, Chairman
Senator Don Bennett
Senator M.E. Dankworth
Senator Glenn Hackley
Senator Bill Sumner
Senator George H. Hohman
Senator Bill Ray

Gentlemen:

The Alaska Commission on the Status of Women supports CS for HB No. 968, relating to maximum benefits paid as aid to families with dependent children. As the enclosed workpaper shows, welfare has a particular impact on women.

During public hearings held in October, 1979, the Women's Commission heard considerable testimony regarding problems faced by persons receiving aid to families with dependent recipients is insufficient and should be raised immediately. Other public assistance programs in Alaska for adults pay a maximum of \$377 per individual as opposed to the maximum grant of \$350 for two people on AFDC, a parent and one child.

Furthermore, the AFDC statute needs to be amended to provide for an automatic cost of living escalator. Adult Public Assistance grants include an automatic cost of living escalator adjustment in the statute, while the AFDC statute does not. We find this to have a serious economic impact on women, since women are the primary recipients of AFDC grants.

We strongly support CS for HB No. 968 and urge its passage this year. If we can be of further assistance, please feel free to contact us.

Sincerely,

A handwritten signature in cursive script that reads "Lynne Woods".
LYNNE WOODS
Executive Director

Encl
LW/lw

JAY S. HAMMOND
GOVERNOR



PHONE
(807) 278-3003

STATE OF ALASKA
OFFICE OF THE GOVERNOR

ALASKA COMMISSION ON THE STATUS OF WOMEN
338 DENALI STREET, SUITE 850
ANCHORAGE, ALASKA 99501

SUBJECT: COMMISSION WORKPAPER AND RECOMMENDATIONS ON WELFARE
FROM: DOROTHY JONES, ACSW SUBCOMMITTEE ON WELFARE
DATE: JANUARY 25, 1980

Welfare is a women's issue. Because of women's status, dependency in marriage, limited earning power in the job market, and responsibilities to minor children, large numbers of women alone or women and their children live in poverty. Women, their children, and the elderly (most of whom are female) constitute the majority of the 24.3 million Americans--one in five persons in our population--officially classified as poor in 1975.

The number of female heads of household has risen rapidly in recent years. As of October 1978, one out of every three single female parent households lives in poverty. Both the low wages of women and the lack of enforcement of child support awards tend to reinforce the poverty status of female headed families in Alaska.

Fifty percent of all welfare mother's work part time, or part year, outside the home. Low income people, including welfare recipients, want to work, and when feasible, do work. Eighty percent of AFDC mothers want to work outside the home, but full-time jobs that will enable them to support their families are not available. One-fourth of all American women who work do so in industries and jobs not even covered by the federal minimum wage. And current training programs steer women into undervalued, low-paying, deadend jobs.

Both women who testified at the Commission public hearing on Welfare (October 6, 1979) and women interviewed for the Commission study on Women and Economics (in progress) have raised these issues. They have reported:

- .The welfare system is inefficient and degrading, and very difficult to escape.
- .The welfare grant is not enough to cover the necessary expenses of food, rent, and utilities.
- .Dental coverage is needed under medical assistance programs.
- .There is no incentive under the current system to get off of welfare. Training programs and work income are not coordinated well with welfare assistance; women are often actually penalized for going to school or for working.
- .Day care and transportation create large obstacles for women in work and training.
- .Child support is often impossible to collect.
- .Jobs offer little or no more pay than the assistance grant after expenses of day care, etc.

THE WELFARE SUBCOMMITTEE RECOMMENDS THAT:

1. The Division of Public Assistance provide emergency (same day) assistance for women and children whose safety is threatened in the home, to enable them to leave home immediately.
2. The basic AFDC grant be increased by at least \$50 a month.
3. An annual cost-of-living increase provision be added to the AFDC maximum benefits statute.
4. A meaningful training and employment program be established for AFDC recipients to lift them out of poverty.
5. Social services be restored to AFDC recipients.
6. Senate Bill 214, providing emergency dental services for needy people, be passed.
7. The State legislature establish a task force on rural welfare services, with the membership to include some rural residents and recipients, in order to formulate recommendations for effective and appropriate rural welfare services.
8. House Joint Resolution 29, proposing workfare programs for all able-bodied AFDC recipients, be defeated.
9. Senate Bill 124, which provides that general relief be furnished only to needy people unable to work, be defeated.
10. The Alaska Congressional delegation support a replacement of the public assistance program with some form of a guaranteed annual income, such as a negative income tax.

CORRECTION

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

JAY S. HAMMOND
GOVERNOR



PHONE
(907) 276-3003

STATE OF ALASKA
OFFICE OF THE GOVERNOR

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338 DENALI STREET, SUITE 850
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- .The welfare system is inefficient and degrading, and very difficult to escape.
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- .Day care and transportation create large obstacles for women in work and training.
- .Child support is often impossible to collect.
- .Jobs offer little or no more pay than the assistance grant after expenses of day care, etc.

.Women on welfare have a difficult time keeping up their self-image especially because of treatment by the public assistance programs.

Testimony for the Welfare and Violence Against Women hearings sometimes overlapped. Women spoke to the need for immediate financial assistance to seek shelter and to begin independent households. (This was also reported as a major need of battered women in the 1977 Report on the Status of Women.)

The Aid to Families with Dependent Children (AFDC) program was the subject of much testimony, perhaps due to the fact that 93% of all AFDC recipients are women. A representative from the National Association of Social Workers (NASW), also the head of the Social Work Unit, University of Alaska-Anchorage, testified that the grant amount for AFDC families is inadequate and that the program is unfair and falls far short of its goal, which is to keep families together and to support dependent children.

A representative from the Division of Public Assistance, Juneau, testified that "AFDC is an archaic and miserable program and it is obviously discriminatory; the benefits levels are totally inadequate...Anchorage is the most dehumanizing office and we know it... A negative tax system approach...would dispense with the complicated middle-man machinery that we have now. All the AFDC program does is subsidize landlords and grocery stores."

The Commissioner of Health and Social Services also states in a report to the legislature (1979) that "the department believes that the AFDC payment level is inadequate to meet most recipients' basic subsistence needs."

Other concerns reported included the need for more relevant assistance and training programs for rural areas and more realistic grant levels for parts of the state with varying costs of living.

In the subcommittee study and consideration of the welfare issues, the following resources were utilized:

- ACSW Public Hearings on Welfare (October 6, 1979) and Violence Against Women (October 5, 1979), Anchorage and Statewide Teleconference.
- ACSW Study on Women and Economics (in Progress)
- Coalition for Economic Justice "Urban Citizen Participation Conference Report," (1979, Anchorage, Homer, Juneau, Kenai, and Wasilla).
- National Organization for Women, "Women, Welfare, and Poverty: Factsheet," with data from the U.S. Department of Labor's review of research on the work force participation of welfare recipients, and from the U.S. Commission on Civil Rights.
- Research done on welfare by subcommittee member, Dr. Dorothy Jones, including the 1977 Preliminary Report on the Status of Women and report entitled "The Urban Native Encounters the Social Service System in Anchorage." (ISER: 1974)
- Consultation with experts in the field including Pudge Kleinkauf, head of the Social Work Unit, University of Alaska-Anchorage; Nate Perry, rural social worker; Sharon Walleen, Board Member of the Alaska Plan; Gordon Landes, Public Assistance Program Officer, Division of Public Assistance, Juneau.

THE WELFARE SUBCOMMITTEE RECOMMENDS THAT:

1. The Division of Public Assistance provide emergency (same day) assistance for women and children whose safety is threatened in the home, to enable them to leave home immediately.
2. The basic AFDC grant be increased by at least \$50 a month.
3. An annual cost-of-living increase provision be added to the AFDC maximum benefits statute.
4. A meaningful training and employment program be established for AFDC recipients to lift them out of poverty.
5. Social services be restored to AFDC recipients.
6. Senate Bill 214, providing emergency dental services for needy people, be passed.
7. The State legislature establish a task force on rural welfare services, with the membership to include some rural residents and recipients, in order to formulate recommendations for effective and appropriate rural welfare services.
8. House Joint Resolution 29, proposing workfare programs for all able-bodied AFDC recipients, be defeated.
9. Senate Bill 124, which provides that general relief be furnished only to needy people unable to work, be defeated.
10. The Alaska Congressional delegation support a replacement of the public assistance program with some form of a guaranteed annual income, such as a negative income tax.

3/24/80

Notes - HB 968

Ms Pudge Kleinkauf called from Anchorage. She said she was calling for the Nat'l Association of Social Workers.

She called to urge Senator Sackett to support HB 968 which would put an automatic COLA in AFDC benefits. Note that most welfare programs include COLA now.

She wants to do what she can to assist with the bill. She will send information, testify, etc.

J. V. Hogan

POSITION PAPER
ON
HOUSE BILL No. 968

Handwritten initials and a checkmark in the top right corner.

"An Act adding a cost-of-living adjustment to maximum benefits paid as Aid to Families with Dependent Children; and providing for an effective date."

This proposed legislation would amend AS 47.25.320 to provide that the maximum monthly payment for families receiving cash assistance under the Aid to Families with Dependent Children (AFDC) program would increase each year by the same percentage increase as is granted under the Social Security Act to Social Security and Supplemental Security Income (SSI) recipients.

Under federal law, needy elderly, blind, and disabled persons receiving SSI assistance have their SSI payments increased each July 1 by the percentage that the national cost-of-living index has increased in the preceding year. Under Alaska statutes, maximum supplemental state payments to Alaska's needy elderly, blind, and disabled increase automatically by this same percentage. This guarantees that these persons will not suffer an inflation-caused erosion in their ability to purchase the basic necessities.

AFDC recipients are not now afforded this protection against inflation increases in costs of necessities. Despite past periodic legislative increases in AFDC payments levels, the Department believes that the present payment maximums are not adequate to meet most AFDC families' basic needs. (A copy of the Department's annual report to the Legislature on AFDC payment adequacy is attached.) We believe that HB 968 provides the most economical means of assuring that AFDC payments become and remain sufficient to achieve the purpose of the program and meet recipient families' needs.

We strongly support the passage of HB 968.

Recommended by: *Rod Betit*
Rod Betit, Director
Division of Public Assistance

Date: *April 10, '80*

Approved by: *Helon D. Beirne*
Helon D. Beirne, Commissioner
Department of Health & Social Services

Date: *4-11-80*

Handwritten note: "Check Det. H. Beirne's. Set aside."

STATE OF ALASKA

JAY S. HARRIS, GOVERNOR

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

POUCH H 01 - JU. FAU 53311

APR 10 1979

Document# 69-80

Honorable Terry Gardiner
Speaker
House of Representatives
Pouch V MS 3100
Juneau, Alaska 99811

Dear Representative Gardner:

AS 47.25.320(c) provides that the Department shall provide the Legislature with "financial data on the Aid to Families with Dependent Children program with special reference to amount of funds required to maintain adequate payments in consideration of changes in the cost of living."

The Fiscal Year 1981 budget submission for the Aid to Families with Dependent Children (AFDC) program provides fiscal data on recent expenditures, the number of persons served, and the average payment made to each family unit. However, the budget documents do not address the question of the adequacy of the payments being made. This report is intended to apprise you of the Department's current assessment of that question.

I. The AFDC Maximum Payment

The current maximum payments specified in AS 47.25.320 are intended to meet the basic needs of dependent children who are deprived of the support and care of one or both parents, and, if necessary, the needs of the one relative with whom they live. These needs include such subsistence items as food, fuel, shelter, and clothing. At the present time, a typical AFDC family consisting of a mother and one child can be paid up to \$350 per month in AFDC funds to enable them to obtain these basic needs.

Federal regulations require that the state exclude all or part of certain kinds of income that AFDC recipients receive when determining their AFDC payment level. The effect of these regulations is that some AFDC families receive more monthly income than other AFDC families. However, we estimate only 10% of the 7564 families who will receive AFDC assistance monthly in FY 81 will have extra income. Thus the vast majority of Alaska's AFDC families exist on a total monthly income equal to the maximum AFDC payment specified by Alaska statute. These monthly income levels depend on family size and are as follows:

| <u>Family Size</u> | <u>With Needy Adult Relative</u> | <u>Without Needy Adult Relative</u> |
|--------------------|----------------------------------|-------------------------------------|
| 1 | --- | \$ 150 |
| 2 | \$ 350 | \$ 300 |
| 3 | \$ 400 | \$ 350 |
| 4 | \$ 450 | \$ 450 |

(\$50 additional for each additional child)

II. Recent Changes in the Maximum Payment

Though no longer in effect, legislation enacted in 1970 established a complex structure of maximum AFDC payments based upon children's ages that was significantly different than that in use now as described above. A mother and one child under 5 received a maximum AFDC payment of \$125 per month, \$150 if the child were between 5 and 12, and \$175 if the child were between 13 and 18.

Effective July 1, 1974, these maximums were again changed to \$250 per month for a mother and one child 12 or under, and \$300 for a mother and a 13 to 18 year old. On July 1, 1975, these standards were again modified by removing any consideration of the child's age and establishing a universal two-person maximum of \$300 with \$50 allowed for each additional child, to a ceiling of \$520 regardless of family size.

