

LEG. FINANCE - BILLS 1979 - 1980 1390

SB 589 am cont., thru SR 7 1390

1 of this section no later than December 31, 1980. A taxpayer may not file a
2 claim with the department for a refund under (d) of this section after
3 April 15, 1981. The department shall begin processing each claim for a re-
4 fund under (d) of this section as soon as it receives the claim.

5 (g) The department may adopt regulations to implement this section,
6 and those regulations may be adopted as emergency regulations under AS 44.-
7 62.040 - 44.62.290.

8 (h) In this section,

9 (1) "calendar-year taxpayer" means a taxpayer whose tax year co-
10 incides with the calendar year;

11 (2) "department" means the Department of Revenue;

12 (3) "fiscal-year taxpayer" means a taxpayer whose tax year does
13 not coincide with the calendar year;

14 (4) "income tax" means the tax levied under the Alaska Net In-
15 come Tax Act; and

16 (5) "taxpayer" means an individual or fiduciary.

17 * Sec. 8. The provisions of AS 43.05.280 and AS 43.20.215 do not apply
18 to refunds made under sec. 7 of this Act.

19 * Sec. 9. AS 43.20.017, 43.20.160(e), 43.20.170(f) and secs. 6 - 9, ch.
20 22, SLA 1980 are repealed.

21 * Sec. 10. AS 43.20.011(a) - (d) and (f) are suspended for tax years
22 beginning after December 31, 1978.

23 * Sec. 11. AS 43.05.010(b) and AS 43.20.011(g) and (h) are repealed.

24 * Sec. 12. Sec. 10 of this Act is retroactive to January 1, 1979.

25 * Sec. 13. Sec. 10 of this Act is repealed and the taxes levied in AS
26 43.20.011(a) - (d) and (f) are reinstated and imposed for tax years begin-
27 ning on and after the effective date of this section.

28 * Sec. 14. Secs. 5, 11, and 13 of this Act are effective on January 1
29 of the year immediately following the year in which a certification by the

DRAFT
Law

1 commissioner of revenue under AS 43.05.010(b) enacted in sec. 2 of this Act
2 shows total expenditures from the general fund of the state in excess of
3 the amount of sustainable revenues received by the state.

4 * Sec. 15. This Act takes effect immediately in accordance with AS (1.-
5 10.070(c).
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*Sustainable revenues for past
fiscal year.*

VERSION
DRAFT # 2
Law
Governor

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6 For an Act entitled: "An Act repealing the Alaska Net Income Tax Act for
7 individuals and fiduciaries; providing for re-imposi-
8 tion of the Alaska Net Income Tax for individuals and
9 fiduciaries; and providing for an effective date."

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

11 * Section 1. The legislature finds:

12 (a) Section 1, ch. 22, SLA 1980 afforded complete tax relief to a ma-
13 jority of individual taxpayers under the Alaska Net Income Tax Act and sub-
14 stantial relief to most others by means of a series of exemptions based on
15 the number of years an individual had Alaska income and reported it to the
16 state. On September 4, 1980, the Alaska Supreme Court ruled that these ex-
17 emptions violate the equal protection clause of Art. I. sec. 1 of the Alas-
18 ka State Constitution. The practical effect of that decision is to re-im-
19 pose the full income tax burden on all taxpayers.

20 (b) It is in the public interest to remedy this constitutional defect
21 while still providing tax relief to the public at least equal to that at-
22 tempted by the series of exemptions in sec. 1, ch. 22, SLA 1980. This can
23 best be accomplished by eliminating the entire income tax burden for all
24 individuals and fiduciaries until at least 1990.

25 (c) Because ch. 22, SLA 1980 applied to taxes due for the tax year
26 1979, a great number of taxpayers expected a refund of part or all of their
27 state income tax for 1979, and many made plans and commitments in anticipa-
28 tion of their refunds. The state has a moral obligation to fulfill this
29 widely held expectation, and this obligation is best discharged by provid-

1 ing for repeal of the net income tax for individuals and fiduciaries retro-
2 active to January 1, 1979.

3 * Sec. 2. AS 43.05.010 is amended by adding a new subsection to read:

4 (b) On January 15, 1989, and on January 15 of each year thereaf-
5 ter the commissioner of revenue shall certify to the governor and the
6 legislature the total expenditures from the general fund of the state
7 for the fiscal year ending on June 30 of the immediately preceding
8 year and the amount of sustainable revenues received by the state dur-
9 ing that fiscal year. In this subsection, "sustainable revenues" are
10 all revenues, including all income earned from the permanent fund (art.
11 IX, sec. 15, Alaska State Constitution), received by the state except
12 (1) mineral lease rentals, royalties, royalty sale proceeds, federal
13 mineral revenue sharing payments and bonuses; (2) income taxes under
14 AS 43.21; (3) production taxes under AS 43.55; (4) property taxes un-
15 der AS 43.56; (5) oil and gas regulation and conservation taxes under
16 AS 43.57; and (6) mining license taxes under AS 43.65.

17 * Sec. 3. AS 43.20.011 is amended by adding new subsections to read:

18 (g) The provisions in AS 43.20.015 - 43.20.170 relating to tax-
19 payers, except those in AS 43.20.030(f) and (g), 43.20.031(f), and 43.-
20 20.036(i), do not apply to individuals and fiduciaries for tax years
21 beginning after December 31, 1978.

22 (h) For purposes of AS 43.20.030(f) and (g), 43.20.031(f) and
23 43.20.036(i), an individual who is a resident of the state is a taxpav-
24 er with a tax liability of zero. Upon application to the department,
25 a resident individual is entitled to receive an amount equal to the
26 tax credit allowed to him under AS 43.20.031(f) and under AS 43.20.-
27 036(i). Payments under AS 43.20.030(f) and (g) may not be made without
28 an appropriation for that purpose.

29 * Sec. 4. AS 43.20.030(a) is amended to read:

1 (a) Every [INDIVIDUAL, FIDUCIARY,] partnership and corporation
2 required to make a return under the provisions of the Internal Revenue
3 Code shall at the same time file with the department a return setting
4 out

5 (1) the amount of tax due under this chapter, less credits
6 claimed against the tax; and

7 (2) other information for the purpose of carrying out the
8 provisions of this chapter which the department requires.

9 * Sec. 5. AS 43.20.030(a) is amended to read:

10 (a) Every individual, fiduciary, partnership and corporation re-
11 quired to make a return under the provisions of the Internal Revenue
12 Code shall at the same time file with the department a return setting
13 out

14 (1) the amount of tax due under this chapter, less credits
15 claimed against the tax; and

16 (2) other information for the purpose of carrying out the
17 provisions of this chapter which the department requires.

18 * Sec. 6. AS 43.20.170(a) is amended to read:

19 (a) Every employer making payment of wages or salaries shall de-
20 duct and withhold an amount of tax computed in a manner to approximate
21 the amount of tax due on those wages under this chapter for that year.
22 The department shall publish the rate of withholding required by this
23 section which shall [, EXCEPT AS PROVIDED IN (f) OF THIS SECTION,] be
24 expressed as a percentage of the amount required to be withheld under
25 sec. 3402 of the Internal Revenue Code of 1954. Every employer making
26 a deduction and a withholding shall furnish to the employee upon re-
27 quest a record of the amount of tax withheld from the employee on a
28 form prescribed by the department.

29 * Sec. 7. (a) A calendar-year taxpayer is entitled to a refund of the

1 Alaska net income tax paid for tax year 1979. The department shall use its
2 tax files for 1979 as the basis for issuing the refunds and shall avoid re-
3 quiring additional applications from taxpayers for those refunds to the ex-
4 tent practicable.

5 (b) A fiscal-year taxpayer is entitled to a proportionate refund of
6 the Alaska net income tax paid for a tax year ending in calendar year 1979,
7 based on the number of days in that tax year after December 31, 1978, di-
8 vided by 365. If a fiscal-year taxpayer has paid income tax and filed with
9 the department a year-end return for a tax year ending in calendar year
10 1980, the department shall also refund the amount of income tax paid by the
11 taxpayer for that tax year. The department shall establish procedures for
12 making these refunds in a manner which avoids requiring additional applica-
13 tions from taxpayers to the extent practicable.

14 (c) Refunds under (a) and (b) of this section may not be made without
15 an appropriation for that purpose.

