

BILLS 1981 - 1982  
CSHB 131 - HB 135

LES. Finance 1448  
1448

COMMITTEE REPORT  
SENATE

FURTHER: None

6/4/81

Date: 6/15/81

Mr. President:

The Committee on FINANCE has had CSHB 131 (HESS)  
increasing state aid for health facilities and hospitals

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

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

MEMBERS SIGNING  
DO PASS

[Signature]

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MEMBERS HAVING  
OTHER RECOMMENDATIONS:

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\_\_\_\_\_

[Signature]

\_\_\_\_\_

CHAIRMAN

AMENDMENT

OFFERED IN THE SENATE:

By: Senate HESS

To: CS for HOUSE BILL 131  
(HESS)

SENATE BILL No. \_\_\_\_\_

HOUSE BILL No. 131

PAGE: 1

LINE: 21

Page 1, line 21: Delete "\$1,000" and insert "\$2,000"

Original sponsors: Haugen, Bettisworth,  
Cato, et al

Offered: 4/1/81  
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2

CS FOR HOUSE BILL NO. 131 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: An Act increasing state aid for health facilities and

7

hospitals; and providing for an effective date."

8

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

9

\* Section 1. AS 29.89.030(a)(1) is amended to read:

10

(1) to a municipality which has the power to provide hospital

11

facilities and services and which exercises that power, \$1,000 per bed

12

for each bed actually used for patient care, limited to the number of

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beds provided for in the construction design of the hospital, or

14

\$250,000 [\$75,000] a hospital for those hospitals with 10 or more beds,

15

or \$50,000 [\$25,000] a hospital for those hospitals with less than 10

16

beds, as the municipality may elect; money received under this paragraph

17

may be used only for hospitals and shall be apportioned among qualify-

18

ing hospitals as the municipality determines;

19

\* Sec. 2. AS 29.89.030(a)(3) is amended to read:

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(3) to a municipality in which a health facility is operated,

21

\$1,000 per bed for each bed actually used for patient care, limited to

22

the number of beds provided for in the construction design of the

23

health facility, or \$8,000 [\$4,000] per health facility as the munici-

24

pality determines.

25

\* Sec. 3. This Act takes effect July 1, 1981.

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THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. CSHB 131 (HESS)  
 Title An Act increasing state aid for health facilities & hospitals  
 Requested by Senate Finance Committee Date 6/15/81

II. FISCAL DETAIL  
 Agency Affected Department of Community & Regional Affairs  
 Program Category Affected Development  
 BRU, Program, or Subprogram(s) Affected Community Assistance Grants  
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		3,766.0	3,766.0	3,766.0	3,766.0	3,766.0
TOTAL		3,766.0	3,776.0	3,766.0	3,766.0	3,766.0

FUNDING (Thousands of Dollars)

GENERAL FUND		3,766.0	3,766.0	3,766.0	3,766.0	3,766.0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

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

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

\$3,765,999 additional funding would be required to fund CSHB 131 (HESS) in FY 82.

IV. DATE 6/15/81 PREPARED BY Senator Ed Dankworth, Co-chairman  
 AGENCY Senate Finance Committee  
 PHONE 465-3753  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

#2

Amendment to CS for HB 131 (HESS) BY RAY  
~~DARYL B. H.~~

Page 1, line 6: after the word "Act" and before the word "state"  
delete [increasing] and add relating to

Page 1, line 25: delete Section 3 and add the following sections:

\*Sec. 3. AS 29.90.010 is amended to read:

Sec. 29.90.010. STATE AID FOR HOSPITAL AND HEALTH FACILITY CONSTRUCTION. If construction of a hospital began after January 1, 1968, or if construction of a health facility began after January 1, and before July 1, 1980, and state matching aid for construction approved for payment to the municipality or other hospital or health facility sponsor constitutes less than 25 percent of the total project cost, the department shall pay to the municipality or other hospital or health facility sponsor each fiscal year \$2,500 a bed for the maximum number of beds provided for in the construction design of the hospital or health facility or five percent of the total project cost, whichever is greater. State aid provided for in this section shall continue until the municipality or other hospital or health facility sponsor has received an amount which, combined with state matching money for construction of the hospital or health facility, equals 25 percent of the total project cost. Money received for construction may not be used for any other purpose except that money received after all construction costs have been paid by the municipality or sponsor may be retained and spent for operating costs of the hospital or health facility.

\*Sec. 4. AS 29.90.020 is amended to read:

Sec. 29.90.020. HOSPITAL AND HEALTH FACILITY CONSTRUCTION ASSISTANCE ACCOUNT. The hospital and health facility construction assistance account is established. Money to carry out the provisions of this chapter shall be allocated by the department to the account in accordance with AS 29.95.010. If amounts in the account are insufficient to pay each recipient's share authorized under this chapter, the amounts which are available shall be distributed pro rata among eligible recipients.

\*Sec. 5. AS 29.90.030 is amended by adding a new paragraph to read:

(4) "health facility"

(A) means a facility that is licensed, when required, by the state under AS 18.20.010 - 18.20.130 and that is owned or operated or both by a municipality or by a nonprofit corporation or other nonprofit sponsor;

(B) includes a public health center, maternity home, community mental health center, facility for the mentally or physically handicapped, nursing home, or convalescent center;

(C) excludes a facility operated or wholly supported by the state or the federal government.

\*Sec. 6. This Act takes effect July 1, 1981.

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. CSHB 131 (HESS)  
 Title An Act increasing state aid for health facilities & hospitals  
 Requested by Senate Finance Committee Date 6/15/81

II. FISCAL DETAIL  
 Agency Affected Department of Community & Regional Affairs  
 Program Category Affected Development  
 BRU, Program, or Subprogram(s) Affected Community Assistance Grants  
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	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
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300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		3,766.0	3,766.0	3,766.0	3,766.0	3,766.0
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GENERAL FUND		3,766.0	3,766.0	3,766.0	3,766.0	3,766.0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

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

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

\$3,765,999 additional funding would be required to fund CSHB 131 (HESS) in FY 82.

IV. DATE 6/15/81 PREPARED BY Senator Ed Dankworth, Co-chairman  
 AGENCY Senate Finance Committee  
 PHONE 465-3753  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FILE HESS  
required  
6/15/81

FISCAL NOTE

I. REQUEST  
Bill/Resolution No. CSHB131 (HESS) amended  
Title An act increasing state aid for health facilities and hospitals  
Requested by Charlie Parr Date 6/3/1981

II. FISCAL DETAIL  
Agency Affected Department of Community & Regional Affairs  
Program Category Affected Development  
BRU, Program, or Subprogram(s) Affected Community Assistance Grants  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

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

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

3,765,999 additional funding would be required to fund CSHB 131(HESS) amended in FY 82. A ten percent increase per year was assumed for funding the next four fiscal years.

*Detels*

*Debra... (Funding)*

IV. DATE 6/3/1981 PREPARED BY Netta Cragg  
AGENCY Community & Regional Affairs  
PHONE 465-4733

Original: Legislative Finance  
Public Administration

# Alaska State Legislature

REPRESENTATIVE  
BETTE CATO  
DISTRICT 5  
BOX 775  
VALDEZ, ALASKA 99686  
(907) 835-4568  
WHILE IN JUNEAU  
POUCH V  
JUNEAU, ALASKA 99811  
(907) 465-4858

## House of Representatives

COMMITTEES  
CHAIRMAN  
HOUSE TRANSPORTATION  
VICE CHAIRMAN  
HOUSE HEALTH EDUCATION  
AND  
SOCIAL SERVICES

JUN 01

### MEMORANDUM

June 5, 1981

TO : Senator Don Bennett

FROM : Rep. Bette Cato *BC*

RE : HB 131 Increase state aid to health facilities and hospitals

I want to tell you personally the importance of House Bill 131 to the small hospitals in my district.

Because of the fixed operational costs and because patients go to larger hospitals for prolonged length of stay, the small hospital incurs the heavy first cost without recovery of costs on patient time. With this lack of "recovery" costs, a small hospital experiences severe monetary difficulty.

Small hospitals are located in areas where emergency and immediate care are vitally essential to the patient and the community.

I would appreciate your consideration of House Bill 131. If you have any questions or I can provide additional information, please feel free to contact my office.

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB131 (HESS) amended

Title An act increasing state aid for health facilities and hospitals

Requested by Charlie Parr

Date 6/3/1981

II. FISCAL DETAIL

Agency Affected Department of Community & Regional Affairs

Program Category Affected Development

BRU, Program, or Subprogram(s) Affected Community Assistance Grants

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

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OTHER (Specify Fund Source)						

POSITIONS

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

3,765,999 additional funding would be required to fund CSHB 131(HESS) amended in FY 82. A ten percent increase per year was assumed for funding the next four fiscal years.

IV. DATE 6/3/1981

PREPARED BY Netta Crago

AGENCY Community & Regional Affairs

Original: Legislative Finance

PHONE 465-4733

cc: Budget and Management

CS HB 131 amended

COLUMN WRITE

		Hospitals 1000/bed	Hosp. w/10 or more beds 250,000/hosp.	Hosp. w/less than 10 beds 50,000/hosp.	Health Facilities 2000/bed	Health Facilities 8000/Facility
1	<u>Boroughs</u>					
2	Anchorage	449000			650000	64000
3	Juneau		250000		180000	
4	Kenai Peninsula		500000			
5	Kodiak Island		250000		54000	72000
6	North Slope					56000
7	Sitka		250000		24000	8000
8						
9	<u>CITIES</u>					
10	Cordova		250000			24000
11	Craig					8000
12	Fairbanks		250000		132000	24000
13	Galena					8000
14	Homer					16000
15	Hydaburg					8000
16	Kenai					16000
17	Ketchikan		250000			
18	King Cove					8000
19	Klawock					8000
20	Nome		250000			16000
21	Palmer		250000			
22	Pelican					8000
23	Petersburg		250000			16000
24	Sand Point					8000
25	Saint Mary's					8000
26	Seldovia					8000
27	Seward		250000		128000	16000
28	Stagway					8000
29	Unalaska					8000
30	Valdez		250000			8000
31	Wrangell		250000			8000
32	Ukatat					8000
33	Bethel				98000	8000
34	57 x 8000					456000
35						
36	Total	449000	3500000		1266000	904000
37						
38	6,119,000					
39	COLA 652,648					
40	6,771,648					
	3,005,648 current funding					
	3,765,999					

Original sponsors: Haugen, Bettisworth,  
Cato, et al

Offered: 4/1/81  
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2

CS FOR HOUSE BILL NO. 131 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act increasing state aid for health facilities and  
7 hospitals; and providing for an effective date."

8

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

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\* Section 1. AS 29.89.030(a)(1) is amended to read:

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\* Sec. 2. AS 29.89.030(a)(3) is amended to read:

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the number of beds provided for in the construction design of the

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health facility, or \$8,000 [\$4,000] per health facility as the munici-

24

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25

\* Sec. 3. This Act takes effect July 1, 1981.

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**Health, Education and  
Social Services Committee**



Charlie Parr, Chairman  
Terry Stimson, Vice-Chairman  
Vic Fischer  
Tim Kelly  
Mike Colletta

Official Business

**Alaska State Legislature**  
**Senate**

Pouch V  
State Capitol  
Juneau, Alaska 99811  
465-4907  
465-4908

MEMORANDUM

TO: Netta Crago  
FROM: Rocky Plotnick Weller *Rocky*  
DATE: June 3, 1981  
RE: Fiscal Note for HB 131

On Monday, June 1, the Senate HESS Committee amended CSHB 131(HESS). The amendment is on page 1, line 21 of the bill. It deletes "\$1,000" and replaces it with "\$2,000". Please revise your fiscal note accordingly.

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. CSHB131 (HESS) amended  
 Title An act increasing state aid for health facilities and hospitals  
 Requested by Charlie Parr Date 6/3/1981

II. FISCAL DETAIL  
 Agency Affected Department of Community & Regional Affairs  
 Program Category Affected Development  
 BRU, Program, or Subprogram(s) Affected Community Assistance Grants  
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EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
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FUNDING (Thousands of Dollars)

GENERAL FUND		3,766.0	4,142.6	4,556.9	5,012.6	5,513.9
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

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

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

3,765,999 additional funding would be required to fund CSHB 131(HESS) amended in FY 82. A ten percent increase per year was assumed for funding the next four fiscal years.

IV. DATE 6/3/1981 PREPARED BY Netta Crago  
 AGENCY Community & Regional Affairs  
 Original: Legislative Finance PHONE 465-4733

CS HB 131 amended

	1	2	3	4	5
	Hospitals 1000/bed	Hosp. w/10 or more beds 250,000/hosp.	Hosp. w/less than 10 beds 50,000/hosp.	Health Facilities 200/bed	Health Facilities 8000/Facility
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**Health, Education and  
Social Services Committee**

Charlie Parr, Chairman  
Terry Stimson, Vice-Chairman  
Vic Fischer  
Tim Kelly  
Mike Colletta



Official Business

**Alaska State Legislature**  
**Senate**

Pouch V  
State Capitol  
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# **CORRECTION**

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

**Health, Education and  
Social Services Committee**

Charlie Parr, Chairman  
Terry Stimson, Vice-Chairman  
Vic Fischer  
Tim Kelly  
Mike Colletta



Official Business

**Alaska State Legislature**  
**Senate**

Pouch V  
State Capitol  
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465-4907  
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Original sponsors: Haugen, Bettisworth,  
Cato, et al

Offered: 4/1/81  
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 131 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act increasing state aid for health facilities and  
7 hospitals; and providing for an effective date."

