

BILLS 1981 - 1982 1470
HB 159 cont. - HB 165 Leg. Finance 1470

1 the date of injury or upon termination of the claim, whichever is
2 sooner, a report on a form prescribed by the board, showing the total
3 amount of all benefits, legal fees, and penalties paid during the
4 quarter including the name of the claimant, the date of injury, and
5 the claim number.

6 * Sec. 47. AS 23.30.160 is amended to read:

7 Sec. 23.30.160. ASSIGNMENT AND EXEMPTION FROM CLAIMS OF CREDITORS.

8 No assignment, release, or commutation of [COMPENSATION OR] benefits
9 due or payable under this chapter, except as provided by this chapter,
10 is valid, and the [COMPENSATION AND] benefits are exempt from all
11 claims of creditors and from levy, execution, and attachment or other
12 remedy for recovery or collection of a debt. This exemption may not be
13 waived.

14 * Sec. 48. AS 23.30.165 is amended to read:

15 Sec. 23.30.165. LIEN. (a) Each employee and beneficiary entitled
16 to benefits [COMPENSATION] under the provisions of this chapter has a
17 lien for the full amount of his benefits [COMPENSATION], including
18 costs and disbursements of suit and attorney fees allowed, upon all of
19 the property in connection with the construction, preservation, mainte-
20 nance or operation of which the work of the employee was being per-
21 formed at the time of his injury or death. For example: in the case
22 of an employee injured or killed while engaged in mining or in work
23 connected with mining, the lien extends to the entire mine and all
24 property used in connection with it; and in the case of an employee
25 injured or killed while engaged in fishing or in the packing, canning,
26 or salting of fish, or other branch of the fish industry, the lien
27 extends to the entire packing, fishing, salting or canning plant or
28 establishment and all property used in connection with it; and this is
29 the case with other businesses, industries, works, occupations and

1 employments.

2 (b) The lien is prior and paramount to any other lien on the
3 property, except a lien for wages or materials as provided by law, and
4 is of equal rank with a lien for wages or materials.

5 (c) The lien extends to all right, title, interest and claim of
6 the employer in the property affected by the lien.

7 (d) A person claiming a lien under this chapter shall, within one
8 year after the date of the injury from which the claim of benefits
9 [COMPENSATION] arises, file for record in the office of the recorder of
10 the recording district in which the property affected by the lien is
11 located a notice of lien signed and verified by the claimant or someone
12 on his behalf, and stating in substance, the name of the person injured
13 or killed out of which injury or death the claim of benefits [COMPENSA-
14 TION] arises, the name of the employer of the injured or deceased
15 person at the time of the injury or death, a description of the property
16 affected or covered by the lien and the name of the owner or reputed
17 owner of the property.

18 (e) The lien for benefits [COMPENSATION] provided for in this
19 section may be enforced by equitable proceedings as in the enforcement
20 of other liens upon real or personal property, within 10 months after
21 the cause of action arises. Nothing in this section prevents an
22 attachment of property as security for the payment of benefits [COMPEN-
23 SATION].

24 * Sec. 49. AS 23.30.170(a) is amended to read:

25 (a) In case of default by the employer in the payment of benefits
26 [COMPENSATION] due under an award of benefits [COMPENSATION] for a
27 period of 30 days after the benefits are [COMPENSATION IS] due, the
28 person to whom the benefits are [COMPENSATION IS] payable may, within
29 one year after the default, apply to the board making the compensation

1 order for a supplementary order declaring the amount of the default.
2 After investigation, notice, and hearing, as provided in AS 23.30.110,
3 the board shall make a supplementary order declaring the amount of the
4 default. The order shall be filed in the same manner as the compensa-
5 tion order.

6 * Sec. 50. AS 23.30.175(b) is repealed and reenacted to read:

7 (b) After June 30 and before December 1 of each year, the commis-
8 sioner shall adopt and publish the average weekly wage for the preced-
9 ing calendar year as computed by the United States Secretary of Labor
10 for the purposes of unemployment insurance. In determining the rate of
11 compensation the commissioner shall use the average weekly wage figure
12 for each jurisdiction, including Alaska, for which the Secretary of
13 Labor computes an average weekly wage. These figures are the applica-
14 ble average weekly wages for those jurisdictions for the following
15 calendar year. The average weekly wage for Alaska is the amount
16 determined by dividing (1) the total wages paid by all employers
17 covered by the Alaska Employment Security Act by (2) the average
18 monthly employment reported by those employers for the same period and
19 dividing the result by 52.

20 * Sec. 51. AS 23.30.175(c) is repealed and reenacted to read:

21 (c) The following rules apply to recipients who do not reside in
22 Alaska:

23 (1) The weekly rate of compensation shall be calculated
24 using the recipient's average weekly wage times the ratio of the aver-
25 age weekly wage of the jurisdiction in which the recipient resides to
26 the average weekly wage of Alaska. The rate is based on the average
27 weekly wages in effect when the recipient leaves Alaska and shall be
28 adjusted annually upon publication of the average weekly wages for all
29 jurisdictions.

1 (2) The calculation required by this subsection does not
2 apply if

3 (A) the average weekly wage of the recipient and the
4 resulting compensation rate is determined under AS 23.30.220(2) by
5 use of wages earned in jurisdictions other than Alaska; or

6 (B) the absence of the recipient is for medical or
7 rehabilitation services not reasonably available in Alaska.

8 (3) Application of this subsection may not result in a
9 reduction of the weekly compensation rate to less than \$65 a week
10 except as provided in (a) of this section.

11 * Sec. 52. AS 23.30.190(20) is amended to read:

12 (20) in all other cases in this class of disability the
13 compensation is 66-2/3 percent of the difference between his average
14 weekly wages and his wage-earning capacity after the injury in the same
15 employment or otherwise, payable during the continuance of the partial
16 disability, but subject to reconsideration of the degree of the impair-
17 ment by the board on its own motion or upon application of a party in
18 interest; [WHENEVER THE BOARD DETERMINES THAT IT IS IN THE INTEREST OF
19 JUSTICE, THE LIABILITY OF THE EMPLOYER FOR COMPENSATION, OR ANY PART OF
20 IT AS DETERMINED BY THE BOARD, MAY BE DISCHARGED BY THE PAYMENT OF A
21 LUMP SUM;]

22 * Sec. 53. AS 23.30.191 is repealed and reenacted to read:

23 Sec. 23.30.191. EXPENSES FOR REHABILITATING INJURED EMPLOYEES.
24 An employee, who, as a result of injury, is or may be expected to be
25 totally or partially incapacitated for his normal occupation and who,
26 under the direction of the Department of Labor, is being rehabilitated
27 to engage in a remunerative occupation, may receive compensation neces-
28 sary for his rehabilitation of 66-2/3 percent of his average weekly
29 wage subject to the maximum payable under AS 23.30.175.

1 * Sec. 54. AS 23.30.210(b) is amended to read:

2 (b) At any time after death, or after 30 days subsequent to the
3 date of injury, the employer and the employee or the beneficiary or
4 beneficiaries, as the case may be, have the right to reach an agreement
5 in regard to a claim for injury or death under this chapter [HEREUNDER]
6 in accordance with the applicable schedule [HEREOF], but a memorandum
7 of the agreement in a form prescribed by the board shall be filed with
8 the board. Otherwise, the agreement is void for any purpose. If
9 approved by the board, the agreement is enforceable the same as an
10 order or award of the board and discharges the liability of the employer
11 for the benefits [COMPENSATION] notwithstanding the provisions of
12 [AS 23.30.130,] AS 23.30.160 [,] and AS 23.30.245(b) [AS 23.30.245].
13 The agreement shall be approved by the board only when the terms conform
14 to the provisions of this chapter and, if it involves or is likely to
15 involve permanent disability, the board may require an impartial medical
16 examination and a hearing in order to determine whether or not to
17 approve the agreement. The board may approve lump-sum settlements when
18 it appears to be to the best interest of the employee or beneficiary or
19 beneficiaries.

20 * Sec. 55. AS 23.30.215(a)(1) is amended to read:

21 (1) reasonable and necessary funeral expenses not exceeding
22 \$2,500; the commissioner by regulation shall annually adjust this limit
23 to reflect increased expenses resulting from inflation [\$1,000];

24 * Sec. 56. AS 23.30.235 is amended to read:

25 Sec. 23.30.235. CASES IN WHICH NO BENEFITS ARE [COMPENSATION IS]
26 PAYABLE. No benefits [COMPENSATION] may be paid if the injury was
27 occasioned solely by the intoxication of the employee or by the wilful
28 intention of the employee to injure or kill himself or another.

29 * Sec. 57. AS 23.30.245 is amended to read:

1 Sec. 23.30.245. INVALID AGREEMENTS. (a) An agreement by an
2 employee to pay a portion of the premium paid by his employer to a
3 carrier or to contribute to a benefit fund or department maintained by
4 the employer for the purpose of providing benefits [COMPENSATION OR
5 MEDICAL SERVICES AND SUPPLIES] as required by this chapter is not
6 valid. An employer who makes a deduction for this purpose from the pay
7 of an employee entitled to the benefits of this chapter is guilty of a
8 misdemeanor and upon conviction is punishable by a fine of not more
9 than \$1,000.

10 (b) An agreement by an employee to waive his right to benefits
11 [COMPENSATION] under this chapter is not valid.

12 * Sec. 58. AS 23.30.250 is amended to read:

13 Sec. 23.30.250. PENALTY FOR MISREPRESENTATION. A person who wil-
14 fully makes a false or misleading statement or representation for the
15 purpose of obtaining a benefit or payment under this chapter is guilty
16 of theft as defined in AS 11.46.100(3) and is punishable as provided in
17 AS 11.46.120 - 11.46.150 [A MISDEMEANOR, AND UPON CONVICTION IS PUNISH-
18 ABLE BY A FINE OF NOT MORE THAN \$1,000, OR BY IMPRISONMENT FOR NOT MORE
19 THAN ONE YEAR, OR BY BOTH].

20 * Sec. 59. AS 23.30.255 is amended to read:

21 Sec. 23.30.255. PENALTY FOR FAILURE TO PAY BENEFITS [COMPENSA-
22 TION]. (a) An employer required to secure the payment of benefits
23 [COMPENSATION] under this chapter who fails to do so is guilty of a
24 misdemeanor and upon conviction is punishable by a fine of not more
25 than \$1,000, or by imprisonment for not more than one year, or by both.
26 If the employer is a corporation, its president, secretary, and trea-
27 surer are also severally liable to the fine or imprisonment provided in
28 this section for the failure of the corporation to secure the payment
29 of benefits [COMPENSATION]. The president, secretary, and treasurer

1 are severally personally liable, jointly with the corporation, for the
2 benefits [COMPENSATION] or other benefit which accrues under this
3 chapter in respect to an injury which happens to an employee of the
4 corporation while it has failed to secure the payment of benefits
5 [COMPENSATION] as required by AS 23.30.075.

6 (b) An employer who knowingly transfers, sells, encumbers,
7 assigns, or in any manner disposes of, conceals, secretes, or destroys
8 any of his property after one of his employees has been injured within
9 the scope of this chapter, with intent to avoid the payment of benefits
10 [COMPENSATION] under this chapter to the employee or his dependents, is
11 guilty of a misdemeanor, and upon conviction is punishable by a fine of
12 not more than \$1,000, or by imprisonment for not more than one year, or
13 by both. If the employer is a corporation, its president, secretary,
14 and treasurer are also severally liable to the penalty of imprisonment
15 as well as jointly liable with the corporation for the fine.

16 (c) This section does not affect any other liability of the
17 employer under this chapter.

18 * Sec. 60. AS 23.30.260 is amended to read:

19 Sec. 23.30.260. PENALTY FOR RECEIVING UNAPPROVED FEES AND SOLICIT-
20 ING. A person is guilty of a misdemeanor, and upon conviction is
21 punishable for each offense by a fine of not more than \$1,000, or by
22 imprisonment for not more than one year, or by both, if he

23 (1) receives a fee, other consideration, or a gratuity on
24 account of services rendered in respect to a claim, unless the con-
25 sideration or gratuity is approved by the board or the court; or

26 (2) makes it a business to solicit employment for a lawyer
27 or for himself in respect to a claim or award for benefits [COMPENSA-
28 TION].

29 * Sec. 61. AS 23.30 is amended by adding a new section to read:

1 Sec. 23.30.263. UNLAWFUL EMPLOYMENT PRACTICE. It is unlawful for
2 an employer to discharge or otherwise discriminate against an employee
3 because he has filed a claim for workers' compensation benefits under
4 this chapter.

5 * Sec. 62. AS 23.30.265(9) is amended to read:

6 (9) "death" as a basis for a right to benefits [COMPENSATION]
7 means only death resulting from an injury;

8 * Sec. 63. AS 23.30.265(16) is amended to read:

9 (16) "medical and related benefits" includes but is not
10 limited to physicians' fees, nurses' charges, pain clinic services,
11 hospital services, hospital supplies, medicine and prosthetic devices,
12 physical rehabilitation, and treatment for the fitting and training for
13 use of such devices as may reasonably be required which arises out of
14 or is necessitated by an injury, and transportation charges to the
15 nearest point where adequate medical facilities are available;

16 * Sec. 64. AS 23.30.265(19) is amended to read:

17 (19) "self-insurer" means an employer who, instead of insur-
18 ing his liability under this chapter as it provides, elects to pay
19 directly the benefits [COMPENSATION] provided for, and who has furnished
20 to the director of insurance [BOARD] satisfactory proof of his financial
21 ability to make the direct payments and has been issued a self-insur-
22 ance certificate;

23 * Sec. 65. AS 23.30.265(20) is amended to read:

24 (20) "wages" means the money rate at which the service ren-
25 dered is recompensed under the contract of hiring [IN FORCE AT THE TIME
26 OF THE INJURY,] and includes the reasonable value to the employee of
27 board, rent, housing, lodging, or similar advantage received from the
28 employer, and gratuities received in the course of employment from
29 others than the employer;

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* Sec. 66. AS 23.30.265 is amended by adding new paragraphs to read:

(28) "benefits" means compensation and medical and related benefits.