16 (d) A taxpayer is entitled to a refund of withholding payments and
17 other estimated taxes paid on or after January 1, 1980, under the Alaska
18 Net Income Tax Act for a tax year for which a year-end return has not been
19 filed with the department, but a refund may be claimed and paid only as
20 provided in this section.

21 (e) In order to receive a refund of withholding payments under (d) of
22 this section, a taxpayer must file a claim with the department on a form
23 prescribed by the department, together with a copy of each of the taxpayer's
24 federal wage and withholding statements (Form W-2) for 1980. In order to
25 receive a refund of estimated taxes under (d) of this section, a taxpayer
26 must file a claim with the department on a form prescribed by the depart-
27 ment, together with such additional materials as the department may by reg-
28 ulation require.

29 (f) The department shall prescribe and make available to the public

1 all forms for claiming refunds of withholding and estimated taxes under (d)
2 of this section no later than December 31, 1980. A taxpayer may not file a
3 claim with the department for a refund under (d) of this section after
4 April 15, 1981. The department shall begin processing each claim for a re-
5 fund under (d) of this section as soon as it receives the claim.

6 (g) The department may adopt regulations to implement this section,
7 and those regulations may be adopted as emergency regulations under AS 44.-
8 62.250 and 44.62.260.

9 (h) In this section,

10 (1) "calendar-year taxpayer" means a taxpayer whose tax year co-
11 incides with the calendar year;

12 (2) "department" means the Department of Revenue;

13 (3) "fiscal-year taxpayer" means a taxpayer whose tax year does
14 not coincide with the calendar year;

15 (4) "income tax" means the tax levied under the Alaska Net In-
16 come Tax Act; and

17 (5) "taxpayer" means an individual or fiduciary.

18 * Sec. 8. The provisions of AS 43.05.280 and AS 43.20.215 do not apply
19 to refunds made under sec. 7 of this Act.

20 * Sec. 9. AS 43.20.017, 43.20.160(e), 43.20.170(f) and secs. 6 - 9, ch.
21 22, SLA 1980 are repealed.

22 * Sec. 10. AS 43.05.010(b) and AS 43.20.011(g) and (h) are repealed.

23 * Sec. 11. AS 43.20.011(a) - (d) and (f) are repealed.

24 * Sec. 12. AS 43.20.011(a) - (d) and (f) are re-enacted to read as they
25 did before their repeal in sec. 11 of this Act, and the taxes levied in AS
26 43.20.011(a) - (d) and (f) are reinstated and reimposed for tax years be-
27 ginning on or after the effective date of this section.

28 * Sec. 13. Sec. 11 of this Act is retroactive to January 1, 1979.

29 * Sec. 14. Secs. 5, 10, and 12 of this Act are effective on January 1

1 of the year immediately following the year in which a certification by the
2 commissioner of revenue under AS 43.05 010(b), enacted in sec. 2 of this
3 Act, shows total expenditures from the general fund of the state in excess
4 of the amount of sustainable revenues received by the state.

5 * Sec. 15. This Act takes effect immediately in accordance with AS 01.-
6 10.070(c).

15571
September 22, 1980

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

Dear Mr. President:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill providing for a suspension of all state income tax for individuals and fiduciaries for a minimum of ten years. Under the bill, the suspension would remain in effect until at least tax year 1990.

A major feature of the bill is a mechanism, starting in 1989, for annually reviewing the question of whether the suspension should remain in effect. The bill would require the commissioner of revenue, on January 15 of each year starting in 1989, to certify to the legislature and to the governor the amount of "sustainable revenues" (primarily all revenues except those derived from mineral resource development) received during the prior fiscal year and the amount of state expenditures for that fiscal year. The first year it is demonstrated that expenditures for the prior fiscal year have exceeded sustainable revenues, the suspension would be lifted and the tax would be reimposed starting on January 1 of the next year, unless the legislature took some intervening action.

The bill also provides for a refund to individuals and fiduciaries of all income taxes paid for tax year 1979, and for a refund of withholding payments and estimated taxes for tax year 1980. Necessary technical amendments are also included in the bill, primarily to deal with those sections of chapter 22, SLA 1980, that were affected by the supreme court's ruling in Williams v. Zobel, ___ P.2d ___ (Ak. Sup. Ct. Op. No. 2170, Sept. 18, 1980).

Finally, the bill includes a technical amendment that is necessary to permit the continuation of the refundable credits for political campaign contributions and dependent care expenses that were enacted as part of chapter 22, SLA 1980. I have been advised by the Department of Law that these

refundable credits were not affected by the Zobel decision, and that they remain in effect. The bill includes a mechanism for continuing the refundable credits during the income tax suspension because it is my impression that the legislature does not wish to repeal them. Without a provision in the bill, the continued availability of the refundable credits to individuals would be unclear under a suspension of the income tax.

Sincerely,

S/JS H

Jay S. Hammond
Governor

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

465-2300

OFFICE OF THE COMMISSIONER

POUCH 5 - JUNEAU 99811

September 19, 1980

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

Re: Fiscal Note for An Act suspending the Alaska Net
Income Tax Act for individuals and fiduciaries

Dear Mr. President:

Attached please find fiscal notes related to the
estimated revenue impact and administrative costs of the
above-referenced legislation:

Revenue Impact - FY 81:

(A) Ch. 22, SLA 1980 Appropriation:

1979 Refund	\$ 89,900,000
Administrative Costs	836,500
Refundable Credits	537,000

Total Appropriation	\$ 90,273,500
(See ch. 120 SLA 1980, sec. 52, page 70, line 10)	

(B) Additional Appropriation necessary to cover Incremental
Cost of Total Suspension:

1979 Refund	\$ 22,100,000
Administrative Costs	-0-
Refundable Credits	505,000

\$ 22,605,000

(C) Total Appropriated Funds: \$112,878,500

(D) Summary of FY 81 costs:

1. Total Appropriated Funds:	\$112,878,500
2. Total Rebate of 1980 Withholding (No appropriation Necessary for these funds held in Trust by the State)	\$ 73,500,000
3. Total Revenues Foregone during FY 81 by virtue of repeal	<u>\$147,500,000</u>
TOTAL	<u>\$333,878,500</u>

Administrative Costs:

Administrative costs under Ch. 22, SLA 1980 were estimated at \$836,500. It is assumed that the original Ch. 22 appropriation remains available for use to implement the suspension or repeal and we foresee no increase in FY 81 administrative costs with the suspension program. Therefore, no additional appropriation is necessary at this time.

Three fiscal notes are attached to show the estimated effects of suspension on relevant Divisions within the Department of Revenue in FY 82. These fiscal notes assume a continuation of the Permanent Fund Dividend program, continuation of the refundable credits and suspension or repeal of AS 43.20 as of December 31, 1978. These potential reductions in funding and staff are preliminary and will be refined for inclusion in the FY 82 Detailed Budget. At that time, it should be known whether the underlying assumptions are valid.

Sincerely,

Joseph K. Donohue
for Thomas K. Williams
Commissioner of Revenue

Attachments

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. _____
 Title An Act Suspending the Alaska Net Income Tax Act for Individuals and
 Requested by Governor Date Fiduciaries

II. FISCAL DETAIL

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

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

GENERAL FUND		112.878	1.6	2.3	2.8	
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Withholding in Trust		73.5				
		(147.5)	(206)	(266)	(338)	

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

\$90,273,500 was previously appropriated in CH. 120, SLA 1980, Sec. 52, p. 70, l. 10 to cover the costs of Chapter 22. That figure included \$88.9 million for 1979 tax refunds, \$537,000 for refundable credits and \$836,500 for administrative costs. The new FY 81 figure of \$112,878,000 includes \$111,000,000 for 1979 tax refunds (an increase of \$22.1 million), \$1,042,000 for refundable credits (an increase of \$505,000) and \$836,500 for administrative costs (no increase). Complete suspension of the income tax is estimated to cost a total of \$22,605,000 more than the graduated exemption program in FY 81 and this is the figure utilized in the appropriation bill accompanying the suspension proposal since it is assumed the original Chapter 22 appropriation remains available to implement the new bill.

The \$73.5 million figure for FY 81 consists of withholding held in trust
(continued)

IV. DATE _____ PREPARED BY Vincent W. Wright
 AGENCY 5-2371
 PHONE _____
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

for the first three quarters of tax year 1980 that will be refunded in
FY 81.

