

LEG. FINANCE - BILLS 1979 - 1980 1275  
SB 122 cont., thru SB 125 1275

dividend for each full calendar year of residence in the state beginning January 1, 1959.

(b) An individual, eighteen years or older who files a net individual income tax return under AS 43.20 as a part-year resident, may claim a dividend in that return but the amount of the dividend to which he is entitled must be prorated based on the number of full months of residence in Alaska during the tax year for which he claims total dividend. Part-year residency may not be counted toward the accrual of dividends under (a) of this section.

(c) A dividend may be claimed by, and credited or paid to, an individual who is a resident at the time he claims a dividend and was a resident and physically present in Alaska for the period for which a dividend is claimed, or who, if a resident but not physically present, was temporarily absent for reasons of professional, vocational or other special education for which a comparable program was not reasonably available in Alaska, post-secondary education, military service, medical treatment, vacations determined to be of reasonable duration, or service in the Congress.

Sec. 43.23.030. TAX CREDITS AND PAYMENTS. (a) An eligible individual is entitled to a tax credit against his net individual income tax liability under AS 43.20 equal to the total amount of his Permanent Fund dividends accrued as of December 31 of each tax year beginning with tax year 1979.

(b) If the total amount of the dividends to which an individual is entitled exceeds his net tax liability, if any, under AS 43.20, he is entitled to receive a payment for the excess.

(c) If a person, at the time he claims a dividend, is incarcerated as punishment for committing a crime, and he is entitled to a payment under (b) of this section, the payment shall be made to the Department of Health and Social Services for deposit in the general fund to

offset the expenses to the state of the incarceration accrued as of December 31 of the tax year for which he claims a dividend. If the amount of the payment exceeds the expenses, the excess must be paid to the person.

(d) The commissioner shall make all payments for dividends required to be made under (b) of this section from an annual appropriation for that purpose.

Sec. 43.23.040. AMOUNT OF DIVIDEND. For tax year 1979, the amount of each dividend is \$10. For each tax year thereafter, subject to the limitations in (b) of this section, the amount of each dividend will be equal to the quotient of 10 percent of the income from the Alaska Permanent Fund earned during the fiscal year ending June 30 of the preceding tax year, divided by the total number of dividends paid or credited during the preceding tax year, or \$10 whichever is greater.

Sec. 43.23.050. DETERMINATION OF ELIGIBILITY. (a) An individual who claims a dividend must make a statement of eligibility verified by him under penalty of perjury. The commissioner may require an individual to provide additional proof of eligibility including one or more affidavits from other persons having personal knowledge concerning the individual's eligibility.

(b) The department shall prescribe and furnish a form for the statement of eligibility, which must include a certification of residency.

Sec. 43.23.060. APPLICATIONS. (a) In order to receive a dividend under this chapter, an eligible individual must file an Alaska net income tax return, even if the individual has no net tax liability under AS 43.20.

(b) A claim for a dividend covers the period ending on December 31 for which the individual was eligible for the dividend.

(c) For married individuals filing a joint return, the return may claim dividends for each spouse.

(d) A year for which an individual was eligible but failed to claim a dividend may be counted toward eligibility for a dividend under AS 43.20.020. A dividend may not be paid or credited if it is claimed for the first time in an amended return.

(e) The department may by regulation adopt reasonable procedures and time limitations for claiming dividends, including procedures and time limitations not provided for in AS 43.20 or in regulations adopted under AS 43.20.

Sec. 43.23.070. PENALTIES. In addition to any criminal penalties imposed, if a person is convicted of perjury or unsworn falsification on the basis of a statement made under AS 43.20.050, and the conviction is not reversed, that person is not, and may never become, eligible for a dividend under this chapter, and he forfeits all dividends previously paid or credited to him.

Sec. 43.23.080. TAX EXEMPTION. The tax credits and payments provided under this chapter are exempt from taxation under AS 43.20.

Sec. 43.23.090. ENFORCEMENT. If the commissioner determines that a dividend should not have been claimed by or credited to an individual, he may use any collection procedures or remedies available under AS 43 to recover any payments improperly made or to collect any additional taxes due.

Sec. AS 43.23.100. RELATIONSHIP WITH OTHER CHAPTERS. For purposes of calculating the total amount of the general tax refund under AS 43.20.017 the credit allowed by this chapter shall be disregarded.

Sec. 43.23.110. DEFINITIONS. In this chapter, unless the context requires otherwise,

(1) "dividend" means a right to receive a tax credit, or to receive a payment from the annual appropriation made under this chapter,

and credited by the department to an eligible individual;

(2) "commissioner" means the commissioner of revenue or his designee;

(3) "department" means the Department of Revenue;

(4) "individual" means a natural person.

\* Sec. 3. AS 43.20.215 is repealed.

\* Sec. 4. If any provision of AS 43.23, other than AS 43.23.070, is held to be invalid by the final judgment, decision or order of a court of competent jurisdiction, then that provision is nonseverable, and the entire chapter is invalid and of no force or effect.

\* Sec. 5. The procedures for claiming, crediting, and paying Permanent Fund dividends provided for in AS 43.23.030(a) and (b) and in AS 43.23.060 do not apply to claims for dividends for tax year 1979. For that tax year only, an eligible individual is entitled to receive a payment equal to the total amount of his Permanent Fund dividends accrued as of December 31, 1979, to the extent that this amount exceeds the total credit claimed by the individual under AS 43.20.015 for tax year 1979. For tax year 1979, the department shall, no later than July 1, 1980, prescribe and make available a form for claiming dividends. In addition, the department shall mail the form to each individual who, as of July 1, 1980, has filed a resident or part-year resident individual income tax return under AS 43.20. In order to receive a dividend for tax year 1979, an eligible individual must file with the department the form for claiming dividends no later than September 1, 1980, and must make a statement of eligibility as required in AS 43.23.050. For tax year 1979 only, dividends may not be credited against net tax liability, if any, under AS 43.20, but may be received only in the form of a payment.

\* Sec. 6. (a) It is the duty and policy of the state with respect to the natural resources belonging to it and the income derived from them to provide for their utilization, development, and conservation for the

maximum benefit of its people.

(b) The purposes of this Act are (1) to reduce individual state income taxes, (2) to provide a mechanism for equitable distribution to the people of Alaska of at least a portion of the state's energy wealth derived from the production and development of the natural resources belonging to them as Alaskans, (3) to encourage persons to maintain their roots in Alaska and to reduce population turnover in the state, and (4) to encourage increased awareness and involvement by the voters of this state in the management and expenditure of state revenues derived from natural resources production and development.

\*Sec. 7. This Act takes effect immediately in accordance with AS 01.10.070(c).

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 122  
 Title Providing for a general tax refund under the Alaska Net Income Tax  
 Requested by and relating to the use of income from Date 2/21/80  
the Alaska Permanent Fund for the general tax refund

II. FISCAL DETAIL

Agency Affected Revenue  
 Program Category Affected General Government  
 BRU, Program, or Subprogram(s) Affected Administration & Support, Management Service  
 (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	16.9	307.6	251.5	269.1	288.0	308.1
200 TRAVEL						
300 CONTRACTUAL	5.0	151.8	159.6	168.0	177.0	186.6
400 COMMODITIES	.5	2.5	2.7	2.9	3.1	3.3
500 EQUIPMENT	1.0	9.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>23.4</b>	<b>464.9</b>	<b>413.8</b>	<b>440.0</b>	<b>468.1</b>	<b>498.0</b>

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND	23.4	464.9	413.8	440.0	468.1	498.0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

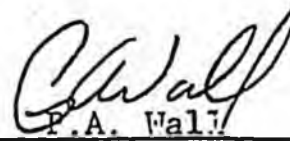
POSITIONS

	1/2mm	5/60mm	5/60mm	5/60mm	5/60mm	5/60mm
FULL TIME						
PART TIME	2/4mm	12/62mm	6/31mm	6/31mm	6/31mm	6/31mm
TEMPORARY						

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

The computer will be used to match the most recent taxpayer records against the prior four years to determine the number of years a taxpayer has filed returns. About 12% of the taxpayers will require additional manual checking due to changes in identification data. Additional programming is necessary because the computer file for each tax year has a different format.

The use of the most recent tax file will result in names and addresses which are over one year old. The special handling of returned payments will be required. A number of appeals, internal conferences and grievances are expected.

IV. DATE 2/21/80 PREPARED BY  P.A. Wall  
 AGENCY Revenue  
 PHONE 465-2313  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

### Assumptions

A total of 275,300 taxpayer records are assumed for tax year 1978. 90,000 returns were joint filed. About 12% additional manual checks are assumed to verify the number of years taxes were filed.

One mail-out of refund payments is assumed. An additional 22,700 (5%) are assumed to have address or name change considerations which will involve remailing.

### Program Summary

Computer programs will be written to process the most recent Alaska Individual Income tax file and compare the records to the four previous tax year files. A tax refund file will be developed showing the five year tax status. Unmatched records on the most recent file will be manually checked, corrected and added to the tax refund file. The required share values will be calculated, the payments and associated reports prepared, the payments mailed, redeemed payments processed and returned, undeliverable payments filed and processed as corrective information such as new address and name changes are received. The computer system must interface with the Department of Administration General Accounting System, the Treasury Warrant Redemption System and the Alaska Individual Income Tax System.

### Positions

2PPT	Systems Analyst/Programmers Range 18 - \$2465 mo for 6 months each	= 29.6
	Benefits, 4.4, FICA 2.0, H.I. 1.5	= 7.9
10 PPT	Tax Scanners, Range 8 \$1277 mo for 5 months each	= 63.9
	Benefits 9.5 FICA 4.2, H.I. 614	= 20.1
	Shift work and overtime	= 12.0
3 PPT	Tax Examiners, Range 12, \$1628	= 58.6
	Benefits 8.7, FICA 3.9, H.I. 4.6	= 17.2
1 PPT	Hearing Officer, Range 25 \$4066	= 48.8
	Benefits 7.3, FICA 3.2, H.I. 1.5	= 12.0
1 PPT	Revenue Auditor, Range 18 \$2465	= 29.6
	Benefits 4.4, FICA 2.0, H.I. 1.5	= 7.9

Other Expenditures

4 Data Capture Machines, 5 mos at \$350/mo x 4	=	7.0
Warrant stock, 278,000 at \$24 m	=	6.7
Postage, 278,000 at 15 cents each	=	41.7
Envelopes, 278,000 at \$11.54 m	=	3.2
DP Chargeback	=	12.0
Professional Services	=	76.7
Miscellaneous:		
Toll Calls	=	2.5
Electrical Installation	=	1.0
Commodities	=	2.5
Insurance	=	1.0
Equipment (Chairs, desks, microfiche viewers, tables, calculators)	=	9.0

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSE 122  
 Title Relating to a general tax refund  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Revenue  
 Program Category Affected \_\_\_\_\_  
 BRU, Program, or Subprogram(s) Affected \_\_\_\_\_  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

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

FUNDING <sup>Millions</sup> (Thousands of Dollars)

GENERAL FUND	(104.9)	(120)	(140)	(174.2)	(232.2)	(297.8)
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE Feb 21, 1980 PREPARED BY [Signature]  
 AGENCY Revenue  
 PHONE 465-2313  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

*Yacone*

February 21, 1980

# 2.38 million  
.5

# 140,000,000

NO SENATE CALENDAR TODAY

# 2.88 million

50%

5 year filer  
per share

class A or B

expands bureau

COMMITTEE REPORT  
SENATE

2/8/79

FURTHER

Finance

Date: 4/6/79

Mr. President:

The Committee on JUDICIARY has had SB 122  
relating to permanent fund; amending Appellate Rule 45, Alaska Rules of  
Court Procedure

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 with <sup>in dissent</sup> ~~no~~ recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

2 Bennett  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

3 Ziegler - <sup>3</sup> Do Not Pass  
3 Dankworth - No Rec.  
3 Meland No Rec  
3 Bill Ray No Rec  
\_\_\_\_\_  
\_\_\_\_\_

1 Ziegler  
CHAIRMAN  
*do not pass*

Introduced: 2/8/79  
Referred: Judiciary and  
Finance

1 IN THE SENATE

BY SUMNER

2 SENATE BILL NO. 122

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the permanent fund; amending  
7 Appellate Rule 45, Alaska Rules of Court Procedure; and  
8 providing for an effective date."

