

LEG. FINANCE - BILLS 1981 - 1982 1699

SB 666 cont. - CSSB 668

1699

SUMMARY OF PROPOSED BOND FINANCINGS
Fiscal Year 1983

| | <u>Carry-Over From Previous Year</u> | <u>Program Repayments and Earnings</u> | <u>Bond Proceeds</u> | <u>Sales Costs</u> | <u>Subsidy</u> | <u>Mortgages Used As Subsidy</u> | <u>Subsidy Allocation</u> | <u>Funds Available For Mortgage Purchase</u> |
|--|--|--|--------------------------|------------------------|----------------|--------------------------------------|-------------------------------|--|
| First Mortgage Taxable Program - State Assisted Mortgage Bonds | 100 | 60 | 413 | (5) | 144 | (130) | 11 | 593 |
| First Mortgage Veteran's Program - Veteran's State Guaranteed Bonds | | | 75 | (2) | 9 | | | 82 |
| First Mortgage Tax-Exempt Program - Home Mortgage Bonds | 100 | | 145 | (3) | 40 | (24) | (11) | 247 |
| Second Mortgage Taxable Program - Second Mortgage Bonds | 10 | | 162 | (2) | 74 | | | 244 |
| Second Mortgage Tax-Exempt Program - Home Improvement Loan Bonds | <u>5</u> | — | <u>40</u> | <u>(1)</u> | <u>16</u> | — | — | <u>60</u> |
| Sub-Total | <u>215</u> | <u>60</u> | <u>835</u> | <u>(13)</u> | <u>283</u> | <u>(154)</u> | — | <u>1,226</u> |
| Increase For Tr1 and Four - Pieces | | | <u>40</u> | <u>(1)</u> | <u>17</u> | | | <u>56</u> |
| TOTAL | <u>215</u> | <u>60</u> | <u>875</u> | <u>(14)</u> | <u>300</u> | <u>(154)</u> | — | <u>1,282</u> |

NEW DRAFT
BEING
PREPARED

Original sponsors: Fahrenkamp, Bennett
and Parr

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 666 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to certain state loan programs; and
7 providing for an effective date."

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

9 * Section 1. AS 03.10.020(1) is amended to read:

0 (1) make loans to individual resident farmers, homesteaders,
1 and partnerships or corporations composed of farmers and homesteaders,
2 for clearing land for agricultural purposes, development of farms, stor-
3 age and processing of farm produce, livestock and machinery and to indi-
4 viduals, partnerships or corporations, for storage and processing plants
5 for agricultural products;

6 * Sec. 2. AS 03.10.030(a) is repealed and reenacted to read:

7 (a) A farm development, chattel, or irrigation loan made under
8 this chapter

9 (1) may not exceed a term of 30 years;

10 (2) may not, when added to the outstanding balance of other
11 loans made under this chapter, exceed a total outstanding balance of
12 \$1,000,000;

13 (3) shall be secured by a real estate or chattel mortgage of
14 any priority, except that the portion of a loan that exceeds \$500,000,
15 when added to prior indebtedness that is secured by the same property,
16 must be secured by a first mortgage;

17 (4) shall bear interest at a rate that may not be less than
18 eight percent or more than the commercial rate, unless the commercial
19 rate is eight percent or less; in this paragraph "commercial rate" means

1 the prevailing rate of interest at private lending institutions in the
2 state for loans similar to those referred to in this subsection.

3 * Sec. 3. AS 03.10.030(c) is amended to read:

4 (c) A short term loan, to be amortized within one year, not to
5 exceed \$200,000 to any one borrower may be made for operating purposes,
6 except that short term loans made under this subsection for farm product
7 processing may be made for \$500,000 or less.

8 * Sec. 4. AS 03.10.030(e) is amended to read:

9 (e) An installment payment is delinquent unless it is mailed by
10 the borrower on or before the 30th [15TH] day after the date specified
11 for payment in the loan agreement or unless it is received by the depart-
12 ment on or before the 30th [15TH] day after the date specified for
13 payment in the loan agreement. If an installment payment is delinquent,
14 the director may [SHALL] assess a delinquency penalty. The delinquency
15 penalty shall be an amount equal to seven percent of the delinquent
16 payment, but the combined delinquency penalty and loan interest may not
17 exceed 15 percent.

18 * Sec. 5. AS 03.10.030 is amended by adding new subsections to read:

19 (g) A loan for clearing land may not

20 (1) exceed \$400,000;

21 (2) bear interest that exceeds eight percent; or

22 (3) have a term in excess of 30 years.

23 (h) The commissioner shall adopt regulations to establish other
24 terms for loans made under this chapter, consistent with the provisions
25 of this section, and may establish interest rates for loans under (a)(4)
26 of this section that

27 (1) encourage agricultural development;

28 (2) do not subsidize nonviable agricultural enterprises; and

29 (3) do not discriminate against existing agricultural enter-

1 prises.

2 * Sec. 6. AS 03.10.050(a) is amended to read:

3 (a) The commissioner shall administer the loan fund in conjunction
4 with the agricultural revolving loan fund board. No loan in excess of
5 \$50,000 [\$25,000] may be made by the commissioner without the approval
6 of a majority of the board.

7 * Sec. 7. AS 03.10.050 is amended by adding a new subsection to read:

8 (c) A meeting of the agricultural revolving loan fund board to act
9 on applications for loans is exempt from the public meeting requirements
10 of AS 44.62.310.

11 * Sec. 8. AS 16.10.310 is repealed and reenacted to read:

12 Sec. 16.10.310. POWERS OF THE DEPARTMENT. (a) The department may

13 (1) make loans to

14 (A) individual commercial fishermen who have been state
15 residents for a continuous period of five years immediately preced-
16 ing the date of application for a loan under AS 16.10.300 - 16.10.-
17 370 and have had a crewmember or commercial fishing license under
18 AS 16.05.480 or a permit under AS 16.43 for any one of the past
19 five years, and who actively participated in the fishery during
20 that period, for the purchase of entry permits;

21 (B) an individual who has been a state resident for a
22 continuous period of five years immediately preceding the date of
23 application for a loan under AS 16.10.300 - 16.10.370, who (i)
24 because of lack of training or lack of employment opportunities in
25 the area of residence does not have occupational opportunities
26 available other than commercial fishing; or (ii) is economically
27 dependent on commercial fishing for a livelihood and commercial
28 fishing has been a traditional way of life for him in Alaska, for
29 the repair, restoration or upgrading of existing vessels and gear,

1 for the purchase of entry permits and gear, and for the construc-
2 tion and purchase of vessels;

3 (C) corporations, partnerships, or joint ventures, 100
4 percent of which are owned by individual commercial fishermen who
5 have been state residents for a continuous period of five years
6 immediately preceding the date of application for a loan under
7 AS 16.10.300 - 16.10.370 and have had a crewmember or commercial
8 fishing license under AS 16.05.480 or a permit under AS 16.43 for
9 any one of the past five years, and who actively participated in
10 the fishery during that period, for the repair, restoration or
11 upgrading of existing vessels and gear, for the purchase of gear,
12 and for the construction and purchase of vessels;

13 (2) designate agents and delegate its powers to them as
14 necessary;

15 (3) adopt regulations necessary to carry out its functions;

16 (4) establish amortization plans for repayment of loans,
17 which may include extensions for poor fishing seasons;

18 (5) enter into agreements with private lending institutions,
19 other state agencies, or agencies of the federal government, to carry
20 out the purposes of AS 16.10.300 - 16.10.370;

21 (6) enter into agreements with other agencies or organiza-
22 tions to create an outreach program to make loans under AS 16.10.300 -
23 16.10.370 in rural areas of the state.

24 (b) The department shall consult with the Department of Fish and
25 Game on regulations and procedures established under this chapter.

26 * Sec. 9. AS 16.10.320(a) is repealed and reenacted to read:

27 (a) A loan under AS 16.10.310 - 16.10.370

28 (1) made to

29 (A) an individual described in AS 16.10.310(a)(1)(A) may

1 not exceed \$300,000;

2 (B) an individual, corporation, partnership, or joint
3 venture described in AS 16.10.310(a)(1)(B) or (C) may not exceed
4 \$100,000;

5 (2) may not exceed a term of 15 years;

6 (3) may not bear interest exceeding 10 and one-half percent;

7 (4) may be secured by a first priority lien and appropriate
8 security agreement; and

9 (5) may not exceed 75 percent of the appraised value of the
10 collateral used to secure the loan, except that a loan granted under
11 AS 16.10.333 for the purchase of an Alaska limited entry permit may not
12 exceed an amount determined in accordance with (f) or (h) of this
13 section.

14 * Sec. 10. AS 16.10.320(d) is amended to read:

15 (d) A loan may not be made to a borrower under AS 16.10.300 -
16 16.10.370 if it would result in an outstanding debt of the borrower to
17 the commercial fishing revolving loan fund in excess of \$300,000
18 [\$500,000, EXCLUDING OUTSTANDING DEBT INCURRED UNDER (c) OF THIS SECTION.
19 A BORROWER UNDER AS 16.10.300 - 16.10.370 MAY USE UP TO 49 PERCENT OF
20 THE AMOUNT BORROWED TO REFINANCE ANY OUTSTANDING LOANS OF THE BORROWER
21 REGARDLESS OF THE SOURCE OF THE LOANS, IF THE OUTSTANDING LOANS WERE
22 MADE FOR ANY OF THE PURPOSES DESCRIBED IN AS 16.10.310]. A loan to an
23 associate of the borrower is considered to be a loan to the borrower.
24 For the purposes of this section, "associate of the borrower" means

25 (1) a corporation or other organization of which the borrower
26 is an officer, director or partner, or is, directly or indirectly, the
27 beneficial owner of 10 percent or more of any class of equity securi-
28 ties;

29 (2) a person who is, directly or indirectly, the beneficial

1 owner of 10 percent or more of any class of equity securities of the
2 borrower;

3 (3) a trust or other estate in which the borrower has a
4 substantial beneficial interest or as to which the borrower serves as
5 trustee or in a similar fiduciary capacity.

6 * Sec. 11. AS 16.20.320(e) is amended to read:

7 (e) Two or more individual commercial fishermen who each satisfy
8 the requirements specified in AS 16.10.310(a)(1)(B) [AS 16.10.310(a)(1)-
9 (A)] may jointly obtain a commercial fishing loan for the construction
10 of a fishing vessel or the purchase of an existing fishing vessel.
11 Loans granted under this subsection

12 (1) may not exceed the amount specified in (a)(1) of this
13 section multiplied by the number of qualified commercial fishermen
14 applying for the loan;

15 (2) may not exceed a term of 15 years;

16 (3) shall be secured by a first priority lien and appropriate
17 security agreement;

18 (4) may not bear interest exceeding 10 [NINE] and one-half
19 percent; and

20 (5) may not exceed 75 percent of the appraised value of the
21 collateral used to secure the loan.

22 * Sec. 12. AS 16.10.320(f) is amended to read:

23 (f) Except as permitted in (h) of this section [A] loan granted
24 under AS 16.10.333(a) for the purchase of an Alaska limited entry permit
25 may not exceed 90 percent of the appraised value of the collateral used
26 to secure the loan.

27 * Sec. 13. AS 16.10.320 is amended by adding a new subsection to read:

28 (h) A loan under AS 16.10.333(a) may be made for up to 100 percent
29 of the appraised value of the collateral used to secure the loan if the

1 borrower demonstrates that he has at least three years of experience as
2 a commercial fisherman in the fishery to which the entry permit applies;
3 as used in this paragraph, "three years of experience as a commercial
4 fisherman in the fishery" means that for an accumulated total of three
5 fishing seasons in the same fishery the person has actively participated
6 in the commercial harvest of fish under the direction of a limited entry
7 permit holder.

8 * Sec. 14. AS 16.10 is amended by adding a new section to read:

9 Sec. 16.10.325. GUARANTORS. A person may act as guarantor if the
10 borrower has insufficient collateral to secure a loan for the purposes
11 described in AS 16.10.310(a)(1)(B). The loan agreement shall specific-
12 ally describe the property of the guarantor to be used as collateral by
13 the borrower and shall be signed by the guarantor and the borrower. The
14 department shall provide the guarantor with a copy of all notices sent
15 to the borrower by the department. If the loan is for the purchase of
16 an entry permit, the guaranty by the guarantor may not constitute a
17 lien, mortgage, or encumbrance on or pledge of the entry permit.

18 * Sec. 15. AS 18.55.997 is amended to read:

19 Sec. 18.55.997. RESIDENTIAL LOANS. (a) In addition to the powers
20 authorized to a regional housing authority under AS 18.55.996, a regional
21 housing authority may, in accordance with procedures and policies adopted
22 and approved by the division of housing assistance in the Department of
23 Community and Regional Affairs [BOARD OF DIRECTORS OF THE ALASKA HOUSING
24 FINANCE CORPORATION], make loans for the purchase or development of resi-
25 dential housing in rural areas of the state. A loan shall be secured by
26 collateral in an amount acceptable to the division of housing assistance
27 in the Department of Community and Regional Affairs [BOARD OF DIRECTORS
28 OF THE ALASKA HOUSING FINANCE CORPORATION]. The rate of interest on a
29 loan authorized by this section may not exceed the interest rate on a

1 loan originated or purchased under AS 44.47.360 - 44.47.560 [AN INTEREST
 2 RATE APPROVED BY THE BOARD OF DIRECTORS OF THE ALASKA HOUSING FINANCE
 3 CORPORATION].

4 (b) In this section,

5 (1) "development" means the construction of a new residence
 6 or the repair, remodeling, rehabilitation or expansion of an existing
 7 home;

8 (2) "rural" means

9 (A) a [ANY] community in the second, third, or fourth
 0 judicial district of the state with a population of 4,500 or less
 1 that is not connected by road or rail to Anchorage or Fairbanks; or

2 (B) a community in the first judicial district of the
 3 state with a population of 4,500 or less.

4 * Sec. 16. AS 18.56.040 is amended by adding a new subsection to read:

5 (d) Public notice of 24 hours or more shall be given before a
 6 meeting of the board at which the issuance of corporation bonds is
 7 authorized.

8 * Sec. 17 AS 18.56 is amended by adding a new section to read:

9 Sec. 18.56.084. INTERNATIONAL BORROWING. For the purpose of
 10 obtaining access to international capital markets to borrow money for
 11 the special mortgage loan purchase program (AS 18.56.098), as an addition
 12 to the powers of the corporation under AS 18.56.090, the corporation may
 13 (1) establish or cause to be established, subsidiary corporations in-
 14 corporated in the state or in another state, or under the laws of a
 15 foreign jurisdiction; (2) invest in corporations established under this
 16 section; (3) issue bonds and borrow money for investments in corpora-
 17 tions established under this section; (4) borrow from corporations
 18 established under this section; (5) guarantee the obligations of corpora-
 19 tions established under this section; (6) enter into agreements with

1 corporations established under this section or with other persons; or
2 (7) do anything otherwise necessary to facilitate access to international
3 capital markets. A guarantee under this section constitutes a bond of
4 the corporation as defined in AS 18.56.210(13).

5 * Sec. 18. AS 18.56.098(f)(4) is amended to read:

6 (4) "residence" means an owner-occupied, single-family resi-
7 dence, including a mobile home, or an owner-occupied duplex, triplex or
8 four-plex.

