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livestock and includes the real estate, buildings, equipment, and supplies normally necessary for the distribution, processing, marketing, and servicing of products related to agriculture or an agricultural purpose;

(17) "multi-family dwelling enterprise" means a project applicant which is directly involved as a commercial enterprise in the construction, operation, rental or sale of dwellings having eight or more units;

(18) "telephone enterprise" means a project applicant which is a public utility under AS 42.05.701(2)(B) and which is providing telephone service to the public under a certificate of public convenience and necessity issued by the Alaska Public Utilities Commission at the time of submitting a loan application;

(19) "timber enterprise" means a project applicant which is directly involved in the timber industry.

* Sec. 27. The Alaska Housing Finance Corporation may issue revenue bonds in the principal amount of \$492,000,000 during the fiscal year ending June 30, 1982.

* Sec. 28. Subject to the limitation of AS 44.88.090(g), the Alaska Industrial Development Authority may issue revenue bonds in the principal amount of \$230,000,000 during the fiscal year ending June 30, 1982.

Berry

Original sponsor: Rules/Governor

IN THE HOUSE

BY THE FINANCE COMMITTEE

CS FOR HOUSE BILL NO. 487 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to the loan programs of and authorizing issuance of revenue bonds for loan programs by the Alaska Housing Finance Corporation and the Alaska Industrial Development Authority."

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

* Section 1. AS 18.56.098(a) is amended to read:

(a) The corporation shall establish a special mortgage loan purchase program. Under the special mortgage loan purchase program, the corporation may purchase mortgage loans, including graduated payment mortgage loans, made (1) for the purchase of one, two, three, and four family residences; [OR] (2) for the refinancing of a mortgage loan on a one, two, three, or four family residence if the purpose of the refinancing is to provide money for the improvement or rehabilitation of the residence; (3) to purchase multi-family residences of more than four units which are individually owned; or (4) for construction, or refinancing for the purpose of improvement or rehabilitation, of multi-family residences of more than four units which are not individually or cooperatively owned when the requirements of (g) of this section are met; (5) for the purchase, construction, or refinancing for the purpose of improvement or rehabilitation of residences of more than four units which are cooperatively owned.

* Sec. 2. AS 18.56.098(c) is amended to read:

(c) The corporation may pledge mortgage loans purchased by the corporation under (a) of this section, mortgage loans assigned to the corporation for the special mortgage loan purchase program, and mortgage

loans purchased with amounts appropriated to the corporation for the special mortgage loan purchase program to pay the principal, interest, and redemption premium, if any, on bonds or bond anticipation notes issued by the corporation for the special mortgage loan purchase program and may expend amounts appropriated to the special mortgage loan purchase program as necessary to cause the interest rate on mortgage loans purchased under the special mortgage loan purchase program and retained by the corporation or sold under AS 18.56.099 to equal the rates specified in this section.

* Sec. 3. AS 18.56.098(d) is repealed and reenacted to read:

(d) The limitations on the loan amount and the interest rate charged on a mortgage loan purchased by the corporation under (a) of this section are as follows:

(1) the interest rate for a loan made for purchase of a residence having more than four dwelling units in which the units are individually owned, may not exceed nine percent on the first \$90,000 of the loan if the loan is made to an eligible veteran under AS 18.56.101;

(2) the interest rate for a loan made for purchase of a residence having more than four dwelling units in which the units are individually owned may not exceed 10 percent on the first \$90,000 of the loan if the loan is made to a person other than an eligible veteran under AS 18.56.101;

(3) the interest rate for a loan made for the purchase, construction, or rehabilitation of a residence having more than four dwelling units in which the units are cooperatively owned may not exceed 10 percent on the part of the loan which does not exceed \$50,000 per unit multiplied by the number of units;

(4) the interest rate for a loan for construction or rehabilitation of a residence having more than four dwelling units in which

the units are not individually or cooperatively owned may not exceed 11 percent on the part of the loan which does not exceed \$50,000 per unit multiplied by the number of units;

(5) the interest rate for purchase or rehabilitation of an owner-occupied one, two, three, or four family residence may not exceed nine percent on the first \$90,000 of the loan if the loan is made to an eligible veteran under AS 18.56.101;

(6) the interest rate for purchase or rehabilitation of an owner-occupied one, two, three, or four family residence may not exceed 10 percent on the first \$90,000 of the loan if the loan is made to a person other than an eligible veteran under AS 18.56.101;

(7) a loan made for the purchase, construction, or rehabilitation of a multi-family residence of five or more units in which the units are not individually owned may not exceed \$75,000 per unit, and the maximum loan amount for a multi-family housing project is \$1,500,000;

(8) except as provided in this subsection, the interest rate for a loan shall equal the mortgage program costs to the corporation attributable to the loan.

* Sec. 4. AS 18.56.098(e) is amended to read:

(e) The corporation shall establish regulations in accordance with AS 18.56.088 to implement the special mortgage loan purchase program. The [IN ORDER TO DISCOURAGE THE SPECULATIVE USE OF MORTGAGE CREDIT UNDER THE SPECIAL MORTGAGE LOAN PURCHASE PROGRAM FOR PURPOSES OTHER THAN HOME OWNERSHIP, THE] regulations shall include provisions allowing, prohibiting, or otherwise setting conditions on the right to assume mortgage loans purchased under (a) of this section.

* Sec. 5. AS 18.56.098(f)(4) is repealed and reenacted to read:

(4) "residence" includes a single-family or multiple-unit

residence, including a mobile home, and an individually owned unit in a multiple-unit residence.

- * Sec. 6. AS 18.56.098(f) is amended by adding a new paragraph to read:
- (5) "cooperatively" means owned by a cooperative incorporated under AS 10.15.
- * Sec. 7. AS 18.56.098 is amended by adding a new subsection to read:
- (g) Mortgage loans may be purchased under (a)(3) of this section for a multi-family residence in a municipality only if the vacancy factor for rental units in the municipality is five percent or less and there is bank participation of at least 10 percent of the amount of the loan.
- * Sec. 8. AS 18.56 is amended by adding a new section to read:
- Sec. 18.56.104. ALLOCATION OF TAX-EXEMPT BONDS. Pursuant to sec. 103A(g)(6) of the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A) the amount of mortgage revenue bonds that may be issued in the state under sec. 103A(g)(4) of that Act is allocated solely to the corporation. A municipality may not issue mortgage revenue bonds unless permitted to do so by the corporation. The amount of bonds issued by a municipality with the permission of the corporation shall be deducted from the total amount permitted by the Act. The provisions of this section apply to home rule municipalities.
- * Sec. 9. AS 44.88.010 is amended to read:
- Sec. 44.88.010. LEGISLATIVE FINDING AND POLICY. (a) The legislature finds, determines and declares that
- (1) there exist areas of the state in which seasonal and nonseasonal unemployment exist;
- (2) this unemployment is a serious menace to the health, safety and general welfare, not only to the people in those areas, but also to the people of the entire state;

(3) the state lacks the basic manufacturing, industrial, small business, tourism, mining, timber, agricultural, and commercial fishing enterprises and other facilities referred to in AS 44.88.-010(a)(5) necessary to permit adequate development of its natural resources and the balanced growth of its economy;

(4) the establishment, and expansion of industrial, manufacturing, small business, tourism, mining, timber, agricultural, and commercial fishing enterprises in Alaska, including facilities for air and water transportation, facilities for pollution control and waste disposal, facilities for the local furnishing of gas, facilities for water, and facilities for industrial parks, is essential to the development of the natural resources and the long-term economic growth of the state, and will directly and indirectly alleviate unemployment in the state;

(5) the achievement of the goal of full employment, and of establishment and continuing operation and development of industrial, manufacturing, small business, tourism, mining, timber, agricultural, and commercial fishing enterprises in the state, including facilities for air and water transportation, facilities for pollution control and waste disposal, facilities for the local furnishing of gas, facilities for water, and facilities for industrial parks, will be accelerated and facilitated by the creation of an instrumentality of the state with powers to incur debt and to make and insure loans to finance, and to assist private lenders to make loans to finance, the establishment, operation, and development of industrial, manufacturing, small business, tourism, mining, timber, agricultural, and commercial fishing enterprises, including facilities for air and water transportation, facilities for pollution control and waste disposal, facilities for the local furnishing of gas, facilities for water, and facilities for industrial

parks, for private operation;

(6) it is in the public interest to promote the prosperity and general welfare of all citizens of the state by stimulating commercial and industrial growth and expansion by encouraging an increase of private investment by banks, investment houses, insurance companies, and other financial institutions, including pension and retirement funds, to help satisfy the need for economic expansion;

(7) it is in the state's interest to import private capital to create new economic activity which would not otherwise take place in the state.

(b) It is declared to be the policy of the state, in the interests of promoting the health, security and general welfare of all the people of the state, and a public purpose, to increase job opportunities and otherwise to encourage the economic growth of the state, including the development of its natural resources, through the establishment of manufacturing, industrial, small business, tourism, mining, timber, agricultural, and commercial fishing enterprises and the other facilities referred to in AS 44.88.010(a)(5) by creating the public corporation with power, duties and functions as provided in this chapter.

* Sec. 10. AS 44.88.070 is amended to read:

Sec. 44.88.070. PURPOSE OF THE AUTHORITY. The purpose of the authority is to promote, develop and advance the general prosperity and economic welfare of the people of Alaska, to relieve problems of unemployment, and to create additional employment by providing various means of financing and means of facilitating the financing of industrial, manufacturing, small business, tourism, mining, timber, agricultural, and commercial fishing enterprises and the other facilities referred to in AS 44.88.010(a)(5) within the state.

* Sec. 11. AS 44.88.080(18) is amended to read:

(18) to facilitate the expansion of a secondary market for the resale of federally or commercially insured loans made to finance the costs of projects held by commercial banks in Alaska.

* Sec. 12. AS 44.88.080(12) is amended to read:

(12) to purchase or insure loans to finance the costs of manufacturing, industrial, small business, tourism, mining, timber, agricultural, and commercial fishing enterprise projects;

* Sec. 13. AS 44.88 is amended by adding a new section to read:

Sec. 44.88.085. FEES CHARGED BY AUTHORITY. (a) An application fee may not be charged for an application for authority participation in a loan under AS 44.88.158.

(b) The commitment fee for a loan commitment by the authority may not exceed two percent of the principal amount of the loan.

* Sec. 14. AS 44.88.105 is amended by adding a new subsection to read:

(f) The authority may establish a reserve fund, other than a capital reserve fund, to secure its bonds. The authority may deposit in a reserve fund established under this subsection the proceeds of sale of its bonds and other money which may be made available from any other source. A reserve fund established under this subsection must comply with (a) - (c) of this section. The authority may allow a reserve fund established under this subsection to be depleted without complying with (d) of this section.

* Sec. 15. AS 44.88.155(b) is amended to read:

(b) The authority shall establish within the enterprise development fund a loan insurance account, a small business, tourism, mining, and commercial fishing enterprises loan account and other accounts it considers appropriate. Amounts in the enterprise development fund including, without limitation, repayments of loan principal and interest, may be pledged to the payment of bonds of the authority and shall

be held and invested by the authority at competitive national market rates in investments authorized under AS 37.10.070(a) or as may be authorized in agreements with bondholders respecting amounts in the loan insurance account, the small business, tourism, mining, and commercial fishing enterprises loan account, and other accounts within the enterprise development fund.

* Sec. 16. AS 44.88.157(a) is amended to read:

(a) The authority may establish a loan insurance account. The purpose of the loan insurance account is to provide insurance of mortgage loans and other loans made or purchased by the authority, or made by others and approved for insurance by the authority, for a project. The authority may enter into agreements as to the use of money in the loan insurance account and may pledge, assign, or grant interests in the loan insurance account as provided in this section. The authority may adopt regulations and enter into agreements with respect to the exercise of any power or approval relating to the loan insurance account under this section, including, without limitation, agreements as to the use of money in the loan insurance account, agreements with respect to the terms and conditions upon which payments from the loan insurance account will be made with respect to a loan insured under this section, agreements as to separate subaccounts in the loan insurance account for different categories of loans or as to loans made by the authority or any other person, and agreements regarding the payment of and security for bonds issued by the authority. An agreement, the rights of the authority under an agreement, or payments received or to be received under an agreement may be pledged or assigned by the authority for the benefit of the holders of bonds issued by the authority.

* Sec. 17. AS 44.88.158(a) is amended to read:

Sec. 44.88.158. SMALL BUSINESS, TOURISM, MINING, TIMBER, AGRICUL-

TURAL, AND COMMERCIAL FISHING ENTERPRISES LOAN ACCOUNT. (2) The authority may use the assets of the small business, tourism, mining, timber, agricultural, and commercial fishing enterprises loan account to purchase loans made by others to small business enterprises, tourism enterprises, mining enterprises, timber enterprises, agricultural enterprises, and commercial fishing enterprises to pay the costs of projects, as defined in AS 44.88.220, which have been or which the authority anticipates will be financed with the proceeds of bonds.

* Sec. 18. AS 44.88.158(c) is amended to read:

(c) A loan purchased with money in the small business, tourism, mining, timber, agricultural, and commercial fishing enterprises loan account

(1) may not exceed

(A) \$6,000,000 if the loan is made to a tourism enterprise;

(B) \$1,000,000 if the loan is made to a mining, timber, agricultural, or [ENTERPRISE OR TO A] small business enterprise that is not a tourism enterprise or a commercial fishing enterprise; or

(C) \$500,000 for each individual commercial fisherman in the commercial fishing enterprise if the loan is made to a commercial fishing enterprise;

(2) may not exceed 75 percent of the cost of the project or 75 percent of the appraised value of the project, whichever is less, unless the amount of the loan in excess of those limits is federally insured or guaranteed or is insured by a qualified mortgage insurance company;

(3) may not be made for a term longer than three-quarters of the authority's estimate of the life of the project or 25 years from

the date the loan is made, whichever is earlier;

(4) shall contain complete amortization provisions satisfactory to the authority requiring periodic payments by the borrower;

(5) shall be in the form and contain the terms and provisions with respect to insurance, repairs, alterations, payment of taxes and assessments, default reserves, delinquency charges, default remedies, acceleration of maturity, secondary liens and other matters the authority prescribes; and

(6) shall be secured as to repayment by a mortgage or other security instrument in the manner the authority determines is feasible to assure timely repayment under a loan agreement entered into with the borrower.

