

LEG. FINANCE - BILLS 1981 - 1982 1686

CSSB 517 cont. - SB 524

1686

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 517 (C & RA)

Title An Act relating to child care and day care assistance.

Requested by Senate C & RA Committee

Date May 19, 1981

II. FISCAL DETAIL

Agency Affected Department of Community and Regional Affairs

Program Category Affected Social Services

BRU, Program, or Subprogram(s) Affected Day Care Assistance Program

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

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		37.5	41.5	45.5	50.2	55.2
200 TRAVEL		4.0	4.4	4.8	5.3	5.8
300 CONTRACTUAL		104.3	4.7	5.2	5.7	6.3
400 COMMODITIES		.2	.2	.2	.3	.3
500 EQUIPMENT		2.0	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES		-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.		1852.9	2049.2	2254.1	2479.5	2727.5
<b>TOTAL</b>		<b>2010.9</b>	<b>2100.0</b>	<b>2309.9</b>	<b>2541.0</b>	<b>2795.1</b>

FUNDING (Thousands of Dollars)

	2010.9	2100.0	2309.9	2541.0	2795.1
GENERAL FUND					
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-
OTHER (Specify Fund Source)	-0-	-0-	-0-	-0-	-0-

POSITIONS

	1	1	1	1	1
FULL TIME					
PART TIME	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-

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

Line 700 - Breakdown of Grant Costs

DIRECT COSTS

\$ 500.0 Administrative costs to be paid to municipalities per Section 3.

\$ 365.9 Cost of 107 new subsidized child slots and 27 new subsidized infant slots which we expect to be created in response to the availability of 10% administrative fees (134 new unsubsidized slots also expected). New slots are expected primarily in the Mat-Su and Kenai Boroughs.

107 children x \$9 State cost x 264 attendance days = \$254,232

27 infants x \$11 State cost x 264 attendance days = 78,408

+ 10% administrative costs to municipalities = 33,264

\$365,904

IV. DATE May 19, 1981

PREPARED BY McKie Campbell

AGENCY Department of Community & Regional Affairs

PHONE 465-4735

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

**COMMITTEE REPORT**  
**SENATE**

5/14/81

FURTHER: None

Date: \_\_\_\_\_

Mr. President:

The Committee on FINANCE has had SB 519

making special appropriations for Little League teams for capital improvements to fields and facilities

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

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

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

\_\_\_\_\_  
CHAIRMAN

COMMITTEE REPORT  
SENATE

4/24/81

FURTHER Finance

Date: 5-12-81

Mr. President:

The Committee on COMMUNITY & REGIONAL AFFAIRS has had SB 519

making special appropriations for Little League teams for capital improvements to fields and facilities

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 519 (CVPA)  same title  
 new title
- and recommends as follows:
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

2 Colletta

2 Cilia Sturgulinski

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

13 in the No Rec.

Don Selman (no Rec)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

1 Don Selman  
CHAIRMAN

Original sponsors: Colletta, Mulcahy,  
Kerttula, et al

Offered: 5/14/81  
Referred: Finance

Funding Information

General Fund \$917,700  
Other Funds -0-  
\$917,700

BY THE COMMUNITY AND  
REGIONAL AFFAIRS COMMITTEE

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 519 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations for capital  
7 improvements to baseball fields and facilities; and  
8 providing for an effective date."

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

10 \* Section 1. The sum of \$379,500 is appropriated from the general fund  
11 for payment as a grant to the Municipality of Anchorage for capital improve-  
12 ments to fields and facilities to be allocated among the following Little  
13 Leagues in the following amounts:

14	Cityview	\$37,500
15	Mountain View	22,500
16	Nunaka Valley	60,000
17	Knik	75,000
18	Simonian	45,000
19	West Anchorage	31,500
20	Diamond	37,500
21	Polar	15,000
22	Abbott-O-Rabbit	52,500
23	Girdwood	3,000

24 \* Sec. 2. The sum of \$52,200 is appropriated from the general fund for  
25 payment as a grant to the Matanuska-Susitna Borough for capital improvements  
26 to fields and facilities to be allocated between the following Little Leagues  
27 in the following amounts:

28	Wasilla	\$34,200
29	Mat-Su	18,000

1 \* Sec. 3. The sum of \$18,000 is appropriated from the general fund for  
2 payment as a grant to the Kodiak Island Borough for the Kodiak Little League  
3 for capital improvements to fields and facilities.

4 \* Sec. 4. The sum of \$60,000 is appropriated from the general fund for  
5 payment as a grant to the City of Ketchikan for the Ketchikan Little League  
6 for capital improvements to fields and facilities.

7 \* Sec. 5. The sum of \$9,000 is appropriated from the general fund for  
8 payment as a grant to the City of Nome for capital improvements to baseball  
9 fields and facilities.

10 \* Sec. 6. The sum of \$11,250 is appropriated from the general fund for  
11 payment as a grant to the City of Barrow for capital improvements to baseball  
12 fields and facilities.

13 \* Sec. 7. The sum of \$7,500 is appropriated from the general fund for  
14 payment as a grant to the City of Kotzebue for capital improvements to  
15 baseball fields and facilities.

16 \* Sec. 8. The sum of \$7,500 is appropriated from the general fund for  
17 payment as a grant to the City of Metlakatla, Annette Island Indian Reserva-  
18 tion, for capital improvements to baseball fields and facilities.

19 \* Sec. 9. The sum of \$75,000 is appropriated from the general fund for  
20 payment as a grant to the Fairbanks North Star Borough for capital improve-  
21 ments to fields and facilities to be allocated among the following Little  
22 Leagues in the following amounts:

23	Fairbanks Lions	\$30,000
24	North Pole	7,500
25	West Valley	22,500
26	Nusbaumer	15,000

27 \* Sec. 10. The sum of \$78,750 is appropriated from the general fund for  
28 payment as a grant to the City and Borough of Juneau for the Juneau Little  
29 League for capital improvements to fields and facilities.

1 \* Sec. 11. The sum of \$7,500 is appropriated from the general fund for  
2 payment as a grant to the Kenai Peninsula Borough for the Kenai Borough  
3 Little League for capital improvements to fields and facilities.

4 \* Sec. 12. The sum of \$7,500 is appropriated from the general fund for  
5 payment as a grant to the City of Seward for the Seward Little League for  
6 capital improvements to fields and facilities.

7 \* Sec. 13. The sum of \$11,250 is appropriated from the general fund for  
8 payment as a grant to the City of Kenai for the Kenai Little League for  
9 capital improvements to fields and facilities.

10 \* Sec. 14. The sum of \$60,000 is appropriated from the general fund for  
11 payment as a grant to the City of Soldotna for the Soldotna Little League  
12 for capital improvements to fields and facilities.

13 \* Sec. 15. The sum of \$9,000 is appropriated from the general fund for  
14 payment as a grant to the City of Homer for the Homer Little League for  
15 capital improvements to fields and facilities.

16 \* Sec. 16. The sum of \$15,000 is appropriated from the general fund for  
17 payment as a grant to the City of Cordova for the Cordova Little League for  
18 capital improvements to fields and facilities.

19 \* Sec. 17. The sum of \$16,750 is appropriated from the general fund for  
20 payment as a grant to the City of Wrangell for the Wrangell Little League  
21 for capital improvements to fields and facilities.

22 \* Sec. 18. The sum of \$15,000 is appropriated from the general fund for  
23 payment as a grant to the City of Petersburg for the Petersburg Little  
24 League for capital improvements to fields and facilities.

25 \* Sec. 19. The sum of \$45,000 is appropriated from the general fund for  
26 payment as a grant to the City of Sitka for the Sitka Little League for  
27 capital improvements to fields and facilities.

28 \* Sec. 20. The sum of \$15,000 is appropriated from the general fund for  
29 payment as a grant to the City of Valdez for the Valdez Little League for

1 capital improvements to fields and facilities.

2 \* Sec. 21. The sum of \$7,500 is appropriated from the general fund for  
3 payment as a grant to the City of Haines for the Haines Little League for  
4 capital improvements to fields and facilities.

5 \* Sec. 22. The sum of \$7,500 is appropriated from the general fund for  
6 payment as a grant to the City of Skagway for the Skagway Little League for  
7 capital improvements to fields and facilities.

8 \* Sec. 23. The appropriations made by this Act shall be disbursed in  
9 accordance with AS 37.05.315.

10 \* Sec. 24. This Act takes effect immediately in accordance with AS 01.-  
11 10.070(c).

12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

COMMITTEE COPY

Introduced: 4/24/81  
Referred: Community & Regional  
Affairs and Finance

Funding Information  
General Fund \$300,000  
Other Funds -0-  
\$300,000

BY COLLETTA, MULCAHY, KERTTULA,  
DANKWORTH, STIMSON, RODEY, FISCHER,  
STURGULEWSKI AND BRADLEY

1 IN THE SENATE

2 SENATE BILL NO. 519

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations for Little  
7 League teams for capital improvements to fields and  
8 facilities; and providing for an effective date."

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

10 \* Section 1. The sum of \$240,000 is appropriated from the general fund  
11 for payment as a grant to the Municipality of Anchorage to be divided equally  
12 among the City View, Mountain View, Nunaka Valley, Pioneer, Knik, Simonian,  
13 West Anchorage, Diamond, Polar, Abbott-O-Rabbit, Elmendorf, and Cirdwood  
14 Little League teams for capital improvements to fields and facilities.

15 \* Sec. 2. The sum of \$40,000 is appropriated from the general fund for  
16 payment as a grant to the Matanuska-Susitna Borough to be divided equally  
17 between the Wasilla and Mat Valley Little League teams for capital improve-  
18 ments to fields and facilities.

19 \* Sec. 3. The sum of \$20,000 is appropriated from the general fund for  
20 payment as a grant to the Kodiak Island Borough to be divided equally among  
21 the Kodiak Little League teams for capital improvements to fields and facili-  
22 ties.

23 \* Sec. 4. The appropriations made by this Act shall be disbursed in  
24 accordance with AS 37.05.315.

25 \* Sec. 5. This Act takes effect immediately in accordance with AS 01.10.-  
26 070(c).

ALASKA STATE LEGISLATURE

TWELFTH Legislature .. FIRST Session

SENATE .. BILL .. NO. 519 ..

By .. COLLETTA, MULCAHY ..

"An Act making special appropriations for Little League teams for capital improvements to fields and facilities; and providing for an effective date."