The bottom line figures represent foregone revenues due to suspension of
the individual income tax.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HE/SE1
 Title An act suspending the Alaska Net Income Tax for individuals and fiduciaries
 Requested by Governor Date September 22, 1980

II. FISCAL DETAIL

Agency Affected Revenue
 Program Category Affected Revenue Collection & Management
 BRU, Program, or Subprogram(s) Affected Enforcement

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

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		-0-	(191.3)			
200 TRAVEL		-0-	(7.8)			
300 CONTRACTUAL		-0-	(18.8)			
400 COMMODITIES		-0-	(1.9)			
500 EQUIPMENT		-0-				
600 LAND & STRUCTURES			(2.3)			
700 GRANTS, CLAIMS, ETC.						
TOTAL		-0-	(222.1)			

FUNDING (Thousands of Dollars)

<u>GENERAL FUND</u>		-0-	(222.1)			
<u>FEDERAL FUNDS</u>						
<u>OTHER (Specify Fund Source)</u>						

POSITIONS

<u>FULL TIME</u>		-0-	(16)			
<u>PART TIME</u>		-0-				
<u>TEMPORARY</u>		-0-				

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

See attached memorandum from Fred Boetsch, Director of Enforcement Division to Joe Donohue, Deputy Commissioner, Taxation, dated August 29, 1980.

IV. DATE 09/19/80 PREPARED BY Fred Boetsch, Director of Enforcement Division
 AGENCY Revenue
 PHONE (907) 465-2366

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

MEMORANDUM

State of Alaska

TO: Joe Donohue
Deputy Commissioner
Department of Revenue

DATE: August 29, 1980

FILE NO:

TELEPHONE NO: 465-2366

FROM: Fred Boetsch, Director
Enforcement Division

SUBJECT: Contingency Plan for
Income Tax Repeal

The effects of a total repeal of the Alaska income tax in this organization would depend on many variables besides the mere repeal of the tax. The first item, of course, would be the effective date of any repeal. The earlier the effective date, the sooner we would expect our individual tax workload to decline. Another variable would be the Permanent Fund Dividend Program. If this program goes into effect, we will exercise our right of offset to satisfy many old warrants and thereby reduce the inventory more rapidly. The third factor would be the extent to which old revenue agent reports from the IRS are worked in the future and the warrant load which might be generated from that source.

For purposes of this analysis therefore, I have assumed that the Permanent Fund Dividend Program would remain intact and that the people assigned to the compliance unit would work on permanent fund dividend eligibility and tax compliance investigations. I have also assumed that the repeal would be effective January 1, 1979, and that Audit would continue to work Internal Revenue Service revenue agent reports through 1978. Under those conditions the changes indicated on the attached organization chart would be fully implemented by the end of calendar year 1981 (approximately halfway through fiscal year 1982). For the most part changes would be made through attrition during the course of the next 16 months. It is my hope that layoffs would not be necessary.

The attached chart indicates the present organization of the collection function within the Enforcement Division, including management. It does not include the permanent fund dividend and other taxes compliance unit. Those positions indicated in blue would remain after the implementation of this phase-out whereas those positions indicated in red would be deleted. Approximately 16 positions would ultimately be deleted from the collection staff and 13 positions would remain.

FB/vcy

Attachment

cc: Marilla Gemmer, Chief
Enforcement Operations

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House/Senate Bill No. 1

Title Act suspending the Alaska Net Income Tax Act for individuals and
Requested by Governor Date 9/22/80 (Indicate)

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		-0-	(162.3)			
200 TRAVEL		-0-	-0-			
300 CONTRACTUAL		-0-	(.6)			
400 COMMODITIES		-0-	(3.4)			
500 EQUIPMENT		-0-	-0-			
600 LAND & STRUCTURES		-0-	-0-			
700 GRANTS, CLAIMS, ETC.		-0-	-0-			
TOTAL		-0-	(166.3)			

FUNDING (Thousands of Dollars)

GENERAL FUND		-0-	(166.3)			
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		-0-	(6)			
PART TIME		-0-	(5)			
TEMPORARY						

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

See attached memorandum to Joseph K. Donohue dated September 19, 1980.

IV. DATE September 22, 1980

PREPARED BY [Signature]
AGENCY Audit Division
PHONE 465-2320

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

MEMORANDUM

State of Alaska

TO: Joseph K. Donohue
Deputy Commissioner
Department of Revenue

DATE: September 19, 1980

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins
Director
Audit Division

SUBJECT: Fiscal Impact of
House/Senate Bill #1

This bill would repeal the individual income tax retroactive to January 1, 1979. It is anticipated that the Department of Revenue will issue 225,000 refunds to taxpayers for 1979 and an additional 325,000 of withholding refunds for 1980. Assuming the Legislature passes this or a similar bill during the week of September 22nd, the major impact of that legislation will be felt by this division in the next nine months. This impact will coincide with the decline of normal functions which various members of my staff have performed in the past which were necessary to the ongoing operation of the individual income tax law.

In reviewing the impact of this legislation on my division, I have continued to assume that the Permanent Fund Dividend program will survive the court test and that we will be processing claims for Permanent Fund Dividends yet this year and in subsequent years.

There are three units in the Juneau office which will be primarily impacted by the individual income tax repeal. These are: Withholding Unit, Individual Tax Examination Unit, and the Taxpayer Assistance Unit. There will also be a slight impact on the staffing of the Anchorage field office. There will be no impact on our Fairbanks and Seattle field offices.

The Withholding Unit will still be required to process all third quarter withholding reports from employers, a limited number of fourth quarter withholding reports, and an annual reconciliation from all employers, which will not be received until the month of February. It is imperative that they properly process all of these reports to ensure that employers have, in fact, withheld and paid in to us the amount of Alaska withholding which they show on their final Alaska W-2 forms. Due to the significant confusion which arose when SB 394 was enacted, with many employees becoming exempt from withholding during the middle of a quarter, and the anticipated similar problems with the enactment of the repeal law which will make all employees exempt from Alaska withholding, it is expected that there will be a much higher incidence of reporting error than we have experienced in the past. This increased incidence of error will result from

the fact that some employers have chosen to refund some of the taxes previously withheld to the employees, yet in some cases have not corrected their payroll records to reflect those refunds. If these errors are not identified and corrected, it will result in the State of Alaska issuing refunds for 1980 withholding to employees considerably in excess of the amount actually withheld and remitted to the State of Alaska. There are approximately 13,000 employers in the State of Alaska whose accounts will have to be balanced and closed out and it is anticipated that this will easily take the staff until June 30, 1981 to accomplish.

The Individual Tax Examination Unit will be impacted primarily by the refund of the 1979 individual income tax based on the returns filed. Because of the design of the data capture system, all 1979 individual tax returns which were adjusted within the Department of Revenue will have to have their 1979 refund hand-generated. The staff will be working from a computer-generated list of returns which had changes made to them. From this list they will have to pull the return from our central audit files, review the return to determine what the actual correct amount of tax paid was, and hand-generate a refund document. This will be a very time-consuming process because it will all have to be done by hand. It is anticipated that there will be 25,000 such refunds which will have to be determined by the staff of this unit. They will also be required to deal with those problem returns where the taxpayers have separated or divorced since their 1979 return was filed and want separate checks issued rather than a single check to the joint names. This unit will further be required to handle the 1980 claims which will be filed in 1981 for refund of their withholding and/or estimated tax payments, political campaign contributions, and child care expenses on which the computations are in error. Based on previous filing experience, it is anticipated that there will be at least 10,000 returns in this category. Since processing of the problem 1979 returns will begin in early October, 1980 and will carry into at least March of 1981, it is imperative that the funds which will remain from SB 394 appropriations be made available for the processing of the refunds under this bill. During the period of February, 1981 through June, 1981 we will have our regularly authorized seasonal staff to handle the remaining 1979 returns as well as all the problem claims for 1980. It is anticipated that we will be able to finish processing all of these returns by June 30, 1981.

The Juneau Taxpayer Assistance Unit will eventually be affected by a repeal; however, during the next nine months it is expected that they will continue to have a very high

demand for their services because of the large number of questions which clearly will be raised by taxpayers regarding either how their 1979 refund will be processed, or their 1980 withholding/political campaign contribution/child care expense claim is to be prepared and submitted. There will also be an approximate doubling of our workload regarding returned checks which have incorrect addresses because of the large number of people who will have moved since their 1979 return was filed, or their 1980 claim was filed. It will require all the currently authorized staff to properly account for and reissue the anticipated 10,000 returned warrants which will be undeliverable.