* Sec. 19. AS 44.88.158(d) is amended to read:

(d) The authority may adopt regulations for the administration of the small business, tourism, mining, timber, agricultural, and commercial fishing enterprises loan account which may include, without limitation, provisions for fees and agreements relating to application, loan commitment, servicing, and origination of loans by other lenders.

* Sec. 20. AS 44.88.158(e) is amended to read:

(e) The authority may enter into agreements as to the use of the money in the small business, tourism, mining, timber, agricultural, and commercial fishing enterprises loan account, including without limitation, trust or custody arrangements with banks or trust companies. It may also pledge, assign, or grant the agreement, interests under an agreement, or interests in the small business, tourism, mining, timber agricultural, and commercial fishing enterprises loan account as may be necessary or appropriate to provide for payment and security for bonds of the authority.

* Sec. 21. AS 44.88.220(2) is amended to read:

(2) "business enterprise" means a single proprietorship, corporation, firm, partnership, or other association of persons organized in any manner, for any business purpose, other than [WHICH IS NOT ORGANIZED] on a nonprofit basis;

* Sec. 22. AS 44.88.220(5) is amended to read:

(5) "project" means [INCLUDES]

(A) a plant or facility used or intended for use in connection with making, processing, preparing, or producing in any manner, goods, products or substances of any kind or nature or in connection with developing or utilizing a natural resource, or extracting, smelting, transporting, converting, assembling or producing in any manner, minerals, raw materials, chemicals, compounds, alloys, fibers, commodities and materials, products or substances of any kind or nature, any plant or facility used or intended for use as an industrial park or in connection with air and water transportation, or any plant or facility for the prevention, limitation or control of air or water pollution, for the disposal of sewage or solid waste, for the local furnishing of gas, or for the furnishing of water; or

(B) commercial activity by a small business enterprise, tourism enterprise, mining enterprise, timber enterprise, agricultural enterprise, or [AND] commercial fishing enterprise as defined in (12), (13), (14), [AND] (15), (16), and (17) of this section;

* Sec. 23. AS 44.88.220(8) is amended to read:

(8) "project cost" or "cost of a project" means all or any part of the aggregate costs determined by the authority to be necessary to finance the construction, expansion, or acquisition of a project, including without limitation the cost of acquiring real or tangible personal property, and, in connection with real property, the cost of

constructing buildings and improvements, the cost of constructing means of access to and from the project, the cost of constructing extensions of utility systems to the site of the project; the cost of a project includes, without limitation, the cost of financing the project, interest charges before, during or after construction, expansion, or acquisition of the project, costs related to the determination of the feasibility, planning, design or engineering of the project and, to the extent determined necessary by the authority, administrative expenses, the cost of machinery or equipment to be used in the operation of the project and expenses of installation, replacement or rehabilitation, and all other costs, charges, fees and expenses which may be determined by the authority to be necessary to finance the construction, expansion, or acquisition;

* Sec. 24. AS 44.88.220(12) is amended to read:

(12) "small business enterprise" means a business enterprise which is a project applicant with annual gross income of \$10,000,000 or less for its annual reporting period which ended immediately before the application to the authority for a loan;

* Sec. 25. AS 44.88.220(13) is amended to read:

(13) "tourism enterprise" means a business enterprise which is a project applicant directly involved in the tourist industry;

* Sec. 26. AS 44.88.220(14) is amended to read:

(14) "commercial fishing enterprise" means one or more individual commercial fishermen who are project applicants and residents of the state who jointly apply for and receive a commercial fishing loan from a private financial institution in the state or from a state or federal loan program;

* Sec. 27. AS 44.88.220(15) is amended to read:

(15) "mining enterprise" means a business enterprise which is

a project applicant directly involved in the mining industry.

* Sec. 28. AS 44.88.220 is amended by adding new paragraphs to read:

(16) "agricultural enterprise" means a project applicant involved in the raising and harvesting of plants, trees, crops, and livestock and includes the real estate, buildings, equipment, and supplies normally necessary for the distribution, processing, marketing, and servicing of products related to agriculture or an agricultural purpose;

(17) "timber enterprise" means a project applicant which is directly involved in the timber industry;

* Sec. 29. The Alaska Housing Finance Corporation may issue revenue bonds in the principal amount of \$647,000,000 during the fiscal year ending June 30, 1982.

* Sec. 30. Subject to the limitation of AS 44.88.090(g), the Alaska Industrial Development Authority may issue revenue bonds in the principal amount of \$230,000,000 during the fiscal year ending June 30, 1982.

* Sec. 31. 3 AAC 99.230(b) and 3 AAC 99.270(b) are annulled.

HB 487

April 8, 1981

The Honorable Jim Duncan
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which relates to the Alaska Industrial Development Authority (the authority).

Section 1 of the bill authorizes the authority to issue up to \$400,000,000 in revenue bonds to provide financing for projects which are eligible for assistance from the authority.

Section 2 of the bill repeals a condition enacted in ch. 120, SLA 1980, which requires the reversion to the general fund of \$166,000,000 in loans appropriated to the enterprise development fund administered by the authority if the loans aren't pledged as security for revenue bonds. Under amendments made in sec. 6 of the bill, money earned from these loans may be used by the authority to buy interests in loans made by private financial institutions to finance industrial development projects or for tourism, mining, commercial fishing or small business loans.

Section 4 of the bill allows the authority to meet and transact business by conference telephone. The authority meets each week to take action on loan applications. It is essential that the consistent participation of all members of the authority be assured without the inconvenience and loss of time resulting from constant travel from one meeting location to the next.

Section 5 of the bill allows the authority to secure revenue bonds by creating a reserve fund. The reserve fund would receive a deposit of assets from the authority which secures the indebtedness owed to bondholders. The authority is not obligated to bondholders to request appropriations to replenish the reserve fund if it should become depleted.

Section 6 of the bill permits the authority to embark on a major program to buy interests in loans made by private financial institutions. This would mitigate the restricted market that would result if the tax exempt status of industrial development bonds is withdrawn or severely limited by Congress.

Sections 7 -- 10 of the bill amend statutes relating to the small business, tourism, mining, and commercial fishing loan program. These amendments authorize the authority to buy interests in loans made by private financial institutions even if those loans are not financed with the proceeds earned from the sale of revenue bonds of the authority.

Section 11 of the bill requires the authority to stop purchasing loans from a financial institution if more than two percent of the loans purchased from the institution become delinquent for 90 days or more. This section expands existing law which imposes the same requirement but only for tourism, small business, commercial fishing, or mining loans purchased by the authority.

Section 12 of the bill specifies the interest rate for loans purchased by the authority with money in the small business, tourism, commercial fishing, and mining enterprise loan account or with proceeds of bonds with taxable interest. The rate of interest is set at one-half of one percent more than the interest rate set for a bond issue of the authority which does not exceed \$1,000,000 in principal amount.

Sections 13 -- 18 make technical amendments to the definitions in existing law.

The repeal of AS 44.88.158(b) and (f), contained in sec. 19 of the bill, is included to remove provisions in existing law which would be superseded if secs. 11 and 12 become law.

Sincerely,

S/SSH
Jay S. Hammond
Governor

TESTIMONY BEFORE THE SENATE FINANCE COMMITTEE

Committee Substitute for SENATE BILL 404
12 May 1981 - Juneau, Alaska

Gentlemen (Ladies), My name is Kent Lee Woodman. With me today is my partner Mr Steve R Cloud. We are Anchorage businessmen who felt strongly enough about the ramifications of SB 404 to take the time away from our busy schedules, spend over \$600.00, and come down here to make some input, and ask some questions.

First, let me assure you, that though we have our own firm, YELLOW ELECTRIC, Ltd, at heart, we are here precisely because Yellow is completely typical of a number of other small businesses, especially those in the construction trades, and because we feel that something very wrong will happen, to the individual and collective detriment of many Alaskans if 404, or a similar measure does not pass the legislature this session.

Yellow is typical because it is an established business, operated and owned by long time Alaskan residents, and it has been through 2 very difficult years. It was, in fact so very typical, that Dave Rose specifically requested permission last year to utilize a three page letter we wrote him about our firm and its challenges, in his efforts to make some legislative changes to the AIDA program. He requested, and we agreed, to use the letter and make it public.

There have been many programs to come out of Juneau in the past 5 years, to benefit many Alaskans. These programs have ranged from support and assistance to the Fish industry, forestry, barley farming, mineral development and individual home ownership. There have been many good things come from these programs, and I imagine some abuses.

I wish to speak today of the needs of the small businessman, who has not benefited from any program to date. First, let me review the current AIDA program as pertains to such contractors. There are basically 2 programs. The first is the stand-alone program, which allows tax-free bonds to be sold against a specific project. Generally these projects are in the several million dollar range and quite frankly, stretch the concept of "small business" a tad. The other program provides a pool of funds based upon non-taxable bonds. Because of the requirement to comply with the provisions of various IRS rulings, and in order to maintain the tax-free nature of the bonds, certain restrictions must be applied to the loans.

The two restrictions which prevent access to the program by 90% of the existing small businesses are: 1. Lack of ability to utilize the program to refinance anything. 2. Lack of ability to utilize the program for any working capital.

In effect, the program works against the existing small business and for the outsider who wants to come up and open a new facility, or build something, often in direct competition with an existing businessman who is trying to hang on by his fingernails.

In the past two seasons, many small businesses went out of business, reorganized under one or more of the somewhat more flexible bankruptcy regulations, or stretched so thin it's near breaking. Generally what happens is that the businessman must cut way back on personnel, minimize his expenses, and takes on some heavy, short term debt either through short term loans at terrible interest rates, or through inability to pay all his bills on time, and being in arrears and in debt.

This season is already known as the biggest construction season in at least Anchorage history...with home sales exceeding even the 1977 pipeline period. Many contractors in Anchorage are desperately trying to gear up for this season, get out from under the heavy short term debt load and invest in equipment and personnel. There are thousands of projects underway. The funds approved for many bush programs in the last legislature, ranging from runway extensions to erosion control, road projects, school additions and the like, are only just now coming off the drawing boards. The funds will be spent through a 36 month period, creating many opportunities in the bush as well as in the urban areas.

Private industry is spending considerable funds on development of resources, systems, facilities and programs, ranging from the new dock at Valdez to the water injection program on the slope to Misty Fjords to new banks and shopping centers.

In order for a contractor or businessman to gear up, he needs access to capital for rolling stock, tools, office and accounting upgrades, communications, and personnel programs. He needs to purchase stock, materials and many other items and it takes cash UP FRONT.

3-3-3-3-3

When difficult times come upon small businesses, they cut back on personnel drastically, putting those folks out of work, amplifying the normal seasonal cyclic effect inordinately. Then we have folks on welfare and unemployment: How much better it would be if the financing were available, to keep the employees on board year-round, allowing minor reductions in the mid-winter through normal attrition? How much better to be geared up and rolling when the season begins rather than having to start from scratch each time.

In recent years, the seasonal cycle for construction in the Anchorage area has virtually vanished. Contractors start footings in September and October and heat them in the winter, beginning framing in March. Others work all year to frame and cover in facilities to allow them to work at more relaxed pace on finishing inside all winter. With the high price of interim financing, this latter program, however, suffers.

Because of the price of money, all projects must be completed with a minimum of construction time, a minimum of higher priced interim financing. In order to meet such a goal, developers and builders must cut corners, pave the first year instead of the 2nd after settling, hire carpenters, plumbers and electricians who pop up from California, Oregon and Washington in their trucks, operate all season with out of state plates out of the backs of vans and pickups.

The local contractor has a difficult time beating all this. Oftentimes the work is shoddy and there is no one to pin it on.

It is our understanding that the primary purpose of certain changes in the AIDA language, as provided by the original SB 404 and by the original Committee Substitute, would have allowed AIDA to invest a certain amount in secured programs. Among these would have been certain SBA insured loans. These loans are already 90% backed by the Federal Government, and it would only be this portion which would be investment material. The results of such a program would be that the qualifying SBA borrower would have funds available at approximately 12% firm instead of the conventional SBA program of 2% over low Wall Street prime. That rate today, by the way, would result in a loan of some 22% interest!!!!

4-4-4-4-4

Yellow already has an SBA for about \$150,000 approved and on hold, pending this legislation. This money would be instantly invested in the community and in our employees. Large chunks would be utilized to upgrade truck fleets and tools, and to invest in management systems and tools which would create a more stable, year-round operation for 20-30 Alaskans. Were no such program to be forthcoming this session, and were Yellow faced with 22½% money, we would have to carefully re-investigate our plans and manning levels.

It is important to note that one cannot simply pick up the SBA loan now and shoot for a buy-out in the next session, for then we have a 100% refinance condition on our hands.

There is a portion of our SBA package, which would relieve us from 2 short term debts. Each of these is with a supplier which pays 2% for payments by the 10th. We've not been able to obtain that 2% for over 2 years because we could never get our balance down to zero. This means, in a firm that buys some \$750,000 in materials locally each year, that we are giving away about \$15,000!

It is our understanding that there have been members of the AIDA board down here to make input. Similarly you've heard from bankers, SBA and the Department of Commerce and Economic Development. One imagines that you've had just about all the high level theory and esoteric input you need.

Our purpose is to make some grass roots input. We are the people affected.

We recognize that Alaska is not a sovereign nation, and that tinkering with the economy is a dangerous business and one that has ripple effects everywhere. We also recognize that the discovery of oil is "tinkering" with the economy in a mammoth fashion, injecting large sums of cash directly into the economy. We do not ask for a subsidy; we abhor subsidies, give-aways, "special programs" and the whole welfare mood of our society today. We consider this program to be at the very heart of what AIDA and Commerce and Economic Development are supposed to be doing. These are, after all, LOANS TO BE PAID BACK. These moneys, after all, are injected directly into the community and invested in PEOPLE.

5-5-5-5-5

Our company does not manufacture hoola hoops, did not get stuck with an inventory of recreational vehicles or snow machines. We did not expand up into the Matanuska Valley 2 years ago to get "in on the rush" and now find we are hurting. Our company has been around for a long time. We have been around for longer....I first arrived in 1952. We are not looking for a bailout. We have a program for creation of a stable, year-round employment firm for several dozen Alaskans, a firm that provides quality work and a valuable service in construction of residential and commercial facilities, repairs, restorations and service work.

