

LEG. FINANCE - BILLS 1981 - 1982 1690

SB 557 cont. - SB 559

1690

1 1965, and at least once every succeeding five years. The lowest re-  
2 sponsible bid submitted by an insurance carrier with adequate servicing  
3 facilities shall govern selection of a carrier under this section.

4 (8) If the aggregate of dividends payable under the group  
5 insurance policy exceeds the governmental unit's share of the premium,  
6 the excess shall be applied by the governmental unit for the sole bene-  
7 fit of the employees.

8 (9) A person receiving benefits under AS 14.25.110, AS 22.25  
9 or AS 39.35 who is not 65 years of age may continue the [OBTAIN MAJOR  
10 MEDICAL AND] life insurance coverage which was in effect under this  
11 section at the time of his separation from employment with the state or  
12 participating governmental unit [FOR HIMSELF AND ANY DEPENDENTS WHO  
13 HAVE NOT REACHED THE AGE OF 65 YEARS].

14 (10) [A PERSON RECEIVING BENEFITS UNDER AS 14.25.110, AS 22.-  
15 25 OR AS 39.35 WHO IS 65 YEARS OF AGE OR OLDER BUT WHO HAS DEPENDENTS  
16 WHO ARE UNDER 65 MAY OBTAIN MAJOR MEDICAL INSURANCE FOR THESE DEPEND-  
17 ENTS UNDER THIS SECTION.]

18 (11) [A PERSON RECEIVING BENEFITS UNDER AS 14.25.110, AS 22.-  
19 25 OR AS 39.35 MAY OBTAIN MAJOR MEDICAL AND PRESCRIPTION DRUG INSURANCE  
20 UNDER THIS SECTION FOR HIMSELF AND ANY DEPENDENTS TO COVER COSTS WHICH  
21 ARE NOT COVERED BY THE FEDERAL OLD AGE SURVIVOR'S AND DISABILITY INSUR-  
22 ANCE PROGRAM.]

23 (12) A person electing to have insurance under (9) [, (10) OR  
24 (11)] of this section shall pay the cost of this insurance.

25 (13) [NO PERSON MAY ELECT FOR COVERAGE UNDER (9), (10) OR  
26 (11) OF THIS SECTION UNLESS HE WAS OR IS PRESENTLY ELIGIBLE FOR COVER-  
27 AGE UNDER THIS SECTION.]

28 (14) For each permanent part-time employee electing coverage  
29 under this section, the state shall contribute one-half the state con-

1           tribution rate for permanent full-time state employees, and the perman-  
2           ent part-time employee shall contribute the other one-half.

3           (15) A person receiving benefits under AS 14.25 or AS 39.35  
4           may obtain auditory, visual, and dental insurance for himself under  
5           this section. The level of coverage for persons over 65 shall be the  
6           same as that available before reaching age 65 except that the benefits  
7           payable shall be supplemental to those afforded under the federal old  
8           age [,] survivors [,] and disability insurance program, if any. A  
9           person electing to have insurance under this paragraph shall pay the  
10          cost of the insurance. The commissioner of administration shall adopt  
11          regulations implementing this paragraph.

12 \* Sec. 17. AS 39.30 is amended by adding a new section to read:

13           Sec. 39.30.095. FUND ESTABLISHED. (a) The commissioner of  
14           administration shall establish the group health and life benefits fund  
15           to provide group insurance benefits for group life and health insurance  
16           policies obtained under AS 39.30.090. The commissioner shall maintain  
17           accounts and records for the fund. The fund consists of employer  
18           contributions, employee contributions, appropriations from the legisla-  
19           ture, and interest earned on investment of the fund as provided in (d)  
20           of this section.

21           (b) After obtaining the advice of an actuary, the commissioner of  
22           administration shall determine the amount necessary to provide benefits  
23           under AS 39.30.090 and shall set the rate of employer contribution and  
24           employee contribution, if any. The commissioner of administration  
25           shall pay premiums and claims in accordance with the insurance policies  
26           in effect under AS 39.30.090 with money in the group health and life  
27           benefits fund.

28           (c) The commissioner of administration or his designee is ad-  
29           ministrator of the fund.

1 (d) If the commissioner of administration determines that there  
2 is more money in the fund than the amount needed to pay premiums or  
3 benefits for the current fiscal year, the surplus, or so much of it as  
4 the commissioner of administration considers advisable, may be invested  
5 by the commissioner of revenue in the same manner as retirement funds  
6 are invested under AS 39.35.110.

7 (e) In this section, "fund" means the group health and life  
8 benefits fund.

9 \* Sec. 18. AS 39.35.100(b)(1) is amended to read:

10 (1) An [AN] individual account shall be maintained for each  
11 employee to record the amount of his mandatory contributions collected  
12 under AS 39.35.160(a). As of the last day of each calendar year and  
13 each fiscal year beginning with June 30, 1969, this account shall be  
14 credited with interest, by applying one half of the prescribed rate of  
15 interest to the balance in the account as of that date. Within one  
16 year following [UPON] retirement, the amount actuarially determined as  
17 necessary to fully fund the benefits to be received shall be trans-  
18 ferred first from the employee contribution account and, after the em-  
19 ployee contribution account has been exhausted, then from the employer  
20 contribution account into the retirement reserve account.

21 \* Sec. 19. AS 39.35.100(b)(3) is amended to read:

22 (3) A separate account for each employer shall be maintained.  
23 The account shall be credited with contributions of the employer. This  
24 account shall be charged with the employer's actuarial charge for pen-  
25 sion, death benefits, and other benefits paid under this system to or  
26 on behalf of the employee of the employer. After an allowance for in-  
27 terest credited to employee contribution accounts and employee savings  
28 accounts, the investment income of the pension fund shall be allocated  
29 to the retirement reserve account and to each employer asset share

1 account according to the ratio that the average of the assets in the  
2 [AN EMPLOYER'S] account as of the beginning and as of the end of the  
3 fiscal year bears to the total of the average balance of the retirement  
4 reserve account and all employer accounts [EMPLOYERS].

5 \* Sec. 20. AS 39.35.200(b) is amended to read:

6 (b) If, upon termination of employment, an employee has credited  
7 service of less than five years and has less than \$1,000 in his employ-  
8 ee contribution account, a refund of the employee contribution account  
9 and the employee savings account must be made unless the employee indi-  
10 cates in writing that he intends to retire in the future and does not  
11 want a refund of contributions. An employee who is reemployed with an  
12 employer and whose contributions have not been refunded before reem-  
13 ployment [RE-EMPLOYMENT] is not eligible for a refund.

14 \* Sec. 21. AS 39.35.340(g) is amended to read:

15 (g) A surviving spouse receiving or entitled to receive benefits  
16 [A SURVIVING SPOUSE'S PENSION] under AS 39.35.430 or 39.35.440 or bene-  
17 fits under a joint and survivor option filed under AS 39.35.450 is eli-  
18 gible to receive increased benefits based upon military service as de-  
19 scribed in (a) of this section. To receive credited service for mili-  
20 tary service, the surviving spouse must verify the employee's military  
21 service. When verified, the surviving spouse is entitled to receive an  
22 increased benefit which shall be actuarially adjusted to reflect his or  
23 her indebtedness for that credit. The indebtedness shall be calculated  
24 in the same manner as described in (b) of this section except that it  
25 shall be based on the average monthly compensation used in calculating  
26 the benefit. Benefits payable under this subsection are effective the  
27 first day of the month following that in which eligibility has been es-  
28 tablished.

29 \* Sec. 22. AS 39.35.360(b) is amended to read:

1 (b) An employee who is entitled to credited service for employ-  
2 ment before January 1, 1961, under (a) of this section is not required  
3 to make retroactive contributions under this chapter.

4 \* Sec. 23. AS 39.35.385(c) is amended to read:

5 (c) Credited service for which contributions were refunded is not  
6 creditable under this section unless the refunded contributions have  
7 been repaid. For purposes of (a) and (b) of this section, a member or  
8 former member does not have to be reemployed under this system in order  
9 to pay refunded contributions. Compound interest at the rate pre-  
10 scribed by regulation must be added to the reinstatement indebtedness  
11 from the date of the refund to the date of repayment.

12 \* Sec. 24. AS 39.35.420(b) is amended to read:

13 (b) If the death of a vested member or deferred vested member oc-  
14 curs from nonoccupational causes, the surviving spouse may at his or  
15 her discretion receive either the amounts set out in (c) [BENEFITS  
16 DESCRIBED IN (a)] of this section or a 50 percent joint and survivor  
17 option based upon credited service to the date of the employee's death  
18 or termination. Benefits accrue from the first day of the month fol-  
19 lowing the employee's death and are payable the last day of the month.

20 \* Sec. 25. AS 39.35.420 is amended by adding a new subsection to read:

21 (c) If no spouse survives the death of a vested or deferred  
22 vested member, the designated beneficiary shall be paid: (1) the  
23 balance of the deceased member's contribution account; (2) the balance  
24 of the deceased member's savings account; (3) the deceased member's  
25 final monthly benefit payment; and (4) a lump-sum death benefit. The  
26 amount of the lump-sum death benefit is \$100 times the years of credited  
27 service of the deceased member plus \$1,000.

28 \* Sec. 26. AS 39.35.430 is amended by adding a new subsection to read:

29 (f) If the death of an employee occurs from occupational causes

1 but no surviving spouse or dependent children exist at the time of the  
2 death, the employee's designated beneficiary is entitled to receive  
3 those benefits available to a beneficiary under AS 39.35.420(a) or (c).

4 \* Sec. 27. AS 39.35.440(b) is amended to read:

5 (b) Upon the death of a disabled employee who is receiving or is  
6 entitled to receive an occupational disability benefit, a surviving  
7 spouse's pension equal to 40 percent of the employee's [HIS AVERAGE]  
8 monthly compensation at the termination of employment because of occu-  
9 pational disability shall be paid to his surviving spouse. If there is  
10 no surviving spouse, the survivor's pension shall be paid in equal  
11 parts to the dependent children of the employee. On the date the  
12 normal retirement of the employee would have occurred if he had lived,  
13 monthly payments shall equal the monthly amount of the normal retire-  
14 ment benefit to which the employee, had he lived and continued his  
15 employment until his normal retirement date, would have been entitled  
16 with an average monthly compensation as existed at his death and the  
17 credited service to which he would have been entitled. If the death of  
18 an employee occurs from occupational causes but no surviving spouse or  
19 dependent children exist at the time of the death, the employee's  
20 designated beneficiary shall be paid those benefits available to a  
21 beneficiary under AS 39.35.420(a) or (c).

22 \* Sec. 28. AS 39.35.460 is amended to read:

23 Sec. 39.35.460. LEVEL INCOME OPTION. If the payment of a [AN  
24 EARLY] retirement pension begins before age 65 [THE EARLIEST AGE AS OF  
25 WHICH THE EMPLOYEE BECOMES ELIGIBLE FOR A PRIMARY SOCIAL SECURITY BENE-  
26 FIT], the amount of pension payable before and after that age may be  
27 adjusted so that an increased amount will be paid before the time that  
28 full social security benefits become available and a reduced amount af-  
29 ter that time, so that the employee may [WILL] receive a more level

1 [RETIREMENT] income for life. The aggregate value of all adjusted  
2 payments may [, HOWEVER, SHALL] not exceed the actuarial equivalent of  
3 the value of the pension otherwise payable to the employee.

4 \* Sec. 29. AS 39.35.475(b) is amended to read:

5 (b) The amount of the increase in benefit payments may not exceed  
6 the lesser [GREATER] of

7 (1) the increase in the cost of living since the date of re-  
8 tirement; or

9 (2) four percent of the retirement benefit compounded for  
10 each year of retirement.

11 \* Sec. 30. AS 39.35.485(a) is amended to read:

12 (a) An employee who is eligible for a benefit calculated in  
13 accordance with AS 39.35.370(c) is entitled to a benefit of at least  
14 \$25 a month for each year of credited service, not including adjust-  
15 ments made under AS 39.35.340 for military service, AS 39.35.350 for  
16 reinstatement of credited service, AS 39.35.360 for credit for earlier  
17 service, AS 39.35.370(c) for early retirement, AS 39.35.420 for non-  
18 occupational death benefits [AS 39.35.380, 39.35.410], AS 39.35.450  
19 for the survivor's option, AS 39.35.460 for the level income option,  
20 AS 39.35.475 for the post-retirement pension adjustment, and AS 39.35.-  
21 480 for the cost of living.

22 \* Sec. 31. AS 39.35.535 is repealed and reenacted to read:

23 Sec. 39.35.535. MEDICAL BENEFITS. (a) The following are entitled  
24 to major medical insurance coverage:

25 (1) a person receiving a monthly benefit from the system;

26 (2) the spouse of a person receiving a monthly benefit from  
27 the system;

28 (3) a natural or adopted child of a person receiving a  
29 monthly benefit from the system, if the child is a dependent child

1 under AS 39.35.680(11).