It is also anticipated that the demand for taxpayer assistance services will remain high in the Anchorage area through the remainder of this fiscal year in providing assistance to individuals in regard to their 1979 refunds or their 1980 claims. Again, because the impact of the 1979 refunds will begin in early October and 1980 claims will begin in mid to late January, it is anticipated that this high demand for taxpayer services will continue through June of 1981.

It is anticipated that this repeal will result in a reduction in staff in the Audit Division of eleven positions for FY 82. This is comprised of six permanent full time and five seasonal positions. These reductions will be in the various units discussed above. The total position cost for these positions is \$166,300. As I mentioned previously, we are continuing to anticipate that the Permanent Fund Dividend program will remain in effect and that the court decision upholding it will be released within the next few months. It should be noted that the position reductions do not include any positions which were authorized under the tax relief legislation. It is assumed that those positions would be terminated at the end of this fiscal year.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB/SE

Title An Act Suspending the Alaska Net Income Tax Act for Individuals and Fiduciaries

Requested by Governor

Date 9/22/80

II. FISCAL DETAIL

Agency Affected Revenue

Program Category Affected General Government

BRU, Program, or Subprogram(s) Affected Administration and Support, Management Services

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

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		0	(480.2)			
200 TRAVEL		0	(2.0)			
300 CONTRACTUAL		0	(231.2)			
400 COMMODITIES		0	(1.0)			
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		0	(714.4)			

FUNDING (Thousands of Dollars)

GENERAL FUND		0	(714.4)			
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		0	(16/192mm)			
PART TIME		0	(10/50 mm)			
TEMPORARY						

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

100 = 384.2 Salaries
 96.0 Benefits
 480.2 Total Personnel Reduction

3.00 = 96.2 Forms/Postage
 30.0 Machine Rental
 100.0 DP Chargeback
 5.0 Miscellaneous Contractual
 231.2 Total Contractual Reduction

Donald H. Barnes

IV. DATE 9/22/80

PREPARED BY P. A. Wall

AGENCY Revenue

PHONE 465-2313

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

CORRECTION

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

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB/SE

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	231.2 Total Contractual Reduction

IV. DATE 9/22/80

PREPARED BY P. A. Wall

AGENCY Revenue

PHONE 465-2313

Original: Legislative Finance
cc: Budget and Management

Donald H. Barnes



RECORDS CERTIFICATION



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James A. Smith
Signature of Camera Operator

3/23/90
Date

Funding Information:
General Fund \$22,605,000
Other Funds -0-
\$22,605,000

Introduced: 9/22/80
Referred: Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 592

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the
7 Department of Revenue; and providing for an effective
8 date."

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

10 * Section 1. The sum of \$22,605,000 is appropriated from the general
11 fund to the Department of Revenue for the fiscal year ending June 30, 1981,
12 to pay tax credits claimed by individuals under AS 43.20.031 and AS 43.20.-
13 036 and to pay refunds of the Alaska net income tax imposed on individuals
14 and fiduciaries.

15 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
16 10.070(c).

September 22, 1980

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

Dear Mr. President:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill to make a supplemental appropriation from the general fund for fiscal year 1981 to the Department of Revenue to pay the tax credits and refunds prescribed by the companion measure on tax relief which I am also submitting today.

The appropriation made by section 52, chapter 120, SLA 1980, was \$90,273,500. The appropriation was made to finance tax credits and refunds under the Alaska Net Income Tax Act (AS 43.20). The Department of Revenue estimates that the total amount required under the companion bill on tax relief which I am submitting today is \$112,878,500, that is, an additional \$22,605,000, and that is the amount appropriated by this bill. The entire amount covers both the tax credits and refunds and also the administrative overhead.

Sincerely,

S/JSH

Jay S. Hammond
Governor



RECORDS CERTIFICATION



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James A. Smith
Signature of Camera Operator

3/23/90
Date

Introduced: 1/25/79
Referred: State Affairs
and Finance

1 IN THE SENATE

BY RAY

2 SENATE CONCURRENT RESOLUTION NO. 3

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 Relating to utilization of "flex
6 time" for state employees.

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

8 WHEREAS "flex time" is a system of allowing for alternate scheduling of
9 employees' working hours which is potentially beneficial to both employees
10 and the employer; and

11 WHEREAS "flex time" may be utilized to provide better and more efficient
12 service to the public through expanded office hours, improved communication
13 between different time zones, and more efficient use of costly equipment; and

14 WHEREAS "flex time" can be a significant factor in enhancing employee
15 morale and productivity by allowing a greater range of personal preference;
16 and

17 WHEREAS staggered starting hours could help relieve traffic congestion
18 problems for state employees and the general public alike; and

19 WHEREAS some state agencies have already begun using "flex time"
20 arrangements through the collective bargaining process;

21 BE IT RESOLVED by the Alaska State Legislature that the Governor is
22 respectfully requested to pursue a policy of granting state employees the
23 option of flexible working hours, through the bargaining process and other-
24 wise, whenever this policy shows promise of providing better and more
25 efficient service to the citizens of the state.

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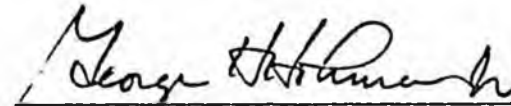
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SENATE FINANCE COMMITTEE
LETTER OF INTENT FOR SCR 3

It is the intent of the legislature that there shall be no additional pay for employees changing hours under this flex time provision.


George Hohman
Vice-Chairman
Senate Finance Committee

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Concurrent Resolution 3
 Title Utilization of "Flex-time"/State Employees
 Requested by Senate State Affairs Date February 5, 1979

II. FISCAL DETAIL

Agency Affected All Agencies
 Program Category Affected All
 BRU, Program, or Subprogram(s) Affected All

(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 79	FY 80	FY 81	FY 82	FY 83	FY 84
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 79	FY 80	FY 81	FY 82	FY 83	FY 84
GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
FULL TIME						
PART TIME						
TEMPORARY						

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

This resolution would not add any costs to the operation of State government.

IV. DATE February 7, 1979

APPROVED BY: Ken Cates
 PREPARED BY Judy Crondahl
 AGENCY Administration
 PHONE 465-2277

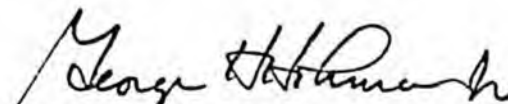
Ken Cates
Judy Crondahl *PC*

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Senator Ray
 Commissioner Allen

33-001 (Rev. 12/78)
 Pat Hunt.
 Senate State Affairs

SENATE FINANCE COMMITTEE
LETTER OF INTENT FOR SCR 3

It is the intent of the legislature that there shall be no additional pay for employees changing hours under this flex time provision.



George Hohman
Vice-Chairman
Senate Finance Committee

Handwritten notes:
6-3-79
edge per of
G. H. U.
Law 44 FT

Introduced: 1/25/79
Referred: State Affairs
and Finance

1 IN THE SENATE BY RAY

2 SENATE CONCURRENT RESOLUTION NO. 3

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 Relating to utilization of "flex
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24 wise, whenever this policy shows promise of providing better and more
25 efficient service to the citizens of the state.

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THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Concurrent Resolution 3
Title Utilization of "Flex-time"/State Employees
Requested by Senate State Affairs Date February 5, 1979

II. FISCAL DETAIL

Agency Affected All Agencies
Program Category Affected All
BRU, Program, or Subprogram(s) Affected All
(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 79	FY 80	FY 81	FY 82	FY 83	FY 84
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

FULL TIME						
PART TIME						
TEMPORARY						

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

This resolution would not add any costs to the operation of State government.

IV. DATE February 7, 1979

APPROVED BY: Ken Cates
PREPARED BY Judy Crondahl
AGENCY Administration
PHONE 465-2-77

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named) Senator Ray
Commissioner Allen

33-001 (Rev. 12/78)
Pat Hunt.
Senate State Affairs



RECORDS CERTIFICATION



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James O. Smith
Signature of Camera Operator

3/23/90
Date

SENATE FINANCE COMMITTEE
BILL CHECKLIST

- 1. Original Bill Document ✓
- 2. History Cover Form ✓
- 3. Printed Copies:
 - Original Bill ✓
 - Committee Substitutes or
Amendments —
- 4. Committee Report Form ✓
- 5. Fiscal Note:
 - In File
 - Requested: NO Date
- 6. Backup:
 - Handouts
 - Letter from Governor
 - Letter from Sponsor
 - Other

S. Committee report - Resources

Introduced: 2/9/79
Referred: Resources and
Finance

1 IN THE SENATE

BY COLLETTA AND KERTTULA

5

2 SENATE CONCURRENT RESOLUTION NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 Relating to an investment by the
6 state in the Alaska natural gas
7 pipeline project.