The \$85,000 home program with the 5% interest; the \$147,000 home program with the 10% interest.... they are all great, but they are dangled in front of us, just out of our reach. One developer with who we work, just secured some \$10 million in operating funds at 14%, but that is very rare indeed, and only available because he is a large and well known developer. Most cannot even get an appointment.

BOTTOM LINE:

We urge you to ignor high level bickering and empire building which seem to be at the root of some of the negative testimony you have had on this bill and its derivations to date. We urge you to pass out with a unanimous DO PASS, an acceptable version of the bill, and do it today so that it stands a chance in the House prior to the end of the session.

The Administration is in favor of the bill, so veto is not likely if you do not dork it up so much they become suspicions.

We understand that AIDA currently has some \$2 million a month which could go directly to this program, to the great benefit of AIDA and its bond position. We understand that SBA estimates the market for funds under this program at some \$80 million a year.... somewhat more than the \$24 million available, even if AIDA could utilize the funds for the program. We understand that come either 1 or 30 June, that AIDA will lose its authority to issue bonds, and that when its \$15 million on hand currently expires, they will effectively close down in the middle of the busiest and most prosperous season ever to come along.

6-6-6-6-6

If our understandings are correct, we urge you this date, to amend this bill or develop another to at once extend the authority of AIDA to operate and to fund as required, this valuable program.

Faced with 22½% money, what small businessperson can really organize, gear up and make a good season out of what appears to be an excellent 5 year stretch? After hanging on by our fingernails for 2 years, watching our homes and valuables become more and more at risk trying to tide over until improvement, we are now faced with the inability to do much about the prosperity that is here. On the other hand, if we were fresh up here from California and wanted to open a firm just like ours for all our California friends to work in. we would qualify easily for ½ million!

Please, please, let this one piece of legislation work out for small business. We do not have the tax incentives we were told we'd get. We do not have the bonus money we all expected. We do not have a chunk of our own destiny, and we are prohibited from even participating in what could be our own recovery.

We'd be pleased to respond to particulars and detailed questions about our own operation, our understandings of our colleagues in other trades etc.

Incidentally, should you ask why we are here and you may or may not have heard from anybody else, there are 2 reasons I can think of:

1. First, the impact of the provisions of this bill on the SBA/AIDA program are known to only a very small radius of folk. It would take a relatively sophisticated small businessperson or contractor to have ferreted it all out. We had some help from our banker, and the timeliness of our SBA approval hit right on the introduction of this bill.

2. Secondly, most of the contractors are heavy into that part of the year when they run from 0500 to midnight, and they simply have no energy or wherewithall to study, research and come down. They would surely flounder if they did.

7-7-7-7-7

Most have already investigated AIDA and the SBA and have already found out that AIDA was effectively closed to them and that SBA needs 22½%.

AIDA is supposed to be investing in business and industrial expansion. Supposed to be injecting amounts of capital here and there to help folks help themselves. The Department of Commerce and Economic Development says it all in its name...but there is nothing for us.

We want to grow with the state, become stable, participate in our own recovery.

thank you very much:

Kent Lee Woodman, President and Administrator
Steve R Cloud, Vice President and Manager

Yellow Electric, Ltd
1658 East 59th Avenue
Anchorage, Alaska 99507
(907) 344-3743

Woodman- home: 345-1356
work: 274-0694
Cloud- home: 344-7213
work: 344-3743/1725

2 HOUSE BILL NO.

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 appropriations to the Alaska Housing
7 Finance Corporation for mortgage loan subsidies and
8 mobile home loans; and providing for an effective
9 date."

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

11 * Section 1. The sum of \$220,000,000 is appropriated from the general
12 fund to the Alaska Housing Finance Corporation, special mortgage loan pur-
13 chase program, for mortgage loan subsidies.

20 * Sec. 4. The appropriations made by this Act are not one-year appro-
21 priations and do not lapse under AS 37.25.010.

22 * Sec. 5. This Act takes effect July 1, 1981.
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THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 487
 Title Relating to the AK Industrial Development Authority
 Requested by Governor Date 3/26/81

II. FISCAL DETAIL

Agency Affected Commerce
 Program Category Affected Economic Development
 BRU, Program, or Subprogram(s) Affected Alaska Industrial Development Authority
 (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	NONE					

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
	NONE					

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE March 26, 1981 PREPARED BY Charles R. Webber
 AGENCY Commerce
 PHONE 465-2500
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Introduced: 4/8/81
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 487

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 Alaska Industrial Development
7 Authority; and providing for an effective date."

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

9 * Section 1. In accordance with AS 44.88.090(g), the Alaska Industrial
10 Development Authority may issue revenue bonds in the principal amount of
11 \$400,000,000 during the fiscal year ending June 30, 1982.

12 * Sec. 2. Section 9(c), ch. 120 SLA 1980, is repealed.

13 * Sec. 3. AS 44.88.010(4) is amended to read:

14 (4) the establishment, and expansion of industrial, manufac-
15 turing, small business, tourism, mining, and commercial fishing enter-
16 prises in Alaska, including facilities for air and water transportation,
17 facilities for pollution control and waste disposal, facilities for the
18 local furnishing of gas, facilities for water, and facilities for
19 industrial parks, is essential to the development of the natural re-
20 sources and the long-term economic growth of the state, and will di-
21 rectly and indirectly alleviate unemployment in the state;

22 * Sec. 4. AS 44.88.050(a) is amended to read:

23 (a) A majority of the members of the authority constitutes a
24 quorum for the transaction of business or the exercise of a power or
25 function at a meeting of the authority. In case of a tie vote on a
26 motion or resolution pending before the authority the motion or resolu-
27 tion shall be presented to the governor and if approved by him, is
28 considered adopted by the authority. The authority may meet and trans-
29 act business by electronic media, including conference telephone, if

1 the public has the same right to participate in the meeting as if the
2 meeting were held in person. A meeting by electronic media as provided
3 in this section has the same legal effect as a meeting in person.

4 * Sec. 5. AS 44.83.105 is amended by adding a new subsection to read:

5 (f) The authority may establish a reserve fund other than a
6 capital reserve fund, to secure its bonds. The authority may deposit
7 in a reserve fund established under this subsection the proceeds of
8 sale of its bonds and other money which may be made available from any
9 other source. A reserve fund established under this subsection must
10 comply with (a) -- (c) of this section. The authority may allow a
11 reserve fund created under this subsection to be depleted without
12 complying with (d) of this section.

13 * Sec. 6. AS 44.88.155 is repealed and reenacted to read:

14 Sec. 44.88.155. ENTERPRISE DEVELOPMENT FUND. (a) There is
15 established in the authority the enterprise development fund. The
16 authority may use money in the enterprise development fund to purchase
17 all or a part of a loan made by a private financial institution to
18 finance the cost of a project. The authority may pledge or enter into
19 covenants with respect to (1) loans purchased by it and (2) amounts and
20 loans appropriated to the authority for the enterprise development fund
21 to secure the payment of the principal, interest, and redemption pre-
22 mium, if any, on bonds issued by the authority to finance the purchase
23 of loans for a project.

24 (b) If the security for the bonds issued to provide money to
25 purchase a loan for a project includes the general obligation of the
26 authority or any pledge of, or covenants with respect to, assets of the
27 authority, other than bond proceeds or amounts provided by nongovern-
28 mental sources, the enterprise development loan purchased must be for a
29 purpose and comply with the conditions specified in AS 44.88.158(c).

1 * Sec. 7. AS 44.88.157(a) is amended to read:

2 (a) The authority may establish a loan insurance account. The
3 purpose of the loan insurance account is to provide insurance of mort-
4 gage loans and other loans made or purchased by the authority, or made
5 by others and approved for insurance by the authority, for a project.
6 The authority may enter into agreements as to the use of money in the
7 loan insurance account and may pledge, assign, or grant interests in
8 the loan insurance account as provided in this section. The authority
9 may adopt regulations and enter into agreements with respect to the
10 exercise of any power or approval relating to the loan insurance account
11 under this section, including, without limitation, agreements as to the
12 use of money in the loan insurance account, agreements with respect to
13 the terms and conditions upon which payments from the loan insurance
14 account will be made with respect to a loan insured under this section,
15 agreements as to separate subaccounts in the loan insurance account for
16 different categories of loans or as to loans made by the authority or
17 any other person, and agreements regarding the payment of and security
18 for bonds issued by the authority. An agreement, the rights of the
19 authority under an agreement, or payments received or to be received
20 under an agreement may be pledged or assigned by the authority for the
21 benefit of the holders of bonds issued by the authority.

22 * Sec. 8. AS 44.88.158(a) is amended to read:

23 (a) There is established in the authority a small business, tour-
24 ism, mining, and commercial fishing enterprises loan account. The ac-
25 count is composed of money or assets appropriated or transferred to the
26 authority, interest on investments and loans of the account, and other
27 money deposited in it by the authority. The authority may use the
28 assets of the small business, tourism, mining, and commercial fishing
29 enterprises loan account to purchase loans made by others to small

1 business enterprises, tourism enterprises, mining enterprises, and
2 commercial fishing enterprises to pay the costs of projects, as defined
3 in AS 44.88.220 [, WHICH HAVE BEEN OR WHICH THE AUTHORITY ANTICIPATES
4 WILL BE FINANCED WITH THE PROCEEDS OF BONDS].

5 * Sec. 9. AS 44.188.158(c) is amended by adding a new paragraph to read:

6 (7) must involve participation from private lending sources
7 in an amount not less than 10 percent of the cost of the project or 10
8 percent of the appraised value of the project, whichever is less.

9 * Sec. 10. AS 44.88.158(e) is amended to read:

10 (e) The authority may enter into agreements as to the use and in-
11 vestment of the money in the small business, tourism, mining, and
12 commercial fishing enterprises loan account, including without limita-
13 tion, trust or custody arrangements with banks or trust companies. It
14 may also pledge, assign, or grant the agreement, interests under an
15 agreement, or interests in the small business, tourism, mining, and
16 commercial fishing enterprises loan account as may be necessary or
17 appropriate to provide for payment and security for bonds of the autho-
18 rity.

19 * Sec. 11. AS 44.88 is amended by adding a new section to read:

20 Sec. 44.88.165. DELINQUENT LOANS. If more than two percent of
21 the loans purchased from a financial institution under this chapter
22 become delinquent for 90 days or more, the authority shall discontinue
23 purchasing loans from that financial institution until the delinquency
24 is reduced to less than two percent.

25 * Sec. 12. AS 44.88 is amended by adding a new section to read:

26 Sec. 44.88.159. INTEREST RATES. (a) The interest rate on a loan
27 may not exceed by more than one-half of one percent a year the interest
28 rate on loans of the authority prevailing at the time the loan is
29 purchased for projects which are financed with the proceeds from the

1 sale of a series of bonds with interest exempt from federal income tax
2 in the principal amount of \$1,000,000 or less if the loan is purchased
3 (1) with money in the small business, tourism, mining, and commercial
4 fishing enterprises loan account; or (2) with the proceeds of bonds of
5 the authority the interest on which is not exempt from federal income
6 tax.

7 (b) If the purchase of a loan is financed with the proceeds of
8 bonds referred to in (a)(2) of this section, the difference between the
9 interest rate on the bonds plus the necessary expenses of the authority
10 attributable to the loan and the rate of interest charged by the au-
11 thority on the loan, shall be paid as the authority determines, with
12 money or assets appropriated or transferred to the authority. The dif-
13 ference between the rate the authority estimates would be payable by a
14 borrower referred to in (a)(1) of this section on a loan if the loan
15 were financed from private sources and the rate of interest charged by
16 the authority on the loan shall be separately reported by the authority
17 in the report required by AS 44.88.210.

18 * Sec. 13. AS 44.88.220(2) is amended to read:

19 (2) "business enterprise" means a single proprietorship,
20 corporation, firm, partnership, or other association of persons organ-
21 ized in any manner, for any business purpose, other than [WHICH IS NOT
22 ORGANIZED] on a nonprofit basis;

23 * Sec. 14. AS 44.88.220(5) is amended to read:

24 (5) "project" means [INCLUDES]

25 (A) a plant or facility used or intended for use in
26 connection with making, processing, preparing, or producing in any
27 manner, goods, products or substances of any kind or nature or in
28 connection with developing or utilizing a natural resource, or
29 extracting, smelting, transporting, converting, assembling or

1 producing in any manner, minerals, raw materials, chemicals,
2 compounds, alloys, fibers, commodities and materials, products or
3 substances of any kind or nature, any plant or facility used or
4 intended for use as an industrial park or in connection with air
5 and water transportation, or any plant or facility for the preven-
6 tion, limitation or control of air or water pollution, for the
7 disposal of sewage or solid waste, for the local furnishing of
8 gas, or for the furnishing of water; or

9 (B) commercial activity by a small business enterprise,
10 tourism enterprise, mining enterprise, or [AND] commercial fishing
11 enterprise as defined in (12), (13), (14), and (15) of this sec-
12 tion;

13 * Sec. 15. AS 44.88.220(12) is amended to read:

14 (12) "small business enterprise" means a business enterprise
15 which is a project applicant with annual profit before the payment of
16 taxes [GROSS INCOME] of \$10,000,000 or less for its annual reporting
17 period which ended immediately before the application to the authority
18 for a loan;

19 * Sec. 16. AS 44.88.220(13) is amended to read:

20 (13) "tourism enterprise" means a business enterprise which
21 is a project applicant directly involved in the tourist industry;

22 * Sec. 17. AS 44.88.220(14) is amended to read:

23 (14) "commercial fishing enterprise" means one or more indi-
24 vidual commercial fishermen who are project applicants and residents of
25 the state who jointly apply for and receive a commercial fishing loan
26 from a private financial institution in the state or from a state or
27 federal loan program;

28 * Sec. 18. AS 44.88.220(15) is amended to read:

29 (15) "mining enterprise" means a business enterprise which is

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a project applicant directly involved in the mining industry.

* Sec. 19. AS 44.88.158(b) and (f) are repealed.