Introduced in the Senate .. 4/24/81 .., 19....

HISTORY IN THE SENATE

19 81

4 24

5 13

Read first time and referred to Committee on C & RA and Finance

Reported back with recommendation that *to place a/85, new title, add pass, 2 moves to fin*

Read second time and

Read third time and

PASS Effective Date  
Yeas Yeas  
Nays Nays  
Absent Absent  
Excused Excused

Reconsideration  
PASS Effective Date  
Yeas Yeas  
Nays Nays  
Absent Absent  
Excused Excused

Reported correctly engrossed  
Signed by President  
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

Read third time and

PASS Effective Date  
Yeas Yeas  
Nays Nays  
Absent Absent  
Excused Excused

Reconsideration  
PASS Effective Date  
Yeas Yeas  
Nays Nays  
Absent Absent  
Excused Excused

Reported correctly engrossed  
Signed by Speaker  
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: 4/24/81  
Referred: Community & Regional  
Affairs and Finance

Funding Information  
General Fund \$300,000  
Other Funds -0-  
\$300,000

BY COLLETTA, MULCAHY, KERTTULA,  
BANKWORTH, STIMSON, RODEY, FISCHER,  
STURGULEWSKI AND BRADLEY

1 IN THE SENATE

2 SENATE BILL NO. 519

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations for Little  
7 League teams for capital improvements to fields and  
8 facilities; and providing for an effective date."

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

10 \* Section 1. The sum of \$240,000 is appropriated from the general fund  
11 for payment as a grant to the Municipality of Anchorage to be divided equally  
12 among the City View, Mountain View, Nunaka Valley, Pioneer, Knik, Simonian,  
13 West Anchorage, Dimond, Polar, Abbott-O-Rabbitt, Elmendorf, and Girdwood  
14 Little League teams for capital improvements to fields and facilities.

15 \* Sec. 2. The sum of \$40,000 is appropriated from the general fund for  
16 payment as a grant to the Matanuska-Susitna Borough to be divided equally  
17 between the Wasilla and Mat Valley Little League teams for capital improve-  
18 ments to fields and facilities.

19 \* Sec. 3. The sum of \$20,000 is appropriated from the general fund for  
20 payment as a grant to the Kodiak Island Borough to be divided equally among  
21 the Kodiak Little League teams for capital improvements to fields and facili-  
22 ties.

23 \* Sec. 4. The appropriations made by this Act shall be disbursed in  
24 accordance with AS 37.05.315.

25 \* Sec. 5. This Act takes effect immediately in accordance with AS 01.10.-  
26 070(c).

27

28

29

Original sponsors: Colletta, Mulcahy,  
Kertrula, et al

Offered: 5/14/81  
Referred: Finance

Funding Information

General Fund \$917,700  
Other Funds -0-  
\$917,700

BY THE COMMUNITY AND  
REGIONAL AFFAIRS COMMITTEE

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 519 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations for capital  
7 improvements to baseball fields and facilities; and  
8 providing for an effective date."

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

10 \* Section 1. The sum of \$379,500 is appropriated from the general fund  
11 for payment as a grant to the Municipality of Anchorage for capital improve-  
12 ments to fields and facilities to be allocated among the following Little  
13 Leagues in the following amounts:

14	Cityview	\$37,500
15	Mountain View	22,500
16	Nunaka Valley	60,000
17	Knik	75,000
18	Simonian	45,000
19	West Anchorage	31,500
20	Dimond	37,500
21	Polar	15,000
22	Abbott-O-Rabbit	52,500
23	Girdwood	3,000

24 \* Sec. 2. The sum of \$52,200 is appropriated from the general fund for  
25 payment as a grant to the Matanuska-Susitna Borough for capital improvements  
26 to fields and facilities to be allocated between the following Little Leagues  
27 in the following amounts:

28	Wasilla	\$34,200
29	Mat-Su	18,000

1 \* Sec. 3. The sum of \$18,000 is appropriated from the general fund for  
2 payment as a grant to the Kodiak Island Borough for the Kodiak Little League  
3 for capital improvements to fields and facilities.

4 \* Sec. 4. The sum of \$60,000 is appropriated from the general fund for  
5 payment as a grant to the City of Ketchikan for the Ketchikan Little League  
6 for capital improvements to fields and facilities.

7 \* Sec. 5. The sum of \$9,000 is appropriated from the general fund for  
8 payment as a grant to the City of Nome for capital improvements to baseball  
9 fields and facilities.

10 \* Sec. 6. The sum of \$11,250 is appropriated from the general fund for  
11 payment as a grant to the City of Barrow for capital improvements to baseball  
12 fields and facilities.

13 \* Sec. 7. The sum of \$7,500 is appropriated from the general fund for  
14 payment as a grant to the City of Kotzebue for capital improvements to  
15 baseball fields and facilities.

16 \* Sec. 8. The sum of \$7,500 is appropriated from the general fund for  
17 payment as a grant to the City of Metlakatla, Annette Island Indian Reserva-  
18 tion, for capital improvements to baseball fields and facilities.

19 \* Sec. 9. The sum of \$75,000 is appropriated from the general fund for  
20 payment as a grant to the Fairbanks North Star Borough for capital improve-  
21 ments to fields and facilities to be allocated among the following Little  
22 Leagues in the following amounts:

23	Fairbanks Lions	\$30,000
24	North Pole	7,500
25	West Valley	22,500
26	Nusbaumer	15,000

27 \* Sec. 10. The sum of \$78,750 is appropriated from the general fund for  
28 payment as a grant to the City and Borough of Juneau for the Juneau Little  
29 League for capital improvements to fields and facilities.

1 \* Sec. 11. The sum of \$7,500 is appropriated from the general fund for  
2 payment as a grant to the Kenai Peninsula Borough for the Kenai Borough  
3 Little League for capital improvements to fields and facilities.

4 \* Sec. 12. The sum of \$7,500 is appropriated from the general fund for  
5 payment as a grant to the City of Seward for the Seward Little League for  
6 capital improvements to fields and facilities.

7 \* Sec. 13. The sum of \$11,250 is appropriated from the general fund for  
8 payment as a grant to the City of Kenai for the Kenai Little League for  
9 capital improvements to fields and facilities.

10 \* Sec. 14. The sum of \$60,000 is appropriated from the general fund for  
11 payment as a grant to the City of Soldotna for the Soldotna Little League  
12 for capital improvements to fields and facilities.

13 \* Sec. 15. The sum of \$9,000 is appropriated from the general fund for  
14 payment as a grant to the City of Homer for the Homer Little League for  
15 capital improvements to fields and facilities.

16 \* Sec. 16. The sum of \$15,000 is appropriated from the general fund for  
17 payment as a grant to the City of Cordova for the Cordova Little League for  
18 capital improvements to fields and facilities.

19 \* Sec. 17. The sum of \$18,750 is appropriated from the general fund for  
20 payment as a grant to the City of Wrangell for the Wrangell Little League  
21 for capital improvements to fields and facilities.

22 \* Sec. 18. The sum of \$15,000 is appropriated from the general fund for  
23 payment as a grant to the City of Petersburg for the Petersburg Little  
24 League for capital improvements to fields and facilities.

25 \* Sec. 19. The sum of \$45,000 is appropriated from the general fund for  
26 payment as a grant to the City of Sitka for the Sitka Little League for  
27 capital improvements to fields and facilities.

28 \* Sec. 20. The sum of \$15,000 is appropriated from the general fund for  
29 payment as a grant to the City of Valdez for the Valdez Little League for

1 capital improvements to fields and facilities.

2 \* Sec. 21. The sum of \$7,500 is appropriated from the general fund for  
3 payment as a grant to the City of Haines for the Haines Little League for  
4 capital improvements to fields and facilities.

5 \* Sec. 22. The sum of \$7,500 is appropriated from the general fund for  
6 payment as a grant to the City of Skagway for the Skagway Little League for  
7 capital improvements to fields and facilities.

8 \* Sec. 23. The appropriations made by this Act shall be disbursed in  
9 accordance with AS 37.05.315.

10 \* Sec. 24. This Act takes effect immediately in accordance with AS 01.-  
11 10.070(c).

12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

COMMITTEE REPORT  
SENATE

5/15/81

FURTHER: None

Date: \_\_\_\_\_

Mr. President:

The Committee on FINANCE has had SB 520  
payment for accrued personal and terminal leave

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

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

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
CHAIRMAN

# COMMITTEE REPORT SENATE

4/27/81

FURTHER: Finance

Date: 5/14/81

Mr. President:

The Committee on STATE AFFAIRS has had SB 520  
payment for accrued personal and terminal leave

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

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

MEMBERS SIGNING  
DO PASS

*[Handwritten signatures: Terry D. Stinson, [unclear], Boyd Bradley, [unclear]]*

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*[Handwritten signature]*  
\_\_\_\_\_

CHAIRMAN

Introduced: 4/27/81  
Referred: State Affairs and  
Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 520

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to payment for accrued personal and  
7 terminal leave; and providing for an effective date."

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

9 \* Section 1. AS 39.20 is amended by adding a new section to read:

10 Sec. 39.20.242. PAYMENT FOR ACCRUED PERSONAL LEAVE. An officer  
11 or employee is entitled to receive a payment for the value of accrued  
12 personal leave as provided in this section. The officer or employee  
13 shall apply in writing to the Department of Administration for the  
14 payment of accrued personal leave. The department shall pay the value  
15 of accrued personal leave under the following conditions:

16 (1) payment may be made to each officer or employee only  
17 once in each 12 month period beginning January 16;

18 (2) an annual payment under this section may not exceed the  
19 value of 75 hours of personal leave;

20 (3) payment will be made at the hourly rate of pay in effect  
21 at the date of the application; and

22 (4) the accrued leave balance of the officer or employee  
23 must be reduced by the number of hours for which payment was made.

24 \* Sec. 2. AS 39.20.250(a) is amended to read:

25 (a) Terminal leave for unused personal leave shall be allowed  
26 upon separation from service. The payment is determined by multiplying  
27 the number of hours of accrued leave by the hourly pay rate in effect on  
28 the date of termination of [EQUALS THE COMPENSATION TRAIT]; the officer  
29 or employee [WOULD HAVE RECEIVED IF HE HAD REMAINED IN THE SERVICE UN-

1           TIL THE EXPIRATION OF THE PERIOD OF UNUSED PERSONAL LEAVE]. A payment  
2           of terminal leave to an officer or employee shall be made as a lump sum  
3           payment or in monthly installments over a period not to exceed 12 months  
4           [OF TIME], as the officer or employee elects.