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

9 WHEREAS the legislature in 1978, in Legislative Resolve 43, found that:

10 (1) Northwest Alaskan Pipeline Company has been selected by the
11 President and the Congress of the United States to construct a pipeline to
12 transport Alaskan natural gas from Prudhoe Bay to markets in the lower 48
13 states;

14 (2) the cost of the project is estimated to be 10.5 billion
15 dollars, 3.7 billion dollars of which will be used to construct over 700
16 miles of pipeline in Alaska;

17 (3) timely completion of the Alaska Highway Natural Gas project to
18 transport North Slope natural gas is a matter of vital concern to the
19 nation's energy future; and

20 (4) construction of the project will produce important social and
21 economic benefits for the people of Alaska, including approximately 20,000
22 new jobs, increased state and local tax revenue, enhanced availability of
23 natural gas for Alaskan communities, and stimulus and expansion of private
24 enterprise, including greater potential for development of in-state manu-
25 facturing, refining, and processing facilities; and

26 WHEREAS Northwest Alaskan Pipeline Company has advised the state that it
27 would be of substantial assistance to the company in constructing the gas
28 line if the state were to provide financial aid through the means of direct
29 investment in the pipeline; and

SCR 5

1 WHEREAS a direct investment in the pipeline would be beneficial to
2 Alaska, not only because it would hasten the construction of the pipeline,
3 but because it would create a substantial return to Alaskans on the dollars
4 invested; and

5 WHEREAS a direct investment would be a direct commitment of state funds
6 to the project and evidence the strongest state support possible since state
7 funds are held in trust to be used only for the benefit of the people of the
8 state; and

9 WHEREAS direct state investment in the project of an amount equal to 100
10 per cent of the equity participation of the lead company, Northwest Alaskan
11 Pipeline Company, if that amount does not exceed an amount equal to the
12 revenue derived from royalties on gas production paid to the state, would be
13 a wise use of state funds for the benefit of the people of the state;

14 BE IT RESOLVED by the Alaska State Legislature that the governor is
15 respectfully requested to negotiate and enter into a specific agreement for
16 direct state financial participation to the extent of an amount equal to 100
17 per cent of the equity participation of Northwest Alaskan Pipeline Company
18 but not to exceed an amount equal to the revenue derived from royalties on
19 gas production paid to the state. The agreement must be submitted to the
20 legislature for approval by law and appropriation of the money required for
21 the state equity participation.

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RECORDS



CERTIFICATION

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James O. Smith
Signature of Camera Operator

3/23/90
Date

Date passed to Senate _____

Bill # SR 6

SENATE FINANCE COMMITTEE
BILL CHECKLIST

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

Introduced: 3/20/79
Referred: Resources and
Finance

1 IN THE SENATE

BY KERTTULA AND RAY

2 SENATE RESOLUTION NO. 6

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 Relating to an amendment to the Icy
6 Cape No. 1 timber sale, contract
7 number SC-182, permitting exportation
8 of round logs.

9 BE IT RESOLVED BY THE SENATE:

10 WHEREAS the Alaska Department of Natural Resources let a timber sale
11 contract in Icy Cape in 1969 which specifically prohibited the exportation of
12 round logs as a marketable commodity; and

13 WHEREAS, as a result of state policy requiring primary manufacture of
14 timber in the state, several sawmills in Alaska have established sawmill
15 operations suitable for primary manufacture of timber; and

16 WHEREAS people who work in these sawmills are permanent members of their
17 communities, and the sawmills are an integral part of the economies of the
18 communities in which they are located; and

19 WHEREAS in January, 1979 the state amended the Icy Cape No. 1 timber
20 sale contract, waiving the requirement of primary manufacture of logs in the
21 state contrary to its stated policy; and

22 WHEREAS waiving of the primary manufacture requirements for timber
23 harvested in Alaska will create great hardships not only for those people who
24 will be unemployed with the closing of the sawmills which depend on primary
25 manufacturing of logs, but also for the affected communities which will lose
26 an economically viable industry; and

27 WHEREAS the findings made by the Department of Natural Resources which
28 brought about the waiver of primary manufacture appear to discriminate in
29 favor of the company holding the timber sale contract; and

Introduced: 3/20/79
Referred: Resources and
Finance

1 IN THE SENATE

BY KERTTULA AND RAY

2 SENATE RESOLUTION NO. 6

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

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24 will be unemployed with the closing of the sawmills which depend on primary
25 manufacturing of logs, but also for the affected communities which will lose
26 an economically viable industry; and

27 WHEREAS the findings made by the Department of Natural Resources which
28 brought about the waiver of primary manufacture appear to discriminate in
29 favor of the company holding the timber sale contract; and

1 WHEREAS wilderness proposals under RARE II and pending (d)(2) legisla-
2 tion will most likely reduce the availability of timber in Alaska from other
3 sources;

4 BE IT RESOLVED by the Senate that the amendment which waived primary
5 manufacture in the Icy Cape No. 1 timber sale is not in the best interests of
6 the state and its citizens; and be it

7 FURTHER RESOLVED that round logs from the Icy Cape timber sale contract
8 continue to be made available under the timber sale contract to those saw-
9 mills in the state which are capable and willing to process these logs into
10 lumber to provide local employment as well as building materials for the
11 Alaska market; and be it

12 FURTHER RESOLVED that the Senate respectfully requests the Governor to
13 direct the Department of Natural Resources to reevaluate the amendment
14 waiving primary manufacture of timber in the state giving due consideration
15 to all parties who would be adversely affected by permitting export of round
16 logs.

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Introduced: 3/20/79
Referred: Resources and
Finance

1 IN THE SENATE

BY KERTTULA AND RAY

2 SENATE RESOLUTION NO. 6

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James O. Smith
Signature of Camera Operator

3/23/90
Date

COMMITTEE REPORT
SENATE

2/15/79

FURTHER: None

Date: February 21, 1979

Mr. President:

The Committee on FINANCE has had SJR 6

relating to the Alaska Power Authority, the Phase I environmental, economic, social and engineering studies of the Susitna Hydroelectric Project, and the incurring of indebtedness for Phase I

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 ^{and without} without recommendation
- [] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

John Duckett - Do Pass
George Hobbs - Do Pass
John Mackay - DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

John Duckett
 CHAIRMAN

Funding Information:
General Fund: \$ 8,178,000
Other Funds: -0-
\$ 8,178,000

Introduced: 1/19/79
Referred: Resources and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 63

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Alaska
7 Power Authority for the Susitna Hydroelectric Project;
8 and providing for an effective date."

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

10 * Section 1. The sum of \$8,178,000 is appropriated, subject to the con-
11 ditions set out in sec. 2 of this Act, from the general fund to the Alaska
12 Power Authority for the purpose of providing a reserve for revenue bonds to
13 be issued by the authority to finance Phase I feasibility studies of the
14 Susitna Hydroelectric Project.

15 * Sec. 2. The appropriation in sec. 1 of this Act is conditioned upon
16 (1) repayment, of the full amount appropriated, to the State of Alaska when
17 it is no longer required, due to the availability of other funding, for the
18 purpose specified; and (2) payment of any earnings on the amount appro-
19 priated in sec. 1 to the State of Alaska.

20 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
21 10.070(c).

CORRECTION

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

Funding Information:
General Fund: \$ 8,178,000
Other Funds: -0-
 \$ 8,178,000

Introduced: 1/19/79
Referred: Resources and
 Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 63

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Alaska
7 Power Authority for the Susitna Hydroelectric Project;
8 and providing for an effective date."

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

10 * Section 1. The sum of \$8,178,000 is appropriated, subject to the con-
11 ditions set out in sec. 2 of this Act, from the general fund to the Alaska
12 Power Authority for the purpose of providing a reserve for revenue bonds to
13 be issued by the authority to finance Phase I feasibility studies of the
14 Susitna Hydroelectric Project.