9 * Sec. 19. AS 18.56.098(g)(2) is amended to read:

10 (2) The interest rate on the first \$90,000 of a mortgage loan
11 for a single-family or duplex residence, on the first \$105,000 of a
12 mortgage loan for a triplex residence, and on the first \$140,000 of a
13 mortgage loan for a four-plex residence purchased with the proceeds of a
14 second or subsequent issue of taxable bonds of the corporation shall be
15 determined as follows:

16 (A) If the cost of funds of an issue of taxable bonds is
17 more than the cost of funds of the preceding issue of taxable
18 bonds, the interest rate shall be increased by an amount equal to
19 the difference between the cost of funds of the two bond issues.

20 (B) Except as provided in (C) and (D) of this paragraph
21 and (3) of this subsection, the interest rate may not be less than
22 10 percent and may not be reduced.

23 (C) If the difference between the cost of funds of an
24 issue of taxable bonds and the interest rate established for a
25 mortgage loan purchased with the proceeds of the previous issue
26 would be equal to or less than three percent, the interest rate on
27 mortgage loans purchased with the proceeds of that taxable bond
28 issue and subsequent taxable bond issues is three percent less than
29 the cost of funds of the taxable bond issue that is used to purchase

1 the mortgage loan.

2 (D) The interest rate on a mortgage loan purchased with
3 the proceeds of a taxable bond issue may not be less than 10 percent
4 unless the cost of funds of the taxable bond issue is less than 10
5 percent, in which case the interest on a mortgage loan purchased
6 with the proceeds of a taxable bond issue is equal to the cost of
7 funds.

8 * Sec. 20. AS 18.56.098(g)(3) is amended to read:

9 (3) An interest rate determined under this subsection on the
10 first \$90,000 of a mortgage loan that is not purchased from the proceeds
11 of bonds that are qualified veterans' mortgage bonds under the Mortgage-
12 Subsidy Bond Tax Act of 1980 (26 U.S.C. 103(A)), as amended, shall be
13 reduced by one percentage point if the loan is made to an eligible
14 veteran under AS 18.56.101.

15 * Sec. 21. AS 18.56.098(g)(6) is amended to read:

16 (6) The interest rate on the first \$90,000 of a mortgage loan
17 for a single-family or duplex residence, on the first \$105,000 of a
18 mortgage loan for a triplex residence and on the first \$140,000 of a
19 mortgage loan for a four-plex residence purchased from the proceeds of
20 bonds that are exempt from taxation under the Mortgage Subsidy Bond Tax
21 Act of 1980 (26 U.S.C. 103(A)) is 10 percent or the cost of the funds,
22 whichever is less. A higher or lower interest rate shall be established
23 on the entire loan amount if required under the Mortgage Subsidy Bond
24 Tax Act.

25 * Sec. 22. AS 18.56.098 is amended by adding new subsections to read:

26 (i) The interest rate on the first \$90,000 of a mortgage loan
27 purchased from the proceeds of bonds that constitute qualified veterans'
28 mortgage bonds under the Mortgage Subsidy Bond Tax Act of 1980 (26
29 U.S.C. 103(A)) as amended, is the greater of (1) four percent less than

1 the cost of funds or (2) the rate for other loans to veterans under
 2 AS 18.56.098(g)(3). A higher or lower interest rate shall be estab-
 3 lished on the entire loan amount if required under the Mortgage Subsidy
 4 Bond Tax Act of 1980.

5 (j) If the money used to purchase a mortgage loan made to a veteran
 6 under this section comes from an issue of bonds of the corporation
 7 guaranteed by the state each bond must be issued as part of an issue
 8 substantially all of the proceeds of which are used to provide resi-
 9 dences for veterans, or be issued in such other manner that may be
 10 necessary to insure that the bond is a "qualified veteran's mortgage
 11 bond" under the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103(A)),
 12 as amended.

13 (k) The interest rate limitations of AS 45.45.010 do not apply to
 14 loans purchased under this section or to loans that the corporation has,
 15 in any manner, committed itself to purchase.

16 * Sec. 23. AS 18.56 is amended by adding a new section to read:

17 Sec. 18.56.102. COMMITMENTS FOR THE PURCHASE OF MORTGAGE LOANS.
 18 The corporation shall offer commitments for the purchase of mortgage
 19 loans at the interest rate prevailing for similar mortgage loans at the
 20 time a commitment is made. The corporation shall charge a commitment fee
 21 for an initial 90-day commitment of one-half percent of the amount of the
 22 mortgage loan for which the commitment is purchased. A commitment made
 23 under this section may be extended for a second 90-day period for an
 24 additional fee of one-half percent of the amount of the mortgage loan
 25 and, at the option of the corporation, for further periods of one month
 26 for an additional fee of one-sixth percent of the amount of the mortgage
 27 loan for each month the commitment is extended. A commitment made under
 28 this section, including extensions, may not exceed one year.

29 * Sec. 24. AS 18.56.110(b) is amended to read:

1 (b) The principal and interest on these bonds or notes, except
 2 state guaranteed bonds, is payable from corporation funds, excluding
 3 funds in the housing development fund. The principal and interest on
 4 state guaranteed bonds is payable from corporation funds, excluding
 5 funds in the housing development fund, and in accordance with the terms
 6 of the state guaranty of principal and interest. Bond anticipation
 7 notes may be payable from the proceeds of the sale of bonds or from the
 8 proceeds of sale of other bond anticipation notes or, in the event bond
 9 or bond anticipation note proceeds are not available, such notes may be
 10 paid from other funds or assets of the corporation. Bonds or notes may
 11 be additionally secured by a pledge of a grant or contribution from the
 12 federal government, or a corporation, association, institution or person,
 13 or a pledge of money, income, or revenues of the corporation from any
 14 source. Notes issued in anticipation of the sale of bonds that are to
 15 be issued under this chapter and guaranteed as to principal and interest
 16 by the state are guaranteed as to principal and interest by the state
 17 and secured by the full faith, credit and resources of the state.

18 * Sec. 25. AS 18.56.110(d) is amended to read:

19 (d) Bonds or bond anticipation notes, except state guaranteed
 20 bonds and bond anticipation notes, may be sold in the manner, on the
 21 terms and at the price the corporation determines. State guaranteed
 22 bonds and bond anticipation notes shall be sold at public sale by the
 23 corporation in amounts and at times as may be approved by the state
 24 bond committee, on terms and at the price fixed under the notice of
 25 sale.

26 * Sec. 26. AS 27.09.010 is amended by adding a new subsection to read:

27 (b) The mining loan fund is a revolving fund consisting of ap-
 28 propriations made to the fund by the legislature and repayments of
 29 principal and interest on loans made from the fund. Money appropriated

1 to or repaid into the fund does not lapse in accordance with AS 37.25.-
2 010.

3 * Sec. 27. AS 29.48.110(a) is amended to read:

4 (a) In addition to existing municipal authority providing for the
5 preservation, protection, and maintenance of historic sites, the local
6 historical district commission established under AS 29.48.108, in con-
7 sultation with the Historic Sites Advisory Committee within the Depart-
8 ment of Natural Resources, may establish [A] historical districts
9 [DISTRICT] within the boundaries of the municipality.

10 * Sec. 28. AS 44.33.255(c) is amended to read:

11 (c) The duration for repayment of a loan may not exceed 20 [10]
12 years.

13 * Sec. 29. AS 44.47.370(3) is amended to read:

14 (3) purchase or participate in the purchase of nonconforming
15 and rural housing mortgage loans in accordance with AS 44.47.360 -
16 44.47.560;

17 * Sec. 30. AS 44.47.370(4) is amended to read:

18 (4) purchase or participate in the purchase of loans for
19 building materials for nonconforming and rural housing in accordance
20 with AS 44.47.360 - 44.47.560;

21 * Sec. 31. AS 44.47.380 is amended to read:

22 Sec. 44.47.380. [NONCONFORMING] HOUSING ASSISTANCE LOAN FUND.
23 There is created in the Department of Community and Regional Affairs the
24 [NONCONFORMING] housing assistance loan fund consisting of money appro-
25 priated to it by the legislature. The director shall administer the
26 [NONCONFORMING] housing assistance loan fund in accordance with AS 44.-
27 47.360 - 44.47.560 and shall use the money in the [NONCONFORMING] housing
28 assistance loan fund to originate, purchase, or participate in the pur-
29 chase of

1 (1) nonconforming and rural housing mortgage loans;

2 (2) loans made for building materials for nonconforming
3 and rural housing;

4 (3) loans made for renovations or improvements to nonconform-
5 ing and rural housing;

6 (4) loans made for the construction of owner-occupied noncon-
7 forming and rural housing other than loans to builders or contractors or
8 loans that compensate an owner for his labor or services in constructing
9 his own housing.

10 * Sec. 32. AS 44.47.385(a) is amended to read:

11 (a) The director may make loans from the [NONCONFORMING] housing
12 assistance loan fund only for nonconforming and rural housing loans to
13 qualified buyers for nonconforming and rural housing.

14 * Sec. 33. AS 44.47.390 is amended to read:

15 Sec. 44.47.390. LIMITATIONS ON USE OF [NONCONFORMING] HOUSING
16 ASSISTANCE LOAN FUND. The director may not use the money in the [NON-
17 CONFORMING] housing assistance loan fund to

18 (1) originate a direct loan or purchase or participate in the
19 purchase of a nonconforming or rural housing mortgage loan that [WHICH]
20 exceeds the limitations on mortgage loans purchased by the Federal
21 National Mortgage Association as to principal amount or loan-to-value
22 ratio;

23 (2) originate a direct loan or purchase or participate in the
24 purchase of a loan made for building materials for nonconforming or rural
25 housing

26 (A) that [WHICH] exceeds \$45,000 or exceeds

27 (i) 80 percent of the appraised value of the work
28 completed on the nonconforming or rural housing for which the
29 loan is made if the nonconforming or rural housing is pledged

1 as collateral for the loan; or

2 (ii) 90 percent of the value of other property which
3 is pledged as security for the loan and which is satisfactory
4 to the director as collateral;

5 (B) unless the terms of the loan agreement require
6 inspections and certifications, as required by regulations of the
7 director, at the expense of the borrower; and

8 (C) unless the period of time allowed for repayment of
9 the loan is equal to or less than 15 years;

10 (3) originate direct loans or purchase or participate in the
11 purchase of a nonconforming or rural housing mortgage loan that [WHICH]
12 is secured by real property the marketable title to which is shown in
13 accordance with AS 44.47.420(b)(2) if the total amount of outstanding
14 nonconforming and rural housing mortgage loans held by the division
15 exceeds 10 times the amount of money in the restricted title loss reserve
16 account (AS 44.47.430).

17 * Sec. 34. AS 44.47.420(a) is amended to read:

18 (a) Before the director originates or purchases a nonconforming
19 or rural housing mortgage loan in whole or in part, the director may
20 require a borrower to show marketable title to real property offered as
21 security for the loan to be purchased.

22 * Sec. 35. AS 44.47.430(b) is amended to read:

23 (b) The director may withdraw money from the restricted title loss
24 reserve account in an amount equal to the loss to the division on a
25 nonconforming or rural housing mortgage loan originated or purchased in
26 whole or in part by the division if marketable title to the real property
27 used to secure the loan was shown in accordance with AS 44.47.420(b)(2).
28 Money withdrawn from the restricted title loss reserve account under
29 this section shall be deposited in the [NONCONFORMING] housing assistance

1 loan fund.

2 * Sec. 36. AS 44.47.440 is amended to read:

3 Sec. 44.47.440. FIRE INSURANCE. Before purchasing or participat-
4 ing in the purchase of a nonconforming or rural housing mortgage loan,
5 the director may require the borrower to agree to purchase and maintain
6 fire insurance for the real property for which the loan is made in an
7 amount not less than the outstanding principal balance of the loan.

8 * Sec. 37. AS 44.47.470 is amended to read:

9 Sec. 44.47.470. APPRAISALS. Before originating or purchasing or
10 participating in the purchase of a nonconforming or rural mort-
11 gage loan, the director may have or may require the borrower to have an
12 appraisal made of the fair market value of the real property, including
13 structures on the real property, for which the loan is made. In conduct-
14 ing an appraisal under this section, the appraiser shall give full value
15 to insulation and other features of construction in structures on the
16 real property which add to the energy efficiency of the structures.

17 * Sec. 38. AS 44.47.510(b) is amended to read:

18 (b) Unless otherwise required by an appropriation, the director
19 shall allocate the money in the [NONCONFORMING] housing assistance loan
20 fund among the regions established under (a) of this section for the
21 purpose of originating or purchasing each type of loan described in
22 AS 44.47.380. In making an allocation under this subsection, the direc-
23 tor shall consider the past and potential lending activity of private
24 financial institutions in the region as well as the need for loans in
25 the region. The director may reallocate the money among the regions as
26 he considers necessary.

27 * Sec. 39. AS 44.47 is amended by adding a new section to read:

28 Sec. 44.47.520. LOANS FOR NON-OWNER OCCUPIED HOUSING. (a) In
29 addition to the powers authorized by AS 44.47.370 the director may adopt

1 regulations allowing the use of money in the housing assistance loan
2 fund to make loans for the purchase or development of non-owner occupied
3 housing in rural areas of the state.

4 (b) The rate of interest on a loan authorized by this section may
5 not exceed nine and one-half percent.

6 (c) In this section

7 (1) "development" means the construction of a new residence
8 or the repair, remodeling, rehabilitation, or expansion of an existing
9 residence;

10 (2) "non-owner occupied housing" means a single-family resi-
11 dence or a multi-family residence having up to eight dwelling units,
12 that is not nonconforming housing, and is not occupied by the owner.

13 * Sec. 40. AS 44.47.560 is amended by adding new paragraphs to read:

14 (5) "rural" means

15 (A) a community in the second, third, or fourth judicial
16 district of the state with a population of 4,500 or less that is
17 not connected by road or rail to Anchorage or Fairbanks; or

18 (B) a community in the first judicial district of the
19 state with a population of 4,500 or less;

20 (6) "rural housing" means housing, other than nonconforming
21 housing, that is located in a rural area of the state.

22 * Sec. 41. AS 44.88 is amended by adding a new section to read:

23 Sec. 44.88.153. MULTI-FAMILY HOUSING LOANS. (a) The authority
24 may purchase loans made for the construction of qualified multi-family
25 housing.

26 (b) A loan for qualified multi-family housing

27 (1) may not exceed the cost of the qualified multi-family
28 housing project, or 75 percent of the appraised value of the project,
29 whichever is less;

1 (2) may not be made unless at least 20 percent of the princi-
2 pal amount of the loan is retained by the originator of the loan;

3 (3) shall be in the form and contain the terms and provisions
4 with respect to term of the loan, insurance, repairs, alterations,
5 payment of taxes and assessments, default reserves, delinquency charges,
6 default remedies, acceleration of maturity, secondary liens, amortiza-
7 tion schedules, and other matters the authority may prescribe; and

8 (4) shall bear interest at a rate equal to the cost of funds
9 to the authority.

