

LEG. FINANCE - BILLS 1979 - 1980 1226

HJR 76 cont., thru HJR 83 1236

ALASKA STATE LEGISLATURE

ELEVENTH Legislature SECOND.... Session

HOUSE ..JOINT..RES... NO. .76....

By .THE..RULES..COMMITTEE.....

"Relating to the Alaska Power Authority, and the incurring of revenue bond indebtedness of the Alaska Power Authority for the Naknek Electric Association for the financing of acquisition and installation of a new diesel-powered electric power generator in Naknek."

Rev bonds, Naknek Electric Assoc

Introduced in the House . 2/21...., 1980.

HISTORY IN THE HOUSE

1980

Feb 21

Read first time and referred to Committee on

Resources and Finance

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed  
Signed by Speaker  
Sent to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
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Reported correctly engrossed  
Signed by President  
Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Concurred in Senate amendment thus adopting:  
VOTE

Failed to concur in Senate amendment; asked Senate to recede  
VOTE

Senate receded from amendment  
VOTE

Senate failed to recede from amendment  
VOTE

CC appointed by House

CC appointed by Senate

CC adopted by House  
VOTE

CC adopted by Senate  
VOTE

To enrolling  
Reported correctly enrolled  
Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No. ....

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST HJR 75, 76, 77, 78, 79  
 Bill/Resolution No. SJR 55, 56, 57, 58 & 59  
 Title Rel. to Ak: Power Auth. and incurring of rev. bond indebtedness for  
 Requested by the financing of various lines and equip. Date April 1, 1980

II. FISCAL DETAIL  
 Agency Affected Dept. of Commerce and Economic Development  
 Program Category Affected Development  
 BRU, Program, or Subprogram(s) Affected Alaska Power Authority  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

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

POSITIONS

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

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

Passage of these resolutions carries no fiscal impact.

IV. DATE April 1, 1980 PREPARED BY David Creekman  
 AGENCY Dept. of Commerce & Economic Development  
 PHONE 465-2504  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

**CATEGORY:** DEVELOPMENT  
**PROGRAM:** ECONOMIC DEVELOPMENT

**AGENCY:** ALASKA POWER AUTHORITY  
**BRU (s):** ALASKA POWER AUTHORITY

The goal of the Alaska Power Authority BRU is to promote, develop and advance the general prosperity and economic welfare of the people of Alaska by providing a means of constructing, acquiring, financing and operating power production facilities limited to fossil fuel, wind power, tidal, geothermal, hydroelectric, solar energy, and waste energy conservation facilities.

Due to the escalating costs of fossil fuels and Alaska's dependence on fossil fuels for electric generation, the emphasis of the Authority is to supplant this dependence with renewable sources of energy, principally hydroelectric power. Alaska's lakes and rivers provide numerous potentials for hydroelectric generation. However, many projects that could be economically feasible, when compared to life cycle costs of conventional fossil-fuel generation, cannot be financed. Excess capacity of the projects, which cannot be sold to other utilities for lack of a transmission grid, provides insufficient revenues to retire revenue bonds. To overcome this difficulty and to assure project development, the Authority seeks State assistance in the form of subordinated loans and guarantees of revenue bonds.

The Authority has been allocated \$4,760,000 in the FY 81 capital budget to investigate the feasibility of renewable sources of energy, particularly hydroelectric power, in several regions of the State. The most significant feasibility study is for the Upper Susitna River which was funded at \$8,170,000 in FY 80 and \$3,335,000 in FY 81. In addition, it is recommended that a subordinate loan of \$18,000,000 be funded for the Swan Lake project near Ketchikan.

COMPONENT DESCRIPTION	79 AUTH	79 FINAL	79 ACT	80 AUTH	80 SUPL	80 RP	GOVERNOR
ALASKA POWER AUTHORITY	470.4	513.0	487.9	347.7		12.6	332.1
XX TOTAL	470.4	513.0	487.9	347.7		12.6	332.1
XX CHANGE VERSUS 80 AUTH							-4.4%
OBJECT DESCRIPTION							
PERS. SERV.	152.3	126.5	122.3	160.4			184.2
TRAVEL	37.0	27.0	27.4	30.0			32.1
CONTRACTUAL	277.7	331.1	309.7	151.2		12.6	106.9
COMMODITIES	3.4	1.4	1.6	3.6			3.9
EQUIPMENT		2.0	1.9	2.5			5.0
GRANTS, CLMS		25.0	25.0				
FUNDING SOURCE							
GENERAL FUND	470.4	513.0	487.9	347.7			332.1
PGM RECEIPTS						12.6	
XX GENERAL FUND CHANGE VS. 80 AUTH							-4.4%
POSITIONS							
FULL-TIME	5.0	5.0	5.0	5.0			5.0
STAFF MONTHS	60.0	60.0	60.0	60.0			60.0



# 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

Introduced: 2/21/80  
Referred: Resources and  
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE

2 HOUSE JOINT RESOLUTION NO. 77

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 Relating to the Alaska Power Author-  
6 ity, and the incurring of revenue  
7 bond indebtedness of the Alaska Power  
8 Authority for the Matanuska Electric  
9 Association for the financing of  
10 acquisition and installation of new  
11 consumer connections and acquisition  
12 and installation of electric power  
13 distribution lines in the area served  
14 by the Matanuska Electric Association.

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

16 WHEREAS the Matanuska Electric Association, Inc., a Rural Electric  
17 Association cooperative, plans to construct, acquire and install approximately  
18 800 new consumer connections and approximately 200 miles of electric power  
19 distribution lines; and

20 WHEREAS the Matanuska Electric Association, Inc., has submitted an  
21 application to the Alaska Power Authority for assistance in financing the  
22 consumer connections and distribution lines project, and the Alaska Power  
23 Authority has by resolution determined to sell its bonds to finance the  
24 project; and

25 WHEREAS the Alaska Power Authority, under AS 44.56.130, has submitted to  
26 the governor and to the legislature a statement of its recommendations for  
27 financing the Matanuska Electric Association project and a statement outlining  
28 the general design, demonstration of financial feasibility, and maximum  
29 amount of revenue bonds and appropriations necessary for the project; and

1       WHEREAS, the statements of the Alaska Power Authority submitted to the  
2 governor and to the legislature fully satisfy the requirements contained in  
3 AS 44.56.180(b) and the statements required by AS 44.56.180(c); and

4       WHEREAS according to the statements of the Alaska Power Authority, the  
5 authority intends, through the issuance of revenue bonds, to finance the  
6 Matanuska Electric Association project only and not to construct, acquire or  
7 own the project; and

8       WHEREAS the statements of the Alaska Power Authority provide that the  
9 project is to be designed, acquired and constructed by the Matanuska Electric  
10 Association, Inc., under an agreement with the Alaska Power Authority which  
11 will provide that the Alaska Power Authority has ownership rights in the  
12 project only as may be necessary to secure the payment of the revenue bond  
13 indebtedness; and

14       WHEREAS the costs to be incurred in financing the project will require  
15 the issuance of revenue bonds of the Alaska Power Authority in a maximum  
16 estimated amount not to exceed \$2,500,000; and

17       WHEREAS it is in the best interests of the state that revenue bonds of  
18 the Alaska Power Authority be issued to finance the cost of the project;

19       BE IT RESOLVED by the Alaska State Legislature that the general design  
20 of the Matanuska Electric Association, Inc. project to construct, acquire and  
21 install consumer connections and electric power distribution lines, and the  
22 incurring of revenue bond indebtedness by the Alaska Power Authority in a  
23 maximum amount not to exceed \$2,500,000 to pay the costs of the project are  
24 approved; and be it

25       FURTHER RESOLVED that the \$2,500,000 may be combined in one bond issue  
26 with the amount needed to finance other Rural Electric Association coopera-  
27 tive projects approved by the legislature in accordance with AS 44.56.180.  
28  
29

(11)

# COMMITTEE REPORT

## HOUSE

4/2/80

FURTHER:

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

Mr. Speaker:

The Committee on FINANCE has had HJR 77

"Relating to the Alaska Power Authority, and the incurring of revenue bond indebtedness of the Alaska Power Authority for the Matanuska Electric Association for the financing of acquisition and installation of new consumer connections and acquisition and installation of electric power distribution lines in the area served by the Matanuska under consideration and (a majority of the committee) (the committee) Electric reports it back with the following recommendations: Association."