5           \* Sec. 3. This Act takes effect immediately in accordance with AS 01.-  
6           10.070(e).

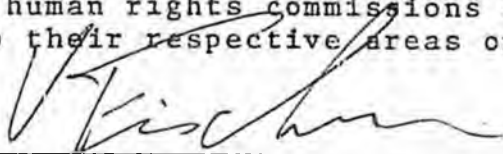
May 14, 1981

The Honorable Jalmar Kerttula  
President of the Senate  
Pouch V  
Juneau, Ak. 99811

Dear Mr. President:

The State Affairs Committee recommends that CSSB 550 entitled "An Act making an appropriation to the Office of the Governor, State Commission for Human Rights; and providing for an effective date," do pass.

It is the intent of the Committee that these funds will not be used to increase the staff of the Human Rights Commission. The funds will be given to the rural employment rights programs and local human rights commissions so that they can provide services to their respective areas on a non-discriminatory basis.



---

Vic Fischer, Chairperson




---

Mike Colletta, Vice-Chairperson



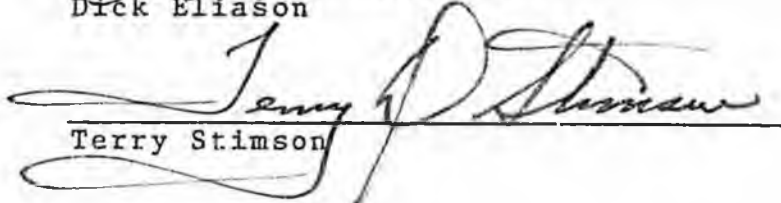
---

Brad Bradley



---

Dick Eliason



---

Terry Stimson



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

April 24, 1981

The Honorable Jalmar Kerttula  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

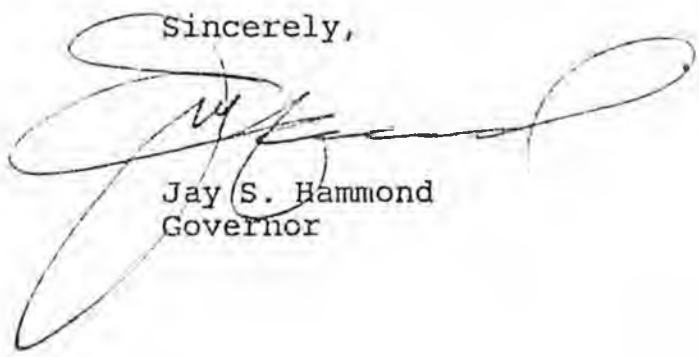
Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to payment for personal and terminal leave of state employees.

The bill amends AS 39.20.250(a) to provide for calculating the value of an employee's accrued personal leave at termination according to the rate of pay then in effect. Under existing law, an employee's terminal leave is equal to the amount which he or she would have earned by remaining in service for the period of accumulated leave. Thus, terminal leave would include a pay raise which is not in effect before termination and will be in effect while the officer or employee is on terminal leave. The Department of Administration has consistently calculated terminal leave at the rate of pay in effect at the date of termination. This will conform the statute to the longstanding administrative practice, and removes administrative difficulties in calculating terminal leave.

This bill also provides for payment instead of personal leave, not to exceed 75 hours per year for each officer or employee. This option is currently available under most collective bargaining agreements for covered employees, and under this bill, will be available to all employees.

Sincerely,



Jay S. Hammond  
Governor

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. \_\_\_\_\_  
 Title An Act Relating to Payment for Accrued Personal & Terminal Leave  
 Requested by Governor \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected All  
 Program Category Affected All  
 BRU, Program, or Subprogram(s) Affected \_\_\_\_\_

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

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The current law is unclear. This change clarifies how payment will be made and is in accordance with current practice. Therefore there is no additional cost to the State.

IV. DATE April 23, 1981 PREPARED BY Judy Crondahl *JC RJ*

AGENCY Administration

Original: Legislative Finance PHONE 465-2277

ALASKA STATE LEGISLATURE

TWELFTH Legislature .. FIRST Session

SENATE ... BILL ..... NO. 520...

By THE RULES COMMITTEE BY...  
REQUEST OF THE GOVERNOR

"An Act relating to payment for accrued personal and terminal leave; and providing for an effective date."

Introduced in the Senate 4/27/81, 19...

HISTORY IN THE SENATE

19	81	Read first time and referred to Committee on										
4	27	State Affairs and Finance										
5	15	Reported back with recommendation that <i>SA-5 do pass to Finance</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
PASS	Effective Date											
Yeas	Yeas											
Nays	Nays											
Absent	Absent											
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 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										
		Read third time and										
		<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date											
Yeas	Yeas											
Nays	Nays											
Absent	Absent											
Excused	Excused											
		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: 4/27/81  
Referred: State Affairs and  
Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 520

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to payment for accrued personal and  
7 terminal leave; and providing for an effective date."

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

9 \* Section 1. AS 39.20 is amended by adding a new section to read:

10 Sec. 39.20.242. PAYMENT FOR ACCRUED PERSONAL LEAVE. An officer  
11 or employee is entitled to receive a payment for the value of accrued  
12 personal leave as provided in this section. The officer or employee  
13 shall apply in writing to the Department of Administration for the  
14 payment of accrued personal leave. The department shall pay the value  
15 of accrued personal leave under the following conditions:

16 (1) payment may be made to each officer or employee only  
17 once in each 12 month period beginning January 16;

18 (2) an annual payment under this section may not exceed the  
19 value of 75 hours of personal leave;

20 (3) payment will be made at the hourly rate of pay in effect  
21 at the date of the application; and

22 (4) the accrued leave balance of the officer or employee  
23 must be reduced by the number of hours for which payment was made.

24 \* Sec. 2. AS 39.20.250(a) is amended to read:

25 (a) Terminal leave for unused personal leave shall be allowed  
26 upon separation from service. The payment is determined by multiplying  
27 the number of hours of accrued leave by the hourly pay rate in effect on  
28 the date of termination of [EQUALS THE COMPENSATION THAT] the officer  
29 or employee [WOULD HAVE RECEIVED IF HE HAD REMAINED IN THE SERVICE UN-

1 TIL THE EXPIRATION OF THE PERIOD OF UNUSED PERSONAL LEAVE]. A payment  
2 of terminal leave to an officer or employee shall be made as a lump sum  
3 payment or in monthly installments over a period not to exceed 12 months  
4 [OF TIME], as the officer or employee elects.

5 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.-  
6 10.070(c).

7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

April 24, 1981

The Honorable Jalmar Kerttula  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

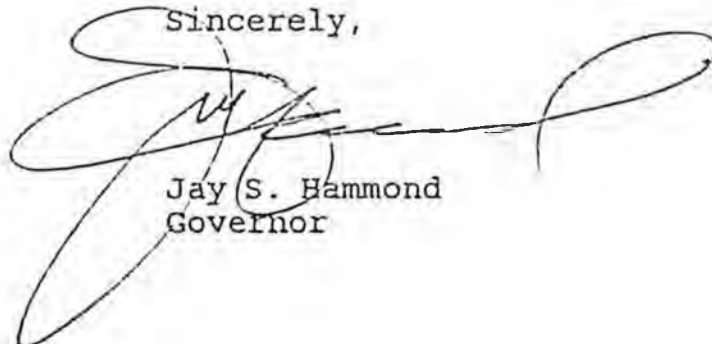
Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to payment for personal and terminal leave of state employees.

The bill amends AS 39.20.250(a) to provide for calculating the value of an employee's accrued personal leave at termination according to the rate of pay then in effect. Under existing law, an employee's terminal leave is equal to the amount which he or she would have earned by remaining in service for the period of accumulated leave. Thus, terminal leave would include a pay raise which is not in effect before termination and will be in effect while the officer or employee is on terminal leave. The Department of Administration has consistently calculated terminal leave at the rate of pay in effect at the date of termination. This will conform the statute to the longstanding administrative practice, and removes administrative difficulties in calculating terminal leave.

This bill also provides for payment instead of personal leave, not to exceed 75 hours per year for each officer or employee. This option is currently available under most collective bargaining agreements for covered employees, and under this bill, will be available to all employees.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'Jay S. Hammond', is written over the typed name and title.

Jay S. Hammond  
Governor

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. \_\_\_\_\_  
 Title An Act Relating to Payment for Accrued Personal & Terminal Leave  
 Requested by Governor Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected All  
 Program Category Affected All  
 BRU, Program, or Subprogram(s) Affected \_\_\_\_\_

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

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The current law is unclear. This change clarifies how payment will be made and is in accordance with current practice. Therefore there is no additional cost to the State.

IV. DATE April 23, 1981 PREPARED BY Judy Crondahl *JC RJ-*  
 AGENCY Administration  
 Original: Legislative Finance PHONE 465-2277

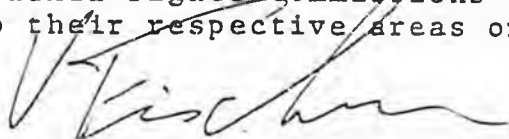
May 14, 1981

The Honorable Jalmar Kerttula  
President of the Senate  
Pouch V  
Juneau, Ak. 99811

Dear Mr. President:

The State Affairs Committee recommends that CSSB 550 entitled "An Act making an appropriation to the Office of the Governor, State Commission for Human Rights; and providing for an effective date," do pass.

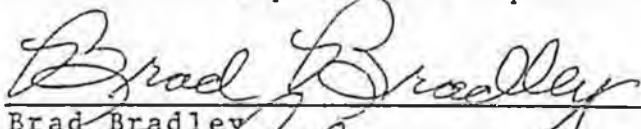
It is the intent of the Committee that these funds will not be used to increase the staff of the Human Rights Commission. The funds will be given to the rural employment rights programs and local human rights commissions so that they can provide services to their respective areas on a non-discriminatory basis.