2 (b) Major medical insurance coverage takes effect on the same  
3 date as retirement benefits begin, and stops when the retired employee  
4 or survivor is no longer eligible to receive a monthly benefit. The  
5 coverage for persons 65 or older is the same coverage available for a  
6 person under 65. The benefits payable to those persons 65 or older  
7 supplement those afforded under the federal old age survivor and dis-  
8 ability insurance program, if any.

9 \* Sec. 32. AS 39.35.560 is amended to read:

10 Sec. 39.35.560. REQUEST BY PUBLIC ORGANIZATION TO PARTICIPATE AND  
11 ADOPTION OF RESOLUTION. A public organization [CREATED WHOLLY OR PART-  
12 LY BY, OR DERIVING ITS POWERS FROM, THE LEGISLATURE OF THE STATE] may  
13 request to become an employer in this system. The request shall be  
14 made after adoption of a resolution by the governing body of the public  
15 organization. A certified copy of the resolution shall be filed with  
16 the administrator. If the administrator approves the request for par-  
17 ticipation, the public organization is an employer of the system.

18 \* Sec. 33. AS 39.35.680(8) is amended to read:

19 (8) "compensation" means the total remuneration earned by an  
20 employee for personal services rendered, including cost-of-living dif-  
21 ferentials, payments for leave which is actually used by the employee,  
22 the amount by which the employee's wages are reduced under AS 39.30.-  
23 150(c), and any amount deferred under the state deferred compensation  
24 plan, but does not include retirement benefits, welfare benefits, per  
25 diem, expense allowances, workers' compensation payments or payments  
26 for [MEDICAL LEAVE OR ANNUAL] leave not used by the employee whether  
27 those leave payments are scheduled payments, lump-sum payments, dona-  
28 tions or cash-ins;

29 \* Sec. 34. AS 39.35.680(13) is amended to read:

1 (13) "early retirement" means retirement for a member who is  
2 not eligible for normal retirement and who is at least 50 years old and  
3 is eligible to receive benefits under AS 39.35.370(b) or under AS 39.-  
4 35.385(b) or (f) [HAS A MINIMUM OF FIVE YEARS CREDITED SERVICE];

5 \* Sec. 35. AS 39.35.680(25) is amended to read:

6 (25) "normal retirement" means retirement for a member who is  
7 at least 55 years old and is eligible to receive benefits under AS 39.-  
8 35.370(a) or under AS 39.35.385(a) or (i) [HAS A MINIMUM OF FIVE YEARS  
9 CREDITED SERVICE, OR WHO IS ANY AGE AND HAS 30 YEARS OR MORE OF CRED-  
10 ITED SERVICE, OR A PEACE OFFICER OR FIREMAN WHO IS ANY AGE AND HAS 20  
11 YEARS OR MORE OF CREDITED SERVICE];

12 \* Sec. 36. AS 39.35.680 is amended by adding a new paragraph to read:

13 (39) "public organization" means an organization or entity

14 (A) created by the constitution or laws of the state for  
15 the purpose of administering state programs;

16 (B) whose officers and employees are paid by a method  
17 other than by the state payroll prepared by the Department of  
18 Administration; and

19 (C) whose employees are not required by law to partici-  
20 pate in the system.

21 \* Sec. 37. This Act takes effect July 1, 1981.  
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ALASKA STATE LEGISLATURE

TWELFTH Legislature . FIRST Session

SENATE BILL..... NO. 557..

By FISCHER.....

"An Act relating to teachers', public employees', judicial, and national guard benefits; and providing for an effective date."

Introduced in the Senate ..... 5/11/ 81  
....., 19....

HISTORY IN THE SENATE

19	81	Read first time and referred to Committee on
5	11	STATE AFFAIRS, HESS and FINANCE
<del>3</del>	<del>25</del>	Reported back with recommendation that <i>St. Alf. replace</i>
4	7	<i>w/BS, 3 do pass to HESS. HESS confirm - to dir</i>
		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. CS SB557 (State Affairs)  
 Title An Act Relating to Retirement Benefits for Marine Highways System Employees  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

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

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
100 RETIREMENT BENEFITS		4.0	4.0	4.0	4.0	4.0
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		4.0	4.0	4.0	4.0	4.0

FUNDING (Thousands of Dollars)

GENERAL FUND		3.2	3.2	3.2	3.2	3.2
FEDERAL FUNDS		.1	.1	.1	.1	.1
VETERAN'S FUND		.1	.1	.1	.1	.1
FISH & GAME FUND		.1	.1	.1	.1	.1
HIGHWAY FUND		.1	.1	.1	.1	.1
AIRPORT FUND		.1	.1	.1	.1	.1
CAPITAL FUND		.3	.3	.3	.3	.3
PERS						

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

1. It is understood that one employee will qualify under this bill.

IV. DATE April 5, 1982 PREPARED BY Paul B. Arnoldt  
 AGENCY Division of Retirement & Benefits  
 PHONE 465-4460  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named) Senator Fischer  
 Office of the Governor (Keith Specking)

Original sponsor: Fischer

Offered: 3/25/82  
Referred: Health,  
Education & Social  
Services and Finance

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 557 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to retirement benefits for marine  
7 highway system employees; and providing for an effec-  
8 tive date."

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

10 \* Section 1. AS 39.35 is amended by adding a new section to read:

11 Sec. 39.35.305. CREDITED SERVICE FOR EMPLOYMENT WITH THE MARINE  
12 HIGHWAY SYSTEM. (a) A vested employee who is a member of the system on  
13 July 1, 1981, is entitled to service credit for periods of employment  
14 before January 1, 1977, with the marine highway system of the Department  
15 of Transportation and Public Facilities for which the employee received  
16 service credit under the Northwest Marine Retirement Trust. The service  
17 credit allowed under this section may not exceed an aggregate of nine  
18 years. Benefits are not payable on service credit under this section  
19 unless the employee makes retroactive contributions to the system for the  
20 period of time for which service credit is claimed.

21 (b) In order to obtain service credit under this section, an em-  
22 ployee shall make an election to do so and shall verify the period of  
23 service. When eligibility for service credit has been established, an  
24 indebtedness shall be determined as follows: (1) the employee's actual  
25 compensation, or the calculated annual compensation for an employee  
26 working less than 12 months, during the calendar year 1981 or the year  
27 in which an employee first becomes vested under this chapter, whichever  
28 is later, multiplied by (2) six percent, and this product multiplied by  
29 (3) the number of years of service credited under this section. Interest

1 as prescribed by regulation accrues on this indebtedness beginning on  
2 July 1, 1981, or one year following the date a person first becomes  
3 vested, whichever is later. Any outstanding indebtedness that exists at  
4 the time a person is appointed to retirement will necessitate an actuarial  
5 adjustment to the benefits payable based on service credited under  
6 this section.

7 \* Sec. 2. AS 39.35.370 is amended by adding a new subsection to read:

8 (g) A member may not receive retirement benefits under this sec-  
9 tion based on a period of employment for which the member received ser-  
10 vice credit under AS 39.35.305 if the member is receiving retirement  
11 benefits from a marine retirement trust based on the same period of em-  
12 ployment.

13 \* Sec. 3. This Act takes effect July 1, 1982.  
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Introduced: 5/11/81  
Referred: State Affairs, Health,  
Education and Social Services and  
Finance

1 IN THE SENATE

BY FISCHER

2 SENATE BILL NO. 557

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 teachers', public employees', ju-  
7 dicial, and national guard benefits; and providing for  
8 an effective date."

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

10 \* Section 1. AS 14.25.020(a)(1) is repealed and reenacted to read:

11 (1) formulate and recommend to the Alaska Teachers' Retire-  
12 ment Board regulations to govern the operation of the system;

13 \* Sec. 2. AS 14.25.022 is amended to read:

14 Sec. 14.25.022. REGULATIONS. Regulations adopted by the Alaska  
15 Teachers' Retirement Board [PROMULGATED BY THE ADMINISTRATOR] under  
16 AS 14.25.010 - 14.25.220 relate to the internal management of a state  
17 agency and their adoption is not subject to the Administrative Proce-  
18 dure Act (AS 44.62).

19 \* Sec. 3. AS 14.25.035 is amended by adding a new subsection to read:

20 (i) The board may adopt regulations recommended by the adminis-  
21 trator to carry out this chapter with modifications it considers proper.

22 \* Sec. 4. AS 14.25.115(a) is amended to read:

23 (a) A teacher in membership service on or after July 1, 1977 who  
24 is appointed to retirement on or after July 1, 1978 may elect to apply  
25 his unused sick leave credit in computing the total number of years of  
26 creditable service under AS 14.25.110(d) [AS 14.25.120(c)(1) AND (4)].  
27 To obtain service credit for unused sick leave, a teacher must apply to  
28 the administrator no later than one year after appointment to retire-  
29 ment. Unused sick leave shall be credited on a day-for-day basis in

1 accordance with the table for service after July 1, 1969 contained in  
2 AS 14.25.220(40) [AS 14.25.220(16)]. No teacher contributions may be  
3 required for credited unused sick leave.

4 \* Sec. 5. AS 14.25.130(a) is amended to read:

5 (a) An active [A] member who is terminated as a proximate result  
6 of a permanent disability [HAS BECOME PERMANENTLY DISABLED], as defined  
7 in AS 14.25.220, after July 1, 1966, before age 55 and who has five or  
8 more years of membership service may be retired by the administrator as  
9 of the first day of the month following the permanent disability. Af-  
10 ter a report of medical examination of the member, an application, and  
11 other requested information has been submitted, the administrator shall  
12 determine if the member is physically or mentally incapacitated for  
13 further performance of duty, and if the incapacity is likely to be per-  
14 manent and whether the member should receive disability benefits.

15 \* Sec. 6. AS 14.25.143(b) is amended to read:

16 (b) The amount of the increase in benefit payments may not exceed  
17 the lesser [GREATER] of

18 (1) the increase in the cost of living since the date of re-  
19 tirement; or

20 (2) four percent of the retirement benefit compounded for  
21 each year of retirement.

22 \* Sec. 7. AS 14.25.168 is repealed and reenacted to read:

23 Sec. 14.25.168. MEDICAL BENEFITS. (a) The following are entitled  
24 to major medical insurance coverage:

25 (1) a person receiving a monthly benefit from the system;

26 (2) the spouse of a person receiving a monthly benefit from  
27 the system;

28 (3) a natural or adopted child of a person receiving a  
29 monthly benefit, if the child is a dependent child as defined in AS 14.-

1 25.220(12).

2 (b) Major medical insurance coverage takes effect on the same  
3 date as retirement benefits begin and stops when the retired person or  
4 survivor is no longer eligible to receive a monthly benefit. The  
5 coverage for persons over age 65 is the same as that available for  
6 persons under age 65. The benefits payable to those persons 65 or  
7 older supplement those afforded under the federal old age survivor and  
8 disability insurance program, if any.

9 \* Sec. 8. AS 14.25.220(9) is amended to read:

10 (9) "compensation" means the total remuneration paid under  
11 contract to a member for services rendered during a school year, in-  
12 cluding cost-of-living differentials, payments for leave which is  
13 actually used by the member, the amount by which the member's wages  
14 are reduced under AS 39.30.150(c), and the amount deferred under the  
15 state deferred compensation plan or the tax shelter annuity plan  
16 approved by the Department of Education, but does not include retire-  
17 ment benefits, welfare benefits, per diem, expense allowances, workers'  
18 compensation payments, or payments for leave not used by the member,  
19 whether those leave payments are scheduled payments, lump sum payments,  
20 donations, or cash-ins; for purposes of AS 14.25.050, compensation paid  
21 includes any payment made after June 30 of a school year for services  
22 rendered before the end of the school year;

23 \* Sec. 9. AS 14.25.220(10) is amended to read:

24 (10) "credited service" means all membership service as pro-  
25 vided in (20) of this section, territorial employment as defined in  
26 (41) of this section, plus outside, military, and BIA service not ex-  
27 ceeding 15 years, with outside and military service limited to 10 years  
28 except under the conditions set out in AS 14.25.100;

29 \* Sec. 10. AS 14.25.220 is amended by adding a new paragraph to read:

1 (41) "territorial employment" means non-teaching employment  
2 with the Territory of Alaska as provided under AS 14.25.105; territor-  
3 ial employment is not membership service.