* Sec. 20. This Act takes effect immediately in accordance with AS 01.10.070(c).

COMMITTEE REPORT

HOUSE

FURTHER:

4/9/81

(11)

Date: April 14, 1981

Mr. Speaker:

The Committee on FINANCE has had HB 488

"An Act making a supplemental appropriation for the operation of the legislature; and providing for an effective date."

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

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 488 (Fin) same title
 new title
- and recommends do pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING

DO PASS

Facciani
Mabius
San Art
Reverett
Busby
Matquinn
Wagner

MEMBERS HAVING

OTHER RECOMMENDATIONS:

San Art

CHAIRMAN

Funding Information

General Fund	\$1,853,500	\$1,948,500
Other Funds	-0-	
	<u>\$1,853,500</u>	\$1,948,500

Introduced: 4/9/81
Referred: Finance

1 IN THE HOUSE

Finance
BY THE RULES COMMITTEE

2 CS HOUSE BILL NO. 488 (FIN)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation for the
7 operation of the legislature; 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 \$1,853,500 is appropriated from the general fund
11 to the Legislative Affairs Agency for the operation of the Twelfth Legisla-
12 ture--First Session from the 87th through the 125th legislative day.

13 * Sec. 2. The unexpended and unobligated portion of the appropriation
14 made by this Act lapses into the general fund June 30, 1981.

15 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
16 070. 4

17
18 Sec. 3. The sum of \$95,000 is
19 appropriated from the general fund to
20 the legislative Finance Division for the
21 operation of the Twelfth Legislature -
22 First Session.
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STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

April 13, 1981

MEMORANDUM

TO: J. H. Hogan, Director
Legislative Finance Division

FROM: Pat Williams, Adm. Asst. *Pat*
Legislative Finance Division

SUBJECT: Legislative Finance FY 81 Supplemental Request

As you requested, I have calculated the FY 81 supplemental amount needed by Legislative Finance. The following expenses are related to the creation of two Senate Finance chairmen in January 1981:

SENATE FINANCE

100	<u>Personal Services</u> - 2 aides at R. 22C, 3746/mo.+ 25% benefits x 6 mos; 1 aide at R. 22C x 3 mos.; 1 Secretary at \$63/day+22% benefits x 6 months	\$70,244 13,835
200	<u>Travel</u> - 6 months (one chairman)	1,800
300	<u>Contractual</u> - Office expenses, including telephone, postage, etc. (6 mos. for one chairman)	3,100
400	<u>Commodities</u> - 6 months (1 chairman)	1,100
800	<u>Chairman's Discretionary</u> account - 6 months	<u>5,000</u>
	Total.	\$95,079

HOUSE FINANCE

House Finance is budgeted for 12 positions and has 16 on board. The Chairman has opted to transfer contractual funds into personal services to cover these salaries.

Funding Information
General Fund \$1,853,500
Other Funds -0-
\$1,853,500

Introduced: 4/9/81
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE

2

HOUSE BILL NO. 488

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act making a supplemental appropriation for the
7 operation of the legislature; and providing for an
8 effective date."

8

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

10

* Section 1. The sum of \$1,853,500 is appropriated from the general fund
11 to the Legislative Affairs Agency for the operation of the Twelfth Legisla-
12 ture--First Session from the 87th through the 125th legislative day.

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* Sec. 2. The unexpended and unobligated portion of the appropriation
14 made by this Act lapses into the general fund June 30, 1981.

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

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Original Sponsor: Rules Committee

Offered: 4/14/81
Referred: Rules

Funding Information

General Fund	\$1,948,500
Other Funds	-0-
	<u>\$1,948,500</u>

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 488 (Finance)

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 supplemental appropriations for the
7 operation of the legislature and the legislative
8 finance division; and providing for an effective
9 date."

10

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

11

* Section 1. The sum of \$1,853,500 is appropriated from the general fund
12 to the Legislative Affairs Agency for the operation of the Twelfth Legisla-
13 ture - First Session from the 87th through the 125th legislative day.

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* Sec. 2. The sum of \$95,000 is appropriated from the general fund to
15 the legislative finance division for its operation during the Twelfth
16 Legislature - First Session.

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* Sec. 3. The unexpended and unobligated portions of the appropriations
18 made by this Act lapse into the general fund June 30, 1981.

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

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STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

April 13, 1981

MEMORANDUM

TO: J. H. Hogan, Director
Legislative Finance Division

FROM: Pat Williams, Adm. Asst.
Legislative Finance Division

SUBJECT: Legislative Finance FY 81 Supplemental Request

As you requested, I have calculated the FY 81 supplemental amount needed by Legislative Finance. The following expenses are related to the creation of two Senate Finance chairmen in January 1981:

SENATE FINANCE

100	<u>Personal Services</u> - 2 aides at R. 22C, 3746/mo.+ 25% benefits x 6 mos; 1 aide at R. 22C x 3 mos.;	\$70,244
	1 Secretary at \$63/day+22% benefits x 6 months	13,835
200	<u>Travel</u> - 6 months (one chairman)	1,800
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400	<u>Commodities</u> - 6 months (1 chairman)	1,100
800	<u>Chairman's Discretionary</u> account - 6 months	5,000
	Total.	\$95,079

HOUSE FINANCE

House Finance is budgeted for 12 positions and has 16 on board. The Chairman has opted to transfer contractual funds into personal services to cover these salaries.

Original sponsors: Duncan, Fuller,
Grussendorf, et al

Offered: 5/5/81
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 489 (Finance) am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a joint committee of the legisla-
7 ture to meet with executive branch officials to review
8 and report on the effect of proposed federal budget
9 reductions on programs that benefit the people of the
10 state; and providing for an effective date."

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

12 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

13 (1) proposed reductions in federal appropriations have the
14 potential to sharply reduce financial support for programs and services
15 provided to residents throughout the state;

16 (2) by October 1, 1981 (the beginning of the federal fiscal
17 year), the legislature, the governor, and the affected state agencies should
18 know with certainty the effect of the reductions so that, if necessary,
19 remedial action may be promptly taken by the Twelfth Legislature during its
20 Second Session; and

21 (3) the proposed federal budget reductions affect a range of
22 programs and services, including housing, health care, education and employ-
23 ment, and those reductions affect a number of budget program categories and
24 agencies of the state government.

25 (b) It is the purpose of this Act to provide the means by which the
26 legislature and the executive branch may undertake a comprehensive review of
27 the effect of federal program support and federal reductions of appropria-
28 tions for programs and services, and recommend appropriate action to the
29 Second Session of the Twelfth Legislature for its consideration.

1 * Sec. 2. JOINT COMMITTEE ESTABLISHED. (a) The Joint Federal Program
2 Review Committee is established as a temporary interim committee of the
3 legislature.

4 (b) The committee is composed of the following members:

5 (1) two members of the house of representatives appointed by the
6 speaker of the house of representatives; the two members appointed under
7 this subsection shall not be members of the same political party;

8 (2) two members of the senate appointed by the president of the
9 senate; the two members appointed under this subsection shall not be members
10 of the same political party;

11 (3) the chairman of the Legislative Council, or a member of the
12 Legislative Council appointed by the chairman; and

13 (4) the chairman of the Legislative Budget and Audit Committee,
14 or a member of that committee appointed by the chairman.

15 (c) If a vacancy occurs in the membership of the committee, the person
16 authorized to make an appointment under (b) of this section shall fill the
17 vacancy by appointment.

18 (d) The committee may meet during sessions of the legislature and
19 during the interim between legislative sessions. The committee may meet at
20 any time and in any place in the state. A member of the committee may
21 receive, for the minimum time required to travel to and return from a meet-
22 ing of the committee and for the time while attending a meeting, the same
23 travel and per diem allowances provided by law for members of the legisla-
24 ture while attending sessions of the legislature. However, a member of the
25 committee may not receive a per diem allowance for attending a meeting which
26 is held at the state capital while the legislature is in session other than
27 the per diem allowance paid to legislators under AS 24.15.010.

28 * Sec. 3. DUTIES AND POWERS OF THE COMMITTEE. (a) The members of the
29 Joint Federal Program Review Committee shall meet regularly with the follow-

1 ing state officials for the purposes set out in (b) of this section:

2 (1) the persons designated by the governor to serve as his budget
3 review committee; and

4 (2) the chairman of the Rural Development Council (AS 44.47.160).

5 (b) The Joint Federal Program Review Committee and the state officials
6 designated in (a) of this section shall

7 (1) organize and adopt procedures for the conduct of business;

8 (2) review programs and services which are affected by reductions
9 in federal appropriations;

10 (3) identify and assess the impact of proposed reductions in
11 federal appropriations for programs and services of benefit to the people of
12 the state;

13 (4) review the adequacy of state agencies to plan for, receive,
14 and administer federal "block grants" or other federal appropriations or
15 allocations which may be substituted for deleted or reduced federal program
16 appropriations; and

17 (5) recommend to the Second Session of the Twelfth Legislature by
18 February 10, 1982, specific revisions in state programs, and in appropria-
19 tions for those programs, to reduce or minimize the disruptive effect of
20 lower federal appropriations occurring after January 20, 1981; when the
21 committee and state officials recommend revisions in and appropriations for
22 state programs under this paragraph, the committee shall identify the federal
23 programs and appropriations which its recommendations are intended to supple-
24 ment, enhance, support, or replace.

25 (c) The Joint Federal Program Review Committee, meeting jointly with
26 the officials designated in sec. 3(a) of this Act, may

27 (1) hold public hearings;

28 (2) require state officials and members of governing boards of
29 municipalities and the school boards of regional educational attendance

1 areas to cooperate with the committee in furnishing requested information;

2 (3) request and receive recommendations for specific program
3 revisions from nonprofit corporations and other organizations which provide
4 services; and

5 (4) review the governor's allocation of grants for programs from
6 any temporary contingency grant program established to provide state assist-
7 ance for reductions of federal appropriations and make recommendations on
8 those allocations.

9 * Sec. 4. This Act terminates June 30, 1982.

10 * Sec. 5. This Act takes effect immediately in accordance with AS 01.10.-
11 070(c).

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ALASKA STATE LEGISLATURE

TWELFTH Legislature FIRST... Session

HOUSE BILL..... NO. 489...

By DUNCAN, FULLER, GRUSSENDORF,
ZHAROFF, HAYES, CHUCKWUK,
PHILLIPS AND VASKA

"An Act establishing a joint committee of the legislature to meet with executive branch officials to review and report on the effect of proposed federal budget reductions on programs that benefit the people of the state; and providing for an effective date."

Joint comm. legislature/
exec. branch off./review &
report proposed fed. budget

Introduced in the House 4/9....., 1981.

HISTORY IN THE HOUSE

19 81		Read first time and referred to Committee on Finance										
Apr 9												
May 5		Reported back with recommendation that Finance replace a/c (Fin) & report, 2 none. to rule										
May 8		Read second time and C.S. (Fin) adopted, amended to do										
May 8		Read third time and										
May 8		<table border="0"> <tr> <td>PASS ed</td> <td>Effective Date</td> </tr> <tr> <td>Yeas 35</td> <td>Yeas</td> </tr> <tr> <td>Nays 2</td> <td>Nays</td> </tr> <tr> <td>Absent 3</td> <td>Absent Done</td> </tr> <tr> <td>Excused Voling</td> <td>Excused</td> </tr> </table>	PASS ed	Effective Date	Yeas 35	Yeas	Nays 2	Nays	Absent 3	Absent Done	Excused Voling	Excused
PASS ed	Effective Date											
Yeas 35	Yeas											
Nays 2	Nays											
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		Reconsideration										
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5 8	8	Reported correctly engrossed										
5 8	8	Signed by Speaker										
5 8	8	Sent to Senate										
		<i>Harold Robinson</i> CHIEF CLERK OF THE HOUSE										

HISTORY IN THE SENATE

1981		Read first time and referred to Committee on										
5 11		<i>Sen</i>										
		Reported back with recommendation that										
		Read second time and										
		Read third time and										
		<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
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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.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 489 (Finance) am
Title Joint Committee of the Legislature to review & report on proposed federal budget
Requested by Jim Duncan Date 6/5/81

II. FISCAL DETAIL

Agency Affected Legislature
Program Category Affected General Government
BRU, Program, or Subprogram(s) Affected Legislative Council
(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		90.9				
200 TRAVEL		42.8				
300 CONTRACTUAL		10.0				
400 COMMODITIES		1.0				
500 EQUIPMENT		2.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		146.7				

FUNDING (Thousands of Dollars)

GENERAL FUND		146.7				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		2				
PART TIME						
TEMPORARY						

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

Staff:

- 1 Administrative Assistant - Range 22C
- 1 Secretary - Range 15A

Travel:

Anticipates meetings approximately once a month; meetings to be held in Anchorage, Juneau, Fairbanks, Seattle, Washington, D.C.

IV. DATE 6/5/81 PREPARED BY Alison Elgee
AGENCY Legislative Finance Division
PHONE 465-3795
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

Alaska
MUNICIPAL
League

TELEPHONES
(907) 586-1325
586-6526

204 N. FRANKLIN ST.
JUNEAU, ALASKA 99801

May 19, 1981

To: Senate Finance Committee

From: Ginny Chitwood

Re: HB 489 - Federal Program Review Committee

The Federal Program Review Committee, as established in HB 489, should be a big help to the Legislature in identifying the effect of federal budget reductions on Alaska programs and services.

There currently are a large number of federal programs providing direct assistance to municipalities, but most of them probably will be eliminated or replaced with block grants to states. Nationwide there is a fear among local governments that this shift from categorical municipal grants to block state grants will have an adverse effect on communities. This concern is not shared to any great extent by Alaskan municipalities. We feel we have had a good relationship with the State and see no reason for it not to continue.

We do believe, however, that there should be a municipal official included in the group with which the Federal Program Review Committee will meet because the state officials may not be aware of all the cuts at the local level. The following minor changes to CSHB 489 (Fin) would allow for municipal participation:

page 2, line 29 - delete "state"

page 3, line 4 - delete "and"

page 3, line 6 - change "." to "; and"

page 3, after line 6 - add "(5) a municipal representative."

page 3, line 7 - delete "state"

Original sponsors: Duncan, Fuller,
Grussendorf, et al

Offered: 5/5/81
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 489 (Finance) am
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a joint committee of the legisla-
7 ture to meet with executive branch officials to review
8 and report on the effect of proposed federal budget
9 reductions on programs that benefit the people of the
10 state; and providing for an effective date."