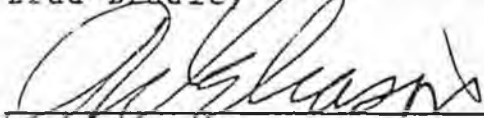
Vic Fischer, Chairperson



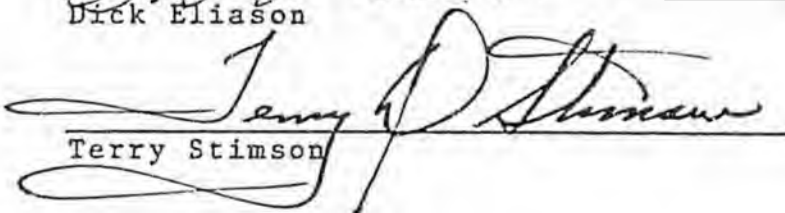
Mike Colletta, Vice-Chairperson



Brad Bradley



Dick Eliason



Terry Stimson

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 520  
 Title An Act Relating to Payment for Accrued Personal & Terminal Leave  
 Requested by Governor Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected All  
 Program Category Affected All  
 BRU, Program, or Subprogram(s) Affected \_\_\_\_\_  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

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

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)

The current law is unclear. This change clarifies how payment will be made and is in accordance with current practice. Therefore there is no additional cost to the state.

IV. DATE April 23, 1981 PREPARED BY Judy Crondahl  
 AGENCY Administration  
 PHONE 465-2277

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

6/17/81

put only in  
orig. file

---

copy for other  
files when bill  
is assigned.

(from  
Maria)

Health, Education and  
Social Services Committee



Official Business

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

Alaska State Legislature  
Senate

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

June 12, 1981

M E M O R A N D U M

TO: Senator Don Bennett and Senator Ed Dankworth  
Co-Chairmen, Senate Finance Committee

FROM: Senator Charles H. Parr *CHP*  
Chairman, Senate HESS Committee

SUBJECT: Change in Revenue-Sharing Statute

SB 521 was introduced to remedy an unintentional cutoff of capital funding for the Juneau Alcoholism/Substance Abuse Detoxification and Rehabilitation Facility. The HESS Committee CS will meet this need without establishing a new class of hospital.

When the HESS Committee heard the bill, Mr. Palmer McCarter of the Department of Community and Regional Affairs asked that we consider inclusion of an amendment to existing revenue-sharing statutes which would solve the problem in existing law. The Committee did not wish to jeopardize SB 521, but asked me to forward Mr. McCarter's request to you for consideration.

The enclosed memorandum from Mr. Pegues states the problem. The enclosed Draft No. 3 would solve it.

CHP:vc  
Encl. Pegues Memo  
Draft No. 3

JUN 12 1981

# MEMORANDUM

State of Alaska

DEPT. OF COMMUNITY  
& REGIONAL AFFAIRS  
APR 27 1981

RECEIVED

to Hon. Lee McAnerney, Commissioner  
Dept of Community & Regional Affairs

DATE: April 27, 1981

ATTN: Palmer McCarter, Director  
Div. of Local Gov't Asst

FILE NO: J-66-335-81

TELEPHONE NO: 465-3600

FROM WILSON L. CONDON  
ATTORNEY GENERAL

SUBJECT: State revenue sharing  
with IRA councils and  
traditional councils,  
chiefs, or other gov-  
erning bodies

By:  
Rodger W. Pegues  
Assistant Attorney General

You have asked for additional advice on this subject.

Under AS 29.89.050, the state pays \$25,000 annually to a "Native village government for a village which is not incorporated as a city . . . ." The term is defined as a local governing body organized under section 16 of the Indian Reorganization Act, 25 U.S.C.A. 476 (1963) which was applied to Alaska by the Act of May 1, 1936, 25 U.S.C.A. § 473a (1963), \*/ or as a traditional village council, paramount chief, or other governing body of a village.

This statute creates serious constitutional problems. If the money is not expended by the recipient to provide public services in a racially non-discriminatory manner, the public purpose clause \*\*/ and the equal protection clause \*\*\*/ of the Alaska Constitution will have been violated. Lien v. City of Ketchikan, 383 P.2d 721 (Alaska 1963). The test, however, is not the racial or religious character of the recipient but the character of the use to which the money will be put. Id. And the courts will look at the entire factual and governmental context on a case-by case basis to determine whether the expenditure serves a public purpose. Wright v. City of Palmer, 468 P.2d 326 (Alaska 1970). Accordingly, the constitutional provisions which require a public purpose and equal protection will not be offended so long as the services

---

\*/ There is a question whether any section 16 tribal organization, other than the Metlakatla Indian Community Annette Islands Reserve, Alaska, still exercises governmental powers after the enactment of the Alaska Native Claims Settlement Act.

\*\*/ Alaska Const., art. IX, § 6. "No tax shall be levied, or appropriation of public money made, or public property transferred . . . except for a public purpose."

\*\*\*/ Alaska Const., art. I, § 1; U.S. Const., Amend. XIV, § 1.

provided by a village council are furnished on a non-discriminatory basis.

A much less easily resolved problem lies in another provision of the Alaska Constitution, article X, section 2:

All local government power shall be vested in boroughs and cities. The State may delegate taxing powers to organized boroughs and cities only.

This limitation of "local government power" to boroughs and cities is preceded by a purpose clause which states:

The purpose of this article is to provide for maximum local self-government with a minimum of local government units, and to prevent duplication of tax-levying jurisdictions. A liberal construction shall be given to the powers of local government units.

The record of the debates at the Constitutional Convention makes it clear beyond reasonable doubt that this three-fold statement of purpose and construction precisely and concisely sums up the essence of the article on local government and the intent of its framers. The framers perceived three evils hobbling local government in Alaska and elsewhere: One, there were a multiplicity of overlapping, special (often single) purpose districts, each little known to the average voter and each monomaniacally pursuing its own goals in disregard and often in conflict with other special purpose districts occupying the same, or part of the same, area. Two, many of these districts operated on revenues from special purpose projects, for example sewage disposal districts. Others levied taxes. Their single purpose orientation, lack of centralized control and responsibility, distance from any meaningful relationship to the voters, and lack of any need to compete for a share of an integrated budget made tax levies and expenditures excessive and irrational. Three, the courts had hobbled local governments with general rules for construing their powers under which local governments could not respond to pressing needs because they could not find some express provision of a statute or charter which gave them the power to act on the subject. The framers crafted article X to cure or remove all three evils. Fairview Pub. Util. Dist. No. 1 v. City of Anchorage, 368 P.2d 540, 543-545 (Alaska 1962).

The provisions of article X carry out the framers

purposes. They prescribe that a "liberal construction shall be given to the powers of local government units." Alaska Const., art. I, § 1. They limit local government powers to cities and boroughs. Id., § 2. They allow the legislature to delegate taxing power to boroughs and cities only. Id. They prohibit new special districts ("service areas") from being established "if, consistent with the purposes of this article, the new service can be provided by an existing service area, by incorporation as a city, or by annexation to a city." Id., § 5. The adoption of home rule charters is placed in the hands of local voters, id., § 9, and home rule local governments have all powers not prohibited by law or charter. Id., § 11. Finally, to make boundary changes, including mergers, as easy as possible, a state commission is empowered to change them, subject only to a two-house veto by the legislature. Id., § 12. In other words, if the constitution is followed, none of the three evils the framers sought to cure and avoid can exist in Alaska.

The use of traditional village councils or IRA councils to provide local government services is at odds with the constitution's provisions on local government. The public services they would perform are those which local governments perform. The Alaska Constitution limits the exercise of those powers by political subdivisions of the state to boroughs and cities. The tribal councils are neither. If they are duly organized under section 16 of the Act, 25 U.S.C.A. 476 (1963), they are tribal governments with sovereign immunity. Parker Drilling Co. v. Metlakatla Indian Community, 451 F.Supp. 1127 (D. Alaska 1978); Atkinson v. Haldane, 569 P.2d 151 (Alaska 1977). Financing a broad range of tribal government activities on the part of the councils is not for a public purpose of the state. Financing a broad range of non-tribal, local government activities through the councils would effectively raise them to the status of local governments. That conflicts with the constitutional mandate that the legislature may only use cities or boroughs to provide local government, and it indubitably removes any incentive -- or even any rational basis -- for a village to incorporate as a city. It would also have the practical effect of creating or sanctioning a racially exclusive de facto local government under color of state law, which is the reason that tribal councils cannot be designated by the state to be cities or local governments. Under the Equal Protection Clause, the state cannot set up racially exclusive political subdivisions.

This is not to say that the state cannot contract with a racially (or religiously) exclusive group to provide

Palmer Mc Carter, Director  
C&RA - Local Government Asst

- 4 -

April 27, 1981

public services or manage a public facility on a non-discriminatory basis for all the residents of a community. On a limited basis, therefore, grants can be made to IRA councils in their capacity as business corporations to provide some public services. The state constitution, however, bars the de facto establishment under state law of these councils as the local governments of Alaska's villages.

There is still another problem. In making monetary distribution to Native village governments but not to other potential applicants for grants in those villages and in other unincorporated communities, the statute may create equal protection problems by discriminating against the latter without a reasonable basis, if these are responsible parties which are equally capable of providing community services. This problem can be solved by amending the law to open the class of beneficiaries to other entities and other communities and including them, on application, in the distribution. We understand that there are 30 of these communities.

Turning to your specific questions, first to be eligible to participate in the revenue sharing program, the community must meet the statutory requirements, make application, and undertake to expend the money for public purposes on a non-discriminatory basis. Because the contract cannot be enforced in court unless Congress waives the tribal government's sovereign immunity, you should use forfeiture of the grantee's right to a grant in the following fiscal year as an enforcement mechanism.

Second, state money cannot be expended for the costs of general administration because the village councils and other groups are not public agencies of the state or its political subdivisions. They are, on the one hand, federally recognized and organized tribal entities, and on the other, private associations or corporations. With respect to the former, depending on whether they are organized under section 16, section 17, or both of the Indian Reorganization Act, they are governmental, corporate, or both. In their governmental role, they are tribal. In their corporate role, they are private. All of them can provide public services on a non-discriminatory basis, and to the extent that they do so, a proportional share of their general administrative costs can be paid from state money.

Third, we know of no way to insure that the money will be spent for the good of the whole community. Obviously, each recipient must be required to promise that the money will

Palmer McCarter, Director  
C&RA - Local Government Asst

- 5 -

April 27, 1981

be spent for the good of the entire community and to specify what public services it will provide on a racially non-discriminatory basis. Enforcement will be difficult against a tribal council acting in its governmental capacity under section 16 of the IRA. For that reason, if a section 17 corporation exists, the grant-contract should state that it is with the village council acting in its capacity as a business corporation.