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

9 \* Section 1. AS 29.89.030(a)(1) is amended to read:

10 (1) to a municipality which has the power to provide hospital  
11 facilities and services and which exercises that power, \$1,000 per bed  
12 for each bed actually used for patient care, limited to the number of  
13 beds provided for in the construction design of the hospital, or  
14 \$250,000 [\$75,000] a hospital for those hospitals with 10 or more beds,  
15 or \$50,000 [\$25,000] a hospital for those hospitals with less than 10  
16 beds, as the municipality may elect; money received under this paragraph  
17 may be used only for hospitals and shall be apportioned among qualify-  
18 ing hospitals as the municipality determines;

19 \* Sec. 2. AS 29.89.030(a)(3) is amended to read:

20 (3) to a municipality in which a health facility is operated,  
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~~\$1,000~~ per bed for each bed actually used for patient care, limited to  
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23 health facility, or \$8,000 [\$4,000] per health facility as the munici-  
24 pality determines.

25 \* Sec. 3. This Act takes effect July 1, 1981.  
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FISCAL NOTE

*Rule*

I. REQUEST  
 Bill/Resolution No. CSHB 131 (HESS) (Page 1 of 2)  
 Title An Act relating to state aid for health facilities and hospitals  
 Requested by Haugen Date May 18, 1981

II. FISCAL DETAIL  
 Agency Affected Department of Community and Regional Affairs  
 Program Category Affected Development  
 BRU, Program, or Subprogram(s) Affected Community Assistance Grants  
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
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<b>TOTAL</b>		2,373.1	2,610.4	2,871.5	3,158.6	3,474.5

FUNDING (Thousands of Dollars)

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GENERAL FUND		2,373.1	2,610.4	2,871.5	3,158.6	3,474.5
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME		-0-	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						

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

2,373,067 additional funding would be required to fund HB 131 in FY 82. A 10 percent increase per year was assumed for funding the next five fiscal years.

IV. DATE May 18, 1981 PREPARED BY Netta Crao  
 AGENCY Community and Regional Affairs  
 PHONE 465-4733  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

COLUMN WRITE

	1	2	3	4	5
	Hospitals 1000/bed	Hosp. w/10 or more beds 250000/bosp.	Hosp. w/less than 10 beds 50,000/hosp.	Health Fac. 1000/bed	Health Fac. 8000/fac.
<b>BORNIUHS</b>					
1	Anchorage	425000		325000	64000
2	Juneau		250000	90000	
3	Kenai Peninsula		500000		
4	Kodiak Island			27000	72000
5	North Slope				56000
<b>CITIES</b>					
6	Cordova		250000		24000
7	Craig				8000
8	Fairbanks	1550000		66000	24000
9	Galena				8000
10	Homer				16000
11	Hydaburg				8000
12	Kenai				16000
13	Ketchikan		250000		
14	King Cove				8000
15	Klawock				8000
16	Nome		250000		16000
17	Palmer		250000		
18	Pelican				8000
19	Petersburg		250000		16000
20	Sand Point				8000
21	Saint Mary's				8000
22	Seldovia				8000
23	Seiward		250000	64000	16000
24	Stagway				8000
25	Unalaska				8000
26	Valdez		250000		8000
27	Wrangell		250000		8000
28	Yatutut				8000
29	Bethel			49000	8000
30	57 x 8,000				456000
31	Total	580000	2750000	621000	896000
32	4,847,000				
33	COLA 531,716				
34	5,378,716				

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 131 (HESS)

Title Increasing Aid for Health Facilities and Hospitals

Requested by House Finance Date 5/16/81

II. FISCAL DETAIL

Agency Affected Dept. of Community & Regional Affairs

Program Category Affected Development

BRU, Program, or Subprogram(s) Affected Community Assistance Grants/Revenue Sharing

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		2373.1				
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND		2373.1				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE 5/16/81 PREPARED BY Elmer Lindstrom  
 AGENCY Legislative Finance  
 PHONE 465-3795

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

POSITION PAPER  
ON  
HOUSE BILL 131  
(Revised 3/18/81)

"An Act increasing state aid for health facilities and hospitals; and providing for an effective date."

House Bill 131 provides an increase in the amounts available under the health facilities revenue sharing program to municipalities for the operation of health facilities and hospitals. The Department recognizes the need for assistance in operations for many of the State's health facilities, particularly the small rural hospitals.

The health facility revenue sharing program, which was originated to relieve health facilities of financial strains placed upon them because of uncollectable debts, has undergone changes in support levels and perhaps in its philosophy since it was established in 1971. There have been similar efforts to increase the minimum amounts available in recent legislative sessions.

All health facilities have basic operational costs which must be supported regardless of the volume of patients available to generate revenues. This fact can perhaps best be seen by looking at the minimum requirements for a hospital.

Each hospital, whether rural or urban, must have the following basic areas in its facility through which to provide health care services:

Patient Care Including:

1 intensive care room	1 coronary care room
1 isolation room	1 psychiatric room
1 two-bed pediatric room	2 two-bed acute care rooms
1 five-crib nursery	
	TOTAL 5,600 sq. ft.

Gross square feet:

Surgical	2,400	Obstetrics	3,400
Emergency	1,100	Radiology	900
Laboratory	400	Physical therapy	500
Dietary	1,700	Administration	1,600
Central services	400	General storage	300
Laundry	700	Waste disposal	600
Morgue	400	Outpatient	2,000

COMBINED sq. ft. TOTAL 22,000

There is a basic cost of operation for this minimum hospital which results from staffing costs, building maintenance, and utilities.

The costs for building maintenance and utilities are almost entirely a function of the area of the hospital. The staffing costs are directly related to the services which are offered by the hospital and comprise the greater part of operating costs. A certain level of minimum staffing for the functions of medical records, dietary, maintenance, housekeeping, laundry, nursing, laboratory, x-ray, etc., is unavoidable and must exist in order for a hospital to provide service. Due to the low population served and thus the low levels of revenue generated, the rural hospitals and nursing homes have difficulty in meeting operating expenses. Many of the rural hospitals subsist only as a result of grants from local government.

for  
Committee Substitute for House Bill 131

All facilities continue to experience operational cost increases as a result of inflation reflected in increased fuel costs, increased salaries and increased cost of supplies.

The health facility revenue sharing program which at present provides operational costs to facilities on a regular annual basis according to the number of patient care beds available in each facility is not sufficient to provide more than a small portion of the operating expense of rural hospitals in particular. It is the feeling of the Department that the \$250,000 amount proposed in CSHB 131 is not unreasonable.

Recommended by: Phoebe A. Lindsey  
Phoebe A. Lindsey  
Director, Division  
of State Health Planning  
and Development

Date: April 7, 1981

Approved by: Helen D. Beirne  
Helen D. Beirne  
Commissioner

Date: 4/17/81

I. REQUEST  
 Bill/Resolution No. CS for HB 131  
 Title An Act increasing state aid for health facilities and hospitals.  
 Requested by \_\_\_\_\_ Date 4/9/81

II. FISCAL DETAIL

Agency Affected Health & Social Services  
 Program Category Affected Health  
 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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		0				
200 TRAVEL		0				
300 CONTRACTUAL		0				
400 COMMODITIES		0				
500 EQUIPMENT		0				
600 LAND & STRUCTURES		0				
700 GRANTS, CLAIMS, ETC.		0				
TOTAL		0				

FUNDING (Thousands of Dollars)

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

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE \_\_\_\_\_ PREPARED BY \_\_\_\_\_

AGENCY \_\_\_\_\_

PHONE \_\_\_\_\_

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

TESTIMONY BEFORE THE SENATE HESS COMMITTEE  
SUPPORT FOR HOUSE BILL 131

THE ALASKA STATE HOSPITAL ASSOCIATION STRONGLY SUPPORTS HOUSE BILL 131. THE INCREASE IN THE LEVEL OF THE MINIMUM GRANT TO HOSPITALS AND HEALTH FACILITIES IS VITAL TO THE SURVIVAL OF SEVERAL HOSPITALS AND HEALTH FACILITIES IN ALASKA AND NECESSARY FOR THE ASSURANCE OF APPROPRIATE LEVELS OF CARE IN A VAST MAJORITY OF THESE FACILITIES SERVING ALASKA. THE OPERATIONAL REVENUE SHARING PROGRAM BEGAN IN 1972 AT A MINIMUM LEVEL FOR HOSPITALS OF \$50,000 AND HAS SINCE BEEN INCREASED ONLY TO \$75,000. AT THE SAME TIME COST OF OPERATION OF HEALTH FACILITIES HAVE INCREASED MARKEDLY. WE BELIEVE THAT AN INCREASE IN THE MINIMUM GRANT TO \$250,000 FOR HOSPITALS IS APPROPRIATE.

IN THE YEARS SINCE 1972, HEALTH FACILITIES HAVE EXPERIENCED INFLATIONARY PRESSURES NOT EXPERIENCED BY THE REMAINDER OF THE ECONOMY. HEALTH FACILITIES WERE THE LAST INDUSTRY RELEASED FROM SALARY LIMITATIONS UNDER THE ECONOMIC STABILIZATION PROGRAM OF THE NIXON ADMINISTRATION AND AS A RESULT HAVE EXPERIENCED SUBSTANTIVELY GREATER PRESSURE TO BRING EQUITY TO EMPLOYEE WAGES.

HEALTH FACILITIES ARE HIGH ENERGY USERS. THE INCREASE IN THE COST OF FUEL OIL HAS APPROXIMATED 400%. ELECTRICITY HAS EXHIBITED SIMILAR INCREASES. THE COST OF FUEL IN CORDOVA BETWEEN FEBRUARY 1979 AND FEBRUARY 1980 ALMOST DOUBLED IN JUST THAT SINGLE YEAR.

PAGE TWO

OFTEN INCREASES ASSUMED TO BE UNRELATED TO HEALTH FACILITIES HAVE HAD A MARKED IMPACT ON HOSPITALS, FOR EXAMPLE, THE INCREASE IN SILVER PRICES CAUSED THE PRICE OF X-RAY FILMS, WHICH CONTAIN SILVER, TO SKYROCKET. THE PRICE OF PETROLEUM IMPACTS NOT ONLY FUEL COSTS BUT ALSO THE COST OF MANY PLASTIC DISPOSABLE ITEMS WHICH ARE NECESSARY IN A HEALTH FACILITY.

THE FACT THAT THE COST OF OPERATING A HEALTH FACILITY HAS INCREASED DRAMATICALLY CAN NOT BE DEBATED. ATTACHED IS A COPY OF "TRENDS", PUBLISHED BY THE AMERICAN HOSPITAL ASSOCIATION WHICH DEMONSTRATES NOT ONLY THE INCREASES IN HOSPITAL CHARGES, BUT THE INCREASES IN BASIC SUPPLY COSTS TO HEALTH FACILITIES. HEALTH FACILITIES IN ALASKA HAVE BEEN ATTEMPTING TO LIMIT THE INCREASES IN OUR COSTS OF OPERATION BUT AS YOU CAN SEE, WE HAVE NOT BEEN GETTING A GREAT DEAL OF HELP.

THE NEXT QUESTION IS WHETHER OR NOT THERE CONTINUES TO BE A NEED FOR STATE ASSISTANCE TO HEALTH FACILITIES. INDEED THERE IS. THERE IS NO TRADITIONAL PUBLIC GENERAL HOSPITAL SYSTEM IN ALASKA. THAT FUNCTION IS SERVED BY HOSPITALS THROUGHOUT THIS STATE. CURRENTLY, IT IS FUNDED THROUGH INCREASED "BAD DEBTS" OR OFFSET BY DIRECT ASSISTANCE FROM THE TAX BASE OF THE GOVERNMENTAL ENTITY IN WHICH JURISDICTION THE FACILITY WAS BUILT. THIS FUNDING IS ORDINARILY AN AMOUNT IN EXCESS OF THE CURRENT REVENUE SHARING GRANT WHICH THE STATE SENDS TO HEALTH FACILITIES THROUGH THE MUNICIPALITIES. AN INCREASE IN REVENUE SHARING TO HEALTH FACILITIES THEN, WILL NOT ONLY PROVIDE ASSISTANCE TO THE HEALTH FACILITY, BUT ALSO DIRECT PROPERTY TAX RELIEF.

PAGE THREE

CURRENTLY, AT LEAST, 10 HOSPITALS ARE RECEIVING LOCAL TAX FUNDS FOR SUPPORT IN ADDITION TO STATE REVENUE SHARING SUPPORT.

MOST HEALTH FACILITIES IN ALASKA ARE SMALL AND, BECAUSE OF REGIONAL ISOLATION, HAVE RELATIVELY LOW OCCUPANCY LEVELS. OCCUPANCY LEVELS ARE AVERAGES AND DO NOT REFLECT HIGH WEEKEND OCCUPANCY IN POPULAR WEEKEND AREAS SUCH AS SEWARD NOR NEAR HIGHWAY FACILITIES SUCH AS PALMER OR SEASONAL VARIATIONS IN COMMUNITIES SUCH AS CORDOVA. BECAUSE A HEALTH FACILITY IS A 24 HOUR, 365 DAY PER YEAR OPERATION, THERE IS A TREMENDOUS STAND-BY COST WHICH OFTEN CAN NOT BE MET BY PATIENT REVENUES. STILL, THERE IS A NEED FOR FACILITIES IN OUR SMALLER ISOLATED COMMUNITIES.