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

10 \* Section 1. AS 37.10.065(a) is amended to read:

11 (a) The Alaska Permanent Fund consists of 25 per cent of all  
12 mineral lease rentals, royalties, royalty sale proceeds, federal mineral  
13 revenue sharing payments and bonuses received by the state. The commis-  
14 sioner of revenue shall deposit in the Alaska Permanent Fund 25 per cent  
15 of the receipts from these sources at least once each month. The com-  
16 missioner of revenue, unless otherwise instructed in accordance with  
17 AS 37.10.110, shall invest the money in the Alaska Permanent Fund in  
18 income-producing investments of the following types:

19 (1) obligations of, or obligations insured or guaranteed by,  
20 the United States or agencies or instrumentalities of the United States;

21 (2) obligations secured by reserves paid in by the United  
22 States or agencies or instrumentalities of the United States or obliga-  
23 tions of corporations in which the United States is a shareholder or  
24 member;

25 (3) certificates of deposit issued by United States domestic  
26 banks which are members of the Federal Deposit Insurance Corporation and  
27 secured as to the payment of principal and interest in accordance with  
28 Alaska law;

29 (4) corporate investment-grade securities;

1 (5) bankers' acceptance drawn on and accepted by United  
2 States banks which each have a combined capital and surplus aggregating  
3 at least \$100,000,000;

4 (6) repurchase agreements, the securities underlying the  
5 agreements being any of the items in (1) - (5) of this subsection;

6 (7) deposits of federally insured savings and loan associa-  
7 tions not to exceed 10 per cent of each savings and loan association's  
8 deposits exclusive of federal, state, and municipal deposits;

9 (8) fixed term certificates of debentures of federally in-  
10 sured credit unions not to exceed 10 per cent of each credit union's  
11 shares.

12 \* Sec. 2. AS 37.10 is amended by adding new sections to read:

13 ARTICLE 5. PERMANENT FUND INCOME.

14 Sec. 37.10.110. DISTRIBUTION OF INCOME TO RESIDENTS. (a) No  
15 later than June 30, 1981, the commissioner of revenue shall issue one  
16 share of the Alaska Permanent Fund to each resident of the state, re-  
17 gardless of age, who has been a resident continuously since July 1,  
18 1980, and who, no later than February 1, 1981, has filed with the com-  
19 missioner a statement of residency. The commissioner shall notify the  
20 public of the availability of shares under this subsection and the  
21 method for qualifying for shares. The notification shall be by publi-  
22 cation in at least one newspaper of statewide circulation, by radio and  
23 television announcements, and by other means the commissioner determines  
24 to be appropriate and reasonable.

25 (b) One share issued under (a) of this section represents the  
26 total principal amount of the permanent fund at the time of the annual  
27 distribution of income under (c) of this section divided by the number  
28 of shares issued.

29 (c) Beginning July 1, 1981, and annually thereafter, the commis-

1 sioner shall distribute the net income from general investments of the  
2 permanent fund for the previous fiscal year to the qualified share-  
3 holders in accordance with the procedures established by this section.

4 (d) The net income from general investments of the permanent fund  
5 shall be distributed to shareholders in proportion to the amounts of  
6 their shares which are in general investments. The amount or a part of  
7 the amount represented by one share is considered to be in general  
8 investments if the shareholder has not elected to direct under AS 37.-  
9 10.120(a) the amount or part of the amount represented by the share.

10 (e) A share issued under this section is not transferable by sale,  
11 donation, lien, judgment, devise, or any other method. Alienation of a  
12 share is void as against public policy. Upon a shareholder's death or  
13 the termination of his residency, his share lapses to the state and  
14 shall be counted as a full share for the purposes of (b) of this sec-  
15 tion. The lapsed share shall be invested for the state by the commis-  
16 sioner in accordance with AS 37.10.065(a). Income of the lapsed share  
17 shall be allocated to the general fund.

18 (f) Possession of a share imparts no right to ownership or posses-  
19 sion of the principal of the permanent fund it represents; possession of  
20 a share imparts only those rights specified in AS 37.10.110 - 37.10.150.

21 Sec. 37.10.120. DIRECTED INVESTMENTS. (a) Within 60 days after  
22 the determination under (b) of this section of the amount of permanent  
23 fund principal available to each shareholder for directed investments, a  
24 shareholder may notify the commissioner of his election to direct the  
25 investment of the available amount of permanent fund principal or a part  
26 of it. The shareholder may direct investments to be made in any of the  
27 investments listed by the commissioner in accordance with AS 37.10.150-  
28 (b). The notification shall indicate the specific investments to be  
29 made and the specific amounts to be invested. Unless the shareholder

1 notifies the commissioner otherwise, the commissioner shall consider any  
2 investments directed by the shareholder from the previous determination  
3 under (b) of this section as part of the shareholder's directions for  
4 the current determination. The commissioner shall distribute net income  
5 as it is received from investments made under this subsection to the  
6 shareholder directing the investments.

7 (b) The amount of permanent fund principal for which the share-  
8 holder may direct investments under this section shall be determined by  
9 the commissioner when the principal of the permanent fund reaches  
10 \$2 billion and at each \$1 billion increase in principal thereafter. The  
11 amount of permanent fund principal available to a shareholder for  
12 directed investments is equal to the value of one share, as determined  
13 under AS 37.10.110(b), at the time the principal reaches \$2 billion and  
14 at the time of each subsequent \$1 billion increase in principal, as  
15 appropriate. The commissioner shall give public notice of the amount  
16 available for directed investments by publication in at least one news-  
17 paper of statewide circulation, by radio and television announcements,  
18 and by any other means the commissioner determines to be reasonable and  
19 appropriate.

20 (c) Upon receipt of notification provided in accordance with (a)  
21 of this section, the commissioner or his designee shall make investments  
22 of permanent fund principal in accordance with the notification.

23 (d) If the notification under (c) of this section is defective in  
24 that it directs investment of an amount greater than that which is  
25 available under (b) of this section to a shareholder, or in that it  
26 contains directions which are unclear or which the commissioner or his  
27 designee is not able to follow, the commissioner or his designee shall  
28 make reasonable efforts to expeditiously inform the shareholder of the  
29 defect. If the shareholder fails to revise his directions to cure the

1 defect or fails to notify the commissioner or his designee of the revi-  
2 sion within the time period established in (a) of this section, or if  
3 there is insufficient time to allow the commissioner or his designee to  
4 inform the shareholder of the defect within the time period established  
5 in (a) of this section, the shareholder's investment directions are  
6 void, and the shareholder shall share in the distribution of income  
7 under AS 37.10.110.

8 (e) If the notification under (c) of this section directs invest-  
9 ment of an amount less than that which is available under (b) of this  
10 section to a shareholder, the commissioner or his designee shall make  
11 the investments specified in the notification, and the shareholder shall  
12 receive, in addition to net income earned by the directed investments, a  
13 proportionate share of the distribution of net income under AS 37.10.110  
14 for the amount not invested by his direction.

15 (f) A shareholder may direct the commissioner or his designee to  
16 sell an investment directed under (a) of this section at any time. The  
17 shareholder may direct the investment of the principal recovered at the  
18 sale in another eligible investment under (a) of this section or may  
19 allow the principal recovered at the sale to be invested by the commis-  
20 sioner in accordance with AS 37.10.065. If the shareholder decides to  
21 allow investment by the commissioner in accordance with AS 37.10.065,  
22 the shareholder may not direct any investments until the next determi-  
23 nation under (a) of this section.

24 (g) The commissioner shall invest, in accordance with AS 37.10.-  
25 065, and distribute the net income of, in accordance with AS 37.10.110,  
26 any increase in permanent fund principal during periods between deter-  
27 minations under (b) of this section.

28 Sec. 37.10.130. DETERMINATION OF RESIDENCY. (a) An individual  
29 who applies for a share of the Alaska Permanent Fund must prove his

1 eligibility to the satisfaction of the commissioner. The commissioner  
2 may not issue an individual a share or make a payment to an individual  
3 until proof of that individual's eligibility sufficient to satisfy a  
4 reasonable person has been made to the commissioner.

5 (b) Proof of eligibility may be from school attendance records,  
6 state and local tax and licensing records, voter registration records,  
7 birth and marriage certificates, selective service records, sworn affi-  
8 davits from others having knowledge of an individual's residence, and  
9 from other forms of documentary evidence which a reasonable person would  
10 rely on in the conduct of his own affairs. An affidavit from an indi-  
11 vidual without supporting evidence of eligibility is not satisfactory  
12 proof of eligibility.

13 (c) Upon determination of an individual's eligibility for a share,  
14 the commissioner shall, by first class mail, notify the individual of  
15 that determination. If the individual is determined to be ineligible,  
16 he shall be informed by certified mail, of the following:

17 (1) the reason for his ineligibility;

18 (2) that he may file additional proof and file a request for  
19 a hearing before the commissioner to present proof of his eligibility;  
20 and

21 (3) that the decision becomes final and unappealable 30 days  
22 after receipt of the notification unless, within that time, the indivi-  
23 dual files additional proof or files a request for a hearing before the  
24 commissioner.

25 (d) If an individual does not file additional proof or file a  
26 request for a hearing with the commissioner within 30 days after his  
27 receipt of the commissioner's notice of the determination, the commis-  
28 sioner's decision becomes final as to the period involved and there is  
29 no further appeal. The time limit is jurisdictional.

1 (e) If an individual files additional proof or files a request for  
2 a hearing with the commissioner within 30 days after he receives the  
3 commissioner's notice of the determination and, after the additional  
4 evidence has been considered or the hearing held, he is still determined  
5 to be ineligible, he may appeal to the superior court within 30 days  
6 after he receives notice of the final decision. The time limit is  
7 jurisdictional, and no appeal may be brought after it has elapsed. In  
8 considering the appeal, the superior court may review solely on the  
9 record which was before the commissioner and must apply the reasonable  
10 basis test to factual matters and its own judgment on the law. The same  
11 standard of review applies if a further appeal is taken to the supreme  
12 court.

13 Sec. 37.10.140. CONFIDENTIALITY. An investment made at the direc-  
14 tion of a shareholder in accordance with AS 37.10.120(a) is confiden-  
15 tial.

16 Sec. 37.10.150. REGULATIONS. The commissioner may adopt regula-  
17 tions in accordance with the Administrative Procedure Act (AS 44.62) for  
18 the administration and enforcement of AS 37.10.110 - 37.10.150, in-  
19 cluding, but not limited to, regulations relating to the allocation of  
20 permanent fund receipts to income and to principal.

21 Sec. 37.10.155. ELIGIBLE DIRECTED INVESTMENTS. (a) The commis-  
22 sioner shall, by regulation, establish a list of at least 100 specific  
23 investments which may be made at the direction of shareholders in accor-  
24 dance with AS 37.10.120(a). The commissioner shall include in the list  
25 only those investments which, in his opinion, accord with the prudent-  
26 man rule.

27 (b) An investment of permanent fund principal made under AS 37.-  
28 10.120(a) in an investment which is removed by the commissioner from the  
29 list of eligible investments shall be redeemed by the commissioner or

1 his designee at the earliest possible time, and the commissioner or his  
2 designee shall notify the shareholder at whose direction the investment  
3 was made of the redemption. The shareholder may direct the commissioner  
4 to reinvest the amount redeemed in eligible investments in accordance  
5 with AS 37.10.120(d).

6 Sec. 37.10.160. DEFINITIONS. For the purposes of AS 37.10.110 -  
7 37.10.160,

8 (1) "commissioner" means the commissioner of revenue;

9 (2) "directed investments" means investments of permanent  
10 fund principal made by the commissioner of revenue or his designee under  
11 the direction of a shareholder in accordance with AS 37.10.120(a);

12 (3) "general investments" means investments of permanent fund  
13 principal made by the commissioner of revenue or his designee in accor-  
14 dance with AS 37.10.065 but not under the direction of a shareholder in  
15 accordance with AS 37.10.120(a);

16 (4) "net income" means total income to the Alaska Permanent  
17 Fund reduced by costs directly related to the attainment of income;

18 (5) "prudent-man rule" means the investment policy requiring  
19 exercise by the investor of the care, skill, and prudence in making  
20 investment decisions which would be exercised by a reasonably prudent  
21 person in managing his own property, taking into consideration maximum  
22 profit and safety of principal;

23 (6) "resident" means an individual who maintains a permanent  
24 place of abode in the state with the intention of making the state his  
25 permanent place of residence and who resides in the state continuously  
26 except for temporary purposes only and with the intent of returning; no  
27 person may be considered to have gained a residence solely by reason of  
28 his presence nor may he lose it solely by reason of his absence while in  
29 the civil or military service of this state or of the United States or

1 of his absence because of marriage to a person engaged in the civil or  
2 military service of this state or the United States; while a student at  
3 an institution of learning; while in an institution or asylum at public  
4 expense; while confined in public prison; while engaged in the naviga-  
5 tion of waters of this state, of the United States, or of the high seas;  
6 or while residing upon an Indian or military reservation; a minor takes  
7 the residence of his parent or of his legal guardian; a married woman  
8 shall establish her own residence and does not presumptively take the  
9 residence of her husband;

10 (7) "shareholder" means a person to whom the commissioner of  
11 revenue issues a share of the Alaska Permanent Fund under AS 37.10.110.