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

12 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

13 (1) proposed reductions in federal appropriations have the
14 potential to sharply reduce financial support for programs and services
15 provided to residents throughout the state;

16 (2) by October 1, 1981 (the beginning of the federal fiscal
17 year), the legislature, the governor, and the affected state agencies should
18 know with certainty the effect of the reductions so that, if necessary,
19 remedial action may be promptly taken by the Twelfth Legislature during its
20 Second Session; and

21 (3) the proposed federal budget reductions affect a range of
22 programs and services, including housing, health care, education and employ-
23 ment, and those reductions affect a number of budget program categories and
24 agencies of the state government.

25 (b) It is the purpose of this Act to provide the means by which the
26 legislature and the executive branch may undertake a comprehensive review of
27 the effect of federal program support and federal reductions of appropria-
28 tions for programs and services, and recommend appropriate action to the
29 Second Session of the Twelfth Legislature for its consideration.

1 * Sec. 2. JOINT COMMITTEE ESTABLISHED. (a) The Joint Federal Program
2 Review Committee is established as a temporary interim committee of the
3 legislature.

4 (b) The committee is composed of the following members:

5 (1) two members of the house of representatives appointed by the
6 speaker of the house of representatives; the two members appointed under
7 this subsection shall not be members of the same political party;

8 (2) two members of the senate appointed by the president of the
9 senate; the two members appointed under this subsection shall not be members
10 of the same political party;

11 (3) the chairman of the Legislative Council, or a member of the
12 Legislative Council appointed by the chairman; and

13 (4) the chairman of the Legislative Budget and Audit Committee,
14 or a member of that committee appointed by the chairman.

15 (c) If a vacancy occurs in the membership of the committee, the person
16 authorized to make an appointment under (b) of this section shall fill the
17 vacancy by appointment.

18 (d) The committee may meet during sessions of the legislature and
19 during the interim between legislative sessions. The committee may meet at
20 any time and in any place in the state. A member of the committee may
21 receive, for the minimum time required to travel to and return from a meet-
22 ing of the committee and for the time while attending a meeting, the same
23 travel and per diem allowances provided by law for members of the legisla-
24 ture while attending sessions of the legislature. However, a member of the
25 committee may not receive a per diem allowance for attending a meeting which
26 is held at the state capital while the legislature is in session other than
27 the per diem allowance paid to legislators under AS 24.1 .010.

28 * Sec. 3. DUTIES AND POWERS OF THE COMMITTEE. (a) The members of the
29 Joint Federal Program Review Committee shall meet regularly with the follow-

1 ing state officials for the purposes set out in (b) of this section:

2 (1) the persons designated by the governor to serve as his budget
3 review committee; and

4 (2) the chairman of the Rural Development Council (AS 44.47.160).

5 (b) The Joint Federal Program Review Committee and the state officials
6 designated in (a) of this section shall

7 (1) organize and adopt procedures for the conduct of business;

8 (2) review programs and services which are affected by reductions
9 in federal appropriations;

10 (3) identify and assess the impact of proposed reductions in
11 federal appropriations for programs and services of benefit to the people of
12 the state;

13 (4) review the adequacy of state agencies to plan for, receive,
14 and administer federal "block grants" or other federal appropriations or
15 allocations which may be substituted for deleted or reduced federal program
16 appropriations; and

17 (5) recommend to the Second Session of the Twelfth Legislature by
18 February 10, 1982, specific revisions in state programs, and in appropria-
19 tions for those programs, to reduce or minimize the disruptive effect of
20 lower federal appropriations occurring after January 20, 1981; when the
21 committee and state officials recommend revisions in and appropriations for
22 state programs under this paragraph, the committee shall identify the federal
23 programs and appropriations which its recommendations are intended to supple-
24 ment, enhance, support, or replace.

25 (c) The Joint Federal Program Review Committee, meeting jointly with
26 the officials designated in sec. 3(a) of this Act, may

27 (1) hold public hearings;

28 (2) require state officials and members of governing boards of
29 municipalities and the school boards of regional educational attendance

1 areas to cooperate with the committee in furnishing requested information;

2 (3) request and receive recommendations for specific program
3 revisions from nonprofit corporations and other organizations which provide
4 services; and

5 (4) review the governor's allocation of grants for programs from
6 any temporary contingency grant program established to provide state assist-
7 ance for reductions of federal appropriations and make recommendations on
8 those allocations.

9 * Sec. 4. This Act terminates June 30, 1982.

10 * Sec. 5. This Act takes effect immediately in accordance with AS 01.10.-
11 070(c).

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STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W — ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF — STATE CAPITOL

JUNEAU 99801

MEMORANDUM

DATE: April 15, 1981

TO: Sam Cotten, Chairman
House Finance Committee

FROM: J.H. Hogan, Director
Division of Legislative Finance

SUBJECT: HB 489

You have requested an analysis of HB 489. AS 24.20.201.(a) grants the Legislative Budget and Audit Committee the power to:

...

(4) review revenue projections, state agency appropriation requests, the expenditure of state funds, including the relationship between state agency program accomplishments and legislative intent, and the fiscal policies and procedures of state government;

(5) review and approve proposed changes to agency authorized budgets as provided in the Executive Budget Act (AS 37.07);

(6) make recommendations concerning appropriations, their expenditure and the fiscal policies and procedures of state government to the governor when appropriate, and to the legislature;

...

Under the proposed HB 489, on page 3, the Joint Federal Program Review Committee would have the power to:

...

(2) review programs and services which are affected by reductions in federal appropriations;

(3) identify and assess the impact of proposed reductions in federal appropriations for programs and services of benefit to the people of the state;

Sam Cotten
April 15, 1981
Page 2

(4) review the adequacy of state agencies to plan for, receive, and administer federal "block grants" or other federal appropriations or allocations which may be substituted for deleted or reduced federal program appropriations; and

(5) recommend to the Second Session of the Twelfth Legislature by February 10, 1982, specific revisions in state programs, and in appropriations for those programs, to reduce or minimize the disruptive effect of lower federal appropriations occurring after January 20, 1981.

. . .

It appears that the duties proposed for the new four-member Joint Federal Program Review Committee parallel those of the existing Legislative Budget and Audit Committee.

A legal problem appears in the composition of the Joint Federal Review Committee. Again referring to page 3, the four-member Joint Federal Review Committee is directed to "...meet regularly with the following state officials..."; the commissioner of administration, the commissioner of community and regional affairs, the chairman of the Rural Development Council, and the director of the division of budget and management, Office of the Governor.

It appears that the Joint Federal Review Committee and the four named state officials are to "organize and adopt procedures for the conduct of business". This mix of executive/legislative branch officials is one not envisioned under the Alaska constitution, and previous efforts along this line have been strongly resisted by the Attorney General. (The Special Legislative Oil-Development Impact Review Committee, established in law without the Governor's signature during the 1974 legislative session, had duties that resembled those of the proposed committee. The Oil Impact Committee was promptly taken to court by the then Governor, and the review and approval powers of the committee knocked down in a superior court decision.)

In summary, I think the functions outlined in HB 489 for the Joint Federal Review Committee can be adequately accomplished at minimal additional cost by assigning them to the Legislative Budget and Audit Committee.

JHH:vsw

Attachment:

* Sec. 3. CAPITAL IMPROVEMENT GRANTS. (a) Where the impact of rapid, sudden population growth threatens to develop open space land that otherwise would remain free of urban development, the department may make grants to an oil-development-impacted municipality contributing an equal amount for the acquisition or improvement of open space or greenbelt lands, recreation facilities, parks or wildlife refuges.

(b) No grant under this section may exceed \$500,000.

(c) Grants made under this section may not be used directly or indirectly to reduce current municipal tax rates or to retire existing bonded indebtedness.

* Sec. 4. APPLICATIONS. Grants under this Act may be made only upon application by the municipality to the department. Each grant application shall state the intended use for which the grant will be expended.

* Sec. 5. ACCOUNTABILITY FOR GRANTS. (a) A municipality receiving a direct pipeline impact grant under ch. 147 SLA 1974 shall submit a financial report covering the expenditure of the direct pipeline impact grant before a grant may be received under this Act.

(b) A municipality shall submit a financial report covering the expenditure of any grant already received under this Act to the department before another grant may be received under this Act.

(c) A municipality receiving grants under this Act shall

(1) maintain a separate account for the grants received under this Act;

(2) provide for an annual independent audit of the separate account for grants received under this Act; and

(3) submit a copy of the independent audit report to the department.

* Sec. 6. POPULATION. A municipality shall submit estimated population and population growth figures to the department. These population and population growth figures are subject to review and approval by the department. The decisions of the department as to population and population growth figures are final.

* Sec. 7. REGULATIONS. The department may adopt regulations necessary to carry out the purpose of this Act.

* Sec. 8. AUTHORITY TO ACCEPT SERVICE, GIFTS, GRANTS, AND LOANS. When the federal government or an agency or officer of the federal government offers to the state, or through the state to a municipality, services, equipment, supplies, materials, or funds by way of gift, grant, or loan, for the purpose of alleviating the social or economic impact resulting from oil development construction, the state acting through the commissioner of community and regional affairs, or the municipality acting through its executive officer or governing body, may accept the offer subject to the terms of the offer and the rules and regulations of the agency making the offer.

* Sec. 9. SPECIAL LEGISLATIVE OIL-DEVELOPMENT IMPACT REVIEW COMMITTEE. There is established the Special Legislative Oil-Development Impact Review Committee composed of three members of the senate appointed by the president of the senate and three members of the house appointed by the speaker of the house. The committee shall select its own chairman.

* Sec. 10. TERM OF MEMBERSHIP. The committee shall be organized within 15 days after the organization of each legislature. Members serve for the duration of the legislature during which they are appointed. If they are reelected or their term of office extends into the next succeeding legislature, they continue to serve until reappointed or the appointment of their successor. The first committee shall be appointed within 15 days of the adjournment of the Second Special Session, Eighth Legislature.

* Sec. 11. MEETINGS. (a) The committee may meet during sessions of the legislature and during the interim between sessions at such times and places in the state as the chairman may determine. Members may receive, for the minimum time required to get to and from meetings and for the period while attending meetings, the same travel and per diem allowances provided by law for members of the legislature when attending sessions, except that members of the committee receive no per diem during legislative sessions other than the per diem allowance paid to other members of the legislature.

(b) A majority of the members of the committee constitutes a quorum for the purpose of carrying out its duties under this Act.

* Sec. 12. DUTIES OF COMMITTEE. Grants under this Act shall be made by the Department of Community and Regional Affairs at the direction of the governor subject to approval of the Special Legislative Oil-Development Impact Review Committee.

* Sec. 13. DIVISION OF LEGISLATIVE FINANCE ASSISTANCE. The division of legislative finance shall cooperate with the committee and shall furnish technical assistance and personnel, if available, upon request.

* Sec. 14. DEFINITIONS. In this Act

(1) "department" means the Department of Community and Regional Affairs;

(2) "municipality" means a home rule or general law city or borough, including but not limited to a unified municipality established under AS 29.60;

(3) "operating expenditures" means personal services, contractual services, travel, commodities, and up to \$20,000 per item of equipment, except that the term does not include any of these items if part of a capital improvement expenditure; relocatable classrooms are not subject to the \$20,000 limitation;

(4) "committee" means the Special Legislative Oil-Development Impact Review Committee.

* Sec. 15. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.

COMMITTEE REPORT

HOUSE

4/9/81

FURTHER:

(11)

Date: 5-4-81

Mr. Speaker:

The Committee on FINANCE has had HB 489

"An Act establishing a joint committee of the legislature to meet with executive branch officials to review and report on the effect of proposed federal budget reductions on programs that benefit the people of the state; 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 1154 (FINANCE) same title
 new title
- and recommends all
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

[Signature]

[Signature]

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[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

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CHAIRMAN

Original sponsors: Duncan, Fuller,
Grussendorf, et al

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 489 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a joint committee of the legisla-
7 ture to meet with executive branch officials to review
8 and report on the effect of proposed federal budget
9 reductions on programs that benefit the people of the
10 state; and providing for an effective date."

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

12 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

13 (1) proposed reductions in federal appropriations have the
14 potential to sharply reduce financial support for programs and services
15 provided to residents throughout the state;

16 (2) by October 1, 1981 (the beginning of the federal fiscal
17 year), the legislature, the governor, and the affected state agencies should
18 know with certainty the effect of the reductions so that, if necessary,
19 remedial action may be promptly taken by the Twelfth Legislature during its
20 Second Session; and

21 (3) the proposed federal budget reductions affect a range of
22 programs and services, including housing, health care, education and employ-
23 ment, and those reductions affect a number of budget program categories and
24 agencies of the state government.

25 (b) It is the purpose of this Act to provide the means by which the
26 legislature and the executive branch may undertake a comprehensive review of
27 the effect of federal program support and federal reductions of appropria-
28 tions for programs and services, and recommend appropriate action to the
29 Second Session of the Twelfth Legislature for its consideration.

1 * Sec. 2. JOINT COMMITTEE ESTABLISHED. (a) The Federal Program Review
2 Committee is established as a temporary interim committee of the legisla-
3 ture.

4 (b) The committee is composed of the following members:

5 (1) one member of the house of representatives appointed by the
6 speaker of the house of representatives;

7 (2) one member of the senate appointed by the president of the
8 senate;

9 (3) the chairman of the Legislative Council, or a member of the
10 Legislative Council appointed by the chairman; and

11 (4) the chairman of the Legislative Budget and Audit Committee,
12 or a member of that committee appointed by the chairman.

13 (c) If a vacancy occurs in the membership of the committee, the person
14 authorized to make an appointment under (b) of this section shall fill the
15 vacancy by appointment.

16 (d) The committee may meet during sessions of the legislature and
17 during the interim between legislative sessions. The committee may meet at
18 any time and in any place in the state. A member of the committee may
19 receive, for the minimum time required to travel to and return from a
20 meeting of the committee and for the time while attending a meeting, the
21 same travel and per diem allowances provided by law for members of the
22 legislature while attending sessions of the legislature. However, a member
23 of the committee may not receive a per diem allowance for attending a
24 meeting which is held at the state capital while the legislature is in
25 session other than the per diem allowance paid to legislators under AS 24.-
26 15.010.