10 (c) In this section

11 (1) "cost of funds" means the true interest cost expressed as
12 a rate on tax-exempt bonds of the authority plus an additional percent-
13 age as determined by the authority to represent the allocable expenses
14 of operation, costs of issuance and loan servicing; and

15 (2) "qualified multi-family housing" means residential housing
16 of five or more dwelling units that qualifies for tax-exempt bond fi-
17 nancing under the laws of the United States.

18 * Sec. 42. AS 45.88.030(a) is amended to read:

19 (a) A loan for the development of an alternative energy system or
20 for the development or implementation of a northern technology under
21 this chapter may not exceed \$30,000 [\$10,000].

22 * Sec. 43. AS 45.88.030(e) is repealed and reenacted to read:

23 (e) The rate of interest for a loan under this section, other than
24 a loan for an alternative energy system may not exceed nine and one-half
25 percent a year on the unpaid balance of the loan. The rate of interest
26 for a loan for an alternative energy system is five percent for the
27 first \$15,000 of the loan and 15 percent for the amount of the loan that
28 exceeds \$15,000.

29 * Sec. 44. AS 45.88.500 is amended by adding a new paragraph to read:

1 (3) does not include

2 (A) a wood, coal, or multi-fuel heating stove; or

3 (B) a fireplace or fireplace insert.

4 * Sec. 45. AS 45.89.030 is amended by adding a new subsection to read:

5 (j) If, in the opinion of the department, it is not necessary to
6 conduct an energy audit to determine that a loan application meets the
7 requirements of this section, the department may waive the audit require-
8 ment for the applicant.

9 * Sec. 46. AS 45.98.040(2) is amended to read:

10 (2) state participation in a loan for the restoration, im-
11 provement, rehabilitation or maintenance of any one building or struc-
12 ture qualifying under this chapter may not exceed \$250,000 [\$100,000];

13 * Sec. 47. The following laws are repealed: AS 03.10.030(b) and (d);
14 AS 16.10.320(c) and (g), 16.10.342(b), and 16.10.560 - 16.10.720.

15 * Sec. 48. AS 44.47.410 does not apply to a rural housing mortgage loan
16 made under AS 44.47.360 - 44.47.560 until January 1, 1983. Before January 1,
17 1983, the interest rate on a rural mortgage housing loan made under AS 44.-
18 47.360 - 44.47.560 is eight and three-quarters percent. After September 15,
19 1982, the Department of Community and Regional Affairs may not make a commit-
20 ment for a rural housing mortgage loan for an interest rate that is less than
21 an interest rate determined under AS 44.47.410. A loan commitment made by
22 the Department of Community and Regional Affairs after the effective date of
23 this Act and before September 16, 1982, may not exceed six months in length.

24 * Sec. 49. (a) All right, title, and interest in the assets described in
25 (b) of this section, in an amount not to exceed the unpaid principal of those
26 assets as of July 1, 1982, and all right, title, and interest in all mort-
27 gages, notes, and other instruments of security made in connection with those
28 assets, held in the general fund on July 1, 1982, are transferred to the
29 Alaska Housing Finance Corporation for the special mortgage loan purchase

1 program (AS 18.56.098).

2 (b) This section transfers the following assets of the state referred
3 to in the monthly investment reports of general and segregated state program
4 funds, treasury division, Department of Revenue that are held in the general
5 fund:

- 6 (1) State of Alaska loan program loans, other than veteran loans;
- 7 (2) bank loan incentive program loans;
- 8 (3) mortgage option program loans other than mobile home loans;
- 9 (4) obligations pledged to the Alaska Housing Finance Corporation;
- 10 (5) loans to municipalities;
- 11 (6) debt certificates;
- 12 (7) certificates of deposit.

13 * Sec. 50. This Act takes effect immediately in accordance with AS 01.10.
14 070(c).

Asper /

Original sponsors: Fahrenkamp, Bennett
and Parr

BY THE SPECIAL COMMITTEE
ON LOANS

1 IN THE SENATE .

2 HOUSE CS FOR SENATE BILL NO. 666 (Loans)

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 certain state loan programs; and
7 providing for an effective date."

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

9 * Section 1. AS 03.10.020(1) is amended to read:

10 (1) make loans to individual resident farmers, homesteaders,
11 and partnerships or corporations composed of farmers and homesteaders,
12 for clearing land for agricultural purposes, development of farms, stor-
13 age and processing of farm produce, livestock and machinery and to indi-
14 viduals, partnerships or corporations, for storage and processing plants
15 for agricultural products;

16 * Sec. 2. AS 03.10.030(a) is repealed and reenacted to read:

17 (a) A farm development, chattel, or irrigation loan made under
18 this chapter

19 (1) may not exceed a term of 30 years;

20 (2) may not, when added to the outstanding balance of other
21 loans made under this chapter, exceed a total outstanding balance of
22 \$1,000,000;

23 (3) shall be secured by a real estate or chattel mortgage of
24 any priority, except that the portion of a loan that exceeds \$500,000,
25 when added to prior indebtedness that is secured by the same property,
26 must be secured by a first mortgage;

27 (4) shall bear interest at a rate that may not be less than
28 eight percent or more than the commercial rate, unless the commercial
29 rate is eight percent or less; in this paragraph "commercial rate" means

1 the prevailing rate of interest at private lending institutions in the
2 state for loans similar to those referred to in this subsection.

3 * Sec. 3. AS 03.10.030(c) is amended to read:

4 (c) A short term loan, to be amortized within one year, not to
5 exceed \$200,000 to any one borrower may be made for operating purposes,
6 except that short term loans made under this subsection for farm product
7 processing may be made for \$500,000 or less.

8 * Sec. 4. AS 03.10.030(e) is amended to read:

9 (e) An installment payment is delinquent unless it is mailed by
10 the borrower on or before the 30th [15TH] day after the date specified
11 for payment in the loan agreement or unless it is received by the depart-
12 ment on or before the 30th [15TH] day after the date specified for
13 payment in the loan agreement. If an installment payment is delinquent,
14 the director may [SHALL] assess a delinquency penalty. The delinquency
15 penalty shall be an amount equal to seven percent of the delinquent
16 payment, but the combined delinquency penalty and loan interest may not
17 exceed 15 percent.

18 * Sec. 5. AS 03.10.030 is amended by adding new subsections to read:

19 (g) A loan for clearing land may not

20 (1) exceed \$400,000;

21 (2) bear interest that exceeds eight percent; or

22 (3) have a term in excess of 30 years.

23 (h) The commissioner shall adopt regulations to establish other
24 terms for loans made under this chapter, consistent with the provisions
25 of this section, and may establish interest rates for loans under (a)(4)
26 of this section that

27 (1) encourage agricultural development;

28 (2) do not subsidize nonviable agricultural enterprises; and

29 (3) do not discriminate against existing agricultural enter-

1 prises. .

2 * Sec. 6. AS 03.10.050(a) is amended to read:

3 (a) The commissioner shall administer the loan fund in conjunction
4 with the agricultural revolving loan fund board. No loan in excess of
5 \$50,000 [\$25,000] may be made by the commissioner without the approval
6 of a majority of the board.

7 * Sec. 7. AS 03.10.050 is amended by adding a new subsection to read:

8 (c) A meeting of the agricultural revolving loan fund board to act
9 on applications for loans is exempt from the public meeting requirements
10 of AS 44.62.310.

11 * Sec. 8. AS 16.10.310 is repealed and reenacted to read:

12 Sec. 16.10.310. POWERS OF THE DEPARTMENT. (a) The department may

13 (1) make loans to

14 (A) individual commercial fishermen who have been state
15 residents for a continuous period of five years immediately preced-
16 ing the date of application for a loan under AS 16.10.300 - 16.10.-
17 370 and have had a crewmember or commercial fishing license under
18 AS 16.05.480 or a permit under AS 16.43 for any one of the past
19 five years, and who actively participated in the fishery during
20 that period, for the purchase of entry permits;

21 (B) an individual who has been a state resident for a
22 continuous period of five years immediately preceding the date of
23 application for a loan under AS 16.10.300 - 16.10.370, who (i)
24 because of lack of training or lack of employment opportunities in
25 the area of residence does not have occupational opportunities
26 available other than commercial fishing; or (ii) is economically
27 dependent on commercial fishing for a livelihood and commercial
28 fishing has been a traditional way of life for him in Alaska, for
29 the repair, restoration or upgradi of existing vessels and gear,

1 for the purchase of entry permits and gear, and for the construc-
2 tion and purchase of vessels;

3 (C) corporations, partnerships, or joint ventures, 100
4 percent of which are owned by individual commercial fishermen who
5 have been state residents for a continuous period of five years
6 immediately preceding the date of application for a loan under
7 AS 16.10.300 - 16.10.370 and have had a crewmember or commercial
8 fishing license under AS 16.05.480 or a permit under AS 16.43 for
9 any one of the past five years, and who actively participated in
10 the fishery during that period, for the repair, restoration or
11 upgrading of existing vessels and gear, for the purchase of gear,
12 and for the construction and purchase of vessels;

13 (2) designate agents and delegate its powers to them as
14 necessary;

15 (3) adopt regulations necessary to carry out its functions;

16 (4) establish amortization plans for repayment of loans,
17 which may include extensions for poor fishing seasons;

18 (5) enter into agreements with private lending institutions,
19 other state agencies, or agencies of the federal government, to carry
20 out the purposes of AS 16.10.300 - 16.10.370;

21 (6) enter into agreements with other agencies or organiza-
22 tions to create an outreach program to make loans under AS 16.10.300 -
23 16.10.370 in rural areas of the state.

24 (b) The department shall consult with the Department of Fish and
25 Game on regulations and procedures established under this chapter.

26 * Sec. 9. AS 16.10.320(a) is repealed and reenacted to read:

27 (a) A loan under AS 16.10.310 - 16.10.370

28 (1) made to

29 (A) an individual described in AS 16.10.310(a)(1)(A) may

1 not exceed \$300,000;

2 (B) an individual, corporation, partnership, or joint
3 venture described in AS 16.10.310(a)(1)(B) or (C) may not exceed
4 \$100,000;

5 (2) may not exceed a term of 15 years;

6 (3) may not bear interest exceeding 10 and one-half percent;

7 (4) may be secured by a first priority lien and appropriate
8 security agreement; and

9 (5) may not exceed 75 percent of the appraised value of the
10 collateral used to secure the loan, except that a loan granted under
11 AS 16.10.333 for the purchase of an Alaska limited entry permit may not
12 exceed an amount determined in accordance with (f) or (h) of this
13 section.

14 * Sec. 10. AS 16.10.320(d) is amended to read:

15 (d) A loan may not be made to a borrower under AS 16.10.300 -
16 16.10.370 if it would result in an outstanding debt of the borrower to
17 the commercial fishing revolving loan fund in excess of \$300,000
18 [\$500,000, EXCLUDING OUTSTANDING DEBT INCURRED UNDER (c) OF THIS SECTION.
19 A BORROWER UNDER AS 16.10.300 - 16.10.370 MAY USE UP TO 49 PERCENT OF
20 THE AMOUNT BORROWED TO REFINANCE ANY OUTSTANDING LOANS OF THE BORROWER
21 REGARDLESS OF THE SOURCE OF THE LOANS, IF THE OUTSTANDING LOANS WERE
22 MADE FOR ANY OF THE PURPOSES DESCRIBED IN AS 16.10.310]. A loan to an
23 associate of the borrower is considered to be a loan to the borrower.
24 For the purposes of this section, "associate of the borrower" means

25 (1) a corporation or other organization of which the borrower
26 is an officer, director or partner, or is, directly or indirectly, the
27 beneficial owner of 10 per cent or more of any class of equity securi-
28 ties;

29 (2) a person who is, directly or indirectly, the beneficial

1 owner of 10 percent or more of any class of equity securities of the
2 borrower;

3 (3) a trust or other estate in which the borrower has a
4 substantial beneficial interest or as to which the borrower serves as
5 trustee or in a similar fiduciary capacity.

6 * Sec. 11. AS 16.20.320(e) is amended to read:

7 (e) Two or more individual commercial fishermen who each satisfy
8 the requirements specified in AS 16.10.310(a)(1)(B) [AS 16.10.310(a)(1)-
9 (A)] may jointly obtain a commercial fishing loan for the construction
10 of a fishing vessel or the purchase of an existing fishing vessel.
11 Loans granted under this subsection

12 (1) may not exceed the amount specified in (a)(1) of this
13 section multiplied by the number of qualified commercial fishermen
14 applying for the loan;

15 (2) may not exceed a term of 15 years;

16 (3) shall be secured by a first priority lien and appropriate
17 security agreement;

18 (4) may not bear interest exceeding 10 [NINE] and one-half
19 percent; and

20 (5) may not exceed 75 percent of the appraised value of the
21 collateral used to secure the loan.

22 * Sec. 12. AS 16.10.320(f) is amended to read:

23 (f) Except as permitted in (h) of this section a [A] loan granted
24 under AS 16.10.333(a) for the purchase of an Alaska limited entry permit
25 may not exceed 90 percent of the appraised value of the collateral used
26 to secure the loan.

27 * Sec. 13. AS 16.10.320 is amended by adding a new subsection to read:

28 (h) A loan under AS 16.10.333(a) may be made for up to 100 percent
29 of the appraised value of the collateral used to secure the loan if the

1 borrower demonstrates that he has at least three years of experience as
2 a commercial fisherman in the fishery to which the entry permit applies;
3 as used in this paragraph, "three years of experience as a commercial
4 fisherman in the fishery" means that for an accumulated total of three
5 fishing seasons in the same fishery the person has actively participated
6 in the commercial harvest of fish under the direction of a limited entry
7 permit holder.

8 * Sec. 14. AS 16.10 is amended by adding a new section to read:

9 Sec. 16.10.325. GUARANTORS. A person may act as guarantor if the
10 borrower has insufficient collateral to secure a loan for the purposes
11 described in AS 16.10.310(a)(1)(B). The loan agreement shall specific-
12 ally describe the property of the guarantor to be used as collateral by
13 the borrower and shall be signed by the guarantor and the borrower. The
14 department shall provide the guarantor with a copy of all notices sent
15 to the borrower by the department. If the loan is for the purchase of
16 an entry permit, the guaranty by the guarantor may not constitute a
17 lien, mortgage, or encumbrance on or pledge of the entry permit.

18 * Sec. 15. AS 18.55.997 is amended to read:

19 Sec. 18.55.997. RESIDENTIAL LOANS. (a) In addition to the powers
20 authorized to a regional housing authority under AS 18.55.996, a regional
21 housing authority may, in accordance with procedures and policies adopted
22 and approved by the division of housing assistance in the Department of
23 Community and Regional Affairs [BOARD OF DIRECTORS OF THE ALASKA HOUSING
24 FINANCE CORPORATION], make loans for the purchase or development of resi-
25 dential housing in rural areas of the state. A loan shall be secured by
26 collateral in an amount acceptable to the division of housing assistance
27 in the Department of Community and Regional Affairs [BOARD OF DIRECTORS
28 OF THE ALASKA HOUSING FINANCE CORPORATION]. The rate of interest on a
29 loan authorized by this section may not exceed the interest rate on a

1 loan originated or purchased under AS 44.47.360 - 44.47.560 [AN INTEREST
2 RATE APPROVED BY THE BOARD OF DIRECTORS OF THE ALASKA HOUSING FINANCE
3 CORPORATION].

