

BILLS 1981 - 1982

SSHB 138 cont.

CSSHB 146

1450

1450

HOUSE JOURNAL

HOUSE FINANCE COMMITTEE

LETTER OF INTENT FOR SSHB 138

It is the intention of the Twelfth Alaskan Legislature to provide instructional television (ITV) and an entertainment station (television satellite demonstration project-TVDP) to every Alaskan community with at least 25 permanent residents that wants this service. We expect these services to be provided in the most cost effective manner possible.

We know that technology in the field of telecommunications is continually improving at a rapid rate, and in many cases, this results in a reduction in prices. It is therefore our intention that in the process of implementing SSHB 138 various engineering designs be explored to find the site-specific design which will save the state the most money over the life cycle of the receiving and retransmitting system involved, while at the same time provide good service. It may be possible to save money and provide good service to some communities without installing an earth station there, but by using cable or line of site transmission (e.g. translator or microwave) from an earth station in a nearby community. For example, Platinum may receive service from Goodnews Bay; Nunapitchak and Atmautluak may receive service from Kasigluk; Akiak and Akiachak may receive service from Kwethluk; Oscarville and Napakiak may receive service from Napaskiak; Nikoloeusk may receive service from Anchor Point; Stebbins may receive service from Saint Michael; Lime Village may receive service from Sparrevohn; Port Heiden may receive service from Meshik; Upper Kalskag may receive service from Lower Kalskag; White Mountain may receive service from Golovin; Big Naukati and Channel Log may receive service from Naukati.

This legislature believes that the free enterprise system, which involves competition between interested parties, tends to result in the lowest prices for goods and services. We therefore favor the use of open bidding to procure equipment and installation services mandated by SSHB 138 where this procedure is to the best advantage of the state. We are aware of a successful bidding method which has been used by the Department of Transportation and Public Facilities, Division of Communications, whereby equipment procurement was put out to bid in a lot order to take advantage of quantity pricing, and installation bid requests were put out on a site by site basis. We consider this a good method in that it allows numerous small companies to bid on installation contracts, and therefore, it is likely to result in making available low cost bid options to the state.

It is also the intent of this legislature that only state licensed electrical contractors be allowed to bid on state installation contracts. We expect this to result in high quality workmanship, and hence, result in savings to the state in the long run due to reduced maintenance costs.

The intent of this legislature in providing receivers for TVDP programming in ~~southern~~ southeastern communities (subsection 8), is to take TVDP programming off the microwave circuit, thereby freeing it for KTOO-Public Broadcasting System programming.

Rep. Sam Cotten, Chairman
House Finance Committee

BACKGROUND FOR SSHB 138

Section 1.

- 1). Allocate \$79,000 per community (40) for a Television Receive Only (TVRO) earth station and two VHF mini TV transmitters (ITV and TVDP)
- 2). Allocate \$65,000 per community (13) for a TVRO and one VHF mini TV (ITV only) (No TVDP is requested because these communities are in the grade B transmission of commercial stations.)
- 3) Allocate \$26,500 per community (28) for two VHF mini TV (ITV and TVDP) (These communities are served by Small Earth Station with telephone facilities. This facility would lease two receivers, maintenance, and operations for \$13,728 per site and would be reflected in the FY 83 budget)
- 4) Allocate \$16,000 per community (20) for one VHF mini TV (TVDP) and \$14,000 per community (26) for one VHF mini TV (TVDP) at leased facilities. (These sites were funded by Ch. 174, 1980 SIA for ITV and this would add TVDP) (Leased facilities would require receiver and M and O of \$6,864 per site and reflected in the FY 83 budget)
- 5) Allocate \$14,000 per community (17) for one VHF mini TV (ITV) at leased facilities. (These sites are funded for TVDP and would add ITV) (Same as par. 4 for leased facilities)
- 6) No comment
- 7) No comment
- 8) Allocate \$6,000 per community (6) for a receiver (TVDP) at ITV sites funded by Ch 174, 1980 SIA for ITV. This will relieve TVDP from the S. E. Alaska microwave circuit, leaving it available for Public Broadcasting (KTOO-TV) distribution.
- 9) No comment
- 10) Allocates \$79,000 per community (4) for a TVDP, and two VHF mini TV (ITV and TVDP) (These sites are logging communities with ten to fifteen years left at their present locations, and they all have state supported schools. These TVDP packages can be dismantled and moved with the logging communities.)

Section 2

No comment

BACKGROUND - INSTRUCTIONAL TELEVISION

Since 1977, instructional television programming has been broadcast in Alaska, on the state-leased transponder on Satcom F2. Under funds provided in Chapter No 174, SLA 1980 (originating as HCSSB 165 during the Eleventh Alaska State Legislature, Second Session 1980), the State of Alaska has placed an order for service for 24-hour lease of an additional television channel on the Satcom F2 satellite. This satellite transponder to be available August 1, 1981 is intended to provide a full program channel of educational and instructional programming for statewide reception, in conjunction with a capital construction project for installation of mini-TV transmitters in numerous Alaska communities statewide. It is intended that this broadcast channel be exclusively non-commercial in nature, utilizing programming relevant to Alaska issues, interests and educational needs. Broadcasts are intended on a 7-day per week, 52-week per year basis, up to 18 hours per day.

Operating and capital costs for this planned ITV service are currently contained in the FY'82 budget requests of the Alaska Department of Transportation and Public Facilities (DOT/PF), with additional support from the University of Alaska Instructional Telecommunications Consortium (UAITC) and the Alaska Department of Education Instructional Television Office (DOE/ITV). The DOE/ITV will provide prime sponsorship of K-12 instructional programming with the UAITC prime sponsor for adult and higher education courses. These prime sponsoring agencies will also cooperatively develop and sponsor professional and continuing education courses, including practicing certified and para-professionals as a prime target audience. Development and sponsorship of instructional programming for other specialized audiences on both a statewide and regional basis will be strongly encouraged and supported.

Special emphasis is also to be given to developing system capacity for regional uplink, or broadcasts, of programming of special regional/local interest, for either regional/local productions or other productions sponsored by local education agencies for any general or specialized target audience or grade level.

An audio conferencing service is also under development. Limited operations will begin in late spring, 1981. Expanded statewide service will be available for the fall 1981 semester. Operations are being designed to permit audio-only applications, or use of the audio conferencing capacity in conjunction with live instructional TV courses or for teleconferencing. Integrated system services currently being studied include additional support through facsimile or telecopying, as well as appropriate computer services.

The ITV program channel and audio conferencing system are to be identified jointly as the LEARN/Alaska Instructional Telecommunications Network.

Funding Information

General Fund \$8,063,850
Other Funds -0-
\$8,063,850

Introduced: 3/16/81
Referred: Labor & Commerce and
Finance

1 IN THE HOUSE BY ADAMS AND HURLBERT

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 138

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 special appropriations to the Depart-
7 ment of Administration for telecommunications; and
8 providing for an effective date."

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

10 * Section 1. The sum of \$7,055,850 is appropriated from the general fund
11 to the Department of Administration, division of telecommunications systems
12 to be allocated as follows:

13 (1) \$3,160,000 to purchase and install equipment to extend in-
14 structional television and, if comparable commercial broadcast service is
15 not available, to also extend the satellite television demonstration project
16 to Anderson, Bettles, Birch Creek, Chignik Bay, Chauthbaluk, Clarks Point,
17 Ekuk, Eek, Elfin Cove, English Bay, Ernestine, Gakona, Girdwood, Goodnews
18 Bay, Gustavus, Hope, Hyder, Kasigluk, Kasilof, Klawock, Kokhanok, Kwethluk,
19 Levelock, Naknek, Napaskiak, Newhalen, Pitkas Point, Lower Kalskag,
20 Manokotak, Metlakatla, Moose Pass, Port Moller, Portage Creek, Quinhagak,
21 Scammon Bay, Sheldon Point, Tuluksak, Tuntutuliak, Wales and Wiseman.

22 (2) \$845,000 to purchase and install equipment to extend in-
23 structional television to Anchor Point, Big Lake, Eagle River, Homer,
24 Houston, Kenny Lake, Ninilchik, Palmer, Seldovia, Sterling, Sutton, Wasilla
25 and Willow.

26 (3) \$742,000 to purchase and install equipment to extend instruc-
27 tional television and, if comparable commercial broadcast service is not
28 available, to also extend the satellite television demonstration project to
29 Adak, Alakanuk, Chefornek, Chignik Lagoon, Chignik Lake, Central, Circle,

1 Crooked Creek, Ekwok, Galena, Hooper Bay, Igiugig, Ivanoff Bay, Kasaan,
2 Kotlik, Kwigillingok, Manley Hot Springs, Minchumina, Newtok, Nightmute,
3 Pedro Bay, Pilot Station, Point Baker, Port Alsworth, Russian Mission,
4 Stevens Village, Sparrevohn and Tununak.

5 (4) \$684,000 to purchase and install equipment to provide the
6 satellite television demonstration project for Akhiok, Akutan, Aleknagik,
7 Aniak, Arctic Village, Atka, Beaver, Buckland, Chevak, Cold Bay, Craig,
8 Deering, Dot Lake, Eagle Village, Egegik, Elim, False Pass, Golovin, Iliamna,
9 Karluk, King Salmon, Klukwan, Kobuk, Kongiganak, Koyuk, Marshall, Mentasta
10 Lake, Nelson Lagoon, New Stuyahok, Nikolski, Nondalton, Northway, Ouzinkie,
11 Pelican, Port Lions, Rampart, Red Devil, Shaktoolik, Shishmaref, Saint
12 Mary's, Saint Michael, Skagway, Stebbins, Teller, Tok and Tooksook Bay.

13 (5) \$238,000 to purchase and install equipment to provide instruc-
14 tional television for Allakaket, Atkasuk, Cantwell, Chalkyitsik, Chitina,
15 Cooper Landing, Kaltag, King Mountain, Kipnuk, Koliganek, Mekoryuk, Meshik,
16 Perryville, Pilot Point, Point Lay, Port Graham and Sleetmute.