The last AFDC payment change was made effective July 1, 1978. The \$520 ceiling for AFDC payment was deleted. The maximum payment for a needy relative and one child was increased from \$300 to \$350, with \$50 continuing to be allowed for each additional child. Whereas, approximately three-fourths of our AFDC caseload includes a needy adult living with one or more children, the effect of this last change in standards was to increase average payments to 75% of all AFDC families by \$50 per family. AFDC children living with a non-needy relative have not received an increase since 7/1/74. The \$50 increment for each additional child has not been changed since 1974.

III. Adequacy of the Current Maximums

Title IV of the Social Security Act, as amended, states that the purpose of the AFDC program is to "encourage the care of dependent children in their own homes or in the homes of a relative by enabling each state to furnish financial assistance and rehabilitation and other services, as far as practicable under the conditions in each state, to needy dependent children and the parents or relative with whom they are living, to help maintain and strengthen family life and to help such relatives to attain or retain capability for the maximum self-support and personal independence consistent with the maintenance of continuing parental care and protection."

The Social Security Act and federal regulation (Title 45) allow the states the freedom to establish their own separate payment levels. They also allow for regional differences in payment levels within a state, if those differences can be supported by objective data. (Alaska has chosen a statewide standard.) Nowhere in these laws or regulations is guidance offered regarding the minimum subsistence level consistent with the purpose of the program.

In Alaska, as in almost all other states, "adequacy" of payments is defined primarily by legislative action. As we view this process, it is an attempt to reach a reasonable compromise among three often conflicting elements: the program purpose, the basic economic needs of the recipient families, and the taxpayer's willingness and ability to provide the funds necessary to maintain needy families intact in dignity and health. Payment levels that are too low to meet legitimate client needs waste the taxpayer's money, for the program cannot then meet its purpose of providing financial support adequate to enable the family to remain together. Payment levels that are too high are wasteful in two senses: they cause unnecessary expenditures, and they encourage unnecessary welfare dependency.

The Department believes that the taxpayer's definition of adequate AFDC payment levels is accurately expressed through the annual administrative and legislative review of the AFDC budget. It is therefore our belief that this report should represent evidence which will help you to define adequacy from the AFDC recipient's point of view.

From the recipient's point of view, we believe that, despite the history of payment increases, AFDC payment levels are presently inadequate to meet most recipient's basic subsistence needs. The evidence supporting this judgement is detailed below.

IV. Measurements of Inadequacy

A. Recipient Reports of Expenses

In 1978, the Legislative Affairs Agency mailed questionnaires to each AFDC recipient, measuring among other things what the AFDC household's expenses were in August 1978. About one third of the households responded, which is in itself a measure of concern about payment levels. While the survey results cannot be considered statistically accurate, they do give some indication of costs of basic subsistence items for AFDC recipients.

A summary of the survey's results are:

| | <u>Urban</u> | <u>Rural</u> |
|------------------|--------------|--------------|
| Rent or Mortgage | \$ 261 | \$ 180 |
| Fuel | \$ 48 | \$ 108 |
| Utilities | \$ 47 | \$ 76 |
| Food | \$ 182 | \$ 272 |
| TOTAL | \$ 538 | \$ 636 |

(Note: Some of the households responding had additional household members who were not receiving AFDC benefits. Therefore the costs reported in the survey may be higher than if the survey had been restricted to households in which all members were AFDC recipients.)

The expenditures listed are now quite old. You do not need to be reminded what effect double-digit inflation and the energy crisis have had on living costs since mid-1978.

These survey results tend to support common knowledge about Alaskan costs of basic necessities, particularly housing costs. The majority of Alaska's AFDC cases reside in urban settings, concentrated in Anchorage, Fairbanks, Juneau and Ketchikan. A cursory survey of available housing in those areas shows that there is inadequate, low-income housing available. Minimally-acceptable rental units which can accommodate children, when such units are available, range from \$180 to \$450 per month. Even when the total expense amounts are reduced by the amount of food assistance available through the Food Stamp program, and energy assistance through the Energy Assistance program, the costs of basic necessities exceed many AFDC families maximum monthly grants.

B. Cost of Living Poverty Guidelines

- (1) The U.S. Bureau of Labor Statistics maintains a Cost of Living Index for Alaska which measures relative increases in living costs for Anchorage. On January 1, 1970, the Index was 107.9; on January 1, 1979 the Index was 198.1; and on January 1, 1980, it was 218.2. In these 10 years the cost of living more than doubled, and AFDC benefits for a mother with a young child more than doubled, increasing from \$150 to \$350 per month.

By this measurement, AFDC increases over the years have apparently kept pace with rising costs of living. However, this comparison would indicate that AFDC payment maximums are adequate now only if they were originally adequate in 1970. Absent any convincing information on this question, we leave this to your judgement.

- (2) The U.S. Community Services Administration (CSA) publishes annual poverty guidelines for Alaska. This year's (1980) guidelines have not yet been published, but the 1979 CSA annual gross income poverty levels compared to current annual AFDC maximums as follows:

| <u>Family Size</u> | <u>CSA 1979 Farm</u> | <u>CSA 1979 Non-Farm</u> | <u>AFDC With a Needy Adult</u> | <u>AFDC With No Needy Adult</u> |
|--------------------|----------------------|--------------------------|--------------------------------|---------------------------------|
| 1 | 4562 | 5338 | ----- | 1800 |
| 2 | 6023 | 7050 | 4200 | 3600 |
| 3 | 7463 | 8763 | 4800 | 4200 |
| 4 | 8913 | 10475 | 5400 | 4800 |

Clearly, current AFDC maximums fall well below federally established poverty levels for Alaska.

C. Comparison with Other States

The following payment levels for several states offer a useful comparison which may be indicative of payment adequacy. In our judgement, Alaska's higher costs of necessities were considered in this comparison, Alaska's maximum payment would not compare favorably with those of most other western states.

Maximum payments for AFDC recipients (1979-early 1980 Levels for needy adult-included cases):

| | <u>Parent and One Child</u> | <u>Parent and Three Children</u> |
|------------|-----------------------------|----------------------------------|
| Alaska | \$ 350 | \$ 450 |
| Oregon | 304 | 456 |
| Washington | 339 | 483 |
| Utah | 253 | 389 |
| Idaho | 259 | 366 |
| California | 331 | 487 |
| Hawaii | 390 | 546 |

This comparison does not consider extra "special needs" which most states except Alaska grant for various items such as school attendance and supplies, laundry, job interviews, etc. Most listed states except Alaska have lower standards for persons with little or no housing costs.

D. Comparison with Adult Public Assistance

Another possible measurement of adequacy is internal to Alaska's own assistance programs. By state statute, the FY 80 Adult Public Assistance programs (Aid to the Blind, Aid to the Disabled, and Old Age Assistance) provides for a \$414 maximum monthly payment to an individual, and \$608 to a couple. Each year this maximum increases by the percentage amount of the annual national Social Security percentage increase. For FY 81, the \$414 maximum for an individual is expected to increase by 15%, to \$467, while the couple maximum will increase from \$608 to \$687. State statutes thus appear to maintain the striking position that a mother and child can maintain themselves on \$350 a month, but two elderly or disabled adults require \$608 to \$687 a month. Not only are adults likely to be more "established" and therefore have lower expenses for necessities, but particularly the elderly have many more programs available which offer them direct or indirect financial benefits.

E. Comparison with Foster Care Costs

A final point of measurement is also internal to the Department of Health and Social Services. The Department establishes foster care rates each year after holding rate hearings throughout the state. Payments are set on a regional basis, varying by ages of children. Payment rates are set to meet, but not exceed, the direct costs of providing basic necessities and adequate recreational and instructional material to families willing to assume the additional responsibility of a foster child.

For a 30-day month, the Division of Social Services reimburses a foster parent as follows for one child:

| <u>Region</u> | <u>Lowest (Age 0-4)</u> | <u>Highest (Age 12 and over)</u> |
|---------------|-------------------------|----------------------------------|
| Northern | \$ 354.00 | \$ 442.00 |
| Northwestern | 387.00 | 514.00 |
| Southcentral | 291.00 | 384.00 |

By comparison, the AFDC program pays \$150 for a single child with no needy adult relative, \$150 maximum for the second child, and \$50 for each additional child.


V. Conclusion

This is the third annual report we have presented to you which has utilized these five basic comparative measures of adequacy. Each year these comparative measures show that Alaska's AFDC families' capacity to meet the costs of the basic necessities of life is diminishing rapidly. To us, there is no longer any question that our AFDC program is unable to fulfill the purposes for which it was designed by federal law and implemented by Alaska statute.

To correct this situation, Governor Hammond has requested legislation be placed before you which would provide for AFDC maximum payment levels to be automatically increased each year by the same percentage our adult programs are increased. This bill, HB 968, would at least guarantee that AFDC recipients will not see their comparative situation worsen each year.

We commend HB 968 to your attention as a workable compromise between the AFDC client's obvious need for adequate aid and the taxpayer's equally obvious desire to support a program which achieves its goals at the lowest possible cost.

Sincerely,


Helen D. Beirne
Commissioner



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
REGION X
ARCADE PLAZA BUILDING
1321 SECOND AVENUE
SEATTLE, WASHINGTON 98101

ATD
8/20

SOCIAL SECURITY ADMINISTRATION
BUREAU OF SUPPLEMENTAL
SECURITY INCOME

March 17, 1980

Mr. Rod Betit, Director
Division of Public Assistance
Dept. of Health & Social Services
Pouch H-07
Juneau, Alaska 99811

RECEIVED
DEPARTMENT OF
HEALTH, EDUCATION
& SOCIAL SERVICES
ALASKA
MAR 20 5 05 PM '80

Dear Mr. Betit:

We have been advised that the cost of living increase in SSI payments will probably be 13.0 percent. This will raise federal payment standards to \$235.30 for an individual and \$352.90 for a couple. The final figure will be available April 22, and we will relay it to you as soon as it is received.

As soon as possible, please advise us what your new SSI payment standards will be.

Sincerely,

Robert H. Dunn
Assistant Regional Commissioner
for Programs



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
REGION X
ARCADE PLAZA BUILDING
1321 SECOND AVENUE
SEATTLE, WASHINGTON 98101

MAY 16 1980

SOCIAL SECURITY ADMINISTRATION
OFFICE OF THE REGIONAL
COMMISSIONER

Refer to



Dr. Helen D. Beirne
Commissioner
Department of Health & Social Services
Pouch H-01
Juneau, Alaska 99811

Dear Dr. Beirne:

We have analyzed Alaska House Bill 968, dated May 1, 1980 and wish to comment on certain of its provisions which, if enacted, would raise compliance issues with respect to Federal regulations.

Alaska House Bill 968 provides an Aid for Dependent Children (AFDC) benefit payment increase of \$100 for a family household consisting of a caretaker parent and one child under age eighteen. If enacted, this legislation would increase the current payment provided under AS 47.25.320(a)(2)(A) from \$350 to \$450. The Bill would also provide a benefit payment increase of \$25 for each additional child in the home (after the second child) under the age of eighteen. This would increase the current payment provided to those children, under AS 47.25.320(a)(2)(C) from \$50 to \$75.

The increases provided under House Bill 968 do not appear to apply to the category of children living with non-needy, non-legally responsible relatives. This category is described under AS 47.25.320(a)(1). The omission of provision of these benefit increases to the category of recipient children living with non-needy relatives, while provided for the category of recipient children living with needy parents, appears to be based on the assumptions that:

- (1) children who live with non-needy, non-legally responsible relatives are less needy than children who live with needy relatives; and,
- (2) non-legally responsible, non-needy relatives automatically provide some support for the child's(ren) needs; and,
- (3) such child's(ren) needs are reduced by shared costs.

These assumptions are in direct conflict with Federal Regulations:

- (a) To treat groups of children differently because of living arrangement based on legal responsibility or not of non-needy caretaker relatives distinguishes the groups on an arbitrary basis thereby creating an unreasonable classification which is expressly prohibited at 45 CFR 233.10(a)(1) which states:

(a) State plan requirements. A State plan under title I, IV-A, X, XIV, or XVI, of the Social Security Act must:

(1) Specify the groups of individuals based on reasonable classifications, that will be included in the program, and all the conditions of eligibility that must be met by the individuals in the groups. The groups selected for inclusion in the plan and the eligibility conditions imposed must not exclude individuals or groups on an arbitrary or unreasonable basis, and must not result in inequitable treatment of individuals or groups in the light of the provisions and purposes of the public assistance titles of the Social Security Act.

- (b) The assumption that non-legally responsible caretaker relatives automatically provide some support for the dependent child(ren) and a grant reduction based on that assumption (in this instance, a different and reduced standard as compared to needy children in other circumstances) is expressly prohibited at 45 CFR 233.20(a)(2)(viii) which states:

". . . Provided that the money amount of any need item included in the standard will not be prorated or otherwise reduced solely because of the presence in the household of a non-legally responsible individual; and the agency will not assume any contribution from such individual for the support of the assistance unit."