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

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

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\_\_\_\_\_  
CHAIRMAN



8132  
Berner

Introduced: 2/21/80  
Referred: Resources and  
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE

2 HOUSE JOINT RESOLUTION NO. 77

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 Relating to the Alaska Power Author-  
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8 Authority for the Matanuska Electric  
9 Association for the financing of  
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16 WHEREAS the Matanuska Electric Association, Inc., a Rural Electric  
17 Association cooperative, plans to construct, acquire and install approximately  
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20 WHEREAS the Matanuska Electric Association, Inc., has submitted an  
21 application to the Alaska Power Authority for assistance in financing the  
22 consumer connections and distribution lines project, and the Alaska Power  
23 Authority has by resolution determined to sell its bonds to finance the  
24 project; and

25 WHEREAS the Alaska Power Authority, under AS 44.56.180, has submitted to  
26 the governor and to the legislature a statement of its recommendations for  
27 financing the Matanuska Electric Association project and a statement outlining  
28 the general design, demonstration of financial feasibility, and maximum  
29 amount of revenue bonds and appropriations necessary for the project; and

COMMITTEE COPY

1       WHEREAS, the statements of the Alaska Power Authority submitted to the  
2 governor and to the legislature fully satisfy the requirements contained in  
3 AS 44.56.180(b) and the statements required by AS 44.56.180(c); and

4       WHEREAS according to the statements of the Alaska Power Authority, the  
5 authority intends, through the issuance of revenue bonds, to finance the  
6 Matanuska Electric Association project only and not to construct, acquire or  
7 own the project; and

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9 project is to be designed, acquired and constructed by the Matanuska Electric  
10 Association, Inc., under an agreement with the Alaska Power Authority which  
11 will provide that the Alaska Power Authority has ownership rights in the  
12 project only as may be necessary to secure the payment of the revenue bond  
13 indebtedness; and

14       WHEREAS the costs to be incurred in financing the project will require  
15 the issuance of revenue bonds of the Alaska Power Authority in a maximum  
16 estimated amount not to exceed \$2,500,000; and

17       WHEREAS it is in the best interests of the state that revenue bonds of  
18 the Alaska Power Authority be issued to finance the cost of the project;

19       BE IT RESOLVED by the Alaska State Legislature that the general design  
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21 install consumer connections and electric power distribution lines, and the  
22 incurring of revenue bond indebtedness by the Alaska Power Authority in a  
23 maximum amount not to exceed \$2,500,000 to pay the costs of the project are  
24 approved; and be it

25       FURTHER RESOLVED that the \$2,500,000 may be combined in one bond issue  
26 with the amount needed to finance other Rural Electric Association coopera-  
27 tive projects approved by the legislature in accordance with AS 44.56.180.  
28  
29

ALASKA STATE LEGISLATURE

ELEVENTH Legislature SECOND Session

HOUSE JOINT RES. NO. 77

By THE RULES COMMITTEE

"Relating to the Alaska Power Authority, and the incurring of revenue bond indebtedness of the Alaska Power Authority for the Matanuska Electric Association for the financing of acquisition and installation of new consumer connections and acquisition and installation of electric power distribution lines in the area served by the Matanuska Electric Association."

Rev bonds, Matanuska Electric Assoc

Introduced in the House ... 2/21, 1980

HISTORY IN THE HOUSE

1980	Read first time and referred to Committee on										
Feb. 21	Resources and Finance										
	Reported back with recommendation that										
	Read second time and										
	Read third time and										
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
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	CHIEF CLERK OF THE HOUSE										

HISTORY IN THE SENATE

19	Read first time and referred to Committee on										
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	SECRETARY OF THE SENATE										

HISTORY IN THE HOUSE

19	Received from Senate
	Concurred in Senate amendment thus adopting: VOTE
	Failed to concur in Senate amendment; asked Senate to recede VOTE
	Senate receded from amendment VOTE
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	To enrolling Reported correctly enrolled Sent to Governor  ..... by Governor
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	Chapter No. ....

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

HJR 75, 76, 77, 78, 79

Bill/Resolution No. SJR 55, 56, 57, 58 & 59

Title Rel. to Ak: Power Auth. and incurring of rev. bond indebtedness for

Requested by the financing of various lines and equip. Date April 1, 1980

II. FISCAL DETAIL

Agency Affected Dept. of Commerce and Economic Development

Program Category Affected Development

BRU, Program, or Subprogram(s) Affected Alaska Power Authority

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

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

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

POSITIONS

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

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

Passage of these resolutions carries no fiscal impact.

IV. DATE April 1, 1980

PREPARED BY David Creekman

AGENCY Dept. of Commerce & Economic Development

PHONE 465-2504

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

**CATEGORY:** DEVELOPMENT  
**PROGRAM:** ECONOMIC DEVELOPMENT

**AGENCY:** ALASKA POWER AUTHORITY  
**BRU (s):** ALASKA POWER AUTHORITY

The goal of the Alaska Power Authority BRU is to promote, develop and advance the general prosperity and economic welfare of the people of Alaska by providing a means of constructing, acquiring, financing and operating power production facilities limited to fossil fuel, wind power, tidal, geothermal, hydroelectric, solar energy, and waste energy conservation facilities.

Due to the escalating costs of fossil fuels and Alaska's dependence on fossil fuels for electric generation, the emphasis of the Authority is to supplant this dependence with renewable sources of energy, principally hydroelectric power. Alaska's lakes and rivers provide numerous potentials for hydroelectric generation. However, many projects that could be economically feasible, when compared to life cycle costs of conventional fossil-fuel generation, cannot be financed. Excess capacity of the projects, which cannot be sold to other utilities for lack of a transmission grid, provides insufficient revenues to retire revenue bonds. To overcome this difficulty and to assure project development, the Authority seeks State assistance in the form of subordinated loans and guarantees of revenue bonds.

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FUNDING SOURCE							
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XX GENERAL FUND CHANGE VS. 80 AUTH							-4.4%
POSITIONS							
FULL-TIME	5.0	5.0	5.0	5.0			5.0
STAFF MONTHS	60.0	60.0	60.0	60.0			60.0



# RECORDS CERTIFICATION



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*James O. Smith*  
Signature of Camera Operator

*3/20/90*  
Date

Introduced: 2/21/80  
Referred: Resources and  
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE

2 HOUSE JOINT RESOLUTION NO. 78

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4 ELEVENTH LEGISLATURE - SECOND SESSION

5 Relating to the Alaska Power Author-  
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7 bond indebtedness of the Alaska Power  
8 Authority for the Glacier Highway  
9 Electric Association for the  
10 financing of acquisition and in-  
11 stallation of electric power trans-  
12 mission and distribution lines and  
13 new consumer connection in the City  
14 and Borough of Juneau.

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

16 WHEREAS the Glacier Highway Electric Association, Inc., a Rural Electric  
17 Association cooperative, plans to construct, acquire and install seven miles  
18 of electric power transmission lines, 15 miles of electric power distribution  
19 lines, and approximately 150 new consumer connections, to be located in the  
20 City and Borough of Juneau ; and

21 WHEREAS the Glacier Highway Electric Association, Inc., has submitted an  
22 application to the Alaska Power Authority for assistance in financing the  
23 transmission and distribution lines and consumer connections project, and the  
24 Alaska Power Authority has by resolution determined to sell its bonds to  
25 finance the project; and

26 WHEREAS the Alaska Power Authority, under AS 44.56.180, has submitted to  
27 the governor and to the legislature a statement of its recommendations for  
28 financing the Glacier Highway Electric Association project and a statement  
29 outlining the general design, demonstration of financial feasibility, and

1 maximum amount of revenue bonds and appropriations necessary for the project;  
2 and

3 WHEREAS, the statements of the Alaska Power Authority submitted to the  
4 governor and to the legislature fully satisfy the requirements contained in  
5 AS 44.56.180(b) and the statements required by AS 44.56.180(c); and

6 WHEREAS, according to the statements of the Alaska Power Authority, the  
7 authority intends, through the issuance of revenue bonds, to finance the  
8 Glacier Highway Electric Association project only and not to construct,  
9 acquire or own the project; and

10 WHEREAS the statements of the Alaska Power Authority provide that the  
11 project is to be designed, acquired and constructed by the Glacier Highway  
12 Electric Association, Inc., under an agreement with the Alaska Power Authority  
13 which will provide that the Alaska Power Authority has ownership rights  
14 in the project only as may be necessary to secure the payment of the revenue  
15 bond indebtedness; and

16 WHEREAS the costs to be incurred in financing the project will require  
17 the issuance of revenue bonds of the Alaska Power Authority in a maximum  
18 estimated amount not to exceed \$800,000; and

19 WHEREAS it is in the best interests of the state that revenue bonds of  
20 the Alaska Power Authority be issued to finance the cost of the project;

21 BE IT RESOLVED by the Alaska State Legislature that the general design  
22 of the Glacier Highway Electric Association, Inc., project to construct,  
23 acquire and install electric power transmission and distribution lines and  
24 consumer connections in the City and Borough of Juneau and the incurring of  
25 revenue bond indebtedness by the Alaska Power Authority in a maximum amount  
26 not to exceed \$800,000 to pay the costs of the project are approved; and be  
27 it

28 FURTHER RESOLVED that the \$800,000 may be combined in one bond issue  
29 with the amount needed to finance other Rural Electric Association coopera-

1 tive projects approved by the legislature in accordance with AS 44.56.180.