4 \* Sec. 11. AS 22.25.011 is amended to read:

5 Sec. 22.25.011. CONTRIBUTIONS. Each justice and judge appointed  
6 after July 1, 1978 shall contribute seven percent of his base annual  
7 salary to the judicial retirement system. Contributions shall be made  
8 for all creditable service under this chapter up to a maximum of 15  
9 years. This contribution is made in the form of a deduction from  
10 compensation, and is made notwithstanding that the compensation paid in  
11 cash to the justice or judge is reduced thereby below the minimum  
12 prescribed by law. Each justice and judge is considered to consent to  
13 the deduction made from his compensation. Payment of compensation less  
14 the deduction constitutes a full and complete discharge and acquittance  
15 of all claims and demands for the services rendered by him during the  
16 period covered by the payment, except as to the benefits provided for  
17 under AS 22.25.010 - 22.25.090. The contributions shall be credited  
18 to the judicial retirement fund established in accordance with AS 22.-  
19 25.048 [INTO THE GENERAL FUND OF THE STATE].

20 \* Sec. 12. AS 22.25 is amended by adding a new section to read:

21 Sec. 22.25.048. ACCOUNTING AND INVESTMENT. (a) The commissioner  
22 of administration shall establish a fund for the judicial retirement  
23 system and shall maintain accounts and records for the judicial retire-  
24 ment system.

25 (b) All income of the judicial retirement fund and all disburse-  
26 ments made by the fund must be credited or charged, whichever is appro-  
27 priate, to the following accounts:

28 (1) an individual account which contains the mandatory  
29 contributions collected from a person under AS 22.25.011;

1           (2) an account which is credited with the contributions of  
2 the state court system;

3           (3) a retirement reserve account; and

4           (4) an expense account for the judicial retirement system  
5 which shall be credited with funds transferred from the account  
6 described in (b)(2) of this section.

7           (c) Investment of surplus amounts in the fund may be made as  
8 provided in AS 39.35.110.

9           (d) Within one year following retirement, an amount actuarially  
10 determined as necessary to pay fully for the benefits to be received by  
11 a person receiving a benefit under this chapter shall be transferred  
12 first from the individual account described in (b)(1) of this section  
13 and, after the individual contributions have been exhausted, then from  
14 the court system account described in (b)(2) of this section, into the  
15 retirement reserve account described in (b)(3) of this section.

16           (e) The contributions of the court system to the retirement  
17 reserve account shall contain the actuarially determined amount neces-  
18 sary to fully fund the pension, death benefits, and other benefits paid  
19 under the judicial retirement system to a person receiving a benefit  
20 under this chapter.

21           (f) The investment income of the judicial retirement fund shall  
22 be allocated first to the retired reserve account described in (b)(3)  
23 of this section and then to the account described in (b)(2) of this  
24 section.

25           (g) The account described in (b)(4) of this section is charged  
26 with all disbursements representing the administrative expenses in-  
27 curred by the judicial retirement system. Expenditures from this  
28 account shall be included in the budget of the governor for each fiscal  
29 year.

1 \* Sec. 13. AS 22.25.090 is repealed and reenacted to read:

2 Sec. 22.25.090. MEDICAL BENEFITS. (a) The following are entitled  
3 to major medical insurance coverage:

4 (1) a person receiving a monthly benefit under this chapter;

5 (2) the spouse of a person receiving a monthly benefit under  
6 this chapter;

7 (3) a natural or adopted child of a person receiving a  
8 monthly benefit under this chapter, if the child is a dependent child  
9 under (c) of this section.

10 (b) Major medical insurance coverage takes effect on the same  
11 date as retirement benefits begin, and stops when the retired person or  
12 survivor is no longer eligible to receive a monthly benefit. The  
13 coverage for persons 65 or older is the same as that available for  
14 persons under 65. The benefits payable to those persons 65 or older  
15 supplement the benefits provided under the federal old age survivor and  
16 disability insurance program, if any.

17 (c) In this section "dependent child" means an unmarried child of  
18 a person receiving a monthly benefit under this chapter, including an  
19 adopted child, who is dependent upon the person for support and who is  
20 either (1) less than 19 years old, or (2) less than 23 years old and  
21 registered at and attending on a full-time basis an accredited educa-  
22 tional or technical institution recognized by the Department of Educa-  
23 tion. The age limits set out in this subsection do not apply to a  
24 child who is totally and permanently disabled.

25 \* Sec. 14. AS 26.05.227 is amended to read:

26 Sec. 26.05.227. DEFINITIONS. As used in AS 26.05.222 - 26.05.228  
27 [AS 26.05.222 - 26.05.226],

28 (1) "beneficiary" means a person designated by a member to  
29 receive benefits that may be due from the system upon the death of a

1 member;

2 (2) "member means a commissioned or warrant officer or an  
3 enlisted person in the Alaska National Guard or Alaska Naval Militia;

4 (3) "system" means the Alaska National Guard retirement  
5 system.

6 \* Sec. 15. AS 26.05 is amended by adding a new section to read:

7 Sec. 26.05.228. ACCOUNTING AND INVESTMENT. (a) The commissioner  
8 of administration shall establish a fund for the system and maintain  
9 accounts and records for the system.

10 (b) All income of the fund and all disbursements made by the fund  
11 must be credited or charged, whichever is appropriate, to the following  
12 accounts:

13 (1) an individual account for each retired member of the  
14 system which records the benefits paid under this system to the member  
15 or surviving beneficiary;

16 (2) a separate account for the Department of Military  
17 Affairs' contribution to fund the system based on the actuarial require-  
18 ments of the system as established by the commissioner of administration  
19 under this chapter;

20 (3) an expense account for the system; this account is  
21 charged with all disbursements representing administrative expenses  
22 incurred by the system; expenditures from this account are included in  
23 the governor's budget for each fiscal year.

24 (c) Investment of surplus amounts in the fund may be made as  
25 provided in AS 39.35.110.

26 \* Sec. 16. AS 39.30.090 is amended to read:

27 Sec. 39.30.090. PROCUREMENT OF GROUP INSURANCE. The Department  
28 of Administration may obtain a policy or policies of group insurance  
29 covering state employees, persons entitled to coverage under AS 14.-

1 25.168, AS 22.25.090 or AS 39.35.535, or [AND] employees of other  
2 participating governmental units subject to the following conditions:

3 (1) A group insurance policy shall provide one or more of  
4 the following benefits: life insurance, accidental death and dismem-  
5 berment insurance, weekly indemnity insurance, hospital expense insur-  
6 ance, surgical expense insurance, dental expense insurance, audio-vis-  
7 ual insurance, or other medical care insurance.

8 (2) Each eligible employee of the state, his spouse and his  
9 unmarried children chiefly dependent on him for support and each eli-  
10 gible employee of another participating governmental unit shall be cov-  
11 ered by the group policy, unless exempt under regulations adopted by  
12 the commissioner of administration.

13 (3) A governmental unit may participate under a group policy  
14 if

15 (A) its governing body adopts a resolution authorizing  
16 participation, and payment of required premiums;

17 (B) a certified copy of the resolution is filed with  
18 the Department of Administration; and

19 (C) the commissioner of administration approves the  
20 participation in writing.

21 (4) (repealed).

22 (5) (repealed).

23 (6) The Department of Administration shall obtain the insur-  
24 ance policy from any insurer authorized to transact business in the  
25 state under AS 21.09 and AS 21.90.

26 (7) The Department of Administration shall make available  
27 bid specifications for desired insurance benefits to all insurance car-  
28 riers licensed in the state and qualified to provide the desired bene-  
29 fits. The specifications shall be made available on or before July 1,

1 1965, and at least once every succeeding five years. The lowest re-  
2 sponsible bid submitted by an insurance carrier with adequate servicing  
3 facilities shall govern selection of a carrier under this section.

4 (8) If the aggregate of dividends payable under the group  
5 insurance policy exceeds the governmental unit's share of the premium,  
6 the excess shall be applied by the governmental unit for the sole bene-  
7 fit of the employees.

8 (9) A person receiving benefits under AS 14.25.110, AS 22.25  
9 or AS 39.35 who is not 65 years of age may continue the [OBTAIN MAJOR  
10 MEDICAL AND] life insurance coverage which was in effect under this  
11 section at the time of his separation from employment with the state or  
12 participating governmental unit [FOR HIMSELF AND ANY DEPENDENTS WHO  
13 HAVE NOT REACHED THE AGE OF 65 YEARS].

14 (10) [A PERSON RECEIVING BENEFITS UNDER AS 14.25.110, AS 22.-  
15 25 OR AS 39.35 WHO IS 65 YEARS OF AGE OR OLDER BUT WHO HAS DEPENDENTS  
16 WHO ARE UNDER 65 MAY OBTAIN MAJOR MEDICAL INSURANCE FOR THESE DEPEN-  
17 DENTS UNDER THIS SECTION.]

18 (11) [A PERSON RECEIVING BENEFITS UNDER AS 14.25.110, AS 22.-  
19 25 OR AS 39.35 MAY OBTAIN MAJOR MEDICAL AND PRESCRIPTION DRUG INSURANCE  
20 UNDER THIS SECTION FOR HIMSELF AND ANY DEPENDENTS TO COVER COSTS WHICH  
21 ARE NOT COVERED BY THE FEDERAL OLD AGE SURVIVOR'S AND DISABILITY INSUR-  
22 ANCE PROGRAM.]

23 (12) A person electing to have insurance under (9) [, (10) OR  
24 (11)] of this section shall pay the cost of this insurance.

25 (13) [NO PERSON MAY ELECT FOR COVERAGE UNDER (9), (10) OR  
26 (11) OF THIS SECTION UNLESS HE WAS OR IS PRESENTLY ELIGIBLE FOR COVER-  
27 AGE UNDER THIS SECTION.]

28 (14) For each permanent part-time employee electing coverage  
29 under this section, the state shall contribute one-half the state con-

1       tribution rate for permanent full-time state employees, and the perman-  
2       ent part-time employee shall contribute the other one-half.

3               (15) A person receiving benefits under AS 14.25 or AS 39.35  
4       may obtain auditory, visual, and dental insurance for himself under  
5       this section. The level of coverage for persons over 65 shall be the  
6       same as that available before reaching age 65 except that the benefits  
7       payable shall be supplemental to those afforded under the federal old  
8       age [,] survivors [,] and disability insurance program, if any. A  
9       person electing to have insurance under this paragraph shall pay the  
10      cost of the insurance. The commissioner of administration shall adopt  
11      regulations implementing this paragraph.

12   \* Sec. 17. AS 39.30 is amended by adding a new section to read:

13               Sec. 39.30.095. FUND ESTABLISHED. (a) The commissioner of  
14      administration shall establish the group health and life benefits fund  
15      to provide group insurance benefits for group life and health insurance  
16      policies obtained under AS 39.30.090. The commissioner shall maintain  
17      accounts and records for the fund. The fund consists of employer  
18      contributions, employee contributions, appropriations from the legisla-  
19      ture, and interest earned on investment of the fund as provided in (d)  
20      of this section.

21               (b) After obtaining the advice of an actuary, the commissioner of  
22      administration shall determine the amount necessary to provide benefits  
23      under AS 39.30.090 and shall set the rate of employer contribution and  
24      employee contribution, if any. The commissioner of administration  
25      shall pay premiums and claims in accordance with the insurance policies  
26      in effect under AS 39.30.090 with money in the group health and life  
27      benefits fund.

28               (c) The commissioner of administration or his designee is ad-  
29      ministrator of the fund.

1 (d) If the commissioner of administration determines that there  
2 is more money in the fund than the amount needed to pay premiums or  
3 benefits for the current fiscal year, the surplus, or so much of it as  
4 the commissioner of administration considers advisable, may be invested  
5 by the commissioner of revenue in the same manner as retirement funds  
6 are invested under AS 39.35.110.

7 (e) In this section, "fund" means the group health and life  
8 benefits fund.

9 \* Sec. 18. AS 39.35.100(b)(1) is amended to read:

10 (1) An [AN] individual account shall be maintained for each  
11 employee to record the amount of his mandatory contributions collected  
12 under AS 39.35.160(a). As of the last day of each calendar year and  
13 each fiscal year beginning with June 30, 1969, this account shall be  
14 credited with interest, by applying one half of the prescribed rate of  
15 interest to the balance in the account as of that date. Within one  
16 year following [UPON] retirement, the amount actuarially determined as  
17 necessary to fully fund the benefits to be received shall be trans-  
18 ferred first from the employee contribution account and, after the em-  
19 ployee contribution account has been exhausted, then from the employer  
20 contribution account into the retirement reserve account.