(29) "reserve rate" means the unencumbered second injury fund balance on October 31 of each year as a percentage of disbursements from the second injury fund during the 12-month period ending on June 30 of the same calendar year.

* Sec. 67. AS 23.30.005(k), 23.30.095(g), 23.30.125(b), 23.30.155(g), 23.30.175(d), (e), and (f) are repealed.

* Sec. 68. The amount of a payment to the second injury fund and the conditions under which a payment is required of an employer or insurance carrier must be in accordance with the version of AS 23.30.040(b) in effect on the date that the injury to the employee occurred.

* Sec. 69. Notwithstanding the provisions of AS 23.30.040(b) the contribution rate shall be six percent beginning July 1, 1981, through calendar year 1982 ending December 31, 1982.

* Sec. 70. This Act takes effect on July 1, 1981.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

HB 161, HB 162

FISCAL NOTE

HB 161 / HB 162

I. REQUEST
 Bill/Resolution No. HOUSE BILL NO. 161 & HOUSE BILL NO. 162
 Title Making a special appropriation for capital improvements for projects for which general
~~Requested by~~ obligation bonds were approved by the voters Date 2/17/81
at the 1980 general election.
 Requested by House State Affairs Committee

II. FISCAL DETAIL
 Agency Affected State Bond Committee, Dept. of Revenue
 Program Category Affected General Fund
 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						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)	IN TERMS OF OPPORTUNITY COST					
→ MILLIONS ←	4.0	10.8	14.4	16.7	19.0	
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)
 These bills would use general fund appropriations to pay for 1980 voter approved capital improvements rather than issue General Obligation bonds. The opportunity cost assumes the State would either invest its own money, if bonds would have been sold, or if spent on other projects, etc., those projects have an implicit rate of return equal to what the State could have gotten by investment.
 Assumptions: (1) A 12% earnings rate on invested funds or project.
 (2) An 8% interest rate on cost of debt.
 (3) If debt were issued it would be as follows (in millions):
 FY 82-\$100.0, FY 83-\$150.0, FY 84-\$39.712; Total issued \$289,712,500
 (4) Projects start/debt incurred at beginning of each period.
 (5) Not discounted for present value.

Anselm C. Staack

IV. DATE February 24, 1981 PREPARED BY Anselm C. Staack, Treasury Comptroller
AGENCY Dept. of Revenue/Treasury Division
 Original: Legislative Finance PHONE 465-2351
 cc: Budget and Management
Prime Sponsor (First Legislator Named)

Introduced: 2/17/81
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY MALONE

2 HOUSE BILL NO. 161

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 the general obligation bonds ap-
7 proved by the voters at the November 1980 general
8 election, and repealing laws authorizing those bonds;
9 and providing for an effective date."

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

11 * Section 1. SALE OF CERTAIN GENERAL OBLIGATION BONDS PROHIBITED. (a)
12 Notwithstanding AS 37.15.020, the state bond committee (AS 37.15.110) may
13 not sell general obligation bonds identified in (b) of this section if an
14 amount is appropriated by law to the projects designated by law to be paid
15 for with the general obligation bonds, and the amount of the appropriation
16 to each project is not less than the amount authorized for that project in
17 the law authorizing the general obligation bonds.

18 (b) The provisions of (a) of this section apply to general obligation
19 bonds ratified by a majority of the voters at the general election of
20 November 4, 1980, and authorized by

21 (1) ch. 91, SLA 1980 (capital improvements for fisheries facili-
22 ties);

23 (2) ch. 97, SLA 1980 (capital improvements for water and sewer
24 systems, solid waste facilities, and village safe water facilities);

25 (3) ch. 99, SLA 1980 (capital improvements for correctional
26 facilities);

27 (4) ch. 118, SLA 1980 (transportation facilities, public trans-
28 portation, and planning for transportation projects);

29 (5) ch. 121, SLA 1980 (capital improvements for educational

1 facilities, teacher housing, library facilities and University of Alaska
2 facilities).

3 * Sec. 2. The following laws are repealed: ch. 91, SLA 1980; ch. 97,
4 SLA 1980; ch. 99, SLA 1980; ch. 118, SLA 1980; and ch. 121, SLA 1980.

5 * Sec. 3. This Act takes effect immediately in accordance with AS.01.10.-
6 070(c).

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COMMITTEE REPORT

HOUSE

3/2

2/17/81

FURTHER: FINANCE

(5)

Date: 2-26-81

Mr. Speaker:

The Committee on STATE AFFAIRS has had HB 161

"An Act relating to the general obligation bonds approved by the voters at the November 1980 general election, and repealing laws authorizing those bonds; and providing for an effective date."

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

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

MEMBERS SIGNING DO PASS

Handwritten signatures of committee members who support the bill.

MEMBERS HAVING OTHER RECOMMENDATIONS:

Blank lines for members with other recommendations.

Handwritten signature of the Chairman.

CHAIRMAN

Chenoweth
12-0683

Introduced: 2/17/81
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY MALONE

2 HOUSE BILL NO. 161

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

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COMMITTEE COPY

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6 070(c).

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ALASKA STATE LEGISLATURE

TWELFTH Legislature FIRST Session

HOUSE BILL..... NO. 161...

By MALONE.....

"An Act relating to the general obligation bonds approved by the voters at the November 1980 general election, and repealing laws authorizing those bonds; and providing for an effective date."

GO bonds, 1980 general election

Introduced in the House 2/17....., 1981

HISTORY IN THE HOUSE

19	81	Read first time and referred to Committee on																		
Feb	17	State Affairs and Finance Reported back with recommendation that																		
		Read second time and																		
		Read third time and																		
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HISTORY IN THE SENATE

19	Read first time and referred to Committee on																		
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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.

A Bi-Monthly Report on Government Finance Issues in the States



THE FISCAL LETTER

An Information Service of the National Conference of State Legislatures — Earl S. Mackey, Executive Director

EDITORS: Nancy Hauswald
Ken Kirkland

Vol. III, No. 2
March 1981

State Debt Management

To meet the capital construction needs of their constituents, states must finance capital facilities either by expenditures from current revenue or by borrowing in the bond market. A policy of financing capital investments out of current taxes and charges can hinder states from using their limited fiscal resources for other essential purposes. Because most capital investments have useful lives that exceed more than one budget period and may in fact benefit future generations of taxpayers, a large proportion of capital financing is done through long-term borrowing.

Long-term financing of capital projects can, however, lead to consequences that necessitate states developing debt management policies. Any debt sold to finance a project will result in liabilities which must be repaid, with interest, in future years. These repayments create a fixed obligation or annual debt service in the states' future year budgets. No new expenditure commitments can be made that would result in a state's inability to retire its bonds. In addition to retiring their debts, states must recognize that any new facility will generate future additional operating costs that will have to be met. Therefore, debt management policies must include long-term capital planning and budgeting that examines the state's future fiscal and economic capacity to pay.

The two major classifications of bonded indebtedness at the state level are guaranteed, or general obligation, which carries with it the full faith and credit of the state and is secured by the state's general revenues, and nonguaranteed, or revenue, which is secured by the revenues of the activity for which the debt is sold.

The volume of the nonguaranteed debt has been growing much more rapidly than general obligation debt. State debt management policies should recognize that the growing use of revenue bonds to support a variety of programs such as industrial development, housing finance and pollution control has added to the size and complexity of the tax-exempt bond market.

STATE DEBT: AN OVERVIEW (FY 1979)

	Debt Per Capita	Total Debt Outstanding as a Percentage of Own-Source Revenues	Debt Interest as a Percentage of State Expenditures	Debt Per \$1000 of Personal Income
NEW ENGLAND				
Connecticut	\$1153 (7)	169.8% (3)	8.9% (3)	\$130 (9)
Maine	634 (17)	99.0% (16)	5.2% (15)	101 (15)
Massachusetts	939 (9)	116.1% (11)	6.6% (8)	118 (12)
New Hampshire	833 (13)	187.6% (2)	6.9% (6)	115 (13)
Rhode Island	1268 (6)	160.9% (5)	5.9% (11)	169 (5)
Vermont	1036 (8)	140.7% (8)	5.9% (10)	160 (6)
MIDEAST				
Delaware	\$1469 (4)	134.2% (9)	7.1% (4)	\$172 (4)
Maryland	890 (10)	107.6% (15)	5.5% (14)	106 (14)
New Jersey	734 (15)	115.0% (12)	5.9% (9)	84 (18)
New York	1302 (5)	165.4% (4)	16.2% (1)	158 (7)
Pennsylvania	550 (18)	81.0% (19)	5.5% (12)	71 (20)
GREAT LAKES				
Illinois	\$ 509 (22)	77.9% (20)	4.7% (17)	\$ 57 (27)
Indiana	108 (48)	16.3% (48)	1.2% (44)	14 (48)
Michigan	272 (36)	33.5% (37)	2.6% (29)	32 (38)
Ohio	349 (28)	65.5% (23)	3.9% (23)	44 (32)
Wisconsin	473 (24)	57.2% (26)	3.9% (21)	63 (23)
PLAINS				
Iowa	\$ 128 (46)	19.4% (47)	0.8% (46)	16 (47)
Kansas	194 (41)	31.3% (40)	1.5% (42)	25 (42)
Minnesota	462 (25)	50.5% (28)	4.1% (20)	59 (25)
Missouri	146 (45)	28.9% (42)	1.8% (40)	20 (44)
Nebraska	33 (50)	5.7% (49)	0.3% (50)	4 (40)
North Dakota	199 (39)	24.7% (44)	0.7% (48)	28 (40)
South Dakota	842 (12)	152.3% (6)	4.6% (18)	122 (10)
SOUTHEAST				
Alabama	\$ 279 (35)	47.9% (30)	2.5% (32)	\$ 45 (31)
Arkansas	112 (47)	21.2% (46)	0.8% (47)	19 (46)
Florida	301 (33)	55.1% (27)	3.9% (22)	41 (34)
Georgia	268 (37)	48.8% (49)	2.3% (34)	40 (35)
Kentucky	797 (14)	112.6% (13)	5.4% (13)	122 (11)
Louisiana	656 (16)	89.4% (17)	4.1% (19)	99 (16)
Mississippi	347 (29)	58.2% (25)	3.1% (25)	63 (22)
North Carolina	198 (40)	33.5% (38)	2.2% (35)	30 (39)
South Carolina	542 (19)	85.6% (18)	1.6% (41)	87 (17)
Tennessee	317 (32)	59.6% (24)	3.3% (24)	49 (28)
Virginia	320 (31)	44.7% (33)	2.5% (31)	42 (33)
West Virginia	872 (11)	119.6% (10)	4.7% (16)	133 (8)
SOUTHWEST				
Arizona	39 (49)	5.4% (50)	0.5% (49)	6 (49)
New Mexico	414 (26)	41.3% (34)	2.2% (36)	64 (21)
Oklahoma	522 (21)	76.4% (21)	2.8% (26)	74 (19)
Texas	173 (43)	30.7% (41)	1.9% (39)	23 (43)
ROCKY MOUNTAIN				
Colorado	\$ 154 (44)	22.5% (45)	1.2% (45)	\$ 20 (45)
Idaho	244 (38)	37.1% (36)	2.1% (37)	36 (37)
Montana	187 (42)	28.8% (48)	1.3% (43)	28 (41)
Utah	288 (34)	32.1% (39)	2.0% (38)	46 (30)
Wyoming	480 (23)	47.3% (31)	2.4% (33)	59 (26)
FAR WEST				
California	\$ 338 (30)	40.1% (35)	2.8% (27)	\$ 39 (36)
Nevada	533 (20)	69.5% (22)	2.8% (27)	60 (24)
Oregon	1507 (3)	199.9% (1)	10.4% (2)	193 (3)
Washington	386 (29)	46.6% (32)	2.5% (30)	48 (29)
Alaska	3356 (1)	109.2% (14)	6.9% (5)	309 (1)
Hawaii	1854 (2)	150.6% (7)	6.7% (7)	227 (2)

CORRECTION

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

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To protect taxpayers and the credit condition of the state against overborrowing, most states place limitations on the state legislature's borrowing authority. A survey of constitutional limits on long-term state debt indicates that:

- 13 states require a voter-approved referendum for the issuance of all debt;
- 12 states have imposed dollar limitations on the amount of debt that can be issued ranging from \$50,000 to \$2,000,000, and require an approved referendum to exceed these limits;
- 6 states limit debt on a percentage of assessed valuation ranging from 1 percent to 5 percent;
- 6 states limit debt on a percentage of state revenues; and,
- 13 states limit debt only by approved legislative authorization, ranging from a simple majority to a three-fourths majority.