15 * Sec. 2. The appropriation in sec. 1 of this Act is conditioned upon
16 (1) repayment, of the full amount appropriated, to the State of Alaska when
17 it is no longer required, due to the availability of other funding, for the
18 purpose specified; and (2) payment of any earnings on the amount appro-
19 priated in sec. 1 to the State of Alaska.

20 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
21 10.070(c).

January 18, 1979

President of the Senate
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a resolution relating to the Alaska Power Authority, the Phase I environmental, economic, social and engineering studies of the Susitna Hydroelectric Project, and the incurring of indebtedness for Phase I.

Sincerely,

JSH

Jay S. Hammond
Governor

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF—STATE CAPITOL

JUNEAU 99801

TO: Honorable Ernie Haugen
House Finance Committee

DATE: February 15, 1979

FROM: Milt Barker ^{MB}
Fiscal Analyst

SUBJECT: Power Project
Funding

The following loans have been made from the Power Project
Revolving Fund AS 44.56.170 (attached):

<u>Recipient</u>	<u>Project</u>	<u>Date</u>	<u>Amount</u>
City of Ketchikan	Swan Lake	10-04-78	\$200,000
City of Ketchikan	Swan Lake	11-28-78	135,000
Kodiak Electric Assn.	Terror Lake	10-04-78	100,000
Thomas Bay Power Authority	Tyee	11-28-78	120,000
Alaska Elec. Light & Power	Salmon Creek Annex	04-24-78	<u>500,000</u>
Total			\$1,055,000

The following loans have been made from the Water Resources
Revolving Loan Fund AS 45.86 (attached):

<u>Recipient</u>	<u>Project</u>	<u>Date</u>	<u>Amount</u>
City of Petersburg	Crystal Lake	10-11-77	\$910,000
Ketchikan Pub. Utilities	Swan Lake	12-07-77	420,000
Kodiak Electric Assn.	Terror Lake	11-23-77	420,000
City & Borough of Sitka	Green Lake	10-06-76	450,000
Thomas Bay Power Auth.	Virginia Lake	09-06-78	<u>300,000</u>
Total			\$2,500,000

Other state funding for power projects has been as follows:

- 1) by a June 16, 1977 resolution of the Alaska Power Authority board, \$100,000 was provided to the Army Corps of Engineers for Susitna.
- 2) Ch. 152 SLA 77 provided for a \$1.6 million loan to Sitka for the Green Lake project followed by a \$7 million loan appropriated in Ch. 111 SLA 78.
- 3) Ch. 113 SLA 78 provided for a \$25,000 grant to the Thomas Bay Power Authority.

Neither the Power Project nor Water Resources Fund has additional funds available to loan.

There is also an Alternative Power Resource Revolving Loan Fund AS 45.88 (attached). However, no appropriation has ever been made to this fund and the limit on loan size is \$10,000.

It appears that the loan from the Power Project Revolving Fund to the Thomas Bay Power Authority was not made according to legal procedures. AS 44.56.170(c) requires regulations on loan criteria and standards to be established before making any loans from the Power Project Revolving Fund unless, under AS 44.56.170(f), a loan for the same project was already outstanding on July 13, 1978 from the Water Resources Revolving Loan Fund. Although public notice on proposed Alaska Power Authority regulations was given on August 7, 1978, final regulations have yet to be issued.

MB:pw

subdivision of the state; however, the authority may make payments in place of taxes in amounts equal to the real and personal property taxes which would be assessed on its real and personal property by each political subdivision in which its property is located to the same extent as if that property were private property and the authority were a non-public corporation. All bonds issued under this chapter are issued by a body corporate and public of this state and for an essential public and governmental purpose and the bonds and the interest and income on and from the bonds and all income of the authority are exempt from taxation except for transfer, inheritance and estate taxes. (§ 1 ch 278 SLA 1976; am § 15 ch 156 SLA 1978)

Effect of amendment. — The 1978 amendment, effective July 13, 1978, added the language beginning "however, the authority may make payments" to the end of the first sentence.

Article 4. Power Project Revolving Fund.

Section

170. Power project fund

Sec. 44.56.170. Power project fund. (a) There is established as a separate fund the power project revolving fund which shall be administered by the authority as a trust fund separate and distinct from any other money or funds of the authority, and which shall be composed of appropriated funds and interest earned on loans by the fund.

(b) The authority may make loans from the fund to electric utilities, regional electric authorities, cities, boroughs, regional and village corporations, village councils, and nonprofit marketing cooperatives to pay the costs of

(1) feasibility studies, preconstruction engineering, and design of any power projects;

(2) constructing, equipping, modifying, and expanding small-scale power production facilities or conservation facilities, limited to fossil fuel, wind power, tidal, geothermal, hydroelectric, or solar energy production and waste energy conservation facilities; and

(3) reconnaissance studies, preconstruction engineering, design, construction, equipping, modification, and expansion of potable water supply including surface storage and groundwater sources and transmission of water from surface storage to existing distribution systems.

(c) Before making any loans, except loans made under (f) of this section, from the power project revolving fund, the authority shall by regulation specify the standards for those loans with respect to the following:

(1) criteria regarding the eligibility of borrowers and of types of projects;

(2) standards regarding the technical and economic viability and revenue self-sufficiency of eligible projects;

(3) interest rates and other terms and conditions, and collateral or any other security required for loans; and

(4) other relevant criteria, standards, or procedures.

(d) Any loan made by the authority must be made according to the standards, criteria, and procedures established by regulation under this section.

(e) Repayment of the loans shall be secured in such manner as the authority determines is feasible to assure prompt repayment under a loan agreement entered into with the borrower. The authority may forgive repayment of loans made for reconnaissance studies if the study shows that a project is not feasible. Under a loan agreement, repayment may be deferred for 10 years or until the project for which the loan is made has achieved earnings from its operations sufficient to pay the loan, whichever is earlier.

(f) Projects for which loans are outstanding from the water resources revolving loan fund (AS 45.86) on July 13, 1978 may receive additional funding from the power project revolving loan fund for a term not exceeding 50 years and at an interest rate of not less than three nor more than five per cent a year on the unpaid balance. Repayment of loan principal and interest shall commence on the date of commercial operation of the project funded by the loan or 10 years from the date the loan is granted, whichever is earlier. (§ 1 ch 278 SLA 1976; am § 16 ch 156 SLA 1978)

Effect of amendment. — The 1978 amendment, effective July 13, 1978, added the language beginning "and which shall be composed" to the end of subsection (a), rewrote subsections (b) and (c), redesignated subsection (d) as subsection (e), added present subsection (d), added the present second sentence of present subsection (e), and in the present third

sentence of subsection (e), inserted "for 10 years or", substituted "for which the loan is made" for "with respect to which a loan is made," and added "whichever is earlier" to the end. The amendment also deleted former subsection (e), which defined "eligible borrower," and added subsection (f).

Article 5. General Provisions.

Section	Section
180. Assessment, proposal, and construction of projects	224. Long-term plan
210. Appropriations and reports	230. Definitions

Sec. 44.56.180. Assessment, proposal, and construction of projects.

(a) The authority shall, for each new project, determine the most appropriate means by which to finance a project which may include, but is not limited to,

- (1) the issuance of revenue bonds;
- (2) a guarantee of indebtedness by the Alaska Permanent Fund Corporation in accordance with AS 37.13.200;
- (3) an appropriation from the general fund; or

(4) any

(b) Upon submit to recommend may include general fund financing recommend indebtedness general fund resolution design phase subsection 37.13.230 f

(c) The design, design bonds and to the government authority itself or construct agreement or a portion of it. If the design and accordance acquire any States or project by person for the United the terms :

(d) If the the authority work of the include (1) cost of the repair or reconstruction authorized modification may be unnecessary

(e) Any under this study on

§ 45.85.070

§ 45.85.080

TRADE AND COMMERCE

§ 45.85.110

fully authorized claim against the fund, the commissioner shall, when sufficient money has been deposited in the fund and appropriated, satisfy unpaid claims in the order that the claims were originally filed, plus accumulated interest at the rate of eight per cent a year. (§ 1 ch 143 SLA 1974)

Sec. 45.85.080. False claims or documents. A person who files with the commissioner a notice, statement or other document required under this chapter which contains a wilful material misstatement of fact, is guilty of a misdemeanor and is punishable by imprisonment for a period of not more than one year, or a fine of not more than \$1,000, or by both. (§ 1 ch 143 SLA 1974)

Sec. 45.85.090. Right to subrogation. When the commissioner has paid to a judgment creditor from the real estate fund the sum ordered by the court, the commissioner shall be subrogated to all of the rights of the judgment creditor to the amount paid and the judgment creditor shall assign all of his right, title and interest in that portion of the judgment to the commissioner. Amounts subsequently realized by the commissioner on the judgment shall be deposited to the fund. (§ 1 ch 143 SLA 1974)

Sec. 45.85.100. Purchase of bond.