THE STATE DEPARTMENT OF HEALTH REQUIRES MINIMUM SQUARE FOOTAGE, TYPES OF EQUIPMENT AND PERSONNEL FOR LICENSURE. WHILE WE SUPPORT MOST LICENSURE STANDARDS, WE MUST ALSO NOTE THAT THERE IS A COST ATTACHED TO THOSE REQUIREMENTS. WE BELIEVE THAT THE BASIC MINIMUM ANNUAL OPERATIONAL COSTS FOR A HOSPITAL IN ALASKA IS APPROXIMATELY \$800,000. IT APPEARS TO THE ALASKA STATE HOSPITAL ASSOCIATION THAT A FLAT RATE OF \$250,000, APPROXIMATELY 30% OF THE BASIC ESTIMATED ANNUAL OPERATIONAL COST, WOULD VIABLY MAINTAIN THOSE FACILITIES CURRENTLY IN GREATEST NEED.

WE HAVE SURVEYED OUR MEMBER FACILITIES AND ARE FINDING THAT WITH A VERY FEW NOTABLE EXCEPTIONS, THERE IS VERY LITTLE VARIABLE COST IN ALASKA HOSPITALS. BECAUSE OF THE SIZE OF FACILITIES, THEY TEND TO BE DOWN TO THE MINIMUM NUMBER OF PERSONNEL POSSIBLE. THE PERSONNEL CAN ACCOMODATE MORE PATIENTS, BUT WITHOUT A NURSE ON THE NIGHT SHIFT, FOR EXAMPLE, WE COULD NOT OPERATE THE HOSPITAL. THE NURSE IS NECESSARY, WHETHER THERE IS ONE PATIENT OR 8 PATIENTS.

PAGE FOUR

SIMILARLY, BECAUSE OF SIZE, IT IS DIFFICULT TO ENJOY ANY ECONOMY OF SCALE OR VOLUME IN EQUIPMENT USAGE AND SOMETIMES IN PURCHASING POWER. THE ASSOCIATION SPONSORS AND SUPPORTS TWO GROUP PURCHASING ACTIVITIES IN ALASKA TO ASSIST WITH THIS PROBLEM, ONE WITH THE SISTERS OF PROVIDENCE AND ONE WITH HEALTH AND HOSPITAL SERVICES, INCORPORATED. WHILE THIS ASSISTS, IT IN NO WAY TOTALLY SOLVES THE PROBLEM.

WE HAVE READ AND GENERALLY ACCEPT THE REPORT DELIVERED TO THE LEGISLATURE ON HOSPITAL AND HEALTH FACILITY OPERATION AND CONSTRUCTION ASSISTANCE, DATED FEBRUARY 1, 1981 BY THE DEPARTMENT OF HEALTH AND SOCIAL SERVICES, AS IT RELATES TO CONSTRUCTION ASSISTANCE, AS THE REPORT RELATES TO OPERATIONAL ASSISTANCE, WE VIEW THE DEPARTMENT'S POSITION PAPER ON HB 131 AS AN ADDENDUM TO THAT REPORT WHICH WE UNDERSTAND AS SUPPORT.

WE BELIEVE THAT HB 131 MERITS YOUR FAVORABLE CONSIDERATION AND SUGGEST THAT, ESPECIALLY IN VIEW OF THE FACT THAT THIS IS THE ONLY MUNICIPAL REVENUE SHARING PROGRAM NOT INCREASED IN 1980, IT IS VITALLY IMPORTANT THAT THIS MEASURE BE ENACTED THIS YEAR.

WE HAVE ATTACHED A LIST OF HOSPITALS AND OPERATING LOSSES OR GAINS FOR YOUR REVIEW.

## Community Hospital Indicators Office of Public Policy Analysis

American Hospital Association  
840 North Lake Shore Drive  
Chicago, Illinois 60611

Number 42  
May 1981  
Data for February 1981

### REPORT ON FEBRUARY 1981 HOSPITAL PERFORMANCE

Community hospital inpatient expenses rose 16.0 percent between February 1980-81. Adjusted for the extra working day in February 1980 due to leap year, expenses increased 19.9 percent; this was consistent with the expense trend in the preceding two months. In comparison, inpatient expenses increased 14.2 percent between February 1979-80 (leap year adjusted) and 16.8 percent between calendar year 1979-80.

February 1980-81 was characterized by moderate utilization growth. Even when adjusted for the effect of leap year, all major utilization indicators--admissions, patient days, surgeries, outpatient visits and births--increased less rapidly between February 1980-81 than in the year-earlier period or between calendar year 1979-80.

Rising hospital market basket prices accounted for 70 percent of the increase in inpatient expenses between February 1980-81.

Staffed beds rose 2.1 percent between February 1980-81, which was consistent with growth during the past seven months; in the year-earlier period beds increased less rapidly, 0.4 percent. The increase in staffed beds was slightly greater than the increase in patient census; consequently, the occupancy rate decreased slightly, from 80.2 percent, in February 1980 to 79.9 percent in February 1981.

The staffing ratio (FTE per occupied bed) rose 4.7 percent in the current period, in part reflecting an uncharacteristic 1.1 percent decline between February 1979-80. This indicator tends to fluctuate from month-to-month due to short-term changes in utilization trends.

The attached graphs have been reformatted from 1980, to better display underlying trends. For each month, the graphs show the percent change for the three-month period ending with that month; each period is compared with the same three-month period one year earlier. Graphs have been adjusted to eliminate the effect of the extra working day in February 1980 due to leap year.

Community hospital inpatient expenses increased 16.0% between February 1980-81. Adjusted for the effect of the extra leap year day in February 1980, inpatient expenses increased 19.9%. Growth was consistent with preceding months, and was above rates of increase experienced between February 1979-80 (14.2% leap year adjusted), or calendar year 1979-80 (16.8%). February 1981 expenses reflected the impact of more rapid increases in personnel, unit labor costs and supply expenses, which was consistent with patterns of expense growth during recent months. However, growth of utilization moderated, and all utilization measures increased less rapidly than in the year-earlier period or between calendar year 1979-80.

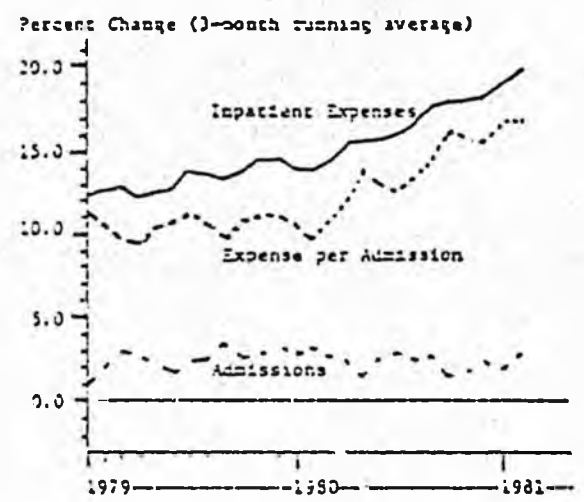
	Percent change**	
	1980	1981
Total expenses	14.5	20.0
Inpatient expenses	14.2	19.9
Nonlabor inpatient expenses	15.0	18.9
Labor inpatient expenses	13.6	20.6
Payroll/FTE	10.7	12.7
FTE	2.8	6.4
Staffing ratio	- 1.1	4.7
Beds	0.4	2.1
Admissions	3.9	1.6
Inpatient days	4.0	1.7
Surgical operations	6.5	1.4

\*From previous February  
 †Adjusted for the 1980 leap year

Inpatient Expenses\*

The 19.9% increase in inpatient expenses between February 1980-81 represents the combined effect of an 18.2% rise in the cost of treating the average case and a 1.6% increase in admissions. Between February 1979-80 cost per case rose 9.6% and admissions rose 3.9%, resulting in a 14.2% increase in inpatient expenses. More rapid growth of expense per case in the current period reflected the impact of pent-up inflationary pressures and the nursing shortage on wage rates, as well as the effect of the increase in Social Security contributions and the minimum wage that went into effect in January. Cost per case also reflected the impact of an increase in labor intensity and supply volume.

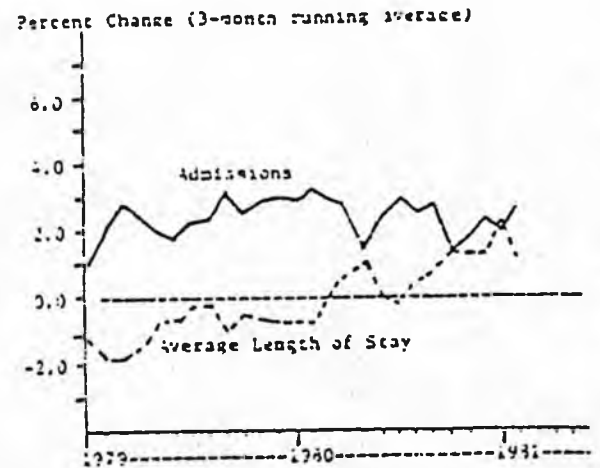
\*Adjusted for the 1980 leap year.



Utilization\*

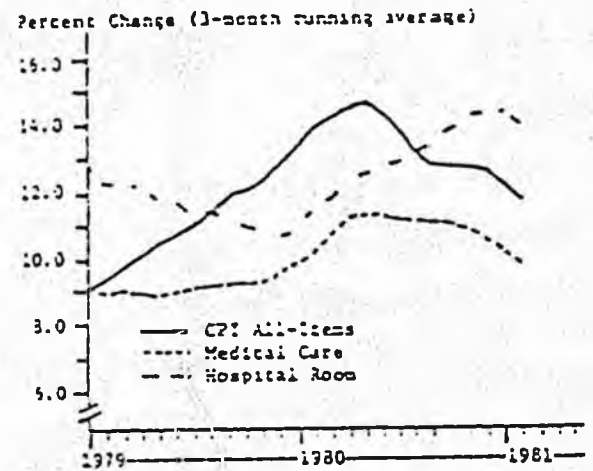
The February 1980-81 period was characterized by moderate utilization growth. Admissions, patient days, surgeries, outpatient visits and births all increased less rapidly between February 1980-81 than in the year earlier period or between calendar year 1979-80. Admissions rose 1.6%, compared to 2.9% between calendar year 1979-80. The rise in admissions reflected the combined effect of a 1.3% rise in under-65 admissions and a relatively moderate 2.5% rise in 65-and-over admissions. Average length of stay rose only marginally (0.1%), in contrast to the unusually large (5.2%) rise that occurred in the preceding month. Between February 1980-81 under-65 length of stay decreased 0.6% and 65-and-over length of stay rose 0.3%.

\*Adjusted for the 1980 leap year.



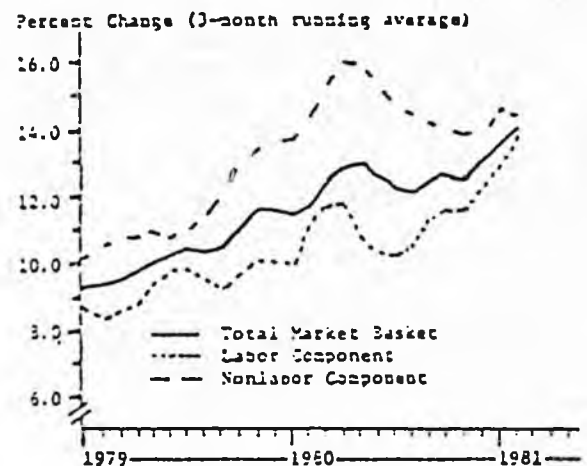
### Consumer, Medical and Hospital Prices

The growth rate of the Consumer Price Index (CPI) has been consistently decelerating in recent periods, from a peak of 14.7% between April 1979-80 to 11.3% between February 1980-81. Growth of the medical care component has also decelerated, although more moderately, from 11.5% between May 1979-80 to 9.6% in the current period. Medical care prices have been increasing less rapidly than the All-Items CPI since December 1978. Growth of the hospital room component rose from a 12.3% rate between February 1979-80 to a 13.6% rate between February 1980-81. Because of contract purchasing and the 12- to 18-month lag before changes in the rate of inflation are fully reflected in hospital wage rates, deceleration in hospital prices historically has lagged price deceleration in the general economy.



