

LEG. FINANCE - BILLS - 1979 - 1980 - 1386

SB 555 thru SB 560

1386



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
SENATE

4/15/80

FURTHER: None

Date: 5-14-80

Mr. President:

The Committee on FINANCE has had SB 555
making a special appropriation for a dental program for low-income adults

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

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

MEMBERS SIGNING
DO PASS

John Ladd
Bill ...

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Hobson no rec
Bill Kay NO REC

John ...

John Lockett
 CHAIRMAN

Funding Information
General Fund \$2,737,000
Other Funds - 0 -
\$2,737,000

Introduced: 4/10/80
Referred: Finance

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE
BY REQUEST

1 IN THE SENATE

2 SENATE BILL NO. 555

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation for a dental
7 program for low-income adults, and a special appropri-
8 ation for an evaluation of the dental program; and
9 providing for an effective date."

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

11 * Section 1. The sum of \$2,637,000 is appropriated from the general fund
12 to the Department of Health and Social Services for payment as a grant to
13 Delta Dental, Inc., for a statewide dental program for low-income adults.

14 * Sec. 2. The sum of \$100,000 is appropriated from the general fund to
15 the Legislative Budget and Audit Committee for an evaluation of the statewide
16 dental program financed with the appropriation made in sec. 1 of this Act.

17 * Sec. 3. The unexpended and unobligated portions of the appropriations
18 made in this Act lapse into the general fund on June 30, 1982.

19 * Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-
20 070(c).

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COST OF DENTAL CARE COMPUTATION

SB 555

Community Group	Total Population	Utilization Factor <u>1/</u>	Estimated Annual Utilization	Estimated Cost Per Persons <u>2/</u>	Estimated Group Cost
Children (3-20)	8,784	0.50	4,392	\$275.00	\$1,209,966.00
Adults (Basic)	8,331	0.50	4,165	275.00	1,147,457.00
Adults (Dentures <u>3</u>)	8,331	0.083	691	550.00	380,050.00
Total					<u>\$2,737,503.00</u>

1/ The estimated number of persons that would receive dental care in one year.

2/ Cost data derived from the dental demonstration project in Kiana and Allakaket during summer 1979.

3/ Removable dentures - full and partial.

LIMITATIONS OF BASIC SERVICES

DIAGNOSTIC

Oral examination is a benefit, but not more than once in a 12 - month period.

Bite Wing radiographs - 2 only, except where prevented by missing teeth.

Periapical radiographs - only a benefit for teeth to be extracted, suspected anterior lesions, and where bitewings are not feasible.

PREVENTIVE

Prophylaxis, not more than once in any 12-month period. Prophylaxis for children must include fluoride application.

EXODONTICS

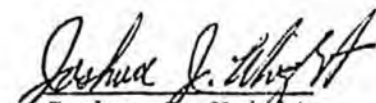
Pre-operative periapicals required for payment of fee.

RESTORATIVE

Amalgams and composite resin restorations for the treatment of caries. Payment is based on one restoration per surface regardless of the # or combination of restorations placed. Composite resin restorations are a benefit only in permanent anterior teeth and on buccal surfaces of maxillary premolars. The fee for a restorative procedure includes bases and local anesthesia.

Prosthetics

Partial and full dentures are a benefit, not more than once in a 5-year period. Repairs, relines and tissue conditioning are a benefit once in a 12-month period.


Joshua B. Wright

South Central District Dental Society

P.O. BOX 3-487
ANCHORAGE, ALASKA 99501

LOW COST DENTURE DEMONSTRATION PROGRAM STATISTICAL/NARRATIVE ANALYSIS

Background: The South Central District Dental Society received a \$25,000.00 grant from the Alaska State Legislature (1979) to combine forces with senior citizens organizations in Anchorage to arrange a low-cost denture program for seniors residing in the Anchorage area.

Implementation: An 8-member policy making Board of Directors was formed consisting of representatives from the senior citizens community, one dentist, one dental society representative and the project coordinator (selected by a participating organization). Representatives included:

Lois Pillifant - Older Persons Action Group
Norma Lundy - Senior Citizens/Municipality
Rose Palmquist - Senior Citizens Advisory Commission
Arne Beltz - Anchorage Municipal Health Department
Alice Guest - Alaska State Dept. of Health & Social Services
Geraldine T. Morrow, D.M.D. - Dentist
Martha Dearborn - South Central District Dental Society
Donna Lindsay - Project Coordinator/Referral Worker

The target group selected for this initial program was those senior citizens having no additional funds for dental care. Eligibility was based on Old Age Assistance criteria. The Grant was to subsidize the dentistry performed, the claims processed, and the administrative effort required to locate eligible seniors, refer them to the dental offices and to gather statistics for future use by the legislature when considering additional funds for similar projects.

Services Provided: New dentures
Relining of old dentures
Repair of old dentures
Pre-Prosthetic Surgery (if needed in order to properly fit dentures)

Duration: The first patient was seen on August 29, 1979, and, with one exception, treatment was terminated on December 19, 1979.

Termination of treatment was based on anticipated encumbrance of funds.

Statistics: Total number of senior citizens receiving treatment.....54
Total number of senior citizen inquiries about the program.....134 ongoing

*Services provided:

Full mouth dentures (upper and lower).....	24
Partial dentures (upper or lower).....	10
Reline of old dentures.....	23
Repair of old dentures.....	1
Pre-prosthetic surgery.....	4

*Some individuals received more than one service.

Anticipated Costs: \$20,000.00 for dental treatment
\$ 2,500.00 for claims processing
\$ 2,500.00 for administrative effort

Actual Costs (not all figures have been submitted to date)

\$17,768.00 for dental treatment (Avg. \$329.00 per patient.)
\$ 1,500.00 for claims processing
\$ 2,638.88 for administrative effort

JOSHUA J. WRIGHT, D. D. S.

3401 DENALI, SUITE NO. 102

ANCHORAGE, ALASKA 99503

PHONE (907) 276-6920

January 21, 1980

Dr. Helen Beirne, Commissioner
Department of Health & Social Services
Juneau, Alaska 99801

Dear Dr. Beirne:

My involvement as Director of the Dental Demonstration Project at Kiana and Allakaket last summer was a rather enlightening experience in a long and rewarding dental career that began at Mt. Edgecumbe in 1956.

I believe that the implementation of a State Dental Health Program along the lines of my recommendations will provide access to dental care for all Alaskans whether residents of urban or rural areas.

Fee-for-service should encourage a greater mixture of younger and more experienced dentists involvement in providing services on an itinerant basis. It is my firm belief that the fee-for-service mode of compensation will eventually lead to the establishment of more private practice of dentistry in rural areas.

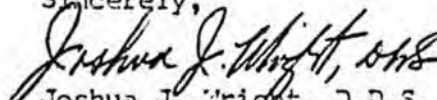
Next in importance to the initiation of statewide preventive measures, I would list the need for a Dental Director. Hopefully, the appointee will have the confidence of the dental profession in pioneering a smooth transition from the status quo to a smoothly tuned statewide operation. Someone needs to consult with all interested dental groups if the manpower distribution problems are ever solved. Additionally, a Director is needed to deal with the diversity of state and federal programs, fundings and hopefully a common fiscal intermediary.

The inauguration of a data control system and the implementation of a peer review mechanism is vital to any delivery system.

As result of my belief that preventive measures is just as important as restorative services, I strongly urge the involvement of the Dental Hygiene School at Anchorage Community College in the area of oral health. Also, I see a role for itinerant dental hygienists under the supervision of the Dental Director to provide instruction in the areas of dental health, prevention of oral diseases, coordination of the administration of fluoride gel and fluoride rinses in the schools and serve as a resource for the Village Health Aides.

In summary, the dental health care problems in Alaska are those of manpower distribution and the absence of a viable financing vehicle.

Sincerely,


Joshua J. Wright, D.D.S.

cc:

Members of State Senate
Members of House of Representatives

REPORT ON DENTAL DEMONSTRATION PROJECT

FOR ALLAKAKET AND KIANA

Funding: \$100,300 appropriated by the Legislature

Administrator: Delta Dental Plan of Alaska

Coordinator: Dr. Joshua Wright, designated by the State Legislature

Population Eligible: Approximately 339 persons in Kiana
Approximately 164 persons in Allakaket, as residents
of villages

Population Treated: Allakaket - 44 adults of 75 for 59% of population
32 children of 89 for 36% of population
46% of the total population

Kiana - 99 adults of 193 for 51% of population
70 children of 146 for 48% of population
50% of the total population

Time Period of Project: July through October, 1979

The health aides of the villages were an integral part of the project's success; i.e., they informed villagers of the project team's arrival, scheduled appointments, explained procedures and the aides screened patients for medical problems that would conflict with dental treatment or indicate premedication before dental treatment. They and other villagers were also helpful in making the dental team comfortable.

Phase I: Health Level Assessment Survey and Dental Health Education (conducted by Anchorage Community College Dental Hygiene Program faculty and students).

The dental hygiene services were comprehensive and included thorough dental hygiene procedures by the Anchorage Community College faculty and education in oral hygiene and proper brushing. Toothbrushes and floss were provided.

Findings Based on Assessment Survey:

There is a significant relationship between age of patient and condition of the mouth. Patients were grouped in the following categories:

- Group 1 - 0-12 years old
- Group 2 - 13-19 years old
- Group 3 - 20-35 years old
- Group 4 - 35 and older

1. The proportion of older patients with soft deposits (food, plaque) and left upper and left lower teeth was less than the same proportion in younger patients (see chart below). There was, however, no significant difference between age and plaque on the upper front teeth and upper and right lower teeth. (In most population groups, children tend to have more plaque than adults.)

	PROPORTION OF AGE			GROUP WITH SOFT DEPOSITS		
	*R MX	A MX	L MX	R MN	A MN	L MN
Age 1	77.3	43.9	77.3	65.2	63.6	66.7
Age 2	69.2	41.0	69.2	64.1	61.5	56.4
Age 3	60.6	36.4	63.6	56.1	51.5	57.6
Age 4	35.9	23.1	30.8	41.0	47.4	35.9

2. The older patient had more calculus on all upper teeth and the right lower teeth. In all other areas (the front and left lower teeth), younger patients had the least proportion per age group of calculus; whereas, the 20-35 age group had the highest proportion. (In most population groups, this holds true. It shows a need for continued dental hygiene programs.)

	PROPORTION OF AGE			GROUP WITH CALCULUS		
	*R MX	A MX	L MX	R MN	A MN	L MN
Age 1	18.2	1.5	16.7	1.5	24.2	1.5
Age 2	17.9	11.5	15.4	7.7	56.4	5.1
Age 3	34.8	42.3	34.8	31.8	83.3	28.8
Age 4	46.2	42.3	41.0	51.3	78.9	51.3

3. The age group with the highest proportion of intense gingivitis (pycrrhea, gum disease) was 20-23, with 0-12 having the smallest proportion. (Children rarely have intense gingivitis. This report shows the need for hygiene treatment for adults.)

	PROPORTION OF AGE			GROUP WITH GINGIVITIS		
	*R MX	A MX	L MX	R MN	A MN	L MN
Age 1	9.1	12.1	9.1	9.1	13.6	9.1
Age 2	17.9	10.3	15.4	34.8	40.9	36.4
Age 3	34.8	36.4	37.4	34.8	40.9	36.4
Age 4	23.1	15.4	15.4	33.3	39.5	30.8

4. The two older age groups (3 and 4) showed advanced periodontal involvement (gum disease) with the oldest group showing the higher proportion. (This is true of most populations.)