These debt limitations usually apply to general obligation debt and not to nonguaranteed debt.

The securities market is primarily concerned with the state's capacity to support debt-service payments along with its other expenditures, and its overall economic-fiscal condition. The security of the revenue base supporting a bond issue and the state's long-term economic future are probably the most important determinants of the state's wealth and tax base.

Because states compete in the municipal bond market it may be worthwhile to survey the states' ranking in some debt burden statistics. Such statistics are a basic part of agency rankings of the credit quality of bond issues. (These statistics were updated from a study on "Bonded Indebtedness in Kentucky" by the Kentucky Legislative Research Commission. Data for these updates came from State Government Finances in 1979, published by the U.S. Bureau of the Census.)

The table lists the states by region with four debt-burden statistics. The number in parentheses is the ranking from one to fifty by that statistic. Several interesting patterns emerge from this table. New England and Mideastern states rank much higher on all four indicators than other regions, with no state lower than twentieth on any of the statistics. The Great Plains and Southeastern states have the lowest debt levels, with the exceptions of South Dakota, Kentucky and West Virginia. The Southwestern and Rocky Mountain states also have low debt levels. In the Far West, the pattern is mixed with California, Nevada and Washington all having low debt levels, but Alaska, Hawaii and Oregon having some of the highest debt levels in the nation. Oregon's rating comes from its veterans home loan program, the largest of its kind in the country. Although their debt level is high, much of it is secured by first mortgages. This table incorporates all state general obligation and state-guaranteed debt, but does not reflect the total volume of public authority or moral obligation bonding.

It must be emphasized that bond rating agencies do not base their opinions solely on the level of debt burden of the states. There are a variety of other factors that are involved, including the state's overall fiscal and economic trends. Thus, a state displaying high debt burden statistics but experiencing favorable economic growth can receive a high credit quality rating. Factors that can adversely affect a state's rating include mismanagement, improper use of debt financing, unusually high short-term borrowing, vulnerability to national economic fluctuations and changes in tax structure.

The most important aspect of the quality rating is its impact on interest costs. While differences among the quality grades fluctuate depending on market conditions, the highest rated bonds sell at interest rates lower than the lowest rated. This difference can be a percentage point or more of interest and can result in large savings to states over the full life of the bonds.

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In developing debt management policies it is not possible to determine a specific limit on debt which may be applicable to all states, nor is it possible to determine an exact amount of debt which all states would be able to issue and manage efficiently. However, debt management policies that include debt limits, analyses of the state's capacity to retire their debt and pay for operating costs associated with it in future years, and overall capital planning and budgeting can benefit the state by improving and strengthening its position in the bond market with the result being greater savings to the state.

Taxing Nongovernmental Exempt Property

Taxing exempt property does not appear to be an idea whose time has come--yet. Despite recurring calls to tighten the granting of exemptions or place user charges on exempt property, states and cities have done very little to significantly increase the taxes or charges on presently-exempt nongovernmental property. But, if governments continue to undergo fiscal strains, it is possible that during the next decade major changes will occur in the treatment of exempt property.

A widely-used estimate is that one-third of all U.S. property is tax exempt; but, the great majority of this property is government-owned. Thus, the potential revenue that could be obtained from nongovernmental exempt property is far less than the one-third figure would suggest.

This generalization must be qualified in several respects. The amount of tax exempt property varies widely from place to place. The largest concentration of exempt property is usually found in the central cities of metropolitan areas; therefore, exempt property may be much greater in certain places than in others. Moreover, substantial evidence exists showing that the value of exempt property is growing faster than that of taxable property, so exempt property may become an increasingly attractive source of revenue for financially hard-pressed cities.

States differ widely in their definitions of tax-exempt property. The best recent survey of state laws in this regard is a report published by the Greater Hartford Chamber of Commerce, Property Tax Exemptions for Non-Profit Institutions: Problems and Proposals. This study describes how all 50 states treat each of the major types of totally-exempt property (schools, churches, hospitals, and cemeteries), and many of the minor types, such as YMCAs, Chambers of Commerce, camps, lodges, fraternal organizations, and so forth.

Several years ago, Connecticut broke new ground by providing payments in lieu of taxes from the state government to local governments in areas where private institutions of higher education and private hospitals are located. Approximately 38 states compensate localities for certain types of exempt government property, but Connecticut initiated the first program to provide payments for nongovernmental property. While some localities support such programs because of the additional aid received, these programs must be compared with other mechanisms of providing state aid, and the presence of exempt property may not be the most appropriate indicator to use in distributing aid. With many states suffering from extreme budgetary pressures, funds for payment in lieu of taxes programs are often scarce. Ruling out state payments, states must find ways to obtain money from tax exempt organizations themselves.

Recent experiences in Virginia and New York suggest that the forces in favor of obtaining revenue from exempt organizations are usually not sufficient to overcome resistance from the organizations themselves. For at least five years, Virginia has allowed localities to levy service charges on state governmental property and some types of nongovernmental property. Among the types of nongovernmental property that may be subject to service charges are cemeteries, colleges and other schools, and certain properties of benevolent or charitable associations. While many local governments have levied service charges on state property to reflect the cost of police and fire protection and refuse collection, hardly any localities have assessed such charges on nongovernmental exempt property.

In New York, local governments may deny exemptions to certain types of organizations on a local option basis. While the largest holders of exempt property--schools and churches--are exempt from this law, many other types of property could have their exemptions removed. Nevertheless, relatively few localities have availed themselves of the opportunity to remove such exemptions.

Across the country there are many examples of exempt property for which service charges are being paid voluntarily. Private institutions of higher education frequently make such payments, although they are generally for much less than the tax they would pay if taxable. Mandatory service charges for private exempt property, however, are very rare.

Many other reforms can be implemented to obtain increased revenue. In certain states, it is reportedly common practice for assessors to grant more generous exemptions than are prescribed by law. Vigorous enforcement of existing statutes could pay off in such cases. Along similar lines, New York state has recently instituted a program requiring owners of exempt property to file applications to verify their qualifications for exemption.

Perhaps the day is not far off when large amounts of revenue will be obtained from tax exempt property. But that day has not yet arrived.

(NOTE: This article draws on materials presented at a workshop on tax exempt property sponsored by NCSL in Albany, New York in February 1981. For more information about tax exempt property, contact Steven Gold, NCSL-Denver, (303) 623-6600.)

State Tax Trends

With the recession restraining revenue growth, only nine states had tax increases in excess of the inflation rate during fiscal 1980, according to a recent Census Bureau report. Except for North Dakota, all of the states with the fastest tax increases were in the rapidly-growing West and South.

These statistics do not, however, include local tax revenue, which rose more slowly than state taxes. Property taxes, which constitute the majority of local tax revenue, rose only 5.5 percent.

Total state tax revenue rose 9.6 percent, much less than the 12½ percent rise of consumer prices during this period. There was great variation among the states. As the attached table shows, Alaska and California had the largest increases, while Michigan and Vermont ranked at the bottom, with decreases in their tax revenue.

These findings may call into question one of the arguments for indexing state income taxes. While inflation causes disproportionate increases of income tax revenue when tax rates are progressive, yields from other taxes are much less responsive to inflation. Thus, state taxes claimed a smaller proportion of personal income in fiscal 1980 than previously. With federal aid other than grants for payments to individuals rising less than 6 percent, many state governments experienced serious budgetary problems.

Other significant trends in state taxes include the following:

- Five states--Alaska, Hawaii, Oklahoma, Utah and Wyoming--were among the fastest growers for the second consecutive year. At the other extreme, Indiana, Tennessee and Wisconsin repeated in the lowest quartile.
- Several states, such as Arkansas, California, North Dakota and Texas, swung from very low increases in 1979 to very large ones in 1980. Colorado, Nevada and Rhode Island moved in the other direction, experiencing abnormally small increases.

GROWTH OF STATE TAX REVENUE, 1978-79 AND 1979-80

State	Percentage change 1979-80		Percentage change 1978-79		Per Capita 1980	
	Level	Rank	Level	Rank	Level	Rank
Alaska	76.0%	1	44.9%	1	\$3,540.90	1
California	18.4	2	8.9	38	853.31	5
Texas	17.8	3	6.5	45	504.95	43
Oklahoma	17.2	4	15.2	11	614.12	19
Arkansas	16.5	5	7.5	44	532.46	39
North Dakota	14.5	6	4.9	50	566.00	29
Hawaii	14.0	7	16.1	9	1,091.13	2
Wyoming	13.2	8	18.4	5	862.50	4
Utah	13.1	9	14.7	12	574.80	26
New Mexico	12.0	10	8.7	40	746.21	7
Florida	12.0	11	14.0	14	542.25	33
Illinois	11.9	12	9.5	35	629.84	17
Maine	11.7	13	5.1	49	564.41	30
Georgia	11.5	14	12.1	20	533.31	38
Arizona	11.1	15	15.9	10	687.51	11
North Carolina	10.3	16	11.8	21	573.55	27
South Carolina	10.2	17	11.6	23	572.32	28
South Dakota	10.2	18	9.8	32	392.62	49
New Jersey	10.1	19	8.4	41	559.78	31
Nebraska	10.0	20	9.2	37	518.91	41
New York	9.3	21	6.4	46	720.54	9
Montana	9.1	22	18.1	6	554.39	32
Louisiana	9.1	23	11.0	25	594.34	22
Pennsylvania	8.8	24	8.2	42	617.24	18
Mississippi	8.7	25	5.8	47	517.88	42
Massachusetts	8.5	26	9.6	34	680.76	12
Washington	7.3	27	11.0	24	743.11	8
Connecticut	7.1	28	10.8	26	590.59	24
Virginia	7.0	29	9.8	33	527.87	40
Kansas	6.9	30	13.0	16	535.95	27
Alabama	6.3	31	10.0	30	492.65	45
Iowa	6.2	32	12.8	18	601.73	21
West Virginia	6.0	33	17.3	8	649.36	15
Oregon	5.2	34	19.5	2	575.92	25
Idaho	5.1	35	10.8	27	541.82	34
Delaware	4.8	36	9.4	36	886.11	3
Maryland	4.3	37	10.1	29	665.42	14
Missouri	4.1	38	12.8	17	430.28	48
Colorado	3.5	39	18.9	3	537.83	36
Kentucky	3.3	40	12.7	19	608.15	20
Wisconsin	3.2	41	5.5	48	713.20	10
Ohio	3.2	42	11.7	22	444.20	46
Nevada	3.0	43	18.5	4	678.92	13
Rhode Island	2.4	44	17.4	7	592.88	23
Tennessee	2.3	45	8.2	43	430.82	47
Minnesota	2.2	46	13.6	15	788.81	6
New Hampshire	1.3	47	9.9	31	301.57	50
Indiana	1.0	48	8.7	39	499.21	44
Vermont	-0.4	49	14.4	13	540.20	35
Michigan	-1.3	50	10.6	23	645.92	16
United States	9.6		10.2		623.91	

SOURCE: U.S. Census Bureau, State Government Tax Collections in 1980.

Funding Information	
General Fund	\$289,712,500
Other Funds	-0-
	<u>\$289,712,500</u>

Introduced: 2/17/81
 Referred: State Affairs and
 Finance

1 IN THE HOUSE

BY MALONE

2 HOUSE BILL NO. 162

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 for capital
 7 improvements for projects for which general obligation
 8 bonds were approved by the voters at the 1980 general
 9 election; and providing for an effective date."

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

11 * Section 1. The sum of \$4,218,800 is appropriated from the general fund
 12 to the Department of Public Safety for the purchase of one or more fishery
 13 patrol vessels to be based in western Alaska.

14 * Sec. 2. The sum of \$3,500,000 is appropriated from the general fund to
 15 the Department of Transportation and Public Facilities for allocation to the
 16 following projects in the estimated amounts set out after each, subject to
 17 reallocation between projects in accordance with AS 37.07.080(e):

- | | | |
|----|---|--------------|
| 18 | (1) Completion of Ship Creek hatchery | \$ 1,250,000 |
| 19 | (2) Completion of Trail Lakes hatchery | 2,000,000 |
| 20 | (3) Completion of Beaver Falls hatchery | 250,000 |

21 * Sec. 3. The sum of \$10,000,000 is appropriated from the general fund
 22 to the Department of Environmental Conservation for village safe water and
 23 solid waste construction projects under the Village Safe Water Act (AS 46.07)
 24 in the following communities: Cheforak, Circle, Copper Center, Eagle
 25 Village, False Pass, Kokhanok, Nelson Lagoon, Newtok, Pedro Bay, Portage
 26 Creek, Ruby, St. Michael, Stony River, White Mountain, Central, Huslia,
 27 Ambler, Kasigluk, Aniak, Klukwan.

28 * Sec. 4. The sum of \$23,000,000 is appropriated from the general fund
 29 to the Department of Environmental Conservation for urban water and sewer

1 and solid waste facility construction grants throughout the state.

2 * Sec. 5. The sum of \$5,536,000 is appropriated from the general fund to
3 the Department of Health and Social Services for expansion of the Eagle
4 River correctional center.

5 * Sec. 6. The sum of \$4,998,000 is appropriated from the general fund to
6 the Department of Health and Social Services to upgrade and construct an
7 addition to the Juneau correctional center.

8 * Sec. 7. The sum of \$4,952,000 is appropriated from the general fund to
9 the Department of Health and Social Services for expansion of the Fairbanks
10 correctional center.