12 \* Sec. 3. In sec. 2 of this Act, the enactment of AS 37.18.060(d) and (e)  
13 has the effect of imposing a jurisdictional limitation on the operation of  
14 Appellate Rule 45, Alaska Rules of Court Procedure, in that an appeal under  
15 the rule (having to do with appeals from administrative decisions to the  
16 superior court) must be brought from the commissioner's decisions as to  
17 eligibility within 30 days or the court will have no jurisdiction to hear it.  
18 This is an exercise of the legislature's authority over the jurisdiction of  
19 the courts, but because it also effects an implied, narrow amendment to  
20 Appellate Rule 45 by imposing this jurisdictional time limit instead of the  
21 procedural time limit of the same duration which will continue to apply to  
22 other appeals, this section has also been included.

23 \* Sec. 4. This Act takes effect July 1, 1979.  
24  
25  
26  
27  
28  
29

DRAFT

DELIVERED TO  
LEGIS. AFFAIRS  
NOON  
2-21-80

Original sponsor: Sumner

IN THE SENATE

BY THE FINANCE COMMITTEE

CS FOR SENATE BILL NO. 122

IN THE LEGISLATURE OF THE STATE OF ALASKA

ELEVENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act providing for a general tax refund under the Alaska Net Income Tax and relating to the use of income from the Alaska permanent fund for the general tax refund; and providing for an effective date."

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

\* Section 1. AS 43.20 is amended by adding a new section to read:

AS 43.20.017. GENERAL TAX REFUND. (a) For each tax year after December 31, 1977, each person filing an Alaska net income tax return on or before June 30 of the succeeding year is entitled to a share of the general tax refund as provided in this section.

(b) The total amount of the general tax refund is the amount collected during each calendar year under AS 43.20.011(a)-(d) of the Alaska Net Income Tax Act which payments pertain to the previous tax year. The total amount of the general tax refund shall be calculated without regard to refunds paid pursuant to this section.

(c) In order to be eligible for a share an individual must file an Alaska net income tax return for the tax year on which the refund is based, even if the person had no net tax liability under AS 43.20 for that year.

(d) All eligible individuals are divided into five classes as follows:

(1) Class A taxpayers: Those individuals who have filed income tax returns for each of the four preceding tax years;

(2) Class B taxpayers: Those individuals who filed net income tax returns for three of the four preceding tax years;

(3) Class C taxpayers: Those individuals who filed net income tax returns for two of the four preceding tax years;

(4) Class D taxpayers: Those individuals who filed net income tax returns for one of the four preceding tax years;

(5) Class E taxpayers: Those individuals who filed an Alaska income tax return for the tax year on which the refund is based and who did not file a return for any of the four preceding tax years..

(e) One half of the total amount of the general tax refund shall be shared on the basis of the number of years during the relevant five year period that a taxpayer filed a return.. The following classes of taxpayers shall be granted the following number of shares:

Class A - 5 shares

Class B - 4 shares

Class C - 3 shares

Class D - 2 shares

Class E - 1 share or a prorata fraction thereof.

An individual in Class E who files a part-year net individual income tax return may receive a share prorated on the basis of the number of full months of residence in Alaska during the tax year for which the share is granted. Part-year residency status may not be counted towards the accrual of shares under this section. The value of each share shall equal one half of the total amount of the general tax refund divided by the total number of shares in all classes of taxpayers.

(f) Each individual taxpayer shall receive a refund equal to the

dollar value of each share as determined in (e) of this section, times the number of shares held by that taxpayer.

(g) One half of the total amount of the general tax refund shall be shared on the basis of the constructive tax paid by that taxpayer during the relevant five year period. The constructive amount of tax paid by a taxpayer equals the tax paid by the taxpayer for the year upon which the refund is based times the number of years during the five year period that the taxpayer filed a return. The following Classes of taxpayers shall be granted the following multiplier of the tax paid during the year on which the refund is based:

Class A = 5 x tax paid for refund year

Class B = 4 x tax paid for refund year

Class C = 3 x tax paid for refund year

Class D = 2 x tax paid for refund year

Class E = 1 x tax paid for refund year

Each dollar of constructive tax paid constitutes a share. The value of each share shall equal one half of the total amount of the general tax refund divided by the total number of shares in all classes of taxpayers.

(h) Each individual taxpayer shall receive a refund equal to the dollar value of each share as determined in (g) of this section, times the number of shares held by that taxpayer.

(i) For purposes of this section, married individuals who file a joint return are subject to a separate refund determined on the basis of the number of years that each individual taxpayer filed either a joint or a separate return. Married individuals will be deemed to have paid one half of the tax paid jointly and the refund defined in (g) and (h) of this section shall be calculated

on that basis.

(j) The refund allowed by this section does not reduce the income tax liability of the taxpayer for the year in which the refund is paid but no refund may be made to any person with an outstanding tax liability due and owing the State of Alaska. Taxpayers may protest any determination under this section in accordance with AS 43.05.240.

(k) If the commissioner determines that a share should not have been paid to an individual he may use any collection procedures or remedies available under this title to recover any payment improperly made.

(l) Ten percent of the income from the Alaska permanent fund is allocated for the general tax refund provided under this section.

(m) Payment of refunds under this section is subject to annual appropriation. The appropriation for payment of refunds may include the amount of money from the general fund needed to provide for refunds under this section and the amount available from the permanent fund income allocated in (l) of this section.

(n) The refunds issued under this section are exempt from taxation under this chapter.

(o) The department shall issue the refunds provided in this section to all eligible taxpayers within the first six months of the second tax year following the tax year upon which the refund is based. For the first year of the general tax refund (or the 1978 tax year) the refunds shall be issued by the department within six months of the effective date of this provision.

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. CSSE 122  
 Title Relating to a general tax refund  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL  
 Agency Affected Revenue  
 Program Category Affected \_\_\_\_\_  
 BRU, Program, or Subprogram(s) Affected \_\_\_\_\_  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)  
EXPENDITURES (Thousands of Dollars)

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

TOTAL

FUNDING <sup>Millions</sup> (Thousands of Dollars)

GENERAL FUND	(104.9)	(120)	(140)	(174.2)	(232.2)	(297.8)
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE Feb 21, 1980 PREPARED BY *Yvonne [Signature]*  
 AGENCY Revenue  
 PHONE 465-2313  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 122  
 Title Providing for a general tax refund under the Alaska Net Income Tax  
 Requested by and relating to the use of income from Date 2/21/80  
the Alaska Permanent Fund for the general tax refund

II. FISCAL DETAIL

Agency Affected Revenue  
 Program Category Affected General Government  
 BRU, Program, or Subprogram(s) Affected Administration & Support, Management Service  
 (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	16.9	307.6	251.5	269.1	288.0	308.1
200 TRAVEL						
300 CONTRACTUAL	5.0	151.8	159.6	163.0	177.0	186.6
400 COMMODITIES	.5	2.5	2.7	2.9	3.1	3.3
500 EQUIPMENT	1.0	9.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	23.4	464.9	413.8	440.0	468.1	498.0

FUNDING (Thousands of Dollars)

	23.4	464.9	413.8	440.0	468.1	498.0
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

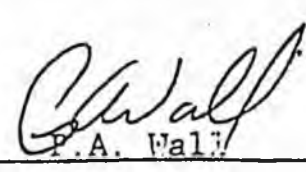
POSITIONS

	1/2mm	5/60mm	5/60mm	5/60mm	5/60mm	5/60mm
FULL TIME						
PART TIME	2/4mm	12/62mm	6/31mm	6/31mm	6/31mm	6/31mm
TEMPORARY						

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

The computer will be used to match the most recent taxpayer records against the prior four years to determine the number of years a taxpayer has filed returns. About 12% of the taxpayers will require additional manual checking due to changes in identification data. Additional programming is necessary because the computer file for each tax year has a different format.

The use of the most recent tax file will result in names and addresses which are over one year old. The special handling of returned payments will be required. A number of appeals, internal conferences and grievances are expected.

IV. DATE 2/21/80 PREPARED BY  P.A. Wall  
 AGENCY Revenue  
 PHONE 465-2313  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

### Assumptions

A total of 275,300 taxpayer records are assumed for tax year 1978. 90,000 returns were joint filed. About 12% additional manual checks are assumed to verify the number of years taxes were filed.

One mail-out of refund payments is assumed. An additional 22,700 (5%) are assumed to have address or name change considerations which will involve re mailing.

### Program Summary

Computer programs will be written to process the most recent Alaska Individual Income tax file and compare the records to the four previous tax year files. A tax refund file will be developed showing the five year tax status. Unmatched records on the most recent file will be manually checked, corrected and added to the tax refund file. The required share values will be calculated, the payments and associated reports prepared, the payments mailed, redeemed payments processed and returned, undeliverable payments filed and processed as corrective information such as new address and name changes are received. The computer system must interface with the Department of Administration General Accounting system, the Treasury Warrant Redemption System and the Alaska Individual Income Tax System.

### Positions

2PPT	Systems Analyst/Programmers Range 18 - \$2465 mo for 6 months each	= 29.6
	Benefits, 4.4, FICA 2.0, H.I. 1.5	= 7.9
10 PPT	Tax Scanners, Range 8 \$1277 mo for 5 months each	= 63.9
	Benefits 9.5 FICA 4.2, H.I. 614	= 20.1
	Snift work and overtime	= 12.0
3 PFT	Tax Examiners, Range 12, \$1628	= 58.6
	Benefits 8.7, FICA 3.9, H.I. 4.6	= 17.2
1 PFT	Hearing Officer, Range 25 \$4066	= 48.8
	Benefits 7.3, FICA 3.2, H.I. 1.5	= 12.0
1 PFT	Revenue Auditor, Range 18 \$2465	= 29.6
	Benefits 4.4, FICA 2.0, H.I. 1.5	= 7.9

Other Expenditures

4 Data Capture Machines, 5 mos at \$350/mo x 4	=	7.0
Warrant stock, 278,000 at \$24 m	=	6.7
Postage, 278,000 at 15 cents each	=	41.7
Envelopes, 278,000 at \$11.54 m	=	3.2
DP Chargeback	=	12.0
Professional Services	=	76.7
Miscellaneous:		
Toll Calls	=	2.5
Electrical Installation	=	1.0
Commodities	=	2.5
Insurance	=	1.0
Equipment (Chairs, desks, microfiche viewers, tables, calculators)	=	9.0



# 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

3/23/90  
Date

SB124

SENATE FINANCE COMMITTEE  
BILL CHECKLIST

- 1. Committee Copy-Current Bill ✓
- 2. History Cover Form ✓
- 3. Printed Copies:
  - Original Bill ✓
  - Committee Substitutes or  
Amendments —
- 4. SFC Committee Report Form ✓
- 5. Fiscal Information:
  - Note in File
  - Note Requested            Date
  - Other Financial Backup
  - (See Below)
- 6. Backup:
  - Handouts
  - Letter from Governor
  - Letter from Sponsor
  - Completed Committee Reports
  - Committee           HASS           ✓
  - Other

*Letter - HASS  
w/ Addendum to Position paper*



JOHN S.

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF PUBLIC ASSISTANCE

POUCH H07 - JUNEAU 99811

March 14, 1979

The Honorable Glenn Hackney  
Alaska State Senate  
Pouch V  
Juneau, Alaska 99811

Dear Senator Hackney:

During departmental testimony of Senate Bill 124 you requested that the Division of Public Assistance develop a public service employment (PSE) program which could be inserted into the state's General Relief Program.

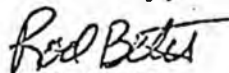
Attached please find an addendum to our initial position paper of Senate Bill 124 describing such a PSE program and related costs.

We have considered this proposal very carefully and feel it reflects a reasonable approach to the work issue. Admittedly we have very little experience in the administration of a work placement program, but this proposal and our cost estimates reflect our understanding of what the PSE program would entail as well as what it would cost.

I hope this is of some value to your committee's efforts to resolve the work issues raised in Senate Bill 124.

Please let me know if I may be of any further assistance.

Sincerely,



Rod Betit  
Director

RB:as

Attachment

ADDENDUM TO  
POSITION PAPER  
ON  
SENATE BILL 124

The Division of Public Assistance, Department of Health & Social Services shall have the responsibility for the administration of the Public Service Employment program. General provisions of this program shall include:

(1) DESIGNATION OF PSE PARTICIPANTS:

All able-bodied recipients shall be required to meet the requirements of the PSE program unless exempted under one of the following provisions:

- (a) persons physically or mentally disabled
- (b) minor children living in the home of the recipient
- (c) persons age 60 years of age or older
- (d) persons who have the primary responsibility for the care of a minor child or other disabled person.

(2) WORK REQUIREMENTS:

(a) If unemployed for reasons other than voluntary separation without good cause or separation for misconduct within the prior 90 days, the individual shall register for work both in the PSE project and through the Department of Labor ES registration process.

(b) Each individual in (a) above must actively seek gainful employment and or not refuse to accept employment when offered.