17 (6) \$300,000 for local distribution of instructional television
18 in Anchorage, Fairbanks and Juneau.

19 (7) \$3,850 to reimburse the North Slope Borough for expenses
20 incurred in purchasing and installing mini-television in Atkasuk.

21 (8) \$36,000 to purchase and install receivers to provide the
22 television demonstration project for Angoon, Kake, Ketchikan, Petersburg,
23 Wrangell and Sitka.

24 (9) \$20,000 to relocate the Nome television transmitter to the
25 community college in order to increase the broadcast of usable reception.

26 (10) \$1,027,000 to purchase and install equipment to extend
27 instructional television and, if comparable commercial broadcast service is
28 not available, to also extend the satellite television demonstration project
29 to the following logging communities: Coffman Cove, Corner Bay, Eight

1 Fathom Bight, Freshwater Bay, Labouchere Bay, Big Naukati, Naukati Bay, Port
2 Alice, Rowan Bay, Saint John Harbor, Thorne Bay, Tuxekan Bay, and Whale
3 Pass.

4 * Sec. 2. The sum of \$1,008,000 is appropriated from the general fund to
5 the Department of Administration, division of telecommunications systems,
6 for the purchase of additional commercial television programming services
7 for urban areas, in order to prevent periodic rural television transmission
8 blackout during the fiscal year ending June 30, 1982.

9 * Sec. 3. The appropriation made by sec. 1 of this Act is for capital
10 projects and is subject to AS 37.25.020.

11 * Sec. 4. The unexpended and unobligated portion of the appropriation
12 made in sec. 2 of this Act lapses into the general fund June 30, 1982.

13 * Sec. 5. 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. SSHB 138
Title Act making special appropriations to Dept. of Admin. for telecommunications
Requested by _____ Date _____

II. FISCAL DETAIL

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

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES			125.6			
200 TRAVEL			29.4			
300 CONTRACTUAL			13.5			
400 COMMODITIES			52.5			
500 EQUIPMENT			63.0			
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL			284.0			

-- on going operating costs

FUNDING (Thousands of Dollars)

GENERAL FUND			284.0			
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME			3			
PART TIME						
TEMPORARY						

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

Includes funding for 3 electronic technicians to handle increased maintenance responsibilities as a result of new instructional television equipment added to sites included in SSHB 138.

IV. DATE _____

PREPARED BY *Robert A. Adams*

AGENCY House of Representatives, ED 21

PHONE 465-3724, 465-3877

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

Introduced: 2/11/81
Referred: Finance

BY DUNCAN, ADAMS, BUCHHOLDT, CHUCKWUK,
CLOCKSIN, COTTEN, FULLER, GARDINER,
GRUSSENDORF, HALFORD, HAYES, MALONE,
MEEKINS, MILLER, MONTGOMERY, MOSS,
PHILLIPS AND ZHAROFF

1 IN THE HOUSE

2 HOUSE BILL NO. 140

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 the longevity bonus."

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

8 * Section 1. AS 47.45.010(a) is amended to read:

9 (a) A person who is 65 years of age or over, who was domiciled in
10 the territory on or before January 3, 1959 and who has maintained a
11 continuous domicile in the territory or state for 25 years may apply to
12 the commissioner of administration for qualification to receive a
13 monthly bonus of \$250 [\$200].
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STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

April 28, 1981

Honorable Bill Ray
Alaska State Legislature
Pouch V
Juneau, AK 99811

Re: HB 140, increasing the
longevity bonus
Our file: J-77-169-81

Dear Senator Ray:

This responds to your request that we review this bill for possible adverse impacts.

The increase in the bonus will affect some persons on food stamps, grandparents who receive aid for dependent children, and recipients of other federal aid. However, none will suffer a net loss.

The most serious potential problem involves persons receiving medicaid for nursing home care. Until now, the longevity bonus has not been counted in determining their income for eligibility purposes. However, the federal statutory exception for the bonus apparently does not include medicaid nursing home care, and beginning May 1, the bonus will be counted.

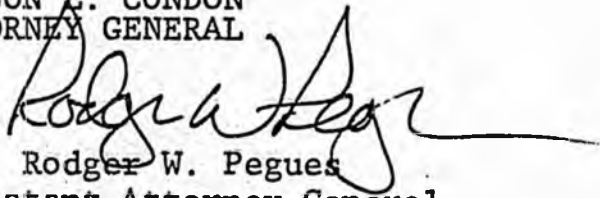
There are 435 persons in Alaska in nursing homes who receive medicaid. About one-third of them receive the longevity bonus. To the extent that the bonus pushes them over the income limit, they must pay it over to the nursing home. They will not, as first feared, lose their eligibility. Accordingly, the increase will not harm them.

In sum, increasing the bonus should not result in a loss or any harm to anyone.

Sincerely yours,

WILSON L. CONDON
ATTORNEY GENERAL

By:


Roger W. Pegues

Assistant Attorney General

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

POUCH C

JUNEAU, ALASKA 99811

465-2200

April 28, 1981

Honorable Bill Ray
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Ray:

This is in response to your request of Deputy Commissioner Fred Muller for the impact of a Longevity Bonus increase, from \$200 to \$250 per month, on those residents of nursing homes receiving the bonus. Approximately 135 to 150 people in nursing homes or one out of every three are receiving the Longevity Bonus.

In discussions with Rod Betit, Director of the Division of Public Assistance, we learned that prior to May 1, 1981, the State allowed nursing home residents receiving the bonus to retain the entire amount. In addition, a portion of other income received used for maintaining a home outside of the nursing facility could be excluded from total income for program eligibility purposes.

The Health Care Financing Administration of Region X recently found that the State was out of compliance with federal regulations by not reducing a recipient's nursing home charges by the amount of the Longevity Bonus. Since the federal government matches the cost of providing nursing home care with the State on a dollar for dollar basis, the inclusion of the Longevity Bonus will result in a monthly reduction of \$100 to \$125 per month per eligible recipient in federal outlays.

In summary, for nursing home residents, it doesn't make any difference if the Longevity Bonus is \$200 or \$250 per month. If the resident is receiving State and federal assistance, then the entire amount of the bonus (less \$35 per month for personal needs) will be used to defray the costs.

Honorable Bill Ray
Page 2

April 28, 1981

Please let me know if there is any additional information we can obtain for you.

Respectfully,


W. R. Hudson
Commissioner

WRH/mjc

cc: Keith Specking
Frederick B. Muller
Rod Betit, Director
Public Assistance

POSITION PAPER
ON
HOUSE BILL No. 140

"An Act increasing the Longevity Bonus".

The Department of Health and Social Services recognizes that the weight of inflation causes economic harm to those persons living on fixed retirement incomes. This is especially true in Alaska where cost of living increases, if any, do not keep up with the annual rate of inflation.

The Department of Health and Social Services supports the concept of attempting to keep up with the increases caused by inflation, particularly for those persons living on fixed reduced incomes.

Recommended by:

Elizabeth Muktarian
Elizabeth Muktarian
Director
Div. of Adult & Aging
Services

Date:

2/18/81

Approved by:

W. D. Beirne
W. D. Beirne
Commissioner
Dept. of Health and
Social Services

CATEGORY:

SOCIAL SERVICES

AGENCY:

DEPARTMENT OF ADMINISTRATION

PROGRAM:

SOCIAL AND ECONOMIC ASSISTANCE FOR THE AGED

BRU (S):

ALASKA LONGEVITY BONUS

The Alaska Longevity Bonus Program gives qualified applicants - those Alaskans 65 years of age or over who were domiciled in the territory on or before January 3, 1959 and who maintained a continuous domicile in the state or territory for 25 more years - a cash bonus of \$200 per month as long as they continue to reside in the State.

The principal objective of the program is to provide an incentive to qualified applicants (as described above) to return to Alaska (if now outside) or remain in Alaska after reaching age 65. Bonus payments made under this program are not predicated on need.

STATE OF ALASKA -- BUDGET UNIT SUMMARY

CATEGORY: SOCIAL SERVICES
AGENCY: DEPARTMENT OF ADMINISTRATION

BRU(S): LONGEVITY BONUS

COMPONENT DESCRIPTION	80 AUTH	80 FINAL	80 ACT	81 AUTH	81 SUPL	81 RP	GOVERNOR
	13607.6	13616.5	13409.5	19947.3			21445.6
** TOTAL	13607.6	13616.5	13409.5	19947.3			21445.6
** CHANGE VERSUS 81 AUTH							7.5%
OBJECT DESCRIPTION							
PERS. SERV.	113.9	105.3	105.2	138.3			144.9
TRAVEL	3.9	3.1	1.8	3.3			4.0
CONTRACTUAL	41.1	73.7	73.3	72.7			94.7
COMMODITIES	.4	2.5	2.2	2.0			2.8
EQUIPMENT	.5	.5	.5	.6			
GRANTS, CLMS	13447.8	13431.4	13226.5	19730.4			21199.2
FUNDING SOURCE							
GENERAL FUND	13607.6	13616.5	13409.5	19947.3			21445.6
** GENERAL FUND CHANGE VS. 81 AUTH							7.5%
POSITIONS							
FULL-TIME	5.0	5.0	5.0	6.0			5.0
STAFF MONTHS	60.0	60.0	60.0	72.0			60.0

HB 140

*Not to be put in supplement.
For committee use only.*

From Finance Committee

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 140 (Page 1 of 3)
 Title An act increasing the Longevity Bonus
 Requested by Jerry Shilz Date _____

II. FISCAL DETAIL

Agency Affected Administration
 Program Category Affected Social and Economic Assistance for the Aged
 BRU, Program, or Subprogram(s) Affected Longevity Bonus Program
 (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.	-0-	5,356.8	5,724.0	6,091.2	6,458.4	6,825.6
TOTAL	-0-	5,356.8	5,724.0	6,091.2	6,458.4	6,825.6

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	5,356.8	5,724.0	6,091.2	6,458.4	6,825.6
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

Over the past five year period, the Longevity Bonus Program has shown an almost uniform rate of increase in persons eligible for the bonus, averaging 51 persons per month.