RWP/pjg

cc: Hon. William R. Nix  
Commissioner  
Department of Public Safety

Daniel W. Hickey  
Chief Prosecutor  
Juneau AGO - Criminal Section

DRAFT #3. PJ  
Law 4/20/81

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

For an Act entitled: "An Act relating to revenue sharing: and providing for an effective date."

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

\* Section 1. AS 29.89.050 is repealed and reenacted to read:

Sec. 29.89.050. STATE AID TO UNINCORPORATED COMMUNITIES. (a)

The department shall annually select and grant \$25,000 to a responsible group, association, nonprofit corporation, or corporation organized under section 17 of the Indian Reorganization Act (25 U.S.C. sec. 477) in any unincorporated community which has a population of 25 or more persons and is located more than three miles outside the boundaries of a municipality to provide public services or facilities for the community on a nondiscriminatory basis.

(b) The department shall, by posting, by flyers, by publication, or by other means, make known to residents of each unincorporated community described in (a) of this section that grants are available and shall request proposals to provide public services or facilities of a specific kind from any responsible group, association, nonprofit corporation, or corporation organized under section 17 of the Indian Reorganization Act (25 U.S.C. sec. 477) in the community.

(c) In selecting the grantee in any community, the department shall consider the relative degree to which competing applicants, if any, are representative of the entire community; are ready, willing, and able to provide the services or facilities specified in their proposals; will provide the greater amount of services or facilities of

1 the kind which are needed most by the community; will have lower over-  
2 head costs; and such other factors as in the judgment of the departmer  
3 tend to show that the selection of one applicant over another is in th  
4 public interest.

5 (d) Selection by the department of one grantee for one year does  
6 not preclude selection of another grantee in another year.

7 \* Sec. 2. This Act takes effect on July 1, 1981.

COMMITTEE REPORT

SENATE

FURTHER: None

6/10/81

Date: \_\_\_\_\_

Mr. President:

The Committee on FINANCE has had SB 521

extending state aid for hospitals to specialized hospitals

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

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title
- new title

and recommends \_\_\_\_\_

AND attaches a "Letter of Intent"  New Fiscal Note

reports it back without recommendation

referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

---

---

---

---

---

---

---

---

---

---

---



---

---

---

---

---

---

---

---

---

---

---

\_\_\_\_\_  
CHAIRMAN

COMMITTEE REPORT  
SENATE

4/27/81

FURTHER: Finance

Date: \_\_\_\_\_

Mr. President:

The Committee on HEALTH, EDUCATION AND SOCIAL SERVICES has had SB 521 extending state aid for hospitals to specialized hospitals

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

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for SB 521 (HESS)  same title  new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

*Joseph P. Steyer*

*W. Hoover*

*Charles H. ...*

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*Charles H. ...*

CHAIRMAN

Introduced: 6/10/81  
Referred: Finance

Original sponsor: Kay

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 521 (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 related to state aid for health facility  
7 construction; and providing for an effective date."

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

9 \* Section 1. AS 29.90.010 is amended to read:

10 Sec. 29.90.010. HOSPITAL AND HEALTH FACILITY CON-  
11 STRUCTION. If construction of a hospital began after January 1, 1968,  
12 or if construction of a health facility began after January 1, 1968,  
13 and before July 1, 1980, and state matching aid for construction ap-  
14 proved for payment to the municipality or other hospital or health  
15 facility sponsor constitutes less than 25 percent of the total project  
16 cost, the department shall pay to the municipality or other hospital  
17 or health facility sponsor each fiscal year \$2,500 a bed for the maximum  
18 number of beds provided for in the construction design of the hospital  
19 or health facility or five percent of the total project cost, whichever  
20 is greater. State aid provided for in this section shall continue  
21 until the municipality or other hospital or health facility sponsor has  
22 received an amount which, combined with state matching money for con-  
23 struction of the hospital or health facility, equals 25 percent of the  
24 total project cost. Money received for construction may not be used  
25 for any other purpose except that money received after all construction  
26 costs have been paid by the municipality or sponsor may be retained and  
27 spent for operating costs of the hospital or health facility.

28 \* Sec. 2. AS 29.90.020 is amended to read:

29 Sec. 29.90.020. HOSPITAL AND HEALTH FACILITY CONSTRUCTION ASSIS-

1 TANCE ACCOUNT. The hospital and health facility construction assis-  
2 tance account is established. Money to carry out the provisions of  
3 this chapter shall be allocated by the department to the account in  
4 accordance with AS 29.95.010. If amounts in the account are insuffi-  
5 cient to pay each recipient's share authorized under this chapter, the  
6 amounts which are available shall be distributed pro rata among eligi-  
7 ble recipients.

8 \* Sec. 3. AS 29.90.030 is amended by adding a new paragraph to read:

9 (4) "health facility"

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

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

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

19 \* Sec. 4. This Act takes effect July 1, 1981.  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

Introduced: 4/27/81  
Referred: Health, Education &  
Social Services and Finance

1 IN THE SENATE

BY RAY

2 SENATE BILL NO. 521

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act extending state aid for hospitals to special-  
7 ized hospitals; and providing for an effective date."

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

9 \* Section 1. AS 29.89.100(3) is amended to read:

10 (3) "hospital" means a licensed hospital determined by the  
11 Department of Health and Social Services to be a general or specialized  
12 hospital; the term excludes a facility operated or wholly supported by  
13 the state or the federal government.

14 \* Sec. 2. AS 29.90.030(2) is amended to read:

15 (2) "hospital" means a licensed hospital determined by the  
16 Department of Health and Social Services to be a general or specialized  
17 hospital; the term excludes a facility operated or wholly supported by  
18 the state or the federal government;

19 \* Sec. 3. This Act takes effect July 1, 1981.  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

SB 521

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 521

Title An Act relating to aid for health facility construction

Requested by Miller

Date June 2, 1981

II. FISCAL DETAIL

Agency Affected Department of Community and Regional Affairs

Program Category Affected Development

BRU, Program, or Subprogram(s) Affected Local Government Assistance

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

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		-0-	-0-	-0-	-0-	
200 TRAVEL		-0-	-0-	-0-	-0-	
300 CONTRACTUAL		-0-	-0-	-0-	-0-	
400 COMMODITIES		-0-	-0-	-0-	-0-	
500 EQUIPMENT		-0-	-0-	-0-	-0-	
600 LAND & STRUCTURES		-0-	-0-	-0-	-0-	
700 GRANTS, CLAIMS, ETC.		41.6	41.6	41.6	40.6	
<b>TOTAL</b>		<b>41.6</b>	<b>41.6</b>	<b>41.6</b>	<b>40.6</b>	

FUNDING (Thousands of Dollars)

GENERAL FUND		41.6	41.6	41.6	40.6
FEDERAL FUNDS		-0-	-0-	-0-	-0-
OTHER (Specify Fund Source)		-0-	-0-	-0-	-0-

POSITIONS

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

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

If HB 393 is enacted three additional health facilities will be eligible to receive construction aid funding. Funding for these new facilities would come from Chapter 90 which is already funded for the purpose of paying for construction cost of hospitals. Additional funding is necessary if the definition of a facility eligible of construction cost reimbursement is expanded. The following is a list of the facilities that would benefit from this legislation showing the amount of funding that they could receive if Chapter 90 of the State Revenue Sharing Program is adequately funded:

	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>
SE Detoxification (Juneau)	\$38,763	38,763	38,763	38,763
Akiachak Health Clinic	1,851	1,851	1,851	1,851
Napaskiak	1,000	1,000	1,000	-0-

IV. DATE June 2, 1981

PREPARED BY Doug Griffin

AGENCY Community & Regional Affairs/LGAD

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

ALASKA STATE LEGISLATURE

TWELFTH Legislature FIRST Session

SENATE BILL NO. 521

By RAY

"An Act extending state aid for hospitals to specialized hospitals; and providing for an effective date."

Introduced in the Senate 4/27/81, 1981

HISTORY IN THE SENATE

19 81

4 27

6 10

Read first time and referred to Committee on HESS and Finance

Reported back with recommendation that *with 4 reports to Finance*

Read second time and

Read third time and

PASS Effective Date  
Yeas Yeas  
Nays Nays  
Absent Absent  
Excused Excused

Reconsideration  
PASS Effective Date  
Yeas Yeas  
Nays Nays  
Absent Absent  
Excused Excused

Reported correctly engrossed  
Signed by President  
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

Read third time and

PASS Effective Date  
Yeas Yeas  
Nays Nays  
Absent Absent  
Excused Excused

Reconsideration  
PASS Effective Date  
Yeas Yeas  
Nays Nays  
Absent Absent  
Excused Excused

Reported correctly engrossed  
Signed by Speaker  
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. ....

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 521

Title An Act relating to aid for health facility construction

Requested by Miller

Date June 2, 1981

II. FISCAL DETAIL

Agency Affected Department of Community and Regional Affairs

Program Category Affected Development

BRU, Program, or Subprogram(s) Affected Local Government Assistance

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

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		-0-	-0-	-0-	-0-	
200 TRAVEL		-0-	-0-	-0-	-0-	
300 CONTRACTUAL		-0-	-0-	-0-	-0-	
400 COMMODITIES		-0-	-0-	-0-	-0-	
500 EQUIPMENT		-0-	-0-	-0-	-0-	
600 LAND & STRUCTURES		-0-	-0-	-0-	-0-	
700 GRANTS, CLAIMS, ETC.		41.6	41.6	41.6	40.6	
<b>TOTAL</b>		<b>41.6</b>	<b>41.6</b>	<b>41.6</b>	<b>40.6</b>	

FUNDING (Thousands of Dollars)

GENERAL FUND		41.6	41.6	41.6	40.6
FEDERAL FUNDS		-0-	-0-	-0-	-0-
OTHER (Specify Fund Source)		-0-	-0-	-0-	-0-

POSITIONS

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

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

If HB 393 is enacted three additional health facilities will be eligible to receive construction aid funding. Funding for these new facilities would come from Chapter 90 which is already funded for the purpose of paying for construction cost of hospitals. Additional funding is necessary if the definition of a facility eligible of construction cost reimbursement is expanded. The following is a list of the facilities that would benefit from this legislation showing the amount of funding that they could receive if Chapter 90 of the State Revenue Sharing Program is adequately funded:

	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>
SE Detoxification (Juneau)	\$38,763	38,763	38,763	38,763
Akiachak Health Clinic	1,851	1,851	1,851	1,851
Napaskiak	1,000	1,000	1,000	-0-

IV. DATE June 2, 1981

PREPARED BY

Doug Griffin

AGENCY Community & Regional Affairs/LGAD

Original: Legislative Finance

PHONE 465-4736

cc: Budget and Management

Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. SB No. 521/ HB No. 482  
 Title State Aid for hospitals to specialized hospitals  
 Requested by Senator Ray Date 5/19/81

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

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		113.8	188.8	198.3	208.2	218.6
TOTAL	-0-	113.8	188.8	198.3	208.2	218.6

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	-0-	113.8	188.8	198.3	208.2	218.6
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

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

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III) According to the Department of Health and Social Services position paper on HB No: 482 (copy attached) there is one facility under consideration for licensure as a specialized hospital; the Juneau Alcohol/ Substance Abuse Detoxification and Rehabilitation Facility. This facility would be eligible for funding under two sections of the current law. Section 29.89.030 State Aid to municipalities and other eligible recipients for health facilities and hospitals and Section 29.90.010 State Aid for hospital construction.