(c) If entitled to UI benefits must apply for and exhaust all of those benefits. If the amount of those UI benefits are less than the specific need for which the applicant is applying, supplemental assistance may be granted to meet that need providing that the amount of assistance does not exceed the maximum amount of \$80 per person per month and providing UI income is within GR standards.

(3) DISQUALIFICATION PERIODS:

(a) Applicants or recipients who refuse or fail to comply with any of the requirements or conditions of the GR program shall be disqualified or denied assistance. The disqualification or denial of one member of the household shall exclude the entire assistance unit from the program.

(b) Disqualification Periods - Non-compliance of the GR work requirements will result in disqualification and exclusion from the program for a period of 6 months. These six month disqualification periods shall include:

1. Quitting a job without good cause
2. Being fired from a job for misconduct
3. Refusing or failing to exhaust UI benefits or any other prior resource available to the individual.
4. Refusing an offer of bonafide employment.
5. Refusing to participate in the PSE program.

At the end of the disqualification period the individual must reapply and satisfy all requirements in order to receive GR benefits.

(4) AVAILABILITY OF WORK PROJECTS:

During period of time when the PSE bank does not have enough projects to assign all recipients to a project, the recipient shall be required to report to the PSE Coordinator and be available for assignment for a thirty day period. At the end of the thirty day period, if the recipient has not been assigned to a project, he will have met his work assignment requirement.

(5) JOB OFFER WHILE PARTICIPATING IN PSE:

If an individual is engaged in a PSE project and is notified that he has a bonafied offer of employment the offer of employment will have precedence over the work project and no penalty for noncompletion of the PSE project will be enforced.

(6) ABSENCE FROM PSE ASSIGNMENT:

If an individual fails to complete or appear for the PSE project, the individual shall be given an opportunity to complete the project, without penalty, providing that the days missed are completed within seven days from the first infraction. Days missed shall include all excused or unexcused absentees. Failure to make up the day(s) missed for unexcused absences shall result in disqualification from future eligibility to the program for a period of six months.

(7) WORK PROJECTS:

The following criteria shall be considered in establishing PSE projects:

1. Provide jobs which, to the extent possible, utilizes, nurtures and sustains the productive capacities of the individual.
2. Accomplishes work which, otherwise may not be undertaken due to the absence of regular positions and or funds.
3. Is of a nature which entails little or no expense to the State.

(8) PUBLIC SERVICE EMPLOYMENT ADMINISTRATION RESPONSIBILITY:

In order to implement the PSE program the division shall establish in each of its five regions a PSE coordinator, with one PSE assistant in the Anchorage region. The position of PSE Coordinator will be required to have an in-depth knowledge of the GR program eligibility factors, experience in personnel management, and extensive knowledge of employment availability and job development. Based on current position description and experience requirements, this new classification would be comparable to the Eligibility Worker III position.

The PSE in each region would screen, interview and provide the GR applicant with a work project after establishing that the applicant has met the eligibility criteria for the GR assistance program. The PSE would have a work bank which would be in the result of requests from public service employment agencies. The participant in the PSE program would be required to participate in PSE for approximately three days per month to satisfy the grant amount of \$80 maximum per month (minimum wage times 8 hours per day result in approximately three to three and a half work days). Non-participation in the required three work days each month would result in disqualification from the GR program.

(9) GRANT AMOUNTS

Grant amounts will be paid up to a maximum of \$80 per person per month. For households containing more than one person the participating household member(s) shall be required to participate in the PSE program until that individual(s) has equaled in work hours the grant assistance amount.

FISCAL IMPACT

The fiscal impact of establishing this classification for the PSE program will be approximately \$134,977. (five PSE coordinators times \$22,827 = \$114,135 plus \$20,852 for the Anchorage assistant)

Rod Betit 3/15/79  
Rod Betit, Director Date  
Division of Public Assistance

Catherine M. Hayes 3/15/79  
Helen D. Beirne, Commissioner Date  
Department of Health & Social Services

POSITION PAPER / Department of Health and Social Services

A M E N D M E N T

OFFERED IN THE SENATE:

BY: Finance Committee

To: \_\_\_\_\_ SENATE BILL No. 124

HOUSE BILL No. \_\_\_\_\_

PAGE: 6

LINE: 11

Change effective date from "July 1, 1979" to "July 1, 1980."



COMMITTEE REPORT  
SENATE

2/8/79

FURTHER: Finance

Date: 3/9/79

Mr. President:

The Committee on HEALTH, EDUCATION AND SOCIAL SERVICES has had SB 124 relating to general relief assistance

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 with ~~out~~ <sup>INDICATED BY</sup> recommendation \_\_\_\_\_
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

3 Rittys Fabrikung No Rec

3 Twick's Cellite No Rec

2 [Circles Sturge's name he  
Needs substantial amendment]

\_\_\_\_\_

\_\_\_\_\_

Glen Hachburg  
CHAIRMAN

1 DO PASS IF AMENDED

SB 124

Introduced: 2/8/79  
Referred: Health, Education  
& Social Services and  
Finance

1 IN THE SENATE

BY TILLION

2 SENATE BILL NO. 124

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to general relief assistance; and  
7 providing for an effective date."

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

9 \* Section 1. The legislature

10 (1) finds that excessive welfare costs are a burden on the tax-  
11 payers of the state and a drain on limited state revenues which are much  
12 needed in other state programs and services; that, in view of these con-  
13 straints, state general relief assistance must be provided only to those  
14 needy citizens who are unable to work and those with dependent children; and  
15 that to discourage idlers and to promote responsible work attitudes and  
16 self-esteem, a work requirement must accompany state general relief assist-  
17 ance for able-bodied recipients; and

18 (2) declares that the purpose of this Act is to limit general  
19 relief assistance payments to persons who are at least 55 years old, are  
20 disabled, or have dependent children in their homes, and who are unable to  
21 provide sufficient support for themselves or their dependents.

22 \* Sec. 2. AS 47.25.120 is repealed and re-enacted to read:

23 Sec. 47.25.120. ELIGIBILITY FOR ASSISTANCE. (a) Financial  
24 assistance may be given under AS 47.25.120 - 47.25.300, so far as prac-  
25 ticable under the conditions in this state, to an eligible individual  
26 who is

27 (1) at least 55 years old, or disabled, or who has dependent  
28 children in the home;

29 (2) not receiving other assistance under this chapter;

1 (3) unable to provide sufficient support for himself or those  
2 dependent upon him; and

3 (4) a resident of the state.

4 (b) For the purpose of determining whether an individual seeking  
5 assistance under this section is a resident of the state, the department  
6 shall consider, but is not limited to considering, the following fac-  
7 tors:

8 (1) enrollment in the welfare program of another state and  
9 receipt of welfare benefits from another state;

10 (2) physical presence in the state;

11 (3) maintenance of a place of residence in the state;

12 (4) furnishings and household and personal effects sufficient  
13 to lead a reasonable person to conclude that the place of residence is  
14 more than a public accommodation;

15 (5) registration to vote;

16 (6) motor vehicle operator's license and motor vehicle regis-  
17 tration;

18 (7) enrollment of children in local schools;

19 (8) bank accounts in this state or another state.

20 (c) An individual who is at least 55 years old is eligible for  
21 general relief assistance if the individual

22 (1) is unemployed for reasons other than misconduct or volun-  
23 tary separation without cause;

24 (2) is actively and diligently seeking gainful employment;

25 (3) has not refused to accept employment when offered;

26 (4) has registered and is available for work as required by  
27 AS 23.20.375; and

28 (5) has exhausted all of his benefits, if so entitled, under  
29 AS 23.20, except that if his benefits under AS 23.20 are less than those

COMMITTEE COPY

1 for which he would otherwise be eligible under this section, he is  
2 eligible for supplementary general relief assistance.

3 (d) A disabled individual between the ages of 18 and 65 years is  
4 eligible for general relief assistance if the individual is (1) deter-  
5 mined to be needy in accordance with standards established by regula-  
6 tions of the department; (2) unable to meet the requirements established  
7 by the federal Supplemental Security Income Program or its successor  
8 agency; and (3) unable to engage in substantial gainful employment  
9 because of a physical or mental impairment determined and certified by a  
10 licensed physician. "Substantial gainful employment" as used in this  
11 paragraph means at least 30 hours of work per week. An individual  
12 determined to be eligible under this subsection may be referred to the  
13 appropriate state agency for vocational rehabilitation services and is  
14 required to accept such services as an additional condition of eligibil-  
15 ity under this section. An individual determined to be eligible under  
16 this subsection may be required to seek employment or to participate in  
17 public service employment projects under AS 47.25.145 as an additional  
18 condition of eligibility under this section.

19 (e) An individual with children is eligible for general relief  
20 assistance if he satisfies the requirements of (c)(1) - (5) of this  
21 section.

22 (f) In addition to the requirements and conditions of (c) and (e)  
23 of this section, the department shall require that an individual who is  
24 physically fit, able to work, and employable shall, as a condition to  
25 receiving general relief assistance, accept an assignment to work under  
26 AS 47.25.145.

27 (g) An applicant for and recipient of general relief assistance  
28 must satisfy all applicable provisions of this section. Recipients  
29 disqualified for failure to comply with a requirement of this section

COMMITTEE COPY

1 shall be excluded from general relief assistance for a period not longer  
2 than 12 months.

3 (h) The department shall adopt regulations under the Administra-  
4 tive Procedure Act (AS 44.62) necessary to enforce this section and to  
5 establish criteria and standards for the conditions and requirements of  
6 general relief assistance.

7 \* Sec. 3. AS 47.25 is amended by adding a new section to read:

8 Sec. 47.25.145. PUBLIC SERVICE EMPLOYMENT. (a) The department is  
9 responsible for providing public service employment on public works  
10 projects to an individual who is receiving (1) general relief assistance  
11 under this chapter; or (2) unemployment compensation benefits under  
12 AS 23.20 that are within the last two weeks of eligibility and who, upon  
13 termination of those benefits, will be eligible for full or partial  
14 general relief assistance from the state. A general relief assistance  
15 recipient participating in public service employment is considered to be  
16 an employee of the employing agency. Except for workmen's compensation  
17 coverage under AS 23.30, the laws relating to public employees do not  
18 apply to individuals employed under this section. Payment for public  
19 service employment may not be made from the funds of the agency employ-  
20 ing the general relief assistance recipient, but shall be made from the  
21 funds of the department.

22 (b) The department shall adopt regulations under the Administra-  
23 tive Procedure Act (AS 44.62) to carry out the purpose of this section.  
24 The regulations shall include, but are not limited to, provisions re-  
25 quiring that

26 (1) the employment of a general relief assistance recipient  
27 may not displace a state or municipal employee or an individual per-  
28 forming work for the state or a municipality on a contractual basis;

29 (2) the period of employment may not exceed that number of

1 hours which, when multiplied by the prevailing rate of compensation for  
2 the work, equals the amount of general relief assistance provided;

3 (3) there shall be no discrimination based upon race, color,  
4 creed, sex, age, religion, or national origin; and

5 (4) an individual refusing without justification to accept  
6 suitable work under this section shall be ineligible for general relief  
7 assistance.

8 \* Sec. 4. AS 47.25.300 is amended by adding new paragraphs to read:

9 (5) "children" does not include unborn children and means  
10 individuals who are

11 (A) ineligible for and unable to obtain aid under a  
12 federal assistance program;

13 (B) in need, and without sufficient income or other  
14 resources to provide health care and essential support;

15 (C) under 18 years old, except that a child between 18  
16 and 21 years may be eligible for assistance under AS 47.25.120 -  
17 47.25.300, if the child is

18 (i) regularly attending high school to complete  
19 requirements leading to a high school diploma or its equiv-  
20 alent;

21 (ii) employed part time and is enrolled at least  
22 half time in an organized program of vocational or technical  
23 training designed to fit the child for gainful employment; or

24 (iii) employed part time and is enrolled at least  
25 half time in a local college or university; and

26 (D) living in a home with his father, mother, grand-  
27 father, grandmother, brother, sister, stepfather, stepmother,  
28 uncle, aunt, first cousin, nephew, niece, or foster parents in a  
29 place of residence maintained by the relative as his own home; or

1 is living in a family home or institution conforming to the stand-  
2 ards fixed by the department;

3 (6) "public work projects" includes any kind of labor under  
4 the Department of Transportation and Public Facilities, department of  
5 public works of any municipality, or under any other agency of the state  
6 or a municipality.

7 \* Sec. 5. An individual receiving general relief assistance on the effec-  
8 tive date of this Act who would otherwise be excluded by the provisions of  
9 this Act shall continue to receive assistance if he satisfies the require-  
10 ments of AS 47.25.120(c), 47.25.120(e), and 47.25.120(f).

11 \* Sec. 6. This Act takes effect July 1, 1979.  
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#6173 - Rosenstein

ALASKA STATE LEGISLATURE	
ELEVENTH ..... Legislature	FIRST ..... Session
SENATE BILL	NO. 124
By TILLION	.....
"An Act relating to general relief assistance; and providing for an effective date."	
Introduced in the Senate ..... 2/8/79, 19....	