During the month of January, 1981, there were 8,316 persons eligible for the bonus. Projecting an average increase of 51 per month, this would bring the January, 1982, number of eligible persons to 8,928.

Since January is midway in our fiscal year, the January number can be used for the fiscal year average in this constantly increasing program.

H.B. 140 would increase the Longevity Bonus from \$200 per month to \$250 per month. Assuming that the rate of increase will remain constant, as it has for the past 5 years, and assuming an effective date of July 1, 1981, for

IV. DATE 2/20/81 PREPARED BY S. George, Jr. Michael Michael JC
 AGENCY Administration
 PHONE 465-4401

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 Representative Duncan Keith Specking

H.B. 140, the increase would affect needed funding as follows:

<u>FY</u>	<u>No. Eligible</u>		<u>Amount of Increase</u>		<u>Months</u>		<u>Total Increase</u>
1982	8,928	X	\$50	X	12	=	\$5,356,800
1983	9,540	X	50	X	12	=	5,724,000
1984	10,152	X	50	X	12	=	6,091,200
1985	10,764	X	50	X	12	=	6,458,400
1986	11,376	X	50	X	12	=	6,825,600

AP

H.B. 140, the increase would affect needed funding as follows:

<u>FY</u>	<u>No. Eligible</u>		<u>Amount of Increase</u>		<u>Months</u>		<u>Total Increase</u>
1982	8,928	X	\$50	X	12	=	\$5,356,800
1983	9,540	X	50	X	12	=	5,724,000
1984	10,152	X	50	X	12	=	6,091,200
1985	10,764	X	50	X	12	=	6,458,400
1986	11,376	X	50	X	12	=	6,825,600

4/6/81

HOUSE BILL 140 (Increase Longevity Bonus)

- 2-11-81 Introduced by Duncan, et al
Ref: House Finance
- 3-5-81 H. Finance reported bill out with 9 'do pass' recommendations
and attached fiscal notes
- 3-9-81 Passed House 35-3 (Cuddy, Fanning, Martin)
- 3-10-81 Referred to Senate State Affairs, Finance
- 3-18-81 S. State Affairs reported bill out of committee with 4 'do pass'
recommendations

Summary:

This legislation amends present statutes to increase monthly longevity bonus from \$200 to \$250.

During January 1981 - 8,316 persons were eligible to receive the bonus. The current rate of increase of persons eligible has been consistently averaging 51 persons per month. If this average increase remains constant, by January of 1982 - 8,928 persons will be eligible.

Note: In 1976, the legislature increased the monthly bonus from \$100 to \$125
In 1978 - \$125 to \$150
In 1980 - \$150 to \$200

COMMITTEE REPORT

HOUSE

FURTHER:

2/11/81

(11)

Date: 2-26-81

Mr. Speaker:

The Committee on FINANCE has had HB 140

"An Act increasing the longevity bonus."

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

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
- and recommends _____ new title
- AND attaches a "Letter of Intent" New Fiscal Note 2/20/81
- reports it back without recommendation 5,356.8
- referred to the _____ Committee 2/18/81

MEMBERS SIGNING

DO PASS

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

MEMBERS HAVING

OTHER RECOMMENDATIONS:

[Signature]

CHAIRMAN

Introduced: 2/11/81
Referred: Finance

BY DUNCAN, ADAMS, BUCHHOLDT, CHUCKWUK,
CLOCK SIN, COTTEN, FULLER, GARDINER,
GRUSSENDORF, HALFORD, HAYES, MALONE,
MEEKINS, MILLER, MONTGOMERY, MOSS,
PHILLIPS AND ZHAROFF

1 IN THE HOUSE

2 HOUSE BILL NO. 140

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

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11 continuous domicile in the territory or state for 25 years may apply to
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13 monthly bonus of \$250 [\$200].
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THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. H.B. 140
 Title An act increasing the Longevity Bonus
 Requested by Jerry Shilz Date _____

II. FISCAL DETAIL

Agency Affected Administration
 Program Category Affected Social and Economic Assistance for the Aged
 BRU, Program, or Subprogram(s) Affected Longevity Bonus Program

(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						
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TOTAL	-0-	5,356.8	5,724.0	6,091.2	6,458.4	6,825.6

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	5,356.8	5,724.0	6,091.2	6,458.4	6,825.6
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

Over the past five year period, the Longevity Bonus Program has shown an almost uniform rate of increase in persons eligible for the bonus, averaging 51 persons per month.

During the month of January, 1981, there were 8,316 persons eligible for the bonus. Projecting an average increase of 51 per month, this would bring the January, 1982, number of eligible persons to 8,928.

Since January is midway in our fiscal year, the January number can be used for the fiscal year average in this constantly increasing program.

H.B. 140 would increase the Longevity Bonus from \$200 per month to \$250 per month. Assuming that the rate of increase will remain constant, as it has for the past 5 years, and assuming an effective date of July 1, 1981, for

IV. DATE 2/20/81 PREPARED BY George J. Michael
 AGENCY Administration
 PHONE 465-4401

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 Representative Duncan Keith Specking
 33-001 (Rev. 12/80)

H.B. 140, the increase would affect needed funding as follows:

<u>FY</u>	<u>No. Eligible</u>		<u>Amount of Increase</u>		<u>Months</u>		<u>Total Increase</u>
1982	8,928	X	\$50	X	12	=	\$5,356,800
1983	9,540	X	50	X	12	=	5,724,000
1984	10,152	X	50	X	12	=	6,091,200
1985	10,764	X	50	X	12	=	6,458,400
1986	11,376	X	50	X	12	=	6,825,600

CORRECTION

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

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. H.B. 140
 Title An act increasing the Longevity Bonus
 Requested by Jerry Shilz Date _____

II. FISCAL DETAIL

Agency Affected Administration
 Program Category Affected Social and Economic Assistance for the Aged
 BRU, Program, or Subprogram(s) Affected Longevity Bonus Program
 (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.	-0-	5,356.8	5,724.0	6,091.2	6,458.4	6,825.6
TOTAL	-0-	5,356.8	5,724.0	6,091.2	6,458.4	6,825.6

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	5,356.8	5,724.0	6,091.2	6,458.4	6,825.6
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

Over the past five year period, the Longevity Bonus Program has shown an almost uniform rate of increase in persons eligible for the bonus, averaging 51 persons per month.

During the month of January, 1981, there were 8,316 persons eligible for the bonus. Projecting an average increase of 51 per month, this would bring the January, 1982, number of eligible persons to 8,928.

Since January is midway in our fiscal year, the January number can be used for the fiscal year average in this constantly increasing program.

H.B. 140 would increase the Longevity Bonus from \$200 per month to \$250 per month. Assuming that the rate of increase will remain constant, as it has for the past 5 years, and assuming an effective date of July 1, 1981, for

IV. DATE 2/20/81 PREPARED BY George T. Michael
 AGENCY Administration
 PHONE 465-4401

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 Representative Duncan Keith Specking
 33-001 (Rev. 12/80)

CATEGORY: SOCIAL SERVICES
PROGRAM: SOCIAL AND ECONOMIC ASSISTANCE FOR THE AGED

AGENCY: DEPARTMENT OF ADMINISTRATION
BRU (s): ALASKA LONGEVITY BONUS

The Alaska Longevity Bonus Program gives qualified applicants - those Alaskans 65 years of age or over who were domiciled in the territory on or before January 3, 1959 and who maintained a continuous domicile in the state or territory for 25 more years - a cash bonus of \$200 per month as long as they continue to reside in the State.

The principal objective of the program is to provide an incentive to qualified applicants (as described above) to return to Alaska (if now outside) or remain in Alaska after reaching age 65. Bonus payments made under this program are not predicated on need.

STATE OF ALASKA -- BUDGET UNIT SUMMARY

CATEGORY: SOCIAL SERVICES
 AGENCY: DEPARTMENT OF ADMINISTRATION

BRU(S): LONGEVITY BONUS

COMPONENT DESCRIPTION	80 AUTH	80 FINAL	80 ACT	81 AUTH	81 SUPL	81 RP	GOVERNOR
	13607.6	13616.5	13409.5	19947.3			21445.6
** TOTAL	13607.6	13616.5	13409.5	19947.3			21445.6
** CHANGE VERSUS 81 AUTH							7.5%
OBJECT DESCRIPTION							
PCRS. SERV.	113.9	105.3	105.2	138.3			144.9
TRAVEL	3.9	3.1	1.8	3.3			4.0
CONTRACTUAL	41.1	73.7	73.3	72.7			94.7
COMMODITIES	.4	2.5	2.2	2.0			2.8
EQUIPMENT	.5	.5	.5	.6			
GRANTS, CLMS	13447.8	13431.4	13226.5	19730.4			21199.2
FUNDING SOURCE							
GENERAL FUND	13607.6	13616.5	13409.5	19947.3			21445.6
** GENERAL FUND CHANGE VS. 81 AUTH							7.5%
POSITIONS							
FULL-TIME	5.0	5.0	5.0	6.0			5.0
STAFF MONTHS	60.0	60.0	60.0	72.0			60.0

H.B. 140, the increase would affect needed funding as follows:

<u>FY</u>	<u>No. Eligible</u>		<u>Amount of Increase</u>		<u>Months</u>		<u>Total Increase</u>
1982	8,928	X	\$50	X	12	=	\$5,356,800
1983	9,540	X	50	X	12	=	5,724,000
1984	10,152	X	50	X	12	=	6,091,200
1985	10,764	X	50	X	12	=	6,458,400
1986	11,376	X	50	X	12	=	6,825,600

POSITION PAPER
ON
HOUSE BILL No. 140

"An Act increasing the Longevity Bonus".