21 \* Sec. 19. AS 39.35.100(b)(3) is amended to read:

22 (3) A separate account for each employer shall be maintained.  
23 The account shall be credited with contributions of the employer. This  
24 account shall be charged with the employer's actuarial charge for pen-  
25 sion, death benefits, and other benefits paid under this system to or  
26 on behalf of the employee of the employer. After an allowance for in-  
27 terest credited to employee contribution accounts and employee savings  
28 accounts, the investment income of the pension fund shall be allocated  
29 to the retirement reserve account and to each employer asset share

1 account according to the ratio that the average of the assets in the  
2 [AN EMPLOYER'S] account as of the beginning and as of the end of the  
3 fiscal year bears to the total of the average balance of the retirement  
4 reserve account and all employer accounts [EMPLOYERS].

5 \* Sec. 20. AS 39.35.200(b) is amended to read:

6 (b) If, upon termination of employment, an employee has credited  
7 service of less than five years and has less than \$1,000 in his employ-  
8 ee contribution account, a refund of the employee contribution account  
9 and the employee savings account must be made unless the employee indi-  
10 cates in writing that he intends to retire in the future and does not  
11 want a refund of contributions. An employee who is reemployed with an  
12 employer and whose contributions have not been refunded before reem-  
13 ployment [RE-EMPLOYMENT] is not eligible for a refund.

14 \* Sec. 21. AS 39.35.340(g) is amended to read:

15 (g) A surviving spouse receiving or entitled to receive benefits  
16 [A SURVIVING SPOUSE'S PENSION] under AS 39.35.430 or 39.35.440 or bene-  
17 fits under a joint and survivor option filed under AS 39.35.450 is eli-  
18 gible to receive increased benefits based upon military service as de-  
19 scribed in (a) of this section. To receive credited service for mili-  
20 tary service, the surviving spouse must verify the employee's military  
21 service. When verified, the surviving spouse is entitled to receive an  
22 increased benefit which shall be actuarially adjusted to reflect his or  
23 her indebtedness for that credit. The indebtedness shall be calculated  
24 in the same manner as described in (b) of this section except that it  
25 shall be based on the average monthly compensation used in calculating  
26 the benefit. Benefits payable under this subsection are effective the  
27 first day of the month following that in which eligibility has been es-  
28 tablished.

29 \* Sec. 22. AS 39.35.360(b) is amended to read:

1 (b) An employee who is entitled to credited service for employ-  
2 ment before January 1, 1961, under (a) of this section is not required  
3 to make retroactive contributions under this chapter.

4 \* Sec. 23. AS 39.35.385(c) is amended to read:

5 (c) Credited service for which contributions were refunded is not  
6 creditable under this section unless the refunded contributions have  
7 been repaid. For purposes of (a) and (b) of this section, a member or  
8 former member does not have to be reemployed under this system in order  
9 to pay refunded contributions. Compound interest at the rate pre-  
10 scribed by regulation must be added to the reinstatement indebtedness  
11 from the date of the refund to the date of repayment.

12 \* Sec. 24. AS 39.35.420(b) is amended to read:

13 (b) If the death of a vested member or deferred vested member oc-  
14 curs from nonoccupational causes, the surviving spouse may at his or  
15 her discretion receive either the amounts set out in (c) [BENEFITS  
16 DESCRIBED IN (a)] of this section or a 50 percent joint and survivor  
17 option based upon credited service to the date of the employee's death  
18 or termination. Benefits accrue from the first day of the month fol-  
19 lowing the employee's death and are payable the last day of the month.

20 \* Sec. 25. AS 39.35.420 is amended by adding a new subsection to read:

21 (c) If no spouse survives the death of a vested or deferred  
22 vested member, the designated beneficiary shall be paid: (1) the  
23 balance of the deceased member's contribution account; (2) the balance  
24 of the deceased member's savings account; (3) the deceased member's  
25 final monthly benefit payment; and (4) a lump-sum death benefit. The  
26 amount of the lump-sum death benefit is \$100 times the years of credited  
27 service of the deceased member plus \$1,000.

28 \* Sec. 26. AS 39.35.430 is amended by adding a new subsection to read:

29 (f) If the death of an employee occurs from occupational causes

1 but no surviving spouse or dependent children exist at the time of the  
2 death, the employee's designated beneficiary is entitled to receive  
3 those benefits available to a beneficiary under AS 39.35.420(a) or (c).

4 \* Sec. 27. AS 39.35.440(b) is amended to read:

5 (b) Upon the death of a disabled employee who is receiving or is  
6 entitled to receive an occupational disability benefit, a surviving  
7 spouse's pension equal to 40 percent of the employee's [HIS AVERAGE]  
8 monthly compensation at the termination of employment because of occu-  
9 pational disability shall be paid to his surviving spouse. If there is  
10 no surviving spouse, the survivor's pension shall be paid in equal  
11 parts to the dependent children of the employee. On the date the  
12 normal retirement of the employee would have occurred if he had lived,  
13 monthly payments shall equal the monthly amount of the normal retire-  
14 ment benefit to which the employee, had he lived and continued his  
15 employment until his normal retirement date, would have been entitled  
16 with an average monthly compensation as existed at his death and the  
17 credited service to which he would have been entitled. If the death of  
18 an employee occurs from occupational causes but no surviving spouse or  
19 dependent children exist at the time of the death, the employee's  
20 designated beneficiary shall be paid those benefits available to a  
21 beneficiary under AS 39.35.420(a) or (c).

22 \* Sec. 28. AS 39.35.460 is amended to read:

23 Sec. 39.35.460. LEVEL INCOME OPTION. If the payment of a [AN  
24 EARLY] retirement pension begins before age 65 [THE EARLIEST AGE AS OF  
25 WHICH THE EMPLOYEE BECOMES ELIGIBLE FOR A PRIMARY SOCIAL SECURITY BENE-  
26 FIT], the amount of pension payable before and after that age may be  
27 adjusted so that an increased amount will be paid before the time that  
28 full social security benefits become available and a reduced amount af-  
29 ter that time, so that the employee may [WILL] receive a more level

1 (b) An employee who is entitled to credited service for employ-  
2 ment before January 1, 1961, under (a) of this section is not required  
3 to make retroactive contributions under this chapter.

4 \* Sec. 23. AS 39.35.385(c) is amended to read:

5 (c) Credited service for which contributions were refunded is not  
6 creditable under this section unless the refunded contributions have  
7 been repaid. For purposes of (a) and (b) of this section, a member or  
8 former member does not have to be reemployed under this system in order  
9 to pay refunded contributions. Compound interest at the rate pre-  
10 scribed by regulation must be added to the reinstatement indebtedness  
11 from the date of the refund to the date of repayment.

12 \* Sec. 24. AS 39.35.420(b) is amended to read:

13 (b) If the death of a vested member or deferred vested member oc-  
14 curs from nonoccupational causes, the surviving spouse may at his or  
15 her discretion receive either the amounts set out in (c) [BENEFITS  
16 DESCRIBED IN (a)] of this section or a 50 percent joint and survivor  
17 option based upon credited service to the date of the employee's death  
18 or termination. Benefits accrue from the first day of the month fol-  
19 lowing the employee's death and are payable the last day of the month.

20 \* Sec. 25. AS 39.35.420 is amended by adding a new subsection to read:

21 (c) If no spouse survives the death of a vested or deferred  
22 vested member, the designated beneficiary shall be paid: (1) the  
23 balance of the deceased member's contribution account; (2) the balance  
24 of the deceased member's savings account; (3) the deceased member's  
25 final monthly benefit payment; and (4) a lump-sum death benefit. The  
26 amount of the lump-sum death benefit is \$100 times the years of credited  
27 service of the deceased member plus \$1,000.

28 \* Sec. 26. AS 39.35.430 is amended by adding a new subsection to read:

29 (f) If the death of an employee occurs from occupational causes

1 [RETIREMENT] income for life. The aggregate value of all adjusted  
2 payments may [, HOWEVER, SHALL] not exceed the actuarial equivalent of  
3 the value of the pension otherwise payable to the employee.

4 \* Sec. 29. AS 39.35.475(b) is amended to read:

5 (b) The amount of the increase in benefit payments may not exceed  
6 the lesser [GREATER] of

7 (1) the increase in the cost of living since the date of re-  
8 tirement; or

9 (2) four percent of the retirement benefit compounded for  
10 each year of retirement.

11 \* Sec. 30. AS 39.35.485(a) is amended to read:

12 (a) An employee who is eligible for a benefit calculated in  
13 accordance with AS 39.35.370(c) is entitled to a benefit of at least  
14 \$25 a month for each year of credited service, not including adjust-  
15 ments made under AS 39.35.340 for military service, AS 39.35.350 for  
16 reinstatement of credited service, AS 39.35.360 for credit for earlier  
17 service, AS 39.35.370(c) for early retirement, AS 39.35.420 for non-  
18 occupational death benefits [AS 39.35.380, 39.35.410], AS 39.35.450  
19 for the survivor's option, AS 39.35.460 for the level income option,  
20 AS 39.35.475 for the post-retirement pension adjustment, and AS 39.35.-  
21 480 for the cost of living.

22 \* Sec. 31. AS 39.35.535 is repealed and reenacted to read:

23 Sec. 39.35.535. MEDICAL BENEFITS. (a) The following are entitled  
24 to major medical insurance coverage:

25 (1) a person receiving a monthly benefit from the system;

26 (2) the spouse of a person receiving a monthly benefit from  
27 the system;

28 (3) a natural or adopted child of a person receiving a  
29 monthly benefit from the system, if the child is a dependent child

1 under AS 39.35.680(11).

2 (b) Major medical insurance coverage takes effect on the same  
3 date as retirement benefits begin, and stops when the retired employee  
4 or survivor is no longer eligible to receive a month's benefit. The  
5 coverage for persons 65 or older is the same coverage available for a  
6 person under 65. The benefits payable to those persons 65 or older  
7 supplement those afforded under the federal old age survivor and dis-  
8 ability insurance program, if any.

9 \* Sec. 32. AS 39.35.560 is amended to read:

10 Sec. 39.35.560. REQUEST BY PUBLIC ORGANIZATION TO PARTICIPATE AND  
11 ADOPTION OF RESOLUTION. A public organization [CREATED WHOLLY OR PART-  
12 LY BY, OR DERIVING ITS POWERS FROM, THE LEGISLATURE OF THE STATE] may  
13 request to become an employer in this system. The request shall be  
14 made after adoption of a resolution by the governing body of the public  
15 organization. A certified copy of the resolution shall be filed with  
16 the administrator. If the administrator approves the request for par-  
17 ticipation, the public organization is an employer of the system.

18 \* Sec. 33. AS 39.35.680(8) is amended to read:

19 (8) "compensation" means the total remuneration earned by an  
20 employee for personal services rendered, including cost-of-living dif-  
21 ferentials, payments for leave which is actually used by the employee,  
22 the amount by which the employee's wages are reduced under AS 39.30.-  
23 150(c), and any amount deferred under the state deferred compensation  
24 plan, but does not include retirement benefits, welfare benefits, per  
25 diem, expense allowances, workers' compensation payments or payments  
26 for [MEDICAL LEAVE OR ANNUAL] leave not used by the employee whether  
27 those leave payments are scheduled payments, lump-sum payments, dona-  
28 tions or cash-ins;

29 \* Sec. 34. AS 39.35.680(13) is amended to read:

1 (13) "early retirement" means retirement for a member who is  
2 not eligible for normal retirement and who is at least 50 years old and  
3 is eligible to receive benefits under AS 39.35.370(b) or under AS 39.-  
4 35.385(b) or (f) [HAS A MINIMUM OF FIVE YEARS CREDITED SERVICE];

5 \* Sec. 35. AS 39.35.680(25) is amended to read:

6 (25) "normal retirement" means retirement for a member who is  
7 at least 55 years old and is eligible to receive benefits under AS 39.-  
8 35.370(a) or under AS 39.35.385(a) or (f) [HAS A MINIMUM OF FIVE YEARS  
9 CREDITED SERVICE, OR WHO IS ANY AGE AND HAS 30 YEARS OR MORE OF CRED-  
10 ITED SERVICE, OR A PEACE OFFICER OR FIREMAN WHO IS ANY AGE AND HAS 20  
11 YEARS OR MORE OF CREDITED SERVICE];

12 \* Sec. 36. AS 39.35.680 is amended by adding a new paragraph to read:

13 (39) "public organization" means an organization or entity

14 (A) created by the constitution or laws of the state for  
15 the purpose of administering state programs;

16 (B) whose officers and employees are paid by a method  
17 other than by the state payroll prepared by the Department of  
18 Administration; and

19 (C) whose employees are not required by law to partici-  
20 pate in the system.

21 \* Sec. 37. This Act takes effect July 1, 1981.  
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29





Introduced: 5/11/81  
Referred: Health, Education &  
Social Services and Finance

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 SENATE BILL NO. 558

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the care and confinement of  
7 prisoners."