Repealed by § 1 ch 51 SLA 1977.

Editor's note. — The repealed section derived from § 1, ch. 143, SLA 1974.

Sec. 45.85.110. Disciplinary action against brokers and salesmen. This chapter neither limits the authority of the Real Estate Commission to take disciplinary action against any person licensed under AS 08.88, nor does repayment in full of all obligations to the real estate surety fund nullify or modify the effect of disciplinary proceedings brought under the provisions of AS 08.88. (§ 1 ch 143 SLA 1974)

Chapter 86. Water Resources Revolving Loan Fund.

Section

- 10. Fund established
- 20. Fund utilization
- 30. Loan fund source

Section

- 40. Administration of loans
- 50. Eligibility for project loans
- 60. Definitions

Effective date of chapter. — Section 2, effective on July 3, 1975, in accordance with ch. 218, SLA 1975, makes this chapter AS 01.10.070(c).

Sec. 45.86.010. Fund established. There is established as a separate fund the water resources revolving loan fund. Loans from this fund are to be used to develop and conserve in the public interest the water resources of Alaska. (§ 1 ch 218 SLA 1975; am § 1 ch 124 SLA 1977)

Effect of amendment. — The 1977 amendment deleted "using state revenues from mineral development" from the end of the section. **Legislative committee report.** — For report on ch. 124, SLA 1977 (HB 356am), see 1977 Senate Journal, p. 1290.

Sec. 45.86.020. Fund utilization. (a) Loans from the fund shall be for a term not to exceed 50 years, and the rate of interest shall be not less than three nor more than five per cent a year on the unpaid balance. The repayment schedule shall be as determined by the department. Repayment of a loan shall commence at the date of commercial operation of the project or 10 years from the date the loan is granted, whichever is sooner.

(b) The loans may be used for capital construction projects, for hydroelectric generation and potable water supply including surface storage and groundwater sources and transmission of water from surface storage to the existing distribution system, and development of hydroelectric generating facilities including transmission of power to the load center. Loans may be made to applicants for new or existing projects including feasibility and preconstruction engineering studies, expenses incurred in securing necessary permits and licenses, design of the project and construction of capital improvements. Existing hydroelectric and water supply projects may be expanded or rehabilitated with loan funds under this chapter if the rehabilitation and expansion is a capital improvement project.

(c) Loans shall be repaid to the fund by the borrower from revenue derived from the sale of electric power or water. (§ 1 ch 218 SLA 1975; am § 2 ch 124 SLA 1977)

Effect of amendment. — The 1977 amendment rewrote this section.

Sec. 45.86.030. Loan fund source. Receipts from mineral rentals and royalties shall be appropriated annually and deposited in the water resources revolving loan fund. (§ 1 ch 218 SLA 1975; am § 16 ch 218 SLA 1976)

Effect of amendment. — The 1976 amendment deleted "and from the Alaska mineral lease bonus permanent fund" following "rentals and royalties."

Sec. 45.86.040. Administration of loans. (a) Administration of the water resources revolving loan fund shall be performed by the Department of Commerce which is empowered to adopt procedures and

promulgate t chapter.

(b) There Revolving L deputy, and i and power de The commit by the depar

(c) The de project applic better serve t of priority as of priorities b a public hea approved due be held for r 1977)

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Chapter

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§ 45.86.050

TRADE AND COMMERCE

§ 45.86.060

promulgate the regulations necessary to carry out the provisions of this chapter.

(b) There is created within the department the Water Resources Revolving Loan Fund Committee chaired by the commissioner or his deputy, and including as members the director of the division of energy and power development and the director of the division of business loans. The committee shall review all applications referred to it for approval by the department.

(c) The department shall establish a priority list for the approval of project applications based upon a determination of which projects will better serve the interests of the state. An applicant may appeal the level of priority assigned to his application by requesting a review of the list of priorities by the committee. The committee, upon sufficient notice and a public hearing, may change an assigned priority. Applications not approved due to a lack of funds will retain the priority assigned and may be held for reconsideration. (§ 1 ch 218 SLA 1975; am § 3 ch 124 SLA 1977)

Effect of amendment. — The 1977 amendment rewrote subsections (b) and (c).

Sec. 45.86.050. Eligibility for project loans. A public utility is an eligible borrower for a project loan under this chapter if

- (1) it is a public utility as defined in AS 42.05.701(2)(A) and (C);
- (2) the utility can demonstrate in its loan application that the project is economically and technically feasible and, taking into account the low interest on loans under this chapter, is the most economical means of furnishing the proposed service. (§ 1 ch 218 SLA 1975; am § 4 ch 124 SLA 1977)

Effect of amendment. — The 1977 amendment, in paragraph (2), deleted commas following "feasible and" and "and" following "technically" and inserted following "this chapter."

Sec. 45.86.060. Definitions. In this chapter,

- (1) "commissioner" means the commissioner of the Department of Commerce and Economic Development;
- (2) "department" means the Department of Commerce and Economic Development. (§ 5 ch 124 SLA 1977)

Chapter 88. Alternative Power Resource Revolving Loan Fund.

Section	Section
10. Fund established	30. Loan terms
20. Powers and duties of the department in administering the fund	40. Sale or transfer of mortgages and notes

Sec. 45.88.010. Fund established. There is established in the Department of Commerce and Economic Development the alternative power resource revolving loan fund to carry out the purposes of this chapter. Loans made under this chapter are to be used to develop means of energy production utilizing energy sources other than fossil or nuclear fuel, including, but not limited to, windmills, water and solar power devices. The fund may be used for no other purpose. (§ 1 ch 29 SLA 1978)

Sec. 45.88.020. Powers and duties of the department in administering the fund. (a) The department may

(1) make loans for the purchase, construction, and installation of alternative power resources;

(2) promulgate regulations necessary to carry out the provisions of this chapter.

(b) The department shall develop eligibility standards for loans made under this chapter and adopt guidelines for the determination of loan terms. (§ 1 ch 29 SLA 1978)

Sec. 45.88.030. Loan terms. (a) A loan for the development of an alternative power resource under this chapter may not exceed \$10,000.

(b) The duration for repayment of the loan may not exceed 20 years.

(c) Loans made under this chapter may be used to finance no more than 30 per cent of the cost of purchase, construction, and installation of the alternative power resource.

(d) All principal and interest payments on loans made under this chapter shall be paid into the alternative power resource revolving loan fund.

(e) The rate of interest may not exceed eight per cent a year on the unpaid balance of the loan. (§ 1 ch 29 SLA 1978)

Sec. 45.88.040. Sale or transfer of mortgages and notes. (a) The commissioner may sell or transfer at par value or at a premium or discount to any bank or other private purchaser for cash or other consideration the mortgages and notes held by the Department of Commerce and Economic Development as security for loans made under this chapter.

(b) The commissioner may sell or transfer at par value to the Department of Revenue the mortgages and notes held by the Department of Commerce and Economic Development as security for loans made under this chapter. The Department of Revenue shall purchase all of these mortgages and notes offered, allowing the Department of Commerce and Economic Development a one-half of one per cent service fee. (§ 1 ch 29 SLA 1978)

Section

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19,000 Comm. office - hearings

DOT-87 900,000 Tanana River Comm.

Introduced: 1/19/79
Referred: Resources and
Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE JOINT RESOLUTION NO. 6

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 Relating to the Alaska Power Authority,
6 the Phase I environmental, economic,
7 social and engineering studies of the
8 Susitna Hydroelectric Project, and the
9 incurring of indebtedness for Phase I.