4 (b) In this section,

5 (1) "development" means the construction of a new residence
6 or the repair, remodeling, rehabilitation or expansion of an existing
7 home;

8 (2) "rural" means

9 (A) a [ANY] community in the second, third, or fourth
10 judicial district of the state with a population of 4,500 or less
11 that is not connected by road or rail to Anchorage or Fairbanks; or

12 (B) a community in the first judicial district of the
13 state with a population of 4,500 or less.

14 * Sec. 16. AS 18.56.040 is amended by adding a new subsection to read:

15 (d) Public notice of 24 hours or more shall be given before a
16 meeting of the board at which the issuance of corporation bonds is
17 authorized.

18 * Sec. 17. AS 18.56 is amended by adding a new section to read:

19 Sec. 18.56.084. INTERNATIONAL BORROWING. For the purpose of
20 obtaining access to international capital markets to borrow money for
21 the special mortgage loan purchase program (AS 18.56.098), as an addition
22 to the powers of the corporation under AS 18.56.090, the corporation may
23 (1) establish or cause to be established, subsidiary corporations in-
24 corporated in the state or in another state, or under the laws of a
25 foreign jurisdiction; (2) invest in corporations established under this
26 section; (3) issue bonds and borrow money for investments in corpora-
27 tions established under this section; (4) borrow from corporations
28 established under this section; (5) guarantee the obligations of corpora-
29 tions established under this section; (6) enter into agreements with

1 corporations established under this section or with other persons; or
2 (7) do anything otherwise necessary to facilitate access to international
3 capital markets. A guarantee under this section constitutes a bond of
4 the corporation as defined in AS 18.56.210(13).

5 * Sec. 18. AS 18.56.098(f)(4) is amended to read:

6 (4) "residence" means an owner-occupied, single-family resi-
7 dence, including a mobile home, or an owner-occupied duplex, triplex or
8 four-plex.

9 * Sec. 19. AS 18.56.098(g)(2) is amended to read:

10 (2) The interest rate on the first \$90,000 of a mortgage loan
11 for a single-family or duplex residence, on the first \$105,000 of a
12 mortgage loan for a triplex residence, and on the first \$140,000 of a
13 mortgage loan for a four-plex residence purchased with the proceeds of a
14 second or subsequent issue of taxable bonds of the corporation shall be
15 determined as follows:

16 (A) If the cost of funds of an issue of taxable bonds is
17 more than the cost of funds of the preceding issue of taxable
18 bonds, the interest rate shall be increased by an amount equal to
19 the difference between the cost of funds of the two bond issues.

20 (B) Except as provided in (C) and (D) of this paragraph
21 and (3) of this subsection, the interest rate may not be less than
22 10 percent and may not be reduced.

23 (C) If the difference between the cost of funds of an
24 issue of taxable bonds and the interest rate established for a
25 mortgage loan purchased with the proceeds of the previous issue
26 would be equal to or less than three percent, the interest rate on
27 mortgage loans purchased with the proceeds of that taxable bond
28 issue and subsequent taxable bond issues is three percent less than
29 the cost of funds of the taxable bond issue that is used to purchase

1 the mortgage loan.

2 (D) The interest rate on a mortgage loan purchased with
3 the proceeds of a taxable bond issue may not be less than 10 percent
4 unless the cost of funds of the taxable bond issue is less than 10
5 percent, in which case the interest on a mortgage loan purchased
6 with the proceeds of a taxable bond issue is equal to the cost of
7 funds.

8 * Sec. 20. AS 18.56.098(g)(3) is amended to read:

9 (3) An interest rate determined under this subsection on the
10 first \$90,000 of a mortgage loan that is not purchased from the proceeds
11 of bonds that are qualified veterans' mortgage bonds under the Mortgage
12 Subsidy Bond Tax Act of 1980 (26 U.S.C. 103(A)), as amended, shall be
13 reduced by one percentage point if the loan is made to an eligible
14 veteran under AS 18.56.101.

15 * Sec. 21. AS 18.56.098(g)(6) is amended to read:

16 (6) The interest rate on the first \$90,000 of a mortgage loan
17 for a single-family or duplex residence, on the first \$105,000 of a
18 mortgage loan for a triplex residence and on the first \$140,000 of a
19 mortgage loan for a four-plex residence purchased from the proceeds of
20 bonds that are exempt from taxation under the Mortgage Subsidy Bond Tax
21 Act of 1980 (26 U.S.C. 103(A)) is 10 percent or the cost of the funds,
22 whichever is less. A higher or lower interest rate shall be established
23 on the entire loan amount if required under the Mortgage Subsidy Bond
24 Tax Act.

25 * Sec. 22. AS 18.56.098 is amended by adding new subsections to read:

26 (i) The interest rate on the first \$90,000 of a mortgage loan
27 purchased from the proceeds of bonds that constitute qualified veterans'
28 mortgage bonds under the Mortgage Subsidy Bond Tax Act of 1980 (26
29 U.S.C. 103(A)) as amended, is the greater of (1) four percent less than

1 the cost of funds or (2) the rate for other loans to veterans under
2 AS 18.56.098(g)(3). A higher or lower interest rate shall be estab-
3 lished on the entire loan amount if required under the Mortgage Subsidy
4 Bond Tax Act of 1980.

5 (j) If the money used to purchase a mortgage loan made to a veteran
6 under this section comes from an issue of bonds of the corporation
7 guaranteed by the state each bond must be issued as part of an issue
8 substantially all of the proceeds of which are used to provide resi-
9 dences for veterans, or be issued in such other manner that may be
10 necessary to insure that the bond is a "qualified veteran's mortgage
11 bond" under the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103(A)),
12 as amended.

13 (k) The interest rate limitations of AS 45.45.010 do not apply to
14 loans purchased under this section or to loans that the corporation has,
15 in any manner, committed itself to purchase.

16 * Sec. 23. AS 18.56 is amended by adding a new section to read:

17 Sec. 18.56.102. COMMITMENTS FOR LOANS. The corporation shall
18 offer commitments for the purchase of loans at the interest rate prevail-
19 ing for similar loans at the time a commitment is made. The corporation
20 shall charge a commitment fee for an initial 90-day commitment of one-half
21 percent of the amount of the loan for which the commitment is purchased.
22 A commitment made under this section may be extended for a second 90-day
23 period for an additional fee of one-half percent of the amount of the
24 loan and, at the option of the corporation, for further periods of one
25 month for an additional fee of one-sixth percent of the amount of the
26 loan for each month the commitment is extended. A commitment made under
27 this section, including extensions, may not exceed one year.

28 * Sec. 24. AS 18.56.110(b) is amended to read:

29 (b) The principal and interest on these bonds or notes, except

1 state guaranteed bonds, is payable from corporation funds, excluding
2 funds in the housing development fund. The principal and interest on
3 state guaranteed bonds is payable from corporation funds, excluding
4 funds in the housing development fund, and in accordance with the terms
5 of the state guaranty of principal and interest. Bond anticipation
6 notes may be payable from the proceeds of the sale of bonds or from the
7 proceeds of sale of other bond anticipation notes or, in the event bond
8 or bond anticipation note proceeds are not available, such notes may be
9 paid from other funds or assets of the corporation. Bonds or notes may
10 be additionally secured by a pledge of a grant or contribution from the
11 federal government, or a corporation, association, institution or person,
12 or a pledge of money, income, or revenues of the corporation from any
13 source. Notes issued in anticipation of the sale of bonds that are to
14 be issued under this chapter and guaranteed as to principal and interest
15 by the state are guaranteed as to principal and interest by the state
16 and secured by the full faith, credit and resources of the state.

17 * Sec. 25. AS 18.56.110(d) is amended to read:

18 (d) Bonds or bond anticipation notes, except state guaranteed
19 bonds and bond anticipation notes, may be sold in the manner, on the
20 terms and at the price the corporation determines. State guaranteed
21 bonds and bond anticipation notes shall be sold at public sale by the
22 corporation in amounts and at times as may be approved by the state
23 bond committee, on terms and at the price fixed under the notice of
24 sale.

25 * Sec. 26. AS 27.09.010 is amended by adding a new subsection to read:

26 (b) The mining loan fund is a revolving fund consisting of ap-
27 propriations made to the fund by the legislature and repayments of
28 principal and interest on loans made from the fund. Money appropriated
29 to or repaid into the fund does not lapse in accordance with AS 37.25.-

1 010.

2 * Sec. 27. AS 29.48.110(a) is amended to read:

3 (a) In addition to existing municipal authority providing for the
4 preservation, protection, and maintenance of historic sites, the local
5 historical district commission established under AS 29.48.108, in con-
6 sultation with the Historic Sites Advisory Committee within the Depart-
7 ment of Natural Resources, may establish [A] historical districts
8 [DISTRICT] within the boundaries of the municipality.

9 * Sec. 28. AS 44.33.255(c) is amended to read:

10 (c) The duration for repayment of a loan may not exceed 20 [10]
11 years.

12 * Sec. 29. AS 44.47.370(3) is amended to read:

13 (3) purchase or participate in the purchase of nonconforming
14 and rural housing mortgage loans in accordance with AS 44.47.360 -
15 44.47.560;

16 * Sec. 30. AS 44.47.370(4) is amended to read:

17 (4) purchase or participate in the purchase of loans for
18 building materials for nonconforming and rural housing in accordance
19 with AS 44.47.360 - 44.47.560;

20 * Sec. 31. AS 44.47.380 is amended to read:

21 Sec. 44.47.380. [NONCONFORMING] HOUSING ASSISTANCE LOAN FUND.
22 There is created in the Department of Community and Regional Affairs the
23 [NONCONFORMING] housing assistance loan fund consisting of money appro-
24 priated to it by the legislature. The director shall administer the
25 [NONCONFORMING] housing assistance loan fund in accordance with AS 44.-
26 47.360 - 44.47.560 and shall use the money in the [NONCONFORMING] housing
27 assistance loan fund to originate, purchase, or participate in the pur-
28 chase of

29 (1) nonconforming and rural housing mortgage loans;

1 (2) loans made for building materials for nonconforming
2 and rural housing;

3 (3) loans made for renovations or improvements to nonconform-
4 ing and rural housing;

5 (4) loans made for the construction of owner-occupied noncon-
6 forming and rural housing other than loans to builders or contractors or
7 loans that compensate an owner for his labor or services in constructing
8 his own housing.

9 * Sec. 32. AS 44.47.385(a) is amended to read:

10 (a) The director may make loans from the [NONCONFORMING] housing
11 assistance loan fund only for nonconforming and rural housing loans to
12 qualified buyers for nonconforming and rural housing.

13 * Sec. 33. AS 44.47.390 is amended to read:

14 Sec. 44.47.390. LIMITATIONS ON USE OF [NONCONFORMING] HOUSING
15 ASSISTANCE LOAN FUND. The director may not use the money in the [NO-
16 CONFORMING] housing assistance loan fund to

17 (1) originate a direct loan or purchase or participate in the
18 purchase of a nonconforming or rural housing mortgage loan that [WHICH]
19 exceeds the limitations on mortgage loans purchased by the Federal
20 National Mortgage Association as to principal amount or loan-to-value
21 ratio;

22 (2) originate a direct loan or purchase or participate in the
23 purchase of a loan made for building materials for nonconforming or rural
24 housing

25 (A) that [WHICH] exceeds \$45,000 or exceeds

26 (i) 80 percent of the appraised value of the work
27 completed on the nonconforming or rural housing for which the
28 loan is made if the nonconforming or rural housing is pledged
29 as collateral for the loan; or

1 (ii) 90 percent of the value of other property which
2 is pledged as security for the loan and which is satisfactory
3 to the director as collateral;

4 (B) unless the terms of the loan agreement require
5 inspections and certifications, as required by regulations of the
6 director, at the expense of the borrower; and

7 (C) unless the period of time allowed for repayment of
8 the loan is equal to or less than 15 years;

9 (3) originate direct loans or purchase or participate in the
10 purchase of a nonconforming or rural housing mortgage loan that [WHICH]
11 is secured by real property the marketable title to which is shown in
12 accordance with AS 44.47.420(b)(2) if the total amount of outstanding
13 nonconforming and rural housing mortgage loans held by the division
14 exceeds 10 times the amount of money in the restricted title loss reserve
15 account (AS 44.47.430).

16 * Sec. 34. AS 44.47.420(a) is amended to read:

17 (a) Before the director originates or purchases a nonconforming
18 or rural housing mortgage loan in whole or in part, the director may
19 require a borrower to show marketable title to real property offered as
20 security for the loan to be purchased.

21 * Sec. 35. AS 44.47.430(b) is amended to read:

22 (b) The director may withdraw money from the restricted title loss
23 reserve account in an amount equal to the loss to the division on a
24 nonconforming or rural housing mortgage loan originated or purchased in
25 whole or in part by the division if marketable title to the real property
26 used to secure the loan was shown in accordance with AS 44.47.420(b)(2).
27 Money withdrawn from the restricted title loss reserve account under
28 this section shall be deposited in the [NONCONFORMING] housing assistance
29 loan fund.

1 * Sec. 36. AS 44.47.440 is amended to read:

2 Sec. 44.47.440. FIRE INSURANCE. Before purchasing or participat-
3 ing in the purchase of a nonconforming or rural housing mortgage loan,
4 the director may require the borrower to agree to purchase and maintain
5 fire insurance for the real property for which the loan is made in an
6 amount not less than the outstanding principal balance of the loan.

7 * Sec. 37. AS 44.47.470 is amended to read:

8 Sec. 44.47.470. APPRAISALS. Before originating or purchasing or
9 participating in the purchase of a nonconforming or rural housing mort-
10 gage loan, the director may have or may require the borrower to have an
11 appraisal made of the fair market value of the real property, including
12 structures on the real property, for which the loan is made. In conduct-
13 ing an appraisal under this section, the appraiser shall give full value
14 to insulation and other features of construction in structures on the
15 real property which add to the energy efficiency of the structures.

16 * Sec. 38. AS 44.47.510(b) is amended to read:

17 (b) Unless otherwise required by an appropriation, the director
18 shall allocate the money in the [NONCONFORMING] housing assistance loan
19 fund among the regions established under (a) of this section for the
20 purpose of originating or purchasing each type of loan described in
21 AS 44.47.380. In making an allocation under this subsection, the direc-
22 tor shall consider the past and potential lending activity of private
23 financial institutions in the region as well as the need for loans in
24 the region. The director may reallocate the money among the regions as
25 he considers necessary.

26 * Sec. 39. AS 44.47 is amended by adding a new section to read:

27 Sec. 44.47.520. LOANS FOR NON-OWNER OCCUPIED HOUSING. (a) In
28 addition to the powers authorized by AS 44.47.370 the director may adopt
29 regulations allowing the use of money in the housing assistance loan

1 fund to make loans for the purchase or development of non-owner occupied
2 housing in rural areas of the state.

3 (b) The rate of interest on a loan authorized by this section may
4 not exceed nine and one-half percent.