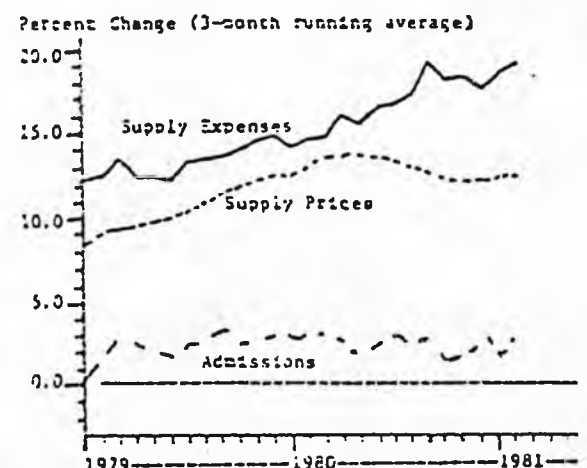
### Hospital Market Basket

Although inflation in the general economy has slowed, hospitals are continuing to feel the impact of pent-up inflationary pressures. The growth rate of the Hospital Market Basket rose from 12.7% between February 1979-80 to 13.4% in the current period. The labor component accelerated 2.9 percentage points from a 10.4% rate between February 1979-80 to a 13.3% rate in the current period. The impact of this acceleration was partially offset by a reduction in growth of the nonlabor component, from 15.5% between February 1979-80 to 13.5% between February 1980-81. All nonlabor categories except professional fees and food increased less rapidly in the current period than between February 1979-80. Overall, rising market basket prices accounted for 70% of the (leap year adjusted) increase in inpatient expenses between February 1980-81.



### Supply Expenses\*

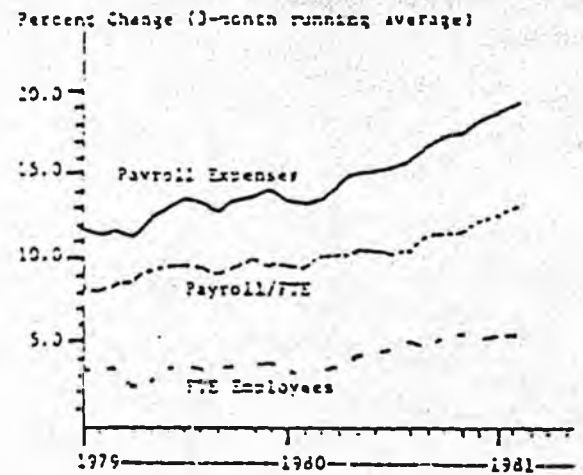
Inpatient supply expenses increased 18.4% between February 1980-81 as a result of a 5.6% increase in supply volume and a 12.1% increase in supply prices as measured by the Hospital Market Basket. In the year-earlier period supply expenses rose 15.7% due to less rapid growth of supply volume (1.8%). Supply prices increased less rapidly in the current period (12.1%) than between February 1979-80 (13.7%). The growth rate of supply prices has fallen during recent periods, from a peak of 14.0% between April 1979-80. However, the deceleration in hospital supply prices has been smaller than the deceleration in the All-Items CPI. The increase in supply prices accounted for 68% of the increase in community hospital supply expenses between February 1980 and February 1981.



\*Adjusted for the 1980 leap year.

Inpatient labor expenses increased 20.6% between February 1980-81, compared to 13.6% between February 1979-80. Accelerating growth of labor expenses, consistent with 1980 trends, reflects increased employment and the impact of pent-up inflationary pressures and the nursing shortage on unit labor costs. Other factors affecting labor costs in 1981 are an increase in the minimum wage to \$3.35 per hour, and a rise in employer Social Security contributions. The growth rate of unit labor costs (labor expenses per FTE) rose from 10.4% between February 1979-80 to 13.3% between February 1980-81, and the growth rate of payroll expenses per FTE rose from 10.7% to 12.7%. Payroll expenses accounted for 86% of labor costs in February 1981.

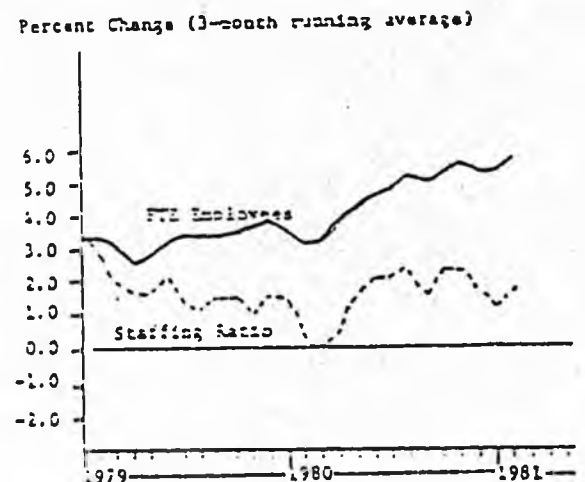
\*Adjusted for the 1980 leap year.



#### Employment\*

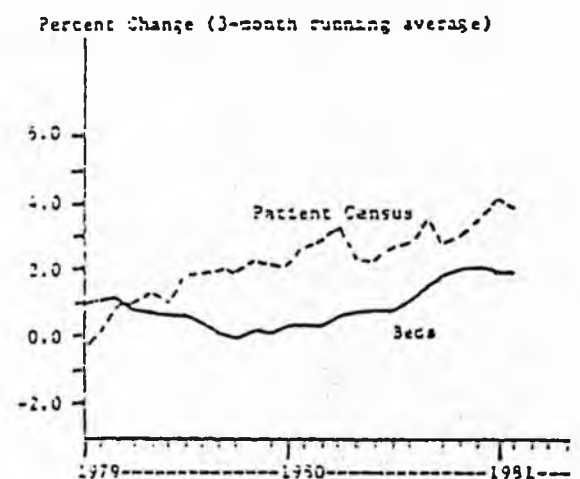
The staffing ratio (FTEs per occupied bed) increased at the above-average rate of 4.7% between February 1980-81. Employment tended to increase more rapidly in the census regions that had experienced rapid growth of 65-and-over utilization in recent months. The unusual increase in the staffing ratio between February 1980-81 in part reflected an unusually low staffing ratio in the February 1980 base period; the staffing ratio, somewhat uncharacteristically, had declined 1.1% between February 1979-80. This indicator tends to fluctuate from month-to-month due to sizeable short-term variation in utilization.

\*Adjusted for the 1980 leap year.



#### Beds and Census

Community hospital staffed bed levels increased 2.1% between February 1980-81, which was consistent with growth during the past seven months. Staffed beds increased most rapidly (3% or more) in the census regions that had experienced the greatest increase in utilization in the most recent three-month period. Staffed bed data reflects the effect of bed construction, as well as the opening or closing of existing beds in response to actual or anticipated changes in utilization. In contrast to the trend of the past two years, the increase in staffed beds was slightly above the growth of patient census, and the occupancy rate decreased from 80.2% in February 1980 to 79.9% in February 1981.



Selected Hospital Performance Indicators: February 1980 and 1981

	Percent change from same period, previous year			
	-Month of February		Year-to-date	
	1980	1981	1979	1980
<u>Inpatient Expenses &amp; Staffing</u>				
Inpatient expenses	18.0	16.0	15.8	17.9
Adjusted for 1980 leap year*	14.2	19.9	13.9	19.8
Inpatient expenses per admission	9.6	18.2	10.3	19.7
Inpatient expenses per inpatient day	9.6	18.1	10.4	16.6
Labor expenses	17.6	16.4	15.3	18.2
Adjusted for 1980 leap year	13.6	20.6	13.3	20.2
Payroll expenses	17.9	15.8	15.3	17.6
Adjusted for 1980 leap year	13.9	19.9	13.4	19.6
Employee benefits	15.8	20.7	15.0	21.6
Adjusted for 1980 leap year	11.8	25.0	13.0	23.7
FTE personnel	2.8	6.4	2.7	6.1
Nonlabor expenses	18.5	15.4	16.4	17.5
Adjusted for 1980 leap year	15.0	18.9	14.7	19.2
Depreciation	12.3	18.9	12.5	18.8
Interest	8.5	29.1	9.0	29.5
Supplies, services & other expenses	19.8	14.3	17.3	16.7
Adjusted for 1980 leap year	15.7	18.4	15.3	18.7
Supply expenses per admission	11.3	16.5	11.7	18.5
<u>Total (Inpatient &amp; Outpatient) Expenses &amp; Staffing</u>				
Total expenses	18.4	16.1	16.3	17.9
Adjusted for 1980 leap year	14.5	20.0	14.4	19.8
Labor expenses	18.0	16.6	15.8	18.2
Adjusted for 1980 leap year	13.9	20.8	13.9	20.3
Payroll expenses	18.3	15.9	15.9	17.7
Adjusted for 1980 leap year	14.2	20.0	13.9	19.7
Employee benefits	16.1	20.9	15.5	21.7
Adjusted for 1980 leap year	12.1	25.2	13.5	23.8

\*Due to leap year, February 1980 was one day longer than February 1981. As a result, utilization, payroll expenses, employee benefits and supply expenses were greater than in a normal February of 28 days. Utilization and expense data have, therefore, been adjusted for this difference in the number of days in the reporting period.

Selected Hospital Performance Indicators: February 1980 and 1981

	Percent change from the same period, previous year			
	Month of February		Year-to-date	
	1980	1981	1979	1980
<u>Total (Inpatient &amp; Outpatient)</u>				
<u>Expenses &amp; Staffing (cont.)</u>				
Labor expenses/FTE	14.4	9.4	12.3	11.4
Adjusted for 1980 leap year	10.4	13.3	10.4	13.3
Payroll expenses/FTE	14.7	8.8	12.3	10.9
Adjusted for 1980 leap year	10.7	12.7	10.4	12.8
Employee benefits/FTE	12.6	13.4	12.0	14.7
Adjusted for 1980 leap year	8.7	17.5	10.1	16.6
FTE personnel	3.1	6.6	3.1	6.1
Full-time personnel	2.8	5.6	2.8	5.1
Part-time personnel	5.4	12.3	5.5	12.1
FTE/100 adjusted census	-1.1	4.7	-0.4	3.1
Nonlabor expenses	18.8	15.6	16.9	17.5
Adjusted for 1980 leap year	15.3	19.1	15.2	19.3
Depreciation	12.6	19.1	13.0	18.9
Interest	8.8	29.3	9.5	29.6
Supplies, services & other expenses	20.2	14.4	17.8	16.8
Adjusted for 1980 leap year	16.0	18.5	15.8	18.8
<u>Utilization</u>				
Beds	0.4	2.1	0.4	2.0
Admissions	7.6	-1.9	5.0	-1.5
Adjusted for 1980 leap year	3.9	1.6	3.3	0.1
Inpatient days	7.7	-1.8	4.8	1.1
Adjusted for 1980 leap year	4.0	1.7	3.1	2.8
Average length of stay	0.1	0.1	-0.2	2.7
Outpatient visits	14.0	-5.3	10.2	-2.7
Adjusted for 1980 leap year	10.1	-1.0	8.4	-1.0
Surgical operations	10.4	-2.1	7.3	-2.6
Adjusted for 1980 leap year	6.6	1.4	5.5	-0.9
Adjusted for 1980 leap year	8.0	-1.7	3.8	0.3
Adjusted for 1980 leap year	4.3	1.8	2.1	2.1
Rate*	80.2	79.9	79.4	80.0

Rate\* is occupancy rate (%) instead of percent change.

# **CORRECTION**

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

Selected Hospital Performance Indicators: February 1980 and 1981

	Percent change from the same period, previous year			
	Month of February		Year-to-date	
	1980	1981	1979	1980
<u>Total (Inpatient &amp; Outpatient)</u>				
<u>Expenses &amp; Staffing (cont.)</u>				
Labor expenses/FTE	14.4	9.4	12.3	11.4
Adjusted for 1980 leap year	10.4	13.3	10.4	13.3
Payroll expenses/FTE	14.7	8.8	12.3	10.9
Adjusted for 1980 leap year	10.7	12.7	10.4	12.8
Employee benefits/FTE	12.6	13.4	12.0	14.7
Adjusted for 1980 leap year	8.7	17.5	10.1	16.6
FTE personnel	3.1	6.6	3.1	6.1
Full-time personnel	2.8	5.6	2.8	5.1
Part-time personnel	5.4	12.3	5.5	12.1
FTE/100 adjusted census	-1.1	4.7	-0.4	3.1
Nonlabor expenses	18.8	15.6	16.9	17.5
Adjusted for 1980 leap year	15.3	19.1	15.2	19.3
Depreciation	12.6	19.1	13.0	18.9
Interest	8.8	29.3	9.5	29.6
Supplies, services & other expenses	20.2	14.4	17.8	16.8
Adjusted for 1980 leap year	16.0	18.5	15.8	18.8
<u>Utilization</u>				
Meds	0.4	2.1	0.4	2.0
Admissions	7.6	-1.9	5.0	-1.5
Adjusted for 1980 leap year	3.9	1.6	3.3	0.1
Inpatient days	7.7	-1.8	4.8	1.1
Adjusted for 1980 leap year	4.0	1.7	3.1	2.8
Average length of stay	0.1	0.1	-0.2	2.7
Outpatient visits	14.0	-5.3	10.2	-2.7
Adjusted for 1980 leap year	10.1	-2.0	8.4	-1.0
Surgical operations	10.4	-2.1	7.3	-2.6
Adjusted for 1980 leap year	6.6	1.4	5.5	-0.9
Births	8.0	-1.7	3.8	0.3
Adjusted for 1980 leap year	4.3	1.8	2.1	2.1
Occupancy rate*	80.2	79.9	79.4	80.0

\*Data reflect occupancy rate (%) instead of percent change.