HISTORY IN THE SENATE	
19 79	Read first time and referred to Committee on HESS and Finance
2 8	129 3/2 Reported back with HESS recommendation that 1 do per yeas; 1 nays; 2 no rec. to Finance
	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 President
	Sent to House
SECRETARY OF THE SENATE	

HISTORY IN THE HOUSE	
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
	Nays Nays
	Absent Absent
	Excused Excused
	Reported correctly engrossed
	Signed by Speaker
	Returned to Senate
CHIEF CLERK OF THE HOUSE	

HISTORY IN THE SENATE	
19	Received from House
	To enrolling
	Reported correctly enrolled
	Sent to Governor
	..... by Governor
	Filed with Lt. Governor
	Chapter No. ....

- Fiscal Information -  
on last page of  
Addendum PSE

According to Judy Walker  
who wrote these papers,  
there should be no  
impact on total GF  
grant funds required for PSE  
because these people would  
be receiving relief assistance  
if not working for PSE.

POSITION PAPER

ON

SENATE BILL NO. 124

For an Act entitled: "An Act relating to general relief assistance; and providing for an effective date."

I. Historical Perspective

The issue of whether single employables and childless couples should receive General Relief assistance was first explored during the 1978 Legislative Session. This was precipitated by an increasing expenditure level in GR and expectation that it would continue into FY79 and FY80. While this issue was being considered by the Legislature, DHSS was moving to finalize new state regulations redefining "need" under the GR Program.

In March 1978 DHSS' new regulations became final. These new regulations did not delete single employables and childless couples. Rather, the regulations continued the GR Program's broad coverage but required that the applicant's need be immediate and desperate. If rent assistance was sought, an eviction notice had to be produced. If utilities were at issue, a shutoff notice was necessary before aid could be granted. The financial effect of this change in the GR Program was not clear at the time the 1978 session ended. Consequently, the FY79 GR appropriation was reduced from the Governor's amended request of \$1,016.3 to \$823.3 and Legislative intent was inserted to delete single employables and childless couples. The FY79 GR Program reduction was based on an estimate of potential savings given by DHSS.

In September 1978 DHSS published proposed regulations to delete single employables and childless couples to comply with Legislative intent. Alaska Legal Services comments were received and reviewed by the Attorney General's office. Alaska Legal Services made it clear that court action would be initiated if DHSS proceeded to adopt these regulations. An Attorney General's opinion lead DHSS to conclude that it did not have authority to remove these two groups.

At the present time, these two groups are still being served under the GR Program. In spite of this, DHSS expects to lapse approximately \$200.0 of its FY79 appropriation for GR. This, when added to the \$193.0 initially deleted by the Legislature from the Governor's amended FY79 request, results in an expected savings of \$393.0 for FY79. This savings resulted not by deleting single employables and childless couples, but by redefining how "needy" or "desperate" an applicant had to be in order to receive assistance.

II. Analysis of SB 124

It appears clear that the legislative intent of SB 124 is to limit general relief assistance payments by restricting individuals from

participating in the General Relief program. However, there are several critical technical areas which were not addressed in the bill. The following brief summary will address of few of those major areas which would create administrative as well as financial burdens upon the State.

The bill was patterned after Hawaii's General Assistance program. As their program is relatively new, there is no data readily available regarding the success of Hawaii's program as a means of reducing costs or providing meaningful employment.

- (1) The word "assistance" in AS 47.25.120 - AS 47.25.300 is defined in section 300 to include medical assistance. The bill appears to have been drafted without specific regard to this fact. If it is the intent to eliminate emergency medical coverage for persons who do not meet the requirements of this bill, that specific intent should be stated.

- (2) Job Search

The requirements for Public Service Employment in Hawaii requires an individual to contact three perspective employees each week and have the prospective employer verify in writing that those contracts were made. In small communities with few employers, this would create a burden upon employers when there is little liklihood that there would be a job opening. The Alaska Unemployment Benefits program has long dealt with these problems and has essentially exempted people in remote areas from job search requirements.

- (3) The bill establishes eligiblity for individuals who are disabled and the determination of disability is to be made by a physician. The cost of this medical exam would in most cases exceed the amount of the assistance granted unless specifically covered under GR Medical.

### III. Analysis of Current Fairbanks Situation

At the present time thre are the following kinds of needy citizens applying for GRA in the Fairbanks area/DPA:

- (1) Persons who have dependent children in their homes, single individuals, and who have lived in Alaska several years, quit their job(s) to take a pipeline job and now cannot find employment.
- (2) Persons who have dependent children in their homes, single individuals and couples who came to Alaska to work on the pipeline and at the completion of the pipeline construction have not been able to find employment.
- (3) In addition to the above people applying for GR, we have noted an increase in the number of applicants who have lived in Alaska from a few to many years but who have never worked on the pipeline. These same people have had jobs but are not now working because of a slow down in the Fairbanks economy and resultant lay off.



# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF PUBLIC ASSISTANCE

POUCH H-07 - JUNEAU 99811

March 14, 1979

The Honorable Glenn Hackney  
Alaska State Senate  
Pouch V  
Juneau, Alaska 99811

Dear Senator Hackney:

During departmental testimony of Senate Bill 124 you requested that the Division of Public Assistance develop a public service employment (PSE) program which could be inserted into the state's General Relief Program.

Attached please find an addendum to our initial position paper of Senate Bill 124 describing such a PSE program and related costs.

We have considered this proposal very carefully and feel it reflects a reasonable approach to the work issue. Admittedly we have very little experience in the administration of a work placement program, but this proposal and our cost estimates reflect our understanding of what the PSE program would entail as well as what it would cost.

I hope this is of some value to your committee's efforts to resolve the work issues raised in Senate Bill 124.

Please let me know if I may be of any further assistance.

Sincerely,

  
Rod Betit  
Director

RB:as

Attachment

ADDENDUM TO  
POSITION PAPER  
ON  
SENATE BILL 124

The Division of Public Assistance, Department of Health & Social Services shall have the responsibility for the administration of the Public Service Employment program. General provisions of this program shall include:

(1) DESIGNATION OF PSE PARTICIPANTS:

All able-bodied recipients shall be required to meet the requirements of the PSE program unless exempted under one of the following provisions:

- (a) persons physically or mentally disabled
- (b) minor children living in the home of the recipient
- (c) persons age 60 years of age or older
- (d) persons who have the primary responsibility for the care of a minor child or other disabled person.

(2) WORK REQUIREMENTS:

- (a) If unemployed for reasons other than voluntary separation without good cause or separation for misconduct within the prior 90 days, the individual shall register for work both in the PSE project and through the Department of Labor ES registration process.
- (b) Each individual in (a) above must actively seek gainful employment and or not refuse to accept employment when offered.
- (c) If entitled to UI benefits must apply for and exhaust all of those benefits. If the amount of those UI benefits are less than the specific need for which the applicant is applying, supplemental assistance may be granted to meet that need providing that the amount of assistance does not exceed the maximum amount of \$80 per person per month and providing UI income is within GR standards.

(3) DISQUALIFICATION PERIODS:

- (a) Applicants or recipients who refuse or fail to comply with any of the requirements or conditions of the C program shall be disqualified or denied assistance. The disqualification or denial of one member of the household shall exclude the entire assistance unit from the program.
- (b) Disqualification Periods - Non-compliance of the GR work requirements will result in disqualification and exclusion from the program for a period of 6 months. These six month disqualification periods shall include:

1. Quitting a job without good cause
2. Being fired from a job for misconduct
3. Refusing or failing to exhaust UI benefits or any other prior resource available to the individual.
4. Refusing an offer of bonafide employment.
5. Refusing to participate in the PSE program.

At the end of the disqualification period the individual must reapply and satisfy all requirements in order to receive GR benefits.

(4) AVAILABILITY OF WORK PROJECTS:

During period of time when the PSE bank does not have enough projects to assign all recipients to a project, the recipient shall be required to report to the PSE Coordinator and be available for assignment for a thirty day period. At the end of the thirty day period, if the recipient has not been assigned to a project, he will have met his work assignment requirement.

(5) JOB OFFER WHILE PARTICIPATING IN PSE:

If an individual is engaged in a PSE project and is notified that he has a bonafied offer of employment the offer of employment will have presedence over the work project and no penalty for noncompletion of the PSE project will be enforced.

(6) ABSENCE FROM PSE ASSIGNMENT:

If an individual fails to complete or appear for the PSE project, the individual shall be given an oppcrtunity to complete the project, without penalty, providing that the days missed are completed within seven days from the first infraction. Days missed shall include all excused or unexcused absentees. Failure to make up the day(s) missed for unexcused absences shall result in disqualification from future eligibility to the program for a period of six months.

(7) WORK PROJECTS:

The following criteria shall be considered in establishing PSE projects:

1. Provide jobs which, to the extent possible, utilizes, nurtures and sustains the productive capacities of the individual.
2. Accomplishes work which, otherwise may not be undertaken due to the absence of regular positions and or funds.
3. Is of a nature which entails little or no expense to the State.

(8) PUBLIC SERVICE EMPLOYMENT ADMINISTRATION RESPONSIBILITY:

In order to implement the PSE program the division shall establish in each of its five regions a PSE coordinator, with one PSE assistant in the Anchorage region. The position of PSE Coordinator will be required to have an in-depth knowledge of the GR program eligibility factors, experience in personnel management, and extensive knowledge of employment availability and job development. Based on current position description and experience requirements, this new classification would be comparable to the Eligibility Worker III position.

The PSE in each region would screen, interview and provide the GR applicant with a work project after establishing that the applicant has met the eligibility criteria for the GR assistance program. The PSE would have a work bank which would be in the result of requests from public service employment agencies. The participant in the PSE program would be required to participate in PSE for approximately three days per month to satisfy the grant amount of \$80 maximum per month (minimum wage times 8 hours per day result in approximately three to three and a half work days). Non-participation in the required three work days each month would result in disqualification from the GR program.

(9) GRANT AMOUNTS

Grant amounts will be paid up to a maximum of \$80 per person per month. For households containing more than one person the participating household member(s) shall be required to participate in the PSE program until that individual(s) has equaled in work hours the grant assistance amount.

FISCAL IMPACT

The fiscal impact of establishing this classification for the PSE program will be approximately \$134,977. (five PSE coordinators times \$22,827 = \$114,135 plus \$20,852 for the Anchorage assistant)

Rod Betit                      3/15/79  
Rod Betit, Director                      Date  
Division of Public Assistance

Catherine M. Hayes                      3/15/79  
Helen D. Beirne, Commissioner                      Date  
Department of Health & Social Services

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF PUBLIC ASSISTANCE

POUCH 1107 - JUNEAU 99811

March 14, 1979

The Honorable Glenn Hackney  
Alaska State Senate  
Pouch V  
Juneau, Alaska 99811

Dear Senator Hackney:

During departmental testimony of Senate Bill 124 you requested that the Division of Public Assistance develop a public service employment (PSE) program which could be inserted into the state's General Relief Program.

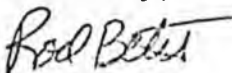
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I hope this is of some value to your committee's efforts to resolve the work issues raised in Senate Bill 124.

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Director

RB:as

Attachment

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ON  
SENATE BILL 124

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(b) Each individual in (a) above must actively seek gainful employment and or not refuse to accept employment when offered.

(c) If entitled to UI benefits must apply for and exhaust all of those benefits. If the amount of those UI benefits are less than the specific need for which the applicant is applying, supplemental assistance may be granted to meet that need providing that the amount of assistance does not exceed the maximum amount of \$80 per person per month and providing UI income is within GR standards.

(3) DISQUALIFICATION PERIODS:

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person

(7) WORK PROJECTS:

The following criteria shall be considered in establishing PSE projects:

1. Provide jobs which, to the extent possible, utilizes, nurtures and sustains the productive capacities of the individual.
2. Accomplishes work which, otherwise may not be undertaken due to the absence of regular positions and or funds.
3. Is of a nature which entails little or no expense to the State.

POSITION PAPER / Department of Health and Social Services

(8) PUBLIC SERVICE EMPLOYMENT ADMINISTRATION RESPONSIBILITY:

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FISCAL IMPACT

The fiscal impact of establishing this classification for the PSE program will be approximately \$134,977. (five PSE coordinators times \$22,827 = \$114,135 plus \$20,852 for the Anchorage assistant)

Rod Betit 3/15/79  
Rod Betit, Director Date  
Division of Public Assistance

Catherine M. Hayes 3/15/79  
Helen D. Beirne, Commissioner Date  
Department of Health & Social Services

Introduced: 2/8/79  
Referred: Health, Education  
& Social Services and  
Finance

1 IN THE SENATE

BY TILLION

2 SENATE BILL NO. 124

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to general relief assistance; and  
7 providing for an effective date."

