

LEG. FINANCE - BILLS 1981 - 1982 1627/627
SB 141 cont. - CSSB 145

fare, along with the ability to earn a livelihood and engage in licensed professions, the right to govern is reserved to citizens.

Id. at 293. Foley, then, stands for a limited exception to the general strict scrutiny standard, and this exception will apply only in cases involving state regulation of one of the basic functions of government.

In the closest case on point, Nyquist v. Mauclet, supra, the Court struck down a New York Statute which barred resident aliens from state financial assistance for higher education. While Nyquist was a 5 to 4 decision, I believe that it would be followed and your proposal as applied to resident aliens would be struck down. Even though Nyquist is factually distinguishable, its holding is on point. The New York statute indirectly barred a resident alien from seeking higher education, i.e., he could not secure a state loan to pursue his education. Similarly, your proposal would indirectly bar a resident alien from pursuing his livelihood, i.e., he could not obtain a state loan from the fishery product revolving loan fund. Moreover, loans to fishermen could hardly be characterized as a "basic governmental function" such as holding public office. Therefore, such loans would not fit within the one recognized exception to the general rule of strict scrutiny for classifications based on alienage.

Your proposal as applied to non-resident aliens would pass constitutional muster for two reasons. First, although this area of the law is unsettled, judicial review of classifications discriminating against non-resident aliens seems to be lower than strict scrutiny. Second, the Supreme Court's cases have often emphasized that resident aliens live in American communities, must obey our laws, pay taxes, serve in the armed forces, and have made significant contributions to our country. It is the burdens which resident aliens bear along with citizens that makes discriminations against resident aliens irrational. Resident aliens are in many respects just like citizens, and classifications which disadvantage them will usually be subjected to strict judicial scrutiny. However the philosophical and legal support for this doctrine is absent when a case involves a non-resident alien.

Senator Bob Mulcahy
Page 4
March 3, 1981

In summary then, if your proposal includes resident aliens, it probably would be struck down. If your proposal includes only non-resident aliens, then most likely it would survive an equal protection attack.

BMT:ljb

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5
JUNEAU, ALASKA 99811
PHONE: (907) 465-2300

February 27, 1981

The Honorable Bob Mulcahy
Senate Resources Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Re: SB 140 and 141 (fish pack loans)

Dear Senator Mulcahy:

This is in response to the questions that came up during my testimony on these bills before your subcommittee.

1. Loans for inventory, not working capital. It is definitely the Governor's intent that these loans would be made to finance fish pack inventories and not to provide processors with working capital loans. As an artifact of being transformed to proper legal style, my draft references to "fish pack loans" were deleted and the present ambiguity as to intent resulted. To restore clarity, I would suggest the following amendments to the version of the bill as introduced:

p. 1, lines 15-16: "located in Alaska and which are used to finance such processors' inventories of canned, frozen or processed [PROCESSING OF] fishery products from Alaskan fisheries."

2. When loans are to be made and funded. It is our intent to use the contractual power proposed in AS 44.25.050(3) to make commitments to participate in pack financings before the fish are bought and processed. However, since the financing would be to finance only the pack or inventory (see comment 1), the execution of such commitments and the actual funding would take place only after the inventory is in existence. Funds for starting up at the beginning of the season would be from a processor's working capital and, hence, could not be advanced under this loan program.

3. Term of the loans. The Committee expressed concern that if there is no clear statutory limit to the term of the loans, processors may attempt to sell last the inventory collateralizing the loan fund's participation in order to prolong or take advantage of the lower interest rate. This

concern will be taken care of by the fact that a participation in a loan will be purchased, rather than a separate loan be made from the loan fund. The fund will be a partner in a fish pack loan, together with the banks or other financial institutions that are participating in the loan. All participants in the loan would have pro-rata, undivided interests in the collateral, and therefore, it would not be possible for a processor to pay off his higher-interest bank participations in the loan while stretching out the State's lower-interest participation.

As I testified, rigidly limiting the term of a loan to one year is unrealistic. True, in good years all the processors can work down their inventories and pay off the loan within 12 months, but good years don't come every year and it is not uncommon for a processor to need more time than that to get squared away. Our leverage over the processor is not so much that we can declare him in default and jerk the loan out from under him, as it is that we can refuse to help finance the current year's pack for him until the last year's pack loan is all cleaned up. This is much more meaningful economic power than the threat of foreclosing on an inventory that the processor would probably have been having trouble with.

I therefore recommend that line 15 on page 2 of the original bill be deleted and the following subsections renumbered accordingly.

4. Collateral. The loans will be for fish pack and will be secured by the pack and the receivables arising from the pack. Fluctuations in the market price for fish products might suddenly lower the value of the pack so that the loan it secures then represents more than 75 percent of the pack's value. What happens then? Literally under the statute, the loan would no longer be one in which we could legally participate. We would be forced to declare a default and foreclose on the loan, thereby acquiring a lot of fish products in the middle of a bad market for fish product.

The large banks that will be originating and participating in many of these loans -- the Rainiers, the Sea Firsts and the like -- know all about this business and aren't about to let themselves lose a lot of money at it. It seems to me, then, that it would be wise to share ratably in the collateral that they themselves are willing to accept, instead of hoping to protect ourselves by a fixed loan-to-value ratio that may quickly become unrealistic as the market changes. Accordingly, I suggest the following amendment to the original bill:

p. 2 lines 16-18: "(3) the state participation must be ratably secured on at least an equal basis as the participations of all other participants in the loan, which must be secured by a pledge of the fish processor's inventory being financed by the loan or the accounts receivable arising from that inventory [OF THE FISH PROCESSOR] or by other collateral acceptable to all participants in the loan [AND MAY NOT EXCEED 75 PERCENT OF THE APPRAISED VALUE OF THE COLLATERAL TAKEN AS SECURITY];"

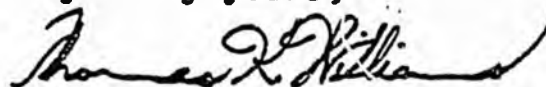
5. Definition of "facilities located in Alaska", which determines eligibility. The committee expressed concern about the meaning of this term, particularly whether floating processors in the three-mile limit would qualify. Certainly under the present wording of the bill they could be construed as being facilities located in Alaska, and we would adopt a regulation to that effect unless the Legislature shows an intent to the contrary. However, it would be a matter of administrative discretion, and the policy taken now could be reversed in the future. Thus, if you wish to ensure that floating processors will qualify for these fish pack loans, you might add the following definition to proposed AS 44.25.065 on page 3 of the bill:

"facilities located in Alaska" means facilities at which fisheries products are canned, frozen or otherwise processed for inventory and includes such facilities both onshore and offshore, provided that the floating facilities are registered with the State of Alaska or the U.S. Coast Guard and operate within the three-mile limit or within historic bays and inland waters of the State of Alaska.

Let me conclude this letter by assuring you that I do not intend to set up a poorly run loan program if this bill passes. Safeguarding the integrity of the program while meeting the public need is the goal. This will not mean that every processor gets financing under this program, but at the same time no processor with facilities in Alaska will automatically

be excluded. Decisions will be made on a case-by-case basis. The processor will first go to a financial institution or CFAB, which will originate and participate in the loan. The originator will be free to agree to commit to a participation or to decline it. If it agrees, the originator will invite us to participate, and we will in turn apply our independent judgment in deciding whether or not to make a commitment. The terms and conditions, the safeguards and protections, the duties and obligations will all be spelled out in great detail in the loan agreements, which we can and will insist on being to our satisfaction before we agree to participate. It is important that the statute preserve administrative flexibility to adapt, if appropriate, to the particular circumstances of the individual borrower. This bill, with the changes I have suggested, would provide a skeleton to support the program, and we will do our best to flesh it out into a healthy program.

Very truly yours,



Thomas K. Williams
Commissioner of Revenue

TKW:mll

cc: Senator Eliason
Senator Gilman

I. REQUEST

Bill/Resolution No. _____

Title An Act establishing a fish pack revolving loan fund.

Requested by _____

Date _____

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Revenue Collection and Management

BRU, Program, or Subprogram(s) Affected Treasury Management

(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	13.1	52.2	57.4	63.2	69.5	76.4
200 TRAVEL	3.0	12.0	13.2	14.5	16.0	17.6
300 CONTRACTUAL	2.0	2.0	2.2	2.4	2.7	2.9
400 COMMODITIES	.2	.3	.3	.4	.4	.5
500 EQUIPMENT	2.0					
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	20.3	66.5	73.1	80.5	88.6	97.4

FUNDING (Thousands of Dollars)

	20.3	66.5	73.1	80.5	88.6	97.4
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	1	1	1	1	1	1
FULL TIME						
PART TIME						
TEMPORARY						

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

Above includes salary and benefits for State Investment Officer II. Travel cost due to nature of fishing business and review requirements for loans. Contractual expenditures for advertising for regulations, etc. Equipment for State Investment Officer.

Costs shown in FY 81 are for a three month period assuming the bill would pass by March 31. If not effective until new fiscal year, equipment costs should be moved to FY 82.

Above is predicated on use of Alaska financial institutions as seller-servicer.

Anselm C. Staack

IV. DATE January 26, 1981

PREPARED BY Anselm C. Staack, Treasury Comptroller

AGENCY Dept. of Revenue/Treasury Division

PHONE 465-2351

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

1	POSITION TITLE State Investment Officer II				RANGE/STEP 22A	BARG. UNIT. X	LOCATION Juneau	GOV.	APPROV.	DISTR.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE		ORG.		

3	TYPE OF EXPENDITURE	AMOUNT
	1	2
4	PERSONAL SERVICES: SALARY 3,494 x 12	41,928
6	BENEFITS 41,928 x .1533	6,428
8	FICA SBP	2,004
7	HEALTH INS. Mo. Fix. 12x150	1,800
8	TOTAL PERSONAL SERVICES 01	52,160
9	TRAVEL 02	12,000
10	CONTRACTUAL 03	2,000
11	COMMODITIES 04	300
12	EQUIPMENT 05	2,000
13	OTHER	
14	TOTAL COST	68,460

JUSTIFICATION:

Necessary to implement and monitor new Fish Pack Revolving Loan Fund.