	PROPORTION OF AGE			GROUP WITH ADVANCED PERIO INVOLVEMENT		
	*R MX	A MX	L MX	R MN	A MN	L MN
Age 3	9.1	7.6	10.6	7.6	9.1	10.6
Age 4	30.8	33.3	30.8	35.9	50.0	33.3

*R = right; A = anterior or front; L = left; MX = maxillary or upper; MN = mandible or lower.

5. Ages 20-35 showed the highest proportion of filled teeth with no caries, filled teeth with primary decay and filled teeth with secondary decay. The 35 and older group had the highest proportion of decayed permanent teeth. This is typical of a population that has had government dental treatment through school years, but which treatment assistance discontinues after the child leaves school. Continued education is imperative.

	<u>Sound</u>	<u>Decayed</u>	<u>Fill No Caries</u>	<u>Fill Prim Caries</u>	<u>Fill Sec Caries</u>
Age 1	82.6	7.6	8.2	0.8	0.7
Age 2	63.0	7.8	24.0	4.3	0.9
Age 3	44.0	7.3	39.1	5.0	4.5
Age 4	47.1	11.4	35.0	2.9	3.5

6. Location. There is a significant difference with intense gingivitis (gum disease) between Kiana I (mostly younger patients), Allakaket (needing more dental treatment) and Kiana II (more adults seen from fish camp).

	PERCENT INTENSE GINGIVITIS PRESENT		
	<u>KIANA I</u>	<u>ALLAKAKET</u>	<u>KIANA II</u>
Max R	5.6	47.5	45.7
Max A	7.9	35.6	45.7
Max L	6.3	45.8	40.0
Man R	8.7	44.1	45.7
Man A	10.2	58.6	54.3
Man L	9.3	42.4	42.9

7. Location. There is also significant difference in the percent of patients with advanced periodontal involvement by location. Kiana I is lower since mostly children were seen. Note difference in Allakaket and Kiana II.

	PERCENT ADVANCED PERIO INVOLVEMENT		
	<u>KIANA I</u>	<u>ALLAKAKET</u>	<u>KIANA II</u>
Max R	2.4	20.3	14.3
Max A	4.0	20.3	8.6
Max L	3.2	18.6	17.1
Man R	4.7	22.0	5.7
Man A	7.9	29.3	5.7
Man L	3.9	20.3	14.3

8. Dentures. There were 51 out of 224 patients with missing teeth and no dentures or partials. Additionally, one patient had missing teeth and both upper and lower dentures. Three patients had missing teeth and an upper denture but no lower (probably not wearing it). Three patients had missing teeth but no record made by dentist. This percentage of patients with missing teeth is slightly higher than most populations.

9. Soft Deposits and Calculus. With only one exception, there was significant relationship between the presence of soft deposits/calculus and either intense gingivitis or advanced periodontal involvement. Soft deposits/calculus typically lead to intense gingivitis and advanced periodontal involvement if personal hygiene treatment is not maintained.

	% GINGIVITIS		% PERIO INVOLVEMENT	
	NO SOFT	SOFT DEP	NO SOFT	SOFT DEP
Max R	10.8	30.4	2.4	13.0
Max A	10.8	37.8	5.0	15.9
Max L	8.4	30.4	(6.0	11.6-NOT SIGNIFICANT)
Man R	7.4	35.9	4.3	13.3
Man A	16.7	40.0	6.3	18.4
Man L	9.3	34.4	3.1	15.2

	NO CALCULUS		CALCULUS	
	NO CALCULUS	CALCULUS	NO CALCULUS	CALCULUS
Max R	14.0	45.3	0.6	29.7
Max A	16.7	48.3	4.2	41.4
Max L	13.2	45.2	2.5	27.4
Man R	17.2	45.3	3.6	28.3
Man A	12.4	41.7	1.1	21.2
Man L	16.3	48.0	4.1	30.0

Phase II: Dental treatment and actuarial analysis of treatment provided within guidelines of Title XIX Medicaid program, plus partial and complete dentures for adults when necessary. Dental treatment provided by dental hygiene faculty (prophylaxis and fluoride only) and dentist (all other dental treatment).

Dental Treatment Provided: Treatment provided to the 143 adults and 102 children in both villages represented \$55,257.18 in basic care and equipment costs. Had services been billed directly to Delta on a fee-for-service basis (with payment issued on the fee submitted not to exceed the maximum allowance under the Medicaid program), the cost of treatment would have been \$79,128.

Types of Services Provided Included: preventive, restorative, endodontics, oral surgery, periodontics and prosthodontics.

	<u>Allakaket</u>	<u>Kiana</u>
Services Provided:		
Examinations,	67	169
X-rays	-0- (Machine broken)	49
Cleaning, fluoride	46	125
Fillings:		
1-surface amalgam	36	186
2-surface amalgam	39	199
3-surface amalgam	14	41
4-surface + amalgam	4	9
Composite	16	57
Composite, Class V	1	18

	<u>Allakaket</u>	<u>Kiana</u>
Stainless Steel Crown	-0-	15
Root Canal, adults	1	4
Pulpotomy, children	1	1
Extractions:		
Simple	18	47
Surgical	3	16
Root Planing and Curretage	5	26
Periodontal Surgery	-0-	1
Dentures, upper or lower	7	25
Dentures, partial upper/lower	6	9

Additional expenses incurred included air transportation costs to and from the villages, and a per diem for providers to cover food and lodging. This totalled \$19,122.11.

The coordinator's salary appropriated by the legislature and Delta's administrative cost of 15% have not been included in these figures.

The significance of this pilot project over other dental care provided to remote areas in the past is the use of the needs assessment survey conducted for the first time and the inclusion of partial or complete dentures. The denture services accounted for \$24,221 or 31% of the total cost of basic care, if all services had been paid under the Medicaid maximum allowance.

REPORT ON DENTAL DEMONSTRATION PROJECT FOR KIANA and ALLAKAKET

Funding: \$100,300 appropriated by the Legislature
Administrator: Delta Dental Plan of Alaska
Director: Dr. Joshua J. Wright
Population Eligible: Approximately 339 persons in Kiana and 164 in Allakaket

Scope of Service:

Phase I: Health Level Assessment Survey and Dental Health Education
(conducted by Anchorage Community College Dental Hygiene Program
faculty and students)

Population Treated: Allakaket ----44 adults, 32 children - 46% of population
Kiana ----99 adults, 70 children - 50% of population

Time Period: July through October, 1979

Phase II: Dental treatment provided: Treatment provided 143 adults and
102 children in both villages. Cost of services based on fee
for service and a 20% bush fee equals \$94,954.00

Expenses covered by project: transportation, basic dental care, laboratory
fees and supplies, equipment rental and shipment costs, and per diem for
providers.

Director's salary and administrative cost to Delta is not included in the
\$86,400 fee-for-service allocation.


Types of services provided by project: Preventive, restorative, endodontic
oral surgery, periodontic and prosthodontic.

20 full(upper)dentures (plates) and 12 full (lower) dentures (plates) were
provided. 5(upper)partial dentures and 7(lower)partial dentures were
provided as needed. This treatment accounted for \$25,253.00 or 27% of
the \$94,954.00.

The health aides were a very integral part of the organization of the project.
They were the key link between the team and the residents in scheduling and
explaining procedures.

Utilization rate was 42% for children and 55% for adults. This variation
could be attributable to the fact that in many villages basic care for
adults is not provided.

A more detailed statistical report will be forthcoming from Delta Dental
Plan of Alaska.


Joshua J. Wright



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

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 560

Title An Act relating to interest on state bonds; e.d.

Requested by Senate Banking Committee

Date April 16, 1980

II. FISCAL DETAIL

Agency Affected Department of 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	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

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

POSITIONS

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

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

If interest limits for State bonds are not relaxed, the planned June bond sale may have to be cancelled. Interest rates for comparably rated bonds are at levels exceeding our present limits.

Loans totalling \$62,273,200 have been advanced from the General Fund to a number of State agencies for capital projects in anticipation of the June bond sale. All fiscal plans have been predicated on a timely sale in June and the reimbursement of the General Fund for these loans from the sale proceeds. If the sale is cancelled or postponed, the available General Fund balance for FY 81 must be reduced accordingly, until the sale can be held.

Interest rates appear to have reached a peak. If so, and if the rate for the June sale is below 8.4%, there will be no increase in the debt service as certified by the State Bond Committee.

IV. DATE April 16, 1980

PREPARED BY Thomas J. Williams
AGENCY Department of Revenue
PHONE 465-2300

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

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER | POUCH 5 - JUNEAU 99811

April 16, 1980

The Honorable John Sackett
Chairman
Senate Finance Committee
Room 423 - Capitol Building
Juneau, Alaska 99811

Dear Senator Sackett:

Re: Senate Bill No. 560

Senate Bill No. 560, an Act relating to interest on state bonds and notes, was introduced in the Senate on April 14, 1980 and was referred to the Senate Finance Committee.

For the consideration of the Senate Finance Committee, I am enclosing a copy of a Fiscal Note prepared by Thomas K. Williams, Commissioner, Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson
Special Assistant

cc: Thomas K. Williams
Commissioner
Department of Revenue

Joseph K. Donohue
Deputy Commissioner
Department of Revenue

Peter Bushre
Deputy Commissioner
Department of Revenue

Introduced: 4/14/80
Referred: Finance

BY THE RULES COMMITTEE
BY REQUEST OF THE SENATE
BANKING COMMITTEE

1 IN THE SENATE

2 SENATE BILL NO. 560

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to interest on state bonds and notes;
7 and providing for an effective date."

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

9 * Section 1. AS 37.15.030 is amended to read:

10 Sec. 37.15.030. INTEREST RATE AND MATURITY. Each issue or series
11 of bonds shall bear interest at an effective rate over the life of the
12 bonds not to exceed eleven [EIGHT] percent a year or that rate of in-
13 terest which is 110 percent of the rate of the Bond Buyer index of 20
14 Municipal Bond Average Yields for the week previous to the date of sale
15 of the bonds, whichever is higher. The bonds shall mature in not more
16 than 30 years from date of issue, unless a longer period is specifically
17 authorized by statute.

18 * Sec. 2. AS 37.15.380 is amended to read:

19 Sec. 37.15.380. SALE OF NOTES. Notes issued under this chapter
20 shall be sold by the state bond committee in such manner and at such
21 price or prices as it shall determine, at either public or private sale;
22 however, no such note shall be sold for less than par and accrued
23 interest or at an interest rate exceeding eleven [SEVEN] percent a year
24 or that rate of interest which is 110 percent of the rate of Bond Buyer
25 Index of 20 Municipal Bond Average Yields for the week previous to the
26 date of sale of the notes, whichever is higher.

27 * Sec. 3. AS 37.15.450(a) is amended to read:

28 (a) The bonds shall be sold in such amounts or series and at such
29 time or times as determined by the committee. Before selling a series

1 of bonds, the committee shall give notice inviting sealed bids in such
2 manner as it may prescribe. If satisfactory bids are received, the
3 bonds offered for sale shall be awarded to the highest responsible
4 bidder. If the committee determines that the bids received are not
5 satisfactory as to price or responsibility of the bidders, it may reject
6 all bids received. The bonds, or each series of them, shall be sold at
7 such a price so that the effective interest rate over the life of the
8 bonds does not exceed eleven [EIGHT] percent per year or that rate of
9 interest which is 125 percent of the rate of the Bond Buyer Index of 20
10 Municipal Bond Average Yields for the week previous to the date of sale
11 of the bonds, whichever is higher. Interest shall be payable annually
12 or semiannually.

13 * Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-
14 070(c).

ALASKA STATE LEGISLATURE

ELEVENTH Legislature SECOND Session

SENATE BILL NO. 560

By THE RULES COMMITTEE BY REQUEST OF THE SENATE BANKING COMMITTEE

"An Act relating to interest on state bonds and notes; and providing for an effective date."