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

9 \* Section 1. AS 33.30.060(a) is amended to read:

10 (a) The commissioner shall determine the availability of state  
11 prison facilities suitable for the detention and confinement of persons  
12 held under authority of state law. If the commissioner determines that  
13 suitable state prison facilities are not available, he may enter into  
14 an agreement with appropriate public or private agencies [THE PROPER  
15 AUTHORITIES OF THE UNITED STATES, ANOTHER STATE, OR A POLITICAL SUB-  
16 DIVISION OF THIS STATE] to provide for the safekeeping, care, sub-  
17 sistence, proper government, discipline and to provide programs for the  
18 reformation and rehabilitation and treatment of prisoners. Prison  
19 facilities made available to the commissioner by agreement may be in  
20 this state, or in any other state, territory or possession of the  
21 United States. A privately operated facility made available under this  
22 section may be used to involve prisoners in programs and not primarily  
23 for confinement. The commissioner may [SHALL] not enter into an agree-  
24 ment with an authority unable to provide the degree or kind of safe-  
25 keeping, care and subsistence required by the law of this state and the  
26 [RULES AND] regulations adopted by the commissioner.

27 \* Sec. 2. AS 33.30.250(c) is amended to read:

28 (c) Whenever the prisoner is not employed and between the hours  
29 or periods of employment, he shall be confined in a facility approved

1 by the commissioner [THE JAIL UNLESS THE COURT DIRECTS OTHERWISE].  
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ALASKA STATE LEGISLATURE

TWELFTH Legislature FIRST Session

SENATE BILL NO. 558

By THE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

"An Act relating to the care and confinement of prisoners."

Introduced in the Senate 5/11/81

HISTORY IN THE SENATE

19 81

5 11

526

Read first time and referred to Committee on

HESS and FINANCE

Reported back with recommendation that *Hess 3 do pass. 100-11. 70 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: 5/11/81  
Referred: Health, Education &  
Social Services and Finance

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

1 IN THE SENATE

2 SENATE BILL NO. 558

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the care and confinement of  
7 prisoners."

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

9 \* Section 1. AS 33.30.060(a) is amended to read:

10 (a) The commissioner shall determine the availability of state  
11 prison facilities suitable for the detention and confinement of persons  
12 held under authority of state law. If the commissioner determines that  
13 suitable state prison facilities are not available, he may enter into  
14 an agreement with appropriate public or private agencies [THE PROPER  
15 AUTHORITIES OF THE UNITED STATES, ANOTHER STATE, OR A POLITICAL SUB-  
16 DIVISION OF THIS STATE] to provide for the safekeeping, care, sub-  
17 sistence, proper government, discipline and to provide programs for the  
18 reformation and rehabilitation and treatment of prisoners. Prison  
19 facilities made available to the commissioner by agreement may be in  
20 this state, or in any other state, territory or possession of the  
21 United States. A privately operated facility made available under this  
22 section may be used to involve prisoners in programs and not primarily  
23 for confinement. The commissioner may [SHALL] not enter into an agree-  
24 ment with an authority unable to provide the degree or kind of safe-  
25 keeping, care and subsistence required by the law of this state and the  
26 [RULES AND] regulations adopted by the commissioner.

27 \* Sec. 2. AS 33.30.250(c) is amended to read:

28 (c) Whenever the prisoner is not employed and between the hours  
29 or periods of employment, he shall be confined in a facility approved

1 by the commissioner [THE JAIL UNLESS THE COURT DIRECTS OTHERWISE].  
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POSITION PAPER

SENATE BILL NO. 558

"An Act relating to the care and confinement of prisoners."

The Division of Adult Corrections has had furlough programs since 1969 and, since 1971, has been utilizing halfway houses under contract as furlough centers. By operating the program from furlough centers rather than from the prison setting, the problem of work furlough participants being placed under pressure to bring in contraband is avoided. There are other advantages as well. Furlough in Alaska has functioned successfully with regards to work and other rehabilitative measures.

The emphasis on development of community-based alternatives to imprisonment for appropriate offenders began during the mid-1960's and has become an important component of progressive corrections programs throughout the country. The rationale for furloughs is based on the belief that, after a term of conventional imprisonment, the offender is in need of a period of structured reintegration into the community. Work furlough and utilization of furloughs for other appropriate purposes serve the best interest of the public by enabling the Division of Adult Corrections to avoid releasing prisoners directly to the community without adequate preparation.

Aside from the rehabilitative value, work release benefits the state by reducing the need for construction. The Alaska correctional system is presently experiencing an upsurge in prisoner population. All institutions are filled to capacity and there are presently 194 prisoners housed in the Federal Bureau of Prisons system outside of Alaska. Although we are expanding our correctional facilities, it will be two or three years before we can return those prisoners to Alaska.

Work release programs serve to help alleviate our critical bed space need. Presently, we have 39 prisoners in halfway house programs and expect to increase that number to 75 in FY '82. If these 75 persons were to be required to return to a prison at the end of the workday, rather than a halfway house, as is the current practice, the State would be required to build a new prison to accommodate the increase in prison population. Currently, construction costs per prison bed are in excess of \$135,000 in Alaska.

It should be also be noted that the Attorney General's office has advised us that there are ambiguities in the statutes authorizing furloughs. These ambiguities should be corrected if our continued use of contract halfway houses is to be on firm legal ground. Senate Bill No. 558 would clarify these ambiguities.

Because work furlough has become a significant component of Corrections overall program, the Department urges the passage of Senate Bill No. 558.

Recommended by: Walt Jones / Charles Campbell <sup>for</sup>  
Charles F. Campbell, Director  
Division of Adult Corrections

Date: 5/20/80

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

Date: 5/20/81

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST Senate Bill No. 558  
 Bill/Resolution No. \_\_\_\_\_  
 Title An act relating to the care and confinement of prisoners.  
 Requested by HESS Committee Date May 12, 1981

II. FISCAL DETAIL  
 Agency Affected Div. of Adult Corrections, Dept. of Health & Social Services  
 Program Category Affected Offender Confinement Reformation and Supervision  
 BRU, Program, or Subprogram(s) Affected Adult Probation and Community Programs  
 (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	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

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

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

Funds are available in the FY 1982 budget to provide contractual services for 75 persons in furlough centers. Therefore, it is assumed that there will be no fiscal impact if Senate Bill No. 558 is enacted by the legislature.

IV. DATE May 19, 1981 PREPARED BY Roger C. Lange  
 AGENCY Division of Adult Corrections  
 PHONE 465-3376  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

*Roger C. Lange*  
*D. Meade Anderson*  
 5/18/81



*Language proposed by Berrier to replace original  
AMENDMENT amend. language submitted  
by Judy Crandahl*

OFFERED IN THE SENATE:

By: \_\_\_\_\_

To: \_\_\_\_\_ SENATE BILL No. 559

HOUSE BILL No. \_\_\_\_\_

PAGE: 2

LINE: 5

Following "maintenance." add

This requirement does not apply to a grant for money for repair or improvement of an existing facility operated or maintained by the state at the time the grant is accepted if the repair or improvement for which the grant is made will not substantially increase the operating or maintenance costs to the state.

Page 4, Line 1:

The Senate Secretary is requested to remove a "not" of her choice.



From The  
**SENATE  
FINANCE COMMITTEE**

May 14, 1981

Mr. Berrier,

This morning the Senate Finance Committee passed SB 559 with the attached amendment. In discussion several committee members raised questions concerning proper wording of the amendment and requested that you review it and, if necessary, provide alternate language before the bill comes on for discussion in the Senate.

Please deliver your response to the Finance Committee Secretary's Office, Room 525, Capitol Building.

Thank you,

Kathy Holmquist  
Committee Secretary

A M E N D M E N T

OFFERED IN THE SENATE:

By: FINANCE COMMITTEE

To: \_\_\_\_\_ SENATE BILL No. 559

HOUSE BILL No. \_\_\_\_\_

PAGE: \_\_\_\_\_

LINE: \_\_\_\_\_

Page 2, Line 5

Add the following language to subsection (c) after "maintenance."

This requirement does not apply to an existing facility for which a grant has been received for repairs or improvements and which is being operated or maintained by the state at the time of the grant agreement if the grant will not substantially affect the operation, maintenance or costs to the state.

Page 4, Line 1

The Senate Secretary is requested to remove a "not" of her choice.

*5/14 Original amendment accompanying the bill*

Introduced: 5/11/81  
Referred: Finance

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 SENATE BILL NO. 559

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 state grants; and providing for an  
7 effective date."

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

9 \* Section 1. AS 37.05.315 is repealed and reenacted to read:

10 Sec. 37.05.315. GRANTS TO MUNICIPALITIES. (a) When an amount is  
11 appropriated or allocated as a grant to a municipality, the Department  
12 of Administration shall promptly notify the municipality of the avail-  
13 ability of the grant. When the Department of Administration receives  
14 an agreement executed by the municipality which provides that the  
15 municipality (1) will spend the grant for the purposes specified in the  
16 appropriation or allocation; (2) will allow, on request, an audit by  
17 the state of the uses made of the grant; and (3) assures that, to the  
18 extent consistent with the purpose of the appropriation or allocation,  
19 the facilities and services provided with the grant will be available  
20 for the use of the general public, the Department of Administration  
21 shall pay the grant directly to the municipality. The agreement  
22 executed by a municipality under this section shall be on a form  
23 furnished by the Department of Administration and shall be executed  
24 within 60 days after the effective date of the appropriation or alloca-  
25 tion.

26 (b) An appropriation or allocation for a grant to a municipality  
27 for construction of a public facility lapses if substantial, ongoing  
28 work on the project has not begun within five years after the effective  
29 date of the appropriation or allocation.

1 (c) In accepting a grant of money for construction of a public  
2 facility, a municipality covenants with the state that it will operate  
3 and maintain the facility for the practical life of the facility and  
4 that the municipality will not look to the state to operate or maintain  
5 the facility or pay for its operation or maintenance. *Add Amendment*  
*language*

6 (d) Not less than 20 percent of a grant shall be paid to a  
7 municipality within 10 days of the effective date of the agreement  
8 under (a) of this section. The remainder of the grant shall be paid  
9 either in monthly installments equal to the amount of grant money the  
10 municipality expended in the previous month or in a lump sum as deter-  
11 mined by the Department of Administration.

12 \* Sec. 2. AS 37.05 is amended by adding new sections to read:

13 Sec. 37.05.316. GRANTS TO NAMED RECIPIENTS. When an amount is  
14 appropriated or allocated to a department as a grant for a named  
15 recipient which is not a municipality, the department to which the  
16 appropriation or allocation is made shall promptly notify the named  
17 recipient of the availability of the grant and request the named  
18 recipient to submit a proposal to provide the goods or services speci-  
19 fied in the appropriation act, or both, for which the appropriation or  
20 allocation is made. At the same time, the department may issue a  
21 request for proposals from other qualified persons to provide the same  
22 goods or services, or both, in the same area. The department shall  
23 contract with the named recipient unless the Office of the Governor,  
24 with due regard for any local expertise or experience among those  
25 making proposals, determines that an award of the contract to a  
26 different party would better serve the public interest. If the con-  
27 tract is awarded to another party than that named by the legislature,  
28 the basis of that action shall be stated in writing at the time the  
29 grant is issued and a copy of the written statement shall be sent to

1 the Legislative Budget and Audit Committee. A contract shall be  
2 executed within 60 days after the effective date of the appropriation  
3 or allocation. The purchase of the goods or services, or both, shall  
4 be in accordance with AS 37.05.230(1)(C).

5 Sec. 37.05.317. GRANTS TO UNINCORPORATED COMMUNITIES. When an  
6 amount is appropriated or allocated as a grant under this section to an  
7 unincorporated community, it shall be disbursed as follows:

8 (1) Within 45 days after the effective date of the appropria-  
9 tion or allocation, the Department of Community and Regional Affairs  
10 shall notify the governing body of the unincorporated community, if  
11 any, that a grant is available.

12 (2) The Department of Community and Regional Affairs shall  
13 determine if there is a qualified incorporated entity in the community  
14 area which will agree to receive the grant and administer it, subject  
15 to terms generally applicable to private grantees. If there is more  
16 than one such entity, the Department of Community and Regional Affairs  
17 shall select the most qualified and the grant shall be awarded to that  
18 incorporated entity for the purposes specified in the appropriation  
19 act. However, the Department of Community and Regional Affairs shall  
20 give preference to a nonprofit corporation organized by a community for  
21 receipt of the grant.

22 (3) If there is no incorporated entity qualified to receive  
23 the grant, the Department of Community and Regional Affairs shall  
24 administer the program as specified in the appropriation act directly  
25 or through agents or contractors with whom it may contract in the  
26 community area.