The Department of Health and Social Services recognizes that the weight of inflation causes economic harm to those persons living on fixed retirement incomes. This is especially true in Alaska where cost of living increases, if any, do not keep up with the annual rate of inflation.

The Department of Health and Social Services supports the concept of attempting to keep up with the increases caused by inflation, particularly for those persons living on fixed reduced incomes.

Recommended by Elizabeth Muktarian
Elizabeth Muktarian
Director
Div. of Adult & Aging
Services

Date: 2/18/81

Approved by: Helen D. Beirne
Helen D. Beirne
Commissioner
Dept. of Health and
Social Services

I. REQUEST
 Bill/Resolution No. HB 140
 Title An Act increasing the Longevity Bonus
 Requested by _____ Date February 18, 1981

II. FISCAL DETAIL
 Agency Affected Dept. of Administration
 Program Category Affected Social and Economic Assistance for the Aged
 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						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		-0-				

FUNDING (Thousands of Dollars)

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

POSITIONS

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

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

Zero impact

IV. DATE 2-18-81 **PREPARED BY** Deborah West
AGENCY Division of Social Security Administration
PHONE 465-3250
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) _____ M&B Approval Mark H. Hinkley Date 2/18/81

COMMITTEE REPORT

HOUSE

3/10/81

FURTHER:

(11)

Date: May 16, 1981

Mr. Speaker:

The Committee on FINANCE has had HB 142

"An Act relating to trophy hunting of caribou and moose."

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note (192,303)
- reports it back without ^{individual} recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Albert G. Sloan

Malone

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Jim GIL NO Rec

W. R. NO Rec

John Murray NO Rec

Rogers NO Rec

Montgomery - Not Rec

Jim GIL
CHAIRMAN

HB 142

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 142
 Title Trophy Hunting of Caribou and Moose
 Requested by Public Safety Date 02/19/81

II. FISCAL DETAIL

Agency Affected Public Safety
 Program Category Affected NRMEC
 BRU, Program, or Subprogram(s) Affected Fish & Wildlife Protection

(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		69,303				
200 TRAVEL		13,000				
300 CONTRACTUAL		5,000				
400 COMMODITIES		3,000				
500 EQUIPMENT		2,000				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		92,303				

FUNDING (Thousands of Dollars)

GENERAL FUND		92,303				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		1				
PART TIME		5				
TEMPORARY						

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

	Investigator II	Seasonal	Total
100	55,456	13,847	69,303
200	10,000	3,000	13,000 Travel & Per diem
300	3,000	2,000	5,000
400	1,500	1,500	3,000
500	1,000	1,000	2,000
	<u>70,956</u>	<u>21,347</u>	<u>92,303</u>

~~Positions: Full time (1) Investigator II = 69,456 (100)~~
~~Part time (5) Seasonals (5 mos) = 69,235 (100)~~

IV. DATE 2/19/81

PREPARED BY Charles M. Prestan
 AGENCY Fish & Wildlife Protection
 PHONE 269-5589

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

Introduced: 2/12/81
Referred: Resources

BY HURLBERT, BUCHHOLDT, FULLER,
GRUSSENDORF, ABOOD, ADAMS, GATO,
CHUCKWUK, CLOCKSIN, DUNCAN,
GARDINER, HAUGEN, MALONE, MARTIN,
MILLER, MOSS, VASKA AND ZHAROFF

1 IN THE HOUSE

2 HOUSE BILL NO. 142

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 trophy hunting of caribou and
7 moose."

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

9 * Section 1. FINDINGS AND INTENT. The legislature finds that caribou
10 and moose are a valuable source of food. The legislature further finds that
11 persons whose primary motivation for hunting caribou and moose is to secure
12 food will make the best use of food available from these animals. Therefore,
13 the legislature intends to discourage the hunting of moose and caribou for
14 purposes of acquiring trophies or any other reason unrelated to securing
15 food.

16 * Sec. 2. AS 16.05 is amended by adding a new section to read:

17 Sec. 16.05.782. DISPOSITION OF ANTLERS. (a) Antlers of caribou
18 or moose may not be removed from the state unless the removal is autho-
19 rized under (b) of this section.

20 (b) The department may issue a permit authorizing the removal of
21 moose or caribou antlers if the applicant furnishes proof satisfactory
22 to the department that

23 (1) the applicant holds a resident hunting license;

24 (2) the antlers will be removed from the state in the posses-
25 sion of the applicant;

26 (3) the removal from the state by the applicant is a conse-
27 quence of a change in domicile of the applicant; and

28 (4) the applicant does not intend to sell the antlers outside
29 the state.

Introduced: 2/12/81
Referred: Resources

BY HURLBERT, BUCHHOLDT, FULLER,
GRUSSENDORF, ABOOD, ADAMS, GATO,
CHUCKWUK, CLOCKSIN, DUNCAN,
GARDINER, HAUGEN, MALONE, MARTIN,
MILLER, MOSS, VASKA AND ZHAROFF

1 IN THE HOUSE

2 HOUSE BILL NO. 142

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

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24 (2) the antlers will be removed from the state in the posses-
25 sion of the applicant;

26 (3) the removal from the state by the applicant is a conse-
27 quence of a change in domicile of the applicant; and

28 (4) the applicant does not intend to sell the antlers outside
29 the state.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

HB 142

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB No. 142
 Title An Act relating to trophy hunting of Caribou and Moose
 Requested by House Resources Committee Date February 23, 1981

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected Division of Game
 BRU, Program, or Subprogram(s) Affected Department of Fish & Game

(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.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Game Fund	-0-	(780.5)	(780.5)	780.5	(780.5)	(780.5)

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

There were 1421 Caribou and 1880 Moose tags sold to non-residents in FY 1980. Based on the assumption that 45% of these needed non-resident hunting licenses specifically for these hunts, there were 2005 non-resident hunting licenses sold. Since this FY hunting season is almost complete, there would be no loss in this FY. Assuming that we sell the same amount of Caribou and Moose tags and licenses for the next five fiscal years we would show a loss of 3,902.5 thousand dollars.

Cecilia A. Wagoner

IV. DATE February 23, 1981 PREPARED BY Cecilia A. Wagoner for Linda Lockridge
 AGENCY Department of Revenue
 Original: Legislative Finance PHONE 465-2376
 cc: Budget and Management
Prime Sponsor (First Legislator Named)

HB 142

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HB 142
 Title An Act relating to trophy hunting of caribou and moose
 Requested by _____ Date February 20, 1981

II. FISCAL DETAIL
 Agency Affected Department of Fish and Game
 Program Category Affected Natural Resource Management
 BRU, Program, or Subprogram(s) Affected Game
 (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.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

REVENUE
~~FUNDING~~ (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
FISH AND GAME FUND	-0-	(404.8)	(404.8)	(404.8)	(404.8)	(404.8)

POSITIONS

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

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)
 This bill will have a substantial impact on revenue generated to the Fish and Game fund. We assume it will reduce by 75% the number of nonresident hunters currently participating in the hunting of moose and caribou.

.75 x 1,312 NonResident Moose tags at \$200.00 = \$196,800
 .75 x 993 NonResident Caribou tags at \$200.00 = 148,950
 Tag Revenue Loss TOTAL \$345,750

Also assume a number of licenses will not be sold due to this bill with an additional loss of review. Number equal to largest of two above figures.

.75 x 1,312 tags x \$60.00 = \$ 59,040
 TOTAL REVENUE LOSS \$404,790

IV. DATE 02/23/81 PREPARED BY Russell H. Clark
 AGENCY Department of Fish and Game
 PHONE 465-4120

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 Keith Specking, Office of the Governor
 33-001 (Rev. 12/80)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

HB 142

I. REQUEST

Bill/Resolution No. House Bill 142
Title Trophy Hunting of Caribou and Moose
Requested by Public Safety Date 02/19/81

II. FISCAL DETAIL

Agency Affected Public Safety
Program Category Affected NRMEC
BRU, Program, or Subprogram(s) Affected Fish & Wildlife Protection
(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		69,303				
200 TRAVEL		13,000				
300 CONTRACTUAL		5,000				
400 COMMODITIES		3,000				
500 EQUIPMENT		2,000				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		92,303				

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND		92,303				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME		1				
PART TIME		5				
TEMPORARY						

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

	Investigator II	Seasonal	Total
100	55,456	13,847	69,303
200	10,000	3,000	13,000 Travel & Per diem
300	3,000	2,000	5,000
400	1,500	1,500	3,000
500	1,000	1,000	2,000
	<u>70,956</u>	<u>21,347</u>	<u>92,303</u>

~~Positions: Full time (1) Investigator II = 69,456 (100)~~
~~Part time (5) Seasonals (5 mos) = 69,235 (100)~~

IV. DATE 2-19-81

PREPARED BY Charles M. Spector
AGENCY Fish & Wildlife Protection
PHONE 269-5589

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

Letter of Intent
HB 145

The intent of HB145 is for the construction of a road connecting Hydaburg to the Prince of Wales road system and making a special appropriation to the Department of Transportation and Public Facilities for construction and for acquisition of right-of-way and roadway improvements in accordance with a Memorandum of Understanding dated January 27, 1981, between the Department of Transportation and Public Facilities and the Sealaska Corporation and the Haida Corporation.

The Department will adhere to the terms of the Memorandum of Understanding dated January 27, 1981, and providing that Sealaska Corporation and Haida Corporation adhere to the terms contained within this agreement, the Department will negotiate an equitable amount not to exceed \$4,409,000 to purchase the right-of-way with road improvements from Sealaska Corporation and Haida Corporation of a sufficient width to eventually operate and maintain a public secondary highway.

No funds will be advanced to either Sealaska Corporation or Haida Corporation prior to the completion of the road in accordance with the aforementioned agreement dated January 27, 1981.