11 * Sec. 8. The sum of \$6,989,000 is appropriated from the general fund to
12 the Department of Health and Social Services for construction of a regional
13 jail facility at Nome.

14 * Sec. 9. The sum of \$3,873,000 is appropriated from the general fund to
15 the Department of Health and Social Services for construction of a pre-trial
16 addition to the Anchorage correctional center.

17 * Sec. 10. The sum of \$2,002,000 is appropriated from the general fund
18 to the Department of Health and Social Services as a contingency for correc-
19 tional facility construction projects.

20 * Sec. 11. The sum of \$28,993,200 is appropriated from the general fund
21 to the Department of Transportation and Public Facilities for allocation to
22 the following federal aid highway projects in the estimated amounts set out
23 after each, subject to reallocation between projects in accordance with
24 AS 37.07.080(e):

25	(1) Transportation planning	\$ 3,500
26	(2) Public transportation	8,800,000
27	(3) Central region highways	5,418,000
28	(4) Interior region highways	4,822,900
29	(5) Southeast region highways	1,613,300

1	Dillingham	1,288,000
2	(5) Construct Shungnak to Dall Creek haul road,	
3	Shungnak	3,000,000
4	(6) Chickaloon road	1,000,000
5	(7) Butte Road, Palmer	1,000,000
6	(8) Circle - Eagle to Birch Creek road study	187,000
7	(9) Central bicycle trail	88,000
8	(10) Near Island bridge, Kodiak	5,000,000
9	(11) Circle Hot Springs airport to Graveyard Creek	
10	Road: realignment and resurfacing	620,000
11	(12) Alakanuk road: planning and engineering,	
12	rights-of-way, and utilities	450,000
13	(13) Unalakleet road, Unalakleet	500,000
14	(14) Road paving, reconstruct airport to Louse Town	
15	Slough road and bicycle trail, Bethel	2,500,000
16	(15) Mountain View Drive: reconstruct from East	
17	Fifth to Commercial Drive, Anchorage	1,500,000
18	(16) Hiland Drive: gravel upgrade, Anchorage	1,000,000
19	(17) Bragaw construction, O'Malley to Huffman,	
20	Anchorage	1,750,000
21	(18) Hillside Drive, paving and grade improvement,	
22	O'Malley to Abbott, Anchorage	1,000,000
23	(19) Steese bicycle path, Fairbanks	90,000
24	(20) Local service roads and trails, south Anchorage	1,000,000
25	(21) Main Tree Street, Valleyview, Anchorage	350,000
26	(22) Skylane - Mountain View Drive: surfacing,	
27	Fairbanks	650,000
28	(23) Portage - Whittier, Bud car rail project	375,000
29	* Sec. 14. The sum of \$5,204,300 is appropriated from the general fund	

1 to the Department of Transportation and Public Facilities for allocation to
2 the following aviation projects in the estimated amounts set out after each,
3 subject to reallocation between projects in accordance with AS 37.07.080(e):

4	(1) Central region aviation	\$ 1,767,300
5	(2) Interior region aviation	455,900
6	(3) Southeast region aviation	591,800
7	(4) Western region aviation	302,300
8	(5) Homer airport	180,000
9	(6) Chignik Lagoon runway	400,000
10	(7) Big Lake airport runway	100,000
11	(8) Levelock runway	425,000
12	(9) Skagway runway	982,000

13 * Sec. 15. The sum of \$7,190,000 is appropriated from the general fund
14 to the Department of Transportation and Public Facilities for the following
15 aviation projects in the amounts set out after each:

16	(1) Nuiqsut airport, phase I	\$ 2,100,000
17	(2) Circle Hot Springs airport	390,000
18	(3) Emmonak airport, phase I	3,500,000
19	(4) Hoonah airport	1,200,000

20 * Sec. 16. The sum of \$9,568,200 is appropriated from the general fund
21 to the Department of Transportation and Public Facilities for allocation to
22 the following marine transportation projects in the estimated amounts set
23 out after each, subject to reallocation between projects in accordance with
24 AS 37.07.080(e):

25	(1) Central region	\$ 4,200,000
26	(2) Southeast region	568,200
27	(3) Passenger terminal buildings: Auke Bay, Sitka, 28 Petersburg	3,650,000
29	(4) Prince Rupert ferry terminal building	1,000,000

1 (5) Ferry terminal shelters: Clark's Bay, Metlakatla,
2 Angoon, Kake 150,000

3 * Sec. 17. The sum of \$41,050,000 is appropriated from the general fund
4 to the Department of Transportation and Public Facilities for allocation to
5 the following ports and harbors projects in the estimated amounts set out
6 after each, subject to reallocation between projects in accordance with
7 AS 37.07.080(e):

8	(1) Homer harbor	\$ 6,100,000
9	(2) Near Island harbor development	2,000,000
10	(3) Ketchikan boat harbor	1,300,000
11	(4) Petersburg boat harbor	3,750,000
12	(5) Hoonah boat harbor	1,900,000
13	(6) Sitka boat harbor	1,400,000
14	(7) Seward boat harbor/port development	4,500,000
15	(8) Auke Bay floating breakwater	3,500,000
16	(9) Nome port facility	5,000,000
17	(10) Cordova boat harbor	4,000,000
18	(11) Sand Point dock	3,500,000
19	(12) Port Lions boat harbor	1,100,000
20	(13) Dillingham port facility/dry marina	3,000,000

21 * Sec. 18. The sum of \$10,297,000 is appropriated from the general fund
22 to the Department of Transportation and Public Facilities for the following
23 ports and harbors projects in the amounts set out after each:

24	(1) Unalaska port development	\$ 3,500,000
25	(2) Yakutat port development	3,000,000
26	(3) Kasaan boat harbor	250,000
27	(4) Bethel small boat harbor	500,000
28	(5) Lateral stability, terminal 1, Anchorage	982,000
29	(6) Anchorage small boat harbor/dry marina	2,000,000

1 (7) Salcha River boat launching/mooring facility 65,000

2 * Sec. 19. The sum of \$10,000,000 is appropriated from the general fund
3 to the Department of Transportation and Public Facilities for the construc-
4 tion of local service roads and trails throughout the state.

5 * Sec. 20. The sum of \$500,000 is appropriated from the general fund to
6 the Department of Education for library construction grants to community
7 libraries throughout the state.

8 * Sec. 21. The sum of \$1,000,000 is appropriated from the general fund
9 to the Department of Transportation and Public Facilities for construction
10 of teacher housing throughout the state.

11 * Sec. 22. The sum of \$37,270,000 is appropriated from the general fund
12 to the University of Alaska for the following projects in the amounts set
13 out after each:

14	(1) University Center, phase I, Juneau	\$ 3,500,000
15	(2) Sewer connection, Sitka Community College	75,000
16	(3) Marine Center, phase I, Seward	1,000,000
17	(4) Library and classroom building, Matanuska-	
18	Susitna Community College	3,500,000
19	(5) Applied science building, Anchorage Community	
20	College	5,000,000
21	(6) Arts, theatre, bookstore, and classroom building,	
22	Anchorage	5,200,000
23	(7) Purchase of adult basic education building,	
24	Anchorage Community College	220,000
25	(8) Classroom, shop, Kenai	5,600,000
26	(9) Adult learning center, Kodiak Community College	2,300,000
27	(10) Rasmusson Library, phase II, Fairbanks	8,500,000
28	(11) Central receiving, Fairbanks	1,300,000
29	(12) Utilities modification, statewide	800,000

1 (13) Handicapped barrier removal, statewide 275,000

2 * Sec. 23. The sum of \$24,881,000 is appropriated from the general fund
3 to the Department of Transportation and Public Facilities for the following
4 educational facilities in the amounts set out after each:

5 (1) Southeast Island regional educational attendance
6 area schools \$ 856,000

7 (2) Bartlett High School 1,500,000

8 (3) Kodiak Island Borough schools 500,000

9 (4) Lake-Peninsula regional educational attendance
10 area schools 1,000,000

11 (5) Southwest regional educational attendance area
12 schools 2,072,000

13 (6) Lower Kuskokwim regional educational attendance
14 area schools 2,415,000

15 (7) Saint Mary's school 2,000,000

16 (8) Northwest regional educational attendance area
17 vocational technical school 1,500,000

18 (9) Bering Straits regional educational attendance area
19 schools 1,934,000

20 (10) Yukon/Koyukuk regional educational attendance area
21 schools 500,000

22 (11) Iditarod regional educational attendance area
23 schools 900,000

24 (12) Lower Yukon regional educational attendance area
25 schools 750,000

26 (13) Kuspuks regional educational attendance area
27 schools 1,900,000

28 (14) Chatham regional educational attendance area
29 schools 1,251,000

1	(15) Haines school	1,332,000
2	(16) Karluk school	960,000
3	(17) Metlakatla school	2,000,000
4	(18) Wrangell school	1,500,000
5	(19) Holy Cross school	11,000

6 * Sec. 24. The appropriations made by this Act are for capital projects
7 and are subject to AS 37.25.020.

8 * Sec. 25. This Act takes effect on the effective date of a version of
9 an Act entitled "An Act relating to the general obligation bonds approved by
10 the voters at the November 1980 general election, and repealing laws autho-
11 rizing those bonds; and providing for an effective date."

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THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

HB 161, HB 162

FISCAL NOTE

HB 161/ HB 162

I. REQUEST
 Bill/Resolution No. HOUSE BILL NO. 161 & HOUSE BILL NO. 162
 Title Making a special appropriation for capital improvements for projects for which general
~~Requested by~~ obligation bonds were approved by the voters Date 2/17/81
at the 1980 general election.
 Requested by House State Affairs Committee

II. FISCAL DETAIL
 Agency Affected State Bond Committee, Dept. of Revenue
 Program Category Affected General Fund
 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						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS. CLAIMS. ETC.						
TOTAL						

FUNDING (Thousands of Dollars)	IN TERMS OF OPPORTUNITY COST				
MILLIONS ←	4.0	10.8	14.4	16.7	19.0
GENERAL FUND					
FEDERAL FUNDS					
OTHER (Specify Fund Source)					

POSITIONS

FULL TIME					
PART TIME					
TEMPORARY					

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)
 These bills would use general fund appropriations to pay for 1980 voter approved capital improvements rather than issue General Obligation bonds. The opportunity cost assumes the State would either invest its own money, if bonds would have been sold, or if spent on other projects, etc., those projects have an implicit rate of return equal to what the State could have gotten by investment.
 Assumptions: (1) A 12% earnings rate on invested funds or project.
 (2) An 8% interest rate on cost of debt.
 (3) If debt were issued it would be as follows (in millions):
 FY 82-\$100.0, FY 83-\$150.0, FY 84-\$39.712; Total issued \$289,712,500
 (4) Projects start/debt incurred at beginning of each period.
 (5) Not discounted for present value.

Anselm C. Staack

IV. DATE February 24, 1981 PREPARED BY Anselm C. Staack, Treasury Comptroller
AGENCY Dept. of Revenue/Treasury Division
 Original: Legislative Finance PHONE 465-2351
 cc: Budget and Management
Prime Sponsor (First Legislator Named)

COMMITTEE REPORT

HOUSE

3/2/81

FURTHER:

(11)

Date: _____

Mr. Speaker:

The Committee on FINANCE has had HB 162

"An Act making special appropriations for capital improvements for projects for which general obligation bonds were approved by the voters at the 1980 general election; and providing for an effective date."

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

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

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

COMMITTEE REPORT

HOUSE

3/2

2/17/81

FURTHER: FINANCE

(5)

Date: 2-26-81

Mr. Speaker:

The Committee on STATE AFFAIRS has had HB 162

"An Act making special appropriations for capital improvements for projects for which general obligation bonds were approved by the voters at the 1980 general election; and providing for an effective date."

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

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

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

[Signature]
CHAIRMAN

Chenoweth
12-0684

Funding Information
General Fund \$289,712,500
Other Funds -0-
\$289,712,500

Introduced: 2/17/81
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY MALONE

2 HOUSE BILL NO. 162

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 for capital
7 improvements for projects for which general obligation
8 bonds were approved by the voters at the 1980 general
9 election; and providing for an effective date."

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

11 * Section 1. The sum of \$4,218,800 is appropriated from the general fund
12 to the Department of Public Safety for the purchase of one or more fishery
13 patrol vessels to be based in western Alaska.

14 * Sec. 2. The sum of \$3,500,000 is appropriated from the general fund to
15 the Department of Transportation and Public Facilities for allocation to the
16 following projects in the estimated amounts set out after each, subject to
17 reallocation between projects in accordance with AS 37.07.080(e):

- | | | |
|----|---|--------------|
| 18 | (1) Completion of Ship Creek hatchery | \$ 1,250,000 |
| 19 | (2) Completion of Trail Lakes hatchery | 2,000,000 |
| 20 | (3) Completion of Beaver Falls hatchery | 250,000 |

21 * Sec. 3. The sum of \$10,000,000 is appropriated from the general fund
22 to the Department of Environmental Conservation for village safe water and
23 solid waste construction projects under the Village Safe Water Act (AS 46.07)
24 in the following communities: Chefnak, Circle, Copper Center, Eagle
25 Village, False Pass, Kokhanok, Nelson Lagoon, Newtok, Pedro Bay, Portage
26 Creek, Ruby, St. Michael, Stony River, White Mountain, Central, Huslia,
27 Ambler, Kasigluk, Aniak, Klukwan.