Investment Officer will review and screen loan applications. Analyzes overall value and security and approves loan for purchase/participation. Confer with affected agencies and institutions to maintain smooth revolving loan program. Works with Alaska financial institutions for participations.

	CODE	FUNDING SOURCE	
16		FED RCPTS. 1007	
16		GF MATCH. 1001	
17		GEN. FUND 1004	68,460
18		I-A RCPTS. 1005	
19		PGM RCPTS 1008	
20		OTHER	

21 CONTINUATION

22 ADDITION XX FOR B&M USE ONLY

AA KEY NUMBER _____ COLUMN NO. _____

AGENCY Department of Revenue PROGRAM Revenue Collection and Management

BRU Treasury Management

COMPONENT _____

13 REQUEST FOR NEW POSITION.

FY 82

WOULD YOU TAKE THIS TO THE SENATE HEARINGS THIS MORNING AND
READ IT FOR ME CONCERNING HB 140.

STATEMENT

SB #140

GENTLEMEN:

MY NAME IS THOMAS THOMPSON I AM PRESIDENT AND SOLE OWNER OF
SITKA SOUND SEAFOODS, INC., LOCATED IN SITKA, ALASKA, AND INCOR-
PORATED IN THE STATE OF ALASKA. I EMPLOY FROM 25 TO 100 WORKERS
IN A NORMAL YEAR, AND THE MAJORITY LIVE IN SITKA. I PURCHASE
SEAFOOD PRODUCTS FROM WASHINGTON AND ALASKAN FISHERMEN AND DEAL IN
CRAB, HERRING, HALIBUT, SABLEFISH, MISCELLANEOUS BOTTOM FISH,
TROLL SALMON, SEA URCHINS, ABALONE AND SALMON.

PLANT PRODUCED APPROXIMATELY 4,700,000 POUNDS OF PRODUCT DURING
1980 WITH A VALUE OF \$4,229,378. ~~RNPVENPPP~~ POUNDS WERE TERMED
DEVELOPED SPECIES. 667,814 UNDEVELOPED SPECIES. THE VALUE STATED
IS TO THE FISHERMEN. THE VOLUME OF FISH PRODUCTS LANDED AT THIS
PLANT WAS FROM THE FOLLOWING:

Individual Boats

TROLLERS	585
HALIBUT/SABLE	165
SALMON SEINED	18
ROE/BAIT HERRING	6
BOTTOM FISH	231
OTHER	7
	781 TOTAL

THIS MEANS THAT WITH AN AVERAGE OF TWO PERSONS PER BOAT WE HAD
1,700 INDIVIDUALS INVOLVED FISHING OUT OF SITKA.

I URGE PASSAGE OF HB 140, FOR IT IS GETTING INCREASINGLY DIFFICULT
FOR SEAFOOD COMPANIES TO OBTAIN BANK FINANCING, CAUSED BY THE RATHER
POOR PERFORMANCE OF MANY DURING THE PAST TWO YEARS. THE
REASON FOR THE POOR PERFORMANCE WAS SOMEWHAT CAUSED BY MANAGEMENT,
BUT MAINLY BECAUSE OF THE HIGH COST OF ENERGY WHICH HAS TRIPLED
IN THE PAST FEW YEARS PER POUND, THE HIGH INTEREST FORCED ON THEM,
SOMETIMES REACHING 24 PERCENT, WHICH MAKES THE INVESTMENT IN
FISHERIES PRODUCTS ALMOST PROHIBITIVE IF AN INVENTORY HAS TO BE
HELD FOR ANY LENGTH OF TIME. THE GENERAL ECONOMY OF THE U.S. AND
MOST OF THE WORLD HAS BEEN BAD AND WE HAVE EXPERIENCED
A SEVERE RELUCTANCE ON THE PART OF OUR CUSTOMERS TO STOCK ANY LARGE
AMOUNT OF PRODUCT. I AM SURE THE HIGH INTEREST RATE THEY MUST PAY
IS THE MAIN REASON FOR SLOW SALES.

I FEEL THAT COMPANIES SUCH AS MINE MUST STRIVE TO OPERATE IN A MANNER
SO WE CAN ENSURE THE JOBS OF OUR EMPLOYEES, AND ALSO TO MAKE CERTAIN
THAT THE MANY PEOPLE MAKING THEIR LIVING FROM THE SEA CAN CONTINUE
TO HAVE A REALISTIC INCOME TO COVER THE HIGH INVESTMENTS MADE.

I AM CERTAIN THAT THE PASSAGE OF THIS BILL WILL BE OF BENEFIT TO ALL
OF US IN FISHERIES, BOTH PROCESSOR AND FISHERMAN, AND ASK THAT IT BE
GIVEN YOUR SERIOUS CONSIDERATION AS SOON AS POSSIBLE. WE ARE ALREADY
INTO THE RECEIVING SEASON IN MANY AREAS, AND MANY ARE HAVING
DIFFICULTIES IN OBTAINING PACK FINANCE.

IF PASSED, I ENCOURAGE THE LANGUAGE OF THE BILL WILL PROVIDE FOR
SERIOUS POLICING OF THE FUNDS, AND THAT CAN BE BEST EFFECTED BY
THE LEGITIMATE BANKS HANDLING THE COLLATERAL TRANSACTIONS.

THANK YOU FOR YOUR TIME AND ATTENTION, AND FEEL FREE TO
CALL ON ME IF THERE IS FURTHER INFORMATION THAT MAY BE OF ASSISTANCE
IN MAKING THIS IMPORTANT DECISION.

T. E. THOMPSON, PRESIDENT
SITKA SOUND SEAFOODS, INC.

IN THE SECOND PARAGRAPH THE VALUE FOR 1980 SHOULD READ \$4,299,378,
AND THE POUNDS TERMED DEVELOPED SHOULD READ 4,073,000.

THANKS

Cook

Original sponsor: Rules/Governor

Funding Information

General Fund	\$40,000,000
Other Funds	-0-
	<u>\$40,000,000</u>

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 141 (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 a special appropriation to the Depart-
7 ment of Revenue for loan guarantees for commercial
8 fish purchasers; and providing for an effective date."

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

10 * Section 1. The sum of \$40,000,000 is appropriated from the general
11 fund to the Department of Revenue, 1981 fish processing loan guarantee
12 account, to provide guarantees for loans made to commercial fish purchasers.

13 * Sec. 2. The unexpended and unobligated portion of the appropriation
14 made by this Act lapses into the general fund June 30, 1982.

15 * Sec. 3. This Act takes effect on the effective date of a version of an
16 Act entitled "An Act relating to loans and loan guarantees for commercial
17 fish processors and purchasers and establishing a fishery product revolving
18 loan fund; and providing for an effective date."

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Original sponsor: Rules/Governor

Funding Information
General Fund \$40,000,000
Other Funds -0-
\$40,000,000

Offered: 5/1/81
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

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CS FOR SENATE BILL NO. 141 (Finance)

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

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For an Act entitled: "An Act making a special appropriation to the Department of Revenue for loan guarantees for commercial fish purchasers; and providing for an effective date."

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

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* Section 1. The sum of \$40,000,000 is appropriated from the general fund to the Department of Revenue, fish processing loan guarantee account, (~~sec. 2(e), ch. 32, SLA 1980~~) to provide guarantees for loans made to commercial fish purchasers.

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* Sec. 2. The unexpended and unobligated portion of the appropriation made by this Act lapses into the general fund June 30, 1982.

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* Sec. 3. This Act takes effect on the effective date of a version of an Act entitled "An Act establishing a fishery product revolving loan fund and providing for loans and loan guarantees for commercial fish purchasers; and providing for an effective date."

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Original sponsor: Rules/Governor

<u>Funding Information</u>	
General Fund	\$40,000,000
Other Funds	-0-
	<u>\$40,000,000</u>

Offered: 5/1/81
Referred: Rules

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 141 (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 a special appropriation to the Depart-
7 ment of Revenue for loan guarantees for commercial
8 fish purchasers; and providing for an effective date."

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

10 * Section 1. The sum of \$40,000,000 is appropriated from the general
11 fund to the Department of Revenue, fish processing loan guarantee account,
12 (sec. 2(c), ch. 32, SLA 1980) to provide guarantees for loans made to commer-
13 cial fish purchasers.

14 * Sec. 2. The unexpended and unobligated portion of the appropriation
15 made by this Act lapses into the general fund June 30, 1982.

16 * Sec. 3. This Act takes effect on the effective date of a version of an
17 Act entitled "An Act establishing a fishery product revolving loan fund and
18 providing for loans and loan guarantees for commercial fish purchasers; and
19 providing for an effective date."
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Alaska State Legislature

Senate

JUNEAU, ALASKA

RESOURCES SUBCOMMITTEE ON FISHERIES

March 4, 1981

TO: Senator Bettye Fahrenkamp, Chairman
Senate Resources Committee

FROM: Senate Resources Subcommittee on Fisheries

SUBJ: SB 141 "An Act making a special appropriation to
the Fishery Product Revolving Loan Fund"

The subcommittee has taken testimony and reports SB 141 back to the committee as a whole with the following recommendations.

Members.	Recommendation
Senator Mulcahy <u>Bob Mulcahy</u>	<u>Do Pass</u>
Senator Eliason <u>Paul Eliason</u>	<u>Do Pass</u>
Senator Gilman <u>Don Gilman</u>	<u>Do Pass</u>

Funding information
General Fund \$100,000,000
Other Funds -0-
\$100,000,000

Introduced: 2/3/81
Referred: Resources and
Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 141

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the fishery
7 product revolving loan fund; 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 \$100,000,000 is appropriated from the general
11 fund to the Department of Revenue, fishery product revolving loan fund, for
12 the purposes of implementing AS 44.25.040 -- 44.25.065.

13 * Sec. 2. The appropriation made in sec. 1 of this Act is not a one-year
14 appropriation and does not lapse under AS 37.25.010.

15 * Sec. 3. This Act takes effect upon the effective date of a version of
16 a bill entitled, "An Act establishing a fishery product revolving loan fund;
17 and providing for an effective date."