- (c) The assumption that a child's (ren) needs are reduced by shared costs and a grant reduction based on that assumption clearly constitutes proration which is expressly prohibited at 45 CFR 233.90(a) which states in part:

" . . . nor may the State agency prorate or otherwise reduce the money amount for any need item included in the standard on the basis of assumed contributions from non-legally responsible individuals living in the household."

Further, the Supreme Court case of Van Iare v. Hurley (1975) prohibits assumption of income for AFDC children in a household with non-needy individuals. A State may not have a separate and reduced standard of living for a child with non-needy, non-legally liable caretaker relatives than with needy caretakers. A State is required to have a single statewide standard, expressed in money amounts, to be used in determining on an objective and equitable basis the needs of applicants and recipients and the amount of the assistance payment (45 CFR 233.20(a)(1) and (2)). To assign two different values to the same item or items of need (such items collectively constitute the standard) for a child based solely on whether or not the child lives with a non-needy, non-legally liable caretaker relative is arbitrary, bearing no relationship to the needs of the child who is receiving the lesser payment.

A State standard may have different dollar amounts for food or clothing for different reasonably defined age groups since older individuals may generally have more costly needs than younger individuals. Differing shelter amounts may result from a State's election to have shelter differentials but this is permitted only when there is objective evidence that there are actual differences in shelter costs between geographic areas and such differences are appreciable. However, such differences appear reasonably based. But this bears no relation to an assumption of income on the unsubstantiated basis that a non-needy, non-legally liable caretaker relative is contributing income towards the support of the needy child in his care and custody.

These rules prohibiting the assumption of income apply to non-legally liable relatives, and to legally liable relatives

other than spouse for spouse or parent for minor child as specified above. Thus, except for spouse for spouse or parent for minor child, a State may not assume that the income of other legally responsible relatives under State law is available to the child.

Notwithstanding, a grant reduction (not a standard reduction), is permitted in these instances where a documented voluntary contribution is made by the non-needy, non-legally responsible caretaker relative.

The following table illustrates the effect of H.B. 968 without the cost-of-living adjustment on State AFDC standards:

| Family Size | Children with Needy Relatives | | Children with Non-Needy, Non-Legally Responsible Relatives | |
|-------------|--|--|--|--|
| | Current Standard | Proposed Standard Under H.B. 968 | Current Standard | Proposed Standard Under H.B. 968 |
| 1 | | | \$150 | \$150 |
| 2 | \$350 | \$450 | \$300 | \$300 |
| 3 | \$400 | \$525 | \$350 | \$350 |
| 4 | \$450 | \$600 | \$400 | \$400 |
| | Plus \$50/month for each additional child under 18 | Plus \$75/month for each additional child under 18 | Plus \$50/month for each additional child under 18 | Plus \$50/month for each additional child under 18 |

Note that for the category of children living with needy relatives, there is no identification of the amount of the standard that is attributable to the adult caretaker relative. It merely says that for family size of two, a grant of \$350 is made. For two children living with non-needy, non-legally responsible relatives, a grant of \$300 is made. It may be reckoned that the additional \$50 (\$350-50) provided to the needy relative situation is reasonable due to increased costs of shared standard items for adults (this would not hold true for shelter). This was the rationale for Federal approval of the current standard.

Under the proposed H.B. 968 standard, no standard increment is provided to the category of children with non-needy, non-legally responsible caretaker relatives. A difference of \$150 between the two categories

Dr. Helen D. Bairne - page 5

of recipients is too great to account for an addition based on shared costs that would require an amount of that magnitude for the adult. The Bill did not even address the non-needy, non-legally responsible caretaker relative category. It would appear clear that legislative intent was to increase the needy caretaker relative group, per se.

It must, therefore, be concluded that the new standard results in pro-
ration and assumes the availability of income for the non-needy, non-
legally responsible caretaker relative category. In no event may income
be assumed or shelter costs be prorated.

In summary, should Alaska House Bill 968 be enacted, the State agency,
upon implementation, would be out of compliance with Federal regulations
as cited herein. In addition, a new or revised State plan submitted to
implement such legislation would be unapprovable.

We would be pleased to offer technical assistance including testifying
before the legislature on this Bill if so desired.

Sincerely,



Donald C. Sutcliffe
Regional Commissioner

Enclosures

cc:
Rod Betit

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 968
Title Annual Cost of Living Increase, Aid to Families with Dependent Children Program
Requested by House Rules Committee, by request Date March 18, 1980

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services
Program Category Affected Social & Economic Assistance for General Population
BRU, Program, or Subprogram(s) Affected Assistance Payments (AFDC)
(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 COMMOD. DES. | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS, ETC. | | 4047.3 | | | | |
| TOTAL | | 4047.3 | | | | |

FUNDING (Thousands of Dollars)

| | FY 80 | FY 81 | FY 82 | FY 83 | FY 84 | FY 85 |
|-----------------------------|-------|--------|-------|-------|-------|-------|
| GENERAL FUND | | 2023.6 | | | | |
| FEDERAL FUNDS | | 2023.7 | | | | |
| OTHER (Specify Fund Source) | | | | | | |
| | | | | | | |

POSITIONS

| | FY 80 | FY 81 | FY 82 | FY 83 | FY 84 | FY 85 |
|-----------|-------|-------|-------|-------|-------|-------|
| FULL TIME | | None | | | | |
| PART TIME | | | | | | |
| TEMPORARY | | | | | | |

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

- I. The FY 81 Aid to Families with Dependent Children (AFDC) budget anticipa that a monthly average of 7,564 recipient families will each receive an average monthly grant of \$343.00 for a total expected AFDC expenditure of 31,133.1 (7,564 x \$343.00 x 12 months).

Title XVI annual percentage increases are determined by the percentage increase in the national cost of living index. At this time, the Social Security Administration estimates this percentage increase for the coming year will be 13.0%. The effect of this proposed legislation would be to increase the average monthly payment to each AFDC family by 13.0%, or \$44.59, beginning July 1, 1980. The maximum monthly payment for the average AFDC family would increase from \$343.00 to \$387.59 (\$343 x 1.13 = \$387.59).

Continued

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named) Gordon Landes Date: March 18
Prepared by: Gordon Landes Division/Office: Public Assistance PH: 465
Department of Health & Social Services

III. ANALYSIS---Continued

Thus the impact of this legislation on the anticipated AFDC expenditures would be an increase of 4,047.3 (7,564 x \$44.59 x 12 months). 50% of this increase, 2023.7 would be federal matching funds.

- II. In the AFDC program the statutory maximum payment levels are also the qualifying standards for entry into the program. This proposal would increase these standards. For example, the maximum countable income an applicant with one child can have and still qualify for AFDC assistance is currently \$350. (This would also be the recipients' AFDC payment if he or she had no other countable income.) A 13.0% increase in the standard would establish a new qualifying limit of \$388.00 for this size family.

It is reasonable to assume that there are Alaskan families who have countable incomes over the current standards but under the higher proposed standards, and to assume that some of these families would choose to apply and would meet all other eligibility factors.

Therefore it is reasonable to assume that the legislation would add new recipients to the anticipated FY 81 caseload. However, there are no factual grounds upon which this assumption can be based. In fact, there is evidence demonstrating that these newly-eligible families are not likely to affect anticipated expenditures:

- (a) Effective July 1, 1978, a statutory amendment increased maximum payment levels and qualifying standards for 75% of AFDC applicants and recipients by \$50.00 per family. There was no sudden increase in the total number of recipients, and the rate of growth in the number of recipients in the twelve months after this change was not significantly changed from the rate of increase in the twelve months preceding this change.
- (b) An annual Social Security cost of living percentage increase has applied to the Adult Public Assistance programs for several years. Each July, the increase in standards and payments has not produced significant changes in the recipient growth rate in those programs.

The Department has no data proving that this legislation will not increase the total number of AFDC recipients, but the recent history of assistance programs does indicate that an increase is unlikely to happen. We are therefore not projecting any additional growth in caseload in AFDC solely as the result of this legislation, nor are we projecting any related increase in expenditures in the Medicaid and Eligibility Determination BRUs.

JAY S. HAMMOND
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 21, 1980

14 B 968

The Honorable Terry Gardiner
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill adding a cost-of-living adjustment to maximum benefits paid as Aid to Families with Dependent Children (AFDC). This bill would provide that the statutory maximum is to be adjusted by the Department of Health and Social Services whenever, and by the same percentage as, the federal government provides a cost-of-living increase in benefits paid to elderly, blind, or disabled individuals under Title XVI of the Social Security Act. The national cost-of-living index has been estimated to experience an increase of 13.0% during 1980 which, under this bill, would increase the average monthly benefits of an AFDC family by \$44.59 to \$387.59. This would lead to an increase in total AFDC expenditures of just over four million dollars, of which half would consist of federal matching funds.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Jay S. Hammond".

Jay S. Hammond
Governor

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HOUSE BILL NO. 968
 Title Annual Cost of Living Increase, Aid to Families with Dependent Children Program
 Requested by House Rules Committee, by request Date March 18, 1980

II. FISCAL DETAIL Department of Health and Social Sevcies
 Agency Affected Department of Health and Social Sevcies
 Program Category Affected Social & Economic Assistance for General Population
 BRU, Program, or Subprogram(s) Affected Assistance Payments (AFDC)
 (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. | | 4047.3 | | | | |
| TOTAL | | 4047.3 | | | | |

FUNDING (Thousands of Dollars)

| | | | | | | |
|-----------------------------|--|--------|--|--|--|--|
| GENERAL FUND | | 2023.6 | | | | |
| FEDERAL FUNDS | | 2023.7 | | | | |
| OTHER (Specify Fund Source) | | | | | | |

POSITIONS

| | | | | | | |
|-----------|--|------|--|--|--|--|
| FULL TIME | | None | | | | |
| PART TIME | | | | | | |
| TEMPORARY | | | | | | |

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

I. The FY 81 Aid to Families with Dependent Children (AFDC) budget anticipates that a monthly average of 7,564 recipient families will each receive an average monthly grant of \$343.00 for a total expected AFDC expenditure of 31,133.1 (7,564 x \$343.00 x 12 months).

Title XVI annual percentage increases are determined by the percentage increase in the national cost of living index. At this time, the Social Security Administration estimates this percentage increase for the coming year will be 13.0%. The effect of this proposed legislation would be to increase the average monthly payment to each AFDC family by 13.0%, or \$44.59, beginning July 1, 1980. The maximum monthly payment for the average AFDC family would increase from \$343.00 to \$387.59 (\$343 x 1.13 = \$387.59).

Continued

Original: Legislative Finance Prepared by: Gordon Landes Date: March 18, 1980
 cc: Budget and Management Division/Office: Public Assistance PH: 465-3347
 Prime Sponsor (First Legislator Named) Department of Health & Social Services

III. ANALYSIS---Continued

Thus the impact of this legislation on the anticipated AFDC expenditures would be an increase of 4,047.3 (7,564 x \$44.59 x 12 months). 50% of this increase, 2023.7 would be federal matching funds.

- II. In the AFDC program the statutory maximum payment levels are also the qualifying standards for entry into the program. This proposal would increase these standards. For example, the maximum countable income an applicant with one child can have and still qualify for AFDC assistance is currently \$350. (This would also be the recipients's AFDC payment if he or she had no other countable income.) A 13.0% increase in the standard would establish a new qualifying limit of \$388.00 for this size family.

It is reasonable to assume that there are Alaskan families who have countable incomes over the current standards but under the higher proposed standards, and to assume that some of these families would choose to apply and would meet all other eligibility factors.

Therefore it is reasonable to assume that the legislation would add new recipients to the anticipated FY 81 caseload. However, there are no factual grounds upon which this assumption can be based. In fact, there is evidence demonstrating that these newly-eligible families are not likely to affect anticipated expenditures:

- (a) Effective July 1, 1978, a statutory amendment increased maximum payment levels and qualifying standards for 75% of AFDC applicants and recipients by \$50.00 per family. There was no sudden increase in the total number of recipients, and the rate of growth in the number of recipients in the twelve months after this change was not significantly changed from the rate of increase in the twelve months preceding this change.
- (b) An annual Social Security cost of living percentage increase has applied to the Adult Public Assistance programs for several years. Each July, the increase in standards and payments has not produced significant changes in the recipient growth rate in those programs.

The Department has no data proving that this legislation will not increase the total number of AFDC recipients, but the recent history of assistance programs does indicate that an increase is unlikely to happen. We are therefore not projecting any additional growth in caseload in AFDC solely as the result of this legislation, nor are we projecting any related increase in expenditures in the Medicaid and Eligibility Determination BRUs.

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Committee Substitute for House Bill 968 (Page 1 of 3)

Title Cost of Living Increase, Aid to Families with Dependent Children Program

Requested by House Rules Committee, by request Date April 29, 1980

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services

Program Category Affected Social & Economic Assistance for General Population; Health;

BRU, Program, or Subprogram(s) Affected Assistance Payments (AFDC), Medicaid, Eliq. Deter.