28 * Sec. 4. The sum of \$23,000,000 is appropriated from the general fund
29 to the Department of Environmental Conservation for urban water and sewer

COMMITTEE COPY

1 and solid waste facility construction grants throughout the state.

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4 River correctional center.

5 * Sec. 6. The sum of \$4,998,000 is appropriated from the general fund to
6 the Department of Health and Social Services to upgrade and construct an
7 addition to the Juneau correctional center.

8 * Sec. 7. The sum of \$4,952,000 is appropriated from the general fund to
9 the Department of Health and Social Services for expansion of the Fairbanks
10 correctional center.

11 * Sec. 8. The sum of \$6,989,000 is appropriated from the general fund to
12 the Department of Health and Social Services for construction of a regional
13 jail facility at Nome.

14 * Sec. 9. The sum of \$3,873,000 is appropriated from the general fund to
15 the Department of Health and Social Services for construction of a pre-trial
16 addition to the Anchorage correctional center.

17 * Sec. 10. The sum of \$2,002,000 is appropriated from the general fund
18 to the Department of Health and Social Services as a contingency for correc-
19 tional facility construction projects.

20 * Sec. 11. The sum of \$28,993,200 is appropriated from the general fund
21 to the Department of Transportation and Public Facilities for allocation to
22 the following federal aid highway projects in the estimated amounts set out
23 after each, subject to reallocation between projects in accordance with
24 AS 37.07.080(e):

25	(1) Transportation planning	\$ 3,500
26	(2) Public transportation	8,800,000
27	(3) Central region highways	5,418,000
28	(4) Interior region highways	4,822,900
29	(5) Southeast region highways	1,613,300

1	(6) Western region highways	977,500
2	(7) Southcentral region highways	4,933,000
3	(8) Statewide highways	2,425,000

4 * Sec. 12. The sum of \$18,942,000 is appropriated from the general fund
5 to the Department of Transportation and Public Facilities for allocation to
6 the following state highway projects in the estimated amounts set out after
7 each, subject to reallocation between projects in accordance with AS 37.07.-

8 080(e):

9	(1) Reconstruct Stikine to Evergreen, Wrangell	\$ 1,629,000
10	(2) Kotzebue city streets	2,269,000
11	(3) North Slope Highway culverts	2,600,000
12	(4) Wooley Lagoon Road upgrade, Nome - Teller	400,000
13	(5) Dexter Bypass upgrade, Nome - Teller	500,000
14	(6) Gilmore trail repaving, Fairbanks	1,530,000
15	(7) East Northern Lights, Lake Otis, Boniface, 16 Tudor, and DeBarr Roads, Anchorage	7,090,000
17	(8) St. Mary's - Pitkas Point Road	1,219,000
18	(9) Johnson Road realignment and resurfacing, 19 Fairbanks	1,705,000

20 * Sec. 13. The sum of \$25,748,000 is appropriated from the general fund
21 to the Department of Transportation and Public Facilities for the following
22 projects in the amounts set out after each:

23	(1) Halibut Road paving, Davidoff Street to 24 marine highway terminal, Sitka	\$ 1,600,000
25	(2) Kotzebue to Chicago Creek road: environmental 26 and access reconnaissance study, Kotzebue	500,000
27	(3) Construction of road between Holy Cross and 28 Yukon River: planning and engineering	300,000
29	(4) Paving road from Dillingham to airport,	

1	Dillingham	1,288,000
2	(5) Construct Shungnak to Dall Creek haul road,	
3	Shungnak	3,000,000
4	(6) Chickaloon road	1,000,000
5	(7) Butte Road, Palmer	1,000,000
6	(8) Circle - Eagle to Birch Creek road study	187,000
7	(9) Central bicycle trail	88,000
8	(10) Near Island bridge, Kodiak	5,000,000
9	(11) Circle Hot Springs airport to Graveyard Creek	
10	Road: realignment and resurfacing	620,000
11	(12) Alakanuk road: planning and engineering,	
12	rights-of-way, and utilities	450,000
13	(13) Unalakleet road, Unalakleet	500,000
14	(14) Road paving, reconstruct airport to Louse Town	
15	Slough road and bicycle trail, Bethel	2,500,000
16	(15) Mountain View Drive: reconstruct from East	
17	Fifth to Commercial Drive, Anchorage	1,500,000
18	(16) Hiland Drive: gravel upgrade, Anchorage	1,000,000
19	(17) Bragaw construction, O'Malley to Huffman,	
20	Anchorage	1,750,000
21	(18) Hillside Drive, paving and grade improvement,	
22	O'Malley to Abbott, Anchorage	1,000,000
23	(19) Steese bicycle path, Fairbanks	90,000
24	(20) Local service roads and trails, south Anchorage	1,000,000
25	(21) Main Tree Street, Valleyview, Anchorage	350,000
26	(22) Skylane - Mountain View Drive: surfacing,	
27	Fairbanks	650,000
28	(23) Portage - Whittier, Bud car rail project	375,000
29	* Sec. 14. The sum of \$5,204,300 is appropriated from the general fund	

1 to the Department of Transportation and Public Facilities for allocation to
2 the following aviation projects in the estimated amounts set out after each,
3 subject to reallocation between projects in accordance with AS 37.07.080(e):

4	(1) Central region aviation	\$ 1,767,300
5	(2) Interior region aviation	455,900
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8	(5) Homer airport	180,000
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10	(7) Big Lake airport runway	100,000
11	(8) Levelock runway	425,000
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13 * Sec. 15. The sum of \$7,190,000 is appropriated from the general fund
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21 to the Department of Transportation and Public Facilities for allocation to
22 the following marine transportation projects in the estimated amounts set
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27	(3) Passenger terminal buildings: Auke Bay, Sitka, 28 Petersburg	3,650,000
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1 (5) Ferry terminal shelters: Clark's Bay, Metlakatla,
2 Angoon, Kake 150,000

3 * Sec. 17. The sum of \$41,050,000 is appropriated from the general fund
4 to the Department of Transportation and Public Facilities for allocation to
5 the following ports and harbors projects in the estimated amounts set out
6 after each, subject to reallocation between projects in accordance with
7 AS 37.07.080(e):

8	(1) Homer harbor	\$ 6,100,000
9	(2) Near Island harbor development	2,000,000
10	(3) Ketchikan boat harbor	1,300,000
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12	(5) Hoonah boat harbor	1,900,000
13	(6) Sitka boat harbor	1,400,000
14	(7) Seward boat harbor/port development	4,500,000
15	(8) Auke Bay floating breakwater	3,500,000
16	(9) Nome port facility	5,000,000
17	(10) Cordova boat harbor	4,000,000
18	(11) Sand Point dock	3,500,000
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27	(4) Bethel small boat harbor	500,000
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29	(6) Anchorage small boat harbor/dry marina	2,000,000

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19	(5) Applied science building, Anchorage Community	
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22	Anchorage	5,200,000
23	(7) Purchase of adult basic education building,	
24	Anchorage Community College	220,000
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6 area schools \$ 856,000
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12 schools 2,072,000
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14 area schools 2,415,000
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19 schools 1,934,000
20 (10) Yukon/Koyukuk regional educational attendance area
21 schools 500,000
22 (11) Iditarod regional educational attendance area
23 schools 900,000
24 (12) Lower Yukon regional educational attendance area
25 schools 750,000
26 (13) Kuspuk regional educational attendance area
27 schools 1,900,000
28 (14) Chatham regional educational attendance area
29 schools 1,251,000

1	(15) Haines school	1,332,000
2	(16) Karluk school	960,000
3	(17) Metlakatla school	2,000,000
4	(18) Wrangell school	1,500,000
5	(19) Holy Cross school	11,000

6 * Sec. 24. The appropriations made by this Act are for capital projects
7 and are subject to AS 37.25.020.

8 * Sec. 25. This Act takes effect on the effective date of a version of
9 an Act entitled "An Act relating to the general obligation bonds approved by
10 the voters at the November 1980 general election, and repealing laws autho-
11 rizing those bonds; and providing for an effective date."

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ALASKA STATE LEGISLATURE

TWELFTH Legislature .. FIRST Session

HOUSE BILL NO. ... 162.

By MALONE

"An Act making special appropriations for capital improvements for projects for which general obligation bonds were approved by the voters at the 1980 general election; and providing for an effective date."

Spec appro, capital improvements

Introduced in the House ... 2/17..., 19... 81

HISTORY IN THE HOUSE

19 81

Feb 17

Read first time and referred to Committee on State Affairs and Finance
Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by Speaker
Sent to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by President
Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Concurred in Senate amendment thus adopting:
VOTE

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

Senate receded from amendment
VOTE

Senate failed to recede from amendment
VOTE

CC appointed by House

CC appointed by Senate

CC adopted by House
VOTE

CC adopted by Senate
VOTE

To enrolling
Reported correctly enrolled
Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No.

Position Paper
on
Committee Substitute for
House Bill 164 (HESS)

"An act making special appropriations for health care facilities; and providing for an effective date."

The following is a section by section analysis of Committee Substitute for House Bill 164 (CSHB 164). CSHB 164 combines appropriations for several health care facility projects which had earlier been the subject of separate House Bills.

Section 1 - Kodiak Island Hospital

This section proposes to provide to the Kodiak Island Borough the sum of \$130,000 to purchase three types of equipment and other "necessary" equipment for the Kodiak Island Hospital. The Department of Health and Social Services (DHSS) has recommended approval under the 1122 capital expenditure review program for the offering of the diagnostic ultrasound equipment.

Section 2 - Cordova Community Hospital

This section proposes to provide \$650,000 to the City of Cordova for studies necessary to the renovation/replacement of the Cordova Community Hospital.

DHSS for several years noted deficiencies at Cordova Community hospital. Most of the deficiencies relate to the physical plant of the hospital or are "operating" deficiencies resulting from the constraints of the physical plant built in 1954. Many of the deficiencies have possible impacts upon patient life and safety, therefore, DHSS supports the effort to correct the deficiencies.

Since the 1950's health care has experienced several technological advances which require much more space to be available within hospitals. In 1965 the advent of the Medicare/Medicaid System also increased the need for administrative office space within hospitals. Cordova Hospital has responded to these external influences by changing the use of several rooms within the hospital. Examples of a few of these changes are:

The conversion of the laundry into laboratory space, resulting in the elimination of the laundry.

Changing the use of the surgery recovery room to office space, resulting in the elimination of the recovery room.

Records storage and the maintenance shop space are now scheduled for conversion into a very small (and inadequate) laundry.

The original laboratory space was to become an intensive care room this year, but due to the need for office space this plan has been abandoned.

Inadequate space in the hospital is also evidenced by the stretchers, wheel-chairs, portable x-ray, etc., which are stored in the hallways.

There is little doubt that quality care and treatment are directly affected by the degree to which design accommodates inter- and intradepartmental functions. The time required to deliver immediate, critical care varies widely depending upon facility design. In the case of Cordova Community Hospital (and several other rural Alaskan hospitals) very little of the original functionality remains.

In 1980 the DHSS architect reviewed Cordova Community Hospital and prepared a report of the structural deficiencies noted during the survey. A copy of that report is attached. Due to the severity of some of the noted deficiencies and the age of the facility the department believes a cost/benefit study is needed to determine whether it is more desirable to renovate or to replace the facility. Because the cost of correcting deficiencies at the hospital is not known the department also strongly supports the proposed method of performing the requested studies prior to requesting funding for the project.

CSHB 164 apparently proposes 100% state funding for the studies. DHSS believes that some level of community support and commitment is essential and does not necessarily recommend 100% state funding. The department does, however, believe that substantial state funding will be required for completion of the studies.

Section 3 - Seward General Hospital

This section proposes to provide \$339,200 to the Kenai Peninsula Borough for equipment needs at Seward General Hospital. The DHSS has no knowledge of what specific equipment is proposed for purchase. A section 1122/Certificate of Need review may be required for the purchase of equipment costing over \$100,000.

Section 4 - Naknek Health Clinic

This section proposes to provide \$300,000 to the Bristol Bay Borough for the design and construction of a health clinic in Naknek.

Naknek presently has a small clinic (460 square feet) which accommodates two Alaska Native Health Service Community Health Aides, employed by the Bristol Bay Health Corporation. The clinic is adequate for the two Community Health Aides; however, as the population seems to be growing in this area it would be very desirable for the community to have a larger facility to accommodate other itinerant medical professionals or a full time primary care professional, such as a nurse practitioner or a physician's assistant.

For these reasons, DHSS supports this section of CSHB 164 and offers the following recommendations should the new clinic be built:

- 1) The new clinic should be operated as a general community clinic available for the use of both the Indian Health Service health aide and the Public Health Nurse, and other itinerant medical professionals.

- 2) An architect firm or construction manager should be hired to assure that the new clinic will be constructed to meet applicable codes and standards; including the minimum standards of the U.S. Public Health Service. (See attached circular No. 77-2.)

Section 5 - Petersburg Hospital

This section proposes to provide \$8,000,000 to the city of Petersburg for hospital expansion and improvement.

The Petersburg Hospital has prepared a certificate of need application which seeks approval for the expenditure of funds for construction necessary to correct the deficiencies noted by DHSS. DHSS has not completed its review of that application, but does view the proposed corrections as necessary to the continued operation of Petersburg Hospital.