Alaska State Legislature

BETTYE FAHRENKAMP, CHAIRMAN
VIC FISCHER, VICE-CHAIRMAN
BRAD BRADLEY
DICK ELIASON
DON GILMAN
BOB MULCAHY
ARLISS STURGOLEWSKI



POUCH V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 485-3034
(907) 485-3035

Senate

Committee on Resources

MEMORANDUM

TO: SENATE RESOURCE COMMITTEE MEMBERS

FROM: JIM PALMER
SENATE RESOURCES COMMITTEE STAFF

RE: CSSB 140 "AN ACT ESTABLISHING A FISHERY PRODUCT REVOLVING LOAN FUND."
SB 141 "AN ACT MAKING A SPECIAL APPROPRIATION TO THE FISHERY PRODUCT
REVOLVING LOAN FUND."
SCR 12 "A RESOLUTION RELATING TO HAND TROLLING."

DATE: MARCH 5, 1981

The Subcommittee on Fisheries, chaired by Senator Mulcahy, has passed out of subcommittee CSSB 140, SB 141 and SCR 12.

These three measures have been scheduled for full committee consideration on Friday, March 13.

Attached are some informational materials relative to these bills.

- (1) copy of subcommittee substitute for SB 140.
- (2) a February 27 letter to Senator Mulcahy from the Department of Revenue on SB 140 and 141.
- (3) a memorandum from Legislative Affairs Agency on the constitutionality of precluding fish processors who are 80% or more owned by foreign nationals from obtaining fishery product loans under SB140. This memorandum was dated March 3 and was directed to Senator Mulcahy.
- (4) a memorandum to Senator Mulcahy dated March 4 on the constitutionality of giving first priority in the award of fishery loans to Alaskans.
- (5) fiscal note prepared for SB 140 by the Dept. of Revenue.

I also understand that the subcommittee will be preparing a letter of intent to accompany CSSB 140.

STATE OF ALASKA
THE LEGISLATURE

FOUNDED 1907
ALASKA 1912
1959

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 4, 1981

SUBJECT: Constitutionality of giving first priority in the award of fishery loans to Alaskans. (CSSB 140)

TO: Senator Bob Mulcahy

THROUGH: Joseph A. Guthrie
Legislative Counsel

FROM: Bernie M. Tuggle
Legislative Legal Extern

You have asked whether first priority in the award of fishery loans under CSSB 140 could be given to companies which are owned 50 percent or more by Alaska residents. Your proposal would be subject to attack under the privileges and immunities clause by individuals and to equal protection attack by corporations.

The privileges and immunities clause, Article IV, section 2 says that:

The Citizens of each State shall be entitled to all Privileges and Immunities of Citizens in the several States.

Corporations, however, are not protected under this clause, since they are not citizens. Lynden Transport, Inc. v. State, 532 P.2d 700 (Alaska 1975). Therefore, only individuals could pursue a privileges and immunities challenge against your proposal.

The purpose of the clause is:

To place the citizens of each state upon the same footing with citizens of other states, so far as the advantages resulting from citizenship in those states are concerned.

Paul v. Virginia, 19 L.Ed. 357 (1869). However the clause does not preclude disparity of treatment in situations where there are perfectly valid independent reasons for it. What the clause does bar is discrimination against citizens of other states where there is no substantial reason for the discrimination beyond the mere fact that they are citizens of other states. A substantial reason for the discrimination would not exist unless there is something to indicate that non-citizens constitute a "peculiar source of evil" at which the discriminatory statute is aimed. Tomer v. Witsell, 92 L.Ed. 1460, 1472 (1948). Moreover, even where the presence or activity of non-residents causes or exacerbates the problem the state seeks to remedy, there must be a "reasonable relationship" between the danger posed by noncitizens, as a class, and the discrimination practiced upon them. Id., at 1473. Therefore, the privileges and immunities clause demands a two-step analysis.

First, do non-residents constitute a peculiar source of evil at which your proposal is aimed? I believe that a reasonable and persuasive argument could be made that they do. Alaska has a strong interest in regulating and controlling those things it claims to "own" (the funds for which the fishery loans would derive). Yet while this interest is by no means absolute, Baldwin v. Montana Fish & Game Comm'n, 56 L.Ed.2d 354 (1978), Alaska's ownership of the funds is a crucial factor. Hicklin v. Orbeck, 57 L.Ed.2d 397, 405 (1978). In Hicklin, the Court found that Alaska had "little or no" proprietary interest in much of the activity swept within the ambit of Alaska Hire. Id. On the other hand, under your proposal Alaska does have a significant proprietary interest, e.g., management of loan funds, and development of the fishing industry. Given this state interest in the funds which would be the source of fishery loans, non-Alaskans could be a "peculiar source of evil" if the loan funds were limited, non-Alaskans flocked to the state to get the loans, etc.

Second, is there a reasonable relationship between your proposal and the class at which your proposal is aimed. Again, I would say "yes". Non-Alaskans are not absolutely barred from receiving a loan; they must simply wait in line. I would conclude that your proposal is constitutionally valid as applied to non-Alaskan individuals.

Senator Bob Mulcahy

Page 3

March 4, 1981

Corporations, meanwhile, could mount a Fourteenth Amendment equal protection attack. However your proposal seems valid since it involves no suspect classes and no fundamental rights. Instead, it is an example of the type of socio-economic legislation that warrants a low level rational basis test. Usually, such a test amounts to the judiciary deferring to the legislative judgment.

While the Alaska Supreme Court no longer applies a two-tiered approach to equal protection cases, State v. Erickson, 574 P.2d 1 (Alaska 1978), the result would be the same since there are no fundamental rights or suspect classes involved with your proposal.

In summary, your proposal seems constitutionally valid both in regards to individuals and to corporations.

BMT:JAG:ljb

Enclosures

STATE OF ALASKA
THE LEGISLATURE

POUCH - STATE CAPITOL
JULIAU, ALASKA 99511
907-465-3555

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 3, 1981

SUBJECT: Constitutionality of precluding fish processors
 who are 80 percent or more owned by foreign
 nationals from obtaining fishery product loans
 under SB 140.

TO: Senator Bob Mulcahy

FROM: Joseph A. Guthrie
 Legislative Counsel

JAG

Attached is a memorandum prepared by Bernie M. Tuggle, a
legal extern serving with the Division of Legal Services. I
have reviewed his memorandum and agree with the conclusions
and advice given in it.

JAG:ljb

Attachment

STATE OF ALASKA
THE LEGISLATURE

ALASKA STATE LEGISLATURE
LEGISLATIVE AGENCIES
1979-1981

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 3, 1981

SUBJECT: Constitutionality of precluding fish processors who are 80 percent or more owned by foreign nationals from obtaining fishery product loans under SB 140.

TO: Senator Bob Mulcahy

FROM: Bernie M. Tuggle ^{BT}
 Legislative Legal Extern

You have asked me to explore the constitutionality of precluding fish processors who are 80 percent or more owned by foreign nationals from obtaining loans from the fishery product revolving loan fund which would be created by SB 140. This issue raises Fourteenth Amendment equal protection problems because your proposal would discriminate against persons on the basis of alienage.

As a practical matter, many fish processors would be organized under the corporate form of business. This raises the initial question whether corporations are protected under the equal protection clause. The answer is an unequivocal "yes". Grosjean v. American Press Co., 80 L.Ed. 660 (1936). Therefore, corporations and other types of business organizations receive the same amount of equal protection as individuals.

Traditionally, classifications based on alienage, like those based on nationality, or race, are inherently suspect and subject to the highest judicial scrutiny. Graham v. Richardson, 29 L.Ed.2d 534 (1971). However it is unclear whether strict scrutiny applies to non-resident aliens as well as resident aliens. While the numerous cases which have struck down alienage classifications have all involved resident aliens, Truax v. Raich, 60 L.Ed. 131 (1951); Takahashi v. Fish and Game Comm'n., 92 L.Ed. 1478 (1948); Graham v. Richardson, supra; Sugarman v. Dougall, 37 L.Ed.2d

853 (1973); In re Griffiths, 37 L.Ed.2d 910 (1973); Hampton v. Mow Sun Wong, 48 L.Ed. 495 (1976); Examining Board v. Otero, 49 L.Ed.2d 63 (1977); Nyquist v. Mauclet, 53 L.Ed.2d 63 (1977); the Court has never directly addressed this issue. The lower courts, meanwhile, have split on whether strict scrutiny is the appropriate level of judicial review for laws which discriminate against non-resident aliens. Compare Moreno v. Toll, 489 F.Supp. 658 (D. Md. 1980) with United States v. Tsuda Maru, 429 F.Supp. 519 (D. Alaska 1979).

Matthews v. Diaz, 48 L.Ed.2d 478 (1976) suggests that classifications which discriminate against non-resident aliens are not as suspect as classifications discriminating against resident aliens.

Neither the overnight visitor, the unfriendly agent of a hostile foreign power, the resident diplomat, nor the illegal entrant, can advance even a colorable constitutional claim to a share in the bounty that a conscientious sovereign makes available to its own citizens and some of its guests. (Emphasis in original)

Id. at 490. This possible difference in levels of judicial scrutiny will prove important as discussed below.

Another factor as to whether your proposal would pass constitutional muster would be the characterization of the benefit sought. Here, that benefit would be a fishery product loan. As a general rule, the strict scrutiny approach is applicable to state classifications based on alienage, excepting those dealing with governmental functions, in which case the less stringent rational basis test will be applied. For example in Foley v. Connelie, 55 L.Ed.2d 287 (1978), the Court upheld a New York statute limiting appointment to the state police force to United States citizens by applying a rational basis, rather than a strict scrutiny test. The application of this less demanding standard, however, was clearly limited to alienage classifications in matters involving the state's historical power to exclude aliens from participation in its political institutions. As the Court stated:

The essence of our holdings to date is that although we extend to aliens the right to education and public wel-

fare, along with the ability to earn a livelihood and engage in licensed professions, the right to govern is reserved to citizens.

Id. at 293. Foley, then, stands for a limited exception to the general strict scrutiny standard, and this exception will apply only in cases involving state regulation of one of the basic functions of government.