Introduced in the Senate 4/14/80, 19....

HISTORY IN THE SENATE

19	30	Read first time and referred to Committee on Finance																						
4	14	Reported back with recommendation that																						
		Read second time and																						
		Read third time and																						
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HISTORY IN THE SENATE

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

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5 - JUNEAU 99811

April 16, 1980

The Honorable John Sackett
Chairman
Senate Finance Committee
Room 423 - Capitol Building
Juneau, Alaska 99811

Dear Senator Sackett:

Re: Senate Bill No. 560

Senate Bill No. 560, an Act relating to interest on state bonds and notes, was introduced in the Senate on April 14, 1980 and was referred to the Senate Finance Committee.

For the consideration of the Senate Finance Committee, I am enclosing a copy of a Fiscal Note prepared by Thomas K. Williams, Commissioner, Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson
Special Assistant

cc: Thomas K. Williams
Commissioner
Department of Revenue

Joseph K. Donohue
Deputy Commissioner
Department of Revenue

Peter Bushre
Deputy Commissioner
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. Senate Bill 560
 Title An Act relating to interest on state bonds; e.d.
 Requested by Senate Banking Committee Date April 16, 1980

II. FISCAL DETAIL
 Agency Affected Department of 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	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

If interest limits for State bonds are not relaxed, the planned June bond sale may have to be cancelled. Interest rates for comparably rated bonds are at levels exceeding our present limits.

Loans totalling \$62,273,200 have been advanced from the General Fund to a number of State agencies for capital projects in anticipation of the June bond sale. All fiscal plans have been predicated on a timely sale in June and the reimbursement of the General Fund for these loans from the sale proceeds. If the sale is cancelled or postponed, the available General Fund balance for FY 81 must be reduced accordingly, until the sale can be held.

Interest rates appear to have reached a peak. If so, and if the rate for the June sale is below 8.4%, there will be no increase in the debt service as certified by the State Bond Committee.

IV. DATE April 16, 1980 PREPARED BY Thomas R. Killian
 AGENCY Department of Revenue
 PHONE 465-2300
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Introduced: 4/14/80
Referred: Finance

BY THE RULES COMMITTEE
BY REQUEST OF THE SENATE
BANKING COMMITTEE

1 IN THE SENATE

2 SENATE BILL NO. 560

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to interest on state bonds and notes;
7 and providing for an effective date."

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

9 * Section 1. AS 37.15.030 is amended to read:

10 Sec. 37.15.030. INTEREST RATE AND MATURITY. Each issue or series
11 of bonds shall bear interest at an effective rate over the life of the
12 bonds not to exceed eleven [EIGHT] percent a year or that rate of in-
13 terest which is 110 percent of the rate of the Bond Buyer index of 20
14 Municipal Bond Average Yields for the week previous to the date of sale'
15 of the bonds, whichever is higher. The bonds shall mature in not more
16 than 30 years from date of issue, unless a longer period is specifically
17 authorized by statute.

18 * Sec. 2. AS 37.15.380 is amended to read:

19 Sec. 37.15.380. SALE OF NOTES. Notes issued under this chapter
20 shall be sold by the state bond committee in such manner and at such
21 price or prices as it shall determine, at either public or private sale;
22 however, no such note shall be sold for less than par and accrued
23 interest or at an interest rate exceeding eleven [SEVEN] percent a year
24 or that rate of interest which is 110 percent of the rate of Bond Buyer
25 Index of 20 Municipal Bond Average Yields for the week previous to the
26 date of sale of the notes, whichever is higher.

27 * Sec. 3. AS 37.15.450(a) is amended to read:

28 (a) The bonds shall be sold in such amounts or series and at such
29 time or times as determined by the committee. Before selling a series

1 of bonds, the committee shall give notice inviting sealed bids in such
2 manner as it may prescribe. If satisfactory bids are received, the
3 bonds offered for sale shall be awarded to the highest responsible
4 bidder. If the committee determines that the bids received are not
5 satisfactory as to price or responsibility of the bidders, it may reject
6 all bids received. The bonds, or each series of them, shall be sold at
7 such a price so that the effective interest rate over the life of the
8 bonds does not exceed eleven [EIGHT] percent per year or that rate of
9 interest which is 125 percent of the rate of the Bond Buyer Index of 20
10 Municipal Bond Average Yields for the week previous to the date of sale
11 of the bonds, whichever is higher. Interest shall be payable annually
12 or semiannually.

13 * Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-
14 070(c).

PATRICK RODEY
SPENARD

Jim Hoffman assigned

601 W. 5TH AVE. SUITE 820
ANCHORAGE, ALASKA 99501

DURING SESSION

POUCH V
JUNEAU, ALASKA 99811

Alaska State Senate

JUNEAU, ALASKA 99811

May 6, 1980

M E M O R A N D U M

TO: John Sackett, Chairman, Senate Finance Committee
FROM: Pat Rodey, Chairman, Senate Banking Committee *PMR*
RE: Movement of SB 560

This is to request that Senate Finance take up SB 560: "An Act relating to interest on state bonds and notes; and providing for an effective date." as soon as possible. The bill is important, the Banking Committee held a hearing on it (see attached) and I believe that quick action is in everyone's best interest.

Additionally, there is one amendment I would like to suggest be incorporated in the bill when it is taken up in your committee. Please notify me when you take action. Thank you.

Alaska State Senate

JUNEAU, ALASKA 99811

DURING SESSION

POUCH V
JUNEAU, ALASKA 99811

April 17, 1980

M E M O R A N D U M

TO: Clem Tillion, President, Alaska State Senate
Terry Gardiner, Speaker, Alaska State House
John Sackett, Chairman, Senate Finance Committee
Russ Meekins, Chairman, House Finance Committee

FROM: Pat Rodey, Chairman, Senate Banking Committee

RE: SB 560: "An Act relating to interest on state bonds and notes; and providing for an effective date."

This is to notify you that the Senate Banking Committee, meeting jointly with the House Banking Committee, took up SB 560 on Wednesday, April 16, at 1:30 p.m. and agreed unanimously to forward the bill as written for quick consideration and passage by both bodies. Present at the meeting, in addition to myself, were Senators Bradley and Mulcahy and Representatives Bettisworth and Hayes.

As you know, the issue addressed by the bill - interest rate ceilings on state bonds and notes - is one the legislature must resolve before adjournment if the State G.O. Bond sale planned for June is to be successful.

The committee first heard testimony from Anselm Staack, Treasury Comptroller, who stated that the Administration supports this bill. In particular, the State Bond Committee supports the "double cap" concept included in the bill which would allow them to sell State G.O. Bonds at either the fixed rate of 11 percent or the floating rate of 110 percent of the Bond Buyer Index, whichever is higher. He also informed the committee that the next sale is planned for either June 17th or 24th, and that it would include \$124,240,000 in previously authorized but unissued bonds. If buyers are found for those bonds, that will reduce the amount of outstanding unissued bonds from \$301.78 million to \$177.54 million. Attached is the list of those bonds which will be offered in June.

The committee also heard testimony from Bob Ward, commissioner of DOT/PF, who likewise expressed support for the bill. He said he was especially pleased to see language included which would raise the interest rate ceiling on International Airport Revenue Bonds (Section 3. AS 37.15. 450(a)), as a sale is planned on those for late summer, probably in August or September.

Also attached is a two-page analysis of the bill.

Introduced: 4/14/80
Referred: Finance

BY THE RULES COMMITTEE
BY REQUEST OF THE SENATE
BANKING COMMITTEE

1 IN THE SENATE

2 SENATE BILL NO. 560

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to interest on state bonds and notes;
7 and providing for an effective date."

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

9 * Section 1. AS 37.15.030 is amended to read:

10 Sec. 37.15.030. INTEREST RATE AND MATURITY. Each issue or series
11 of bonds shall bear interest at an effective rate over the life of the
12 bonds not to exceed eleven [EIGHT] percent a year or that rate of in-
13 terest which is 110 percent of the rate of the Bond Buyer index of 20
14 Municipal Bond Average Yields for the week previous to the date of sale
15 of the bonds, whichever is higher. The bonds shall mature in not more
16 than 30 years from date of issue, unless a longer period is specifically
17 authorized by statute.

18 * Sec. 2. AS 37.15.380 is amended to read:

19 Sec. 37.15.380. SALE OF NOTES. Notes issued under this chapter
20 shall be sold by the state bond committee in such manner and at such
21 price or prices as it shall determine, at either public or private sale;
22 however, no such note shall be sold for less than par and accrued
23 interest or at an interest rate exceeding eleven [SEVEN] percent a year
24 or that rate of interest which is 110 percent of the rate of Bond Buyer
25 Index of 20 Municipal Bond Average Yields for the week previous to the
26 date of sale of the notes, whichever is higher.

27 * Sec. 3. AS 37.15.450(a) is amended to read:

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29 time or times as determined by the committee. Before selling a series

1 of bonds, the committee shall give notice inviting sealed bids in such
2 manner as it may prescribe. If satisfactory bids are received, the
3 bonds offered for sale shall be awarded to the highest responsible
4 bidder. If the committee determines that the bids received are not
5 satisfactory as to price or responsibility of the bidders, it may reject
6 all bids received. The bonds, or each series of them, shall be sold at
7 such a price so that the effective interest rate over the life of the
8 bonds does not exceed eleven [EIGHT] percent per year or that rate of
9 interest which is 125 percent of the rate of the Bond Buyer Index of 20
10 Municipal Bond Average Yields for the week previous to the date of sale
11 of the bonds, whichever is higher. Interest shall be payable annually
12 or semiannually.

13 * Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-
14 070(c).

Subject: "Cap" on State bonding

Background

Presently G. O. Bonds have an 8% cap in accordance with the provisions of AS 37.15.030.

Bond Anticipation Notes have a 7% cap as contained in AS 37.15.380.

International Airport Bonds have an 8% cap as contained in AS 37.15.450(a).

Status

House Bill No. 945 has been introduced to raise the cap on G. O. bonds to 10%.

No legislation has been introduced to raise the cap on International Airport bonds or Bond Anticipation Notes.

Analysis

It is suggested that some cap is necessary because that retains policy input of the legislature and, consequently, the public.

A rigid cap, a specific rate, while useable, does have some problems in that it requires the legislature to be in session to change the cap and it is not responsive to current chaotic market conditions.

It is suggested that a specific rate with an additional "floating rate" criteria be utilized.

1. The State Bond Committee has discussed and now suggests that a new fixed cap be set at eleven percent in light of the current market.
2. A floating rate (for G. O. issues and Bond Anticipation Notes) suggested would be that rate of interest which would exceed the Bond Buyer Index of 20 Municipal Bond Average Yields by 110% of the Index for the week previous to the date of sale. A 125% over the index rate is suggested for International Airports.
3. The actual cap being the higher of either 1 or 2 above.

The Bond Buyer index is an index expressed as a composite average yield percentage of a representative group of 20 municipal bond issues. The average rating of the 20 bonds used in this index falls midway between the four top groups as classified by Moody's Investor's Service. It is compiled weekly and issued on Thursday of each week. It is published in The Weekly Bond Buyer which has been in existence since 1891. In short, the Bond Buyer Index is to the bonding community what the Dow Jones Average is to the stock market.

The 125% rate for International Airports is necessary as these are revenue bonds which require a higher premium.

Past experience has shown that in the past twenty-one G. O. bond issues, from March 4, 1970 through April 10, 1979, the State has sold those issues at an average of 8% below the bond buyer index. Since the State's rating change for the issue sold September 11, 1974, issues have sold on average 11% below the index (ie. at 92% and 89% of the index respectively). The five International Airport issues were sold at an average of 17% over the index or 117% of the index. Therefore, the floater rate has support in terms of past history.