Representative Bette Cato, Chairman
House Transportation Committee

FISCAL NOTE

I. REQUEST

Bill/Resolution No. H.B. 145

Title: "An Act making a special appropriation for the Hydaburg Road"

Requested by Reps. Gardiner and Freeman

Date 2-12-81

II. FISCAL DETAIL

Agency Affected Department of Transportation and Public Facilities

Program Category Affected _____

BRU, Program, or Subprogram(s) Affected _____

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

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES			70.0	70.0	70.0	70.0
200 TRAVEL						
300 CONTRACT, Administration			72.3	72.3	72.3	72.3
400 COMMODITIES			15.7	15.7	15.7	15.7
500 EQUIPMENT			244.5	20.0	20.0	20.0
600 LAND & STRUCTURES			158.4	691.0		
700 GRANTS		4,409.0				
TOTAL		4,409.0	560.9	869.0	178.0	178.0

FUNDING (Thousands of Dollars)

GENERAL FUND		4,409.0	560.0	869.0	178.0	178.0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME			2	2	2	2
PART TIME						
TEMPORARY						

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

A maintenance station is expected to be constructed as part of the FY 83/84 C.I.P. - the first year will provide for site acquisition and facility design, the second year will provide for actual construction of the shop. Operation of the shop and maintenance of the road will require acquisition of equipment, i.e., grader, plow, truck, loader, plus a maintenance foreman and a one man crew on a full-time basis.

Right of way for the road will be transferred to the State at no cost by Sealaska and Haida Corporation per the Memorandum of Understanding signed January 27, 1981.

IV. DATE February 19, 1981

PREPARED BY Charles Gasparek for Morten Cook
AGENCY Southeast Region Planning
PHONE 789-0841 Ext. 112

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

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING executed this 27 day of Jan. 1981, by and between the State of Alaska, Department of Transportation and Public Facilities hereinafter referred to as the State, and the Sealaska Corporation and the Haida Corporation; proclaims as follows:

To furnish a necessary transportation link and in order that proper and full utilization of natural resources may be realized, it is desirable that the approximately seven remaining miles of road be constructed linking the town of Hydaburg to the Klawock, Hollis Highway.

Sealaska Corporation and the Haida Corporation are desirous of having this road link constructed at the earliest possible date.

Due to the limited funding of the Forest Highway program, the State would be unable, through its normal project development procedures, to accomplish the physical construction of this road link prior to 1985.

The proposed road link will traverse portions of lands under the ownership control of Sealaska, the jurisdiction of the United States Forest Service and the ownership of Haida Corporation respectively.

It is now therefore understood between the parties herein as follows:

1. Sealaska, will construct, at its own expense, the approximate seven miles of road linking the town of Hydaburg to the Klawock, Hollis Highway. THE TERMINUS OF THE ROAD WOULD BE AT THE SALTRY POINT, HYDABURG DOCK FACILITY.
 - (a) The proposed road link will be constructed by Sealaska Corporation and Haida Corporation, as a pioneer road, to a nominal fourteen (14) foot width with proper turnouts and bridges at standard State requirements.
 - (b) The proposed road link will be constructed operated and maintained within the corridor and along the alignment now being cleared environmentally by the Federal Highway Administration.
 - (c) The proposed road link will be constructed, operated and maintained in a manner recognizing limited public access.
2. It is the intent of Sealaska to request reimbursement of construction costs from the State, prior to any transfer of the roadway. *PET MK*
3. Sealaska Corporation will request, from the United States Forest Service, a permit for right of way for the portion of road within Forest lands.
4. Sealaska Corporation and Haida Corporation will transfer all Rights of Way to the State at no cost to the State, at such time as the State assumes jurisdictional control of the road as a public highway facility.
5. Rights of Way transferred to the State will be of a sufficient width to operate and maintain a facility to be ultimately constructed to two lane secondary highway standards.
6. The State will impose no highway use load limits, on the proposed road, until such time as the road becomes a public highway facility.
7. The State will attempt ^{to upgrade the roadway} through its normal funding and project development procedures to expedite the transfer of this road to the State with State or Forest Highway funds. PREFERENCE WOULD BE TO CONSTRUCT A TWO-LANE ROAD FROM THE OUTSET OF DEVELOPMENT. *PET MK*

It is further understood that time is of the essence in the execution of this instrument.

ACCEPTED:

By *[Signature]*
Commissioner
Department of Transportation
and Public Facilities

By *[Signature]*

By *[Signature]*

The intent of HB145 is for the construction of a road connecting Hydaburg to the Prince of Wales road system and making a special appropriation to the Department of Transportation and Public Facilities for construction and for acquisition of right-of-way and roadway improvements in accordance with a Memorandum of Understanding dated January 27, 1981, between the Department of Transportation and Public Facilities and the Sealaska Corporation and the Haida Corporation.

The Department will adhere to the terms of the Memorandum of Understanding dated January 27, 1981, and providing that Sealaska Corporation and Haida Corporation adhere to the terms contained within this agreement, the Department will negotiate an equitable amount not to exceed \$4,409,000 to purchase the right-of-way with road improvements from Sealaska Corporation and Haida Corporation of a sufficient width to eventually operate and maintain a public secondary highway.

No funds will be advanced to either Sealaska Corporation or Haida Corporation prior to the completion of the road in accordance with the aforementioned agreement dated January 27, 1981.

Pegues
12-0635
Letter of Intent

Funding Information
General Fund \$4,409,000
Other Funds -0-
\$4,409,000

Introduced: 2/12/81
Referred: Transportation and
Finance

1 IN THE HOUSE

BY GARDINER AND FREEMAN

2 HOUSE BILL NO. 145

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 special appropriation for the Hydaburg
7 road; and providing for an effective date."

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

9 * Section 1. The sum of \$4,409,000 is appropriated from the general fund
10 to the Department of Transportation and Public Facilities for construction
11 in cooperation with Sealaska Corporation and the Naida Corporation, of the
12 road between the City of Hydaburg and the Hollis highway, ending at the head
13 of Natzuhini Bay.

14 * Sec. 2. The appropriation made by this Act is for a capital project
15 and is subject to AS 37.25.020.

16 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
17 070(c).

Letter of Intent

HB 145

The intent of HB145 is for the construction of a road connecting Hydaburg to the Prince of Wales road system and making a special appropriation to the Department of Transportation and Public Facilities for construction and for acquisition of right-of-way and roadway improvements in accordance with a Memorandum of Understanding dated January 27, 1981, between the Department of Transportation and Public Facilities and the Sealaska Corporation and the Haida Corporation.

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No funds will be advanced to either Sealaska Corporation or Haida Corporation prior to the completion of the road in accordance with the aforementioned agreement dated January 27, 1981.

Bette Cato

Representative Bette Cato, Chairman
House Transportation Committee

ALASKA STATE LEGISLATURE

TWELFTH Legislature FIRST... Session

HOUSE BILL..... NO. 145

By GARDINER AND FREEMAN.....

"An Act making a special appropriation for the Hydaburg road; and providing for an effective date."

Spec. appro, Hydaburg road

Introduced in the House ..2/12... 19..81

HISTORY IN THE HOUSE

19 81	Read first time and referred to Committee on										
Feb. 12	Transportation and Finance Reported back with recommendation that										
	Read second time and										
	Read third time and										
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
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Absent	Absent										
Excused	Excused										
	Reconsideration										
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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										
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	Reported correctly engrossed										
	Signed by President										
	Returned to House										
SECRETARY OF THE SENATE											

HISTORY IN THE HOUSE

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

Funding Information
General Fund \$4,409,000
Other Funds -0-
\$4,409,000

Introduced: 2/12/81
Referred: Transportation and
Finance

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COMMITTEE REPORT

HOUSE

(11)

FURTHER:

2/15/82

Date: Mar. 11, 1982

Mr. Speaker: (Taken from Rules 2/15/82)

The Committee on FINANCE has had SSHB 146

"An Act relating to payment procedures on certain public contracts."

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 SSHB 146 (Fin) same title
 new title
 and recommends do pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

**MEMBERS SIGNING
DO PASS**

**MEMBERS HAVING
OTHER RECOMMENDATIONS:**

Jan. Carter - No Rec

_____ - No Rec

_____ - No Rec

Robert P. C. C. C.
CHAIRMAN

Original sponsor: Brown by request

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 146 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to payment procedures on certain public
7 contracts."

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

9 * Section 1. AS 36 is amended by adding a new chapter to read:

10 CHAPTER 90. MISCELLANEOUS PROVISIONS.

11 Sec. 36.90.001. PUBLIC CONSTRUCTION CONTRACT PAYMENTS. (a) The
12 state shall initiate payment to the contractor for the amount due under
13 a public construction or public work contract within 15 days after the
14 contractor submits to the state a bill for materials or services and a
15 sworn statement that all employees employed on the project by the con-
16 tractor and all subcontractors have been paid not less than the estab-
17 lished prevailing rate of pay as determined and published by the Depart-
18 ment of Labor.

19 (b) If the state fails to make a payment due under this section,
20 it shall pay interest to the contractor under AS 45.45.010(a) on the
21 amount due. If a failure to make a payment due under this section
22 continues for 60 days or more, the state shall pay the contractor a
23 penalty of 10 percent of the amount due plus interest.

24 (c) The state or a political subdivision of the state is liable to
25 a contractor registered under AS 08.18 for interest at the rate provided
26 in AS 45.45.010(a) on retainage on a contract for public works or public
27 construction. Interest on retainage accrues from the date of approval
28 of a pay estimate until the date of payment to the contractor or applica-
29 tion toward the obligation of the contractor under the contract. A

1 contract provision purporting to waive the interest provisions of this
2 subsection is void as contrary to public policy.