Section 29.89.030 funding	\$ 75,000
Section 29.90.010 funding	38,763
FY 82 additional funding needed	<u>\$ 113,763</u>

In FY 83 it is assumed that the Anchorage Treatment Center will also be eligible for funding.  
 Section 29.89.030 funding \$ 75,000  
 A five percent increase has been added to the next three fiscal years.

IV. DATE 5/22/81 PREPARED BY Netta Craigo  
 AGENCY Community & Regional Affairs  
 Original: Legislative Finance PHONE 465-4733  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

Position Paper  
on  
Senate Bill 521

"An Act extending state aid for hospitals to specialized hospitals; and providing for an effective date.

Any institution which provides room, board, and nursing service and other hospital facilities required in connection with the diagnosis and treatment for one type of care such as a mental hospital, psychiatric hospital, tuberculosis hospital, chronic disease hospital, maternity hospital, maternity home, etc. may qualify for licensure as a specialized hospital under 7 AAC 12.010(b)(2). The quality of care provided and construction standards required for the specific type of care offered through a specialized hospital are the same as are required of a general hospital. As such, the operating costs, construction costs, and maintenance costs of a specialized hospital would not differ significantly from those of a general hospital of the same size.

The reimbursement available from third party payors for services rendered is much lower or non-existent for a facility which is not licensed as a hospital. This provides a strong incentive for a facility which specializes in a certain type of care (e.g., alcoholism treatment, rehabilitation treatment, kidney dialysis, etc.) to seek licensure as a specialized hospital. If state aid for general hospitals is extended to specialized hospitals this will be another incentive causing increased desire on the part of such facilities to seek licensure as specialized hospitals.

DHSS does not view the securing of third party payments or state aid as justification for granting a specialized hospital license. To obtain licensure as a specialized hospital a facility must first obtain a certificate of need by demonstrating:

- 1) That superior alternatives to such inpatient services in terms of cost, efficiency, and appropriateness do not exist and that the development of such alternatives is not practicable;
- 2) That in the case of new construction, alternatives to new construction (e.g., modernization or sharing arrangements) have been considered and have been implemented to the maximum extent possible;
- 3) That patients will experience serious problems in terms of cost, availability, or accessibility, or such other problems as may be identified by the Division of State Health Planning and Development, DHSS, in obtaining inpatient care of the type proposed in the absence of the proposed new service.

Several other criteria are also considered during the certificate of need review which weigh the impact of a proposed specialized hospital on other institutions; the immediate and long-term financial feasibility of the proposed facility; the relationship of the proposed facility to the State Health Plan and other applicable plans; the availability of less costly alternatives, and the availability of resources (including human resources) necessary to the proposed specialized hospital.

Position Paper  
on  
Senate Bill 521

Presently there is but one facility in the state, the Juneau Alcohol/Substance Abuse Detoxification and Rehabilitation Facility, which has completed the certificate of need review process and is under consideration for licensure as a specialized hospital. One other facility, the Alaska Treatment Center, Anchorage, has stated its intent to apply for a certificate of need pursuant to licensure as a specialized hospital. In Alaska the general hospitals, due to their low census, usually offer all types of care which are needed and are financially justifiable for the community. In most cases a general hospital will be able to offer the same services at a lower cost than would a newly constructed specialized hospital. Specialized hospitals are not justifiable if a general hospital can offer the same type of service at a more reasonable cost. As such, DHSS does not expect the development of specialized hospital to be high within the state.

Since the costs involved in the construction and operation of a specialized hospital are similar to those of a general hospital, the Department of Health and Social Services supports state aid for specialized hospitals similar to that provided to general hospitals.

Recommended by:

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

Date:

May 6, 1981

Approved by:

Helen D. Beirne  
Helen D. Beirne, Commissioner  
Department of Health and  
Social Services

Date:

5-12-81

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 521  
 Title "An Act extending state aid for hospitals to specialized hospitals; and  
 Requested by Miller Date 4/7/81

\* providing for an effective date."

II. FISCAL DETAIL

Agency Affected Health and Social Services  
 Program Category Affected Health  
 BRU, Program, or Subprogram(s) Affected \_\_\_\_\_

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

EXPENDITURES (Thousands of Dollars)

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

TOTAL

0

FUNDING (Thousands of Dollars)

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

POSITIONS

FULL TIME			0			
PART TIME						
TEMPORARY						

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

IV. DATE

May 6, 1981

PREPARED BY

Phoebe A Lindsey

AGENCY

DHSS

Original: Legislative Finance

PHONE

May 6, 1981

cc: Budget and Management

Prime Sponsor (First Legislator Named) M&B Approval

M. Hubbard

Date 5/6/81

Original sponsor: Ray

Introduced: 6/10/81  
Referred: Finance

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2

CS FOR SENATE BILL NO. 521 (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 related to state aid for health facility  
7 construction; and providing for an effective date."

7

8

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

9

\* Section 1. AS 29.90.010 is amended to read:

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

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

\* Sec. 2. AS 29.90.020 is amended to read:

Sec. 29.90.020. HOSPITAL AND HEALTH FACILITY CONSTRUCTION ASSIS-

1 TANCE ACCOUNT. The hospital and health facility construction assis-  
2 tance account is established. Money to carry out the provisions of  
3 this chapter shall be allocated by the department to the account in  
4 accordance with AS 29.95.010. If amounts in the account are insuffi-  
5 cient to pay each recipient's share authorized under this chapter, the  
6 amounts which are available shall be distributed pro rata among eligi-  
7 ble recipients.

8 \* Sec. 3. AS 29.90.030 is amended by adding a new paragraph to read:

9 (4) "health facility"

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

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

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

19 \* Sec. 4. This Act takes effect July 1, 1981.  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

Introduced: 4/27/81  
Referred: Health, Education &  
Social Services and Finance

1 IN THE SENATE

BY RAY

2 SENATE BILL NO. 521

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act extending state aid for hospitals to special-  
7 ized hospitals; and providing for an effective date."

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

9 \* Section 1. AS 29.89.100(3) is amended to read:

10 (3) "hospital" means a licensed hospital determined by the  
11 Department of Health and Social Services to be a general or specialized  
12 hospital; the term excludes a facility operated or wholly supported by  
13 the state or the federal government.

14 \* Sec. 2. AS 29.90.030(2) is amended to read:

15 (2) "hospital" means a licensed hospital determined by the  
16 Department of Health and Social Services to be a general or specialized  
17 hospital; the term excludes a facility operated or wholly supported by  
18 the state or the federal government;

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

20

21

22

23

24

25

26

27

28

29

COMMITTEE REPORT  
SENATE

FURTHER: 9/10/81

5/19/81

Date: 5/19/81

Mr. President:

The Committee on FINANCE has had 20 574

Investment tax credit allowed against the State educational assistance

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

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

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

CHAIRMAN

Introduced: 4/28/81  
Referred: Resources and  
Finance

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 SENATE BILL NO. 524

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 an investment tax credit allowed  
7 against the state corporate income tax; and providing  
8 for an effective date.

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

10 \* Section 1. AS 43.20.036(b) is amended to read:

11 (b) For purposes of calculating the income tax payable under this  
12 chapter, the taxpayer may apply as a credit against his tax liability  
13 the [JOB DEVELOPMENT] investment credit allowed as to federal taxes  
14 under Internal Revenue Code sec. 38 (26 U.S.C. 38) [50] upon only the  
15 first \$20,000,000 [\$500,000] of qualified investment put into use for  
16 each taxable year [(26 U.S.C. SEC. 50)]. This limitation does not apply  
17 to the amounts invested in equipment which meets the definition of a  
18 certified pollution control facility as defined under Internal Revenue  
19 Code sec. 169 (26 U.S.C. sec. 169) as in effect on June 19, 1975 [THE  
20 EFFECTIVE DATE OF THIS ACT] except that the date specified in Internal  
21 Revenue Code [THAT] section 169(d) as a condition of qualifying a cer-  
22 tified pollution control facility for a deduction does not apply.

23 \* Sec. 2. This Act is retroactive to July 1, 1980, and applies to  
24 expenditures which qualify for the investment credit which are made on or  
25 after that date.

26 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
27 070(c).

SB 524 (Act relating to an investment tax credit allowed  
against the state corporate income tax)

---

Testimony  
of  
Commissioner of Department of Revenue  
Thomas K. Williams  
5/8/81

WILLIAMS - Thank you, Mr. Chairman. For the record my name is Tom Williams, and I'm the Commissioner of Revenue. SB 524 would amend the corporate (the regular corporate) income tax to increase the amount of eligible investment for which investment tax credit may be calculated. That's its primary program effect. It increases that from \$500,000 of qualified investment to \$20 million of qualified investment. And the way this credit works is that under the Internal Revenue Code (the Federal Law), 10% of the qualified investment is allowed as a dollar for dollar reduction in the net tax liability. It's not a deduction in figuring what your taxable income is--this comes off the bottom line. What your tax is, that you owe, you can reduce that amount dollar for dollar by 10% of the qualified investment. Under our statutes we allow, dollar for dollar, a reduction in the corporate tax liability at a rate of 18% of the Federal tax credit. In other words, if they got \$1 of Federal tax credit, they would get an 18¢ tax credit against their Alaska tax liability. By increasing the amount of qualified investment for which this credit may be

calculated from \$500,000 to \$20 million, that \$19,500,000 increase represents a potential increase in tax credit available to an individual corporation of \$351,000. That is \$351,000 he can take off his tax bill. We have estimated that if this bill were to pass, the revenue effects would be on the order of \$6 million a year, rising gradually by 1984-85 to over \$7 million a year in reduction in the corporate income tax receipts (again, the regular corporate income tax).