In the closest case on point, Nyquist v. Mauclet, supra, the Court struck down a New York Statute which barred resident aliens from state financial assistance for higher education. While Nyquist was a 5 to 4 decision, I believe that it would be followed and your proposal as applied to resident aliens would be struck down. Even though Nyquist is factually distinguishable, its holding is on point. The New York statute indirectly barred a resident alien from seeking higher education, i.e., he could not secure a state loan to pursue his education. Similarly, your proposal would indirectly bar a resident alien from pursuing his livelihood, i.e., he could not obtain a state loan from the fishery product revolving loan fund. Moreover, loans to fishermen could hardly be characterized as a "basic governmental function" such as holding public office. Therefore, such loans would not fit within the one recognized exception to the general rule of strict scrutiny for classifications based on alienage.

Your proposal as applied to non-resident aliens would pass constitutional muster for two reasons. First, although this area of the law is unsettled, judicial review of classifications discriminating against non-resident aliens seems to be lower than strict scrutiny. Second, the Supreme Court's cases have often emphasized that resident aliens live in American communities, must obey our laws, pay taxes, serve in the armed forces, and have made significant contributions to our country. It is the burdens which resident aliens bear along with citizens that makes discriminations against resident aliens irrational. Resident aliens are in many respects just like citizens, and classifications which disadvantage them will usually be subjected to strict judicial scrutiny. However the philosophical and legal support for this doctrine is absent when a case involves a non-resident alien.

In summary then, if your proposal includes resident aliens, it probably would be struck down. If your proposal includes only non-resident aliens, then most likely it would survive an equal protection attack.

B:TT:ljb

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5
JUNEAU, ALASKA 99811
PHONE: (907) 465-2300

February 27, 1981

The Honorable Bob Mulcahy
Senate Resources Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Re: SB 140 and 141 (fish pack loans)

Dear Senator Mulcahy:

This is in response to the questions that came up during my testimony on these bills before your subcommittee.

1. Loans for inventory, not working capital. It is definitely the Governor's intent that these loans would be made to finance fish pack inventories and not to provide processors with working capital loans. As an artifact of being transformed to proper legal style, my draft references to "fish pack loans" were deleted and the present ambiguity as to intent resulted. To restore clarity, I would suggest the following amendments to the version of the bill as introduced:

p. 1, lines 15-16: "located in Alaska and which are used to finance such processors' inventories of canned, frozen or processed [PROCESSING OF] fishery products from Alaskan fisheries."

2. When loans are to be made and funded. It is our intent to use the contractual power proposed in AS 44.25.050(3) to make commitments to participate in pack financings before the fish are bought and processed. However, since the financing would be to finance only the pack or inventory (see comment 1), the execution of such commitments and the actual funding would take place only after the inventory is in existence. Funds for starting up at the beginning of the season would be from a processor's working capital and, hence, could not be advanced under this loan program.

3. Term of the loans. The Committee expressed concern that if there is no clear statutory limit to the term of the loans, processors may attempt to sell last the inventory collateralizing the loan fund's participation in order to prolong or take advantage of the lower interest rate. This

concern will be taken care of by the fact that a participation in a loan will be purchased, rather than a separate loan be made from the loan fund. The fund will be a partner in a fish pack loan, together with the banks or other financial institutions that are participating in the loan. All participants in the loan would have pro-rata, undivided interests in the collateral, and therefore, it would not be possible for a processor to pay off his higher-interest bank participations in the loan while stretching out the State's lower-interest participation.

As I testified, rigidly limiting the term of a loan to one year is unrealistic. True, in good years all the processors can work down their inventories and pay off the loan within 12 months, but good years don't come every year and it is not uncommon for a processor to need more time than that to get squared away. Our leverage over the processor is not so much that we can declare him in default and jerk the loan out from under him, as it is that we can refuse to help finance the current year's pack for him until the last year's pack loan is all cleaned up. This is much more meaningful economic power than the threat of foreclosing on an inventory that the processor would probably have been having trouble with.

I therefore recommend that line 15 on page 2 of the original bill be deleted and the following subsections renumbered accordingly.

4. Collateral. The loans will be for fish pack and will be secured by the pack and the receivables arising from the pack. Fluctuations in the market price for fish products might suddenly lower the value of the pack so that the loan it secures then represents more than 75 percent of the pack's value. What happens then? Literally under the statute, the loan would no longer be one in which we could legally participate. We would be forced to declare a default and foreclose on the loan, thereby acquiring a lot of fish products in the middle of a bad market for fish product.

The large banks that will be originating and participating in many of these loans -- the Rainiers, the Sea Firsts and the like -- know all about this business and aren't about to let themselves lose a lot of money at it. It seems to me, then, that it would be wise to share ratably in the collateral that they themselves are willing to accept, instead of hoping to protect ourselves by a fixed loan-to-value ratio that may quickly become unrealistic as the market changes. Accordingly, I suggest the following amendment to the original bill:

p. 2 lines 16-18: "(3) the state participation must be ratably secured on at least an equal basis as the participations of all other participants in the loan, which must be secured by a pledge of the fish processor's inventory being financed by the loan or the accounts receivable arising from that inventory [OF THE FISH PROCESSOR] or by other collateral acceptable to all participants in the loan [AND MAY NOT EXCEED 75 PERCENT OF THE APPRAISED VALUE OF THE COLLATERAL TAKEN AS SECURITY];"

5. Definition of "facilities located in Alaska", which determines eligibility. The committee expressed concern about the meaning of this term, particularly whether floating processors in the three-mile limit would qualify. Certainly under the present wording of the bill they could be construed as being facilities located in Alaska, and we would adopt a regulation to that effect unless the Legislature shows an intent to the contrary. However, it would be a matter of administrative descretion, and the policy taken now could be reversed in the future. Thus, if you wish to ensure that floating processors will qualify for these fish pack loans, you might add the following definition to proposed AS 44.25.065 on page 3 of the bill:

"facilities located in Alaska" means facilities at which fisheries products are canned, frozen or otherwise processed for inventory and includes such facilities both onshore and offshore, provided that the floating facilities are registered with the State of Alaska or the U.S. Coast Guard and operate within the three-mile limit or within historic bays and inland waters of the State of Alaska.

Let me conclude this letter by assuring you that I do not intend to set up a poorly run loan program if this bill passes. Safeguarding the integrity of the program while meeting the public need is the goal. This will not mean that every processor gets financing under this program, but at the same time no processor with facilities in Alaska will automatically

be excluded. Decisions will be made on a case-by-case basis. The processor will first go to a financial institution or CFAB, which will originate and participate in the loan. The originator will be free to agree to commit to a participation or to decline it. If it agrees, the originator will invite us to participate, and we will in turn apply our independent judgment in deciding whether or not to make a commitment. The terms and conditions, the safeguards and protections, the duties and obligations will all be spelled out in great detail in the loan agreements, which we can and will insist on being to our satisfaction before we agree to participate. It is important that the statute preserve administrative flexibility to adapt, if appropriate, to the particular circumstances of the individual borrower. This bill, with the changes I have suggested, would provide a skeleton to support the program, and we will do our best to flesh it out into a healthy program.

Very truly yours,



Thomas K. Williams
Commissioner of Revenue

TKW:mll

cc: Senator Eliason
Senator Gilman

COMMITTEE REPORT

SENATE

2/4/81

FURTHER: Finance

Date: _____

Mr. President:

The Committee on HEALTH, EDUCATION AND SOCIAL SERVICES has had SB 144

authorizing employees of the Alaska Fed. of Teachers to participate in teachers' retirement system

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 SB 144 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

Tony D. Stinson
Tim Kelly
Charles Ho
V. Fischer

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Charles Ho

CHAIRMAN

Original Sponsor: Rohman By Request

Offered: 2/25/81
Referred: Finance

BY THE HEALTH, EDUCATION
AND SOCIAL SERVICES COMMITTEE

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 144 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the participation of employees of
7 the National Education Association, the Alaska Federa-
8 tion of Teachers, and the Alaska Association of School
9 Boards in the teachers' retirement system; and provid-
10 ing for an effective date."

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

12 * Section 1. AS 14.25.045 is amended to read:

13 Sec. 14.25.045. PARTICIPATION BY [NATIONAL EDUCATION ASSOCIATION]
14 EMPLOYEES OF NATIONAL EDUCATION ASSOCIATION, ALASKA FEDERATION OF TEA-
15 CHERS, AND ALASKA ASSOCIATION OF SCHOOL BOARDS. (a) An employee or
16 former employee of the National Education Association of Alaska, the
17 Alaska Federation of Teachers, or the Alaska Association of School
18 Boards may participate in the retirement fund under this chapter if

19 (1) the employee or former employee possesses or is eligible
20 to possess a teacher certificate under AS 14.20.020; and

21 (2) the employee or former employee [OF THE NATIONAL EDUCA-
22 TION ASSOCIATION OF ALASKA] pays all retroactive contributions required
23 to be made under this chapter;

24 (3) the employee or former employee has or is eligible to
25 have three years of membership service or is eligible to be credited
26 with three years of outside service .

27 (b) For purposes of computing the period of time for which retro-
28 active contributions may be due, an employee or former employee may
29 count employment

1 (1) with the National Education Association of Alaska since
2 July 1, 1956; and

3 (2) with the Alaska Federation of Teachers since January 1,
4 1975;

5 (3) with the Alaska Association of School Boards since Janu-
6 ary 1, 1970.

7 * Sec. 2. AS 14.25.220(38) is amended by adding a new subparagraph to
8 read:

9 (E) an employee or former employee of the National
10 Education Association of Alaska, the Alaska Federation of Teachers
11 or the Alaska Association of School Boards who elects membership
12 under AS 14.25.045;

13 * Sec. 3. Notwithstanding the provisions of AS 14.25.045(a)(3), added by
14 sec. 1 of this Act, an employee or former employee who was participating in
15 the retirement fund under AS 14.25.045 on or before the effective date of
16 this Act may continue to participate without qualifying under AS 14.25.-
17 045(a)(3).

18 * Sec. 4. This Act takes effect July 1, 1981.

20-144

Introduced: 2/4/81
Referred: Health, Education
& Social Services and
Finance

1 IN THE SENATE

BY HOHMAN BY REQUEST

2 SENATE BILL NO. 144

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing employees of the Alaska Federation
7 of Teachers to participate in the teachers' retirement
8 system and amending the definition of 'member' of the
9 teachers' retirement system; and providing for an
10 effective date."