5 (c) In this section

6 (1) "development" means the construction of a new residence
7 or the repair, remodeling, rehabilitation, or expansion of an existing
8 residence;

9 (2) "non-owner occupied housing" means a single-family resi-
10 dence or a multi-family residence having up to eight dwelling units,
11 that is not nonconforming housing, and is not occupied by the owner.

12 * Sec. 40. AS 44.47.560 is amended by adding new paragraphs to read:

13 (5) "rural" means

14 (A) a community in the second, third, or fourth judicial
15 district of the state with a population of 4,500 or less that is
16 not connected by road or rail to Anchorage or Fairbanks; or

17 (B) a community in the first judicial district of the
18 state with a population of 4,500 or less;

19 (6) "rural housing" means housing, other than nonconforming
20 housing, that is located in a rural area of the state.

21 * Sec. 41. AS 44.88 is amended by adding a new section to read:

22 Sec. 44.88.153. MULTI-FAMILY HOUSING LOANS. (a) The authority
23 may purchase loans made for the construction of qualified multi-family
24 housing.

25 (b) A loan for qualified multi-family housing

26 (1) may not exceed the cost of the qualified multi-family
27 housing project, or 75 percent of the appraised value of the project,
28 whichever is less;

29 (2) may not be made unless at least 20 percent of the princi-

1 pal amount of the loan is retained by the originator of the loan;

2 (3) shall be in the form and contain the terms and provisions
3 with respect to term of the loan, insurance, repairs, alterations,
4 payment of taxes and assessments, default reserves, delinquency charges,
5 default remedies, acceleration of maturity, secondary liens, amortiza-
6 tion schedules, and other matters the authority may prescribe; and

7 (4) shall bear interest at a rate equal to the cost of funds
8 to the authority.

9 (c) In this section

10 (1) "cost of funds" means the true interest cost expressed as
11 a rate on tax-exempt bonds of the authority plus an additional percent-
12 age as determined by the authority to represent the allocable expenses
13 of operation, costs of issuance and loan servicing; and

14 (2) "qualified multi-family housing" means residential housing
15 of 5 - 20 dwelling units that qualifies for tax-exempt bond financing
16 under the laws of the United States.

17 * Sec. 42. AS 45.88.030(a) is amended to read:

18 (a) A loan for the development of an alternative energy system or
19 for the development or implementation of a northern technology under
20 this chapter may not exceed \$30,000 [\$10,000].

21 * Sec. 43. AS 45.88.030(e) is repealed and reenacted to read:

22 (e) The rate of interest for a loan under this section, other than
23 a loan for an alternative energy system may not exceed nine and one-half
24 percent a year on the unpaid balance of the loan. The rate of interest
25 for a loan for an alternative energy system is five percent for the
26 first \$15,000 of the loan and 15 percent for the amount of the loan that
27 exceeds \$15,000.

28 * Sec. 44. AS 45.88.500 is amended by adding a new paragraph to read:

29 (3) does not include

- 1 (A) a wood, coal, or multi-fuel heating stove; or
2 (B) a fireplace or fireplace insert.

3 * Sec. 45. AS 45.89.030 is amended by adding a new subsection to read:

4 (j) If, in the opinion of the department, it is not necessary to
5 conduct an energy audit to determine that a loan application meets the
6 requirements of this section, the department may waive the audit require-
7 ment for the applicant.

8 * Sec. 46. AS 45.98.040(2) is amended to read:

9 (2) state participation in a loan for the restoration, im-
10 provement, rehabilitation or maintenance of any one building or structure
11 qualifying under this chapter may not exceed \$250,000 [\$100,000];

12 * Sec. 47. The following laws are repealed: AS 03.10.030(b) and (d);
13 AS 16.10.320(c) and (g), 16.10.342(b), and 16.10.560 - 16.10.720.

14 * Sec. 48. AS 44.47.410 does not apply to a rural housing mortgage loan
15 made under AS 44.47.360 - 44.47.560 until January 1, 1983. Before January 1,
16 1983, the interest rate on a rural mortgage housing loan made under AS 44.-
17 47.360 - 44.47.560 is eight and three-quarters percent. The Department of
18 Community and Regional Affairs may not make a commitment for a rural housing
19 mortgage loan that is less than a rate determined under AS 44.47.410 after
20 September 15, 1982. A loan commitment made by the Department of Community
21 and Regional Affairs after the effective date of this Act and before Septem-
22 ber 16, 1982, may not exceed six months in length.

23 * Sec. 49. This Act takes effect immediately in accordance with AS 01.10.-
24 070(c).

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House CS for CS for Senate Bill 668 (HESS)
Title "An Act relating to public employees collective bargaining"
Requested by House HESS Committee Date 6/7/82

II. FISCAL DETAIL

Agency Affected Labor
Program Category Affected Public Protection
BRU, Program, Or Subprogram(s) Affected Labor Standards and Safety
(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 | | 87.0 | 95.7 | 105.3 | 115.8 | 127.4 |
| 200 TRAVEL | | 2.9 | 25.2 | 27.7 | 30.5 | 33.5 |
| 300 CONTRACTUAL | | 43.0 | 47.3 | 52.0 | 57.2 | 63.0 |
| 400 COMMODITIES | | 3.5 | 3.0 | 4.2 | 4.7 | 5.2 |
| 500 EQUIPMENT | | 2.6 | 0 | 0 | 0 | 0 |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS, ETC. | | | | | | |
| TOTAL | 0 | 159.0 | 172.1 | 189.2 | 208.2 | 229.1 |

FUNDING (Thousands of Dollars)

| | FY 82 | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 |
|------------------------|-------|-------|-------|-------|-------|-------|
| GENERAL FUND | 0 | 159.0 | 172.1 | 189.2 | 208.2 | 229.1 |
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Source) | | | | | | |

POSITIONS

| | FY 82 | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 |
|-----------|-------|-------|-------|-------|-------|-------|
| FULL TIME | 0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| PART TIME | | | | | | |
| TEMPORARY | | | | | | |

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

While the House HESS Committee Substitute does reduce the department's workload and responsibilities somewhat from the original bill by removing the fact finding process; the addition of 3,500 non-certificated or classified school board employees to PERA coverage offsets this reduction.

The department will still be required to certify bargaining units for teachers in 50 and perhaps all 52 school districts and REAA's.

The department has information that non-certificated employees in over 15 of the larger urban districts will petition for recognition as soon as this bill becomes law. There are several unions and employee associations interested in organizing this sizable group of public employees. Without a doubt, there will be many representational elections to monitor with the inevitable unfair labor practice charges resulting that will require formal investigations and hearings.

(Continued)

IV. DATE June 1, 1982 PREPARED BY Judy Knight
AGENCY Labor

Original: Legislative Finance PHONE 465-2700

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

page 2

III. ANALYSIS (Continuation)

Other states which have enacted PERA type laws that cover teachers have advised us that during the first few years the laws were in effect, management or employee representatives of 50% of the affected school districts filed unfair labor practice charges each year which resulted in hearings before the labor relations agency. The average hearing lasted six hours (or one day).

Assuming that the contracts of approximately 26 of Alaska's 52 school districts come up for renegotiation each year and that our experience would be comparable to that of other states, it is expected that 13 of the school districts will generate unfair labor practices charges requiring hearings before the labor relations agency.

In addition to the charges associated with the two Wage and Hour Investigators are costs to contract for a hearing officer on 13 occasions (\$9,750) and court reporting services including transcripts (\$5,325), plus printing (\$1,600) and legal costs (\$6,000). A total of \$5,600 has been included in travel for the Hearing Officer's transportation and per diem (10 trips of 2 days each = $(400 + 80[2]) 10 = 5,600$).

| | | | | | | | | | |
|---|---|--------------------|-------------------------|-------------------------|------------------|-----------------------|-------------|---------|---------|
| 1 | POSITION TITLE Wage and Hour Investigator II | | | RANGE/STEP 18A | BARG. UNIT. G | LOCATION Anchorage | GOV. LBC | APPROV. | DISAPP. |
| 2 | TYPE OF POSITION PFT | STAFF MONTHS 12 | RP No. CSSB 633(RIS) | PCN No. Not assigned | PRIORITY | FORM 12 PAGE/LINE | | | |

| 3 TYPE OF EXPENDITURE | | AMOUNT |
|---------------------------|----|--------|
| 1 | 2 | 3 |
| PERSONAL SERVICES: | | |
| 4 SALARY 2838/month | | 34,056 |
| 5 BENEFITS 1592 | | 5,422 |
| 6 SBS | | 2,088 |
| 7 FIXED BENEFITS | | 1,920 |
| 8 TOTAL PERSONAL SERVICES | 01 | 43,486 |
| 9 TRAVEL | 02 | 8,640 |
| 10 CONTRACTUAL | 03 | 10,150 |
| 11 COMMODITIES | 04 | 1,750 |
| 12 EQUIPMENT | 05 | 1,300 |
| 13 OTHER | | |
| 14 TOTAL COST | | 65,326 |

JUSTIFICATION:

This position will conduct investigations and informal hearings of unfair labor practices complaints filed with this agency. The Investigator will travel extensively throughout the state performing these investigations and hearings.

Personal Services calculations are based on the salary schedule effective 3/16/82.

Travel funds allow for 1 - 4 day trips costing an average of \$400 @ for transportation and per diem of \$320 (4 days X \$80)

| RECEIPT CODE | FUNDING SOURCE | AMOUNT |
|--------------|-----------------|--------|
| 15 | FED RCPTS. 1002 | |
| 16 | GF MATCH. 1003 | |
| 17 100 | GEN. FUND 1004 | 65,326 |
| 18 | I-A RCPTS. 1005 | |
| 19 | PGM RCPTS 1028 | |
| 20 | OTHER | |

Contractual services costs are comprised of telephone charges, equipment rent, word processing costs, management services support of \$3,900, and \$3,200 for space rent.

The equipment costs for a desk, file, recorder, transcriber, partitions, and bookcase are one-time charges.

| | | |
|-----------------|--|-----------------------------|
| 21 CONTINUATION | | FOR B&M USE ONLY |
| 22 ADDITION | | |

AA KEY NUMBER _____ COLUMN NO. _____

AGENCY Labor PROGRAM Worker Protection

BRU Wage and Hour Administration

COMPONENT Wage and Hour Administration

13 REQUEST FOR NEW POSITION

FY 83

| | | | | | | | | | |
|---|---|--------------------|-------------------------|-------------------------|------------------|-----------------------|--------------|---------|---------|
| 1 | POSITION TITLE Wage and Hour Investigator II | | | RANGE/STEP 18A | BARG. UNIT. G | LOCATION Anchorage | GOV. LIC. | APPROV. | DISAPP. |
| 2 | TYPE OF POSITION PFT | STAFF MONTHS 12 | RP No. CSSB 668(RLS) | PCN No. Not assigned | PRIORITY | FORM 12 PAGE/LINE | | | |

| 3 | TYPE OF EXPENDITURE | AMOUNT |
|----|---|--------|
| | 1 | 2 |
| 4 | PERSONAL SERVICES: SALARY 2838/month | 34,056 |
| 5 | BENEFITS .1592 | 5,422 |
| 6 | SBS | 2,088 |
| 7 | FIXED BENEFITS | 1,920 |
| 8 | TOTAL PERSONAL SERVICES 01 | 43,486 |
| 9 | TRAVEL 02 | 8,640 |
| 10 | CONTRACTUAL 03 | 10,150 |
| 11 | COMMODITIES 04 | 1,750 |
| 12 | EQUIPMENT 05 | 1,300 |
| 13 | OTHER | |
| 14 | TOTAL COST | 65,326 |

JUSTIFICATION:
 This position will conduct investigations and informal hearings of unfair labor practices complaints filed with this agency. The Investigator will travel extensively throughout the state performing these investigations and hearings.
 Personal Services calculations are based on the salary schedule effective 3/16/82.
 Travel funds allow for 12 - 4 day trips costing an average of \$400 @ for transportation and per diem of \$320 (4 days X \$80)
 Contractual services costs are comprised of telephone charges, equipment rent, word processing costs, management services support of \$3,900, and \$3,200 for space rent.
 The equipment costs for a desk, file, recorder, transcriber, partitions, and bookcase are one-time charges.

| | RECEIPT CODE | FUNDING SOURCE |
|----|--------------|-----------------|
| 15 | | FED RCPTS. 1002 |
| 16 | | GF MATCH. 1003 |
| 17 | 100 | GEN. FUND 1004 |
| 18 | | I-A RCPTS 1005 |
| 19 | | PGM RCPTS 1028 |
| 20 | | OTHER |
| 21 | CONTINUATION | |
| 22 | ADDITION | |

FOR B&M USE ONLY

KEY NUMBER _____ COLUMN NO. _____

AGENCY Labor PROGRAM Worker Protection

BRU Wage and Hour Administration

COMPONENT Wage and Hour Administration

13 REQUEST FOR NEW POSITION.

FY 83

Original sponsor: Rules/Governor

Offered: 5/18/82

1 IN THE SENATE

BY THE RULES COMMITTEE

2

CS FOR SENATE BILL NO. 668 (Rules) am

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 public employees subject to collective bargaining."

7

8

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

9

* Section 1. AS 14.20.170(a)(3) is amended to read:

10

(3) substantial noncompliance with the school laws of the state, the provisions of AS 23.40.070 - 23.40.260, the regulations or bylaws of the department, the bylaws of the district, or the written rules of the superintendent.

11

12

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* Sec. 2. AS 14.20.550 is amended to read:

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Sec. 14.20.550. NEGOTIATION WITH CERTIFICATED ADMINISTRATIVE EMPLOYEES. Each city, borough and regional school board, shall negotiate with its certificated administrative employees in good faith on matters pertaining to their employment and the fulfillment of their professional duties.

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* Sec. 3. AS 14.20.555(a) is amended to read:

21

(a) Negotiations between the certificated administrative employees of the regional educational attendance areas and the respective regional school boards shall be conducted by one team representing all the certificated administrative employees [, ONE TEAM REPRESENTING ALL THE CERTIFICATED ADMINISTRATIVE PERSONNEL IF THEY HAVE JOINED TOGETHER TO NEGOTIATE INDEPENDENTLY AS PROVIDED IN AS 14.20.560(f),] and one team representing all the participating regional school boards.

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* Sec. 4. AS 14.20.560 is amended to read:

29

Sec. 14.20.560. ADMINISTRATIVE EMPLOYEE [TEACHERS'] BARGAINING

1 GROUPS. (a) When a majority of the certificated administrative em-
2 ployees in a school district have designated an educational organization
3 of their own choosing to bargain for them, the organization shall be
4 recognized by the school board as the bargaining agent for all the cer-
5 tificated administrative staff, except superintendents of schools. [THE
6 MEMBERSHIP OF ANY SUCH RECOGNIZED EDUCATIONAL ORGANIZATION SHALL BE
7 COMPOSED PRINCIPALLY OF THOSE EMPLOYED IN THE TEACHING PROFESSION IN
8 ALASKA.]

9 (b) The organization representing a majority of the certificated
10 administrative employees of a school district shall, upon the request of
11 the school board, submit an affidavit verifying that it does represent
12 a majority of the certificated administrative employees. Recognition of
13 the employee bargaining agency by a school board is valid for one year
14 or a term agreed upon by the two parties to an agreement, unless a major-
15 ity of the certificated administrative employees [CERTIFIED STAFF] votes
16 to request the termination of recognition of the employee bargaining
17 agency. The school board is entitled to an affidavit of membership from
18 the employee bargaining agency once each year.