The "double cap" method is used by the State of Illinois, for example. The logic appears to be that should the floater, for some unforeseen reason at the time of institution have "legal" problems or market problems, the fixed cap would always be there to take over. Simply as a hedge against some present, unforeseen "Catch 22" situation. Also, an indication of policy type decisions as to what the public is willing to pay.

STATE G.O. BOND SALE - PLANNED JUNE 17 or 24

<u>CHAPTER</u>	<u>SLA</u>	<u>THOUSANDS</u>
194	1972 Airports	500.0
118	1974 Trunk & Secondary Airports	1,500.0
248	1976 Airports	1,896.0
116	1974 Library Facilities	2,900.0
124	1976 Regional Firefighters Training Center	3,800.0
131	1976 School Construction	11,340.0
214	1976 Fish Management & Development Facilities	10,805.0
140	1978 " " " " "	12,300.0
239	1976 Senior Citizen Housing Development	1,400.0
247	1976 Hiways, Ferries & Local Service Roads	12,785.0
138	1978 " " " " "	24,000.0
271	1976 Water Supply & Sewerage Systems	3,600.0
145	1978 " " " "	4,500.0
95	1978 Flood Control, Port Facilities & Small Boat Landings	2,000.0
122	1978 Health Facilities, Senior Citizen Centers & Pioneers' Homes	8,500.0
137	1978 Vocational Education Facilities & the University of Alaska	6,310.0
139	1978 Corrections & Public Safety Facilities	16,104.0
	<u>GRAND TOTAL</u>	\$124,240,000

* Sec. __. AS 37.15.210(b) is amended to read:

(b) Refunding bonds and the coupons attached to them are negotiable instruments. The effective rate of interest over the life of refunding bonds may not exceed eleven [SEVEN] percent a year or that rate of interest which is 110 percent of the rate of the Bond Buyer Index of 20 Municipal Bond Average Yields for the week previous to the date of sale of the bonds, whichever is higher, and the amount of premium which is paid to effect the redemption of outstanding bonds may not be considered in determining the effective rate of interest.

PRESENT SECTION 1. GENERAL OBLIGATION BONDS

" " 2. BOND ANTICIPATION NOTES

" " 3. INTERNATIONAL AIRPORT REVENUE BONDS

THIS AMENDMENT ADDS: REFUNDING BONDS.



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

STATE
of ALASKA

MEMORANDUM

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

DATE: April 17, 1979

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins
Director
Audit Division

SUBJECT: Senate Bill No. 260

This bill would repeal the school tax which is ch. 45 of Title 43. The result of this action would be a loss of revenue to the State for 1980 of approximately \$2,500,000.

There would be no affect on the administrative costs as a result of this legislation.

Introduced: 4/15/80
Referred: Finance

1 IN THE SENATE

BY THE RULES COMMITTEE

2 SENATE BILL NO. 563

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act repealing the school tax; providing for refund
7 of school tax payments for 1980; and providing for an
8 effective date."

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

10 * Section 1. AS 43.45 is repealed.

11 * Sec. 2. Section 1 of this Act is retroactive to January 1, 1980 and
12 applies to tax years beginning after December 31, 1979.

13 * Sec. 3. (a) The Department of Revenue shall refund to the taxpayer the
14 tax which was withheld for tax year 1980 by an employer and paid to the
15 department under AS 43.45.010(c).

16 (b) Each employer shall refund to an employee or other taxpayer the tax
17 withheld by him for tax year 1980 but not paid to the Department of Revenue
18 under AS 43.45.010(c).

19 (c) Other tax money paid to the Department of Revenue under AS 43.45
20 for the 1980 tax year shall be refunded to the taxpayer who made the payment.

21 * Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-
22 070(c).

23

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25

26

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ALASKA STATE LEGISLATURE

ELEVENTH Legislature SECOND Session

SENATE BILL NO. 563

By THE RULES COMMITTEE

"An Act repealing the school tax; providing for refund of school tax payments for 1980; and providing for an effective date."

Introduced in the Senate 4/15/1980

HISTORY IN THE SENATE

19	80	Read first time and referred to Committee on Finance												
4	19	Reported back with recommendation that												
		Read second time and												
		Read third time and												
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SECRETARY OF THE SENATE														

HISTORY IN THE HOUSE

19	Read first time and referred to Committee on												
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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.

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5 - JUNEAU 99811

April 18, 1980

The Honorable John Sackett,
Chairman
Senate Finance Committee
Room 423 - Capitol Building
Juneau, Alaska 99811

Dear Senator Sackett:

Re: Senate Bill No. 563

Senate Bill No. 563, an Act repealing the school tax and providing for refund of school tax payments for 1980, was introduced in the Senate on April 15, 1980 and was referred to the Senate Finance Committee.

For the consideration of the Senate Finance Committee, I am enclosing copies of Fiscal Notes prepared by N. David Ziemer, Audit Division and Bill Yankee, Research Section of the Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson
Special Assistant

cc: Joseph K. Donohue
Deputy Commissioner
Department of Revenue

Vincent Wright
Research Section
Department of Revenue

Gary Jenkins, Director
Audit Division
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. _____ Senate Bill No. 563
 Title An Act repealing the school tax; providing for refund of school tax
 Requested by Senate Finance Committee (payments for 1980) Date 4/18/80

II. FISCAL DETAIL

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

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

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

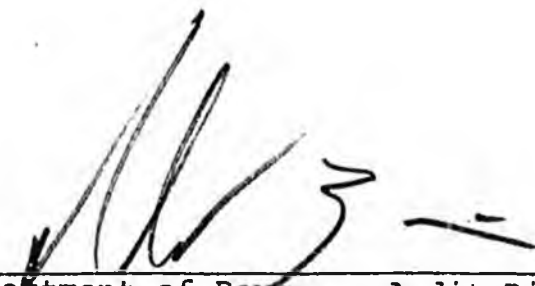
GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS None

FULL TIME						
PART TIME						
TEMPORARY						

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

There will be no cost resulting from the repeal of the school tax because we can use the same forms for claiming the refund of school tax that we are using for claiming the refund of 1980 withholding.

IV. DATE April 18, 1980 PREPARED BY 
 AGENCY Department of Revenue, Audit Division
 PHONE 465-2320
 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. Senate Bill No. 563
 Title An Act repealing the school tax and refunding 1980 school tax payments
 Requested by Senate Finance Committee Date 4-16-80

II. FISCAL DETAIL

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

EXPENDITURES (~~Thousands~~ of Dollars)
 Millions

	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.		\$1.8				
TOTAL						

FUNDING (~~Thousands~~ of Dollars)
 Millions

GENERAL FUND	-0-	(\$2.7)	(\$2.8)	(\$2.9)	(\$3.0)	(\$3.1)
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The \$1.8 million in refunds are for the school tax payments made during the first two quarters of calendar year 1980. It is assumed that these refunds will be made in FY 1981.

IV. DATE 4-16-80 PREPARED BY Bill Yankee
 AGENCY Research/Department of Revenue
 Original: Legislative Finance PHONE 465-2173
 cc: Budget and Management
Prime Sponsor (First Legislator Named)

Introduced: 4/15/80
Referred: Finance

1 IN THE SENATE

BY THE RULES COMMITTEE

2 SENATE BILL NO. 563

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act repealing the school tax; providing for refund
7 of school tax payments for 1980; and providing for an
8 effective date."

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

10 * Section 1. AS 43.45 is repealed.

11 * Sec. 2. Section 1 of this Act is retroactive to January 1, 1980 and
12 applies to tax years beginning after December 31, 1979.

13 * Sec. 3. (a) The Department of Revenue shall refund to the taxpayer the
14 tax which was withheld for tax year 1980 by an employer and paid to the
15 department under AS 43.45.010(c).

16 (b) Each employer shall refund to an employee or other taxpayer the tax
17 withheld by him for tax year 1980 but not paid to the Department of Revenue
18 under AS 43.45.010(c).

19 (c) Other tax money paid to the Department of Revenue under AS 43.45
20 for the 1980 tax year shall be refunded to the taxpayer who made the payment.

21 * Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-
22 070(c).

23

24

25

26

27

28

29

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5 - JUNEAU 99811

April 18, 1980

The Honorable John Sackett
Chairman
Senate Finance Committee
Room 423 - Capitol Building
Juneau, Alaska 99811

Dear Senator Sackett:

Re: Senate Bill No. 563

Senate Bill No. 563, an Act repealing the school tax and providing for refund of school tax payments for 1980, was introduced in the Senate on April 15, 1980 and was referred to the Senate Finance Committee.

For the consideration of the Senate Finance Committee, I am enclosing copies of Fiscal Notes prepared by N. David Ziemer, Audit Division and Bill Yankee, Research Section of the Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson
Special Assistant

cc: Joseph K. Donohue
Deputy Commissioner
Department of Revenue

Vincent Wright
Research Section
Department of Revenue

Gary Jenkins, Director
Audit Division
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill No. 563
 Title An Act repealing the school tax; providing for refund of school tax
 Requested by Senate Finance Committee (payments for 1980) Date 4/18/80

II. FISCAL DETAIL

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

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

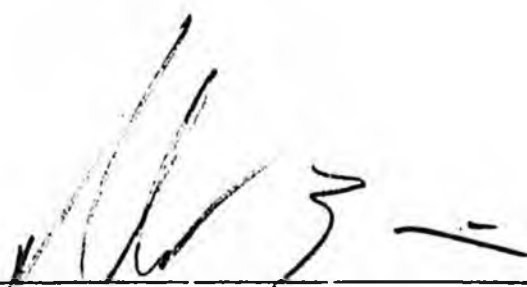
GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS None

FULL TIME						
PART TIME						
TEMPORARY						

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

There will be no cost resulting from the repeal of the school tax because we can use the same forms for claiming the refund of school tax that we are using for claiming the refund of 1980 withholding.

IV. DATE April 18, 1980 PREPARED BY 
 AGENCY Department of Revenue, Audit Division
 PHONE 465-2320
 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. Senate Bill No. 563
 Title An Act repealing the school tax and refunding 1980 school tax payments
 Requested by Senate Finance Committee Date 4-16-80

II. FISCAL DETAIL

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

EXPENDITURES (~~Thousands~~ of Dollars)
 Millions

	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.		\$1.8				

TOTAL

FUNDING (~~Thousands~~ of Dollars)
 Millions

GENERAL FUND	-0-	(\$2.7)	(\$2.8)	(\$2.9)	(\$3.0)	(\$3.1)
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The \$1.8 million in refunds are for the school tax payments made during the first two quarters of calendar year 1980. It is assumed that these refunds will be made in FY 1981.

IV. DATE 4-16-80 PREPARED BY Bill Yankee
 AGENCY Research/Department of Revenue
 Original: Legislative Finance PHONE 465-2173
 cc: Budget and Management
Prime Sponsor (First Legislator Named)



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

Introduced: 4/16/80
Referred: Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 564

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the portfolio of Alaska citizen
7 enterprises; and providing for an effective date."

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

9 * Section 1. DECLARATION OF POLICY, PURPOSES AND FINDINGS. (a) It is
10 the policy of the state to provide for the utilization, development and
11 conservation of the state's natural resources and the income derived from
12 them for the maximum benefit of its people.