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

12 * Section 1. AS 14.25.045 is amended to read:

13 Sec. 14.25.045. PARTICIPATION BY [NATIONAL EDUCATION ASSOCIATION]
14 EMPLOYEES OF NATIONAL EDUCATION ASSOCIATION AND ALASKA FEDERATION OF
15 TEACHERS. (a) An employee or former employee of the National Education
16 Association of Alaska or the Alaska Federation of Teachers may partici-
17 pate in the retirement fund under this chapter if

18 (1) the employee or former employee possesses or is eligible
19 to possess a teacher certificate under AS 14.20.020; and

20 (2) the employee or former employee [OF THE NATIONAL EDUCA-
21 TION ASSOCIATION OF ALASKA] pays all retroactive contributions required
22 to be made under this chapter.

23 (b) For purposes of computing the period of time for which retro-
24 active contributions may be due, an employee or former employee may
25 count employment

26 (1) with the National Education Association of Alaska since
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6 * Sec. 3. This Act takes effect July 1, 1981.
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STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

POUCH CR
JUNEAU, ALASKA 99811

Ph: 465-4460

February 20, 1981

The Honorable Charles H. Parr
Senator
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Senator Parr:

As requested, I am providing a revised fiscal note to Senate Bill 144 which takes into consideration the additional liability to the Teachers' Retirement System as a result of the proposed amendment to also include the Alaska Association of School Boards in the system.

In my testimony to your committee on February 12, 1981, I stated my reasons for opposition to the bill. I do not believe that the state should be subsidizing the participation of agencies such as the National Education Association, the Alaska Federation of Teachers, or the Alaska Association of School Boards. It is for this reason that I respectfully ask you to consider an additional amendment to the bill which would require these agencies to pay the full cost of participation in the Teachers' Retirement System. That is, the agency would pay the state match in addition to the employer contributions. The employees would, of course, contribute their required portion.

If you agree, I suggest the following language be included in the bill as an additional subparagraph to Section 045:

"(4) the National Education Association, Alaska Federation of Teachers, or Alaska Association of School Boards contributes to the retirement fund an amount equal to two times the amount

Senator Parr.

(2)

February 20, 1981

required under AS 14.25.070. The state shall not make contributions under AS 14.25.080 to the retirement fund for these three employers."

If this language is included, there would be a no cost fiscal note.

Please let me know if you have any questions.

Sincerely,



Paul B. Arnoldt
Director

PBA/dm

Enclosure

cc: Senator Kelly
Senator Stimson

C11/T1

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill No. 144
 Title Authorizing the Alaska Federation of Teachers to Participate in the TRS
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits
 Program Category Affected Labor Services and Elementary & Secondary Education
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-02 (TRS) 02-11-8-02-01-00 (TRS MATCH)
 (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 STATE TRS MATCHING	-0-	2.7	2.9	3.0	3.2	3.4
100 BENEFITS						
TOTAL	-0-	2.7	2.9	3.0	3.2	3.4

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	-0-	2.7	2.9	3.0	3.2	3.4
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS						

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

1. One former employee (M. Peters) and one current employee (G. Kubina) of the Alaska Federation of Teachers (AFT) would currently be affected by this bill.
2. Based upon Attorney General's Opinion dated 10/28/75 (attached), all retroactive contributions for former employee M. Peters and service prior to the effective date of this Act (7/1/81) for G. Kubina must be paid by the AFT or the employee.
3. Our actuary estimates that the cost to the State (TRS State Matching Funds) for subsidizing AFT's participation in TRS (one employee--future service) would be approximately \$2.7 per year increasing at 6% for each year of future service.

Paul B. Arnoldt

IV. DATE 2/12/81 PREPARED BY Paul B. Arnoldt, Director
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Senator Hohman
 Office of the Governor (Keith Specking)

MEMORANDUM

State of Alaska

TO: Robert S. Gates
Director
Division of Retirement
& Benefits


DATE: October 28, 1975

FILE NO:

TELEPHONE NO:

FROM: Avrum M. Gross
Attorney General

SUBJECT: NEA Contributions
to TRS (AS 14.25.045)

By: 
Robert M. Johnson
Assistant Attorney General

You have asked whether the State of Alaska is statutorily obligated to pay a share of the retirement contributions for National Education Association (NEA) employees. The answer is, yes.

AS 14.25.045 extended coverage of Teacher's Retirement System (TRS) to employees of the NEA. The provision calls for retroactive payments of all contributions to TRS by NEA or the employee. However, §045 does not modify the manner of contribution required after participation in TRS commences. In the absence of neither specific statutory language nor a strong showing of legislative intent, the manner of future contributions must be governed by AS 14.25.050, .070 and .080. Section 050 calls for a contribution of 7% of base salary by the "teacher". Sections 070 and 080 provide for equally-shared payments by the "employer" and the State of Alaska of the amount in excess of the teachers' 7% contribution required to support TRS benefits.

AS 14.25.220 defines the operative terms of TRS. However, all definitions in §220 are subject to the phrase "unless the context otherwise requires . . ." Thus, the definition of "teacher" (§220(15)) and "employer" (§220(4)) are not to be read in the narrow out-of-context fashion. Under the required contextual reading of "teacher," "teacher contributions" under §050 means NEA-employee contributions. The broader definition of teacher is further buttressed by the deference given to the TRS administrator's determinations in a "case in doubt." Similarly, because "employer" carries a contextual meaning, §070 "employer contributions" must be read as NEA contributions, even though NEA is not specifically listed as an employer.

While it is clear that NEA as an employer must contribute, NEA's contribution is limited to the amount set in §070. The remaining portion is required to be contributed by the State under §080. No alternative conclusion is apparent in TRS as amended. The presumption that NEA would contribute the total amount required in excess of the teacher's contribution (that is, the sum of §§070 and 080)

Robert S. Gates, Director
Division of Retirement & Benefits

October 28, 1975
- 2 -

was raised during consideration of HB 573 am S (the precursor to the Act granting coverage to NEA employees.) However, the legislature apparently did not accede to that presumption. A plain reading of TRS mandates applicability of §§ 050, 070, and 080. As a result, the State must contribute the same percentage share to the TRS for NEA-employees as for other covered personnel.

RMJ:jf

I. REQUEST

Bill/Resolution No. Proposed CS for Senate Bill 144 (HESS)

Title Participation of NEA, AFT and AASB in The TRS

Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits

Program Category Affected Labor Services and Elementary & Secondary Education

BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-02 (TRS) 02-11-8-02-01-00 (TRS MATCH

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

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100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 STATE TRS MATCHING	-0-	6.3	6.7	7.0	7.5	7.9
100 BENEFITS						
TOTAL	-0-	6.3	6.7	7.0	7.5	7.9

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	-0-	6.3	6.7	7.0	7.5	7.9
FEDERAL FUNDS						
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3. Our actuary estimates that the cost to the State (TRS State Matching Funds) for subsidizing AFT's and AASB's participation in TRS (two employees--future service) would be approximately \$6.3 per year increasing at 6% for each year of future service

IV. DATE 2/20/81 PREPARED BY Paul B. Arnoldt, Director

AGENCY Division of Retirement & Benefits

PHONE 465-4460

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named) Senator Hohman

Office of the Governor (Keith Specking)

ALASKA STATE LEGISLATURE

TWELFTH Legislature FIRST... Session

SENATE BILL NO. 144.....

By HOHMAN BY REQUEST.....

"An Act authorizing employees of the Alaska Federation of Teachers to participate in the teachers' retirement system and amending the definition of 'member' of the teachers' retirement system; and providing for an effective date."

Introduced in the Senate 2/4/19... S1

HISTORY IN THE SENATE

1981		Read first time and referred to Committee on										
2	4	HESS AND Finance										
3	25	Reported back with <i>HESS update</i> recommendation that <i>w/CS - do pass - new title to Finance, new title</i>										
		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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Excused	Excused											
		Reported correctly engrossed Signed by President Sent to House										
SECRETARY OF THE SENATE												

HISTORY IN THE HOUSE

19		Read first time and referred to Committee on										
		Reported back with recommendation that										
		Read second time and										
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Excused	Excused											
		Reconsideration										
		<table border="0"> <tr><td>PASS</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Absent</td><td>Absent</td></tr> <tr><td>Excused</td><td>Excused</td></tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date											
Yeas	Yeas											
Nays	Nays											
Absent	Absent											
Excused	Excused											
		Reported correctly engrossed Signed by Speaker Returned to Senate										
CHIEF CLERK OF THE HOUSE												

HISTORY IN THE SENATE

19		Received from House
		To enrolling
		Reported correctly enrolled
		Sent to Governor
	 by Governor
		Filed with Lt. Governor
		Chapter No.

Introduced: 2/4/81
Referred: Health, Education
& Social Services and
Finance

1 IN THE SENATE

BY HOHMAN BY REQUEST

2 SENATE BILL NO. 144

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing employees of the Alaska Federation
7 of Teachers to participate in the teachers' retirement
8 system and amending the definition of 'member' of the
9 teachers' retirement system; and providing for an
10 effective date."

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

12 * Section 1. AS 14.25.045 is amended to read:

13 Sec. 14.25.045. PARTICIPATION BY [NATIONAL EDUCATION ASSOCIATION]
14 EMPLOYEES OF NATIONAL EDUCATION ASSOCIATION AND ALASKA FEDERATION OF
15 TEACHERS. (a) An employee or former employee of the National Education
16 Association of Alaska or the Alaska Federation of Teachers may partici-
17 pate in the retirement fund under this chapter if

18 (1) the employee or former employee possesses or is eligible
19 to possess a teacher certificate under AS 14.20.020; and

20 (2) the employee or former employee [OF THE NATIONAL EDUCA-
21 TION ASSOCIATION OF ALASKA] pays all retroactive contributions required
22 to be made under this chapter.

23 (b) For purposes of computing the period of time for which retro-
24 active contributions may be due, an employee or former employee may
25 count employment

26 (1) with the National Education Association of Alaska since
27 July 1, 1956; and

28 (2) with the Alaska Federation of Teachers since January 1,
29 1975.