3 * Sec. 2. AS 36.95.010 is amended to read:

4 Sec. 36.95.010. DEFINITIONS. In this title [AS 36.05 - 36.25]
5 unless the context requires otherwise

6 (1) "contractor" means the contractor including subcontractors
7 performing work necessary to facilitate public construction;

8 (2) "laborer, mechanic, or field surveyor" means a person who
9 engages in work which is basically physical or unskilled in nature; or
10 who engages in work, requiring the use of tools or machines, which
11 basically consists of the shaping and working of materials into some
12 type of structure, machine or other object; or who engages in outdoor
13 tasks related to the operation of finding and delineating contour,
14 dimensions, position, topography, as of any part of the earth's surface,
15 by preparation of measured plan or description of any area or other
16 portion of country or of road or line through any area or other portion
17 of country;

18 (3) "public construction" or "public works" means the on-site
19 field surveying, erection, rehabilitation, alteration, extension or
20 repair, including painting or redecorating of buildings, highways or
21 other improvements to real property under contract for the state, a
22 political subdivision of the state, or a regional school board with
23 respect to an educational facility under AS 14.08.161;

24 (4) "qualified" means one who, except for apprentices, is a
25 journeyman mechanic in his particular trade;

26 (5) "resident" means a person who maintains his domicile in
27 the state: domicile is the true and permanent home of a person from
28 which he has no present intention of removing and to which he intends to
29 return whenever he is away;

1 (6) "state or a political subdivision of the state" means any
2 state department, state agency, state university, borough, city, village,
3 school district or other state subdivision;

4 (7) "wages" includes fringe benefits;

5 (8) "retainage" means money withheld from a contractor until
6 completion of a contract or other contingency which the contractor has
7 earned as evidenced by approval of the applicable pay estimate.
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THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. 66 SS HB 146 - Relating to payment procedures on
 Title certain public contracts
 Requested by Labor & Commerce Committee Date 2/3/82

II. FISCAL DETAIL
 Agency Affected Department of Transportation & Public Facilities
 Program Category Affected Design and Construction
 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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

36.90.001 (a) Direct Cost is loss of interest on 20% of contract amount
 for 73 days. 20% of \$300 million = \$60 million. Assume
 State earns 12% on its money. Then, \$60 million (0.12)
 $(\frac{73}{365}) = \$1.44$ million.

Indirect Cost is increased cost of bonding (assume 0.5% of
 contract) \$300 million (.005) - \$1.50 million.

(b) Interest on retainage is calculated at \$135,000.

Estimated total annual cost of this bill is \$3,075,000.

IV. DATE February 11, 1982 PREPARED BY Jerome A. Murphy JM
 AGENCY DOT/PF
 PHONE 465-3900

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

P.O. BOX 3-1000
JUNEAU, ALASKA 99811
(TELEX 099-45 337)

February 18, 1982

Re: CS SS HB 146(L&C)
Relating to Payment Procedures
on Certain Public Contracts

Honorable John Fuller, Chairman
House Rules Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Fuller:

We have reviewed the referenced version of House Bill 146(L&C) and believe that this proposed legislation is both unnecessary, as it applies to this Department, and not in the best interest of the State, in general. Should it be determined, however, that it should be pursued, the following comments and recommendations are hereby offered for your consideration.

It is recommended that subsection 36.90.001(a) be deleted. The payment, to the contractor, of 20% of the contract amount prior to beginning work is not only fiscally unsound but also would increase the risk of contractors not performing the work in a timely manner.

This Department already operates under policies which minimize the requirements of interim financing by Contractors without increasing the risk to the bondsmen or increasing the premium. In most contracts, a mobilization pay item allows the contractor to recover move-in and set-up costs very early in the job. Contractor payments are made monthly or semi-monthly at the Contractor's request. Retainage is held to a bare minimum on lump sum contracts and is not held at all on most highways, airports and harbors contracts. Provisions are made which pay for stockpiled materials on the job site prior to incorporation into the project and on buildings contracts bonding, insurance and bidding expenses are paid immediately after the notice to proceed is issued. These policies were developed through cooperative efforts with the contracting industry in an effort to minimize financial problems while still maintaining a competitive bidding atmosphere.

Regarding subsection (b), the language "Initiate Payment" is unclear. The initiation of the payment process may be interpreted to mean anything from the approval of a Contractors invoice or the signing of a monthly pay estimate to the actual mailing of the warrant to the Contractor, a process which could entail from three to ten days (or more), depending on the remoteness of the project site or its distance from the finance office.

It is suggested that the term "Intitate payment" be replaced with "Issue Payment", in which case the period of time allowed should be changed to 30 days in order to allow for the time necessary to transmit pay estimates or bills from a remote project site and to allow for the review and approval of complex pay estimates such as those involving multi-million dollar contracts with a multitude of pay items which must all be verified and approved prior to issuing a warrant.

It should also be pointed out that where subsection (b) uses the language "... the contractor submits... a bill for materials or services...", this terminology is not applicable to most all of the construction contracts administered by DOT/PF. Firstly, payment for public works contracts is not made directly for materials or services but for items of work for which unit prices are bid. Secondly, in most cases the contractor does not submit a bill. Instead, a pay estimate is prepared by the State and approved by the Contractor.

It is also unclear whether the Contractor under (b) would be paid on the regular basis as set up in the contract (monthly or semi-monthly), or whether he/she could submit weekly or even daily bills.

Subsection (b) is silent concerning the consequences of the Contractor's failure to submit the sworn statement regarding prevailing wages.

The following language is suggested for subsection (b) in order to clarify the above points:

(b) The State shall issue payment to the Contractor, for the amount due under the public construction or public works contract, within 30 days following the end of the pay period for which payment is being made. The Contractor shall submit a sworn statement, to the State at the end of the pay period, certifying that all employees employed on the project during the pay period by the Contractor and all subcontractors have been paid not less than the established prevailing rate of pay as determined and published by the Department of Labor. Failure, by the Contractor, to submit the above sworn statement shall be cause for the State to delay payment, without interest or penalty, until such a sworn statement is submitted.

In reference to subsection (c), it must be stated that this Department strongly opposes the principle of a penalty, other than interest on late payments. This Department has, we believe, an excellent record for making timely payments to Contractors and it is not anticipated that such a penalty provision would ever

be used, were it inacted. Our general contract provisions, in every construction contract, contain an administrative claims clause which provides the vehicle to remedy inequities or disputes whenever they may occur. Such an avenue has always been available to our Contractors and is believed to be much more equitable than an automatic penalty for an event, regardless of its causation or circumstance.

It is recommended that the interest payment provision in (c) be retained, but that the 10 percent penalty provision be deleted.

Regarding subsection (d), interest on retainage, the following language is suggested for the second sentence in order to clarify the beginning of accrual of interest:

Interest on retainage accrues from the thirtieth day following the end of the pay period from which the retainage is withheld until the date of payment to the Contractor.

Under definitions, Section 36.95.010, the term Contractor must apply only to the prime Contractor as the contract is only between the prime Contractor and the State. The term "unskilled" in (2) should not be used to describe a mechanic or a surveyor but could apply to a laborer. In (3), "Public Construction" or "Public Works", the terms "onsite" and "real property" would not apply to State ferries constructed under contract with this Department. It is suggested that "on-site" be deleted and the term "real Property" be changed to "public Property". (Reference Blacks Law Dictionary for these terms.) The definition of "retainage", (6), would be improved by re-wording as follows:

(6) "Retainage" means money, or other contingency which the Contractor has earned as evidenced by approval of the applicable pay estimate, which is withheld from the Contractor until the completion of the contract.

The above comments are made in the interest of making the proposed legislation a more meaningful and concise document, as it would apply to the Department of Transportation and Public Facilities, which will hopefully accomplish its intended purpose without unduly increasing the cost or adversely affecting the quality of construction projects built with public funds.

Sincerely,



R.D. Shumway, P.E.
Deputy Commissioner

Enclosure: Copy of CS SS HB 146(L&C)

CORRECTION

2/4/82

Please discard all copies of

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 146(L&C)

and retain this corrected version.

Original sponsor: Brown by request

Offered: 2/3/82
Referred: Rules

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 146 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

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7 public contracts."

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

9 * Section 1. AS 36 is amended by adding a new chapter to read:

10 CHAPTER 90. MISCELLANEOUS PROVISIONS.

11 Sec. 36.90.001. PUBLIC CONSTRUCTION CONTRACT PAYMENTS. (a) At
12 the request of a contractor the state shall pay the contractor 20 percent
13 of the amount of the contract on or before the date the state gives the
14 contractor notice to proceed with the public construction or public work
15 covered by the contract.

16 (b) The state shall initiate payment to the contractor for the
17 amount due under the public construction or public work contract within
18 15 days after the contractor submits to the state a bill for materials
19 or services and a sworn statement that all employees employed on the
20 project by the contractor and all subcontractors have been paid not less
21 than the established prevailing rate of pay as determined and published
22 by the Department of Labor.

23 (c) If the state fails to make a payment due under this section,
24 it shall pay interest to the contractor under AS 45.45.010(a) on the
25 amount due. If a failure to make a payment due under this section
26 continues for 60 days or more, the state shall pay the contractor a
27 penalty of 10 percent of the amount due plus interest.

28 (d) The state or a political subdivision of the state is liable to
29 a contractor registered under AS 08.18 for interest at the rate provided

1 in AS 45.45.010(a) on retainage on a contract for public works or public
2 construction. Interest on retainage accrues from the date of approval
3 of a pay estimate until the date of payment to the contractor or applica-
4 tion toward the obligation of the contractor under the contract. A
5 contract provision purporting to waive the interest provisions of this
6 subsection is void as contrary to public policy.