In 1975 the DHSS architect surveyed the Petersburg Hospital and prepared a report of that survey (attached). The report points out several major areas of structural deficiencies which have a bearing upon patient life and safety. In subsequent years DHSS had expressed increasing concern regarding the deficiencies present at the facility.

\$1,500,000 was appropriated by Chapter 50, Sessions Laws of Alaska, 1980 for renovating the Petersburg Hospital. Subsequent to that appropriation Petersburg Hospital began its preparation of a certificate of need application. As a part of that process an architectural firm was hired to complete a life cycle cost study of the costs/benefits of remodeling the 1954 hospital vs. replacement. That study concluded that it would be more economically feasible to replace the 1954 building and that the costs of either replacement or remodeling would be considerably higher than originally expected.

Most of the comments regarding the functional obsolescence of Cordova Community Hospital given in Section 1 of this analysis also apply to the Petersburg General Hospital.

One of the main concerns which has been raised thus far regarding the Petersburg certificate of need application is the ability of the City of Petersburg to obtain the funds necessary to complete the project. The certificate of need application submitted by Petersburg Hospital includes an architect's estimate of the capital cost to correct the deficiencies as approximately \$7,100,000. Assuming a starting date of spring 1982 for construction and adjusting for inflation (12% for construction) this total project cost would then be approximately \$8,000,000. Since the \$1,500,000 is still available for the project the balance needed should be only \$6,500,000 rather than the CSHB 164 figure of \$8,000,000. CSHB 164 nevertheless apparently proposes 100% state funding for the project. DHSS believes that some level of community support and commitment is essential and does not necessarily recommend 100% state funding. The department does, however, believe that substantial state funding be required for completion of the project.

Section 6 - Wrangell General Hospital

This section proposes to provide \$7,100,000 to the City of Wrangell for hospital expansion and improvement.

Wrangell Hospital has submitted a certificate of need application seeking approval for the expenditure of funds for construction necessary to correct the deficiencies noted by DHSS. DHSS has not reviewed the application in sufficient detail to determine whether all of the construction/remodeling requested in the application is necessary; however, the department has surveyed the facility and noted several areas in the facility which are too small to permit efficient use of the hospital. A copy of draft comments regarding that survey is attached. It is the belief of the department at this stage of review that most of the proposed construction should be completed.

Most of the comments regarding the functional obsolescence of Cordova Community Hospital given in Section 1 of this analysis also apply to Wrangell General Hospital.

The certificate of need application includes an architect's estimated cost for expansion/remodeling of the facility as \$6,820,000. This estimate was determined by an architectural firm following the preparation of site plans and preliminary drawings and is considered to be reliable. Assuming a spring 1982 starting date for construction and adjusting for inflation the \$6,820,000 architect's estimated cost for the project would be increased to \$7,640,000.

Section 7 - South Peninsula Hospital

This section proposes to provide \$4,000,000 to the Kenai Peninsula Borough for hospital expansion and improvement in the South Peninsula Hospital Service District.

During 1980 South Peninsula Hospital, Homer applied to the Department of Health and Social Services for certificate of need approval for the expansion and improvement of the hospital. On October 28, 1980 a Certificate of Need was issued to South Peninsula Hospital for basically the following activities:

- 0 Increase the acute care capacity from 13 to 26 beds;
- 0 Increase the long-term care bed capacity from 4 to 15 beds;
- 0 Expand the laboratory area from 240 sq. ft. to 1200 sq. ft.;
- 0 Expand the physical therapy dept. from 250 sq. ft. to 800 sq. ft., and
- 0 Provide additional medical office space for 5 physicians.

The application also proposed the construction of a shelled-in space to meet the projected 1990 need. The development of the shelled-in space had not been projected and alternative architectural solutions had not been explained in sufficient detail for an evaluation of this portion of the project to be made by the Division of State Health Planning and Development. For this reason the Certificate of Need was issued under the condition that the projected development of the shelled-in space and an evaluation of alternative architectural solutions be submitted to the department demonstrating that the proposed shelled-in space is a cost-effective and reasonable solution to meet the needs demonstrated in the application.

The maximum capital expenditure which was approved under the Certificate of Need was \$6,472,300. Since a year will have passed since the issuance of the Certificate of Need and the beginning of construction, this figure could be increased by 15% to \$7,443,145. The amount proposed by CSHB 164 is within the approved amount, therefore, DHSS has no objection to this section of CSHB 164 -- providing that the required alternative architectural solutions are submitted to the Department or the scope of work is reduced to exclude the construction of the proposed shelled-in space.

Position Paper
on
Committee Substitute for
House Bill 164 (HESS)

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

Date: May 18, 1981

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

Date: 5/22/81

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. CSHB 164
 Title "An Act making special appropriations for health care facilities, and *
 Requested by Finance Date 4/21/81

* providing for an effective date."

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

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		\$56,818	\$56,818			
200 TRAVEL		4,200	4,200			
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		\$61,018	\$61,018			

FUNDING (Thousands of Dollars)

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

POSITIONS

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

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

DHSS now has one architect and economist on staff who assist communities in planning health care facilities which will be cost-effective, functional and will meet State and Federal requirements. These two positions are involved in the planning, design and construction phases of health facility construction. Some examples of cost savings resulting from the participation of these employees are evident in health facility projects planned for Sitka and Palmer.

In Sitka the participation of these employees in the planning and design phases resulted in the deletion of an underground tunnel and renovation of portions of the original facility from the project. Both items were found to be less cost-effective than alternative solutions. The estimated capital savings on the Sitka project as a result of the State assistance is \$2 million.

(continued next page)

IV. DATE May 11, 1981 PREPARED BY Phyllis A. Lindsey
 AGENCY DHSS
 PHONE 3038
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Name) M&B Approval D. Mason Anderson Date 5/22/81

Continuation of Fiscal Note Analysis for CSHB 164

In Palmer the community had originally planned to renovate the existing hospital and then construct a new hospital in five to seven years. Through the participation of the DHSS economist and architect the decision has been reached to not renovate the existing facility and to proceed with planning for the new facility. The estimated capital cost savings on this project is \$3 million.

Similar examples of operating cost savings resulting from improved functional design recommended by DHSS also exist.

Achievement of these cost savings requires many hours of work, particularly on behalf of the architect. DHSS is aware of several other large health care facility construction projects which are planned for the near future. Although the fiscal note shows a need for the additional architect position for only two years as a result of the hospital projects mentioned in CSHB 164 a need for the position is expected to continue due to other projects which are planned for the future.

Original sponsors: Zharoff and Anderson

Offered: 4/21/81
Referred: Finance

Funding Information

General Fund \$20,519,200
Other Funds -0-
\$20,519,200

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2

CS FOR HOUSE BILL NO. 164 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act making special appropriations for health care facilities; and providing for an effective date."

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

9

* Section 1. The sum of \$130,000 is appropriated from the general fund for payment as a grant to the Kodiak Island Borough for purchase of an ultrasound unit, a portable X-ray machine, cardiac monitors, and other necessary equipment for the Kodiak Island Hospital.

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* Sec. 2. The sum of \$650,000 is appropriated from the general fund for payment as a grant to the City of Cordova for a feasibility study to determine if the present health care facility should be renovated or if a new health care facility should be built and for the costs of design and engineering reports and for application for a certificate of need if the study concludes that the new facility should be built.

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* Sec. 3. The sum of \$339,200 is appropriated from the general fund for payment as a grant to the Kenai Peninsula Borough for equipment needs at the Seward General Hospital.

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* Sec. 4. The sum of \$300,000 is appropriated from the general fund for payment as a grant to the Bristol Bay Borough for design and construction of a health clinic in Naknek.

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* Sec. 5. The sum of \$8,000,000 is appropriated from the general fund for payment as a grant to the City of Petersburg for hospital expansion and improvement.

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* Sec. 6. The sum of \$7,100,000 is appropriated from the general fund for payment as a grant to the City of Wrangell for hospital expansion and

29

1 improvement.

2 * Sec. 7. The sum of \$4,000,000 is appropriated from the general fund
3 for payment as a grant to the Kenai Peninsula Borough, for the South
4 Peninsula Hospital Service District for hospital expansion and improvement.

5 * Sec. 8. The appropriations made by this Act shall be disbursed in
6 accordance with AS 37.05.315.

7 * Sec. 9. This Act takes effect immediately in accordance with AS 01.-
8 10.070(c).

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Funding Information
General Fund \$64,000
Other Funds -0-
\$64,000

Introduced: 2/17/81
Referred: Health, Education &
Social Services and Finance

1 IN THE HOUSE

BY ZHAROFF AND ANDERSON

2

HOUSE BILL NO. 164

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 equipment
7 for the Kodiak Island Hospital; and providing for an
8 effective date."

9

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

10

* Section 1. The sum of \$64,000 is appropriated from the general fund
11 for payment as a grant to the Kodiak Island Borough for purchase of an
12 ultrasound unit, a portable X-ray machine, and cardiac monitors for the
13 Kodiak Island Hospital.

14

* Sec. 2. The appropriation made by this Act shall be disbursed in
15 accordance with AS 37.05.315.

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* Sec. 3. This Act takes effect immediately in accordance with AS 01.-
17 10.070(c).

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POSITION PAPER
ON
HOUSE BILL 164

"An Act making a special appropriation for equipment for the Kodiak Island Hospital; and providing for an effective date."

This bill proposes to provide to Kodiak Island Borough the sum of \$64,000 to purchase three types of equipment for that facility.

The Department has recommended approval under the 1122 capital expenditure review program for the offering of the diagnostic ultrasound equipment.

The Department has also noted in earlier reports to the Legislature the need for assistance to small rural hospitals in particular for operating costs. Increased assistance may be possible through municipal assistance grants or increased health facility revenue sharing levels. It is recognized that communities may also seek specific appropriations as is posed by House Bill 164.

On the basis of the Department's recommendation that diagnostic ultrasound be added as a service in Kodiak, the Department has no objection to the provision of equipment funds by the Legislature.

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

Date: March 12, 1981

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

Date: 3/12/81

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. House Bill 164
 Title "An Act making a special appropriation for equipment for the Kodiak Island Hospital;*
 Requested by Department of Health & Social Services Date March 4, 1981
 * and providing for an effective date."

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

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

FUNDING (Thousands of Dollars)

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

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

This bill does not directly impact the Division of State Health Planning and Development

IV. DATE March 5, '981 PREPARED BY Phoebe A. Lindsey
 AGENCY DHSS - Div. of State Health Planning & Development
 PHONE 465-3037
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) M&B Approval H. Haaland Date 3/6/81

COMMITTEE REPORT

HOUSE

4/21

2/17/81

FURTHER: FINANCE

(5)

Date: April 16, 1981

Mr. Speaker:

HEALTH, EDUCATION &
The Committee on SOCIAL SERVICES has had HB 164

"An Act making a special appropriation for equipment for the Kodiak Island Hospital; and providing for an effective date."

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

- [] do pass [] do not pass
[] do pass with attached amendments(s)
[X] replace with CS for HR 164 (Ness) [X] same title [X] new title
and recommends it do pass
[] AND attaches a "Letter of Intent" [] New Fiscal Note
[] reports it back without recommendation
[] referred to the Committee

MEMBERS SIGNING DO PASS

MEMBERS HAVING OTHER RECOMMENDATIONS:

Signatures of members signing 'DO PASS' including Dan Clackin, Betty Cato, J. Duncan, and Mike Beine.

Signature of Terry Martin with recommendation 'Do not pass unless amended'.

Signature of Dan Clackin, CHAIRMAN

Requer
12-0672

Original sponsors: Zhareff and Anderson

Offered: 4/21/81
Referred: Finance

Funding Information

General Fund	\$20,519,200
Other Funds	-0-
	<u>\$20,519,200</u>

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 164 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations for health care
7 facilities; and providing for an effective date."

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

9 * Section 1. The sum of \$130,000 is appropriated from the general fund
10 for payment as a grant to the Kodiak Island Borough for purchase of an
11 ultrasound unit, a portable X-ray machine, cardiac monitors, and other
12 necessary equipment for the Kodiak Island Hospital.

13 * Sec. 2. The sum of \$650,000 is appropriated from the general fund for
14 payment as a grant to the City of Cordova for a feasibility study to deter-
15 mine if the present health care facility should be renovated or if a new
16 health care facility should be built and for the costs of design and
17 engineering reports and for application for a certificate of need if the
18 study concludes that the new facility should be built.

19 * Sec. 3. The sum of \$339,200 is appropriated from the general fund for
20 payment as a grant to the Kenai Peninsula Borough for equipment needs at the
21 Seward General Hospital.

22 * Sec. 4. The sum of \$300,000 is appropriated from the general fund for
23 payment as a grant to the Bristol Bay Borough for design and construction of
24 a health clinic in Naknek.

25 * Sec. 5. The sum of \$8,000,000 is appropriated from the general fund
26 for payment as a grant to the City of Petersburg for hospital expansion and
27 improvement.

28 * Sec. 6. The sum of \$7,100,000 is appropriated from the general fund
29 for payment as a grant to the City of Wrangell for hospital expansion and

1 improvement.

2 * Sec. 7. The sum of \$4,000,000 is appropriated from the general fund
3 for payment as a grant to the Kenai Peninsula Borough, for the South
4 Peninsula Hospital Service District for hospital expansion and improvement.

5 * Sec. 8. The appropriations made by this Act shall be disbursed in
6 accordance with AS 37.05.315.