1 * Sec. 2. AS 14.25.220(38) is amended by adding a new subparagraph to
2 read:

3 (E) an employee or former employee of the National
4 Education Association of Alaska or the Alaska Federation of Tea-
5 chers who elects membership under AS 14.25.045;

6 * Sec. 3. This Act takes effect July 1, 1981.
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Original Sponsor: Hohman By Request

Offered: 2/25/81
Referred: Finance

1 IN THE SENATE

BY THE HEALTH, EDUCATION
AND SOCIAL SERVICES COMMITTEE

2

CS FOR SENATE BILL NO. 144 (HESS).

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the participation of employees of
7 the National Education Association, the Alaska Federa-
8 tion of Teachers, and the Alaska Association of School
9 Boards in the teachers' retirement system; and provid-
10 ing for an effective date."

11

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

12

* Section 1. AS 14.25.045 is amended to read:

13

Sec. 14.25.045. PARTICIPATION BY [NATIONAL EDUCATION ASSOCIATION]

14

EMPLOYEES OF NATIONAL EDUCATION ASSOCIATION, ALASKA FEDERATION OF TEA-

15

CHERS, AND ALASKA ASSOCIATION OF SCHOOL BOARDS. (a) An employee or

16

former employee of the National Education Association of Alaska, the

17

Alaska Federation of Teachers, or the Alaska Association of School

18

Boards may participate in the retirement fund under this chapter if

19

(1) the employee or former employee possesses or is eligible
20 to possess a teacher certificate under AS 14.20.020; and

21

(2) the employee or former employee [OF THE NATIONAL EDUCA-
22 TION ASSOCIATION OF ALASKA] pays all retroactive contributions required
23 to be made under this chapter;

24

(3) the employee or former employee has or is eligible to
25 have three years of membership service or is eligible to be credited
26 with three years of outside service .

27

(b) For purposes of computing the period of time for which retro-
28 active contributions may be due, an employee or former employee may
29 count employment

1 (1) with the National Education Association of Alaska since
2 July 1, 1956; and

3 (2) with the Alaska Federation of Teachers since January 1,
4 1975;

5 (3) with the Alaska Association of School Boards since Janu-
6 ary 1, 1970.

7 * Sec. 2. AS 14.25.220(38) is amended by adding a new subparagraph to
8 read:

9 (E) an employee or former employee of the National
10 Education Association of Alaska, the Alaska Federation of Teachers
11 or the Alaska Association of School Boards who elects membership
12 under AS 14.25.045;

13 * Sec. 3. Notwithstanding the provisions of AS 14.25.045(a)(3), added by
14 sec. 1 of this Act, an employee or former employee who was participating in
15 the retirement fund under AS 14.25.045 on or before the effective date of
16 this Act may continue to participate without qualifying under AS 14.25.-
17 045(a)(3).

18 * Sec. 4. 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. Senate Bill No. 144
 Title Authorizing the Alaska Federation of Teachers to Participate in the TRS
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits
 Program Category Affected Labor Services and Elementary & Secondary Education
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-02 (TRS) 02-11-8-02-01-00 (TRS MATCH)
 (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 STATE TRS MATCHING	-0-	2.7	2.9	3.0	3.2	3.4
100 BENEFITS						
TOTAL	-0-	2.7	2.9	3.0	3.2	3.4

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	-0-	2.7	2.9	3.0	3.2	3.4
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS						

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

1. One former employee (M. Peters) and one current employee (G. Kubina) of the Alaska Federation of Teachers (AFT) would currently be affected by this bill.
2. Based upon Attorney General's Opinion dated 10/28/75 (attached), all retroactive contributions for former employee M. Peters and service prior to the effective date of this Act (7/1/81) for G. Kubina must be paid by the AFT or the employee.
3. Our actuary estimates that the cost to the State (TRS State Matching Funds) for subsidizing AFT's participation in TRS (one employee--future service) would be approximately \$2.7 per year increasing at 6% for each year of future service.

Paul B. Arnoldt *JCH*

IV. DATE 2/12/81 PREPARED BY Paul B. Arnoldt, Director
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Senator Hohman
 Office of the Governor (Keith Specking)

MEMORANDUM

State of Alaska

TO: Robert S. Gates
Director
Division of Retirement
& Benefits

DATE: October 28, 1975

FILE NO:

TELEPHONE NO:

FROM: Avrum M. Gross
Attorney General

SUBJECT: NEA Contributions
to TRS (AS 14.25.045)

By: 
Robert M. Johnson
Assistant Attorney General

You have asked whether the State of Alaska is statutorily obligated to pay a share of the retirement contributions for National Education Association (NEA) employees. The answer is, yes.

AS 14.25.045 extended coverage of Teacher's Retirement System (TRS) to employees of the NEA. The provision calls for retroactive payments of all contributions to TRS by NEA or the employee. However, §045 does not modify the manner of contribution required after participation in TRS commences. In the absence of neither specific statutory language nor a strong showing of legislative intent, the manner of future contributions must be governed by AS 14.25.050, .070 and .080. Section 050 calls for a contribution of 7% of base salary by the "teacher". Sections 070 and 080 provide for equally-shared payments by the "employer" and the State of Alaska of the amount in excess of the teachers' 7% contribution required to support TRS benefits.

AS 14.25.220 defines the operative terms of TRS. However, all definitions in §220 are subject to the phrase "unless the context otherwise requires . . ." Thus, the definition of "teacher" (§220(15)) and "employer" (§220(4)) are not to be read in the narrow out-of-context fashion. Under the required contextual reading of "teacher", "teacher contributions" under §050 means NEA-employee contributions. The broader definition of teacher is further buttressed by the deference given to the TRS administrator's determinations in a "case in doubt." Similarly, because "employer" carries a contextual meaning, §070 "employer contributions" must be read as NEA contributions, even though NEA is not specifically listed as an employer.

While it is clear that NEA as an employer must contribute, NEA's contribution is limited to the amount set in §070. The remaining portion is required to be contributed by the State under §080. No alternative conclusion is apparent in TRS as amended. The presumption that NEA would contribute the total amount required in excess of the teacher's contribution (that is, the sum of §§070 and 080)

Robert S. Gates, Director
Division of Retirement & Benefits

October 28, 1975

- 2 -

was raised during consideration of HB 573 am S (the precursor to the Act granting coverage to NEA employees.) However, the legislature apparently did not accede to that presumption. A plain reading of TRS mandates applicability of §§ 050, 070, and 080. As a result, the State must contribute the same percentage share to the TRS for NEA-employees as for other covered personnel.

RMJ:jf

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

POUCH CR
JUNEAU, ALASKA 99811

Ph: 465-4460

February 20, 1981

The Honorable Charles H. Parr
Senator
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Senator Parr:

As requested, I am providing a revised fiscal note to Senate Bill 144 which takes into consideration the additional liability to the Teachers' Retirement System as a result of the proposed amendment to also include the Alaska Association of School Boards in the system.

In my testimony to your committee on February 12, 1981, I stated my reasons for opposition to the bill. I do not believe that the state should be subsidizing the participation of agencies such as the National Education Association, the Alaska Federation of Teachers, or the Alaska Association of School Boards. It is for this reason that I respectfully ask you to consider an additional amendment to the bill which would require these agencies to pay the full cost of participation in the Teachers' Retirement System. That is, the agency would pay the state match in addition to the employer contributions. The employees would, of course, contribute their required portion.

If you agree, I suggest the following language be included in the bill as an additional subparagraph to Section 045:

"(4) the National Education Association, Alaska Federation of Teachers, or Alaska Association of School Boards contributes to the retirement fund an amount equal to two times the amount

Senator Parr.

(2)

February 20, 1981 .

required under AS 14.25.070. The state shall not make contributions under AS 14.25.080 to the retirement fund for these three employers."

If this language is included, there would be a no cost fiscal note.

Please let me know if you have any questions.

Sincerely,



Paul B. Arnoldt
Director

PBA/dm

Enclosure

cc: Senator Kelly
Senator Stimson

C11/T1

FISCAL NOTE

REQUEST

Bill/Resolution No. Senate Bill No. 144

Title Authorizing the Alaska Federation of Teachers to Participate in the TRS

Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits

Program Category Affected Labor Services and Elementary & Secondary Education

BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-02 (TRS) 02-11-8-02-01-00 (TRS MATCH)

(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 STATE TRS MATCHING	-0-	2.7	2.9	3.0	3.2	3.4
100 BENEFITS						
TOTAL	-0-	2.7	2.9	3.0	3.2	3.4

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	-0-	2.7	2.9	3.0	3.2	3.4
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS						

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

1. One former employee (M. Peters) and one current employee (G. Kubina) of the Alaska Federation of Teachers (AFT) would currently be affected by this bill.
2. Based upon Attorney General's Opinion dated 10/28/75 (attached), all retroactive contributions for former employee M. Peters and service prior to the effective date of this Act (7/1/81) for G. Kubina must be paid by the AFT or the employee.
3. Our actuary estimates that the cost to the State (TRS State Matching Funds) for subsidizing AFT's participation in TRS (one employee--future service) would be approximately \$2.7 per year increasing at 6% for each year of future service.

Paul B. Arnoldt

IV. DATE 2/12/81

PREPARED BY _____

Paul B. Arnoldt, Director

AGENCY _____

Division of Retirement & Benefits

PHONE _____

465-4460

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named) Senator Hohman

Office of the Governor (Keith Specking)

MEMORANDUM

State of Alaska

TO: Robert S. Gates
Director
Division of Retirement
& Benefits


DATE: October 28, 1975

FILE NO:

TELEPHONE NO:

FROM: Avrum M. Gross
Attorney General

SUBJECT: NEA Contributions
to TRS (AS 14.25.045)

By: 
Robert M. Johnson
Assistant Attorney General

You have asked whether the State of Alaska is statutorily obligated to pay a share of the retirement contributions for National Education Association (NEA) employees. The answer is, yes.

AS 14.25.045 extended coverage of Teacher's Retirement System (TRS) to employees of the NEA. The provision calls for retroactive payments of all contributions to TRS by NEA or the employee. However, §045 does not modify the manner of contribution required after participation in TRS commences. In the absence of neither specific statutory language nor a strong showing of legislative intent, the manner of future contributions must be governed by AS 14.25.050, .070 and .080. Section 050 calls for a contribution of 7% of base salary by the "teacher". Sections 070 and 080 provide for equally-shared payments by the "employer" and the State of Alaska of the amount in excess of the teachers' 7% contribution required to support TRS benefits.