19 (c) Upon the request of 25 percent of the certificated adminis-
20 trative employees in a district, the school board shall hold, within 20
21 days, an election by secret ballot of all the certificated administrative
22 employees in order to determine their choice of a bargaining agency. The
23 results of this election are binding for one year.

24 (d) A school board shall, upon the written request of the employee
25 bargaining organization, meet with the representative of the organiza-
26 tion within 30 days of the request at a time and place to be mutually
27 agreed upon. In the same manner, representatives of an employee bargain-
28 ing organization are required to meet with a school board or its repre-
29 sentatives within 20 days after receiving a written request. The school

1 board and the employee organization may not select more than five repre-
2 sentatives each to negotiate for them.

3 (e) The negotiating meeting may be held in executive session upon
4 mutual agreement of both parties, but all final agreements shall be made
5 at a public meeting of the school board.

6 [(f) NOTHING IN THIS SECTION SHALL BE CONSTRUED TO PREVENT CERTI-
7 FICATED ADMINISTRATIVE PERSONNEL GROUPS, INCLUDING PRINCIPALS AND
8 ASSISTANT PRINCIPALS, FROM HAVING THE RIGHT TO NEGOTIATE INDEPENDENTLY
9 OF THE OTHER CERTIFICATED PERSONNEL IF THEY CHOOSE TO DO SO AS THE
10 RESULT OF A SECRET BALLOT.]

11 * Sec. 5. AS 14.20.570(b) is amended to read:

12 (b) If the mediation meetings are held during the school day, cer-
13 tificated administrative employees [TEACHERS] representing an employee
14 bargaining agency shall be released from their [CLASSROOM OR OTHER]
15 assigned duties without penalty or loss of pay.

16 * Sec. 6. AS 14.20.590 is amended to read:

17 Sec. 14.20.590. GRIEVANCE PROCEDURES. Negotiations agreements
18 executed under AS 14.20.550 - 14.20.590 [AFTER THE EFFECTIVE DATE OF
19 THIS ACT] shall define "grievances" and provide for grievance procedures
20 for the certificated staff subject to AS 14.20.550 - 14.20.590. The
21 grievance procedures shall provide that the final step in the procedure
22 shall be binding arbitration. The negotiations agreement shall provide
23 a method for the selection of an arbitrator.

24 * Sec. 7. AS 14.20.600 is amended to read:

25 Sec. 14.20.600. INDIVIDUAL CASES. Nothing in AS 14.20.550 -
26 14.20.590 prohibits a certificated administrative [AN] employee from
27 addressing a school board, as an individual, through the regular proce-
28 dures of the school board for hearing individual cases.

29 * Sec. 8. AS 14.20.610 is amended to read:

1 Sec. 14.20.610. LEGAL RESPONSIBILITIES OF BOARDS. Nothing in
2 AS 14.20.550 - 14.20.600 or in AS 23.40.070 - 23.40.260 may be construed
3 as an abrogation or delegation of the legal responsibilities, powers,
4 and duties of the school board including its right to make final
5 decisions on policies.

6 * Sec. 9. AS 23.40.200(b) is amended to read:

7 (b) The class in (a)(1) of this section is composed of police and
8 fire protection employees, jail, prison and other correctional institu-
9 tion employees, [AND] hospital employees, and emergency services em-
10 ployees of the Department of Military Affairs. Employees in this class
11 may not engage in strikes. Upon a showing by a public employer, [OR]
12 the labor relations agency, or a school board for teachers included in
13 the class under this subsection, that employees in this class are
14 engaging or about to engage in a strike, an injunction, restraining
15 order, or other order which may be appropriate shall be granted by the
16 superior court in the judicial district in which the strike is occurring
17 or is about to occur. If an impasse or deadlock is reached in collective
18 bargaining between the public employer and employees in this class, and
19 mediation has been utilized without resolving the deadlock, the parties
20 shall submit to fact-finding under AS 23.40.206. If an impasse remains
21 after the parties have discussed the factfinder's report, and if the
22 members of the affected bargaining unit approve arbitration in a secret
23 ballot election conducted as provided by the labor relations agency, the
24 parties shall submit to arbitration under AS 23.40.208. An injunction
25 prohibiting a strike shall be extended until an agreement is reached
26 either by arbitration or negotiation [ARBITRATION TO BE CARRIED OUT
27 UNDER AS 09.43.030].

28 * Sec. 10. AS 23.40.200(c) is amended to read:

29 (c) The class in (a)(2) of this section is composed of public

1 utility, snow removal, and sanitation employees and public school and
2 other educational institution employees, including teachers except
3 teachers included in the class in (b) of this section by a majority of
4 voters under AS 23.40.202. Employees in this class may engage in a
5 strike after mediation, subject to the voting requirement of (d) of this
6 section, for a limited time. The limit is determined by the interests
7 of the health, safety or welfare of the public. The public employer,
8 [OR] the labor relations agency, or, if teachers are engaging in a
9 strike, the school board may apply to the superior court in the judicial
10 district in which the strike is occurring for an order enjoining the
11 strike. A strike may not be enjoined unless it can be shown that it has
12 begun to threaten the health, safety or welfare of the public. A court,
13 in deciding whether or not to enjoin the strike, shall consider the
14 total equities in the particular class. "Total equities" includes not
15 only the impact of a strike on the public but also the extent to which
16 employee organizations and public employers have met their statutory
17 obligations. If an impasse or deadlock still exists after the issuance
18 of an injunction, the parties shall submit to fact-finding under AS 23.-
19 40.206. If an impasse remains after the parties have discussed the fact-
20 finder's report, and if the members of the affected bargaining unit
21 approve arbitration in a secret ballot election conducted as provided by
22 the labor relations agency, the parties shall submit to arbitration under
23 AS 23.40.208. An injunction prohibiting a strike shall be extended until
24 an agreement is reached either by arbitration or negotiation [ARBITRATION
25 TO BE CARRIED OUT UNDER AS 09.43.030].

26 * Sec. 11. AS 23.40.200(e) is amended to read:

27 (e) Notwithstanding the provisions of (b), (c) and (d) of this
28 section, the employees with the concurrence of the employer may agree in
29 writing to submit a dispute arising from interpretation or application

1 of a collective bargaining agreement to arbitration under AS 23.40.208.

2 * Sec. 12. AS 23.40 is amended by adding new sections to read:

3 Sec. 23.40.202. LOCAL OPTION FOR DETERMINING THE CLASSIFICATION OF
4 TEACHERS. (a) The following question, if approved by a majority of the
5 members of a school board, shall be placed before the voters of the
6 school district in accordance with (b) of this section: "Shall teachers
7 employed by the (name of school district) be subject to
8 AS 23.40.200(b), prohibiting certain public employees from engaging in a
9 strike? Yes [] No []"

10 (b) If a school board approves the question under (a) of this
11 section, the local governing body of the municipality, or the director
12 of elections if the board is a regional school board, shall place the
13 question set out in (a) of this section on a separate ballot at the next
14 regular election held in the municipality or regional educational atten-
15 dance area. The local governing body shall conduct the election in
16 accordance with the election ordinance of the municipality. The director
17 of elections shall conduct the election in the general manner prescribed
18 by AS 14.08.071 and the Alaska Election Code (AS 15).

19 (c) If a majority of voters voting on the question vote "yes" on
20 the question set out in (a) of this section, teachers in that school
21 district shall be included in the class under AS 23.40.200(b) and
22 removed from the class under AS 23.40.200(c).

23 Sec. 23.40.206. FACT-FINDING. (a) Fact-finding shall be conduc-
24 ted by a neutral person who is independent of either party and who is
25 selected and approved by the parties.

26 (b) The factfinder shall conduct hearings, receive evidence includ-
27 ing testimony, and conduct an independent investigation of the facts.
28 The factfinder shall send written recommendations concerning unresolved
29 issues to the public employer and the organization. The factfinder

1 shall consider and give weight to the following factors:

2 (1) the management discretion of the public employer;

3 (2) the stipulations of the parties;

4 (3) the interests and welfare of the public and the financial
5 ability of the public employer to bear the present or recurrent costs
6 involved;

7 (4) a comparison of the wages, hours, benefits, and other
8 terms or conditions of employment of the employees involved with those
9 of other employees performing similar services in public and private
10 employment in comparable communities;

11 (5) the compensation currently received by the employees
12 including direct wage compensation, vacation, holidays, other excused
13 time, insurance and pensions, medical and hospitalization benefits,
14 continuity and stability of employment, and other benefits received; and

15 (6) other similar factors relevant to the resolution of labor
16 contract negotiations.

17 (c) The public employer and the organization shall meet and, using
18 the factfinder's recommendations, attempt to reach agreement.

19 Sec. 23.40.208. ARBITRATION. (a) When an organization and a
20 public employer are unable to reach an agreement after mediation and
21 fact-finding and an impasse exists, arbitration shall be conducted
22 before an arbitration board consisting of one professional arbitrator
23 with substantial experience in the field of labor relations, selected by
24 the labor relations agency, who shall serve as chairperson, and, if the
25 impasse involves public employees other than teachers, four public
26 members selected from the panel described in (c) of this section, or, if
27 the impasse involves teachers, two public members selected in accordance
28 with (d) of this section. If a controversy involves state employees,
29 the arbitration board shall include residents of at least three of the

1 four state judicial districts. If a controversy involves teachers, the
2 two public members shall be residents of the affected school district.

3 (b) Each party shall submit to the arbitration board its final
4 offer on the impasse. The board shall consider the factors set out in
5 AS 23.40.206(b) and shall select either the final offer of the organi-
6 zation or the final offer of the public employer. The selection of the
7 board shall be considered to be the collective bargaining agreement
8 between the parties. The determination of the board on the final offer
9 shall be final and binding on the parties as if the arbitration had been
10 conducted under the Uniform Arbitration Act (AS 09.43).

11 (c) For impasses involving public employees other than teachers,
12 the labor relations agency shall select a standing panel to provide
13 public members for an arbitration board from among persons who (1) have
14 broad and varied experience in the conduct of human affairs, (2) have
15 resided in the state for a substantial period of time, and (3) are not
16 at the time of selection employed in a position that requires direct
17 participation in labor-management relations. The number of members of
18 the standing panel shall be a number that the labor relations agency
19 determines to be adequate to ensure the availability of four persons
20 when needed. The standing panel shall include at least one resident of
21 each state judicial district. A person who resides for a period of more
22 than three months at a place outside the state, or who becomes employed
23 in a position that requires direct participation in labor-management
24 relations shall be removed from the panel.

25 (d) If an impasse involves teachers, the arbitrator selected by
26 the labor relations agency shall request the organization and the school
27 board to submit to the other party by a date certain the names of public
28 members to serve on the board described in (a) of this section. The
29 organization and the school board shall each select for this purpose one

1 person who (1) has broad and varied experience in the conduct of human
2 affairs, (2) resides in the affected school district, and (3) is not at
3 the time of selection employed in a position that requires direct parti-
4 cipation in labor-management relations. Within three days of the date
5 designated for submission of names under this subsection the organiza-
6 tion and the board shall each notify the arbitrator if it accepts the
7 person selected by the other party. If the parties agree, the persons
8 selected shall serve on the board described in (a) of this section. If
9 the organization and the board do not agree within three days on the
10 members selected, the arbitrator shall request each party to submit to
11 the labor relations agency a list consisting of not less than three nor
12 more than five persons who meet the criteria set out in (1), (2), and
13 (3) of this subsection. From each list submitted to the labor relations
14 agency, the agency shall promptly choose one person who shall serve on
15 the board described in (a) of this section.

16 (c) An arbitration board is entitled to compensation by the par-
17 ties for its services as follows:

18 (1) public members shall receive per diem and travel allow-
19 ances as provided by law for members of state boards and commissions;

20 (2) the professional arbitrator serving as chairperson shall
21 be compensated on terms that the parties determine to represent fair
22 value for such professional services.

23 * Sec. 13. AS 23.40.210 is amended by adding a new subsection to read:

24 (b) When an agreement is entered into between an organization and
25 the state, the agreement shall be submitted to the legislature within
26 60 days after convening of a regular session. The legislature shall
27 have 60 days to accept or reject the monetary terms of an agreement
28 submitted under this subsection. The monetary terms of an agreement
29 shall take effect unless rejected by the legislature by concurrent

1 resolution within the 60-day limitation as provided above.

2 * Sec. 14. AS 23.40.250(1) is amended to read:

3 (1) "collective bargaining" means the performance of the
4 mutual obligation of the public employer or his designated representa-
5 tives and the representative of the employees to meet at reasonable
6 times, including meetings in advance of the budget making process and
7 negotiate in good faith with respect to wages, hours and other terms and
8 conditions of employment, or, for employees who are teachers, to negoti-
9 ate in good faith with respect to matters pertaining to the employment
10 and the fulfillment of the professional duties of teachers, or the
11 negotiation of an agreement, or negotiation of a question arising under
12 an agreement and the execution of a written contract incorporating an
13 agreement reached if requested by either party, but these obligations do
14 not compel either party to agree to a proposal or require the making of
15 a concession;

16 * Sec. 15. AS 23.40.250(5) is amended to read:

17 (5) "public employee" means any employee of a public employer,
18 whether or not in the classified service of the public employer, except
19 elected or appointed officials or administrative employees of school
20 boards [TEACHERS] or noncertificated employees of school districts;

21 * Sec. 16. AS 23.40.250(6) is amended to read:

22 (6) "public employer" means the state or a political sub-
23 division of the state, including without limitation, a [TOWN,] city,
24 borough, district, board of regents, city, borough, or regional school
25 board, public and quasi-public corporation, housing authority or other
26 authority established by law, and a person designated by the public
27 employer to act in its interest in dealing with public employees;

28 * Sec. 17. AS 23.40.250 is amended by adding new paragraphs to read:

29 (8) "district" means a district as defined by AS 14.12.010;

1 (9) "teacher" means a person employed by a school board who
2 serves in a teaching or counseling capacity and is required to be certi-
3 ficated in order to hold the position.

4 * Sec. 18. AS 23.40.040 is repealed.

5 * Sec. 19. (a) A school board, including a regional educational atten-
6 dance area school board, may not reject having the provisions of the Public
7 Employment Relations Act apply to its relations with its teachers.

8 (b) The provisions of sec. 4, ch. 113, SLA 1972 do not apply to allow
9 organized boroughs and other political subdivisions of the state, home rule
10 or otherwise, to reject having the provisions of the Public Employment Rela-
11 tions Act apply to its relation with those school employees of the municipal-
12 ity included under the provisions of that Act.

13 * Sec. 20. Nothing in this Act terminates or modifies a collective bar-
14 gaining unit, recognition of exclusive bargaining representative, or col-
15 lective bargaining agreement if the unit, recognition, or agreement is in
16 effect on the effective date of this Act.

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Original sponsor: Rules/Governor

Offered: 5/28/82
Referred: Finance

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2

HOUSE CS FOR CS FOR SENATE BILL NO. 668 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to public employees subject to collec-
7 tive bargaining."