13 (b) The purposes of this Act are to

14 (1) transfer part of the wealth derived from the natural resources
15 of the state to its residents;

16 (2) provide a means for the direct participation of state resi-
17 dents in the financing of business enterprises which benefit the state, and
18 to provide residents with the opportunity to share in potential profits;

19 (3) reduce ownership and control of industries in the state by
20 nonresidents;

21 (4) encourage greater participation in and understanding of the
22 capitalist system by residents through a wider distribution of economic
23 interests in state business enterprises;

24 (5) encourage increased awareness and involvement by state resi-
25 dents in the management of state natural resource production and development;

26 (6) encourage increased awareness and involvement by state resi-
27 dents in state participation in business enterprises; and

28 (7) encourage increased awareness and involvement by state resi-
29 dents in the development of local industry.

1 (c) The legislature finds that

2 (1) it is in the public interest and furthers a public purpose to
3 distribute a part of Alaska's wealth derived from natural resources to state
4 residents to increase their involvement and awareness regarding the management
5 of the state's natural resources, the development of its local industry, and
6 the capitalist system;

7 (2) a mechanism allowing the state to distribute a part of its
8 resource wealth to residents will best promote the state's interest in creat-
9 ing direct involvement by residents in the decisions concerning the state's
10 natural resource management; and

11 (3) a mechanism allowing the state to distribute a part of its
12 ownership interests in business enterprises to residents will best promote
13 the state's interest in creating direct involvement by residents in the
14 decisions concerning state investments and development of local industry.

15 (d) Except as otherwise required by law, it is intended that distribu-
16 tions to residents under this Act shall be unencumbered property.

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

18 CHAPTER 17. PORTFOLIO OF ALASKA CITIZEN ENTERPRISES.

19 ARTICLE 1. PORTFOLIO OF ALASKA CITIZEN ENTERPRISES PROGRAM.

20 Sec. 43.17.010. ESTABLISHMENT OF PROGRAM. The portfolio of Alaska
21 citizen enterprises is established in the Department of Revenue to
22 provide for distribution of state assets to state residents.

23 Sec. 43.17.020. PORTFOLIO PLANS. The department shall develop
24 portfolio plans for distribution of state assets. A portfolio plan must
25 provide for

26 (1) contribution or transfer of assets owned by the state or
27 to be acquired by the state;

28 (2) distribution of interests in the assets to eligible
29 residents by issuing certificates representing units of

- 1 (A) a state energy resource trust;
- 2 (B) a state industrial development project;
- 3 (C) a state general stock ownership corporation;
- 4 (D) a state investment fund;
- 5 (E) a state real estate trust;
- 6 (F) business enterprises.

7 Sec. 43.17.030. PORTFOLIO PLANS SUBMITTED TO LEGISLATURE. (a)
8 Beginning with the First Session of the Twelfth Legislature and ending
9 with the First Session of the Thirteenth Legislature, the commissioner
10 shall submit to the legislature, on or before the 30th day of each
11 legislative session, one or more portfolio plans.

12 (b) A portfolio plan submitted to the legislature under this
13 section must

- 14 (1) specify the assets to be distributed;
- 15 (2) specify the manner in which the assets not then owned by
16 the state will be acquired by the state;
- 17 (3) specify the date on which a person must be a state resi-
18 dent to be eligible to participate in the distribution of units under
19 AS 43.17.060 - 43.17.090;
- 20 (4) specify the manner in which a person must apply to pur-
21 chase or receive a unit;
- 22 (5) specify the types of assets involved, an appraisal of
23 their value, the number of units to be distributed, and the manner in
24 which they are to be distributed;
- 25 (6) specify the terms of payment for units to be sold and the
26 number of units to be distributed free;
- 27 (7) specify restrictions on the transfer or encumbrance of a
28 unit distributed by the state;
- 29 (8) propose needed legislation;

1 (9) include proposed articles of incorporation and bylaws of
2 a corporation or the proposed trust indenture of a trust needed to
3 implement the plan;

4 (10) if a corporation or trust is needed to implement the
5 plan, include a method of selection or the names of the incorporators
6 and initial directors of a corporation and trustees of a trust;

7 (11) provide a financial assessment of the plan including

8 (A) administrative costs;

9 (B) initial costs;

10 (C) a projection of future costs;

11 (D) contingent costs or liabilities;

12 (E) a projection of future earnings;

13 (F) value of units;

14 (G) probable financial and tax consequences for pur-
15 chasers and recipients of units;

16 (12) assess applicable state or federal laws or regulations;

17 and

18 (13) provide other information considered necessary by the
19 commissioner.

20 Sec. 43.17.040. LEGISLATIVE APPROVAL. (a) A portfolio plan may
21 not be implemented until it has been approved by the legislature by law.

22 ARTICLE 2. DISTRIBUTION OF UNITS.

23 Sec. 43.17.050. ELIGIBILITY. (a) To be eligible to purchase a
24 unit under AS 43.17.080 - 43.17.090 or to receive a unit distributed
25 under AS 43.17.070, a person must

26 (1) be a resident of the state on the eligibility date estab-
27 lished in the portfolio plan under which the unit is distributed;

28 (2) file an application; and

29 (3) submit with the application a signed, sworn certification

1 that the person was a resident on the eligibility date and other proof
2 of residency as the commissioner may require.

3 (b) Other proof of residency under (a)(3) of this section may
4 include

5 (1) evidence that the person was registered to vote in Alaska
6 on the eligibility date, and actually voted in the last statewide general
7 election before that date;

8 (2) a copy of the person's Alaska resident income tax return
9 for the tax year which includes the eligibility date, or for the previous
10 tax year;

11 (3) an Alaska driver's license, or a resident hunting, fish-
12 ing, or trapping license, issued before the eligibility date, and valid
13 on that date;

14 (4) evidence that the person had telephone or utility service
15 at a private residence in the state on the eligibility date listed in
16 his name or in the name of a spouse, or in the name of a parent or
17 guardian if the person is a minor;

18 (5) an affidavit of one or more individuals having personal
19 knowledge concerning the person's residency on the eligibility date; and

20 (6) other documentary evidence of residency acceptable to the
21 commissioner.

22 (c) A person is presumed to be a resident on the eligibility date
23 if he provides at least two items specified in (b) of this section.

24 (d) The department shall prescribe and furnish a form for ap-
25 plications and for certification of residency.

26 Sec. 43.17.060. NUMBER AND PURCHASE PRICE OF UNITS ISSUED. (a)
27 For each portfolio plan the commissioner shall establish a purchase
28 price for each unit to be sold under AS 43.17.080 - 43.17.090. The
29 price for each unit may not exceed \$50.

1 (b) The commissioner shall determine the number of units to be
2 distributed and sold by dividing the value of the assets contributed
3 under the portfolio plan by the purchase price of a unit established
4 under (a) of this section.

5 (c) The value of assets contributed to a state industrial develop-
6 ment project, a state general stock ownership corporation, a state
7 investment fund, a state real estate trust, or a business enterprise, is
8 equal to the cost to the state of the assets contributed to the portfolio
9 plan, plus an amount that compensates the state for the administrative
10 costs of acquiring, holding, and distributing those assets.

11 (d) The value of assets contributed to a state energy resource
12 trust is the conservatively appraised value of the assets contributed to
13 the trust. A conservatively appraised value for assets in a state
14 energy resource trust is a value determined by generally accepted apprai-
15 sal methods and shall be calculated using

16 (1) estimates of resource production volumes having an accu-
17 racy confidence level of 75 percent or greater;

18 (2) an assumed rate of increase in future world prices for
19 resource commodities not exceeding the general rate of price inflation
20 in the United States; and

21 (3) a discount rate reflecting the judgment of private in-
22 vestors as to the expected rate of return before payment of taxes re-
23 quired to justify incremental investments in the exploration and develop-
24 ment of resources comparable to those committed under a portfolio plan.

25 (e) Before a sale of units, the commissioner shall publish notice
26 of the purchase price.

27 Sec. 43.17.070. FREE DISTRIBUTION. A part of the total number of
28 units to be distributed under a portfolio plan shall be granted in equal
29 parts without consideration to all eligible persons who apply to receive

1 them. The part of the units to be distributed under this section shall
2 be at least five percent, but not more than 15 percent, of the total
3 number of units to be distributed unless otherwise required by law.

4 Sec. 43.17.080. FIRST RESTRICTED SALE. (a) The commissioner
5 shall offer for sale in a first restricted sale all units authorized to
6 be distributed under a portfolio plan, other than those distributed
7 under AS 43.17.070.

8 (b) In a first restricted sale, a person may subscribe for any
9 number of units by submitting an application and certificate of resi-
10 dency under AS 43.17.050 and a deposit equal to 10 percent of the pur-
11 chase price of the subscribed units. The deposit must be in the form of
12 cash, check, or money order.

13 (c) The person shall indicate on his application whether he wishes
14 to pay for the units at one time or under an extended purchase plan.

15 (d) If the sale is oversubscribed, each person subscribing under
16 this section may complete the purchase of the lesser of

17 (1) the number of units he subscribed for; or

18 (2) the number of units which allows for an equal distribu-
19 tion of all the units authorized for sale among all the subscribers.

20 (e) The commissioner shall notify each subscriber who elects to
21 pay for units at one time of the total number of units he is entitled to
22 purchase and of the balance due, after crediting his deposit, to complete
23 the purchase. On receipt of cash, check, or money order equal to the
24 balance due, the commissioner shall issue to the subscriber a certificate
25 for each unit purchased. If the subscriber fails to complete the pur-
26 chase as provided in this subsection within 60 days of notification, the
27 commissioner shall issue to him the number of whole units paid for by
28 the deposit, and refund any balance remaining from the deposit.

29 (f) The commissioner shall notify each subscriber who elects to

1 pay for units under an extended payment plan of the total number of
2 units that he is entitled to purchase in the first restricted sale, and
3 issue to him

4 (1) certificates for one-tenth of the units;

5 (2) a refund of the difference, if any, between the deposit
6 and the purchase price for the number of units represented by certifi-
7 cates issued; and

8 (3) purchase warrants under AS 43.17.110 for nine-tenths of
9 the units.

10 Sec. 43.17.090. SECOND RESTRICTED SALE. (a) If the first re-
11 stricted sale under a portfolio plan is undersubscribed and if the plan
12 authorizes a second restricted sale, the commissioner shall conduct a
13 second restricted sale.

14 (b) A person may submit one or more sealed bids, each of which
15 must specify the number of units that he wishes to purchase and a bid
16 price for each unit. The bid price must be equal to or exceed a minimum
17 bid price specified by the commissioner, which may be less than, equal
18 to, or more than the purchase price at the first restricted sale.

19 (c) A sealed bid must be accompanied by an application and certifi-
20 cate of residency under AS 43.17.050 and by a deposit equal to 10 percent
21 of the total bid price. The deposit must be in the form of cash, check,
22 or money order.

23 (d) The commissioner shall tally the bids in descending order of
24 bid price, until the total number of units bid for equals the number of
25 units to be sold. If the number of units to be sold exceeds the number
26 of units bid for, the commissioner shall tally all bids at or above the
27 minimum bid price. The commissioner shall accept each bid that has been
28 tallied.

29 (e) Units sold in a second unrestricted sale may not be paid for

1 under an extended payment plan. The commissioner shall notify a success-
2 ful bidder of the total number of units he is entitled to purchase and
3 of the balance due, after crediting his deposit, to complete the pur-
4 chase. On receipt of cash, check or money order the commissioner shall
5 issue to the bidder certificates representing the units purchased. If
6 the bidder fails to complete the purchase within 60 days, the commis-
7 sioner shall issue to him certificates representing the number of whole
8 units paid for by the deposit, and refund any balance remaining from the
9 deposit.

10 Sec. 43.17.100. UNRESTRICTED SALE. Except as expressly prohibited
11 by this chapter or under the terms of a portfolio plan, the commissioner
12 may hold as investments or may sell for maximum revenue any units autho-
13 rized to be distributed under a portfolio plan which remain undistributed
14 after completion of the free distribution, the first restricted sale,
15 and the second restricted sale, and which are not reserved under issued
16 purchase warrants.