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

9 \* Section 1. The legislature

10 (1) finds that excessive welfare costs are a burden on the tax-  
11 payers of the state and a drain on limited state revenues which are much  
12 needed in other state programs and services; that, in view of these con-  
13 straints, state general relief assistance must be provided only to those  
14 needy citizens who are unable to work and those with dependent children; and  
15 that to discourage idlers and to promote responsible work attitudes and  
16 self-esteem, a work requirement must accompany state general relief assist-  
17 arce for able-bodied recipients; and

18 (2) declares that the purpose of this Act is to limit general  
19 relief assistance payments to persons who are at least 55 years old, are  
20 disabled, or have dependent children in their homes, and who are unable to  
21 provide sufficient support for themselves or their dependents.

22 \* Sec. 2. AS 47.25.120 is repealed and re-enacted to read:

23 Sec. 47.25.120. ELIGIBILITY FOR ASSISTANCE. (a) Financial  
24 assistance may be given under AS 47.25.120 - 47.25.300, so far as prac-  
25 ticable under the conditions in this state, to an eligible individual  
26 who is

27 (1) at least 55 years old, or disabled, or who has dependent  
28 children in the home;

29 (2) not receiving other assistance under this chapter;

1 (3) unable to provide sufficient support for himself or those  
2 dependent upon him; and

3 (4) a resident of the state.

4 (b) For the purpose of determining whether an individual seeking  
5 assistance under this section is a resident of the state, the department  
6 shall consider, but is not limited to considering, the following fac-  
7 tors:

8 (1) enrollment in the welfare program of another state and  
9 receipt of welfare benefits from another state;

10 (2) physical presence in the state;

11 (3) maintenance of a place of residence in the state;

12 (4) furnishings and household and personal effects sufficient  
13 to lead a reasonable person to conclude that the place of residence is  
14 more than a public accommodation;

15 (5) registration to vote;

16 (6) motor vehicle operator's license and motor vehicle regis-  
17 tration;

18 (7) enrollment of children in local schools;

19 (8) bank accounts in this state or another state.

20 (c) An individual who is at least 55 years old is eligible for  
21 general relief assistance if the individual

22 (1) is unemployed for reasons other than misconduct or volun-  
23 tary separation without cause;

24 (2) is actively and diligently seeking gainful employment;

25 (3) has not refused to accept employment when offered;

26 (4) has registered and is available for work as required by  
27 AS 23.20.375; and

28 (5) has exhausted all of his benefits, if so entitled, under  
29 AS 23.20, except that if his benefits under AS 23.20 are less than those

1 for which he would otherwise be eligible under this section, he is  
2 eligible for supplementary general relief assistance.

3 (d) A disabled individual between the ages of 18 and 65 years is  
4 eligible for general relief assistance if the individual is (1) deter-  
5 mined to be needy in accordance with standards established by regula-  
6 tions of the department; (2) unable to meet the requirements established  
7 by the federal Supplemental Security Income Program or its successor  
8 agency; and (3) unable to engage in substantial gainful employment  
9 because of a physical or mental impairment determined and certified by a  
10 licensed physician. "Substantial gainful employment" as used in this  
11 paragraph means at least 30 hours of work per week. An individual  
12 determined to be eligible under this subsection may be referred to the  
13 appropriate state agency for vocational rehabilitation services and is  
14 required to accept such services as an additional condition of eligibil-  
15 ity under this section. An individual determined to be eligible under  
16 this subsection may be required to seek employment or to participate in  
17 public service employment projects under AS 47.25.145 as an additional  
18 condition of eligibility under this section.

19 (e) An individual with children is eligible for general relief  
20 assistance if he satisfies the requirements of (c)(1) - (5) of this  
21 section.

22 (f) In addition to the requirements and conditions of (c) and (e)  
23 of this section, the department shall require that an individual who is  
24 physically fit, able to work, and employable shall, as a condition to  
25 receiving general relief assistance, accept an assignment to work under  
26 AS 47.25.145.

27 (g) An applicant for and recipient of general relief assistance  
28 must satisfy all applicable provisions of this section. Recipients  
29 disqualified for failure to comply with a requirement of this section

1 shall be excluded from general relief assistance for a period not longer  
2 than 12 months.

3 (h) The department shall adopt regulations under the Administra-  
4 tive Procedure Act (AS 44.62) necessary to enforce this section and to  
5 establish criteria and standards for the conditions and requirements of  
6 general relief assistance.

7 \* Sec. 3. AS 47.25 is amended by adding a new section to read:

8 Sec. 47.25.145. PUBLIC SERVICE EMPLOYMENT. (a) The department is  
9 responsible for providing public service employment on public works  
10 projects to an individual who is receiving (1) general relief assistance  
11 under this chapter; or (2) unemployment compensation benefits under  
12 AS 23.20 that are within the last two weeks of eligibility and who, upon  
13 termination of those benefits, will be eligible for full or partial  
14 general relief assistance from the state. A general relief assistance  
15 recipient participating in public service employment is considered to be  
16 an employee of the employing agency. Except for workmen's compensation  
17 coverage under AS 23.30, the laws relating to public employees do not  
18 apply to individuals employed under this section. Payment for public  
19 service employment may not be made from the funds of the agency employ-  
20 ing the general relief assistance recipient, but shall be made from the  
21 funds of the department.

22 (b) The department shall adopt regulations under the Administra-  
23 tive Procedure Act (AS 44.62) to carry out the purpose of this section.  
24 The regulations shall include, but are not limited to, provisions re-  
25 quiring that

26 (1) the employment of a general relief assistance recipient  
27 may not displace a state or municipal employee or an individual per-  
28 forming work for the state or a municipality on a contractual basis;

29 (2) the period of employment may not exceed that number of

1 hours which, when multiplied by the prevailing rate of compensation for  
2 the work, equals the amount of general relief assistance provided;

3 (3) there shall be no discrimination based upon race, color,  
4 creed, sex, age, religion, or national origin; and

5 (4) an individual refusing without justification to accept  
6 suitable work under this section shall be ineligible for general relief  
7 assistance.

8 \* Sec. 4. AS 47.25.300 is amended by adding new paragraphs to read:

9 (5) "children" does not include unborn children and means  
10 individuals who are

11 (A) ineligible for and unable to obtain aid under a  
12 federal assistance program;

13 (B) in need, and without sufficient income or other  
14 resources to provide health care and essential support;

15 (C) under 18 years old, except that a child between 18  
16 and 21 years may be eligible for assistance under AS 47.25.120 -  
17 47.25.300, if the child is

18 (i) regularly attending high school to complete  
19 requirements leading to a high school diploma or its equiv-  
20 alent;

21 (ii) employed part time and is enrolled at least  
22 half time in an organized program of vocational or technical  
23 training designed to fit the child for gainful employment; or

24 (iii) employed part time and is enrolled at least  
25 half time in a local college or university; and

26 (D) living in a home with his father, mother, grand-  
27 father, grandmother, brother, sister, stepfather, stepmother,  
28 uncle, aunt, first cousin, nephew, niece, or foster parents in a  
29 place of residence maintained by the relative as his own home; or

1 is living in a family home or institution conforming to the stand-  
2 ards fixed by the department;

3 (6) "public work projects" includes any kind of labor under  
4 the Department of Transportation and Public Facilities, department of  
5 public works of any municipality, or under any other agency of the state  
6 or a municipality.

7 \* Sec. 5. An individual receiving general relief assistance on the effec-  
8 tive date of this Act who would otherwise be excluded by the provisions of  
9 this Act shall continue to receive assistance if he satisfies the require-  
10 ments of AS 47.25.120(c), 47.25.120(e), and 47.25.120(f).

11 \* Sec. 6. This Act takes effect July 1, 1979.  
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# RECORDS CERTIFICATION



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

James O. Smith  
Signature of Camera Operator

3/23/90  
Date

# COMMITTEE REPORT

## HOUSE

FURTHER:

April 3, 1979

Date: 11/21/80

Mr. Speaker:

The Committee on FINANCE has had SB 125

"An Act making a special appropriation for operating expenses of radio station KYUK, Bethel, and lapsing a portion of an appropriation for a capital expenditure for that station; eff. date."

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

- do pass  do not pass
- do pass with attached amendments(s)
- replace with <sup>HOUSE</sup> CS for SB 125  same title  
 new title
- and recommends that it do pass
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

**MEMBERS SIGNING  
DO PASS**

Mitchell

\_\_\_\_\_

\_\_\_\_\_

Deveraux

Rogers

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**MEMBERS HAVING  
OTHER RECOMMENDATIONS:**

Freeman No Rec

Smith No Rec

Montgomery No Rec

Halpern no rec

\_\_\_\_\_

\_\_\_\_\_

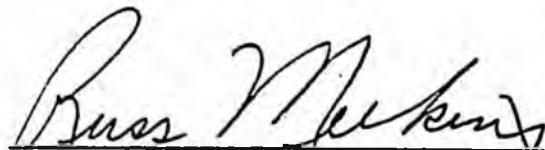
Russ Mitchell  
CHAIRMAN

LETTER OF INTENT  
HOUSE FINANCE COMMITTEE

SB 125

It is the intent of the House Finance Committee that the funds appropriated in this act shall be used, to the extent practicable, for Fuel Product Loans and that the Rural Alaska Community Action Program shall use funds provided by the Community Services Administration to pay necessary transportation costs associated with transporting fuel products to the affected communities and that the Rural Alaska Community Action Program report to the Legislature, as soon as possible, on the amount of each grant and loan issued.

Further, it is the intent of the House Finance Committee that funds appropriated in Section 2 of this Act shall be used exclusively for fuel supply emergencies and only in the event that: a) the Rural Alaska Community Action Program Loan Fund is depleted; and b) no other source of assistance is available to the effected community.



Representative Russ Meekins  
Chairman  
House Finance Committee

Original sponsor: Hohman

Funding Information

General Fund	\$1,750,000
Other Funds	-0-
	<u>\$1,750,000</u>

IN THE SENATE

BY THE FINANCE COMMITTEE

HOUSE CS FOR SENATE BILL NO. 125

IN THE LEGISLATURE OF THE STATE OF ALASKA

ELEVENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act making a special appropriation for an emergency fuel supply assistance program; <sup>for Alaska villages</sup> and providing for an effective date."

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

\* Section 1. The sum of \$1,500,000 is appropriated from the general fund to the Department of Commerce and Economic Development for payment to the Rural Alaska Community Action Program, Inc. for an emergency fuel supply assistance program for Alaska villages <sup>which</sup> ~~that~~ are experiencing <sup>fuel</sup> shortages.

\* Sec. 2. The sum of \$250,000 is appropriated to the Office of the Governor, contingency fund, to be used as needed to augment the emergency fuel assistance program financed by the appropriation made by sec. 1 of this Act.

\* Sec. 3. The unexpended and unobligated portions of the appropriations made by this Act lapse into the general fund June 30, 1980.

\* Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-070(c).

Rep. NELS  
ANDERSON

# Rural Alaska Community Action Program, Inc.

January 17, 1980

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

Ref: Current Energy Needs of Alaskan Villages

Dear Governor Hammond,

In response to requests for information on this issue from members of the Legislature, and to further elucidate the content of the Night Letter on this subject sent to you last night, the following information is presented. Although I could speak to the issue of rural energy needs interminably, I will attempt to keep this communication brief, and to the point.

As we have stated on past occasions, RurAL CAP views the problem of providing adequate and affordable energy to rural Alaska in three stages, as follows:

- 1 -- IMMEDIATE/EMERGENCY NEEDS --- these relate specifically to the existing (and recurring) problem of fuel shortages in villages and the inability of consumers to pay the excessively high costs of fuel and/or electrical generation. The bulk of this letter will address that problem.
- 2 -- MID-RANGE PROBLEMS --- until such time as "long-range" solutions can be identified, agreed upon, demonstrated, funded, and made operational, this winter's problem will repeat itself. Accordingly, some appropriate steps must be found to make the status quo affordable until such time as long-range solutions can be implemented. Although any such solution will raise the spectre of "subsidy," failure to devise policies which establish at least a modicum of equity in consumer energy costs will result in a continuation of crisis conditions.
- 3 -- LONG-RANGE SOLUTIONS --- there seems to be more work in this area than in any other. Your repeated emphasis on the need to make Alaska energy self-sufficient by reverting to appropriate energy technologies is certainly a welcome commitment to the future well-being of all Alaskans. Additionally, the Legislature is considering (and will continue to consider) such important initiatives as HB 364 and others. RurAL CAP is confident that the degree of serious effort being expended will yield significant and beneficial long-term results.

Hon. Jay S. Hammond  
January 17, 1980  
Page Two

The above is a very brief outline of the nature of the problem as we see it. Throughout the duration of what most certainly will be a long Legislative Session, items #2 and #3 will receive considerable attention -- as well they should. This fact is due, in no small measure, to the commitment of your Administration to devise appropriate energy policies for Alaska's future.