27 * Sec. 3. DUTIES AND POWERS OF THE COMMITTEE. (a) The members of the
28 Joint Federal Program Review Committee shall meet regularly with the follow-
29 ing state officials for the purposes set out in (b) of this section:

- 1 (1) the commissioner of administration;
2 (2) the commissioner of community and regional affairs;
3 (3) the chairman of the Rural Development Council (AS 44.47.160);

4 and

5 (4) the director of the division of budget and management, Office
6 of the Governor.

7 (b) The Joint Federal Program Review Committee and the state officials
8 designated in (a) of this section shall

9 (1) organize and adopt procedures for the conduct of business;

10 (2) review programs and services which are affected by reductions
11 in federal appropriations;

12 (3) identify and assess the impact of proposed reductions in
13 federal appropriations for programs and services of benefit to the people of
14 the state;

15 (4) review the adequacy of state agencies to plan for, receive,
16 and administer federal "block grants" or other federal appropriations or
17 allocations which may be substituted for deleted or reduced federal program
18 appropriations; and

19 (5) recommend to the Seccond Session of the Twelfth Legislature by
20 February 10, 1982, specific revisions in state programs, and in appropria-
21 tions for those programs, to reduce or minimize the disruptive effect of
22 lower federal appropriations occurring after January 20, 1981; when the
23 committee and state officials recommend revisions in and appropriations for
24 state programs under this paragraph, the committee shall identify the
25 federal programs and appropriations which its recommendations are intended
26 to supplement, enhance, support, or replace.

27 (c) The Federal Program Review Committee, meeting jointly with the
28 officials designated in sec. 2(b) of this Act, may

29 (1) hold public hearings;

1 (2) require state officials and members of governing boards of
2 municipalities and the school boards of regional educational attendance
3 areas to cooperate with the committee in furnishing requested information;

4 (3) request and receive recommendations for specific program
5 revisions from nonprofit corporations and other organizations which provide
6 services; and

7 (4) review the governor's allocation of grants for programs from
8 any temporary contingency grant program established to provide state assist-
9 ance for reductions of federal appropriations and make recommendations on
10 those allocations.

11 * Sec. 4. This Act terminates June 30, 1982.

12 * Sec. 5. This Act takes effect immediately in accordance with AS 01.10.7
13 070(c).

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STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W — ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF — STATE CAPITOL

JUNEAU 99801

MEMORANDUM

DATE: April 15, 1981

TO: Sam Cotten, Chairman
House Finance Committee

FROM: J.H. Hogan, Director
Division of Legislative Finance

SUBJECT: HB 489

You have requested an analysis of HB 489. AS 24.20.201.(a) grants the Legislative Budget and Audit Committee the power to:

. . . .

(4) review revenue projections, state agency appropriation requests, the expenditure of state funds, including the relationship between state agency program accomplishments and legislative intent, and the fiscal policies and procedures of state government;

(5) review and approve proposed changes to agency authorized budgets as provided in the Executive Budget Act (AS 37.07);

(6) make recommendations concerning appropriations, their expenditure and the fiscal policies and procedures of state government to the governor when appropriate, and to the legislature;

. . . .

Under the proposed HB 489, on page 3, the Joint Federal Program Review Committee would have the power to:

. . . .

(2) review programs and services which are affected by reductions in federal appropriations;

(3) identify and assess the impact of proposed reductions in federal appropriations for programs and services of benefit to the people of the state;

Sam Cotten
April 15, 1981
Page 2

(4) review the adequacy of state agencies to plan for, receive, and administer federal "block grants" or other federal appropriations or allocations which may be substituted for deleted or reduced federal program appropriations; and

(5) recommend to the Second Session of the Twelfth Legislature by February 10, 1982, specific revisions in state programs, and in appropriations for those programs, to reduce or minimize the disruptive effect of lower federal appropriations occurring after January 20, 1981.

It appears that the duties proposed for the new four-member Joint Federal Program Review Committee parallel those of the existing Legislative Budget and Audit Committee.

A legal problem appears in the composition of the Joint Federal Review Committee. Again referring to page 3, the four-member Joint Federal Review Committee is directed to "...meet regularly with the following state officials..."; the commissioner of administration, the commissioner of community and regional affairs, the chairman of the Rural Development Council, and the director of the division of budget and management, Office of the Governor.

It appears that the Joint Federal Review Committee and the four named state officials are to "organize and adopt procedures for the conduct of business". This mix of executive/legislative branch officials is one not envisioned under the Alaska constitution, and previous efforts along this line have been strongly resisted by the Attorney General. (The Special Legislative Oil-Development Impact Review Committee, established in law without the Governor's signature during the 1974 legislative session, had duties that resembled those of the proposed committee. The Oil Impact Committee was promptly taken to court by the then-Governor, and the review and approval powers of the committee knocked down in a superior court decision.)

In summary, I think the functions outlined in HB 489 for the Joint Federal Review Committee can be adequately accomplished at minimal additional cost by assigning them to the Legislative Budget and Audit Committee.

JHH:vsw

Attachment

* Sec. 3. CAPITAL IMPROVEMENT GRANTS. (a) Where the impact of rapid, sudden population growth threatens to develop open space land that otherwise would remain free of urban development, the department may make grants to an oil-development-impacted municipality contributing an equal amount for the acquisition or improvement of open space or greenbelt lands, recreation facilities, parks or wildlife refuges.

(b) No grant under this section may exceed \$500,000.

(c) Grants made under this section may not be used directly or indirectly to reduce current municipal tax rates or to retire existing bonded indebtedness.

* Sec. 4. APPLICATIONS. Grants under this Act may be made only upon application by the municipality to the department. Each grant application shall state the intended use for which the grant will be expended.

* Sec. 5. ACCOUNTABILITY FOR GRANTS. (a) A municipality receiving a direct pipeline impact grant under ch. 147 SLA 1974 shall submit a financial report covering the expenditure of the direct pipeline impact grant before a grant may be received under this Act.

(b) A municipality shall submit a financial report covering the expenditure of any grant already received under this Act to the department before another grant may be received under this Act.

(c) A municipality receiving grants under this Act shall

(1) maintain a separate account for the grants received under this Act;

(2) provide for an annual independent audit of the separate account for grants received under this Act; and

(3) submit a copy of the independent audit report to the department.

* Sec. 6. POPULATION. A municipality shall submit estimated population and population growth figures to the department. These population and population growth figures are subject to review and approval by the department. The decisions of the department as to population and population growth figures are final.

* Sec. 7. REGULATIONS. The department may adopt regulations necessary to carry out the purpose of this Act.

* Sec. 8. AUTHORITY TO ACCEPT SERVICE, GIFTS, GRANTS, AND LOANS. When the federal government or an agency or officer of the federal government offers to the state, or through the state to a municipality, services, equipment, supplies, materials, or funds by way of gift, grant, or loan, for the purpose of alleviating the social or economic impact resulting from oil development construction, the state acting through the commissioner of community and regional affairs, or the municipality acting through its executive officer or governing body, may accept the offer subject to the terms of the offer and the rules and regulations of the agency making the offer.

* Sec. 9. SPECIAL LEGISLATIVE OIL-DEVELOPMENT IMPACT REVIEW COMMITTEE. There is established the Special Legislative Oil-Development Impact Review Committee composed of three members of the senate appointed by the president of the senate and three members of the house appointed by the speaker of the house. The committee shall select its own chairman.

* Sec. 10. TERM OF MEMBERSHIP. The committee shall be organized within 15 days after the organization of each legislature. Members serve for the duration of the legislature during which they are appointed. If they are reelected or their term of office extends into the next succeeding legislature, they continue to serve until reappointed or the appointment of their successor. The first committee shall be appointed within 15 days of the adjournment of the Second Special Session, Eighth Legislature.

* Sec. 11. MEETINGS. (a) The committee may meet during sessions of the legislature and during the interim between sessions at such times and places in the state as the chairman may determine. Members may receive, for the minimum time required to get to and from meetings and for the period while attending meetings, the same travel and per diem allowances provided by law for members of the legislature when attending sessions, except that members of the committee receive no per diem during legislative sessions other than the per diem allowance paid to other members of the legislature.

(b) A majority of the members of the committee constitutes a quorum for the purpose of carrying out its duties under this Act.

* Sec. 12. DUTIES OF COMMITTEE. Grants under this Act shall be made by the Department of Community and Regional Affairs at the direction of the governor subject to approval of the Special Legislative Oil-Development Impact Review Committee.

* Sec. 13. DIVISION OF LEGISLATIVE FINANCE ASSISTANCE. The division of legislative finance shall cooperate with the committee and shall furnish technical assistance and personnel, if available, upon request.

* Sec. 14. DEFINITIONS. In this Act

(1) "department" means the Department of Community and Regional Affairs;

(2) "municipality" means a home rule or general law city or borough, including but not limited to a unified municipality established under AS 29.60;

(3) "operating expenditures" means personal services, contractual services, travel, commodities, and up to \$20,000 per item of equipment, except that the term does not include any of these items if part of a capital improvement expenditure; relocatable classrooms are not subject to the \$20,000 limitation;

(4) "committee" means the Special Legislative Oil-Development Impact Review Committee.

* Sec. 15. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.

Introduced: 4/9/81
Referred: Finance

BY DUNCAN, FULLER, GRUSSENDORF,
ZHAROFF, HAYES, CHUCKWUK, PHILLIPS,
AND VASKA

1 IN THE HOUSE

2 HOUSE BILL NO. 489

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a joint committee of the legisla-
7 ture to meet with executive branch officials to review
8 and report on the effect of proposed federal budget
9 reductions on programs that benefit the people of the
10 state; and providing for an effective date."

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

12 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

13 (1) proposed reductions in federal appropriations will sharply
14 reduce financial support for programs and services provided to residents
15 throughout the state;

16 (2) these reductions may not be announced or implemented by the
17 federal government during the current legislative session;

18 (3) by October 1, 1981 (the beginning of the federal fiscal
19 year), the legislature, the governor, and the affected state agencies should
20 know with certainty the effect of the reductions so that, if necessary,
21 remedial action may be promptly taken by the Twelfth Legislature during its
22 Second Session; and

23 (4) the proposed federal budget reductions affect a range of
24 programs and services, including, especially, housing, health care, education
25 and employment, and those reductions affect a number of budget program
26 categories and agencies of the state government.

27 (b) It is the purpose of this Act to provide the means by which the
28 legislature and the executive branch may undertake a comprehensive review of
29 the effect of federal program support and federal reductions of appropria-

1 tions for programs and services, and recommend to the Second Session of the
2 Twelfth Legislature for its consideration alternative legislation by which
3 the disruptive effect of those reductions will be minimized.

4 * Sec. 2. JOINT COMMITTEE ESTABLISHED. (a) The Federal Program Review
5 Committee is established as a temporary interim committee of the legislature.

6 (b) The committee is composed of the following members:

7 (1) one member of the house of representatives appointed by the
8 speaker of the house of representatives;

9 (2) one member of the senate appointed by the president of the
10 senate;

11 (3) the chairman of the Legislative Council, or a member of the
12 Legislative Council appointed by the chairman; and

13 (4) the chairman of the Legislative Budget and Audit Committee,
14 or a member of that committee appointed by the chairman.

15 (c) If a vacancy occurs in the membership of the committee, the person
16 authorized to make an appointment under (b) of this section shall fill the
17 vacancy by appointment.

18 (d) The committee may meet during sessions of the legislature and
19 during the interim between legislative sessions. The committee may meet at
20 any time and in any place in the state. A member of the committee may
21 receive, for the minimum time required to travel to and return from a
22 meeting of the committee and for the time while attending a meeting, the
23 same travel and per diem allowances provided by law for members of the
24 legislature while attending sessions of the legislature. However, a member
25 of the committee may not receive a per diem allowance for attending a
26 meeting which is held at the state capital while the legislature is in
27 session other than the per diem allowance paid to legislators under AS 24.-
28 15.010.

29 * Sec. 3. DUTIES AND POWERS OF THE COMMITTEE. (a) The members of the

1 Joint Federal Program Review Committee shall meet regularly with the follow-
2 ing state officials for the purposes set out in (b) of this section:

- 3 (1) the commissioner of administration;
- 4 (2) the commissioner of community and regional affairs;
- 5 (3) the chairman of the Rural Development Council (AS 44.47.160);

6 and

7 (4) the director of the division of budget and management, Office
8 of the Governor.

9 (b) The Joint Federal Program Review Committee and the state officials
10 designated in (a) of this section shall

- 11 (1) organize and adopt procedures for the conduct of business;
- 12 (2) review programs and services which are affected by reductions
13 in federal appropriations;

14 (3) identify and assess the impact of proposed reductions in
15 federal appropriations for programs and services of benefit to the people of
16 the state;

17 (4) review the adequacy of state agencies to plan for, receive,
18 and administer federal "block grants" or other federal appropriations or
19 allocations which may be substituted for deleted or reduced federal program
20 appropriations; and

21 (5) recommend to the Second Session of the Twelfth Legislature by
22 February 10, 1982, specific revisions in state programs, and in appropria-
23 tions for those programs, to reduce or minimize the disruptive effect of
24 lower federal appropriations occurring after January 20, 1981.

25 (c) The Federal Program Review Committee, meeting jointly with the
26 officials designated in sec. 2(b) of this Act, may

- 27 (1) hold public hearings;
- 28 (2) require state officials and members of governing boards of
29 municipalities and the school boards of regional educational attendance

1 areas to cooperate with the committee in furnishing requested information;

2 (3) request and receive recommendations for specific program
3 revisions from nonprofit corporations and other organizations which provide
4 services; and

5 (4) review the governor's allocation of grants for programs from
6 any temporary contingency grant program established to provide state assist-
7 ance for reductions of federal appropriations and make recommendations on
8 those allocations.

9 * Sec. 4. This Act terminates June 30, 1982.

10 * Sec. 5. This Act takes effect immediately in accordance with AS 01.10.-
11 070(c).