DANKWORTH - Rising to where? Six million to where?

WILLIAMS - Six million to \$7-1/2 million per year. I think that this bill as it's drafted now . . . it's really not good policy. I think that . . . well, for one thing, the investment can occur anywhere. And predominantly the taxpayers who have regular corporate tax liability large enough to avail themselves of the benefits of this increase conduct most of their investments outside. For instance, the oil companies themselves--those parts of the oil business that are, say, a refinery outside or a tanker outside, or something like that that is not taxed under the Special Oil Corporate Tax, those investments that they make for that investment would in fact be a source of a credit for them. So if ARCO has a subsidiary owning its oil and gas interests up here, as an example, and they build some new supertanker, they could take the investment tax credit for that supertanker up to \$20 million bucks. Now I don't know in fact whether ARCO has such a supertanker, and I'm not, of course, attempting to represent that they

have a separate company up here from the parent. My point was by way of illustration. There are companies up here that are very large and not all of their enterprise, even the oil companies, not all of their enterprise is in fact taxed under 43.21. In addition we have companies like Sears and Penneys, a number of other large mercantile companies that may be able to take advantage of this. We have a lot of what objectively are very large companies but nevertheless are small in comparison to the principal oil companies themselves, such as drilling companies who have very large capital investments in semi-submersible rigs, some of which may never come up here but which nevertheless would be a source of qualified investment under the Federal Internal Revenue Code, and by this amendment, therefore, would be adapted into the Alaska Tax Code, and thus they would be allowed to shelter income that we would otherwise tax with these outside investments. I don't think that's a terribly prudent approach to our tax. I think it's a step away from where we want to be rather than a step towards where we may be going.

BENNETT - With the exception of that one area, Commissioner, does the administration support this concept, or this policy?

WILLIAMS - I don't think so. I don't. My recommendation to the Governor would not, is not, in favor of going to \$20 million because I don't think the benefits that we get from allowing that sort of credit will offset the negative revenue effects and costs that we will see flowing. There will be increased demands on the services of the government and at the same time this is acting

to diminish the revenues that are available to sustain (inaudible).

BENNETT - Any questions to the Commissioner? Senator Stimson.

STIMSON - Mr. Chairman, a question for the Commissioner. Is there a figure that you would be comfortable with--that you could support if you can't support the \$20 million?

WILLIAMS - \$500,000.

STIMSON - So you don't support increasing that?

WILLIAMS - I don't see a need to increase it at this time.

We're seeing a lot of upturn in the economy. Perhaps a couple of years ago when we were in the throes of the post-pipeline depression and the nation itself was going through a recession, some sort of stimulus for investment instate would be desirable, and obviously I assume that any such credit that we allow would be only from investments that are instate. That would have been a very desirable thing, but the economy has come around. We're seeing considerable revitalization in Anchorage and in Fairbanks and elsewhere through the state, and I don't think it's necessary to provide further stimulus because we may end up overheating the engine more than we want--the economic engine.

BENNETT - Any further questions?

DANKWORTH - Mr. Chairman, are we going to have some other witnesses?

BENNETT - Yes. No further questions? Thank you, Commissioner.

WILLIAMS - Thank you, Mr. Chairman.

STIMSON - Mr. Chairman, I'd just like to ask if the Commissioner is going to stay, because I may have more questions after we

listen to other witnesses.

WILLIAMS - Mr. Chairman, the Permanent Fund Corporation of which I am a trustee is meeting at the same time right now, and so I've absented myself from that meeting. If you do need to ask me questions if you could send someone down to the Governor's conference room on the third floor, I could break away and return.

BENNETT - Thank you Commissioner

SENATE FINANCE COMMITTEE

May 8, 1981 - 1:40 p.m.

SB 524 - ACT RELATING TO AN INVESTMENT TAX CREDIT ALLOWED  
AGAINST THE STATE CORPORATE INCOME TAX

Individuals testifying concerning the legislation:

Thomas K. Williams  
Commissioner of Revenue

Frank Danner  
Peat, Marwick, Mitchell & Co.

Bob (Last name sounds like Ghee)  
Alaska International Industries

Tulinda Deegan  
Alaska Air Carriers Association

Bill Waguman  
Fairbanks Miners Association

Jeannie Kline  
Alaska Chapter  
Associated General Contractors of America

Don Dickey  
Alaska State Chamber of Commerce

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5  
JUNEAU, ALASKA 99811

May 4, 1981

The Honorable Bettye Fahrenkamp  
Chairperson  
Senate Resources Committee  
Room 112 - Capitol Building  
Juneau, Alaska

Dear Senator Fahrenkamp:

Re: Senate Bill No. 524

Senate Bill No. 524, an Act relating to an investment tax credit allowed against the state corporate income tax, was introduced in the Senate on April 28, 1981 and was referred to the Senate Resources and Finance Committees.

For the consideration of the Senate Resources Committee, I am enclosing copies of Fiscal Notes prepared by Mr. Gary L. Jenkins, Director, Audit Division, Department of Revenue concerning the proposed legislation.

Sincerely,

R. D. Stevenson  
Special Assistant

RDS/rdh

cc: The Honorable Don Bennett  
The Honorable M. E. Dankworth  
Co-Chairmen  
Senate Finance Committee

Joseph K. Donohue  
Deputy Commissioner  
Department of Revenue

Gary L. Jenkins, Director  
Audit Division  
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 524

Title An Act relating to the investment tax credit.

Requested by Senate Resources Committee

Date April 29, 1981

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Revenue Collection and Management

BRU, Program, or Subprogram(s) Affected Audit Division

(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) NONE

	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) NONE

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE April 29, 1981

PREPARED BY Gary L. Jenkins

AGENCY Audit Division

PHONE 465-2320

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 524  
 Title An Act relating to an investment tax credit  
 Requested by Senate Resources Committee Date April 29, 1981

II. FISCAL DETAIL

Agency Affected Department of Revenue  
 Program Category Affected Revenue Collection and Management  
 BRU, Program, or Subprogram(s) Affected Audit Division

(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) NONE

	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		[6,000.0]	[6,500.0]	[7,000.0]	[7,500.0]
FEDERAL FUNDS					
OTHER (Specify Fund Source)					

POSITIONS

NONE

FULL TIME					
PART TIME					
TEMPORARY					

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

This bill will primarily benefit multistate and multinational corporations. The estimated revenue loss would be approximately 5 to 7 million dollars of corporate income tax.

IV. DATE April 29, 1981 PREPARED BY Gary I. Jenkins  
 AGENCY Audit Division  
 Original: Legislative Finance PHONE 465-2320  
 cc: Budget and Management  
Prime Sponsor (First Legislator Named)

APR 27 1981

STATE OF ALASKA  
THE LEGISLATURE

HOUSE OF REPRESENTATIVES  
LEGISLATIVE COUNSEL  
SERVICES

LEGISLATIVE AFFAIRS AGENCY


MEMORANDUM

April 27, 1981

SUBJECT: An investment tax credit allowed as against  
the state's corporate income tax (Work Order  
Number 12-1561)

TO: Senator Don Bennett

FROM: John B. Chenoweth  
Legislative Counsel



In response to your first request with respect to an increase of tax credit presently permitted for certain corporate investments, I noted that 26 U.S.C. 50, presently referred to AS 43.20.036(b), was, in fact, repealed, effective November, 1978.

The present bill, previously provided to you, corrects the reference to the investment credit by removing reference to a "job development" purpose and by citing the correct cross-reference in the United States Internal Revenue Code (26 U.S.C. 38). The additional operative provision, the key element of your first request, is to authorize an increase in the amount of a qualified investment for which the credit may be claimed from \$500,000 to 20 million dollars. 1/

---

1/ Where, generally, the cost of acquiring income producing property or interest is a capital expenditure, not deductible as an ordinary and necessary expense of trade or business in the year in which the expenditure is made, 26 U.S.C. 38 allows a tax credit for investment, generally, in depreciable machinery and equipment (in addition to the depreciation otherwise allowable) to encourage capital investment.

AGO 798065 +

Senator Don Bennett

Page 2

April 27, 1981

Additionally, in this bill, I am taking the opportunity to substitute for a reference "the effective date of this act" the actual effective date of AS 43.20.036(b) when originally enacted, and have substituted for the rather vague reference to "that section" (with respect to full credit for investments for qualifying pollution control facilities) the actual section and subsection reference for qualifying pollution control facilities found in the Internal Revenue Code.

Finally, the effective date clause is set to July 1, 1980, a date during the last calendar year which would fall within one year of the presumed effective date of this amendment, but permitting a taxpayer to claim a credit for a qualifying investment made on or after July 1, 1980, without regard to the taxpayer's own tax year, for the reasons which I more fully noted to you in the memo accompanying the original of the bill.

JBC:ljb

APR 27 1981

LEGISLATIVE AFFAIRS AGENCY


MEMORANDUM

April 27, 1981

SUBJECT: An investment tax credit allowed as against the state's corporate income tax (Work Order Number 12-1561)

TO: Senator Don Bennett

FROM: John B. Chenoweth  
Legislative Counsel



In response to your first request with respect to an increase of tax credit presently permitted for certain corporate investments, I noted that 26 U.S.C. 50, presently referred to AS 43.20.036(b), was, in fact, repealed, effective November, 1978.

The present bill, previously provided to you, corrects the reference to the investment credit by removing reference to a "job development" purpose and by citing the correct cross-reference in the United States Internal Revenue Code (26 U.S.C. 38). The additional operative provision, the key element of your first request, is to authorize an increase in the amount of a qualified investment for which the credit may be claimed from \$500,000 to 20 million dollars. 1/

---

1/ Where, generally, the cost of acquiring income producing property or interest is a capital expenditure, not deductible as an ordinary and necessary expense of trade or business in the year in which the expenditure is made, 26 U.S.C. 38 allows a tax credit for investment, generally, in depreciable machinery and equipment (in addition to the depreciation otherwise allowable) to encourage capital investment.