HOWEVER, we remain very concerned with the immediate emergencies now developing in dozens of villages throughout the State. Therefore, I will confine the attention of the rest of this letter to that problem.

As indicated above, the immediate problem is two-fold; a) - lack of sufficient fuel products to meet this winter's needs, and b) - lack of ability of consumers to pay for the heating fuel, gasoline, and electricity that is available to them. A brief discussion of each of these concerns follows:

- a) -- LACK OF SUPPLY -- for a variety of reasons, not the least of which is the escalating costs of fuel products, a number of rural Alaskan communities are either experiencing or anticipating severe fuel shortages between now and next spring. Attachment #1 to this letter is the most recent listing of the current status, compiled by our Energy Department through surveys sent to all villages in the State. At least thirty-four villages are not going to make it through the winter. Even more alarming is the fact that residents of four villages (Kwigillingok, Kongiganek, Nulato, and Kasigluk) presently have no fuel at all. Clearly, an Emergency exists.

Since October 1, Rural CAP has been fortunate to have assisted 17 similarly-situated communities; however, our present balance in our revolving loan fund is almost totally depleted, and our only anticipated income to that fund is less than \$225,000 (as the results of the survey indicate, this is clearly an inadequate amount of funds to respond to the situation).

As the attached survey indicates, immediate need in thirty-four villages (based on conservative price estimates) is for \$1.2 million which must be made available in the very near future to avert considerable human suffering during this harsh winter. This is presently identifiable; however, a sum of \$1.5 million would be more appropriate to provide for unknown situations, inaccurate estimates of need, etc.

As mentioned in our telegram to you, the \$5 million fund you are requesting the Legislature to establish is a significant step in the right direction. However, we believe you should request it as an EMERGENCY SUPPLEMENTAL

to the Fiscal Year 1980 Budget. The balance in the fund (between the \$1.5 million needed for "bail-out" of present situations and the total of \$5 million), approximately \$3.5 million, could be used for "up front" loans to villages in the spring, in order to enable them to purchase next year's fuel supplies in adequate amounts and in a timely fashion.

- b) -- LACK OF ABILITY TO PAY FOR ENERGY --- as the cost of fuel and electricity has risen dramatically over the course of the past year, due to general inflationary trends, OPEC pricing policies, increased transportation costs, etc., it is becoming increasingly evident that low-income persons simply cannot afford to pay for heat and light, whether or not it is available to them.

Consider the unfortunate example of AVEC (Alaska Village Electric Cooperative) customers. During the past six weeks or so, AVEC has sent disconnect notices to over 1000 residential consumers. The aggregate amount of unpaid bills is in excess of \$750,000. The immediate effect of this denial of electric service is hard to measure with any certitude; however, most heating units in "electrified" villages are totally dependent on electricity. Likewise, the demand for Blazo and other products to fuel gas lanterns will undoubtedly increase. (Also, of course, the impact on AVEC's economic viability is staggering; the loss of 30% of their residential consumers does not significantly impact the over-all generation capacity that AVEC must maintain. Absent a significant infusion of money from some source, either via consumers or directly to the Utility, the practical effect of this winter's crisis will ultimately be the bankruptcy of AVEC).

The only program of assistance to low-income persons is being administered through the Department of Health and Social Services. As you know, they are presently "gearing up" to administer close to \$5 million in Federal funds, from both the Community Services Administration and the Department of Health, Education, and Welfare. The Department has devised a plan for the expenditure of these funds and is in the process of implementing the program on a state-wide basis.

The unfortunate fact, however, is that the limitations on the use of the money (as determined by the Congress) include a maximum payment of \$400 for any eligible household and eligibility determinations are made on demonstrably ridiculous Federal Poverty Guidelines.

Hon. Jay S. Hammond  
January 17, 1980  
Page Four

In light of these constraints, we anticipate that the program may well serve a majority of "eligible" households; however, the payments are inadequate and the eligibility pool too small for the program to have any significant impact, particularly in rural Alaska.

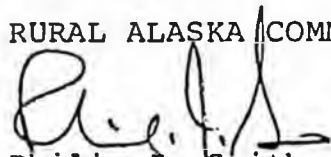
All of the above outlines a significant problem, if not an immediate emergency. As noted above, we sincerely believe that the \$5 million dollar request you submitted to the Legislature for a Fiscal Year 1981 program is needed NOW.

Further, we would request that you and the Legislature consider the appropriation for administration by RurAL CAP (via the Department of Commerce and Economic Development, Division of Energy and Policy Development). I am not requesting this consideration because of a desire to increase the size of our programs; rather, I am requesting it because I am confident that the experience and expertise that this agency has developed over the past six years of direct involvement with village energy problems would be most appropriately employed to meet these many crisis situations (a complete report on RurAL CAP's Loan Program is attached hereto). Further, I am confident that the close working relationship that we have developed with DEPD will enable us to quickly negotiate the mechanics of the fund transfer in a most timely fashion.

Thank you very much for your attention to these remarks. In my estimation, the situation facing village people in rural Alaska is critical and in need of immediate attention -- an emergency exists. Be assured that I, and members of my staff, are available to provide whatever assistance may be necessary to insure that both you and the Legislature receive the information you need.

Sincerely,

RURAL ALASKA COMMUNITY ACTION PROGRAM, INC.



Philip J. Smith  
Executive Director

- Attach: 1 -- Compiled Summary of Projected Village Fuel Shortages
- 2 -- Summary Status of RurAL CAP Fuel Loan/Grant Account
- 3 -- Report on FY '79 (federal) Community Services Administration Grant
- 4 -- Survey of Fuel, Electricity, and Transportation costs in Alaskan Communities, Organized by ANCSA Region.

REPORTED FUEL SHORTAGES as of JANUARY 16, 1980

ATTACH #1

SOURCE: Returned Rural CAP Village  
Fuel Surveys (50% return)Region: Calista

<u>Village</u>	<u>Heating Fuel (Gals.)</u>	<u>Gas (Gals.)</u>	<u>Other Fuel</u>	<u>Est. Cost</u>
Akiak	10,000 gals.	10,000 gals.		\$40,000
Atmauthluak	19,800 gals.	9,000 gals.		\$57,600
Chuathbaluk	17,350 gals.	3,300 gals.		\$41,300
Hooper Bay	10,000 gals.	5,000 gals.		\$30,000
Kasigluk	10,100 gals.	4,500 gals.	Kerosene Blazo	\$29,200
Kipnuk	123,960 gals.	36,852 gals.		\$321,624
Kongiganak	10,000 gals.	1,000 gals.		\$22,000
Kotlik	3,000 gals.			\$6,000
Kwigillingok	10,000 gals.			\$20,000
Lower Kalskag	4,000 gals.			\$8,000
Newtok	1,000 gals.	10,100 gals.		\$22,200
Stony River	4,300 gals.	2,200 gals.		\$13,000
Tuluksak	7,500 gals.	2,500 gals.	Propane Blazo	\$20,000
Tuntutuliak	13,000 gals.	10,000 gals.	Propane Blazo	\$46,000
Upper Kalskag	<u>5,000 gals.</u>	<u>10,000 gals.</u>		<u>\$30,000</u>
Regional Totals	249,010 gals.	104,452 gals.		\$706,924

Region: Bering Straits

<u>Village</u>	<u>Heating Fuel (Gals.)</u>	<u>Gas (Gals.)</u>	<u>Other Fuel</u>	<u>Est. Cost</u>
Savoonga		12,000 gals.		\$24,000
Shishmaref	22,000 gals.	15,000 gals.		\$74,000
Unalakleet	<u>11,000 gals.</u>			<u>\$22,000</u>
Regional Totals	33,000 gals.	27,000 gals.		\$120,000

Region: NANA

<u>Village</u>	<u>Heating Fuel (Gals.)</u>	<u>Gas (Gals.)</u>	<u>Other Fuel</u>	<u>Est. Cost</u>
Shungnak	10,100 gals.			\$20,200
Regional Total	10,100 gals.			\$20,200

# Rural Alaska Community Action Program, Inc.

TO: Phil Smith, Executive Director      DATE: January 16, 1980

FROM: Energy Department

SUBJECT: Summary Status of Fuel Loan/Grant Accounts,  
as of December 31, 1979.

Total Federal (CSA) Receipts for Loan/Grant Fund	\$835,000
Direct Grants to Villages for Transportation	(208,189)
Program Management Costs, to include travel and salary for coordinator	( 69,816)
	-----
TOTAL AVAILABLE REVOLVING FUNDS	\$556,995
Outstanding Receivables	(535,647)
	-----
AVAILABLE CASH	\$21,348*

\*Does not include non-finalized loan to  
Ivanof Bay in approximate amount of  
\$10,000.

## OTHER INFORMATION

Total Number of Loans Committed . . . .	93
Total Number of Loans Outstanding . . . .	55
Delinquency/Default Rate . . . . .	5.4%

Region: Doyon

<u>Village</u>	<u>Heating Fuel (Gals.)</u>	<u>Gas (Gals.)</u>	<u>Other Fuel</u>	<u>Est. Cost</u>
Anvik	6,000 gals.		Av Gas	\$12,000
Arctic Village	4,000 gals.	3,000 gals.		\$14,000
Hughes	1,000 gals.	2,100 gals.		\$6,200
Minto	Specifics Unknown			
Nikolai	5,000 gals.	3,000 gals.		\$16,000
Tetlin	<u>1,500 gals.</u>			<u>\$3,000</u>
Regional Totals	17,500 gals.	8,100 gals.		\$51,200

---

Region: Bristol Bay

<u>Village</u>	<u>Heating Fuel (Gals.)</u>	<u>Gas (Gals.)</u>	<u>Other Fuel</u>	<u>Est. Cost</u>
Egegik	35,000 gals.			\$70,000
Ekwok	5,300 gals.	1,500 gals.		\$13,600
Koliganek	Specifics Unknown			
Nondalton	Specifics Unknown			
Togiak	Specifics Unknown			
Twin Hills	<u>4,000 gals.</u>			<u>\$8,000</u>
Regional Totals	44,300 gals.	1,500 gals.		\$91,600

---

Region: Sealaska

<u>Village</u>	<u>Heating Fuel (Gals.)</u>	<u>Gas (Gals.)</u>	<u>Other Fuel</u>	<u>Est. Cost</u>
Angoon	50,000 gals.	12,000 gals.		\$124,000
*Saxman	<u>1,000 gals.</u>			<u>\$2,000</u>
Regional Totals	51,000 gals.	12,000 gals.		\$126,000

---

Region: Koniag

<u>Village</u>	<u>Heating Fuel (Gals.)</u>	<u>Gas (Gals.)</u>	<u>Other Fuel</u>	<u>Est. Cost</u>
Port Lions	40,000 gals.	2,000 gals.		\$84,000

GRAND TOTALS      444,910 gals.              155,052 gals.              \$1,199,924

RurAL CAP  
1979 CSA Crisis Intervention  
Fuel Loan Program

Philip J. Smith  
Executive Director  
RurAL CAP

Sherry Valentine  
Director  
Rural Energy Department

Erika Tritremmel  
Fuel Loan Administrator

The fuel supply problem in rural Alaska is unique and varied. There are few roads in rural Alaska, villages are remote, accessible only by barge in the summer months--June through September--and the remainder of the year by air. This means the entire winter's fuel supply must be brought in during the few months rivers are navigable.

Thirty known villages in rural Alaska experienced fuel shortages during the winter of 1978/79. Causes of the shortages differed; however, in many cases the barge companies' inability to deliver the annual fuel supply left villages without fuel as early as October, 1978. Alaskan villages must pay for their entire annual fuel supply when the order is placed, usually in the spring. Since the summer months present the only opportunity to secure any type of cash income in villages (through fishing, cannery work, local construction projects, firefighting, etc.) cash dollars for fuel orders are available only at the end of the summer. By late fall barge companies are usually overcommitted and tend to give priority to shipments for canneries or construction projects. Low water and early freeze-up often make rivers unnavigable and many times barges are not able to complete their schedules. Without an adequate fuel supply, villages then have to utilize limited cash dollars to bring their fuel in by air charter which often triples the cost per gallon of fuel.

The Rural Energy Department was organized in January, 1975 as a direct result of the oil embargo of 1974. A program to provide seed money for bulk fuel storage facilities and to provide interest-free loans to communities experiencing fuel shortages was funded by the Community Services Administration with a \$100,000 grant. The State of Alaska provided a matching grant in the amount of \$25,000 which was utilized to hire an energy coordinator to administer the program. The department's activities have increased significantly since 1975. Other programs now include a statewide weatherization program and energy advocacy activities.

Reports of shortages and requests for financial assistance reached Rural CAP early last winter. Regional native associations, the Governor's Office, and other agencies referred villages in their respective areas to Rural CAP--the only source of funds in the state for fuel loans. It was evident that the existing \$100,000 fuel loan fund administered by Rural CAP would not be sufficient to deal with the crisis. An extensive survey was conducted to determine the number of villages with shortages. The result was that approximately 30 villages would run out of fuel over the winter months and that it would take in excess of \$700,000 to meet that need.