7 * Sec. 2. AS 36.95.010 is amended to read:

8 Sec. 36.95.010. DEFINITIONS. In this title [AS 36.05 - 36.25]
9 unless the context requires otherwise

10 (1) "contractor" means the contractor including subcontractors
11 performing work necessary to facilitate public construction;

12 (2) "laborer, mechanic, or field surveyor" means a person who
13 engages in work which is basically physical or unskilled in nature; or
14 who engages in work, requiring the use of tools or machines, which
15 basically consists of the shaping and working of materials into some
16 type of structure, machine or other object; or who engages in outdoor
17 tasks related to the operation of finding and delineating contour,
18 dimensions, position, topography, as of any part of the earth's surface,
19 by preparation of measured plan or description of any area or other
20 portion of country or of road or line through any area or other portion
21 of country;

22 (3) "public construction" or "public works" means the onsite
23 field surveying, erection, rehabilitation, alteration, extension or
24 repair, including painting or redecorating of buildings, highways or
25 other improvements to real property under contract for the state, a
26 political subdivision of the state, or a regional school board with
27 respect to an educational facility under AS 14.08.161;

28 (4) "qualified" means one who, except for apprentices, is a
29 journeyman mechanic in his particular trade;

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(5) "resident" means a person who maintains his domicile in the state: domicile is the true and permanent home of a person from which he has no present intention of removing and to which he intends to return whenever he is away;

(6) "state or a political subdivision of the state" means any state department, state agency, state university, borough, city, village, school district or other state subdivision;

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Sofo ✓

Original sponsor: Brown by request

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 146 (Finance)

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4 TWELFTH LEGISLATURE - SECOND SESSION

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14 dimensions, position, topography, as of any part of the earth's surface,
15 by preparation of measured plan or description of any area or other
16 portion of country or of road or line through any area or other portion
17 of country;

18 (3) "public construction" or "public works" means the on-site
19 field surveying, erection, rehabilitation, alteration, extension or
20 repair, including painting or redecorating of buildings, highways or
21 other improvements to real property under contract for the state, a
22 political subdivision of the state, or a regional school board with
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27 the state: domicile is the true and permanent home of a person from
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(6) "state or a political subdivision of the state" means any state department, state agency, state university, borough, city, village, school district or other state subdivision;

(7) "wages" includes fringe benefits;

(8) "retainage" means money withheld from a contractor until completion of a contract or other contingency which the contractor has earned as evidenced by approval of the applicable pay estimate.

Introduced: 3/11/81
Referred: Labor & Commerce

1 IN THE HOUSE BY BROWN BY REQUEST

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 146

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 payment procedures on certain
7 public contracts."

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

9 * Section 1. AS 35.15 is amended by adding a new section to read:

10 Sec. 35.15.155. CONTRACT PAYMENTS. (a) The department shall pay
11 a contractor 20 percent of the amount of the contract on or before the
12 date the department gives the contractor notice to proceed with the
13 work covered by the contract.

14 (b) The department shall pay the contractor the amount due under
15 the contract within 15 days after the contractor submits a bill to the
16 department for materials or services.

17 (c) If the department fails to make a payment due under this
18 section, it shall pay interest to the contractor under AS 45.45.01C(a)
19 on the amount due. If a failure to make a payment due under this
20 section continues for 60 days or more, the department shall pay the
21 contractor a penalty of 10 percent of the amount due plus interest.

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COMMITTEE REPORT
SENATE

4/2/82

FURTHER: None

Date: 4/30/82

Mr. President:

The Committee on FINANCE has had CSSSNB 146(Fin)

payment procedures on certain public contracts

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 CS SS NB 146(Fin) same title
 new title
- and recommends CS SS NB 146
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

CHAIRMAN

*final
corrected / reprinted
version*

Original sponsor: Brown by request

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 146 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to payment procedures on certain
7 public contracts."

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

9 * Section 1. AS 36 is amended by adding a new chapter to read:

10 CHAPTER 90. MISCELLANEOUS PROVISIONS.

11 Sec. 36.90.001. PUBLIC CONSTRUCTION CONTRACT PAYMENTS. (a) The
12 state shall initiate procedures to pay the contractor under a public
13 construction or public work contract within 15 days after the contractor
14 submits to the state a bill for materials or services and a sworn state-
15 ment that all employees employed on the project by the contractor and
16 all subcontractors have been paid not less than the established prevail-
17 ing rate of pay as determined and published by the Department of Labor.

18 (b) If the state fails to make a payment due the contractor under
19 this section within 30 days after receiving a contractor's billing, the
20 state shall pay interest to the contractor under AS 45.45.010(a) on the
21 amount due.

22 (c) The state or a political subdivision of the state is liable to
23 a contractor registered under AS 08.18 for interest at the rate provided
24 in AS 45.45.010(a) on retainage on a contract for public works or public
25 construction. Interest on retainage accrues from the date of approval
26 of a pay estimate until the date of payment to the contractor. A con-
27 tract provision purporting to waive the interest provisions of this
28 subsection is void as contrary to public policy.

29 (d) A political subdivision that has a population of 500 or less

1 is exempt from the payment of interest provided in (c) of this section.

2 * Sec. 2. AS 36.95.010 is amended to read:

3 Sec. 36.95.010. DEFINITIONS. In this title [AS 36.05 - 36.25]
4 unless the context requires otherwise

5 (1) "contractor" means the contractor including subcontrac-
6 tors performing work necessary to facilitate public construction;

7 (2) "laborer, mechanic, or field surveyor" means a person who
8 engages in work which is basically physical or unskilled in nature; or
9 who engages in work, requiring the use of tools or machines, which
10 basically consists of the shaping and working of materials into some
11 type of structure, machine or other object; or who engages in outdoor
12 tasks related to the operation of finding and delineating contour,
13 dimensions, position, topography, as of any part of the earth's surface,
14 by preparation of measured plan or description of any area or other
15 portion of country or of road or line through any area or other portion
16 of country;

17 (3) "public construction" or "public works" means the on-site
18 field surveying, erection, rehabilitation, alteration, extension or
19 repair, including painting or redecorating of buildings, highways or
20 other improvements to real property under contract for the state, a
21 political subdivision of the state, or a regional school board with
22 respect to an educational facility under AS 14.08.161;

23 (4) "qualified" means one who, except for apprentices, is a
24 journeyman mechanic in his particular trade;

25 (5) "resident" means a person who maintains his domicile in
26 the state: domicile is the true and permanent home of a person from
27 which he has no present intention of removing and to which he intends to
28 return whenever he is away;

29 (6) "state or a political subdivision of the state" means any

1 state department, state agency, state university, borough, city, village,
2 school district or other state subdivision;

3 (7) "wages" includes fringe benefits;

4 (8) "retainage" means money withheld from a contractor until
5 completion of a contract or satisfaction of other contingency as evi-
6 denced by approval of the applicable pay estimate.

Sofa
4/23/82

Original sponsor: Brown by request

1 IN THE HOUSE BY THE FINANCE COMMITTEE
 2 SENATE CS FOR CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 146 (Finance)
 3 IN THE LEGISLATURE OF THE STATE OF ALASKA
 4 TWELFTH LEGISLATURE - SECOND SESSION
 5 A BILL

6 For an Act entitled: "An Act relating to payment procedures on certain public
7 contracts."

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

9 * Section 1. AS 36 is amended by adding a new chapter to read:

10 CHAPTER 90. MISCELLANEOUS PROVISIONS.

11 Sec. 36.90.001. PUBLIC CONSTRUCTION CONTRACT PAYMENTS. (a) The
 12 state shall initiate procedures to pay the contractor under a public
 13 construction or public work contract within 15 days after the contractor
 14 submits to the state a bill for materials⁴⁻ or services⁵⁻ and a sworn state-
 15 ment that all employees employed on the project by the contractor and
 16 all subcontractors have been paid not less than the established prevail-
 17 ing rate of pay as determined and published by the Department of Labor.

18 (b) If the state fails to make a payment due the contractor under
19 this section within 30 days after receiving a contractor's billing, the
20 state shall pay interest to the contractor under AS 45.45.010(a) on the
21 amount due.

22 (c) The state or a political subdivision of the state is liable to
23 a contractor registered under AS 08.18 for interest at the rate provided
24 in AS 45.45:010(a) on retainage on a contract for public works or public
25 construction. Interest on retainage accrues from the date of approval
26 of a pay estimate until the date of payment to the contractor. A con-

27 tract provision purporting to waive the interest provisions of this
28 subsection is void as contrary to public policy. *(c) void by B & C A
political subdivision
of population < 500 or less.*

29 * Sec. 2. AS 36.95.010 is amended to read:

1 Sec. 36.95.010. DEFINITIONS. In this title [AS 36.05 - 36.25]
2 unless the context requires otherwise

3 (1) "contractor" means the contractor including subcontrac-
4 tors performing work necessary to facilitate public construction;

5 (2) "laborer, mechanic, or field surveyor" means a person who
6 engages in work which is basically physical or unskilled in nature; or
7 who engages in work, requiring the use of tools or machines, which
8 basically consists of the shaping and working of materials into some
9 type of structure, machine or other object; or who engages in outdoor
10 tasks related to the operation of finding and delineating contour,
11 dimensions, position, topography, as of any part of the earth's surface,
12 by preparation of measured plan or description of any area or other
13 portion of country or of road or line through any area or other portion
14 of country;

15 (3) "public construction" or "public works" means the on-site
16 field surveying, erection, rehabilitation, alteration, extension or
17 repair, including painting or redecorating of buildings, highways or
18 other improvements to real property under contract for the state, a
19 political subdivision of the state, or a regional school board with
20 respect to an educational facility under AS 14.08.161;

21 (4) "qualified" means one who, except for apprentices, is a
22 journeyman mechanic in his particular trade;

23 (5) "resident" means a person who maintains his domicile in
24 the state: domicile is the true and permanent home of a person from
25 which he has no present intention of removing and to which he intends to
26 return whenever he is away;

27 (6) "state or a political subdivision of the state" means any
28 state department, state agency, state university, borough, city, village,
29 school district or other state subdivision;

1 (7) "wages" includes fringe benefits;

2 (8) "retainage" means money withheld from a contractor until
3 completion of a contract or satisfaction of other contingency as evi-
4 denced by approval of the applicable pay estimate.
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From The
SENATE
FINANCE COMMITTEE

APRIL 2, 1982

HOUSE SUBCOMMITTEE CHAIRMAN REP. BOB
BETTISWORTH, FROM THE FLOOR OF THE
HOUSE, RECOMMENDED ADOPTION OF A
0 FISCAL NOTE,

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. CSSSHB 146 (Finance) No. 1
 Title Re payment procedures on certain public contracts.
 Requested by House Finance Date 3/22/82

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

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		135.0	135.0			

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		135.0	135.0			
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME						
TEMPORARY						

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

Costs are those associated only with payment of interest on retainage. It is assumed that the retainage on future contracts will remain stable.