Selected Hospital Performance Indicators: February 1980 and 1981

	Percent change from same period, previous year			
	Month of February		Year-to-date	
	1980	1981	1979	1980
<u>Utilization (cont.)</u>				
65-and-over admissions	13.6	-1.1	10.6	2.5
Adjusted for 1980 leap year	9.7	2.5	8.7	4.2
65-and-over inpatient days	12.5	-0.3	9.4	5.0
Adjusted for 1980 leap year	8.6	3.3	7.6	6.8
65-and-over length of stay	-1.0	0.8	-1.1	2.4
Under-65 admissions	5.5	-2.2	3.0	-3.1
Adjusted for 1980 leap year	1.8	1.3	1.3	-1.4
Under-65 inpatient days	4.7	-2.8	2.0	-1.5
Adjusted for 1980 leap year	0.1	0.6	0.3	0.2
Under-65 length of stay	-0.7	-0.6	-1.0	1.7
<u>Hospital Market Basket</u>				
Total market basket	12.7	13.4	12.3	13.6
Labor	10.4	13.3	10.4	13.3
Nonlabor	15.5	13.5	14.7	13.9
Capital	25.0	21.8	22.3	24.0
Supplies & services	13.7	12.1	13.3	12.0
Professional fees	10.1	10.6	9.6	10.7
Insurance	11.2	10.3	12.8	10.4
Food	7.0	8.9	7.2	9.6
Fuel & utilities	28.1	18.5	27.1	18.1
Medical supplies & pharmaceuticals	10.9	10.5	9.9	11.1
Administrative supplies	12.5	9.8	12.3	11.6
Housekeeping, maintenance & other supplies	11.8	11.9	15.0	14.1

Source: American Hospital Association, Hospital Data Center, National Hospital Panel Survey, and Office of Public Policy Analysis (Hospital Market Basket)

alaska  
state  
hospital  
association

319 Seward St., Juneau, Alaska 99801 (907) 586-1790

REPRESENTING ACUTE, LONG TERM AND OUTPATIENT FACILITIES

President  
Sister Barbara Maase  
Ketchikan General Hospital  
Ketchikan

President Elect  
Tom Mingen  
Fairbanks Memorial Hospital  
Fairbanks

Secretary/Treasurer  
Ron Pavellas  
Alaska Hospital & Medical  
Center  
Anchorage

Immediate Past President  
Al Camosso  
Providence Hospital  
Anchorage

Executive Director  
Dennis L. DeWitt  
Juneau

June 3, 1981

The Honorable Don Bennett  
Alaska State Senate  
Pouch V, State Capitol Building  
Juneau, Alaska 99811

Dear Senator Bennett:

The Alaska State Hospital Association wishes to indicate our strong support for HB 131. This is our highest legislative priority for 1981.

It is unfortunate that health facility revenue sharing was passed over last year when other forms of revenue sharing were increased. As a result, many health facilities which were in difficult financial situations are in desperate shape this year. We believe HB 131 would prudently assist health facilities in Alaska and by its design, would offer greatest assistance to those most often in need of such assistance.

I have enclosed a copy of our testimony, a copy of "Trends", a summary sheet indicating the financial and occupancy status of several hospitals and a summary which shows how and where the increases would occur.

We would respectfully request your favorable consideration of HB 131.

Sincerely,

Dennis L. DeWitt  
Executive Director

DLD/b

cc: Members of Senate Finance

HOSPITAL	REVENUE OVER EXPENSES (LOSS) GAIN	DAILY SERVICE CHARGE	OCCUPANCY	LENGTH OF STAY
Alaska Hospital	(2.5 Million)	220.00	53.6	4.7
Bartlett (Juneau)	(-0-)	190.00	46.2	4.2
Central Peninsula Soldotna	210,000	195.00	56.4	3.2
Cordova	(120,907)	195.00	28.5	5.1
Kodiak	(155,426)	215.00	43.9	2.8
Petersburg	(135,000)	190.00	21.0	3.0
Seward	(211,000)	190.00	10.0	2.7
Sitka	(251,000)	190.00	42.9	4.3
South Peninsula (Homer)	(240,000)	195.00	79.0	2.8
Valdez	(374,438)	210.00	13.4	2.5
Valley (Palmer)	(354,297)	185.00	50.0	2.9
Wrangell	(130,593)	190.00	24.0	3.4
Norton Sound	(276,901)	342.00	51.0	3.9

	HOSPITALS CURRENT	HOSPITALS WITH 10 OR MORE BEDS HB 131	HEALTH FACILITIES \$2,000/BED - HB 131	HEALTH FACILITIES \$8,000/FACILITY HB 131
<u>BOROUGHES</u>				
Anchorage	425,000	500,000	650,000	64,000
Juneau	75,000	250,000	180,000	
Kenai Peninsula	75,000	500,000		
Kodiak Island			54,000	72,000
North Slope				56,000
<u>CITIES</u>				
Cordova	75,000	250,000		24,000
Craig				8,000
Fairbanks	155,000	250,000	132,000	24,000
Galena				8,000
Homer				16,000
Hydaburg				8,000
Kenai				16,000
Ketchikan	90,000	250,000		
King Cove				8,000
Klawock				8,000
Nome	75,000	250,000		16,000
Palmer	75,000	250,000		
Pelican				8,000
Petersburg	75,000	250,000		16,000

HOSPITALS  
CURRENT

HOSPITALS WITH 10  
OR MORE BEDS  
HB 131

HEALTH FACILITIES  
\$2,000/BED  
HB 131

HEALTH FACILITIES  
\$8,000/FACILITY  
HB 131

CITIES

Sand Point				8,000
Saint Mary's				8,000
Seldovia				8,000
Seward	75,000	250,000	128,000	16,000
Skagway				8,000
Unalaska				8,000
Valdez	75,000	250,000		8,000
Wrangell	75,000	250,000		8,000
Yakutat				8,000
Bethel			98,000	8,000
57 X 8,000				456,000
TOTAL		3,500,000	1,242,000	896,000

ESTIMATED TOTAL COST	5,638,000
LESS EST. CURRENT FUNDING	<u>3,006,000</u>
ESTIMATED ADDED COST	2,632,000

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
Bill/Resolution No. CSHB131 (HESS) amended  
Title An act increasing state aid for health facilities and hospitals  
Requested by Charlie Parr Date 6/3/1981

II. FISCAL DETAIL  
Agency Affected Department of Community & Regional Affairs  
Program Category Affected Development  
BRU, Program, or Subprogram(s) Affected Community Assistance Grants  
(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		3,766.0	4,142.6	4,556.9	5,012.6	5,513.9
TOTAL		3,766.0	4,142.6	4,556.9	5,012.6	5,513.9

FUNDING (Thousands of Dollars)

GENERAL FUND		3,766.0	4,142.6	4,556.9	5,012.6	5,513.9
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

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

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

3,765,999 additional funding would be required to fund CSHB 131(HESS) amended in FY 82. A ten percent increase per year was assumed for funding the next four fiscal years.

IV. DATE 6/3/1981 PREPARED BY Netta Cragg  
AGENCY Community & Regional Affairs  
Original: Legislative Finance PHONE 465-4733

CS HB 131 amended

1	2	3	4	5
Hospitals 1000/bed	Hosp. w/10 or more beds 250,000/hosp.	Hosp. w/less than 10 beds 50,000/hosp.	Health Facilities 2000/bed	Health Facility 8000/Facility
Barrow				
Anchorage	449,000		650,000	64,000
Juneau	250,000		1,800,000	
Kenai Peninsula	500,000			
Kodiak Island	250,000		540,000	72,000
North Slope				
Sitka	250,000		240,000	56,000
CITIES				
CORDOVA	250,000			24,000
Craig				8,000
Fairbanks	250,000		1,320,000	24,000
Galena				8,000
Homer				16,000
Hydaburg				8,000
Kenai				16,000
Ketchikan	250,000			8,000
King Cove				8,000
Klawock				16,000
Nome	250,000			
Palmer	250,000			8,000
Pelican				16,000
Petersburg	250,000			8,000
Sand Point				8,000
Saint Mary's				8,000
Seldovia				8,000
Seward	250,000		128,000	16,000
Stagway				8,000
Unalaska	250,000			8,000
Valdez				8,000
Wrangell	250,000			8,000
Yakutat				8,000
Bethel			98,000	8,000
57 x 8000				456,000
Total	449,000	3,500,000	1,246,000	904,000
6,119,000				
COLA				
652,648				
6,771,648				
3,005,442				
3,766,206				
current financing				

# Alaska State Legislature



## House of Representatives

REPRESENTATIVE  
BETTE CATO  
DISTRICT 5  
BOX 775  
VALDEZ, ALASKA 99686  
(907) 835-4568  
WHILE IN JUNEAU  
POUCH V  
JUNEAU, ALASKA 99811  
(907) 465-4858

COMMITTEES  
—  
CHAIRMAN  
HOUSE TRANSPORTATION  
—  
VICE CHAIRMAN  
HOUSE HEALTH EDUCATION  
AND  
SOCIAL SERVICES

JUN 5 1981

### MEMORANDUM

June 5, 1981

TO : Senator Don Bennett  
FROM : Rep. Bette Cato *BC*  
RE : HB 131 Increase state aid to health facilities and hospitals

I want to tell you personally the importance of House Bill 131 to the small hospitals in my district.

Because of the fixed operational costs and because patients go to larger hospitals for prolonged length of stay, the small hospital incurs the heavy first cost without recovery of costs on patient time. With this lack of "recovery" costs, a small hospital experiences severe monetary difficulty.

Small hospitals are located in areas where emergency and immediate care are vitally essential to the patient and the community.

I would appreciate your consideration of House Bill 131. If you have any questions or I can provide additional information, please feel free to contact my office.

AMENDMENT

OFFERED IN THE SENATE:

By: Senate HESS

To: CS for HOUSE BILL 131 SENATE BILL No. \_\_\_\_\_  
(HESS)

HOUSE BILL No. 131

PAGE: 1

LINE: 21

Page 1, line 21: Delete "\$1,000" and insert "\$2,000"

Funding Information  
General Fund \$50,000  
Other Funds -0-  
\$50,000

Introduced: 2/10/81  
Referred: Finance

BY FULLER, ADAMS, BROWN, HALFORD,  
HURLBERT, MILLER, ROGERS AND  
ZHAROFF

1 IN THE HOUSE

2 HOUSE BILL NO. 136

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

10 \* Section 1. The sum of \$50,000 is appropriated from the general fund to  
11 the Department of Natural Resources for support of the Iditarod Trail Race  
12 for the fiscal year ending June 30, 1981, to be spent on recommendation for  
13 expenditure by the Iditarod Trail Committee, Inc.

14 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-  
15 070(c).

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SENATE AMENDMENT

BY SENATE RESOURCES COMMITTEE

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

To: \_\_\_\_\_ HOUSE BILL No. 136

PAGE: 1

LINE: 10

Delete "\$50,000" and insert "\$53,000" ~~in its place~~



Official Business

# Alaska State Legislature

## Senate

Finance Bill

Fouch V  
State Capitol  
Juneau, Alaska 99811

HB 136 Provides for supplemental appropriations to be made to the Department of Natural Resources for various sled dog races throughout Alaska.

The bill as reported out of Senate Resources Committee amended the appropriation from \$50,000 to \$53,000.

The Finance Committee Substitute changes the amended figure to \$54,000 and appropriates the funds in the following manner.

\$25,000 Iditarod Trail Race

\$10,000 Kuskokwim "300" Sled Dog Race

\$5,000 Kotzebue-Noorvik Sled Dog Race

\$8,000 Junior Iditarod Sled Dog Race

\$5,000 Dog Drivers of Alaska \*

\$1,000 Theodore and Calvin Westlake Memorial Sled Dog Race

\* The Dog Drivers of Alaska are a statewide organization that promotes and organizes sled dog races throughout Alaska.

Proposed Amendments to HB 136: Iditarod Trail Race Appropriation

Change total from \$50,000 to \$53,000

Iditarod Trail Race: change \$50,000 to \$25,000

Add:

Kuskokwim 300 Sled Dog Race: \$10,000

Kotzebue-Noorvik Sled Dog Race: \$5,000

Junior Iditarod: \$8,000

Dog Drivers of Alaska: \$5,000

*Theodore and Col. Westlake Memorial Sled Dog Race.*

HB 136: IDITAROD TRAIL RACE APPROPRIATION

This bill appropriates \$<sup>25,000</sup>~~50,000~~ for the Sixth Annual Month of Iditarod, and parallels legislation enacted in past years.

The Iditarod Race has become one of the biggest winter tourism events in the entire state. Last year the BBC and a Spanish film company covered the race, bringing international recognition to the race. Alaska needs this sort of positive promotion both nationally and internationally.

Tourism is an industry that is vital to the Nome area as well as to the entire state. Nome recently formed a chapter of the Alaska Visitors Association, and the city has an active campaign to create "Gold Rush Nome" by renovating old buildings with false fronts to recreate how Nome looked at the turn of the century. The Iditarod provides a much-needed stimulus to the local economy.

The Month of Iditarod comes at a time when many Alaskans are suffering from the Alaskan "cabin fever" syndrome, and captures the interest of almost everyone. During the month of March, Nome will see as many as 3500 new faces in town because of the race.

This appropriation covers the cost of staking the trail, plus a portion of the operations and equipment costs.