(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 | | 155.0 | | | | |
| 200 TRAVEL | | 3.0 | | | | |
| 300 CONTRACTUAL | | 6.0 | | | | |
| 400 COMMODITIES | | 6 | | | | |
| 500 EQUIPMENT | | 3.0 | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS, ETC. | | 15449.1 | | | | |
| TOTAL | | 15616.7 | | | | |

FUNDING (Thousands of Dollars)

| | | | | | | |
|-----------------------------|--|--------|--|--|--|--|
| GENERAL FUND | | 7825.9 | | | | |
| FEDERAL FUNDS | | 7790.8 | | | | |
| OTHER (Specify Fund Source) | | | | | | |

POSITIONS

| | | | | | | |
|-----------|--|---|--|--|--|--|
| FULL TIME | | 6 | | | | |
| PART TIME | | | | | | |
| TEMPORARY | | | | | | |

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

III. ANALYSIS

The FY 81 Aid to Families with Dependent Children (AFDC) budget anticipates that a monthly average of 7564 families will each receive an average monthly grant of \$343.00, for a total anticipated AFDC expenditure of 31,133.1 (7564 x \$343.00 x 12 months).

(1) Assistance Payments BRU, AFDC Program:

- (a) Adult Not Included (ANI) Cases: For FY 81, 24.8%, or 1876 of the anticipated 7564 AFDC cases, will consist of children living in the home of non-needy relatives. CSRB 968 calls for granting these cases an automatic annual percentage increase equal to the annual percentage benefits increase in the Social Security and Supplemental Security Income programs. For FY 81, this increase has been established at 14.3%.

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Prepared by: Gordon Landes Date: April 29, 1980

Division/Office: Public Assistance PII: 465-3347

Department of Health & Social Services

33-001 (Rev. 12/79)

Modify by DISS (11-28-79)

Approval DISS Mgt. & Bdgt: [Signature] Date: 4/30/80

605

III. ANALYSIS

This COLA would increase the average payment for Adult Not Included AFDC cases by \$33.21 per case per month, raising their anticipated average payment from \$232.21 to \$265.42 per month.

The cost of the COLA addition to ANI cases would be 747.6.
(\$33.21 increase per month x 1876 cases x 12 months = 747.6.)

(b) Adult Included (AI) Cases: CSHB 968 calls for AFDC children living with a needy relative to experience three increases: (1) an increase in basic maximum payment of \$100 per month (from \$350 maximum to \$450 maximum for a household with a parent and one child); (2) an increase in the additional amount for additional children from \$50 to \$75 each; and (3) adding the Social Security annual cost-of-living percentage of 14.3% to all AI cases.

(1) \$100 Maximum Payment Increase: For FY 81, 5688 cases per month will receive an average monthly payment of \$371.47. CSHB 968 would increase the average payment by \$100 per family. The cost of this provision would be 6825.6 (\$100 increase per month x 5688 cases x 12 months = 6825.6).

(2) \$75 Child Increment: CSHB would increase the additional maximum payment for second, third, and additional children by \$25, from \$50 to \$75 for each child. The "average" AFDC-AI case consists of 2.81 persons--a mother and 1.81 children. The first child is included in the base payment. Thus the cost of this provision would be 1382.2 (.81 children x \$25.00 increase x 5688 cases x 12 months).

(3) 14.3% COLA Adjustment: CSHB 968 would add the national cost of living percentage increase of 14.3% after the increased base payment and the child increment increase. The cost of this provision would be 4799.8 (\$371.47 FY 81 average payment + \$100 base increase + \$20.25 child increment increase = \$491.72 average payment x 14.3% x 5688 cases per month x 12 months).

(c) New Cases: In the AFDC program the statutory maximum payment levels are also the qualifying standards for entry into the program. CSHB 968 would increase these standards. For example, the maximum countable income a needy applicant with two children can have and still qualify for AFDC assistance is currently \$400. (This would also be the recipient's AFDC payment if he or she had no other countable income. The provisions of CSHB 968 would establish the new qualifying limit of \$600.00 for this 3-person family.

It is reasonable to assume that there are Alaskan families who have countable incomes over the current standards but under the higher proposed standards, and to assume that some of these families would choose to apply and would meet all other eligibility factors. However, there is no data, either within the past ten years of AFDC program utilization or from any other source that indicates whether new families would enter the program, or if they would, in what numbers.

Nevertheless, the Department believes a growth in families served will occur. Though it is nothing but an unsubstantiated guess, we believe the large increase in standards would attract an additional 800 families in FY 81. These new families are most likely to have an average countable non-AFDC income mid-way between the current and the proposed standards and thus qualify for an average monthly AFDC payment of \$92.13 (2.81 persons per household: \$350 + (.81 x \$50) = \$390.50 current, versus \$514 + (.81 x \$75) = \$574.75. 1/2 of \$574.75 - \$390.50 = \$92.13). This would produce an increased AFDC cost of 884.5 (\$92.13 average payment x 800 cases per month x 12 months).

(d) AFDC BRU Summary

| | | | | |
|-------------|------------------------|---|----------|----------------|
| 700 Grants: | ANI COLA Increase | = | 747.6 | |
| | AI \$100 Base Increase | = | 6,825.6 | |
| | AI \$25 Child Increase | = | 1,382.2 | |
| | AI COLA Increase | = | 4,799.8 | |
| | AI New Cases | = | 884.5 | |
| | TOTAL | | 14,639.7 | |
| | | | 7,319.9 | Federal |
| | | | 7,319.8 | State GF Match |

(2) Medicaid BRU

If 800 new families enter the AFDC program, they will be automatically eligible for Medicaid services. Approximately 60%, or 1349, of these 2248 persons (2.81 persons/family x 800 families) will use Medicaid services. Each of these 1349 persons will average \$600 in services in FY 81. Total cost to the Medicaid BRU will be 809.4 (1349 x \$600); 404.7 federal funds, 404.7 state general fund match; 700, Grants and Claims.

(3) Eligibility Determination BRU

The addition of 800 new AFDC and Medicaid cases will require additional eligibility staff and services. Additional staff required will be four Eligibility Worker IIs, one Eligibility Worker III supervisor, and one Clerk Typist III. The cost to the Eligibility Determination BRU will be:

| | | |
|-----|-------------------|-------|
| 100 | Personal Services | 155.0 |
| 200 | Travel | 3.0 |
| 300 | Contractual | 6.0 |
| 400 | Commodities | .6 |
| 500 | Equipment | 3.0 |

TOTAL 167.6

66.2 Federal Match
66.2 General Fund Match
35.2 General Fund

Sent 6/4/80
4:30 pm.

1 PROPOSED Senate Finance CS for CS HB 968 am

2 For an Act entitled: "An Act relating to maximum benefits paid as aid to
3 families with dependent children; and providing for an
4 effective date."

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

6 * Section 1. AS 47.25.320(a)(1) is amended to read:

7 (1) dependent child living with nonneedy relative: for a
8 child under age 18 who is living in the home of a nonneedy relative,
9 \$175 [\$150], plus an additional \$175 [\$150] for the second child, and
10 \$50 a child for the third and each additional child.

11 * Sec. 2. AS 47.25.320(a)(2)(A) is amended to read:

12 (A) for a parent and one child under 18, a maximum of
13 \$400 [\$350];

14 * Sec. 3. AS 47.25.320 is amended by adding a new subsection to read:

15 (d) If benefits under Title XVI of the Social Security Act (42
16 U.S.C. 1381 - 1385) are increased because of an increase in the cost of
17 living, the department shall increase the monetary maximums in (a) of
18 this section by a percentage equal to the percentage increase in bene-
19 fits under Title XVI.

20 * Sec. 4. AS 47.25.320(c) is repealed.

21 * Sec. 5. Sections 1 and 2 of this Act take effect January 1, 1981.

22 * Sec. 6. Section 3 of this Act takes effect July 1, 1980.

Rep. Buchholdt's Explanation of Costs of Proposed Sen. Finance CS for CS HB 968 am

Cost of COLA increase, only, for FY '81:

$\$343$ (avg. AFDC payment for FY '81) \times 1.143 (COLA %) = $\$343 + \$49.05 = \$392.05$

$\$392.05 \times 6835$ (# of AFDC families) \times 12 (months) = $\$ 32,155.9$ (TOTAL COST)

Total cost of COLA : \$ 4023
Federal funds: \$ 2011.5
State funds: \$ 2011.5

Cost of Base increases, plus COLA for these increases, for FY '81:

2.6 persons in avg. AFDC family, with COLA, get \$392.05.

With avg. increase of \$50 per family plus application of COLA to \$50, they would get \$483.49. Computation:

$50 \times 1.143 = \$57.15$

$50 \times .6 = 30 \times 1.143 = \34.29

$\$392.05 + 57.15 + 34.29 = \$483.49.$

Cost of \$50 plus COLA = $\$57.15 + 34.29 = \$91.44.$ $\$91.44 \times 6835 \times 6$ (months) = $\$3,750$

TOTAL cost of increase with COLA: \$ 3750
Federal funds: \$ 1875
State funds: \$ 1875

TOTAL COST OF PROPOSED CS:

COLA \$ 4023
Base increase (with COLA) \$ 3750
\$ 7773 (\$3886.5 state funds, \$3886.5 federal funds)



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

COMMITTEE REPORT
SENATE

FURTHER: None

5/30/80

Date: 6-4-80

Mr. President:

The Committee on FINANCE has had CSHB 969 (Finance) am
salmon 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

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]
CHAIRMAN

[Signature]

COMMITTEE REPORT

SENATE

FURTHER: none

5/15/80

Date: 5-26-80

Mr. President:

The Committee on FINANCE has had CSHB 969 (Fin) am
salmon 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 11/2 969 (Fin) same title
- and recommends substitute Rec new title
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]
[Signature]

[Signature]

CHAIRMAN

[Signature]

SENATE AMENDMENT

By Senate Finance Committee

To: _____ SENATE BILL No. _____

To: COMMITTEE SUBSTITUTE FOR HOUSE BILL No. 969 (Fin) am

PAGE:

LINE:

Page 3, Line 24: Delete "the form of"

Page 3, Line 26: Delete "the form of"

AMENDMENTS TO CS HB 969 (Finance) am:

page 1, line 11: delete "have been....initiated" and add:
"are furthering a valid public purpose by administering
authorized"

page 1, line 14: delete section (2) and (3) and replace
with new sections:

(2) The necessary financing of the salmon enhancement
programs administered by the regional aquaculture associations
has relied upon harvest assessments, either voluntary or
mandatory;

(3) The most equitable and non-discriminatory method
for providing revenues for regional salmon enhancement is to
burden those persons holding entry permits under AS 16.43.010 -
AS 16.43.380 who will realize enhanced return from the
aquaculture development;

page 1, line 21: amend sections (4) and (5) to read:

(4) the mandatory assessments initiated pursuant to
AS 16.10.530 are currently the subject of protracted litigation;

Delete → (5) It is furthering the public interest and is a
valid public purpose to ensure the uninterrupted continuation
of the current salmon enhancement programs, therefore, it is
essential that a revenue source for regional aquaculture
associations be developed before a final judicial determination
of the constitutionality of the mandatory assessments;

a.k. page 3, line 24: delete "the form of"

a.k. page 3, line 26: delete "the form of"

approved

AMENDMENTS TO CS HB 969 (Finance) am:

page 8, line 12: delete section 5 and section 6.

page 8, line 18: change section 7 to section 5. *Delete Sections 1-4 and 7*

page 8, line 20: delete section 8.

Original sponsor: Rules Committee

Offered: 4/30/80
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 969 (Finance) am
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 salmon fisheries enhancement; and
7 providing for an effective date "

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

9 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

10 (1) regional aquaculture associations qualified under AS 16.10.380
11 have been organized in many areas of the state and have initiated salmon
12 enhancement programs which will result in a general benefit to the state and
13 a direct benefit to the commercial, subsistence, and sport fisheries;

14 (2) commercial salmon harvesters in most regions where the regional
15 aquaculture associations are established have initiated self-imposed systems
16 of harvest assessments to provide financing of efficient regional salmon
17 enhancement programs;

18 (3) harvest assessments initiated in the regions are either volun-
19 tary or mandatory, depending on the choice of the commercial salmon harvesters
20 of each region;

21 (4) the mandatory assessment method initiated by many of the
22 regional aquaculture associations under the authorization of state law is
23 currently involved in protracted litigation;

24 (5) in order to ensure the uninterrupted continuation of the
25 current salmon enhancement programs, it is essential that a revenue source
26 for regional aquaculture associations be developed before a final judicial
27 determination of the constitutionality of the mandatory assessments;

28 (6) while future legislatures cannot be legally bound to return
29 revenues to each region based on the harvest assessments initiated in the

1 regions, this legislature clearly recognizes this duty.

2 (b) It is the purpose of this Act to provide a means for continuing a
3 mandatory method of revenue collection from commercial harvesters of salmon,
4 and to continue revenue distribution to those regional aquaculture associa-
5 tions which desire to use this means of ensuring that efficient salmon en-
6 hancement programs have the necessary financial resources to continue.