Projection of costs concerning interest on payments after 60 days and payment of penalty is not possible. There will be very few cases where this will occur; we are opposed to the principle of paying penalty. Interest payments are appropriate however.

IV. DATE 3/22/82 PREPARED BY Jon Scribner
 AGENCY DOT/PF
 Original: Legislative Finance PHONE 465-3400
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST No. 2
 Bill/Resolution No. SC SS HB 146 - Relating to payment procedures on
Title certain public contracts
 Requested by Labor & Commerce Committee Date 2/3/82

II. FISCAL DETAIL
 Agency Affected Department of Transportation & Public Facilities
 Program Category Affected Design and Construction
 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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME						
TEMPORARY						

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

36.90.001 (a) Direct Cost is loss of interest on 20% of contract amount for 73 days. 20% of \$300 million = \$60 million. Assume State earns 12% on its money. Then, \$60 million (0.12) $\frac{73}{365}$ = \$1.44 million.

Indirect Cost is increased cost of bonding (assume 0.5% of contract) \$300 million (.005) - \$1.50 million.

(b) Interest on retainage is calculated at \$135,000.

Estimated total annual cost of this bill is \$3,075,000.

IV. DATE February 11, 1982 PREPARED BY Jerome A. Murphy
 AGENCY DOT/PF
 PHONE 465-3900
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SCSSCS HB 146 (fin)
~~CS55HB 146 (Finance)~~
 Title Re payment procedures on certain public contracts.
 Requested by House Finance Date 3/22/82

II. FISCAL DETAIL

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

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		135.0	135.0			

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		135.0	135.0			
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME						
TEMPORARY						

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

Costs are those associated only with payment of interest on retainage. It is assumed that the retainage on future contracts will remain stable.

Projection of costs concerning interest on payments after 60 days and payment of penalty is not possible. There will be very few cases where this will occur; we are opposed to the principle of paying penalty. Interest payments are appropriate however.

IV. DATE 3/22/82 PREPARED BY Jon Scribner

AGENCY DOT/PF

Original: Legislative Finance PHONE 465-3900

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Original sponsor: Brown by request

Offered: 3/12/82
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 146 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to payment procedures on certain public
7 contracts."

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

9 * Section 1. AS 36 is amended by adding a new chapter to read:

10 CHAPTER 90. MISCELLANEOUS PROVISIONS.

11 Sec. 36.90.001. PUBLIC CONSTRUCTION CONTRACT PAYMENTS. (a) The
12 state shall initiate payment to the contractor for the amount due under
13 a public construction or public work contract within 15 days after the
14 contractor submits to the state a bill for materials or services and a
15 sworn statement that all employees employed on the project by the con-
16 tractor and all subcontractors have been paid not less than the estab-
17 lished prevailing rate of pay as determined and published by the Depart-
18 ment of Labor.

19 (b) If the state fails to make a payment due under this section,
20 it shall pay interest to the contractor under AS 45.45.010(a) on the
21 amount due. If a failure to make a payment due under this section
22 continues for 60 days or more, the state shall pay the contractor a
23 penalty of 10 percent of the amount due plus interest.

24 (c) The state or a political subdivision of the state is liable to
25 a contractor registered under AS 08.18 for interest at the rate provided
26 in AS 45.45.010(a) on retainage on a contract for public works or public
27 construction. Interest on retainage accrues from the date of approval
28 of a pay estimate until the date of payment to the contractor or applica-
29 tion toward the obligation of the contractor under the contract. A

1 contract provision purporting to waive the interest provisions of this
2 subsection is void as contrary to public policy.

3 * Sec. 2. AS 36.95.010 is amended to read:

4 Sec. 36.95.010. DEFINITIONS. In this title [AS 36.05 - 36.25]
5 unless the context requires otherwise

6 (1) "contractor" means the contractor including subcontractors
7 performing work necessary to facilitate public construction;

8 (2) "laborer, mechanic, or field surveyor" means a person who
9 engages in work which is basically physical or unskilled in nature; or
10 who engages in work, requiring the use of tools or machines, which
11 basically consists of the shaping and working of materials into some
12 type of structure, machine or other object; or who engages in outdoor
13 tasks related to the operation of finding and delineating contour,
14 dimensions, position, topography, as of any part of the earth's surface,
15 by preparation of measured plan or description of any area or other
16 portion of country or of road or line through any area or other portion
17 of country;

18 (3) "public construction" or "public works" means the on-site
19 field surveying, erection, rehabilitation, alteration, extension or
20 repair, including painting or redecorating of buildings, highways or
21 other improvements to real property under contract for the state, a
22 political subdivision of the state, or a regional school board with
23 respect to an educational facility under AS 14.08.161;

24 (4) "qualified" means one who, except for apprentices, is a
25 journeyman mechanic in his particular trade;

26 (5) "resident" means a person who maintains his domicile in
27 the state: domicile is the true and permanent home of a person from
28 which he has no present intention of removing and to which he intends to
29 return whenever he is away;

1 (6) "state or a political subdivision of the state" means any
2 state department, state agency, state university, borough, city, village,
3 school district or other state subdivision;

4 (7) "wages" includes fringe benefits;

5 (8) "retainage" means money withheld from a contractor until
6 completion of a contract or other contingency which the contractor has
7 earned as evidenced by approval of the applicable pay estimate.
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Rec'd 5/6/82
Bill in 5 Rules

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. SCS CSSSHR 146
 Title Payment procedures on certain public contracts
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected Transportation and Public Facilities
 Program Category Affected All
 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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		235.0	235.0	235.0	235.0	235.0

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		235.0	235.0	235.0	235.0	235.0
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME						
TEMPORARY						

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

- Costs associated with AS 36.90.001(b) are estimated as follows: \$350 mil in contracts, 10% delayed 10 days past the 30 day limit = \$100.0.
- Costs associated with AS 39.90.001(c) are estimated at \$135.0.

Future costs are assumed to remain stable as our processes improve to assure timely payment.

IV. DATE May 5, 1982 PREPARED BY *R. L. ...*
 AGENCY DOT/PF
 PHONE 465-3900
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)



THE CITY AND BOROUGH OF JUNEAU

CAPITAL OF ALASKA

155 SOUTH SEWARD ST. JUNEAU, ALASKA 99801

LAW DEPARTMENT - 586-3300

April 20, 1982

Senate Finance Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

File: Legislature - HB 146

Subject: Interest on Retainage on Public
Construction Contract Payments

Ladies and Gentlemen:

The proposed interest on retainage provision of the subject bill (beginning at line 24, page 1 of CSSS HB 146(Fin.)) appears to defeat the very purpose of retainage. We request that you take this section out of the bill or, as a minimum, that you delete reference to political subdivisions of the state in that section.

Retainage is a mechanism for guaranteeing the performance of the contractor at the end of the contract period. It insures that the state or municipality has an effective means of getting contractor compliance with the numerous miscellaneous work items which contractors seldom seem interested in performing. These include such things as site cleanup, providing operating manuals and training on equipment and systems installed, adjusting doors, windows, fire alarm and detection systems, heating, cooling and ventilating systems, replacing soiled or damaged floor coverings and other parts of the project which are broken or damaged during construction, etc.

When bidding on a contract, the contractor will compute, as one of his contract costs, the interest he will have to pay on the money he must borrow to meet his expenses during construction. He will assume a cash flow from progress payments which will take into account the deferred payment due to the retainage. This interest cost will be included either as overhead or otherwise included in the bid price. Thus, the contractor is recovering what amounts to interest on the retainage as a part of his bid price. If interest is also paid on the retainage by the State or municipality, the contractor is getting double compensation for that particular cost of the contract.

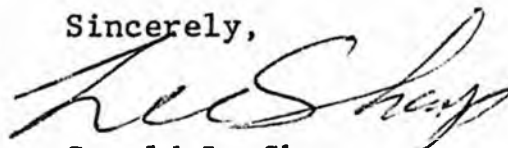
Just as serious as the double compensation is the effect of requiring interest on retainage. If the contractor knows that interest is being paid on the retainage, it removes much of the incentive

Senate Finance Committee
April 20, 1983
Page Two

which the contractor would otherwise have to expeditiously complete punchlist items and the other miscellaneous work which tends to remain undone at the end of the contract. Retainage is effective to get contract compliance because interest is not paid on the retainage. If interest is paid the contractor will be losing little, if anything, in not performing as the retainage will be working for him earning interest just as though the money were his and in the bank.

Incidentally, performance bonds do not adequately serve the function of getting contractor compliance at the end of a contract. If the state or the municipality files a claim with the bonding company, the bonding company merely tenders the defense of the claim to the contractor unless it is clear to the bonding company that the contractor has gone broke or abandoned the project. The present system of non-interest bearing retainage is probably the only reasonably effective means of getting the attention of a foot dragging contractor. Again, we ask that you either delete this section or remove the reference to political subdivisions.

Sincerely,



Gerald L. Sharp
City-Borough Attorney

GLS: jr

cc: Senator Don Bennett
Senator Ed Dankworth
Senator Richard Eliason
Senator Frank Ferguson
Senator John Sackett
Senator Terry Stimson
Senator Arliss Sturgulewski