7 * Sec. 9. This Act takes effect immediately in accordance with AS 01.-
8 10.070(c).

Asper
12-0672

Funding Information
General Fund \$64,000
Other Funds -0-
\$64,000

Introduced: 2/17/81
Referred: Health, Education &
Social Services and Finance

1 IN THE HOUSE

BY ZHAROFF AND ANDERSON

2 HOUSE BILL NO. 164

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 equipment
7 for the Kodiak Island Hospital; and providing for an
8 effective date."

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

10 * Section 1. The sum of \$64,000 is appropriated from the general fund
11 for payment as a grant to the Kodiak Island Borough for purchase of an
12 ultrasound unit, a portable X-ray machine, and cardiac monitors for the
13 Kodiak Island Hospital.

14 * Sec. 2. The appropriation made by this Act shall be disbursed in
15 accordance with AS 37.05.315.

16 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
17 10.070(c).

ALASKA STATE LEGISLATURE

TWELFTH Legislature FIRST Session

HOUSE BILL NO. 164

By ZHAROFF AND ANDERSON

"An Act making a special appropriation for equipment for the Kodiak Island Hospital; and providing for an effective date."

Spec appro, Kodiak Island Hospital

Introduced in the House .. 2/17..., 19. 81

HISTORY IN THE HOUSE

19 81	Read first time and referred to Committee on												
Feb 17	HESS 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		
PASS	Effective Date												
Yeas	Yeas												
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	<table border="0"> <tr> <td colspan="2">Reconsideration</td> </tr> <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>	Reconsideration		PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
Reconsideration													
PASS	Effective Date												
Yeas	Yeas												
Nays	Nays												
Absent	Absent												
Excused	Excused												
	Reported correctly engrossed												
	Signed by Speaker												
	Sent to Senate												

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19	Read first time and referred to Committee on												
	Reported back with recommendation that												
	Read second time and												
	Read third time and												
	<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		
PASS	Effective Date												
Yeas	Yeas												
Nays	Nays												
Absent	Absent												
Excused	Excused												
	<table border="0"> <tr> <td colspan="2">Reconsideration</td> </tr> <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>	Reconsideration		PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
Reconsideration													
PASS	Effective Date												
Yeas	Yeas												
Nays	Nays												
Absent	Absent												
Excused	Excused												
	Reported correctly engrossed												
	Signed by President												
	Returned to House												

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

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

Rec'd after bill
rep. out 4-13-82

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 165 (Fin)
Title An Act creating the telephone utility revolving loan fund;
and providing for an effective date.

Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development
Program Category Affected Economic Development
BRU, Program, Or Subprogram(s) Affected Division of Loans and Veterans' Affairs
(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		46.6	49.4	52.4	55.5	58.8
200 TRAVEL		4.1	4.3	4.6	4.9	5.2
300 CONTRACTUAL		1.6	1.7	1.8	1.9	2.0
400 COMMODITIES		.5	.5	.6	.6	.6
500 EQUIPMENT		-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES		2.7	2.9	3.0	3.2	3.4
700 GRANTS, CLAIMS, ETC.						
TOTAL		55.5	58.8	62.4	66.1	70.0

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		55.5	58.8	62.4	66.1	70.0
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)

Per Department of Administration, the Division of Loans and Veterans' Affairs will be performing much of the work examining, approving and closing loans, consulting with the Department of Administration on the feasibility studies.

FY 84 - FY 87 are at the same funding level, increased by 6% inflation factor.

IV. DATE April 8, 1982 PREPARED BY Don Hostak, Director
AGENCY Department of Commerce & Economic Development
Original: Legislative Finance PHONE 465-2555 Division of Loans and
cc: Budget and Management or 465-2510 Veterans' Affairs
Prime Sponsor (First Legislator Named)
33-001 (Rev. 12/81)

CSHB 165 (Fin)
 An Act creating the telephone utility revolving loan fund;
 and providing for an effective date.

PERSONAL SERVICES

1 Loan Examiner III (AWA) \$3,041 Mo. \$ 36,492

Benefits

SBS @ .0613	\$ 2,237	
Fixed Benefits @ .1568	5,723	
Monthly Benefits @ \$183 mo.	2,196	10,156

Total Salaries and Benefits \$ 46,648

TRAVEL

Six trips to various locations	2,530	
Per diem = 3 days per trip	1,530	

Total Travel 4,060

CONTRACTUAL

Phone	1,200	
Advertisting	400	

Total Contractual 1,600

COMMODITIES

Calculator	280	
Setup Costs	40	
Other supplies	200	

Total Commodities 520

EQUIPMENT

No Equipment -0-

ASHA

Space Rental		2,700
--------------	--	-------

Total Cost CSHB 165 (Fin)		\$ 55,528
---------------------------	--	-----------

1	POSITION TITLE Loan Examiner III			RANGE/STEP 19A	BARG. UNIT. GGU	LOCATION AWA	GOV.	APPROV.	DIGAPP.
2	TYPE OF POSITION Perm.	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY 1 of 1	FORM 12	PAGE/LINE	LEG.	
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION: CSHB 165 (Fin) - Authorizes the Departments of Administration and Commerce and Economic Development to make and service loans for the Telephone Utility Revolving Loan Fund. Per the Department of Administration, the Division of Loans and Veterans' Affairs will be performing much of the work examining, approving and closing loans, consulting with the Department of Administration on the feasibility studies.			
	1	2	3						
4	PERSONAL SERVICES:								
	SALARY		36,492	36,492					
5	BENEFITS		2,196						
6	SBS		2,237						
7	FIXED BENEFITS		5,723	10,156					
8	TOTAL PERSONAL SERVICES		01	46,648					
9	TRAVEL		02						
10	CONTRACTUAL		03						
11	COMMODITIES		04	320					
12	EQUIPMENT		05						
13	OTHER			2,700					
14	TOTAL COST			49,668					
	RECEIPT CODE	FUNDING SOURCE							
15		FED RCPTS. 1002							
16		GF MATCH. 1003							
17		GEN. FUND 1004		49,668					
18		I-A RCPTS. 1005							
19		PGM RCPTS 1028							
20		OTHER							
21	CONTINUATION		FOR B&M USE ONLY						
22	ADDITION								
4A KEY NUMBER		COLUMN NO.							

AGENCY Commerce and Economic Development PROGRAM Economic Development

BRU Loan Administration

13 REQUEST FOR NEW POSITION.

COMPONENT _____

Page 1 of 1 REVISED DATE _____

FY 83

COMMITTEE REPORT
HOUSE

FURTHER:

4/30/81

(11)

Date: 3/26/82

Mr. Speaker:

The Committee on FINANCE has had HB 165

"An Act creating the public utility revolving loan fund; and providing for an effective date."

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 165 (Fin) same title
 new title
- and recommends do pass
- AND attaches a "Letter of Intent" New Fiscal Note *φ sub-*
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]
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[Signature]
CHAIRMAN

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 165 (Finance)

Title An Act creating the telecommunications public utility revolving loan fund;

Requested by _____ Date _____ and providing

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development date

Program Category Affected Economic Development

BRU, Program, Or Subprogram(s) Affected Division of Loans & Veterans' Affairs

(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	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

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

POSITIONS

FULL TIME	0	0	0	0	0	0
PART TIME						
TEMPORARY						

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

This fiscal note is based on the assumption that no more than 50 loans will be approved annually.

IV. DATE

3/24/82

PREPARED BY

D. A. Hostak
D. A. Hostak, Director

AGENCY Dept. of Commerce & Economic Development

Original: Legislative Finance PHONE 465-2555 Division of Loans & Veterans' Affairs

cc: Budget and Management or 465-2510

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

Original sponsors: Hurlbert, Vaska,
Chuckwuk and Moss

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 165 (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 creating the telephone utility revolving loan
7 fund; and providing for an effective date."

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

9 * Section 1. DECLARATION OF POLICY AND PURPOSE. The legislature finds
10 that

11 (1) the availability of adequate telephone service at reasonable
12 rates in the state is a proper matter of public concern;

13 (2) the ability of privately, municipally and cooperatively owned
14 telecommunications utilities in the state to finance basic telephone service
15 to the public and to finance capital improvements required to extend and
16 improve the service on terms that will enable service rates to remain at
17 reasonable levels in the foreseeable future is seriously impaired by the
18 unavailability of low-cost financing;

19 (3) as a matter of public policy and to provide an acceptable
20 level of telephone service to its residents at reasonable rates, the state
21 should assist telecommunications utilities in acquiring the money that is
22 essential to operate, maintain, and expand telephone utility facilities and
23 service.

24 * Sec. 2. AS 42 is amended by adding a new chapter to read:

25 CHAPTER 08. TELEPHONE UTILITY REVOLVING LOAN FUND.

26 Sec. 42.08.010. REVOLVING LOAN FUND CREATED. The telephone utility
27 revolving loan fund is created in the Department of Commerce and Economic
28 Development. Upon authorization of the Department of Administration,
29 the Department of Commerce and Economic Development shall make loans

1 from the fund and administer the loans.

2 Sec. 42.08.020. POWERS AND DUTIES OF THE DEPARTMENT. (a) The
3 Department of Administration shall formulate procedures and adopt regula-
4 tions to implement this chapter in consultation with the Alaska Public
5 Utilities Commission. Regulations adopted under this section shall
6 conform to the maximum extent practicable with regulations adopted by
7 the federal Rural Electrification Agency (7 C.F.R. 1700.1 et seq.).

8 (b) Subject to other provisions of this chapter, the Department of
9 Administration may

10 (1) if credit is not readily available from a lending insti-
11 tution at a rate of interest that does not exceed the rate that the
12 state agreed to pay on the most recent general obligation bonds issued
13 before the application for the loan, authorize a loan from the telephone
14 utility revolving loan fund to a utility for capital improvements and
15 other facilities to be used to provide, improve, and expand telephone
16 service;

17 (2) authorize a loan from the telephone utility revolving
18 loan fund to a utility to meet short-term or interim capital needs
19 related to providing telephone service before receipt by the utility of
20 long-term loans;

21 (3) consult with appropriate federal agencies and other
22 lending institutions that make loans to utilities in the state concerning
23 policies, regulations, and procedures to carry out the provisions of
24 this chapter;

25 (4) designate agents and delegate powers to them;

26 (5) require bonds and undertakings from persons employed by
27 the department, and pay the premiums on the bonds and undertakings;

28 (6) establish amortization plans for the repayment of a loan.

29 Sec. 42.08.030. ELIGIBILITY FOR LOANS. (a) A utility may apply

1 for a loan under this chapter if at the time of application for the loan
2 it is

3 (1) a utility for furnishing telecommunications service under
4 AS 42.05.701(2)(B);

5 (2) providing telephone service or is authorized by the
6 Alaska Public Utilities Commission to begin providing telephone service;
7 and

8 (3) serving the public under a certificate of public con-
9 venience and necessity issued by the Alaska Public Utilities Commission.

10 (b) A loan may not be made until the Department of Administration
11 finds that

12 (1) the applicant is fit, willing, and able to provide tele-
13 phone service using each facility to be financed by the loan;

14 (2) each facility to be financed by the loan is required for
15 the convenience and necessity of the public and will result in an im-
16 provement of telephone service;

17 (3) the loan will not cause an unreasonably adverse impact on
18 a rate structure regulated by the Alaska Public Utilities Commission;

19 (4) the applicant shows a definite potential for providing
20 improved or expanded telephone service in the community or area it
21 serves, or otherwise requires the financing to maintain adequate, effi-
22 cient, and safe telephone service;

23 (5) the applicant will be able to repay the loan; and

24 (6) the applicant has complied with other requirements im-
25 posed by regulation of the department.

26 Sec. 42.05.040. CONDITIONS AND LIMITATIONS ON LOANS. (a) A
27 single loan to a utility under this chapter may not exceed \$5,000,000
28 and the total amount of loans made to a utility during a calendar year
29 may not exceed 25 percent of the net plant investment for the utility

1 indicated in the latest annual report of the utility.

2 (b) A loan shall be secured by collateral equal in fair market
3 value to 75 percent of the loan.

4 (c) Amortization plans for the repayment of a loan may not exceed
5 30 years. The rate of interest charged on the unpaid balance may not
6 exceed the rate of interest that the state agreed to pay on the most
7 recent general obligation bonds issued before application for the loan
8 under this chapter.

9 (d) Subject to (e) of this section, a loan may not be made until
10 an investigation and an economic feasibility study are conducted and, as
11 a result of the investigation and study, the Department of Administra-
12 tion determines that the loan is economically sound, the utility will be
13 financially self-sustaining, and the loan will be fully amortized in
14 accordance with the terms and conditions of the loan. The economic
15 feasibility study shall be conducted by the department or by consultants,
16 engineers, or other technical experts approved by the department. To
17 facilitate an economic feasibility study the applicant shall furnish
18 systems studies, long-range economic forecasts, financial data, and
19 technical information required by regulation of the department.

20 (e) If a loan is participated in by a financial institution in an
21 amount not less than 20 percent of the total amount of the loan, the
22 Department of Administration may adopt the investigation and economic
23 feasibility study made or accepted by the financial institution as the
24 basis for participation by the institution in the loan.

25 (f) If a financial institution participates in a loan, it may
26 elect to administer and service the loan for a reasonable fee not ex-
27 ceeding one-half of one percent of the amount of the loan.