27 Sec. 37.05.318. EXEMPTION FROM REGULATIONS. Notwithstanding the  
28 Administrative Procedure Act (AS 44.62), the Fiscal Procedures Act  
29 (AS 37.05), and the Executive Budget Act (AS 37.07), a state agency may

1 not ~~not~~ adopt regulations or impose additional requirements or pro-  
2 cedures to implement, interpret, make specific, or otherwise carry out  
3 the provisions of AS 37.05.315, 37.05.316, and 37.05.317 unless required  
4 by the federal government for participation in federal programs.

5 Sec. 37.05.319. DEFINITIONS. In AS 37.05.315, 37.05.316, and  
6 37.05.317, "appropriation" and "allocation" have the meanings set out  
7 in AS 37.07.120(4) and (5).

8 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
9 070(c).

# MEMORANDUM

# State of Alaska

TO: J.H. Hogan, Director  
Budget & Audit Committee  
Finance Division

DATE: August 26, 1980

FILE NO:

TELEPHONE NO:

FROM: Richard H. Eakins, Director  
Division of Economic Enterprise

SUBJECT: Legislative Appropriations

In response to your letter requesting information on the appropriation to this division for a \$1.2 million dollar seafood marketing study, the attached documentation is forwarded.

The \$1.2 million marketing money has been RSAed to the Alaska Renewable Resources Corporation.

The following list contains the amounts and recipients of grant monies appropriated to this division.

Alaska Renewable Resources	\$1,200,000
Education - Alternative Energy Library	50,000
Alaska Native Arts Marketing	150,000
Anchorage Minority Resources & Services	250,000
Abbot Loop & Rabbit Ck. Little League	35,000
Mat-Su Borough - Economic Dev. Study	75,000
City of Fairbanks - Public Projects Survey	60,000
North Slope Borough - Inupiat Marine Science	200,000
City of Bethel - Computer	100,000
Commerce - to use to administer the above	25,100

Due to the reorganization of the Department's development program and staff no decisions have been made on the program dedications for study money. These decisions will be held in abeyance until the Deputy Commissioner and Program Directors are hired.

Attachments

# MEMORANDUM

# State of Alaska

TO: J.H. Hogan, Director  
Budget & Audit Committee  
Finance Division

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The \$1.2 million marketing money has been RSAed to the Alaska Renewable Resources Corporation.

The following list contains the amounts and recipients of grant monies appropriated to this division.

		<u>Original Appropriation*</u>
Alaska Renewable Resources	\$1,200,000	Ø
Education - Alternative Energy Library	50,000	76,500
Alaska Native Arts Marketing	150,000	300,000
Anchorage Minority Resources & Services	250,000	467,500
Abbot Loop & Rabbit Ck. Little League	35,000	35,000
Mat-Su Borough - Economic Dev. Study	75,000	75,000
City of Fairbanks - Public Projects Survey	60,000	60,000
North Slope Borough - Inupiat Marine Science	200,000	469,000
City of Bethel - Computer	100,000	100,000
Commerce - to use to administer the above	25,100	Ø

Due to the reorganization of the Department's development program and staff no decisions have been made on the program dedications for study money. These decisions will be held in abeyance until the Deputy Commissioner and Program Directors are hired.

## Attachments

\*Note: Missing entirely from the revised lists are:

Fairbanks North Star Borough MBE, Inc.	177,000
Anchorage Winter Sports	100,000
Haines-Klukwan Resource Study	285,000

# MEMORANDUM

State of Alaska

TO: Charles R. Webber, Commissioner  
Department of Commerce and  
Economic Development

DATE: August 7, 1980

FILE NO:

TELEPHONE NO:

FROM: Jay S. Hammond  
Governor

SUBJECT: FY81 Budget

The purpose of this memo is to inform you of my actions concerning FY81 appropriations for the Division of Economic Enterprise.

Prior to taking action on the operating budget, I vetoed HB 962, creating the fisheries business tax grant fund. In my veto letter to the Legislative leadership, I indicated that while HB 962 was of doubtful constitutional validity, the concept embodied in the bill was meritorious and that I was instructing the Commissioner of Commerce and Economic Development to explore alternative methods to accomplish the same purpose.

In Section 3 of the general appropriations bill, the legislature appropriated \$3 million for support of fisheries promotion. Because I had vetoed HB 962, the fund to which that appropriation was made did not exist, and I therefore vetoed that section. That did not mean that fisheries promotion would go unfunded in FY 1981.

At page 51 of the bill, \$3,555,800 was appropriated for economic enterprise in your department. Your functions in that regard would include the promotion of fisheries marketing, and I concluded that \$1.2 million of this appropriation could be made available for that purpose, and the remainder could be made available for other economic enterprises purposes. The legislature had included a rider with this appropriation which I vetoed.

Please advise me if you have any additional questions.

RECEIVED  
AUG 12 1980

OFFICE OF THE  
COMMISSIONER

RECEIVED  
DIV. ECONOMIC ENTERPRISE

AUG 20 1980

DEPARTMENT OF COMMERCE  
& ECONOMIC DEVELOPMENT

# STATE OF ALASKA

## THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

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

July 28, 1980

Richard H. Eakins, Director  
Division of Economic Enterprise  
Pouch EE  
Juneau, AK 99811

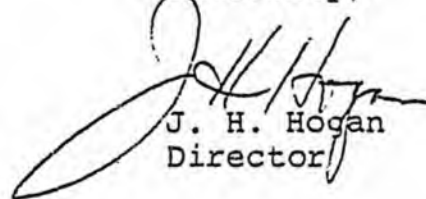
Dear Mr. Eakins:

It is my understanding that the Division of Economic Enterprise has been recently instructed to set aside \$1,200,000 of the Division's appropriation for general operations (see attached pages 51 and 52 of Chapter 120, SLA 1980) for a seafood marketing study. Per a legislative request for information, I am requesting copies of:

1. The budget documentation for this study as presented to the Legislature;
2. If none, the budget documentation currently available to support a Revised Program or other expenditure document;
3. A statement summarizing the Division's current plans for other studies proposed by the Division as part of their FY 81 budget request, and the Division's plans for grants/studies requested and appropriated for by the last Legislature.

Please include with your response copies of all pertinent letters or memoranda, and a summary of any verbal instructions that may have been given regarding the above items.

Sincerely,



J. H. Hogan  
Director

JHH:bf

1 DEVELOPMENT (CONT.)		APPROPRIATION		APPROPRIATION FUND SOURCES	
	ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS	
4	295,500				
5	250,000				
7		1,476,100	1,476,100		
8		18,320,000	18,320,000		
9	11,400,000				
10	36,000				
11	163,700				
12	929,742 OF THE ALLOCATION FOR AVIATION FUEL TAX TAKES EFFECT ON THE EFFECTIVE DATE OF THIS ACT.				
13	2,630,070				
14	6650,000 OF THE ALLOCATION FOR ELECTRIC AND TELEPHONE COOPERATIVE TAX TAKES EFFECT ON THE EFFECTIVE DATE OF THIS ACT.				
15	600,000				
16	4,077,100				
17	91,577,081 OF THE ALLOCATION FOR FISHERIES TAX TAKES EFFECT ON THE EFFECTIVE DATE OF THIS ACT.				
18		290,900			290,900
19		3,555,800	3,340,100		
20	3,555,800				219,700
21	<del>GENERAL OPERATIONS (22 POSITIONS)</del>				
22	<del>THE APPROPRIATION TO ECONOMIC ENTERPRISE INCLUDES THE FOLLOWING AMOUNTS TO BE PAID AS MUNICIPAL GRANTS IN ACCORDANCE WITH AS</del>				
23	<del>37,05,315; ANCHORAGE - MINORITY RESOURCES &amp; SERVICES INC. 9467,500 AND FAIRBANKS NORTH STAR BOROUGH - HSE, INC. 9177,100 FOR</del>				
24	<del>MINORITY BUSINESS PARTICIPATION IN STATE CAPITAL PROJECTS; ANCHORAGE - WINTER SPORTS 8100,000, ABBOT LOOP &amp; RABBIT CREEK</del>				
25	<del>LITTLE LEAGUE FIELDS 935,000, ALASKA NATIVE ARTS MARKETING PROJECT 1300,000, ALASKA ALTERNATIVE ENERGY RESOURCES PROJECT</del>				
26	<del>876,500; MATANUSKA-SUSITNA BOROUGH - ECONOMIC DEVELOPMENT STUDY 975,000;</del>				
27	<del>CITY OF FAIRBANKS - FAIRBANKS KLUKWAN RESOURCE STUDY 9285,000; CITY OF FAIRBANKS - PUBLIC PROJECTS SURVEY AND DEVELOPMENT 700,000;</del>				

Chapter 120

PAGE 31

SCS CSMB 1002 AM 5

28

1 DEVELOPMENT (CONT.)		APPROPRIATION		APPROPRIATION FUND SOURCES	
	ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS	
4	<del>9100,000</del>				
6		1,050,500	1,050,500		
7	956,500 OF THE APPROPRIATION TO LOAN FUND ADMINISTRATION FOR TWO POSITIONS IN DILLINGHAM TAKES EFFECT ON THE EFFECTIVE DATE OF THIS ACT.				
9		903,600			903,600
10		3,341,800	3,341,800		
11	IT IS THE INTENT OF THE LEGISLATURE THAT THE OFFICE OF THE DIRECTOR OF THE DIVISION OF TOURISM SHALL REMAIN IN JUNEAU.				
12	<del>THE APPROPRIATION FOR TOURISM INCLUDES A GRANT OF 8170,000 TO THE ALASKA NATIVE TOURISM ASSOCIATION.</del>				
13		3,550,300	308,700		3,241,600
14	308,700				
15	334,000				
16	419,600				
17	2,488,000				
18		470,600	470,600		
19		1,061,900	1,061,900		
20	293,100				205,000
21	203,800				
22	361,900				
23	294,500				

Chapter 120

PAGE 32

SCS CSMB 1002 AM 5



BILL SUMNER  
**Alaska State Senator**

DISTRICT 7-E

July 23, 1980

DURING SESSION:  
POUCH V  
JUNEAU, ALASKA 99811  
(907) 485-3791

OUT OF SESSION:  
1018 WEST 6TH AVENUE  
SUITE 415  
ANCHORAGE, ALASKA 99501  
(907) 272-4541

COMMITTEES:  
RESOURCES  
CHAIRMAN  
FINANCE  
RULES  
COMMITTEE ON COMMITTEES  
JOINT INTERIM COMMITTEE  
ON GAS PIPELINE FINANCING

TO: Jay Hogan, Director  
Legislative Finance Division

FROM: Senator Bill Sumner *BS*

SUBJECT: Gubernatorial Appropriations in the FY 81 Budget

I want to bring to your attention an action by the Governor which is causing me much concern. It may be typical of a pattern he followed throughout the FY 81 budget.

Briefly, the Governor, through verbal instructions, has decreased the amount available for grants stipulated in legislative intent under Economic Enterprise's General Operations appropriation by 60% in order to fund a \$1,200,000 seafood marketing study -- an appropriation that does not appear in the budget.

As for more background: The legislature approved a \$3,555,800 appropriation to the Department of Commerce and Economic Development, Division of Economic Enterprise, General Operations. That amount included \$2,145,100 in grants expressed in intent. As was typical throughout the budget, the intent was vetoed but the amount remained at the \$3,555,800 level.

To follow up the division's plans with a program I stipulated in the vetoed intent, Cheryl Frasca of my staff talked with Fred Muller of Economic Enterprise. He explained that because of a 60% cut in the funds available in General Operations, decreases had to be made in the legislatively specified programs. Upon further questioning as to where the 60% decrease was since the funding level was the same as approved by the legislature, he indicated they had been directed by Budget and Management to earmark \$1,200,000 for a seafood marketing study. Asked where in the budget did this appropriation appear, he indicated it did not.

A second conversation with Richard Axe of Budget and Management confirmed the intended use of the funds. He further explained that the Governor had vetoed SCSCSHB 962 which would have created the fisheries business tax grant fund as well as the accompanying \$3,000,000 appropriation found in Section 1 of

Jay Hogan  
July 23, 1980  
page 2

ch 120 SLA 80. In order to accomplish the intent of the legislation, however, the Governor through verbal instructions to Budget and Management, had directed the Division of Economic Enterprise to fund a marketing study at \$1,200,000. Mr. Axe indicated there might be a written memo directing such as action but if there was, it would be an internal working document.