7 (c) It is also the purpose of this Act to establish as a legislative
8 policy the policy of making appropriations to the Department of Commerce and
9 Economic Development to provide financing for qualified regional associa-
10 tions, and to base those appropriations on the revenue received from the
11 collection of the salmon enhancement tax. The legislature may base an appro-
12 priation for a region on the value of fisheries resources caught in the
13 region rather than the value of the fisheries resources sold in the region
14 when those values differ. This section does not constitute a limitation on
15 the use which the legislature may make of the proceeds of the salmon enhance-
16 ment tax collected under this chapter.

17 * Sec. 2. AS 43 is amended by adding a new chapter to read:

18 CHAPTER 76. SALMON ENHANCEMENT TAX.

19 Sec. 43.76.010. THREE PERCENT SALMON ENHANCEMENT TAX. (a) A
20 person holding a limited entry permit under AS 16.43.010 - 16.43.380
21 shall pay a salmon enhancement tax at the rate of three percent of the
22 value of salmon, as defined in AS 43.75.140(7), that the person sells to
23 a processor licensed under AS 43.75.011. The processor shall collect
24 the salmon enhancement tax at the time of the sale.

25 (b) A three percent salmon enhancement tax may only be levied or
26 collected under (a) of this section

27 (1) in a region designated by the commissioner of fish and
28 game for the purpose of salmon production under AS 16.10.375;

29 (2) if there exists in that region an association determined

1 by the commissioner of fish and game to be a qualified regional associa-
2 tion under AS 16.10.380; and

3 (3) if the qualified regional association approves the three
4 percent salmon enhancement tax under AS 43.76.015.

5 Sec. 43.76.011. TWO PERCENT SALMON ENHANCEMENT TAX. (a) A person
6 holding a limited entry permit under AS 16.43.010 - 16.43.380 shall pay
7 a salmon enhancement tax at the rate of two percent of the value of
8 salmon, as defined in AS 43.75.140(7), that the person sells to a pro-
9 cessor licensed under AS 43.75.011. The processor shall collect the
10 salmon enhancement tax at the time of the sale.

11 (b) A two percent salmon enhancement tax may only be levied or
12 collected under (a) of this section

13 (1) in a region designated by the commissioner of fish and
14 game for the purpose of salmon production under AS 16.10.375;

15 (2) if there exists in that region an association determined
16 by the commissioner of fish and game to be a qualified regional associa-
17 tion under AS 16.10.380; and

18 (3) if the qualified regional association approves the two
19 percent salmon enhancement tax under AS 43.76.015.

20 Sec. 43.76.015. ELECTION TO APPROVE OR TERMINATE SALMON ENHANCE-
21 MENT TAX. (a) A qualified regional association may conduct an election
22 under this section after the commissioner of commerce and economic
23 development approves

24 (1) the form of the notice to be published by the qualified
25 regional association;

26 (2) the form of the ballot to be used in the election; and

27 (3) the registration and voting procedure for the approval or
28 termination of the salmon enhancement tax.

29 (b) The salmon enhancement tax is levied under AS 43.76.010 or

1 43.76.011 in a region on the effective date stated on the ballot if

2 (1) it is approved by a majority vote of the eligible interim-
3 use permit and entry permit holders voting in an election held under
4 this section in the region; and

5 (2) the election results are certified by the commissioner of
6 commerce and economic development.

7 (c) In conducting an election under this section, a qualified
8 regional association shall adopt the following procedures:

9 (1) The qualified regional association for the region shall
10 hold at least one public meeting not less than 30 days before the date
11 on which ballots must be postmarked to be counted in the election to
12 explain the reason for the proposed salmon enhancement tax and to ex-
13 plain the registration and voting procedure to be used in the election.
14 The qualified regional association shall provide notice of the meeting
15 by

16 (A) mailing the notice to each eligible interim-use
17 permit and entry permit holder;

18 (B) posting the notice in at least three public places
19 in the region; and

20 (C) publishing the notice in at least one newspaper of
21 general circulation in the region at least once a week for two
22 consecutive weeks before the meeting.

23 (2) The qualified regional association shall mail two ballots
24 to each eligible interim-use permit and entry permit holder. The first
25 ballot shall be mailed no more than 45 days before the date ballots must
26 be postmarked to be counted in the election. The second ballot shall be
27 mailed no less than 15 days before the date ballots must be postmarked
28 to be counted in the election. The qualified regional association shall
29 adopt procedures to insure that only one ballot from each eligible

1 interim-use permit and entry permit holder is counted in the election.

2 (3) The ballot shall

3 (A) indicate whether the election relates to a salmon
4 enhancement tax under AS 43.76.010 or to a salmon enhancement tax
5 under AS 43.76.011;

6 (B) ask the question whether the salmon enhancement tax
7 shall be levied;

8 (C) indicate the boundaries of the region in which the
9 salmon enhancement tax will be levied;

10 (D) provide an effective date for the levy of the salmon
11 enhancement tax; and

12 (E) indicate the date on which returned ballots must be
13 postmarked in order to be counted.

14 (4) The ballots shall be returned by mail and shall be
15 counted by the commissioner of commerce and economic development or by a
16 person approved by the commissioner of commerce and economic develop-
17 ment.

18 (d) The commissioner of commerce and economic development shall
19 certify the results of an election under this section if he determines
20 that the requirements of (a) and (c) of this section have been satisfied.

21 (e) Except as provided in AS 43.76.020(b)(2), an election to
22 terminate a salmon enhancement tax shall be conducted under the same
23 procedures established under (a) and (c) - (d) of this section for an
24 election to approve a salmon enhancement tax.

25 (f) In this section, "eligible interim-use permit and entry permit
26 holder" means an individual who, 90 days before the date ballots must be
27 postmarked to be counted in an election under this section, is listed in
28 the records of the Alaska Commercial Fisheries Entry Commission as the
29 legal owner of an interim-use permit or an entry permit which authorizes

1 him to fish commercially in an administrative area, established by the
2 Alaska Commercial Fisheries Entry Commission under AS 16.43.200, which
3 is included, in whole or in part, in the region in which the election is
4 held.

5 Sec. 43.76.020. TERMINATION OF SALMON ENHANCEMENT TAX. (a) The
6 salmon enhancement tax levied under AS 43.76.010 may be terminated by
7 the commissioner of revenue upon majority vote at an election held under
8 AS 43.76.015 in the region in which the salmon enhancement tax is
9 levied.

10 (b) A salmon enhancement tax shall be terminated by the commis-
11 sioner of revenue under (a) of this section following an election in a
12 region if

13 (1) a petition is presented to the commissioner of commerce
14 and economic development requesting termination of the salmon enhance-
15 ment tax which is signed by at least 25 percent of the number of persons
16 who voted under AS 43.76.015 in the election approving the salmon enhance-
17 ment tax in the region;

18 (2) an election is held in accordance with AS 43.76.015; the
19 ballot shall ask the question whether the salmon enhancement tax for the
20 region shall be terminated; the ballot shall be worded so that a "yes"
21 vote is for continuation of the salmon enhancement tax and a "no" vote
22 is for termination of the salmon enhancement tax;

23 (3) a majority of the eligible interim-use permit and entry
24 permit holders who vote in the election cast a ballot for the termina-
25 tion of the salmon enhancement tax;

26 (4) the qualified regional association provides notice of the
27 election in accordance with AS 43.76.015 within two months after re-
28 ceiving notice from the commissioner of commerce and economic develop-
29 ment that a valid petition under (1) of this subsection has been re-

1 ceived.

2 Sec. 43.76.025. COLLECTION OF TAX AND DISPOSITION OF PROCEEDS.

3 (a) A processor who buys fisheries resources which are subject to the
4 salmon enhancement tax imposed by AS 43.76.010 or 43.76.011 shall col-
5 lect the salmon enhancement tax at the time of purchase, and shall remit
6 the total salmon enhancement tax collected during each month to the
7 Department of Revenue by the last day of the next month.

8 (b) A processor who collects the salmon enhancement tax shall

9 (1) maintain records reflecting the region designated under
10 AS 16.10.375 in which the fishery resource was caught; and

11 (2) report to the Department of Revenue by March 1 of each
12 year the total value, as defined in AS 43.75.140(7), of the salmon
13 caught in each region designated under AS 16.10.375 which the processor
14 has purchased during the preceding year.

15 (c) The salmon enhancement tax collected under this chapter shall
16 be deposited in the general fund. The legislature may make appropria-
17 tions based on this revenue to the Department of Commerce and Economic
18 Development for the purpose of providing financing for qualified re-
19 gional associations. The legislature may base an appropriation for a
20 qualified regional association operating within a region designated
21 under AS 16.10.375 on the value of the fisheries resources caught in
22 that region rather than the value of the fisheries resources sold in
23 that region if those values differ.

24 * Sec. 3. AS 16.10 is amended by adding a new section to read:

25 Sec. 16.10.385. ACCOUNTING OF FINANCING RECEIVED AS A RESULT OF
26 THE SALMON ENHANCEMENT TAX. A qualified regional association requesting
27 state financial assistance in accordance with AS 43.76.025(c) shall
28 submit an annual financial report to the Department of Commerce and
29 Economic Development on a form provided by the Department of Commerce

1 and Economic Development. The Department of Commerce and Economic
2 Development may, by regulation, require that a qualified regional asso-
3 ciation use a uniform system of accounting. A qualified regional asso-
4 ciation requesting state assistance shall submit an annual budget to the
5 Department of Commerce and Economic Development on or before a date
6 specified by the Department of Commerce and Economic Development.

7 * Sec. 4. The commissioner of commerce and economic development shall
8 direct that no further royalty assessments be collected under AS 16.10.530 on
9 or after the effective date of an election in the region of a qualified
10 regional association that approves a salmon enhancement tax in accordance
11 with AS 43.76.010 - 43.76.015.

12 * Sec. 5. The approval of a salmon enhancement tax in accordance with
13 AS 43.76.010 - 43.76.015 constitutes compliance with the requirements of
14 AS 16.10.530 for the imposition of a mandatory assessment on the sale of
15 salmon under AS 16.10.530.

16 * Sec. 6. Sections 1 and 4 of this Act, AS 43.76, and AS 16.10.385 are
17 repealed.

18 * Sec. 7. Sections 1 - 4 and 7 of this Act take effect immediately in
19 accordance with AS 01.10.070(c).

20 * Sec. 8. Sections 5, 6 and 8 of this Act take effect on the publication
21 date of a decision by the Alaska Supreme Court in the appeal of State of
22 Alaska v. Wayne Alex, et al (Supreme Court File No. 5065), if the decision
23 holds that AS 16.10.530 does not violate the Constitution of the State of
24 Alaska.

SENATE AMENDMENT ~~13~~

By

Sen. Ray

To: _____ SENATE BILL No. _____

To: _____ HOUSE BILL No. 969

PAGE: 8 LINE: 12

Delete sections 5, 6 and 8 and renumber accordingly

AMENDMENTS TO CS HB 969 (Finance) am:

page 1, line 11: delete "have been....initiated" and add:
"are furthering a valid public purpose by administering
authorized"

page 1, line 14: delete section (2) and (3) and replace
with new sections:

(2) The necessary financing of the salmon enhancement programs administered by the regional aquaculture associations has relied upon harvest assessments, either voluntary or mandatory;

(3) The most equitable and non-discriminatory method for providing revenues for regional salmon enhancement is to burden those persons holding entry permits under AS 16.43.010 - AS 16.43.380 who will realize enhanced return from the aquaculture development;

page 1, line 21: amend sections (4) and (5) to read:

(4) the mandatory assessments initiated pursuant to AS 16.10.) are currently the subject of protracted litigation;

(5) It is furthering the public interest and is a valid public purpose to ensure the uninterrupted continuation of the current salmon enhancement programs, therefore, it is essential that a revenue source for regional aquaculture associations be developed before a final judicial determination of the constitutionality of the mandatory assessments;

page 3, line 24: delete "the form of"

page 3, line 26: delete "the form of"

AMENDMENTS TO CS HB 969 (Finance) am:

page 8, line 12: delete section 5 and section 6.

page 8, line 18: change section 7 to section 5. *Delete Sections 1, 4 and 7*

page 8, line 20: delete section 8.

Original sponsor: Rules Committee

Offered: 4/30/80
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 969 (Finance) am
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 salmon fisheries enhancement; and
7 providing for an effective date."