IDITAROD TRAIL RACE

1981 BUDGET

INCOME:

Sweepstakes	\$104,000
Entry Fees	73,430
Appropriation	50,000
Grants	25,000
Plaque Sales	20,000
Memberships	6,000
Runner	9,000
Promotional Sales	60,000
Banquet	26,225
Misc.	7,000
Total Income	<u>\$380,655</u>

ADMINISTRATIVE EXPENSE:

Meetings	\$ 550
Travel	300
Rent & Leases	1,820
Wages	19,000
Telephone	8,500
Office Supplies & Postage	4,300
Stationery & Printing	6,300
Runner	7,000
Legal	750
Misc.	4,100
	<u>\$ 52,620</u>

DIRECT RACE EXPENSE:

Trail	\$ 12,000
Ham Radio	12,000
Checkers & Officials	21,500
Veterinarians	7,000
Air Transportation	39,000
Prize Money	101,500
Trophies	1,300
Headquarters	4,300
Banquet	18,900
Misc.	4,035
	<u>\$221,535</u>

INDIRECT RACE EXPENSE:

Goods for Resale	\$ 40,000
Advertising & Public Relations	12,000
Sweepstakes & Raffles	51,000
Misc.	3,000
	<u>\$106,000</u>

TOTAL EXPENSE:

\$380,655

KUSKOKWIM 300 SLED DOG RACE

\$10,000

The Kuskokwim 300 Sled Dog Race is an annual event begun in 1980. The race has drawn statewide attention with the participation of some of the major mushers from throughout Alaska. In addition, many local racers have had the opportunity to compete against these champions. This mixture of racers has led to a tremendous increase in interest in dog mushing that can be seen throughout the Yukon-Kuskokwim Delta.

The Kuskokwim 300 Sled Dog Race has been funded primarily through local donations from individuals and businesses. The \$10,000 to be funded through this appropriation would be used to cover a portion of the cost of marking the trail from Bethel to Aniak along the Kuskokwim River as well as a portion of the race's administrative cost.

The Kuskokwim 300 Sled Dog Race has developed into one of the major mushing events in Alaska and likely the major winter event for the Lower Kuskokwim region.

KUSKOKWIM 300 FINANCIAL STATEMENT

Expenses:	Trail Marking and Maintenance	\$14,000
	Headquarters and Telephone	1,000
	Transportation	1,500
	Printing	1,000
	Miscellaneous	2,000
	Prize Money	25,000
	Total Expenses	\$44,500
Revenues:	Contributions	\$34,500
	Appropriation	10,000
	Trail Marking and Maint.	[7,500]
	Administration	[2,500]
	Total Revenues	\$44,500

KOTZEBUE-NOORVIK SLED DOG RACE

The Kotzebue-Noorvik Sled Dog Race is an annual 140 mile race. It is a major competition for mushers in the Northwest and is held every January. It is also excellent training for competitors in preparation of the Iditarod Race.

Local donations from businesses and individuals are the primary source of funds for this event. This \$5,000. appropriation will be used to help cover trail breaking and marking, administrative and promotional expenses.

KOTZEBUE--NOORVIK. SLED DOG RACE

EXPENSES

Communications-----	1000.
(radio, batteries, antenna etc.)	
Race Promotion-----	700.
(Printing of race rules and forms, posters, phone calls, postage, etc.)	
Trophies-----	300.
Trails-----	3000.
(snow machine parts---500.)	
(Trail breakers, markers, flags, signs---500.)	
(Check point operators, tents, amps-----500.)	
(Race officials, use of plane, locate and trans- port dog food to checkpoints, transport dropped dogs back to starting point----- 1500)	

## Junior Iditarod

The Junior Iditarod Trail Race, which began in 1978, is a non-profit race, dedicated to the training of future Iditarod mushers. It is the first race of its type in the country. Youths 14 to 17 years old complete a 120-mile race from Knik to Pt. McKenzie, with a mandatory twelve hour layover.

This race places a great deal of responsibility on the shoulders of the young racers; not only during the race, but also during the weeks and months of training and caring for the dogs and equipment prior to the race. The Junior Iditarod teaches endurance, sportsmanship, teamwork and mental-physical coordination as well.

The \$8000 appropriation would be used to cover the majority of the expenses of the race. (see budget attached).

EXPENSES

Incorporation: ----- \$ 700.00

Trophies: ----- \$ 800.00  
1st. through 5th. place.  
Sportsmanship  
Participation awards  
Volunteers thank you awards

Banquet: ----- \$ 300.00  
Printing of tickets and programs  
Guest Speaker  
Decorations  
Complimentary Tickets

Race Promotion: ----- \$1000.00  
Posters, Mailers  
Printing of Race rules and entry forms  
Photography  
Gasoline  
Phone Calls  
Stamps - Stationery ( Office Supplies)

Supplies for the Race: ----- \$ 500.00  
Arm Bands for the Race Officials  
Bibs for Riders  
Stop Watches  
Starting line Banner - Finish line  
Misc. Items

Trails: ----- \$3000.00  
Snow Machine ----- \$2000.00  
Gasoline, oil, and maintance of snow machine  
trails: maintance, breaking trail, grooming,  
and marking.  
Gasoline for volunteer trail guards snow machines  
----- \$1000.00

Jr. Iditarod Annual: ----- \$ 400.00

Jr. Iditarod Patches: ----- \$ 300.00

Insurance: ----- \$1000.00

Total: \$3000.00

DOG DRIVERS OF ALASKA

\$5,000

Dog Drivers of Alaska is a statewide organization representing sled dog race drivers for both sprint and middle distance racing. This group works to coordinate racing schedules throughout the state, to standardize purse distribution percentages, and to coordinate and increase the size of the purses around the state. It assists local groups with publicity and organization, and matches prize money 1:1 with member organizations.

The appropriation for Dog Drivers of Alaska would go toward organizational and administrative expenses.

Budget

Printing	\$ 800
Postage	2,000
Publicity	1,600
Telephone	1,200
Transportation	4,000
PR/fund-raising consultant	3,000
	<hr/>
	\$13,000

Request of Alaska State Legislature: \$5,000.

The Theodore & Calvin Westlake Memorial Sled Dog Race is an annual event that takes the dog mushers from Kiana to Noorvik and return. Mushers throughout the NANA region participate in this event that has become a vital part of the Kiana civic affairs.

CSHB 131

WRITE COLUMN

	1	2	3	4	5
	Hospitals	Hosp. w/10 or more beds	Hosp. w/less than 10 beds	Health Fac.	Health Fac.
	1000/bed	950000/beds.	500000/hosp.	10000/bed	80000/Fac.
1					
2	BOROUGHS				
3	Anchorage	425000			
4	Juneau		250000		64000
5	Tenai Peninsula		500000		
6	Kodiak Island			27000	22000
7	North Slope				56000
8	CITIES				
9	Cardova		250000		24000
10	Craig				8000
11	Fairbanks	155000		66000	24000
12	Galena				8000
13	Homer				16000
14	Hydaburg				8000
15	Kenai				16000
16	Ketchikan		250000		8000
17	King Cove				8000
18	Klawock				8000
19	Nome		250000		16000
20	Palmer		250000		
21	Bellevue				8000
22	Petersburg		250000		16000
23	Sand Point				8000
24	Saint Mary's				8000
25	Seldovia				8000
26	Seiward		250000	64000	16000
27	Stagway				8000
28	Unalaska		250000		8000
29	Valdez		250000		8000
30	Wrangell				8000
31	Yatutaf			49000	8000
32	Bethel				8000
33	57 x 8,000				456000
34					
35	Total	580000	2750000	421000	896000
36					
37	4,849,000				
38	531,716				
39	5,378,716				

13,005,649

COMMITTEE REPORT

HOUSE

4/1/81

FURTHER:

(11)

Date: May 16, 1981

Mr. Speaker:

The Committee on FINANCE has had HB 131

"An Act increasing state aid for health facilities and hospitals; and providing for an effective date."

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

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for HB 131 (H-5)  same title  
 new title
- and recommends do pass
- AND attaches a "Letter of Intent"  New Fiscal Note (#2373-1)
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING

DO PASS

Freeman

Sanct

How

Carroll

Hansen

Montgomery

H. H. H.

MEMBERS HAVING

OTHER RECOMMENDATIONS:

\_\_\_\_\_

\_\_\_\_\_

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Sanct

\_\_\_\_\_

CHAIRMAN

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 131 (HESS)

Title Increasing Aid for Health Facilities and Hospitals

Requested by House Finance Date 5/16/81

II. FISCAL DETAIL

Agency Affected Dept. of Community & Regional Affairs

Program Category Affected Development

BRU, Program, or Subprogram(s) Affected Community Assistance Grants/Revenue Sharing

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		2373.1				

TOTAL

FUNDING (Thousands of Dollars)

GENERAL FUND		2373.1				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE 5/16/81

PREPARED BY Elmer Lindstrom

AGENCY Legislative Finance

PHONE 465-3795

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Original sponsors: Haugen, Bettisworth,  
Cato, et al

Offered: 4/1/81  
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 131 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act increasing state aid for health facilities and  
7 hospitals; and providing for an effective date."

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

9 \* Section 1. AS 29.89.030(a)(1) is amended to read:

10 (1) to a municipality which has the power to provide hospital  
11 facilities and services and which exercises that power, \$1,000 per bed  
12 for each bed actually used for patient care, limited to the number of  
13 beds provided for in the construction design of the hospital, or  
14 \$250,000 [\$75,000] a hospital for those hospitals with 10 or more beds,  
15 or \$50,000 [\$25,000] a hospital for those hospitals with less than 10  
16 beds, as the municipality may elect; money received under this paragraph  
17 may be used only for hospitals and shall be apportioned among qualify-  
18 ing hospitals as the municipality determines;

19 \* Sec. 2. AS 29.89.030(a)(3) is amended to read:

20 (3) to a municipality in which a health facility is operated,  
21 \$1,000 per bed for each bed actually used for patient care, limited to  
22 the number of beds provided for in the construction design of the  
23 health facility, or \$8,000 [\$4,000] per health facility as the munici-  
24 pality determines.

25 \* Sec. 3. This Act takes effect July 1, 1981.  
26  
27  
28  
29

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 131  
 Title An Act relating to state aid for health facilities and hospitals  
 Requested by Haugen Date May 18, 1981

II. FISCAL DETAIL

Agency Affected Department of Community and Regional Affairs  
 Program Category Affected Development  
 BRU, Program, or Subprogram(s) Affected Community Assistance Grants  
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		2,373.1	2,610.4	2,871.5	3,158.6	3,474.5
TOTAL		2,373.1	2,610.4	2,871.5	3,158.6	3,474.5

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND		2,373.1	2,610.4	2,871.5	3,158.6	3,474.5
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME		-0-	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						

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

2,373,067 additional funding would be required to fund HB 131 in FY 82. A 10 percent increase per year was assumed for funding the next five fiscal years.

IV. DATE May 18, 1981 PREPARED BY Netta Crago  
 AGENCY Community and Regional Affairs  
 PHONE 465-4733  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)



Original sponsors: Haugen, Bettisworth,  
Cato, et al

Offered: 4/1/81  
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2

CS FOR HOUSE BILL NO. 131 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act increasing state aid for health facilities and  
7 hospitals; and providing for an effective date."

8

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

9

\* Section 1. AS 29.89.030(a)(1) is amended to read:

10

(1) to a municipality which has the power to provide hospital

11

facilities and services and which exercises that power, \$1,000 per bed

12

for each bed actually used for patient care, limited to the number of

13

beds provided for in the construction design of the hospital, or

14

\$250,000 [\$75,000] a hospital for those hospitals with 10 or more beds,

15

or \$50,000 [\$25,000] a hospital for those hospitals with less than 10

16

beds, as the municipality may elect; money received under this paragraph

17

may be used only for hospitals and shall be apportioned among qualify-

18

ing hospitals as the municipality determines;

19

\* Sec. 2. AS 29.89.030(a)(3) is amended to read:

20

(3) to a municipality in which a health facility is operated,

21

\$1,000 per bed for each bed actually used for patient care, limited to

22

the number of beds provided for in the construction design of the

23

health facility, or \$8,000 [\$4,000] per health facility as the munic-

24

ipality determines.

25

\* Sec. 3. This Act takes effect July 1, 1981.

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POSITION PAPER  
ON  
HOUSE BILL 131  
(Revised 3/18/81)

"An Act increasing state aid for health facilities and hospitals; and providing for an effective date."

House Bill 131 provides an increase in the amounts available under the health facilities revenue sharing program to municipalities for the operation of health facilities and hospitals. The Department recognizes the need for assistance in operations for many of the State's health facilities, particularly the small rural hospitals.

The health facility revenue sharing program, which was originated to relieve health facilities of financial strains placed upon them because of uncollectable debts, has undergone changes in support levels and perhaps in its philosophy since it was established in 1971. There have been similar efforts to increase the minimum amounts available in recent legislative sessions.

All health facilities have basic operational costs which must be supported regardless of the volume of patients available to generate revenues. This fact can perhaps best be seen by looking at the minimum requirements for a hospital.

Each hospital, whether rural or urban, must have the following basic areas in its facility through which to provide health care services:

Patient Care Including:

1 intensive care room	1 coronary care room
1 isolation room	1 psychiatric room
1 two-bed pediatric room	2 two-bed acute care rooms
1 five-crib nursery	
	TOTAL 5,600 sq. ft.