28 (g) The state and a financial institution that participates in a
29 loan shall each have a first lien on the collateral or share the

1 collateral to the extent of their respective parts of the total loan.

2 (h) A loan shall be subject to other terms and conditions estab-
3 lished by regulation of the Department of Administration.

4 Sec. 42.08.050. ADMINISTRATION. Money loaned under this chapter
5 shall be delivered to the borrower in the form of a warrant drawn on the
6 treasury and charged against the telephone utility revolving loan fund.
7 Upon repayment of a loan in accordance with the prescribed terms, or
8 upon liquidation by foreclosure or other process, or upon receipt of
9 interest or other revenue, the money received shall be turned over to
10 the Department of Commerce and Economic Development for deposit in the
11 telephone utility revolving loan fund.

12 Sec. 42.08.060. SALE OR TRANSFER OF NOTES, MORTGAGES AND OTHER
13 COLLATERAL AND PROPERTY. (a) The commissioner of commerce and economic
14 development may sell or transfer at par value or at a premium or discount
15 to a bank or private purchaser for cash or other consideration the
16 notes, mortgages and collateral held by the Department of Commerce and
17 Economic Development as security for loans made under this chapter.

18 (b) The commissioner of commerce and economic development may sell
19 or transfer at par value to the Department of Revenue the notes, mort-
20 gages and other collateral held as security for loans made under this
21 chapter. The Department of Revenue may purchase the notes, mortgages,
22 and other collateral, allowing the Department of Commerce and Economic
23 Development one-half of one percent of the value of the notes, mortgages,
24 or collateral as a service fee.

25 (c) In the event of default on a loan made under this chapter, the
26 state may not sell, transfer or acquire property of the borrower or sell
27 or transfer collateral previously received for the loan without approval
28 of the Alaska Public Utilities Commission.

29 Sec. 42.08.070. PROCEEDINGS AND REGULATIONS. The Administrative

1 Procedure Act (AS 44.62) governs all proceedings and the adoption of
2 regulations under this chapter.

3 * Sec. 3. This Act takes effect July 1, 1982.
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OK, as corrected

Cook ✓✓

Original sponsors: Hurlbert, Vaska,
Chuckwuk and Moss

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 165 (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 creating the telecommunications public utility
7 revolving loan fund; and providing for an effective
8 date."

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

10 * Section 1. DECLARATION OF POLICY AND PURPOSE. The legislature finds
11 that

12 (1) the availability of adequate public telecommunications ser-
13 vices and facilities at reasonable rates in the state is a proper matter of
14 public concern;

15 (2) the ability of privately, municipally and cooperatively owned
16 public telecommunications utilities in the state to finance basic telephone
17 service to the public and to finance capital improvements required to extend
18 and improve the service on terms that will enable service rates to remain at
19 reasonable levels in the foreseeable future is seriously impaired by the
20 unavailability of low-cost financing;

21 (3) as a matter of public policy and to provide an acceptable
22 level of telecommunications services to its residents at reasonable rates,
23 the state should assist telecommunications public utilities in acquiring the
24 money that is essential to operate, maintain, and expand utility facilities
25 and services.

26 * Sec. 2. AS 42 is amended by adding a new chapter to read:

27 CHAPTER 08. TELECOMMUNICATIONS PUBLIC UTILITY
28 REVOLVING LOAN FUND.

29 Sec. 42.08.010. REVOLVING LOAN FUND CREATED. The telecommunica-

1 tions public utility revolving loan fund is created in the Department of
2 Commerce and Economic Development. Upon authorization of the Department
3 of Administration, the Department of Commerce and Economic Development
4 shall make loans from the fund and administer the loans.

5 Sec. 42.08.020. POWERS AND DUTIES OF THE DEPARTMENT. (a) The
6 Department of Administration shall formulate procedures and adopt regula-
7 tions to implement this chapter in consultation with the Alaska Public
8 Utilities Commission. Regulations adopted under this section shall
9 conform to the maximum extent practicable with regulations adopted by
10 the federal Rural Electrification Agency (7 C.F.R. 1700.1 et seq.).

11 (b) Subject to other provisions of this chapter, the Department of
12 Administration may

13 (1) authorize a loan from the telecommunications public
14 utility revolving loan fund to a public utility to finance capital
15 improvements, plant and facilities, and to improve and expand services,
16 if other credit is not readily available from lending institutions at a
17 rate of interest ~~less than the rate of interest~~ that the state agreed to
18 pay on the most recent general obligation bonds issued before the appli-
19 cation for the loan under this chapter;

20 (2) authorize a loan from the telecommunications public
21 utility revolving loan fund to a public utility to meet short-term or
22 interim capital needs before receipt by the utility of long-term loans;

23 (3) consult with appropriate federal agencies and other
24 lending institutions that make loans to public utilities in the state
25 concerning policies, regulations, and procedures to carry out the pro-
26 visions of this chapter;

27 (4) designate agents and delegate powers to them;

28 (5) require bonds and undertakings from persons employed by
29 the department, and pay the premiums on the bonds and undertakings;

1 (6) establish amortization plans for the repayment of a loan.

2 Sec. 42.08.030. ELIGIBILITY FOR LOANS. (a) A public utility may
3 apply for a loan under this chapter if

4 (1) it is a public utility for furnishing telecommunications
5 service under AS 42.05.701(2)(B); and

6 (2) at the time of application for a loan it is serving the
7 public under a certificate of public convenience and necessity issued by
8 the Alaska Public Utilities Commission.

9 (b) A loan may not be made until the Department of Administration
10 finds that

11 (1) the applicant is fit, willing, and able to provide ser-
12 vices using each facility to be financed by the loan;

13 (2) each facility to be financed by the loan is required for
14 the convenience and necessity of the public and will result in an im-
15 provement of service;

16 (3) the loan will not cause an unreasonably adverse impact on
17 a rate structure regulated by the Alaska Public Utilities Commission;

18 (4) the applicant shows a definite potential for providing
19 improved or expanded service in the community or area it serves, or
20 otherwise requires the financing to maintain adequate, efficient, and
21 safe service;

22 (5) the applicant will be able to repay the loan; and

23 (6) the applicant has complied with other requirements im-
24 posed by regulation of the department.

25 Sec. 42.08.040. CONDITIONS AND LIMITATIONS ON LOANS. (a) A
26 single loan to a public utility under this chapter may not exceed
27 \$5,000,000 and the total amount of loans made to a utility during a
28 calendar year may not exceed 25 percent of the net plant investment for
29 the utility indicated in the latest annual report of the utility.

1 (b) A loan shall be secured by collateral equal in fair market
2 value to 75 percent of the loan.

3 (c) Amortization plans for the repayment of a loan may not exceed
4 30 years. The rate of interest charged on the unpaid balance may not
5 exceed the rate of interest that the state agreed to pay on the most
6 recent general obligation bonds issued before application for the loan
7 under this chapter.

8 (d) Subject to (e) of this section, a loan may not be made until
9 an investigation and an economic feasibility study are conducted and, as
10 a result of the investigation and study, the Department of Administra-
11 tion determines that the loan is economically sound, the utility will be
12 financially self-sustaining, and the loan will be fully amortized in
13 accordance with the terms and conditions of the loan. The economic
14 feasibility study shall be conducted by the department or by consultants,
15 engineers, or other technical experts approved by the department. To
16 facilitate an economic feasibility study the applicant shall furnish
17 systems studies, long-range economic forecasts, financial data, and
18 technical information required by regulation of the department.

19 (e) If a loan is participated in by a financial institution in an
20 amount not less than 20 percent of the total amount of the loan, the
21 Department of Administration may adopt the investigation and economic
22 feasibility study made or accepted by the financial institution as the
23 basis for participation by the institution in the loan.

24 (f) If a financial institution participates in a loan, it may
25 elect to administer and service the loan for a reasonable fee not ex-
26 ceeding one-half of one percent of the amount of the loan.

27 (g) The state and a financial institution that participates in a
28 loan shall each have a first lien on the collateral or share the
29 collateral to the extent of their respective parts of the total loan.

1 (h) A loan shall be subject to other terms and conditions estab-
2 lished by regulation of the Department of Administration.

3 Sec. 42.08.050. ADMINISTRATION. Money loaned under this chapter
4 shall be delivered to the borrower in the form of a warrant drawn on the
5 treasury and charged against the telecommunications public utility
6 revolving loan fund. Upon repayment of a loan in accordance with the
7 prescribed terms, or upon liquidation by foreclosure or other process,
8 or upon receipt of interest or other revenue, the money received shall
9 be turned over to the Department of Commerce and Economic Development
10 for deposit in the telecommunications public utility revolving loan
11 fund.

12 Sec. 42.08.060. SALE OR TRANSFER OF NOTES, MORTGAGES AND OTHER
13 COLLATERAL AND PROPERTY. (a) The commissioner of commerce and economic
14 development may sell or transfer at par value or at a premium or discount
15 to a bank or private purchaser for cash or other consideration the
16 notes, mortgages and collateral held by the Department of Commerce and
17 Economic Development as security for loans made under this chapter.

18 (b) The commissioner of commerce and economic development may sell
19 or transfer at par value to the Department of Revenue the notes, mort-
20 gages and other collateral held as security for loans made under this
21 chapter. The Department of Revenue may purchase the notes, mortgages,
22 and other collateral, allowing the Department of Commerce and Economic
23 Development one-half of one percent of the value of the notes, mortgages,
24 or collateral as a service fee.

25 (c) In the event of default on a loan made under this chapter, the
26 state may not sell, transfer or acquire property of the borrower or sell
27 or transfer collateral previously received for the loan without approval
28 of the Alaska Public Utilities Commission.

29 Sec. 42.08.070. PROCEEDINGS AND REGULATIONS. The Administrative

1 Procedure Act (AS 44.62) governs all proceedings and the adoption of
2 regulations under this chapter.

3 * Sec. 3. This Act takes effect July 1, 1982.
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HB 165

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 165
 Title An Act Creating the Public Utility Revolving Loan Fund
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development
 Program Category Affected Development
 BRU, Program, or Subprogram(s) Affected Division of Business Loans
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	-0-	67.8	74.6	82.1	90.3	99.3
200 TRAVEL		6.4	7.0	7.7	8.5	9.4
300 CONTRACTUAL		10.0	11.0	12.1	13.3	14.6
400 COMMODITIES		.5	.6	.6	.7	.8
500 EQUIPMENT		4.4	-0-			
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	89.1	93.2	102.5	112.8	124.1

FUNDING (Thousands of Dollars)

GENERAL FUND		89.1	93.2	102.5	112.8	124.1
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		2	2	2	2	2
PART TIME						
TEMPORARY						

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

Staff required to process loans. Fiscal note detail attached.

IV. DATE Feb. 20, 1981 PREPARED BY Sharon Traylor, Director
 AGENCY Division of Business Loans/Dept. of Com. & Econ. Development
 PHONE 465-2510
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

FISCAL NOTE DETAIL
 HB 165 - Public Utility Loan Fund

100	1 Loan Examiner III @ \$2,837/mo.		\$34.0
	1 Documents Processing Clerk III @ \$1,564/mo.		<u>18.8</u>
	TOTAL WAGES		\$52.8
	Standard Benefits (Wages x .1555)		8.2
	Supplemental Benefits (Wages x .0613)		3.2
	Health Insurance (Man Months x \$150)		<u>3.6</u>
	TOTAL PERSONAL SERVICES		\$67.8
200	Trips to inspect collateral and close loans		
	10 trips @ \$500	\$5.0	
	20 days per diem @ \$70	<u>1.4</u>	6.4
300	Telephone & postage, printing of applications, advertising		10.0
400	Office supplies		<u>.5</u>
	TWELVE MONTHS' OPERATING COSTS		\$84.7
500	Equipment		
	2 Desks @ \$330	.7	
	1 Typist's extension	.5	
	1 Credenza	.5	
	1 Executive chair	.2	
	1 Secretarial chair	.2	
	2 Side chairs @ \$100	.2	
	2 File cabinets @ \$325	.7	
	2 Calculators @ \$200	.4	
	1 Typewriter	<u>1.0</u>	<u>4.4</u>
	TOTAL		\$89.1
	10% Inflation for succeeding years		

FISCAL NOTE

165

I. REQUEST

Bill/Resolution No. HB 165
 Title An Act Creating the Public Utility Revolving Loan Fund
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development
 Program Category Affected Development
 BRU, Program, or Subprogram(s) Affected Division of Business Loans
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	-0-	67.8	74.6	82.1	90.3	99.3
200 TRAVEL		6.4	7.0	7.7	8.5	9.4
300 CONTRACTUAL		10.0	11.0	12.1	13.3	14.6
400 COMMODITIES		.5	.6	.6	.7	.8
500 EQUIPMENT		4.4	-0-			
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	89.1	93.2	102.5	112.8	124.1

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND		89.1	93.2	102.5	112.8	124.1
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME		2	2	2	2	2
PART TIME						
TEMPORARY						

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

Staff required to process loans. Fiscal note detail attached.

Sharon Traylor
 Sharon Traylor, Director

IV. DATE Feb. 20, 1981 PREPARED BY Sharon Traylor, Director
 AGENCY Division of Business Loans/Dept. of Com. & Econ. Development
 cc: Original: Legislative Finance
 Budget and Management
 Prime Sponsor (First Legislator Named)
 PHONE 465-2510