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

9 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

10 (1) regional aquaculture associations qualified under AS 16.10.380
11 have been organized in many areas of the state and have initiated salmon
12 enhancement programs which will result in a general benefit to the state and
13 a direct benefit to the commercial, subsistence, and sport fisheries;

14 (2) commercial salmon harvesters in most regions where the regional
15 aquaculture associations are established have initiated self-imposed systems
16 of harvest assessments to provide financing of efficient regional salmon
17 enhancement programs;

18 (3) harvest assessments initiated in the regions are either volun-
19 tary or mandatory, depending on the choice of the commercial salmon harvesters
20 of each region;

21 (4) the mandatory assessment method initiated by many of the
22 regional aquaculture associations under the authorization of state law is
23 currently involved in protracted litigation;

24 (5) in order to ensure the uninterrupted continuation of the
25 current salmon enhancement programs, it is essential that a revenue source
26 for regional aquaculture associations be developed before a final judicial
27 determination of the constitutionality of the mandatory assessments;

28 (6) while future legislatures cannot be legally bound to return
29 revenues to each region based on the harvest assessments initiated in the

1 regions, this legislature clearly recognizes this duty.

2 (b) It is the purpose of this Act to provide a means for continuing a
3 mandatory method of revenue collection from commercial harvesters of salmon,
4 and to continue revenue distribution to those regional aquaculture associa-
5 tions which desire to use this means of ensuring that efficient salmon en-
6 hancement programs have the necessary financial resources to continue.

7 (c) It is also the purpose of this Act to establish as a legislative
8 policy the policy of making appropriations to the Department of Commerce and
9 Economic Development to provide financing for qualified regional associa-
10 tions, and to base those appropriations on the revenue received from the
11 collection of the salmon enhancement tax. The legislature may base an appro-
12 priation for a region on the value of fisheries resources caught in the
13 region rather than the value of the fisheries resources sold in the region
14 when those values differ. This section does not constitute a limitation on
15 the use which the legislature may make of the proceeds of the salmon enhance-
16 ment tax collected under this chapter.

17 * Sec. 2. AS 43 is amended by adding a new chapter to read:

18 CHAPTER 76. SALMON ENHANCEMENT TAX.

19 Sec. 43.76.010. THREE PERCENT SALMON ENHANCEMENT TAX. (a) A
20 person holding a limited entry permit under AS 16.43.010 - 16.43.380
21 shall pay a salmon enhancement tax at the rate of three percent of the
22 value of salmon, as defined in AS 43.75.140(7), that the person sells to
23 a processor licensed under AS 43.75.011. The processor shall collect
24 the salmon enhancement tax at the time of the sale.

25 (b) A three percent salmon enhancement tax may only be levied or
26 collected under (a) of this section

27 (1) in a region designated by the commissioner of fish and
28 game for the purpose of salmon production under AS 16.10.375;

29 (2) if there exists in that region an association determined

1 by the commissioner of fish and game to be a qualified regional associa-
2 tion under AS 16.10.380; and

3 (3) if the qualified regional association approves the three
4 percent salmon enhancement tax under AS 43.76.015.

5 Sec. 43.76.011. TWO PERCENT SALMON ENHANCEMENT TAX. (a) A person
6 holding a limited entry permit under AS 16.43.010 - 16.43.380 shall pay
7 a salmon enhancement tax at the rate of two percent of the value of
8 salmon, as defined in AS 43.75.140(7), that the person sells to a pro-
9 cessor licensed under AS 43.75.011. The processor shall collect the
10 salmon enhancement tax at the time of the sale.

11 (b) A two percent salmon enhancement tax may only be levied or
12 collected under (a) of this section

13 (1) in a region designated by the commissioner of fish and
14 game for the purpose of salmon production under AS 16.10.375;

15 (2) if there exists in that region an association determined
16 by the commissioner of fish and game to be a qualified regional associa-
17 tion under AS 16.10.380; and

18 (3) if the qualified regional association approves the two
19 percent salmon enhancement tax under AS 43.76.015.

20 Sec. 43.76.015. ELECTION TO APPROVE OR TERMINATE SALMON ENHANCE-
21 MENT TAX. (a) A qualified regional association may conduct an election
22 under this section after the commissioner of commerce and economic
23 development approves

24 (1) the form of the notice to be published by the qualified
25 regional association;

26 (2) the form of the ballot to be used in the election; and

27 (3) the registration and voting procedure for the approval or
28 termination of the salmon enhancement tax.

29 (b) The salmon enhancement tax is levied under AS 43.76.010 or

1 43.76.011 in a region on the effective date stated on the ballot if

2 (1) it is approved by a majority vote of the eligible interim-
3 use permit and entry permit holders voting in an election held under
4 this section in the region; and

5 (2) the election results are certified by the commissioner of
6 commerce and economic development.

7 (c) In conducting an election under this section, a qualified
8 regional association shall adopt the following procedures:

9 (1) The qualified regional association for the region shall
10 hold at least one public meeting not less than 30 days before the date
11 on which ballots must be postmarked to be counted in the election to
12 explain the reason for the proposed salmon enhancement tax and to ex-
13 plain the registration and voting procedure to be used in the election.
14 The qualified regional association shall provide notice of the meeting
15 by

16 (A) mailing the notice to each eligible interim-use
17 permit and entry permit holder;

18 (B) posting the notice in at least three public places
19 in the region; and

20 (C) publishing the notice in at least one newspaper of
21 general circulation in the region at least once a week for two
22 consecutive weeks before the meeting.

23 (2) The qualified regional association shall mail two ballots
24 to each eligible interim-use permit and entry permit holder. The first
25 ballot shall be mailed no more than 45 days before the date ballots must
26 be postmarked to be counted in the election. The second ballot shall be
27 mailed no less than 15 days before the date ballots must be postmarked
28 to be counted in the election. The qualified regional association shall
29 adopt procedures to insure that only one ballot from each eligible

1 interim-use permit and entry permit holder is counted in the election.

2 (3) The ballot shall

3 (A) indicate whether the election relates to a salmon
4 enhancement tax under AS 43.76.010 or to a salmon enhancement tax
5 under AS 43.76.011;

6 (B) ask the question whether the salmon enhancement tax
7 shall be levied;

8 (C) indicate the boundaries of the region in which the
9 salmon enhancement tax will be levied;

10 (D) provide an effective date for the levy of the salmon
11 enhancement tax; and

12 (E) indicate the date on which returned ballots must be
13 postmarked in order to be counted.

14 (4) The ballots shall be returned by mail and shall be
15 counted by the commissioner of commerce and economic development or by a
16 person approved by the commissioner of commerce and economic develop-
17 ment.

18 (d) The commissioner of commerce and economic development shall
19 certify the results of an election under this section if he determines
20 that the requirements of (a) and (c) of this section have been satisfied.

21 (e) Except as provided in AS 43.76.020(b)(2), an election to
22 terminate a salmon enhancement tax shall be conducted under the same
23 procedures established under (a) and (c) - (d) of this section for an
24 election to approve a salmon enhancement tax.

25 (f) In this section, "eligible interim-use permit and entry permit
26 holder" means an individual who, 90 days before the date ballots must be
27 postmarked to be counted in an election under this section, is listed in
28 the records of the Alaska Commercial Fisheries Entry Commission as the
29 legal owner of an interim-use permit or an entry permit which authorizes

1 him to fish commercially in an administrative area, established by the
2 Alaska Commercial Fisheries Entry Commission under AS 16.43.200, which
3 is included, in whole or in part, in the region in which the election is
4 held.

5 Sec. 43.76.020. TERMINATION OF SALMON ENHANCEMENT TAX. (a) The
6 salmon enhancement tax levied under AS 43.76.010 may be terminated by
7 the commissioner of revenue upon majority vote at an election held under
8 AS 43.76.015 in the region in which the salmon enhancement tax is
9 levied.

10 (b) A salmon enhancement tax shall be terminated by the commis-
11 sioner of revenue under (a) of this section following an election in a
12 region if

13 (1) a petition is presented to the commissioner of commerce
14 and economic development requesting termination of the salmon enhance-
15 ment tax which is signed by at least 25 percent of the number of persons
16 who voted under AS 43.76.015 in the election approving the salmon enhance-
17 ment tax in the region;

18 (2) an election is held in accordance with AS 43.76.015; the
19 ballot shall ask the question whether the salmon enhancement tax for the
20 region shall be terminated; the ballot shall be worded so that a "yes"
21 vote is for continuation of the salmon enhancement tax and a "no" vote
22 is for termination of the salmon enhancement tax;

23 (3) a majority of the eligible interim-use permit and entry
24 permit holders who vote in the election cast a ballot for the termina-
25 tion of the salmon enhancement tax;

26 (4) the qualified regional association provides notice of the
27 election in accordance with AS 43.76.015 within two months after re-
28 ceiving notice from the commissioner of commerce and economic develop-
29 ment that a valid petition under (1) of this subsection has been re-

1 ceived.

2 Sec. 43.76.025. COLLECTION OF TAX AND DISPOSITION OF PROCEEDS.

3 (a) A processor who buys fisheries resources which are subject to the
4 salmon enhancement tax imposed by AS 43.76.010 or 43.76.011 shall col-
5 lect the salmon enhancement tax at the time of purchase, and shall remit
6 the total salmon enhancement tax collected during each month to the
7 Department of Revenue by the last day of the next month.

8 (b) A processor who collects the salmon enhancement tax shall

9 (1) maintain records reflecting the region designated under
10 AS 16.10.375 in which the fishery resource was caught; and

11 (2) report to the Department of Revenue by March 1 of each
12 year the total value, as defined in AS 43.75.140(7), of the salmon
13 caught in each region designated under AS 16.10.375 which the processor
14 has purchased during the preceding year.

15 (c) The salmon enhancement tax collected under this chapter shall
16 be deposited in the general fund. The legislature may make appropria-
17 tions based on this revenue to the Department of Commerce and Economic
18 Development for the purpose of providing financing for qualified re-
19 gional associations. The legislature may base an appropriation for a
20 qualified regional association operating within a region designated
21 under AS 16.10.375 on the value of the fisheries resources caught in
22 that region rather than the value of the fisheries resources sold in
23 that region if those values differ.

24 * Sec. 3. AS 16.10 is amended by adding a new section to read:

25 Sec. 16.10.385. ACCOUNTING OF FINANCING RECEIVED AS A RESULT OF
26 THE SALMON ENHANCEMENT TAX. A qualified regional association requesting
27 state financial assistance in accordance with AS 43.76.025(c) shall
28 submit an annual financial report to the Department of Commerce and
29 Economic Development on a form provided by the Department of Commerce

1 and Economic Development. The Department of Commerce and Economic
2 Development may, by regulation, require that a qualified regional asso-
3 ciation use a uniform system of accounting. A qualified regional asso-
4 ciation requesting state assistance shall submit an annual budget to the
5 Department of Commerce and Economic Development on or before a date
6 specified by the Department of Commerce and Economic Development.

7 * Sec. 4. The commissioner of commerce and economic development shall
8 direct that no further royalty assessments be collected under AS 16.10.530 on
9 or after the effective date of an election in the region of a qualified
10 regional association that approves a salmon enhancement tax in accordance
11 with AS 43.76.010 - 43.76.015.

12 * Sec. 5. The approval of a salmon enhancement tax in accordance with
13 AS 43.76.010 - 43.76.015 constitutes compliance with the requirements of
14 AS 16.10.530 for the imposition of a mandatory assessment on the sale of
15 salmon under AS 16.10.530.

16 * Sec. 6. Sections 1 and 4 of this Act, AS 43.76, and AS 16.10.385 are
17 repealed.

18 * Sec. 7. Sections 1 - 4 and 7 of this Act take effect immediately in
19 accordance with AS 01.10.070(c).

20 * Sec. 8. Sections 5, 6 and 8 of this Act take effect on the publication
21 date of a decision by the Alaska Supreme Court in the appeal of State of
22 Alaska v. Wayne Alex, et al (Supreme Court File No. 5065), if the decision
23 holds that AS 16.10.530 does not violate the Constitution of the State of
24 Alaska.

Original sponsor: Rules Committee

Offered: 4/30/80
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 969 (Finance)

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 salmon fisheries enhancement."

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

8 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

9 (1) regional aquaculture associations qualified under AS 16.10.380
10 have been organized in many areas of the state and have initiated salmon
11 enhancement programs which will result in a general benefit to the state and
12 a direct benefit to the commercial, subsistence, and sport fisheries;

13 (2) commercial salmon harvesters in most regions where the regional
14 aquaculture associations are established have initiated self-imposed systems
15 of harvest assessments to provide financing of efficient regional salmon
16 enhancement programs;

17 (3) harvest assessments initiated in the regions are either volun-
18 tary or mandatory, depending on the choice of the commercial salmon harvesters
19 of each region;

20 (4) the mandatory assessment method initiated by many of the
21 regional aquaculture associations under the authorization of state law is
22 currently involved in protracted litigation;

23 (5) in order to ensure the uninterrupted continuation of the
24 current salmon enhancement programs, it is essential that a revenue source
25 for regional aquaculture associations be developed before a final judicial
26 determination of the constitutionality of the mandatory assessments;

27 (6) while future legislatures cannot be legally bound to return
28 revenues to each region based on the harvest assessments initiated in the
29 regions, this legislature clearly recognizes this duty.

1 (b) It is the purpose of this Act to provide a means for continuing a
2 mandatory method of revenue collection from commercial harvesters of salmon,
3 and to continue revenue distribution to those regional aquaculture associa-
4 tions which desire to use this means of ensuring that efficient salmon en-
5 hancement programs have the necessary financial resources to continue.