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# COMMITTEE REPORT

## HOUSE

4/2/80

FURTHER:

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

Mr. Speaker:

The Committee on FINANCE has had HJR 78

"Relating to the Alaska Power Authority, and the incurring of revenue bond indebtedness of the Alaska Power Authority for the Glacier Highway Electric Association for the financing of acquisition and installation of electric power transmission and distribution lines and new consumer connection in the City and Borough of Juneau." under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

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

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

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\_\_\_\_\_  
CHAIRMAN



8135  
Berner

Introduced: 2/21/80  
Referred: Resources and  
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE

2 HOUSE JOINT RESOLUTION NO. 78

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE -- SECOND SESSION

5 Relating to the Alaska Power Author-  
6 ity, and the incurring of revenue  
7 bond indebtedness of the Alaska Power  
8 Authority for the Glacier Highway  
9 Electric Association for the  
10 financing of acquisition and in-  
11 stallation of electric power trans-  
12 mission and distribution lines and  
13 new consumer connection in the City  
14 and Borough of Juneau.

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

16 WHEREAS the Glacier Highway Electric Association, Inc., a Rural Electric  
17 Association cooperative, plans to construct, acquire and install seven miles  
18 of electric power transmission lines, 15 miles of electric power distribution  
19 lines, and approximately 150 new consumer connections, to be located in the  
20 City and Borough of Juneau ; and

21 WHEREAS the Glacier Highway Electric Association, Inc., has submitted an  
22 application to the Alaska Power Authority for assistance in financing the  
23 transmission and distribution lines and consumer connections project, and the  
24 Alaska Power Authority has by resolution determined to sell its bonds to  
25 finance the project; and

26 WHEREAS the Alaska Power Authority, under AS 44.56.180, has submitted to  
27 the governor and to the legislature a statement of its recommendations for  
28 financing the Glacier Highway Electric Association project and a statement  
29 outlining the general design, demonstration of financial feasibility, and

1 maximum amount of revenue bonds and appropriations necessary for the project;  
2 and

3 WHEREAS, the statements of the Alaska Power Authority submitted to the  
4 governor and to the legislature fully satisfy the requirements contained in  
5 AS 44.56.180(b) and the statements required by AS 44.56.180(c); and

6 WHEREAS, according to the statements of the Alaska Power Authority, the  
7 authority intends, through the issuance of revenue bonds, to finance the  
8 Glacier Highway Electric Association project only and not to construct,  
9 acquire or own the project; and

10 WHEREAS the statements of the Alaska Power Authority provide that the  
11 project is to be designed, acquired and constructed by the Glacier Highway  
12 Electric Association, Inc., under an agreement with the Alaska Power Autho-  
13 rity which will provide that the Alaska Power Authority has ownership rights  
14 in the project only as may be necessary to secure the payment of the revenue  
15 bond indebtedness; and

16 WHEREAS the costs to be incurred in financing the project will require  
17 the issuance of revenue bonds of the Alaska Power Authority in a maximum  
18 estimated amount not to exceed \$800,000; and

19 WHEREAS it is in the best interests of the state that revenue bonds of  
20 the Alaska Power Authority be issued to finance the cost of the project;

21 BE IT RESOLVED by the Alaska State Legislature that the general design  
22 of the Glacier Highway Electric Association, Inc., project to construct,  
23 acquire and install electric power transmission and distribution lines and  
24 consumer connections in the City and Borough of Juneau and the incurring of  
25 revenue bond indebtedness by the Alaska Power Authority in a maximum amount  
26 not to exceed \$800,000 to pay the costs of the project are approved; and be  
27 it

28 FURTHER RESOLVED that the \$800,000 may be combined in one bond issue  
29 with the amount needed to finance other Rural Electric Association coopera-

1 tive projects approved by the legislature in accordance with AS 44.56.180.  
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COMMITTEE COPY

ALASKA STATE LEGISLATURE

ELEVENTH Legislature SECOND Session

HOUSE JOINT RES. NO. 78

By THE RULES COMMITTEE

"Relating to the Alaska Power Authority, and the incurring of revenue bond indebtedness of the Alaska Power Authority for the Glacier Highway Electric Association for the financing of acquisition and installation of electric power transmission and distribution lines and new consumer connection in the City and Borough of Juneau."

Rev bonds, City of Juneau

Introduced in the House . 2/21 . . . . , 19 . 80

HISTORY IN THE HOUSE

19 80	Read first time and referred to Committee on										
Feb. 21	Resources and Finance										
	Reported back with recommendation that										
	Read second time and										
	Read third time and										
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
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Absent	Absent										
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	<p>Reconsideration</p> <table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
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Absent	Absent										
Excused	Excused										
	Reported correctly engrossed										
	Signed by Speaker										
	Sent to Senate										
CHIEF CLERK OF THE HOUSE											

HISTORY IN THE SENATE

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

HISTORY IN THE HOUSE

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

THE LEGISLATURE OF THE STATE  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST HJR 75, 76, 77, 78, 79  
 Bill/Resolution No. SJR 55, 56, 57, 58 & 59  
 Title Rel. to Ak: Power Auth. and incurring of rev. bond indebtedness for  
 Requested by the financing of various lines and equip. Date April 1, 1980

II. FISCAL DETAIL  
 Agency Affected Dept. of Commerce and Economic Development  
 Program Category Affected Development  
 BRU, Program, or Subprogram(s) Affected Alaska Power Authority  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

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

POSITIONS

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

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

Passage of these resolutions carries no fiscal impact.

IV. DATE April 1, 1980 PREPARED BY David Creekman  
 AGENCY Dept. of Commerce & Economic Devel  
 PHONE 465-2504  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

**CATEGORY:** DEVELOPMENT  
**PROGRAM:** ECONOMIC DEVELOPMENT

**AGENCY:** ALASKA POWER AUTHORITY  
**BRU (s):** ALASKA POWER AUTHORITY

The goal of the Alaska Power Authority DRU is to promote, develop and advance the general prosperity and economic welfare of the people of Alaska by providing a means of constructing, acquiring, financing and operating power production facilities limited to fossil fuel, wind power, tidal, geothermal, hydroelectric, solar energy, and waste energy conservation facilities.

Due to the escalating costs of fossil fuels and Alaska's dependence on fossil fuels for electric generation, the emphasis of the Authority is to supplant this dependence with renewable sources of energy, principally hydroelectric power. Alaska's lakes and rivers provide numerous potentials for hydroelectric generation. However, many projects that could be economically feasible, when compared to life cycle costs of conventional fossil-fuel generation, cannot be financed. Excess capacity of the projects, which cannot be sold to other utilities for lack of a transmission grid, provides insufficient revenues to retire revenue bonds. To overcome this difficulty and to assure project development, the Authority seeks State assistance in the form of subordinated loans and guarantees of revenue bonds.

The Authority has been allocated \$4,760,000 in the FY 81 capital budget to investigate the feasibility of renewable sources of energy, particularly hydroelectric power, in several regions of the State. The most significant feasibility study is for the Upper Susitna River which was funded at \$8,178,000 in FY 80 and \$3,335,000 in FY 81. In addition, it is recommended that a subordinate loan of \$18,000,000 be funded for the Swan Lake project near Ketchikan.

COMPONENT DESCRIPTION	79 AUTH	79 FINAL	79 ACT	80 AUTH	80 SUPL	80 RP	GOVERNOR
ALASKA POWER AUTHORITY	470.4	513.0	487.9	347.7		12.6	332.1
XX TOTAL	470.4	513.0	487.9	347.7		12.6	332.1
XX CHANGE VERSUS 80 AUTH							-4.4%
OBJECT DESCRIPTION							
PERS. SERV.	152.3	126.5	122.3	160.4			184.2
TRAVEL	37.0	27.0	27.4	30.0			32.1
CONTRACTUAL	277.7	331.1	309.7	151.2		12.6	106.9
COMMODITIES	3.4	1.4	1.6	3.6			3.9
EQUIPMENT		2.0	1.9	2.5			5.0
GRANTS, CLMS		29.0	29.0				
FUNDING SOURCE							
GENERAL FUND	470.4	513.0	487.9	347.7			332.1
PGM RECEIPTS						12.6	
XX GENERAL FUND CHANGE VS. 80 AUTH							-4.4%
POSITIONS							
FULL-TIME	5.0	5.0	5.0	5.0			5.0
STAFF MONTHS	60.0	60.0	60.0	60.0			60.0



# 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

Introduced: 2/21/80  
Referred: Resources and  
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE

2 HOUSE JOINT RESOLUTION NO. 79  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 ELEVENTH LEGISLATURE - SECOND SESSION

5 Relating to the Alaska Power Author-  
6 ity, and the incurring of revenue  
7 bond indebtedness of the Alaska Power  
8 Authority for the Cordova Electric  
9 Cooperative, Inc., to finance the  
10 relocation of the present main diesel  
11 power generation plant, acquisition  
12 and installation of a new diesel  
13 power generator, acquisition of  
14 general equipment, acquisition and  
15 installation of feeder and distri-  
16 bution line improvements and con-  
17 struction of a new headquarters  
18 building, to be located in and near  
19 Cordova.