8

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

9

* Section 1. AS 14.20.170(a)(3) is amended to read:

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(3) substantial noncompliance with the school laws of the

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state, the provisions of AS 23.40.070 - 23.40.260, the regulations or

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bylaws of the department, the bylaws of the district, or the written

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rules of the superintendent.

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* Sec. 2. AS 23.40.200(b) is amended to read:

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(b) The class in (a)(1) of this section is composed of police and

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fire protection employees, jail, prison and other correctional institu-

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tion employees, [AND] hospital employees, and emergency services em-

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ployees of the Department of Military Affairs. Employees in this class

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may not engage in strikes. Upon a showing by a public employer, [OR]

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the labor relations agency, or a school board for teachers included in

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the class under this subsection, that employees in this class are

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engaging or about to engage in a strike, an injunction, restraining

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order, or other order which may be appropriate shall be granted by the

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superior court in the judicial district in which the strike is occurring

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or is about to occur. If an impasse or deadlock is reached in collective

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bargaining between the public employer and employees in this class, and

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mediation has been utilized without resolving the deadlock, the parties

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shall submit to arbitration under AS 23.40.208 [TO BE CARRIED OUT UNDER

29

AS 09.43.030].

1 * Sec. 3. AS 23.40.200(c) is amended to read:

2 (c) The class in (a)(2) of this section is composed of public
3 utility, snow removal, and sanitation employees and public school and
4 other educational institution employees, including teachers except
5 teachers included in the class in (b) of this section by a majority of
6 voters under AS 23.40.202. Employees in this class may engage in a
7 strike after mediation, subject to the voting requirement of (d) of this
8 section, for a limited time. The limit is determined by the interests
9 of the health, safety or welfare of the public. The public employer,
10 [OR] the labor relations agency, or, if teachers are engaging in a
11 strike, the school board may apply to the superior court in the judicial
12 district in which the strike is occurring for an order enjoining the
13 strike. A strike may not be enjoined unless it can be shown that it has
14 begun to threaten the health, safety or welfare of the public. A court,
15 in deciding whether or not to enjoin the strike, shall consider the
16 total equities in the particular class. "Total equities" includes not
17 only the impact of a strike on the public but also the extent to which
18 employee organizations and public employers have met their statutory
19 obligations. If an impasse or deadlock still exists after the issuance
20 of an injunction, the parties shall submit to arbitration under AS 23.-
21 40.208 [TO BE CARRIED OUT UNDER AS 09.43.030].

22 * Sec. 4. AS 23.40.200(e) is amended to read:

23 (e) Notwithstanding the provisions of (b), (c) and (d) of this
24 section, the employees with the concurrence of the employer may agree in
25 writing to submit a dispute arising from interpretation or application
26 of a collective bargaining agreement to arbitration under AS 23.40.208.

27 * Sec. 5. AS 23.40 is amended by adding new sections to read:

28 Sec. 23.40.202. LOCAL OPTION FOR DETERMINING THE ORGANIZATION OF
29 TEACHERS. (a) The following question, if approved by a majority of the

1 members of a school board, shall be placed before the voters of the
2 school district in accordance with (b) of this section: "Shall teachers
3 employed by the (name of school district) be subject to
4 AS 23.40.200(b), prohibiting certain public employees from engaging in a
5 strike? Yes [] No []"

6 (b) If a school board approves the question under (a) of this
7 section, the local governing body of the municipality, or the director
8 of elections if the board is a regional school board, shall place the
9 question set out in (a) of this section on a separate ballot at the next
10 regular election held in the municipality or regional educational atten-
11 dance area. The local governing body shall conduct the election in
12 accordance with the election ordinance of the municipality. The director
13 of elections shall conduct the election in the general manner prescribed
14 by AS 14.08.071 and the Alaska Election Code (AS 15).

15 (c) If a majority of voters voting on the question vote "yes" on
16 the question set out in (a) of this section, teachers in that school
17 district shall be included in the class under AS 23.40.200(b) and
18 removed from the class under AS 23.40.200(c).

19 Sec. 23.40.208. ARBITRATION. (a) When an organization and a
20 public employer are unable to reach an agreement after mediation and
21 an impasse exists, arbitration shall be conducted before an arbitration
22 panel selected in accordance with (b) of this section.

23 (b) The employee organization and the public employer shall each
24 name a representative to the arbitration panel within two working days
25 of reaching impasse. A representative selected to arbitrate an impasse
26 that involves teachers shall reside in the school district governed by
27 that school board. The two members selected shall then name a mutually
28 acceptable third member to the arbitration panel. If the first two
29 members of the arbitration panel cannot agree upon a third member within

1 three working days, within an additional five working days the parties
2 shall select the third member from a permanent list of Alaska arbitrators
3 previously supplied by the American Arbitration Association. This selec-
4 tion shall be made by the striking method. The third member shall act as
5 chairman.

6 (c) Expenses of an independent arbitrator selected under (b) of
7 this section shall be borne equally by both parties.

8 (d) The arbitration panel shall continue in session until a
9 decision has been reached. The arbitration panel shall issue its
10 decision within five working days from the conclusion of the presenta-
11 tion by the parties unless the parties agree to an extension of time.

12 (e) The decision of the arbitration panel is final and binding
13 upon both parties and shall be implemented within five working days after
14 the decision has been reached, unless the parties agree to an extension
15 of time.

16 (f) An arbitration panel shall carry out arbitration in accordance
17 with AS 09.43.010 - 09.43.180 and shall consider all applicable laws and
18 applicable Alaska supreme court decisions.

19 (g) If a provision of the decision of an arbitration panel is
20 held invalid by a court, only that provision ceases to be of force and
21 effect, and either party, upon not less than 30 days written notice to
22 the other party, may open negotiations for the substitution of a pro-
23 vision or an agreement, consistent with the decision of the court.

24 * Sec. 6. AS 23.40 is amended by adding a new section to read:

25 Sec. 23.40.241. LEGAL RESPONSIBILITIES OF SCHOOL BOARDS. Nothing
26 in AS 23.40.070 - 23.40.260 may be construed as an abrogation or
27 delegation of the legal responsibilities, powers, and duties of the
28 school board of a borough or city school district or a regional educa-
29 tional attendance area.

1 * Sec. 7. AS 23.40.250(5) is amended to read:

2 (5) "public employee" means any employee of a public employer,
3 whether or not in the classified service of the public employer, except
4 elected or appointed officials [OR TEACHERS OR NONCERTIFICATED EMPLOYEES
5 OF SCHOOL DISTRICTS];

6 * Sec. 8. AS 23.40.250(6) is amended to read:

7 (6) "public employer" means the state or a political sub-
8 division of the state, including without limitation, a [TOWN,] city,
9 borough, district, board of regents, city, borough, or regional school
10 board, public and quasi-public corporation, housing authority or other
11 authority established by law, and a person designated by the public
12 employer to act in its interest in dealing with public employees;

13 * Sec. 9. AS 23.40.250 is amended by adding new paragraphs to read:

14 (8) "district" means a district as defined by AS 14.12.010;

15 (9) "teacher" means a person employed by a school board who
16 serves in a teaching or counseling capacity and is required to be certi-
17 ficated in order to hold the position.

18 * Sec. 10. AS 14.20.550 - 14.20.610 are repealed.

19 * Sec. 11. (a) A school board, including a regional educational atten-
20 dance area school board, may not reject having the provisions of the Public
21 Employment Relations Act apply to its relations with its employees.

22 (b) The provisions of sec. 4, ch. 113, SLA 1972 do not apply to allow
23 organized boroughs and other political subdivisions of the state, home rule
24 or otherwise, to reject having the provisions of the Public Employment Rela-
25 tions Act apply to its relation with those school employees of the municipal-
26 ity included under the provisions of that Act.

27 * Sec. 12. Nothing in this Act terminates or modifies a collective bar-
28 gaining unit, recognition of exclusive bargaining representative, or col-
29 lective bargaining agreement if the unit, recognition, or agreement is in

1 effect on the effective date of this Act.

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COMMITTEE REPORT

HOUSE

5/31/82

(11)

FURTHER:

Date: _____

Mr. Speaker:

The Committee on FINANCE has had CSSB 668(R1s) am

"An Act relating to public employees subject to collective bargaining."

under consideration and reports it back as follows:

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

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

COMMITTEE REPORT

5/29

HOUSE

FURTHER

Finance

(5)

5/20/82

Date:

5/29/82

Mr. Speaker:

The Committee on Hess has had CSSB 668(Rls) am

"An Act relating to public employees subject to collective bargaining."

under consideration and reports it back as follows:

[] do pass

[] do not pass

do pass with attached amendments (s)

[] replace with CS for HCS CS SB 668 (Hess) [] same title [] new title

and recommends it do pass

[] AND attaches a "Letter of Intent" [] New Fiscal Note

[] reports it back without recommendation

[] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

P Smith
J Malone

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Mike Beine
do not pass unless am

Mike Beine
CHAIRMAN

Woeher

Original sponsor: Rules/Governor

Offered: 5/28/82
Referred: Finance

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

1 IN THE SENATE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 668 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to public employees subject to collec-
7 tive bargaining."

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

9 * Section 1. AS 14.20.170(a)(3) is amended to read:

10 (3) substantial noncompliance with the school laws of the
11 state, the provisions of AS 23.40.070 - 23.40.260, the regulations or
12 bylaws of the department, the bylaws of the district, or the written
13 rules of the superintendent.

14 * Sec. 2. AS 23.40.200(b) is amended to read:

15 (b) The class in (a)(1) of this section is composed of police and
16 fire protection employees, jail, prison and other correctional institu-
17 tion employees, [AND] hospital employees, and emergency services em-
18 ployees of the Department of Military Affairs. Employees in this class
19 may not engage in strikes. Upon a showing by a public employer, [OR]
20 the labor relations agency, or a school board for teachers included in
21 the class under this subsection, that employees in this class are
22 engaging or about to engage in a strike, an injunction, restraining
23 order, or other order which may be appropriate shall be granted by the
24 superior court in the judicial district in which the strike is occurring
25 or is about to occur. If an impasse or deadlock is reached in collective
26 bargaining between the public employer and employees in this class, and
27 mediation has been utilized without resolving the deadlock, the parties
28 shall submit to arbitration under AS 23.40.208 [TO BE CARRIED OUT UNDER
29 AS 09.43.030].

1 * Sec. 3. AS 23.40.200(c) is amended to read:

2 (c) The class in (a)(2) of this section is composed of public
3 utility, snow removal, and sanitation employees and public school and
4 other educational institution employees, including teachers except
5 teachers included in the class in (b) of this section by a majority of
6 voters under AS 23.40.202. Employees in this class may engage in a
7 strike after mediation, subject to the voting requirement of (d) of this
8 section, for a limited time. The limit is determined by the interests
9 of the health, safety or welfare of the public. The public employer,
10 [OR] the labor relations agency, or, if teachers are engaging in a
11 strike, the school board may apply to the superior court in the judicial
12 district in which the strike is occurring for an order enjoining the
13 strike. A strike may not be enjoined unless it can be shown that it has
14 begun to threaten the health, safety or welfare of the public. A court,
15 in deciding whether or not to enjoin the strike, shall consider the
16 total equities in the particular class. "Total equities" includes not
17 only the impact of a strike on the public but also the extent to which
18 employee organizations and public employers have met their statutory
19 obligations. If an impasse or deadlock still exists after the issuance
20 of an injunction, the parties shall submit to arbitration under AS 23.-
21 40.208 [TO BE CARRIED OUT UNDER AS 09.43.030].

22 * Sec. 4. AS 23.40.200(c) is amended to read:

23 (e) Notwithstanding the provisions of (b), (c) and (d) of this
24 section, the employees with the concurrence of the employer may agree in
25 writing to submit a dispute arising from interpretation or application
26 of a collective bargaining agreement to arbitration under AS 23.40.208.

27 * Sec. 5. AS 23.40 is amended by adding new sections to read:

28 Sec. 23.40.202. LOCAL OPTION FOR DETERMINING THE CLASSIFICATION OF
29 TEACHERS. (a) The following question, if approved by a majority of the

1 members of a school board, shall be placed before the voters of the
2 school district in accordance with (b) of this section: "Shall teachers
3 employed by the (name of school district) be subject to
4 AS 23.40.200(b), prohibiting certain public employees from engaging in a
5 strike? Yes [] No []"

6 (b) If a school board approves the question under (a) of this
7 section, the local governing body of the municipality, or the director
8 of elections if the board is a regional school board, shall place the
9 question set out in (a) of this section on a separate ballot at the next
10 regular election held in the municipality or regional educational atten-
11 dance area. The local governing body shall conduct the election in
12 accordance with the election ordinance of the municipality. The director
13 of elections shall conduct the election in the general manner prescribed
14 by AS 14.08.071 and the Alaska Election Code (AS 15).

15 (c) If a majority of voters voting on the question vote "yes" on
16 the question set out in (a) of this section, teachers in that school
17 district shall be included in the class under AS 23.40.200(b) and
18 removed from the class under AS 23.40.200(c).

19 Sec. 23.40.208. ARBITRATION. (a) When an organization and a
20 public employer are unable to reach an agreement after mediation and
21 an impasse exists, arbitration shall be conducted before an arbitration
22 panel selected in accordance with (b) of this section.

23 (b) The employee organization and the public employer shall each
24 name a representative to the arbitration panel within two working days
25 of reaching impasse. A representative selected to arbitrate an impasse
26 that involves teachers shall reside in the school district governed by
27 that school board. The two members selected shall then name a mutually
28 acceptable third member to the arbitration panel. If the first two
29 members of the arbitration panel cannot agree upon a third member within

1 three working days, within an additional five working days the parties
2 shall select the third member from a permanent list of Alaska arbitrators
3 previously supplied by the American Arbitration Association. This selec-
4 tion shall be made by the striking method. The third member shall act as
5 chairman.

6 (c) Expenses of an independent arbitrator selected under (b) of
7 this section shall be borne equally by both parties.

8 (d) The arbitration panel shall continue in session until a
9 decision has been reached. The arbitration panel shall issue its
10 decision within five working days from the conclusion of the presenta-
11 tion by the parties unless the parties agree to an extension of time.

12 (e) The decision of the arbitration panel is final and binding
13 upon both parties and shall be implemented within five working days after
14 the decision has been reached, unless the parties agree to an extension
15 of time.

16 (f) An arbitration panel shall carry out arbitration in accordance
17 with AS 09.43.010 - 09.43.180 and shall consider all applicable laws and
18 applicable Alaska supreme court decisions.

19 (g) If a provision of the decision of an arbitration panel is
20 held invalid by a court, only that provision ceases to be of force and
21 effect, and either party, upon not less than 30 days written notice to
22 the other party, may open negotiations for the substitution of a pro-
23 vision or an agreement, consistent with the decision of the court.

24 * Sec. 6. AS 23.40 is amended by adding a new section to read:

25 Sec. 23.40.241. LEGAL RESPONSIBILITIES OF SCHOOL BOARDS. Nothing
26 in AS 23.40.070 - 23.40.260 may be construed as an abrogation or
27 delegation of the legal responsibilities, powers, and duties of the
28 school board of a borough or city school district or a regional educa-
29 tional attendance area.