I question the Governor's authority to take such actions and perhaps it is a matter that the Budget and Audit Committee might best pursue. Your direction in this matter will be appreciated.

cc: Representative Jim Duncan, Chairman, Budget and Audit Committee  
Senator George Hohman, Vice Chairman, Budget and Audit Committee

W. EUGENE GUESS 1932-1975  
JOSEPH RUDD 1933-1978

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DAVID H. BUNDY  
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NORMAN C. GORSUCH  
GORDON E. EVANS  
MONTE L. BRICE

JOSEPH A. McLEAN  
OF COUNSEL

MEMORANDUM

TO: Legislative Budget and Audit Committee

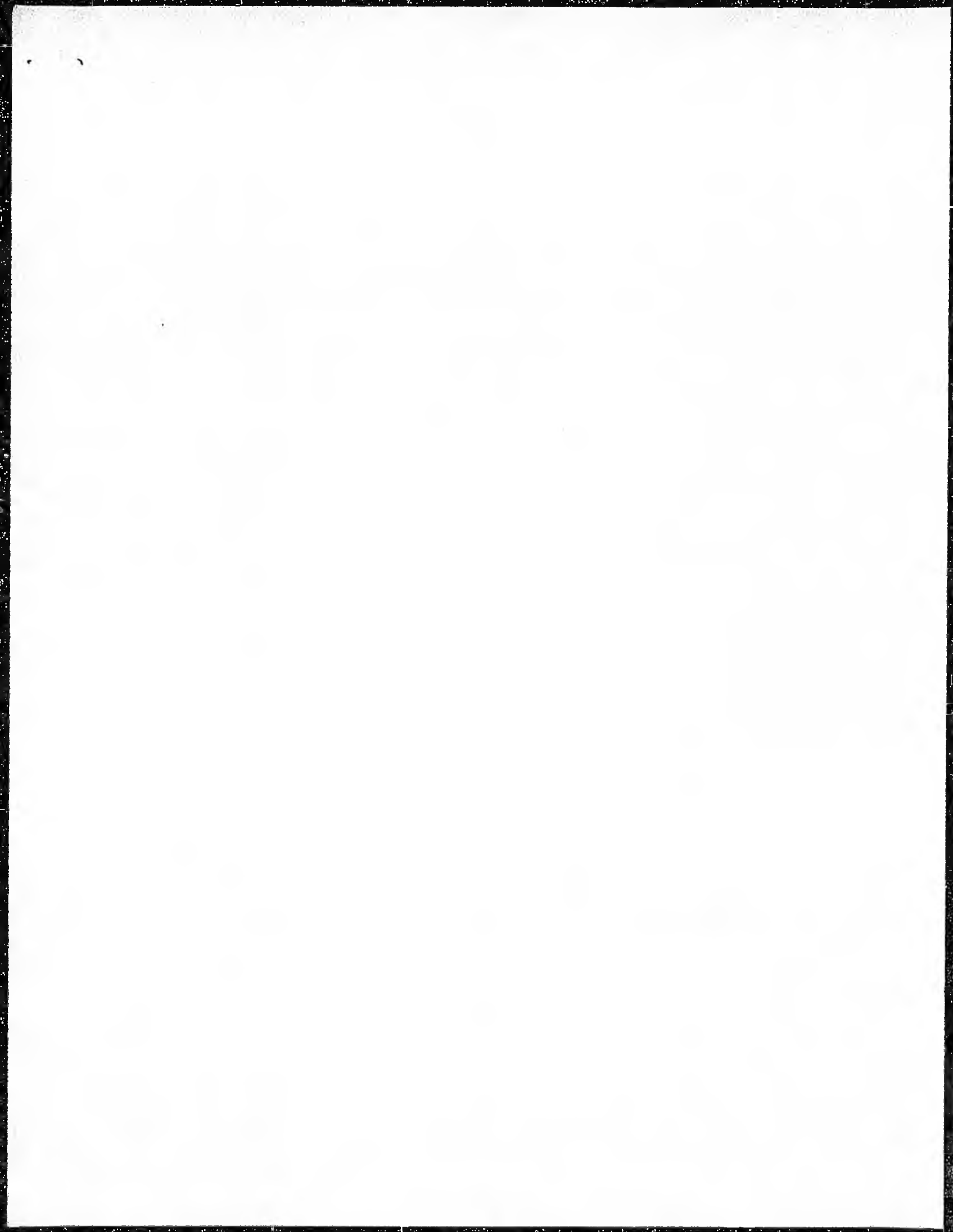
FROM: Ely, Guess & Rudd

RE: Alaska State Legislature, et al.  
v. Governor Hammond, et al.

DATE: February 19, 1981

On July 25, 1980, the Legislative Budget and Audit Committee on behalf of the Alaska State Legislature, and several individual legislators, filed suit against the Governor and the Commissioner of the Department of Administration. The purpose of this action was generally to clarify the nature and the scope of the Governor's item veto authority under Art. II, §15 of the Alaska Constitution and specifically to obtain a declaration that the Governor invalidly vetoed portions of three appropriation bills passed by the Eleventh State Legislature. In his Answer to the Complaint, the Governor defended his actions on the basis that the language vetoed was unconstitutional. The Governor also filed a counterclaim against the Legislature challenging the constitutionality of some seventy-seven appropriations passed by the Legislature, many of which he had not vetoed.

Inherent in both the Governor's defense and his counterclaim is his interpretation of the item veto authority to permit the Governor to "cure" appropriation bills of what he perceives to be constitutional defects. If the Governor is correct in this interpretation, the veto power encompasses not only the power to refuse to assent to the passage of appropriations, but authority to "correct" or amend them



side effect of the Governor's counterclaim and his Motion to Dismiss is the substantial delay they have caused in bringing the merits of the Legislature's claims on the question of the Governor's veto power before the Court for resolution. However, given the additional significant challenges to the Legislature's authority raised by both the counterclaim and the Governor's Motion to Dismiss, it was necessary to take the time to present thorough arguments to the Court on these issues, several of which have never been addressed by the Alaska Supreme Court.

In anticipation of a prompt determination of both Motions to Dismiss, the Legislature will file a Motion for Summary Judgment, seeking a decision on the scope of the Governor's item veto power within the next ten days. The legal and policy underpinnings of the Legislature's position are summarized briefly below.

The ultimate question raised by the Legislature's claim against the Governor is: "Does the Governor have the power to rewrite the provisions of appropriations enacted by the Legislature?" The Alaska Constitution grants to the Legislature the power to appropriate funds and to impose conditions on their use. The Governor plays a role in the appropriation process, but it is limited to the submission of the proposed budget to the Legislature and the opportunity to veto "items" in appropriation bills.

The item veto power was historically designed to give the executive a means to nullify any specific appropriation item in a bill containing many appropriations, without being forced to veto the entire appropriation bill. Notwithstanding this purpose for the item veto power, the Governor here, like the Governors of numerous other states, has attempted to use it as a "legislative" tool to amend appropriations. This attempt by state executives to expand their role in the law-making process is evidenced by a proliferation of lawsuits challenging "gubernatorial legislation" and seeking, much as the Legislature has done in this case, a narrow construction of the item veto authority.

The Legislature's position is that the Governor of Alaska has no authority to rewrite appropriations by selectively deleting conditions and limitations; he may only strike the appropriation item in its entirety, thereby reducing the total appropriated fund. There is substantial

support for the Legislature's position in the case law of other jurisdictions. Most state courts have invalidated executive attempts to use the item veto power to legislate and have interpreted it solely as a "negative" tool. The Governor may refuse to assent to an appropriation, but he may not use his veto power creatively to amend the appropriation to give it a different purpose. If the Governor were permitted to do otherwise, he could create an appropriation that had been neither intended, nor voted upon, by the Legislature.

Thus the primary purpose of this lawsuit is to obtain a judicial declaration as to the scope and limitations of the Governor's item veto power. Judicial guidelines to this effect are essential to a vindication of one of the Legislature's most important powers, that of making appropriations. If the Governor is permitted to use his veto to revise the objectives and purposes of appropriations, the Governor will have successfully inserted himself into the process of designing appropriations, heretofore a process in the Legislature's exclusive control. Under the Constitution the Legislature has the right to make law by majority vote. While the Legislature has the theoretical power to override any "creative" vetoes by the Governor, this override can be accomplished only by mustering a three-quarters majority vote of both Houses of the Legislature. It is the Legislature's position that the Governor should not be permitted to force the Legislature to use its override authority simply to maintain its supervisory role over the design and passage of appropriation bills.

In Bradner v. Hammond the Alaska Supreme Court held that under the doctrine of separation of powers, the appointment power committed to the executive branch would be protected against encroachment by the Legislature. While the Legislature's suit was originally intended to resolve only the question of the validity of the Governor's vetoes, with the filing of his counterclaim the Governor has substantially escalated the stakes. There are now two additional significant issues to be determined. First, can the Governor sue the Legislature, despite the provisions of Art. III, §16 of the Constitution which expressly provide that the Governor cannot? Second, can the Governor challenge the validity of conditions and restrictions inserted by the Legislature in appropriations he failed to veto? These

issues, are as important in their own right as those raised by the Legislature in its Complaint against the Governor.

Where, as is the case here, the executive branch has encroached upon the Legislature's exclusive law-making authority granted by the Constitution, it is necessary to resort to the Court to vindicate the Legislature's authority. The Governor has never failed to use litigation as a means of protecting what he deems to be his executive prerogatives, and has on occasion successfully cited the separation of powers concept in support of his position. But, the doctrine of separation of powers is a two-way street; it ought to protect not only the executive branch, but the Legislature as well.

TEF:HMA/mcv

SB  
559

PH: 465-2200

June 17, 1980

The Honorable George M. Sullivan  
Mayor of Anchorage  
Pouch 6-650  
Anchorage, AK 99502

Dear Mr. Sullivan:

The Municipality of Anchorage has been appropriated grants from the Legislature of the State of Alaska. These grants have been appropriated in Ch. 50 SLA 80 and are governed by AS 37.05.315. Two copies of an agreement form for each grant are enclosed.

To receive each grant simply read the agreement, provide further details of grant purpose and description of the project if available, complete the certification on both copies to indicate acceptance of the grant and its conditions, attach copies of the ordinance approving the grant and mail both copies to:

Municipal Grants Program  
Division of Administrative Services  
Department of Administration  
Pouch C  
Juneau, AK 99811

Please note, that to complete the certification requires passage of an ordinance accepting the grant by the municipality. The governing statute, AS 37.05.315, requires the written agreement itself be fully executed no later than July 30, 1980. To meet this deadline, please insure that each agreement is postmarked no later than July 15, 1980. Agreements postmarked after July 15 will be processed as expeditiously as possible. Upon receipt of the agreement, the Department of Administration will complete the execution of the agreement and mail a check for 20% of the grant amount and one copy of the agreement form within ten days of the effective date of the agreement (the date signed by the Commissioner of Administration or his designee).

If the grant is for \$100,000 or less the remaining 80% shall be paid within 30 days of the initial payment. If the grant is for more than \$100,000 and is for a one time purchase, the municipality can request that the remainder of the funds be paid in a lump sum. A purchase order or other proof of funds committed must be submitted with the request.

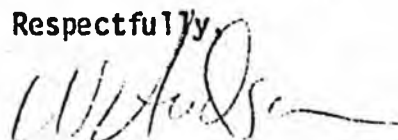
Mayor of Anchorage

-2-

June 17, 1980

If you have any questions regarding the agreement or administration of the grant, please phone the Division of Administrative Services at 465-2290.

Respectfully,

  
W. R. Hudson  
Commissioner

WRH/nl  
Enclosure  
SP6/E

STANDARD AGREEMENT FORM  
FOR MUNICIPAL GRANTS

This agreement is executed between the State of Alaska, Department of Administration, (Hereinafter called the "State"), and Municipality of Anchorage (Hereinafter called the "Grantee"),

WITNESSETH that:

Whereas, the Grantee is willing to undertake the performance of this grant under the terms of this agreement;

Whereas, the State has the authority to enter into this agreement by AS 37.05.315,

Whereas, funding for this grant lapses

\_\_\_\_\_ on June 30, 1981

XX upon completion of the project,

Whereas, the grant # 7-012 of \$ 600,000 is for the purpose of Eagle River/Chugiak/water development including water wells (please provide further explanation and details in the space provided),

This is to provide research, planning and construction for water development in the Eagle River/Chugiak area.

NOW THEREFORE, the parties hereto agree as follows:

ARTICLE I. GRANT CONDITIONS.

The Grantee:

(1) will spend the grant only for the purposes specified above.

(2) will allow, on request, an audit by the State of the uses made of the grant.

(3) assures that, to the extent consistent with the purpose of the appropriation, the facilities and services provided with the grant will be available for use of the general public.

(4) will return to the State all grant funds received for construction of a public facility if the State, upon reviewing the documentation provided and other evidence, determines that substantial, ongoing work on the project has not begun before May 31, 1985.