AGO 798052

SB 524

Senator Don Bennett  
Page 2  
April 27, 1981

Additionally, in this bill, I am taking the opportunity to substitute for a reference "the effective date of this act" the actual effective date of AS 43.20.036(b) when originally enacted, and have substituted for the rather vague reference to "that section" (with respect to full credit for investments for qualifying pollution control facilities) the actual section and subsection reference for qualifying pollution control facilities found in the Internal Revenue Code.

Finally, the effective date clause is set to July 1, 1980, a date during the last calendar year which would fall within one year of the presumed effective date of this amendment, but permitting a taxpayer to claim a credit for a qualifying investment made on or after July 1, 1980, without regard to the taxpayer's own tax year, for the reasons which I more fully noted to you in the memo accompanying the original of the bill.

JBC:ljb

# STATE OF ALASKA

## THE LEGISLATURE

### MEMORANDUM

BUDGET AND AUDIT COMMITTEE

JUNEAU 99801

AUDIT DIVISION  
POUCH W — ALASKA OFFICE BUILDING

FINANCE DIVISION  
POUCH WF — STATE CAPITOL

DATE: January 27, 1982

TO: Honorable Al Adams  
Chairman  
House Finance Committee

FROM: Milt Barker, <sup>MB</sup> Fiscal Analyst  
Legislative Finance Division

SUBJ: Fiscal Impact of Ch. 116, SLA 1981

#### Impact

Last session changes were made in the petroleum income tax and severance tax in SB 524 (ch. 116, SLA 1981).

Table I projects FY 84 petroleum income taxes and severance taxes as if the old law were still in place. If that were the case, FY 84 revenues from these two taxes would total \$2,773.4 million, using the Department of Revenue's current assumptions about prices, productions, etc.

Under the new law now in place and using the same assumptions, the Department of Revenue projects FY 84 revenue from these two taxes at \$2,573.4 million (see January 1982 "Revenue Sources").

This is a reduction in FY 84 revenue as a result of Ch. 116 of \$200.0 million. Using amounts contained in Commissioner Williams' memo of January 13, 1982, the combined loss for FY 82-84 is \$411.1 million.

#### Revision in Department's Assessment of Fiscal Horsepower of Apportionment

This represents a deterioration from the anticipated reduction at the time of enactment of Ch. 116.

At that time, estimates of the reduction in the petroleum corporate income tax were based on proprietary data submitted to the Department of Revenue by ARCO, Exxon, and Sohio. On the basis of this data, factors were developed for converting total income tax liability under the old law, AS 43.21, to the new law, Ch. 116. The ratios for FY 83 and FY 84 were .311 and .353 for income taxes calculated on an accrual basis. On a cash basis, the FY 84 ratio of new law revenues to old law revenues could have reasonably been estimated at .34 because of the one quarter year lag in payment of income tax liabilities.

January 26, 1982

Under the old law, petroleum income taxes are now estimated at \$1208.3 million for FY 84 on a cash basis (from Table I) while under the new law they are estimated at \$360.0 million (from "Revenue Sources"). The implied factor is now .298.

A more general rule of thumb used last year to convert old law income taxes to new was to take 50% of the old law liability after allowing a deduction for windfall profits taxes. This percentage was based on a March 3, 1981 memo from Wilson Condon. Table IV shows that the proprietary data implied that this was a nearly perfect rule of thumb for the period under consideration.

Table III indicates that the proper percentage implied by current revenue estimates would be 39%.

The current revenue estimates thus imply a 13% to 22% downward revision in the Department of Revenue's assessment of the ability of the new income tax to raise revenue.

#### Methodology of Current Estimates

This downgrading of the fiscal horsepower of the new apportionment income tax results from new estimates by the Department of Revenue. These estimates attempt to calculate the tax as it would actually be calculated by the companies using their adjusted federal taxable income and specific apportionment factors defined in Ch. 116.

However, the Department's methodology does not take into consideration proposed regulation 15 AAC 19.191(g), which would include in the property apportionment factor lease bonuses and the capitalized value of royalties (8 times the annual royalty). Presumably, this regulation would have a positive effect on income tax revenue.

It should be pointed out that no tax payments have yet been received under the apportionment method. At this point there is still no real world experience on which to calibrate estimates of the fiscal horsepower of apportionment.

attachments

cc: House Democrats

MB:bf

TABLE I  
 FY 83-84 Petroleum Revenues Under Prior Statutes  
 Using Current Department of Revenue Assumptions  
 (\$ Millions)

	(1)	(2)	(3)	(4)	(5)	(6)
	<u>Sadlerochit</u>	<u>Kuparuk</u>	<u>Cook Inlet</u>	<u>TAPS</u>	<u>Total (Accrual Basis)</u>	<u>Total (Cash Basis)</u>
<u>FY 83</u>						
Royalty	1572.8	89.0	104.6	--	1766.4	
Severance	1211.6	68.7	31.8	--	1312.1	
Petroleum Income Tax	814.9	40.6	51.7	179.6	1086.8	
<u>FY 84</u>						
Royalty	1922.1	137.5	107.0	--	2166.6	2166.6
Severance	1426.6	102.2	36.3	--	1565.1	1565.1
Petroleum Income Tax	992.8	66.9	52.7	136.4	1248.8	1208.3

NOTES:

- Royalty = production for FY 83 and FY 84 at 1.504 and 1.496 million BPD X (prices of \$23.62 and 28.92 from "Petroleum Production Revenue Forecast", Alaska Department of Revenue, December 1981 less field costs of 70¢ and 76¢) X .125; field costs are Legislative Finance estimates; production rates supplied by Department of Revenue.

Severance = production X prices X .875 working interest X .1225 tax rate X ELF factors of .8718 and .8428 from Col. 6, Table 5 of "Fiscal Analysis of the Proposed Backstop Tax Legislation", Gregg Erickson, May 1981.

Income Tax = (production X prices less royalty and severance and Cols. 3 through 9, Table 9, "Erickson") X .094 tax rate.
- Royalty = production for FY 83 and FY 84 at .089 and .111 million BPD X (Sadlerochit prices less field costs less \$1.00 additional transport cost) X .125; production rates supplied by Department of Revenue.

Severance = production X (Sadlerochit prices less \$1.00) X .875 working interest X .1225 tax rate X Sadlerochit ELF factors.

Income Tax = [production X (Sadlerochit prices less \$1.00) less royalty and severance and cols. 6 through 8, Table 10 "Erickson"] X .094 tax rate.
- Royalty = oil production for FY 83 and FY 84 at .064 and .0595 million BPD X prices of \$32.80 and \$35.64 X .125 plus gas royalties; from "Petroleum Production Revenue Forecast", Table 2.

Severance = oil production X prices X .875 working interest X .1225 tax rate X ELF

(continued)

factors of .27 and .32 derived from Table 2 of "Petroleum Production Revenue Forecast" plus gas severance taxes from "Petroleum Production Revenue Forecast", Table 2.  
Income Tax = (oil production X prices plus gas royalties from "Petroleum Production Revenue Forecast" divided by .125 less royalty and severance and Cols. 8 through 10, "Erickson") X .094 tax rate.

4. Income Tax = [FY 83 and FY 84 tariffs of \$5.62 and \$4.74 X (Sadlerochit plus Kuparuk production) less Cols. 4 through 8, Table 11, "Erickson"] X .094 rate; tariffs from "Petroleum Production Revenue Forecast".
5. Sum of Cols. 1 through 4.
6. Same as Col. 5 except FY 84 income tax = .75 FY 84 accrual basis income tax plus .25 FY 83 accrual basis income tax.

TABLE II  
WINDFALL PROFITS TAXES  
UNDER CURRENT DEPARTMENT OF REVENUE ASSUMPTIONS  
AND PRIOR LAW

	(1) Sadlerochit Production Subject to Tax <u>(Millions of Barrels)</u>	(2) Base Price <u>(\$/ Barrel)</u>	(3) Windfall <u>(\$ Millions)</u>	(4) Severance Deduction <u>(\$ Millions)</u>	(5) Net Windfall <u>(\$ Millions)</u>	(6) Sadlerochit Windfall Profits Tax <u>(\$ Millions)</u>	(7) Cook Inlet Windfall Profits Taxes <u>(\$ Millions)</u>
FY 83	480.3	16.65	3347.7	357.5	2990.2	2093.1	361.2
FY 84	477.8	19.23	4629.9	478.0	4151.9	2906.3	365.7

NOTES:

1. FY 83 and 84 production at 1.504 and 1.496 million BPD X .875 working interest; production provided by Department of Revenue.
2. Col. 3, Table 7 "Fiscal Analysis of Proposed Backstop Tax Legislation", Gregg Erickson, May 1981.
3. (FY 83 and 84 prices of \$23.62 and \$28.92 from "Petroleum Production Revenue Forecast", Department of Revenue, December 1981 less Col. 2) X Col. 1.
4. Severance taxes from Table I, Col. 1 X (prices - base prices)/prices
5. Col. 3 - Col. 4
6. Col. 5 X .7 tax rate.
7. Derived from line 5, Table 17, "Erickson".

TABLE III  
 PETROLEUM INCOME TAXES UNDER CURRENT LAW  
 VS. PRIOR LAW WITH WINDFALL PROFITS TAX DEDUCTION  
 USING CURRENT DEPARTMENT OF REVENUE ESTIMATES  
 (\$ Millions)

	(1)	(2)	(3)	(4)	(5)	(6)
	Petroleum Income Taxes Prior Law <u>(Accrual Basis)</u>	Value of Windfall Tax Deductions	Prior Law Taxes with Windfall Deductions	Prior Law Taxes with Windfall Deduction <u>(Cash Basis)</u>	Current Law Petroleum Income Tax <u>(Cash Basis)</u>	Current Law as a Percent of Prior Law with Windfall Deduction
FY 83	1086.8	230.7	856.1			
FY 84	1248.8	307.6	941.2	919.9	360.0	39%

NOTES:

1. Col. 5, Table I
2. (Col. 6 + Col. 7, Table II) X .094 tax rate
3. Col. 1 - Col. 2
4. .25 FY 83 amount + .75 FY 84 amount from Col. 3
5. "Revenue Sources", Department of Revenue, January 1982
6. Col. 5 ÷ Col. 4