6 (c) It is also the purpose of this Act to establish as a legislative
7 policy the policy of making appropriations to the Department of Commerce and
8 Economic Development to provide financing for qualified regional associa-
9 tions, and to base those appropriations on the revenue received from the
10 collection of the salmon enhancement tax. The legislature may base an appro-
11 priation for a region on the value of fisheries resources caught in the
12 region rather than the value of the fisheries resources sold in the region
13 when those values differ. This section does not constitute a limitation on
14 the use which the legislature may make of the proceeds of the salmon enhance-
15 ment tax collected under this chapter.

16 * Sec. 2. AS 43 is amended by adding a new chapter to read:

17 CHAPTER 76. SALMON ENHANCEMENT TAX.

18 Sec. 43.76.010. THREE PERCENT SALMON ENHANCEMENT TAX. (a) A
19 person holding a limited entry permit under AS 16.43.010 - 16.43.380
20 shall pay a salmon enhancement tax at the rate of three percent of the
21 value of salmon, as defined in AS 43.75.140(7), that th person sells to
22 a processor licensed under AS 43.75.011. The processor shall collect
23 the salmon enhancement tax at the time of the sale.

24 (b) A three percent salmon enhancement tax may only be levied or
25 collected under (a) of this section

26 (1) in a region designated by the commissioner of fish and
27 game for the purpose of salmon production under AS 16.10.375;

28 (2) if there exists in that region an association determined
29 by the commissioner of fish and game to be a qualified regional associa-

tion under AS 16.10.380; and

(3) if the qualified regional association approves the three percent salmon enhancement tax under AS 43.76.015.

Sec. 43.76.011. TWO PERCENT SALMON ENHANCEMENT TAX. (a) A person holding a limited entry permit under AS 16.43.010 - 16.43.380 shall pay a salmon enhancement tax at the rate of two percent of the value of salmon, as defined in AS 43.75.140(7), that the person sells to a processor licensed under AS 43.75.011. The processor shall collect the salmon enhancement tax at the time of the sale.

(b) A two percent salmon enhancement tax may only be levied or collected under (a) of this section

(1) in a region designated by the commissioner of fish and game for the purpose of salmon production under AS 16.10.375;

(2) if there exists in that region an association determined by the commissioner of fish and game to be a qualified regional association under AS 16.10.380; and

(3) if the qualified regional association approves the two percent salmon enhancement tax under AS 43.76.015.

Sec. 43.76.015. ELECTION TO APPROVE OR TERMINATE SALMON ENHANCEMENT TAX. (a) A qualified regional association may conduct an election under this section after the commissioner of commerce and economic development approves

(1) the form of the notice to be published by the qualified regional association;

(2) the form of the ballot to be used in the election; and

(3) the registration and voting procedure for the approval or termination of the salmon enhancement tax.

(b) The salmon enhancement tax is levied under AS 43.76.010 or 43.76.011 in a region on the effective date stated on the ballot if

1 (1) it is approved by a majority vote of the eligible interim-
2 use permit and entry permit holders voting in an election held under
3 this section in the region; and

4 (2) the election results are certified by the commissioner of
5 commerce and economic development.

6 (c) In conducting an election under this section, a qualified
7 regional association shall adopt the following procedures:

8 (1) The qualified regional association for the region shall
9 hold at least one public meeting not less than 30 days before the date
10 on which ballots must be postmarked to be counted in the election to
11 explain the reason for the proposed salmon enhancement tax and to ex-
12 plain the registration and voting procedure to be used in the election.
13 The qualified regional association shall provide notice of the meeting
14 by

15 (A) mailing the notice to each eligible interim-use
16 permit and entry permit holder;

17 (B) posting the notice in at least three public places
18 in the region; and

19 (C) publishing the notice in at least one newspaper of
20 general circulation in the region at least once a week for two
21 consecutive weeks before the meeting.

22 (2) The qualified regional association shall mail two ballots
23 to each eligible interim-use permit and entry permit holder. The first
24 ballot shall be mailed no more than 45 days before the date ballots must
25 be postmarked to be counted in the election. The second ballot shall be
26 mailed no less than 15 days before the date ballots must be postmarked
27 to be counted in the election. The qualified regional association shall
28 adopt procedures to insure that only one ballot from each eligible
29 interim-use permit and entry permit holder is counted in the election.

1 (3) The ballot shall

2 (A) indicate whether the election relates to a salmon
3 enhancement tax under AS 43.76.010 or to a salmon enhancement tax
4 under AS 43.76.011;

5 (B) ask the question whether the salmon enhancement tax
6 shall be levied;

7 (C) indicate the boundaries of the region in which the
8 salmon enhancement tax will be levied;

9 (D) provide an effective date for the levy of the salmon
10 enhancement tax; and

11 (E) indicate the date on which returned ballots must be
12 postmarked in order to be counted.

13 (4) The ballots shall be returned by mail and shall be
14 counted by the commissioner of commerce and economic development or by a
15 person approved by the commissioner of commerce and economic develop-
16 ment.

17 (d) The commissioner of commerce and economic development shall
18 certify the results of an election under this section if he determines
19 that the requirements of (a) and (c) of this section have been satisfied.

20 (e) Except as provided in AS 43.76.020(b)(2), an election to
21 terminate a salmon enhancement tax shall be conducted under the same
22 procedures established under (a) and (c) - (d) of this section for an
23 election to approve a salmon enhancement tax.

24 (f) In this section, "eligible interim-use permit and entry permit
25 holder" means an individual who, 90 days before the date ballots must be
26 postmarked to be counted in an election under this section, is listed in
27 the records of the Alaska Commercial Fisheries Entry Commission as the
28 legal owner of an interim-use permit or an entry permit which authorizes
29 him to fish commercially in an administrative area, established by the

1 Alaska Commercial Fisheries Entry Commission under AS 16.43.200, which
2 is included, in whole or in part, in the region in which the election is
3 held.

4 Sec. 43.76.020. TERMINATION OF SALMON ENHANCEMENT TAX. (a) The
5 salmon enhancement tax levied under AS 43.76.010 may be terminated by
6 the commissioner of revenue upon majority vote at an election held under
7 AS 43.76.015 in the region in which the salmon enhancement tax is
8 levied.

9 (b) A salmon enhancement tax shall be terminated by the commis-
10 sioner of revenue under (a) of this section following an election in a
11 region if

12 (1) a petition is presented to the commissioner of commerce
13 and economic development requesting termination of the salmon enhance-
14 ment tax which is signed by at least 25 percent of the number of persons
15 who were qualified to vote under AS 43.76.015 in the election approving
16 the salmon enhancement tax in the region;

17 (2) an election is held in accordance with AS 43.76.015; the
18 ballot shall ask the question whether the salmon enhancement tax for the
19 region shall be terminated; the ballot shall be worded so that a "yes"
20 vote is for continuation of the salmon enhancement tax and a "no" vote
21 is for termination of the salmon enhancement tax;

22 (3) a majority of the eligible interim-use permit and entry
23 permit holders who vote in the election cast a ballot for the termina-
24 tion of the salmon enhancement tax;

25 (4) the qualified regional association provides notice of the
26 election in accordance with AS 43.76.015 within two months after re-
27 ceiving notice from the commissioner of commerce and economic develop-
28 ment that a valid petition under (1) of this subsection has been re-
29 ceived.

1 Sec. 43.76.025. COLLECTION OF TAX AND DISPOSITION OF PROCEEDS.

2 (a) A processor who buys fisheries resources which are subject to the
3 salmon enhancement tax imposed by AS 43.76.010 or 43.76.011 shall col-
4 lect the salmon enhancement tax at the time of purchase, and shall remit
5 the total salmon enhancement tax collected during each month to the
6 Department of Revenue by the last day of the next month.

7 (b) A processor who collects the salmon enhancement tax shall

8 (1) maintain records reflecting the region designated under
9 AS 16.10.375 in which the fishery resource was caught; and

10 (2) report to the Department of Revenue by March 1 of each
11 year the total value, as defined in AS 43.75.140(7), of the salmon
12 caught in each region designated under AS 16.10.375 which the processor
13 has purchased during the preceding year.

14 (c) The salmon enhancement tax collected under this chapter shall
15 be deposited in the general fund. The legislature may make appropria-
16 tions based on this revenue to the Department of Commerce and Economic
17 Development for the purpose of providing financing for qualified re-
18 gional associations. The legislature may base an appropriation for a
19 qualified regional association operating within a region designated
20 under AS 16.10.375 on the value of the fisheries resources caught in
21 that region rather than the value of the fisheries resources sold in
22 that region if those values differ.

23 * Sec. 3. AS 16.10 is amended by adding a new section to read:

24 Sec. 16.10.385. ACCOUNTING OF FINANCING RECEIVED AS A RESULT OF
25 THE SALMON ENHANCEMENT TAX. A qualified regional association requesting
26 state financial assistance in accordance with AS 43.76.025(c) shall
27 submit an annual financial report to the Department of Commerce and
28 Economic Development on a form provided by the Department of Commerce
29 and Economic Development. The Department of Commerce and Economic

1 Development may, by regulation, require that a qualified regional asso-
2 ciation use a uniform system of accounting. A qualified regional asso-
3 ciation requesting state assistance shall submit an annual budget to the
4 Department of Commerce and Economic Development on or before a date
5 specified by the Department of Commerce and Economic Development.

6 * Sec. 4. The commissioner of commerce and economic development shall
7 direct that no further royalty assessments be collected under AS 16.10.530 on
8 or after the effective date of an election in the region of a qualified
9 regional association that approves a salmon enhancement tax in accordance
10 with AS 43.76.010 - 43.76.015.

11 * Sec. 5. The approval of a salmon enhancement tax in accordance with
12 AS 43.76.010 - 43.76.015 constitutes compliance with the requirements of
13 AS 16.10.530 for the imposition of a mandatory assessment on the sale of
14 salmon under AS 16.10.530.

15 * Sec. 6. Sections 1 and 4 of this Act, AS 43.76, and AS 16.10.385 are
16 repealed.

17 * Sec. 7. Sections 1 - 4 and 7 of this Act take effect immediately in
18 accordance with AS 01.10.070(c).

19 * Sec. 8. Sections 5, 6 and 8 of this Act take effect on the publication
20 date of a decision by the Alaska Supreme Court in the appeal of State of
21 Alaska v. Wayne Alex, et al (Supreme Court File No. 5065), if the decision
22 holds that AS 16.10.530 does not violate the Constitution of the State of
23 Alaska.

Original sponsor: Rules Committee

Offered: 4/9/80
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 969

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 salmon fisheries enhancement."

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

8 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

9 (1) regional aquaculture associations qualified under AS 16.10.380
10 have been organized in many areas of the state and have initiated salmon
11 enhancement programs which will result in a general benefit to the state and
12 a direct benefit to the commercial, subsistence, and sport fisheries;

13 (2) commercial salmon harvesters in most regions where the regional
14 aquaculture associations are established have initiated self-imposed systems
15 of harvest assessments to provide financing of efficient regional salmon
16 enhancement programs;

17 (3) harvest assessments initiated in the regions are either volun-
18 tary or mandatory, depending on the choice of the commercial salmon harvesters
19 of each region;

20 (4) the mandatory assessment method initiated by many of the
21 regional aquaculture associations under the authorization of state law is
22 currently involved in protracted litigation;

23 (5) in order to ensure the uninterrupted continuation of the
24 current salmon enhancement programs, it is essential that a revenue source
25 for regional aquaculture associations be developed before a final judicial
26 determination of the constitutionality of the mandatory assessments;

27 (6) while future legislatures cannot be legally bound to return
28 revenues to each region based on the harvest assessments initiated in the
29 regions, this legislature clearly recognizes this duty.

1 (b) It is the purpose of this Act to provide a means for continuing a
2 mandatory method of revenue collection from commercial harvesters of salmon,
3 and to continue revenue distribution to those regional aquaculture associa-
4 tions which desire to use this means of ensuring that efficient salmon en-
5 hancement programs have the necessary financial resources to continue

6 (c) It is also the purpose of this Act to establish as a legislative
7 policy the policy of making appropriations to the Department of Commerce and
8 Economic Development to provide financing for qualified regional associations,
9 and to base those appropriations on the revenue received from the collection
10 of the salmon enhancement tax. The legislature may base an appropriation for
11 a region on the value of fisheries resources caught in the region rather than
12 the value of the fisheries resources sold in the region when those values
13 differ. This section does not constitute a limitation on the use which the
14 legislature may make of the proceeds of the salmon enhancement tax collected
15 under this chapter.

16 * Sec. 2. AS 43 is amended by adding a new chapter to read:

17 CHAPTER 76. SALMON ENHANCEMENT TAX.

18 Sec. 43.76.010. SALMON ENHANCEMENT TAX. (a) A person holding a
19 limited entry permit under AS 16.43.010 - 16.43.380 shall pay a salmon
20 enhancement tax at the rate of three percent of the value of salmon the
21 person sells to a processor licensed under AS 43.75.011. The processor
22 shall collect the salmon enhancement tax at the time of the sale.