17 Sec. 43.17.110. PURCHASE WARRANTS. (a) Purchase warrants issued
18 under AS 43.17.080(f) entitle a subscriber to purchase under an extended
19 payment plan nine-tenths of the number of units which the subscriber was
20 entitled to purchase in a first restricted sale on the following
21 schedule:

22 (1) one-tenth not later than one year after the purchase
23 warrant was issued;

24 (2) one-tenth not later than two years after the purchase
25 warrant was issued;

26 (3) one-tenth not later than three years after the purchase
27 warrant was issued;

28 (4) one-tenth not later than four years after the purchase
29 warrant was issued;

1 (5) one-tenth not later than five years after the purchase
2 warrant was issued;

3 (6) one-tenth not later than six years after the purchase
4 warrant was issued;

5 (7) one-tenth not later than seven years after the purchase
6 warrant was issued;

7 (8) one-tenth not later than eight years after the purchase
8 warrant was issued;

9 (9) one-tenth not later than nine years after the purchase
10 warrant was issued.

11 (b) The total price for a unit purchased under this section shall
12 be the purchase price of the unit at the time of the first restricted
13 sale under AS 43.17.080 increased by an amount equal to the weighted
14 average rate of interest to be paid by the state on bonds issued during
15 the prior fiscal year compounded from the date the purchase warrant was
16 issued to the date of payment for the units. The purchase price shall
17 be decreased by the amount of dividends, interest, royalties, or profits
18 received by the state from holding the units between the date the pur-
19 chase warrant was issued and the date of payment for the units, but the
20 price may not be reduced below 50 percent of the purchase price for the
21 units at the time of the first restricted sale.

22 (c) Payment for units purchased by exercising a purchase warrant
23 may be made by cash, check or money order.

24 (d) A purchase warrant may not be transferred, and may not be
25 exercised except by a person who is a resident at the time the purchase
26 warrant is exercised. A purchase warrant is void if transferred.

27 Sec. 43.17.120. DISPOSITION OF PROCEEDS. The commissioner shall
28 deposit net proceeds from the sale of units under this chapter into the
29 Alaska permanent fund established in art. IX, sec. 15 of the state

1 constitution and AS 37.13.010.

2 ARTICLE 3. GENERAL PROVISIONS.

3 Sec. 43.17.130. DISPOSITION OF UNITS. (a) Except as provided in
4 (b) of this section, a person has an unrestricted right to sell, trans-
5 fer, devise, pledge or dispose of a unit, an interest in a unit, or
6 earnings from a unit.

7 (b) A portfolio plan for a state general stock ownership corpora-
8 tion or for a state energy resource trust may include restrictions on
9 the transfer or disposition of units in the corporation or trust.

10 Sec. 43.17.140. VOTING RIGHTS. (a) The commissioner may exercise
11 the voting rights attached to a unit that the state owns, holds in
12 trust, or reserves for future distribution.

13 (b) The voting rights attached to ownership of a unit distributed
14 under a portfolio plan must be conveyed unrestricted to the person
15 receiving the unit. The commissioner may not reserve a voting right or
16 require as a condition of the distribution that the recipient waive a
17 voting right, grant a proxy, or adhere to a voting trust.

18 Sec. 43.17.150. TAX TREATMENT. (a) The receipt by a person of a
19 unit distributed under AS 43.17.070 - 43.17.090 is not taxable under
20 AS 43.20. Earnings from a unit and from a sale or transfer of a unit
21 are taxable under AS 43.20.

22 Sec. 43.17.160. CREDIT FOR FEDERAL TAXES PAID. If the receipt by
23 a person of a unit distributed under AS 43.17.070 - 43.17.090 is treated
24 as income under the Internal Revenue Code and if, as a result, the
25 person is required to pay additional federal income tax, the amount of
26 additional tax attributable to that income may be applied as a credit
27 against the person's Alaska individual income tax for the tax year in
28 which the additional federal income tax is paid.

29 Sec. 43.17.170. AUTHORITY TO PARTICIPATE IN MARKET. (a) If the

1 commissioner determines that an efficient public market does not exist
2 for the sale of units held by persons, he may buy, sell, and trade in
3 those units for the purpose of establishing that market. The commis-
4 sioner shall publish regularly the bid and ask prices for those units.

5 (b) If the commissioner trades in units as authorized in (a) of
6 this section, he shall maintain an average markup sufficient, in his
7 judgment, to compensate the state for the administrative costs of his
8 trading activity.

9 (c) In this section, "efficient public market" means a market in
10 which the units distributed under this chapter have a readily ascer-
11 tained market value and in which they may be bought or sold readily and
12 without unnecessary or unreasonable transaction costs.

13 Sec. 43.17.180. WAIVER OF RESTRICTIONS. AS 37.10.085 does not
14 apply to the acquisition of assets under this chapter.

15 Sec. 43.17.190. REGULATIONS. The department may adopt regulations
16 necessary to administer this chapter.

17 Sec. 43.17.200. PENALTIES. In addition to any criminal penalties
18 imposed, if a person is convicted of perjury or unsworn falsification on
19 the basis of a certification made under AS 43.17.050 and the conviction
20 is not reversed, that person is not eligible for a distribution of units
21 under this chapter.

22 Sec. 43.17.210. DEFINITIONS. In this chapter,

23 (1) "assets" means shares of stock, debentures or other debt
24 obligations, royalties or other interests in minerals, or other inter-
25 ests in business enterprises or natural resources;

26 (2) "business enterprise" means a private corporation engaging
27 in or about to engage in natural resource extraction or processing, or
28 in manufacturing, transportation, communication, trade or services in
29 the state, whose securities the commissioner has purchased under his

1 existing investment authority under AS 37.10, or has proposed to purchase
2 under the terms of a portfolio plan established under this chapter;

3 (3) "certificate" means an instrument evidencing ownership of
4 one or more units and includes stock certificates, debentures or other
5 debt instruments and trust certificates;

6 (4) "commissioner" means the commissioner of revenue;

7 (5) "department" means the Department of Revenue;

8 (6) "eligibility date" means a date established by the commis-
9 sioner for a distribution of units under a portfolio plan established
10 under this chapter;

11 (7) "extended purchase plan" means the purchase of units over
12 a period of time through the exercise of purchase warrants;

13 (8) "oversubscribed" means a sale in which the total number
14 of units subscribed for exceeds the total number of units available for
15 sale;

16 (9) "person" means a natural person;

17 (10) "purchase warrant" means an instrument authorizing the
18 purchase of units under this chapter;

19 (11) "resident" means a person who maintains a permanent place
20 of abode in the state with the intention of making the state his per-
21 manent place of residence and who resides in the state continuously
22 except for temporary purposes only and with the intent of returning; a
23 person may not be considered to have gained a residence solely by reason
24 of his presence and he may not lose it solely by reason of his absence
25 because of marriage to a person engaged in the civil or military service
26 of this state or the United States; a person may not be considered to
27 lose his residence while a student at an educational institution, while
28 in an institution at public expense, while confined in prison, while
29 engaged in the navigation of waters of this state, of the United States,

1 or of the high seas, or while residing upon an Indian or military reser-
2 vation; a minor takes the residence of his parent or of his legal guar-
3 dian; a married woman may establish her own residence and does not
4 presumptively take the residence of her husband;

5 (12) "state energy resource trust" means a trust established
6 under this chapter the assets of which are a right to receive income
7 equal to a specified part of the rentals, royalties, or net profits
8 belonging to the state under specified leases of state land for the
9 extraction of oil, gas, coal, oil shale, or other minerals or a speci-
10 fied part of the revenue from the sale of oil, gas, coal, oil shale, or
11 other minerals taken by the state as in kind royalties under those
12 leases;

13 (13) "state general stock ownership corporation" means a
14 corporation formed in accordance with subchapter U, Chapter 1 of the
15 Internal Revenue Code of 1954, as amended (26 U.S.C. secs. 1391 - 1397);

16 (14) "state industrial development project" means a business
17 enterprise engaged in or about to engage in natural resource extraction
18 or processing, or in manufacturing, transportation, or communications in
19 the state, and to which the state or an agency or subdivision of the
20 state contributes an investment of equity or debt exceeding \$100,000,000;

21 (15) "state investment fund" means a regulated investment
22 company organized in accordance with subchapter M, Chapter 1 of the
23 Internal Revenue Code of 1954 as amended (26 U.S.C. secs. 851 - 855);

24 (16) "state real estate trust" means a real estate investment
25 trust organized in accordance with subchapter M, Chapter 1 of the
26 Internal Revenue Code of 1954 as amended (26 U.S.C. secs. 856 - 858);

27 (17) "undersubscribed" means a sale in which the total number
28 of units available for sale exceed the number of units subscribed;

29 (18) "unit" means an undivided fractional ownership right or

1 interest in a trust, corporation, fund, project or enterprise established
2 under this chapter.

3 * Sec. 3. The enactment of a version of Senate Bill No. 170 or House Bill
4 No. 240 relating to general stock ownership corporations and creating the
5 Alaska General Stock Ownership Corporation constitutes approval of a portfolio
6 plan under AS 43.17.030 enacted by sec. 2 of this Act. After enactment of
7 either, the commissioner of revenue shall implement the portfolio plan in
8 accordance with this Act, subject to necessary appropriation. If the port-
9 folio plan is approved under this section, the commissioner of revenue may,
10 notwithstanding the approval, submit to the legislature by the 30th day of
11 the First Session of the Twelfth Legislature a revised portfolio plan if in
12 his judgment a revised plan is necessary to accomplish the policy, purposes
13 and findings under this Act or to provide complete information concerning the
14 plan. A revised portfolio plan submitted under this section is subject to
15 legislative approval under AS 43.17.030.

16 * Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-
17 070(c).

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April 14, 1980

The Honorable Clem Tillion
President of the Senate
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the establishment of the Portfolio of Alaska Citizen Enterprises. This bill would establish a framework whereby several different types of state-owned assets could be offered for distribution and sale to Alaska residents. Under the bill the Department of Revenue would develop plans in each of the next three years for distributing and selling certain categories of assets to Alaska residents. Each of these plans would be submitted to the legislature and if the legislature enacted the required legislation, the assets would be sold and distributed to residents as provided in this bill.

Some of the possible assets which could be sold and distributed under a plan developed under this bill are assets presently held by the State of Alaska. One kind of assets which the Department of Revenue could recommend for sale and distribution to the legislature would be a state energy resource trust. An energy resource trust would hold in trust a certain portion of the state's right to receive future oil and gas royalties. Shares in this trust would be sold and distributed to eligible Alaskans.

Another kind of asset which might be sold and distributed would be shares in a portfolio of investments purchased by the state. Included in this category of possible investments are a state investment fund, a state real estate investment trust, or business enterprises engaged in business in Alaska.

A final category of investment which might be distributed under this bill are shares in corporations or industrial development projects which are initially financed by public monies from the state treasury. Included in this category are (1) industrial development projects financed in part by state funds or (2) general stock ownership corporations organized under subchapter U of the Internal Revenue Code which are initially financed by an infusion of public monies.

Up to 15 percent of the assets distributed to the Alaskans under this bill would be distributed at no charge. The balance of the assets distributed would be sold to Alaska residents at market value. The proceeds of the sale would be deposited in the Permanent Fund.

There are a number of legal problems which still need to be worked out with respect to some of the possible categories of investments provided for in this bill. For example, with respect to the energy resources trust, there is the question whether the sale of shares in such a trust would constitute an impermissible alienation of the state's mineral estate under sec. 6(i) of the Statehood Act. In addition, there is the question of whether or not such sales might constitute an impermissible dedication of state revenues. This bill, however, provides ample time for a careful review of these and other questions. Answers to these questions would necessarily be required when the Department of Revenue presented its plans to the legislature at the commencement of each of the next three legislative sessions.