Staff traveled to Washington, D.C. in February to meet with officials of the Community Services Administration in an effort to obtain funds to help alleviate the crisis. CSA was responsive to the need and a grant award was received in the amount of \$735,000. A Fuel Loan Administrator was hired to administer the program, to work closely with villages regarding the extent of the emergency (determine the number of families affected, type(s) of fuel required, quantity, etc.), to work closely with the villages concerning the supply and handling of the fuel, to explain the loan papers and repayment procedures, and to execute the loan documents and handle collection procedures.

The village had the responsibility of providing pertinent information to the Fuel Loan Administrator, such as the reason for the shortage, when the community expected to run out of fuel, availability of bulk storage, condition of the airstrip, etc. Once the information was together the village then scheduled a Council meeting and the Fuel Loan Administrator traveled to the community to meet with the Council. Many of these meetings were attended by heads of households, with as many as 40 people attending the meetings. Lengthy discussions often ensued concerning transportation problems, the lack of bulk storage including the exorbitant capital costs involved in setting up bulk storage facilities, and worries about the rising cost of fuel and the increasing inability to pay for the product. In those villages with wood available nearby, many people had already converted used oil drums into wood burning stoves to heat their homes. (Oil barrels are an inefficient source of heat, but more efficient woodburning stoves are significantly more expensive and not available for purchase in remote areas).

After explaining the fuel loan program to the Councils, their responsibility for repayment, and determining the exact amount of funds required to purchase the fuel supply (loan amounts were established by the cost of the fuel plus the cost of regular barge transportation service), the Village Council members voted on whether they wished to enter into a loan agreement with RurAL CAP. If their decision was to do so, a Borrowing Resolution was then passed by the Council. The repayment schedule was calculated over the time period remaining until the next regular barge shipment was due to arrive. The Promissory Note was then executed by the designated Council officers.

RurAL CAP made arrangements for the purchase and transportation of the fuel. Because the cost of flying fuel into a village is considerably higher than bringing it in by barge, RurAL CAP made a grant to the community for the difference between the regular

barge cost and air transportation cost. To demonstrate the costs involved, following are examples of some of the barge and air bulk fuel prices paid:

	Heating Fuel #1, per gallon bulk rate (400+ gallons)	
	<u>Including Barge Cost</u>	<u>Including Air Freight</u>
Chevak	\$ .829	\$2.249
Nondalton	\$1.021	\$3.219*
	\$1.021	\$1.651
Pilot Station	\$ .894	\$1.764
Quinhagak	\$ .854	\$1.699
Shungnak	\$1.035	\$1.750
Tuntutuliak	\$ .749	\$1.229

\*The only carrier available at the time to fly in an emergency supply charged \$2.68 per gallon. The balance of the fuel was shipped later at a more reasonable cost.

The success of the loan program has been outstanding. Rural CAP was able to be responsive to the emergency while at the same time providing information necessary for the village to decide whether they wished to enter into a loan agreement. Payments have been received in a timely manner with very few exceptions. If more fuel has been sold than anticipated by the village, the total amount of the money collected has been submitted regardless of the amount of the scheduled payment. If a village is unable to meet their payment date, they have been requested to write us with the reason and when the payment can be expected. As evidenced by some of the attached responses, this communication is working well. On a recent trip to Chevak by Phil Smith, Rural CAP Executive Director and visitors from CSA Headquarters in Washington, D.C., the Chevak store manager expressed his gratitude for the loan at a time when it was so badly needed. The assistance enabled the village to not only cope with the existing crisis, but also helped them to be better prepared for the coming year. Through the personal contact with the Fuel Loan Administrator and much closer communication with the village both before and after the execution of the loan papers, the delinquency rate has been very low.

The timeliness of placing orders is only one reason for shortages during the winter. Many requests have been received to help villages purchase their fuel supply for the coming winter. The Community Services Administration has been extremely sensitive to rural Alaska energy problems and approved Rural CAP's request to utilize funds to make "up-front" loans to villages to purchase their annual fuel supply. After approval was received, we were able to assist 15 additional villages with the purchase of their annual fuel supply. Because more requests had been received than could be met through available funds, these additional requests are being met through funds made available by the repayment of existing loans. Thus "up-front" loans were made to Rampart (\$25,000), Deering (\$25,000), Kwigillingok (\$10,000) and Tyonek (\$8,000).

We are presently in the process of determining the extent of shortages which will occur during the coming winter, and we fear it will be even greater than last year. This is due in part to the great rise in fuel costs, the lack of a real economic base in rural Alaska, lack of competitive transportation modes, and because the last several winters have been milder (villages may not order adequate amounts of fuel based on past weather).

As evidenced by the material contained in this packet and outlined in the preceding narrative, we feel that our loan program continues to provide a critically needed service to rural Alaskan people. It has proved to be a program that helps villages with fuel crises and still enables them to be responsible for their own needs.

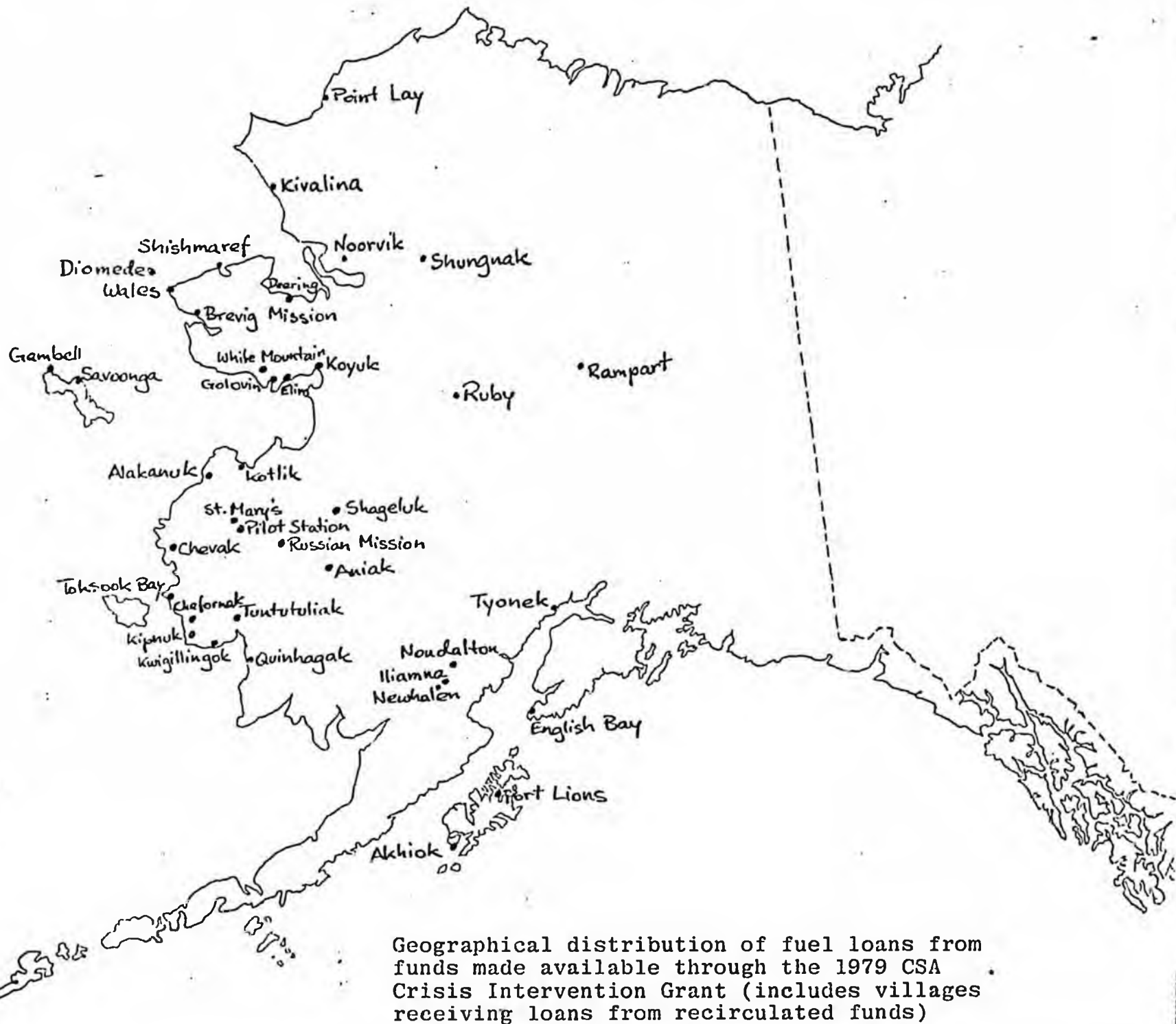
The loan fund as it presently exists is simply not large enough to meet future emergency needs in rural Alaska. Since most of the funds are "out on the books", there are only those funds which revolve back in when villages make the fuel loan payments to make new loans. Nor are grant funds now available to help defray the high air freight costs associated with fuel emergencies. As the only source of loan funds for fuel emergencies, short of declaring villages disaster areas, Rural CAP is committed to assist villages with this on-going and rapidly growing problem until more permanent solutions can be developed.

1979 FUEL LOANS

<u>VILLAGE</u>	<u>LOAN AMOUNT</u>	<u>GRANT AMOUNT</u>
Chefornak	7,979.80	6,442.00
Aniak	3,328.00	3,400.00
Chevak	8,751.20	7,418.00
Akhiok	7,264.00	--
Kipnuk	24,945.00	18,384.00
Newhalen	8,182.00	4,653.00
Port Lions	9,926.49	--
Quinhagak	23,647.45	14,888.40
Shungnak	9,284.00	6,776.00
Toksook Bay	10,643.97	14,611.07
Tuntutuliak	5,206.20	3,168.00
Alakanuk	4,872.40	9,464.00
Kotlik	4,635.00	9,150.00
Russian Mission	1,582.24	827.20
Iliamna	17,126.75	9,297.00
Nondalton	13,153.00	19,797.19
Pilot Station	1,788.00	1,740.00
English Bay	3,916.00	--
Savoonga	13,069.50	13,880.50
Gambell	1,158.00	1,124.50
Koyuk	25,000.00	
Golovin	25,000.00	
St. Mary's	25,000.00	
Noorvik	25,000.00	
Ruby	25,000.00	
Shageluk	5,000.00	
Shishmaref	20,000.00	
Brevig Mission	16,000.00	
Point Lay	25,000.00	
Elim	25,000.00	
White Mountain	25,000.00	
Diomede	15,000.00	
Kivalina	25,000.00	
Wales	25,000.00	
Nikolski	<u>25,000.00</u>	
<b>TOTAL</b>	<b>\$516,459.00</b>	<b>\$145,020.86</b>

EMERGENCY LOANS AND GRANTS

ANNUAL FUEL SUPPLY LOANS



Geographical distribution of fuel loans from funds made available through the 1979 CSA Crisis Intervention Grant (includes villages receiving loans from recirculated funds)



# Rural Alaska Community Action Program, Inc.

TO: The Record

DATE: April 19, 1979

FROM: Sherry *Valentine*, Director, Rural Energy

SUBJECT: Emergency Fuel Loan Policy

Rural CAP (Energy Department) received a grant award from the Community Services Administration (CSA) in the amount of \$735,000 to be utilized to assist rural communities to cope with emergency fuel shortages. Causes of the shortages are varied: barges unable to navigate rivers because of low water; lack of adequate bulk storage facilities (necessitating the delivery of fuel products in 55 gallon barrels and at a greater cost); accelerated village growth, requiring larger quantities of fuel; limited cash dollars to pay for escalating energy costs; improper forecasting of fuel needs in terms of new growth, etc. CSA was extremely responsive to rural Alaskan's needs, and approved the use of supplemental crisis intervention funds for loans to villages for fuel and transportation of fuel. The emergency fuel loan policy is as follows:

1. The Rural CAP Revolving Fuel Loan fund is available to communities, fuel dealers and individuals to be utilized to assist in meeting emergency fuel shortages by loaning funds, interest free, for the purchase of fuel and to pay for regular surface (barge) transportation costs.
2. Loan funds cannot be utilized to purchase aviation gas unless written documentation is provided by the borrower stating that the fuel will be used only for local transportation requirements, i.e., snowmachines, outboard motors, etc.
3. The maximum available loan amount is \$25,000 per borrower.
4. Rural CAP will pay the difference in the cost of regular barge transportation and air transportation service. This amount is a grant and does not need to be repaid to Rural CAP.
5. The entity requesting a loan must provide the following backup information:
  - A. Reason for the fuel shortage.
  - B. Date the community will run out of fuel.
  - C. Type(s) of fuel required. This must be determined by a survey of the community.
  - D. Quantity of fuel required until the next regular barge shipment arrives.
  - E. Is bulk storage available. If so, what capacity.