Gross square feet:

Surgical	2,400	Obstetrics	3,400
Emergency	1,100	Radiology	900
Laboratory	400	Physical therapy	500
Dietary	1,700	Administration	1,600
Central services	400	General storage	300
Laundry	700	Waste disposal	600
Morgue	400	Outpatient	2,000

COMBINED sq. ft. TOTAL 22,000

There is a basic cost of operation for this minimum hospital which results from staffing costs, building maintenance, and utilities.

The costs for building maintenance and utilities are almost entirely a function of the area of the hospital. The staffing costs are directly related to the services which are offered by the hospital and comprise the greater part of operating costs. A certain level of minimum staffing for the functions of medical records, dietary, maintenance, housekeeping, laundry, nursing, laboratory, x-ray, etc., is unavoidable and must exist in order for a hospital to provide service. Due to the low population served and thus the low levels of revenue generated, the rural hospitals and nursing homes have difficulty in meeting operating expenses. Many of the rural hospitals subsist only as a result of grants from local government.

Position Paper  
for  
Committee Substitute for House Bill 131

All facilities continue to experience operational cost increases as a result of inflation reflected in increased fuel costs, increased salaries and increased cost of supplies.

The health facility revenue sharing program which at present provides operational costs to facilities on a regular annual basis according to the number of patient care beds available in each facility is not sufficient to provide more than a small portion of the operating expense of rural hospitals in particular. It is the feeling of the Department that the \$250,000 amount proposed in CSHB 131 is not unreasonable.

Recommended by:

*Phoebe A. Lindsey*

Phoebe A. Lindsey  
Director, Division  
of State Health Planning  
and Development

Date:

April 7, 1981

Approved by:

*Helen D. Beirne*

Helen D. Beirne  
Commissioner

Date:

4/18/81

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for HB 131

Title An Act increasing state aid for health facilities and hospitals.

Requested by \_\_\_\_\_ Date 4/9/81

II. FISCAL DETAIL

Agency Affected Health & Social Services

Program Category Affected Health

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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		0				
200 TRAVEL		0				
300 CONTRACTUAL		0				
400 COMMODITIES		0				
500 EQUIPMENT		0				
600 LAND & STRUCTURES		0				
700 GRANTS, CLAIMS, ETC.		0				
TOTAL		0				

FUNDING (Thousands of Dollars)

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

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE \_\_\_\_\_ PREPARED BY \_\_\_\_\_

AGENCY \_\_\_\_\_

PHONE \_\_\_\_\_

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Introduced: 2/6/81  
Referred: Health, Education &  
Social Services and Finance

1 IN THE HOUSE

BY HAUGEN, BETTISWORTH, CATO,  
FREEMAN AND GARDINER

2 HOUSE BILL NO. 131

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act increasing state aid for health facilities and  
7 hospitals; and providing for an effective date."

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

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10 (1) to a municipality which has the power to provide hospital  
11 facilities and services and which exercises that power, \$2,000 [\$1,000]  
12 per bed for each bed actually used for patient care, limited to the  
13 number of beds provided for in the construction design of the hospital,  
14 or \$250,000 [\$75,000] a hospital for those hospitals with 10 or more  
15 beds, or \$50,000 [\$25,000] a hospital for those hospitals with less  
16 than 10 beds, as the municipality may elect; money received under this  
17 paragraph may be used only for hospitals and shall be apportioned among  
18 qualifying hospitals as the municipality determines;

19 \* Sec. 2. AS 29.89.030(a)(3) is amended to read:

20 (3) to a municipality in which a health facility is operated,  
21 \$2,000 [\$1,000] per bed for each bed actually used for patient care,  
22 limited to the number of beds provided for in the construction design  
23 of the health facility, or \$8,000 [\$4,000] per health facility as the  
24 municipality determines.

25 \* Sec. 3. This Act takes effect July 1, 1981.  
26  
27  
28  
29

Original sponsors: Haugen, Bettisworth,  
Cato, et al

Offered: 4/1/81  
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2

CS FOR HOUSE BILL NO. 131 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act increasing state aid for health facilities and

7

hospitals; and providing for an effective date."

8

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

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\* Sec. 2. AS 29.89.030(a)(3) is amended to read:

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the number of beds provided for in the construction design of the

23

health facility, or \$8,000 [\$4,000] per health facility as the munici-

24

pality determines.

25

\* Sec. 3. This Act takes effect July 1, 1981.

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POSITION PAPER  
ON  
HOUSE BILL 131  
(Revised 3/18/81)

HB 131

"An Act increasing state aid for health facilities and hospitals; and providing for an effective date."

House Bill 131 provides an increase in the amounts available under the health facilities revenue sharing program to municipalities for the operation of health facilities and hospitals. The Department recognizes the need for assistance in operations for many of the State's health facilities, particularly the small rural hospitals.

The health facility revenue sharing program, which was originated to relieve health facilities of financial strains placed upon them because of uncollectable debts, has undergone changes in support levels and perhaps in its philosophy since it was established in 1971. There have been similar efforts to increase the minimum amounts available in recent legislative sessions.

All health facilities have basic operational costs which must be supported regardless of the volume of patients available to generate revenues. This fact can perhaps best be seen by looking at the minimum requirements for a hospital.

Each hospital, whether rural or urban, must have the following basic areas in its facility through which to provide health care services:

Patient Care Including:

- |                          |                            |
|--------------------------|----------------------------|
| 1 intensive care room    | 1 coronary care room       |
| 1 isolation room         | 1 psychiatric room         |
| 1 two-bed pediatric room | 2 two-bed acute care rooms |
| 1 five-crib nursery      |                            |
|                          | TOTAL 5,600 sq. ft.        |

Gross square feet:

Surgical	2,400	Obstetrics	3,400
Emergency	1,100	Radiology	900
Laboratory	400	Physical therapy	500
Dietary	1,700	Administration	1,600
Central services	400	General storage	300
Laundry	700	Waste disposal	600
Morgue	400	Outpatient	2,000

COMBINED sq. ft. TOTAL 22,000

There is a basic cost of operation for this minimum hospital which results from staffing costs, building maintenance, and utilities.

The costs for building maintenance and utilities are almost entirely a function of the area of the hospital. The staffing costs are directly related to the services which are offered by the hospital and comprise the greater part of operating costs. A certain level of minimum staffing for the functions of medical records, dietary, maintenance, housekeeping, laundry, nursing, laboratory, x-ray, etc., is avoidable and must exist in order for a hospital to provide service. Due to the low population served and thus the low levels of revenue generated, the rural hospitals and nursing homes have difficulty in meeting operating expenses. Many of the rural hospitals subsist only as a result of grants from local government.

All facilities continue to experience operational cost increases as a result of inflation reflected in increased fuel costs, increased salaries and increased cost of supplies.

The health facility revenue sharing program which at present provides operational costs to facilities on a regular annual basis according to the number of patient care beds available in each facility is not sufficient to provide more than a small portion of the operating expense of rural hospitals in particular. It is the feeling of the Department that the \$250,000 amount proposed in HB 131 is not unreasonable. The Department fails, however, to see a need or justification for the \$2,000 per bed figure in line 11 of the Bill. This per bed allocation would increase amounts to the larger hospitals while the greater need is at the smaller rural hospitals.

AS 29.89.100(3) defines "hospital" as "...a licensed hospital determined by the Department of Health and Social Services to be a general hospital;...". 7 AAC 12.010(c)(2) permits the Department of Health and Social Services to license specialized hospitals and sanatoria. A facility specializing in a particular type of care or a facility which does not provide all the services of a general hospital (e.g., major heart surgery) may qualify for licensure under 7 AAC 12.010(c)(2) as a specialized hospital. Such facilities would have needs similar to those of general hospitals with regard to revenue sharing.

Since it is possible that the Department of Health and Social Services will be licensing such facilities in the near future, the needs of such facilities should also be addressed.

Recommended by:

*Phoebe A. Lindsey*

Phoebe A. Lindsey  
Director, Division  
of State Health Planning  
and Development

Date:

March 18, 1981

Approved by:

*Helen D. Beirne*  
Helen D. Beirne  
Commissioner

Date:

3-19-81

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/~~Resolution~~ No. HB 135  
Title An act relating to housing loans and providing for an effective date.  
Requested by House Finance Committee Date 3/6/81

II. FISCAL DETAIL

Agency Affected Community and Regional Affairs  
Program Category Affected Housing Assistance Division  
BRU, Program, or Subprogram(s) Affected Nonconforming Housing Loans  
(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	70.0					
200 TRAVEL						
300 CONTRACTUAL	100.0					
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>170.0</b>					

FUNDING (Thousands of Dollars)

GENERAL FUND	170.0					
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	2					
PART TIME						
TEMPORARY						

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

Sec. 44.47.395, of House Bill 135 establishes the Operating Loss Reserve Account, and it is recommended that \$100,000 be appropriated for this fund. The funding would be used for the specific purpose of renovation and repair on foreclosed properties; this account is to be continued from year to year.

Two additional positions are requested to be located in the Anchorage office.

One position is for a Loan Closing Clerk, responsible for reviewing loan documents, obtaining title policies, and recording loan documents to provide expeditious closing of loans.

(continued on page 2.)

IV. DATE March 6, 1981 PREPARED BY Elmer A. Lindstrom, Fiscal Analyst  
AGENCY Legislative Finance Division  
PHONE 465-3795/3796

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

FISCAL NOTE

HB 135

III. ANALYSIS (cont'd)

The second position is an Accounting Technician, to account for the disbursement of loan funds and to account for and monitor phased loan disbursements, for direct loans, construction loans, building material loans , and repair and renovation loans.

NOTE: Administrative costs based upon estimates provided by Community and Regional Affairs for Senate Bill 148.

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB-135  
Title An act relating to housing loans; and providing for an effective date.  
Requested by Malone Date 2-18-81

II. FISCAL DETAIL

Agency Affected Department of Commerce and Economic Development  
Program Category Affected Public Protection  
BRU, Program, or Subprogram(s) Affected DIVISION OF INSURANCE

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME	0	0	0	0	0	0
PART TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

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

IV. DATE 2-18-81 PREPARED BY Kenneth C. Moore, Director  
AGENCY Division of Insurance  
PHONE 465-2515  
Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)



Barrier  
12-0586

Introduced: 2/10/81  
Referred: Finance

1 IN THE HOUSE

BY MALONE  
Rogers

2 HOUSE BILL NO. 135

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to housing loans; and providing for  
7 an effective date."

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

9 \* Section 1. AS 44.47.370 is amended by adding a new paragraph to read:

10 (8) originate and service direct loans made for purchase,  
11 renovation, or improvements and building materials, for nonconforming  
12 housing made to qualified buyers in accordance with AS 44.47.360 -  
13 44.47.560.

14 \* Sec. 2. AS 44.47.380 is amended to read:

15 Sec. 44.47.380. NONCONFORMING HOUSING LOAN FUND. (a) There is  
16 created in the Department of Community and Regional Affairs the non-  
17 conforming housing loan fund consisting of money appropriated to it by  
18 the legislature. The director shall administer the nonconforming  
19 housing loan fund in accordance with AS 44.47.360 - 44.47.560 and shall  
20 use the money in the nonconforming housing loan fund to originate,  
21 purchase, or participate in the purchase of

22 (1) nonconforming housing mortgage loans;

23 (2) loans made for building materials for nonconforming  
24 housing;

25 (3) loans made for renovations or improvements to noncon-  
26 forming housing;

27 (4) loans for construction.

28 (b) Loans may be made for

29 (1) owner-occupied single and two-family structures;

1                   (2) owner-occupied three and four unit structures located  
2 in rural areas;

3                   (3) nonowner-occupied single and two-family structures; and

4                   (4) nonowner-occupied three and four unit structures located  
5 in rural areas.

6 \* Sec. 3. AS 44.47 is amended by adding a new section to read:

7                   Sec. 44.47.385. DISPOSITION OF LOAN FUND. (a) Not less than 80  
8 percent of the amount appropriated by the legislature to the nonconform-  
9 ing housing loan fund shall be used to originate direct loans or pur-  
10 chase or participate in the purchase of loans in accordance with  
11 AS 44.47.380(b)(1) and (b)(2).

12                   (b) Not more than 20 percent of the amount appropriated by the  
13 legislature to the nonconforming housing loan fund may be used to  
14 originate direct loans or purchase or participate in the purchase of  
15 loans in accordance with AS 44.47.380(b)(3) and (b)(4).