23 (b) A salmon enhancement tax may only be levied or collected under
24 (a) of this section

25 (1) in a region designated by the commissioner of fish and
26 game for the purpose of salmon production under AS 16.10.375;

27 (2) if there exists in that region an association determined
28 by the commissioner of fish and game to be a qualified regional associa-
29 tion under AS 16.10.380; and

1 (3) if the qualified regional association approves the salmon
2 enhancement tax under AS 43.76.015.

3 Sec. 43.76.015. ELECTION TO APPROVE, REDUCE OR TERMINATE SALMON
4 ENHANCEMENT TAX. (a) A qualified regional association may not conduct
5 an election under (b) of this section unless the commissioner of commerce
6 and economic development approves the form of the notice to be published
7 by the qualified regional association, the form of the ballot to be used
8 in the election, and the registration procedure established by the
9 qualified regional association under (c) of this section. The commis-
10 sioner of commerce and economic development shall consult with the
11 commissioner of fish and game before approving the form of the ballot to
12 be used in an election under (b) of this section to verify the accuracy
13 of the boundary description in the ballot. After an election is held
14 under (b) of this section, the salmon enhancement tax takes effect in
15 the region, if it is approved by a majority vote, upon the effective
16 date stated in the ballot, or when the election results are certified by
17 the commissioner of commerce and economic development, whichever is
18 later. The commissioner of commerce and economic development shall
19 certify the results of an election under (b) of this section if the
20 procedural requirements of (b) of this section have been followed.

21 (b) Before a salmon enhancement tax is levied under AS 43.76.010,
22 the qualified regional association for the region shall hold an initial
23 public meeting to explain and discuss the necessity for the tax and to
24 explain the registration procedure established by the qualified regional
25 association. The qualified regional association shall provide public
26 notice of the initial meeting by mailing notice at least 20 days before
27 the meeting to each limited entry permit holder actively participating
28 in a salmon fishery in the region, by posting the notice at least 20
29 days before the meeting in at least three public places in the region,

1 and by publishing the notice in at least one newspaper of general circu-
2 lation, if one exists, in the region at least once a week for three
3 consecutive weeks before the meeting. The notice shall briefly state
4 the amount of the tax and a short general description of the purposes
5 for which the tax is expected to be used. The qualified regional asso-
6 ciation shall mail a ballot, along with notice of the initial meeting,
7 to each limited entry permit holder actively participating in a salmon
8 fishery in the region. The ballot shall ask the question whether a
9 salmon enhancement tax shall be levied, indicate the boundaries of the
10 region in which the salmon enhancement tax will be levied, provide an
11 effective date for the levy of the salmon enhancement tax if the salmon
12 enhancement tax is approved, and indicate the date on which returned
13 ballots must be postmarked in order to be counted. At the initial
14 meeting additional ballots shall be distributed to limited entry permit
15 holders in attendance who did not return a ballot by mail within the
16 required time and who actively participate in a salmon fishery in the
17 region. All ballots (those returned by mail and those voted at the
18 meeting) shall be counted by a special committee appointed by the quali-
19 fied regional association for that purpose. After the vote is taken at
20 the initial meeting, the qualified regional association shall hold a
21 second public meeting. The qualified regional association shall give
22 notice of the second meeting by publication in a newspaper of general
23 circulation in the region each day for five consecutive days and by
24 mailing notice to each limited entry permit holder who actively parti-
25 cipates in a salmon fishery in the region at least 14 days before the
26 second public meeting. At the second meeting a vote by written ballot
27 shall be taken from among the limited entry permit holders at the meeting
28 who actively participate in a salmon fishery in the region and who have
29 not previously voted on the question. These votes shall be counted with

1 the votes counted at the initial meeting. A majority vote for the
2 salmon enhancement tax is required from the combined total of the re-
3 turned ballots and the votes cast at both public meetings, before a
4 salmon enhancement tax may be levied or collected. A person may not
5 vote twice,

6 (c) An election to reduce or terminate a salmon enhancement tax
7 shall be conducted under the same procedural requirements established
8 under (a) and (b) of this section for an election to approve a salmon
9 enhancement tax.

10 (d) The qualified regional association shall establish standard
11 registration procedures for voting on approval, reduction or termination
12 of the salmon enhancement tax.

13 Sec. 43.76.020. REDUCTION OR TERMINATION OF SALMON ENHANCEMENT
14 TAX. (a) The salmon enhancement tax levied under AS 43.76.010 may be
15 reduced to a rate which is less than three percent or may be terminated
16 by the commissioner of revenue

17 (1) upon the recommendation of the commissioner of commerce
18 and economic development;

19 (2) upon request of a majority of the board of directors of
20 the qualified regional association for the region in which the salmon
21 enhancement tax is levied; or

22 (3) upon majority vote at an election held under (b) of this
23 section in the region in which the tax is levied.

24 (b) A salmon enhancement tax may be reduced or terminated by the
25 commissioner of revenue under (a)(3) of this section following an elec-
26 tion in a region if

27 (1) a petition is presented to the commissioner of commerce
28 and economic development requesting reduction or termination of the
29 salmon enhancement tax which is signed by at least 25 percent of the

1 number of persons who were qualified to vote under AS 43.76.015(b) in
2 the election approving the salmon enhancement tax in the region;

3 (2) an election is held in accordance with AS 43.76.015(c);
4 the ballot shall ask the question whether the salmon enhancement tax for
5 the region shall be terminated or reduced, as appropriate; in the case
6 of termination, the ballot shall be worded so that a "yes" vote is for
7 continuation of the salmon enhancement tax and a "no" vote is for term-
8 ination of the salmon enhancement tax;

9 (3) a majority of the people who vote cast a ballot for the
10 termination or reduction of the salmon enhancement tax; all limited
11 entry permit holders actively participating in a salmon fishery in the
12 area are eligible to vote;

13 (4) the qualified regional association provides notice of the
14 election in accordance with AS 43.76.015(b) within two months after
15 receiving notice from the commissioner of commerce and economic develop-
16 ment that a valid petition under (1) of this subsection has been re-
17 ceived.

18 Sec. 43.76.025. COLLECTION OF TAX AND DISPOSITION OF PROCEEDS.

19 (a) A processor who buys fisheries resources which are subject to the
20 salmon enhancement tax imposed by AS 43.76.010 shall collect the tax at
21 the time of purchase, and shall remit the total tax collected during
22 each month to the Department of Revenue by the last day of the next
23 month.

24 (b) A processor who collects the salmon enhancement tax shall
25 maintain records reflecting the location of the catch of the fisheries
26 resources.

27 * Sec. 3. AS 16.10 is amended by adding a new section to read:

28 Sec. 16.10.385. ACCOUNTING OF FINANCING RECEIVED AS A RESULT OF
29 THE SALMON ENHANCEMENT TAX. A qualified regional association requesting

1 state financial assistance shall submit an annual financial report to
2 the Department of Commerce and Economic Development on a form provided
3 by the Department of Commerce and Economic Development. The Department
4 of Commerce and Economic Development may, by regulation, require that a
5 qualified regional association use a uniform system of accounting. A
6 qualified regional association requesting state assistance shall submit
7 an annual budget to the Department of Commerce and Economic Development
8 on or before a date specified by the Department of Commerce and Economic
9 Development.

10 * Sec. 4. The commissioner of commerce and economic development shall
11 direct that no further royalty assessments be collected under AS 16.10.530 on
12 or after the effective date of an election in the region of a qualified
13 regional association that approves a salmon enhancement tax in accordance
14 with AS 43.76.010 - 43.76.015.

15 * Sec. 5. The approval of a salmon enhancement tax in accordance with
16 AS 43.76.010 - 43.76.015 constitutes compliance with the requirements of
17 AS 16.10.530 for the imposition of a mandatory assessment on the sale of
18 salmon under AS 16.10.530.

19 * Sec. 6. Sections 1 and 4 of this Act, AS 43.76, and AS 16.10.385 are
20 repealed.

21 * Sec. 7. Sections 1 - 4 and 7 of this Act take effect immediately in
22 accordance with AS 01.10.070(c).

23 * Sec. 8. Sections 5, 6 and 8 of this Act take effect on the publication
24 date of a decision by the Alaska Supreme Court in the appeal of State of
25 Alaska v. Wayne Alex, et al (Supreme Court File No. 5065), if the decision
26 holds that AS 16.10.530 does not violate the Constitution of the State of
27 Alaska.

Introduced: 3/21/80
Referred: Resources and
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE

2 HOUSE BILL NO. 969

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 salmon fisheries enhancement."

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

8 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

9 (1) regional aquaculture associations qualified under AS 16.10.380
10 have been organized in many areas of the state and have initiated salmon
11 enhancement programs which will result in a general benefit to the state and
12 a direct benefit to the commercial, subsistence, and sport fisheries;

13 (2) commercial salmon harvesters in most regions where the regional
14 aquaculture associations are established have initiated self-imposed systems
15 of harvest assessments to provide financing of efficient regional salmon
16 enhancement programs;

17 (3) harvest assessments initiated in the regions are either volun-
18 tary or mandatory, depending on the choice of the commercial salmon harvesters
19 of each region;

20 (4) the mandatory assessment method initiated by many of the
21 regional aquaculture associations under the authorization of state law is
22 currently involved in protracted litigation,

23 (5) in order to ensure the uninterrupted continuation of the
24 current salmon enhancement programs, it is essential that a revenue source
25 for regional aquaculture associations be developed before a final judicial
26 determination of the constitutionality of the mandatory assessments;

27 (6) while future legislatures cannot be legally bound to return
28 revenues to each region based on the harvest assessments initiated in the
29 regions, this legislature clearly recognizes this duty.

1 (b) It is the purpose of this Act to provide a means for continuing a
2 mandatory method of revenue collection from commercial harvesters of salmon,
3 and to continue revenue distribution to those regional aquaculture associa-
4 tions which desire to use this means of ensuring that efficient salmon en-
5 hancement programs have the necessary financial resources to continue.

6 (c) It is also the purpose of this Act to establish as a legislative
7 policy the policy of making appropriations to the Department of Commerce and
8 Economic Development to provide financing for qualified regional associations,
9 and to base those appropriations on the revenue received from the collection
10 of the salmon enhancement tax. The legislature may base an appropriation for
11 a region on the value of fisheries resources caught in the region rather than
12 the value of the fisheries resources sold in the region when those values
13 differ. This section does not constitute a limitation on the use which the
14 legislature may make of the proceeds of the salmon enhancement tax collected
15 under this chapter.

16 * Sec. 2. AS 43 is amended by adding a new chapter to read:

17 CHAPTER 76. SALMON ENHANCEMENT TAX.

18 Sec. 43.76.010. SALMON ENHANCEMENT TAX. (a) A person hold'ng a
19 limited entry permit under AS 16.43.010 - 16.43.380 shall pay a salmon
20 enhancement tax at the rate of three percent of the value of salmon the
21 person sells to a processor licensed under AS 43.75.011. The processor
22 shall collect the salmon enhancement tax at the time of the sale.

23 (b) A salmon enhancement tax may only be levied or collected under
24 (a) of this section

25 (1) in a region designated by the commissioner of fish and
26 game for the purpose of salmon production under AS 16.10.375;

27 (2) if there exists in that region an association determined
28 by the commissioner of fish and game to be a qualified regional associa-
29 tion under AS 16.10.380; and

1 (3) if the qualified regional association approves the salmon
2 enhancement tax under AS 43.76.015.

3 Sec. 43.76.015. ELECTION TO APPROVE, REDUCE OR TERMINATE SALMON
4 ENHANCEMENT TAX. (a) A qualified regional association may not conduct
5 an election under (b) of this section unless the commissioner of commerce
6 and economic development approves the form of the notice to be published
7 by the qualified regional association, the form of the ballot to be used
8 in the election, and the registration procedure established by the
9 qualified regional association under (c) of this section. The commis-
10 sioner of commerce and economic development shall consult with the
11 commissioner of fish and game before approving the form of the ballot to
12 be used in an election under (b) of this section to verify the accuracy
13 of the boundary description in the ballot. After an election is held
14 under (b) of this section, the salmon enhancement tax takes effect in
15 the region, if it is approved by a majority vote, upon the effective
16 date stated in the ballot, or when the election results are certified by
17 the commissioner of commerce and economic development, whichever is
18 later. The commissioner of commerce and economic development shall
19 certify the results of an election under (b) of this section if the
20 procedural requirements of (b) of this section have been followed.

21 (b) Before a salmon enhancement tax is levied under AS 43.76.010,
22 the qualified regional association for the region shall hold an initial
23 public meeting to explain and discuss the necessity for the tax and to
24 explain the registration procedure established by the qualified regional
25 association. The qualified regional association shall provide public
26 notice of the initial meeting by mailing notice at least 20 days before
27 the meeting to each limited entry permit holder actively participating
28 in a salmon fishery in the region, by posting the notice at least 20
29 days before the meeting in at least three public places in the region,