1 * Sec. 7. AS 23.40.250(5) is amended to read:

2 (5) "public employee" means any employee of a public employer,
3 whether or not in the classified service of the public employer, except
4 elected or appointed officials [OR TEACHERS OR NONCERTIFICATED EMPLOYEES
5 OF SCHOOL DISTRICTS];

6 * Sec. 8. AS 23.40.250(6) is amended to read:

7 (6) "public employer" means the state or a political sub-
8 division of the state, including without limitation, a [TOWN,] city,
9 borough, district, board of regents, city, borough, or regional school
10 board, public and quasi-public corporation, housing authority or other
11 authority established by law, and a person designated by the public
12 employer to act in its interest in dealing with public employees;

13 * Sec. 9. AS 23.40.250 is amended by adding new paragraphs to read:

14 (8) "district" means a district as defined by AS 14.12.010;

15 (9) "teacher" means a person employed by a school board who
16 serves in a teaching or counseling capacity and is required to be certi-
17 ficated in order to hold the position.

18 * Sec. 10. AS 14.20.550 - 14.20.610 are repealed.

19 * Sec. 11. (a) A school board, including a regional educational atten-
20 dance area school board, may not reject having the provisions of the Public
21 Employment Relations Act apply to its relations with its employees.

22 (b) The provisions of sec. 4, ch. 113, SLA 1972 do not apply to allow
23 organized boroughs and other political subdivisions of the state, home rule
24 or otherwise, to reject having the provisions of the Public Employment Rela-
25 tions Act apply to its relation with those school employees of the municipal-
26 ity included under the provisions of that Act.

27 * Sec. 12. Nothing in this Act terminates or modifies a collective bar-
28 gaining unit, recognition of exclusive bargaining representative, or col-
29 lective bargaining agreement if the unit, recognition, or agreement is in

1 effect on the effective date of this Act.

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Original sponsor: Rules/Governor

Offered: 5/18/82

1 IN THE SENATE

BY THE RULES COMMITTEE

2 CS FOR SENATE BILL NO. 668 (Rules) am
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 public employees subject to collec-
7 tive bargaining."

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

9 * Section 1. AS 14.20.170(a)(3) is amended to read:

10 (3) substantial noncompliance with the school laws of the
11 state, the provisions of AS 23 10.070 - 23.40.260, the regulations or
12 bylaws of the department, the bylaws of the district, or the written
13 rules of the superintendent.

14 * Sec. 2. AS 14.20.550 is amended to read:

15 Sec. 14.20.550. NEGOTIATION WITH CERTIFICATED ADMINISTRATIVE EM-
16 PLOYEES. Each city, borough and regional school board, shall negotiate
17 with its certificated administrative employees in good faith on matters
18 pertaining to their employment and the fulfillment of their professional
19 duties.

20 * Sec. 3. AS 14.20.555(a) is amended to read:

21 (a) Negotiations between the certificated administrative employees
22 of the regional educational attendance areas and the respective regional
23 school boards shall be conducted by one team representing all the cer-
24 tificated administrative employees [, ONE TEAM REPRESENTING ALL THE CER-
25 TIFICATED ADMINISTRATIVE PERSONNEL IF THEY HAVE JOINED TOGETHER TO
26 NEGOTIATE INDEPENDENTLY AS PROVIDED IN AS 14.20.560(f),] and one team
27 representing all the participating regional school boards.

28 * Sec. 4. AS 14.20.560 is amended to read:

29 Sec. 14.20.560. ADMINISTRATIVE EMPLOYEE [TEACHERS'] BARGAINING

1 GROUPS. (a) When a majority of the certificated administrative em-
2 ployees in a school district have designated an educational organization
3 of their own choosing to bargain for them, the organization shall be
4 recognized by the school board as the bargaining agent for all the cer-
5 tificated administrative staff, except superintendents of schools. [THE
6 MEMBERSHIP OF ANY SUCH RECOGNIZED EDUCATIONAL ORGANIZATION SHALL BE
7 COMPOSED PRINCIPALLY OF THOSE EMPLOYED IN THE TEACHING PROFESSION IN
8 ALASKA.]

9 (b) The organization representing a majority of the certificated
10 administrative employees of a school district shall, upon the request of
11 the school board, submit an affidavit verifying that it does represent
12 a majority of the certificated administrative employees. Recognition of
13 the employee bargaining agency by a school board is valid for one year
14 or a term agreed upon by the two parties to an agreement, unless a major-
15 ity of the certificated administrative employees [CERTIFIED STAFF] votes
16 to request the termination of recognition of the employee bargaining
17 agency. The school board is entitled to an affidavit of membership from
18 the employee bargaining agency once each year.

19 (c) Upon the request of 25 percent of the certificated adminis-
20 trative employees in a district, the school board shall hold, within 20
21 days, an election by secret ballot of all the certificated administrative
22 employees in order to determine their choice of a bargaining agency. The
23 results of this election are binding for one year.

24 (d) A school board shall, upon the written request of the employee
25 bargaining organization, meet with the representative of the organiza-
26 tion within 20 days of the request at a time and place to be mutually
27 agreed upon. In the same manner, representatives of an employee bargain-
28 ing organization are required to meet with a school board or its repre-
29 sentatives within 20 days after receiving a written request. The school

1 board and the employee organization may not select more than five repre-
2 sentatives each to negotiate for them.

3 (e) The negotiating meeting may be held in executive session upon
4 mutual agreement of both parties, but all final agreements shall be made
5 at a public meeting of the school board.

6 [(f) NOTHING IN THIS SECTION SHALL BE CONSTRUED TO PREVENT CERTI-
7 FICATED ADMINISTRATIVE PERSONNEL GROUPS, INCLUDING PRINCIPALS AND
8 ASSISTANT PRINCIPALS, FROM HAVING THE RIGHT TO NEGOTIATE INDEPENDENTLY
9 OF THE OTHER CERTIFICATED PERSONNEL IF THEY CHOOSE TO DO SO AS THE
10 RESULT OF A SECRET BALLOT.]

11 * Sec. 5. AS 14.20.570(b) is amended to read:

12 (b) If the mediation meetings are held during the school day, cer-
13 tificated administrative employees [TEACHERS] representing an employee
14 bargaining agency shall be released from their [CLASSROOM OR OTHER]
15 assigned duties without penalty or loss of pay.

16 * Sec. 6. AS 14.20.590 is amended to read:

17 Sec. 14.20.590. GRIEVANCE PROCEDURES. Negotiations agreements
18 executed under AS 14.20.550 - 14.20.590 [AFTER THE EFFECTIVE DATE OF
19 THIS ACT] shall define "grievances" and provide for grievance procedures
20 for the certificated staff subject to AS 14.20.550 - 14.20.590. The
21 grievance procedures shall provide that the final step in the procedure
22 shall be binding arbitration. The negotiations agreement shall provide
23 a method for the selection of an arbitrator.

24 * Sec. 7. AS 14.20.600 is amended to read:

25 Sec. 14.20.600. INDIVIDUAL CASES. Nothing in AS 14.20.550 -
26 14.20.590 prohibits a certificated administrative [AN] employee from
27 addressing a school board, as an individual, through the regular proce-
28 dures of the school board for hearing individual cases.

29 * Sec. 8. AS 14.20.610 is amended to read:

1 Sec. 14.20.610. LEGAL RESPONSIBILITIES OF BOARDS. Nothing in
2 AS 14.20.550 - 14.20.600 or in AS 23.40.070 - 23.40.260 may be construed
3 as an abrogation or delegation of the legal responsibilities, powers,
4 and duties of the school board including its right to make final
5 decisions on policies.

6 * Sec. 9. AS 23.40.200(b) is amended to read:

7 (b) The class in (a)(1) of this section is composed of police and
8 fire protection employees, jail, prison and other correctional institu-
9 tion employees, [AND] hospital employees, and emergency services em-
10 ployees of the Department of Military Affairs. Employees in this class
11 may not engage in strikes. Upon a showing by a public employer, [OR]
12 the labor relations agency, or a school board for teachers included in
13 the class under this subsection, that employees in this class are
14 engaging or about to engage in a strike, an injunction, restraining
15 order, or other order which may be appropriate shall be granted by the
16 superior court in the judicial district in which the strike is occurring
17 or is about to occur. If an impasse or deadlock is reached in collective
18 bargaining between the public employer and employees in this class, and
19 mediation has been utilized without resolving the deadlock, the parties
20 shall submit to fact-finding under AS 23.40.206. If an impasse remains
21 after the parties have discussed the factfinder's report, and if the
22 members of the affected bargaining unit approve arbitration in a secret
23 ballot election conducted as provided by the labor relations agency, the
24 parties shall submit to arbitration under AS 23.40.208. An injunction
25 prohibiting a strike shall be extended until an agreement is reached
26 either by arbitration or negotiation [ARBITRATION TO BE CARRIED OUT
27 UNDER AS 09.43.030].

28 * Sec. 10. AS 23.40.200(c) is amended to read:

29 (c) The class in (a)(2) of this section is composed of public

1 utility, snow removal, and sanitation employees and public school and
2 other educational institution employees, including teachers except
3 teachers included in the class in (b) of this section by a majority of
4 voters under AS 23.40.202. Employees in this class may engage in a
5 strike after mediation, subject to the voting requirement of (d) of this
6 section, for a limited time. The limit is determined by the interests
7 of the health, safety or welfare of the public. The public employer,
8 [OR] the labor relations agency, or, if teachers are engaging in a
9 strike, the school board may apply to the superior court in the judicial
10 district in which the strike is occurring for an order enjoining the
11 strike. A strike may not be enjoined unless it can be shown that it has
12 begun to threaten the health, safety or welfare of the public. A court,
13 in deciding whether or not to enjoin the strike, shall consider the
14 total equities in the particular class. "Total equities" includes not
15 only the impact of a strike on the public but also the extent to which
16 employee organizations and public employers have met their statutory
17 obligations. If an impasse or deadlock still exists after the issuance
18 of an injunction, the parties shall submit to fact-finding under AS 23.-
19 40.206. If an impasse remains after the parties have discussed the fact-
20 finder's report, and if the members of the affected bargaining unit
21 approve arbitration in a secret ballot election conducted as provided by
22 the labor relations agency, the parties shall submit to arbitration under
23 AS 23.40.208. An injunction prohibiting a strike shall be extended until
24 an agreement is reached either by arbitration or negotiation [ARBITRATION
25 TO BE CARRIED OUT UNDER AS 09.43.030].

26 * Sec. 11. AS 23.40.200(e) is amended to read:

27 (e) Notwithstanding the provisions of (b), (c) and (d) of this
28 section, the employees with the concurrence of the employer may agree in
29 writing to submit a dispute arising from interpretation or application

1 of a collective bargaining agreement to arbitration under AS 23.40.208.

2 * Sec. 12. AS 23.40 is amended by adding new sections to read:

3 Sec. 23.40.202. LOCAL OPTION FOR DETERMINING THE CLASSIFICATION OF
4 TEACHERS. (a) The following question, if approved by a majority of the
5 members of a school board, shall be placed before the voters of the
6 school district in accordance with (b) of this section: "Shall teachers
7 employed by the (name of school district) be subject to
8 AS 23.40.200(b), prohibiting certain public employees from engaging in a
9 strike? Yes [] No []"

10 (b) If a school board approves the question under (a) of this
11 section, the local governing body of the municipality, or the director
12 of elections if the board is a regional school board, shall place the
13 question set out in (a) of this section on a separate ballot at the next
14 regular election held in the municipality or regional educational atten-
15 dance area. The local governing body shall conduct the election in
16 accordance with the election ordinance of the municipality. The director
17 of elections shall conduct the election in the general manner prescribed
18 by AS 14.08.071 and the Alaska Election Code (AS 15).

19 (c) If a majority of voters voting on the question vote "yes" on
20 the question set out in (a) of this section, teachers in that school
21 district shall be included in the class under AS 23.40.200(b) and
22 removed from the class under AS 23.40.200(c).

23 Sec. 23.40.206. FACT-FINDING. (a) Fact-finding shall be conduc-
24 ted by a neutral person who is independent of either party and who is
25 selected and approved by the parties.

26 (b) The factfinder shall conduct hearings, receive evidence includ-
27 ing testimony, and conduct an independent investigation of the facts.
28 The factfinder shall send written recommendations concerning unresolved
29 issues to the public employer and the organization. The factfinder

1 shall consider and give weight to the following factors:

2 (1) the management discretion of the public employer;

3 (2) the stipulations of the parties;

4 (3) the interests and welfare of the public and the financial
5 ability of the public employer to bear the present or recurrent costs
6 involved;

7 (4) a comparison of the wages, hours, benefits, and other
8 terms or conditions of employment of the employees involved with those
9 of other employees performing similar services in public and private
10 employment in comparable communities;

11 (5) the compensation currently received by the employees
12 including direct wage compensation, vacation, holidays, other excused
13 time, insurance and pensions, medical and hospitalization benefits,
14 continuity and stability of employment, and other benefits received; and

15 (6) other similar factors relevant to the resolution of labor
16 contract negotiations.

17 (c) The public employer and the organization shall meet and, using
18 the factfinder's recommendations, attempt to reach agreement.

19 Sec. 23.40.208. ARBITRATION. (a) When an organization and a
20 public employer are unable to reach an agreement after mediation and
21 fact-finding and an impasse exists, arbitration shall be conducted
22 before an arbitration board consisting of one professional arbitrator
23 with substantial experience in the field of labor relations, selected by
24 the labor relations agency, who shall serve as chairperson, and, if the
25 impasse involves public employees other than teachers, four public
26 members selected from the panel described in (c) of this section, or, if
27 the impasse involves teachers, two public members selected in accordance
28 with (d) of this section. If a controversy involves state employees,
29 the arbitration board shall include residents of at least three of the

1 four state judicial districts. If a controversy involves teachers, the
2 two public members shall be residents of the affected school district.

3 (b) Each party shall submit to the arbitration board its final
4 offer on the impasse. The board shall consider the factors set out in
5 AS 23.40.206(b) and shall select either the final offer of the organi-
6 zation or the final offer of the public employer. The selection of the
7 board shall be considered to be the collective bargaining agreement
8 between the parties. The determination of the board on the final offer
9 shall be final and binding on the parties as if the arbitration had been
10 conducted under the Uniform Arbitration Act (AS 09.43).

11 (c) For impasses involving public employees other than teachers,
12 the labor relations agency shall select a standing panel to provide
13 public members for an arbitration board from among persons who (1) have
14 broad and varied experience in the conduct of human affairs, (2) have
15 resided in the state for a substantial period of time, and (3) are not
16 at the time of selection employed in a position that requires direct
17 participation in labor-management relations. The number of members of
18 the standing panel shall be a number that the labor relations agency
19 determines to be adequate to ensure the availability of four persons
20 when needed. The standing panel shall include at least one resident of
21 each state judicial district. A person who resides for a period of more
22 than three months at a place outside the state, or who becomes employed
23 in a position that requires direct participation in labor-management
24 relations shall be removed from the panel.

25 (d) If an impasse involves teachers, the arbitrator selected by
26 the labor relations agency shall request the organization and the school
27 board to submit to the other party by a date certain the names of public
28 members to serve on the board described in (a) of this section. The
29 organization and the school board shall each select for this purpose one