The potential benefits of such a program are many. Distributing a portion of Alaska's energy wealth to the people of Alaska in the form of income-producing assets will increase the average Alaskan's involvement and awareness regarding the management of the state's natural resources. The "privatization" of a portion of our state's wealth will provide our citizens with a more personal and

direct stake not only in the decisions involving state investments and the management of state resources, but also with the development of local industry. Finally, it will provide an opportunity for increased numbers of Alaskans to participate directly in the development of major business undertakings in the state and in the free enterprise system.

Sincerely,

S/JSH

Jay S. Hammond
Governor

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. SB 564
 Title An Act establishing the portfolio of Alaska citizen enterprises
 Requested by Governor Date 4/14/80

II. FISCAL DETAIL
 Agency Affected Department of 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		496.8	531.6	568.8		
200 TRAVEL		150.0	160.5	171.7		
300 CONTRACTUAL		1,773.4	1,255.5	1,341.4		
400 COMMODITIES		11.0	11.8	12.6		
500 EQUIPMENT		15.6				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		2,446.8	1,959.4	2,094.5		

FUNDING (Thousands of Dollars)

GENERAL FUND		2,446.8	1,959.4	2,094.5		
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		12	12	12		
PART TIME						
TEMPORARY						

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

See attached analysis

IV. DATE 4/14/80 PREPARED BY Joseph K. Donohue
 AGENCY Dept of Revenue
 PHONE 465-2300
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

The attached fiscal note anticipates setting up a new division within the Department of Revenue to:

(1) contract for preliminary proposals on all six options that could possibly be developed into portfolio plans.

(2) analyze preliminary proposals and decide on an option or options for the portfolio plan.

(3) further refine and develop the chosen proposal into a portfolio plan for submission to the Legislature.

During FY 81, \$900,000 would be used for an in depth study of each of the six options (\$150,000/option). \$400,000 would then be utilized for studies necessary to develop the chosen option into a portfolio plan. In subsequent years updating the studies would be \$50,000/option (\$300,000) and then \$400,000 for further development of the chosen option.

Included in the contractual total is \$350,000 for the Department of Law; an RSA of \$75,000 for an Attorney V, and \$250,000 for outside consultation.

The options that may be utilized for a portfolio plan are extremely diverse and would necessitate the department hiring financial expertise in at least four different areas to make sound decisions benefitting the state and citizens of the state. In addition, it is anticipated an economist, research analyst and a systems analyst would be needed for the in depth analysis that would be required for development of cost benefit analyses for each proposed portfolio plan.

Clerical and administrative support for the entire staff would be provided by a contract officer, secretary and two clerk typists.

This fiscal note does not include estimates for implementation of any portfolio plan that has been submitted to the Legislature and approved.

PACE

Positions (12 PFT):

1.	PX Director - R26A at \$4,220 mo. Benefits - 7.5, FICA - 3.4, HI - 1.5	= 50.6 = <u>12.4</u>	=	63.0
2.	PX Financial Mgmt. Plnr III - R24A at \$3,781 mo. Benefits - 6.7, FICA - 3.0, HI - 1.5	= 45.4 = <u>11.2</u>	=	56.6
3.	PX Financial Mgmt. Plnr III - R24A at \$3,781 mo. Benefits - 6.7, FICA - 3.0, HI - 1.5	= 45.4 = <u>11.2</u>	=	56.6
4.	PX Financial Mgmt. Plnr II - R22A at \$3,278 mo. Benefits - 5.8, FICA - 2.6, HI - 1.5	= 39.3 = <u>9.9</u>	=	49.2
5.	PX Financial Mgmt. Plnr. II - R22A at \$3,278 mo. Benefits - 5.8, FICA - 2.6, HI - 1.5	= 39.3 = <u>9.9</u>	=	49.2
6.	GGU Contract Officer - R18A at \$2,465 mo. Benefits - 4.4, FICA - 2.0, HI - 1.5	= 29.6 = <u>7.9</u>	=	37.5
7.	SU Economist III - R21A at \$3,113 mo. Benefits - 5.6, FICA - 2.5, HI - 1.5	= 37.4 = <u>9.6</u>	=	47.0
8.	GGU Systems Analyst I - R18A at \$2,465 mo. Benefits - 4.4, FICA - 2.0, HI - 1.5	= 29.6 = <u>7.9</u>	=	37.5
9.	GGU Research Analyst III - R18A at \$2,465 mo. Benefits - 4.4, FICA - 2.0, HI - 1.5	= 29.6 = <u>7.9</u>	=	37.5
10.	GGU Secretary I - R10A at \$1,440 mo. Benefits - 2.6, FICA - 1.1, HI - 1.5	= 17.3 = <u>5.2</u>	=	22.5
11.	GGU Clerk Typist III - R8A at \$1,277 mo. Benefits - 2.3, FICA - 1.0, HI - 1.5	= 15.3 = <u>4.8</u>	=	20.1
12.	GGU Clerk Typist III - R8A at \$1,277 mo. Benefits - 2.3, FICA - 1.0, HI - 1.5	= 15.3 = <u>4.8</u>	=	<u>20.1</u>

\$496.8

Introduced: 4/16/60
Referred: Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 564

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the portfolio of Alaska citizen
7 enterprises; and providing for an effective date."

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

9 * Section 1. DECLARATION OF POLICY, PURPOSES AND FINDINGS. (a) It is
10 the policy of the state to provide for the utilization, development and
11 conservation of the state's natural resources and the income derived from
12 them for the maximum benefit of its people.

13 (b) The purposes of this Act are to

14 (1) transfer part of the wealth derived from the natural resources
15 of the state to its residents;

16 (2) provide a means for the direct participation of state resi-
17 dents in the financing of business enterprises which benefit the state, and
18 to provide residents with the opportunity to share in potential profits;

19 (3) reduce ownership and control of industries in the state by
20 nonresidents;

21 (4) encourage greater participation in and understanding of the
22 capitalist system by residents through a wider distribution of economic
23 interests in state business enterprises;

24 (5) encourage increased awareness and involvement by state resi-
25 dents in the management of state natural resource production and development;

26 (6) encourage increased awareness and involvement by state resi-
27 dents in state participation in business enterprises; and

28 (7) encourage increased awareness and involvement by state resi-
29 dents in the development of local industry.

1 (c) The legislature finds that

2 (1) it is in the public interest and furthers a public purpose to
3 distribute a part of Alaska's wealth derived from natural resources to state
4 residents to increase their involvement and awareness regarding the management
5 of the state's natural resources, the development of its local industry, and
6 the capitalist system;

7 (2) a mechanism allowing the state to distribute a part of its
8 resource wealth to residents will best promote the state's interest in creat-
9 ing direct involvement by residents in the decisions concerning the state's
10 natural resource management; and

11 (3) a mechanism allowing the state to distribute a part of its
12 ownership interests in business enterprises to residents will best promote
13 the state's interest in creating direct involvement by residents in the
14 decisions concerning state investments and development of local industry.

15 (d) Except as otherwise required by law, it is intended that distribu-
16 tions to residents under this Act shall be unencumbered property.

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

18 CHAPTER 17. PORTFOLIO OF ALASKA CITIZEN ENTERPRISES.

19 ARTICLE 1. PORTFOLIO OF ALASKA CITIZEN ENTERPRISES PROGRAM.

20 Sec. 43.17.010. ESTABLISHMENT OF PROGRAM. The portfolio of Alaska
21 citizen enterprises is established in the Department of Revenue to
22 provide for distribution of state assets to state residents.

23 Sec. 43.17.020. PORTFOLIO PLANS. The department shall develop
24 portfolio plans for distribution of state assets. A portfolio plan must
25 provide for

26 (1) contribution or transfer of assets owned by the state or
27 to be acquired by the state;

28 (2) distribution of interests in the assets to eligible
29 residents by issuing certificates representing units of

- 1 (A) a state energy resource trust;
- 2 (B) a state industrial development project;
- 3 (C) a state general stock ownership corporation;
- 4 (D) a state investment fund;
- 5 (E) a state real estate trust;
- 6 (F) business enterprises.

7 Sec. 43.17.030. PORTFOLIO PLANS SUBMITTED TO LEGISLATURE. (a)
8 Beginning with the First Session of the Twelfth Legislature and ending
9 with the First Session of the Thirteenth Legislature, the commissioner
10 shall submit to the legislature, on or before the 30th day of each
11 legislative session, one or more portfolio plans.

12 (b) A portfolio plan submitted to the legislature under this
13 section must

- 14 (1) specify the assets to be distributed;
- 15 (2) specify the manner in which the assets not then owned by
16 the state will be acquired by the state;
- 17 (3) specify the date on which a person must be a state resi-
18 dent to be eligible to participate in the distribution of units under
19 AS 43.17.060 - 43.17.090;
- 20 (4) specify the manner in which a person must apply to pur-
21 chase or receive a unit;
- 22 (5) specify the types of assets involved, an appraisal of
23 their value, the number of units to be distributed, and the manner in
24 which they are to be distributed;
- 25 (6) specify the terms of payment for units to be sold and the
26 number of units to be distributed free;
- 27 (7) specify restrictions on the transfer or encumbrance of a
28 unit distributed by the state;
- 29 (8) propose needed legislation;

1 (9) include proposed articles of incorporation and bylaws of
2 a corporation or the proposed trust indenture of a trust needed to
3 implement the plan;

4 (10) if a corporation or trust is needed to implement the
5 plan, include a method of selection or the names of the incorporators
6 and initial directors of a corporation and trustees of a trust;

7 (11) provide a financial assessment of the plan including
8 (A) administrative costs;
9 (B) initial costs;
10 (C) a projection of future costs;
11 (D) contingent costs or liabilities;
12 (E) a projection of future earnings;
13 (F) value of units;
14 (G) probable financial and tax consequences for pur-
15 chasers and recipients of units;

16 (12) assess applicable state or federal laws or regulations;
17 and

18 (13) provide other information considered necessary by the
19 commissioner.

20 Sec. 43.17.040. LEGISLATIVE APPROVAL. (a) A portfolio plan may
21 not be implemented until it has been approved by the legislature by law.

22 ARTICLE 2. DISTRIBUTION OF UNITS.

23 Sec. 43.17.050. ELIGIBILITY. (a) To be eligible to purchase a
24 unit under AS 43.17.080 - 43.17.090 or to receive a unit distributed
25 under AS 43.17.070, a person must

26 (1) be a resident of the state on the eligibility date estab-
27 lished in the portfolio plan under which the unit is distributed;

28 (2) file an application; and

29 (3) submit with the application a signed, sworn certification

1 that the person was a resident on the eligibility date and other proof
2 of residency as the commissioner may require.

3 (b) Other proof of residency under (a)(3) of this section may
4 include

5 (1) evidence that the person was registered to vote in Alaska
6 on the eligibility date, and actually voted in the last statewide general
7 election before that date;

8 (2) a copy of the person's Alaska resident income tax return
9 for the tax year which includes the eligibility date, or for the previous
10 tax year;

11 (3) an Alaska driver's license, or a resident hunting, fish-
12 ing, or trapping license, issued before the eligibility date, and valid
13 on that date;

14 (4) evidence that the person had telephone or utility service
15 at a private residence in the state on the eligibility date listed in
16 his name or in the name of a spouse, or in the name of a parent or
17 guardian if the person is a minor;

18 (5) an affidavit of one or more individuals having personal
19 knowledge concerning the person's residency on the eligibility date; and

20 (6) other documentary evidence of residency acceptable to the
21 commissioner.