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

21 WHEREAS the Cordova Electric Cooperative, Inc., a Rural Electric Asso-  
22 ciation cooperative, plans to relocate the present main diesel power genera-  
23 tion plant, acquire and install a new diesel power generator, acquire general  
24 equipment, acquire and install feeder and distribution line improvements and  
25 construct a new headquarters building, in and near Cordova; and

26 WHEREAS the Cordova Electric Cooperative, Inc., has submitted an appli-  
27 cation to the Alaska Power Authority for assistance in financing these pro-  
28 jects, and the Alaska Power Authority has by resolution determined to sell  
29 its bonds to finance the projects; and

1       WHEREAS the Alaska Power Authority, under AS 44.56.180, has submitted to  
2 the governor and to the legislature a statement of its recommendations for  
3 financing the Cordova Electric Cooperative projects and a statement outlining  
4 the general design, demonstration of financial feasibility, and maximum  
5 amount of revenue bonds and appropriations necessary for the projects; and

6       WHEREAS, the statements of the Alaska Power Authority submitted to the  
7 governor and to the legislature fully satisfy the requirements contained in  
8 AS 44.56.180(b) and the statements required by AS 44.56.180(c); and

9       WHEREAS, according to the statements of the Alaska Power Authority, the  
10 authority intends, through the issuance of revenue bonds, to finance the  
11 Cordova Electric Cooperative projects only and not to construct, acquire or  
12 own the projects; and

13       WHEREAS the statements of the Alaska Power Authority provide that the  
14 projects are to be designed, acquired and constructed by the Cordova Electric  
15 Cooperative, Inc., under an agreement with the Alaska Power Authority which  
16 will provide that the Alaska Power Authority has ownership rights in the  
17 projects only as may be necessary to secure the payment of the revenue bond  
18 indebtedness; and

19       WHEREAS the costs to be incurred in financing the project will require  
20 the issuance of revenue bonds of the Alaska Power Authority in a maximum  
21 estimated amount not to exceed \$6,500,000; and

22       WHEREAS it is in the best interests of the state that revenue bonds of  
23 the Alaska Power Authority be issued to finance the cost of the projects;

24       BE IT RESOLVED by the Alaska State Legislature that the general design  
25 of the Cordova Electric Cooperative, Inc. projects in and near Cordova, and  
26 the incurring of revenue bond indebtedness by the Alaska Power Authority in a  
27 maximum amount not to exceed \$6,500,000 to pay the costs of the projects are  
28 approved; and be it

29       FURTHER RESOLVED that the \$6,500,000 may be combined in one bond issue

1 with the amount needed to finance other Rural Electric Association coopera-  
2 tive projects approved by the legislature in accordance with AS 44.56.180.

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Introduced: 2/21/80  
Referred: Resources and  
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE

2 HOUSE JOINT RESOLUTION NO. 79

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 Relating to the Alaska Power Author-  
6 ity, and the incurring of revenue  
7 bond indebtedness of the Alaska Power  
8 Authority for the Cordova Electric  
9 Cooperative, Inc., to finance the  
10 relocation of the present main diesel  
11 power generation plant, acquisition  
12 and installation of a new diesel  
13 power generator, acquisition of  
14 general equipment, acquisition and  
15 installation of feeder and distri-  
16 bution line improvements and con-  
17 struction of a new headquarters  
18 building, to be located in and near  
19 Cordova.

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

21 WHEREAS the Cordova Electric Cooperative, Inc., a Rural Electric Asso-  
22 ciation cooperative, plans to relocate the present main diesel power genera-  
23 tion plant, acquire and install a new diesel power generator, acquire general  
24 equipment, acquire and install feeder and distribution line improvements and  
25 construct a new headquarters building, in and near Cordova; and

26 WHEREAS the Cordova Electric Cooperative, Inc., has submitted an appli-  
27 cation to the Alaska Power Authority for assistance in financing these pro-  
28 jects, and the Alaska Power Authority has by resolution determined to sell  
29 its bonds to finance the projects; and

COMMITTEE COPY

1 WHEREAS the Alaska Power Authority, under AS 44.56.180, has submitted to  
2 the governor and to the legislature a statement of its recommendations for  
3 financing the Cordova Electric Cooperative projects and a statement outlining  
4 the general design, demonstration of financial feasibility, and maximum  
5 amount of revenue bonds and appropriations necessary for the projects; and

6 WHEREAS, the statements of the Alaska Power Authority submitted to the  
7 governor and to the legislature fully satisfy the requirements contained in  
8 AS 44.56.180(b) and the statements required by AS 44.56.180(c); and

9 WHEREAS, according to the statements of the Alaska Power Authority, the  
10 authority intends, through the issuance of revenue bonds, to finance the  
11 Cordova Electric Cooperative projects only and not to construct, acquire or  
12 own the projects; and

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15 Cooperative, Inc., under an agreement with the Alaska Power Authority which  
16 will provide that the Alaska Power Authority has ownership rights in the  
17 projects only as may be necessary to secure the payment of the revenue bond  
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19 WHEREAS the costs to be incurred in financing the project will require  
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21 estimated amount not to exceed \$6,500,000; and

22 WHEREAS it is in the best interests of the state that revenue bonds of  
23 the Alaska Power Authority be issued to finance the cost of the projects;

24 BE IT RESOLVED by the Alaska State Legislature that the general design  
25 of the Cordova Electric Cooperative, Inc. projects in and near Cordova, and  
26 the incurring of revenue bond indebtedness by the Alaska Power Authority in a  
27 maximum amount not to exceed \$6,500,000 to pay the costs of the projects are  
28 approved; and be it

29 FURTHER RESOLVED that the \$6,500,000 may be combined in one bond issue

1 with the amount needed to finance other Rural Electric Association coopera-  
2 tive projects approved by the legislature in accordance with AS 44.56.180.  
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COMMITTEE COPY

HJR79

ALASKA STATE LEGISLATURE

ELEVENTH Legislature SECOND Session

HOUSE JOINT RES. NO. 79

By THE RULES COMMITTEE

"Relating to the Alaska Power Authority, and the incurring of revenue bond indebtedness of the Alaska Power Authority for the Cordova Electric Cooperative, Inc., to finance the relocation of the present main diesel power generation plant, acquisition and installation of a new diesel power generator, acquisition of general equipment, acquisition and installation of feeder and distribution line improvements and construction of a new headquarters building, to be located in and near Cordova."

Rev bonds, Cordova

Introduced in the House .. 2/21 .., 19.. 80

HISTORY IN THE HOUSE

19 80

Feb. 21

Read first time and referred to Committee on Resources and Finance

Reported back with recommendation that

Read second time and

Read third time and

PASS Effective Date  
Yeas Yeas  
Nays Nays  
Absent Absent  
Excused Excused

Reconsideration

PASS Effective Date  
Yeas Yeas  
Nays Nays  
Absent Absent  
Excused Excused  
Reported correctly engrossed  
Signed by Speaker  
Sent to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

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PASS Effective Date  
Yeas Yeas  
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Reconsideration

PASS Effective Date  
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Reported correctly engrossed  
Signed by President  
Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Concurred in Senate amendment thus adopting:  
VOTE

Failed to concur in Senate amendment; asked Senate to recede  
VOTE

Senate receded from amendment  
VOTE

Senate failed to recede from amendment  
VOTE

CC appointed by House

CC appointed by Senate

CC adopted by House  
VOTE

CC adopted by Senate  
VOTE

To enrolling  
Reported correctly enrolled  
Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No. ....

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

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

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

FUNDING (Thousands of Dollars)

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

POSITIONS

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

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

Passage of these resolutions carries no fiscal impact.

IV. DATE April 1, 1980 PREPARED BY David Creekman  
 AGENCY Dept. of Commerce & Economic Development  
 PHONE 465-2504  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

**CATEGORY:** DEVELOPMENT  
**PROGRAM:** ECONOMIC DEVELOPMENT

**AGENCY:** ALASKA POWER AUTHORITY  
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TRAVEL	37.0	27.0	27.4	30.0			32.1
CONTRACTUAL	277.7	331.1	309.7	151.2		12.6	106.9
COMMODITIES	3.4	1.4	1.6	3.6			3.9
EQUIPMENT		2.0	1.9	2.5			5.0
GRANTS, CLMS		25.0	29.0				
FUNDING SOURCE							
GENERAL FUND	470.4	513.0	487.9	347.7			332.1
PGM RECEIPTS						12.6	
XX GENERAL FUND CHANGE VS. 80 AUTH							-4.4%
POSITIONS							
FULL-TIME	5.0	5.0	5.0	5.0			5.0
STAFF MONTHS	60.0	60.0	60.0	60.0			60.0



# 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

5/9/80

Date: 5-24-80

Mr. President:

The Committee on FINANCE has had HJR 80

Proposing an amendment to the Constitution of the State . Alaska relating to joint budget revision power of interim committees

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)  same title
- replace with CS for \_\_\_\_\_  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:

\_\_\_\_\_

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\_\_\_\_\_

[Signature]  
CHAIRMAN

Introduced: 3/4/80  
Referred: Judiciary

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

HOUSE JOINT RESOLUTION NO. 80

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVENTH LEGISLATURE - SECOND SESSION

5

Proposing an amendment to the Con-

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stitution of the State of Alaska

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relating to joint budget revision

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power of interim committees of the

9

legislature.