AS 14.25.220 defines the operative terms of TRS. However, all definitions in §220 are subject to the phrase "unless the context otherwise requires . . ." Thus, the definition of "teacher" (§220(15)) and "employer" (§220(4)) are not to be read in the narrow out-of-context fashion. Under the required contextual reading of "teacher," "teacher contributions" under §050 means NEA-employee contributions. The broader definition of teacher is further buttressed by the deference given to the TRS administrator's determinations in a "case in doubt." Similarly, because "employer" carries a contextual meaning, §070 "employer contributions" must be read as NEA contributions, even though NEA is not specifically listed as an employer.

While it is clear that NEA as an employer must contribute, NEA's contribution is limited to the amount set in §070. The remaining portion is required to be contributed by the State under §080. No alternative conclusion is apparent in TRS as amended. The presumption that NEA would contribute the total amount required in excess of the teacher's contribution (that is, the sum of §§070 and 080)

Robert S. Gates, Director
Division of Retirement & Benefits

October 28, 1975
- 2 -

was raised during consideration of HB 573 am S (the precursor to the Act granting coverage to NEA employees.) However, the legislature apparently did not accede to that presumption. A plain reading of TRS mandates applicability of §§ 050, 070, and 080. As a result, the State must contribute the same percentage share to the TRS for NEA-employees as for other covered personnel.

RMJ:jf

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Proposed CS for Senate Bill 144 (HESS)

Title Participation of NEA, AFT and AASB in The TRS

Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits

Program Category Affected Labor Services and Elementary & Secondary Education

BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-02 (TRS) 02-11-8-02-01-00 (TRS MATCH)

(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 STATE TRS MATCHING	-0-	6.3	6.7	7.0	7.5	7.9
100 BENEFITS						
TOTAL	-0-	6.3	6.7	7.0	7.5	7.9

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	6.3	6.7	7.0	7.5	7.9
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS						

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

- One former employee (M. Peters) and one current employee (G. Kubina) of the Alaska Federation of Teachers (AFT) and one current employee (M. Johnson) of the Alaska Association of School Boards (AASB) would currently be affected by this bill.
- Based upon Attorney General's Opinion dated 10/28/75 (attached), all retro-active contributions for former employee M. Peters and service prior to the effective date of this Act (7/1/81) for G. Kubina must be paid by the AFT or the employee. Prior service for M. Johnson must be paid by the AASB or the employee.
- Our actuary estimates that the cost to the State (TRS State Matching Funds) for subsidizing AFT's and AASB's participation in TRS (two employees--future service) would be approximately \$6.3 per year increasing at 6% for each year of future service

IV. DATE 2/20/81

PREPARED BY Paul B. Arnold, Director
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named) Senator Hohman

Office of the Governor (Keith Specking)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for Senate Bill 144 (HESS)
 Title Participation of NEA, AFT and AASB in The TRS
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits
 Program Category Affected Labor Services and Elementary & Secondary Education
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-02 (TRS) 02-11-8-02-01-00 (TRS MATCH)
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
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300 CONTRACTUAL						
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700 STATE TRS MATCHING	-0-	6.3	6.7	7.0	7.5	7.9
100 BENEFITS						
TOTAL	-0-	6.3	6.7	7.0	7.5	7.9

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	-0-	6.3	6.7	7.0	7.5	7.9
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS						

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

- One former employee (M. Peters) and one current employee (G. Kubina) of the Alaska Federation of Teachers (AFT) and one current employee (M. Johnson) of the Alaska Association of School Boards (AASB) would currently be affected by this bill.
- Based upon Attorney General's Opinion dated 10/28/75 (attached), all retro-active contributions for former employee M. Peters and service prior to the effective date of this Act (7/1/81) for G. Kubina must be paid by the AFT or the employee. Prior service for M. Johnson must be paid by the AASB or the employee.
- Our actuary estimates that the cost to the State (TRS State Matching Funds) for subsidizing AFT's and AASB's participation in TRS (two employees--future service) would be approximately \$6.3 per year increasing at 6% for each year of future service

Paul B. Arnoldt 90

IV. DATE 2/25/81 PREPARED BY Paul B. Arnoldt, Director
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Senator Hohman
 Office of the Governor (Keith Specking)

MEMORANDUM

State of Alaska

TO: Robert S. Gates
Director
Division of Retirement
& Benefits

DATE: October 28, 1975

FILE NO:

TELEPHONE NO:

FROM: Avrum M. Gross
Attorney General

SUBJECT: NEA Contributions
to TRS (AS 14.25.045)

By: 
Robert M. Johnson
Assistant Attorney General

You have asked whether the State of Alaska is statutorily obligated to pay a share of the retirement contributions for National Education Association (NEA) employees. The answer is, yes.

AS 14.25.045 extended coverage of Teacher's Retirement System (TRS) to employees of the NEA. The provision calls for retroactive payments of all contributions to TRS by NEA or the employee. However, §045 does not modify the manner of contribution required after participation in TRS commences. In the absence of neither specific statutory language nor a strong showing of legislative intent, the manner of future contributions must be governed by AS 14.25.050, .070 and .080. Section 050 calls for a contribution of 7% of base salary by the "teacher". Sections 070 and 080 provide for equally-shared payments by the "employer" and the State of Alaska of the amount in excess of the teachers' 7% contribution required to support TRS benefits.

AS 14.25.220 defines the operative terms of TRS. However, all definitions in §220 are subject to the phrase "unless the context otherwise requires . . ." Thus, the definition of "teacher" (§220(15)) and "employer" (§220(4)) are not to be read in the narrow out-of-context fashion. Under the required contextual reading of "teacher," "teacher contributions" under §050 means NEA-employee contributions. The broader definition of teacher is further buttressed by the deference given to the TRS administrator's determinations in a "case in doubt." Similarly, because "employer" carries a contextual meaning, §070 "employer contributions" must be read as NEA contributions, even though NEA is not specifically listed as an employer.

While it is clear that NEA as an employer must contribute, NEA's contribution is limited to the amount set in §070. The remaining portion is required to be contributed by the State under §080. No alternative conclusion is apparent in TRS as amended. The presumption that NEA would contribute the total amount required in excess of the teacher's contribution (that is, the sum of §§070 and 080)

Robert S. Gates, Director
Division of Retirement & Benefits

October 28, 1975

- 2 -

was raised during consideration of HB 573 am S (the precursor to the Act granting coverage to NEA employees.) However, the legislature apparently did not accede to that presumption. A plain reading of TRS mandates applicability of §§ 050, 070, and 080. As a result, the State must contribute the same percentage share to the TRS for NEA-employees as for other covered personnel.

RMJ:jf

COMMITTEE REPORT

HOUSE

6/3/81

FURTHER:

(11)

Date: 1-26-82

Mr. Speaker:

The Committee on FINANCE has had CSRB 145(SA)

"An Act providing for free resident hunting and sport fishing licenses for disabled veterans; 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 _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note (2-7)
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]
CHAIRMAN

A M E N D M E N T

OFFERED IN THE HOUSE:

BY: Finance

TO: CS HOUSE BILL No. _____

SENATE BILL No. 145 (SA)

PAGE: 1

LINE: 20

DELETE "1982", INSERT "1983"

Original sponsors: Bradley, Bennett,
Dankworth, et al

Offered: 5/15/81
Referred: Resources

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 145 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for free resident hunting and sport
7 fishing licenses for disabled veterans; and providing
8 for an effective date."

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

10 * Section 1. AS 16.05.340(a)(4) is amended to read:

11 (4) Resident hunting and sport fishing license.....22

12 However, a person may receive a resident hunting and sport fishing
13 license without charge if the person

14 (A) has been discharged from military service under hon-
15 orable conditions;

16 (B) is eligible for a loan under AS 18.56.101; and

17 (C) is certified by the United States Veterans' Adminis-
18 tration as having incurred a 50 percent or greater disability dur-
19 ing military service.

20 * Sec. 2. This Act takes effect January 1, 1982.

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THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for Senate Bill #145

Title An Act Providing for free resident hunting and sport fishing licenses for

Requested by disabled veterans; and providing for and effect- Date 5-15-81
ive date.

Requested by: Senate Resources Committee

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Sport Fish & Game Funds

BRU, Program, or Subprogram(s) Affected Department of Fish & Game

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

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Fish Fund	-0-	(2.6)	(2.8)	(3.1)	(3.4)	(3.8)
Game Fund	-0-	(3.1)	(3.4)	(3.8)	(4.1)	(4.5)

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

According to the U.S. Veterans Administration Regional Office for Alaska, located in Anchorage, there are currently 515 veterans in the state who have a service-connected disability that is rated at 50% or greater. The Veterans Administration estimated that this figure would increase at a rate of 10% each year. We are assuming that 50% of the eligible veterans will apply for this license.

See attachment #1

IV. DATE June 8, 1981

PREPARED BY Cecilia A. Wagoner for Linda Lockridge

AGENCY Department of Revenue

PHONE 465-2376

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

FY 82

50% of 515 eligible veterans = 257

257 x \$10.00 = \$2,570.00 (2.6) sport fish

257 x \$12.00 = \$3,084.00 (3.1) hunting

FY 83 (10% increase)

10% of 515 = 51

51 + 515 = 566

50% x 566 = 283

283 x \$10.00 = \$2,830.00 (2.8) sport fish

283 x \$12.00 = \$3,396.00 (3.4) hunting

FY 84 (10% increase)

10% of 566 = 56

56 + 566 = 622

50% x 622 = 311

311 x \$10.00 = \$3,110.00 (3.1) sport fish

311 x \$12.00 = \$3,732.00 (3.8) hunting

FY 85 (10% increase)

10% of 622 = 62

62 + 622 = 684

50% x 684 = 342

342 x \$10.00 = \$3,420.00 (3.4) sport fish

342 x \$12.00 = \$4,104.00 (4.1) hunting

FY 86 (10% increase)

10% of 684 = 68

68 + 684 = 752

50% x 752 = 376

376 x \$10.00 = \$3,760.00 (3.8) sport fish

376 x \$12.00 = \$4,512.00 (4.5) hunting

STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

P.O. BOX 3-2000
JUNEAU, ALASKA 99802
PHONE:

January 22, 1982

Representative E. J. Haugen
Pouch V
Juneau, Alaska 99811

Dear Mr. Haugen:

This is in answer to an inquiry from Terry Otness, of your office, regarding Senate Bill 145, An Act Providing Free Resident Hunting and Sport Fishing Licences to Disabled Veterans.