16 \* Sec. 4. AS 44.47.390 is amended to read:

17                   Sec. 44.47.390. LIMITATIONS ON USE OF NONCONFORMING HOUSING LOAN  
18 FUND. The director may not use the money in the nonconforming housing  
19 loan fund to

20                   (1) originate direct loans or purchase or participate in the  
21 purchase of a nonconforming housing mortgage loan which exceeds the  
22 limitations on mortgage loans purchased by the Federal National Mortgage  
23 Association as to principal amount;

24                   (2) originate direct loans or purchase or participate in the  
25 purchase of a loan made for building materials for nonconforming housing

26                   (A) which exceeds

27                   (1) 80 percent of the appraised value of the work  
28 completed on the nonconforming housing for which the loan is made  
29 if the nonconforming housing is pledged as collateral for the

1 loan; or

2 (ii) 80 percent of the value of other property  
3 which is pledged as security for the loan and which is satis-  
4 factory to the director as collateral;

5 (B) unless the terms of the loan agreement require  
6 inspections and certifications, as required by regulations of the  
7 director, at the expense of the borrower; and

8 (C) unless the period of time allowed for repayment of  
9 the loan is equal to or less than the lesser of

10 (i) three years; or

11 (ii) the maximum period of time established by  
12 regulation by the director based on the prevailing practice among  
13 private financial institutions in the general area in which the  
14 loan is made for loans for the purchase of building materials;

15 (3) originate direct loans or purchase or participate in the  
16 purchase of a nonconforming housing mortgage loan which is secured by  
17 real property the marketable title to which is shown in accordance with  
18 AS 44.47.420(b)(2) if the total amount of outstanding nonconforming  
19 housing mortgage loans held by the division exceeds 10 times the amount  
20 of money in the restricted title loss reserve account (AS 44.47.430) [;

21 (4) PURCHASE OR PARTICIPATE IN THE PURCHASE OF CONSTRUCTION  
22 LOANS].

23 \* Sec. 5. AS 44.47 is amended by adding a new section to read:

24 Sec. 44.47.395. OPERATING LOSS RESERVE ACCOUNT. (a) There is  
25 established an operating loss reserve account for the purpose of meeting  
26 legal expenses incurred through the foreclosure of properties acquired  
27 by the director under AS 44.47.370(6) and making repairs to these  
28 properties so that they may be sold to new buyers.

29 (b) The operating reserve loss account consists of money appro-

1 priated by the legislature. To the extent that money is paid out of  
2 the operating loss reserve account for the purposes stated in this  
3 section, this money shall be replaced with money received as interest  
4 on loans authorized by this chapter.

5 \* Sec. 6. AS 44.47.400 is amended to read:

6 Sec. 44.47.400. SECURITY FOR LOANS. (a) The director shall  
7 adopt regulations in accordance with the Administrative Procedure Act  
8 (AS 44.62) establishing acceptable security for loans originated or  
9 purchased in whole or in part under AS 44.47.380.

10 (b) A person may pledge as security for the repayment of a loan  
11 originated or purchased in whole or in part under AS 44.47.380 a pre-  
12 ference right he holds to receive title to land he occupies as a primary  
13 place of residence, primary place of business, subsistence campsite, or  
14 as headquarters for reindeer husbandry. The preference right must be  
15 conveyed to the person by the Native corporation to which the land was  
16 granted under section 14 of the Alaska Native Claims Settlement Act (85  
17 Stat. 688, 43 U.S.C. secs. 1601 - 1626, as amended by P.L. 94-204)  
18 before it may be pledged as security under this subsection. The commis-  
19 sioner of community and regional affairs shall prescribe procedures and  
20 standard forms for establishing, pledging, and appraising the value of a  
21 preference right held by a person to secure the repayment of a loan  
22 originated or purchased in whole or in part under AS 44.47.380.

23 \* Sec. 7. AS 44.47.410 is amended to read:

24 Sec. 44.47.410. INTEREST ON LOANS. The interest rate on a mort-  
25 gage loan originated or purchased in whole or in part under AS 44.-  
26 47.380 may not exceed

27 (1) nine percent for a mortgage loan made to a person who is  
28 an eligible veteran under AS 18.56.101;

29 (2) ten percent for a mortgage loan made to a person other

1 than a person described in (1) of this subsection.

2 \* Sec. 8. AS 44.47.420(a) is amended to read:

3 Sec. 44.47.420. TITLE. (a) Before the director originates or  
4 purchases a nonconforming housing mortgage loan in whole or in part,  
5 the director may require a borrower to show marketable title to real  
6 property offered as security for the loan to be purchased.

7 \* Sec. 9. AS 44.47.430(b) is amended to read:

8 (b) The director may withdraw money from the restricted title  
9 loss reserve account in an amount equal to the loss to the division on  
10 a nonconforming housing mortgage loan originated or purchased in whole  
11 or in part by the division if marketable title to the real property  
12 used to secure the loan was shown in accordance with AS 44.47.420(b)(2).  
13 Money withdrawn from the restricted title loss reserve account under  
14 this section shall be deposited in the nonconforming housing loan fund.

15 \* Sec. 10. AS 44.47.440 is amended by adding a new subsection to read:

16 (b) The division may establish a blanket fire insurance policy in  
17 cooperation with the Alaska Housing Finance Corporation covering the  
18 assets of both corporations as provided in AS 18.56.

19 \* Sec. 11. AS 44.47.460 is amended to read:

20 Sec. 44.47.460. LOAN SERVICING. (a) Before purchasing or  
21 participating in the purchase of a loan, the director shall enter into  
22 a loan servicing agreement with the private financial institution from  
23 which the loan is to be purchased.

24 (b) The director may execute service agreements with private  
25 lending institutions to service loans originated by the division.

26 (c) Under the servicing agreement, the private financial insti-  
27 tution shall administer the loan and may charge the division a negoti-  
28 ated fee on the division's share of the loan. When appropriate, the  
29 [THE] private financial institution may also charge the borrower a

1 reasonable originator fee not to exceed one percent.

2 \* Sec. 12. AS 44.47.470 is amended to read:

3 Sec. 44.47.470. APPRAISALS. Before originating or purchasing or  
4 participating in the purchase of a nonconforming housing mortgage loan,  
5 the director may have or may require the borrower to have an appraisal  
6 made of the fair market value of the real property, including struc-  
7 tures on the real property, for which the loan is made. In conducting  
8 an appraisal under this section, the appraiser shall give full value to  
9 insulation and other features of construction in structures on the real  
10 property which add to the energy efficiency of the structures.

11 \* Sec. 13. AS 44.47.490 is amended to read:

12 Sec. 44.47.490. ASSISTANCE BY DIVISION PERSONNEL. (a) The  
13 director shall create field offices which have the authority of final  
14 approval of loans under this chapter, hire at least one lending  
15 officer, and may [SHALL] contract for the services of

16 (1) real property appraisers who are familiar with rural  
17 construction; and

18 (2) engineers who are familiar with engineering problems in  
19 arctic and subarctic regions.

20 (b) The personnel described in (a) of this section shall make  
21 regular visits to each of the regions established under AS 44.47.510(a)  
22 to provide preconstruction and post-construction inspections of real  
23 property for which loans are originated or purchased by the division in  
24 whole or in part under AS 44.47.380 and to provide assistance to private  
25 financial institutions and their borrowers in the regions.

26 \* Sec. 14. AS 44.47.510(b) is amended to read:

27 (b) Unless otherwise required by an appropriation, the director  
28 shall allocate the money in the nonconforming housing loan fund among  
29 the regions established under (a) of this section for the purpose of

1 originating or purchasing each type of loan described in AS 44.47.380.

2 In making an allocation under this subsection, the director shall  
3 consider the past and potential lending activity of private financial  
4 institutions in the region as well as the need for loans in the region.  
5 The director may reallocate the money among the regions as he considers  
6 necessary.

7 \* Sec. 15. AS 44.47.560(3) is amended to read:

8 (3) "housing" means owner-occupied single and two family  
9 structures, owner-occupied three and four unit structures located in  
10 rural areas, and nonowner-occupied single and two family structures and  
11 nonowner-occupied three and four unit structures located in rural areas  
12 [, SINGLE-FAMILY HOUSING AND OWNER-OCCUPIED DUPLEXES];

13 \* Sec. 16. This Act takes effect immediately in accordance with AS 01.-  
14 10.070(c).

ALASKA STATE LEGISLATURE

TWELFTH Legislature FIRST Session

HOUSE BILL NO. 135

By MALONE

*Rogers*

"An Act relating to housing loans; and providing for an effective date."

Housing loans

Introduced in the House 2/10, 1981

HISTORY IN THE HOUSE

1981  
Feb 10

Read first time and referred to Committee on Finance

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

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

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration	
PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused
Reported correctly engrossed	
Signed by President	
Returned to House	

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Concurred in Senate amendment thus adopting:  
VOTE

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

Senate receded from amendment  
VOTE

Senate failed to recede from amendment  
VOTE

CC appointed by House

CC appointed by Senate

CC adopted by House  
VOTE

CC adopted by Senate  
VOTE

To enrolling  
Reported correctly enrolled  
Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No. ....

Introduced: 2/10/81  
Referred: Finance

1 IN THE HOUSE

BY MALONE

2 HOUSE BILL NO. 135

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to housing loans; and providing for  
7 an effective date."

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

9 \* Section 1. AS 44.47.370 is amended by adding a new paragraph to read:

10 (8) originate and service direct loans made for purchase,  
11 renovation, or improvements and building materials, for nonconforming  
12 housing made to qualified buyers in accordance with AS 44.47.360 -  
13 44.47.560.

14 \* Sec. 2. AS 44.47.380 is amended to read:

15 Sec. 44.47.380. NONCONFORMING HOUSING LOAN FUND. (a) There is  
16 created in the Department of Community and Regional Affairs the non-  
17 conforming housing loan fund consisting of money appropriated to it by  
18 the legislature. The director shall administer the nonconforming  
19 housing loan fund in accordance with AS 44.47.360 - 44.47.560 and shall  
20 use the money in the nonconforming housing loan fund to originate,  
21 purchase, or participate in the purchase of

22 (1) nonconforming housing mortgage loans;

23 (2) loans made for building materials for nonconforming  
24 housing;

25 (3) loans made for renovations or improvements to noncon-  
26 forming housing;

27 (4) loans for construction.

28 (b) Loans may be made for

29 (1) owner-occupied single and two-family structures;

1                   (2) owner-occupied three and four unit structures located  
2 in rural areas;

3                   (3) nonowner-occupied single and two-family structures; and

4                   (4) nonowner-occupied three and four unit structures located  
5 in rural areas.

6 \* Sec. 3. AS 44.47 is amended by adding a new section to read:

7                   Sec. 44.47.385. DISPOSITION OF LOAN FUND. (a) Not less than 80  
8 percent of the amount appropriated by the legislature to the nonconform-  
9 ing housing loan fund shall be used to originate direct loans or pur-  
10 chase or participate in the purchase of loans in accordance with  
11 AS 44.47.380(b)(1) and (b)(2).

12                   (b) Not more than 20 percent of the amount appropriated by the  
13 legislature to the nonconforming housing loan fund may be used to  
14 originate direct loans or purchase or participate in the purchase of  
15 loans in accordance with AS 44.47.380(b)(3) and (b)(4).

16 \* Sec. 4. AS 44.47.390 is amended to read:

17                   Sec. 44.47.390. LIMITATIONS ON USE OF NONCONFORMING HOUSING LOAN  
18 FUND. The director may not use the money in the nonconforming housing  
19 loan fund to

20                   (1) originate direct loans or purchase or participate in the  
21 purchase of a nonconforming housing mortgage loan which exceeds the  
22 limitations on mortgage loans purchased by the Federal National Mortgage  
23 Association as to principal amount;

24                   (2) originate direct loans or purchase or participate in the  
25 purchase of a loan made for building materials for nonconforming housing

26                   (A) which exceeds

27                   (i) 80 percent of the appraised value of the work  
28 completed on the nonconforming housing for which the loan is made  
29 if the nonconforming housing is pledged as collateral for the

1 loan; or

2 (ii) 80 percent of the value of other property  
3 which is pledged as security for the loan and which is satis-  
4 factory to the director as collateral;

5 (B) unless the terms of the loan agreement require  
6 inspections and certifications, as required by regulations of the  
7 director, at the expense of the borrower; and

8 (C) unless the period of time allowed for repayment of  
9 the loan is equal to or less than the lesser of

10 (i) three years; or

11 (ii) the maximum period of time established by  
12 regulation by the director based on the prevailing practice among  
13 private financial institutions in the general area in which the  
14 loan is made for loans for the purchase of building materials;

15 (3) originate direct loans or purchase or participate in the  
16 purchase of a nonconforming housing mortgage loan which is secured by  
17 real property the marketable title to which is shown in accordance with  
18 AS 44.47.420(b)(2) if the total amount of outstanding nonconforming  
19 housing mortgage loans held by the division exceeds 10 times the amount  
20 of money in the restricted title loss reserve account (AS 44.47.430) [;

21 (4) PURCHASE OR PARTICIPATE IN THE PURCHASE OF CONSTRUCTION  
22 LOANS].

23 \* Sec. 5. AS 44.47 is amended by adding a new section to read:

24 Sec. 44.47.395. OPERATING LOSS RESERVE ACCOUNT. (a) There is  
25 established an operating loss reserve account for the purpose of meeting  
26 legal expenses incurred through the foreclosure of properties acquired  
27 by the director under AS 44.47.370(6) and making repairs to these  
28 properties so that they may be sold to new buyers.

29 (b) The operating reserve loss account consists of money appro-

1 priated by the legislature. To the extent that money is paid out of  
2 the operating loss reserve account for the purposes stated in this  
3 section, this money shall be replaced with money received as interest  
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12 [, SINGLE-FAMILY HOUSING AND OWNER-OCCUPIED DUPLEXES];

13 \* Sec. 16. This Act takes effect immediately in accordance with AS 01.-  
14 10.070(c).