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

11 \* Section 1. Article II, sec. 11, Constitution of the State of Alaska is  
12 amended to read:

13 SECTION 11. INTERIM COMMITTEES. There shall be a legislative  
14 council, and the legislature may establish other interim committees,  
15 including a committee to approve jointly with the governor, as provided  
16 by law, state budget revisions, including revisions authorizing the  
17 receipt and expenditure of federal and other program receipts as defined  
18 by law. The council and other interim committees may meet between  
19 legislative sessions. They may perform duties and employ personnel as  
20 provided by the legislature. Their members may receive an allowance for  
21 expenses while performing their duties.

22 \* Sec. 2. The amendment proposed by this resolution shall be placed  
23 before the voters of the state at the next general election in conformity  
24 with art. XIII, sec. 1, Constitution of the State of Alaska, and the election  
25 laws of the state.

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# STATE OF ALASKA

## THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION  
POUCH W—ALASKA OFFICE BUILDING

FINANCE DIVISION  
POUCH WF—STATE CAPITOL

JUNEAU 99801

### SUMMARY OF ARGUMENTS IN FAVOR OF PROPOSITION NO. 2 THE CONSTITUTIONAL AMENDMENT RELATING TO INTERIM COMMITTEES OF THE LEGISLATURE

The Alaska Constitution states two basic budgetary/expenditure requirements (Article IX, FINANCE AND TAXATION):

SECTION 12. BUDGET. The governor shall submit to the legislature, at a time fixed by law, a budget for the next fiscal year setting forth all proposed expenditures and anticipated income of all departments, offices, and agencies of the State. . . .

SECTION 13. EXPENDITURES. No money shall be withdrawn from the treasury except in accordance with appropriations made by law. . . .

The problem is: How can provision be made for necessary changes or revisions to the state budget during the course of the budget year? An expensive solution would be to call the legislature into periodic special sessions or have it meet year-round so that the legislature would always be available to pass laws making the various revisions to the state budget. Another more economical way would be to follow the pattern set by some fourteen other states\* and used in Alaska since 1971 - establish an interim committee of the legislature to approve, jointly with the governor, state budget revisions.

This amendment - Proposition No. 2 - would assure the continued use of the established method of budget revision. The following are points in its favor.

□ The ballot title and the official election pamphlet statement in favor of Proposition No. 2 (see attached blue sheet) highlight the principal advantage of the amendment, simplicity of procedure. Budget revisions can be made throughout the year while each branch of government retains its proper role: the executive to submit or recommend proposed expenditure changes and the legislative committee to approve or disapprove those changes for the legislature.

□ The U. S. Advisory Commission on Intergovernmental Relations has officially recommended that (1) states consider amending their constitutions to clearly authorize the use of legislative committees to approve budget revisions, and (2) state legislatures appropriate all funds received from the federal government (Alaska has traditionally done the latter. For Commission recommendations see attached green sheet)

/ / An Alaska Superior Court has ruled that the Constitution means what it says and all funds, including federal funds, must be appropriated before they can be expended. But, the Court decided that the Alaska Constitution, as written, does not allow the Legislature to delegate budget revision authority to one of its interim committees (see white sheets on Kelley v. Hammond). The proposed amendment would authorize this delegation of legislative authority.

□ The Alaska Constitution provides a straight-forward mechanism for amendment. Amendments are proposed by two-third's vote of each house of the Legislature and if approved by a majority of the votes cast on the proposition, the amendment is adopted. (Article XIII, Section 1). Since statehood, Alaska has amended its Constitution 14 times. A list of those amendments is attached (yellow sheet attached).

\*Fourteen states, in addition to Alaska, that have some sort of legislative committee involvement in the approval of state budget revisions are: Georgia, Kansas, Louisiana, Mississippi, Nevada, New Hampshire, North Carolina, North Dakota, Ohio, Oregon, South Dakota, Tennessee, Vermont and South Carolina. In addition, Montana has the question of legislative committee approval on the ballot this November.

# STATE OF ALASKA

## THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION  
POUCH W--ALASKA OFFICE BUILDING

FINANCE DIVISION  
POUCH WT--STATE CAPITOL

JUNEAU 99801

### BALLOT PROPOSITION NUMBER 2

This is a proposed constitutional amendment to article II, section 11 (interim legislative committees) to allow the legislature, by law, to vest one of its interim committees with the authority to share with the governor the authority to approve or disapprove revisions to the budget. The amendment would also permit the legislature to delegate to the committee its power to appropriate federal or other monies received from non-state sources.

#### OFFICIAL ELECTION PAMPHLET STATEMENT IN FAVOR OF PROPOSITION NO. 2 INTERIM LEGISLATIVE COMMITTEE CONSTITUTIONAL AMENDMENT

The Alaska Constitution vests the "legislative power of the State" in the legislature, and Sections 13-16 of Article II spell out the major legislative powers: the authority to enact bills into law and to reconsider and enact bills overriding the governor's veto. Of the 150 to 250 bills enacted into law annually, some 40 to 60 are appropriation bills, including perhaps the most important -- the General Appropriation or Budget Bill.

All appropriation bills when passed by the legislature contain the following elements:

- (1) amounts appropriated
- (2) fund sources from which the amounts are appropriated
- (3) departments or agencies to which appropriated
- (4) purposes for which appropriations are made

Since the four elements are stated for each appropriation within an Act, it is not possible to change any of the elements during the course of the budget year without in effect "amending" the appropriation as passed by the legislature.

How, then, can provision be made for necessary changes or revisions to the State budget during the course of the budget year? One way would be to call the legislature into periodic special sessions or have it meet year-round so that the legislature would always be available to pass laws accomplishing the various revisions to the State budget. Another way would be to follow the pattern set by some twelve other states -- establish an interim committee of the legislature to approve, jointly with the governor, state budget revisions.

Alaska has, in fact, been operating under the governor/legislative committee approach for approval of budget revisions since 1971. The problem is that the Alaska Constitution, though providing for interim committees of the legislature, is silent on the question: Can the legislature delegate responsibility to one of its committees to jointly approve with the governor revisions to the budget? The proposed constitutional amendment if approved would clearly authorize continued use of the existing budget revision system.

Approval of this amendment is recommended by your legislative committee who urge you to VOTE YES.

--Mike Colletta, State Senator  
Chairman, Legislative Budget  
and Audit Committee

# STATE OF ALASKA

## THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION  
POUCH W—ALASKA OFFICE BUILDING

FINANCE DIVISION  
POUCH WF—STATE CAPITOL

JUNEAU 99801

### U. S. ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS SUPPORTS INTERIM COMMITTEE CONSTITUTIONAL AMENDMENT CONCEPT

The Advisory Commission on Intergovernmental Relations (ACIR) was created by the Congress in 1959 to monitor the operation of the American federal system and to recommend improvements. ACIR is a permanent national bipartisan body representing the executive and legislative branches of federal, state, and local government and the public.

After selecting specific intergovernmental issues for investigation, ACIR follows a multistep procedure that assures review and comment by representatives of all points of view, all affected levels of government, technical experts, and interested groups. The Commission then debates each issue and formulates its policy position. Commission findings and recommendations are published and draft bills and executive orders developed to assist in implementing ACIR policies.

In a soon-to-be-published Advisory Commission on Intergovernmental Relations report, Model State Legislation, to be distributed prior to the 1979 state legislative sessions, the Commission makes the following recommendation:

#### "Delegation of Certain Appropriations-Related Functions to an Interim Committee

Delegation of appropriations powers to a designated body of the legislature when the legislature is out of session has been declared unconstitutional in several states on the grounds that it is an unauthorized delegation of the legislative power. Thus, in order to provide for any such delegation, states should consider a constitutional amendment clearly giving the legislature this power. The following language [the language recommended is similar to that proposed in Alaska], which is modified from a section in the Oregon Constitution, sets up an interim committee with broad appropriations-related powers. It provides that the committee shall approve the expenditure of federal funds that become available when the legislature is out of session and appropriate necessary state matching funds for those federal monies."

An earlier Advisory Commission report\* made the following recommendations:

"The State Legislature and  
Federal Grants"

The Commission recommends that state legislatures take much more active roles in state decision-making relating to the receipt and expenditure of federal grants to the states. Specifically, the Commission recommends that legislatures take action to provide for:

- inclusion of anticipated federal grants in appropriation or authorization bills;
- prohibition of receipt or expenditure of federal grants above the amount appropriated without approval of the legislature or its delegate;
- establishment of subprogram allocations, where state discretion is afforded in formula-based categorical and block grants, in order to specify priorities; and
- specification of the basis of fund allocation and recipient eligibility and the conditions of performance where states have a discretionary role in passing funds through to local governments." [emphasis added]

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\*Summary and Concluding Observations - The Intergovernmental Grant System: An Assessment and Proposed Policies, Washington, D.C., June 1978, page 32.