(5) will, for all grants for construction of a public facility, operate and maintain the facility for its practical life and that it will not look to the State to operate or maintain the facility or pay for its operation or maintenance.

(6) will provide the State, annually and within 90 days of project completion or final payment, whichever comes first, with a "financial report" on a copy of the form provided in exhibit 1.

(7) will, if the grant money is being paid in monthly installments, submit a monthly "financial report" on a form as shown in exhibit 1.

(8) will retain for a period of 3 years after project completion all contracts, invoices, materials, payrolls, personnel records, conditions of employment, and other data relating to matters covered by the grant.

(9) will return all unexpended grant monies to the State within 90 days of project completion.

ARTICLE II. TERMS OF PAYMENT.

For all grants of \$100,000 or less, 20 percent of the grant shall be paid to the grantee, as an advance, within 10 days of the effective date of this agreement. The remainder of the grant will be paid in a lump sum 30 days later unless otherwise requested by the grantee.

For all grants of \$100,000 or greater, 20 percent of the grant shall be paid to the grantee, as an advance, within 10 days of the effective date of this agreement. The remainder of the grant will be paid:

(1) in monthly installments equal to the amount of grant money the grantee expended in the previous month. The monthly installment will be paid after the State receives a completed "financial report" form (a sample of the required form is in exhibit 1); or

(2) in a lump sum, on request, for a one time purchase provided that a copy of the purchase order (or other proof of funds committed) is attached to the request.

The amount of the grant is full consideration for the grantee's performance.

ARTICLE III. ADDITIONAL CONTRACT PROVISIONS.

The effective date of this grant is the date the agreement is signed by the State.

IN WITNESS WHEREOF, the parties have executed this agreement.

Approved by Ordinance # \_\_\_\_\_, dated \_\_\_\_\_

(copy attached).

Grantee

State of Alaska

By: \_\_\_\_\_

BY: \_\_\_\_\_

Date

\_\_\_\_\_  
(Official Title)

\_\_\_\_\_  
(Official Title)

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

DISTRIBUTION Grantee ( )

Administration ( )

Budgeted funds are available for the period and purpose of this expenditure.

\_\_\_\_\_  
Certifying Officer

\_\_\_\_\_  
Date

3/CLR1E



STATE OF ALASKA  
DEPARTMENT OF ADMINISTRATION

EXHIBIT 1



FINANCIAL REPORT

Grantee Name and Address		Grant Number	Project Period (Month, Day, Year)	
		Report Number	From	To
		Basis of Report <input type="checkbox"/> Cash <input type="checkbox"/> Accrued Expenditures	Final Report <input type="checkbox"/> YES <input type="checkbox"/> NO	
			From	To
<b>PAYMENT REQUEST</b>			Remarks:	
A) Previously reported expenditures.....				
B) Expenditures this period.....				
C) Total expenditures to date as of .....				
D) Total grant.....				
E) Less State payments to date (including advance).....				
F) Grant amount available.....				
G) State payment now requested.....				
I certify that to the best of my knowledge and belief the data reported above is correct and all outlays were made in accordance with grant conditions and that payment is due and has not been previously requested.				
Name		Title	Telephone (Area Code, Number, Extension)	
Signature of Authorized Official			Date Report is Submitted	
For Agency Use Only				

**Instructions for completing this form:**

- Grant Name and Address: Enter the name and address of the grantee
- Grant Number: Enter the grant number used by the Department of Administration
- Report Number: Enter the payment request number; i.e., first payment request would be denoted by number "1".
- Basis of Report: Mark the appropriate box
- Final Report: Mark the appropriate box
- Project Period: Enter the month, day, and year of the beginning of the project and the estimated date of project completion
- Report Period: Enter the month, day, and year of the beginning and ending dates of the period for which this report is prepared
- Payment Request
  - Line a - Enter expenditures that were reported on previous reports. This line will be line "c" from the last "Financial Report" submitted.
  - Line b - For reports which are prepared on a cash basis, expenditures are the sum of actual cash disbursement for goods and services and the amount of cash advances and payments made to subcontractors and subgrantees. For reports prepared on an accrued expenditure basis, outlays are the sum of the actual cash disbursements, amounts owed by the grantee for goods and other property received, amounts owed for services performed by employees, contractors, subgrantees, and other payees, and amounts becoming owed for which no current service or performance is required.
  - Line c - This amount will be line "a" plus line "b". In the blank enter the month, day, and year of the ending of the accounting period to which this amount applies.
  - Line d - Enter the total amount of the grant.
  - Line e - Enter the cumulative amount of State payments received and the amounts included in outstanding requests. This amount will be Line "a" plus the advance or the total grant amount if it has been received as a lump sum payment. The advance is equal to 20% of the total grant (Line "d").
  - Line f - Line "d" minus line "e".
  - Line g - This line will be the lesser of line "b" or line "f".
- Remarks: This space is provided for any explanation deemed necessary by the grantee.

# STATE OF ALASKA

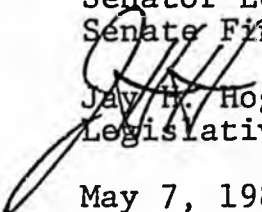
## THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

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

### MEMORANDUM

TO: Senator Ed Dankworth, Co-chairman,  
Senate Finance Committee

FROM:  Jay H. Hogan, Director  
Legislative Finance Division

DATE: May 7, 1981

---

The attached draft relating to grants has been drafted in consultation with the attorneys from Ely, Guess and Rudd, who are handling the Legislature's suit against the Governor over numerous vetoes of grants contained in last year's General Appropriations Act. This is essentially a housekeeping measure and makes no changes in the provisions of the three types of grants provided for in chapter 156 passed last year.

The proposed changes to the existing law can easily be seen on the attached draft.

1. Page 1 - lines 4, 5, 12, and 19  
Page 2 - lines 5 and 6  
Page 3 - lines 11 and 12

The three types of grant provisions are changed to provide that grants may be either "appropriations" or "allocations". In the lawsuit, the Attorney General argues that since the existing grants law does not mention allocations, grants that are written as allocations are not grants subject to the new law.

2. Page 2 - line 11  
Page 3 - lines 25 and 26  
Page 4 - line 3

In several instances the phrase "as specified in the Appropriations Act" is added to make it clear that whatever the Appropriations Act sets out as the purpose of the appropriation is the purpose of the appropriation. Again, in legal argument on the current case, the Attorney General argues some appropriations made last year are for no purpose and therefore cannot be for a "public purpose".

## 3. Page 2 - line 13

Departments are authorized to issue requests for proposals rather than directed to. If a state agency has no problem with a named recipient it would appear to be a waste of everyone's time to require an RFP in those circumstances where the department feels comfortable about making the grant to the named recipient.

## 4. Page 2 - line 21

The existing statute does not name anyone to receive the written comments of the Governor regarding his decision not to award a grant to a named recipient. The draft would require that his reasons be sent to the Legislative Budget and Audit Committee.

## 5. Page 3 - line 4

"no state agency" is substituted for "a department" in the section prohibiting adoption of additional regulations to make it clear that department or otherwise, no state agency is to adopt additional regulations or requirements.

6. Page 1 - line 4  
Page 2 - line 5  
Page 3 - line 11

Finally, each of the three types of grants is given an individual section in the statutes, and a brief title.

Attachment  
JHH:dh

SB 559

1 For an Act entitled: "An Act relating to grants."

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

3 \* Section 1. AS 37.05 is amended by adding a new section- to read:

4       Sec. 37.05.315. MUNICIPAL GRANTS. (a) When an amount is appro-  
5 riated or allocated [appropriation is made] as a grant to a municipality  
6 the Department of Administration shall promptly notify the municipality  
7 of the availability of the grant. When the Department of Administration  
8 receives an agreement executed by the municipality which provides that  
9 the municipality (1) will spend the grant for the purposes specified  
10 in the appropriation; (2) will allow, on request, an audit by the  
11 State of the uses made of the grant; and (3) assures that, to the  
12 extent consistent with the purpose of the appropriation or allocation,  
13 the facilities and services provided with the grant will be available  
14 for the use of the general public, the Department of Administration  
15 shall pay the grant directly to the municipality. The agreement  
16 executed by a municipality under this section shall be on a form fur-  
17 nished by the Department of Administration and shall be made within  
18 60 days after the effective date of the appropriation.

19       (b) An appropriation or allocation for a grant to a municipality  
20 for construction of a public facility lapses if substantial, ongoing  
21 work on the project has not begun within five years after the effective  
22 date of the appropriation.

23       (c) In accepting a grant of money for construction of a public  
24 facility, each municipality covenants with the state that it will  
25 operate and maintain the facility for its practical life and that it  
26 will not look to the state to operate or maintain the facility or pay  
27 for its operation or maintenance.

28       (d) Not less than 20 percent of the grant shall be paid to the  
29 municipality within 10 days of the effective date of the agreement.

1 The remainder of the grant shall be paid either in monthly installments  
2 equal to the amount of grant money the municipality expended in the  
3 previous month or in a lump sum as determined by the Department of  
4 Administration.

5 Sec. 37.05.317. NAMED RECIPIENT GRANTS. [(e)] When an amount  
6 is appropriated or allocated [appropriation is made] to a department  
7 as a grant for a named recipient which is not a municipality, the  
8 department [to which the appropriation is made] shall promptly notify  
9 the named recipient of the availability of the grant and request the  
10 named recipient to submit a proposal to provide the  
11 goods or services specified in the appropriation Act; [, or both,  
12 for which the appropriation is made. At] at the same time, the  
13 department may [shall] issue a request for proposals from other  
14 qualified persons to provide the same goods or services, or both, in  
15 the same area. The department shall contract with the named recipient  
16 unless the Office of the Governor, with due regard for any local  
17 expertise or experience among those making proposals, determines that  
18 an award of the contract to a different party would better serve the  
19 public interest. If the contract is awarded to another party than  
20 that named by the legislature, the basis of that action shall be stated  
21 in writing and sent to the Legislative Budget and Audit Committee  
22 at the time the grant is issued. A contract must be executed within  
23 60 days after the effective date of the appropriation. The purchase of  
24 the goods or services, or both, shall be in accordance with AS 37.05.--  
25 230(1)(C).

26 [(f) A grant to a municipality must be made within 60 days after  
27 the effective date of the appropriation. A contract under (e) of  
28 this section must be executed within 60 days after the effective date  
29 of the appropriation.]

1           Sec. 37.05.318. EXEMPTION FROM REGULATIONS - DEFINITIONS. (a)

2           [(g)] Notwithstanding the Administrative Procedure Act (AS 44.62), the  
3 Fiscal Procedures Act (AS 37.05), and the Executive Budget Act (AS 37.-  
4 07), no state agency may [a department may not] adopt regulations or  
5 impose additional requirements or procedures to implement, interpret,  
6 make specific or otherwise carry out the provisions of sections .315 -  
7 .317 [this section] unless required by the federal government for par-  
8 ticipation in federal programs.

9           (b) "Appropriation" and "allocation" in sections .315-.317 have  
10 the same definitions as set out in AS 37.07.120.

11           Sec. 37.05.316. UNINCORPORATED COMMUNITY GRANTS. [(h)] When an  
12 amount is appropriated or allocated as a grant under this section  
13 [A grant] to an unincorporated community [made under this section] it  
14 shall be disbursed as follows:

15           (1) Within 45 days after the effective date of the appro-  
16 priation, the Department of Community and Regional Affairs shall  
17 notify the governing body of the unincorporated community, if any,  
18 that a grant is available.

19           (2) The Department of Community and Regional Affairs shall  
20 determine whether there is a qualified incorporated entity in the  
21 community area which will agree to receive the grant and administer  
22 it, subject to terms generally applicable to private grantees. If  
23 there is more than one such entity, the Department of Community and  
24 Regional Affairs shall select the most qualified and the grant shall  
25 be awarded to that incorporated entity for the purposes specified in  
26 [of] the appropriation Act; however, the Department of Community and  
27 Regional Affairs shall give preference to a nonprofit corporation  
28 organized by a community for receipt of the grant.  
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(3) If there is no incorporated entity qualified to receive the grant, the Department of Community and Regional Affairs shall administer the program as specified in the appropriation Act directly or through agents or contractors with whom it may contract in the community area.

\* Sec. 2. This Act takes effect immediately in accordance with AS 01.-10.070(c).

A M E N D M E N T

In the SENATE

By the Finance Committee

TO: SB 559

Page 2, line 5:

Following "maintenance." add "This requirement does not apply to a grant of money for repair or improvement of an existing facility operated or maintained by the state at the time the grant is accepted if the repair or improvement for which the grant is made will not substantially increase the operating or maintenance costs to the state."

Page 4, line 1:

Delete the second "not"