22 (c) A person is presumed to be a resident on the eligibility date
23 if he provides at least two items specified in (b) of this section.

24 (d) The department shall prescribe and furnish a form for ap-
25 plications and for certification of residency.

26 Sec. 43.17.060. NUMBER AND PURCHASE PRICE OF UNITS ISSUED. (a)
27 For each portfolio plan the commissioner shall establish a purchase
28 price for each unit to be sold under AS 43.17.080 - 43.17.090. The
29 price for each unit may not exceed \$50.

1 (b) The commissioner shall determine the number of units to be
2 distributed and sold by dividing the value of the assets contributed
3 under the portfolio plan by the purchase price of a unit established
4 under (a) of this section.

5 (c) The value of assets contributed to a state industrial develop-
6 ment project, a state general stock ownership corporation, a state
7 investment fund, a state real estate trust, or a business enterprise, is
8 equal to the cost to the state of the assets contributed to the portfolio
9 plan, plus an amount that compensates the state for the administrative
10 costs of acquiring, holding, and distributing those assets.

11 (d) The value of assets contributed to a state energy resource
12 trust is the conservatively appraised value of the assets contributed to
13 the trust. A conservatively appraised value for assets in a state
14 energy resource trust is a value determined by generally accepted apprai-
15 sal methods and shall be calculated using

16 (1) estimates of resource production volumes having an accu-
17 racy confidence level of 75 percent or greater;

18 (2) an assumed rate of increase in future world prices for
19 resource commodities not exceeding the general rate of price inflation
20 in the United States; and

21 (3) a discount rate reflecting the judgment of private in-
22 vestors as to the expected rate of return before payment of taxes re-
23 quired to justify incremental investments in the exploration and develop-
24 ment of resources comparable to those committed under a portfolio plan.

25 (e) Before a sale of units, the commissioner shall publish notice
26 of the purchase price.

27 Sec. 43.17.070. FREE DISTRIBUTION. A part of the total number of
28 units to be distributed under a portfolio plan shall be granted in equal
29 parts without consideration to all eligible persons who apply to receive

1 them. The part of the units to be distributed under this section shall
2 be at least five percent, but not more than 15 percent, of the total
3 number of units to be distributed unless otherwise required by law.

4 Sec. 43.17.080. FIRST RESTRICTED SALE. (a) The commissioner
5 shall offer for sale in a first restricted sale all units authorized to
6 be distributed under a portfolio plan, other than those distributed
7 under AS 43.17.070.

8 (b) In a first restricted sale, a person may subscribe for any
9 number of units by submitting an application and certificate of resi-
10 dency under AS 43.17.050 and a deposit equal to 10 percent of the pur-
11 chase price of the subscribed units. The deposit must be in the form of
12 cash, check, or money order.

13 (c) The person shall indicate on his application whether he wishes
14 to pay for the units at one time or under an extended purchase plan.

15 (d) If the sale is oversubscribed, each person subscribing under
16 this section may complete the purchase of the lesser of

17 (1) the number of units he subscribed for; or

18 (2) the number of units which allows for an equal distribu-
19 tion of all the units authorized for sale among all the subscribers.

20 (e) The commissioner shall notify each subscriber who elects to
21 pay for units at one time of the total number of units he is entitled to
22 purchase and of the balance due, after crediting his deposit, to complete
23 the purchase. On receipt of cash, check, or money order equal to the
24 balance due, the commissioner shall issue to the subscriber a certificate
25 for each unit purchased. If the subscriber fails to complete the pur-
26 chase as provided in this subsection within 60 days of notification, the
27 commissioner shall issue to him the number of whole units paid for by
28 the deposit, and refund any balance remaining from the deposit.

29 (f) The commissioner shall notify each subscriber who elects to

1 pay for units under an extended payment plan of the total number of
2 units that he is entitled to purchase in the first restricted sale, and
3 issue to him

4 (1) certificates for one-tenth of the units;

5 (2) a refund of the difference, if any, between the deposit
6 and the purchase price for the number of units represented by certifi-
7 cates issued; and

8 (3) purchase warrants under AS 43.17.110 for nine-tenths of
9 the units.

10 Sec. 43.17.090. SECOND RESTRICTED SALE. (a) If the first re-
11 stricted sale under a portfolio plan is undersubscribed and if the plan
12 authorizes a second restricted sale, the commissioner shall conduct a
13 second restricted sale.

14 (b) A person may submit one or more sealed bids, each of which
15 must specify the number of units that he wishes to purchase and a bid
16 price for each unit. The bid price must be equal to or exceed a minimum
17 bid price specified by the commissioner, which may be less than, equal
18 to, or more than the purchase price at the first restricted sale.

19 (c) A sealed bid must be accompanied by an application and certifi-
20 cate of residency under AS 43.17.050 and by a deposit equal to 10 percent
21 of the total bid price. The deposit must be in the form of cash, check,
22 or money order.

23 (d) The commissioner shall tally the bids in descending order of
24 bid price, until the total number of units bid for equals the number of
25 units to be sold. If the number of units to be sold exceeds the number
26 of units bid for, the commissioner shall tally all bids at or above the
27 minimum bid price. The commissioner shall accept each bid that has been
28 tallied.

29 (e) Units sold in a second unrestricted sale may not be paid for

1 under an extended payment plan. The commissioner shall notify a success-
2 ful bidder of the total number of units he is entitled to purchase and
3 of the balance due, after crediting his deposit, to complete the pur-
4 chase. On receipt of cash, check or money order the commissioner shall
5 issue to the bidder certificates representing the units purchased. If
6 the bidder fails to complete the purchase within 60 days, the commis-
7 sioner shall issue to him certificates representing the number of whole
8 units paid for by the deposit, and refund any balance remaining from the
9 deposit.

10 Sec. 43.17.100. UNRESTRICTED SALE. Except as expressly prohibited
11 by this chapter or under the terms of a portfolio plan, the commissioner
12 may hold as investments or may sell for maximum revenue any units autho-
13 rized to be distributed under a portfolio plan which remain undistributed
14 after completion of the free distribution, the first restricted sale,
15 and the second restricted sale, and which are not reserved under issued
16 purchase warrants.

17 Sec. 43.17.110. PURCHASE WARRANTS. (a) Purchase warrants issued
18 under AS 43.17.080(f) entitle a subscriber to purchase under an extended
19 payment plan nine-tenths of the number of units which the subscriber was
20 entitled to purchase in a first restricted sale on the following
21 schedule:

22 (1) one-tenth not later than one year after the purchase
23 warrant was issued;

24 (2) one-tenth not later than two years after the purchase
25 warrant was issued;

26 (3) one-tenth not later than three years after the purchase
27 warrant was issued;

28 (4) one-tenth not later than four years after the purchase
29 warrant was issued;

1 (5) one-tenth not later than five years after the purchase
2 warrant was issued;

3 (6) one-tenth not later than six years after the purchase
4 warrant was issued;

5 (7) one-tenth not later than seven years after the purchase
6 warrant was issued;

7 (8) one-tenth not later than eight years after the purchase
8 warrant was issued;

9 (9) one-tenth not later than nine years after the purchase
10 warrant was issued.

11 (b) The total price for a unit purchased under this section shall
12 be the purchase price of the unit at the time of the first restricted
13 sale under AS 43.17.080 increased by an amount equal to the weighted
14 average rate of interest to be paid by the state on bonds issued during
15 the prior fiscal year compounded from the date the purchase warrant was
16 issued to the date of payment for the units. The purchase price shall
17 be decreased by the amount of dividends, interest, royalties, or profits
18 received by the state from holding the units between the date the pur-
19 chase warrant was issued and the date of payment for the units, but the
20 price may not be reduced below 50 percent of the purchase price for the
21 units at the time of the first restricted sale.

22 (c) Payment for units purchased by exercising a purchase warrant
23 may be made by cash, check or money order.

24 (d) A purchase warrant may not be transferred, and may not be
25 exercised except by a person who is a resident at the time the purchase
26 warrant is exercised. A purchase warrant is void if transferred.

27 Sec. 43.17.120. DISPOSITION OF PROCEEDS. The commissioner shall
28 deposit net proceeds from the sale of units under this chapter into the
29 Alaska permanent fund established in art. IX, sec. 15 of the state

1 constitution and AS 37.13.010.

2 ARTICLE 3. GENERAL PROVISIONS.

3 Sec. 43.17.130. DISPOSITION OF UNITS. (a) Except as provided in
4 (b) of this section, a person has an unrestricted right to sell, trans-
5 fer, devise, pledge or dispose of a unit, an interest in a unit, or
6 earnings from a unit.

7 (b) A portfolio plan for a state general stock ownership corpora-
8 tion or for a state energy resource trust may include restrictions on
9 the transfer or disposition of units in the corporation or trust.

10 Sec. 43.17.140. VOTING RIGHTS. (a) The commissioner may exercise
11 the voting rights attached to a unit that the state owns, holds in
12 trust, or reserves for future distribution.

13 (b) The voting rights attached to ownership of a unit distributed
14 under a portfolio plan must be conveyed unrestricted to the person
15 receiving the unit. The commissioner may not reserve a voting right or
16 require as a condition of the distribution that the recipient waive a
17 voting right, grant a proxy, or adhere to a voting trust.

18 Sec. 43.17.150. TAX TREATMENT. (a) The receipt by a person of a
19 unit distributed under AS 43.17.070 - 43.17.090 is not taxable under
20 AS 43.20. Earnings from a unit and from a sale or transfer of a unit
21 are taxable under AS 43.20.

22 Sec. 43.17.160. CREDIT FOR FEDERAL TAXES PAID. If the receipt by
23 a person of a unit distributed under AS 43.17.070 - 43.17.090 is treated
24 as income under the Internal Revenue Code and if, as a result, the
25 person is required to pay additional federal income tax, the amount of
26 additional tax attributable to that income may be applied as a credit
27 against the person's Alaska individual income tax for the tax year in
28 which the additional federal income tax is paid.

29 Sec. 43.17.170. AUTHORITY TO PARTICIPATE IN MARKET. (a) If the

1 commissioner determines that an efficient public market does not exist
2 for the sale of units held by persons, he may buy, sell, and trade in
3 those units for the purpose of establishing that market. The commis-
4 sioner shall publish regularly the bid and ask prices for those units.

5 (b) If the commissioner trades in units as authorized in (a) of
6 this section, he shall maintain an average markup sufficient, in his
7 judgment, to compensate the state for the administrative costs of his
8 trading activity.

9 (c) In this section, "efficient public market" means a market in
10 which the units distributed under this chapter have a readily ascer-
11 tained market value and in which they may be bought or sold readily and
12 without unnecessary or unreasonable transaction costs.

13 Sec. 43.17.180. WAIVER OF RESTRICTIONS. AS 37.10.085 does not
14 apply to the acquisition of assets under this chapter.

15 Sec. 43.17.190. REGULATIONS. The department may adopt regulations
16 necessary to administer this chapter.

17 Sec. 43.17.200. PENALTIES. In addition to any criminal penalties
18 imposed, if a person is convicted of perjury or unsworn falsification on
19 the basis of a certification made under AS 43.17.050 and the conviction
20 is not reversed, that person is not eligible for a distribution of units
21 under this chapter.

22 Sec. 43.17.210. DEFINITIONS. In this chapter,

23 (1) "assets" means shares of stock, debentures or other debt
24 obligations, royalties or other interests in minerals, or other inter-
25 ests in business enterprises or natural resources;

26 (2) "business enterprise" means a private corporation engaging
27 in or about to engage in natural resource extraction or processing, or
28 in manufacturing, transportation, communication, trade or services in
29 the state, whose securities the commissioner has purchased under his