WHAT IS ACIR?

The Commission is composed of 26 members--nine representing the Federal government, 14 representing state and local government, and three representing the public. The President appoints 20--three private citizens and three Federal executive officials directly and four governors, three state legislators, four mayors, and three elected county officials from states nominated by the National Governors' Conference, the Council of State Governments, the National League of Cities/U.S. Conference of Mayors, and the National Association of Counties. The three Senators are chosen by the President of the Senate and the three Congressmen by the Speaker of the House.

## STATE OF ALASKA

## THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION  
POUCH 62—ALASKA OFFICE BUILDINGFINANCE DIVISION  
POUCH WF—STATE CAPITOL

JUNEAU 99801

## KELLEY VS. HAMMOND

Chapter 74, SLA 1977, an Act Relating to Revisions of Appropriations provided in part for the following amendment to the Executive Budget Act: (AS 37.07.080)

(h) Appropriations may be revised on approval by the governor and the Legislative Budget and Audit Committee to allow for

- (1) increase of an appropriation item based on additional federal or other program receipts;
- (2) establishment of a new, permanent position not authorized in the appropriated operating budget;
- (3) reallocation between appropriation items.

CH. 74 SLA 1977	PASSED THE SENATE	19 to 0
	WITH 1 EXCUSED	
	PASSED THE HOUSE	32 to 2
	WITH 6 EXCUSED	
	WAS VETOED AND THEN	57 to 0
	THE VETO OVERRIDDEN	
	WITH 3 EXCUSED	

The Legislature filed suit, Kelley vs. Hammond, on January 5, 1977, originally to force executive compliance with prior versions of this appropriation revision language. The Governor claimed that it was unconstitutional for the whole legislature or one of its committees to have a say in the above three matters. The case was partially decided May 30, 1978, by Superior Court Judge Thomas Stewart. Briefly, the Judge ruled that under the Constitution as written the Legislative Committee cannot approve or veto the increase of an appropriation item, cannot approve or veto transfers between appropriations and cannot veto the establishment of permanent positions. But the Judge held that the Constitution does require a legislative appropriation for the expenditure of all funds, including "so-called trust or custodial monies" received from the Federal government (Partial Summary Judgment

attached). The Governor then petitioned the State Supreme Court for immediate review of the "trust or custodial monies" appropriation requirement, but lost the petition (Supreme Court Order attached).

The 1978 Legislature passed Legislative Resolve No. 39, placing before the voters in November the question, shall the Legislature have the authority to establish a "committee to approve jointly with the Governor, as provided by law, state budget revisions, including revisions authorizing the receipt and expenditure of federal and other program receipts as defined by law" (Legislative Resolve No. 39 attached).

LR 39, SLA 1978	<u>PASSED THE SENATE</u>	19 to 0
	WITH 1 EXCUSED	
	<u>PASSED THE HOUSE</u>	31 to 9
	AND <u>PASSED THE HOUSE</u>	
	ON <u>RECONSIDERATION</u>	38 to 2

Since the voters will decide the question of Legislative involvement in the appropriation revision process, both parties have filed to dismiss Kelley vs. Hammond. Procedure for the treatment of unbudgeted federal and other program receipts for fiscal year 1979 has been provided by letter agreement making all such expenditures contingent "only on approval by the Governor and the Legislative Budget and Audit Committee." (letter agreement and Stipulation of Dismissal attached)

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IN THE SUPERIOR COURT OF THE STATE OF ALASKA  
FIRST JUDICIAL DISTRICT AT JUNEAU

RAMONA M. KEENELEY, et al., ) FILED  
Plaintiffs, ) IN THE DISTRICT COURTS  
vs. ) JUNEAU 30 JUN 3 29  
JAY S. HAMMOND, et al., ) FILED IN THE DISTRICT  
Defendants. ) COURT OF ALASKA  
C.A. No. 77-4

PARTIAL SUMMARY JUDGMENT

This matter came before the court on a motion for partial summary judgment. With respect to the following issues raised by the motion, it is ORDERED, ADJUDGED, AND DECREED:

(1) The Legislative Budget and Audit Committee cannot, under the Constitution of the State of Alaska, approve or veto transfers between appropriations made by law to the executive branch. To the extent that AS 37.07.080(e) and (h) purport to vest it with those powers, they are unconstitutional.

(2) The Legislative Budget and Audit Committee cannot, under the Constitution of Alaska, approve or veto the establishment of permanent positions in the executive branch. To the extent that AS 37.07.080(e) and (h) purport to vest it with those powers, they are unconstitutional.

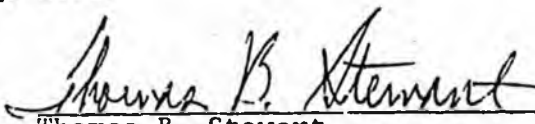
(3) The Legislative Budget and Audit Committee cannot approve or veto the expenditure of so-called trust or custodial monies received by the other branches from federal or other sources for specific functions or purposes. The power to appropriate those monies cannot be delegated to the Legislative Budget and Audit Committee. To the extent that AS 37.07.080(e) and (h) are to the contrary, they are unconstitutional.

ATTORNEY GENERAL, STATE OF ALASKA  
STATE CAPITOL  
POUCH K. JUNEAU, ALASKA 99611  
PHONE (907) 485-3600

J-5-78 #42

1 (4) The prohibition contained in the Alaska Con-  
2 stitution, art. IX, §13, against the expenditure of money  
3 from the treasury without an appropriation made by law ap-  
4 plies to so-called trust or custodial monies received from  
5 federal or other sources for specific functions and purposes,  
6 and those monies may not be expended without an appropria-  
7 tion made by law. To the extent that AS 37.07.080(e) and  
8 (h) are to the contrary, they are unconstitutional.

9 DATED: ~~April~~ <sup>May</sup> 30, 1978.

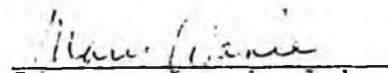
10   
11 Thomas B. Stewart  
12 Presiding Judge

13  
14 CERTIFICATION

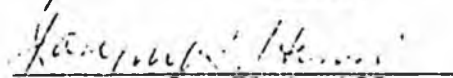
15 This is to certify that on the above date I mailed  
16 a copy of this order to:

17 Joseph R. Henri

18 Rodger W. Pegues

19   
20 Secretary to the Judge

21 Received, April 19<sup>th</sup>, 1978

22   
23 Attorney for Plaintiffs

THE SUPREME COURT OF THE STATE OF ALASKA



JAY S. HAMMOND, et al.,  
Petitioners,  
v.  
RAMONA M. KELLEY, et al.,  
Respondents.

File No. 3995

ORDER

Upon consideration of the Petition for Review, filed April 24, 1978, and the answer in opposition to the petition, filed May 15, 1978,

By direction of the Court, IT IS ORDERED:

The Petition for Review from part (4) of the Partial Summary Judgment, entered by the Superior Court on May 30, 1978, is denied. There has been an insufficient showing that immediate review will materially advance the ultimate termination of the litigation or that postponement of review until normal appeal will result in injustice because the partial summary judgment, until it becomes final, does not require any change in the present practices of the parties.

DATED this 21st day of June, 1978.

CLERK OF SUPREME COURT

By Connie Staska  
Chief Deputy Clerk  
Staska  
Deputy Clerk

cc: Counsel, Justices  
Hon. Thomas B. Stewart

Filed and entered... 6-21-78  
SUPREME COURT of the State of Alaska  
DONNA SPENCER PEGUES Clerk  
By... Connie Staska Deputy  
cuc

## STATE OF ALASKA

## THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION  
POUCH W—ALASKA OFFICE BUILDINGFINANCE DIVISION  
POUCH WF—STATE CAPITOL

JUNEAU 99801

## STATE OF ALASKA

## THE LEGISLATURE

1978

Source

HCSSJR 16Legislative  
Resolve No.39

Proposing an amendment to the Constitution of the State of Alaska relating to the work of interim committees of the legislature.

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

\* Section 1. Article II, sec. 11, Constitution of the State of Alaska is amended to read:

SECTION 11. INTERIM COMMITTEES. There shall be a legislative council, and the legislature may establish other interim committees, including a committee to approve jointly with the governor, as provided by law, state budget revisions, including revisions authorizing the receipt and expenditure of federal and other program receipts as defined by law. The council and other interim committees may meet between legislative sessions. They may perform duties and employ personnel as provided by the legislature. Their members may receive an allowance for expenses while performing their duties.

\* Sec. 2. The amendment proposed by this resolution shall be placed before the voters of the state at the next general election in conformity with art. XIII, sec. 1, Constitution of the State of Alaska, and the election laws of the state.