Mr. Otness questioned the difference in costs as reflected on the fiscal notes prepared by our Department and the Department of Revenue. Our costs for the first year amounted to \$11,600 as compared to the Department of Revenue's figure of \$5,700 which assumed that 50% of the disabled veterans would not apply for licenses. *(Because they do not, or cannot, or for other reasons) / B*

We have no problem with the Department of Revenue's estimate and will defer to their figures, as shown on the enclosed fiscal notes.

Sincerely,



Ronald O. Skoog
Commissioner

cc: Legislative Finance
Budget and Management
Senator Bradley
Keith Specking, Office of the Governor

Enclosure

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 145
 Title An Act providing free resident hunting and sport fishing license to disabled veteran
 Requested by _____ Date 02/06/81

II. FISCAL DETAIL

Agency Affected Department of Fish and Game
 Program Category Affected Natural Resource Management
 ERU, Program, or Subprogram(s) Affected Game and Sport Fish

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

EXPENDITURES (Thousands of Dollars)

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

REVENUE
~~EXPENSES~~ (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)		(11.6)	(11.6)	(11.6)	(11.6)	(11.6)
Fish and Game Fund						

POSITIONS

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

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

Based on data from the U.S. Government's Veterans Affairs Agency we assume there may be 525 individuals who might take advantage of this program. The revenue reduction is based on the current \$10 and \$15 fee for sport fishing and hunting licenses.

\$10 x 525 = \$5,250
 \$12 x 525 = 6,300
 TOTAL \$11,550

IV. DATE February 13, 1981 PREPARED BY Russell H. Clark
 AGENCY Department of Fish and Game
 PHONE 465-4120

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 Keith Specking, Office of the Governor

file Stewart Fox

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for Senate Bill #145

Title An Act Providing for free resident hunting and sport fishing licenses for

Requested by disabled veterans; and providing for and effective date. Date 5-15-81

Requested by: Senate Resources Committee

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Sport Fish & Game Funds

BRU, Program, or Subprogram(s) Affected Department of Fish & Game

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

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Fish Fund	-0-	(2.6)	(2.8)	(3.1)	(3.4)	(3.8)
Game Fund	-0-	(3.1)	(3.4)	(3.8)	(4.1)	(4.5)

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

According to the U.S. Veterans Administration Regional Office for Alaska, located in Anchorage, there are currently 515 veterans in the state who have a service-connected disability that is rated at 50% or greater. The Veterans Administration estimated that this figure would increase at a rate of 10% each year. We are assuming that 50% of the eligible veterans will apply for this license.

See attachment #1

IV. DATE June 8, 1981

PREPARED BY Cecilia A. Wagoner for Linda Lockridge

AGENCY Department of Revenue

PHONE 465-2376

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

FY 82

50% of 515 eligible veterans = 257

257 x \$10.00 = \$2,570.00 (2.6) sport fish

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376 x \$12.00 = \$4,512.00 (4.5) hunting

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5
JUNEAU, ALASKA 99811

March 2, 1981

The Honorable Vic Fischer
Chairman
Senate State Affairs Committee
Room 205 - Behrends Building
Juneau, Alaska

Dear Senator Fischer:

Re: Senate Bill No. 145

Senate Bill No. 145, an Act providing for free resident hunting and sport fishing licenses for disabled veterans, was introduced in the Senate on February 4, 1981 and was referred to the Senate State Affairs and Resources Committees.

For the consideration of the Senate State Affairs Committee, I am enclosing a copy of a Fiscal Note prepared by Cecelia A. Wagoner, Fish and Game Licensing Section of the Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson
Special Assistant

RDS/rdh

cc: The Honorable Bettye Fahrenkamp
Chairperson
Senate Resources Committee

Joseph K. Donohue
Deputy Commissioner
Department of Revenue

Cecilia A. Wagoner
Fish and Game Licensing Section
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB No 145
 Title An Act providing for free resident hunting and sport fishing licenses for disabled
 Requested by Senate State Affairs and Resources Committee Date 2/14/81 veterans.

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected Sport Fish and Game Fund
 BRU, Program, or Subprogram(s) Affected Department of Fish and Game
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
FISH FUND	-0-	(2.6)	(2.8)	(3.1)	(3.4)	(3.8)
GAME FUND	-0-	(3.1)	(3.4)	(3.8)	(4.1)	(4.5)

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

See attached fiscal note

IV. DATE February 26, 1981

Cecilia A. Wagoner
 PREPARED BY Cecilia A. Wagoner for Linda Gene Lockridge
 AGENCY Department of Revenue
 PHONE 465-2376

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

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB No 145

Title An Act providing for free resident hunting and sport fishing licenses for disabled
 Requested by Senate State Affairs and Resources Committee Date 2/14/81 veterans.

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Sport Fish and Game Fund

BRU, Program, or Subprogram(s) Affected Department of Fish and Game

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

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
FISH FUND	-0-	(2.6)	(2.8)	(3.1)	(3.4)	(3.8)
GAME FUND	-0-	(3.1)	(3.4)	(3.8)	(4.1)	(4.5)

POSITIONS

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

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

See attached fiscal note

IV. DATE February 26, 1981 PREPARED BY Cecilia A. Wagone for Linda Gene Lockridge

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 145
 Title An Act providing free resident hunting and sport fishing license to disabled veterans
 Requested by _____ Date 02/06/81

II. FISCAL DETAIL

Agency Affected Department of Fish and Game
 Program Category Affected Natural Resource Management
 BRU, Program, or Subprogram(s) Affected Game and Sport Fish
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

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

REVENUE
~~XXXXXX~~ (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)		(11.6)	(11.6)	(11.6)	(11.6)	(11.6)
Fish and Game Fund						

POSITIONS

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

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

Based on data from the U.S. Government's Veterans Affairs Agency we assume there may be 525 individuals who might take advantage of this program. The revenue reduction is based on the current \$10 and \$15 fee for sport fishing and hunting licenses.

\$10 x 525 = \$5,250
 \$12 x 525 = 6,300
 TOTAL \$11,550

*John Stewart
For*

IV. DATE February 13, 1981 PREPARED BY Russell H. Clark
 AGENCY Department of Fish and Game
 PHONE 465-4120
 Original: Legislative Finance
 cc: Budget and Management

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB No 145
 Title An Act providing for free resident hunting and sport fishing licenses for disabled
 Requested by Senate State Affairs and Resources Committee Date 2/4/81 veterans.

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected Sport Fish and Game Fund
 BRU, Program, or Subprogram(s) Affected Department of Fish and Game
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL	-0-	1.	1.	1.	1.	1.
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	1.	1.	1.	1.	1.

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

See attached fiscal note

IV. DATE February 26, 1981 PREPARED BY Cecilia A. Wagoner for Linda Gene Lockridge
 AGENCY Department of Revenue
 PHONE 465-2376
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

S.B. #145 Bill Analysis

According to the U.S. Veterans Administration Regional Office for Alaska, located in Anchorage, there are currently 515 veterans in the state who have a service-connected disability that is rated at 50% or greater. The Veterans Administration estimated that this figure would increase at the rate of 10% each year. We are assuming that 50% of the eligible veterans will apply for this license.

We recommend that the effective date of this bill be January 1, 1982, because fishing and hunting licenses are sold on a calendar year not a fiscal year. Licenses and applications would also have to be designed, bid let out, and the licenses printed all on special order. It would also be extremely unfair to those veterans who had already purchased their licenses for 1981 for cash if some of the eligible group got their license for free. Also, there would be no loss of revenue or expense incurred in Fiscal Year 1981 if the effective date of the bill is January 1, 1982. The license could be purchased with the regular order of 1982 licenses and applications and instructions would be mailed out to the vendor at the normal shipout time.



STATE OF ALASKA
OFFICE OF THE GOVERNOR

BILL ANALYSIS

Department Revenue	Sponsor (Principal) Bradley plus twelve	Bill Number SB No 145
Department Position SUPPORT IF AMENDED		
Division Director Donald W. Barnes	Date 2/27/81	Commissioner Thomas K. Williams Date 3/1/81

GOVERNOR'S OFFICE USE

Comments:

<input type="checkbox"/> Position Noted	By	Date
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SUMMARY

1. a) Related Bills (Similar or Conflicting)	1. b) Other Agencies Affected by Bill Department of Fish & Game
2. a) Organizational Support for Bill Unknown	2. b) Organizational Opposition to Bill Unknown

3. Program Effects of Bill

There will be an assumed loss to the Department of Fish and Game, Fish fund and Game fund every year.

4. Fiscal Impact: None Fiscal Note Attached

5. Amendments Proposed:

EFFECTIVE DATE SHOULD BE 1/1/82

6. Comments:

Recommend effective date of bill be January 1, 1982, since fishing and hunting licenses are sold on a calendar year not a fiscal year and it would be unfair to those eligible veterans who had already purchased their licenses for cash if some of the eligible groups got theirs for free.

STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

P.O. BOX 3-2000
JUNEAU, ALASKA 99802
PHONE:

JAN 26 1982

January 22, 1982

Representative E. J. Haugen
Pouch V
Juneau, Alaska 99811

Dear Mr. Haugen:

This is in answer to an inquiry from Terry Otness, of your office, regarding Senate Bill 145, An Act Providing Free Resident Hunting and Sport Fishing Licences to Disabled Veterans.

Mr. Otness questioned the difference in costs as reflected on the fiscal notes prepared by our Department and the Department of Revenue. Our costs for the first year amounted to \$11,600 as compared to the Department of Revenue's figure of \$5,700 which assumed that 50% of the disabled veterans would not apply for licenses.

We have no problem with the Department of Revenue's estimate and will defer to their figures, as shown on the enclosed fiscal notes.

Sincerely,



Ronald O. Skoog
Commissioner

cc: Legislative Finance
Budget and Management
Senator Bradley
Keith Specking, Office of the Governor

Enclosure