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

11 WHEREAS the Alaska Power Authority under AS 44.56.180 has submitted to
12 the legislature and to the commissioner of commerce and economic develop-
13 ment a statement outlining the status of the Susitna Hydroelectric Project
14 and the Plan of Study outlining the necessary feasibility studies of the
15 project which is planned to be designed, and may be acquired or constructed,
16 by the United States under an agreement providing for ownership of the
17 project by the authority; and

18 WHEREAS the Congress of the United States, on October 22, 1976, en-
19 acted P.L. 94-587, the Alaska Hydroelectric Power Development Act, which
20 Act authorized the Secretary of the Army and the U.S. Army Corps of Engi-
21 neers to participate in the Susitna Hydroelectric Project; and

22 WHEREAS the Phase I activities outlined delineate the environmental,
23 economic, social, and engineering studies requisite to informed decision-
24 making; and

25 WHEREAS the cost to be incurred during Phase I is now estimated to be
26 \$25,000,000, but may exceed that amount; and

27 WHEREAS it is considered to be in the best interests of the State of
28 Alaska to proceed with Phase I of the project through the use of Alaska
29 Power Authority sponsored financing; and

1 WHEREAS legislative approval of project construction is required if
2 project feasibility and desirability result from the study process con-
3 ducted under Phase I activities;

4 BE IT RESOLVED that, based on the plan outlined in the statement of
5 the Alaska Power Authority to the legislature and to the commissioner of
6 commerce and economic development, the legislature agrees to the incurring
7 of indebtedness by the Alaska Power Authority in an amount necessary to
8 finance the cost of the Phase I feasibility studies of the Susitna Hydro-
9 electric Project, including interest; and be it

10 FURTHER RESOLVED that Phase I studies must provide for substantive
11 public involvement throughout the study process; and be it

12 FURTHER RESOLVED that the Legislative Affairs Agency shall conduct or
13 contract for an independent review, in consultation with the Alaska Power
14 Authority, based on existing data, of the economic, financial, biological
15 and geophysical implications of the proposed Susitna Hydroelectric Project,
16 and shall report to the legislature by January 15, 1980.



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

Date passed to Senate _____

Bill # SR 7

SENATE FINANCE COMMITTEE
BILL CHECKLIST

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

SENATE AMENDMENT

By Senator Ferguson

Jim Corn

To: SENATE RESOLUTION NO. 7 ~~XXXXXXXXXXXX~~ SENATE BILL No. _____

To: _____ HOUSE BILL No. _____

PAGE: 2

LINE: 25

After "Governor" insert "to negotiate with the long
line carrier the exchange of small earth stations
for television service and if an accepted agreement
is reached"

1975

*Where the idea
came from the Finance
Department at the
request of the
Finance Dept.*

Introduced: 4/6/79
Referred: Finance

Egued.

BY COLLETTA

1 IN THE SENATE

2 SENATE RESOLUTION NO. 7

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 Relating to ownership of earth
6 stations.

7 BE IT RESOLVED BY SENATE:

8 WHEREAS communications planning and policy are of vital and continuing
9 interest to the citizens of the state -- affecting their lives and personal
10 welfare at all levels of activity, in both urban and rural areas; and

11 WHEREAS recent technological advances have rendered feasible improve-
12 ments in Alaska's communications network not previously available; and

13 WHEREAS chief among those advances has been the development of a highly
14 sophisticated and practical applied science relating to the use of synchro-
15 nous-orbit communications satellites in conjunction with earthbound trans-
16 mitting and receiving stations; and

17 WHEREAS, in recognition of those factors, the Alaska State Legislature
18 resolved in House Concurrent Resolution No. 60 (1975) to urge the Governor,
19 through the office of telecommunications, to acquire and install satellite
20 earth stations in consultation with the state's long lines carrier; and

21 WHEREAS, under House Concurrent Resolution No. 60 (1975), the office of
22 telecommunications and the long lines carrier entered into a series of three
23 agreements providing for the installation, operation, and maintenance of 100
24 small earth stations in the rural areas of Alaska by the long lines carrier;
25 and

26 WHEREAS the construction of the 100 small earth stations has been con-
27 cluded, bringing the benefits of modern satellite communications to the
28 remote areas of the state, and thereby achieving the goals and purposes of
29 the legislature expressed in House Concurrent Resolution No. 60 (1975); and

1 WHEREAS the long lines carrier has represented to the appropriate state
2 and federal regulatory agencies its readiness, willingness, and ability to
3 provide the monetary and physical resources necessary to provide such ser-
4 vices, and to reimburse the state, on an equitable basis, for its capital
5 expenditures pertaining to the 100 small earth stations; and

6 WHEREAS optimum telecommunications service can now best be provided by
7 private industry, under the auspices of the appropriate state and federal
8 regulatory commissions; and

9 WHEREAS the legislature has recognized that satellite television ser-
10 vices will promote the general public health and well-being of Alaska citi-
11 zens; and

12 WHEREAS the legislature has authorized continued funding of the televi-
13 sion demonstration project; and

14 WHEREAS the long lines carrier has offered to reduce the rate for tele-
15 vision services funded by the state from \$2,145,000 annually to \$750,000
16 annually for a period of three years in return for the ownership of the earth
17 stations and related equipment, subject to the approval of the appropriate
18 regulatory bodies if the equipment is independently valued at not less than
19 \$4,185,000; and

20 WHEREAS the Governor has expressed interest in reducing state funding of
21 television services; and

22 WHEREAS a reduction in annual rates will facilitate the ability of
23 private enterprise to fund the television services;

24 BE IT RESOLVED that the Senate respectfully requests and urges the
25 Governor to withdraw the state's applications for satellite earth stations at
26 those locations where there are no competing applications, other than by the
27 long lines carrier, for ownership of that equipment, and further requests and
28 urges the Governor to support all applications of the long lines carrier
29 presently on file or to be filed with the appropriate state or federal regula-

1 tory agencies pertaining to the provision of telecommunications services to
2 those locations.

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Introduced: 4/6/79
Referred: Finance

1 IN THE SENATE

BY COLLETTA

2 SENATE RESOLUTION NO. 7

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 Relating to ownership of earth
6 stations.

7 BE IT RESOLVED BY SENATE:

8 WHEREAS communications planning and policy are of vital and continuing
9 interest to the citizens of the state -- affecting their lives and personal
10 welfare at all levels of activity, in both urban and rural areas; and

11 WHEREAS recent technological advances have rendered feasible improve-
12 ments in Alaska's communications network not previously available; and

13 WHEREAS chief among those advances has been the development of a highly
14 sophisticated and practical applied science relating to the use of synchro-
15 nous-orbit communications satellites in conjunction with earthbound trans-
16 mitting and receiving stations; and

17 WHEREAS, in recognition of those factors, the Alaska State Legislature
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22 telecommunications and the long lines carrier entered into a series of three
23 agreements providing for the installation, operation, and maintenance of 100
24 small earth stations in the rural areas of Alaska by the long lines carrier;
25 and

26 WHEREAS the construction of the 100 small earth stations has been con-
27 cluded, bringing the benefits of modern satellite communications to the
28 remote areas of the state, and thereby achieving the goals and purposes of
29 the legislature expressed in House Concurrent Resolution No. 60 (1975); and

1 WHEREAS the long lines carrier has represented to the appropriate state
2 and federal regulatory agencies its readiness, willingness, and ability to
3 provide the monetary and physical resources necessary to provide such ser-
4 vices, and to reimburse the state, on an equitable basis, for its capital
5 expenditures pertaining to the 100 small earth stations; and

6 WHEREAS optimum telecommunications service can now best be provided by
7 private industry, under the auspices of the appropriate state and federal
8 regulatory commissions; and

9 WHEREAS the legislature has recognized that satellite television ser-
10 vices will promote the general public health and well-being of Alaska citi-
11 zens; and

12 WHEREAS the legislature has authorized continued funding of the televi-
13 sion demonstration project; and

14 WHEREAS the long lines carrier has offered to reduce the rate for tele-
15 vision services funded by the state from \$2,145,000 annually to \$750,000
16 annually for a period of three years in return for the ownership of the earth
17 stations and related equipment, subject to the approval of the appropriate
18 regulatory bodies if the equipment is independently valued at not less than
19 \$4,185,000; and

20 WHEREAS the Governor has expressed interest in reducing state funding of
21 television services; and

22 WHEREAS a reduction in annual rates will facilitate the ability of
23 private enterprise to fund the television services;

24 BE IT RESOLVED that the Senate respectfully requests and urges the
25 Governor to withdraw the state's applications for satellite earth stations at
26 those locations where there are no competing applications, other than by the
27 long lines carrier, for ownership of that equipment, and further requests and
28 urges the Governor to support all applications of the long lines carrier
29 presently on file or to be filed with the appropriate state or federal regula-

1 tory agencies pertaining to the provision of telecommunications services to
2 those locations.

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