## STATE OF ALASKA

AUDIT DIVISION  
POUCH W—ALASKA OFFICE BUILDING

## THE LEGISLATURE

FINANCE DIVISION  
POUCH WF—STATE CAPITOL

BUDGET AND AUDIT COMMITTEE

JUNEAU 99801

August 7, 1978

Governor Jay S. Hammond  
State of Alaska  
Pouch A  
Juneau, AK 99811

Dear Governor Hammond:

I am happy that the parties were able to mutually dismiss Kelley vs. Hammond, Civil Action No. 77-4, in the Superior Court at Juneau. I think we both agree that the best forum for settlement of the role of the Budget and Audit Committee in budget revision is the November ballot box wherein the people of Alaska will decide whether to amend the State Constitution in accord with Legislative Resolve No. 39.

As to the treatment of unbudgeted federal and other program receipts for fiscal year 1979, this letter serves to record that the Executive and Legislative Branches will continue to honor Stipulation No. 9, entered by the parties on 15 June 1978, which provides:

"A general appropriation of all unforeseen and otherwise unbudgeted federal and other program receipts for fiscal years 1978 and 1979 will be made by the Legislature, but their expenditure shall continue to be made only on approval by the Governor and the legislative Budget and Audit Committee. The Committee will act on proposed revised programs within sixty (60) days of their receipt. If the Committee does not act on the proposal within that time, no Committee approval of it is required."

Your noting your concurrence in the above will ensure an adequate modus vivendi, at least until the Eleventh State Legislature convenes in 1979.

Thanking you for your cooperation, I am

Sincerely yours,

*Mike Colletta*

MIKE COLLETTA  
Chairman, Legislative  
Budget and Audit  
Committee

CONCUR

*Jay S. Hammond*  
JAY S. HAMMOND

Governor

Date: Aug 11, 1978

IN THE SUPERIOR COURT OF THE STATE OF ALASKA

FIRST JUDICIAL DISTRICT AT JUNEAU

RAMONA M. KELLEY, et al., )  
 )  
 Plaintiffs, )  
 )  
 vs. )  
 )  
 JAY S. HAMMOND, et al., )  
 )  
 Defendants. )

C. A. No. 77-4

STIPULATION OF DISMISSAL

Pursuant to Civil Rule 41(a)(1)(b), Plaintiffs file this Stipulation of Dismissal on the ground that the public interest is best served by dismissing the above-captioned action inasmuch as (1) the parties have entered certain stipulations dated 15 June 1978, and they intend by mutual agreement to observe Paragraph 9 thereof providing for the treatment of unbudgeted federal and other program receipts, and (2) Legislative Resolve No. 39, passed by the 1978 Alaska Legislature, asks the people of Alaska to decide whether to amend the Constitution of the State so as to provide for an interim committee to approve, jointly with the Governor, State budget revisions. Therefore, the parties stipulate to dismissing this case, with prejudice.

DATED at Juneau, Alaska, the 5th day of September, 1978.

*Joseph R. Henri*  
 \_\_\_\_\_  
 JOSEPH R. HENRI  
 Attorney for Plaintiffs

*DAV Pegues*  
 \_\_\_\_\_  
 AVRUM M. GROSS  
 Attorney General

By: Rodger W. Pegues  
Attorney for Defendants

IT IS SO ORDERED; CASE DISMISSED.

*Thomas B. Stewart*  
 \_\_\_\_\_  
 Judge of the Superior  
 Court

SEP 9 1978

By: Sara A. Henric, Clerk

DATED: *September 6, 1978*

JOSEPH R. HENRI  
 202 W. THIRD AT DIXON  
 JUNEAU, ALASKA 99801  
 (907) 586-3669

J-9-78#5



# 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

(11)

## HOUSE

3/17/80

FURTHER:

Date: 3-28-80

Mr. Speaker:

The Committee on FINANCE has had HJR 83

"Relating to compensation to Alaska physicians who participate in the Medicaid program."

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**

Mickens  
Freeman  
Harmon  
Montgomery  
McKinnon  
Rogers  
Smith

**MEMBERS HAVING  
OTHER RECOMMENDATIONS:**

\_\_\_\_\_  
 \_\_\_\_\_  
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 \_\_\_\_\_

Mickens  
 CHAIRMAN

Introduced: 3/17/80  
Referred: Finance

BY THE FINANCE COMMITTEE  
BY REQUEST

1 IN THE HOUSE

2 HOUSE JOINT RESOLUTION NO. 83

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 Relating to compensation to Alaska  
6 physicians who participate in the  
7 Medicaid program.

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

9 WHEREAS the Alaska Department of Health and Social Services has en-  
10 countered a serious problem which prevents the department from compensating  
11 Alaska physicians adequately for their participation in the Medicaid program;  
12 and

13 WHEREAS the problem results directly from the federal Medicaid rules on  
14 physician reimbursement; and

15 WHEREAS the federal Medicaid rules tie the availability of compensation  
16 to Alaska physicians to a cost-of-living adjustment which is used in the  
17 contiguous 48 states and which is unrealistic in Alaska; and

18 WHEREAS the federal Medicaid rules do not make any allowance for the  
19 Alaska cost of living which departs substantially from the national norm; and

20 WHEREAS adherence to the federal Medicaid rules has resulted in a situa-  
21 tion where many Alaska physicians receive 50 percent or less of their normal  
22 charges for services when the patient is covered by Medicaid; and

23 WHEREAS the result not only affects the availability of services to  
24 recipients of Medicaid and the participation by physicians in the Medicaid  
25 program but has the effect of driving up the cost of medical care to all  
26 other patients as well; and

27 WHEREAS the Alaska Department of Health and Social Services has sought  
28 to resolve this problem by contact with federal Medicaid officials but to no  
29 avail; and

1           WHEREAS the federal Medicaid Director for Region X has advised Alaska  
2 officials that an Alaska cost-of-living index may not be substituted for the  
3 economic index used by Medicare to determine rates across the United States;  
4 and

5           WHEREAS the lack of flexibility in the provisions of federal law govern-  
6 ing the Medicaid program can be resolved only through an Act of Congress;

7           BE IT RESOLVED by the Alaska State Legislature that Congress is urged to  
8 introduce an element of flexibility into the federal laws governing the  
9 reimbursement of physicians participating in the Medicaid program and par-  
10 ticularly to allow the use of local cost-of-living differentials for the  
11 reimbursement of physicians.

12           COPIES of this resolution shall be sent to the Honorable Jimmy E. Carter,  
13 President of the United States; the Honorable Walter F. Mondale, President of  
14 the U. S. Senate; the Honorable Thomas P. O'Neill, Jr., Speaker of the U. S.  
15 House of Representatives; and to the Honorable Ted Stevens and the Honorable  
16 Mike Gravel, U. S. Senators, and the Honorable Don Young, U. S. Representa-  
17 tive, members of the Alaska delegation in Congress.

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## POSITION PAPER

ON

## HOUSE JOINT RESOLUTION 83

This resolution seeks to eliminate the federal barrier which presently prevents fair compensation of Alaska's physicians participating in the Medicaid Program.

The problem stems from a federal law which sets physician reimbursement at the lowest of three factors;

1. The actual amount charged on the bill,
2. The physician's actual average charge for the preceeding year; and
3. The "adjusted 75th percentile" for all Alaska physicians' charges for the preceeding year.

A true 75th percentile would represent a figure which 75% of Alaska physicians did not exceed. However, under federal law the Alaska 75th percentile is not allowed to increase at the actual Alaska economic growth rate, but rather is limited to the economic growth rate for the United States as a whole. The potential effect of this growth limitation is displayed on the attached graph. This graph shows what would happen to a \$15 office charge over the last 10 years assuming, for illustration only, that costs in Alaska have grown an annual percentage of 2% higher than the rest of the nation.

The Department supports HJR 83 for the following reasons:

1. Physician participation in Medicaid is optional and an increasing number of physicians will either drop out of the program or refuse to see new patients if they feel they are unfairly compensated. This is already severely effecting the specialty service of OB-GYN.
2. Although physicians' as a group represent no more than 10% of total costs under our medical programs, they are the hub of our entire medical delivery system. They see patients in their offices at the early stages of disease or injury, they admit people to hospitals and long term care facilities, they perform surgery and provide follow-up care, and they refer patients to other providers of health care services. We need their participation to make our program work.

3. Hospitals and long term care facilities receive full reimbursement for all reasonable costs they incur. Clearly, under the present system, physicians do not. Even if an Alaska cost index is substituted for the national index, physicians will still receive only partial reimbursement for the costs they incur.
4. Unless the growing disparity between costs and reimbursement is lessened, physician losses will have to be made up by increasing costs of private pay patients.
5. Although Medicare is also a federal program, it does not force physicians into this box. If a physician elects not to accept Medicare payment as full settlement of his bill, he can bill the patient for the remainder under Medicare rules. In Medicaid it is partial payment or nothing. If the State attempts to make up the portion lost by the physician under Medicaid, the State then becomes responsible for the entire payment.