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Introduced: 4/9/81
Referred: Finance

BY DUNCAN, FULLER, GRUSSENDORF,
ZHAROFF, HAYES, CHUCKWUK, PHILLIPS
AND VASKA

1 IN THE HOUSE

2 HOUSE BILL NO. 490

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a special federal budget reduction
7 contingency fund in the Office of the Governor; and
8 providing for an effective date."

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

10 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

11 (1) proposed and possible reductions in federal appropriations
12 will sharply reduce the financial support for programs and services provided
13 to residents throughout the state;

14 (2) these reductions may not be announced or implemented by the
15 federal government during the current legislative session;

16 (3) the legislature, the governor, and affected state agencies
17 will know with certainty the effect of reductions to be implemented only
18 after the start of the next federal fiscal year, at a time when the legisla-
19 ture is not in session;

20 (4) anticipated federal budget reductions will affect a range of
21 programs and services including, especially, housing, health care, education
22 and employment, and will inhibit or limit the ability of established pro-
23 viders of services to continue to deliver services after January 20, 1981.

24 (b) The purpose of this Act is

25 (1) to provide temporary support for programs and services to
26 offset reductions of federal appropriations for those programs and services
27 until a comprehensive review and report relating to the effect on state
28 agencies and others of proposed federal appropriations reductions is pre-
29 sented to the legislature;

1 (2) to maintain intact, insofar as is reasonably possible, organi-
2 zations with demonstrated ability to provide services until the legislature
3 and the executive branch of state government have an opportunity to review
4 and recommend legislation adapting state programs and services to anticipated
5 reductions in federal appropriations on a permanent basis.

6 * Sec. 2. FUND ESTABLISHED. (a) The special federal budget reduction
7 contingency fund is established. The fund shall be administered by the
8 governor.

9 (b) From appropriations made to the special federal budget reduction
10 contingency fund, the governor may make grants to offset the effect of
11 reductions in appropriations by the federal government made after January 20,
12 1981, in programs of benefit to the people of the state. Under this sub-
13 section, the governor may

14 (1) make grants from the fund to a state agency to offset a
15 reduction in federal appropriations for programs or services provided by a
16 state agency; or

17 (2) make grants from the fund through a state agency

18 (A) to a nonprofit corporation or an organization with a
19 demonstrated ability to provide programs or services if the governor
20 finds that a significant number of people served by a program or service
21 for which that corporation or organization is responsible will be
22 harmed by a reduction in federal appropriations for the program; or

23 (B) to a nonprofit corporation or an organization with a
24 demonstrated ability to provide program or services if the governor
25 finds that the ability of the corporation or organization to continue
26 to deliver services will be jeopardized by a reduction in federal
27 appropriations for the corporation or organization.

28 (c) The governor may make grants under (b)(2) of this section to

29 (1) political subdivisions of the state; or

1 (2) a nonprofit corporation or organization which has authority
2 to provide programs or services to people of the state or a region of the
3 state and has experience in the provision of those services.

4 (d) Before making a grant under this section, the governor shall
5 submit information concerning the grant to the Joint Federal Program Review
6 Committee. The committee shall review and may comment or recommend to the
7 governor concerning the proposed award of a grant. The governor may not award
8 a grant before requesting the comments or recommendations of the Joint
9 Federal Program Review Committee.

10 * Sec. 3. This Act terminates June 30, 1982.

11 * Sec. 4. This Act takes effect on the effective date of an Act entitled
12 "An Act establishing a joint committee of the legislature to meet with
13 executive branch officials to review and report on the effect of proposed
14 federal budget reductions on programs that benefit the people of the state;
15 and providing for an effective date."

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Chenoweth
12-1388

Introduced: 4/9/81
Referred: Finance

BY DUNCAN, FULLER, GRUSSENDORF,
ZHAROFF, HAYES, CHUCKWUK, PHILLIPS
AND VASKA

1 IN THE HOUSE

2 HOUSE BILL NO. 490

3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a special federal budget reduction
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12 will sharply reduce the financial support for programs and services provided
13 to residents throughout the state;

14 (2) these reductions may not be announced or implemented by the
15 federal government during the current legislative session;

16 (3) the legislature, the governor, and affected state agencies
17 will know with certainty the effect of reductions to be implemented only
18 after the start of the next federal fiscal year, at a time when the legisla-
19 ture is not in session;

20 (4) anticipated federal budget reductions will affect a range of
21 programs and services including, especially, housing, health care, education
22 and employment, and will inhibit or limit the ability of established pro-
23 viders of services to continue to deliver services after January 10, 1981.

24 (b) The purpose of this Act is

25 (1) to provide temporary support for programs and services to
26 offset reductions of federal appropriations for those programs and services
27 until a comprehensive review and report relating to the effect on state
28 agencies and others of proposed federal appropriations reductions is pre-
29 sented to the legislature;

1 (2) to maintain intact, insofar as is reasonably possible, organi-
2 zations with demonstrated ability to provide services until the legislature
3 and the executive branch of state government have an opportunity to review
4 and recommend legislation adapting state programs and services to anticipated
5 reductions in federal appropriations on a permanent basis.

6 * Sec. 2. FUND ESTABLISHED. (a) The special federal budget reduction
7 contingency fund is established. The fund shall be administered by the
8 governor.

9 (b) From appropriations made to the special federal budget reduction
10 contingency fund, the governor may make grants to offset the effect of
11 reductions in appropriations by the federal government made after January 20,
12 1981, in programs of benefit to the people of the state. Under this sub-
13 section, the governor may

14 (1) make grants from the fund to a state agency to offset a
15 reduction in federal appropriations for programs or services provided by a
16 state agency; or

17 (2) make grants from the fund through a state agency

18 (A) to a nonprofit corporation or an organization with a
19 demonstrated ability to provide programs or services if the governor
20 finds that a significant number of people served by a program or service
21 for which that corporation or organization is responsible will be
22 harmed by a reduction in federal appropriations for the program; or

23 (B) to a nonprofit corporation or an organization with a
24 demonstrated ability to provide program or services if the governor
25 finds that the ability of the corporation or organization to continue
26 to deliver services will be jeopardized by a reduction in federal
27 appropriations for the corporation or organization.

28 (c) The governor may make grants under (b)(2) of this section to

29 (1) political subdivisions of the state; or

1 (2) a nonprofit corporation or organization which has authority
2 to provide programs or services to people of the state or a region of the
3 state and has experience in the provision of those services.

4 (d) Before making a grant under this section, the governor shall
5 submit information concerning the grant to the Joint Federal Program Review
6 Committee. The committee shall review and may comment or recommend to the
7 governor concerning the proposed award of a grant. The governor may not award
8 a grant before requesting the comments or recommendations of the Joint
9 Federal Program Review Committee.

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12 "An Act establishing a joint committee of the legislature to meet with
13 executive branch officials to review and report on the effect of proposed
14 federal budget reductions on programs that benefit the people of the state;
15 and providing for an effective date."
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ALASKA STATE LEGISLATURE

TWELFTH. Legislature FIRST.. Session

HOUSE ...BILL..... NO.490.

By ...DUNCAN...FULLER..GRUSSENDORF,
ZHAROFF, HAYES, CHUCKWUK,
PHILLIPS AND VASKA

"An Act establishing a special federal budget reduction contingency fund in the Office of the Governor; and providing for an effective date."

Estab. spec. fed. budget reduc.
contingency fund Off. of Gov.

Introduced in the House4/9....., 19.81

HISTORY IN THE HOUSE

19	81	Read first time and referred to Committee on																												
Apr	9	Finance																												
		Reported back with recommendation that																												
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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																												
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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.

Original sponsors: Cato, Chuckwuk,
Fuller, et al

Offered: 3/15/82
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2

CS FOR HOUSE BILL NO. 492 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act establishing a state loan program for part-time
7 postsecondary education students; and providing for an
8 effective date."

9

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

10

* Section 1. AS 14.40 is amended by adding a new section to read:

11

ARTICLE 9. SCHOLARSHIP LOANS AND LOANS FOR

12

PART-TIME STUDENTS [TUITION GRANTS].

13

Sec. 14.40.768. LOANS FOR PART-TIME STUDENTS. (a) A part-time
14 student may apply for a loan under this section if he is

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(1) domiciled in the state and has resided in the state for

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at least one year at the time he applies for the loan; and

17

(2) either

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(A) enrolled as a part-time student in a career educa-

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tion or associate or baccalaureate or graduate degree program at an
20 accredited college or university in the state; or

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(B) a graduate of a high school, the holder of a general

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education development diploma, or scheduled for graduation from a

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high school within six months, with sufficient credits to be

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admitted as a part-time student to a career education program or to

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an accredited college or university in the state.

26

(b) The committee may make a loan under this section to an eligible

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part-time student who has a need for the loan as determined by the

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college or university in which he is enrolled. A loan may be approved

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only for an amount not to exceed the costs of tuition, fees, and books

1 for the borrower during each semester for which the borrower is enrolled
2 as a part-time student.

3 (c) A loan under this section may only be used by the borrower to
4 attend part-time a career education program or a college or university
5 in the state that is approved by the commission, and, if the loan is
6 federally insured, by the United States Department of Education.

7 (d) To maintain a loan under this section, the borrower must con-
8 tinue to be enrolled as a part-time student in good standing in a career
9 education program. college or university designated under (c) of this
10 section.

11 (e) Interest on a loan under this section is at the rate of six
12 percent a year. The required repayment of the principal and interest on
13 the loan begins 120 days after the date of enrollment of the borrower,
14 and shall provide for repayment of the total amount owed in periodic
15 installments in not more than one year from the commencement of repay-
16 ment. A borrower may make payments earlier than this subsection
17 requires.

18 (f) Security may not be required for a loan under this section.
19 However, as a condition of a loan, the committee shall require the
20 borrower to pay attorney fees and costs of court if either or both are
21 incurred in collection of the amount owed on the loan. If a loan is in
22 default, the committee shall notify the borrower that repayment of the
23 remaining balance is accelerated and due by sending the borrower a
24 notice by registered or certified mail.

25 (g) In case of hardship, the committee may extend repayment of a
26 loan made under this section for an additional period of up to five
27 years in increments no longer than six months each.

28 (h) For purposes of this section "part-time student" means a
29 student who is enrolled and is in regular attendance at classes

1 (1) for less than the semester hours of credit required for
2 full-time student status under AS 14.40.806(2) during the semester; or
3 (2) during a summer session.

4 * Sec. 2. AS 14.40.751 is amended to read:

5 Sec. 14.40.751. LOAN AND TUITION FUNDS CREATED. (a) There is
6 created a scholarship revolving loan fund. The fund shall be used to
7 make scholarship loans to students selected under AS 14.40.759 - 14.40.-
8 767 [AS 14.40.751 - 14.40.806]. All repayments of principal and inter-
9 est on scholarship loans shall be paid into the scholarship revolving
10 loan fund and shall be used to make new scholarship loans. If estimated
11 funds available from scholarship loan repayments are inadequate to fully
12 fund estimated scholarship loans for any fiscal year, additional funding
13 from the general fund may be requested and appropriated for that year.

14 [(b) THERE IS CREATED A TUITION GRANT FUND AS AN ACCOUNT IN THE
15 GENERAL FUND. THE FUND SHALL BE USED TO MAKE TUITION GRANTS TO STUDENTS
16 SELECTED UNDER AS 14.40.751 - 14.40.806.

17 (c) ON MARCH 1 OF EACH FISCAL YEAR, IF THERE IS A BALANCE OF
18 APPROPRIATED BUT UNOBLIGATED FUNDS IN THE TUITION GRANT FUND CREATED
19 UNDER (b) OF THIS SECTION, THAT SUM SHALL BE AUTOMATICALLY TRANSFERRED
20 TO THE SCHOLARSHIP REVOLVING LOAN FUND CREATED UNDER (a) OF THIS SECTION
21 TO MAKE ADDITIONAL SCHOLARSHIP LOANS DURING THAT FISCAL YEAR.]

22 (d) There is created a revolving loan fund to make loans to part-
23 time students selected under AS 14.40.768. All repayments of principal
24 and interest on part-time student loans shall be paid into the fund and
25 shall be used to make new loans for part-time students. If estimated
26 money available from loan repayments is inadequate to fully finance
27 estimated part-time student loans for any fiscal year, additional money
28 from the general fund may be requested and appropriated for that year.

29 * Sec. 3. AS 14.40.753(a) is amended to read:

1 (a) The student financial aid committee is composed of the members
2 of the Alaska Commission on Postsecondary Education. The commission may
3 delegate its functions under AS 14.40.751 - 14.40.806 to a committee of
4 its members, with augmented membership as the commission considers
5 appropriate. The executive officer of the commission is the executive
6 secretary of the committee. The Alaska Commission on Postsecondary
7 Education shall administer the loan programs [PROGRAM] established by
8 AS 14.40.751 - 14.40.806.

9 * Sec. 4. AS 14.40.753(c) is amended to read:

10 (c) The committee shall make an annual report reviewing the work
11 of the committee to the governor and [,] the legislature [AND THE PRI-
12 VATE COLLEGES AND UNIVERSITIES WHERE STUDENTS RECEIVING TUITION GRANTS
13 ARE ENROLLED].

14 * Sec. 5. AS 14.40.755 is amended to read:

15 Sec. 14.40.755. APPLICATIONS. (a) An application for a scholar-
16 ship loan or a loan under AS 14.40.768 [APPLICATIONS] shall be submitted
17 to the executive secretary of the committee.

18 (b) A person whose loan [OR GRANT] application is not recommended
19 or presented to the committee by the executive secretary may appeal to
20 the committee through the chairman of the committee and the committee
21 shall consider the application.

22 * Sec. 6. AS 14.40.757 is amended to read:

23 Sec. 14.40.757. ADMINISTRATION OF PROGRAMS [PROGRAM]. The execu-
24 tive secretary shall administer the loan programs under AS 14.40.751 -
25 14.40.806 subject to review by the committee and in accordance with the
26 regulations prescribed by the committee. The adoption [PROMULGATION] of
27 these regulations is subject to the Administrative Procedure Act
28 (AS 44.62), and a summary of the regulations shall be distributed to
29 each applicant.

1 * Sec. 7. AS 14.40.769 is amended to read:

2 Sec. 14.40.769. DISCRIMINATION PROHIBITED. The student loan
3 programs established in AS 14.40.751 - 14.40.806 [PROGRAM] shall be
4 carried out without regard to the race, creed, sex, color, ancestry,
5 national origin, or membership in fraternal or political organizations
6 of the student applying for a [THE] loan.

7 * Sec. 8. AS 14.40.806 is amended by adding a new paragraph to read:

8 (9) "scholarship loan" means a loan made from the scholarship
9 revolving loan fund created under AS 14.40.751(a) to a student under
10 AS 14.40.759 or 14.40.761.

11 * Sec. 9. AS 14.40.806(3) is repealed.

12 * Sec. 10. This Act takes effect July 1, 1982.

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Introduced: 4/9/81
Referred: Health, Education &
Social Services and Finance

BY CATO, CHUCKWUK, FULLER,
GARDINER, MALONE, MOSS,
O'CONNELL, ZHAROFF, ROGERS
AND GRUSSENDORF

1 IN THE HOUSE

2 HOUSE BILL NO. 492

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 student loans: establishing a
7 state loan program for part-time postsecondary educa-
8 tion students, and amending the scholarship loan
9 program; and providing for an effective date."

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

11 * Section 1. AS 14.40 is amended by adding new sections to read:

12 ARTICLE 9. SCHOLARSHIP LOANS AND LOANS
13 TO PART-TIME STUDENTS [TUITION GRANTS].

14 Sec. 14.40.777. LOANS TO PART-TIME STUDENTS. There is created a
15 revolving loan fund for part-time students. The fund shall be used to
16 make loans to part-time students selected under AS 14.40.777 - 14.40.-
17 795. Repayments of principal and interest on loans shall be paid into
18 the fund and shall be used to make new loans for part-time students.
19 If estimated money available from loan repayments is inadequate to
20 fully finance estimated loans under AS 14.40.777 - 14.40.795 for any
21 fiscal year, additional money from the general fund may be requested
22 and appropriated for that year.

23 Sec. 14.40.779. ADMINISTRATION OF LOAN PROGRAM. The executive
24 secretary shall administer the loan program established in AS 14.40.-
25 777 - 14.40.795 subject to review by the committee and in accordance
26 with the regulations prescribed by the committee. The adoption of
27 these regulations is subject to the Administrative Procedure Act
28 (AS 44.62). A summary of the regulations adopted shall be distributed
29 to each applicant.

1 Sec. 14.40.783. APPLICATIONS. (a) An application for a loan
2 under AS 14.40.777 - 14.40.795 shall be submitted to the executive
3 secretary of the committee.

4 (b) A person whose loan application is not recommended or pre-
5 sented to the committee by the executive secretary may appeal to the
6 committee through the chairman of the committee and the committee shall
7 consider the application.

8 Sec. 14.40.785. ELIGIBILITY. A student may apply for a loan if

- 9 (1) he is a resident of Alaska; and
10 (2) he is either

11 (A) enrolled as a part-time student in a career educa-
12 tion or associate or baccalaureate or graduate degree program at
13 an accredited college or university in the state; or

14 (B) a graduate of a high school, the holder of a general
15 education development diploma, or scheduled for graduation from a
16 high school within six months, with sufficient credits to be
17 admitted as a part-time student to a career education program or
18 to an accredited college or university in the state.

19 Sec. 14.40.787. LOANS AND LOAN LIMITS. (a) The committee may
20 make a loan to a student eligible under AS 14.40.785.

21 (b) The loan may only be used to attend a career education program
22 or a college or university in the state which is approved by the commis-
23 sion, and, if the loans are federally insured, by the United States
24 Department of Education.

25 (c) A loan may be approved only for an amount not to exceed the
26 costs of tuition, fees, and books for the applicant during each semester
27 for which the applicant is enrolled as a part-time student.

28 (d) To maintain the loan, the student must continue to be enrolled
29 as a part-time student in good standing in a career education program,

1 college or university designated under (b) of this section.

2 Sec. 14.40.789. REPAYMENT. (a) Interest on the loan given under
3 AS 14.40.777 - 14.40.795 is at the rate of five percent a year.

4 (b) The loan shall provide for repayment of the total amount owed
5 in periodic installments. The required repayment of the principal
6 amount of the loan and any interest on the loan begins 120 days after
7 the date of enrollment of the student, and shall provide for repayment
8 of the total amount owed in periodic installments in not more than one
9 year from the commencement of repayment. Notwithstanding this subsec-
10 tion, a student may at his option make payments earlier than this
11 subsection requires.

12 (c) Security may not be required for a loan; however, as a condi-
13 tion of a loan, the committee shall require the applicant to pay attor-
14 ney fees and costs of court if either or both are incurred in collection
15 of the amount owed on the loan.

16 (d) If a loan is in default, the committee shall notify the
17 student that repayment of the remaining balance is accelerated and due
18 by sending the student a notice by registered or certified mail.

19 (e) In case of hardship, the committee may extend repayment of a
20 loan for an additional period of up to five years in increments no
21 longer than six months each.

22 Sec. 14.40.795. DEFINITIONS. In AS 14.40.777 - 14.40.795,

23 (1) "fund" means the part-time student revolving loan fund;

24 (2) "loan" means a loan to a part-time student;

25 (3) "part-time student" means a student who is enrolled and
26 is in regular attendance at classes

27 (A) for less than the semester hours of credit required
28 for full-time student status under AS 14.40.806(2) during the
29 semester; or

1 (B) during a summer session;

2 (4) "resident" means a person domiciled in the state who has
3 resided in the state for at least one year at the time he applies for
4 the loan.

5 * Sec. 2. AS 14.40.751(a) is amended to read:

6 (a) There is created a scholarship revolving loan fund. The fund
7 shall be used to make scholarship loans to students selected under
8 AS 14.40.751 - 14.40.771 [AS 14.40.751 - 14.40.806]. All repayments of
9 principal and interest on scholarship loans shall be paid into the
10 scholarship revolving loan fund and shall be used to make new scholar-
11 ship loans. If estimated funds available from scholarship loan repay-
12 ments are inadequate to fully fund estimated scholarship loans for any
13 fiscal year, additional funding from the general fund may be requested
14 and appropriated for that year.

15 * Sec. 3. AS 14.40.753(a) is amended to read:

16 (a) The student financial aid committee is composed of the members
17 of the Alaska Commission on Postsecondary Education. The commission
18 may delegate its functions under AS 14.40.751 - 14.40.806 to a committee
19 of its members, with augmented membership as the commission considers
20 appropriate. The executive officer of the commission is the executive
21 secretary of the committee. The Alaska Commission on Postsecondary
22 Education shall administer the scholarship loan program established by
23 AS 14.40.751 - 14.40.771 and the part-time student loan program estab-
24 lished by AS 14.40.777 - 14.40.795 [AS 14.40.751 - 14.40.806].

25 * Sec. 4. AS 14.40.755 is amended to read:

26 Sec. 14.40.755. APPLICATIONS. (a) An application for a scholar-
27 ship loan [APPLICATIONS] shall be submitted to the executive secretary
28 of the committee.

29 (b) A person whose scholarship loan [OR GRANT] application is not

1 recommended or presented to the committee by the executive secretary
2 may appeal to the committee through the chairman of the committee and
3 the committee shall consider the application.

4 * Sec. 5. AS 14.40.757 is amended to read:

5 Sec. 14.40.757. ADMINISTRATION OF PROGRAM. The executive secre-
6 tary shall administer the scholarship loan program [PROGRAMS] subject
7 to review by the committee and in accordance with the regulations
8 prescribed by the committee. The adoption [PROMULGATION] of these
9 regulations is subject to the Administrative Procedure Act (AS 44.62),
10 and a summary of the regulations shall be distributed to each applicant.

11 * Sec. 6. AS 14.40.759 is amended to read:

12 Sec. 14.40.759. UNDERGRADUATE LOANS. The committee may make a
13 scholarship loan, not to exceed \$3,000 in any one school year, to an
14 undergraduate student eligible under AS 14.40.765.

15 * Sec. 7. AS 14.40.761 is amended to read:

16 Sec. 14.40.761. GRADUATE LOANS. The committee may make a
17 scholarship loan, not to exceed \$5,000 in any one school year, to a
18 graduate student who is eligible under AS 14.40.765 and is pursuing an
19 advanced degree.

20 * Sec. 8. AS 14.40.763(b) is amended to read:

21 (b) A scholarship loan [THE LOANS] may only be used to attend a
22 career education program or a college or university approved by the
23 commission, and, if the scholarship loan is [LOANS ARE] federally
24 insured, by the United States Department [COMMISSIONER] of Education.

25 * Sec. 9. AS 14.40.763(c) is amended to read:

26 (c) To maintain a scholarship loan the student must continue to
27 be enrolled as a full-time student in good standing in a career educa-
28 tion program, college or university designated under (b) of this sec-
29 tion.

1 * Sec. 10. AS 14.40.763(e) is amended to read:

2 (e) A scholarship loan is [LOANS ARE] interest bearing while a
3 student is enrolled under (c) of this section or is receiving a defer-
4 ment of payments under (k) of this section; however, a student is
5 entitled to have a portion of the interest paid on his behalf and for
6 his account in accordance with (l) of this section.

7 * Sec. 11. AS 14.40.763(f) is amended to read:

8 (f) Interest on a scholarship loan given under AS 14.40.751 -
9 14.40.771 [AS 14.40.751 - 14.40.806] is at the rate of five percent a
10 year.

11 * Sec. 12. AS 14.40.763(g) is amended to read:

12 (g) The required repayment of the principal amount of a scholar-
13 ship [THE] loan and any interest on the scholarship loan begins no
14 earlier than nine months nor later than one year after the student
15 terminates his studies. The scholarship loan shall provide for repay-
16 ment of the total amount owed in periodic installments in not less than
17 five nor more than 10 years from the commencement of repayment or more
18 than 15 years from the date of execution of the original promissory
19 note evidencing the disbursement of the scholarship loan, except as
20 provided for in (k) and (m) of this section. Notwithstanding the
21 provisions of this subsection, a student may at his option make pay-
22 ments earlier than this subsection requires.

23 * Sec. 13. AS 14.40.763(h) is amended to read:

24 (h) Security may not be required for a scholarship loan [THE
25 LOANS]; however, provision shall be made for payment of attorney fees
26 and costs of court if either or both are incurred in collection of the
27 amount owed on the scholarship loan.

28 * Sec. 14. AS 14.40.763(i) is amended to read:

29 (i) If a scholarship loan is in default, the commission may

1 notify the student that repayment of the remaining balance is acceler-
2 ated and due by sending the student a notice by registered or certified
3 mail.

4 * Sec. 15. AS 14.40.763(j) is amended to read:

5 (j) A portion of a scholarship loan shall be paid on behalf of
6 the borrower by the state if, upon completion of the course of study
7 for which the scholarship loan was granted, the borrower spends at
8 least three years employed in the state. The portion of the scholar-
9 ship loan which shall be paid by the state shall be the following
10 percentages of the total loan received plus interest for up to a total
11 of 40 percent:

12 (1) two -- three years residency, 10 percent;

13 (2) three -- four years residency, an additional 10 percent;

14 (3) four -- five years residency, an additional 10 percent;

15 (4) over five years residency, an additional 10 percent.

16 * Sec. 16. AS 14.40.763(m) is amended to read:

17 (m) In case of hardship, the committee may extend repayment of a
18 scholarship loan for an additional period of up to five years in incre-
19 ments no longer than six months each, within the 15-year requirement of
20 (g) of this section.

21 * Sec. 17. AS 14.40.763(n) is amended to read:

22 (n) Each year spent attending a college or university in Alaska
23 qualifies as a year of employment and residency under (j) of this
24 section, if the borrower resides no less than three years in Alaska
25 after completion of the course for which the scholarship loan was
26 granted, and has a total Alaskan residency of 10 years time.

27 * Sec. 18. AS 14.40.767 is amended to read:

28 Sec. 14.40.767. SELECTION CRITERIA. (a) The selection committee
29 shall grant scholarship loans based on total point accumulations under

1 this subsection with priority going to those applicants with the highest
2 point accumulations, except as provided in (b) of this section for
3 scholarship loan applications completed before May 15 of each year.
4 Points shall be awarded to applicants based upon student status and
5 continuous Alaskan residency, according to the following schedule:

6 (1) student status:

- 7 (A) continuing undergraduate and graduate students with
8 existing Alaska scholarship loans..... 4 points
9 (B) continuing undergraduate and graduate students
10 without existing Alaska scholarship loans..... 3 points
11 (C) freshmen..... 2 points
12 (D) new graduate students without existing Alaska
13 scholarship loans..... 1 point

14 (2) continuous Alaskan residency:

- 15 (A) students with continuous Alaskan residency of 10
16 years or more..... 3 points
17 (B) students with continuous Alaskan residency of at
18 least 5 years and less than 10 years..... 2 points
19 (C) students with continuous Alaskan residency of more
20 than 2 years and less than 5 years..... 1 point

21 (3) students attending Alaska colleges or universities
22 1 point

23 (b) In awarding scholarship loans, the selection committee shall
24 award scholarship loans to applicants based upon the earliest date of
25 completed applications if

26 (1) the applicant has accumulated at least 5 points under
27 (a) of this section; and

28 (2) the applicant has filed a completed application not
29 later than May 15 of the year for which the scholarship loan is re-

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* Sec. 19. AS 14.40.769 is amended to read:

Sec. 14.40.769. DISCRIMINATION PROHIBITED. The student loan programs established in AS 14.40.751 - 14.40.806 [PROGRAM] shall be carried out without regard to the race, creed, sex, color, ancestry, national origin, or membership in fraternal or political organizations of the student applying for a [THE] loan.

* Sec. 20. AS 14.40.806(4) is amended to read:

(4) "resident" means a person domiciled in Alaska who has resided in Alaska for at least two years before an application for a scholarship [GRANT OR] loan is made under AS 14.40.751 - 14.40.771 [AS 14.40.751 - 14.40.806];

* Sec. 21. AS 14.40.806 is amended by adding a new paragraph to read:

(9) "scholarship loan" means a loan to a student under AS 14.40.751 - 14.40.771.

* Sec. 22. AS 14.40.806(3) is repealed.

* Sec. 23. This Act takes effect July 1, 1981.