Approved by:

*Rod Betit*

Rod Betit, Director  
Division of Public Assistance

*March 28, 1980*  
Date

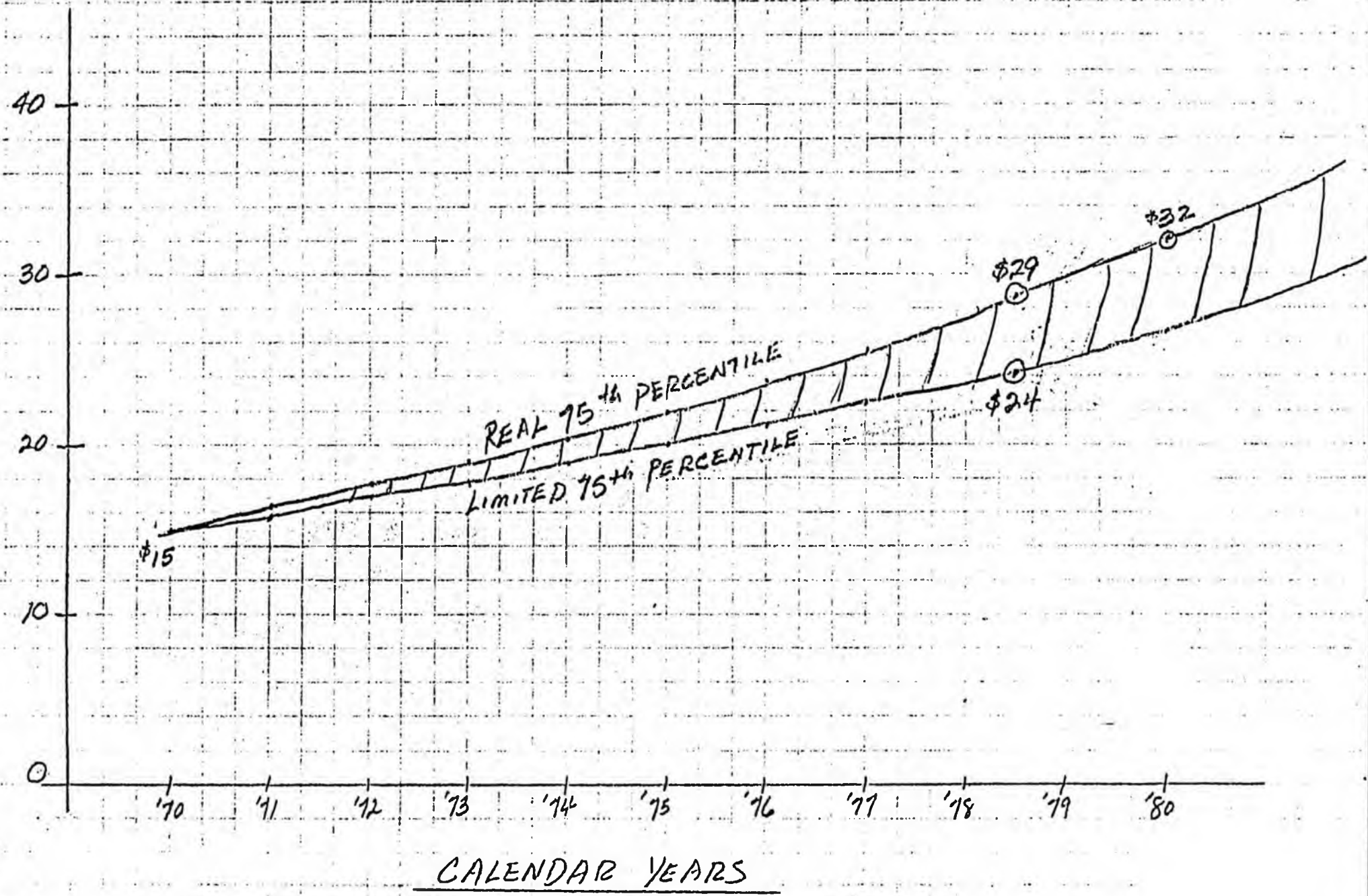
*Helen D. Beirne*

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

*3/28/80*  
Date

MARCH 28, 1980

### COMPARISON OF REAL 75<sup>th</sup> PERCENTILE TO LIMITED 75<sup>th</sup> PERCENTILE



11-11-80

Introduced: 3/17/80  
Referred: Finance

BY THE FINANCE COMMITTEE  
BY REQUEST

1 IN THE HOUSE

2 HOUSE JOINT RESOLUTION NO. 83

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 Relating to compensation to Alaska  
6 physicians who participate in the  
7 Medicaid program.

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

9 WHEREAS the Alaska Department of Health and Social Services has en-  
10 countered a serious problem which prevents the department from compensating  
11 Alaska physicians adequately for their participation in the Medicaid program;  
12 and

13 WHEREAS the problem results directly from the federal Medicaid rules on  
14 physician reimbursement; and

15 WHEREAS the federal Medicaid rules tie the availability of compensation  
16 to Alaska physicians to a cost-of-living adjustment which is used in the  
17 contiguous 48 states and which is unrealistic in Alaska; and

18 WHEREAS the federal Medicaid rules do not make any allowance for the  
19 Alaska cost of living which departs substantially from the national norm; and

20 WHEREAS adherence to the federal Medicaid rules has resulted in a situa-  
21 tion where many Alaska physicians receive 50 percent or less of their normal  
22 charges for services when the patient is covered by Medicaid; and

23 WHEREAS the result not only affects the availability of services to  
24 recipients of Medicaid and the participation by physicians in the Medicaid  
25 program but has the effect of driving up the cost of medical care to all  
26 other patients as well; and

27 WHEREAS the Alaska Department of Health and Social Services has sought  
28 to resolve this problem by contact with federal Medicaid officials but to no  
29 avail; and

1           WHEREAS the federal Medicaid Director for Region X has advised Alaska  
2 officials that an Alaska cost-of-living index may not be substituted for the  
3 economic index used by Medicare to determine rates across the United States;  
4 and

5           WHEREAS the lack of flexibility in the provisions of federal law govern-  
6 ing the Medicaid program can be resolved only through an Act of Congress;

7           BE IT RESOLVED by the Alaska State Legislature that Congress is urged to  
8 introduce an element of flexibility into the federal laws governing the  
9 reimbursement of physicians participating in the Medicaid program and par-  
10 ticularly to allow the use of local cost-of-living differentials for the  
11 reimbursement of physicians.

12           COPIES of this resolution shall be sent to the Honorable Jimmy E. Carter,  
13 President of the United States; the Honorable Walter F. Mondale, President of  
14 the U. S. Senate; the Honorable Thomas P. O'Neill, Jr., Speaker of the U. S.  
16 House of Representatives; and to the Honorable Ted Stevens and the Honorable  
18 Mike Gravel, U. S. Senators, and the Honorable Don Young, U. S. Representa-  
17 tive, members of the Alaska delegation in Congress.



# Ombudsman

Frank Flavin

State of Alaska

March 28, 1980

Reply to:

- 840 K Street, Room 203  
Anchorage, Alaska 99501  
(907) 276-4011
- Pouch W0  
Juneau, Alaska 99811  
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- P.O. Box 74358  
Fairbanks, Alaska 99707  
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Russ Meekins  
Chairman, House Finance Committee  
Pouch V  
Juneau, AK 99811

Re: H.J.R. 83

Dear Rep. Meekins:

Unfortunately prior commitments of my staffs' and my time conflict with your hearing on H.J.R. 83 and we will not be able to be present.

I believe the following information will be of interest to you and your committee when considering this bill.

1. In the past two years we have received about eight complaints or inquiries which have represented twenty-two physicians regarding the Medicaid fee profile for physicians.

2. The physicians (including psychiatrists) have strongly felt that they are forced to subsidize the state's medical assistance programs because of inequitable fee profiles and its percentage reimbursement scheme.

3. The Department of Health and Social Services is in the position of administering a federal program and having to comply with federal regulations which prevent them from reimbursing the physicians' costs in any way which reflects the cost of doing business in Alaska.

4. We are aware of one physician who left the state partially because of what he considered an inequitable Medicaid fee profile. Considering the Alaskan economy he felt that his time and business overhead could not cope with what he felt were below cost reimbursements he would receive from Medicaid.

5. We believe that the Department of Health and Social Services has made positive efforts to work with the federal government in order to make the fee profiles reflective of Alaskan costs. It appears that no adjustments can be made without Congressional action.

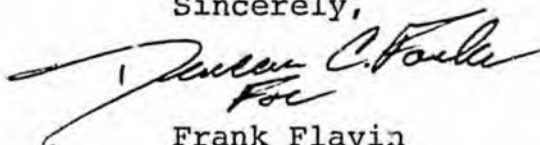
Russ Meekins  
March 28, 1980  
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6. It is our understanding that even if the legislature wished to augment the fee reimbursements which Alaskan physicians receive from the Medicaid program this option would not be permitted by the federal program. The only apparent options would be for the state to fully fund a medicare type program without federal participation or to take out health policies on eligible Alaskans. The financial impact of such a program on the state budget obviously would be great.

I hope the above information will be of use to you and your Committee during your consideration of H.J.R. 83.

If you have any questions please contact Duncan Fowler of our Juneau office or me in Anchorage.

Sincerely,

A handwritten signature in cursive script, appearing to read "Frank Flavin".

Frank Flavin  
Ombudsman

FF/DCF:mr